

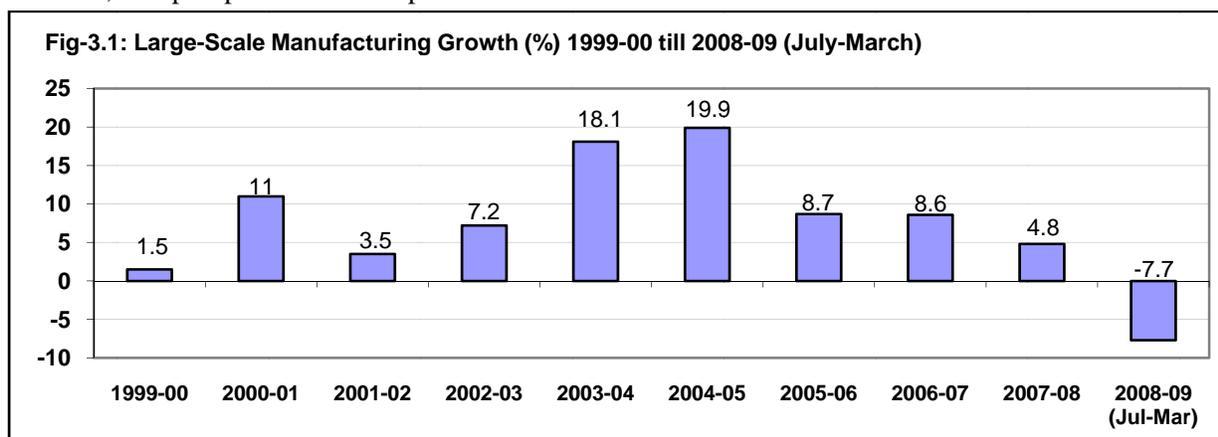
Manufacturing

3.1 Introduction

The manufacturing being the second largest sector of the economy bears significant importance antitates 18.4 percent contribution to GDP. Overall manufacturing sector posted a negative growth rate of 3.3 percent during the current fiscal year against the target of 6.1 percent and 4.8 percent of last year. However, production in large-scale manufacturing during July-Mar 2008-09 witnessed a broad-based decline of 7.7 percent against the revised growth target of negative 5.0 percent. The sluggish growth in large-scale manufacturing during the current fiscal year is mainly caused by the impact of severe energy shortages, deterioration in domestic law and order situation, sharp depreciation in rupee vis-à-vis US

dollar and most importantly, weak external demand on the back of global recession coupled with slowdown in domestic demand. Despite these visible problems, it is noteworthy that almost all of the negative growth is attributed to industries catering to domestic consumer demand for durable goods. Because slower income growth and high inflation impaired consumer's ability to spare funds for purchasing durable goods.

Figure 3.1 shows the variations in growth of Large Scale Manufacturing (LSM) since 1999-00 to July-Mar, 2008-09. It is evident that growth rate was as high as 19.9 percent in 2004-05 and as low as negative 7.7 in the ongoing fiscal year i.e. 2008-09.



3.1.1 Group-wise performance

The group-wise analysis (Table-3.1) indicates that most of groups of the large-scale manufacturing (LSM) experienced negative growth during the first nine months of current fiscal year. The groups exhibiting substantial decrease include Automobile group (39.0 %) followed by Electrical (31.3%), Petroleum (9.2%), Food, Beverage and Tobacco

(10.5%), Steel products (5.62%), Tyres and Tubes (4.0%) and Textile (0.73%). Main reasons of the negative trend in automobile group are imposition of additional taxes on the Industry, depreciation of Pak-rupee against major currencies, imposition of 35 percent cash margin on import letters of credits, continued import of used vehicles, increase in the rate of sales tax, stringent regulatory measures high mark-up rates for financing of vehicles, decline in

disposable income of the consumer due to significant rise in inflation and rise in the costs of materials.

Electronics industry performed below its potential, principally due to severe shortages of electricity, increased cost of financing and government revised upward duties on hundreds of items. Tyre and tubes recorded negative growth rate of 4.0 percent. Production of Rubber and Tubes products depicted a decrease of 2.9 percent over the same period of last year. It declined due to decrease in production of motor tyre, cycle tyres & tubes. Import of crude rubber and rubber tyres & tubes also declined during the current financial year. Likewise, Food, beverages & tobacco group (weight: 14.35%) declined by 10.5 percent. Production of beverages (weight; 0.28%) declined by 3.7 percent as the prices of sugar, one of the key inputs in beverages, sharply rose in recent months. Production of cigarettes (weight: 3.06%) increased by 11.37 percent, whereas tobacco exports increased by 37.30 percent. Production of vegetable ghee (weight: 4.24%) and cooking oil (weight: 1.32%) declined by 8.17 percent and 3.52 percent respectively, while import of palm oil, main ingredient in ghee and cooking oil, decreased by 4.96 percent during July-March 2008-09.

Petroleum products group another sub-sector of LSM recorded a decline of 9.2 percent, in

production due to circular debt being the main financial constraint of refineries. Pakistan State Oil (PSO) owes about Rs.38 billion to different refineries, and it has receivables of about Rs.85 billion against Independent Power Producer (IPPs), thus increasing the severity of the problem. In addition, due to relatively high prices of POL and overall slowdown in economic activities, sales of POL dropped during current financial year. Steel product group posted 5.6 percent decline during the period under review. This industry is suffering from the lagged impact of (high past) international commodity prices besides sluggishness in domestic construction activity amid lower public sector spending under PSDP. Capital flight towards once lucrative Middle East real estate as well as increased cost of construction due to high inflation also led to decline in domestic construction activities. Textile sector being an export oriented industry of Pakistan and more prone to international demand shocks, is under severe stress amid a global recession, however, textile production has declined slightly, by 0.7 percent over the same period last year. Textile sector was badly hit by power shortages and weak external demand. Both cotton yarn and cotton cloth industries, which has the largest shares in the textile sector, posted negative growth of 0.3 percent and 0.3 percent respectively during the first nine months of current financial year.

Table-3.1 Group-Wise Production of Large-Scale Manufacturing (%)

S.No.	Groups	Weights	2006-07	2007-08	July-March	
					2007-08	2008-09
1.	Food, Beverage & Tobacco	14.352	7.8	8.3	11.5	-10.5
2.	Textile & Apparel	26.408	9.1	1.8	2.6	-0.7
3.	Leather Products	2.272	8.6	4.8	3.5	2.9
4.	Paper & Paper Board	0.600	-2.5	-2.5	-3.4	2.9
5.	Pharmaceutical	5.030	10.7	25.1	31.1	0.9
6.	Chemicals	2.884	4.4	4.9	5.1	3.8
7.	Fertilizers	3.383	-7.7	-2.5	-16.8	21.5
8.	Petroleum Groups	5.232	-1.8	6.0	8.7	-9.2
9.	Tyres & Tubes	0.303	-31.5	-7.1	-3.4	-4.0
10.	Non-Metallic Minerals Products	4.192	23.1	17.4	17.4	4.8
11.	Steel Products	3.504	29.3	-9.5	-7.6	-5.6
12.	Engineering Products	0.446	21.5	11.6	19.9	0.8
13.	Electrical	2.485	9.5	-4.0	-4.6	-31.3
14.	Automobile	3.955	6.0	-3.1	-0.9	-39.0
	All Groups	75.045	8.6	4.0	5.4	-7.7

Source: Federal Bureau of Statistic

The production of a few groups depicted increase like Fertilizer (21.5 %), followed by Non-metallic Minerals Product group (4.8%), Chemicals (3.8%), Leather products (2.9%), Paper and Paper Board (2.9%), Pharmaceutical (0.9%), Engineering (0.8%). Fertilizer the only industry, having considerable weight in LSM (3.4 %), has registered a double digit growth of 21.53 percent during first nine month of current financial year owing to strong demand and low base effect due to last year's closure of a phosphatic fertilizer plant for BMR and expansion purposes. Among non-metallic mineral products, production of glass sheet (weight: 0.05%) and cement (weight: 4.14%) grew by 13.2 percent and 4.7 percent, respectively. The sustained growth in recent years in cement industry is an outcome of increase in production capacity and exploitation of export markets. Cement exports increased by 48.78 percent. Chemical group's output (weight: 2.88%) increased by 3.85 percent. Major increase in this group was witnessed in production of paints &

varnishes (S) 19.18 percent, paint and varnishes (L) 13.25 percent, hydrochloric acid 10.27 percent, soaps and detergent 7.55 percent and starch products 5.87 percent. Output of upper leather, sole leather and footwear, having 2.27% weight as a whole increased by 2.90 percent. Overall footwear exports grew by 11.3 percent, whereas, leather footwear exports increased by 15.6 percent. Paper & Paper Board witnessed increase of 2.9 percent. Output of pharmaceutical depicted an increase of 0.9 percent due to an increase in import by 4.9 percent. However, their export declined by 5.4 percent.

