<p>Lahore: If there is one thing that can be said for the PPP-led former government, we have to admit they don�t let the grass grow under their feet. {loadposition content_adsense300}Although the jury is still out on the performance of Dr. Abdul Hafeez Sheikh, yet one thing is certain. His exit in February 2013 threw open a back door and the patrons of rent seekers, blood suckers and plain robbers rushed through a number of criminally dishonest decisions which will cost the economy and the hapless people of this country (as well as their future generations) billions in material terms and untold misery which cannot be expressed in quantified terms.</p> <p>Exit Sheikh and enter Mandviwalla: the key Ministry of Petroleum and Natural Resources pushed through several extremely dubious decisions for which the fertilizer industry, oil refineries, natural gas industry and oil marketing companies had been lobbying over the previous years. And remember, �lobbying� in Pakistan has shades of meaning which lobbyists in Washington and Europe would look upon with envy. Let us also note the common thread in all these sectors, Petroleum and Natural Resources, presided over by the good evergreen doctor, whether as Minister or Advisor or whatever. Quite obviously, two talented Karachi-ite bright sparks, who enjoy the patronage of the highest in the land, pounced upon the opportunity thrown open by Dr. Sheikh�s exit to favour their favourites.</p> <p>First and most significant is the unprecedented decision allocating pipeline quality gas to fertilizer factories in direct violation of the Gas Allocation Policy of the ECC. In taking this decision, the system has been shamelessly bypassed to favour some parties. To place in context the anti-state and anti-people nature of this decision, let it be noted that gas has been diverted from power generation, which is easily the top priority for the national economy. It is believed that the Planning Commission strongly opposed the move and pointed out that:
* The decision would be contrary to the priorities of the Government of Pakistan.
* The newly discovered gas fields must be dedicated to the power sector in the national interest.
* Since the cost of power generation on oil is three times higher than gas generation, the decision will result in a large part of the development budget being wasted on power sector subsidies.
* Dedicating the newly discovered gas fields to power production will reduce load shedding.
The patrons of a few fertilizer plants ignored the above. They also ignored the fact that the per unit cost of oil-based generation is above Rs. 17 per KWH as against Rs. 5.5 KWH for gas. Gas was allocated directly from fields to fertilizer plants at the cost of the national interest.</p> <p>At the heart of another bent decision are the refineries and oil marketing companies in general and Byco in particular. The �incentivisation� of this already much pampered sector is in direct contravention of recommendations made by the Justice Bhagwandas Commission, which had been appointed by the Supreme Court of Pakistan. The assault on the national interest and the consumer was three pronged. First the ECC, presided over by the man-in-a-hurry Mandviwalla, approved Inland Freight Equalisation Margin (IFEM) in favour of Byco, a demand that had twice been turned down by not only the ECC but also by the same Ministry of Petroleum and Natural Resources that was sponsoring it in the �changed circumstances�. OGRA, which has the good fortune to be headed by Saeed Ahmad Khan, who has the guts to stand up to bullying by the then Advisor for Petroleum, strongly opposed this concession by pointing out that Byco had installed second-hand machinery and was not justified in claiming an incentive given to PARCO, which had installed state-of-the-art brand new machinery. The proposal was also opposed by the Planning Commission, which pointed out that Byco is a coastal refinery and there is no justification in allowing IFEM to any coastal refinery. The Planning Commission also pointed out that Byco was basing its claim on the cost it had incurred on the Single Point Mooring (SPM), although this cost had already been factored

into the refinery cost when approval and concessions were originally given to the refinery. In spite of all this and disregarding the fact that its generosity to Byco would cost the consumers in the form of an increase in the price of petrol, the new look ECC took the scandalous decision to ignore the objections of the Planning Commission and OGRA as well as consumer interest and allowed the benefit of IFEM to Byco.</p> <p>The second assault on merit, transparency and consumer interest was on account of Deemed Duty. The background to this scam is that a tariff profection formula containing 10 percent on High Speed Diesel and 6 percent on other products was given to refineries in 2000-2001 on the understanding that refineries availing the financial benefit of this formula will modernise/upgrade their processes. PARCO delivered on this commitment in 2011, but none of the remaining refineries made any investments for this purpose despite reaping the corresponding financial benefits. OGRA pointed out that �further enhancement of deemed duty will be tantamount to undue protection and will lead to condoning inefficiency with extra cost to the consumer. Enhancement in deemed duty is not supported. Rather OGRA is of the view that deemed duty be gradually reduced to zero in order to protect the consumer.� Such categorical views and strong words are rare in bureaucratic communications and they reflect the outrage at the unjustified proposal being made in favour of big money, i.e oil refineries. But how did the Mandviwalla Coordination Committee respond? It completely ignored the critics and approved the proposal. The third anti-consumer and pro-oil sector decision was the increase in oil dealers margin, adding Rs. 1.50 per litre to the consumer cost without any apparent rhyme or reason. Score, oil companies 3, public interest 0</p> <p>Bending over backwards to increase the fortunes of the oil companies (the share price of Byco doubled in a few days as a result of these decisions) is only one part of the manner in which the PPP-led government played out the last over of its 20-20 match. We will conclude with just one example of a killing made by one of the evergreen influence peddlers. Roche Power, owned by a well-known entrepreneur whose businesses milk the government and its institutions for every drop of gain at every conceivable opportunity, was paid a whopping Rs. 3.5 billion on account of outstanding electricity dues on out of turn basis in gross violation of orders by the Supreme Court of Pakistan, which had stressed non-discrimination in paying dues of the IPPS.</p> <p>Let the caretaker Prime Minister or the apex court order a through investigation of the economic decisions taken to benefit certain sectors, institutions and individuals in flagrant violation of public interest and integrity during the last few weeks of the outgoing government. A judicial commission may well be the best idea.</p> <p>�</p> <p>Courtesy: Daily Times</p>