



SENATE OF PAKISTAN

REPORT OF THE STANDING COMMITTEE ON DEFENCE PRODUCTION

**For the Period from
9th January, 2014 to 11th March, 2015**

**Presented by
Senator Dr. Saeeda Iqbal
Chairperson**

**Prepared by
DR. SYED PERVAIZ ABBAS
Additional Secretary/Secretary Committee**

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PREFACE

It is with great pleasure and honour that I present the report of the Senate Standing Committee on Defence Production for the period from January 28th to December March, 2015. During this period, 11 meetings of the Committee were convened - 5 held in the Parliament House and rest were organized through visits of various Defence Production units in Pakistan.

It is observed that the visits of the Committee to various Defence Production sites were of real practical value for the participants providing an insight about the processes, achievements and concerns of these units. This is the best approach to comprehend the functions, performance and issues pertaining to these organizations. Resultantly it helps the committee to formulate effective policies and make recommendations to the Parliament. I feel pride in enumerating the followings organizations visited by the Committee:

- Karachi Shipyard and Engineering works Limited
- Heavy Industries Taxila
- Pakistan Aeronautical Complex Kamra
- National Radio Telecommunication Corporation Haripur
- Pakistan Ordnance Factories Wah Cantt
- Expo Center Karachi

I appreciate my fellow members of the Committee for their active participation and contributions, which helped me to perform this role as the Chairperson effectively. I attribute the achievements accomplished by the Committee to them, because without their diligence and cooperation, it would not have been possible. I also wish to place on record the sincere and dedicated efforts of the government officials of relevant Ministries/Divisions. I am highly impressed by the strong operational performance of the Defence Production units of Pakistan.

However, unfortunately majority of the Members included Ministers and Parliamentary Leaders who were busy with their work and could not attend our meetings & visits. I want to put this on record for the future, when the Committees are framed the interest and availability of Members should be keep in mind because the concerned Departments have also complained to the about very few Members attended the visits,

I take this opportunity to extend my profound thanks to the Chairman Senate Mr. Nayyar Hussain Bukhari and the Senate Secretariat for their enormous support, guidance and endorsements whenever required.

I must also thank the successive Secretary Committees Mr. Sharifullah Khan Wazir, Major ® Syed Hasnain Haider and Dr. Syed Pervaiz Abbas and their staff for their whole hearted services and assistance in conducting Committee meetings and corresponding with the relevant entities. My thanks are also due to the Section Officer/Incharge, Lady Senators Services Centre, Mr. Jamil Ahmed Khoso and his staff as well as Mr. Hyder Ali Sundrani who helped us now and then. I am also grateful to my own staff Director (Staff) Mr. Nasirullah, APS Mr. Farhan Akhtar and even my subordinate staff Naib Qasid and Driver for their valuable and concerted efforts in attaining the Committee goals.

We will continue to make progress in building stronger ties with the Ministry of Defence Production and its Organizations. I hope that the Ministry will act upon the directions of the Committee with sincerity to overcome the shortcomings and loopholes in the best interest of the nation. The Committee is determined to keep on playing its active role, by making recommendation to facilitate the Government, its organs and to resolve the issues of the public at large.

Sd/-
(SENATOR DR. SAEEDA IQBAL)
Chairperson

EXECUTIVE SUMMARY

The principle of Parliamentary oversight on the Executive is enshrined in the Constitution of Pakistan mandated mainly through Parliamentary powers of legislation. These powers are further defined under the rules of the Senate of Pakistan that govern the functioning of the Parliamentary Committees as well.

The functions of Standing Committees in Pakistan's Parliament are to debate legislation relating to, and overseeing the working and performance of the relevant Ministry or Division and its attached departments. Standing Committees have wide powers to call witnesses, requisite official records, seek statements on oath and take up any matter within their jurisdiction even without reference from the house. Moreover Standing committees can take up public petitions on any matter connected with the business pending before the parliament or any matter of general public interest which is primarily the concern of the government.

DISCUSSIONS & OBSERVATIONS OF THE COMMITTEE:

During the course of the meetings it was observed that the arms and ammunitions produced by our Defence Production Establishments were not considered by procuring agencies, instead a huge amount was spent on imports. To rectify this position, the best way is to create awareness among the government departments like FC, Police, ASF and ANF etc, about the capabilities and quality production of our Defence Production Establishments. Thus motivating them to buy the indigenous products.

The Committee observed that Pakistan's weapon production is far ahead than products of many countries and is providing technical support to different countries with its weapon production facility. Therefore, Pakistan should market its Ammunition Production in Central Asian Countries and should participate in international exhibitions to properly represent our capability in producing the quality weapons.

Briefing by the Karachi shipyard and Engineering Works Limited revealed a need for up-gradation in various divisions which requires financial support from the government. Moreover it was discussed that Pakistan has a long coastline about 975 km, having a fish potential of \$ 5 billion but not effectively exploit so far. Besides, our universities do not offer courses on Ocean Sciences. Now we should pave the way for utilizing our national potential productively by making the universities as a focal point like the developed countries.

During the course of Committee workings, the Committee assured KSEW authorities of its full support and help to bridge the gap between them and the Government.

The Committee noted IDEAS (International Defence Exhibition & Seminar) to be of immense value in creating favorable environment for commerce, trade and industry of Pakistan through congregation of large number of visitors, exhibitors and defence delegations from around the world. The Committee recommended that Pakistan must strive to enhance its defence

production by providing a platform to all for accessing the best products and technologies to cater for their defence related requirements.

During the visit to Pakistan Aeronautical Complex, it was observed that the Chinese have learnt more from Pakistanis in terms of techniques and training than what we learnt from them. Currently ten officials from PAF have been posted to Chengdu. The Committee was of the view that personnel working in the technical branches of PAF should be given more priority if they have the requisite skills and expertise.

The Committee on Defence Production recommended ensuring transparency and betterment in the affairs of these public entities which may benefit directly to public at large.

IMPORTANT RECOMMENDATIONS OF THE COMMITTEE ARE:

For Karachi Shipyard & Engineering Works Limited:

- i. The Cabinet Division may be approached to amend the PPRA rules to insert KSEW's First Right of Refusal.
- ii. The additional grant of Rs. 165 Million may be recommended to recover KSEW expenditure on timely completion of accommodation building for foreigners.
- iii. A grant of Rs. 229 Million may be approved by the Ministry of Finance to recover loss to the STUS project.
- iv. Ministry of Finance may be pursued for provision of Rs. 600 million for enhancing lifting capacity of cranes or grant tax holiday for the next 5 years in lieu.
- v. Land may be transferred to KSEW/Ministry of Defence Production and extra rent deducted by Karachi Port Trust may be reimbursed.

For Defence Export Promotion Organization:

- i. Director General, DEPO will furnish details of proposal to the Committee with regard to giving permanent status to DEPO.
- ii. Ministry will identify the bottlenecks and impediments that hindered the transformation of DEPO into a permanent structure and submit the details / report to Committee by 25th August, 2014.
- iii. Ministry of Industries & Production will be approached to submit overview and progress report of Pakistan Machine Tool Factory. Further action will be taken upon receipt of the report.

CHAIRPERSON'S MESSAGE:



This report will serve as authentic and useful source of information pertaining to the performance and accomplishments of the committee. I am confident that the committee of Defence Production is devoted to its mission and is constantly moving in a positive direction.

We continue to remodel the procedures in accordance with the fundamental changes taking place in the Defence Production venue. Moreover, we continue to apply more energy and strive for creativity in this field to bring efficiency and effectiveness in the proceedings of committee. Our top most priority is to oversee the functions of Ministry of Defence Production and to bring them in line with the diverse and volatile environment in which the Defence Production units are working.

With the support of our committee members, we hope to encourage an environment where we promote respect and uncompromised integrity in exercising our role as parliamentary oversight. We continue to endeavor to make Pakistan a peaceful and prosperous country. In this regard all out support to Ministry and its attached organizations, is our priority.

Finally, I would like to acknowledge the dedication zeal and commitment of the members of the committee with which they have moved towards its goal.

2014 : AN IMPORTANT YEAR FOR THE COMMITTEE

2014 has been a year where our committee has moved from the traditional “meetings” scenario towards the practical “visits” approach. This year has proved to be a trend setting year for the future proceedings of the committee. To be able to withstand the storms of adversity, a firm foundation is first and foremost requirement. In order to set up a knowledge based action for the committee members, five visits were arranged this year.

The visits undertaken by the committee to different Defence Production organizations have brought a profound understanding to the functioning, environment and issues of these organizations. This is very important for the committee member’s insight into the systems, its culture and the performance of Defence Production units. Thereby, improving the effectiveness of the working of “Standing Committee of Defence Production”.

