

Inflation Expectations Survey of Households: September 2011 (Round 25)*

The findings of Inflation Expectations Survey of Households conducted in the July-September 2011 quarter, the 25th round in the series is presented here. The survey captures the inflation expectations of 4,000 urban households across 12 cities for the next three-month and for the next one-year. These expectations are based on their individual consumption baskets and, hence, these rates should not be considered as predictors of any official measure of inflation. The households' inflation expectations provide useful directional information on near-term inflationary pressures and also supplement other economic indicators to get a better indication of future inflation. The survey results are those of the respondents and not necessarily shared by the Reserve Bank of India.

The current round of the survey shows that the percentage of respondents expecting price rise have gone down for all product groups (viz., food, non-food, household durables, housing and services) except three-month ahead price of housing. Expectations on general price rise were mainly influenced by movements in food prices. The three-month ahead inflation expectations of households have moved higher at 12.2 per cent from 11.8 per cent in the last round of survey but one-year ahead inflation expectations has remained same at 12.9 per cent. The survey findings indicate that households expect inflation to rise further by 50 and 120 basis points during the next three-month and next one-year, respectively, from the perceived current rate of 11.7 per cent. On category-wise inflation expectations, daily-wage workers and housewives expected higher inflation rates compared to other categories. Across the cities, Jaipur expected the highest inflation while expectations were the lowest for Kolkata. 27 per cent of the respondents felt that the Reserve Bank is taking necessary action to control inflation, of which, 58 per cent felt that the Reserve Bank's action has an impact on controlling inflation.

* Prepared in the Division of Household Surveys, Department of Statistics and Information Management. The previous article on the subject was published in August 2011 RBI Bulletin.

I. Introduction

Reserve Bank of India has been conducting Inflation Expectations Survey of Households (IESH) on a quarterly basis, since September 2005. The survey elicits qualitative and quantitative responses for short and long-term indicated by three and twelve-month period ahead on expected price changes and inflation. Inflation expectations of households (HHs) are subjective assessments and are based on their individual consumption baskets and, therefore, may be different from the official inflation numbers released periodically by the government. Again they may not be treated as forecast of any official measure of inflation, though these inflation expectations provide useful inputs on directional movements of future inflation.

II. Sample Coverage and Information Sought

The survey is conducted simultaneously in 12 cities that cover adult respondents of 18 years and above. The major metropolitan cities, viz., Delhi, Kolkata, Mumbai and Chennai are represented by 500 households each, while another eight cities, viz., Jaipur, Lucknow, Bhopal, Ahmedabad, Patna, Guwahati, Bangalore and Hyderabad are represented by 250 households each. The respondents are well-spread across the cities to provide a good geographical coverage. The male and female respondents in the group are usually in the ratio of 3:2. The sample coverage in terms of occupational category-wise representation is nearly as per the target (Table 1).

The single page survey schedule (Annex) is organised into seven blocks covering the respondent profile (Block 1), general and product-wise short and long-term price expectations (Block 2 and 3), feedback

**Table 1: Respondents' Profile (Category):
Share in Total Sample**

Category of Respondents	Share in Total (%)	Target Share (%)
Financial Sector Employees	9.9	10.0
Other Employees	15.8	15.0
Self-Employed	21.3	20.0
Housewives	28.8	30.0
Retired Persons	8.9	10.0
Daily Workers	9.6	10.0
Other Categories	5.8	5.0
Total	100	100

Note: The above Sample proportion is for the quarter ended **September 2011** survey

on the Reserve Bank's action to control inflation (Block 4), current and expected short and long-term inflation rate (Block 5), amount paid for the purchase of major food items during last one month (Block 6). From the current round, a new block (Block 7) has been added to seek respondents' expectations on changes in their income/wages.

The response options for price changes are (i) price increase more than current rate, (ii) price increase similar to current rate, (iii) price increase less than current rate, (iv) no change in prices and (v) decline in prices. The inflation rates are collected in intervals – the lowest being 'less than 1 per cent' and the highest being '16 per cent and above' with 100 basis point size for all intermediate classes.

III. Survey Results

III.1 General Price Expectations

- The percentage of respondents expecting increase in general prices for both three-month ahead and one-year ahead have gone down to 96-97 per cent from around 99 per cent in the previous round (April-June 2011) (Table 2.1).
- For both three-month and one-year ahead periods, the proportion of respondents who expect price increase to be 'higher than current rate' has increased *vis-à-vis* last round (Table 2.1).

III.2 Product Group-wise Price Expectations

- The percentage of respondents expecting *price increase* has gone down for food products (Table 2.2), non-food products (Table 2.3), household durables (Table 2.4) and services (Table 2.6) but has gone up for three-month ahead expectations for housing prices (Table 2.5).
- Proportion of households expecting price increase in next three-month by '*more than the current rate*' has gone up marginally in case of food products, non-food products and household durables but significantly for housing and cost of services (Table 2).

Table 2: Percentage of Respondents – Product-wise Expectations of Prices for Three-month and One-year Ahead
Table 2.1: General

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	93.1	95.8	97.4	95.7	95.3	96.5	98.6	96.0	98.7	97.3
Price increase more than current rate	63.5	72.2	74.6	66.9	72.7	72.2	74.3	72.9	71.8	75.8
Price increase similar to current rate	20.7	18.4	16.6	20.0	20.0	21.0	22.0	20.4	19.8	15.4
Price increase less than current rate	8.9	5.1	6.2	8.8	2.6	3.3	2.3	2.7	7.1	6.0
No change in prices	6.1	3.7	2.4	3.4	4.2	2.9	1.1	3.5	1.2	2.2
Decline in price	0.9	0.6	0.3	0.9	0.5	0.6	0.4	0.5	0.1	0.6
Options	One-year ahead (percentage of respondents)									
Prices will increase	93.7	96.3	96.3	96.5	95.2	95.6	98.9	96.1	98.7	96.0
Price increase more than current rate	62.8	69.5	68.2	62.8	70.8	70.4	77.4	73.4	73.3	73.5
Price increase similar to current rate	18.5	17.3	15.2	19.8	18.7	19.7	17.9	18.6	18.0	16.7
Price increase less than current rate	12.4	9.5	12.9	13.9	5.7	5.6	3.6	4.2	7.4	5.9
No change in prices	5.3	3.1	3.1	2.6	3.8	3.5	0.9	3.5	1.3	3.3
Decline in price	0.9	0.7	0.6	0.9	1.1	0.9	0.3	0.3	0.0	0.7

