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ECONOMIC Affairs

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ECONOMIC Affairs

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EDITORIAL

Economic Turnaround

Pakistan today is the 24th largest economy in the world with a GDP of approximately US$ 383 billion and per capita income of $1798 in 2022. Pakistan's overall growth record has been quite impressive; on average, the economy grew at an annual rate of slightly above 5 per cent during the last six decades. In per-capita income terms, the growth rate remained 2.5 per cent annually. Consequently, the incidence of poverty has reduced significantly during the past 75 years. The manufacturing sector consisting of few industries in 1950 contributing 6.9% to GDP has been the most dynamic sector of the economy whose's share in GDP has increased to 20% in 2022.

Pakistan intends to increase the GDP growth to 6-7pc with a focus on sustainability and inclusivity in medium and long-terms. It is a fact that the country has the potential to grow at even faster pace to achieve its economic and development goals, provided the political cliques had upheld the national agenda, instead of falling victim to their personal and party impulses.

In its latest report titled "75 Years - Economic Journey of Pakistan," the Ministry of Finance highlighted major economic events since independence. According to the report, the country's nominal GDP rose from $3 billion in 1950 to $383 billion in 2022, while per capita income rose from $86 in 1950 to $1,798 in 2022. Foreign direct investment (FDI) increased from $1.2 million in FY1950 to $1,867.8 million in FY2022. Remittances increased from $0.14 billion in FY1973 to $31.2 billion in FY2022. Export figures increased from $162 million in FY1950 to $31.8 billion in FY2022. Whereas, Pakistan's imports increased from $276 million in FY1950 to $80.2 billion in FY2022.

In agriculture wheat production increased from 3.354 million tons in 1948 to 26.394 million tons. Rice production increased from 0.693 million tons in 1948 to 9.323 million tons in 2022. Maize production improved to 10.635m tons in 2022, as compared to only 0.359m tons in 1948. Furthermore, cotton production, which stood at 1.156 million bales in 1948 has ramped up to 8.329 million bales in 2022.

On the fiscal side, the size of the federal Public Sector Development Programme (PSDP) increased from Rs.45.4 billion in 1990 to Rs.900 billion in 2022. Tax revenues rose from Rs. 0.31 billion in 1950 to Rs. 6,126.10 billion in 2022. The share of direct taxes increased from 22pc in the 1960s to 39pc in the 2020s. Whereas, the share of indirect taxes reduced from 78pc in the 1960s to 61pc in the 2020s

Despite myriad of challenges, Pakistan's economy is moving progressively on higher inclusive and sustainable growth path on the back of various measures and achievements during the past seven decades. While Pakistan's economy continues to gather momentum and its economic fundamentals are gaining traction the social sector indicators are also improving.

The digitization and technology hold the promise of progress and prosperity for almost every country including Pakistan. However, Pakistan really needs tweaks in policies and growth in Information Technology (IT) infrastructure, which can act as catalysts for growth. The IT has become a fundamental part of industry and manufacturing.

Pakistan is ranked four for freelance development in the world and IT exports have increased 70% during the last three years. Pakistan's IT sector exports doubled in the past four years to $2.62billion and experts expect it to grow a further 100% in the next two to four years. With about 60% of its total population in the age group of 15 to 30 years, Pakistan represents an enormous human and knowledge capital coupled with a rising startup culture.

Likewise, the incumbent government has taken the initiative to upgrade digital banking infrastructure and ease the conditions and exhausting paperwork for digital services such as e-payments, online transactions and the issuance of credit cards, and their use in online stores or in-store shopping, at petrol pumps, online utility bill payments and university fee payment gateways etc. However, Pakistan needs to organize and enhance the skills, expertise and knowledge for digital transformation in all walks of life.

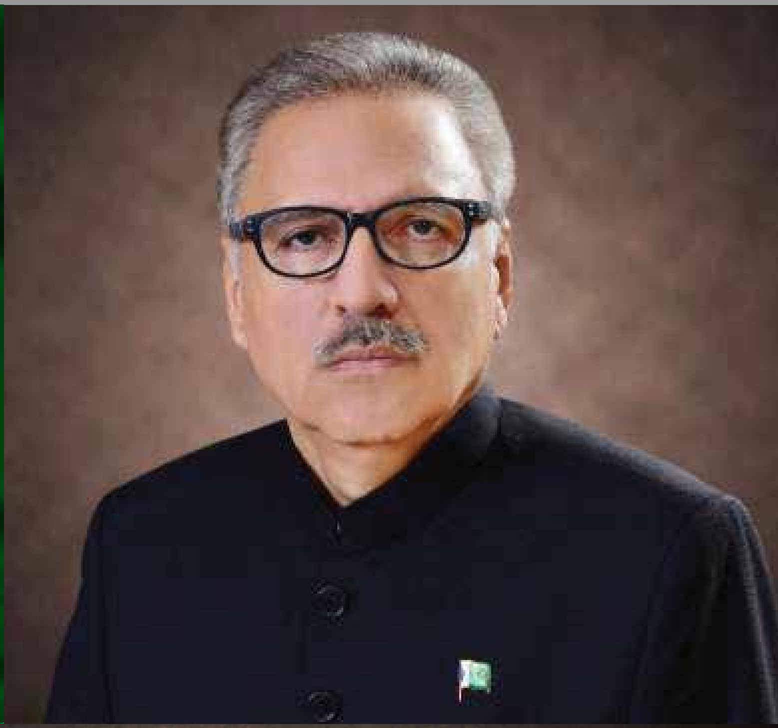
In the same vein, the services sector has provided steady support to Pakistan's economic growth. It's share in GDP now stands a more than 58 per cent.

Pakistan is considered as an emerging economy, with digital technologies transforming the way people live and work. For a growing number of citizens, digital platforms have become the primary channel for accessing public and private services – a trend particularly evident in the retail, transport and banking sectors.

It goes beyond saying that given the right vision, a clear sense of direction and the required leadership, this great nation can rise to its full potential, far sooner than anticipated.

- Editor

President of the Islamic Republic of Pakistan



On the joyous occasion of the 75th anniversary of Pakistan's Independence, I extend my heartiest felicitations to the entire nation. This day reminds us of the innumerable sacrifices of our Founding Fathers under the courageous leadership of Quaid-e-Azam Muhammad Ali Jinnah. Today, we also reaffirm our resolve to uphold Pakistan's ideology and make Pakistan an ideal modern Islamic nation-state.

This year, we are also celebrating the Diamond Jubilee of our independence and various ceremonies are being organized across the country to mark this propitious occasion. The aim of these events is to educate and create awareness among our people, especially the Pakistani youth, about the significance of national solidarity, Pakistan's ideology and the Freedom Movement. I would like to commend the efforts of all stakeholders in commemorating this historic moment.

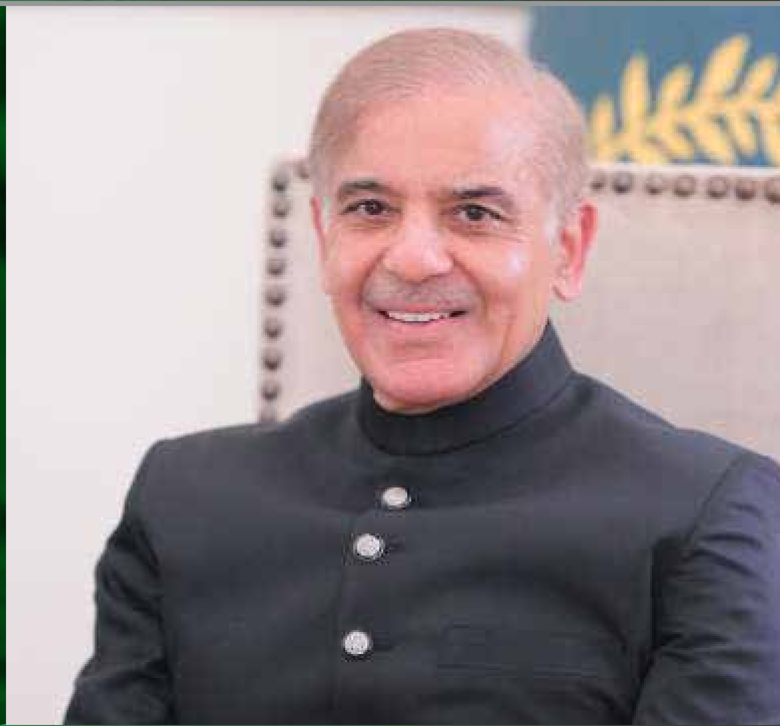
On the occasion of this Diamond Jubilee, there is a dire need to assess our successes and failures. In our 75 years of history, we successfully overcame various challenges. We not only emerged as a nuclear power but also defeated the menace of terrorism. In the recent past, we successfully managed the COVID-19 pandemic. On this historic day, we pay homage to our military and security personnel who laid their lives for the defence and security of our motherland. We also appreciate our workers, labourers, women, business community, minorities and all institutions who have played their role in the development and progress of our country. Today's Pakistan is also facing economic, political and social challenges, but I strongly believe that our nation will overcome these challenges with its determination, patriotism, hard work, unity, discipline, mutual harmony and solidarity.

While celebrating Independence Day, we should not forget our oppressed brothers and sisters in Indian Illegally Occupied Jammu and Kashmir (IIOJK) as the Jammu and Kashmir dispute is an incomplete agenda of the Freedom Movement and the partition of the Indian sub-continent. India has been committing egregious human rights violations in IIOJK for decades and it has been three years since India unilaterally revoked the special legal status of IIOJK on August 5, 2019. I assure our Kashmiri brethren that Pakistan will continue to extend all possible political, diplomatic and moral support to them in their legitimate struggle for self-determination in accordance with the UN Resolutions.

In the end, I urge the entire nation to remain steadfast and work wholeheartedly for the development of our country. We need to unite ourselves in order to tackle the social, economic and security issues being faced by the country. Let us pledge that we will not hesitate to render any sacrifice for the dignity, greatness and glory of our beloved homeland. Insha'Allah!

H.E. Dr. Arif Alvi

Prime Minister of the Islamic Republic of Pakistan



As we are commemorating the 75 years of Independence in the month of August, this is an occasion to reiterate our firm resolve to uphold our national values of unity, faith and discipline as envisioned by Quaid-i-Azam Muhammad Ali Jinnah. This auspicious occasion is also a moment to reaffirm our pledge to continue pursuing the vision of Father of the Nation. We must pay tribute to all those sons of the soil who laid their lives while defending and protecting territorial as well as ideological frontiers of the motherland.

Amongst all celebrations, we must pause and ponder as to how far we have been able to achieve those ideals that led to creation of an independent state. During past seven and a half decades of our journey, we have confronted with various challenges during the time. We have battled against odds both at external as well as internal fronts. From the hostility of a neighboring country, with its known hegemonic intentions, to the scourge of terrorism and from coping with natural calamities to fighting pandemics, our nation has always shown resilience and perseverance.

Pakistan today can stand tall among the comity of nations. Our policies towards reviving the economy, saving the country from economic bankruptcy, handling the power and gas shortage, creating enabling environment for new investment and fast industrial growth and enhancing exports, would bear positive results in short as well as long term.

Despite odds, we need to reflect as to how far we have been able to achieve those ideals of providing better economic opportunities to the population at large of new independent country. The Government is focusing on fully exploiting the potential to help cater to our industrial, trade and business sectors to become part of global value chain. The future of Pakistan lies in adopting emerging technologies, relying more on digital revolution, innovation and encouraging entrepreneurship.

Despite past seventy-five years rocky economic journey, we are heading in the right direction. However, the dream of the economic independence and sustainable progress can be realized by having a consensus on the Charter of Economy. We need to set aside our internal political rifts and fully focus on geo-economics, with the wellbeing and welfare of our people as the top-most priority. Our government has been undertaking every possible effort for the development and prosperity of Pakistan.

This country is undoubtedly a gift of Allah Almighty for us. I once again felicitate all Pakistanis, both inland and overseas, on this auspicious occasion. I urge people of Pakistan to play their part in making Pakistan a proud, prosperous and peaceful nation state. May Almighty Allah bless our efforts with success to rebuild the country in consonance with the vision of our founding fathers.
Ameen.

Pakistan Paindabad.

H.E. Muhammad Shehbaz Sharif

Federal Minister for Finance and Revenue

I extend my heartiest congratulations to the management of Economic Affairs Magazine on publishing a special edition on 75 years of independence of our homeland Pakistan. This magazine has always been a great source of providing keen economic insights on the policies undertaken by the government for the betterment of the economy. This year, we are celebrating 75th year of our independence. Being the Finance Minister of Pakistan, it is appropriate for me to begin by discussing the economic condition that we inherited when we came to power.

Unfortunately, Pakistan's economy was in the worst recession at the time I was assigned the responsibility of Finance Minister of Pakistan a few months ago. Exports were plummeting, imports were surging, the current account deficit was widening, debt was mounting, and fiscal space was shrinking relentlessly. Exchange rate stability seemed a hard nut to crack. So overall economy was sluggish. These were really challenging times and Pakistan's economy was on verge of a severe economic crisis.

With prudent and pragmatic policies and programs of the present government, within a short span of time, we successfully averted the economic crisis. This is the strongest economic rebound achieved so far.

Surging inflation was one of the major macroeconomic challenges. However, it is imperative to mention that currently inflation is a global phenomenon and no single state is responsible for it, neither any single country can insulate itself from inflation in present times. Because due to post-pandemic impacts and the Russia-Ukraine conflict, global supply chains have been disturbed causing a shortage of fuel, food and pushing up prices of many other commodities as well. So far, a number of concrete and tangible steps have been undertaken by the present government to control this ghost of rising prices and a number of measures were also taken, at the same time, to provide relief to the masses.

SOEs have become white elephants for the state of Pakistan, mostly running on the government exchequer. Privatization of these SOEs in a transparent and optimal way is a gigantic task for any government. The present government is working on various feasible proposals in this regard and will soon share good news with the public.

The present government is cognizant of the sufferings of the people, especially economic hardships. Significant steps have been taken for minimizing the economic hardships of the common people and the challenges they face.

Presently, a number of policies are underway to significantly reduce the debt-to-GDP ratio. For achieving this objective, it is being ensured that there exists sound coordination between the fiscal and monetary policies of the country. On one side, on the fiscal policy front, there is a focus on reducing the non-developmental spending of the government while on the monetary front, the interest rates are kept high to control the inflationary tendencies present in the economy. In the same way, through fiscal policy, taxes are being imposed on imports of luxury goods while the money supply is kept in check through monetary policy tools.

Till now, the present government has successfully managed the exchange rate, widened exports, reduced imports, enhanced the social safety net, and restarted stalled IMF program. But still, there is a long way to go and of course, sustaining this positive economic growth is the ultimate for the economy of Pakistan. Slowly and steadily, we are moving toward an economy where people can have access to a sound public transport system, can earn a decent living, can enjoy an affordable lifestyle, and can have access to quality education and health infrastructure.

I once again congratulate the management of Economic Affairs on publishing a special edition and hope that this magazine will help foster the government's economic policies and programmes for the masses.

Mr. Miftah Ismail

Federal Minister for Information & Broadcasting

Pakistan today is ranked amongst one of the developing economies of the world in terms of GDP and the country is all set to become a high-flyer on the economic map of the world. The Government of Pakistan under the leadership of Prime Minister Shehbaz Sharif is cognizant of various challenges to its economy and is undertaking every possible effort to overcome these challenges and to ensure economic sustainability.

(Though 75 years may not be a long time in the life of a nation-state, but long enough to have a major impact on structure, institutions, and outcomes within the nation-state.) Thus, this is the time to reflect upon what we have been able to attain, where we are today and what are our future avenues along the way.

It is typical for a developing country, such as ours, to be faced by challenges, yet, despite all the odds, Pakistan has been an embodiment of hope, advancement, and resilience. The country is already recovering from Covid-19 pandemic and in the wake of recent catastrophic floods; its economy has suffered a major setback. However, owing to the relentless and unflinching resolve of our people and the incumbent Government, steps are being undertaken to ensure maximum rehabilitation and a sustainable economy.

In spite of being faced with numerous challenges, Pakistan's economy is back on the trajectory of growth. The achievements in income, consumption, agriculture, industrial production, transport, and communication are exceptionally outstanding and have lifted millions of people out of the destitute. The Government has adopted policies of privatization, liberalization and deregulation of economy to narrow down the trade deficit. Furthermore, strategies are being outlined to create an investors/business friendly environment with a focus on opening up of the economy to attract foreign direct investment.
Negotiations between the Prime Minister and Governments of Saudi Arabia, Qatar and Abu Dhabi are in process to enhance economic cooperation and trade relations. The Prime Minister's recent visit to the Qatar has been a fruitful one. The Government of Qatar has shown interest in an investment worth 3 billion USD in various sectors of Pakistan's economy. Chinese Government has also been keen in enhancing economic ties with Pakistan. In this regard, the CPEC, worth 62 billion USD, is a flagship project of the Belt and Road Initiative, and has opened up new avenues for investment in energy, transport and infrastructure sectors of Pakistan's economy.

I acknowledge the strength and determination of my fellow Pakistanis in supporting the Government's efforts for ensuring a sustainable and progressive economy. I wish and pray for a prosperous Pakistan!

Ms. Marriyum Aurangzeb

Minister for Commerce

It gives me immense pleasure that Pakistan has celebrated 75 years of its independence, with monumental successes in varied fields including the economy. It is historically-evidenced that at the time of independence, Pakistan faced myriad of the economic, social and political problems.

Pakistan's economy was mainly dependent on agriculture and with a small industrial base. Pakistan's major exports were primary raw materials mainly exported to India (almost 60% of exports) and imports were mainly manufactured goods. Pakistan's total exports in 1948-49 were Rs.984 million, comprising of mainly jute, cotton & cotton yarn, and hide & skins.

Pakistan inherited a weak industrial base and there was no large-scale manufacturing industry. The share of manufacturing in GNP in 1949-50 was only 6% but even this was shared largely by the small- scale industries (4.4%). Soon after independence Pakistan embarked upon an ambitious industrial development programme aiming at import substitution.

Today, Pakistan has a large industrial base in textile & clothing, consumer goods, petroleum refining, engineering and electronics, cement, fertilizer, sugar, iron & steel, automobiles, sports & surgical goods, home appliances etc. The local industry is not only fulfilling most of the requirements of the country, thus saving billions of foreign exchanges, but is playing a major role in exports as well.

With its unique geo-strategic location, vast human resources and a huge untapped growth potential, Pakistan provides attractive incentives and liberal policies for investment in all sectors of the economy for foreign and local investors. The traditional as well as non-traditional sectors of our economy offer the business community great opportunities to invest in the country and to have maximum dividends on their investments.

The value-added textiles, food processing, information technology, logistics, automobiles and tourism sectors are some of the areas where great potential exists for investment to the mutual benefit of all. The Government of Pakistan is cognizant of various challenges to its economy and is undertaking every possible effort to overcome these challenges and ensure a business friendly climate.

With over 210 million inhabitants, Pakistan offers its investors a strong and large consumer market with an ever expanding middle class. Strategic location at the crossroads of South Asia, Central Asia and West Asia and close proximity to the Gulf countries, makes Pakistan a promising regional hub and an important market for intra and inter-regional trade and investment. Pakistan as an investment destination, offers investor friendly policies with the commitment to resolve and enhance the business competitiveness in the region.

