Chapter 3

Manufacturing and Mining

A robust manufacturing sector promotes domestic production, exports and generates employment, hence stimulates the overall growth of an economy. In Pakistan, manufacturing sector contributes 12.79 percent to Gross Domestic Product (GDP) and the sector employs 16.1 percent of the country's labor force.

Manufacturing sector consists of three sub-sectors: Large Scale Manufacturing (LSM), Small Scale Manufacturing (SSM) and Slaughtering. Quantum Index of Manufacturing (QIM) is a measure of LSM performance with 70.33 weight in overall LSM and derived from the Census of Manufacturing Industries (CMI) 2005-06. Similarly, Small Scale Manufacturing (SSM) information is also based on the survey conducted in 2006-07. It covers industrial and household units engaged in manufacturing activity having less than ten employees. While slaughtering sector performance is estimated through a methodology which measures the value addition in output of the sector.

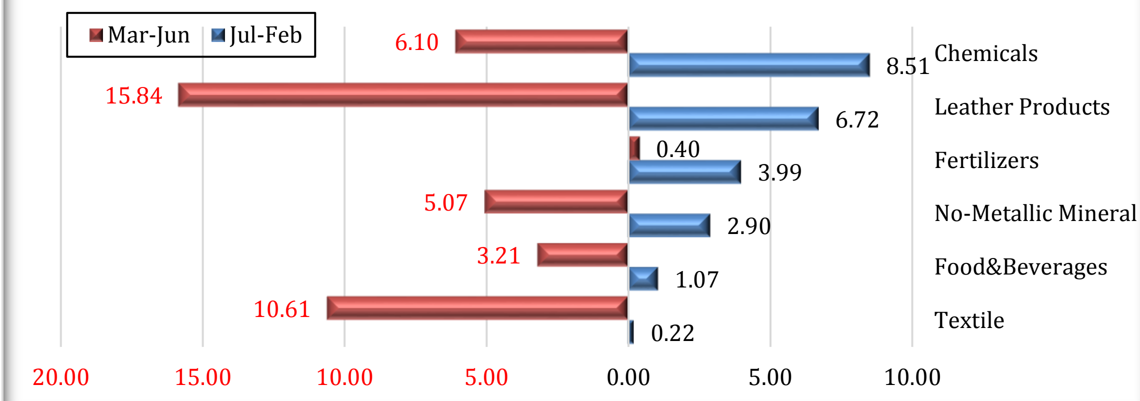
Large Scale Manufacturing (LSM) at 9.73 percent of GDP dominates the overall manufacturing sector, accounting for 76.1 percent of the sectoral share followed by Small Scale Manufacturing, which accounts for 2.12 percent of total GDP and 16.6 percent sectoral share. The third component, slaughtering, accounts for 0.94 percent of GDP with 7.4 percent sectoral share.

3.1 FY2020: A Synoptic Presentation

Globally 2020 has been undeniably the most turbulent year. The outbreak of the pandemic triggered a widespread global shut down halting major economic activities that depressed demand and disrupted supply chains. Manufacturing sector, being not an exception, was one of the hardest-hit segments from COVID-19.

Government had already adopted stabilization measures in FY2019 i.e., contractionary fiscal/monetary policy and market-based exchange rate, to cure the macroeconomic imbalances in the country. Nevertheless, external imbalances were eased but with some short-term repercussions, specifically in industrial sector. However, FY2020 emerged with some positive notes following the stabilization phase. Negative growth rates were narrowing down. Textile, the highly weighted sector, started inching up along with the improvement in chemicals and leather sectors. Until February 2020, this nascent recovery kept going (Fig. 3.1).

Fig 3.1: Pre-and Post-COVID Growth Rates of Major Secotrs during FY2020

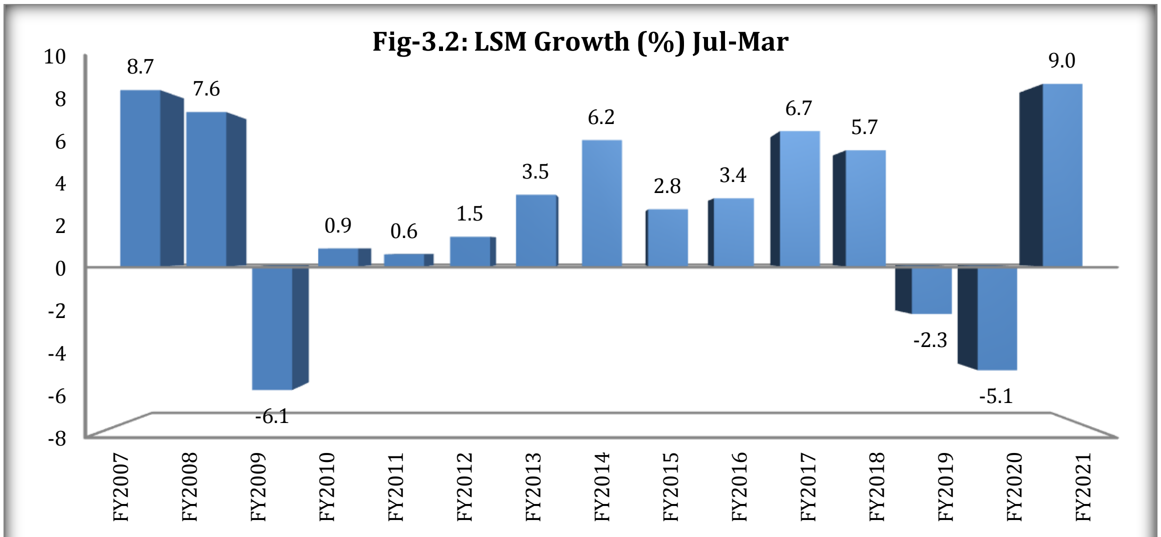


Nonetheless, this process was suspended due to the measures taken to control the spread of COVID-19. The mobility restrictions affected the industry, especially labor-intensive sectors. Moreover, manufacturing sector is highly dependent on imported raw material which was adversely affected due to international supply chain disruptions especially in US and China. Such a situation brought the manufacturing activities to a standstill, derailing the entire economy. Domestic lockdowns further aggravated the situation. Stung by the pandemic, LSM plunged to 41 percent in April 2020 registering its lowest historical level. This further dragged down the LSM and Jul-Jun FY2020 witnessed a steep decline of 9.8 percent, causing macroeconomic instability.

Out of 15 subsectors, only 3 sectors observed positive growth during FY2020. Fertilizer remained somewhat insulated as its demand remained intact due to lesser impact of lockdown on agriculture. Moreover, fertilizer units are mainly in rural areas where lockdown restrictions were at ease to some extent. Conversely, textile dipped by 10.4 percent during FY2020. This sector is highly labor-intensive and most exposed to COVID-19 lockdowns. Food Beverages & Tobacco, Automobile, Non-Metallic Mineral Product and Coke & Petroleum Products also decreased by 2.13, 44.5, 2.16 and 20.1 percent, respectively. Thus, adverse economic effects of the COVID-19 pandemic have been particularly strong in manufacturing sector which also hampered the pre-COVID growth trajectory.

