

MANUFACTURING AND MINING

3.1 Introduction

Manufacturing sector is the driver of economic growth due to its forward and backward linkages with other sectors of economy. This sector provides employment opportunities to about 16.1 percent of the total labor force while its share in GDP is around 13-14 percent.

Manufacturing sector has three sub-sectors: Large Scale Manufacturing (LSM), Small Scale Manufacturing (SSM) and Slaughtering. The performance of Large-Scale Manufacturing is based on Index derived from the Census of Manufacturing Industries (CMI) conducted in 2005-06 which does not capture latest information including new areas and sectors, however the new Census of Manufacturing Industries (CMI) for 2015-16 is now complete and will be published by this year and will be used from next fiscal year for more comprehensive and accurate coverage of LSM in the country. 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. Pakistan Bureau of Statistics has completed the census of SSM for 2015-16 and methodology for estimating the value addition of Slaughtering which will be published in the next fiscal year.

LSM has 78 percent share in Manufacturing and 9.5 percent in GDP whereas Small Scale Manufacturing accounts for 15.2 percent share in manufacturing and 2.04 percent share in GDP. Slaughtering has 6.9 percent share in manufacturing and 0.94 percent share in GDP.

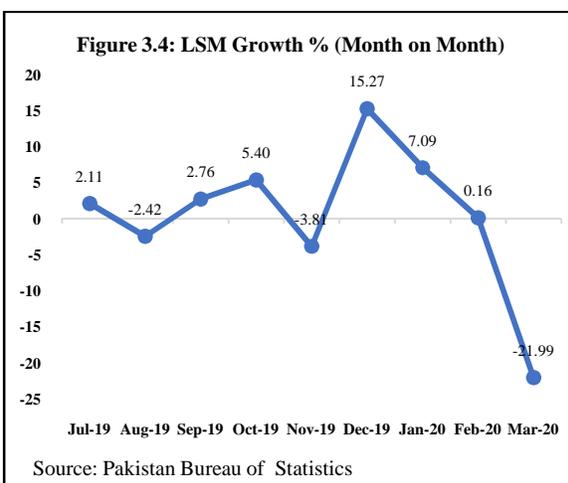
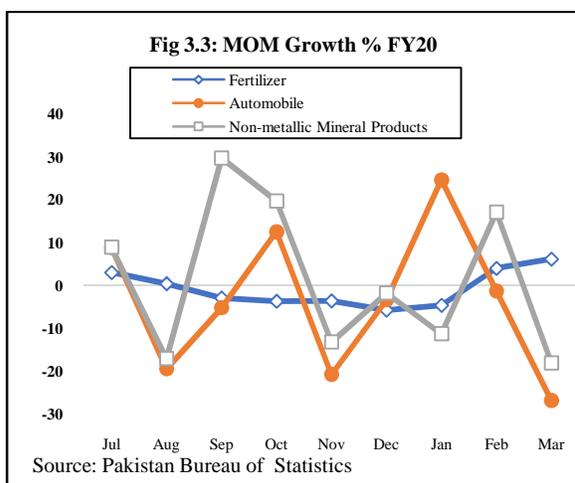
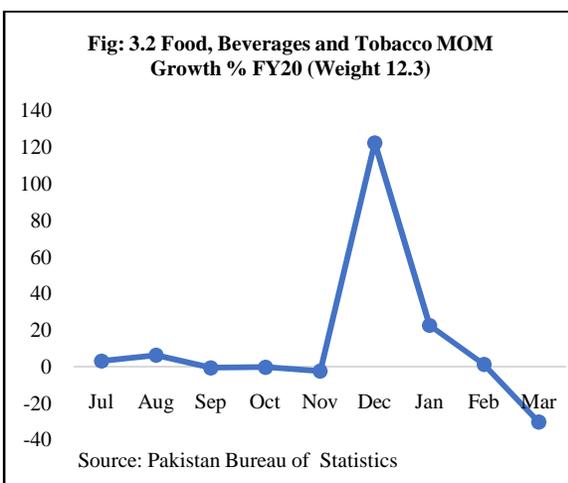
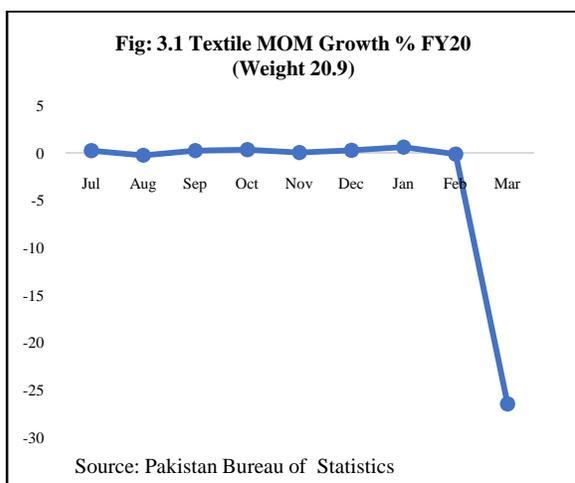
FY2019 has proved to be a hard year for LSM as it recorded negative growth of -2.28 percent. LSM sector was not able to withstand constrained economic environment triggered by exchange rate depreciation and contractionary monetary and fiscal policies.

The distress continued during the whole current fiscal year, the LSM growth plunged to -5.4 percent during July-March FY2020 compared to -2.34 percent during last fiscal year. The major contributing sub-sectors such as Textile and Food, Beverages & Tobacco have experienced negative growth. Other sub-sectors such as Iron & Steel Products, Coke & Petroleum Products and Automobile growth have also turned negative during the period which dampened the overall growth of LSM. Year-on-year (YoY), LSM dived by -22.9 percent in March 2020 as compared to -7.35 percent decline in March 2019.

3.1.1 Monthly Analysis of LSM

Month on month LSM behavior has exhibited random trajectory. Textile, the item with the heaviest weight, observed moderate growth up till Feb 2020 and witnessed a hefty decline in

Mar 2020 due to supply disruptions. Second heavy weight item Food, Beverages & Tobacco witnessed a tremendous growth of 122 percent in Dec 2019 on account of sugar production. Coke & Petroleum products observed a major slump in Feb 2020, a 33 percent decline. Demand and supply bottlenecks have adversely hit the petroleum industry. Automobile, Non-metallic Mineral Products and Electronics have also showed mixed growth. Fertilizers, after a consecutive decline, have started showing some signs of recovery from Feb 2020. All manufacturing sectors except Fertilizers, have witnessed decline in Mar 2020 in the wake of business closures due to COVID-19 crisis.



