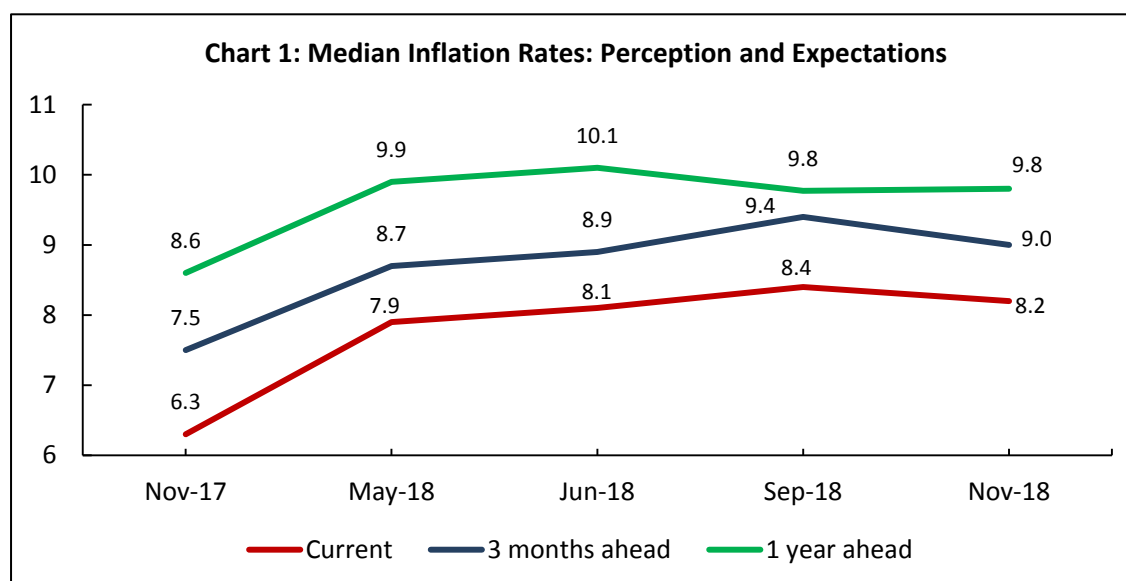


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the November 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 5,802 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 fell marginally in relation to the September 2018 round (Tables 1 a and b).
- ii. For the one year ahead horizon, expectations were broadly unchanged.
- iii. In quantitative terms also, three months ahead median inflation expectations eased by 40 basis points (bps) from the September 2018 round; however, their one year ahead expectations remained unchanged (Chart 1, Table 2).
- iv. The gap between current perceptions and short-term inflation expectations narrowed but the difference between current perceptions and medium term expectations widened in the November 2018 round of the survey relative to the preceding round.



