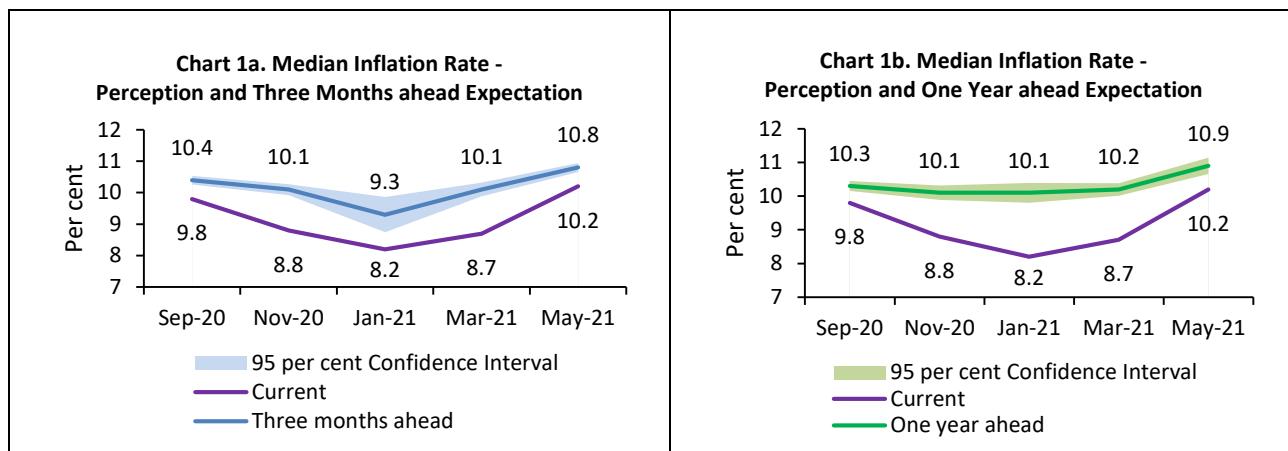


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the May 2021 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 April 29 to May 11, 2021 in 18 major cities. The results² are based on responses from 5,979 urban households³.

Highlights:

- i. Households' median inflation perception for current period rose by 150 basis points from the previous round of the survey [Charts 1a and 1b; Table 3].
- ii. Median inflation expectation for both three months and one year ahead period increased by 70 basis points each in the latest survey round [Charts 1a and 1b; Table 3].
- iii. About 60 per cent of the respondents expect higher general inflation over the next three months as well as over the next one year [Tables 1a and 1b].
- iv. Expectations on general prices and inflation were mostly aligned with those for the food group [Table 4].
- v. Households expect higher rise in prices over one year horizon when compared to one quarter horizon for non-food products, household durables, housing and services [Tables 1a and 1b].



