

# **ECONOMIC PLANNING AND DEVELOPMENT**

Pakistan at its very inception was confronted with numerous difficulties and enormous problems. The British had kept the Muslim majority regions backward deliberately so that it may be easy and convenient for them to get recruits for the military. The economy of the new country was based on agriculture. In 1947-48, sixty percent income (1460 crore rupees) was obtained from agriculture out of the total income of 2400 crore rupees. There was almost no industry in the country. Out of 921 factories in the whole country, Pakistan could get a share of only 34. Means of communication were also limited. After the partition of India, central offices of most of the Banks moved to India. So, economically, this country (Pakistan) was left bankless and quite backward in all respects. It can be guessed from the statistics of per capita income as Rs.311 per year, or Rs.26/- per month, which was equal to 1/29 that of U.S.A. 1/18 that of Canada and 1/10 that of France and U.K. Anyhow there were countries even more poor, just as Indonesia, China, Burma and Afghanistan. But by genuine planning, the economy could be developed. So Quaid-e-Azam said:

*"Nature has given you everything. You have got unlimited resources. The foundations of our state have been laid, and it is now for you to build, and build as quickly and as well as you can. So go ahead and I wish you good-speed."*

(Message-14th August, 1948)

## **NECESSITY AND IMPORTANCE OF PLANNING**

The planning was inevitable for the future economy of the country to which the great Quaid had guided. The following points can be advanced to stress this necessity:

### **1. AGRICULTURAL BACKWARDNESS**

Pakistan is an agricultural country since its inception. Pakistan earned 72 crore of rupees in foreign exchange by the export of agricultural produce in the very first ten months, when

only 21 percent area was under cultivation, and modern methods of cultivation were not employed; planning was essential for the introduction of agricultural machinery and production of fertilizers. For procuring more produce in the agriculture sector.

## **2. INCREASE IN POPULATION**

The population of Pakistan is usually increasing, which is about 3 percent or 39 lac persons per year. If, by planning, the rate of earning is not increased, per capita income will certainly come down. The facilities will diminish. Poverty will increase. So, by the addition of population, there must be proportionate economic development of the country.

## **3. INDUSTRIAL DEVELOPMENT INEVITABLE**

When Pakistan came into being, its industry amounted to nil. No country can survive only on the basis of agriculture because it is always uncertain due to the variation in rains and natural calamities. So for national progress industrial development must be planned.

## **4. NATURAL AND MINERAL RESOURCES**

Pakistan has been gifted with many natural and mineral resources, such as in Pothohar region and Baluchistan. These resources must be availed of, for which planning is most essential.

## **5. POWER PROBLEMS**

Pakistan is facing a great problem of power. Due to the shortage of electricity load shedding becomes essential, which effects domestic as well as industrial sectors. Sui gas, atomic energy and other sources of energy must be availed for which purpose planning must be done.

## **6. INVESTMENT AND SAVINGS**

Pakistan does not get much investment so we have to arrange foreign debts or loans. In these circumstances, savings have to be done by the people. Also the foreign loans must be saved from waste. That amount should be invested on development programmes. This also needs planning.

## **7. CONSISTENT DEVELOPMENT OF ALL SPHERES OF ECONOMY**

It is the utmost importance that all the spheres of economic activity must assist each other for the progress and prosperity of the whole nation. By agricultural planning, such commodities must be cultivated which are needed for industrial development. On the other hand industry should be developed in such way that

it should help agricultural development. The rate of progress may be increased by developing the sources of energy such as electricity, sui gas, and oil production. Better means of communication also help to increase the rate of progress. Planning is also necessary for combating natural calamities. For this purpose Five year plans are made which comprehend all spheres of national economy. Sometimes twenty-year planning becomes essential.

## **ECONOMIC DEVELOPMENT PLANNING THE BEGINNING**

The Development Planning of Pakistan started just after the creation of Pakistan. The Government set up an Economic Development Board responsible for preparing schemes for development, but these schemes were implemented when Pakistan became a member of the Colombo plan . In 1953, the Planning Board was set up.

