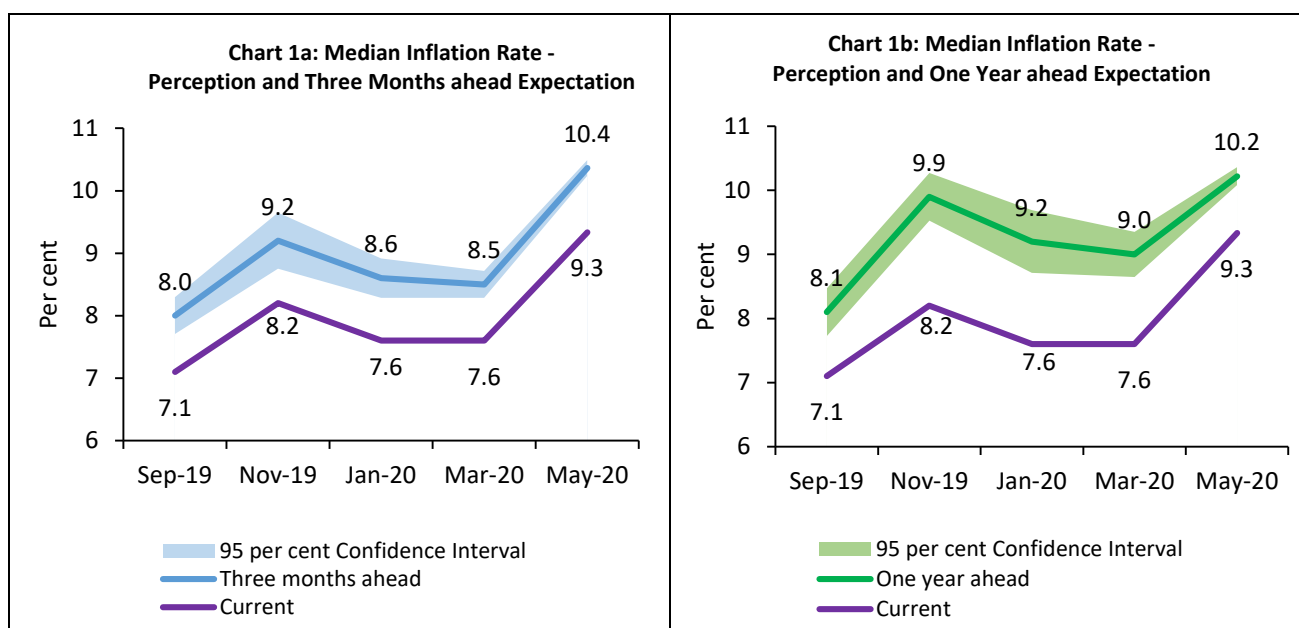


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the May 2020 round of the Inflation Expectations Survey of Households (IESH)¹. In view of the Covid-19 pandemic, the survey was conducted through telephonic interviews during May 5-17, 2020 in 18 major cities. The results are based on responses from 5,761 urban households.

Highlights:

