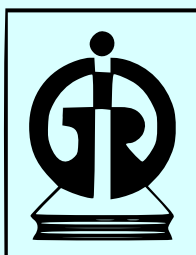


Can Simple Information Update Inflation Expectations? Evidence from an Indian Household Survey

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ABSTRACT

Using an original household survey of 1,010 urban households across Delhi, Mumbai, Chennai, and Kolkata, we study Indian households' awareness of official inflation statistics and estimate the causal impact of monetary policy communications on their expectations. The study reveals that majority of respondents are unaware of current Consumer Price Index (CPI) inflation rate and the Reserve Bank of India's inflation target in line with the findings observed in some advanced countries as well. However, providing simple information on either the RBI's 4% inflation target or the prevailing CPI inflation rate through a randomized control trial lowers respondents' one-year-ahead inflation expectations by 2.3–2.5 percentage points and five-years-ahead expectations by a similar or slightly larger magnitude, an effect notably larger than found in the literature for advanced economies, while significantly reducing expenditure expectations by approximately 1.4–1.5 percentage points. Importantly, income and savings expectations show no significant treatment response, mirroring the effects documented in comparable experiments, implying that households' revision of price-related beliefs does not extend to all financial expectations. Further, female, lower-income and less-educated respondents, who hold the most elevated inflation expectations, respond more strongly to clear, accessible information, underscoring the potential of targeted, vernacular-language communication in improving economic understanding and shaping expectations.

Keywords: Cross Sectional Survey; Communication; Expectations; Inflation; Inflation Targeting; Monetary Policy

JEL Code: C83, D84, E31, E52

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Roshin Paul P is the Assistant Adviser in the RBI, and Dr. Taniya Ghosh is the Associate Professor in IGIDR. The views expressed in the article are those of the authors and do not represent the views of the institutions to which they belong.

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1. Introduction

Over the past few decades, central banks worldwide have increasingly recognized the strategic importance of effective communication. The Reserve Bank of India (RBI) has similarly undergone a significant evolution in its communication practices, particularly following the adoption of the inflation targeting framework in 2016. While a growing body of research has examined the impact of RBI communications on professional forecasters, the influence of such communications on the inflation expectations and economic behavior of Indian households remains largely unexplored.

Household inflation expectations (IE) directly shape consumption, savings, and wage-setting behavior. If households anticipate higher inflation, they may prefer to spend rather than save to avoid future price increases, thereby amplifying demand-pull inflation. In labor markets, expectations influence wage bargaining: if workers expect high inflation, they demand compensatory increases, potentially triggering wage-price spirals. Therefore, anchoring household expectations is essential for maintaining price stability.

In India, household expectations systematically exceed both the realised Consumer Price Index² (CPI) inflation rate and the RBI's 4% target, often reaching 8-10% when actual inflation hovers around 5-6% (Shaw, 2019; Muduli et al., 2022; Singh et al., 2022). Moreover, women, lower-income, and less-educated individuals hold higher expectations (Goyal and Parab, 2019; Ruhi et al., 2025). Inflation perceptions—often more influential than actual inflation in shaping inflation expectations—typically remain unaffected by shifts in monetary policy (Kalpana and Dash, 2025). The literature shows that households form inflation expectations based primarily on price changes for frequently purchased goods—such as groceries and petrol—rather than on the weighted average across their entire consumption basket, potentially leading to forecasting errors (Cavallo et al., 2017; D'Acunto et al., 2021). Another likely driver of this persistent overestimation is ignorance of official statistics: households and firms are widely inattentive to monetary policy announcements (Bachmann et al., 2015; Coibion, Gorodnichenko and Ropele, 2020; Binder, 2017). However, exogenously induced information about monetary and fiscal policy communications made changes in their expectations (Coibion, Gorodnichenko, Kumar, and Ryngaert, 2021a; Coibion, Gorodnichenko and Weber, 2021b; Coibion, Gorodnichenko and Weber, 2022; Coibion, Georgarakos, Gorodnichenko, and Van

² Consumer Price Index (CPI) inflation measures the average retail price change of a fixed basket of consumer goods and services over time. It is tracked by the Ministry of Statistics and Programme Implementation, Government of India

Rooij, 2023). These findings suggest household inattention is pervasive but not immutable—targeted information can penetrate rational inattention barriers.

Against this backdrop, our paper provides the first household-level causal evidence on these questions for India. We ask: are Indian households aware of official CPI inflation and the RBI's inflation targeting framework; through which channels do they form expectations; and can simple, policy-relevant information causally shift their expectations on inflation, income, expenditure, and savings intentions? To answer these questions, we conducted an original household survey³ of 1,010 households across Delhi, Mumbai, Chennai, and Kolkata during February–March 2025. These cities represent diverse regional, linguistic, and economic contexts within urban India. The randomized control trial (RCT) was structured around three groups. The respondents in the first treatment group were provided with information about the Reserve Bank of India's (RBI) inflation targeting framework, while those in the second treatment group were provided information on the average monthly CPI inflation rate. Respondents assigned to the control group received no information treatment. The randomization was stratified by city to ensure balanced treatment and control groups. Our empirical strategy leverages this design to identify causal effects while examining heterogeneous treatment effects across demographic characteristics.

The most relevant prior studies to ours are the information intervention experiments conducted by Coibion, Gorodnichenko, and their co-authors. Coibion, Gorodnichenko and Weber (2022) demonstrated in a U.S. context that providing households with information about Federal Reserve communications significantly lowered their inflation expectations and altered consumption intentions. Their experimental approach, randomly assigning participants to receive information on current inflation, policy target, or forward guidance, serves as the foundation for our randomized controlled trial. Similarly, Coibion, Georgarakos, Gorodnichenko, and Van Rooij (2023) found that Dutch households cut back on durable goods spending when their inflation expectations were raised exogenously. Earlier work by Coibion, Gorodnichenko, and Kumar (2018) and Coibion, Gorodnichenko, and Ropele (2020) adapted this methodology to firms in New Zealand and Italy, respectively. Our research builds on and replicates this framework in the Indian context — an economy that diverges from these advanced economies in three key ways: (i) higher information barriers stemming from lower financial literacy and linguistic fragmentation (22 official languages); (ii) a consumption basket

³ The survey has been conducted in a personal capacity.

heavily weighted toward food (46% food weight), which creates a persistent gap between perceived and official inflation; and (iii) a relatively recent adoption of flexible inflation targeting (since 2016), leaving limited time for the Reserve Bank of India's credibility to shape household expectations.

Although there is an expanding body of international research on this topic, empirical evidence at the household level regarding how RBI communications are received and how they impact Indian households remains notably scarce. Current studies either use aggregated time-series data (Goyal and Parab, 2023; Samanta and Kumari, 2021; Kalpana and Dash, 2025), which cannot determine whether individual households are aware of RBI announcements, or focus on professional forecasters (Goyal and Parab, 2020), who do not reflect the general public. No prior study has directly measured Indian household awareness of official CPI inflation, assessed knowledge of the inflation targeting framework, or estimated the causal effect of providing this information on expectations and intended spending. This paper directly addresses this literature gap.

Our study makes several contributions. First, we provide the first direct household-level evidence on awareness of official inflation statistics and RBI's inflation targeting in India. Our survey explicitly asks respondents whether they know the current CPI inflation rate, whether they are aware of the RBI's 4% inflation target, and through which channels they receive economic information. This contrasts with existing studies that infer household awareness indirectly from aggregate expectation dynamics. We document a striking finding: the overwhelming majority of respondents—including educated urban dwellers—are unaware of both current inflation and the policy target. This aligns with international evidence showing that inflation targets remain less well known among Dutch households despite extensive central bank communication (van der Cruysen et al., 2015); and that firms in New Zealand displayed surprisingly low awareness of the Reserve Bank's inflation target even within a mature inflation-targeting regime (Kumar et al., 2015).

