International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 10s, 2025
https://theaspd.com/index.php

Goods and Services Tax (GST) on Petroleum Products: A promise yet to be fulfilled

Prof. (Retd.) Subhram Rajkhowa[1],Gaurav Goswami[2]
1Professor (Retd.), Department of Law, Gauhati University, Guwahati, Assam.
2 Research Scholar, Department of Law, Gauhati University, Guwahati, Assam.

Abstract
Goods and Services Tax (GST) is a major reform in the indirect tax system in India. It has created a framework where both the Centre and the States work closely for better revenue sharing providing a strong basis for fiscal federalism. Petroleum is a major source of revenue in India and especially the States earn hefty amount through imposition of Sales tax on it. It has been mandated by the Central Goods and Services Tax Act, 2017 that GST would be imposed on petroleum products on notification by the government on the recommendation of the GST Council. But it has not happened yet after a number of years have passed implementing GST. The discontentment between the Centre and the States on that regard gave rise to various issues of concern. This article is an attempt to analyse the different forms of taxes imposed by the Centre and the States on the petroleum products, debates on the floor of the Lok Sabha and the GST Council regarding imposition of GST on such products and reasons for the States' reluctance in bringing such products under GST and its impact on the economy. The Researcher also proposes a few suggestions for bringing petroleum products under GST structure step by step.
Keywords: *Value Added Tax (VAT), Goods and Services Tax (GST), GST Council, Cess.*

INTRODUCTION

Goods and Services Tax laws are implemented in India with a view to promote the motto of 'One Nation, One Tax'. Due to multiplicity of taxation and compliance procedures, the old system of indirect taxation led to cascading affect of taxes which was a major cause of concern. The GST regime, as brought, has given much relief to such constraint. After the implementation of GST structure, though petroleum products were intended to be brought under the GST regime, but its implementation did not take place. Passing through more than seven years of emergence of GST, the non-inclusion of petroleum products is a cause of major concern. Though, reasons are there for such inaction, but non implementation of legislative promises and consequent unavailability of such benefits to the people in general has given rise to distrust. Forms of Taxation on Petroleum products. It may be mentioned that tax on domestic consumption of petroleum products is a very important source of revenue in the nations of the World.[1] The Oil industry has a strongly international character as well as local influences.[2] Strategic petroleum Reserves (SPRs) and oil import tariffs amongst others, have also been considered as two of the most important instruments for energy security and have been proved effective in the experience of developing countries.[3] The relationship between the government and the oil industry is a very important aspect in the way of taxation on petroleum products. In the relationship between the government and the oil industry, two kinds of arrangements are seen to be operative. One is the concessionary system and the other is the contractual system. Concessionary system is a system of licensing, where a company is given right to explore, develop, produce, transport etc. of petroleum products at its own risk within a fixed area

[1]. Sanjeev Gupta and Walter Mahler, "Taxation of Petroleum Products, Theory and Empirical Evidence" 32 *IMF Working Papers* 1 (1994).
[2] . Carol Nakhle, "Petroleum fiscal regimes: evolution and challenges", in Philip Daniel, Michael Keen, *et. al.* (eds.), *The Taxation of Petroleum Products and Minerals: Principles, Problems and Practice* 89 (Routledge, 2010).
[3] . Xiao-Bing-Zhang, Xinye Zheng, *et. al.*, "Oil import tariff game for energy security: The case of China and India" 72 *Energy Economics* 255-262 (2018).