Table 2.2: Food Products

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	94.6	96.3	98.0	95.9	95.8	96.7	98.1	95.4	98.6	97.3
Price increase more than current rate	64.5	76.1	81.1	70.4	74.9	74.7	73.1	69.4	72.0	74.2
Price increase similar to current rate	21.5	15.0	11.7	15.5	17.7	18.0	21.3	21.0	17.5	17.2
Price increase less than current rate	8.6	5.2	5.3	10.0	3.2	4.0	3.7	5.1	9.1	5.9
No change in prices	4.6	3.0	1.4	3.1	3.5	2.3	1.4	3.8	1.2	1.9
Decline in price	0.9	0.8	0.6	1.0	0.7	1.0	0.6	0.8	0.2	0.9
Options	One-year ahead (percentage of respondents)									
Prices will increase	94.7	96.2	96.5	96.8	95.6	95.7	98.6	95.9	98.6	95.8
Price increase more than current rate	63.6	71.0	72.1	65.9	72.8	71.7	76.4	75.5	73.6	72.0
Price increase similar to current rate	18.9	15.2	11.9	16.5	16.9	17.8	17.8	16.6	17.2	19.0
Price increase less than current rate	12.2	10.0	12.5	14.5	5.9	6.2	4.4	3.9	7.9	4.8
No change in prices	4.5	2.9	2.7	2.3	3.3	3.2	1.1	3.6	1.3	3.3
Decline in price	0.8	0.9	0.9	0.9	1.1	1.1	0.4	0.5	0.1	0.9

Table 2.3: Non-Food Products

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	91.4	94.7	95.8	94.0	92.9	95.4	95.9	95.0	98.0	95.6
Price increase more than current rate	51.2	59.3	63.1	57.4	60.1	64.4	58.8	58.4	65.6	67.1
Price increase similar to current rate	28.4	27.1	24.8	28.0	29.4	27.3	33.2	31.3	25.0	21.5
Price increase less than current rate	11.8	8.3	7.9	8.7	3.4	3.7	3.9	5.3	7.4	7.0
No change in prices	7.7	4.7	3.7	4.8	6.3	3.9	0.5	4.4	1.9	3.8
Decline in price	1.0	0.7	0.5	1.2	0.9	0.7	0.7	0.6	0.1	0.7
Options	One-year ahead (percentage of respondents)									
Prices will increase	91.9	95.2	94.6	94.7	92.8	94.6	97.5	94.7	97.8	95.2
Price increase more than current rate	53.1	59.6	60.7	53.0	59.7	64.0	65.2	59.9	66.9	66.4
Price increase similar to current rate	25.0	23.6	20.7	27.6	26.4	24.9	28.1	29.2	24.0	22.7
Price increase less than current rate	13.8	12.1	13.2	14.1	6.7	5.7	4.2	5.6	7.0	6.1
No change in prices	7.3	4.0	4.6	4.2	5.9	4.4	2.2	4.6	2.0	4.1
Decline in price	0.8	0.8	0.8	1.1	1.3	1.0	0.4	0.7	0.1	0.8

Table 2.4: Household Durables

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	80.0	86.8	87.7	86.4	87.1	89.7	91.9	90.4	91.7	91.0
Price increase more than current rate	37.2	38.4	45.5	44.1	45.1	45.8	45.5	47.0	49.0	50.5
Price increase similar to current rate	26.3	30.5	23.4	27.2	30.5	32.9	28.9	28.0	30.6	26.4
Price increase less than current rate	16.5	18.0	18.9	15.1	11.6	11.0	17.5	15.4	12.1	14.1
No change in prices	15.7	11.0	9.5	8.8	9.1	6.3	5.9	5.9	6.7	5.8
Decline in price	4.4	2.2	2.9	4.8	3.8	4.1	2.4	3.8	1.7	3.3
Options	One-year ahead (percentage of respondents)									
Prices will increase	80.4	88.7	87.8	85.2	87.2	89.0	94.4	91.3	92.8	91.5
Price increase more than current rate	38.4	43.3	45.5	43.2	46.6	46.3	48.6	49.6	52.0	52.2
Price increase similar to current rate	24.3	28.2	22.1	25.4	30.1	31.8	32.5	29.0	25.7	26.0
Price increase less than current rate	17.7	17.3	20.3	16.6	10.6	11.0	13.3	12.8	15.1	13.3
No change in prices	16.2	9.1	8.5	9.6	8.0	6.7	3.8	5.7	5.4	6.2
Decline in price	3.5	2.2	3.7	5.3	4.8	4.3	1.9	3.0	1.9	2.3