Second, we explicitly examine which information channels households trust, revealing that personal shopping experiences and regional media dominate while official central bank communications rank the lowest. This represents a fundamental challenge: if households whose behavior most directly influences aggregate demand are disconnected from policy

communications, the expectation anchoring channel is severely weakened. This aligns with the results reported by Samanta and Kumari (2021). Third, the study reveals that households are comfortable following news in their regional language. Hence, language barriers segment the information environment: policy communications are primarily in English, accessible to educated populations but less effective in reaching the households who rely on regional-language media (newspapers, local TV, radio and social media).

Finally, we demonstrate through an RCT that simple information treatments causally lower inflation expectations by 2.3–2.5 percentage points at the one-year horizon and 2.3–2.6 percentage points at the five-years horizon. These effects are notably larger than the approximately 1–2 percentage point reductions documented by Coibion, Gorodnichenko and Weber (2022) for U.S. households and are also larger than those for Dutch households in Coibion, Georgarakos, Gorodnichenko and Van Rooij (2023). This difference is consistent with greater information frictions in India and aligns with Cavallo et al. (2017), who show that households in higher-inflation or information-constrained environments update beliefs more strongly when given credible signals. The finding that expenditure expectations reduce by 1.4–1.5 percentage points while income and savings expectations show no significant treatment response, mirrors a pattern consistent with Coibion, Gorodnichenko and Weber (2022) and Coibion, Georgarakos, Gorodnichenko and Van Rooij (2023). Households revise price-related beliefs but do not automatically adjust all financial expectations, highlighting the limitations of monetary communication effects. Importantly, these effects are heterogeneous: female, lower-income, and less-educated respondents—who initially report higher inflation expectations—respond more strongly to information treatments than other groups. This is similar with the findings for U.S. households (Coibion, Gorodnichenko and Weber, 2022). The results suggest that targeted communications can be particularly effective for demographically vulnerable populations whose expectations are currently far from the policy target. Our findings speak to the information channel of expectation formation rather than to credibility in the broader sense.

By bridging the gap between sophisticated communications directed toward professional forecasters and the fundamental informational needs of ordinary households, this study informs a more inclusive monetary policy communication approach. Effective expectation management in India requires not just better communication, but different communication: simpler messages, regionally adapted content, multilingual delivery, and strategic use of media platforms households actually trust. Our evidence suggests these changes are both necessary

and potentially highly effective in improving monetary policy transmission and macroeconomic stability.

The rest of the paper is organized as follows: Section 2 describes the data and methodology. Section 3 presents the findings and Section 4 presents the conclusions.

2. Data and Methodology

We conducted a household survey across four major Indian metropolitan cities during February-March 2025, collecting responses from 1,010 households distributed as follows: Mumbai (n=251), Delhi (n=248), Kolkata (n=261), and Chennai (n=250). Households are selected randomly from various parts of the cities, with representativeness across gender, educational qualification, and occupation ensured throughout the survey. The survey employed Computer-Assisted Personal Interviewing (CAPI) methodology, with questionnaires⁴ administered in local languages by trained field investigators. Quality assurance protocols included on-site supervision, audio recordings, GPS tracking and telephonic verification of responses. The final questionnaire structure, detailed in the Appendix, comprised five distinct modules designed to capture multiple dimensions of household inflation expectations and economic perceptions.

The survey questionnaire was structured to elicit comprehensive information across several domains. The initial module collected standard demographic information including respondent identification details (name and address), individual characteristics (gender, age, occupation, educational qualification), and household monthly income. This information enabled subsequent stratification and heterogeneity analysis.

The second module assessed household perceptions of recent economic conditions by eliciting responses regarding the direction and magnitude of overall price level changes, income changes, expenditure changes, and savings intentions over the past 12 months. These retrospective assessments provided baseline measures of experienced economic conditions.

The core of the survey captured forward-looking expectations at two time horizons. The third module measured 12-month-ahead household expectations regarding the direction and magnitude of overall price changes, anticipated income changes, expenditure changes, and

⁴ Prior to the main survey, we implemented a pilot study in February 2023 with 200 households to validate the survey instrument and refine question wording and sequencing.

expected savings intentions. Additionally, the third module extended the temporal horizon by eliciting average inflation expectations over the subsequent five-years period.

To assess respondent information processing and attention to macroeconomic conditions, the fourth module included two targeted questions. The first question elicits households' awareness of current inflation conditions: "What is India's current CPI inflation rate? (In percent)". This measure directly captures whether households are attentive to publicly available information on inflation, which is regularly disseminated through official statistics and media channels. The second question assesses households' knowledge of the Reserve Bank of India's inflation target: "What is the average inflation rate (annual percentage change in overall prices) do you think the Reserve Bank of India is trying to achieve?". This question measures whether households understand the central bank's policy objective, a critical component of the expectations channel through which monetary policy operates. Under the credibility hypothesis, well-anchored inflation expectations depend crucially on households' awareness and understanding of the central bank's commitment to price stability (Gürkaynak et al., 2010). For both questions, respondents provide numerical responses in percentage terms. Critically, we include a "no idea" option to avoid forcing uninformed respondents to provide arbitrary numerical guesses, thereby reducing measurement error and allowing us to explicitly quantify the prevalence of complete inattentiveness.

Furthermore, this module investigated the information sources underlying expectations formation. Respondents indicated whether they formed inflation expectations based on personal shopping experience, mass media sources (newspapers, television), digital platforms (internet, social media), interpersonal communication (friends, relatives), or alternative sources. Additionally, respondents reported their preferred language for consuming news and economic information, enabling analysis of potential linguistic barriers to information acquisition.

The final survey module implemented a randomized information intervention to examine the causal effect of information provision on expectations formation. This methodological approach is grounded in recent empirical evidence demonstrating that while households typically exhibit inattention to official macroeconomic statistics, targeted information interventions regarding monetary and fiscal policy, as well as inflation data, significantly

influence household inflation expectations (Coibion, Gorodnichenko and Weber, 2021b; Coibion, Gorodnichenko and Weber, 2022).

Survey respondents were randomly assigned to one of three groups of equal size: two treatment groups and one control group. Treatment Group 1 receives information about the Reserve Bank of India's monetary policy framework, specifically that "RBI targets inflation at 4% level." This treatment isolates the effect of communicating the central bank's explicit policy objective.

Treatment Group 2 receives factual information about recent inflation outcomes, specifically that "the average CPI inflation for the past one year was 5.0%." This treatment captures the effect of providing actual historical inflation data. The control group receives no additional information beyond the standard survey questions, serving as the baseline for comparison.

Following the information treatment, all respondents were asked to re-state their one-year-ahead expectations for inflation, income, expenditure, and savings intentions, as well as their five-years-ahead inflation expectations. This design enables identification of treatment effects by comparing post-treatment expectations across the three randomly assigned groups, while controlling for pre-treatment expectation levels. The randomized design ensures that any systematic differences in post-treatment expectations can be attributed to the information intervention.

