

LOK SABHA
UNSTARRED QUESTION NO. 3645
TO BE ANSWERED ON MONDAY, AUGUST 11, 2025/SRAVANA 20, 1947 (SAKA)

INTRODUCTION AND UTILISATION OF CESS

3645. SHRI G Kumar Naik :

Will the Minister of FINANCE be please to state:

- (a) the process by which cess is introduced in the country;
- (b) the specific legal provisions under Indian law that empower the Government to levy a cess;
- (c) whether there is any guidelines or criteria for the introduction and utilisation of such a cess;
- (d) the details of cesses introduced recently and the purposes for levying Cess and outcomes expected from such cesses;
- (e) the details of amount of cess and surcharge collected by the Government along with the percentage increase during the last five years; and
- (f) whether the Government intends to cap the collection of cesses and surcharges at a certain percentage of gross tax revenue and include any excess in the divisible pool and if so, the details thereof?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) Cess is introduced as part of Finance Bill presented in the Union Budget or by way of a separate act of Parliament.
- (b) As per Article 270(1) of the Constitution of India, any cess levied for specific purposes under any law made by Parliament shall be levied and collected by the Government of India.
- (c) Receipts from cesses and surcharges form part of Consolidated Fund of India and are used to finance the development/welfare measures in the States through various Central Government schemes and initiatives.
- (d) The details of cess introduced recently:
 - (i) Agriculture Infrastructure and Development Cess (AIDC) was imposed *vide* Section 124 of the Finance Act, 2021 as a duty of customs on specified imported goods for financing the agricultural infrastructure and other development expenditure.
 - (ii) Health cess was imposed *vide* section 141 of the Finance Act 2020, as a duty of customs on specified imported medical devices, for the purposes of financing the health infrastructure and services."
 - (iii) Compensation Cess: A cess known as Compensation Cess is being levied on certain luxury and demerit goods as per provision under Section 8 of the GST (Compensation to States) Act, 2017 for the purpose of payment of compensation to States for any loss of revenue arising on account of implementation of GST for five years i.e. from 1st July, 2017 to 30th June, 2022. The cess is transferred into a non-lapsable Fund known as GST Compensation Fund which forms part of the Public Account of India as provided in Section 10(1) of the Act.
- (e) The amount of cess and surcharge collected by the Government during the last five year's along with the percentage increase, on year-on-year basis, is enclosed as **Annexure 'A'**.
- (f) No Sir.

Annexure A

Statement showing details of Major Cesses and Surcharges levied and collected as part of principal taxes

(₹ crore)

Sl.	Name of the levy and tax receipt heads	Actuals 2020-21	Actuals 2021-22	YoY Growth	Actuals 2022-23	YoY Growth	Actuals 2023-24	YoY Growth	RE 2024-25	YoY Growth	BE 2025-26	YoY Growth
MAJOR CESSES IN OPERATION:												
1	AGRICULTURE INFRASTRUCTURE & DEVELOPMENT CESS#	...	76950.68	...	74142.03	-3.65%	80923.6	9.15%	75180.00	-7.10%	80030.00	6.45%
2	CESS ON CRUDE OIL	10894.44	19353.84	77.65%	21497.14	11.07%	18803.41	-12.53%	17810.00	-5.28%	19330.00	8.53%
3	CESSSES ON EXPORTS	9214.64	1457.1	-84.19%	852.44	-41.50%	-3.19	-100.37%	10.00	-413.48%	11.00	10.00%
4	GOODS & SERVICES TAX COMPENSATION CESS	85191.91	104768.66	22.98%	125862.41	20.13%	141436.16	12.37%	153440.00	8.49%	167110.00	8.91%
5	HEALTH & EDUCATION CESS	35821.55	52732.33	47.21%	61809.29	17.21%	71156.96	15.12%	85300.00	19.88%	94000.00	10.20%
6	NATIONAL CALAMITY CONTINGENT DUTY	5098.81	6138.3	20.39%	7168.3	16.78%	7812.25	8.98%	9610.00	23.01%	10380.00	8.01%
7	ROAD AND INFRASTRUCTURE CESS*	235782.55	195986.96	-16.88%	59234.95	-69.78%	44552.49	-24.79%	45250.00	1.57%	47420.00	4.80%
	Grand Total (1 to 7)	382003.90	457387.87	19.73%	350566.56	-23.35%	364681.68	4.03%	386600.00	6.01%	418281.00	8.19%

* Includes additional duty of excise on petrol and diesel, which were known as 'road cess' before introduction of 'road and infrastructure cess'.

Levy of cess has commenced from FY 2021-22.

(₹ crore)

Sl. No.	Name of the levy and tax receipt heads	Actuals 2020-21	Actuals 2021-22	YoY Growth	Actuals 2022-23	YoY Growth	Actuals 2023-24	YoY Growth	RE 2024-25	YoY Growth	BE 2025-26	YoY Growth
SURCHARGES LEVIED ON -												
1	Corporation Tax	14078.57	15890	12.87%	55103.79	246.78%	60373.34	9.56%	60000.00	-0.62%	70000.00	16.67%
2	Taxes on Income other than Corporation Tax	5537.78	7922.88	43.07%	53914.24	580.49%	54793.8	1.63%	76000.00	38.70%	85000.00	11.84%
3	Fringe Benefit Tax	0.37	...	...	...	...	...	...	...	...	...	...
4	Social Welfare Surcharge under Customs	13447.39	16945.06	26.01%	16178.79	-4.52%	16273.41	0.58%	17250.00	6.00%	17500.00	1.45%
	Grand Total (1 to 4)	33064.11	40757.94	23.27%	125196.82	207.17%	131440.55	4.99%	153250.00	16.59%	172500.00	12.56%

