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## **Reversal of GIDC ordinance 'unfortunate', bemoan businessmen**

LAHORE: The government's sudden decision to rescind the presidential ordinance offering a deal to different industries to settle their unpaid Gas Infrastructure Development Cess (GIDC) liabilities worth Rs416 billion at 50 per cent discount in less than a week after its issuance has disappointed many.

The withdrawal of the ordinance will mean continuation of the years-long legal wrangling between government and defaulters over the legitimacy of the levy for quite some time, as well as invalidate the reduction it proposed in the cess rates for future collection.

"The revocation of the ordinance is unfortunate; both government and industry have lost the opportunity to wipe the slate clean and start over," commented Khurram Mukhtar, chairman of the Faisalabad-based Pakistan Textile Exporters Association. He said the decision would not affect the industry in Punjab as majority of the gas consumers had already paid major portion of the liabilities. But it would affect the industry based in Sindh and Karachi because they had stay orders against the levy and were not paying their GIDC dues, he added.

Similar views were expressed by a number of businesspeople from different industries that are covered by the GIDC levy. "The implementation of the deal would have afforded government a regular, certain stream of income in future, and helped the industries covered by the GIDC law reduce their costs (after reduction in rates) in addition to settling their outstanding liabilities and saving their expense on court cases," lamented S. M. Tanveer, former chairman of the All Pakistan Textile Mills Association.

According to an executive of a major fertiliser company, the ordinance carried several "technical flaws and ambiguities with respect to its applicability for almost one year from Jan 1 till settlement of the outstanding dues resulting in the loss of around Rs15-20bn to the fertiliser industry, which abides by the commitment of withholding prices."

Moreover, he pointed out that the settlement deal benefited those more that had paid less whereas the fertiliser sector faced a potential loss of Rs65bn because of the discriminatory application of the now repealed ordinance.

"Also, it didn't appropriately address the repeatedly communicated apprehensions of the industry players regarding retrospective treatment of GIDC on new plants and application of GIDC on already very expensive gases being procured under the Petroleum Policy, 2012. Then, there was also ambiguity on the application of the late payment surcharge."

Yet, he was of the view that the deal could have given the industry some space to breathe and keep the urea prices down. "The biggest implication of the withdrawal of the ordinance for the fertiliser industry is that we will have to review our prices. We are keeping the urea prices at their current levels by absorbing the recent increase in the gas tariffs because government

had assured us of the settlement of the (unpaid) GIDC liabilities and the reduction in its rates for future,” he said, refusing to give his name.

Ghiyas Paracha, a representative of the All Pakistan CNG Association, was totally dismayed on the PM’s decision to withdraw the ordinance. “It is my opinion that the government and business community should try to resolve their ‘technical disputes’ through dialogue instead of taking every matter to the courts. The GIDC ordinance had offered one such opportunity to settle the outstanding issue once for all. I will urge both the government and the business people to still try to sit across the table and settle the issue out of court.”

“I will not deny that many (GIDC defaulters) were and still are interested in settling their liabilities at the discounted rate offered by government. But I also know that the majority of them believe they will get relief from the courts sooner or later because the imposition of GIDC is illegal and unconstitutional. Moreover, it was not being spent for the purpose – construction of gas infrastructure and trans-border pipeline – for which it was being collected. I am certain that those who have paid GIDC partially or fully in the past will also get back their money.”