

FOREWORD

The Ministry of Industries & Production has come up with its Year Book 2015-16 which highlights the endeavors of the Ministry to facilitate, support and promote industrialization in the country.



It is indeed a commendable effort. Dissemination of the accomplishments of the Ministry is very essential so as to provide first-hand information about the programmes undertaken by the Ministry and to place people in a better position to benefit from these programmes. This allows the stakeholders to discuss and debate the policy of the Government resultantly enhancing the prospects of a positive and constructive feedback. It will also help the Government to re-orient its policies according to the demands of the stakeholders and to create an environment which would help in the promotion of industrialization in the country.

I am sure that the Year Book 2015-16 would be a valuable addition to the library of readers including civil servants, investors, researchers and other stakeholders.

Ghulam Murtaza Khan Jatoi
Minister for Industries & Production

PREFACE

We are delighted to present the performance of the Ministry of Industries & Production for the year 2015-2016, based on various activities undertaken in the Ministry as well as its attached organizations.



This annual publication highlights policies and achievements of the Ministry accomplished through its attached entities to promote and support industrialization in the country through fostering and supporting a culture of enterprise development. The year 2015-16 witnessed enhanced efforts of various organizations under the Ministry for skill development, management efficiency and professional capacity development for productivity improvement. These achievements will contribute to creating an enabling environment to achieve efficient, sustainable and equitable growth.

I trust this document will prove to be a useful reference for a quick overview of the Ministry and its entities/departments. We would appreciate proposals and suggestions for further improvements in the next publication.

Khizar Hayat Gondal
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1.0 INTRODUCTION

Ministry of Industries & Production (MOI&P)'s aim is to facilitate Industrial growth in the country, both in public and private sector. It plays a significant role in creating an enabling environment for industrial growth in the country. Pakistan is endowed with all the essential requisites of industrialization i.e. availability of raw materials, cheap labour, entrepreneurship and domestic consumer market of around 190 million people. The Ministry has been mandated with the task to achieve the Government objectives to forge ahead in all the Industrial sectors with the required pace and motives. Now a days, industrialization is considered a major tool for economic growth. With these objectives in view, MOI&P devised its strategy and moved forward with all its resources.

During the period 2015-16, the broad functions performed by the Ministry of Industries & Production were:

- Initiatives to boost Industrialization in the country and the steps taken for promotion of social and economic well-being of the people.
- Policy / Reforms formulation & implementation.
- Development of Industrial parks on the principle of Public Private Partnership.
- Technology and skill up-gradation for Industrial development.
- Provision of consumer goods at affordable prices through Utility Stores.
- International exposure to Engineering Industry in Pakistan.
- Facilitation of product diversification and capacity expansion.
- Operational performance of public sector 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.

1.1 VISION, MISSION AND OBJECTIVES

VISION

“To Achieve Efficient, Sustainable and Equitable Development”

MISSION

“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”

OBJECTIVES

- Focus on not just industry, but more broadly on social and economic systems as a whole.
- Promote innovation and facilitate creation of knowledge base assets.
- Identify industrial cluster groups and facilitate and incentivize their development along with backward and forward linkages.
- Promote movement along the value chain from lower value added activities towards higher value added activities and provide support to Research and Development and Product design as a catalyst.
- Enhance global orientation to adapt and respond to the changing global environment.
- Improve the requisite economic foundation by focusing on the development of human resource, technology acquisition, physical infrastructure and business support services to increase productivity.
- To ensure optimum capacity utilization and revival of sick units.
- Encouraging expansion programme for existing Industrial Sector.
- Give top priority to knowledge based assets and provide sufficient resources to investors so that they could get the pertinent information from one window for effective decision making.
- To ensure creation of an enabling environment to the entrepreneur / prospective investor through a well-defined, integrated and coordinated network of information system, supported and facilitated by the organizations under Ministry of Industries.
- It is the mission of the Ministry of Industries to create a conducive environment so that interests & fears of the investors are taken care of. The associated departments shall therefore be given line of action for their expected achievements, while Ministry of Industries shall monitor their performance.

- Ministry of Industries intends to balance the interest of the stakeholders through its supportive organizations on regular basis.
- The Ministry of Industries has also taken initiative to start cooperation at provincial level so that the impediments faced at that level can also be resolved.
- The Ministry is also determined to provide technical assistance and education commensurate with the requirements of industry. If required establishing new Centers or Institutes besides strengthening the existing Institutions or Centers to impart required knowledge and skills to potential investors.

1.2 FUNCTIONS OF INDUSTRIES & PRODUCTION DIVISION

Under the Rule of Business, 1973 as amended from time to time Ministry of Industries & Production is assigned the following functions:

1. National Industrial Planning & Coordination.
2. Industrial policy.
3. Employment of Foreign Personnel in commercial and industrial enterprises.
4. Federal agencies and institutions for:
 - a. Promoting industrial productivity.
 - b. Promoting special studies in the industrial fields; and
 - c. Testing industrial products.
5. Keeping a watch, from the national angle, over general price trends and supply position of essential commodities; price and distribution control over items to be distributed by statutory orders between the provinces.
6. Administration of the Essential Commodities, price control, profiteering and hoarding laws including distribution controls.
7. Import and distribution of white oil.
8. Explosives (excluding the administration of Explosive Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made thereunder.
9. Prescription and review of criteria for assessment of spare parts and raw materials for industries.
10. Administration on Law on Boilers.

11. Administrative, financial, operational, personnel and commercial matters of Pakistan Garments Corporation.
12. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.
13. National Fertilizer Corporation (NFC), Lahore.
14. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.
15. Economic Reforms (Protection of Industries) Regulation, 1972 (Regulation No. 125 of 1972).
16. All matters relating to state industrial enterprises, especially, in basic and heavy industries, namely:
 - a. State Engineering Corporation (SEC).
 - b. State Cement Corporation, Lahore.
 - c. Pakistan Automobile Corporation, Karachi.
 - d. State Petroleum Refining and Petrochemical Corporation, Karachi.
 - e. Federal Chemical & Ceramics Corporation, Karachi.
 - f. Pakistan Steel Mills (PSM) Corporation, Karachi.
 - g. Pakistan Industrial Development Corporation (PIDC), Karachi.
17. Any other industrial enterprises assigned to the Division.

1.3 ORGANIZATIONAL SETUP

Business allocated to the Ministry of Industries & Production has been distributed amongst the following Wings:

1. Finance, Admin & Regulation (FAR), Wing

Core Tasks:

- I. Administration / Establishment matters of main Ministry.
- II. Budgetary and financial matters of main Ministry and its Organizations.
- III. Foreign and local trainings, workshops and seminars.
- IV. Litigation matters of the Ministry, Attached Department, Corporations/Companies and Organizations working under Ministry of Industries and Production.
- V. Council and coordination work.

- VI. Matters relating to MIS Centre, import of Urea fertilizer and Sugar Advisory Board.
- VII. Work relating to Assembly / Senate Business.
- VIII. Administrative/ Operational matters of the following:
 - a. Utility Stores Corporation.
 - b. National Productivity Organization (NPO).
 - c. National Fertilizer Corporation.
 - d. National Fertilizer Marketing limited.
- IX. Keeping a watch, from the national angle, over general price trends and supply position of essential commodities, price and distribution control over items to be distributed by statutory orders between the provinces.

2. Large Enterprises Development (LED), Wing

Core Tasks:

- I. Preparation & yearly review of Industrial Policy & its implementation.
- II. Preparation & yearly review of industrial Sectors Policies & their Implementation.
- III. Work relating to Administration and Establishment of following Organizations working under LED Wing.
 - a. Pakistan Steel Mills (PSM)
 - b. Heavy Mechanical Complex (HMC)
 - c. State Engineering Corporation.
 - i. ENAR Petro-Tech.
 - ii. Pakistan Machine Tool Factory
 - iii. Pakistan Engineering Company (PECO)
 - iv. Heavy Electrical Complex (HEC)
 - d. Pakistan Automobile Corporation, Karachi.
 - e. Sindh Engineering Ltd, Karachi.
 - f. Republic Motors Limited Company Lahore.
 - g. Engineering Development Board.
- IV. Ensuring preparation of yearly and quarterly plans for the above large-sized companies attached with Mol&P;

- V. Policy Evaluation and Monitoring like Chemicals, Pesticides, Cement, Mining Industry, Ghee/Cooking Oil, Solvent Extraction, Poultry, Plastic, NEPRA, Leather Goods, Sports Goods, Surgical Instruments, Paper and Pulp.

3. Medium Enterprises Development (MED), Wing

Core Tasks:

- I. Preparation & Yearly review of SME Policy.
- II. Overseeing Implementation of SME Policy.
- III. Creation of financial products for SMEs and ensuring its outreach
- IV. SME facilitation in creating backward and forward marketing linkages
- V. Work relating to Administration and Establishment of following Organizations working under MED Wing: -
 - a. Small & Medium Enterprises Development Authority (SMEDA)
 - b. Pakistan Industrial Development Corporation (PIDC) including its following subsidiary Companies:
 - i. Pakistan Stone Development Company(PASDEC)
 - ii. Pakistan Gems & Jewellery Development Company (PGJ&DC)
 - iii. Pakistan Hunting & Supporting Arms Development Company (PHASDC)
 - iv. Furniture Pakistan
 - v. Aik Hunar Aik Nagar Project (AHAN)
 - c. Southern Punjab Embroidery Industry (SPEI)
 - d. Spun Yarn Research & Development Company, Multan.
 - e. Khadi Crafts Development Company, Multan.
 - f. Leather Crafts Development Company, Multan.
 - g. Matters relating to AGRO Food Processing Company, Multan.
- VI. Ensuring preparation of quarterly and yearly plans for the above Medium sized companies attached to MOIP.

4. Industrial Infrastructure Development (IID) Wing

Core Tasks:

- I. Preparation and implementation of long-term (5 years) and short-term (six months or more) industrial infrastructure development plans, with particular reference to China Pakistan Economic Corridor (CPEC).
- II. Preparation and implementation of Trucking Policy with the aim to facilitate present fragmented trucking system into a cohesive industry capable of dealing with China Pakistan Economic Corridor requirement.
- III. Preparation, Implementation, monitoring and evaluation of public sector Development Projects (Funded through PSDP, foreign or internally funded).
- IV. Work relating to Project Monitoring and Evaluation Cell
- V. Work relating to Administration and Establishment of following Organizations working under IID Wing:
 - a. Export Processing Zone Authority (EPZA)
 - b. National Industrial Parks Development and Management Company(NIP)
- VI. Ensuring preparation of yearly and quarterly plans for the above Infrastructure development companies attached to MOIP.
- VII. Matters related to Explosives Department.

5. Investment Facilitation (IF) Wing

Core Tasks:

- I. Protection and promotion of industries & economic enterprises through developing incentive structures in the broad areas of: -
 - a. Fiscal Policy
 - b. Monetary Policy
 - c. Trade Policy
- II. International Coordination except China Pakistan Economic Corridor.
- III. Ensuring creation of an enabling environment to the entrepreneurs/prospective investors.

- IV. Investment facilitation and inter-ministerial coordination for removing bottlenecks in the way of new and existing industrial investment projects.
- V. Investment Facilitation Centre (IFC)
- VI. Enforcement of energy and industrial standards.
- VII. Employment of foreign personnel in commercial and industrial enterprises.
- VIII. Bilateral Investment Promotion and Protection Agreements;
- IX. Matters pertaining to Labour Laws and ILO.
- X. Coordination with International Agencies i.e. UNDP, UNIDO, World Bank, IMF, Asian Development Bank, Islamic Development Bank, etc.
- XI. Matters pertaining to SAARC including SAPTA, SAFTA and FTAs.

6. Professional Skill Development (PSD) Wing

Core Tasks:

- I. Identification of training & skills gaps of SMEs and Large-scale Industries.
- II. Work relating to Administration and Establishment of following Organizations working under PSD Wing:
 - d. Technology Up-gradation & Skills Development Company (TUSDEC)
 - e. Karachi Tools Dies & Mould Centre, Karachi (KTDMC)
 - f. Gujranwala Tools Dies & Moulds Company (GTDMC).
 - g. Ceramic Development & Training Complex, Gujranwala (CDTC).
 - h. Pakistan Chemical & Energy Sector Skills Development Company (PCESSDC).
 - i. Pakistan Institute of Management (PIM), Karachi
 - j. Pakistan Industrial Technical Assistance Centre (PITAC)
- III. Preparation of skills development plans in respect of the above Skills Development Companies attached with MOIP.

2.0 PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP)

2.1 ACHIEVEMENTS IN PUBLIC SECTOR DEVELOPMENT

Achievements of Ministry of Industries and Production (Mol&P) in Public Sector Development during the year 2015-16 are as follows:

- Twenty three (23) development projects were executed during the Financial Year 2015-16 and an expenditure of **Rs. 602.211 million** incurred for implementation of development projects of Ministry of Industries & Production against total allocation of **Rs. 790.881 million** (refer section 2.2).
- Following projects were completed by 30th June, 2016.
 - i. Establishment of Intake and Brine Disposal System/Civil Work for Desalination Plant at a Gaddani (ii) Jiwani (iii) Pasni.
 - ii. Establishment of Chromite Beneficiation Plant at Muslim Bagh, District Killa Saifullah, Balochistan.
 - iii. Upgradation of NFC Institute of Engineering & Technology Facilities, Multan.
 - iv. Women Business Development Center (WBDC- Mingora), Swat.
 - v. CFC Honey Processing & Packaging (CFC HPP), Swat.
 - vi. SME Subcontracting Exchange (SMX), Gujranwala.
 - vii. Women Business Development Centre (WBDC), Peshawar.
- The development projects executed during the year were meant for demonstration effect to provide common training facilities, technological transfer and common machinery pools. The basic thrust of the development projects was on technology driven growth within a framework to encourage economy of scale, value addition and diversification of products in order to make our products competitive in the international markets.

