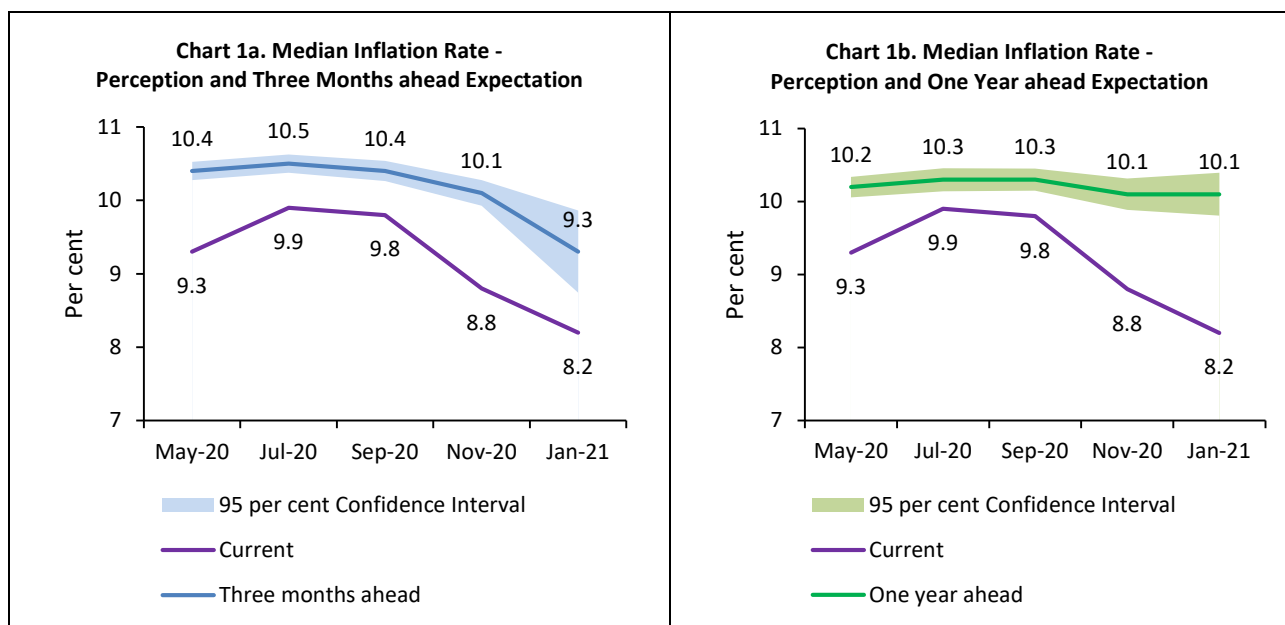


## Households' Inflation Expectations Survey – January 2021

Today, the Reserve Bank released the results of January 2021 round of its bi-monthly Inflation Expectations Survey of Households (IESH)<sup>1</sup>. In view of the Covid-19 pandemic, the survey was conducted through field interviews wherever possible and telephonic interviews elsewhere, during January 02 to January 11, 2021 in 18 major cities. The survey has captured subjective assessments on price movements and inflation of 5,940 urban households<sup>2</sup>, based on their individual consumption baskets.

### Highlights:

- i. Households' median inflation perception for the current period and three months ahead inflation expectation declined by 60 basis points and 80 basis points, respectively, as compared to the November 2020 round whereas one year ahead inflation expectation remained unchanged [Charts 1a and 1b; Table 3].
- ii. Respondents were more uncertain about future inflation than in the past few survey rounds as reflected in the widened confidence interval [Charts 1a and 1b; Table 3].
- iii. More households expect general prices as well as inflation to increase in the next one year. This is prominent in case of food and non-food commodities [Table 1b].
- iv. Households expect more pressure on price of services over one year horizon when compared to one quarter horizon.



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

<sup>1</sup> The survey 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.

