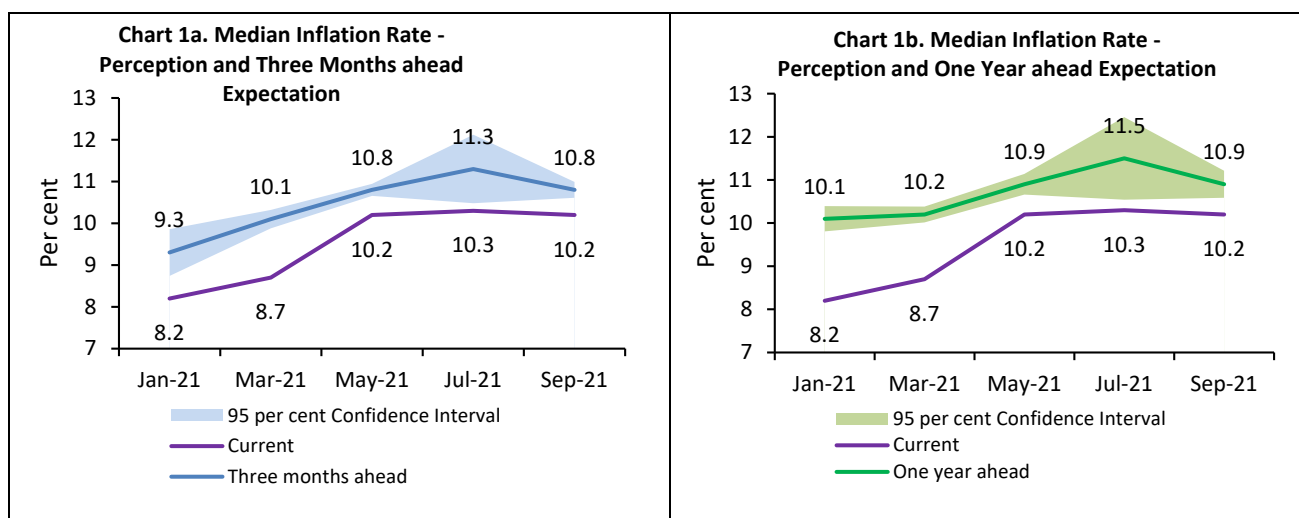


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the September 2021 round of the Inflation Expectations Survey of Households (IESH)¹. The survey was conducted during August 29 to September 7, 2021 in 18 major cities predominantly through field interviews and around one per cent of the total sample was covered through telephonic interviews due to Covid-19 related restrictions. The results² are based on responses from 5,958 urban households³.

Highlights:

- i. For the third consecutive survey round, households' median inflation perception for the current period hovered around 10 per cent [Charts 1a and 1b; Table 3].
- ii. After increase in three successive rounds, median inflation expectations for three months and one year ahead periods moderated by 50 and 60 basis points, respectively, in September 2021 [Charts 1a and 1b; Table 3].
- iii. Over 60 per cent of the respondents expect general inflation to rise in the next quarter as well as over the next one year. Cost of services are expected to ease marginally over both three months and one-year horizons [Tables 1a and 1b].
- iv. The overall price and inflation expectations were generally more aligned to those for food products, non-food commodities and cost of services *vis-à-vis* the price movements in household durables and housing [Table 4].



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

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 06, 2021](#).

² 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.

