GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1304
TO BE ANSWERED ON 27.07.2026/ *Shravana 5, 1948 (Saka)*

INCREASING INFLATION IN THE COUNTRY

†1304. Shri Sanjay Haribhau Jadhav:

Will the Minister of FINANCE be pleased to state:

(a) the reasons for the increasing inflation in the country;
(b) whether the Government acknowledges that the rising inflation has had an adverse impact on the poor and middle class, if so, the details thereof;
(c) the details of the fiscal measures taken by the Government to control inflation during the last three years;
(d) the details of the revenue collected by the Union Government through taxes levied on petroleum products, year-wise;
(e) the coordination mechanism established with the Reserve Bank of India to keep the inflation rate under control; and
(f) whether the Government is considering to reduce taxes on essential commodities and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b): The average retail inflation measured by the Consumer Price Index declined from 5.4 per cent in 2023-24 to 4.6 per cent in 2024-25 and further to 2.1 per cent in 2025-26. Owing to the commodity price shock and elevated global energy prices stemming from the West Asia Crisis, a seasonal pickup in vegetable prices, and the expected unfavourable El Niño conditions, retail inflation rose to 3.9 per cent in Q1 of 2026-27. However, it is still below the Reserve Bank of India's (RBI) inflation target of 4 per cent.

(e): The Government and the Reserve Bank of India (RBI) coordinate closely under the monetary policy framework specified under Chapter IIIF of the Reserve Bank of India Act, 1934, to maintain price stability, while keeping in mind the objective of growth. The Government, in consultation with the RBI, has issued a gazette notification on March 25, 2026, renewing the existing inflation target of 4 per cent with ±2 per cent tolerance band for five more years, extending the current inflation target (IT) mandate through March 2031. Adopting a cautious and data-dependent approach, the RBI's Monetary Policy Committee, at its June 2026 meeting, maintained a neutral stance and kept policy rates unchanged to balance the twin objectives of supporting economic growth and keeping retail inflation within the 2-6 per cent tolerance band. The RBI has also estimated inflation for 2026-27 at 5.1 per cent, below the upper tolerance band of 6 per cent.

(c) and (f): The Government has been actively undertaking a series of measures to control inflation and mitigate its impact on consumers, particularly the poor and middle class. Over the recent years, these measures include, *inter alia*, the augmentation of buffer stocks for essential food items, strategic sales of procured grains in the open market, facilitation of imports and export curbs during periods of short supply, implementation of stock limits to push more supplies of select commodities into the market, retail sales of select food items under the Bharat brand at subsidised rates, and above all, distribution of food grains free of cost to around 81 crore beneficiaries under the National Food Security Act and increasing the disposable income of individuals by exempting annual incomes up to ₹12 lakh (and ₹12.75 lakh for salaried individuals with standard deduction) from income tax. Further, the rationalisation of the Goods & Services Tax (GST) rates, especially on items consumed by the common man, such as food products, household articles, medicines, medical equipment, agricultural goods and specified automobiles etc., supports affordability for the households. Some of the recent measures taken by the Government to ease the inflationary pressures include reduction of Basic Customs Duty (BCD) on crude palm oil, crude soybean oil and crude sunflower oil from 20 per cent to 10 per cent in June 2025; on critical petrochemical products to Nil from 2 April to 15 July 2026; on whole Tur to Nil with effect from 4 March 2023; reduction of Agriculture Infrastructure and Development Cess (AIDC) on Masur to Nil from 13 February 2022 to 7 March 2025; imposition of Export Levies on exports of petrol, diesel and Aviation Turbine Fuel with effect from 27 March 2026; reduction of Central Excise duty on petrol and diesel by ₹10 per litre in March 2026; and exemption of imports of raw cotton from BCD and AIDC from 1 June to 31 October 2026.

(d): The details of revenue through taxes levied on petroleum sector products to the Central Exchequer for the last five years are as follows:

Year	**Amount (₹ crore)**
2021-22	4,31,608.90
2022-23	3,70,326.50
2023-24	3,50,086.40
2024-25(Provisional)	3,51,183.10
2025-26 (Provisional)	3,82,746.50

Source: Ministry of Petroleum and Natural Gas (https://ppac.gov.in/prices/contribution-to-central-and-state-exchequer)

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