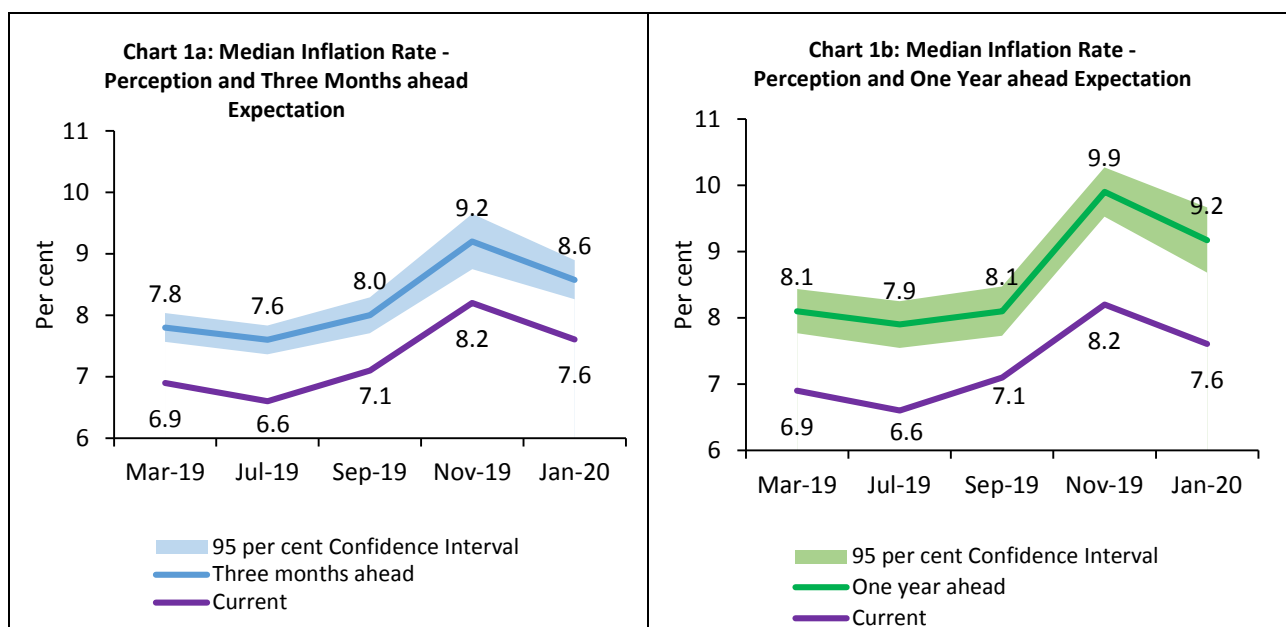


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the January 2020 round of the Inflation Expectations Survey of Households (IESH)¹. The survey was conducted in 18 major cities and the results are based on responses from 5,868 urban households.

Highlights:

- i. After a sharp pick up in November 2019, households' inflation perceptions and expectations moderated in January 2020, though they remained higher than the earlier part of the year. Median inflation expectations over three months and one year horizons eased by 60 basis points and 70 basis points, respectively (Chart 1a, Chart 1b & Table 2).
- ii. Most households expect that prices will continue to rise. However, the proportion of households expecting increase in food prices has declined, *albeit* marginally (Table 1a & Table 1b).



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

¹ The survey is conducted at bi-monthly intervals by the Reserve Bank of India. It provides directional information on near-term inflationary pressures as expected by the respondents and may reflect their own consumption patterns. Hence, they should be treated as households' sentiments on inflation.