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-20		Mar-21		May-21		Jul-21		Sep-21	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	81.6	0.78	86.6	0.74	83.7	0.68	85.9	0.79	84.9	0.77
Price increase more than current rate	53.9	1.02	58.4	1.14	58.5	0.91	63.0	1.15	61.5	1.14
Price increase similar to current rate	22.5	0.84	24.1	0.94	21.2	0.76	19.6	0.90	19.9	0.88
Price increase less than current rate	5.2	0.46	4.1	0.50	4.0	0.37	3.3	0.38	3.5	0.40
No changes in prices	15.9	0.74	11.1	0.71	14.0	0.63	11.3	0.70	12.9	0.72
Decline in prices	2.5	0.31	2.3	0.29	2.3	0.30	2.8	0.40	2.2	0.29
Food Product										
Prices will increase	80.4	0.80	85.2	0.70	84.4	0.72	84.0	0.81	84.8	0.74
Price increase more than current rate	52.6	1.00	61.2	1.01	60.2	0.92	61.0	1.15	61.4	1.08
Price increase similar to current rate	21.2	0.81	18.1	0.81	19.4	0.75	17.6	0.89	18.2	0.80
Price increase less than current rate	6.6	0.51	6.0	0.55	4.8	0.38	5.4	0.53	5.3	0.50
No changes in prices	14.3	0.70	9.3	0.60	11.8	0.63	10.5	0.65	10.8	0.64
Decline in prices	5.3	0.46	5.5	0.45	3.9	0.39	5.5	0.53	4.4	0.40
Non- Food Product										
Prices will increase	75.8	0.87	81.0	0.78	78.6	0.79	82.6	0.85	82.1	0.82
Price increase more than current rate	47.3	0.99	57.0	1.00	53.1	0.95	59.0	1.17	58.8	1.15
Price increase similar to current rate	21.9	0.82	19.4	0.77	19.8	0.75	18.8	0.92	18.2	0.83
Price increase less than current rate	6.6	0.50	4.7	0.43	5.6	0.44	4.7	0.50	5.1	0.45
No changes in prices	19.2	0.80	12.9	0.69	17.1	0.72	12.3	0.73	13.6	0.73
Decline in prices	5.0	0.45	6.2	0.48	4.3	0.42	5.1	0.51	4.3	0.42
Household Durables										
Prices will increase	56.3	1.02	68.1	0.92	58.8	0.96	65.6	1.10	67.3	0.97
Price increase more than current rate	35.0	0.96	46.0	0.98	37.7	0.94	45.1	1.19	46.5	1.09
Price increase similar to current rate	15.8	0.74	17.7	0.74	16.4	0.70	16.6	0.86	16.2	0.78
Price increase less than current rate	5.5	0.47	4.4	0.44	4.7	0.40	4.0	0.43	4.6	0.43
No changes in prices	30.7	0.94	24.6	0.84	32.2	0.90	25.3	0.99	25.0	0.87
Decline in prices	13.1	0.69	7.3	0.50	9.0	0.56	9.1	0.66	7.7	0.53
Cost of Housing										
Prices will increase	51.8	0.98	68.9	0.93	54.9	0.94	64.7	1.13	68.7	0.95
Price increase more than current rate	32.8	0.93	48.4	1.03	36.5	0.92	45.9	1.21	49.6	1.07
Price increase similar to current rate	14.4	0.69	16.7	0.75	14.4	0.67	14.5	0.79	15.1	0.77
Price increase less than current rate	4.6	0.43	3.8	0.40	3.9	0.36	4.2	0.46	4.0	0.42
No changes in prices	29.1	0.91	22.2	0.86	30.5	0.89	23.7	0.99	21.9	0.85
Decline in prices	19.1	0.78	8.9	0.54	14.6	0.69	11.6	0.74	9.4	0.59
Cost of Services										
Prices will increase	70.3	0.91	75.6	0.90	67.6	0.89	74.3	1.02	73.3	0.93
Price increase more than current rate	45.5	1.01	51.6	1.02	44.6	0.94	52.5	1.19	52.1	1.10
Price increase similar to current rate	19.1	0.79	19.4	0.79	18.0	0.71	17.3	0.83	16.8	0.75
Price increase less than current rate	5.7	0.47	4.5	0.44	5.0	0.40	4.5	0.45	4.4	0.41
No changes in prices	25.8	0.88	20.8	0.84	29.2	0.87	22.0	0.95	23.7	0.90
Decline in prices	3.9	0.38	3.6	0.36	3.2	0.35	3.7	0.43	3.0	0.33
