

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3595
ANSWERED ON:14.12.2012
STATE LEVIES ON FUEL
Pathak Shri Harin;Singh Shri Pradeep Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has asked the Chief Ministers of all States to reduce State levies on diesel, kerosene, petrol and cooking gas to provide relief to the common man and mitigate the impact of recent price hike of these products; and

(b) if so, the details thereof and the response of the State Governments thereto?

Answer

Minister of State in 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 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 State Government of Gujarat and Uttar Pradesh. State Government of Gujarat informed that the rates of VAT on Petrol and Diesel were already 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 financial needs of the State, switching over to specific duty structure does not appear to be possible.