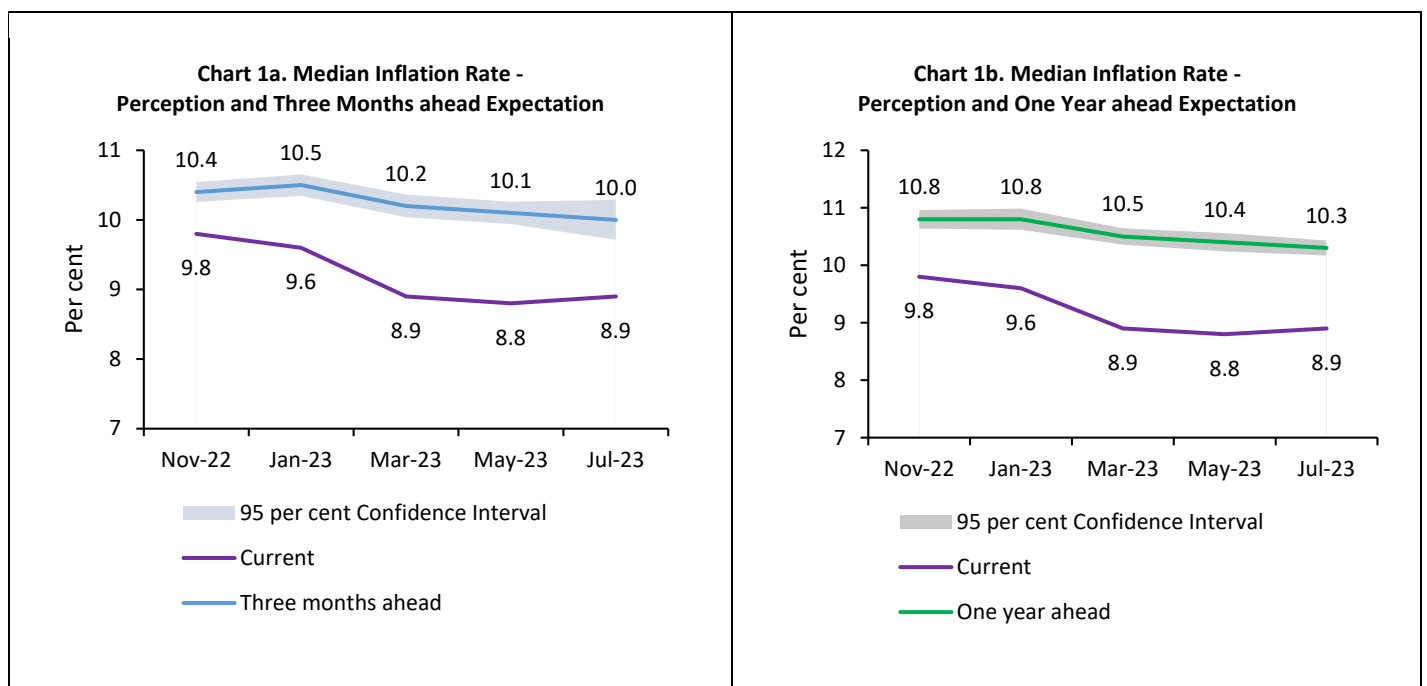


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of July 2023 round of its bi-monthly inflation expectations survey of households (IESH)^{1,2}. The survey was conducted during July 1-10, 2023 in 19 major cities, with responses from 6,025 urban households. Female respondents accounted for 50.6 per cent of this sample.

Highlights:

- i. Household perception of current inflation inched up by 10 basis points (bps) to 8.9 per cent in the latest round of the survey; their expectations of both three months and one year ahead inflation, however, moderated by 10 bps each to 10.0 per cent and 10.3 per cent, respectively [Charts 1a and 1b; Table 3].
- ii. Among major consumption categories, the share of respondents expecting price rise over three months horizon is highest for the food group for sixth successive survey round; for one year ahead period, however, the pressure from housing group also remains high [Table 1(a) and Table 1(b)].
- iii. General inflation expectation remained elevated in anticipation of firmer food prices over the next three months even as a lower share of respondents expected rise in inflation for other product groups [Table 1(a)].
- iv. Inflation expectations of both female and male respondents stood a shade lower when compared to the previous survey round; the marginal easing was witnessed across a majority of centres [Table 2].



