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|  | **BAHRIA UNIVERSITY, (Karachi Campus)**  *Department of Software Engineering*  **Assignment 3 – Fall 2021** |  |

COURSE TITLE: Pakistan Studies & Global Perspective COURSE CODE: Pak-103

Class: BSE- 3 B Shift: Morning

Course Instructor: Ms. Rani Kiran Time Allowed:

Submission Date: 19.01.2022 Max. Marks: 10 Marks

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Assignment 3: CLO-3 [10marks]

Write a Assignment on any topic of your choice related to ‘Social or Economic Problems of Pakistan and the way forward’ and represent this Assignment on your class.

Guidelines:

* What essentials you add to add your assignment are:
* Identification and evaluation of any one contemporary (social, political, environmental and economic) problem of Pakistan.
* Proposed solution / Future prospects.
* Make sure your topic is approved by the teacher before writing the assignment.
* Use reliable sources for references.
* Same topic can’t be taken by multiple students.
* Follow the pattern as described during the class

**“Automotive industries in Pakistan”**

**Introduction** :

Vehicle manufacturing is amid the limited manufacturing which has attracted native and extraneous funds to level the asset macroclimate in the country has not been congenial. Moreover, it is not developed as much that comes to a noticeable list of the top automobile industries. Due to less technology in Pakistan, technology and production have an invariable impact on automobile growth. New automobile technological advancement throughout the world, in addition to revolution determination turns out to be a foremost lashing strength cutting-edge of automobile area enlargement.

The Pakistani industrial sector has more segmented & one of the vital industrial sectors is based on vehicle manufacturing or services which are known as vehicle manufacturing. In the large gauge developed trade an Auto Vehicle manufacturing is a pouring potency and significant portion of the manufacturing possessions of Pakistan.

**Challenges Facing the Automotive Industry:**

A country’s economy flourishes when its local manufacturing industry grows, and the main focus of any government is to make its local industry stand on its feet and driven by mobilizing domestic resources. Unfortunately, the automobile sector in Pakistan does not show steady growth, it indicated a sudden upward trend and after some time the graph of growth has been downward sloping.

Given the state-owned manufacturing segment that Pakistan congenital on the spell of freedom, the auto manufacturing consumes grownup through bounds and limits cutting-edge additional than semi an era. Substantial growing and volume were industrialized cutting-edge the preschooler phases as soon as the manufacturing was first usual active below government direction and provision, nonetheless, technical expertise and competitiveness consume escaped the manufacturing aimed at the greatest share however a trickle of companies consume achieved toward attaining an amount of worldwide and developing local technological capabilities considerably cutting-edge footings of nearby intended and shaped mechanisms, shares and goods.

The auto manufacturing of Pakistan prepares not to consume a foremost part cutting-edge entire worth additional cutting-edge the industrial segment that difference fits toward the dual groups of fabrics and nourishment, drinks, and tobacco, together of which are deeply at the compassion of happening the agrarian subdivision for rare constituents, and which motionless explanation aimed at ended 50% appreciated additional in industry. But after all these circumstances the automotive segment still achieves to brand a significant influence on the national budget in footings of service, income, and external conversation age groups, not to reference human reserve growth. The yearly income for manufacturing is more than PKR 30 billion, though it donates fewer than 3% to **GDP**.

**SOLUTION**

* Increased local production gives positive growth to the automobile sector.
* Technology advancement increases the business of local manufacturers.
* Relaxation in government policies encourage new business and growth in the existing automobile market.
* Lower duties give positive growth in the automobile.

**1) Production:**

The main purpose of the automobile industry is to produce and sell automotive products to its customers. Production comes in two phases one is producing parts and the second part is producing a vehicle that assembles the whole vehicle using those parts. But the main concern is that in Pakistan the companies which are manufacturing or assembling the cars are importing parts and just doing the assembling process. This increases the price of final output and it goes beyond the pockets of many customers.

While on the other hand after-sales parts are manufacturing in Pakistan and considered as of good quality. While the bikes are manufacturing in Pakistan with their OEM auto-parts. Some other vendors are also working on the manufacturing of bikes after-sales parts. Tractors are also manufacturing in Pakistan. The local manufacturing plants are establishing that consider as a positive sign for the growth of the automobile industry.

**2) Technology:**

Technological advancement in every sector is increasing day by day. With every new model, customer demands some new features or technology. Unfortunately, Pakistan's automobile sector is not in line with global technological advancement. The main reason for this is that we are not pursuing locally for up-gradation. The technology develops by the world while adoption increases the price of the final product.

By the side of the comprehensive international side by side, close through be situated apparent benefits of technical associations that are attractive residence altogether above the domain of countries of the globe. Technologically advanced in addition evolving republics opinion toward improvement on or after lawmaking and financial improvements. Skill transmission remains here and now attractive abode cutting-edge Pakistan using a system of government on or after numerous established republics. Technology advancement is required not only in the automobile sector but everywhere in the manufacturing industry. When there is updated technology available in local manufacture cars the demand increases and industry flourishes.

**3) Government Policies:**

Government policies have both a negative and positive impact on the automobile sector. The government can reduce taxes and give some incentives to the automobile sector. The government has to make a policy for the local automobile industry not like Auto policy 2016 but strong measures are required from the government to support this industry.