Engineering products (weight 0.45%) witnessed increase in output by 0.8 percent during current financial year. Prime contributors towards engineering products growth were wheat thrashers (147.1%), safety razor blades (10.14%) and diesel engines (0.18%). Production of sugarcane machines, power looms, bicycles, and chaff cutters, however, declined by (36.86 %), (26.86 %), (30.42 %) and (3.37 %) respectively.

Table-3.2: PRODUCTION OF SELECTED INDUSTRIAL ITEMS OF LARGE SCALE

S.No.	Items	Unit	Weight	(Jul-Feb)		% Change
				2007-08	2008-09	
1	Vegetable Ghee	(000 tones)	4.242	861.6	791.2	-8.2
2	Cooking oil	(000 tones)	1.319	203.6	196.4	-3.5
3	Sugar	(000 tones)	4.15	4351.2	3205.9	-26.3
4	Tea Blended	(000 tones)	0.319	51.1	50.9	-0.5
5	Cigarettes	(Billion Nos)	3.055	49.9	55.6	11.4
6	Cotton Yarn	(Million. Kg.)	13.066	2203.5	2197.6	-0.3
7	Cotton Cloth	(Million. sq.m.)	7.549	763.4	760.9	-0.3
8	Cotton (Ginned)	(000 tones)	3.368	1487	1508	1.4
9	Upper Leather	(000 sq .m.)	1.117	15760	14565	-7.6
10	Tablets	(Million Nos.)	2.575	14164.5	14165.4	0.01
11	Liquids/Syrups	(Million Liters.)	1.525	51.4	52.3	1.7
12	Nitrogenous fertilizer	(000 N.tones)	1.498	1825.2	1810.2	-0.8
13	Phosphatic fertilizer	(000 N.tones)	1.885	241.9	322.5	33.3
14	Petroleum products	(Million Liters.)	5.323	10280.2	9335.4	-9.2
15	Cement	(000 tones)	4.141	19364	20277	4.7
16	Coke	(000 tones)	1.441	217.4	329.7	51.7
17	Pig iron	(000 tones)	1.613	731.3	640.9	-12.4
18	Refrigerator	(000 Nos.)	0.589	689.9	605.3	-12.2
19	Deep Freezers	(000 Nos.)	0.399	113.5	93.4	-17.7
20	Jeep & Cars	(Nos.)	2.534	123107	63984	-48.0

Source: Federal Bureau of Statistics

A review of production of selected items of large scale manufacturing having a total weight of 61 percent out of 75 percent is unsatisfactory. In the

food category there was a decline in production of vegetable ghee (8.2%), cooking oil (3.5%), and sugar (26.3%) over the same period last year.

Cotton yarn (0.3%) and cotton cloth (0.3%) recorded slight negative growth while petroleum products also witnessed 9.2 percent decrease. Similarly other items like jeeps & cars (48.0%), deep freezer (17.7%), refrigerator (12.2%), pig iron (12.4%), upper leather (7.6%), nitrogenous fertilizer (0.8%), and tea blended (0.5%) have also witnessed negative growth.

However, production of a few items depicted increase in their production such as cigarettes (11.4%), cotton (ginned) (1.4%), liquids/syrups (1.7%), phosphatic fertilizer (33.3%), cement (4.7%) and coke (51.7%) See Table-3.2.

3.2 Textile Industry

Pakistan is the 4th largest cotton producer and 3rd largest cotton consumer. The textile and clothing industry has been the main driver of the export based industry for the last 50 years in terms of foreign currency earnings and jobs creation. Textile industry nourished under official patronage, but lost its euphoria in the post-quota regime. Its share in exports had declined from 66 percent in 2004 to 53.7 percent in current financial year. The Textile Industry in Pakistan has not been able to reap all the benefits of post quota regime as compared to other regional competitors. China,

India and Bangladesh are posing tough challenge by virtue of their competitiveness. Some sub-sectors of Textile Industry have been impacted from the new trade development, viz, cotton yarn cotton cloth; bed-wear, garment and knitwear sectors remained under pressure. Textile industry is a pre-dominantly export oriented industry and about 75 percent to 80 percent of total Produce of Cotton and Synthetic Textiles are exported in the form of Yarn, Fabric, Readymade Garments, Bed Wear & Made Ups. Product wise detail of export is appended in Table-3.3.

The year 2008-09 was a dismal period in a way since the industry was confronted with a host of problems. The recent global economic crisis has impacted trade badly. The impact of globalization is apparent on both demand and supply sides of the trade equation. However, global supply capacities have exceeded more than demand in recent years. Domestically, the increase in cost of utilities, (Power, Gas, Transport, and Petrol) has impacted the viability thus forcing the industry to make distress sales. Resultantly all competing countries are making distress sales to sustain their market share. This has also affected Pakistani Textile Industry.

Table-3.3: Export Performance of Textile Industry

		Quantity		%	\$ Million		%	
		2007-08	2008-09		Change	2007-08		2008-09	Change
Grand Total					7,783,672	7,193,588	-7.6	
1	Raw cotton	MT	38,509	75,815	96.9	46,090	80,000	73.6
2	Cotton Yarn	MT	419,528	384,410	-8.4	974,202	823,036	-15.5
3	Cotton Cloth	TH.SQM	1,437,467	1,496,780	4.1	1,437,583	1,488,344	3.5
4	Cotton Crded or Combed	MT	12,207	8,808	-27.8	11,887	11,219	-5.6
5	Yarn Other than Cotton Yarn	MT	15,366	7,040	-54.2	38,366	17,884	-53.4
6	Knitwear	TH.DOZ	73,913	74,804	1.2	1,384,341	1,317,915	-4.8
7	Bed Wear	MT	247,898	238,103	-4.0	1,425,663	1,259,148	-11.7
8	Towels	MT	106,680	129,026	20.9	438,297	468,976	7.0
9	Tents, Canvas & Tarpulin	MT	17,714	16,390	-7.5	54,991	44,385	-19.3
10	Readymade Garments	TH.DOZ	28,250	22,777	-19.4	1,057,781	919,222	-13.1
11	Art, Silk & Synth. Textile	TH.SQM	362,351	255,243	-29.6	330,764	223,255	-32.5
12	Madeup Articles	-	-	-	-	380,558	370,308	-2.7
13	Other Textile Materials	-	-	-	-	203,149	169,896	-16.4

Source: Federal Bureau of Statistics

Textile Industry has made an investment of about 7.5 billion US\$ during the last ten years (1999-2009). The total investment to be divided in various sub sector of textile industry, indicates that

50.2 percent in spinning sector followed by 17 percent in textile processing, 15 percent in weaving while the investment and other sectors namely like knit and wear, made ups and synthetic textile at

respective rate of 7.02 percent, 4.71 percent and 5.76 percent. This investment includes both investment through bank loan as well as own sources. This investment has been made in the form of Balancing Modernization Replacement (BMR) expansion and new capacity. Textile Machinery worth US\$ 0.4 billion has been imported during the current financial year. Imports

of textile machinery during 2004-05 to July-March 2008-09 are given in table 3.4.

As evident in table: 3.4, the textile machinery has been showing decreasing trend in a row since 2004-05. During the current financial year textile machinery as per previous trend posted a negative growth of 46 percent against the same period last year.

Table-3.4: Import of Textile Machinery

2004-05	2005-06	2006-07	2007-08	July – March		% Change
				2007-08	2008-09	
928.6	817.240	502.89	438.27	318.1	171.5	-46.1

Source: Federal Bureau of Statistics

The industry has however, to be facilitated to exploit its full potentials. The current scenario poses challenges firstly to sustain its global positioning & secondly to increase its market share. This value can be increased only through marked improvement in quality, market tie-ups, image building and change in business philosophy. This requires up gradation of human skills both in manufacturing and marketing. Focus should be for development of large scale units, through mergers acquisitions, concentrating on Research & Development (R&D), technical innovation, product development on one hand and brand & market development on other.

