

**GOVERNMENT OF INDIA  
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS**

**LOK SABHA  
UNSTARRED QUESTION NO. 1951  
ANSWERED ON 14<sup>TH</sup> DECEMBER, 2023**

**TAX ON DIESEL VEHICLES**

**1951. SHRI MANNE SRINIVAS REDDY:**

**Will the Minister of ROAD TRANSPORT AND HIGHWAYS**

सड़क परिवहन और राजमार्ग मंत्री

**be pleased to state:**

- (a) whether the Government propose an additional ten per cent tax on diesel vehicles and warned automakers of even higher levies to force them away from diesel-burners and cut fuel emissions and pollution and if so, the details thereof;**
- (b) whether India currently imposes twenty eight per cent tax and additional so-called “cess” is levied depending on the vehicles’ engine capacity and if so, the details thereof; and**
- (c) the details of the steps taken to vary and shift the production planning process of automakers?**

**ANSWER**

**THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS**

**(SHRI NITIN JAIRAM GADKARI)**

- (a) No such proposal is under consideration with this Ministry at present.**
- (b) The GST rates on different types of motor vehicles as per MoF notification No. 01/2017-Intergrated Tax (Rate) dated 28.06.2017 are as under:**

| <b>Sl. No. of notification No. 01/2017-Intergrated Tax (Rate)</b> | <b>Chapter/heading/sub-heading/tariff item</b> | <b>Description</b>   | <b>GST Rate</b> |
|---|--|--|-----------------|
| <b>163A<br/>(Schedule-IV)</b>                                     | <b>8701</b>                                    | <b>Road tractors for semi-trailers of engine capacity more than 1800 cc]</b>   | <b>28%</b>      |
| <b>164<br/>(Schedule-IV)</b>                                      | <b>8702</b>                                    | <b>Motor vehicles for the transport of ten or more persons, including the driver [other than buses for use in public transport, which exclusively run on Bio-fuels]</b>  | <b>28%</b>      |
| <b>165<br/>(Schedule-IV)</b>                                      | <b>8703</b>                                    | <b>Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars [other than Cars for physically handicapped persons]</b> | <b>28%</b>      |
| <b>166.<br/>(Schedule-IV)</b>                                     | <b>8704</b>                                    | <b>Motor vehicles for the transport of goods [other than refrigerated motor vehicles]</b>  | <b>28%</b>      |

**The compensation cess rate is dependent upon the type of vehicle and is prescribed in Sl No. 42 to 52B of MoF notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017. The relevant entries are as under:**

| <b>Sl.No of notification No. 01/2017- Intergrated Tax (Rate)</b> | <b>Chapter/heading/sub-heading/tariff item</b> | <b>Description</b>  | <b>CC rate</b> |
|--|--|---|----------------|
| <b>42.</b>   | <b>8702 10, 8702 20, 8702 30, 8702 90</b>      | <b>Motor vehicles for the transport of not more than 13 persons, including the driver, other than the vehicles of the description mentioned in S. No. 50 and 51</b>   | <b>15%</b>     |
| <b>43.</b>   | <b>8702 or 8703</b>                            | <b>Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles</b>  | <b>Nil</b>     |
| <b>44.</b>   | <b>8703 10 10, 8703 80</b>                     | <b>Electrically operated vehicles, including three wheeled electric motor vehicles.</b>   | <b>NIL</b>     |
| <b>45.</b>   | <b>8703</b>                                    | <b>Three wheeled vehicles</b>   | <b>NIL</b>     |
| <b>46.</b>   | <b>8703</b>                                    | <b>Cars for physically handicapped persons, subject to the following conditions:</b><br><b>Following motor vehicles of length not exceeding 4000 mm, namely: -</b><br><b>(a) Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven vehicles of engine capacity not exceeding 1200 cc; and</b><br><b>(b) Diesel driven vehicles of engine capacity not exceeding 1500 cc for persons with orthopedic physical disability, subject to the condition that an officer not below the rank of Deputy Secretary to the Government of India in the Department of Heavy Industries certifies that the said goods shall be used by the persons with orthopedic physical disability in accordance with the guidelines issued by the said Department</b> | <b>NIL</b>     |