Using an entire, the enactment of the Pakistan Auto vehicle Segment endured incapable in the direction of encounter the aforementioned factual latent excluding aimed at the motorcycle industrialized segment. Maximum of the Car assemblers remains using machinery in addition as long as unimportant structures as folks of the cars in the Worldwide Marketplace. Local Clients be situated not consuming the greatest obtainable equipment and protection necessities cutting-edge automobiles. From this time, the Economic Coordination Committee (ECC) expressed the Automotive Development Policy (2016-21) designed for the growth and evolution of the vehicle manufacturing cutting-edge Pakistan.

The government should intervene but in a positive manner. This will allow new entrants or foreign players in the direction of established active their factory in Pakistan. This will give a boom to local industry and increases the chance of local employability. It is suggested that the government should continue the relaxation provided in recent policy on the import of automobiles and benefits for the Foreign Investors to encourage better quality at relatively lower costs automobiles.

**4) Duties:**

Impact of duties on local producing parts and importing parts have negative as well as positive. Because high duties increase the price of the final output. If we consider importing a vehicle now a days duties are increased so much so the price of the car after reaching your doorstep is double. Same as the case with the raw material it also increases the price of final output because those parts are used in the manufacturing of the vehicle and expensive parts result in inexpensive products.

In Pakistan, unfortunately, the case is that about 40-50% of the automotive parts are imported that’s why the price of local manufacture cars are also high as compared to imported vehicle.

**Automobile growth:**

The auto manufacturing consumes demonstrated a regular presentation of cutting-edge rapports of maintainable and determined development. Statistics happening manufacture cutting-edge the auto manufacturing remains obtainable aimed at the era since 1974 towards 75 to period and expressions that the manufacturing’s routine guzzles remained the uppermost throughout the 1970s besides at that time over throughout the 2000s. Enactment deteriorated cutting-edge the 1980s in addition clear-cut additional cutting-edge the 1990s to a smaller amount than 4 out of a hundred throughout the 1990s. The on or after highest to lowest growth counted front-line the preceding 4 to 5 years consumes typically remain located expected credit towards the state’s business outward-bound policies end-to-end through inferior pricelist duties, unceasing development of **GDP**, in addition, each capita revenue, although the original upsurge is greatest probable happening clarification of the huge speculation assumed throughout the developing ages as soon as the republic’s manufacturing dishonorable remained existence recognized on or after scrape.

The Auto manufacturing consumes remained a lively and rising manufacturing cutting-edge of Pakistan aimed at an extended period, though not a sample recognized toward originate cutting-edge the obvious slant of the highest auto trades. Manufacture capacity consumes sustained augmented cutting-edge auto manufacturing but transmission or skill leftovers small. The auto segment achieves its purpose underneath the permit and practical collaboration contracts through European, Korean and Japanese, producers.

By way of the manufacture remains founded happening external combined undertakings thus the worldwide principles remain shadowed cutting-edge the produces. Auto manufacturing remains amongst the insufficient trades which are enticing native and overseas funds smooth the asset environment cutting-edge the manufacturing remains not respectable. The automobile manufacturing forecast a rising demand in Pakistan and participated ended ₨ 20 billion throughout this period. Motorcycle manufacture success a top side by side in 2016–17, through 2.5 million components completed.

In 2015, the Automobile Strategy 2016-21 remained to bring together, towards assistance trap new-fangled automakers, which consumes conventionally remained conquered through Honda, Toyota, and Suzuki. The automobile manufacturing remnants the 2nd major customer of unintended duties afterward the fuel business in Pakistan. There are currently 10 cars for every 1,000 persons in Pakistan. This is one of the lowest ratios in emerging economies, which stands for itself of the high growth potential, increasing per capita income, with a shifting demographic distribution and an expected influx of 30 to 40 million young people into economically active labor force over the next decade, would usher in an opportunity for the industry to develop and grow.

Chart, pie chart

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By the side of the current, the automobile

marketplace remains conquered through Honda, Toyota, and Suzuki. Though, on 19 March 2016, Pakistan approved the "Auto Strategy 2016-21, which suggestions toll inducements toward new-fangled automakers toward found industrial facilities in the republic. In response, Renault, Nissan, Proton, Kia, SsangYong, Volkswagen, FAW, and Hyundai consume articulated attention in incoming the Pakistani marketplace.

**Conclusion: -**

Pakistan might learn from Germany. Compared with the other nations of the European Union, it has a modest intra-industry indicator. Thus, in view of their openness to trade, these nations rely more on single-way traffic in import and export terms. The findings of the research have indicated a positive relationship between the variables by putting the hypotheses to test. Automobile growth depends on production, duties, government policy, and technology. Scientific High-tech alteration theatres a dominant character in cutting-edge emanations decrease besides get-up-and-go competence development. New-fangled vehicle skill expertise improvement and modernization determination convert a foremost go-ahead authority chic automobile area enlargement.

In Pakistan there are a few companies are operating if the government makes that kind of policy which is good for the automobile industry, there is a chance of increasing production and the prospects of industrial growth.