

Industrialization:

“The process in which a society or country (or world) transforms itself from a primarily agricultural society into one based on the manufacturing of goods and services. Individual manual labor is often replaced by mechanized mass production and craftsmen are replaced by assembly lines.

Background of industrial sector:

- ▶ Pakistan at the time of partition in 1947, had negligible industrial base.
- ▶ Out of 921 industrial units operating in the British India, Pakistan got only 34 industries i.e 4% of the total industries established in the Subcontinent
- ▶ There was no steel industry worth the are in Pakistan, whereas India had a sound industrial base at the time of Independence.
- ▶ Since the division of the Subcontinent, the Government of Pakistan has been utilizing all available resources domestic as well as external for rapid development of the manufacturing sector.

Background of industrial sector(continue)

- ▶ The Government of Pakistan being aware of the importance of industrialization for rapid growth and development, called an Industrial Conference in December, **1947**. The Industrial Conference recommended the establishment of industries which use locally produced raw material like jute, cotton, hide and skins.
- ▶ . In order to expand the scale of production, the private enterprise was to be encouraged to set up industries
- ▶ In the period from **1947** to **1950**, the private entrepreneurs invested in those industries which showed the highest profit. The contribution of industrial sector was **6.9%** to GDP in **1950**.

Industries in Pakistan

Textile industry

Sports industry

Telecom industry

Cement industry

Surgical industry

Sugar industry

Defense industry

Auto mobile industry

Fashion industry

Fertilizer industry

Oil & Gas Industries

Chemical industry

Textile Industry

Historically, Pakistan's textile industry and clothing sector has always been a major contributor to the foreign exchange earner and still contributes



Achievements

- 4th largest grower of cotton after USA, China and India
- 3rd largest consumer of cotton
- 3rd largest exporter of cotton textiles
- 2nd largest supplier of cotton yarn with 26% share of the international market