To assess the average impact of the information treatment on their expectations for each of the items, the following regression equation was used.

$$\pi_i^{post} - \pi_i^{pre} = \alpha + \beta T_i + \gamma X_i + \varepsilon_i \quad (1)$$

Where π_i^{post} is the expectation of the household after providing information, π_i^{pre} is expectation of the household before providing information, T_i is the treatment dummy and X_i is the vector of household characteristics like their gender, education, income and occupation. The Huber estimator was used to estimate regression coefficients, which removes the outliers and influential observations automatically and provide robust estimates. Similar analysis was conducted by Coibion, Gorodnichenko and Weber (2021b) and Coibion, Gorodnichenko and Weber (2022) in their studies. The same equation was used to check the impact of information on the households' expectations of their one-year ahead, and five-years ahead IE, income, expenditure, and savings by comparing their values before and after information treatments.

Though the above regression provides the average change in the households' expectations after information treatment, the respondent's expectations after providing treatment may be the weighted average of their initial beliefs and information received through the treatment. The impact of their initial belief and the impact of the treatment were assessed by using the following regression equation.

$$\pi_i^{post} = \alpha + \sum_{j=1}^2 \beta_j T_i + \sum_{j=1}^2 \gamma_j T_{i,j} \pi_i^{pre} + \lambda \pi_i^{pre} + \varepsilon_i \quad (2)$$

$T_{i,j}$ is the dummy variable indicating the treatment received by the respondent. For the control group, β_j should be zero and γ_j should be one as they are not receiving any additional information.

Additionally, to check the effects of information treatment on the expectations on different demographic characteristics of the respondents, respondents were further divided into different groups by different classifications in gender, income, educational qualification and occupation and we estimated the regression coefficients by using equation (1).

3. Results

3.1 Attentiveness of the respondents

Our survey investigated whether households were aware of actual inflation rates and monetary policy frameworks, given the observed upward bias in their inflation expectations. The findings reveal substantial information gaps that have important implications for monetary policy communication.

The survey results indicate remarkably low levels of awareness regarding key macroeconomic indicators and policy frameworks (Figure 1). Approximately 95% of respondents reported being unaware of current CPI inflation rates, and a similar proportion demonstrated no knowledge of the Reserve Bank of India's inflation targeting framework. This suggests that there may be room for further bridging the reach of official monetary policy communication to households.

These findings align with international evidence on household inflation knowledge. van der Crujsen et al. (2015) found that details about the inflation target are less well known among Dutch households, despite the central bank's extensive communication efforts. Further, this

finding echoes Kumar et al. (2015), who documented surprisingly low awareness of the Reserve Bank of New Zealand's inflation target among firms, even in a mature IT regime. Haldane and McMahon (2018) noted that central banks' communication strategies often fail to reach broad segments of the public, with understanding of their mandates largely limited to a narrow, well-educated minority.

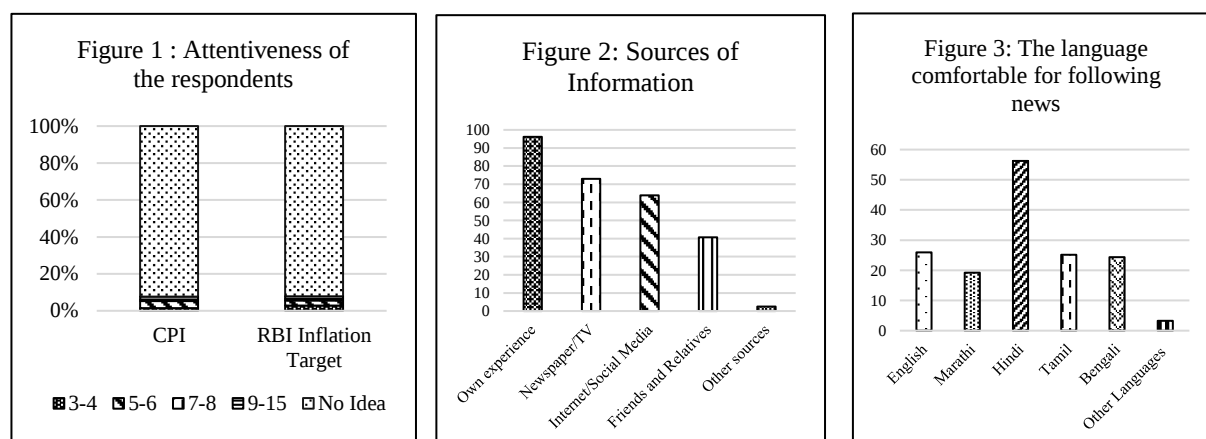
3.2 Sources of Inflation Expectations Formation

When queried about their information sources for forming inflation expectations, respondents revealed a heavy reliance on experiential and informal channels, as detailed in Figure 2. An overwhelming 96% of respondents indicated that they form their inflation expectations based primarily on personal experience with prices in their daily transactions. Complementing this experiential learning, 73% reported using information from newspapers and television, while 64% drew upon information from internet sources and social media platforms. Additionally, 41% of respondents incorporated information obtained through social networks, specifically from friends and relatives.

The prominence of personal experience in shaping inflation expectations aligns with theoretical frameworks rooted in rational inattention (Sims, 2003; Mackowiak and Wiederholt, 2009). Cavallo et al. (2017) found that households form their inflation perceptions largely based on prices of goods they buy regularly, leading to systematic biases. D'Acunto et al. (2021) reinforced this, showing that exposure to grocery prices meaningfully sways household inflation forecasts. Similarly, Kumar et al. (2015) observed in New Zealand that individuals' inflation expectations closely mirrored their personal shopping and gasoline price experiences. Recent studies also underscore the growing influence of mass media and social platforms in shaping economic perceptions. Larsen et al. (2021) revealed that U.S. households' inflation expectations are significantly swayed by media narratives, with the tone and frequency of coverage outweighing the actual inflation figures. Coibion, Gorodnichenko and Weber (2022) highlighted the rising role of social media as a conduit for economic information. Malmendier and Nagel (2016) further argued that lifetime exposure to inflation—especially during formative periods—leaves a lasting imprint, as individuals disproportionately weight those early experiences when forming economic outlooks.

Figure 3 illustrates language preferences for news consumption, highlighting distinct regional trends. Among respondents, 56% reported following news in Hindi, 25% in Tamil, 24% in

Bengali, and 19% in Marathi. Notably, only 25% indicated comfort with English-language news, underscoring the importance of vernacular communication channels in reaching the broader population.



These findings have significant implications for monetary policy communication strategies in India. The results demonstrate that households form inflation expectations through experiential learning and information acquired from mass media and social networks, rather than through direct engagement with official policy announcements. Given the predominance of regional language preferences, there is significant scope to improve current communication strategies, which rely largely on English-language channels, to reach a wider section of the population more effectively.

To enhance the management of household inflation expectations, central bank communication strategies may be adapted to reflect these realities. Coibion, Gorodnichenko and Weber (2022) showed through randomized control trials in U.S. that providing households with information about inflation and monetary policy significantly reduced the bias in their inflation expectations and affected their consumption decisions. Bholat et al. (2019) advocated for “accessible central banking,” stressing that outreach efforts must align with how audiences genuinely consume information, rather than adhering to conventional communication styles.

Specifically, policy communications should be simplified and disseminated through the channels that households actually utilize—newspapers, television broadcasts, and increasingly,

social media platforms. Such a multi-pronged, vernacular approach to communication could help bridge the current information gap and contribute to better-aligned inflation expectations across diverse socioeconomic and geographic segments of the population.

3.3 Descriptive Statistics and Baseline Expectations

Table 1A in the appendix presents descriptive statistics for pre- and post-treatment inflation expectations across all respondents. Several notable patterns emerge from the baseline data. The mean one-year-ahead inflation expectation was 9.0% with a median of 7.0%, while the mean five-years-ahead expectation was 9.1% with a median of 7.0%. These figures contrast sharply with the actual urban CPI inflation rate of 3.4% in February 2025 and 3.3% in March 2025, confirming a substantial upward bias in household expectations.

