

Households' Inflation Expectations Survey

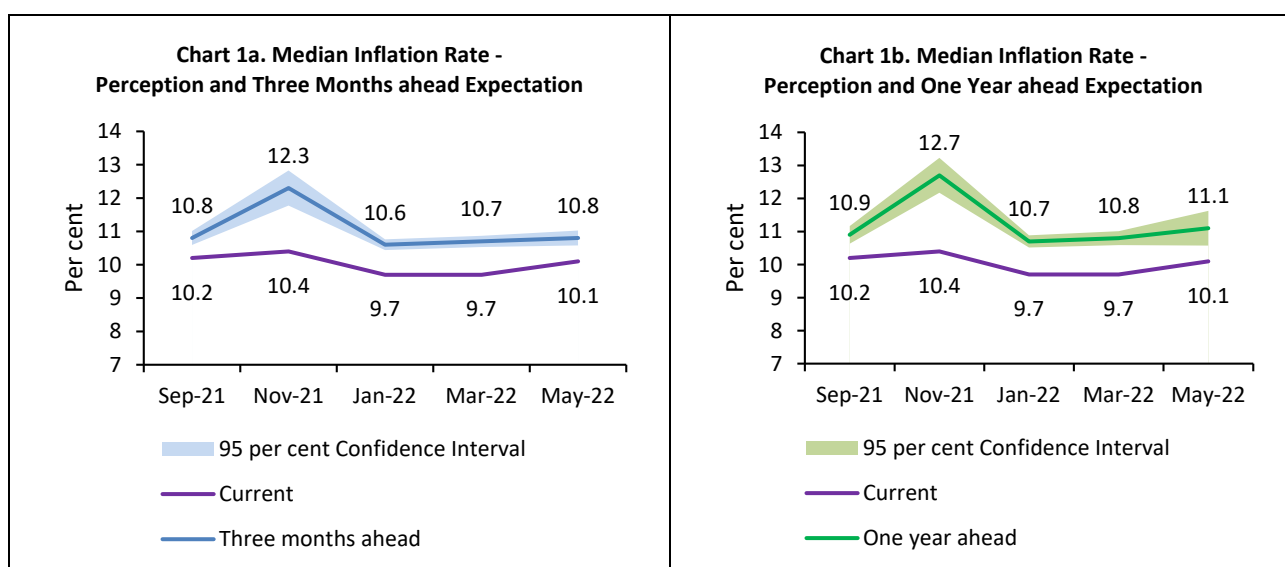
Today, the Reserve Bank released the results of the May 2022 round of the Inflation Expectations Survey of Households (IESH)^{1 2}. The survey was conducted during May 2 to 11, 2022 in 19 major cities. The results are based on responses from 6,062 urban households.

In view of the cut in the prices of petrol and diesel on May 21, 2022, a limited follow-up survey (hereinafter called the 'extension survey') was conducted during May 24-28, 2022, which covered around half of the households who had responded in the regular survey round. In all, 3,036 households gave their revised expectations of inflation (quantitative) in the extension survey.

Highlights:

A. Regular survey round

- i. Households' median inflation perception for the current period increased by 40 basis points (bps) when compared to March 2022 round of the survey, whereas it increased by 10 bps and 30 bps for three months and one year ahead periods, respectively [Charts 1a and 1b; Table 3].
- ii. Majority of the households expect general prices and inflation to remain high over three months and one year ahead horizons [Table 1a and 1b].
- iii. Expectations for overall price and inflation over next one year were in sync with those for non-food products and cost of services, while three months ahead expectations were generally more aligned to those for food products and non-food commodities [Table 4].



Note: [Please see the excel file for time series data](#)³.

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 [April 8, 2022](#).

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. All estimates of inflation expectations are given in the form of medians, unless stated otherwise.

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](https://dbie.rbi.org.in/DBIE/dbie.rbi?site=unitLevelData)).

B. Extension survey

In the extension survey round, inflation expectations for three months and one year ahead declined by 190 bps and 90 bps, respectively, when compared with the regular round (Table A below).

