

**MINUTES OF THE 8TH MEETING OF THE IMPLEMENTATION
COMMITTEE FOR REORGANIZING THE FEDERAL GOVERNMENT
HELD ON 08-10-2019**

The 8th meeting of the Implementation Committee was held on 08-10-2019 at 11:00 am in Institutional Reforms Cell (IRC), the P.M. Office. It was Chaired by Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity. The list of the participants is annexed. The agenda of the meeting was as under:

- (i) Objections by Ministries / Divisions on Annex-5 (copy enclosed)
- (ii) Exit strategy vis-à-vis Garment Cities in pursuance of the directions in 5th Meeting of IC.

Agenda Item No.(i) Objections by Ministries / Divisions on Annex-5

Ministry of Industries & Productions

2. The Chair invited representative of the M/o Industries & Productions to share the views / objections of the Ministry regarding the proposed merger of fourteen entities as given in the Annex-5 of the report on Re-organizing the Federal Government. He after some introductory remarks stated that the Ministry agrees to the proposed merger / handing over of the following eight entities: -

- i. Furniture Pakistan with Technology Up-gradation & Skill Development (TUSDEC).
- ii. Handing over of ENAR Petrotech Services Pvt. Limited to OGDCL, Petroleum Division.
- iii. National Fertilizer Marketing Limited (NFML) with Trading Corporation of Pakistan (TCP), Commerce Division.
- iv. Handing over of NFC-Institute of Engineering and Technology Multanto M/o Federal Education & Professional Training.
- v. Handing over of NFC-Institute of Fertilizers & Research, Faisalabad to M/o Federal Education & Professional Training.
- vi. Merger of National Industrial Parks Development and Management Company with Pakistan Industrial Development Corporation (PIDC).
- vii. Merger of TUSDEC with PIDC.
- viii. Merger of Industry Facilitation Center (IFC) with PIDC. Given its five shareholders i.e. PIDC, National Fertilizers Corporation (NFC), Pakistan Steel, Engineering Development Board (EDB) and PERAC, merger of IFC with PIDC would involve buying of shares of the other companies by PIDC and taking other of liabilities, if any, proportionate to the respective shares.

3. He further stated that for the merger of remaining six (06) entities, the Ministry has following suggestions:-

- a. Karachi Tools, Dies & Moulds Centre (KTDMC), Furniture Pakistan and Gujranwala Business Center (GBC) are being merged in Technology Up-Gradation & Skill Development (TUSDEC) and TUSDEC is further being merged into Pakistan Industrial Development Corporation (PIDC). These three organizations may preferably be merged directly with PIDC, without first merging them with TUSDEC.
- b. Gujranwala Business Center (GBC) was established as a joint nature of Gujranwala Chamber of Commerce and Industry (GCCCI) and Small and Medium Development Authority (SMEDA). The proposed merger of GBC in TUSDEC without the consent of GCCCI may entail legal challenges. SMEDA would therefore be asked to propose a modality for merger of GBC with PIDC after due consultation with GCCCI and SECP. The Chair remarked that let the difficulties be converted into opportunities and it is the responsibility of concerned Ministry to sort out these petty inter-agency issues and complete the process of consultations with all the stakeholders including SMEDA.
- c. AikHunarAik Nagar (AHAN) is a **Not-For-Profit** organization, licensed under Section 42 of the Companies Act 2017 and can only be merged with a company of similar legal status, as prescribed under section 43 (c) of the companies Act 2017 read with the regulation 11(5) & 12 of Association with Charitable and Not for Profit Objects Regulation, 2018 as well as Para 66 of Guide for Obtaining License for Section 42 companies Act. AHAN therefore cannot be merged with SMEDA. However, liquidation of the company may serve as a viable option.
- d. Pakistan Hunting and Sporting Arms Development Company (PHSADC), registered under Section 42 of Companies Act 2017, cannot be merged into a statutory body. PHSADC would be merged in Pakistan Industrial Development Corporation (PIDC) under the relevant rules and regulations in consultation with SECP. In reply to a comment that merging of the Company with PIDC might not be a viable option, the representative of the Ministry stated that PHSADC is a subsidiary of PIDC and has no assets. After the introduction of Section 199 of the Companies Act, 2017 (**investments in associated companies and undertaking**), the Company is at the verge of financial collapse. Either PIDC has to give it loan or to invest in it otherwise there is no third option to finance it. Further substantiating the stance, the Chair remarked that the fact of the matter is that sources of financing to the Company have dried up. On the observation of another Member suggesting winding up, the Chair remarked that the aim is to nurture this Company to increase the export. He further said that we are seeing the Company through a futuristic view instead of taking a static view of it. Member of Defence opined that the Ministry of Industries & Productions should also seek the viewpoint of the Ministry of Defence to take it over and aim it.