for a fixed period. However, they are put to tax and different kinds of duties among which corporation income tax, gross royalty, special petroleum tax are prominent. Whereas, in contractual system, the government is the ultimate owner of petroleum products but private oil companies are entitled to ownership of part of the oil produces under one type of contractual regime such as Production sharing contracts (PSCs) or Production sharing Agreements (PSA), Risk Service contracts etc.[4] In a country like India, the oil companies cannot freely change market prices of petroleum products in response to the volatility of the international crude oil prices or exchange rate volatility. When there is a requirement of adjustment of fuel prices due to change its price in the international market, any government has the following options: (i) to transfer the entire burden of price hike to the consumers (ii) to cut tax rates and share the burden in terms of tax revenue loss or (iii) finance the under recoveries in prices of petroleum products through budgetary provisions.[5] The sharing of natural resource revenue also plays very crucial in the form of taxation on petroleum products. Many countries in the world follow the natural resource revenue sharing system which is to enable natural resource producing regions of a country to benefit more from natural resources extraction in these regions and mitigate conflicts between national and sub-national governments. In many countries, some revenues from the oil, gas and mineral sectors are collected by the national government and transferred back to their area of origin or adjacent areas in a derivation based system to compensate the producing States for extracting such resources. It is also used as a method of peace building. [6]In countries like Canada, provinces collect royalty and provincial income tax, while federal government collects national corporate income taxes. Therefore, the provinces which are rich in natural resources like petroleum, earn a lot of revenue in relation to the other provinces. But such inequalities are minimized by calculating the revenue generating capacity of each of the provinces on a per-capita basis and allocating equalization payments to provinces with a below average capacity to generate own revenues. [7] In a country like India, there is provision for Royalty to the States which are rich in natural resources and the States earn a lot through such resources. For example, the state of Assam earned royalty of Rs. 9,291.17 crore from crude oil production and Rs. 851. 12 crore from natural gas between 2019-10 and 2022 -23. However, no provisions are there for sharing of such royalties by the States with other States or with the centre. [8] It is also important to mention herein that sharing involves tax base sharing, tax revenue sharing and in kind-revenue sharing. In tax base sharing, the sub national governments are allowed to impose taxes on the natural resources within their ambit. In a number of countries, there is an overlapping of tax bases, where more than one level of government has access to the same oil tax base.[9] Whereas, in tax Revenue sharing, the tax bases, tax rates and revenue shares accruing to the producing or transporting sub-national governments are determined by the central government. Both federal and non-federal countries are seen to follow this system.[10]

---

[4] .*Supra* note 2 at 93.
[5] . Sacchidananda Mukherjee and R. Kavita Rao, "Exploring Policy Options to Include Petroleum, Natural Gas and Electricity Under the Goods and Services Tax Regime in India" Working Paper no. 2014-136 (National Institute of Public Finance and Policy, New Delhi).
[6] . Andrew Bauer and Uyanga Gankhuyag, "Natural resource taxation and revenue sharing in Asia", in Junghun Kim and Sean Dougherty (eds.), *Local Public Finance and Capacity Building in Asia Issues and challenges* 156-157 (OECD Publishing,2020).
[7] .*Id.* at 160.
[8] . AGP MP brings up raising crude oil royalty to Assam in Rajya Sabha, *The Print* (December 4, 2023) *available at* https://theprint.in/india/agp-mp-raises-issue-of-increasing-crude-oil-royalty-to-assam-in-rajya-sabha/1871565 (last visited on January 2, 2025 at 2.45 p.m.).
[9] . Giorgio Brosio, Oil Revenue and Fiscal Federalism, in Jeffrey M. Davis, Rolando Ossowski, *et.al.* (eds.), *Fiscal Policy Formulation and Implementation in Oil-Producing Countries*, 257 (International Monetary Fund, 2003).
[10] .*Ibid*.

In kind-revenue sharing, the producing and transporting sub-national governments have access to a share of natural resource revenue generated within their jurisdiction via the provision of infrastructure by the companies that exploit these resources and on the basis of explicit national regulation.[11]

Observance of different norms is also to be found in taxing petroleum products. When the petroleum products are imported, they are subjected to customs duty. Domestic refineries are normally subjected to sales tax or Value Added Tax (VAT). However, some countries give exemptions or lower the tax rate on petroleum products when they are used in certain sectors of the government such as military etc.[12]

It's a very important area of concern as to how to fix the price of petroleum products. When final petroleum products are imported, the actual import cost (inclusive of insurance and freight) should be taken as the base for fixing domestic prices before taxes are imposed. When crude oil is imported and they are refined in domestic refineries, the domestic pricing and taxation should be the ex-refinery prices.[13]