HIGHLIGHTS OF YEAR:

DATE	ORGANIZATION	EVENT DETAILS
9 th January, 2014	-	Meeting: Presiding over a meeting after being elected as Chairperson of the Meeting
28 th January 2014	Ministry of Defence Production	Meeting : briefing on the performance and functions of the Ministry and its attached departments and subordinate offices
19 th February 2014	Ministry of Defence Production	Meeting : briefing on the performance and functions of the Ministry and its attached departments and subordinate offices
1 st April 2014	Karachi Shipyard and Engineering Works Limited (KSEW)	Visit: comprehensive visit to KSEW where committee was briefed regarding the systems, functions and performance of KSEW
27 th May, 2014	Heavy Industries Taxila (HIT)	Visit: briefing on HIT and visit to sites
24 th July 2014	Defence Export Promotion Organization (DEPO)	Meeting: briefing on the roles and functions of DEPO
27 th August 2014	Pakistan Aeronautical Complex (PAF)	Visit: comprehensive visit to PAF where committee was briefed regarding the systems, functions and performance of PAF
24 th September 2014	National Radio Telecommunication Corporation (NRTC)	Visit: briefing on NRTC and visit to sites
13 th November 2014	Pakistan Ordnance Factories (POF)	Visit: briefing on POF and visit to sites
4 th December 2014	Expo Center Karachi	Visit: Visit to International Defence exhibition and Seminar (IDEAS 2014)
28 th January, 2015	Defence Export Promotion Organization (DEPO)	Meeting: Briefing on the International Defence Exhibition and Seminar (IDEAS 2014)

SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION
(COMPOSITION)

1. Senator Dr. Saeeda Iqbal	Chairperson
2. Senator Kamran Michael	Member
3. Senator Mushahid Ullah Khan	Member
4. Senator Mir Hasil Khan Bizenjo	Member
5. Senator Abbas Khan	Member
6. Senator Mian Raza Rabbani	Member
7. Senator Dr. Karim Ahmed Khawaja	Member
8. Senator Rubina Khalid	Member
9. Senator Daud Khan Achkzai Advocate	Member
10. Senator Amar Jeet	Member
11. Senator Mir Israr Ullah Khan Zehri	Member
12. Senator Mohammad Ishaq Dar	Member
13. Senator Taj Haider	Member

PROFILE OF THE COMMITTEE MEMBERS

Dr. Saeeda Iqbal



Name: Dr. Saeeda Iqbal
Tenure: March 2009 to March 2015
Province: Federal Area
Party: Pakistan People's Party Parliamentarian (PPP-P)
Seat Description: Women
Designation: Senator

Personal Information

Contact Detail

Home Number: 051-9101116
051-4437258
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Political Career

Committee (s) [Defence Production \(Chairperson Committee\)](#)
[Cabinet Secretariat](#)
[Information, Broadcasting and National Heritage](#)
[Inter-Provincial Coordination](#)
[Kashmir Affairs & Gilgit Baltistan](#)

Academic Qualification: Ph.D.

Kamran Michael



Name: Kamran Michael
Tenure: March 2012 to March 2018
Province: Punjab
Party: Pakistan Muslim League Nawaz (PML-N)
Seat Description: Non Muslim
Designation: Senator/ Federal Minister for Ports & Shipping
Oath Taking Date: 12-03-2012

Personal Information

Father's Name: M. L. Michael

Academic Qualification: MA

Mushahid Ullah Khan (Federal Minister for Climate Change)



Name: Mushahid Ullah Khan
Tenure: March 2009 to March 2015
Province: Punjab
Party: Pakistan Muslim League Nawaz (PML-N)
Seat Description: General
Designation: Senator

Political Career

Committee (s)

Committee (s)

[Cabinet Secretariat](#)

[Commerce and Textile Industry](#)

[Defence Production](#)

Academic Qualification: B.A. L.L.B

Mir Hasil Khan Bizenjo



Name: Mir Hasil Khan Bizenjo
Tenure: March 2009 to March 2015
Province: Balochistan
Party: National Party (NP)
Seat Description: General
Designation: Senator

Political Career

Committee (s)

Communications Ports and Shipping States and Frontier
Regions Senate House Committee Defence Production

[Select Committee](#)

Academic Qualification: M.A

Abbas Khan Afridi (Federal Minister for Textile Industry)



Name: Abbas Khan Afridi
Tenure: March 2009 to March 2015
Province: FATA
Party: Independent (IND)
Seat Description: General
Designation: Senator

Personal Information:

Contact Detail

Home Number: 051-9215124
Mobile Number: 0345-9100001
Fax Number: 091-5851509
Email: abbas.khan.afridi@senate.gov.pk

Political Career

Committee (s)

Committee (s): [Rules of Procedures and Privileges](#)
Science and Technology Water and Power, Finance Committee
Parliamentary Affairs [Defence Production](#)

Mian Raza Rabbani



Name: Mian Raza Rabbani
Tenure: March 2012 to March 2018
Province: Sindh
Party: Pakistan People's Party Parliamentarian (PPP-P)
Seat Description: General
Designation: Senator
Oath Taking Date: 12-03-2012

Committee (s)

Rules of Procedures and Privileges
Law and Justice
Functional Committee on Human Rights
Defence Production
Select Committee

Academic Qualification: B.A. (Hons), LL.B. (Bachelor of Law).

Additional Information:

Other Information

Name: MIAN RAZA RABBANI
Father's Name: Late Mian Ata Rabbani
Date of Birth: 23rd July, 1953.

Profession: Advocate, Supreme Court of Pakistan.

Political Affiliation: Pakistan People's Party (1968 till date)

Dr. Karim Ahmed Khawaja



Name: Karim Ahmed Khawaja
Tenure: March 2012 to March 2018
Province: Sindh
Party: Pakistan People's Party Parliamentarian (PPP-P)
Seat Description: General
Designation: Senator
Oath Taking Date: 12-03-2012

Committee (s)

[National Health Services, Regulations and
Coordination](#)
[Science and Technology](#)
[Commerce and Textile Industry](#)
[Senate Library Committee](#)
[Defence Production](#)

Academic Qualification: Medical Doctor Specialist in Psychiatry.

Rubina Khalid



Name: Rubina Khalid
Tenure: March 2012 to March 2018
Province: Khyber Pakhtunkhwa
Party: Pakistan People's Party Parliamentarian (PPP-P)
Seat Description: Women
Designation: Senator
Oath Taking Date: 12-03-2012

Committee (s)

[Cabinet Secretariat, CAAD](#)
[Information, Broadcasting and National Heritage](#)
[Defence Production](#)
[Kashmir Affairs & Gilgit Baltistan](#)

Academic Qualification: B.A, L.L.B.

Advocate Muhammad Daud Khan Achakzai



Name: Advocate Muhammad Daud Khan Achakzai
Tenure: March 2012 to March 2018
Province: Balochistan
Party: Awami National Party (ANP)
Seat Description: General
Designation: Senator
Oath Taking Date: 12-03-2012

Committee (s)

[Communications \(Chairperson Committee\)](#)
[Information, Broadcasting and National Heritage](#)
[Law and Justice](#)
[Defence Production](#)
[Select Committee](#)

Academic Qualification: B.A, L.L.B.

Amar Jeet



Name Amar Jeet
Tenure March 2009 to March 2015
Province Khyber Pakhtunkhwa
Party Awami National Party (ANP)
Seat Description Non Muslim
Designation Senator

Personal Information

Father's Name Hari Chand
Contact Detail Home Number 0946-751169
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Gender Male
Local Address J-012, Parliament Lodges, Islamabad.
Permanent Address Village & P.O. Barikot, Tehsil & District Swat.
Political Career

Committee (s)

[Functional Committee on Government Assurances](#)
[National Food Security and Research](#)
[Planning Development and Reform](#)
[Defence Production](#)

Mir Israrullah Khan Zehri



Name: Mir Israrullah Khan Zehri
Tenure: March 2012 to March 2018
Province: Balochistan
Party: Chairman Balochistan National Party Awami (BNP-A)
Seat Description: General
Designation: Senator

Personal Information

Father's Name: Sardar Doda Khan

Political Career

Committee (s)

[Information, Broadcasting and National Heritage](#)

[Interior and Narcotics Control](#)

[Functional Committee on Problems of Less](#)

[Developed Areas](#)

[Defence Production](#)

Academic Qualification: Graduation

Mohammad Ishaq Dar (Federal Minister for Finance)



Name: Mohammad Ishaq Dar
Tenure: March 2012 to March 2018
Province: Punjab
Party: Pakistan Muslim League Nawaz (PML-N)
Seat Description: Technocrats Including Ulema
Designation: Senator

Political Career

Committee (s)

[Employees Welfare Fund](#)

[Defence Production](#)

Academic Qualification: B.Com (Hons) (Gold Medalist) University of Punjab, Lahore. CA, UK.

Taj Haider



Name: Taj Haider
Tenure: March 2012 to March 2018
Province: Sindh
Party: Pakistan People's Party Parliamentarian (PPP-P)
Seat Description: Technocrats Including Ulema
Designation: Senator
In Vice Of : Dr. Abdul Hafeez Sheikh

Personal Information

Committee (s)

[Ports and Shipping](#)
[Defence Production](#)

Academic Qualification: MSC Mathematics.

Secretary Committee



Name: Dr. Syed Pervaiz Abbas
Designation: Additional Secretary
Home Phone: 9251 2201352
Office Phone: 9251 9211334
Mobile Phone: 92300 9414555
Email: pervaizabbas@gmail.com
Address: Flat No.12/21, Gulshan-e-Jinnah, Sector F-5, Islamabad
Service Group: Pakistan Administrative Service (PAS).17th CTP.

