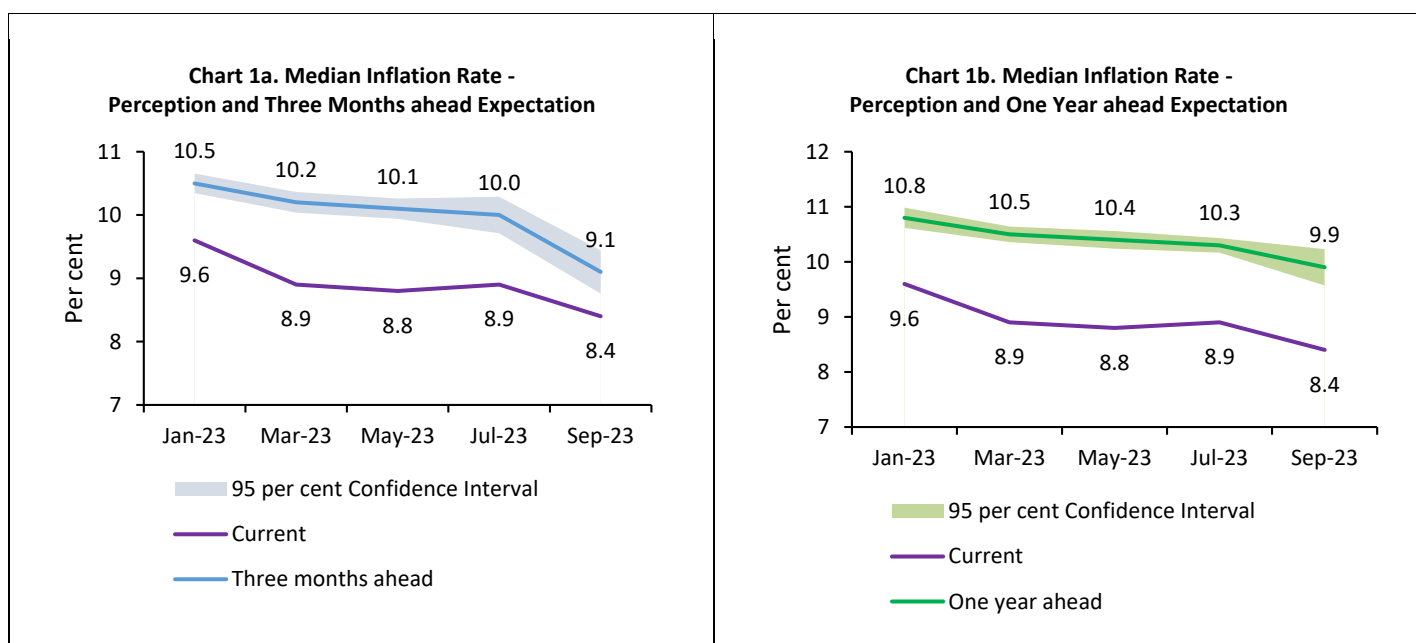


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of September 2023 round of its bi-monthly inflation expectations survey of households (IESH)^{1 2}. The survey was conducted during September 02-11, 2023 in 19 major cities, with responses from 6,066 urban households. Female respondents accounted for 50.4 per cent of this sample.

Highlights:

- Households' perception of current inflation moderated by 50 basis points (bps) since July 2023 round of the survey to 8.4 per cent in September 2023 [Charts 1a and 1b; Table 3].
- Median inflation expectations of households declined by 90 bps and 40 bps for three months and one year ahead periods, respectively, to reach 9.1 per cent and 9.9 per cent; inflation expectations have reverted to single-digits for the first time since the onset of the Covid-19 pandemic [Charts 1a and 1b; Table 3].
- Households expect lower price and inflationary pressures for most of the product groups [Tables 1(a) and 1(b)].
- Inflation expectations of all major group of respondents, except the self-employed category, has moderated [Table 2].
- Three months ahead expectations on overall prices have highest coherence with respondents' views on cost of services and non-food products, whereas one year ahead expectations are also more aligned with housing cost [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 [August 10, 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	Sep-22		Mar-23		May-23		Jul-23		Sep-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	85.0	0.77	83.8	0.83	81.2	0.82	80.8	0.86	74.2	0.97
Price increase more than current rate	59.9	1.14	60.6	1.17	59.7	1.08	55.3	1.20	49.5	1.10
Price increase similar to current rate	20.9	0.85	19.8	0.87	17.9	0.77	21.8	0.93	20.0	0.80
Price increase less than current rate	4.2	0.44	3.5	0.36	3.5	0.41	3.6	0.39	4.7	0.47
No changes in prices	12.6	0.70	13.3	0.74	15.7	0.77	16.1	0.79	20.7	0.88
Decline in prices	2.4	0.33	2.8	0.41	3.1	0.35	3.1	0.41	5.0	0.52
Food Product										
Prices will increase	85.3	0.69	84.0	0.75	82.7	0.73	84.0	0.77	75.4	0.87
Price increase more than current rate	61.9	1.09	62.1	1.12	61.8	1.00	63.5	1.04	55.1	1.05
Price increase similar to current rate	17.4	0.75	16.9	0.79	16.2	0.71	15.5	0.72	15.1	0.71
Price increase less than current rate	6.1	0.49	5.1	0.42	4.7	0.42	5.0	0.44	5.3	0.46
No changes in prices	9.3	0.55	9.7	0.59	11.0	0.61	9.0	0.60	13.2	0.68
Decline in prices	5.4	0.45	6.3	0.53	6.3	0.48	7.0	0.54	11.3	0.66
Non- Food Product										
Prices will increase	82.3	0.74	81.3	0.79	78.4	0.84	75.5	0.92	69.2	0.93
Price increase more than current rate	55.8	1.08	58.6	1.10	57.1	1.08	52.2	1.16	47.1	1.04
Price increase similar to current rate	20.5	0.79	17.7	0.80	16.6	0.70	18.4	0.80	16.7	0.72
Price increase less than current rate	6.0	0.48	5.1	0.43	4.6	0.43	4.9	0.43	5.4	0.51
No changes in prices	13.1	0.67	13.3	0.67	16.2	0.74	18.3	0.80	20.5	0.77
Decline in prices	4.6	0.42	5.4	0.51	5.4	0.45	6.2	0.54	10.3	0.66
Household Durables										
Prices will increase	70.2	0.89	67.9	0.92	68.2	0.90	65.8	0.97	62.2	0.99
Price increase more than current rate	48.0	1.03	47.8	1.09	49.5	1.06	45.3	1.12	43.2	1.05
Price increase similar to current rate	16.8	0.70	15.8	0.75	14.8	0.67	15.8	0.75	14.1	0.65
Price increase less than current rate	5.3	0.45	4.2	0.41	3.9	0.38	4.6	0.41	4.9	0.43
No changes in prices	22.8	0.84	22.4	0.85	24.6	0.86	25.0	0.88	26.4	0.88
Decline in prices	7.1	0.50	9.7	0.60	7.2	0.51	9.2	0.60	11.3	0.64
Cost of Housing										
Prices will increase	75.7	0.92	78.2	0.92	78.1	0.82	76.8	0.94	75.1	0.95
Price increase more than current rate	53.2	1.07	57.7	1.14	59.4	1.06	56.0	1.14	54.3	1.09
Price increase similar to current rate	17.7	0.70	16.7	0.76	15.1	0.74	17.0	0.75	16.3	0.66
Price increase less than current rate	4.8	0.42	3.8	0.39	3.7	0.35	3.7	0.35	4.5	0.43
No changes in prices	20.2	0.88	18.1	0.83	18.7	0.79	20.2	0.88	20.9	0.90
Decline in prices	4.1	0.39	3.7	0.44	3.2	0.36	3.0	0.37	4.1	0.46
Cost of Services										
Prices will increase	72.2	0.91	73.2	0.90	70.6	0.89	67.7	0.97	63.0	1.04
Price increase more than current rate	49.4	1.10	51.7	1.11	51.3	1.00	47.3	1.13	44.7	1.05
Price increase similar to current rate	17.9	0.75	17.8	0.76	15.8	0.69	15.9	0.72	14.5	0.68
Price increase less than current rate	5.0	0.41	3.6	0.37	3.5	0.37	4.5	0.40	3.9	0.40
No changes in prices	24.7	0.87	23.2	0.86	26.2	0.87	28.2	0.90	31.2	0.99
Decline in prices	3.1	0.36	3.6	0.40	3.2	0.34	4.1	0.43	5.7	0.54

