Inflation Outcomes Across Indian Prime Ministers: A Comparative Analysis, 1947–2025

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Abstract

This paper compares inflation outcomes across Indian prime ministers since independence, treating the individual prime minister as the unit of analysis and a proxy for a broader fiscal and political regime. Using Wholesale Price Index (WPI) inflation as the primary historically comparable series and Consumer Price Index (CPI) inflation as a supplementary measure where data permit, we construct monthly inflation profiles by aggregating all periods in which each prime minister held office. The analysis is complemented by a global benchmark, comparing Indian CPI inflation with U.S. CPI inflation since 1980. The descriptive evidence documents a sharp regime shift in India's inflation dynamics after 2014. Relative to earlier regimes, the post-2014 period is characterised by lower average inflation, reduced persistence of high-inflation episodes, and a marked compression of the inflation differential vis-à-vis the United States as global proxy. These patterns are robust across inflation measures and are not obviously explained solely by favourable global inflation conditions. The paper discusses supply-side reforms, changes in energy price transmission, welfare delivery mechanisms, fiscal stance, and institutional developments as plausible contributors to this shift.

Keywords: Inflation; India; Wholesale Price Index; Consumer Price Index; Political Economy; Macroeconomic Regimes.

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1 Introduction

Inflation has been one of the most persistent macroeconomic challenges in the Indian economy since independence. Episodes of elevated price growth have shaped household welfare, political sentiment, and macroeconomic stability by eroding real incomes, distorting consumption and investment decisions, and complicating fiscal and monetary management. As a result, inflation outcomes have occupied a central place in India's economic policy debates across successive political regimes.

The political salience of inflation in India is well documented. Periods of sustained price pressures have often coincided with public dissatisfaction and, in several instances, electoral setbacks for incumbent governments. This pattern aligns with foundational political-economy theories, which posit that inflation is a highly visible and electorally consequential variable (Alesina et al., 1997; Drazen, 2002). Consequently, inflation control in India has never been a purely technocratic objective; it has been deeply intertwined with fiscal policy choices, institutional constraints, and structural features of the economy.

From an analytical perspective, India offers a distinctive setting for studying inflation dynamics. Since independence, the economy has traversed multiple inflation regimes shaped by the interaction of domestic policy choices and global shocks. Standard macroeconomic frameworks identify diverse drivers of inflation. While structuralist views emphasise cost-push factors and commodity cycles, monetarist perspectives focus on demand-side pressures from fiscal expansion and the credibility of monetary institutions (Friedman, 1968; Sargent et al., 1981). In India, these forces have been amplified by structural characteristics, including a high food weight in consumption baskets, administered fuel pricing, fragmented internal markets, and historically limited monetary autonomy. Scholars of Indian macroeconomic history highlight the role of fiscal dominance, external imbalances, and supply constraints in driving chronic inflation, particularly during the 1970s through the early 1990s (Mohanty, 2010). Subsequent liberalisation and the gradual move toward inflation targeting altered the institutional backdrop but did not eliminate inflationary pressures altogether.

This paper adopts the individual prime minister as the unit of analysis. For each

prime minister, inflation outcomes are aggregated across all months in which the individual held office, including non-contiguous terms where applicable. This approach reflects the institutional reality of Indian macroeconomic policymaking, where fiscal orientation, welfare priorities, and administrative style tend to exhibit continuity at the level of political leadership, even when interrupted by short-lived interregnums. In this sense, the prime minister serves as a proxy for a broader fiscal and political regime rather than a single uninterrupted administrative spell.

Variation across prime ministers in policy orientation, institutional context, and macroeconomic environment therefore provides a natural lens through which to examine long-run inflation outcomes. While comparisons at the prime-minister level are inherently descriptive, they are informative given established theories linking executive tenure to macroeconomic fluctuations (Nordhaus, 1975; Alesina et al., 1997). For India, such comparisons allow an assessment of whether changes in inflation reflect transient shocks or coincide with deeper regime-level shifts in the structure and management of the economy.

