

NEPAL GOVERNANCE WEEKLY

Issue 31 | August 5, 2022

Nepal's Petroleum Products: State-Owned Monopoly

Photo from NOC Website

The inflating prices of fuel in Nepal don't come as a surprise to anyone. The price of fuels at the moment stands at NRs. 181 per litre for petrol and NRs. 172 per litre for diesel. Since the existing prices were set in June 2022, the supplier Indian Oil Corporation[IOC] has sent the revised list twice with reduced prices to the Nepal Oil Corporation[NOC]. The IOC has cut down the petrol price by NRs. 16.97 per litre and diesel price by NRs. 12.55 per litre including amendments to other fuel prices.

NOC, which happens to be the sole distributor of fuel in Nepal, however, has refused to adjust the prices with the reduced price list, despite immense pressure from parliament, media and the public. In its recent statement, the corporation went on to state that it will still suffer a monthly loss of NRs. 1.27 billion even if the fuel prices are kept unchanged due to high taxes. The corporation still has NRs. 23 billion outstanding dues to pay the Indian supplier.

The inflation of Nepal had reached a 70-months high in June as the year-on-year inflation rate soared to 8.56%. With the existing oil prices, it is very hard for the government to tame the inflation rate at the targeted 7%. NOC decreased the prices of petrol and diesel back on June 25 because of the government's commitment to adjust taxes, but the commitment hasn't been fulfilled yet. As mentioned by a former executive of Nepal Rastra Bank, the government should focus on controlling inflation over collecting revenue. Moreover, it should also critically evaluate the transparency of the NOC that claims to be in heavy debt or should let other private companies come into the market to offer fuel at competitive prices.

Read more: [The Kathmandu Post](#)

Governance Issues of the Week

1. The government has decided to hold the federal and provincial assembly elections in a single phase on November 20, 2022. There will be 165 parliamentary and 330 provincial electoral districts for FPTP constituencies, while other 110 parliamentarians and 220 provincial lawmakers will be elected under the proportional representation system.
Read more: [The Annapurna Express](#)
2. The Province-1 Disaster Management Committee has decided to prioritize the rescue and relief of the people affected due to the encroachment of the Saptakoshi River in the human settlements. More than 1,500 families in Belaka Municipality of Udaypur district have been displaced as the flood entered five wards of the municipality on Thursday.
Read more: [The Himalayan Times](#)
3. The Commission for Investigation of Abuse of Authority has filed a case in the Special Court against 8 people including the former secretary of the Office of Chief Minister and Council of Ministers of Madhesh province under the charges of irregularities observed in the purchase of bicycles in the "Beti Padhau, Beti Bachau". Irregularities of more than 133 million have been observed.
Read more: [Kantipur](#)
4. The Civil Aviation Authority has announced its plans to construct new terminals at six different airports with high air passenger traffic within the current fiscal year. It includes two international airports at Kathmandu and Bhairahawa, and domestic airports at Biratnagar, Ramechapp, Bharatpur, Nepalgunj, Mahendranagar and Jumla.
Read more: [Naya Patrika](#)
5. The Foreign Employment Department has fined 148 manpower companies that didn't publish job-related notices. As per the law, the manpower companies should publish a notice with the details of the employer organization, country, the number of employees required, salary, etc. based on the agreement with the employer organization before sending the workers.
Read more: [Setopati](#)
6. Nepal has become an observer state from a dialogue partner in the Shanghai Cooperation Organization, one of the most prominent regional organizations in terms of economy, geography and trade. It is being perceived as a good step for Nepal to gain membership in the organization it has been associated with since 2016.
Read more: [The Kathmandu Post](#)

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Our return e-mailing address is:
nepal@accountabilitylab.org