

Manufacturing and Mining

Introduction

Manufacturing plays a key role in economic development as it has multiplier impact on growth through value addition. The overall manufacturing sector contributes 13.6 percent in Gross Domestic Product (GDP). It has three sub sectors such as Large Scale Manufacturing (LSM), Small Scale manufacturing and slaughtering. The Large Scale Manufacturing (LSM) sector has 80 percent share in manufacturing and 10.8 percent share in GDP whereas small scale manufacturing has 13.8 percent share in manufacturing and 1.9 percent in GDP, while Slaughtering has 6.5 percent share in manufacturing and 0.9 percent share in GDP.

The manufacturing sector continued to gain momentum by witnessing 6.24 percent growth on the back of stellar performance of LSM sector during the first eight months of the current fiscal year as it touched 6.13 percent which are the highest in last 11 years. The industrial sector maintained its upward growth trajectory at 5.8 percent which is highest in last 10 years.

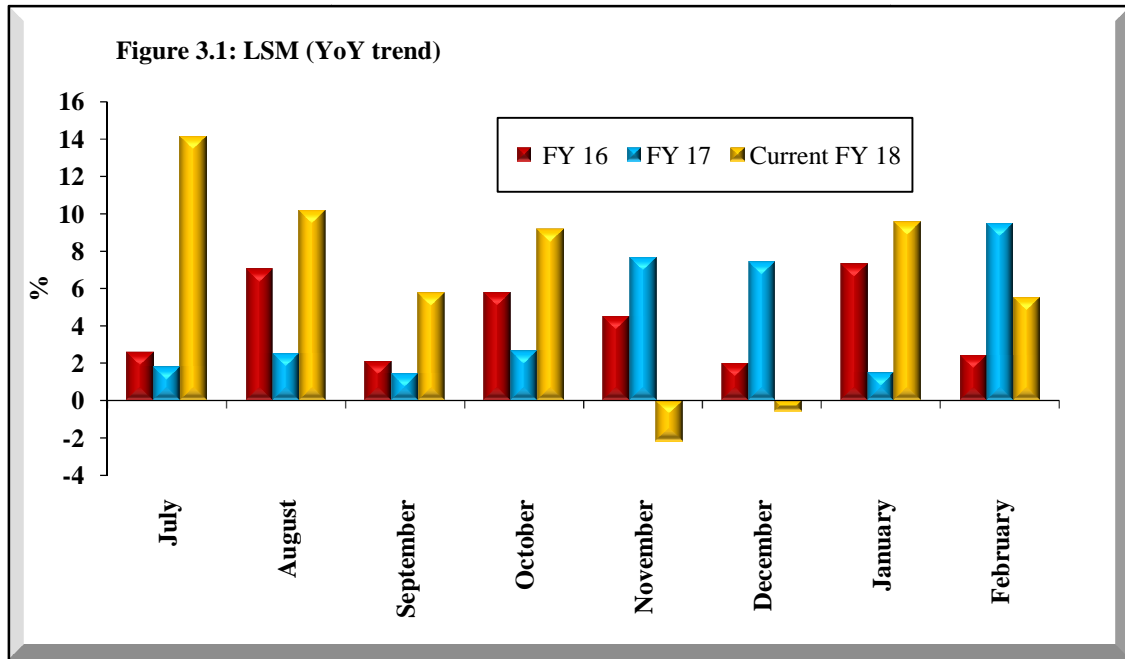
Ample liquidity in the banking system, a highly investment friendly interest rate environment, low inflation, strong domestic demand for consumer durables are responsible for continued reasonable growth in this sector.

During Q1 FY 2018, Large Scale Manufacturing (LSM) recorded a stellar growth of 9.9 percent as compared to 1.9 percent during the same quarter last year. The subsectors which recorded impressive growth over Q1 FY 2017 are electronics which grew by 80 percent, iron and steel products 47 percent, automobiles 29 percent, engineering products

27 percent, coke and petroleum products 14 percent, food, beverages and tobacco 12 percent, Non metallic mineral products 12 percent and paper and board 9 percent. The LSM sector witnessed contraction in growth following the first quarter in the month of November and December 2017 on account of delayed sugar crushing as well as lower availability of gas to small scale fertilizer manufacturers. Resultantly, the growth decelerated to only 1.9 percent in Q2 FY 2018 compared to 5.9 percent in Q2 FY 2017. The sectors which show muted growth in Q2 FY 2018 were fertilizers which declined by 14 percent, food beverages and tobacco 8 percent and engineering products 13 percent. The sectors showing growth during the second quarter are iron and steel products which increased by 28 percent, automobiles 15 percent, rubber products 11 percent, paper and board 11 percent, non metallic mineral products 8 percent, coke & petroleum products 3 percent and textile 0.3 percent.

During July-February FY 2018, the Large Scale Manufacturing (LSM) registered a growth of 6.24 percent as compared to 4.40 percent in the same period last year. On Year on Year (YoY), LSM recorded a growth of 5.52 percent in February 2018 compared to 9.47 percent of February 2017. The production data of Large Scale Manufacturing (LSM) received from the Oil Companies Advisory Committee (OCAC) comprising 11 items, Ministry of Industries and Production 36 items and Provincial Bureau of Statistics 65 items have contributed in LSM period average growth by 0.62 percent, 4.08 percent and 1.54 percent, respectively.

The Year on Year performance of LSM sector over corresponding period of last two year is given in graph below.



The industry specific data shows that Electronics recorded highest growth of 38.79 percent (compared to 17.91 percent last year) , Iron & Steel products 30.85 percent (compared to 16.15 percent last year), Automobile 19.58 percent (compared to 10.09 percent last year), Non metallic mineral product 11.87 percent (compared to 7.10 percent last year), Paper & Board 8.06 percent (compared to 5.77 percent last year), Coke & Petroleum products 10.26 percent (compared to -0.07 percent last year), Rubber products 6.83 percent (compared to -0.16 percent last year), Engineering Products 5.21 percent (compared to 3.41 percent last year), Pharmaceuticals 9.44 percent (compared to 8.87 percent last year), Food Beverages & Tobacco 2.33 percent (compared to 7.06 percent last year) and Textile 0.47 percent (compared to 0.59 percent last year). The sector which recorded negative growth during the period are Wood products 27.32 percent (compared to -95.59 percent last year), Fertilizers 7.36 percent (compared to 0.21 percent last year), Chemicals 0.63 percent (compared to -2.81 percent last year) and Leather products 7.91 percent (compared to -19.58 percent last year).

