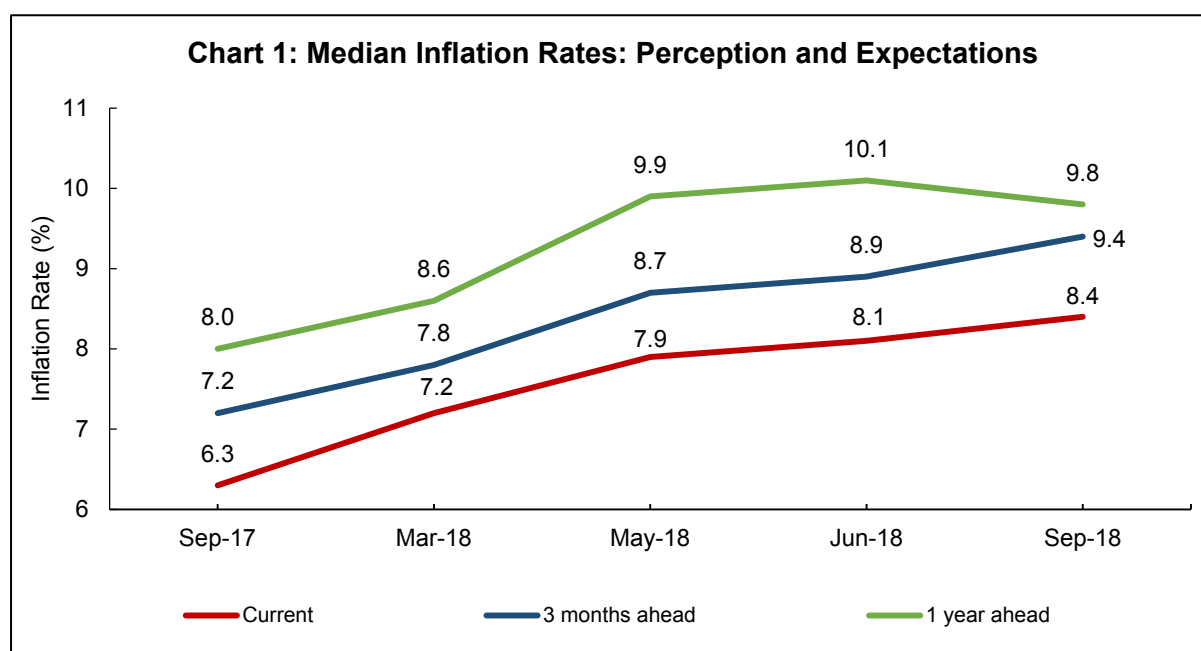


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the September 2018 round of the Inflation Expectations Survey of Households (IESH)^{1 2}. The survey was conducted in 18 cities and the results are based on responses from 5,760 urban households covering various occupational categories.

Highlights:

- i. The proportion of respondents expecting general prices to rise at more than the current rate in the next three months and one year ahead horizons remained similar to that in the June 2018 round (Tables 1 a and b).
- ii. At the product group level, a higher proportion of respondents expect prices of food and non-food products to rise faster than the current rate.
- iii. Three months ahead median inflation expectations rose sharply by 50 basis points (bps) compared to that in the June 2018 round; however, over the longer horizon of a year ahead, households lowered their expectations by 30 bps (Chart 1, Table 2).
- iv. The gap between the current perceptions and near term inflation expectations widened while it narrowed down over the medium term.



Note: [Please see the excel file for time series data.](#)

¹ The survey is conducted at regular intervals by the Reserve Bank of India. It provides useful directional information on near-term inflationary pressures and also supplements other economic indicators. However, these expectations are formed by the respondents and may reflect their own consumption pattern. Hence, these should not be treated as benchmarks for official measures of inflation.

² As approved by the Technical Advisory Committee on Surveys (TACS), a two-stage probability sampling scheme has been implemented in place of quota sampling from the September 2018 round of the survey. Consequent changes in reporting the results of survey are stated in the footnote to the respective tables. Further, city-wise sample size has been revised in proportion to number of households of each city as per Census 2011, keeping the overall sample size 6,000.

