



Consumer confidence index (CCI), Impact as catalyst of Growth in India.

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Abstract: Almost all developed and emerging economies try to predict the future demand and behavior of their Citizen / consumer, which helps economic and social planning. In few countries to quote US such surveys are conducted on monthly basis with meticulous timetable and in few counties like India such surveys, future expectations index (FEI) and consumer confidence Index (CCI) are conducted Bi-monthly by RBI. The survey obtains current perceptions (*vis-à-vis* a year ago) and one year ahead expectations on general economic situation, employment scenario, overall price situation and own income and spending across 19 major cities.

The study considered the last three surveys conducted by RBI uploaded on RBI web site on dated on December 07, 2022 conducted during November 02 to 11, 2022, covering 6,089 responses, Feb 08 2023 (conducted during January 02 to 11, 2023), round of the survey was, covering 6,047 respondents and April 06 2023 (conducted during March 2 to 11, 2023). Latest survey covers 6,075 respondents. Female respondents accounted for 52.3 percent of this sample. The study will consider the outcome of all three surveys CCI and FEI and trends in the economy. The study comprises the evaluation of correlation between actual economic trends and the outcome of the survey.

The study also covers the OBICUS survey conducted by RBI for the manufacturing sector every quarter, since 2008. It stands for – Order Books, Inventories and Capacity Utilization Survey (OBICUS). The survey provides an insight into the demands of the Indian manufacturing sector

Introduction:

Consumer theory is the study of how people decide to spend their money based on their individual preferences and budget constraints. Building a better understanding of individuals' tastes and incomes is important because these factors impact the shape of the overall economy. Consumer theory is useful but not flawless, as it is based on several assumptions about human behavior.

The theory of Reasoned Action (TRA) was initiated by Ajzen and Fishbein (1980), this theory was developed to explain how a consumer leads to a certain buying behavior and structured using the basic assumption that humans behave consciously and consider all available information. Theory proposed by Ajzen (1991), the theory of Planned behavior (TPB) wherein the individual's behavior is best predicted by one's intentions; intentions are, in turn, predicted by attitudes about the behavior, the subjective norms (a person's perception of important others' beliefs that he or she should or should not perform).

Similarly Marketing to Social Cognitive Theory (SCT) and Marketing to Integrated Model of Behavioral Prediction (IMBP) are the new theories of consumer behaviour in modern days. Surveys and release of outcome is a regular process and RBI has released May 2023 surveys on 08 June 2023.

A **consumer confidence index (CCI)** is an Economic indicator published by various organizations in several countries. Consumer-confidence and -sentiment surveys measure how people are doing financially, how they look at the overall economy of the country or business conditions in the country, if they think that the government is

doing a good or a poor job and if people think that it is a good or a bad time to buy a car or to buy or sell a house. Most of the countries uses the CCS technology for their short term and long term planning, in case of US, The Conference Board surveys 5,000 US households every month. The survey consists of five questions that ask the respondents' opinions about the following:

1. Current business conditions.
2. Business conditions for the next six months.
3. Current employment conditions.
4. Employment conditions for the next six months.
5. Total family income for the next six months.

IN US Survey participants are asked to answer each question as "positive", "negative" or "neutral." The preliminary results from the consumer confidence survey are released on the last Tuesday of each month at 10am EST.

Abbreviations

CCI: Consumer confidence Index.

CCS: Consumer Confidence survey.

IES: Inflation expectation Survey

OBICUS: Order Books, Inventories and Capacity Utilization Survey.

IMBP: Integrated Model of Behavioural Prediction

Why Is the Consumer Confidence Index Important?

The Consumer Confidence Index reports how consumers feel about the current situation of the economy and about where they feel it is headed.

Consumer confidence is a catch-all phrase for the opinions and attitudes of consumers about the current and future strength of the economy. A psychological concept, consumer confidence is difficult to measure.

In simple terms, increased consumer confidence indicates economic growth in which consumers are spending money, indicating higher consumption. Decreasing consumer confidence implies slowing economic growth, and so consumers are likely to decrease their spending. The idea is that the more confident people feel about the economy and their jobs and incomes, the more likely they are to make purchases. Declining consumer confidence is a sign of slowing economic growth and may indicate that the economy is headed into trouble. In USA the index is calculated each month on the basis of a household survey of consumers' opinions on current conditions and future expectations of the economy. Opinions on current conditions make up 40% of the index, with expectations of future conditions comprising the remaining 60%.

