

YEAR BOOK
2004-2005



GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES, PRODUCTION
& SPECIAL INITIATIVES
ISLAMABAD

FOREWORD

Year Book 2004-2005 is the official handbook of the Ministry of industries, Production & Special Initiatives (MOIP&SI). It is based on the activities of MOIP&SI as well as its support organizations.

The document highlights the policies framed either directly by this Ministry or through its support organizations to promote industrialization in the country. It also covers the initiatives taken by MOIP&SI and its achievements during the period July, 2004 to June, 2005 . An account of functions and linkages of the MOIP&SI with its support organizations is also given, defining the role of each organization under the umbrella of MOIP&SI . The future plans in certain focused areas like establishment of 'Engineering Parks' 'Textile City' and 'Industrial Technology Support Centres' have also been discussed to give an insight to the readers about what MOIP&SI endeavours to do in future for enhancement of industrialization in the country.

I hope this document would prove to be useful to its readers including investors and other stakeholders.

Suleman Ghani
Secretary
Industries, Production &
Special Initiatives

INTRODUCTION

Broad functions performed by Ministry of Industries, Production and Special Initiatives during the year 2004-05 include:

- Initiatives to boost industrialization in the country
- Tariff rationalisation.
- Enhancement of industrial growth to increase the share of manufacturing in the GDP.
- Developing Export Processing Zones.
- Indigenization through intensification of deletion programme.
- Capacity expansion/ product diversification.
- provision of consumer goods at affordable prices through utility stores.
- Operational performance of public corporations/ units.

In order to implement the above-mentioned functions, strategies followed and the achievements made during the year as well as the future plans of the Ministry are discussed in the subsequent pages.

SPECIAL INITIATIVES

The name of Ministry of Industries and Production was changed to Ministry of Industries, Production & Special Initiatives vide Cabinet Division SRO 403(I)/2005 dated May 9, 2005. The addition of “Special Initiatives” reflects a new thinking in the public sector for finding “out of box” solutions for long-standing pressing problems. The solution from management perspective lies in creating a synergy between public and private sectors and benefit from the respective strengths of each. The Ministry of Industries, Production & Special Initiatives also decided to “re-position itself to play a leadership role in formulating and implementing a comprehensive strategy for rapid industrialization of Pakistan which aims at maximizing job creation and enhancing Pakistan’s international competitiveness.”

The establishment and merger of new companies under the Ministry is based on the principle of Public-Private Partnership, in which the private sector takes a lead in managing and running the affairs of an independent company, while the public sector has 100% ownership of the company and provides overall policy guidelines, reviews the progress of work and monitors the achievement of objectives on a regular basis. This new corporate governance framework has introduced a paradigm shift in the public sector. Organisations such as Technology Upgradation & Skills Development Company (TUSDEC) and National Industrial Parks & Development Company (NIPs) have been modelled on this new concept, while the old ones, Pakistan Industrial Development Corporation (PIDC), Engineering Development Board (EDB), and Pakistan Steel have been restructured and their Board of Governors empowered to take decisions.

The major achievements of the Ministry facilitated by Special Initiative Cell for the year 2004-05 are listed below:

Formulation of Industrialisation Strategy

The Ministry formed a core group of economists, businessmen and industrialists that got together and developed an industrialization strategy for rapid industrial growth in Pakistan. The group realized from day one that the world over, manufacturing activity has played a leading role in sustaining long term rapid economic growth and employment generation. The case is quite different in Pakistan where, manufacturing, despite some

important early successes, has performed far below potential. The main reason for this is Pakistan's misplaced priorities to industrialise. World trade in manufacturing and engineering goods is 70 percent, while this figure comes to a paltry 3.9 percent for Pakistan. Similarly, over a period of 33 years (1968-2001), industrial value added has increased by a multiple of only 7 compared to Korea's 40, Malaysia's 27 and Thailand's 17. It is no wonder that Pakistan has lagged behind the world.

Industrialisation Strategy was commissioned by the Ministry and has been completed. It has been placed at the Ministry's website for general reading and download. Mr. Jahangir Khan Tareen, Minister for Industries, Production & Special Initiatives also made a presentation to the Prime Minister in early May 2005 on the subject. The strategy envisions a holistic approach and inter-ministerial coordination for its implementation. It provides a coherent framework for specific policies and action plan. It is an important first step for accelerating industrial growth and setting Pakistan in the right direction of growth. The report presents a strategic framework for industrialization that rests on reducing the cost of doing business to attract private investment in industry. It makes recommendations spanning macroeconomic management, taxes and regulations, capital and land markets, contract enforcement, trade facilitation, securing industry's energy, transportation and other infrastructure needs and improving the quality of industrial work force.

Implementing the recommendations of this report calls for close coordination, horizontally across line Ministries and vertically across Provinces. A coordinated approach to industrial strategy will work towards realizing the following core objectives:

- (i) ensure that investment is preferred over consumption in the pricing and resource allocation decisions regarding energy, transport interest and exchange rate policy,
- (ii) make export orientation a top priority of industry, and
- (iii) establish a regulatory framework that facilitates SME growth.

The report emphasizes the urgency of redoubling of efforts and dexterous coordination among Ministries to signal to the investor that the government has a strategic approach to reform for promoting industrialization.