Leather manufacturing continued on its declining trend on account of lagging behind in terms of product diversification and value addition along with facing pressure from regional competitors who are focusing on high value added products. The downturn witnessed in fertilizer sectors is on account of diversion of domestic piped natural gas from small scale urea producers. In chemical sectors there are multiple factors constrained their operations such as influx of cheap imported products, dependence on imported raw materials and high cost of doing business.

In February 2018, highest increased was recorded in Pharmaceuticals 49.27 percent, Coke and Petroleum products 16.28 percent, Iron & Steel products 12.60 percent, Non metallic mineral products 11.13 percent, Rubber products 8.34 percent, Automobiles 7.99 percent, Engineering products 1.71 percent, Paper & Board 1.69 percent and Textile 0.13 percent.

Group wise growth and points contribution of LSM for the period of July-February FY 2017 versus July-February FY 2018 are given in the following Table 3.1.

Table 3.1: Group wise growth and Point Contribution rate of LSM for the period of Jul-Feb 2017-18 vs Jul-Feb 2016-17

S.No.	Groups	Weights	% Change		% Point Contribution	
			July-February		July-February	
			2016-17	2017-18	2016-17	2017-18
1	Textile	20.915	0.59	0.47	0.12	0.10
2	Food, Beverages & Tobacco	12.370	7.06	2.33	0.87	0.29
3	Coke & Petroleum Products	5.514	-0.07	10.26	0.00	0.57
4	Pharmaceuticals	3.620	8.87	9.44	0.32	0.34
5	Chemicals	1.717	-2.81	-0.63	-0.05	-0.01
6	Automobiles	4.613	10.09	19.58	0.47	0.90
7	Iron & Steel Products	5.392	16.15	30.85	0.87	1.66
8	Fertilizers	4.441	0.21	-7.36	0.01	-0.33
9	Electronics	1.963	17.91	38.79	0.35	0.76
10	Leather Products	0.859	-19.58	-7.91	-0.17	-0.07
11	Paper & Board	2.314	5.77	8.06	0.13	0.19
12	Engineering Products	0.400	3.41	5.21	0.01	0.02
13	Rubber Products	0.262	-0.16	6.83	0.00	0.02
14	Non-Metallic Mineral Products	5.364	7.10	11.87	0.38	0.64
15	Wood Products	0.588	-95.59	-27.32	-0.56	-0.16

Source: Pakistan Bureau of Statistics (PBS)

The performance of Electronics is largely dependent on global raw material prices such as steel and copper which makes the sector vulnerable to external dynamics. Despite this the sector growth is on account of electric motors growth recorded at 142.16 percent, electric transformers 42.92 percent, air conditioner 23.63 percent and deep freezers 5.18 percent.

The growth in Iron and Steel derived from billets/Ingots 36.44 percent and H/C.R. Sheets/Strips/Coils/plates etc 25.54 percent. Steel demand gained traction from increase in automobile production besides the ongoing construction activities. Interestingly, such strong was the demand for steel that even a sharp growth in domestic production was not enough to curtail imports. The companies like Amreli steel, Aisha steel, Mughal steel and Dost steel have already announced significant expansionary plans.

Automobile sector recorded a growth at 19.58 percent in July-Feb FY 2018 and its sub sector such as tractors 44.68 percent, trucks 24.41 percent, jeeps and cars 23.29 percent, LCVs 19.73 percent and motor cycles 14.15 percent. During July-Feb FY2018, buses posted a negative growth of 39.35 percent. The sector will gain more growth due to entry of new variants such as Hyundai, Renault, Nissan, coupled with rapidly growing ride hailing services like Careem and Uber. In addition the

strong demand for automobile arrived as rising income levels, together with low interest rates led to a significant uptick in auto financing. Recently, Prime Minister breaks ground on Hyundai-Nissan vehicle assembly plant in Faisalabad. In addition Nishat Mills offered 18% stake to Millat tractors in its car venture, while Renault signed new agreement to assemble cars in partnership with Al-Futtaim a Gulf-based business dealing with automobile sector.

The automobile industry sales during the first eight months (July to February) of fiscal year 2017-18 exhibited 23 percent growth. Tractors sales during the period recorded at 39.5 percent, buses and trucks 15.4 percent and motorcycles and three wheelers 17.7 percent. In light of ongoing infrastructural undertakings in the country, the auto sector looks primed for another healthy performance. The imposition of regulatory duties on the automobile sector is expected to create a favorable situation during the year as it may further enhance domestic production.

Non metallic mineral growth is on account of cement production growth recorded at 11.95 percent. The cement dispatches also remain strong to 14.7 percent during Jul-March FY 2018 which augur well better LSM growth going forward. The outlook for the construction remains encouraging in view of expected strong demand in allied industries like steel industries.

Pakistan Economic Survey 2017-18

Coke and Petroleum rebounded strongly during the period on account of Jute batching oil 17.02 percent, LPG 39.49 percent, diesel oil 27.34 percent and motor spirits 15.60 percent. Improving trades as well as transportation activities coupled with increase in power generation capacity and industrial production also played a pivotal role in enhancing demand for petroleum products.

The Pharmaceutical industry recorded a growth of 9.44 percent during the period under review on account of growth in galenicals (tincture) 32.94 percent, injections 46.07 percent, capsules 45.42 percent and tablets 42.77 percent. The industry continues to reap the benefits of favorable government policies like higher PSDP spending on health and clarity on drug regulatory policy in the domestic market. The rising income levels, health awareness among masses, Prime Minister's national health program at country level and Sehat Insaf card in KPK province helped to boost pharmaceuticals sector.

The Engineering products recorded a growth of 5.21 percent which is arrived from sugarcane machines 94.00 percent, power looms 22.70

percent and metal drums 1.52 percent. The performance of Textile sector having highest weight of 20.91 in Quantum Index Manufacturing (QIM) remained subdued on account of lackluster performance of cotton yarn 0.10 percent and cotton cloth 0.09 percent having a combined weight of 20.15 in textile sector. The production of cotton increased by 7.6 percent during last year while it recorded an increase of 11.8 percent in FY 2018 along with rise in cotton prices in international market bode well in future. The government has recently revised the export package by further relaxing performance parameters. It remains to be seen how these measures draw a positive response from the local producers.

