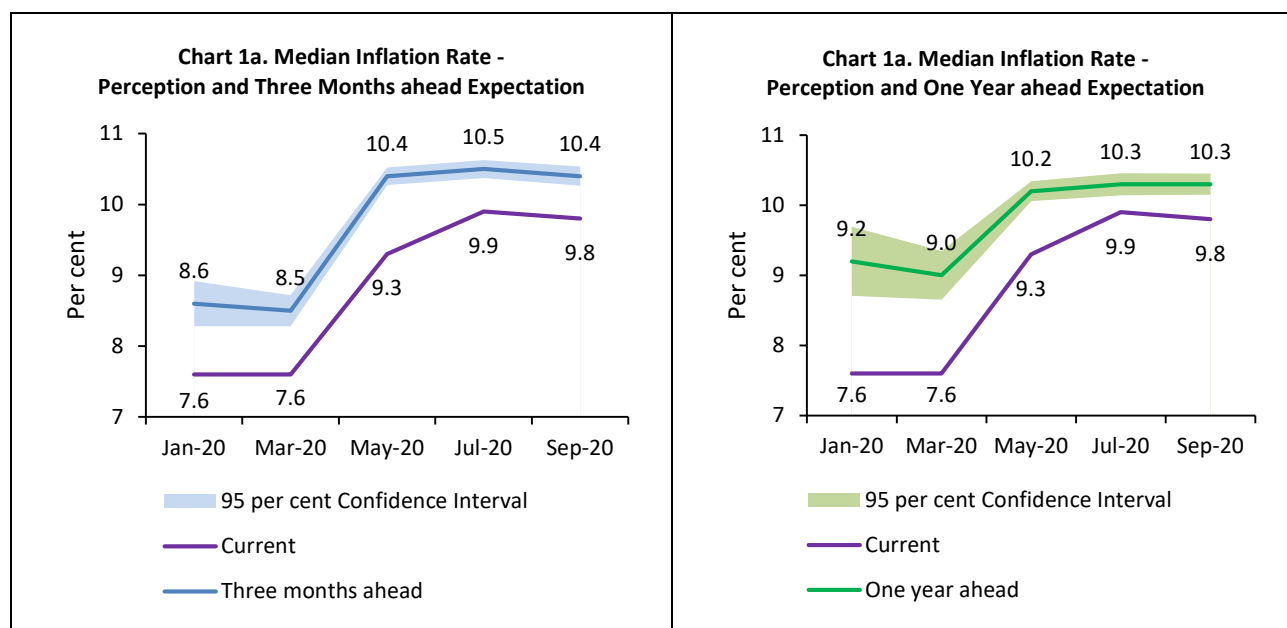


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the September 2020 round of the Inflation Expectations Survey of Households (IESH)¹. In view of the Covid-19 pandemic, the survey was conducted through telephonic interviews during August 29 to September 10, 2020 in 18 major cities. The results are based on responses from 5,652 urban households².

Highlights:

- i. Households' median inflation expectations remained elevated for both three months and one year ahead periods; their perception of current inflation and expectation for inflation over the next three months were, however, a shade lower than that in the previous round of the survey [Charts 1a and 1b; Table 3].
- ii. More households expect general inflation to increase over the three months and one year ahead periods, but the share of respondents expecting higher food inflation over the next quarter declined in comparison with that in July 2020 [Tables 1a and 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.

