

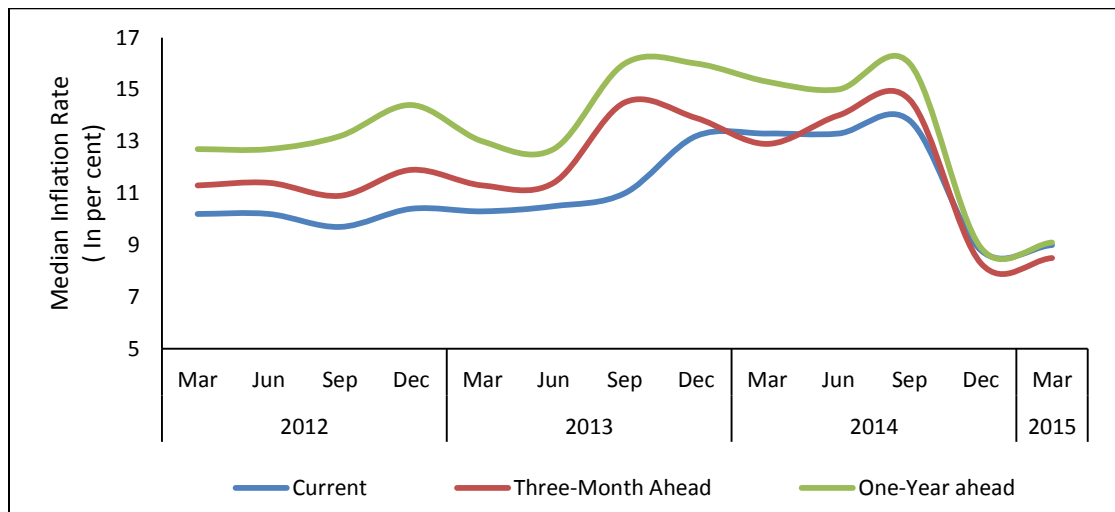
## Inflation Expectations Survey of Households: March 2015<sup>1</sup>

The Inflation Expectations Survey of Households for March 2015 (39<sup>th</sup> round) captures the inflation expectations of 4,996 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. Qualitative response from survey suggests that percentage respondents expecting general prices to rise by '*more than current rate*' (*i.e.*, respondents expect higher inflation) during the next three months and next one year have marginally increased. Inflation expectations were slightly higher across various product groups for both the horizons.
- II. A similar pattern is witnessed in terms of quantitative responses. However, the current inflation perceptions, and inflation expectations on an average (both three-month ahead as well as one-year ahead) remained at single digit in current round (Chart1).

**Chart 1: Trends in Inflation Perceptions and Expectations**



- III. The survey shows that retired persons and housewives have comparatively higher level of inflation expectations for three-month ahead period based on median inflation rates. Respondents from Guwahati, Kolhapur, Nagpur, Patna and Lucknow cities expect relatively higher inflation for next three months.

<sup>1</sup> The previous round of the survey data was published on [January 15, 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	9.7	10.0
Other Employees	15.9	15.0
Self-employed	20.3	20.0
Housewives	29.3	30.0
Retired Persons	9.8	10.0
Daily Workers	9.9	10.0
Others	5.0	5.0

**Note:** The above sample proportion is for the round ended March 2015 survey.

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

(Percentage of respondents)