Providing State of the Art Infrastructure for Industrialisation

The Ministry has established National Industrial Park Development & Management Company (NIPs) on the principles of public-private partnership. It was registered with the Securities & Exchange Commission of Pakistan (SECP) in March 2005. NIPs is purported to establish National Industrial Parks to kick start the much needed process of industrialization in Provincial Headquarters, prominent urban centers having cluster of different industries and rural areas infested with abject poverty but having surplus labour with the need of creating opportunities for self-employment. To achieve this target, PIDC Board of Governors, in its 63rd meeting held on 6th December, 2004, decided to create its wholly owned subsidiary in the name of National Industrial Parks Development and Management Company. It also provided Rs.150 million for operational expenses of the company.

The main objectives of the Company are follows:

- a. To work for orderly, planned and rapid industrialization by establishing/developing new industrial estates and/or industrial parks, and upgrade those that may be handed over by the Government/Provincial Government(s);
- b. To select/acquire/obtain on lease/purchase site(s) for development of new industrial estate(s) and to make ancillary arrangements thereto;
- c. To demarcate/ subdivide/ bifurcate/ consolidate/ realign / sale out/lease out or dispose of in any manner whatsoever, the land acquired and/ or industrial estates/ parks handed over to the Company for establishment/development/ management/ administration thereof;
- d. To develop/manage infrastructure within the industrial estate(s)/parks and levy/ impose/collect charge/fee/toll etc. therefore;
- e. To provide a platform and act as a linking mechanism for industries to increase productivity;

- f. To facilitate provision of utilities including but not limited to electricity, gas, telephone and health services within the industrial estate(s)/parks;
- g. To provide common facilities for the industrial estate(s)/parks and to enter into financial transactions in furtherance thereof;
- h. To identify means for preservation of environment and/or rules/regulations for implementation thereupon;
- i. To promote creation of jobs by capitalization on strength of different regions by prioritizing type(s) of industry prevalent in a particular area;
- j. To promote interaction between the industrialists and the Government to create an over all conducive industrial environment;

NIPs has taken up a project of developing Korangi Creek Industrial Park in Korangi industrial area, which is owned by PIDC. The next project is to develop an industrial park on 1500 acres land at Pak Steel which was meant for the Downstream Industries and is lying unutilised. The company will be developing such parks in Peshawar, Quetta and major industrial centers along with rural areas.

Skills Upgradation for Industrial Development:

Technology Upgradation & Skills Development Company (TUSDEC) is based on the principle of Public Private Partnership similar to NIPs, and aims to create a conducive and enabling environment for the upgradation and promotion of skills and technology in the SME clusters.

It aims to achieve its objective through establishing/funding common facility centres, design, support and maintenance, testing, certification, incubation, applied research, dissemination centres etc. TUSDEC is taking different steps to achieve these objectives:

- a. Tools, Moulds & Dies Centre is planned for Karachi and Gujranwala;
- b. The Cement Research Institute, Lahore has been handed over to TUSDEC along with its building;
- c. Pakistan Industrial Training Assistance Centre is being upgraded;

Small & Medium Enterprise (SME) Promotion & Development:

Small & Medium Enterprise Development Authority (SMEDA) has prepared a SME Policy to develop a framework for facilitating small & medium enterprises. This will be presented before the Cabinet for formal approval.

Different Strategy Working Groups (SWOGS) have been established for Marble & Granite, Gems & Jewellery, Dairy, Fans, Surgical industry, Furniture and Sports Goods sub-sectors. The SWOGs have provided a much-needed platform for the sub-sectors to get together, and intellectual space to the industry to create synergy and formulate policy guidelines and short and long term strategies which have their ownership.

Three SWOGs are working on a fast track basis. They are on Dairy, Gems & Jewellery and Marble & Granite. The SWOGs on Dairy has proposed the establishment of Dairy Pakistan Company. The SWOG on Gems & Jewellery has brought a dis-fragmented industry on a single platform. The industry participated in Gems & Jewellery Fair in Bangkok which was held on 14-19 September, 2004. SWOG on Marble & Granite is at the final stage of finalising its strategy and the report will be presented by the end of October 2005.

Dairy Pakistan:

The SWOG on Dairy recommended the establishment of Dairy Pakistan Company on the lines and model of Dairy Australia. Dairy Pakistan has been registered with the SECP and is tasked with the responsibility of bringing about a “White Revolution” in the country. The main objectives of the company will be as under:-

- i. To promote milk and other value added dairy products in the domestic as well as international markets;
- ii. To promote *development and up-gradation of dairy supply chain* in Pakistan by supporting and facilitating the farmers, processors and other stakeholders across the value chain;
- iii. To support dairy sector growth by way of supporting and facilitating business development services for the enterprises across the dairy value chain;

iv. To initiate and support interventions across the dairy value chain to enhance sector competitiveness through innovations and research;

v. To promote technology development, transfer, assimilation, streamlining, acquiring and/or up-gradation across dairy value chain by undertaking new initiatives;

vi. To help introduce international best management practices for better productivity and operational efficiencies;

ix. To promote training and skills development of human resources associated with the dairy sector;

vii. To help create enabling/supporting/conducive business environment for enterprises operating in the dairy sector and propose new rules/regulations/bye-laws/standards for providing a level playing field and conducive regulatory environment for the development of sector and propose amendments thereof in any existing rules/regulations/bye-laws/standard in the sector and bring local industry in consonance with international standards;

The company will facilitate the establishment of model dairy farms in the private sector and create a conducive regulatory environment for the promotion and development of dairy sector. The emphasis will be on the development and up-gradation of dairy supply chain in Pakistan by enhancing competitiveness as well as supporting and facilitating the farmers, processors and other stakeholders across the value chain through innovative and informed interventions.