Almost all sectors of economy are open to investment with attractive incentives and liberal policies to give investors a competitive and thriving business environment. Today, Pakistan has an edge over all its regional competitors. The country offers equal opportunities to foreign and local investors. As an emerging economy, Pakistan offers the opportunity of diversification to global players with strong intention to structural reforms in various sectors of the economy. Pakistan presents vast investment opportunities with lucrative returns to investors.

Ministry of Commerce has always played the key role in providing ease of doing business to the trade and industry of Pakistan. Ministry of Commerce has been playing an important role in the multilateral negotiation at World Trade Organization (WTO) as a founding member of the WTO and implemented all WTO agreements through domestic legislation or amendments in existing laws. Pakistan is also signatory to plural agreement on Trade Facilitation and made considerable progress in reducing the time on clearance of goods at ports, automation of customs procedures, and recently setting up Pakistan Single Window.

Ministry of Commerce has also signed Free Trade Agreements (FTAs) with China, Malaysia, and Sri-Lanka and has been negotiating FTA with Thailand and Turkey in order to have greater market access of Pakistan's exports. Due to untiring efforts of Ministry of Commerce the European Commission (EU), United States of America (USA), Switzerland, Norway, Turkey, United Kingdom, Canada, Australia, New Zealand, Japan, Russia, Belarus, and Kazakhstan have granted Generalized System of Preference (GSP) status to Pakistan. The GSP status allows almost 20 per cent of Pakistani exports to enter the EU market at zero tariff and 70 per cent at preferential tariff rates.

The Ministry of Commerce has very recently unveiled the National Priority Sectors Export Strategy (NPSES), with a focus on 10 priority sectors to achieve growth in exports. It is part of the Strategic Trade Policy Framework 2020-25, in which the focus was on 18 priority sectors.

Syed Naveed Qamar

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Aamir Ibrahim
CEO - JAZZ

Interview by S.A. Chaudhry

A Torch-Bearer of Innovation

The Economic Affairs had a privilege to talk to Mr. Aamir Ibrahim, CEO Jazz, who shared how the company has revolutionized the telecommunication sector in Pakistan.

Following is the transcript of the interview;

The Economic Affairs: How has Jazz contributed to the economy of Pakistan in terms of employment, investment, and taxes?

Aamir Ibrahim: In the last 27 years, Jazz has invested US$10.3 billion in Pakistan. During the first quarter of 2022 alone, PKR 14.9 billion were invested to forward our '4G for all' ambition. The money we have invested has gone into upgrading and expanding our network across the country as we move forward in our journey to accelerate Digital Pakistan ambition through a robust network of 14,000+ towers in 1,450+ cities.

We currently support direct employment of 3,000+ stellar individuals and 200,000+ are indirectly employed through our operations. Jazz, as a responsible corporate citizen, has always fulfilled its tax obligations and so far, has paid PKR 390 billion in taxes in last five years alone to the government. The situation, however, is a little unfair since the telecom users in Pakistan are subjected to one of the harshest tax regimes not just the region but in the world. At 19.5% GST our users pay the highest of all GSTs in addition to 12.5% in WHT.

The Economic Affairs: What role has Jazz played in bringing about social transformation through awareness, digital literacy and financial inclusion in Pakistan?

AI: As the industry leader, Jazz has always been at the forefront of social & digital transformation, but the most obvious impact of connectivity was felt during the COVID-19 pandemic. We made sure to provide relief to our users and equip them with affordable internet connectivity with our custom packages created for students, professional working from home and business owners to adapt to the new normal.

We have spearheaded a national conversation around financial inclusion by banking the underserved community. Jazz Cash processes more than PKR 100 billion worth of transactions and over 60 million transaction per month through its 15 million+ mobile wallets. Our CSR initiative 'Jazz Smart Schools' has trained 39,000+ schoolgirls and 1000+ female teachers on digital skills.

Our collaboration with TCF will fully equip 1600+ schools across Pakistan with digital literacy programs, latest ICT labs and smart phones for teachers which will benefit 250,000+ students over the period of three years. The program also aims to train 12,000+ female teachers on cutting edge digital curriculum. All these efforts are in line with our vision of enabling a digital Pakistan where everyone has access to good internet and the

awareness to use it to improve their lives and livelihoods. This year on International Women's Day, in collaboration with Meta, we launched an online safety booklet for Pakistani users, especially women, to guide them to use cyberspace safely.

The Economic Affairs: How are you digitally enabling the youth, especially females to improve their lives and livelihoods?

AI: Our Corporate Social Responsibility aims to digitally enable youth, especially women. Jazz's nationwide Sustainable Development Goals (SDG) bootcamps with UNDP are targeting participation from budding social entrepreneurs ensuring 50% female participation. Over the two cohorts, we have trained 201 enterprises with 159 participants.

The program has successfully trained entrepreneurs from the most remote areas such as Pishin, Khuzdar (Baluchistan) and bordering area of Afghanistan in Gilgit Baltistan. In addition to that, Jazz has also partnered with LUMS to host Young Leaders Entrepreneurs Summit (YLES) where approximately 1200 delegates (40% females) from colleges, universities, and high schools from across the country participated. Incorporating the importance of crisis management, entrepreneurial innovation, confidence, perseverance, and dynamic thinking, YLES provided the perfect platform for aspiring entrepreneurs.

Jazz, as a responsible corporate citizen, has always fulfilled its tax obligations and so far, has paid PKR 390 billion in taxes in last five years alone to the government.

In addition to that, our partnership with the National Incubation Center (NIC)

started in 2016 under the Jazz Xlr8 program with the first cohort being launched in 2017. In 5 years, this partnership has resulted in creating more than 10,000 jobs through startups with over PKR 2.6 billion contributed through investments and revenue.

Jazz sustainability agenda aims to facilitate innovative, solution- oriented thinking which will enable the youth to build necessary skills for success in their professional and entrepreneurial journeys that lie ahead of them. Our youth has immense talent and they just need companies like Jazz to create platforms where they can get the required mentorship and confidence to pursue their plans to be successful.

The Economic Affairs: What role has Jazz played in digitalization of Pakistan? Is there a specific target-based strategy for digital enablement in Pakistan?

AI: As the leading digital operator in the country, Jazz fully embraces the responsibility of being a key player in enabling a digital Pakistan. We have the fastest growing 4G userbase where 50% of total net 4G users added in 2021 were from Jazz alone.

We realize that one of the key challenges in the face of a truly digitally connected population is people's ability to afford a mobile, particularly for women and the rural population. To offset that, we introduced the Jazz Digit 4G, an affordable feature phone, that has helped expand the benefits of mobile broadband.

The phone fits well with prevalent market dynamics as majority of the mobile subscribers in the country are still using legacy 2G phones and need affordable options to convert to latest technologies like 4G. Under our mission of '4G for all', we are also committed to digitally empower the women and the rural population of Pakistan that is often not catered to directly. In Pakistan, we have some of the widest mobile gender gaps where 38% of women are less likely to own a phone and 49% are less likely to use mobile internet. To fight this digital divide, Jazz has committed to increase the proportion of women by 8% in its mobile internet customer base by the end of 2023.

We have also made a similar commitment for JazzCash by vowing to increase the proportion of women by 22% in our mobile money customer base by 2023. To enable the rural population, we are working with Universal Services Fund (USF) where our projects till date have connected a population of more than 12 million people in various far-flung areas of the country.

The Economic Affairs: What is the vision of Jazz for investment in new technologies including 5G?

AI: The answer to this question comes down to the 5G for few versus 4G for all debate. Pakistan is not currently ready for 5G technology as a very small percentage of the population owns 5G enabled handsets. Adopting and implementing new technologies like 5G requires effort from all stakeholders because we need to change outdated policies, ensure availability of affordable smart devices, strike partnerships, attract investments, release spectrum, develop digital skills, create demand, and foster innovation. Pakistan is a developing country, and we have critical infrastructure issues that cannot be ignored.

The current macroeconomic crisis has led to the onset of a digital emergency and has put us in a difficult position to continue investing as the rising operating costs and depreciating currency threaten our operations. More than ever, we need policy intervention at different levels to ensure that we can continue investing money into the country. The industry ARPU has dropped from US$9/month to US$1/month in the last two decades.

The cost of doing business however has increased from the increase in spectrum fee from US$291 million to US$486 million and the rise in taxes to 34.5% over the years.

I have been very vocal that we are facing a digital emergency and unless something is done, we might have to face serious consequences in form of companies wrapping up business or degradation of quality of the services.

So before investing in and bringing new technologies, we need to create a conducive environment, so our current operations are not hindered.

The industry, government and the stakeholders must work together to equip the country with the required infrastructure and policies that will help bring the digital Pakistan vision to life.

PROFILE

Aamir Ibrahim

Since 2016 Aamir Ibrahim has been the CEO of Jazz -- Pakistan's largest telecom business and Internet services provider company with 70 million subscribers. He is also a member of the Global Executive Committee of VEON (the sixth largest telecom operator in the world).

Previously, Aamir has held senior leadership positions in VEON, Telenor Group, Ford Motor Company, Jaguar, Land Rover and Mobilink. His career spans over 25 years, seven countries and in industries as diverse as telecommunications, automotive and financial services. Aamir received his Bachelors in Business (Accounting) from The University of Texas at Austin. He also holds an MBA from IMD in Switzerland and an AMP Diploma from the Harvard Business School.

Aamir has been credited in creating and launching Jazz brand in 1999 (Pakistan's first prepaid mobile service), which today is the country's largest indigenous consumer brand. In addition to his expertise in marketing, Aamir has broad-based strengths in strategy, business development, governmental relations and operations. In 2015, Aamir led the Mobilink-Warid merger forming the largest telecom company in the country.

Aamir has been an instrumental member of the team that helped transform Jazz from a legacy telecom operator to being the country's preferred digital lifestyle player, which today offers mobile broadband, digital financial services through JazzCash, content and services ranging from music, TV to gaming and insurance.

Aamir was instrumental in helping establish Pakistan's first National Incubation Center – a unique example of public-private partnership that was subsequently emulated across four cities in Pakistan. He has championed mobile financial inclusion. He served on the board of Universal Service Fund (USF). Presently, he is on several boards including IGNITE and Pakistan's National Research and Development Fund aimed at reducing the digital divide in Pakistan. He is passionate about technology and is a leading voice and proponent of #DigitalPakistan.

Before investing in and bringing new technologies, we need to create an enabling environment so our current operations are not hindered.

FAUJI FOUNDATION

Serving the Nation with Pride

The Economic Affairs feels honoured to talk to Mr. Waqar Malik, who sheds light on the unparalleled role of the Pakistan Army-run institutions in the social-economic development of the country.

Following is the transcript of the interview;

Waqar Malik
CEO - FAUJI FOUNDATION

Interview by S.A. Chaudhry

The Economic Affairs: Sir, would you like to share the success story of Fauji Foundation since it was founded in 1954, and highlight achievements of its subsidiary companies as well.

Waqar Malik: Fauji Foundation (FF or "The Foundation") is a charitable trust founded in 1954 and incorporated under The Charitable Endowment Act 1890. The raison d'etre of Foundation is "Earn to Serve". The Foundation operates as a Hybrid Social Enterprise, where its social mission of provision of welfare services to veterans and their dependents is entirely financed through commercial investments.

The post war repatriation fund of PKR 18.2 million, left by the British government for the Pakistan veterans, was utilized to set up the Foundation over one off distribution. Thus, it was the start of an incredible journey of socially driven organization fully self-sustained by its commercial investments that also supplements Pakistan`s National Economic

Development.

The core purpose of the Foundation is to support the veterans and their families, including widows and Shuhadas for their rehabilitation. Fauji Foundation proudly spearheads this mantle entirely on self - sustaining basis and today, FF is one of the largest Social Hybrid Enterprise in Pakistan.

Our Journey and growth from 50-bedded hospital in 1959 to nationwide 1,830 beds across 74 medical facilities which include 11 Hospitals & 63 Clinics and 126 Educational Institutes comprising of a University, Medical, Dental and Nursing colleges, Tertiary, Colleges & School and Vocational Training Institutions demonstrate our commitment and devotion towards the core purpose. FF provides these welfare & social services with annual spending of about PKR 10-12 billion, which saves public funds otherwise the Government would have to fund these activities. FF is poised to serve entitled 9.7 million beneficiaries, about 5% of the population.

The post war repatriation fund and returns are prudently invested in the sectors of agriculture, infrastructure, food chain, energy and financial services. Most commercial investments are listed on Pakistan Stock Exchange and run with the highest level of corporate governance and integrity. The Group contributes about Rs 160 billion per annum in the form of duties and taxes to the national exchequer and ranks as one of the largest tax payers in Pakistan.

The Economic Affairs: Sir, being biggest welfare trust and business conglomerate, how much investment has been made by Fauji Foundation in its 18 industrial and other businesses. What is the contribution towards GDP and impact on economy, besides welfare of 9 million ex-servicemen beneficiaries?

Waqar Malik: Fauji Foundation started its commercial investments with merely PKR 18.2 million by venturing into cereals and textile and has grown to over PKR 700 billion of assets in sectors such as Agriculture & Food, Oil & Gas exploration & Energy, Cements & Construction, Commercial Banking, and Infrastructure. The Group is the largest in Pakistan in terms of market capitalization. Most commercial investments are quoted on the PSX and over the years, these have generated handsome returns for their minority shareholders (50% of our dividends go to the general public who are our shareholders).

Fauji Foundation Education System (FFES) has a country-wide presence with 122 academic institutions with around 70,000 students.
The strength of schools/colleges faculty currently stands at 2,800.

Apart from funding our welfare activities, these investments also contribute in the Economic Development of Pakistan by focusing on the Nations' pressing needs, such as, food self-sufficiency, nutritional needs, energy security, infrastructure development and financial inclusivity of the population.

The Economic Affairs: How much employment is provided by Fauji Foundation and the role it is playing in human resource development for the growth corporate sector of Pakistan?

Waqar Malik: The workforce in Pakistan is relatively efficient, reliable, cost-effective, and easily adaptable to various working conditions and cultures. This is the reason that our skilled workers are providing their services around the globe. Our government is working relentlessly towards the development of manpower through numerous skill development initiatives. These initiatives are aimed at meeting skill requirements of both the national and international labor market standards.

Fauji Foundation is also contributing towards the cause by sharing a reasonable portion of the job market in Pakistan, employing 27,000 employees with a blend of civilians, ex-servicemen, and beneficiaries. We are committed to fostering a diverse workforce by creating an equitable and inclusive space for all, having 45% female employees, and maintaining a 3.5% share for disabled persons, which is amongst the best in Pakistan. With a firm emphasis on this unique HR model, Fauji Foundations has transformed through the adoption of modern HR practices, automated processes, market competitive remunerations, training, creating a performance-based culture leading towards strategic HR with increased efficiency and productivity.

Fauji Foundation is not only providing employment opportunities but also contributing towards the development of national manpower through healthcare facilities, subsidized education, and vocational and technical training.

The Economic Affairs: Sir, how successful are Fauji Foundation projects like Fauji Fertilizer, Fauji Cement, Fauji Cereals, Mari Petroleum, Askari Bank, Fauji energy projects, and other projects in Pakistan and please share their performance?

Waqar Malik: Fauji Foundation has six publicly listed companies with controlling share. The market capitalization of our listed investments is over USD 2 billion. Pakistan stock exchange (PSX) published a report on 28th March 2022 for the top performing companies in 2020. We're pleased to announce that 4 companies appeared in the list of the top 25 companies. The companies are:

1st
Fauji Fertilizer Company Limited (FFC)

6th
Fauji Fertilizer Bin Qasim Limited (FFBL)

7th
Mari Petroleum Company Limited (MPCL)

8th
Askari Bank Limited (AKBL)

Mari Petroleum (MPCL): Mari Petroleum (MARI) is one of the largest gas producers in Pakistan with a production share of 21%. The company is aggressively expanding its exploration activities to enhance its overall production to cater for the growing needs of energy.

Fauji Fertilizer Company (FFBL): Fauji Fertilizer offers a) stable cash flow generation, b) strong dividend yield and (c) robust dividend income from various subsidiaries. It provides a hedge against macroeconomic shocks because of stable urea demand.

Fauji Cement (FCCL): FCCL has gone through a major turnaround recently. The company owns over 10% of the cement market in the North, poised to capture growth of Dams, CPEC and Afghan Exports via a new Expansion project. The focus is on operational efficiency through

the installation of WHR plants and solar power plants.

Fauji Fertilizer bin Qasim (FFBL): FFBL is a sole manufacturer of DAP in Pakistan. The company has a market share of over 45% in DAP market. The rest of the demand is met by imports. The company has retired significant portion of its debt in the past two years accredited to business turnaround.

Askari Commercial Bank (AKBL): Askari Bank (AKBL) is a mid-tier commercial bank in Pakistan operating since 1992. It currently operates through 535+ branches nationwide including 101 Islamic banking branches, and commands 4.8%, and 4.5% market share of domestic deposits and advances, respectively.

The Economic Affairs: Sir, how do you see the future outlook of Fauji Foundation as well as the economy of Pakistan, keeping in view the rocky economic path of past 75 years?

Waqar Malik: Despite challenges, Pakistan's economy is witnessing a V-shaped recovery through improved COVID 19 containment strategies. Incentives offered to the industry to minimize the impact of an industrial shutdown on labor livelihoods and continued accommodative fiscal and monetary policies which are poised to accelerate the recovery across all sectors. The performance in agriculture, large scale manufacturing (LSM), construction and export sectors are the key success factors. Looking ahead, the non-oil current account deficit is expected to decline, and exports and remittances continue to remain resilient.

The Economic Affairs: Sir, being a head of a corporate conglomerate, how do you define corporate leadership for young professionals and its role in the growth of the corporate sector?

Waqar Malik: Fauji Foundation has always functioned as a "Hybrid Social Enterprise", where welfare is consistently funded from its self-generated resources. Being a leader of such a unique organization allows me to perceive gaps that exist within our economy and human capital. Of course, the knowledge of related imbalances is part of the package from a different angle.

Young professionals may not bring years of experience but they bring with them the determination, flexibility, and exuberance of a motivated mindset, along with fresh perspectives on old problems. They also carry with them a good comprehension of new technologies that are being applied in the corporate sector.

At the Foundation, we make it easier for young professionals to pave their way in, through our yearly Internship and Management Trainee Officer (MTO) Program. We allow them to be part of the decision-making loop from a young age, by equipping them with the right resources to get the job done. We place them in project-based team tasks to help build communication, coordination skills and insight. Thus, we encourage them to blaze their own trails in every possible way.

I would also like to say we believe that resolution, teamwork and emotional intelligence are key factors for defining true leadership.

The Economic Affairs: Based on your rich experience, what are the best practices for corporate governance and how have you implemented them at Fauji Foundation? Also share its impact on Fauji Foundation's corporate performance.

Waqar Malik: Our corporate governance entails two levels i.e., "Policy Level" & "Executive Level" respectively. At policy level is our "Committee of Administration (COA)", which defines the strategic direction of our enterprise, without any involvement in day to day functions. Major decisions like investments, divestments, financial and welfare operations are approved by this level.
While the executive level includes our "Central Board of Directors (CBOD)" which controls, manages, plans and directs all industrial, commercial and welfare operations as directed by COA.

The CBOD's main function is to ensure long-term financial sustainability and growth of the organization. Our corporate governance reflects discipline, transparency, accountability and responsibility. We conduct meetings with our stakeholders frequently to apprise them of our performance.

At Fauji Foundation we stand side by side, with our shareholders who are the main drivers behind our investments. 50% of the dividends generated from our listed investments go to our public/minority shareholders.

