

Regulator proposes reduction in petroleum prices

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ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has recommended reduction in prices of all the major petroleum products to pass on the benefit of lower international prices and relative stability in exchange rate to the consumers.

A senior government official said the summary for oil price adjustments for September has reached the Ministry of Finance, based on which the prices would be announced on Friday with the approval of the prime minister.

Based on the existing rate of general sales tax and petroleum levy, Ogra has worked out the new ex-depot high-speed diesel (HSD) price at about Rs106 per litre, down by about Rs6.50 per litre.

Likewise, the ex-depot petrol price has been proposed at about Rs93 per litre, down by Rs2.23 while kerosene price is expected to decrease by about 70-paisa per unit to Rs83.25 per litre.

On the other hand, the ex-depot price of light diesel oil has been estimated to increase by about 70-paisa per litre to Rs76.05.

The official said the new government still had the cushion to further reduce the diesel price which had an inflationary impact across the economy, and on the other hand, jack up the petrol prices to make up for the revenue loss, if it decides to cut diesel's rate. This he said could be easily done by rationalising general sales tax on both products.

The petroleum prices have generally been on the rise since early 2017, except only a couple of reductions.

Currently, the government is charging 22pc GST on HSD, 9.5pc on petrol, 6pc on kerosene and 1pc on LDO. In addition, the government is also charging Rs8 per litre petroleum levy on HSD, Rs10 per litre on petrol and Rs6 and Rs3 per litre on kerosene and light diesel oil (LDO) respectively.

With 17pc GST, the HSD prices could come further down to about Rs100 per litre from around Rs112.94 at present. This could be easily adjusted with a small increase in petrol price to protect revenue and yet earn a political goodwill for the new government, the official explained.

The petrol and HSD are two major products that generate most of the revenue for the government because of their massive and ever-growing consumption in the country. HSD sales across the country are now going beyond 800,000 tonnes per month against monthly consumption of around 700,000 tonnes of

petrol. The sales of kerosene and LDO are generally less than 10,000 tonnes per month.

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