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	Sep-22		Mar-23		May-23		Jul-23		Sep-23	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	90.8	0.59	90.4	0.66	89.6	0.61	88.6	0.68	86.2	0.74
Price increase more than current rate	68.1	1.12	69.3	1.11	70.2	1.05	65.0	1.07	62.2	1.05
Price increase similar to current rate	19.3	0.88	18.1	0.87	16.7	0.77	20.5	0.86	19.9	0.81
Price increase less than current rate	3.5	0.38	3.0	0.33	2.7	0.32	3.1	0.33	4.1	0.43
No changes in prices	6.6	0.49	6.4	0.50	7.3	0.50	8.6	0.57	9.6	0.59
Decline in prices	2.5	0.34	3.2	0.43	3.1	0.35	2.8	0.35	4.2	0.48
Food Product										
Prices will increase	86.4	0.67	86.3	0.71	86.9	0.66	84.7	0.75	82.8	0.80
Price increase more than current rate	60.5	1.09	63.7	1.16	64.6	0.99	60.6	1.11	57.9	1.09
Price increase similar to current rate	21.0	0.84	18.5	0.86	18.3	0.77	20.1	0.85	19.7	0.82
Price increase less than current rate	4.9	0.42	4.1	0.38	4.0	0.40	4.0	0.38	5.3	0.48
No changes in prices	8.3	0.52	8.1	0.53	8.0	0.51	9.3	0.59	9.6	0.58
Decline in prices	5.3	0.45	5.6	0.52	5.2	0.44	6.0	0.48	7.6	0.60
Non- Food Product										
Prices will increase	86.0	0.69	85.4	0.73	84.1	0.72	81.6	0.85	78.9	0.83
Price increase more than current rate	59.8	1.09	62.9	1.12	62.0	1.05	57.1	1.16	54.7	1.05
Price increase similar to current rate	20.9	0.83	18.2	0.78	17.9	0.77	20.6	0.83	19.7	0.78
Price increase less than current rate	5.4	0.45	4.3	0.40	4.2	0.41	3.9	0.38	4.5	0.44
No changes in prices	9.5	0.56	9.4	0.55	11.1	0.61	13.5	0.72	13.9	0.66
Decline in prices	4.4	0.41	5.2	0.51	4.8	0.43	4.8	0.48	7.2	0.57
Household Durables										
Prices will increase	77.7	0.79	76.5	0.85	76.9	0.83	75.8	0.88	73.9	0.91
Price increase more than current rate	54.1	1.06	55.8	1.15	57.0	1.07	53.2	1.10	52.4	1.04
Price increase similar to current rate	18.9	0.79	16.9	0.80	16.1	0.72	18.4	0.80	17.3	0.71
Price increase less than current rate	4.6	0.41	3.8	0.38	3.7	0.37	4.2	0.38	4.1	0.42
No changes in prices	16.4	0.70	15.4	0.70	16.7	0.71	17.7	0.76	18.5	0.76
Decline in prices	6.0	0.45	8.1	0.60	6.4	0.48	6.5	0.48	7.7	0.56
Cost of Housing										
Prices will increase	85.8	0.67	87.4	0.65	87.9	0.63	86.8	0.69	86.1	0.70
Price increase more than current rate	61.8	1.04	66.6	1.06	67.4	1.00	64.6	1.05	65.0	1.04
Price increase similar to current rate	19.6	0.79	17.4	0.80	17.1	0.76	18.5	0.79	16.9	0.73
Price increase less than current rate	4.5	0.41	3.4	0.37	3.4	0.34	3.8	0.37	4.2	0.42
No changes in prices	10.6	0.58	9.2	0.54	9.1	0.54	10.4	0.60	10.1	0.56
Decline in prices	3.6	0.38	3.4	0.41	3.0	0.34	2.7	0.34	3.8	0.43
Cost of Services										
Prices will increase	84.2	0.74	83.6	0.80	83.2	0.72	80.9	0.80	78.4	0.86
Price increase more than current rate	58.6	1.08	60.5	1.14	61.1	1.05	57.3	1.12	56.2	1.05
Price increase similar to current rate	21.0	0.81	18.8	0.83	18.2	0.81	19.6	0.83	18.0	0.70
Price increase less than current rate	4.6	0.43	4.3	0.39	3.9	0.36	4.0	0.39	4.2	0.43
No changes in prices	12.9	0.65	13.0	0.68	13.7	0.64	15.5	0.72	17.1	0.74
Decline in prices	2.9	0.37	3.4	0.44	3.1	0.34	3.5	0.37	4.4	0.48

