

F.No.5(11)2019-MSW-V

Government of Pakistan

Cabinet Secretariat

Establishment Division

* * *

WORKING PAPER FOR 8th IC MEETING

TO BE HELD ON 08-10-2019

**Objections/views received from Ministries / Divisions regarding
Proposed Merger of Organizations**

In compliance with the direction, a copy of Annex-5 (copy enclosed) was sent to Ministries / Divisions concerned on 17-09-2019 with the request to furnish their views and objections, if any, on the subject by 20-09-2019. It was also mentioned therein that in case no objection is received by the target date, it will be presumed that the Ministry / Division concerned has no objection on the proposed reorganization.

2. Out of ten Ministries / Divisions, only two (02) Ministries / Divisions i.e. M/o Industries & Production and M/o Housing & Works have responded so far. The gist of their response is as under:-:-

| S.# | Ministry/Division | Gist of the response |
|------------|--|--|
| 1 | Ministry of Industries & Production | <p>Out of fourteen (14) proposed organizations of Ministry of Industries & Production for merger, the Ministry has agreed with the merger / handing over of eight (08) entities and showed reservations / objections with recommendations for the rest of six (06).</p> <ul style="list-style-type: none">• The Ministry has agreed for merger / handing over of following eight entities:-<ol style="list-style-type: none">i. Furniture Pakistan with Technology Up-gradation & Skill Development (TUSDEC).ii. ENAR Petrotech Services Pvt Limited to be handed over to OGDCL, Petroleum Division.iii. National Fertilizer Marketing Limited (NFML) with Trading Corporation of Pakistan (TCP), Commerce Division.iv. NFC-Institute of Engineering and Technology Multan to be handed over to M/o Federal Education |

| | | |
|--|--|--|
| | | <p>& Professional Training.</p> <ul style="list-style-type: none"> v. NFC-Institute of Fertilizers & Research, Faisalabad to be handed over to M/o Federal Education & Professional Training. vi. National Industrial Parks Development and Management Company to be merged with Pakistan Industrial Development Corporation (PIDC). vii. TUSDEC to be merged with PIDC. viii. Industry Facilitation Center (IFC) to be merged 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. <ul style="list-style-type: none"> • The Ministry has showed reservations / objections with recommendations regarding merger of rest of the following six (06) entities:- <ul style="list-style-type: none"> 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 PSDP project jointly by 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 face legal challenges. SMEDA would therefore be asked to propose a modality for merger of GBC with PIDC after due consultation with GCCCI and SECP. c. Aik HunarAik Nagar (AHAN) is a Not-For-Profit organization, licensed under Section 42 of the Companies Ordinance, 1984 and can only be merged with a company of similar legal nature, as prescribed under section 43 (c) of the companies Ordinance, 1984 read with the regulation 11(5) & 12 of Association |
|--|--|--|

| | | |
|---|--------------------------------|--|
| | | <p>with Charitable and Not for Profit Objects Regulation, 2018 as well as Para 66 of Guide for Obtaining License for Section 42 companies. AHAN therefore cannot be merged with SMEDA. However, liquidation of the company may serve as a viable option.</p> <p>d. Pakistan Hunting and Sporting Arms Development Company (PHSADC), registered under Section 42 of Companies Ordinance 1984, 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.</p> <p>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 upto 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.</p> <p>f. 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 Section 32 of the Companies Ordinance-1984 (now 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.</p> |
| 2 | Housing & Works | Agreed. The Ministry has no objection regarding merger of National Housing Authority under its control into Naya Pakistan Housing Authority. |
| 3 | National Commission for | National Commission for Human Development (NCHD) has given following observations / justifications |

| | |
|--|--|
| <p>Human Development (NCHD) under Federal Education & Professional Training</p> | <p>on its proposed status as Grant-in-Aid Body that was earlier agreed by its Ministry:-</p> <ol style="list-style-type: none"> 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 organizations. 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 and commitment of PTI at the grassroot level. 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. |
|--|--|

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, | 25. Directorate of Central Warehouse of Supplies | To be merged with Population Wing of National Health Services, Regulations |

| | | | |
|----|--------------------------------------|--|---|
| | Regulations & Coordination | | & 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 |

