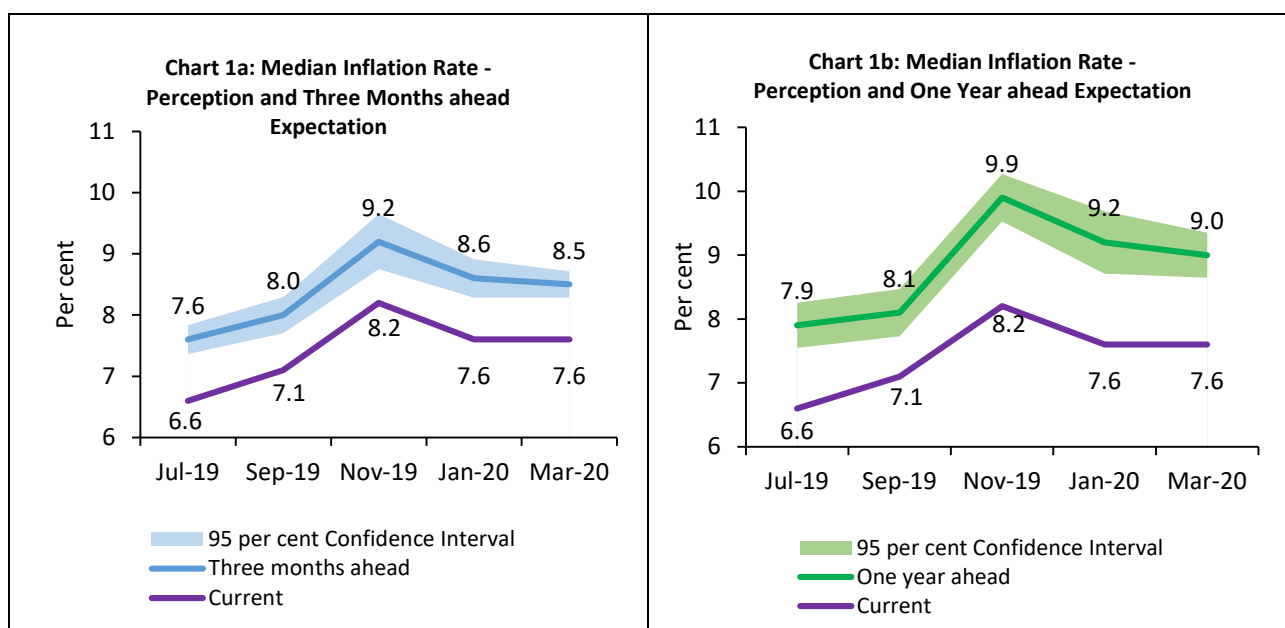


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the March 2020 round of the Inflation Expectations Survey of Households (IESH)¹. The survey was conducted during February 27 – March 7, 2020 in 18 major cities and the results are based on responses from 5,912 urban households.

Highlights:

- i. Households' three months ahead and one year ahead median inflation expectations declined by 10 basis points and 20 basis points, respectively, in the March 2020 round of the survey in comparison with the previous survey round. However, their perception of current inflation remained around the same level as that in the January 2020 round (Chart 1a, Chart 1b & Table 2).
- ii. The shares of households expecting general inflation to rise in the next three months and one year have declined noticeably compared to the January 2020 round (Table 1a & Table 1b).



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

¹ The survey is conducted at bi-monthly intervals by the Reserve Bank of India. 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.

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

(Percentage of Respondents)

