

# Fuel down ₹5/L in 13 NDA States

## Centre cuts ₹2.5/L in prices of petrol, diesel; NDA States follow suit

PNS ■ NEW DELHI

The Union Government on Thursday announced a ₹2.50 a litre cut in petrol and diesel prices, factoring in excise duty reduction of ₹1.50 per litre and asking oil companies to absorb another ₹1 as the BJP and the NDA-ruled States decided to slash oil prices by matching the Central cut.

Soon after the announcement, the NDA Governments in 13 States — Uttar Pradesh, Assam, Himachal Pradesh, Haryana, Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, Tripura, Jharkhand, Arunachal Pradesh, Uttarakhand and Goa — followed the Centre's footsteps announcing a cut of ₹2.50 per litre in fuel prices. Governor-ruled J&K too has slashed fuel prices ₹2.50 per litre.

As Centre's cut was matched by these States, the combined relief to the consumers would be to the tune of ₹5 per litre. The reduction followed petrol and diesel prices touching new highs.

However, the BJP-JD(U) alliance Government in Bihar has not followed suit. Bihar Deputy Chief Minister Sushil Kumar Modi on Thursday remained non-committal on whether the State Government would reduce tax on petrol and diesel in view of the Centre's appeal in this regard.

The Opposition ruled States are yet to decide on cutting their shares of VAT on petrol and diesel; Karnataka



Union Finance Minister Arun Jaitley addresses the media at North Block in New Delhi on Thursday. Finance Secretary Hasmukh Adhia is also seen

PTI

has refused to cut the prices.

Karnataka Chief Minister HD Kumaraswamy ruled out any further cut in fuel prices as it had already done it a fortnight ago. The State Government had slashed the petrol and diesel prices by ₹2 per litre on September 17 in view of the public outcry against spiralling fuel prices.

Union Finance Minister Arun Jaitley said it will be a test for those States whose leaders were only tweeting and indulging in lip service. "What will they do now? Last time also only BJP and NDA-led State Governments reduced VAT. This time if other State

Governments do not do it then people will ask them," he said.

The Finance Minister said the excise duty cut would have an impact of ₹10,500 crore on Central Government's tax revenues. He also asked State Governments to follow suit by cutting a sales tax or VAT by a similar amount.

Jaitley said the move followed Brent crude oil touching four-year high of \$86 a barrel on Wednesday and interest rates in US reaching seven-year high. The relief to consumers will be in three parts — Centre will cut excise duty by ₹1.5, and oil marketing companies (OMCs) will factor in ₹1 in

their pricing, and States have been asked to cut VAT as they have raked in windfall gains due to ad valorem nature of the levy that results in higher realisation whenever rates move up, the Finance Minister said.

Inflation in India, however, is still moderate at less than 4 per cent and higher direct tax collections give comfort with regard to fiscal deficit, he said adding domestic macroeconomic indicators are strong and stable, except for current account deficit (CAD).

In Delhi, where the fuel prices are the lowest among all metros and most State capital, petrol is sold at ₹84 per litre

and diesel at ₹75.45.

Soon after the Central decision, Gujarat announced reduction of petrol and diesel prices by ₹2.50 per litre.

In effect, the reduction will be to the tune of ₹5 per litre in Gujarat. Today's petrol price in Ahmedabad was ₹83.21 per litre while that of diesel was 81.02 per litre.

"Finance Minister Sh @arunjaitley Ji has announced ₹2.5 cuts in petrol & diesel prices. Reciprocating positively to FM's announcement, the Govt of Gujarat has also decided to reduce ₹2.50 on both petrol & diesel. Thus petrol & diesel would be ₹5 cheaper in the State of Gujarat," Rupani tweeted.

Welcoming the decision, BJP president Amit Shah said that the reduction in petrol and diesel prices by ₹2.50 a litre shows the Narendra Modi-led Government's sensitivity towards people's welfare.

At a Press conference, BJP spokesperson Sambit Patra expressed the hope that people will get a total relief of ₹5 at the earliest as the Centre has asked States to effect an equal amount of tax cut in the oil prices.

He also took a swipe at the previous Congress-led Government at the Centre, saying it had "pawned" national resources by issuing oil bonds while the Modi Government showed its sensitivity by reducing the prices.

The Centre has expressed confidence that it will fulfill its fiscal deficit targets, he said.