Engineering Development Board:

Engineering Development Board (EDB) has been restructured with a new Chairman and CEO from the private sector. The role and responsibilities of the organisation have also been realigned with the new and emerging realities of the day. The new slogan of EDB now is “World is Our Market”. It now concentrates in assisting the Ministry in policy development and carrying out sectoral studies. It has exposed the introvert Pakistan's engineering industry to international experiences. EDB plans to participate in international exhibitions held exclusively for the engineering sector. EDB also arranged

an international workshop on investment opportunities in the steel sector, which attracted experts and manufacturers of steel products from India, China, Australia, U.S.A etc., formulated recommendations for steel policy. The steel policy is being finalised. Another task assigned to EDB is the upgrading of Ginning sector in the country. As a first step, EDB is working on the standardisation of Ginning machinery and made a linkage in the textile value chain.

International Exposure to Pakistani Engineering Industry:

Pakistan officially participated in Hannover Fair in April 2005 to give international exposure to its engineering industry. Instead of five companies that had participated in the Fair in 2004 privately, thirty-five companies, with a proven track record of achievements in the sector, and having the ability to enter into joint ventures, license agreements and/ or sub-contracting capabilities, exhibited their products under the umbrella of Government of Pakistan. This was in addition to 100 distinguished people from the engineering sector, industry icons and technologists which comprise the Pakistani delegation. The Fair provided excellent opportunities to Pakistan's manufacturing and service sector in the Engineering trade to come into contact with potential customers, raw material sources, and get exposure to new technologies and manufacturing expertise. Mr. Dr. Dittmar Staffelt, Deputy Minister, Federal Ministry for Economy & Labour, Germany and Dr. Otto Wiesheu, Minister for Economic Affairs, Infrastructure, Transport & Technology, State of Bavaria visited Pakistan's pavilion and appreciated the quality and wide range of products exhibited. Pakistan's participation in Hanover Fair afforded excellent opportunity for Pakistan to project itself as an "Emerging Engineering Destination" and presented a soft image of Pakistan to the world.

PM's Livestock Initiative:

The project is based on the concept of public private partnership, where Government of Pakistan and eight Rural Support Programmes (RSPs) join hands to launch this initiative. GoP funds and monitors the project activities, while outsources or contracts out project tasks to RSPs for implementation in the field. In this way, GOP leverages the existing network of RSPs in the catchment districts/areas of the project by funding their activities. The livestock initiative, which spans five years, dovetails into the existing programmes and projects of RSPs in that they are already working in partnership with the government

in bridging gap in services arising from the inadequacy and apathy of government departments. RSPs have the added advantage of socially mobilising community groups which allows them to conveniently provide services and/or disseminate information. The project plans to parachute 290 livestock specialists, deployed in the same number of clinics, in the midst of 13 million poor rural households. They will be providing their services at cost through a clinic. Every DVM will establish a clinic/lab, with the help of a revolving fund placed at the disposal of RSPs. Poor and backward areas such as Balochistan and Tharparker will be especially targeted and will benefit the most.

A cadre of Community - based Livestock Extension Workers (CLEWs) will be created with the help and coordination of these DVMs and Government training institutes. After getting training, almost 25 CLEWs will be managed by each DVM. An estimated number of 7250 community based workers will be trained and they will work as self-employed livestock specialists. These new DVMs and CLEWs will provide services in the domain of curative and preventive medicines, vaccinations, best farm practices, advice for fattening of animals, increasing milk production etc.

The outcomes of the programme will be:-

- a. Enhancement of micro credit capacity.
- b. Creation of assets in the form of animals created through micro-credit network of RSPs.
- c. Increased animal head count.
- d. Improved breed.
- e. Increased livestock productivity.
- f. Linkages with the private sector for marketing.
- g. Creation of additional jobs on a fast track basis.

There will be additional milk and meat production to the tune of 12 million litres and 0.2 million tons annually respectively. The Prime Minister has given conceptual approval of the project and it has also been cleared by CDWP.

WORLD BANK FUNDED PROJECTS.

The World Bank funded project, "Support for Reforms in Regulatory, Legal and Policy environment for Private sector growth" costing Rs. 23,595 million was initiated in 2002 and has been completed in April 2005. Under the project the following consultancy studies were conducted by experts to achieve the objectives of the project:-

- a) The National Drug Act 1976 was amended in the year 2002. The amendment proposed by this Ministry and Ministry of Health in consultation with stakeholders were approved by ECC in October 2002. An Implementation Committee on the amendment in the National Drug Act 1976 was constituted under the chairmanship of Deputy Chairman Planning Commission. The Implementation Committee continuously held meetings to review the implementation status of the Act. Most of the amendments relate to Ministry of Health and Provincial Governments. The work on Patent Ordinance 2000 and price mechanism of Drugs was assigned to this Ministry. Report on Patent Ordinance had been submitted to Implementation Commission. The last meeting of the Committee was held on 7th June 2005 in Planning and Development Division. In pursuance of that meeting material relating to price mechanism was sent to Deputy Drug Controller (Pricing), Ministry of Health on 29th June, 2005 to facilitate the implementation of National Drug Act, 1976.
- b) Labour laws were revised, amended as a result of consultancy study conducted by Mr. Saleem Sehgal, Consultant and Industrial Relations Ordinance (IRO) 2002 was promulgated on 26-10-2002.
- c) The consultancy, "study of Factories Act 1934" was completed by Mr. Mustafa Ramdayt, Consultant and transferred to Ministry of Labour & Manpower for further action.
- d) The study, "Industrial vision & Industrial Policy Parameters" was completed by Dr. A.R. Kemal, Consultant/Director, PIDE.
- e) The study, "To identify and reduce interface between Government institutions and private sector as well as to reduce entry barriers to improve investment climate in Pakistan" was completed by Mr. Wahid Wien, Consultant.
- f) The study on, "SME Tool Kit Localized Version & its integration into SMEDA Website" was completed by Mr. Ali. Haider Aftab, Consultant.
- g) The study on, "Review and identification of Monopolies, Cartels and Price Controls in Pakistan" was completed by Mr. Ghafoor Mirza, Consultant.
- h) A study "Evaluation and Simplification of Company Registration Laws and Procedures for Corporatization of SMEs" suggested by Securities Exchange Commission of Pakistan was completed by Mr. Osama Siddiqi, Consultant.