Textile Industry



Products

Textile Industry

- **Power loom products**
- **Wool fabrics**
- **Scarf**

- **Blanket**
- **Winter shawls**
- **Hand embroidered shawls**

- **Textiles products**
- **Handicrafts**

Statistics

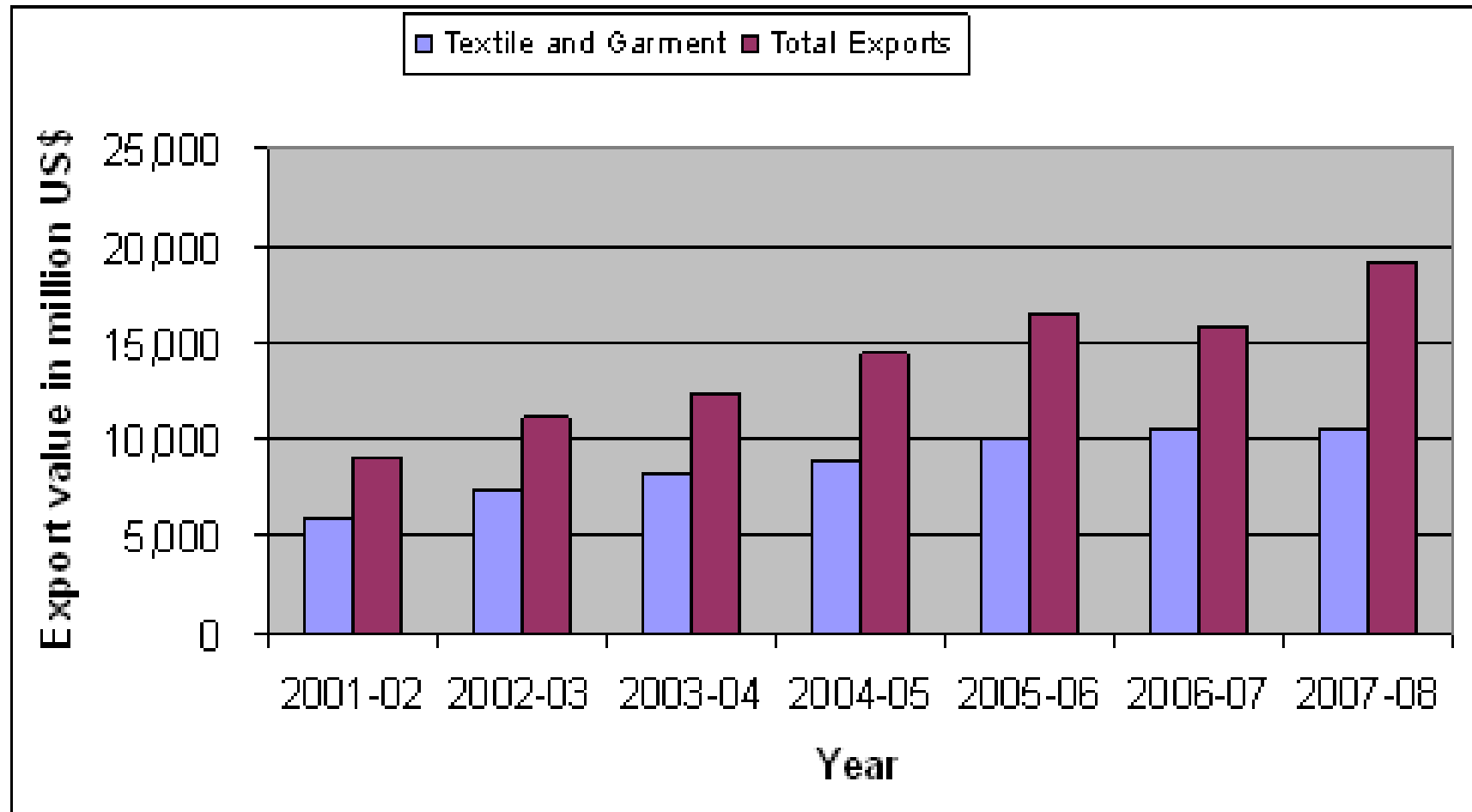
Textile Industry

Over 1.3 million farmers, out of total of 5 million are involved in cultivation of this crop.

Industrial Sector is the second largest individual sector of the economy accounting for 24% of the GDP

Exports

Textile Industry



Fertilizer Industry

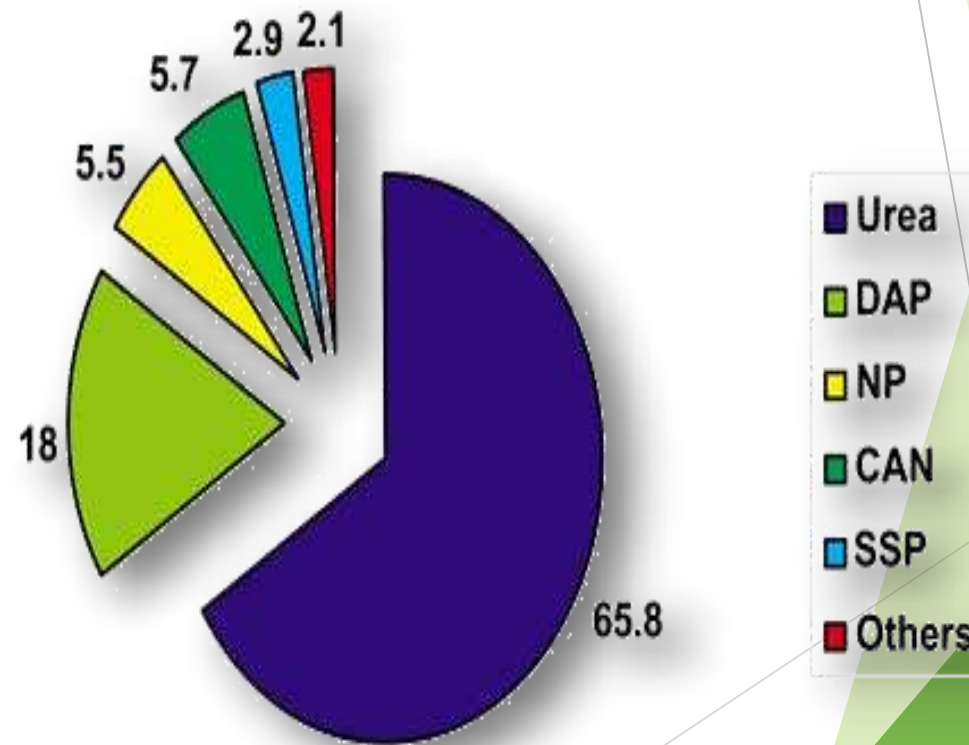
Fertilizer is any organic or inorganic material of natural or synthetic origin (other than liming materials) that is added to a soil to supply one or more plant nutrients essential to the growth of plants.



Fertilizing Products

Fertilizer Industry

1. Urea
2. DAP
3. NP
4. CAN
5. SSP
6. Others



Major Fertilizer Co's & GDP Contribution

Fertilizer Industry

Fauji Fertilizer Ltd
Engro Chemical Ltd
Sitara Chemicals Ltd

GDP Contribution

14%

Employments

4.7 million

Cement Industry

Cement industry is one of most prominent and energetic organization having operations and interactions with cement industry



Achievements

Cement Industry

Pakistan is ranked
5th in the world's
cement exports

Pakistan exports
increased by 47% in
last fiscal year.

**5th position leaving
Germany behind**

2008-09
(20.28 mt)

Exported
\$700m in past year

Cement Companies in Pakistan

- ▶ 23 cement companies
- ▶ 4 foreign companies
- ▶ 3 controlled by the armed force
- ▶ 19 companies are listed on the stock exchange.