This paper contributes to the macroeconomic and political-economy literature in two main ways. First, it provides a comprehensive comparison of inflation outcomes across Indian prime ministers from 1947 to 2025. The analysis uses Wholesale Price Index (WPI) inflation—the only inflation measure available continuously since independence and India's official headline index until 2012—as the primary historically comparable series. Consumer Price Index (CPI) inflation is incorporated as a supplementary measure where data coverage permits, with careful attention to methodological transitions, including the shift to CPI (Combined) as the headline inflation indicator after 2012. Second, the paper benchmarks India's CPI inflation against U.S. CPI inflation since 1980, situating domestic inflation outcomes within a global context and allowing an assessment of whether observed moderation reflects global disinflation or India-specific developments.

The descriptive evidence points to a clear empirical regularity: inflation outcomes since 2014 differ systematically from those observed under earlier prime-ministerial regimes. Both WPI and CPI measures indicate lower average inflation, reduced dispersion, and a sharp decline in the persistence of high-inflation episodes during the post-2014 period.

Moreover, the inflation differential between India and the United States compresses to levels not previously observed in the post-1980 sample. These patterns suggest a structural break from India's long-standing experience of chronic inflation rather than a continuation of earlier disinflationary episodes, which were frequently interrupted by renewed price pressures.

The remainder of the paper is organised as follows. Section 2 describes the data sources and methodology, with particular emphasis on index construction and comparability across long historical periods. Section 3 presents prime-minister–level descriptive evidence on inflation levels, volatility, and persistence. Section 4 benchmarks India's inflation outcomes against global trends using U.S. inflation as a reference. Section 5 discusses the policy and structural mechanisms that plausibly underpin the post-2014 shift in inflation dynamics. Section 6 concludes.

2 Data and Methodology

This section describes the construction of the inflation dataset, the treatment of index revisions, the definition of the unit of analysis, and the approach used to benchmark Indian inflation against global comparators. Given the long historical horizon covered in this study and the evolution of India's inflation measurement framework, particular care is taken to ensure internal consistency, transparency of data sources, and comparability across time.

2.1 Data Sources

The analysis draws on three principal data sources, reflecting the historical evolution of India's official inflation indicators:

- **Wholesale Price Index (WPI).** Monthly WPI index values from independence until March 1971 are obtained from the *Reserve Bank of India (RBI) Monthly Bulletins*. From April 1971 onward, WPI data are sourced from the *EPW Research Foundation (EPWRF) India Time Series* database, which provides a harmonised

long-span WPI series. The post-1971 series is cross-checked against releases from the *Ministry of Statistics and Programme Implementation (MOSPI)* and the Office of the Economic Adviser to ensure consistency across base-year revisions.

- **Consumer Price Index (CPI).** CPI inflation data are taken directly from the *CEIC* database. CEIC computes CPI inflation as the year-on-year percentage change in monthly CPI indices. From January 2012 onward, CPI indices are sourced from MOSPI and use base year 2012, corresponding to the official CPI (Combined) series. CPI inflation prior to January 2012 is sourced by CEIC from the *International Monetary Fund* and reflects the Consumer Price Index for Industrial Workers (CPI-IW).

- **International inflation series.** Global benchmark inflation data are drawn from standard publicly available sources, including the International Monetary Fund's *International Financial Statistics*, OECD Consumer Price Indices, and the Federal Reserve Economic Data (FRED) database for the United States.

The WPI series is available continuously from 1947 onward and served as India's official headline inflation measure until 2012. It therefore constitutes the only inflation indicator that permits fully comparable analysis across all prime ministers since independence. CPI inflation data are available from January 1958 onward and are used as a supplementary indicator where coverage permits.

2.2 Series Construction and Index Harmonisation

India's price indices have undergone multiple base-year revisions over time. To ensure consistency, the analysis follows a uniform and transparent procedure across indices.

WPI construction and base-year revisions. The first official WPI for India had base week ended 19 August 1939 = 100. The Wholesale Price Index has been published under the following official base years:

1939, 1952–53, 1961–62, 1970–71, 1982–83, 1993–94, 2004–05, 2011–12.

Where overlapping vintages are available, the latest revised index numbers are used. For the post-1971 period, the WPI series index values provided by EPWRF is employed. For the pre-1971 period, year-on-year WPI inflation rates are calculated directly from monthly index values reported in RBI Bulletins. This approach preserves growth-rate comparability across the full historical horizon without imposing artificial level comparability across base years.

