

Government undecided on fuel rates

ISLAMABAD: The government is in a fix over the issue of changes in oil prices due to falling international market and its changing strategy to start mopping up revenues to finance the growing fiscal deficit.

Informed sources said the Oil & Gas Regulatory Authority (Ogra) has put up two positions to the government.

Under the first option based on existing tax rates, it has worked out Rs9 and Rs4.50 per litre reduction in the prices of petrol and high-speed diesel (HSD), respectively for December to pass on to consumers the benefit of lower international market.

The second option is based on written orders of the Federal Board of Revenue that seeks full application of petroleum levy and 17 per cent sales tax to meet its Rs70 billion revenue shortfall in 4MFY19. Under this, the petrol price has been worked out to increase by Rs6.15 per litre and HSD by Rs2 per litre.

He said the government was, however, not sure about the issue because of domestic political considerations and the need to build relationship with the International Monetary Fund (IMF) for a bailout package.

Over the last few weeks, international benchmark Brent prices have tumbled by almost 15pc to less than \$60, but the IMF is reported to have advised the authorities to raise taxes to create buffers.

According to the official, Finance Minister Asad Umar was likely to adopt a middle ground by keeping the prices unchanged and yet generating higher revenues than previous months.

Published in Dawn, November 30th, 2018

The Newspaper's Staff Reporter