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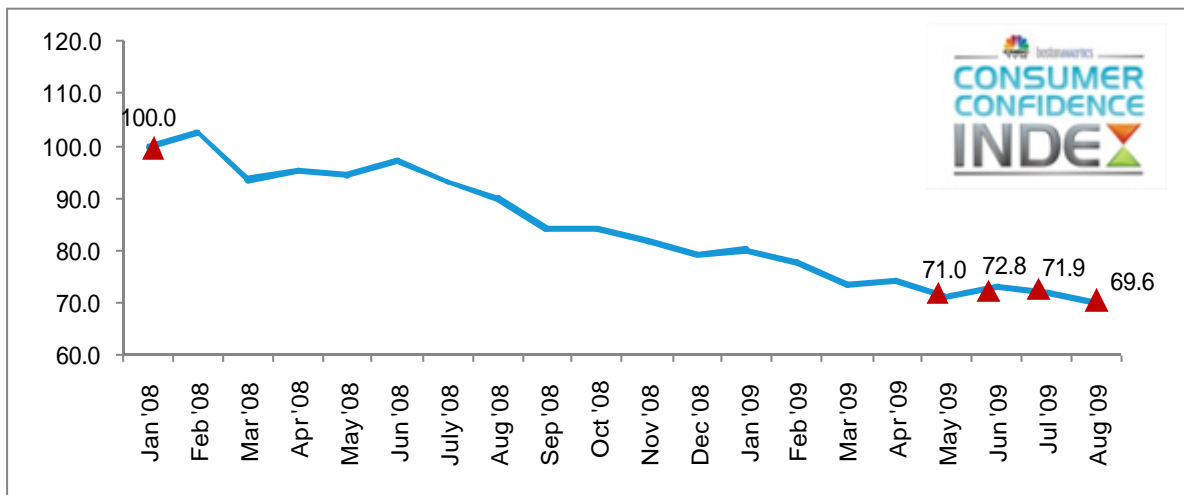
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CONSUMER CONFIDENCE FALLS AGAIN IN AUGUST -- DROUGHT, INFLATIONARY PRESSURE AND SLUGGISH DEMAND OFFSET FORCES OF ECONOMIC REVIVAL

MUMBAI, August 27, 2009 – Today CNBC TV18 and Boston Analytics released the CNBC-TV18 Boston Analytics Consumer Confidence Index for August 2009. The index is designed to measure consumer confidence in India on a monthly basis. The index is derived from a monthly survey targeting nearly 10,000 respondents across fifteen Indian cities, which makes it the largest and most comprehensive exercise of this kind in the country. The index is a monthly barometer of the opinion of Indian consumers regarding the current state and future expectations of the macro economy, household financial conditions and consumption. The index is computed from responses to 25 questions covering various variables known to affect consumer confidence. These variables pertain to general economic conditions, employment, inflation, interest rates, real estate, household financial conditions, household income, household spending plans, and savings.

The index for August 2009 stands at 69.6, a decrease of 3.2% from July's reading of 71.9. The fall in consumer confidence in August 2009 can be attributed primarily to pessimism surrounding the Indian consumer's outlook about urban unemployment, intensifying inflationary pressure, and reluctance to spend on big ticket purchases such as consumer durables, vehicles and housing. Optimism about nation's economic conditions and aspects of personal financial conditions such as expected job security, the ease of creating alternative means of employment, and comfort in borrowing money have weakened in the August survey.

The exhibit below shows the CNBC-TV18 Boston Analytics Consumer Confidence Index between January 2008 and August 2009.



Source: Boston Analytics

The CNBC-TV18 Boston Analytics Consumer Confidence Index consists of two sub-indices – the Current Situations Index and the Future Expectations Index. While the Current Situation Confidence Index registered only a marginal decline, the Future Expectations Confidence Index recorded a steep fall in August. The Current Situation Confidence Index registered a marginal decrease in August. The index decreased marginally by 0.8% from 74.2 in July 2009 to 73.6 in August 2009. In contrast the Future Expectations Confidence Index recorded a much steeper fall in August. The Index fell almost 8% from 71.2 in July 2009 to 65.6 in August 2009.



"Our August survey reveals that consumer confidence among India's urban consumers continues to fall. Worries about the state of employment conditions and retail inflation appear to be the dominant factors leading to austerity in spending plans and an increased propensity to save," said **Dr. Sam Thomas, Ph.D., Director of Research and Development at Boston Analytics.** "Policy emphasis on the part of the government that is currently biased towards the rural population may need to be re-balanced to provide stimulus relief to the urban consumer also. Product pricing policy by corporations should remain conditioned on a relatively weak demand climate for consumer discretionary items by urban consumers."

About the CNBC-TV18 Boston Analytics Consumer Confidence Index

The index is designed to measure consumer confidence in India on a monthly basis. The index is derived from a monthly survey targeting 10,000 respondents across fifteen Indian cities—Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Ahmedabad, Chandigarh, Nagpur, Kochi, Jaipur, Lucknow, Bhubaneswar, Patna, and Vishakhapatnam. The sample is stratified based on the socio-economic characteristics of the Indian population in order to ensure sufficient sample sizes for sub-groups of interest. All data are collected via face-to-face interviews. The index is computed from responses to 25 questions covering various variables known to affect consumer confidence. These variables pertain to general economic conditions, employment, inflation, interest rates, real estate, household financial conditions, household income, spending plans, and savings. The index value in January 2008 was set to 100 to serve as the starting benchmark value of the time series. Inspired by the product design and index computation methodologies of consumer sentiment and consumer confidence indices across the world, the index has been adapted to the Indian economy's unique conditions.

About CNBC-TV 18: CNBC-TV18 is the undisputed leader in the business. The channel's benchmark coverage extends from corporate news, financial markets coverage, expert perspective on investing and management to industry verticals and beyond. CNBC-TV18 has been constantly innovating with new genres of programming that helps make business more relevant to different constituencies across India. CNBC-TV18 is currently available in over 30 million households in India

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