India’s experience with coal cess, excise and VAT

Date: 10 March 2021
Balasubramanian Viswanathan
Parliament | Budget session sees Opposition stir on fuel price hike

SPECIAL CORRESPONDENT

LPG price double in 7 years; tax collection on petrol, diesel jumps 459%: Dharmendra Pradhan

Small price hikes over the past couple of years have eliminated subsidy on cooking gas as well as PDS kerosene

NEW DELHI, MARCH 08, 2021 22:59 IST
UPDATED: MARCH 08, 2021 22:59 IST

Tamil Nadu

TN Assembly polls | AIADMK promises 6 free LPG cylinders, ₹1,500 for homemakers

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CHENNAI, MARCH 08, 2021 21:58 IST
UPDATED: MARCH 08, 2021 22:15 IST
Petrol, diesel: a steady march

Concentrated effort to raise revenue from petrol, diesel
Petrol, diesel: a steady march

Concentrated effort to raise revenue from petrol, diesel

Excise hikes in 2020 raised extra 1.4L Crore in 9 months
Coal cess: changing objectives

In 2010, a cess was introduced at INR 50 per tonne of coal produced and was hiked to INR 200 per tonne in March 2015 and INR 400 per tonne in March 2016.

As on 27.11.2020
Share in total revenues

Excise duty, VAT and GST compensation cess (FY20, actuals)
Closing thoughts

- Over the years India has taken strong steps towards increased taxation of coal, petroleum and diesel.
- Excise duty and VAT hikes on petroleum and diesel have been used to fund economic recovery following Covid-19.
- Taxation is a positive step that captures social costs of fossil fuels while generating much-needed resources.
- Challenge will be to use it wisely:
  - How to shield the vulnerable from higher consumer prices?
  - How to identify said communities?
  - What are the takeaways from the Nordic experiences?
  - How to fund a green economic recovery?
THANK YOU

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Useful links

• PPAC. Prices.  
  https://www.ppac.gov.in/content/149_1_PricesPetroleum.aspx


• www.iisd.org/gsi

• Part of independent, non-profit org. International Institute for Sustainable Development (IISD)

• **Aim**: Provide research and dialogue on understanding and improving subsidy policies—particularly for fossil fuels—in order to transform pace of change to sustainable development.

• **GSI’s scope**: International fora (WTO, UNFCCC, G-20, SDGs); and national work with governments, research institutes and CSOs