



Mapping India's Energy Subsidies 2020: Fossil fuels, renewables, and electric vehicles

2020 Annex Update



Introduction

This Annex is an accompaniment to [Mapping India's Energy Subsidies 2020: Fossil fuels, renewables, and electric vehicles](#). It provides detailed background information for all subsidies that have significantly changed since our 2018 review, [India's Energy Transition: Subsidies for Fossil Fuels and Renewable Energy, 2018 Update](#), with the following subsections:

- New summary tables on policies linked to:
 - EV.6: Concession of GST rates on electric two- and three-wheelers
 - TD.15: Construction of a 220 kV transmission line from Srinagar to Leh via Kargil
 - OG.41: Project Management Expenditure (PME) & Information Education and Communication (IEC) expenditure under PMUY
 - OG.42: PDS Kerosene and Domestic LPG subsidy scheme, 2002
- Description of tax measures used in Section 5 of the main paper, Cost Assessment of Coal-Fired Power in India

For a full overview of subsidy data, readers can also refer to the separate accompanying [data spreadsheets](#) that form part of the 2020 update or visit the [interactive platform with key trends](#).



New Subsidy Summary Tables

Subsidy category	Government revenue foregone → Tax breaks and special taxes → Exemptions from special taxes					
Stimulated activity	Consumption					
Subsidy name	EV.6 Concession of GST rates on electric two and three-wheelers					
Jurisdiction	Central government					
Legislation/endorsing organization	The Goods and Services Tax Act, 2017					
Policy objective(s) of subsidy	The objective is to reduce the cost of electric two- and three-wheelers in the market.					
End recipient(s) of subsidy	Consumers					
Time period	Revised periodically					
Background	<p>In order increase the uptake of electric vehicles in the market, electric vehicles were subject to a lower excise duty (12.5% compared to 24% on fossil fuel vehicles) to reduce the cost of electric vehicles in the market.</p> <p>After the introduction of the Goods and Service Tax (GST) in July 2017, the excise duty was subsumed under the GST. Electric vehicles continue to have lower GST rates, at 12%, compared to 28% on fossil fuel vehicles.</p>					
Amount of subsidy conferred	FY 2014 ¹	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not applicable	Not applicable	Not applicable	Not applicable	1,175.8	1,481.8
(in USD million)	Not applicable	Not applicable	Not applicable	Not applicable	176.4	222.3
Information sources	<p>Central Board of Indirect Taxes and Customs GST rates</p> <p>https://cbec-gst.gov.in/gst-goods-services-rates.html</p> <p>https://pib.gov.in/newsite/PrintRelease.aspx?relid=192337</p>					

¹ FY 2014 refers to the year beginning in April 2013 and ending in March 2014, and likewise for other years.



Subsidy category	Direct and indirect transfer of funds and liabilities → Direct spending (target spending through budget)					
Stimulated activity	Production and consumption → Grids					
Subsidy name	TD. 15 Construction of a 220 kV transmission line from Srinagar to Leh via Kargil					
Jurisdiction	Central government					
Legislation/ endorsing organization	Budgetary support provided by the Government of India Ref: Article 112, 116 and 282 of the Constitution of India					
Policy objective(s) of subsidy	The objective is to ensure quality power supply to Ladakh year-round, which would boost tourism and enhance socioeconomic development in Ladakh.					
End recipient(s) of subsidy	Power Grid Corporation of India Limited (POWERGRID)					
Time period	2014–2019					
Background	The Ladkh region of Jammu and Kashmir has suffered because it is one the most remote locations in India. To provide quality power supply to the region, a 220 kV transmission line was approved in October 2012 connecting Srinagar and Leh. Construction began in August 2019 and was completed in February 2019 by POWERGRID.					
Amount of subsidy conferred	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	65	268	0	250	500	500
(in USD million)	65	268	0	37	78	74
Information sources	https://pib.gov.in/Pressreleaseshare.aspx?PRID=1562449 https://powermin.nic.in/en/content/220-kv-transmission-system-srinagar-leh					



