

THE GANDHIDHAM CHAMBER OF COMMERCE & INDUSTRY

(ESTD. 1953)

"CHAMBER BHAVAN", Plot No. 71, Sector 8, Post Box No. 58,

GANDHIDHAM - Kachchh - 370 201.

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No. GCCI / 292

Date: 26.9.2017

Shri Arun Jaitleyji, Hon'ble Minister for Finance, Corporate Affairs, Information and Broadcasting, & Chairman GST Council, Government of India Room No. 134, North Block New Delhi - 110 001	Shri Dharmendra Pradhan Hon'ble Minister of Petroleum and Natural Gas Minister of Skill Development and Entrepreneurship Ministry of Petroleum & Natural Gas Shastri Bhavan, New Delhi - 110001.(India) min[dot]png[at]nic[dot]in
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Sub: Request to bring petroleum products under GST regime

Dear Sir,

We, The Gandhidham Chamber of Commerce & Industry is a pioneer organisation of Kandla – Gandhidham complex in Kachchh-Gujarat since 1953 with the main objective to serve as a bridge between local trade and industry fraternity and State / Central Govt. for the resolution of problems and also to endeavour for the welfare of citizens and township in public interest.

We wish to evaluate and submit to your honour the present scenario of prevailing prices of Petroleum products in our country which certainly deserve course correction for which we strongly recommend to bring Petroleum products under the ambit of GST.

Our evaluation and submission is as under:

- 1) During last three years, the price of crude oil is decreased by 46% to 60% year on year basis. However, there is no reduction in retail prices of Diesel and Petrol.
- 2) At present, the retail prices of Petrol and Diesel are Rs. 70 – 80 & Rs. 60 - 63 per ltr. in our country.
- 3) During the last 4 months under daily revision and fixation of prices of Petroleum Products, petrol has become costly by 7.48% and diesel by 7.76.%. So, this new mechanism of daily fixation of prices deserve reconsideration. The daily fixation of prices results in to negative impact on stability of prices of other commodities and essential items in particular.

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- 4) Centre and State Government earned fabulous amount of Rs.1.13 lac crores by way of excise duty while oil companies earned Rs.7.5 thousand crores during last four months.
- 5) Government has increased excise duty 11 times and leading to rise of 133 % to 400 % in Petrol and Diesel respectively. Similarly, Kerosene got levy of excise duty of 31.2% & 31.86% for PDS.
- 6) During last three years, increase in excise resulted into excise duty implication on Petrol to Rs.21.48 per ltr. compare to excise duty of Rs. 9.48 per ltr. of August, 2014. Similarly, excise burden in case of Diesel turned out to be Rs.17.33 per ltr. compare to Rs.3.56 per ltr. of August, 2014.
- 7) India imports 45 lacs barrel of crude oil every year. But by fall in prices of crude oil, common man is not benefited in India while Central & State Government earned handsomely by way of excise and VAT.
- 8) The price of Petroleum Products has increased by leaps and bounds during last three years but during this period, Indian Crude oil basket has become cheap. This is evident from the fact that Crude Oil was Rs.6,291.91 per barrel of 159 liters in August, 2014 which is now Rs.3,392.90 per barrel.
- 9) India's retail demand for diesel is for public transport and commercial vehicles. It is a well known fact that a hike in diesel prices pushes up all costs, obviously with most hardship to those with least cushioned wallets.
- 10) It is a matter of concern for all of us as food and fuel take wholesale price inflation to 3.24%, primary articles inflation rose 2.66% in August, 2017 from 0.46% in July, 2017. Similarly fuel inflation grew 9.99% from 4.37% in the same period.
- 11) It would make economic sense and need of the hour to bring petroleum products under the GST with a cess on top to protect state's revenues. Today, fossil fuels bear a cascade of taxes that makes production inefficient. With GST, refiners will be able to claim all the credit on taxes paid on inputs across the value chain, lowering their tax burden and potentially leading to lower retail prices. Transport and logistics companies would be able to claim input tax credits on their fuel bills and that would bring down freight costs. For example, if petrol will attract GST @ 12% or 18* or 28% then petrol prices would be Rs.38/- or Rs.40/- or Rs.44/- per lit. respectively at our capital Delhi.

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12) In parallel, the government must open up marketing of petro- fuels, abonding the current policy of restricting marketing rights to handful of companies. As happens in most developed market, retailers should be free to buy fuels in bulk and retail them at their outlets which will lead to more competitive price that will benefit consumers.

13) At present, petrol pumps are accountable for VAT and GST as they also sell lubricants which attract GST. If petroleum products are covered under GST, the petrol pump owner will be accountable for one mechanism of GST which will be a march in right direction of "Ease of Doing Business".

14) Although, 18% is GST on lubricants, the GST rate on brake oil and coolant is 28%. This anomaly needs correction and all these should be charged at 18% GST rate.

We understand the fund requirements of the government to fulfil welfare and development objectives of any government. But at the same time, a balanced approached is needed which is feasible only if government makes course correction on the part of levy of taxes on Petroleum products.

In view of the above economic wisdom suggest and hence we request you to bring Petroleum Products under the ambit of GST so that there will be stability of market prices, GDP will be increased, will lead to benefit to consumer and strong Indian Economy.

Thanking you,

Yours faithfully,



Nandlal R. Goyal
Vice President

Copy :

- 1) Shri Shiv Pratap Shukla, Minister of State for Finance, Dept. of Revenue, New Delhi
- 2) Dr. Hasmukh Adhia, Secretary (Revenue), New Delhi
- 3) Dr. P D Vaghela, Commissioner, Gujarat State Tax & Commercial Tax, Ahmedabad
- 4) Office of the GST Council Secretariat, New Delhi