

Govt likely to hike excise on liquor if it softens fuel prices

A hike in the excise duty on Indian-made foreign liquor is on the cards to tackle the burden on the state exchequer if chief minister Devendra Fadnavis decides to slash the prices of petroleum products. The chief minister is expected to take a decision in the days to come.

The bureaucrat said that if additional excise duty of 10% is imposed on Indian-made foreign liquor, then it will generate Rs 800 crore more per year. If Re 1 cuts the surcharge on petrol, it will mean a loss of Rs 500 crore, while if Re 1 reduces surcharge on diesel, it will result in a loss of Rs 1,000 crore per year.

Petrol crossed the Rs 91 mark, retailing for Rs 91.08 per litre after a 24 paise increase. Diesel rose 32 paise, taking it to Rs 79.72 per litre. The price rise in transportation fuel in response to a heated global crude market has given rise to sharp feelings in the public, especially as a major chunk of the final price is made up of a slew of taxes.

It is a piquant situation before the CM. On the one hand, discontent is brewing owing to massive increase in the prices of petroleum products, on the other hand if surcharge is reduced it will result in a burden of Rs 1,500 crore on the state exchequer, Secondly, Rs 800 crore will be mobilised if excise duty on IMFL is hiked by 10%.

Under the existing situation, particularly when the Lok Sabha election is round the corner, chief minister Fadnavis has no option but to at least marginally reduce the prices of petrol and enhance excise duty on IMFL to balance the financial situation.