<sup>2</sup> 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	Jan-20		Jul-20		Sep-20		Nov-20		Jan-21	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
<b>General</b>										
<b>Prices will increase</b>	83.2	0.87	83.5	0.92	81.6	0.78	83.3	0.85	83.7	0.89
Price increase more than current rate	56.1	1.16	52.2	1.14	53.9	1.02	55.4	1.14	56.0	1.26
Price increase similar to current rate	23.4	0.91	26.0	1.03	22.5	0.84	23.6	0.95	22.4	0.95
Price increase less than current rate	3.6	0.37	5.3	0.54	5.2	0.46	4.4	0.46	5.3	0.53
<b>No changes in prices</b>	14.4	0.81	14.0	0.84	15.9	0.74	14.2	0.81	14.3	0.86
<b>Decline in prices</b>	2.4	0.31	2.5	0.43	2.5	0.31	2.4	0.32	1.9	0.30
<b>Food Product</b>										
<b>Prices will increase</b>	81.7	0.80	82.3	0.86	80.4	0.80	81.5	0.83	80.9	0.95
Price increase more than current rate	56.0	1.11	54.7	1.08	52.6	1.00	54.7	1.10	54.2	1.16
Price increase similar to current rate	20.1	0.85	21.9	0.89	21.2	0.81	20.3	0.90	20.0	0.95
Price increase less than current rate	5.5	0.45	5.7	0.47	6.6	0.51	6.5	0.59	6.7	0.57
<b>No changes in prices</b>	11.2	0.67	13.2	0.75	14.3	0.70	11.6	0.67	13.0	0.82
<b>Decline in prices</b>	7.2	0.50	4.5	0.56	5.3	0.46	6.9	0.54	6.1	0.54
<b>Non- Food Product</b>										
<b>Prices will increase</b>	77.8	0.91	79.1	0.99	75.8	0.87	74.8	0.99	79.3	0.98
Price increase more than current rate	51.4	1.15	48.3	1.11	47.3	0.99	48.0	1.11	51.6	1.20
Price increase similar to current rate	21.2	0.88	24.6	0.98	21.9	0.82	20.3	0.87	20.9	0.90
Price increase less than current rate	5.3	0.43	6.2	0.51	6.6	0.50	6.4	0.57	6.7	0.56
<b>No changes in prices</b>	17.7	0.82	15.2	0.87	19.2	0.80	20.1	0.92	16.9	0.91
<b>Decline in prices</b>	4.4	0.39	5.6	0.59	5.0	0.45	5.2	0.48	3.8	0.40
<b>Household Durables</b>										
<b>Prices will increase</b>	60.3	1.02	57.8	1.14	56.3	1.02	60.3	1.09	64.3	1.11
Price increase more than current rate	37.9	1.03	34.7	1.07	35.0	0.96	38.2	1.11	42.5	1.15
Price increase similar to current rate	17.5	0.76	17.6	0.87	15.8	0.74	16.2	0.82	16.8	0.77
Price increase less than current rate	4.8	0.43	5.4	0.48	5.5	0.47	5.8	0.59	5.0	0.49
<b>No changes in prices</b>	26.8	0.91	28.4	1.00	30.7	0.94	27.4	1.00	27.2	1.05
<b>Decline in prices</b>	12.9	0.65	13.8	0.86	13.1	0.69	12.3	0.71	8.4	0.58
<b>Cost of Housing</b>										
<b>Prices will increase</b>	69.7	1.04	46.9	1.08	51.8	0.98	60.7	1.12	66.1	1.11
Price increase more than current rate	48.4	1.10	28.1	0.98	32.8	0.93	40.4	1.14	45.1	1.20
Price increase similar to current rate	17.3	0.74	14.9	0.78	14.4	0.69	15.9	0.80	16.2	0.79
Price increase less than current rate	4.0	0.40	3.9	0.39	4.6	0.43	4.4	0.50	4.8	0.49
<b>No changes in prices</b>	22.0	0.95	29.9	1.03	29.1	0.91	25.9	1.01	24.6	1.02
<b>Decline in prices</b>	8.3	0.54	23.2	0.95	19.1	0.78	13.4	0.84	9.3	0.66
<b>Cost of Services</b>										
<b>Prices will increase</b>	72.5	0.98	70.1	1.06	70.3	0.91	70.4	1.02	68.8	1.06
Price increase more than current rate	46.4	1.13	43.3	1.11	45.5	1.01	44.8	1.10	45.7	1.15
Price increase similar to current rate	21.1	0.81	21.2	0.92	19.1	0.79	20.3	0.88	18.5	0.81
Price increase less than current rate	4.9	0.43	5.6	0.49	5.7	0.47	5.3	0.50	4.6	0.50
<b>No changes in prices</b>	23.4	0.90	25.7	0.99	25.8	0.88	25.2	0.98	27.4	1.02
<b>Decline in prices</b>	4.1	0.38	4.2	0.52	3.9	0.38	4.4	0.44	3.8	0.47