Research Methodology: The study is based on the concept of consumer confidence and methods used by different countries to survey the consumer confidence. The secondary data of RBI and Central Bank of USA were studied to analyse the impact over economic indicators. The trends of last three CCS surveys & FEI surveys were studied along with outcome which confirming that trends are highly correlated by the results.

Unit-level data for previous rounds of the survey are available on the Database on Indian Economy (DBIE) portal of the Bank (web link: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=unitLevelData>)

Literature Review: the detailed study of US consumer surveys along with specific survey out comes were reviewed. The study of Consumer confidence survey, conducted by the Reserve bank Of India were made with specific reports December 07, 2022 conducted during November 02 to 11, 2022, covering 6,089 responses, Feb 08 2023 (conducted during January 02 to 11, 2023), round of the survey was, covering 6,047 respondents and April 06 2023 (conducted during March 2 to 11 , 2023).

Uses of Consumer confidence Index:

Manufacturers, retailers, banks and the government monitor changes in the CCI to factor in the data in their decision-making processes. While index changes of less than 5% are often dismissed as inconsequential, moves of 5% or more often indicate a change in the direction of the economy.

A month-on-month decreasing trend suggests consumers have a negative outlook on their ability to secure and retain good jobs. Thus, manufacturers may expect consumers to avoid retail purchases, particularly large-ticket items that require financing. Manufacturers may pare down inventories to reduce overhead or delay investing in new projects and facilities. Likewise, banks can anticipate a decrease in lending activity, mortgage applications and credit card use. When faced with a down-trending index, the government has a variety of options, such as issuing a tax rebate or taking other fiscal or monetary action to stimulate the economy.

Conversely, a rising trend in consumer confidence indicates improvements in consumer buying patterns. Manufacturers can increase production and hiring. Banks can expect increased demand for credit. Builders can prepare for a rise in home construction and government can anticipate improved tax revenues based on the increase in consumer spending.

Consumer-demand surveys versus consumer-confidence and -sentiment surveys:

Consumer-demand surveys are interview-based statistical surveys that measure the percentage of households that will buy a car, white goods, PCs, TVs, home furnishings, kitchenware or toys in, for example, the next three-month period. The surveys provide a percentage of those who will purchase more, less or the same amount of food and clothing in the next three months than in the corresponding period the year before. If we ask people about their purchasing behaviour within the coming six or 12 months, there will be more of those who "hope to be able to buy", than if consumers are asked about what they will purchase in the next three months. The shorter the time spans, the closer to actual behavior.

When the business cycle is fairly stable, consumer demand surveys and consumer confidence and sentiment indices will often correlate closely and indicate the same direction of the economy, but in times with a high degree of economic or political uncertainty or during a prolonged crisis, the two types of consumer surveys might differ significantly. In 2011 the confidence and sentiment surveys went up from March to April, while consumer demand surveys dropped significantly. In August 2011, the confidence and sentiment surveys dropped significantly and stayed low during September and October, while consumer demand surveys showed resilience, a development confirmed later by official statistics.

A 2022 study has found that the consumer confidence index always plays a positive and also statistically significant function in the development of consumption.

IN US Survey participants are asked to answer each question as "positive", "negative" or "neutral." The preliminary results from the consumer confidence survey are released on the last Tuesday of each month at 10am EST.

Once the data have been gathered, a proportion known as the "relative value" is calculated for each question separately. Each question's positive responses are divided by the sum of its positive and negative responses. The relative value for each question is then compared against each relative value from 1985 (in US). This comparison of the relative values results in an "index value" for each question.

The index values for all five questions are then averaged together to form the consumer confidence index; the average of index values for questions one and three form the present situation index, and the average of index values for questions two, four and five form the expectations index. The data are calculated for the United States as a whole and for each of the country's nine census regions.

How is consumer confidence measured?

The Consumer Confidence Survey reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitudes, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates.

