Inflation Expectations Survey of Households; March 2012 (Round 27)

*The findings of 27th round of **Inflation Expectations Survey of Households** for the January-March 2012 quarter, conducted during February 27 to March 9, 2012 are 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 are not necessarily shared by the Reserve Bank of India.*

The percentage of respondents expecting price rise in next three-month and in next one-year have gone up, mainly influenced by movements in food prices. However, the three-month ahead and one-year ahead inflation expectations at 11.7 per cent and 12.5 per cent, exhibit marginal moderation by 70-80 basis points as compared with the last round of the survey. Perception of the current inflation has also declined by 90 basis points as compared with the previous round. However, three-month and one-year ahead inflation expectations are higher than the perceived current inflation rate by 70 and 150 basis points, respectively. As in the past rounds, daily-wage workers and housewives expect higher inflation rates compared with other categories. On the aspect of awareness, 27.3 per cent of the respondents felt that RBI is taking necessary action to control inflation, of which, 49.9 per cent felt that RBI's action is effective.

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 three-month ahead and one-year ahead period 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 having a view on perceived current inflation are well spread across the cities to provide a good geographical coverage. The male and female respondents in the group are approximately 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 survey schedule is organised into seven blocks covering the respondent profile (block 1), general and product-wise price expectations (block 2 and 3), feedback on RBI's action to control inflation (block 4), current and expected inflation rate (block 5), amount paid for the purchase of major food items during last one month (block 6) and the expectations on changes in income/wages (block 7).

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 percentages of respondents expecting *price increase* in three-month ahead and one-year ahead show marginal increase over previous round and stand at over 98% in the present survey round.
- The percentage of respondents expecting increase in general prices by ‘*more than the current rate*’ for three-month ahead and one-year ahead period have gone up to 75.6 per cent and 78.8 per cent, respectively, from 73.4 per cent and 76.9 per cent in the previous round (October-December 2011). (Table 2.1).

III. 2 Product Group wise Price Expectations

- Product group-wise price expectations reflect similar trend, i.e. the percentage of respondents expecting *price increase* in three-month ahead and in one-year ahead period have gone up *vis-à-vis* the last round for food products, non-food products, household durables, housing and cost of services (Table 2.2, 2.3, 2.4, 2.5 and 2.6).
- However, proportion of households expecting price increase three-month ahead by *‘more than the current rate’* has declined to some extent for food products, non-food products and household durables. In contrast, there is significant increase in proportion of respondents expecting a rise in prices at ‘*similar to current rate’* in respect of above identified product group.

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

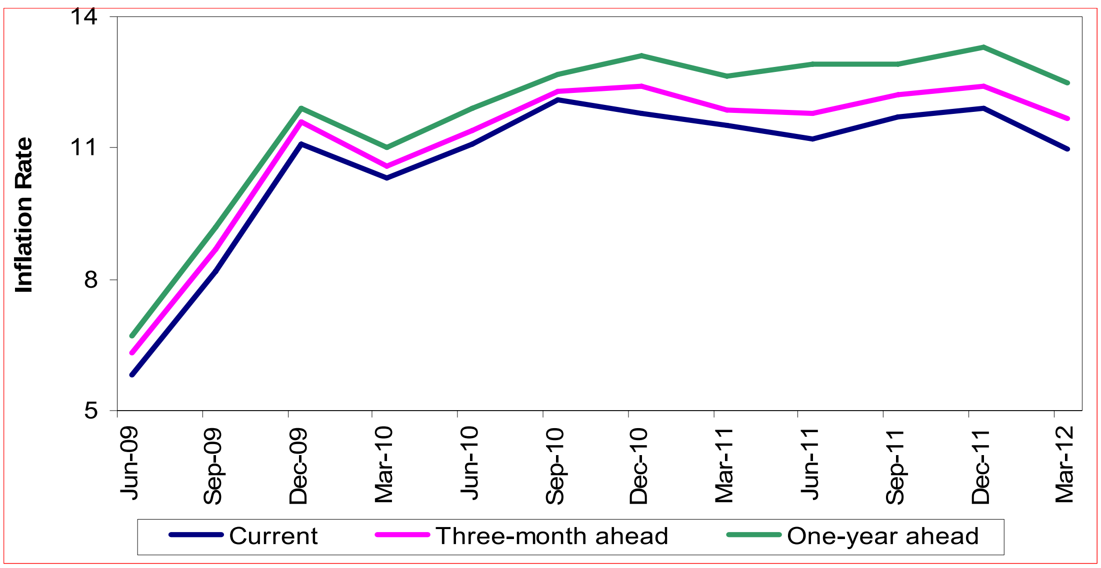
- As in the past rounds, the general price expectations are observed to be consistently aligned with food price expectations than with other product groups. On an average, around 90 per cent of the respondents appeared to have been driven mostly by expected changes in food prices for arriving at general price expectations (Table 3 and Table 4).