CPI construction. CPI inflation measures are used exactly as provided by CEIC. From 2012 onward, CPI inflation corresponds to the official CPI (Combined) with base year 2012. Prior to 2012, CPI inflation reflects CPI-IW sourced from the IMF. No manual splicing, re-weighting, or synthetic harmonisation across CPI series is performed. CPI-based results are interpreted in light of the differing population coverage and expenditure weights of the underlying indices.

Inflation calculation. Inflation is defined throughout as the year-on-year percentage change in the relevant monthly price index. Monthly year-on-year inflation observations constitute the basic unit of analysis.

2.3 Prime-Minister–Level Aggregation and Inflation Metrics

The unit of analysis in this paper is the individual prime minister. For each prime minister, inflation outcomes are computed by aggregating all monthly YoY inflation observations corresponding to periods in which the individual held office, including non-contiguous terms where applicable. This aggregation reflects the view that the prime minister serves as a proxy for a broader fiscal and political regime, capturing continuity in fiscal priorities, welfare orientation, and administrative approach that may persist across interrupted spells in office.

Inflation metrics are computed using only the monthly observations that fall within periods when the prime minister held office, thereby avoiding distortions arising from alignment to calendar or fiscal years. For each prime minister, the following measures are constructed:

1. **Average year-on-year WPI inflation**, available for all prime ministers from 1947 onward and used as the primary basis for long-run comparison;

2. **Average year-on-year CPI inflation**, computed only for prime ministers whose periods in office are fully covered by CPI data;

3. **Supplementary distributional measures**, including median inflation and interquartile ranges, used to characterise dispersion and robustness.

As CPI inflation data begin in January 1958, CPI-based averages and dispersion measures are not computed for Jawaharlal Nehru's period in office in order to preserve parity across prime-minister–level comparisons. Prime ministers with very short periods in office (e.g., Chandra Shekhar) are retained in the analysis but interpreted with caution due to the limited number of observations.

Accordingly, WPI inflation serves as the only fully comparable inflation series across all prime ministers since independence, while CPI inflation is used as a supplementary indicator for later periods where data coverage permits.

3 Results

This section presents the core descriptive results of the analysis. The results are organised into two tables and are reported at the level of the individual prime minister, with inflation outcomes aggregated across all months in which each prime minister held office. Table 1 reports prime-minister–level average inflation and volatility, capturing differences in the level and dispersion of inflation across political–fiscal regimes. Table 2 reports complementary distributional and persistence measures, including medians, interquartile ranges, and the share of months in which inflation exceeded 6 percent.

3.1 Average Inflation and Volatility

Table 1 summarises mean inflation and standard deviation for WPI and CPI at the prime-minister level. These statistics capture, respectively, the central tendency and volatility

of inflation outcomes associated with each political–fiscal regime.

Table 1: Average Inflation and Volatility by Prime Minister (percent, through December 2025)

Prime Minister	Months	WPI		CPI (IW/Comb.)	
		Mean	SD	Mean	SD
Jawaharlal Nehru (JLN)	202	4.13	8.60	–	–
Lal Bahadur Shastri (LBS)	20	10.61	4.08	11.53	4.50
Indira Gandhi (IG)	191	9.06	8.56	8.64	8.54
Morarji Desai (MD)	28	3.68	4.44	5.07	3.09
Charan Singh (CS)	6	19.58	2.39	9.30	1.93
Rajiv Gandhi (RG)	61	6.50	1.92	7.88	1.67
V.P. Singh (VP)	11	8.51	0.73	7.84	1.80
Chandra Shekhar (CSK)	8	12.13	0.91	13.57	1.48
P.V. Narasimha Rao (PVNR)	59	9.92	2.96	10.06	2.63
HD Devegowda (HD)	11	4.92	0.62	9.39	1.01
I.K. Gujral (IK)	11	4.25	0.61	6.63	1.77
Atal Bihari Vajpayee (ABV)	74	4.81	1.82	5.37	3.99
Manmohan Singh (MMS)	120	6.54	2.56	8.16	2.83
Narendra Modi (NM)	139	2.84	4.91	4.78	1.60

