

Ramadan festivities dampen: ECC approves Rs9 a litre hike in petrol price

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ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet on Friday approved an increase of Rs9 per liter in the price of petrol, putting a damper on the Ramadan festivities.

However, the council decided to refer the issue again to the federal cabinet to take a final decision. The new price would be effective after the federal cabinet's nod of approval. After the increase in price, petrol will sell at Rs108.42 per liter. Chaired by Adviser to the Prime Minister on Finance Dr Abdul Hafeez Shaikh, the ECC also approved an increase of Rs4.89 per litre (or 4.16pc) in the price of High Speed Diesel (HSD). HSD is widely used in transport and agriculture sector. With this increase, the fuel price will increase to Rs122.32 per litre from the current Rs117.43 a liter.

The ECC also approved an increase of Rs7.46 per litre in the price of kerosene and Light Diesel Oil (LDO) by Rs6.41 a litre. Kerosene —the common man's fuel — will now sell at Rs96.77 per litre. Earlier, it was selling at Rs89.31 a litre. The Oil and Gas Regulatory Authority (Ogra) had recommended an increase of Rs14.38 per liter in the petrol price. The ECC members recommended a cut in the petrol price but the Ministry of Finance took the stance that the IMF mission was currently holding parleys with Pakistan and the decision was taken to reduce the GST rate on petrol causing a loss of Rs5 billion revenue. An increase of Rs6.41 per litre was also approved in the price of lightdiesel oil (LDO) that is mainly used for industrial purposes. Its price will go up from Rs80.53 per litre to Rs86.94 per litre. The ECC also approved technical supplementary grant of 2.268 million Pounds Sterling for Hyderabad Fund Case on the request of Ministry of Foreign Affairs. In rupee terms this supplementary grant stands at Rs414.6 million. The ECC also discussed the Pakistan Steel Mills and debated it most of the time during the meeting. The council approved appointment of a transaction manager for the cash bleeding PSM. It was also decided to refer the PSM to the Cabinet Committee on Privatization for a decision.

However, according to press statement issued by the Ministry of Finance, Dr. Abdul Hafeez Shaikh chaired a meeting of the ECC to consider various proposals submitted by ministries and divisions. The committee partially approved adjustments in the POL products as proposed by the Ogra. However, it was decided to reduce the GST on petrol by 5% to provide relief to the consumers, entailing a revenue loss of around Rs5 billion to the government. The Industries and Production Division gave a presentation to the committee on the findings and recommendations of the Expert Group constituted to work out an operationalisation plan for the revival of the Pakistan Steel Mills. The ECC approved the recommendations of the ministry and directed that due process be completed for listing the PSM for privatization with a view to implementing the revival plan based on private sector inputs and collaboration. The ECC approved the proposal of Petroleum Division for allocating gas from Thal East, Bhambhra and Thal West Fields to M/s SSGCL.

The Industries Division updated the ECC on Ramazan Relief Package and informed that the Utility Stores across the country were being stocked to cater for the Ramazan shopping. The committee also approved supplementary grants and technical supplementary grants for different ministries and divisions. It also approved payment of salaries to Khassadars of South Waziristan.

Hanif Khalid adds: Meanwhile, the FBR Revenue Division issued an SRO under the signature of Additional Secretary Hamid Atiq Sarwar. Under the SRO, different slabs of sales tax were slapped on the petroleum products with regard to their price excluding High Octane (blended). As per the SRO, 2 percent sales tax was imposed on motor spirit, 13 percent on High Speed Diesel, 9 percent on Light Speed Oil and 8 percent on kerosene.