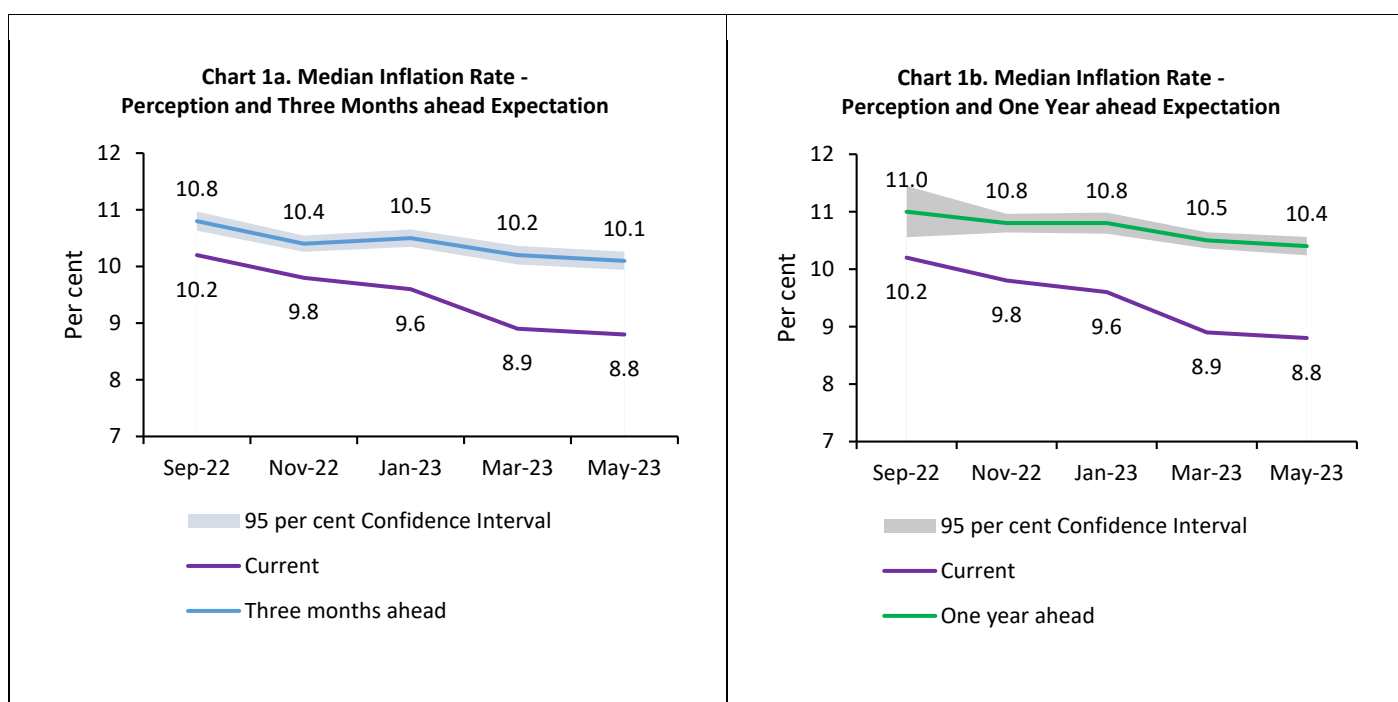


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of May 2023 round of its bi-monthly inflation expectations survey of households (IESH)^{1 2}. The survey was conducted during May 2-11, 2023 in 19 major cities, with responses from 6,068 urban households. Female respondents accounted for 50.4 per cent of this sample.

Highlights:

- i. Households' median inflation perception for the current period eased by 10 basis points (bps) to 8.8 per cent in the latest survey round [Charts 1a and 1b; Table 3].
- ii. Inflation expectations for both three months and one year ahead periods moderated by 10 bps each from March 2023 level to 10.1 and 10.4 per cent, respectively [Charts 1a and 1b; Table 3].
- iii. Among respondent categories, inflation expectations of retired persons were the highest [Table 2].
- iv. As compared to the last survey round, the share of households expecting prices to rise has come down for both the time horizons [Table 1(a) and Table 1(b)].
- v. Three months and one year ahead expectations on overall prices had highest coherence with respondents' perception on cost of services [Table 4].



