



Ministry of Defence Production

Two Years Performance Report

(August 2018 to August 2020)



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

TWO YEARS PERFORMANCE REPORT

(AUGUST 2018 TO AUGUST 2020)

#	TOPIC / AREA
1.	<p style="text-align: center;"><u>Vision of Ministry for the Sector (linked with PTI manifesto)</u></p> <p>To ensure Pakistan's National Security is one of the themes of PTI's manifesto. In line with this, the vision of MoDP is 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.</p>
2.	<p style="text-align: center;"><u>Baseline of the sector "Where we were"</u></p> <p>When the present Govt. came into power, involvement of Private Sector in defence production industry was dormant. However, after the PTI's Govt with the agenda to revitalize the economy and participation of private vendors in defence production was encouraged by taking various initiatives including holding of a Defence Production Seminar on "Security through Self Reliance" at GHQ in July 2019 and SAVDEX from 16-18 Aug, 2018 & 27-29 Feb, 2020 in collaboration with Lahore Chamber of Commerce and Industry (LCCI). Further, commercialization in the defence production establishments was also encouraged.</p>
3.	<p style="text-align: center;"><u>Key objectives behind the vision</u></p> <ul style="list-style-type: none"> 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. This mandate is actualized through Defence Production Establishments (DPEs) that include Autonomous Bodies i.e. Pakistan Ordnance Factories (POFs), Wah, Heavy Industries Taxila (HIT); Pakistan Aeronautical Complex (PAC), Kamra, Karachi Shipyard and Engineering Works (KS&EW), National Radio & Telecommunication Corporation (NRTC) and Executive Departments i.e. Directorate General Defence Purchase (DGDP), Directorate General Munitions

	<p>Production (DGMP), Directorate General Research and Development Establishment (DG RDE) and Defence Export Promotion Organization (DEPO).</p> <ul style="list-style-type: none"> • This Ministry is one of the few organizations of the Federal Government that earn revenues, contribute to taxation and exports and have large potential to generate employment and economic growth. Under the auspices of the Ministry, the DPEs have achieved considerably in indigenization. • In keeping with the vision of the Prime Minister of Pakistan, the Ministry has re-aligned its role with the Private Sector and the local and international market to develop a self-reliant and a self-sustained defence production industry along with increasing job opportunities, generation of revenue through taxes, decreasing dependence on imports and increasing the exports to earn foreign exchange.
4.	<p style="text-align: center;"><u>Initiatives Undertaken by the Ministry for Realization of the Vision</u></p> <p>Based on the Vision and Objectives set forth, a number of initiatives have been taken by the ministry and its Production Units. These include (but are not limited to):</p> <ul style="list-style-type: none"> • <u>Ministry of Defence Production</u> <ul style="list-style-type: none"> • Formulate Defence Production Policy and Defence Offset Policy. • Restructuring of the Ministry to make it more efficient and viable. • Enhance Private Sector's participation in defence related manufacturing. • Acquire ToT to enhance domestic industrial base. • Encourage local Research and Development. • Establishment of Gwadar Shipyard. • Support national effort in fight against COVID-19. • <u>Karachi Shipyard and Engineering Works (KSY & EW)</u>. Financial sustainability of Karachi Shipyard and Engg Works (KS&EW) be ensured through Foreign Collaboration as well as extending inland and reaching out to local departments and industries. • <u>National Radio Telecommunication Corporation (NRTC)</u>. <ul style="list-style-type: none"> • To ensure that NRTC continues to be a Self-sustaining and financially viable organization, maximizing its sales and enhancing exports, thus becoming a role model for other PSEs. • Indigenous development of diversified state of the art equipment.