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	Jan-20		Jul-20		Sep-20		Nov-20		Jan-21	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
<b>Prices will increase</b>	88.1	0.74	84.6	0.87	84.8	0.73	86.5	0.77	88.0	0.80
Price increase more than current rate	63.6	1.13	55.9	1.12	59.6	1.00	59.5	1.09	62.9	1.23
Price increase similar to current rate	21.4	0.88	24.3	0.93	20.4	0.82	22.9	0.92	21.2	0.95
Price increase less than current rate	3.2	0.37	4.4	0.46	4.7	0.43	4.1	0.44	3.9	0.43
<b>No changes in prices</b>	9.5	0.67	12.9	0.82	12.1	0.67	10.3	0.69	9.6	0.75
<b>Decline in prices</b>	2.4	0.30	2.5	0.35	3.1	0.35	3.2	0.39	2.4	0.33
<b>Food Product</b>										
<b>Prices will increase</b>	84.8	0.73	75.3	1.00	77.3	0.85	77.7	0.97	80.5	0.96
Price increase more than current rate	56.0	1.14	45.2	1.10	48.3	0.99	48.4	1.10	53.0	1.21
Price increase similar to current rate	24.3	0.93	24.1	0.96	22.5	0.82	24.0	0.93	22.6	0.96
Price increase less than current rate	4.5	0.40	6.0	0.50	6.4	0.51	5.4	0.48	4.9	0.49
<b>No changes in prices</b>	9.8	0.59	17.4	0.88	14.8	0.72	14.3	0.82	13.4	0.84
<b>Decline in prices</b>	5.4	0.42	7.3	0.63	7.9	0.55	8.0	0.58	6.1	0.55
<b>Non- Food Product</b>										
<b>Prices will increase</b>	81.6	0.80	74.3	1.04	75.7	0.87	75.0	0.98	80.4	0.93
Price increase more than current rate	53.1	1.14	44.0	1.13	47.3	1.00	45.6	1.13	52.8	1.22
Price increase similar to current rate	23.5	0.88	24.3	0.92	22.2	0.83	23.5	0.93	22.7	0.93
Price increase less than current rate	5.1	0.44	6.0	0.50	6.1	0.49	5.9	0.55	4.9	0.45
<b>No changes in prices</b>	14.1	0.72	18.7	0.97	18.2	0.78	19.3	0.89	15.0	0.84
<b>Decline in prices</b>	4.3	0.39	7.0	0.71	6.1	0.49	5.8	0.51	4.6	0.46
<b>Household Durables</b>										
<b>Prices will increase</b>	68.0	0.96	62.4	1.14	62.3	0.98	65.0	1.08	69.8	1.07
Price increase more than current rate	44.0	1.10	35.6	1.08	38.8	0.98	39.9	1.08	45.0	1.20
Price increase similar to current rate	20.0	0.80	21.1	0.91	18.4	0.77	19.7	0.88	19.9	0.81
Price increase less than current rate	4.0	0.40	5.8	0.51	5.1	0.45	5.4	0.54	4.9	0.48
<b>No changes in prices</b>	21.2	0.84	26.0	1.01	26.5	0.88	24.6	1.01	22.1	0.97
<b>Decline in prices</b>	10.7	0.60	11.6	0.81	11.2	0.64	10.3	0.68	8.1	0.63
<b>Cost of Housing</b>										
<b>Prices will increase</b>	77.8	0.89	57.4	1.10	63.9	0.95	72.1	1.01	74.8	1.05
Price increase more than current rate	54.7	1.09	34.7	1.10	42.0	0.99	47.8	1.10	49.9	1.22
Price increase similar to current rate	19.0	0.83	18.4	0.88	17.4	0.75	19.8	0.87	20.2	0.91
Price increase less than current rate	4.1	0.39	4.3	0.43	4.6	0.43	4.5	0.44	4.7	0.48
<b>No changes in prices</b>	15.0	0.77	26.1	1.01	23.8	0.85	19.2	0.86	17.7	0.95
<b>Decline in prices</b>	7.2	0.50	16.5	0.83	12.2	0.67	8.7	0.65	7.5	0.61
<b>Cost of Services</b>										
<b>Prices will increase</b>	82.5	0.79	75.6	1.06	76.8	0.86	77.2	0.98	78.5	0.98
Price increase more than current rate	54.6	1.15	46.1	1.11	48.5	1.01	49.0	1.11	51.1	1.21
Price increase similar to current rate	23.0	0.87	23.7	0.90	22.0	0.83	22.2	0.87	22.9	0.96
Price increase less than current rate	4.9	0.44	5.8	0.50	6.3	0.50	6.1	0.55	4.6	0.45
<b>No changes in prices</b>	14.6	0.72	20.5	0.97	19.6	0.81	18.6	0.91	18.2	0.94
<b>Decline in prices</b>	2.9	0.33	3.9	0.57	3.6	0.37	4.2	0.45	3.3	0.41

