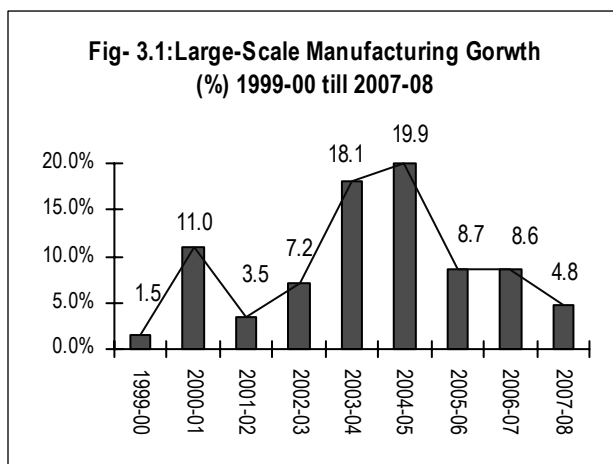


MANUFACTURING AND MINING

3.1 Introduction

Pakistan's manufacturing sector recorded the weakest growth in a decade during the outgoing fiscal year 2007-08. Overall manufacturing posted a growth of 5.4 percent during the first nine months of the current fiscal year against the target of 10.9 percent and 8.1 percent of last year. Large-scale manufacturing, accounting for 69.5 percent of overall manufacturing registered a growth of 4.8 percent in the current fiscal year 2007-08 against the target of 12.5 percent and last year's achievement of 8.6 percent. Heightened political tension, deteriorating law and order situation, growing power shortages, cumulative impact of monetary tightening and rising cost of doing business are responsible for poor showing of manufacturing in 2007-08. Taking a longer term view, the manufacturing growth exhibits a moderating trend (see Fig-3.1).



The manufacturing sector in the country still revolves around the traditional low value added industries, whose share in world trade is continuously declining. The investment in upgrading technology is low and diversifying into emerging markets, products and processes is either

slow or nearly constant. An efficient international quality supply chain, which is so essential for local industry to flourish, is missing, partly due to insufficient scale of economies and partly due to bundling of raw material, parts and modules by the multinationals in their assembly oriented companies, which discourage a local vendor industry to flourish. Major constraints in achieving and sustaining the goal of rapid industrialization, are low productivity level without the development of a widely embedded skills base, competence and productivity, global trading challenges cannot be achieved as well as skills shortage, and skills gap in key modern technologies which reduces optimum operation of both plant and machinery.¹ Diversifying the manufacturing sector, developing SMEs and enhancing productivity are the major objectives to be achieved in the manufacturing sector. Pakistan has to make important strategic choices to ensure sustainable growth in the manufacturing sector in a rapidly changing and challenging international competitive environment. This requires massive structural changes, shift in the production paradigm to technology and knowledge based industrialization, with a focus on the quantitative and the qualitative growth of an integrated and competitive industry in the private sector. The inefficiencies of import substitution must give way to an export led strategy. The share of knowledge and technology intensive engineering, electronics, pharmaceutical, chemical and non-metallic mineral products, should be strengthened and enabled through fiscal and tariff means as well as building of alliances with international partners. Sectors and products with comparative advantage such as textiles, food and agro-processing should similarly be fostered.

¹ Annual Plan 2007-08, Planning Commission

Pakistan's economy was characterized by a diverse albeit stagnant manufacturing sector during most period of the 1990's. It was in the later years that prudent, far-reaching and innovative government policies took hold and the manufacturing sector, for the first time in the history of the country, became the star of the economy. From 2000-01, the large-scale manufacturing sector as a result of a fast expanding economy, moved from one peak to another and reached its zenith at 19.9 percent in 2004-05. During the last three years the large-scale manufacturing sector is showing signs of moderating along with a subsequent slowing down of the economy and has registered a growth of 4.8 percent during the current fiscal year (see Fig-3.1). The main contributors to this growth of 4.8 percent in July-March 2007-08 over last year are pharmaceuticals (30.7 percent), wood products (21.9 percent), engineering products (19.5 percent), food & beverages (11.1 percent), petroleum products (6.03 percent) and chemicals (3.1 percent). Individual items displaying positive growth are: cotton cloth (4.8 percent) and cotton yarn (3.3 percent) in the textile group; cooking oil (1.1 percent), sugar (33.9 percent) and cigarettes

(5.1 percent) in the food, beverages and tobacco group; cement (17.9 percent) in the non-metallic mineral products group and buses (32.0 percent), LCV's (16.4 percent) and motorcycles (28.06 percent) in the automobile group. A few groups showing decline in production are: fertilizers (16.89 percent), electronics (4.6 percent), paper & paper board (5.5 percent) and iron & steel products (7.6 percent). The individual items exhibiting negative growth include; cars & jeeps (3.9 percent), phosphatic fertilizer (24.0 percent) and billets (20.6 percent).

According to statistics T.V sets has shown a marked increase by posting a growth of 19.3 percent during the year under review. Similarly, the production of buses in the country has increased from 21.2 percent during the last fiscal year to a healthy 32.0 percent in FY08. Production in 42 reporting units comprising of printing, writing packing, paper board and chip board units declined by 5.6 percent during July -March 2007-08. The shortage of raw material such as wheat, straw etc. is the basic reason of this lull in production (see Table 3.1).

Table-3.1: Production of Selected Industrial Items of Large-Scale

Item	Units	2005-06	2006-07	July-March		% Change
				2006-07	2007-08	
Cotton Yarn	000 tonnes	2546.5	2845.2	2132.6	2203.5	3.32
Cotton Cloth	Mln.Sq. Mtr	903.8	977.8	727.9	763.4	4.88
Sugar	000 tons	2960.0	3525.9	3247.6	4351.2	33.9
Nitrogenous Fertilizer	000 N. tons	2411.4	2362.4	1805.5	1825.3	1.1
Phosphatic Fertilizer	000 N. tons	414.5	372.8	317.9	241.6	-24.0
Soap & Detergent	000 tonnes	241.6	246.5	185.1	172.2	-6.97
Vegetable Ghee	000 tonnes	1151.7	1174.0	881.8	856.8	-2.84
Cooking Oil	000 tonnes	254.1	271.7	200.8	203.0	1.10
Cement	000 tonnes	18564	22739	16448	19401	17.95
Cigarettes	Billion Nos.	64.1	66.0	47.5	49.9	5.05
Jeep & Cars	Nos.	163114	179314	128145	123107	-3.93
Tractors	Nos.	49439	54610	39569	37514	-5.19
L.C.V	Nos.	29581	24489	13436	15652	16.49
Motorcycles	Nos.	751667	839224	609528	780591	28.06
Bicycles	000 Nos.	589.6	486.3	375.6	382.0	1.70
Paper & Paper Board	000 tonnes.	476.7	464.7	348.3	328.8	-5.60
T.V Sets	000 Nos.	935.1	609.2	440.5	525.5	19.30
Motor Tyres	000 Nos.	5942	7027	4953	5165	4.28
Billets	000 tonnes	230.6	341.8	258.2	204.8	-20.68
Refrigerators	000 Nos.	874.2	937.6	622.6	689.3	10.71
Caustic Soda	000 tonnes	219.3	242.2	178.5	181.1	1.46

Source: Federal Bureau of Statistics

During the period July-March 2007-08 automobile industry recorded some what subdued growth in assembling/manufacturing business. The production of LCV's increased by 16.4 percent, buses 32.0 percent, trucks 1.5 percent and motorcycles 28.0 percent. On the other hand, during the same period, negative growth rate was recorded for cars & jeeps (3.9 percent) and tractors (5.1 percent). On the other hand, production of bicycles increased by 1.7 percent as against a negative growth of 16.5 percent last year

3.2 Textile Related Industries

Pakistan's textile industry ranks amongst the top in

the world. Pakistan is world's fourth largest producer of cotton and the third largest consumer of the same. Cotton based textiles contribute over 60 percent to the total exports, accounts for 46 percent of the total manufacturing and provides employment to 39 percent manufacturing labour force (see Table 3.2), the availability of cheap labour and basic raw cotton as raw material for textile industry has played the principal role in the growth of the Cotton Textile Industry in Pakistan. With the advent of the quota free global imperative for a rapidly developing country like Pakistan to further explore potential new markets both in its neighboring territories as well as distant ones.

Table 3.2: Importance of Textile Industry in Pakistan's Economy

	2006-07	2007-08 (July-Feb)
Share in Total Exports	61.1%	53.8%
Share in Manufacturing	46%	46%
Share in Employment	38%	39%
Share in GDP	8.5%	8.5%
Textile Exports	\$6.6 billion	\$6.3 billion
Investment in Textile	\$6.4 billion	\$7.0 billion

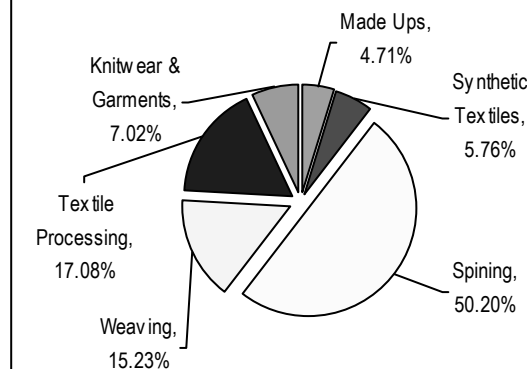
Source: Textile Commissioner's Organization

3.2.1 Textile Industry in Pakistan

During the year 2006-07 the Textile Industry was confronted with problems both at local and global level. The input cost impacted almost all sub sectors. In spite of that the performance of Industry during the last five years has been satisfactory. The market was responsive, the Government's policy was supportive and inputs were viable. The industry made profits and re-invested in new machinery for balancing, modernizing and restructuring (BMR) and expansion. The industry made an investment of approx. \$6.4 billion during the period 1999-2007. The major investment has been made in spinning, weaving, textile processing and making up sectors (see Fig-3.2). Approx. 454,000 new direct jobs have been created and industry has been able to make incremental production and exports. Import of textile machinery, which is the single largest item in the machinery group, picked up to \$928.6 millions in 2004-05, \$771.5 million in 2005-06, \$503.0 million in 2006-07 and \$281.7 million up to July-Feb. 2007-08 (see Table 3.3). This shows that investment for modernization of textile industry, which started four years ago, still continues. The

industry, however, needs to be facilitated to exploit its full potentials.

Fig-3.2 : Sectoral Shares in Total Investment in the Sector (\$ 7.0 billion), 1999-2008



The Textile Industry in Pakistan has not been able to reap all benefits of quota phase out as compared to its regional competitors. China, India and Bangladesh are posing tough competition by virtue of their competitiveness in term of price and quality. Some sub-sectors of Textile Industry have

been impacted from the new trade development, vis-à-vis cotton yarn and cloth, bed ware, garment and knitwear sector remained under pressure and declined.

