

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1672  
ANSWERED ON:22.08.2012  
TAXES ON ESSENTIAL COMMODITIES  
Mahendrasinh Shri Chauhan

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government had urged the States to waive different types of State level taxes on essential commodities; and
- (b) if so, the details thereof, reasons therefor and the reaction of each State Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) Yes sir. A letter was written by the Finance Minister on 1st June, 2012 to all Chief Ministers, requesting the States to reduce Sales Tax / VAT levied by States and also convert it into a specific amount per litre instead of being charged on ad valorem basis. Responses have been received from the State Governments of Gujarat and Uttar Pradesh.

State Government of Gujarat has informed that the rates of VAT on Petrol and Diesel had already been reduced to 3% since June, 2008. It expressed its unwillingness to shift to specific duty regime, by pointing out, inter-alia, that migration to specific taxation structure schemes in the time of unusually high prices would be detrimental to the interests of the consumers.

State Government of U.P has informed that rates of duties levied on petroleum products in U.P. are already comparable to other States; and that keeping in view the financial needs of the State, switching over to specific duty structure does not appear to be possible.