The Economic Affairs: What steps Fauji foundation has taken for implementing IT and digital revolution in its companies? How it transformed the efficiency and performance of Fauji Foundation.

Waqar Malik: Fauji Foundation is strategically enabling the application of Enterprise Resource Planning (ERP) tools like SAP etc. to help manage business processes and applications. These ERP systems bind together a multitude of business processes and enable a steady flow of data between departments and business units. These ERP systems also help us eliminate any data duplication or misuse and further provides data integrity. Thus, enabling considered decisions.

Similarly, we also make use of Human Resource Information Systems (HRIS), which helps us collect and parse workforce related data. These systems organize key data points about our workforce, to help us ascertain and appraise our employees in a transparent way, while ensuring regulatory policy compliance throughout the organization. Some of our proprietary HRIS systems include detailed Recruitment Management Systems (RMS) to help streamline our entire recruitment process. We have also successfully implemented Performance Management Systems (PMS) to establish a transparent and a constructive way of evaluating employees and Automated Payroll Systems (APS).

In turn, the application of such systems has allowed our leadership to make timely and informed decisions, and also has helped evaluate their teams, with the needed data integrity.

The Economic Affairs: Sir what measures are introduced in Fauji Foundation projects for environmental protection?

Waqar Malik: Environmental awareness and readiness have always been at the forefront in our planning. Being the largest conglomerate in Pakistan with community-based ambitions, we take it as our responsibility to reduce our carbon footprint, by reducing fossil fuel and national grid dependency. At FF we are paving way for a "Greener Pakistan", by introducing alternative green energy solutions around our business sites. Some of our initiatives include our exemplary wind power projects (FFCEL, and FWEL I & II), which have a combined output of 150 MW.

Being environmentally responsible, Fauji Cement Company Limited (FCCL) has introduced the initiative of "Green Cement", where the emphasis is laid on the reduction of greenhouse gasses (CO_2) during operations. We make this possible by utilizing alternative fuels and Refuse Derived Fuels (RDFs). This is where combustible components called Municipal Solid Waste (MSW) from our industrial sites are shredded, dried and burned to produce electricity.

FCCL has also successfully installed 2 x Waste Heat Recovery Power Plants (WHRPPs) of 12 MW and 9 MW respectively. These Heat Recovery Plants help utilize the excessive heat for energy generation and thereby further enable us to reduce load on the national grid. Such initiatives have helped us substitute 60% of our grid energy.

We've also undertaken numerous environment-friendly initiatives like introducing water recycling, rain harvesting measures and conducting massive tree plantation campaigns. Such campaigns have permitted us to reduce our Carbon footprint at all of our manufacturing sites. These efforts have also helped reduce the coal import bill to the tune of Circa 5 Million USD and paved way for the reduction of CO_2 emissions by Circa 200,000 tons per year.

The Economic Affairs: Sir, what measures Fauji Foundation has taken for gender balance and to stop harassment at workplace?

Waqar Malik: Aforementioned, at FF, we nurture and reward perceptiveness and emotional intelligence. We believe that insightfulness helps harbor an environment of safety, where everyone regardless of their gender, ethnicity and background, gets a fair chance to fully develop to their potential. We know that harassment at workplace is a serious issue due to which, Fauji Group has a “zero tolerance policy” for any sort of harassment and discrimination.

In all of Fauji group entities, we have autonomous harassment reporting cells, where any discrimination or harassment of any kind can be reported. The cell can substantiate any claims and take action upon any reported incident. The harassment / discrimination reporting cell sets behavioral guidelines and conducts regular awareness seminars and workshops among different departments and business units.

The Foundation believes that all employees have a right to work in an environment, free from any improper conduct. We prohibit any sort of discrimination be it gender based or ethnically motivated. We have a defined and detailed self-regulatory mechanism to control discrimination & harassment, which adheres to Government of Pakistan's (GoP) “Protection Against Harassment of Women at Workplace, Act 2010”.

The Economic Affairs: How Fauji Foundation businesses benefit the ex-servicemen of the Army and particularly families of Shuhada”?

Waqar Malik: Education and Health have always been our mainstay for welfare initiatives. The Foundation is providing free/subsidized high quality education to all beneficiaries, which includes ex-servicemen (Shuhadas and beneficiaries).

Fauji Foundation Education

System (FFES) has a country-wide presence with 122 academic institutions with around 70,000 students. The strength of schools / colleges faculty currently stands at 2,800.

We have an extensive Fauji Foundation Stipend Scheme that helps provide quality education to ex-servicemen and wards of Shuhada. The dividends of this scheme are dispensed to beneficiaries in schools, colleges, universities as well as those undergoing professional / technical education in institutions across Pakistan. The scheme has a special focus on dependents of Shuhada. The allocation of funds for stipends keeps on increasing every year and the number closed at Rs. 230 Million per annum this year (2022), which will benefit over 16,000 deserving individuals.

Since servicemen retire sooner as compared to other sectors, we have also set up our unique Transition Management Course for ex-servicemen. This is where we help them acquire new skillsets to help them transition into business and corporate setups. We help them develop entrepreneurial and technical skills related to various industries in Pakistan. We also have Pakistan's oldest Artificial Limb Center, where those who are maimed in the line of duty are treated free of cost. Fauji Foundation Healthcare System is a network of 11 Hospitals (with over 1500 beds), 35 Medical Centers and 28 Health Clinics spread all across the country, at every level, from major cities to far flung areas. We make use of latest modern gadgetry and equipment in health clinics, thereby providing quality services at zero cost to our soldiers.

The Economic Affairs: Your special message for youth on the occasion of 75th Anniversary of Independence of Pakistan

Waqar Malik: As we celebrate the momentous journey of our great country making way to its Diamond Jubilee, one cannot help but marvel, at the resilience and resolve of this great nation. Be it earthquakes, floods, humanitarian disasters, or challenging economic conditions, we as a nation have truly stood the tests of times, proving mankind's ability to withstand any challenges and rising higher each time, with renewed enthusiasm.

Regardless of how trying the times have been, our resilience and resolve to prosper is encoded within our genetic code. These deterministic factors for success have been passed down from generation to generation. The Foundation will always continue to nurture the same resolve through welfare initiatives and economic opportunities. The Foundation was built around the same spirit of selflessness that our forefathers displayed 75 years ago. We nourish this spirits and shall further continue to drive national self-sustainability through education, health, food, agriculture, power, critical infrastructure development, and by providing financial inclusivity to the unbanked population.

This drive and resolve will always be within us, young or old, poor or rich, woman or man, and will always manifest when times get trying, for we are all potentially strong and are like diamonds in the rough.

> ***"Hardship may dishearten at first, but every hardship passes away. All despair is followed by hope; all darkness is followed by sunshine."***
>
> *- Rumi*

Shaping the future through Technology

The Economic Affairs has pioneered in interviewing the top leaders of the corporate sectors, and this interview of President/ CEO of the HBL, is the shining part of this series, in which he unfolds his vision to transform his organization.

Muhammad Aurangzeb
President & CEO – HBL

Prior to this responsibility at HBL, Mr. Aurangzeb was the CEO for JP Morgan's Global Corporate Bank based in Asia, with a rich international banking experience of over 30 years in other senior management roles at ABN AMRO and RBS based in Amsterdam and Singapore.

Mr. Aurangzeb is the only Pakistani to be invited to the exclusive membership of the Global CEO Council organized by WSJ / DowJones group. He is also the Chairman of the Pakistan Banks Association, Chairman of the Pakistan Business Council, and Council Member at the Institute of Bankers Pakistan.

Mr. Aurangzeb received his BS and MBA degrees from The Wharton School (University ofennsylvania).

An Overview of HBL

HBL is the first Pakistani commercial bank to be established in Pakistan, in 1947. Over the years, HBL has grown its branch network and maintained its position as the largest bank in the private sector with 1650+ branches, 2100+ ATMs, 45,000+ Konnect by HBL agents (branchless banking platform), 55,000+ QR locations serving over 30 million clients worldwide. It is currently the largest domestic bank with a presence across major trade zones in the world. The Bank is recognized as the leading financial institution of the country for its client centric innovation in financial services.

The Economic Affairs: What is the significance of HBL as compared to other organizations with reference to Diamond Jubilee independence anniversary of Pakistan? Tell us the success story of HBL spanning over 75 years and please highlight major achievements of the Bank.

Muhammad Aurangzeb: HBL was established in 1941. The Bank moved its operations to Pakistan in 1947 at the request of the Quaid-e-Azam, Muhammad Ali Jinnah, hence becoming the first commercial bank in the country.Embarking on a progressive journey, HBL continued to grow and expand in the successive years. The Bank's first international branch opened in Colombo, Sri Lanka in 1951, while the iconic HBL Plaza building commenced its operations on 4 September 1971.

In February 2004, management control was handed over to the Aga Khan Fund for Economic Development (AKFED). By April 2015, the Government of Pakistan divested its entire shareholding of 41.5% through the Privatization Commission of Pakistan, making HBL Pakistan's largest Bank in the private sector.

HBL has not just been a pioneer in the banking industry but has also been a platform that has enabled dreams for millions of people. It has time and again, proven to be a catalyst for change through initiatives that have elevated Pakistan's image and reputation. From bringing back international cricket to Pakistan through HBLPSL, to helping strengthen the economy of the country through historic initiatives such as the Benazir Income Support Programme, HBL continues to enrich lives.

Over the years, HBL has grown its branch network and maintained its position as the largest private sector bank in Pakistan with over 1,650+ branches and 2,100+ ATMs globally, serving 30 million clients worldwide.

HBL is shaping the future through a paradigm shift as a 'Technology company with a Banking License'. The Bank's multiple digital channels are helping it get closer to its clients through innovative and frictionless ways

As the leading financial institution of Pakistan, HBL is at the forefront of all development initiatives which includes growth of priority sectors and targeting the unbanked population in the country. HBL remains committed to its objective of financial inclusion for all segments of society.

As an independent validation of our efforts from internationally recognized publications, HBL won the 2022 Euromoney Award for “Best Bank in Pakistan” and the 2021 Asiamoney Award for “Best Domestic Bank”. HBL was also awarded “Pakistan's Best Bank” Award at the Pakistan Banking Awards 2021.

The Economic Affairs: What role is HBL playing in Pakistan's economy by way of providing employment, particularly maintaining gender balance?

Muhammad Aurangzeb: Diversity and Inclusion is an important agenda at HBL and the Board and the Executive Committee members lead the agenda.

The Bank's diversity ratio continues to improve with 21% of our employees being women. HBL won eight awards in the 2021 Global Diversity and Inclusion Benchmark awards in the categories of Best Practice in Pakistan and Most Progressive in Pakistan.

A campaign for hiring people with disabilities full time and as interns was initiated in 2019 known as the 'Together we are strong', where HBL is collaborating with expert organisations for awareness on disability.

The Economic Affairs: In providing employment and human resource development, would you like to share the growth of HBL in terms of branches, deposits, loans, and banking infrastructure?
Muhammad Aurangzeb: HBL's 2021 results, underpinned by client centricity, were driven by strong organic growth. Exceptional performance across all business segments and activity drivers further cemented the Bank's leading position across all client segments. HBL remains at the forefront of supporting government initiatives for economic development, and the Bank continued to increase private and public sector credit. HBL continues to provide innovative products and financial solutions to its clients whose banking needs are moving beyond traditional channels. The trust and confidence that our clients repose in us is a validation of our business strategy.

HBL delivered a record profit before tax of Rs 62.0 billion in 2021, 17% higher than the Rs 53.0 billion reported in 2020, signifying strong performance across its diverse business lines.

2021 was an exceptional year for HBL as it achieved several milestones across its businesses. The Bank's balance sheet grew by 12% to Rs 4.3 trillion. This was achieved as a result of strong deposit mobilization with total deposits increasing by 19% to Rs 3.4 trillion. HBL's stated objective is to support its clients and the real economy through wide-ranging, but prudent, credit expansion. HBL's total advances increased by 23% to over Rs 1.5 trillion.

The Economic Affairs: What steps has HBL taken for financial inclusion of the poor, rural and female population of Pakistan, as per the goals set by SBP?

Muhammad Aurangzeb: HBL proudly serves over 3.5 million women clients, including 750,000 under its women's market program, Nisa, which has been recognized internationally. During 2021, the program added over 110,000 new accounts.

Konnect by HBL remains the primary vehicle for offering easy access to the unbanked and under-banked segments of society, with women continuing to make up 24% of the client base. Konnect now has 7.1 million accounts with more than 1 million monthly active users.

The Economic Affairs: HBL is considered as a leading bank introducing IT, automation/digitalization in the banking sector, and facilitating banking services in Pakistan, please share the details in this regard.

Muhammad Aurangzeb: HBL's commitment to serving its clients with a superior banking experience is underpinned by digitization and innovation. It aims to use data driven insights to provide more contextualized products to the right audience and extend relevant banking services to previously unbanked communities while remaining true to consumer needs.

In line with its "Mobile First" strategy, HBL continued to enhance its Mobile App by partnering with a number of FinTechs and e-commerce players, developing APIs to simplify integration. More than 700,000 new users signed up for the App, taking the user base to 2.5 million, by far the largest for any commercial bank in Pakistan.

HBL Digital introduced Conversational Banking through two new channels:

WhatsApp and Facebook Chat Messenger. HBL's clients can now fulfil their basic banking needs through these popular social media platforms, without having to login to the App.

HBL continued its market leadership in shaping the e-commerce space. HBL's e-commerce payments solution – HBL Pay Checkout – continued to demonstrate strong growth.

The Economic Affairs: What is the role of HBL in catering to the financial needs of agriculture and SMEs to boost economic growth?

Muhammad Aurangzeb: HBL has played a leading role in developing the agriculture ecosystem, focusing on digitalization as a means to achieve farmer convenience.

HBL maintains a leadership position in Agricultural Financing and has been recognised by SBP as the "Top Ranked Agri Lending Bank" amongst large banks. The regulator has also designated HBL as the "Champion Bank for Balochistan" to lead the banking industry and enhance agricultural credit and financial inclusion in the province.

HBL's farm-to-processor pilots successfully expanded during 2021, scaling up in-kind financing. To create a more integrated agriculture ecosystem, HBL partners with input suppliers, mechanization vendors, and bulk buyers who provide inputs at the farmers doorstep and modern farm machinery on a rental basis. This engagement serves to raise capacity, increase production efficiency and improve crop yield.

In 2021, HBL has been recognized as the "Best Bank for Small and Medium Businesses" for the 3rd consecutive year by the Pakistan Banking Awards. The Bank is an active participant in State Bank of Pakistan (SBP) led initiatives like the Kamyab Jawan Scheme.

The Economic Affairs: Please share the achievements of HBL through its overseas branches to help boost international trade and help facilitate the Pakistani diaspora abroad.

Muhammad Aurangzeb: HBL enjoys a significant international footprint and is the largest domestic multinational Bank. The Bank's international footprint is important as it provides opportunities to effectively serve its core clients across its network.

China remains the lynchpin of HBL's international strategy, and the Bank is the largest executor of CPEC related financing in Pakistan. In November 2019, HBL created history when the HBL Urumqi Branch formally commenced the RMB business by becoming the first and only bank from Pakistan and one of the three banks from the South Asia and MENA region to offer end-to-end RMB intermediation. HBL's Beijing Branch commenced operations in March 2021 and serves as the main engine for origination and execution of Chinese transactions. HBL now serves some of the largest Chinese enterprises in multiple countries, furthering our objective of being a bank of relevance in the region.

The Economic Affairs: Please highlight the CSR initiatives taken by HBL and what difference was made by these steps.

Muhammad Aurangzeb: Giving back to the country and the communities that we serve is part of HBL's strategic agenda. To promote sustained economic and social uplift of the communities it serves, HBL contributes 1% of its annual profit after tax to the HBL Foundation. The Foundation supports organizations primarily working in the fields of healthcare, education, and community development.

HBL won the 2022 Euromoney Award for "Best Bank in Pakistan" and the 2021 Asiamoney Award for "Best Domestic Bank". HBL was also awarded "Pakistan's Best Bank" Award at the Pakistan Banking Awards 2021.

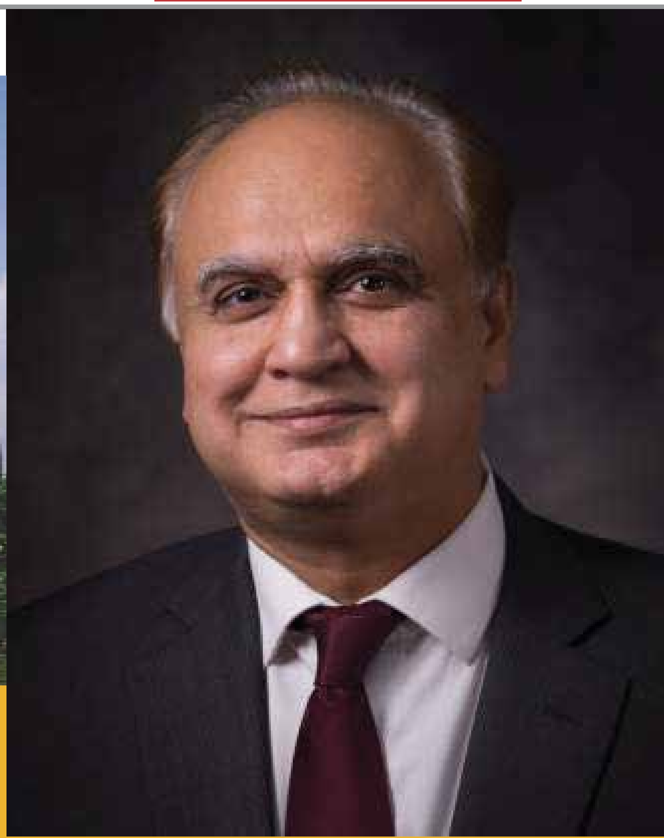
Art plays a critical role in the lives of people and its impact on society. As a patron of art in Pakistan, HBL is committed to celebrating the outstanding artists that the country has produced and to creating opportunities for the public to engage with art.

ZTBL
ZARAI TARAQIATI BANK LIMITED

A Pillar of Agri Development

The President/CEO of the Zarai Taraqiati Bank Ltd. (ZTBL) share the mission of and vision of the bank, which is aimed at transforming the agricultural landscape in the country.

Interview by Ghulam Haider



Muhammad Shahbaz Jameel
President/CEO
Zarai Taraqiati Bank Ltd. (ZTBL)

The Economic Affairs: What is the significance of ZTBL compared to other organizations with reference to Diamond Jubilee Independence anniversary of Pakistan?

Muhammad Shahbaz Jameel: ZTBL was established in 1961 which means we are just 14 years younger than Pakistan. This is the significance that we share with Independence Day. Agriculture is the backbone of Pakistan's economy and ZTBL is the leader in providing agriculture loan to maximum farmers in Pakistan.

The Economic Affairs: Despite economic and political challenges faced by Pakistan, would you like to tell us the success story of ZTBL since its inception in 1961.

Muhammad Shahbaz Jameel: As I told that agriculture is our backbone, therefore, the primary objective of ZTBL is to make agriculture successful in the country. Since its inception we have distributed more than 600 thousand tractors besides providing Rs1,588,006.40 billion as agriculture loans to 13, 255,189 borrowers/farmers. The success story of ZTBL is that it is the only profit making state-owned enterprise.

The Economic Affairs: Please highlight major achievements made and challenges faced by ZTBL.

