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## **2. Consumer Confidence Survey (CCS)**

**Prelims Syllabus:** Economics – Growth, Development

**Mains Syllabus:** GS-III Indian Economy and Issues Relating to Planning, Mobilization of Resources, Growth, Development and Employment.

### **Why in News?**

- Recently, the Reserve Bank has released the results of the January 2020 round of its Consumer Confidence Survey (CCS).

### **About Consumer Confidence Survey (CCS):**

- The Consumer Confidence survey is conducted by the RBI in 13 major cities of India and covers almost over 5,000 respondents.
- The survey measures consumer perception (current and future) on five Economic Variables –
  1. Economic situation
  2. Employment
  3. The Price Level
  4. Income
  5. Spending
- The Consumer Confidence survey has two main indices - current situation index and future expectations index.
- The current situation index measures the change in consumer perception over an economic issue in the last one year while the future expectations index measures what consumer thinks about the same variables, one year ahead.
- A consumer confidence Index above 100 gives optimistic perception of the consumers while reading below 100 denotes pessimistic perception.

### **Importance of Consumer Confidence:**

- In case of India, the consumption expenditure accounts for almost 60% of India's GDP and hence it is considered to be the major driver of economic growth and development.
- The main driver of the consumption expenditure is the Consumer Confidence. If the consumers are optimistic about the current and future economic state of country, then they would spend more money leading to increase in the GDP. On the other hand, if the Consumer confidence is low, this can lead to decrease in the consumption expenditure and hence impacts the GDP Growth rate.

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- Hence, there is a need to measure the consumer confidence in a country to understand the prospects of economic growth.