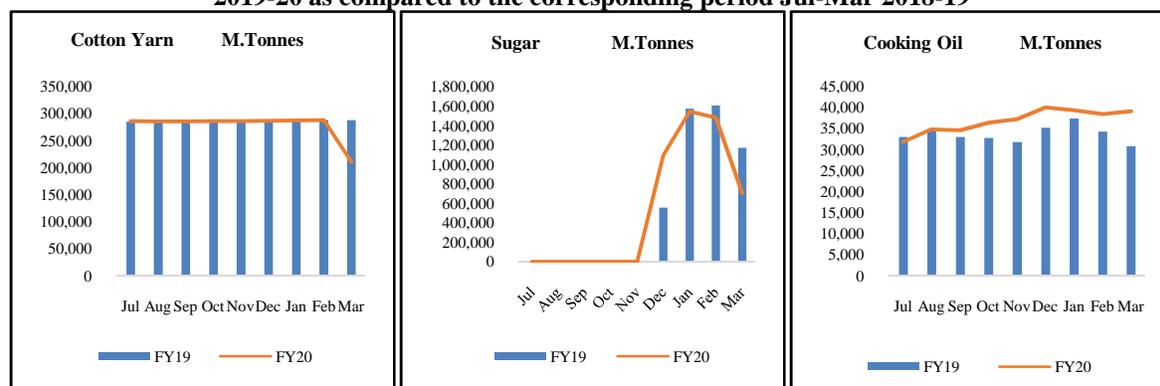
Average MoM growth of LSM stood at 0.5 percent for the first nine months of FY2020. LSM posted 2.11 percent growth in July 2019 primarily due to 8.9 percent growth in Non-metallic Mineral Products, Automobile 8.9 percent, Food Beverages & Tobacco 3.0 percent and Fertilizer 3.1 percent. However, growth dampened to -2.42 percent in August due to -0.3 percent fall in Textile, -17.0 fall in Non-metallic Mineral Products, -19.4 percent in Automobile and -2.3 percent decline in Iron & Steel. In September 2019, pace picked up and growth of 2.76 percent was recorded due to 2.2 percent increase in Coke & Petroleum Products, 29.8 percent in Non-metallic Mineral Products and 0.2 percent in Textile. A sharp increase of 5.4 percent was observed in October 2019 on account of 19.7 percent growth in

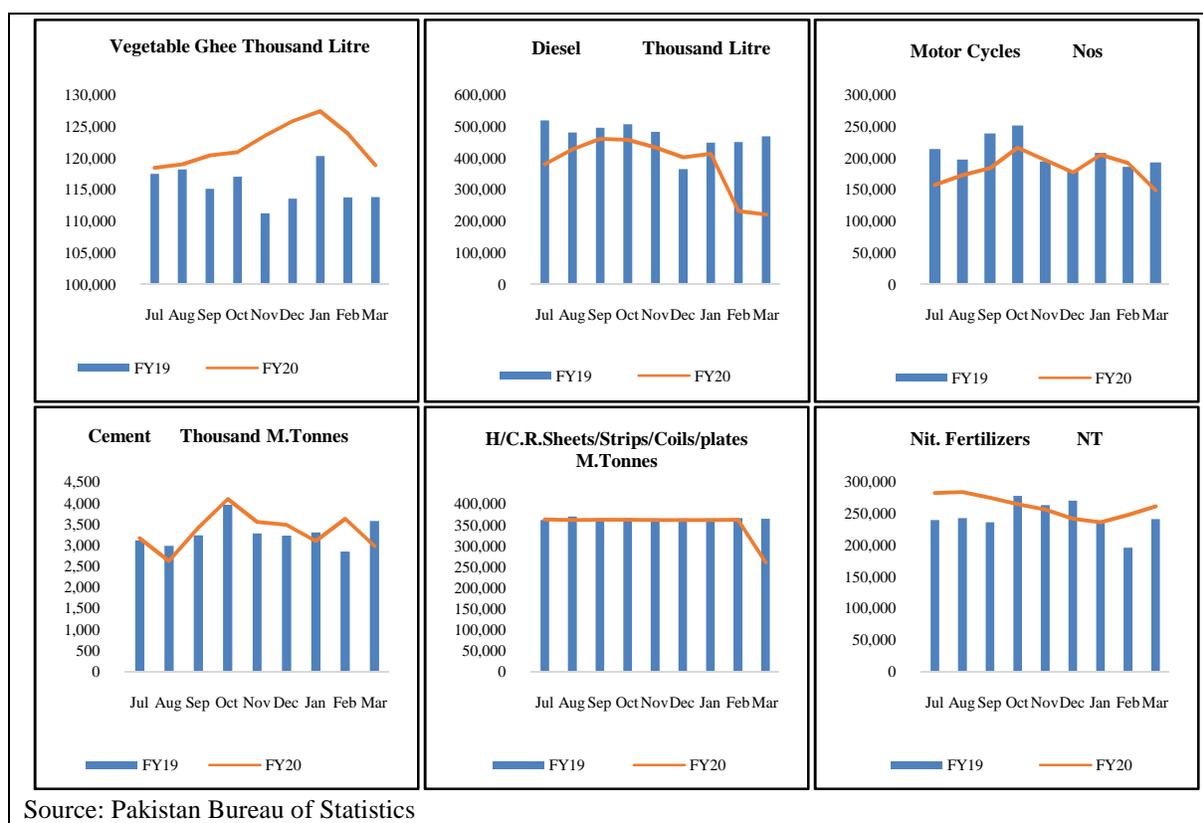
Manufacturing and Mining

Non-metallic Mineral Products, Automobile 12.6 percent and Electronics 20.0 percent. November 2019 again witnessed a negative growth of -3.81 percent mainly due to -2.5 percent decline in Food Beverages & Tobacco, Non-metallic Mineral Products -13.2 percent, Automobile -20.7 percent, Fertilizers -3.6 percent and Electronics -8.8 percent. However, a steep increase of 15.27 percent has been observed in December 2019. This is highly attributed to sugar production which rose sharply owing to favorable weather conditions (which were conducive for extraction of high sucrose content from the raw material), as well as timely start of the crushing season as compared to last year. Further, jeeps and cars also grew by 20.6 percent. Impact of the sugar however moderated in January 2020 and growth reached at 7.09 percent. This can be attributed to 22.5 percent growth in Food Beverages and Tobacco, Automobile 24.7 percent and 23.6 percent Electronics. February 2020 witnessed a moderate growth of 0.16 percent on account of growth in Food, Beverages & Tobacco and Non-metallic Mineral Products by 1.2 and 17.2 percent, respectively. Fertilizers grew by 4.0 percent. LSM growth nosedived by -21.9 percent in March 2020 due to closure of business activities in the wake of COVID-19 outbreak. Textile and Food, Beverages & Tobacco, the main sectors of LSM, dipped by -26.5 and -30.3, respectively.

During FY2020, required fiscal and monetary adjustments, such as flexible exchange rate and austerity drive, were adopted to stabilize the economy. Nevertheless, external imbalances were eased to some extent but some short-term repercussions had to be confronted domestically, specifically by industrial sector. Pak rupee depreciated by 3.9 percent during Jul-Mar FY2020 which increased the cost structure of industries in general, and particularly for those relying on imported raw materials. Further, policy rate was kept high to contain inflation which on the other hand discouraged investment. Subdued demand further hampered the overall production and performance of the industry. Certain sector-specific issues also contributed to the decline in LSM. Automobile sector alone accounted for major portion of contraction in LSM. Its prices witnessed multiple upward revisions due to PKR depreciation which held the potential buyers refrained from making booking and purchases. The shift in power generation away from furnace oil has reduced the fuel's demand and affected the coke & petroleum industry output. Upward adjustment in electricity prices dented domestic steel producers' margins.

Box-I: Monthly Production trends of major Large-Scale Manufacturing (LSM) items during Jul-Mar 2019-20 as compared to the corresponding period Jul-Mar 2018-19





3.1.2 Group Wise Analysis of LSM

Group wise growth of LSM during the period of Jul-Mar FY2020 versus Jul-Mar FY2019 is given in the following Table 3.1.