Interpretation. Three clear patterns emerge. First, prime ministers associated with the late-1960s through mid-1980s period and the early-1990s period—most notably Indira Gandhi and P. V. Narasimha Rao—exhibit substantially higher average WPI inflation and markedly greater volatility, consistent with India's long-standing experience of chronic inflation during these decades. Second, the disinflation observed under the ABV regime in the late 1990s represents a clear departure from earlier outcomes but is interrupted during the 2004–2014 period, when both WPI and CPI inflation rise again under the Manmohan Singh regime. Third, the post-2014 regime is associated with the lowest

average inflation outcomes among long-serving prime ministers, alongside a pronounced reduction in CPI volatility, even as wholesale prices continue to reflect exposure to global commodity cycles.

3.2 Distribution and Persistence of Inflation

Average inflation masks important differences in the typical inflation experience and in the persistence of high-inflation episodes. Table 2 therefore reports prime-minister–level medians, interquartile ranges (IQR), and the share of months in which inflation exceeded 6 percent.

For stability, distributional statistics are reported for prime ministers with at least 12 months in office.

Table 2: Distribution and Persistence of Inflation by Prime Minister (percent)

Prime Minister	Months	WPI			CPI (IW/Comb.)		
		Median	IQR	Share >6%	Median	IQR	Share >6%
JLN	202	4.51	7.09	35.32			
LBS	20	9.28	7.04	90.00	11.07	6.25	85.00
IG	191	7.27	11.84	60.73	8.26	9.18	65.45
MD	28	3.29	6.73	28.57	4.08	5.29	35.71
RG	61	6.10	2.36	52.46	8.36	2.49	80.33
PVNR	59	9.63	3.48	91.53	9.89	2.54	89.83
ABV	74	5.18	2.96	29.73	4.14	1.97	18.92
MMS	120	6.74	3.50	59.17	8.46	3.86	73.33
NM	139	2.10	4.40	15.11	4.91	2.11	23.02

Notes: The 6% threshold is used as a uniform descriptive benchmark across the sample and corresponds to the upper tolerance band under the CPI inflation-targeting framework in the later period. For stability, distributional statistics are reported for prime ministers with at least 12 months in office.

Interpretation. The distributional evidence reinforces the conclusions drawn from average inflation. High-inflation regimes are characterised not only by elevated means but also by wide interquartile ranges and a high frequency of months with inflation above 6 percent, indicating persistent inflationary pressure rather than isolated spikes. This pattern is most pronounced under the regimes of Indira Gandhi and P. V. Narasimha Rao and re-emerges during 2004–2014. By contrast, the post-2014 regime is distinguished by a sharp decline in the persistence of elevated inflation. Only around 15 percent of months record WPI inflation above 6 percent, and fewer than one-quarter of months record CPI inflation above this threshold, representing the lowest persistence of high inflation observed among long-serving prime ministers in the sample.

Taken together, the two tables indicate that India's inflation experience has not followed a monotonic downward trajectory. Instead, periods of disinflation have been interrupted by renewed inflationary pressures before giving way to a more sustained moderation in the most recent regime. These results provide a structured descriptive baseline for the discussion of policy mechanisms in the next section.

4 Global Comparison

This section benchmarks India's inflation performance against global inflation trends using a direct comparison between Indian CPI inflation and U.S. CPI inflation from 1980 onward. As in the domestic analysis, outcomes are aggregated at the prime-minister level. The objective is to assess whether changes in India's inflation outcomes merely reflect global disinflationary forces or whether they represent a distinct shift in domestic inflation dynamics.

The United States is used as the benchmark economy for three reasons. First, U.S. CPI data are available on a consistent, high-frequency basis over the entire post-1980 period. Second, U.S. inflation serves as a bellwether for global inflation cycles, particularly for commodity prices and global monetary conditions. Third, benchmarking against a single reference economy avoids aggregation issues inherent in multi-country inflation indices.

4.1 India–U.S. CPI Inflation Differential

Table 3 reports the average CPI inflation differential between India and the United States by prime minister since 1980. The differential is defined as the difference between Indian CPI inflation and U.S. CPI inflation, expressed in percentage points.