Subsidy category	Direct or indirect transfer of funds and liabilities → Direct spending → Earmarks					
Stimulated activity	Consumption → Households					
Subsidy name	OG. 41 Project Management Expenditure (PME) & Information Education and Communication (IEC) expenditure under PMUY					
Jurisdiction	Central government					
Legislation/ endorsing organization	Ministry of Petroleum and Natural Gas (MoPNG)					
Policy objective(s) of subsidy	As stated on the Pradhan Mantri Ujjawala Yojana (PMUY) website (see link below), the objective is “to safeguard the health of women and children in the household by providing them with a clean cooking fuel – LPG so that they don’t have to compromise their health in smoky kitchens or wander in unsafe areas collecting firewood.”					
End recipient(s) of subsidy	Consumers					
Time period	May 1, 2016 to present					
Background	According to the revised scheme guidelines for the PMUY laid out in March 2018, in addition to the expenditure for new connections, the scheme will have a provision of 2% for project management expenditure as well as information, education and communication. This is reported separately from the PMUY claims.					
Amount of subsidy conferred	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	not applicable	not applicable	not applicable	not applicable	63	34
(in USD million)	not applicable	not applicable	not applicable	not applicable	10	5
Information sources	https://pmuy.gov.in http://petroleum.nic.in/sites/default/files/revujscheme.pdf					



Subsidy category	Direct or indirect transfer of funds and liabilities → Direct spending → Earmarks					
Stimulated activity	Consumption → Households					
Subsidy name	OG.42 PDS Kerosene and Domestic LPG subsidy scheme, 2002					
Jurisdiction	Central government					
Legislation/ endorsing organization	MoPNG					
Policy objective(s) of subsidy	The objective is to provide direct support by subsidizing prices for liquefied petroleum gas (LPG) and kerosene to make them affordable for consumers.					
End recipient(s) of subsidy	Consumers					
Time period	April 2002 to March 2015					
Background	Under the scheme, a subsidy was provided on the sale of Public Distribution System (PDS) kerosene and domestic LPG. This scheme extended to sales done only by selected oil marketing companies. The scheme ended on March 31, 2014, but was extended by one more year. The subsidy payments made in FY 2017 were in relation to earlier dues.					
Amount of subsidy conferred	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	0	0	0	3,293	0	0
(in USD million)	0	0	0	491	0	0
Information sources	https://www.ppac.gov.in/WriteReadData/userfiles/file/PS_4_SubsidyScheme2002.pdf https://pib.gov.in/newsite/PrintRelease.aspx?relid=116475					



Description of Coal Tax Measures

Tax type	Producer					
Tax name	CT.1 Royalty					
Exchequer	State government					
Legislation	Mines and Minerals (Development and Regulation) Act (MMDR), 1957					
Time period	1957 to present					
Background	Under this act, every state can set a royalty for coal extracted from mines in its jurisdiction. This royalty doesn't fall under the purview of the GST. Currently, West Bengal has royalty rates set to the grade of coal ranging from INR 4.30 to 6.50 per MT, while other states have a flat rate of 14% on coal prices.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	5,684	6,118	6,592	6,862	7,810	9,110
(in USD million)	940	1,001	1,007	1,023	1,212	1,355
Information sources	https://www.coaljunction.in/appuploads/file/coaljunction/downloads/ECLtaxes.pdf https://www.business-standard.com/article/economy-policy/coal-royalty-and-entry-tax-to-be-out-of-gst-purview-110111500038_1.html https://mines.gov.in/writereaddata/UploadFile/MMDR%20Act,1957.pdf					



Tax type	Producer					
Tax name	CT. 2 Contribution to District Mineral Foundation					
Exchequer	State government					
Legislation	Mines and Minerals (Development and Regulation) Amendment Act (MMDR), 2015					
Time period	2016 to present					
Background	Introduced under the MMDR Amendment Act, 2015, every holder of a mining lease must pay this tax to the District Mineral Foundation of the district where the mining is done. The proceeds will be used for social improvement projects in the district. The amount is set at 10% of the royalty if contracts are signed after January 12, 2015, and 30% of the royalty if earlier.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not applicable	Not applicable	Not applicable	3,111	2,331	2,326
(in USD million)	Not applicable	Not applicable	Not applicable	464	362	346
Information sources	https://bit.ly/2UctoGM https://www.downtoearth.org.in/news/mining/supreme-court-gives-breather-to-mining-companies-clarifies-on-dmf-payment-58957 https://mines.gov.in/writereaddata/UploadFile/DMFJharkhand18012019.pdf					