- e. As per decision of ECC of the Cabinet, made in case No.ECC-22/S/2019 dated 04-02-2019, the handing over of Pakistan Machine Tools Factory (PMTF) to Strategic Plans Division (SPD) was decided subject to clearance of liabilities. This Ministry intends to implement the decision at the earliest subject to clearance of liabilities by the Finance Division. The accounts of PMTF have been audited up to 2017-18. As per the audit report, the total liability is booked at Rs.5.03 billion. The audit for the year 2018-19 is under process and likely to be finalized within the time prescribed by SECP. The final amount of the aggregate liabilities shall be confirmed after the audit of the last financial year.
- f. The merger of Export Processing Zones Authority (EPZA) into PIDC is not feasible because PIDC is mandated to facilitate industrialization in the country. On the other hand, EPZA is responsible for the establishment of export processing zones across the country in order to attract export oriented industries and seeking foreign direct investment. PIDC is working as a Private Limited Company under Companies Act 2017, while EPZA is a statutory body established through an Ordinance. Therefore, both entities cannot be merged legally and have to be maintained as separate entities.

M/o Housing & Works

3. The response of the Ministry of Housing & Works was presented before the Committee. The Ministry informed that it has no objection regarding merger of National Housing Authority under its control into Naya Pakistan Housing Authority.

National Commission for Human Development (NCHD) under M/o Federal Education & Professional Training

4. National Commission for Human Development (NCHD) submitted following observations / justifications on its proposed status as Grant-in-Aid Body that was earlier agreed by its Ministry vide letter No.5(6)/2012-Coord, dated 31-07-2019:-

- i. National Commission for Human Development (NCHD) was established through Presidential Ordinance in 2002 and the Ordinance was also protected in the 18th Constitutional Amendment. Therefore, in the presence of the Ordinance, NCHD may not be operated by any non-governmental or private organization.
- ii. Currently, NCHD is operational in 145 districts of Pakistan including Gilgit Baltistan and Azad Jammu Kashmir.
- iii. In the past 18th Constitutional Amendment scenario, the projects of NCHD and National Education Foundation (NEF) were placed before the Council of Common Interest (CCI) in 2011. The Council decided that the provinces may be convinced for adoption of useful components of both the projects. Otherwise both organizations would be wound up after June, 30, 2011 and the component related to Federal areas shall be protected for the duration of the projects. However, the decision was challenged in the Honourable Supreme Court of

Pakistan by employees and parents of students. The Honourable Supreme Court of Pakistan decided that winding up of the Commission is illegal and unlawful.

- iv. NCHD would be the most appropriate organization to implement the vision of government.
- v. The major source of funding for NCHD is from Government of Pakistan to fulfill national & international obligations.
- vi. It has the capacity to generate its resources partially. Presently and in the past too, NCHD has been generating resources through various means.

5. The representative of the M/o Federal Education & Professional Training informed that a special Committee under the Chairmanship of Advisor to the Prime Minister on Institutional Reforms and Austerity has been set up to decide about the future of NCHD and BECS. It was decided that to defer this agenda till the submission of the report by the Committee.

