



# India's experience with coal cess, excise and VAT

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NATIONAL

# Parliament | Budget session sees Opposition stir on fuel price hike



SPECIAL CORRESPONDENT

NEW DELHI, MARCH 08, 2021 22:59 IST

UPDATED: MARCH 08, 2021 22:59 IST

## 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*

PTI • March 09, 2021, 07:53 IST

TAMIL NADU

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



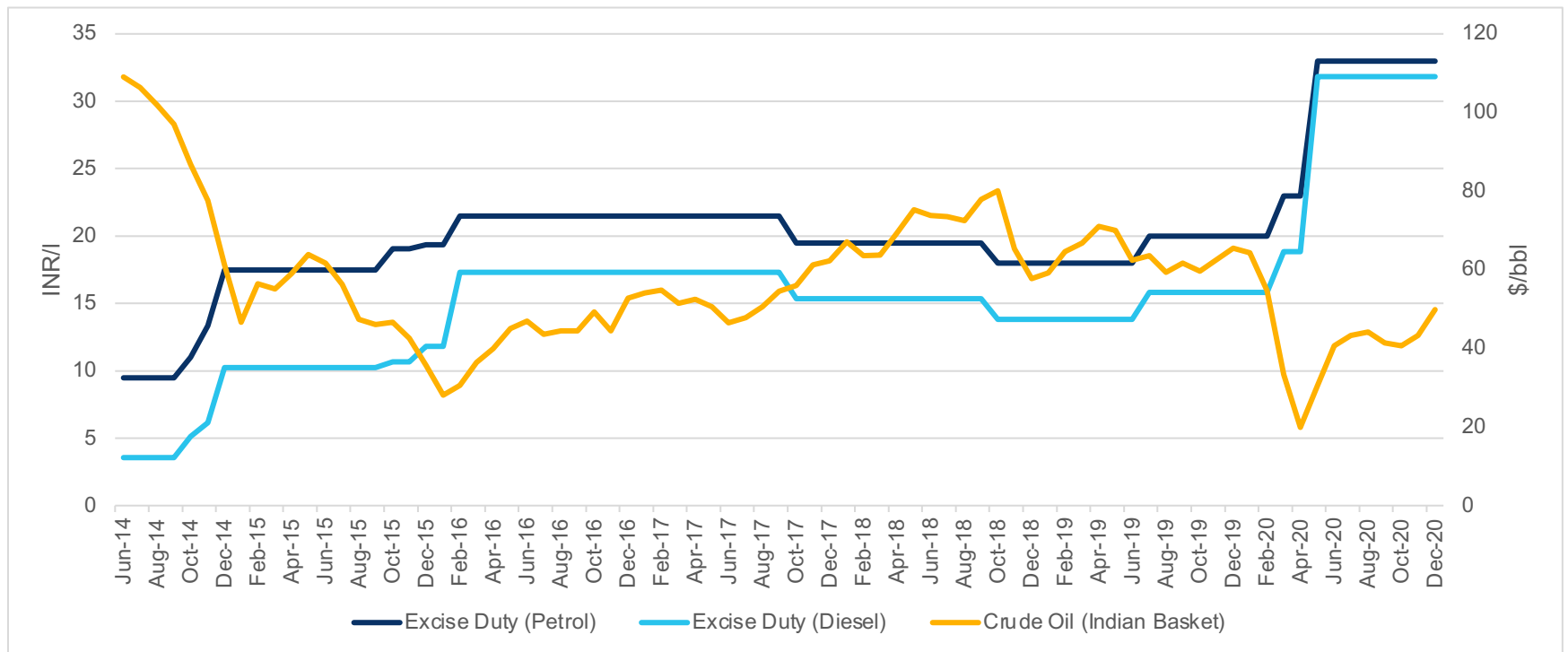
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CHENNAI, MARCH 08, 2021 21:58 IST