Table-3.3 : Import of Textile Machinery

Year	Million \$	% Change
1999-2000	210.9	28.6
2000-01	370.2	75.5
2001-02	406.2	9.9
2002-03	531.9	30.7
2003-04	597.9	12.4
2004-05	928.6	55.3
2005-06	771.5	-17.0
2006-07	503.0	-36.7
2007-08 (Jul-Mar)	318.2	
Total	4638.3	

Source: Federal Bureau of Statistics

Reforms in the Textile Sector

With the broad focus on knowledge, technology and value addition improvements, the Ministry of Textile Industries (MINTEX) is striving hard to achieve the objectives of contamination-free cotton to cater to the demand for quality raw material for the finished products; technological up-gradation at the ginning, weaving, processing and garment production level; product diversification and value-addition through better materials, accessories and design inputs; up gradation of the weaving sector with air jet and water jet looms along with zero rated duties; encouragement of integrated as well as horizontal garment industries on the basis of R&D and technological support for the garments sector; introduction of cotton hedge trading to promote marketing of cotton; testing facilities for increasing compliance and conformity assessment; and augmenting the institutional capacity in the field of research by setting up of R&D Cell within the Ministry.

The industry's market competitiveness is dependent to a considerable degree on the operating environment in Pakistan as shaped by factor costs, gas, power, human resource development (academic/vocational); marketing support; taxation and investment policies and infrastructure development. At the moment, a relatively small number of companies match international levels for quality however, most companies are aiming to improve their

competitiveness via cost and quality control in the changing market environment of today.

In order to accelerate the growth of textile sector and to resolve issues of supply chain management and value addition, the MINTEX has taken a number of proactive measures since its inception. These include: Federal Textile Board (FTB), Textile Skill Development Board, Textile Training Institute Management Board (TTIB) etc. A brief discussion on these is as follows.

Federal Textile Board (FTB): In order to prepare the Textile Industry for post quota scenario the Government in September, 2000 set up FTB. FTB has been tasked with Clean Cotton Program, Labor, Social and Environment Laws, Modernization of Ginners, Rationalization of Tariff, Facilitation in Sales Tax Issues and to develop packages to promote garment sector by improving their competitiveness in the global market.

Textile Skill Development Board: As announced in the Trade Policy for the Year 2005-06 Government established a Textile Skill Development Board, to provide support to the Textile Garments Sector, and initiated skill development and training of stitching workers. The objective of the board was to train a critical mass of 10,000 to 12,000 stitching machine operators in one year, both for woven and knitted garments, by imparting training at the factory/unit. The scheme has been launched and 34 garments units have joined the Stitching Machine Operators Training (SMOT) Scheme, of which 15 units are in Karachi, 11 units in Lahore, 7 units in Faisalabad and one unit in Rawalpindi. About 3800 trainees have been trained of which 2700 are females and 1100 males.

Textile Training Institute Management Board (TTIB): Pakistan's human resource development profile needs major reforms since there is an acute shortage of skilled manpower in the country thus TTIB was created to address this critical issue. The elimination of quotas has exposed the manufacturing sector to intense competition from China and India. The entire textile value chain needs to be upgraded in terms of production management, dyeing, printing and wet processing,

quality stitching, line supervision, machinery maintenance, factory floor performance, better technology, and research and innovation. TTIMB has been constituted in 2008 with representatives from academia and Textile Industry. TTIB has so

far undertaken a planned program of strengthening of faculty, equipment and support for the scholarships in order to train youth work force according to the needs of the textile industry.

Box Item -13.1: Recent Initiative Taken to Support Textile Industry

Government of Pakistan has taken various initiatives to boost the textile sector and to make it compatible with other global competitors in the quota free regime, these are:

- Establishment of separate Ministry of Textile to focus on textile issues.
- Amendments in labour laws and factories act to make them ILO and W.T.O compliant.
- A Campaign for the production of contamination free cotton was launched with amendment in Cotton Control Act, 1966. As a result the foreign matter in cotton has been reduced from 60gm per bale to 5 gm per bale.
- Gradual reduction of import duty on textile machinery to 5%.
- Sales Tax on the import and local supply of major inputs/raw materials utilized in the manufacturing regime of textile industry, has been zero rated.
- Import duty on raw material, sub-components and components used in the local manufacturing of textile plants and machinery for export sector has been reduced to zero%.
- Import duty on ginning presses has been reduced to 5%.
- Turn over tax has been reduced to 1% on retailers of specified textile fabrics and articles of apparel including readymade garments or fashion wear. The 15% Sales Tax levied earlier on retailer has been reduced to 2%. Both these taxes will be final tax liability.
- Custom Duty, Sales Tax and withholding tax on raw materials for the manufacture of textile has been zero rated at the import stage to do away with the duty drawback/refund claims under the revised and simplified DTRE Scheme.
- R&D support has been given to Garment Exports at 6%, Dyed/Printed & White, Home Textile at 3% & dyed/printed home textile at 5% of the FOB value.
- MINTEX has launched studies by International consultants M/s. Gherzi to conduct a study based on assessment of the cost of production in competing countries and the subsidies being provided by their respective Governments in order to enable us to develop a strategy to enhance competitiveness of the Industry in Pakistan.
- In order to meet the shortage of raw cotton, import of raw cotton was allowed from Wagah Border.

Source: Textile Commissioner's Organization

3.2.2 Ancillary Textile Industry

Textile production is comprised of cotton ginning, cotton yarn, cotton fabric, fabric processing (grey-dyed-printed), home textiles, towels, hosiery & knitwear and readymade garments. These components are being produced both in the large-scale organized sector as well as in unorganized cottage/small and medium units. The performance of these various ancillary textile industries is evaluated below:-

i) Cotton Ginning Sector

Cotton is a natural fiber used primarily as a raw material for textiles. Leading producers of cotton include USA, China, India, Pakistan, Uzbekistan and Turkey. The current market share of cotton is 56 percent in all fibers. Textile fibers are divided into three basic types according to their sources such as Cotton Fiber, Man Made Fiber and Wool. In the last ten years, the percentage share of cotton has shrunk from 48 percent to 39 percent in the

total world fiber consumption. Ginning is the first mechanical process involved in the processing of cotton. Ginning is the process for separating lint from seed to cotton. The ginning industry has mushroomed in the cotton growing areas of Pakistan informally, without adequate regulations. There are 1,221 ginning factories in the country. Ginning industry has installed capacity of more than one million bales on a single shift basis and a total capacity of around 20 million bales on three shift bases, part of which lies unutilized.

ii) Cotton Spinning Sector

Spinning is the process of converting fibers into yarn. The Spinning Sector is the most important segment in the hierarchy of textile production. Pakistan has the third largest spinning capacity in Asia with a spinning capacity of 5 percent of the total world and 7.6 percent of the capacity in Asia. Pakistan's growth rate in this sector has been 6.2 percent per annum and is second only to Iran amongst the major players. At present, it is comprised of 521 textile units (50 composite units and 471 spinning units) with 10.1 million spindles and 114 thousand rotors in operation with capacity utilization of 89 percent and 60 percent respectively, during July – March, 2007-08.

Table 3.4: Installed and Used Capacity in Weaving Sector (Nos.)

Category	Installed Capacity	Effective/ Capacity Worked
a) Integrated Textile Mills	7599	3471
b) Independent Weaving Units	27500	27000
c) Power Loom Sector	295442	285442
Total	330541	315913

Source: Textile Commissioner Organization.

iii) Weaving & Made-up Sector

The pattern of cloth production is different than spinning sector. There are three different sub-sectors in weaving viz, integrated, independent weaving units, and power loom units. Investment has taken place in shuttle less

loom, both in integrated and independent weaving sector (see Table 3.4). The Power Loom Sector has modernized and registered a phenomenal growth over the last two decades. The growth in power loom sector is to a larger extent a result of the government policies pursued so far as well as increased demand for the product. This sector is producing comparatively low value added grey cloth of mostly inferior quality. The problems of the Power Loom Sector revolve round access to credit facilities to modernize their equipment as well as purchase of yarn especially when the prices of yarn increase and the prices of cloth increase with a time lag. There is a need for training facilities and guidance to diversify their products, especially to cater to the needs of the garment industry. However the performance of cloth sector remained far better than last year and charted a growth of 12.6 percent during July-March 2007-08.

iv) Cotton Cloth

While the production of cloth in mill sector is reported, the same is not true with production of non-mill sector. Output of the non-mill sector is estimated although its output is seven times more than the mills sector. The production of cloth, both from mills and non-mills sector have registered a growth of 2.7 percent during July-March 2007-08 (see Table 3.5). This sector showed growth and thus served as the main strength for down stream sectors like bed wear – made-up & garments. However, it recorded somewhat negative export growth for July-March 2007-08 (-11.0%) as compared to 2006-07. This decline in exports can largely be attributed to increasing cost of production due to shortage of cotton in the local market, increased wages of unskilled workers, massive power cuts, rising international competition and poor infrastructure have made the local manufacturers and exporters' non-competitive in the international market. Meanwhile, Pakistan's competitors e.g., China, Bangladesh, India and Sri Lanka are aggressively marketing their products and are more competitive in the international market than Pakistan.

