GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. *233
TO BE ANSWERED ON 09.03.2026/ *Phalguna 18, 1947 (Saka)*

IMPACT OF RISING GLOBAL CRUDE OIL PRICES

***233. SHRI ZIA UR REHMAN:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has reviewed the impact of rising global crude oil prices on inflation in the country and if so, the details thereof,

(b) the details of corrective steps being taken by the Government to manage inflationary pressure, and

(c) whether any fiscal measures are proposed by the Government to provide relief to common consumers and if so, the details thereof?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

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

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO.233 RAISED BY SHRI ZIA UR REHMAN FOR 09th MARCH, 2026 ON "IMPACT OF RISING GLOBAL CRUDE OIL PRICE ON INFLATION IN THE COUNTRY"

(a): The price of both global crude oil and the Indian basket has been on a declining trajectory for the past one year, till the geo-political clashes commenced in West Asia on 28 February 2026. Between the end of February and uptill 2nd March 2026, the Crude Oil FOB Price (Indian Basket) rose from USD69.01/barrel to USD80.16/barrel. Given that India's inflation is near the lower bound, the impact on inflation is not estimated to be substantial at this point. The Monetary Policy Report of the Reserve Bank of India (RBI), released in October 2025, estimated that if crude oil prices are higher by 10 per cent than the baseline assumptions, and assuming full pass-through to domestic prices, inflation could turn out to be higher by 30 basis points. However, the medium-term impact of the global crude oil price rise on inflation depends on several factors, including exchange rate movements, global demand and supply situation, monetary policy transmission, the state of general inflation, and the extent of the indirect pass-through.

(b) and (c): 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 1.8 per cent in 2025-26 (April – January). The headline inflation for January 2026 stood at 2.75 per cent and is near the lower bound of the RBI's inflation tolerance band of 4% ± 2%. As part of inflation management, the Monetary Policy Committee (MPC) has reduced the policy rate by 125 basis points cumulatively since February 2025. Concurrently, the Government 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, reduction in fuel taxes, 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 the recent rationalization of Good and Services Tax (GST) rates.

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