### **COLOMBO PLAN**

A plan was made for the development of South Eastern Asia in a meeting of the British Commonwealth of Nations in 1950. It was given the name of Colombo Plan and it was framed for six years w.e.f. 1951 A.C. Pakistan made a programme of spending a sum of Rs.260 crore out of which Rs.170 crore was to be procured from the country itself and the rest Rs.90 crore from foreign aid .Forty crore rupees were to be invested in the private Sector and the remainder for the Government to utilize. Its details are as following :

Agriculture	83 crore rupees
Communications	52 crore rupees
Industry	49 crore rupees
Fuel	47 crore rupees
Social welfare	29 crore rupees

Due to the Korean war and the rise of prices of the items the amount of the planning had to be increased. It was revised to 564 crore. Although the Colombo plan did not succeed fully, yet there was a great development in the industrial sector and its production was doubled. Especially In the cotton thread and cotton cloth there was 400 percent increase. Match industry was raised to 1000% Sugar production became three times and cement production was doubled. Unfortunately the grain production fall down. Power production was 1.5 K.W. Which was raised to 2.5 lac K.W. Means of Communication also developed.

## **FIRST FIVE YEAR PLAN**

The First Five -Year plan (1955-60) started in 1957 instead of 1955 . Under this plan Rs.1080 crore had to be invested, 330 crore of rupees. In the private Sector and the rest in the Government Sector, with the following aims and objects:

- 1. National income to be increased by 15 percent.
  2. Per capita income to be increased by 7%.
  3. Employment facilities to be provided for 20 lac people.
  4. Food grain production to be increased by 9%.
  5. Sugarcane production to be increased by 33% yearly.

## **SECOND FIVE YEAR PLAN**

The Second Five -Year Plan (1960-65) was planned to spend 1900 crore of rupees during this plan period, 975 crore rupees for the Government and 325 crore rupees in Semi -Government institutions and the rest 600 crore rupees in the private Sector . This plan was later on reviewed and its estimate was enhanced to 2300 crore of rupees.

Some of the main objectives of the second plan are given here under:

1. Increase of 24% in the national income.
2. Increase of 12% in the per capita income.
3. Increase in food grain production by 4%, and to have self -sufficiency in food -grain production.
4. Increase in production of big industries 14%, and 25% more production in small industries.
5. Employment facilities for 25 lac persons .

## **THIRD FIVE YEAR PLAN**

The Third Five-Year Plan(1965-70) was of the size of Rs.52,000 million, twice the expenditures of the Second Five-Year Plan. Rupees 30000 millions were to be spent in government sector and rest in private sector. It was regarded the first phase of 20 years plan. Its objectives were fixed as given below:

1. Increase in National Income 37%.
2. Increase in per capita income 20%.
3. Employment for 55 lac persons.
4. Annual Foreign Exchange earning 4800 million rupees.
5. Development of basic industries such as cement, manure, petro-chemicals, procuring raw material from within the country resources.

## **FOURTH FIVE YEAR PLAN**

It was the second period of the perspective plan wherein progress had to be made for expending 75,000 million rupees, 49000 m. for the Government sector, and 26,000 m. rupees for the private sector. East Pakistan was given much importance in this plan period. But due to 1970 elections, the plan was postponed. Thereafter the war destroyed the whole planning. East Pakistan was separated.

After the war, the Peoples Party quitted this plan and mad yearly programmes to combat the emergency but the desired results could not be achieved due to the short term of the plans. After the P.P.P. rule a fresh planning had to be made.