2.2 PSDP PROJECTS

(Million Rupees)

Sr. No.	Name of the project	Capital Cost	Allocation FY 2015-16	Releases in FY 2015-16
1.	Development Projects of Pakistan Gems and Jewellery Development Company	1,400.000	97.440	97.440
2.	Establishment Of Intake And Brine Disposal System/Civil Work For Desalination Plant at (i) Gaddani (ii) Jiwani (iii) Pasni	287.380	26.683	26.683
3.	Establishment of Bostan Industrial Estate Phase-I	400.412	25.000	25.000
4.	Establishment of Castor Oil Extraction Plant at Hub, Uthal Distt, Lasbela	300.000	5.000	0.000
5.	Establishment of (CFC) for Silk Cluster at Mingora, Swat	57.530	17.530	17.530
6.	Establishment of Chromite Beneficiation Plant at Muslim Bagh, District Killa Saifullah, Balochistan.	104.345	12.000	12.000
7.	Establishment of Design Institute specially for Energy Sector Plants at HMC, Taxila	665.380	86.000	37.280
8.	Establishment of Gems and Jewellery Centre, Azad Jammu Kashmir (AJK).	59.920	16.500	10.300
9.	Establishment of infrastructure in Quetta Industrial & Trading Estate (Phase-II)	174.250	42.250	0.000
10.	Establishment of Turbines and Power Plants Equipment Manufacturing Facilities at HMC, Taxila	21,543.100	3.000	1.170

11.	Foundry Service Centre, Lahore	206.310	10.000	10.000
12.	Hyderabad Engineering Support Centre (HESC), Hyderabad.	223.490	50.000	50.000
13.	Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC), Hub Lasbela.	217.900	50.000	50.000
14.	Peshawar Light Engineering Centre (PLEC), Peshawar.	230.560	50.000	21.700
15.	Provision of Infrastructure in Quetta Industrial State (Phase-IV)	126.930	22.000	0.000
16.	Sialkot Business and Commerce Centre (SBCC), Sialkot	484.610	133.790	133.790
17.	Upgradation of NFC Institute of Engineering & Technology Facilities, Multan	100.000	23.648	23.648
18.	Water Supply Scheme of Hub Industrial Trading Estate Phase-II (Extension)	353.216	68.660	54.290
19.	PC-II for feasibility study on "Establishment of turbines and Power Plants Equipment Manufacturing Facilities at HMC, Taxila"	50.000	20.000	0.000
20.	Women Business Development Center (WBDC- Mingora) Swat	35.010	12.600	12.600
21.	CFC Honey Processing & Packaging (CFC HPP), Swat	38.170	13.840	13.840
22.	SME Subcontracting Exchange (SMX)	26.090	3.000	3.000
23.	Women Business Development Centre (WBDC), Peshawar	28.410	1.940	1.940
	Total	27113.013	790.881	602.211

2.3 PROJECT PLANS

a. DDWP PROJECTS

Rs. In Million

Sr. No.	Name of the Project	Total Cost	Status
1.	Survey and Feasibility Study for Infrastructure Development for Export Processing Zone Gwadar	14.00	Reviewed by MoI&P and approved by Export Processing Zones Authority (EPZA), DDWP.
2.	NFC Institute of Engineering and Technology (Naushahro Feroze)	810.00	PC-I processed in the MoI&P and approved by NFC DDWP and the project is in execution phase.
Total		824.00	

b. CDWP PROJECTS

(Rs. In Million)

Sr. No.	Name of the Project	Total Cost	Status
1.	Establishment of Gemstones Mining, Processing and Training Centres at Skardu (GB) and Mingora (KP)	253.86	Concept Paper in process of scrutiny/approval stage in Ministry of Planning, Development & Reform.
2.	Enterprise Resource Planning in Utility Stores Corporation (USC).	560.698	PC-I processed in MoIP, approved by DDWP of USC and project in execution phase
3.	Value Addition In Industry/Cluster Development Approach	1000.00	PC-I deferred by Ministry of Planning, Development & Reform.
4.	Implementation of Gems and Jewellery Export Promotion Strategy	583.109	PC-I has been submitted to Ministry of Commerce for EDF Funding.
5.	Enhancement, up-gradation and Strengthening Capacity of Existing Fan Development Institute (FDI), Gujrat	190.00	PC-I is under preparation of Engineering Development Board (EDB), MoI&P.

6.	Concept Paper titled "Revitalization of PITAC by Induction of Modern Manufacturing Technology"	1145.10	Concept Paper in process of scrutiny/approval stage in Ministry of Planning, Development & Reform.
7.	Concept Paper titled "Enhancing SMEs Access to Finance"	3202.63	Concept Paper in process of scrutiny/approval stage in Ministry of Planning, Development & Reform.
Total		6,935.397	

3.0 PUBLIC SECTOR CORPORATIONS / ORGANIZATIONS

3.1 PAKISTAN INSTITUTE OF MANAGEMENT (PIM)

Brief History:

Pakistan Institute of Management (PIM) was setup under PIDC in 1954. In 1956, it was made a national organization. In 1976, an independent Board of Governors (BoG) was constituted. PIM works under the Ministry of Industries and Production (MoIP), GoP.

PIM's head office is located in Clifton, Karachi with one Branch office in Gulberg, Lahore. Both the buildings owned by PIM are purpose built. Presently, total number of employees is 109. Annual budget for the year 2015-16 is Rs.155.196 million with grant-in-aid of Rs. 54.095 million, which accounts for 30% of expenditure to be met from grant-in-aid and around 70% from PIM's own sources of revenue.

Mission: Progress through Better Management.

Charter / Vision: PIM is to take a lead role in Management Training & Development in Pakistan on a no-profit-no-loss basis.

Core Business / Activities:

- Management Training, Education, and providing Consultancy.

Achievements and Initiatives Taken during last one year:

1. Faculty members / trainers were got trained from BE/IFC in "Train the Trainer" programmes to further improve our training capability.
2. PIM trained 3,099 professionals of middle and senior management level from government, public sector organizations, and private sector organizations.
3. During last one year, 03 consultancy assignments have been completed in the areas of different management functions for public and private sector organizations.
4. A National Change Management Conference was held in 2015 in Karachi, which was attended by more than 125 professionals from the corporate sector. Now after the success of conferences in Lahore & Karachi, these will be held on regular basis. These conferences, besides giving other benefits to all, will help in image building of PIM.

5. MoUs have been signed with many organizations to create synergy with other public and private sector organizations.
6. MoU signed with Warwick University, UK to start Masters in Engineering Business Management (MEBM) at PIM, Karachi, from end of 2016.
7. A flagship senior level training programme, i.e Advanced Management Programme (AMP) have been planned to start again in 2016, after gap of 18 years.
8. A few new training programmes and diploma programmes were launched successfully in this year.
9. All the arrangements have been made to start PIM operations in Islamabad before end of 2016.

3.2 SMALL & MEDIUM ENTERPRISES DEVELOPMENT AUTHORITY (SMEDA)

Small and Medium Enterprise (SME) led economic growth is considered a hallmark of economic prosperity in the developed and emerging economies of the world. In Pakistan, more than 99% of the economic establishments are SMEs that collectively contribute an estimated 40% to GDP and over 40% to exports. It is estimated that out of the total employed labour force, 26.24% is employed in thirteen key SME sectors alone.

Small and Medium Enterprises Development Authority (SMEDA) is the apex organization for development of the SME sector in Pakistan. It has an all-encompassing mandate towards fostering growth of SMEs along with a broad service portfolio spread across various SME sectors and clusters, skill development through training, industrial support for productivity enhancement, business development services and collaborative projects with international development partners.

Salient activities/achievements of SMEDA during FY 2015-16 are given below:-

1. Prime Minister's Youth Business Loans (PMYBL)

- 2,248 prospective loan applicants have been facilitated and 2.025 million downloads were recorded during 2015-16. Since initiation of the programme, 15.805 million users benefited from downloadable pre-feasibility studies and other tools and resources from SMEDA website and 24,565 prospective loan applicants facilitated through SMEDA helpdesks after the launch of PMYBL.

2. SMEDA's Regular Business Development Support Services, Research & Advocacy

- Walk-ins Facilitated (*including PMYBL*) 7,654
- Investment Facilitation Over PKR 1.25 Billion
- Pre-feasibility Studies Developed 13
- Business Plans Developed 22
- Training Programmes 183
- Sector Strategies developed and updated 5
- Regulatory Procedures updated 5
- SMEs facilitated on SMEDA Accounting Software (SMAP) 109
- SMEDA Newsletter (Quarterly): 4 Issues
Containing information on SME initiatives and guidance for SMEs
- SME Observer (Bi-annual): 2 Issues
With more than 8 research articles

3. Special Projects with International Development Partners

i. Economic Revitalization of Khyber Pakhtunkhwa and FATA (ERKF)

The Multi Donor Trust Fund (MDTF) project 'Economic Revitalization of Khyber Pakhtunkhwa (KP) and Federally Administered Tribal Areas (FATA)' is a joint initiative for both Khyber Pakhtunkhwa and FATA to provide support to SMEs, attract Diaspora investment, and strengthen institutional capacities to foster investment and implement regulatory reforms. The project is being administered by the World Bank on behalf of 10 donors. The Project is divided in three components:

- Component 1: SME Development
- Component 2: Investment Mobilization
- Component 3: Capacity Building to Foster Investment and Implement Reforms

The total cost of the project is US\$ 20 million. Since July, 2015 to date, around 281 SMEs have been facilitated through the project that has resulted in rehabilitation of businesses and employment creation that had been adversely affected due to the war on terror in the region.

The outcome of the project is as under:

ERKF Approval/Disbursement July-2015 to June 2016

Component	No of Grant Approved (No.)	Sum of Grant Approved (Rs)	Sum of Grant Disbursed (Rs)	No. of Grant Disbursed (No.)
FATA				
Up-gradation	1	1,000,000	0	0
FATA Total	1	1,000,000	0	0
KP				
Rehabilitation	273	249,264,035	216,444,035	235
Up-gradation	72	59,271,560	37,924,000	46
Cluster Up-gradation	2	10,000,000	0	0
Training	28	3,888,000	0	0
CB & BDS	0	0	0	0
KP Total	375	322,423,595	254,368,035	281
Grand Total	376	323,423,595	254,368,035	281

ii. Industry Support Services

SMEDA in collaboration with international agencies such as Japan International Cooperation agency (JICA), German Technical Cooperation (GIZ) and local experts, is providing technical assistance to SMEs across a range of industries to upgrade their skills and improve systems. Since July, 2015, 66 industrial units have directly benefited from this programme in the areas of efficiency and productivity.

- SMEDA-JICA Technical Support to Auto Parts Manufacturing Industry:**
 In order to broaden the scope of productivity improvement activities across the value chain of auto sector and subsequently improving the share of localization of auto parts, *JICA has approved a 4 years project for Technical Support, on “Japanese Way of improving Productivity and Quality”, to Auto Parts Manufacturing Industry of Pakistan to be implemented by SMEDA under the guidelines of JICA technical experts.* Under this programme, Technical Support will be extended to 50 Auto Parts manufacturing units of Pakistan using five (05) JICA Technical Experts. Out of 50 SMEs, around **10 SMEs would be developed as model factories in the field of productivity and quality.**

In the first term, 20 Auto Parts manufacturers (9 Punjab, 11 Sindh) are being facilitated through JICA Expert Team (JET) to improve their production efficiency. Additionally, Capacity Building of SMEDA, PAAPAM and other Engineers through On Job training (OJT) was done.

- **Green Productivity: bfz-Germany:**

SMEDA and bfz, initiated the “ESPIRE Green” Project in 2012 with an objective to improve environment performance in SMEs of Pakistan by reducing wastages at source, through Green Productivity (GP) techniques. In FY 2015-16, following activities took place

- Conducted GP Audits in 11 industrial units at Karachi and Lahore. As an outcome of SMEDA’s initiative, 11 industries implemented GP/CP model after getting training on Fire Safety.

- **Energy Efficiency jointly with JICA, GIZ, bfz:**

SMEDA, jointly with JICA, GIZ, bfz has launched many projects/ programmes to tackle prevailing inefficiencies in energy usage at demand side. In FY 2015-16, following activities took place

- Implementation of EA/EnMS programme in 35 industries of selected sectors (13 energy audits, 20 follow-up visits and 2 evaluation visits) was accomplished.
- 16 training workshops/seminars were conducted to impart awareness on energy efficiency self-assessment tools.
- Additionally 6 energy calculators were launched. These EE self-assessment tools were developed for Motor and pumps, compressors, boilers etc and are available at SMEDA website.
- SMEDA Launched Energy Efficiency Advisor Certification Programme jointly with UET & GIZ, which will facilitate the Certification of ESCOs under GIZ TVET Programme.

iii. Revival of Investment Promotion Unit

Investment Promotion Unit in collaboration with UNIDO revived at SMEDA for investment promotion in Pakistani SMEs and channelizing investment in high growth sectors. Following major activities have been undertaken during FY 2015-16 to facilitate SME sector in Pakistan:

- For building the capacities of SMEDA and SME public or private sector support institutions, a Training and Awareness Workshop on "Setting Up a Footwear, Leather Goods & Component Factory" was organized in Lahore from 31 May

to 02 June 2016. Trainer from Italy and representative of the Italian footwear promoters association were engaged for the activity. They also visited a number of shoe factories and apart from providing practical advice on improvements in various areas also guided them on needs of the Italian market.

- Sub-contracting Partnership Exchange Programme (SPX) has been launched and business profiles are being added to the database for match making between Italian and Pakistani businessmen.
- Participation of Pakistani delegation in Macfrut Exhibition (September 14-16, 2016).

4. SME Development Projects under Public Sector Development Programme (PSDP)

In Pakistan, lack of infrastructure and technology are major constraints that hinder SME productivity and competitiveness. To cope with the challenge, SMEDA initiated efforts in infrastructural development and technological up gradation through undertaking projects financed by the PSDP. SMEDA implemented seven (07) PSDP projects at a total cost of Rs.704.46 million. List of PSDP Projects under implementation by SMEDA during FY 2015-16 is as under:

- i. SME Subcontracting Exchange
- ii. Foundry Service Centre, Lahore
- iii. Sialkot Business & Commerce Center, Sialkot
- iv. Women Business Development Center, Mingora, Swat
- v. Establishment of CFC for Silk Cluster at Mingora, Swat
- vi. Establishment of CFC for Honey Processing and Packaging, Swat
- vii. Women Business Development Center, Peshawar

5. Establishment of Sports Industries Development Centre (SIDC)

Pakistan's Sport Industry is known around the globe for its specialized world-class sports goods production, especially footballs. Sialkot alone caters to 70% demand of the hand stitched inflatable balls and produces 40 million balls annually. However, Sports goods sector, was facing a major threat in the form of "Mechanized inflatable ball", which uses medium end technology to produce a ball having most of the characteristics of hand stitched ball.

SMEDA has facilitated the local football industry to enhance its share in the international market by establishing a Sports Industries Development Center (SIDC) at Sialkot through Public Sector Development Programme (PSDP) at a total cost of Rs. 436 million. SIDC is a core initiative in the strategy of infusing Mechanized inflatable ball technology in the local industry. The project is successfully operational and has resulted in the following achievements thus far:

- Successfully manufactured approx. 370,000 different sports items including Thermo balls, basketballs and bladders, etc.
- Production of approx. 340,000 quality bladders. Trial of Butyl bladder has been undertaken and samples sent to Punjab University for testing, while a few samples have been sent to local industry for their feedback.
- Production of approx. 25,000 Yarn Winding with Latex.
- Order of Thermo ball has been confirmed with M/s Silver Star, which is the representative of Nike in Pakistan.
- Coordination with FIFA for offering Lab and Testing Facilities
- Providing services of Laboratory and Workshop. Currently, an order of development of dies/molds is under process.
- Process initiated for manpower skills training in collaboration with TEVTA and PVTC / NAVTTC.

6. SMEDA – SBP Interaction to Accelerate SMEs Access to Finance

In order to create an environment that supports greater financial inclusion, the State Bank of Pakistan and SMEDA have collaborated through signing of an MOU and have been engaged in various initiatives and programmes. A few key initiatives undertaken during the period are as follows:

- **National Financial Inclusion Strategy (NFIS):** SME specific input was provided for the National Financial Inclusion Strategy, developed by the State Bank of Pakistan in collaboration with the World Bank. The Government has approved the NFIS. SMEDA is a member of the Steering Committee of NFIS as well as Technical Committees on “Microfinance, Agriculture Finance & Housing Finance” and “SME Finance”. Detailed action plans on the themes will be developed for increasing SMEs access to finance.
- **Capacity Building:** Training and awareness creation programmes were held at various locations for apprising SMEs of the existing schemes of SBP, commercial banking products and business development support available

through SMEDA. During 2015-16, 6 workshops have been conducted in this regard.

- **3S Forum:** The State Bank of Pakistan has established an institutional committee with SMEDA and the Securities & Exchange Commission of Pakistan (SECP) as members. The objective of the Committee is to ensure a ready mechanism for information exchange and to propose recommendations for creating a facilitative regulatory environment for enhancing SMEs access to finance. Launching of venture capital funds for SMEs through Asset Management Companies (AMCs), exploring possibility for establishment of an SME rating agency and options for arranging credit lines to leasing companies are key areas where SBP, SECP and SMEDA propose to work together.