Taxation of petroleum products in India

The special characteristics of tax on petroleum product in India is that, it is treated as a sin good having ill affect on the health of the people and environment and secondly it is price inelastic.[14]In India, as per Article 294 to 296 of the Constitution of India, the right on land and mineral resources of a Sates belongs to that State.[15] The Union government collects Union Excise duties on petroleum products, imposes cess on crude oil and Custom Duties on crude petroleum and petroleum products. Whereas, State governments collect Sales tax/Value Added Tax (VAT) and Central Sales Tax (CST) on crude petroleum.[16]Crude oil and natural gas are subjected to different levies such as Royalty, Oil Industry Development cess, National Calamity Contingent Duty, VAT/Sales tax etc. Besides, customs duty exemptions were there on import of specified goods for petroleum operations.[17] In India, the current oil and gas production falls short in its requirement which results in the need to import crude oil and natural gas. Approximately 78% of the crude oil production is undertaken by National Oil companies through the nomination regime, while the remaining 22% is handled by private/ joint venture companies. However, the total contribution of Petroleum to the State exchequer is Rs. 3,20,651.1 crore and Rs. 7,48,718.3 crore to the central exchequer for the year 2022-23 which is quite a large sum of amount.[18]

Before devolution of taxes, the centre has larger coverage over revenues in relation to state governments. However, post evolution and after the sharing of basic duties the states share in the revenue from petroleum product has substantially comer up. However, the centre's revenue still increased due to its non-sharable portion of its tax on petroleum products.[19]In the period of global crisis of COVID-19, Indian basket of crude oil stayed in the range of US dollar 20 to 65 per barrel. However, after the reduction of supply of crude oil by the Organisation of Petroleum Export Countries (OPEC) and global rise in demand for oil after opening up the COVID restrictions, the prices increased for the financial years 2022 and 2023. However, slight moderation was made due to cut in Central excise Duty on petrol

---

11 . *Id*. at 258.
12 .*Supra* note 1 at 2.
13.*Id*. at 4.
14.Sacchidananda Mukherjee, "Estimation and Projection of Petroleum Demand and Tax Collection from Petroleum Sector in India" Working Paper no. 279 (National Institute of Public Finance and Policy, New Delhi).
15.Finance Commission of India, "Report of the TWELFTH FINANCE COMMISSION (2005-10)" 238 (November, 2004).
16 . *Supra* note 14.
17 . Standing Committee on Petroleum & Natural Gas (2016-17), "Eighteenth Report on Demand for Grants (2017-18)" 29 (March, 2017) *available at* https://eparlib.nic.in/handle/123456789/65577?view_type=browse (last visited on Aug. 12, 2024 at 1.45 p.m.).
18 .Contribution to Central and State Exchequer *available at* https://ppac.gov.in/prices/contribution-to-central-and-state-exchequer (last visited on Aug.13, 2024 at 10 a.m.).
19 . DK Srivstava, Muralikrishan Bhardwaj, *et.al.*, "Sharing Revenue Space between Centre and States" 56 Issue No. 9 Economic and Political Weekly 75 (2021).

International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 10s, 2025
https://theaspd.com/index.php

and diesel in November, 2021 and May, 2022 followed by a reduction in Value Added Tax (VAT) by the State governments.[20]

Generally it may be seen that the fall in the prices of petroleum products has not benefitted the consumers in the domestic market. This is due to the imposition of high Union Excise Duties. Therefore, a lot of discussion and deliberations took place to decide whether petroleum products should be brought under GST or not.Debates on the floor of the Parliament.On the floor of Lok Sabha, when the issue of inclusion of petroleum products under GST regime came for consideration, former Hon'ble Deputy Speaker Dr. M. Thambidurai mentioned that originally the power to levy tax on petroleum products was proposed to be kept out of GST. He made a note on the concern of the States that the States were under the fear that if petroleum products are brought under GST even if at a later date, it would curtail the taxation powers of the States, and entail huge revenue loss to the States as input tax credit will have to be provided under GST. [21] Sri Kalyan Banerjee, a Member of Parliament from Srirampur, stated that even though the Constitution (One hundred and twenty-second Amendment) Bill proposed to levy of GST on petroleum products from the date of recommendation by the GST Council, it was to be ensured that GST is not imposed on such products for at least five years from the implementation of GST. [22]Another Member of Parliament, Shri Konda Vishweshwar Reddy stated that Empowered Committee in the year 2013 rejected the Central government's proposal to include petroleum products into GST.[23] In another meeting of the Lok Sabha, DR. P. Venugopal , an M.P. from Tiruvallur, Andhra Pradesh objected inclusion of petroleum products under the GST regime. He insisted that petroleum and petroleum products should be kept permanently outside the purview of the GST.[24] The opposition to bring petroleum products under GST was based on the fact that the States were earning a big amount from imposition of VAT on petroleum products. Though the share of the revenue of the Centre was more, but till the States were in a good position to earn revenue from it by putting high tax.However, petroleum products were decided to be brought under GST though to be applicable on a future date. Under section Section 9(2) of the Central Goods and Services Tax Act, 2017, the provision is made that the central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendation of the Council. Under Article 279 A(5) of the Constitution of India, the Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel. After the 101st amendment of the Constitution of India, under Entry 84 of the Union List, the Centre has been given the power to impose excise duty on manufacture or production of such petroleum products. Whereas under Entry 54 of the State List , the States are given power to impose taxes on sale of petroleum products but not in the course of sale in inter-state trade or commerce or international trade or commerce.