GDP:-

3.5% Contribution

Cement Industry

Sugar Industry

- At the time of independence in 1947, there were only two sugar factories in Pakistan.
- At present there are 106 sugar mills operating in Pakistan.
- It is the 2nd Largest industry in Pakistan after Textile Industry



Sugar Mills

Sugar Industry

total of **106** sugar mills
in the country

Sugarcane acreage in
Pakistan is **5th**
in the World and
it is grown on over
1 million hectares

Pakistan ranks **15th**
in the World for
sugarcane
production

GDP contribution
(0.7%)
Employment
(1million)

PER CAPITA
CONSUMPTION
(26kg)

Sugar By-Products

Sugar Industry

Alcohol (used by pharmaceutical industry)

Ethanol (used as a fuel)



Sports Industry

Sports Industry

“Sports' are all forms of physical activity which, through casual or organized participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels”



Sports Goods

Sports Industry

- **Football**
- **Cricket bats**
- **Hockey sticks**
- **Boxing gloves**
- **Volley balls**
- **Swimming suits**
- **Golf balls**
- **Badminton rackets**
- **Basketballs**

Statistics

Sports Industry

- The export of sports goods, increased by **7.85%** from **US\$39.180m** → **US\$42.257m** last year
- Sialkot export **70%** of total world demand for hand-stitched inflatable soccer balls (footballs).
- **40** million balls annually worth **US\$210** million.



Statistics

Sports Industry

- Companies of various sizes **2,400**
- Employments more than **200,000**
- Exporting goods worth **US\$450** million

- Large exporters (more than 250 employees)
- Medium exporters (100–250 employees)
- Small exporters (10–100 employees).
- Commercial exporters (1–9 employees).

Telecom Industry

Telecommunication is the transmission of information over significant distances to communicate

Main Categories

- Telephone
- Mobiles
- Internet



Achievements

Telecom Industry

In 2008 Pakistan was the world's third fastest growing telecommunications market

Fixed-line subscriptions declined from a peak of 5.2 million in 2005-06 to 3.4 million in 2009-10

Pakistan traffic volume grew by 253 percent compared to last year during the same period