² 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-19		Mar-20		May-20		Jul-20		Sep-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	79.3	0.94	83.3	0.79	85.3	0.73	83.5	0.92	81.6	0.78
Price increase more than current rate	49.0	1.23	52.5	1.10	56.0	1.02	52.2	1.14	53.9	1.02
Price increase similar to current rate	25.1	1.04	25.6	0.99	23.5	0.89	26.0	1.03	22.5	0.84
Price increase less than current rate	5.2	0.51	5.2	0.56	5.8	0.49	5.3	0.54	5.2	0.46
No changes in prices	18.6	0.92	14.9	0.76	12.4	0.69	14.0	0.84	15.9	0.74
Decline in prices	2.1	0.29	1.8	0.25	2.3	0.32	2.5	0.43	2.5	0.31
Food Product										
Prices will increase	81.4	0.86	81.9	0.81	84.6	0.75	82.3	0.86	80.4	0.80
Price increase more than current rate	52.9	1.14	55.4	1.02	58.6	1.00	54.7	1.08	52.6	1.00
Price increase similar to current rate	21.4	0.88	20.0	0.88	20.0	0.82	21.9	0.89	21.2	0.81
Price increase less than current rate	7.1	0.59	6.5	0.56	6.0	0.49	5.7	0.47	6.6	0.51
No changes in prices	13.2	0.78	12.4	0.68	10.7	0.64	13.2	0.75	14.3	0.70
Decline in prices	5.4	0.45	5.7	0.43	4.7	0.45	4.5	0.56	5.3	0.46
Non- Food Product										
Prices will increase	74.7	0.95	77.8	0.87	76.7	0.88	79.1	0.99	75.8	0.87
Price increase more than current rate	45.5	1.16	50.8	1.00	49.5	0.99	48.3	1.11	47.3	0.99
Price increase similar to current rate	21.8	0.90	20.8	0.89	20.8	0.82	24.6	0.98	21.9	0.82
Price increase less than current rate	7.3	0.57	6.2	0.50	6.4	0.50	6.2	0.51	6.6	0.50
No changes in prices	20.8	0.88	17.7	0.79	17.8	0.79	15.2	0.87	19.2	0.80
Decline in prices	4.5	0.42	4.5	0.42	5.5	0.49	5.6	0.59	5.0	0.45
Household Durables										
Prices will increase	56.2	1.07	64.5	1.02	55.1	1.04	57.8	1.14	56.3	1.02
Price increase more than current rate	33.9	1.11	42.3	1.03	33.6	0.96	34.7	1.07	35.0	0.96
Price increase similar to current rate	17.3	0.80	17.2	0.80	16.4	0.76	17.6	0.87	15.8	0.74
Price increase less than current rate	4.9	0.45	5.0	0.44	5.1	0.44	5.4	0.48	5.5	0.47
No changes in prices	28.5	0.96	24.2	0.90	29.7	0.94	28.4	1.00	30.7	0.94
Decline in prices	15.4	0.73	11.2	0.63	15.2	0.76	13.8	0.86	13.1	0.69
Cost of Housing										
Prices will increase	68.1	1.10	71.0	1.07	48.6	1.01	46.9	1.08	51.8	0.98
Price increase more than current rate	45.2	1.23	49.5	1.10	30.2	0.93	28.1	0.98	32.8	0.93
Price increase similar to current rate	17.9	0.81	17.4	0.78	13.6	0.69	14.9	0.78	14.4	0.69
Price increase less than current rate	5.0	0.44	4.2	0.39	4.8	0.45	3.9	0.39	4.6	0.43
No changes in prices	23.1	0.98	22.1	0.96	30.3	0.93	29.9	1.03	29.1	0.91
Decline in prices	8.7	0.59	6.9	0.52	21.1	0.83	23.2	0.95	19.1	0.78
Cost of Services										
Prices will increase	63.5	1.04	70.8	0.99	68.3	0.97	70.1	1.06	70.3	0.91
Price increase more than current rate	40.2	1.15	46.2	1.02	43.2	0.99	43.3	1.11	45.5	1.01
Price increase similar to current rate	18.1	0.76	19.3	0.84	19.3	0.79	21.2	0.92	19.1	0.79
Price increase less than current rate	5.3	0.45	5.2	0.44	5.9	0.46	5.6	0.49	5.7	0.47
No changes in prices	31.6	1.00	25.9	0.94	27.4	0.93	25.7	0.99	25.8	0.88
Decline in prices	4.8	0.42	3.3	0.34	4.4	0.42	4.2	0.52	3.9	0.38

