Punjab's Decision on Fuel Prices

Why in news?

Punjab government in its third budget announced a cut of Rs.5 and Rs.1 per litre on petrol and diesel, respectively.

How fuel price impacts Punjab farmers?

- Punjab's 18 lakh farmers are the major users of diesel.
- There are 1.5 lakh diesel operated tube wells in Punjab, 15,000 combine harvesters, which are used for harvesting wheat and paddy.
- Besides this, there are 25,000 crop residue management machines, lakhs of tractor-trolleys, ploughers, and several other small farm machines which are operated on diesel in Punjab.
- With Punjab being a major contributor of wheat and paddy grain to central pool, most of these grains are transported through diesel-operated trucks only.

What is Punjab government's plan on fuel prices?

- In 2017, the prices of diesel were around Rs.56 per litre including 28 per cent VAT plus 10 per cent additional tax on VAT in Punjab.
- The diesel rates touched Rs.70 to 71 per litre in September 2018 in the state.
- In October last year, the rates were again decreased by Centre and finally it come down to Rs.66.01 per litre till Monday.
- As per these calculations, the prices of diesel are still up by Rs 9 to 10 per litre compared to what they were in 2017.
- Though the petrol and diesel prices are decided by the Centre, state governments can always reduce the Value Added Tax (VAT) and local cess, which are different in different states, to keep the prices of these products at par with neighbouring states.
- To address fuel prices issues Punjab government recently announced a cut of Rs.5 and Rs.1 per litre on petrol and diesel, respectively.

What is the response for the announcement?

- Diesel was Rs.65.05 per litre following the Rs. 1 cut in Punjab, but the

prices of diesel in Punjab are still high compared to neighbouring states.

- Till around 2016-17, a farmer used to pay Rs.1,000-1,200 for harvesting, threshing and cleaning the paddy or wheat from one acre using combine harvester.
- In 2018-19, the rate increased Rs.1400-1,500 per acre and similarly, the operation of every farm implement has gone up due to increase in rates.
- If a farmers is required 10 litre diesel for running a harvester on his one acre field, it will save him just Rs.10 per acre for one crop.
- By all means the total saving on an acre annually would not be more than Rs.40-50 by running all required implements for harvesting and other purposes.
- Thus the cut seems to have brought relief to the general public, it is not seen as enough for the stressed farming community in the state.

Source: Indian Express

SHANKAR IAS PARLIAMENT
Information is Empowering