Despite such provisions being made, the petroleum products are yet not been brought under GST and it has given rise to inflation in the market. Scrimmage between the Centre and the States, Reserve Bank of India already asked the Centre for reducing indirect taxes on petrol and diesel. Taxes levied by the Centre

---

[20] .Government of India, "Economic survey 2022-23" 133 (Ministry of Finance, 2023).

[21].Lok Sabha Debates on May 05, 2015 *available at* https://eparlib.nic.in/handle/123456789/750474?view_type=search (last visited on May 22, 2024 at 4 p.m.).

[22] .*Ibid.*

[23].*Ibid.*

[24] .Lok Sabha Debates on Aug.08, 2016 *available at* https://eparlib.nic.in/handle/123456789/7/browse?page-token=e07cd0a44a9d&page-token value=cf5975c941eae93c40e6df3e54833705&type=date&sort_by=1&order=DESC&rpp=20&etal=1&year=2016&month=8 &starts_with= (last visited on May 23, 2024 at 1 p.m.).

and the local governments made up for 60% of the retail cost of petrol while it is 54% in the case of diesel as was said by the RBI Governor Shaktikanta Das in a monetary policy meeting concluded on February 5, 2021. Consumer Price Index inflation excluding food and fuel remained elevated at 5.5% in December, 2020 due to inflationary rate of rising crude oil prices and high indirect tax rates on petrol and diesel. [25] The Central government therefore, on May, 21, 2022 cut excise duty on petrol by Rs. 8 per litre and on diesel Rs. 6 to give relief to the consumers. It also asked to the Sates to reduce VAT. But almost none of the States reduced it [26] and they were reluctant to cut their impost. In a meeting, it was stated by the Finance Minister of Kerala K.N.Balagopal that bringing fuel under GST would not lower the price of fuel and rather asked the centre to lower the excise duties first. He further stated that the Union was already collecting Rs. 28 for diesel and 26 for petrol as cess. Such cess is a special cess which is outside divisible poll. Another Rs. 4 is charged for a litre of diesel as agricultural cess. So, he asked to the central government to remove such cess for reducing the price of petroleum products.[27] He further stated that the State of Kerala did not raise sales tax on petrol and diesel in the past six years so they were not supposed to reduce it. The same tenor was also made by the then Chief Minister of Telangana. [28]

Discussion in the meetings of the GST Council

The non-inclusion of petroleum products under GST drew the attention of the members of the GST Council on many occasions and specially in the 14th GST Council meeting[29]. However, the views were not uniform in that regard. In that meeting, it was pointed that an important incidence of non-inclusion of petroleum products under GST was imposition of GST on transport of goods and passengers by rail (except passengers travelling in sleeper class) at the rate of 5%.[30]In another meeting of the GST Council, to reduce the cascading of taxes due to non-inclusion of petrol, diesel, Aviation turbine fuel, natural gas and crude oil under GST, different recommendations were made. [31] One of the important recommendations was imposition of 5% of GST on transportation of natural gas through pipeline without Input Tax Credit (ITC) or 12% with full ITC. [32] Besides, GST on bunker fuel both for foreign going vessels and coastal vessels were to be reduced to 5%.[33]In the 25th GST Council meeting, the member representing Punjab raised the concern to bring petroleum products under the purview of GST.[34] The Council agreed to this suggestion to discuss about it in the next meeting.[35] But no such discussion took place in the next meeting.In the 45th Meeting of the GST Council, the same agenda of inclusion of petrol and diesel under GST came for consideration.[36] The agenda arose out of an order of Hon'ble Kerala High Court in *Kerala Pradesh Gandhi Darshanvedhi v Union of Indian and Ors* [37] for placing a representation by