Analysis of Last Three Consumer Confidence Survey and Future Expectation Index:

Indian consumers showed increasing optimism about the general economic conditions and household income, according to a survey conducted by the Reserve Bank of India in January. (08-Feb-2023)

RBI releases the results of Forward Looking Surveys:

The Reserve Bank of India released on its website the results of the following Surveys:

- i. Consumer Confidence Survey (CCS) – March 2023
- ii. Inflation Expectations Survey of Households (IESH) – March 2023
- iii. OBICUS (Order Book, Inventories, and Capacity utilization) Survey on manufacturing sector) – Q3:2022-23
- iv. Industrial Outlook Survey of the Manufacturing Sector for Q4:2022-23
- v. Survey of Professional Forecasters on Macroeconomic Indicators – Round1 81st
- vi. Bank Lending Survey for Q4:2022-23
- vii. Services and Infrastructure Outlook Survey for Q4:2022-23

Consumer Confidence Survey (March 2-11, 2023)

The Reserve Bank released the results of March 2023 round of its bi-monthly consumer confidence survey (CCS)¹ As usual the survey obtains current perceptions (*vis-à-vis* a year ago) and one year ahead expectations on general economic situation, employment scenario, overall price situation and own income and spending across 19 major cities. This survey was conducted during March 2-11, 2023, covering 6,075 respondents. Female respondents accounted for 52.3 per cent of this sample. The survey results reflect the respondents' views. The previous survey round were up loaded on Reserve Bank's website on February 08, 2023. 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 (as compared with one year ago) and a year ahead, respectively. $CSI \text{ and } FEI = 100 + \text{Average of Net Responses of the above parameters.}$

Highlights of the survey Nov 2022:

- I. Consumer confidence for the current period has continued on its recovery path after the second wave of the COVID-19 pandemic, though it remained in the pessimistic zone; the current situation index (CSI)² improved further on account of better perceptions on general economic situation, employment and household income (Chart 1 and Tables 1, 2 and 5).
- II. One year ahead outlook, as measured by the future expectations index (FEI), also improved, after remaining steady in the previous three survey rounds (Chart 1).
- III. Households displayed lower pessimism on the prevailing employment conditions vis-à-vis the previous survey round; they were more optimistic on employment outlook (Table 2).
- IV. The current sentiment on overall spending remained close to its level in the previous survey round, though year-ahead outlook improved marginally (Tables 6).
- V. The outlook on discretionary spending moved to positive terrain for the first time since the onset of the pandemic (Table 8).

