

7

# INDUSTRY AND PRODUCTION

## ROLE OF PUBLIC /PRIVATE SECTOR IN THE INDUSTRIAL GROWTH

Public Sector has played its role at varying degrees over time. Pakistan, being an agrarian economy at the time of independence specially, needed badly laying down of a net work of strategic roads and other communication, as well as creating a well balanced manufacturing capacity. Industrial policies were laid down from time to time with various combinations and mixes of public and private sectors. Generally, barring early 1970's the approach was sought to be private-sector-oriented to accelerate the process of industrial development.

### INDUSTRIAL POLICY 1948

Following the Industries Conference, it was decided to plan and develop 27 basic industries only. Private sector was to be the main engine of industrial growth and involvement of the public sector had to be restricted to 3 out of 27 basic industries. They were:

- Arms and ammunition of war.
- Generation of hydel power.
- Manufacture of railway wagons, telephone and telegraph and wireless apparatus.

It was difficult for the private sector to take up such gigantic industrialization at that time. Pakistan Industrial Development Corporation (PIDC) was created in 1950 to promote and not to own the industrial enterprises.

### INDUSTRIAL POLICY 1959

A new Industrial Policy was announced in February 1959. A

reiteration of 1948 Policy, the new statement assured that maximum scope would be given to private enterprise and dropped the right of the Government "to take over or participate in any industry vital to security or well-being of the state" in favour of private sector. The only intervention in the private sector domain now was confined to where it failed to achieve balanced development.

By late sixties the economy was largely dominated by private sector in such critical fields as banking, insurance, certain basic industries and domestic and international trade in major commodities. Even the setting up of an integrated steel mill was entrusted to the private sector.

### INDUSTRIAL POLICY 1972

The Economic Reforms Order (ERO), 1972 started a sweeping nationalization and gave a heavy blow to the private industrial sector. The status of public sector as a catalyst and gap filler in the fifties was now raised to the status of a repository.

### INDUSTRIAL POLICY IN THE POST 1977 PERIOD

The acts of nationalization and the performance of the public industrial sector remained the subject of controversy and criticism. The transfer of Managed Establishment Order, 1978 nullified to a large extent the pervasiveness of public sector as incorporated in the Economic Reforms Order (ERO), 1972. Almost all the 10 sectors reserved earlier for public sector investment, were opened up for private sector.

The Industrial Property Order 1979 declared that industrial units could not be arbitrarily taken over by the government.

The list of specified industries requiring government approval was reduced from 12 to 7. An other major initiative was the policy of privatization and opening some restricted fields to the private sector such as development of infrastructure, power generation and highway construction etc.

Post 1977-78 era is, in a way a, full circle return of the private sector. The growth rate in term of production in the enterprises under the Ministry of Production almost stagnated during the last few years. The production index at constant prices of 1987-88 and 1977-78 as base year remained at 238 during 1988-89 to 1990-91.

The Government has given more importance to the privatization programme. The Privatization commission has been able to privatize (upto August 1997) 41 units and about 6 units are at advance stage of

privatization. Before initiation of privatization in 1990-91, the production wing of the M/O Industries and Production (formerly M/O Production) controlled 75 industrial units through the 8 holding Corporations which were as follows:

- Federal Chemical & Ceramics Corporation (FCCCL).
- National Fertilizer Corporation (NFC).
- Pakistan Automobile Corporation (PACO)
- Pakistan Industrial Development Corporation (PIDE).
- State Cement Corporation of Pakistan (SCCP)
- State Engineering Corporation (SEC)
- State Petroleum Refining and Petrochemical Corporation (PERAC).
- Pakistan Steel

#### PERFORMANCE OF THE PUBLIC SECTOR INDUSTRIES UNDER PRODUCTION WING OF M/O INDUSTRIES AND PRODUCTION (FORMER M/O PRODUCTION)

Data on the performance of public sector for the years 1973-74 to 1996-97 is given in the following tables.