- i) The consultancy for, “Implementation, evaluation and monitoring of the World Bank project” referred to above was completed by Mr. Tariq Junjua, Consultant and a White Paper on the recommendations of Consultancies was prepared for initiating regulatory reforms for private sector growth.

On the completion of the above studies, all stakeholders were consulted through seminars/workshops and their suggestions were included in the recommendations. The recommendations are being processed for implementation.

A study on “ a strategy for Rapid Industrial Growth” by the Consultants was completed in consultation with the stakeholders. Its presentation was made to the Prime Minister.

PSDP PROJECTS

PSDP allocated funds were utilized during the year 2004-05 for execution of the following development projects. A break down of expenses incurred for the implementation of the planned activities of the projects is as under: -

S.NO.	TITLE OF PROJECT	AMOUNT UTILIZED
i)	Balancing and Modernization of Workshop Facilities at PITAC, Lahore	Rs. 87.42 million (FEC +LCC)
ii)	Modernization and upgradation of PITAC(Metal and Processing Development Centre), Lahore	Rs. 3.75 million (FEC + LCC)
iii)	Plastic Technology Centre, Karachi P.T.C.	Rs. 168.03 million (do)

Machinery provided by JICA was installed in PITAC for their project, “Balancing and Modernization of Workshop facilities” for its upgradation.

MONITORING OF SUGAR PRICES

This Ministry closely monitored the stocks position and price of sugar in the open market.

In order to meet the shortage, improve stock position and to stabilize the prices of sugar, import of sugar through private sector was allowed/ arranged, LC’ s for a quantity of 347,650 M.T of raw sugar were opened up to 30th June, 2005. For refined sugar, LC’s for a quantity of 733,146 M.T. were also opened without duty and withholding tax, without any limit/time bar and imports of 214,012,M.T raw sugar and 202,226 M.T of refined sugar ware made up to 30th June 2005.

Utility Stores Corporation (USC) from February 2005 started selling sugar @ Rs. 23 per Kg in all its out lets Itwar and Juma Bazars and through Mobile Units to provide cheaper sugar to general public. 37.500 M.T. of sugar was sold by Utility Sores Corporation.

POWER CO-GENERATION

The policy of Power Co-Generation from Bagasse a by-product of sugarcane was initiated. Two meetings were held on 31st March 2005 and 20th April 2005. In the last meeting held on 20th April, 2005, it was decided that since M/s. Fatima Sugar mill had already done basic work on the feasibility of Power Co-Generation, therefore, the same may be taken as a Pilot Project for this purpose. In order to generate the power from coal or gas as alternative raw material by the sugar mills after bagasse, the availability of gas and tariff rate approved by the NEPRA were to be finalized with Sui Southern and Sui Northern and officials of NEPRA. M/S. Fatima Sugar mill will also work out the feasibility of using coal as alternative energy for power production. Pakistan Sugar Mills Association had provided a list of 19 sugar mills interested in power co-generation alongwith the requirement of gas or coal etc.

NATIONAL POLICY ON EITHANOL BLENDING PROGRAMME BYSUGAR INDUSTRY AND OIL MARKETING COMPANIES

The policy formulation blending of indigenous fuel ethanol programme was initiated. Two meetings on this issue were already held in this Ministry at Minister and Secretary's level. There was a plan to blend the 10% ethanol in petrol at initial stage; however, it will be increased with the passage of time. A task force was constituted comprising the representative of Ministry of Petroleum, National Resources, Ministry of Environment, representative of Oil Companies Advisory Committee, representative of Oil Refineries and the representative of Pakistan Sugar Mills Association to finalize the recommendations as soon as possible to blend the 10% ethanol with petrol.

PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT LIMITED (PIDC)

Ministry of Industries, Production and Special Initiatives decided to change the role of PIDC to assist and facilitate in setting up of SMEs in the country. Accordingly, PIDC under its new role will focus on effective utilization of real estates available with PIDC preferably in the form of industrial/cluster parks.

Textile City, Karachi

PIDC has contributed its share of Rs 50 million as its equity in the shareholding of Textile City being set up on an area of 1250 acres land in the Industrial Zone of Port Qasim, Karachi.

Merging of SCCP with PIDC

The process of merger of State Cement Corporation with PIDC has been initiated during the financial year, i.e. 2004-05

Setting-up Universities at the premises of BIM & LTM (units of IPI)

In pursuance of the decision of CCOP, the premises of Bolan Textile Mills (Quetta, BTM) and Lasbela Textile Mills, Uthala (LTM) have been handed over to Government of Balochistan for setting up Universities

Sale of land and building of Talpur Textile Mills

Bidding for sale of land and building of Talpur Textile Mills, Tando Mohammad Khan has been accepted, Possession of the land & building is expected to be handed over after receipt of balance payment due from the party during the year 2004-05.

