

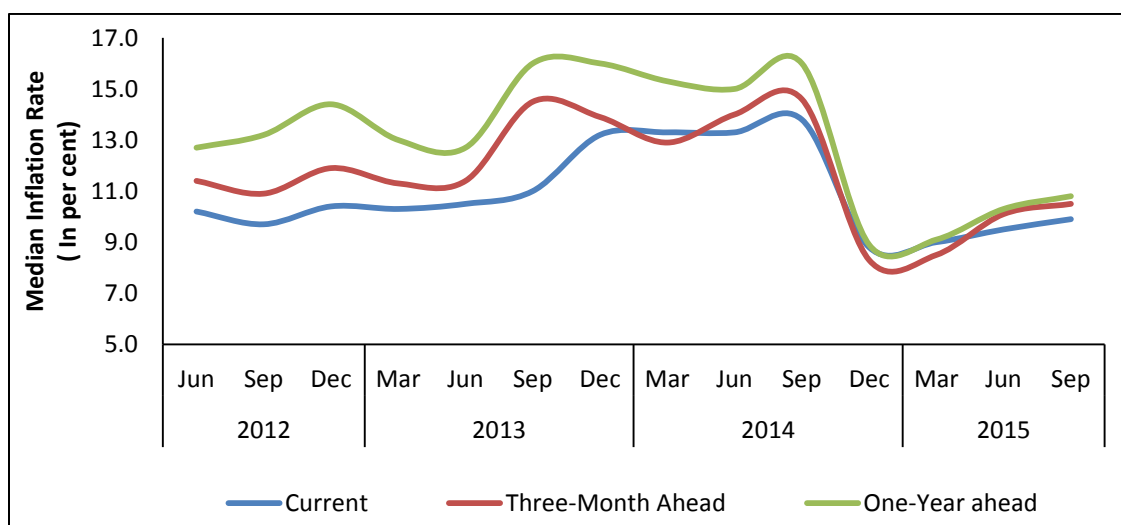
Inflation Expectations Survey of Households: September 2015¹

The Inflation Expectations Survey of Households for September 2015 (41st round) captures the inflation expectations of 4,903 urban households across 16 cities, for the next three-month period and the next one-year period. These expectations are based on their individual consumption baskets and hence these rates should not be considered as benchmark of official measure of inflation. The households' inflation expectations provide useful directional information on near-term inflationary pressures and also supplement other economic indicators.

Highlights:

- I. In terms of qualitative responses, the majority of the respondents continues to expect similar or lower rate of price change or expects the prices to remain unchanged or even fall. The proportion of respondents expecting prices to rise by '*more than current rate*' for prices in general as well as prices in various product groups has decreased nominally as compared to previous round of survey for both three-month ahead period and one-year ahead period (Table 2).
- II. In terms of quantitative responses, common respondents continue to expect a nominal 60 basis points rise from their current median inflation perceptions for three-month ahead period based on their own consumption and buying experiences (Chart 1).

Chart 1: Trends in Inflation Perceptions and Expectations



- III. The survey shows that retired persons, self-employed, housewives and daily workers have comparatively higher inflation expectations for three-month ahead period based on median inflation rates. Respondents from Guwahati, Ahmedabad, Kolkata, and Nagpur cities expect relatively higher inflation for next three months.

¹ The previous round of the survey data was published on [August 4, 2015](#) on RBI website. The survey results are based on views of the respondents which are not necessarily shared by the Reserve Bank of India.

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

Category of Respondents	Share in Total (%)	Target Share (%)
Financial Sector Employees	10.0	10.0
Other Employees	15.9	15.0
Self-employed	19.7	20.0
Housewives	29.0	30.0
Retired Persons	10.1	10.0
Daily Workers	9.7	10.0
Others	5.7	5.0

Note: The above sample proportion is for the round ended September 2015 survey

Table 2: Product-wise Expectations of Prices for Three-month Ahead and One-year Ahead

(Percentage of respondents)