Note: [Please see the excel file for time series data.](#)³

¹ The survey results reflect the respondents' views, which are not necessarily shared by the Reserve Bank. Results of the previous survey round were released on the Bank's website on [June 08, 2023](#).

² The survey is conducted at bi-monthly intervals by the Reserve Bank and 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. All estimates of inflation expectations are given in the form of medians, unless stated otherwise.

³ Unit-level data for previous rounds of the survey are available on the Database on Indian Economy (DBIE) portal of the Bank (weblink: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=unitLevelData>).

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

(Percentage of Respondents)

Survey period ended	Jul-22		Jan-23		Mar-23		May-23		Jul-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	83.1	0.80	84.3	0.76	83.8	0.83	81.2	0.82	80.8	0.86
Price increase more than current rate	58.7	1.21	60.8	1.14	60.6	1.17	59.7	1.08	55.3	1.20
Price increase similar to current rate	21.1	0.97	20.2	0.86	19.8	0.87	17.9	0.77	21.8	0.93
Price increase less than current rate	3.3	0.36	3.4	0.36	3.5	0.36	3.5	0.41	3.6	0.39
No changes in prices	13.7	0.74	13.3	0.71	13.3	0.74	15.7	0.77	16.1	0.79
Decline in prices	3.2	0.38	2.3	0.30	2.8	0.41	3.1	0.35	3.1	0.41
Food Product										
Prices will increase	83.7	0.77	84.6	0.72	84.0	0.75	82.7	0.73	84.0	0.77
Price increase more than current rate	59.6	1.13	61.1	1.08	62.1	1.12	61.8	1.00	63.5	1.04
Price increase similar to current rate	18.9	0.90	18.4	0.77	16.9	0.79	16.2	0.71	15.5	0.72
Price increase less than current rate	5.2	0.45	5.1	0.43	5.1	0.42	4.7	0.42	5.0	0.44
No changes in prices	10.1	0.64	10.2	0.59	9.7	0.59	11.0	0.61	9.0	0.60
Decline in prices	6.1	0.52	5.2	0.45	6.3	0.53	6.3	0.48	7.0	0.54
Non- Food Product										
Prices will increase	80.8	0.84	81.8	0.77	81.3	0.79	78.4	0.84	75.5	0.92
Price increase more than current rate	55.7	1.14	56.4	1.08	58.6	1.10	57.1	1.08	52.2	1.16
Price increase similar to current rate	19.8	0.89	20.5	0.82	17.7	0.80	16.6	0.70	18.4	0.80
Price increase less than current rate	5.2	0.45	4.9	0.44	5.1	0.43	4.6	0.43	4.9	0.43
No changes in prices	13.2	0.72	13.4	0.67	13.3	0.67	16.2	0.74	18.3	0.80
Decline in prices	6.0	0.49	4.7	0.43	5.4	0.51	5.4	0.45	6.2	0.54
Household Durables										
Prices will increase	68.7	0.95	72.4	0.90	67.9	0.92	68.2	0.90	65.8	0.97
Price increase more than current rate	46.6	1.11	50.3	1.07	47.8	1.09	49.5	1.06	45.3	1.12
Price increase similar to current rate	17.3	0.81	17.5	0.71	15.8	0.75	14.8	0.67	15.8	0.75
Price increase less than current rate	4.8	0.44	4.6	0.42	4.2	0.41	3.9	0.38	4.6	0.41
No changes in prices	23.7	0.88	21.2	0.84	22.4	0.85	24.6	0.86	25.0	0.88
Decline in prices	7.6	0.54	6.3	0.47	9.7	0.60	7.2	0.51	9.2	0.60
Cost of Housing										
Prices will increase	74.8	0.88	78.0	0.86	78.2	0.92	78.1	0.82	76.8	0.94
Price increase more than current rate	54.2	1.10	58.4	1.08	57.7	1.14	59.4	1.06	56.0	1.14
Price increase similar to current rate	16.9	0.77	16.3	0.73	16.7	0.76	15.1	0.74	17.0	0.75
Price increase less than current rate	3.7	0.37	3.3	0.35	3.8	0.39	3.7	0.35	3.7	0.35
No changes in prices	20.3	0.82	18.9	0.84	18.1	0.83	18.7	0.79	20.2	0.88
Decline in prices	4.8	0.44	3.1	0.34	3.7	0.44	3.2	0.36	3.0	0.37
Cost of Services										
Prices will increase	71.7	0.93	71.7	0.90	73.2	0.90	70.6	0.89	67.7	0.97
Price increase more than current rate	48.6	1.12	49.9	1.08	51.7	1.11	51.3	1.00	47.3	1.13
Price increase similar to current rate	19.0	0.88	17.6	0.71	17.8	0.76	15.8	0.69	15.9	0.72
Price increase less than current rate	4.1	0.41	4.1	0.40	3.6	0.37	3.5	0.37	4.5	0.40
No changes in prices	24.8	0.92	25.5	0.88	23.2	0.86	26.2	0.87	28.2	0.90
Decline in prices	3.4	0.38	2.7	0.30	3.6	0.40	3.2	0.34	4.1	0.43