Table A: Median Inflation expectations: Regular vs. Extension round				
(in per cent)				
Sr. No.	Round Description	No. of Respondents	3M Ahead Expectation	1Y Ahead Expectation
1	Regular survey round (May 2-11, 2022)	6,062	10.8	11.1
2	Common Respondents (Regular and Extension rounds)	3,036	10.8	11.0
3	Extension Round (May 24-28, 2022)		8.9	10.1

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

(Percentage of Respondents)

Survey period ended	May-21		Nov-21		Jan-22		Mar-22		May-22	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	83.7	0.68	89.3	0.64	85.6	0.68	89.9	0.64	88.5	0.69
Price increase more than current rate	58.3	0.91	66.9	1.16	61.4	1.07	67.2	1.27	66.1	1.10
Price increase similar to current rate	21.3	0.76	19.2	0.94	20.5	0.87	19.3	0.96	18.9	0.83
Price increase less than current rate	4.0	0.37	3.3	0.41	3.7	0.40	3.5	0.45	3.5	0.37
No changes in prices	14.0	0.63	8.2	0.55	12.0	0.64	8.6	0.59	9.1	0.62
Decline in prices	2.3	0.30	2.5	0.30	2.4	0.30	1.5	0.22	2.3	0.32
Food Product										
Prices will increase	84.4	0.71	86.0	0.70	83.7	0.71	89.6	0.62	88.4	0.66
Price increase more than current rate	60.0	0.92	63.6	1.16	61.0	1.01	68.2	1.14	65.6	1.04
Price increase similar to current rate	19.6	0.74	17.2	0.82	17.0	0.78	16.2	0.88	17.4	0.78
Price increase less than current rate	4.8	0.38	5.2	0.46	5.7	0.47	5.2	0.48	5.4	0.44
No changes in prices	11.7	0.62	8.2	0.51	10.5	0.58	6.9	0.51	7.1	0.51
Decline in prices	3.9	0.38	5.9	0.46	5.8	0.45	3.5	0.36	4.5	0.43
Non- Food Product										
Prices will increase	78.6	0.78	86.3	0.67	80.4	0.73	88.4	0.63	87.5	0.70
Price increase more than current rate	53.0	0.94	62.5	1.17	55.4	1.02	65.6	1.17	64.5	1.05
Price increase similar to current rate	20.0	0.75	18.8	0.85	19.4	0.80	17.6	0.87	17.9	0.79
Price increase less than current rate	5.6	0.44	4.9	0.48	5.6	0.46	5.2	0.49	5.1	0.44
No changes in prices	17.1	0.71	8.9	0.54	14.1	0.64	8.7	0.56	8.2	0.54
Decline in prices	4.3	0.42	4.8	0.43	5.4	0.43	2.9	0.31	4.2	0.43
Household Durables										
Prices will increase	58.8	0.96	68.6	0.90	69.9	0.88	73.5	0.89	74.7	0.93
Price increase more than current rate	37.6	0.93	47.7	1.11	48.6	1.03	51.9	1.20	53.4	1.13
Price increase similar to current rate	16.5	0.70	16.0	0.77	16.2	0.70	16.0	0.83	16.3	0.78
Price increase less than current rate	4.6	0.40	4.9	0.44	5.1	0.45	5.5	0.50	5.1	0.42
No changes in prices	32.3	0.90	22.7	0.82	23.1	0.82	20.4	0.83	19.7	0.82
Decline in prices	9.0	0.56	8.7	0.54	7.0	0.45	6.1	0.44	5.5	0.44
Cost of Housing										
Prices will increase	54.9	0.94	74.3	0.94	71.5	0.88	75.8	0.94	78.5	0.90
Price increase more than current rate	36.4	0.92	55.1	1.16	51.3	1.07	54.9	1.23	59.4	1.11
Price increase similar to current rate	14.6	0.67	15.6	0.78	16.1	0.74	16.6	0.80	15.4	0.73
Price increase less than current rate	3.9	0.36	3.7	0.39	4.2	0.42	4.3	0.40	3.7	0.35
No changes in prices	30.6	0.88	19.0	0.82	21.3	0.80	18.9	0.86	17.1	0.82
Decline in prices	14.6	0.68	6.7	0.50	7.2	0.48	5.4	0.46	4.3	0.40
Cost of Services										
Prices will increase	67.7	0.89	76.5	0.86	74.3	0.83	76.3	0.88	78.5	0.88
Price increase more than current rate	44.5	0.93	53.9	1.19	51.6	1.05	54.5	1.19	56.4	1.09
Price increase similar to current rate	18.2	0.71	17.6	0.80	18.0	0.79	16.8	0.80	17.4	0.71
Price increase less than current rate	4.9	0.40	5.0	0.49	4.6	0.43	5.0	0.47	4.8	0.42