Table 3.5: Production of Cloth (M. Sq. Mtrs)

Category	2006-07 (Jul-Mar)	2007-08 (Jul-Mar)	% Change
Mill Sector	759.68	773.44	1.81
Non-Mill Sector	5762.05	5925.03	2.83
Total	6521.74	6698.47	2.71

Source: Textile Commissioner Organization.

v. Textile Down-Stream Industry

This is the most dynamic segment of textile industry. The major product groups are Towels, Tents & Canvas, Cotton Bags, Bed-Wear, Hosiery & Knitwear and Readymade Garments including Fashion Apparels.

a. Hosiery Industry

There are about 12,000 knitting machines spread all over the country. The capacity utilization is approx 70 percent. Besides locally manufactured machinery, liberal import of machinery under different modes is also being made and the capacity based on exports is being developed. This sector has tremendous export potential. However, the sub-sector remained under pressure from its competitors during the year under review and recorded a decline of 8.0 percent in exports as against last year amid tough competition emerging from the newly-inducted members to the European Union (EU) belonging to the former East European bloc.

b. Readymade Garment Industry

The Garment Industry provides highest value addition in Textile Sector. This industry is distributed in small, medium and large scale units most of them having 50 machines and below; however, large units are now coming up in the organized sector of the industry. The industry enjoys the facilities of duty free import of machinery and income tax exemption. During the year under review the sector recorded a healthy growth in exports

(7.3%) as compare to last year. Currency differentials between India (Pakistan's traditional rival in this sector) and Pakistan as well as increased stress on quality control, played favorable for the country and diverted more orders towards Pakistani garment exporters.

c. Towel Industry

There are about 7500 Towel Looms in the country in both organized and unorganized sector. This Industry is dominantly export based and its growth depends heavily on export outlets. Towel Industry showed a negative growth of 3.9 percent in FY08 against FY07. Over 300 percent increase in export of towels in the past indicate that tremendous possibilities exist for further expansion provided the existing towels manufacturing factories are up-graded to produce better quality towels so that they have a fair chance in the international market.

d. Canvas

Canvas exports can be subdivided into five categories i.e. tarpaulins, awnings & sun blinds, tents, sails, pneumatic mattresses and camping goods. Although all of the different types of canvas are being manufactured in Pakistan but it has acquired a degree of specialization in the manufacture of tarpaulins and canvas. Being the highest raw cotton consuming sector its production capacity is more than 100 million square meters. Around 60 percent of its production is exported while 40 percent is consumed locally by Armed Forces Food Department. During (July-March) 2007-08 canvas exports showed a decline of 3.1 percent. Intense competition from its competitors in the international market, country-wide incidents of violence and chaos following the assassination of former Prime Minister Benazir Bhutto as well as prolonged Eid holidays in December, 2007 were the main reason for

the falling export of textile products. Assassination of Ms Bhutto in December brought to halt not only the industrial activities but huge number of export shipments could not make their way to the sea ports because of strikes and unavailability of cargo transport compelling importers of Pakistani products to divert their orders to other destinations.

e. Synthetic Fiber Manufacturing Sector

This sector has made tremendous progress in line with demand of the Textile Industry and have registered vigorous export growth of 41.0 percent during July-March 2007-08. Presently there are seven Polyester Fiber Units with production capacity of 640,000 tons per annum, two acrylic fiber units of which one unit (M/s. Dewan Salman) has started its commercial production in December 1999 with capacity of 25,000 tons per annum. Two units of Viscose Fiber with a capacity of 10,000 tons and 72,000 tons per annum respectively have also gone into production.

vi. Filament Yarn Manufacturing Industry

The Synthetic filament yarn manufacturing industry picked up momentum during 5th Five Year Plan when demand and hence imports increased and private sector was permitted to make feasible investment in the rising market conditions.

Table 3.6: Capacity of Synthetic Filament Yarn

Type of yarn	No of Units	Production of Capacity (Metric. Tons)
Acetate Rayon Yarn	1 Units	3000
Nylon Filament Yarn	2 Units	2000
Polyester Filament Yarn	21 Units	95000

Source: Textile Commissioner's Organization

The polyester filament yarn manufacturing activity has slowed down recently and currently large scale

imports from China has compelled local industry to close down and only about 6 units with operational capacity of 55,000 tons is supplying polyester filament yarn. The local production filament fabrics is not picking up as their export sales are not feasible and local market is heavily flooded with smuggled goods. However, Government in the last year reduced duty on filament yarn in order to boost the polyester yarn industry which should have a positive impact on polyester yarn production in times to come.

vii. Art Silk and Synthetic Weaving Industry

Art Silk and Synthetic Weaving Industry has developed over time on cottage based power looms units comprising of 8-10 looms spread all over the country. There are approximately 90,000 looms in operation of which 30,000 looms are working on blended yarn and 60,000 looms on filament yarn. Besides these there are some mobile looms which also become operational on market demand. The major concentration is in Karachi, Faisalabad, Gujranwala, Jalalpur Jattan as well as in the un-settled areas (Bara, Sawat, Khyber Agency and Waziristan) of the country. This ancillary textile sub-sector showed a healthy export growth of 40.9 percent during July-March 2007-08 and earned \$396.1 million for the national exchequer on the back of increase in export orders from Pakistan's various trading partners.

3.3 Other Industries

Although Pakistan is a large exporter of cotton and textile related products in the world market, still this does not mean that this is the only part of manufacturing in the country which is growing. During the last couple of years Pakistan has made huge strides in other industries as well. Some of these are documented below:

3.3.1 Engineering Sector

Engineering sector accounts for around 63 percent share in world trade. Achieving any significant share of this market will require concerted efforts by Pakistan in gearing up our universities, poly-techniques and factories for the kind of manufacturing prowess and design capabilities required by the world market. In this context an important step has been taken by the restructuring of the *Engineering Development Board (EDB)*.

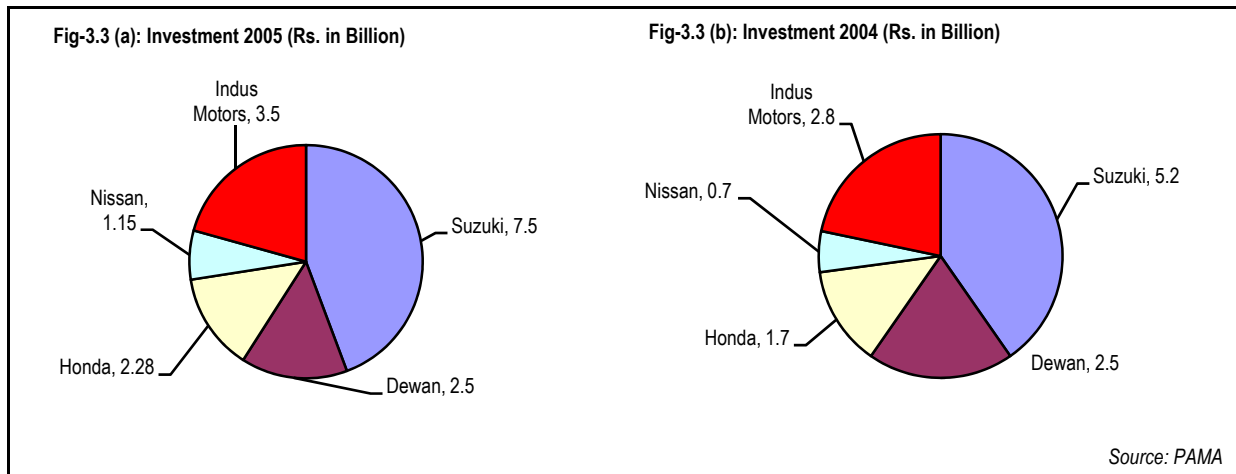
Engineering Development Board has been assigned the task of strengthening the engineering sector and integrating it with the world market to make it the driving force for economic growth. As part of EDB’s engineering goods export promotion strategy to integrate ambitious and capable engineering companies with the global supply chain, EDB has so far facilitated 100 Pakistani engineering companies to participate in world’s leading technology fairs either as exhibitors or as members of business delegations. EDB has also embarked upon a detailed sector development program of various engineering sub-sectors with the objective to become part of international supply chain and to determine the indigenous

capabilities/capacities and assess export potential of these sectors in the international market.

a. Automobile Sector

Pakistan’s automobile sector has been showing an upward trend over the past few years, except 2006-07, and, presently, it is contributing 3.6 billion dollars annually in GDP besides providing direct employment opportunities to about 192,000 people. Currently, there are 39 assemblers, manufacturing cars, including light vehicles, buses, trucks and tractors, in the country. In the world of today, changing models, improving fuel efficiency, cutting costs and enhancing user comfort without compromising on quality are the most important challenges of the auto industry in a fast globalizing world. Despite increase in the production of cars in the country, the demand of cars in market is increasing day by day.

The growth of the auto sector, over the years, has resulted in the increase of the manufacturing units, giving a healthy impetus to the industrial output. Vehicles manufacturing has been among the few industries which have continued to attract local and foreign investment even when the investment climate in the country was not very favorable



The production of cars/jeeps in the country during the period July-March 2008 decreased by 3.9 percent to 123,107 units from 128,145 in the first nine months of the current financial year. Even the reduction in withholding tax seems unable to have

become an effective tool to raise sales. Furthermore, a subsequent increase in interest rates on different leasing schemes has also contributed to this less than expected boost in sales/production due to a reduction in tax. Light commercial

vehicles (LCVs) continued to register a positive trend and showed a growth of 16.5 percent. About 15,652 units were produced during July-March 2008 against 13,436 units last year. Production of buses grew substantially from 627 units to 828 units – a healthy growth of 32.0 percent. Production of trucks, as well, increased by 1.5 percent. While the farm tractors barely sustained their growth (-5.1 percent) with 37,514 units. The production and sale of motorcycles is taken as an indirect measure to ascertain the standard of living of the middle class of Pakistan. Motor cycles are

considered as one of the cheapest means of transport especially in rural areas for its price tag as well as its durability and affordable petrol consumption. The production of motorcycles remained more or less stable during the late nineties but has sky rocketed since 2000-01 and further projections show it to be increasing even at a faster rate. Motorcycles registered a phenomenal growth of 28.06 percent and are expected to grow further with the annual installed capacity increasing to 1.9 million units (see Table 13.7).

Table 3.7: Installed and Operational Capacity of Automobile Industry (Numbers)

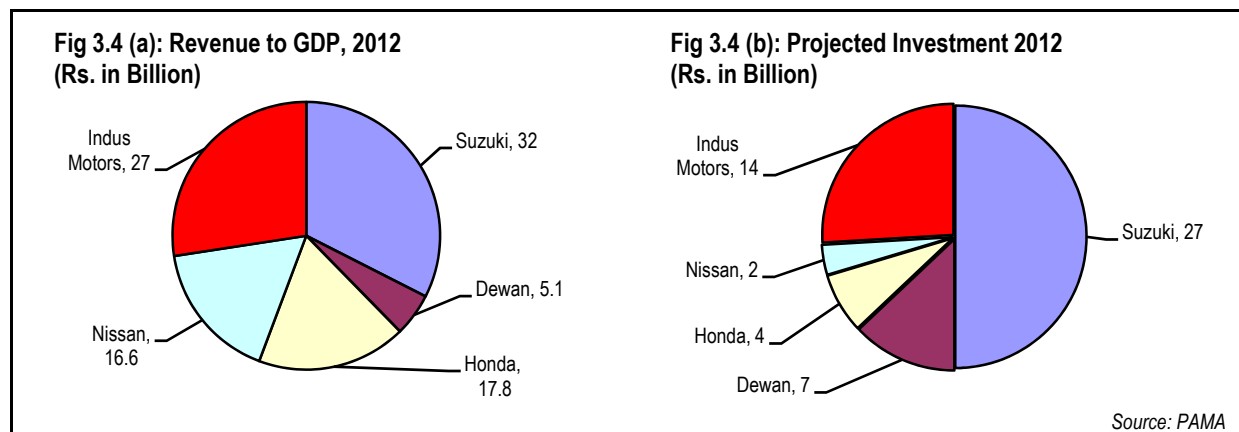
Item	Inst. Capacity (Single Shift)	2006-07	July-March		% Change
			2006-07	2007-08	
Cars/Jeeps	275,000	179,314	128,145	123,107	-3.9
Trucks	28,500	4,410	3,266	3,317	1.56
Buses	5,000	993	627	828	32.06
LCV's	40,000	24,489	13,436	15,652	16.49
Tractors	65,000	54,610	39,569	37,514	-5.19
Motorcycles	1,700,000	839,224	609,528	780,591	28.06

Source: FBS

Local tractor manufacturers produced 54,610 units during the year 2006-07 which remains by no means a mean achievement. However, during July-March 2007-08 the growth rate of tractor production dwindled to -5.1 percent. The flip side of the coin is that the tractor industry has already got the maximum local content and both M/s Millat Tractors and Al/Ghazi Tractors continue on the path of further localization of components. The high volume production of tractors has bridged the demand supply gap to some extent and has been able to stand out in the total duty tax free import regime for CBUs. The tractor industry by virtue of its highly competitive production which is duly supported by the local vendors and conducive government policies is expected to grow more in future to become a part of global supply and thus rectify its growth figures as well. The government has declared trucking an industry in the *National*

Trade Corridor Program. This will give added impetus to the production of trucks and prime movers through incentives to new and bigger vehicles and restrictions on old and unfit ones. The bus manufacturers as well have enormous potential of growth only if the urban transport scheme long in the making is declared enforced within a given time frame.