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	Jul-22		Jan-23		Mar-23		May-23		Jul-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	88.4	0.70	91.6	0.53	90.4	0.66	89.6	0.61	88.6	0.68
Price increase more than current rate	66.2	1.23	70.8	1.02	69.3	1.11	70.2	1.05	65.0	1.07
Price increase similar to current rate	19.3	1.00	17.9	0.81	18.1	0.87	16.7	0.77	20.5	0.86
Price increase less than current rate	2.8	0.32	3.0	0.33	3.0	0.33	2.7	0.32	3.1	0.33
No changes in prices	8.1	0.61	5.7	0.43	6.4	0.50	7.3	0.50	8.6	0.57
Decline in prices	3.4	0.41	2.6	0.31	3.2	0.43	3.1	0.35	2.8	0.35
Food Product										
Prices will increase	83.5	0.76	88.0	0.64	86.3	0.71	86.9	0.66	84.7	0.75
Price increase more than current rate	58.1	1.18	62.7	1.07	63.7	1.16	64.6	0.99	60.6	1.11
Price increase similar to current rate	21.3	0.98	20.7	0.87	18.5	0.86	18.3	0.77	20.1	0.85
Price increase less than current rate	4.1	0.40	4.5	0.42	4.1	0.38	4.0	0.40	4.0	0.38
No changes in prices	10.5	0.65	7.6	0.50	8.1	0.53	8.0	0.51	9.3	0.59
Decline in prices	6.0	0.55	4.4	0.39	5.6	0.52	5.2	0.44	6.0	0.48
Non- Food Product										
Prices will increase	83.6	0.78	86.7	0.67	85.4	0.73	84.1	0.72	81.6	0.85
Price increase more than current rate	58.9	1.16	62.0	1.09	62.9	1.12	62.0	1.05	57.1	1.16
Price increase similar to current rate	20.8	0.92	20.5	0.83	18.2	0.78	17.9	0.77	20.6	0.83
Price increase less than current rate	3.9	0.38	4.3	0.41	4.3	0.40	4.2	0.41	3.9	0.38
No changes in prices	10.9	0.68	9.1	0.54	9.4	0.55	11.1	0.61	13.5	0.72
Decline in prices	5.4	0.54	4.1	0.39	5.2	0.51	4.8	0.43	4.8	0.48
Household Durables										
Prices will increase	75.5	0.84	80.8	0.77	76.5	0.85	76.9	0.83	75.8	0.88
Price increase more than current rate	52.2	1.12	57.2	1.08	55.8	1.15	57.0	1.07	53.2	1.10
Price increase similar to current rate	19.3	0.88	19.3	0.79	16.9	0.80	16.1	0.72	18.4	0.80
Price increase less than current rate	4.0	0.39	4.3	0.41	3.8	0.38	3.7	0.37	4.2	0.38
No changes in prices	18.3	0.78	13.8	0.65	15.4	0.70	16.7	0.71	17.7	0.76
Decline in prices	6.1	0.49	5.4	0.43	8.1	0.60	6.4	0.48	6.5	0.48
Cost of Housing										
Prices will increase	83.4	0.75	87.4	0.63	87.4	0.65	87.9	0.63	86.8	0.69
Price increase more than current rate	61.4	1.14	66.8	0.98	66.6	1.06	67.4	1.00	64.6	1.05
Price increase similar to current rate	18.6	0.87	17.2	0.77	17.4	0.80	17.1	0.76	18.5	0.79
Price increase less than current rate	3.4	0.36	3.5	0.36	3.4	0.37	3.4	0.34	3.8	0.37
No changes in prices	12.4	0.67	9.8	0.57	9.2	0.54	9.1	0.54	10.4	0.60
Decline in prices	4.1	0.42	2.8	0.30	3.4	0.41	3.0	0.34	2.7	0.34
Cost of Services										
Prices will increase	81.1	0.84	84.0	0.72	83.6	0.80	83.2	0.72	80.9	0.80
Price increase more than current rate	57.4	1.17	60.2	1.08	60.5	1.14	61.1	1.05	57.3	1.12
Price increase similar to current rate	19.9	0.95	19.7	0.80	18.8	0.83	18.2	0.81	19.6	0.83
Price increase less than current rate	3.9	0.39	4.2	0.41	4.3	0.39	3.9	0.36	4.0	0.39
No changes in prices	15.0	0.80	13.1	0.65	13.0	0.68	13.7	0.64	15.5	0.72
Decline in prices	3.8	0.45	2.8	0.33	3.4	0.44	3.1	0.34	3.5	0.37

