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Margins of OMCs, dealers, POL prices to be increased

ISLAMABAD: The government is all set to increase petroleum prices through upward revision in margins of Oil Marketing Companies (OMCs) and dealers by over 9 percent, well informed sources in Petroleum Division told Business Recorder.

The decision will be taken by the Economic Coordination Committee (ECC) of the Cabinet, which is scheduled to meet on Wednesday (today) with Prime Minister's Advisor on Finance and Revenue in the chair.

The margins of Oil Marketing Companies (OMCs) and dealers' on Motor Spirit (MS) and High Speed Diesel (HSD) are revised annually based on the Consumer Price Index (CPI) for doing their business. Accordingly, the margins on MS and HSD were revised upward effective from July 1, 2018 under the ECC's decision on May 30, 2018.

In this regard, OMCs have requested through Oil Companies Advisory Council (OCAC) for timely revision of the margins due to a substantial increase in inflation and devaluation of rupee in the current FY 2018-19.

Accordingly, the revision in margin on MS/HSD for OMCs and dealers has been worked out based on the CPI for the respective period i.e. (April 2018-May 2019) duly published by the Pakistan Bureau of Statistics.

Petroleum Division has proposed Rs 0.25 per litre increase in the OMC's margin in MS from Rs 2.64 per litre to Rs 2.89 per litre whereas an increase of Rs 0.34 per litre has been sought for dealers to Rs 3.81 per litre from Rs 3.47 per litre.

For High Speed Diesel, Petroleum Division has sought a rise of Rs 0.25 per litre for OMC and Rs 0.29 per litre for dealers.

The Petroleum Division says that the proposal was circulated for comments from the Federal Board of Revenue (FBR), Oil and Gas Regulatory Authority (OGRA), Finance Division and Planning Division which gave their consent on the proposal with many ifs and buts.

Petroleum Division also sought the approval of Minister In-Charge Petroleum for submission of the summary to the ECC.