## **FIFTH FIVE YEAR PLAN**

Zia-ul-Haq government made Fifth Five Year Plan (1978-1983) During these years 210,000 m. rupees were to be spent, 148,000 m. rupees in Government sector and 62,000 million rupees in Private sector. Some of the objectives of the plan were:

1. Increase in per capita income 4.3% and 7.2% increase in the national income.
2. Food grain increase 10.3% yearly; self sufficiency in wheat and rice and 6% over all increase in agricultural productions.
3. Special attention towards heavy industry, Karachi Steel Mills to be installed and increases in industrial out put by 10%.
4. 42% increase in energy sources.
5. The production of cooking oil, meat, milk, and eggs to be increased to meet the demand.

## **SIXTH FIVE YEAR PLAN (1983-1988)**

This Plan started on July 1, 1983 for 490 billion rupees; 290 billion for Government and 200 billion rupees for Private Sector. It is 117% of the Fifth Five Year Plan. Its salient features are:

1. Production increase by 6.5%.
2. Increase in Agricultural production by the use of fertilizers, improving irrigation and use of agricultural machinery.

3. Wheat, rice, fruits, vegetable, flowers, hens and meat will be exported to foreign markets.
4. Cooking oil seeds to be produced for self-sufficiency.
5. Heavy industry would manufacture the machinery of such industries which can utilize the raw material produced in the country.

## **SEVENTH FIVE YEAR PLAN (1988-1993)**

This plan started on July 1, 1988 for 660.2 billion rupees from Government and 294.4 billion rupees for Private sector. It was 35% higher than the preceding plan. Its salient features were:

1. Achieving full employment with more emphasis on the employment of educated youth.
2. Provision of facilities of better food, housing, health, education and transport etc.
3. Development of human resources with special emphasis on the technical education and education for the children of labour community.
4. Attainment of self-reliance so that the country can dispense with foreign debts and technology.

# **NATURAL RESOURCES OF PAKISTAN**

Our Natural resources include the land, the forests, the minerals and the energy resources etc. The land of Pakistan is made of the clay brought by the River Indus and its tributaries. It is quite fertile and the rivers & the canals supply water all the year long. Pakistan therefore, is regarded as an agricultural country. The mountains, the Baluchistan Plateau and the Salt Range, though not fertile agriculturally, contain large treasures of minerals, oil and gas. The sea coasts are rich in Fish-wealth and coastal area is as attractive for the tourists as Northern Mountains. It seems reasonable to have a bird's eye view of the natural resources of Pakistan before studying the economy and economic planning of the country.

***Forests:*** Forests have a special importance for human life. For any agricultural country, there must be at least twenty-five percent area covered by forests, but unfortunately the total forest area of Pakistan is only 4.8 percent. In the hilly regions, tall trees like cedar (deodar), spuree, fir, pine and chir are

found which provide us with building wood. Oak, Walnut and 'Kalakath' are also used for building purposes. But unfortunately the hilly trees become young after fifty years and thus their growth is very slow. However, the trees of the planes like Shisham, Kikar, mulberry and prosopis can be developed and attempts are being made in this channel. A campaign is launched twice a year to grow trees on either side of roads and on both the sides of the railway lines. By the sea shore, coconut trees are planted.

**Minerals:** It is hoped that Pakistan is rich in minerals, but so far minerals have not been sufficiently searched and found, and thus their production is much below our needs. Perhaps it is due to the shortage of means and dearth of communication system in the hilly regions. Pakistan has been searching for the minerals to its capacity and capability. It has also contacted developed countries for their co-operation in this connection.

**Coal:** Pakistan is digging 'Coal' from Makarwal, Dondot, Shah Rag, Khosht, Syed Nagri, and Chach Bolan, but this coal is not useful for industrial purposes because it has a mixture of sulphur. It is estimated that our coal reserves contain more than 175 million tones of coal PMDC has extracted 5 million tone coal in 2005.

**Pertol:** Pertol (which is considered to be liquid gold) and oil production is on the increase. Its reserves have been found out in Dhallian, Balkar, Jalmir in the Punjab Dera Bagti in the Baluchistan and in Goadar in the Sind. It is generally thought that Pakistan oil reserve is connected with the oil fields of the Middle East. Pakistan is getting 44.6% of her needs from local resources in 2004. The production of oil was more than 28 million barrels. We have established oil refineries at Rawalpindi, Karachi and Multan. There is an other refinery at morga district Rawalpindi.

