

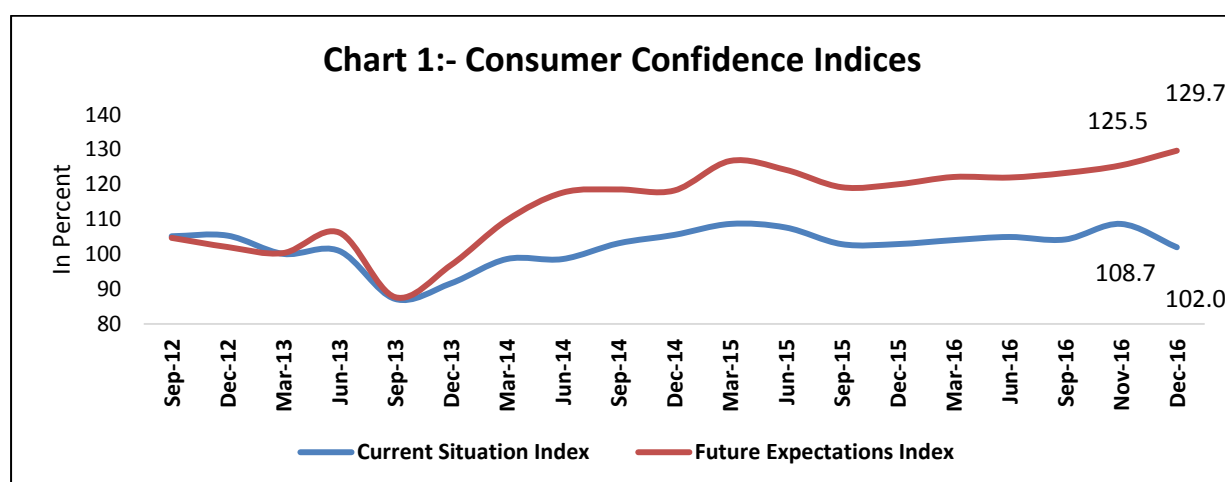
# Consumer Confidence Survey

Overall consumer confidence dipped in [December 2016](#), though the perception about prices improved

The Consumer Confidence Survey (CCS)<sup>1</sup> conducted by the Reserve Bank provides households' assessment of general economic conditions, the employment scenario, the price situation in the country and their own income and spending. The survey captures respondents' perceptions on the current situation as compared with the position a year ago and their expectations for a year ahead on a three point scale – improved; remained the same; worsened. The survey is conducted in six metropolitan cities - Bengaluru; Chennai; Hyderabad; Kolkata; Mumbai; and New Delhi. The salient findings of the survey, based on 4,752 responses, are presented below.

## Highlights:

- I. The Current Situation Index (CSI)<sup>2</sup> declined sharply to 102.0 in December 2016 from 108.7 in November 2016. The current perception on all parameters worsened except on the price level and inflation. However, the Future Expectations Index (FEI) reached an all-time high in the history of the survey, largely due to a significant improvement in the outlook for prices (Chart 1).



- II. Households' current perceptions on economic conditions worsened in the December 2016 round of the survey. On a net basis, 15.4 percent of the respondents assessed that economic conditions improved relative to the position a year ago, as against 25.6 percent in November 2016 and 19.4 percent in September 2016. Respondents' optimism on future economic conditions

<sup>1</sup> The survey results are based on the views of the respondents and are not necessarily shared by the Reserve Bank of India

<sup>2</sup> CSI (FEI) is a summary indicator compiled by using net responses on economic conditions, income, spending, employment and price level for the current period as compared with the position one year ago (one year ahead as compared to current period). Thus, CSI/FEI = 100 + Average of Net Responses on the factors listed above.

maintained its improving profile that has been evident since the December 2015 round (Table 1).

- III. Households' current perceptions on the level of their incomes plunged in December 2016 round to a level not seen in the recent past. Their outlook on income one year ahead was also less optimistic than in the November 2016 round (Table 2).

Summary based on Net Response						
Main Variables	Current Perception compared with 1-year ago			One year ahead Expectations compared with current situation		
	Nov-16	Dec-16	Change	Nov-16	Dec-16	Change
Economic conditions	25.6	15.4	↓	44.8	49.2	↑
Income	20.1	1.3	↓	47.7	43.1	↓
Spending	70.0	67.9	↓	74.8	72.4	↓
Employment	6.2	-8.3	↓	37.9	38.7	↑
Price Level	-78.6	-66.2	↑	-77.7	-55.0	↑
<b>Consumer Confidence Index</b>	<b>108.7</b>	<b>102.0</b>	↓	<b>125.5</b>	<b>129.7</b>	↑
↑ <b>Positive Sentiment with sign of improvement</b> compared to last round			↑ <b>Negative Sentiment with sign of improvement</b> compared to last round			
↓ <b>Positive Sentiment with sign of deterioration</b> compared to last round			↓ <b>Negative Sentiment with sign of deterioration</b> compared to last round			