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 [April 06, 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	May-22		Nov-22		Jan-23		Mar-23		May-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	88.5	0.69	83.8	0.76	84.3	0.76	83.8	0.83	81.2	0.82
Price increase more than current rate	66.1	1.10	58.5	1.13	60.8	1.14	60.6	1.17	59.7	1.08
Price increase similar to current rate	18.9	0.83	20.8	0.89	20.2	0.86	19.8	0.87	17.9	0.77
Price increase less than current rate	3.5	0.37	4.4	0.43	3.4	0.36	3.5	0.36	3.5	0.41
No changes in prices	9.1	0.62	13.7	0.69	13.3	0.71	13.3	0.74	15.7	0.77
Decline in prices	2.3	0.32	2.5	0.32	2.3	0.30	2.8	0.41	3.1	0.35
Food Product										
Prices will increase	88.4	0.66	85.0	0.72	84.6	0.72	84.0	0.75	82.7	0.73
Price increase more than current rate	65.6	1.04	62.0	1.04	61.1	1.08	62.1	1.12	61.8	1.00
Price increase similar to current rate	17.4	0.78	17.2	0.76	18.4	0.77	16.9	0.79	16.2	0.71
Price increase less than current rate	5.4	0.44	5.9	0.48	5.1	0.43	5.1	0.42	4.7	0.42
No changes in prices	7.1	0.51	9.9	0.58	10.2	0.59	9.7	0.59	11.0	0.61
Decline in prices	4.5	0.43	5.1	0.44	5.2	0.45	6.3	0.53	6.3	0.48
Non- Food Product										
Prices will increase	87.5	0.70	81.1	0.77	81.8	0.77	81.3	0.79	78.4	0.84
Price increase more than current rate	64.5	1.05	57.2	1.05	56.4	1.08	58.6	1.10	57.1	1.08
Price increase similar to current rate	17.9	0.79	17.9	0.78	20.5	0.82	17.7	0.80	16.6	0.70
Price increase less than current rate	5.1	0.44	6.0	0.48	4.9	0.44	5.1	0.43	4.6	0.43
No changes in prices	8.2	0.54	14.4	0.70	13.4	0.67	13.3	0.67	16.2	0.74
Decline in prices	4.2	0.43	4.5	0.43	4.7	0.43	5.4	0.51	5.4	0.45
Household Durables										
Prices will increase	74.7	0.93	68.3	0.93	72.4	0.90	67.9	0.92	68.2	0.90
Price increase more than current rate	53.4	1.13	47.2	1.07	50.3	1.07	47.8	1.09	49.5	1.06
Price increase similar to current rate	16.3	0.78	16.0	0.75	17.5	0.71	15.8	0.75	14.8	0.67
Price increase less than current rate	5.1	0.42	5.1	0.43	4.6	0.42	4.2	0.41	3.9	0.38
No changes in prices	19.7	0.82	24.5	0.87	21.2	0.84	22.4	0.85	24.6	0.86
Decline in prices	5.5	0.44	7.3	0.49	6.3	0.47	9.7	0.60	7.2	0.51
Cost of Housing										
Prices will increase	78.5	0.90	76.5	0.88	78.0	0.86	78.2	0.92	78.1	0.82
Price increase more than current rate	59.4	1.11	55.4	1.09	58.4	1.08	57.7	1.14	59.4	1.06
Price increase similar to current rate	15.4	0.73	16.8	0.75	16.3	0.73	16.7	0.76	15.1	0.74
Price increase less than current rate	3.7	0.35	4.3	0.41	3.3	0.35	3.8	0.39	3.7	0.35
No changes in prices	17.1	0.82	19.3	0.83	18.9	0.84	18.1	0.83	18.7	0.79
Decline in prices	4.3	0.40	4.2	0.40	3.1	0.34	3.7	0.44	3.2	0.36
Cost of Services										
Prices will increase	78.5	0.88	70.6	0.89	71.7	0.90	73.2	0.90	70.6	0.89
Price increase more than current rate	56.4	1.09	49.1	1.04	49.9	1.08	51.7	1.11	51.3	1.00
Price increase similar to current rate	17.4	0.71	16.9	0.73	17.6	0.71	17.8	0.76	15.8	0.69
Price increase less than current rate	4.8	0.42	4.5	0.41	4.1	0.40	3.6	0.37	3.5	0.37
No changes in prices	18.6	0.82	26.6	0.88	25.5	0.88	23.2	0.86	26.2	0.87
Decline in prices	2.8	0.32	2.9	0.33	2.7	0.30	3.6	0.40	3.2	0.34

