

## **Inflation Expectations Survey of Households; June 2012 (Round 28)**

*The findings of 28<sup>th</sup> round of **Inflation Expectations Survey of Households** for the April-June 2012 quarter, conducted during June 1 to June 10, 2012 are presented here. The survey captures the inflation expectations of 4,000 urban households across 12 cities for the next three-month and for the next one-year. These expectations are based on their individual consumption baskets and hence, these rates should not be considered as predictors of any official measure of inflation. The households' inflation expectations provide useful directional information on near-term inflationary pressures and also supplement other economic indicators to get a better indication of future inflation. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.*

*The percentage of respondents expecting price rise in next three-month and in next one-year have gone up, mainly influenced by movements in food prices. The three-month ahead and one-year ahead mean inflation expectations at 12.0 per cent and 12.8 per cent, respectively, exhibit marginal rise of 30 basis points as compared with the last round of the survey. However, three-month and one-year ahead inflation expectations based on median inflation rate have remained at the same level as compared with the previous round. Perception of the current inflation has gone up by 30 basis points as compared with the previous round. The, three-month and one-year ahead inflation expectations are higher than the perceived current inflation rate by 70 and 150 basis points, respectively. As in the past rounds, daily workers and housewives expect higher inflation rates compared with other categories. On the aspect of awareness, 28.2 per cent of the respondents felt that RBI is taking necessary action to control inflation, of which, 42.7 per cent felt that RBI's action is effective.*

### **I. Introduction**

Reserve Bank of India has been conducting Inflation Expectations Survey of Households (IESH) on a quarterly basis, since September 2005. The survey elicits qualitative and quantitative responses for three-month ahead and one-year ahead period on expected price changes and inflation. Inflation expectations of households (HHs) are subjective assessments and are based on their individual consumption baskets and therefore, may be different from the official inflation numbers released periodically by the government. Again, they may not be treated as forecast of any official measure of inflation, though these inflation expectations provide useful inputs on directional movements of future inflation.

### **II. Sample Coverage and Information Sought**

The survey is conducted simultaneously in 12 cities that cover adult respondents of 18 years and above. The major metropolitan cities, viz., Delhi, Kolkata, Mumbai and Chennai are represented by 500 households each, while another eight cities, viz., Jaipur, Lucknow, Bhopal, Ahmedabad, Patna, Guwahati, Bengaluru and Hyderabad are represented by 250 households each. The respondents having a view on perceived current inflation are well spread across the cities to provide a good geographical coverage. The male and female respondents in the group are approximately in the ratio of 3:2. The sample coverage in terms of occupational category-wise representation is nearly as per the target ([Table 1](#)).

The survey schedule is organised into seven blocks covering the respondent profile (block 1), general and product-wise price expectations (block 2 and 3), feedback on RBI's action to control inflation (block 4), current and expected inflation rate (block 5), amount paid for the purchase of major food items during last one month (block 6) and the expectations on changes in income/wages (block 7).

The response options for price changes are (i) price increase more than current rate, (ii) price increase similar to current rate, (iii) price increase less than current rate, (iv) no change in prices, and (v) decline in prices. The inflation rates are collected in intervals - the lowest being 'less than 1 per cent' and the highest being '16 per cent and above' with 100 basis point size for all intermediate classes.

### **III. Survey Results**

#### *III.1 General Price Expectations*

- The percentages of respondents expecting *price increase* in three-month ahead and one-year ahead have increased over previous round and stand at about 99 per cent in the present survey round.
- The percentage of respondents expecting increase in general prices by '*more than the current rate*' for three-month ahead and one-year ahead period have gone up to 83.6 per cent and 84.4 per cent, respectively, from 75.6 per cent and 78.8 per cent in the previous round (January-March 2012) ([Table 2.1](#)).

#### *III.2 Product Group-wise Price Expectations*

- Product group-wise price expectations reflect similar trends, i.e. the percentage of respondents expecting *price increase* in three-month ahead and in one-year ahead period have gone up *vis-à-vis* the last round for food products, non-food products, household durables, housing and cost of services ([Table 2.2](#), [2.3](#), [2.4](#), [2.5](#) and [2.6](#)).
- Moreover, proportion of households expecting price increase three-month ahead and one-year ahead by '*more than the current rate*' has risen noticeably for all product groups, whereas there is a decrease in proportion of respondents expecting a rise in prices at '*similar to current rate*' for all product groups.

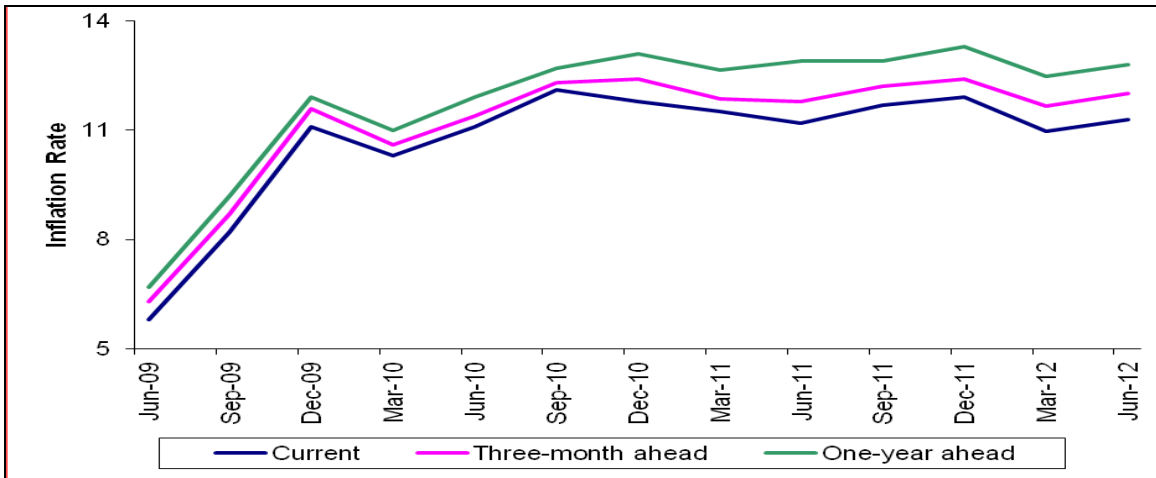
#### *III.3 Coherence between General and Product Group-wise Price Expectations*

- As in the past rounds, the general price expectations are observed to be consistently aligned with food price expectations than with other product groups. On an average, perceptions of more than 90 per cent of the respondents are appeared to have been driven by expected changes in food prices for arriving at the general price expectations ([Table 3](#) and [Table 4](#)).
- Further, sharp increase in coherence between general price expectations and various other product groups, except housing and cost of services for three-month ahead period, are observed in the current survey round as compared with previous round. The association of general price expectation which was consistently lower with household durables prices in the previous rounds has surged steeply in the current survey round ([Table 3](#) and [Table 4](#)).