The Food Beverages and Tobacco recorded a growth of 2.33 percent on account of delayed in sugar crushing whereas last year the major growth was arrived from sugar along with others. The items recorded growths are soft drinks 10.41 percent, cooking oil 2.39 percent and starch & its product 3.96 percent.

Selected items of Large Scale Manufacturing are given in Table 3.2 and Figure 3.2.

Table-3.2 : Production of selected industrial items of Large Scale Manufacturing

S.No.	Items	Unit	Weight	July-February		% Change (Jul-Feb) 2017-18	% Point Contribution (Jul-Feb) 2017-18
				2016-17	2017-18		
1	Deep Freezers	(Nos.)	0.1622	67,001	70,470	5.18	0.01
2	Jeep & Cars	(Nos.)	2.8183	125,503	154,732	23.29	0.66
3	Refrigerators	(Nos.)	0.2394	1,122,457	774,197	-31.03	-0.07
4	Upper Leather	(000 sq.m.)	0.3924	17,573	13,958	-20.57	-0.08
5	Cement	(000 tones)	5.299	24,276	27,177	11.95	0.63
6	Liquids/Syrups	(000 Liters)	1.1361	77,712	47,059	-39.44	-0.45
7	Phosphate Fertilizer	(N tones)	0.3996	440,158	429,961	-2.32	-0.01
8	Tablets	(000 Nos)	1.9143	19,085,159	27,248,006	42.77	0.82
9	Cooking Oil	(Tones)	2.2271	254,931	261,012	2.39	0.05
10	Nitrogenous Fertilizer	(N tones)	4.0411	2,008,411	1,847,822	-8.00	-0.32
11	Cotton Cloth	(000 sq.m.)	7.1858	696,750	697,385	0.09	0.01
12	Vegetable Ghee	(000 tones)	1.1444	843,820	796,959	-5.55	-0.06
13	Cotton Yarn	(Tones)	12.9646	2,285,163	2,287,370	0.10	0.01
14	Sugar	(Tones)	3.5445	4,400,017	4,061,575	-7.69	-0.27
15	Tea Blended	(Tones)	0.3818	98,605	92,883	-5.80	-0.02
16	Petroleum products	(000 Liters)	5.4096	9,695,146	10,689,837	10.26	0.56
17	Cigarettes	(Million Nos.)	2.1252	22,184	39,389	77.56	1.65
18	Billets/Ingots	(Tones)	1.5234	2,593,000	3,538,000	36.44	0.56
19	H/C.R sheets/Strips/Coils	(Tones)	2.2841	2,262,700	2,840,550	25.54	0.58

Source: Pakistan Bureau of Statistics (PBS)

Figure 3.2: Monthly Production trends of major Large Scale Manufacturing (LSM) sector items during the July-February 2017-18 compared to corresponding period July-February 2016-17



Textile Industry

Pakistan has inherent advantage of being 4th largest producer of cotton in the world with a huge potential to further increase crop yield. For success of any export led industry, local availability of basic raw material is considered

as an added advantage being a key factor in reducing cost of doing business. The textile value chain consists of multiple industrial sub-sectors. The value chain is quite long starting from cotton picking to a finished garment of the latest fashion. The end product of one sub-

Pakistan Economic Survey 2017-18

sector is the raw material for the other. Each sub-sector in the value change contributes to value addition and employment generation.

Performance of Textile Industry

Textile is the most important manufacturing sector and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to

ginning, spinning, fabric, dyeing and finishing, made-ups and garments. The sector contributes nearly one-fourth of industrial value-added and provides employment to about 40 percent of industrial labor force. Barring seasonal and cyclical fluctuations, textiles products have maintained an average share of about 60 percent in national exports. The export performance during the period under review is given in Table 3.3.

Table 3.3: Export of Pakistan Textiles (US\$ millions)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (Jul-Feb)
Cotton & Cotton Textiles	12628	13348	13139	12168	12248	8596
Synthetic Textiles	406	383	331	288	204	197
Sub-Total Textiles	13034	13732	13470	12455	12452	8794
Wool & Woolen Textiles	122	125	119	98	79	51
Total Textiles	13156	13857	13589	12553	12531	8844
Total Country Exports	24515	25131	23885	20802	20478	14849
Textile as % of Export	54%	55%	57%	60%	61%	60%

Source: Ministry of Textile

Ancillary Textile Industry

The ancillary textile industry includes cotton spinning, cotton cloth, cotton yarn, cotton fabric, fabric processing, home textiles, towels, hosiery and knitwear and readymade garments, these components are being produced both in the large scale organized sector as well as in the unorganized cottage / small and medium units. The performance of these various ancillary textile industries is illustrated as under:-

i. Cotton Spinning Sector

The Spinning Sector is the backbone in the ranking of textile production. At present, as per record of Textiles Commissioner's Organization (TCO), it comprises 517 textile units (40 composite units and 477 spinning units) with 13.414 million spindles and 199

thousand rotors installed and 11.338 million spindles and 127 thousand rotors in operation with capacity utilization of 84.5 percent and 64 percent respectively.

ii. Cloth Sector

Problems of the power loom sector evolve mainly due to the poor technology and scarcity of quality yarn. Looms installed in Cotton Textile Mills are 9,084 and Looms worked were 6,384. Moreover, production of cloth in mill sector is reported whereas in non-mills sector is not reported and therefore is estimated. The production of cotton cloth has remained stagnant which slightly increased by 0.03 percent while the exports in term of quantity slightly decreased by 0.80 percent whereas in value term increased by 0.04 percent.

Table 3.4: Production and export of Clothing Sector

Production	July-Feb 2017-18	July-Feb 2016-17	% Change
Mill Sector (000. Sq. Mtrs.)	697,385	696,750	0.09
Non Mill Sector (000. Sq. Mtrs.)	5,422,010	5,420,580	0.03
Total	6,119,395	6,117,330	0.03
Cloth Exports			
Quantity (M.SqMtr.)	1380.282	1391.436	-0.80
Value (M.US\$)	1425.585	1424.977	0.04

Source: Ministry of Textile

iii. Textile Made-Up Sector

Being value added segment of Textile industry made-up sector comprises different sub groups namely towels, tents & canvas, cotton bags, bed-

wear, hosiery, knitwear & readymade garments including fashion apparels. Export performance of made-up sector during the period July-Feb FY 2018 is presented in Table 3.5.