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: Jul-23

	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	9.3	0.09	8.9	0.14	10.2	0.09	10.0	0.15	10.0	0.11	10.3	0.07
Gender-wise												
Male	9.5	0.13	8.9	0.18	10.3	0.13	9.9	0.21	10.0	0.16	10.2	0.11
Female	9.3	0.12	8.9	0.19	10.2	0.13	10.0	0.15	10.1	0.15	10.3	0.08
Category-wise												
Financial Sector Employees	9.7	0.52	8.7	0.76	10.3	0.54	9.3	0.60	10.2	0.60	10.3	0.77
Other Employees	9.5	0.18	9.0	0.28	10.3	0.19	10.0	0.24	10.0	0.22	10.2	0.12
Self Employed	9.4	0.19	8.8	0.28	10.2	0.21	9.5	0.41	9.7	0.25	10.0	0.24
Homemaker	9.2	0.14	8.9	0.24	10.1	0.15	9.9	0.20	10.0	0.17	10.3	0.09
Retired Persons	10.5	0.51	10.1	0.54	11.0	0.48	10.6	0.57	10.5	0.53	10.6	0.64
Daily Workers	9.3	0.23	9.0	0.37	10.4	0.23	10.1	0.24	10.2	0.29	10.4	0.16
Other category	9.3	0.22	8.6	0.25	10.3	0.22	9.9	0.31	10.3	0.26	10.4	0.17
Age Group-wise												
Up to 25 years	8.8	0.18	8.3	0.24	9.8	0.18	9.4	0.29	9.9	0.23	10.1	0.17
25 to 30 years	9.0	0.18	8.5	0.25	10.1	0.18	9.5	0.30	10.0	0.24	10.3	0.15
30 to 35 years	9.3	0.19	8.8	0.23	10.3	0.21	9.9	0.30	10.0	0.24	10.2	0.13
35 to 40 years	9.4	0.19	8.9	0.31	10.2	0.20	10.0	0.25	10.1	0.23	10.4	0.13
40 to 45 years	9.4	0.20	9.0	0.41	10.1	0.22	9.8	0.35	9.8	0.26	10.2	0.18
45 to 50 years	9.6	0.22	9.2	0.43	10.3	0.23	10.1	0.22	9.7	0.29	10.1	0.26
50 to 55 years	9.5	0.27	9.0	0.52	10.3	0.29	9.6	0.50	9.8	0.35	9.9	0.48
55 to 60 years	9.7	0.30	9.5	0.45	10.4	0.31	10.1	0.39	9.7	0.40	10.2	0.38
60 years and above	10.3	0.34	10.0	0.36	11.2	0.33	10.8	0.41	10.7	0.36	10.7	0.49
City-wise												
Ahmedabad	8.3	0.32	7.1	0.37	10.0	0.35	9.3	0.52	9.7	0.45	9.2	0.59
Bengaluru	8.1	0.28	6.9	0.72	9.4	0.29	8.6	0.60	9.7	0.36	10.0	0.42
Bhopal	8.1	0.91	6.9	1.33	8.9	0.78	8.1	1.38	7.7	0.68	6.9	0.99