Table 1(a): Product-wise Expectations of Prices for Three Months ahead

(Percentage of Respondents)

Round	Sep-17	Mar-18	May-18	Jun-18	Sep-18	
					Estimate	SE
Options: General						
Prices will increase	81.3	80.2	82.3	83.8	80.4	0.92
Price increase more than current rate	50.5	45.4	50.5	50.1	49.1	1.15
Price increase similar to current rate	25.4	27.2	25.1	26.4	27.6	1.00
Price increase less than current rate	5.4	7.5	6.7	7.3	3.7	0.38
No change in prices	15.8	17.8	16.0	14.6	17.4	0.88
Decline in prices	2.9	2.1	1.7	1.6	2.2	0.31
Options: Food Product						
Prices will increase	79.5	79.6	82.0	81.4	79.5	0.89
Price increase more than current rate	47.5	44.0	48.3	47.8	48.9	1.12
Price increase similar to current rate	24.8	24.9	24.5	24.8	24.5	0.91
Price increase less than current rate	7.3	10.7	9.3	8.7	6.1	0.48
No change in prices	13.3	15.4	13.5	13.3	15.5	0.82
Decline in prices	7.1	5.0	4.5	5.3	4.9	0.40
Options: Non-Food Product						
Prices will increase	74.7	75.0	78.4	78.2	78.9	0.87
Price increase more than current rate	43.4	39.6	45.8	44.5	47.5	1.11
Price increase similar to current rate	24.8	25.4	24.0	24.4	25.3	0.91
Price increase less than current rate	6.6	10.0	8.6	9.3	6.1	0.48
No change in prices	19.3	20.8	18.1	17.7	17.1	0.81
Decline in prices	5.9	4.2	3.6	4.1	4.0	0.38
Options: Household Durables						
Prices will increase	61.5	63.7	63.2	58.7	56.6	1.05
Price increase more than current rate	37.3	34.7	36.7	32.6	32.4	1.05
Price increase similar to current rate	19.1	20.7	19.9	19.1	19.5	0.80
Price increase less than current rate	5.1	8.3	6.6	7.1	4.7	0.41
No change in prices	25.3	26.2	26.8	30.9	30.8	0.98
Decline in prices	13.2	10.1	10.0	10.4	12.5	0.66
Options: Housing Prices						
Prices will increase	68.9	70.0	71.6	71.6	67.1	0.92
Price increase more than current rate	44.9	43.9	47.6	45.3	45.2	1.02
Price increase similar to current rate	19.2	18.8	18.2	19.9	17.9	0.78
Price increase less than current rate	4.9	7.3	5.8	6.4	4.0	0.40
No change in prices	20.0	22.4	20.8	20.7	24.1	0.87
Decline in prices	11.1	7.7	7.7	7.7	8.8	0.59
Options: Cost of Services						
Prices will increase	68.7	70.2	72.0	70.8	67.7	1.04
Price increase more than current rate	40.7	38.3	42.9	40.8	41.8	1.15
Price increase similar to current rate	22.5	23.5	22.6	22.8	21.0	0.89
Price increase less than current rate	5.5	8.3	6.6	7.3	5.0	0.43
No change in prices	27.3	26.6	25.6	26.5	29.6	1.01
Decline in prices	4.0	3.3	2.4	2.6	2.7	0.33

Note:

1. The table provides estimates and standard errors for qualitative responses for September 2018 round. For earlier rounds, the results are based on sample proportions.
2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 1(b): Product-wise Expectations of Prices for One Year ahead

(Percentage of Respondents)

