

Ogra proposes Rs9.5 decrease in petrol price

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has recommended a reduction in petroleum prices by up to 13.5 per cent, keeping in line with the declining global trend in oil markets.

The summary by Ogra has been forwarded to the Petroleum Division and will be further vetted by the finance ministry, but the final decision will be taken by the prime minister on Monday.

The regulatory authority has suggested that prices of petrol be reduced by Rs9.50 per litre (10pc) to Rs86.33, kerosene oil by Rs0.25 to Rs83.25 and light diesel oil (LDO) by Rs2 to Rs7.44 per litre for January 2019.

Meanwhile, for high speed diesel (HSD) – used in trucks and buses etc – a decrease of Rs15 per litre (13.5pc) has been recommended, which would take the new rate to Rs95.94. from existing Rs110.94 per litre.

Apart from these, aviation fuels are likely to be reduced too. The decrease in prices of petroleum products would also lead to a decline in the 17pc general sales tax (GST) levied at them. The recommendations of the regulator are based on the drop in crude oil prices and petroleum fuel in the international markets.

International crude prices reached a high in early October but then dropped to 18-month low in November. Experts in oil marketing said that higher US supplies coupled with record production from Saudi Arabia and Russia, would flood the market while the global economic slowdown would cut into demand.

While global prices had decreased in November too, its impact was not passed on to the consumers as the Federal Board of Revenue (FBR), on the directions of finance ministry, had raised sales tax on diesel from 12pc to 13pc, and from 4.5pc to 8pc for petrol for December.

Organisation of Petroleum Exporting Countries agreed on Dec 7 to cut 1.2 million barrels per day from the October levels. Members would cut 800,000bpd and allies 400,000 bpd, which would continue for six months, with the target to return prices to \$70 a barrel by mid of 2019.

Kalbe Ali