Tax type	Producer					
Tax name	CT.3 Contribution to National Mineral Exploration Trust (NMET)					
Exchequer	Central government					
Legislation	Mines and Minerals (Development and Regulation) Amendment Act (MMDR), 2015					
Time period	2016 to present					
Background	The NMET Fund is provided to states upon request for carrying out exploration work in areas rich in natural resources. NMET is levied at 2% of the royalty. States collect the money from the miners and deposit it under the NMET to the Consolidated Fund of India.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not applicable	Not applicable	Not applicable	174	160	184
(in USD million)	Not applicable	Not applicable	Not applicable	26	25	27
Information sources	http://www.indiaenvironmentportal.org.in/content/454404/national-mineral-exploration-trust-amendment-rules-2018/ https://nmet.gov.in/content/					



Tax type	Producer					
Tax name	CT.4 Stowing excise duty					
Exchequer	Central government					
Legislation	Coal Mines (Conservation & Development) Act (CCDA), 1974					
Time period	1974–2017					
Background	Under the CCDA, 1974, an excise duty for rehabilitation, stowing and infrastructure development of abandoned mines was set up. It was subsumed under the GST reform in 2017.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	349	383	401	422	170	Not applicable
(in USD million)	58	63	61	63	26	Not applicable
Information sources	http://legislative.gov.in/sites/default/files/A1974-28.pdf http://www.cercind.gov.in/2016/orders/19.pdf https://pib.gov.in/newsite/PrintRelease.aspx?relid=169526					



Tax type	Producer					
Tax name	CT.5 Clean Energy Cess					
Exchequer	Central government					
Legislation	Finance Act, 2010					
Time period	2010–2017					
Background	Starting in 2010, a clean energy cess was levied on coal at INR 50 per MT. Since its inception, the coal cess has been increased three times, from INR 50 per tonne in 2010 to INR 200 per tonne in March 2015 to INR 400 per tonne from March 2016 to June 2017. It was abolished under the Taxation Laws Amendment Act, 2017.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	1,798	3,311	7,612	16,526	5,548	Not applicable
(in USD million)	297	541	1,163	2,463	861	Not applicable
Information sources	https://pib.gov.in/newsite/PrintRelease.aspx?relid=169526 http://www.cercind.gov.in/2019/orders/17-MP-2019.pdf					



Tax type	Consumer					
Tax name	CT.6 Basic Customs Duty					
Exchequer	Central government					
Legislation	Customs Act (1972), Customs Tariff Head 2701					
Time period	1972 to present					
Background	Through the Customs Act, 1962, the Central Board of Excise and Customs is allowed to collect duties on imports. A basic customs duty is levied under tariff head 2701 on “coal; briquettes, ovoids and similar solid fuels manufactured from coal.” The duty is currently set at 10%. It was not subsumed under the GST.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	5,750	7,076	5,778	5,908	7,895	9,887
(in USD million)	950	1,157	883	881	1,225	1,471
Information sources	https://www.icegate.gov.in/Webappl/Structure-of-Duty-for-selected-Tariff					



Tax type	Consumer					
Tax name	CT.7 Countervailing Duty					
Exchequer	Central government					
Legislation	Customs Act (1972), Customs Tariff Head 2701					
Time period	1972 to present					
Background	Through the Customs Act, 1962, the Central Board of Excise and Customs is eligible to collect duties on imports. Any article imported into India is subject to a duty (in addition to basic customs duty) equal to the excise duty for the time being, leviable on a like article if produced/manufactured (or could be or capable of being produced/manufactured) in India. The duty was set to 2% until the GST reform of domestic taxes, when it was set to 0%.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	1,150	1,415	1,156	1,182	0	0
(in USD million)	190	231	177	176	0	0
Information sources	Code: 2710, https://www.icegate.gov.in/Webappl/Codes					