Muhammad Shahbaz Jameel: I can proudly say that we have come out of the phase of challenges and we have more achievements on our chart than challenges. Just imagine that ZTBL is the only bank that can be found serving farmers in areas where no other commercial bank exists. We operate in far-flung areas of the country through our 501 branches and 31 zones. Our unique achievement is that we are the only SOE that is in profit in the country. We are the only bank that welcome the poorest farmer and provide him/her loan and technology. We are the only bank that cater to the demand of 78 farmers while the rest of farmers are served by the rest of commercial banks. We are unique and we have delivered. Yes, there are some challenges. We are short of manpower and liquidity. But as

I said, we have delivered in the hardest times.

The Economic Affairs: Sir, being the largest bank, what has been the contribution of ZTBL in services sector and the economy as well?

Muhammad Shahbaz Jameel: As we know that the entire commercial industry is dependent on the provision of raw materials from the agriculture sector, therefore, ZTBL supports the industry not only for agro economy but for national economy as well. In simple, anything you see in Pakistan, you will see ZTBL's contribution in it. For example, the dishes served in five star hotels in Pakistan has the taste of toil of a poor farmer supported and financed by ZTBL.

The Economic Affairs: What role ZTBL is playing in Pakistan's economy by contributing to government's revenue and providing employment particularly maintaining gender balance.

Muhammad Shahbaz Jameel: ZTBL believes in gender balance and we are the only bank who has elevated women to the positions of zonal chiefs, managers and special recovery teams. We contribute to national kitty in form of taxes on profits which are in billions annually. We have provided jobs to thousands of families and this employment opportunity is replicated in shape of hiring new professionals.

The Economic Affairs: In providing employment and human resource development, Sir would you like to share the growth of ZTBL in terms of deposits, branches loans, and banking infrastructure?

Muhammad Shahbaz Jameel: Our outstanding portfolio is Rs170 billion and the great distinction is that we are dealing with 78 percent of subsistent landholding farmers. We have state-of-the-art 501 BRANCHES, 31 zones across the country and the pride is that most of the branches are working in areas where no other commercial bank exists for provision of banking facility to low income generation strata.

The Economic Affairs: Sir what steps ZTBL has taken for the financial inclusion of poor, rural and women population of the country? What is ZTBL's future plan for improving economy?

Muhammad Shahbaz Jameel: This is a good questions and it is easier to respond to it. ZTBL is the bank of poor operating in far-flung areas and off course our women population. We have entrusted responsibility on our women manpower in the bank and the result is outstanding. We have launched schemes for poor farmers and again the result is outstanding. As we know that food security is a big challenge therefore, ZTBL is cognizant of the reality and we have enhanced portfolio.

The Economic Affairs: We have heard that you were offered jobs in foreign countries but you chose Pakistan for the job. What is the reason?

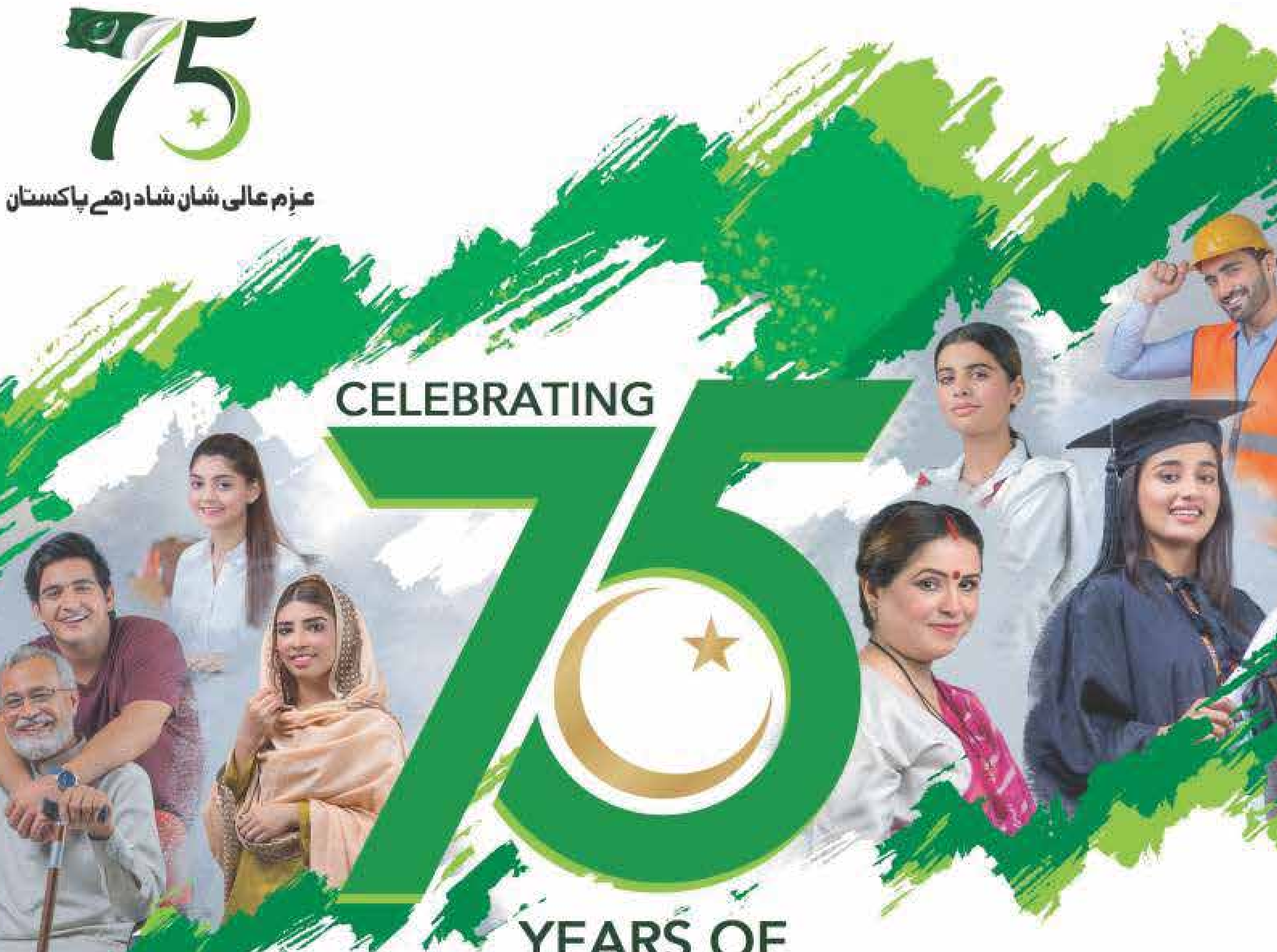
Muhammad Shahbaz Jameel: In Pakistan, trained professionals usually prefer to settle abroad but my opinion is different. I think Pakistan needs trained professionals more than any other country. I chose Pakistan for delivering my skills and Alhamdulellah, ZTBL, that was considered as a white elephant is now in profit. We proudly say that ZTBL is now a profit-making bank from loss making state owned enterprise.

The Economic Affairs: ZTBL has initiated Zarai Bethak. What is the purpose of the exercise?

Muhammad Shahbaz Jameel: This was the idea of our able board member Mr. Zaigham Rizvi who opined that ZTBL management should hold public gatherings by inviting farmers of the particular area. This practice helped us a lot. We interacted directly with the farmers and listened to their problems. We knew what farmers actually need. We have held Zarai Bethaks in all provinces including Azad Jammu and Kashmir and Gilgit-Baltistan region. I have personally chaired Zarai Bethaks and this is for the first time that President ZTBL has directly came in touch with our farmers.

The Economic Affairs: Do you think that the federal government is serious in reforming agriculture sector?

Muhammad Shahbaz Jameel: Yes. The federal government under Prime Minister Mian Shehbaz Sharif is serious in introducing modern agriculture and for this, the farmers are the top priority to get modern agriculture tools. We have launched Austrolorp chicken, Biofloc Fish Farming and rice tranplanters for greater yields.



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FREEDOM
INDEPENDENCE
EMPOWERMENT
PAKISTAN

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/FirstWomenBank /FWBLbank /firstwomenbank /company/fwbl /First Women Bank Limited

Decades of Industrial Development

By Imran Zia

Pakistan's journey of industrial growth has come a long way and now it is recognized as a developing country with sizable industrial base.

We are proud and gratified to Allah Almighty on this special occasion of 75th Independence Anniversary of Pakistan. At the time of its creation, Pakistan did not have enough capital to form a functioning government to serve its 24 million population and 8 million migrant refugees, nor it had the central bank to maintain foreign exchange reserves and issue currency. In 1947 Pakistan had only Rs.200 million worth of foreign exchange in central treasury and income of Rs.450 million against the expenditure of more than Rs.800 million.

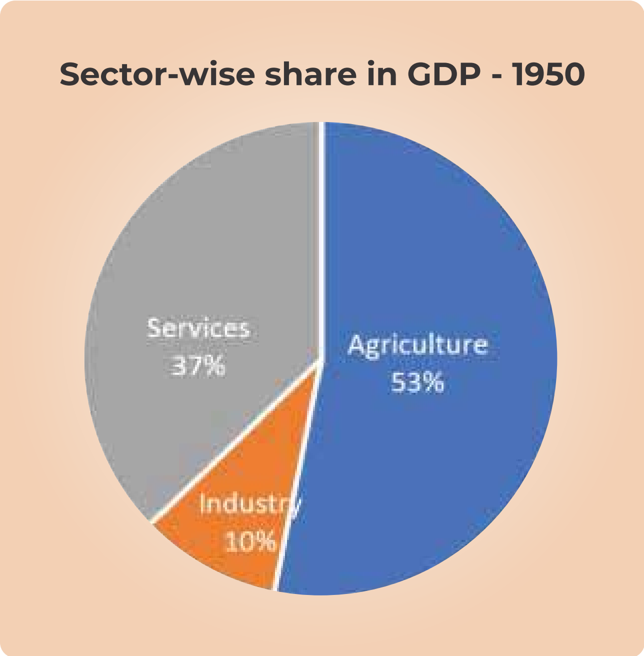
The leadership of newly-established country under the stewardship of Quaid-e-Azam worked selflessly to lay strong foundations of the country where its people can prosper as per their ideals.

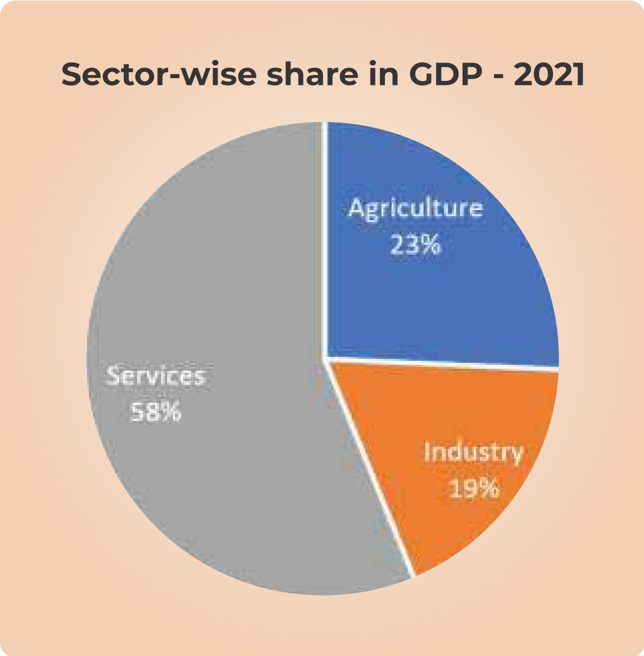
However, the first five-year plan aimed economic prosperity was launched in 1951. As a result of planned economic development within fifteen years of independence, Pakistan was considered among the fast growing developing countries with average GDP growth rate of over 6 percent. In early 1960s, the Far East Asian countries copied Pakistan's five-year development plans to replicate it in their countries as a successful model for economic development.

Pakistan inherited mainly an agrarian economy at the time of independence and in 1949-50 the shares in GDP of agriculture was 59.9%, industry 9.6% and services 37.2 %. With a very narrow industrial base, Pakistan got only 34 industrial units out of 921 industrial units in Sub-Continent, mostly consisting of small-scale industrial units. These industries were two cotton textile mills, one cement factory, one cigarette factory, two sugar mills, rice husking, cotton ginning and flour mills; that employed a little over 26,000 employees. There was no steel, engineering, petrochemical, electrical /mechanical and defense ordnance industry in Pakistan in 1947-48.

Pakistan's early industrial development in the fifties was based upon import substitution industrialization under high tariff barriers and an overvalued exchange rate. In the fifties those industries were preferred that use mainly locally available raw materials like textile, sugar, food processing /consumer goods, cement, etc. During the period 1947 to 1955 the country achieved high growth rates of manufacturing of 17 percent, which was higher than other South Asian countries.

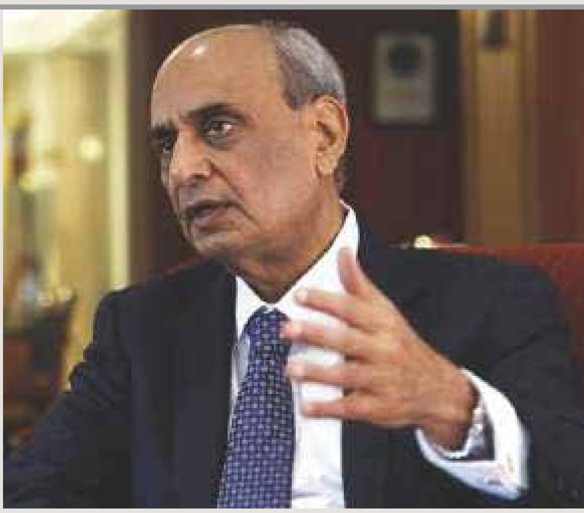
After 25 years of independence the share in GDP of industry increased from 9.6% to 22% and share of agriculture decreased from 53% to 36%, while share of services sector increased from 37% to 42%. After 75 years the share in GDP of agriculture sector decreased to around 23 percent, industry's share is 19 percent, and services sector share increased to 58 percent.





Pakistan's economy grew at an impressive GDP growth rate of 6 percent per year through the first four decades of the nation's existence and in 1990s the GDP growth rate was 4.6%, however, in later years it was cycles of boom and bust. The GDP growth remained in the range of 3% to 6%, except for few years when it touched 7% or above.

Pakistan's journey of industrial development has come a long way and now it is a developing country with sizable industrial base. Major industries of Pakistan include textile & clothing, food processing /consumer goods, sugar, automobiles, iron & steel, cement, fertilizer, petroleum, tobacco, chemicals, engineering, electrical /electronics, automotive tyres, machinery, home appliances and defense related industries.



Textile Industry

Presently, Pakistan's biggest industrial sector is textile and clothing, which contributes 8.5% to GDP, 61% of total exports and providing direct employment for about 40% (19 million) of industrial workforce. Textile industry also provides support to over 9 million cotton producing farming families (cotton is one of major cash crops), as Pakistan is the fifth among the cotton producing countries in the world. Pakistan textile industry has the largest production chain from raw cotton to ginning, spinning, weaving, dyeing, finishing, and fabric, home textiles, garments, fashion branding to retail stores. Pakistan has the third largest spinning capacity in Asia after China and India and contributes 5% to the global spinning capacity.

In 1947 there were two textile mills (Okara Textile Mills and Lyallpur Cotton Mills) with 80,000 spindles and 3,000 looms only which could produce 8% of the domestic demand at that time. During early years after independence the development of Textile Industry by making full use of abundant locally available cotton has been a priority area towards industrialization.

Over past 75 years, the success story is that number of textile mills increased from two in 1947 to 561 by 2021 (44 weaving units, 40 composite units and 477 spinning units) and spindles from about 80,000 to 11.3 million, 3 million rotors, 28,500 shuttle-less looms, 375,000 power looms, 18,000 knitting machines and processing capacity of 5.2 billion square meters.

In 1950 textile industry started its footprints in Pakistan, when a top garment company Crescent Textile Mills Limited was founded. The following major textile mills have been established since 1951, and the journey continues:

i) Nishat Mills Limited was established in 1951 and its chairman is Mian M. Mansha. It has its retail stores all over Pakistan and also in UAE and UK.
ii) Fateh Textile Mills was established in 1952 at Hyderabad and owned by Mr. Inayat Ullah is also the Chairman Fateh Group.
iii) Gul Ahmed Textile Mills Limited was established at Karachi in 1953 by its founder Haji Bashir Ali Mohammad. It has chain of retail stores "Ideas" across Pakistan.
iv) Kohinoor Textile Mills, Rawalpindi was founded in 1953, leading yarn and cloth manufacturer owned by Mr. Tariq Saigol.
v) Chenab Fabrics & Processing Mills Limited, Faisalabad and later converted to Chenab Limited, was set-up in 1974 and its chain of retail outlets are known as "Chen one". It is owned by Mr. Mian Mohammad Latif
vi) Younus Textile Mills Limited, Karachi is the biggest exporters of home textiles to Europe, USA and Canada. Its dynamic CEO is M. Ali Tabba.

The above industries are not only catering the local requirements of fabrics and garments but are also major exporters of various textile products. Ready-made garments industry has emerged as one of the important small /medium-scale industries in Pakistan.

These readymade garments have large demand both at home and abroad. The major men's fabric and ready-made garments brands are Bonanza, Junaid Jamshid, Cambridge, Uniworth, Chen One, Outfitters, Breakout, Royal Tag, Charcoal, etc. In women fabrics and clothing Khaadi, Nishat Linen, Gul Ahmed, Bareeze, Al Karam, Beechtree, Warda, Sapphire, Ethnic, etc. are the famous brands.

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The annual volume of total world textile and clothing trade was US$ 1.0 trillion in 2021, which is growing at 2.5 percent. Out of it, Pakistan's share is less than one per cent. Pakistan exports of textile and clothing were US$ 19.33 billion out of total exports of US$ 31.8 billion during FY 2021-22. There is clear potential of increasing exports of textiles and clothing by reducing the anti-export bias in tariffs. International brands working in Pakistan with local textile mills are namely; H&M, Levis, Nike, Adidas, Puma, Target etc.

Although the textile and apparel industry in Pakistan is catering most of the demand for fabrics and garments and is exporting textiles & clothing worth US$ 19.33 billion, which is more than 60 percent of total exports in 2021-22, still it is only 1.9 percent of world trade in textile and clothing.

Pakistan has lowest production of blended yarn as compared to other regional exporters of textile products. Further, there is need to enhance the value-added exports of textile/clothing and men/ women garments.

Iron & Steel Industry

Steel industry is considered as the backbone of engineering, automobile industries and construction sector, as it provides raw material to these industries. Steel products are broadly classified into long & flat products and tubes & pipes. Pakistan's total steel products' (both long products and flat products) consumption during FY 2020-21 was 11.0 million tons, out of which 73% of the country's demand is met through local production i.e. 8 million tons and remining 27% i.e. 3 million tons by imports. Pakistan's per capita steel consumption stands at 36Kgs in 2020, significantly lower than the world's average of 229Kgs, indicating an immense potential of growth in steel sector.

Pakistan's first largescale iron & steel unit i.e Pakistan Steel Mills (PSM) was established in the public sector with investment of US$ 24.7 billion, which started commercial operations in 1984 and has a production capacity of 1.10 million tons per annum of steel products i.e. Billets, Hot Rolled, Cold Rolled, Galvanized, Form Section, Pig iron, Coke, Oxygen & Nitrogen, Refractory Bricks. However, PSM has been offline since 2015.

The iron & steel industry comprises around 500 smaller /medium and large mills mainly owned by private corporates, having production capacity of around 9 million tons in 2021. Currently the organized steel sector is privately owned companies that comprises of top 20 major producers, whose share in domestic market is around 60 -70%. Steel sector contributes 9.5% to the GDP and has a notable weightage of 5.4 % in the composition of LSM.