### III.4 Inflation Expectations

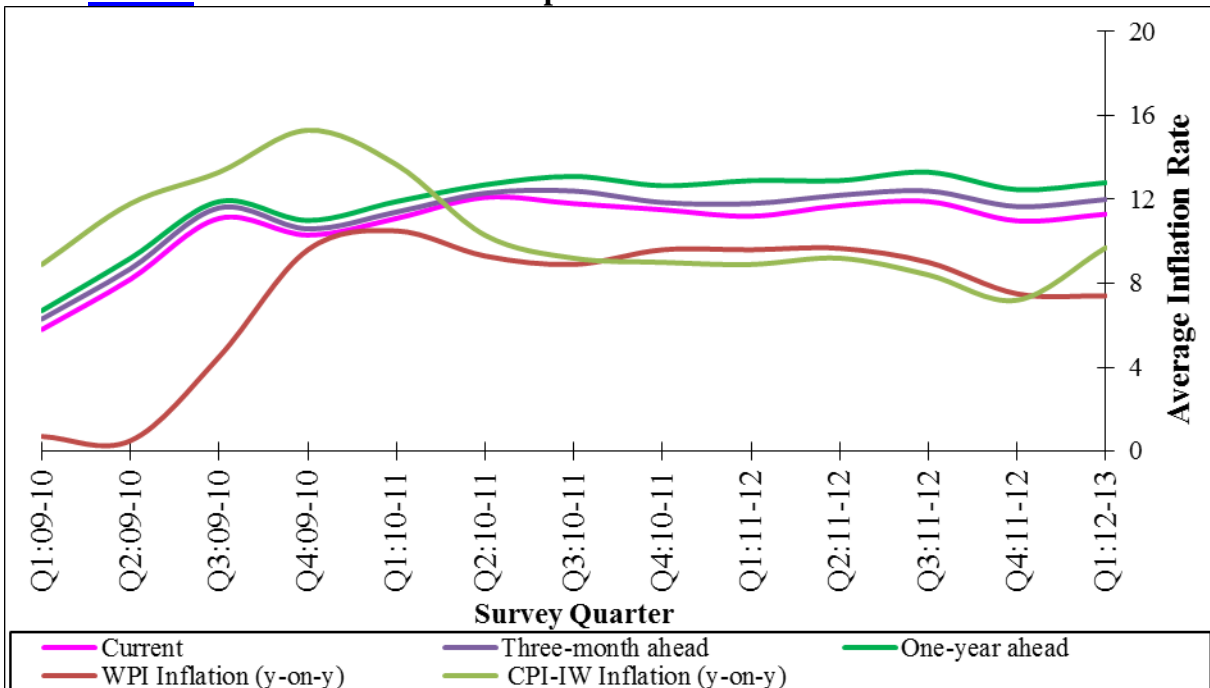
- The three-month ahead and one-year ahead inflation expectations based on mean inflation rate reported by 4,000 households have moved up by 30 basis points each to 12.0 per cent and 12.8 per cent, respectively, from 11.7 per cent and 12.5 per cent in the last round. However, three-month and one-year ahead inflation expectations based on median inflation rate have remained same at 11.5 per cent and 12.5 per cent, respectively, as compared with previous round ([Table 5](#) and [Chart 1](#)).

**Chart 1: Households Inflation Expectations – Current, Three-month Ahead and One-year Ahead**



- The current perceived mean inflation has also increased by 30 basis points *vis-à-vis* corresponding rates in the previous round.

**Chart 2: Households Inflation Expectations - vis-à-vis Official Inflation Numbers**



- Households expect inflation to rise further by 70 and 150 basis points during next three-month and next one-year respectively from their perceived current rate of 11.3 per cent.
- For a large part of the survey history, the households' perceived current inflation rate remained between the WPI and CPI-IW inflation rates. However, from September 2010 round onwards, it is higher than these inflation rates ([Chart 2](#)).
- Based on 10,000 re-samples using simple random sampling with replacement, the 99% bootstrap confidence intervals provide an indication of the precision of point estimates for the population mean inflation expectations ([Table 6](#)).