Table 3: Average India–U.S. CPI Inflation Differential by Prime Minister (percent, since January 1980, through December 2025)

Prime Minister	Months	Mean Differential	SD	Median Differential
IG	57	3.11	3.96	2.90
RG	61	4.29	2.08	4.40
VP	11	2.65	1.65	2.90
CSK	8	8.26	1.44	8.10
PVNR	59	7.16	2.58	7.30
ABV	74	3.05	4.45	1.95
MMS	120	5.88	3.76	5.45
NM	139	1.98	2.25	1.80

Notes: The inflation differential is defined as year-on-year CPI inflation in India minus U.S. CPI inflation. Indian CPI inflation is sourced from CEIC (CPI-IW prior to 2012 and CPI-Combined thereafter). U.S. CPI inflation is taken from official U.S. CPI data. All figures are prime-minister–level monthly averages. Short-serving prime ministers are retained for completeness but should be interpreted with caution.

4.2 Time-Series Comparison

Figure 1 plots Indian and U.S. CPI inflation since 1980, with shaded regions indicating Indian prime ministerial regimes. The figure illustrates both the level and persistence of inflation differentials over time.

Interpretation. The global comparison reveals three salient patterns. First, during the 1980s and early 1990s, India's CPI inflation consistently exceeded U.S. inflation by a wide margin, with average differentials typically ranging between 3 and 7 percentage

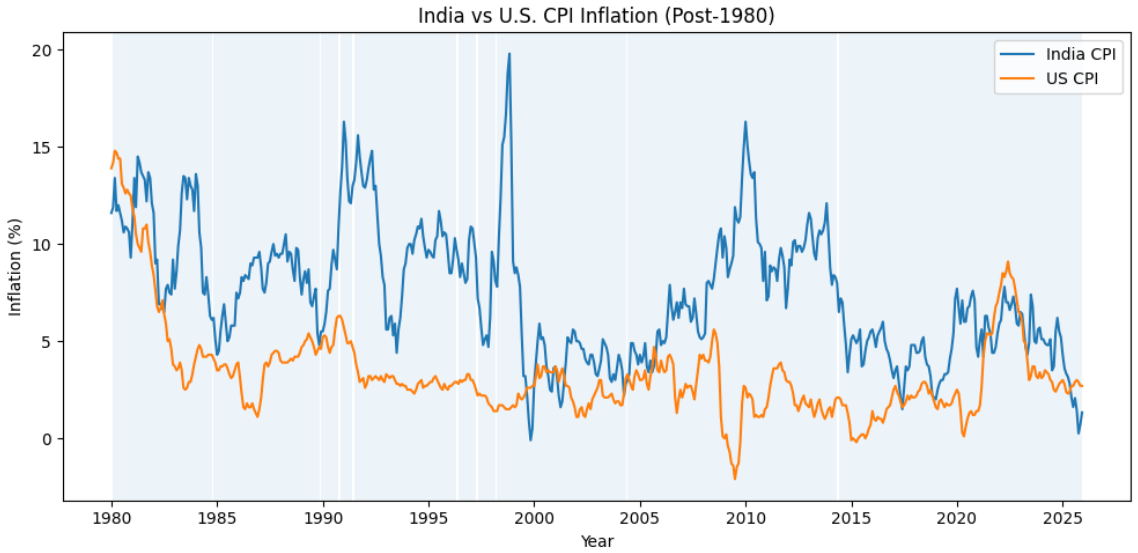

Figure 1: India and U.S. CPI Inflation Since 1980, with Prime Ministerial Regimes Shaded

points. Second, the late 1990s and early 2000s exhibit a partial narrowing of the inflation gap, though India continues to record higher inflation than the United States in most months. Third, and most notably, the post-2014 regime is characterised by a pronounced compression of the inflation differential. Average differentials fall to their lowest levels in the post-1980 sample, and the volatility of the differential declines substantially.

Earlier episodes of global disinflation did not produce comparable outcomes for India, indicating that the recent narrowing of the inflation gap reflects changes in domestic inflation dynamics rather than purely favourable global conditions. At the same time, the persistence of a positive differential underscores that India has not fully converged to advanced-economy inflation levels. Differences in economic structure, consumption baskets, and exposure to supply shocks remain relevant.