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-19		Mar-20		May-20		Jul-20		Sep-20	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	87.0	0.78	89.2	0.65	85.6	0.73	84.6	0.87	84.8	0.73
Price increase more than current rate	57.3	1.29	60.7	1.07	57.1	1.00	55.9	1.12	59.6	1.00
Price increase similar to current rate	25.1	1.07	24.8	1.00	23.8	0.88	24.3	0.93	20.4	0.82
Price increase less than current rate	4.6	0.47	3.7	0.42	4.7	0.43	4.4	0.46	4.7	0.43
No changes in prices	10.6	0.73	9.0	0.62	11.9	0.67	12.9	0.82	12.1	0.67
Decline in prices	2.4	0.31	1.8	0.26	2.5	0.33	2.5	0.35	3.1	0.35
Food Product										
Prices will increase	83.0	0.86	85.6	0.73	77.3	0.86	75.3	1.00	77.3	0.85
Price increase more than current rate	52.2	1.23	55.6	1.10	46.9	1.01	45.2	1.10	48.3	0.99
Price increase similar to current rate	25.4	0.96	24.3	0.93	24.2	0.88	24.1	0.96	22.5	0.82
Price increase less than current rate	5.4	0.53	5.7	0.49	6.3	0.51	6.0	0.50	6.4	0.51
No changes in prices	11.9	0.76	10.3	0.64	15.7	0.74	17.4	0.88	14.8	0.72
Decline in prices	5.2	0.43	4.1	0.37	6.9	0.52	7.3	0.63	7.9	0.55
Non- Food Product										
Prices will increase	78.6	0.94	82.3	0.81	73.3	0.92	74.3	1.04	75.7	0.87
Price increase more than current rate	48.1	1.25	53.6	1.08	42.6	0.99	44.0	1.13	47.3	1.00
Price increase similar to current rate	24.4	0.98	23.4	0.92	23.9	0.87	24.3	0.92	22.2	0.83
Price increase less than current rate	6.1	0.52	5.3	0.47	6.8	0.51	6.0	0.50	6.1	0.49
No changes in prices	16.6	0.85	14.2	0.73	20.7	0.84	18.7	0.97	18.2	0.78
Decline in prices	4.8	0.43	3.4	0.36	6.0	0.49	7.0	0.71	6.1	0.49
Household Durables										
Prices will increase	64.1	1.04	70.8	1.02	59.6	1.03	62.4	1.14	62.3	0.98
Price increase more than current rate	39.0	1.17	46.6	1.09	34.8	0.99	35.6	1.08	38.8	0.98
Price increase similar to current rate	19.4	0.82	19.8	0.86	19.1	0.79	21.1	0.91	18.4	0.77
Price increase less than current rate	5.6	0.49	4.4	0.42	5.7	0.47	5.8	0.51	5.1	0.45
No changes in prices	24.2	0.90	19.7	0.87	28.4	0.93	26.0	1.01	26.5	0.88
Decline in prices	11.8	0.64	9.5	0.59	12.1	0.67	11.6	0.81	11.2	0.64
Cost of Housing										
Prices will increase	77.3	0.89	79.9	0.90	59.7	1.00	57.4	1.10	63.9	0.95
Price increase more than current rate	51.8	1.15	56.5	1.03	36.9	0.98	34.7	1.10	42.0	0.99
Price increase similar to current rate	20.6	0.85	19.6	0.82	17.3	0.77	18.4	0.88	17.4	0.75
Price increase less than current rate	4.8	0.45	3.8	0.39	5.5	0.46	4.3	0.43	4.6	0.43
No changes in prices	15.5	0.73	14.5	0.78	25.1	0.89	26.1	1.01	23.8	0.85
Decline in prices	7.2	0.53	5.5	0.47	15.2	0.73	16.5	0.83	12.2	0.67
Cost of Services										
Prices will increase	79.0	0.93	81.4	0.85	74.4	0.91	75.6	1.06	76.8	0.86
Price increase more than current rate	50.0	1.23	53.0	1.09	44.6	0.98	46.1	1.11	48.5	1.01
Price increase similar to current rate	22.7	0.93	23.3	0.90	23.1	0.85	23.7	0.90	22.0	0.83
Price increase less than current rate	6.3	0.51	5.0	0.44	6.7	0.50	5.8	0.50	6.3	0.50
No changes in prices	17.2	0.85	16.0	0.81	22.1	0.87	20.5	0.97	19.6	0.81
Decline in prices	3.8	0.38	2.7	0.30	3.5	0.38	3.9	0.57	3.6	0.37