### *III. 5 Variations in Responses*

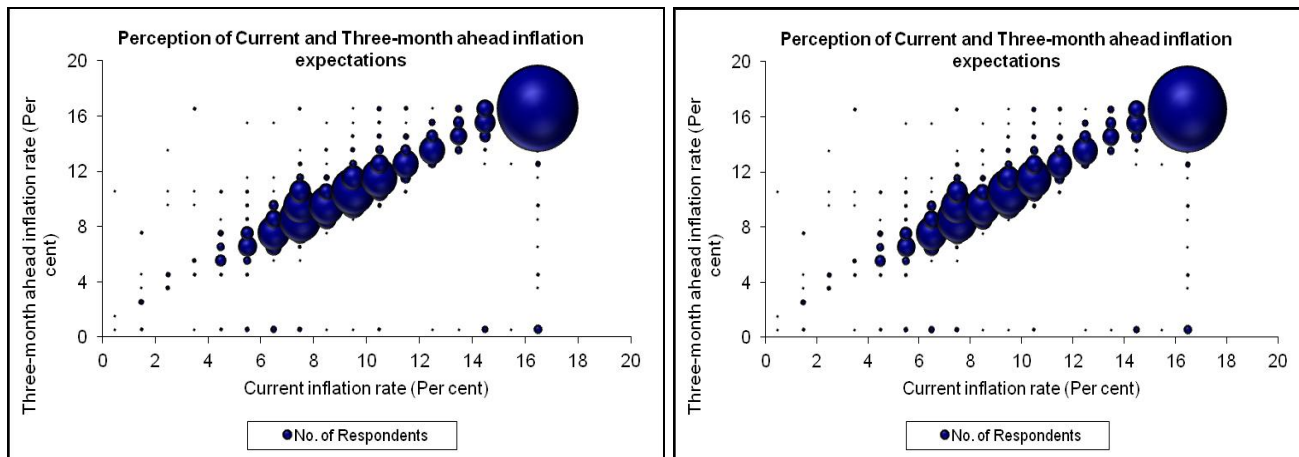
- Over different rounds of the survey, the variations in the responses in terms of standard deviation were generally observed to be lower for the perceived current inflation rate as compared with the expectations. However, in the last three rounds of the survey, the variations in perceived current rate are observed to be higher than that in the expectations ([Table 7](#)).
- Variation in consumption baskets and thereby the variability in responses for inflation expectations may partly be explained by different classificatory factors (*viz., gender, age-group, city and category*) of respondents over different rounds.
- An Analysis of Variance (ANOVA) carried out over different rounds has revealed that ‘city’ has always been a significant source of variation in each round followed by occupational ‘category’. This observation holds true for the current round also ([Table 8](#)).
- Survey shows that daily workers and housewives tend to have marginally higher level of inflation expectations based on mean inflation rate as well as median inflation rate. No visible pattern has emerged from age-wise profile of respondents ([Table 9](#)).
- City-wise, inflation expectations are found to be the highest in Jaipur and the lowest in Kolkata, based on both mean inflation rate as well as median inflation rate for this round ([Table 9](#)).

### *III.6 Cross-tabulation of Current Inflation and Future Expectations*

- Though the proportion of respondents perceiving inflation to be at double digit has not changed much, the proportion of those expecting the same for three-month ahead and one-year ahead periods have moved up as compared with those in the last round.
- In particular, 51.8 per cent (51.7 per cent in previous round) of respondents perceive double digit current inflation. Similarly, 65.2 per cent (63.0 per cent in previous round) and 77.0 per cent (70.0 per cent in previous round) of the respondents with some idea about future inflation expect double digit inflation rates for three-month ahead and one-year ahead periods ([Table 10](#), [Table 11](#) and [Chart 3](#)).

- A cross tabulation of the current inflation perception with the future inflation expectations indicates that among the 51.8 per cent respondents who perceive the current inflation in double digit, more than 98 per cent expect that it would remain at similar levels in next three months or in next one year ([Table 10](#) and [Table 11](#)).

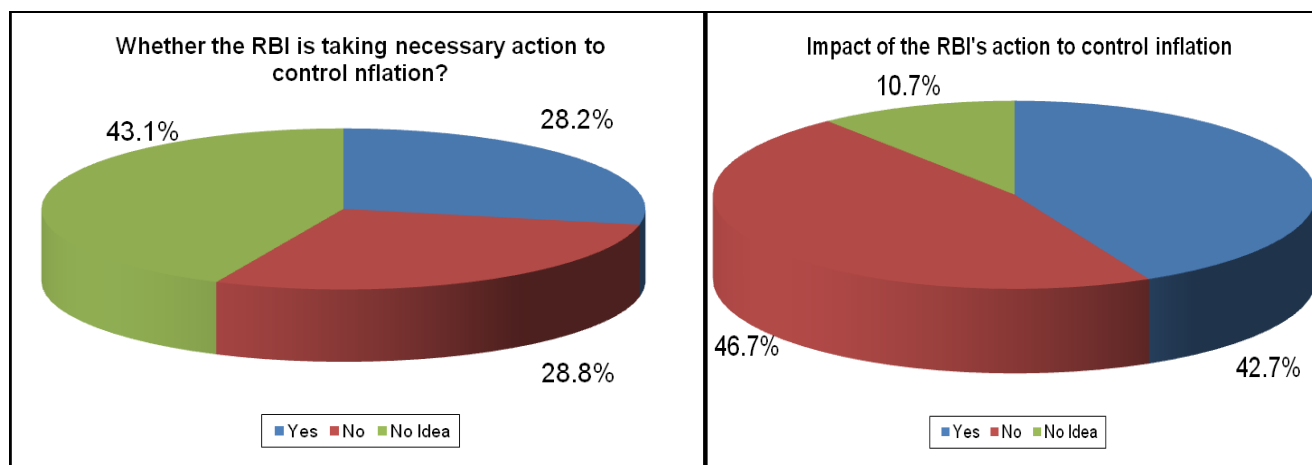
**Chart 3: Relationship in the Perception Level of Current Inflation with Future Expectations**



### III.7 Awareness on Reserve Bank of India's Action to Control Inflation

- On the feedback of the Reserve Bank action to control inflation and its impact, the survey finds that 57.0 per cent (60.6 per cent in previous round) of respondents are aware that Reserve Bank *takes action* to control inflation. Among these, 28.2 per cent (27.3 per cent in previous round) have felt that Reserve Bank is taking *necessary* action ([Chart 4](#)), of which, 42.7 per cent think that the *action has an impact* on controlling inflation.

