

Consumer Confidence Survey: December 2014 Quarterly Round¹

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 from respondents about their perceptions on general economic conditions and own financial situation on a 3-point scale viz., improve, remain same or worsen. The assessments are analysed in two parts - current situation as compared with a year ago and expectations for a year ahead. This article provides the salient findings of the survey, conducted during the first week of December 2014 based on the response of around 5,400 respondents.

Highlights:

- I. The current round of the Consumer Confidence Survey reflects continuation of positivism in consumer confidence as the Current Situation Index (CSI) remains at the same level as that in September 2014. The Future Expectations Index (FEI) has remained robust between 122 and 123 since June 2014. However, expectations regarding future economic conditions, future household circumstances, future income and future spending have declined during December 2014 round of survey. Improvement in the perceptions on price expectations contributed in maintaining FEI at the same levels.

Consumer Confidence Index

	Mar-14	Jun-14	Sep-14	Dec-14
Current Situation Index	99.9	100.4	105.0	105.5
Future Expectation Index	114.9	122.9	123.2	122.2

- II. The expectations regarding improvement in future economic conditions have been gradually declining over the last three quarterly rounds of the survey. However, the respondents reported marginal improvement in current economic conditions as compared to one year ago (Table 1).
- III. Positive perceptions on future household circumstances have been witnessing a gradual fall over the last three quarterly rounds of the survey.

¹ The September 2014 round of the survey data was published on [September 30, 2014](#) on RBI website. The survey results are based on views of the respondents which are not necessarily shared by the Reserve Bank of India.

Salary and business income as well as prices are the dominating factors in influencing views on household circumstances (Tables 2 and 3).

- IV. The rising trend in positive perceptions regarding income observed in latest few quarters appears to be on the wane. The outlook as well as current situation, as compared to 1-year ago, have recorded significant fall in December 2014 (Table 4).
- V. The net responses on current spending continued to remain above 70 per cent. As regards future spending, nearly 70 per cent respondents expect either increase or no change. Cost of consumer goods and services remain the major factors that influenced the spending perceptions (Tables 5 and 6).
- VI. As regards perceptions on major expenses, around 60 per cent of respondents reported no major expenditure outlays for purchase of house or gold during December 2014 round of survey (Table 7).
- VII. Employment outlook remains consistently stronger with more than 60 per cent of respondents expecting improvement in employment situation during the latest three quarterly rounds of the survey (Table 8).
- VIII. As regards price levels and inflation, current sentiments as well as future expectations show improvement in this round of the survey (Tables 9 and 10).

Table 1: Perceptions on Economic Conditions

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Improve	29.5	25.5	29.3	30.2	47.6	56.7	54.8	50.9
Remain same	31.3	34.6	32.1	41.2	31.2	25.6	28.1	32.3
Worsen	39.1	39.9	38.7	28.6	21.1	17.6	17.1	16.8
Net Response	-9.6	-14.4	-9.4	1.6	26.5	39.1	37.7	34.1

Table 2: Perceptions on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Improve	32.4	36.5	40.3	33.7	52.9	59.7	58.1	54.0
Remain same	41.3	36.3	33.7	38.1	34.7	29.5	30.3	34.0
Worsen	26.2	27.2	26.1	28.2	12.4	10.9	11.7	12.0
Net Response	6.2	9.3	14.2	5.4	40.5	48.8	46.4	42.1

Table 3: Major Factors influencing views on Household Circumstances
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Salary and business income	74.8	84.4	84.9	79.9	72.1	90.0	90.4	84.6
Interest and dividend income	22.4	14.9	17.6	12.1	18.7	14.8	16.8	12.4
Income from real estate sales	17.6	13.1	14.5	13.4	16.1	13.7	14.2	13.9
Prices	81.7	74.4	71.9	74.8	75.8	73.1	70.3	71.1
Change in value of assets	17.4	7.6	17.7	17.9	17.4	8.1	16.8	15.2
The number of dependent in my family	33.2	20.4	31.5	28.3	30.0	19.1	32.8	28.0

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

Table 4: Perceptions on Income
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Increase	34.3	39.1	47.2	38.7	58.9	63.9	67.0	59.8
Remain same	54.2	46.7	38.4	48.0	35.8	30.8	27.8	35.1
Decrease	11.5	14.3	14.4	13.2	5.3	5.2	5.1	5.1
Net Response	22.8	24.8	32.7	25.5	53.6	58.7	61.9	54.7

Table 5: Perceptions on Spending
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Increase	73.9	77.1	78.1	75.7	25.1	36.3	41.9	35.6
Remain same	19.4	16.0	18.2	20.0	46.6	32.6	28.6	35.3
Decrease	6.6	6.8	3.8	4.3	28.3	31.2	29.5	29.2
Net Response	67.3	70.3	74.3	71.4	-3.3	5.1	12.4	6.4

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
Mar-14	49.0	26.0	11.3	24.7	21.6	46.6	50.2	75.2	71.7
Jun-14	61.7	29.6	10.9	16.7	23.8	34.5	36.1	67.6	62.1
Sep-14	63.0	30.7	11.0	25.9	29.5	42.9	46.2	83.9	73.9
Dec-14	43.5	22.2	9.0	23.5	29.9	42.7	38.8	81.9	76.7

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)

		Mar-14	Jun-14	Sep-14	Dec-14
Motor Vehicle	Yes	21.1	17.9	20.4	29.1
	Can't Say	21.9	20.6	21.9	18.7
	No	57.0	61.5	57.7	52.2
House	Yes	19.7	25.4	18.5	16.2
	Can't Say	18.7	19.2	22.9	24.6
	No	61.6	55.4	58.6	59.3
Durable goods	Yes	20.2	29.7	36.8	43.6
	Can't Say	27.3	21.8	21.0	16.0
	No	52.5	48.5	42.2	40.4
Gold	Yes	15.5	32.0	19.8	28.5
	Can't Say	15.7	17.8	20.6	13.9
	No	68.8	50.2	59.6	57.6

Table 8: Perceptions on Employment
(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Improve	28.3	30.8	36.0	36.1	54.6	65.1	61.4	61.1
Remain Same	43.0	39.0	35.3	39.7	29.9	24.8	29.0	29.7
Worsen	28.7	30.2	28.7	24.1	15.5	10.1	9.5	9.3
Net Response	-0.4	0.6	7.3	12.0	39.0	54.9	51.9	51.8

Table 9: Perceptions on price level

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Increase	88.9	89.7	92.1	85.1	73.6	76.7	77.6	66.7
Remain same	9.1	8.8	5.1	12.6	19.9	16.1	15.8	22.2
Decrease	2.0	1.5	2.8	2.3	6.5	7.2	6.6	11.1
Net Response	-86.9	-88.2	-89.2	-82.8	-67.2	-69.5	-71.0	-55.6

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			
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Increase	83.8	87.1	88.2	81.9	80.8	84.0	85.9	81.0
Remain Same	14.5	11.1	10.2	15.9	16.3	14.5	13.1	16.9
Decrease	1.6	1.8	1.6	2.2	2.9	1.5	1.1	2.1
Net Response	-82.2	-85.4	-86.6	-79.8	-77.9	-82.4	-84.8	-78.8