Javedan Cement Limited

The company has earned Rs 300.420 million profit in years 2004-05 and paid dividend first time after many years at the rate of 7.5% for the year 2003-04, Expression of interest (EOI) for sale of Javedan Cement have since been invited by Privatization Commission.

Mustehkam Cement Limited

Mustehkam Cement Factory Hattar is on the active list of privatization and bidding is expected to be held shortly.

OPERATIONAL PERFORMANCE OF PUBLIC SECTOR CORPORATION/UNITS.

Operational performance of State Engineering Corporation and its units is as follows:-

- Overall net sale of State Engineering Corporation and its subsidiaries units recorded RS. 3.6 billion during the year 2004-2005 as against Rs.2.3 billion in the preceding year 2003-04.
- Gross profit amounted to Rs.523.00 million during 2004-2005 as compared to Rs.239.00 million during 2003-04.

- Profitability has shown remarkable improvement. SEC group earned a net profit of Rs. 113 million in 2004-05.
- Orders in hand are worth over Rs. 4.5 billion as on 30th June 2005
- Production during 2004-05 was 2,994.527 against production of 1,891.295.
- Product diversification during last few year includes manufacturing of 40 MVA power Transformer first time in the country without foreign support-whereas technology is being enhanced to 160 MVA. In addition through in-house R&D successfully manufactured digital fuel dispensing unit. CNC machine for training special purpose milling machine intricate components for defence organizations capability for design of mini refinery plant has been developed
- HMC is executing orders for Al-Zarar Tank and other special defence products such as 125 mm gun barrel and tank components for Al-Khalid and Al-Zarar are being developed, HMC has achieved optimum level of deletion in its range of products
- HEC has acquired ISO 9001 certification and successfully manufacturing 40 MVA power Transformers without foreign expert service
- PMTF has executed an export order of PRG-7 worth USD 1.5 million to Malaysia

FUTURE PLANS

Auto Components

PMTF is a regular manufacturer of tractor components, which are being supplied to Millat Tractors and Al-Ghazi tractors. PMTF has drawn plan for the manufacturing of various components of Transmission gears and shafts of motorcycles and Crank case and covers of 700 cc motorcycles. After successful manufacturing and marketing of above components, PMTF is planning to manufacture complete engine for motorcycle.

CNC Machines for Training Purpose:

PMTF manufacturers range of conventional machine tools. Considering the rising demand of CNC machines in the country and abroad, PMTF plans to start manufacturing on commercial basis, a range of CNC machines for training purpose. In this regard a prototype has been developed and launched to have feed back from the interested customers. After getting the response and

undertaking necessary modifications if desired, PMTF will start manufacturing and marketing of these machines on regular basis.

Technology Advancement

HMC is a regular manufacturer of industrial plant, machinery and equipment. Keeping in view the demand of various industries for having plant based on efficient technologies, HMC is now focusing to acquire technology by in-house efforts and also through lining-up joint venture arrangements. In this regard plans to enter in following areas are underway.

- i. High pressure bagasse fired boilers in Sugar Industry for co-generation.
- ii. Sugar Industry bye Products Plants.
- iii. Fluidized bed coal fired boilers for Industrial use & Power Generation.
- iv. Heating Elements for Thermal Power Plants
- v. Alternate Energy equipment especially for Wind Mill
- vi. Coal Gasification Plants
- vii. Bulldozer Assembly & Progressive manufacturing

Heavy Electrical Complex.

Heavy Electrical Complex has been manufacturing Power Transformers. It has developed to manufacture power transformers upto 40 MVA. Considering, the demand of large module power transformers and other related equipment. HEC has drawn plans to undertake manufacturing of following products.

- a. Power Transmission of 160 MVA and other ratings of 132 KV, 220 KV and 500 KV.
- b. Grid Station Equipment.
- c. Heavy Generators.
- d. Wind Mill Turbines.

PROVISION OF CONSUMER GOODS AT AFFORDABLE PRICE STRATEGY

In provide the consumer goods to the common person at affordable price.

UTILITY STORES CORPORATION

ACHIEVEMENTS

During the year 2004-05 the Corporation added 19 new Utility Stores to its network, increasing the number of stores from 342 to 361 93 on 30th June 2005, an increase of 6%.

- Against the annual sales target of Rs 2396.32 millions fixed for 2004-05, the Corporation achieved sales of Rs 2847.22 millions.
- The sales volume of the corporation jumped up from Rs 1443.66 million in 2003-04 to Rs 2847.22 millions in 2004-05, registering an increased of over 97%.
- In addition to the normal price relief of 5-10% available to the public on shopping at Utility Stores, a further special Ramazan Relief package of 10% was allowed to the consumers during Ramzan 2004-05.
- To supplement the government policy of ensuring availability of sugar and to monitor its price hike in the open market USC undertook in February 2005 large scale procurement of sugar and its sale to the public at reduced price of Rs 23/kg against Rs 26-27/kg through its network, weekly Bazar and Mobile Stores.
- Under the Prime Minister's Atta Relief Package sale of wheat flour to the public through the network of Utility Stores was commenced w.e.f. 15th June 2005 at the government fixed price of Rs 11.50 per kg.
- To provide the benefit of Prime Minister Atta relief package to the public at large, about sixty mobile stores are also operating throughout the country in areas where normal Utility Stores are not operating.