	<ul style="list-style-type: none"> • TIP taking over and conversion to a profitable Unit. • Assembly of mobile phones and laptops domestically. • Encourage Research & Development • <u>Pakistan Ordnance Factories (PoFs)</u>. Improve efficiency through better management system, enhance exports as well as inland sales and modernization. • <u>Heavy Industries Taxila (HIT)</u>. <ul style="list-style-type: none"> • Focus on finished products in specific fields. • Utilize surplus capacity and reduce dependence on defence budget through commercial sales. • Enhance exports. • <u>Pakistan Aeronautical Complex</u> <ul style="list-style-type: none"> • Establishment of MRO facility at Islamabad International Airport. • Enhance exports. • Continuous upgradation of build and repair facilities.
5.	<p style="text-align: center;"><u>Updated on Initiatives / Projects</u></p> <p>The reporting cycle in the defence production sector is much longer than a few months or even years. However, due to the timely and focused initiatives, unprecedented progress has been made during period of two years. In fact as against the previous decades the incumbent government has been able to achieve within a short period of two years many important targets in Defence Production Sector. These include:</p> <ul style="list-style-type: none"> • <u>Ministry of Defence Production</u> <ul style="list-style-type: none"> • <u>Defence Production Policy</u>. First presentation on Draft Defence Production Policy is scheduled during current week. • <u>Defence Offset Policy</u>. Draft Defence Offset Policy is being circulated to all concerned for input. Based on the input, the policy shall be processed for approval. • <u>Restructuring of the Ministry</u>. Following restructuring has been carried out:- <ul style="list-style-type: none"> • 2 x new Executive Departments have been raised in DEPO and DGRDE. The new EDs are likely to substantially enhance marketing of our defence products and provide conducive environment for Research and Development in the country by engaging academia and private sector.

	<ul style="list-style-type: none"> • Public-private Cell, legal cell and policy formulation/ oversight cell is being raised in the Ministry from within own resources. • On direction of PM, Think tank at ministerial level for quality input on various aspects has been formulated. • <u>Private Sector's Participation In Defence Related Manufacturing.</u> <ul style="list-style-type: none"> • A special and well attended seminar was arranged in July 2019, to encourage private sector in defence related industry. Recommendation of the seminar form the bedrock of draft defence production policy. • In collaboration with LCCI, SAVDEX were arranged in Lahore in 2018 and 2020. • <u>Acquiring ToT.</u> ToT worth millions of dollars has been made essential part of all big contracts and will be absorbed by local industry over next few years. • <u>Encourage Local Research and Development.</u> For the first time, Research and Development projects worth Rs 4 Bn have been initiated for domestic development of state of the art defence equipment, out of which Rs 1.8 Bn were disbursed during the LFY. • <u>Gwadar Shipyard.</u> The project was initiated after PM's approval. Land acquisition, MoU with Balochistan Govt and PSDP approval are in final stages. Project Management cell will be established after approval of PSDP. • <u>Support National Effort in Fight Against COVID-19.</u> Following has been achieved so far: <ul style="list-style-type: none"> • Indigenous development and production of ventilators at NRTC, inaugurated by PM. • Cumulatively, production units of this Ministry attained capability to produce 25000 surgical masks, 300-400 litres of sanitizer and 500 PPEs per day. • <u>Karachi Shipyard and Engineering Works (KS & EW).</u> <ul style="list-style-type: none"> • Full financial sustainability of KSY&EW achieved in last 2 years after repaying all previous losses. • Inland sales more than PKR 7.5 Bn including PKR 1.4 Bn in taxes to national
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	<p>exchequer, whereas, contracts worth PKR 4 Bn are in hand.</p> <ul style="list-style-type: none"> • Exports worth US \$ 34 Mn. • Massive upgradation of shipyard worth PKR 12 Bn financed through PSDP is nearing completion. • ToT worth millions of USD has been acquired for submarine and ship manufacturing. <ul style="list-style-type: none"> • <u>National Radio Telecommunication Corporation (NRTC).</u> <ul style="list-style-type: none"> • NRTC has become a role model for all PSEs without getting a single penny from the govt. <ul style="list-style-type: none"> • Inland Sales exceed PKR 12.5 Bn including 2.9 Bn in taxes. • Exports worth US \$ 8.5 Mn with almost 10 Mn \$ orders in hand for CFY. • NRTC is venturing into new and diversified products like RFID number plates, safe city projects and AI solutions. • Launching of indigenous mobile phones and laptops is held up due to COVID. • PM has principally approved taking over of TIP by NRTC and the project under finalization. • In order to encourage Research & Development, NRTC offers internship to high achiever fresh graduates and sponsors them for conception and vitalization of new projects. • <u>Pakistan Ordnance Factories (PoFs).</u> <ul style="list-style-type: none"> • To improve efficiency and management of PoFs, posts of DG (Production) and DG (Commercial) were created in PoFs through Cabinet's approval, which has enhanced the overall efficiency. • Re-composition of BoD is under process at the Parliament. • ToT acquisition for the latest arms and ammunition and phased modernization is under process. • Inland sales worth PKR 7 Bn including 1.5 Bn Taxes have been made. • Exports in excess of USD 152 Mn.
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- **Heavy Industries Taxila (HIT)**

- Rolling out of first batch of Al-Khalid-1 tank was carried out on 28 July 2020.