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-22		Nov-22		Jan-23		Mar-23		May-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	91.3	0.60	90.8	0.57	91.6	0.53	90.4	0.66	89.6	0.61
Price increase more than current rate	70.8	1.07	69.5	1.08	70.8	1.02	69.3	1.11	70.2	1.05
Price increase similar to current rate	17.3	0.82	18.2	0.87	17.9	0.81	18.1	0.87	16.7	0.77
Price increase less than current rate	3.1	0.36	3.1	0.34	3.0	0.33	3.0	0.33	2.7	0.32
No changes in prices	5.8	0.47	6.4	0.45	5.7	0.43	6.4	0.50	7.3	0.50
Decline in prices	2.8	0.36	2.8	0.33	2.6	0.31	3.2	0.43	3.1	0.35
Food Product										
Prices will increase	86.7	0.72	87.1	0.64	88.0	0.64	86.3	0.71	86.9	0.66
Price increase more than current rate	62.8	1.10	62.9	1.07	62.7	1.07	63.7	1.16	64.6	0.99
Price increase similar to current rate	19.2	0.82	19.6	0.83	20.7	0.87	18.5	0.86	18.3	0.77
Price increase less than current rate	4.7	0.41	4.7	0.42	4.5	0.42	4.1	0.38	4.0	0.40
No changes in prices	8.1	0.52	7.8	0.50	7.6	0.50	8.1	0.53	8.0	0.51
Decline in prices	5.2	0.48	5.0	0.41	4.4	0.39	5.6	0.52	5.2	0.44
Non- Food Product										
Prices will increase	87.0	0.72	85.0	0.71	86.7	0.67	85.4	0.73	84.1	0.72
Price increase more than current rate	63.7	1.09	60.7	1.09	62.0	1.09	62.9	1.12	62.0	1.05
Price increase similar to current rate	19.1	0.82	19.9	0.84	20.5	0.83	18.2	0.78	17.9	0.77
Price increase less than current rate	4.3	0.40	4.5	0.41	4.3	0.41	4.3	0.40	4.2	0.41
No changes in prices	8.2	0.54	10.1	0.58	9.1	0.54	9.4	0.55	11.1	0.61
Decline in prices	4.7	0.47	4.8	0.42	4.1	0.39	5.2	0.51	4.8	0.43
Household Durables										
Prices will increase	78.7	0.84	77.6	0.84	80.8	0.77	76.5	0.85	76.9	0.83
Price increase more than current rate	56.4	1.09	55.0	1.09	57.2	1.08	55.8	1.15	57.0	1.07
Price increase similar to current rate	17.4	0.75	18.2	0.80	19.3	0.79	16.9	0.80	16.1	0.72
Price increase less than current rate	4.9	0.42	4.3	0.39	4.3	0.41	3.8	0.38	3.7	0.37
No changes in prices	15.9	0.72	16.4	0.72	13.8	0.65	15.4	0.70	16.7	0.71
Decline in prices	5.3	0.46	6.0	0.47	5.4	0.43	8.1	0.60	6.4	0.48
Cost of Housing										
Prices will increase	85.3	0.72	86.5	0.69	87.4	0.63	87.4	0.65	87.9	0.63
Price increase more than current rate	64.2	1.07	64.4	1.04	66.8	0.98	66.6	1.06	67.4	1.00
Price increase similar to current rate	17.2	0.77	18.5	0.80	17.2	0.77	17.4	0.80	17.1	0.76
Price increase less than current rate	4.0	0.38	3.7	0.38	3.5	0.36	3.4	0.37	3.4	0.34
No changes in prices	10.5	0.60	10.2	0.59	9.8	0.57	9.2	0.54	9.1	0.54
Decline in prices	4.1	0.40	3.3	0.37	2.8	0.30	3.4	0.41	3.0	0.34
Cost of Services										
Prices will increase	84.9	0.78	84.2	0.74	84.0	0.72	83.6	0.80	83.2	0.72
Price increase more than current rate	62.2	1.10	60.1	1.10	60.2	1.08	60.5	1.14	61.1	1.05
Price increase similar to current rate	17.8	0.78	19.8	0.83	19.7	0.80	18.8	0.83	18.2	0.81
Price increase less than current rate	4.9	0.42	4.3	0.39	4.2	0.41	4.3	0.39	3.9	0.36
No changes in prices	12.0	0.67	12.9	0.67	13.1	0.65	13.0	0.68	13.7	0.64
Decline in prices	3.0	0.38	2.9	0.33	2.8	0.33	3.4	0.44	3.1	0.34