3.2.1 Ancillary Textile Industry:

This segment includes cotton ginning, 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 unorganized cottage/small & medium units. The performance of these various ancillary textile industries is evaluated below:-

i) Cotton Ginning Sector

Ginning is the first mechanical process involved in the processing of cotton. In this mechanical process lint is separated from seed. The ginning industry has mushroomed in the cotton growing areas of Pakistan informally and without adequate regulation. There are 1221 ginning factories in the country. Ginning

industry has installed capacity of more than one million bales on a single shift basis and a total capacity of around 20 million bales on three shift basis, part of which lies unutilized.

ii) Cotton Spinning Sector:

The Spinning Sector is the most important segment in the hierarchy of textile production. At present, it is comprised of 521 textile units (50 composite units and 471 spinning units) with 10.1 million spindles and 114 thousand rotors in operation with capacity utilization of 89 percent and 60 percent respectively, during July-March 2008-09.

iii) Cloth sector:

The pattern of Cloth Production is different than spinning sector. There are three different sub-sectors in weaving viz, Integrated, Independent Weaving Units and Power Loom Units. There is Investment in the shuttle-less looms both in integrated and independent weaving sector and this trend is likely to intensify further. The Power Loom Sector have modernized and registered a phenomenal growth over the last two decades. This growth in power loom sector is due to favorable Government policies as well as market forces. This sector is producing comparatively low value added grey cloth mostly of inferior quality. Problems of the

power loom sector revolve mainly around the poor technology, scarcity of quality yarn and lack of institutional financing for its development from unorganized sector to an organized one.

Production (M.SQ.Mtrs.)	July-Mar 2007-08	July-Mar 2008-09	% Age Change
Mill Sector	763.44	763.38	-0.01
Non Mill Sector	5963.86	5966.05	0.04
Total	6727.30	6729.44	0.03

Source: Textile Commissioner's Organization

iv) Textile Made-up Sector:

This is the most dynamic segment of Textile Industry. The major product groups are Towels, Tents & Canvas, Cotton Bags, Bed-Wear, Hosiery, Knitwear & Readymade Garments including Fashion Apparels. Table.3.3 compares export performance of made-up sector during the period July-Feb 2007-08 and July-Feb 2008-09 .

a) Hosiery Industry

There are about 12,000 Knitting Machines in this industry. The capacity utilization is about 70 percent. There is greater reliance on the development of this industry as there is substantial value addition in the form of knitwear. Besides locally manufactured machinery, liberal import of machinery under different modes is also being made and its capacity based on exports is being developed.

b) Readymade Garment Industry.

The Garment Industry provides highest value addition in textile Sector. The Industry is distributing in small, medium and large scale units most of them having 50 machines and below. Large units are presently coming up in the organized sector of the industry. The industry enjoys the facilities of duty free import of machinery and income tax exemption. This sector has shown tremendous export performance in the past.

c) Towel Industry

There are about 7500 Towel Looms in the country in both organized and unorganized sector. This Industry is dominantly export based and its growth is all the time depended on export outlets. The existing towels manufacturing factories are required to be up-graded to produce higher value towels.

d) Canvas

This is the highest raw Cotton Consuming sector. Its production capacity is more than 100 million Sq. Meters. This value-added sector has also great potential for export. The 60 percent of its production is exported while 40 percent is consumed locally by Armed Forces and Food Department. Pakistan is the cheapest source for supply of Tents and Canvas.

v) Synthetic Fiber Manufacturing Sector:

This sector has made progress in line with demand of the Textile Industry. Presently there are Five (5) Polyester Fiber Units with production Capacity of 640000 Tons per year; one acrylic fiber unit (M/s. Dewan Salman) has started its commercial production in December 1999, with rated capacity of 25,000 Tons per annum. Two Unit of Viscose Fiber with a capacity of 10,000 Tons and 72000 tons per annum respectively have also gone into production. Besides import of Man Made (M.M). Fibers is permissible to supplement the local production.

vi) Filament yarn Manufacturing Industry:

The Synthetic filament yarn manufacturing industry picked up momentum way back during 5th Five Year Plan when demand hiked and hence imports increased and private sector was permitted to make feasible investment for strengthening market. Presently, following two kinds of

filament yarn are being manufactured locally:

	Type of Yarn	No of Units	Production of Capacity
1.	Acetate Rayon Yarn	1	3000 (M.Tons)
2.	Polyester Filament Yarn	21	95000 (M.Tons)
		Total	98000 (M.Tons)

Source: Textile Commissioner's Organization

vii) Art Silk and Synthetic Weaving Industry

Art Silk and Synthetic Weaving Industry had developed over the time on cottage based Power Looms Units comprising of 08-10 looms spreading all over the country. There are approximately 90,000 looms in operation of which 30,000 looms are working on blended yarn and 60,000 looms on filament yarn. Besides there are some mobile looms which become operational on market demand. The major concentration of the industry is in Karachi, Faisalabad, Gujranwala, Jalalpur Jattan as well as in the un-settled areas (Bara, Sawat, Khyber Agency and Waziristan).

viii) Woolen Industry

The main products manufactured by the Woolen Industry have been Woolen Yarn of 6.864 M. Kgs., Acrylic yarn 6.960 M.kgs, Fabrics 3,445 (M.sq.meter), Shawls 13.353 million, Blanket 657,235 and Carpet 3.5 (M.Sq.meter).

ix) 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 production of the jute goods for the period of July-March 2007-08 and July-March 2008-09 was 92666 metric tones and 98753 metric tones, respectively, exhibiting an increase of 6.6 percent.

3.3 Other Industries

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

3.3.1 Engineering Sector

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

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

Automotive Industry

Except in case of Farm Tractors where the production has gone up by 12 percent the cumulative production of all other automotive vehicles in the country namely; passenger cars, jeeps, buses, trucks, light commercial vehicles and two/three wheelers have suffered a massive downturn by 30.57 percent i.e. from 616,964 to

428,335 units, during (July-March 2008-09) as compared with the corresponding period of last year. A host of reasons are responsible for this downturn. i) Imposition of corrective measures on the car industry in Budget 2008-09. ii) Substantial depreciation of Pak rupee against major currencies. iii) Imposition of 35 percent cash margin on import letters of credits. iv) Continued import of used vehicles-passenger cars and heavy commercial vehicles. v) Increase in the rate of Sales Tax. vi) Stringent regulatory measures and high mark up rates for financing of vehicles. vii) Decline in disposable income of the consumer due to significant rise in inflation, rise in the costs of materials and general economic conditions. The government did intervene to remove the irritants in its bid to give a boost to the sales but those

measures will take a little longer to yield positively.

There has been a massive fall of 48.12 percent in production of passenger cars. Only 63,273 units of cars were produced during July-March 2008-09 against 121,958 units produced in the same period last year. Similarly, 14,366 units of light commercial vehicles (LCVs) and jeeps were produced against 16,801 units in last financial year. The production of buses also fell substantially by 51.31 percent from 838 units to 408 units and similarly the production of trucks declined by 34.6 percent. However, the production of the farm tractors grew by 11.9 percent with 41,661 units. Two three wheelers have registered a significant decrease of 26.6 percent. Table 3.7 shows comparative position at a glance.

Table 3.7 Installed & Operational Capacity of Automotive Industry (Number)

Category	Installed Capacity	No. of Units produced			
		2007-08	2007-08 (Jul-Mar)	2008-09 (Jul-Mar)	% Age Change in 2008-09 over 2007-08
Cars	275,000	164,710	121,958	63,273	-48.12%
LCVs/Jeeps	40,000	22,934	16,801	14,366	-14.49%
Buses	5,000	1143	838	408	-51.31%
Trucks	28,500	4,993	3,317	2,169	-34.61%
Tractors	65,000	53,256	37,226	41,661	11.91%
Two/Three Wheelers	1,700,000	641,031	474,049	348,119	-26.56%

Source : Pakistan Automotive Manufacturers Association

Ease in inflationary pressures and subsequent monetary easing will partly help in revival of automobile sector. However, to achieve earlier momentum of production and to grow further, availability of institutional credit for consumer durables, appropriate pricing of domestic automobiles and waiving off of full advance and own money are some per-requisites. Auto-Industry has to increase its productivity to be competitive and realize the dream of exporting Made in Pakistan cars in near future.

