

**भारतीय रिज़र्व बैंक  
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संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

April 24, 2023

**RBI Working Paper No. 06/2023: Did COVID-19 Affect Households Differently?  
Understanding Heterogeneity in Consumer Confidence**

Today the Reserve Bank of India placed on its website a Working Paper titled, "[Did COVID-19 Affect Households Differently? Understanding Heterogeneity in Consumer Confidence](#)" under the Reserve Bank of India Working Paper Series<sup>1</sup>. The paper is co-authored by Sourajyoti Sardar, Anirban Sanyal and Tushar B Das.

Using household-level data from the Consumer Confidence Survey of the RBI, this paper brings out the heterogeneous impact of COVID-19 on Indian households in terms of the five parameters covered by the survey, namely, economic conditions, employment, price level, income, and spending.

The paper derives household-level heterogeneity in current perceptions and the assessment about future outlook across five parameters using latent class analysis (LCA). It then assesses the deviations in the four latent classes during the first and second waves of the pandemic compared to the pre-pandemic period.

The analysis indicates that:

- There was a deterioration in the perception of consumers towards current economic conditions across all latent classes (grouped based on city, *i.e.*, the survey centres; annual income of the households; occupation category of the respondents; and time, *i.e.*, survey rounds relating to peak periods of the first two COVID-19 waves) during the pandemic period, but the future outlook was somewhat optimistic.
- There was a worsening of perception across all latent classes for current income and employment conditions, and even for the future outlook of these parameters.
- The spending pattern of the households was influenced by price pressures and their precautionary savings.

**Press Release: 2023-2024/115****(Yogesh Dayal)**  
Chief General Manager

<sup>1</sup> The Reserve Bank of India (RBI) introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the RBI and at times also those of external co-authors, when the research is jointly undertaken. They are disseminated to elicit comments and further debate. The views expressed in these papers are those of the authors and not necessarily those of the institution(s) to which they belong. Comments and observations may please be forwarded to the authors. Citation and use of such papers should take into account its provisional character.