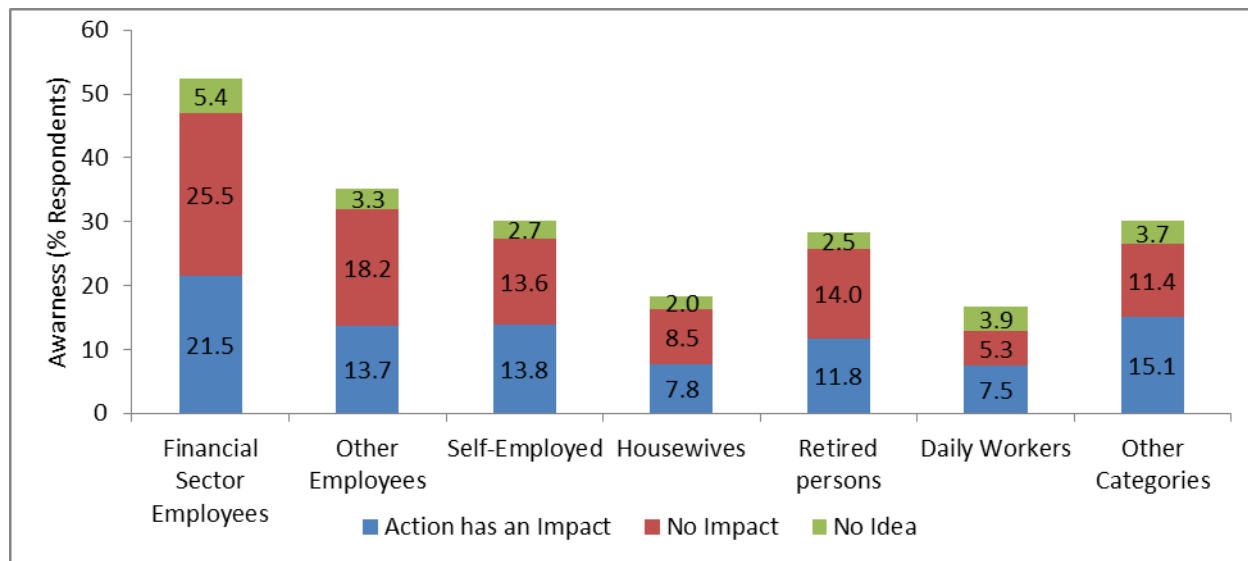
**Chart 4: Respondents' view on RBI's Action to Control Inflation**



- While financial sector employees are mostly aware of the Reserve Bank's role in controlling inflation, daily workers are largely unaware ([Chart 5](#)).

- Among the respondents who has felt that the Reserve Bank is taking necessary action to control inflation, majority of the *self-employed* and *others* respondents have felt that the Reserve Bank’s action has an impact on inflation control ([Table 12](#)).

**Chart 5: Category-wise Awareness on RBI's Action on Inflation Control and views on its Impact**



### III.8 Expectations in Change of Income/Wages

- Out of 2,228 respondents in the wage earners/self-employed/daily workers categories, 55.8 per cent have reported increase in wages/income in the past one year. 65.4 per cent do not expect any change in their income/wage in next three months. However, 74.1 per cent feel their income/wages will increase in next one-year ([Table 13](#)).
- Among the respondents who have reported wages/income increase in past one year, the highest per cent (67.4) are among financial sector employees and the least per cent (47.2) are among daily workers.
- Among various occupations, 86.4 per cent of financial sector employees, 76.7 per cent of other employees, 71.4 per cent of self-employed and 62.6 per cent of daily workers expect increase in income in next one year.

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**Table 1: Respondents' Profile (Category): Share in Total Sample**

Category of Respondents	Share in Total (%)	Target Share (%)
Financial Sector Employees	9.2	10.0
Other Employees	16.6	15.0
Self-employed	21.0	20.0
Housewives	29.9	30.0
Retired Persons	8.9	10.0
Daily Workers	9.0	10.0
Others	5.5	5.0

**Note:** The above sample proportion is for the quarter ended **June 2012** survey

**Table 2: Percentage of Respondents - Product-wise Expectations of Prices for Three-month and One-year Ahead****Table 2.1: General**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	Mar-11	Jun-11	Sep-11	Dec-11	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Options	Three-month ahead (percentage of respondents)									
<b>Prices will increase</b>	<b>95.7</b>	<b>95.3</b>	<b>96.5</b>	<b>98.6</b>	<b>96</b>	<b>98.7</b>	<b>97.3</b>	<b>96.1</b>	<b>98.2</b>	<b>99.0</b>
Price increase more than current rate	66.9	72.7	72.2	74.3	72.9	71.8	75.8	73.4	75.6	83.6
Price increase similar to current rate	20	20	21	22	20.4	19.8	15.4	13.2	15.9	11.2
Price increase less than current rate	8.8	2.6	3.3	2.3	2.7	7.1	6.0	9.6	6.7	4.2
<b>No change in prices</b>	<b>3.4</b>	<b>4.2</b>	<b>2.9</b>	<b>1.1</b>	<b>3.5</b>	<b>1.2</b>	<b>2.2</b>	<b>3.0</b>	<b>1.6</b>	<b>1.0</b>
<b>Decline in price</b>	<b>0.9</b>	<b>0.5</b>	<b>0.6</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>0.6</b>	<b>0.9</b>	<b>0.2</b>	<b>0.1</b>
Options	One-year ahead (percentage of respondents)									
<b>Prices will increase</b>	<b>96.5</b>	<b>95.2</b>	<b>95.6</b>	<b>98.9</b>	<b>96.1</b>	<b>98.7</b>	<b>96.0</b>	<b>97.1</b>	<b>98.3</b>	<b>99.5</b>
Price increase more than current rate	62.8	70.8	70.4	77.4	73.4	73.3	73.5	76.9	78.8	84.4
Price increase similar to current rate	19.8	18.7	19.7	17.9	18.6	18.0	16.7	12.6	14.0	10.5
Price increase less than current rate	13.9	5.7	5.6	3.6	4.2	7.4	5.9	7.6	5.5	4.6
<b>No change in prices</b>	<b>2.6</b>	<b>3.8</b>	<b>3.5</b>	<b>0.9</b>	<b>3.5</b>	<b>1.3</b>	<b>3.3</b>	<b>2.5</b>	<b>1.6</b>	<b>0.4</b>
<b>Decline in price</b>	<b>0.9</b>	<b>1.1</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0</b>	<b>0.7</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>