Qualifications:

- MD (Doctor of Medicine) LVOV MEDICAL UNIVERSITY - USSR
- MA (Mass Communication)- University of the Punjab, Lahore.
- Common and Specialized Training Programmes, Civil Services Academy, Lahore, 1989-1991.
- 3rd Senior Management Course, National School of public Policy, Lahore – 2008.
- Course on “Law of the Sea” –Wollongong University, New South Wales, Sydney, Australia, 2013.
- 100th National Management Course, National School of Public policy, Lahore – 2014.

Experience:

- Have served in various Administrative Capacities of AC, DCO & Provincial Secretary as a PAS officer.
- Have attended Multiple Courses Pertaining to Management at the National Institute of Management Sciences, Lahore.
- Represented Pakistan at the International Maritime Organization meeting on Marine Pollution held in London U.K in September, 2011.
- Conducted negotiations with Port of Singapore International Ltd & China Overseas Port Holdings Company Ltd for the “Transfer of Concession Rights” in respect of Gwadar Port operations in 2012, both in Pakistan and at Singapore.
- A signatory to the ”Transfer Agreement” in respect of “Concession Rights “from PSA (Pte) Gwadar Ltd to COPHL in respect of Gwadar Port in February, 2013.
- Attended a course on “Law of the Sea” organized by United Nation’s Convention on Law of the Sea (UNCLOS) at the University of Wollongong, New South Wales, Sydney Australia in June, 2013.
- Attended United Nations Parliamentary Hearing on International Parliamentary Union at UN Head quarters USA in November, 2014.
- Attended 7th Plenary Session of Asian Parliamentary Assembly and 2nd Executive Council Meeting of IPU in Dec 2014.

**PICTORIAL VIEW OF
DEFENCE PRODUCTION
COMMITTEE**

**MINUTES OF THE
MEETINGS OF STANDING
COMMITTEE**

SENATE SECRETARIAT

Subject: - **MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION**

First meeting of the recently formulated Senate Standing Committee on Defence Production was held on 9th January, 2014 at 12.30 pm in the Committee Room No. 1, Parliament House, Islamabad with the agenda to elect the Chairperson of the Committee.

2. Following members of the Committee alongwith Senator Aitzaz Ahsan as Leader of the Opposition attended the meeting:-

1. Senator Raza Rabbani
2. Senator Mushahidullah Khan
3. Senator Dr. Saeeda Iqbal

3. The meeting started with the recitation from Holy Quran. Secretary Senate briefed that the meeting was summoned for election of the Chairman of the Committee from amongst its members as defined under Rule 175 (1) of the Rules of Procedure and Conduct of Business in the Senate 2012. Senator Raza Rabbani proposed Senator Dr. Saeeda Iqbal while Senator Mushahidullah Khan seconded her for the chairpersonship of the Senate Standing Committee on Defence Production. As no other candidate competed for the post, therefore Secretary Senate announced Senator Dr. Saeeda Iqbal as Chairperson of the standing committee on Defence Production.

4. Senator Raza Rabbani congratulated Senator Dr. Saeeda Iqbal and wished her success. He hoped that she as a chairperson would work sincerely and devotedly. Senator Mushahidullah Khan also congratulated the newly elected chairperson at the occasion

5. Senator Aitzaz Ahsan appreciated Senator Dr. Saeeda Iqbal for her contribution in legislation and congratulated her on becoming chairperson of the committee. He hoped that the committee will work at its best under the leadership of Senator Dr. Saeeda Iqbal.

SENATE SECRETARIAT

Subject: - **MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION**

A meeting of the Senate Standing Committee on Defence Production was held on 28th January, 2014 at 11.00 pm in the Committee Room No. 1, Parliament House, Islamabad under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. The agenda before the Committee was as under:-
 - i. Briefing by the Ministry of Defence Production on the performance and functions of the Ministry and its Attached Departments and Subordinate Offices.
 - ii. Any other item with permission of the Chair.

3. The following members of the Committee attended the meeting:-

4. Senator Mushahid Ullah Khan
5. Senator Mir Hasil Khan Bizenjo
6. Senator Mian Raza Rabbani
7. Senator Daud Khan Achkzai Advocate
8. Senator Amar Jeet

4. The meeting started with recitation from the Holy Quran. The Chairperson welcomed the honourable members and all the participants. She asked the participants to introduce themselves. All the participants introduced themselves one by one. Secretary Defence Production discussed the format of the briefings. He also invited the Committee to visit for an informative tour of various organizations working under the Ministry.

5. Brig. Zakir Jafferi gave a briefing on the functions of the Ministry of Defence Production. Salient features of the briefing are as under:-

- Introduction to Ministry of Defence Production
- Full fledge Ministry with 29 production units
- Defence Production: Main function
- Indigenization and local manufacturing through well co-ordinated efforts by all Defence Production Establishments
- Defence Procurements through various Agreements/MOUs
- Export of defence products and marketing
- Research and development of defence equipments

6. Lt. General Syed Wajid Hussain, Chairman, HIT (Heavy Industries Taxila) briefed the committee. Salient features of the briefing are as under:-

- Introduction of the HIT - 6 Production units, 2 support facilities and a Research & Development Center.
- Mission & Vision Statement – Manufacturing, Rebuilding, Upgrading & Developing Tanks, Tank Guns and APCs. Surplus capacity utilization for commercial activities.
- HIT Board Act No. xii of 1997.
- Performance Review (To-date): HIT has manufactured 310 Tanks Al-khalid, 20 Tanks T-85IIAP, 290 Tanks T-69IIMP, 45 Armoured Recovery Vehicles, 1084 Armoured Personal Carriers, 2067 Tanks Guns
- Rebuild/ Upgraded 486 Tanks Al-Zarrar, 1021 Tank T-59/T-69, 86 Armoured Recovery vehicles, 1411 Armoured Personal Carriers, 14 Self Propelled Guns, 5992 Power Packs.
- By utilizing the surpluses capacity, Hit has achieved so far Rs. 1905 Million through export earnings, Rs. 5862 Million through domestic sales, Rs. 761 Million through profit deposited in government treasury and Rs. 1932 Million through Expected deposits in 2013-14.
- Future Defence Production Plan (2010-25).
- Future Commercial Activities by Utilizing Surplus Capacity (2012 onwards)
- Budget Constraints faced by HIT as well as Powers constraints delegated to HIT Board.

7. During the presentation Senator Mian Raza Rabbani asked if the funds for the Tank Rebuilding, Upgradation and Manufacturing Programme (TRUMP) were approved by the Ministry of Defence. Secretary Defence Production replied that not only the Ministry of Defence approves it but the Joint Services Headquarter is also taken in the loop. These programs come under Armed Forces Development Programms (AFDP); its budget is requested from the Government based on the requirements of Army, Navy and Air force. Senator Mian Raza Rabbani further asked if these funds come from the Army budget already allocated. Secretary Defence Production replied that normal allocation is made through Armed Forces Development Programme, but special programs are requested from the Government through Al-Mezan and Coalition

Support Fund. On a query from Senator Mir Hasil Khan Bizanjo, Secretary Defence Production explained that 16% of Pakistan's GDP is allocated to the armed forces, out of which 9% is for the Army and 7% is for Navy and Air force combined.

8. Lt. General Muhammad Ahsan Mehmood, Chairman, POF Board gave a presentation on Pakistan Ordnance Factories (POF). Salient features of the presentation are as under:-

- **Vision:** To manage and administer the factories so as to meet the needs during war and peace and to utilize the surplus capacity of factories for civilian needs
- **Historical growth:** From 1951-70 seven factories, 1971-80 three major factories and Brass mills, 1981-85 four small factories
- **Defence Core Products:** Includes Infantry weapons, small Arms, Heavy Machine Gun and Anti Aircraft Gun, Artillery Ammo, Rockets, Motor Bombs and Grenades and Explosives etc.
- **Strengths:** Sufficient Infrastructure, Skilled Manpower, Export Potential etc.
- **POF Efficiency:** Revival of factories, Utilities Savings and Manpower Management.
- **New Products:** Pistols (9 mm), G3, Sniper Rifle and Improved Hunting Cartridges etc.
- **Potential Opportunities:** Restructure, Balancing, Modernization, Replacement and Expansion (BMRE) and Reforms

9. Senator Mian Raza Rabbani asked about the indigenous products. Lt. General Muhammad Ahsan Mehmood replied that it means indigenous in terms of manufacturing and design. Senator Mushahid Ullah Khan asked which rifles are the best in the world and which are of lower quality. Chairman POF replied that Russian and Ukrainian rifles are considered the best but Chinese rifles are comparatively of lower quality.

10. Upon query of Senator Mian Raza Rabbani, Chairman POF said that Army plans its budget for two years but as Pakistan is under crisis, any contingency may happen any time, therefore budget visualization in true sense could not be made. In such a situation extra funds are usually demanded.

Adding to this, Rear Admiral Adnan Nazir, DGMP said that the law enforcement agencies like FC, Police, ASF and ANF etc be instructed to purchase arms and ammunitions from the Defence Production Establishments instead of spending huge amounts on their imports. The best way would be, firstly to aware them about our capabilities and secondly to bound them for obtaining an NOC from us before putting orders for the import of required arms and ammunition.

