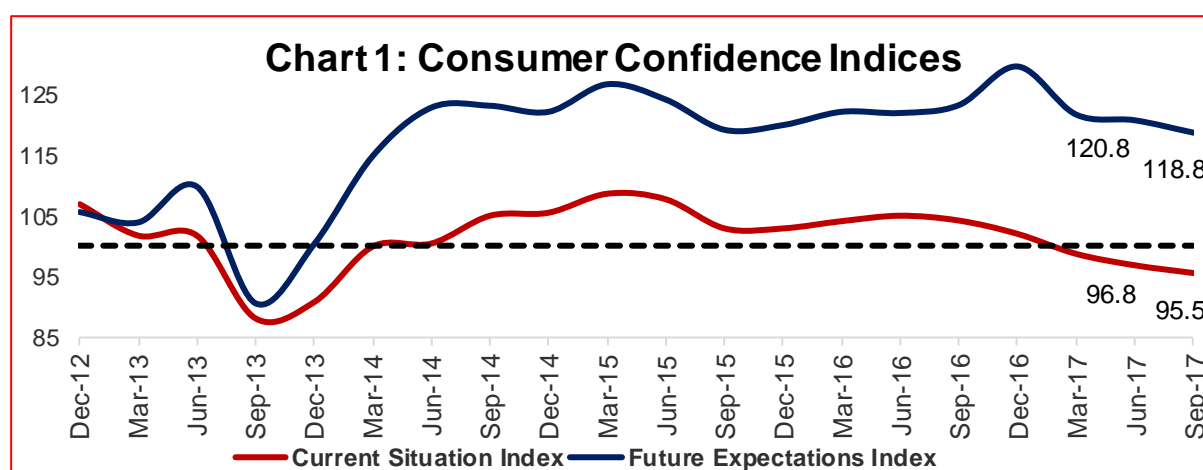


## Consumer Confidence Survey

Today, the Reserve Bank released the results of the September 2017 round of the Consumer Confidence Survey (CCS)<sup>1</sup>. The survey was conducted in six metropolitan cities - Bengaluru; Chennai; Hyderabad; Kolkata; Mumbai; and New Delhi - and obtained 5,100 responses on households' perceptions and expectations on the general economic situation, the employment scenario, the overall price situation and their own income and spending.

### Highlights:

- I. The Current Situation Index (CSI)<sup>2</sup> waned further into the pessimistic zone, reflecting deterioration in sentiments on the employment scenario, the price level and income (Chart 1).
- II. The same set of parameters caused the Future Expectations Index (FEI) to slip further in the September 2017 round relative to its reading in the June 2017 round (Chart 1).



- III. Households' current perceptions on the general economic situation remained in the pessimistic zone for four successive quarters, with the outlook worsening (Table 1).
- IV. The employment situation has been the biggest cause of worry for respondents, with sentiment plunging further into the pessimistic zone; the outlook on employment has also weakened in the last two rounds. (Table 2).

<sup>1</sup> The survey results are based on the views of the respondents.

<sup>2</sup> CSI and FEI are compiled on the basis of net responses on the economic situation, income, spending, employment and the price level for the current period and a year ahead, respectively.  $CSI/FEI = 100 + \text{Average of Net Responses of the above parameters}$ .

- V. Respondents' pessimism on the price level has also become accentuated in the recent period; however their outlook on inflation softened in the last two rounds (Table 3 and 4).

Summary based on Net Response						
Main Variables	Current Perception compared with 1-year ago			One year ahead Expectations compared with current situation		
	Jun-17	Sep-17	Change	Jun-17	Sep-17	Change
Economic Situation	-7.5	-6.2	↑	23.1	24.5	↑
Income	1.4	-0.1	↓	37.7	36.1	↓
Spending	79.8	81.5	↑	80.7	83.8	↑
Employment	-8.1	-13.6	↓	28.4	23.8	↓
Price Level	-81.8	-84.1	↓	-66.0	-74.5	↓
<b>Consumer Confidence Index</b>	<b>96.8</b>	<b>95.5</b>	↓	<b>120.8</b>	<b>118.8</b>	↓
↑ <b>Positive</b> Sentiments with sign of <b>improvement</b> compared to last round			↑ <b>Negative</b> Sentiments with sign of <b>improvement</b> compared to last round			
↓ <b>Positive</b> Sentiments with sign of <b>deterioration</b> compared to last round			↓ <b>Negative</b> Sentiments with sign of <b>deterioration</b> compared to last round			