Round No./survey period	35	36	37	38	39	35	36	37	38	39
(Round ended) →	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Options: General	<b>Three-month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>89.2</b>	<b>77.5</b>	<b>86.4</b>	<b>72.4</b>	<b>73.6</b>	<b>94.1</b>	<b>83.6</b>	<b>90.0</b>	<b>79.8</b>	<b>82.2</b>
Price increase more than current rate	51.2	41.2	43.9	25.7	28.3	59.0	47.4	48.0	32.1	32.9
Price increase similar to current rate	28.4	21.5	28.8	27.0	24.0	25.7	22.0	27.4	29.9	28.8
Price increase less than current rate	9.6	14.8	13.7	19.8	21.2	9.3	14.2	14.6	17.8	20.6
<b>No change in prices</b>	<b>8.3</b>	<b>12.7</b>	<b>9.0</b>	<b>16.5</b>	<b>15.4</b>	<b>3.5</b>	<b>7.4</b>	<b>5.5</b>	<b>11.2</b>	<b>10.0</b>
<b>Decline in price</b>	<b>2.5</b>	<b>9.8</b>	<b>4.6</b>	<b>11.0</b>	<b>11.1</b>	<b>2.4</b>	<b>9.0</b>	<b>4.5</b>	<b>9.0</b>	<b>7.8</b>
Options: Food Product	<b>Three-month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>88.6</b>	<b>77.2</b>	<b>85.9</b>	<b>72.3</b>	<b>74.4</b>	<b>93.8</b>	<b>82.8</b>	<b>89.5</b>	<b>79.9</b>	<b>82.4</b>
Price increase more than current rate	51.9	42.3	41.9	25.2	27.9	57.6	47.0	46.2	30.7	32.0
Price increase similar to current rate	26.3	21.5	28.1	28.5	25.2	26.3	21.3	27.7	30.5	29.2
Price increase less than current rate	10.4	13.4	15.8	18.5	21.3	9.9	14.5	15.5	18.7	21.1
<b>No change in prices</b>	<b>8.7</b>	<b>13.9</b>	<b>9.0</b>	<b>17.1</b>	<b>15.0</b>	<b>4.0</b>	<b>7.9</b>	<b>5.8</b>	<b>11.3</b>	<b>9.9</b>
<b>Decline in price</b>	<b>2.7</b>	<b>8.9</b>	<b>5.1</b>	<b>10.6</b>	<b>10.6</b>	<b>2.2</b>	<b>9.3</b>	<b>4.7</b>	<b>8.9</b>	<b>7.7</b>
Options: Non-Food Product	<b>Three-month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>80.6</b>	<b>73.1</b>	<b>78.5</b>	<b>65.1</b>	<b>64.2</b>	<b>87.5</b>	<b>79.5</b>	<b>83.8</b>	<b>75.1</b>	<b>76.0</b>
Price increase more than current rate	42.5	37.3	34.7	21.2	21.7	48.1	42	36.3	26.1	25.8
Price increase similar to current rate	27.2	21.7	27.2	26.1	24.0	28.5	22.3	29.0	30.6	28.4
Price increase less than current rate	10.8	14.1	16.5	17.8	18.5	10.8	15.3	18.4	18.4	21.7
<b>No change in prices</b>	<b>16.5</b>	<b>18.9</b>	<b>17.4</b>	<b>25.6</b>	<b>24.6</b>	<b>9.7</b>	<b>12.7</b>	<b>12.1</b>	<b>16.6</b>	<b>16.3</b>
<b>Decline in price</b>	<b>3.0</b>	<b>8.0</b>	<b>4.2</b>	<b>9.3</b>	<b>11.2</b>	<b>2.9</b>	<b>7.8</b>	<b>4.1</b>	<b>8.3</b>	<b>7.7</b>
Options: Household Durables	<b>Three-month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>70.5</b>	<b>68.9</b>	<b>64.0</b>	<b>59.7</b>	<b>68.2</b>	<b>81.5</b>	<b>76.9</b>	<b>76.8</b>	<b>72.1</b>	<b>77.6</b>
Price increase more than current rate	35.4	35.3	27.2	20.4	25.4	44.2	42.1	33.9	27.5	29.2
Price increase similar to current rate	23.1	20.0	22.7	23.8	24.4	25.6	20.7	26.1	27.8	29.2
Price increase less than current rate	12.0	13.6	14.1	15.6	18.4	11.7	14.1	16.9	16.8	19.2
<b>No change in prices</b>	<b>21.1</b>	<b>20.9</b>	<b>24.3</b>	<b>27.3</b>	<b>21.6</b>	<b>12.4</b>	<b>13.9</b>	<b>15.0</b>	<b>16.5</b>	<b>15.5</b>
<b>Decline in price</b>	<b>8.4</b>	<b>10.2</b>	<b>11.7</b>	<b>13.0</b>	<b>10.2</b>	<b>6.0</b>	<b>9.2</b>	<b>8.2</b>	<b>11.4</b>	<b>6.9</b>
Options: Housing Prices	<b>Three-month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>85.5</b>	<b>82.2</b>	<b>84.6</b>	<b>78.4</b>	<b>83.2</b>	<b>91.6</b>	<b>87.2</b>	<b>91.5</b>	<b>86.1</b>	<b>90.3</b>
Price increase more than current rate	58.0	55.4	55.5	39.5	46.7	66.2	59.7	60.8	47.9	53.1
Price increase similar to current rate	21.1	17.0	20.3	24.9	21.5	19.2	17.8	22.5	25.6	23.0
Price increase less than current rate	6.4	9.8	8.8	13.9	14.9	6.3	9.7	8.2	12.6	14.2
<b>No change in prices</b>	<b>10.2</b>	<b>11.1</b>	<b>11.4</b>	<b>13.7</b>	<b>11.8</b>	<b>4.4</b>	<b>6.0</b>	<b>5.0</b>	<b>6.6</b>	<b>5.4</b>
<b>Decline in price</b>	<b>4.4</b>	<b>6.7</b>	<b>4.0</b>	<b>7.9</b>	<b>5.0</b>	<b>4.0</b>	<b>6.8</b>	<b>3.5</b>	<b>7.3</b>	<b>4.4</b>
Options: Cost of Services	<b>Three month ahead</b>					<b>One-year ahead</b>				
<b>Prices will increase</b>	<b>83.1</b>	<b>78.5</b>	<b>79.1</b>	<b>71.6</b>	<b>78.5</b>	<b>90.4</b>	<b>84.9</b>	<b>87.5</b>	<b>81.8</b>	<b>86.9</b>
Price increase more than current rate	48.0	46.4	38.8	28.4	32.7	54.8	50.6	45.4	34.7	37.6
Price increase similar to current rate	26.5	19.4	25.3	26.6	25.7	25.4	20.7	26.9	30.0	29.5
Price increase less than current rate	8.7	12.6	15.0	16.6	20.0	10.2	13.6	15.2	17.2	19.9
<b>No change in prices</b>	<b>14.5</b>	<b>16.2</b>	<b>18.0</b>	<b>21.7</b>	<b>17.9</b>	<b>7.2</b>	<b>9.3</b>	<b>9.8</b>	<b>11.6</b>	<b>9.7</b>
<b>Decline in price</b>	<b>2.4</b>	<b>5.3</b>	<b>2.9</b>	<b>6.7</b>	<b>3.6</b>	<b>2.4</b>	<b>5.8</b>	<b>2.8</b>	<b>6.6</b>	<b>3.3</b>