Taken together, the evidence from Table 3 and Figure 1 complements the domestic results and strengthens the conclusion that the post-2014 period represents a distinct inflation regime in India's post-1980 macroeconomic history.

Table 4 and Table 5 provide a consolidated view of inflation outcomes by prime minister, combining domestic wholesale and consumer price dynamics with a global benchmark. Sorting regimes by WPI mean highlights the structural shift in India's inflation experience. The post-2014 regime ranks lowest in terms of average wholesale inflation while

also exhibiting the lowest CPI inflation, reduced CPI volatility, and the smallest inflation differential relative to the United States. Earlier regimes with comparable or lower wholesale inflation—such as the late-1990s period—did not display a similar compression in consumer inflation or global inflation differentials. By contrast, high-inflation regimes are characterised not only by elevated WPI and CPI means but also by higher volatility and larger inflation gaps vis-à-vis the United States. The table therefore reinforces the central result of the paper: the post-2014 period represents a distinct and historically unusual inflation regime rather than a marginal improvement over earlier disinflation episodes.

Table 4: Consolidated Inflation Outcomes by Prime Minister (percent, through December 2025, sorted by WPI Mean)

Prime Minister	Total Months	WPI Mean	CPI Mean	WPI >6% (% months)	CPI >6% (% months)	India–U.S. CPI Diff
Narendra Modi	139	2.84	4.78	15.11	23.02	1.98
Morarji Desai	28	3.68	5.07	28.57	35.71	–
Jawaharlal Nehru	202	4.13	–	35.32	–	–
I. K. Gujral	11	4.25	6.63	0.00	54.55	4.67
Atal Bihari Vajpayee	74	4.81	5.37	29.73	18.92	3.05
H. D. Deve Gowda	11	4.92	9.39	0.00	100.00	6.35
Rajiv Gandhi	61	6.50	7.88	52.46	80.33	4.29
Manmohan Singh	120	6.54	8.16	59.17	73.33	5.88
V. P. Singh	11	8.51	7.84	100.00	81.82	2.65
Indira Gandhi	191	9.06	8.64	60.73	65.45	3.11
P. V. Narasimha Rao	59	9.92	10.06	91.53	89.83	7.16
Lal Bahadur Shastri	20	10.61	11.53	90.00	85.00	–
Chandra Shekhar	8	12.13	13.57	100.00	100.00	8.26
Charan Singh	6	19.58	9.30	100.00	33.33	–

Notes: Statistics are computed at the prime-minister level by aggregating all monthly observations corresponding to periods in which each prime minister held office. WPI inflation is the primary historically comparable series. CPI inflation is reported where data coverage permits (CPI-IW prior to

2012; CPI-Combined thereafter). The India–U.S. CPI differential reports the mean difference between Indian CPI inflation and U.S. CPI inflation for post-1980 prime ministers. Dashes indicate insufficient data or non-comparability. All figures are in percent.

Table 5: Consolidated Inflation Outcomes by Prime Minister (percent, through December 2025, sorted by WPI Mean)

Prime Minister	Total Tenure	WPI Mean	CPI Mean	WPI SD	CPI SD	India–U.S. CPI Diff
Narendra Modi	139	2.84	4.78	4.91	1.60	1.98
Morarji Desai	28	3.68	5.07	4.44	3.09	–
Jawaharlal Nehru	202	4.13	–	8.60	–	–
I.K. Gujral	11	4.25	6.63	0.61	1.77	4.67
Atal Bihari Vajpayee	74	4.81	5.37	1.82	3.99	3.05
H.D. Devegowda	11	4.92	9.39	0.62	1.01	6.35
Rajiv Gandhi	61	6.50	7.88	1.92	1.67	4.29
Manmohan Singh	120	6.54	8.16	2.56	2.83	5.88
V.P. Singh	11	8.51	7.84	0.73	1.80	2.65
Indira Gandhi	191	9.06	8.64	8.56	8.54	3.11
P.V. Narasimha Rao	59	9.92	10.06	2.96	2.63	7.16
Lal Bahadur Shastri	20	10.61	11.53	4.08	4.50	–
Chandra Shekhar	8	12.13	13.57	0.91	1.48	8.26
Charan Singh	6	19.58	9.30	2.39	1.93	–

Notes: Statistics are computed at the prime-minister level by aggregating all monthly observations corresponding to periods in which each prime minister held office. WPI inflation is the primary historically comparable series. CPI inflation is reported where data coverage permits (CPI-IW prior to 2012; CPI-Combined thereafter). The India–U.S. CPI differential reports the mean difference between Indian CPI inflation and U.S. CPI inflation for post-1980 prime ministers. Dashes indicate insufficient data or non-comparability. All figures are in percent.