7. Pakhtunkhwa Hunermand Rozgar Scheme (PHRS)

PHRS is an employment scheme aiming to create new job opportunities and economic activities in KP. Government of Khyber Pakhtunkhwa has initiated the scheme in collaboration with Bank of Khyber (BOK). So far, The Bank of Khyber has approved loans of Rs. 750 Million. SMEDA, in this regard, provides assistance to successful applicants in terms of capacity building and business development. During July 2015-March 2016, 6 training programmes have been conducted to facilitate loan applicants.

8. SMEDA's Collaboration with Turkish SME Development Agency, KOSGEB

Small and Medium Enterprises Development Authority (SMEDA) and Turkish Small and Medium Enterprises Development Organization (KOSGEB) signed a Memorandum of Understanding (MoU) for the promotion of SMEs of both countries. The following are the focus areas of this collaboration:

- Mutual business trips and exchange of teams for exposure
- Improving SMEs' commercial relations to encourage joint ventures
- Organizing training programmes for SMEs and related organizations
- Exploring opportunities in other third world countries for synergy
- Cooperation with international agencies to maximize utilization of funds
- Attracting Turkish investment for value addition in sectors with competitive advantage

SMEDA also developed a project; National Business Development Programme for SMEs based on KOSGEB's SME Development Model for funding through Public Sector Development programme 2016-17.

9. Consultative Session for Promoting “Export-led Value Chain Development for Growth and Employment”

Ministry of Industries & Production (MoI&P) organized two-days consultative session on 30-31 March, 2016 at Islamabad to solicit the input of key SME stakeholders to identify and discuss various sectoral issues and to develop recommendations for developing a programme on “Export-led Value Chain Development for Employment & Growth”. The session took into account the Trade Related Technical Assistance (TRTA II) support provided by the European Union over the past few years in view of the priorities set in Pakistan Vision 2025. Around 50 stakeholders from public and private sectors participated in the session. During the consultative session, deliberations were held focusing on dairy, horticulture, fisheries and light engineering sectors. The aforementioned sectors have been selected on the basis of their contribution to employment, GDP, exports and rural development.

10. China-Pakistan Economic Corridor (CPEC)

The China-Pakistan Economic Corridor offers immense opportunities for achieving Pakistan’s development objectives. SMEDA, in this regard, provided policy inputs on Draft Long Term Plan of China-Pakistan Economic Corridor (CPEC) to capture key areas to mobilize investment for the benefit for the SMEs sector of both countries. SMEDA proposed 70 direct interventions under 13 economic sectors for fast track development. The proposed interventions are based on SMEDA’s 5-years SME Development Plan that has been included in Pakistan Vision-2025.

11. Other Initiatives

- 1st National SME Conference held on 25th May, 2016
- Launch of SMEDA Research Journal on February 18, 2016
- Agreement with UNIDO for implementation of SPX
- Introduction of Bio Gas as renewable Energy at Dairy & Livestock Farms (02 Farms)
- SMEDA Web portal: Various Modules (PFs, RPs, CFCs, Guides) have been developed and launched for the development of Technology Solution for SME Info System-helpline. ON LINE Enlistment facility of the experts is available now. Joomla Framework Up gradation of SMEDA Web Portal from 2.5 to 3.4 version has also been completed.

3.3 EXPORT PROCESSING ZONES AUTHORITY (EPZA)

Activities and achievements of Export Processing Zones (EPZ) in Pakistan during the year 2015-2016 are as follows:

Mandate:

Export Processing Zones Authority (EPZA) was established by the Government of Pakistan through Ordinance IV of 1980 with the mandate to plan, develop and manage Export Processing Zones in Pakistan. EPZA is an autonomous body working under the Ministry of Industries and Production.

Export Performance of Zones during 2015-2016

(Figures in million US Dollar)

Sr. No.	NAME OF EPZs	EXPORT DURING 2015-2016	CUMULATIVE EXPORT SINCE INCEPTION
1.	Karachi EPZ (KEPZ)	419.831	4469.286
2.	Saindak EPZ	91.980	1867.504
3.	Duddar EPZ	Operations remained suspended for up-gradation	24.289
4.	Risalpur EPZ	2.021	15.296
5.	Sialkot EPZ	2.125	9.705
6.	Tuwairqi Steel	0.020	28.697
7.	Gujranwala EPZ	0.412	0.504
	Total	516.389	6415.550

Major Achievements:

1. Exports

Exports from EPZA were recorded at US \$ 516.389 million during the period 2015-2016.

2. Expansion of Business

45 new investment proposals in EPZ's with the envisaged investment of US \$ 62.247 million were approved in EPZA during 2015-2016 for export oriented industries.

3. Contribution to Government Treasury

EPZA has deposited an amount of US \$ 5.16389 million in Government Treasury on account of Presumptive Tax.

4. Expansion of KEPZ

KEPZ is the first project of EPZA. It was established on area of 311 acres in two phases. Phase I of KEPZ has been developed on 211 acres land, whereas, Phase II is on 94 acres. Now both the Phase (I & II) have been fully colonized. Further expansion of KEPZ is underway on an area of 80 acres of phase - III.

5. Establishment of EPZ at Faisalabad

EPZA and Faisalabad Industrial Estate Development and Management Company (FIEDMC) have signed a MOU for establishing an export processing zone in Faisalabad on an area of 200 acres in first phase. Later on the zone will be extended further on 300 acres.

6. Establishment of EPZ at Gawadar

EPZA has been allotted 1000 Acres land in Gawadar which is located approximately 45 Km from Port. EPZA has hired the services of M/s Techno Consultant International for planning, designing and preparation of PC - I / PC - II for development of EPZ at Gawadar.

7. Progress of other Zones / Projects of EPZA

Sr. No.	PROJECT	AREA (ACRES)	STATUS
1.	KARACHI EXPORT PROCESSING ZONE (KEPZ) - The First Project of EPZA		
	Karachi EPZ Phase - I funded by the Government	211	In operation
	Karachi EPZ Phase - II self-financed by EPZA	94	In operation
	Karachi EPZ Phase - III land acquired by EPZA through its own funds, more than 80 acres acquired out of total 200 Acres		Development work under process
2.	Risalpur Export Processing Zone (Managed by Sarhad Development Authority)	92	In operation
3.	Sialkot Export Processing Zone (Managed by Punjab Small Industries Cooperation)	238	In operation
4.	Gujranwala Export Processing Zone (Infrastructure being developed)	113	Allotment in process

5.	Saindak Export Processing Zone (Operated by Chinese Company)	1284	In operation
6.	Duddar Export Processing Zone (Operated by Chinese Company)	1500	Work remained suspended for up-gradation
7.	Tuwairqi Export Processing Zone (Operated by Saudi Company)	220	In operation
8.	Gwadar Export Processing Zone (Land provided by Government of Balochistan)	1000	Infrastructure Development in process

3.4 DEPARTMENT OF EXPLOSIVES (DOE)

Department Of Explosives' performance during 2015-2016 remained as under:

S. No	Activities	Islamabad	Lahore	Karachi	Multan	Peshawar	Quetta	Total
1.	License Granted	160	428	80	340	83	31	1122
2.	License Renewed	378	587	1770	1000	371	192	4298
3.	License Cancelled	13	34	01	-	6	3	57
4.	License Suspended	8	3	-	-	-	-	11
5.	License Expired	42	64	25	39	30	38	238
6.	Inspection Conducted	463	3047	1213	94	54	22	4893
7.	Vehicle Approved	438	2845	1227	2	73	-	4585
8.	NOC/Permit	18	176	-	11	-	-	205
9.	Fuel Tank Test	-	-	-	-	8	-	8
10.	Layout GPL	-	197	-	-	-	28	225
11.	Earth Connection	-	-	-	-	5	-	5
12.	ESPI/Meeting	-	12	11	-	-	-	23
13.	Court Attendance	9	130	19	24	16	-	198
14.	Revenue Earned	36,589,973	52,177,018	39,262,671	21,462,645	23,005,149	6,836,662	179,334,118
15.	Expenditure Incurred	16,309,322	7,023,494	7,896,391	4,459,098	3,343,417	3,756,255	42,787,977

Revenue Targets

REVENUE ESTIMATES DURING 2015-16	REVISED ESTIMATES 2015-16	ACTUAL REVENUE COLLECTED DURING 2015-16
220,000,000	220,000,000	179,334,118

3.5 PAKISTAN INDUSTRIAL TECHNICAL ASSISTANCE CENTRE (PITAC)

The Government of Pakistan established Pakistan Industrial Technical Assistance Centre (PITAC) in 1962 as an Autonomous body under the administrative control of Ministry of Industries, Government of Pakistan and registered under the Societies Registration Act, 1860. The mission of PITAC is “to upgrade, advice, disseminate, extend assistance and skill development in technical and managerial fields to individuals and organizations throughout Pakistan.”

Since its inception, PITAC has been rendering Technical Assistance to industry by way of designing and manufacturing of Production Tooling Equipment, Prototyping, and rendering Training Services to Engineers, Supervisors and Technicians from variety of industries throughout the country. Advisory Services in Metal Works, Steel Re-Rolling, Heat Treatment, Low Cost Automation and Plastic Mold Making have also been an important function of PITAC.

Its workshop facilities at Lahore provide Training, Technological Back up Support and Advisory Services to the industry and have its Regional Centre(s) in Gilgit Baltistan, Karachi, Peshawar, Islamabad, Quetta and Mirpur (AJK).

Brief performance of PITAC in 2015-16 is as under:

a). Opening of Regional Office Karachi and Gilgit Baltistan

In view of increasing trend in the manufacturing industry related to automobile, general engineering & plastic products, vending industry, SME’s have to be provided with Advanced Backup Support and Training Services, therefore, PITAC decided to expand the purview of its activities geographically by opening its Liaison offices in Karachi and Gilgit Baltistan, so that SME’s and light engineering sector from that region may also be facilitated with Technological Back up Support, Advisory Services and Demand Driven Technical Courses from PITAC.

Regional office Karachi and Gilgit Baltistan will act as a bridge between light engineering sector of Karachi, Gilgit Baltistan and Lahore Head Office, ensuring

their access to a whole new horizon of Computer Integrated Design and Machining Facilities and also ensure the training of the engineers, managers, supervisors, technicians and workers to improve their capabilities and skills in modern Advanced CAD/CAM Technologies for better productivity and performance.

b). Back up Support and Advisory Services:

PITAC has offered Technological Backup Support and Advisory Services to the Industry specifically in the following areas:

- Computer Integrated Plastic Mold Making
- Computer Aided Designing (CAD)
- Computer Aided Machining (CAM)
- Designing and Manufacturing of Production Tooling Equipment like Jigs , Fixtures, Dies, Gauges etc
- Designing and Manufacturing of Plastic Injection Molds, Blow Molds, Compression Molds etc
- Precise Machining Techniques and Methods i.e. CNC Machining Centre, CNC Turning Centre, CNC EDM Sinker, CNC EDM Wire cut, Small Hole Drill Machining, Jig Grinding, Jig Boring, Precise Surface grinding etc
- Operation of Injection Molding Machines
- Advanced Inspection Techniques i.e. Co-ordinate Measuring Machine
- Programmable Logic Controllers
- Heat Treatment
- Foundry and Pattern making
- Preventive Maintenance and Calibration
- Super finishing Techniques i.e. Lapping, Honing, Precision Surface Grinding etc.

SME's and Industry are being facilitated by PITAC through its Technological Back up Support & Advisory Services in these fields. The various jobs undertaken by PITAC are not from commercial view point but to help develop local industry and solve their manufacturing problems. Such Jobs lead industry towards self-reliance, improvements in technical knowhow, saving production equipment from break downs and to bring freedom from imports as far as possible. It has also helped in development of SMEs.

Description	No. of Jobs	
	Booked	Delivered
July 2015 – June 2016	345	325

c). Typical Back up Support and Advisory Services to the Industries

The highlights of some typical Technological Backup Support and Advisory Services provided to the Industry are as follows:

**Inspection Gauges and Fixtures
for M/s Millat Equipment Limited and M/s Millat Tractors (Pvt) Ltd**



**Millat Tractor Limited
Gear Box for Face Drilling Head**



**M/s Risen Engineering & synthetic Products
Manufacturing of Paddle mold**



M/s Baig Electric Co.
Manufacturing of mold for CT Cover Large & small



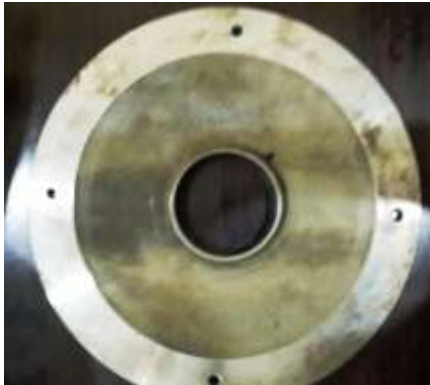
M/s Baig Electric Co.
Manufacturing of mold for CT Cover extra Large



**M/s Baig Electric Co.
Manufacturing of mold for CT Cover Cap**



**M/s Excel Engineering
Jig grinding of fixture plate**



**Pecs industries
grinding of Pins & Cam bush**



d). Skill Development Training Programmes:

The Skill Development Programmes consists of Regular Training Programmes, Weekend Training Programmes, Internships, PSDF (Punjab Skill Development Fund) Funded Training Programmes and Seminars/Workshops/Symposiums.

In Year 2015 - 2016, total 4349 Trainees were trained in the Skill Development Programmes.

Sr. No.	Programme Details	No. of Trainees
1.	Regular Training Programmes	3013
2.	Weekend Training Programmes	603
3.	Internships (08 – 16 Weeks) (For Engineers, Diploma Holders, Tradesmen)	168
4.	PSDF Funded Training Programmes	268
5.	Workshops / Symposia	297
	Total Trainees	4349

The number of trainees for 2015-16 in the recursive and admired training programmes are shown below:

Sr. No.	Training Program	No. of Trainees
1.	AutoCAD (Mechanical)	253
2.	AutoCAD (Civil)	219
3.	AutoCAD (Electrical)	239
4.	3D CAD/CAM	154
5.	CNC Machining Centre	101
6.	Engineering Drafting	190
7.	PLC's	211
8.	Quantity Surveyor	88
9.	Electrician	55
10.	Computer Foundation	209
11.	Basic Welding	21
12.	CNC Turning Centre	54
13.	Air Conditioning and Refrigeration	159
14.	Machine Shop Practice	24
15.	Instrumentation & Process Control	91
16.	Spoken English	36

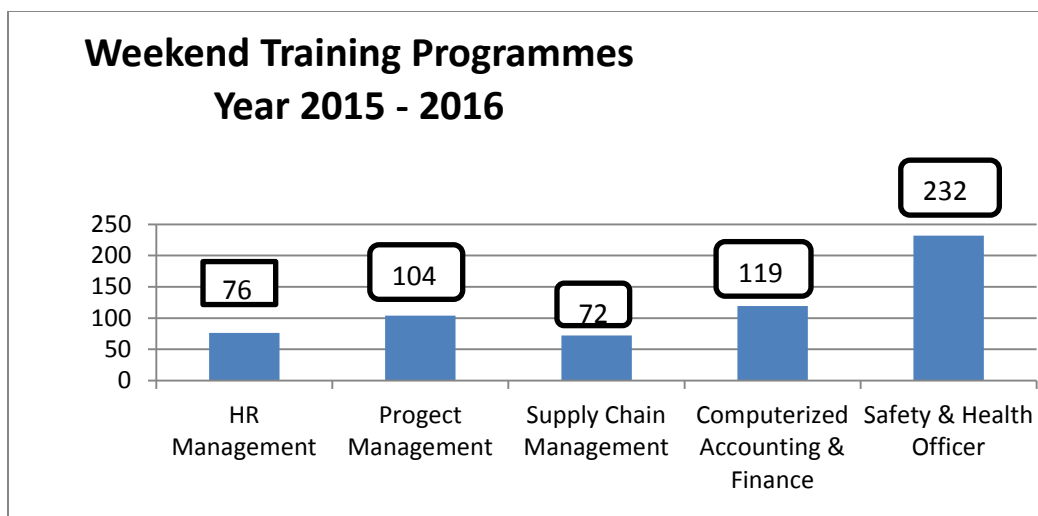
17.	Inspection & Measuring Techniques	85
18.	TIG Welding	72
19.	Land Surveyor	215
21.	Mold Design	61
22.	Jigs & Fixture Design	28
23.	Press tool design	27
24.	Cutting Tool Design	31
25.	CNC EDM Sinker / Wire Cut	21
26.	Solar PV – Design and Installation	154
27.	Heat Treatment Techniques	26
28.	Pattern Making	33
29.	Injection Molding Machines - Operation	27
30.	Computer Foundation – (AJK)	63
31.	Tally Computerized Accounting Software –(AJK)	10
32.	Mobile Repairing (Hardware) – (AJK)	9
33.	Spoken English – (AJK)	9
34.	Computer Foundation – (KHI)	09
35.	Auto CAD Civil – (PSW)	25
36.	Auto CAD Mechanical –(PSW)	04

e). Human Resource Development Seminars / Workshops / Symposia

During the Year 2015 – 2016, the following Human Resource Development Workshop / Symposia / Weekend courses were organized by PITAC independently or in Collaboration with other Private / Public Sector Organizations:

- Project Management – Weekend Programme
- Human Resource Management (HRM) – Weekend Programme
- Supply Chain Management (SCM) – Weekend Programme
- Computerized Accounting and Finance – Weekend Programme
- Health and Safety Officer – Weekend Programme

The trainee's trend in the weekend training programmes is as follows:



PITAC's contribution in Punjab Skill Development Fund (PSDF)

- Extension in Skill Development Programme (Skill for Job 2014 – 15):**

Under Skill for Job 2014 – 15, PITAC had signed a contract with PSDF in October 2014 to train 450 trainees from the target districts i.e. Lahore, Kasur, Gujranwala, Narowal, Faisalabad, Sargodha, Chiniot.