**Natural Gas:** For the fulfillment of our requirements with regard to energy, there is another God's gift i.e. 'Natural Gas' which was found in 1951 at 'Sui' (Baluchistan). It is called Sui gas Now this gas is being extracted from Uch, Khairpur, Kandkot, Handi also. More reserve have been discovered at Dhodak and Thadi this gas is brought to big cities through

pipes and is used for domestic and transport purposes. It is estimated that we are consuming more than three thousand million cubic feed daily for industrial purposes this gas is being used to form manure in Dawood Hercules factory at Shaikhupura.

**Iron:** Iron of better quality has not so far been found out in Pakistan. However, there are stocks of iron at Kalabagh, Mianwali, Kachch, Dandot, Kalat, Waziristan, and Chitral. The Kalabagh steel-mill is established for making the iron oar suitable for use.

**Chromite:** Which is used for making furnace is being dug from the outskirts of Quetta.

**Gypsum:** Is also found in huge quantity which is used for making 'Cement', Sulphuric Acid and fertilizers. It is obtained from the districts of Mianwali, Jehlum, D.G. Khan, Quetta, Sibi, Kohat, Bahawalpur and Sanghar.

**Sulpher:** Is being obtained from the Sui gas. There are points where shlpur has been found out very pure.

**Salt:** Allah has given us salt in abundance. The biggest salt mine is at Khewra which produces lacs of tons salt daily. Salt deposits are also found at Kalabagh and Warchha. In district Khoat, Bahadar Khal and is Sindh Therparker have also the deposits of salt.

**Lime-stone:** Is found at Kalabagh, Khoat, Makarwal, and Baluchistan hills. It is found in Khairpur and Hyderabad. Such type of sand is also found in some parts of the Mianwali and Khushab.

**Silica:** There is another element 'Silica' which is used for making glass.

**Brass:** fields have also been found in Baluchistan at Chagi.

**Phosphate:** Is also available in huge quantity. It is hope that the dry hills of Pothohar and Baluchistan are the store houses of many other minerals.

A Schedule of the Production of Minerals is given below:

**Fish:** Fish is another gift of God for Pakistan. Coasts of Arabian Sea are very attractive for Fishermen. Fish thus procured serves the need of the country as it is also exported. Pakistan earned 341 million rupees from this export in 1977-78 and this amount reached 3621 million rupees in 1993-94. To increase this production a research institution (NCOR) has been established. The technical known how is being gained from U.S.A, Germany and U.K. Fishing boats and launches are also being imported for the purpose.

# **AGRICULTURE**

Agriculture is the largest segment of Pakistan's economy. Out of our working class 52% (in rural areas 70%) earn their livelihood from this field of economic activity; Also 24% of the national income is obtained from the Agriculture Sector. Cash crops which are exported, earn foreign exchange of about 45%. Cotton and rice are our main exports. Agriculture also provides raw material for our industry. Cotton, cloth, sugar, and vegetable oil industries get their raw materials from agriculture and in this way agriculture paves the way for industrial progress. Again agricultural development raises the standard of living of the villager and improves their purchasing power which creates demand and contributes for the industrial development.

## **MAIN CROPS**

A variety of crops are cultivated in Pakistan. Those crops which are cultivated before the beginning of winter season and harvested in early summer are known as "Rabi Crops". They include wheat, barely, grains, oil seeds etc. Those crops which are grown in the beginning of summer and harvested in early winter are called "Kharif Crops". These include rice, sugar cane, millets, maize and cotton etc. The crops are also classified into food crops and non-food (cash) crops. The main crops of Pakistan are.