The expansion in the installed capacity of the car/LCVs, heavy commercial vehicles (HCVs), two/three wheelers and farm tractors plants now exceeds the demand particularly for HCVs and two/three wheelers. Increase in investment (see Fig 13.3 a, b & Fig 13.4 a, b) from the present Rs. 25 billion to Rs. 53 billion planned for the next five years will double it calling for appropriate incentives to the industry and by banning import of new or second-hand vehicles and adopting strict measures against their smuggling into the country.



Auto Industry Development Plan (AIDP)

Engineering Development Board (EDB), has developed an *Auto Industry Development Plan (AIDP)* to facilitate and encourage investment, domestic competition, enhance competitiveness and stimulate innovation through technology acquisition, human resource development, capacity expansion, auto cluster development, etc. AIDP provides the targets and goals for a clear road map for the next five years. The Plan also envisages the establishment of an *Auto Industry Skills Development Company (AISDC)*. Besides providing incentives against the newly installed productive assets to stimulate investments in the production capacities of auto part manufacturing, AIDP provides for the establishment of two auto clusters, one each at Lahore and Karachi, land for which has already been acquired. AIDP also provides for *Auto Industry Investment Policy (AIIP)* framework to facilitate investors toward manufacturing of vehicles in the country.

3.3.2. Fertilizer Industry

There are about six urea manufacturers in the country of which four are listed at the local stock exchanges. These include Fauji Fertilizer Company Limited, Engro Chemicals, Fauji Fertilizers Bin Qasim (FFBL) and Dawood Hercules Company Limited. Fauji Fertilizer is the largest player in the fertilizer sector with a 59 percent market share, while Engro, as the second largest urea manufacturer has about 20 percent market share. Only one fertilizer manufacturer, FFBL, produces DAP in the country, with 71 percent of the DAP usage imported.

The fertilizer industry is still facing a urea supply shortfall problem, though its severity has declined. Over the last 5 years, the average urea off take growth was 2.1 percent. Urea manufacturers are running at 100 percent plus capacity utilization levels and FFBL and Fatima Fertilizer Company are also in the process to expansion. The share of domestic urea production in private sector was 100 percent during 2006-07. This was because of the sale of Pak Arab plant to Fatima Fertilizer Company and Pak American Fertilizer Limited (PAFL), the last manufacturing plant of urea, to Azgard 9. For the purpose of balanced use of fertilizer, the GoP initially announced subsidy of Rs. 250/ per bag on DAP in October 2006, which was increased to Rs. 400 in April 2007 and from July 2007, the GoP is providing subsidy of Rs. 470 per bag on DAP. This move is likely to improve DAP off take in the country. The average growth in DAP off take over the last 5 years has been 4.3 percent.

The Government provides an indirect subsidy to fertilizer manufacturers by selling feedstock gas (80% of the raw material cost) at approximately 50 percent lower rates compared to the price for commercial users. The price of urea has grown at an average rate of 6.7 percent in the last 5 years and currently a 50kg bag of urea costs about Rs. 610 to the farmer. On the flip side, imported urea costs GoP at least Rs. 1200/bag. The heavy burden of imported urea's cost is being borne by the GoP, while its distribution is local manufacturers' responsibility on a 'zero profit' margin.

Domestic fertilizer industry witnessed a negative trend in production during the year under review. The production in nutrient terms decreased from 2,832 thousand tons during 2005-06 to 2,747 thousand tons during 2006-07 showing a decrease of 3.0 percent. Nitrogen production was 2,427 thousand tons during 2006-07 and recorded a decrease of 2.0 percent (88.4 percent share in total nutrient production), phosphate 308 thousand tons (11.2 percent share in total nutrient production), which decreased by 9.8 percent. This was due to close of Fauji Jordan Fertilizer DAP plant for maintenance. Potash blends production was about 12 thousand tons (0.4 percent share in total nutrient production).

A reasonable volume of new investment in fertilizer industry for enhancing its production capacity is under way. A new project of Fatima Fertilizer Company with a capacity of 400 thousand tons of urea, 450 thousand tons of CAN, 400 thousand tons of NP and 300 thousand tons of NPK is under construction. It is expected that this project will start production by 2010. Expansion/BMR of Fauji Fertilizer Bin Qasim Limited (FFBL) for 220 thousand tons of DAP and 100 thousand tons of urea is expected by 2008. A new project of 1300 thousand tons of urea of Engro Chemical is also expected by 2010. The Pak American Fertilizer Company has planned to install a plant of 200 thousand tons per annum of DAP fertilizer by 2010. Suraj Fertilizer Industries are setting up a new plant of SSP at Harappa (Sahiwal) with a production capacity of 150 thousand tons annually. It is hoped that this plant will start production in 2008. Along with this, there are a few companies, which have started SSP production at small scale. SSP plant at Haripur is in the process of privatization, while the plant at Jaranwala (Faisalabad) has already been sold to Al-Hamd Chemicals (Pvt.) Limited, Lahore.

Fertilizer sector is the second largest consumer of gas after power sector. Natural gas is used as feedstock as well as fuel in the manufacturing of nitrogenous fertilizers. Three companies namely Sui Notherns Gas Pipeline Limited, Sui Southern Gas Company Limited and Mari Gas Company Limited are providing gas to fertilizer sector. The consumption of gas during 2006-07 was 249,649

mmcft. Out of this 81.2 percent was used as feed stock and 18.8 per cent as fuel. For enhancement/expansion in production capacity of fertilizer industry, the process of allocation of gas to Pak American Company and Suraj Fertilizer Industries is under way.

3.3.3. Paint and Varnish

There are around 22 units in the organized and over 400 units in the unorganized sector for the manufacturing of paints and varnishes. Around 50 percent of the domestic demand for paints and varnishes is met through production in the organized sector while the remaining comes from the unorganized sector. The per capita consumption of paints in Pakistan is low at 0.8 kg per annum compared to 4 kgs in the South East Asian nations, 22 kg in the developed world and 15 kg per capita for the world. The demand for paints and varnishes is rising due to the resurgence of housing and construction sector. During July-March, 2007-08, the production of paints and varnishes both solid and liquid grew by 9.9 percent and 8.2 percent, respectively.

3.3.4. Cement Industry

The country at present has 29 cement plants with an installed capacity of producing around 37 million tones of cement mainly Portland cement. Cement's demand side of the equation is pretty strong on the back of higher Public Sector Development Program, an increasing number of real-estate development projects for commercial and residential use, developing of an export market especially in Afghanistan, Sri Lanks, Bangladesh and Vietnam, lower competition in the international cement market from Iran and expected construction of mega dams, Gwadar Port, power plants, Islamabad new city etc.

Cement production is expected to rise in the remaining months of fiscal year 2008 (FY08) with rising exports and stable local dispatches. With the advent of the peak local cement demand season in the country and soaring regional prices, demand for cement is set to rise further. Already, in the first nine months (Jul-March) of FY08, production has demonstrated a healthy increase of 18.0 percent. Considering the production increase of 18.0

percent in the first nine months of the current fiscal year, the total dispatches are likely to reach 29.6 million tons in FY08. The peak demand season starts in March with the end of winter and advent of suitable weather for construction work. Some of the infrastructure development projects including building of 250,000 houses in five years, new canals, highways, buildings and new dams (like Diamir-Basha Dam), announced in the budget 2007-08 have already been undertaken which would help further raise local cement demand.

Cement exports are expected to soar as well by a massive 107 percent due to the primary source of overall cement growth in FY08, the high exports owing to the cement supply shortage in India and Middle East which lead to rocketing cement prices in the region. Pakistani cement companies, due to their excess capacity, are exporting to Middle East, Africa, Afghanistan and India where they are getting a price premium. In the first nine months of FY08, exports increased by 114 percent to 5.1 million tons while at the end of the year FY08 the expected total exports would be around 6.6 million tons.

Currently there are 21 listed companies in this sector with a total market capitalization of Rs. 115.4 billion (\$1.9 billion). However, Lucky Cement, capitalizing on its size, location and early expansion, is the largest and has therefore reaped the most benefit of growing cement sales. Lucky Cement with its 2 new lines of 1.26 million tons capacity each and Fauji Cement with its 2.1 million tons new line are expected to come online. With these additions and other expansions, the total industry installed capacity is expected to reach 49.1 million tons per annum by FY10.

3.4 Mining and Quarrying

Pakistan has a widely varied geological frame work, ranging from pre-Cambrian to the Present that includes a number of zones hosting several metallic minerals, industrial minerals, precious and semi-precious stones. Although many efforts have been made in developing geological products, institutional, academic and R&D infrastructure, much remains to be done to enable this sector to take full advantage of its endowment. As a result of various efforts devoted for the development of

mineral sector, resources of several minerals have been discovered over the last many decades, including world class resources of lignite coal deposits at Thar; Sindh; porphyry copper-gold deposits in Chagai; Balochistan; Iron ore deposits at Dilband; Balochistan; Lead-Zinc deposits at Duddar; Balochistan; Gypsum; Rock Salt; limestone; dolomite; china clays etc. in the Indus Basin, ornamental and construction stones in the various parts of the country; and about 30 different gems and precious stone deposits in northern Pakistan. These and many other mineral projects are in various stages of implementation from grass root through exploration and evaluation to development stages.