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

(Percentage of Respondents)

Survey period ended	Dec-18		Jul-19		Sep-19		Nov-19		Jan-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	72.9	1.04	77.9	0.95	79.3	0.94	80.7	0.90	83.2	0.87
Price increase more than current rate	46.2	1.14	49.8	1.15	49.0	1.23	52.4	1.22	56.1	1.16
Price increase similar to current rate	23.3	0.96	24.7	0.98	25.1	1.04	23.4	0.96	23.4	0.91
Price increase less than current rate	3.4	0.39	3.4	0.38	5.2	0.51	4.9	0.55	3.6	0.37
No changes in prices	21.2	0.98	18.5	0.88	18.6	0.92	17.3	0.84	14.4	0.81
Decline in prices	5.8	0.46	3.6	0.39	2.1	0.29	1.9	0.26	2.4	0.31
Food Product										
Prices will increase	70.7	0.98	80.0	0.87	81.4	0.86	81.8	0.80	81.7	0.80
Price increase more than current rate	42.7	1.08	48.5	1.09	52.9	1.14	54.8	1.14	56.0	1.11
Price increase similar to current rate	22.4	0.87	25.7	1.01	21.4	0.88	21.0	0.85	20.1	0.85
Price increase less than current rate	5.7	0.48	5.8	0.47	7.1	0.59	6.0	0.54	5.5	0.45
No changes in prices	17.2	0.79	13.8	0.75	13.2	0.78	12.3	0.65	11.2	0.67
Decline in prices	12.0	0.65	6.2	0.52	5.4	0.45	5.9	0.48	7.2	0.50
Non- Food Product										
Prices will increase	67.6	1.00	73.8	0.97	74.7	0.95	75.3	0.93	77.8	0.91
Price increase more than current rate	40.8	1.08	43.1	1.14	45.5	1.16	48.0	1.14	51.4	1.15
Price increase similar to current rate	21.6	0.89	25.2	0.93	21.8	0.90	21.1	0.86	21.2	0.88
Price increase less than current rate	5.3	0.47	5.5	0.46	7.3	0.57	6.1	0.53	5.3	0.43
No changes in prices	20.5	0.85	20.4	0.90	20.8	0.88	20.5	0.83	17.7	0.82
Decline in prices	11.9	0.63	5.8	0.48	4.5	0.42	4.3	0.39	4.4	0.39
Household Durables										
Prices will increase	56.8	1.08	57.9	1.07	56.2	1.07	55.2	1.09	60.3	1.02
Price increase more than current rate	34.8	1.08	33.7	1.05	33.9	1.11	35.4	1.06	37.9	1.03
Price increase similar to current rate	17.9	0.85	19.6	0.81	17.3	0.80	15.2	0.73	17.5	0.76
Price increase less than current rate	4.1	0.39	4.6	0.41	4.9	0.45	4.6	0.44	4.8	0.43
No changes in prices	24.8	0.91	28.2	0.96	28.5	0.96	29.1	0.93	26.8	0.91
Decline in prices	18.4	0.77	13.9	0.67	15.4	0.73	15.8	0.73	12.9	0.65
Cost of Housing										
Prices will increase	69.1	1.03	68.6	1.01	68.1	1.10	68.5	1.09	69.7	1.04
Price increase more than current rate	46.5	1.06	45.2	1.04	45.2	1.23	48.3	1.19	48.4	1.10
Price increase similar to current rate	18.2	0.79	19.4	0.82	17.9	0.81	16.4	0.77	17.3	0.74
Price increase less than current rate	4.5	0.41	4.0	0.38	5.0	0.44	3.8	0.41	4.0	0.40
No changes in prices	22.2	0.94	22.8	0.90	23.1	0.98	24.0	0.99	22.0	0.95
Decline in prices	8.6	0.57	8.6	0.58	8.7	0.59	7.4	0.53	8.3	0.54
Cost of Services										
Prices will increase	65.7	1.10	66.1	1.03	63.5	1.04	65.8	1.05	72.5	0.98
Price increase more than current rate	40.2	1.11	39.8	1.07	40.2	1.15	43.6	1.14	46.4	1.13
Price increase similar to current rate	21.2	0.82	21.6	0.83	18.1	0.76	17.7	0.79	21.1	0.81
Price increase less than current rate	4.3	0.41	4.7	0.42	5.3	0.45	4.5	0.46	4.9	0.43
No changes in prices	28.2	1.02	28.7	0.94	31.6	1.00	29.5	1.01	23.4	0.90
Decline in prices	6.1	0.45	5.3	0.46	4.8	0.42	4.7	0.43	4.1	0.38