M/o Commerce

6. The Ministry of Commerce through its three communications vide O.M.No.16(4)/2019-AOs, dated 04-10-2019, on the subject of Executive Departments and Autonomous Bodies, dated 03-10-2019 on the subject of Minutes of the 3rd Meeting regarding the merger of Textile Division with Commerce Division and again dated 04-10-2019 on the subject of proposal for strengthening and reorganization (regarding the merger of PITAD) submitted as under:-

- (i) The Ministry is agreed with proposed Executive Departments and Autonomous Bodies (reference Annex-7 & 8).
- (ii) PITAD may not be merged into the proposed Industry & Policy Institute (IPI) (reference Annex-5).
- (iii) While referring to the decision by the Implementation Committee regarding the merger of Textile Division with Commerce Division in its 3rd meeting, the Ministry desired Implementation Committee to consider the following aspects of proposed merger:-
 - ✓ There would not be additional cost.
 - ✓ Service delivery is expected to improve.
 - ✓ Only amendment in Rules of Business would be required, and
 - ✓ Career path of Civil Servants posted in Textile Division would be unaffected.
- (iv) To workout an Implementation strategy for the proposed transfer of three public sectors insurance companies to Sarmaya-e-Pakistan.
- (v) Functions of Pakistan Institute of Fashion and Design may be transferred to M/o Federal Education & Professional Training.

- (vi) The Division is carrying out an internal consultation on possible transfer of Pakistan Tobacco Board to M/o National Food Security & Research.

7. The Chair invited the representative of the M/o Commerce to present the viewpoint of the Ministry. He stated that broadly PITAD has been performing two types of functions. On the one hand, it has been imparting ten months Specialized Training (STP) to the newly recruited officers of the Civil Services of Pakistan belonging to Commerce and Trade Group and on the other it is working as a policy think-tank on international trade and research organ. He further stated that PITAD, Pakistan Institute of Management (PIM), Engineering Development Board (EDB), Pakistan Industrial Technical Assistance Centre (PITAC), Fertilizer Research Institute (FRI) and National Productivity Organization (NPO) all have different mandates. The Chair stated that the proposed merger will not affect the functioning of PITAD which will remain intact. The purpose is only to bring all these institutes under one governing structure. The proposed Industry & Policy Institute (IPI) would be a kind of apex body. The representative also recalled the earlier decision of the Implementation Committee regarding merger of Textile Division with Ministry of Commerce. On this, the Chair remarked that the Ministry of Commerce should move the summary and in that they can record the deliberation and decision of the Implementation Committee.

Agenda No. (ii) Exit strategy vis-à-vis Garment Cities in pursuance of the directions in 5th Meeting of IC.

8. The Representative of Textile Division informed that advice / directions of the Advisor to the Prime Minister on Commerce & Textile was solicited on the recommendations of the Implementation Committee which is awaited as he accompanied the Prime minister during his visit to USA and China. However, Textile Division opposes the liquidation of Garment/Textile Cities due to the following reasons:-

- Under the Trade Policy 2003-04, the Karachi Garment City Company (KGCC), Lahore Garment City Company (LGCC) and Faisalabad Garment City Company (FGCC) were incorporated under Section 42 of the Company Ordinance, 1984 as public sector companies in 2004 and 2006 respectively. The objective of these companies is to provide state of the art facilities for export of value added garment from the country and to patronize/ encourage SMEs.
- Present Government has patronized and encouraged these entities. Recently, honorable Prime Minister vide his orders dated 15.04.2019 has stopped the liquidation process of Pakistan Textile Company Limited (PTCL) and directed to present the revival/ business plan before the ECC.

- A recent meeting on the development of garment sector in Pakistan was held under the chairmanship of the Prime Minister on 06-09-2019 in which it was unanimously decided to establish more garment cities in order to boost textile exports.

9. He further apprised that these companies are self-governing entities having their own independent BOD, representing prominent businessmen, to manage their affairs.

