

*BILL*

*further to amend the Heavy Industries Taxila Board Act, 1997*

WHEREAS it is expedient further to amend the Heavy Industries Taxila Board Act, 1997 (XII of 1997), for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.**—(1) This Bill may be called the Heavy Industries Taxila Board (Amendment) Act, 2019.

(2) It shall come into force at once.

**2. Amendment of section 6, Act XII of 1997.**— In the Heavy Industries Taxila Board Act, 1997 (XII of 1997), hereinafter called as the said Act, in section 6, in sub-section (I), for the words “surplus capacity” the words “commercial potential” shall be substituted.

**3. Amendment of section 7, Act XII of 1997.**— In the said Act, in section 7, for clause (h), the following shall be substituted, namely:-

“(h) to utilize, create and enhance commercial capacity and capability for manufacturing marketable products, promote sales thereof and provide services within country and abroad, through;-

(A) establishment of limited company under the Companies Act, 2017 (XIX of 2017) to undertake with approval of the Board, commercial activities on corporate lines with private or public sectors both within country and abroad for the following, namely:-

- (i) undertake joint ventures with experienced national and international partners;
- (ii) establish subsidiary companies;
- (iii) without utilizing public money, raise funds through private investment or bank credit;
- (iv) maintain receipt and expenditure account of the commercial revenue in scheduled banks jointly operated in consultation with member finance;
- (v) fame audit, accounts and costing manuals on modern techniques;
- (vi) marketing of commercial products through internal marketing department or through hiring of agents; and
- (vii) formulate own recruitment and procurement procedures; and

(B) the company and its subsidiaries subject to audit by the Chartered Accountants firms; and

(C) revenue earned by utilizing commercial activities to subsidize defence budget which will reduce burden on national economy, for reinvestment and to provide benefit to the Board’s management and employees in prescribed manners.”

## **STATEMENT OF OBJECTS AND REASONS**

Heavy Industries Taxila (HIT) functions under a Board established in 1994 which was later enacted by the Parliament as HIT Board Act No. XII of 1997. Principal function of the Board is to meet needs of defence of the country and utilize surplus capacity for commercial activities. Creation of potential outside the realm of existing capacity is essentially required to optimally utilize commercial potential of HIT and earn sufficient revenue to subsidize its budget. This can be achieved through Joint Ventures (JVs) with local entrepreneur and foreign companies.

2. HITB functions under Government rules/regulations which do not commensurate with corporate requirements and are counterproductive to providing competitive edge in business. The proposed JVs under a Limited Company can be jointly administered with private investors. Financial discipline in the venture can be ensured by JV partners having profit motive.

3. Rebuild and manufacturing factories of HIT are specialized defence projects, and HIT, with over 35 years' experience, has achieved vast commercial potential. HIT is considered suitable for JV programmes with national/international partners for in-country manufacturing of commercial products such as automobiles, trucks, prime movers, railway wagons etc. If this potential is tapped to its optimum, sufficient revenue can be generated to subsidize ever increasing demand of funds for support of Army project.

**ZOBAIDA JALAL**  
Minister for Defence Production