

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:53
ANSWERED ON:24.11.2014
SUBSIDIES IN PETROLEUM SECTOR
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Union Government intends to rethink on the subsidy on various petroleum products in view of the decline in crude oil prices in the international market;
- (b) if so, the details thereof; and
- (c) the steps taken by the Government to reduce the taxes on petroleum products at par with international level?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a) & (b): Presently the retail selling price (RSP) of PDS Kerosene and Subsidized Domestic LPG are being regulated by the Government and the prices of all other petroleum products are market determined. The Government has also decided to provide a fixed subsidy on LPG cylinders.

(c): A comparative statement of taxes in prices of Petrol and Diesel in India and other countries are given below:

Particulars	Petrol (in `/litre)			
	RSP	Ex - Tax Price	Taxes	% of Taxes
India	64.24	41.68	22.56	35%
France	114.13	47.42	66.70	58%
Germany	118.02	48.28	69.74	59%
Italy	132.63	51.86	80.78	61%
Spain	106.51	51.86	54.65	51%
UK	124.18	46.32	77.86	63%
Japan	93.30	54.40	38.90	42%

Particulars	Diesel (in `/litre)			
	RSP	Ex Tax Price	Taxes	% of Taxes
India	53.35	41.22	12.13	23%
France	81.94	47.66	34.29	42%
Germany	86.61	50.07	36.54	42%
Italy	101.30	53.10	48.20	48%
Spain	82.64	53.80	28.84	35%
UK	107.33	50.16	57.16	53%
Japan	81.15	56.84	24.30	30%

1. Prices of France, Germany, Italy, Spain, UK & Japan: IEA report for October 2014 and average exchange rate of October 2014 considered for conversion: ` 61.34/USD. VAT excluded from prices for automotive diesel for France, Italy, Spain and UK as it is refunded to industry.

2. Prices of India as of 16.11.2014 as per IOCL. Average exchange rate of November 2014 (up to 14.11.2014) considered for conversion ` 61.50/\$.

As can be seen from the above table, the taxes included in the prices of Petrol and Diesel in India are much lower as compared to various countries in the world.

Moreover, the Government has taken various measures to rationalize the burden of taxes/ duties in the prices of petroleum products. In this regard, while excise duty on PDS Kerosene and Domestic LPG has been made NIL, the same has been rationalized and made specific on Petrol and Diesel to ensure that these elements do not increase with increase in prices. Similarly, the Customs duty on PDS Kerosene and Domestic LPG has been made NIL and gradually reduced on Petrol and Diesel.