FUTURE PLAN

- In order to cater for the public demands coming from various quarters, corporation plans to establish 100 new stores during the net five years @ 20 stores per year in areas where no store is presently being operated.
- With a view to better control and extend its services to the people in the neglected parts of the country, the operations of the corporation are planned

to be divided into four Zones during the current year 2005-2006 with effect from 1st September 2005 as under:-

- a. Islamabad Zone.
- b. Karachi Zone.
- c. Lahore Zone.
- d. Peshawar Zone.

DEPARTMENT OF EXPLOSIVES

The Department of Explosives is a Technical-cum-Administrative Organization and its primary function is to enforce requirement of Explosives Act, 1884 (Amended through Ordinance 2002) Explosives Rules 1940, Petroleum Rules 1937, and Mineral Gas Safety Rules 1960, framed under the Petroleum Act, 1934 to ensure safe transport, storage, use and manufacture of dangerous/inflammable materials like, Explosives, Petroleum, Calcium Carbide, Industrial gases etc.. The Department operates on national basis and it is the only organization in the country, which performs such functions.

Major achievements for the 2004-2005 are as under:-

1.	Licence granted	863
2.	Gas cylinder approved	6098
3.	Vehicle approved	4139
4.	Revenue earned	31,50 million against target of 25,00 million

NATIONAL FERTILIZER CORPORATION

National Fertilizer Corporation of Pakistan (Pvt) Limited (NFC) is an important segment of the national economy which has three manufacturing companies and one marketing company namely Pak-American Fertilizer Limited (PAFL), Lyallpur

Chemicals and fertilizer Limited (LC&FL), Hazara Phosphate Fertilizer (PVT) Limited (HP&FL) and National Fertilizer Marketing Limited (NFML). These companies produce Urea and Single Super Phosphate (SSP) which is 9% of the production capacity for Fertilizer in the country. The fourth manufacturing unit i.e Pak Arab Fertilizer has been privatized and handed over to new buyer in July, 2005.

PERFORMANCE

The performance of NFC companies remained outstanding during 2004-2005. The summary of operating performance is given below.

	<u>2004-2005</u>
Production (M. tons)	1,307,844
Sales (M. Tons)	1,332.032
Stocks (M. Tons)	6,279
Profitability	RS. 2,101.963 million

This commendable performance has been achieved despite gas curtailment/ load shedding at Pak Arab and Pak American Fertilizers Limited. Some highlights of the operating performance for the year are as under;

- i. Pak American Fertilizers Limited achieved its highest ever production during 2004-2005 and the unit which was in loss till June 2003 has earned the profits of RS. 621.105 million during 2004-2005.
- ii. The marketing company managed to sell almost entire production of NFC fertilizers during 2004-2005. In addition 30,467 m. tons of imported Urea were also sold through NFML.
- iii. NFC Companies earned the highest ever pre-tax profit of RS. 2101.963 million during 2004-2005 against profit of Rs. 1966.320 million during 2003-2004. Overall pre-tax profits of NFC companies have increased by Rs. 135.643 million (7%) as compared to last year.
- iv. The Corporation contributed RS. 2.069 billion towards Government exchequer by way of taxes, duties and dividend during 2004-2005.

FUTURE PLANS.

IMPORT OF FERTILIZERS.

NFC has an effective marketing / distribution network and assisting the Government in the sale of imported Urea to the farmers throughout the country at the price fixed by the Government. NFC is also planning to import DAP to meet the requirements of agricultural sector in the country. These imports shall be financed by the Corporation out of its own sources and shall also be sold through NFML.

ACTIVITIES FOR PROMOTION OF INVESTMENT IN ENGG. SECTOR. DURING 2004-05.

Pakistan Competitiveness Support Fund

Sponsored by the USAID, a benchmarking exercise of Small and Medium Enterprises Development Authority (SMEDA) and its activities was carried out under Pakistan Initiative for Strategy Development and Competitiveness (PISDAC). The objective was to identify shortcomings in SMEDA's operations that have prevented the organization from fostering small and medium enterprise competitiveness in Pakistan. Some of the gaps identified were, lack of innovative approaches to SME funding, severed linkages between academic community and industry, lack of dialogue on policy and reform issues etc. International experience indicates that the best model for addressing these gaps is the implementation of Competitiveness Support Fund.

A Limited Support Grant Agreement has thus been signed in June, 2005 between SMEDA and USAID under which the latter agency will provide US\$ 10 million to SMEDA over a period of 3 years so as to support initiatives aimed at upgrading the competitiveness of Pakistani SMEs. Through the operations of the Competitiveness Support Fund, new start-ups and existing small and medium sized enterprises will be encouraged/ supported to compete more effectively. The Fund will be used to support:

- Matchmaking grants for upgrading of enterprises competitiveness.
- Finance Pilot Projects that are identified as part of good sector level strategy.

- Guarantee loans for SME start-ups and ventures that have completed the business incubation process.

It is hoped that the Competitiveness Support Fund will have the following outcomes:

- Up-grade competitiveness of Pakistan industry.
- Reinforce economic growth.
- Create new job opportunities.

One Village One Product, Project

As a consequence of Prime Minister's visit to Thailand and his subsequent directions regarding replication of Thailand's One Tambon One Product model, work on "One Village One Product" in Pakistan has been initiated through SMEDA under the Ministry of Industries, Production and Special Initiatives. It is hoped that this model will have a major impact on the rural economy and will act as catalyst for rural modernization in the country through mobilization of community and local resources. Under "One Village One Product" Project, a detailed analysis of all selected products covering aspects like design, marketing, technology up-gradation etc. will be studied and support shall be provided to craftsmen in this respect.

