

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4665
ANSWERED ON:04.05.2012
CESS ON OIL PRODUCTION
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Will the Minister of FINANCE be pleased to state:

- (a) the rate at which cess is levied in production of oil;
- (b) whether the Union Government has any proposal to increase cess on oil production; and
- (c) if so, the details thereof and the reasons therefor?

Answer

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

- (a): Presently, crude petroleum oil produced in India attracts cess of Rs.4,500 per metric tonne under Oil Industry (Development) Act, 1974;
- (b): In Budget 2012-13, Government has already increased the rate of cess from Rs. 2,500 per Metric tonne to Rs. 4,500 per metric tonne with effect from 17th March, 2012.
- (c): The increase in rate of cess was carried out as part of fiscal consolidation measures and also as a measure of indexation, in view of the fact that the rate was last revised in 2006.