- IV. The level of optimism on overall spending was lower for both the current period and one year ahead. This was observed for both essential and non-essential spending (Table 3), though the fall was more prominent in the case of the latter (Table 5).
- V. Perceptions on employment worsened in the current round with the net response slipping into negative territory, reversing the improvement witnessed in the November 2016 round. However, expectations on future employment situation improved in the current round (Table 6).
- VI. Households' responses on current and future price levels showed significant improvement in the December 2016 round (Table 7). The assessment/outlook on current/future inflation has become more benign, continuing the improvement observed since the September 2016 round (Table 8).

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**Table 1: Perceptions and Expectations on Economic Conditions**

Survey Round	Current Perception				One year Ahead Expectation			
	Improved	Remained Same	Worsened	Net Response	Will improve	Will remain same	Will worsen	Net Response
Jun-15	43.1	27.8	29.1	14.0	57.6	22.3	20.2	37.4
Sep-15	36.5	32.7	30.9	5.6	47.7	32.1	20.3	27.4
Dec-15	38.0	30.9	31.1	7.0	51.0	27.6	21.4	29.6
Mar-16	39.9	30.3	29.8	10.1	54.6	27.2	18.2	36.4
June-16	40.2	27.9	31.9	8.2	54.2	25.5	20.4	33.8
Sept-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

**Table 2: 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
Jun-15	34.9	43.7	21.4	13.6	52.7	35.6	11.6	41.1
Sep-15	29.1	50.4	20.5	8.6	47.1	42.4	10.5	36.6
Dec-15	28.7	50.2	21.1	7.7	49.1	40.4	10.5	38.6
Mar-16	31.3	48.9	19.8	11.5	52.1	39.3	8.6	43.5
June-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

**Table 3: 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
Jun-15	87.4	9.5	3.1	84.4	86.2	9.6	4.2	82.0
Sep-15	81.0	10.7	8.2	72.8	80.9	11.2	7.9	73.0
Dec-15	78.7	9.8	11.5	67.2	79.3	10.1	10.6	68.6
Mar-16	78.0	9.9	12.1	65.9	78.5	10.6	11.0	67.5
June-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

**Table 4: 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
Jun-15	91.8	6.1	2.1	89.7	87	8.8	4.2	82.8
Sep-15	82.0	9.7	8.4	73.6	80.1	11.6	8.3	71.9
Dec-15	81.4	9.0	9.6	71.8	81.5	9.4	9.1	72.4
Mar-16	79.6	9.3	11.1	68.5	78.6	11.9	9.6	69.0
June-16	83.0	8.2	8.8	74.3	81.1	10.6	8.3	72.8
Sept-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

**Table 5: 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
Jun-15	46.9	25.5	27.6	19.3	52.3	24.3	23.4	28.9
Sep-15	41.2	35.0	23.8	17.4	44	34.2	21.8	22.2
Dec-15	45.3	28.9	25.8	19.5	49.2	28.6	22.2	27.1
Mar-16	37.7	31.7	30.6	7.1	44.7	33.2	22.1	22.6
June-16	43.9	32.3	23.8	20.1	51.2	30.3	18.5	32.7
Sept-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

**Table 6: 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
Jun-15	36.0	32.2	31.8	4.2	53.7	26.9	19.4	34.4
Sep-15	31.9	34.8	33.3	-1.4	47.1	33.4	19.5	27.6
Dec-15	34.0	34.7	31.3	2.6	51.6	29.8	18.7	32.9
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

**Table 7: 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
Jun-15	84.3	9.1	6.6	-77.6	82.3	9.1	8.5	-73.8
Sep-15	80.9	9.4	9.8	-71.1	78.0	12.4	9.5	-68.5
Dec-15	79.5	10.9	9.6	-70.0	78.9	11.7	9.4	-69.5
Mar-16	77.3	12.4	10.4	-66.9	78.6	11.7	9.7	-68.8
June-16	78.1	12.5	9.4	-68.7	80.5	11.5	8.0	-72.6
Sept-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

**Table 8: 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
Jun-15	87.9	9.7	2.4	-85.5	83.8	12.9	3.3	-80.5
Sep-15	82.7	14.6	2.7	-80.0	81.1	16.3	2.6	-78.5
Dec-15	86.3	10.8	2.9	-83.4	85.4	11.7	2.8	-82.6
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

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

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