UPDATED: MARCH 08, 2021 22:15 IST

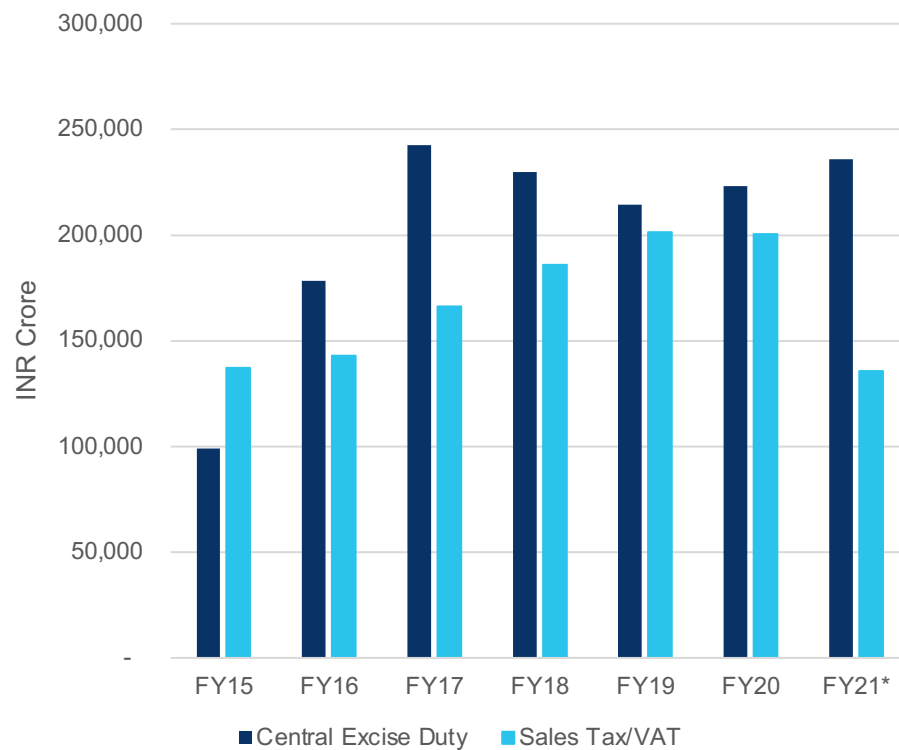
# Petrol, diesel: a steady march

Concentrated effort to raise revenue from petrol, diesel

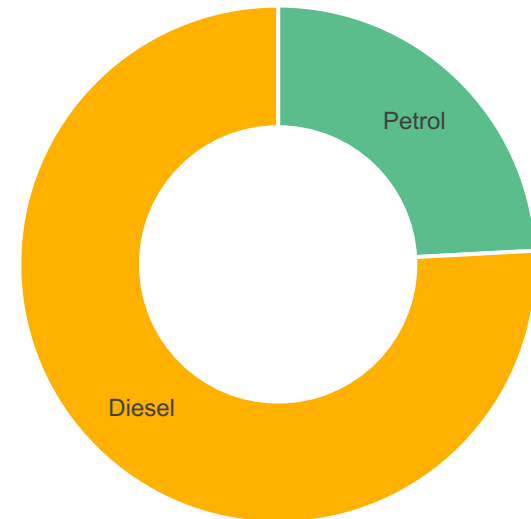


