

Increase in prices of HSD, LDO recommended

Oil and Gas Regulatory Authority (Ogra) has recommended per litre increase in the prices of high speed diesel (HSD) and light diesel oil (LDO) in line with the global prices for the month of July.

The regulator of oil and gas sector determined an increase of Rs 2.30 per litre in the prices of HSD, a deregulated petroleum product, and Rs 0.26 per litre in the price of LDO for the month of July. However, the government was proposed to decrease the prices of motor spirit (MS) and kerosene oil by Rs 0.77 and Rs 2.94 per liter, respectively.

If the government approves the increase in the HSD price, the price of product will go up to Rs 129.12 per litre from the current Rs 126.82 per litre. The Ogra also proposed the increase in the LDO price by Rs 0.26 per litre. If the proposal is approved, the LDO price will be Rs 88.88 per litre from current Rs 86.62 per litre.

It has proposed reduction of Rs 0.77 per litre in the price of MS. If Ogra's summary is approved, the price of MS will decrease from current Rs 112.68 per litre to Rs 111.91 per litre.

The prices of crude oil reduced from \$70 per barrel to \$65 per barrel in the international market recently.

In case the recommendation about decrease in price of kerosene oil is accepted, the price of kerosene oil will come down from Rs 98.46 to Rs 95.52 per litre.

The summary has been forwarded to the Petroleum Division and the final approval will be given by the Ministry of Finance by adjusting the general sale tax and petroleum levy.

The Ogra has calculated ex-refinery sale prices of petroleum products at standard 17 percent GST and PL on petrol and HSD. The Ogra has applied PL on petrol at the rate of Rs 10 per litre, Rs 8 for HSD, Rs 6 for kerosene oil and Rs 3 for LDO. In June, the government decided to reduce the GST rate on petrol products to provide some relief to the public. The reduction entailed a revenue loss of an estimated Rs 5 billion to the government for the month.

The government has set a revenue target of Rs 359 billion for the financial year 2019-20 - slightly higher than the revised estimates of Rs 339 billion in 2018-19. The government has set a revenue target of Rs 256 billion from petroleum levy, GIDC and natural gas development surcharge on oil and gas sector against the revised estimate of Rs 305 billion in the current financial year.

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