Table 7.1 DATA OF PUBLIC SECTOR INDUSTRIES UNDER PRODUCTION WING OF M/O INDUSTRIES & PRODUCTION (Excluding Pakistan steel, Rs. billions)

Year	Sales	Pre-Tax Profit	Taxes and Duties	Return on Assets	Total Employment (No.)
1973-74	3	0.2	1.0	3.7	45118
1974-75	5	0.3	1.2	4.5	54049
1975-76	5	0.2	1.2	2.4	54059
1976-77	6	0.06	1.4	0.6	54376
1977-78	8	0.06	1.7	0.6	52826
1978-79	8	0.02	2.0	0.1	51831
1979-80	13	0.6	3.4	3.5	49766
1980-81	16	0.8	3.5	4.1	50673
1981-82	19	1.1	3.7	5.1	51567
1982-83	22	0.9	4.2	4.0	50977
1983-84	23	0.8	5.1	3.4	56021
1984-85	25	1.4	4.1	5.3	55959

1985-86	26	1.5	4.4	5.2	55098
1986-87	26	1.5	4.7	5.2	53254
1987-88	30	1.6	6.0	5.4	52393
1988-89	32	1.4	8.1	3.9	52727
1989-90	36	2.1	7.9	6.5	53355
1990-91	42	2.1	9.3	6.5	51944
1991-92*	36	0.9	9.1	2.7	41974
1992-93**	30	1.9	5.9	7.4	30755
1993-94**	29	2.1	7.1	7.4	27212
1994-95#	29	1.0	7.3	3.3	24282
1995-96^	33	1.4	6.0	4.01	23384
1996-97<	35	1.3	6.4	3.5	20146

Source: M/O Industry and Production

\* Excluding data of 17 units privatized uptill 30th June 1992

\*\* Exc. data of 28 units pvt. uptill 30th June 1993 & 94

# Exc. data of 35 units pvt. uptill 30th June 1995

^ Exc. data of 40 units pvt. uptill 30th June, 1996

< Prov. & Exc. data of 41 units pvt. uptill 30th June 1997

Table 7.2 DATA OF PUBLIC SECTOR INDUSTRIES UNDER PRODUCTION WING OF M/O INDUSTRIES & PRODUCTION (Including Pakistan Steel, Rs. billions)

Year	Sales	Pre-Tax Profit/Loss	Taxes and Duties	Taxes and Duties	Total Employment (No.)
1985-86	29	0.3	4	4	75895
1986-87	31	0.2	5	5	77653
1987-88	36	1.2	6	6	74129
1988-89	40	1.2	9	9	75051
1989-90	43	1.0	10	10	77333
1990-91	51	2.0	12	12	66650
1991-92	46	.02	11	11	65635
1992-93	42	2.5	8	8	53288
1993-94	43	3.08	10	10	84892
1994-95	44	1.6	11	11	44805
1995-96	47	1.7	10	10	44383
1996-97*	48	1.1	10	10	41664