Table 3.1: Group wise growth of LSM for the Period of Jul-Mar 2019-20 Vs Jul-Mar 2018-19

S#	Groups	Weights	% Change (July-Mar)	
			2018-19	2019-20
1	Textile	20.915	-0.17	-2.57
2	Food, Beverages & Tobacco	12.370	-3.59	-2.33
3	Coke & Petroleum Products	5.514	-6.0	-17.46
4	Pharmaceuticals	3.620	-8.66	-5.38
5	Chemicals	1.717	-4.10	-2.30
6	Automobiles	4.613	-7.56	-36.50
7	Iron & Steel Products	5.392	-11.0	-7.96
8	Fertilizers	4.441	4.50	5.81
9	Electronics	1.963	39.9	-13.54
10	Leather Products	0.859	-0.04	4.96
11	Paper & Board	2.314	-2.48	4.23
12	Engineering Products	0.400	9.90	-7.05
13	Rubber Products	0.262	3.74	4.31
14	Non-Metallic Mineral Products	5.364	-4.93	1.82
15	Wood Products	0.588	-8.24	-22.11

Source: Pakistan Bureau of Statistics

Textile sector has the highest weight of 20.91 in Quantum Index Manufacturing (QIM) thus having a significant impact on overall performance of LSM. Textile production declined by -2.57 percent during Jul-Mar FY2020 against -0.17 percent in the same period last year. Major slump came from -2.96 percent decline in cotton yarn and -2.81 percent decline in cotton cloth, both having a combined weight of 20.15 in textile sector. However, exports of textile grew by 4.24 percent during the period under review. The mismatch between the LSM and export data sets is a welcome boost for the industry as it shows industry is regaining competitiveness after exchange rate adjustment. Further, the textile export data is relatively encouraging on account of its wide-ranging coverage than the LSM data as in addition to cotton yarn and fabrics, it also includes the higher value-added items like hosiery, knitwear, towels and readymade garments.

Food Beverages and Tobacco has the second highest weight of 12.37 in QIM. During Jul-Mar FY2020 this sector decreased by -2.33 percent as compared to -3.59 percent dip during the same period last year. This is mainly due to decline in sugar and cigarettes production by -1.7 and -31.4 percent, respectively. The primary reason of cigarettes decline is the significant jump in Federal Excise Duty (FED) and continued competition from counterfeits and smuggled alternatives. Although, sugar witnessed a sharp increase during Dec-Jan FY2020 due to favorable weather yet seasonality factor was linked. Therefore, this trend could not continue in subsequent months. However, cooking oil, vegetable ghee and wheat & grain milling grew by 9.38, 5.54 and 28.9 percent, respectively.

Coke and Petroleum industry registered a double-digit contraction of -17.46 percent during Jul-Mar FY2020 as compared to -6.0 percent decline last year. Petroleum industry has adversely affected from both demand and supply side. On supply front, shift in power generation away from furnace oil has reduced the fuel's demand. While demand remained subdued due to higher end-consumer prices and reduction in commercial activities. Diesel and furnace oil production decreased by -18.8 percent and -17.5 percent respectively. Improvement in electricity supplies from coal and hydel power stations also reduced the demand for furnace oil and diesel.

Pace of contraction diminished in Pharmaceuticals and it registered -5.38 percent decline during Jul-Mar FY2020 as compared to -8.66 percent decline in the corresponding period. Similarly, Chemicals declined by -2.3 percent during Jul-Mar FY2020 as compared to -4.1 percent last year.

Automobile sector witnessed a steep decline of -36.5 percent during Jul-Mar FY2020 as compared to -7.56 percent fall in corresponding period. Major contributor to this dip is the passenger car segment due to its weight in LSM index. During the period under review, car production declined by -47.9 percent. While jeep production contracted by -42.7 percent, buses -28.8, trucks -45.7, LCVs -46.1, tractor -37.9 and motor cycles -11.6 percent. The factors which impacted this sector remained currency depreciation, policy rate hikes, increase in FED from 2.5 percent to 7.5 percent against different vehicle categories and

Additional Customs Duty (ACD) from 2 percent to 4 percent and 7 percent against tariff lines of 16 percent and 20 percent and above respectively.

The pace of contraction of Iron & Steel production slowed down during Jul-Mar FY2020 as it declined by -7.96 percent as compared to -11.0 percent in the same period last year. The decline was more visible in Billets/Ingots which fell by -13.04 percent indicating the subdued construction activities mainly due to high financing cost. H/C.R.Sheets/ Strips/Coils/plates having the highest weight in iron & steel products declined by -4.15 percent. Low automobile production, upward adjustment in electricity prices, lower housing investment by public and private sector and rupee depreciation further dampened steel industry.

Fertilizers recorded a growth of 5.81 percent during Jul-Mar FY2020 mainly on account of Nitrogenous Fertilizers which recorded a growth of 6.7 percent. The impetus came from small as well as large urea producers, who scaled up their operations.

The Electronics exhibited lackluster performance during Jul-Mar FY2020 and dipped by -13.54 percent as compared to 39.9 percent growth in corresponding period. Electric motors, bearing the highest weight in this segment, have so far been responsible for overall electronics growth. During the period under review, electric motors dived by -13.42 percent and dragged down the whole electronics industry. The slowdown in electric motor segments can be attributed to subdued demand for the water extraction pumps. Increased electricity tariffs and rupee depreciation adversely affected the production. High cost of borrowing further dampened the consumer demand for durables.

Non-metallic Mineral Products surged by 1.82 percent during Jul-Mar FY2020 as compared to -4.93 percent decline in corresponding period. This was mainly driven by a 1.74 percent jump in cement production. Total local dispatches during Jul-Mar FY2020 increased to 30.588 Mt from 29.461 Mt last year.

Paper and Board production increased by 4.23 percent during Jul-Mar FY2020 as compared to -2.48 decline in corresponding period. Rubber Products increased by 4.31 percent during Jul-Mar FY2020 as compared to 3.74 percent growth in the same period last year. Wood Products declined by -22.11 percent during Jul-Mar FY2020 as compared to -8.24 percent dip in corresponding period.

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 (Jul-Mar) 2019-20	% Point Contribution (Jul-Mar) 2019-20
				2018-19	2019-20		
1	Cotton Yarn	(tonnes)	12.9646	2,574,700	2,498,515	-2.96	-0.51
2	Cotton Cloth	(000 sq.m.)	7.1858	785,200	763,115	-2.81	-0.23
3	Sugar	(tonnes)	3.5445	4,898,869	4,816,448	-1.68	-0.13
4	Tea Blended	(tonnes)	0.38	120,127	98,189	-18.26	-0.17

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

S#	Items	Unit	Weights	July-March		% Change (Jul-Mar) 2019-20	% Point Contribution (Jul-Mar) 2019-20
				2018-19	2019-20		
5	Cooking Oil	(tonnes)	2.23	302,944	331,366	9.38	0.32
6	Vegetable Ghee	(tonnes)	1.14	1,040,630	1,098,324	5.54	0.07
7	Cigarettes	(Million No)	2.13	48,931	33,540	-31.45	-0.66
8	Deep Freezers	(Nos.)	0.1622	93,981	72,819	-22.52	-0.02
9	Refrigerators	(Nos.)	0.2394	806,269	672,659	-16.57	-0.05
10	Phosphate Fertilizer	(N tonnes)	0.3996	463,787	455,513	-1.78	-0.01
11	Nitrogenous Fertilizer	(N tonnes)	4.0411	2,204,632	2,352,979	6.73	0.32
12	Cement	(000 tonnes)	5.299	29,535	30,049	1.74	0.19
13	Jeep & Cars	(Nos.)	2.8183	175,863	91,918	-47.73	-1.89
14	Upper Leather	(000 sq.m.)	0.3924	20,427	19,641	-3.85	-0.02
15	Liquids/Syrups	(000 Litres)	1.1361	78,697	68,672	-12.74	-0.14
16	Tablets	(000 Nos.)	1.9143	21,114,883	20,649,378	-2.20	-0.08
17	Petroleum products	(000 Litres)	5.4096	11,414,582	9,421,835	-17.46	0.00