Initial work on the pilot phase of the project has been initiated. SMEDA is the executing agency for the project. The following products, covering all four provinces of the country have been identified:

- i) Tiles (Multan Halla and Nasrpur), Hashikar, Patri, Embroidery, Suzankari Khas.
- ii) Silverware and Silver Jewellery.
- iii) Namda, Gillum.
- iv) Blue Poltery.

PREPARATION OF SME POLICY.

As per the latest Census of Establishments conducted by the Federal Bureau of Statistics, there are about 3.2 million economic establishments in Pakistan, of which, small and

medium enterprises constitute about 90% of all private enterprises in the industrial sector, employing approximately 78% of non-agricultural labour force. SME's contribute over 30 % to GDP, 25 % in export earnings, besides sharing 35 % in manufacturing value addition.

On account of the importance and potential of the SME sector in the national economy, the need for a co-herent SME Policy for the country was felt. The SME Policy must not only define the role of concerned public sector institutions, but must also provide the required direction and focus for achieving SME led economic growth resulting in job creation and reduction in poverty.

Resultantly, SMEDA, during 2004-05, has, in consultation with concerned stakeholders, put together an SME Policy that not only gives a single SME definition, but also suggests specific policy measures in all possible areas of SME development like: -

- business environment
- access to finance
- human resource development
- support for technology up gradation and marketing.

The SME Policy, chalked out by SMEDA, also contains:

- implementation and monitoring mechanism
- capacity building requirements of public institutions
- resource allocation and potential sources of funding.
- Linkages with other initiatives and public sector reform processes
- Framework for ongoing feedback and adjustments.

The above SME Policy is now to be formally vetted by concerned ministries and then submitted to the Cabinet for approval.

PERFORMANCE OF PAKISTAN STEEL (2004-05)

During the year 2004-2005, Pakistan Steel was able to achieve significant progress in its over-all profit, helped by the buoyancy in international steel prices. The over-all performance achieved by Pakistan Steel is as under:

Particulars	1998-99	2003-04	2004- 05
◆ Capacity Utilization	76%	93%	89%
◆ Sales (Rs. in billion)	14.4	24.9	30.6
◆ Profit/(Loss) (Rs. in million)	(1482)	4,852	6,009
◆ Manpower	20,554	13,192	13,007
◆ Duties & Taxes paid (Rs. In million).	3254	5570	8,901
◆ Liquidity position (Rs. In million)	575	7,751	10,612

During 2004-05, Government also took the decision to privatize Pakistan Steel. The decision has been taken with the intention to let the organization grow through professional management by the private sector.

While the privatization of Pakistan Steel has been initiated with the appointment of a Financial Advisor for this purpose, government has also decided to transfer the Downstream Industrial Estate of Pakistan Steel to the National Industrial Parks Management & Development Company, a wholly owned subsidiary of the Pakistan Industrial Development Corporation (Pvt) Limited (PIDC), for its management and development, enabling Pakistan Steel to concentrate on its core activities.

PERFORMANCE OF EPZA DURING 2004-2005

EXPORT PROCESSING ZONES AUTHORITY.

EPZA currently has seven (7) Export Processing Zones, namely: -

- 1) Karachi Export Processing Zone.
- 2) Sialkot Export Processing Zone.
- 3) Risalpur Export Processing Zone.
- 4) Saindak Export Processing Zone.
- 5) Reko Dek Export Processing Zone.
- 6) Duddar Export Processing Zone.
- 7) Gujranwala Export Processing Zone.

FUTURE PLANS.

EPZA is presently working on expansion of Karachi Export Processing Zone (KEPZ) Phase II. Latest progress on KEPZ Phase II is as under:

Particulars	No. of units	Envisaged investment (US\$ million)
Industrial Units sanctioned	71	122.053
Trading Units sanctioned	12	60.912
Total:	83	182.965

ACHIEVEMENTS/OUTCOME

The overall outcome from the operational EPZs, during 2004-05 is as under:

Karachi Export Processing Zone.

	Cumulative upto June 2005 (US\$ million)
Import of goods /raw material	970.477
Export of manufacturing products/ trading goods	1328.075
Import of capital goods (machinery/construction material)	89.921

Saindak Export Processing Zone.

Exports (Blister Copper) 86.032

Risalur Export Processing Zone.

Imports 2.039

Exports 3.510

PERFORMANCE OF PACO (2004-05)

PRODUCTION.

The actual production for the year under review was projected at 450 units compared with the budget target of 1170 units. Since there was already a significant quantity of finished stock in hand, production was curtailed so as to avoid further accumulation of finished inventory. Thus only 450 units

were produced against the budget target of 1170 units resulting in a drop of 61.54%. The salient features of production, sales & profit/loss of PACO are given as under: -

SALE

2003-2004	2004-2005 (Rs. in 000's)
269.552	215.428

PROFIT AND LOSS

2003-2004	2004-2005
(65.906)	(102.430)

TAXES AND DUTIES

2003-2004	2004-2005 (Rs in 000's)
72.750	44.715

GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES, PRODUCTION
AND SPECIAL INITIATIVES

SUB:- PRINTING OF 200 COPIES OF YEAR BOOK 2004-2005 OF
MINISTRY OF INDUSTRIES, PRODUCTION AND SPECIAL
INITIATIVES ISLAMABAD

Enclosed please find herewith a script of year book 2004-2005 duly approved by the Secretary for printing of 200 copies from the open market which is required before 30-9-2005 positively in complete shape.

