

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 4032
TO BE ANSWERED ON MARCH 28, 2022

IMPACT OF RISING EXCISE DUTIES AND TAXES

4032. SHRI PINAKI MISRA:

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the Government has assessed the impact of rising excise duties and taxes on fuel/liquefied petroleum gas on income inequality;
- (b) if so, the details of the incidence of fuel excise duties on varying income groups of the population;
- (c) whether the Government has made any assessment about how rising fuel excise duties can increase costs of goods and inflation; and
- (d) if so, the detailed assessment of the impact of current fuel excise duties on inflation?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d) No Sir. In fact, excise duty on petrol and diesel has not been increased after May 2020. On the contrary, with an increase in global crude oil prices, Government reduced the Central Excise duty on petrol and diesel by Rs. 5 and Rs. 10 per litre respectively with effect from 4 November, 2021 to provide relief to the retail consumers. Following this reduction in Central Excise duty, many States/UTs have also reduced the Value Added Tax on petrol and diesel. The average headline retail inflation rate based on Consumer Price Index-Combined (CPI-C) during 2021-22 (April-February) was 5.37 percent as against 6.22 percent in the corresponding period last year.

Since May, 2020, there is no subsidy to the consumers on domestic liquefied petroleum gas (LPG). However, in far-flung areas and some other markets, there is some subsidy that varies from market to market mainly due to higher inland freight from port to bottling plant. In order to provide clean cooking fuel to poor households, in May 2016 the Government launched "Pradhan Mantri Ujjwala Yojana" (PMUY) scheme to provide 5 crore deposit-free LPG connections, subsequently increased to 8 crore. The target of Scheme was achieved in September, 2019, 7 months ahead of the target. Implementation of PMUY majorly contributed to increase in national LPG coverage to from 61.9 per cent as on 01.04.2016 to 99.8 per cent as on 01.04.2021. Further, in budget speech made on 1st February, 2021, announcement was made to cover additional 1 crore beneficiaries under Ujjwala scheme. In its revised version, Pradhan Mantri Ujjwala Yojana was launched as Ujjwala 2.0, by Hon. Prime Minister in August 2021. While it covers all existing eligible categories of beneficiaries, Ujjwala 2.0 makes specific relaxations for migrants who can submit a simple self-declaration as an address-proof, arranging which used to be a major hassle for migrant. Also, free first refill and stove are being provided to all Ujjwala 2.0 beneficiaries.