Pakistan's total consumption of Flat Iron & Steel Products i.e. Cold Rolled Coil (CRC) and Galvanized Steel Coil (GSC) in the year 2021 was around 1.60 million tons. Flat Iron & Steel products manufacturing industry consists of two units namely International Steels Limited (ISL) and Aisha Steel Mills Limited (ASML) with a total installed capacity of 2.0 million tons. ISL and ASML are cater to most of the flat steel demand around 73%, while the remaining 27% was met through imports and both units have exported GSC in 2021. The flat steel products industry uses imported Hot Rolled Coils (HRC) from around eight countries that is around 85% of total cost of CRC and GSC. Zink is also imported, and other raw materials mainly chemicals are locally available.

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Long Iron & Steel Products are Cast /Rolled Billets, Hot Rolled Deformed Bars, Mild Steel Plain Bars, Cold Twisted Steel Bars, Ribbed Bar. There are around 20 major producers of long steel products including Amreli, Agha, Mughal, Frontier Foundry Steel, Faizan Steel, Razaque, Aitamad, and Ittehad steel are well known with around 70% market share. The major raw material of long steel products industry is iron & steel billets, produced in arch furnaces from imported iron & steel scrap. The value addition of long steel products industry is higher than the flat steel products industry, mainly due to backward integration by way of producing iron & steel billets locally.

Fertilizer Industry

There was no fertilizer plant in Pakistan at the time of its independence and use of fertilizer began in 1950s through imports. In Pakistan the nitrogenous chemical fertilizers (urea) were introduced in 1952, phosphorus in 1959 and potassium in 1967. The success story of 75 years is that now there are six major fertilizer manufacturers having installed capacity to produce 9 million metric tons per annum of all types of fertilizers. The production capacity 9 million tons per year is more than the total domestic requirement of fertilizer over the last few years. The production remained around 8 – 8.4 million metric tons, out of which the production of urea fertilizer was 5.92 million metric tons. Around 80 percent of the all types of fertilizers consumed in Pakistan are produced locally, with domestic production supplying 83 percent of the nitrogen (urea), 51 percent of the phosphorus, and 47 percent of the potassium-based fertilizer.

Initially, fertilizer plants were established through joint ventures with foreign companies, such as Pak-American Fertilizers (now Agritech, which was established in 1958) and Pak-Arab Fertilizers (established in 1973). Engro Fertilizer Limited (established in 1968) has current installed capacity of 3.5 million metric tons per annum. Fauji Fertilizer Company (FFC), (established in 1978) has installed capacity of 2.5 million metric tons per annum, Fauji Fertilizer Bin Qasim Limited is a subsidiary of Fauji Fertilizer Company Limited, (established in 1993) and both are controlled by the Fauji Foundation. The other fertilizer plants are Dawood Hercules incorporated in 1968 having production capacity of 445 thousand tons of urea, Fatima Fertilizers started production of urea in 2010 having production capacity of 500 thousand tons and is the market leader in Calcium Ammonium Nitrate (CAN), Nitrogen Phosphorus (NP), and Nitrogen Phosphorus Potassium (NPK) production. The main feed stock of the fertilizer industry is natural gas. According to CFO of Engro Fertilizers the local fertilizer industry has enabled the country to substitute imports of US$5.5 billion in 2022, through local production of fertilizers.

Fertilizer has been one of the key contributors to productivity growth in agriculture sector since the Green Revolution that began in the 1960s in Pakistan. The use of all types of fertilizers has increased the production of wheat, rice, maize, sugar cane, cotton, and other agriculture crops manifolds, enabling Pakistan to meet its increasing requirement of wheat, rice and maize for its population growing at the rate of 2.4 % per annum.

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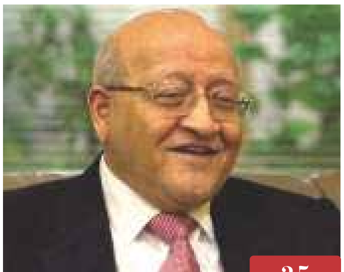


Cement Industry

Pakistan at the time of independence only had one cement plant at Wah, in Punjab. Cement industry is another important industry that uses abundantly available local raw material and it grew from one cement plant in 1947 to 25 cement plants in 2022. During past 75 years the capacity of cement industry increased from 350,000MT to 40.5 million tons in 2021. Pakistan's cement industry is currently running at 92 percent capacity. Pakistan is the world's 14th largest producer of cement. In terms of installed capacity top 6 cement manufacturers are Lucky Cement, Bestway Cement, D.G. Khan Cement, Cherat Cement, Fauji Cement and Maple Leaf Cement comprised 82% of total installed capacity. Average capacity utilization over the last decade has ranged from 73% to 90%

Cement is the one of the major raw materials used in the construction industry. Cement consumption has a direct correlation to economic growth and improvement in the living standards of society. The per capita cement consumption in Pakistan is around 182 kg, whereas, the world average per capita consumption is around 500 kg, showing an opportunity of higher demand with the rapid growth in GDP and per capita income. With the growth in population from 38 million in 1947 to 224 million in 2021 and migration from rural areas to urban cities, there has always been a shortage of millions of housing units. Pakistan is experiencing Asia's fastest-growing urbanization and studies show that half of the population of Pakistan will be living in cities by 2030. Similarly, construction of dams, bridges, office buildings, commercial markets/plazas, big infrastructure, and housing projects kept robust growth in the demand for cement.

The industry operates in two separate regions /zones - North and South - with Northern region comprising Punjab and KPK representing around 80 percent of the total production capacity and sales. The manufacturers in the South region mainly cater the demand of Sindh and Balochistan and export cement to several countries by sea. The export potential for manufacturers in the Northern region, however, is limited to mainly Afghanistan.

MAPLE LEAF CEMENT میپل لیف

DG CEMENT

Electronics Goods & Home Appliances Industry

The electronics and home appliance industry of Pakistan started in 1980's due to fiscal incentives offered by the Government to substitute imports. Pak Electron Ltd (PEL) and Dawlance started manufacturing refrigerators in 1980 and now there are more than 18 famous brands manufacturing many electronics and household appliances Refrigerators, Air-Conditioners, Freezers, Washing Machines, Microwave Ovens, and Water Dispensers in Pakistan, besides 2-4 assembling units of foreign brands like Gree, Samsung and LG.

The manufactures of famous home appliances in Pakistan, started production in early 1980s were Pak Electron Ltd, and Dawlance Pakistan, Waves Pakistan Limited (formerly known as Cool Industries (Pvt.) Limited), and other brands were mainly established 2001 onwards like Orient Electronics, Haier Pakistan, TCL Electronics Pakistan (Pvt) Ltd., Digital World Pakistan (DWP) Group - Gree & EcoStar, Changhong Ruba, and R&I Electrical Appliances (Pvt) Ltd. - Kenwood.

The estimated size of the household appliance market was around Rs.215 billion and it contributes 4% to the LSM. in 2021. Domestic production of refrigerators in 2021 was 2.2 million units, LED TV 1.2 million units, air conditioners 1.5 million units, washing machines 2.5 million units, deep freezers 500,000 units and water dispensers 500,000 units. This industry uses around 40% local raw materials, parts /components, however, the major components like compressors, evaporator and condenser in refrigerators & freezers, split air conditioners and LED panels are imported into the country and assembled locally.

Despite low use local content, the industry has substituted more than US$.1.3 billion worth of imports annually.

Chemical Industry

Pakistan made a considerable progress in the production of basic inorganic chemicals such as Chlorine, Soda Ash, Caustic Soda, Sulphuric Acid, Formic Acid, etc. In Pakistan, sufficient production capacity of these chemicals is available, not only to cater the needs of the local textile, glass, soaps & detergents, edible oil, paper & paperboard, leather and synthetic leather industry, but surplus production is being exported around the world. In polymers Pakistan is only producing PVC Resin.

Presently, there are four plants producing Caustic Soda having production capacity of around 527,000 MT per year, namely Sitara Chemical Industry Ltd, Ittehad Chemicals Ltd, Engro Polymers and Chemicals Ltd. and Nimir Industrial Chemicals, (for in house consumption in production of soap noodles). Caustic Soda is a highly versatile chemical used in soaps & detergents, in petroleum refining, paper, textiles for making mercerized cotton, in edible oil industry for purification of fats and oils and removal of fatty impurities.

Soda Ash industry comprises of two units i.e. ICI Pakistan Ltd., and Olympia Chemicals Ltd., having production capacity of 650,000 MT per year. Soda ash is an essential ingredient in the manufacturing of detergents, glass, paper, sodium silicate, cleaning compounds and industrial chemicals.

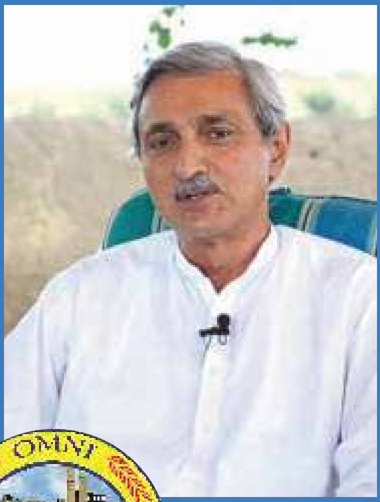
Two local units are producing Hydrogen Peroxide in Pakistan namely Siatra Peroxide and Descon Oxychem having installed capacity of 70,000 MT per year. It is used as bleaching agent in textile industry, paper & pulp industry, for sterilization of packaging material of milk, fruit juices, etc. The local industry is fulfilling around 70 -80% of total demand for Hydrogen Peroxide.

Engro Polymer and Chemicals Limited is sole manufacturer of PVC in Pakistan. PVC is used in manufacturing of Pipes & Fittings, Garden Hose, Shoes, Cable, Films & Sheets, Compounding, Packaging, etc. The production capacity of Engro Polymers is 300,000 MT per annum, and it has also set up production facility of VCM, Chlorine, Caustic Soda. Engro Polymers is catering 80 -85% market of PVC Resin.

The Chemical industry has substituted imports of chemicals to some extent, however, the imports of chemicals were US$ 14.08 billion in FY 2022 and their share in total imports was 17.56%, the second highest level of imports after petroleum products.

Sugar Industry

Starting from 2 sugar mills in 1947 today, Pakistan has around 68 sugar mills that are in production – 34 in Punjab, 28 in Sindh and 6 in KP. The industry employs more than 100,000 labour force while more than 9 million people of rural population are involved in the production of sugarcane. Its share in the large-scale industry is 18% and 1.9% in GDP. The sugar production during FY 2021-22 is 7.2 million metric tons (MMT), whereas, sugar consumption for 2021-22 is forecasted at 6.1 MMT. The sugar industry in Pakistan is not only capable to meet the entire demand for sugar needs of the country, but also exports the excess sugar stocks.

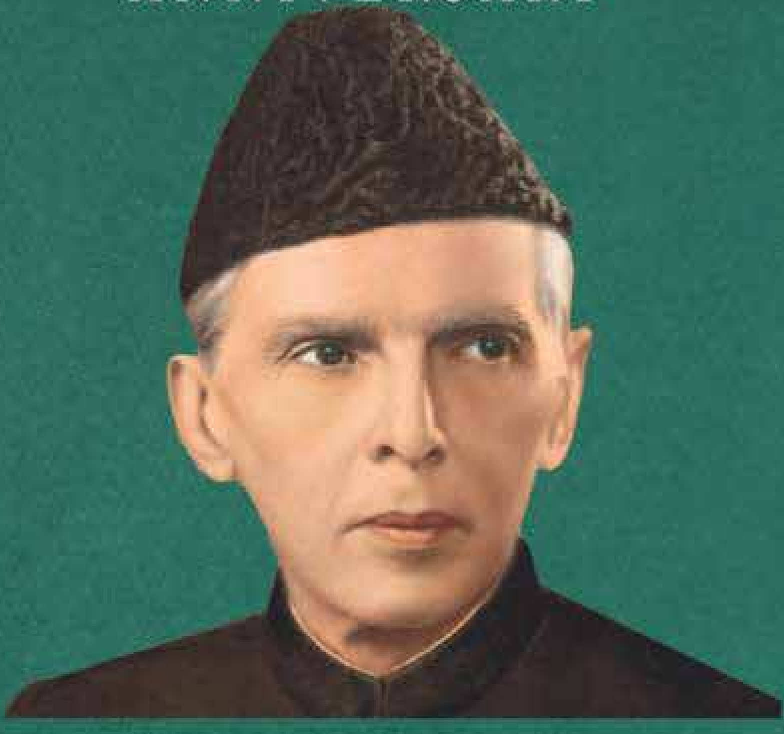


The writer is an economist and Director General, National Tariff Commission, Islamabad.

CELEBRATING

75TH پاکستان

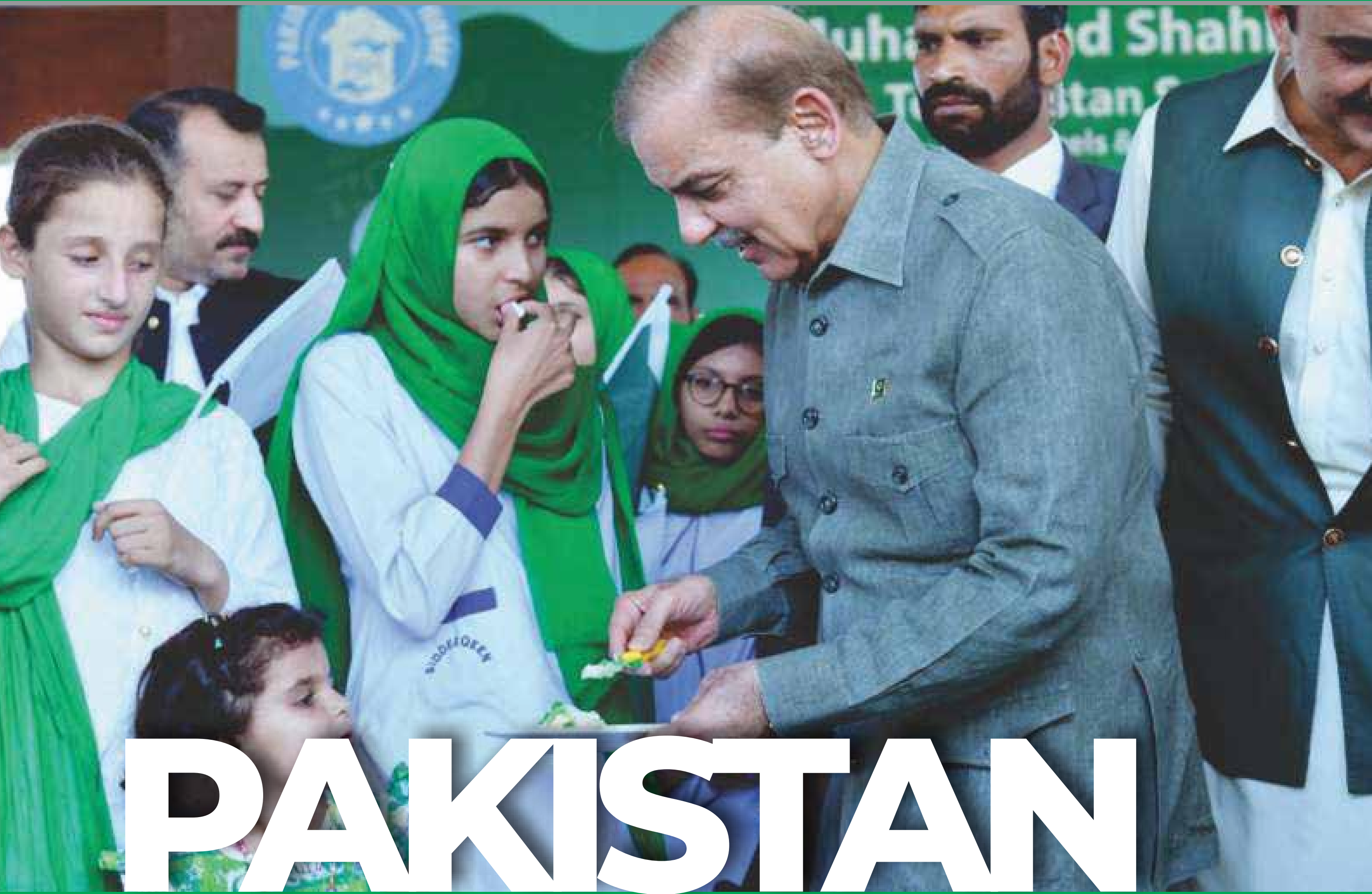
ANNIVERSARY



As we at Fauji Foundation celebrate the Diamond Jubilee of Pakistan's Blessed Creation this day, we proudly nurture the same Spirit that lead to it's Independence. We shall remain indebted to the selfless mission of our glorious Qauid e Azam and his dedicated followers who helped to realize the dream of our free homeland, after rendering humongous sacrifices . We aspire to carry forth the same missionary zeal as we commemorate this great Nation on its National Day. Pakistan Zindabad !

Fauji Foundation was incorporated in 1954 under the Charitable Endowment Act of 1890. Its raison d'etre is to provide welfare services to its beneficiaries in the ambit of health and education. The services are financed through its sustainable investments in the real sector of the economy. The Fauji Foundation, today stands as an integral part in the daily existence of Pakistanis, where we not only provide parts of the day's essentials but also facilitate the back end of daily activities. From providing financing solutions and earnings for Pakistanis, to providing high quality affordable food on the table, while facilitating the agriculture sector of Pakistan through modernization, we ensure supply lines through critical infrastructure. Fauji Foundation is tirelessly making efforts to serve the nation by improving its welfare imprint, horizontally and vertically.Beginning with a humble post-war endowment fund of Rs. 18.2 Million, meant initially for ex-servicemen and their dependents exclusively, in 1954 we utilized that endowment fund and invested this sum into income assets. Those initial endeavors allowed us the capability to cater to the health and education of both, the general public and the veteran soldiers, their families in particular and today also includes civilians. The Fauji Group adheres to a unique social hybrid model that undertakes welfare in health & education financed by its investments from self-generated resources. From these investments, 4 of our companies have been ranked amongst the "Top 25 Companies" as rated by Pakistan Stock Exchange (PSX). These investments are geared towards solving the nation's pressing needs including food and energy security, fulfilling the nutritional needs of the population, infrastructural development,and the need for financial inclusivity for the unbanked population. All our business objectives are seamlessly streamlined towards our welfare initiatives, where Rs. 1 Billion is utilized every month on such projects. Our welfare activities are entirely self-generated from our investments, with no financial assistance from the government or any other institution. The dividends received from our investments fund our welfare initiatives in a sustained cyclical process. Based upon this philosophy of utilizing our indigenous resources to help drive national self-sustainability, we aim to contribute towards overall national economic development through initiating long term community based institutional projects. Today, the Fauji Group proudly serves the nation by having contributed over Rs. 1 Trillion over the last 10 years through taxes and duties (Rs. 142 Bn in 2021).

Our investments have significantly diversified over time, where today we are recognized as the country's largest social hybrid enterprise, with established investments in the domains of food, agriculture, fertilizers, financial services, energy, and infrastructure. Today, Fauji Foundation is manned by 27,000 employees, 2/3rd of the civilians, and provides indirect employment to over 100,000 people across all provinces of Pakistan. Being an equal opportunity employer, we stand shoulder to shoulder as equal owners with our general public, who are shareholders and key drivers behind our investments. 50 percent of the dividends generated (Rs. 12 Bn – Rs. 14 Bn) from our listed investments, go to public shareholders.