Source: Pakistan Bureau of Statistics (PBS)

3.1.3 Steps to Boost Industrialization in FY2020

The government has announced a special package for construction sector. Package includes amnesty scheme, tax exemptions and Rs 30 billion subsidy for Naya Pakistan. This will jack up the construction industries, specially cement, and shall also generate employment. A stimulus package has also been introduced to support businesses and stimulate the economy. According to the package, export-oriented industries would be given Rs 100 billion worth of tax refunds as well as deferment of interest payments. Government is providing a series of subsidies and incentives to industrial sector. These include subsidies to industry for electricity and gas, export development package. Under an agreement, the zero-rated industries, including textiles, would be provided electricity at an all-inclusive rate of 7.5 cents per unit (kWh) and gas at \$6.5 per unit (mmBtu) until June 30 this year. PSDP release process is simplified to fund various uplift projects including Industries and Production Division. Under CPEC, project of Allama Iqbal Industrial Zone Faisalabad has been inaugurated. It is expected to attract investment in automobiles, value-added textiles, engineering, pharmaceuticals, food processing, chemicals, construction materials and packaging sectors. Hyundai has started a joint venture with Nishat Groups in Faisalabad. This plant is the new production home for Hyundai's first 'Make in Pakistan' product, the Porter H-100 Pickup. China and Pakistan joint venture has launched a locally assembled 800cc passenger vehicle having annual production capacity of 15,000 units. These rapidly developing ventures with many infrastructure projects especially under China Pakistan Economic Corridor will help to boost the automobile sector as well as push up the construction related allied industries. Moreover, ECC has approved Rs 50.7 billion package to provide indirect cash flow support to the Small and Medium Enterprises (SMEs) through pre-paid electricity bills for May-July FY2020. This package named "ChotaKaroobar-o-SannatImadadi Package" will benefit around 3.5 million small businesses.

**Box-II: Measures taken by State Bank of Pakistan (SBP) to boost
Manufacturing amid COVID-19 Pandemic**

Supporting businesses to retain their workers and employees and prevent layoffs

- With a view to facilitate businesses to retain their employees and prevent layoffs, State Bank has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns.
- The financing under the Scheme is available for existing and new borrowers of banks and DFIs for payment of wages and salaries of all types of workers and employees (like the permanent, contractual, daily wagers as well as outsourced workers) for the months April-June, 2020.
- The financing rate under the Scheme is 5 percent p.a for borrowers who are not tax payers and 3 percent for borrowers who are on active tax payers list. The repayment of financing will be in equal quarterly installments with first repayment falling due in April 2021.

Facilitating New Investment

- SBP has announced a 'Temporary Economic Refinance Facility (TERF)' and its Shariah compliant version to stimulate new investment in manufacturing. This scheme will help counter any possible delays in the setting up of new projects that investors were planning prior to the Coronavirus outbreak.
- All manufacturing industries, with the exception of power sector where SBP has another refinance facility for renewable energy, are eligible to avail financing under the scheme.
- The financing under this Scheme is available against letters of credit (LC) to be opened by end-March 2021 for purchase of new imported and locally manufactured plant & machinery for setting of new projects.
- The maximum financing per project is Rs 5 billion with maximum repayment tenor of 10 years including grace period up to 2 years. The end user rate under the Scheme is 7 percent p.a.

Relaxations on financing under SBP's Refinance Schemes

- In case of deferral of principal or restructuring / rescheduling of financing of borrowers under SBP's long term refinance Schemes, State Bank has allowed banks/ DFIs to extend repayment period for an additional one year over the maximum tenor available under these schemes.
- *Export Finance Scheme (EFS)*: SBP has reduced the performance requirement under EFS from twice to one-and-a-half times that will be effective for current year as well as for FY2021. State Bank has also extended existing export performance period of one year by another 6 months. This extended period will also be used for setting new limits for FY2021, allowing higher limits to exporters. The shipment period has also been extended by 06 months.
- *Long term Financing Facility*: The eligibility requirement for availing financing has been reduced from exports of worth 50 percent, or USD 5 million to 40 percent or USD4 million, whichever is lower, for all the borrowings during the period January 01, 2020 to September 30, 2020. In case of exporters opting for projected exports criteria, State Bank has extended export performance period from maximum period of 04 years to 05 years.

Source: State Bank of Pakistan

3.2 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. 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 59 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)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 (Jul-Mar)
Cotton & Cotton Textiles	13139	12168	12205	13220	13031	10151
Synthetic Textiles	330.584	287.894	187.587	309.563	297.809	261.172
Sub-Total Textiles	13469.584	12455.89	12392.587	13529.563	13328.809	10412.172
Wool & Woolen Textiles	119.448	97.68	78.506	75.852	67.265	48.685
Total Textiles	13589.032	12553.57	12471.09	13605.415	13396.074	10460.8
Pakistan`s Total Exports	23667.3	20786.5	20422.236	23212	22979.325	17450.735
Textile as %age of Export	57.41	60.39	61.06	58.57	58.30	59.94

Source: Ministry of Textile

3.2.1 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 198801 rotors installed and 11.338 million spindles and 126583 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 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 based on estimation. The production of cotton cloth has declined by 6.08 percent while the exports in term of quantity decreased by 9.4 percent whereas in value term decreased by 2.9 percent.

Table 3.4: Production and Export of Clothing Sector

Production	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Mill Sector (000. Sq. Mtrs.)	737,940	785,200	-6.02
Non Mill Sector (000. Sq. Mtrs.)	5,728,782	6,100,150	-6.08
Total	6,466,722	6,885,350	-6.08
Cotton Cloth Exports			
Quantity (M.SqMtr.)	1923.102	2122.959	-9.41
Value (M.US\$)	1548.176	1595.882	-2.99

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-March FY2020 is presented in Table 3.5.

Table 3.5: Export of Textile Made-Ups

	(July-Mar) 2019-20	(July-Mar) 2018-19	% Change
Hosiery Knitwear			
Quantity (M.Doiz)	96.837	89.530	8.16
Value (M.US\$)	2299.869	2154.562	6.74
Readymade Garments			
Quantity (M.Doiz)	42.785	38.742	10.44
Value (M.US\$)	2170.517	1955.778	10.97
Towels			
Quantity (M Kgs)	144.854	141.991	2.02
Value (M.US\$)	591.527	588.100	0.58
Tents/Canvas			
Quantity (M Kgs)	27.953	24.106	15.96
Value (M.US\$)	72.216	68.277	5.77
Bed Wears			
Quantity (000 MT)	337.056	312.324	7.92
Value (M.US\$)	1761.552	1719.376	2.45
Other Made up			
Value (M.US\$)	491.884	518.981	-5.22

Source: Ministry of Textile

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

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (M.Doiz)	96.837	89.530	8.16
Value (M.US\$)	2299.869	2154.562	6.74

Source: Ministry of Textile

v. 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

Table 3.7: Export of Readymade Garments

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (M.Doiz)	42.785	38.742	10.44
Value (M.US\$)	2170.517	1955.778	10.97

Source: Ministry of Textile

materials. Most of the machines used by this industry are imported or locally made/assembled. Exports increased from 38.7 million dozen to 42.7 million dozen in various types of readymade garments worth US\$ 1955.7 million during Jul-Mar FY2019 as compared to US\$ 2170.5 million during Jul-Mar FY2020, thus showing an increase of 10.97 percent in terms of value and 10.44 percent in term of quantity.