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: September 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	9.9	0.10	9.8	0.25	10.8	0.10	10.4	0.07	9.9	0.12	10.3	0.08
Gender-wise												
Male	9.9	0.11	9.6	0.31	10.7	0.11	10.4	0.08	9.8	0.13	10.2	0.10
Female	10.0	0.13	9.8	0.30	10.8	0.13	10.4	0.09	10.0	0.17	10.3	0.11
Category-wise												
Financial Sector Employees	9.9	0.54	9.4	0.88	10.8	0.52	10.1	0.63	9.3	0.62	9.4	0.61
Other Employees	9.8	0.15	9.4	0.36	10.7	0.15	10.3	0.11	9.8	0.18	10.1	0.19
Self Employed	9.9	0.16	9.9	0.28	10.7	0.16	10.4	0.10	10.0	0.20	10.4	0.14
Homemaker	9.9	0.16	9.5	0.40	10.7	0.16	10.3	0.11	9.9	0.20	10.2	0.14
Retired Persons	10.4	0.35	9.9	0.54	10.9	0.34	10.5	0.29	10.0	0.40	10.3	0.35
Daily Workers	10.0	0.21	9.8	0.40	11.1	0.21	10.7	0.27	10.0	0.26	10.5	0.26
Other category	10.2	0.22	10.1	0.23	11.2	0.22	10.8	0.26	10.3	0.26	10.6	0.26
Age Group-wise												
Up to 25 years	9.9	0.19	9.5	0.52	10.8	0.19	10.4	0.15	10.2	0.23	10.4	0.16
25 to 30 years	9.5	0.17	9.0	0.37	10.4	0.17	10.1	0.20	9.6	0.22	10.0	0.28
30 to 35 years	9.6	0.17	9.1	0.35	10.6	0.17	10.2	0.15	9.8	0.22	10.2	0.21
35 to 40 years	9.9	0.17	9.7	0.36	10.8	0.17	10.4	0.11	10.2	0.21	10.3	0.15
40 to 45 years	10.0	0.21	10.1	0.21	11.0	0.21	10.6	0.17	10.3	0.26	10.5	0.21
45 to 50 years	10.0	0.23	9.9	0.39	10.8	0.22	10.5	0.13	9.8	0.29	10.2	0.27
50 to 55 years	10.7	0.26	10.3	0.17	11.5	0.24	11.0	0.41	10.5	0.36	10.9	0.41
55 to 60 years	10.5	0.32	10.3	0.31	11.1	0.31	10.8	0.35	9.6	0.38	10.1	0.36
60 years and above	10.4	0.29	10.0	0.40	11.0	0.28	10.6	0.29	9.9	0.35	10.3	0.27
City-wise												
Ahmedabad	10.1	0.30	10.1	0.32	11.6	0.32	11.3	0.66	10.3	0.41	10.8	0.44
Bengaluru	9.2	0.28	9.5	0.70	10.4	0.28	10.4	0.18	10.0	0.32	10.3	0.22
Bhopal	8.8	0.57	7.7	1.20	9.8	0.61	9.2	1.01	8.6	0.85	9.0	1.49
Bhubaneswar	9.9	0.93	10.2	2.07	10.7	0.91	12.2	2.41	10.0	0.97	11.4	2.98
Chennai	9.5	0.39	9.5	0.79	11.1	0.34	10.7	0.37	10.7	0.45	11.3	0.83
Delhi	9.0	0.22	8.3	0.34	9.7	0.23	9.3	0.40	9.0	0.26	9.0	0.45
Guwahati	11.7	0.85	11.6	2.54	12.3	0.82	13.4	2.12	10.7	1.02	11.7	1.85
Hyderabad	11.8	0.40	13.4	1.91	12.7	0.38	15.7	0.56	11.2	0.48	15.2	1.03
Jaipur	9.5	0.55	9.6	0.98	10.2	0.58	10.1	0.69	9.5	0.76	9.8	1.09
Kolkata	11.8	0.30	11.8	1.54	12.5	0.28	14.5	1.06	11.8	0.34	13.8	1.50
Lucknow	10.0	0.60	10.0	0.66	10.9	0.56	10.8	0.75	10.0	0.61	10.4	0.69
Mumbai	9.9	0.24	8.8	0.23	10.4	0.25	9.6	0.39	8.6	0.30	8.6	0.34
Nagpur	9.8	0.51	8.8	0.61	11.2	0.45	10.6	0.65	11.1	0.54	10.9	0.71
Patna	8.1	0.54	7.1	0.74	8.8	0.62	8.3	0.69	7.1	0.74	6.8	1.24
Thiruvananthapuram	6.5	0.59	5.2	0.53	7.9	0.65	6.7	0.82	8.9	0.82	8.0	0.78
Chandigarh	10.1	0.61	10.4	0.53	10.4	0.69	10.8	0.66	10.2	0.73	11.2	1.15
Ranchi	7.6	0.35	7.3	0.42	8.6	0.49	8.3	0.57	7.6	0.65	8.1	0.96
Raipur	8.4	0.58	7.7	0.76	9.3	0.66	8.4	0.71	8.6	0.84	9.1	0.88

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-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
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
May-20	9.6	0.09	9.3	0.28	10.6	0.09	10.4	0.06	9.7	0.12	10.2	0.07
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

