

**GOVERNMENT OF INDIA
LOK SABHA
UNSTARRED QUESTION NO.810
TO BE ANSWERED ON 23rd JULY, 2018**

GST on Petroleum Products

810. SHRI M.B. RAJESH:
SHRI HARISH MEENA:
SHRI JYOTIRADITYA M. SCINDIA:
SHRIMATI ANJU BALA:
SHRI TEJ PRATAP SINGH YADAV:
SHRI RAJU SHETTY:
DR. BOORA NARSAIAH GOUD:
SHRIMATI RANJANBEN BHATT:
SHRI KONAKALLA NARAYANA RAO:
SHRI K.C. VENUGOPAL:
MOHAMMED FAIZAL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government proposes to introduce Goods and Services Tax (GST) on petroleum products and if so, the details thereof along with any consultation with petroleum companies/State Governments and the Ministry of Finance made in this regard;
- (b) whether petroleum companies have raised objection/concerns that since only certain petroleum products have been included under GST they have to comply with both old and new tax regimes and if so, the details thereof and the reaction of the Government thereto;
- (c) whether there would be increase in input cost of petroleum companies once GST is implemented and they are likely to incur collective loss to the tune of 25000 crore annually and if so, the details thereof;
- (d) whether the Government/State Governments propose to reduce taxes/excise duty on petrol, diesel and other petroleum products and if so, the details thereof along with the steps taken to implement the said proposal and provide relief to the common people;
- (e) the number of times the prices of petrol and diesel has increased and reached at highest level during the last four years and number of times the prices of petroleum products changed during the said period, product-wise despite declining of crude oil prices in the international market along with steps taken to reduce the prices of petroleum products and shelving the review of petrol and diesel rates on daily basis, product-wise;
- (f) the exact price per litre of petroleum products i.e. petrol, diesel and petroleum products imported from producing country along with the processing expenditure incurred on these products and the State and Union Government taxes imposed on the said products; and
- (g) whether the factor responsible for fuel price rise in the past few months has been examined in depth and if so, the details thereof along with the steps taken to formulate long term policy to fix the prices of petroleum products?

ANSWER

MINISTER OF MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a) to (c) : Article 279A (5) of the Constitution provides that Goods and Services Tax Council shall recommend the date on which goods and services tax shall be levied on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel. Thus while, petroleum products are constitutionally included under GST, the date on which GST shall be levied on such goods shall be as per the decision of the GST Council, which has representation of Ministers-in-charge of Finance or Taxation or any other Ministers nominated by each of the States and Union Territories with Legislature.

The oil and gas sector has a hybrid tax regime on account of being subject to levy of existing taxes i.e. excise duty and State sales tax for Petrol, Diesel, ATF, crude oil and Natural Gas and GST for the remaining petroleum products. Ministry of Petroleum and Natural Gas has taken up the concerns of stakeholders arising out of non-availability of input tax credit in respect of non-GST items with Ministry of Finance for their inclusion under GST.

(d) To reduce the retail selling prices of petrol and diesel, the Government has reduced the Central excise duty on petrol and diesel by ₹ 2 per litre effective from 4th October, 2017. The Government continues to modulate the effective prices to consumers for subsidized domestic LPG and Retail Selling Price of PDS kerosene. The Central Government has also requested the State Governments to reduce VAT imposed by them on petrol and diesel to give further relief to the consumers. Accordingly, five State Governments and one Union Territory have reduced the VAT on petrol and diesel.

(e) Public Sector OMCs have implemented daily revision of retail selling price of petrol and diesel in the entire country with effect from 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 retail selling price of petrol and diesel. Also, it leads to increased transparency in the system and enables smoother flow of products from refinery/depots to Retail Outlets. The retail selling price of petrol and diesel since 01.04.2014, against the dates indicated in the table is given at Annexure-I.

(f) Refining of crude oil is a process industry, where crude oil is processed through several processing units. Each of these units produces intermediate product streams which

results in difficulty in apportioning the total cost of individual refined product. Therefore, individual product-wise costs are not identified separately.

At present, the Central Excise duty on petrol and diesel is ₹ . 19.48 per litre and ₹ 15.33 per litre respectively. The State wise effective rates of taxes on petrol and diesel as on 01.07.2018 is given at Annexure-II.

(g) The prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with international product prices and other market conditions.

Annexure-1

Annexure referred to in reply to part (e) of the Lok Sabha Unstarred Question No.810 to be answered on 23rd July, 2018 regarding “GST on petroleum products”.

RSP of Petrol and Diesel

Date	Petrol	Diesel
	(₹ /litre)	
01.04.2014	72.26	55.49
01.07.2014	73.60	57.84
01.10.2014	67.86	58.97
01.01.2015	61.33	50.51
01.04.2015	60.49	49.71
01.07.2015	66.62	50.22
01.10.2015	61.20	44.95
01.01.2016	59.35	45.03
01.04.2016	59.68	48.33
01.07.2016	64.76	54.70
01.10.2016	64.58	52.51
01.01.2017	68.94	56.68
01.04.2017	66.29	55.61
01.07.2017	63.09	53.33
01.10.2017	69.22	58.40
01.01.2018	69.97	59.70
01.04.2018	73.73	64.58
01.07.2018	75.55	67.38

Note – The above prices are of Delhi.

Annexure-II

Annexure referred to in reply to part (f) of the Lok Sabha Unstarred Question No.810 to be answered on 23rd July, 2018 regarding “GST on petroleum products”.

State wise rates of taxes on Petrol and Diesel as on 01.07.2018

State/UT	As on 01.07.2018 (%)	
	Petrol	Diesel
Andhra Pradesh	35.99	28.36
Arunachal Pradesh	20.00	12.50
Assam	30.84	22.75
Bihar	24.66	18.31
Chattisgarh	26.96	25.77
Delhi	27.00	17.26
Goa	16.63	18.85
Gujarat	25.44	25.54
Haryana	26.25	17.22
Himachal Pradesh	24.38	14.36
Jammu & Kashmir	27.51	17.07
Jharkhand	26.80	23.27
Karnataka	28.34	18.28
Kerala	30.38	23.85
Madhya Pradesh	36.05	23.22
Maharashtra – Mumbai, Thane & Navi Mumbai	39.69	24.82
Maharashtra (Rest of State)	38.68	21.93
Manipur	23.62	13.95
Meghalaya	22.44	13.77
Mizoram	18.84	11.52
Nagaland	23.16	13.58
Odisha	24.57	25.00
Punjab	35.29	16.83
Rajasthan	30.84	24.19
Sikkim	28.01	15.87
Tamil Nadu	32.10	24.04
Telangana	33.25	25.97
Tripura	18.91	12.99
Uttarakhand	28.30	16.79
Uttar Pradesh	27.99	16.81
West Bengal	25.27	17.56
Union Territories		
Andaman & Nicobar Islands	6.00	6.00
Chandigarh	19.76	11.42
Dadra & Nagar Haveli	20.00	15.00
Daman & Diu	20.00	15.00
Lakshadweep	-	-
Puducherry	21.15	17.15

Source: PPAC

- Notes: 1. Taxes considered for computing effective tax rate includes Sales tax ,VAT, Cess, Additional tax & Surcharge etc. which are recoverable in price as taxes excluding Central levies & CST.
2. In addition to the above taxes, State Governments of Bihar and West Bengal, levies additional tax/surcharge on VAT @ 30%/20% respectively which is irrecoverable in nature.
3. Effective rate of tax has been worked out based on the % of total taxes (taxes as per note 1 above) to retail selling prices excluding these total taxes.