Bhubaneswar	8.3	0.63	7.5	1.39	9.8	0.70	9.1	1.16	9.3	0.86	9.6	0.96
Chennai	8.9	0.32	9.2	0.81	10.4	0.39	10.4	0.25	11.3	0.37	11.1	0.55
Delhi	10.6	0.23	10.2	0.12	11.1	0.25	10.6	0.19	10.6	0.28	10.7	0.28
Guwahati	8.6	0.51	9.0	1.02	9.4	0.53	9.6	0.76	9.6	0.68	10.0	0.61
Hyderabad	8.8	0.39	8.5	0.85	9.6	0.33	9.0	0.67	9.3	0.43	9.8	0.54
Jaipur	8.7	0.33	8.5	0.43	9.2	0.38	8.9	0.39	7.9	0.63	8.2	0.75
Jammu	10.9	0.61	10.5	0.15	10.2	0.50	10.1	0.57	8.5	1.05	9.6	1.59
Kolkata	11.0	0.32	10.4	0.20	11.9	0.32	11.6	0.94	11.8	0.34	12.7	1.09
Lucknow	9.5	0.50	9.7	0.68	10.0	0.47	10.0	0.53	9.1	0.53	9.3	0.92
Mumbai	9.1	0.19	8.4	0.15	9.9	0.21	9.2	0.30	9.5	0.24	10.0	0.25
Nagpur	9.5	0.46	8.6	0.62	10.6	0.45	9.7	0.61	10.3	0.56	10.4	0.36
Patna	7.6	0.34	7.5	0.47	8.1	0.37	7.9	0.46	6.9	0.51	7.4	0.45
Thiruvananthapuram	6.9	0.79	5.6	0.27	8.3	0.82	7.2	0.75	9.5	0.95	9.0	1.28
Chandigarh	9.4	0.77	8.8	1.38	9.4	0.68	8.7	1.24	8.6	0.62	8.5	1.06
Ranchi	9.3	0.37	8.8	0.34	9.7	0.36	9.5	0.47	9.8	0.48	10.1	0.42
Raipur	9.8	0.49	9.8	0.42	10.5	0.54	10.2	0.63	11.1	0.63	11.5	0.79

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
Jul-22	9.8	0.10	9.3	0.24	10.7	0.11	10.3	0.08	10.3	0.13	10.5	0.08
Jan-23	9.7	0.09	9.6	0.30	10.8	0.10	10.5	0.08	10.8	0.11	10.8	0.09
Mar-23	9.5	0.10	8.9	0.17	10.5	0.10	10.2	0.08	10.4	0.11	10.5	0.07
May-23	9.3	0.09	8.8	0.13	10.3	0.10	10.1	0.08	10.2	0.11	10.4	0.08
Jul-23	9.3	0.09	8.9	0.14	10.2	0.09	10.0	0.15	10.0	0.11	10.3	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					
Jul-22	66.9	67.8	62.3	63.7	66.9
Jan-23	65.6	67.3	62.6	66.2	66.5
Mar-23	67.4	68.8	60.9	65.9	68.0
May-23	67.4	68.6	63.4	67.1	69.1
Jul-23	63.1	65.5	60.9	64.5	65.7
One Year Ahead					
Jul-22	74.3	75.5	69.2	73.2	75.8
Jan-23	75.2	74.8	68.4	74.7	74.0
Mar-23	75.7	75.7	69.6	74.9	75.7
May-23	75.6	75.3	70.7	76.1	76.4
Jul-23	73.4	73.0	66.9	73.4	73.6