Pakistan Industrial Technical Assistance Centre, HQ Lahore got three extensions in the PSDF project 2014-2015 for skilled development of the youth of five districts of Punjab.

Details are mentioned below:

Sr. No.	Course Name	Duration (months)	Batch	Start Date	End Date	No. of Trainees
1.	CNC Machine Operator - II	6	2	14-06-2015 to 14-12-2015		25
2.	PLC – III	3	3	14-06-2015 to 14-09-2015		25
3.	Turner – III	3	3			17
4.	Milling – III	3				10
5.	Welding - III	3				11
6.	PLC – IV	3	4	14-09-2015 to 14-12-2015		25
7.	Turner – IV	3				14
8.	Milling – IV	3				10
9.	Welding - IV	3				10

10.	CNC Machine Operator (Milling / Lathe)	5	1	02-11-2015 to 31-03-2016	25
11.	PLC – V	3	5	01-01-2016 to 31-03-2016	25
12.	PLC – V	3			25
13.	Turner – V	3			11
14.	Welding - V	3			7
15.	PLC – VI	3	6	01-04-2016 to 30-06-2016	18
16.	Turner – VI	3			10
Total Number of PSDF Programme Trainees for FY-2015-2016					268

PITAC Regional Centre(s) Performance in F.Y- 2015-2016

- **PITAC Regional Centre Mirpur (AJK):**

PITAC Regional Office Mirpur (AJK) has provided trainings to 91 No(s) trainees during the period from July 2015 to June 2016 in different areas like Information technology, language, mobile repairing and computerized accounting and finance.

The details of the trainees for July 2015- June 2016 are provided below:

Sr. No.	Training Programme	No. of Trainees
1	Computer Foundation	63
2	Tally Computerized Accounting Software	10
3	Mobile Repairing (HARDWARE)	9
4	Spoken English	9



- **PITAC Regional Centre Karachi:**

The Regional Centre Karachi conducted two workshops and a course on Computer Foundation contributing 30 No(s) of trainees in total for FY-2015-16.

The details of the participants is provided below:

Sr. No.	Training / Course Name	No. of Participants
1	House Keeping and Hygiene	12
2	Train The Trainer	09
3	Computer Foundation	09

- **PITAC Regional Centre Peshawar:**

The Regional Centre Karachi till now trained 209 No(s) of trainees at the centre including a seminar on “Plumber and Pipe Technician”



The details of the trainees are as follows:

Sr. No.	Training / Course Name	No. of Participants
1.	Auto CAD civil	25
2.	Auto CAD Mechanical	04
3.	Seminar “Plumber and Pipe Technician”	200

- **PITAC Regional Centre Islamabad:**

PITAC regional Centre Islamabad conducted two professional level workshops at Islamabad in collaboration with ACI.

The details of the trainees are as follows:

Sr. No.	Training / Course Name	No. of Participant
1	House Keeping and Hygiene	06
2	Train The Trainer	09

Financial Position

Budget Allocation

Year 2015 - 16	Pak Rs.
Grant In Aid	330,469,000/-
PITAC Own Receipt	15,560,000/-
Total Budget	346,029,000/-

3.6 NATIONAL FERTILIZER CORPORATION (NFC)

NFC is one of the premier institutions in the public sector. It has healthy traditions and has maintained a profit generating history. NFC was incorporated as private limited company in August, 1973. At that time three small plants having total capacity of 306,000 M.T. were transferred to NFC by Pakistan Industrial Development Corporation. NFC undertook the policy of expansion and a capacity of over 2 million M.T fertilizer was created in the country by establishing six fertilizer manufacturing companies as under:

- Pak-Arab Fertilizers (Pvt.) Limited, Multan
- Pak-Saudi Fertilizers Limited, Mirpur Mathelo
- Pak-American Fertilizers Limited, Daudkhel
- Pak-China Fertilizers Limited, Haripur
- Hazara Phosphate Fertilizers Limited, Haripur
- Lyallpur Chemicals & Fertilizers Limited, Jaranwala

However, as per privatization policy of Government of Pakistan, all manufacturing units of NFC were privatized by the Privatization Commission. All the plants were earning profits at the time of privatization

The main role and objectives of the Corporation are as under:

- Create new fertilizer production capacity in the country.
- Make the fertilizers available throughout the country at uniform prices.
- Keep adequate stocks of fertilizers in consumption areas to overcome any possibility of artificial shortage.
- Keep the fertilizer prices at reasonable level throughout the country.
- Carry out educational and research & development activities.

Subsidiaries / Institutions under NFC and their Objectives:

Presently, NFC has three subsidiary companies namely:

1. National Fertilizer Marketing Limited, Lahore (NFML)
2. NFC Institute of Engineering & Fertilizer Research, Faisalabad (NFC-IE&FR)
3. NFC Institute of Engineering & Technology, Multan (NFC-IET)

Achievement of NFC and Its Subsidiaries During The Year:

1. National Fertilizer Corporation of Pakistan

NFC acts as a holding company which directs, co-ordinates and controls the group activities, lays down guide-lines for economic and technical development of the Corporation and co-ordinates the plans for their implementation. NFC being the holding corporation facilitated its subsidiaries in managing their affairs in efficient manner.

NFC as well as all its subsidiaries i.e. NFML, NFC-IE&FR and NFC-IET remained in profitable position during the year.

In order to expand engineering educational facilities and compete with other engineering institutions, NFC has planned to establish two new engineering institutes as under:

- i. NFC Institute of Engineering & Technology (Sub-Campus), Naushahro Feroze, Sindh.
- ii. NFC Institute of Engineering with Exclusive Wing for Women at Lahore.

2. National Fertilizer Marketing Limited

National Fertilizer Marketing Limited (NFML), a subsidiary of NFC was incorporated in 1976. The Company was entrusted with distribution and marketing of fertilizer produced by NFC manufacturing companies and imported fertilizers as allocated by GOP throughout the country. With the privatization of all NFC production units, GOP tasked NFC / NFML in 2008 to distribute the entire quantity of imported Urea so as to meet the Government objective of making the fertilizer available at the desired locations and price to the farmers.

During the year 2015-2016, NFML sold / distributed 144,265 M.T of imported Urea through dealer's network all over the country.

3. NFC Institute of Engineering & Fertilizer Research, Faisalabad

The Institute is offering degree programmes in the fields of Chemical, Electrical, Mechanical, Civil Engineering, Computer Science, Bachelor of Business Administration, Chemical / Electrical / Mechanical Engineering Technology and also offering M.Sc. Degree course in Chemical Engineering. All Programmes are accredited by Pakistan Engineering Council (PEC). The Institute is affiliated with University of Engineering & Technology (UET), Lahore.

Besides carrying degree programmes, the Institute is also conducting Research & Development activities to cater to the needs of local chemical/ fertilizer industry. Presently 1670 students are enrolled in various disciplines of engineering programmes.

4. NFC Institute of Engineering & Technological Training, Multan

NFC-IET, Multan is conducting B.Sc. Engineering courses in Chemical, Electrical, Mechanical, Civil Engineering, Computer Science, Environmental Science, Architecture Design, City & Regional Planning, Food Sciences, BS Technologies and Bachelor of Business Administration. IET, Multan has been awarded the status of degree awarding institute by GOP through an Act of Parliament and Gazette Notification dated 8th May, 2012. Presently 2500 students are enrolled in various disciplines of engineering programmes

3.7 STATE ENGINEERING CORPORATION (SEC)

State Engineering Corporation (SEC) is one of the leading organizations in public sector working under the Ministry of Industries & Production, Government of Pakistan. The Corporation is looking after affairs of the following 04 units:

1. Pakistan Machine Tool Factory (PMTF), Karachi
2. ENAR Petrotech Services (ENAR), Karachi
3. Pakistan Engineering Company (PECO), Lahore
4. Heavy Electrical Complex (HEC), Hattar

SEC companies since their establishment have developed a strong base for the design, engineering and manufacturing of variety of light, medium and heavy engineering products and provide Project Management Consultancy services to Oil & Gas, Chemical, Petrochemical, Fertilizer as well as other process industries. Through continuous efforts, they have achieved optimum level of deletion for various products which helped in enhancing import substitution of capital engineering goods in the country.

The total workforce in corporate office and units in different categories numbers 1886 as on 30.06.2016 that includes regular, contractual and daily wager employees.

State Engineering companies have been persistently playing a pivotal role in its area of activity which encompasses the following:

- Promotion of industrialization through indigenous manufacturing and development;

- Establishing facilities to manufacture capital goods and heavy machinery;
- Acquisition and development of medium to high technologies for manufacturing engineering goods at competitive prices;
- Optimization of local capabilities / facilities in engineering/manufacturing sector;
- Emphasis on export of engineering goods;
- Seeking product diversification for new markets;
- Production of conventional defense armaments;
- Fostering R&D culture
- HR development in the professional fields out of which many have played pivotal role in local industrial sector
- Consultancy services in design & engineering towards development of Engineering Procurement Construction (EPC) projects in Oil & Gas Sector, fertilizer and other process industry.

Group Performance:

The performance of SEC group of companies has substantially improved. SEC Group of Companies were turnaround from loss making units into profit ventures. Companies registered sales were Rs 3,669 million during FY-2015-16, whereas it recorded Rs 1,778 million during FY-2014-15, thus sales volume increased by 106%. With the turnaround of companies, the performance of SEC group in the FY 2016-17 is expected to be much better as all SEC companies possess sales orders in hand amounting to over Rs. 3,429 million whereas many others are in the pipeline.

3.7.1 ENAR PETRO-TECH SERVICES LIMITED, KARACHI

ENAR Petro-tech Services (Private) Limited, Karachi, was established in July 1974 as a Private Limited Company currently, working under the administrative control of State Engineering Corporation (SEC) - Ministry of Industries & Production, Government of Pakistan. ENAR is the only multi-discipline integrated ISO 9001-2008 certified design engineering organization in Pakistan providing project management services during last four (04) decades with the commitment to step forward towards technical excellence. ENAR high caliber personnel deliver a best practice service in various phases of the oil & gas sector projects. ENAR is an integrated engineering and consultancy company providing complete range of service for execution of project in Oil / Gas processing, Storage, Petrochemical, Chemical and Fertilizer sector. The ranges of service are detailed below:

- Project Development /Planning

- Basic / Process Engineering
- Detailed Engineering
- Project Management
- Procurement Assistance
- Construction Management and commissioning
- Operation & Management

1. The details of activities, achievements and progress during 2015-2016 giving only the un-classified information which can be used for reference purposes

Currently ENAR is working on following major oil gas projects.

- **PAPCO:** ENAR recently successfully completed / prepared Front End Engineering Documents (FEED) & EPC Tender Documents for WOP Optimization Project (WOPOP), and Evaluation for prequalification of EPC contractors.
- **PDIL:** EPCC of NRL, CDU – Revamp project-2015 presently ENAR providing required Detailed Engineering services for the project.
- **PPL:** Front End Engineering Design (FEED) 30 MMSCFD & 60 MMSCFD and preparation of Tender Documents for HALA GPF-II on EPCC Basis.
- **PPL:** Adhi NGL/LPG Plant-III, prepared FEED document & provided engineering consultancy.
- **ODCL:** UCH-II Gas Field Project, recently, ENAT has successfully accomplished engineering & procurement of all Long Lead items within targeted frame, whereas currently supervising the PC contractor activities.
- In addition, ENAR has also executed international client's project including OMV, UEPL (Formerly BP) related to design/detailing of Wellhead Development, FEED Packages & Site Investigation Studies.

2. Overall performance of ENAR Petro-tech Services in financial terms during 2015-2016

ENAR persistent efforts have helped to achieve good results as evident from the data given below:

(Rs in Million)

YEARS	SALES	PPROFIT/(LOSS BEFORE TAX)
2015-16	152.00	13.40
2014-15	176.70	8.24
2013-14	227.20	38.45
2012-13	226.48	4.45
2011-12	225.70	39.06
2010-11	160.80	29.94

ORDERS IN HAND (As on 30.06.2016)

Rs 55 million

3.7.2 PAKISTAN MACHINE TOOL FACTORY LIMITED (PMTF), KARACHI

PMTF is an, ISO 9001 certified, precision engineering goods manufacturing enterprise. PMTF was established in 1968 with technical collaboration of Messrs Oerlikon Buhle & Co. of Switzerland. The factory started its regular production in 1971. It is located in Landhi Industrial Estate, Karachi and spread over an area of 226 acres. The company is staffed with a good number of engineers, technicians and workers. PMTF is engaged in production of Machine Tools, Automotive Transmission & Axles Components, Gears for Locomotives, Pressure Die Cast parts and other allied products. PMTF possesses substantial facilities for designing, manufacturing of precision engineering goods, forging, heat treatment, assembly die casting, etc. PMTF has excellent Quality Control and Testing facilities to meet the international quality standards.

1. The details of activities, achievements and progress during 2015-2016 incorporating only the un-classified information which can be used for reference purposes

Research & Development Activities:

a. Development of Special Tooling for Fabrication Industry

To minimize reliability on imported tooling for fabrication industry, and to save precious foreign exchange, PMTF has met the specialized requirement by

developing tooling to support local industry including M/s Siddiq Sons and M/s Sunlight wood products. Initially, PMTF has successfully developed the required 03 types of tooling amounting to Rs 1.723 million with satisfactory performance by end user.

b. Development of Special Purpose Worm Gear and Shaft

To meet M/s Byco Oil Pakistan's requirement and to minimize reliability on imports, PMTF has taken the task for development of under noted Gears:

- Worm Gear for Reduction Gear Box (3 Nos.)
- Worm Shaft Reduction Gear Box (3 Nos.)