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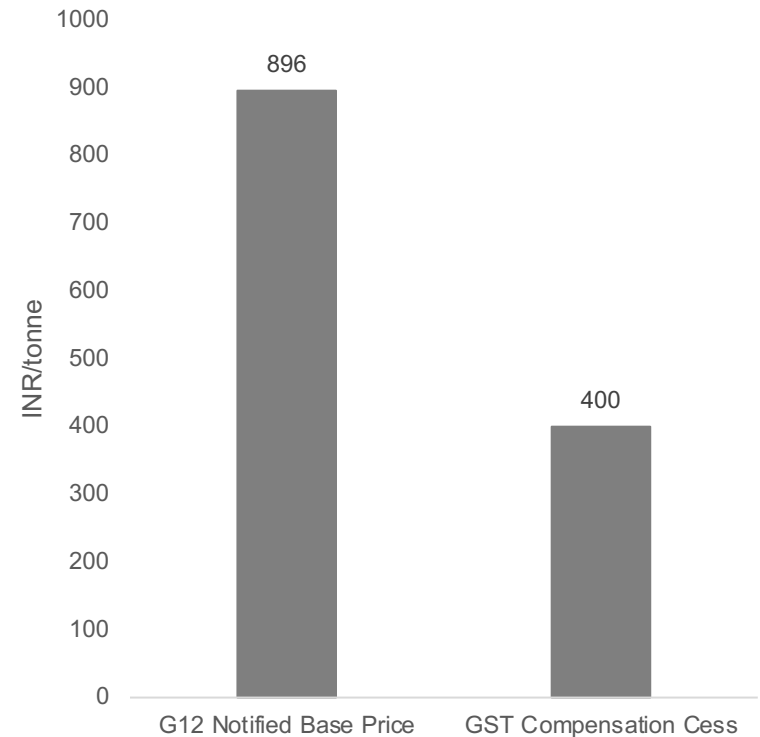
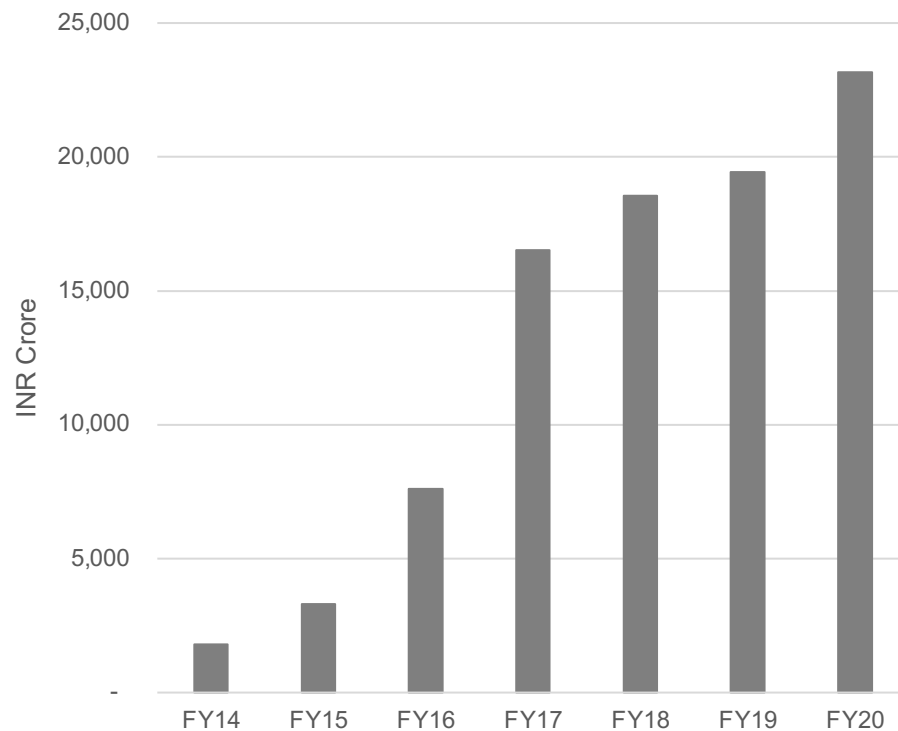
Excise hikes in 2020 raised extra 1.4L Crore in 9 months