This upward bias is consistent with previous research on Indian household expectations. Shaw (2019) documented similar patterns using data from the Reserve Bank of India's Inflation Expectations Survey of Households, finding that median inflation expectations typically exceeded realized inflation by 2-4 percentage points. Singh et al. (2022) demonstrated that this bias frequently influences individuals to make suboptimal financial decisions—such as inadequate savings or insufficient planning for inflation.

The magnitude of the bias observed in our sample represents a substantial deviation from actual inflation and suggests considerable scope for information treatments to improve expectation accuracy. This finding also aligns with international evidence showing that households in other countries systematically overestimate inflation (Bruine de Bruin et al., 2011; D'Acunto et al., 2025).

The distribution of expectations reveals additional insights beyond central tendency measures. The standard deviation of one-year-ahead expectations was approximately 9.5%, indicating substantial heterogeneity in household beliefs. This high dispersion suggests that information frictions vary considerably across households, potentially due to differences in media exposure, financial literacy, or attention to economic news.

Furthermore, the consistency between one-year and five-years-ahead expectations (means of 9.0% and 9.1% respectively) suggests that households do not expect mean reversion toward the central bank's target over the medium term. These patterns set the stage for the experimental analysis: if households hold strongly upward-biased expectations and show no convergence toward the policy target, there is significant scope for information treatments to shift beliefs.

3.4 Treatment Effects on Households' Expectations on Inflation, Income, Expenditure and Savings

Table 1 presents our main results examining the average impact of information treatments on household inflation expectations, five years ahead IE, income, expenditure and savings. Table 2 displays the key findings from regressing posterior expectations on treatments and prior expectations. Table 5A in the appendix shows the comparability of different treatments across major observable characteristics.

3.4.1 Treatment Effects on One-Year-Ahead Inflation Expectations

While analysing the average impact of treatments on one-year-ahead expectations (Table 1), it was found that both Treatment 1 (RBI target information) and Treatment 2 (recent inflation information) generated substantial downward revisions relative to the control group. Respondents receiving Treatment 1 reduced their inflation expectations by 2.35 percentage points in the specification with demographic controls and 2.4 percentage points without controls. Treatment 2 generated nearly identical effects, with a revision of 2.4 percentage points in the specification without controls and 2.3 percentage points in the specification with demographic controls.

The regression results of posterior expectations as a function of treatments and prior expectations (Table 2) also revealed similar results. For control group, it is expected that the intercept and slope coefficient should be zero and one, respectively, as these individuals are not receiving any additional information. As anticipated, the control group exhibits a slope coefficient of 0.91, close to one. This confirms that in the absence of new information, posterior expectations closely track prior expectations, with minimal systematic revision. However, there is a slight variation in the intercept, which can be attributed to measurement error stemming from changes in question framing between the pre- and post-treatment, or random response variability—a common feature of household survey data (Bound, Brown, and Mathiowetz, 2001).

The verification of the impact of the information on RBI's inflation targeting (Treatment 1) on one year ahead IE, resulted in a slope coefficient of -0.87 indicating that individuals place high weight on the signal. A similar result has been observed for the group which have been provided information on one-year average CPI. The slope coefficient of -0.82 for treatment 2 is similar

to the slope coefficient for treatment 1 indicates that both signals have similar impact on the one year ahead IE. This finding indicates that the RBI inflation target provides a powerful benchmark for expectations once households become aware of it, consistent with models where policy announcements serve as focal points for coordinating beliefs (Morris and Shin, 2002).

Figure 1A in the appendix illustrates these relationships graphically, plotting posterior against prior expectations for each group. The figure clearly shows the strong positive relationship (slope near one) for the control group, contrasted with the pronounced negative relationships for both treatment groups. The revision patterns are particularly striking for respondents with high prior expectations (above 12%), who exhibit substantial downward revisions, bringing their posterior expectations much closer to the treatment signals.

The results indicate that simple information provision can substantially improve expectation accuracy. The similarity in magnitude between the two treatments suggests that households respond comparably to information about policy targets and realised inflation outcomes. This finding has important implications for central bank communication strategies, as it indicates that multiple types of factual information can effectively influence expectations. The consistency of estimates with and without demographic controls further validates successful randomization and suggests treatment effects are relatively homogeneous across observable demographic characteristics.

3.4.2 Treatment Effects on Five-Years-Ahead Inflation Expectations

The average treatment effects on longer-term expectations are, if anything, slightly larger than those of one-year-ahead IE. Treatment 1 reduced five-years-ahead expectations by 2.5 percentage points without controls and 2.6 percentage points with controls, while Treatment 2 generated a reduction of 2.3 percentage points in both specifications. All estimates are statistically significant at the 1% level.

The persistence of treatment effects at longer horizons is particularly noteworthy. The fact that we observe effects of similar or greater magnitude at the five-years horizon suggests that information treatments may affect not only specific inflation forecasts but also households' more fundamental beliefs about the inflation process and the central bank's ability or commitment to maintain price stability.

The updating patterns for five-years-ahead expectations largely mirror those for one-year-ahead expectations, though with some subtle differences. Table 2 shows that the control group

again exhibits a slope coefficient near unity (0.991) and an insignificant intercept (0.057), confirming stability of long-term expectations absent new information. Treatment 1 generates a slope coefficient of -0.82, while Treatment 2 yields -0.80; both are significant at 1% level. Our finding of similar or slightly stronger effects at five years than one year suggests that information treatments may indeed affect deeper beliefs about monetary policy regimes rather than merely short-term forecasts.

Our findings broadly align with the growing experimental literature on information treatments and expectation formation, while revealing some distinctive features of the Indian context. The magnitude of our treatment effects is higher than that of U.S. households (Coibion, Georgarakos, Gorodnichenko, Kenny and Weber, 2023; Coibion, Gorodnichenko, and Weber, 2022) and of Dutch households (Coibion, Georgarakos, Gorodnichenko and Van Rooij, 2023). This aligns with research indicating that individuals in countries with low inflation tend to hold weaker prior beliefs about inflation rates than those living in high-inflation environments (Cavallo et al., 2017). Our results are consistent with the findings of the experiments with firms in New Zealand (Coibion, Gorodnichenko and Kumar, 2018), Italy (Coibion, Gorodnichenko and Ropele, 2020) and Switzerland (Hunziker et al., 2022).

3.4.3 Treatment Effects on Income Expectations

Neither treatment significantly affected one-year-ahead income growth expectations relative to the control group (Table 1). Point estimates were small and statistically insignificant across all specifications. The results from Table 2 also confirm the same. The posterior-prior slope coefficients for income expectations remain remarkably stable across experimental conditions, clustering tightly around unity regardless of treatment assignment. The control group exhibits a slope of 0.979, while treatment groups 1 and 2 yield slopes of -0.035 and -0.032, respectively. However, the significant intercepts of treatments 1 and 2, 0.462 and 0.150 respectively, indicate a slight level shift of the IE rather than a belief updating response. The results indicate that information provision fails to alter the weight individuals assign to their prior beliefs when forming income expectations.

Figure 3A visualises these relationships, showing nearly identical patterns across all three experimental groups. The strong positive relationship between prior and posterior expectations, combined with the absence of treatment effects, indicates that households do not mechanically

translate information about aggregate inflation into revised expectations for their personal income growth.

