RAJYA SABHA
UNSTARRED QUESTION NO. 1080
TO BE ANSWERED ON 28TH JULY, 2021

Impact of fuel price hike on economic recovery

1080 **Shri G.C. Chandrashekhar**
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Will the Minister of ***Petroleum and Natural Gas*** be pleased to state:

(a) whether Government has assessed the impact of fuel price hikes on the country's economic recovery from the COVID-19 pandemic;

(b) if so, the details thereof and if not, the reasons therefor;

(c) whether Government has assessed whether recent fuel price hikes have had an impact on increasing inflation;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the amount of taxes, cesses and excise collected by the Centre on petrol and diesel from March 2020 till date, including the monthly details of collection, State-wise?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI RAMESWAR TELI)

(a) to (d): After the country wide lockdown imposed on 25 March, 2020, the consumption of petrol and diesel dropped to 20068 TMT during April- June 2020 which was approximately 34% less than the consumption of the same period (30399 TMT) during previous year (2019). As the lockdown was progressively lifted and economic activities resumed, the consumption of petrol and diesel gradually increased, reaching 28410 TMT during January-March, 2021, which was approximately 106% of the consumption during the same period in 2019. Further, the consumption dropped with the restrictions imposed during the Second wave of Covid-19 in April- May, 2021, only to pick up again. By 21 July, 2021, the MS sales in July were 118.65% of the sales in the same time period in 2020, whereas they were 111.90% of the July 2020 sales for HSD.

The weightage of petrol, diesel and LPG in the WPI index is 1.60%, 3.10% and 0.64% respectively.

Prices of petrol and diesel have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. Since then, Public Sector Oil Marketing Companies (OMCs) have been taking appropriate decisions on pricing of petrol and diesel on the basis of international product prices and other market conditions. The OMCs have increased and decreased prices of petrol and diesel according to changes in international prices and rupee dollar exchange rate.

The Central Government levies Excise/Cess on Petrol of Rs.32.90/litre which includes Basic Excise Duty of Rs. 1.40, Road & Infrastructure Development Cess of Rs.18, Agriculture and Infrastructure Development Cess of Rs. 2.50 and Special Additional Excise Duty of Rs.11.

The current Central Excise/Cess on Diesel is Rs.31.80/ litre which includes Basic Excise Duty of Rs.1.80, Road & Infrastructure Development Cess of Rs.18, Agriculture and In vb frastructure Development Cess of Rs. 4 and Special Additional Excise Duty of Rs. 8. The total excise duty/cess incidence as percentage of retail selling on petrol and diesel is 32.4% and 35.4% respectively, as on 16th July 2021.

The revenue generated by taxation is used in various developmental schemes of the Government like Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Ujjawala Yojana (PMUY), Ayushman Bharat, Pradhan Mantri Garib Kalyan Yojana (PMGKY) and also to provide relief to the poor during pandemic by schemes like Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) under which free ration was provided to 80 crore beneficiaries during April, 2020 to November 2020 and May- June 2021, free vaccination for COVID – 19 etc. Over the last 7 years, length of National Highways has gone up by 50% from 91,287 km (as of April 2014) to 1,37,625 km (as on 20 March 2021). Highway construction per day in India increased almost 3 times from 12 km/day in 2014-15 to 33.7 km/day in 2020-21.
The cess is used for infrastructure development and also generates employment.

The State Governments levy VAT on the total amount of base price & Central Taxes of petrol & diesel which vary from Rs. 4.83 in Andaman & Nicobar Islands to Rs. 29.55 in Maharashtra, Rs. 29.88 in Rajasthan, Rs.31.55 in Madhya Pradesh for petrol and Rs.4.74 in Andaman & Nicobar Islands to Rs.21.82 in Rajasthan for diesel, as on 22.07.2021.

The State wise break up of variation in state levies and taxes on petrol and diesel Rs. /litre is at Annexure -1.

The State wise collection of Sales Tax/VAT on POL products is at Annexure -2

(e): The details of central excise duty /cess on petrol and diesel are at Annexure-3

x-x-x-x-x

Annexure-1

State wise break up of Variation in State Levies & Taxes

(Rs./Liter)