Table 2.5: Housing Prices

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	92.4	93.8	96.1	95.2	96.1	96.0	97.0	94.5	95.2	97.0
Price increase more than current rate	55.9	64.4	70.8	60.4	70.8	64.6	73.1	73.5	65.4	73.5
Price increase similar to current rate	25.4	22.0	19.8	25.4	21.0	24.8	21.3	18.3	23.5	18.2
Price increase less than current rate	11.1	7.4	5.6	9.5	4.3	6.7	2.6	2.7	6.4	5.4
No change in prices	6.4	5.0	3.4	3.5	3.1	2.8	2.1	4.7	4.5	2.2
Decline in price	1.3	1.2	0.5	1.3	0.9	1.2	0.9	0.8	0.3	0.8
Options	One-year ahead (percentage of respondents)									
Prices will increase	93.0	94.9	96.4	94.1	96.1	95.3	97.9	94.8	97.6	95.8
Price increase more than current rate	57.6	66.0	73.4	61.0	72.0	65.9	75.5	72.1	70.4	70.2
Price increase similar to current rate	22.1	21.4	15.1	21.7	19.1	21.6	19.4	20.1	21.7	20.0
Price increase less than current rate	13.3	7.6	7.9	11.4	5.0	7.9	3.0	2.7	5.6	5.6
No change in prices	5.8	3.8	2.9	4.6	2.7	3.2	1.4	4.6	2.0	3.3
Decline in price	1.2	1.3	0.7	1.3	1.2	1.5	0.8	0.6	0.4	0.9

Table 2.6: Cost of Services

Round No./survey period (quarter ended) →	16 Jun-09	17 Sep-09	18 Dec-09	19 Mar-10	20 Jun-10	21 Sep-10	22 Dec-10	23 Mar-11	24 Jun-11	25 Sep-11
Options	Three-month ahead (percentage of respondents)									
Prices will increase	87.3	92.4	91.7	89.9	94.1	94.2	94.1	91.6	96.2	95.3
Price increase more than current rate	53.1	63.7	62.7	58.6	63.2	59.2	61.4	62.1	61.0	68.1
Price increase similar to current rate	22.2	22.9	21.2	23.9	26.2	28.6	28.9	26.4	26.2	20.3
Price increase less than current rate	12.0	5.8	7.8	7.5	4.8	6.4	3.8	3.1	9.1	6.8
No change in prices	11.3	6.3	7.0	6.7	4.8	5.2	4.5	7.7	3.8	4.0
Decline in price	1.5	1.3	1.4	3.4	1.1	0.6	1.4	0.7	0.0	0.8
Options	One-year ahead (percentage of respondents)									
Prices will increase	88.1	95.0	92.3	89.9	94.2	94.3	95.2	91.2	97.3	95.2
Price increase more than current rate	54.4	65.6	62.9	57.2	63.2	58.0	64.6	62.6	62.7	66.3
Price increase similar to current rate	20.2	21.5	18.5	23.0	24.9	29.5	25.7	24.4	25.3	23.4
Price increase less than current rate	13.5	7.9	10.9	9.8	6.1	6.8	4.9	4.2	9.3	5.4
No change in prices	10.3	4.1	6.0	6.9	4.6	4.9	4.1	8.2	2.6	4.2
Decline in price	1.6	1.0	1.8	3.2	1.2	0.9	0.7	0.7	0.1	0.7

- However, *vis-à-vis* last round, more households expect cost of services to increase faster than the current rate in next one-year (Table 2.6).

III.3 Coherence between General and Product Group-wise Price Expectations

- As in the past rounds, the general price expectations are observed to be more aligned with food price expectations as compared with other product groups. Around 90 per cent of the respondents appeared to have been driven by expected changes in food prices for arriving at general price expectations (Table 3 and Table 4).
- The extent of coherence between general price expectations and that of other product groups has

Table 3: Percentage of Respondents Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: Three-month Ahead

<i>(percentage of respondents)</i>						
Round No.	Survey Quarter	Food	Non-Food	Household Durables	Housing	Cost of Services
16	Jun-09	87.0	79.3	59.4	72.0	76.7
17	Sep-09	89.1	81.3	56.5	78.1	82.2
18	Dec-09	88.3	83.6	62.3	82.7	79.3
19	Mar-10	87.4	81.4	66.5	78.1	76.6
20	Jun-10	89.9	82.4	63.6	80.2	80.8
21	Sep-10	91.4	86.1	64.8	79.2	76.7
22	Dec-10	92.3	77.3	58.9	82.5	76.6
23	Mar-11	85.5	78.9	62.5	82.5	76.4
24	Jun-11	88.5	83.0	68.1	80.4	80.0
25	Sep-11	88.8	86.2	68.0	84.4	85.2

Table 4: Percentage of Respondents Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: One-year Ahead

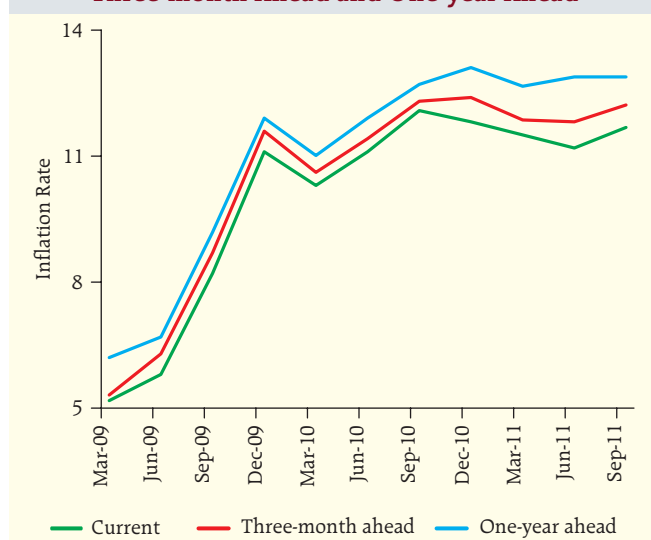
(percentage of respondents)

Round No.	Survey Quarter	Food	Non-Food	Household Durables	Housing	Cost of Services
16	Jun-09	89.2	82.2	61.4	76.8	78.5
17	Sep-09	91.9	85.8	65.0	78.9	82.3
18	Dec-09	91.1	88.4	69.0	82.8	79.3
19	Mar-10	89.9	83.6	67.3	79.7	76.2
20	Jun-10	91.7	83.2	67.2	79.4	81.1
21	Sep-10	93.4	88.0	66.8	81.0	76.3
22	Dec-10	91.7	83.5	62.4	83.0	78.8
23	Mar-11	89.8	81.6	68.1	82.4	80.6
24	Jun-11	94.8	86.6	70.4	81.6	81.6
25	Sep-11	92.4	87.2	71.1	85.7	86.3

by and large increased in the current survey round as compared with the previous round. The association was the lowest with household durables prices (Table 3 and Table 4).