**Table 2.2: Food Products**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12	Jun-12
Options	<b>Three-month ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>95.9</b>	<b>95.8</b>	<b>96.7</b>	<b>98.1</b>	<b>95.4</b>	<b>98.6</b>	<b>97.3</b>	<b>95.3</b>	<b>98.2</b>	<b>98.8</b>
Price increase more than current rate	70.4	74.9	74.7	73.1	69.4	72.0	74.2	70.4	69.8	80.8
Price increase similar to current rate	15.5	17.7	18	21.3	21	17.5	17.2	16.7	21.2	14.3
Price increase less than current rate	10	3.2	4	3.7	5.1	9.1	5.9	8.2	7.2	3.7
<b>No change in prices</b>	<b>3.1</b>	<b>3.5</b>	<b>2.3</b>	<b>1.4</b>	<b>3.8</b>	<b>1.2</b>	<b>1.9</b>	<b>3.4</b>	<b>1.6</b>	<b>1.1</b>
<b>Decline in price</b>	<b>1</b>	<b>0.7</b>	<b>1</b>	<b>0.6</b>	<b>0.8</b>	<b>0.2</b>	<b>0.9</b>	<b>1.3</b>	<b>0.3</b>	<b>0.1</b>
Options	<b>One-year ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>96.8</b>	<b>95.6</b>	<b>95.7</b>	<b>98.6</b>	<b>95.9</b>	<b>98.6</b>	<b>95.8</b>	<b>96.8</b>	<b>98.2</b>	<b>99.4</b>
Price increase more than current rate	65.9	72.8	71.7	76.4	75.5	73.6	72	73.7	74.4	82.5
Price increase similar to current rate	16.5	16.9	17.8	17.8	16.6	17.2	19	15.8	18.6	12.6
Price increase less than current rate	14.5	5.9	6.2	4.4	3.9	7.9	4.8	7.4	5.2	4.3
<b>No change in prices</b>	<b>2.3</b>	<b>3.3</b>	<b>3.2</b>	<b>1.1</b>	<b>3.6</b>	<b>1.3</b>	<b>3.3</b>	<b>2.7</b>	<b>1.7</b>	<b>0.5</b>
<b>Decline in price</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>0.9</b>	<b>0.5</b>	<b>0.2</b>	<b>0.1</b>

**Table 2.3: Non Food Products**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12	Jun-12
Options	<b>Three-month ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>94</b>	<b>92.9</b>	<b>95.4</b>	<b>95.9</b>	<b>95</b>	<b>98</b>	<b>95.6</b>	<b>94.3</b>	<b>97.5</b>	<b>97.8</b>
Price increase more than current rate	57.4	60.1	64.4	58.8	58.4	65.6	67.1	66.1	63.7	72.6
Price increase similar to current rate	28	29.4	27.3	33.2	31.3	25	21.5	18.3	24.3	20.3
Price increase less than current rate	8.7	3.4	3.7	3.9	5.3	7.4	7.0	9.9	9.5	4.9
<b>No change in prices</b>	<b>4.8</b>	<b>6.3</b>	<b>3.9</b>	<b>0.5</b>	<b>4.4</b>	<b>1.9</b>	<b>3.8</b>	<b>4.9</b>	<b>2.4</b>	<b>2.2</b>
<b>Decline in price</b>	<b>1.2</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.1</b>	<b>0.7</b>	<b>0.9</b>	<b>0.2</b>	<b>0.2</b>
Options	<b>One-year ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>94.7</b>	<b>92.8</b>	<b>94.6</b>	<b>97.5</b>	<b>94.7</b>	<b>97.8</b>	<b>95.2</b>	<b>96.2</b>	<b>98.1</b>	<b>99.3</b>
Price increase more than current rate	53	59.7	64	65.2	59.9	66.9	66.4	67.5	68.5	79.9
Price increase similar to current rate	27.6	26.4	24.9	28.1	29.2	24.0	22.7	20.8	22.6	15.2
Price increase less than current rate	14.1	6.7	5.7	4.2	5.6	7.0	6.1	8.0	7.0	4.2
<b>No change in prices</b>	<b>4.2</b>	<b>5.9</b>	<b>4.4</b>	<b>2.2</b>	<b>4.6</b>	<b>2</b>	<b>4.1</b>	<b>3.3</b>	<b>1.9</b>	<b>0.6</b>
<b>Decline in price</b>	<b>1.1</b>	<b>1.3</b>	<b>1</b>	<b>0.4</b>	<b>0.7</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>



**Table 2.4: Household Durables**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12	Jun-12
Options	<b>Three-month ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>86.4</b>	<b>87.1</b>	<b>89.7</b>	<b>91.9</b>	<b>90.4</b>	<b>91.7</b>	<b>91</b>	<b>86.9</b>	<b>90.0</b>	<b>94.3</b>
Price increase more than current rate	44.1	45.1	45.8	45.5	47	49.0	50.5	53.6	50.7	63.5
Price increase similar to current rate	27.2	30.5	32.9	28.9	28	30.6	26.4	19.5	25.7	22.4
Price increase less than current rate	15.1	11.6	11	17.5	15.4	12.1	14.1	13.8	13.6	8.4
<b>No change in prices</b>	<b>8.8</b>	<b>9.1</b>	<b>6.3</b>	<b>5.9</b>	<b>5.9</b>	<b>6.7</b>	<b>5.8</b>	<b>10.8</b>	<b>8.5</b>	<b>5.1</b>
<b>Decline in price</b>	<b>4.8</b>	<b>3.8</b>	<b>4.1</b>	<b>2.4</b>	<b>3.8</b>	<b>1.7</b>	<b>3.3</b>	<b>2.3</b>	<b>1.5</b>	<b>0.6</b>
Options	<b>One-year ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>85.2</b>	<b>87.2</b>	<b>89</b>	<b>94.4</b>	<b>91.3</b>	<b>92.8</b>	<b>91.5</b>	<b>90.6</b>	<b>91.9</b>	<b>96.3</b>
Price increase more than current rate	43.2	46.6	46.3	48.6	49.6	52.0	52.2	54.6	52.4	66.9
Price increase similar to current rate	25.4	30.1	31.8	32.5	29	25.7	26.0	22.6	25.7	18.8
Price increase less than current rate	16.6	10.6	11	13.3	12.8	15.1	13.3	13.4	13.8	10.6
<b>No change in prices</b>	<b>9.6</b>	<b>8.0</b>	<b>6.7</b>	<b>3.8</b>	<b>5.7</b>	<b>5.4</b>	<b>6.2</b>	<b>7.8</b>	<b>7.0</b>	<b>3.4</b>
<b>Decline in price</b>	<b>5.3</b>	<b>4.8</b>	<b>4.3</b>	<b>1.9</b>	<b>3.0</b>	<b>1.9</b>	<b>2.3</b>	<b>1.7</b>	<b>1.2</b>	<b>0.4</b>