- VI. With 27 per cent of respondents polling a fall in their current income, this overall sentiment moved into the pessimistic zone in the current round; the outlook on income, though optimistic, dipped further in relation to the June 2017 round (Table 5).
- VII. Despite gloomy sentiment on income, more than 80 per cent of respondents reported increased spending over the past year which could partly be attributed to higher prices (Table 6).
- VIII. The outlook on both essential and non-essential spending improved in the recent quarter (Table 7 and 8).

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**Table 1: Perceptions and Expectations on General Economic Situation**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will Improve	Will Remain Same	Will Worsen	Net Response
Mar-16	39.9	30.3	29.8	10.1	54.6	27.2	18.2	36.4
Jun-16	40.2	27.9	31.9	8.2	54.2	25.5	20.4	33.8
Sep-16	44.6	30.1	25.3	19.4	57.7	24.3	18.0	39.6
Nov-16	49.5	26.6	23.9	25.6	63.0	18.7	18.3	44.8
Dec-16	45.7	24.1	30.3	15.4	66.3	16.6	17.1	49.2
Mar-17	35.6	24.4	40.0	-4.5	52.1	21.4	26.5	25.6
May-17	36.4	25.9	37.7	-1.3	52.4	23.5	24.1	28.3
Jun-17	32.4	27.7	39.9	-7.5	48.6	25.9	25.5	23.1
Sep-17	34.6	24.7	40.7	-6.2	50.8	22.8	26.3	24.5

**Table 2: Perceptions and Expectations on Employment**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will Improve	Will Remain Same	Will Worsen	Net Response
Mar-16	34.3	31.1	34.6	-0.3	50.4	31.4	18.1	32.3
June-16	35.6	28.7	35.7	-0.2	51.1	29.6	19.3	31.8
Sept-16	31.7	36.4	31.9	-0.2	50.5	30.5	19.0	31.5
Nov-16	37.6	30.9	31.4	6.2	55.7	26.6	17.7	37.9
Dec-16	31.0	29.8	39.2	-8.3	57.3	24.1	18.6	38.7
Mar-17	32.6	28.4	39.0	-6.4	52.8	24.5	22.7	30.1
May-17	32.5	28.3	39.2	-6.8	52.7	26.7	20.7	32.0
Jun-17	30.8	30.3	38.9	-8.1	49.6	29.3	21.2	28.4
Sep-17	30.1	26.3	43.7	-13.6	49.9	24.0	26.1	23.8

**Table 3: Perceptions and Expectations on Price Level**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	77.3	12.4	10.4	-66.9	78.6	11.7	9.7	-68.8
Jun-16	78.1	12.5	9.4	-68.7	80.5	11.5	8.0	-72.6
Sep-16	78.2	17.2	4.6	-73.6	77.8	15.4	6.9	-70.9
Nov-16	82.2	14.3	3.6	-78.6	82.9	11.9	5.2	-77.7
Dec-16	73.9	18.3	7.7	-66.2	69.5	16.0	14.5	-55.0
Mar-17	85.8	9.1	5.1	-80.7	81.0	10.4	8.6	-72.4
May-17	83.3	11.3	5.4	-78.0	79.7	11.5	8.8	-70.9
Jun-17	85.2	11.4	3.4	-81.8	76.1	13.8	10.1	-66.0
Sep-17	87.7	8.7	3.6	-84.1	81.0	12.5	6.5	-74.5

**Table 4: Perceptions and Expectations on Rate of Change in Price Level (Inflation)\***

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	82.7	13.9	3.4	-79.3	82.4	13.2	4.4	-78.0
June-16	85.3	12.4	2.3	-83.0	83.3	13.0	3.7	-79.6
Sept-16	61.8	22.4	15.8	-45.9	64.3	22.4	13.3	-51.0
Nov-16	64.5	18.2	17.3	-47.2	66.8	18.6	14.6	-52.1
Dec-16	57.8	18.0	24.2	-33.5	62.4	17.1	20.6	-41.8
Mar-17	80.5	12.5	7.0	-73.5	79.9	13.8	6.3	-73.6
May-17	82.0	10.0	8.0	-74.0	82.6	10.9	6.5	-76.1
Jun-17	79.9	11.5	8.5	-71.4	78.7	13.5	7.9	-70.8
Sep-17	80.6	10.4	9.0	-71.5	78.6	14.1	7.2	-71.4

\*Applicable only for those respondents who felt price has increased/price will increase.