Round	Sep-17	Mar-18	May-18	Jun-18	Sep-18	
					Estimate	SE
Options: General						
Prices will increase	93.5	90.8	91.1	91.6	88.3	0.77
Price increase more than current rate	61.2	56.7	62.6	59.8	59.7	1.15
Price increase similar to current rate	27.3	28.0	23.4	25.8	25.3	0.97
Price increase less than current rate	5.0	6.2	5.0	6.0	3.3	0.35
No change in prices	4.1	7.1	6.5	6.5	9.1	0.69
Decline in prices	2.5	2.2	2.4	1.9	2.6	0.32
Options: Food Product						
Prices will increase	84.8	85.0	85.6	85.1	84.8	0.78
Price increase more than current rate	51.4	47.4	53.4	51.4	52.5	1.16
Price increase similar to current rate	27.5	28.9	25.2	26.5	27.0	0.96
Price increase less than current rate	6.0	8.7	7.0	7.1	5.3	0.45
No change in prices	9.3	10.2	9.4	9.7	9.7	0.64
Decline in prices	5.9	4.8	5.0	5.3	5.5	0.45
Options: Non-Food Product						
Prices will increase	81.4	80.0	82.7	83.3	82.3	0.79
Price increase more than current rate	48.2	44.2	51.1	49.1	51.0	1.18
Price increase similar to current rate	26.7	26.8	25.3	26.6	26.1	0.91
Price increase less than current rate	6.5	9.0	6.3	7.6	5.2	0.44
No change in prices	13.8	15.8	13.2	12.7	13.1	0.70
Decline in prices	4.8	4.3	4.1	4.0	4.6	0.40
Options: Household Durables						
Prices will increase	70.7	71.1	72.5	70.6	67.5	0.97
Price increase more than current rate	42.7	40.1	45.2	41.6	40.7	1.10
Price increase similar to current rate	22.6	23.4	21.5	21.8	22.0	0.83
Price increase less than current rate	5.4	7.7	5.8	7.2	4.8	0.42
No change in prices	19.1	19.9	19.2	21.2	22.6	0.84
Decline in prices	10.2	9.0	8.3	8.2	10.0	0.58
Options: Housing Prices						
Prices will increase	78.9	80.2	79.8	81.0	77.9	0.89
Price increase more than current rate	53.0	50.9	55.2	53.0	52.9	1.08
Price increase similar to current rate	20.8	22.5	19.6	21.5	21.0	0.87
Price increase less than current rate	5.1	6.8	5.0	6.5	4.0	0.38
No change in prices	12.4	13.9	13.9	13.3	15.1	0.74
Decline in prices	8.8	5.9	6.3	5.7	7.0	0.52
Options: Cost of Services						
Prices will increase	82.9	82.6	84.2	84.1	82.0	0.81
Price increase more than current rate	48.6	45.3	52.9	49.5	49.7	1.18
Price increase similar to current rate	27.9	28.6	24.4	26.6	27.3	0.96
Price increase less than current rate	6.4	8.7	6.9	8.0	5.0	0.44
No change in prices	13.5	14.9	13.5	13.7	15.6	0.76
Decline in prices	3.7	2.5	2.4	2.2	2.4	0.29

Note:

1. The table provides estimates and standard errors for qualitative responses for September 2018 round. For earlier rounds, the results are based on sample proportions.
2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 2: Inflation Expectations of various Groups: September 2018

