GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 2437

TO BE ANSWERED ON 03.08.2026/ *Shravana 12, 1948 (Saka)*

IMPACT OF RISING PRICES ON PURCHASING POWER

2437. Shri K Radhakrishnan:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has assessed the impact of rising prices on essential commodities, stagnant wages and increasing indirect taxes on the purchasing power of ordinary households during the last five years, if so, the details thereof;
(b) the details of direct and indirect tax collections during the last five years, along with the share of Goods and Service Tax (GST), income tax and corporate tax in the total tax revenue;
(c) whether the Government proposes to rationalise the GST structure by reducing tax rates on essential goods and services and increasing the share of GST compensation and devolution to States, if so, the details thereof; and
(d) the measures taken by the Government to reduce income inequality, strengthen public investment and provide relief to middle and low-income households facing rising costs of living?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (d): The Government regularly assesses the general inflation in the country as well as reviews price movements of essential commodities across the country and undertakes various fiscal, administrative and other supply-side measures in order to mitigate any adverse impact on the purchasing power of the households, especially the low and middle-income. In the last five years, retail inflation has declined from 5.5% to 2%; and inflation in 38 essential commodities remained broadly stable or exhibited a deflationary trend. In September 2025, the Government simplified and rationalised Goods and Services Tax (GST) rates on many goods and services and reduced the 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. Income inequality is addressed through a progressive income tax structure, higher surcharges on high-income groups, increased spending on food, health, education, housing and social security and targeted interventions through various schemes for income support, skilling and livelihood. On strengthening public investment, the Government has sustained a high capital expenditure outlay in the Union Budget to build durable infrastructure and crowd-in private investment, complemented by Production Linked Incentive (PLI) schemes across key sectors to boost domestic manufacturing and strengthen long-term productive capacity. Apart from the rationalisation of GST rates on mass consumption goods, to protect the purchasing power of middle and low-income households, the Government has exempted annual incomes up to ₹12 lakh (₹12.75 lakh for salaried individuals, after standard deduction) from income tax.

(b) and (c): The details of direct and indirect tax collections along with the share of GST, income tax and corporate tax in gross tax revenue during the last five years is given in the Table below:

Details/ Year	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26 (P)**
Amount (₹ crore)					
Direct Tax	14,12,422	16,63,686	19,60,166	22,26,375	23,40,373
Indirect Tax	12,89,662	13,81,935	14,96,114	15,60,480	16,71,867
Shares of different taxes in the Gross tax revenue (in per cent)					
GST	25.84	27.88	27.69	27.12	26.55
Income tax	25.78	27.36	30.23	32.62	30.93
Corporate tax	26.35	27.12	26.36	26.06	27.39

Sources: GST data: - CBIC; Income tax & Corporate tax: - CBDT; Gross tax revenue: - Budget documents.
Note: (P) indicates provisional data.

Any proposal to rationalise GST rates or to grant exemptions on essential goods or services requires the recommendation of the GST Council, a constitutional body comprising representatives of the Union and the States/UTs. The last rationalisation, including for many mass-consumption goods, was undertaken in September 2025. The devolution of shareable taxes and duties is made as per the accepted recommendation of the Finance Commission during its award period. Currently, 41% of shareable taxes and duties are proposed to be devolved to States during FY 2026-27 to FY 2030-31 as per the accepted recommendations of the 16th Finance Commission.

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