III.4 Inflation Expectations

- The three-month ahead inflation expectations based on average of inflation rate reported by 4,000 households have tended upwards at 12.2 per cent from 11.8 per cent in the last round but one-year ahead inflation expectations have stayed at 12.9 per cent (Table 5 and Chart 1).

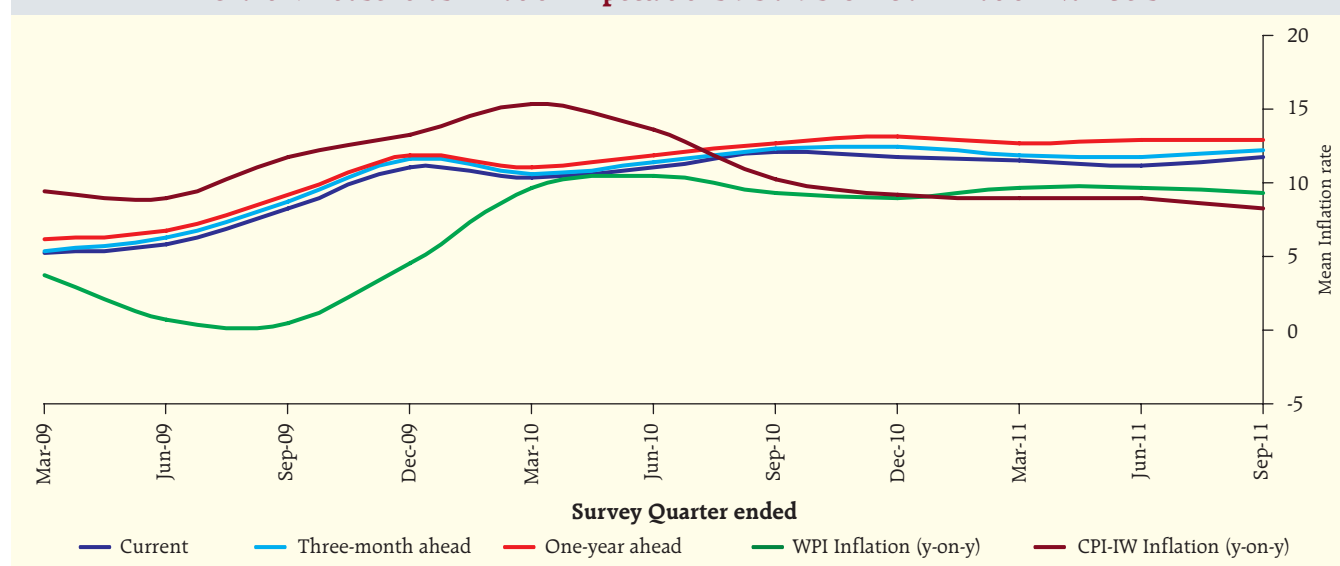
Chart 1: Household Inflation Expectations – Current, Three-month Ahead and One-year Ahead

- The respondents' views on the current perceived and the three-month ahead expected inflation have increased by 50 and 40 basis points, respectively, *vis-à-vis* corresponding average rates reported in the previous round (Table 5).
- Households expect inflation to rise further by 50 and 120 basis points during next three-month and next one-year, respectively, from the perceived current rate of 11.7 per cent. The expected rise from the current inflation for the periods ahead has, however, moderated *vis-à-vis* last round (Table 5).
- For a large part of the survey history, the households' inflation expectations remained between the WPI and CPI-IW inflation rates. However, from September 2010 round of the survey, household inflation expectations are higher than the official inflation rates (Chart 2).
- Based on 10,000 re-samples using simple random sampling with replacement, 99 per cent bootstrap confidence intervals worked out for mean for short-term and long-term period have small width indicating the precision of point estimates for the population means of households' expectations of inflation (Table 6).

Table 5: Household Inflation Expectations – Current, Three-month Ahead and One-year Ahead

Survey Round	Survey Quarter	Three month Expectation period	Inflation rate in Per cent		
			Current	Three-month Ahead	One-year Ahead
13	Oct-08	Oct-Dec 08	11.3	11.6	12.4
14	Dec-08	Jan-Mar 09	9.3	8.9	9.6
15	Mar-09	Apr-Jun 09	5.2	5.3	6.2
16	Jun-09	Jul-Sep 09	5.8	6.3	6.7
17	Sep-09	Oct-Dec 09	8.2	8.7	9.2
18	Dec-09	Jan-Mar 10	11.1	11.6	11.9
19	Mar-10	Apr-Jun 10	10.3	10.6	11.0
20	Jun-10	Jul-Sep 10	11.1	11.4	11.9
21	Sep-10	Oct-Dec 10	12.1	12.3	12.7
22	Dec-10	Jan-Mar 11	11.8	12.4	13.1
23	Mar-11	Apr-Jun 11	11.5	11.9	12.7
24	Jun-11	Jul-Sep 11	11.2	11.8	12.9
25	Sep-11	Oct-Dec 11	11.7	12.2	12.9

Chart 2: Households Inflation Expectations vis-à-vis Official Inflation Numbers



III.5 Variations in Responses

- Over different rounds of the survey, the variations in the responses in terms of standard deviation has been observed to be lower for current inflation rate as compared to three-month ahead and one-year ahead expected inflation rates (Table 7).
- Variation in consumption baskets and thereby the variability in responses for inflation expectations may partly be explained by different classificatory factors (*viz.*, gender, age-group, city and category) of respondents over different rounds.
- An Analysis of Variance (ANOVA) carried out over different rounds revealed that 'city' has always been a significant source of variation in each round followed by occupational 'category' (Table 8).
- Survey shows that housewives and daily workers tend to have higher inflation expectations. No

visible pattern emerged from age-wise profile of respondents (Table 9).