- Further, sharp increase in coherence between general price expectations and that of housing and cost of services product groups are observed in the current survey round as compared with previous round. The association of general price expectation was consistently lower with household durables prices (Table 3 and Table 4).

III. 4 Inflation Expectations

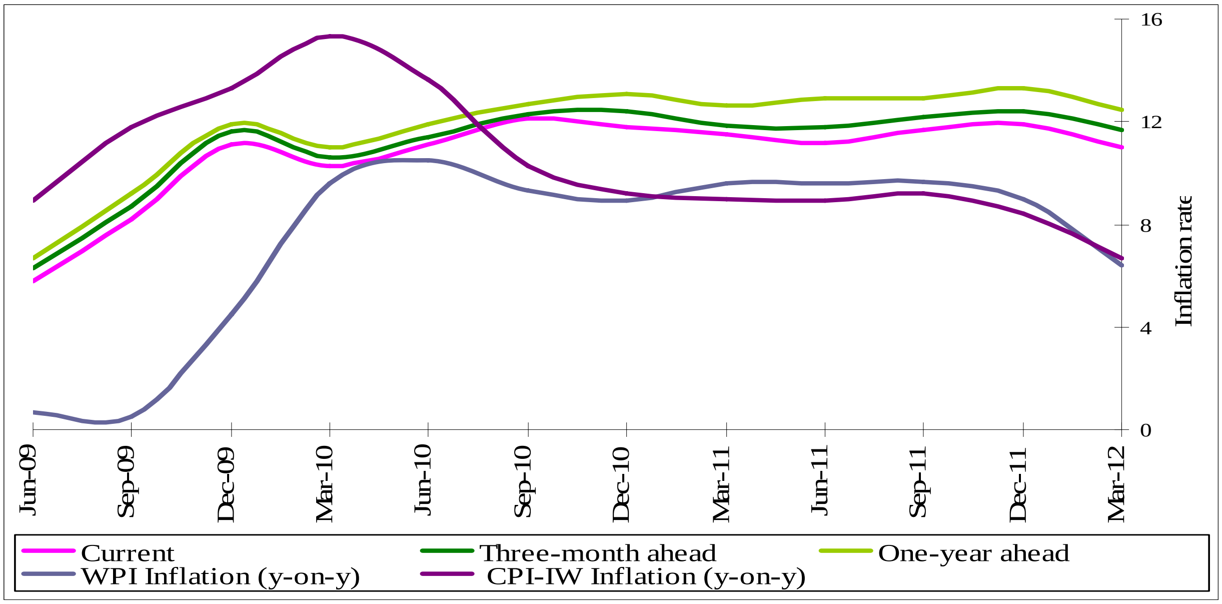
- The three-month ahead and one-year ahead inflation expectations based on mean inflation rate reported by 4,000 households have moved down to 11.7 per cent and 12.5 per cent respectively from 12.4 per cent and 13.3 per cent in the last round (Table 5 and Chart 1).

<u>Chart 1</u>: Households Inflation Expectations: Current, Three-month Ahead and One-year Ahead



- The current perceived, three-month ahead and one-year ahead expected inflation have decreased by 90, 70 and 80 basis points respectively *vis-à-vis* corresponding average rates reported in the previous round.

<u>Chart 2</u>: Households Inflation Expectations - *vis-à-vis* Official Inflation Numbers



- Households expect inflation to rise further by 70 and 150 basis points during next three-month and next one-year respectively from the perceived current rate of 11.0 per cent.
- For a large part of the survey history, the households' perceived current inflation rate remained between the WPI and CPI-IW inflation rates. However, from September 2010 round of the survey onwards, the same is higher than the official inflation rates (Chart 2).
- Based on 10,000 re-samples using simple random sampling with replacement, the 99% bootstrap confidence intervals provide an indication of the precision of point estimates for the population mean inflation expectations (Table 6).

III. 5 Variations in Responses

- Over different rounds of the survey, the variations in the responses in terms of standard deviation were generally observed to be lower for the perceived current inflation rate as compared with the expectations. However, in the current and previous rounds of the survey, the variations in perceived current rate are observed to be higher than that in the expectations (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

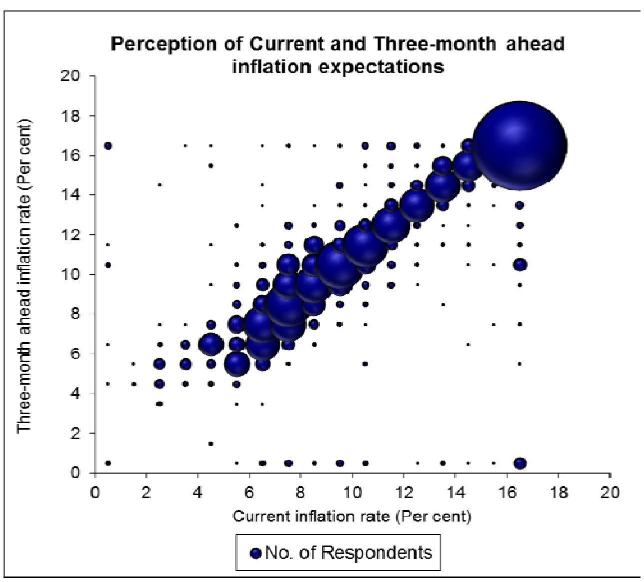
occupational ‘category’. In the current round, ‘gender’ is also observed to be another significant source of variation (Table 8).

