

LPG price revised up 2.7 percent for April

ISLAMABAD: The government on Monday brought up price of liquefied petroleum gas (LPG) by 2.7 percent month-on-month to Rs1,563.92/11.8 kilograms cylinder for April.

In rupees term, the increase was Rs41.27 for April over the previous month, the Oil and Gas Regulatory Authority (Ogra) said. In March, LPG official price was Rs1,522.65/11.8kg, which was 6.65 percent or Rs95 more than February.

The government notifies LPG prices every month. Despite monthly notification, LPG is sold at exorbitant prices in the open market compared with what the government notifies.

LPG is sold at more than Rs1,600/11.8kg cylinder in some parts of the country, including main urban centres. Analysts said the price discrepancy signals towards the weak administrative control of the government machinery.

The Ogra said the producer's price of LPG (propane 40 percent and butane 60 percent – two components of LPG) has been determined at Rs73,609.72/metric ton in April. In March, it was Rs70,620.09/metric ton.

The producer's price includes excise duty of Rs85/metric ton, but it excludes petroleum levy. The levy of Rs4,669/metric ton is also applicable, which translates into Rs55.09/11.8kg. Furthermore, marketing/distribution margin has been set at Rs35,000/metric ton or Rs413/11.8kg.

In April, LPG retail price, excluding general sales tax, was set at Rs113,278.72/metric ton as compared to Rs110,289.09 in March. The new retail price, excluding general sales tax, is Rs1,336.68/11.8kg. After inclusion of 17 percent general sales tax, Rs19,257.38/metric ton or Rs227.24/11.8kg is added up.

Ogra's data analysis showed that LPG prices have swelled more than 17 percent in one year. In February 2018, the government notified LPG price at Rs1,332.48/11.8kg. It was revised down to Rs1,286.37/11.8kg in March and further cut to Rs1,282.37 in April.

In May, LPG price was, however, jacked up to Rs1,352.26. It was pushed further up to Rs1,443.42 in June, to Rs1,479.44 in July, Rs1,564.98 in August, Rs1,613.43 in September, and Rs1,673.24 in October. LPG price slightly eased to 1,509.03/11.8kg in November. It was slashed to Rs1,338.78 in December. LPG price stood at Rs1,361.7/11.8kg cylinder in January 2019 as against Rs1,427.63/cylinder in February, Rs1,522.65 in March and Rs1,563.92/11.8kg in April.

LPG Policy 2016 started regulating LPG prices, which was a major shift from deregulation to regulation. Prior to promulgation of LPG Policy 2016, LPG producer and consumer prices were deregulated.

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