- City-wise, inflation expectations were found the highest in Jaipur followed by Bangalore and the lowest in Kolkata (Table 9).

III.6 Cross-tabulation of Current Inflation and Future Expectations

- The proportions of respondents perceiving and expecting inflation at double digit for short and long-term periods have increased as compared with those in the last round.

Table 7: Variability in Responses in Various Rounds

Round No.	Survey Quarter	Inflation Rate					
		Current		Three-month Ahead		One-year Ahead	
		Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
15	Mar-09	5.2	1.9	5.3	2.6	6.2	2.7
16	Jun-09	5.8	4.4	6.3	4.6	6.7	4.7
17	Sep-09	8.2	6.0	8.7	6.0	9.2	5.9
18	Dec-09	11.1	4.9	11.6	4.9	11.9	5.1
19	Mar-10	10.3	4.4	10.6	4.7	11.0	4.8
20	Jun-10	11.1	3.6	11.4	4.1	11.9	4.2
21	Sep-10	12.1	3.2	12.3	3.6	12.7	3.8
22	Dec-10	11.8	3.5	12.4	3.7	13.1	3.6
23	Mar-11	11.5	3.1	11.9	3.7	12.7	3.6
24	Jun-11	11.2	3.4	11.8	3.3	12.9	3.3
25	Sep-11	11.7	3.1	12.2	3.4	12.9	3.7

Table 6: 99% Bootstrap Confidence Intervals (BCI) based on 10,000 Resamples

Current		Three-month Ahead		One-year Ahead	
99% BCI for Mean	Interval width	99% BCI for Mean	Interval width	99% BCI for Mean	Interval width
(11.56, 11.82)	0.26	(12.07, 12.35)	0.28	(12.73, 13.04)	0.31

Table 8: Factors that Explain the Total Variability

Round No.	Survey Quarter ended	Current	Three-month Ahead	One-year Ahead
15	Mar-09	City, Category	City, Gender, Category	City, Category
16	Jun-09	City, Gender, Category, Age	City, Gender, Category	City, Category, Age
17	Sep-09	City, Age	City, Age	City, Age
18	Dec-09	City, Category, Age	City, Age	City
19	Mar-10	City, Category, Age	City, Category	City, Category
20	Jun-10	City, Category, Age	City, Category, Age	City, Category, Age
21	Sep-10	City, Gender, Category, Age	City, Gender, Category	City, Category
22	Dec-10	City, Category	City, Category	City, Category
23	Mar-11	City, Category	City, Category	City, Category, Age
24	Jun-11	City, Category	City, Category	City, Category
25	Sep-11	City, Gender, Category	City, Category	City, Gender, Category

Note: Results based on exercise using Analysis of Variance.

- In particular, 64.5 per cent (52.8 per cent in previous round) of respondents perceived double digit current inflation. Similarly, 77.5 per cent (71.5 per cent in previous round) and 83.9 per cent (81.4 per cent in previous round) of the respondents expected double-digit

Table 9: Various Group-wise Inflation Expectations for September 2011 Survey Round

	Current		Three-month Ahead		One-year Ahead	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Gender-wise						
Male	11.6	3.2	12.2	3.4	13.0	3.6
Female	11.8	3.1	12.3	3.5	12.8	3.9
Category-wise						
Financial Sector Employees	11.2	3.1	11.8	3.2	12.3	3.9
Other Employees	11.7	3.2	12.2	3.4	13.0	3.5
Self-Employed	11.6	3.1	12.1	3.5	12.8	3.7
Housewives	11.9	3.1	12.4	3.4	13.0	3.7
Retired Persons	11.8	3.2	12.2	3.7	12.8	4.1
Daily Workers	12.2	3.2	12.7	3.5	13.4	3.5
Other category	11.4	2.9	12.0	3.1	12.6	3.7
Age-wise						
Upto 25 years	12.1	3.3	12.7	3.3	13.6	3.4
25 to 30 years	11.8	3.1	12.5	3.2	13.1	3.3
30 to 35 years	11.4	3.0	12.0	3.2	12.6	3.6
35 to 40 years	11.5	3.1	12.0	3.4	12.9	3.4
40 to 45 years	11.6	3.1	12.1	3.7	12.7	3.9
45 to 50 years	11.6	3.2	12.1	3.4	12.7	3.9
50 to 55 years	11.6	3.2	12.0	3.7	12.6	4.2
55 to 60 years	11.5	3.4	12.3	3.3	12.9	3.7
60 years and above	11.9	3.2	12.0	3.9	12.6	4.4
City-wise						
Mumbai	14.0	3.0	13.9	4.0	15.2	3.1
Delhi	11.8	3.2	12.3	3.5	13.5	3.2
Chennai	11.3	1.9	12.3	1.9	11.8	3.0
Kolkata	9.2	1.2	8.2	3.3	7.4	4.3
Bangalore	15.4	2.4	15.6	2.2	15.8	1.9
Hyderabad	11.2	0.7	11.9	1.5	12.7	1.6
Ahmedabad	12.2	3.2	13.8	2.7	15.3	1.6
Lucknow	10.9	3.4	12.2	2.9	13.4	2.7
Jaipur	16.5	0.3	16.3	1.1	16.4	0.5
Bhopal	9.2	1.3	10.5	1.5	12.4	2.2
Patna	10.2	1.5	11.2	1.2	13.1	1.3
Guwahati	9.1	0.8	10.0	0.8	10.8	1.2
All	11.7	3.1	12.2	3.4	12.9	3.7

Table 10: Cross-tabulation of Current and Three-month Ahead Inflation Expectations

