

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 253

TO BE ANSWERED ON 22.07.2025 / *Ashadha 31, 1947 (Saka)*

Rate of current and targeted inflation

253 SHRI K.R.N. RAJESHKUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) the current rate of inflation, as measured by both the Consumer Price Index (CPI) and Wholesale Price Index (WPI), for the last three financial quarters, and how these figures compare with the targeted inflation rate set by the Reserve Bank of India (RBI); and
- (b) the key measures being taken by Government and the RBI, both monetary and fiscal, to control inflation and mitigate its impact on the common citizen, along with their effectiveness in achieving price stability?

ANSWER

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

(a) The average inflation rate based on Consumer Price Index (CPI) and Wholesale Price Index (WPI) for the last three quarters is given in the table below.

Quarter	Inflation rate based on CPI (%)	Inflation rate based on WPI (%)
Q3:2024-25	5.6	2.5
Q4:2024-25	3.7	2.4
Q1:2025-26	2.7	0.4

Source: MoSPI and Office of Economic Adviser (DPIIT)

Under the provisions of the RBI Act, 1934, the Reserve Bank of India (RBI) follows a policy of flexible inflation targeting as its primary monetary policy framework, whereby RBI targets Consumer Price Index (CPI) inflation (headline inflation) to be maintained at 4% with a tolerance band of ± 2 percentage points (i.e., the target range is 2% to 6%). Over the past three quarters, the CPI inflation rate has been within the RBI's tolerance band of $4\% \pm 2\%$. WPI is not a specifically targeted inflation rate for RBI.

(b) The Government of India has undertaken a series of administrative measures, including fiscal and trade policy, to control inflation and mitigate its impact on the common citizen. These 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. Complementing these efforts, the Reserve Bank of India's Monetary Policy Committee raised the repo rate by 250 basis points cumulatively (4% to 6.5%) between May 2022 and February 2023, and thereafter maintained it at 6.5% through January 2025. Consequently, the average year-on-year retail inflation, as measured by the CPI, fell from 5.4 per cent in 2023-24 to 4.6 per cent in 2024-25, the lowest in six years. As per the recent data, retail inflation dropped further to 2.1 per cent in June 2025. Consequent to a broad-based decline in inflation and to promote growth, RBI has brought in 100 basis point cut in policy (repo) rate since February 2025. These coordinated actions are aimed at balancing inflation control with sustained economic growth.