**Wheat:** Wheat is the most important crop of the country. It provides food to the majority of our population. It is therefore receiving considerable attention. The total area under wheat production was 8.2 million hectares in 1992-93 compared to 3.95 million hectares in 1948. The production of wheat has also increased to 16.157 thousand tones in 1992-93 Kg per hectare from 800 Kg per hectare in the mid 1970's. It has been made possible by the introduction of new wheat varieties, improved agronomic practices, increased water availability and improved water use efficiency, greater use of fertilizer, widespread use of mechanical implement better storage facilities and a 2005-2006 has been as 21700 thousand tones.

**Rice:** It is the second most important crop of Pakistan. The total area under rice during the year 1992-93 was 1934 thousand hectares, production 3116 thousand tones. The average yield per hectare for the same period was 1594 Kg. in 1992-93 Rice is an important source of foreign exchange earnings. It fetched Rs. 7.1 billion in exchange by exporting during the fiscal year 1992-93. According to the Economic Survey of Pakistan 2005-06 the production of rice is 5547 thousand tones.

**Maize:** Maize is an important food grain as well as raw material for edible oil production. It is also used to produce starch and poultry food mixes. The total area under maize was 890 thousand hectares in 1992-93 while the total production was 1184 thousand tones. The average yield fluctuates around 1250 Kg. per hectare in the last 20 Years. The production of maize has also increased to 356 thousand tones in 2005-2006.

**Cotton:** Cotton, the silver fibre of Pakistan, it is most important cash crop of Pakistan. The area under cotton production has increased from 1.7 million hectares in late sixties to 3096 thousand hectares in 2005-2006 where as the production has increased to 2417 thousand bales.

**Sugarcane:** Sugarcane is one of the largest industries in Pakistan and is the 2<sup>nd</sup> largest cash crop. There are sugar mills operating in Pakistan. The acreage under sugarcane was 196 thousand hectares in 1947. It increased to 946 thousand hectares in 1981-82 but declined to 853 thousand hectares in 1992-93 In 2005-2006, the area where sugarcane was grown was 907 thousand hictares. The cane yields have been stagnating between 40 to 42 tones/hactare. Pakistan achieved self-sufficiency in sugar throughout the 1970's and early 1980's. Sugarcane production was 36.5 million tones in 1992-93.

**Tobacco:** The total area under tobacco, during the year 1992-93 was 54 thousand hectares, yield 1700 Kg/Ha and production 97 thousand million tones. The production of fine Virginia tobacco is mainly concentrated in lower Indus bssins plains of the Punjab and N.W.F.P. Pakistan is meeting all the domestic requirements of tobacco and is exporting a sizeable quantity of manufactured tobacco in the form of cigarettes.

***Oil Seeds:*** The main crops grown for oil are rape and mustard seeds, sunflower, safflower and soybeans. However, the major source of domestic oil production is cotton seed which is a byproduct of cotton and not an oil seed crop. The average yield of oilseed is 700 Kg/Hac. The rate of increase in the production of each crops may be viewed from the following schedule.

Agricultural yield depends on rain & weather. It may fall due to natural calamities and may increase in favourable circumstances. Production of Tobacco & cigarette industry is being discouraged in U.S.A. & western countries. Here it is popularized alongwith cricket.

## **PROBLEMS OF AGRICULTURE SECTOR**

Agriculture sector is the mainstay of the economy of Pakistan. It accounts for 24% of GDP. It provides employment to 52% of the labour force and contributes 45% of the export earnings.

As Pakistan's economy is basically agricultural, therefore, we have to look into its problems. The agriculture sector is beset with the following problems:

**Scarcity of Irrigation Water:** Scarcity of irrigation water causes a serious limitation in the expansion of crop areas in Pakistan. The lower water supplies, losses from water courses in the fields are the serious problems. The availability of water has to be increased by construction of small dams, installation of tubewells etc, for raising the output of agriculture. There will, thus be less dependence on Nature for the supply of timely water.

**Agricultural Research:** The average crop yield in Pakistan is about 1/4<sup>th</sup> low as compared to the world. In order to raise the potential of agricultural production, there should be improvement in the research for agricultural growth.