**Table 5: Perceptions and Expectations on Income**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	31.3	48.9	19.8	11.5	52.1	39.3	8.6	43.5
Jun-16	29.9	51.8	18.4	11.5	51.2	39.9	8.9	42.3
Sept-16	31.2	48.6	20.2	11.1	52.3	36.4	11.3	41.1
Nov-16	37.3	45.5	17.2	20.1	57.1	33.4	9.4	47.7
Dec-16	27.1	47.1	25.8	1.3	54.8	33.5	11.7	43.1
Mar-17	27.7	47.3	25.0	2.7	51.8	36.5	11.7	40.1
May-17	28.2	48.0	23.8	4.4	52.8	38.1	9.1	43.6
Jun-17	23.8	53.8	22.4	1.4	47.1	43.5	9.4	37.7
Sep-17	26.6	46.8	26.6	-0.1	48.5	39.0	12.5	36.1

**Table 6: Perceptions and Expectations on Spending**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	78.0	9.9	12.1	65.9	78.5	10.6	11.0	67.5
Jun-16	82.7	8.4	8.8	73.9	82.2	10.2	7.6	74.6
Sept-16	70.3	24.1	5.7	64.6	79.1	17.0	3.9	75.2
Nov-16	73.2	23.6	3.2	70.0	77.3	20.3	2.5	74.8
Dec-16	73.5	20.8	5.6	67.9	78.3	15.8	5.9	72.4
Mar-17	84.4	13.4	2.1	82.3	88.5	8.3	3.1	85.4
May-17	83.4	14.9	1.6	81.8	86.0	11.9	2.0	84.0
Jun-17	81.3	17.2	1.5	79.8	83.5	13.7	2.8	80.7
Sep-17	83.2	15.0	1.8	81.5	85.8	12.3	2.0	83.8

**Table 7: Perceptions and Expectations on Spending-Essential Items**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	79.6	9.3	11.1	68.5	78.6	11.9	9.6	69.0
Jun-16	83.0	8.2	8.8	74.3	81.1	10.6	8.3	72.8
Sep-16	79.1	16.9	4.0	75.1	82.5	12.7	4.8	77.6
Nov-16	81.7	15.2	3.1	78.6	85.1	10.9	4.0	81.1
Dec-16	76.9	18.4	4.7	72.2	77.5	14.9	7.7	69.8
Mar-17	85.8	11.1	3.1	82.7	87.0	9.2	3.8	83.2
May-17	85.7	11.6	2.8	82.9	86.9	9.6	3.5	83.4
Jun-17	82.2	15.3	2.5	79.7	81.9	13.5	4.6	77.2
Sep-17	85.0	12.6	2.4	82.6	86.1	10.9	3.0	83.1

**Table 8: Perceptions and Expectations on Spending-Non-Essential Items**

(Percentage Responses)

Survey Round	Current Perception				One year Ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Mar-16	37.7	31.7	30.6	7.1	44.7	33.2	22.1	22.6
Jun-16	43.9	32.3	23.8	20.1	51.2	30.3	18.5	32.7
Sep-16	50.2	37.6	12.2	38.0	60.6	29.5	9.9	50.7
Nov-16	52.2	36.8	11.1	41.1	62.7	27.6	9.7	53.0
Dec-16	37.3	44.7	18.1	19.2	49.6	35.8	14.7	34.9
Mar-17	48.9	36.4	14.7	34.2	57.8	30.3	11.8	46.0
May-17	51.9	34.6	13.5	38.3	59.9	31.1	9.0	50.9
Jun-17	51.6	35.5	13.0	38.6	56.3	32.6	11.1	45.2
Sep-17	54.0	34.4	11.7	42.4	60.2	30.6	9.2	50.9

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