Survey period ended	Mar-19		Sep-19		Nov-19		Jan-20		Mar-20	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
General										
Prices will increase	74.8	1.02	79.3	0.94	80.7	0.90	83.2	0.87	83.3	0.79
Price increase more than current rate	44.1	1.08	49.0	1.23	52.4	1.22	56.1	1.16	52.5	1.10
Price increase similar to current rate	26.9	0.97	25.1	1.04	23.4	0.96	23.4	0.91	25.6	0.99
Price increase less than current rate	3.8	0.41	5.2	0.51	4.9	0.55	3.6	0.37	5.2	0.56
No changes in prices	21.9	0.98	18.6	0.92	17.3	0.84	14.4	0.81	14.9	0.76
Decline in prices	3.4	0.36	2.1	0.29	1.9	0.26	2.4	0.31	1.8	0.25
Food Product										
Prices will increase	73.7	0.96	81.4	0.86	81.8	0.80	81.7	0.80	81.9	0.81
Price increase more than current rate	43.6	1.06	52.9	1.14	54.8	1.14	56.0	1.11	55.4	1.02
Price increase similar to current rate	24.1	0.88	21.4	0.88	21.0	0.85	20.1	0.85	20.0	0.88
Price increase less than current rate	6.0	0.49	7.1	0.59	6.0	0.54	5.5	0.45	6.5	0.56
No changes in prices	17.5	0.84	13.2	0.78	12.3	0.65	11.2	0.67	12.4	0.68
Decline in prices	8.8	0.56	5.4	0.45	5.9	0.48	7.2	0.50	5.7	0.43
Non- Food Product										
Prices will increase	71.3	0.94	74.7	0.95	75.3	0.93	77.8	0.91	77.8	0.87
Price increase more than current rate	41.0	1.02	45.5	1.16	48.0	1.14	51.4	1.15	50.8	1.00
Price increase similar to current rate	24.5	0.86	21.8	0.90	21.1	0.86	21.2	0.88	20.8	0.89
Price increase less than current rate	5.7	0.48	7.3	0.57	6.1	0.53	5.3	0.43	6.2	0.50
No changes in prices	21.9	0.87	20.8	0.88	20.5	0.83	17.7	0.82	17.7	0.79
Decline in prices	6.8	0.47	4.5	0.42	4.3	0.39	4.4	0.39	4.5	0.42
Household Durables										
Prices will increase	59.5	1.05	56.2	1.07	55.2	1.09	60.3	1.02	64.5	1.02
Price increase more than current rate	35.2	0.99	33.9	1.11	35.4	1.06	37.9	1.03	42.3	1.03
Price increase similar to current rate	19.3	0.79	17.3	0.80	15.2	0.73	17.5	0.76	17.2	0.80
Price increase less than current rate	5.0	0.41	4.9	0.45	4.6	0.44	4.8	0.43	5.0	0.44
No changes in prices	27.7	0.96	28.5	0.96	29.1	0.93	26.8	0.91	24.2	0.90
Decline in prices	12.8	0.62	15.4	0.73	15.8	0.73	12.9	0.65	11.2	0.63
Cost of Housing										
Prices will increase	68.1	0.98	68.1	1.10	68.5	1.09	69.7	1.04	71.0	1.07
Price increase more than current rate	44.2	0.97	45.2	1.23	48.3	1.19	48.4	1.10	49.5	1.10
Price increase similar to current rate	19.5	0.76	17.9	0.81	16.4	0.77	17.3	0.74	17.4	0.78
Price increase less than current rate	4.4	0.41	5.0	0.44	3.8	0.41	4.0	0.40	4.2	0.39
No changes in prices	22.4	0.88	23.1	0.98	24.0	0.99	22.0	0.95	22.1	0.96
Decline in prices	9.5	0.60	8.7	0.59	7.4	0.53	8.3	0.54	6.9	0.52
Cost of Services										
Prices will increase	66.4	1.02	63.5	1.04	65.8	1.05	72.5	0.98	70.8	0.99
Price increase more than current rate	39.2	1.00	40.2	1.15	43.6	1.14	46.4	1.13	46.2	1.02
Price increase similar to current rate	21.9	0.84	18.1	0.76	17.7	0.79	21.1	0.81	19.3	0.84
Price increase less than current rate	5.3	0.45	5.3	0.45	4.5	0.46	4.9	0.43	5.2	0.44
No changes in prices	28.9	0.99	31.6	1.00	29.5	1.01	23.4	0.90	25.9	0.94
