

Fuel prices rising on Ukraine conflict.

Finance Minister Nirmala Sitharaman on Friday told the Lok Sabha that the Russia-Ukraine conflict was to blame for rising fuel prices and asserted that the government was committed to reducing the burden for the common man.

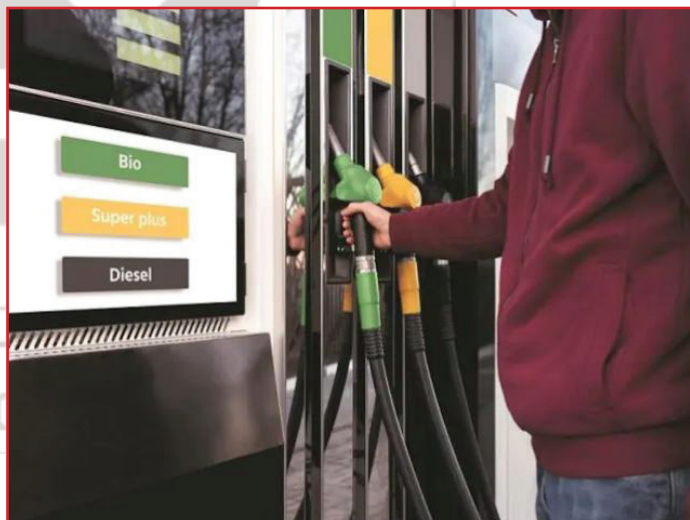
Replying to the debate on the Finance Bill, 2022, which was passed by the Lower House, Ms. Sitharaman sought to counter Opposition criticism on high inflation and the lack of any tax relief for the middle class in the Budget by recalling a speech by India's first Prime Minister Jawaharlal Nehru in which he had blamed the Korean war for soaring food prices in 1951. She also cited former PM Indira Gandhi's decision to sharply raise income tax rates in 1970 to observe that unlike many developed nations, India had not raised taxes to finance pandemic spending and the economic recovery.

The passage of the Bill, with 39 amendments including clarifications regarding the disallowance of cess and surcharges as a business expense, paves the way for the government to implement the provisions of the Union Budget from April 1.

Responding to MPs' comments about corporates getting lower tax rates, Ms. Sitharaman said the rate cuts announced in September 2019 had actually helped the economy, the government and the companies.

Corporate Health Key

"In 2018-19, our corporate tax collection was only about ₹6.6 lakh crore, then COVID happened... In spite of that reduction and the COVID impact, we have already collected corporate tax of ₹7.3 lakh crore till yesterday, so the reduction in corporate tax has given us the rewards in spite of the intervening year being COVID-hit," she said, adding that improving corporate health could also lead to greater employment.



Reacting to criticism about the fuel price increases effected since Tuesday, Ms. Sitharaman attributed it to the global situation arising from the Russia-Ukraine war. “It has nothing to do with the election time,” she asserted. “If the oil marketing companies think that they are procuring on a 15 days average at a higher rate, obviously we will have to bear [it]. And this war that is happening in Ukraine, the impact of that is on all countries, supply chains are disrupted, particularly on crude oil and so on,” she added.

“In 1951, Korea and U.S. could be used to justify price rise when India was not globally connected, but if genuinely, today, we say the Ukraine war is causing the price rise, it’s not acceptable,” she said, terming this a ‘double standard’.

Expected Question (Prelims Exams)

Q. Consider the following statements.

1. India is the third largest oil consumer country in the world.
2. More than 80 percent of India's crude requirements are imported.

which of the above statements is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) None

Expected Question (Mains Exams)

Q. What is the reason for the rise in oil prices in India. Discuss the various measures adopted to tackle the issue of oil price rise in India. (250 Words)

Note: - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC main examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.