

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1438
ANSWERED ON:04.08.2006
PRICE OF NAPTHA
Karunakaran Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) Whether any representation has been received from the Government of Kerala to exempt Naptha / LSHS from excise duty;
- (b) Whether excise duty on Naptha was exempted before 2002;
- (c) Whether the increase in the price of Naptha and also the excise duty caused high price for energy to the consumers;
- (d) Whether any decision will be taken by the Government to reduce its price; and
- (e) If not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

- (a) Chief Minister of Kerala had requested for restoration of excise duty exemptions on naptha and LSHS for generation of power.
- (b) Exemption from excise duty on naptha for generation of power for specified power plants was available till the March 2005 or July 2005 (as the cause may be).
- (c),(d)&(e) Consequent upon dismantling of Administered Price Mechanism, naptha/LSHS are free trade products. Oil companies fix the price of these products on commercial consideration without Government intervention.