- i. Households' median inflation perception and expectations increased sharply in May 2020 as compared with the March 2020 round of the survey [Charts 1a and 1b].
- ii. Inflation expectation over three-month horizon exceeded that for the next year ahead period in quantitative terms [Charts 1a and 1b; Table 3].
- iii. Three months and one year ahead median inflation expectations rose by 190 and 120 basis points, respectively, over the previous round [Table 3].
- iv. Expecting increasing price pressure on food products, more households expect general prices and inflation to rise over three months horizon as compared to previous round [Table 1a]. However, the prices of all product groups, especially cost of housing, are expected to ease over a year ahead period [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	May-19		Nov-19		Jan-20		Mar-20		May-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	78.3	1.01	80.7	0.90	83.2	0.87	83.3	0.79	85.3	0.73
Price increase more than current rate	50.0	1.22	52.4	1.22	56.1	1.16	52.5	1.10	56.0	1.02
Price increase similar to current rate	25.6	1.01	23.4	0.96	23.4	0.91	25.6	0.99	23.5	0.89
Price increase less than current rate	2.8	0.32	4.9	0.55	3.6	0.37	5.2	0.56	5.8	0.49
No changes in prices	18.4	0.96	17.3	0.84	14.4	0.81	14.9	0.76	12.4	0.69
Decline in prices	3.3	0.35	1.9	0.26	2.4	0.31	1.8	0.25	2.3	0.32
Food Product										
Prices will increase	78.5	0.87	81.8	0.80	81.7	0.80	81.9	0.81	84.6	0.75
Price increase more than current rate	48.5	1.13	54.8	1.14	56.0	1.11	55.4	1.02	58.6	1.00
Price increase similar to current rate	24.7	0.94	21.0	0.85	20.1	0.85	20.0	0.88	20.0	0.82
Price increase less than current rate	5.4	0.46	6.0	0.54	5.5	0.45	6.5	0.56	6.0	0.49
No changes in prices	15.0	0.77	12.3	0.65	11.2	0.67	12.4	0.68	10.7	0.64
Decline in prices	6.5	0.47	5.9	0.48	7.2	0.50	5.7	0.43	4.7	0.45
Non- Food Product										
Prices will increase	75.8	0.91	75.3	0.93	77.8	0.91	77.8	0.87	76.7	0.88
Price increase more than current rate	45.2	1.15	48.0	1.14	51.4	1.15	50.8	1.00	49.5	0.99
Price increase similar to current rate	25.3	0.91	21.1	0.86	21.2	0.88	20.8	0.89	20.8	0.82
Price increase less than current rate	5.4	0.44	6.1	0.53	5.3	0.43	6.2	0.50	6.4	0.50
No changes in prices	18.1	0.81	20.5	0.83	17.7	0.82	17.7	0.79	17.8	0.79
Decline in prices	6.0	0.47	4.3	0.39	4.4	0.39	4.5	0.42	5.5	0.49
Household Durables										
Prices will increase	61.3	1.12	55.2	1.09	60.3	1.02	64.5	1.02	55.1	1.04
Price increase more than current rate	37.0	1.12	35.4	1.06	37.9	1.03	42.3	1.03	33.6	0.96
Price increase similar to current rate	19.9	0.85	15.2	0.73	17.5	0.76	17.2	0.80	16.4	0.76
Price increase less than current rate	4.3	0.41	4.6	0.44	4.8	0.43	5.0	0.44	5.1	0.44
No changes in prices	27.2	1.01	29.1	0.93	26.8	0.91	24.2	0.90	29.7	0.94
Decline in prices	11.5	0.64	15.8	0.73	12.9	0.65	11.2	0.63	15.2	0.76
Cost of Housing										
Prices will increase	70.9	1.06	68.5	1.09	69.7	1.04	71.0	1.07	48.6	1.01
Price increase more than current rate	46.9	1.13	48.3	1.19	48.4	1.10	49.5	1.10	30.2	0.93
Price increase similar to current rate	19.8	0.83	16.4	0.77	17.3	0.74	17.4	0.78	13.6	0.69
Price increase less than current rate	4.2	0.39	3.8	0.41	4.0	0.40	4.2	0.39	4.8	0.45
No changes in prices	21.7	0.96	24.0	0.99	22.0	0.95	22.1	0.96	30.3	0.93
Decline in prices	7.3	0.52	7.4	0.53	8.3	0.54	6.9	0.52	21.1	0.83
Cost of Services										
Prices will increase	68.6	1.03	65.8	1.05	72.5	0.98	70.8	0.99	68.3	0.97
Price increase more than current rate	42.6	1.14	43.6	1.14	46.4	1.13	46.2	1.02	43.2	0.99
Price increase similar to current rate	21.7	0.89	17.7	0.79	21.1	0.81	19.3	0.84	19.3	0.79
Price increase less than current rate	4.3	0.41	4.5	0.46	4.9	0.43	5.2	0.44	5.9	0.46
No changes in prices	27.7	0.99	29.5	1.01	23.4	0.90	25.9	0.94	27.4	0.93
Decline in prices	3.8	0.37	4.7	0.43	4.1	0.38	3.3	0.34	4.4	0.42

