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Petrol, Diesel Prices Hiked Again as Government Revises Fuel Rates

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The federal government of Pakistan has announced a new hike in petroleum prices, increasing the cost of petrol by Rs5.36 per litre and high-speed diesel by Rs11.37 per litre. The revised prices, issued by the Ministry of Finance, will take effect from July 16, 2025. Following the increase, petrol will now retail at Rs272.15 per litre, while diesel will cost Rs284.35 per litre. The adjustments are part of the government's regular fortnightly review of fuel prices based on global oil trends and exchange rate fluctuations.

According to the official notification, the price hike reflects international oil market dynamics, but the decision comes at a time when consumers and businesses are already grappling with rising costs. The Ministry of Finance stated: “The Government has revised the prices of petroleum products for the fortnight starting tomorrow,” without elaborating on the pricing formula or relief mechanisms. For the average household and transport sector, the increase in diesel widely used in public transport and agriculture is expected to have ripple effects on prices of goods and services, potentially impacting inflation forecasts.

Critics argue that while global prices influence domestic fuel adjustments, the current tax structure on petroleum products continues to place an undue burden on consumers. With the government heavily relying on petroleum levy revenues to meet fiscal targets, successive fuel price hikes have raised concerns about the lack of long-term energy resilience. Instead of expanding local refining capacity or exploring alternate energy investments, Pakistan remains vulnerable to external oil price shocks amplified by currency instability and supply chain inefficiencies. In this context, a centre-right economic approach would recommend restructuring fuel taxation, improving transparency in pricing mechanisms, and investing in domestic energy resilience.



Despite the price surge, the government has yet to introduce any targeted subsidies or compensatory measures for low- and middle-income groups, who will be hardest hit by the increase. The repeated reliance on price pass-throughs as a revenue strategy risks eroding public confidence, particularly when broader cost-of-living pressures remain high. Moving forward, a shift toward policy consistency, market-based reforms, and reduction in bureaucratic inefficiencies would help stabilize fuel pricing and encourage long-term investor confidence in Pakistan’s energy sector. Until then, price hikes such as this will likely continue to fuel both economic and political strain.