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Despite a steep decline in the WPI compared to a 13-year peak last August, consumers continue to show concern about high retail prices— points out the Consumer Confidence data from Boston Analytics for the month of April 2009

May 12, 2009: Overall inflation fell to a near 0% in mid-April due to lower year-over-year inflation in basic commodities, especially in minerals. Inflation within food prices continued to remain above 6% however, provoking a debate in the press about the important distinction between wholesale and retail price inflation. Boston Analytics survey data reveals that the decline in the Wholesale Price Index (WPI) has been accompanied by an improvement in consumer sentiment related to the price of retail goods and services in general (fall in the number of respondents reporting an increase in the prices of goods and services in general – see Exhibit 1). However, it is important to note that sentiment levels pertaining to current prices of goods and services in general remains pessimistic, implying that consumers continue to believe that retail prices are still too high.

Exhibit 1

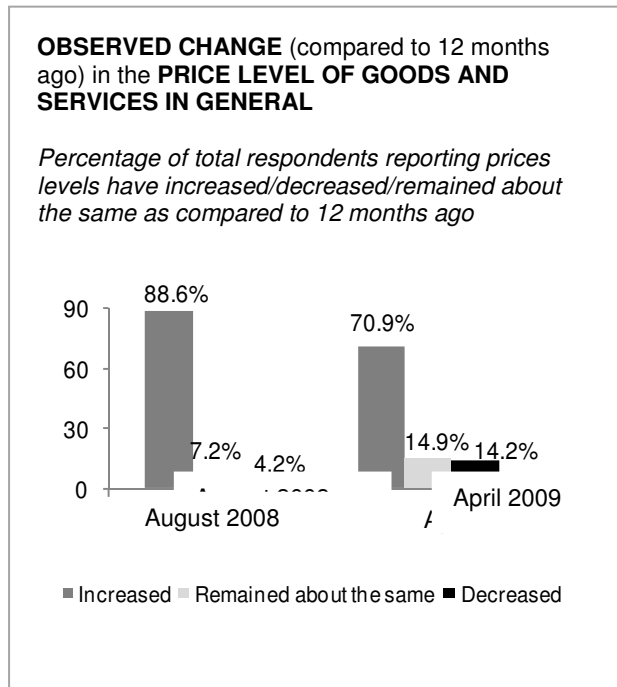
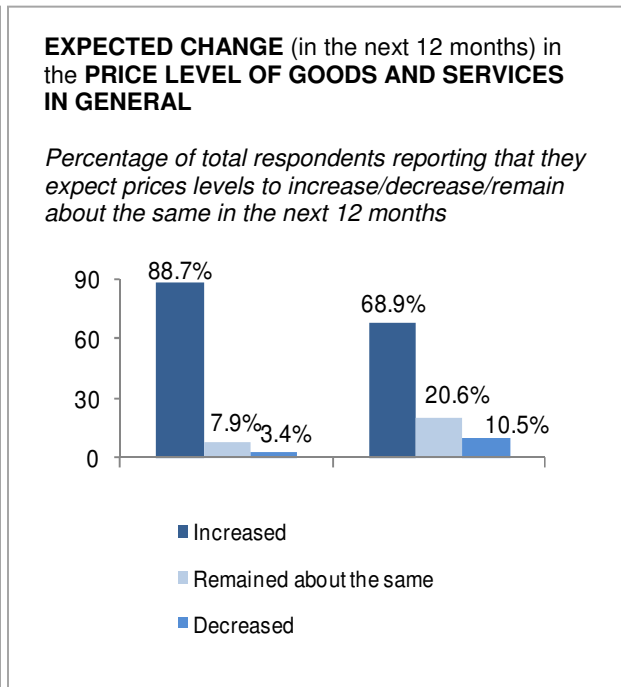


Exhibit 2



In terms of consumer future expectations regarding retail prices, similarly since August 2008, fewer Indians expect prices to increase (see Exhibit 2 above), but these levels continue to reveal concern over high prices. The decrease may be based on an expected improvement in agricultural output and further moderation in commodity prices. These findings have implications not only for consumer purchasing behavior, but also for manufacturers in regards to their pricing strategy.

Consumer sentiment data is derived from a survey of monthly survey targeting 10,000 respondents cross 15 cities across fifteen Indian cities—Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Ahmedabad, Chandigarh, Nagpur, Kochi, Jaipur, Lucknow, Bhubaneswar, Patna, and Vishakhapatnam. A stratified sampling process was adopted for this survey, with the strata based on the socio-economic conditions of the respondents in order to ensure a proper representation of the population. All data is collected via face-to-face interviews.