

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

LOK SABHA

UNSTARRED QUESTION NO.3546

TO BE ANSWERED ON MONDAY THE 15th JULY, 2019
ASHADHA 24, 1941 (SAKA)

GST ON BUNKERS

**3546. SHRI VIJAY KUMAR DUBEY:
SHRI REBATI TRIPURA:
SHRI SANTOSH KUMAR:**

Will the Minister of FINANCE be pleased to state:

(a) where the Goods and Services Tax (GST) on bunkers supplied to merchant ships is presently 5 per cent and if so, the details thereof;

(b) whether the whole bunkering business in India has taken nosedive after implementing GST 18 per cent on bunkers which was later reduced to 5 per cent and if so, the details thereof;

(c) whether it is true that the heavy revenue losses of around Rs. 2000 crores only at Mumbai Port Trust has been reported due to implementation of GST on the said bunkers since the inception of GST and if so, the details thereof; and

(d) whether the Government is aware that the slowdown in the bunker industry due to the imposition of GST has caused a lot of number of jobs losses and also a huge amount of foreign remittance losses during the last as well as the current fiscal year and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): GST rate on bunker fuel (IFO 180 CST, IFO 380 CST) for use in ships or vessels is presently at 5 per cent.

(b), (c) and (d): Initially the GST rate on bunker fuel was prescribed at 18% on the recommendation of GST Council. Subsequently, on observing that high rate of GST on bunker fuel supplied to foreign going vessels was making India less competitive vis a vis neighbouring countries, the GST Council recommended the reduction in GST rate on bunker fuel to 5%. The GST Council further observed that this GST rate on bunker fuel would encourage coastal shipping at par with foreign going vessels and also obviate the administrative problems of monitoring the end use.