The industry is fully poised to serve with the expansion of installed capacity of the Car/LCVs Jeeps, Heavy Commercial Vehicles (HCVs), Two/Three Wheelers and Farm Tractors plants which now exceeds the demand particularly for

HCVs and Two/Three wheelers. More investment which is likely to increase from present Rs. 25 billion to Rs. 53 billion for the next five years, necessitates adoption of strict measures against import and smuggling of second hand vehicles.

3.3.2 Fertilizer Industry

Pakistan fertilizer industry comprises of nine urea plants, having a total production capacity of 5886 thousand product tones per annum. Recently few plants of Single Super Phosphate (SSP) fertilizer with low grade has also been installed and production has started. There are five major private sector fertilizer producers operating in the country namely (i) Fauji Fertilizer (ii) Engro Chemical Pakistan Limited

(iii) Dawood Corporation Limited (iv) Fatima Fertilizer and (v) Azgard Nine.

Urea plants are running at 100 percent plus capacity utilization levels but the fertilizer industry is still facing shortfall in urea supply. On account of existing supply shortfall problem in fertilizer, the country has to depend on imports to meet the national requirement. During the current fiscal year 2008-09 (July-March), the fertilizer imports remained at 401 thousand nutrient tones against 818 thousand nutrient tones for same period last year.

Domestic fertilizer industry witnessed positive trend in production during 2008-09 (July March). The production in nutrient terms increased from 2076 thousand tones during 2007-08 to 2150 thousand tones during 2008-09 (July-March) showing an increase of 3.6 percent. Nitrogen production was 1870 thousand tones during 2008-09 (July March) and recorded an increase of 0.6 percent (87.0 percent share in total nutrient production), phosphate 270 thousand tones (12.6 percent share in total nutrient production), depicting an increase of 31.9 percent. This increase in phosphate production is attributed to production capacity enhancement in Fauji Bin Qasim DAP plant from 450 thousand tones to 660 thousand tones per annum. Potash blends production was about 11 thousand tones which is less by 20 percent (0.5 percent share in total nutrient production).

To achieve the objective of balanced fertilizer use, the Government of Pakistan had allocated an amount of Rs. 32 billion in terms of granting fertilizer subsidy in the budget of 2008-09. From July 2008, the rate of subsidy per bag (50 kg) of DAP increased from Rs. 470 to Rs. 2200, while the price of DAP fertilizer was capped at Rs. 3050 per bag (ex-Karachi). The increase in rate of subsidy was due to rapid price hike of DAP fertilizer in international market which resulted into landed cost at Rs. 5250 per bag (ex-Karachi). Increase in the urea prices in the domestic market during 2008-09 was due to delayed import

which pushed up the prices of urea in domestic market.

Fertilizer sector is the second largest consumer of gas after power sector. Natural gas is used as feedstock as well as fuel in the manufacturing of nitrogen fertilizer. Three companies namely Sui Northern Gas Pipeline Limited, Sui Southern Gas Company Limited and Mari Gas Company Limited are providing gas to fertilizer sector. The consumption of gas during 2007-08 was 200,061 mmcft out of this 80 percent was used as feed stock and 20.0 percent as fuel.

To enhance the fertilizer production in the country new investment in this sector is underway. Expansion/BMR of Fauji Fertilizer Bin Qasim Limited (FFBL) for 220 thousand tones of DAP has been completed and started to yield production from April 2008. A new project of Fatima Fertilizer Company with a capacity of 400 thousands tones of urea, 450 tones of CAN, 400 thousands tones of NP and 300 thousands tones of NPK is under construction. Which will start production by 2010. Engro Chemical is installing a new urea plant with annual capacity of 1300 thousand tones. The plant will be operationalized by 2010-11. Suraj Fertilizer Industries has set up a new plant of SSP (18 percent) at Harappa (Sahiwal) with production capacity of 150 thousand tones annually which will start production in May/June 2009. The Pak American Fertilizer Company owned by Azgard Nine Group has purchased Hazara Phosphate plant of SSP fertilizer, the last fertilizer unit working in public sector. In addition, few companies have started production of SSP with the annual production capacity of around 20 thousand tones at small scale level.

3.4 Public Sector Industry

This is a review of Public Sector corporations namely: NFC, PACO, SEC and Pakistan Steel. Performance as per key indicators during July-March 2008-09 documented in Table-3.8

Production value of all operating units under three corporations (NFC, PACO and SEC) decreased by 32.90 percent against the same period last year. SEC experienced an increase of 37.80 percent, while PACO showed decline of 31.96 percent. Net Sales (excluding Pakistan Steel) increased to an estimated amount of Rs. 14,061 million for July-June, 2008-09 as compared to Rs. 4,753 million during the corresponding period last year. NFC and SEC have shown an increasing trend in Net Sales

of 418.64 percent and 39.00 percent respectively, while PACO has shown decline of 52.94 percent. During July-June 2008-09 the three corporations earned an aggregate profit of Rs. 315 million as compared to Rs. 256 million in the last financial year. SEC showed decrease in loss by Rs. 45 million, while PACO earned profit of Rs. 82 million during current year as compared to loss of Rs. 22 million during the same period last year.

Table-3.8: Performance of Public Sector Industries (Excluding Pak Steel) (July-June)

	2007-2008	2008-2009 (Expected Actual)	Inc/(Dec) % Change
Production Value*	1,380	1,834	32.90
Net Sales	4,753	14,061	195.83
Pre-tax Profit	256	315	23.05
Taxes and duties	298	503	68.79
No of employees **	2,198	2,138	-2.73

Source: Ministry of Industries & Production

* Production Value at constant prices of 1999-2000 and 1992-93.

** Including daily wages and holding corporations.

3.4.1 Pakistan Steel

The Steel Mill is producing coke, pig iron, billets, hot rolled coils/sheets, cold rolled coils/sheets, galvanized sheets etc. The production value slid down from Rs. 11133 million in 2007-08 to Rs. 9971 million in the current financial year. Witnessing a decrease

of 10.44 percent. The net sale of the mill depicted a decrease of 10.5 percent. The pre-tax profits decreased significantly during the current financial year. However, taxes and duties posted 15.8 percent increase. Major performance indicators of Pakistan Steel during the period July-June 2007-08 & 2008-09 are summarized in Table-3.9 below:-

Table-3.9: Performance of Pak Steel

	2007-08 (July-June)	2008-09 (July-June) (Expected Actual)	Inc/(Dec) % Change
Production Value*	1,1133	9,971	-10.44
Net Sales	40,853	36,537	-10.56
Pre-tax profit	3,544	-10,012	-382.51
Taxes and duties	7,988	9,255	15.86
No of employees**	16,468	17,273	4.89

Source: Ministry of Industry & Production

*At constant prices of 1999-2000.

**Including daily wages/Contract

3.4.2 Cement Industry

Pakistan's cement sector presently is one of those sectors that have managed to thrive in adverse conditions being faced by business across the board in 2008-09. The country at

present has 29 cement plants with an installed capacity of producing around 39 million tones of cement mainly Pak-land cement. The cement sector posted a growth rate of 4.71 percent during July-March 2008-09. Pakistan

is not only meeting its domestic needs but also exporting the surplus. Salient features of production and consumption are in Table-3.10 below:-

	Million tonnes
Installed Capacity	39
No of Units	29
Local Demand (2007-08)	22.6
Production 2008-09 (July-Feb)	19.2
Projected capacity 2010-11	48

Source: Ministry of Industry & Production

Pakistan Cement Industry produces exportable surplus of cement which is exported mainly to Afghanistan, India, Africa and the Middle East. The average capacity utilization, production and export of cement in the past three years have been given in box.

S.No.	Year	Exports	Value
1.		Million Tonnes	US \$
2.	2006-07	3.2	185 million
3.	2007-08	7.7	450 million
4.	2008-09	8.9	534 million
	(Up to Apr- 09)		

Source: Ministry of Industry & Production

Presently, export of cement is exempted from the Sales Tax and Federal Excise Duty (FED). However, the domestic consumption is being charged 16% Sales Tax and Federal Excise Duty (Rs.900 per ton). The import of cement and coal used as

fuel for the cement plants is allowed at zero rated customs duty and 16 percent sales tax. As per investment policy of the government the import of plant, machinery & equipment for manufacturing sector is allowed at 5 percent customs duty.

