

A photograph of an industrial facility, likely a refinery or chemical plant, at night. The scene is dominated by several tall, cylindrical distillation columns and a complex network of pipes and structural steel. The facility is illuminated by numerous warm, yellow lights, creating a strong contrast with the dark blue night sky. A full moon is visible in the upper center of the frame. The image is framed by two diagonal gold-colored lines that intersect to form a large, irregular shape on the right side, which serves as a background for the title text.

Industrial & Manufacturing Sector Of Pakistan

What Is Manufacturing?

The process of making goods or wares by manual labor or by machinery, especially on a large scale is called manufacturing.

For example:

The manufacture of television sets.



What Is Manufacturing sector?

Manufacturing sector refers to any business that transforms raw materials into finished or semi-finished goods using machines, tools and labor.

Manufacturing sectors include production of food, chemicals, textiles, machines and equipment

Manufacturing Sector is of great importance for economic development of every country. It is historical fact that countries with strong Manufacturing sector have showed more economic growth and development.



Contribution In GDP:

Pakistan Industrial Sector is the second largest individual sector of the economy accounting for 20 percent of GDP. In 2018 it recorded a growth of 5.80% as compared to the growth of 5.43% last year. This sector comprised of large, medium and small-scale.

Manufacturing is the most vibrant sub sector of the industrial sector having 64.4% contribution in the industrial sector and in GDP it accounts for 13.45%.

Manufacturing (sub-sector) is further divided in three components including large-scale manufacturing (LSM) with the share of 51.26% in industrial sector, small-scale manufacturing share is 8.80% in industrial sector, while Slaughtering contributes 4.34% in the industry.

Historical Background:

At the time of independence the total large scales industrial contribution was only 1.8% to GDP. The small-scale industries however, contributed 4.6% to GDP.

Pakistan at the time of partition in 1947 had a negligible industrial base. It got only 34 industries out of 955, while remaining were held by India.

Such a small number of industries were not enough for a newly born country to face the industrialized world.

With the passage of time Pakistan utilized it's all available resources domestic as well as external for rapid development of manufacturing sector.

GROWTH OF MANUFACTURING SECTOR IN PAKISTAN

The Manufacturing performance in terms of growth/productivity is examined in the following periods of time:

1. Growth of Manufacturing sector from 1947 to 1950.
2. Growth of Manufacturing sector in 1950's.
3. Growth of Manufacturing sector in 1960's.
4. Growth of Manufacturing sector in 1970's.

GROWTH OF MANUFACTURING SECTOR FROM 1947- 1950

In 1947 Out of 955 industrial units operating in the British India, Pakistan got only 34 industries i.e. 4% of the total industries established in the Subcontinent.

The rest were located in India. The industries which came to the share of Pakistan were of a comparatively small size and were based on raw material. These industries included small sugar mills, cotton ginning factories, flour mills, rice husking mills and canning factories etc.

In 1947 it was suggested in the Industrial conference of Pakistan to establish industries, which use locally produced raw material like jute, cotton, hide and skins. The Government also set up an Industrial Finance Corporation, Industrial Investment and Credit Corporation in 1948.

In the period from 1947 to 1950, the private entrepreneurs invested in those industries which showed the highest profit. The contribution of manufacturing sector was 6.9% to GDP in 1950.

GROWTH OF MANUFACTURING SECTOR IN 1950'S

In **1952** the Government took the initiative and established Pakistan Industrial Development Corporation (PIDC) to invest in those industries which require heavy initial investment.

PIDC major investment was in paper and paper board, cement, fertilizer, jute mills and the Sui Karachi gas pipeline. PIDC by June, 1971 had completed 59 industrial units and created a base for self sustained growth in the industrial sector.

A large number of new industries were established. The production capacity of the already

existing units like fertilizers, jute and paper was considerably expanded. The reduction of export

duties and the introduction of Export Bonus Scheme in 1958 increased export of the manufactured goods.

The share of industrial sector to GDP rose from 9.7% in 1954-55 to 11.9% in 1959-60.