**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
<b>Three-month Ahead period</b>						
35	Mar-14	72.0	61.6	51.7	60.3	60.8
36	Jun-14	67.8	57.8	54.0	53.1	55.2
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
<b>One-year Ahead period</b>						
35	Mar-14	77.9	67.7	61.3	69.4	69.9
36	Jun-14	74.0	66.5	64.3	62.1	65.1
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

**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.
35	Mar-14	12.2	13.3	4.3	12.3	12.9	4.1	13.1	15.3	4.3
36	Jun-14	12.6	13.3	4.0	12.5	14.0	4.4	12.8	15.0	4.3
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

**Table 5: Factors that Explain the Total Variability**

Round No.	Survey period ended	Current	Three-month ahead	One-year ahead
35	Mar-14	City, Category, Gender, Age-group	City, Category, Gender	City, Category, Gender
36	Jun-14	City	City	City
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

**Note:** Results based on exercise using Analysis of Variance.

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

	Current			Three-month Ahead			One-year Ahead		
	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.
<b>Gender-wise</b>									
Male	9.0	8.9	4.0	8.9	8.4	4.3	9.5	9.1	4.5
Female	9.1	9.1	4.1	9.1	8.6	4.3	9.7	9.2	4.5
<b>Occupational Group-wise</b>									
Financial Sector Employees	9.0	9.1	4.0	9.0	8.4	4.3	9.7	9.3	4.5
Other Employees	9.0	8.9	4.0	8.8	8.2	4.2	9.2	8.7	4.5
Self Employed	9.0	8.8	3.9	8.8	8.3	4.2	9.3	9.0	4.5
Housewives	9.1	9.1	4.1	9.1	8.7	4.3	9.6	9.2	4.5
Retired Persons	9.4	9.2	4.2	9.3	9.0	4.5	10.1	9.8	4.5
Daily Workers	9.0	8.8	4.1	9.0	8.4	4.3	9.8	9.3	4.5
Other category	8.8	8.0	3.8	8.6	8.1	4.3	9.3	8.7	4.5
<b>Age Group-wise</b>									
Up to 25 years	8.7	8.5	3.9	8.8	8.3	4.3	9.3	8.7	4.5
25 to 30 years	9.0	8.9	3.9	9.0	8.3	4.1	9.4	9.0	4.6
30 to 35 years	9.0	9.0	3.9	8.8	8.5	4.1	9.4	9.1	4.5
35 to 40 years	9.0	8.8	4.0	8.9	8.2	4.3	9.3	8.9	4.5
40 to 45 years	9.2	9.1	4.1	9.0	8.5	4.3	10.1	9.5	4.4
45 to 50 years	9.5	9.3	4.3	9.2	8.7	4.5	10.0	9.6	4.6
50 to 55 years	9.4	9.2	3.9	9.2	8.8	4.1	9.8	9.4	4.5
55 to 60 years	9.2	9.1	4.2	9.1	8.5	4.5	9.6	9.1	4.6
60 years and above	9.2	9.1	4.1	9.1	8.9	4.5	9.9	9.6	4.5
<b>City-wise</b>									
Ahmadabad	8.0	6.9	4.2	8.4	7.4	4.3	9.3	8.4	4.5
Bengaluru	6.5	5.3	3.5	7.9	7.3	3.8	7.9	7.1	3.7
Bhopal	8.7	9.1	2.7	9.7	9.7	3.7	10.5	10.0	3.9
Bhubaneswar	9.0	9.3	2.8	8.6	8.3	3.6	8.7	8.4	3.8
Chennai	9.2	8.6	3.6	8.8	7.7	3.9	9.3	8.2	4.3
Delhi	6.9	5.4	4.1	6.9	5.3	4.4	6.7	4.8	4.8
Guwahati	10.7	9.9	4.9	11.1	11.0	5.0	10.9	10.5	5.1
Hyderabad	9.8	9.5	4.1	8.7	8.5	4.1	10.0	8.9	4.9
Jaipur	8.3	8.0	3.5	9.1	8.6	4.1	9.5	9.2	4.3
Kolhapur	12.2	11.6	3.8	11.4	10.4	4.5	12.3	11.8	3.8
Kolkata	11.1	10.4	4.5	9.8	9.8	4.7	11.5	11.1	4.5
Lucknow	8.3	7.9	3.7	10.0	10.1	3.8	10.1	9.6	3.8
Mumbai	8.0	8.0	2.8	7.8	7.9	3.1	7.6	7.2	3.1
Nagpur	11.4	11.3	4.1	10.7	10.3	4.7	11.5	11.8	4.7
Patna	8.8	9.2	2.1	9.8	10.2	2.6	10.6	10.6	2.9
Thiruvananthapuram	8.9	8.1	3.9	7.0	5.4	4.3	9.9	9.5	4.8
<b>All</b>	9.1	9.0	4.0	9.0	8.5	4.3	9.6	9.1	4.5