3.5 Privatization Program

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

In Pakistan, the concept of privatization is not new; since way back in 50s, Pakistan Industrial Development Corporation (PIDC) was established to boost up the industrial development in the country. PIDC transferred 50 industrial units to private sector for successful operation and management. The privatization of SOEs became an important instrument of economic policy of the government in late 80s. However, it was during 1991 that the privatization process in Pakistan gained sufficient momentum. From January 1991 to December 2008 Government of Pakistan has privatized around 167 units at Rs. 476.420 billion (approx US \$ 9 billion) Table-3.11.

Sector	From 1991 to Jun 06		From Jul 06 to Jun 07		From Jul 07 to Nov 08		Cumulative No	Total Amount
	No	Amount	No	Amount	No	Amount		
Banking	7	41,023					7	41,023
Capital Market Transaction	18	32,190	3	83,614	1	17,320	22	133,124
Energy	14	51,756					14	51,756
Telecom	4	187,360					4	187,360
Automobile	7	1,102					7	1,102
Cement	16	11,862	1	4,316			17	16,178
Chemical/Fertilizer	20	24,353	2	16,229	1	1,340	23	41922
Engineering	7	183					7	183
Ghee Mills	24	843					24	843
Rice/Roti Plants	23	324					23	324

Sector	From 1991 to Jun 06		From Jul 06 to Jun 07		From Jul 07 to Nov 08		Cumulative No	Total Amount
	No	Amount	No	Amount	No	Amount		
Textile	3	215	1	156			4	371
Newspapers	5	271					5	271
Tourism	4	1,805					4	1,805
Others	6	159					6	159
Total	158	353,446	7	104,315	2	18,640	167	476,421

Source: Privatization Commission

Privatization During 2008-2009 (Hazara Phosphate Fertilizers Limited)

Incorporated as a private limited company in 1985 under National Fertilizer Corporation of Pakistan (Private) Limited (NFC), HPFL has installed capacity to produce 90,000 metric tons per annum of Granular Single Super Phosphate (GSSP) and 30,000 metric tons per annum of Sulphuric Acid required for the production of GSSP.

Assets	Value
Hazara Phosphate Fertilizers Limited (Rs.70/Share)	1340.02
Total	1340.02

Source: Privatization Commission

The Board of the Privatisation Commission in its meeting held on September 29, 2008 recommended (HPFL) for the approval of Cabinet Committee of Privatisation (CCOP) the Highest Bid of Rs. 70 per share and Rs. 1,340,024,490 for 100% shares was offered by Pak American Fertilizers Limited and hence the same was declared the Successful Bidder for issuance of Letter of Acceptance (LOA). The Whole process endorsed by CCOP.

Current Privatisation Programme and Future Vision.

The current privatization programme targets the oil, gas and power, engineering sectors and banking and insurance. On the directions of the government, a policy is presently being formulated to carry out privatization on a Public Private

Partnership (PPP) Model. The various contours of the policy are under active deliberations. The Government is also opting for General Drawing Rights (GDRs) for some entities e.g. Pakistan Petroleum Limited (PPL), Kote Addu Power Company (KAPCO), Habib Bank Limited (HBL) etc. In the long-term the program aims at the privatization of financial, insurance, and utilities sectors. Privatization of infrastructure and transportation sectors like railways, airlines, airports and national highways would also be considered for privatization. These transactions would be more complex and innovative as compared to strategic sales, straight sell-offs and capital market transactions and would involve exploring other forms of public private collaboration. Another innovation being hammered out is to empower the employees of selected SOEs through transferring respective.

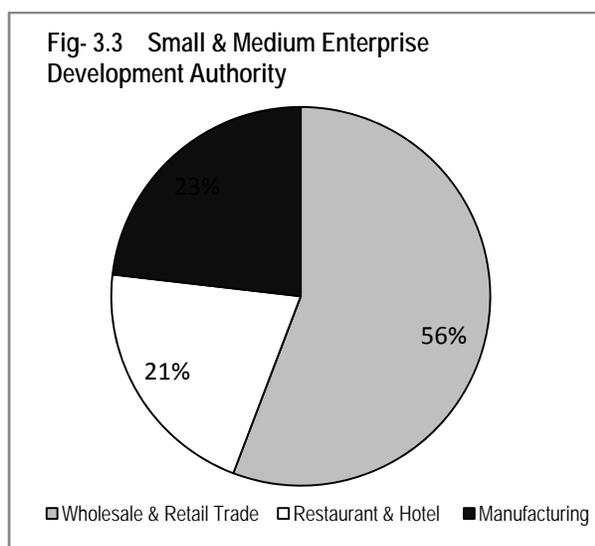
Private sector has emerged as a major player in most of the economic sectors as a result of the privatization program. The Government has already divested its major stakes in the banking sector where 80% deposits are currently in the private banks as compared to 20% before privatization. The Government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

Since a substantial part of the utilities have been privatized, the Government is obliged to strengthen the regulatory regime for protection of consumer interests as well as investor confidence. The State Bank of Pakistan and the Securities and Exchange

Commission has been made independent. The Competition Commission has been established and independent regulatory authorities have been established for various sectors like telecommunication, electricity, electronic media, oil and gas etc. This regime is gradually replacing the Government's dual role of provider and regulation.

3.6 Small & Medium Enterprise Development Authority

The utmost importance of Small and Medium Enterprises in economic development can not be under estimated. This sector has emerged as a lifeline of Pakistan's economy constituting nearly 99.06 percent of all economic establishment, out of which , 53 percent of the establishment belong to Wholesale & Retail Trade and Restaurant & Hotel sectors, 20 percent are part of Manufacturing sector and 22 percent fall in the Community, Social and Personnel Services sector. These establishments jointly contribute 30 percent to GDP employing 80 percent of the non-agricultural labor force, 25 percent to total export and 35 percent to manufacturing value addition.



National SME Policy 2007 was developed to turn SME into an effective tool for economic growth and development. In order to ensure the transparent implementation of SME Policy 2007, a Policy & Project Implementation, Monitoring & Evaluation

Unit (PPMIU) is being established in SMEDA Head Office to oversee the implementation of the SME Policy and demonstrated projects and common facility centers being implemented by SMEDA.

During 2008-09, SMEDA continued working on a series of demonstration projects/CFCs in major SME clusters, to enhance the productivity and competitiveness of SME sector. As many as 16 projects amounting to Rs.1680 million have been approved for implementation by SMEDA. These include projects in sports, agro based industry, leather, foundry, glass products and light engineering sectors besides display facilities for SMEs through Gujranwala Business Center, Sialkot Business and commerce Centre and Women Business Incubation Centers. A couple of pilot projects focusing initiatives included in SME Policy implementation plan such as, SME Sub-contracting Exchange and Policy Implementation Unit have also been approved to be implemented during 2008-09.

3.7 Mining and Quarrying

Mineral potential of Pakistan though recognized to be excellent is inadequately developed as its contribution to GNP at present stands at 2.4 percent. Many efforts have been made and are under way in developing geological products, institutional, academic and Research and Development (R&D) infrastructure but still more remains to be done to enable the sector to take full advantage of its endowment. As a result of these toils, resources of several exportable minerals have been discovered over the last many decades, including world class resources of lignite coal deposits at Sindh (Thar), porphyry copper gold in Chagai and lead-zinc deposits in Lasbella, Balochistan. There are also many other mineral projects in progress for implementation from grassroots levels through exploration, evaluation to development and utilization stages.

The mineral resources contribute in economic and industrial growth of a country. Keeping in view favorable geological environment and large

number of mineral resources in the country, the Government is full committed to making the mineral sector one of the most prolific for the country. During the current fiscal year (July-Mar 2008-09), the mining and quarrying sector has registered almost flat growth rate i.e. 1.3 percent as against a target of 4.5 percent and 4.4 percent of last year. The growth rate of this sector declined sharply due to substantial diminishing trend in the production of Magnesite (51.3%), Sluphere (10.3%) and Dolomite (4.6%). Detailed in Table 13.13

Following factors are mainly responsible for this decline in the production of minerals.

i) Uncertainties in the law and order situation in certain mineral potential areas presently being

addressed through political process. ii) Insufficient detailed surveying and geological/geographical mapping (only 37% of the country's area is geologically mapped to a scale of 1:50,000) while geophysical surveys have even less coverage, at 21% of the total area. iii) Lack of vision in taking advantages of advancement in geological knowledge, exploration techniques, mining and processing technologies and changing commodity prices. iv) Inadequate skill levels in the industry, with little opportunity for training, skill development, career planning because of outdated administration structure and finally. v) The private sector has shown little interest in moving up the value addition chain, and has relied on low cost and in some cases adopted primitive methods of extraction.

