

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

\*\*\*\*\*

**LOK SABHA**

**STARRED QUESTION NO.\*265**

**TO BE ANSWERED ON MONDAY THE 15<sup>TH</sup> MARCH, 2021**  
**PHALGUNA 24 , 1942 (SAKA)**

**INCLUSION OF PETROLEUM AND ITS BY-PRODUCTS IN GST**

**\*265. SHRI P.V. MIDHUN REDDY:**

**SHRI K. MURALEEDHARAN:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government intends to bring petroleum and its by-products under the ambit of Goods and Services Tax (GST);

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

(c) the details of measures being taken to enhance the scope of GST;

(d) whether the State Governments have given any suggestions about inclusion of petroleum products under GST; and

(e) if so, the details thereof?

**ANSWER**

**MINISTER OF FINANCE**  
**SHRIMATI NIRMALA SITHARAMAN**

**(a), (b), (c), (d) and (e): A statement is placed on the Table of the House.**

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO.265 RAISED BY SHRI P.V. MIDHUN REDDY AND SHRI K. MURALEEDHARAN FOR 15<sup>TH</sup> MARCH, 2021 FOR INCLUSION OF PETROLEUM AND ITS BY-PRODUCTS IN GST**

(a) to (e) Entry 84 of List I of the Seventh Schedule, inter-alia, provides for levy of excise duty on manufacture of:

- (i) crude petroleum oil,
- (ii) natural gas,
- (iii) petrol,
- (iv) diesel and
- (v) Aviation Turbine Fuel [ATF]

Similarly, Entry 54 of List II of the Seventh Schedule of the Constitution, inter-alia, provides for levy of VAT on sale of:

- (i) crude petroleum oil,
- (ii) natural gas,
- (iii) petrol,
- (iv) diesel and
- (v) Aviation Turbine Fuel [ATF]

Clause 12(A) of the Article 366 of the Constitution provides “Goods and Services Tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Thus, supply of above petroleum products is not excluded from the purview of GST.

Article 279 A (5) of the Constitution prescribes that the Goods and Service Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF), also as per the Section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council, in which the states are also represented, has not made any recommendation for inclusion of these goods under GST. The Council may consider the issue of inclusion of these five petroleum products at a time it considers appropriate keeping in view all the relevant factors including revenue implication. At present, there is no proposal to bring crude petroleum, petrol, diesel, ATF and natural gas under GST. As regards other by-products the same are already under GST.