

## **GOVERNANCE STRUCTURE AND FLAWS WITHIN: A CASE STUDY OF MINISTRY OF SCIENCE AND TECHNOLOGY AND ITS PUBLIC SECTOR ENTITIES**

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### **INTRODUCTION**

The Ministry of Science and Technology was created in the year 1965 to build a platform for the development and advancement of science and technology in Pakistan. It was an era full of zeal, novel ideas and an endeavor to take the country to the highest possible level of technological advancement, and the government was deeply inclined towards scientific growth and development. Besides, the trio of Universities, Research Organizations and Industry needed a proper platform to collaborate and create opportunities for implementing the ideas conceived by the scientists.

At present, the Ministry of Science and Technology has 14 organizations under its direct administrative control. Out of these, three are Universities and the rest are either research organizations or they work as regulatory authorities. The organizations that work as regulatory authorities are responsible for, mostly- but not limited to, monitoring the standards of quality of the products developed by the industries in the country. This means that the scope of work of these organizations is momentous. Still, as we see, not much has been attained in terms of scientific advancement in the country. Why has the voyage not resulted in adequate outcomes and how inefficient is the administration of these SOEs or PSEs? These questions are considered in this brief.

The Public Sector entities that fall under the administrative control of the Ministry of Science and Technology may be defined as Public Sector Enterprises. The definition states that “ Public sector entities or State-owned entities are the government owned or government controlled entities whose assets are held in corporate form and which generate the bulk of their revenues by the sale of goods and services.”

The organizations that are being governed by the Ministry are almost all defined as body corporates in their respective acts, they all are engaged in the sale of goods and services in one way or the other and the government holds a major role in appointing their board members and heads and so on and so forth. None of the 16 organizations has been declared as an attached department in the Rules of business, 1973. Their absence in schedule 3 of the ROB, 1973 and their ambiguous presence in Schedule 2 makes their administration a treacherous path that the Ministry has to tread.

The Ministry of Science & Technology in its present form has been in operation since 1972. It is supposed to be the national focal point for planning, coordinating and executing scientific advancement in the country.

The Day-to-day business assigned to this Division under Schedule-II of the Rules of Business 1973 is undertaken by four technical Wings each headed by BS-20 level officers, while the Administration and Finance & Accounts Wings are being headed respectively by the Joint Secretary (I) & Joint Secretary (II) and Chief Finance & Accounts Officer (CF&AO). The Planning & Development Cell is also operating in the Ministry. Although the Planning and development Wing is in rudimentary shape and officers from the Planning Commission that are supposed to be part of the cell have never been posted there.

A detailed overview of the Ministry explicitly brings forth the flaws within the administrative structure of the Ministry. A brief picture of the different wings of the Ministry is given below:

There are eight Wings within the Ministry namely,

- 1) Technology Wing
- 2) Electronics Wing
- 3) International Liaison Wing
- 4) Organization Wing
- 5) Planning and Development Cell/Wing
- 6) Finance Wing
- 7) Policy and Coordination Wing
- 8) Administration Wing

In fact, these eight Wings within the Ministry are supposed to develop cohesion and provide the subordinate organizations a way forward but here cohesion is not present and a dichotomy of authority is evident. This leads to turf wars within the Ministry and as a result, the work suffers a great deal and nothing substantive is achieved.

## **PURPOSE AND SCOPE OF THE STUDY**

The purpose of this study is to present a kaleidoscopic version of the fault lines within the system of governance in the country. The study is aimed at coming up with a detailed diagnostic analysis of the reason behind sub-optimal outcomes of the organizations that fall under the ambit of the Ministry of Science and Technology. This study will also consider the organizations that are self-sufficient and get no grants from the government but as they use government's authority so are supposed to deposit the revenue into the government exchequer. Besides, this study will analyze as to what the government will gain if at least a particular chunk of the revenue generated by them is brought under government's control.