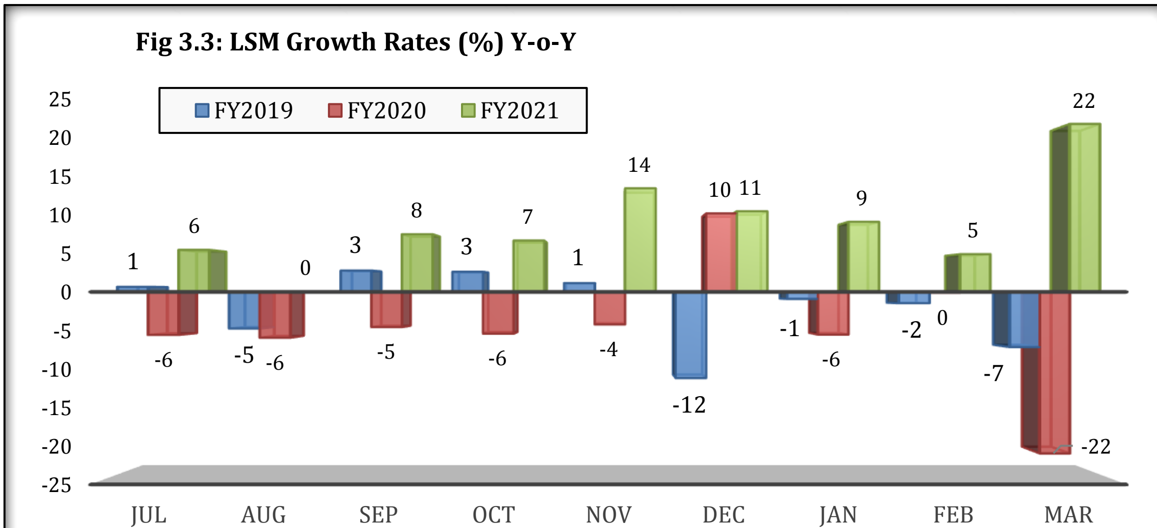
3.2 Large Scale Manufacturing during FY2021

Despite the concerns raised by COVID-19, manufacturing sector remained sound and resilient during FY2021on the back of well in time government initiatives. Government's thoughtful decision to resume the business activities and adoption of smart lockdown boosted the business sentiments and economy gained traction after witnessing a hefty decline in FY2020. Targeted fiscal and monetary incentives accompanied by related support packages helped speed up the economic recovery. Situation has further ameliorated by depreciation of US dollar against Rupee and launch of COVID-19 vaccine.



Source: Pakistan Bureau of Statistics

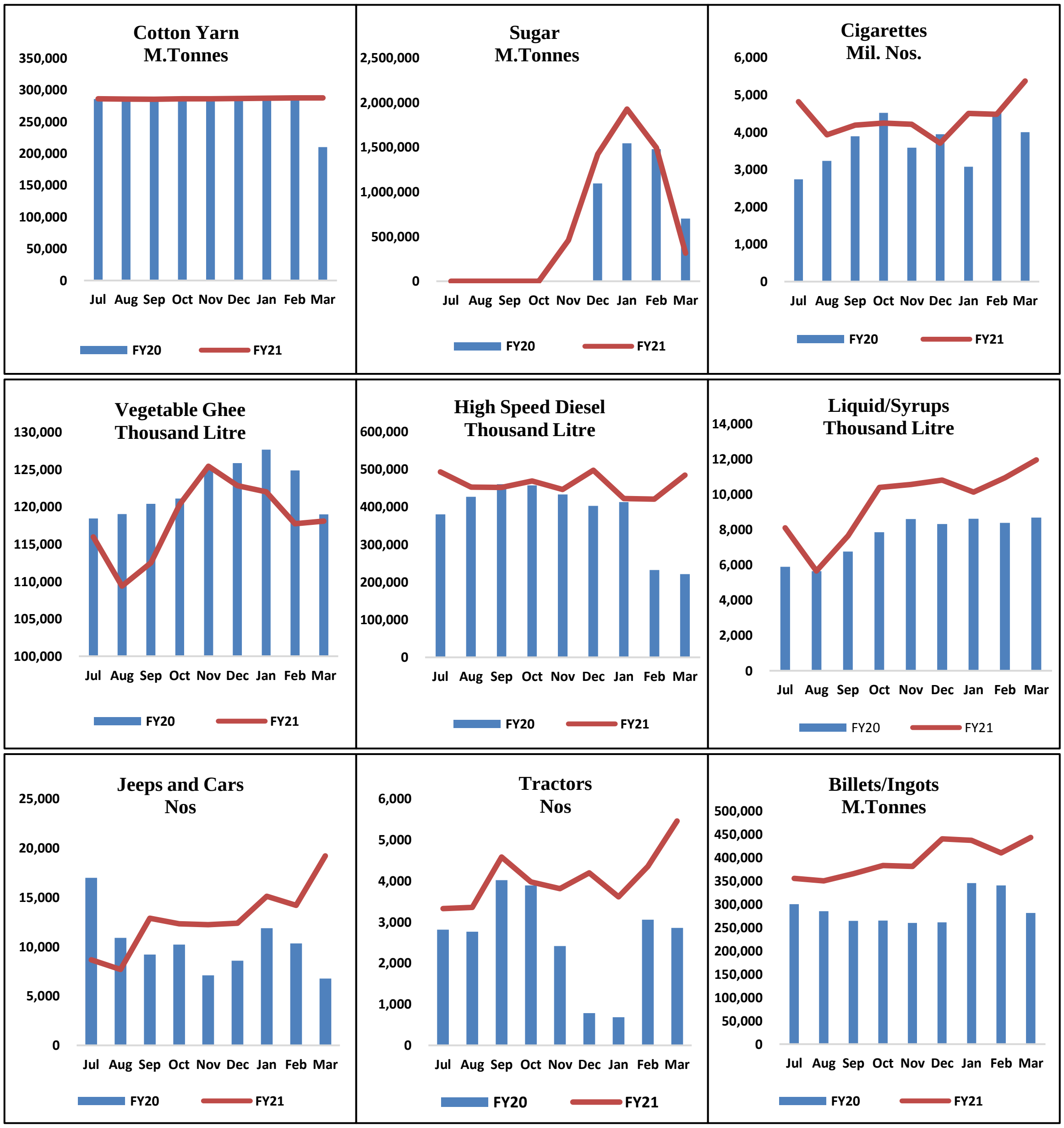
During July-March FY2021, manufacturing sector bounced back and LSM posted 9.0 percent growth while there was 5.1 percent contraction in the same period last year (Fig-3.2). The LSM expansion is broad based, reflecting production increase in major manufacturing sectors. This is the highest period wise growth since FY2007 supported by promising performance of Textile, Food Beverages & Tobacco and Automobile. Prime Minister construction package has also supported well all other allied industries such as increased cement dispatches and iron and steel production.



Source: Pakistan Bureau of Statistics

On year-on-year (Y-o-Y) basis, LSM is exhibiting positive trajectory since July FY2021 which indicates that government's proactive role has not even catered the pandemic adversities rather made LSM to outperform its pre-COVID level. LSM has increased by 22.4 percent in March FY2021 against 21.7 percent decline in the same month last year which was the time when pandemic had started hitting business activities (Fig. 3.3). It is encouraging to note that Y-o-Y performance of LSM is improving as compared to previous years as well. Month-on-month (M-o-M) performance has also been satisfactory as LSM showed 2.9 percent average growth during current fiscal year. Briefly, manufacturing sector has been a major contributor in sustaining growth rate during FY2021.

Box-I: Monthly Production trends of major Large-Scale Manufacturing (LSM) items during July-March 2020-21 as compared to the corresponding period July-March 2019-20



Source: Pakistan Bureau of Statistics

3.3 Group Wise Analysis of LSM

Group wise growth of LSM during the period of July-March FY2021 versus July-March FY2020 is given in Table 3.1.

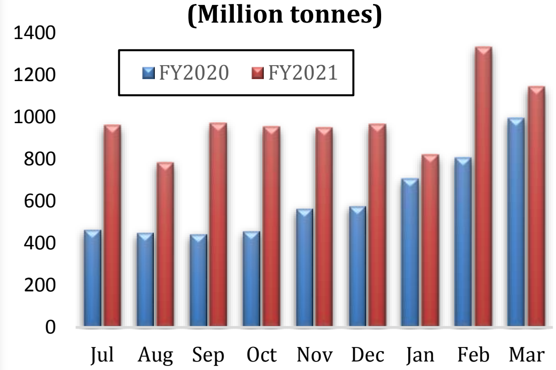
Table 3.1: Group wise growth of LSM for the Period of July-March 2020-21 Vs July-March 2019-20				
S #	Groups	Weights	% Change (July-March)	
			2019-20	2020-21
1	Textile	20.915	-2.58	5.90
2	Food, Beverages & Tobacco	12.370	-1.69	11.73
3	Coke & Petroleum Products	5.514	-17.54	12.71
4	Pharmaceuticals	3.620	-5.29	12.57
5	Chemicals	1.717	11.35	11.65
6	Automobiles	4.613	-37.66	23.38
7	Iron & Steel Products	5.392	-7.96	1.66
8	Fertilizers	4.441	5.81	5.69
9	Electronics	1.963	-15.58	-20.77
10	Leather Products	0.859	6.50	-38.26
11	Paper & Board	2.314	4.30	-0.60
12	Engineering Products	0.400	-7.28	-25.53
13	Rubber Products	0.262	6.83	-12.92
14	Non-Metallic Mineral Products	5.364	1.87	24.31
15	Wood Products	0.588	-20.67	-45.77

Source: Pakistan Bureau of Statistics

Textile sector has the highest weight of 20.91 in Quantum Index of Manufacturing (QIM) thus having a significant impact on overall performance of LSM. Textile production has increased by 5.90 percent during July-March FY2021 against 2.58 percent decline in the same period last year. Major jump originated from woolen segment production that may be associated with the projections of early onset of winter season by international agencies. Likewise, pandemic has proved as a blessing in disguise for garments manufacturers as there is a flurry of export orders from European and American markets for Pakistan's garment sector due to the severe impact of COVID-19 on our regional countries. Cotton yarn production and cotton cloth have also contributed well as they grew by 3.1 and 3 percent, respectively. Government has facilitated the sector i.e., tax refunds and duty drawbacks, which is bearing fruits and this sector has started picking up the pace.

