

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 1309**

**TO BE ANSWERED ON MONDAY, JULY 28, 2025 / SRAVANA 6, 1947
(SAKA)**

REDUCTION OF GST ON FLEX-FUEL VEHICLES

1309. DR. C M RAMESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is promoting alternative fuel to be used in vehicles;**
- (b) whether it is true that States are levying higher GST on flex-fuel vehicle, thereby defeating the very objective of pushing growth in automobile industry;**
- (c) whether any appeal/request has been made by the Government to States to reduce GST on flex-fuels from the present 28% to 12%;**
- (d) if so, the details thereof;**
- (e) whether the Government is considering to reduce the above duties to 5% as is being done in case of Electric Vehicles and 12% in the case of hydrogen fuel cell vehicles;**
- (f) whether any discussion on the above issue has been held in the GST Council; and**
- (g) if so, the details thereof**

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

- (a) The government is taking many measures for promotion of alternative fuels to be used in vehicles:**
 - (i) Ministry of Petroleum and Natural Gas has revised the guideline for granting authorization to market Motor Spirit and High-Speed Diesel. The authorized entities and the public sector Oil Marketing companies are now required to install facilities for marketing at least one new generation alternate fuels like Compressed Natural Gas (CNG), biofuels, Liquefied Natural Gas (LNG), electric vehicle charging stations (EVCSS), etc. at their proposed retail outlets within three years of operationalization of the said outlet subject to the entity complying with various other statutory guidelines.**

- (ii) Ministry of Road Transport & Highways (MoRTH) has notified emission norms to facilitate the use of various alternative fuel vehicles, ensuring their compliance to standards. These norms cover Ethanol-blended fuels, hydrogen, CBG, LNG and Electric Vehicles (EV).**
- (iii) Based on the recommendation of the GST Council, a concessional GST rate of 5% has been prescribed on ethanol and biodiesel supplied to Oil Marketing Companies or Petroleum refineries for blending with motor spirit and high-speed diesel oil.**
- (iv) Blending of duty paid petrol with duty paid ethanol and duty paid biodiesel with high- speed diesel has been exempted from excise duty.**
- (v) Unblended petrol attracts an additional excise duty of Rs 2 per litre.**

(b) The GST rates are based on the recommendation of the GST Council, which is a constitutional body comprising of member from the Centre and State governments. Presently the GST rate applicable on internal combustion vehicles is 28% irrespective of the type of fuel used including alternative fuels.

(c) & (d) The GST rates are based on the recommendation of the GST Council, which is a constitutional body comprising of member from the Union and State governments/UTs. The issue of reduction of the GST rate on flex fuel vehicles was deliberated by the GST Council in its 52nd Meeting held on 07.10.2023. However, the Council has not recommended any change in this regard. However, the Ministry of Road Transport & Highways (MoRTH) has requested all States Governments and Union Territories to consider exemption or reduction of road tax on Flex Fuel Vehicles (FFVs) as a fiscal incentive to users.

(e) to (g) The GST rates are based on the recommendation of the GST Council, which is a constitutional body comprising of member from the Union and State governments/UTs. The issue of reduction of the GST rate on flex fuel vehicles was deliberated by the GST Council in its 52nd Meeting held on 07.10.2023. However, the Council has not recommended any change in this regard.