GROWTH OF MANUFACTURING SECTOR IN 1960'S

In 1960's there was a shift in the establishment of consumer goods industries to heavy industries such as machine tools, petro-chemical, electrical complex, iron and steel.

The industrial performance in terms of growth, export and productivity increased during the Second Five Year Plan period. The share of industrial sector to GNP went up to 11.8% from 1960 to 1965.

The manufacturing sector could achieve a growth rate of 7.8% against the Plan target of 10%.

PERFORMANCE OF MANUFACTURING SECTOR IN 1970'S

The industrial performance in terms of growth, exports and production was disappointing from **1971 to 1977**.

There were various reasons for the poor performance of the manufacturing sector.

One wing of the country (East Pakistan) was forcibly separated. The Country had to fight a war with India in **1970**.

The suspension of foreign aid, loss of indigenous market (East Pakistan), fall in exports, unfavorable investment climate, floods, recession in world trade and reduction in investment incentives caused a fall in the output of large scale industries.

The annual growth rate fell to **2.8%** in the manufacturing sector in this period.

From July, **1977 to 1980**, the Government initiated a large number of measures to revise the economy. Cotton ginning, rice husking and flour milling were denationalized. The private sector was encouraged to invest in large scale industries.

MANUFACTURING INDUSTRIES IN PAKISTAN

Pakistan ranks forty-first in the world in factory output.

Pakistan's manufacturing sector accounts for about 25% of GDP.

Following are the main industries of our country:

- Textile Industry
- Sports Industry
- Sugar Industry
- Cement Industry
- Fertilizer Industry

Other Major Industries Include:

- Automobile
- Leather products
- Paper & board
- Pharmaceuticals
- Chemical
- Engineering items
- Electronic
- Non-metallic minerals
- Petroleum products
- Food, beverages & tobacco
- Mining and Quarrying
- Services Sector
- Agriculture
- Live Stock
- Steel
- Electricity and Gas

CAUSES OF INDUSTRIAL BACKWARDNESS IN PAKISTAN:

- ❖ Political Instability
- ❖ Lack Of Capital
- ❖ Limited Market
- ❖ People's liking to foreign goods
- ❖ Communication & Transportation
- ❖ Energy Crisis
- ❖ Economic Restrictions
- ❖ Gap between targets and achievements
- ❖ Inefficiency
- ❖ Lack of Modern Technology
- ❖ New Competitors
- ❖ Low Foreign Investment
- ❖ High Interest Rates
- ❖ Lack Of Technical Knowledge
- ❖ Corruption in related government agencies and so many govt. agencies intervention
- ❖ Import Trend
- ❖ Lack of trained manpower

RECOMMENDATIONS:

Here are some suggestions to stabilize the manufacturing sector:

- ✓ Government must unveil a solid industrial policy keeping in view the global requirements.
- ✓ In order to increase the share of the industrial sector in the GDP there is dire need to establish new industrial estate in the country.
- ✓ To enhance the contribution of existing industrial estates in the economy they should be facilitated by the government policies.
- ✓ Industrialists be given loans on easy installments, so as they could run industries smoothly.
- ✓ New markets for the local products are explored and the quality of local products be improved to increase the demand abroad.
- ✓ New technical universities and institutions be established for the guidance of the labor and equip them with the modern techniques being used in the industry.

- ✓ Means of communication and basic infrastructure required for industry like roads, transportation etc. should improved and enhanced to make the access easy.
- ✓ New and emerging entrepreneurs must be encouraged to lead the industrial sector and make investments.
- ✓ The crisis of energy must be resolved on priority basis and interrupted supply of energy to industry be ensured.
- ✓ Law and order situation be improved to allure the investors to invest their money and time.
- ✓ More attentions should be given to increase export.
- ✓ Import substitution products are produced to encourage people to use local products.
- ✓ Realistic and up-to-date statistics is provided to this sector.
- ✓ **Small & Medium Enterprises (SMEs)**