Food Beverages & Tobacco has the second highest weight of 12.37 in QIM. This sector has bounced back with 11.73 percent increase as compared to 1.69 percent decline last year. Sugar, cigarette and wheat milling came up with significant growth which boosted the overall sector. Sugar production increased due to early crushing of sugarcane owing to the domestic shortage and subsequent need for imports. Domestic cigarette producers were

Fig 3.4: Wheat and Grain Milling (Million tonnes)



Source: Pakistan Bureau of Statistics

provided conducive environment via keeping the last year's FED intact and continued fight against smuggled alternatives which increased the cigarette production. Further, government has increased the wheat support price and subsidized the inputs which pushed up wheat production and wheat milling units. However, cooking oil and vegetable ghee production remained subdued due to the price hike of a key input, palm oil.

Coke and Petroleum industry production expanded by 12.71 percent against double digit contraction of 17.54 percent last year. Production of petrol, furnace oil and diesel grew significantly as demand spurred from resumption in transportation activities accompanied by robust sales of automobiles. Comparatively lower prices of retail fuels during the period pushed up the petroleum sales by 14 percent hence encouraged the petroleum production. In the wake of gas shortages, furnace oil use for electricity generation has increased the fuel's demand. Besides, FBR crackdown against smuggled petroleum products led to increase in demand for domestic products. All these factors provided cushion to the dwindling petroleum industry.

Automobile sector witnessed a broad-based growth of 23.38 percent against 37.66 contraction last year. Reduced interest rates, stable exchange rate and huge investments by the new and existing players are having positive impact on this segment as well as enhancing competition. Car production and sale increased by 20.1 and 31.5 percent, respectively. Trucks and buses production and sale declined by 7.5 and 1.5 percent, respectively. Total tractors production and sale remained promising and recorded 57.5 and 57.1 percent growth, respectively. Automobile sector is still working below its potential thus offering a lucrative opportunity for manufacturing sector.

Iron & Steel production inched up by 1.66 percent during July-March FY2021 as compared to 7.96 percent dip in the same period last year. Billets/Ingots, mainly used in construction industry, grew by 37.2 as compared to 14.6 percent decline last year. Government has announced multiple incentives for construction sector which have already started bearing fruits. However, H/C.R.Sheets/Strips/Coils/plates having the highest weight in iron & steel products declined by 22.5 percent. Lower demand of these flat steel products is mainly driven by drop in electronics production.

Fertilizers production grew by 5.69 percent as compared to 5.81 percent growth during last year. This performance is mainly attributed to the Nitrogen Fertilizers which increased by 4.13 percent. Government's fertilizer subsidies incentivized manufacturers to expand capacity and upgrade plants by offering gas at lower rates. That attracted investments in this sector and enhanced local urea production capacity. Improved farm economics, lower input costs and better support prices offered by the government had supported this industry.

The Electronics exhibited lacklustre performance and plunged to 20.77 percent against 15.58 percent slump in corresponding period. Electric motors, bearing the highest weight in this segment, have so far been responsible for overall electronics dip. During the period under review, electric motors dived by 31.8 percent and dragged down the whole electronics industry. Electric fans, TV sets and deep freezes also witnessed decline as pandemic has affected the spending patterns and majority is focusing on essentials.

Pharmaceuticals witnessed a double digit growth of 12.57 percent during July-March FY2021 against 5.29 percent contraction last year. Panic buying of medicines and escalated prices contributed to this encouraging situation. Chemicals grew by 11.65 percent as compared to 11.35 percent increase last year.

Non-metallic Mineral Products surged by 24.31 percent as compared to 1.87 percent increase last year. This was mainly driven by 17 percent jump in cement production. Total cement dispatches during July-March FY2021 increased to 43.32 million tonnes (mt) from 37.03 mt last year.

Engineering products plunged to 25.53 percent as compared to 7.28 percent decline last year. This drag mainly came from sewing machines and bicycles production which declined by 43 and 59 percent, respectively.

Leather products decreased by 38.26 percent during July-March FY2021 as compared to 6.50 percent increase last year. USA and EU are amongst top importers of Pakistani leather. Due to complete/partial lockdown situation in these countries, leather demand has slowed down.

Paper and Board production decreased by 0.60 percent as compared to 4.30 percent increase last year. Rubber Products declined by 12.92 percent during July-March FY2021 as compared to 6.83 percent growth in the same period last year. Wood Products declined by 45.77 percent as compared to 20.67 percent decline last year. A major plywood unit is closed from many months causing disruption in supply.

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

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

S#	Items	Unit	Weights	July-March		% Change	% Point Contribution
				2019-20	2020-21		
1	Cotton Yarn	(tonnes)	12.9646	2,498,515	2,577,675	3.17	0.55
2	Cotton Cloth	(000 sq.m.)	7.1858	763,115	786,042	3.00	0.25
3	Sugar	(tonnes)	3.5445	4,816,448	5,618,976	16.66	1.32
4	Tea Blended	(tonnes)	0.38	100,399	100,018	-0.38	0.00
5	Cooking Oil	(tonnes)	2.23	331,234	330,759	-0.14	-0.01
6	Vegetable Ghee	(tonnes)	1.14	1,101,461	1,064,326	-3.37	-0.05
7	Cigarettes	(Million No)	2.13	33,521	39,473	17.76	0.27
8	Deep Freezers	(Nos.)	0.1622	72,819	68,947	-5.32	0.00
9	Refrigerators	(Nos.)	0.2394	672,659	928,170	37.99	0.10
10	Phosphate Fertilizer	(N tonnes)	0.3996	455,513	545,612	19.78	0.12
11	Nitrogenous Fertilizer	(N tonnes)	4.0411	2,352,979	2,450,066	4.13	0.22
12	Cement	(000 tonnes)	5.299	30,063	37,620	25.14	2.96
13	Jeep & Cars	(Nos.)	2.8183	91,918	114,627	24.71	0.54
14	Upper Leather	(000 sq.m.)	0.3924	19,429	13,330	-31.39	-0.17
15	Liquids/Syrups	(000 Litres)	1.1361	68,781	86,212	25.34	0.29
16	Tablets	(000 Nos.)	1.9143	20,666,548	20,380,940	-1.38	-0.05
17	Petroleum products	(000 Litres)	5.4096	9,412,064	10,608,419	12.71	0.66

Source: Pakistan Bureau of Statistics (PBS)

3.4 Industrialization and Role of Government (FY2021)

Industrialization plays a vital role in the economic development of countries as it increases employment and ensures better utilization of domestic resources. Government of Pakistan has been cognizant of the importance of industry amid recent health-cum-economic crisis and has taken proactive measures to promote and develop it. Some of these are mentioned below:

- Government is providing a series of subsidies for electricity and gas to export-oriented industries (textiles, leather, carpets, surgical and sports goods). Power price has been fixed at US$ 0.07/unit for July-August FY2021 and US$ 0.09/unit for September-June FY2021. Gas tariff fixed at US$ 0.065/mmbtu for the whole FY2021. Power Division has allocated Rs 20 billion subsidy for this purpose.
- Government has taken a tremendous step by approving Industrial Support Package for industrial consumers of DISCOs and K-Electric. According to the package, peak hours have been abolished along with reduced tariffs on additional electricity consumption. Power Division has allocated Rs 22 billion to cover this tariff differential. This package has given impetus to industrial sector that is driving the economic revival and posting robust growth.
- Rs 1.24 trillion stimulus package was introduced to support economy during pandemic. According to the package, Rs 200 billion has been allocated to support business and economy. As of March 2021, Rs 146 billion has been disbursed including Rs 100 billion refunds to exporters, which is an encouraging sentiment for export-oriented industries.
- Government has removed Regulatory Duty (RD) and Additional Custom Duty (ACD) on various items especially raw materials by passing Rs 1.13 billion incentive to private sector as:
    a. Removal of 164 tariff lines of Textile sector
    b. Removal of 5 percent RD on cotton yarn import and tariff reduction to 5 percent from 10 percent
    c. Removal of ACD on 152 tariff lines on raw material used in manufacturing sector
- Government has released Rs 7.5 billion during Jul-Mar FY2021 under Duty Drawback Scheme of Textile and Non-Textile Sector, which is supporting industry.
- Pakistan exports have been liberalized under China-Pak FTA-II. Textile, prepared food, leather, chemicals and engineering goods are among the top priority items. Increased demand of these products will boost LSM.
- Government has announced a special package for construction sector which includes amnesty scheme, tax exemptions and Rs 36 billion subsidy (for 10 years) for construction under Naya Pakistan Housing Scheme. After witnessing enormous effects on construction and its 40 allied industries government has further extended tax amnesty and fixed tax regime till June 2021 and December 2021, respectively.
- Cement industry has been given a special attention by federal government considering its wide-ranging impact. Transaction limit for informal cement buyers

has been increased from 50 thousand to 100 thousand rupees. Reduction of Federal Excise Duty (FED) has been the biggest incentive as it slashed to Rs 1.5/kg from Rs 2/kg w.e.f 1st July 2020. This translates into a cut of Rs 25 per 50kg cement bag.

- Government has granted massive tax exemptions (FED and ACD) to facilitate Electric Vehicles (EVs). There will be only 1 percent tax on import of EV parts while import of plant and machinery for EVs manufacturing would be duty-free. It is a forward-looking step needed to deal with climate concerns from transport sector emissions with rapidly rising vehicle use. Further, it would help reducing overall oil import bill and operational cost of vehicles for consumers.
- Mobile Device Manufacturing policy has been approved to promote local manufacturing and assembly of mobile handsets. Pakistan enjoys low cost labor advantage, a reasonably large home market having more than 178 million subscribers which have increased approximately 1 percent per month during last one year, 83.3 percent tele-density and efficient Device Identification Registration & Blocking System in place, which make Pakistan an attractive market for mobile assembly. Government is all set to make mobile phone manufacturing industry larger than automobile in terms of turnover in few years and employment is expected to grow manifold.

Box-I: Measures taken by State Bank of Pakistan to boost Manufacturing Sector during July-March FY2021

<u>COVID-19 Specific Refinance Schemes</u>

- **Temporary Economic Refinance Facility (TERF)**

TERF was launched to stimulate investment both new and expansion/Balancing, Modernization and Replacement (BMR) of existing units. Financing under the facility is available for all sectors across the board except power sector. Maximum loan limit per project is Rs 5 billion @5% p.a. As of April 01, 2021 Rs 690 billion has been requested under TERF against which Rs 435.7 billion has been approved. The scheme has been ended in March 31, 2021.

- **SBP Rozgar Scheme**

The Scheme aimed at preventing layoff by financing wages and salaries of employees (permanent, contractual, daily wagers as well as outsourced) for six months (April-September 2020) for all kind of businesses except for Government entities, public sector enterprises, autonomous bodies and deposit taking financial institutions. Financing under this scheme was provided @3% p.a. for taxpayers and 5% p.a. for nontax payers. Under this scheme, Government of Pakistan provided 60% risk sharing for SMEs with sales turnover up to Rs 800 million and 40% risk sharing for small corporates with sales turnover up to Rs 2 billion. Under this scheme, more than Rs 212 billion has been disbursed. The scheme helped to prevent layoff of 1,677,806 employees of 2,683 businesses, wherein 382,673 employees of SMEs and small corporates were prevented from layoffs.

- **Refinance Facility for Combating COVID-19 (RFCC)**

RFCC enhanced the capacity of health sector of the country to deal with health emergency. The financing can be availed by hospitals/medical centers and manufacturers of masks/protective dresses/testing kits/hospital beds/ventilators & other items. Maximum loan limit for setting up of new hospitals is Rs 1,000 million while end user rate is 3% p.a. Tenor of the facility is 5 years. As of March 25, 2021, Rs 16.7 billion has been requested under RFCC against which Rs 10.5 billion has been approved.

Refinance Schemes for Export Promotions

To facilitate export-oriented industries during COVID-19, SBP introduced some relaxations under Export Finance Scheme (EFS) and Long-Term Financing Facility (LTFF). Six months additional period was allowed for making shipment/performance under EFS with a 1.5 times export performance (2 times earlier). Eligibility criteria for availing LTFF relaxed from US$ 5 million or 50% exports of total sales to US$ 4 million or 40% exports of total sales from Jan-Sep 2020.

Housing Finance

- **Mandatory Targets for Housing Finance**

SBP has assigned mandatory targets to banks requiring them to increase their housing and construction of building loan portfolios to at least 5 percent of their private sector advances by the end of Dec 2021. Banks that fulfill or exceed their quarterly financing target are incentivized to maintain a lower Cash Reserve Ratio (CRR) while banks that do not meet the target, will have to maintain additional CRR. Because of these targets, the housing and construction finance of banks has witnessed an increase of 30% in less than a year.

- **Mark-up Subsidy Scheme for Housing Finance**

With vision to promote affordable housing and home ownership among low to middle income strata, State Bank has introduced Government's mark-up Subsidy Scheme for housing Finance. Under this facility subsidized financing is provided to individuals, who currently do not own a house, for construction of houses or purchase of a new house. Government has allocated Rs 36 billion for payment of mark-up subsidy for financing over a period of 10 years.

Source: State Bank of Pakistan

3.5 Textile Industry

Textile is the most important manufacturing sector of Pakistan 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. This 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)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (Jul-Mar)
Cotton & Cotton Textiles	13139	12168	12205	12964.052	12157.555	11031.952
Synthetic Textiles	330.584	287.894	187.587	297.809	314.768	269.204
Sub-Total Textiles	**13469.584**	**12455.89**	**12392.587**	**13261.861**	**12472.323**	**11301.156**
Wool & Woolen Textiles	119.448	97.68	78.506	67.265	54.211	54.322
Total Textiles	**13589.032**	**12553.57**	**12471.09**	**13329.126**	**12526.534**	**11355.478**
Pakistan`s Total Exports	23667.3	20786.5	20422.236	22979.325	21393.860	18687.537
Textile as %age of Export	57.41	60.39	61.06	58.00	58.55	60.76

Source: Textile Commissioner's Organization

3.5.1 Ancillary Textile Industry

The ancillary textile industry includes cotton spinning, cotton cloth, cotton yarn, cotton fabric, fabric processing, home textiles, towels, hosiery, 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 198,801 rotors installed and 11.338 million spindles and 126,583 rotors in operation with capacity utilization of 84.55 percent and 63.67 percent, respectively.

ii. Cloth Sector

Problems of the power loom sector evolve mainly around poor technology and scarcity of quality yarn. Looms installed in cotton textile mills are 9,084 and looms worked were 6,384. The production of cotton cloth has increased by 3.02 percent while the exports in term of quantity decreased by 56.3 percent whereas in value term decreased by 8.28 percent.

Table 3.4: Production and Export of Clothing Sector

Production	July-March 2020-21	July-March 2019-20	% Change
Mill Sector (000. Sq. Mtrs.)	786,042	763,115	3.00
Non Mill Sector (000. Sq. Mtrs.)	6,103,958	5,925,060	3.02
Total	6,890,000	6,688,175	3.02
Cotton Cloth Exports			
Quantity (M.SqMtr.)	875.51	2003.23	-56.30
Value (M.US$)	1419.18	1547.38	-8.28

Source: Textile Commissioner's Organization

iii. Textile Made-Up Sector

Being value added segment of textile industry made-up sector comprises different subgroups 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-March FY2021 is presented in Table 3.5.