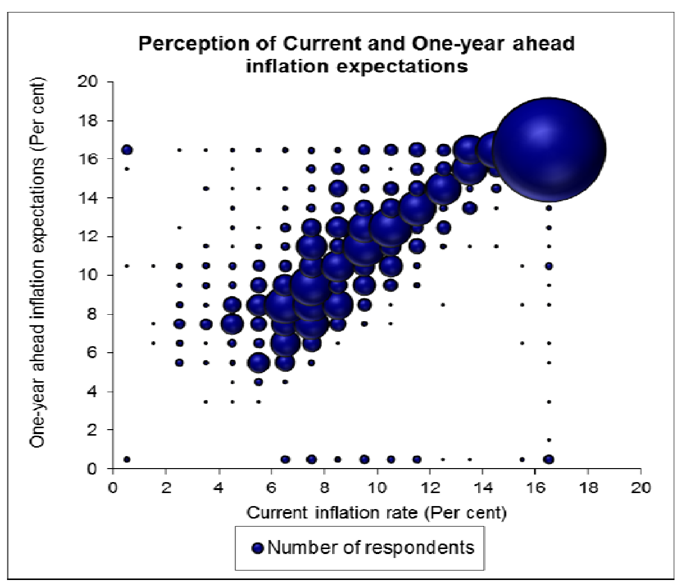
- Survey shows that housewives and daily workers tend to have marginally higher level of inflation expectations. No visible pattern emerged from age-wise profile of respondents (Table 9).
- City-wise, inflation expectations were found to be the highest in Bangalore and the lowest in Bhopal (Table 9).

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

- The proportion of respondents perceiving and expecting inflation to be at double digit have decreased as compared with those in the last round.
- In particular, 51.7 per cent (72.0 per cent in previous round) of respondents perceive double digit current inflation. Similarly, 63.0 per cent (78.9 per cent in previous round) and 70.0 per cent (85.3 per cent in previous round) of the respondents with some idea about future inflation expect double digit inflation rates for 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 indicates that among the 51.7 per cent respondents who perceive the current inflation in double digit, around 97 per cent expect that it would remain at similar levels in next three months or in next one year (Table 10 and Table 11).

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

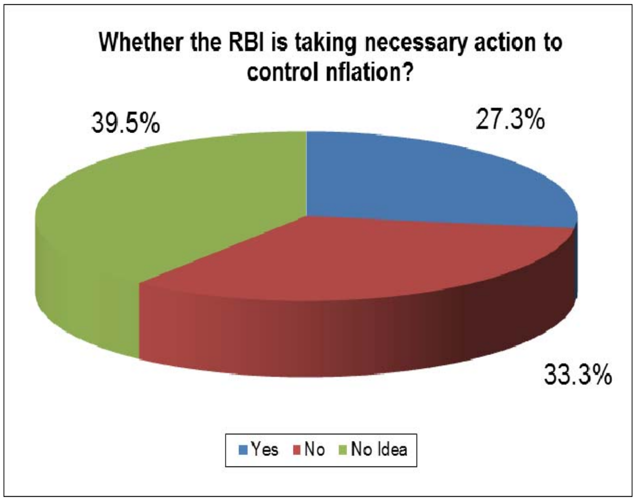


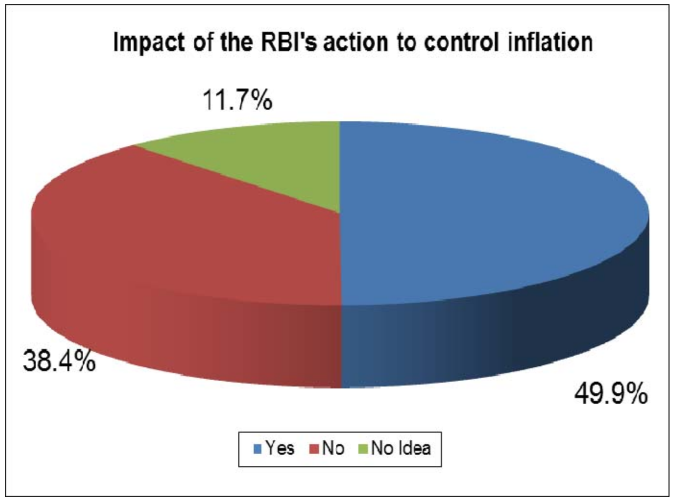


III.7 Awareness on Reserve Bank of India's Action to Control Inflation

- On the feedback of the RBI action to control inflation and its impact, the survey finds that 60.6 per cent (68.2 per cent in previous round) of respondents are aware that RBI *takes action* to control inflation. Among these, 27.3 per cent (36.0 per cent in previous round) felt that RBI is taking *necessary* action (Chart 4), of which, 49.9 per cent think that the *action has an impact* on controlling inflation.