\*Provisional \*\* Negligible

Source: M/O Industry and Production

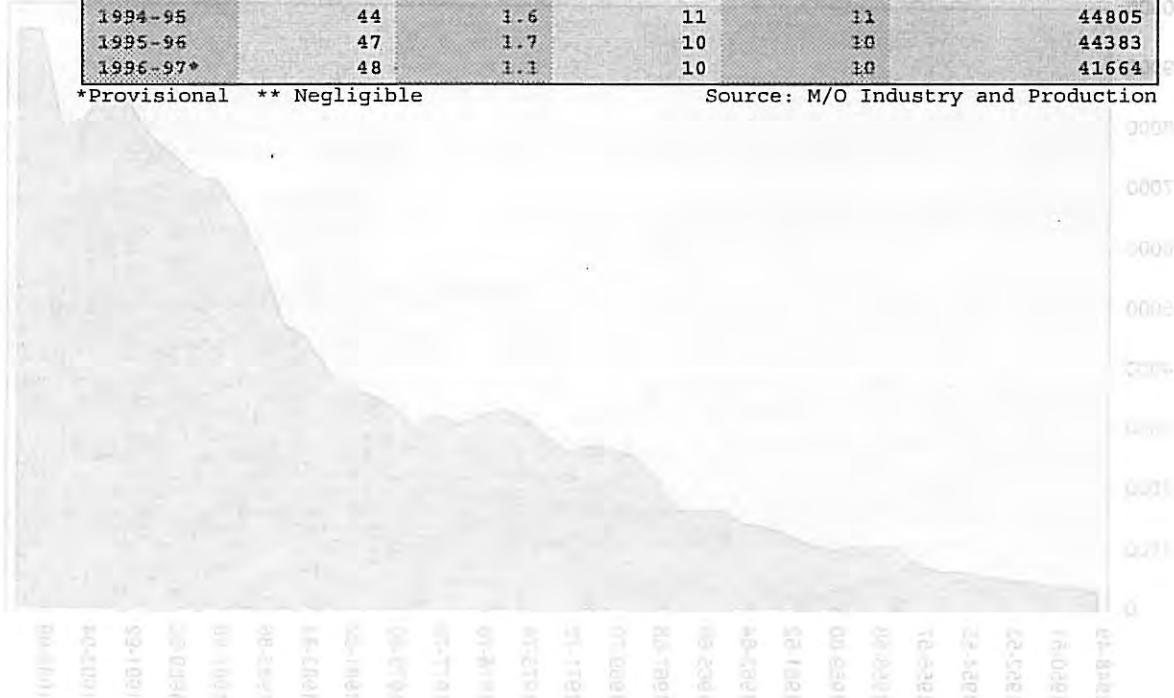