PAKISTAN
A Land of Promising Opportunities

The Government is highly committed to introduce far-reaching reforms in every sector of the augment the economy of the country.

Dr. Imtiaz Ahmed

Pakistan is strategically located and it allows Pakistan to become an important trade, energy and transport corridor. Most importantly, Pakistan is a gateway to energy rich states of Central Asia, the Gulf States and far Eastern countries making Pakistan a place of endless opportunities and possibilities.
The determination of its people made the country world's 24th largest economy in terms of purchasing power parity and 44th in terms of nominal GDP. In FY 2022, nominal GDP crossed Rs. 66,000 billion ($383 billion) whereas, per capita income reached at $1,798. According to World Bank estimates, Pakistan is among the top 10 recipients of remittances, which grew by 6.1 percent and raised to a record high $31.2 billion in Financial Year 2022.

Major sectors of Pakistan's economy are agriculture, industrial and services which contribute 22.7 percent, 19.1 percent and 58.2 percent respectively in GDP.

Globally, Pakistan is ranked 5th by International Cotton Advisory Committee (ICAC, 2021/22) in cotton production, 4th in sugarcane with 88.7 million tons and 7th in wheat production with 26.4 million tons, respectively. In term of natural resources, Pakistan is one of the resource rich countries in the world having abundant reserves of coal, gas, gemstones, copper, salt, minerals, and gold. Other resources include oil, iron and aluminum which are vital for any growing economy.

Pakistan is the 5th most populated country in the world with an estimated population of more than 224.7 million with labor force of 71.76 million. Pakistan has great opportunity of reaping demographic dividend because it has significant number of youth growing and making youth bulge. The increasing proportion of Pakistan's youth bulge with diversified capabilities would be supportive in achieving sustainable economic growth. Government of Pakistan is making its best efforts to provide them adequate training, skill development and employment opportunities to tap the potential of the youth. Around 12 million Pakistanis are working abroad sending precious remittances worth billions of dollars.

Pakistan's economy showed tremendous resilience to various internal and external shocks including the recent Covid-19, global economic meltdown, war against terrorism, energy shortfalls, natural disasters and political instability. These challenges have taken a major toll over the years on Pakistan's economic growth but it withstands well.

Presently, the economy is characterized by mounting debt and liabilities, current account and budget deficit, depleting foreign exchange reserves, subdued growth in exports, high circular debt and poor performance of the state-owned enterprises. Government is taking initiatives and using all the available tools to break the cycle of recurring instability and to put the economy on the path of sustained growth and stability. Government is highly committed to introduce far-reaching reforms in every sector of the economy. The goal is to transform Pakistan into a land of opportunities.

The government is cognizant of these challenges and striving hard to cope with them through various measures. The government is focused on strengthening the economy, achieving price stability, and maintaining the sustainability of the external & fiscal sectors through various immediate measures.

To address the macroeconomic imbalances, contractionary monetary and fiscal policies are adopted by the government at the start of FY2023. The likely consequences include stabilization in real GDP growth rate; however, strong recovery of the economy is expected thereafter. The medium-term growth is expected to return to levels even higher than historical trends with average rates of 6.0 to 7.0 percent in FY24-25.

High performing agriculture sector is the center piece of present government's growth and poverty alleviation strategy. It has a very prominent role to achieve goals of poverty alleviation and socio-economic uplift through inclusive growth of both farming and non-farming segments of rural economy. Production Estimates for Major Crops for FY 2023 indicates that better policies and favorable conditions will allow us to achieve production of cotton, rice, sugarcane, maize and minor crops.

The budget 2022-23 emphasized to increase agricultural productivity by increasing and improving land under cultivation. The government has taken various steps/initiatives for the development of agriculture sector. The government has allocated Rs. 21 billion to increase crop yield and uplift of livestock sector. With the consultation of provinces, the government has devised a three-year growth strategy with the aim to enhance production, increase farmers' income, counter the negative effects of climate changes, promote smart agriculture, self-sufficiency, value addition and agro processing.

High performing agriculture sector is the center piece of present government's growth and poverty alleviation strategy and socio-economic uplift.

To provide a boost and further strengthen the industrial sector, Customs Duty, Additional Customs duty, and Regulatory Duty on around 400 tariff headings pertaining to different industrial/manufacturing sectors have been rationalized. The tariff structure has been rationalized for synthetic filament yarn to meet the long-standing demand of the textile sector. To provide uninterrupted power supply to industries, industrial feeders will be exempted from load-shedding.

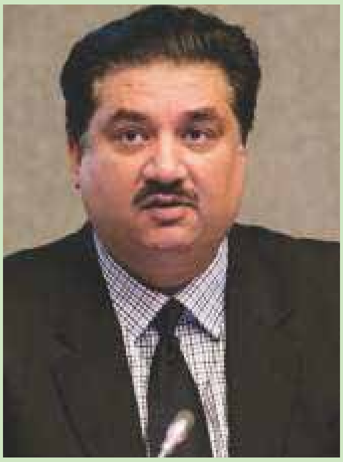
Steps to provide essential infrastructure and services for special economic zones are initiated so that market share in domestic and international market can be enhanced. An amount of Rs. 5 billion has been allocated for value-added export based on the latest technology, mineral sector, and industry. Provision of electricity and gas to special economic zones to be made operational as soon as possible.

For the development of infrastructure, a total of Rs. 395 billion has been allocated. An amount of Rs. 73 billion has been provided for the power sector out of which Rs. 12 billion will be spent on the earlier completion of Mohamand Dam. An amount of Rs. 202 billion has been allocated for highways and seaports.

To promote investment in the country, a new strategy for an investor-friendly environment will be provided which includes reforms in Dispute Resolution Mechanism for citizens and foreign investors. International best practices will be adopted for the purpose which will include the alternate dispute resolution mechanism. These reforms will be introduced in consultation with the superior judiciary so that it could immediately be implemented. Nine special economic zones would be established on the CPEC route, and investors from China and other countries will be facilitated to set up factories in these economic zones.

The critical challenge faced by the government is the rapidly depleting foreign reserves. Government has succeeded in mobilizing financing from friendly countries in the form of short- to medium-term loans, deferred payment and debt roll-overs. These measures and inflows including historic remittances have stopped the declining rupee, strengthened Pakistan's foreign exchange reserves and reduced external vulnerabilities. Pakistan's exports during FY2022 stood at US$ 32 billion.

Government is taking initiatives and using all the available tools to break the cycle of recurring instability and to put the economy on the path of sustained growth and stability.



Government has taken immediate actions to boost exports including subsidized electricity and gas to industrial and export sectors, loans at lower interest rates, import duties on raw materials of export-oriented industries reduced. The impact of stabilization efforts, banning import for certain period and imposition of regulatory duties on non-essential imports reflects in quantum effect which declined import bill significantly.

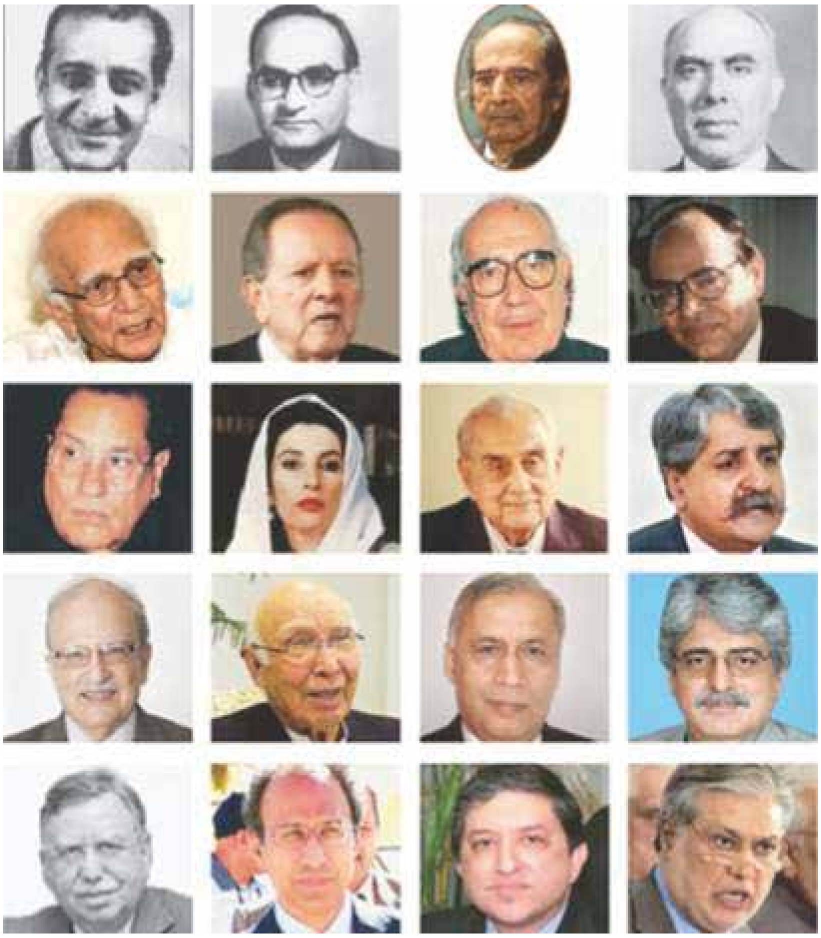
Government is committed to implement structural reforms to narrow the fundamental revenue-expenditure gap. This will ensure an efficient and fair tax system with the ability to generate ample revenue to finance a large part of public expenditures. On revenue side, the fiscal strategy will focus on increasing revenue through broad-based tax policy and administration reforms to raise the tax to GDP ratio.

On expenditure side, the government is following prudent expenditure consolidation. The government is making strategy for cost recovery in energy and SOEs. The government is designing new SOEs' Law aimed at modernizing and clearly defining the role of the State as owner, regulator, and shareholder of SOEs.

To attract FDI, government is inclined toward setting up of SEZs. The Government is also keen to set up export-processing zones (EPZs) to encourage foreign investment. Some of the incentives offered to EPZ investors include exemptions from all federal, provincial and municipal taxes for export-destined production, exemptions from all taxes and duties on equipment, machinery and materials and access to Export Processing Zone Authority "one window" services.

Pakistan has always proved to be the home of most resilient nation. It has all the requisites of being a major economic player in the region and Asia. Its economic potential is immense. Government is well aware of the challenges, Pakistan is currently confronting with and hence adopted comprehensive set of economic and structural reforms to lay the foundation of sustainable development and to transform Pakistan into an equitable land of endless opportunities.

The writer is Economic Adviser, Finance Division, Islamabad.



Allah has gifted Pakistan with a lot of diversity in terms of demographics, ethnicity, geography, economic and natural resources. Not many countries can boast such a diversity especially within the range of comparable size.

Road to Economic Recovery

By Muhammad Mazhar Khan

Pakistan turned seventy-five on 14 August 2022 and the country has witnessed a lot of transformation during these years. With the initial struggles for survival to near take-off in 1960s to the structural challenges of recent decade, each decade has its own story. Overall, the economic history of Pakistan is a tale of unfulfilled promises with spurts of boom and bust cycles. Growth triggered by consumption boom fails to sustain as economy overheats quickly. There can be many explanations but none of them is more convincing than mismanagement by successive governments and a general behavior of rent seeking by the private sector and households.

Allah has gifted Pakistan with a lot of diversity in terms of demographics, ethnicity, geography, economic and natural resources. Not many countries can boast such a diversity especially within the range of comparable size. For instance, Pakistan has vast areas of fertile agricultural lands, skillful human resource, two of the highest mountainous ranges in the world with substantial tourism potential, unexplored natural resources especially of metals and minerals, two fastest growing and most populous neighboring countries and resource rich landlocked neighboring central Asian states. Each one of these in itself has potential to lead the country to greater and faster economic growth. Alongside this diversity, the country has been marred with regional conflicts and internal political instability. The article is an attempt to briefly look back and assess Pakistan's economic performance, compare it with some peer countries, identify gaps and suggest a broad policy direction.

At the time of independence, Pakistan faced an extreme resource crunch. The industry and financial sector were almost nonexistent, even for currency issuance reliance was on India. The human resource was largely uneducated and unskilled. The financial and economic resources needed to run the newly independent country were scarce and neighboring environment was challenging and intimidating. It was nearly a miracle to survive those early years. Only dependable resource was the agriculture sector.

Every decade has its own story

Initially, Korean war and the policy to avoid depreciation helped accumulate investable surplus for the economy and some industrial footprint started to get hold in 1950s. The 1960s witnessed rapid growth in all sectors of the economy. The growth was led by manufacturing sector. The agriculture sector benefitted from the initiatives undertaken during the green revolution and the development of canal water system.
The 1970s was a challenging decade. It started with the split of the country. The government socialist policies were in a complete contrast to the policy focus of 1960s. An adverse international oil price shock and major floods didn't help either. Government started long-term projects in industrial and agricultural sectors and long gestation periods meant lower current growth. However, in the external sector, the policy of devaluation and sending labor abroad generated export and remittance proceeds.
The 1980s benefited from higher foreign assistance and increased remittance flow from booming Middle Eastern countries, and from the completion of long-term projects. The government also shifted its focus back to private sector, and small-scale manufacturing remained played a major role in economic growth. As a frontline state in Afghan war, Pakistan received greater military and financial aid.

The 1990s was a lost decade as the economic growth came down substantially. The fiscal and current account deficits increased and social indicators worsened. Though agriculture growth remained supportive, manufacturing growth decelerated to almost half of the 1980s. The structural adjustment and liberalization of trade and financial sector exposed the private sectors to greater competition.

A desirable transition would be from agriculture to industry and eventually services sector takeover.

The 2000s witnessed substantial growth in first seven years mainly helped by debt restructuring and foreign exchange inflows. The manufacturing sector showed robust growth and led the economic revival. However, global financial crises dried foreign inflows

Figure 1: Pakistan GDP growth

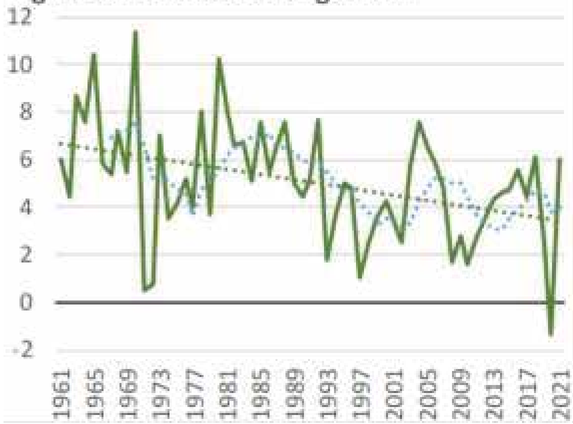
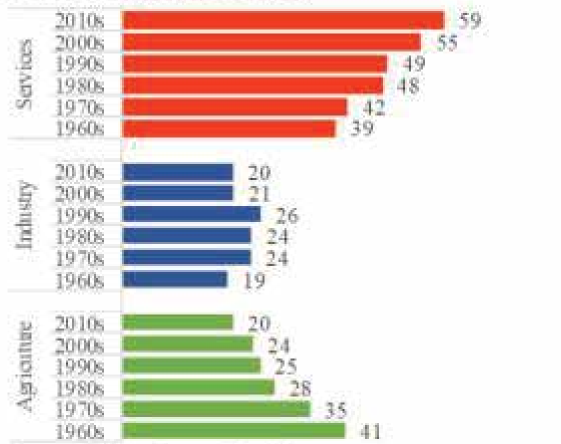


Figure 2: Share in GDP (%)



Source: Pakistan Bureau of Statistics

and the oil price shock swelled the trade deficit to unsustainable levels. Ensuing structural adjustment process meant growth decelerated substantially. The sharp rise in oil prices also created energy crises, as oil was the major fuel. A promising decade ended in growth momentum losing steam.

Looking through the numbers' lens

Pakistan attained GDP growth rates in excess of 6 percent 1960s and 1980s and since 1990s, the average GDP growth rates have gradually tapered off. With natural bounds on agriculture growth the services sector led the weak growth momentum. The major drag on GDP came from the suboptimal growth in industrial sector. The change in sectoral shares over the decades reveal that industrial sector lagged behind with the agriculture's share gradually translating services sector and missing the industrialization stage almost altogether. A desirable transition would be agriculture to industry and eventually services sector takeover.

The investment ratio remained low over the decades. The lack of domestic savings remained a major drag. In fact, Pakistan saving are is one of the lowest in the world. The low investment ratio reflects low fund mobilization for industrialization and high consumption ratio and a very low tendency to save.

The fiscal position is also not encouraging. Except for 1960s and 2000s to some extent, the fiscal deficit is higher than the generally considered safe limit of 4.0 percent of GDP. The expenditure on development remained constraint and have actually declined substantially since the 1990s.

The main fiscal constraint is the lack on tax revenue. The tax revenue has declined as percent of GDP since the 1980s. The revenue constraint is so binding that the total expenditure have fallen by around 5 percent of

GDP since 1980s. Low savings rate and inability to broaden the tax base has adversely affected investment. Thus, investment, industrialization and eventually high GDP growth remains elusive.

A similar story manifests in the external sector, after peaking in the 2000s at around 12 percent of GDP the exports fallen to around 9 percent. Whereas, the imports remained around 16 percent over the decades, signifying a large trade deficit to finance. The over consumption through imports constraints the investments from foreign savings. The situation could have been much worse if it was not for a substantial inflow of foreign exchange from remittances. The recurrent and high level of fiscal and trade deficits resulted in accumulation of domestic and external debt. This debt accumulation in turn further burdens the fiscal accounts and need to borrow externally.

