

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA

STARRED QUESTION NO. *237

ANSWERED ON – TUESDAY, AUGUST 10, 2021/ SRAVANA 19, 1943 (SAKA)

MPC OF RBI TO REDUCE TAXES AND DUTIES

*237. SHRI SANJAY RAUT:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) called for a reduction in taxes and duties imposed on petrol and diesel by the Central Government due to rising inflation in the country;
- (b) if so, the details thereof and Government's response thereto; and
- (c) the details of steps taken or proposed to be taken by Government to control inflation rate in the country?

ANSWER

MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) of RAJYA SABHA
STARRED QUESTION NO. 237 FOR 10.8.2021 REGARDING MPC OF RBI TO
REDUCE TAXES AND DUTIES BY SHRI SANJAY RAUT**

(a) and (b): On the outlook for inflation, the June 4, 2021 resolution of the Monetary Policy Committee (MPC) noted that:

“The rising trajectory of international commodity prices, especially of crude, together with logistics costs, pose upside risks to the inflation outlook. Excise duties, cess and taxes imposed by the Centre and States need to be adjusted in a coordinated manner to contain input cost pressures emanating from petrol and diesel prices.”

The MPC resolution further noted that:

“... the second wave of COVID-19 has altered the near-term outlook, necessitating urgent policy interventions, active monitoring and further timely measures to prevent emergence of supply chain bottlenecks and build-up of retail margins. A hastened pace of the vaccination drive and quick ramping up of healthcare infrastructure across both urban and rural areas are critical to preserve lives and livelihoods and prevent a resurgence in new waves of infections. At this juncture, policy support from all sides – fiscal, monetary and sectoral – is required to nurture recovery and expedite return to normalcy. Accordingly, the MPC decided to retain the prevailing repo rate at 4 per cent and continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.”

The price situation is constantly monitored by the Government and appropriate measures are taken to maintain price stability.

(c) Government has taken several measures to control inflation including supply augmentation measures to address the demand-supply mismatches of food commodities, such as, lowering of import duties on edible oils, liberalising import policy for pulses and edible oils, signing MoUs for import of pulses with supplier countries, imposing stock limits for pulses and utilisation of pulses stocks for cooling down prices through supply to states and disposal through Open Market Sales.
