

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO.*122
TO BE ANSWERED ON 11.03.2025

Addressing inflation, income stagnation and economic inequality

***122. SHRI VIVEK K. TANKHA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether, despite economic growth, the costs of essential goods and services have continued to rise, with inflation above 6 per cent during the last three years, if so, how Government will address the burden on lower-income households;
- (b) the reasons as to why there is no relief for middle and lower-income groups to offset the impact of GST on essential goods and the steps being taken to ease their financial strain;
- (c) the measures contemplated to boost real income growth and purchasing power, in view of the wages growing at 2.8 per cent annually since recent past; and
- (d) the plan of Government to ensure a fair tax system that supports working and middleclass populations?

ANSWER

THE FINANCE MINISTER
(SMT NIRMALA SITHARAMAN)

- (a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO.122 RAISED BY SHRI VIVEK K. TANKHA FOR 11th MARCH, 2025 ON “ADDRESSING INFLATION, INCOME STAGNATION AND ECONOMIC INEQUALITY”

(a) The retail inflation averaged 5.6 per cent during the three years, from 2022-23 to 2024-25 (April-January), which is below the notified upper range of the inflation target of 6 per cent. During 2024-25 (April-January), retail inflation averaged 4.9 per cent. The core inflation that captures inflation in a variety of household goods (non-food, non-fuel) and services remained below 4 per cent for 14 consecutive months till January 2025 and averaged only 4.6 per cent during the three years, from 2022-23 to 2024-25 (April-January). Prices of certain food items have been intermittently affected by crop losses and supply chain constraints on account of adverse weather conditions.

The Government is undertaking various measures to keep the prices of essential food items in check to make them more affordable to the common man and lower-income households. These measures include building buffers of key food items, periodically releasing these items into the open market, adopting trade policies to enhance domestic food availability, preventing hoarding by setting and revising stock limits, distributing select food items like rice, wheat flour, chana, masur dal and moong dal at subsidised prices through designated retail outlets under the Bharat brand and periodic reduction in the retail selling prices of domestic LPG. To ensure food security to the poor, the Pradhan Mantri Garib Kalyan Anna Yojana provides free food grains to more than 81 crore beneficiaries. The focused proposals in the Union Budget 2025-26, including the six-year mission for Aatmanirbharta in pulses, and, the Prime Minister Dhan-Dhaanya Krishi Yojana implemented in partnership with states, covering 100 districts, are likely to mitigate price pressures in food.

(b) The Government has proposed significant measures in the Union Budget 2025-26 to enhance the spending power of the middle class. The Union Budget has proposed that there will be no income tax payable upto income of ₹12 lakh per annum under the new tax regime. The Budget has also proposed a change in slabs and rates of personal income tax across the board to benefit taxpayers. The new structure is expected to substantially reduce the taxes of the middle class and leave more money in their hands. The other measures of the Government to benefit the middle class include enhanced pension schemes, support for affordable housing, public health schemes and financial support to entrepreneurs.

(c) The primary policy objective of the Government is inclusive growth, which is reflected in a commitment to reduce poverty and inequality, provide social security, income generation and livelihood options, and improve the quality of life of the vulnerable sections. In order to expand job opportunities and generate incomes, the Government is implementing various employment generation initiatives such as Prime Minister's Employment Generation Programme, Aatmanirbhar Bharat Rojgar Yojana, Mahatma Gandhi National Rural Employment Guarantee Scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana, Rural Self Employment and Training Institutes, Standup India, Deendayal Antyodaya Yojana-National Urban Livelihoods Mission, Aajeevika-National Rural Livelihoods Mission, Pradhan Mantri Mudra Yojana, Production Linked Incentives, National Apprenticeship Promotion Scheme, Pradhan Mantri Kaushal Vikas Yojana and Startup India. The government is implementing the Skill India Mission to deliver skill, re-skill and up-skill training through an extensive network of skill development centres, schools, colleges, institutes, etc., under various schemes. Besides, the focus on growth-promoting measures like robust capital expenditure, continuing improvements in logistic facilities, urban development, promotion of MSMEs, agriculture and manufacturing are likely to promote overall economic growth, thereby improving employment and purchasing power of the people.

(d) The significant reforms proposed in personal income tax under the Union Budget 2025-26 are likely to boost the savings and consumption of the working and middle-class population. The GST rates on a number of items have been suitably changed from time to time by the GST Council to provide relief to consumers.
