



Ministry of Defence Production



First Year Performance Report

(August 2018 to August 2019)



**GOVERNMENT OF PAKISTAN
MINISTRY OF DEFENCE PRODUCTION
RAWALPINDI**

AUG. 2019

Ministry of Defence Production



Mr. Imran Khan
Prime Minister of Pakistan



Ms. Zobaida Jalal
Federal Minister for Defence
Production



Lt Gen (Retd) Dr Muhammad Zahid
Latif, HI(M), Secretary (DP)

Mission Statement

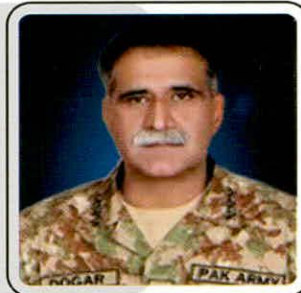
“To create an internationally competitive Defence Production sector that collateralizes local Defence Industries with the Defence needs of the Armed Forces through Public Private Partnerships based on self-reliance to satisfy sectoral needs, generate revenue and to achieve regional and international pre-eminence as a market leader”

Defence Production Establishments

Lt. General Sadiq Ali, HI (M)
Chairman POF Board



Lt Gen Abdullah Dogar, HI(M)
Chairman HIT Board



Air Marshal Ahmar Shahzad Laghari
Chairman PAC, Kamra



AVM Muhammad Qaiser Junjua, SI(M)
DGMP



Rear Admiral Mian Zakir Ullah Jan, SI (M)
DGDP



Executive Summary

Ministry of Defence Production is mandated under the Rules of Business for all matters related to defence production, procurement, indigenization, export, marketing, research, international collaboration, relevant declarations and Defence Production Policy.

2. This mandate is actualized through Defence Production Establishments (DPEs) that include Pakistan Ordnance Factories at Wah, Heavy Industries Taxila; Pakistan Aeronautical Complex at Kamra; Directorate General Defence Purchase; Directorate General Munitions Production. Two Corporations were placed under the Ministry in recent years viz. Karachi Shipyard & Engineering Works and National Radio Telecommunication Corporation. Defence Export Promotion Organization is a special institution for defence production exports. Much of the initial growth and development of DPEs obtained through PSDP allocations.

3. The Ministry itself is a very lean setup comprising of one Secretary, one Additional Secretary, four Joint Secretaries and six Deputy Secretaries. The Ministry receives one of the lowest budgetary allocations in comparison with other Federal Ministries.

4. As such this Ministry is one of the few organizations of the Federal Government that earns revenues, contributes to taxation and exports and has large potential to generate employment and economic growth. Under the auspices of

the Ministry the DPEs have achieved considerably in indigenization. However, this sector remained neglected due to a number of factors most essentially support and ownership at the governmental level and international control regimes have by far been the greatest challenge.

5. By comparison with other countries Pakistan lags far behind in Defence Production to GDP Ratio and thus there remains much opportunity for investment in the Defence Production Sector which if explored shall result in generation of jobs, economic and technological growth and above all greater and better defence of Pakistan.

6. In keeping with the Vision of the Prime Minister of Pakistan mentioned during briefing in Nov 2018, the Ministry realigned its role with the private sector and the local and international market.

First Year Report: A Synopsis

The reporting cycle in the defence production sector is much longer than a few months or even years. However, unprecedented progress has been made during period of one year. In fact as against previous decades the incumbent government has been able to achieve within a short period of one year many important targets in Defence Production Sector. **These include:**

- 1 Approval (in principle) of Maintenance Repair and Overhaul (MRO) facility at Islamabad International Airport which shall be at par with other International MRO setups



- 2 Overall export amounting to **US\$ 212 Million** achieved from August 2018 to July 2019 as under:

S.No.	Organization	Export (US\$ M)
I.	POF	7.129
II.	HIT	1.290
III.	PAC, Kamra	184.380
IV.	Private Firms	19.360
Total		212.159

- 3 Legislative mandate of Heavy Industries Taxila is being enhanced through an amendment in its Act. Accordingly, Bill after approval of Cabinet, has been passed through National Assembly and is now in Senate. This will enable HIT to initiate commercial activities, thus enabling to earn revenues. This shall not only subsidize Defence Budget but would also result in earning of valuable Foreign Exchange.



