

### Taxes imposed on petroleum products by Centre and States

†744. SHRI RAGHUNANDAN SHARMA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that prices of petroleum products are very high in the country due to taxes imposed by both the Centre and the States;

(b) if so, the break-up of taxes imposed by the Centre and the States on retail prices of petroleum products;

(c) whether it is possible for Government to reduce the taxes on petroleum products and then accordingly reduce the subsidy from these products also; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N SINGH): (a) and (b) Since the price of Petrol both at refinery gate and the retail level has been made market determined with effect from 26.6.2010, the public sector oil marketing companies (OMCs) fix the retail price of Petrol based on international prices. At present, the Retail Selling Price of Petrol at Delhi (IOCL) is Rs 58.37 per litre. Of this, Excise Duty accounts for Rs. 14.78 (including 3% education cess) and VAT component is Rs. 9.73 per litre.

There are no customs and excise duties on PDS Kerosene and Domestic LPG. On Diesel, the central taxes include a custom duty of 7.5% and excise duty of Rs. 4.74 per litre (including 3% education cess). The States Governments impose VAT on sale of petroleum products at varying rates. The details of taxes levied on Diesel, PDS Kerosene and Domestic LPG at Delhi are given below:

	PDS		Domestic
	Diesel	Kerosene	LPG
	Rs./litre	Rs./litre	Rs./Cylinder
1	2	3	4
RSP at Delhi	37.75	12.73	345.35
<b>A. Central Taxes</b>			
Customs Duty	2.36	0.00	0.00
Excise Duty	4.74	0.00	0.00
Total Central Taxes	7.10	0.00	0.00

1	2	3	4
<b>B. State Taxes</b>			
VAT	4.44* *	0.61	0.00
Total Taxes (A+B)	11.54	0.61	0.00

Note: Central taxes are inclusive of levy of Education Cess at 3% thereon.

Custom Duty is based on the Refinery Transfer Prices applicable for the 2nd Fortnight of February 2011.

\* \* Includes Re.0.25 per litre of Pollution Cess levied by the Delhi Government.

(c) and (d) There are no central taxes on Domestic LPG and PDS Kerosene. While reduction in Customs and Excise Duties will reduce under-recovery on sale of Diesel, this would lead to substantial revenue loss to the Government.

#### Commercial viability of investment by ONGC in the KG-Basin

745. SHRI SYED AZEEZ PASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Oil and Natural Gas Corporation (ONGC) has plan to invest US\$ 4 billion in the KG-Basin off Andhra Pradesh coast to develop an ultra deep water gas filled;
- (b) if so, the quantity of Gas ONGC expects to have from the gas filled;
- (c) the value of gas obtained as such in a year;
- (d) whether the filled has long term commercial viability; and
- (e) the steps propose to carefully assess the viability of the US \$ 4 billion investment?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N SINGH): (a) to (e) Oil and Natural Gas Corporation (ONGC) has submitted Declaration of Commerciality (DoC) for the block KG-DWN-98/2 operated by them in KG Basin deepwater area in which Deepwater Discovery (UD-1) has been made. ONGC being the contractor of the block has estimated a total expenditure of about US \$ 4 billion in the said DoC.

The Declaration of Commerciality (DoC) is required to be approved by Operating Committee (OC) as well as the Management Committee (MC). The valuation of gas and assessment of long