

SENATE OF PAKISTAN



(Report No.2/2020-21)

REPORT OF THE STANDING COMMITTEE ON INDUSTRIES AND PRODUCTION

**ON THE STARRED QUESTION NOS. 14 & 15, ASKED BY SENATOR SIRAJ UL HAQ IN
THE SENATE SITTING HELD ON 5TH JUNE, 2020, REGARDING THE "ACREAGE OF
LAND ON WHICH PAKISTAN STEEL MILLS (PSM) WAS ESTABLISHED" AND
"NUMBER OF PERSONS WORKING IN PAKISTAN STEEL MILLS (PSM) WITH
DEPARTMENT/ SECTION WISE BREAKUP".**

PRESENTED BY

**SENATOR AHMED KHAN
Chairman**

SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE INDUSTRIES AND PRODUCTION

I, Chairman, Standing Committee on Industries and Production, would like to present report of the Standing Committee on the Starred Question Nos.14 & 15, asked by Senator Siraj ul Haq regarding the "acreage of land on which Pakistan Steel Mills (PSM) was Established" and "number of persons working in Pakistan Steel Mills (PSM) with Department/ Section wise breakup". The matters were referred by the Hon'ble Chairman Senate on 5th June, 2020, for consideration and report.

2. The composition of the Committee is as under: -

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|-----|--------------------------------|----------|
| 1. | Senator Ahmed Khan | Chairman |
| 2. | Senator Aurangzeb Khan | Member |
| 3. | Senator Hafiz Abdul Karim | Member |
| 4. | Senator Imamuddin Shouqeen | Member |
| 5. | Senator Dr. Asif Kirmani | Member |
| 6. | Senator Nusrat Shaheen | Member |
| 7. | Senator Keshoo Bai | Member |
| 8. | Senator Muhammad Ali Khan Saif | Member |
| 9. | Senator Muhammad Ayub | Member |
| 10. | Senator Naseebullah Bazai | Member |
| 11. | Senator Rahila Magsi | Member |
| 12. | Senator Seeme Ezdi | Member |
| 13. | Senator Sitara Ayaz | Member |

3. The matter was taken up for consideration in the Committee meetings held 15.07.2020, 10.09.2020 & 17.09.2020 respectively. The last meeting of the Committee was attended by the following members: -

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|----|--------------------------|----------|
| 1. | Senator Ahmed Khan | Chairman |
| 2. | Senator Dr. Asif Kirmani | Member |
| 3. | Senator Kalsoom Parveen | Member |
| 4. | Senator Muhammad Ayub | Member |
| 5. | Senator Keshoo Bai | Member |
| 6. | Senator Seeme Ezdi | Member |
| 7. | Senator Sitara Ayaz | Member |

4. The first meeting of the Committee held on 15-07-2020, was attended by Senator Siraj ul Haq. During the course of the meeting he apprised the Committee about his starred Questions, raised in the Senate relating to "acreage of land on which Pakistan Steel Mills (PSM)

was Established” and “number of persons working in Pakistan Steel Mills (PSM) with Department/ Section wise breakup” He shared the issue in detail and was of the opinion that due to mismanagement of PSM, affairs adversely affected specially matters relating to the poor employees. He also voiced concern over the issue of outstanding dues of the 6500 retired employees and the paucity of amount allocated for voluntarily separation scheme (Golden handshake), and demanded for clearance of all pending dues of employees and pensioners immediately. He also requested the Chair if a Sub-Committee comprising of prominent Senators from each province may be constituted which could formulate recommendations for devising strategy/ an alternate plan for revival of Steel Mills taking into account his following considerations / proposals:-

- a) Instead of privatizing PSM, the state-owned entity should be made viable by appointing a full time professional Chief Executive Officer (CEO) at the earliest.
- b) Professional people should be appointed to the PSM Board. Gas supply be restored to the PSM, and only the due outstanding amount, minus the late payment surcharge, of utility bills be collected in installments.
- c) To operationalize PSM in a phased manner starting from oxygen and thermal power plants, so that the Steel Mills can start making an earning to pay its employees.
- d) For maintenance of the plant and payment of salaries to employees as well as dues to the retired workers, and purchase of raw material, a bailout package should be given.
- e) Import of steel should be made conditional to issuance of a NOC by the PSM.

5. The Chairman of the Committee Senator Ahmed Khan informed the participants that the Committee had also visited the Steel Mills and held a number of meetings on the similar kind of issues. Endorsing the point of view of the Mover, he termed that the Steel Mills is the jugular vein of Pakistan economy, and stressed for resolving issues of salaries and outstanding dues of present employees as well as the pensioners on humanitarian grounds considering their financial hardship and problems. He said they had also suggested that the two jetties of the PSM should be used for supplying of imported scrap to local private industry till the time Steel Mill is operationalized. However, despite all efforts of the Committee, there was no result, which is very disappointing. The members of the Committee were unanimous of the view that PSM was an important entity which provided jobs and livelihood to the thousands of people and was vital to the development of the country.

6. At that juncture, the Committee also heard the stance of Federal Minister for Industries and Production, Mr. Hammad Azhar, who was of the view that in 2008 Pakistan Steel Mills had a fund of Rs. 8-10 billion, after which in 2009 sales began to drop and the PSM went into deficit due to low steel prices in the world market. He shared that while sales of PSM were dropping, 4500 temporary employees of Steel Mills were made permanent in 2010 which added to its financial burden. Since 2010 onwards, average production of PSM dropped to around 40 percent, which later further declined to just six percent. The Minister further informed the Committee that for five years, on zero productivity, employees were paid Rs.35 billion in terms of salaries, while an amount of Rs.20 billion was accumulated as pension dues, out of which some proportion has been paid. The Minister further informed that bailout packages amounting to Rs.80 billion had been given since 2008 till date, while its current outstanding payable debt amounted to Rs.230 billion.

7. While commenting on the issue of privatization, the Minister stated that the Steel Mills could be run under the joint venture in collaboration with private partners, adding that the terms in this regard had been designed in a way to ensure that the government retains stake in the PSMs. He further informed that out of 19,000 acres land owned by PSM, the PSM plant is established on just 1700 acres out of which some portion would be leased out. He also shared the details of steps taken/ being taken by his Ministry as well as current government for resolution of PSM related matters and its revival.

8. After detailed deliberations, the Committee made following recommendations unanimously:-

- i) The government should make a viable plan to pay all outstanding dues of PSM employees, workers and pensioners in terms of salaries and pensions forthwith without any further delay.
- ii) Instead of privatizing PSM, the state-owned entity should be made viable by appointing a fulltime professional Chief Executive Officer (CEO) at the earliest.
- iii) Professional people should be appointed to the PSM Board.
- iv) Gas supply should be restored to the PSM, and only the due outstanding amount, minus the late payment surcharge, of utility bills be collected in installments.
- v) Operationalize PSM in a phased manner so that the Steel Mills can start making an earning to pay its employees.

vi) The government should announce a bailout package for maintenance of the plant and payment of salaries to employees as well as dues to the retired workers and purchase of raw material.

9. The Committee after discussion, defer the matter till its next meetings. Thereafter two meetings were held but both meetings, the hon'ble Mover did not attend, therefore the Committee unanimously decided to dispose off the matter pertaining to the Starred Questions Nos. 14 & 15 moved by the Senator Siraj ul Haq on 05.06.2020.



(HAFEEZULLAH SHEIKH)
AS/Secretary Committee



(SENATOR AHMED KHAN)
Chairman Committee