

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
UNSTARRED QUESTION NO. 1272
MONDAY, DECEMBER 8, 2025/AGRAHAYANA 17, 1947 (SAKA)

FREEBIES BY POLITICAL PARTIES

1272. Shri Shyamkumar Daulat Barve:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is true that promises of freebies by political parties burdens the Government exchequer and increases inflation, if so, details thereof;
- (b) whether it is true that Reserve Bank of India (RBI) is facing difficulty in keeping inflation rate low and stable, because Government expenditure is high and fiscal deficit increases as a result of free facilities provided to public, if so, the details thereof; and
- (c) Whether it is a fact that as per RBI, NITI Aayog and Ministry of Statistics and Programme Implementation, promising freebies on the eve of elections leads to increase in forex-rate, inflation-rate and unemployment-rate in the country, if so, the details thereof?

A N S W E R

MINISTER OF STATE FOR FINANCE (SHRI PANKAJ CHAUDHARY)

- (a) Mere promises by political parties neither burden the Government exchequer nor increase inflation.
- (b) Proactive monetary policy responses coupled with effective and prudent supply side measures by the government helped in lowering inflation. According to latest data release, headline CPI inflation was 0.3 per cent (year-on-year) in October 2025 (provisional), which is a historic low in the current CPI series (2012=100). This is well below RBI's inflation target band of 4 ± 2 per cent.
- (c) There are no official studies or reports commissioned by RBI, NITI Aayog and Ministry of Statistics and Programme Implementation that document the impact of freebies on forex-rate, inflation-rate and unemployment-rate in the country. However, in June 2022, an article was published in RBI Bulletin on "...fiscal risks confronting state governments in India, with emphasis on the heavily indebted states". This article identified "...rising expenditure on non-merit freebies" as one of the emerging new sources of risks.