Round No./Survey Period	37	38	39	40	41	37	38	39	40	41
(Round ended) →	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Options: General	Three-month ahead									
Prices will increase	86.4	72.4	73.6	81.0	81.1	90.0	79.8	82.2	90.9	89.0
Price increase more than current rate	43.9	25.7	28.3	34.4	32.1	48.0	32.1	32.9	41.7	38.8
Price increase similar to current rate	28.8	27.0	24.0	24.3	22.0	27.4	29.9	28.8	28.8	24.8
Price increase less than current rate	13.7	19.8	21.2	22.3	26.9	14.6	17.8	20.6	20.4	25.4
No change in prices	9.0	16.5	15.4	13.9	12.8	5.5	11.2	10.0	5.8	5.8
Decline in price	4.6	11.0	11.1	5.2	6.1	4.5	9.0	7.8	3.3	5.2
Options: Food Product	Three-month ahead									
Prices will increase	85.9	72.3	74.4	83.1	82.0	89.5	79.9	82.4	91.9	87.6
Price increase more than current rate	41.9	25.2	27.9	35.1	33.7	46.2	30.7	32.0	39.1	38.2
Price increase similar to current rate	28.1	28.5	25.2	25.7	24.1	27.7	30.5	29.2	30.5	25.3
Price increase less than current rate	15.8	18.5	21.3	22.3	24.1	15.5	18.7	21.1	22.3	24.0
No change in prices	9.0	17.1	15.0	11.7	11.2	5.8	11.3	9.9	5.2	6.6
Decline in price	5.1	10.6	10.6	5.3	6.9	4.7	8.9	7.7	3.0	5.8
Options: Non-Food Product	Three-month ahead									
Prices will increase	78.5	65.1	64.2	76.0	71.3	83.8	75.1	76.0	85.6	80.4
Price increase more than current rate	34.7	21.2	21.7	27.7	24.7	36.3	26.1	25.8	31.7	29.0
Price increase similar to current rate	27.2	26.1	24.0	26.3	22.7	29.0	30.6	28.4	30.3	23.6
Price increase less than current rate	16.5	17.8	18.5	21.9	23.9	18.4	18.4	21.7	23.6	27.7
No change in prices	17.4	25.6	24.6	20.6	22.4	12.1	16.6	16.3	11.2	13.8
Decline in price	4.2	9.3	11.2	3.4	6.3	4.1	8.3	7.7	3.1	5.8
Options: Household Durables	Three-month ahead									
Prices will increase	64.0	59.7	68.2	69.1	63.3	76.8	72.1	77.6	82.2	75.5
Price increase more than current rate	27.2	20.4	25.4	25.9	22.1	33.9	27.5	29.2	31.8	28.6
Price increase similar to current rate	22.7	23.8	24.4	24.2	18.9	26.1	27.8	29.2	28.7	22.1
Price increase less than current rate	14.1	15.6	18.4	19.0	22.3	16.9	16.8	19.2	21.7	24.8
No change in prices	24.3	27.3	21.6	23.5	26.3	15.0	16.5	15.5	12.7	15.9
Decline in price	11.7	13.0	10.2	7.4	10.5	8.2	11.4	6.9	5.2	8.6
Options: Housing Prices	Three-month ahead									
Prices will increase	84.6	78.4	83.2	81.4	77.8	91.5	86.1	90.3	90.1	87.3
Price increase more than current rate	55.5	39.5	46.7	43.1	38.7	60.8	47.9	53.1	50.3	48.7
Price increase similar to current rate	20.3	24.9	21.5	23.7	20.8	22.5	25.6	23.0	24.3	19.4
Price increase less than current rate	8.8	13.9	14.9	14.5	18.3	8.2	12.6	14.2	15.5	19.2
No change in prices	11.4	13.7	11.8	13.8	14.9	5.0	6.6	5.4	6.5	7.0
Decline in price	4.0	7.9	5.0	4.8	7.3	3.5	7.3	4.4	3.4	5.8
Options: Cost of Services	Three-month ahead									
Prices will increase	79.1	71.6	78.5	79.9	72.0	87.5	81.8	86.9	89.7	84.9
Price increase more than current rate	38.8	28.4	32.7	34.2	28.4	45.4	34.7	37.6	39.5	36.9
Price increase similar to current rate	25.3	26.6	25.7	26.7	20.7	26.9	30.0	29.5	29.7	22.1
Price increase less than current rate	15.0	16.6	20.0	19.1	22.9	15.2	17.2	19.9	20.5	25.8
No change in prices	18.0	21.7	17.9	18.0	23.4	9.8	11.6	9.7	8.2	10.6
Decline in price	2.9	6.7	3.6	2.1	4.7	2.8	6.6	3.3	2.1	4.5

Table 3: Households Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: Three-month Ahead and One-year Ahead
(Percentage of respondents)

Round No.	Survey period ended	Food	Non-Food	Households durables	Housing	Cost of services
Three-month ahead						
37	Sep-14	65.1	53.9	43.9	50.1	51.7
38	Dec-14	62.0	51.9	48.5	48.3	49.5
39	Mar-15	68.8	57.3	43.3	43.1	47.5
40	Jun-15	67.8	51.3	47.2	48.4	52.2
41	Sep-15	70.0	58.9	50.8	53.0	55.9
One-year ahead						
37	Sep-14	69.1	59.0	53.3	57.7	59.7
38	Dec-14	66.8	57.8	53.5	53.3	56.6
39	Mar-15	70.5	61.8	51.5	52.0	55.8
40	Jun-15	70.2	62.2	58.5	59.8	62.8
41	Sep-15	69.5	60.4	54.7	59.0	60.0