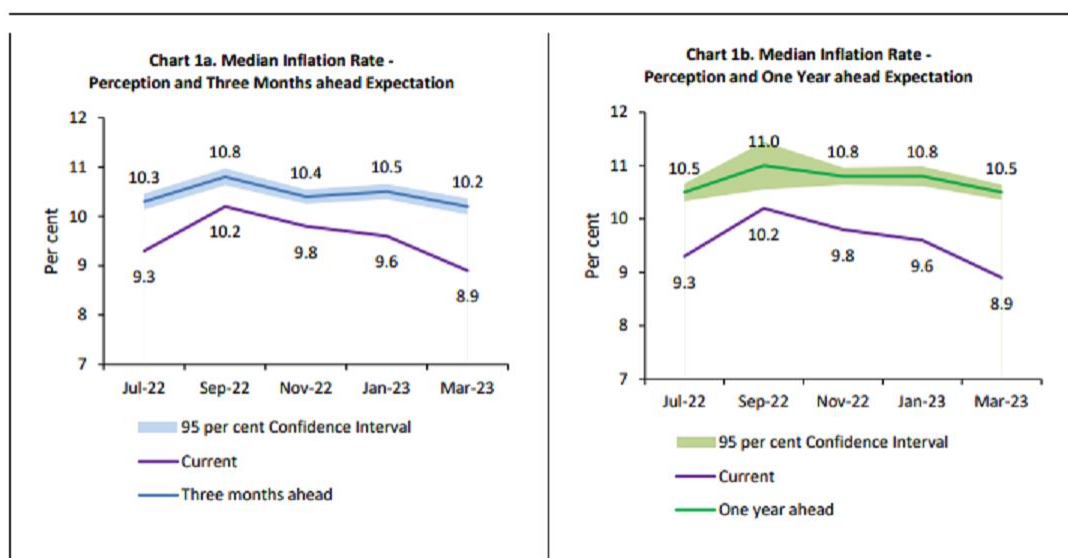


Table No 1 : Summary based on Net Responses

Summary based on Net Responses ⁴						
Main Variables	Current Perception compared with one-year ago			One year ahead Expectations compared with current situation		
	Sep-22	Nov-22	Change	Sep-22	Nov-22	Change
Economic Situation	-33.0	-27.8	↑	8.4	11.6	↑
Employment	-25.7	-17.8	↑	16.1	21.2	↑
Price Level	-93.6	-93.9	↓	-70.8	-73.6	↓
Income	-14.2	-12.0	↑	42.4	44.9	↑
Spending	69.2	69.0	↓	69.0	70.2	↑
Consumer Confidence Index	80.6	83.5	↑	113.0	114.9	↑
Positive Sentiments with sign of improvement compared to last round			Negative Sentiments with sign of improvement compared to last round			
↓ Positive Sentiments with sign of deterioration compared to last round			↓ Negative Sentiments with sign of deterioration compared to last round			
Positive Sentiments with no change compared to last round			Negative Sentiments with no change compared to last round			

Table 2: Perceptions and Expectations on the 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
Nov-21	17.4	12.6	70.1	-52.7	44.6	17.3	38.1	6.4
Jan-22	17.8	15.6	66.7	-48.9	40.8	16.7	42.5	-1.7
Mar-22	21.7	16.2	62.2	-40.5	49.2	15.2	35.7	13.5
May-22	22.5	14.9	62.7	-40.2	45.4	15.3	39.4	6.0
Jul-22	21.6	15.4	63.0	-41.5	46.4	14.9	38.8	7.6
Sep-22	26.2	14.6	59.2	-33.0	46.5	15.4	38.1	8.4
Nov-22	28.0	16.3	55.7	-27.8	48.0	15.6	36.4	11.6

Table 3: 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
Nov-21	19.6	16.5	64.0	-44.4	48.9	18.1	33.0	16.0
Jan-22	17.4	17.2	65.4	-48.0	41.4	19.3	39.3	2.2
Mar-22	23.6	17.0	59.5	-35.9	52.9	17.0	30.2	22.7
May-22	27.3	17.8	54.9	-27.6	51.3	16.7	32.1	19.2
Jul-22	28.1	17.3	54.6	-26.5	50.7	17.2	32.0	18.7
Sep-22	28.4	17.6	54.0	-25.7	49.4	17.3	33.3	16.1
Nov-22	31.8	18.6	49.6	-17.8	51.5	18.3	30.3	21.2

Table 4: 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
Nov-21	95.1	3.9	1.0	-94.2	76.6	12.6	10.9	-65.7
Jan-22	93.4	5.4	1.2	-92.3	78.1	12.4	9.5	-68.6
Mar-22	93.3	5.6	1.2	-92.1	79.1	10.4	10.5	-68.6
May-22	95.4	4.1	0.5	-94.9	80.0	11.1	8.9	-71.1
Jul-22	95.2	4.0	0.9	-94.3	80.4	10.9	8.8	-71.6
Sep-22	94.6	4.3	1.1	-93.6	79.9	11.0	9.1	-70.8
Nov-22	94.9	4.1	1.0	-93.9	82.2	9.3	8.6	-73.6

Table 5: 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
Nov-21	90.6	7.1	2.3	-88.4	82.4	13.2	4.4	-78.0
Jan-22	88.1	8.7	3.2	-84.9	81.7	13.5	4.7	-77.0
Mar-22	88.5	9.3	2.2	-86.2	83.9	12.4	3.7	-80.2
May-22	91.3	7.0	1.7	-89.7	81.7	14.2	4.1	-77.6
Jul-22	88.5	8.9	2.6	-85.9	81.8	13.6	4.6	-77.3
Sep-22	89.6	7.8	2.6	-87.0	80.6	14.5	4.9	-75.7
Nov-22	87.5	9.2	3.3	-84.2	82.9	13.2	3.9	-79.1

