

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1813**
TO BE ANSWERED ON 16.12.2025/ *Agrahayana 25, 1947 (Saka)*

Burden of inflation on middle-class

1813. Dr. ASHOK KUMAR MITTAL:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the impact assessment of persistent inflation in food, rent, fuel and essential commodities on the declining real incomes of middle-class and low-income households;
- (b) whether the complex multi-slab GST structure and compliance-heavy filing system continue to disproportionately burden MSMEs, transporters and small traders, if so, the details thereof;
- (c) whether delayed GST refunds and working-capital blockages are increasingly hurting business liquidity, the details thereof; and
- (d) whether the Ministry proposes targeted fiscal interventions to stabilise prices, rationalise GST slabs and relieve financial pressure on vulnerable income groups, the details thereof?

ANSWER

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

- (a) 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 1.9 per cent in 2025-26 (April – October). Such easing inflation has a favourable effect on the real income of the people. While food inflation has moderated from 7.3 per cent in 2024-25 to (-) 1.14 per cent in 2025-26 (April-October), the inflation in rent has been more or less stable at 3 per cent, and that in fuel and light sub-group increased from (-) 2.5 per cent in the previous year to 2.5 per cent in the current year. In respect of essential commodities, except for the edible oils, inflation has either moderated or prices have declined. The Government regularly monitors prices of essential commodities and takes measures to stabilize their prices.

(b) The Government has recently simplified and rationalised the four-tiered Goods and Services Tax (GST) tax rate structure into a citizen-friendly two-rate structure with a Standard Rate of 18 per cent and a Merit Rate of 5 per cent, alongside a special de-merit rate of 40 per cent for a select few goods and services. In the 56th meeting held on 03.09.2025, the GST Council recommended the introduction of an optional simplified GST registration scheme for small and low-risk businesses, and a simplified GST registration mechanism for small suppliers making supplies across multiple States through e-commerce operators. These measures could reduce the transaction costs and ease compliance burden, including for small traders and Micro Small and Medium Enterprises (MSMEs), thereby supporting greater formalisation, business growth and widening of the tax base.

(c) As a measure to facilitate trade and ease liquidity or working capital availability, especially for small businesses and exporters, the GST Council, in its 56th meeting, recommended

- (i) the sanction of provisional refund of 90% of refund claim on the basis of data analysis and risk evaluation by the system, to facilitate refund claims on account of zero-rated supply of goods or services or both, which has now been made operational w.e.f. 01.10.2025;
- (ii) provisional refund of 90% of the claimed amount in case of refunds arising out of inverted duty structure, on similar lines as is provided for zero rated supply refund claims, for which instructions have been issued by the Central Board of Indirect Taxes and Customs (CBIC) to its field formations for bringing it into effect from 1st October, 2025; and
- (iii) to remove the existing threshold limit for refunds arising out of exports made with payment of tax.

(d) 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, 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, market intervention for perishable horticultural and agricultural commodities, creation of scientific storage capacity and above all, 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 and boosting consumption demand through the recent rationalization of GST rates. Further, based on the recommendations of the 56th GST Council meeting, the Government has rationalized GST rates on many goods and services and reduced GST rates from 28 per cent to 18 per cent, 18 per cent to 12 or 5 per cent, and from 12 per cent to 5 per cent/Nil.