Table 4: Household Inflation Expectations -Current, Three-Month Ahead and One-year Ahead

Survey Round	Survey period Ended	Inflation rate in per cent								
		Current			Three-month ahead			One-year ahead		
		Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.
37	Sep-14	12.7	13.8	4.0	12.7	14.6	4.4	13.5	16.0	4.0
38	Dec-14	9.0	8.8	4.2	8.8	8.3	4.5	9.3	8.9	4.6
39	Mar-15	9.1	9.0	4.0	9.0	8.5	4.3	9.6	9.1	4.5
40	Jun-15	10.0	9.5	4.1	10.1	10.1	4.5	10.8	10.3	4.4
41	Sep-15	10.6	9.9	4.4	10.7	10.5	4.5	11.1	10.8	4.6

Table 5: Factors that Explain the Total Variability

Round No.	Survey period ended	Current	Three-month ahead	One-year ahead
37	Sep-14	City, Age-Group	City, Age-Group	City
38	Dec-14	City, Category	City, Category	City, Category
39	Mar-15	City	City	City
40	Jun-15	City, Category, Age-Group	City, Category, Age-Group	City, Category, Gender
41	Sep-15	City, Age-Group	City, Age-Group	City, Age-Group, Gender

Note: Results based on exercise using Analysis of Variance.

Table 6: Various Group-wise Inflation Expectations for September 2015 Survey Round

	Current			Three-month ahead			One-year ahead		
	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.
Gender-wise									
Male	10.6	10.0	4.5	10.7	10.5	4.5	10.9	10.7	4.6
Female	10.6	9.9	4.4	10.8	10.5	4.4	11.3	11.0	4.4
Occupational Category									
Financial Sector Employees	10.5	10.0	4.3	10.8	10.5	4.3	10.7	10.4	4.5
Other Employees	10.5	9.8	4.5	10.5	10.2	4.5	10.8	10.6	4.6
Self Employed	10.6	10.0	4.5	10.7	10.6	4.5	11.1	10.8	4.6
Housewives	10.6	9.9	4.3	10.7	10.6	4.4	11.3	10.9	4.4
Retired Persons	11.3	10.7	4.6	11.1	10.8	4.5	11.4	11.8	4.7
Daily Workers	10.6	10.0	4.5	10.9	10.6	4.5	11.1	10.9	4.7
Other category	9.9	9.6	4.4	10.4	10.2	4.5	10.9	10.5	4.4
Age Group									
Up to 25 years	9.8	9.5	4.2	10.3	10.1	4.3	10.7	10.4	4.4
25 to 30 years	9.9	9.5	4.3	10.2	9.9	4.4	10.6	10.3	4.5
30 to 35 years	10.4	9.9	4.5	10.5	10.2	4.5	10.9	10.8	4.6
35 to 40 years	10.8	10.1	4.4	10.9	10.6	4.5	11.4	11.3	4.6
40 to 45 years	11.2	10.4	4.4	11.5	11.5	4.4	11.7	11.7	4.4
45 to 50 years	10.8	10.3	4.4	11.0	10.9	4.4	11.2	10.7	4.6
50 to 55 years	11.1	10.3	4.5	11.3	10.9	4.3	11.4	11.2	4.5
55 to 60 years	11.1	10.5	4.6	10.9	10.6	4.6	11.2	11.3	4.8
60 years and above	11.6	10.8	4.5	11.3	10.9	4.5	11.5	11.8	4.7
City									
Ahmadabad	12.0	12.5	4.2	12.9	14.6	4.1	12.6	14.1	4.1
Bengaluru	7.2	6.0	4.0	7.3	7.2	3.6	8.0	7.2	4.1
Bhopal	10.4	10.2	3.6	12.4	12.7	3.6	13.6	15.1	3.6
Bhubaneswar	10.5	9.8	3.9	10.4	10.8	4.2	11.7	12.9	4.4
Chennai	12.4	12.5	4.0	11.7	12.6	4.6	12.7	14.4	4.1
Delhi	9.0	7.4	4.7	8.7	7.7	4.4	8.7	7.4	4.8
Guwahati	14.8	16.4	4.2	14.7	16.3	4.1	14.4	16.3	4.2
Hyderabad	8.3	9.0	3.3	9.2	9.6	3.8	9.4	9.8	4.4
Jaipur	10.5	9.7	3.5	11.2	11.5	3.8	11.1	10.3	4.1
Kolhapur	8.6	6.9	4.3	8.9	7.0	4.3	7.1	6.2	3.4
Kolkata	12.9	14.4	3.8	12.8	14.6	4.2	13.2	15.3	3.9
Lucknow	12.5	14.6	4.3	10.8	10.5	4.4	13.1	15.3	4.2
Mumbai	8.1	6.9	3.7	8.7	7.7	3.6	8.7	8.0	3.7
Nagpur	12.0	11.7	4.2	13.0	14.6	4.0	12.1	12.6	4.4
Patna	9.2	9.1	1.0	10.5	10.4	1.2	11.6	11.7	1.5
Thiruvananthapuram	11.2	10.3	4.1	9.2	9.3	4.2	10.1	9.4	4.5
All	10.6	9.9	4.4	10.7	10.5	4.5	11.1	10.8	4.6