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 [April 07, 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	May-20		Nov-20		Jan-21		Mar-21		May-21	
	Estimate	SE								
General										
Prices will increase	85.3	0.73	83.3	0.85	83.7	0.89	86.6	0.74	83.7	0.68
Price increase more than current rate	56.0	1.02	55.4	1.14	56.0	1.26	58.4	1.14	58.5	0.91
Price increase similar to current rate	23.5	0.89	23.6	0.95	22.4	0.95	24.1	0.94	21.2	0.76
Price increase less than current rate	5.8	0.49	4.4	0.46	5.3	0.53	4.1	0.50	4.0	0.37
No changes in prices	12.4	0.69	14.2	0.81	14.3	0.86	11.1	0.71	14.0	0.63
Decline in prices	2.3	0.32	2.4	0.32	1.9	0.30	2.3	0.29	2.3	0.30
Food Product										
Prices will increase	84.6	0.75	81.5	0.83	80.9	0.95	85.2	0.70	84.4	0.72
Price increase more than current rate	58.6	1.00	54.7	1.10	54.2	1.16	61.2	1.01	60.2	0.92
Price increase similar to current rate	20.0	0.82	20.3	0.90	20.0	0.95	18.1	0.81	19.4	0.75
Price increase less than current rate	6.0	0.49	6.5	0.59	6.7	0.57	6.0	0.55	4.8	0.38
No changes in prices	10.7	0.64	11.6	0.67	13.0	0.82	9.3	0.60	11.8	0.63
Decline in prices	4.7	0.45	6.9	0.54	6.1	0.54	5.5	0.45	3.9	0.39
Non-Food Product										
Prices will increase	76.7	0.88	74.8	0.99	79.3	0.98	81.0	0.78	78.6	0.79
Price increase more than current rate	49.5	0.99	48.0	1.11	51.6	1.20	57.0	1.00	53.1	0.95
Price increase similar to current rate	20.8	0.82	20.3	0.87	20.9	0.90	19.4	0.77	19.8	0.75
Price increase less than current rate	6.4	0.50	6.4	0.57	6.7	0.56	4.7	0.43	5.6	0.44
No changes in prices	17.8	0.79	20.1	0.92	16.9	0.91	12.9	0.69	17.1	0.72
Decline in prices	5.5	0.49	5.2	0.48	3.8	0.40	6.2	0.48	4.3	0.42
Household Durables										
Prices will increase	55.1	1.04	60.3	1.09	64.3	1.11	68.1	0.92	58.8	0.96
Price increase more than current rate	33.6	0.96	38.2	1.11	42.5	1.15	46.0	0.98	37.7	0.94
Price increase similar to current rate	16.4	0.76	16.2	0.82	16.8	0.77	17.7	0.74	16.4	0.70
Price increase less than current rate	5.1	0.44	5.8	0.59	5.0	0.49	4.4	0.44	4.7	0.40
No changes in prices	29.7	0.94	27.4	1.00	27.2	1.05	24.6	0.84	32.2	0.90
Decline in prices	15.2	0.76	12.3	0.71	8.4	0.58	7.3	0.50	9.0	0.56
Cost of Housing										
Prices will increase	48.6	1.01	60.7	1.12	66.1	1.11	68.9	0.93	54.9	0.94
Price increase more than current rate	30.2	0.93	40.4	1.14	45.1	1.20	48.4	1.03	36.5	0.92
Price increase similar to current rate	13.6	0.69	15.9	0.80	16.2	0.79	16.7	0.75	14.4	0.67
Price increase less than current rate	4.8	0.45	4.4	0.50	4.8	0.49	3.8	0.40	3.9	0.36
No changes in prices	30.3	0.93	25.9	1.01	24.6	1.02	22.2	0.86	30.5	0.89
Decline in prices	21.1	0.83	13.4	0.84	9.3	0.66	8.9	0.54	14.6	0.69
Cost of Services										
Prices will increase	68.3	0.97	70.4	1.02	68.8	1.06	75.6	0.90	67.6	0.89
Price increase more than current rate	43.2	0.99	44.8	1.10	45.7	1.15	51.6	1.02	44.6	0.94
Price increase similar to current rate	19.3	0.79	20.3	0.88	18.5	0.81	19.4	0.79	18.0	0.71
Price increase less than current rate	5.9	0.46	5.3	0.50	4.6	0.50	4.5	0.44	5.0	0.40
No changes in prices	27.4	0.93	25.2	0.98	27.4	1.02	20.8	0.84	29.2	0.87
Decline in prices	4.4	0.42	4.4	0.44	3.8	0.47	3.6	0.36	3.2	0.35

