

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

LOK SABHA

UNSTARRED QUESTION NO.158

TO BE ANSWERED ON MONDAY, JULY 18TH 2022/ASHADHA 27, 1944 (SAKA)

INCLUSION OF PETROL AND DIESEL UNDER GST

158. SHRI T.R. BAALU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that prices of petrol and diesel in India are the highest in the world because of extraordinarily high level of taxes placing heavy burden on millions of two-wheeler using middleclass population;
- (b) if so, the details of tax elements in petrol and diesel prices build-up;
- (c) the time by which petroleum products will be brought under the Goods and Services Tax (GST) net so as to levy reasonable tax rate; and
- (d) whether the Government is not prepared to bring petrol and diesel under GST and if so, the reasons therefor?

ANSWER

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

(a) and (b): The Prices of petrol and diesel have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. The Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements etc. The Government keeps a close watch on these factors and makes interventions by way of calibrating Excise Duty rates on these products as and when required. Government has, with effect from, 4th November, 2021, reduced Central Excise Duty (including cesses) on Petrol by Rs. 5 per litre and on Diesel by Rs. 10 per litre and with effect from, 21st May, 2022, reduced Central Excise Duty (including cesses) on Petrol by Rs. 8 per litre and on Diesel by Rs. 6 per litre, to provide relief to the consumers. After such reduction in Excise Duty, tax elements in price build up of Petrol and Diesel are given below:

Particulars	(in Rs. Per litre)	
	Petrol	High Speed Diesel
Basic Excise Duty	1.40	1.80
Special Additional Excise Duty	11	8
Road & Infrastructure Cess	5	2
Agricultural Infrastructure Development Cess	2.50	4
Total Excise Duty	19.90	15.80

(c) and (d): 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.