Note:

1. The table provides estimates and standard errors for qualitative responses.
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)

Survey period ended	Dec-18		Jul-19		Sep-19		Nov-19		Jan-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	83.8	0.82	83.8	0.87	87.0	0.78	89.1	0.71	88.1	0.74
Price increase more than current rate	57.5	1.15	56.8	1.15	57.3	1.29	64.0	1.25	63.6	1.13
Price increase similar to current rate	23.3	1.00	24.1	1.01	25.1	1.07	21.5	0.96	21.4	0.88
Price increase less than current rate	3.0	0.37	2.9	0.35	4.6	0.47	3.6	0.44	3.2	0.37
No changes in prices	11.3	0.73	12.6	0.78	10.6	0.73	8.9	0.64	9.5	0.67
Decline in prices	4.9	0.43	3.6	0.40	2.4	0.31	2.0	0.28	2.4	0.30
Food Product										
Prices will increase	80.0	0.82	81.9	0.80	83.0	0.86	86.2	0.74	84.8	0.73
Price increase more than current rate	50.6	1.08	49.3	1.16	52.2	1.23	58.9	1.24	56.0	1.14
Price increase similar to current rate	24.7	0.93	27.7	0.98	25.4	0.96	22.4	0.90	24.3	0.93
Price increase less than current rate	4.7	0.43	4.8	0.42	5.4	0.53	5.0	0.49	4.5	0.40
No changes in prices	12.1	0.68	12.0	0.67	11.9	0.76	9.4	0.61	9.8	0.59
Decline in prices	7.9	0.52	6.1	0.49	5.2	0.43	4.4	0.39	5.4	0.42
Non- Food Product										
Prices will increase	76.4	0.92	78.1	0.89	78.6	0.94	81.0	0.82	81.6	0.80
Price increase more than current rate	47.5	1.09	46.1	1.11	48.1	1.25	53.5	1.23	53.1	1.14
Price increase similar to current rate	24.2	0.92	27.1	0.97	24.4	0.98	22.6	0.92	23.5	0.88
Price increase less than current rate	4.7	0.43	4.9	0.44	6.1	0.52	4.9	0.51	5.1	0.44
No changes in prices	15.8	0.78	16.6	0.80	16.6	0.85	15.5	0.72	14.1	0.72
Decline in prices	7.7	0.54	5.3	0.47	4.8	0.43	3.6	0.36	4.3	0.39
Household Durables										
Prices will increase	66.9	1.02	66.2	1.01	64.1	1.04	65.4	1.00	68.0	0.96
Price increase more than current rate	42.0	1.09	39.8	1.08	39.0	1.17	42.7	1.16	44.0	1.10
Price increase similar to current rate	20.4	0.84	22.0	0.91	19.4	0.82	18.1	0.80	20.0	0.80
Price increase less than current rate	4.5	0.40	4.3	0.39	5.6	0.49	4.6	0.46	4.0	0.40
No changes in prices	20.1	0.91	23.0	0.89	24.2	0.90	22.5	0.84	21.2	0.84
Decline in prices	13.0	0.69	10.9	0.61	11.8	0.64	12.1	0.62	10.7	0.60
Cost of Housing										
Prices will increase	79.6	0.85	76.9	0.89	77.3	0.89	80.0	0.92	77.8	0.89
Price increase more than current rate	55.9	1.00	52.1	1.00	51.8	1.15	57.1	1.20	54.7	1.09
Price increase similar to current rate	19.8	0.78	21.5	0.83	20.6	0.85	19.1	0.85	19.0	0.83
Price increase less than current rate	3.9	0.39	3.4	0.34	4.8	0.45	3.9	0.41	4.1	0.39
No changes in prices	13.7	0.74	15.3	0.75	15.5	0.73	13.9	0.76	15.0	0.77
Decline in prices	6.7	0.50	7.8	0.55	7.2	0.53	6.1	0.48	7.2	0.50
Cost of Services										
Prices will increase	77.9	0.88	77.1	0.93	79.0	0.93	80.9	0.87	82.5	0.79
Price increase more than current rate	49.0	1.11	47.2	1.12	50.0	1.23	53.7	1.23	54.6	1.15
Price increase similar to current rate	24.1	0.90	25.2	0.95	22.7	0.93	22.3	0.86	23.0	0.87
Price increase less than current rate	4.8	0.44	4.6	0.43	6.3	0.51	4.9	0.51	4.9	0.44
No changes in prices	17.1	0.82	17.8	0.82	17.2	0.85	15.9	0.77	14.6	0.72
Decline in prices	5.0	0.44	5.2	0.47	3.8	0.38	3.2	0.36	2.9	0.33