Figure 7 PRODUCTION OF SUGAR AND CEMENT

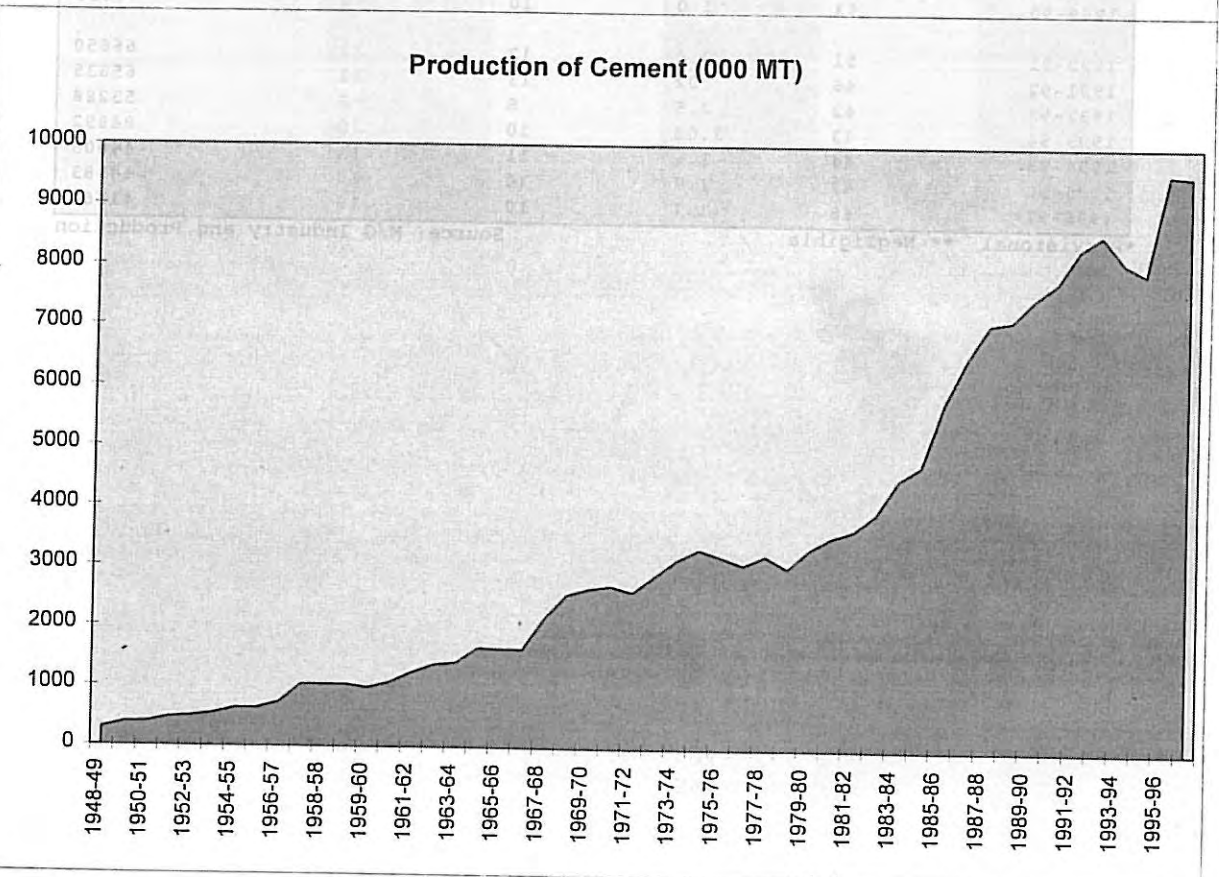
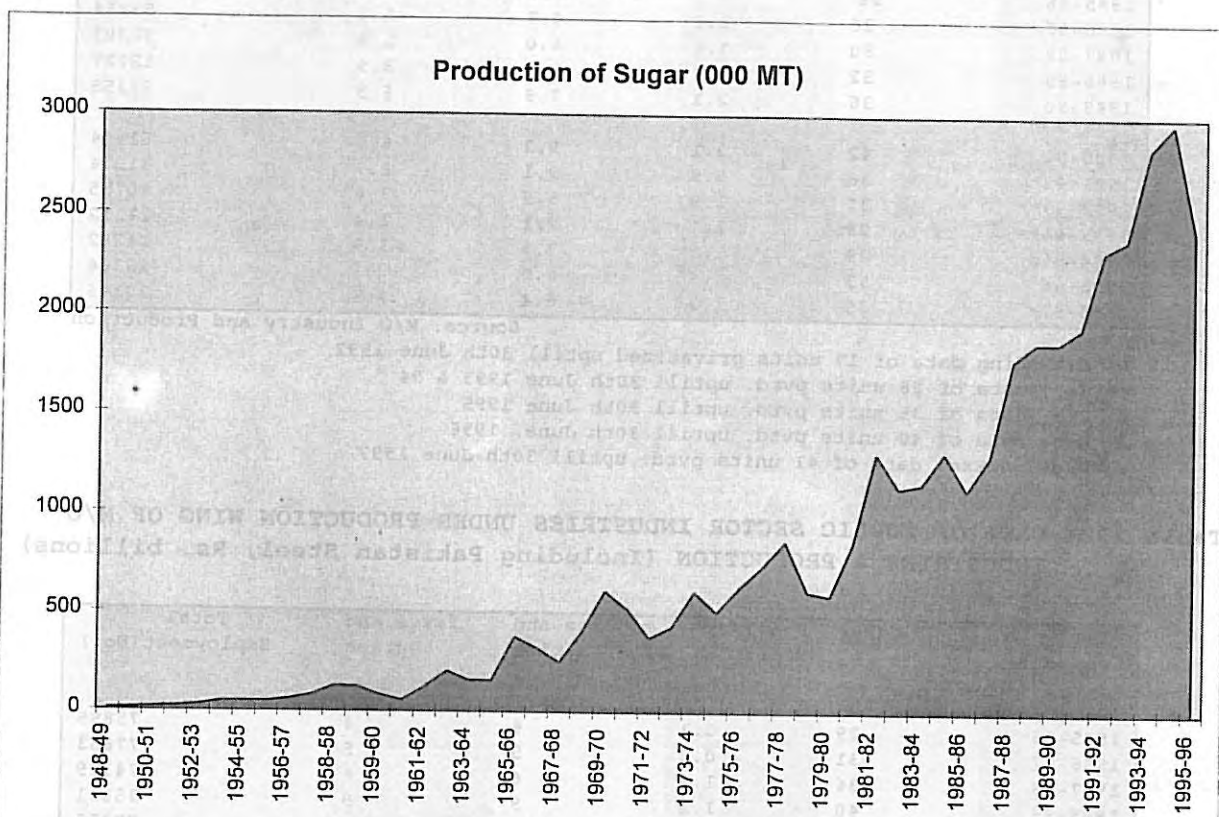