**Table 2.5: Housing Prices**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12	Jun-12
Options	<b>Three-month ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>95.2</b>	<b>96.1</b>	<b>96</b>	<b>97</b>	<b>94.5</b>	<b>95.2</b>	<b>97</b>	<b>95.5</b>	<b>96.3</b>	<b>96.4</b>
Price increase more than current rate	60.4	70.8	64.6	73.1	73.5	65.4	73.5	67.4	70.4	73.0
Price increase similar to current rate	25.4	21	24.8	21.3	18.3	23.5	18.2	18.2	19.5	18.3
Price increase less than current rate	9.5	4.3	6.7	2.6	2.7	6.4	5.4	10.0	6.4	5.1
<b>No change in prices</b>	<b>3.5</b>	<b>3.1</b>	<b>2.8</b>	<b>2.1</b>	<b>4.7</b>	<b>4.5</b>	<b>2.2</b>	<b>3.8</b>	<b>3.3</b>	<b>3.2</b>
<b>Decline in price</b>	<b>1.3</b>	<b>0.9</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>	<b>0.3</b>	<b>0.8</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>
Options	<b>One-year ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>94.1</b>	<b>96.1</b>	<b>95.3</b>	<b>97.9</b>	<b>94.8</b>	<b>97.6</b>	<b>95.8</b>	<b>96.1</b>	<b>97.7</b>	<b>98.9</b>
Price increase more than current rate	61	72	65.9	75.5	72.1	70.4	70.2	67.3	73.4	76.9
Price increase similar to current rate	21.7	19.1	21.6	19.4	20.1	21.7	20.0	20.6	19.3	16.8
Price increase less than current rate	11.4	5	7.9	3	2.7	5.6	5.6	8.2	5.0	5.2
<b>No change in prices</b>	<b>4.6</b>	<b>2.7</b>	<b>3.2</b>	<b>1.4</b>	<b>4.6</b>	<b>2</b>	<b>3.3</b>	<b>3.5</b>	<b>2.1</b>	<b>0.9</b>
<b>Decline in price</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5</b>	<b>0.8</b>	<b>0.6</b>	<b>0.4</b>	<b>0.9</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>

**Table 2.6: Cost of Services**

Round No./survey period (quarter ended) →	19	20	21	22	23	24	25	26	27	28
	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12	Jun-12
Options	<b>Three-month ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>89.9</b>	<b>94.1</b>	<b>94.2</b>	<b>94.1</b>	<b>91.6</b>	<b>96.2</b>	<b>95.3</b>	<b>91.9</b>	<b>95.8</b>	<b>96.4</b>
Price increase more than current rate	58.6	63.2	59.2	61.4	62.1	61.0	68.1	58.7	67.3	73.0
Price increase similar to current rate	23.9	26.2	28.6	28.9	26.4	26.2	20.3	21.2	20.3	18.3
Price increase less than current rate	7.5	4.8	6.4	3.8	3.1	9.1	6.8	12.1	8.2	5.1
<b>No change in prices</b>	<b>6.7</b>	<b>4.8</b>	<b>5.2</b>	<b>4.5</b>	<b>7.7</b>	<b>3.8</b>	<b>4.0</b>	<b>7.4</b>	<b>4.0</b>	<b>3.2</b>
<b>Decline in price</b>	<b>3.4</b>	<b>1.1</b>	<b>0.6</b>	<b>1.4</b>	<b>0.7</b>	<b>0.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.3</b>	<b>0.5</b>
Options	<b>One-year ahead (percentage of respondents)</b>									
<b>Prices will increase</b>	<b>89.9</b>	<b>94.2</b>	<b>94.3</b>	<b>95.2</b>	<b>91.2</b>	<b>97.3</b>	<b>95.2</b>	<b>93.6</b>	<b>97.1</b>	<b>98.1</b>
Price increase more than current rate	57.2	63.2	58	64.6	62.6	62.7	66.3	65.3	69.6	74.0
Price increase similar to current rate	23	24.9	29.5	25.7	24.4	25.3	23.4	18.6	19.8	18.5
Price increase less than current rate	9.8	6.1	6.8	4.9	4.2	9.3	5.4	9.8	7.7	5.6
<b>No change in prices</b>	<b>6.9</b>	<b>4.6</b>	<b>4.9</b>	<b>4.1</b>	<b>8.2</b>	<b>2.6</b>	<b>4.2</b>	<b>5.9</b>	<b>2.8</b>	<b>2.0</b>
<b>Decline in price</b>	<b>3.2</b>	<b>1.2</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.1</b>	<b>0.7</b>	<b>0.5</b>	<b>0.2</b>	<b>0.1</b>

**Table 3: Percentage of Respondents Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: Three-month Ahead**

Round No.	Survey Quarter	<i>(percentage of respondents)</i>				
		Food	Non-Food	Household durables	Housing	Cost of services
19	Mar-10	87.4	81.4	66.5	78.1	76.6
20	Jun-10	89.9	82.4	63.6	80.2	80.8
21	Sep-10	91.4	86.1	64.8	79.2	76.7
22	Dec-10	92.3	77.3	58.9	82.5	76.6
23	Mar-11	85.5	78.9	62.5	82.5	76.4
24	Jun-11	88.5	83.0	68.1	80.4	80.0
25	Sep-11	88.8	86.2	68.0	84.4	85.2
26	Dec-11	87.9	82.4	67.6	74.4	74.7
27	Mar-12	87.7	82.7	65.4	84.1	83.7
28	Jun-12	90.5	84.5	73.2	82.8	82.6

**Table 4: Percentage of Respondents Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: One-year Ahead**

<i>(percentage of respondents)</i>						
Round No.	Survey Quarter	Food	Non-Food	Household Durables	Housing	Cost of services
19	Mar-10	89.9	83.6	67.3	79.7	76.2
20	Jun-10	91.7	83.2	67.2	79.4	81.1
21	Sep-10	93.4	88.0	66.8	81.0	76.3
22	Dec-10	91.7	83.5	62.4	83.0	83.0
23	Mar-11	89.8	81.6	68.1	82.4	80.6
24	Jun-11	94.8	86.6	70.4	81.6	81.6
25	Sep-11	92.4	87.2	71.1	85.7	86.3
26	Dec-11	92.3	84.5	68.0	78.1	81.2
27	Mar-12	91.8	84.0	65.7	83.9	85.9
28	Jun-12	92.5	88.0	77.1	85.1	87.1

