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Livemint, Mumbai



A second RBI survey of 802 companies found manufacturers expected improvement in production and orders in the second quarter; however, sentiments on jobs and external demand remained weak. (Reuters file photo)

Individuals and companies are upbeat about their prospects in a year's time though they remain downcast about the current state of things, separate central bank surveys found.

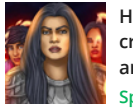
Consumer Confidence Index (CCI) for the current fiscal year came in at a measly 53.8 points in a Reserve Bank of India (RBI) survey, but jumped to 105.4 points for a year ahead. The survey was based on responses from 5,342 households across 13 major cities.

The central bank said while consumer confidence plunged in July this year, with the current situation index (CSI) recording its all-time low of 53.8, it returned to positive territory for the year ahead, indicating signs of recovery.

Analysts said the fall in consumer confidence for the year is a reflection of economic adversity. Millions of jobs were lost and salaries slashed amid India's harsh Covid-19 lockdown, but optimism is gradually returning with the easing of restrictions and the reopening of the

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the year ahead



To be sure, while demand is expected to improve, most respondents reported a reduction in discretionary spending in the last one year though their overall spending increased; they do not plan to increase non-essential spending in the coming year either, the survey found.

“It is unlikely that demand will revive this year,” said Madan Sabnavis, chief economist, Care Ratings Ltd. “There is a faint hope that the rural economy may boom because of a good harvest season. But the minimum support price has not been increased. If there is a good kharif harvest, prices may come down, so incomes may not increase and with more members in the family who have migrated back to their villages, per capita income will decline. So, in this uncertain environment, people will not spend,” he said.

A second RBI survey of 802 companies found manufacturers expected improvement in production and orders in the second quarter; however, sentiments on jobs and external demand remained weak. Sentiments on profit margins remained depressed for the quarter even as outlook on the overall financial situation showed optimism.

“Manufacturers polled distinct betterment in key demand indicators in Q3 sustaining through Q1 of FY22. Overall business situation is expected to gradually improve by Q1 of next fiscal” the survey said.

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