

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:779

ANSWERED ON:27.02.2015

TAXES ON PERTROLEUM PRODUCTS

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Will the Minister of FINANCE be pleased to state:

(a) whether decline in crude oil prices in the international market has fastracked the financial recovery and boosted the economic growth during the current financial year 2014-15;

(b) if so, the details thereof;

(c) whether the resultant decline in oil prices has given opportunity to the Government to collect more revenue through taxes particularly by levying increased taxes on petroleum products;

(d) if so, the details thereof; and

(e) the amount of revenue generated/likely to be generated on account of increase in the said taxes?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) and (b): The decline in the international crude oil prices has helped in reducing the oil import bill and in strengthening of current account balance as well as contributed to decline in inflation and benign fiscal outlook. The growth and financial recovery in the economy depends on a number of factors and it is difficult to precisely pin-point the contribution of reduced oil prices on economic growth and financial recovery. Nevertheless, the rate of growth of the economy, measured by growth in the GDP at constant (2011-12) market prices, is projected to increase from 6.9 per cent in 2013-14 to 7.4 per cent in 2014-15. Financial recovery, to the extent it is reflected in buoyancy in stock market, showed an improvement between June 2014 and February 2015, partly aided by increase in capital flows into the country.

(c) and (d): The Basic Excise duty (BED) rates on petrol (both unbranded and branded) and diesel (both unbranded and branded) have been increased on four occasions since November 2014. The increase in excise duty on petrol and diesel has been effected, inter alia, taking into consideration the continued fall in international prices of crude and thereby of petrol and diesel. The details are given in the following table.

Increase effective from	Increase in the BED rate (in Rs. Per litre)	
	Petrol (both unbranded and branded)	Diesel (both unbranded and branded)
12.11.2014	1.50	1.50
02.12.2014	2.25	1.00
02.01.2015	2.00	2.00
17.01.2015	2.00	2.00

(e) The estimated revenue gain on account of the aforesaid four increases in BED rates of petrol and diesel (branded as well as unbranded) is about Rs. 20250 crore in the current financial year.