



SENATE OF PAKISTAN

REPORT OF THE STANDING COMMITTEE ON INDUSTRIES AND PRODUCTION

REPORT NO.3

**For the Period From
09-06-2015 to 27-10-2016**

**Presented by
(SENATOR HIDAYAT ULLAH)
CHAIRMAN
SENATE STANDING COMMITTEE ON
INDUSTRIES AND PRODUCTION**

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Preface

Industrial sector is an important part of Pakistan's economy and contributes about 24% to GDP of our country. Industry refers to that sector of economy which is related to manufacturing and production of goods. Major industries under Ministry of Industries and Production are Mining and Extraction, Auto, and Fertilizers. Pakistan Industrial Development Corporation (PIDC) is a State Corporation of Pakistan under Ministry of Industries and Production. It was created to set up industries in Pakistan in such fields wherein the private sector was shy to invest and large amounts of capital outlay with long gestation period were required.

The primary function of Senate Standing Committee on Industries and Production is over sight of the activities, operations and performances of the various departments of Ministry of Industries and Production. It guides the concerned Ministry on different subjects regarding policy matters, revival of sick industries, establishment of new industries, eradication of corruption and malpractices, protection of the rights of employees, protection of the rights of consumers, provision of quality products to the masses, establishment of suitable environment for the growth of industries, use of modern technology in various industrial sectors, cases of privatization and exploration of new markets etc.

I was elected as Chairman of the Senate Standing Committee on Industries and Production on 20-05-2015. Since then a number of meetings of the Committee have been held in which various important agenda items/issues/Public Petitions were discussed, objectively analyzed and recommendations made. As the Chairman of the Senate Standing Committee on Industries and Production, I am honored and pleased to present the Report of the Committee for the period from 09-06-2015 to 27-10-2016, on behalf of the Committee and would welcome any feedback.

Executive Summary

The first meeting of the Committee was held on 20-05-2015 wherein Senator Hidayat Ullah was elected as the Chairman of the Committee unanimously. Under his Chairmanship, 17 meetings of Senate Standing Committee on Industries and Production have been held from 09-06-2015 to 27-10-2016.

In various meetings of Senate Standing Committee on Industries and Production, monitoring and evaluation of functions, performance and efficiency of different Industries and Corporations have been done to find out their future potential, shortcomings and their present status of productivity. Some of the Industries, Departments and Corporations that have been scrutinized during this short period of time are Pakistan Steel Mills, Pakistan Machine Tool Factory, Furniture Pakistan, Pakistan Hunting and Sports Arms Development Company, Heavy Electrical Complex, Utility Stores Corporation, Pakistan Gems and Jewellery Development Corporation, National Fertilizer Corporation, Pak Suzuki Motor Company, Toyota Indus Motor Company, Engineering Development Board, Small and Medium Enterprises Development Authority and Pakistan Stone Development Company etc. The primary purpose behind the examination and Parliamentary oversight of these industries and allied departments and Corporations under the Ministry of Industries and Production is to improve their performance so that they would contribute more effectively and efficiently towards the economy of Pakistan.

Many subjects were discussed in different meetings of the Committee pertaining to the development of Industries like providing incentives to Industries especially to private sector, revival of sick industries specially Pakistan Steel Mills (PSM) and Pakistan Machine Tools Factory (PMTF), recruitment on merit at key positions in various Departments of the concerned Ministry, recruitment of technical experts in specialized sectors, protection of rights of employees of

F.K.

Profile of the Chairman

Senator Hidayat Ullah belongs to Bajaur Agency of the Federally Administered Tribal Areas (FATA), an area that is considered most peaceful amongst Pakistan's tribal belt that borders Afghanistan. He is an independent candidate who was elected on a general seat in 2012 Senate Elections. He, on numerous occasions, has voiced his concerns on the recommendations presented by the FATA Reforms Commission about the proposed management of agencies and FATA Council. He supports the local government system and is of the view that members in the region should be elected through direct franchise instead of being nominated by the government. Senator Hidayat Ullah is a graduate from Edwards College, Peshawar. He heads the Standing Committee on Industries and Production. Besides, Senator Hidayat Ullah is a member of various other Senate Committees. Details of membership of Senator Hidayat Ullah in various Committees of the Senate and other important organizations are as follows:

Industries and Production (Chairperson Committee)

Business Advisory Committee

Senate Library Committee

Bipartisan Special Oversight Committee

Cabinet Secretariat

Defence

Ethics

States and Frontier Regions




Senate Finance Committee

The Project of China-Pak Economic Corridor

Convener, Pak-Romania Friendship Group.

Non-Official Member, Aitcheson College, Lahore.