This finding is consistent with several interpretations. First, households may correctly perceive that their individual income trajectories depend primarily on idiosyncratic factors—job performance, promotions, employer-specific conditions, industry trends—rather than aggregate inflation. Second, the absence of income expectation responses may reflect rigidities in wage-setting institutions or labor market structures. If wages are determined through formal contracts, collective bargaining agreements, or administrative processes with limited reference to inflation, households may rationally view their income growth as largely independent of short-term inflation dynamics.

3.4.4 Treatment Effects on Expenditure Expectations

In contrast to income expectations, both treatments significantly affected expenditure expectations. Respondents receiving either treatment reduced their expected nominal expenditure growth by approximately 1.4 — 1.5 percentage points relative to the control group (Table 1). This effect is robust across estimation methods and specifications with and without controls.

The analysis of the impact of prior beliefs along with the treatment effect also revealed that expenditure expectations exhibit clear treatment effects, though these effects are more modest than those for inflation expectations. The control group exhibits a slope coefficient of 0.977, indicating near-complete persistence of prior beliefs absent informational interventions. However, the treatment groups demonstrate markedly different updating behavior. Treatment 1 yields a slope coefficient of -0.207, while Treatment 2 produces a coefficient of -0.152. Both estimates differ from the control group coefficient with high statistical significance ($p < 0.001$ in each case), decisively rejecting the null hypothesis of no treatment effect. These coefficient values indicate that households receiving information treatments place modestly greater weight on signals, leading to flatter relationships between prior and posterior expectations.

Figure 4A illustrates these patterns graphically, showing that treatment group respondents with high prior expenditure growth expectations revise these expectations downward, while those with lower prior expectations exhibit more modest revisions. This asymmetry suggests that information treatments primarily affect households that initially held unusually high nominal expenditure growth expectations.

The mechanism underlying this expenditure response likely involves households' understanding of the relationship between inflation and nominal expenditure. When households revise inflation expectations downward, they may adjust their expected nominal expenditure accordingly, recognizing that lower inflation implies smaller necessary increases in nominal spending to maintain real consumption levels. Further, households may engage in intertemporal substitution, reducing planned current consumption when they revise their inflation expectations downward and perceive goods as becoming relatively cheaper in the future. The finding that expenditure expectations respond to information treatments has important implications for monetary policy transmission. Our findings are consistent with Coibion, Gorodnichenko, and Weber (2022), who found that shifts in inflation expectations among U.S. households influenced their consumption behavior. According to Coibion, Georgarakos, Gorodnichenko and Van Rooij (2023), Dutch households significantly increased their expenditure on durable goods when their inflation expectations fell exogenously.

3.4.5 Treatment Effects on Savings Expectations

Like income expectations, savings expectations did not respond significantly to either treatment. Point estimates were small and statistically insignificant across all specifications (Table 1). The results from Table 2 also reveal the same. The control group exhibits a slope of 0.970, while treatment groups 1 and 2 yield slopes of -0.026 and 0.008, respectively. Figure 5A confirms that posterior savings expectations track prior expectations nearly one-for-one across all experimental groups, with no visible treatment effects.

This null result may reflect several factors. Savings represents the residual of income minus consumption in household budgets, and if income expectations are unchanged while expenditure expectations fall, one might expect savings expectations to rise. The absence of such an effect could indicate that households did not fully reconcile the implications of their revised expectations across different financial variables. Alternatively, savings may be determined by longer-term considerations (retirement planning, precautionary motives) that are less sensitive to short-term revisions in inflation expectations. The literature on mental accounting suggests that households often compartmentalise different financial decisions, which may limit spillovers from inflation expectations to savings plans (Thaler, 1999).

The strong response of inflation expectations validates that our treatments successfully delivered salient, credible information that households incorporated into their belief systems. The partial transmission to expenditure expectations indicates meaningful but incomplete

cognitive integration, while the absence of income and savings responses highlights the boundaries of information treatment effects—households do not mechanically propagate all macroeconomic information revisions across their entire set of economic expectations.

3.5 Heterogeneous Treatment Effects

To assess whether the impact of information treatment varies systematically across the population, we examine treatment effects by gender, occupation, education, and income. The detailed results are reported in Tables 3A and 4A in the annexure.

The analysis reveals pronounced heterogeneity in treatment responses. Female respondents exhibit both higher baseline inflation expectations and larger post-treatment adjustments relative to their male counterparts, suggesting that women are not only more susceptible to expectational bias but also more responsive to corrective information. A strikingly different pattern emerges among financial sector employees, who enter the treatment with comparatively lower inflation expectations and display more modest revisions following the information intervention — a finding consistent with the notion that prior exposure to financial information attenuates both the level of bias and the scope for information-driven updating.

Education and income gradients in treatment effects follow a similar pattern. Less-educated respondents hold higher initial inflation expectations and revise them more substantially upon receiving information, while highly educated individuals — presumably better informed at baseline — exhibit smaller adjustments. Analogously, lower-income households demonstrate larger expectational revisions compared to higher-income groups, reflecting the greater informational disadvantage faced by economically marginalised populations. These patterns are consistent with the findings of Coibion, Gorodnichenko and Weber (2022), who document that information treatments yield larger effects among demographic groups with weaker priors and limited access to macroeconomic information.

Taken together, these results carry important implications for monetary policy communication. The disproportionate responsiveness of women, less-educated individuals, and lower-income households to simple, accessible information underscores the potential for strategically targeted communication campaigns to meaningfully manage inflation expectations across the population. Policymakers may leverage this heterogeneity by designing demographically tailored communications that are linguistically accessible and disseminated through channels most likely to reach underserved segments — thereby enhancing both the equity and effectiveness of monetary policy transmission.

Table 1: Average Impact of Treatment on Household Responses										
Treatments	One year ahead IE		5 years ahead IE		Income		Expenditure		Savings	
	1	2	3	4	5	6	7	8	9	10
Treatment 1	-2.448***	-2.351***	-2.517***	-2.621***	0.462	0.464	-1.403***	-1.404***	0.173	0.207
	(0.289)	(0.280)	(0.544)	(0.547)	(0.378)	(0.383)	(0.396)	(0.399)	(0.232)	(0.233)
Treatment 2	-2.419***	-2.294***	-2.265***	-2.301***	-0.001	-0.043	-1.531***	-1.531***	0.177	0.203
	(0.289)	(0.280)	(0.544)	(0.548)	(0.379)	(0.383)	(0.396)	(0.399)	(0.232)	(0.233)
Remove outliers	Yes	Yes	No	No	No	No	Yes	No	Yes	No
Using sampling weights	Yes	Yes	No	No	No	No	Yes	No	Yes	No
Controls for demographics	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Observations	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010
R square	0.043	0.096	0.025	0.050	0.002	0.018	0.018	0.036	0.001	0.027

* (p<0.05),** (p<0.01),*** (p<0.001)

Table 2: Posterior belief by treatment										
Treatments	One year ahead IE		5 years ahead IE		Income		Expenditure		Savings	
	Intercept	Slope	Intercept	Slope	Intercept	Slope	Intercept	Slope	Intercept	Slope
Control Group	0.789***	0.906***	0.057	0.991***	0.230***	0.979***	0.244*	0.977***	0.371*	0.970***
	(0.097)	(0.008)	(0.104)	(0.008)	(0.054)	(0.005)	(0.136)	(0.013)	(0.204)	(0.017)
Relative control to										
Treatment 1 (RBI's inflation target)	3.682***	-0.867***	4.216***	-0.823***	0.462***	-0.035***	0.701***	-0.207***	0.361	-0.026
	(0.140)	(0.011)	(0.154)	(0.013)	(0.378)	(0.008)	(0.196)	(0.018)	(0.288)	(0.024)
Treatment 2 (One-year average CPI)	3.904***	-0.817***	4.315***	-0.804***	0.150**	-0.032***	0.383**	-0.152***	0.131	0.008
	(0.140)	(0.011)	(0.153)	(0.013)	(0.076)	(0.007)	(0.191)	(0.017)	(0.291)	(0.023)
Remove outliers	Yes		Yes		Yes		Yes		No	
Using sampling weights	Yes		Yes		Yes		Yes		No	
Controls for demographics	No		No		No		No		No	
Observations	1010		1010		1010		1010		1010	
R square	0.3549		0.406		0.606		0.574		0.910	

