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**Consumer Sentiment in India Shows Marginal Uptick in June**

*Improved attitudes related to job security, household income, and consumption drive a slight increase in the June 2008 Boston Analytics Consumer Sentiment Index for India*

**MUMBAI, July 11, 2008**—Customized knowledge services company Boston Analytics today released the Boston Analytics Consumer Sentiment Index (BACSI) for India results for the month of June 2008. The past month registered a marginal 2.9% increase in the BACSI, a monthly barometer of Indian consumer opinion regarding the current state and future expectations of the macro economy, household financial conditions, and consumption.

The index is based on a monthly survey conducted across four metros—Delhi, Mumbai, Kolkata and Chennai—targeting a diverse set of demographics representative of Indian consumers. It addresses macro-level variables reflecting the nation’s economic conditions, including indicators such as employment, inflation, interest rates, and real estate. The BACSI also studies micro-level variables such as household income, commitment towards expenditure on basic necessities (durables, automobile, and house), savings, and other elements.

**Inflation Concerns Offset Improving Employment, Consumption, and Future Sentiment**

The BACSI for the month of June stood at 96.9, up 2.9% from the previous month’s reading of 94.2. The rise is attributable primarily to the improvement of sentiment related to consumption plans, employment, and expectations about the future state of the economy. However, sentiment related to inflation remained very low and acted as a significant offset.

“The month of June was characterized by the onset of monsoon and tough talk by the government authorities about fighting inflationary pressures,” said Sam Thomas, Ph.D., Boston Analytics’ director of research and development. “The improved sentiment of consumers may have been affected by seasonal optimism and relative confidence about the future impact of the government’s inflation-fighting measures. However, it is important to note that the BACSI composite index has remained below the base number of 100 since March 2008, suggesting continued pull-back of consumer sentiment that began during the first quarter of the year.”

The BACSI consists of two sub-indices—the current situation index and the expectation index—and five derived indices covering employment conditions, inflation, real estate, savings, and consumer spending.

**BACSI for India and Sub-Index Values**

<b>Index</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
BACSI	100.0	102.7	93.6	95.0	94.2	96.9
Current Situation Index	100.0	106.5	92.1	94.2	90.7	95.3
Expectations Index	100.0	99.4	98.1	95.7	95.6	100.3
Derived Sentiment Indices						
Inflation Sentiment Index	100.0	127.1	57.4	48.4	42.7	36.2
Employment Sentiment Index	100.0	84.6	79.8	77.5	71.1	74.6
Real Estate Sentiment Index	100.0	110.6	94.8	96.5	97	98.4
Consumer Spending Sentiment Index	100.0	104.5	107.6	106.8	104.6	114.8
Saving Sentiment Index	100.0	110.2	133.8	88.1	80.3	71.9

### **Interesting Findings from June's BACSI for India Survey:**

- The BACSI Inflation Sentiment Index continues to fall steeply in a manner consistent with news of double digit inflation in the wholesale price index. It fell by nearly 37% from 57.4 in March 2008, to 36.2 in June 2008. The index has fallen by almost 15% in the last month from 42.7 in May 2008 to 36.2 in June 2008.
- The BACSI Employment Sentiment Index recorded a marginal increase reflecting the expectation of a positive and robust hiring market. High job security, combined with consumers' increased confidence about their ability to create alternative means of employment, led to a marginal increase in the BACSI Employment Sentiment Index compared to last month. The index, which declined gradually from the beginning of the year until May, increased by 4.9%, from 71.1 in May 2008 to 74.6 in June 2008.
- The BACSI Consumer Spending Sentiment Index increased significantly in June compared to its level in May. The current index value for June stands at 114.8, an increase of about 9.7% over May's reading. The index is based on the respondent's expected expenditure on goods and services.

### **About BACSI**

The Boston analytics Consumer Sentiment Index (BACSI) for India is based on a systematic and insightful disaggregation architecture supported by economic theory to provide an effective measurement of the level and shifts in consumer sentiment in India over time. Inspired by the product design and index computation methodologies of US indices—such as the University of Michigan's Consumer Sentiment Index and the Conference Board's Consumer Confidence Index—the BACSI has been adapted to the Indian economy's unique conditions and requirements by a team led by Sam Thomas, Ph.D., director of research and development for Boston Analytics.

The index is derived from a monthly survey of 3,000 respondents across four major Indian metropolitan areas—Delhi, Mumbai, Kolkata, and Chennai. A stratified sampling process was adopted for this with the stratas based on the socio-economic conditions of the respondents to ensure a proper representation of the consuming population. All data are collected via face-to-face interviews. The index value in January 2008 was set to 100 to serve as the starting benchmark value of the time series.

The BACSI is computed from 25 questions of the Boston Analytics Consumer Sentiment questionnaire covering various variables affecting consumer sentiment in India. In the first stage, diffusion values capturing the degree of positive bias in responses are computed for each question. Then a composite index is computed from the ratio of the weighted sum of the diffusion values of the current survey and the base survey. The weights are based on the importance of each variable on a consumer's consumption sentiment.

Monthly BACSI reports are available for purchase from Boston Analytics. A more detailed description of the BACSI, as well as the executive summary of this month's report, is available at [www.bostonanalytics.com/India\\_Watch/India\\_Watch.html](http://www.bostonanalytics.com/India_Watch/India_Watch.html).

### **About Boston Analytics**

Boston Analytics provides its corporate, consulting and financial clients the most current, accurate and actionable research and analysis—so they can be the first to uncover and exploit opportunities. The firm's work powers knowledge processes and enables effective decisions at all levels of its clients' businesses. Boston Analytics brings together leading analytical minds worldwide, delivers robust offerings of knowledge services, and works as a genuine partner.

Boston Analytics delivers enterprise-wide knowledge advantage by providing fully customized knowledge services as well as flexible, preconfigured knowledge products and repositories. All knowledge services and products are tailored to meet the specific needs of corporations, consulting companies, and financial services firms.

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