Table 3.13: EXTRACTION OF PRINCIPAL MINERALS

Minerals	Unit of Quantity	2006-07	2007-08	July-March		%
				2007-08	2008-09	
Coal	Million Tonnes	3.7	4.1	2.9	3.0	3.4
Natural Gas	Min.Cu.M	40.0	41.2	30.8	30.9	0.3
Crude Oil	Min. Barrels	24.6	25.6	19.2	19.3	0.5
Chromite	000 Tonnes	104.0	114.8	69.0	81.0	18.1
Dolomite	000 Tonnes	342.4	359.9	258.5	246.5	-4.6
Gypsum	000 Tonnes	624.0	660.4	495.0	532.0	6.5
Limestone	000 Tonnes	25.5	31.8	24.1	24.5	1.6
Magnesite	000 Tonnes	3.4	3.9	3.7	1.8	-51.3
Rock Salt	000 Tonnes	1873.0	1849.2	1377.0	1380.0	0.2
Sulphur	000 Tonnes	27.7	29.5	22.2	19.9	-10.3
Baryte	000 Tonnes	47.0	49.9	37.0	46.0	24.3

Source: Federal Bureau of Statistic

Mineral Production in Balochistan 2004-05 to 2007-08.

More than 50 metallic and non metallic minerals have been discovered in the province up to 2007-08. Metallic minerals are Chromate, Copper, Iron, Lead, Zinc, Manganese, Antimony and Gold whereas the non metallic include Barite, Fluorite, Calcite, Magnesite, Coal and Dimension stone such as Marble Both Onyx & Ordinary, Granite, Gabbro Basalt and Dunitite etc. About 1344 Nos of Mineral Concessions i.e, Prospecting Licenses & Mining leases have been granted upto 31-12-2008 to different private/public sector for small scale mining for various minerals.

Exploration activities are in progress with the collaboration of foreign investors. About 79 Mineral Titles i.e, Reconnaissance Licenses, Exploration licenses & Mining leases have also been granted under large scale mining in the province.

Performance evaluation of various ongoing core projects is reported below

Chamalong Coal Field

A long outstanding dispute between Marri and Luni tribes has been successfully settled by the Government. Production from Chamalong Coal Field has commenced since April 2007. This

mining activity in the area has given thirty thousand (30000) jobs to the people which will improve the socio-economic conditions of the remote residents of the area.

Saindak Metals (Pvt) Limited/Cooper Project District Chagai.

Saindak Metals Limited (SML), formerly Resource Development Corporation (RDC) was established in 1974. Saindak ore will yield average annual production of 15810 tones blister copper, 1.47 tones gold and 2.76 tones silver. On 2nd October 2002 Saindak Project assets were transferred to MCC/MRDL (Chinese Company) for a period of ten years. The Plant started production of blister Copper in 2003. Copper Gold Project owned by the Federal Government is being operated by MCC China. During (July-Nov. 2008), a sum of Rs. 150.0 million has collected on account of rent & royalty.

Lead Zinc Project at Duddar.

Pakistan Mineral Development Corporation granted at Duddar in District Lasbella a Mining area of 1500 acres to M/s MCC Resource Development Company (Pvt) Limited (MRDL) till 2003. The project is at advance stage of development. Enhancement of the mineral activity has not only provided socio-economic uplift of the remote areas of the province, creation of job opportunities for the locals, as well as increase in the revenue to Government exchequer (Rent & royalty). Collect revenues on account of rent & royalty since 2004-05 to Feb: 2009 are as in Table 3.14.

Table 3.14 Revenue Receipts		<i>Rs. Millions</i>
S.No.	Period	Revenue Receipts
1.	2004-05	208.72
2.	2005-06	252.76
3.	2006-07	380.928
4.	2007-08	53.768
5.	July 2008 to Feb. 2009	35.008

Source: Mines & Mineral Department Govt. Balochistan

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

Reserves/ Years	(000 tonnes)										
	Anti- mony (tonnes)	Argonite/ Marble	China Clay	Celestite (tonnes)	Chromite	Coal	Dolomite (tonnes)	Fire Clay	Fullers Earth	Gypsum Anhydrite	Lime Stone
		Very large Deposits	4.9 million tons	..	fairly large Deposits	185 billion tonnes	Very large Deposits	Over 100 million tons	fairly large Deposits	350 million tons	Very large Deposits
1990-91	128	281	44	1773	24	3054	154591	120	23	468	9009
1991-92	-	321	42	1069	28	3627	180987	139	21	471	8528
1992-93	5	388	37	1682	23	3256	220241	132	23	533	9015
1993-94	3	460	48	4398	11	3534	228090	116	17	666	9125
1994-95	-	467	31	1403	13	3043	227079	152	15	620	9682
1995-96	-	458	43	762	27	3465	185115	112	18	420	9740
1996-97	-	459	66	812	35	3496	215556	110	12	522	9491
1997-98	-	345	68	961	35	3145	116046	94	18	307	11166
1998-99	-	403	67	642	18	3378	198831	153	16	242	9467
1999-00	-	579	63	802	26	3164	347583	139	19	355	9589
2000-01	95	620	47	807	22	3285	352689	164	13	364	10870
2001-02	37	685	54	382	24	3512	312886	171	16	402	10820
2002-03	-	1066	40	402	31	3609	340864	117	15	424	11880
2003-04	-	994	25	570	29	3325	297419	193	14	467	13150
2004-05	5	1280	38	1855	46	3367	199653	254	17	552	14857
2005-06	91	1835	53	3160	52	3854	183952	333	16	601	18427
2006-07	119	1980	31	1530	104	3702	342463	347	11	624	25512
2007-08	245	1537	32	1310	115	4066	359994	330	11	660	31789
<u>July-March</u>											
2007-08	165	1122	25	1010	69	2948	258496	247	9	495	24135
2008-09 P	60	980	23	670	81	2960	246489	259	8	532	24540

- Nil or Insignificant

P Provisional

(Contd.)

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

Reserves/ Years	(000 tonnes)										
	Magne- site (tonnes)	Rock Salt	Silica Sand	Ochre (tonnes)	Sulphur (tonnes)	Soap Stone	Baryte	Bauxite/ Laterite (tonnes)	Iron Ore (tonnes)	Crude Oil (m. barrels)	Natural Gas (000 m.cu.mtr.)
	Over 100 million tons	Very large deposits	..	0.8 million tons	0.6 million tons	5 million tons	Over 74 million tons	Over 430 million tons	184 million US barrels	492 billion cu. metre	
1990-91	4,242	736	143	1,285	295	32	26	24,644	318	23.49	14.66
1991-92	6,333	833	132	1,001	215	37	30	21,818	937	22.47	15.57
1992-93	5,047	895	158	1,000	510	48	26	18,682	1,922	21.90	16.50
1993-94	7,000	916	169	745	715	44	18	34,984	3,792	20.68	17.65
1994-95	5,227	890	152	4,623	510	34	20	32,214	8,103	19.86	17.77
1995-96	14,981	958	184	8,081	20	40	14	19,554	6,046	21.05	18.85
1996-97	6,679	1,066	154	2,047	640	45	30	33,583	4,575	21.27	19.76
1997-98	3,397	971	135	3,147	22,458	49	30	28,366	5,500	20.54	19.82
1998-99	3,455	1,190	158	4,080	19,103	61	18	41,362	38,151	19.95	20.92
1999-00	4,513	1,358	167	4,793	22,812	48	26	48,237	45,980	20.40	23.17
2000-01	4,645	1,394	155	4,691	17,428	47	28	35,114	24,765	21.08	24.78
2001-02	4,637	1,423	157	5,064	22,580	39	21	37,182	4,942	23.19	26.16
2002-03	2,645	1,426	185	6,733	19,402	66	41	67,536	11,483	23.46	28.11
2003-04	6,074	1,640	259	7,861	23,873	52	44	88,044	84,946	22.62	34.06
2004-05	3,029	1,648	309	18,686	24,158	21	42	78,288	104,278	24.12	38.08
2005-06	2,446	1,859	411	34,320	24,730	21	52	60,370	131,259	23.94	39.65
2006-07	3,445	1,873	402	61,665	27,710	45	47	150,796	125,879	24.62	40.03
2007-08	3,940	1,849	403	46,215	29,485	38	50	174,223	286,255	25.60	41.18
<u>July-March</u>											
2007-08	3,665	1,377	304	29,782	22,205	33	37	144,296	220,233	19.16	30.86
2008-09 P	1,864	1,380	280	44,566	19,907	26	46	135,745	240,920	19.26	30.96

Source : Federal Bureau of Statistics.