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 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 in Table 3.8.

Table 3.8: Export Performance of Towel sector

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (M Kgs)	144.854	141.991	2.02
Value (M.US\$)	591.527	588.100	0.58

Source: Ministry of Textile

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. The 60 percent of its production is exported while 40 percent is locally consumed. In term of quantity during Jul-Mar FY2020 it was recorded at 27.9 million Kgs as compared to

Table 3.9: Export Performance of Tent and Canvas Sector

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (M.Kgs)	27.953	24.106	15.96
Value (M.US\$)	72.216	68.277	5.77

Source: Ministry of Textile

24.1 million Kgs during the same period last year thus showing increase of 15.96 percent. In value term it increased by 5.77 percent.

viii. Textile Made-Up Sector

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.

Table 3.10: Export Performance of Synthetic Textile Fabrics

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (Th.Sq.Mtrs)	360.576	276.823	30.26
Value (M.US\$)	261.172	220.459	18.47

Source: Ministry of Textile

During July-Mar FY2020, synthetic textile fabrics worth \$ 360.57 million were exported as compared to \$ 276.82 million during the same period which is showing an increase of 30.26 percent. In Quantity term the exports of synthetic increased by 18.47 percent.

ix. Woolen Industry

The main products manufactured by the Woolen Industry are carpets and rugs. The exports of carpets during the period July-Mar FY2020 is given in the Table 3.11.

Table 3.11: Exports of Carpets and Rugs (Woolen)

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Quantity (Th.Sq.Mtr)	1,260	1,183	6.51
Value (M.US\$)	48.685	50.686	-3.95

Source: Ministry of Textile

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

	Jul-Mar 2019-20	Jul-Mar 2018-19	% Change
Total No. of Units	10	10	0%
Spindles Installed	25060	24712	1.41
Spindles Worked	21541	17616	22.28
Looms Installed	1102	1072	2.80
Looms Worked	922	736	25.27

Source: Ministry of Textile

The production of the Jute goods during Jul-Mar FY2020 remained at 31,093 metric tons and last year it was 32,818 metric tons, showing a decline of 5.25 percent.

3.3 Other Industries

3.3.1 Automobile Industry

Automobile sector has remained in distress for the second consecutive year with a massive fall during Jul-Mar FY2020. The last year began with imposition of ban on non-filers accompanied with escalating exchange rate which kept the industry in turmoil. Resultantly the year ended with massive fall in production and the sales. The current year has also witnessed new taxes like Federal Excise Duty (FED), Additional Custom Duty (ACD) and minimum value addition tax, while the exchange rate also kept escalating. Besides, industrial fall continued to grip the automobile sector with uncertainty and the sector has almost reduced to half during the period.

There has been fall all over the local auto industry during the current financial year especially in Mar 2020. The fall was even in case of two/three wheelers where typically sustainable demand always exists for being low cost products and most preferable mode of transport for the masses in general. Even the introduction of the two new variants this year (Suzuki Alto and Toyota Yaris) by the passenger car sector could not sustain the demand in passenger car sector.

In case of passenger cars, the sales plunged most, by 70.8 percent in the month of March FY2020 to 5796 units compared to 19897 units in March FY2019. This was perhaps due to general lock down due to corona virus pandemic. The lockdown situation is likely to continue in coming months, making the woes of the industry much worse. During Jul-Mar FY2020 production and sales of passenger cars dropped by 47.9 and 46.8 percent, respectively.

There was fall in heavy commercial vehicle (HCV) sector too. In case of trucks and buses the production during Jul-Mar FY2020 dropped by 45.7 percent and 28.8 percent respectively. The non-filers policy may not have impacted here; but the work at certain

government projects had halted, so are the supplies of trucks and the respective payments, resulting disruption of the chain of events at the trucking industry.

During Jul-Mar FY2020 the farm tractor sector continued to decline with production and the sales plunged by 37.9 and 37.7 percent, respectively. The sales during the period were only 23506 units against 37742 units sold in the corresponding period. This decline is attributed to increase in the prices of agricultural inputs, absence of support subsidies and halting of government tractor schemes for the farmers, which added to their woes thus badly impacting the bookings of Farm Tractors.

The two/three wheelers sector also failed to show any growth; it rather dropped off production and the sales by 12.3 percent during Jul-Mar FY2020. Still, this sector offers most preferred and economical 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 below shows previous year’s comparative position of production figures in auto industry (PAMA members) and for the July-March FY2020.

Table 3.13: Production of Automobiles

Category	Installed Capacity	No. of Units		
		2019-20 (Jul-Mar)	2018-19 (Jul-Mar)	% change
CAR	240,000	88,628	170,118	-47.9
LCV	43,900	10,523	19,536	-46.1
JEEP	5,000	3,290	5,745	-42.7
BUS	5,000	462	649	-28.8
TRUCK	28,500	2,732	5,027	-45.7
TRACTOR	100,000	23,266	37,457	-37.9
2/3 WHEELERS	2,500,000	1,177,296	1,342,185	-12.3

Source: Pakistan Automotive Manufacturer Association (PAMA)

Pakistan’s first ever National Electric Vehicle Policy (NEVP) 2019 has been approved by cabinet in November 2019. 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.

3.3.2 Fertilizer Industry

Fertilizer is an important and costly input responsible for 30 to 50 percent increase in the crop productivity. The overall aim 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 departments. There are ten 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 9,228 thousand tonnes per annum. Total production during first

nine months (July-March) of the current fiscal year was 6067 thousand tonnes which was 5.3 percent more as compared to the corresponding period of the last year. This increase in production is attributed to the additional supply of gas to Engro Fertilizer Limited. Urea is main fertilizer having 75.8 percent share in production capacity. Installed production capacity of 6408 thousand tonnes per annum is enough to meet local demand but due to gas curtailment for fertilizer sector, high price of LNG and rupee depreciation has resulted in production of urea at 93 percent capacity during 2018-19. Consequently, domestic demand has to be met through imported supplies during peak demand time of crop growing season. About 101 thousand tonnes of urea was imported in July 2019 during current fiscal year.

Nutrient offtake during Jul-Mar FY2020 was 3407 thousand tonnes which was 2.6 per cent less than the corresponding period of the previous year. Nitrogen and Phosphate offtake was 2490 and 878 thousand tonnes respectively whereas Potash offtake was 39 thousand tonnes. Offtake of Nitrogen during first nine months of current fiscal year decreased by 2.4 percent while offtake of Phosphate and Potash decreased by 2.6 and 14.5 percent respectively as compared to corresponding time frame of the last year.

Urea and DAP offtake during first nine months of current fiscal year was 4331 thousand tonnes and 1633 thousand tonnes respectively. Urea offtake decreased by 2.5 percent while DAP offtake decreased by 6.4 percent as compared to the same time frame of the last year.

3.3.3 Cement Industry

Pakistan's cement industry has posted a healthy growth during the first nine months of current fiscal year July-March FY2020. Cement sector performance has backed by the increased exports mainly clinker which went up by 100 percent during the period. Domestic demand for cement has picked up the pace as government increased the development expenditures and improved remittances inflow may also have uplifted private construction activities.

COVID-19, as expected, had its impact on domestic consumption of cement industry that declined by 16.7 percent in March 2020. Exports also grew at lowest pace of 5.27 percent as the global markets are equally under pressure due to the same reason. Total dispatches (local and exports) in March 2020 declined by 14.25 percent to 3.721 Mt from 4.340 Mt in March 2019. The pressure was heavier from the domestic market where the uptake was reduced 3.214 Mt in March 2020 from 3.858 Mt in March 2019. Exports though inched up from 0.482 Mt in March 2019 to 0.507 Mt in March 2020.

