

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

UNSTARRED QUESTION NO:869
ANSWERED ON:29.07.2010
TAXES ON PETROL AND DIESEL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Union Government levies almost 50 per cent taxes and State Governments levy additional 33 per cent taxes on production of petrol and diesel in the country;
- (b) if so, the facts and details thereof;
- (c) whether the Union Government propose to bring down its share of taxes and share of State Governments to bring down the prices of petroleum/diesel and its products;
- (d) if not, the reasons therefor; and
- (e) the manner in which the Union Government plan to check steep rise in price of petrol/diesel?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI JITIN PRASADA)

(a)&(b): The share of Central and States taxes and duties in the retail selling price of Petrol and Diesel (at Delhi) are given as in the table below:

	Petrol		Diesel	
	Rs./ltr	% of RSP	Rs./ltr	% of RSP
RSP at Delhi	51.45		37.62	
A. Central Taxes				
Customs Duty	1.66	3.2%	1.82	4.8%
Excise Duty	14.78	28.7%	4.74	12.6%
Total Central Taxes	16.44	31.9%	6.56	17.4%
B. State Taxes				
VAT	8.57	16.7%	4.43##	11.8%
Total Taxes (A+B)	25.01	48.6%	10.99	29.2%

Note: Central taxes are inclusive of levy of Education Cess at 3% thereon. Custom Duty is based on the Refinery Transfer Prices applicable for the 2nd Fortnight of July 2010.

##Includes Re.0.25 per litre of Pollution Cess levied by the Delhi Government.

The State Governments levy VAT/Sales Tax on sale of Petrol and Diesel. The rates vary widely across the States from a minimum of 18% to a maximum of 33.36% in case of Petrol and from a minimum of 9.24% to a maximum of 26% in case of Diesel.

(c)&(d): Ministry of Finance has informed that at present, there is no proposal before the Government to alter the rates of Central indirect taxes. The prices of petroleum products depend upon several factors and making changes in the rates of indirect taxes is not the sole method to achieve the objective.

The Central Government has requested the State Governments to rationalize their taxes and also shift from the ad-valorem rates to specific tax component for providing relief to the consumers.

Recently, the Government of National Capital Territory of Delhi has reduced the VAT rate on Diesel from 20% to 12.5% w.e.f 20th July, 2010. Government of Goa has also reduced the VAT rates on Petrol and Diesel w.e.f. 17th July, 2010 as per the details below:

Product Changes

Petrol Reduction in VAT rate from 22% to 20%

Diesel Reduction in VAT rate from 20% to 18%

(e): In order to protect the interests of the consumer, Government has decided that in case of a high rise and volatility in international oil prices, Government will suitably intervene in the pricing of Petrol and Diesel.