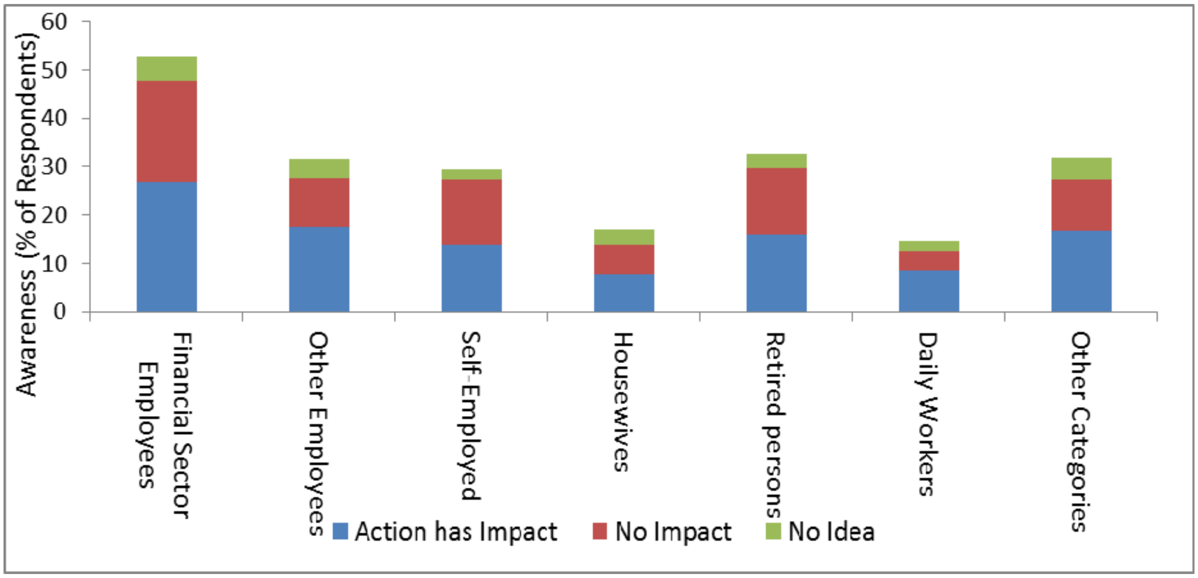
Chart 4: Respondents' view on RBI's Action to Control Inflation





- While financial sector employees are mostly aware of RBI role in controlling inflation, daily workers are largely unaware (Chart 5).
- Among the respondents in each category who felt that RBI is taking necessary action to control inflation, majority of the financial sector employees, other employees, and other category of respondents felt that RBI's action has an impact on inflation control (Table 12).

<u>Chart 5</u>: Category-wise Awareness on RBI's Action on Inflation Control and views on its Impact



III.8 Expectations in Change of Income/Wages

- Out of 2,167 respondents in the wage earners/self-employed/daily workers categories, 52.7 per cent reported increase in wages/income in the past one year. Around 70 per cent do not expect any change in their income/wage in next three months. However, 72.5 per cent feel their income/wages will increase in next one-year (Table 13).
- Among the respondents who have reported wages/income increase in past one year, the highest (70.2 per cent) are from financial sector employee and the least (42.5 per cent) are from daily workers.
- 83.0 per cent of financial sector employees, 76.8 per cent of other employees, 67.9 per cent of self-employed and 65.4 per cent of daily workers expect increase in income in next one year.

Table 1

Respondents' Profile (Category): Share in Total Sample

Category of Respondents	Share in Total (%)	Target Share (%)
Financial Sector Employees	8.8	10.0
Other Employees	15.6	15.0
Self-employed	20.9	20.0
Housewives	30.0	30.0
Retired Persons	9.6	10.0
Daily Workers	8.8	10.0
Other Category	6.3	5.0