In fact, Public Sector Expenditure goes beyond the Revenue, or the Cash flow forecast of the administrative ministry/division owing to the losses incurred by these government offices that have ambiguous status as they take grants from the government but not all the revenue generated by them is remitted into the Federal Consolidated Fund. As stated earlier, the subject study will

illustrate through evidence that in some cases, privatization or winding up is the only way forward as in the case of Council of Housing and Works Research, an organization under the Ministry of science and Technology and then there are a few cases like STEDEC where revival or partial privatization of the organization is necessary for better governance.

The main research question that is addressed in this study is as follows:

- What is Public Sector Expenditure and how is it adversely affected in fiscally redundant organizations?
- Are there some organizations that need major revival to maximize utility and some that need to be wound up?
- Is it necessary to keep the dying organizations alive at the expense of the Public Exchequer?

By developing a dialogue with the officers working in the selected organizations, Finance Division and at the Ministry -the way forward for these Research and Development related organizations will be delineated.

## **FINDINGS AND DISCUSSIONS**

The study was conducted to gain an insight into the governance structure of Pakistan's federal government and was aimed at finding out loopholes within the system.

A major objective of the study was to understand as to how the public sector expenditure is managed by these organizations and what is the progress of these organizations in terms of monetary transactions. Where has the Budget of these organizations gone? MOST provides grants to several PSEs under its administrative control. The question that was the focus of the study was whether the organizations have some financial vitality, or have they become fiscally redundant over-time?

PCSIR has received the second highest grant (34% in FY 2023-24) in the sample period. For the last FY under study it is close to 4 Billion rupees. Whereas CWHR (1.3%), PCST (1.1%) are relatively smaller grant receivers.

The study elucidated that Recurrent budget of the MOST secretariat is increasing over time with close to 6 For PCST budgetary position is no different. Employee salary and pension take away most of the budget.

Next if we look at the development budget then it is the same proportions as was the case of current allocations. However, like other development spending these also are susceptible to cuts and reallocations.

Besides, PSQCA doesn't get any grant from the government other than a few development schemes, but it manages to earn a tremendous amount of money. Audit Authorities have time and again pointed out the lack of accountability on part of the organization. The organization has still not framed its financial rules, which is a lacuna that needs to be addressed. As per the record available from the AGP Office, the organization earned around 2 billion rupees even after carrying out all its

expenditure. As per TSA Rules 2020 and subsequently framed Cash Management and TSA Rules 2024, the money earned by the PSE had to be debited into the Federal Consolidated Fund, but the organization vehemently denies doing that.

## CONCLUSION

The study endeavored to get an understanding of the working of the Ministry and its autonomous bodies and has made us come up with these two basic conclusions:

### *Lack of Vision*

Ministry and the organizations suffer from a dearth of creativity and have lost any adequate vision or meaning. This needs to change. Schedule 3 to the Rules of business, 1973 mandates the Ministry with an advanced role in scientific and technological advancement of the country. Ministry needs to attain that objective by having a vivid understanding of the potential of its organizations.

### *Political Interference and lack of intellectual integrity*

Time and again, the Ministry has been used as a breeding ground for politicians where they have recruited their political cronies. This resulted in the loss of merit-based inductions and resultantly, the Ministry suffered a great deal.

## KEY POLICY RECOMMENDATIONS

- 1) Amendments shall be made in the Rules of Business, 1973
- 2) Redistribution of work shall be made within the Ministry
- 3) Setting up attainable goals and objectives by the Ministry
- 4) Categorization of PSEs as per Section 36 of PFM Act 2019
- 5) PCSIR shall have equity-based investments and shall come up with a liaison with the academia and the industry as per the triple/helix model enumerated in the National Science Technology and Innovation Policy 2022.
- 6) PCST shall get autonomy and shall be revitalized.
- 7) CWHR shall be wound up.
- 8) PSQCA shall be made part of the essential SOEs and it shall remit its finances into FCF.
- 9) STEDEC shall be transformed into a proper commercial enterprise.