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-19	62.7	62.1	50.2	56.8	61.2
Mar-20	65.4	64.6	55.8	61.1	64.7
May-20	63.3	59.8	46.5	42.6	57.3
Jul-20	62.8	61.0	49.9	43.6	58.4
Sep-20	62.1	61.0	50.4	45.9	60.5
One Year Ahead					
Sep-19	70.7	67.5	56.8	65.5	70.0
Mar-20	71.9	71.8	63.2	69.9	72.3
May-20	62.3	59.5	50.9	50.3	62.3
Jul-20	63.9	64.5	55.2	51.2	65.7
Sep-20	63.0	64.8	55.5	53.6	66.6

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: September 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	23	1	4	3	1	7	1	0	1	0	0	0	0	0	0	0	0	0	41
	1-<2	0	27	12	5	2	1	1	0	0	0	0	0	0	0	0	0	0	0	48
	2-<3	3	5	70	47	30	17	3	1	2	0	0	0	0	0	0	0	0	0	178
	3-<4	1	2	15	100	34	65	18	1	0	1	1	0	0	0	0	2	0	1	241
	4-<5	1	0	4	4	104	53	37	10	3	0	5	0	0	0	0	0	1	0	222
	5-<6	1	4	13	14	15	376	77	147	76	14	98	1	2	2	0	10	0	0	850
	6-<7	0	0	1	5	6	5	132	54	54	11	14	1	8	0	0	0	2	1	294
	7-<8	0	1	0	1	1	9	6	174	72	55	50	9	5	0	2	6	1	0	392
	8-<9	0	0	1	0	0	6	9	7	220	58	104	10	23	3	0	4	9	0	454
	9-<10	0	0	0	0	0	3	1	3	4	76	30	25	22	4	4	9	3	0	184
	10-<11	0	0	1	1	3	28	6	7	9	2	435	48	135	46	8	228	88	2	1047
	11-<12	0	0	0	0	0	0	0	0	0	0	0	16	3	9	0	2	3	1	34
	12-<13	0	0	0	0	0	0	0	1	2	1	1	1	34	7	11	19	2	0	79
	13-<14	0	0	0	0	0	0	0	0	0	0	1	0	0	12	5	4	9	1	32
	14-<15	0	0	0	0	0	0	0	1	0	0	0	0	0	0	10	2	8	1	22
	15-<16	0	0	0	1	1	3	0	0	1	0	8	0	1	1	1	99	139	0	255
	>=16	0	0	1	1	1	9	0	0	2	0	25	0	3	0	0	30	1194	13	1279
	Total	29	40	122	182	198	582	291	406	446	218	772	111	236	84	41	415	1459	20	5652

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: September 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	20	1	3	2	2	7	1	0	1	0	3	0	0	0	0	1	0	0	41
	1-<2	13	10	10	5	2	7	1	0	0	0	0	0	0	0	0	0	0	0	48
	2-<3	30	5	35	44	25	25	3	6	3	1	1	0	0	0	0	0	0	0	178
	3-<4	38	1	6	48	34	48	24	15	13	2	6	0	3	0	0	1	2	0	241
	4-<5	37	1	3	3	58	36	41	19	9	2	7	3	1	0	0	1	1	0	222
	5-<6	107	0	3	7	9	243	38	127	80	18	160	4	9	2	1	32	10	0	850
	6-<7	46	1	0	0	2	6	76	34	53	25	29	2	9	1	0	8	2	0	294
	7-<8	57	1	0	0	2	2	2	95	65	62	57	18	10	2	4	9	4	2	392
	8-<9	73	0	0	1	0	1	3	8	121	62	99	13	37	3	4	17	12	0	454
	9-<10	28	0	0	0	0	0	1	3	3	36	32	23	15	10	5	16	12	0	184
	10-<11	136	0	0	1	0	16	3	5	13	4	252	32	97	40	15	231	200	2	1047
	11-<12	1	0	0	0	0	0	0	0	0	1	0	12	7	3	3	3	4	0	34
	12-<13	7	0	0	0	0	0	0	0	4	0	3	2	18	8	5	21	11	0	79
	13-<14	5	0	0	0	0	0	0	0	0	0	1	0	1	6	2	6	10	1	32
	14-<15	3	0	0	0	0	0	0	0	0	1	1	0	0	0	5	1	11	0	22
	15-<16	31	0	0	1	0	1	0	0	0	1	4	0	1	1	2	52	161	0	255
	>=16	190	0	0	0	0	7	0	0	0	0	18	0	0	0	0	19	1034	11	1279
	Total	822	20	60	112	134	399	193	312	365	215	673	109	208	76	46	418	1474	16	5652

Note: Figures are based on sample observations