Note: The above sample proportion is for the quarter ended **March 2012** survey

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) →	18	19	20	21	22	23	24	25	26	27
	Dec-11	Mar-11	Jun-11	Sep-11	Dec-11	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Options	Three-month ahead (percentage of respondents)									
Prices will increase	**97.4**	**95.7**	**95.3**	**96.5**	**98.6**	**96**	**98.7**	**97.3**	**96.1**	**98.2**
Price increase more than current rate	74.6	66.9	72.7	72.2	74.3	72.9	71.8	75.8	73.4	75.6
Price increase similar to current rate	16.6	20	20	21	22	20.4	19.8	15.4	13.2	15.9
Price increase less than current rate	6.2	8.8	2.6	3.3	2.3	2.7	7.1	6.0	9.6	6.7
No change in prices	**2.4**	**3.4**	**4.2**	**2.9**	**1.1**	**3.5**	**1.2**	**2.2**	**3.0**	**1.6**
Decline in price	**0.3**	**0.9**	**0.5**	**0.6**	**0.4**	**0.5**	**0.1**	**0.6**	**0.9**	**0.2**
Options	One-year ahead (percentage of respondents)									
Prices will increase	**96.3**	**96.5**	**95.2**	**95.6**	**98.9**	**96.1**	**98.7**	**96.0**	**97.1**	**98.3**
Price increase more than current rate	68.2	62.8	70.8	70.4	77.4	73.4	73.3	73.5	76.9	78.8
Price increase similar to current rate	15.2	19.8	18.7	19.7	17.9	18.6	18.0	16.7	12.6	14.0
Price increase less than current rate	12.9	13.9	5.7	5.6	3.6	4.2	7.4	5.9	7.6	5.5
No change in prices	**3.1**	**2.6**	**3.8**	**3.5**	**0.9**	**3.5**	**1.3**	**3.3**	**2.5**	**1.6**
Decline in price	**0.6**	**0.9**	**1.1**	**0.9**	**0.3**	**0.3**	**0**	**0.7**	**0.4**	**0.1**

Table 2.2: Food Products										
Round No./survey period (quarter ended) →	18	19	20	21	22	23	24	25	26	27
	09-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12
Options	**Three-month ahead (percentage of respondents)**									
Prices will increase	**98**	**95.9**	**95.8**	**96.7**	**98.1**	**95.4**	**98.6**	**97.3**	**95.3**	**98.2**
Price increase more than current rate	81.1	70.4	74.9	74.7	73.1	69.4	72.0	74.2	70.4	69.8
Price increase similar to current rate	11.7	15.5	17.7	18	21.3	21	17.5	17.2	16.7	21.2
Price increase less than current rate	5.3	10	3.2	4	3.7	5.1	9.1	5.9	8.2	7.2
No change in prices	**1.4**	**3.1**	**3.5**	**2.3**	**1.4**	**3.8**	**1.2**	**1.9**	**3.4**	**1.6**
Decline in price	**0.6**	**1**	**0.7**	**1**	**0.6**	**0.8**	**0.2**	**0.9**	**1.3**	**0.3**
Options	**One-year ahead (percentage of respondents)**									
Prices will increase	**96.5**	**96.8**	**95.6**	**95.7**	**98.6**	**95.9**	**98.6**	**95.8**	**96.8**	**98.2**
Price increase more than current rate	72.1	65.9	72.8	71.7	76.4	75.5	73.6	72	73.7	74.4
Price increase similar to current rate	11.9	16.5	16.9	17.8	17.8	16.6	17.2	19	15.8	18.6
Price increase less than current rate	12.5	14.5	5.9	6.2	4.4	3.9	7.9	4.8	7.4	5.2
No change in prices	**2.7**	**2.3**	**3.3**	**3.2**	**1.1**	**3.6**	**1.3**	**3.3**	**2.7**	**1.7**
Decline in price	**0.9**	**0.9**	**1.1**	**1.1**	**0.4**	**0.5**	**0.1**	**0.9**	**0.5**	**0.2**

Table 2.3:Non Food Products										
Round No./survey period (quarter ended) →	18	19	20	21	22	23	24	25	26	27
	09-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12
Options	**Three-month ahead (percentage of respondents)**									
Prices will increase	**95.8**	**94**	**92.9**	**95.4**	**95.9**	**95**	**98**	**95.6**	**94.3**	**97.5**
Price increase more than current rate	63.1	57.4	60.1	64.4	58.8	58.4	65.6	67.1	66.1	63.7
Price increase similar to current rate	24.8	28	29.4	27.3	33.2	31.3	25	21.5	18.3	24.3
Price increase less than current rate	7.9	8.7	3.4	3.7	3.9	5.3	7.4	7.0	9.9	9.5
No change in prices	**3.7**	**4.8**	**6.3**	**3.9**	**0.5**	**4.4**	**1.9**	**3.8**	**4.9**	**2.4**
Decline in price	**0.5**	**1.2**	**0.9**	**0.7**	**0.7**	**0.6**	**0.1**	**0.7**	**0.9**	**0.2**
Options	**One-year ahead (percentage of respondents)**									
Prices will increase	**94.6**	**94.7**	**92.8**	**94.6**	**97.5**	**94.7**	**97.8**	**95.2**	**96.2**	**98.1**
Price increase more than current rate	60.7	53	59.7	64	65.2	59.9	66.9	66.4	67.5	68.5
Price increase similar to current rate	20.7	27.6	26.4	24.9	28.1	29.2	24.0	22.7	20.8	22.6
Price increase less than current rate	13.2	14.1	6.7	5.7	4.2	5.6	7.0	6.1	8.0	7.0
No change in prices	**4.6**	**4.2**	**5.9**	**4.4**	**2.2**	**4.6**	**2**	**4.1**	**3.3**	**1.9**
Decline in price	**0.8**	**1.1**	**1.3**	**1**	**0.4**	**0.7**	**0.1**	**0.8**	**0.5**	**0.1**