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-20		Nov-20		Jan-21		Mar-21		May-21	
	Estimate	SE								
General										
Prices will increase	85.6	0.73	86.5	0.77	88.0	0.80	88.7	0.61	86.9	0.65
Price increase more than current rate	57.1	1.00	59.5	1.09	62.9	1.23	63.4	1.07	62.4	0.91
Price increase similar to current rate	23.8	0.88	22.9	0.92	21.2	0.95	21.4	0.87	20.3	0.75
Price increase less than current rate	4.7	0.43	4.1	0.44	3.9	0.43	3.8	0.44	4.2	0.38
No changes in prices	11.9	0.67	10.3	0.69	9.6	0.75	8.5	0.54	10.4	0.58
Decline in prices	2.5	0.33	3.2	0.39	2.4	0.33	2.8	0.32	2.7	0.33
Food Product										
Prices will increase	77.3	0.86	77.7	0.97	80.5	0.96	81.7	0.74	81.7	0.76
Price increase more than current rate	46.9	1.01	48.4	1.10	53.0	1.21	54.6	1.01	53.5	0.95
Price increase similar to current rate	24.2	0.88	24.0	0.93	22.6	0.96	22.2	0.83	22.6	0.77
Price increase less than current rate	6.3	0.51	5.4	0.48	4.9	0.49	4.9	0.46	5.6	0.43
No changes in prices	15.7	0.74	14.3	0.82	13.4	0.84	12.0	0.61	12.5	0.64
Decline in prices	6.9	0.52	8.0	0.58	6.1	0.55	6.3	0.45	5.8	0.46
Non-Food Product										
Prices will increase	73.3	0.92	75.0	0.98	80.4	0.93	79.9	0.79	79.2	0.78
Price increase more than current rate	42.6	0.99	45.6	1.13	52.8	1.22	54.0	1.02	51.8	0.96
Price increase similar to current rate	23.9	0.87	23.5	0.93	22.7	0.93	21.4	0.83	21.8	0.76
Price increase less than current rate	6.8	0.51	5.9	0.55	4.9	0.45	4.6	0.44	5.7	0.44
No changes in prices	20.7	0.84	19.3	0.89	15.0	0.84	13.4	0.66	15.8	0.70
Decline in prices	6.0	0.49	5.8	0.51	4.6	0.46	6.6	0.47	5.0	0.44
Household Durables										
Prices will increase	59.6	1.03	65.0	1.08	69.8	1.07	70.3	0.90	64.7	0.94
Price increase more than current rate	34.8	0.99	39.9	1.08	45.0	1.20	47.2	0.98	41.2	0.94
Price increase similar to current rate	19.1	0.79	19.7	0.88	19.9	0.81	18.8	0.74	18.6	0.72
Price increase less than current rate	5.7	0.47	5.4	0.54	4.9	0.48	4.4	0.42	4.9	0.39
No changes in prices	28.4	0.93	24.6	1.01	22.1	0.97	22.7	0.81	26.7	0.86
Decline in prices	12.1	0.67	10.3	0.68	8.1	0.63	6.9	0.48	8.6	0.55
Cost of Housing										
Prices will increase	59.7	1.00	72.1	1.01	74.8	1.05	75.7	0.86	65.4	0.93
Price increase more than current rate	36.9	0.98	47.8	1.10	49.9	1.22	53.8	1.04	43.5	0.97
Price increase similar to current rate	17.3	0.77	19.8	0.87	20.2	0.91	18.3	0.79	17.5	0.71
Price increase less than current rate	5.5	0.46	4.5	0.44	4.7	0.48	3.6	0.38	4.5	0.40
No changes in prices	25.1	0.89	19.2	0.86	17.7	0.95	17.8	0.76	23.3	0.83
Decline in prices	15.2	0.73	8.7	0.65	7.5	0.61	6.5	0.48	11.2	0.62
Cost of Services										
Prices will increase	74.4	0.91	77.2	0.98	78.5	0.98	81.4	0.75	76.5	0.82
Price increase more than current rate	44.6	0.98	49.0	1.11	51.1	1.21	55.2	1.02	50.0	0.94
Price increase similar to current rate	23.1	0.85	22.2	0.87	22.9	0.96	21.5	0.82	21.3	0.75
Price increase less than current rate	6.7	0.50	6.1	0.55	4.6	0.45	4.7	0.44	5.2	0.43
No changes in prices	22.1	0.87	18.6	0.91	18.2	0.94	15.2	0.67	20.1	0.77
Decline in prices	3.5	0.38	4.2	0.45	3.3	0.41	3.4	0.35	3.4	0.36