11. Air Marshal Sohail Gul Khan, Chairman PAC Board, Kamra presented on the functions and performance of Pakistan Aeronautical Complex. Salient features of the presentation are as under:-

12.

- ❖ Mission Statement: To produce and support weapon systems for high state of operational readiness of Pakistan Air Force.
- ❖ Organizational structure of the PAC Board.
- ❖ Constituent Factories of PAC includes: Aircraft Rebuild Factory, Mirage Rebuilding Factories, Aircraft Manufacturing Factory, Avionics Production Factory.
- ❖ Aircraft Rebuilt Factory deals with the rebuilding and overhauling of the Chinese origin Aircrafts. Till date, the factory has produced (Average per year) 11 F-7, FT-7 Aircrafts Overhaul, 5 F-7 PG Aircraft Overhaul, 1 A-5III Aircraft Overhaul, 1 FT-5 Aircraft Overhaul, 30,000 Overhaul of Aircraft Components and 5 C-130 Propeller GOH.
- ❖ Aircraft Manufacturing Factory produces Mushshak and Super Mushshak, subassemblies of K-8 and JF-17 Thunder Aircraft. Uptill now more than 300 Mushshak/ Super Mushshak Aircraft, 100 Retrofit III Plus of PAF Mushshak Aircraft, 14,000 K-8 Sub Assemblies and 50 JF- 17 Aircraft have been manufactured.
- ❖ Mirage Rebuild Factory overhauls aircrafts, engines, compounds and accessories of French origin Mirage Fighter Aircrafts. Uptill now the factory has overhauled, (Average per year) 13 Mirage Aircraft, 60 GOH/LOH of ATAR Engines, 13 GOH/LOH of the T-56 Engines and 12 Aircraft Painting.
- ❖ Avionics Production Factory produces, rebuilds and provides life cycle support to Radars and other Avionics. The Factory has so far

produced (Average per year), 4 Rebuild of Mobile Pulse Doppler Radars and 3000 Life Cycle Maintenance of Avionics LRUs/SRUs.

13. Rear Admiral Syed Hasan Nazir presented on Karachi shipyards and Engineering works. Salient features of the presentation are as under:-

- ❖ Introduction: Karachi Shipyard established in 1956 as a Public Limited Company. All shares are owned by Government of Pakistan.
- ❖ Infrastructure and assets includes Graving Docks, Shipbuilding Berths, Quay walls, Workshops, Submarine Construction Shops and Laboratory.
- ❖ Mandate: As a national Shipyard, it provides strategic Shipbuilding and Ship Repair Services to maritime sector while providing heavy engineering services to national industry leading to self reliance.
- ❖ Projects completed (2011-13): Two small tankers cum utility ships, two Bollard Pull Pusher Tugs and Dumb Barges.
- ❖ Ship repair department includes two Quay Walls available above Water-Repair
- ❖ Major projects undertaken by Engineering Department includes 58 Barrage Gates for Guddu Barrage, 10 Cane Sugar Plants, 4 Gas Purification Plants, 85 LPG Storage Tanks and 30 Industrial Boilers etc

14. The meeting ended and the Chairperson thanked all the participants and members. She recommended that briefings about the remaining organizations be presented before the committee in the next meeting

SENATE SECRETARIAT

Subject: - MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION

A meeting of the Senate Standing Committee on Defence Production was held on 19th February, 2014 at 11.00 am in the Committee Room No. 4, Parliament House, Islamabad under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. The agenda before the Committee was as under:-
 - i. Briefing by the Ministry of Defence Production on the performance and functions of its remaining Attached Departments and Subordinate Offices which were deferred during the meeting held on 28th January, 2014.
 - iii. Any other item with permission of the Chair.
3. The following members of the Committee attended the meeting:-
 9. Senator Mir Hasil Khan Bizenjo
 10. Senator Rubina Khalid
 11. Senator Amar Jeet
 12. Rana Tanveer Hussain, Minister for Defence Production
4. The meeting started with recitation from the Holy Quran. The Chairperson welcomed all the participants especially Minister for Defence Production. She then introduced the members to the Minister. Minister thanked and congratulated the Chairperson.
5. Rear Admiral Adnan Nazir, Director General Munitions Production (DGMP) gave presentation on "Directorate General Munitions Production". The salient features of the presentation are as under:
 - i. **Introduction:** After 1965 war, when the embargo was placed on Pakistan's Defence import by international community, Government realized that the answer was self-reliance.
 - ii. **Functions:** Maximize indigenous production of defence stores, acquire technical knowhow, utilize available research facilities within the country, keeping close and constant liaison with the Services Head Quarters and issuance of NOC to Services Head Quarters & Defence Establishments for import of Defence stores.
 - iii. **Organization of DGMP:** Under DGMP comes the Directorate of Army, Navy & Air force. In addition to this the Military Vehicle Research and Development Establishment (MVDRE), Armament Research and Development Establishment (ARDE) are also subservient to DGMP.
 - iv. **Ongoing Projects:** There is a total of 240 projects, in which 149 are ongoing and 51 are under evaluation.

- v. **Financial Savings:** one of the major functions of DGMP is to save national exchequer by curtailing the foreign exchange being spent on import of defence stores and equipments. In this direction DGMP has saved approx. Rs.5 billion during the last five years.
- vi. **Impediments:** (i) Pakistan's Defence Industries and DP establishments don't frequently participate in international defence exhibitions to their full capacity due to lack of funds. (ii) Federal Ministries especially Ministry of Interior and the Provincial Governments controlling the law enforcement agencies have not been made bound to get NOC from the DGMP for all those arms, ammunitions and equipments which they procure and import from other countries. (iii) Sales Tax exemption on Defence Imports has been withdrawn which has enhanced cost of indigenous production.
- vii. **Recommendations:** Federal Ministries/ Provincial Governments and their affiliated Government departments may be directed to obtain NOC from DGMP before importing vehicles, weapons, ammunition, communication and other security related equipments from abroad. This will support Pakistan's industry and save foreign exchange. The existing R&D fund stands around Rs.1.00 Million per year. If indigenization is to be flourished, R&D Funds should stand in billions.

6. Senator Hasil Khan Bizenjo asked about the rifles purchased by Balochistan Government. These were around 6,000 defective rifles suspected to be purchased from Darra, causing many levies men to lose their lives. Senator Rubina Khalid also commented that there should be an approving body to test these equipments. Moreover she said that the procedure should be simplified. The Chairperson seconded her and said all Provincial Governments should take part in making up the procedure. The Minister apprised the Committee that Pakistan weapon production is far ahead than the products of many countries and is providing technical support to different countries with its weapon production facility.

7. The Chairperson said that Pakistan should promote marketing of its Ammunition production in Central Asian Countries and also agreed to the Participation of Defence Production Division in international exhibitions to properly represent Pakistan's ability in producing the quality weapons. She apprised the committee that she has talked to the standing committee on interior about buying one's own products from Defence Production. The Minister suggested the committee to write to the Prime Minister and all of the chief Ministers about such promotions of indigenous productions.

8. Brig. Iftikhar Ahmed gave presentation on National Radio Telecom Corporation (NRTC). Salient features of the presentation are as under:

- i. **Background:** NRTC was established on 'war priority' basis in 1965 after imposition on embargo on Military Communication Equipment and was registered as a private limited company. It is Self-Financed.
- ii. **Mission:** Design, develop and manufacture military and commercial telecommunication equipments and their marketing to local and international customers.
- iii. **Human Resource:** Man power is project based, presently there are 850 employees.
- iv. **Quality Standards:** there are 5 quality standards such as quality assurance Certified, Environmental Assurance Certified and Occupational Health and Safety etc.
- v. **Business Areas:** These include Tactical Radio, Land Mobile Radios, Jammers, Microwave Radios, Communication security, IP Exchanges and Interfaces, Line Equipment, Tactical Optical fiber Solutions, Solar Solutions, SCADA Solutions, Perimeter Security solution, Access network solution, Radio Accessories and Smart Automation Solutions.
- vi. **Transition of NRTC from 2010 to 2013 :** Local Customer Base expanded from 2 customers to 11 customers, Customer Based Abroad expanded from Nil to 7 countries, engaged universities in R & D and expanded production capability.
- vii. **Contracts Received in from 2010 to 2013:** Rs. 6683 Million July 2009 to June 2010, Rs 89.463 Million July 2010 to June 2011, Rs 3770 Million July 2011 to June 2012, Rs 7678.18 million July 2012 to June 2013 and Rs 3172 Million July 2013 to December 2013.
- viii. **Sales:** there is a wonderful performance in Sales from 2009 to 2014 starting from Rs.560.369 Million and now peaking to Rs.7000 Million.
- ix. **Profits:** the organization is close to its Target of about Rs. 1 Billion during current financial year. It started from Rs. 103.401 Million in financial year 2009-10 and has reached Rs.878.9 Million during current financial year.
- x. **Audit:** Annual audit of the books of accounts of the company is carried out by internal audit department and externally by KPMG.
- xi. **Products:** These include Software defined radio, secure land mobile radio, Digital intercom for Tanks, digital Telephone Exchanges, IP Telephone Exchange, Electronic field Telephone, Microwave Solutions, Tactical fiber optical communication solution, Jammers and Intercepts (best product), single Battery Solar Charger, Antennas.