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	May-19		Nov-19		Jan-20		Mar-20		May-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	86.3	0.77	89.1	0.71	88.1	0.74	89.2	0.65	85.6	0.73
Price increase more than current rate	58.5	1.19	64.0	1.25	63.6	1.13	60.7	1.07	57.1	1.00
Price increase similar to current rate	24.9	1.03	21.5	0.96	21.4	0.88	24.8	1.00	23.8	0.88
Price increase less than current rate	3.0	0.32	3.6	0.44	3.2	0.37	3.7	0.42	4.7	0.43
No changes in prices	10.2	0.70	8.9	0.64	9.5	0.67	9.0	0.62	11.9	0.67
Decline in prices	3.5	0.37	2.0	0.28	2.4	0.30	1.8	0.26	2.5	0.33
Food Product										
Prices will increase	83.1	0.76	86.2	0.74	84.8	0.73	85.6	0.73	77.3	0.86
Price increase more than current rate	50.4	1.19	58.9	1.24	56.0	1.14	55.6	1.10	46.9	1.01
Price increase similar to current rate	27.6	0.97	22.4	0.90	24.3	0.93	24.3	0.93	24.2	0.88
Price increase less than current rate	5.1	0.43	5.0	0.49	4.5	0.40	5.7	0.49	6.3	0.51
No changes in prices	11.4	0.64	9.4	0.61	9.8	0.59	10.3	0.64	15.7	0.74
Decline in prices	5.5	0.43	4.4	0.39	5.4	0.42	4.1	0.37	6.9	0.52
Non- Food Product										
Prices will increase	81.3	0.81	81.0	0.82	81.6	0.80	82.3	0.81	73.3	0.92
Price increase more than current rate	49.7	1.18	53.5	1.23	53.1	1.14	53.6	1.08	42.6	0.99
Price increase similar to current rate	26.8	0.99	22.6	0.92	23.5	0.88	23.4	0.92	23.9	0.87
Price increase less than current rate	4.9	0.44	4.9	0.51	5.1	0.44	5.3	0.47	6.8	0.51
No changes in prices	13.7	0.72	15.5	0.72	14.1	0.72	14.2	0.73	20.7	0.84
Decline in prices	5.0	0.43	3.6	0.36	4.3	0.39	3.4	0.36	6.0	0.49
Household Durables										
Prices will increase	68.8	1.04	65.4	1.00	68.0	0.96	70.8	1.02	59.6	1.03
Price increase more than current rate	42.9	1.14	42.7	1.16	44.0	1.10	46.6	1.09	34.8	0.99
Price increase similar to current rate	21.9	0.88	18.1	0.80	20.0	0.80	19.8	0.86	19.1	0.79
Price increase less than current rate	4.0	0.40	4.6	0.46	4.0	0.40	4.4	0.42	5.7	0.47
No changes in prices	21.5	0.91	22.5	0.84	21.2	0.84	19.7	0.87	28.4	0.93
Decline in prices	9.7	0.59	12.1	0.62	10.7	0.60	9.5	0.59	12.1	0.67
Cost of Housing										
Prices will increase	79.8	0.84	80.0	0.92	77.8	0.89	79.9	0.90	59.7	1.00
Price increase more than current rate	54.3	1.05	57.1	1.20	54.7	1.09	56.5	1.03	36.9	0.98
Price increase similar to current rate	21.9	0.84	19.1	0.85	19.0	0.83	19.6	0.82	17.3	0.77
Price increase less than current rate	3.6	0.37	3.9	0.41	4.1	0.39	3.8	0.39	5.5	0.46
No changes in prices	14.3	0.77	13.9	0.76	15.0	0.77	14.5	0.78	25.1	0.89
Decline in prices	5.9	0.45	6.1	0.48	7.2	0.50	5.5	0.47	15.2	0.73
Cost of Services										
Prices will increase	80.9	0.83	80.9	0.87	82.5	0.79	81.4	0.85	74.4	0.91
Price increase more than current rate	50.3	1.12	53.7	1.23	54.6	1.15	53.0	1.09	44.6	0.98
Price increase similar to current rate	25.3	0.94	22.3	0.86	23.0	0.87	23.3	0.90	23.1	0.85
Price increase less than current rate	5.3	0.49	4.9	0.51	4.9	0.44	5.0	0.44	6.7	0.50