Contributions

Telecom Industry

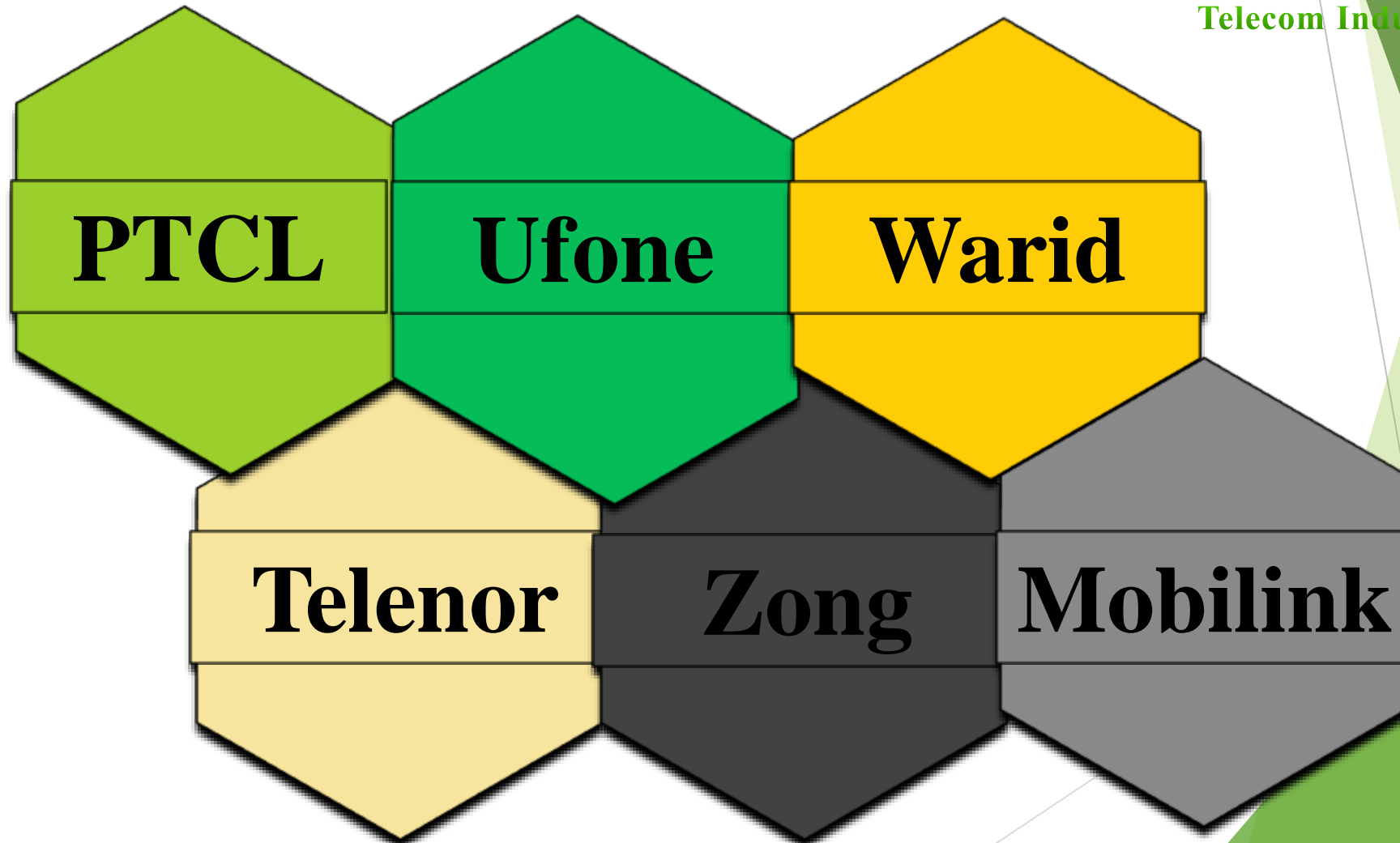
**5% of its
Gross Domestic Product**

**has created 220,000
high-paying jobs in Pakistan**

**Pakistan is now a leader
in mobile usage in south Asia**

Major Telecom Companies In Pakistan

Telecom Industry



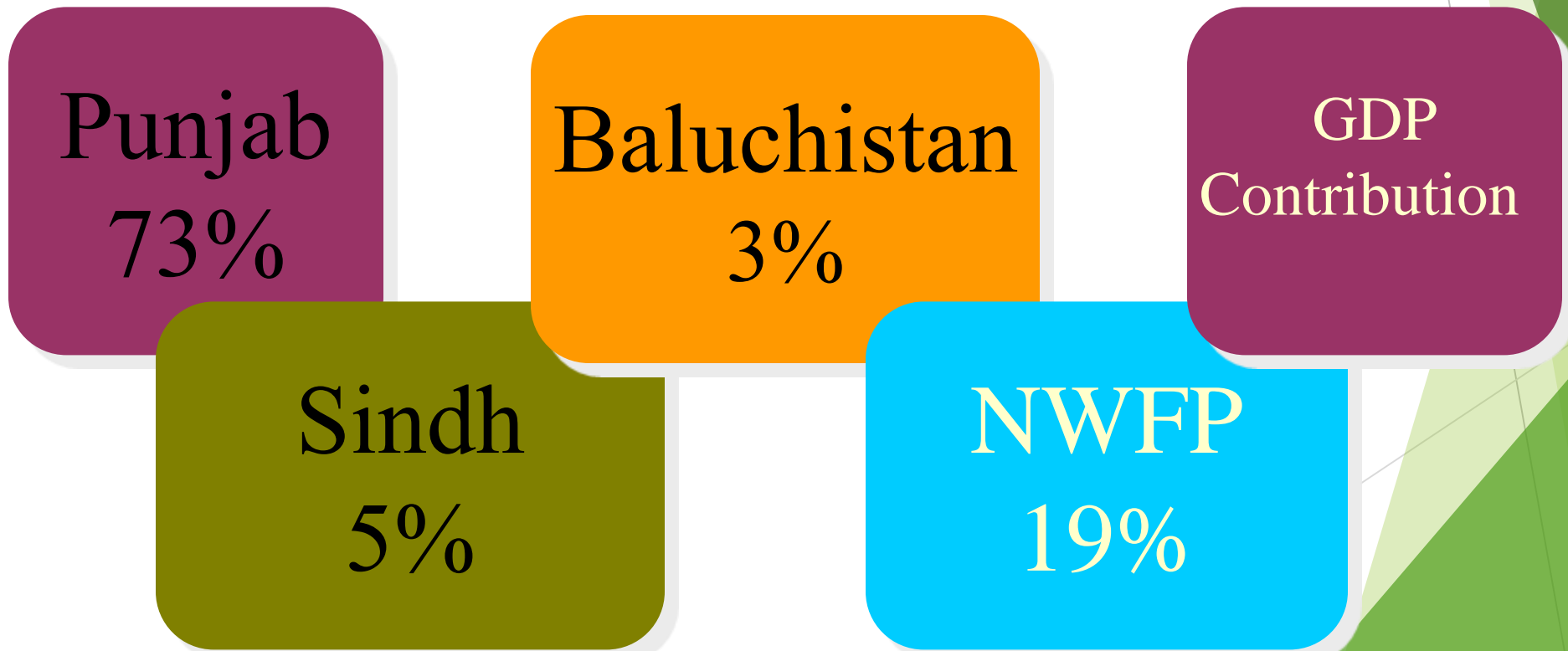
Glass Industry

- The glass industry in Pakistan, though developed, still has space for improvement.
- There are about 37 glassworks in the organized sector, with the production capacity ranging between 10 tonnes and 200 tonnes per day.



The major ceramics industry are Karam Ceramics, Swat Ceramics, Master Tiles, Shabbir Tiles and Emco Industries.

Glass Industry



Imports & Exports

Glass Industry

Glass industry in Pakistan comprises sixteen manufacturers in the organized sector which produces over 90 per cent of the indigenous production within the

(PAGMA)
Pakistan exported glass products worth Rs 60 million to Rs 120 million per annum during 2005-2010,

imports of various glass from Rs 975 million to Rs 1,782 million, during last five years

83%. increase

Glass Industry

Glass Industry

Cluster Locations for Ceramic Industry	
Area	No. of establishments
Gujranwala and Gujrat	100

Source: Trade Association and Primary Research

Cluster Locations for Glass Industry	
Area	No. of establishments
Punjab	25
NWFP	7
Sindh	2



Leather Industry

- The leather made ups and finishing industries symbolize an important division in Pakistan,
- Earning approximately more than **8 million \$** as a foreign exchange earnings to the country.

