

Manufacturing

Manufacturing Sector is the Second largest sector of the economy accounting for 13.6 percent of Gross Domestic Product (GDP) and provides employment opportunities of 15.3 percent to the total labor force.

The manufacturing is the most important sub-sector of the industrial sector containing 64.71% share in the overall industrial sector. Growth of manufacturing is registered at 5% compared to 3.90% last year (2014-15).

Manufacturing Sector's 3 Main Components as defined in Pakistan Economic Survey:

- **Large Scale Manufacturing (LSM)**
 - At 10.9 percent of GDP dominates the overall sector, accounting for 80.11% of the sectoral share. LSM has registered an improved growth of 4.61 percent as compared to 3.29 percent last year.
- **Small Scale Manufacturing (SSM)**
 - Accounts for 1.8 percent of total GDP, 13.12% of sectoral share, Small scale manufacturing witnessed growth at 8.21 percent against the growth of 8.22 percent last year
- **Slaughtering**
 - Accounts for 0.9 percent of overall GDP, 6.77% of sectoral share. Slaughtering growth is recorded at 3.63 percent as compared to 3.35 percent last year.

The share of construction in industrial sector is 12.29 percent and is one of the potential components of industries. The construction sector has registered a growth of 13.10 percent against the growth of 6.24 percent of last year.

Growth Drivers

- Availability of utility services
- Enabling environment
- Credit to private sector
- Foreign Direct Investment (FDI)
- Capital market gains etc.

The sector suffered in the past due to power shortages. Government's focused efforts to overcome the power crisis on sustainable basis the sector started picking up its growth and contributed in overall economic growth.

Large Scale Manufacturing LSM includes :

1. Textile	9. Electronics
2. Food, Beverages & Tobacco	10. Leather Products
3. Coke & Petroleum Products	11. Paper & Board
4. Pharmaceuticals	12. Engineering Products
5. Chemicals	13. Rubber Products
6. Automobiles	14. Non-Metallic Mineral Products
7. Iron & Steel Products	15. Wood Products
8. Fertilizers	

Major Items Produced in LSM

1. Deep Freezers	11. Cotton Cloth
2. Jeep & Cars	12. Vegetable Ghee
3. Refrigerators	13. Cotton Yarn
4. Upper Leather	14. Sugar
5. Cement	15. Tea Blended
6. Liquids/Syrups	16. Petroleum products
7. Phosphatic Fertilizer	17. Cigarettes
8. Tablets	18. Coke
9. Cooking Oil	19. Pig iron
10. Nitrogenous Fertilizer	

Major Sub-Sectors:

- **Textile**
 - Cotton Spinning Sector
 - Cloth Sector

- Textile Made up Sector (towels, tents & canvas, cotton bags, bedwear, hosiery & knitwear & readymade garments including Fashion Apparels)
- Synthetic Textile Fabrics
- Woolen Industry
- Jute Industry

- **Engineering Sector**

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

- **Automobile Industry (ADP 2016-21)**

In 2016, Pakistan has passed the New "Auto Policy", which offers tax incentives to new automakers to establish manufacturing plants in the country thereby making it one of the friendliest markets in South Asia to establish a manufacturing concern. In response, Renault-Nissan, Kia Motors, Audi, Volkswagen and Hyundai have expressed interest in entering the Pakistani market. The salient features of the policy are:

- Lower the entry threshold for New Investment;
- Create enabling tariff structure for development of the Automotive Sector;
- Rationalize automobile import policy;
- Provide regulatory and enforcement mechanisms for Quality, Safety and Environmental Standards;
- Establishment of Pakistan Automotive Institute;
- Ensure Consumer Welfare through provision of quality, safety, choice and value for money;
- Other Interventions, and
- Reorganization of Auto Industry Development Committee (AIDC)

- **Fertilizer Industry**

The fertilizer industry has a significant role in the agricultural growth of the country. It has both forward and backward linkages in national economy. In Pakistan, there are nine urea manufacturing plants, one DAP, three NP, three SSP (18 percent), two CAN and one plant

of blended NPKs having a total production capacity of 8,983 thousand product tonnes per annum. The entire fertilizer products are manufactured by the private sector.

- **Cement Industry**

The cement industry focusing on capacity expansion with an investment of \$ 1 billion in view of ever growing demand within the domestic market as well as focus on export to market in the African region. Four companies have already announced their plans in this regard such as Cherat cement, Attock cement,

Government Support Activities:

- Privatisation Program
- Small and Medium Enterprises (SMEDA)
- Prime Minister's Youth Business Loans
- Special Projects with International Development Partners
- SME Development Projects under Public Sector Development Program (PSDP)
- SMEDA Establishment Sports Industries Development Centre (SIDC) to facilitate sports Sector
- SMEDA-SBP Interaction to Accelerate SMEs Access to Finance SMEDA's Collaboration with Turkish SME Development Agency, KOSGEB
- ISBOP
- CPEC