* (p<0.05),** (p<0.01),*** (p<0.001)

4. Conclusion

Household inflation expectations play a critical role in shaping macroeconomic outcomes and guiding monetary policy decisions. However, studies based on Indian households' inflation expectations (IE) have revealed that these expectations tend to be consistently upward biased. As the international literature says the ignorance of the official statistics may be one of the reasons for the upward biasedness of the IE of households. Hence, the study tried to check whether Indian households are aware about the current CPI inflation and inflation targeting of RBI. Finally, the study verified whether monetary communications affect their IE and their expectations on income, expenditure and savings through randomised control trial.

The results revealed that, most of the respondents are unaware about the current CPI inflation and the RBI's inflation targeting in line with findings in some advanced economies. Additionally, the information from newspaper, television and social media are also influences the IE of households and they are comfortable in their regional language to follow the news. Finally, the findings of the randomised control trials revealed that, the information treatment could reduce the households' expectation on inflation and expenditure which indicates that even simple information can profoundly affect people's beliefs. Females, less educated and lower income groups had higher IE, and simple information could make higher changes in their IE. Therefore, simple policy communications targeting all sections of the population across the country, delivered in their regional languages through various newspapers, television, and social media platforms, may help manage households' inflation expectations.

Several important limitations should be noted. First, our analysis is confined to four major metropolitan areas; it does not include rural households, which operate under distinct informational contexts and allocate a larger share of their budgets to food. Second, the metrics we use reflect self-reported intentions rather than actual behaviour, to assess whether these revised expectations endure and influence real spending patterns, a longitudinal follow-up survey, as employed by Coibion, Gorodnichenko and Weber (2022), would be necessary. Third, while Hawthorne effects remain a potential concern, our randomized experimental design helps alleviate this issue by enabling comparisons between treatment and control groups rather than relying on pre- and post-intervention changes within the same group.

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Annexure

Table 1A: Descriptive Statistics

	Mean	Median	Std Deviation
One year ahead IE prior	8.95	7.00	9.46
One year ahead IE post	6.53	5.00	5.27
Five years ahead IE prior	9.06	7.00	7.88
Five years ahead IE post	7.52	5.00	6.94

Table 2A: Descriptive Statistics										
Item		Current Inflation Perception			One year ahead IE prior			Five years ahead IE prior		
		Standard			Standard			Standard		
		Mean	Median	Deviation	Mean	Median	Deviation	Mean	Median	Deviation
Occupation	Daily Wages	12.0	10.0	11.3	9.8	8.0	6.8	9.1	7.0	6.3
	Financial Sector employees	6.9	6.0	4.3	7.3	7.0	3.9	7.9	6.0	4.4
	Homemaker	8.9	8.0	9.3	8.4	8.0	9.0	9.0	8.0	6.9
	Other Salaried employees	10.7	8.0	10.6	10.2	7.0	11.8	9.5	6.0	10.7
	Others	6.2	5.0	8.4	8.4	6.0	9.5	7.1	5.0	4.6
	Self employed	10.6	8.0	11.1	9.3	6.5	9.9	10.0	7.0	8.0
Gender	Male	9.3	6.0	10.3	8.8	7.0	9.3	8.9	6.0	7.9
	Female	9.5	9.0	9.0	9.2	8.0	9.7	9.3	8.0	7.9
Educational Qualification	10th and below	12.1	10.0	12.1	10.3	10.0	11.5	9.9	10.0	9.0
	12th standard	9.8	9.0	10.0	10.1	8.0	10.2	9.6	8.0	8.3
	Graduation	8.7	7.0	7.8	8.9	7.0	9.0	8.5	6.0	6.1
	Post-graduation and above	8.2	6.0	10.3	6.9	5.0	7.3	8.8	6.0	9.2
Average household Monthly Income	Less than Rupees 25000	11.7	10.0	12.1	10.8	8.0	11.6	9.3	7.0	8.3
	Between Rupees 25000 and 50000	9.9	8.0	8.9	10.1	8.0	11.0	10.0	8.0	9.3
	Rupees 50000 - Rs 100000	8.2	6.0	8.8	7.9	6.0	7.8	8.4	7.0	5.7
	Between Rupees 1 Lakh and 5 Lakhs	8.7	6.0	9.7	7.7	6.0	7.2	9.0	6.0	8.2
	Rupees 5 lakhs and above	7.0	6.0	5.8	6.5	5.0	4.8	6.9	6.0	3.5

Table 3A: Heterogeneity in the impact of information treatment																	
	Female	Male	Daily wages	Financial sector employees	Homemaker	Other Salaried Employees	Others	Self-employed	Below10th Std	12th Std	Graduate	Postgraduate	Less than ₹ 25 thousand	₹ 25000 - ₹ 49,999	₹ 50000 - ₹ 99,999	₹ 100000 - ₹ 49,99,999	₹ 5 Lakh and above
Treatment1	-5.20*** (0.86)	-2.97*** (0.86)	-0.48 (1.78)	-1.79** (0.77)	-6.01*** (1.27)	5.74*** (1.49)	-0.07 (2.57)	3.64*** (1.24)	-5.23** (2.07)	6.30*** (1.12)	2.64*** (0.97)	-2.71** (1.08)	-5.92*** (1.89)	-5.07*** (1.22)	-3.78*** (1.15)	-1.96** (0.92)	-0.74 (1.18)
Treatment2	-3.31*** (0.83)	-3.21*** (0.89)	-4.41** (1.78)	-1.80** (0.73)	-1.77 (1.24)	4.32*** (1.41)	-6.95** (2.68)	3.49*** (1.35)	-5.25** (2.04)	4.12*** (1.11)	2.75*** (0.99)	-1.63 (1.05)	-5.46*** (1.81)	-5.10*** (1.27)	-0.69 (1.15)	-2.13** (0.92)	-0.05 (1.22)
R Squared	0.08	0.03	0.13	0.05	0.09	0.06	0.124	0.04	0.05	0.12	0.03	0.03	0.06	0.07	0.05	0.03	0.01
Number of observations	465	545	49	150	247	243	71	250	159	240	391	220	199	285	232	230	64

* (p<0.05),** (p<0.01),*** (p<0.001)

Table 4A: Category wise descriptive statistics on the impact of the information treatment							
		Mean		Median		Standard Deviation	
		One-year-ahead IE Prior	One-year-ahead IE Post	One-year-ahead IE Prior	One-year-ahead IE Post	One-year-ahead IE Prior	One-year-ahead IE Post
Gender	Female	9.2	6.7	8.0	5.0	9.7	5.9
	Male	8.8	6.5	7.0	5.0	9.3	4.8
Occupation	Daily Wages	9.8	7.4	8.0	5.0	6.8	5.1
	Financial Sector Employees	7.3	6.0	7.0	5.0	3.9	3.2
	Homemakers	8.4	6.2	8.0	5.0	9.0	3.9
	Other Salaried Employees	10.2	6.8	7.0	5.0	11.8	7.1
	Self-employed	9.3	6.9	6.5	5.0	9.9	6.0
	Others	8.4	6.3	6.0	5.0	9.5	3.3
Education	Up to 10 th Std	10.3	7.1	10.0	5.0	11.5	5.5
	Up to 12 th Std	10.1	7.0	8.0	5.0	10.2	7.1