Composition of the Committee

1	Senator Hidayat Ullah	Chairman	
2	Senator Khalida Parveen	Member	
3	Senator Hari Ram	Member	
4	Senator Malik Najmul Hassan	Member	
5	Senator Ilyas Ahmad Bilour	Member	
6	Senator Taj Haider	Member	
7	Senator Mian Muhammad Ateeq Shaikh	Member	
8	Senator Aurangzeb Khan	Member	
9	Senator Kalsoom Perveen	Member	
10	Senator Chaudhary Tanvir Khan	Member	
11	Senator Khanzada Khan	Member	
12	Senator Mohsin Aziz	Member	
13	Senator Rahila Magsi*	Former Member	
*The membership of Senator Rahila Magsi was replaced with Senator Najmul Hassan during the period under report.			

Key Recommendations

Meeting on 9th June, 2015 at Parliament House, Islamabad with Ministry of Industries and Production:

- The Committee recommended that closing down of Industries/Working Units should not be an option and the Ministry should make every effort to turn loss-making Industries into profit-making Industries.
- Incentives should be provided to the private sector for setting up of Industries. In this regard, free land should be given to private sector in case they want to set up any Industry.
- The Committee directed that special emphasis should be laid on including experts of related fields in all Boards under the Ministry of Industries and Production.
- The Committee directed that in case of privatization of any Company there should be a policy for the welfare of the workers of that Company.
- Besides policy formation and monitoring, the Ministry needs to develop a vision and focus on how to capture new markets.

Meeting on 15th June, 2015 at Parliament House, Islamabad with Utility Stores Corporation (USC):

- The Committee recommended that the Utility Stores network should be expanded to every Union Council, especially in rural areas.

- Sanctioned strength of Chinot (CFTMC) should be fulfilled /recruited at an early date.
- Small vocational centers should be established all over the country at required places especially in the remote areas of Baluchistan and South Punjab with the financial help of Punjab and Sindh Banks as well as other NGO's and donors if required.
- Performance and financial audit of all subsidiary companies of PIDC should be got conducted from Auditor General of Pakistan immediately and the reports thereof be submitted to the Committee in due course of time .Option to carry out performance and financial audit from the private CA firms may be exercised later on if deemed necessary.
- Representation in Boards of Directors of companies both from private and public sectors at the ratio of 60% and 40 % respectively should be ensured till 2016.
- Data of manufacturer, middle man and end user of arms as well as issuance of license should be computerized by the Company.
- Mechanism for testing and certification should be maintained /chalked out by the (PHSADC).Letter to Home Departments of all provincial governments with the signatures of the Chairman Committee be issued emphasizing upon them to procure weapons from local manufacturers to avoid the trend of smuggling and other illegal activities.
- CFTC should be made functional immediately.
- The locally manufactured weapons should be made more modernized and sophisticated according to international standards to meet the requirements of civil armed forces and other security agencies.
- An Arms Industrial Walled City should be established at Darra Adam Khel to maintain, check and verify the weapons and testing and certification centers should also be established at the same industrial area.

- Provident fund and gratuity should be paid to the retired employees at an early date.
- In order to avoid multiplication of loss, the Federal government should grant a bailout package of Rs 8.52 billion immediately to meet the requirement up to the 30.06.2016. Besides bailout package, Rs.0.2 billion will be required for repair of important equipment /machinery for sustainable production.
- Broken road leading to PSM may be repaired by Sindh Government.
- Gas supply to PSM should be restored immediately and late payment surcharge be waived off in best interest of the country.
- Instead of sale out shares of PSM for foreign investors /buyers ,method of joint strategic privatization with provinces and other willing institutions of the country be adopted in terms of Rules/Regulations .However, interest of serving and retired employees of PSM in deal with a successful buyer must be addressed.
- The Pakistan Steel Mills (PSM) should take immediate measures for restoration of 110 megawatt Power House.
- All civic functions of Gulshan-e-Hadeed should be handed over to the Sindh Government.
- Un-allotted residential and commercial plots in Phase-I-II and III Gulshan-e-Hadeed as well as in downstream housing scheme should be auctioned through a transparent system to recoup a sum of Rs.1.07 Billion deposited by employees of PSM for development of housing scheme, payment of provident fund and gratuity to the retired employees of PSM.
- References should be made against those who were involved in illegal construction on residential plots in housing scheme as well as against those who were involved in demolition of Houses.

**Meeting on 18th February, 2016 at Parliament House, Islamabad
with Utility Stores Corporation (USC):**

- The Senate Committee recommended that there must be a permanent Managing Director of Utility Stores Corporations. The whole country is being run on acting / additional charge which is a dangerous trend and results in deterioration of institutions.
- The Committee strongly recommended that issue of 3000 daily wages employees of the USC be appropriately resolved at the earliest.
- It was strongly recommended by the Committee that as USC was a profitable entity in past, it should operate in the best possible manner. There should be willingness and determination to manage its business and under no circumstances it should be shut down. There is a need for dynamism and entrepreneurial skills regarding the working of the USC. The Committee will quarterly check the performance of the Utility Stores Corporation.
- The Committee recommended that whole inventory of the USC should be computerized and progress report be submitted to the Committee in next meeting. The Committee observed that earlier, the USC was a profitable entity, so efforts must be made to increase the volume of sales.

