**National Press Release**

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**Petrol will sell for less than Rs. 45 under SBP rule. And a 10 percent ceiling on GST.**

Mr Sanjay Garg, State Coordinator for Rajasthan of Swarna Bharat Party, India’s only liberal party, said today that the Modi government is charging First World tax rates in a Third World country where it costs 10 times less to provide government services. Extortionary taxes are being imposed on a tiny segment of the population, badly harming economic growth and hurting the youth who are left jobless.

Mr Garg raised concerns about two key taxes: on petrol and GST. He said that it is easy for anyone to work out how extremely high India’s petrol taxes are compared with developed countries.

He said that petrol costs around Rs.70 per litre in Australia and Rs. 80 per litre in India at the moment. This price includes taxes. But if we compare the actual costs of providing services, we are astonished to note that it costs India 10 times less than Australia to provide comparable services. Thus, a Police constable in India gets Rs.3 lakhs per year while Australia governments pay around Rs.35 lakhs per year. India’s Cabinet Secretary gets around Rs. 35 lakhs per year while comparable officers in Australia get Rs. 4.5 crores per year.

Thus India’s petrol taxes should be ten times less than comparable taxes in Australia. But even assuming that fuel taxes are mainly spent on roads, it is ridiculous to charge higher fuel taxes than Australia. India's per capita income is US$1,670 in nominal foreign exchange terms but US$5,350 in purchasing parity terms. The India's rupee buys 3.2 times its nominal exchange rate when the prices of local labour, goods and services are factored in – including all imports.

This shows that India must charge no more than 31 per cent of the Western country fuel taxes. But since India’s overall tax level is no around two-third of the tax level of an average Western country, the fuel taxes in India should not exceed 20 per cent of Western tax rates according to this calculation.

Mr Garg declared that SBP will not charge more than 20 per cent of comparable Western country petrol taxes, as measured in foreign exchange terms. Under an SBP government, petrol would cost no more than Rs. 45 per litre under the present circumstances. In addition, by privatising oil refining, competitive pressures would further reduce petrol price.

Mr Garg also reaffirmed SBP’s long standing commitment to charge no more than 10 per cent as GST.

People would naturally ask: how would SBP manage with the reduced taxes? Mr Garg responded that SBP would broaden the tax base. Currently, a miniscule proportion of the population pays income tax. SBP is committed to removing all major exemptions on paying income tax, including for farmers and tribal areas of India. Rich farmers and rich tribal persons must pay income tax equitably like the rest of rich Indians. It is absurd for the Modi government (along with his predecessor governments) to exempt rich Indians from paying income tax. Broadening the tax base will also reduce corruption and black money since many of the rich often hide their wealth by claiming a bogus agricultural exemption.

Mr Garg also challenged the Modi government why it is wasting vast amounts of taxpayer wealth in loss-making public sector banks and other business undertakings – something no government should be involved with. How can Mr Modi deliver “minimum government, maximum governance” that he claims he will deliver if he runs banks, buses, airlines and hotels?

Mr Garg declared that if the Modi government does not implement tax reforms urgently, SBP will start a mass movement to force petrol prices down and demand fundamental tax reforms.

He added that it was shameful that leading opposition parties in India have totally failed to support the common man in fighting the steep hike in petrol taxes during Modi government’s regime.

**Notes for Editors**

SBP is India’s only liberal party, committed to defending liberty and promoting prosperity.

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