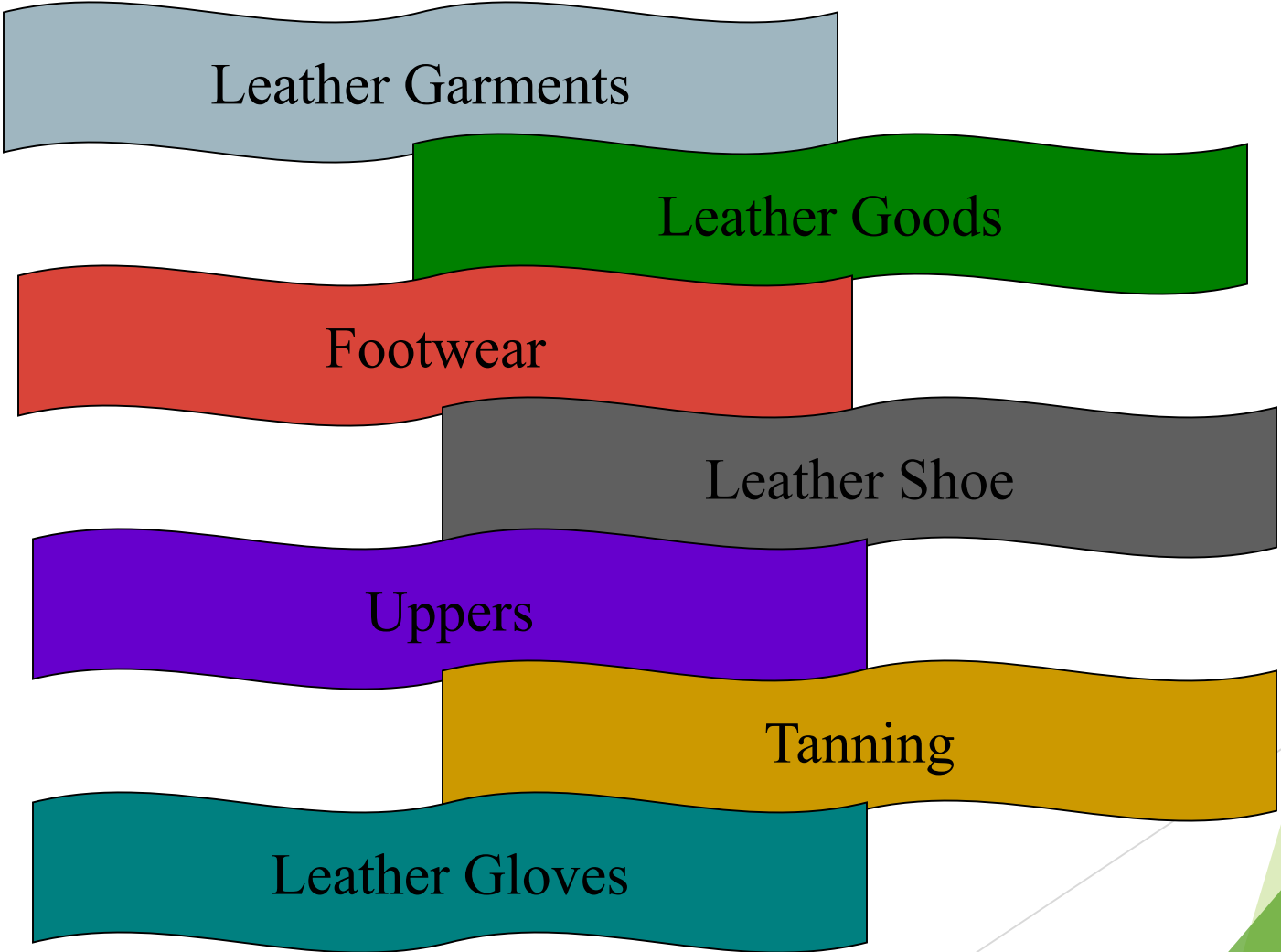


JavaScript

Web application

Leather Products

Leather Industry



Production Capacity

Leather Industry

	Production Capacity	Production
Tanned Leather	90 million ft ²	60 million ft ²
Leather Garments	7 million pieces	5 million pieces
Leather Gloves	10 million pairs	5 million pairs
Leather Footwear	200 million pairs	100 million pairs

• **The difference in production capacity and present capacity is due to various reasons.**

Source: Pakistan Tanners Association

Leather export markets

Leather Industry

- Italy, Spain, Portugal, South Korea, Germany,
- France, UK, USA and UAE.

Statistics:

More than 2300
leather processing units

Provide employment
to about 500,000 people

Surgical Industry

PAKISTAN SURGICAL INDUSTRIES (PVT) LIMITED was established in **1974** and now has become one of the leading manufacturers of Surgical.