Table 3.5: Export of Textile Made-Ups

	(July-March) 2020-21	(July-March) 2019-20	% Change
Hosiery Knitwear			
Quantity (M.Doz)	126.67	87.34	45.03
Value (M.US$)	2780.88	2299.80	20.92
Readymade Garments			
Quantity (M.Doz)	27.68	43.21	-35.94
Value (M.US$)	2268.56	2170.34	4.53
Towels			
Quantity (M Kgs)	159.02	144.40	10.12
Value (M.US$)	692.11	592.37	16.84
Tents/Canvas			
Quantity (M Kgs)	32.66	30.21	8.09
Value (M.US$)	89.15	72.21	23.46

Table 3.5: Export of Textile Made-Ups

	(July-March) 2020-21	(July-March) 2019-20	% Change
Bed Wears			
Quantity (000 MT)	343.47	338.65	1.43
Value (M.US$)	2052.26	1761.65	16.50
Other Made up			
Value (M.US$)	565.49	492.36	14.85

Source: Textile Commissioner's Organization

iv. 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. The export performance of knitwear during the period under review is given in Table 3.6.

Table 3.6: Export of Knitwear

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (M.Doz)	126.67	87.34	45.03
Value (M.US$)	2780.88	2299.80	20.92

Source: Textile Commissioner's Organization

v. Readymade Garment Industry

Readymade garment industry has emerged as one of the important small-scale industries in Pakistan. Its products have huge 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. Exports decreased from 43.2 million dozen to 27.7 million dozen in various types of readymade garments worth US$ 2268.56 million during July-March FY2021 as compared to US$ 2170.34 million during July-March FY2020, thus showing 35.94 percent decrease in term of quantity while 4.53 percent increase in terms of value.

Table 3.7: Export of Readymade Garments

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (M.Doz)	27.68	43.21	-35.94
Value (M.US$)	2268.56	2170.34	4.53

Source: Textile Commissioner's Organization

vi. 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 depends on export outlets. The existing towels manufacturing factories are

Table 3.8: Export Performance of Towel sector

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (M Kgs)	159.03	144.41	10.12
Value (M.US$)	692.11	592.37	16.84

Source: Textile Commissioner's Organization upgraded to produce higher value towels. Export performance of towel sector during the period is given in Table 3.8.

vii. Canvas

The production capacity of this sector is more than 100 million Sq. meters. This sector is also known as raw cotton consuming sector. This value-added sector has great potential for export. 60 percent of its production is exported while 40 percent is locally consumed. In term of quantity during July-March FY2021 export performance of tent and canvas related items was recorded at 32.7 million Kgs as compared to 30.2 million Kgs during the same period last year thus showing increase of 8.09 percent. In value term it increased by 23.46 percent.

Table 3.9: Export Performance of Tent and Canvas Sector

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (M.Kgs)	32.66	30.21	8.09
Value (M.US$)	89.15	72.21	23.46

Source: Textile Commissioner's Organization

viii. Synthetic Textile Fabrics

Artificial silk such as 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. Production cost of artificial silk is less than silk, yet it resembles to silk. Currently, artificial silk capacity in country is about 9,000 looms. During July-March FY2021, synthetic textile fabrics worth US$ 269.20 million were exported as compared to US$ 261.16 million last year which is showing an increase of 3.08 percent. In Quantitative terms the exports of synthetic textile decreased by 67.6 percent.

Table 3.10: Export Performance of Synthetic Textile Fabrics

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (Th.Sq.Mtrs)	122.71	378.57	-67.59
Value (M.US$)	269.20	261.16	3.08

Source: Textile Commissioner's Organization

ix. Woolen Industry

The main products manufactured by the Woolen Industry are carpets and rugs. The exports of carpets during the period July-March FY2021are given in the Table 3.11.

Table 3.11: Exports of Carpets and Rugs (Woolen)

	(July-March) 2020-21	(July-March) 2019-20	% Change
Quantity (Th.Sq.Mtr)	1.08	1.30	-16.51
Value (M.US$)	54.32	48.68	11.57

Source: Textile Commissioner's Organization

x. 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-March) 2020-21	(July-March) 2019-20	% Change
Total No. of Units	10	10	0%
Spindles Installed	25060	24712	1.41
Spindles Worked	21172	22545	-6.1
Looms Installed	1134	1102	2.9
Looms Worked	885	930	-4.5

Source: Textile Commissioner's Organization

3.6 Other Industries

3.6.1 Automobile Industry

Despite negative impact of COVID-19 closure and lockdowns, the industrial production of the automobile sector has shown positive trend in all segments, during July-April FY2021. However, for the second consecutive year, the production figures remained relatively depressed, inter-alia, due to new taxes like FED, ACD, minimum value addition taxes that were imposed during FY2019. These policy measures coupled with pandemic continued to grip the industry with uncertainty.

Auto industry lost its momentum in FY2020 and nosedived to half of its size due to contractionary policies combined with escalating exchange rate. There was no respite during the current year also as COVID-19 related closures dented the industry. However, resumption in business activities and accommodative fiscal/monetary policies improved the scenario.

The period July-April FY2021 has witnessed growth as compared to the previous period (Table 3.13). The path of recovery would continue in the ongoing fiscal year on revival of economic activity and low interest rates led by introduction of new car models and showing up of the latent demand. Market expansion is already taking place due to the confidence build up by the existing players as well as by new entrants. The government has so far granted greenfield status licenses to 21 new investors and approximately US$ 475 million actualized as six new manufacturing units already commenced their operations. Therefore, all projections cast a positive outlook for the industry.

In case of passenger cars, the production and sales are up by 36.4 percent and 48.5 percent with 120,855 units and 126,679 units, respectively, as against, 88,628 units and 85,330 units produced and sold last year. This recovery stems from the latent demand that had gathered on account of dampened numbers in the previous year. For similar reasons, the production and the sales of light commercial vehicles (LCV) registered increase by 45.9 and 57.5 percent, respectively. Further, phenomenal increase of numbers in case of Jeeps is due to pleasant entry of Hyundai with significantly happy production and sales numbers. As more new investors would join, SUV 4x4 and 4x2 segment is likely to expand significantly, in time.

Heavy Commercial Vehicle (HCV: trucks and buses) production and sale increased by 2.8 and 7.4 percent, respectively. In case of buses, production increased by 4.3 percent with 482 units produced while trucks' production jumped by 2.6 percent with 2,802 units produced. During the current year, a major HCV unit had some technical issues which caused relatively low growth than other segments.

Farm tractor may be seen on the path of revival with production and the sales up by 65.2 and 62.2 percent, respectively. The sales during July-April FY2021 were 41,456 units against 25,562 units last year. This pleasant upward surge was due to ample support prices to the farmers and the policy of revival of construction sector. However, these numbers are not even close to the highest numbers this industry had achieved in the past which indicates an ample room to grow.

The two/three wheelers sector also showed satisfactory recovery with production and the sales up by 33.5 and 34.0 percent, respectively. Two/three wheelers offer most economical public transport alternate for the lower income group, however, at the same time, it is extremely price sensitive. Massive exchange rate losses kicked off inflationary conditions resulting inevitable price increase. It may be mentioned that there has been steady growth in the two/three wheelers for the potential demand they have; however, it succumbed to the adverse macroeconomic happening during the previous year. Still, this sector offers most preferred means of transport and best alternative in the absence of public transport in the cities and thus holds a dependable and continued potential for growth in the coming years.

The table 3.13 shows previous year's comparative position of production and sales figures in auto industry (PAMA members) for the period July-April FY2021.

