

States have the capacity and must cut duty on petrol: NITI Aayog



A petrol pump employee adjusts the price board at a fuel station, even as fuel prices record the highest-ever, in Kolkata, on Thursday. (Photo)

NEW DELHI: States have the capacity and must reduce the duty on [petrol](#), while the Centre should create fiscal space to deal with the impact of spurt in oil prices, [NITI Aayog](#) vice chairman [Rajiv Kumar](#) said today.

The rising crude prices in the international market prompted state-owned oil companies to raise domestic prices for 11th day in a row. Petrol costs Rs 77.47 a litre in Delhi and diesel Rs 68.53 a litre.

"There is merit in reducing the duties but both by the states and and the Centre. More so for the states as they tax the oil on ad valorem basis ... So states can take that cut much more and better than the Union government," Kumar told PTI in an interview.

He further said that it is important for them (states) to agree 10-15 per cent duty cut and take home the same amount of [tax revenue](#) as budgeted. "Not doing that means being exceptionally greedy at the cost of not just the

people but also the economy," Kumar added.

The states, he said, on an average tax petrol at 27 per cent.

As regards the Centre, the NITI Aayog vice chairman said they have the fiscal space and need to create more to deal with the problem of rising oil prices.

"The centre has fiscal space and it can create more fiscal space on the non-tax revenue side. Because last year we did very well. We exceeded the Budget target. May be this year also we can do that," Kumar asserted.

He further said the centre could consider reducing the additional excise duty on petrol. It should not temper with infrastructure cess which is being directly used for developmental activities, Kumar added.

He also opined that not only petrol but electricity should also be brought under the Goods and Services Tax (GST).

Petrol and diesel prices were raised for the 11th day in succession today as the state-owned oil firms gradually passed on to the consumer the increased cost of international oil that had accumulated since a 19-day freeze was imposed just before Karnataka elections.

The government raised excise duty nine times between November 2014 and January 2016 to shore up finances as global oil prices fell, but then cut the tax just once in October last year by Rs 2 a litre.

The Centre levies Rs 19.48 as excise duty on a litre of petrol.