		Three-month ahead inflation rate (per cent)																	(No. of Respondents)		
		< 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																				0
	1-2			2																	2
	2-3					1															1
	3-4						2				1	1									4
	4-5						1	2			3	1									7
	5-6	1					1	2	2	2	12	2									22
	6-7							4	27	5	11	4							1		52
	7-8	2						8	20	61	34	19	1	1						2	148
	8-9	45						1	69	140	215	112	13	1	1			1		16	614
	9-10	9							2	16	125	264	89	48	9	1			1	8	572
	10-11	16									11	110	462	88	60	13	2	2	8	8	772
	11-12	2										4	68	255	23	10	4	2	5	5	373
	12-13	1											1	27	168	23	10	10			240
	13-14	2												1	9	78	19	12			121
	14-15	1														5	54	17	1		78
	15-16	1									1					1	14	40			57
	>=16	30									1	1	2				40	859	4		937
Total	110	0	2	0	1	4	17	120	224	414	518	636	421	270	131	144	944	44		4000	

Note: The shaded cells represent the number of respondents who perceived current inflation in double-digit and also expressed double-digit in the next three-month ahead.

inflation rates for the three-month ahead and one-year ahead periods (Table 10, Table 11 and Chart 3).

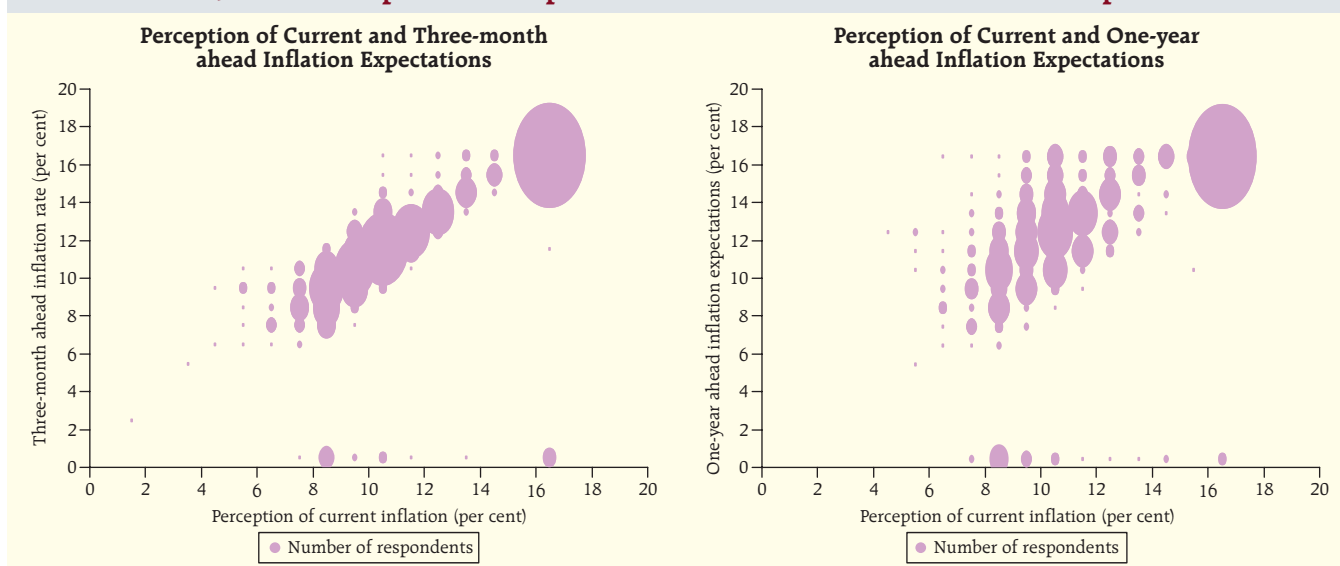
- A cross-tabulation of the current inflation perception with the future inflation expectations points out that among the 64.5 per cent

Table 11: Cross-tabulation of Current and One-year Ahead Inflation Expectations

		One-year ahead inflation rate (per cent)																	(No. of Respondents)		
		< 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																				0
	1-2				1	1															2
	2-3										1										1
	3-4								1				1	1					1		4
	4-5									1		1	3					1	1		7
	5-6						2	1	1	1	1	3	2	8	1	1			1		22
	6-7						1	3	3	18	7	9	5	2					4		52
	7-8	6							4	33	6	35	16	16	11	11	4	1	2	3	148
	8-9	86							11	19	109	64	156	77	38	19	7	3	2	23	614
	9-10	23								7	8	107	35	122	100	67	45	31	18	9	572
	10-11	19									3	16	113	26	234	146	93	53	54	15	772
	11-12	4										3	10	91	14	179	25	19	21	7	373
	12-13	4									1	1	14	53	9	91	26	39	2		240
	13-14	3													8	31	4	42	33		121
	14-15	6											1		1	3	9	1	56	1	78
	15-16												3			1		10	43		57
	>=16	13									1	1	1	1	1	2	22	887	9		937
Total	164	0	0	1	1	3	20	64	145	236	349	354	474	468	281	209	1162	69		4000	

Note: The shaded cells represent the number of respondents who perceived current inflation in double-digit and also expressed double-digit in the next one-year ahead.

Chart 3: Relationship in the Perception level of Current Inflation with Future Expectations



respondents who perceived the current inflation in double-digit, around 96 per cent of respondents expected that it would remain in the same band for three-month ahead and one-year ahead periods (Table 10 and Table 11).

III.7 Awareness on Reserve Bank of India's Action to Control Inflation

- On the feedback of the Reserve Bank action to control inflation and its impact, the survey finds

that 62.6 per cent of respondents are aware that RBI *takes action* on inflation control. Among these, 26.7 per cent felt that RBI is taking *necessary* action (Chart 4).

- Among these 26.7 per cent, 58.1 per cent think that the *action has an impact* on controlling inflation (Chart 4).
- While financial sector employees are mostly aware of the Reserve Bank role in controlling inflation, daily workers are largely unaware (Chart 5).

