

Consumer Confidence Survey: September 2014 (Round 20)¹

The Consumer Confidence Survey provides an assessment of the economy based on responses received from selected individuals/households spread across six metropolitan cities *viz.*, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. The survey captures qualitative information on 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 covering broadly respondents' perceptions on general economic conditions and own financial situation. The salient findings of the latest round of the survey, conducted during last week of August 2014 based on the responses of about 5,200 respondents are given below.

Highlights:

- i. The current round of the survey reflects an improvement in consumer confidence as measured by Current Situation Index (CSI). The CSI rose by about 4.6 percentage points over the previous quarter due to improvement in positive perception on all parameters except prices. The Future Expectations Index (FEI) remained at about the same level as in the last round.

Consumer Confidence Index

	Dec-13	Mar-14	Jun-14	Sep-14
Current Situation Index	90.7	99.9	100.4	105.0
Future Expectation Index	100.3	114.9	122.9	123.2

- ii. One-year ahead outlook on economic conditions, after registering a rise in the last quarter, marginally declined in the present round. Current economic condition as compared to last year is still perceived to be negative (Table 1).
- iii. Current household circumstances were assessed to be better as compared with the last round. As regards future household circumstances, more than 50 per cent of respondents reported improvement during last three rounds. Increase in salary and business income has influenced the perceptions on household circumstances (Table 2 and Table 3).

¹ The June 2014 round of the survey data was published on August 05, 2014 on the RBI website. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

- iv. A higher percentage of respondents reported increase in current income as compared with the last round. Similarly, perception on increase in income one-year ahead has become stronger. More than two thirds of the respondents reported positive income expectations in this round of survey (Table 4).
- v. More than three-fourths of respondents reported that their spending rose in comparison with the position one-year ago. As regards future spending, the sentiment is less optimistic – but it has improved over the previous round. Cost of consumer goods and services remain the major factors to influence the spending perception (Table 5 and Table 6).
- vi. There is some improvement in the perception in favour of purchase of motor vehicle and durable goods. However, sentiments for purchase of house and gold have deteriorated substantially as compared to June 2014 round of survey (Table 7).
- vii. Current employment situation witnessed improvement as compared to the last three rounds. Employment outlook remains consistently positive (Table 8).
- viii. As regards the price levels and inflation, current sentiments as well as future expectations do not show any improvement (Table 9 and Table 10).

Table 1: Perceptions on Economic Conditions

	Compared with 1-year ago				1-year ahead				(Percentage responses)
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14	
	Improve	22.7	29.5	25.5	29.3	34.8	47.6	56.7	54.8
Remain same	23.3	31.3	34.6	32.1	35.1	31.2	25.6	28.1	
Worsen	54.0	39.1	39.9	38.7	30.1	21.1	17.6	17.1	
Net Response	-31.2	-9.6	-14.4	-9.4	4.7	26.5	39.1	37.7	

Table 2: Perceptions on Household Circumstances

	Compared with 1-year ago				1-year ahead			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Improve	23.7	32.4	36.5	40.3	37.1	52.9	59.7	58.1
Remain same	38.6	41.3	36.3	33.7	43.3	34.7	29.5	30.3
Worsen	37.7	26.2	27.2	26.1	19.6	12.4	10.9	11.7
Net Response	-14.0	6.2	9.3	14.2	17.5	40.5	48.8	46.4

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

	Compared with 1-year ago				1-year ahead			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Salary and business income	70.0	74.8	84.4	84.9	77.2	72.1	90.0	90.4
Interest and dividend income	15.4	22.4	14.9	17.6	15.6	18.7	14.8	16.8
Income from real estate sales	12.1	17.6	13.1	14.5	12.2	16.1	13.7	14.2
Prices	78.8	81.7	74.4	71.9	70.9	75.8	73.1	70.3
Change in value of assets	12.8	17.4	7.6	17.7	13.6	17.4	8.1	16.8
The number of dependent in my family	19.7	33.2	20.4	31.5	20.4	30.0	19.1	32.8

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			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Increase	30.9	34.3	39.1	47.2	45.4	58.9	63.9	67.0
Remain same	53.5	54.2	46.7	38.4	46.4	35.8	30.8	27.8
Decrease	15.5	11.5	14.3	14.4	8.2	5.3	5.2	5.1
Net Response	15.4	22.8	24.8	32.7	37.2	53.6	58.7	61.9

Table 5: Perceptions on Spending

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Increase	76.7	73.9	77.1	78.1	26.4	25.1	36.3	41.9
Remain same	19.4	19.4	16.0	18.2	44.8	46.6	32.6	28.6
Decrease	3.9	6.6	6.8	3.8	28.8	28.3	31.2	29.5
Net Response	72.8	67.3	70.3	74.3	-2.4	-3.3	5.1	12.4

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
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
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

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)

		Dec-13	Mar-14	Jun-14	Sep-14
Motor Vehicle	Yes	14.4	21.1	17.9	20.4
	Can't Say	17.3	21.9	20.6	21.9
	No	68.2	57.0	61.5	57.7
House	Yes	17.7	19.7	25.4	18.5
	Can't Say	15.4	18.7	19.2	22.9
	No	67.0	61.6	55.4	58.6
Durable goods	Yes	21.9	20.2	29.7	36.8
	Can't Say	18.6	27.3	21.8	21.0
	No	59.4	52.5	48.5	42.2
Gold	Yes	18.9	15.5	32.0	19.8
	Can't Say	15.4	15.7	17.8	20.6
	No	65.8	68.8	50.2	59.6

Table 8: Perceptions on Employment

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Improve	29.1	28.3	30.8	36.0	45.1	54.6	65.1	61.4
Remain Same	36.5	43.0	39.0	35.3	34.7	29.9	24.8	29.0
Worsen	34.4	28.7	30.2	28.7	20.2	15.5	10.1	9.5
Net Response	-5.3	-0.4	0.6	7.3	24.9	39.0	54.9	51.9

Table 9: Perceptions on price level

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Increase	94.2	88.9	89.7	92.1	83.0	73.6	76.7	77.6
Remain same	5.1	9.1	8.8	5.1	14.0	19.9	16.1	15.8
Decrease	0.7	2.0	1.5	2.8	3.0	6.5	7.2	6.6
Net Response	-93.5	-86.9	-88.2	-89.2	-80.0	-67.2	-69.5	-71.0

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			
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-13	Mar-14	Jun-14	Sep-14
Increase	93.4	83.8	87.1	88.2	87.8	80.8	84.0	85.9
Remain Same	6.2	14.5	11.1	10.2	11.1	16.3	14.5	13.1
Decrease	0.4	1.6	1.8	1.6	1.1	2.9	1.5	1.1
Net Response	-93.0	-82.2	-85.4	-86.6	-86.6	-77.9	-82.4	-84.8