

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

UNSTARRED QUESTION NO:2757
ANSWERED ON:25.11.2010
UNIFORM PRICES FOR PETROL AND DIESEL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government is considering to sell petrol, diesel and LPG at uniform rates across the country;
- (b) if so, the details thereof;
- (c) whether the Government has taken up the matter of rationalising sales tax and VAT with State Governments;
- (d) if so, the details thereof;
- (e) whether the Government has plan to include petrol and diesel under Goods and Services Tax (GST); and
- (f) if so, the details thereof?

Answer

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

(a)&(b): The basic ex-storage selling prices of Diesel and Domestic LPG are uniform at all refinery locations throughout the country. Beyond this point the retail selling prices of petroleum products vary from market to market mainly on account of the variation in Sales Tax/VAT rates levied by the State Governments.

With effect from 26.06.2010, the price of Petrol has been made market-determined and hence Oil Marketing Companies are free to fix their prices based on commercial considerations and market conditions.

(c)&(d): The Central Government has requested the State Governments to rationalize their taxes on sensitive petroleum products namely Petrol, Diesel, PDS Kerosene and Domestic LPG, and also to shift from the ad-valorem tax rates to specific tax component, for providing relief to the consumers.

Consequently, 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. The Government of Bihar has reduced VAT on PDS Kerosene from 12.5% to 4% w.e.f. 12th July, 2010.

The Government of Goa has reduced VAT rates on Petrol, Diesel and Domestic LPG w.e.f. from 17th July, 2010 as follows:

Product Changes

Petrol Reduction in VAT rate from 22% to 20%

Diesel Reduction in VAT rate from 20% to 18%

Domestic LPG Reduction in VAT rate from 4% to Nil

The Government of West Bengal has reduced Sales Tax on PDS Kerosene from 4% to Nil w.e.f. 1st September, 2010.

(e)&(f): Ministry of Finance has informed that as per the First Discussion Paper of the Empowered Committee of State Finance Ministers on GST released in November, 2009, Petrol and Diesel are to be kept out of the ambit of GST. However, as the design and structure of GST are yet to be finalized, it is not possible to state at this stage whether these items would be kept out of GST.