Table 3.5: Export of Textile Made-Ups

	July-Feb 2017-18	July-Feb 2016-17	% Change
Hosiery Knitwear			
Quantity (M.Doiz)	70.41	68.56	2.69
Value (M.US\$)	1756.33	1550.09	13.30
Readymade Garments			
Quantity (M.Doiz)	25.62	22.71	12.83
Value (M.US\$)	1695.56	1499.47	13.08
Towels			
Quantity (000 MT)	135.13	124.90	8.19
Value (M.US\$)	519.15	520.93	-0.34
Tents/Canvas			
Quantity (000 MT)	20.24	33.92	-40.33
Value (M.US\$)	60.00	99.16	-39.49
Bed Wears			
Quantity (000 MT)	240.90	236.01	2.07
Value (M.US\$)	1477.23	1413.50	4.51
Other Made up			
Value (M.US\$)	274.41	266.02	3.15

Source: Ministry of Textile

a) Hosiery Industry

The industry sustains directly livelihood of 210,000 skilled workers and 490,000 unskilled workers. Another 350,000 people benefit in allied cottage industries. Thus, the industry provides directly and indirectly sustenance to well over a million people. Knitwear exports consists of knitted and processed fabrics knitted garments; knitted bed sheets, socks etc. and has the largest share 35 percent in textile exports. The export performance of knitwear during the period under review is given below in Table.3.6.

Table 3.6: Export of Knitwear

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (M.Doiz)	70.406	68.563	2.69
Value (M.US\$)	1756.329	1550.092	13.30

Source: Ministry of Textile

b) Readymade Garment Industry

Readymade garment industry has emerged as one

of the important small scale industries in Pakistan. Its products have large demand both at home and abroad. The local requirements of readymade garments are almost fully met by this industry. Garment industry is also a good source of providing employment opportunities to a large number of people at a very low capital investment. It mainly uses locally produced raw materials. Most of the machines used by this industry are imported or locally made/assembled. Exports increased from 22.708 million dozens to 25.621 million dozen in various types of readymade garments worth US\$ 1695.557 million during Jul-Feb FY 2018 as compared to US\$ 1499.472 million during Jul-Feb FY 2017, thus showing an increase of 13.08 percent in terms of value and 12.83 percent in term of quantity.

Table 3.7: Export of Readymade Garments

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (M.Doiz)	25.621	22.708	12.83
Value (M.US\$)	1695.557	1499.472	13.08

Source: Ministry of Textile

c) Towel Industry

There are about 10,000 Towel Looms including shuttle and shuttle less in the country in both organized and unorganized sector. This industry is dominantly export based and its growth has all the time depended on export outlets. The existing towels manufacturing factories are upgraded to produce higher value towels. Export performance of towel sector during the period is given below in Table 3.8.

Table 3.8: Export performance of Towel sector

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (000 MT)	135.128	124.900	8.19
Value (M.US\$)	519.150	520.928	-0.34

Source: Ministry of Textile

d) Canvas/Tents

The production capacity of this sector is more than 100 million Sq. meters. This sector is also known as raw cotton consuming sector. In term of quantity during Jul-Feb FY2018 it was recorded at 20.239 thousand dozen as compared to 33.919 thousand dozen during the same period last year thus showing decrease of 40.33 percent. Even in value term it decreased by 39.49 percent.

Table 3.9: Export performance of Tent and Canvas Sector

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (000.MT)	20.239	33.919	-40.33
Value (M.US\$)	60.002	99.161	-39.49

Source: Ministry of Textile

iv) Synthetic Textile Fabrics

Synthetic fibers Nylon, Polyester, Acrylic and Polyolefin dominate the market. There are currently five major producers of synthetic

fibers in Pakistan, with a total capacity of 636,000 tons per annum. Artificial silk resembles silk but costs less to produce, with capacity in country about 9000 looms.

During July-Feb FY 2018, synthetic textile fabrics worth \$ 197.280 million were exported as compared to \$ 109.552 million during the same period which is showing an increase of 80.08 percent as compared to last year. In Quantity term the exports of synthetic increased by 108.53 percent.

Table 3.10: Export performance of Synthetic Textile Fabrics

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (Th.Sq.Mtrs)	180,544	86,578	108.53
Value (M.US\$)	197.280	109.552	80.08

Source: Ministry of Textile

v) Woolen Industry

The main products manufactured by the woolen industry are carpets and rugs. The exports of carpets during the period July-Feb FY 2018 is given in the Table 3.11.

Table 3.11: Exports of Carpets and Rugs (Woolen)

	July-Feb 2017-18	July-Feb 2016-17	% Change
Quantity (M.Sq.Mtr)	1.179	1.258	-6.28
Value (M.US\$)	50.688	55.795	-9.15

Source: Ministry of Textile

vi) Jute Industry

The main products manufactured by the jute industries are jute sacks and hessian cloth, which are used for packing and handling of wheat, rice and food grains. The installed and working capacity of jute industry is given in the Table 3.12.

Table 3.12: Installed and working capacity of Jute

	July-Feb 2017-18	July-Feb 2016-17	% Change
Total No. of Units	10	10	0
Spindles Installed	24712	24272	1.81
Spindles Worked	14502	13944	4
Looms Installed	1138	1138	0
Looms Worked	779	746	4.42

Source: Ministry of Textile

The production of the Jute goods during Jul-Feb FY2018 remained at 48,851 metric tons and last year it was 34,708 metric tons, respectively showing an increase of 40.74 percent.