Surgical Products

Surgical Industry

JavaScript

Surgical Instruments



Dental Instruments



Beauty Instruments

Web application



Web application

Contribution In Economy

Surgical Industry

<u>Indicator</u>	<u>Value</u>
To GDP(%)	0.42%
To Direct Employment (Numbers)	400-500,000
To Indirect Employment (Numbers)	600-,750000
To Exports (%)	1.21%

Statistics

Surgical Industry

Over 99%
production is
done in Sialkot

2300 companies
are working in
this sector

Produces over
150m
pieces/year
worth Rs 22
billion

Out of the total
production
over 95% is
exported

Automobile Industry

The business of producing and selling self-powered vehicles, including passenger cars, trucks, farm equipment, and other commercial vehicles



Automotive Industry Products

Automobile Industry

Light Vehicles

Cars

Jeeps

Tractors

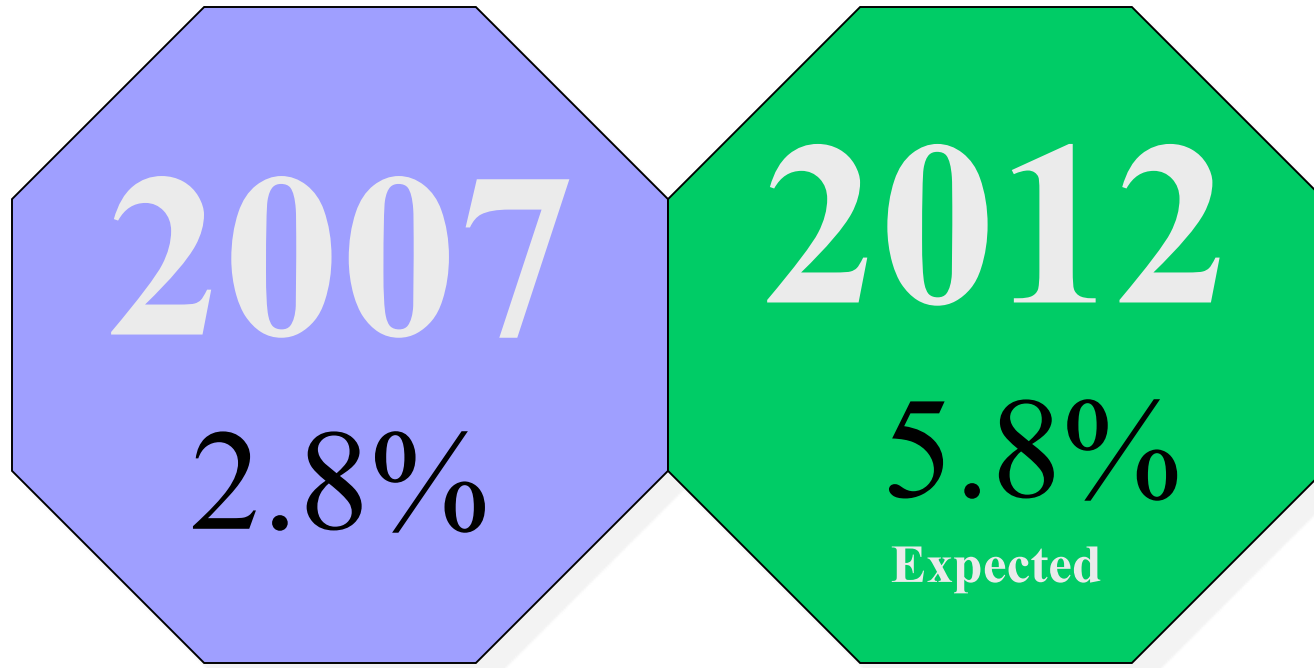
Trucks

Buses

Motor
Cycles

Contribution to GDP

Automobile Industry



Country Contribution

Automobile Industry

Automotive engineering is a driving force of large scale manufacturing, contributing US\$ 3.6 billion to the national economy and engaging over 192,000 people in direct employment.



GDP Contribution of Different Sectors of Economy

▶ Agriculture	20.47%
▶ Crops	9.90%
▶ Livestock	9.97%
▶ Fishing	0.33%
▶ Forestry	0.25%
▶ Industry	23.93%
▶ Manufacturing	17.53%
▶ Mining	2.39%
▶ Construction	2.19%
▶ Electricity & Gas	1.80%
▶ Services	55.60%
▶ Wholesale & Trade	17.25%
▶ Transport	11.80%
▶ Finance & Insurance	3.59%
▶ Ownership & Dwelling	2.22%
▶ Public Administration & Defense	5.4%
▶ Community & Social Professional Services	10.22%



