

## Metadata on Inflation Expectations Survey of Households (IESH)

### A. About the Survey

The Reserve Bank of India (RBI) has been conducting the Inflation Expectations Survey of Households (IESH) since 2005 with the objective to capture households' expectations on prices in the next three months and one year period, using qualitative and quantitative responses. After stabilization of the survey, the summary results are being published since 2008. The survey questionnaire and the coverage of the IESH has undergone changes over the period and the present IESH questionnaire is given in the RBI website under '*Forms*'.

The survey questionnaire of the IESH is organized in four blocks. Block 1 collects information on respondent's profile such as name, gender, age, category (based on occupation), educational qualification and average monthly income of the household. Blocks 2 and 3 capture qualitative responses on expectations of general price level and prices of various product groups, in the next three months and one year, respectively. Respondents' price expectations are captured using five options, viz., (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. Block 4 collects quantitative responses on current and expected inflation rates in the next three months and one year, respectively. The prescribed ranges for the inflation rate are from 'less than 1 per cent' to '16 per cent and above', with intermediate class intervals of 1 per cent. The results of the survey provide useful inputs on directional movements of future inflation for monetary policy.

### B. Coverage, Periodicity and Sampling Design of the Survey

1. **Coverage:** Over time, coverage of the survey has been extended and currently, the survey is conducted in 19 cities covering 6,100 households.<sup>1</sup> The survey is conducted using Computer Assisted Personal Interview (CAPI) method.
2. **Periodicity:** The survey was conducted on quarterly basis (viz., Mar, Jun, Sep and Dec) till March 2014. Two additional rounds of the survey in May and November were started from May 2014 to align with the bi-monthly monetary policy and the results of these additional rounds are being published since November 2016, after ensuring consistency.

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<sup>1</sup> Other individuals can also participate in the survey by sending their responses in the prescribed format through email. However, the number of responses received by this method have been *very low or nil* across the survey rounds.

3. **Sampling Design:** Up to the June 2018 round, quota sampling was used wherein respondents were chosen from seven categories in fixed proportions, viz., financial sector employees (10%), other employees (15%), self-employed (20%), housewives (30%), retired persons (10%), daily workers (10%), others (5%). From the September 2018 round, a two-stage probability sampling design is being used, wherein at the first stage in a city, polling booths/areas are selected by systematic random sampling after ordering all polling booths/areas according to their assembly constituencies to ensure wide geographical coverage. In the second stage, from each selected polling booth/ area, 15 households are selected following the right-hand rule, skipping 10 houses.

### **C. Sharing Unit-level Data**

The Reserve Bank disseminates unit-level data on IESH through the Reserve Bank's data warehouse, the 'Database on Indian Economy' (<https://data.rbi.org.in/DBIE/#!/dbie/home>), with a lag of one month, after the release of the consolidated results of each round of the survey.

It may be noted that:

- i) responses of households on price and inflation may be based on their own consumption baskets; and
- ii) households' assessments are subjective, guided by their own understanding of the subject, and internal consistency in their responses is not forced during the survey

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#### **D. Column Name Description**

1. **Serial No:** Auto/running serial number allotted to respondents in each round of the survey
2. **Round No:** It refers round number of the IESH attached to a specific period
3. **Period:** Period of the survey in which the particular survey round is conducted (e.g., Jan, Mar, May, Jul, Sep, Nov)
4. **City Name:** Name of the city where the survey is conducted. At present, the survey is conducted in 19 cities. Earlier the survey was conducted in Kolhapur, which has been discontinued after March 2016. List of values is given in Annex.
5. **PIN Code:** PIN Code of the city where the IESH is conducted
6. **Gender of Respondent:** Male / Female
7. **Age Group:** List of values is given in Annex.
8. **Category of Respondent:** The respondents are classified into one of the 7 categories based on their occupation. List of values is given in Annex.
9. **Expectations on prices in next 3 months – General:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in overall price levels* in the next 3 months.
10. **Expectations on prices in next 3 months - Food products:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of food products* in the next 3 months.
11. **Expectations on prices in next 3 months - Non-food products:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of non-food products* in the next 3 months.
12. **Expectations on prices in next 3 months - Household durables:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of household durables* in the next 3 months.
13. **Expectations on prices in next 3 months – Housing:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of housing* in the next 3 months.
14. **Expectations on prices in next 3 months – Services:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in cost of services* in the next 3 months.
15. **Expectations on prices in next 1 year – General:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in overall price levels* in the next 1 year.
16. **Expectations on prices in next 1 year - Food products:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of food products* in the next 1 year.