	Graduate	8.9	6.6	7.0	5.0	9.0	5.1
	Postgraduate	6.9	5.7	5.0	5.0	7.3	2.7
Income	Less than Rs. 25,000	10.8	7.0	8.0	5.0	11.6	5.9
	Rs. 25,000-Rs. 49,999	10.1	7.2	8.0	5.0	11.0	7.0
	Rs. 50000-Rs. 99,999	7.9	6.5	6.0	5.0	7.8	4.1
	Rs. 1 Lakh - Rs. 5 lakhs	7.7	5.9	6.0	5.0	7.2	3.7
	Above Rs. 5 lakhs	6.5	5.3	5.0	5.0	4.8	2.5

Table 5A: Balancedness across Treatments

		T1	T2	T3
Item		Control	Inflation Targeting	Past Inflation
Age		36.29 (0.55)	36.22 (0.51)	36.48 (0.57)
Male Share		0.54 (0.03)	0.58 (0.03)	0.50 (0.03)
Occupation	Financial sector Employees	0.16 (0.02)	0.13 (0.02)	0.15 (0.02)
	Other salaried employees	0.24 (0.02)	0.22 (0.02)	0.27 (0.02)
	Self employed	0.23 (0.02)	0.30 (0.03)	0.21 (0.02)
	Daily wages	0.07 (0.01)	0.04 (0.01)	0.04 (0.01)
	Home makers	0.24 (0.02)	0.23 (0.02)	0.26 (0.02)
	Others	0.06 (0.01)	0.08 (0.02)	0.07 (0.01)
Educational Qualification	Below 10th std	0.17 (0.02)	0.15 (0.02)	0.16 (0.02)
	Twelfth Std	0.22 (0.02)	0.24 (0.02)	0.25 (0.02)
	Graduation	0.37 (0.03)	0.42 (0.03)	0.37 (0.03)
	Post-graduation	0.24 (0.02)	0.20 (0.02)	0.22 (0.02)
Average monthly Income	Less than Rs 25000	0.16 (0.02)	0.19 (0.02)	0.24 (0.02)
	Rs 25000 to Rs 49,999	0.31 (0.03)	0.29 (0.03)	0.25 (0.02)
	Rs 50000 to Rs 99,999	0.27 (0.02)	0.21 (0.02)	0.21 (0.02)
	Rs 1,00,000 to Rs 4,99,999	0.20 (0.02)	0.24 (0.02)	0.24 (0.02)
	Above Rs 5,00,000	0.06 (0.01)	0.07 (0.01)	0.06 (0.01)
City	Kolkata	0.26 (0.02)	0.25 (0.02)	0.26 (0.02)
	Delhi	0.25 (0.02)	0.25 (0.02)	0.24 (0.02)
	Mumbai	0.25 (0.02)	0.25 (0.02)	0.25 (0.02)
	Chennai	0.25 (0.02)	0.25 (0.02)	0.25 (0.02)

Notes: The table reports means and standard deviations (in parentheses) for different observable characteristics of respondents in each treatment group.

Figure 1A: Treatment effects on one year ahead IE

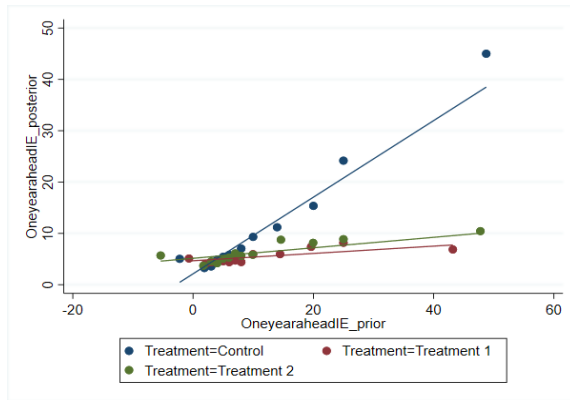


Figure 2A: Treatment effects on five years ahead IE

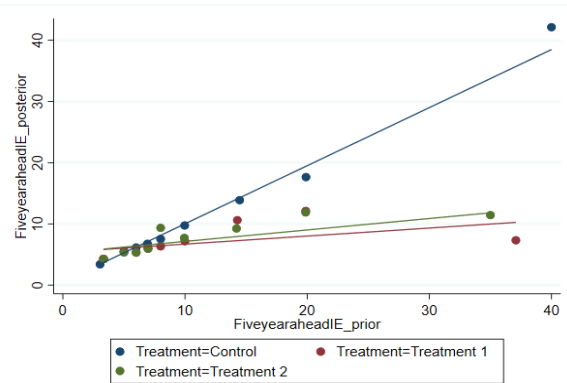


Figure 3A: Treatment effects on income expectations

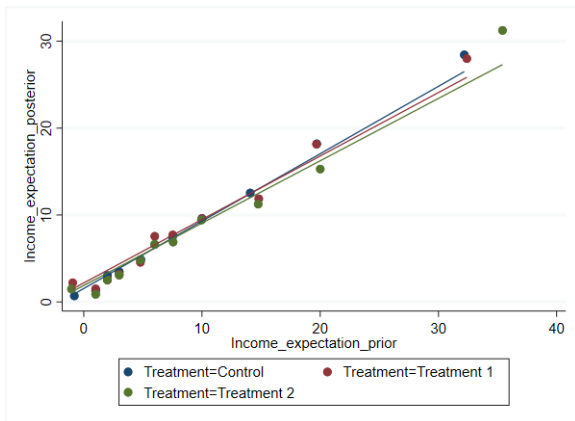


Figure 4A: Treatment effects on expenditure expectations

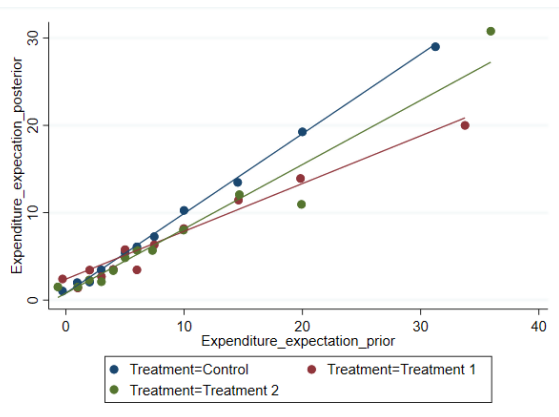
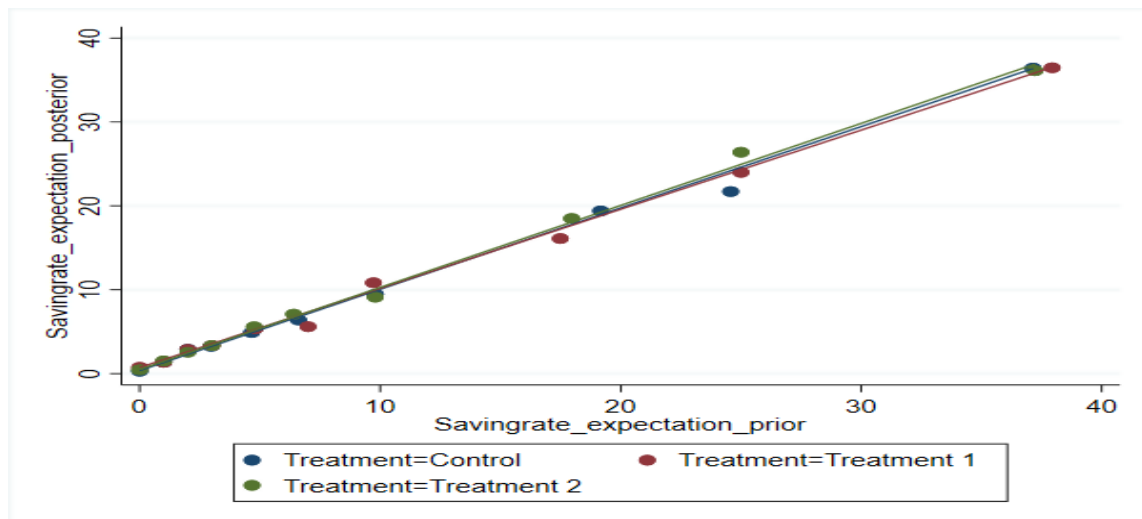


Figure 5A: Treatment effects on savings expectations



The figures present binscatter plots for prior Vs posterior expectations by treatment group.