2. S.O (Gen) is requested to get print 200 copies of year book after completing the codal formalities from the open market. A copy of approval of the Secretary is also enclosed.

Encl: As above

(Muhammad An war)
Section Officer

Section Officer (Gen), MOIP&SI, Govt of Pakistan, Islamabad
Coord Section's U.O.N o. 1-4/2002-Coord Dated 6.9.2005

Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

SUBJECT:- PAKISTAN YEAR BOOK

Pages.1-2./Cor... (R)

Page.3-14/Cor... (I)

Pages. 15-38/Cor.(R) PUC

Ministry of Information and Broadcasting brings out "Pakistan Year Book" by the end of every year. The official handbook for the year 2005 would include basic facts about Pakistan, its administrative provinces, history, land, cultural heritage and several other details. Therefore, DG Films and Publications has requested all Federal Ministries/ Divisions/ Provincial governments to provide up date material alongwith photographs on the activities/achievements and developments of their province/ Ministries/Divisions.

2. In this regard all Wings of the Ministry were requested to provide necessary material regarding activities/ achievements and developments alongwith photographs to this section.

3. The following have responded so far:-

- | | | |
|-----|---------|--|
| i. | DS(B&F) | Nil report |
| ii | DS(SI) | Material alongwith CD
pertaining some photographs |
| iii | DS(A&P) | Nil report |
| iv. | SO(SEC) | Material for SEC alongwith
CD pertaining some photographs |
| v. | SO(NFC) | Material alongwith three photographs
regarding USC and Material for NFC |

4. Investment Wing did not response so far so we may include the material already provided for year book 2004-2005 of the Ministry.

5. If approved we may pass on the information received from the above wings sections/ to DG Films Publications as per draft placed below for approval please.

(Muhammad Anwar)
Section Officer (Coord)

DS(B&F)

No.1-4/2002-C
Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

Islamabad, the 26th September, 2005

Subject:- PAKISTAN YEAR BOOK FOR THE YEAR 2004-2005

Dear Sir,

I am directed to refer to your letter No. 1(1)/2005 dated 8-8-2005 on the above subject and to enclose the requisite material relating to this Ministry for inclusion in the year book of Pakistan for the year 2004-2005.

Yours faithfully,

Encl: 1. Material pages.1- 43 for the Pakistan Year Book
2. Two photographs relating to USC
3. Two CDs relating to SEC and S&I Wings comprising some photographs

(Muhammad Anwar)
Section Officer

Mian Shafiuddin,
Director General,
Directorate General of Films and Publications,
Ministry of Information and Broadcasting,
Islamabad

Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

No.1(4)/2002-Vol.III

Islamabad, the 3rd oct, 2005

OFFICE MEMORANDUM

SUBJECT:- PREPARATION AND CIRCULATION OF YEAR BOOKS IN PURSUANCE OF RULE 25 OF THE RULES OF BUSINESS 1973.

In continuation of this Ministry's O.M. of even number dated 30-9-2005 on the above subject, the undersigned is directed to enclose the Year Book 2004-2005 (70 copies) of this Ministry printed in accordance with the guidelines of the Cabinet Division for circulation amongst the Cabinet Members.

(Muhammad Anwar)
Section Officer

Cabinet Division,
(Syed Yasin Ahmed,
Additional Secretary (Cabinet),
Government of Pakistan,
Islamabad.

Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

Please find enclosed herewith the Year Book of this Ministry for the year 2004-2005 for your kind perusal/ information.

Encl: As above

(Muhammad Anwar)
Section Officer

All Officers of this Ministry.

U.O. No. 1(4)/2002-Coord dated 18-10-2005

Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

No.1(4)2002-C

Islamabad, the 22nd oct, 2005

OFFICE MEMORANDUM

SUBJECT:- CIRCULATION OF YEAR BOOK FOR THE
FINANCIAL YEAR 2004-05

The undersigned is directed to enclose a copy of Year Book for the financial year 2004-05 prepared by the Ministry of Industries, Production and Special Initiatives in pursuance of Sub-rule (2) of Rule 25 of the Rules of Business 1973 for perusal/ information.

Encl: As above

(Muhammad Anwar)
Section Officer

All Secretaries/ Additional Secretaries Incharge of Ministries Division, Ibd.

No.1(4)/2002-Vol.III
Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

Islamabad, the 27th Oct, 2005

The Auditor General of Pakistan
Islamabad.

SUBJECT:- PREPARATION AND CIRCULATION OF YEAR BOOKS IN
PURSUANCE OF RULE 25 OF THE RULES OF BUSINESS 1973.

Dear Sir,

I am directed to refer to the Cabinet Division's D.O letter No.37/Cab/2004 dated 24th March, 2005 addressed to Auditor General of Pakistan Islamabad and to enclose herewith a copy of Year Book for the financial year 2004-05 prepared by this Ministry by the cut off date for perusal/ information.

Yours faithfully,

Encl: As above

(Muhammad Anwar)
Section Officer

Copy for information to:-

1. OSD(F&A), MOIP&SI Islamabad
2. D.D.O -do-

(Muhammad Anwar)
Section Officer

Government of Pakistan
Ministry of Industries, Production
and Special Initiatives

SUBJECT:- YEAR BOOK 2004-2005.

Reference request of CSO dated 22.10.2005 regarding provision of soft copy of the Year Book 2004-2005 is enclosed as desired.

Encl: As above

(Muhammad Anwar)
Section Officer

Mr. Attiq-ur-Rehman, CSO, MOIP&SI, Islamabad
Coord Section's U.O.No. 1-4/2002-Coord dt: 10.12.2005