

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:4117  
ANSWERED ON:18.04.2002  
TAX INCENTIVES FOR PETROLEUM INDUSTRY  
ASHOK NAMDEORAO MOHOL

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) Whether there is any proposal to give tax incentives for petroleum industry for providing cleaner fuel throughout the country;
- (b) If so, the details thereof; and
- (c) The other incentives proposed to be given to petroleum industry for providing cleaner fuel throughout the country?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINIS  
PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): In its interim report, accepted by the Government, the Expert Committee, constituted by the Government in September 2001 on `Auto Fuel Policy`, has inter-alia made the following recommendation:

`Environmental concerns are such that too put in place the new emissions norms, substantial investments need to be made to produce appropriate quality fuel and the vehicles. The Committee recommends preferential treatment to the oil and auto industry in matters relating to:

- (i) customs duty on imported capital goods, equipment and machinery needed for upgradation of technology/facilities,
- (ii) excise duty on indigenously manufactured capital goods, equipment and machinery needed for upgradation,
- (iii) 100% depreciation on plant and machinery put up for upgradation,
- (iv) soft loans for technology modernisation/upgradation projects, and
- (v) adequate incentives, such as tariff differentials and other measures to enable domestic industry to compete with imports.`