- Amendment bill regarding creation of a commercial company by HIT has been passed by parliament. Surplus capacity shall be utilized to enhance sales/exports and reduce dependence on defence budget.
- Inland sales worth PKR 3.2 Bn including 550 Mn as tax.
- Exports worth USD 11 Mn.

- **Pakistan Aeronautical Complex**

- NoCs from various govt ministries for establishment of Commercial MRO are at different stages.
- Inland sales worth PKR 450 Mn including 48 Mn as tax.
- Exports worth 17 Mn USD were made in last FY, orders for 370 Mn USD are under finalization.

6.

Info graphics of initiatives (financial outlay, expenditure, budget, etc)

The prime concern of MoDP / DPEs is to ensure Defence of Pakistan irrespective of profit/ loss/ cost. However, inland sales and exports have substantially increased and mentioned in para 5 with respective industry.

7.

Photograph of Initiatives etc



Secretary Defence Production chairing a meeting on COVID-19 at MoDP



Minister for Defence Production, Ms Zobiaida Jalal inspecting the repairing of ventilators at NRTC.



Inauguration of Electro Medical Lab at NRTC by PM





Minister for DP inaugurating Tree plantation at NRTC



Minister for DP visiting NRTC for inaugurating Smart RFID License Plates



Minister for DP visiting POF



Corvent Ventilator by POF



Al-Khalid-I Tank



Rolling out ceremony of Al-Khalid-I Tank



Minister for Defence Production, Ms Zobaida Jalal with PM at COMSTECH.



Federal Minister for Defence Production Ms. Zobaida Jalal along with Chairman Joint Chiefs of Staff Committee at COMSTECH.



Minister for DP visiting HIT



Minister for DP visiting PAC Kamra



Inauguration Ceremony of IDEAS 2018



President of Pakistan visiting IDEAS 2018



Fast Attach Craft (Missile-4)



Federal Minister for Defence Production Ms Zobiaida Jalal Launching
Fast Attach Craft (Missile-4) at KS&EW

8.	<p style="text-align: center;">Awareness & Outreach for the Initiatives</p> <p>For inculcating awareness following initiatives were taken:</p> <ul style="list-style-type: none"> • International Defence Exhibition and Seminars (IDEAS-2018) were organized in Nov, 2018 to promote exports and progressive image of Pakistan. • An exhibition and seminar titled SAVDEX was held in Feb, 2020 at Lahore in collaboration with Lahore Chamber of Commerce and Industry. • Defence Production Seminar on “Security through Self Reliance” was organized at GHQ in July 2019 to encourage private sector and Local Vendors for enhanced role in Defence Production through “Public Private Partnerships”. • Many Press Releases have been issued and “100 Days Performance Report” and “One Year Performance Report” have been published which are reflective of PTI’s above manifesto in relation to the strides being made in the realm of defence production.
9.	<p style="text-align: center;">Testimonials (Subject export of sector, Beneficiaries/ stakeholder, Media feedback)</p> <p>Services plus the Defence Industry of Pakistan operating in Private Sector are benefitting from Defence Production capabilities of Pakistan. For instance, a total number of 524 companies (320 foreign & 204 national) participated in IDEAS 2018 wherein five (05) MoUs were signed.</p>
10.	<p style="text-align: center;">Legislative, Policy framework (proposed/ implemented)</p> <p>Following legislative, policy framework have been implemented:</p> <ul style="list-style-type: none"> • Re-structuring of MoDP’s departments has been carried out by creating Dte General RDE to develop and evolve a centre for Research & Indigenous development/ production in specific areas related to Defence Production. • Statutory Directions under Section 6(2) of POF Board’s Ordinance have been issued for augmenting production and commercial activities by POF Board. • “Policy Board on Shipbuilding” has been made functional for the first time in 11 years span.



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GOVERNMENT OF PAKISTAN
PAK SECTT-II, RAWALPINDI**

Fax: 051-927944

info@modp.gov.pk

www.modp.gov.pk