

Resolution Calling for Nationwide Protest Against Petrol and Diesel Price Hikes

(Adopted by the 23rd Congress on April 7, 2022)

The 23rd Congress of CPI(M) protests the relentless increase in the prices of petrol and diesel by the oil companies in connivance with the Narendra Modi led BJP Government. Escalation of petroleum prices is fueling inflation and thus implies large-scale transfer of resources from the working people to the ruling classes and the Government of India. The Union Government's tax collection from the oil sector increased from Rs 0.74 lakh crores in 2014-15, the first year of the BJP-led Government to around Rs 3.5 lakh crores in 2021-22. The share of petroleum taxes in the revenue of the Union Government has increased from 5.4 per cent to 12.2 per cent.

The retail prices of petrol and diesel have been increasing almost daily since March 22. On the day of the opening of this Congress the cumulative increase in the prices has been Rs 10.83 and Rs 10.47 on Petrol and Diesel respectively.

The deregulation of petroleum prices and undermining of the oil pool account system has, in effect, given a free hand to oil companies to set retail prices. The real motive behind the deregulation was to give advantages to new private entrants to the retail sector such as Reliance Petroleum who could not be subsidised from the oil pool account.

The ostensible reason for deregulation has been that it is more efficient to have markets set prices. But the BJP led NDA government has been manipulating the central taxes on petroleum products in order to deny the people any benefits to be had from the decline in the market prices of crude oil. After the Modi government came to power, the central taxes on petrol and diesel were increased 3.5 and 9 times respectively. The justification of this unparalleled increase in taxes was that the international prices of crude oil were sharply declining and that, therefore, higher taxes would not result in higher retail prices. By the same logic, the Government of India should have rolled back the taxes once the international crude oil prices began to rise, as is the current experience. The result is that retail prices, which were deliberately reined in during the period of the recent State elections, have begun to catch up with international crude oil prices, which have tended to rise in the post-Covid period and have surged during the Ukraine crisis.

The BJP has been arguing that State Governments should soften the burden on the people by reducing State taxes. It was not State Governments but the Union Government that increased taxes when crude oil prices fell. Under popular pressure, the Union Government was forced to partially roll back the tax increase in November. Even now, when the country is facing the danger of a price spiral that could choke post-Covid recovery, the government is refusing to completely withdraw the additional tax imposed.

To avoid sharing the additional revenue mobilised with State Governments, the Union Government has been relying on taxes that are outside the scope of the divisible pool. In the 2018-19 Budget, while the excise duty on petroleum products was reduced by Rs 9 per litre, road cess, which is not shareable with the States, was increased by an equivalent amount. In November 2021, when forced to reduce taxes, the BJP Government reduced the excise, which would have had to be shared with States. Actions by State Governments have not contributed in any way to the present petroleum price spiral.

The 23rd Congress of CPI(M) demands the immediate withdrawal of additional taxes imposed during the NDA regime. It demands that the Government increase taxes on the rich, impose controls

on and reduce the retail prices of petrol products, and stop the privatization of public sector undertakings in the petroleum sector.

This Congress urges the people of this country groaning under the back breaking impact of unprecedented onslaughts on their livelihood to protest on a massive scale all across the country.