**Table 5: Household Inflation Expectations - Current, Three-month Ahead and One-year Ahead**

Survey Round	Survey Quarter	Inflation rate in Per cent					
		Current		Three-month ahead		One-year ahead	
		Mean	Median	Mean	Median	Mean	Median
17	Sep-09	8.2	6.5	8.7	7.5	9.2	8.5
18	Dec-09	11.1	11.5	11.6	12.5	11.9	13.5
19	Mar-10	10.3	9.5	10.6	10.5	11.0	11.5
20	Jun-10	11.1	10.5	11.4	11.5	11.9	12.5
21	Sep-10	12.1	11.5	12.3	12.5	12.7	12.5
22	Dec-10	11.8	11.5	12.4	12.5	13.1	13.5
23	Mar-11	11.5	10.5	11.9	11.5	12.7	12.5
24	Jun-11	11.2	10.5	11.8	11.5	12.9	13.5
25	Sep-11	11.7	10.5	12.2	11.5	12.9	13.5
26	Dec-11	11.9	11.5	12.4	12.5	13.3	13.5
27	Mar-12	11.0	10.5	11.7	11.5	12.5	12.5
28	Jun-12	11.3	10.5	12.0	11.5	12.8	12.5

**Table 6: 99% Bootstrap Confidence Intervals (BCI) based on 10,000 Resamples**

Current		Three-month ahead		One-year ahead	
99% BCI for Mean	Interval width	99% BCI for Mean	Interval width	99% BCI for Mean	Interval width
(11.11, 11.43)	0.32	(11.88, 12.19)	0.31	(12.69, 12.96)	0.27

**Table 7: Variability in Responses in Various Rounds**

Round No.	Survey Quarter	Inflation rate					
		Current		Three-month Ahead		One-year Ahead	
		Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
18	Dec-09	11.1	4.9	11.6	4.9	11.9	5.1
19	Mar-10	10.3	4.4	10.6	4.7	11.0	4.8
20	Jun-10	11.1	3.6	11.4	4.1	11.9	4.2
21	Sep-10	12.1	3.2	12.3	3.6	12.7	3.8
22	Dec-10	11.8	3.5	12.4	3.7	13.1	3.6
23	Mar-11	11.5	3.1	11.9	3.7	12.7	3.6
24	Jun-11	11.2	3.4	11.8	3.3	12.9	3.3
25	Sep-11	11.7	3.1	12.2	3.4	12.9	3.7
26	Dec-11	11.9	3.5	12.4	3.4	13.3	3.4
27	Mar-12	11.0	4.1	11.7	3.9	12.5	3.8
28	Jun-12	11.3	3.9	12.0	3.7	12.8	3.4

**Table 8: Factors that Explain the Total Variability**

Round No.	Survey Quarter	Current	Three-month Ahead	One-year Ahead
17	Sep-09	City, Age	City, Age	City, Age
18	Dec-09	City, Category, Age	City, ,Age	City
19	Mar-10	City, Category, Age	City, Category	City, Category
20	Jun-10	City, Category, Age	City, Category, Age	City, Category, Age
21	Sep-10	City, Gender, Category, Age	City, Gender, Category	City, Category
22	Dec-10	City, Category	City, Category	City, Category
23	Mar-11	City, Category	City, Category	City, Category, Age
24	Jun-11	City, Category	City, Category	City, Category
25	Sep-11	City, Gender, Category	City, Category	City, Gender, Category
26	Dec-11	City, Category	City, Category	City, Category
27	Mar-12	City, Gender, Category	City, Gender, Category	City, Gender, Category
28	Jun-12	City, Category	City, Category	City, Gender, Category

*Note: Results based on exercise using Analysis of Variance.*

**Table 9: Various Group-wise Inflation Expectations for June 2012 Survey Round**

	Current			Three-month Ahead			One-year Ahead		
	Mean	Median	Std. Dev	Mean	Median	Std. Dev	Mean	Median	Std. Dev
<b>Gender-wise</b>									
Male	11.1	10.5	3.9	11.9	11.5	3.6	12.7	12.5	3.3
Female	11.6	10.5	4.0	12.2	11.5	3.8	13.0	12.5	3.5
<b>Category-wise</b>									
Financial Sector Employees	10.7	9.5	3.7	11.8	11.5	3.5	12.5	12.5	3.2
Other Employees	11.0	9.5	4.0	11.8	10.5	3.7	12.6	12.5	3.4
Self-Employed	11.0	9.5	3.9	11.6	11.5	3.8	12.6	12.5	3.5
Housewives	11.7	10.5	4.0	12.4	11.5	3.7	13.1	13.5	3.4
Retired Persons	11.1	10.5	3.9	12.1	11.5	3.5	12.7	12.5	3.4
Daily Workers	11.9	11.5	3.9	12.7	12.5	3.5	13.4	13.5	3.3
Other category	11.2	10.5	3.8	12.0	11.5	3.7	12.8	12.5	3.3
<b>Age-wise</b>									
Up to 25 years	11.6	10.5	4.0	12.3	11.5	3.7	13.2	13.5	3.3
25 to 30 years	11.0	9.5	3.8	11.8	11.5	3.7	12.7	12.5	3.3
30 to 35 years	11.1	9.5	3.9	11.8	11.5	3.7	12.7	12.5	3.4
35 to 40 years	11.4	10.5	4.0	12.2	11.5	3.7	12.9	12.5	3.4
40 to 45 years	11.1	9.5	4.0	11.8	10.5	3.7	12.7	12.5	3.3
45 to 50 years	11.1	9.5	4.0	11.9	11.5	3.8	12.7	12.5	3.6
50 to 55 years	11.5	10.5	4.0	12.2	11.5	3.8	12.9	12.5	3.5
55 to 60 years	11.6	10.5	4.1	12.3	11.5	3.5	13.0	13.5	3.4
60 years and above	11.3	10.5	4.0	12.2	11.5	3.6	12.8	12.5	3.6
<b>City-wise</b>									
Mumbai	15.5	16.5	2.2	15.4	16.5	3.4	16.1	16.5	2.2
Delhi	10.0	9.5	3.7	10.8	10.5	3.5	12.0	11.5	3.2
Chennai	10.2	10.5	1.7	11.1	11.5	1.8	10.9	11.5	2.4
Kolkata	7.4	7.5	1.1	8.3	8.5	1.3	9.1	8.5	1.9
Bangalore	13.6	16.5	3.7	14.1	16.5	3.3	14.5	16.5	3.0
Hyderabad	11.1	11.5	3.7	11.9	12.5	3.4	12.1	12.5	3.4
Ahmedabad	7.4	7.5	1.2	9.0	9.5	1.2	10.5	10.5	1.1
Lucknow	14.1	15.5	3.0	14.8	16.5	2.4	15.6	16.5	1.7
Jaipur	16.1	16.5	1.7	15.9	16.5	2.4	16.3	16.5	1.2
Bhopal	9.2	9.5	1.5	11.0	10.5	1.7	12.4	12.5	2.4
Patna	14.7	16.5	3.0	15.1	16.5	2.5	15.6	16.5	1.8
Guwahati	8.3	7.5	1.9	9.5	10.5	3.2	11.6	11.5	2.3
<b>All</b>	<b>11.3</b>	<b>10.5</b>	<b>3.9</b>	<b>12.0</b>	<b>11.5</b>	<b>3.7</b>	<b>12.8</b>	<b>12.5</b>	<b>3.4</b>