Other Industries

Engineering Sector

Engineering Development Board (EDB) is an apex government body under Ministry of Industries & Production entrusted to strengthen engineering base in Pakistan. EDB focuses primarily on the development of engineering goods and services sector on modern lines enabling to become technologically sound and globally integrated. Engineering Development Board has so far taken the following initiatives:-

i. Economic Coordination Organization (ECO)

Pakistan hosted 28th annual meeting of the Regional Planning Council (RPC) of ECO countries, organized by Ministry of Planning, Development & Reforms. Regional Planning Council is the main technical planning body within ECO which comprise of head of planning organizations of the member states as well as officials and experts from the national sectoral ministries/organizations. EDB presented comprehensive proposals/briefs for committee on trade & investment and committee on agriculture, industry & tourism.

ii. One Country Exhibition (Belarus)

On invitation of Ministry of National Food Security and Research, EDB participated in the one country exhibition (Belarus) in Islamabad 15.11.2017. Back to back meetings were held with Belarusian trade delegates in respect of Joint ventures/Business cooperation in engineering sectors. Delegates were briefed about ADP 2016-21.

iii. Achievement of goals of the vision 2025 (Upcoming Industrial Policy)

On request of M/o I&P/ M/o PD&R, EDB prepared and submitted the proposals/inputs in respect of development and sustainable growth of local engineering industry to make it competitive for the fast changing world in order to achieve the goals envisioned in vision 2025.

iv. Strategic Trade Policy Frame Work 2018-23

Ministry of Commerce (MoC) has initiated detailed working on the upcoming Strategic Trade Policy Frame Work 2018-23 for which they have invited the all stakeholders for inputs. On request of MoC/MoIP, EDB approached all the relevant associations and industries for their proposals and accordingly received responses from the industry were evaluated and submitted for incorporation in STPF 2018-23.

v. Cost of Doing Business in Pakistan 2018

To present and promote the realistic image of Pakistan as an emerging destination for doing business, Engineering Development Board is publishing its fresh edition of Cost of Doing Business in Pakistan 2018. It is a widely circulated document, which is distributed to Pakistan's Commercials Consulates abroad, all Ministries/Divisions and attached departments of government, banks, chambers of commerce and major industries.

vi. Pakistan Auto Show 2018

EDB setup stalls in the Pakistan Auto Show 2018, which was held on 3rd March 2018. The show was the country's largest gathering of leading auto parts suppliers and auto service providers from all over the country covering the full range of motor vehicles parts as well as components for the drive, chassis, body, electrics and electronic groups.

Automobile Industry

Automobile sector continued to maintain its growth momentum, during the current financial year Jul-Feb FY 2018, as evident from impressive growth in all sectors, except buses. This is on account of strong demand due to new model vehicles which keep the pace of growth. This was kept to maintain the position of the auto sector amongst the top sectors of large-scale manufacturing. Remarkable growth has been witnessed in jeeps which is recorded at 1430.7 percent, tractors 44.7 percent, trucks 24.4 percent, LCVs 19.7 percent, two/three wheelers 17.3 percent and cars 16.8 percent. The Table 3.13 below shows comparative position of the production during the year July-Feb FY 2018 and FY2017.

Category	Installed Capacity	No of units produced			
		2015-16 (July-Feb)	2016-17 (July-Feb)	2017-18 (Jul-Feb)	% Change
Cars	240,000	121,755	124,923	145,854	16.8
LCVs	43,900	27,458	16,627	19,907	19.7
Jeeps	5,000	580	580	8,878	1430.7
Buses	5,000	664	803	487	-39.4
Trucks	28,500	3,414	4,888	6,081	24.4
Farm Tractors	100,000	17,606	31,502	45,576	44.7
Two/Three Wheelers	2,500,000	882,235	1,071,454	1,257,095	17.3

Source: Pakistan Automotive Manufacturer Association

There has been steep fall in production of buses as the cumulatively growth come down to 39 percent during the period under review. It is on account of changing the preferences as public preferring to have a transport of their own as locally manufactures two wheelers are available at affordable rate. Further, in some cities, the availability of modern public transport facilities is an additional factor to dampen the demand for buses, besides allowing imports. On intercity routes, the demand for buses is not as much to affect the production volumes significantly. Notwithstanding the aforesaid, there is enormous potential of growth in local buses, waiting to unleash when serious measures taken on formulating and implementing urban transport schemes in the cities by replacing the old and dilapidated buses, presently plying on the roads of metropolitan areas.

In case of trucks, due to policy intervention by the government, the market share of used truck import, which once, in 2014, was 37 percent, came down to only 6 percent in 2018. Given that, if the existing policy continues, projected production figures for the forthcoming years for local trucks industry are far more.

There is strong demand for cars in the country due to prevailing three years rule for the used cars. However, still the import of used cars rule with imposing 24 percent share in the local market. During Jul-Feb FY 2018, Light Commercial Vehicles (LCVs) revived and recorded at 19.7 percent growth compared to negative growth of 39 percent during the same period last year on account of discontinuation of Punjab's Apna Rozgar Scheme.

The production of Jeeps recorded a phenomenal growth of 1430 percent on account of introduction of a new model in April 2017, which hugely uplifted the production figures of 580 units during Jul-Feb FY2017 to 8878 units recorded during Jul-Feb FY 2018.

The auto sector continues to stand out as one of the best performing amongst the large scale manufacturing sectors. The reason for this outstanding and sustained growth is little interference and clear policy direction by the government. Further government committed for expansion of auto sector as evident in the Auto Policy 2016-21. The policy was well responded in all context resulting new players would join the sectors by 2019, which gives enough time to the existing players to prepare for healthy competition.

Fertilizer Industry

Fertilizer industry is important for economic development and the prosperity of farming community. The industry produce, imports and distributes fertilizer throughout the country. As fertilizer is an important input for agriculture growth; the government's intervention in the shape of subsidy and tax relaxations has improved the performance of the agriculture sector.

There are ten urea manufacturing plants, one DAP, three NP, three SSP, two CAN and one plant of blended NPKs having a total production capacity of 8,983 thousand product tonnes per annum. Although, the installed production capacity for all products has attained the level of 8,983 thousand tonnes per annum, the actual production for year 2016-17 for all

products remained at 8,245 thousand production tonnes. The estimated production for 2017-18 is about 7866 thousand product tonnes. The entire fertilizer products are manufactured by the private sector.

At the present, the installed production capacity (6,323 thousand tonnes) of urea fertilizer is more than national demand of about 6000 thousand tonnes per annum. The estimated annual production urea for 2017-18 is about 5700 thousand tonnes, which is less by 10 percent of the installed capacity of urea fertilizer.