However, mineral industry in Pakistan shows that over the last few decades this sector has been allocated a very small amount, 0.45 percent to 2.46 percent of the total public sector expenditure since first five year plan reflecting its contribution to Gross National Product (GNP) of just around 0.5 percent. The mineral resources of a country are valuable means and measures of its economic and industrial growth. These are still more important for Pakistan because of its favorable geological environment and a large number of mineral resources in the country. Considering that substantial scope exists for the development uncertainties, it requires Government support and recognition of mineral sector.

The Government is fully committed to making the mineral sector in Pakistan one of the most prolific for the country. During the current fiscal year the mining and quarrying sector has registered a growth rate of 4.9 percent as against a target of 4.5 percent and growth figures of 3.0 percent of last year. The increased growth was propelled by strong growths recorded in magnetite (20.5%), lime stone (17.8%) and Baryte (15.6%). To make this sector thrive more in the upcoming year the Government has already started various initiatives which is evident from the discovery and development of world class copper-gold deposits in Chagai; Balochistan by Australian Firms that would fetch \$500 million to \$600 million per year during the lives of these mines. Successful upgradation studies being carried out by German Consultants on Dilband Iron Ores Balochistan

would, to large extent, minimize importation of Iron Ores 1.7 million tons iron ores costing about Rs. 3.2 billion per year. Development of Thar coal field, one of the largest good quality lignite (brown coal) deposits in the world, on completion, would provide additional source of energy.

The minerals described below are under various phases of exploration, development and utilization

in Pakistan. Energy Minerals (coal), Agriculture Minerals (rock phosphate, gypsum), Metallic Minerals (iron ores, copper, gold, zinc-lead, chromite, antimony), Refractory Minerals (refractory clays, magnesite, chromite, silica sand, dolomite) and Glass & Ceramic Minerals (kaolin-china clay, nepheline syenite, silica sand).

Table-3.8 : Extraction of Principal Minerals

Minerals	Units of the quantity	2005-06	2006-07	July-March		%
				2006-07	2007-08	
Coal	Million tonnes	3.9	3.7	2.7	2.6	-3.7
Natural Gas	000 MMCFT	39.6	40.0	30.1	31.1	3.3
Crude Oil	Mln. Barrels	23.9	24.6	18.2	19.5	7.1
Chromites	000 tonnes	52.5	104.0	67.0	68.0	1.5
Dolomite	000 tonnes	184.0	342.4	274.3	279.8	2.0
Gypsum	000 tonnes	601.0	624.0	413.0	440.0	6.5
Limestone	Mln. tonnes	18.4	25.5	18.5	21.8	17.8
Magnesite	000 tonnes	2.4	3.4	3.4	4.1	20.5
Rock Salt	000 tonnes	1859.0	1873.0	1380.0	1385.0	0.3
Sulphur	000 tonnes	24.7	27.7	20.5	22.1	7.8
Baryte	000 tonnes	52.1	47.0	32.0	37.0	15.6

Source: Federal Bureau of Statistics

Other than oil, gas and nuclear minerals all other minerals are a provincial subject under the constitution. Thus, Provincial Government is responsible for the development and exploitation of minerals. Both Federal and Provincial Governments have jointly set out National Minerals Policy which provides appropriate institutional arrangements, a modern regulatory frame work, an equitable and internationally competitive fiscal regime and program to expand geological database. The provision of National Mineral Policy distinctly conveys the message that focus of all activities and decision making is at the Provincial level while the Federal Government would provide requisite support and advice to the province to take up the challenges of achieving sustainable benefit from the development of identified mineral resources.

Sindh and Balochistan are primarily the two provinces of the country where most of the country's mineral deposits are located. In order to step up the mineral extraction and development

process in the above specified provinces, Mines and Minerals Development Departments have been constituted in both Sindh and Balochistan.

Mines & Mineral Development Department (Balochistan)

Balochistan, area wise is the largest province of the country, constituting about 42 percent of the total national land mass and has been endowed by nature with blessings of substantial mineral wealth which needs to be explored and developed. Government of Balochistan (GoB) with the help of Mines & Mineral Development Department has successfully implemented the National Mineral Policy in the province. The Government of Balochistan is currently launching major policy initiative to expand mineral sector activity mainly through private investment and to enhance the contribution made by this economic activity to GDP and also to generate additional employment opportunities for the locals.

The Mineral Development Program of the Mines and Mineral Department is centered on the promotion of private investment in the mining sector as well as enhancement of the economical impact of mining on poverty reduction through the sustainable exploitation of its mineral resources and empowerment of the communities for the local

management of the mineral wealth of the province. Moreover, World Bank, on the request of Government of Pakistan, has agreed to develop the Mineral Sector and to extend *Techno-economic Assistance for Mining and Technical Assistance Project (MTAP)* at the estimated cost of \$ 52 million.

Table 3.9: Federal PSDP Projects (MTDF) (Rs. Million)

Name of Scheme	Cost Estimates
Black Topping of Marble deposits road from AZad Station to Julli Mines Area Dist: Changi (60km).	240.0
Black Topping of Match Abegum Coal Field Road District Bolan (25 km).	100.0
Black Topping of Mines Road from Nal city to Cartoon District Khuzdar District Bolan (30km)	120.0
Black Topping of Mines road from Duki to new Quetta Coal Co, District Loralai (15km)	60.0
Black Topping of Mines road from Sharigh to PMDC Coal Mines District Sibi (15km).	60.0
Construction of Black Top road from Dewana Shah Cross to Saroona Marbel Filed Tehsil & District Khuzdar (70km).	260.0
Construction of Black Top road from Dureji to Lodi Marble field (90km), District Lasbella.	300.0
Black Topping of Chromites Mines road from Muslim Bagh to Jung Tor Field District Killa Saifullah (50km).	150.0
Construction of Black Top road from Jodah to Dilband Iron Ore deposit (40km).	100.0
Construction of Black Top Road Khost, Sharigh, Harnai (50km).	150.0
Total	1,540

Source: Mines & Minerals Development Department, Balochistan

Performance evaluation of various mineral projects ongoing in the Province is reported below.

- **Chamalong Coal Field**

A long outstanding dispute between Marri and Lunti tribes has been successfully settled by the Government. Production has commenced since April 2007. The mining activity in the area has given thirty thousand (30,000) jobs to the people which will boost up the socio-economic conditions of the remote residents of the area.

- **Saindak Metals (Ptv) Limited/Copper Projects District Chagai**

Saindak Metals Limited (SML), formally Resource Development Corporation (RDC) was established

in 1974. Saindak ore yields average annual production of 15810 tones of blister copper, 1.47 tones gold and 2.76 tones silver. On 2nd October 2002 Saindak Project assets were transferred to MCC/MRDL 9 (Chinese Company) for a period of ten years. The plant has started production of blister Copper since 2003. Copper Gold project owned by the Federal Government is being operated by MCC China as well. During the last fiscal year a sum of Rs. 199.85 million has been collected on account of rent and royalty.

- **BDA-BHP Chagai Hills Exploration Joint Venture Agreement for Gold and Associated Minerals**

An agreement was signed by BHP and BDA in July 1993. Capital structure of the joint venture is

BHP 75 percent, GoB and BDA 25percent each. In 2000, BHP brought in an Australian company (TCC) to replace BHP in the joint venture. In 2006, Auto-fagasta of Chile and Barrick Gold Company of Canada has jointly and equally purchased the shares of TCC. Since the grant of Licenses, the company has invested \$36.585 million. The resources identified by the company in the Rekodik are 2400 million tones having 0.51 percent copper and 0.27 percent Gold g/t.

• Lead Zinc Project At Duddar

A mining area of 1500 acres was granted to M/S Pakistan Minerals Development Corporation at Duddar in District Lasbella to M/S MCC Resource Development Company (Pvt) limited till 2003. This project is at an advanced stage of development.

Enhancement of the mineral activity has not only provided socio- economic uplift of the remote areas of Balochistan province, creating job opportunities for the local as well as increase in the revenue to Government exchequer. The total collected revenues on account of rent & royalty for Balochistan are as under.

Table 3.10: Revenue Receipts (Rs. Million)

Period	Revenue Receipts
2004-05	208.7
2005-06	252.7
2006-07	380.9
2007-08 (Jul-Jan)	301.4

Major projects envisioned for the future include: establishment of geo-data centre and strengthening of *Exploration Promotion Division* and sustaining the promotion of private investment in mining sector; completion of geological & geophysical survey of mineral bearing areas; promoting social responsiveness of the mining operators and the sustainable management of mineral resources through improved environmental and safety conditions with in small-scale mining operation and improving the infrastructure facilities; establishment of mineral based industry, Export Processing Zone (EPZ) within province etc.

3.5 Public Sector in Industry

Performance review of operating units is carried out for corporations namely: NFC, PACO, SEC and Pakistan Steel. Key performance indicators present the following picture for July-June 2007-2008 based on 9 months' actual figures and three month's projections. In case of Pakistan Steel performance is based on 8 months actual and 4 months projections.

Table 13.11: Performance Of Public Sector Industries (Excluding Pak Steel) (July – June) (Rs. In Million)

	2006-2007	2007-2008 (Expected)	Increase/ Decrease%
Production Value *	1,645	1,514	-7.96
Net Sales	3,268	3,427	4.87
Pre-tax profit	135	350	159.26
Taxes and duties	311	316	1.61
No. of employees **	3,413	3,329	-2.46

*Production Value of PACO is at current prices. NFC & SEC are at constant prices of 1999-2000 and 1992-93 respectively.

**Including daily wagers.

***Excluding holding corporations.

Production value of all operating units under three corporations excluding Pakistan Steel decreased by 7.9 percent as against the same period last year. PACO showed an increase of 47.5 percent, while NFC and SEC showed a decline of 5.3 percent and 12.8 percent respectively. Net sales (excluding

Pakistan Steel) increased to an estimated amount of Rs 3,427 million for July-June, 2007-2008 compared to Rs 3,268 million during the previous year showing an increase of 4.8 percent. NFC and PACO have shown an increasing trend in net sales. The increasing trend is 64.0 percent and 147.0

percent respectively, while SEC has shown a decline of 5.2 percent. During July-June 2007-2008 the three corporations (including operational/non-operational units) incurred an aggregate profit of Rs. 350 million compared to aggregate profit of Rs 135 million during last year. PACO showed decrease in loss by 36 million. Profit at NFC and SEC increased by Rs. 138 million (1971.4%) and 41 million (17.4%) respectively. During 2007-08, taxes & duties paid by all operating units under the public sector corporations excluding Pak Steel increased to Rs 316 million as compare to Rs. 311 million paid during last year, showing an increase of 1.6 percent mainly due to increase in taxes and duties at NFC & PACO. Total number of employees with all operational/non-operational units (including daily wagers and holding corporations) excluding Pak Steel, as on 30th June, 2008 stands at 3,329 against 3,413 last year.