TABLE 3.2

PRODUCTION INDEX OF MINING AND MANUFACTURING

Year	Mining			Manufacturing
	1969-70=100	1975-76=100	1980-81=100	1980-81=100
1990-91	468	410.3	275.2	202.5
1991-92	472.1	412.8	277.8	218.5
1992-93	478	420.6	278.4	227.5
1993-94	483.4	427.1	275.2	237.2
1994-95	461.8	417.6	270.8	240.8
1995-96	504.8	445.3	296.7	248.4
1996-97	520.1	456.3	305.6	243.1
1997-98	512.3	449.5	302.5	261.6
1998-99	509.1	448.7	283.1	270.8
			1999-2000=100	
1999-00	545.6	468.8	100.0	100.0
2000-01	576.7	497.6	105.6	101.0
2001-02	611.3	532.8	112.5	114.8
2002-03	656.7	572.4	119.6	123.1
2003-04	709.8	597.2	134.8	146.4
2004-05	..	..	148.7	173.0
2005-06	..	..	155.4	188.8
2006-07	..	..	158.6	205.1
2007-08	..	..
<u>July-March</u>			162.8	213.1
2007-08	..	..	163.9	210.6
2008-09 P	..	..	164.3	194.5

.. Not available

P Provisional

Source: Federal Bureau of Statistics

TABLE 3.3

COTTON TEXTILES STATISTICS

Year	No. of Mills	Installed Capacity		Working at the end of the period		Spindle Hours Worked (Million)	Loom Hours Worked (Million)	Consumption of Cotton (mln kg)	Total Yarn Produced (mln.kg)	Surplus Yarn (mln. kg)	Total Production of Cloth (mln. sq mtr.)
		No. of Spindles (000)	No. of Looms (000)	No. of Spindles (000)	No. of Looms (000)						
		1990-91	247	5,493	15							4,754	8	39,542	60.2	1,197.5	1,041.2	1,001.0	292.9
1991-92	271	6,141	15	5,260	8	43,606	58.8	1,342.8	1,170.7	1,134.7	307.9
1992-93	284	6,768	14	5,433	6	46,364	55.5	1,427.0	1,219.0	1,148.6	325.4
1993-94	320	8,182	14	5,886	6	47,221	44.0	1,483.4	1,309.6	1,272.8	314.9
1994-95	334	8,307	14	5,991	5	49,734	41.8	1,558.9	1,369.7	1,340.6	321.8
1995-96	349	8,493	13	6,356	5	52,239	37.1	1,661.9	1,495.1	1,434.7	327.0
1996-97	357	8,137	10	6,465	5	53,625	36.4	1,670.1	1,520.8	1,473.9	333.5
1997-98	353	8,274	10	6,556	4	55,005	37.7	1,751.0	1,532.3	1,478.9	340.3
1998-99	348	8,298	10	6,594	5	55,802	35.2	1,839.6	1,540.3	1,482.4	384.6
1999-00	351	8,383	10	6,750	4	57,205	34.3	1,961.6	1,669.9	1,604.4	437.2
2000-01	353	8,594	10	7,105	4	59,219	34.1	2,070.1	1,721.0	1,652.7	490.2
2001-02	354	8,967	10	7,078	5	61,267	36.3	2,155.2	1,808.6	1,731.2	568.4
2002-03	363	9,216	10	7,623	5	64,274	38.7	2,371.3	1,934.9	1,855.4	576.6
2003-04	363	9,592	11	8,009	4	70,214	32.6	2,407.6	1,938.9	1,845.8	683.4
2004-05	423	10,906	9	8,817	5	72,255	30.3	2,622.8	2,280.6	2,175.2	920.7
2005-06	516	11,292	9	9,754	4	74,884	24.8	2,932.6	2,556.3	2,460.5	915.3
2006-07	521	11,266	8	10,057	4	76,892	21.7	3,143.5	2,727.6	2,623.2	1,012.9
2007-08	521	11,834	8	9,960	4	76,000	21.5	3,159.2	2,809.4	2,764.4	1,016.4
2008-09 P	521	11,834	8	9,968	4	56,300	18.0	2,573.9	2,218.9	2,129.0	763.4

P: Provisional

Source: Federal Bureau of Statistics
Textile Commissioner Organization

TABLE 3.4

PRODUCTION OF FERTILIZERS, VEGETABLE GHEE, SUGAR AND CEMENT

(000 tonnes)

Year	Fertilizers					Vegetable Ghee	Sugar	Cement
	Urea	Super Phos- phate	Ammo- nium Nitrate	Ammo- nium Sulphate	Nitro Phos- phate			
1990-91	2050.3	175.1	318.8	92.3	321.0	656	1934	7762
1991-92	1898.0	194.0	300.0	92.9	309.8	639	2322	8321
1992-93	2306.1	205.0	302.2	92.9	297.3	725	2384	8558
1993-94	3103.8	195.1	242.7	82.0	251.4	671	2841	8100
1994-95	3000.2	147.0	313.9	79.6	285.0	711	2964	7913
1995-96	3260.1	103.7	383.5	83.7	336.5	733	2426	9567
1996-97	3258.7	0.1	330.2	80.9	350.3	714	2383	9536
1997-98	3284.2	0.0	316.3	-	293.2	719	3555	9364
1998-99	3521.7	21.6	338.8	-	285.0	773	3542	9635
1999-00	3785.0	145.8	386.5	-	261.3	695	2429	9314
2000-01	4005.1	159.6	374.4	-	282.5	835	2956	9674
2001-02	4259.6	161.0	329.4	-	305.7	797	3247	9935
2002-03	4401.9	147.2	335.3	-	304.9	772	3686	10845
2003-04	4431.6	167.7	350.4	-	363.5	888	4021	12862
2004-05	4606.4	163.1	329.9	-	338.9	1048	3116	16353
2005-06	4806.4	160.8	327.9	-	356.6	1152	2960	18564
2006-07	4732.5	148.9	330.8	-	325.8	1180	3527	22739
2007-08	4924.9	157.6	343.7	-	329.7	1131	4733	26751
<u>July-March</u>								
2007-08	3660.5	114.8	246.0	-	239.6	862	4351	19364
2008-09 P	3652.4	143.2	245.7	-	218.4	791	3206	20277

- Nil

Source: Federal Bureau of Statistics

P : Provisional

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Food and Tobacco		Jute Tex- tiles (000 tonnes)	Rubber			
	Beverages (000 doz. bottles)	Cigarettes (Million Nos)		Motor Tyres (000 Nos)	Motor Tubes (000 Nos)	Cycle Tyres (000 Nos)	Cycle Tubes (000 Nos)
1990-91	67,607	29,887	96.9	952	646	3,828	5,468
1991-92	85,266	29,673	100.9	784	618	3,751	5,757
1992-93	139,823	29,947	97.5	712	550	3,826	5,612
1993-94	113,704	35,895	76.4	783	706	3,872	6,191
1994-95	143,019	32,747	68.5	912	833	3,523	5,146
1995-96	131,114	45,506	70.6	1003	909	3,988	5,594
1996-97	115,817	46,101	68.7	525	643	4,112	5,205
1997-98	149,848	48,215	95.4	767	665	1,415	4,978
1998-99	185,014	51,578	85.5	845	586	3,665	5,529
1999-00	194,336	46,976	85.5	856	490	3,767	5,937
2000-01	211,798	58,259	89.4	884	520	4,051	5,891
2001-02	207,646	55,108	81.7	908	557	4,569	6,938
2002-03	190,742	49,365	93.8	1082	616	5,330	8,942
2003-04	224,238	55,399	102.0	1302	587	4,894	8,004
2004-05	285,326	61,097	104.8	5336	6278	4,900	9,612
2005-06	384,969	64,137	104.5	5942	7164	5,287	10,204
2006-07	517,110	65,980	118.1	7027	10277	5,182	10,420
2007-08	613,127	67,250	129.0	6990	9627	4,243	9,224
<u>July-March</u>							
2007-08	440,074	49,948	92.7	5,165	6,679	3,321	6,987
2008-09 P	423,736	55,625	98.8	4953	9793	2,165	5,047

P Provisional

(Contd.)