Note:

1. The table provides estimates and standard errors for qualitative responses.
2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 2: Inflation Expectations of Various Groups: January 2020

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Overall	8.7	0.11	7.6	0.19	9.5	0.11	8.6	0.16	9.3	0.13	9.2	0.25
Gender-wise												
Male	8.8	0.13	7.6	0.26	9.6	0.13	8.6	0.24	9.2	0.17	9.0	0.27
Female	8.7	0.14	7.7	0.24	9.6	0.14	8.7	0.22	9.4	0.17	9.4	0.37
Category-wise												
Financial Sector Employees	8.8	0.56	7.8	0.78	8.9	0.57	7.9	0.60	9.5	0.60	9.2	0.71
Other Employees	8.5	0.19	7.4	0.35	9.4	0.20	8.3	0.26	9.1	0.24	8.7	0.25
Self Employed	9.0	0.22	8.2	0.45	9.8	0.23	9.2	0.47	9.2	0.28	9.1	0.48
Homemaker	8.7	0.16	7.8	0.24	9.6	0.17	8.7	0.23	9.4	0.19	9.3	0.39
Retired Persons	9.5	0.36	8.7	0.59	10.4	0.35	10.0	0.50	10.0	0.41	10.1	0.31
Daily Workers	8.9	0.27	7.5	0.52	9.7	0.26	8.9	0.52	9.1	0.30	9.2	0.54
Other category	8.4	0.23	7.0	0.27	9.5	0.23	8.1	0.25	9.6	0.26	9.6	0.39
Age Group-wise												
Up to 25 years	7.7	0.18	6.4	0.25	8.8	0.19	7.8	0.18	8.8	0.22	8.5	0.26
25 to 30 years	8.3	0.19	7.0	0.25	9.1	0.19	8.1	0.23	9.2	0.23	8.7	0.29
30 to 35 years	8.7	0.19	8.0	0.30	9.4	0.19	8.9	0.37	9.2	0.25	9.3	0.43
35 to 40 years	8.9	0.20	8.0	0.35	9.7	0.21	9.1	0.40	9.6	0.24	9.7	0.37
40 to 45 years	9.0	0.23	7.8	0.38	9.9	0.24	9.0	0.41	9.6	0.28	9.7	0.47
45 to 50 years	8.8	0.23	8.1	0.42	9.7	0.24	9.0	0.53	9.4	0.28	9.3	0.54
50 to 55 years	9.1	0.31	8.4	0.52	9.8	0.31	9.3	0.66	9.7	0.35	9.9	0.48
55 to 60 years	9.3	0.32	8.5	0.64	10.3	0.33	9.9	0.54	9.8	0.38	10.0	0.50
60 years and above	9.9	0.29	9.3	0.69	10.7	0.29	10.2	0.38	10.0	0.35	10.0	0.38
City-wise												
Ahmedabad	10.7	0.43	10.4	0.39	11.8	0.41	12.3	1.48	11.6	0.41	12.4	1.61
Bengaluru	7.2	0.27	5.9	0.21	8.2	0.28	7.3	0.33	8.5	0.32	7.9	0.33
Bhopal	8.8	0.74	8.6	1.35	10.0	0.70	9.7	0.84	9.2	0.56	9.8	0.79
Bhubaneswar	8.1	0.49	6.4	0.92	9.3	0.56	8.1	0.80	9.9	0.76	9.7	0.90
Chennai	9.4	0.41	9.4	0.96	10.6	0.48	10.4	0.70	10.9	0.44	11.0	0.77
Delhi	8.3	0.23	7.1	0.39	9.0	0.23	8.1	0.32	9.0	0.27	8.9	0.38
Guwahati	9.2	0.82	8.5	1.78	9.0	1.02	8.2	1.70	8.6	1.06	8.0	1.82
Hyderabad	9.3	0.52	8.3	1.02	10.3	0.50	9.5	0.93	10.9	0.43	10.7	0.97
Jaipur	7.7	0.39	6.9	0.56	8.3	0.44	7.7	0.57	7.3	0.47	7.3	0.78
Kolkata	10.0	0.31	9.5	0.71	10.9	0.34	10.4	0.73	10.8	0.40	10.8	0.79
Lucknow	7.6	0.53	6.9	0.55	8.3	0.57	7.7	0.57	7.6	0.70	7.7	0.64
Mumbai	8.5	0.31	7.3	0.48	9.2	0.34	8.3	0.42	7.7	0.47	7.6	0.70
Nagpur	8.2	0.42	7.1	0.77	9.8	0.46	8.7	0.78	10.1	0.40	9.9	0.53
Patna	6.9	0.32	6.6	0.39	7.3	0.35	7.0	0.39	7.5	0.60	7.7	0.55
Thiruvananthapuram	6.8	0.45	5.5	0.23	8.0	0.50	6.6	0.54	9.3	0.59	8.4	0.76
Chandigarh	9.6	0.69	8.9	0.70	9.4	0.51	8.7	0.48	8.7	0.86	8.8	0.67
Ranchi	7.5	0.48	6.9	0.53	7.9	0.64	7.6	0.73	7.9	0.74	7.9	1.02
Raipur	9.0	0.56	7.9	0.74	10.0	0.56	9.1	0.82	9.2	1.01	9.3	1.11

