

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-1675
ANSWERED ON – 09.03.2021

BRINGING PETROL AND DIESEL UNDER PURVIEW OF GST

1675 # Shri Chh. Udayanraje Bhonsle:

Shri Vishambhar Prasad Nishad:

Ch. Sukhram Singh Yadav:

Smt. Chhaya Verma:

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

- (a) whether Government proposes to bring petrol and diesel under the purview of GST in view of their ever increasing prices;
- (b) whether Government would consider imposing cap on petrol and diesel prices in view of the continuous increase in their prices, so that the rates of petrol and diesel can be controlled once they are above a certain limit; and
- (c) whether it is a fact that there is an increase in inflation due to rise in the prices of petrol and diesel, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) As per Article 279 A (5) of the Constitution, 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). 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 has not made any recommendation for inclusion of petrol and diesel under GST.

(b) Prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with international product prices, exchange rate, tax structure, inland freight and other cost elements.

(c) Consumer Price Index-Combined (CPI-C) inflation has declined from 7.59 per cent in January 2020 to 4.06 per cent in January 2021. CPI--‘Petrol for vehicle’ inflation has increased from 7.38 per cent in January 2020 to 12.53 per cent in January 2021. CPI--‘Diesel for vehicle’ inflation has increased from 6.44 per cent in January 2020 to 12.79 per cent in January 2021.