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-20		Mar-21		May-21		Jul-21		Sep-21	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	84.8	0.73	88.7	0.61	86.9	0.65	86.8	0.78	87.7	0.72
Price increase more than current rate	59.6	1.00	63.4	1.07	62.4	0.91	65.6	1.18	66.5	1.10
Price increase similar to current rate	20.4	0.82	21.4	0.87	20.3	0.75	18.3	0.93	18.0	0.85
Price increase less than current rate	4.7	0.43	3.8	0.44	4.2	0.38	2.9	0.38	3.3	0.36
No changes in prices	12.1	0.67	8.5	0.54	10.4	0.58	10.1	0.68	9.3	0.61
Decline in prices	3.1	0.35	2.8	0.32	2.7	0.33	3.1	0.41	2.9	0.36
Food Product										
Prices will increase	77.3	0.85	81.7	0.74	81.7	0.76	80.8	0.87	81.6	0.79
Price increase more than current rate	48.3	0.99	54.6	1.01	53.5	0.95	55.9	1.18	57.4	1.12
Price increase similar to current rate	22.5	0.82	22.2	0.83	22.6	0.77	20.7	0.98	19.5	0.89
Price increase less than current rate	6.4	0.51	4.9	0.46	5.6	0.43	4.2	0.45	4.7	0.45
No changes in prices	14.8	0.72	12.0	0.61	12.5	0.64	12.6	0.73	11.9	0.66
Decline in prices	7.9	0.55	6.3	0.45	5.8	0.46	6.6	0.54	6.5	0.47
Non- Food Product										
Prices will increase	75.7	0.87	79.9	0.79	79.2	0.78	80.3	0.91	81.5	0.81
Price increase more than current rate	47.3	1.00	54.0	1.02	51.8	0.96	56.8	1.21	57.9	1.13
Price increase similar to current rate	22.2	0.83	21.4	0.83	21.8	0.76	19.0	0.91	19.5	0.85
Price increase less than current rate	6.1	0.49	4.6	0.44	5.7	0.44	4.6	0.48	4.1	0.40
No changes in prices	18.2	0.78	13.4	0.66	15.8	0.70	13.4	0.76	13.2	0.71
Decline in prices	6.1	0.49	6.6	0.47	5.0	0.44	6.2	0.57	5.3	0.42
Household Durables										
Prices will increase	62.3	0.98	70.3	0.90	64.7	0.94	69.1	1.06	71.5	0.98
Price increase more than current rate	38.8	0.98	47.2	0.98	41.2	0.94	47.0	1.18	49.4	1.10
Price increase similar to current rate	18.4	0.77	18.8	0.74	18.6	0.72	18.3	0.88	17.5	0.83
Price increase less than current rate	5.1	0.45	4.4	0.42	4.9	0.39	3.8	0.41	4.5	0.45
No changes in prices	26.5	0.88	22.7	0.81	26.7	0.86	22.7	0.97	22.3	0.89
Decline in prices	11.2	0.64	6.9	0.48	8.6	0.55	8.2	0.62	6.2	0.47
Cost of Housing										
Prices will increase	63.9	0.95	75.7	0.86	65.4	0.93	71.8	1.08	76.5	0.87
Price increase more than current rate	42.0	0.99	53.8	1.04	43.5	0.97	50.9	1.21	55.2	1.09
Price increase similar to current rate	17.4	0.75	18.3	0.79	17.5	0.71	16.6	0.87	16.8	0.81
Price increase less than current rate	4.6	0.43	3.6	0.38	4.5	0.40	4.2	0.44	4.5	0.43
No changes in prices	23.8	0.85	17.8	0.76	23.3	0.83	19.8	0.92	17.3	0.78
Decline in prices	12.2	0.67	6.5	0.48	11.2	0.62	8.4	0.68	6.2	0.47
Cost of Services										
Prices will increase	76.8	0.86	81.4	0.75	76.5	0.82	80.9	0.88	79.8	0.85
Price increase more than current rate	48.5	1.01	55.2	1.02	50.0	0.94	55.9	1.17	56.7	1.14
Price increase similar to current rate	22.0	0.83	21.5	0.82	21.3	0.75	20.5	0.91	18.8	0.85
Price increase less than current rate	6.3	0.50	4.7	0.44	5.2	0.43	4.5	0.47	4.3	0.43
No changes in prices	19.6	0.81	15.2	0.67	20.1	0.77	15.7	0.80	16.6	0.77
Decline in prices	3.6	0.37	3.4	0.35	3.4	0.36	3.4	0.42	3.6	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 2: Inflation Expectations of Various Groups: Sep-21