	Current				Three months ahead				One year ahead			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Overall	9.2	0.12	8.4	0.19	9.9	0.12	9.4	0.27	9.6	0.14	9.8	0.23
Gender-wise												
Male	9.3	0.14	8.4	0.19	10.0	0.14	9.4	0.31	9.6	0.17	9.8	0.28
Female	9.4	0.16	8.9	0.37	10.1	0.16	9.8	0.32	9.7	0.22	10.0	0.25
Category-wise												
Financial Sector Employees	8.5	0.41	7.7	0.60	9.1	0.40	8.4	0.43	8.9	0.49	8.6	0.56
Other Employees	9.3	0.20	8.4	0.21	10.0	0.19	9.5	0.33	9.8	0.23	10.0	0.27
Self Employed	9.3	0.22	8.3	0.30	9.9	0.22	9.2	0.34	9.3	0.26	9.5	0.44
Homemaker	9.5	0.17	9.2	0.40	10.2	0.18	10.0	0.24	9.9	0.24	10.2	0.17
Retired Persons	9.5	0.41	8.6	0.65	10.2	0.39	9.5	0.59	9.7	0.42	9.4	0.60
Daily Workers	9.1	0.24	8.2	0.32	9.8	0.23	9.0	0.43	9.7	0.27	9.9	0.35
Other category	8.7	0.25	7.5	0.30	9.5	0.26	8.5	0.31	9.1	0.32	9.3	0.53
Age Group-wise												
Up to 25 years	8.7	0.27	7.6	0.27	9.4	0.26	8.4	0.32	9.1	0.31	8.8	0.49
25 to 30 years	9.0	0.20	8.0	0.28	9.7	0.20	8.8	0.28	9.6	0.24	9.8	0.35
30 to 35 years	9.0	0.20	8.2	0.31	9.7	0.20	9.1	0.40	9.7	0.23	9.7	0.36
35 to 40 years	9.2	0.22	8.4	0.33	9.9	0.21	9.5	0.42	9.5	0.26	9.7	0.37
40 to 45 years	9.2	0.23	8.5	0.34	9.9	0.23	9.4	0.40	9.6	0.28	9.6	0.41
45 to 50 years	9.7	0.29	9.8	0.45	10.2	0.28	10.1	0.36	9.8	0.33	10.1	0.42
50 to 55 years	9.7	0.28	9.1	0.52	10.4	0.28	10.1	0.32	9.6	0.35	9.9	0.52
55 to 60 years	10.0	0.29	9.8	0.33	10.7	0.28	10.3	0.27	9.5	0.37	9.6	0.37
60 years and above	9.5	0.31	8.9	0.58	10.3	0.28	9.8	0.47	9.8	0.33	9.9	0.42
City-wise												
Ahmedabad	9.9	0.38	9.6	0.64	10.9	0.38	10.6	0.57	10.4	0.50	10.5	0.61
Bengaluru	5.7	0.28	4.7	0.29	6.4	0.26	5.4	0.21	7.0	0.30	6.1	0.23
Bhopal	7.5	0.57	6.9	0.79	8.6	0.59	8.6	0.66	8.5	0.93	9.5	1.13
Bhubaneswar	7.6	0.80	6.4	1.18	9.5	0.98	8.3	1.39	10.1	0.96	9.7	1.58
Chennai	9.0	0.50	8.1	0.70	9.8	0.42	9.1	0.61	10.0	0.43	10.3	0.28
Delhi	9.7	0.27	9.2	0.54	10.1	0.27	9.7	0.42	9.2	0.33	9.3	0.48
Guwahati	10.1	1.00	10.3	0.73	9.4	0.90	9.7	1.09	8.1	0.77	7.9	1.21
Hyderabad	9.4	0.38	8.4	0.83	10.6	0.36	9.9	0.74	11.1	0.35	11.5	0.85
Jaipur	6.7	0.28	6.2	0.40	7.4	0.35	7.2	0.35	8.1	0.45	8.4	0.60
Kolkata	10.7	0.42	10.4	0.27	11.3	0.45	11.0	0.71	11.5	0.49	11.9	1.46
Lucknow	8.1	0.64	7.6	0.63	9.3	0.72	8.8	0.38	9.7	0.90	10.3	0.51
Mumbai	11.7	0.38	12.1	1.45	12.2	0.36	13.5	1.59	10.7	0.42	12.2	1.33
Nagpur	8.8	0.46	8.0	0.74	10.0	0.54	9.5	0.79	9.5	0.88	9.8	0.83
Patna	7.4	0.38	6.7	0.58	7.9	0.43	7.6	0.51	7.8	0.53	7.9	0.78
Thiruvananthapuram	7.6	0.80	6.5	1.29	9.5	0.83	8.9	1.08	10.5	0.68	11.1	1.24
Chandigarh	9.4	0.71	9.1	0.59	9.0	0.50	8.9	0.46	8.9	0.55	8.6	0.57
Ranchi	7.5	0.86	6.5	1.12	7.6	1.00	7.0	1.33	7.2	1.02	6.7	1.23
Raipur	6.7	0.68	5.8	0.51	6.8	0.70	5.9	0.73	6.1	0.96	6.1	0.70

Note: The table provides estimates and standard errors for quantitative responses for September 2018 round.

Table 3: Households Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: Three Months Ahead and One Year Ahead

(Percentage of Respondents)

Survey period ended	Food	Non-Food	Households durables	Housing	Cost of services
Three Months Ahead					
Sep-17	66.8	65.8	56.8	60.1	64.9
Mar-18	63.7	63.2	55.6	57.8	62.7
May-18	67.5	65.6	56.6	60.0	65.0
Jun-18	65.6	64.7	53.8	60.0	63.7
Sep-18	64.4	65.3	52.8	58.6	64.3
One Year Ahead					
Sep-17	72.7	69.9	60.5	67.4	69.8
Mar-18	69.0	66.3	59.6	64.3	69.2
May-18	72.4	70.8	62.5	67.4	72.1
Jun-18	71.9	71.4	60.9	67.4	71.9
Sep-18	72.2	71.5	60.0	66.5	71.4