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-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	8.8	0.13	10.3	0.10	10.1	0.08	10.2	0.11	10.4	0.08
Gender-wise												
Male	9.5	0.13	8.9	0.21	10.4	0.14	10.1	0.13	10.1	0.16	10.3	0.11
Female	9.2	0.12	8.6	0.16	10.3	0.13	10.1	0.13	10.3	0.15	10.5	0.10
Category-wise												
Financial Sector Employees	8.6	0.43	7.7	0.55	9.1	0.42	8.2	0.45	9.5	0.42	9.8	0.46
Other Employees	9.6	0.18	8.9	0.26	10.6	0.18	10.3	0.13	10.3	0.21	10.4	0.12
Self Employed	9.4	0.19	8.9	0.35	10.3	0.20	10.1	0.22	9.9	0.24	10.3	0.17
Homemaker	9.2	0.15	8.7	0.20	10.4	0.16	10.2	0.12	10.4	0.19	10.5	0.11
Retired Persons	10.0	0.32	9.8	0.45	11.2	0.35	11.0	0.70	10.7	0.48	11.2	0.75
Daily Workers	9.2	0.26	8.7	0.45	10.2	0.26	9.9	0.40	9.7	0.32	10.0	0.38
Other category	8.8	0.20	8.0	0.24	9.8	0.22	9.3	0.40	10.1	0.24	10.0	0.29
Age Group-wise												
Up to 25 years	8.7	0.18	7.9	0.20	9.8	0.19	9.1	0.32	10.1	0.22	10.0	0.23
25 to 30 years	9.2	0.18	8.7	0.27	10.2	0.19	10.1	0.18	10.4	0.21	10.4	0.14
30 to 35 years	9.5	0.20	9.1	0.39	10.6	0.20	10.2	0.18	10.5	0.24	10.6	0.16
35 to 40 years	9.4	0.19	8.8	0.27	10.5	0.20	10.2	0.17	10.0	0.24	10.3	0.18
40 to 45 years	9.4	0.21	9.4	0.43	10.6	0.22	10.4	0.14	10.2	0.28	10.6	0.18
45 to 50 years	9.3	0.24	9.0	0.43	10.2	0.25	10.2	0.20	9.7	0.30	10.3	0.15
50 to 55 years	9.7	0.26	9.1	0.47	10.7	0.27	10.3	0.19	9.9	0.35	10.2	0.24
55 to 60 years	10.0	0.26	10.1	0.29	10.9	0.28	10.4	0.20	10.3	0.35	10.6	0.26
60 years and above	10.2	0.26	10.1	0.27	11.1	0.28	10.7	0.38	10.3	0.38	10.7	0.46
City-wise												
Ahmedabad	9.0	0.27	8.3	0.41	10.4	0.35	9.8	0.53	10.3	0.43	10.1	0.49
Bengaluru	8.3	0.34	7.4	0.91	9.4	0.33	8.7	0.63	9.8	0.32	9.9	0.47
Bhopal	8.5	0.88	7.6	1.62	9.6	0.99	9.2	1.24	9.1	0.90	8.9	1.25
Bhubaneswar	7.9	0.39	6.6	0.87	9.6	0.52	8.8	1.01	8.9	0.73	9.2	1.01
Chennai	10.2	0.33	10.4	0.45	11.8	0.29	12.7	1.47	12.5	0.33	15.4	0.84
Delhi	9.9	0.24	10.0	0.34	10.9	0.26	10.5	0.21	10.5	0.29	10.6	0.22
Guwahati	8.9	0.56	9.1	0.82	9.7	0.61	10.0	0.74	10.6	0.77	10.9	1.24
Hyderabad	8.8	0.34	8.5	0.60	9.7	0.33	9.5	0.53	10.0	0.45	10.5	0.37
Jaipur	8.3	0.38	7.8	0.68	8.5	0.48	7.9	0.62	7.6	0.70	7.5	0.90
Jammu	9.7	1.16	9.2	1.72	9.0	0.83	7.5	1.51	7.9	0.63	7.1	1.16
Kolkata	11.0	0.30	10.4	0.21	11.9	0.30	11.8	0.95	11.7	0.31	12.2	1.00
Lucknow	9.8	0.55	9.6	0.84	10.1	0.53	9.9	0.75	9.9	0.50	9.8	0.82
Mumbai	8.8	0.18	8.3	0.14	10.1	0.19	9.9	0.32	9.5	0.26	10.1	0.27
Nagpur	9.1	0.40	8.2	0.56	10.4	0.53	9.8	0.62	10.6	0.66	10.5	0.39
Patna	8.0	0.33	7.7	0.56	8.4	0.36	8.3	0.47	7.7	0.42	7.9	0.43
Thiruvananthapuram	6.7	0.64	5.5	0.23	8.4	0.59	7.5	0.60	9.6	0.61	9.6	1.02
Chandigarh	10.7	0.73	10.6	1.62	10.5	0.73	10.6	1.32	10.2	0.78	10.7	1.37
Ranchi	9.0	0.30	8.5	0.30	9.1	0.28	8.8	0.30	9.2	0.52	9.3	0.44
Raipur	9.8	0.49	9.2	0.98	10.1	0.45	9.6	0.74	10.1	0.74	10.5	0.62