geographically blocked therefore we cannot dock big vessels here, and the extension of the dock would require huge amounts. He further told the Committee that they are planning for the development of a new harbor, he elaborated that Port Qasim is 12km long, which is ideal. Senator Abdul Haseeb Khan raised the question that why the shipyard has not been shifted to Port Qasim so far. He replied that it would not only require huge financial resources but also proper assistance from new helpers like Turkey and China to build a new shipyard for us. Senator Dr. Saeeda Iqbal inquired about what could be a possible source of funds. The MD answered by saying that Joint Ventures with countries like Japan could help in this regard. He further told the Committee that in 2008, due to the financial crunch, we could launch additional 26 tons of capacity, 600,000 tons capacity shipyard is under construction and Port Qasim has a capacity of 26 tons. The MD further added that 100 ton platforms are to be provided. The MD continued and said that we have skilled manual labor, whereas China and Japan have higher capacity than us. Senator Abdul Haseeb Khan raised the question that the world has moved ahead but we have been unable to do so, and we are unable to point out the reason for this failure. The Committee unanimously agreed that all possible positive changes should be brought through the parliament. The MD apprised the Committee that we have been in loss for 30 years and after 2006 the situation has started to improve. Earlier Karachi Shipyard was under the control of Ministry of Communication and since 2006 it has been under the administrative control of Ministry of Defence Production. The MD further added that in 1971, Pakistan, Iran and China were all at the same level. The Committee inquired about the Ship Breaking Operations, the MD said that Pakistan is the 3rd largest Ship Breaking country in the world.

The MD and Additional Secretary of Ministry of Defence Production said that we have completed many projects during last few years.

6. Senator Karim Ahmed Khawaja inquired about the slips to be imported in Pakistan with less cost. The MD and Additional Secretary jointly replied that such is not the case, we have the capability and capacity to make them here in Karachi Shipyard, and we have assembled the most modern frigate loaded with all kinds of weapons. MD said that the life of these ships is about 25 years but the sea water is the biggest enemy of the steel. In an answer to a question regarding the Submarine the Additional Secretary told the committee that we have started making it locally and it is a speedy technology, but it requires a huge chunk of funding. Senator Karim Ahmed Khawaja asked whether we have planned to sell ships to small countries. It was told that we send proposals for sale, in response we have several local orders, and very recently we participated in the Doha Naval Exhibition also. He further added that Agosta Submarine was made in France but two others were made in the Karachi Shipyard. Being a member of the Commerce Committee Senator Karim Ahmed Khawaja said that he would raise the issue of their concern at that platform as well. The Additional Secretary said that Pakistan geographically is in a very good position in the world as most of the world oil passes through our sea route.

7. The MD said that we went abroad and introduced the Karachi Shipyard and Engineering Works for its commercial promotion abroad. The Committee discussed the capacity of production of ships of other countries. Senator Karim Ahmed Khawaja asked about the capabilities of countries like Iraq, Iran, Saudi Arab, Oman and Dubai in this regard. The MD replied that we

are best in production and we have the capability to make submarines, and we have taken some of the designs and technology from Germany. South Korea has made 366 ships to date and it started its operations in 1960, Pakistan started in 1955 but now Korea is far ahead because it made certain agreements with different countries regarding ship making.

8. Senator Abdul Haseeb Khan asked the reason for Pakistan's backwardness in maritime. The MD said that now we are able to make progress in maritime. Senator Dr. Saeeda Iqbal, the Chairperson, said that we have intelligent youth as compared to other countries and our labor has worked hard in Dubai since the 1970s and made the entire infrastructure over there. The MD said that PNSC is much capable but the oil carriage business to Pakistan is mainly dominated by the foreign carriers instead of PNSC.

9. The Additional Secretary told the Committee that we have not yet created good investment related environment in Pakistan. Senator Abdul Haseeb Khan said that we have ignored the oceans and we did not even teach ocean sciences in our universities until recently. South Korea and Japan are far ahead in this subject told by the MD. Pakistan has a 975 km long coastal line, we make shell oils, and our coastal line has a fish potential of about \$5 billion. The MD and Additional Secretary told the Committee that they have sent proposals to South Africa, Azerbaijan and Bahrain for contracts of ship making to expand our network.

10. The MD told the Committee that KSEW also offers complete sugar plants on turnkey basis and the first sugar plant they ever built was installed in Thattha. The Chairperson inquired if they also deal in such business other provinces, can they help to

refunctionalize the two nonfunctional sugar mills in Khyber Pakhtunkhwa? The MD replied that KSEW has surely the capability to do that if involved. The MD added that KSEW deals also in the Bulldozer making sector and we are trying for a joint venture with German firms for this purpose.

11. The MD told the Committee that KSEW needs 180 cranes and it also needs the up-gradation of the different routes of railway. Senator Dr. Karim Ahmed Khawaja asked the MD if they need space in other parts of the country as well, the MD replied in the negative. The Committee Members assured the KSEW authorities for their full support and help to bridge the gap between them and the Government.

12. Senator Abdul Haseeb Khan said that the Shipyard has metals, labor and infrastructure, but it needs the right decisions as they receive no budget from the government. Senator Dr. Karim Ahmed Khawaja asked about the commissions, the MD and Additional Secretary jointly said that under the rules some commissions are allowed us to through Ministry of Defense Production. The MD said that so many issues can only be solved through the Parliament. All the members of the National Assembly Standing Committee also supported us during their last visit to Karachi. The MD said that it would indeed be good if a joint meeting could be arranged, the Chairperson replied that we would try for a joint meeting in near future. Senator Abdul Haseeb Khan and Senator Dr. Karim Ahmed Khawaja said that they will help KSEW in all respects. The MD told the Committee that KSEW generated a profit of Rs. 523.84 Million in its ship building process.

13. He added that KSEW is performing much better after coming under the Defence Production Division while working under the Ministry of Communication we even did not receive salaries for about 3 months.

Decisions, Recommendations and Directives

- i. The Cabinet Division may be approached to amend the PPRA rules to insert KSEW's First Right of Refusal.
- ii. The additional grant of Rs. 165 Million may be recommended to recover KSEW expenditure on timely completion of accommodation building for foreigners.
- iii. A grant of Rs. 229 Million may be approved by the Ministry of Finance to recover loss to the STUS project.
- iv. Ministry of Finance may be pursued for provision of Rs. 600 million for enhancing lifting capacity of cranes or grant tax holiday for the next 5 years in lieu.
- v. Land may be transferred to KSEW/Ministry of Defence Production and extra rent deducted by Karachi Port Trust may be reimbursed.

**MEETING/VISIT TO HEAVY
INDUSTRIES TAXILA
BY
SENATE STANDING
COMMITTEE ON
DEFENCE PRODUCTION**

**AMNA ZAHID
YPA**

Introduction:

On 27th May, 2014 Senate Standing Committee on Defence Production visited Heavy Industries Taxila (HIT) under the Chairpersonship of Senator Dr. Saeeda Iqbal. The following members of the Committee attended the meeting:-

- | | | | |
|-----|----|------------------------------------|--------|
| (a) | 1. | Senator Dr. Karim Ahmed Khawaja | Member |
| | 2. | Senator Daud Khan Achkzai Advocate | Member |
| | 3. | Senator Amar Jeet | Member |
| | 4. | Senator Mir Israr Ullah Khan Zehri | Member |

Briefing on HIT's Performance

2. Senate Standing Committee on Defence Production was given a briefing regarding HIT's performance the salient features of the briefing were as under:-

- Inception of Factory
- HIT Board & its functions
- Quota of vacancies
- Types of Manufacturing Factories
- Types of Rebuilt Factories
- Types of Allied Factories
- Manufacturing Facilities
- Tank Manufacturing Factory
- Gun Manufacturing Factory
- APC Manufacturing Factory
- Army's Tank Rebuild, Up-gradation & Modernization Plan (TRUMP)
- Sustenance and Support provided to Field Army
- Commercial Activities Year-wise
- Indigenization
- Annual Budget Allocation

(b) **Remarks by the Hon'ble Senators**

The Chairperson Committee assured that at the Political & Diplomatic level the Prime Minister would be interested in supporting export of

Defence products and they would welcome the PMs recommendations. She said they were much keen to help. She added that they would like to provide support via Defence Production Committee.

Senator Dr. Karim Ahmed Khawaja asked if India was far behind Pakistan in Gun Manufacturing. Chairman HIT replied that India has a big industry but Pakistan's approach is different and better.

The Chairperson asked about Saudi Market. She was told that Saudi Arab import Arms and Ammunition from US and Europe.

Lastly Chairman HIT said that Pakistan need both the conventional and nuclear deterrence as per latest doctrine.

Remarks by Chairman HIT

3. The Chairman HIT thanked the Committee and appreciated the support of Government. He identified a few gaps in the performance due to the following issues:-

- ❖ Shortage of Budget
- ❖ Skill Dilution due to Ban imposed on induction of Man Power
- ❖ Financial & legal frame work for commercial activity
- ❖ Political & Diplomatic Support for Export of HIT Products

Heavy Industries Taxila (HIT) is a large Defence Industrial Complex comprising of six production units, a support facility and R&D Centre.

