

Consumer Confidence Survey: March 2014 (Round 16)¹

The Consumer Confidence Survey provides an assessment of respondents' perception spread across six metropolitan cities viz., Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. The survey captures qualitative information on a 3 point scale viz. improve, remain same or worsen. The assessments are analysed in two parts, viz., current situation as compared with a year ago and expectations for a year ahead. There are four blocks in the survey schedule broadly covering around 4,000 respondents' perceptions on general economic conditions and own financial situation.

Highlights:

- i. Current Situation Index (CSI) in March 2014 improved and reached the threshold level of 100 largely due to increase in the net response on household circumstances. There has been significant improvement in Future Expectations Index (FEI) due to increase in the positive perceptions on all selected parameters except spending. Overall the current situation index and future expectations index reflects improvement in the positive perception during the current round of the survey.

Current and Future Expectations Index

	Jun-13	Sep-13	Dec-13	Mar-14
Current Situation Index	101.7	88.0	90.7	99.9
Future Expectation Index	109.8	90.5	100.3	114.9

- ii. The net responses on current economic condition and economic outlook witnessed sharp rise during this round of survey as compared to December 2013 survey. This is largely due to decline in the negative sentiments along with a rise in positive perceptions. However, net response on current economic conditions remains in the negative zone since September 2012 (Table 1).
- iii. The net response on current household circumstances which has been declining over the last four rounds has turned positive in this round largely due to fall in negative perceptions. The one year ahead outlook shows significant improvement. The household perceptions are mainly influenced by salary and business income, and prices (Table 2 and 3).
- iv. Significant improvement in income expectations is observed in this round of the survey. This coupled with reduction in negative perceptions has pushed the net responses on income outlook to above 50 levels (Table 4).

¹ The survey data of the previous round was released on January 28, 2014 with the publication "Macro-economic and Monetary Developments: Third Quarter Review" on the RBI website. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

- v. The respondents reported lower confidence on spending. Only about one fourth of respondents reported intentions for increase in future spending. However, the net response on future spending remained negative during the latest three rounds of survey (Table 5 and 6).
- vi. During the current round only about twenty per cent of respondents felt it is good time for making outlays for big ticket purchases viz., Motor Vehicle and House (Table 7).
- vii. There has been overall improvement in the perceptions on employment outlook (Table 8).
- viii. Around 73 per cent of respondents expect the prices to increase during the next year which is lower than the previous round of surveys. Out of these about 80 per cent expected inflation to rise in the next year (Table 9 and 10).

Table 1: Perceptions on Economic Conditions

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Improve	28.2	22.4	22.7	29.5	35.2	29.9	34.8	47.6
Remain same	20.2	18.4	23.3	31.3	27.0	31.5	35.1	31.2
Worsen	51.6	59.3	54.0	39.1	37.8	38.6	30.1	21.1
Net Response	-23.3	-36.9	-31.2	-9.6	-2.6	-8.8	4.7	26.5

Table 2: Perceptions on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Improve	42.7	30.8	23.7	32.4	49.5	33.3	37.1	52.9
Remain same	19.9	30.4	38.6	41.3	28.7	38.0	43.3	34.7
Worsen	37.4	38.8	37.7	26.2	21.8	28.7	19.6	12.4
Net Response	5.2	-8.0	-14.0	6.2	27.7	4.6	17.5	40.5

Table 3: Major Factors influencing views on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Salary and business income	81.5	84.1	70.0	74.8	88.2	81.3	77.2	72.1
Interest and dividend income	12.4	30.8	15.4	22.4	12.2	32.8	15.6	18.7
Income from real estate sales	7.4	26.6	12.1	17.6	6.4	26.2	12.2	16.1
Prices	64.1	76.0	78.8	81.7	67.2	70.6	70.9	75.8
Change in value of assets	2.7	25.8	12.8	17.4	2.8	26.3	13.6	17.4
The number of dependent in my family	7.6	34.5	19.7	33.2	7.5	37.2	20.4	30.0

Note: As respondents may report multiple factors, the percentage responses may add up to be more than 100.