Major economic indicators

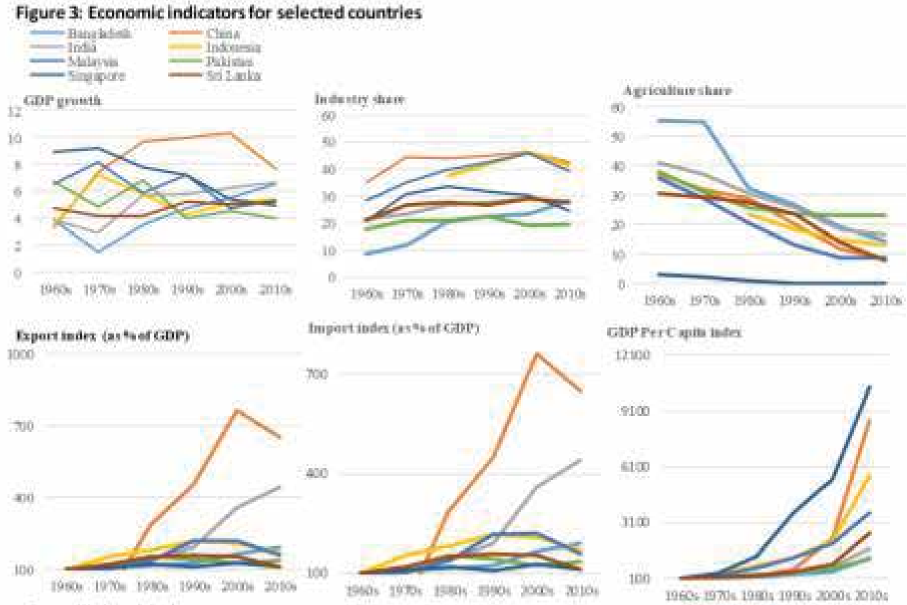
	1960s	1970s	1980s	1990s	2000s	2010s	FY21	FY22
	% growth							
GDP	6.8	4.8	6.5	4.6	4.5	3.7	5.7	6.0
Agriculture	5.1	2.4	5.4	4.4	2.8	2.4	3.5	4.4
Manufacturing	9.9	5.5	8.2	4.8	7.3	3.2	10.5	9.8
Services Sector	6.7	6.3	6.7	4.6	5.2	4.3	6.0	6.2
Workers' Remittances	-	-	1.9	-5.3	26.8	10.3	27.3	-
	% of GDP							
Total Investment	-	17.1	18.7	18.3	17.9	15.4	14.6	15.1
National Savings	-	11.2	14.8	13.8	15.9	13.3	14.1	11.1
Total Revenue	13.1	16.8	17.3	17.1	13.9	13.2	12.4	-
Total Expenditure	11.6	21.5	24.9	24.1	18.3	19.7	18.5	-
Development Expenditure	-	-	7.3	4.7	3.3	3.9	2.2	-
Exports (fob)	-	-	9.8	13	12.3	8.8	7.4	-
Imports (fob)	-	-	18.7	17.4	16.2	15.8	15.6	-
Trade Deficit	-	-	8.9	4.4	3.9	7	8.2	-
Current Account Deficit	-	-	3.9	4.5	3.8	2.2	0.8	-

Source: Pakistan Economic Survey 2021-2022

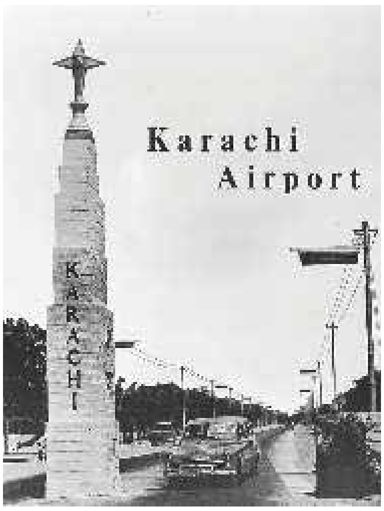
Pakistan at Seventy-Five

Economic Assessment and Way Forward

Figure 3: Economic indicators for selected countries



Source: World bank database



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Pakistan at Seventy-Five
A REFLECTION

The Country has all the prerequisites including but not limited to perfect location, large talented and resilient population, hardworking labour force, unexplored natural resources and a modern outlook on life.

By Ambassador Naghmana A. Hashmi

“God has given us a grand opportunity to show our worth as architects of a new State; let it not be said that we did not prove equal to the task.” Quaid's address to Civil, Military and Air Force Officers, 11 October, 1947.

Pakistan, the dream of Allama Iqbal, the result of tireless efforts and visionary leadership of Muhammad Ali Jinnah and sacrifices of millions of Muslims came into existence on 14 August 1947, which also coincided with 27th of Ramazan.

Named by Chaudhry Rehmat Ali, Pakistan the land of the pure, represented the dreams and aspirations of the Muslims and the minorities living in East and West Pakistan and the cherished land for the millions who left all their worldly possessions and migrated to Pakistan. It was the largest and first Muslim country created on ideological basis and thus, looked upon as the leader of the Muslim world. In terms of population it was also the third largest country in 1947 and in terms of the area the 6th largest.

In 1947, Pakistan consisted of West and East Pakistan separated by over 1000 km of Indian Territory. Quaid-i-Azam Muhammad Ali Jinnah became Governor-General while Liaquat Ali Khan as the first Prime Minister thus laying the foundation of parliamentary form of democracy and with the lofty motto of which the Quaid instructed, "Never forget the motto Unity Faith and Discipline." Speech from Radio Pakistan, Lahore, 30 October, 1947.

The motto was to be the beacon of light guiding the nation towards peace and socio-economic development. The Quaid said, "Democracy is in the blood of Musalmans who look upon complete equality of manhood, Musalmans believe in fraternity, equality and liberty." Speech at Kingsway Hall, London, 13 December, 1946.

The Quaids vision and expectations for the development of Pakistan were clear from the beginning that is from the time the Pakistan Resolution was passed in Lahore on 23rd March 1940. *"There are millions and millions of our people who hardly get one meal a day. Is this civilization? Is this the aim of Pakistan? Do you visualize that millions have been exploited and cannot get one meal a day! If that is the idea of Pakistan. I would not have it." Presidential Address Delivered at the Thirtieth Session of All-India Muslim Leauge, 24 April, 1943.*

The Quaid knew the value of hard work and knowledge. His sagacious advice was to, *"Work, work and work and we are bound to success." Speech from Radio Pakistan, Lahore 30 October 1947. Again in 1948 he reiterated, "Develop a sound sense of discipline, character, initiative and a solid academic background. You must devote yourself wholeheartedly to your studies, for that is your first obligation to yourselves, your parents and to the State. You must learn to obey, for only then you can learn to command." Reply to the Address Presented by Islamia College Students, Peshawar, 12 April, 1948.*

In the initial decades, the predictions made by the international institutions, including the World Bank were extremely positive who saw a bright and prosperous future for Pakistan. These expectations were based on the fact that Pakistan had an ideal location both for East and West Pakistan, large educated, English speaking and industrious population, huge natural resources, fertile and integrated agriculture with the largest canal network in the world, a fast growing middle class and good speed of industrialization and capable and strong armed forces.

The new country on the world map, under the sagacious leadership of its founding father thus looked set to carve a niche for itself in the comity of nations. In 1979 economically speaking, Pakistan was at a takeoff stage but was stopped in its tracks by the Soviet invasion of Afghanistan that created immense geo-political and geo-economic instability which unfortunately persists to date.

Even before the creation of Pakistan the Quaid explaining the concept of the future state of Pakistan said, *"Islam stands for justice, equality, fair play, toleration and even generosity to non-Muslims who may be under our protection. They are like brothers to us and would be the citizens of the State."* Address at the Muslim University Union, Aligarh, 2 November, 1941. He again reiterated, *"Minorities can rest assured that their rights will be protected.*

No civilized Government can be run successfully without giving minorities a complete sense of security and confidence. They must be made to feel that they have a hand in Government and to do this they must have adequate representation in it. (Interview to APA representative, Bombay, 8 November 1945.)

After the creation of Pakistan the Quaid categorically stated, *"We are now all Pakistanis, not Balochis, Pathans, Sindhis, Bengalis, Punjabis and so on and as Pakistanis we must feel, behave and act, and we should be proud to be known as Pakistanis and nothing else." Born as just "Pakistan"*, it was envisaged by the founding fathers to be Muslim majority country but with equal rights and protection of the minorities. For building a strong Pakistan, Quaid ordered the nation to, *"build up yourself into a nation. Give up this provincialism. Provincialism has been one of the curses; and so is sectionalism— Shia, Sunni, etc." Public Address Dacca 21 March 1948*

At the time of the creation of Pakistan, Quaid repeated, *"You are free to go to your temples, you are free to go to your mosques or to any other place of worship in this state of Pakistan. You may belong to any religion or caste or creed that has nothing to do with the business of State." Presidential Address to the Constituent Assembly of Pakistan 11 August, 1947.*

The Quaid categorically stated that, *"Pakistan is not going to be a theocratic State - to be ruled by priests with a divine mission. We have many non-Muslims - Hindus, Christians, and Parsis - but they are all Pakistanis. They will enjoy the same rights and privileges as any other citizens and will play their rightful part in the affairs of Pakistan."* This statement emphatically defines the orientation of a secular Pakistan with justice and welfare of all citizens guaranteed by law.

The Quaid was a great advocate for women empowerment and that of involving women in all aspects of nation building. *"I have always maintained that no nation can ever be worthy of its existence that cannot take its women along with the men. No struggle can ever succeed without women participating side by side with men. There are two powers in the world; one is the sword and the other is the pen. There is a great competition and rivalry between the two. There is a third power stronger than both, that of the women. (Speech at Islamia College for women March 25, 1940.)*

Now as we celebrate the 75th anniversary of the establishment of Pakistan and cherish the achievements and successes both at the national and international level- and there are many to be proud of, it is equally important to sit back and think why despite the clear road map, vision and instructions of the Quaid, what are the factors that have detracted us. Where have we violated the road map and the original vision?

Where did we divert from the golden path enshrined in our motto "Unity Faith and Discipline"? Where did we lose our nationalism?

The first tragedy to strike Pakistan was the death of the Quaid just a year after the creation of Pakistan. To make matters worse the murder of the first Prime Minister, Liaqat Ali Khan under suspicious circumstances left the state rudderless and the hideous power struggle raised its head which to this day is flourishing and tarnishing the soul of Pakistan. The unfortunate death of the founding fathers in the early years complicated the situation with not only governance but also the economic and ideological orientation of the country.

The first decade saw a quick change of leadership and uncertain and confused political developments. In 1954 the word, "Republic" was added to the name, "Pakistan" and then The first Constitution of 1956 changed the name to "The Islamic Republic of Pakistan, thus altering the very ideological orientation from secular with the state having nothing to do with the religion of its citizens to religious."

Against the vision of the Quaid of a Pakistan where people of all faiths were to be treated equally this laid the foundation religious differences that have today become a cancer that is affecting the whole body. In 1962 we reverted back to the original name which is simply "Pakistan" only to once again become "The Islamic Republic of Pakistan" in the 1973 Constitution when Zulfiqar Ali Bhutto succumbed to the pressure of Islamist political parties.

The next to suffer was the Quaid's clear conviction that the political orientation of the state would be democratic. Failed attempts to agree on a governance and development model and a workable constitution, led to military take over early in the formative years which continued at regular intervals not allowing democracy to mature and take roots or for the people to learn the attributes and rights and duties of citizenship and value of participatory or accountable democracy.

There is no contradicting the fact that it was the imminent threats to newly created Pakistan which obligated the early political leaders to invest heavily in defense to strengthen Pakistan's military capabilities at the cost of other institutions. The military therefore, assumed immense importance right from inception and became a very strong institution playing a huge part in governance. Encouraged by this acceptability of the military in governance, General Ayub Khan grabbed power by imposing Martial Law in 1958. Since then Pakistan has seen this tendency of the military repeat itself at regular intervals in 1969, 1977 and 1999. Therefore, Pakistan is no stranger to military dictatorships with the army chiefs seizing political power and directly ruling the country for years. The indirect intervention of the military even in democratic governments is an open secret and by now an established practice. What is interesting is the tacit acceptance of this interference even by the fiercely democratic political parties in the country as faite accompli.

On the development and economic front as well we see a bleak picture. Today Pakistan finds itself burdened by huge external debt with low growth rate, stagnation of economic growth with macroeconomic imbalances and is faced with political and economic instability. Foreign exchange reserves have fallen sharply necessitating financial planners to take harsh and difficult decisions in order to qualify for availing of further loan facilities from international sources.

Today we have reached this unfortunate state despite the fact that Pakistan had maintained a sustained and fairly steady annual growth rate for a considerably long period. In 1947 Pakistan was a dominant underdeveloped agrarian economy, with a little share of services, manufacturing, and infrastructure, with millions of refuges from across the Eastern Border thronging into Pakistan a land that they has sacrifices enormously to create.

It is true that despite all the issues and impediments, Pakistan has innumerable assets and achievements that we must feel proud of.

Therefore, it was not possible to attain very high level of growth in that period. Compared to this the economy has become considerably diversified. Agriculture, now no longer the largest sector, contributes roughly one-fifth of GDP, while manufacturing provides about one-sixth. Trade and services, which combined constitute the largest component of the economy, have grown considerably.

So how did we manage to scale down from being a high-growth, low inflation economy at the time of creation to now a low-growth, high inflation economy with stagnated economic growth. There is no single reason or a regime that can be held responsible for this pathetic state of affairs. Long-term structural problems and repeatedly poor economic decision making coupled with poor governance and hold of the country's financial and political power concentrated in a sect elite since 1950s have all contributed to this catastrophe. Perhaps we are all, as a nation, responsible for this collective failure to ensure that Pakistan was securely put on the path of sustainable socio-economic development and secure the future of our coming generations.

Among other factors, there are six pivotal mistakes that Pakistan has made: a) poor economic planning, b) behaviour of economic, military and political elite c) huge loans facilities from IMF, d) huge gap in tax to GDP ratio at around 10% due to poor tax collection which is even less than the average for developing countries. It also leaves very significant chunks of the economy including agriculture income and urban land untaxed completely; this also has caused a recurring budget deficit, e) lack of FDI and f) political instability. All these factors are interconnected and Pakistan relies heavily on foreign exchange from exports and remittances both of those sources of revenue became unreliable in the case of global developments both political and economic and as most recently experienced by unforeseen pandemics and other disasters.

Pakistan has come a long way since its creation in 1947 and it would be wrong to write it off.

However, bleak the current situation may be, and irrespective of the political and economic crises we may have experienced, Pakistan has come a long way since its creation in 1947 and it would be wrong to write it off. It has all the prerequisites, perfect location, large talented and resilient population, hardworking labour force, unexplored natural resources and a modern outlook on life. We have seen spurts of economic development, largely due to the institution of 5-Year Development Plans by the First Prime Minister Liaquat Ali Khan and assiduously followed by Ayub Khan though it must be acknowledged that this era of rapid industrialization and development entailed large and repeated loans from international financial institutions and progress was achieved by concentrating wealth in the hands of a few large landlords and industrialists. The logic was that the wealth would trickle down and eventually benefit all, though sadly it never happened and the cartel of the elite further strengthened penetrating the political parties. Today Pakistan has become the only country with the largest number of World Bank loan facilities

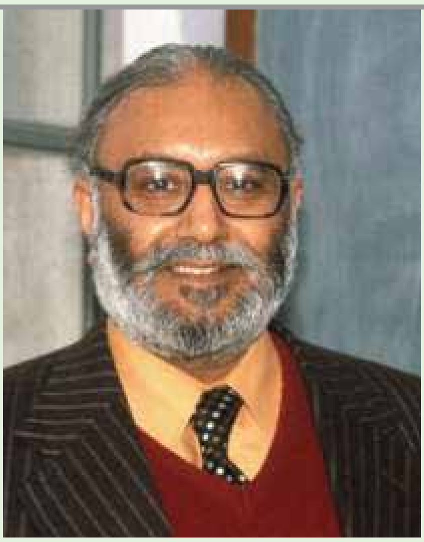
Despite two major wars, loss of East Pakistan, continuous tension on the Eastern border and major political and military destabilizing developments to our west, terrorism, sanctions by the West first on account of nuclear tests and later on account of terrorism and a hoard of other issues, we managed to continue posting a decent growth rate till quite recently.

The fall of Dhaka, the pathetic state of national unity, the disastrous state of economy, shrinking socio-economic development, rising poverty, weak institutions and the current abhorrent political circus in the country all demand a serious introspection and larger national consensus, both on the future political orientation and economic development, if we are to survive the shenanigans we have subjected our beloved Pakistan our identity to.

There is no denying the fact that Pakistan has come a long way, but what is tragic is that we could have been the up to the task of making a great nation of Pakistan as directed by the Quaid. We squandered the gift given to us by the sacrifices and struggles of million. There is still time to put our beloved country back on tracks and by following the vision and laid down principles and instructions of the Quaid.

The country still has potential to reach great heights and make astronomical achievements, if we come out of the siloes of our narrow and parochial mind set, abandon our greed for political power and control, abide strictly by the constitution, respect the distribution of responsibilities and areas of jurisdiction, put the welfare of the common people at the front and center of development strategy, focus on optimum level of education for all, make women a key factor for economic growth

and make the job market for women accessible in line with their percentage of polulation, root out corruption and nepotism, embrace transparency, meritocracy and accountability, do away with hereditary politics, make political parties truly democratic and abandon parochialism and sectarianism as direct by the Quaid.

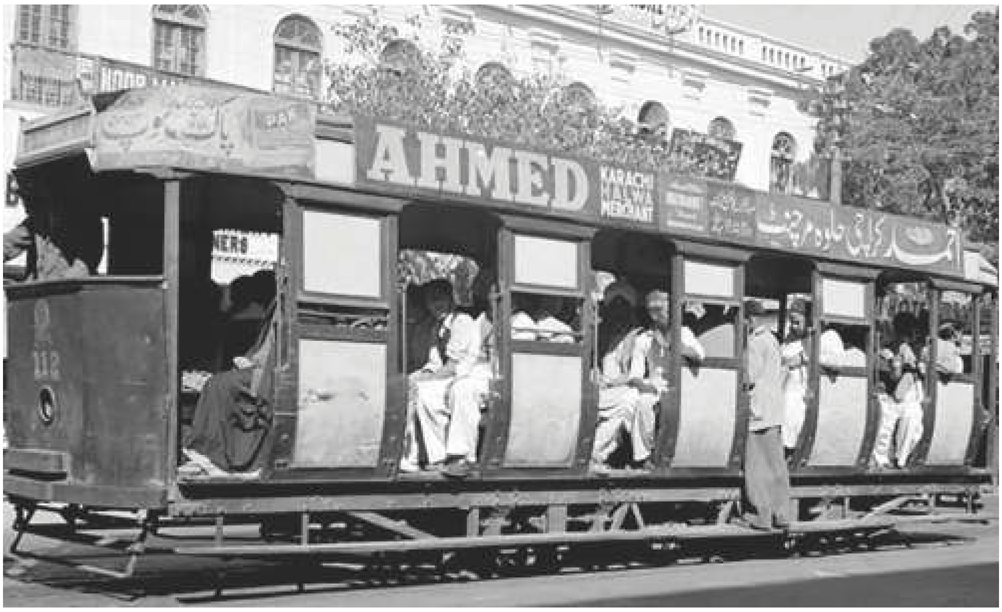


While retrospection is always important and necessary for course correction, it is also true that despite all the issues and impediments, Pakistan has innumerable assets and achievements that we must be proud of and also acknowledge the contribution made by many politicians, industrialists, businessmen, traders, bankers, academicians, writers, intellectuals, artists, doctors, engineers, sportsmen, lawyers, bureaucrats, diplomats, law enforcement agencies, armed forces and others. Some of the things we must all be proud of are briefly the following.

- Pakistan is so far the only nation in the world to get established based on 'Religion'.
- Pakistan has one of the world's top national anthem tunes. The duration of Pakistan's National Anthem is 80 seconds.
- Pakistanis are the fourth-most intelligent people in the world.
- Two Pakistanis have won the Nobel Peace Prize: the late Abdus Salam, a theoretical physicist who in 1979, shared the Nobel Prize in physics for his contribution to electroweak unification theory, and Malala Yousafzai, a woman's education activist who in 2014 shared it with Kailash Satyarthi of India. Yousafzai was 17 when she was awarded the Nobel Prize, making her the youngest-ever laureate.
- Pakistan is the world's first Islamic country to attain nuclear power.
- Pakistan is also known for its missile technology, which is one of the best in the world.
- The late Benazir Bhutto was the first woman to head a democratic government in a Muslim-majority country.
- Pakistan is the only Muslim country after Turkey to open Combat Jobs for women.
- Pakistan has some of the best-trained air force pilots in the world.
- MM Alam, late Air Commodore from Pakistan, is known to have shot five planes in less than a minute during the Indo-Pakistani War of 1965
- The world's first PC virus was created by two Pakistani brothers. Basit Farooq Alvi and Amjad Farooq Alvi created "Brain," which was discovered in 1986 and targeted IBM PC platforms.
- World's Youngest Microsoft Certified Professional.
- Pakistan made history when Mohammed Ilyas passed the civil judge exam when he was 20 years and 9 months old. He became the youngest civil judge in the world.
- The world's seventh-largest collection of scientists and engineers is from Pakistan.
- Pakistani doctors performed first-ever mechanical heart transplant at Karachi's National Institute of Cardio Vascular Diseases.
- The JF-17 Thunder becomes the first ever multi role state of the art fighter aircraft manufactured by Pakistan Aeronautical Complex, Kamra, and was added to Pakistan Air Force's fleet.
- 2012: Sharmeen Obaid-Chinoy becomes the first Pakistani to ever win an Oscar at the 84th Academy Awards for the reconstructive surgery of acid attack victims, “Saving Face” wins the Best Documentary (Short Subject).
- Sohail Abbas, a Pakistani field hockey defender, is the highest goal scorer in the history of field hockey, with

his current goal tally at 348.