5 Discussion of Policy Mechanisms

The results documented in the preceding sections point to a consistent empirical pattern: India's inflation regime changes materially after 2014. At the prime-minister level, the post-2014 period is associated with lower average inflation, reduced persistence of high-inflation months, and a marked compression of the inflation differential relative to the United States. These outcomes are evident in both wholesale and consumer price measures and remain apparent despite the pandemic-era months of high global inflation.

The relevant question, therefore, is not whether inflation outcomes shifted after 2014. They clearly did. The relevant question is which structural and policy developments plausibly account for the decline in chronic inflation. This paper treats the prime minister as a proxy for a broader fiscal and political regime. The post-2014 regime coincides with a set of reforms and institutional changes that, taken together, altered three core features of India's inflation process: (i) the severity of supply bottlenecks and distribution margins, (ii) the pass-through of global commodity shocks, and (iii) the inflationary footprint of fiscal support. This section discusses the principal mechanisms that plausibly underpin the break.

Supply-Side Reforms and Logistics Efficiency

Supply-chain frictions and internal trade barriers have historically amplified inflation in India by widening distribution margins and slowing supply responses to demand shocks. The introduction of the Goods and Services Tax (GST) in 2017 represented a structural shift toward a more integrated national market. By reducing cascading taxes, lowering compliance and transit frictions, and improving inventory and logistics efficiency, GST plausibly lowered the steady-state wedge between producer and retail prices in traded goods.

The reduction in interstate check-post delays and the rationalisation of logistics are particularly relevant for an economy where food and manufactured goods move long distances across states. Lower transaction costs compress mark-ups and reduce the infla-

tionary impact of supply disruptions, especially when shocks are localised and markets are otherwise fragmented. The post-2014 decline in both the level and persistence of inflation is consistent with a regime in which distribution frictions exert a weaker and less durable influence on prices.

Energy Intensity and Fuel Price Transmission

India's inflation history has been closely linked to global energy prices. Earlier inflation surges frequently coincided with oil shocks that transmitted rapidly into domestic prices through higher energy intensity and rigid fuel pricing regimes. Two changes in the post-2014 period weakened this transmission mechanism.

First, the energy intensity of output declined, reducing the cost impact of a given increase in global crude prices. Second, greater flexibility in fuel pricing reduced the likelihood of large, discrete price adjustments and the associated second-round effects. Together, these changes plausibly lowered both the mean impact and the persistence of energy shocks on headline inflation. The coexistence of major global energy price movements with relatively moderate domestic inflation in the post-2014 period is consistent with a dampened pass-through channel.

Direct Benefit Transfers and the Inflationary Footprint of Welfare Spending

A defining feature of the post-2014 regime has been the reconfiguration of welfare delivery through large-scale Direct Benefit Transfers (DBT). Earlier subsidy regimes were often characterised by leakage and weak targeting, allowing fiscal outlays to translate into diffuse and frequently inflationary demand pressures. The expansion of Aadhaar-linked identification and digital payment infrastructure materially altered this dynamic.

By reducing leakage and improving targeting, DBT changes the inflationary footprint of welfare spending even when the scale of social expenditure remains large. In macroeconomic terms, this is a shift in composition and transmission: fiscal support becomes less likely to generate broad-based excess demand in markets already constrained by supply.

In an economy with historically binding supply bottlenecks, this channel is particularly relevant for explaining lower persistence of high-inflation episodes.

Supply Responsiveness, Industrial Policy, and Capacity Expansion

Inflation persistence is closely tied to the ability of domestic producers to respond to demand shocks. Capacity constraints and import dependence historically limited supply responses in India, causing growth accelerations to spill over into prices. The post-2014 period saw renewed emphasis on expanding domestic supply capacity through corporate tax reforms and targeted industrial policies, including production-linked incentive (PLI) schemes.

