

Oppn. rebuts FinMin on cost of UPA oil bonds

Interest is just 3.2% of taxes: Congress

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The Congress and the Left on Tuesday reacted sharply to Union Finance Minister Nirmala Sitharaman's assertion that it is difficult to reduce fuel taxes as the government has to foot the bill for oil bonds issued by the UPA, with former Finance Minister P. Chidambaram calling the argument 'incredible ignorance at best and motivated malignity at the worst'.

"The FM's statement that servicing oil bonds stands in the way of giving relief on petrol and diesel prices is astonishing," Mr. Chidambaram said, adding the NDA has no right to comment on the fuel subsidy after 'profiting several times over through exorbitant taxes and cesses on fuel'.

"The people know that UPA gave them relief and the NDA is crushing them through oppressive taxes and cesses," he said, pointing out that the UPA government's decision to subsidise fuel prices through borrowings, directly or through oil companies as a surrogate of the Central government,

was known to every analyst and lender, and was 'mentally added' to the fiscal deficit at the time.

"In either case, servicing the loan (interest) would be the responsibility of the Central government," Mr. Chidambaram said.

In Coimbatore, CPI(M) general secretary Sitaram Yechury criticised Ms. Sitharaman's comments and demanded a 'complete' withdrawal of the hikes in excise duty to contain inflation.

Earlier on Tuesday, Congress general secretary Ajay Maken said the Narendra Modi government is 'fleecing' the common people to make up for shortfalls in corporate tax collections due to the tax rate cuts announced in September 2019. He pointed out that the spending on the servicing of UPA-era oil bonds was merely 3.2% of the taxes collected on petroleum products. Countering Ms. Sitharaman's claim that high fuel prices are a legacy of UPA era oil bonds, the party claimed that spending on servicing of oil bonds is merely 3.2% of the tax collection from petroleum products.