Table 7.3 PRODUCTION OF COTTON TEXTILE, YARN, CEMENT AND SUGAR

Year	Cotton Textile		Cigarette Production			Cement		Sugar	
	Rept. Mills	Production of cloths (000 Yds.)	Yarn Produced (000 MT)	Rept. Fact. (#)	Production (Mill. #)	Rept. Fact. (#)	Production (000 MT)	Rept. Fact. (#)	Production (000 Tonnes)
	(#)								
1948	...	35378	0.006			...	292	2	10
1949	...	44826	0.008	3	241	...	383	2	13
1950	...	55411	0.012	7	1488	...	395	3	17
1951	...	70053	0.017	4	2716	...	478	3	22
1952	...	105223	0.022	6	3170	...	501	3	31
1953	...	192440	0.046	6	3996	...	547	3	49
1954	...	282254	0.078	9	4372	...	632	4	48
1955	...	389436	0.114	9	4434	...	637	5	48
1956	...	438389	0.124	10	4907	...	732	6	61
1957	...	470390	0.128	8	5861	...	1037	6	82
1958	...	511008	0.138	8	6694	...	1032	6	128
1958-59	70	539418	0.149	8	6938	...	1036	6	124
1959-60	72	544216	0.160	8	8172	6	982	6	84
1960-61	72	613636	0.163	8	9505	6	1073	8	56
1961-62	71	639117	0.167	9	10501	6	1238	8	124
1962-63	76	671727	0.174	9	10833	6	1370	8	203
1963-64	81	693161	0.199	9	12785	6	1408	9	157
1964-65	83	714755	0.206	9	14303	8	1655	10	159
1965-66	89	651358	0.194	12	16869	8	1633	14	377
1966-67	94	683619	0.207	14	18968	8	1633	16	322
1967-68	95	714825	0.225	15	20024	8	2162	16	252
1968-69	100	710245	0.239	15	20636	9	2550	20	408
1969-70	107	725421	0.273	15	22369	9	2656	20	610
1970-71	113	787313	0.304	16	24166	9	2702	20	519
		(000 Sq M)							
1971-72	131	628189	335.702	16	21722	9	2605	23	375
1972-73	150	588606	376.122	18	27623	9	2876	22	429
1973-74	155	592172	379.460	18	27477	9	3145	24	608
1974-74	143	555855	351.200	19	26804	9	3320	25	502
1975-76	127	520438	349.653	20	27454	9	3196	25	631
1976-77	135	408287	282.640	20	28379	9	3071	27	736
1977-78	140	391347	297.894	18	31304	9	3224	28	861
1978-79	152	339442	327.798	21	32536	9	3023	30	607
1979-80	149	342335	362.862	24	34647	9	3343	31	586
1980-81	158	307882	374.947	25	35891	9	3538	31	851
1981-82	155	325021	430.154	23	38132	9	3657	35	1301
1982-83	158	335537	448.430	22	38199	11	3938	39	1127
1983-84	162	296596	431.581	20	40096	13	4503	39	1147
1984-85	158	271831	431.731	21	38921	14	4732	39	1306
1985-86	160	253480	482.186	22	39593	17	5773	40	1116
1986-87	187	237879	586.371	19	39929	18	6508	41	1286
1987-88	197	281620	685.031	18	40697	20	7072	42	1771
1988-89	219	269862	757.903	22	31567	21	7125	45	1858
1989-90	236	294839	911.588	19	32279	23	7488	47	1857
1990-91	247	292911	1041.248	21	29887	22	7762	51	1934
1991-92	271	307933	1170.736	24	29673	22	8321	53	2323
1992-93	284	325396	1218.975	31	29947	20	8558	61	2384
1993-94	320	314914	1309.622	26	35895	20	8100	63	2841
1994-95	344	321841	1369.715	26	32747	20	7913	66	2969
1995-96	349	326980	1464.895	30	44701	20	9567	67	2426
1996-97	357	333500	1520.800	30	46084	20	9536		

Note: 1948-58, Calendar Year &amp; 1958-96, Financial Year except Cigarettes.

Source: F B S &amp; M/O Industries &amp; CBR

Cigarette Production Data for 1949 is from April-December. It is on calendar year basis for 1950 &amp; 1951. For 1952, it is from Jan.-June. Onward data is on Financial Year basis.

