

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION NO. 1168

TO BE ANSWERED ON FRIDAY THE 22TH DECEMBER, 2017
PAUSHA 01,1939 (SAKA)

EXCISE DUTY ON PETROL AND DIESEL

**1168. DR. J. JAYAVARDHAN:
SHRI P.R. SUNDARAM:
DR. HEENA VIJAYKUMAR GAVIT:
SHRI DHANANJAY MAHADIK:
SHRI RAJENDRA AGRAWAL:
SHRIMATI SUPRIYA SULE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has slashed excise duty on petrol and diesel;
- (b) if so, the details thereof and the objective behind the move;
- (c) the estimated revenue loss on account of this reduction in excise duty;
- (d) whether the Government have urged the States to cut vat on fuel in order to provide further relief to customers and if so, the details thereof; and
- (e) the other steps taken by the Government to bring down the prices of petrol and diesel at par with current price of petrol and diesel in the international market?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) Yes Madam,

(b): The Government has reduced Central Excise duty on petrol and diesel by Rs 2 per litre with effect from 04.10.2017 so as to give relief to farmers and consumers.

(c): Revenue loss on account of this reduction in excise duty is about Rs. 26,000 crore in a full financial year, and about Rs. 13,000 crore during the remaining part of current financial year i.e. 2017-18.

(d): Subsequent to the reduction in Central Excise duty, the Finance Minister had written letters to Chief Ministers of States urging them to reduce VAT on petrol and diesel so as to give relief to farmers and consumers.

Accordingly, three State Governments, namely, Gujarat, Maharashtra and Madhya Pradesh and one Union Territory (Chandigarh) have reduced the VAT on Petrol and Diesel.

(e): The prices of petrol and diesel have been made market determined by the Government effectively from 26th June, 2010 and 19th October, 2014 respectively and since then their prices are being decided by the Public Sector Oil Marketing Companies (OMCs) in line with the changes in the international market prices. The Public Sector OMCs increase and decrease the prices on the basis of the price of respective products in the international market and not to that of crude oil. Public Sector OMCs, namely, Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited have implemented daily revision of retail selling price of petrol and diesel in the entire country effective 16th June, 2017. Daily price revisions of petrol and diesel make the retail prices more reflective of the current market conditions, minimizing the volatility in the RSP of petrol and diesel. Further, it leads to increased transparency in the system and enables smoother flow of products from refinery/depots to Retail Outlets.