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 was implemented in place of quota sampling from the September 2018 round onwards. Consequent changes in reporting the results of the survey are stated in the footnote to the respective tables. Further, city-wise sample size was 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	Nov-17	May-18	Jun-18	Sep-18		Nov-18	
				Estimate	SE	Estimate	SE
Options: General							
Prices will increase	81.4	82.3	83.8	80.4	0.92	77.9	0.91
Price increase more than current rate	53.2	50.5	50.1	49.1	1.15	47.4	1.12
Price increase similar to current rate	23.1	25.1	26.4	27.6	1.00	25.6	1.00
Price increase less than current rate	5.1	6.7	7.3	3.7	0.38	4.9	0.59
No change in prices	16.3	16.0	14.6	17.4	0.88	19.2	0.87
Decline in prices	2.3	1.7	1.6	2.2	0.31	2.9	0.33
Options: Food Product							
Prices will increase	80.3	82.0	81.4	79.5	0.89	77.2	0.89
Price increase more than current rate	50.4	48.3	47.8	48.9	1.12	46.4	1.03
Price increase similar to current rate	23.2	24.5	24.8	24.5	0.91	23.6	0.91
Price increase less than current rate	6.7	9.3	8.7	6.1	0.48	7.3	0.63
No change in prices	12.9	13.5	13.3	15.5	0.82	16.9	0.81
Decline in prices	6.8	4.5	5.3	4.9	0.40	5.9	0.46
Options: Non-Food Product							
Prices will increase	75.7	78.4	78.2	78.9	0.87	75.8	0.90
Price increase more than current rate	47.1	45.8	44.5	47.5	1.11	45.2	1.07
Price increase similar to current rate	21.9	24.0	24.4	25.3	0.91	24.1	0.94
Price increase less than current rate	6.7	8.6	9.3	6.1	0.48	6.5	0.61
No change in prices	19.5	18.1	17.7	17.1	0.81	18.5	0.79
Decline in prices	4.8	3.6	4.1	4.0	0.38	5.8	0.48
Options: Household Durables							
Prices will increase	61.9	63.2	58.7	56.6	1.05	57.9	1.06
Price increase more than current rate	38.6	36.7	32.6	32.4	1.05	33.8	1.03
Price increase similar to current rate	17.4	19.9	19.1	19.5	0.80	18.9	0.80
Price increase less than current rate	5.8	6.6	7.1	4.7	0.41	5.2	0.50
No change in prices	26.8	26.8	30.9	30.8	0.98	29.7	0.98
Decline in prices	11.3	10.0	10.4	12.5	0.66	12.4	0.66
Options: Housing Prices							
Prices will increase	70.5	71.6	71.6	67.1	0.92	68.7	0.96
Price increase more than current rate	48.4	47.6	45.3	45.2	1.02	44.5	1.05
Price increase similar to current rate	17.0	18.2	19.9	17.9	0.78	19.0	0.83
Price increase less than current rate	5.0	5.8	6.4	4.0	0.40	5.2	0.51
No change in prices	20.1	20.8	20.7	24.1	0.87	23.7	0.88
Decline in prices	9.5	7.7	7.7	8.8	0.59	7.6	0.54
Options: Cost of Services							
Prices will increase	71.1	72.0	70.8	67.7	1.04	68.2	0.99
Price increase more than current rate	44.3	42.9	40.8	41.8	1.15	40.4	1.06
Price increase similar to current rate	20.7	22.6	22.8	21.0	0.89	22.4	0.86
Price increase less than current rate	6.2	6.6	7.3	5.0	0.43	5.3	0.48
No change in prices	25.8	25.6	26.5	29.6	1.01	28.8	0.97
Decline in prices	3.1	2.4	2.6	2.7	0.33	3.0	0.35

Note:

1. The table provides estimates and standard errors for qualitative responses for the September and November 2018 rounds. 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	Nov-17	May-18	Jun-18	Sep-18		Nov-18	
				Estimate	SE	Estimate	SE
Options: General							
Prices will increase	92.8	91.1	91.6	88.3	0.77	89.7	0.65
Price increase more than current rate	64.1	62.6	59.8	59.7	1.15	60.0	1.11
Price increase similar to current rate	23.8	23.4	25.8	25.3	0.97	26.4	0.97
Price increase less than current rate	4.8	5.0	6.0	3.3	0.35	3.4	0.43
No change in prices	5.5	6.5	6.5	9.1	0.69	7.6	0.57
Decline in prices	1.8	2.4	1.9	2.6	0.32	2.7	0.33
Options: Food Product							
Prices will increase	85.7	85.6	85.1	84.8	0.78	85.4	0.73
Price increase more than current rate	54.0	53.4	51.4	52.5	1.16	52.3	1.14
Price increase similar to current rate	25.2	25.2	26.5	27.0	0.96	27.5	0.96
Price increase less than current rate	6.5	7.0	7.1	5.3	0.45	5.7	0.51
No change in prices	9.0	9.4	9.7	9.7	0.64	9.4	0.60
Decline in prices	5.3	5.0	5.3	5.5	0.45	5.2	0.45
Options: Non-Food Product							
Prices will increase	81.4	82.7	83.3	82.3	0.79	82.4	0.78
Price increase more than current rate	51.2	51.1	49.1	51.0	1.18	51.6	1.10
Price increase similar to current rate	23.5	25.3	26.6	26.1	0.91	25.2	0.90
Price increase less than current rate	6.8	6.3	7.6	5.2	0.44	5.6	0.50
No change in prices	14.4	13.2	12.7	13.1	0.70	12.7	0.68
Decline in prices	4.2	4.1	4.0	4.6	0.40	4.9	0.43
Options: Household Durables							
Prices will increase	71.0	72.5	70.6	67.5	0.97	70.1	0.98
Price increase more than current rate	44.5	45.2	41.6	40.7	1.10	43.0	1.10
Price increase similar to current rate	20.7	21.5	21.8	22.0	0.83	22.0	0.88
Price increase less than current rate	5.8	5.8	7.2	4.8	0.42	5.1	0.47
No change in prices	20.3	19.2	21.2	22.6	0.84	20.4	0.85
Decline in prices	8.7	8.3	8.2	10.0	0.58	9.6	0.61
Options: Housing Prices							
Prices will increase	78.8	79.8	81.0	77.9	0.89	80.6	0.79
Price increase more than current rate	54.5	55.2	53.0	52.9	1.08	53.8	1.04
Price increase similar to current rate	19.4	19.6	21.5	21.0	0.87	22.5	0.91
Price increase less than current rate	4.9	5.0	6.5	4.0	0.38	4.3	0.44
No change in prices	13.6	13.9	13.3	15.1	0.74	13.3	0.68
Decline in prices	7.7	6.3	5.7	7.0	0.52	6.1	0.50
Options: Cost of Services							
Prices will increase	83.4	84.2	84.1	82.0	0.81	83.3	0.75
Price increase more than current rate	51.5	52.9	49.5	49.7	1.18	52.2	1.11
Price increase similar to current rate	25.2	24.4	26.6	27.3	0.96	25.7	0.92
Price increase less than current rate	6.7	6.9	8.0	5.0	0.44	5.4	0.48
No change in prices	14.0	13.5	13.7	15.6	0.76	13.5	0.68
Decline in prices	2.6	2.4	2.2	2.4	0.29	3.1	0.34

Note:

1. The table provides estimates and standard errors for qualitative responses for the September and November 2018 rounds. 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: November 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	9.1	0.11	8.2	0.18	9.7	0.12	9.0	0.22	9.6	0.12	9.8	0.25
Gender-wise												
Male	9.1	0.14	8.3	0.19	9.7	0.14	9.0	0.27	9.5	0.16	9.7	0.29
Female	9.2	0.17	8.6	0.35	9.8	0.17	9.4	0.40	9.9	0.20	10.1	0.20
Category-wise												
Financial Sector Employees	9.1	0.58	7.2	0.69	9.7	0.59	8.3	0.80	9.3	0.66	8.5	0.79
Other Employees	9.0	0.20	8.2	0.24	9.5	0.21	8.8	0.30	9.3	0.24	9.3	0.41
Self Employed	8.7	0.19	8.0	0.29	9.3	0.20	8.9	0.38	9.2	0.24	9.8	0.39
Homemaker	9.4	0.18	9.0	0.44	9.9	0.19	9.6	0.43	9.9	0.22	10.2	0.18
Retired Persons	10.5	0.43	10.3	0.19	10.8	0.43	10.7	0.38	10.5	0.49	10.9	0.55
Daily Workers	9.5	0.32	8.7	0.55	10.0	0.31	9.4	0.58	9.5	0.36	9.4	0.61
Other category	8.6	0.25	7.5	0.33	9.1	0.26	8.4	0.28	9.4	0.28	9.4	0.56
Age Group-wise												
Up to 25 years	8.4	0.19	7.1	0.26	9.0	0.20	8.1	0.21	9.4	0.24	9.0	0.36
25 to 30 years	8.7	0.19	7.9	0.28	9.2	0.19	8.5	0.22	9.3	0.23	9.5	0.37
30 to 35 years	9.2	0.22	8.5	0.35	9.8	0.22	9.4	0.44	9.6	0.25	9.8	0.40
35 to 40 years	9.1	0.22	8.5	0.44	9.8	0.23	9.5	0.46	9.8	0.25	10.0	0.27
40 to 45 years	9.6	0.24	9.1	0.55	10.1	0.24	10.0	0.29	9.8	0.28	10.2	0.25
45 to 50 years	9.3	0.26	8.6	0.44	10.0	0.27	9.7	0.47	9.9	0.31	9.9	0.48
50 to 55 years	9.6	0.32	9.3	0.66	10.1	0.32	10.1	0.37	9.9	0.38	10.1	0.48
55 to 60 years	9.9	0.40	9.6	0.69	10.5	0.38	10.1	0.50	9.9	0.42	10.0	0.61
60 years and above	10.0	0.39	9.9	0.50	10.5	0.40	10.2	0.41	10.5	0.42	11.0	0.56
City-wise												
Ahmedabad	9.8	0.48	9.4	0.75	11.0	0.44	10.7	0.54	10.2	0.44	10.5	0.47
Bengaluru	6.6	0.47	5.5	0.18	7.4	0.46	5.9	0.34	8.1	0.40	7.1	0.55
Bhopal	7.6	0.60	6.1	0.60	8.7	0.59	7.6	0.67	9.1	0.62	9.5	0.81
Bhubaneswar	7.0	0.62	5.9	0.36	8.2	0.79	7.4	0.77	9.0	1.14	8.9	1.18
Chennai	8.0	0.44	7.0	0.57	8.9	0.47	8.1	0.57	9.4	0.47	8.9	0.69
Delhi	10.4	0.20	10.3	0.09	10.8	0.21	10.5	0.12	10.0	0.25	10.4	0.14
Guwahati	8.1	1.42	6.6	1.51	7.3	1.04	6.1	0.74	7.2	1.13	6.6	0.95
Hyderabad	8.8	0.48	7.1	0.58	9.5	0.47	8.5	0.68	10.2	0.50	10.0	0.64
Jaipur	7.3	0.38	7.3	0.55	7.9	0.48	7.7	0.54	8.0	0.69	8.4	1.01
Kolkata	9.6	0.34	8.5	0.72	10.2	0.35	9.5	0.67	10.4	0.41	10.0	0.51
Lucknow	9.6	0.53	9.2	0.66	10.4	0.52	9.9	0.58	10.0	0.64	10.6	0.35
Mumbai	10.5	0.24	10.3	0.18	10.6	0.33	10.5	0.25	10.3	0.32	10.7	0.29
Nagpur	9.6	0.59	8.9	0.92	10.4	0.62	9.6	0.79	9.8	0.71	10.1	1.24
Patna	6.5	0.36	5.9	0.28	6.8	0.44	6.4	0.59	6.8	0.40	6.7	0.61
Thiruvananthapuram	6.4	0.42	5.4	0.27	7.9	0.51	7.0	0.56	9.7	0.55	9.7	0.67
Chandigarh	9.0	1.21	8.5	1.58	8.8	1.06	8.0	1.24	9.1	1.13	8.3	1.33
Ranchi	7.0	0.37	6.7	0.31	7.6	0.41	7.3	0.49	8.6	0.47	9.2	0.86
Raipur	8.8	1.12	7.6	1.68	8.8	1.20	7.4	1.52	6.7	1.07	5.2	2.05

Note: The table provides estimates and standard errors for quantitative responses for the November 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					
Nov-17	66.6	67.4	57.1	60.3	65.7
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
Nov-18	65.6	66.8	56.5	61.4	66.2
One Year Ahead					
Nov-17	72.7	70.5	60.9	66.2	71.3
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
Nov-18	73.5	72.3	62.7	67.7	73.2