Table 7.4 PRODUCTION OF CHEMICAL FERTILIZER AND VEGETABLE PRODUCTS

Year	Super		Ammonium		Nitro	Vegetable products	
	Urea (MT)	Phosphate (MT)	Sulphate (MT)	Nitrate (MT)	Phosphate (MT)	Rept. Fact.	Prod. (MT)
1948	-	-	-	-	-	1	100
1949	-	-	-	-	-	2	2570
1950	-	-	-	-	-	2	4265
1951	-	-	-	-	-	2	6095
1952	-	-	-	-	-	4	8114
1953	-	-	-	-	-	4	10959
1954	-	-	-	-	-	8	12914
1955	-	-	-	-	-	8	13095
1956	-	-	-	-	-	7	17166
1957	-	1358	-	-	-	11	18296
1958-59	-	1985	36140	-	-	11	21104
1959-60	-	862	42836	-	-	11	28751
1960-61	-	8992	47154	-	-	13	37470
1961-62	*741	8010	52637	**9482	-	19	51266
1962-63	28541	6157	52459	65349	-	19	67773
1963-64	40326	6697	49904	61289	-	18	85344
1964-65	44660	8149	35411	76086	-	20	91667
1965-66	41739	7986	39041	-	-	20	101962
1966-67	47583	4026	42864	-	-	20	86581
1967-68	43686	16074	46809	-	-	19	93931
1968-69	106493	14384	42568	-	-	19	99206
1969-70	206330	23255	58325	-	-	24	125773
1970-71	204678	25420	59649	-	-	27	135597
1971-72	394726	27460	66789	76028	-	25	161503
1972-73	533159	45679	58177	65643	-	27	187258
1973-74	575467	22645	90440	63452	-	28	225363
1974-74	589493	31700	95094	58849	-	27	271902
1975-76	605336	58591	89258	70750	-	28	277360
1976-77	593568	66073	100002	64541	-	29	325901
1977-78	594890	75023	95599	47138	-	29	360299
1978-79	620482	98524	97887	81143	40443	28	422257
1979-80	640511	101198	98868	199000	137230	30	452161
1980-81	962906	101813	96642	272671	131209	31	504924
1981-82	1223478	102691	94005	321391	210510	28	531273
1982-83	1831819	104250	61182	339380	238352	32	512602
1983-84	1797553	105690	72985	383011	316450	37	594820
1984-85	1814666	105801	79009	406357	308306	44	640319
1985-86	1820214	105760	92285	394255	321392	41	611997
1986-87	1992644	107584	91615	413314	323449	41	608686
1987-88	1985076	107809	98261	332723	333679	42	697030
1988-89	2008601	140691	98108	350553	330768	49	624299
1989-90	2108526	163850	94609	338065	333319	51	682647
1990-91	2050342	175111	92278	318800	320961	47	655853
1991-92	1897952	194019	92888	300029	309756	49	638865
1992-93	2306075	205000	92890	302198	297337	61	724724
1993-94	3103825	195100	82015	242724	251371	71	670654
1994-95	3000213	147023	79615	313907	285002	71	711219
1995-96	3257407	103740	83660	383492	276544	71	719728
1996-97	3260100	100	80900	330200	350300		

\* Two months total \*\* Six months total

Source: Federal Bureau of Statistics

Note: Vegetable production for 1948 is from April-Dec. For 1949-57, it is from Jan.-Dec. &amp; from April-March, for 1958-59.

It is on Financial Year onward.