Table 6: 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
Nov-21	13.0	36.0	51.0	-38.1	47.9	40.8	11.3	36.6
Jan-22	12.3	38.0	49.7	-37.4	43.2	42.5	14.3	29.0
Mar-22	16.0	42.1	42.0	-26.0	52.9	38.5	8.6	44.3
May-22	17.6	46.0	36.4	-18.9	52.4	39.2	8.4	44.0
Jul-22	18.2	46.0	35.9	-17.7	51.6	40.0	8.4	43.3
Sep-22	20.2	45.5	34.4	-14.2	51.3	39.8	8.9	42.4
Nov-22	20.9	46.1	32.9	-12.0	52.5	39.9	7.6	44.9

Table 7: 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
Nov-21	62.2	22.1	15.8	46.4	66.4	25.7	8.0	58.4
Jan-22	61.7	24.9	13.3	48.4	64.4	26.9	8.7	55.8
Mar-22	64.1	24.8	11.1	53.0	70.4	23.2	6.4	64.1
May-22	69.4	22.1	8.5	60.9	72.5	21.7	5.8	66.7
Jul-22	72.6	21.1	6.3	66.3	73.0	22.4	4.6	68.3
Sep-22	75.9	17.5	6.6	69.2	74.2	20.7	5.2	69.0
Nov-22	74.9	19.2	5.9	69.0	75.0	20.3	4.7	70.2

Table 8: 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
Nov-21	75.4	14.5	10.1	65.4	74.1	20.1	5.8	68.4
Jan-22	75.7	15.6	8.7	67.1	73.5	20.1	6.4	67.0
Mar-22	76.6	15.7	7.7	68.9	78.6	16.2	5.2	73.5
May-22	81.7	12.8	5.5	76.2	79.9	15.7	4.4	75.4
Jul-22	82.0	13.7	4.3	77.7	80.0	16.5	3.6	76.4
Sep-22	85.2	10.7	4.1	81.1	80.9	15.4	3.7	77.3
Nov-22	84.7	11.6	3.7	81.0	81.1	15.4	3.5	77.7

Table 9: 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
Nov-21	12.9	26.8	60.4	-47.5	25.0	36.3	38.7	-13.7
Jan-22	14.3	31.1	54.5	-40.2	23.6	38.6	37.8	-14.2
Mar-22	16.1	31.6	52.2	-36.1	28.9	36.7	34.4	-5.5
May-22	16.6	34.1	49.3	-32.7	27.5	38.4	34.1	-6.6
Jul-22	18.7	35.9	45.5	-26.8	29.3	38.5	32.2	-2.9
Sep-22	20.9	32.5	46.7	-25.8	29.5	37.6	33.0	-3.6
Nov-22	22.4	33.8	43.8	-21.4	32.8	35.1	32.2	0.6

Highlights of RBI survey January (Jan 02 to 11) 2023:

- I. Consumer confidence improved further both for the current period as well as for the year ahead; the current situation index (CSI)² continued on its recovery path for the ninth survey round since the historic low recorded in mid-2021 and increased by 1.3 points in January 2023 on the back of improved sentiments on general economic situation and household income (Chart 1 and Tables 10 and 15 below).
- II. One year ahead outlook, as reflected by the future expectations index (FEI), also rose by 1.3 points to its two-year high on the back of improved optimism on general economic situation, employment and income over the next one year (Chart 1).

III. Consumers’ sentiment on current expenses witnessed some moderation but their expectations on overall spending improved marginally for both essential and non-essential items (Tables 16,1 7and 18 below).