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

Table 3: Household Inflation Expectations – Current Perception, Three Months and One Year Ahead Expectations

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Dec-18	8.3	0.11	7.1	0.18	9.1	0.11	8.2	0.15	8.6	0.13	8.5	0.17
Jul-19	7.9	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.3	0.13	7.9	0.18
Sep-19	8.2	0.12	7.1	0.18	8.9	0.12	8.0	0.15	8.6	0.13	8.1	0.19
Nov-19	9.1	0.10	8.2	0.17	9.8	0.11	9.2	0.23	9.7	0.12	9.9	0.19
Jan-20	8.7	0.11	7.6	0.19	9.5	0.11	8.6	0.16	9.3	0.13	9.2	0.25

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

Table 4: 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					
Dec-18	62.9	64.0	55.3	62.4	64.3
Jul-19	66.1	65.5	55.3	60.8	65.0
Sep-19	62.7	62.1	50.2	56.8	61.2
Nov-19	64.7	65.1	51.0	60.7	63.1
Jan-20	66.1	66.2	53.4	59.3	64.5
One Year Ahead					
Dec-18	72.5	71.7	62.5	70.3	72.9
Jul-19	72.3	71.2	61.5	70.0	72.4
Sep-19	70.7	67.5	56.8	65.5	70.0
Nov-19	73.9	70.9	57.8	69.7	72.3
Jan-20	72.2	70.9	60.3	67.8	72.8

Note: Figures are based on sample observations

Table 5(a): Cross-tabulation of Number of Respondents by Current Inflation Perception and Three Months Ahead Inflation Expectations: January 2020