Table 3.13: Production of Automobiles

Category	Installed Capacity	No. of Units		
		2019-20 (July-April)	2020-21 (July-April)	% Change
CAR	341,000	88,628	120,855	36.4
LCV	44,000	11,008	16,064	45.9
JEEP	5,000	3,290	9,309	182.9
BUS	5,000	462	482	4.3
TRUCK	28,500	2,732	2,802	2.6
TRACTOR	100,000	25,009	41,327	65.2
2/3 WHEELERS	2,500,000	1,188,921	1,586,725	33.5

Source: Pakistan Automotive Manufacturer Association (PAMA)

The auto sector constitutes about 7 percent to LSM, which accounts for the significant industrial output of the country. According to PBS, automobile recorded 23.4 percent upsurge during July-March FY2021. However, these numbers, to a great extent, fall short of installed capacities, accordingly, there would be inevitable proportionate cost push of products in wake of idle capacities. Given government support, removal of irritants is soon going to bear fruits in the wake of industrial expansion as many new investors have joined with commercial production while the existing players have already made huge investments and a lot more is in waiting. These investments by the new and the existing players are a testimony to confidence in our market, at home and abroad. Given the macroeconomic stability in the country and the extraneous factors not to go out of hand, latent demand would burst out and expansion of industry volumes is sure to take place.

3.6.2 Fertilizer Industry

Fertilizer is an important and costly input responsible for 30 to 50 percent increase in the crop productivity. The overall objective is sustainability and growth in agricultural sector that should match the growing population for food security and the promotion of economic growth. Since Fertilizer is related to food production, the growth of the fertilizer industry is evident and desired by all concerned. There are nine urea manufacturing plants, one DAP, three NP, four SSP, two CAN, one SOP and two plants of blended NPKs having a total production capacity of 9,172 thousand tonnes per annum. Total fertilizer production during July-March FY2021 was 6,602 thousand tonnes which was 7.94 percent more as compared to the corresponding time of the last year. This increase in fertilizer production is attributed to supply of gas to Pak Arab Fertilizer Plant from Mari field. Urea is main fertilizer having 70 percent share in total production. Installed production capacity of 6,307 thousand tonnes per annum is enough to meet local demand subject to the availability of uninterrupted gas and RLNG supply.

Nutrient offtake during July-March FY2021 remained 3,925 thousand tonnes which was 15.2 percent more than the corresponding period of the previous year. Nitrogen and phosphate offtake were 2,835 and 1,035 thousand tonnes respectively whereas Potash offtake was 55 thousand tonnes. Offtake of Nitrogen during current fiscal year increased by 13.2 percent while offtake of Phosphate and Potash increased by 20 and 39 percent respectively as compared to corresponding time frame of the last year.

Urea and DAP offtake remained 4,738 thousand tonnes and 1,848 thousand tonnes respectively. Urea offtake increased by 8.5 percent while DAP offtake increased by 15.8 percent as compared to the same period of the previous year.

3.6.3 Cement Industry

Irrespective of the apprehensions caused by COVID-19, Pakistan's cement industry has continued to grow on the back of well in time government initiatives. Construction activities by private sector accompanied by work at Bhasha and Dasu dams helped in increasing local cement consumption. The government has introduced an incentive package for the construction industry in April 2020, which stimulated the industry especially the private sector housing projects. Package included amnesty scheme, tax exemptions and Rs 36 billion subsidy for Naya Pakistan Housing Scheme. Further, banks were directed to increase construction sector loans to 5 percent of their total loan book and FED reduction on cement from Rs 2/kg to Rs 1.5/kg have given impetus to this industry. A significant increase in Foreign Direct Investment (FDI)[1] and Long-Term Financing Facility (LTFF)[2] for construction sector also bodes well for the sector.

Cement industry has posted the highest ever Y-o-Y growth of 44.6 percent in March FY2021 due to massive increase in domestic consumption as well as exports. Total

[1] Net FDI in construction sector, increased by 84.5 percent during July-April FY2021 and reached at US$ 22.7 million.
[2] During July-April FY2021, Rs 3,519 million loan has been availed by construction sector against Rs 20 million retirement during the same period last year.

cement dispatches stood at 5.381 mt as against 3.719 mt last year. Domestic consumption grew by 42 percent to 4.563 mt as compared to 3.213 mt in March FY2020. The export trend represented a substantial growth of 61.6 percent to 0.818 mt dispatches in March FY2021 as compared to 0.506 mt during last year.

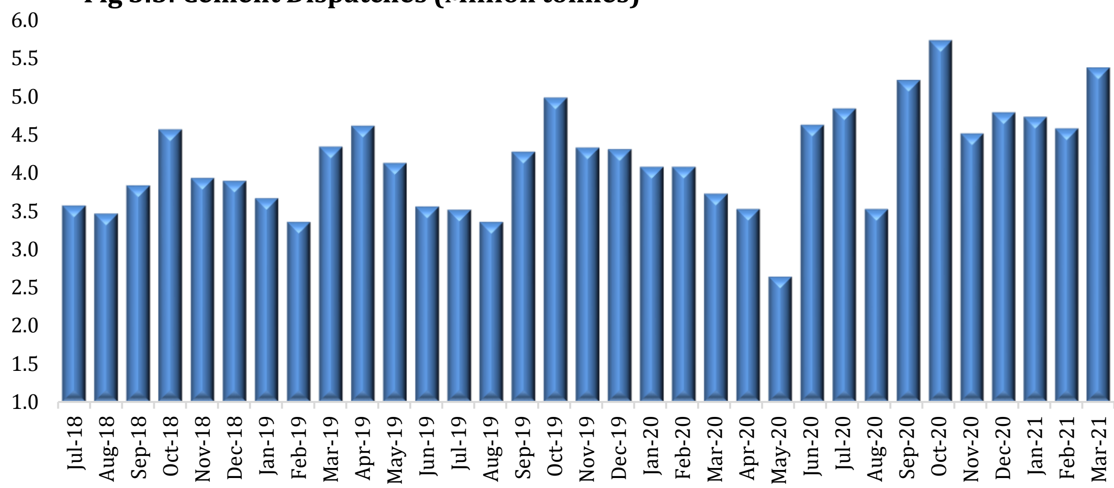
Northern Region

Domestic consumption in the north grew by 38.6 percent in March FY2021, registering 3.809 mt dispatches as compared to 2.749 mt dispatches in the same month last year. Exports from north-based mills registered an enormous increase of 162.6 percent as the volumes increased from 0.106 mt in March FY2020 to 0.280 mt in March FY2021.

Southern Region

Domestic consumption in the south increased by 62.3 percent and reached to 0.753 mt in March FY2021 as compared to 0.464 mt in March FY2020. While exports from the region increased by 32.5 percent, from 0.400 mt in March FY2020 to 0.530 mt in March FY2021.

Fig 3.5: Cement Dispatches (Million tonnes)



Source: All Pakistan Cement Manufacturer Association

Cumulative Dispatches

Total local dispatches during July-March FY2021 increased by 18.3 percent to 36.2 mt from 30.6 mt last year. While total exports rose to 7.1 mt (10.9 percent increase) from 6.4 mt during the same period last year. According to the APCMA, local dispatches from the northern region increased by 17.7 percent while southern region dispatches surged by 21.3 percent during July-March FY2021. Exports from the north edged by 0.2 percent while south came up with 15.5 percent growth during the period.

Cumulative dispatches (local & exports) posted a growth of 17 percent and reached to 43.325 mt during July-March FY2021 as compared to 37.035 mt in the corresponding period.

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
2017-18	48.66	94.31	41.15	4.75	45.89
2018-19	59.74	78.48	40.34	6.54	46.88
2019-20	63.63	75.14	39.97	7.85	47.81
July-March					
2019-20	63.63	77.60	30.6	6.4	37.03
2020-21	69.26	83.41	36.2	7.1	43.32

Source: All Pakistan Cement Manufacturers Association (APCMA)

3.7 Small and Medium Enterprises[3]

Globally, SMEs are considered an important pillar for poverty alleviation as they create jobs, increase standard of living and play critical role in ensuring equitable income distribution. In Pakistan, SME sector contributes an estimated 40[4] percent to GDP and it holds tremendous potential to create a positive impact on Pakistan's economy. To enable SMEs in Pakistan to play their due role in economic development, Small and Medium Enterprises Development Authority (SMEDA) has taken various initiatives towards fostering growth of SMEs through a broad service portfolio spread across various SME sectors and clusters. The organization has an all-encompassing mandate of fostering growth of the SME sector through its portfolio of services including business development services, infrastructure development through establishing common facility centers, industry support for productivity enhancement and energy efficiency, human capital development through its training programs and SME related projects with national and international development partners.