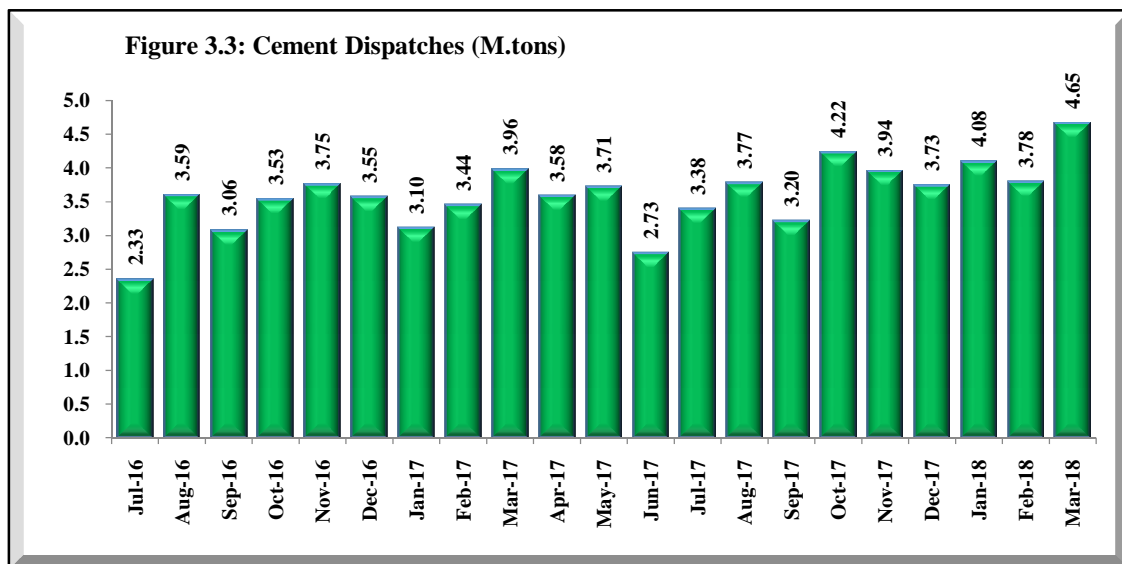
The recommended level of fertilizer use in Pakistan for Nitrogen (N), Phosphate (P) & Potash (K) is 2:1:0.5. Current fiscal year 2017-18 estimates shows that Nitrogen (N) and Phosphate offtake has decreased by 5 and 1.4 percent respectively, while Potash (K) offtake has jumped by 31.5 percent as compared to the previous year. To support the domestic fertilizer industry, the government has allowed the export of 459 thousand tonnes of urea fertilizer up to March 2018.

Cement Industry

The cement industry is among the highest contributors to the national exchequer. The sector continues to post healthy growth and continued to enhance its capacities.

The recent growth in domestic cement demand has been complemented by surging exports for the second consecutive months as cement export increased by a whopping 85 percent in March 2018. The exports started improving in February 2018 and have continued to improve in March 2018 as well on account of sudden surge to Afghanistan that increased from 0.037 million tons in March 2017 to 0.106 million tons in March 2018.

The total cement sales in March 2018 were historical high by 4.652 million tons. This was 17.33 percent higher than the sales of 3.965 million tons achieved in March 2017. Domestic consumption was 4.260 million tons out of which 3.543 million tons was consumed in the northern part and 0.717 million tons was consumed in the southern part of country showing a growth of 13.52 percent.



During the first nine months of the current fiscal year, the industry sold 34.76 million tons of cement which is 14.70 percent higher than 30.30 million tons dispatches during the corresponding period last year. The domestic

growth is mainly attributing the policies of the government and its thrust on mega infrastructure projects and will further increase the local production substantially if the smuggling from Iranian border is checked.

Table 3.14: Cement Production Capacity & Dispatches					Million tonnes
Years	Production Capacity	Capacity Utilization (%)	Local Dispatches	Exports	Total Dispatches
2006-07	30.50	79.23	21.03	3.23	24.26
2007-08	37.68	80.14	22.58	7.72	30.30
2008-09	42.28	74.05	20.33	10.98	31.31
2009-10	45.34	75.46	23.57	10.65	34.22
2010-11	42.37	74.17	22.00	9.43	31.43
2011-12	44.64	72.83	23.95	8.57	32.52
2012-13	44.64	74.89	25.06	8.37	33.43
2013-14	44.64	76.79	26.15	8.14	34.28
2014-15	45.62	77.60	28.20	7.20	35.40
2015-16	45.62	85.21	33.00	5.87	38.87
2016-17	46.39	86.90	35.65	4.66	40.32
July-Mar					
2016-17	46.39	87.64	26.18	3.75	30.30
2017-18	49.44	93.74	31.31	3.44	34.76

Source: All Pakistan Cement Manufacturers Association (APCMA)

Small and Medium Enterprises

Small and Medium Enterprises Development Authority (SMEDA) is the apex organization for development of the SME sector in Pakistan. It has broad service portfolio including human resource development through training, industry support for productivity enhancement, business development products and services as well as collaborative projects with national and international development partners. Salient activities/achievements of SMEDA during July-Feb FY 2018 are given below:-

i. SMEDA Over the Counter (OTC) services

SME facilitation (Helpdesk):	7701
Investment Facilitation	Rs 206.187 million
Training Programs/workshops	170
Execution of theme/sector	
Specific helpdesk.....	56
OTC documents/helpdesk material.....	34
Development of new pre-feasibility	10
Updating of pre feasibilities	3
Development of Business Plans :	16
Cluster/District profile	7
Diagnostic/value chain studies	5
SMEDA Newsletter :.....	2 issues
SME Observer	1 issue
SMEDA Annual Report.....	Annual Publication

ii. Special projects with international development partners

a) Economic Revitalization of Khyber Pakhtunkhwa and FATA (ERKF)

The Multi Donor Trust Fund (MDTF) project Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas (FATA) was implemented to provide support for rehabilitation of business in the region. The first phase of the project was successfully implemented from 2012-17. Owing to the great success of the first round of the project; World Bank has approved second round of the project. Implementation of the 2nd phase was initiated in July 2017. During Jul-February FY 2018, total 89 grants worth Rs. 108.6 million have been approved and 34 grants worth of 40.2 million have been disbursed.

b) Industrial Support Program

SMEDA in collaboration with various international development agencies such as Japan International Cooperation agency (JICA), German International Cooperation (GIZ), Training and Development Centers of the Bavarian Employers Association (bfz), Germany and local experts, is providing technical assistance to SMEs across a range of industries to upgrade their skills and improve systems. During Jul-February 2017-18, energy audits of 6 industrial units were carried out and

13 training workshops/seminars on productivity & quality improvements, green productivity and energy efficiency were conducted.

c) **Technical support to auto parts manufacturing industry**

In order to broaden the scope of productivity and improvement activities across the value chain of auto sector and subsequently improving the share of localization of auto parts, SMEDA in collaboration with JICA is implementing a 4 year technical support program of Japanese way for improving the productivity and quality. During Jul-February 2017-18, technical facilitation to 39 factories (Sindh 20, Punjab: 19) has been initiated under 2nd phase of SMEDA-JICA project.

iii. **SME Development Projects under Public Sector Development Program (PSDP)**

Following ongoing PSDP projects of SMEDA were inaugurated by the Honourable Federal Minister for Industries & Production on October 26-27, 2017.

a) **Honey processing & packaging plant, swat:** The facility provides proper Honey extracting & processing, cleaning and packing facilities to the Honey Bee farmers, traders and exporters at their doorstep. The common facility centre offers services to increase export of Honey by providing following international standard facilities to the cluster stakeholders.

