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DESPITE THE MACRO ECONOMIC SITUATION SHOWING SIGNS OF IMPROVEMENT, THE INDIAN CONSUMER CONTINUES TO SIGNAL SIGNIFICANT CONCERN ABOUT THE STATE OF THE ECONOMY—THE COMPOSITE INDEX HAS FLATTENED OUT BUT WHILE HITTING A NEW LOW SINCE INCEPTION.

MUMBAI, September 30, 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.

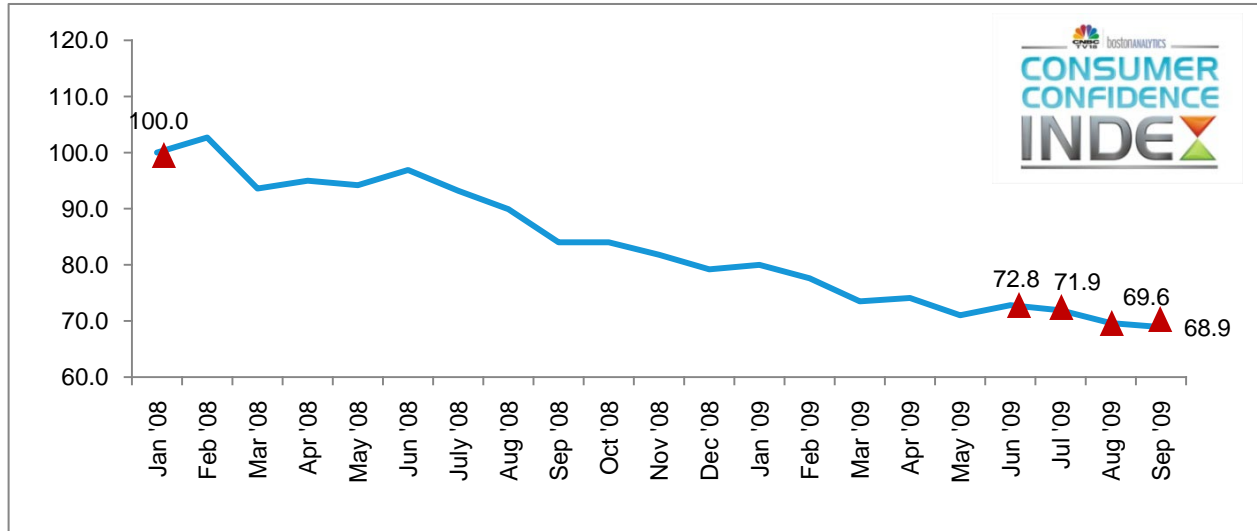
Consumer confidence reveals that optimism around the observed change (in the last 12 months) the nation's economic conditions have turned into pessimism. Similarly, optimism about the expected state of the economy has also decreased. Weakening sentiment about the state of the economy has also translated lower optimism about change in the consumers' household income personal financial outlook. While pessimism around consumers' comfort in borrowing has improved in the last month, it continues to be in the pessimistic zone. Spending plans remain extremely weak this festive season reflecting a somber mood of the Indian consumer. Employment sentiment has flattened out but at a very low level.

On a positive note, sentiment related to inflation has improved as the Indian consumer comes to terms with soaring food prices and expecting no respite in the near future. As a result expenditure observed (in the last 12 months) and expected (in the next 12 months) change in basic necessities remains high. The real estate sector also appears to be bouncing back with respondents' sentiment about construction activity and real estate prices recording an improvement in the last month.

Optimistic sentiment around inflation and the real estate sector and improvement in pessimism about comfort in borrowing have been offset by pessimism or weakening optimism about certain aspects of the nation's economic conditions and the respondents' household financial conditions.

Consequently, the consumer confidence index has flattened out in the last month, registering a small decrease of 1.0% from August's reading of 69.6 to 68.9 in September.

The exhibit below shows the CNBC-TV18 Boston Analytics Consumer Confidence Index between January 2008 and September 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. Like the Composite index number, the Current Situation Confidence Index and the Future Expectations Confidence Index appear to have flattened out in the last month. The Current Situation Confidence Index registered a marginal decrease in September. The index decreased marginally by 0.7% from 73.6 in August 2009 to 73.1 in September 2009. Similarly, the Future Expectations Confidence Index fell almost 1.8 percent from 65.6 in August 2009 to 64.4 in September 2009.

"Our September survey reveals that consumer confidence among India's urban consumers continues to fall. 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. However, this time, their impression of the general state of the economy has slipped also," said **Dr. Sam Thomas, Ph.D., Director of Research and Development at Boston Analytics.** "Policy emphasis on large stimulus at the aggregate level has not trickled down to the personal level of the urban consumer as yet, not even along the dimension of sentiment. Product pricing policy by corporations should continue to 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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