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-22	10.3	0.11	10.1	0.08	11.4	0.11	10.8	0.11	11.1	0.12	11.1	0.27
Nov-22	10.0	0.10	9.8	0.23	10.9	0.10	10.4	0.07	10.8	0.11	10.8	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

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-22	70.8	71.3	64.0	66.6	69.3
Nov-22	66.6	67.1	60.2	64.7	66.0
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
One Year Ahead					
May-22	75.6	76.6	69.8	73.4	76.2
Nov-22	74.4	74.8	68.6	73.7	75.0
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

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-23

		Three Months Ahead Inflation Rate (per cent)																	No idea	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			
Current Inflation Rate (per cent)	<1	8	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
	1-<2	2	15	10	4	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	34
	2-<3	1	11	60	61	39	8	2	4	0	0	0	0	0	0	1	0	0	0	0	187
	3-<4	0	3	8	83	52	62	15	0	0	0	0	0	0	0	0	0	0	0	0	223
	4-<5	0	1	11	8	93	56	44	11	11	0	1	0	1	0	0	0	0	0	0	237
	5-<6	0	2	12	30	26	361	154	212	81	10	133	1	1	0	0	3	2	1	0	1029
	6-<7	0	1	1	6	7	11	177	87	79	25	20	1	6	0	0	1	0	0	0	422
	7-<8	0	0	0	2	2	9	14	174	156	60	64	3	7	0	1	0	3	0	0	495
	8-<9	0	0	3	2	1	7	10	7	201	105	153	19	28	1	2	4	6	0	0	549
	9-<10	0	0	0	0	1	5	0	4	4	76	64	38	29	4	1	6	3	0	0	235
	10-<11	0	1	4	8	1	35	5	15	19	10	440	78	216	58	11	246	107	1	0	1255
	11-<12	0	0	0	0	0	0	0	0	0	0	3	14	7	2	2	2	4	0	0	34
	12-<13	0	0	0	0	0	0	0	0	1	0	1	1	47	14	11	35	10	1	0	121
	13-<14	0	0	0	0	0	0	0	0	0	0	1	0	0	7	4	7	5	0	0	24
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	5	10	0	0	22
	15-<16	0	0	0	0	2	3	2	0	2	1	9	0	3	1	2	104	178	0	0	307
>=16	0	1	1	1	0	4	2	0	1	0	21	0	0	0	0	21	825	7	0	884	
Total	11	35	112	205	225	563	425	514	555	287	910	155	345	87	42	434	1153	10	6068		

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-23

		One Year Ahead Inflation Rate (per cent)																	No idea	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			
Current Inflation Rate (per cent)	<1	9	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
	1-<2	8	7	9	8	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	34
	2-<3	22	2	25	38	54	20	11	7	4	0	1	0	0	1	1	0	1	0	0	187
	3-<4	27	0	1	42	29	58	32	8	13	7	6	0	0	0	0	0	0	0	0	223
	4-<5	23	0	1	2	46	56	45	19	20	5	13	0	3	0	0	1	0	3	0	237
	5-<6	133	1	4	4	12	182	107	189	110	21	192	5	14	4	2	36	13	0	0	1029
	6-<7	55	0	0	1	1	3	85	69	105	26	49	4	16	0	0	7	1	0	0	422
	7-<8	48	0	1	1	0	1	1	98	124	76	103	12	14	1	5	10	0	0	0	495
	8-<9	50	0	0	0	1	4	3	2	109	84	177	35	45	5	6	15	13	0	0	549
	9-<10	20	0	0	0	0	0	1	1	2	42	49	36	42	8	11	15	7	1	0	235
	10-<11	122	0	0	1	0	9	3	5	13	8	246	56	170	75	24	301	220	2	0	1255
	11-<12	2	0	0	0	0	0	0	1	0	0	0	10	7	3	1	5	5	0	0	34
	12-<13	10	0	0	0	0	0	0	1	0	0	0	2	22	8	23	39	16	0	0	121
	13-<14	1	0	0	0	0	0	0	0	0	0	0	0	0	4	3	11	5	0	0	24
	14-<15	3	0	0	0	0	0	0	0	0	0	0	0	0	0	1	5	13	0	0	22
	15-<16	26	0	0	0	0	2	0	0	0	0	7	0	1	0	0	65	206	0	0	307
>=16	79	0	0	0	0	2	1	1	1	0	10	0	2	0	0	13	769	6	0	884	
Total	638	10	41	97	144	338	289	401	501	269	853	160	336	109	77	523	1269	13	6068		