	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	10.4	0.11	10.2	0.06	11.4	0.11	10.8	0.10	10.8	0.13	10.9	0.16
Gender-wise												
Male	10.8	0.14	10.4	0.07	11.7	0.13	11.5	0.48	11.0	0.16	11.5	0.50
Female	10.0	0.16	9.8	0.32	11.3	0.15	10.7	0.11	10.6	0.18	10.7	0.11
Category-wise												
Financial Sector Employees	10.4	0.56	9.5	0.80	11.6	0.57	11.5	1.23	10.4	0.77	10.2	1.48
Other Employees	10.5	0.19	10.3	0.10	11.5	0.20	11.0	0.27	11.0	0.23	11.2	0.46
Self Employed	10.9	0.22	10.4	0.11	11.8	0.21	11.7	0.61	10.8	0.26	11.2	0.56
Homemaker	9.9	0.19	9.5	0.39	11.1	0.18	10.6	0.11	10.4	0.22	10.6	0.11
Retired Persons	11.4	0.34	10.8	0.33	12.3	0.34	13.9	1.18	11.5	0.41	13.3	1.18
Daily Workers	10.8	0.26	10.3	0.17	11.8	0.25	11.7	0.65	11.4	0.29	12.1	0.78
Other category	9.7	0.24	9.2	0.52	11.1	0.24	10.5	0.18	10.6	0.29	10.9	0.42
Age Group-wise												
Up to 25 years	9.3	0.20	8.5	0.24	10.6	0.20	10.2	0.19	10.2	0.24	10.4	0.15
25 to 30 years	10.2	0.20	9.9	0.32	11.2	0.20	10.6	0.17	10.5	0.26	10.6	0.16
30 to 35 years	10.1	0.21	10.0	0.24	11.1	0.21	10.5	0.12	10.7	0.26	10.7	0.25
35 to 40 years	10.5	0.22	10.2	0.15	11.6	0.21	11.1	0.45	10.9	0.27	11.0	0.47
40 to 45 years	10.9	0.23	10.5	0.09	11.9	0.22	11.9	0.61	11.3	0.29	12.0	0.65
45 to 50 years	11.0	0.23	10.5	0.12	12.0	0.24	12.2	0.64	11.3	0.30	12.5	0.89
50 to 55 years	10.9	0.32	10.5	0.11	12.0	0.31	13.0	1.24	10.9	0.41	11.7	0.98
55 to 60 years	11.0	0.31	10.6	0.20	12.0	0.30	12.7	1.04	11.1	0.41	12.2	0.81
60 years and above	11.3	0.31	10.7	0.36	12.1	0.30	13.3	1.42	11.3	0.39	13.0	1.22
City-wise												
Ahmedabad	11.2	0.63	10.8	1.34	12.3	0.60	13.1	1.97	11.8	0.60	13.3	1.91
Bengaluru	10.0	0.32	10.0	0.49	11.2	0.33	11.1	0.72	11.1	0.39	12.3	1.45
Bhopal	8.8	0.66	8.1	1.65	10.2	0.69	10.1	1.14	9.8	0.65	10.1	1.05
Bhubaneswar	9.5	0.57	9.0	1.32	10.2	0.51	10.0	0.74	8.1	1.11	8.8	1.77
Chennai	10.5	0.39	10.4	0.15	11.8	0.36	11.8	1.28	11.7	0.44	13.6	1.51
Delhi	10.8	0.23	10.4	0.10	11.9	0.23	11.9	0.73	11.2	0.28	12.0	0.89
Guwahati	8.5	0.58	7.7	0.59	8.9	0.73	8.3	0.66	8.5	1.09	8.9	1.16
Hyderabad	11.3	0.52	11.0	1.01	12.7	0.47	15.4	0.84	11.0	0.54	14.0	1.52
Jaipur	9.2	0.29	9.3	0.35	10.0	0.40	10.0	0.36	9.9	0.36	10.2	0.30
Kolkata	10.4	0.29	10.0	0.26	11.5	0.28	11.1	0.47	11.5	0.27	11.7	0.57
Lucknow	10.7	0.53	9.8	0.81	11.1	0.49	10.4	0.68	10.0	0.60	10.2	0.58
Mumbai	10.9	0.34	10.2	0.35	11.7	0.32	11.2	0.72	10.1	0.43	10.5	0.48
Nagpur	9.0	0.53	7.8	0.93	10.6	0.53	9.7	1.09	10.1	0.61	9.7	0.75
Patna	9.6	0.61	8.9	0.60	10.2	0.65	9.7	0.77	10.2	0.67	9.8	0.78
Thiruvananthapuram	6.0	0.53	5.2	0.36	7.7	0.55	6.4	0.69	8.8	0.65	8.5	1.06
Chandigarh	9.4	0.63	9.0	0.86	9.1	0.59	8.9	0.54	8.8	0.87	8.7	0.76
Ranchi	8.2	0.29	8.1	0.36	8.6	0.31	8.7	0.47	7.7	0.52	8.4	0.89
Raipur	7.1	0.37	6.8	0.25	8.6	0.42	8.0	0.30	11.4	0.89	11.5	0.96