SMEDA has been committed to support SMEs during COVID-19 and has launched a comprehensive program of online SME clinic & webinars, training sessions, helpdesks and virtual meetings with key public and private stakeholders to facilitate businesses in such a critical time. Key activities/achievements of SMEDA during July-March FY2021are as follows:

[3] According to SME Policy 2007, any enterprise with up to 250 employees and up to Rs 250 million annual sales comes under Small and Medium Enterprises.
[4] Source: SMEDA Annual Report 2019-20

Table 3.15: SMEDA Over the Counter (OTC) Services		
Sr. No.	**Initiatives**	**July-March FY2021**
1.	SME Facilitation	4,778
2.	Pre-feasibility Studies Development (New & Updated)	70
3.	Investment Facilitation (RS Million)	301.34
4.	Business Plans	9
5.	Training Programs	186
6.	Theme Specific Helpdesks	81
7.	Cluster / District Profiles (New and Updated), Diagnostic / Value Chain Studies	18
8.	SMEDA Web Portal (Download Statistics)	125,046
9.	SME Observer	1 Issue
10.	SMEDA Newsletter	3 Issues

National SME Policy

Government of Pakistan acknowledges the significance of SME sector and is making efforts to provide a level playing field for businesses by devising policies that are favorable for SMEs. Prime Minister has constituted National Coordination Committee (NCC) on SME development on 12th August 2020 with the objective to facilitate development and promotion of SMEs in the country. In the second meeting of NCC, held on 8th October 2020, Prime Minister approved National SME Policy Action Plan 2020 to provide much needed support to SMEs. The Plan 2020 focuses on key areas including SME definition, access to finance, business development services, skills & human resource, technology, market access, infrastructure and entrepreneurship and provides extensive recommendations in each of the aforementioned area. Key recommendations / initiatives proposed under the plan include simplification of rules, regulations and taxation regime, programs for SME access to credit, SME quota in public procurement, simplification of SECP procedures, facilitation to participate in international fairs and exhibitions on subsidized rates and developing SME data bank to bridge information gap.

SMEDA One Window (SOW): A Step towards Creating a Hassle Free Business Environment for SMEs

SMEDA has launched a program, SMEDA One Window (SOW) that aims to link SMEs and startups with national and provincial regulatory authorities for compliance with regulations especially at the start-up stage. The SOW model is based on developing an entrepreneurial ecosystem by identifying regulatory requirements, designing services that fit all types of enterprises, offering subsidies in the service fee and providing guidance on requirements according to the business ownership structure. It consolidates current federal and provincial government procedures into simplified processes through one window service that directly benefits enterprises that fall under key ownership/legal structure including sole proprietorship, partnership registration with registrar of firms, limited liability partnership and private limited company registration with SECP. Smaller enterprises, which suffer disproportionately from the burden of compliance, will also be beneficiaries of this process of administrative simplification of starting and running the business. Since launch of SOW in September

2020, around 72 applications have been received while Letter of Intent (LOI) has been issued to 58 applicants.

Box-II: SMEDA's Support to SMEs during Pandemic

- Impact Assessment of COVID-19 on SMEs: COVID-19 pandemic has proved a catalyst for already dwindling situation of economy in general and SMEs in particular. An online survey titled "Impact of COVID-19 on SMEs" was carried out by SMEDA to assess the effect of COVID-19 on businesses and simultaneously identify the issues that SMEs were facing at the peak of COVID-19 pandemic. The survey served as a basis for the Government of Pakistan to design an electricity relief package titled 'Prime Minister's Relief Package for Small Businesses &Industries' and Mazdoor ka Ehsaas Program. A follow-up survey was launched in collaboration with Mahbub-ul-Haq Research Centre (MHRC), LUMS which was conducted from August till October 2020, after the lockdown had been lifted. The survey is now complete and the report is under review for publication.
- Online Survey: In order to assess the adaptability and evolution of SMEs in the current situation, SMEDA collaborated with the Asian Development Bank Institute (ADBI) and Asian Productivity Organization (APO) to conduct an online survey in Pakistan, in which, 236 SMEs participated. ADBI-APO also conducted a similar survey in other countries including Bangladesh, India, Indonesia, Malaysia, Lao PDR, Mongolia and Vietnam. The regional survey was conducted in Vietnam and Malaysia (May-June 2020) and in other regional countries, including Pakistan from August-September 2020. In total, 2,344 SMEs participated in the regional survey. Results of the survey highlight the key issues being faced by SMEs in the region and the support they require to recuperate during COVID-19, which paved the way for government to facilitate them.
- Online SME Clinics and Webinars: To facilitate SMEs during COVID-19 pandemic, SMEDA conducted Online Thematic helpdesks for SMEs and Webinars for SMEs in the areas of management, marketing, financial and technical assistance which helped the key public and private stakeholders in such a critical time.

Source: SMEDA

3.8 Slaughtering

Slaughtering has 7.4 percent share in manufacturing and 0.94 percent share in GDP. This sector constitutes products i.e., meat, hides, skins, bones and blood etc. Pakistan is one of the largest animal producers in the world with huge potential of its growth. Government has identified this sector as an engine for poverty alleviation in rural areas and thus has increased emphasis for investment in livestock production. During FY2021, Slaughtering has registered 3.88 percent growth against 4.05 percent increase last year.

Middle East and Gulf markets have great potential for halal meat suppliers. Export opportunities of meat from Pakistan are rising in the wake of continuously rising demand in the global market. Last decade has witnessed a tremendous increase in meat exports as it increased to US$ 304.2 million in FY2020 from US$ 152.4 million in FY2011. Pakistan has exported US$ 248 million worth of meat and meat preparations during July-March FY2021 as compared to US$ 233 million during the same period last year, reflecting a 6.5 percent increase. In terms of quantity in total, this category increased by 16.3 percent during July-March FY2021 with 72,863 metric tonnes as compared to 62,653 metric tonnes during the same period last year.

3.9 Mining and Quarrying

According to the Pakistan Standard Industrial Classification (PSIC) 2007, mining and quarrying sector includes the extraction of minerals occurring naturally as solids (coal and ores), liquids (petroleum) or gases (natural gas). Extraction can be achieved by underground or surface mining or well operation. Mineral Sector is a significant section of Pakistan National Accounts. The Mining and Quarrying sector negatively grew by 6.49 percent during July-March FY2021 as against 8.28 percent decline last year.

3.9.1 Minerals

Pakistan is endowed with huge reserves of minerals covering an outcrop area of 600,000 sq. km due to its unique geological condition. Fortunately, Pakistan have been blessed with all type of rock from pre-Cambrian to recent with exceptional geological and geomorphologic features. There are 92 known minerals of which 52 are commercially exploited, it includes coal, copper, gold, chromite, mineral salt and several other minerals. Despite of all huge resources mineral sector is showing slow performance and its contribution to GDP remained at 2.38 percent during July-March FY2021. Government of Pakistan is well aware of this hidden treasure and taking all cognizant measures in this regard which include:

- An investment facilitation project "Establishment of National Mineral Data Center" has been launched at federal level with Rs 295 million cost to maintain data repository.
- Another initiative has been taken "Legal Consultancy Services "for drafting of model mineral agreements and formulation of uniform regulatory regime at cost of Rs 100 million to introduce an internationally competitive framework.
- Action is underway for revamping of Pakistan Mineral Development Corporation (PMDC) and restructuring of Geological Survey of Pakistan (GSP).
- Stakeholders' consultation process has been initiated for policy formulation to promote use of indigenous coal resources for synthesis of gas and liquid fuels.
- Federal government has extended services for special development packages to provincial mineral sectors.
- Continued support to facilitate smooth operation of mineral sector projects; Saindak Copper-Gold, Duddar Lead-Zinc, Barite-Lead-Zinc, Chiniot Iron Ore and mining projects of rock salt and coal etc.

Although efforts are underway to develop the sector but enough remains to be done to enhance the sector to fully exploit the resources. This sector is lagging behind despite huge potential, due to interconnected and overlapping issues like poor regulatory framework, insufficient infrastructure at mines sites, outdated technology installed, semi-skilled labor, low financial support and lack of marketing.

During July-March FY2021, production of major minerals plunged such as Coal, Natural Gas and Crude Oil declined by 5.97, 4.70 and 6.72 percent, respectively. However, some witnessed positive growth during the period under review such as Chromite 28.28

percent, Magnesite 6.17 percent, Rock Salt 5.44 percent and Iron Ore 26.23 percent. (Table 3.16).