Questionnaire

Details of the respondent

1. Name and other details of the respondents

2. Gender:

[1] Male ☐	[2] Female ☐
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3. Age of the respondents: (Should be above 21 years)

4. What is your occupation (occupation of the respondent):

[1] Financial sector employees ☐	[2] Other salaried employees ☐	[3] Self-employed ☐
[4] Daily wages ☐	[5] Retired ☐	[6] Homemaker ☐
[7] Others ☐		

5. Educational Qualification of the respondent

[1] Below 10th std. ☐	[2] 12th Std ☐	[3] Graduate ☐	[4] Postgraduate and above ☐
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6. What is your average household monthly Income?

[1] Less than ₹ 25 thousand ☐	[2] ₹ 25,000 - ₹ 49,999 ☐	[3] ₹ 50,000 - ₹ 99,999 ☐
[4] ₹ 1,00,000 - ₹ 4,99,999 ☐	[5] ₹ 5 lakhs and above ☐	

[In the next section, the questions are about your perceptions during last one year]

I. Household perceptions

7. During the last one year, what do you think about the overall prices in the economy?

Whether prices have

Increased	Remained same	Decreased
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8. During the last one year, by how much do you think prices have changed overall in the economy? (In percent)

9. During the last one year, what do you think about your overall expenditure? Has it

Increased ☐	Remained same ☐	Decreased ☐
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10. During the last one year, by how much do you think your expenditure have changed? (In percent)

11. In last one year, on an average, what percentage of your monthly household income is saved? (In percent)

II. Household's long-term expectations

12. During the next one year what do you think about the prices of **food products and beverages** in the economy? Whether the prices of **food products and beverages** will

Increase ☐	Remain the same ☐	Decrease ☐
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13. During the next one year, by how much do you think the prices of **food products and beverages** will change in the economy? (In percent)

14. During next one year what do you think about the prices of **clothing and footwear** in the economy? Whether prices of **clothing and footwear** will

Increase ☐	Remain the same ☐	Decrease ☐
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15. During the next one year, by how much do you think the prices of **clothing and footwear** will change in the economy? (In percent)

16. During the next one year what do you think about the prices of **fuel and light (petrol, diesel, electricity etc.)** in the economy? Whether prices of **fuel and light** will

Increase ☐	Remain the same ☐	Decrease ☐
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17. During the next one year, by how much do you think the prices of **fuel and light** will change in the economy? (In percent)

18. During the next one year, what do you think about the prices of **housing** in the economy? Whether prices of housing will

Increase ☐	Remain the same ☐	Decrease ☐
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19. During the next one year, by how much do you think the prices of **housing** will change in the economy? (In percent)

20. During the next one year, what do you think about the prices of **Miscellaneous (Furniture, health, transport, education etc.)** in the economy? Whether prices of **Miscellaneous** will

Increase ☐	Remain the same ☐	Decrease ☐
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21. During the next one year, by how much do you think the prices of **Miscellaneous** will change in the economy? (In percent)

22. During the next one year do you think about the **overall prices** in the economy? Whether **overall prices** will

Increase ☐	Remain the same ☐	Decrease ☐
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23. During the next one year, by how much do you think prices will change overall in the economy? (In percent)

24. During the next one year, what do you think about your **household income**? Whether your **household income** will

Increase ☐	Remain the same ☐	Decrease ☐
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25. During the next one year, by how much do you think your household income will change? (In percent)

26. During the next one year, what do you think about your overall expenditure? Whether your overall expenditure will

Increase ☐	Remain the same ☐	Decrease ☐
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27. During the next one year, by how much do you think your overall expenditure will change? (In percent)

If increase in overall expenditure

28. Why do you think your expenditure will increase in next one year? (Multiple choice)

Due to increase in the cost of goods and services ☐	Additional expenditure for education, marriage, purchasing large ticket items like real estate, car, consumer durables etc. ☐
Due to increase in income ☐	Due to increase in the value of investments/wealth ☐

If increase in overall expenditure is due to increase in the cost of goods and services,

29. You have said that your expenditure will increase in next one year, due to an increase in the cost of goods and services. In such a scenario, how are you planning to manage your expenses? (Multiple choice)

1. I may get a higher income [My salary may be revised with inflation adjustment (DA), I may negotiate with employer to get a higher salary, I may do overtime job/search for another job with a high salary/wage, I will increase the price of the product/service which I am providing] ☐
2. I will purchase household essential items which are non-perishable (Rice, wheat, dals, Onion, potato, oils, medicines etc) and store it
3. I will purchase of household durable items (furniture, tv, refrigerator etc.) immediately ☐
4. By Reducing Savings ☐

5. Borrowing from other sources	☐
6. I will do not act, I will adjust the expenses with the available income	☐

30. In next one year, on an average, what percentage of your monthly household income will be saved? (In percent)

31. During the next 5 years, what will be the **average inflation rate** in our country? (In percent)

III. Attentiveness of the respondent

32. What is India's current CPI inflation (Consumer Price Index) ? (In percent)

a.	b. No idea ☐
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33. What is the average inflation rate, Reserve Bank of India is trying to achieve?

c. (In percent)	d. No idea ☐
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34. How do you form inflation expectations? (Multiple Choice)

a. From my own experience ☐	b. Newspaper/ TV ☐
c. Internet/ social media ☐	d. Friends and relatives ☐
e. Other sources ☐	☐

35. Which language you are comfortable to follow news? (Multiple Choice)

a) English ☐	b) Marathi ☐
c) Hindi ☐	d) Tamil ☐
e) Bengali ☐	f) Any other language

IV. Information Treatment

Treatment I - We would like to inform you that, RBI tries to control inflation at 4% level.

Treatment II - We would like to inform you that, the average inflation for the last one year is 5% i.e. overall price increased by 5% in 2025 as compared to 2024.

Treatment III – No additional information is provided

Now, considering the information we have provided, please answer the following questions.

36. What do you expect the inflation rate in next one year? (In percent)

37. During the next one year, what do you think about your income? Whether it will

Increase ☐	Remain same ☐	Decrease ☐
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38. During the next one year by how much do you think your income will change?

.....(In percent)

39. During the next one year, what do you think about your overall expenditure? Whether it will

Increase	☐	Remain the same	☐	Decrease	☐
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40. During the next one year by how much do you think your overall expenditure will change?

.....(In percent)

41. In next one year, on an average, what percentage of your monthly household income will be saved? (In percent)

42. During the next 5 years, what will be the **average inflation rate** in our country? (In percent)