No changes in prices	29.2	0.86	20.2	0.80	22.3	0.78	21.2	0.86	18.6	0.82
Decline in prices	3.2	0.35	3.3	0.34	3.4	0.34	2.4	0.29	2.8	0.32
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	May-21		Nov-21		Jan-22		Mar-22		May-22	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	86.9	0.65	90.4	0.59	89.6	0.58	91.5	0.58	91.3	0.60
Price increase more than current rate	62.3	0.91	70.5	1.15	68.2	1.05	71.0	1.19	70.8	1.07
Price increase similar to current rate	20.3	0.75	16.7	0.91	18.1	0.81	17.4	0.93	17.3	0.82
Price increase less than current rate	4.2	0.38	3.3	0.39	3.3	0.39	3.1	0.41	3.1	0.36
No changes in prices	10.4	0.58	6.4	0.46	7.8	0.50	6.1	0.48	5.8	0.47
Decline in prices	2.7	0.33	3.1	0.35	2.6	0.29	2.4	0.29	2.8	0.36
Food Product										
Prices will increase	81.7	0.75	84.5	0.74	83.8	0.71	85.3	0.72	86.7	0.72
Price increase more than current rate	53.4	0.95	60.2	1.20	58.2	1.06	60.9	1.19	62.8	1.10
Price increase similar to current rate	22.7	0.76	19.9	0.92	20.4	0.86	19.6	0.91	19.2	0.82
Price increase less than current rate	5.5	0.43	4.4	0.42	5.2	0.45	4.8	0.47	4.7	0.41
No changes in prices	12.5	0.64	9.4	0.57	10.9	0.61	9.8	0.59	8.1	0.52
Decline in prices	5.8	0.46	6.1	0.47	5.3	0.40	5.0	0.41	5.2	0.48
Non- Food Product										
Prices will increase	79.2	0.78	85.1	0.72	82.9	0.72	85.8	0.73	87.0	0.72
Price increase more than current rate	51.6	0.95	61.7	1.20	57.5	1.09	62.4	1.18	63.7	1.09
Price increase similar to current rate	21.9	0.75	19.0	0.87	20.5	0.86	18.9	0.89	19.1	0.82
Price increase less than current rate	5.6	0.44	4.4	0.45	4.9	0.44	4.5	0.44	4.3	0.40
No changes in prices	15.8	0.69	9.5	0.56	12.0	0.61	9.7	0.60	8.2	0.54
Decline in prices	5.0	0.44	5.4	0.43	5.0	0.41	4.5	0.40	4.7	0.47
Household Durables										
Prices will increase	64.8	0.94	75.0	0.87	75.4	0.87	77.3	0.84	78.7	0.84
Price increase more than current rate	41.1	0.94	52.3	1.16	52.1	1.07	54.1	1.16	56.4	1.09
Price increase similar to current rate	18.7	0.72	18.2	0.85	18.7	0.81	18.3	0.89	17.4	0.75
Price increase less than current rate	4.9	0.39	4.5	0.45	4.6	0.45	4.8	0.48	4.9	0.42
No changes in prices	26.7	0.86	18.0	0.75	18.5	0.77	17.1	0.74	15.9	0.72
Decline in prices	8.5	0.55	7.0	0.48	6.1	0.44	5.6	0.43	5.3	0.46
Cost of Housing										
Prices will increase	65.4	0.92	82.4	0.77	79.3	0.78	83.1	0.75	85.3	0.72
Price increase more than current rate	43.4	0.96	60.6	1.15	57.0	1.03	61.1	1.17	64.2	1.07
Price increase similar to current rate	17.6	0.71	17.9	0.86	18.1	0.78	17.6	0.88	17.2	0.77
Price increase less than current rate	4.5	0.39	3.9	0.40	4.2	0.43	4.5	0.43	4.0	0.38
No changes in prices	23.4	0.83	12.8	0.67	15.1	0.66	13.2	0.67	10.5	0.60
Decline in prices	11.2	0.62	4.9	0.41	5.6	0.43	3.7	0.36	4.1	0.40
Cost of Services										
Prices will increase	76.5	0.81	83.6	0.73	82.0	0.75	83.0	0.79	84.9	0.78
Price increase more than current rate	49.9	0.94	59.5	1.20	57.5	1.04	59.2	1.25	62.2	1.10
Price increase similar to current rate	21.4	0.75	19.1	0.88	19.8	0.81	18.8	0.93	17.8	0.78
Price increase less than current rate	5.2	0.42	5.0	0.46	4.6	0.44	5.0	0.47	4.9	0.42
No changes in prices	20.1	0.76	13.3	0.65	15.1	0.68	14.1	0.71	12.0	0.67
Decline in prices	3.4	0.36	3.1	0.34	3.0	0.31	3.0	0.32	3.0	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: May-22