Table 3.16: Extraction of Principal Minerals

Minerals	Unit of Quantity	2017-18	2018-19	2019-20	July-March		%Change
					2019-20	2020-21	FY21/FY20
Coal	M.T	4,477,555	5,406,878	8,428,237	6,081,053	5,717,931	-5.97
Natural Gas	MMCFT	1,458,935	1,436,546	1,316,636	1,009,893	962,397	-4.70
Crude Oil	USB(000)	32,557	32,495	28,091	22,263	20,768	-6.72
Chromite	M.T	97,420	138,244	121,435	66,883	85,798	28.28
Magnesite	M.T	23,596	42,996	16,165	14,467	15,360	6.17
Dolomite	M.T	488,825	472,474	302,045	254,986	121,674	-52.28
Gypsum	M.T	2,475,893	2,517,825	2,149,873	1,575,830	1,208,441	-23.31
Lime Stone	M.T	70,818,725	75,596,328	65,809,924	51,061,090	46,485,992	-8.96
Rock Salt	M.T	3,653,746	3,799,106	3,368,978	2,546,454	2,685,023	5.44
Sulphur	M.T	22,040	20,715	19,948	15,086	14,920	-1.10
Barytes	M.T	88,847	116,480	55,341	37,892	17,807	-53.01
Iron Ore	M.T	677,206	627,464	573,695	430,677	543,641	26.23
Soap Stone	M.T	141,504	156,935	150,009	123,469	103,785	-15.94
Marble	M.T	8,813,025	7,736,443	5,796,879	4,777,066	2,146,315	-55.07
Bauxite	M.T	145,189	92,936	101,047	75,408	75,012	-0.53
Quartz	M.T	125,014	112,308	4,592	4,292	2,332	-45.67
Ocher	M.T	75,939	81,502	132,144	113,343	86,628	-23.57

Source: Pakistan Bureau of Statistics (PBS)

There is a huge potential in Pakistan mineral sector and establishment of Balochistan Mineral Exploration Company is a great step in this development ladder and an encouraging sign for global mining players to invest in Mineral Sector of Pakistan.

Punjab

Mines and Minerals Department Punjab is responsible for exploration, exploitation and investment promotion of mineral endowments in province. It grants and regulates the leases of all minerals except oil, gas and radioactive minerals. Directorate General of Mines & Minerals Punjab has contributed a handsome amount of Rs 39 billion as non-tax revenue during last five years.

Major Initiatives during July-March FY2021:

- Issuance of NOC(s) to 17 cement companies for grant of exploration licenses of limestone for installation of cement plants
- 13 exploration licenses of rock salt have been granted for installation of salt based industrial plants
- Amendment in PMC rules 2002 in process
- Drafting of Punjab Mines & Minerals Regulation Act 2021
- Launching of Mining Cadastral Portal for public
- Proposed ADP schemes for digitization of royalty regime
- Initiatives for Women in Mining Projects

Khyber Pakhtunkhwa

The total area of Khyber Pakhtunkhwa is 74,521 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 large number of mineral resources which have not yet been exploited at all to its full potential. Minerals Development Department Khyber Pakhtunkhwa has two divisions namely Licensing Division and Exploration Promotion Division.Based on the exploration done so far, excellent prospects of other valuable deposits still exist. Department revenue has substantially enhanced and has earned Rs 3.28 billion during July-March FY2021 which is 61 percent higher from the revenue collection during the same period last year.

Major Initiatives during July-March FY2021

- Establishment of Mining Cadastral System is an ADP project which is due for completion in June 2021. Mining Cadastral System is state of art web-based GIS enabled system which will enhance transparency in award of mineral titles, promote ease of doing business and facilitate investors in searching free mineral bearing areas. Upon deployment of this system the whole business of the department will be digitized.
- Minerals Department is engaged with IBL-HRD (Belgium) for establishment of state of the art Gemstone lab, training and Certification Center at Mineral Testing Lab, Peshawar. The center will help in branding the local gemstones and will promote export of precious stones on high prices.
- Appellate authority has restored hundreds of cancelled mineral titles which has very positive impact on enhancement of minerals production, revenue generation and jobs creation.

Sindh

The province of Sindh has large quantities of mineral deposits. Collectively there are 24 minerals which are being mined at present including large quantities of coal and granite reserves. The Directorate of Mines & Mineral Development, Sindh is sponsoring a scheme for study through consultant “Feasibility Study of Granite Deposits in Tharparkar, Sindh”. The department has constituted a policy for judicious and transparent award of leases in this area. It will be ensured that 03 large granite factories are set up by 2030 in this remote area. This will not only generate large employment opportunities for poor and downtrodden masses of this far-flung area but will also get world-class granite for local consumption and export with the result that poverty ratio will be decreased and increase in growth rate of government revenue will take major part for economic development of the province.

Major Initiatives during July-March FY2021

- The Mines & Mineral Development Department has established geo-data center with official web portal which will provide all the necessary information regarding minerals and online granted leases to the general public as well as investors/stake holders.

- Development of Geographical Information System (GIS) facility implemented on web integration of Google maps.
- Technical trainings in the field of GIS and remote senescing from SUPARCO has been provided to the technical staff.
- The Complaint Management System has been introduced to increase efficiency.
- The department intends to introduce friendly mineral exploration polices expected in future for investment opportunities regarding mineral resources by using latest equipment and technology. In this connection "Sindh Mineral Policy" has been processed for the year 2020-21.

Balochistan

Balochistan is the largest province (area wise) of the country constituting 43 percent of the total national landmass. The Country, in general and the province in particular, is endowed by the nature with substantial mineral wealth. Mineral industry can play an important role in boosting up the socio-economic setup in Balochistan as agriculture in other parts of the country but due attention could not be given to the exploration and development of mineral sector due to financial constraints, heavy risk investment and lack of infrastructure as the deposits are located in remote and far flung areas.

However, efforts are being made for scientific exploration and exploitation of the mineral resources. Government has given prompt attention towards the development of minerals. Various national and multi-national companies are involved in exploration of minerals and have obtained areas for pre-feasibility studies/exploration/exploitation of gold, copper, precious metals and associated minerals in Chagai and other districts. Besides, the province has large deposits of limestone, gypsum and coal (raw material for cement manufacturing) and investment opportunities for installation of cement factories are available.

Major Initiatives during July-March FY2021

- Geological Survey of Pakistan (GSP) would map 50 top sheets of outcrop area to identify minerals potential in Balochistan for which the government has allocated Rs 20 million through PSDP 2020-21. This would help to maintain a database for future exploration of the occurrences of metallic and non-metallic minerals potential, dimension stones, aggregates and limestone reserves.
- PC-1 for the establishment of full-fledged university in the field of minerals and natural resources has been approved which would be a milestone in the field of minerals.
- Balochistan Mineral Exploration Company Limited (BMEC) and Balochistan Minerals Resource Company Limited (BMRL) have been established as a joint venture of the federal and provincial governments with 10 percent and 90 percent shares, respectively. Main objective is to attract private investment and boost government revenue via large scale mining.

3.10 Conclusion

COVID-19 has emerged as one of the biggest challenges to global and domestic economy, bringing economic activities to a standstill. The situation was more challenging for manufacturing sector of Pakistan due to two reasons: First, many manufacturing jobs are on-site and cannot be carried out remotely. Second, slowdown of manufacturing activities due to high trade & production linkages with the hardest hit countries. However, government envisaged the situation well in time and adopted requisite measures i.e., earlier resumption of businesses, smart lockdowns, relief to export-oriented industries and construction & industrial packages. These measures reversed the scenario and LSM appeared to be one of the most resilient sectors during pandemic. Broad-based growth in LSM originated from strong performance of Textile, Food Beverages & Tobacco, Non-Metallic Mineral Products and Automobile.

Nevertheless, a third and more contagious wave of the pandemic has begun spreading in the country, which may smother this economic recovery. Fortunately, vaccination drive has played a significant role in mitigating the virus-uncertainty this time and has given a sigh of relief to business community. Further, well-coordinated fiscal and monetary policies also bode well for future prospects of manufacturing.