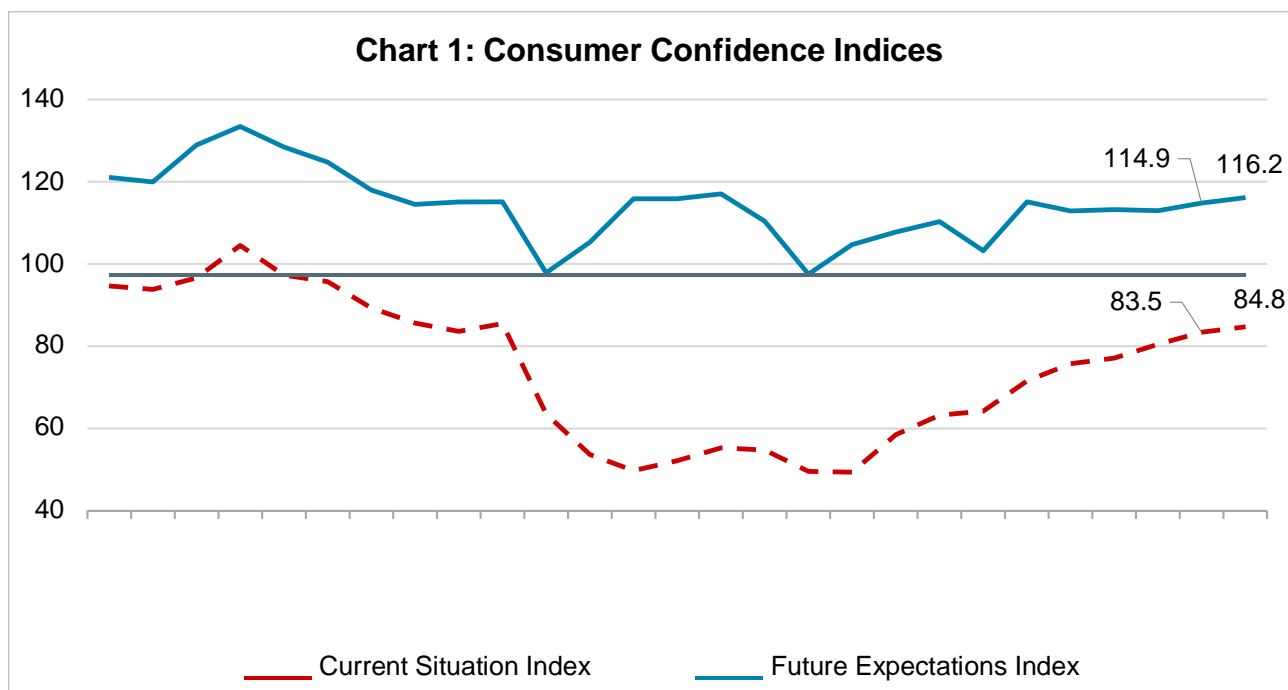


Table No 10 Summary based on Net Responses

Summary based on Net Responses ⁴						
Main Variables	Current Perception compared with one-year ago			One year ahead Expectations compared with current situation		
	Nov-22	Jan-23	Change	Nov-22	Jan-23	Change
Economic Situation	-27.8	-23.7	↑	11.6	17.0	↑
Employment	-17.8	-19.9	↓	21.2	21.6	↑
Price Level	-93.9	-92.3	↑	-73.6	-76.1	↓
Income	-12.0	-8.3	↑	44.9	47.6	↑
Spending	69.0	68.4	↓	70.2	70.8	↑
Consumer Confidence Index	83.5	84.8	↑	114.9	116.2	↑
Positive Sentiments with sign of improvement compared to last round			Negative Sentiments with sign of improvement compared to last round			
↓ Positive Sentiments with sign of deterioration compared to last round				↓ Negative Sentiments with sign of deterioration compared to last round		
Positive Sentiments with no change compared to last round			Negative Sentiments with no change compared to last round			

Table 11: Perceptions and Expectations on the 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
Jan-22	17.8	15.6	66.7	-48.9	40.8	16.7	42.5	-1.7
Mar-22	21.7	16.2	62.2	-40.5	49.2	15.2	35.7	13.5
May-22	22.5	14.9	62.7	-40.2	45.4	15.3	39.4	6.0
Jul-22	21.6	15.4	63.0	-41.5	46.4	14.9	38.8	7.6
Sep-22	26.2	14.6	59.2	-33.0	46.5	15.4	38.1	8.4
Nov-22	28.0	16.3	55.7	-27.8	48.0	15.6	36.4	11.6
Jan-23	28.3	19.6	52.1	-23.7	50.2	16.6	33.2	17.0

Table 12: 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
Jan-22	17.4	17.2	65.4	-48.0	41.4	19.3	39.3	2.2
Mar-22	23.6	17.0	59.5	-35.9	52.9	17.0	30.2	22.7
May-22	27.3	17.8	54.9	-27.6	51.3	16.7	32.1	19.2
Jul-22	28.1	17.3	54.6	-26.5	50.7	17.2	32.0	18.7
Sep-22	28.4	17.6	54.0	-25.7	49.4	17.3	33.3	16.1
Nov-22	31.8	18.6	49.6	-17.8	51.5	18.3	30.3	21.2
Jan-23	30.0	20.1	49.9	-19.9	51.8	18.0	30.2	21.6