	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	10.3	0.11	10.1	0.08	11.4	0.11	10.8	0.11	11.1	0.12	11.1	0.27
Gender-wise												
Male	10.7	0.14	10.3	0.08	11.6	0.14	11.2	0.40	11.4	0.16	11.8	0.49
Female	10.0	0.15	9.9	0.23	11.2	0.15	10.8	0.14	10.9	0.17	10.9	0.25
Category-wise												
Financial Sector Employees	10.4	0.67	9.8	0.87	11.3	0.75	11.3	1.33	11.2	0.90	11.4	1.64
Other Employees	10.4	0.19	10.2	0.11	11.6	0.18	11.2	0.38	11.5	0.21	12.2	0.47
Self Employed	10.9	0.21	10.4	0.11	11.8	0.20	11.8	0.63	11.5	0.24	12.0	0.72
Homemaker	9.9	0.18	9.8	0.26	11.1	0.17	10.7	0.13	10.9	0.20	10.8	0.20
Retired Persons	10.9	0.42	10.6	0.29	11.5	0.41	12.0	1.10	11.6	0.43	12.8	1.48
Daily Workers	10.6	0.27	10.2	0.17	11.6	0.26	11.3	0.60	11.1	0.33	11.7	0.73
Other category	9.7	0.23	9.0	0.40	10.8	0.23	10.5	0.20	10.6	0.29	10.6	0.29
Age Group-wise												
Up to 25 years	9.6	0.20	9.1	0.29	10.9	0.19	10.5	0.14	10.8	0.22	10.7	0.22
25 to 30 years	10.0	0.20	10.0	0.21	11.3	0.20	10.8	0.20	11.3	0.23	11.4	0.57
30 to 35 years	10.2	0.22	9.9	0.28	11.3	0.21	10.8	0.26	11.0	0.25	11.0	0.36
35 to 40 years	10.4	0.21	10.2	0.15	11.4	0.20	10.9	0.29	11.0	0.25	11.2	0.46
40 to 45 years	10.2	0.25	9.8	0.44	11.3	0.25	10.8	0.42	10.8	0.29	10.7	0.35
45 to 50 years	10.8	0.24	10.4	0.13	11.8	0.23	11.6	0.79	11.1	0.30	11.5	0.69
50 to 55 years	10.6	0.27	10.3	0.17	11.8	0.26	11.6	0.70	11.4	0.33	12.2	0.87
55 to 60 years	11.3	0.32	10.6	0.16	12.1	0.31	13.2	1.14	11.3	0.40	12.5	1.04
60 years and above	11.1	0.32	10.6	0.32	11.9	0.32	12.9	1.24	11.5	0.36	13.3	1.24
City-wise												
Ahmedabad	8.6	0.49	6.9	0.62	9.8	0.52	8.1	0.76	10.0	0.51	9.0	0.91
Bengaluru	10.6	0.31	10.5	0.13	11.7	0.32	13.1	1.26	11.6	0.41	14.5	1.02
Bhopal	8.7	1.12	7.7	1.59	9.7	1.04	9.4	1.12	9.3	0.83	9.5	0.97
Bhubaneswar	8.6	0.52	8.4	1.11	10.6	0.58	10.1	1.19	11.1	0.56	10.9	0.88
Chennai	10.9	0.40	10.5	0.20	12.4	0.35	13.3	1.18	12.4	0.35	15.1	0.71
Delhi	10.4	0.24	10.2	0.19	11.6	0.24	11.2	0.63	11.4	0.26	11.4	0.75
Guwahati	6.6	0.31	6.1	0.40	7.3	0.50	6.8	0.60	7.5	0.66	7.4	0.45
Hyderabad	11.4	0.59	10.9	1.10	12.6	0.47	13.7	1.68	11.7	0.57	13.8	1.61
Jaipur	10.8	0.61	10.3	0.49	11.3	0.60	11.1	0.75	11.0	0.63	11.1	0.77
Jammu	11.7	1.11	12.1	2.18	13.1	0.87	14.9	1.45	12.3	0.88	14.6	1.65
Kolkata	10.6	0.33	10.2	0.28	11.8	0.29	11.4	0.74	11.5	0.28	11.6	0.79
Lucknow	11.2	0.74	11.0	1.45	11.6	0.76	12.4	1.86	11.5	0.89	13.1	2.05
Mumbai	10.0	0.23	9.4	0.32	11.1	0.24	10.6	0.25	10.5	0.29	10.7	0.32
Nagpur	10.8	0.70	10.4	0.49	12.3	0.76	13.6	1.72	11.2	1.11	13.5	1.98
Patna	9.8	0.59	9.1	0.80	10.6	0.60	9.8	0.92	10.5	0.64	10.0	0.77
Thiruvananthapuram	7.4	0.55	5.8	0.29	9.1	0.52	8.2	0.69	10.1	0.54	9.7	0.72
Chandigarh	11.3	0.52	10.3	0.87	12.0	0.51	11.7	1.20	11.5	0.60	11.4	1.02
Ranchi	6.8	0.22	6.5	0.28	7.3	0.26	7.0	0.34	7.2	0.36	7.7	0.52
Raipur	7.9	0.46	7.7	0.77	8.6	0.62	8.5	1.18	9.7	1.06	10.5	2.07