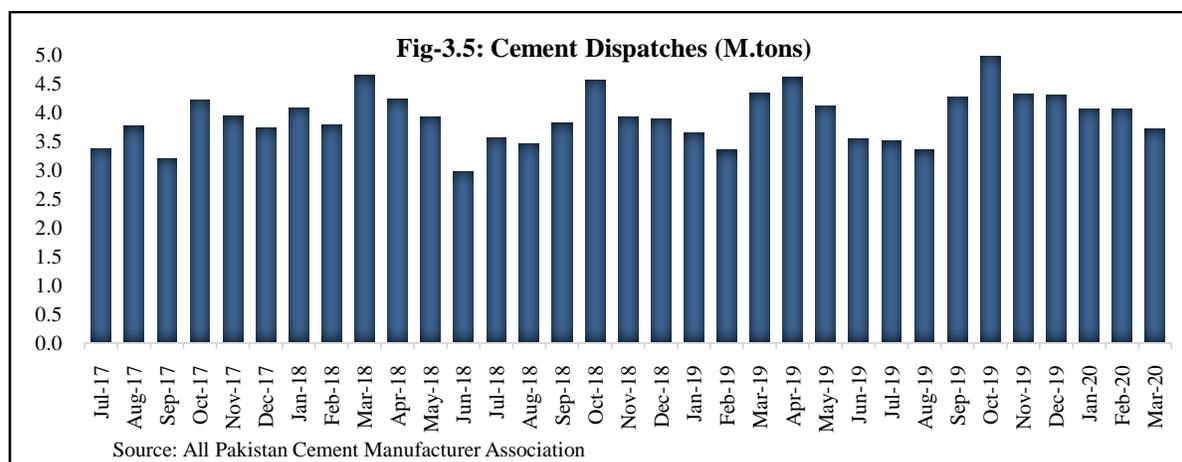
Northern Region

Domestic consumption in the northern part of the country declined by 10.48 percent as it was only 2.749 Mt in March 2020 when compared with 3.071 Mt in same month last year. Exports from northern mills also declined by 18.9 percent and reached to 0.107 Mt in March 2020 from 0.132 Mt in March 2019.

Southern Region

Domestic dispatches from mills in the southern part of the country reduced by 41 percent and reached to 0.464 Mt in March 2020 as compared to 0.787 Mt in March 2019. While

exports from the region increased by 14.3 percent, from 0.351 Mt in March 2019 to 0.401 Mt in March 2020.



Cumulative Dispatches

Total local dispatches during Jul-Mar FY2020 increased by 3.83 percent to 30.588 Mt from 29.461 Mt. Total exports rose to 6.446 Mt (25.63 percent increase) during Jul-Mar FY2020 from 5.131 Mt during the same period last year. The growth in local sales was entirely driven by the northern region while the south contributed to export performance. According to the APCMA, local dispatches from the north increased by 12.09 percent while southern region showed a decline of 26.8 percent during Jul-Mar FY2020. Export scenario is altogether opposite to local sale. Exports from the south increased by 44.19 percent while northern region came up with 3.70 percent decline during the period.

Cumulative dispatches (local & exports) posted a growth of 7.06 percent and reached to 37.035 Mt during Jul-Mar FY2020 as compared to 34.592 Mt in the corresponding period.

Years	Production Capacity	Capacity Utilization (%)	Local Dispatches	Exports	Total Dispatches
2006-2007	30.50	79.23	21.03	3.23	24.26
2007-2008	37.68	80.14	22.58	7.72	30.30
2008-2009	42.28	74.05	20.33	10.98	31.31
2009-2010	45.34	75.46	23.57	10.65	34.22
2010-2011	42.37	74.17	22.00	9.43	31.43
2011-2012	44.64	72.83	23.95	8.57	32.52
2012-2013	44.64	74.89	25.06	8.37	33.43
2013-2014	44.64	76.79	26.15	8.14	34.28
2014-2015	45.62	77.60	28.20	7.20	35.40
2015-2016	45.62	85.21	33.00	5.87	38.87
2016-2017	46.39	86.90	35.65	4.66	40.32
2017-2018	59.36	77.32	41.15	4.75	45.89
2018-2019	59.65	78.48	40.34	6.54	46.88
July-Mar					
2018-19	57.13	80.71	29.46	5.13	34.59
2019-20	63.63	77.60	30.58	6.44	37.04

Source: All Pakistan Cement Manufacturers Association (APCMA)

The government has introduced an incentive package for the construction industry in April 2020 which is expected to help increase local cement consumption. Package includes amnesty scheme, tax exemptions and Rs 30 billion subsidy for Naya Pakistan. Further, Construction sector has been given the industry status.

3.4 Small and Medium Enterprises

Small and Medium Enterprises Development Authority (SMEDA), the apex SME development organization of the Government of Pakistan, has an all-encompassing mandate of fostering growth of the SME sector. SMEDA's broad portfolio of services includes; 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. Salient activities/ achievements of SMEDA during Jul-Mar FY2020 are given in Table 3.15 below:

Table 3.15: SMEDA Over the Counter (OTC) Services (July 2019 – March 2020)

Sr. No.	Initiatives	Jul-Mar FY2020
1.	SME Facilitation	5,564
2.	Pre-feasibility Studies Development (New & Updated)	35
3.	Investment Facilitation (RS Million)	301.92
4.	Business Plans	5
5.	Training Programs	298
9.	Theme Specific Helpdesks	85
6.	OTC Products & Guide	18
8.	Cluster / District Profiles (New and Updated), Diagnostic / Value Chain Studies	11
10.	SMEDA Web Portal (Download Statistics)	118,649
11	SME Observer	1
12	SMEDA Newsletter	3

National SME Policy

The current government assigns high priority to SME development and creation of a conducive business environment for SMEs across Pakistan. In order to create a facilitative economic environment where SMEs can exploit emerging opportunities in the local and global market, draft National SME Policy has been developed by SMEDA.

Draft National SME Policy specifically focuses on job creation, export enhancement and increased contribution of SMEs to Pakistan's Economy. The Policy shall address core SME development issues, including; Access to Finance, Business Development Services (HR Development, Technology, Marketing, Market Access, Standards and Certifications, etc.), simplification & rationalization of taxation regime and reduction in cost of doing business. Other areas include IT, E-commerce, Women Entrepreneurship, Dairy and Livestock sector, etc. to promote growth through a sectoral approach. A cohesive strategic framework for business facilitation across the public sector institutional infrastructure, both federal & provincial, has also been developed to support holistic implementation of the Policy, under the principle of ease of doing business. Currently, the draft National SME Policy has been submitted to the Ministry of Industries & Production for review and subsequent submission to the Federal Cabinet for approval.

National Business Development Programme for SMEs (NBDP)

NBDP has been developed, for providing SME start-up support & business improvement through practical, on-ground services to SMEs. The project shall be instrumental in establishing new enterprises and building the capacity of existing enterprises through provision of Business Development Services (BDS), such as; marketing, technology, incubation, research & development and organizational development services. The program envisages to facilitate 314,901 SMEs, over a period of five years. The total cost of project is Rs 1954.978 million out of which an allocation of Rs 250 million has been made for FY2020.