No changes in prices	15.5	0.77	15.9	0.77	14.6	0.72	16.0	0.81	22.1	0.87
Decline in prices	3.6	0.36	3.2	0.36	2.9	0.33	2.7	0.30	3.5	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 2: Inflation Expectations of Various Groups: May 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	9.6	0.09	9.3	0.28	10.6	0.09	10.4	0.06	9.7	0.12	10.2	0.07
Gender-wise												
Male	9.7	0.11	9.5	0.33	10.6	0.11	10.4	0.08	9.6	0.14	10.2	0.09
Female	9.5	0.14	9.2	0.32	10.6	0.14	10.3	0.09	9.7	0.18	10.2	0.12
Category-wise												
Financial Sector Employees	9.6	0.39	9.1	0.88	10.6	0.43	10.1	0.62	9.8	0.51	9.7	0.91
Other Employees	9.5	0.16	8.8	0.27	10.6	0.16	10.3	0.11	9.8	0.20	10.2	0.12
Self Employed	9.8	0.16	9.6	0.41	10.6	0.16	10.4	0.11	9.7	0.20	10.2	0.16
Homemaker	9.4	0.16	8.9	0.29	10.5	0.16	10.2	0.10	9.4	0.20	10.0	0.29
Retired Persons	9.8	0.39	9.8	0.66	10.7	0.39	10.5	0.34	9.6	0.45	10.2	0.56
Daily Workers	10.1	0.23	10.0	0.23	11.1	0.22	10.8	0.28	10.2	0.28	10.6	0.20
Other category	9.3	0.23	8.6	0.49	10.3	0.22	10.2	0.14	9.9	0.25	10.3	0.16
Age Group-wise												
Up to 25 years	9.1	0.17	8.4	0.34	10.4	0.17	10.2	0.12	9.8	0.21	10.2	0.14
25 to 30 years	9.5	0.18	9.1	0.40	10.6	0.17	10.3	0.14	9.9	0.21	10.2	0.19
30 to 35 years	9.3	0.19	8.7	0.37	10.3	0.19	10.2	0.18	9.3	0.23	9.4	0.55
35 to 40 years	9.6	0.18	9.2	0.40	10.6	0.18	10.3	0.12	9.5	0.21	9.9	0.36
40 to 45 years	10.0	0.20	10.0	0.29	10.9	0.19	10.5	0.15	10.2	0.24	10.6	0.16
45 to 50 years	9.7	0.22	9.4	0.45	10.7	0.22	10.4	0.13	9.7	0.26	10.2	0.34
50 to 55 years	9.8	0.28	9.7	0.54	10.6	0.28	10.4	0.20	9.8	0.34	10.2	0.28
55 to 60 years	9.7	0.30	9.3	0.54	10.7	0.28	10.4	0.23	9.6	0.35	10.1	0.36
60 years and above	10.0	0.32	10.1	0.32	11.0	0.32	10.8	0.51	10.2	0.39	10.6	0.39
City-wise												
Ahmedabad	10.5	0.34	10.3	0.26	11.6	0.33	11.5	0.79	9.8	0.48	10.5	0.68
Bengaluru	9.8	0.28	10.1	0.25	10.6	0.28	10.4	0.24	10.2	0.34	10.5	0.31
Bhopal	11.1	0.64	10.9	1.16	11.7	0.62	12.0	1.68	9.7	0.82	10.8	1.50
Bhubaneswar	8.5	0.79	7.7	1.73	10.3	0.72	9.7	1.40	9.8	0.92	9.3	1.94
Chennai	10.6	0.39	10.4	0.15	11.6	0.35	11.2	0.86	11.5	0.42	12.0	1.33
Delhi	8.2	0.23	6.9	0.50	9.1	0.23	8.2	0.30	8.3	0.27	8.1	0.31
Guwahati	9.6	0.57	9.5	1.30	10.0	0.60	9.6	1.16	8.4	0.94	7.7	1.28
Hyderabad	10.3	0.37	10.3	0.27	12.1	0.34	13.1	1.11	12.0	0.41	14.0	1.11
Jaipur	10.1	0.57	9.9	0.66	10.8	0.52	10.7	0.59	8.7	0.65	9.3	0.99
Kolkata	10.8	0.30	10.4	0.18	11.5	0.29	11.3	0.88	10.9	0.35	10.9	0.62
Lucknow	8.8	0.43	8.8	0.57	9.9	0.49	10.2	0.57	9.7	0.49	10.3	0.31
Mumbai	10.0	0.23	9.0	0.37	10.9	0.23	10.3	0.19	8.8	0.32	9.3	0.61
Nagpur	8.4	0.42	7.9	0.66	10.1	0.47	9.9	0.46	9.2	0.64	9.7	0.72
Patna	9.4	0.50	9.7	0.31	10.9	0.69	11.1	0.69	11.0	0.76	11.6	1.14
Thiruvananthapuram	6.3	0.65	5.2	0.33	8.1	0.82	6.6	0.64	8.5	0.86	7.4	0.79
Chandigarh	8.1	0.54	8.3	0.58	8.0	0.54	8.0	0.69	7.5	0.60	7.9	0.82
Ranchi	7.8	0.53	7.0	0.66	8.7	0.60	8.0	0.88	7.5	0.72	7.2	0.72
Raipur	8.7	0.63	7.9	0.79	10.4	0.63	9.9	0.74	10.2	0.79	10.1	0.72

