

Slight decrease in petroleum prices

ISLAMABAD: Amid minor price adjustments on Thursday, the government mopped up revenues on petroleum products as international prices fall.

In a decision announced by the Ministry of Finance, the government reduced per litre prices of petrol, kerosene and light diesel in mere paisas. On the contrary, it increased tax rates on high speed diesel (HSD) by Rs4.5 per litre to generate additional revenue of about Rs3.5 billion.

Last month, the government raised some Rs11bn in additional revenue by increasing the general sales tax (GST) rate to 17 per cent on all products.

The statement said the price of petrol was reduced by 59 paisa per unit while kerosene and light diesel oil (LDO) rates were reduced by 73 paisa per litre and 25 paisa per litre respectively. It said the price of HSD will remain unchanged at current level.

Based on existing tax rates and import costs incurred by Pakistan State Oil (PSO), the Oil and Gas Regulatory Authority (Ogra) on Wednesday had recommended Rs4.50 per litre reduction in the price of HSD, 59 paisa per litre cut in petrol and Rs2 per litre in kerosene to share the benefit of lower international prices to the consumers. It had proposed about 98 paisa per litre increase in LDO rate.

As such, the ex-depot rate of HSD would stay unchanged at Rs106.68 per litre.

On the other hand, the ex-depot petrol price was set at Rs90.38 per litre, down by 59 paisa. The price of kerosene oil was reduced to Rs82.25 per litre, down 73 paisa. LDO price was reduced to Rs75.03 per litre, down 25 paisa.

Last month, the government had increased GST rate on all petroleum products to 17pc across the board to generate additional revenue of about Rs11bn during the current month. Until December 31, the government was charging 0.5pc GST on LDO, 2pc on kerosene, 8pc on petrol and 13pc on HSD.

Besides the GST, 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.

Petrol and HSD are two major products that generate most of revenue for the government because of their massive and yet growing consumption in the country. Total HSD sales are touching 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.

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

Over the last few weeks, the international benchmark Brent prices have tumbled by almost 20pc to less than \$60 per barrel but the IMF is reported to have advised the authorities to raise taxes to create buffers.

The Newspaper's Staff Reporter