

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4783

ANSWERED ON:04.05.2012

RESTRUCTURING CENTRAL TAXES ON PETROLEUM

Gandhi Shri Dilip Kumar Mansukhlal;Rajesh Shri M. B.;Yadav Shri Dinesh Chandra

Will the Minister of FINANCE be pleased to state:

- (a) the contribution of petroleum sector to the central exchequer during the last two years;
- (b) the break up of customs, excise and other forms of revenue collected from crude oil and petroleum products, State-wise during the same period;
- (c) whether the Government has plans for restructuring tax rates in the wake of increasing oil prices;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken or proposed to be taken by the Government to reduce tax on petroleum products?

Answer

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

(a): The contribution of petroleum sector to the central exchequer is Rs.1,02,827 crore in the financial year 2010-11 and Rs. 86,082 crore in the year 2011-12 (Upto February, 2012);

(b): The break up of customs and excise duties including Cess collected from crude oil and petroleum products are as under:

Crude oil:

Financial Year Revenue (Rs. In crore)

Customs Cess [Under Oil Industry Total
(Development) Act, 1974];

2010-11	13370	8861	22231
2011-12	5122	9201	14323
(up to February 12)			

Petroleum products:

Financial Year Revenue (Rs. In crore)

Customs Excise Total

2010-11	12911	67685	80596
2011-12	13042	58717	71759
(up to February 12)			

Union Government does not maintain State-wise revenue collected from crude oil and petroleum products;

(c): No, Madam.

(d): In view of the prevailing high international crude prices, to guard the consumers from the rise in petroleum products, the Central government has already reduced customs and excise duty rates on petroleum crude and products w.e.f. 25th June 2011 as under:

CUSTOMS

S. No	Item	Reduction in basic customs duty rate
		From To

1. Petroleum crude 5% Nil
2. Petrol and diesel 7.5% 2.5%
3. Other petroleum products 10% 5%

EXCISE

S. No Item Reduction in basic excise duty rate

From To

1. Diesel intended for Rs.2.60/litre Nil
sale without a brand name

(e): Though the excise duty rates have been increased from 10% to 12%, from 1% to 2% and from 5% to 6% on other excisable goods in Budget 2012 -13, the excise duty on petroleum products have been kept unchanged. Petrol and Diesel are subject to excise duty at specific rates and therefore though the tax incidence of duty has reduced owing to increase in prices, the existing duty rates have been continued. The Central Government has, from time to time impressed upon the states to reduce the state levies in line with the duty cuts undertaken by the Central Government.