Decline in prices	4.7	0.42	4.8	0.42	4.7	0.43	4.1	0.38	3.3	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	Mar-19		Sep-19		Nov-19		Jan-20		Mar-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	84.4	0.90	87.0	0.78	89.1	0.71	88.1	0.74	89.2	0.65
Price increase more than current rate	54.6	1.08	57.3	1.29	64.0	1.25	63.6	1.13	60.7	1.07
Price increase similar to current rate	26.6	0.93	25.1	1.07	21.5	0.96	21.4	0.88	24.8	1.00
Price increase less than current rate	3.2	0.38	4.6	0.47	3.6	0.44	3.2	0.37	3.7	0.42
No changes in prices	12.6	0.83	10.6	0.73	8.9	0.64	9.5	0.67	9.0	0.62
Decline in prices	3.0	0.33	2.4	0.31	2.0	0.28	2.4	0.30	1.8	0.26
Food Product										
Prices will increase	80.1	0.87	83.0	0.86	86.2	0.74	84.8	0.73	85.6	0.73
Price increase more than current rate	47.2	1.06	52.2	1.23	58.9	1.24	56.0	1.14	55.6	1.10
Price increase similar to current rate	28.0	0.88	25.4	0.96	22.4	0.90	24.3	0.93	24.3	0.93
Price increase less than current rate	5.0	0.44	5.4	0.53	5.0	0.49	4.5	0.40	5.7	0.49
No changes in prices	14.0	0.76	11.9	0.76	9.4	0.61	9.8	0.59	10.3	0.64
Decline in prices	5.9	0.45	5.2	0.43	4.4	0.39	5.4	0.42	4.1	0.37
Non- Food Product										
Prices will increase	78.2	0.89	78.6	0.94	81.0	0.82	81.6	0.80	82.3	0.81
Price increase more than current rate	45.7	1.05	48.1	1.25	53.5	1.23	53.1	1.14	53.6	1.08
Price increase similar to current rate	27.5	0.89	24.4	0.98	22.6	0.92	23.5	0.88	23.4	0.92
Price increase less than current rate	5.0	0.41	6.1	0.52	4.9	0.51	5.1	0.44	5.3	0.47
No changes in prices	16.9	0.80	16.6	0.85	15.5	0.72	14.1	0.72	14.2	0.73
Decline in prices	5.0	0.41	4.8	0.43	3.6	0.36	4.3	0.39	3.4	0.36
Household Durables										
Prices will increase	68.3	0.99	64.1	1.04	65.4	1.00	68.0	0.96	70.8	1.02
Price increase more than current rate	41.3	1.02	39.0	1.17	42.7	1.16	44.0	1.10	46.6	1.09
Price increase similar to current rate	22.6	0.81	19.4	0.82	18.1	0.80	20.0	0.80	19.8	0.86
Price increase less than current rate	4.4	0.41	5.6	0.49	4.6	0.46	4.0	0.40	4.4	0.42
No changes in prices	21.9	0.89	24.2	0.90	22.5	0.84	21.2	0.84	19.7	0.87
Decline in prices	9.8	0.57	11.8	0.64	12.1	0.62	10.7	0.60	9.5	0.59
Cost of Housing										
Prices will increase	77.6	0.86	77.3	0.89	80.0	0.92	77.8	0.89	79.9	0.90
Price increase more than current rate	51.0	1.01	51.8	1.15	57.1	1.20	54.7	1.09	56.5	1.03
Price increase similar to current rate	22.9	0.77	20.6	0.85	19.1	0.85	19.0	0.83	19.6	0.82
Price increase less than current rate	3.8	0.36	4.8	0.45	3.9	0.41	4.1	0.39	3.8	0.39
No changes in prices	15.2	0.75	15.5	0.73	13.9	0.76	15.0	0.77	14.5	0.78
Decline in prices	7.2	0.53	7.2	0.53	6.1	0.48	7.2	0.50	5.5	0.47
Cost of Services										
Prices will increase	78.8	0.87	79.0	0.93	80.9	0.87	82.5	0.79	81.4	0.85
Price increase more than current rate	47.5	1.02	50.0	1.23	53.7	1.23	54.6	1.15	53.0	1.09
Price increase similar to current rate	26.4	0.87	22.7	0.93	22.3	0.86	23.0	0.87	23.3	0.90
Price increase less than current rate	4.8	0.42	6.3	0.51	4.9	0.51	4.9	0.44	5.0	0.44
No changes in prices	17.4	0.81	17.2	0.85	15.9	0.77	14.6	0.72	16.0	0.81
Decline in prices	3.9	0.37	3.8	0.38	3.2	0.36	2.9	0.33	2.7	0.30