| Sl.No of notification No. 01/2017- Intergrated Tax (Rate) | Chapter/heading/sub-heading/tariff item | Description  | CC rate   |
|---|---|--|---|
| 47  | 8703 40, 8703 60                        | <p><b>Following Vehicles, with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion;</b></p> <ul style="list-style-type: none"> <li>a. <b>Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles</b></li> <li>b. <b>Three wheeled vehicles</b></li> <li>c. <b>Motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm</b></li> <li>d. <b>Motor vehicles other than those mentioned at (a), (b) and (c) above.</b></li> </ul> <p><b><i>Explanation.-</i></b> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.</p> | <p><b>NIL</b></p> <p><b>NIL</b></p> <p><b>NIL</b></p> <p><b>15%</b></p> |
| 48.   | 8703 50, 8703 70                        | <p><b>Following Vehicles, with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion;</b></p> <ul style="list-style-type: none"> <li>a. <b>Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles</b></li> <li>b. <b>Three wheeled vehicles</b></li> </ul>  | <p><b>NIL</b></p> <p><b>NIL</b></p>                                     |

| <b>Sl.No of notification No. 01/2017- Intergrated Tax (Rate)</b> | <b>Chapter/heading/sub-heading/tariff item</b> | <b>Description</b>  | <b>CC rate</b>                      |
|--|--|---|-------------------------------------|
|  |  | <p>c. <b>Motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm</b></p> <p>d. <b>Motor vehicles other than those mentioned at (a), (b) and (c) above.</b></p> <p><b><i>Explanation.-</i></b> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.</p> | <p><b>NIL</b></p> <p><b>15%</b></p> |
| <b>49.</b>   | <b>8703</b>                                    | <p><b>Hydrogen vehicles based on fuel cell tech and of length not exceeding 4000 mm.</b></p> <p><b><i>Explanation.-</i></b> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.</p>   | <b>NIL</b>                          |
| <b>50.</b>   | <b>8702, 8703 21 or 8703 22</b>                | <p><b>Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm.</b></p> <p><b><i>Explanation.-</i></b> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.</p>           | <b>1%</b>                           |
| <b>51.</b>   | <b>8702, 8703 31</b>                           | <p><b>Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm.</b></p> <p><b><i>Explanation.-</i></b> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.</p>   | <b>3%</b>                           |

| <b>Sl.No of notification No. 01/2017- Intergrated Tax (Rate)</b> | <b>Chapter/heading/sub-heading/tariff item</b> | <b>Description</b>  | <b>CC rate</b> |
|--|--|---|----------------|
| <b>52.</b>   | <b>8703</b>                                    | <b>Motor vehicles of engine capacity not exceeding 1500 cc</b>  | <b>17%</b>     |
| <b>52A</b>   | <b>8703</b>                                    | <b>Motor vehicles of engine capacity exceeding 1500 cc other than motor vehicles specified against entry at S. No 52B</b>   | <b>20%</b>     |
| <b>52B</b>   | <b>8703</b>                                    | <b>Motor vehicles known as Utility Vehicles, by whatever name called including Sports Utility Vehicles (SUV), Multi Utility Vehicles (MUV), Multi-purpose vehicles (MPV) or Cross-Over Utility Vehicles(XUV), with engine capacity exceeding 1500cc ; Length exceeding 4000 mm and Ground Clearance of 170mm and above.<br/>Explanation: For the purpose of this entry, the Ground Clearance means ground clearance in unladen condition.</b> | <b>22%</b>     |
| <b>56</b>  | <b>Any Chapter</b>                             | <b>All goods other than those mentioned at S. Nos. 1 to 55 above</b>  | <b>Nil</b>     |

**(c) The production planning process is dependent on market requirements and alignment with regulatory requirements issued from time to time. This Ministry issues regulation to meet emission norms, safety standards and fuel requirements of vehicles. It also issues notification to create an enabling environment for manufacturers to introduce vehicles which are environment friendly.**

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