

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1119
ANSWERED ON:05.08.2011
FISCAL HOLE
Thamaraiselvan Shri R.

Will the Minister of FINANCE be pleased to state:

- (a) whether there would be Rs.49,000 crore fiscal hole to offset fuel price pinch in revenue for 2011-12;
- (b) if so, the details thereof;
- (c) whether the Government is considering other ways to compensate the revenue loss; and
- (d) if so, the details thereof?

Answer

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

(a) & (b): The estimated loss is a function of a number of variables such as, international price, exchange rate, quantum of imports and domestic consumption. The estimated revenue loss for reduction in basic customs duty on petroleum crude, petrol, diesel and other refined products and in basic excise duty on diesel is likely to be Rs.49,000 crore for the full financial year. The details are placed as Annexure-I.

(c) & (d): Instructions have been issued to strengthen the tax administration by certain measures such as, identification of stop filers, conducting special audit, liquidation of arrears.

CUSTOMS

s. No	Item	Reduction in basic customs duty rate	Estimated Revenue Loss (Rs. In crore)
		From	To

1. Petroleum crude 5% Nil

2. Petrol and diesel 7.5% 2.5%

3. Other petroleum products (except those at Nil/2.5%) 10% 5%

Sub-Total 26000

EXCISE

s. No	Item	Reduction in basic excise duty rate (Rs. In crore)	Revenue Loss
		From	To

1. Diesel intended Rs.2.60 Nil 23000

for sale without a /litre
brand name

Grand total 49000