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: March 2020

	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	8.4	0.09	7.6	0.12	9.2	0.10	8.5	0.11	9.1	0.11	9.0	0.18
Gender-wise												
Male	8.5	0.12	7.6	0.15	9.2	0.13	8.4	0.14	9.1	0.15	8.9	0.21
Female	8.4	0.13	7.6	0.17	9.3	0.13	8.6	0.15	9.2	0.15	9.3	0.28
Category-wise												
Financial Sector Employees	7.9	0.43	6.8	0.51	8.3	0.40	7.5	0.43	8.4	0.56	8.2	0.84
Other Employees	8.7	0.19	7.8	0.21	9.4	0.19	8.5	0.20	9.2	0.23	9.0	0.32
Self Employed	8.4	0.19	7.7	0.22	9.1	0.20	8.5	0.18	9.1	0.22	9.0	0.33
Homemaker	8.3	0.14	7.6	0.19	9.1	0.14	8.5	0.17	9.1	0.17	9.2	0.29
Retired Persons	9.3	0.33	8.4	0.36	9.8	0.33	9.3	0.51	9.4	0.39	9.2	0.57
Daily Workers	8.5	0.25	7.8	0.29	9.5	0.27	9.0	0.37	9.7	0.28	9.6	0.35
Other category	8.1	0.21	7.3	0.24	8.9	0.23	8.2	0.25	9.1	0.28	8.9	0.36
Age Group-wise												
Up to 25 years	7.7	0.18	6.9	0.21	8.6	0.18	8.0	0.18	8.9	0.22	8.8	0.24
25 to 30 years	8.1	0.17	7.5	0.21	9.0	0.19	8.3	0.19	8.8	0.22	8.5	0.25
30 to 35 years	8.4	0.19	7.9	0.24	9.2	0.20	8.5	0.20	9.2	0.23	9.4	0.39
35 to 40 years	8.3	0.18	7.4	0.20	9.1	0.19	8.4	0.20	9.0	0.23	8.8	0.26
40 to 45 years	8.3	0.22	7.6	0.26	9.1	0.22	8.5	0.20	8.9	0.27	8.8	0.43
45 to 50 years	8.7	0.22	7.9	0.26	9.4	0.23	8.9	0.35	9.1	0.26	9.0	0.50
50 to 55 years	8.7	0.26	7.8	0.38	9.6	0.27	9.5	0.54	9.6	0.33	9.9	0.47
55 to 60 years	8.6	0.26	7.8	0.33	9.4	0.27	8.5	0.48	9.0	0.34	8.6	0.34
60 years and above	9.4	0.26	8.5	0.37	9.9	0.25	9.8	0.42	9.8	0.30	10.1	0.30
City-wise												
Ahmedabad	9.2	0.35	8.3	0.59	10.4	0.35	10.0	0.60	9.6	0.37	9.9	0.53
Bengaluru	7.6	0.25	6.4	0.48	8.3	0.28	7.3	0.37	8.7	0.28	8.2	0.41
Bhopal	8.4	0.69	6.8	1.31	9.2	0.63	8.1	1.34	9.1	0.60	9.4	1.03
Bhubaneswar	7.4	0.47	6.1	0.95	9.1	0.63	8.1	0.91	10.2	0.88	9.9	0.96
Chennai	8.8	0.46	8.0	0.87	10.3	0.48	10.0	0.53	10.9	0.38	10.8	0.53
Delhi	7.7	0.20	6.9	0.29	8.4	0.23	7.8	0.28	8.3	0.27	8.1	0.31
Guwahati	5.9	0.54	5.6	0.32	6.3	0.52	5.9	0.38	6.6	0.54	6.4	0.58
Hyderabad	9.4	0.32	8.4	0.46	10.8	0.28	10.1	0.43	12.4	0.29	12.9	0.99
Jaipur	7.8	0.52	7.0	0.70	8.3	0.50	7.9	0.62	6.7	0.52	6.5	0.70
Kolkata	10.3	0.33	9.8	0.54	10.9	0.33	10.4	0.28	10.9	0.37	10.7	0.39
Lucknow	8.2	0.46	7.7	0.48	9.1	0.54	8.9	0.51	9.2	0.67	9.5	0.66
Mumbai	8.5	0.21	8.0	0.20	8.7	0.24	8.2	0.22	7.6	0.35	7.9	0.38
Nagpur	6.8	0.24	6.1	0.37	8.4	0.31	7.8	0.36	8.6	0.37	8.2	0.54
Patna	7.7	0.34	7.5	0.54	7.9	0.32	7.6	0.47	7.0	0.46	7.5	0.32
Thiruvananthapuram	6.8	0.63	5.7	0.29	8.3	0.67	7.4	0.56	9.6	0.82	9.4	0.80
Chandigarh	8.3	0.59	9.0	0.48	8.8	0.85	9.0	0.63	7.7	1.23	8.3	1.35
Ranchi	7.7	0.42	7.7	0.38	8.0	0.55	7.9	0.42	7.9	0.73	8.3	0.64
Raipur	7.8	0.59	7.4	0.51	8.7	0.72	8.2	0.57	7.8	0.62	7.8	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
Mar-19	8.0	0.09	6.9	0.14	8.7	0.10	7.8	0.12	8.3	0.12	8.1	0.17
Sep-19	8.2	0.12	7.1	0.18	8.9	0.12	8.0	0.15	8.6	0.13	8.1	0.19
Nov-19	9.1	0.10	8.2	0.17	9.8	0.11	9.2	0.23	9.7	0.12	9.9	0.19
Jan-20	8.7	0.11	7.6	0.19	9.5	0.11	8.6	0.16	9.3	0.13	9.2	0.25
Mar-20	8.4	0.09	7.6	0.12	9.2	0.10	8.5	0.11	9.1	0.11	9.0	0.18