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: Sep-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	9.0	0.09	8.4	0.11	9.7	0.09	9.1	0.17	9.3	0.11	9.9	0.17
Gender-wise												
Male	9.2	0.12	8.5	0.14	9.8	0.13	9.3	0.26	9.5	0.16	10.0	0.20
Female	8.7	0.12	8.2	0.14	9.5	0.12	8.9	0.15	9.2	0.15	9.7	0.26
Category-wise												
Financial Sector Employees	8.4	0.44	7.5	0.46	9.2	0.50	8.4	0.67	8.8	0.56	8.2	0.62
Other Employees	9.1	0.17	8.4	0.17	9.9	0.17	9.4	0.31	9.7	0.22	10.0	0.28
Self Employed	9.5	0.20	9.4	0.38	10.1	0.21	9.9	0.30	9.4	0.27	10.1	0.24
Homemaker	8.8	0.14	8.3	0.16	9.5	0.14	9.0	0.21	9.2	0.18	9.8	0.28
Retired Persons	9.8	0.43	9.1	0.74	10.3	0.43	10.2	0.64	9.5	0.57	10.1	0.75
Daily Workers	8.9	0.25	8.4	0.33	9.5	0.26	9.0	0.44	9.1	0.31	9.5	0.47
Other category	8.7	0.21	7.9	0.20	9.5	0.23	8.7	0.25	9.4	0.27	9.4	0.40
Age Group-wise												
Up to 25 years	8.4	0.17	7.8	0.18	9.2	0.17	8.7	0.18	9.2	0.22	9.4	0.31
25 to 30 years	8.9	0.19	8.4	0.20	9.6	0.20	9.1	0.27	9.5	0.24	10.0	0.30
30 to 35 years	8.8	0.19	8.2	0.21	9.6	0.19	8.8	0.22	9.3	0.24	10.0	0.24
35 to 40 years	8.9	0.18	8.2	0.22	9.6	0.19	8.9	0.27	9.2	0.24	9.6	0.35
40 to 45 years	9.5	0.22	9.3	0.47	10.1	0.23	10.0	0.29	9.7	0.30	10.3	0.18
45 to 50 years	9.3	0.24	8.5	0.32	9.9	0.24	9.5	0.44	8.9	0.30	8.9	0.50
50 to 55 years	9.3	0.26	8.9	0.40	10.0	0.27	9.3	0.43	9.0	0.35	9.5	0.51
55 to 60 years	9.5	0.31	9.3	0.67	10.1	0.32	9.5	0.52	8.5	0.42	8.5	0.79
60 years and above	9.3	0.32	8.5	0.43	9.8	0.31	9.4	0.55	9.4	0.37	9.9	0.44
City-wise												
Ahmedabad	8.0	0.24	7.5	0.20	8.6	0.26	8.2	0.33	8.0	0.37	8.3	0.32
Bengaluru	7.6	0.26	6.1	0.33	8.8	0.27	7.7	0.31	9.3	0.34	9.1	0.59
Bhopal	6.5	0.49	5.6	0.14	7.5	0.55	6.1	0.49	7.3	0.59	6.2	0.66
Bhubaneswar	8.6	1.30	7.4	1.75	10.3	1.25	9.5	1.94	10.3	1.06	10.1	1.72
Chennai	8.5	0.26	7.8	0.67	9.2	0.27	8.7	0.61	9.6	0.32	9.9	0.54
Delhi	9.9	0.22	9.9	0.37	10.2	0.23	10.2	0.28	9.3	0.31	9.8	0.52
Guwahati	8.0	0.65	7.4	0.81	8.6	0.74	7.9	0.94	9.5	0.72	9.2	0.92
Hyderabad	8.4	0.35	7.9	0.40	9.2	0.33	8.7	0.31	9.3	0.35	10.1	0.29
Jaipur	8.4	0.46	8.2	0.43	8.7	0.42	8.5	0.33	7.8	0.57	8.2	0.69
Jammu	9.9	1.01	9.7	0.99	8.5	0.68	7.6	1.12	6.7	0.88	5.7	2.21
Kolkata	10.5	0.28	10.3	0.16	11.4	0.28	11.1	0.63	11.2	0.31	11.8	0.99
Lucknow	9.3	0.40	8.9	0.94	9.6	0.42	9.2	0.84	8.7	0.70	8.7	0.87
Mumbai	9.2	0.20	8.6	0.13	10.1	0.21	9.8	0.26	9.5	0.25	10.3	0.15
Nagpur	9.4	0.51	8.6	0.72	10.5	0.48	10.1	0.53	9.6	0.49	10.4	0.36
Patna	7.5	0.51	7.3	0.47	7.8	0.52	7.5	0.46	6.8	0.50	7.1	0.54
Thiruvananthapuram	6.6	0.59	5.6	0.18	8.0	0.62	7.2	0.42	9.1	0.61	8.6	0.73
Chandigarh	11.2	0.69	10.9	0.86	10.9	0.66	10.7	1.22	9.7	0.73	10.2	0.92
Ranchi	8.9	0.30	8.4	0.24	9.3	0.31	8.7	0.35	8.6	0.42	8.8	0.46
Raipur	9.4	0.47	9.1	0.88	10.2	0.46	10.0	0.62	10.5	0.75	11.0	0.61