17. **Expectations on prices in next 1 year - Non-food products:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of non-food products* in the next 1 year.
18. **Expectations on prices in next 1 year - Household durables:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of household durables* in the next 1 year.
19. **Expectations on prices in next 1 year – Housing:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in prices of housing* in the next 1 year.
20. **Expectations on prices in next 1 year – Services:** Respondents are asked to provide their qualitative response, using 5 point option (Annex), about their expectations on *change in cost of services* in the next 1 year
21. **View on Current Inflation Rate:** Respondents are asked to provide their perception about current inflation rate. The quantitative number in terms of percentage is captured using interval scale, with a width of 1% (Annex).
22. **Actual rate (current) for responses  $\geq 16\%$ :** If the respondent's current inflation rate perception is 16% or above, then the perceived actual inflation rate is asked/captured.
23. **View on 3 months ahead Inflation Rate:** Respondents are asked to provide their expectation on 3 months ahead inflation rate. The quantitative number in terms of percentage is captured using interval scale, with a width of 1% (Annex).
24. **Actual rate (3-months ahead) for responses  $\geq 16\%$ :** If the respondent's expectation on 3 months ahead inflation rate is 16% or above, then the expected actual inflation rate is asked/captured.
25. **View on 1 year ahead Inflation Rate:** Respondents are asked to provide their expectation on 1 year ahead inflation rate. The quantitative number in terms of percentage is captured using interval scale, with a width of 1% (Annex).
26. **Actual rate (1-year ahead) for responses  $\geq 16\%$ :** If the respondent's expectation on 1 year ahead inflation rate is 16% or above, then the expected actual inflation rate is asked/captured.

**Note:**

- (i) The list of values for qualitative questions (field no. 9-20) and quantitative questions (field no. 21, 23 and 25) are same and given in Annex. For analytical purposes, quantitative inflation rate for open-ended intervals, viz., "less than 1%" and "16% and above" are taken as 0.5% and 16.5%, respectively.
- (ii) Questions pertaining to "Actual rate (current) for responses  $\geq 16\%$ ", "Actual rate (3-months ahead) for responses  $\geq 16\%$ " and "Actual rate (1-year ahead) for responses  $\geq 16\%$ " were added to the schedule from September 2012 round.
- (iii) PIN Codes were captured from the September 2013 round. The invalid PIN codes have been replaced with 999999.

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## Annex - List of Values

City Names		
Sr. No.	Values	Sample Sizes
1	Ahmedabad	400
2	Bengaluru	700
3	Bhopal	150
4	Bhubaneswar	100
5	Chandigarh	100
6	Chennai	400
7	Delhi	1000
8	Guwahati	100
9	Hyderabad	500
10	Jaipur	200
11	Kolhapur (Discontinued in June 2016)	250
12	Kolkata	650
13	Lucknow	200
14	Mumbai	900
15	Nagpur	200
16	Patna	100
17	Raipur	100
18	Ranchi	100
19	Thiruvananthapuram	100
20	Jammu	100

Occupation Category of Respondent	
Sr. No.	Values
1	Financial Sector Employees
2	Other Employees
3	Self-Employed
4	Housewife/ Homemaker
5	Retired Persons
6	Daily Workers
7	Other Category

Age Group	
Sr. No.	Values
1	Up to 25 years
2	25 to 30 years
3	30 to 35 years
4	35 to 40 years
5	40 to 45 years
6	45 to 50 years
7	50 to 55 years
8	55 to 60 years
9	60 years and above

List of Values for Quantitative Questions on Inflation Rates (for Field Nos. 21, 23, and 25)				
Sr. No.	Values		Sr. No.	Values
1	<1		10	9-10
2	1-2		11	10-11
3	2-3		12	11-12
4	3-4		13	12-13
5	4-5		14	13-14
6	5-6		15	14-15
7	6-7		16	15-16
8	7-8		17	>=16
9	8-9		18	No idea
List of Values for Qualitative Questions (for Field Nos. 9-20)				
Sr. No.	Values			
1	Price increase more than current rate			
2	Price increase similar to current rate			
3	Price increase less than current rate			
4	No change in prices			
5	Decline in prices			

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