Table 2.4: Household Durables

Round No./survey period (quarter ended) →	18	19	20	21	22	23	24	25	26	27
	09-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12
Options	**Three-month ahead (percentage of respondents)**									
Prices will increase	**87.7**	**86.4**	**87.1**	**89.7**	**91.9**	**90.4**	**91.7**	**91**	**86.9**	**90.0**
Price increase more than current rate	45.5	44.1	45.1	45.8	45.5	47	49.0	50.5	53.6	50.7
Price increase similar to current rate	23.4	27.2	30.5	32.9	28.9	28	30.6	26.4	19.5	25.7
Price increase less than current rate	18.9	15.1	11.6	11	17.5	15.4	12.1	14.1	13.8	13.6
No change in prices	**9.5**	**8.8**	**9.1**	**6.3**	**5.9**	**5.9**	**6.7**	**5.8**	**10.8**	**8.5**
Decline in price	**2.9**	**4.8**	**3.8**	**4.1**	**2.4**	**3.8**	**1.7**	**3.3**	**2.3**	**1.5**
Options	**One-year ahead (percentage of respondents)**									
Prices will increase	**87.8**	**85.2**	**87.2**	**89**	**94.4**	**91.3**	**92.8**	**91.5**	**90.6**	**91.9**
Price increase more than current rate	45.5	43.2	46.6	46.3	48.6	49.6	52.0	52.2	54.6	52.4
Price increase similar to current rate	22.1	25.4	30.1	31.8	32.5	29	25.7	26.0	22.6	25.7
Price increase less than current rate	20.3	16.6	10.6	11	13.3	12.8	15.1	13.3	13.4	13.8
No change in prices	**8.5**	**9.6**	**8.0**	**6.7**	**3.8**	**5.7**	**5.4**	**6.2**	**7.8**	**7.0**
Decline in price	**3.7**	**5.3**	**4.8**	**4.3**	**1.9**	**3.0**	**1.9**	**2.3**	**1.7**	**1.2**

Table 2.5 : Housing Prices

Round No./survey period (quarter ended) →	18	19	20	21	22	23	24	25	26	27
	09-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12
Options	**Three-month ahead (percentage of respondents)**									
Prices will increase	**96.1**	**95.2**	**96.1**	**96**	**97**	**94.5**	**95.2**	**97**	**95.5**	**96.3**
Price increase more than current rate	70.8	60.4	70.8	64.6	73.1	73.5	65.4	73.5	67.4	70.4
Price increase similar to current rate	19.8	25.4	21	24.8	21.3	18.3	23.5	18.2	18.2	19.5
Price increase less than current rate	5.6	9.5	4.3	6.7	2.6	2.7	6.4	5.4	10.0	6.4
No change in prices	3.4	3.5	3.1	2.8	2.1	4.7	4.5	2.2	3.8	**3.3**
Decline in price	**0.5**	**1.3**	**0.9**	**1.2**	**0.9**	**0.8**	**0.3**	**0.8**	**0.7**	**0.4**
Options	**One-year ahead (percentage of respondents)**									
Prices will increase	**96.4**	**94.1**	**96.1**	**95.3**	**97.9**	**94.8**	**97.6**	**95.8**	**96.1**	**97.7**
Price increase more than current rate	73.4	61	72	65.9	75.5	72.1	70.4	70.2	67.3	73.4
Price increase similar to current rate	15.1	21.7	19.1	21.6	19.4	20.1	21.7	20.0	20.6	19.3
Price increase less than current rate	7.9	11.4	5	7.9	3	2.7	5.6	5.6	8.2	5.0
No change in prices	**2.9**	**4.6**	**2.7**	**3.2**	**1.4**	**4.6**	**2**	**3.3**	**3.5**	**2.1**
Decline in price	**0.7**	**1.3**	**1.2**	**1.5**	**0.8**	**0.6**	**0.4**	**0.9**	**0.5**	**0.3**