10. At the end, the Chair invited Secretary, M/o Communication to apprise the Committee regarding the proposed categorization of Pakistan Post Office Department (PPOD) as Autonomous Body. He stated that after becoming an Autonomous Body it can attract the investment, do the business and can raise fund. On a question that after becoming Autonomous Body, it is apprehended that the far-flung areas of the country would be deprived from the services. In reply to it, he stated that the function of reaching out to far-flung area would not be curtailed. He also informed that at present the department is providing services to two million pensioners. The Chair remarked that it is responsibility of the Government either to give funding or PPOD cross-subsidize its operations. The Committee desired that the department should ensure the continuity of the services to the people of backward area after becoming Autonomous.

Decisions:-

- i. The Committee agreed with the proposal of merging Karachi Tools, Dies & Moulds Centre (KTDMC), Furniture Pakistan and Gujranwala Business Center (GBC) directly into Pakistan Industrial Development Corporation (PIDC).
- ii. It is the M/o Industries & Productions that has to finalize the modalities for merging Gujranwala Business Center (GBC) in Technology Up-Gradation & Skill Development (TUSDEC).
- iii. The Committee agreed with the proposal of M/o Industries & Productions regarding the liquidation of Aik Hunar Aik Nagar (AHAN) and not merging it with SMEDA.
- iv. The Committee agreed with the proposal of M/o Industries & Productions regarding the merger of Pakistan Hunting and Sporting Arms Development Company (PHSADC) with Pakistan Industrial Development Corporation (PIDC). However, prior to it, the Ministry should seek the views of the M/o Defence for the possibility of transferring the Company to M/o Defence.
- v. The Committee agreed with the line of action being taken by the M/o Industries & Production for handing over of Pakistan Machine Tools Factory (PMTF) to Strategic Plans Division (SPD) as per decision of ECC (in Case No. ECC-22/S/2019 dated 04-02-2019) subject to clearance of liabilities.
- vi. The Committee agreed with the suggestion of the M/o Industries & Production for not merging Export Processing Zones Authority (EPZA) into PIDC and keeping it as a separate entity as presently it is.
- vii. The proposal of merging National Housing Authority into Naya Pakistan Housing Authority stands finalized.
- viii. The Committee deferred considering the request of NCHD till the finalization of the report by the special Committee made for NCHD and BECS.
- ix. The Committee did not agree with the suggestion of the Ministry of Commerce for not merging PITAD into proposed Industry & Policy Institute (IPI).
- x. M/o Commerce should move the summary for merger of Textile Division and Commerce Divisions in accordance with the decision of the 3rd meeting of Implementation Committee.
- xi. The Ministry should present the agenda of transfer of three public sector insurance companies to Sarmay-e-Pakistan when the Annex-2 will be discussed in the Committee. Moreover, the Ministry may also present its suggestion regarding transferring the functions of Pakistan Institute of Fashion & Design to M/o Federal Education & Professional Training and possible transfer of Pakistan Tobacco Board to M/o National Food Security & Research.

- xii. The Committee agreed with the proposal of Textile Division regarding the proposed status of the following four garment companies as Autonomous Body and not liquidating / winding them up:-
- i. Karachi Garment City Company (KGCC).
 - ii. Lahore Garment City Company (LGCC).
 - iii. Faisalabad Garment City Company (FGCC).
 - iv. Pakistan Textile City Limited (PTCL), Karachi

The decision No.5 of the minutes of 2nd meeting of the Implementation Committee stands modified to the above extent.

12. The meeting ended with a vote of thanks to and from the Chair.

**List of participants of the 8th Meeting of Implementation Committee
held on (08-10-2019)**

- i. Advisor to the PM on Institutional Reforms & Austerity
- ii. Minister for Defence.
- iii. Advisor to the PM on Establishment.
- iv. The Secretary, Establishment Division.
- v. The Secretary, M/o Communications.
- vi. The Additional Secretary-II, Cabinet Division.
- vii. The Additional Finance Secretary (Expenditure), Finance Division
- viii. The Additional Secretary, M/o Federal Education & Professional Training.
- ix. The Additional Secretary, M/o Industries & Production.
- x. The Senior Joint Secretary, Textile Division.
- xi. The Joint Secretary, Institutional Reforms Cell (IRC).
- xii. The Joint Secretary, M/o Law & Justice.
- xiii. The Joint Secretary (Admn), M/o Commerce.
- xiv. The Director General (PITAD), M/o Commerce.
- xv. The Director, Textile Division.
- xvi. The Deputy Secretary, Textile Division.
- xvii. The Deputy Director, M/o Commerce.