Tax type	Consumer					
Tax name	CT.8 Excise Duty					
Exchequer	Central government					
Legislation	Central Excise Act, 1944					
Time period	1944–2017					
Background	Through the Central Excise Act, 1944, the government could collect excise duty on goods and services produced in India. The duty was levied under tariff head 2701 on “coal; briquettes, ovoids and similar solid fuels manufactured from coal.” The excise duty was set to 6% before being removed under the Taxation Laws Amendment Act, 2017. It was replaced with the Central GST.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	2,948	3,038	2,781	2,054	401	6
(in USD million)	487	497	425	306	62	1
Information sources	https://pib.gov.in/newsite/PrintRelease.aspx?relid=169526 http://www.cbic.gov.in/resources//htdocs-cbec/excise/cxt-2016-17-revised/chap27.pdf;jsessionid=C376AD480A2839370ED45DDF66B31674					



Tax type	Consumer					
Tax name	CT.9 Central Sales Tax					
Exchequer	Central government					
Legislation	The Central Sales Tax Act, 1956					
Time period	1956–2017					
Background	Through the Central Sales Tax Act, 1956, a tax was levied on interstate production and sale of goods. This was levied for products categorized as “coal, including coke in all its forms, but excluding charcoal.” The tax was set to 2% before being removed under the Taxation Laws Amendment Act, 2017. It was replaced with the Inter-State GST.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	728	785	873	942	160	6
(in USD million)	120	128	133	140	25	1
Information sources	http://wbcomtax.nic.in/Act_Rule_Schedule_Form/CST_Act.pdf https://pib.gov.in/newsite/PrintRelease.aspx?relid=169526					



Tax type	Consumer					
Tax name	CT.10 Value Added Tax					
Exchequer	State government					
Legislation	Value Added Tax Act, 2005					
Time period	2005–2017					
Background	The Value Added Tax Act, 2005, allowed for states to levy a tax on sales or purchases of goods and on entry of goods into the state. The was also levied for products under “coal including coke in all its forms, but excluding char coal.” The tax was between 5% and 6% across states before being removed under the Taxation Laws Amendment Act, 2017. It was replaced with the State GST.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	1,498	1,575	1,865	2,187	706	6
(in USD million)	248	258	285	326	110	1
Information sources	https://pib.gov.in/newsite/PrintRelease.aspx?relid=169526 http://jharkhandcomtax.gov.in/commodities-tax-rates					



Tax type	Producer					
Tax name	CT.11 GST Compensation Cess					
Exchequer	Central government					
Legislation	Goods and Services Tax (Compensation to States) Act, 2017					
Time period	2017 to present					
Background	After abolishing the Clean Energy Cess under the Taxation Laws Amendment Act, 2017, an equivalent cess was set up. Under the Goods and Services Tax (Compensation to States) Act, 2017, a GST Compensation Cess of INR 400 per tonne of coal and lignite has been introduced to be leviable from July 1, 2017.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not applicable	Not applicable	Not applicable	Not applicable	12,997	19,423
(in USD million)	Not applicable	Not applicable	Not applicable	Not applicable	2,017	2,890
Information sources	https://www.cbec-gst.gov.in/pdf/compensation-tax/notfctn-1-compensation-cess-english.pdf http://www.cercind.gov.in/2018/orders/13SM.pdf					



Tax type	Consumer					
Tax name	Components under the Goods and Service Tax (GST) CT.12 IGST CT.13 CGST CT.14 SGST					
Exchequer	Central government (CT.12, CT.13), state government (CT.14)					
Legislation	Goods and Services Tax (GST), 2017					
Time period	2017 to present					
Background	In the major tax reform of 2017, several taxes were subsumed under the GST. According to this tax, a tax rate of 5% has been set for “coal; briquettes, ovoids and similar solid fuels manufactured from coal, lignite and peat.” Tax collection is observed through an Input Tax Credit system.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not applicable	Not applicable	Not applicable	Not applicable	2,101	3,019
(in USD million)	Not applicable	Not applicable	Not applicable	Not applicable	326	449
Information sources	https://cleartax.in/s/fossil-fuels-coal-petroleum-gst-rate-hsn-code https://cbic-gst.gov.in/gst-goods-services-rates.html					