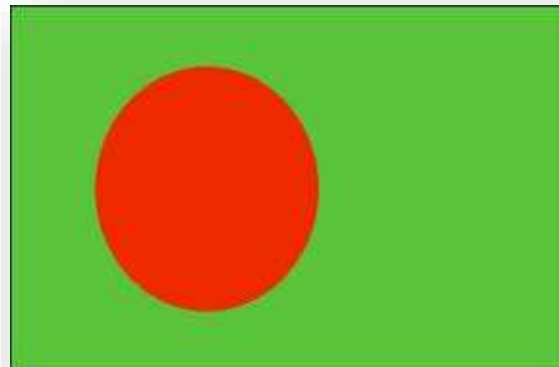


Comparison of Industrial Sector with other Countries

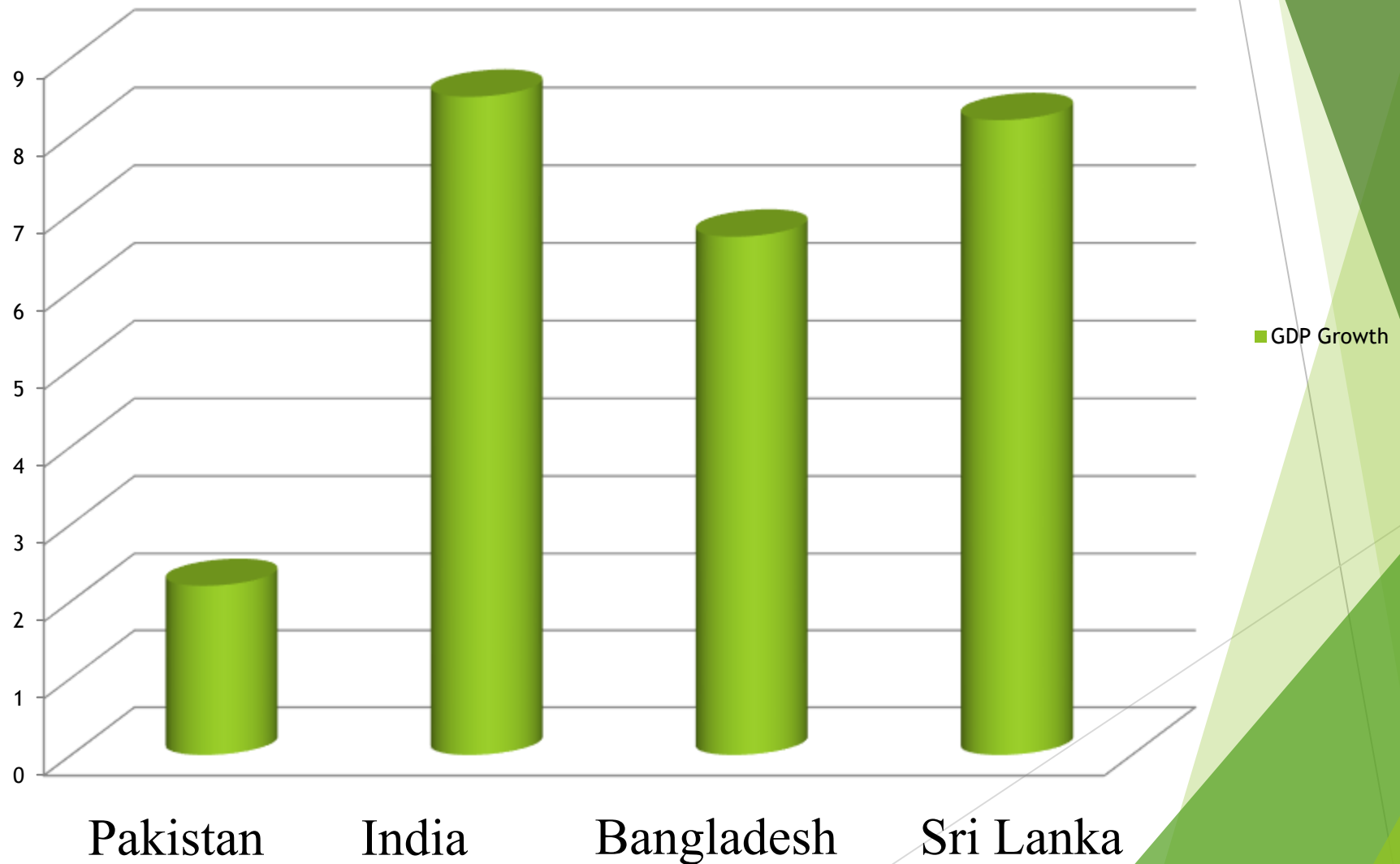
Comparison of Industrial Sector

Asian Countries

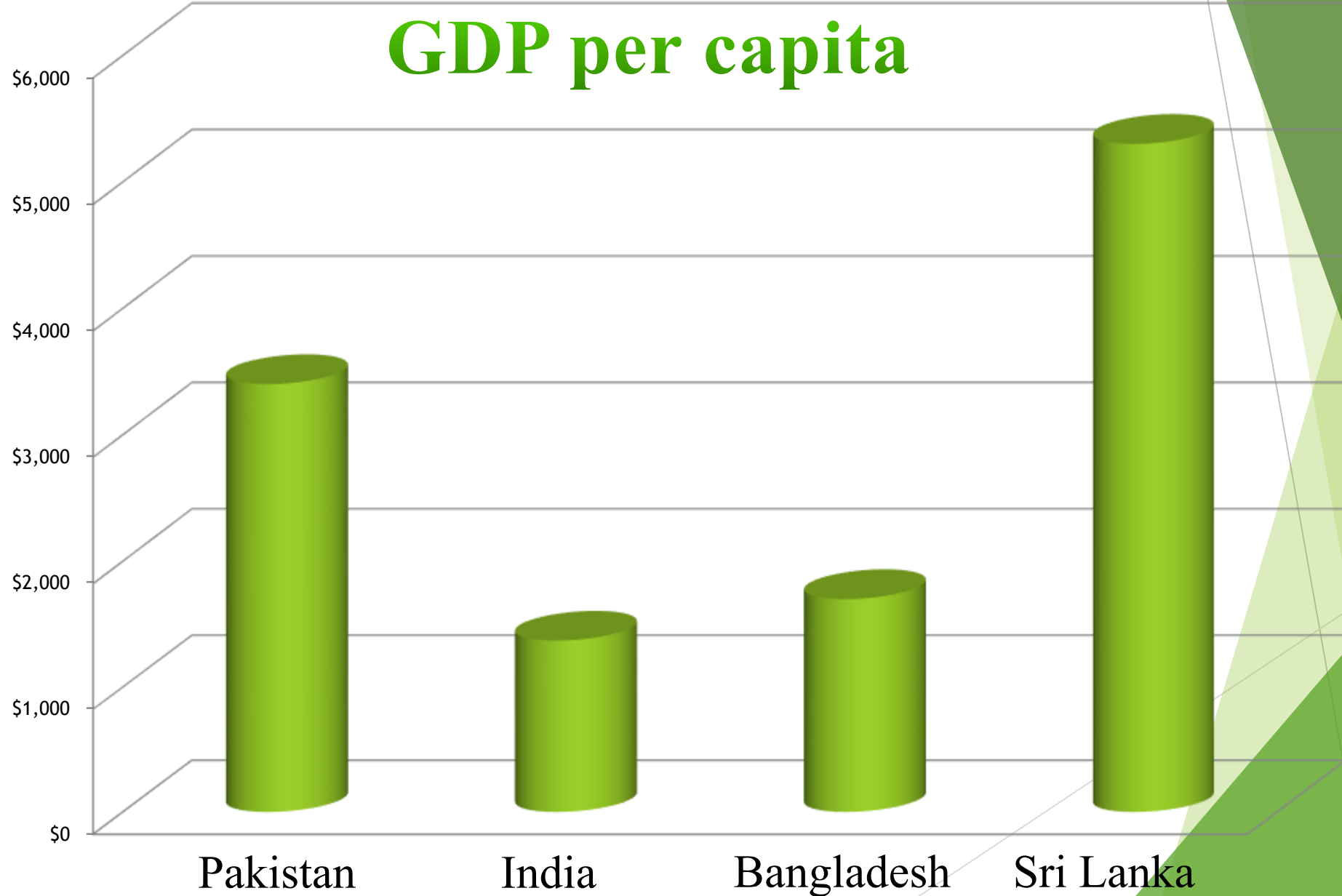
➤ Pakistan	23.93%
➤ India	26.3%
➤ Bangladesh	28.5%
➤ China	46.9%



GDP Growth



GDP per capita



Contribution of Industrial Sector to Economy



CAUSES OF INDUSTRIAL BACKWARDNESS IN PAKISTAN

- ▶ The causes of industrial backwardness in Pakistan are varied and complex.
- ▶ The Government of Pakistan since 1947 is trying to develop industries and infrastructure facilities for the growth of industrial sector, yet it has not achieved success to the desired extent.
- ▶ The main obstacles which have slowed and retarded industrial development in Pakistan are as follows:

CAUSES OF INDUSTRIAL BACKWARDNESS IN PAKISTAN (continue)

- ▶ Industrial Policies of Different Governments.
- ▶ Poor quality of Industrial labor
- ▶ Lack of infrastructure facilities
- ▶ Unfriendly Government policies
- ▶ Energy crises
- ▶ Political instability
- ▶ Limited Markets
- ▶ Lack of Technical Knowledge

Problems of Industrial Sector

Power shortage

Bad law and order situation
resulting in lower investment

Lack of industrial research

Changing political and
economic policies

Import trend

Higher interest rate

Inefficiency

smuggling of goods

Lack of competition

Corruption in related government agencies and
so many govt. agencies intervention

Problems of Industrial Sector

Economic Restrictions Imposed by
Other Countries

Government of landlords

Lacking the industrial base

LACK OF MINERALS

Decreases in the Productive
Capabilities of the Labour

Lack of Education

Suggested Solutions

Foreign Investment:

Small & Medium Enterprises (SMEs)

Micro Credit

:Privatization

EPZs(Export Process Zone)

Subtitute of powers(coal,gas,windmills)

Suggested Solutions

Revival of Industrial policy

Innovative technology

Containment of skilled labor

Theory of Comparative advantage

Participation in international galas

Research & Development

Govt projects

conclusion

All above factors are causing industrial backwardness in Pakistan. Backwardness is not bad but remaining backward is so bad. So Pakistan is needed industrial development through:

- ▶ Use of advanced technology
- ▶ Development in infrastructure
- ▶ Increasing technical education
- ▶ Overcome energy crises
- ▶ Making internal security better