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-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
Mar-21	9.4	0.11	8.7	0.16	10.4	0.11	10.1	0.11	10.0	0.12	10.2	0.09
May-21	10.4	0.09	10.2	0.04	11.4	0.09	10.8	0.07	10.7	0.11	10.9	0.12
Jul-21	10.5	0.11	10.3	0.06	11.7	0.11	11.3	0.42	11.0	0.13	11.5	0.49
Sep-21	10.4	0.11	10.2	0.06	11.4	0.11	10.8	0.10	10.8	0.13	10.9	0.16
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-20	62.1	61.0	50.4	45.9	60.5
Mar-21	67.0	65.7	57.4	58.6	65.1
May-21	68.0	65.1	51.8	50.3	60.5
Jul-21	67.6	69.0	58.4	56.9	65.0
Sep-21	68.9	69.0	59.4	59.9	66.5
One Year Ahead					
Sep-20	63.0	64.8	55.5	53.6	66.6
Mar-21	69.6	70.1	62.4	65.5	71.6
May-21	68.3	67.1	57.7	57.1	67.2
Jul-21	70.1	71.0	63.3	63.5	71.4
Sep-21	71.4	72.8	64.7	67.0	73.6
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: Sep-21

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	3	2	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	7
	1-<2	1	15	15	4	0	3	0	0	0	0	0	0	0	0	0	0	0	0	38
	2-<3	0	9	44	38	23	15	3	1	0	0	0	0	0	0	0	0	1	0	134
	3-<4	0	1	9	68	28	40	11	2	4	0	3	0	0	0	0	0	0	0	166
	4-<5	0	1	3	7	72	63	33	10	11	0	6	0	1	0	0	0	1	0	208
	5-<6	0	3	5	16	23	320	122	166	91	9	100	0	2	0	0	15	1	0	873
	6-<7	1	0	0	3	5	1	107	61	84	23	24	2	2	0	1	0	2	0	316
	7-<8	0	1	0	1	3	7	4	171	87	74	62	8	5	2	3	1	3	0	432
	8-<9	1	0	1	0	2	2	4	2	166	76	142	20	15	2	2	2	3	0	440
	9-<10	0	0	0	0	1	2	1	3	5	85	52	33	22	6	5	4	2	1	222
	10-<11	0	0	3	0	0	21	5	7	23	12	388	58	164	48	15	264	150	1	1159
	11-<12	0	0	0	0	0	0	0	0	0	0	2	16	15	11	2	10	4	0	60
	12-<13	0	0	0	0	0	0	0	0	1	0	3	0	41	6	18	23	17	0	109
	13-<14	0	0	0	0	0	0	0	0	0	0	0	1	0	11	5	14	5	0	36
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	2	17	6	12	0	37
	15-<16	0	0	0	1	2	2	0	0	0	0	9	0	3	2	1	87	173	0	280
	>=16	0	0	0	0	0	8	0	1	0	0	21	0	2	0	1	17	1380	11	1441
	Total	6	32	81	138	159	485	290	424	472	279	812	138	272	90	70	443	1754	13	5958

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-21

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	3	0	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	7
	1-<2	8	10	7	7	2	3	1	0	0	0	0	0	0	0	0	0	0	0	38
	2-<3	21	1	22	21	31	18	8	0	7	1	2	0	1	0	0	0	1	0	134
	3-<4	28	0	4	30	23	43	14	2	8	4	8	0	0	0	0	1	1	0	166
	4-<5	24	0	1	3	34	44	39	15	18	3	16	0	5	0	1	2	3	0	208
	5-<6	109	0	6	6	6	179	73	139	86	24	170	8	10	2	4	30	21	0	873
	6-<7	43	0	0	0	1	1	59	34	70	28	48	1	13	3	3	7	5	0	316
	7-<8	50	0	0	0	1	5	3	97	62	63	88	12	20	2	8	12	9	0	432
	8-<9	47	0	0	0	1	0	5	3	99	50	142	21	33	7	4	15	13	0	440
	9-<10	17	0	0	0	0	0	2	2	1	62	45	27	34	8	4	14	6	0	222
	10-<11	134	0	0	1	0	9	2	6	18	10	230	36	127	39	19	250	276	2	1159
	11-<12	4	0	0	0	0	0	0	0	1	0	1	11	12	5	5	13	8	0	60
	12-<13	12	0	0	0	0	0	0	0	0	0	3	0	28	4	10	27	25	0	109
	13-<14	3	0	0	0	0	0	0	0	0	0	0	0	0	11	3	10	9	0	36
	14-<15	5	0	0	0	0	0	0	0	0	0	1	0	1	1	8	6	15	0	37
	15-<16	20	0	0	0	0	0	0	0	0	0	6	0	2	3	0	58	190	1	280
	>=16	199	0	0	0	0	4	0	1	0	0	13	0	0	1	1	19	1196	7	1441
	Total	727	11	42	69	100	306	206	299	370	245	773	116	286	86	70	464	1778	10	5958

Note: Figures are based on sample observations