**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	3	2		2	4	1			1		3	2	1				3	2	24
	1-2	2	10	9	8	4	1											1	5	40
	2-3		15	20	37	14	4	3	1	1	1	1					2		12	111
	3-4		2	52	36	35	13	4	1		3	1							15	162
	4-5	4	14	16	147	144	66	62	29	28	21	4	1	1		3		4	22	566
	5-6	4	6	7	14	97	99	66	55	19	7	14	4			3	4	4	12	415
	6-7	4	4	3	23	16	173	46	40	23	7	8	2		2	3		3	5	362
	7-8	6	9	11	12	36	34	154	101	61	47	11	7	1		3		1	9	503
	8-9	8	3	5	4	5	3	3	152	41	28	25	7	4	3	2	1	8	7	309
	9-10	2	1			11	7	1	22	235	173	123	88	32	10	56	4	33	25	823
	10-11	1	1	3	4	27	10	1	4	34	90	132	57	37	6	11	20	31	12	481
	11-12	1	2			17	1	1	34	4	18	33	33	23	8	17	5	17	1	215
	12-13						1			1	1		14	7	11	5	2	5	5	52
	13-14								2		1	1	1	5	11	5	1	3		30
	14-15	3	3	1		6			7	4	10	2	4		29	31	15	60	11	186
	15-16	1		2	1	1	4	1	4	2	12	1	3		1	24	59	54	3	173
	>=16	4	7	6	2	13		3	2	1	25	19	39	3	3	16	5	365	31	544
Total	43	79	135	290	430	417	345	454	455	444	378	262	114	84	179	118	592	177	4996	

**Note:** The shaded cells represent the number of respondents who expressed double digit current and three-month ahead inflation.

**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	1	3			2			1	5	1							1	10	24
	1-2	6	10	7	5	7		1		2								1	1	40
	2-3		15	35	9	20	6	1	3	5	6	4					1		6	111
	3-4	2	6	30	31	13	15	16	13	15	4	2	3			1		5	6	162
	4-5		4	9	121	135	36	42	94	15	40	6	6	2		6	4	6	40	566
	5-6		3	6	5	61	89	43	84	21	21	31	4	3	1	5	4	10	24	415
	6-7	2		5	31	5	94	63	38	14	17	10	4	3		5	5	52	14	362
	7-8	1	21	16	34	31	20	129	96	22	35	19	11	3	2	5	7	36	15	503
	8-9	5	9	19	16	10	5	39	57	52	21	17	4	5	4	10	4	23	9	309
	9-10	1	1	6	3	62	14	6	11	132	268	71	46	20	19	61	23	53	26	823
	10-11	2	4	3	4	11	6	8	21	9	66	161	32	21	10	19	33	28	43	481
	11-12	1			3	5	2	10	10	1	6	33	75	6	5	16	11	21	10	215
	12-13			1				1	4	1	2		8	18	1	3	8	5		52
	13-14							2	1	1				6	10	5	1	1	3	30
	14-15	2		1		5	2	2	4		5	14	1	1	26	58	29	32	4	186
	15-16	1	1	1			1	5	2	1	1	1	1	1	4	28	67	53	5	173
	>=16	10	1			1	4	5	17	5	11	3	4	4	1	11	14	428	25	544
Total	34	78	139	262	368	294	373	456	301	504	372	199	93	83	233	211	755	241	4996	

**Note:** The shaded cells represent the number of respondents who expressed double digit current and one-year ahead inflation.