Visit to the Exhibition Hall (Display Centre):

4. The Standing Committee on Defence Production was first taken to a Hall where Arms, Ammunition & Tanks manufactured by HIT were displayed. The Committee was detailed regarding each product. The Chairperson highly appreciated the variety of products displayed for the visitors interest.

5. Lastly, the Committee Members not only witnessed “live” tank performance of Al-Khalid Tank but also enjoyed riding the Tank for a while with a lot of appreciation to HIT upon its excellent performance in Defence Production sector.

SENATE SECRETARIAT

Subject: - **MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION**

A meeting of the Senate Standing Committee on Defence Production was held on 24th July, 2014 at 11.00 pm in the Committee Room No. 1, Parliament House, Islamabad under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. The agenda before the Committee was as under:-
 - i. Briefing on role and functions of Defence Export Promotion Organization.
 - iv. Any other item with permission of the Chair.
3. The following members of the Committee attended the meeting:-
 13. Senator Taj Haider
 14. Senator Mir Hasil Khan Bizenjo
 15. Senator Karim Ahmed Khawaja
 16. Senator Rubina Khalid
4. The meeting commenced with the recitation of Holy Quran. Chairperson Committee welcomed all the participants to the meeting. Before the Committee started its discussion on the agenda, Senator Taj Haider in his remarks condemned in strongest term the genocide of unarmed and innocent people of Gaza by the Israel and demanded immediate cessation of attacks and high level inquiry into human rights violation committed by Israeli troops. He called upon the government to facilitate in negotiating immediate and unconditional ceasefire in Gaza and also make necessary arrangements for provision of medicines, food and other items to the victims. The Committee unanimously supported the viewpoint of the honourable Senator.
5. With the permission of Chair, Acting DG, Defence Export Promotion Organization (DEPO) gave a detail presentation on the role and functions of DEPO. Acting DG apprised the Committee that DEPO was established as an autonomous body under Ministry of Defence (DP Division) and housed in the premises of Army museum. The vision of the organization is to provide support to Defence manufacturing, service sector and export chain through promotion, facilitation and coordination for sustained growth of defence exports.
6. Term of Reference (TOR) of the organization are (i) provide a platform for facilitation, promotion and development of the defence export (ii)

Coordinate promotion of defence export with government agencies/foreign missions and sending delegations abroad (iii) conduct Seminars, Workshops and Conferences connected with Defence export (iv) assist Defence Services in marketing their training packages, overhaul facilities, surplus stores etc. (v) establish and maintain display centers.

7. Acting DG further briefed the Committee that holding of IDEAS (International Defence Exhibition & Seminar) is the flagship of DEPO. Seven IDEAS have been organized on biennial basis w.e.f. year 2000. Next idea is scheduled to be held from 1-4 December, 2014.

8. The Committee was informed that Rs. 11.061 million was allocated to DEPO for the FY 2013-2014 against the head of pay & allowances, transport etc. All the uniform persons serving in the organization are paid from respective defence expenditure and no secondment pay is given. He further informed that till date, DEPO is functioning as an adhoc organization and case for its further extension for one year has to be initiated each year. Case for permanence of DEPO with revised TORs has already been initiated and currently under process with the Ministry. It was informed that Ministry of Finance as a routine raises objections pertaining to issues such as income from IDEAS, audit matters and regularization of expenditure made from the income of provision ideas to the next etc.

9. Senator Dr. Saeeda Iqbal enquired as to why the record of the income of previous IDEAS does not exist? She was of a opinion that complete record of income generated during the past IDEAS should have been available with the DEPO authorities. She directed the Ministry to evolve comprehensive Standard Operating Procedure (SOPs) in this regard with a view to ensure that proper record is available for scrutiny and audit purpose. Acting DG responded that a private company was hired to organize and conduct the IDEAS and primarily it was the responsibility of the said company to keep record of all the data, transactions and income details etc. He informed the Committee that DEPO authorities are in touch with the concerned company and efforts are being made to retrieve the missing record.

10. Senator Mir Hasil Khan Bizenjo asked about the impediments in giving permanent status to DEPO. He called upon the government to decide in principle whether they would want DEPO to continue as an organization or not. If it is viable to keep the organization in the public interest, the organization should

be given permanent status. The Ministry should take full ownership of the DEPO and submit the case for its permanence to competent authority on top priority basis. He observed that running of such an important organization on temporary basis is a sheer wastage of resources and asked the Committee to take necessary action in addressing the issue.

11. Additional Secretary, Ministry of Defence Production responded that Ministry supports the idea of giving permanent status to DEPO however, Ministry of Finance, keep raising various objections on one pretext or another leading to procedural delays. Ministry of Finance has not yet released Rs. 130 million required for IDEAS 2014 whereas only 60 million was allocated against the demand of Rs. 125 million for IDEAS 2012.

12. Senator Taj Haider commented that Pakistan must strive to enhance its defence production by providing a platform to the defence forces to access the best products and technologies to cater for their defence related requirements. He was of concerted opinion that "IDEAS" is an absolute defence industry show and region's best platform for international defence system promotion and procurement. He further recommended that the government should meet the requirement of armed forces through prudent combination of procurement and indigenous production. He reiterated that IDEAS exhibition should be held more frequently with a view to attract investment and exploring new markets around the world. He lamented the fate of Pakistan Machine Tool Factory, which is partly functioning due to non payment of required dues. He also presented his report on the status of factory which was submitted to then Prime Minister in 2012. Senator Dr. Saeeda Iqbal directed that copy of the said report may be circulated among all members of the Committee and comments on the current status of Pakistan Machine Tool Factory be obtained from Ministry of Industries and Production.

13. Senator Dr. Karim Ahmed Khawaja proposed to constitute a Sub-Committee with the mandate to look into aforementioned issues particularly with reference to giving permanent status to the DEPO.

14. Senator Mir Hasil Khan Bizenjo recommended that next meeting of the Committee may be convened on single point agenda i.e. giving permanent status to DEPO. Representatives of all concerned Ministries may be invited to attend the proposed meeting. Chairperson agreed to the proposal.

15. Senator Rubina Khalid pointed out that there are certain strong cartels operating in the market / business that tend to retain monopoly through exploitation and accepting commissions/kickboards. She recommended that Ministry should identify such cartels and take steps to discourage their commercial interest through concerted efforts.

16. Senator Dr. Saeeda Iqbal stressed that all the law enforcement agencies should preferably purchase their required equipment and material from indigenous resources. The agencies may not resort to foreign purchases until they obtain NOC from the Ministry of Defence Production. She endorsed the proposal that necessary legislation should be considered in this regard where required.

17. In response to a question asked by Chairperson, Additional Secretary, Ministry of Defence Production stated that IDEAS 2012 proved to be of immense value in creating favourable environment for Commerce, trade and Industry of Pakistan through the congregation of large number of visitors, exhibitors and defence delegations from around the world. The forum indeed helped to project Pakistan as a modern and progressive state. He further stated that Ministry is considering a proposal to commence one window operation with the aim to bring all type of Defence export and import under one roof on the analogy of model being followed by the UK, Turkey and other developed states. The committee appreciated the proposal.

18. The Committed concluded its proceedings with following recommendations:-

- a. Director General, DEPO will furnish details of proposal to the Committee with regard to giving permanent status to DEPO.
- b. Ministry will identify the bottlenecks and impediments that hindered the transformation of DEPO into a permanent structure and submit the details / report to Committee by 25th August, 2014.
- c. In the light of above mentioned report, the meeting of the Committee will be convened in first week of September, 2014 to discuss and deliberate the issue pertaining to giving permanent status to DEPO. Representatives of all relevant Ministries will be invited to attend the meeting.

- d. Ministry of Industries & Production will be approached to submit overview and progress report of Pakistan Machine Tool Factory. Further action will be taken upon receipt of the report.
- e. The Committee shall visit the newly established display centres/facilities at DEPO, Islamabad in coordination with the Ministry.

SENATE SECRETARIAT

Subject: - **MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION**

Senate Standing Committee on Defence Production visited Pakistan Aeronautical Complex (PAC), Kamra on 27th August, 2014 under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. Following members of the Committee attended the meeting:-

17. Senator Taj Haider
18. Senator Daud Khan Achkzai
19. Senator Karim Ahmed Khawaja
20. Senator Amar Jeet
21. Senator Mushahid Hussain Sayed (Special Invitee)
22. Senator Sehar Kamran (Special Invitee)

3. The Senate Committee reached PAC Kamra by road and was received by Air Marshal Javaid Ahmed, Chairman, PAC Board. The members of the Committee were ushered to Committee Room where PAC authorities had organized a comprehensive briefing duly attended by all senior officers.

4. The meeting started with the recitation from the Holy Quran. Chairman PAC Board welcomed the members of the committee and briefed the members regarding roles and functions of PAC Board. He apprised the committee that PAC is the hub of aviation industry in Pakistan which manufactures and overhauls aircrafts and maintains radars and avionics.