3.5.1 Performance of Pakistan Steel

Pakistan Steel is a major contributor to the national exchequer. It has paid an amount of Rs.76.7 billion towards duties and taxes to the Government since 1984-85 to February, 2008. The project has thus repaid more than Rs.24.70 billion which was spent on creating it. The duties and taxes to be paid during 2007-08 are expected to be Rs.6.31 billion. It is to be added here that an amount of Rs. 1 billion dividend was paid to the GoP during September, 2007. Pakistan Steel is expected to earn Rs.2.936 billion pre-tax profit during the year 2007-08. The Steel Mill is producing Coke, Pig Iron, Billets, Hot Rolled Coils/Sheets, Cold Rolled Coils/Sheets, formed sections like Channels, Angles, Galvanized sheets etc. Major performance indicators of Pakistan Steel during the period July-June 2006-07 & 2007-08) are summarized in the table given below:

Table 13.12: Performance of Pak Steel, (July-June) (Rs. In Million)

Particulars	2006-2007	2007-2008 (Expected/Actual)	Increase/Decrease%
Production Value*	12624	12777	1.21
Net Sales	30111	38936	29.30
Pre-Tax profit	4576	2936	-35.84
Taxes and duties	6326	6310	-0.25
No of employees**	16483	16625	0.86

*At constant prices of 1999-2000

** Including daily wages / contract

3.5.2 The Privatization Program

The privatization of state owned enterprises (SOEs) has been a recurrent theme on the international arena since the early 1980s. In Pakistan it was in the policy agenda of every government after 1977, but it was actually initiated with effect from 1990s. The aim of the Privatization Program is to achieve enhanced quantity and quality of goods and services, strengthen public finances, broaden and deepen capital markets, reduce opportunities for corruption as well as to avoid mismanagement.

Over the last few decades, there has been a widespread change of opinion regarding the role of

state and private enterprises in promoting economic growth. An opinion has emerged that the achievement of more dynamic economic growth requires a greater role for the private sector with the belief that resources will be used more productively if they are transferred to the private sector. Therefore, a key element of this market orthodoxy has been the privatization of SOEs.

In Pakistan, the concept of privatization for the policy makers is not new; it may be traced as back as in 50s, when *Pakistan Industrial Development Corporation (PIDC)* was established to boost up the industrial development in the country. This premier Corporation established over 50 industrial undertakings in the length and breadth of the

country and after their successful operation and management; these units were transferred from public to private sector. The tide of nationalization, which swept the whole economy in the first half of 70s, was reversed in 1977. The privatization of SOEs thus again became an important instrument of economic policy of the government in late 80s. However, it was in 1991 that the privatization process in Pakistan gained sufficient momentum.

Table 3.13: Assets Privatized during 2007-08

<i>(Rs. Billion)</i>	
Assets	Value
UBL 3.2% through GDR (26,392,660 shares)	5.157
HBL 7.5% through IPO (51,750,000 shares)	12.161
PTCL 3 rd Installment	8.084
Other Privatization Receipts	1.6
Total	27.002

Source: Privatization Commission

With effect from January 1991 to February 2007, GoP has privatized around 166 units at Rs. 475.08 billion (approx US\$ 8.9 billion) (see Table 3.14).

The transactions carried out during the period July 2007 to February 2008 include: UBL's divestment of 25 percent shares through a GDR which fetched \$650 million was the biggest book building ever in Pakistani banking history. Initially 21.74 percent (175.95 million) shares were divested in June 2007 for total proceeds of \$565.43 million. Another 3.2 percent (26.39 million) shares were divested in July 2007 for total proceeds of \$84.81 million. The stock was priced at 5 times to book which is the highest valuation compared to similar transactions globally. HBL-IPO was the largest offering ever in Pakistan in terms of value and number of successful applicants. Total subscription of Rs. 18.94 billion was received against the base offer of Rs. 8.11 billion resulting in an over subscription of 2.33 times. The IPO has generated gross proceeds of Rs. 12.161 billion against the divestment of 51.75 million shares (including green shoe option of 17.25 million).

Sector wise summary of 163 transactions completed from January 1991 to February 2007 is as follows:

Table 3.14: Number of Privatized Transactions (Rupees in Million)

Sector	From 1991 to Jun 06		From Jul 06 to Jun 07		From Jul 07 to Feb. 08		Total	
	No.	Amount	No.	Amount	No.	Amount	Number of Transaction	Amount
	Banking	7	41,023					7	41,023
Capital Market Transaction	18	32,190	3	83,614	1	17,320	22	133,124
Energy	14	51,756					14	51,756
Telecom	4	187,360					4	187,360
Automobile	7	1,102					7	1,102
Cement	16	11,862	1	4,316			17	16,178
Chemical / Fertilizer	20	24,353	2	16,229			22	40,582
Engineering	7	183					7	183
Ghee Mills	24	843					24	843
Rice/Roti Plants	23	324					23	324
Textile	3	215	1	156			4	371
Newspapers	5	271					5	271
Tourism	4	1,805					4	1,805
Others	6	159					6	159
Total	158	353,446	7	104,315	1	17,320	166	475,081

Source: Privatization Commission

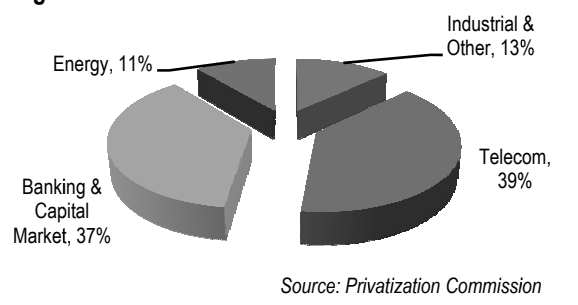
Privatization, liberalization and deregulation are pillars of Government's economic policy, privatization being the most critical among them. It is now widely believed that sustainable economic

growth can be made through private sector led development and that the Government's role should be limited to providing a level playing field and providing a favorable business climate. The

Government is, therefore, systematically coming out of the business of running businesses and industry through privatization of public enterprises (PEs) and confining its role to making policy and providing good governance; providing a sound and effective regulatory framework; ensure social equity and economic justice; providing enabling environment, including physical and technical infrastructure and social services

The Government started disinvestment of its shares to the general public through the stock exchanges in 1994 by offering 2 percent of PTCL shares for general public. This trend has continued to this day and the government has offered its shares in banks and a few other entities like PIA, OGDCL, SSGC,

Fig - 3.5: Sources of Proceeds



KAPCO etc. for public offerings. The government has recently started offerings shares of Public Enterprises (PEs) through Global Depository Receipts (GDRs) at the London Stock Exchange. GDRs of UBL and OGDCL have been quite successful which fetched \$ 1.38 billion.

Table-3.15: Expected Privatization Proceeds During 2008-09 (Rs. Million)

Transactions	Proceeds
1. PTCL 26% B class shares – Installments	18,117
2. Kot Addu Power Company (15% shares)	6,800
3. National Bank of Pakistan (20% shares)	38,148
4. Small Medium Enterprise Bank	3,400
5. Divestment of OGDCL (10% shares)	51,000
6. Jamshoro Power Co. (51% shares)	3,851
7. Faisalabad Electric Supply Co. Ltd. (56% shares)	4,354
8. National Power Construction Co	438
9. Pakistan Steel Mills Corp (10% shares)	2,500
10. Printing Corporation of Pakistan (assets)	3,500
11. Services International Hotel	1,000
12. Pakistan Tourism Development Corp ?(Motels)	800
13. Pakistan Machine Tool Factory (90% shares)	2,000
14. Morafco Industries Ltd. (Assets)	250
15. Sind Engineering Ltd. (Assets)	200
16. Lakhana Coal Mining Project	1,500
17. Khewra Salt Mines	1,500
Total	139,361

Source: Privatization Commission

The current Privatization Program targets the power sector, oil and gas sector, engineering sector and remaining interests in banking and insurance. Most of these entities are up for strategic sale. These include OGDCL, PSO, FESCO, Jamshoro Power Company, SME Bank etc. However, the Government is also opting for GDRs for some entities e.g. PPL, KAPCO, HBL, etc. In the long-term, the Program aims at the privatization of financial, insurance, and utilities sectors.

Private sector has emerged as a major player in most of the economic sectors as a result of the privatization program. The Government has already divested its major stakes in the banking sector where 80 percent deposits are currently in the private banks as compared to 20 percent before privatization. The Government has successfully completed privatization of all units of chemical, textile, cement, rice, roti and light engineering while 98 percent automobile industry, 96 percent ghee mills 83 percent units of phosphate fertilizer

and all units of nitrogen fertilizer have been privatized. Since a substantial part of the utilities have been privatized, the Government is obliged to strengthen the regulatory regime for protection of consumer interests as well as investor confidence. The State Bank of Pakistan (SBP) and the Securities and Exchange Commission (SECP) have been made autonomous. The Competition Commission has been established and independent regulatory authorities have been established for various sectors like telecommunication, electricity, electronic media, oil and gas etc. This regime is gradually replacing the Government's dual role of provider and regulator.

3.6 Small and Medium Enterprises (SMEs)

A broad-based thriving Small and Medium Enterprise (SME) sector is considered to be the hallmark of a prosperous and growing economy. The existence of a sound SME sector is spelled out loudly in Economic Survey of Pakistan, wherein according to official figures, there are 3.2 million economic establishments operating in Pakistan, out of which over 93 percent of the entities fall in the category of SMEs. Moreover, SMEs have a pervasive presence across the economy with varying density, i.e., wholesale, and retail trade, restaurants & hotel business (53%) has the lion's share followed by other services (27%) and manufacturing sector (20%). The SMEs census shows that it also contribute over 30 percent to the GDP and 25 percent to the country's total export earnings. Their share in the manufacturing value addition is estimated to be around 35 percent.

A new SMEs Policy 2007 was launched in the fiscal year 2007-08 where an attempt has been made to define uniformly, small and medium sectors in manufacturing, trade and services sectors for all the stake-holders and give a broad frame work for promotion of the SMEs by improving regulatory, fiscal and business environment. The policy document gives a broad frame work for promoting and developing small and medium sector through institutionalization of the support structure and outlines a strategy for SME-led private sector growth for poverty reduction and job creation.