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: November 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	23	2	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26
	1-<2	0	28	12	4	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	45
	2-<3	2	17	97	80	25	10	0	0	0	0	0	0	0	0	0	0	0	0	0	231
	3-<4	1	10	8	101	94	50	11	1	1	0	0	0	0	0	0	0	0	0	0	277
	4-<5	0	2	11	12	158	93	48	7	8	1	5	0	0	0	0	0	0	0	0	345
	5-<6	3	6	20	20	25	549	150	190	62	10	52	0	0	0	0	3	1	1	0	1092
	6-<7	1	2	1	2	4	12	213	87	81	19	11	1	2	0	0	0	0	0	0	436
	7-<8	0	2	4	8	0	11	5	180	105	53	44	1	5	1	0	1	1	0	0	421
	8-<9	0	1	3	0	3	4	5	8	188	65	86	7	11	1	1	1	1	0	0	385
	9-<10	0	0	0	0	3	1	1	2	7	79	55	17	8	3	3	2	2	0	0	183
	10-<11	0	0	0	3	1	28	6	11	17	8	485	42	162	30	11	131	43	1	0	979
	11-<12	0	0	0	0	0	0	0	0	0	2	0	34	16	8	3	7	2	0	0	72
	12-<13	0	0	0	0	0	1	0	0	0	0	3	1	46	9	8	11	6	0	0	85
	13-<14	0	0	0	0	0	0	0	0	0	0	1	1	1	11	4	6	4	0	0	28
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	3	11	0	0	33
	15-<16	0	0	0	1	0	1	0	0	1	1	8	1	1	2	1	151	100	0	0	268
	>=16	0	0	0	1	2	9	1	2	0	0	13	1	4	1	0	22	824	16	0	896
	Total	30	70	156	232	316	770	440	488	470	238	763	106	256	66	50	338	995	18	0	5802

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: November 2018

		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	21	1	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	26
	1-<2	9	13	8	7	4	4	0	0	0	0	0	0	0	0	0	0	0	0	0	45
	2-<3	33	1	40	42	64	38	7	2	4	0	0	0	0	0	0	0	0	0	0	231
	3-<4	14	3	5	51	50	111	20	8	10	1	4	0	0	0	0	0	0	0	0	277
	4-<5	38	0	4	3	90	58	68	28	30	9	12	0	2	0	1	2	0	0	0	345
	5-<6	109	0	5	9	8	289	107	202	103	40	172	8	15	4	2	11	7	1	1	1092
	6-<7	45	1	0	2	2	7	116	68	84	31	58	8	10	0	1	3	0	0	0	436
	7-<8	32	0	1	1	2	2	2	121	49	64	85	8	32	7	6	8	1	0	0	421
	8-<9	44	0	1	0	2	2	2	1	95	34	111	11	50	4	5	13	9	1	1	385
	9-<10	22	0	0	0	1	0	0	2	2	49	29	24	19	7	7	14	7	0	0	183
	10-<11	104	0	0	0	2	3	5	11	6	2	325	25	100	39	29	192	131	5	5	979
	11-<12	7	0	0	0	0	0	0	0	0	2	1	25	4	6	9	10	8	0	0	72
	12-<13	5	0	0	0	0	0	2	0	0	0	1	1	28	7	5	19	17	0	0	85
	13-<14	3	0	0	0	0	0	0	0	0	0	0	0	0	10	3	7	5	0	0	28
	14-<15	5	0	0	0	0	0	0	0	0	0	0	0	0	0	11	2	15	0	0	33
	15-<16	24	0	0	0	0	2	0	0	0	1	4	0	1	0	0	106	130	0	0	268
	>=16	90	0	0	0	0	5	1	0	1	0	10	0	2	0	1	10	763	13	13	896
	Total	605	19	66	115	225	523	330	443	384	233	812	110	263	84	80	397	1093	20	20	5802

Note: Figures are based on sample observations