**Man Behind the Plough:** Man behind the plough is more important than the plough itself, in the various Five plans, emphasis has been laid more on the physical inputs like fertilizer, seed etc. The human side i.e. the welfare of the farmer has remained almost neglected.

**Lack of Infrastructural Facilities:** There is a lack of infrastructural facilities particularly in the rural areas. There should be provision of basic amenities, feeder, roads and rural electrification in the villages.

**Lack of Agro-based Industries:** There is a lack of agro services and agro based industries in the rural sector, if

agro-based industries like livestock farms, poultry, fisheries, dairy products etc, are established, it will improve the quality of life of an average farmer.

**Waterlogging and Salinity:** Waterlogging and salinity are twin problems of agriculture sector. They adversely affect the performance of farm sector; vigorous efforts are being made to protect and reclaim the areas affected by waterlogging, salinity and also soil erosion in the country.

**Role of Credit:** Most of the farmers in the villages own small units of cultivable land. The farmers having less than four acres of land constitutes 25.5% of the total farmers. These farmers are badly in need of credit to purchase modern inputs. The development of specialized credit institutions for catering the input requirements of farmers on a large scale is a challenging problem for the Government.

**Floods:** Every year, floods destroy considerable part of growing crops. Some means should be adopted to check this ravaging of water.

**Under-utilisation of Cultivable Land:** The total area of Pakistan is 80 million hectares, out of which 25.2% is of cultivable land. There is, therefore, a huge wastage of cultivable land which is not being brought under cultivation due to lack of capital and proper water supply. Since 1977, though there is an increase of 0.188 million acres per annum, still it is not adequate to meet the future demand of food, raw material for industries and for export requirements.

**Extensive Training Programmes:** Extensive training and education of farmers is essential to raise farm productivity. The farmers have to be persuaded to discard the outdated practices of agriculture and adopt the use of modern inputs such as improved seeds, fertilizers, pesticides etc. The education of farmers for the adoption of agricultural technology is a massive work and has to be carried out systematically and effectively.

**Govt. Measures to Raise the Agricultural Yield:** Since Pakistan's economy is basically agricultural and we earn 60% of foreign exchange from cotton alone, we have been

## **INDUSTRY**

Industrialisation is essential for rapid development of the country. Pakistan at the time of partition in 1947 had negligible industrial base. It has now attained a fairly diversified base in manufactures, ranging from essential consumer goods of chemicals, steel, heavy engineering and machines and tool industries. Domestic production of items such as refined sugar, steel fertilizer, cement etc. has helped in import substitution and has saved substantial amount of foreign exchange.

## **PROBLEMS OF INDUSTRIAL SECTOR**

The main obstacles which have slowed and retarded industrial development in Pakistan are as under:

## **British Policy Towards Muslim Majority Provinces:**

The British deliberately neglected the Muslim majority areas which remained backward in industry. The Punjab was used for military recruitments. Other regions provided raw materials for the factories of England. The result was that in 1947, Pakistan inherited only 34 out of 921 industrial units. This start from scratch retarded the pace of industrial development.

### **Controversial Industrial Development**

**Strategies:** The slow growth in industrial sector is mainly due to rapid changes in the industrial development strategies. The planners have not yet been able to solve the central issues such as sectoral balance between agricultural and Industrial sectors or between public & private sector etc.

**Lack of Capital:** The second major problem of industrialization in Pakistan is the lack of capital. In capital intensive industries like steel and iron, chemicals, automobiles etc, the amount of capital required per worker is quite high. In industries like textile, carpet, sugar, paper board etc., huge amount of capital is required to establish and expand these industries. Pakistan lacks such a huge capital.

**Labour Problems:** The industrial labour in Pakistan is mostly conscious of its rights but not of duties. They are not properly trained. The political parties patronize them to meet their own ends. The change in attitude towards work is required.

**Lack of Infrastructure:** The infrastructure for building up a sound industrial base is inadequate in Pakistan. The sources of power, thermal, solar, atomic etc. are insufficient to meet the industrial requirements of the country. The transport and communication facilities are not upto the mark.

