

# The missing signal in economic guidance

Despite all the turbulence caused by the West Asia conflict and volatile global energy uncertainty, policy-makers signal strong confidence that domestic consumption will be the bulwark against this turbulence. While the stock market is rising and falling, the narrative seems to be that these are temporary jitters and that this too shall pass soon.

The Reserve Bank of India's March 2026 Consumer Confidence Surveys show that Consumer India, both urban and rural, has become a bit more unhappy but displays no alarming slippage in confidence, and believes that next year will be much better than today. Both directionally show a weakening confidence about the economy and employment, with urban sentiment having been in the negative zone for a year on both counts, and rural now just about in the positive zone. Income expectations have clearly worsened in rural India, but only very marginally so in urban India, and still stay mildly positive. Despite this, consumers are not retreating in spending intentions, including non-essential spending. For next year, there is a significant upward swing in perceptions about the economy, employment and non-essential spending, and an even bigger upward swing on income expectations; even price rise perceptions show slight improvement.

What is glaringly absent in this tableau of sanguineness is any forward guidance from those piloting the India plane through this turbulence. Given our dependence on oil imports and the structural reset that may be underway, it doesn't seem like this is temporary turbulence and then a return to the old normal. Our economy is unlikely to escape unscathed. The silence from the cockpit about the future that Indians have to prepare for may well be tactical with mitigation plans already in place, as well as an understandable

desire for governments to avoid amplifying bad news and spook consumers or business.

But the absence of guidance on what stress to expect in their household budgets based on what policy actions to expect makes households (consumers) vulnerable. They have to process the surprises, absorb the shocks and take their own household spending/saving policy decisions quickly. Upper-income households, as is often correctly argued, which are the more consequential drivers of household spending and saving, are less affected because of their reserves and the more predictable, stable ways in which they earn. Their aggregate spending will hold, at worst be deferred. However, their spending and saving choices could go through a reshuffle and the performance of individual sectors and marquee companies could suffer, with a ripple effect on employment, confidence and more delays in recovery from investment sluggishness.

Lower-income households, it is assumed, are guaranteed a continuation of the government safety net — and here

again, we have no signals on whether there will be any changes and what the implications for their lives or consumption may be. Most affected will be households that are in the middle 50 per cent by income — economically fragile, striving, aspiring middle India that we hope to transform into a genuine, stable middle class, at least in the next generation. This is the group that is encouraged (and enticed) to borrow for consumption and for housing and education in good times. It is not equipped to assess what the future may hold.

Transmission of anything, including early warning signals of economic distress, is slow to this group, whose employers, employers' employers, or even customers, are mostly in the informal and gig economy. Even Swiggy or Zepto delivery workers and Uber

drivers, though gig workers in the formal economy, are not equipped to pick up warning signals about their future income. It is cynically (and accurately) said by consumption analysts that this group, large and core though it is to our polity, doesn't really matter except as a non-performing asset statistic in financial institutions, likely provided for. However, this "middle 50" households are important for political and societal stability and momentum towards Viksit Bharat. They deserve the respect and guidance about the immediate future — in the same way and with the same intensity that they are being guided about the longer term

What kind of non-alarmist guidance would be helpful? An articulation of the circumstances under which, and why, fuel prices may rise, and what this means for general price inflation, subsidies, and the availability of gas, petrol, diesel, and loans. Second, if higher energy costs persist, some directional clarity on how much of the burden will the common man have to bear. This will help the middle-income Indian consumer to make better financial decisions and plans starting today. Some more sector-specific guidance for big and small agriculture and for small businesses in terms of the policy support to expect would be invaluable to them.

The government narrative so far has been focused on the long-term inevitable rise of India, stability despite global turbulence, and the case for optimism. People and small businesses are being encouraged to dream bigger, act bolder and change their station in life through self-reliance, building skills, and so on; the message is that the state will build the ecosystems and infrastructure but citizens must increasingly take charge of their own lives. Given this narrative, guidance about the near future becomes even more essential.

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