Table 2.6 : Cost of Services										
Round No./survey period (quarter ended) →	18	19	20	21	22	23	24	25	26	27
	09-Dec	10-Mar	10-Jun	10-Sep	10-Dec	11-Mar	11-Jun	11-Sep	Dec-11	Mar-12
Options	**Three-month ahead (percentage of respondents)**									
Prices will increase	**91.7**	**89.9**	**94.1**	**94.2**	**94.1**	**91.6**	**96.2**	**95.3**	**91.9**	**95.8**
Price increase more than current rate	62.7	58.6	63.2	59.2	61.4	62.1	61.0	68.1	58.7	67.3
Price increase similar to current rate	21.2	23.9	26.2	28.6	28.9	26.4	26.2	20.3	21.2	20.3
Price increase less than current rate	7.8	7.5	4.8	6.4	3.8	3.1	9.1	6.8	12.1	8.2
No change in prices	**7.0**	**6.7**	**4.8**	**5.2**	**4.5**	**7.7**	**3.8**	**4.0**	**7.4**	**4.0**
Decline in price	**1.4**	**3.4**	**1.1**	**0.6**	**1.4**	**0.7**	**0.0**	**0.8**	**0.7**	**0.3**
Options	**One-year ahead (percentage of respondents)**									
Prices will increase	**92.3**	**89.9**	**94.2**	**94.3**	**95.2**	**91.2**	**97.3**	**95.2**	**93.6**	**97.1**
Price increase more than current rate	62.9	57.2	63.2	58	64.6	62.6	62.7	66.3	65.3	69.6
Price increase similar to current rate	18.5	23	24.9	29.5	25.7	24.4	25.3	23.4	18.6	19.8
Price increase less than current rate	10.9	9.8	6.1	6.8	4.9	4.2	9.3	5.4	9.8	7.7
No change in prices	**6**	**6.9**	**4.6**	**4.9**	**4.1**	**8.2**	**2.6**	**4.2**	**5.9**	**2.8**
Decline in price	**1.8**	**3.2**	**1.2**	**0.9**	**0.7**	**0.7**	**0.1**	**0.7**	**0.5**	**0.2**

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

(percentage of respondents)

Round No.	Survey Quarter	Food	Non-Food	Household durables	Housing	Cost of services
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
26	Dec-11	87.9	82.4	67.6	74.4	74.7
27	Mar-12	87.7	82.7	65.4	84.1	83.7

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
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	83.0
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
26	Dec-11	92.3	84.5	68.0	78.1	81.2
27	Mar-12	91.8	84.0	65.7	83.9	85.9

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

Survey Round	**Survey Quarter**	**3-month Expectation period**	**Inflation rate in Per cent**		
			Current	**Three-monthahead**	**One-year ahead**
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
26	Dec-11	Jan-Mar 12	11.9	12.4	13.3
27	Mar-12	Apr-Jun 12	11.0	11.7	12.5

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
(10.81, 11.15)	0.34	(11.50,11.82)	0.32	(12.32,12.63)	0.31

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.
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
26	Dec-11	11.9	3.5	12.4	3.4	13.3	3.4
27	Mar-12	11.0	4.1	11.7	3.9	12.5	3.8

Table 8: Factors that Explain the Total Variability

Round No.	Survey Quarter	Current	Three-month Ahead	One-year Ahead
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
26	Dec-11	City, Category	City, Category	City, Category
27	Mar-12	City, Gender, Category	City, Gender, Category	City, Gender, Category

Note: *Results based on exercise using Analysis of Variance.*

Table 9: Various Group-wise Inflation Expectations for December 2011 Survey Round						
	Current		**Three-month Ahead**		**One-year Ahead**	
	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev
Gender-wise						
Male	10.7	4.1	11.4	3.9	12.3	3.7
Female	11.4	4.0	12.0	3.7	12.7	3.8
Category-wise						
Financial Sector Employees	10.1	3.9	10.8	3.8	11.8	3.8
Other Employees	10.7	4.1	11.5	3.8	12.3	3.7
Self-Employed	11.0	4.0	11.8	3.8	12.6	3.7
Housewives	11.2	4.0	11.9	3.8	12.6	3.8
Retired Persons	11.1	4.0	11.7	4.0	12.4	3.9
Daily Workers	11.2	4.2	11.9	4.1	12.4	3.8
Other category	10.8	4.0	11.6	3.9	12.5	3.5
Age-wise						
Up to 25 years	11.4	4.2	12.1	3.9	13.0	3.6
25 to 30 years	10.6	3.9	11.3	3.8	12.1	3.7
30 to 35 years	11.0	4.0	11.7	3.7	12.7	3.7
35 to 40 years	10.6	4.1	11.4	3.8	12.4	3.6
40 to 45 years	10.9	4.0	11.6	3.8	12.3	3.9
45 to 50 years	11.1	4.0	11.7	3.8	12.5	3.6
50 to 55 years	11.0	4.2	11.7	4.1	12.2	3.9
55 to 60 years	11.0	4.0	11.6	3.8	12.4	3.6
60 years and above	11.6	4.2	12.0	4.2	12.7	4.1
City-wise						
Mumbai	14.8	2.4	14.5	3.5	15.8	2.3
Delhi	9.8	3.1	10.3	3.8	11.7	3.3
Chennai	9.6	2.0	10.5	2.1	10.1	3.3
Kolkata	8.0	2.9	8.5	3.1	8.9	3.2
Bangalore	15.6	1.8	15.8	1.5	16.0	1.1
Hyderabad	10.7	2.3	11.6	2.4	12.6	2.4
Ahmedabad	9.8	3.2	11.0	2.5	12.2	2.3
Lucknow	12.4	4.1	13.2	3.7	14.1	3.3
Jaipur	14.7	4.2	15.4	2.8	15.7	2.8
Bhopal	5.9	2.8	7.1	1.6	8.7	1.5
Patna	13.7	3.4	14.4	3.0	15.1	2.4
Guwahati	8.3	1.1	9.9	1.7	11.5	2.7
All	**11.0**	**4.1**	**11.7**	**3.9**	**12.5**	**3.8**