---

25 . RBI asks Centre, state governments to reduce indirect taxes on petrol, diesel, *The New Indian Express,* (Feb.23, 2021) *available at* https://www.newindianexpress.com/nation/2021/Feb/23/rbi-asks-centre-state-governments-to-reduce-indirect-taxes-on-petrol-diesel-2267669.html (last visited on July 20, 2024 at 12 p.m.).
26 .*Ibid.*
27 . M.G.Arun, "Why the Centre and states do not want petrol and diesel under GST" *India Today*, Sep.26, 2021 *available at* https://www.indiatoday.in/india-today-insight/story/why-the-centre-and-states-do-not-want-petrol-and-diesel-under-gst-1855878-2021-09-22 (last visited on Aug.25, 2024 at 2.10 p.m.)
28. Vignesh Radhakrishnan, "Explained| States vs Centre: Which govt. increased the fuel tax rate? " *The Hindu*, May 01, 2022 *available at* https://www.thehindu.com/business/Economy/explained-states-vs-centre-which-govt-increased-the-fuel-tax-rate/article65370084.ece (last visited on Sept.27, 2024 at 3 p.m.).
29 .Minutes of the 14th GST Council Meeting available at https:// gstcouncil.gov.in (last visited on Sept. 20, 2024 at 5 p.m.).
30 . *Id.* at para 23.
31 . Minutes of the 22nd GST Council Meeting available at https:// gstcouncil.gov.in (last visited on Sept.21, 2024 at 1 p.m.).
32 . *Id.* at para 29.29.
33 . *Id.* at para 13 (x).
34 . Minutes of the 25th GST Council Meeting available at https:// gstcouncil.gov.in (last visited on Sept. 22, 2024 at 11 a.m.).
35 . *Id.* at para 26.
36 .Minutes of the 45th Meeting of GST Council available at https:// gstcouncil.gov.in (last visited on Sept.2, 2024 at 2.33 p.m.).
37. W.P. (Civil) No. 12481 of 2021.

Kerala Pradesh Gandhi Darshanavedhi, Thiruvananthapuram regarding inclusion of Petrol and Diesel under GST. The Hon'ble High Court in this case directed the GST Council to take an appropriate decision in that regard within a period of six weeks. When the matter came up for discussion on the floor of the GST Council, the minister from Maharashtra made an important point that the opportunity for the States to raise additional revenues under the GST regime was is limited and therefore, petroleum products should be continued to be out of GST for raising additional resources for developmental activities.[38] The member representing Delhi pointed the fact that the rate of one litre petrol in the retail sales would draw 125% GST, if the price was required to be kept at the same level.[39] It is important to mention herein that the maximum tax slab under GST is 28%.The member representing Rajasthan raised a significant point that the revenue earned by the Centre by imposing taxes on petroleum is much higher than that of the States. He stated that the Basic Excise duty on Petroleum which Rs. 1.80 per litre is shared by both the Centre and his State. However, the State does not get any share from the Special Excise Duty at Rs. 8 per litre and Additional Excise Duty in the name of road and infrastructure cess at Rs. 18 per litre which is accrued by the centre.[40] On such pretext, the Council found that it was not the right time to bring petroleum products under the GST regime. [41] However, non-inclusion of it has brought about serious issues. Impact of non-inclusion of petroleum products under GST.The impact of non-inclusion of GST has given rise to steep inflation in the market. As, petroleum products are not included under GST, the price of petroleum products remain high. The petroleum sector is faced with a hybrid tax regime on account of being subject to levy of existing taxes that is excise duty and state sales tax for non-GST items and GST for the remaining petroleum products.[42] It was also found that where inputs are under GST structure, but the outputs are not under GST structure, the cost of inputs have gone up. The prices of final products also in that way go up. [43] Besides, upstream oil and gas segment of petroleum industry incurs steep capital expenditure. The exclusion of petroleum products from GST has wounded the situation. The products and services required for the producers attract GST, but at the same time output is exempted from the benefits of GST. It suppressed the cross utilisation of tax credits and the inputs are not allowed for set off. [44]It may also be mentioned that natural gas is like a cleaner in relation to other fuels such as furnace oils, naphtha, pet coke etc. However, these alternative fuels have been brought under GST and not bringing a natural cleaner like natural gas under GST in reference to governments' commitment to reduce carbon emission and environment protection is not feasible. Besides, Aviation Turbine Fuel constitutes 40-45% of the total cost of air transportation, and the Value Added Tax (VAT)/Central Sales Tax (CST) implications on it seems to be low in relation to other excluded goods. Therefore, there was demand that such aviation fuel were to be brought under GST. [45]

