

"Having an eye sight with no vision is worse than being blind"

Helen Keller

IF I were Anil Kapoor to ask the last question in Slumdog Millionaire, I would have preferred "Which is the most indispensable of the following, a. Electricity b. Telecommunication 3. Computers, and 4. Petrol & Diesel" and I am sure that Jamal Malik would have a tough time to reply rather identifying who was the Third Musketeer!

Petrol, the most indispensable liquid, next to water in this planet, which makes any nation, to be or out of the Atlas. (Remember Malaysia became an Asian might after its petrol discovery). Today, Petrol and diesel are not just fuel which runs an automobile but drives the economy of a country. Further it is also a lifeline for everyone, be it poor to rich.

The trigger of this piece is the latest increase in the petro price (guess it is a record 9th time the price being hiked, within a year). In this piece, I wanted to address the burning issue of the continuous price hike we all witness and suffer, on this essential commodity, which has a direct bearing on the spinal cord of every common man. With the latest increase of Rs 2.55 per litre on the petrol prices, the price of this fossil fuel stands today around Rs. 63.45 per litre!!! (for ease of reference I take the prices and stats prevailing in Tamil Nadu).

Every time there is a hike in the fuel prices, the first and prime reason stated by one and all (from the petrol pump boy to the Prime Minister) is that the Oil Companies are incurring huge losses!!!

But curiously the Oil majors, namely, IOCL, HPCL and BPCL have shown around Rs. 10699.61 crores as their profit for the second quarter of the year 2010-11 after paying around Rs. 1121.17 crores of tax, to the State and Central Governments !!!

The next important reason stated for the fuel price hike is that the international price of the crude oil has gone up! Today the crude oil price is around USD 92 per barrel and the retail petrol price is Rs. 63.45 per litre. In 2008, when the crude oil prices sky rocketed to USD 135 per barrel, the petrol price stood at Rs 54 per liter. To me, as a common man, despite the increase in overheads and processing costs, this proposition appears to be highly irrational if not ridiculous!!!

Ok. Then what could be the real reason behind such an increase in the petro prices? To me, it is TAXES!

Today, in the retail price of Rs. 63.45, the fuel cost stands around Rs 22/- per litre and the various taxes levied and collected by both the State and Central Governments stand at a whopping Rs 41/- per litre.

Now let's see the impact of this on a common man!

If a common man consumes around 15 liters of petrol every month, then @ Rs. 63.45, he spends Rs 951.75 per month, out of which Rs 650.70 is for the various State and Central levies and around Rs 330/- is towards the petrol cost. Thus, in a year, he pays a tax of around Rs. 8000/- to the Governments through his fuel consumption!

When the Government gets its share from the profits of the oil companies (as they are PSUs) as well as a whopping revenue from its various taxes, is it not the responsibility of the Government to reduce the taxes on this essential commodity and reduce the burden on AAM AADMI? That too, when a nation filled with BPL (Below Poverty Line) is limping and crawling, is it right on the part of both the Oil Cos to claim that they run huge losses and the Government in collecting such huge taxes thus resulting in hiking the price of a commodity, which hits the belly of everyone?