

Petrol, HSD prices slashed by 1.7pc

ISLAMABAD: The government cut the prices of petrol and high speed diesel (HSD) by about 1.7 per cent on Sunday for the next 15 days in order to pass on the impact of a slump in prices in the international market to the masses. The revised prices will remain effective till Nov 30.

The decision was announced by the Ministry of Finance on the recommendations of the Oil and Gas Regulatory Authority (Ogra).

According to the decision, the ex-depot price of petrol will come down to Rs100.69 per litre from Rs102.40 — a reduction of Rs1.71 per liter or 1.67pc. The product is mostly used in private transport, small vehicles and two-wheelers.

Likewise, the ex-depot price of high speed diesel was set at Rs101.43 per litre — down by Rs1.79 per litre (1.73pc), from its existing rate of Rs103.22. HSD is mostly used in heavy transport vehicles and agricultural engines like trucks, buses, tractors, tube-wells and threshers.

New rates will remain effective until 30th

The ex-depot price of kerosene and light diesel oil (LDO) have been kept unchanged at Rs65.29 and Rs62.86 per litre, respectively.

LDO is mostly used in flour mills and a couple of power plants while kerosene is mostly used by unscrupulous elements for mixing with petrol.

The government has already increased general sales tax (GST) on all petroleum products to a standard rate of 17pc across the board to generate additional revenues while petroleum levy is also at the maximum permissible limit.

Until January last year, the government was charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the 17pc GST, the government has almost quadrupled the rate of petroleum levy on HSD and petrol to Rs30 from Rs8 per litre in January last year. The levy on kerosene and light diesel oil now stands at about Rs11 and Rs7 per litre, respectively.

Over the last many months, the government has been raising petroleum levy rates instead of GST as the levy remains in the federal kitty while GST goes to the divisible pool taxes. This means 57pc cent of the share goes to the provinces.

Petrol and HSD are the two major products that generate most of the revenue for the government because of their massive and yet growing consumption in the country. Average petrol sales are touching 700,000 tonnes per month against a monthly consumption of around 600,000 tonnes of HSD. The sales of kerosene and LDO are generally under 11,000 and 2,000 tonnes per month, respectively.

Under a new mechanism, oil prices are revised by the government on a fortnightly basis to pass on international prices published in Platt's Oilgram instead of monthly calculations on the basis of import cost of Pakistan State Oil at present.