

[Union minister Arun Jaitley](#) gave the strongest hint yet from anyone in the government that it would not be cutting excise duties on motor fuel, despite rising [crude oil prices](#).

The revenue department has made it clear to the prime minister's office (PMO) that for every rupee/litre cut in excise duties, the Centre will forgo revenue of Rs140 billion, Business Standard has learnt.

In a blog posting on Monday morning, Jaitley said state governments and citizens should all strive to increase the country's ratio of non-oil tax to [gross domestic product](#) (GDP). While the salaried class must pay its due share of taxes, "most other sections" also have to improve their tax payment record, said Jaitley. The lack of which was keeping India "far from being a tax-compliant society".

"My earnest appeal, therefore, to political leaders and opinion makers would be that evasion in the non-oil tax category must be stopped and, if people pay their taxes honestly, the high dependence on oil products for taxation eventually comes down. In the medium and long run, upsetting the fiscal maths can prove counter-productive," the minister stated.

The blog was titled 'The economy and the markets reward structural reforms and fiscal prudence'.

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Over the past four years, said Jaitley, the central government's tax to [GDP](#) ratio had improved from 10 per cent to 11.5 per cent. Almost half of this rise, 0.72 per cent of GDP, came from non-oil taxes. Which, at 9.8 per cent in 2017-18, "is the highest since 2007-08, a year in which our revenue position was boosted by a buoyant international environment", he said.

"Reliefs to consumers can only be given by a fiscally responsible and a financially sound central government, and the states which are earning extra due to the abnormal increase in oil prices."

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In a dig at [Congress](#) leader and ex-finance minister [P Chidambaram](#) saying last week that the tax on [petrol prices](#) should be cut by Rs25 a litre, Jaitley said "this is a 'trap' suggestion". Without naming Chidambaram, the minister noted the "distinguished predecessor" had "never endeavoured to do so himself".

"It is intended to push India into unmanageable debt — something the (Congress-led) [UPA](#) government left as its legacy. We must remember that the economy and the markets reward structural reforms, fiscal prudence, and macro economic stability."

"We have told the [PMO](#) that it will be inadvisable for the Centre to go for an [excise duty](#) cut, in what is already a tight year fiscally," a senior official told *Business Standard*.

[ALSO READ: Every Re 1 cut in excise duty on fuel to cost govt Rs 130 bn, says](#)

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Adding: “If the paying public needs to be given relief in a high oil price environment, it needs to come from states forgoing a share of their value-added taxes on petrol and diesel.”

The price of the Indian basket of crude oil has surged from \$66 a barrel in April to around \$74, as opposed to the Union Budget estimate of \$65 a barrel. In mid-May, global crude prices hit \$80 a barrel, the highest since November 2014.