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					
Mar-19	62.6	62.3	54.9	58.8	63.4
Sep-19	62.7	62.1	50.2	56.8	61.2
Nov-19	64.7	65.1	51.0	60.7	63.1
Jan-20	66.1	66.2	53.4	59.3	64.5
Mar-20	65.4	64.6	55.8	61.1	64.7
One Year Ahead					
Mar-19	70.2	68.8	61.8	66.0	69.9
Sep-19	70.7	67.5	56.8	65.5	70.0
Nov-19	73.9	70.9	57.8	69.7	72.3
Jan-20	72.2	70.9	60.3	67.8	72.8
Mar-20	71.9	71.8	63.2	69.9	72.3

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: March 2020

		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	15	3	7	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26
	1-<2	1	37	14	2	1	0	0	1	0	0	0	0	0	0	0	0	1	0	0	57
	2-<3	1	6	81	68	38	3	2	0	2	0	0	0	0	0	0	0	1	0	0	202
	3-<4	2	3	12	112	69	40	18	3	0	0	0	0	0	0	0	0	0	0	0	259
	4-<5	1	1	5	15	176	101	54	13	7	0	2	0	1	0	0	0	0	0	0	376
	5-<6	2	3	16	23	28	506	201	239	98	8	92	0	0	0	0	0	6	1	1	1224
	6-<7	0	0	2	3	8	12	226	113	72	21	14	1	5	0	0	0	0	0	0	477
	7-<8	0	0	3	4	4	3	8	263	143	63	74	4	4	2	3	0	0	0	1	579
	8-<9	0	0	0	1	3	8	10	5	270	100	123	9	16	6	0	3	1	1	1	556
	9-<10	0	0	1	0	1	1	2	2	3	111	76	18	10	4	3	1	1	1	1	235
	10-<11	0	0	4	7	2	36	5	6	11	14	407	47	156	42	12	152	49	3	3	953
	11-<12	0	1	0	0	0	0	0	0	0	0	1	19	10	7	2	3	1	0	0	44
	12-<13	0	0	0	0	0	0	1	1	0	1	1	1	32	9	14	13	7	1	1	81
	13-<14	0	0	0	0	0	0	1	0	0	0	0	0	0	8	2	4	3	0	0	18
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	2	3	0	0	14
	15-<16	0	0	0	0	0	3	0	1	1	0	8	0	1	0	1	74	79	3	3	171
	>=16	0	0	0	0	2	2	0	0	0	0	15	0	0	0	0	9	607	5	5	640
	Total	22	54	145	235	333	715	528	647	607	318	813	99	235	78	46	269	752	16	16	5912

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: March 2020

		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	15	1	6	3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	26
	1-<2	10	21	19	2	1	2	0	0	0	0	1	0	1	0	0	0	0	0	0	57
	2-<3	22	2	48	47	44	22	8	1	2	0	3	0	1	0	0	1	1	1	0	202
	3-<4	23	0	1	76	47	58	32	8	8	2	1	0	1	0	0	1	1	1	0	259
	4-<5	45	1	4	8	107	66	74	30	16	4	14	2	2	0	0	2	1	0	0	376
	5-<6	115	1	5	9	14	318	104	225	129	35	199	5	14	5	2	28	16	0	0	1224
	6-<7	50	0	1	2	3	8	144	71	99	27	40	4	10	7	2	3	6	0	0	477
	7-<8	62	0	0	2	1	6	4	148	113	86	105	7	12	1	9	13	9	1	1	579
	8-<9	86	0	0	0	0	4	2	7	119	53	174	17	45	6	9	23	11	0	0	556
	9-<10	25	0	0	0	1	1	0	1	1	73	55	31	17	8	8	8	5	1	1	235
	10-<11	90	0	0	1	1	13	6	1	6	4	294	32	109	39	26	195	130	6	6	953
	11-<12	3	0	0	0	0	0	0	0	0	0	0	12	11	4	4	9	1	0	0	44
	12-<13	5	0	0	0	0	0	0	1	1	0	3	1	19	6	9	22	14	0	0	81
	13-<14	2	0	0	0	1	0	0	0	0	0	0	0	0	5	0	5	5	0	0	18
	14-<15	1	0	0	0	0	0	0	0	0	0	0	0	1	0	6	1	5	0	0	14
	15-<16	23	0	0	0	1	0	0	0	0	0	3	0	0	0	0	41	101	2	2	171
	>=16	52	0	0	0	0	0	0	0	0	0	7	0	2	0	0	6	568	5	5	640
Total	629	26	84	150	221	499	374	493	494	284	899	111	245	81	75	358	874	15	15	5912	

Note: Figures are based on sample observations