

Ogra suggests hike in fuel prices

ISLAMABAD: Owing to increase in crude prices in the international market, the Oil and Gas Regulatory Authority (Ogra) has suggested to the government to increase petroleum products' prices up to 3.2 percent for January 2020.

The regulator has suggested an increase of Rs2.61/litre or 2.3 per cent for petrol, of Rs2.25/litre (1.8pc) for diesel and of Rs3.10/litre (or 3.2 pc) for kerosene and also asked the government that the price of Light Diesel Oil (LDO), which is an industrial fuel, may be increased by Rs2.08 per litre or 2.5 percent for January 2019.

It is worth mentioning that the government is charging 17 percent general sales tax (GST) on all petroleum products. Apart from it, the government is also collecting Petroleum Levy (PL) on these products.

Currently, the government is charging Rs18 per litre petroleum levy on diesel, Rs15 on petrol, Rs6 on kerosene and Rs3 on LDO. During the previous government, the Petroleum Levy was charged in the range of three to 10 rupees a liter on these products; however, the GST was higher than the current rate.

Official said Ogra had sent the summary to the Ministry of Energy (Petroleum Division) which would be then forwarded to the Finance Ministry for approval. The government would take decision on it on Tuesday (today).

If the government accepts this recommendation, the petrol price will go up from the existing Rs113.99 per litre to Rs116.6/litre, and diesel price will increase to Rs127.261/litre from the current Rs125.01/litre.

The price of LDO will increase to Rs84.51/litre from Rs82.43/litre. Kerosene price will go up from the current Rs96.35 to Rs99.45/litre. Kerosene is used for cooking purposes, especially in remote areas where LPG or pipeline gas is not available.

In one month, the Brent price in the international market has increased by \$4.55/barrel, as on Dec 30, it was recorded at \$67.45/barrel against \$62.55/barrel on November 29, 2019. On October 30, its price was \$61.15 per barrel, on September 27 (\$62.22/barrel), \$60.14 on August 30 and \$64 per barrel on July 30. Earlier, in April and June, it was hovering near \$72/barrel.

It is also worth mentioning that since July 2019, Pakistan is also receiving monthly Saudi oil supplies worth \$275 million on deferred payment. Under this arrangement, Pakistan would get this oil facility to the tune of \$9.9 billion over next three years.