5. PAC Kamra Complex houses four aviation factories which virtually takes care of maintenance of all operational assets of Pakistan Air force (PAC) for the purpose of effective control and efficient working. The Complex is governed by an autonomous Board which is headed by Chairman PAC Board and five members. The Chairman directs and guides functioning of all four factories of PAC under respective managing directors.

6. The Complex houses multifaceted engineering capabilities which enables it to undertake aircraft structure overhaul, aircraft component overhaul, aircraft engine overhaul, radar & avionics maintenance and overhaul. To cater for the needs of all these tasks, the Complex provides comprehensive aviation standard testing & manufacturing facilities at one place.

7. Moreover it was informed to the Committee that all PAC factories are ISO-2000 and Aerospace Standard 9100 Revision "B" certified. Additionally, its precision measuring equipment labs are accredited for ISO

17025 Standards. The prime commercial customers include Royal Saudi Air Force, Sri Lankan Air Force, Oman Air Force & Boeing, USA and Iran. Pakistan Aeronautical Complex, since its inception, is working with a vision to provide the most cost effective engineering solutions, with ever increasing indigenous support to Pakistan Air Force and friendly countries.

8. The Chairperson of the Committee asked whether PAC accord priority to customers from SAARC countries. The Chairman PAC affirmed that many SAARC countries are potential customers however raised certain issues with respect to provision of credit lines by the commercial banks and requested the Committee to intervene and facilitate in resolving the matter. The Chairperson directed Secretary Committee to convene the meeting of the Committee inviting all stake holders to finalize and settle the matter.

9. Senator Sehar Kamran asked about the number of Aircrafts sold to Saudi Arabia. It was informed that twenty Aircrafts have been sold to Saudi Arabia under an agreement. It was further informed that certain Aircrafts have been sold to Oman and Iran.

10. In response to a question asked by Senator Dr. Karim Ahmed Khawaja regarding manufacture of drones, Chairman PAC Board informed that the requisite capability is available. Senator Mushahid Hussain Sayed asked about the level of coordination and cooperation with J-17 manufacture factory in Chengdu, China. He further enquired about the measures taken to ensure safety of PAC premises in view of previous incident.

11. In response, Chairman PAC Board informed that Chinese have learnt more from Pakistanis in terms of techniques and training. Currently ten officials from PAF have been posted to Chengdu. As far as security is concerned, PAC has been targeted thrice in the past however strict security measures are now in place to effectively check and counter any terrorist activity. He further informed that trained persons have been hired for security duty and security plan has been reviewed with enhanced security measures.

12. Senator Taj Haider was of the view that personnel working in the technical branches should be given more priority in view of their skills and expertise. He recommended that PAC should also look into possibility of manufacturing helicopters with large seating capacity so as to be used during relief operations. He further recommended that Government should approach commercial banks to provide credit lines.

13. Senator Sehar Kamran asked whether any buffer zone exists between PAF Kamra and civilian population. In response, it was informed that law exist to have a buffer zone, however there is no implementation and civilian population has almost amalgamated with PAF premises.

14. After the meeting, the Senate Committee visited following factories of PAC:-

Aircraft Rebuild Factory which carries out overhaul and upgrade of Chinese aircraft (A-5111, F-7P & F-7PG, K-8, Y-12, FT-5 & FT-6) and their components. This factory also manufactures sub-sonic and super sonic drop tanks for F-7 aircraft. Additionally, this factory undertake overhaul of propeller of C-130 aircraft.

Mirage Rebuild Factory was established in 1974, to support the Mirage fleet of PAF. The aircraft overhaul group of this factory carries out overhauling of Mirage III and V aircraft and their components. This factory also completed avionics upgrade of mirage aircraft in collaboration with M/s SAGEM of France thus significantly enhancing precision weapons release capability of Pakistan Air Force.

Avionics Production Factory is co-producing Grifo-7 airborne radar of F-7P aircraft under a contract with M/s Galileo Avionics of Italy. The maintenance of Grifo-M3 radar of mirage aircraft is also performed at APF. It is also producing Radar Warning Receivers (RWRs), Identification of Friend and Foe (IFF) systems, and Airborne Video Tape Recorders (AVTRs) for fighter aircraft. It also overhauls ground Radars and converts CRC vehicles into mission control centers. Phase wise co-production of JF-17 Avionics has also been started in this factory.

Aircraft Manufacturing Factory is manufacturing Mushshak and Super Mushshak aircraft in addition to producing few sub-assemblies for K-8 Jet Trainer aircraft and drones for aerial target practice. Super Mushshak is an ideal aircraft for elementary flight screening and primary flying training. This aircraft is a commercial asset of PAC and has been exported to Oman, Iran, Syria, Saudi Arabia and South Africa. To materialize futuristic vision, Pakistan in a joint venture with China launched a co-development and co-production programme for a cost effective fighter aircraft then named Super-7, presently known as JF-17 Thunder. First Prototype Thunder successfully flew its maiden flight in September, 2003. It is a multi-role, light weight aircraft, suitable to fly in all kinds

of weather. It has the capability to carry conventional as well as precision guided weapons. Phase wise co-production of JF-17 Thunder has been started at AMF.

15. In the end the Committee members had lunch with PAC officials, followed by presentation of shield to the Chairperson of the Committee by Chairman PAC. Senator Dr. Saeeda Iqbal, Chairperson Senate Standing Committee on Defence Production appreciated the facilities of PAC Kamra and expressed gratitude to staff of PAC having organized the said meeting/visit.

SENATE SECRETARIAT

Subject: - **MINUTES OF THE MEETING/VISIT OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION**

A meeting/visit of the Senate Standing Committee on Defence Production was held on 24th September, 2014 at 11.00 am at National Radio Telecommunication Corporation (NRTC), Haripur under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. The agenda before the Committee was as under:-
 - i. Briefing/presentation on National Radio Telecommunication Corporation (NRTC) and visit of the sites.
 - v. Any other item with permission of the Chair.
3. The following members of the Committee attended the meeting:-
 23. Senator Taj Haider
 24. Senator Amar Jeet
4. With the permission of the Chair, the Managing Director National Radio Telecommunication Corporation (NRTC) and his team consisting of high officials introduced themselves. The Project Director NRTC gave a detailed presentation on the structure and achievements and some recommendations for National Radio Telecommunication Corporation. Salient features of the presentation are as under:
 - ❖ Background, Mission
 - ❖ Organizational Structure and composition of Board of Directors
 - ❖ Human Resource
 - ❖ Quality Standards and Capabilities
 - ❖ Business Areas
 - ❖ Sales, Exports and taxes paid
 - ❖ Audit
 - ❖ Measures taken towards Capability & Capacity Building
 - ❖ NRTC Products Such as:
 - Radio Sets, Digital Exchanges and Electronic Field Telephones
 - Microwave Solutions, Tactical Fiber Optical Communication Solutions
 - Jammers, Interceptors and Early Warning Security System
 - Comnet Communications and Networking
 - Encryption Products, Power Supplies and Battery Charges
 - Antennas
 - R&D Co-operation and other services

5. The committee was apprised that in the year 1965 NRTC was initially awarded Rs.15 Million by the government for its inception but since then it is a completely self-financed institution working as a Private Limited Company. NRTC has a total manpower of 980 employees out of which ---- are regular and rest are on contract basis.

6. The total sales for the year 2013-14 are Rs.6049.155 Million and tax paid is Rs.429.866 Million. The existing NRTC customers include: Bangladesh, Nigeria, Saudi Arabia, Sri Lanka, South Africa and Turkey. Whereas the targeted customers include: Iraq, Egypt, Indonesia, Libya, Malaysia, Niger, Oman, Bahrain, Morocco and UAE.

7. The committee was pleased to know about a Jammer named GSM PK-100 RCIED that has surpassed the performance of US- Jammers as it passed the best quality test when compared with all available Jammers. It was also suggested to NRTC to deploy interceptors at Karachi Central jail, Sukkar jail, DI Khan jail and other sensitive places like Airports. It was observed by the Chair that Pakhtunkhwa Universities were not provided due importance in the induction and consultation.

8. On the question of Salala incident, DI Khan jail break and GHQ attack, the committee was informed that NRTC has informed about its products to all important organizations, but it is for them to acquire the products. NRTC being a Private Limited Company cannot impose its products to any government organization. Nor it can produce equipment without a prior order for its products. Moreover, during the attack the terrorist may have used multiple interceptors for which NRTC has yet to devise gadgets. But paucity of funds with the provincial governments is another reason that interceptors or jammers were not installed in every sensitive zone of the country.

9. Senator Taj Haider furnished the following recommendations to the committee:

- Effective coordination should be made among intelligence agencies at Provincial and Federal level in order to minimize security threats.
- Government of Sindh should be considered a potential customer.
- Focus on production of best quality national products which will reduce cost and enhance confidentiality.
- Concentrate on neighboring customers such as Afghanistan, Iran and other Central Asian states.

- Also work on “facilitating communication” along with “Jamming communication”.
- Manufacturing and assembling mobile phones for funds generation.
- Produce solar lights and solar pumps as they have a huge local market. They surely will facilitate the agricultural sector as well.
- Production of solar UPS can immensely reduce the problem of electricity in the country.