- Sophisticated equipment to process apiary as well as forest honey
- Production of refined high quality honey for bulk consumption
- Subsidized Modern processing and packaging facility
- Capacity to process approximately 2000 kg of honey in an 8 hour shift
- Capacity to package 1500-2000 bottles (1kg)

b) **Common Facility Centre for Silk Cluster, Swat:** The centre offers facilities to improve quality of silk cloth by

provision of dyeing, washing and pressing facilities in the cluster.

c) **Women Business Development Centre (WBDC), Mingora, Swat:** WBDC provides a secure facility for women entrepreneurs promoting especially home based business to conduct business in more formal manner. The centre includes offices, display facility and training opportunities for women entrepreneurs of the region.

iv. **Institutional collaborations and partnerships developed for investment, business and export promotion of SME sector**

One of the core functions of the organization is to strengthen institutional ties with local and international agencies. SMEDA signed Memorandum of Understanding (MoU) with University of Science and Technology, Bannu, Shaheed Benazir Bhutto Women University (SBBWU) and Brain Institute Peshawar for establishment of Entrepreneurship Development Centres.

Mineral Sector

Mining is an important industry in Pakistan. Pakistan has deposits of several minerals including coal, copper, gold, chromite, mineral salt, bauxite and several other minerals. There are also a variety of precious and semi-precious minerals that are also mined.

The Mining and Quarrying sector grew by 3.04 percent in FY 2018 as against -0.38 percent last year. Quartz, Soap stone, Marble, Bauxite, Barytes, Lime stone, Magnesite, Gypsum, Coal and Crude oil posted a positive growth of 97.28 percent, 43.53 percent, 43.25 percent, 37.20 percent, 15.06 percent, 13.40 percent, 8.55 percent, 6.85 percent, 5.70 percent and 0.41 percent, respectively.

However, some witnessed negative growth during the period under review such as Chromite 20.15 percent, Ocher 16.61 percent, Calcite 6.92 percent, Sulphur 4.01 percent, Natural gas 1.16 percent and Rock salt 1.21 percent (Table 3.15).

Table 3.15: Extraction of Principal Minerals

Minerals	Unit of Quantity	2015-16	2016-17	2017-18 (Estimated)	%Change FY18/FY17
Coal	M.T	3,749,312	3,953,992	4,179,342	5.70
Natural Gas	MMCFT	1,481,550	1,471,854	1,454,840	-1.16
Crude Oil	JSB(000)	31,652	32,269	32,401	0.41
Chromite	M.T	69,333	105,238	84,031	-20.15
Magnesite	M.T	35,228	19,656	21,337	8.55
Dolomite	M.T	666,755	301,124	298,323	-0.93
Gypsum	M.T	1,871,716	2,079,629	2,222,061	6.85
Lime Stone	M.T	48,296,551	52,144,064	59,131,013	13.40
Rock Salt	M.T	3,552,984	3,534,075	3,491,246	-1.21
Sulphur	M.T	14,869	23,740	22,787	-4.01
Barytes	M.T	157,858	91,711	105,524	15.06
Calcite	M.T	1,610	4,448	4,140	-6.92
Soap Stone	M.T	125,985	152,279	218,564	43.53
Marble	M.T	4,747,113	4,904,400	7,025,400	43.25
Bauxite	M.T	57,024	75,375	103,412	37.20
Quartz	M.T	88,353	98,529	194,378	97.28
Ocher	M.T	68,352	86,080	71,779	-16.61

Source: Pakistan Bureau of Statistics (PBS)

Punjab:

Mines & Minerals Department, Punjab is responsible for grant, surveys, exploration and development of mineral resources in addition to collection of rents, royalties and fees from the mining concessionaires. Other responsibilities include infrastructure development in mining areas and safety, health, welfare of mine workers. Mines & Minerals aims to play a proactive role in the effective and safe exploitation of minerals, and sustainable development of the mineral sector in Punjab, in order to achieve self-sufficient growth and maximized benefit. It has contributed in various sectors like industrial sector, energy sector, service sector, development sector and mining sectors.

Achievements

Following are the landmark achievements of Mines & Minerals Department Government of the Punjab during the Financial Year 2017-18.

1. Land mark auctions of Leases and Revenue receipts

a) Land mark auctions:

In the present financial year, previous leases were auctioned against an amount of Rs. 2.31 billion have been re-auctioned against Rs. 6.93 billion, thus 200 percent increase in the auction amount of royalty of minerals.

b) Revenue Receipts:

Directorate General Mines & Minerals has collected Rs. 5.81 billion upto Feb 2018 of this financial year as compared to Rs. 4.24 billion of the same period of previous financial year in terms of royalty on minerals thus 37 percent increase in revenue receipts in seven months.

2. Promulgation of Punjab Mineral Policy

As per National Mineral Policy 2013, each province has to formulate its own provincial mineral policy; Punjab is the first province to have launched Punjab Mineral Policy. This policy will not only make the all processes more transparent but will also create new jobs.

3. Exploration of Iron Ore deposits at Chiniot-Rajoa and Sargodha

Phase I of Metallic Mineral Exploration at Chiniot (2014-2016) resulting in deposit of 150 million tons of iron ore on NI43101 standards has been completed. Phase II commenced (2017-18) for extension drilling on 15 new prospects in Punjab.