Chart 4: Respondents' view on RBI's Action to Control Inflation

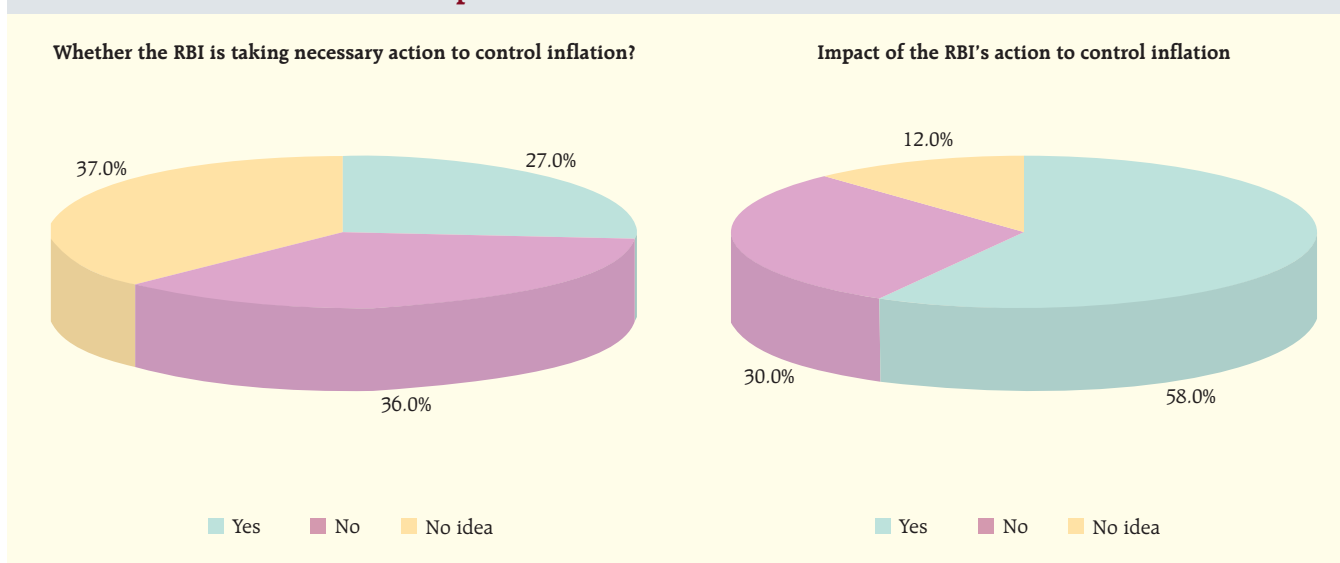
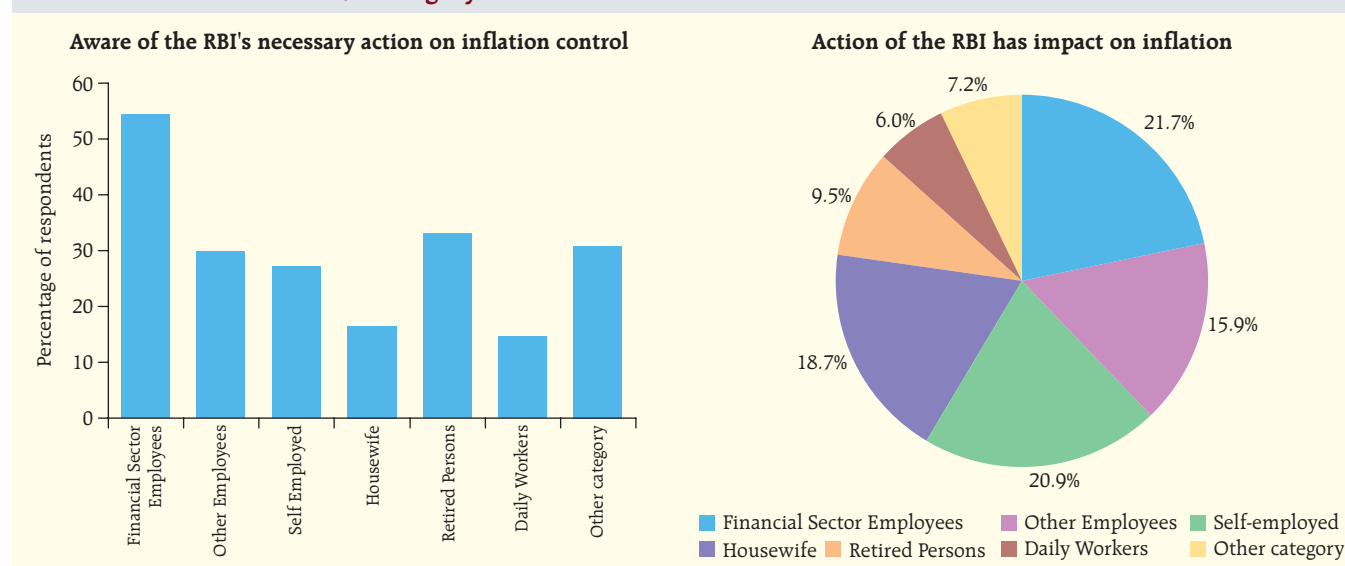


Chart 5: Category-wise Awareness on RBI's Action on Inflation Control



III.8 Expectations in Change of Income/Wages

- Out of 2,257 respondents in the wage-earners/self-employed/daily workers categories, 45 per cent reported increase in wages/income in the past one year. 23 per cent of the respondents from these categories are expecting an increase in next three-month and 55 per cent in next one-year. Going forward, 73 per cent (41 per cent) do not expect any change in wages/income in next three-month (next one-year) (Table 12).
- Among the 45 per cent respondents who have reported wages/income increase in past one year, 55 per cent are from salaried class, 39 per cent are self-employed and 30 per cent are daily workers (Table 12).
- 45 per cent of daily workers, 50 per cent of self-employed and 63 per cent of financial sector and other employees expect increase in income in next one-year (Table 12).