The development of these Worm Gears will facilitate local industry in meeting their requirements. The substantial demand of these items for Reduction Gear Boxes is expected from local industry on regular basis.

c. Development of New Generation Gas Meter V3 for SSGC

Messrs Sui Southern Gas Company (SSGC) has introduced New Generation Gas Meter Model V3. Previously PMTF had been supplying body parts of Gas meters Model G 1.6 and G4 types. In order to meet the new demand of V3 Gas meter, PMTF has developed the required dies & tooling and now supplies are being made. Currently PMTF is executing orders for these gas meter parts worth Rs. 30.5 millions.

d. Development of Specialized Gear Box

On demand, initially, PMTF has successfully developed 04 Nos. of Reduction Gear Boxes. Upon satisfactory performance, PMTF has received repeat order from the customer for supply of 22 Nos., valuing Rs 28.3 million.

2. Activities and targets set out for itself during 2015-2016 and the extent to which they have been realized

During the Year 2015-16, PMTF set sales target of Rs 1.059 billion. PMTF secured substantial orders which shows client's confidence but could not achieve the set sales targets, due to the reason mainly attributed to financial crunch, as the company could not arrange the requisite funds to procure necessary input for production cycle.

The details are as under:

(Rs in million)

Sr.#	Product	Sales Target	Target Achieved	Balance Orders
1.	Machine Tools	187.685	32.086	141.590
2.	Transmission Products	410.790	138.851	544.896
3.	Die Casting Products	158.098	38.959	13.594
4.	Special Products	503.805	301.826	881.825
5.	Others	-	9.992	-
	Total	1,260.378	521.644	1,581.905

3. Overall Performance of PMTF

(Rs in million)

Year	2012-13	2013-14	2014-15	2015-16
Sales	440	410	304	515
Profit/(Loss)	(525)	(537)	(583)	(415)

ORDERS IN HAND (As on 30.06.2016)

Rs 1631 million

3.7.3 PAKISTAN ENGINEERING COMPANY (PECO), LAHORE

1. The details of activities, achievements and progress during 2015-2016 incorporating only the un-classified information which can be used for reference purpose

During the year 2015-16, the management paid special emphasis towards productivity enhancement through better planning, taking strategic decision timely and installing following capital assets to improve production capabilities:-

- 1 Commissioning of Coal Gasifier plant and its successful operations.
- 2 Revival and successful operations of galvanizing plant.
- 3 Commissioning of induction furnace and its successful operations.

All these assets are performing satisfactory and have helped to meet the targets set by the management.

2. The programme of activities and targets set out for itself during 2015-16 and the extent to which they have been realized

Measure initiated included:

- Successful credit recoveries of outstanding dues of Rs. 1,008.446 million in the 4 months up to 30.06.2016, which enabled timely payment for raw material purchases.
- Avoiding Late Delivery charges @ Rs. 15 / per Kg and saving at least Rs. 121.39 million on potential LDs, as compared to Rs. 53 million LDs charges during previous years.

Activities and Targets:

Different activities and measures were devised to improve operational and financial performance of PECO. These measures have been tabulated below along with the time lines.

TASK	MEASURES ADOPTED	DATE OF COMPLETION	PROBLEMS	CURRENT STATUS
Installation of induction furnace	These furnaces are required for casting and preparation of billets for rolling mills	Has been completed during the year 2015	Nil	Working efficiently
BMR of structure, pumps/ motors and foundry divisions	Modernization plan of all the divisions has been prepared	Partial completion by June 2016	PECO has currently financial constraints	Proposition under evaluation
Commercialization of facilities available in PECO	Facilities like foundry, galvanizing plant and rolling mill	Step by step all these facilities are being restored and expected to be fully commercialized during next	Lack of funds	Galvanizing plant has become operational and rolling mill will start within next two

		year		month's
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The measures taken have enabled the company to:

- Automate production facilities, reduce production cost, improve quality and upgrade manufacturing technology of existing products.
- Increase in turnover by expanding customers' base.
- Enhance product base through diversification and search for new customers.
- Securing favourable credit terms from different major suppliers and banks.
- Self-sufficiency in producing sufficient in house energy for own consumption in line with the directive of the government.
- Reduce costs and increase the profitability.

The company has achieved better turnover and profitability during the year 2015-16. Efforts are in progress to secure more orders on reasonable margin and management expects better results for the next two years.

3. Overall performance of PECO in financial terms during 2015-16

During the year 2015-16, PECO has been successful in improving performance and productivity of various businesses. PECO has earned a net profit Rs 249.623 million during the year which amounted much higher as compared to previous years as evident from the following data:

(Rs in million)				
Year	2012-13	2013-14	2014-15	2015-16
Sales	386	222	923	2,329
Profit/(Loss)	(83.107)	(66.611)	63.6	331.08

ORDERS IN HAND (As on 30.06.2016)
Rs 799 million

3.7.4 HEAVY ELECTRICAL COMPLEX

Heavy Electrical Complex (HEC), a nationally significant unit of State Engineering Corporation (SEC), is located in Hattar Industrial Estate, District Haripur, KP. It was set up at a cost of Rs. 1,158 million with the techno-financial assistance of the People's Republic of China. The company possesses 61 acres of land out of which 43 acres are allocated to the factory whereas remaining was earmarked for

future developments. HEC has trained manpower numbering around 250 persons including 24 regular (engineers, technicians & professionals), whereas remaining are mostly daily wagers workers. The Company holds ISO 9000–2001 Certification. Accordingly, strict quality control is enforced during all the stages of production using specified procedures and techniques based on latest management practices. The project was designed to manufacture 148 Nos. power transformers rating from 6.3 MVA to 40 MVA, 132/11.5KV to meet the exclusive requirements of WAPDA / NTDC (DISCOs) & KESC. The company started commercial production during 1997.

The company has been set up for meeting the country's requirements of heavy electrical equipment starting from manufacturing Power transformers at optimum cost to support the national electrification programme and strive for import substitution. Although not in its original scope, the mandate of the company has been extended to Rehabilitation/Refurbishment of Power Transformers, which has resulted in saving large amount of foreign exchange besides contributing towards reducing load shedding problems.

1. The details of activities, achievements and progress during 2015-2016 incorporating only the un-classified information which can be used for reference purposes

To-date HEC has manufactured 283 Nos. new transformers valuing over Rs. 7.3 billion of different ratings and supplied to WAPDA/KESC and various other customers. Moreover, HEC has also repaired/ rehabilitated 130 Nos. of Power/Auto transformers valuing Rs. 765 Million for WAPDA, KESC, AJK Hydro Power Board, POF, Pakistan Railways and some other private sector industries. HEC has also participated in USAID sponsored rehabilitation plan for the power sector by supplying fan motors and circuit breakers valuing around Rs. 14 million.

The largest power transformer repaired at HEC so far was 250 MVA having voltage rating of 15/220 KV and weighting 250 tons. HEC have also repaired 03 Nos. auto transformers of ultrahigh voltage i.e. 500KV up to 200 MVA for WAPDA for the first time in the country.

HEC so far achieved import substitution to the tune of Rs. 8 billion (around USDs 107.6 million) through manufacture of new transformers as well as repair of damaged transformers. The repair work ranged up to 500 KV power transformers, at less than 25 % of the replacement cost and 50 % of the lowest foreign bid. The products manufactured, besides regular ones, include own designed transformers of rating 31.5/40 MVA, 132/11.5 KV and five transformers of 20/26 MVA, 132/6.6 KV.

HEC has achieved record production level in its history by manufacturing 44 Nos. new power transformers, in addition to undertaking rehabilitation of 10 Nos. power transformers and also registered a record pre-tax profit of Rs 88.7 million during FY 2015-16. The financial position of HEC is expected to improve further in the fiscal year 2016-17 as position of sales order in hand, as on 30.6.2016, is Rs 630 million.

2. The programme of activities and targets set out for itself during 2015-2016 and the extent to which they have been realized

HEC is in possession of Chinese Technology for manufacturing 7 types of 132/11 KV Power Transformers from 6.3 to 40 MVA capacity. To improve competitiveness of its product HEC has been focusing on design improvements and has succeeded in developing own design of a 31.5/40 MVA 132/11 KV Power Transformer besides few others customer specific. These design development would result in cost saving to the company as compared to earlier design. The transformer with the modified design after approval by the concerned quarters has been supplied to Sukkar Electric Power Company (SEPCO) during the year under review. The transformer has been commissioned and is operating trouble free in the field. Another 05 transformers of the same design are in manufacturing process for the same customer.

The company is also in the process of developing an automatic communication system of Power Transformers with the name of Global Transformer Monitoring System (GTMS) which would transmit real-time transformer critical data to the specified mobile numbers. This would facilitate preventive maintenance of the transformer and avoid any major loss to the transformer in case of a developing fault. Moreover, the company would have a new source of revenue after DISCOs adapt this system.

3. Overall Performance during 2015-2016

The company faced many fluctuations; even then it has been sustaining its operation totally at its own. Operating and Financial Results of the company are tabulated below:

Power Transformers (PTs) Produced and Repaired

Unit: Nos.

Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
PTs produced	23	14	17	05	07	44
PTs Repaired	-	02	07	05	08	10

Total	23	16	24	10	15	54
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Performance:

Unit: (Rs' million).

Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Net Sales	828	538	704	251	374	673
Profit(Loss)	(26)	9	7	(124)	(152)	88.7

ORDERS IN HAND (As on 30.06.2016)
Rs 630 million

3.8 ENGINEERING DEVELOPMENT BOARD (EDB)

1. Policy Development Group

New Automotive Development Policy (ADP) 2016-2021:

Government of Pakistan has approved an Automotive Development Policy (ADP) under which following policy measures were approved.

- i. New investment measures;
- ii. Five year tariff plan;
- iii. Rationalisation of Import Policy;
- iv. Establishment of infrastructure for Quality, Safety, and Environmental Standards;
- v. Ensure consumer welfare, and
- vi. Establishment of Pakistan Automotive Institute.
- vii. Other Interventions

New Investment Measures:

- ADP adopts following two categories of New Investment with different incentives;
 - Category-A: Greenfield Investment:** The installation of new and independent automotive assembly and manufacturing facilities by an investor for the production of vehicles of a make not already being assembled / manufactured in Pakistan.

Category-B: Brownfield Investment: Revival of an existing assembly and/or manufacturing facilities, that is non-operational or closed on or before July 01, 2013 and the make is not in production in Pakistan since that date and that the revival is undertaken either independently by original owners or new investors or under joint venture agreement with foreign principal or by foreign principal independently through purchase of plant.

New Investment Incentives:

Category-A Investor shall be entitled to the following incentives:

- a. Duty free import of plant and machinery for setting up the assembly and/or manufacturing facility on a one-time basis.
- b. Import of 100 vehicle of the same variant in CBU form at 50% of the prevailing duty for test marketing after ground breaking of the project.
- c. Concessional rate of custom duty @ 10% on non- localized parts and @ 25% on localized parts for a period of **five years** for manufacturing Cars& LCVs.
- d. Import of all parts (both localized and non-localized) at prevailing customs duty **applicable to non-localized parts** for manufacturing trucks, buses and prime-movers for a period of **three years**
- e. For Motorcycle industry, existing policy as approved by the ECC and notified by FBR vide SRO 939(I)/2013 and SRO 940(I)/2013 shall continue.

Category-B Investor shall be entitled to:

- a. Import of non-localized parts at **10% rate** of customs duty and localized parts at **25% duty** for a **period of 3 years** for manufacturing Cars& LCVs.
- b. Import of all parts (both localized and non-localized) at prevailing customs duty applicable to non-localized parts for manufacturing trucks, buses and prime-movers for a period of **three years**

Five years tariff plan for the development of the Automotive Sector:

- The CBU duty rates have been reduced by 10% up 1800 cc and below cars. (Applicable from 2017-18)
- The import duty rates on localized (50%) and non-localized parts (32.5%) are being lowered to localized (45%) and non-localized parts (30%) to improve indigenous competitiveness.
- The duty Structure pertaining to concessionary inputs available to Auto parts Manufacturers, is being rationalized to eliminate mis-declaration among sub-components and components.

- 0% tariff slab has been replaced with 1% in line with the overall government policy

Rationalization of automobile import policy:

- Age limit of three years to be continued in case of cars
- Age limit of five years to be continued in case of Buses, Vans, Trucks, Pickups, SUVs including 4x4 vehicles
- Special Purpose Vehicles of following HS Codes not older than five years shall be allowed to end users as specified in the import policy order:
 - Prime Movers HS Code (8701.2040)
 - Concrete mixer lorries HS Code (8705.4000)
 - Dumpers designed for off highway use HS Code (8704.1090).
 - Others HS Code (8705.9000) including water sprinklers be maintained.

Regulatory and enforcement mechanisms for Quality, Safety and Environmental Standards:

- Pakistan to take the membership of WP. 29 initially as an observer and subsequently initiate and pursue actions aimed at development of Regulations based on United Nation Regulations (UNRs) with eventual goal of becoming the Party to the International Whole Vehicle Type Approval(IWVTA).
- EDB shall take the lead role in developing, and enforcing the Regulations through the concern ministries/ provincial governments.
- Motor Vehicles Ordinance of 1965 and Motor Vehicle Rules of 1969 and National Highway Safety Ordinance of 2000 to be reviewed accordingly.

Establishment of Pakistan Automotive Institute:

- The ADP adopts establishment of Pakistan Automotive Institute (PAI) for planning and implementation of activities relating to the development of the automobile industry, particularly research, education and technical guidance relating to quality improvement, safety inspection and environmental preservation as well as development of a database covering technical information relating to the automobile industry.
- Adopt merger of the newly-created PAI with Automotive Testing and Training Centre (AT&TC).

I. Ensuring Consumer Welfare through provision of quality, safety, choice and value for money

- Amount of advance payment shall be limited up to 50% of the total price. Price and delivery schedule, not exceeding two months shall be firmed at the time of booking. Any delay over two months shall result in discount @ KIBOR+2% prevailing on the date of final delivery/settlement from the final payment. This will help shorten delivery lead time
- Development and Enforcement of safety regulations.
- Compulsory installation of immobilizers in cars by the OEMs.
- Product recall system shall be put in place in line with global practice.

Other Interventions:

- **Truck Financing by Commercial Banks**

The ADP adopt to extend the consumer finance facility to individual customers for commercial vehicles in line with car segment financing scheme at the prevailing interest rates. This will help industry to improve its production capacity.

- **Incentivize Fleet operations**

Keeping in view the upcoming China Pakistan Economic Corridor and other mega projects like Lahore - Karachi Motorway, ADP adopt to corporatize the trucking sector by incentivizing fleet operation schemes through allocation of dedicated funding by State Bank of Pakistan / IFI's with reduce interest rates to enhance volumes of the industry and enable it to absorb fixed cost to reduce overall cost.