In February 2020, SMEDA launched its Organizational Development (OD) Grants Program. OD Grant up to Rs 500,000 will be provided to support 150 SMEs. SMEDA's largest capacity building initiative comprising of 3,800 training programs during 5 years across Pakistan including Federal Capital, AJK & GB has also been launched under NBDP. A total of 15,000 SMEs will be targeted through this initiative in FY2020. In the current year, to date, **228 training programs have been conducted with 90,70 Participants**. Programs include Business Startup and Management, HR, Sales, Marketing, Regulatory / Legal Requirement and Soft Skills for effective business operation management. Furthermore, **76 theme specific programs / helpdesks with 1,240 participants** have also been held and 06 Over the Counter (OTC) Documents have been developed.

SME Development Projects under Public Sector Development Programme (PSDP)

SMEDA, during Jul-Mar FY2020 has initiated following PSDP funded projects:

- a. Product Development Center for Composites Based Sports Goods, Sialkot:** The project will serve as a Common Facility Center for manufacturing of composite sports goods i.e. Hockey sticks, Baseball and Cricket bats, Billiard Ques, Rackets, & Fishing Tackle & Golf sticks (10,800 products per annum). It is being undertaken to prepare and support local industry to aggressively enter the international market of composite-based sports goods. The total cost of project is Rs 487.97 million out of which an allocation of Rs 100 million has been made for FY2020.
- b. Fruit Dehydration Unit, Swat:** Fruit dehydration facility for processing fruits and vegetables is a Common Facility Center that will replace existing hazardous and obsolete sun drying practices with modern dehydration and packaging methods as per international standards. The total cost of the project is Rs 59.94 million out of which an allocation of Rs 25.89 million has been made for FY2020. The facility will have positive impact on reducing post-harvest losses that are estimated at 35 percent of total production of fruits and vegetables.
- c. SME Business Facilitation Center (SMEBFC), Multan:** The objective of SMEBFC is to facilitate SMEs through SMEDA services within the region. The total cost of project is Rs 59.89 million out of which an allocation of Rs 29.89 million is made for FY2020. SMEBFC will provide following services to SMEs:
 - Information dissemination
 - Delivery of need based training programmes for SMEs

- Identification of region-specific investment opportunities
- Over the Counter (OTC) products development

d. Business Skill Development Centers for Women at Dera Ismail Khan: The establishment of Business Skill Development Center will promote an entrepreneurial culture amongst women in Dera Ismail Khan. The total project cost is Rs 59.49 million out of which an allocation of Rs 15 million has been made for FY2020. Following services will be offered through BSDC:

- Development of Display Centers
- Development of Exhibition Centers
- Engagement of Business Development Services (e.g. accountants, lawyers, product developers)
- Help Desks for advisory Services

Special Projects with International Development Partners

a. SMEDA Industrial Support Programme:

SMEDA collaborates with international development organizations 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 to extend support to the local industries. Technical assistance is provided to SMEs in order to enhance competitiveness by improving productivity, quality and energy efficiency. Details of facilitation and support provided during the period are given below:

- Under the SMEDA-JICA Auto Parts Project, technical support was extended to 28 auto part manufacturers in Lahore and Karachi.
- Baseline Energy audits were conducted in 06 SMEs from auto parts sector and Sports goods sector. Follow up visits of 9 companies were also conducted for Improving Production Efficiencies
- Conducted Occupational Health & Safety assessment of 02 production units along with layouts comprising of safety equipment installations.
- Provided technical assistance in implementation of Japanese productivity and quality tools like 5s/5T to 15 SME units.
- Organized 16 training programs and workshops the areas of energy efficiency, productivity, quality, 5S/5T, total productive maintenance, etc.

b. Economic Cooperation & Development Forum (ECDF) under FATA Economic Revitalization Programme (FERP) – UNDP Funded Project

Economic Cooperation & Development Forum (ECDF) platform has been set-up to discuss challenges and opportunities to accelerate economic growth in the Newly Merged Districts (NMDs). The forum comprises 50 experts from public sector, think tanks, donors, civil society organizations, academia, banks, chambers and private sector. ECDF has developed and submitted proposals for development of mineral sector to the Khyber Pakhtunkhwa

government for economic development of NMDs. Other initiatives include; extension of Khyber Pakhtunkhwa Mineral Governance Act 2017, introduction of mineral specific magistracy system, digitalization of mine leases allotment process and declaring the ownership of Khyber Pakhtunkhwa Government on mineral resources in the NMDs.

c. Small Business Interventions to Support Development of Clusters through CFCs-UNDP

In order to develop clusters by establishing Common Facility Centers (CFCs), SMEDA and UNDP are jointly implementing Small Business Interventions Project. Under the project, 11 CFCs (7 in Khyber Pakhtunkhwa and 4 in Sindh) will be established. During the period, following 11 Proposals have been developed and submitted to UNDP for funding:

- Compartmentalized Cold Storage (100 MT), Mirpurkhas, Sindh
- Fruit Processing and Ripening Facility at Karachi, Sindh
- Onion Dehydration & Frying Processing Facility at Karachi, Sindh
- Garments Stitching Unit, Mithi- Sindh
- Peanut Processing Facility- Peshawar, Khyber Pakhtunkhwa
- Installation of Computer Numerical Control (CNC) Router Machine for wood carving, Peshawar, Khyber Pakhtunkhwa
- Fruits, Vegetables and Meat Dehydration Unit Chitral, Khyber Pakhtunkhwa
- Maize Silage Processing CFC at Mardan, Khyber Pakhtunkhwa
- Honey Processing CFC, Tarnab, Khyber Pakhtunkhwa
- Maize Silage Processing CFC at Domail, Bannu Khyber Pakhtunkhwa
- Women Owned Reefer Van for Trout Fish, Swat, Khyber Pakhtunkhwa

Cluster Development Based Mineral Transformation Plan/ Vision 2025

SMEDA was awarded a contract for a project titled ‘Feasibility/ Research Study on Cluster Development Based Mineral Transformation Plan/ Vision 2025’ by the Planning Commission. The project entails an extensive study of 20 mineral clusters of Pakistan. Through the project, the government intends to develop new mineral clusters besides improving the efficiency of existing ones throughout the value chain i.e. supply-chain development, market intelligence, attraction of foreign direct investment & improved processing. During the period, 05 Value Chain studies, 14 Cluster studies, and project proposals for Gypsum value addition & Advanced Granite Processing Unit, Mansehra were developed.

3.5 Slaughtering

Slaughtering has 6.9 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. Export opportunities of meat from Pakistan are rising in the wake of continuously rising demand in the global market. Middle East and Gulf markets have great potential for Halal meat suppliers. Pakistan has exported US\$ 233 million worth of meat during Jul-Mar FY2020 as

compared to US\$ 156.4 million during the same period last year, reflecting a 48.9 percent increase.

3.6 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 8.82 percent during Jul-Feb FY2020 as against 3.19 percent decline last year.

3.6.1 Minerals

The mineral potential of Pakistan is widely recognized to be excellent as out of 92 known minerals 52 are commercially exploited in Pakistan. It includes coal, copper, gold, chromite, mineral salt, bauxite and several other minerals. Despite of all the endowments mineral sector is exhibiting insipid performance and its contribution to GDP remained at 2.51 percent. 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 Jul-Feb FY2020, Barytes, Quartz, Ocher and Dolomite posted a positive growth of 241.6 percent, 130.8 percent, 68.8 percent and 16.27 percent, respectively. However, some witnessed negative growth during the period under review such as Coal 6.34 percent, Natural gas 6.36 percent, Crude Oil 10.55 percent, Chromite 54.5 percent, Magnesite 55.9 percent, Lime Stone 14.71 percent, Marble 3.62 percent and Iron Ore 32.73 percent. (Table 3.16).