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 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
Overall	10.4	0.09	10.2	0.04	11.4	0.09	10.8	0.07	10.7	0.11	10.9	0.12
Gender-wise												
Male	10.6	0.10	10.3	0.05	11.5	0.10	11.0	0.19	10.8	0.12	11.0	0.28
Female	9.8	0.13	9.5	0.38	11.0	0.13	10.5	0.09	10.6	0.15	10.7	0.12
Category-wise												
Financial Sector Employees	9.5	0.44	8.7	0.92	10.8	0.44	10.7	0.97	10.1	0.53	10.4	1.34
Other Employees	10.3	0.14	10.2	0.07	11.3	0.14	10.8	0.15	10.7	0.17	10.8	0.18
Self Employed	10.7	0.15	10.3	0.07	11.7	0.14	11.3	0.50	10.8	0.18	11.3	0.50
Homemakers	9.8	0.14	9.6	0.38	11.0	0.14	10.5	0.09	10.6	0.18	10.7	0.14
Retired Persons	10.9	0.32	10.5	0.14	11.7	0.34	12.2	0.94	11.2	0.42	12.6	1.49
Daily Workers	10.5	0.21	10.3	0.09	11.6	0.22	11.3	0.63	10.9	0.28	11.4	0.76
Other category	10.1	0.22	10.0	0.33	10.8	0.22	10.4	0.15	10.2	0.29	10.5	0.21
Age Group-wise												
Up to 25 years	9.4	0.17	8.6	0.24	10.5	0.18	10.1	0.19	10.3	0.21	10.5	0.12
25 to 30 years	10.2	0.16	10.2	0.12	11.2	0.16	10.7	0.13	10.6	0.21	10.8	0.24
30 to 35 years	10.5	0.17	10.3	0.08	11.5	0.16	11.0	0.31	10.7	0.20	10.9	0.29
35 to 40 years	10.4	0.17	10.2	0.09	11.4	0.17	10.9	0.28	10.9	0.21	11.3	0.57
40 to 45 years	10.6	0.17	10.3	0.08	11.7	0.16	11.1	0.41	10.9	0.21	11.2	0.51
45 to 50 years	10.6	0.22	10.4	0.10	11.6	0.21	11.8	0.60	10.7	0.25	11.2	0.58
50 to 55 years	10.8	0.27	10.4	0.13	11.6	0.27	11.2	0.68	10.5	0.34	10.7	0.40
55 to 60 years	10.7	0.28	10.4	0.11	11.4	0.27	10.7	0.22	10.3	0.34	10.7	0.37
60 years and above	10.9	0.27	10.4	0.14	11.7	0.27	11.6	0.77	11.2	0.32	12.4	1.05
City-wise												
Ahmedabad	10.1	0.34	10.1	0.41	11.3	0.31	11.2	0.78	11.1	0.35	11.4	0.89
Bengaluru	10.5	0.26	10.4	0.10	11.9	0.25	12.4	0.64	12.0	0.31	15.2	0.33
Bhopal	9.5	0.70	8.9	1.12	10.9	0.74	10.5	1.01	9.5	0.90	10.2	1.14
Bhubaneswar	10.0	0.74	10.1	1.00	11.2	0.75	12.5	2.26	10.3	0.82	11.1	2.04
Chennai	9.3	0.33	9.6	0.72	10.3	0.34	10.2	0.44	10.4	0.42	10.8	0.72
Delhi	10.5	0.23	10.3	0.11	11.5	0.23	11.1	0.52	10.6	0.27	10.7	0.30
Guwahati	11.6	0.63	10.8	0.80	12.4	0.66	12.7	1.23	12.4	0.77	13.9	1.69
Hyderabad	10.9	0.26	10.5	0.16	11.9	0.25	12.0	0.90	11.4	0.34	13.0	1.17
Jaipur	11.3	0.50	10.8	0.90	11.6	0.50	11.2	1.30	11.2	0.62	11.5	1.52
Kolkata	11.1	0.28	10.6	0.16	12.1	0.27	13.0	0.98	11.5	0.31	12.3	0.85
Lucknow	10.1	0.44	9.1	0.41	10.7	0.41	9.9	0.40	10.7	0.50	10.7	0.44
Mumbai	10.8	0.21	10.3	0.12	11.6	0.21	11.1	0.48	10.0	0.29	10.7	0.30
Nagpur	7.5	0.44	6.7	0.42	8.7	0.42	8.2	0.49	8.2	0.58	8.4	0.47
Patna	9.5	0.86	8.9	0.90	10.1	0.88	9.8	0.88	8.8	1.06	8.8	1.13
Thiruvananthapuram	6.1	0.80	4.8	0.64	7.6	0.79	6.3	0.55	8.7	0.99	8.1	1.30
Chandigarh	10.8	0.47	10.7	0.48	11.0	0.49	11.1	0.72	10.1	0.79	10.7	0.78
Ranchi	8.1	0.51	7.5	0.52	8.4	0.47	7.9	0.56	6.9	0.67	7.1	0.71
Raipur	9.4	0.69	8.9	0.68	10.3	0.71	9.7	0.71	9.8	0.81	9.6	0.74

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-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
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
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

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	Households durables	Housing	Cost of services	(Percentage of Respondents)
						Three Months Ahead
May-20	63.3	59.8	46.5	42.6	57.3	
Nov-20	62.7	63.5	52.4	54.0	60.7	
Jan-21	63.3	64.3	54.5	55.7	62.8	
Mar-21	67.0	65.7	57.4	58.6	65.1	
May-21	68.0	65.1	51.8	50.3	60.5	
						One Year Ahead
May-20	62.3	59.5	50.9	50.3	62.3	
Nov-20	66.4	65.9	56.7	62.1	68.9	
Jan-21	68.4	68.6	60.6	63.0	69.0	
Mar-21	69.6	70.1	62.4	65.5	71.6	
May-21	68.3	67.1	57.7	57.1	67.2	