II. Measures for Strengthening Linkages between Industry and Agriculture Sector to Boost Economic Growth

EDB has initiated measures for strengthening linkages between Industry and Agriculture sectors to develop agriculture implements to enhance farm mechanization. An initial review of agriculture sector has been carried out and work already done by organizations like Agricultural Department of Punjab, Farm Machinery Institute, Islamabad (FMI), Agriculture Mechanization Research Institute, Multan (AMRI), SMEDA, PSQCA, TUSDEC, and leading manufacturers have been gathered for situation analysis. After stock taking of the work done so far by various organizations, a Working Group with representation from the government, industry and academia is being proposed to prepare road map for the development of Agriculture implements sector

III. Future Plans / Targets

- i. Implementation of New Automotive Development Policy (ADP) 2016-2021 by disseminating the policy and arranging all the requisite support for its implementation:
 - a. Circulation of Policy document globally and to all potential new investors
 - b. Processing of new investors cases as and when received.
 - c. Initiate establishment of Pakistan Automotive Institute and arrange financing from international donors agencies to the tune of US\$ 3-5 billion.
 - d. Ensure consumer welfare
 - e. Administer Auto Industry Development Committee (AIDC).
- ii. Preparation of roadmap for designing and development of agricultural implements to boost farm mechanization with an objective to formulate Agriculture Implement development Policy by:
 - a. Examining existing tariff and developmental policy
 - b. Reviewing existing standardization infrastructure in farm implements sector; and
 - c. Preparation of Road map for local manufacturing by identifying the short term, medium and long term measures.

IV. Development of global harmonized vehicle regulations

Measures have been initiated for development and enforcement of safety regulations by taking membership of Working Party (WP 29) of the United Nations Economic Commission for Europe (UNECE) to adopt global harmonized vehicle regulations. Policy section is looking for a Japanese consultant to develop implementation plan for adoption of said regulations.

V. Feedback to Ministry of Commerce for Import policy

Policy Wing is working with the Ministry of Commerce for Trade Policy inputs on following technical matters.

- Request for permission of import of Liquid Carbon dioxide from India via Wagha Border.
- Permission of Import of Juices from India Through Wagha Border Via Land Route
- Request for Permission to Import SOP/SSP/NPK fertilizers from India
- Permission to Import cotton bales from India.
- Permission to Import brick making machinery from India

- Grant of Permission for Import of Agricultural Machinery from India through Wagha Land Route

2. Sector Development Group

Industrial Support Programme:

In the follow up of on-going regional economic integration originating from China-Pakistan Economic Corridor, Engineering Development Board has started Industrial Support Programme (ISP) with the collaboration of Academia and Research Organizations. This integration would open new and enhanced vistas of global trade in this region. There is no second opinion that for local industry, this emerging scenario could be a game changer if we succeed in framing a decisive role for our local industry in this development.

ISP is focused to facilitate:

- i. Technological up-gradation of the local industrial set-ups;
- ii. Local solution to technical issues of the local industries; and
- iii. Match-making of local and foreign industries for possible joint ventures.

22 Engineering/Technical Universities of the country with 992 professors, researchers and different research organizations including ATCOP have been taken on board. Industries are being approached through their associations and Chambers of Commerce & Industries to share their technical issues as well as strategic programmes for partnerships/ joint ventures with Chinese manufacturing companies. Chinese export market-access and technology combined with local Pakistani manpower is sure to create global competitiveness for goods produced in Pakistan. This would be a win-win situation for both sides.

3. Business Development Group

Pakistan at Hannover Messe 2016:

Engineering Development Board organized Pakistan's Pavilion at the world's largest trade fair of industrial technologies "Hannover Messe-Germany" 2016. 32 prominent engineering companies from Pakistan participated to showcase their products and capabilities. The Trade Fair showcased a wide spectrum of products of top engineering companies in the industrial supply category. A group of 10 delegates

from leading Technical Universities and industries were also accompanying the delegation.

Pakistan's Pavilion was branded as "**Vibrant Pakistan**" with a theme of "**One Nation One Vision**". Our Pavilion was the hub of activities and Pakistani stands were among the most visited stalls due to group participation, quality of exhibits, decor of the stalls and excellent give away items promoting the soft image of Pakistan as an engineering destination. Besides the visit of hundreds of customers, general visitors, and many Delegations/Business men from the world renowned technology providers and manufacturers visited Pak Pavilion.

EDB's Participation at PAPAS 2016:

EDB had set up a booth at PAPS 2016 held in March 2016 .CEO-EDB was invited as the Chief Guest of the Show. Many local and foreign delegates visited EDB's stall had detailed deliberations on investment facilitation regime being provided by the present Government. CEO- EDB ensured that under the patronage and guidance of the Ministry of Industries & Production EDB would continue to support and look after the needs of local industry with rational policy and developmental support.

Visit of Pak Delegation to Belarus:

BDG organized visit of a seventeen member delegation under the leadership of Honorable Minister for Industries & Production Mr. Ghulam Murtaza Khan Jatoi to Minsk - Belarus from April 12th – 13th, 2016. The delegation comprised of the leading businessmen from engineering sectors in the Auto Parts and Components manufacturing, Steel, Chemical, Domestic Appliances, Industrial Machinery and Equipment etc.

The visit was under taken primarily to promote industrial cooperation and bilateral trade between the two countries. Moreover, acquisition of new technologies through Joint Ventures in various fields for technology up gradation was also in focus. During the visit, the inaugural meeting of the Joint Working Group (JWG) on Industrial Corporation was also held and a protocol was signed to strengthen bilateral ties in the sphere of industrial collaboration.

Engineering Goods Exporters Directory 2015:

In order to project Engineering Image of Pakistan, EDB had compiled & published Engineering Goods & Services Exporters Directory of Pakistan in 2013.The same has been updated for the year 2015 with complete profiles of 170 leading Exporters of Pakistan in various engineering sub sectors. The directory has been circulated to

Pakistan's Foreign Missions, Foreign and local Chambers of Commerce, Associations and EDB's International Support Partners in the potential markets.

Participation in Pakistan Investment Conference:

In order to highlight investment opportunities in the engineering sectors and subsectors of Pakistan, EDB participated in the Pakistan's Investment Conference held in November 2015. The incentive regimes being offered by the GOP in EPZs, SEZ's, for Pioneer Industries were highlighted. Details of the potential investment sectors like Automobile Industry, Iron & Steel, Electric Home Appliances, Electrical Capital Goods, Energy and Light engineering (Electric Fans, White Goods, Medical/Surgical Equipment and Cutlery) were presented to the foreign delegates /participants.

Organizing Engineering Pavilion at 9th Edition of Expo Pakistan 2015:

In view of the extensive appreciation which the EDB received for organizing Engineering Pavilion at the 8th EXPO Pakistan, TDAP again invited EDB to organize engineering sector pavilion in the 9th Edition of EXPO Pakistan 2015 where 52 stalls were set-up for exhibiting products for 32 companies. The delegations from foreign countries including India, Netherlands, Mauritius, Nigeria, Saudi Arabia and UAE etc showed keen interest in Pakistani products. Several inquiries were generated for the manufacturers of tractor parts & components, industrial valves, surgical instruments, fiberglass boats etc.

Capacity Building and International Linkages:

EDB has developed linkages with various international organizations to provide Short Term Expert services to local industry with the objective to improve production process, quality of product, managerial capabilities, accounting system improvement etc. During the period under review, EDB has arranged PUM — Dutch experts for 5 companies/organizations.

Single Country Exhibition at Colombo-Sri Lanka:

In collaboration with TDAP, participation of engineering industry was organized by EDB at the single country exhibition held in January 2016 at Colombo-Sri Lanka. Participants from motorcycle, rickshaw, agriculture implements, fan etc sector exhibited their products.

Tariff Rationalization Exercise:

The main objectives of the tariff rationalization exercise are:-

- Reducing cost of doing business by decreasing cost of inputs

- Encouraging local Industry to invest in priority sectors.
- Simplifying procedures for payment of Customs Duty, Sales Tax and Federal Excise
- To counter the menace of under-invoicing, smuggling and mis-declaration
- To encourage import substitution

Consultative Approach:

Consultative based approach was followed in Tariff Rationalization Exercise undertaken for the Federal Budget 2015-16. The proposals received from the Industry, Trade Associations, Chambers, FBR, Mol&P etc. were analyzed and firmed up by EDB for consideration by FBR. This year the proposals were mainly based on the simplification of SROs which were initiated by FBR and EDB was fully associated in this exercise.

Statistics:

- 850 proposals were received for budget exercise 2015-16.
- 100 proposals were finalized and forwarded to FBR for consideration.

Feedback to Ministry of Commerce on FTA/ PTA:

BT&E is working with the Ministry of Commerce on Free Trade Agreements/ Preferential Trade agreement on technical matters.

- Wish List of Pakistan.
- Request List of Partner Country.
- Technical Input on Joint Ministerial Commission, Governmental Commission etc.
- Consideration of Engineering Goods for investment/ trade
- Liaison with Concerned Stakeholder during negotiation of FTAs/ PTAs.

Notifications Regulated by EDB:

Following notifications are regulated by EDB.

- **SRO 656(I)/2006 dated 22.06.2006** – Authorizes EDB to allow import of CKD under concessionary regime to OEMs.

- **SRO 655(I)/2006 dated 22.06.2006** – Authorizes EDB to allow concessionary import of raw-materials, sub-components, components and sub-assemblies to vendors
- **SRO 693(I)/2006 dated 22.06.2006** – Notifies list of locally manufactured parts / components as recommended by EDB
- **Fifth Schedule to the Customs Act 1969 and SRO 678(I)/2004 dated 07.08.2004** – To determine local manufacturing status of goods being imported under concessionary regime to protect local industry.
- **SRO 827(I)/2001 dated 03.12.2001** – Binds government and public sector organizations to give price preference to local industry over imported goods. EDB to monitor implementation of SRO and resolve issues relating to determination of landed cost factor.
- **SRO 450(I)/2001 Authorizes** EDB to determine IOR/Wastages of inputs procured under DTRE and under Manufacturing Bond.

Performance w.r.t various SROs / Notifications:

		No. of Cases Finalized	
		2014-2015	2015-2016
A. TBS-I (4-Wheelers) - SRO 656 & SRO 693			
1.	Certificates issued vehicle wise:	171	203
2.	Lists verified issued vehicle wise:	171	203
3.	Input Records verified vehicle wise:	162	171
B. TBS-II (2/3-Wheelers) - SRO 656 & SRO 693			
1.	Certificates issued vehicle wise:	230	266
2.	Lists verified issued vehicle wise:	230	266
3.	Input Records verified company wise	93	74
4.	Assembling Facilities verified	07	04
C. Determination of IOR under SRO 655			
1.	Input Output Ratios under SRO 655 (Revalidation + New)	178	192
2.	Input Output Ratios under SRO 656 (Direct Materials)	04	04
3.	Input Output Ratios under DTRE	12	13
D. Determination of local manufacturing status (5th Schedule to the Customs Act 1969 & SRO 678)			
1.	Determination of local manufacturing status of imported goods	271	210
E. Finalization of cases under SRO 827			
1.	Determination of status of procurements and its implementation as per procedure and laws of	15	20

	Government		
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Online Quota Debiting System for Clearance of Automotive Parts and Inputs Thereof (Shifting Of One Customs System Of Pral To Weboc)

- WeBOC System is operational since 1st July, 2013 and EDB is working closely with FBR for effective implantation thereof and has also been providing inputs for its refinement.
- EDB allocates quota of imported inputs to OEMs & Vendors, which is debited on-line through WEBOC.
- EDB can access this system for year round monitoring of Tariff Based System (TBS).

3.9 PAKISTAN STEEL MILLS (PSM)

Gas supply to Pakistan Steel Mills (PSM) was stopped by Sui Southern Gas Company Limited (SSGC) on 10th June, 2015. Consequently, production of raw steel has been stopped since then. Presently, Pakistan Steel Mills, Karachi is on the active privatization list of the Privatization Commission and efforts are being made by the Federal Government for its disposal through privatization.

3.10 NATIONAL PRODUCTIVITY ORGANIZATION (NPO)

The National Productivity Organization (NPO) is a public sector company registered under section 42 of the Companies Ordinance 1984 under the umbrella of Ministry of Industries and Production (MoIP). NPO represents Pakistan as one of the founding members of Asian Productivity Organization (APO) since 1961. Currently, APO Japan has 20 member countries. Secretary, MoIP is the Director, APO for Pakistan while NPO is a Liaison Office of APO, Japan.

NPO is working on enhancing Productivity and Quality to develop a Knowledge Based Economy. It is providing a broad spectrum of services including Entrepreneurship Development, Human Capital Development, Organizational Development through Management Consultancy, Sector Development, Research & Development, Energy Efficiency, Green Productivity and Benchmarking to improve resource efficiency and workforce/managerial skills & capabilities within all economic sectors. The NPO has its Head Office at Islamabad and Regional Offices at Lahore, Faisalabad, Multan, Peshawar and Karachi.

Major Activities/ Achievements of 2015-16:

1. Restructuring - Corporate Governance Structure

- Board reconstituted on May 6, 2015 under the under Public Sector Companies (Corporate Governance) Rules, 2013.
- New CEO appointed in October 2015.

2. Development of Five Year Strategic Framework and Plan

Draft NPO Vision 2020 for Productivity, Quality & Innovation Clusters has been prepared by NPO team under the leadership of CEO, NPO and presented to the Board, Ministry of Industries & Production (MoIP), Planning Commission and Advisory Committee of Planning, Development and Reform Division.

- Vision
 - “Productive and competitive Pakistan”
- Mission
 - “To strengthen the national capacity in productivity, quality, and competitiveness for sustainable socio economic development of the country”
- Corporate Values
- Defined strategic dimensions
- Chalked out activities along with timelines supporting the strategic dimensions
- Defined key process indicators (KPIs) along with role / responsibilities and targets

Quality and Productivity Improvement Year Planning:

The CEO, NPO made a presentation on "Productivity, Quality & Innovation Clusters" to the 9th Advisory Committee chaired by the Minister for Planning, Development and Reform for celebrating year 2016 as the “Quality and Productivity Improvement Year” on 8th March 2016 at Planning Commission.

Based on above presentation, a PC-1 is being prepared by Ministry of Planning, Development & Reforms to promote Productivity, Quality and Innovation by NPO in collaboration with Ministry of Science & Technology and Higher Education Commission.

3. IFC Business Edge Teaser / Pilot Training project (April – June 2016) in collaboration with Chambers of Commerce & Industries

NPO successfully completed four (04) teaser events under IFC Business Edge Teaser / Pilot Training project. The events were organized for Multan Chamber of Commerce & Industry, Sialkot Chamber of Commerce & Industry, small & medium enterprises of Hyderabad and Naran Hotels Association. These teaser events were attended by 172 participants.

Launching Diploma on Productivity, Quality and Innovation:

NPO is working with IFC Business Edge to introduce jointly a three month diploma on Productivity, Quality and Innovation. The designing of modules are in the final stage. NPO shall be offering this diploma as an accredited partner of IFC Business Edge.

4. Economic Revitalization of KPK and FATA project(April – June 2016)

NPO successfully completed eleven (11) training workshops under Economic Revitalization of KP and FATA project in collaboration with Women Chamber of Commerce & Industry (WCCI) KP for improving women productivity/livelihood. These trainings were attended by 129 women from Peshawar and surroundings.

Sr. No.	Title of Training	Number of days	Venue
1.	Preservation	2	KP
2.	Kitchen Gardening	5	KP
3.	Food processing	4	KP
4.	Mushroom growing	3	KP
5.	Cooking and Baking	7	KP
6.	Block Printing	3	KP
7.	Screen Printing	3	KP
8.	Candle Making	3	KP
9.	Flowers arrangement	3	KP
10.	Glass Painting	3	KP
11.	Fabric Painting	3	KP

5. Collaboration with Chambers and Associations

The NPO has contacted various chambers and associations for a possible mutual collaboration on initiating activities for productivity improvement. Initial meetings of CEO NPO with AJK, Islamabad and Rawalpindi Chamber of Commerce & Industry and Pakistan Sugar Mills Association have concluded with positive prospective support from these stakeholders.