Table 7: 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	22	2	0	0	0	3	0	1	0	0	1	1	0	0	0	1	2	4	37
	1-2	2	12	5	4	5	1	0	1	0	0	1	0	0	0	0	0	0	5	36
	2-3	0	10	11	6	14	2	3	1	0	0	1	0	0	0	0	0	0	8	56
	3-4	0	2	10	20	29	14	7	5	2	1	0	0	0	0	1	0	0	13	104
	4-5	0	2	19	28	50	67	35	26	6	8	1	1	2	1	1	0	0	29	276
	5-6	0	3	4	23	44	103	91	72	26	19	12	1	1	0	1	1	0	19	420
	6-7	0	0	1	5	12	46	76	59	36	31	8	6	1	1	0	0	0	6	288
	7-8	0	0	2	3	1	28	42	40	63	59	32	9	1	0	4	0	0	4	288
	8-9	0	2	1	0	2	7	12	14	21	102	46	9	2	3	2	1	1	2	227
	9-10	0	0	7	3	22	10	12	29	38	140	129	114	58	23	80	4	37	54	760
	10-11	0	0	7	6	4	21	4	5	8	20	83	97	101	19	33	55	27	43	533
	11-12	0	0	2	0	1	2	1	1	2	13	14	24	26	21	27	10	10	8	162
	12-13	0	0	0	1	2	3	0	0	1	4	5	4	19	20	11	19	9	3	101
	13-14	0	0	1	2	1	1	1	0	0	2	3	0	4	7	4	5	10	1	42
	14-15	0	0	1	1	9	0	0	1	0	13	6	3	3	7	34	27	88	23	216
	15-16	0	0	3	6	4	8	1	1	0	3	7	3	3	1	13	34	68	17	172
	>=16	0	0	16	16	32	20	2	5	8	46	46	2	5	7	20	18	791	151	1185
	Total	24	33	90	124	232	336	287	261	211	461	395	274	226	110	231	175	1043	390	4903

Table 8: Cross-tabulation of Current and One-year Ahead Inflation Expectations

(Number of respondents)

		One-year 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	19	0	3	0	2	0	2	0	0	1	2	0	0	0	0	1	2	5	37
	1-2	3	12	2	5	5	2	1	0	0	1	0	0	0	0	0	0	1	4	36
	2-3	2	8	16	4	8	6	1	2	1	1	0	0	0	0	0	0	0	7	56
	3-4	2	3	23	19	13	12	8	4	3	3	1	1	0	1	1	0	1	9	104
	4-5	0	5	10	50	67	18	15	27	7	25	9	0	1	0	2	2	3	35	276
	5-6	0	3	3	21	88	121	52	29	20	27	20	4	2	0	5	7	2	16	420
	6-7	0	0	1	11	41	73	47	30	20	17	12	8	6	3	3	2	5	9	288
	7-8	0	0	1	6	27	18	41	58	20	44	22	7	14	3	6	7	5	9	288
	8-9	0	0	0	5	7	9	7	12	31	12	55	26	36	5	7	3	3	9	227
	9-10	1	0	1	4	10	12	10	14	121	215	42	64	31	17	78	10	69	61	760
	10-11	1	0	3	2	4	16	9	7	3	57	113	38	53	12	34	47	88	46	533
	11-12	0	0	1	0	1	1	3	3	3	6	40	37	4	6	17	12	17	11	162
	12-13	0	0	0	0	0	0	0	2	5	5	4	12	31	8	7	10	13	4	101
	13-14	0	0	1	0	0	0	0	1	1	2	1	1	5	15	3	3	8	1	42
	14-15	1	0	1	0	3	1	0	2	4	7	4	2	4	49	58	4	52	24	216
	15-16	0	0	0	0	2	2	1	0	1	4	9	2	0	0	31	45	53	22	172
	>=16	0	0	0	1	7	18	6	5	9	17	25	6	6	5	17	30	879	154	1185
	Total	29	31	66	128	285	309	203	196	249	444	359	208	193	124	269	183	1201	426	4903