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
May-21	10.4	0.09	10.2	0.04	11.3	0.09	10.8	0.07	10.7	0.11	10.8	0.09
Nov-21	10.7	0.11	10.4	0.05	11.9	0.11	12.3	0.27	11.5	0.12	12.7	0.27
Jan-22	9.9	0.10	9.7	0.28	11.1	0.10	10.6	0.08	10.7	0.11	10.7	0.09
Mar-22	9.8	0.12	9.7	0.31	11.1	0.12	10.7	0.09	10.9	0.13	10.8	0.11
May-22	10.3	0.11	10.1	0.08	11.4	0.11	10.8	0.11	11.1	0.12	11.1	0.27

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

Survey period ended	Food	Non-Food	Household durables	Housing	Cost of services
Three Months Ahead					
May-21	68.2	65.3	51.8	50.3	60.6
Nov-21	69.8	70.5	59.0	63.4	65.7
Jan-22	66.8	65.8	60.5	61.7	66.0
Mar-22	70.5	70.8	60.2	62.0	65.8
May-22	70.8	71.3	64.0	66.6	69.3
One Year Ahead					
May-21	68.2	67.1	57.7	57.1	67.3
Nov-21	73.8	74.8	66.2	70.4	73.2
Jan-22	71.7	72.4	65.2	67.5	72.9
Mar-22	73.1	74.2	67.5	69.4	74.4
May-22	75.6	76.6	69.8	73.4	76.2