6. Global Cleantech Innovation Programme

The CEO NPO was selected as one of the three judges for **Global Cleantech Innovation Programme**. This programme is funded by Global Environmental Facility (GEF) and globally managed by United Nations Industrial Development Organization (UNIDO). It includes a global competition aimed at promotion of innovations in the area of clean technologies. This programme includes extensive mentoring, training, access to investors and

opportunities to showcase innovations. Winners of the innovations shall be given prizes ranging from US\$ 15,000 to 20,000 plus exposure visit and training at Silicon Valley, USA. NPO in collaboration with UNIDO also extended invitations to various organizations/institutes for this programme. Round 1 judging activity was completed on 3rd June 2016 at Islamabad. The judges selected 85 innovators / SMEs from a total of 500 plus applicants in competitions. As follow-up, the selected participants were invited and mentored at Islamabad, Lahore and Karachi. They would present their prototypes to the judges in six months. Winners of this round shall be given prizes as mentioned above and to be sent to Silicon Valley for global competition.

7. Establishment of Venture Capital Fund

The CEO NPO held several meetings with UNIDO regarding the idea of commercially viable startups and subsequently discussed with Secretary MoIP. The Secretary MoIP advised the CEO NPO for further deliberation on the subject so that it may lead to the establishment of venture capital fund.

8. Green Productivity / Sustainable Industrial Growth

Initiatives on Green Productivity:

NPO is working on one of the prime priority sectors of the Government of Pakistan i.e. Energy. Since inception, it has conducted more than 300 energy efficiency audits in various sectors including textile, steel, buildings, etc. It has established Green Productivity Center in 2015, which will act as data / knowledge / research center for all organizations / institutes working on the subject. In this regard, NPO is replicating Green Productivity (GP) practices which is a major subject of APO and is of high global concern. NPO is focusing mainly on the promotion of GP and following areas:

- Energy Efficiency and Conservation
- Material Flow Cost Accounting
- Water Efficiency

Energy audits of the following sectors were conducted in the year 2015-16;

Sr. No.	Sector	Number of units
1.	Textile Industries	6
2.	Buildings	4
3.	Others	4
Total		14

Moreover, NPO is also developing demo companies; 01 on Green Productivity (MFCA) and 02 on Energy Management System.

9. Launching Ceremony of Report on Sustainable Industrial Growth in Pakistan (May 2016)

The National Productivity Organization (NPO) in collaboration with Cleaner Production Institute (CPI) and International Finance Corporation (IFC) has successfully launched a report on “Sustainable Industrial Growth in Pakistan” on May 24, 2016 at Marriott Hotel, Islamabad and May 26, 2016 at Avari Hotel, Lahore. The launching ceremony and presentations were attended by policy makers, industry specialists, potential investors, bankers and regulatory enablers who discussed various aspects of the findings in the report. NPO and CPI have conducted nearly 200 resource efficiency audits for manufactures in the textile, sugar, leather, and pulp and paper industries. Based on that rich source of information, a study was conducted and published as a report which would benefit policy makers and industrialist to encourage sustainable industrial growth in Pakistan. As part of the productivity promotion, the event was covered by almost all leading newspapers and TV news channels. Report on “Sustainable Industrial Growth in Pakistan” is available at NPO head office.

10. Human Capital Development

National Programmes:

Wide range of specialized trainings including replication of international trainings were provided through various types of programmes such as General Awareness Training (GAT), Training on Wheels (TOW), Corporate Training (CT), Train the Trainers (TTT), Distance Learning and e-Learning programmes in the following management and technical disciplines:

- Productivity and Quality Management
- Green Productivity
- Energy Management
- Benchmarking
- Quality standards
- Sector Development (Industry, Services, Agriculture, Academia)
- Human Resource Development
- Personal Productivity Skills

Brief on the national trainings for the year 2015-16 is as under;

Sr. #	Description	No. of Programs	No. of Participants
-------	-------------	-----------------	---------------------

1.	Quality and Productivity Management	5	88
2.	Operations Management	3	39
3.	Personal Productivity Skills	3	22
4.	Financial Management and Accounting	5	31
Total		16	180

International Programmes:

Based on APO platform, NPO has been offering different types of programmes including Trainings/Workshops, Technical Expert Services, Research, Conferences, Observational Study Missions and Development of Demonstration Companies.

Main thrust areas of these services include;

- Industry Development
- Innovation
- Green Productivity including energy
- Agriculture Development
- Service Sector Development
- Public Sector Development

Summary of the international programmes was arranged through the APO platform in the year 2015-16 is as under;

Sr. #	Description	No. of Programs	No. of Participants
1.	Multi-country Trainings	3	69
2.	e-Learning Courses (at Pakistan)	5	79
3.	International Trainings	38	60
Total		46	208

11. Visit of Secretary General, APO

Mr. Mari Amano, Secretary General of APO visited Pakistan from 6 to 8 April 2016 and had meetings with Secretary MoIP, Additional Secretary MoIP, Project Director Pakistan Vision 2025, Ministry of Planning, Development and Reform and CEO NPO. He discussed various aspects of productivity promotion amongst member countries and specifically for Pakistan.

Consequent to the visit of Secretary General APO, NPO would get following five additional programmes to be implemented in Pakistan in the calendar year 2016:

- i. Technical Expert Services (TES) on ISO 9001:2015 for NPOs and Public Sector Organizations

- ii. TES on Women & Youth Entrepreneurship Development
- iii. TES on Lean Manufacturing Systems for Productivity Enhancement
- iv. National Follow-up Programmes on Result Based Management & e-Government
- v. Development of NPOs - Development of Productivity Practitioners

12. Benchmarking Studies

National Productivity Organization is pioneer to introduce this concept in Pakistan and has carried out the following Benchmarking Studies:

- Benchmarking Study of Surgical Sector
- Benchmarking Study of Textile Sector
- Benchmarking Study of Cutlery and Fan

Provision of Polishing Machines to Cutlery Sector of Wazirabad (April 2016)

NPO assisted United Nations Industrial Development Organization (UNIDO) in benchmarking of the cutlery sector leading to identifying gaps in terms of implementation of Lean Manufacturing and Technology Upgradation of Polishing Machines. For developing model companies in the sector, NPO, UNIDO, the European Union (funding agency) and **Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association (PCSUMEA)** inaugurated polishing machines on April 28, 2016 at Wazirabad.

13. Entrepreneurship Development

Made in Gilgit project:

NPO initiated this project in late 2015. The main aim of the project is to improve the productivity and socio-economic condition of the local crafts' persons belonging to district Gilgit. The programme comprises of

- Training of crafts' persons on sales, customer relationship management, marketing and e-marketing at Gilgit
- Development of 'Made in Gilgit' web portal to increase the sales of traditional products outside GB region
- Crafts' persons' exposure visits to **Islamabad Chamber of Commerce & Industry** and markets in Islamabad for linkages development
- Organizing two exhibitions; first at **Lahore Chamber of Commerce & Industry** and second at **Multan Chamber of Commerce & Industry**

3.11 HEAVY MECHANICAL COMPLEX (HMC)

Heavy Mechanical Complex (HMC), Taxila was established under 3rd. Five Years Plan, with the technical and financial co-operation of government of People's Republic of China, to implement government's industrial policy to shift emphasis from consumer goods to capital goods manufacturing industry. HMC started its operations in December, 1971.

Later in 1977, Heavy Foundry & Forge (HFF) was established, also with the collaboration of People's Republic of China, to produce heavy castings and forgings to facilitate HMC and other industry in the country. This project also envisaged the need of heavy engineering sector as evidenced from the inaugural address in the following words, *“the role of engineering sector, particularly of heavy engineering is of paramount importance in developing economy. Meaningful industrial growth can only start after heavy engineering base is provided. Because of nature of this industry gestation period is long and returns are slow but equally they are essential”.*

In 1990, Heavy Foundry & Forge was merged into Heavy Mechanical Complex.

Production Facilities:

The facilities in the company are comprehensive and largest in the country, under one roof. The facilities include design & engineering; Foundry & Forge Works comprising of steel casting, cast iron & non-ferrous castings, die & free forgings, heat treatment and pattern making shops; Mechanical Works comprise of fabrication, machining, assembly, galvanizing facilities and nonferrous fabrication facilities. HMC can undertake projects right from designing to manufacturing, installation and commissioning of plants.

Quality Assurance:

HMC has in-house quality assurance facilities manned by highly qualified professionals. These include all types of mechanical tests, chemical tests, non-destructive tests and metrology.

Quality Certifications:

HMC has also the following international quality certifications;

- ISO 9000: 2000 Certification
- ASME certification for stamps U, U2, S, PP & R for manufacture of pressure vessels, boilers, pressure piping under ASME codes.
- Lloyds of UK certification as manufacturer of 1st. class fusion welded pressure vessels.

Product Range & Development:

HMC has made significant contribution in local development of heavy engineering projects and its products line include sugar plants, cement plants, equipment for oil and gas processing plants, equipment for hydro and thermal power plants, overhead travelling cranes, steam boilers, pressure vessels, heat exchangers, road construction machinery, steel structures, heavy castings and forgings and other engineering goods.

Exports:

Besides meeting local requirement of plant and machinery, HMC has exported 4 sugar plants, one clinker grinding plant, overhead travelling cranes, road construction machinery and host of other items to friendly countries as follows;

Indonesia	Subang sugar mills (3000 tcd)
Bangladesh	Natore sugar mills (1500 tcd)
	Pabna sugar mills (1500 tcd)
	Sks clinker grinding plant(1450 tpd)
	E.O.T cranes for railways
Sri lanka	Boilers
	Gates for irrigation system (Mahawali Development Project)
Kenya	Asphalt mixing plant
Ghana	E.O.T. cranes for railways
Sudan	Evaporation station for sugar mill
Saudi Arabia	4 tph heat recovery boiler
Ethiopia	Sugar mill (8000 TCD)

Financials:

Financial performance of the company for the last five years is tabulated below;

Performance at a Glance

Years 2011 - 2016

Rs. in Million

Year Ending 30th. June	Sales	Gross Profit/ (Loss)	Pre-Tax Profit/ (Loss)	Loans		Inventory	Orders in hand
				Long term	Short Term		
2011	2251.42	239.49	3.146	914.08	150.00	1033.51	2102.37
2012	2628.51	267.47	14.20	959.79	150.00	1139.26	2600.05
2013	2634.11	239.17	2.32	429.00	150.00	804.00	1799.65
2014	2983.96	309.83	32.60	429.00	150.00	716.95	886.27
2015	1016.6	-823.804	-1097.066	429.00	150.00	646.25	651.944
2016 (Provisional)	521.0	-365.60	-618.80	429.00	150.00	405.03	1,333.84

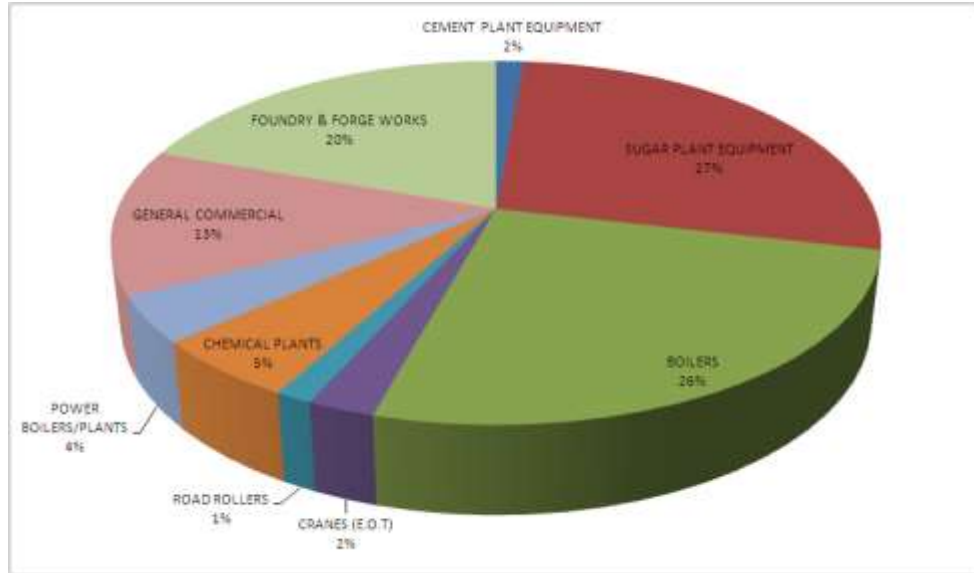
Profit & Loss

Years 2015 & 2016

Rs. in Million

Description	Actual Jul-Jun 2015	Budget Jul-Jun 2016	Actual Jul-Jun 2016 (Prov.)	Variance over	
				Actual last year	Budget
Sales (mnf.)	1016.634	1383.000	521.000	(495.634)	(862.000)
Cost of Sales	1840.438	1663.800	886.600	(953.838)	(777.200)
Gross Profit/(Loss)	(823.80)	(280.80)	(365.60)	458.20	(84.80)
<u>Operating Expenses</u>					
General & Admin.	217.197	217.200	185.800	(31.397)	(31.400)
Selling & Distribution	34.121	34.100	37.900	3.779	3.800
Total Opr. Expenses	251.318	251.300	223.700	(27.618)	(27.600)
Operating Profit/(Loss)	(1075.122)	(532.100)	(589.300)	485.818	(57.2)
Financial Expenses	(86.645)	(76.800)	(93.700)	(7.055)	(16.900)
Other/Interest income	64.701	65.000	64.200	(0.501)	(0.800)
Profit/(Loss) before Tax	(1097.066)	(543.900)	(618.800)	478.262	(74.9)
Taxation	3.805	(13.830)	(5.200)	(9.005)	8.630
Profit/(Loss) after Tax	(1093.261)	(557.730)	(624.000)	(469.257)	(66.27)

Sales Break-up during 2015-16



Future Direction of the Company:

Since its inception in early seventies, HMC has excelled in many disciplines. HMC can rightly be proud of its achievements in local development of capital goods especially in heavy engineering sector like Sugar mills, Cement plants, Boilers, Cranes, Oil & Gas industry, Power generation plants, Heavy Castings / Forgings and many such other similar products.

Inline with its policy of indigenization of technology for the growth of local industry, HMC, in addition to other areas, is specifically working on the following areas/ products:

16 MW Naltar-III Hydropower Project:

HMC has manufactured and supplied large number of equipment for hydropower plants for various projects in the country. Now, Government in view of need and large potential of hydro-electric power generation has entrusted HMC with turn-key execution of 16 MW, Naltar-III hydropower project, as a model local project, to develop the local capabilities in turn key execution of hydro power plants. The Project has been awarded and contract signed with Water & Power Department, Gilgit Baltistan.

48 MW Jaggran Hydropower Project:

Recently HMC-FWO-Chinese JV has won ICB of a 48 MW Jaggran-II hydel power plant to be established in AJK wherein HMC's share is more than Rs. 1200 Million. Contract has been awarded to HMC. This economic cycle will bring HMC back to the prosperity. CPEC has opened new vistas of business for HMC wherein HMC intends to participate in identified energy sector projects in association with foreign partners.

High Pressure Boilers for Co-Generation:

There is large potential for power generation in sugar industry by replacing the existing low pressure boilers with high pressure boilers. HMC has been regularly designing, manufacturing and supplying bagasse fired boilers to sugar industry, according to their needs. Now, HMC has completed the design of high pressure bagasse fired boiler and is offering to sugar industry. The indigenous availability of high pressure boilers will help in expediting co-generation in sugar industry, which will greatly help in reducing the electricity shortage in the country. Recently HMC has supplied a high pressure boiler of 140 ton / 67 bar capacity and complete fuel & ash handling system for a 26.2 MW co-generation project which is operating successfully. Furthermore, HMC is also negotiating supply of high pressure boilers and complete fuel & ash handling system to other co-generation projects.