Tax type	Consumer					
Tax name	CT.15 Entry tax					
Exchequer	State government					
Legislation	Entry 52 of the State List and Article 304 of the Indian Constitution					
Time period	1950 to present					
Background	The Entry Tax is an allowance by the constitution to levy a tax on “entry of goods into a local area for consumption, use or sale therein.” Along with royalties, the Entry Tax was excluded from the GST. The amount varies by state, but it usually accounts for a fraction of the taxes paid. It is controversial and seen as an impediment to free trade within India.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	163	163	198	223	61	3
(in USD million)	27	27	30	33	9	0
Information sources	http://www.prsindia.org/hi/theprsblog/can-states-levy-entry-tax https://www.business-standard.com/article/economy-policy/coal-royalty-and-entry-tax-to-be-out-of-gst-purview-110111500038_1.html http://jharkhandcomtax.gov.in/documents/10231/23891/SCHEDULE+-+III+LIST+OF+GOODS+LIABLE+TO+ENTRY+TAX/746fe3d1-060a-424a-a309-cce7d9cd06f0?version=1.1					



Tax type	Producer					
Tax name	CT.16 State Cess on Coal					
Exchequer	State government					
Legislation	Coal Mines (Conservation and Development) Act, 1974.					
Time period	1974 to present					
Background	States with coal-bearing lands are eligible to enforce a cess on coal that differs from a royalty. As of FY 2019, the majority of the cess paid by Coal India Limited (CIL) is to West Bengal. The government is looking to reform this by asking them to reduce the cess and increase the royalty. In West Bengal, the cess is 25% per MT.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	1,428	1,149	1,213	1,339	1,275	1,353
(in USD million)	236	188	185	200	198	201
Information sources	https://www.coaljunction.in/appuploads/file/coaljunction/downloads/ECLtaxes.pdf https://economictimes.indiatimes.com/news/economy/policy/centre-wants-west-bengal-to-cut-cess-on-coal-hike-royalty/articleshow/53818563.cms?from=mdr					



Tax type	Consumer					
Tax name	CT.17 Consumption taxes, non-CIL coal					
Exchequer	Central and state governments					
Legislation	Previously stated					
Time period	2013–2019					
Background	This has been calculated for non-CIL coal, which is imported and used in the power sector. In addition to CT.6 and CT.7 customs duty, the imported coal is subject to the following: CT.4 stowing excise duty, CT.5 clean energy cess, CT.8 excise duty (before GST) and CT.11 GST compensation cess, CT.12,13,14 GST (after GST). This is not a separate tax levied.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	5,994	10,159	8,792	11,907	10,792	12,778
(in USD million)	991	1,661	1,343	1,775	1,675	1,901
Information sources	https://coal.nic.in/content/annual-report-2018-19					



Tax type	Producer					
Tax name	CT.18 Corporate taxes from thermal power plants					
Exchequer	Central and state governments					
Legislation	The Companies Act, 1956					
Time period	1956 to present					
Background	India's thermal power production sector is privatized with public (centre and state owned), private and joint ventures. These power producers are registered as companies in India and pay corporate taxes on their assets and profits. However, the total tax collected is not centrally reported and has not been calculated due to resource constraints.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not available	Not available	Not available	Not available	Not available	Not available
(in USD million)	Not available	Not available	Not available	Not available	Not available	Not available
Information sources	https://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf					



Tax type	Consumer					
Tax name	CT.19 Coal transportation taxes					
Exchequer	Central and state governments					
Legislation	Finance Act, 1994; Goods and Services Tax (GST), 2017					
Time period	1994–2017; 2017 to present					
Background	Coal is transported across the country via rail or road. These services were taxed under the Service Act and later the GST. The tax rates vary by mode of transport and are primarily paid by goods transport agencies and the Indian Railway. However, the total tax collected is not centrally reported and has not been calculated due to resource constraints.					
Amount of tax collected	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
(in INR crore)	Not available	Not available	Not available	Not available	Not available	Not available
(in USD million)	Not available	Not available	Not available	Not available	Not available	Not available
Information sources	http://www.cbic.gov.in/resources//htdocs-servicetax/st-profiles/tpt-road.pdf https://taxguru.in/service-tax/service-tax-goods-transport-agency-gta-guide.html https://cleartax.in/s/goods-transport-agency-under-gst					