Note: Figures are based on sample observations

Table 4(a): Cross-tabulation of Number of Respondents by Current Inflation Perception and Three Months Ahead Inflation Expectations: September 2018

		Three Months 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	7	3	7	3	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	22
	1-<2	2	39	19	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64
	2-<3	2	11	94	78	52	10	0	0	0	0	0	0	0	0	0	0	0	0	0	247
	3-<4	3	3	10	116	105	62	7	3	4	0	2	0	0	0	0	0	1	0	0	316
	4-<5	0	0	6	11	178	103	48	10	9	0	1	0	0	0	0	0	1	1	0	368
	5-<6	2	5	3	18	21	426	148	195	62	4	53	1	2	0	0	2	1	5	0	948
	6-<7	1	0	1	3	3	5	152	68	86	13	7	2	3	0	0	0	2	0	0	346
	7-<8	1	0	2	4	4	5	6	217	89	62	48	5	1	1	1	2	0	0	0	448
	8-<9	0	0	0	1	0	4	5	4	199	75	74	9	10	1	0	1	1	0	0	384
	9-<10	0	0	0	2	0	0	4	2	2	103	55	24	10	2	2	4	3	0	0	213
	10-<11	0	0	0	1	1	15	3	8	11	7	505	60	97	25	7	112	33	6	0	891
	11-<12	0	0	0	0	0	1	0	0	0	1	4	36	10	27	6	15	4	0	0	104
	12-<13	0	0	0	0	0	0	0	1	2	1	1	0	32	7	13	20	5	0	0	82
	13-<14	0	0	0	0	0	0	0	0	0	0	2	1	0	11	5	5	2	0	0	26
	14-<15	0	0	0	0	0	0	0	0	0	0	0	1	0	0	23	15	8	0	0	47
	15-<16	0	0	0	0	0	1	0	0	0	0	5	0	2	2	4	106	95	0	0	215
	>=16	0	0	0	1	0	5	4	0	0	0	13	0	4	0	0	20	980	12	0	1039
Total	18	61	142	240	366	639	377	508	464	266	770	139	171	76	61	302	1136	24	0	5760	

Note: Figures are based on sample observations

Table 4(b): Cross-tabulation of Number of Respondents by Current Inflation Perception and One Year Ahead Inflation Expectations: September 2018

		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	8	1	1	3	2	3	1	1	1	0	0	0	0	0	0	0	0	1	22
	1-<2	20	14	8	15	3	1	2	0	0	0	0	0	0	0	0	0	0	1	64
	2-<3	44	2	38	36	58	37	17	6	9	0	0	0	0	0	0	0	0	0	247
	3-<4	34	3	2	50	49	98	27	16	14	4	11	0	1	0	0	1	5	1	316
	4-<5	46	2	1	6	81	79	75	31	18	6	14	1	5	0	1	0	0	2	368
	5-<6	109	1	4	9	7	230	95	155	96	34	148	12	14	4	3	16	10	1	948
	6-<7	43	0	0	0	0	2	90	27	58	29	54	15	13	2	3	4	4	2	346
	7-<8	45	0	1	3	1	5	4	149	52	62	58	12	29	5	5	9	8	0	448
	8-<9	42	0	0	0	1	1	3	3	116	48	83	15	32	11	5	12	8	4	384
	9-<10	21	0	0	0	1	0	1	0	2	69	18	29	27	8	14	10	10	3	213
	10-<11	86	0	0	1	1	10	3	3	8	3	331	39	87	24	17	136	136	6	891
	11-<12	13	0	0	0	0	0	0	0	1	0	0	19	8	13	12	25	13	0	104
	12-<13	10	0	0	0	0	0	1	0	0	0	0	0	17	3	6	19	25	1	82
	13-<14	2	0	0	0	0	0	0	0	0	1	0	0	0	7	3	6	7	0	26
	14-<15	7	0	0	0	0	0	0	1	0	0	1	0	0	0	15	3	19	1	47
	15-<16	24	0	0	0	0	1	0	0	0	1	4	0	0	1	0	68	113	3	215
>=16	123	0	0	1	1	3	1	0	0	0	10	0	1	1	0	15	863	20	1039	
Total	677	23	55	124	205	470	320	392	375	257	732	142	234	79	84	324	1221	46	5760	

Note: Figures are based on sample observations