---

[38] . *Supra* note 37 at para 16.2.
[39] . *Id*. at para 16.3.
[40] . *Id*. at para 16.4
[41] . *Id*. at para 16.6.
[42] . Standing Committee on Petroleum & Natural Gas (2019-20), "Second Report on Demand for Grants (2020-21)" 14 (March,2020) *available at* https://eparlib.nic.in/handle/123456789/13/browse?type=committeename&sort_by=1&order=DESC&rpp=20&etal=-1&value=Committee+on+Petroleum+and+Natural+Gas&offset=20 (last visited on Sept.4, 2024 at 9.30 p.m.)
[43]. Standing Committee on Petroleum & Natural Gas (2017-18), "Twenty third Report on Demand for Grants (2018-19)" 41 (March, 2018) *available at* https://eparlib.nic.in/handle/123456789/762355?view_type=browse (last visited on Sept. 7, 2024 at 1 p.m.).
[44] .Opinion: GST for Oil & Gas: Fuelling the way for India's energy security *available at* https://energy.economictimes.indiatimes.com/news/oil-and-gas/opinion-gst-for-oil-gas-fueling-the-way-for-indias-energy-security/94508118 (last visited on May 23, 2024 at 12.30 a.m.).
[45] . Standing Committee on Petroleum & Natural Gas (2020-21), "Fifth Report on Demand for Grants (2021-22)" 43 (March, 2021) *available at* https://eparlib.nic.in/handle/123456789/800911?view_type=search (last visited on Oct. 2, 2024 at 10 a.m.).

ANALYSIS

Under section 9(2) of the Central Goods and Services Tax Act, 2017, petroleum products were to be brought under GST, but yet it has not been done. As the highest tax slab under GST 28%, and if petrol products are to be brought under GST, the price of it would required to be reduced a lot in that regard and that has been a concern for the States as well as the Centre. There are reasons for addressing the revenue deficits as during the COVID period there was substantial revenue loss. But still when there was cut in the price rates in the international market, the consumers did not get the benefits. There have already been demands from the Ministry of Petroleum and Natural Gas, Government of India that at least natural gas and Aviation Turbine fuel should be brought under GST. But till now this has not been done. The GST Council has also postponed the inclusion of petroleum products under GST for a future date as there was no consensus in that regard. There is also rift between the States and the Centre as the Centre's revenue collection from petroleum products is much more than the States and the States were not in the disposition of reducing its tax rates. Under such circumstances it has not been possible to include the petroleum products under GST. But If there is to be 'ease of doing business', or 'make in India' there is serious need for reduction in the prices of petroleum. The legislative promise has to be chalked out to reality. The consumers are entitled to receive the benefits. There has already been growth in revenue earned from alcohol for human consumption which is kept out of GST. Excise duty on it has already been increased on many occasions. Many of the States are getting revenue benefits for such steps However, it is also a matter of concern that the all the States did not get the assured year on year growth of 14% as ensured by the Centre to the States when they agreed to come under the GST regime. [46] Hence, States are hesitant to release such an important source of revenue to be brought under GST.

Suggestions

It may not be possible for the GST Council to give the decision of immediately bringing all the petroleum products under the GST regime. But step by step it can be brought under its ambit with deliberation and adequate planning. Distinction may be made of fuel for vehicles used for business purpose and vehicles used for personal purposes for the time being. By making such differentiation one part of fuel can be brought under the GST structure.Besides, natural gas is a natural cleaner and therefore it is desirable that at least such product may be brought under GST. Such a move would provide the stepping stone to bring petroleum products under GST.

CONCLUSION

The conflict between revenue and social security has always been a burning issue. The balancing of profit and social security pose challenges for the legislator and policy makers with the changing needs of time. But the Constitutional goal of free flow of inter-state trade and commerce has to be preserved at any cost. The inclusion of petroleum products under GST would serve such Constitutional goals. However, the GST Council is the best institution to decide on this which represents the Centre and the States as well and it would be an occasion to see as to how petroleum products are brought under the GST structure in the future.

[46] . Minutes of the 14th GST Council meeting *available at* https:// gstcouncil.gov.in (last visited on July 10, 2024 at 2.50 p.m.)