**Lack of Technical Know-how:** Another problem which is standing in the way of rapid industrialization of the country is the lack of skilled person. The capital intensive industries need highly trained technical personnels. The country is deficient of them.

**Political Instability:** From the very beginning, Pakistan lacks political instability which is a pre-requisite for industrial growth and development. Law and order situation is also poor which results in the poor performance of industrial sector.

**Control of Bureaucracy:** In Pakistan, bureaucracy shapes the policies. It is a recognized fact that the role of bureaucracy means status quo and stagnation. Every industrialist thus has to pass through the tardy bureaucratic procedures and thus red-tapism devours many industrial projects.

**Shortage of Raw Material:** Another important factor for the slow growth of industrial sector is that Pakistan lacks raw materials. Iron and coal are essential for industry but the coal and iron discovered in Pakistan are of low quality.

**Problem of Technology Transfer:** As an under developed country, Pakistan has to barrow technology from developed countries which are not eager to provide latest technology to Pakistan. During Ayud era, when textile mills were imported from Japan, they were found outdated.

The Pakistan Government had begun to develop industry just after the creation of the Independent State. Industrial Finance Corporation was set up for the purpose in February 1949. Soon Pakistan Industrial Development Corporation was formed to initiate those industries in which the common industrialists hesitated to invest money. The industry thus established was later sold to private sector. In 1961, the Industrial Finance Corporation was replaced by the Industrial Bank. Research Centres were also set up to give suggestions about the quality of products.

Till the end of President Ayub's regime the industry remained almost in private hands. But it was felt that the Government was patronizing only 22 industrialist families. Bhutto government nationalized all important industries which resulted in the stoppage of investment in Private Sector. The capitalists transferred their wealth to foreign countries and the labourers adopted their attitude as of the government servants. It minimized the output considerably and also the

quality of the goods. Zia Government made a policy of gaining confidence of the capitalists afresh and assured them that no industry would in future nationalized. Government sector co-operated with the Private investors and worked to guard and guide the private industrialists. And where the private capitalists hesitated to invest, the Government agencies came forward to provide the capital. In the Sixth Plan 8200 crore rupees were reserved for the purpose. The Karachi Steel Mill has paved the way for many factories which can use its steel. It is now endeavoured to provide essentials for the new industry from the local ores and local productions.

## PAKISTAN'S IMPORTANT INDUSTRIES

**Cotton and Textile Industry:** Cotton Industry is the first to attract the attention of the industrialists in Pakistan. In 1947, only 6 cotton factories were existing in West Pakistan. Anyhow the raw material of Pakistan i.e. cotton is one of the main crops of the country. The industry thus began to flourish as early as 1948. Number of Cotton Mills had reached 243 in 1991, containing 17000 power looms and almost 56 lacs spindles.

The share of textile industry in the economy along with its contribution to exports, employment, foreign exchange earnings, investment makes it the single largest manufacturing sector for Pakistan. It contributes around 8.5 percent to GDP, employs 38 percent of the total manufacturing labour force, and contributes between 60-70 percent to total merchandise exports. Indeed, with exports reaching about \$8.6 billion in 2004-05. Pakistan is one of the largest textile exporters in the world. The variety of products ranges from cotton yarn to knitwear. Garment made-ups and bed wear are the most important export products with an export value of about \$1.35 billion each. Knitwear, ready made garments and cotton yarn also have important shares in total exports. Overall, the US and the EU are Pakistan's largest trading partners accounting for 25 percent and 20 percent share of Pakistani exports respectively. Other major importers include China, UAE and Saudi Arabia. Textile trade is classified into two broad categories i.e. textile which include yarn, fabric and made-ups, and clothing which represents ready-made garments.  
(Economic Survey 2005-06)

### **Hosiery, Readymade Garments and Towels:**

There is a large scope of export of Readymade Garments to USA and European Union markets. Our export of hosiery exceeds twelve hundred million dollars that of readymade garments one thousands million dollars, towels almost 500 million dollars and bed sheets 16 hundred million dollars.