		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	14	3	2	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	22
	1-<2	4	35	20	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
	2-<3	2	12	83	63	41	9	0	1	0	0	1	0	0	0	0	1	1	0	0	214
	3-<4	0	3	6	135	73	57	8	2	0	0	2	0	1	0	0	1	0	0	0	288
	4-<5	1	3	7	18	213	145	82	14	10	0	1	0	2	0	0	0	0	1	1	497
	5-<6	0	1	6	19	25	521	192	247	77	8	57	1	3	0	0	2	1	1	1	1161
	6-<7	0	0	2	2	4	9	200	104	78	14	19	1	3	0	0	1	0	0	0	437
	7-<8	0	0	0	3	2	15	6	159	110	55	41	4	3	0	1	0	0	1	1	400
	8-<9	0	0	0	2	2	6	5	5	164	77	121	9	12	5	0	2	2	2	0	412
	9-<10	0	0	0	0	0	3	1	1	1	72	56	12	16	1	4	4	4	4	0	175
	10-<11	0	0	0	0	0	25	7	13	22	5	386	49	157	38	11	189	53	0	0	955
	11-<12	0	0	0	0	0	0	0	0	0	1	1	17	15	10	0	6	3	0	0	53
	12-<13	0	0	0	0	0	2	0	0	2	0	6	1	28	5	7	29	13	0	0	93
	13-<14	0	0	0	0	0	0	0	0	0	0	1	0	0	8	3	9	2	0	0	23
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	3	9	3	10	0	0	25
	15-<16	0	0	0	0	0	3	0	0	0	0	5	0	3	1	1	84	112	0	0	209
	>=16	0	0	0	0	0	1	0	0	2	1	14	0	2	2	1	12	797	6	0	838
	Total	21	57	126	248	362	797	501	547	466	233	711	94	245	73	37	343	998	9	0	5868

Note: Figures are based on sample observations

Table 5(b): Cross-tabulation of Number of Respondents by Current Inflation Perception and One Year Ahead Inflation Expectations: January 2020

		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	11	3	2	2	1	0	0	1	0	0	1	0	0	0	0	0	1	0	22	
	1-<2	16	14	21	9	4	1	1	0	0	0	0	0	0	0	0	0	0	0	0	66
	2-<3	27	3	49	37	51	29	7	4	2	0	2	0	0	0	0	1	1	1	1	214
	3-<4	46	1	2	63	51	69	28	12	5	1	6	0	2	0	0	2	0	0	0	288
	4-<5	83	0	4	5	112	80	97	47	36	13	13	0	2	0	0	2	2	1	1	497
	5-<6	150	0	3	8	14	283	115	207	144	28	175	4	8	2	2	11	7	0	0	1161
	6-<7	55	0	1	2	3	4	113	53	100	36	46	3	9	4	1	4	3	0	0	437
	7-<8	40	0	0	0	2	3	3	94	56	81	84	10	15	2	2	5	2	1	1	400
	8-<9	48	0	0	0	1	2	2	1	97	45	136	16	37	7	2	14	4	0	0	412
	9-<10	16	0	0	0	0	1	0	0	0	39	36	26	30	4	5	12	6	0	0	175
	10-<11	101	0	0	0	0	10	1	7	5	4	262	26	117	23	28	214	156	1	1	955
	11-<12	3	0	0	0	0	0	0	0	0	0	2	5	7	11	8	8	9	0	0	53
	12-<13	12	0	0	1	0	0	0	0	2	0	2	0	16	3	8	24	25	0	0	93
	13-<14	2	0	0	0	0	1	0	0	0	0	0	0	0	4	2	10	4	0	0	23
	14-<15	3	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	14	0	0	25
	15-<16	24	0	0	0	0	1	0	1	0	0	6	0	1	0	0	53	122	1	0	209
	>=16	60	0	0	0	0	0	0	0	0	0	10	0	1	1	1	12	744	9	0	838
	Total	697	21	82	127	239	484	367	427	447	247	781	90	245	61	63	376	1100	14	0	5868

Note: Figures are based on sample observations