Table 4: Perceptions on Income

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Increase	44.7	34.5	30.9	34.3	59.1	41.7	45.4	58.9
Remain same	40.8	43.5	53.5	54.2	31.8	41.2	46.4	35.8
Decrease	14.5	21.9	15.5	11.5	9.1	17.1	8.2	5.3
Net Response	30.1	12.6	15.4	22.8	50.0	24.6	37.2	53.6

Table 5: Perceptions on Spending

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Increase	84.0	61.8	76.7	73.9	53.5	28.4	26.4	25.1
Remain same	12.2	30.7	19.4	19.4	32.0	39.5	44.8	46.6
Decrease	3.8	7.5	3.9	6.6	14.6	32.1	28.8	28.3
Net Response	80.1	54.3	72.8	67.3	38.9	-3.7	-2.4	-3.3

Table 6: Major Factors influencing Spending Perception

(Percentage responses)

	Income	Future income	Non-financial assets	Financial assets	Expenditure on real estate	Expenditure on consumer durables	Number of dependents	Cost of consumer goods	Cost of services
Jun-13	45.2	16.2	5.4	13.6	7.4	33.0	20.4	85.1	79.1
Sep-13	66.6	32.1	20.5	40.0	26.2	39.0	49.9	79.4	70.4
Dec-13	51.2	22.2	9.7	17.7	20.8	38.2	41.8	83.0	66.9
Mar-14	49.0	26.0	11.3	24.7*	21.6	46.6	50.2	75.2	71.7

*: Includes 12.4 per cent respondents who reported 'income from bonds and fixed deposits' as one of the factors of spending.

Note: As respondents may report multiple factors, total of percentage relating to factors may be more than 100.

Table 7: Perceptions on Outlays for Major Expenditure
(Percentage responses)

		Jun-13	Sep-13	Dec-13	Mar-14
Motor Vehicle	Yes	12.8	13.1	14.4	21.1
	Can't Say	16.4	19.2	17.3	21.9
	No	70.8	67.7	68.2	57.0
House	Yes	13.6	14.1	17.7	19.7
	Can't Say	13.0	16.6	15.4	18.7
	No	73.4	69.3	67.0	61.6
Durable goods	Yes	13.5	15.3	21.9	20.2
	Can't Say	14.9	18.4	18.6	27.3
	No	71.6	66.4	59.4	52.5
Gold	Yes	21.3	9.8	18.9	15.5
	Can't Say	12.0	12.2	15.4	15.7
	No	66.7	78.0	65.8	68.8

Table 8: Perceptions on Employment
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Improve	40.9	26.6	29.1	28.3	51.1	35.3	45.1	54.6
Remain Same	31.7	34.6	36.5	43.0	30.3	34.0	34.7	29.9
Worsen	27.4	38.8	34.4	28.7	18.6	30.7	20.2	15.5
Net Response	13.6	-12.1	-5.3	-0.4	32.5	4.6	24.9	39.0

Table 9: Perceptions on price level
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Increase	96.0	85.2	94.2	88.9	90.2	82.6	83.0	73.6
Remain same	3.7	11.4	5.1	9.1	7.2	13.1	14.0	19.9
Decrease	0.3	3.4	0.7	2.0	2.5	4.4	3.0	6.5
Net Response	-95.7	-81.8	-93.5	-86.9	-87.7	-78.2	-80.0	-67.2

Note: Perceptions of increase in prices is considered to be negative sentiments and decrease in prices is considered to be positive sentiments. The net responses are therefore, negative.

Table 10: Perceptions on rate of change in price levels (Inflation)
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-13	Sep-13	Dec-13	Mar-14
Increase	92.7	89.0	93.4	83.8	90.2	85.4	87.8	80.8
Remain Same	6.8	8.3	6.2	14.5	9.5	10.9	11.1	16.3
Decrease	0.4	2.7	0.4	1.6	0.3	3.7	1.1	2.9
Net Response	-92.3	-86.3	-93.0	-82.2	-90.0	-81.6	-86.6	-77.9