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 2021

Current Inflation Rate (per cent)	Three Months Ahead Inflation Rate (per cent)																		No idea	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			
<1	6	4	2	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	13	
1-<2	3	14	6	5	1	1	0	0	0	0	1	0	0	0	0	0	0	0	31	
2-<3	2	5	80	40	24	12	4	0	3	0	1	0	0	0	0	0	1	1	173	
3-<4	0	2	7	75	39	39	23	2	2	0	0	0	0	0	0	1	0	0	190	
4-<5	0	0	2	1	82	50	42	10	7	1	5	0	0	0	0	0	0	0	200	
5-<6	0	3	7	9	17	359	118	135	74	8	94	0	2	0	0	10	7	1	844	
6-<7	0	1	1	2	6	8	118	70	64	11	22	2	7	0	0	1	0	1	314	
7-<8	1	0	1	1	5	11	5	147	101	51	45	4	12	2	1	7	1	1	396	
8-<9	0	0	0	2	0	1	3	6	197	70	118	16	23	8	5	4	11	0	464	
9-<10	0	0	0	0	1	0	1	0	2	85	36	20	22	2	1	5	3	0	178	
10-<11	0	0	0	1	1	22	6	2	21	8	497	52	174	45	18	256	144	2	1249	
11-<12	0	0	0	0	0	0	0	1	0	0	0	13	10	2	1	8	1	1	37	
12-<13	0	0	0	0	1	0	0	0	1	0	2	0	39	7	14	21	8	0	93	
13-<14	0	0	0	0	0	0	0	0	2	0	0	0	0	17	3	1	6	0	29	
14-<15	0	0	0	0	0	0	0	0	0	0	1	1	1	0	9	6	7	0	25	
15-<16	0	0	0	0	0	3	0	1	0	0	8	1	3	4	0	120	191	0	331	
>=16	1	0	0	0	3	12	0	1	1	0	16	0	0	0	1	35	1333	9	1412	
Total	13	29	106	136	180	518	320	375	475	234	847	109	293	87	53	475	1713	16	5979	

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 2021

Current Inflation Rate (per cent)	One Year Ahead Inflation Rate (per cent)																		No idea	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			
<1	3	2	4	2	0	0	0	0	0	0	1	0	0	0	0	0	1	0	13	
1-<2	5	7	7	4	3	3	0	0	1	0	0	0	0	0	0	0	1	0	31	
2-<3	37	2	39	27	34	8	6	4	5	2	4	0	1	0	0	2	1	1	173	
3-<4	29	0	5	38	26	35	18	10	13	3	7	0	4	0	0	2	0	0	190	
4-<5	47	0	1	3	31	25	39	18	19	0	11	1	3	0	1	1	0	0	200	
5-<6	124	0	0	8	7	204	65	119	91	22	118	7	16	5	3	38	16	1	844	
6-<7	34	0	0	1	3	4	83	35	60	31	32	6	11	1	0	6	7	0	314	
7-<8	56	0	1	1	3	7	5	94	49	76	52	6	13	1	9	14	9	0	396	
8-<9	64	0	0	0	2	2	4	5	116	42	110	22	42	9	4	23	19	0	464	
9-<10	24	0	0	0	0	0	1	0	1	45	33	24	21	4	2	16	7	0	178	
10-<11	147	0	1	0	1	12	2	6	14	3	306	32	119	32	25	265	283	1	1249	
11-<12	4	0	0	0	0	0	1	0	0	1	0	8	4	6	2	4	7	0	37	
12-<13	8	0	0	0	0	0	0	0	0	1	1	1	19	9	7	22	25	0	93	
13-<14	7	0	0	0	0	0	0	0	1	0	0	0	0	11	1	3	6	0	29	
14-<15	3	0	0	0	0	0	0	0	0	0	2	0	2	1	5	4	8	0	25	
15-<16	27	0	0	0	0	2	0	0	2	0	5	0	2	0	2	83	208	0	331	
>=16	171	0	0	0	0	2	0	2	0	0	23	0	1	0	1	21	1188	3	1412	
Total	790	11	58	84	110	304	224	293	372	226	705	107	258	80	62	503	1786	6	5979	

Note: Figures are based on sample observations