Annex-5

TABLE-5 - MERGERS

Sr. No.	Division	Name of Department	Remarks
01	Commerce	1. Pakistan Institute of Trade & Development, Islamabad	To be merged into the proposed Industry and Policy Institute (IPI)
02	Establishment	2. Akhtar Hameed Khan National Centre for Rural Development (AHKNCRD)	To be merged into NSPP
		3. Secretariat Training Institute (STI)	To be merged into NSPP
		4. Pakistan Academy for Rural Development (PARAD)	To be merged into NSPP
03	Federal Education & Professional Training	5. Pakistan Manpower Institute (PMI)	To be merged into the proposed Human Development Policy Institute (HDPI)
		6. Academy of Educational Planning & Management (AEPAM)	To be merged into the proposed Human Development Policy Institute (HDPI)
04	Housing & Works	7. National Housing Authority	To be merged with Naya Pakistan Housing Authority (NPHA)
05	Industries & Production	8. Karachi Tools, Dies & Moulds Centre, Karachi	To be merged into TUSDEC
		9. Furniture Pakistan	
		10. Gujranwala Business Centre, Gujranwala	
		11. AikHunarAik Nagar (AHAN)	To be merged into SMEDA
		12. Pakistan Hunting & Sports Arms Development Company, Peshawar	
		13. Pakistan Machine Tool Factory, Karachi	To be transferred to Special Projects Division (SPD), with the condition to

			continue it for civilian use too
		14. ENAR Petrotech Services Pvt Limited	To be handed over to OGDCL, Petroleum Division
		15. National Fertilizer Marketing Limited (NFML)	To be merged with Trading Corporation of Pakistan, Commerce Division
		16. NFC Institute of Engineering and Technology, Multan 17. NFC Institute of Engineering and Fertilizer Research, Faisalabad	To be handed over to Ministry of Federal Education & Professional Training
		18. National Industrial Parks Development and Management Company 19. Technology Up-Gradation & Skill Development Company (TUSDEC) 20. Export Processing Zone Authority (EPZA) 21. Industry Facilitation Centre	To be merged into Pakistan Industrial Development Corporation (PIDC)
06	Maritime Affairs	22. Marine Biological Lab. Karachi	To be merged with Marine Fisheries Department
		23. Directorate of Dock Workers' Safety, Karachi	To be merged with Mercantile Marine Department
		24. Directorate of Seamen's Welfare & Seamen Hostel, Karachi	To be merged with Pakistan Marine Academy
07	National Health Services, Regulations & Coordination	25. Directorate of Central Warehouse of Supplies	To be merged with Population Wing of National Health Services, Regulations & Coordination Division
		26. Islamabad Blood Transfusion Authority (IBTA)	To be merged with Federal Health Regulatory Authority (FHRA)
		27. National Health Information Resource Centre (NHIRC)	To be merged with Health Planning, System Strengthening & Information

			Analysis Unit (HPSIU)
		28. District Population Office (DPO), Islamabad	To be merged with District Health Office, Islamabad
08	National History & Literary Heritage	29. Quaid-i-Azam Academy (QAA), Karachi	To be merged with Quaid-e-Azam Mazar Management Board
		30. Aiwan-e-Iqbal Complex (AIC), Lahore	To be merged with Iqbal Academy, Lahore
		31. Urdu Science Board (USB), Lahore 32. Urdu Dictionary Board (UDB), Karachi	To be merged with National Language Promotion Department (NLPD), which is proposed to be renamed as National Language Promotion Authority
09	Petroleum	33. Pakistan LNG Limited (PLL) 34. Pakistan LNG Terminals Limited (PLTL)	To be merged into a single unit as Autonomous Body
10	Others	35. Earthquake Reconstruction & Rehabilitation Authority (ERRA)	To be merged with NDMA