Table 13: Perceptions and Expectations on Price Level

Survey Round	Current Perception				One year ahead Expectation			
	Increased	Remained Same	Decreased	Net Response	Will Increase	Will Remain Same	Will Decrease	Net Response
Jan-22	93.4	5.4	1.2	-92.3	78.1	12.4	9.5	-68.6
Mar-22	93.3	5.6	1.2	-92.1	79.1	10.4	10.5	-68.6
May-22	95.4	4.1	0.5	-94.9	80.0	11.1	8.9	-71.1
Jul-22	95.2	4.0	0.9	-94.3	80.4	10.9	8.8	-71.6
Sep-22	94.6	4.3	1.1	-93.6	79.9	11.0	9.1	-70.8
Nov-22	94.9	4.1	1.0	-93.9	82.2	9.3	8.6	-73.6
Jan-23	93.6	5.0	1.3	-92.3	83.0	10.1	7.0	-76.1

Table 14: Perceptions and Expectations on Rate of Change in Price Level (Inflation) Applicable only for those respondents who felt price has increased/price will increase.

(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
Jan-22	88.1	8.7	3.2	-84.9	81.7	13.5	4.7	-77.0
Mar-22	88.5	9.3	2.2	-86.2	83.9	12.4	3.7	-80.2
May-22	91.3	7.0	1.7	-89.7	81.7	14.2	4.1	-77.6
Jul-22	88.5	8.9	2.6	-85.9	81.8	13.6	4.6	-77.3
Sep-22	89.6	7.8	2.6	-87.0	80.6	14.5	4.9	-75.7
Nov-22	87.5	9.2	3.3	-84.2	82.9	13.2	3.9	-79.1
Jan-23	86.5	10.5	3.0	-83.6	80.3	15.5	4.1	-76.2

Table 15: 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
Jan-22	12.3	38.0	49.7	-37.4	43.2	42.5	14.3	29.0
Mar-22	16.0	42.1	42.0	-26.0	52.9	38.5	8.6	44.3
May-22	17.6	46.0	36.4	-18.9	52.4	39.2	8.4	44.0
Jul-22	18.2	46.0	35.9	-17.7	51.6	40.0	8.4	43.3
Sep-22	20.2	45.5	34.4	-14.2	51.3	39.8	8.9	42.4
Nov-22	20.9	46.1	32.9	-12.0	52.5	39.9	7.6	44.9
Jan-23	21.4	49.0	29.6	-8.3	54.5	38.7	6.9	47.6

Table 16: 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
Jan-22	61.7	24.9	13.3	48.4	64.4	26.9	8.7	55.8
Mar-22	64.1	24.8	11.1	53.0	70.4	23.2	6.4	64.1
May-22	69.4	22.1	8.5	60.9	72.5	21.7	5.8	66.7
Jul-22	72.6	21.1	6.3	66.3	73.0	22.4	4.6	68.3
Sep-22	75.9	17.5	6.6	69.2	74.2	20.7	5.2	69.0
Nov-22	74.9	19.2	5.9	69.0	75.0	20.3	4.7	70.2
Jan-23	73.9	20.6	5.5	68.4	75.5	19.8	4.7	70.8

Table 17: 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
Jan-22	75.7	15.6	8.7	67.1	73.5	20.1	6.4	67.0
Mar-22	76.6	15.7	7.7	68.9	78.6	16.2	5.2	73.5
May-22	81.7	12.8	5.5	76.2	79.9	15.7	4.4	75.4
Jul-22	82.0	13.7	4.3	77.7	80.0	16.5	3.6	76.4
Sep-22	85.2	10.7	4.1	81.1	80.9	15.4	3.7	77.3
Nov-22	84.7	11.6	3.7	81.0	81.1	15.4	3.5	77.7
Jan-23	84.1	12.3	3.6	80.5	81.3	15.2	3.5	77.8

