

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4481
ANSWERED ON:20.08.2010
HIGH TAX ON PETROL
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Will the Minister of FINANCE be pleased to state:

- (a) the break-up of price and various categories of taxes and duties levied on petrol in the country;
- (b) the details of comparison of the same prevailing in other countries;
- (c) whether rise or fall in the price of petrol has an impact on the rate of inflation in the country; and
- (d) if so, the details thereof and reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): The Retail Selling Price (RSP) of Petrol (at Delhi), indicating the break-up of price and the various categories of taxes and duties presently levied on petrol by the Central Government and the State Government is as under:

(Rs./litre)

S.No.	Particulars	Amount
1.	Price without Duty and Tax Central Taxes	26.36
2.	Customs Duty	1.74
3.	Excise Duty	14.78
	Total	16.52
4.	States Taxes - VAT	8.57
5.	Total Amount of duties and Taxes (2+3+4)	25.09
	Retail Selling Price at Delhi (1+5)	51.45

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 August, 2010.

The break-up of taxes/duties levied by the neighbouring countries in the RSP of Petrol is not available. However, the rates of taxation as a percentage of the RSP of Petrol in India(Delhi) and these countries are as follows:

(Indian Rupees/Litre)
Country Petrol

RSP Pre-Tax RSP % of Tax in RSP

India	51.45	26.36	49%
Pakistan	37.13	26.27	29%
Sri Lanka	47.18	28.94	39%
Nepal	52.65	35.91	32%

Note:

(1) Source:

Pakistan Official website OGRA & Pak State Oil, Price build up dated 01-07-2010.

Sri Lanka and Nepal: M/s. IOCL.

(2) Taxes in Pakistan are inclusive of Petroleum Development Levy (15% of the RSP).

(3) For India: RSP & VAT rate applicable for Delhi considered.

The levying of taxes in a particular country depends upon various factors, including its socio-economic and political conditions and vary from country to country.

(c) & (d): The petrol prices have been revised on 25-06-2010, which reflects in inflation of June, 2010. In July, 2010, headline Wholesale Price Index (WPI) stood at 9.97 per cent, it was 10.55 per cent in June 2010 as compared to 11.14 percent in May, 2010. Petroleum products are placed under the 'Mineral Oil Group' in the Wholesale Price Index (WPI), which is a sub-group of the main group 'Fuel, Power, Light & Lubricants'. The weights assigned are as under:

Group/Sub-group	Assigned Weights
Fuel, Power, Light & Lubricants	14.22624
- Mineral Oil (Sub-Group)	6.98964
- Petrol (under Sub group 'Mineral Oil')	0.88815

Since Petrol is assigned a small weight of 0.89 %, the impact of rise and fall in the price of Petrol will have only a marginal impact on inflation.