

LOK SABHA
UNSTARRED QUESTION NO. 1574
TO BE ANSWERED ON 13 FEBRUARY, 2025

Disparity in Petroleum Product Prices and Taxation

1574. Shri Manickam Tagore B:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether it is true that domestic petrol and diesel prices have not decreased proportionally to the recent decline in global crude oil prices which have fallen by approximately 30 per cent during the last six months and if so, the reasons therefor;
- (b) the current percentage of excise duty (Rs. 32.9 per litre on petrol and Rs. 31.8 per litre on diesel) and the Value Added Tax (VAT) levied by individual States (ranging from 15 per cent to 35 per cent) on petrol and diesel along with the manner in which this contributes to the disparity between global and domestic fuel prices;
- (c) the measures taken/being taken by the Government to reduce excise duties and State taxes on petroleum products, which currently constitute over 60 per cent of the retail price of fuel, to reflect the global price decline and provide relief to the consumers; and
- (d) whether the Government can clarify its stance on the political and economic implications of lowering fuel prices, particularly during election periods and if so, the details thereof along with the manner in which the Government proposes to balance it with consumer welfare?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI SURESH GOPI)

(a) to (d): Prices of Petrol and Diesel are market determined and Public Sector Oil Marketing Companies (OMCs) take decisions on their pricing based on various factors, which include crude oil prices, international product prices, exchange rates, tax structures, inland freight, insurance etc. India, the world's largest democracy, conducts elections and by-elections through democratic and constitutional processes. The prices of petroleum products like petrol, diesel are not linked to election schedules.

Currently, an excise duty of Rs. 19.90 per litre and Rs. 15.80 per litre is levied on petrol and diesel respectively. The VAT levied by various State Governments on Petrol and Diesel varies from state to state and details are given at Annexure. The share of taxes and duties in Retail Selling Prices of Petrol and Diesel at Delhi as on 07.02.2025 are given below:

Share of taxes in Petrol and Diesel RSP as on 07.02.2025				
Elements	Petrol		Diesel	
	Rs./ Ltr.	% in RSP	Rs./ Ltr.	% in RSP
Price before taxes and dealer commission	54.13	57.11%	54.94	62.67%
Customs duty	0.95		1.07	
Excise Duty	19.90		15.80	
Total Central Taxes	20.85	22.00%	16.87	19.25%

Price Charged to customer - Depot Price	74.98		71.81	
VAT (Including VAT on dealer commission)	15.40		12.83	
Total State Taxes	15.40	16.25%	12.83	14.63%
Total Taxes	36.25	38.25%	29.70	33.88%
Dealer Commission	4.39	4.64%	3.02	3.45%
RSP per litre (Rounded up)	94.77	100.00%	87.67	100.00%

Source: Petroleum Planning and Analysis Cell (PPAC)

Domestically, Petrol and Diesel prices have come down to Rs. 94.77 and Rs. 87.67 per litre respectively (Delhi prices) as a result of various steps taken by Government and PSU OMCs, Central Excise duty was reduced by the Central Government by a total of Rs. 13/litre and Rs. 16/litre on petrol and diesel respectively in two tranches in November 2021 and May 2022, which was fully passed on to consumers. Some State Governments also reduced state VAT rates to provide relief to citizens. In March, 2024, OMCs reduced the retail prices of petrol and diesel by Rs. 2 per litre each.

PSU OMCs have recently carried out an intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in the form of reduced Petrol and Diesel prices in remote parts within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

Government also took several other steps to insulate common citizens from high international prices, which included diversifying the crude import basket, invoking the provisions of Universal Service Obligation to ensure availability of petrol & diesel in domestic market, increasing the blending of ethanol in petrol, etc.

India has been the only major economy in the world where the prices of petrol and diesel have come down in recent years. Changes in prices of petrol and diesel in some major economies between November 2021 and December 2024 are as under:

	% age Change in Prices between Nov-21 and Dec-24	
Country	Petrol	Diesel
India (Delhi)	-13.60%	-10.92%
France	11.07%	10.99%
Germany	3.40%	6.86%
Italy	5.21%	7.38%
Spain	5.14%	8.58%
UK	0.17%	2.22%
Canada	5.55%	15.06%
USA	1.36%	6.90%

Source: Petroleum Planning and Analysis Cell (PPAC)

Changes in prices of petrol and diesel in some neighboring economies between November 2021 and December 2024

	% age Change in Prices between Nov-21 and Dec-24	
Country	Petrol	Diesel
India(Delhi)	-13.60%	-10.92%
Pakistan	27.90%	33.37%
Bangladesh	12.62%	29.31%
SriLanka	54.29%	98.59%
Nepal	20.06%	31.64%

Source: Petroleum Planning and Analysis Cell (PPAC)

Annexure

Annexure referred to in reply to Lok Sabha Unstarred Question No. 1574 asked by Shri Manickam Tagore B to be answered on 13.02.2025 regarding “Disparity in Petroleum Product Prices and Taxation”.