While the full effects of these policies will play out over time, their relevance for inflation lies in improving supply elasticity in sectors prone to bottlenecks. Greater supply responsiveness reduces the likelihood that demand expansions translate into sustained price increases and lowers the persistence of inflationary episodes triggered by sectoral shocks.

Fiscal Discipline and the Inflation Regime

Fiscal stance matters critically for inflation outcomes, particularly when inflation expectations are being anchored under a modern monetary framework. The contrast between India and many advanced economies during the pandemic period is instructive. While several OECD economies deployed very large fiscal expansions followed by sharp inflation surges, India adopted a comparatively restrained approach.

A measured fiscal response limits demand overshooting and reduces the pressure on monetary authorities to accommodate deficits. In this sense, fiscal discipline complements the inflation-targeting framework by supporting credibility and limiting inflation drift. The persistence of relatively low and stable inflation during the post-2014 regime, including through large global shocks, is consistent with a macroeconomic configuration in which fiscal-monetary interactions are less inflationary than in earlier decades.

Synthesis

Taken together, these mechanisms provide a coherent interpretation of the empirical results. The post-2014 regime is not merely associated with lower inflation averages; it reflects a structural weakening of the channels that historically generated chronic inflation in India: distribution bottlenecks, commodity pass-through, leakage-driven demand surges, capacity constraints, and fiscally induced inflation pressure. The interruption of disinflation during the mid-2000s and early-2010s further underscores that sustained inflation moderation is not inevitable; it is contingent on the policy and institutional configuration of the regime.

While formal econometric decomposition is beyond the scope of this paper, the alignment between these structural shifts and the observed reduction in both the level and persistence of inflation supports the central conclusion: since 2014, India has experienced a break from its long-standing pattern of chronic inflation, resulting in an inflation regime that is more stable domestically and closer to global benchmarks than at any previous point in the post-independence period.

6 Conclusion

This paper has presented a systematic comparison of inflation outcomes across Indian prime ministers from 1947 to 2025, using WPI inflation as the primary historically comparable series and CPI inflation as a supplementary indicator where coverage permits. By aggregating monthly inflation observations at the prime-minister level—treating each prime minister as a proxy for a broader fiscal and political regime—and benchmarking India's CPI inflation against U.S. inflation since 1980, the paper documents a sharp regime shift in India's inflation dynamics after 2014.

Across multiple descriptive dimensions—average inflation, dispersion, distributional spread, persistence of high-inflation months, and the India–U.S. inflation differential—the post-2014 regime stands apart from earlier periods. Wholesale inflation outcomes are lower on average than under most prior regimes, and the frequency of months with

inflation above 6 percent falls sharply. Consumer inflation is not only lower in level but markedly less persistent, with fewer and shorter episodes of elevated inflation. The global comparison reinforces this conclusion: the inflation differential relative to the United States compresses to historically low levels in the post-2014 period, an outcome not observed during earlier episodes of global disinflation.

The historical perspective is central. India's inflation trajectory has not followed a smooth or monotonic decline. The late-1990s moderation was interrupted by renewed inflationary pressures during the mid-2000s and early-2010s, underscoring the economy's long-standing vulnerability to supply bottlenecks, commodity shocks, and demand pressures. Against this backdrop, the sustained moderation observed since 2014 represents a departure from India's prior experience rather than a continuation of earlier trends.

The discussion of mechanisms suggests a coherent interpretation of this break. Improvements in supply-chain efficiency, reduced energy intensity and altered fuel-price transmission, better-targeted welfare delivery, improved supply responsiveness, and a more disciplined fiscal stance jointly weakened the channels that historically generated chronic inflation. These developments do not imply that India has fully converged to advanced-economy inflation levels or that inflation risks have disappeared. Rather, they indicate that the structure of India's inflation process has improved materially relative to its own historical baseline.

Finally, the study provides a descriptive empirical foundation for future research. Formal econometric work could quantify the contribution of specific mechanisms, examine component-level inflation dynamics, and test the durability of the post-2014 regime under alternative global shock scenarios. By documenting the magnitude and persistence of India's post-2014 inflation shift, this paper contributes to a clearer understanding of how macroeconomic regimes evolve in large emerging economies.

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