4. Underground Coal mines survey-Third party validation

For updating & validation of coal resources of 596 million tons in the Salt Range (SN_QWDEN Study Report 2010-13), the Directorate General Mines & Minerals through competitive bidding

process engaged SST & FUGRO consultant (German). The objective of study was to ensure availability of suitable coal in suitable areas, semi-mechanized mining techniques as well as planning for corporate mining model for sustained supply of coal to 330 MW power plant up till thirty years. The findings of the study upgraded already measured 18 million tons coal resource (SN₀WDEN Report) into 94 million tons measured resource, thus ensuring supply of 5000 tons coal per day with minimum GCV of 3200 Kcal/Kg of for 330 MW coal power plant requirement subject to optimum mechanized mining techniques.

5. Study for delineation of negative and positive mining areas for installation of cement plants in the salt range

In order to safeguard environmental concerns and to promote new investment in cement sector through a well-crafted strategy, Director General Mines & Minerals engaged M/s NESPAK (consortium with M/s Sogreah Artelia Group-French) for completion of task. Consultants have submitted the final report along with recommendations and operational guidelines. In the light of this study report, an area of 979 square kilometers out of 8872 square kilometers in the salt range is notified as negative area for installation of cement plants whereas remaining area of 7893 square kilometres is conditionally positive area.

6. Safety and welfare of mines workers

One window facilitation for small, medium and large-scale operators been created along with 3 rescue stations upgraded and 2 new added to facilitate mine labour safety concerns apart from adding 10 bedded new hospital.

In FY 2017-18, Government of the Punjab provided free health facilities to 41000 mines workers and free education for 2495 children of mines workers in addition to providing stipend/scholarships to 2655 children. An amount of Rs. 82.656 million was distributed among 24000 children of mines workers.

Khyber Pakhtunkhwa

The Director General Mines & Minerals is a provincial department responsible for

development of mineral sector. It has two divisions namely Licensing Division and Exploration Promotion Division.

The total area of Khyber Pakhtunkhwa is 74521 Sq. Km. Out of which 70 percent consist of mountains and rocks. The formation of these rocks contains huge prospects of different metallic, non-metallic minerals and various precious/semi-precious gemstones minerals. It has a large number of mineral resources which have not yet been exploited at all to its full potential. Based on the exploration done so far, excellent prospects of other valuable deposits exist. The function of the Licensing Division is to grant mineral title to the interested investors/entrepreneurs. At present, 1214 mineral titles stands granted for various mineral.

The vision of directorate is to focus intensively on social mobilization and poverty alleviation on through policy reforms and good governance. The provincial government has notified mineral policy 2014 in order to grant and regulate mineral sector in a well-organized manner. The Mineral Sector Governances Act 2017 has already been promulgated. Monitoring teams have also been notified to control and stop unauthorized mineral activities in province.

Sindh

The Sindh province has large quantities of minerals, coal, granite marble, limestone, travertine and sandstones deposits reserves. Huge deposits of dimension and cut stones are also found in Sari Singh area of Thano Bula Khan Taluka.

The granite area which was not accessible earlier are now connected with Karachi by constructing roads as well as rest house facilities owing to smooth the working of exploring the granite in these remote areas. A fine quality of marble such as golden and coral marble were also found in the province. The scattered outcrop of golden marble in Sonda area spread over nearly 100 sq.km and in Thatta district located on both sides of the national highway. The basic facilities such as electricity, telephone and water supply is also available in

the villages of Sonda and Daduri , which are not far from the quarry sites.

The Directorate of Mines & Mineral Development, Sindh is sponsoring a scheme for feasibility study of granite deposits in Thar Parkar, Sindh. The department has now constituted a policy for judicious and transparent award of lease in this area. It will be ensured that 03 large granite factories will be set up by year 2030 in this remote area. This will not only generate employment opportunities for poor and downtrodden masses of this far flung area but will also get world class granite for local consumption and export quality which will help in poverty reduction and increase in government revenues.

Balochistan

Balochistan is the largest province (area wise) of the country constituting about 42 percent of the total national landmass. The country, in general, and this part/province of the country in particular, is endowed by the nature with the blessing of substantial mineral wealth. The provincial government has given prompt attention towards the development of minerals. Various national & multinational companies are involved in exploration of Balochistan minerals and have obtained areas for pre-feasibility studies and exploration of gold, copper, precious metals and associated minerals in Chagai and other districts. The licenses granted to various companies are given in Table 3.16.

Table 3.16: Licenses status

S#	Name of Company & address	Minerals
1	M/S.S.F.M Hassani Traders & Industries (Pvt) Limited	Gold Copper, Silver, Manganese & associated minerals
2	M/S Chagai Resources (Pvt Limited)	Precious Metals and Base metals
3	M/S Chagai Resources (Pvt Limited)	Precious Metals and Base metals
4	M/S Chagai Resources (Pvt Limited)	Precious Metals and Base metals
5	M/S PPL Bolan Mining Enterprises District Khuzdar	Lead Zinc
6	M/S Gulf Minerals Lasebella	Hematite, Rutile, Zircon, Garnet, iron & Associated Minerals
7	M/S Gulf Minerals Lasebella	Hematite, Rutile, Zircon, Garnet, iron & Associated Minerals
8	M/S Pak Chagai Quetta	Renewal application deferred by Mines Committee

Source: Mines & Mineral Development Department, Balochistan

Vast resources of copper have been discovered by the Geological Survey of Pakistan in Chagai district of Balochistan at Saindak, Koh-i-Dalil, Dash-i-Kain, Durban Chah, Kabul Koh, Ziarat Pir Sultan Rekodiq etc.

Several deposits of iron ore have been found in Chagai district of Balochistan. Most of these are fairly rich in iron but small in size. Notable deposits of iron ore occur at Pachin Koh, Chigendik and Chilgazi in Chagai district and Dilband area of Kalat district. Total estimated iron ore reserves are about 273 million tons.

Conclusion

During FY 2018, the performance of the

manufacturing sector remained satisfactory on account of better performance shown in sub sectors especially Large Scale Manufacturing (LSM). The outlook is promising on the back of continued growth performance of LSM, expansion in credit to private sector, low policy rate, contained inflation along with benefits from the activities related to the China-Pakistan Economic Corridor (CPEC). The Census of Manufacturing Industries (CMI) survey was done in 2005-06 on which share of LSM is calculated. There is dire need to expedite the process of conducting latest CMI survey in order to capture the more realistic picture through adding more industries in LSM sector.