Details of VAT /Sales tax on petrol and diesel as on 07.02.2025

State/UT	Petrol	Diesel
Andaman & Nicobar Islands	1%	1%
Andhra Pradesh	31% VAT + Rs.4/litre VAT+Rs.1/litre Road Development Cess and Vat thereon	22.25% VAT + Rs.4/litre VAT+Rs.1/litre Road Development Cess and Vat thereon
Arunachal Pradesh	14.50%	7.00%
Assam	24.77% or Rs.18.80 per litre whichever is higher	22.19% OR Rs. 14.60 per litre whichever is higher Rebate of Rs. 1.50 per litre subject to minimum tax of Rs. 14.60 per litre
Bihar	23.58% or Rs 16.65/Litre whichever is higher (30% Surcharge on VAT as irrecoverable tax)	16.37% or Rs 12.33/Litre whichever is higher (30% Surcharge on VAT as irrecoverable tax)
Chandigarh	Rs.10/KL cess +15.24% or Rs.12.42/Litre whichever is higher	Rs.10/KL cess + 6.66% or Rs.5.07/Litre whichever is higher
Chhattisgarh	24% VAT + Rs.2/litre VAT	23% VAT + Rs.1/litre VAT
Dadra and Nagar Haveli and Daman and Diu	12.75% VAT	13.50% VAT
Delhi	19.40% VAT	Rs.250/KL air ambience charges + 16.75% VAT
Goa	21.5% VAT + 0.5% Green cess	17.5% VAT + 0.5% Green cess
Gujarat	13.7% VAT+ 4% Cess on Town Rate & VAT	14.9% VAT + 4 % Cess on Town Rate & VAT
Haryana	18.20% or Rs.14.50/litre whichever is higher as VAT+5% additional tax on VAT	16.00% VAT or Rs.11.86/litre whichever is higher as VAT+5% additional tax on VAT
Himachal Pradesh	17.5% or Rs 13.50/Litre- whichever is higher	13.90% or Rs 10.40/Litre- whichever is higher
Jammu & Kashmir	24% MST+ Rs.2/Litre employment cess, Rebate of Rs.4.50/Litre	16% MST+ Rs.1.00/Litre employment cess , Rebate of Rs.6.50/Litre
Jharkhand	22% on the sale price or Rs. 17.00 per litre , which ever is higher + Cess of Rs 1.00 per Ltr	22% on the sale price or Rs. 12.50 per litre , which ever is higher + Cess of Rs 1.00 per Ltr
Karnataka	29.84% sales tax	18.44% sales tax
Kerala	30.08% sales tax+ Rs.1/litre additional sales tax + 1% cess , Social security cess Rs.2 per litre	22.76% sales tax+ Rs.1/litre additional sales tax + 1% cess , Social security cess Rs.2 per litre
Ladakh	15% MST+ Rs.5/Litre employment cess, Reduction of Rs.2.5/Litre	6% MST+ Rs.1/Litre employment cess , Reduction of Rs.0.50/Litre
Lakshadweep	10% VAT	10% VAT
Madhya Pradesh	29 % VAT + Rs.2.5/litre	19% VAT+ Rs.1.5/litre VAT+1% Cess

	VAT+1%Cess	
Maharashtra – Mumbai, Thane & Navi Mumbai	25% VAT+ Rs.5.12/Litre additional tax	21% VAT
Maharashtra (Rest of State)	25% VAT+ Rs.5.12/Litre additional tax	21% VAT
Manipur	25% VAT	13.5% VAT
Meghalaya	13.50% or Rs.13.50/Litre- whichever is higher (Rs.0.10/Litre pollution surcharge)	5% or Rs. 9.50/Litre- whichever is higher (Rs.0.10/Litre pollution surcharge)
Mizoram	18%, Social Infrastructure and Services Cess Rs. 2000/KL, Road Maintenance Cess Rs 2000/KL	10%, Social Infrastructure and Services Cess Rs.2000/KL, Road Maintenance Cess Rs.2000/KL
Nagaland	21.75% VAT or Rs. 16.94/litre whichever is higher	17.20% VAT or Rs. 12.83/litre whichever is higher
Odisha	28% VAT	24% VAT
Puducherry	16.98% VAT	11.22% VAT
Punjab	Rs.2050/KL (cess)+ Rs.0.10 per Litre (Urban Transport Fund) + 0.25 per Litre (Special Infrastructure Development Fee)+16.58% VAT plus 10% additional tax or Rs.14.93/Litre whichever is higher	Rs.1050/KL (cess) + Rs.0.10 per Litre (Urban Transport Fund) +0.25 per Litre (Special Infrastructure Development Fee) + 13.1% VAT plus 10% additional tax and or Rs.10.94/Litre whichever is higher
Rajasthan	29.04% VAT+Rs.1500/KL road development cess	17.30% VAT+ Rs.1750/KL road development cess
Sikkim	20% VAT+ Rs.4000/KL cess	10% VAT + Rs.3500/KL cess
Tamil Nadu	13% + Rs.11.52 per litre	11% + Rs.9.62 per litre
Telangana	35.20% VAT	27% VAT
Tripura	17.50% VAT+ 3% Tripura Road Development Cess	10.00% VAT+ 3% Tripura Road Development Cess
Uttar Pradesh	19.36% or Rs.14.85/Litre whichever is higher	17.08% or Rs.10.41/Litre whichever is higher
Uttarakhand	16.97% or Rs. 13.14 Per Ltr whichever is greater	17.15% or Rs. 10.41 Per Ltr whichever is greater
West Bengal	25% or Rs.13.12/litre whichever is higher as sales tax+ Rs.1000/KL cess (20% Additional tax on VAT as irrecoverable tax)	17% or Rs.7.70/litre whichever is higher as sales tax + Rs.1000/KL cess (20% Additional tax on VAT as irrecoverable tax)

Source: Petroleum Planning and Analysis Cell (PPAC)