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
Sep-22	10.4	0.10	10.2	0.05	11.3	0.10	10.8	0.09	11.1	0.12	11.0	0.23
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
Sep-23	9.0	0.09	8.4	0.11	9.7	0.09	9.1	0.17	9.3	0.11	9.9	0.17

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					
Sep-22	67.1	66.9	61.1	62.0	66.6
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
Sep-23	62.0	64.3	60.7	63.2	66.3
One Year Ahead					
Sep-22	73.8	74.3	67.7	71.7	74.6
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
Sep-23	69.8	71.2	66.8	72.2	71.5

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: Sep-23

		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	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
1-<2	1	30	13	3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	48
2-<3	3	26	107	48	31	21	1	0	1	0	1	0	0	0	0	0	0	0	0	239
3-<4	0	5	16	77	47	49	17	2	2	1	0	0	0	0	0	0	0	1	0	217
4-<5	0	0	5	13	114	65	53	9	5	0	1	0	0	0	0	0	0	0	0	265
5-<6	1	1	17	31	29	440	140	196	88	11	87	0	1	0	0	0	7	1	0	1050
6-<7	0	0	0	5	9	15	198	88	62	16	25	3	4	0	0	0	0	0	0	425
7-<8	0	0	1	3	3	22	9	252	142	56	59	3	7	0	1	0	1	0	0	559
8-<9	0	0	2	4	2	12	8	9	280	126	136	22	9	3	1	4	3	3	2	623
9-<10	0	0	0	0	1	2	1	7	6	101	69	18	12	5	4	5	3	0	0	234
10-<11	2	0	3	10	10	65	8	11	12	17	486	88	154	39	9	194	75	1	1	1184
11-<12	0	0	0	0	1	1	0	0	0	8	0	14	7	5	0	2	1	0	0	39
12-<13	0	0	0	0	1	0	1	1	0	2	11	1	49	9	13	20	5	0	0	113
13-<14	0	0	0	0	0	0	0	0	2	1	0	0	1	11	2	6	3	0	0	26
14-<15	0	0	0	0	0	0	0	0	0	1	0	0	0	0	5	5	11	0	0	22
15-<16	0	0	0	1	0	5	1	2	2	0	14	1	1	0	3	87	107	4	0	228
>=16	1	0	2	0	0	13	2	0	0	1	17	1	0	0	0	22	709	9	0	777
Total	22	63	167	195	248	711	439	577	602	341	907	151	245	72	38	352	920	16	0	6066

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: Sep-23

		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	9	0	2	1	1	2	0	0	0	0	2	0	0	0	0	0	0	0	0
1-<2	9	9	18	8	1	1	0	1	0	0	1	0	0	0	0	0	0	0	0	48
2-<3	46	5	64	36	43	22	10	7	1	0	4	0	0	0	0	0	0	1	0	239
3-<4	23	3	4	40	28	59	27	9	12	3	7	0	1	0	0	0	0	1	0	217
4-<5	47	0	2	2	62	47	50	15	16	5	15	2	2	0	0	0	0	0	0	265
5-<6	139	1	3	11	12	222	105	160	112	42	195	6	11	0	0	0	24	7	0	1050
6-<7	59	0	0	3	3	9	97	75	78	18	61	9	7	0	0	0	5	1	0	425
7-<8	65	0	1	0	2	14	4	138	100	64	122	9	21	5	5	4	4	5	0	559
8-<9	80	0	0	0	2	4	10	3	119	87	188	37	49	10	7	17	10	10	0	623
9-<10	25	0	0	0	0	0	1	4	2	43	70	39	27	4	5	8	6	0	0	234
10-<11	171	0	0	1	0	9	2	5	10	10	270	56	163	49	26	251	158	3	3	1184
11-<12	6	0	0	0	0	1	0	0	0	8	1	2	9	3	3	5	1	0	0	39
12-<13	15	0	0	0	0	0	1	0	1	1	9	1	31	6	16	17	15	0	0	113
13-<14	3	0	0	0	0	0	0	0	1	0	0	0	1	10	1	6	4	0	0	26
14-<15	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	2	13	0	22
15-<16	25	0	0	0	0	1	0	0	1	0	6	0	1	0	2	55	134	3	0	228
>=16	119	0	0	0	0	2	0	0	0	0	3	0	0	0	0	10	634	9	0	777
Total	843	18	94	102	154	393	307	417	453	281	954	161	323	87	70	404	990	15	0	6066

Note: Figures are based on sample observations