S.No	State	Capital	As on 01.07.2020		As on 22.07.2021		Variation	
			State Levies and Taxes		State Levies and Taxes		State Levies and Taxes	
			Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
1	Maharashtra	Mumbai	25.33	17.25	29.55	20.85	4.22	3.60
2	NCT of Delhi	Delhi	18.56	18.83	23.50	13.14	4.94	-5.69
3	West Bengal	Kolkata	19.79	13.55	23.31	15.85	3.51	2.30
4	Tamil Nadu	Chennai	21.80	16.14	24.26	17.79	2.46	1.65
5	Telangana	Hyderabad	20.87	16.26	26.64	20.35	5.77	4.08
6	Andhra Pradesh	Vizag	20.91	16.30	28.49	21.78	7.59	5.48
7	Kerala	Trivandrum	19.14	14.93	24.15	18.43	5.01	3.50
8	Karnataka	Bangalore	20.67	14.40	26.38	18.00	5.71	3.61
9	Puducherry	Puducherry	19.10	15.13	22.56	15.61	3.45	0.48
10	Meghalaya	Shillong	21.37	15.79	18.51	11.39	-2.86	-4.40
11	Mizoram	Aizwal	14.89	8.77	18.99	10.96	4.10	2.20
12	Arunachal Pradesh	Itanagar	12.43	7.75	15.75	9.65	3.32	1.90
13	Manipur	Imphal	21.51	13.45	27.44	16.82	5.93	3.37
14	Nagaland	Kohima	23.54	16.15	21.83	15.03	-1.71	-1.12
15	Tripura	Agartala	17.23	12.17	22.00	15.23	4.77	3.07
16	Assam	Guwahati	22.63	17.45	19.42	12.60	-3.21	-4.85
17	Sikkim	Gangtok	18.10	11.45	22.25	13.69	4.15	2.24
18	Andaman & Nicobar	Portblair	3.84	3.84	4.83	4.74	0.99	0.91
19	Jharkhand	Ranchi	18.00	14.40	18.00	17.70	0.00	3.30
20	Odisha	Bhubaneshwar	18.84	16.73	24.04	20.93	5.21	4.20
21	Bihar	Patna	21.25	15.57	25.77	18.66	4.53	3.09
22	Madhya Pradesh	Bhopal	25.89	18.03	31.55	21.68	5.65	3.65
23	Goa	Panjim	15.12	13.54	20.81	17.69	5.69	4.16
24	Gujarat	Gandhinagar	15.90	15.98	20.14	19.89	4.25	3.90
25	Chattisgarh	Raipur	16.78	16.01	20.87	19.79	4.09	3.77
26	Dadra & Nagar Haveli	Silvasa	13.96	10.78	17.69	17.39	3.73	6.61
27	Daman & Diu	Daman	13.95	10.76	17.67	17.37	3.72	6.61
28	Chandigarh	Chandigarh	15.39	10.07	19.48	12.53	4.09	2.46
29	Haryana	Ambala	16.27	10.64	20.58	13.23	4.31	2.59
30	Punjab	Jullandher	19.65	12.19	24.45	14.83	4.80	2.63
31	Himachal Pradesh	Shimla	15.50	9.00	19.01	10.60	3.51	1.60
32	UT of JAMMU & KASHMIR	Sri Nagar	19.22	11.42	23.26	13.93	4.04	2.51
33	Uttarakhand	Dehradun	19.00	10.49	19.00	13.13	0.00	2.63
34	Uttar Pradesh	Lucknow	18.74	10.46	20.18	13.10	1.44	2.64
35	Rajasthan	Jaipur	25.20	19.15	29.88	21.82	4.68	2.67
36	UT of Ladakh	Leh	17.94	10.94	22.11	13.48	4.17	2.54

Annexure - 2

State wise collection of Sales Tax/ VAT on POL products

Rs. crore

State	2019-20	2020-21	Variation
West Bengal	7,534	7,916	381
Andaman & Nicobar islands	94	74	-20
Andhra Pradesh	10,168	11,014	846
Arunachal Pradesh	26	104	78
Assam	3,641	3,747	106
Bihar	6,238	5,854	-384
Chandigarh	60	60	0
Chhattisgarh	3,877	4,107	230
Dadra & Nagar Haveli and Daman & Diu	2	1	0
Delhi	3,833	2,653	-1,180
Goa	754	682	-72
Gujarat	15,337	15,141	-196
Haryana	7,648	7,923	275
Himachal Pradesh	440	882	442
Jammu & Kashmir	1,459	1,444	-15
Jharkhand	3,296	3,619	323
Karnataka	15,381	15,476	95
Kerala	8,074	6,924	-1,150
Ladakh	14	49	35
Lakshadweep	-	-	-
Madhya Pradesh	10,720	11,908	1,188
Maharashtra	26,791	25,430	-1,361
Manipur	192	265	72
Meghalaya	-	-	-
Mizoram	91	84	-6
Nagaland	116	148	33
Odisha	5,495	6,224	729
Puducherry	5	10	5
Punjab	5,548	6,291	744
Rajasthan	13,319	15,119	1,800
Sikkim	129	111	-19
Tamil nadu	18,175	17,063	-1,112
Telangana	10,045	8,691	-1,355
Tripura	384	445	61
Uttar Pradesh	20,112	21,956	1,844
Uttarakhand	1,495	1,524	29
Total	**2,00,493**	**2,02,937**	**2,444**

Annexure-3

Effective	Products	Basic Excise Duty	Additional Excise Duty	Road & Infrastructure Development Cess	Agriculture & Infrastructure Development Cess	Special Additional Excise Duty	Education Cess @3%	Total
14.03.2020	Petrol	2.98	-	10.00	-	10.00	-	22.98
06.05.2020		2.98	-	18.00	-	12.00	-	32.98
02.02.2021		1.40	-	18.00	2.50	11.00	-	32.90
14.03.2020	Diesel	4.83	-	10.00	0.00	4.00	-	18.83
06.05.2020		4.83	-	18.00	0.00	9.00	-	31.83
02.02.2021		1.80	-	18.00	4.00	8.00	-	31.80

The excise duty/cess collected from petrol is Rs. 101598 crore and from diesel is Rs. 233296 crore during the financial year 2020-21.