Small and Medium Enterprise Development Authority (SMEDA) being the premier SME development agency in the country conducts and supervises all SME related activities. SMEDA is also carrying out two surveys, to facilitate conducive investment climate for SMEs in Pakistan. *Baseline Survey*, the first SME focused survey of Pakistan, is an exercise to derive recommendations to improve business environment for SMEs based on on-ground problems spelt out by SMEs themselves. Another, *Investment Climate Assessment II (ICA-II)* is being carried out jointly, by SMEDA and the World Bank. The recommendations of ICA II will assist GoP to initiate the necessary interventions helping to boost the investment in the country. Aligning with the priorities of MTFD the operational strategy of SMEDA has been suitably adjusted to adequately address issues related to sector development at sub-national level. Sector Development Companies have already been set up for Gems & Jewelry, Marble & Granite, Furniture, Dairy and Hunting and Sporting Arms Sectors. These Companies work on the Public Private Partnership basis with private sector having a leading role in decision making.

Conclusions

Achieving accelerated and sustainable industrialization is the foremost goal of the Government which can be met through capitalizing upon a nation's strengths and mitigation of its weaknesses. The challenge for Pakistan is not to rediscover industrial policy, but to re-deploy it in a more effective manner in the national, regional, and global context. The provision of facilities for public testing laboratories, public R&D, vocational and technical training, infrastructure and communications, are all necessary inputs which are regarded as being imperative for the manufacturing sector. Value additions in products and processes also have to be strengthened through backward and forward linkages. Keeping the economy on the upright path while maintaining macro-economic stability is the key for any developing economy. This balancing act requires a holistic approach and prudent policies to reverse the current slower economic growth.

Keeping the current global economic scenario in mind it is easily predicted that tough time is ahead for all developing economies including Pakistan. The new government will face multidimensional short (inflation, price hike, increase in utility bills, oil and gas prices, employment generation) and long term problems (widening current and trade

deficits, budgetary borrowing, weakening of exports volumes, high prices of oil, poverty reduction and the last but not the least sustainability of macro-economic growth). However, implementation and continuity of sensible and integrated policies seem to be the light at the end of the tunnel for Pakistan.



TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

Reserves/ Years	(000 tonnes)										
	Anti- mony (tonnes)	Argonite/ Marble	China Clay	Celestite (tonnes)	Chromite	Coal	Dolomite (tonnes)	Fire Clay	Fullers Earth	Gypsum Anhydrite	Lime Stone
		Very large Deposits	4.9 million tons	..	fairly large Deposits	185 billion tonnes	Very large Deposits	Over 100 million tons	fairly large Deposits	350 million tons	Very large Deposits
1990-91	128	281	44	1773	24	3054	154591	120	23	468	9009
1991-92	-	321	42	1069	28	3627	180987	139	21	471	8528
1992-93	5	388	37	1682	23	3256	220241	132	23	533	9015
1993-94	3	460	48	4398	11	3534	228090	116	17	666	9125
1994-95	-	467	31	1403	13	3043	227079	152	15	620	9682
1995-96	-	458	43	762	27	3465	185115	112	18	420	9740
1996-97	-	459	66	812	35	3496	215556	110	12	522	9491
1997-98	-	345	68	961	35	3145	116046	94	18	307	11166
1998-99	-	403	67	642	18	3378	198831	153	16	242	9467
1999-00	-	579	63	802	26	3164	347583	139	19	355	9589
2000-01	95	620	47	807	22	3285	352689	164	13	364	10870
2001-02	37	685	54	382	24	3512	312886	171	16	402	10820
2002-03	-	1066	40	402	31	3609	340864	117	15	424	11880
2003-04	-	994	25	570	29	3325	297419	193	14	467	13150
2004-05	5	1280	38	1855	46	3367	199653	254	17	552	14857
2005-06	91	1835	53	3160	52	3854	183952	333	16	601	18427
2006-07	119	1980	31	1530	104	3702	342463	347	11	624	25512
<u>Jul-Mar</u>											
2006-07	69	1368	18	1440	67	2682	274336	269	9	413	18532
2007-08 P	135	1294	25	1285	68	2586	279854	245	10	440	21850

- Nil or Insignificant

P Provisional

(Contd.)

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

Reserves/ Years	(000 tonnes)										
	Magne- site (tonnes)	Rock Salt	Silica Sand	Ochre (tonnes)	Sulphur (tonnes)	Soap Stone	Baryte	Bauxite/ Laterite (tonnes)	Iron Ore (tonnes)	Crude Oil (m. barrels)	Natural Gas (000 m.cu.mtr.)
	Over 100 million tons	Very large deposits	..	0.8 million tons	0.6 million tons	5 million tons	Over 74 million tons	Over 430 million tons	184 million US barrels	492 billion cu. metre	
1990-91	4,242	736	143	1,285	295	32	26	24,644	318	23.49	14.66
1991-92	6,333	833	132	1,001	215	37	30	21,818	937	22.47	15.57
1992-93	5,047	895	158	1,000	510	48	26	18,682	1,922	21.90	16.50
1993-94	7,000	916	169	745	715	44	18	34,984	3,792	20.68	17.65
1994-95	5,227	890	152	4,623	510	34	20	32,214	8,103	19.86	17.77
1995-96	14,981	958	184	8,081	20	40	14	19,554	6,046	21.05	18.85
1996-97	6,679	1,066	154	2,047	640	45	30	33,583	4,575	21.27	19.76
1997-98	3,397	971	135	3,147	22,458	49	30	28,366	5,500	20.54	19.82
1998-99	3,455	1,190	158	4,080	19,103	61	18	41,362	38,151	19.95	20.92
1999-00	4,513	1,358	167	4,793	22,812	48	26	48,237	45,980	20.40	23.17
2000-01	4,645	1,394	155	4,691	17,428	47	28	35,114	24,765	21.08	24.78
2001-02	4,637	1,423	157	5,064	22,580	39	21	37,182	4,942	23.19	26.16
2002-03	2,645	1,426	185	6,733	19,402	66	41	67,536	11,483	23.46	28.11
2003-04	6,074	1,640	259	7,861	23,873	52	44	88,044	84,946	22.62	34.06
2004-05	3,029	1,648	309	18,686	24,158	21	42	65,040	104,278	24.12	38.08
2005-06	2,446	1,859	411	34,320	24,730	21	52	78,310	131,259	23.94	39.65
2006-07	3,445	1,873	402	61,665	27,710	45	47	150,806	125,879	24.62	40.03
<u>Jul-Mar</u>											
2005-06	3,445	1,380	329	49,536	20,567	41	32	103,650	102,673	18.21	30.07
2006-07 P	4,150	1,385	295	38,532	22,121	40	37	139,045	173,825	19.48	31.14

Source : Federal Bureau of Statistics.

TABLE 3.2

PRODUCTION INDEX OF MINING AND MANUFACTURING

Year	Mining			Manufacturing
	1969-70=100	1975-76=100	1980-81=100	1980-81=100
1990-91	468	410.3	275.2	202.5
1991-92	472.1	412.8	277.8	218.5
1992-93	478	420.6	278.4	227.5
1993-94	483.4	427.1	275.2	237.2
1994-95	461.8	417.6	270.8	240.8
1995-96	504.8	445.3	296.7	248.4
1996-97	520.1	456.3	305.6	243.1
1997-98	512.3	449.5	302.5	261.6
1998-99	509.1	448.7	283.1	270.8
			1999-2000=100	
1999-00	545.6	468.8	100.0	100.0
2000-01	576.7	497.6	105.6	101.0
2001-02	611.3	532.8	112.5	114.8
2002-03	656.7	572.4	119.6	123.1
2003-04	709.8	597.2	134.8	146.4
2004-05	..	..	148.7	173.0
2005-06	..	..	155.4	188.8
2006-07	..	..	158.6	205.1
<u>Jul-Mar</u>				
2006-07	..	..	158.7	171.7
2007-08 P	..	..	162.8	187.1

.. Not available

P Provisional

Source: Federal Bureau of Statistics

TABLE 3.3

COTTON TEXTILES STATISTICS

Year	No. of Mills	Installed Capacity		Working at the end of the period		Spindle Hours Worked (Million)	Loom Hours Worked (Million)	Consumption of Cotton (mln kg)	Total Yarn Produced (mln.kg)	Surplus Yarn (mln. kg)	Total Production of Cloth (mln. sq mtr.)
		No. of Spindles (000)	No. of Looms (000)	No. of Spindles (000)	No. of Looms (000)						
		1990-91	247	5,493	15							4,754	8	39,542	60.2	1,197.5	1,041.2	1,001.0	292.9
1991-92	271	6,141	15	5,260	8	43,606	58.8	1,342.8	1,170.7	1,134.7	307.9
1992-93	284	6,768	14	5,433	6	46,364	55.5	1,427.0	1,219.0	1,148.6	325.4
1993-94	320	8,182	14	5,886	6	47,221	44.0	1,483.4	1,309.6	1,272.8	314.9
1994-95	334	8,307	14	5,991	5	49,734	41.8	1,558.9	1,369.7	1,340.6	321.8
1995-96	349	8,493	13	6,356	5	52,239	37.1	1,661.9	1,495.1	1,434.7	327.0
1996-97	357	8,137	10	6,465	5	53,625	36.4	1,670.1	1,520.8	1,473.9	333.5
1997-98	353	8,274	10	6,556	4	55,005	37.7	1,751.0	1,532.3	1,478.9	340.3
1998-99	348	8,298	10	6,594	5	55,802	35.2	1,839.6	1,540.3	1,482.4	384.6
1999-00	351	8,383	10	6,750	4	57,205	34.3	1,961.6	1,669.9	1,604.4	437.2
2000-01	353	8,594	10	7,105	4	59,219	34.1	2,070.1	1,721.0	1,652.7	490.2
2001-02	354	8,967	10	7,078	5	61,267	36.3	2,155.2	1,808.6	1,731.2	568.4
2002-03	363	9,216	10	7,623	5	64,274	38.7	2,371.3	1,934.9	1,855.4	576.6
2003-04	363	9,592	11	8,009	4	70,214	32.6	2,407.6	1,938.9	1,845.8	683.4
2004-05	423	10,906	9	8,817	5	72,255	30.3	2,622.8	2,280.6	2,175.2	920.7
2005-06	516	11,292	9	9,754	4	74,884	24.8	2,932.6	2,556.3	2,460.5	915.3
2006-07	521	11,266	8	10,057	4	76,892	21.7	3,143.5	2,727.6	2,623.2	1,012.9
2007-08 P	521	11,834	8	9,960	4	76,000	21.5	3,065.0	2,750.6	2,645.6	1,031.2

P: Provisional

Source: Federal Bureau of Statistics
Textile Commissioner Organization

TABLE 3.4

PRODUCTION OF FERTILIZERS, VEGETABLE GHEE, SUGAR AND CEMENT

(000 tonnes)