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: May-22

		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	Total
Current Inflation Rate (per cent)	<1	5	0	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	9
	1-<2	0	12	16	5	1	0	0	0	0	0	0	0	0	0	0	0	0	0	34
	2-<3	0	8	49	44	22	11	0	1	0	0	2	0	0	0	0	0	0	0	137
	3-<4	0	1	12	51	50	47	11	1	3	0	0	0	0	1	0	0	0	0	177
	4-<5	0	4	8	4	82	69	45	16	8	2	1	0	1	0	1	0	0	1	242
	5-<6	1	4	7	24	23	278	155	189	78	15	130	2	2	1	0	10	2	0	921
	6-<7	0	0	1	0	7	8	108	104	70	15	17	3	5	1	2	0	1	0	342
	7-<8	0	0	1	3	0	7	2	135	89	46	68	7	3	0	3	4	1	0	369
	8-<9	0	0	2	1	1	4	6	4	152	83	134	13	17	7	5	4	4	4	437
	9-<10	0	1	0	0	1	2	1	7	6	84	74	51	25	8	3	8	4	0	275
	10-<11	0	1	1	2	1	18	2	10	17	5	319	70	176	65	26	262	148	1	1124
	11-<12	0	0	0	0	0	0	1	0	0	1	0	26	12	5	1	4	5	0	55
	12-<13	0	0	0	0	0	0	0	0	0	0	2	0	41	11	23	24	10	0	111
	13-<14	0	0	0	0	0	0	0	1	1	0	0	0	1	7	7	9	6	0	32
	14-<15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	13	19	0	40
	15-<16	0	0	0	0	0	2	2	1	1	0	6	1	0	2	1	85	233	0	334
	>=16	0	1	0	0	0	7	1	1	0	0	24	0	2	1	1	12	1366	7	1423
Total	6	32	98	135	188	454	334	471	425	251	777	173	285	109	81	435	1799	9	6062	

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: May-22

		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	Total
Current Inflation Rate (per cent)	<1	3	0	1	0	0	4	0	0	0	0	0	1	0	0	0	0	0	0	9
	1-<2	8	4	11	5	2	3	1	0	0	0	0	0	0	0	0	0	0	0	34
	2-<3	19	5	29	28	30	15	3	3	1	0	4	0	0	0	0	0	0	0	137
	3-<4	12	1	5	32	28	47	22	9	9	5	4	0	1	0	0	1	1	0	177
	4-<5	25	1	2	1	47	44	51	29	21	6	6	0	4	1	2	0	2	0	242
	5-<6	90	0	2	7	16	179	88	163	100	30	167	6	14	7	4	31	15	2	921
	6-<7	30	0	0	1	1	4	67	87	71	22	28	8	9	1	2	3	8	0	342
	7-<8	30	0	0	0	2	0	2	78	62	64	80	10	13	3	5	12	8	0	369
	8-<9	36	0	0	1	2	2	4	1	93	59	145	17	35	7	7	15	13	0	437
	9-<10	22	0	0	0	0	1	1	3	6	57	58	44	43	6	10	12	12	0	275
	10-<11	83	0	0	1	0	9	3	7	9	5	215	39	119	57	30	261	284	2	1124
	11-<12	7	0	0	0	0	0	0	0	0	0	1	14	13	4	2	8	6	0	55
	12-<13	10	0	0	0	0	0	0	0	0	0	2	0	23	8	20	20	28	0	111
	13-<14	3	0	0	0	0	0	0	0	0	1	0	0	1	1	6	9	11	0	32
	14-<15	2	0	0	0	0	0	0	0	0	0	0	0	0	1	4	11	22	0	40
	15-<16	29	0	0	0	0	0	0	0	0	1	5	0	1	1	0	57	240	0	334
	>=16	122	0	0	0	0	1	0	0	0	0	13	1	2	0	0	10	1270	4	1423
Total	531	11	50	76	128	309	242	380	374	248	728	140	278	97	92	450	1920	8	6062	

Note: Figures are based on sample observations