**Table 10: Cross-tabulation of Current and Three-month Ahead Inflation Expectations**

(Number of respondents)

		Three-month ahead inflation rate (per cent)																	Total		
		<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	11-12	12-13	13-14	14-15	15-16	>=16		No idea	
Current inflation rate (per cent)	<1	1	1								1									3	
	1-2	2		5	1	1			2												11
	2-3				3	4					1	1			1						10
	3-4	1				2	3				1	1							2		10
	4-5	2				2	20	11	6	1		2									44
	5-6	4				2	11	57	28	2	2	2	1					1		2	112
	6-7	7					1	39	170	45	16	1	1					1		3	284
	7-8	4					1	2	66	290	174	73	9	3	1				2	9	634
	8-9	1							1	59	203	38	6	1	2			1		1	313
	9-10	1									1	96	305	86	9	4	2	1	1		506
	10-11	2										3	50	209	54	11	4	2	4		339
	11-12												2	17	109	18	6	1	3		156
	12-13	1													11	112	24	7	1		156
	13-14	1														10	45	20	8		84
	14-15	7													1	2	21	71	45		147
	15-16	1														1	1	10	80		93
	>=16	12			1	2		1		1	2		1	5	3		1	1069			1098
	Total	47	1	5	5	13	36	110	273	399	498	476	330	194	164	103	116	1215	15		4000

Note: The shaded cells represent the number of respondents who perceived current inflation in double digit and also expressed double digit in the next three-month ahead.

**Table 11: Cross-tabulation of Current and One-year Ahead Inflation Expectations**

(Number of respondents)

		One-year ahead inflation rate ( per cent)																		No idea	Total		
		<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	11-12	12-13	13-14	14-15	15-16	>=16					
Current inflation rate (per cent)	<1		1	1							1												3
	1-2	1			3	1		1	1	1	1					1			1				11
	2-3						2	2	1				1		2				2				10
	3-4	1				1		1	1			1		1					3	1			10
	4-5					1	5	10	7	2	10	4	2					1	2				44
	5-6	2				1	12	28	20	11	21	8	1	1	1				4	2			112
	6-7	2					5	46	52	69	60	35	5	3				2	1	4			284
	7-8							8	67	79	137	176	83	49	12	4	2	4	4	13			634
	8-9							1	11	39	59	106	56	27	5	3	3	2	1				313
	9-10	3									15	78	73	158	90	48	20	8	13				506
	10-11	2								1	17	58	46	99	40	34	21	19	2				339
	11-12	2							1			4	27	26	54	11	17	14					156
	12-13											2	2	20	26	58	25	23					156
	13-14													3	12	6	22	41					84
	14-15	1						1							1	1	6	19	118				147
	15-16																	4	89				93
	>=16	6						2		1	1	2					1	1	1081	3			1098
	Total	20	1	1	3	4	24	100	161	218	384	470	381	320	201	144	125	1417	26				4000

Note: The shaded cells represent the number of respondents who perceived current inflation in double digit and also expressed double digit in the next one-year ahead.

**Table 12: Category-wise Responses on the Impact of RBI's Action on Inflation Control**

Category of Respondents	Impact of RBI's action on inflation control (percent of respondents*)		
	Yes	No	No Idea
Financial Sector Employees	40.9	48.7	10.4
Other Employees	38.9	51.7	9.4
Self-employed	45.8	45.1	9.1
Housewives	42.5	46.6	11.0
Retired Persons	41.6	49.5	8.9
Daily Workers	45.0	31.7	23.3
Other Category	50.0	37.9	12.1

\* Respondents who felt that RBI is taking necessary action to control inflation

**Table 13: Respondent's Expectation on Change in Wage/Income level**

(Percentage of Response)

Category of Respondents	Change in income since last year			Change in income in three-month ahead period			Change in income in one-year ahead period		
	Increase	Same	Decrease	Increase	Same	Decrease	Increase	Same	Decrease
Financial Sector Employees	67.4	31.3	1.4	36.4	62.5	1.1	86.4	12.8	0.8
Other Employees	60.2	37.8	2.0	31.8	67.0	1.2	76.7	22.3	1.1
<b>Total Employees</b>	<b>62.8</b>	<b>35.5</b>	<b>1.7</b>	<b>33.4</b>	<b>65.4</b>	<b>1.2</b>	<b>80.1</b>	<b>18.9</b>	<b>1.0</b>
Self-Employed	50.9	38.9	10.3	29.2	64.1	6.7	71.4	22.8	5.8
Daily Workers	47.2	48.0	4.5	27.7	68.4	3.6	62.6	33.8	3.4
<b>Total</b>	<b>55.8</b>	<b>38.8</b>	<b>5.4</b>	<b>30.9</b>	<b>65.4</b>	<b>3.6</b>	<b>74.1</b>	<b>22.8</b>	<b>3.2</b>