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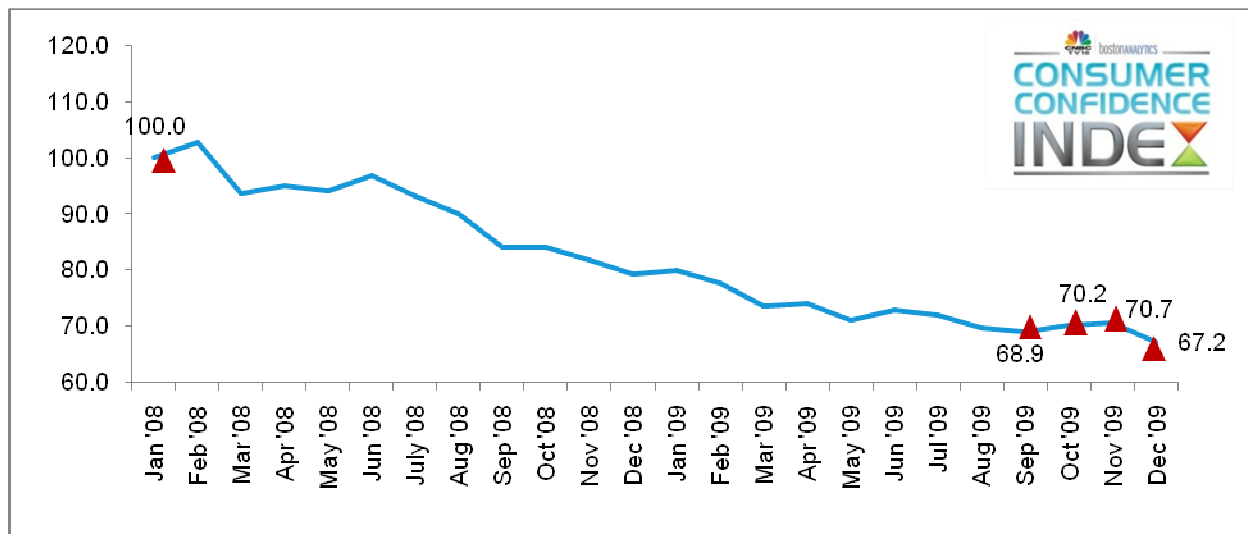
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CONSUMER CONFIDENCE DECLINES BY 4.9 PERCENT IN DECEMBER DRIVEN BY PESSIMISM SURROUNDING INFLATION, EMPLOYMENT, AND CONSUMER SPENDING. CITY-WISE DISAGGREGATED DATA REVEAL RELATIVELY LOW CONSUMER CONFIDENCE IN TIER II AND TIER III CITIES AND TOWNS.

MUMBAI, January 6, 2010 – Today CNBC TV18 and Boston Analytics released the CNBC-TV18 Boston Analytics Consumer Confidence Index for December 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 different 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 December stands at 67.2, a decrease of 4.9% from November’s reading of 70.7. The pessimistic sentiment related to consumer spending (driven primarily by higher levels of expenditure on basic necessities), employment outlook, inflation, and interest rates have outweighed the improvement in sentiment related about the nation’s economic conditions. City-wide disaggregation of consumer confidence data reveal that the decline in the composite headline number has been driven primarily by declining consumer confidence in Tier II and Tier III cities and towns.

The exhibit below shows the CNBC-TV18 Boston Analytics Consumer Confidence Index between January 2008 and December 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. Following the composite, both the Current Situation Confidence Index and the Future Expectations Confidence Index have registered a decline in the last month. The Future Expectations Index remains lower than the Current Situation Index for the sixth

consecutive month. Future uncertainty can be primarily attributed to concerns regarding inflation and a weakening employment outlook.

The Current Situation Confidence Index declined 3.1% percent from 75.7 in November 2009 to 73.3 in December 2009. Similarly, as shown in Exhibit 3, the Future Expectations Confidence Index decreased by 3.0 percent from 65.8 in November 2009 to 63.8 in December 2009.

"Our December survey reveals that consumer confidence among India's urban consumers has declined sharply after having showed encouraging signs of flattening for several months. The new evidence suggests that the intense stimulus program of the government needs to persist for a while longer. Worries about the state of employment conditions and retail inflation continue to 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**. "It appears that weak monsoon rain combined with negative contagion coming from recent negative news about the economy in the Middle East are having an effect on general sentiment."

"Note that conclusions driven only by analysis of national averages might not always portray the actual scenario in particular regions. Data from our December survey shows that headline numbers in Delhi and Mumbai registered an improvement over November in spite of a decline in the national composite number", said **Debopam Chaudhuri, Economist, Boston Analytics**. "Such regional differences in data need to be looked at in conjunction with the national averages for a better understanding on consumer trends. This is all the more important given India's wide regional economic diversity".

"At a nationwide aggregate level, survey data reveals that frugality appears to have set in with a tendency to save more and spend less. Further, the feedback loop between inflation and consumer spending remains intact; burdened by a higher grocery bill, the Indian consumer is not reporting ambitious plans for discretionary spending", said **Shirin Bagga, Economist, Boston Analytics**. "Food inflation seems to be pinching the consumer in Tier II and Tier III cities and towns more as compared to consumers in the metros and Tier I cities leading a significant decline in purchase power for discretionary shopping," she added.

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. 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 is headquartered in Boston with offices in New York, London, and Mumbai. For more information visit www.bostonanalytics.com. Monthly reports—Executive Summary and Full Report and the Data Sets—Nationwide Aggregate and City-wise Disaggregate Data are available for purchase from Boston Analytics at www.bostonanalytics.com/India_Watch/India_Watch.html