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: January 2021**

	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
<b>Overall</b>	9.1	0.12	8.2	0.17	10.0	0.12	9.3	0.29	9.7	0.13	10.1	0.15
<b>Gender-wise</b>												
Male	9.3	0.14	8.4	0.18	10.1	0.14	9.5	0.34	9.8	0.16	10.1	0.15
Female	8.7	0.14	7.7	0.21	9.7	0.15	8.9	0.24	9.5	0.17	9.7	0.39
<b>Category-wise</b>												
Financial Sector Employees	9.0	0.63	7.9	0.78	9.5	0.59	8.8	0.78	8.8	0.53	8.5	0.82
Other Employees	8.8	0.19	7.7	0.25	9.7	0.19	8.8	0.24	9.4	0.22	9.4	0.40
Self Employed	9.5	0.19	8.8	0.38	10.0	0.19	9.4	0.46	9.7	0.23	10.1	0.33
Homemaker	8.6	0.17	7.7	0.23	9.6	0.17	8.8	0.23	9.2	0.20	9.2	0.36
Retired Persons	10.3	0.36	10.3	0.22	11.0	0.36	10.8	0.53	10.3	0.38	10.5	0.51
Daily Workers	9.2	0.26	8.4	0.33	10.1	0.25	9.6	0.45	9.9	0.31	10.1	0.35
Other category	8.8	0.23	7.9	0.40	9.6	0.23	9.0	0.36	9.7	0.26	9.8	0.42
<b>Age Group-wise</b>												
Up to 25 years	8.3	0.20	7.4	0.28	9.3	0.20	8.6	0.25	9.4	0.22	9.5	0.48
25 to 30 years	8.9	0.20	8.0	0.24	9.8	0.20	9.0	0.29	9.4	0.23	9.6	0.44
30 to 35 years	8.8	0.20	7.9	0.29	9.6	0.20	8.9	0.31	9.5	0.23	9.7	0.42
35 to 40 years	9.1	0.20	8.3	0.25	9.9	0.20	9.2	0.38	9.7	0.23	9.8	0.34
40 to 45 years	9.4	0.23	8.3	0.33	10.3	0.22	9.9	0.38	9.7	0.26	9.7	0.43
45 to 50 years	9.5	0.25	9.2	0.55	10.3	0.25	10.1	0.29	9.8	0.32	10.2	0.21
50 to 55 years	9.6	0.30	9.5	0.61	10.2	0.29	10.0	0.43	9.4	0.36	10.1	0.41
55 to 60 years	9.8	0.32	9.7	0.50	10.6	0.32	10.4	0.28	10.0	0.40	10.6	0.28
60 years and above	10.3	0.29	10.1	0.37	10.9	0.28	10.5	0.24	10.1	0.34	10.2	0.30
<b>City-wise</b>												
Ahmedabad	10.3	0.44	10.0	0.44	11.6	0.42	11.6	1.19	11.7	0.37	12.5	1.59
Bengaluru	7.9	0.35	5.9	0.26	9.2	0.31	8.2	0.37	10.1	0.28	10.4	0.17
Bhopal	8.2	1.04	6.6	1.43	8.9	0.94	7.7	1.19	8.0	0.85	7.1	1.09
