GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1359
TO BE ANSWERED ON MONDAY, JULY 27, 2026

Assessment of India's Fiscal and Inflation Outlook

1359. Prof. Sougata Ray:
Shri Kishori Lal:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has assessed the impact of easing international crude oil prices and improving global supply chains on India's fiscal and inflation outlook;

(b) if so, the details thereof;

(c) whether any revision in fiscal projections is under consideration, if so, the details thereof; and

(d) the steps being taken by the Government to safeguard the economy against external geopolitical uncertainties?

ANSWER

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

(a) to (c): The global economic situation has been volatile in the last five months. The international crude oil prices (Brent) have moderated from the peak USD 138.2 per barrel reached in April 2026 to a low of USD 68.5 per barrel in July 2026 and currently stand at around USD 87.0 per barrel as on 20 July 2026. As per Federal Reserve Bank of New York, the Global Supply Chain Pressure Index has declined from 1.84 in April 2026 to 1.25 in June 2026, reflecting an improvement in global supply chain conditions. The moderation in crude oil prices and easing of global supply chain pressures are expected to reduce imported inflationary pressures, moderate input and logistics costs, and support India's fiscal and inflation outlook. The Reserve Bank of India has projected Consumer Price Index (CPI) inflation at 5.1 per cent for 2026-27, while noting that the inflation outlook remains subject to upside risks from global commodity price movements and supply chain disruptions. On the fiscal front, the Government remains committed to the budgeted fiscal deficit target of 4.3 per cent of GDP for 2026-27. However, the Government continues to closely monitor evolving global developments and their implications for the Indian economy, and take appropriate policy measures, as warranted, to safeguard macroeconomic stability.

(d) The Government has adopted a comprehensive and multi-pronged approach to safeguard the economy against external geopolitical uncertainties. Energy security has been strengthened through diverse strategies such as diversification of crude oil import sources, expansion of strategic partnerships, augmentation of Strategic Petroleum Reserves, promotion of alternative fuels, domestic production of critical energy inputs, and implementation of Coal and Lignite Gasification Scheme. Demand-side initiatives, such as encouraging LPG consumers to shift to PNG, have also been undertaken to optimise energy use. To support trade and industry, measures such as the RELIEF (Resilience & Logistics Intervention for Export Facilitation) Scheme, Bharat Maritime Insurance Pool, restoration of RoDTEP (Remission of Duties and Taxes on Exported Products) benefits, faster customs clearances, logistics facilitation, targeted customs duty relief and the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 have been introduced. In addition, the Government is strengthening trade resilience by expanding its network of Free Trade Agreements and Comprehensive Economic Partnership/Cooperation Agreements.

The Government has also ensured adequate availability of fertilisers and other essential agricultural inputs through assured gas supplies, diversification of import sources, advance procurement and maintenance of buffer stocks. These efforts are complemented by initiatives of the Reserve Bank of India to strengthen external sector resilience and support foreign exchange inflows through liberalisation of the External Commercial Borrowing (ECB) framework, measures to facilitate foreign investment, special swap facilities and promotion of local currency settlement with partner countries. Together, these coordinated measures strengthen India's macroeconomic stability and reduce the economy's vulnerability to external shocks.

*****