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: Jul-23

		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	Total	
Current Inflation Rate (per cent)	<1	4	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	
	1-<2	4	15	16	4	0	0	0	1	0	0	0	0	0	0	0	0	0	0	40	
	2-<3	0	9	73	44	39	16	0	0	0	0	2	0	0	0	0	0	0	0	183	
	3-<4	0	2	12	56	42	48	12	0	2	1	3	0	1	0	0	0	0	0	179	
	4-<5	0	0	7	15	86	69	29	5	8	4	3	0	0	0	0	0	0	0	226	
	5-<6	0	1	11	21	19	353	143	189	85	30	105	4	10	3	0	10	6	0	990	
	6-<7	0	0	0	5	6	11	195	98	69	19	19	2	2	1	0	2	2	1	432	
	7-<8	0	0	0	2	6	10	10	213	159	48	66	6	3	0	1	2	2	0	528	
	8-<9	0	0	0	2	5	6	4	7	230	93	122	17	22	2	0	4	4	0	518	
	9-<10	0	0	1	2	1	30	7	15	7	101	85	33	24	7	4	4	4	2	0	323
	10-<11	0	0	2	3	4	49	5	23	37	14	494	98	158	44	12	222	99	2	1266	
	11-<12	0	0	0	0	0	0	0	0	0	0	1	15	10	6	6	2	6	0	46	
	12-<13	0	0	0	0	0	1	1	2	1	1	3	1	41	14	15	27	14	0	121	
	13-<14	0	0	0	0	0	0	0	0	1	0	0	0	0	8	7	2	6	0	24	
	14-<15	0	0	0	0	0	1	0	0	0	0	0	0	0	0	9	6	8	0	24	
	15-<16	0	0	0	0	1	6	0	1	0	0	5	0	2	1	1	98	132	0	247	
	>=16	0	0	5	1	0	7	2	3	0	0	19	0	1	0	0	16	804	13	871	
Total	8	30	127	155	209	607	408	557	599	311	927	176	274	86	55	395	1085	16	6025		

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: Jul-23

		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	Total
Current Inflation Rate (per cent)	<1	1	1	4	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	7
	1-<2	9	8	10	6	0	4	1	0	0	1	0	0	0	0	0	0	0	1	40
	2-<3	36	3	28	26	31	28	11	10	2	1	5	0	1	0	0	1	0	0	183
	3-<4	30	3	2	26	23	31	17	11	13	8	11	1	1	0	0	2	0	0	179
	4-<5	34	0	1	5	54	46	38	21	15	2	8	0	2	0	0	0	0	0	226
	5-<6	116	0	2	4	15	182	90	157	111	35	199	9	16	6	2	30	16	0	990
	6-<7	45	0	0	0	4	5	102	86	83	28	51	2	14	0	0	6	6	0	432
	7-<8	50	0	0	1	2	5	6	108	104	80	117	15	21	2	2	4	11	0	528
	8-<9	55	0	0	0	0	4	4	6	129	52	157	33	46	10	2	11	9	0	518
	9-<10	31	0	1	0	1	21	3	6	10	62	74	34	43	10	9	11	7	0	323
	10-<11	131	0	0	1	0	10	2	12	18	12	326	45	156	43	25	252	232	1	1266
	11-<12	1	0	0	0	0	0	0	0	0	0	0	6	11	6	11	4	7	0	46
	12-<13	12	0	0	0	0	0	0	0	0	0	0	0	26	7	15	36	25	0	121
	13-<14	2	0	0	0	0	0	0	0	0	0	0	0	0	5	3	6	8	0	24
	14-<15	2	0	0	0	0	0	0	0	0	0	0	0	0	0	5	7	10	0	24
	15-<16	28	0	0	0	0	2	0	0	0	1	5	0	3	0	2	49	157	0	247
	>=16	112	0	0	0	0	4	1	0	0	0	12	0	1	0	0	12	720	9	871
Total	695	15	48	69	130	343	275	417	485	282	965	145	341	89	76	431	1208	11	6025	

Note: Figures are based on sample observations