Table 7.5 PRODUCTION OF BICYCLE, ELECTRIC BULBS AND TUBES,  
MOTOR/CYCLE TYRES AND TUBES

Year	Bicycle	Electric		Cycle		Motor	
	(000 Nos.)	Bulbs (000 Nos)	Tubes (000 M)	Tyres (000 Nos)	Tubes (000 Nos)	Tyres (000 Nos.)	Tubes (000 Nos.)
1949	-	-	-	-	13	-	-
1950	-	-	-	-	112	-	-
1951	-	-	-	-	620	-	-
1952	-	-	-	-	784	-	-
1953	-	-	-	-	1357	-	-
1953-54	-	-	-	-	1862	-	-
1954-55	-	-	-	-	2009	-	-
1955-56	-	-	-	-	2186	-	-
1956-57	-	-	-	-	2617	-	-
1957-58	-	-	-	-	2636	-	-
1958-59	-	-	-	-	2531	-	-
1959-60	-	-	-	-	3079	-	-
1960-61	-	-	-	-	3454	-	-
1961-62	-	-	-	-	4127	-	-
1962-63	-	-	-	1624	3300	-	-
1963-64	-	7255	169	1795	3363	-	-
1964-65	98	6796	82	2335	4559	59	67
1965-66	103	6898	184	1939	2290	60	65
1966-67	138	7779	322	2808	4241	69	68
1967-68	155	9552	213	2574	3300	84	96
1968-69	170	8963	251	2920	3704	12	28
1969-70	161	10652	267	3171	3556	108	115
1970-71	160	10504	396	2745	3798	109	126
1971-72	123	7936	490	2037	2453	100	85
1972-73	212	10721	565	2542	3283	168	162
1973-74	179	10920	642	3252	3862	149	177
1974-74	210	15031	604	3033	4161	239	214
1975-76	218	17431	564	3180	4219	166	143
1976-77	211	14927	413	3461	4131	148	137
1977-78	245	17527	464	3675	5020	282	159
1978-79	280	20641	1238	3731	4154	183	197
1979-80	279	20251	1145	3937	5147	204	201
1980-81	327	34187	1285	4072	5425	227	189
1981-82	399	41443	1881	4304	5449	197	136
			(000 Nos)				
1982-83	449	23501	2489	3984	5226	217	134
1983-84	448	36775	3143	3735	6173	238	122
1984-85	463	44933	3222	4074	7040	307	87
1985-86	448	46394	3314	4147	6121	412	171
1986-87	593	46410	4702	4221	6307	382	117
1987-88	655	46379	6404	4476	5748	679	384
1988-89	560	53407	6567	4087	6157	907	521
1989-90	530	55690	7567	4000	5501	915	648
1990-91	429	49322	7728	3828	5468	952	646
1991-92	478	25391	5035	3751	5757	784	618
1992-93	574	41328	4205	3826	5612	712	550
1993-94	564	42720	5307	3872	6191	783	706
1994-95	474	41609	5352	3522	5146	912	833
1995-96	545	45826	5417	3988	5594	1003	909
1996-97	432	56400	7598	4112	5205	522	643

Note: Data up to 1953 is from Jan-Dec and onward is from July-June

Source: Federal Bureau of Statistics



Table 7.6 PRODUCTION OF MOTOR VEHICLES, BUSES, TRUCKS ETC.

Year	M. Cycle/				Light		
	Scooters/ Rickshaws	Motor Car	Jeep (4*4)	Trac- tor	Buses	Commercial Vehicles	Trucks
1975-76	23063		2366	5766	1983	2112	4179
1976-77	23729		2192	6885	1037	1927	3161
1977-78	37408		1620	8237	520	1394	3148
1978-79	51798		1219	5260	1176	8347	4183
1979-80	65953		1641	6545	1176	5961	5149
1980-81	53174		1682	8804	513	8391	2899
1981-82	24903		1511	12367	285	11170	3075
1982-83	34452	4120	2101		737	11532	3563
1983-84	54017	9267	2160		624	11718	2883
1984-85	52905	13146	1715		619	12458	2279
1985-86	79582	15878	2323	19153	616	11571	2285
1986-87	69593	13683	2121	18111	618	10765	1835
1987-88	68231	19032	3502	18584	732	11767	2238
1988-89	72804	19996	3340	23638	777	11899	1857
1989-90	92783	25747	1581	19376	626	11609	1715
1990-91	98647	25166	2796	13753	826	11882	2059
1991-92	97162	28911	1774	9817	1114	11411	1627
1992-93	95793	26945	1324	17127	1177	11478	2222
1993-94	63958	19514	816	14907	427	5128	1394
1994-95	60960	20955	1310	17144	312	5154	703
1995-96	95991	30963	2274	16208	282	6213	1430

Source: Pakistan automobile corporation, Central board of revenue, Punjab bureau of statistics