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## OGRA decision to increase 26pct gas tariff condemned

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Business Recorder reported that Business community has expressed serious concern over the decision of Oil and Gas Regulatory Authority to increase 26% gas tariff w.e.f January 2010, saying that any further gas tariff hike will bring the business activities in the country to a halt jeopardizing the industry.

The community also expressed fear that many small and medium enterprises in the manufacturing sector facing serious threat of closure, layoffs and sizeable production cuts due to a sharp rise in cost of doing business and a substantial reduction in their sales, whereas even large manufacturing sector is finding it difficult to adjust with the souring costs of doing business. They said that the government has already increased electricity rates for domestic consumers by about 16% in 2008 to 2009 budgets by withdrawing general sales tax subsidy, while gas tariff has also been increased by about 31% which had negative impact on the business activities and due to high cost of business many industrial units have been closed. They warned that prices of all locally produced goods would increase and inflation stricken citizens would face more hardship if the government did not withdraw the increase in power tariff and proposed increase in gas tariff.

The power tariff was increased on the pretext that the oil prices in international market have shot up to record USD 147 per barrel, bringing Karachi Electric Supply Company under tremendous pressures which use oil for power generation. They termed the proposed 26% increase in gas tariff as unjustified and demanded the government to immediately withdraw this unwarranted proposal as it will further curtail the economic growth of the country.

Mr Mian Zahid Husain president of Pakistan Intellectual and Business Forum has also condemned the increase in gas tariff saying that following increase in power tariff the government has now decided to increase gas tariff which would result in closure of many of those industries, which are depending on gas. He said that industrial sector has already suffered a huge loss of PKR 200 billion due to power load shedding alone and now the increase in gas tariff would push the country backward, leaving all the economic targets failed.

Mr Gulzar Firoz chairman of Pakistan Tanners Association, Mr Shahid Mahmud vice chairman of PTA and Mr Afzal Husain former chairman PTA have also condemned the increase in gas tariff. They said in a joint statement that the business community was awaiting reduction in gas tariff as per government's commitment but OGRA has unilaterally decided to increase tariff to an exorbitant level, which is in no way affordable to the export oriented industry.

Mr Razzak Hashim Paracha chairman of Korangi Association of Trade and Industry, Vice Chairmen Mr Amjadullah Khan and Mr Najmul Arfeen and former chairman Mr Masood Naqi while condemning the arbitrary act by the OGRA said that the entire trade and industry have rejected any such move as the exorbitant increase of 26% would have horrible impact on the industry.

Mr Paracha said that "No such move of abrupt increase of 26% has been made in the world so far even in gas starved country, India, as it extremely detrimental to the export-oriented industry."

He said that the OGRA, instead of decreasing the gas tariff by 24% as committed by the government, the gas rates are being increased which is in simple words could be termed as a big conspiracy against the democratic government. The coalition partners in the government should take the notice of this cruel act otherwise they would lose their credibility.

(Sourced from Business Recorder)

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