Table 18: 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
Jan-22	14.3	31.1	54.5	-40.2	23.6	38.6	37.8	-14.2
Mar-22	16.1	31.6	52.2	-36.1	28.9	36.7	34.4	-5.5
May-22	16.6	34.1	49.3	-32.7	27.5	38.4	34.1	-6.6
Jul-22	18.7	35.9	45.5	-26.8	29.3	38.5	32.2	-2.9
Sep-22	20.9	32.5	46.7	-25.8	29.5	37.6	33.0	-3.6
Nov-22	22.4	33.8	43.8	-21.4	32.8	35.1	32.2	0.6
Jan-23	22.1	35.2	42.8	-20.7	31.9	38.4	29.8	2.1

Findings of Consumer confidence surveys & Households' Inflation Expectations Survey:

I. Consumer confidence continues to recover from the historic low recorded in mid-2021, though it remained in the pessimistic zone; the current situation index (CSI) rose by 2.2 points on account of improved perception on general economic situation, employment, and household income.

II. Households' overall outlook for the year ahead remained in positive terrain despite marginally lower optimism.

III. With an uptick in current perception, the sentiments on employment are nearing the levels seen around mid-2019; consumers are also optimistic about the employment outlook as more than half of the respondents expect employment scenario to improve over the next one year.

IV. Household assessment of inflation conditions improved for the current period reflecting more confidence on economic conditions; notwithstanding a marginal uptick in the latest round, inflationary expectations improved over their average level since September 2021.

V. Household spending was buoyant on the back of higher essential and non-essential spending; more than a third of the households expect a rise in non-essential outlay over the next year.

VI. Households' perception for the current inflation declined by 70 basis points (bps) to 8.9 per cent in the latest survey round.

VII. Both three months and one year ahead inflation expectations moderated by 30 bps each to 10.2 per cent and 10.5 per cent, respectively, as compared to that in January 2023.

VIII. Though the expectations on general prices and inflation remained elevated, relatively lower share of households expect prices to rise, when compared to the previous survey round

IX. Households' expectations on overall prices were generally aligned to their perception on prices of food and non-food items, and cost of services

OUTCOME OF THE STUDY:

Consumer confidence is a key driver of economic growth and is widely considered a leading economic indicator of household spending on consumption. Consumers tend to increase consumption when they feel confident about the current and future economic situation of the country and their own financial conditions. In economies such as India and the US, where personal consumption accounts for more than 60% and 70% of gross domestic product respectively, consumer confidence has a particularly significant impact on the economy. Consumer confidence works as catalyst or moderator for GDP growth. It can provide critical insight into the economy's growth prospects. Consumer sentiment indices are essential tools used by global investors and will be an immense aid to individual and institutional investors in India.

As evident from tables above Conference Board's consumer confidence index slipped to 102.3 this month, the lowest level since last November, from an upwardly revised 103.7 in April. Economists polled by Reuters had expected the index to fall to 99 from the previously reported reading of May 30, 2023.

The annual inflation rate in the United States has increased from 3.2 percent in 2011 to 8.3 percent in 2022. This means that the purchasing power of the U.S. dollar has weakened in recent years. The purchasing power is the extent to which a person has available funds to make purchases.

Is US consumer spending up? Real spending growth, data 23 May 2023, has been slowing since early 2022, with both high- and low-income groups holding their spending largely flat relative to the previous year (on a real basis, not accounting for inflation). Notably, for the first time in more than two years, high-income consumers' spending growth was negative.

The Bi monthly survey conducted by the Reserve Bank and it provides directional information on near-term inflationary pressures as expected by the respondents and may reflect their own consumption patterns. Hence, they should be treated as households' sentiments on inflation. All estimates of inflation expectations are given in the form of medians, unless stated otherwise.

The trends of the surveys are almost identical to the real statistics and behavior of the consumer in the field of consumption, manufacturing, inflation and purchase of durable assets. The prediction made by the surveys are the indicators for planners and economic strategists. If the CCS and other parameters are showing negative sentiments in consumption the planners can divert the resources towards CAPEX to boost the economy in future which creates the employment to further boost the consumptions. In case of India last studied 03 bi- monthly surveys gives a clear direction that inflation is going to be moderate, people are confident in comparison of the year earlier that employment rate will improve. Our planners may opt for long term capital expenditure (CAPEX) in India. The CCS by RBI always proved that consumer sentiments for coming year or for lessor period are highly correlates with consumer behavior. Hence study conclude that all Indexes of consumer surveys may work as catalyst in economic decisions and growth in end use of economic activity.

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