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
May-19	7.8	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.4	0.12	8.1	0.16
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
Mar-20	8.4	0.09	7.6	0.12	9.2	0.10	8.5	0.11	9.1	0.11	9.0	0.18
May-20	9.6	0.09	9.3	0.28	10.6	0.09	10.4	0.06	9.7	0.12	10.2	0.07

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					
May-19	66.4	65.4	56.8	62.0	66.2
Nov-19	64.7	65.1	51.0	60.7	63.1
Jan-20	66.1	66.2	53.4	59.3	64.5
Mar-20	65.4	64.6	55.8	61.1	64.7
May-20	63.3	59.8	46.5	42.6	57.3
One Year Ahead					
May-19	71.6	71.3	62.7	70.7	72.5
Nov-19	73.9	70.9	57.8	69.7	72.3
Jan-20	72.2	70.9	60.3	67.8	72.8
Mar-20	71.9	71.8	63.2	69.9	72.3
May-20	62.3	59.5	50.9	50.3	62.3

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: May 2020

		Three Months Ahead Inflation Rate (per cent)																		
Current Inflation Rate (per cent)		<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	Total
	<1	14	3	5	1	1	4	1	0	0	0	1	0	0	0	0	0	1	0	31
	1-<2	0	19	10	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35
	2-<3	0	6	80	56	38	16	6	4	3	0	3	0	1	0	0	0	0	0	213
	3-<4	1	2	4	97	40	76	21	7	5	0	3	0	0	0	0	0	0	0	256
	4-<5	0	1	4	8	122	68	73	17	9	1	6	0	1	0	0	0	1	1	312
	5-<6	5	2	10	26	19	368	99	148	87	12	130	0	6	0	0	15	4	0	931
	6-<7	1	1	0	6	4	10	131	56	51	19	26	5	5	0	0	1	0	0	316
	7-<8	0	0	2	1	4	8	7	167	50	54	59	6	9	0	3	7	2	0	379
	8-<9	1	1	0	0	1	12	8	0	150	36	112	8	24	9	1	9	7	0	379
	9-<10	0	0	0	1	0	1	2	0	3	74	39	20	33	6	4	11	2	0	196
	10-<11	1	0	0	2	2	42	5	9	18	12	436	35	159	37	8	249	120	1	1136
	11-<12	0	0	0	0	0	1	0	0	0	0	0	12	6	7	4	6	4	0	40
	12-<13	0	0	0	0	0	0	0	1	1	0	4	1	34	14	11	29	8	0	103
	13-<14	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	6	11	0	21
	14-<15	0	0	0	0	0	0	0	0	0	0	1	0	0	0	13	4	11	0	29
	15-<16	0	0	0	0	0	2	1	2	0	0	13	1	4	1	0	89	152	0	265
	>=16	2	0	2	0	1	7	0	4	0	1	36	0	3	2	0	38	1017	6	1119
	Total	25	35	117	204	232	615	354	415	377	209	869	88	285	78	46	464	1340	8	5761

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: May 2020

		One Year Ahead Inflation Rate (per cent)																		
Current Inflation Rate (per cent)		<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	Total
	<1	12	6	4	2	1	3	0	0	1	0	1	0	0	0	0	0	1	0	31
	1-<2	9	10	4	7	2	3	0	0	0	0	0	0	0	0	0	0	0	0	35
	2-<3	18	2	62	42	34	24	12	7	3	0	8	0	0	0	0	0	1	0	213
	3-<4	34	0	4	55	34	62	26	12	13	2	11	0	1	0	0	1	1	0	256
	4-<5	33	0	7	7	89	47	60	19	26	2	9	1	5	1	0	3	3	0	312
	5-<6	121	1	6	10	9	255	65	120	89	20	170	4	18	7	2	21	11	2	931
	6-<7	40	0	0	5	4	4	90	40	45	19	42	7	11	1	1	4	3	0	316
	7-<8	60	1	2	4	4	3	5	113	48	35	60	2	14	0	11	10	6	1	379
	8-<9	57	0	0	1	1	5	3	4	85	30	92	23	35	8	6	13	16	0	379
	9-<10	25	0	0	0	0	0	0	2	0	45	31	24	19	10	15	18	7	0	196
	10-<11	158	0	0	1	0	22	5	7	9	4	282	33	112	37	20	223	221	2	1136
	11-<12	3	0	0	0	0	0	0	0	0	0	0	13	1	4	6	4	9	0	40
	12-<13	8	0	0	0	0	0	1	0	1	0	0	1	27	8	16	21	20	0	103
	13-<14	0	0	0	0	0	0	0	0	0	0	0	1	0	4	3	4	9	0	21
	14-<15	5	0	0	0	0	0	0	0	1	0	1	0	0	0	6	0	16	0	29
	15-<16	39	0	0	0	0	1	0	1	0	1	13	2	1	1	0	51	153	2	265
	>=16	156	0	0	0	0	7	0	1	1	0	27	0	0	1	1	27	892	6	1119
	Total	778	20	89	134	178	436	267	326	322	158	747	111	244	82	87	400	1369	13	5761

Note: Figures are based on sample observations