Bhubaneswar	10.3	1.05	10.2	1.77	11.8	1.07	13.6	2.21	10.4	1.29	12.1	2.00
Chennai	10.0	0.46	10.2	0.35	11.2	0.46	11.2	0.97	11.5	0.53	12.8	1.43
Delhi	8.8	0.32	8.0	0.44	9.6	0.33	8.7	0.45	9.1	0.37	8.8	0.40
Guwahati	11.9	0.73	12.5	2.25	12.3	0.75	13.4	2.19	11.4	0.74	12.7	1.96
Hyderabad	9.7	0.50	9.1	0.94	10.9	0.48	10.6	0.57	10.5	0.58	11.1	0.59
Jaipur	9.7	0.90	8.8	1.38	9.2	0.66	9.0	0.98	8.8	0.66	9.0	1.02
Kolkata	10.1	0.37	9.5	0.60	10.9	0.34	10.4	0.33	10.8	0.35	10.7	0.58
Lucknow	8.8	0.57	8.1	0.68	9.4	0.58	8.8	0.70	9.2	0.69	9.3	0.84
Mumbai	8.9	0.30	8.1	0.31	9.4	0.30	8.6	0.33	8.0	0.37	7.9	0.45
Nagpur	8.5	0.42	7.5	0.49	10.0	0.49	8.8	0.51	10.0	0.49	10.1	0.38
Patna	7.0	0.32	6.5	0.50	7.7	0.37	7.2	0.50	7.2	0.42	7.2	0.46
Thiruvananthapuram	5.6	0.60	5.1	0.43	6.9	0.65	6.1	0.48	8.2	0.85	8.5	1.45
Chandigarh	9.5	0.60	9.9	0.55	9.4	0.68	9.6	0.75	9.2	0.72	9.5	0.95
Ranchi	7.6	0.40	7.3	0.60	8.0	0.43	7.7	0.62	7.7	0.91	8.3	0.66
Raipur	6.5	0.41	5.7	0.21	8.0	0.44	7.5	0.46	10.2	0.98	10.2	0.91

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
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
Jul-20	10.0	0.11	9.9	0.21	10.8	0.11	10.5	0.06	9.8	0.14	10.3	0.08
Sep-20	9.9	0.10	9.8	0.25	10.8	0.10	10.4	0.07	9.9	0.12	10.3	0.08
Nov-20	9.5	0.11	8.8	0.18	10.4	0.11	10.1	0.09	9.8	0.13	10.1	0.11
Jan-21	9.1	0.12	8.2	0.17	10.0	0.12	9.3	0.29	9.7	0.13	10.1	0.15

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					
Jan-20	66.1	66.2	53.4	59.3	64.5
Jul-20	62.8	61.0	49.9	43.6	58.4
Sep-20	62.1	61.0	50.4	45.9	60.5
Nov-20	62.7	63.5	52.4	54.0	60.7
Jan-21	63.3	64.3	54.5	55.7	62.8
One Year Ahead					
Jan-20	72.2	70.9	60.3	67.8	72.8
Jul-20	63.9	64.5	55.2	51.2	65.7
Sep-20	63.0	64.8	55.5	53.6	66.6
Nov-20	66.4	65.9	56.7	62.1	68.9
Jan-21	68.4	68.6	60.6	63.0	69.0