Falling Film Evaporators:

HMC has been meeting the entire requirements of the sugar industry for more than three decades. It has been keeping pace with the developments in sugar industry to provide the industry with better equipment for improvement in performance. Recently HMC has developed falling film evaporators, which improve the performance with energy conservation. HMC has offered this product to local industry.

Two Roller Cane Crushing Mill:

Recently HMC has completed the indigenous development of 2-roller cane crushing mill for sugar mills. These mill are replacing the 3 & 4 –roller mills at present. These mills are energy efficient and give better results. HMC has already executed two orders for these mills, which have been installed in the crushing season.

Future Plans for Energy Sector:

HMC is working on developing capabilities as an EPC company, to make contribution in energy sector, for domestic requirements on priority along with export potential for engineering goods to increase the country's exports.

On the initiative of Ministry of Industries & Production, HMC has prepared future plans for up-gradation of its design and manufacturing capabilities and had submitted the two PC-1s. These PC-1s have been approved by the CDWP and ECNEC for execution. These PC-1s are for the following projects:

i. Establishment of design institute

The project costing RS.687 million is to develop local capabilities for complete design of power plants (Thermal, hydro & renewable) and oil & gas processing and refining plants within the country. This PC-1 was approved by CDWP in January 2011 and is under implementation.

ii. Up-Gradation of Facilities

HMC has planned up-gradation of its facilities for production of equipment for complete power plants including turbines and other energy sector plants. The project will cost around Rs.21.5 billion. It shall up-grade steel melting & refining, forgings, fabrication and CNC machining facilities. This PC-1 was approved by CDWP & ECNEC in January & May 2011 respectively.

3.12 UTILITY STORES CORPORATION (USC)

Utility Store Corporation was established in July 1971, by taking over 20 retail outlets from the Staff Welfare Organization. Passing through various stages of expansion and reorganization, the Corporation was operating 5302 Stores including Franchise Stores throughout the Country during year 2015-2016.

The Corporation was established under an Executive Order of the then President of Islamic Republic of Pakistan. It was registered as private limited company under Companies Act, 1913, now called Companies Ordinance, 1984.

Basic Objectives:

The basic objectives for which the Corporation was established are: -

- i. To protect the real income of the people by selling essential consumer items at prices lower than those prevailing in the open market.
- ii. To act as a price moderator in the market and deterrent to profiteering, hoarding and black marketing by the private sector.
- iii. Provision of Economic relief to consumers through Special Relief Packages.
- iv. Food security during crisis; provision of basic Food items to affectees during Natural Calamities.

Operational Efficiency:

Operational performance of the Corporation during the last eight years is tabulated hereunder:-

(In Millions)		
Year	Sales achieved (Rs. In Billion)	Net profit/Loss
2008-09	48.734	0.452
2009-10	52.932	0.708
2010-11	68.917	0.844
2011-12	68.281	0.775

2012-13	93.000	1.158
2013-14	95.000	1.001
2014-15	57.992	1.338
2015-16	49.952	2.250

Employment Generation:

The Corporation at present is one of the major job providers in the Country. The Corporation had a manpower of more than 13,357 personals in different categories.

No burden on Government Exchequer:

The Corporation is not a burden on the Government Exchequer. It is not getting any kind of grant or subsidy for its operational expenses. All kinds of operational expenses which include the cost of salaries, wages, cost of selling and distribution, rentals of the buildings, the cost of electricity, payment of taxes etc. are being met by the Corporation itself from the Gross Profit margin of the sale proceeds. This is a great service to the Nation. Monthly salary bill of the Corporation is more than 275 Million.

Taxes Deposited in the National Exchequer:

Despite selling the essential consumer items at the prices lower than the open market, the Corporation during the last eight years has paid various taxes amounting to Rs.41.56 Billion. In the Government exchequer as per following details:

Sr. No.	Year	Amount (Rs. In Billions)
1.	2008-09	4.149
2.	2009-10	4.534
3.	2010-11	6.412
4.	2011-12	5.294
5.	2012-13	5.318
6.	2013-14	7.802
7.	2014-15	1.342
8.	2015-16	6.709
	Total	41.56

Expansion of the Network:

Since the year 2007 the network of the corporation has been considerably expanded. Number of Warehouses increased from 15 to 65 and stores from 560 to 5302. At present, Utility Stores Corporation is one of the biggest Corporation of Ministry of Industries having its network all over the Country. The Corporation is operating 34% in the urban and 66% in **rural** areas.

Provision of essential commodities:

The Corporation has successfully discharged its obligatory functions of providing essential commodities at reduced prices. The prices of essential commodities being sold at USC outlets are 5 to 10 percent less as compared to open market.

Penetration into rural areas:

The Corporation has successfully penetrated in the rural areas by opening stores at Union Council level. Present percentage / ratio of the coverage of the stores in Urban and rural areas is that the Corporation is operating 34% in urban areas and 66% in rural areas.

Ramzan Relief Package 2015:

The Government approved Ramzan Relief Package-2015 by providing a subsidy of Rs.1.30 Billion. Under this package, eighteen essential commodities which included Atta, Ghee/Oil, Dal Channa, Dal Mash Washed, Dal Moong Washed, Dal Masoor, Baisan (Chakki), Dates (Khajoor), Rice Basmati, Rice Sela, Broken Rice, White Gram, Squashes and Syrups (Bottles), Black Tea, Milk (Tetra Pack) and Spices were sold on subsidized rates. In addition to this, the prices of more than 1500 food and non-food items were also reduced by the Corporation by narrowing its own profit margins and through obtaining additional discounts from vendors/suppliers. In addition to the Sales / provision of subsidized items to consumers through USC own network, the Corporation also established more than 300 Stalls in the Sasta Bazars organized by the Government of Punjab in all the Districts of Punjab and arranged mobile Utility Stores throughout the country where Utility Store was not operating. The Corporation achieved sale of Rs. 13.719/- Billion during the month of Ramzan-2015. Much needed relief was availed by the consumers.

Ramzan Relief Package 2016:

The Government approved Ramzan Relief Package-2016 by giving a subsidy of Rs.1.75 Billion. Under this package, twenty two essential commodities which included Atta, Sugar, Ghee/Oil, Dal Channa, Dal Mash Washed, Dal Moong Washed, Dal Masoor, Baisan (Chakki), Dates (Khajoor), Rice Basmati, Rice Sela, Broken Rice, White Gram, Squashes and Syrups(1500m1/800m1), Tea, Milk (Tetra Pack) and Spices, Black Gram , Masoor whole have been sold on subsidized rates. In addition to this, the prices of more than 1500 food and non-food items were also reduced by the Corporation by narrowing its own margins and through obtaining additional discounts from vendors/suppliers. In addition to the Sales / provision of subsidized items to consumers through USC own network, the Corporation also established more than 300 Stalls in the Sasta Bazars organized by the Government of Punjab in all the Districts of Punjab and arranged mobile Utility Stores throughout the country where Utility Store was not operating. The Corporation achieved sale of Rs. 14.967/- Billion during the month of Ramzan-2016. Much needed relief has been availed by the consumers.

Special Role of USC:

- i. Provision of Food security to affected People during the natural calamities
- ii. Intervention in market through sale of subsidized items.
- iii. Provision of economic relief to consumers through special Relief package like Ramzan Relief Package every year.
- iv. Market intelligence.

3.13 PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PIDC)

Established under Act of Parliament 1950, PIDC started functioning in 1952 with a mandate to promote and set up industries in order to meet indigenous requirement and create job opportunities across the country. The operational strategy was to set up projects on a continuous basis and transfer them to the private sector after successful operation thus promoting the development of the private sector. With this mandate PIDC during the period from 1952 to 1982 established 94 Industrial Units in the major sectors of economy like Fertilizer, Cement, Automobile, Chemicals/Pharmaceutical, Cotton/Textile/Ginning and Sugar. Out of these 73 Units were established in West Pakistan and 21 Units were established in former East Pakistan. Out of 73 Units, 29 were established in Punjab, 19 in Sindh, 17 in Khyber Pakhtunkhwa (former NWFP) and 8 Units in Baluchistan.

After startup of nationalization in 1972/73 almost 90% of PIDC Units were transferred to the then newly created public sector Corporations under the Ministry of Industries & Production. The units were also subsequently liquidated/privatized by Privatization Commission. To ensure efficient operation and to govern the organization under the corporate rules & norms, PIDC was converted into a corporate body in 1985 and registered under Companies Ordinance 1984. The role of PIDC was redefined during 2004-05 with a view to facilitate the pace of industrialization in the country and in line with Government of Pakistan's initiatives, which led to the toward creation of 08 subsidiaries and 02 joint ventures in various sectors to unleash their potential. PIDC has extended fiscal support in this context.

Subsidiaries:

1. National Industrial Parks Development & Management Co.(NIP)
2. Technology Up-gradation & Skill Development Company (TUSDEC)
3. Karachi Tools Dies & Mould Centre (KTDMC)
4. Pakistan Stone Development Company (PASDEC)
5. Pakistan Gems & Jewellery Development Company (PGJDC)
6. Pakistan Hunting & Sporting Arms Development Company (PHSADC)
7. Furniture Pakistan (FP)
8. Aik Hunar Aik Nagar (AHAN)- based on One Village One Project

Joint Ventures:

- i. Pakistan Chemical And Energy Sector Skills Dev. Company (PCESSDC)
- ii. Southern Punjab Embroidery Industry (SPEI)

Operations & Nature of the Company:

Since its incorporation in Pakistan on 01 January, 1985 under the Companies Ordinance, 1984, Pakistan Industrial Development Corporation (Private) Limited is diligently pursuing its core objectives which, in addition to setup / manage and / or run a project / undertaking or business, are;

- to foster a spirit of enterprise, facilitate entrepreneurs and promote development of internationally competitive industry;
- to promote economic and industrial development of the country by itself or in collaboration with the private sector; and

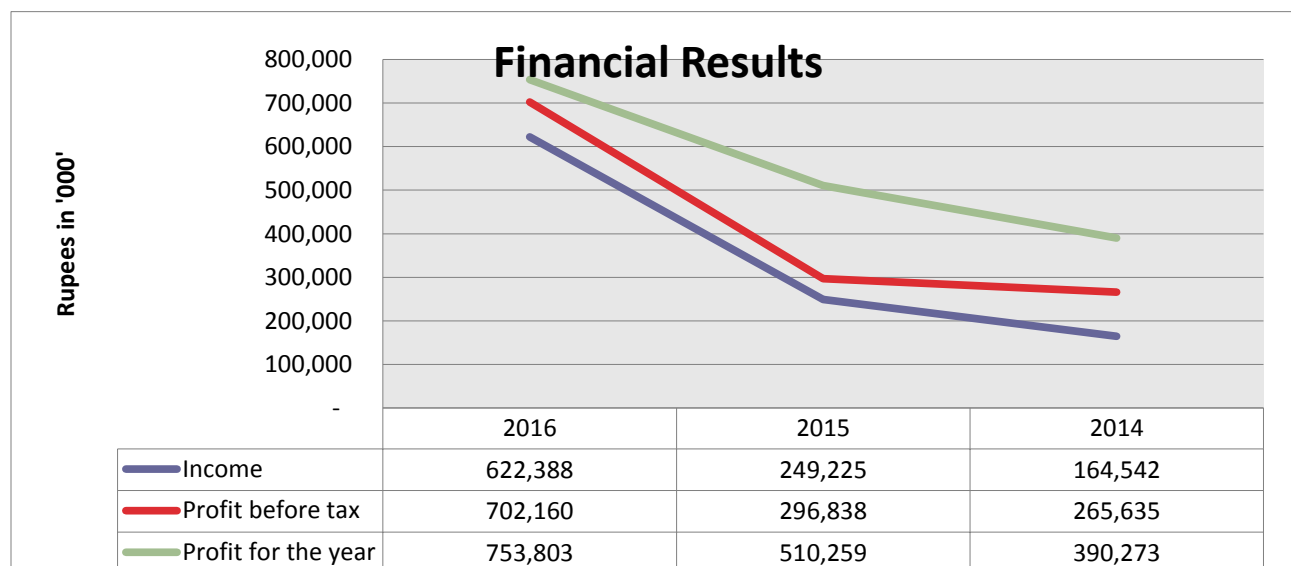
- to facilitate in the establishment of a conducive environment for growth of the industry and to act as the primary vehicle for facilitating industrialization by focusing on creating environments for different segments of the industries and establishment of industrial parks in the country by itself or in collaboration with the private sector. to foster a spirit of enterprise, facilitate entrepreneurs and promote development of internationally competitive industry;
- to promote economic and industrial development of the country by itself or in collaboration with the private sector; and
- to facilitate in the establishment of a conducive environment for growth of the industry and to act as the primary vehicle for facilitating industrialization by focusing on creating environments for different segments of the industries and establishment of industrial parks in the country by itself or in collaboration with the private sector.

Key Performance Indicators for the Fiscal Year 2015-2016:

Financial Results

	Amounts in Rs. '000'		
	2016	2015	2014
Income	622.388	702,160	753,803
Profit before taxation	249,225	296.838	510.259
Taxation	84.683	31.203	119.986
Profit for the year	164,542	265.635	390.273
Total equity and reserves	9,110,195	8,911.784	8,242,510
Earnings per share – basic	18.17	29.33	43.09

Graphical illustration of Income and Profit for past three years:



Activities Started During the Period

In pursuance to the objective of industrial and sector development, PIDC released funds for several new projects and activities within the existing projects during the year. These projects are undertaken by the subsidiaries of the PIDC as executing agencies and are specifically designed to aid the advancement of their respective sectors and economy as a whole. Given below is a brief look into the projects that were started in the financial year and / or funds released to the existing projects:

Particulars of Project / Subsidiaries	Rupees '000'
Furniture Pakistan (FP)	37,000
Aik Hunar Aik Nagar (AHAN) (Rural Craft Development Project)	17,000
Industrial Facilitation Center (IFC)	64,525
GJTMC Sargodha - Project of PGJDC	10,000
Total:	128,525

Appointment of new CEO, PIDC:

Mr. Muhammad Iqbal Tabish, Director PIDC Board tendered his resignation on 20.05.2016 as he had applied for the position of CEO, PIDC to avoid conflict of interest. Subsequently, he was appointed as CEO, PIDC on 04.08.2016 by Hon'ble Prime Minister through the prescribed procedure.

Auditors:

The auditors M/s. BDO Ibraheem & Company, Chartered Accountants, were appointed as auditors of the Company for the year ending 30th June, 2016 as approved in the Annual General Meeting of the Company.

Future Plan:

“PIDC being Holding Corporation is mandated to facilitate entrepreneurs through creating enabling environment for different segment of Industries development in order to make competitive through sector based initiatives. PIDC shall extend financial and technical assistance to various projects initiated by its subsidiaries;

- Establishment of Industrial Park in interior Sindh through NIP.
- Establishment / Execution of Sargodha Industrial Pak (SIP) by NIP.
- Establishment / Execution of Common Facility Training Centre at Peshawar CFTC through PHSADC.
- Establishment / Execution of Research & Development (R&D) through PHSADC.
- Establishment / Execution of Gems & Jewellery Training and Manufacturing Centre Sargodha (GJTMC).
- Proposed to be established/Execute Common Facility Training Centre at Sindh and Center of “Excellence” for Wooden Arts “CEFWA” at Sargodha through Furniture Pakistan.
- Establishment / Execution of Training Research & Development Project Multan through SPEI (J.V).
- Establishment / Execution of Rural Crafts Development Project by AHAN.
- Establishment / Execution of Central & Northern Punjab Craft Development Projects by renaming as National Crafts Development Project through AHAN.
- Some new initiatives to transform non-product assets into projects within the meanings / resources to facilitate industry in CPEC regime.