- 4 Statutory Directions under Section 6(2) of POF Board's Ordinance issued for augmenting production and commercial activities by POF Board. Accordingly approval of Cabinet accorded to create two new posts as DG Production and DG Commercial. This shall improve both Production and increase in commercial earnings thus creating enormous job opportunities and increase in revenue.



5 A comprehensive scheme to enhance private sector role in the defence production sector has been structured.

a. An exhibition and seminar titled SAVDEX was held in August 2018 at Lahore in collaboration with Lahore Chamber of Commerce and Industry.



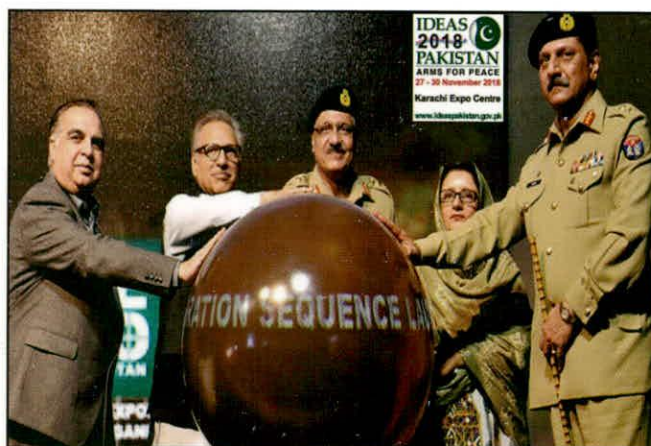
B. Recently, Defence Production Seminar on “Security through Self Reliance” has been organized at GHQ in July 2019 as well to encourage private sector and Local Vendors for enhanced role in Defence Production through Public Private Partnerships.

6 International Defence Exhibition and Seminars (IDEAS-2018) were organized in Nov, 2018 to promote exports and progressive image of Pakistan.

a. Total 524 companies (320 foreign & 204 national) participated and exhibited their products.

b. Karachi Expo Centre space was booked to its full capacity.

c. Five (05) MoUs were signed and many more in process.



- 7 “Policy Board on Shipbuilding” has been made functional for the first time after 11 years.



- 8 Gwadar Shipyard Project has been approved by the Prime Minister and all requisite follow-up actions have been personally supervised by the Minister for Defence Production including liaison with Chief Minister Balochistan and Gwadar Port Authority as well as on-site visit of Gwadar. Rationalized demand for land is under process. This Mega Project in the context of CPEC shall create enormous job opportunities, would initiate multiple commercial activities and result in generation of handsome amount of revenues.



- 9** A comprehensive tree plantation campaign has been launched for 500,000 trees in Defence Production Establishments.



- 10** In social sector, families of around 50,000 employees are being provided with quality education, medical facilities and quality living conditions through more than 100 schools, 10 colleges, 2 universities and 3 major hospitals. Schools for special children, vocational centers for ladies, community centers and parks have also been established.



- 11** The commercial activities of Defence Export Promotion Organization (DEPO) under the mandate of the Ministry have been brought in the fold of audit to further streamline financial discipline and better visibility of earnings.

- 12** National Radio Telecommunication Corporation (NRTC) has been modernized and equipped with latest manufacturing techniques. It has multiplied its earnings through local and export orders. NRTC now exploring more business in International IT market.



- 13** The “purchase procedure” manual has been updated to structure a more liberal regime with greater ease for the private sector as well as for purchase activities.

- 14** Karachi Shipyard and Engineering Works (KS&EW) is generating revenue through Collaboration with International Ship builders. It is now a Self-Sustained organization through enhanced production activities.





**Government of Pakistan
Ministry of Defence Production
Pak Sectt-II, Rawalpindi**

Fax: 0092-51-9270944
E-Mail: info@modp.gov.pk
Website: www.modp.gov.pk