

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 167

TO BE ANSWERED ON 01.12.2025/ *Agrahayana 10, 1947 (Saka)*

INFLATION LEVEL IN COUNTRY

167. Dr. K SUDHAKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has data regarding the prevailing inflation levels in the country, if so, the details thereof;
- (b) the details of the steps taken by the Government to ensure that inflation remains under the targeted framework by the Reserve Bank of India;
- (c) the details of the steps taken by the Government to leverage technology progress in the Indian banking sector including usage of block chains for financial transactions;
- (d) the details and the status of credit rating framework proposed for farmers in the Union Budget 2025-26; and
- (e) whether the Government is planning further merger and consolidation of public sector banks in the country, if so, the details thereof and the reasons therefor?

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 1.9 per cent in 2025-26 (April – October). Though the prevailing retail inflation of 1.9 per cent is marginally below the lower bound of 2 per cent of the Reserve Bank of India's (RBI) inflation target band (4 per cent with a tolerance band of ± 2 percentage points), the RBI estimates the annual retail inflation for 2025-26 as 2.6 per cent, which is well within its inflation target band. In order to align inflation within its target band along with supporting the economic growth, the Monetary Policy Committee (MPC) has reduced the policy rate by 100 basis points cumulatively since February 2025. The Government of India has also 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 Good and Services Tax (GST) rates.

(c): To leverage technological progress in the Indian banking sector, the RBI, through its Regulatory Sandbox (RS) framework, has enabled the testing of innovative products and solutions based on emerging technologies such as blockchain, Artificial Intelligence/ Machine Learning (AI/ML), mobile-based applications, data analytics and Application Programming Interface (API)-driven services. Five cohorts have already been completed under themes such as retail payments, cross-border payments, Micro Small and Medium Enterprises (MSME) lending, prevention and mitigation of financial frauds, and a theme-neutral cohort. Further, the Committee, constituted by the RBI, to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the financial sector, in its report on August 13, 2025, outlined guidelines to help the sector leverage AI responsibly while managing associated risks.

(d): In the Union Budget 2025-26, the Hon'ble Finance Minister announced the development of a Grameen Credit Score (GCS) framework to address the credit needs of Self-Help Group members and other rural borrowers. All four Credit Information Companies have designed proprietary scoring models, which are currently being tested by Public Sector Banks (PSBs) and other regulated entities to assess their accuracy and technical robustness.

(e): No proposal on merger of public sector banks is currently under consideration.