# Coal cess: changing objectives

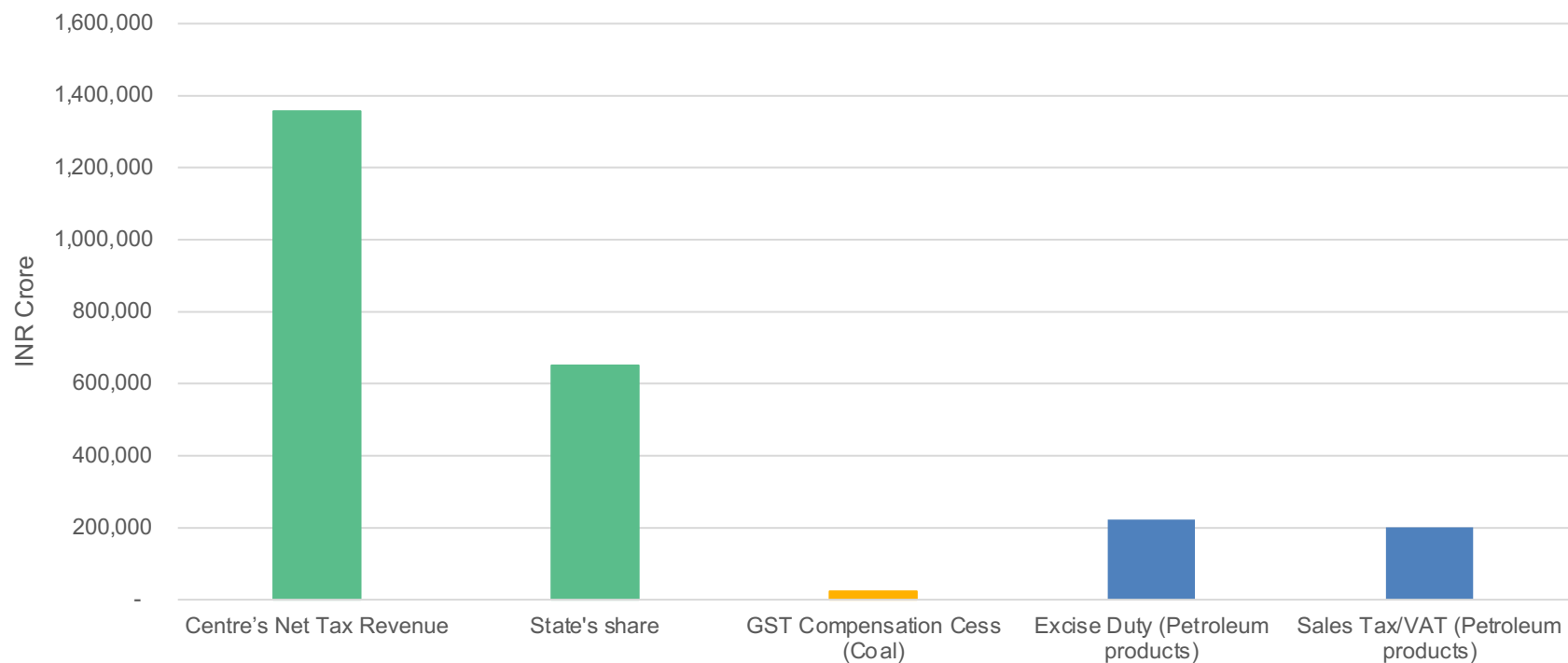
In 2010, a cess was introduced at INR 50 per tonne of coal produced and was hiked to INR 200 per tonne in March 2015 and INR 400 per tonne in March 2016

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](https://www.ppac.gov.in/content/149_1_PricesPetroleum.aspx)
- IISD, CEEW (2020). *Mapping India's Energy Subsidies 2020: Fossil fuels, renewables and electric vehicles*.  
<https://www.iisd.org/publications/mapping-indias-energy-subsidies-2020-fossil-fuels-renewables-and-electric-vehicles>
- Prayas (2021). *Working paper on "Energy: Taxes and Transition in India"*. <https://www.prayaspune.org/peg/publications/item/485>





## What We Do

Consumer Fossil Fuel Subsidies

Producer Fossil Fuel Subsidies

Renewable Energy Subsidies & Fossil Fuel Exit

Energy Subsidies & Trade

Energy Subsidies & Gender

Fossil Fuel Subsidies & Sustainable Development

Energy Subsidies Data

Fossil Fuel Subsidies & Climate Change

Fossil Fuel Subsidy SWAPs

Fossil Fuel Subsidies & Health

Fossil Fuel Subsidies & Social

## Placing a Spotlight on Subsidies

GSI programs and research place a spotlight on subsidies and the corrosive effect they have on economic development, governance and environmental quality. We work with governments and partners to help remove subsidies that work against sustainable development.

**FOCUS AREAS >**

**PROJECTS >**

- [www.iisd.org/gsi](http://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**