

Regulator proposes Rs5-6 per litre hike in petrol, diesel prices

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ISLAMABAD: The prices of petrol and high speed diesel (HSD) are estimated to go up by more than Rs5 and Rs6 per litre, respectively, with effect from July 1, owing to devaluation of local currency and higher international oil price. Informed sources said the Oil and Gas Regulatory Authority (Ogra) and Petroleum Division were keeping the proposed prices for next month under tight wraps owing to pressure from a group of senators amid a related case pending before the Supreme Court of Pakistan.

A senior official at the Petroleum Division said some members of the Senate Standing Committee on Petroleum were critical of the proposed prices coming into the public knowledge before approval by the government. He said the non-disclosure of proposed prices only helped oil marketing companies (OMCs) to reap inventory gains instead of partial sharing with dealers and end-consumers at the end of every month. Separately, the apex court is seized with a case on taxation on petroleum products and has called all decision makers including the Petroleum Division, Ogra, Federal Board of Revenue and the Ministry of Finance in July. The top mandarins of these stakeholders had a consultative session on Friday where it was agreed that they would not blame each other before the Supreme Court and adopt a joint position on pricing and taxation.

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It was agreed that a summary for the next month oil prices be kept a routine affair based on existing tax rates, not to officially share with the media and let the caretakers to take a decision. Sources said the caretaker government was, however, unlikely to pass on the full impact worked out by the regulator and the Petroleum Division as it had also partially increased the prices on June 12.

Based on existing tax rates and import prices reported by Pakistan State Oil (PSO), the price of HSD has been worked out to increase by about Rs6.20 per litre and an increase of Rs5.40 per litre in motor gasoline (petrol). The price of kerosene is estimated to go up by Rs12 and that of light diesel oil (LDO) by Rs10.50 per litre.

As such, the prices of HSD and petrol have been proposed to go up by 5.9pc, and kerosene and LDO prices by more than 14pc.

Therefore, on the basis of existing tax rates and imported cost of PSO, next month's ex-depot price of HSD has been proposed at Rs111.51 per litre instead of existing rate of Rs105.31 per litre. This is the highest HSD rate since October 2014.

For petrol, the ex-depot price was worked out at Rs97.36 per litre instead of existing rate of Rs91.96 per litre, highest since November 2014.

Likewise, the ex-depot price of kerosene has been calculated at Rs96 per litre — highest since July 2015 — against existing rate of Rs84.34 per litre, showing an increase of Rs12 per litre or 14.22pc. Also, the LDO price is proposed an increase of Rs10.50 per litre to Rs85.49 instead of existing rate of Rs74.99, up 14pc.

Currently, the government is charging 12pc GST on petrol and kerosene, 24pc on HSD, nine percent on LDO and 17pc on high octane blending component. 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 LDO, respectively. Inclusive of customs duty/deemed duty, GST and petroleum levy, the government is currently mopping up Rs36.62 per litre revenue on HSD and about Rs23 per litre on petrol. In addition, the current taxes on kerosene and LDO stand at Rs15 and Rs10 per litre.

Petrol and HSD are two major products that generate most of revenue for the government because of their massive and 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 oil and LDO are generally less than 10,000 tonnes per month.

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