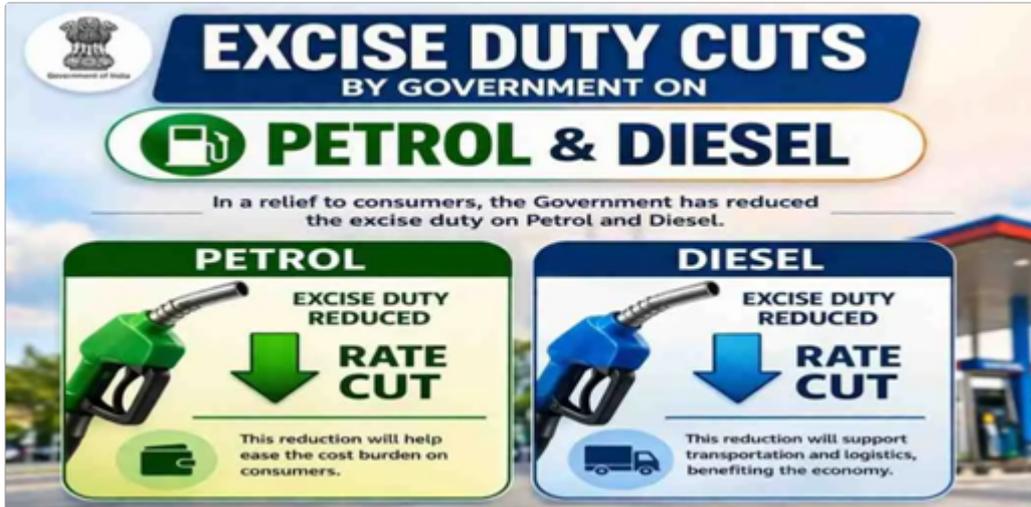




**KAMARAJ IAS ACADEMY**  
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# Excise Duty Cut on Petrol and Diesel

Published On: 28-03-2026



The Government of India has recently reduced excise duty on petrol and diesel to ease the burden of rising fuel prices. This move aims to control inflation and provide relief to consumers amid increasing global crude oil prices.

## Impact on Fuel Prices

Although the excise duty cut is expected to lower fuel prices, the actual benefit to consumers may be limited. This is because global crude oil prices remain high, which can offset the reduction in taxes. As a result, the price relief at petrol pumps may not be significant or immediate.

## Impact on Oil Marketing Companies

The reduction in excise duty is likely to benefit Oil Marketing Companies (OMCs) such as HPCL, BPCL, and IOCL. It can improve their financial position by reducing the burden of absorbing price fluctuations, thereby stabilizing their margins.

## Impact on Government Revenue

Excise duty is a major source of revenue for the central government. Therefore, the reduction in duty will lead to a significant loss of revenue. To balance this, the government may rely on other measures such as windfall taxes or adjustments in fiscal policy.

## Global Context

The decision comes against the backdrop of rising global crude oil prices due to geopolitical tensions and supply uncertainties. India, being one of the largest importers of crude oil, is highly sensitive to global price fluctuations.

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### **Additional Key Facts:**

Petrol and diesel are not included under GST in India.

Fuel prices in India are determined by global crude oil prices + taxes (Excise + VAT).

India is the third-largest consumer of crude oil in the world.

Excise duty is a form of indirect tax levied by the central government.