Table 3.16: Extraction of Principal Minerals

Minerals	Unit of Quantity	2017-18	2018-19	2019-20	%Change FY2020/FY2019
Coal	M.T	4477555	5371865	5031135	-6.34
Natural Gas	MMCF	1458934	1436542	1345129	-6.36
Crude Oil	JSB(000)	32557	32495	29068	-10.55
Chromite	M.T	97420	143936	65489	-54.50
Magnesite	M.T	23596	41477	18628	-55.09
Dolomite	M.T	488825	366775	426448	16.27
Gypsum	M.T	2475893	2265131	1616750	-28.62
Lime Stone	M.T	70818725	67649059	57697651	-14.71
Rock Salt	M.T	3653746	3796634	2613031	-31.18
Sulphur	M.T	22040	20715	20715	0.00
Barytes	M.T	88847	10725	36643	241.66
Iron Ore	M.T	677206	626646	421532	-32.73
Soap Stone	M.T	141504	167148	157148	-5.98
Marble	M.T	8813025	7990473	7700855	-3.62
Bauxite	M.T	145189	94149	67721	-28.07
Quartz	M.T	125014	116473	268846	130.82
Ocher	M.T	75939	81946	138384	68.87

Source: Pakistan Bureau of Statistics (PBS)

Punjab

Mines & Minerals Department is responsible for exploration, exploitation and investment promotion of mineral endowments in Punjab. It grants and regulates the leases of all minerals except oil, gas & radioactive minerals. Directorate General of Mines & Minerals has contributed a handsome amount Rs 30 billion as non-tax revenue during last five years.

Major Initiatives during Jul-Mar FY2020

- To promote investment and to boost the trust of investors, the department has lifted ban on grant / renewal of mining concession to cement sector after almost 5 years. Currently around 26 applications are being processed for grant of mining concessions of cement raw material.
- To bring transparency and efficiency in grant of mining concessions the Department has taken initiative for development of Web-GIS Based Mining Management Information System. The relevant HR for development of this system is recruited by the department and they are currently working on the development of this system. The objectives of this system are:
 - Once completed and operational, it will readily provide access to the public to geographic location of mining concessions; their grant details; production etc.
 - It will also include application management system for maintaining and filing of online application for grant of mining concessions.
 - The potential mining and geological information will be published through this system for attraction of potential investors.
- To encourage the investors in small scale mining and to remove confusion for current concessionaires, the department has also taken initiative for lifting of ban on grant / renewal of coal mining concessions. The process for lifting the ban is in final stages.

MINERALS	Jul-Feb FY2019 (M tonnes)
Arg Clay LSM	3,600,517
Bauxite	51,447
Coal	621,886
China Clay	6,029
Fireclay	620,597
Fuller Earth	400
Gypsum	425,669
Gypsum LSM	258,135
Iron Ore	176,252
Lime Stone	7,736,681
Lime Stone LSM	13,976,490
Rock Salt	1,160,595
Rock Salt LSM	699,355
Silica Sand	447,941
Silica Sand LSM	29,198

Source: Director General Mines and Minerals, Punjab

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 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. Mines Rescue Safety and Training Centre is playing an important role in providing technical hands, so far more than 7500 workers have been professionally trained.

The Centre has arranged 104 training programs for the persons from workers to managerial position in the mines. The Centre is planning to impart training to more than five hundred workers up to June 2020. Based on the exploration done so far, excellent prospects of other valuable deposits exist. The production data of mineral in respect of Khyber Pakhtunkhwa is given in the table 3.18:

Table 3.18: Mineral Production Data

MINERALS	Jul-Dec FY2020 (M. tonnes)
Barytes	1335
Bauxite	5806
Coal	308631
Dolomite	187600
Granite	102559
Gypsum	342597
Iron ore	5292
Lime stone	10612115
Marble	1806867
Rock salt	100874
Slate Stone	301505
Shale Clay	1096847

Source: Mines and Minerals, Khyber Pakhtunkhwa

Major Initiatives during Jul-Mar FY2020

- Amendment Bill regarding Khyber Pakhtunkhwa Mines and Minerals Act, 2017 has been approved by the provincial assembly and special provision has been incorporated for Erstwhile FATA.
- Ban of erstwhile FATA application has been lifted.
- An ADP scheme “Establishment of Mining Cadastral system in Khyber Pakhtunkhwa” is in process.
- Total No. 1646 applications for different Mineral Titles have been processed in 2019.

Sindh

The province of Sindh has large quantities of minerals. In all there are 24 minerals which are being mined at present. Among these, Sindh has large quantities of coal and granite reserves. The granite area which was inaccessible has now been connected with Karachi by a network of roads and other facilities like Rest House etc. It is also proposed that a Granite Park will be established at Nagarparkar. Karunjhar range of mountains in Nagarparkar has huge reserves of granite and other rock types of extractable thickness which has the potential to compete the international market. It spreads over vast area and its estimated reserves are around 10 billion tons. The Directorate of Mines & Mineral Development, Sindh is sponsoring a scheme for study through consultant “Feasibility Study of Granite Deposits in Tharparkar, Sindh”. Previously leases were granted in haphazard manner without any policy. The department has now 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 year 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.

Sindh has large coal reserves of the country. It is estimated around 185 billion tons of coal in Lakhra, East of Indus and Thar. At present percentage of coal in energy is negligible. The department is in the process of assessment and exploitation studies of these coal reserves and intends to set up Power Houses / Projects running on this coal. Department intends to have 30 percent energy produce on coal by year 2030.

The Mines & Mineral Development Department, has already established Geo-data Centre with official web portal which will provide all the necessary information to the General Public as well as Investors/Stake holders. This carries with mineral based information and online granted leases database along with provision of information regarding the granted areas in the Sindh.

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 the blessing of 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.

Nature has gifted Balochistan with vast natural resources. Efforts are being made for scientific exploration and exploitation of these 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. Nine large scale licenses and more than 1450 concessions of various minerals have been granted to different private/public-sector small-scale Mining companies.

Balochistan province has large deposits of Limestone, Gypsum and Coal (raw material for cement manufacturing) and investment opportunities for installation of cement factories are available. Seven applications for grant of exploration and Mining Lease are under process for cement raw material in Director General of Mines & Minerals office Quetta. After completion of study reports the Licenses will be granted. The Geological Survey of Pakistan (GSP) has planned the mapping of 50 top sheets of the 'outcrop area' of Balochistan for identification of minerals at a cost of Rs 127.595 million during a three-year period. The project has been submitted to the quarters concerned for its incorporation in the Public Sector Development Programme (PSDP 2020-2021).

3.7 Conclusion

LSM has exhibited a mix pace of performance during FY2020. The policy measures taken to stabilize the economy in FY2019 still continued its impact in FY2020. In addition, expensive industrial inputs, implementation of stabilization and revenue measures and lower

domestic demand remained the key reasons behind this subdued performance. However, when slight improvement was started to be seen in export-oriented sectors and construction allied industries i.e. cement, thus a gradual economic recovery was expected but unfortunately recent COVID-19 crisis has brought economic activity to a near-halt, both domestically and globally. Textile and Apparel, a heavy weight sector, is highly exposed to this crisis due to its labor-intensity. Still, uncertainty regarding pandemic, global economic downturn and dismal domestic demand has escalated the downside risks for the manufacturing sector. Nevertheless, the government measures taken to boost economy are expected to bring positive impact on manufacturing.

Mining and Quarrying posted subdued performance during FY2020. Nevertheless, considering its huge potential, government is committed to make this sector as one of the most profitable and rapidly growing sector of the economy.