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: January 2021**

		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	
Current Inflation Rate (per cent)	<1	19	4	1	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27
	1-<2	0	23	12	7	1	0	1	1	0	0	1	0	0	0	0	0	0	0	0	46
	2-<3	3	9	92	62	35	12	2	2	1	0	1	0	0	0	0	0	0	0	2	221
	3-<4	0	2	7	89	69	45	16	5	2	1	1	0	0	0	0	0	0	0	1	238
	4-<5	1	0	5	13	142	74	76	19	8	1	4	0	3	0	0	0	0	0	1	347
	5-<6	0	1	13	31	21	450	174	241	102	12	112	5	3	1	0	11	2	1	1180	
	6-<7	0	0	1	7	4	7	183	63	64	17	20	0	3	1	0	0	2	0	372	
	7-<8	1	1	0	3	2	7	14	176	98	49	66	2	3	2	0	1	1	2	428	
	8-<9	0	0	1	2	3	6	8	6	247	67	120	11	11	3	4	2	4	2	497	
	9-<10	0	0	0	0	1	0	2	1	2	91	41	18	13	5	8	7	1	1	191	
	10-<11	0	0	1	1	3	41	3	10	27	9	403	45	162	53	12	180	87	1	1038	
	11-<12	0	0	0	0	0	0	1	0	1	0	0	11	9	3	0	2	1	0	28	
	12-<13	0	1	0	0	0	0	2	1	2	0	2	0	23	3	13	15	8	0	70	
	13-<14	0	0	0	0	0	0	0	0	0	0	0	0	0	7	2	7	4	0	20	
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	1	0	9	4	5	0	19	
	15-<16	0	0	0	0	0	7	0	3	3	0	14	0	4	2	1	75	111	1	221	
	>=16	1	0	1	1	3	10	2	0	1	0	25	0	4	2	1	18	924	4	997	
	Total	25	41	134	217	286	659	484	528	558	247	810	92	239	82	50	322	1150	16	5940	

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: January 2021**

		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	17	1	2	3	2	0	1	0	0	0	1	0	0	0	0	0	0	0	27
	1-<2	7	10	12	5	5	3	2	0	0	0	1	0	0	0	0	1	0	0	46
	2-<3	30	1	67	30	45	28	3	5	3	0	3	0	0	0	0	3	0	3	221
	3-<4	32	1	4	60	30	45	27	13	5	6	8	2	2	0	1	0	2	0	238
	4-<5	37	1	4	5	71	67	75	32	24	10	12	2	1	0	3	1	2	0	347
	5-<6	151	0	3	7	19	271	85	215	132	27	175	13	17	5	2	45	12	1	1180
	6-<7	40	0	0	0	4	4	111	33	77	24	54	2	14	2	1	4	2	0	372
	7-<8	54	0	0	1	1	4	4	103	59	72	81	10	20	5	3	8	2	1	428
	8-<9	73	1	1	0	4	3	6	6	139	38	135	18	38	9	6	12	7	1	497
	9-<10	29	0	0	0	0	0	0	0	1	43	40	24	21	7	8	14	4	0	191
	10-<11	109	0	0	1	0	18	2	9	14	8	276	24	117	46	21	205	186	2	1038
	11-<12	3	0	0	0	0	1	0	0	0	0	0	10	2	6	3	2	1	0	28
	12-<13	4	0	0	0	0	0	1	1	0	0	1	0	15	5	13	14	16	0	70
	13-<14	1	0	0	0	0	0	0	0	0	0	0	0	0	3	3	7	5	1	20
	14-<15	2	0	0	0	0	0	0	1	0	0	0	0	0	0	4	2	10	0	19
	15-<16	22	0	0	0	0	2	0	1	1	0	6	0	3	3	2	51	130	0	221
	>=16	106	0	0	1	1	2	0	0	0	0	18	0	5	3	1	19	839	2	997
	Total	717	15	93	113	182	448	317	419	455	228	811	105	255	94	71	388	1218	11	5940

Note: Figures are based on sample observations