



The Petroleum Pricing Committee (PPC) met on Thursday 11 May 2023 and after verification of the computation of the retail prices of Mogas and Gas Oil, as provided for under Regulation 8 of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended), recommended that the retail price of Mogas be maintained at its current level as per Regulation 5 (2) and that of Gas Oil be increased by 9.26%, as per Regulation 5 (3), that is to Rs 59.60 per litre.

The Committee also took note of the evolution of world prices of Mogas and Gas Oil and also considered the **deficit of Rs 4.7 billion in the Price Stabilisation Account (PSA)**.

Mogas (L'Essence) – Based on the new Reference Price of US\$ 865.47 per metric ton for Mogas, that is, the actual prices for February to April 2023 and the future prices for May to July 2023 at an exchange rate of Rs 46.08/US\$, the calculated retail price works at Rs 72.00 per litre, that is a decrease of 2.83%. However, Regulation 5(1)(a) states that “the retail price of a petroleum product shall be maintained when its calculated price is lower, by less than 4% than the existing retail price.” Also, Regulation 5 (2) states that “subject that there are funds in the PSA, the retail price of a petroleum product shall be decreased.” Therefore, the retail price of Mogas is maintained at Rs 74.10 per litre.

Gas Oil (Diesel) – Using the new Reference Price of US\$ 94.31 per barrel, that is, the actual prices for February to April 2023 and the future prices for May to July 2023 at an exchange rate of Rs 46.08/US\$, the retail price of Gas Oil should be increased to Rs 59.60 per litre, that is, by Rs 5.05 per litre or 9.26 %, as provided for under Regulation 5 (3)(a).

Subsequently, acting under the provisions of Regulation 8A of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended), the Minister has disapproved the recommendation of the Committee to increase the retail price of Gas Oil. The current retail price of Rs 54.55 per litre for Gas Oil (Diesel) is therefore maintained. As such, a loss of Rs 4.391 per litre of Gas Oil is carried forward.

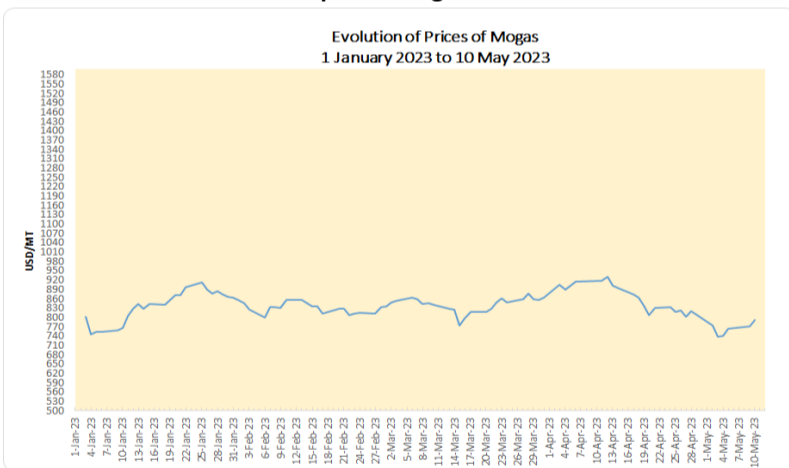
The Committee also took note that at the previous meetings of PPC, the full increase in prices of Mogas and Gas Oil have not been passed on to consumers due to the limit of 10% increase allowed by the Regulations despite substantial surge in world prices and has resulted in a deficit of about Rs 4.7 billion in the Price Stabilisation Account. Moreover, it is to be highlighted that these losses pertain only to Mogas and Gas Oil and not to the other operations of STC.

The deficit in the PSA has evolved as follows:

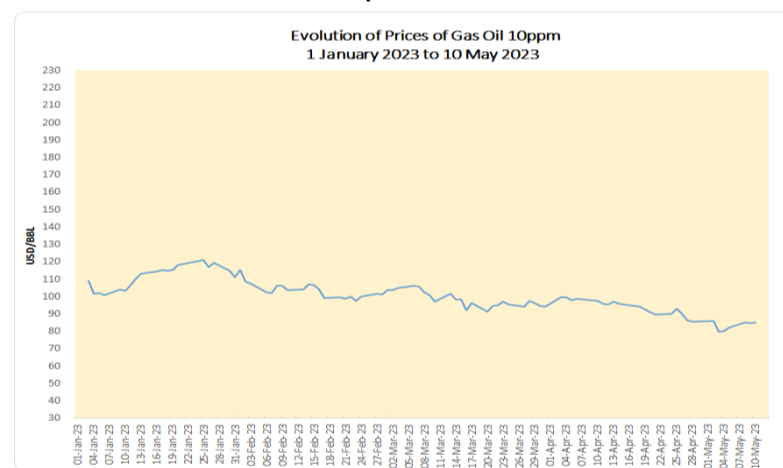
Deficit in PSA			
	Mogas (Rs Billion)	Gas Oil (Rs Billion)	Total Deficit in PSA (Rs Billion)
PPC meeting of 28 December 2021	(0.6)	(0.9)	(1.5)
PPC meeting of 26 February 2022	(0.8)	(1.3)	(2.1)
PPC meeting of 19 April 2022	(1.0)	(1.8)	(2.8)
PPC meeting of 18 May 2022	(1.1)	(2.2)	(3.3)
PPC meeting of 13 September 2022	(1.0)	(3.5)	(4.5)
PPC meeting of 12 January 2023	(0.6)	(3.8)	(4.4)
PPC meeting of 11 May 2023	(0.3)	(4.4)	(4.7)

The evolution of the world prices of Mogas and Gas Oil from 1 January to 10 May 2023 is shown in the graphs below:

Graph 1 – Mogas



Graph 2 – Gas Oil



The retail prices of Mogas (L'Essence) and that of Gas Oil (Diesel) are maintained at their current levels, that is, at Rs74.10 and Rs54.55 per litre respectively.

The new Price Structures are as follows:

	Mogas	Gas Oil
Reference Price - US\$ per Metric Ton	865.4700	-
Reference Price - US\$ per barrel	-	94.3100
CIF - US\$/litre	0.7712	0.7078
Exchange rate – Rs/US\$	46.0800	46.0800
	Rupees per litre	
CIF	35.5369	32.6154
Excise duty	12.2000	4.7000
Contribution to Road Development Authority	1.8500	1.7500
Contribution to Rodrigues Transportation and Storage	0.4100	0.4100
Contribution to the Construction of storage facilities for petroleum products	0.6500	0.5000
Contribution to Subsidy on LPG, Flour and Rice	7.2000	7.2000
STC's Operational Expenses	0.3500	0.4000
Adjustment	-	(4.3906)
Fund to Price Stabilisation Account	1.8179	-
TRANSFER PRICE TO OIL COMPANIES	60.0148	43.1848
Oil Companies' Operational Expenses and Wholesale Margin	2.3500	2.1800
VAT (15%)	9.6652	7.1152
WHOLESALE PRICE	72.0300	52.4800
Retail Margin	2.0700	2.0700
RETAIL PRICE (Price at Petrol Service Station)	74.1000	54.5500