Table 12: Respondent's Expectation on Change in Wage/Income level

Category of Respondent	Percentage of Response								
	Change in income since last year			Change in income in three-month ahead period			Change in income in one-year ahead period		
	Increase	Same	Decrease	Increase	Same	Decrease	Increase	Same	Decrease
Financial Sector Employees	61.6	34.6	3.8	31.5	66.5	2.0	62.9	35.0	2.0
Other Employees	51.8	45.3	2.9	21.4	76.5	2.1	63.4	34.3	2.2
Total Employees	55.6	41.2	3.2	25.2	72.7	2.1	63.2	34.6	2.2
Self-Employed	39.4	50.7	9.9	21.0	73.8	5.2	49.8	45.1	5.2
Daily Workers	29.8	58.7	11.5	18.7	72.4	8.9	44.7	46.1	9.2
Total	45.1	47.8	7.1	22.5	73.1	4.4	55.0	40.5	4.5

Annex



RESERVE BANK OF INDIA
DEPARTMENT OF STATISTICS AND INFORMATION MANAGEMENT
INFLATION EXPECTATIONS SURVEY OF HOUSEHOLDS, September 2011

Respondent's Code

Round No.	Zone	City	Gender	Age group	Category	Sr. No.
25						

Block 1: Identification of the Respondent

1. Name of the Respondent: _____
2. Address of the Respondent: _____

City	State	PIN

3. Telephone/Mobile No.: _____
4. Gender of the respondent (Please tick (✓) appropriate one) [1] Male [2] Female
5. Age of the respondent (in completed years, above 18 years): _____
6. Category of the respondent (Please tick (✓) appropriate one)

Financial Sector Employees	Other Employees	Self-Employed	House Wife	Retired Persons	Daily workers	Others

Block 2: Expectations of respondent on prices in next 3 months: (Please tick (✓) the relevant cell for each Col.)

OPTIONS	General	Food Products	Non-Food Products	Household durables	Housing	Services
i Price increase more than current rate						
ii Price increase similar to current rate						
iii Price increase less than current rate						
iv No change in prices						
v Decline in prices						

Block 3: Expectations of respondent on prices in next one year: (Please tick (✓) the relevant cell for each Col.)

OPTIONS	General	Food Products	Non-Food Products	Household durables	Housing	Services
i Price increase more than current rate						
ii Price increase similar to current rate						
iii Price increase less than current rate						
iv No change in prices						
v Decline in prices						

Block 4: Respondent's feedback on Reserve Bank's Action on Price stability

Do you feel Reserve Bank of India is taking necessary action on controlling Inflation? Options-Yes/No/No idea
If Yes, do you think it has any impact on Inflation? Options- Yes/No/No idea

Block 5: Respondent's views on the following inflation rates: (Please tick (✓) the relevant cell)

Parameters	Options								
	Less than 1%	1 - 2 %	2 - 3 %	3 - 4 %	4 - 5 %	5 - 6 %	6 - 7%	7 - 8%	8 - 9%
Current inflation rate	9 - 10%	10 - 11%	11 - 12%	12 - 13%	13 - 14%	14 - 15%	15 - 16 %	16 % and above	No idea
Inflation rate after 3 months	9 - 10%	10 - 11%	11 - 12%	12 - 13%	13 - 14%	14 - 15%	15 - 16 %	16 % and above	No idea
Inflation rate after one year	9 - 10%	10 - 11%	11 - 12%	12 - 13%	13 - 14%	14 - 15%	15 - 16 %	16 % and above	No idea

Block 6: Please specify the amount you have paid for the purchases of the following major food items during the last one month

(1)	(2)	(3)	(4)	(5)
Milk (₹ per litre)	Wheat-atta (₹ per Kg.)	Rice (₹ per Kg.)	Chana-dal (₹ per Kg.)	Tur-dal (₹ per Kg.)

Block 7: Respondent's expectation on change in wage/income level in view of changes in price

Options	Change in wage/income from one year ago	Expected change in wage/income in next 3 months	Expected change in wage/income in next one year
Increase			
No change			
Decrease			

Name of the Investigator: _____ Signature of the Investigator: _____

Date of the Interview
(DD/MM/YYYY)

/ /2011

Annex (Concl.)

Description of Parameters

Food Products	<ul style="list-style-type: none"> (i) Cereals (Wheat, Rice, Pulses, <i>etc.</i>), Fruits, Vegetables, Sugar, Edible oils, Dairy products and Bakery products, Tea, coffee, <i>etc.</i> (ii) Meat, fish and sea food products (iii) Soft drinks carbonated and mineral water, Beverages (iv) Bidi, cigarette and other tobacco products like zarda, pan masala and related products <i>etc.</i>
Non-Food Products	<ul style="list-style-type: none"> (i) Clothes and wearing apparels (ii) Pharmaceutical and Medicines, Cleaning and polishing products, Soaps and detergents (iii) Rubber and rubber products, Tyres and tubes (iv) Plastic and plastic products (v) Leather and leather products (footwear, <i>etc.</i>) (vi) Paper and paper products (stationery, <i>etc.</i>) (vii) Petroleum and coal products (viii) Basic chemical and chemical products, Dyes and dye stuff (ix) Basic metal non-metallic mineral products, <i>etc.</i>
Household Durables	<ul style="list-style-type: none"> (i) Audiovisual equipment (Radio, television, video camera, telephone, microphone, mobile set, <i>etc.</i>) (ii) Furniture, Wood and wood products (iii) Washing machines, Air cooler and Air conditioner (iv) Personal computer (v) Watches and clocks, <i>etc.</i>
Housing	<ul style="list-style-type: none"> (i) Construction and maintenance of residential/office premises (ii) Site preparation (iii) House rent
Services	<ul style="list-style-type: none"> (i) Transport and Communication (ii) Education, recreation and amusement (iii) Medical care (iv) IT Services (v) Personal care and effects (vi) Banking/postal/courier services