

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3436
ANSWERED ON:20.08.2004
RAJA CHELLIAH COMMITTEE REPORT
Veerendra Kumar Shri M.P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received the Raja Chelliah Committee report, which was commissioned to review fiscal policies for environmental management;
- (b) if so, whether the Government has implemented the recommendations of the committee;
- (c) if so, whether the committee had recommended measures to eliminate the price advantages of diesel cars vis-à-vis petrol cars, using fiscal measures;
- (d) if so, whether the Government has implemented this recommendation also;
- (e) if so, the details thereof; and
- (f) if not, the reasons for the same?

Answer

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

(a) to (f) The Ministry of Environment and Forests entrusted a project 'A proposal to levy taxes on polluting inputs and outputs' to the Madras School of Economics (MSE), Chennai. The final project report (prepared by Raja Chelliah and others) was submitted by MSE in April, 2004. The report considered the imposition of a surcharge on excise at the time of purchase of diesel cars to neutralise the price advantage of diesel over petrol. But the recommendation regarding a levy of differential emission tax on diesel cars was deferred due to lack of conclusive scientific evidence that overall pollution load from a diesel car is greater than that of a petrol car. However, the report recommended an eco-tax on passenger vehicles and two-wheelers based on fuel efficiency. The report is being processed by the Ministry of Environment and Forests.