

**Consumers remain cautious on their spending plans: Study**

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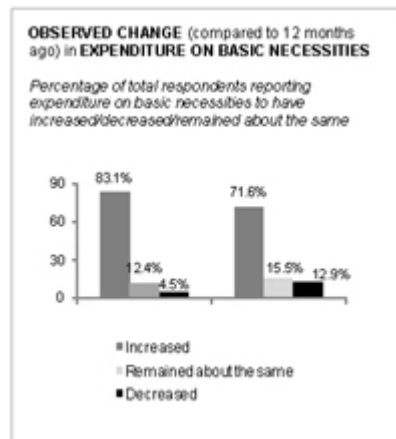
**MUMBAI:** The global economic meltdown and aggressive job losses have driven Indian consumers to continue to remain conservative in their spending plans, reveals the latest Boston Analytics Consumer Confidence data for April.

The study states that while consumption sentiments related to basic necessities remain intact, spending patterns related to occasional discretionary purchases is much less optimistic.

**Time-series analysis of the data reveals the following findings:**

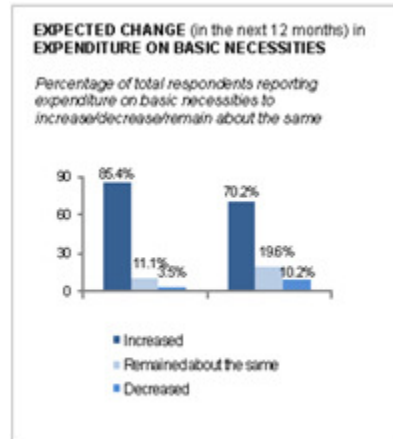
- Expenditure on basic necessities: Despite a steep fall in inflation since a 13-year peak last August, the percentage of respondents reporting an increase in their expenditure on basic necessities remains considerably high (see Exhibit 1 below). This may be attributable to higher food inflation.

**Exhibit 1**



**Source: Boston Analytics**

**Exhibit 2**



**Source: Boston Analytics**

Inflation in the food group, which is important to consumers, continued to remain above 6 per cent provoking a debate about the important distinction between wholesale and

retail price inflation.

- Discretionary spending: In this period of economic uncertainty and financial turmoil, surveyed respondents express an unwillingness and uncertainty to commit to big-ticket purchases such as durables/white goods, automobiles and homes amongst others.

The time-series survey data also reveals a significant drop in the percentage of respondents who report being likely to buy durables and automobiles.

The survey findings, however, point to the fact that while demand in urban India may be dwindling, the lower tier cities and the rural market may drive growth for consumer goods and automobiles.

The consumer sentiment data is derived from a monthly survey targeting 10,000 respondents across 15 cities. These are Delhi, Mumbai, [Kolkata](#), Chennai, Hyderabad, Bangalore, Ahmedabad, Chandigarh, Nagpur, Kochi, [Jaipur](#), Lucknow, Bhubaneswar, Patna and Vishakhapatnam.