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

(Number of respondents)

Current inflation rate (per cent)	Three-month ahead 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				1		1				3	1					6		**15**
	1-2					2	1													**3**
	2-3				4	9	13	3	1							1				**31**
	3-4					4	15	10	1									1		**31**
	4-5		2			4	10	61	10		1		1				2	1		**92**
	5-6	1			1	6	68	26	34	8	5	2		2						**153**
	6-7	4			1		23	117	148	36	17	5	2		1	1		1	2	**358**
	7-8	6					2	17	126	221	93	54	7	6				2	9	**543**
	8-9	2						2	11	55	152	56	40	3	1			1	16	**339**
	9-10	6							3	6	60	242	28	13	2	5		2	1	**368**
	10-11	4					3		1	4	7	38	211	19	2	1	2	6	1	**299**
	11-12										5	7	13	146	18	4	3	8		**204**
	12-13	1									1	2	2	5	123	16	2	4		**156**
	13-14	3								1			2	1	15	124	43	2		**191**
	14-15	1						1				1	2	1	2	20	104	22		**154**
	15-16	1							1			1			1	3	16	74	1	**98**
	>=16	16					1		2		2	18	3	5	7	12	21	871	7	**965**
	Total	**48**	**2**	**0**	**6**	**26**	**136**	**238**	**338**	**331**	**343**	**429**	**312**	**201**	**172**	**187**	**193**	**1001**	**37**	**4000**

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

(Number of respondents)

Current inflation rate (per cent)	One-year ahead 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										1					1	10		**15**
	1-2							1	1			1								**3**
	2-3						5	4	10	4	2	3		1				1	1	**31**
	3-4				1		2	1	12	2	4	4	2			2		1		**31**
	4-5				1	1	3	6	39	23	5	5	1	2	2	1	1	2		**92**
	5-6				1	5	36	9	20	42	21	12	3	1		1		2		**153**
	6-7	6				2	28	65	54	123	41	13	6	8	3	2		3	4	**358**
	7-8	8					4	26	87	101	140	47	67	29	7	5	7	4	11	**543**
	8-9	3						1	21	72	26	85	21	40	12	25	12	3	18	**339**
	9-10	7							3	14	37	35	138	81	25	7	7	10	4	**368**
	10-11	5							1	1	14	41	33	139	31	17	1	13	3	**299**
	11-12	5									3	4	21	12	103	22	13	21		**204**
	12-13	1								1			3	16	5	95	19	15	1	**156**
	13-14	1											1		15	5	91	78		**191**
	14-15												1		1	7	21	122	2	**154**
	15-16	2						1		1		1				1	4	85	3	**98**
	>=16	8	1		1		1	1		1	1	5	1	2	3	2	8	921	9	**965**
	Total	**49**	**1**	**0**	**4**	**8**	**79**	**115**	**248**	**385**	**294**	**257**	**298**	**331**	**207**	**192**	**185**	**1291**	**56**	**4000**

Table 12: Category-wise Responses on the Impact of RBI's Action on Inflation Control

Category of Respondents	***Impact of RBI's action on inflation control (percent of respondents*)***		
	Yes	No	No Idea
Financial Sector Employees	50.5	39.8	9.7
Other Employees	55.8	32.0	12.2
Self-employed	46.6	46.2	7.3
Housewives	45.1	36.3	18.6
Retired Persons	48.8	42.4	8.8
Daily Workers	57.7	26.9	15.4
Other Category	52.5	33.8	13.8

* Respondents who felt that RBI is taking necessary action to control inflation

Table 13: Respondent's Expectation on Change in Wage/Income level

(Percentage of Response)

Category of Respondents	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	70.2	28.7	1.1	35.5	64.2	0.3	83.0	16.8	0.3
Other Employees	54.9	41.7	3.4	28.7	68.9	2.4	76.8	21.3	1.9
Total Employees	**60.4**	**37.0**	**2.6**	**31.1**	**67.2**	**1.6**	**79.0**	**19.7**	**1.3**
Self-Employed	48.0	41.3	10.7	22.7	70.3	7.0	67.9	26.5	5.6
Daily Workers	42.5	51.0	6.6	21.7	75.5	2.8	65.4	32.0	2.6
Total	**52.7**	**40.9**	**6.4**	**26.3**	**69.8**	**3.9**	**72.5**	**24.3**	**3.2**