TABLE 3.5

PRODUCTION OF SELECTED ITEMS

Year	Chemicals					Polishes & Creams for Footwear (mln. grams)	Transport, Machinery & Electrical Appliances		
	Soda Ash (000 tonnes)	Sulphuric Acid (000 tonnes)	Caustic Soda (000 tonnes)	Chlorine Gas (000 tonnes)	Paints & Varnishes (tonnes)		Bicycles (000 Nos.)	Sewing Machines (000 Nos.)	Total TV Sets (000 Nos.)
1990-91	147.2	93.5	78.5	6.7	14,308	651.1	428.8	81.3	181.7
1991-92	185.9	97.6	82.0	6.1	18,950	682.5	478.4	85.1	145.5
1992-93	196.2	99.8	81.5	5.9	16,626	638.1	588.6	72.3	162.2
1993-94	197.0	102.3	89.0	5.8	9,373	602.8	563.7	76.7	112.5
1994-95	196.1	80.4	92.7	7.8	6,865	719.5	473.4	68.1	101.1
1995-96	221.2	69.2	109.0	9.1	8,030	836.8	545.1	84.1	277.6
1996-97	247.0	30.8	118.2	9.4	8,005	861.1	432.4	61.1	185.6
1997-98	240.3	28.1	115.7	9.7	5,917	869.7	452.1	36.2	107.4
1998-99	239.4	27.0	120.4	11.3	6,500	888.8	504.0	29.7	128.3
1999-00	245.7	57.7	141.3	14.2	7,347	897.7	534.1	27.6	121.3
2000-01	217.9	57.1	145.5	14.5	10,922	906.7	569.6	26.9	97.4
2001-02	215.2	59.4	150.3	15.1	10,341	920.9	553.4	24.0	450.0
2002-03	281.5	56.0	164.4	15.9	3,899	935.3	629.7	30.6	764.6
2003-04	286.5	64.6	187.5	17.2	5,406	950.1	664.1	35.0	843.1
2004-05	297.3	91.3	206.7	19.1	15,023	959.6	587.9	36.1	908.8
2005-06	318.7	94.4	219.3	18.3	17,147	969.2	589.6	39.1	935.1
2006-07	330.6	96.3	242.2	17.2	23,936	978.8	486.3	52.2	608.6
2007-08	364.9	102.8	248.3	18.2	26,309	988.6	535.5	57.3	716.1
<u>July-March</u>									
2007-08	271.1	79.1	181.1	13.3	18,957	708.3	410.0	43.3	525.5
2008-09 P	267.7	74.5	176.8	12.4	22,589	715.4	285.3	38.6	321.5

Contd.

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Electrical Appliances		Papers & Board		Steel Products		
	Electric Bulbs (Mln.Nos)	Electric Tubes (000 metres)	Paper Board (000 tonnes)	Paper (All Types) (000 tonnes)	Coke (000 tonnes)	Pig Iron (000 tonnes)	Billets (000 tonnes)
1990-91	49.3	7,728	88.6	64.2	723.6	1073.9	330.0
1991-92	43.2	4,460	111.0	66.0	737.2	1048.1	306.7
1992-93	41.3	4,205	154.8	109.0	716.4	1098.2	338.4
1993-94	42.7	5,307	133.2	129.3	771.6	1252.7	403.9
1994-95	41.6	5,352	106.2	208.4	701.5	1044.7	343.5
1995-96	45.8	5,417	110.0	193.4	685.6	1002.2	332.7
1996-97	56.4	7,598	197.6	149.0	663.0	1068.6	378.5
1997-98	62.5	8,354	166.5	178.3	667.7	1015.8	350.1
1998-99	66.8	7,991	173.6	186.8	588.7	989.3	276.1
1999-00	63.2	7,137	228.0	206.2	675.5	1106.6	345.2
2000-01	55.2	10,542	246.3	284.8	717.3	1071.2	414.7
2001-02	54.6	10,441	187.6	137.9	694.6	1042.9	412.0
2002-03	58.3	10,844	228.2	148.0	775.2	1140.2	408.4
2003-04	139.4	14,614	247.9	156.8	785.5	1180	429.2
2004-05	146.7	19,819	420.6	163.7	772.8	1137.2	271.4
2005-06	143.6	19,992	476.7	167.7	182.3	767.2	230.6
2006-07	144.8	21,400	464.7	161.7	326.3	1008.8	341.8
2007-08	128.9	19,524	452.9	196.8	290.9	993.4	279.1
<u>July-March</u>							
2007-08	100.6	14,963	336.6	142.4	217.4	731.4	204.8
2008-09 P	71.259	10,261	339.3	187.5	329.7	640.9	196.8

P Provisional

Source: Federal Bureau of Statistics
Ministry of Industries

TABLE 3.6

PERCENT GROWTH OF SELECTED INDUSTRIAL ITEMS

	Cotton Yarn	Cotton Cloth	Jute Goods	Veg.Ghee	Cigarettes	Fertilizers	Cement	Soda Ash	Caustic Soda	Sugar
1990-91	14.22	(0.65)	1.15	(3.93)	(7.41)	(2.66)	3.66	1.53	6.01	4.15
1991-92	12.44	5.12	4.13	(2.59)	(0.72)	(5.52)	7.20	26.29	4.49	20.06
1992-93	4.13	5.68	(3.37)	13.46	(0.92)	14.65	2.84	5.54	(0.61)	2.67
1993-94	7.43	(3.23)	(21.64)	(7.45)	19.86	20.96	(5.35)	(0.41)	9.20	19.17
1994-95	4.59	2.19	(10.34)	5.96	(8.77)	(1.27)	(2.31)	(0.46)	4.16	4.33
1995-96	9.16	1.62	3.07	3.09	38.96	8.89	20.90	12.80	17.58	(18.15)
1996-97	1.72	1.99	(2.69)	(2.59)	1.31	(3.53)	(0.32)	11.66	8.44	(1.77)
1997-98	0.76	2.04	38.86	0.70	4.54	(3.15)	(1.80)	(2.71)	(2.12)	49.18
1998-99	0.52	13.02	(10.38)	7.95	6.98	6.67	2.30	(0.37)	4.06	(0.48)
1999-00	8.41	13.73	(1.87)	(9.65)	(8.92)	4.62	(3.33)	2.63	17.36	(31.41)
2000-01	3.06	12.12	4.56	19.59	24.02	9.21	3.87	(11.30)	2.97	21.70
2001-02	5.09	20.09	(8.61)	7.24	(5.05)	(0.38)	2.70	(1.23)	3.85	9.84
2002-03	6.18	1.66	14.03	(6.75)	(10.42)	12.11	12.11	10.09	9.34	13.48
2003-04	0.73	17.39	8.87	15.10	12.22	7.80	18.60	2.22	14.11	9.09
2004-05	18.22	35.31	0.80	18.04	10.29	25.73	27.14	3.77	10.21	(22.51)
2005-06	11.66	(2.26)	(0.27)	9.86	4.98	5.03	13.52	7.19	6.11	(5.01)
2006-07	11.73	8.18	12.97	2.45	2.87	(7.75)	22.49	3.74	10.45	19.16
2007-08	2.44	3.95	9.29	(4.16)	1.92	(2.48)	17.64	10.37	2.50	34.20
<u>July-March</u>										
2007-08	3.32	4.89	8.46	(2.83)	5.11	(16.89)	17.95	13.51	1.44	33.98
2008-09	(0.27)	(0.33)	6.57	(8.17)	11.37	21.55	4.71	(1.25)	(2.38)	(26.32)

* July-March

Source: Federal Bureau of Statistics

Note: Figures in parenthesis represent negative growth.