**Meeting on 7th March, 2016 at Parliament House, Islamabad
with Ministry of Finance and Privatization Commission and
Pakistan Steel Mills:**

- The process of privatization must be conducted properly and concerned employees should not be made to face any problems.
- The Ministry of Industries and Production and all stakeholders should devise a way forward to ensure a timely provision of

investors through Pak Foreign Missions to export the quality products.

- The M/O Industries and CEO (PASDEC) should approach the government of Sindh seeking license to explore the stones at Tharparker and a report should be submitted in next meeting of the Committee.
- The Secretary M/o Industries and CEO PASDEC & PESCO should approach the Military and NHA officers as well as local land owners for the installation of transmission line to Risalpur Marble City and the progress achieved should be reported to Committee in its coming meeting.
- The issue for including a representative from FATA in Board of Directors of Pakistan Gems and Jewellery Development Corporation (PGJDC) may be considered at the highest level.
- The Committee emphasized upon CEO (PGJDC) to make efforts for the procurement of the latest machinery for mining, carving, cutting and polishing of Gems to make the Company profitable.

Meeting on 26th April, 2016 at Parliament House, Islamabad with Engineering Development Board (EDB):

- The Committee recommended that sick units should be revived first before starting new units and fair environment should be provided where production can flourish.
- The Committee also recommended that there should be at least some regulatory body with less number of members to deal with the complaints of consumers and competition in public sector should be increased.
- The EDB should create such a mechanism and set certain rules and regulations whereby competition can flourish in automobiles industry.

years and audited report for 2014-15 should be submitted in next meeting.

- The Additional Secretary, M/O Industries and Production should monitor all corruption cases and take concrete steps to recover the stolen money and submit a detailed report in the next meeting.
- The Committee appreciated the Ramzan Package 2016 and directed the MD (USC) to ensure the availability of handsome quantity of all required items during the month of Ramzan. Moreover, the proposed monitoring policy / system should be adhered to in order to ensure the quality of consumables.
- The Committee emphasized upon its recommendations for payment of outstanding salary to the employees of PSM immediately to facilitate them during the holy month of Ramzan and directed the Secretary M/O Industries and Production to probe into the issue of Gratuity Fund and submit a report in the next meeting.
- The administration of PSM should immediately withdraw all charge sheets issued to employees protesting for their salaries, which is their legal right.

Meeting on 16th August, 2016 at Parliament House, Islamabad with Engineering Development Board (EDB) and Utility Stores Corporation (USC):

- All vehicle manufacturers should be directed to ensure quality production upto maximum capacity of their Plants and well in time delivery of vehicles to the venders without any discrimination.
- The Committee urged upon CEO (EDB) to approach once again M/S Suzuki Motors & M/S Toyota Indus Motors to share their agreements and submit a report in the next of the Committee.

banks etc. The Ministry was also directed to provide full details of the Fraud Company and owners to the Committee.

- The Ministry was directed to provide full details about the official vehicles at the disposal of M/O Industries and Production and its attached departments to the Committee at the earliest w.r.t agenda item (vi) regarding Starred Question No. 9 asked by Senator Tanvir Khan.
- The Committee directed the Ministry and National Fertilizer Company, NFC to provide full details about Board of Members of the NFC and method / criteria for their elections alongwith the amount / fees paid per meeting to every member. The NFC was also directed to provide complete record of total number of employees both regular and non regular of the NFC alongwith profit and loss figures pertaining to last 5 years.

Meeting on 20-21st October, 2016 at Karachi with Engineering Development Board, Toyota Indus Motors, Pak Suzuki Motors, and Sindh Engineering Limited.

- The Committee unanimously recommended that the E.D.B. should ensure production of a new model in place of Suzuki Mehran at the earliest and submit a compliance report in this regard to the Committee as soon as possible. The Committee unanimously directed Pak Suzuki Motor Company Limited (PSMCL) to introduce and ensure Immobilizers/Air Bags and ABS Brakes and follow global standard safety features in its new models.
- The E.D.B. was directed to play the role of a bridge in the automobile assemblers sector.
- The Committee recommended that delivery of vehicles to the consumers must be ensured by all car manufactures at the earliest and all companies must ensure customer welfare to avoid delay over two months and shall pay discount KIBOR+2% on date of final delivery.

General's Report. The Committee also directed the Ministry to provide a Compliance Report on Auditor General's Report to the Committee. This matter should be taken up on priority basis.

- All bank charges details should also be provided in this regard to the Committee and ways to engage any other bank also should be explored in this regard. The Committee requested Senator Mian Ateeq Sheikh to help and guide the USC regarding banking.

Farzana Khan

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SENATE STANDING
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Mian Ateeq Sheikh

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