The production of garments and made-ups in Pakistan is concentrated mainly in Lahore, Faisalabad & Karachi. These three clusters have their own specialties. Faisalabad caters more to Home Textile; Lahore is the home of Knitwear and Karachi lives up to its reputation of being mini Pakistan. Karachi has established itself both in Knit as well as Woven side of the 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 has all the time depended on export outlets. Over 300% increase in Export of Towels in the past few years indicate that tremendous possibilities exist for further expansion provided the existing towels manufacturing factories are up graded to produce higher value towels. The Pakistani towel industry at large is using locally manufactured power looms.

**Filament Yarn Industry:** It includes Accetate Rayon Yarn, Nylon Filament Yarn, Polyester and Filament Yarn. The production of polyster Filament Yarn is estimated at 78000 tones per annum. Accetate Rayon Yarn and Nylone Filament Yarn, are also manufactured to meet the local leads. Art Silk and synthetic weaving industry in also mentionable which comprises almost 90,000 looms working mostly in small units. The concentration of this industry is in Karachi, Faisalabad, Gujranwala, Jalal Pure Jattan, Swat and Wiziristan.

**Sugar Mills:** At present there are about 39 sugar mills in Pakistan. Some 9 lack tons of sugar is being prepared per year. In 1983-94 it was about 9,02,000 tons. Sugar production is on the increase. In the Punjab there are 20 mills, in Sindh 14, and in N.W.F.P. five. The Government has given formal sanction for setting up such mills by the private sector. Six mills of sugar will be installed in the Punjab, three is Sindh and one in N.W.F.P. Two years back our country was not only self

***The Fertilizer Industry:*** The fertilizer industry is very important for agricultural countries like Pakistan. Special efforts have been made to establish fertilizer factories. At present 10 such units are working in Pakistan with a capacity

of producing 5655 thousand tones per year. Fertiliser factories are located at Sheikhupura, (Dawood Hercules) Multan (Pak-Arab Fertilisers), Faisalabad and Sadiqabad in the Punjab, in Sukkur, Mir Pur and Mathelo in the Sindh and in Hazara and Daud Khel in N.W.F.P. Pakistan export the fertilizers but at the same time some special fertilizers are imported. The production can be viewed in the table given below.

**Vegetable Ghee Industry:** Vegetable Ghee is made from cooking oil. There are 42 factories, Most of them are now shifted to private sector. Unfortunately, Pakistan is not self-sufficient in cooking oil. So, it is imported. Now the Government is stressing upon the farmers to grow sunflower to enable the country to be self-sufficient in cooking oil. The production of vegetable oil in 1992-93 was 725,000 tones. In 2005-06 it has increased to 861.3 thousand tones per year.

**Cement Industry:** Construction programme can not be continued without cement production. Pakistan paid full attention to it. The production during 2005-06 has been assessed at 12242 thousand tones. Even then this does not suffice our needs, and we have to import it, because of large size construction projects.

**Automobile Industry:** During the recent past the automobile industry has shown remarkable progress. Government has adopted liberal tax policies to encourage this sector. The tremendous in rise automobile demand has resulted in increased production giving a healthy impetus to the industrial output and generating over 150 thousands direct employment opportunities besides contributing tax revenue to the state. Toyota, Diahatsu, Honda and Suzuki companies of Japan have installed there plants in collaboration with Pakistani investors. Consequently, Toyota Diahatsu, Coure and Suzuki cars are seen on every road. Kia and Hyundi, vehicles are also being produced by Dewan, Farooq Motors as a joint venture with Korean companies. It is assessed that the production of the cars has exceeded 140,000 units per year. Apart from this motor cycle industry has also made a wonderful progress and almost 40 lacs motorcycles are being produced every year which indicate the rising standard of living of the middle class.