Year	Fertilizers					Vegetable Ghee	Sugar	Cement
	Urea	Super Phosphate	Ammonium Nitrate	Ammonium Sulphate	Nitro Phosphate			
1990-91	2050.3	175.1	318.8	92.3	321.0	656	1934	7762
1991-92	1898.0	194.0	300.0	92.9	309.8	639	2322	8321
1992-93	2306.1	205.0	302.2	92.9	297.3	725	2384	8558
1993-94	3103.8	195.1	242.7	82.0	251.4	671	2841	8100
1994-95	3000.2	147.0	313.9	79.6	285.0	711	2964	7913
1995-96	3260.1	103.7	383.5	83.7	336.5	733	2426	9567
1996-97	3258.7	0.1	330.2	80.9	350.3	714	2383	9536
1997-98	3284.2	0.0	316.3	-	293.2	719	3555	9364
1998-99	3521.7	21.6	338.8	-	285.0	773	3542	9635
1999-00	3785.0	145.8	386.5	-	261.3	695	2429	9314
2000-01	4005.1	159.6	374.4	-	282.5	835	2956	9674
2001-02	4259.6	161.0	329.4	-	305.7	797	3247	9935
2002-03	4401.9	147.2	335.3	-	304.9	772	3686	10845
2003-04	4431.6	167.7	350.4	-	363.5	888	4021	12862
2004-05	4606.4	163.1	329.9	-	338.9	1048	3116	16353
2005-06	4807.2	164.1	327.9	-	366.7	1146	2960	18483
2006-07	4732.5	148.9	330.8	-	325.8	1174	3526	22739
<u>July-March</u>								
2006-07	3639.3	110.2	236.9	-	229.9	881.8	3247.6	16448
2007-08 P	3660.5	112.9	246.0	-	239.6	856.8	4351.1	19401

- Nil

Source: Federal Bureau of Statistics

P Provisional

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Food and Tobacco		Jute Tex- tiles (000 tonnes)	Rubber			
	Beverages (000 doz. bottles)	Cigarettes (Million Nos)		Motor Tyres (000 Nos)	Motor Tubes (000 Nos)	Cycle Tyres (000 Nos)	Cycle Tubes (000 Nos)
1990-91	67,607	29,887	96.9	952	646	3,828	5,468
1991-92	85,266	29,673	100.9	784	618	3,751	5,757
1992-93	139,823	29,947	97.5	712	550	3,826	5,612
1993-94	113,704	35,895	76.4	783	706	3,872	6,191
1994-95	143,019	32,747	68.5	912	833	3,523	5,146
1995-96	131,114	45,506	70.6	1003	909	3,988	5,594
1996-97	115,817	46,101	68.7	525	643	4,112	5,205
1997-98	149,848	48,215	95.4	767	665	1,415	4,978
1998-99	185,014	51,578	85.5	845	586	3,665	5,529
1999-00	194,336	46,976	85.5	856	490	3,767	5,937
2000-01	211,798	58,259	89.4	884	520	4,051	5,891
2001-02	207,646	55,108	81.7	908	557	4,569	6,938
2002-03	190,742	49,365	93.8	1082	616	5,330	8,942
2003-04	224,238	55,399	102	1302	587	4,894	8,004
2004-05	285,326	61,097	104.8	5336	6278	4,900	9,612
2005-06	383,624	64,137	105.4	5966	7164	5,287	10,204
2006-07	515,870	65,980	118.1	7027	10277	5,182	10,420
<u>Jul-Mar</u>							
2006-07	322,424	47,522	85.4	4953	7103	3,809	7,559
2007-08 P	420,628	49,948	92.7	5165	6679	3,321	6,987

P Provisional

(Contd.)

TABLE 3.5

PRODUCTION OF SELECTED ITEMS

Year	Chemicals					Polishes & Creams for Footwear (mln. grams)	Transport, Machinery & Electrical Appliances		
	Soda Ash (000 tonnes)	Sulphuric Acid (000 tonnes)	Caustic Soda (000 tonnes)	Chlorine Gas (000 tonnes)	Paints & Varnishes (tonnes)		Bicycles (000 Nos.)	Sewing Machines (000 Nos.)	Total TV Sets (000 Nos.)
1990-91	147.2	93.5	78.5	6.7	14,308	651.1	428.8	81.3	181.7
1991-92	185.9	97.6	82.0	6.1	18,950	682.5	478.4	85.1	145.5
1992-93	196.2	99.8	81.5	5.9	16,626	638.1	588.6	72.3	162.2
1993-94	197.0	102.3	89.0	5.8	9,373	602.8	563.7	76.7	112.5
1994-95	196.1	80.4	92.7	7.8	6,865	719.5	473.4	68.1	101.1
1995-96	221.2	69.2	109.0	9.1	8,030	836.8	545.1	84.1	277.6
1996-97	247.0	30.8	118.2	9.4	8,005	861.1	432.4	61.1	185.6
1997-98	240.3	28.1	115.7	9.7	5,917	869.7	452.1	36.2	107.4
1998-99	239.4	27.0	120.4	11.3	6,500	888.8	504.0	29.7	128.3
1999-00	245.7	57.7	141.3	14.2	7,347	897.7	534.1	27.6	121.3
2000-01	217.9	57.1	145.5	14.5	10,922	906.7	569.6	26.9	97.4
2001-02	215.2	59.4	150.3	15.1	10,341	920.9	553.4	24.0	450.0
2002-03	281.5	56	164.4	15.9	3,899	935.3	629.7	30.6	764.6
2003-04	286.5	64.6	187.5	17.2	5,406	950.1	664.1	35.0	843.1
2004-05	297.3	91.2	206.7	19.1	15,023	959.6	587.9	36.0	908.8
2005-06	318.7	94.4	219.3	18.3	17,148	969.2	587.2	39.0	935.1
2006-07	330.6	88.9	242.2	16.9	23,939	978.8	486.3	52.2	609.2
<u>Jul-Mar</u>									
2006-07	238.9	64.8	178.5	12.6	17,247	701.3	375.6	38.2	440.5
2007-08 P	271.1	78.9	181.1	13.3	18,957	708.3	382.0	43.3	525.5

Contd.

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Electrical Appliances		Papers & Board		Steel Products		
	Electric Bulbs (Mln.Nos)	Electric Tubes (000 metres)	Paper Board (000 tonnes)	Paper (All Types) (000 tonnes)	Coke (000 tonnes)	Pig Iron (000 tonnes)	Billets (000 tonnes)
1990-91	49.3	7,728	88.6	64.2	723.6	1073.9	330.0
1991-92	43.2	4,460	111.0	66.0	737.2	1048.1	306.7
1992-93	41.3	4,205	154.8	109.0	716.4	1098.2	338.4
1993-94	42.7	5,307	133.2	129.3	771.6	1252.7	403.9
1994-95	41.6	5,352	106.2	208.4	701.5	1044.7	343.5
1995-96	45.8	5,417	110.0	193.4	685.6	1002.2	332.7
1996-97	56.4	7,598	197.6	149.0	663.0	1068.6	378.5
1997-98	62.5	8,354	166.5	178.3	667.7	1015.8	350.1
1998-99	66.8	7,991	173.6	186.8	588.7	989.3	276.1
1999-00	63.2	7,137	228.0	206.2	675.5	1106.6	345.2
2000-01	55.2	10,542	246.3	284.8	717.3	1071.2	414.7
2001-02	54.6	10,441	187.6	137.9	694.6	1042.9	412.0
2002-03	58.3	10,844	228.2	148.0	775.2	1140.2	408.4
2003-04	139.4	14,614	247.9	156.8	785.5	1180	429.2
2004-05	146.7	19,819	256.7	163.1	772.8	1137.2	271.4
2005-06	143.7	19,992	284.7	167.7	179.6	788.2	350.3
2006-07	144.9	21,546	280.4	161.7	326.3	1008.8	341.8
<u>Jul-Mar</u>							
2006-07	102.9	15,510	212.8	119.6	252.6	714.9	258.2
2007-08 P	106.2	15,512	165.6	143.1	217.4	731.4	204.8

P Provisional

Source: Federal Bureau of Statistics
Ministry of Industries

TABLE 3.6

PERCENT GROWTH OF SELECTED INDUSTRIAL ITEMS

	Cotton Yarn	Cotton Cloth	Jute Goods	Veg.Ghee	Cigarettes	Fertilizers	Cement	Soda Ash	Caustic Soda	Sugar
1990-91	14.22	(0.65)	1.15	(3.93)	(7.41)	(2.66)	3.66	1.53	6.01	4.15
1991-92	12.44	5.12	4.13	(2.59)	(0.72)	(5.52)	7.20	26.29	4.49	20.06
1992-93	4.13	5.68	(3.37)	13.46	(0.92)	14.65	2.84	5.54	(0.61)	2.67
1993-94	7.43	(3.23)	(21.64)	(7.45)	19.86	20.96	(5.35)	(0.41)	9.20	19.17
1994-95	4.59	2.19	(10.34)	5.96	(8.77)	(1.27)	(2.31)	(0.46)	4.16	4.33
1995-96	9.16	1.62	3.07	3.09	38.96	8.89	20.90	12.80	17.58	(18.15)
1996-97	1.72	1.99	(2.69)	(2.59)	1.31	(3.53)	(0.32)	11.66	8.44	(1.77)
1997-98	0.76	2.04	38.86	0.70	4.54	(3.15)	(1.80)	(2.71)	(2.12)	49.18
1998-99	0.52	13.02	(10.38)	7.95	6.98	6.67	2.30	(0.37)	4.06	(0.48)
1999-00	8.41	13.73	(1.87)	(9.65)	(8.92)	4.62	(3.33)	2.63	17.36	(31.41)
2000-01	3.06	12.12	4.56	19.59	24.02	9.21	3.87	(11.30)	2.97	21.70
2001-02	5.09	20.09	(8.61)	7.24	(5.05)	(0.38)	2.70	(1.23)	3.85	9.84
2002-03	6.18	1.66	14.03	(6.75)	(10.42)	12.11	12.11	10.09	9.34	13.48
2003-04	0.73	17.39	8.87	15.10	12.22	7.80	18.60	2.22	14.11	9.09
2004-05	18.22	28.89	0.80	3.19	10.27	5.86	16.92	3.86	10.21	(23.10)
2005-06	11.66	(2.26)	(0.27)	9.86	4.98	5.03	13.52	7.19	6.11	(5.01)
2006-07	11.73	8.18	12.97	1.94	2.87	(7.75)	22.49	3.74	10.45	19.13
2007-08 *	3.32	4.89	8.46	(2.83)	5.11	(16.89)	17.95	13.51	1.44	33.98

* July-March

Source: Federal Bureau of Statistics

Note: Figures in parenthesis represent negative growth.