10. Finally the Project Coordinator briefed about the good potential NRTC has, for example, secure communication, solar technology, home solutions and safe cities. NRTC requested to the committee members to forward the information about NRTC to their respective provinces. In addition to this MD NRTC recommended that priority be given to NRTC products in all government departments.

11. The Chair appreciated the dedication of NRTC for developing good quality military and commercial telecommunication equipment and marketing it to local/international customers. The chair also assured that due consideration will be given to the recommendations of NRTC.

SENATE SECRETARIAT

SUBJECT: MINUTES OF THE MEETING/VISIT OF THE SENATE
STANDING COMMITTEE ON DEFENCE PRODUCTION

A meeting/visit of the Senate Standing Committee on Defence Production was held on 13th November, 2014 at 1100 hours at Pakistan Ordnance Factories (POF) Wah Cantt. Senator Dr. Saeeda Iqbal, Chairperson of the Committee chaired the meeting/visit.

2. The agenda before the Committee was as under:-
 - i. Briefing/presentation on Pakistan Ordnance Factories, Wah and visit of the sites.
 - ii. Any other item with permission of the Chair.
3. The following members of the Committee attended the meeting/visit:-

i.	Senator Dr Saeeda Iqbal	Chairperson
ii.	Senator Dr. Karim Ahmed Khawaja	Member
iii.	Senator Daud Khan Achakzai, Advocate	Member
iv.	Senator Amar Jeet	Member
v.	Senator Taj Haider	Member
vi.	Minister for Defence Production	Ex-Officio Member
4. List of participants from Defence Production and Pakistan Ordnance Factories, Wah, is enclosed as per Annexure-A.
5. The Members of the Committee were welcomed/received by the Chairman, POF, Wah.
6. The Chairman POF in his welcome remarks also greeted the Committee members and gave overview of challenges faced by POF.

7. Mr. Naseem Raza, Chief Executive & Advisor to Chairman, POF Wah gave presentation to the committee. He briefed the committee regarding the history and growth of POF since 14th August 1947. He explained organogram and mandate of POF Board as enshrined in POF Ordinance 1961. He stated that POF is divided in two divisions; defence division and commercial division. Defence division consists of 14 factories manufacturing 62 products. Defence division's core products are Infantry weapons, heavy machine gun & anti aircraft gun, artillery ammo, tank & anti tank ammo, Explosives & propellants, small arms ammo, aircraft/anti aircraft ammo, mortar bombs & grenades, rockets and PLCE/military uniforms. He further explained about commercial division having 10 subsidiaries in two divisions, Wah Industries Limited (WIL) and Wah Nobel (Pvt) Ltd. WIL is a commercial window of POF, 100% share owned by POF Board. WIL manufactures short gun ammo, hi-tech plastics, packaging factory, Sanjwal Solar (Pvt) Limited, Wah Brass (Pvt) limited.

8. Wah Nobel Pvt Ltd is a joint venture between SAAB of Sweden and Al-Mishal of Saudi Arabia. Wah Nobel Pvt Limited is further divided into Wah Nobel Chemicals, Wah Nobel Acetates, Wah Nobel Baluchistan, Nobel Energy Limited and Wah Nobel Gilgit Baltistan,

9. During briefing, he explained regarding physical infrastructure, strength, performance, budget, performance of subsidiaries, taxes paid by POF, exports in 40 countries of the world, export ratio in millions, efficiency of POF, ongoing and completed R&D projects, commercial products, quality certifications, challenges and budgetary analysis.

10. He explained vision, strategy and objectives of the POF, need of restructuring of public private partnership model and progress of solar power projects. He also briefed about MOUs with other countries to acquire explosives/blasting service capabilities.

11. In conclusion, he stated that delegated powers of federal government have been eroded over the years and POF Board practically has been relegated to status of subordinate office. The laid down government rules and

instructions are needed to be in line with commercial requirements of production house.

12. He further requested the Committee that the following recommendations of POF must be considered by the Committee for necessary actions i.e. (i) functional autonomy as enshrined in POF Ordinance 1961 be restored; (ii) single line budget (as desired in the Ordinance) be provided; (iii) Powers of re-appropriation delegated to POF Board; (iv) POF Board be permitted to exercise its administrative power for decision making and implementation of necessary changes; (v) POF be dealt as a production unit as against a Government Office (vi) Budget allocation - Commensuration Armed Forces Targets (vii) No government/public entry be allowed to import arms/ammo without POF/Ministry of Defence Production NOC and (viii) facilitate POF to become a self supporting / corporate organization. (Copy of detailed presentation given by POF is attached herewith).

13. During the presentation the Chairperson of the Committee inquired whether the budget of POF is given by GHQ or Finance Division. The Chairman POF replied that the budget of POF is given by Finance Division. He further explained that the POF works under its Ordinance of 1961, therefore, all financial matters of POF are directly concerned with the Finance Division.

14. Senator Taj Haider viewed that the public private sector must be invited for their partnership as to POF work as a corporate sector. He further inquired from the Minister for Defence Production that the production house of POF must be expanded and it should take export orders more effectively. The Minister replied that the ministry is taking measures to further strengthen the POF according to the standards of the global market.

15. Senator Dr. Karim Ahmed Khawaja asked the comparison with India regarding manufacturing of weapons. Chairman POF explained that the Indian government and private persons are legally bound to purchase weapons from their government owned manufacturing-entities. He stated that the POF is better than India and China in International market. He added that for the last

nine years, the POF do not have any assistance from USA, UK, Spain and Germany due to the potential of POF. He further explained that the governments of KPK and Punjab purchase weapons from POF but the Baluchistan and Sindh governments do not purchase from POF.

16. Senator Dr. Karim Ahmed Khawaja was of the view that the federal government through legislation should bring all sectors and individuals under the legal obligation to purchase weapons from POF, even at the issuance of licence of a weapon, it should be compulsory that the weapon be purchased from POF.

17. Senator Taj Haider inquired about exports of POF. The Chairman POF replied that due to financial constraints, it is very difficult for POF to meet the demands. He informed the Committee that the Board of POF is powerless even the own earning of POF cannot be utilized in other heads of POF by its Board. He added that during last year, POF received orders of weapons and ammunitions amounting to US dollar 200 millions from USA but due to unavailability of funds, the POF was unable to buy raw material to meet the requirements of orders / demands of USA, therefore, in above situation POF refused those orders/demands. Even USA has requested at many forums for manufacturing for them but due to monetary issues, POF was unable to do so.

18. The Chairperson of the Committee was of the view that POF should work as per international standards and government should provide all facilities and financial support to POF so as to it can be self-sufficient. In reply, the Minister explained that he has approached to Prime Minister regarding the issues of POF. He added that it is expected that all issues which have been discussed today will be resolved as soon as possible.

19 The Chairperson with the consent of the Committee Members requested the Minister that Secretary Defence Production and all the Heads of Defence Production Units should submit a brief note of recommendations, so that the Committee forwards it to relevant authority with their own observations.

20. The Committee visited display lounge and different production units and sites of the POF.

SENATE SECRETARIAT

Subject: - MINUTES OF THE MEETING OF SENATE STANDING COMMITTEE ON DEFENCE PRODUCTION

A meeting of the Senate Standing Committee on Defence Production was held on 28th December, 2015 at 2.30 pm in Committee Room No. 1, Parliament House, Islamabad under the Chairpersonship of Senator Dr. Saeeda Iqbal.

2. The agenda before the Committee was as under:-
 - i. Briefing by the Ministry of Defence Production on International Defence Exhibition and Seminars (IDEAS-2014) held in Expo Centre, Karachi from 1-4 December, 2014.
 - ii. Any other item with permission of the Chair.
3. The following members of the Committee attended the meeting:-
 25. Senator Taj Haider
 26. Senator Rubina Khalid
 27. Minister for Defence Production (Ex-Officio Member)
4. The meeting started with the recitation from the Holy Quran. The Chairperson of the Committee raised the point that she alongwith the members of the Senate Standing Committee on Defence Production who had gone to visit the International Defence Exhibition and Seminars (IDEAS-2014) held in Expo Centre, Karachi were not given due protocol and sought an explanation from the Ministry of Defence Production. The apologies offered by the Minister and the Secretary Defence Production were not accepted and it was decided by the Chair to move a privilege motion in the House in this respect.
5. The Director General, Defence Export Promotion Organization (DEPO) Major General Agha Masood Akram gave a detailed presentation about the IDEAS-2014 and shed light on the achievement by Ministry of Defence Production in making Pakistan strong and sustainable in the field of military hardware. Senator Taj Haider asked that what efforts were being made to enhance exports of Pakistan military hardware. He emphasized that more and more private sectors vendors may be got involved in the production of defence hardware. The Secretary, Ministry of Defence Production welcomed the suggestions of the Honourable Senators and stated that all the Defence Productions of Pakistan are for peaceful purposes. These exhibitions are

intended to portray a peaceful image of Pakistan before the world. The Chair asked the Ministry of Defence Production to forward details of the budgetary requirements of the Ministry which are required to be included in the Federal Budget for the year 2015-16. The Secretary, Ministry of Defence Production replied that their budgetary allocations are met through the Ministry of Defence but he would make all endeavour to provide the requisite information. He further requested for an enhanced credit facility for the Ministry so that vital defence equipments could be produced and their new versions may be introduced regularly.