- The world's longest glacial system outside the Polar Regions, the Biafo Glacier is in Pakistan.
- Shandur Pass located in Chitral District and Ghizer (Gherz) District, Balawaristan, North Pakistan is home to the world's highest Polo ground at 3,700 meters. Since 1936, traditional polo festival is being held on Shandur Top.
- The largest earth-filled dam in the world (and fifth largest by structural volume) is the 'Tarbela Dam' on the Indus River in Pakistan.
- The Karakoram Highway is the world's highest paved international road, according to Travel+Leisure magazine. The 800-mile highway connects Pakistan to western China, and reaches a maximum height of 15,300 feet.
- Out of the total land area in Pakistan, 25% is under agricultural cultivation. Pakistan irrigates three times more land area than Russia.
- Pakistan has the world's largest contiguous irrigation system, according to the United Nations.
- Pakistan is world's fourth largest milk producing country while India tops the list.
- Pakistan is also one of the top producers and exporters of surgical instruments in the world. According to a source, almost 99% of these instruments are produced in Sialkot.
- Pakistan is the fourth largest cotton producing country in the world.
- Gwadar port is the largest deep sea port in the world, located on the southwestern Arabian Sea along the coastline of Balochistan, Pakistan.
- Pakistan has the only fertile desert in the world – the Tharparkar desert located in Sindh province.
- The 'Khewra Salt Mine' in Pakistan is the second largest and oldest salt mine in the world.
- Pakistan is also home to a lake which is one of a kind – Ansoo Lake (Tear Lake). The shape of the lake resembles that of a tear. The lake also looks like a human eye with an eyebrow, which becomes prominent during the summer days when the ice melts. The lake has a central island which resembles the iris.







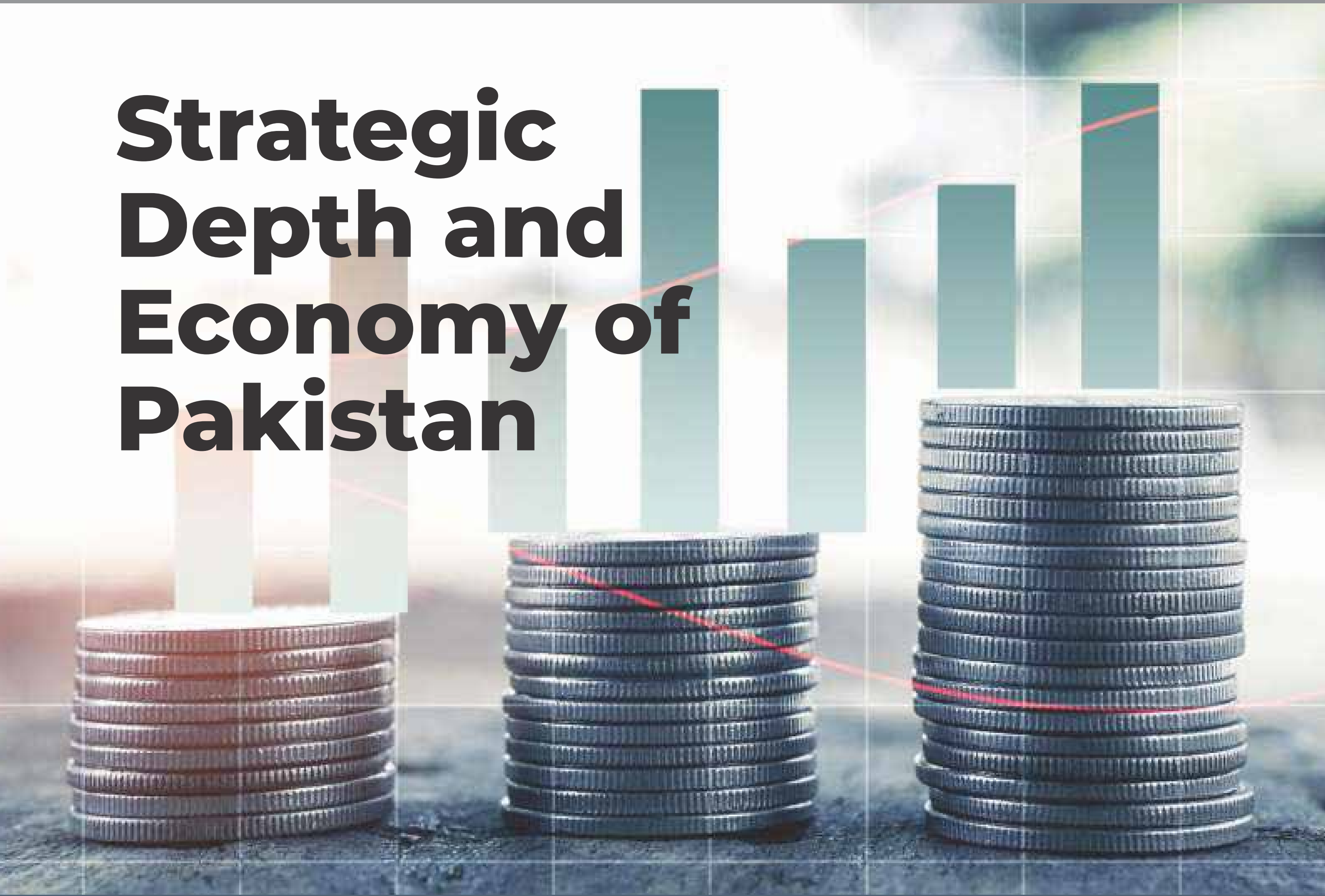

- For the passenger trains in Pakistan, the railway uses, 5 ft 6 inches wide gauge, the size of a broad track gauge, which is also commonly used in India, west of Bangladesh, Sri Lanka, Argentina, Chile. Elsewhere it is known as "Indian gauge". It is the widest gauge in regular passenger use anywhere in the world.
- Sylvester Stallone's Rambo III was shot in Pakistan.
- If you play soccer – called football by most people around the world – it's likely you've put a boot into a product made in Pakistan. Workers in the country hand-sew many of the soccer balls distributed around the world, and as The Atlantic reports, roughly 40% of all soccer balls in the world are made in one Pakistani city: Sialkot.
- Pakistan has the world's largest ambulance network. Pakistan's Edhi Foundation, which is also listed in the Guinness Book of World Records, operates the network.
- Pakistan is home to a rare species of 'Blind Dolphin' found in the water of Indus River. It is the second most endangered freshwater dolphin species in the world, the first being the 'functionally extinct' Yangtze River dolphin.
- The Shah Faisal Mosque in Pakistan can accommodate 100,000 worshipers at a time. It was the largest mosque in the world from 1986 until 1993.
- Pakistan generated a whopping over $1 billion in freelancing and ranks on the 4th spot behind India, Bangladesh, and the United States.
- Pakistan is also home to the largest single dome mosque in the world – Masjid e Tooba. The mosque is located in Karachi, Sindh, Pakistan, and is locally known as the Gol Masjid.
- Gaddani, Pakistan is also home to the world's third-largest ship breaking yard.
- Pakistan is also famous for truck art (decorated trucks with complex floral patterns and poetic calligraphy).

There is still time to put our beloved country back on track by following the vision and laid down by Quaid-e-Azam Muhammad Ali Jinnah, the founding father of the nation.

Trucks are painted with a splash of colors and the artists' creativity is very appealing.

The writer is former ambassador to China & Brussels

Strategic Depth and Economy of Pakistan



As Pakistan's economy moves along its long-run trajectory, it has exhibited substantial changes in fundamentals that can be quantified mainly in terms of net economic growth gains and various other socioeconomic indicators.

By Dr. Eatzaz Ahmad

In today's world where every citizen has at least some access to media, it is not surprising that there has emerged a flood of gossips on almost all important matters including economy in the name of news, information and transformation of knowledge. Information itself is an economic good which is now formally priced.

Unfortunately, most often negative news fetch relatively higher prices and gain more media space than positive news. For example, the news of increases in prices of consumer goods as ordinary as lemons or tomatoes that account for less than one percent of household budgets, occupy more prominent media space and time than the news of decrease in rents of dwellings that accounts for about 15 percent of the budget.

Against this backdrop, the present write up focuses on major achievements that Pakistan has made on economic front. Some weaknesses/failures are also noted with the aim to point out obstacles and weaknesses in economic planning and draw lessons for the future.

On August 14, 2022, Pakistan celebrated its 75th birthday. During these 75 years Pakistan's economy has experienced substantial economic transition along with a few episodes of major shocks (positive as well as negative).

As the economy moved along its long-run trajectory, it exhibited substantial changes in economic fundamentals that can be quantified mainly in terms of real incomes growth, rise in debt liabilities, net gains of economic growth, and various other socioeconomic indicators like poverty (absolute as well as relative), human resource development, access to civic facilities, physical and social mobility, human rights, justice and environment. Like any other country, Pakistan's performance during this period has been satisfactory in some but not all respects.

On macroeconomic front the most important indicator of performance is growth in income and per capita income. Income growth is important to evaluate a country's capacity to meet the needs of a growing population and to build a viable economy in terms of its market size. On the other hand, if economic growth does not translate into rising per capita income, we can say that the growth has been insufficient. Let us, therefore discuss first the two important indicators, GDP and per capita GDP. The first two fiscal years since independence, 1947-48 and 1948-49 are skipped from the analysis as a period of transition for the newborn country when all efforts were directed towards settling the migrants.

The data reveal that Pakistan's GDP at constant prices (meaning that the effect of price inflation is netted out) increased by about 30 times. At first, this number seems unbelievably too large. But if we take into account the factor that during this period Pakistan's population grew by about 6.8 times, the number makes some sense. Discounting GDP growth by population growth indicates that per capita GDP of Pakistan increased by almost 4.4 times. For an easy understanding, we can say that per capita income has grown from Rs 5196 per month in the year 1949-50 to Rs 22781 per month in 2021-22 when both the numbers are measured at current prices (prevailing in the year 2021-22.). This is a reasonably good performance, though one may argue that many other countries, especially the neighboring countries like China, India and even Bangladesh grew faster than Pakistan. Despite an impressive start, Pakistan lost its growth momentum most probably because, as we shall note later, it failed to put similar effort towards institutions building.

Another commonly adopted argument to discredit Pakistan's growth performance is that Pakistan achieved economic growth at the cost of huge burden of external debt (the so-called borrowed growth argument). To a certain extent it is true that past borrowing hunt back in the form of debt servicing (interest plus debt retirement) costs. A large share of government's budget allocated to debt servicing and the expenditure on public administration being quite inelastic, the burden of debt servicing inevitably falls on development spending, which in turn adversely affects economic growth. A counter argument, however, is that the debt burden as a percentage of GDP (currently at 26%) is still within sustainable limits that can be justified against

Besides somewhat satisfactory economic growth, Pakistan has also done well on a number of socioeconomic indicators.

the welfare gains made possible through project aids, even though it often creates crisis like situations because of weak policy coordination, especially directed towards trade and industry.

Moving now to other indicators of economic performance, we confine further analysis to the past 63 years, from 1959-60 to 2021-22 because reliable data for the previous years are difficult to find. Table 1 shows percentage growth in GDP of various important sectors of the economy. Some of the hallmarks of our growth experience include 3.6 percent annual growth in per capita manufacturing output or a total of 789 percent growth over the entire period of 63 years.

Per capita output of electricity and gas distribution has increased by phenomenal 5.6 percent during the same period, which far exceeds the overall per capita GDP growth rate of 2.2 percent. This obviously indicates that despite the fact that electricity price has increased many folds, both the household and production sectors have willingly increased electricity consumption at a much faster pace than the pace of overall economic growth.

The implied rising share of power consumption in household budget implies that living standards of households have improved as they are gradually adopting to the use of electric appliances and gadgets. Some of the other sectors that show impressive growth are finance and insurance, and public administration and defense.It appears that crop output per capita grew at a very slow pace. However, the overall growth performance of agricultural sector is somewhat rescued by a better growth in livestock output. Nevertheless, as frequently pointed out by experts and academic studies, agricultural sector of Pakistan remained unduly neglected to the extent that Pakistan can no more be regarded as an agriculture-based economy.

Sector-wise percentage growth in per capita output from 1959-60 to 2021-22

Sector	Total	Annual
Agriculture	62	0.78
Crop	23	0.33
Livestock	104	1.15
Manufacturing	789	3.59
Electricity and Gas Distribution	2869	5.62
Construction	378	2.55
Wholesale and Retail Trade	368	2.52
Transport, Storage & Communication	378	2.56
Ownership of Dwellings	188	1.72
Finance and Insurance	1356	4.41
Public Administration and Defense	655	3.31
Gross Domestic Product (GDP)	294	2.23

Note:The estimates are based on the data from Pakistan Economic Survey (various issues since 1970s).

The fruit of economic growth has also reached to poor segments of society as the income shares of the 20% poorest population and 10% extremely poor population have slightly improved from 8.3% and 3.5% in 1949-50 to 9.6% to 4.2% respectively in 2018. Access to clean fuels and formal sanitation have also shown improvements.

Besides somewhat satisfactory economic growth, Pakistan has also done well on a number of socioeconomic indicators. Life expectancy at birth, which is not only an indicator of access to food and health facilities but also considered as a measure of poverty, has shown remarkable improvement from 45.3 years in 1960 to 67.4 years in 2020. This was made possible mainly because of better health facilities and, especially, successful immunization drives that reduced infant mortality rate significantly and improved health status of adult population considerably. This assertion is further supported by substantial improvements in the prevalence of stunting and undernourishment.

In contrast to success in the health sector, the success rate in the other human capital variable, namely education, has not been up to the mark. Although literacy and enrollment rates have increased and higher education sector has shown tremendous growth in the recent years, the emphasis has been on quantitative targets at the cost of quality. Since education, especially the higher education, has been partially provided by public sector and as a whole regulated by government, the poor performance in the sector reflects institutional weakness. One notable reflection of this weakness is that education policies tend to promote primary education with the aim of rising literacy rate or to focus on higher education to increase the number of PhD degree holders. This dichotomous approach that misses intermediate education has resulted in a higher number of PhD degree holders with weak foundations.

The performance of state institutions is important not only for the efficient and equitable provision of certain types of goods and services like national defense, infrastructure, education, health, sanitation and other civic facilities, but also for providing a conducive environment that enables private economic agents make efficient, productive and sustainable decisions. State institutions are also supposed to guarantee protection of civic and property rights of the existing and future generations.

Pakistan's experience on the performance of state institutions has been quite disappointing. Table 2 shows that Pakistan has lost its position on most of the indicators of governance, specifically Political Stability and Absence of Violence/Terrorism, Regulatory Quality, Rule of Law, and Voice and Accountability.

Other such indicators like the performance ratings on human resource development, business regulations, fiscal policy, current account and debt policy, macroeconomic management, resource tapping, environmental sustainability, property rights, gender equity, social protection, transparency, accountability and corruption, also do not show any improvement in recent years.

State of Governance Scores and Ranks
(Rank indicates the percentage of countries below Pakistan)

Governance Indicator	1996 score	2020 score	1996 rank	2020 rank	Change in Score	Change in rank
Control of Corruption	25.6	33.19	7.53	22.12	7.59	14.59
Government Effectiveness	37.52	39.08	31.69	31.73	1.56	0.04
Political Stability and Absence of Violence/Terrorism	27.51	12.93	14.36	5.19	-14.58	-9.17
Regulatory Quality	39.8	35.67	28.8	24.04	-4.13	-4.76
Rule of Law	37.49	36.16	31.66	25.48	-1.33	-6.18
Voice and Accountability	38.06	32.4	31.5	23.19	-5.66	-8.31
Aggregate Governance Index	34.33	31.57	24.26	21.96	-2.76	-2.3

Note:The estimates are derived from the raw scores taken from World Development Indicators (WDI) of the World Bank.

Pakistan's economy is significantly influenced by world's political economy. But Pakistan has not played its cards well to benefit from its important strategic geopolitical position on the globe. Pakistan's political alignment has often been in clash with its economic interests with the result that it could not benefit from trade with Iran, Russia and Central Asia, and it could not exploit full potential of long-term strategic economic coordination with China. Pakistan also suffered enormously in terms of terrorism and its offshoot in the form of internal conflicts because of its strategic alignment. This not only resulted in loss of tens of thousands of precious lives but also had adverse economic consequences in terms of losses in foreign investment, trade and tourism activities.

In a nutshell, Pakistan has achieved reasonably good progress on economic front resulting in substantial improvement in living standards despite the occurrence of adverse external shocks. However, since good state institutions play critical role in designing long-term strategic policies necessary for sustainable socioeconomic development, government of Pakistan has to divert its attention towards institution buildings and redirect its efforts from the role of provider to that of a facilitator.

The writer is an economist & Professor on State Bank of Pakistan Memorial Chair Quaid-i-Azam University, Islamabad

Soccer Industry A Bright face of Pakistan

Sialkot's football producers with their hard work, innovative mindset and passion have brought Pakistan on world map as the Best Football producing country.

By GM Siddique

Sialkot city is a fertile border city of Pakistan with about six million population contributing 10% in the total exports of the country. It has many other references as Dr. Allama Muhammad Iqbal, Maulana Zafar Ali Khan, Zaheer Abbas, Shoaib Malik, Ijaz Ahmed and Shahnaz Sheikh. This is a city with the highest number of exporters. The sports and surgical goods exporters of Sialkot constructed the private airport, dry port, airline and now building hospital, university, and a school on their own. Its now connected with major cities like Lahore and Faisalabad through motorways.

In Pakistan, Sialkot is famous for football production and has strong brand name in the world of sports for its high-quality hand stitched balls. All the famous brands outsource their footballs from Sialkot. In Sialkot, there is a history of nearly 100 years of producing and exporting footballs.

In the world Sialkot is famous for sports and surgical goods like footballs, cricket bats and balls, table tennis balls, various types of rackets of tennis, squash and badminton, sports shoes, sportswear, and other sports goods. When people watch any winning shot in FIFA, the football under billions of eyes is made in Sialkot. Football has a major share in the sports goods sector, offering employment to 300,000 to 350,000 skilled and unskilled laborers and about 1.5% percent of Pakistan's total export basket. With the help of SMEDA, Sports Industries Development Centre, it is getting ready to build the capacity of the inflatable hand-stitched football or soccer balls, meeting 70% world's needs.

Since 2018, Sialkot has regained its honor of being the hub of football producing city as 60% of world's balls are now being produced in this city for all world top brands like Adidas, Nike, Puma, Lotto, Umbro, Mitre, Micassa, Diadora, Wilson, Decathlon, etc. Sialkot's football producers with their hard work, innovative mindset and passion have brought Pakistan on world map as the Best Football producing country.

In international market, footballs are distinguished on the basis of performance, quality, price, and technology. There are different varieties and types of footballs, which further categorize on the bases of their use and technology. In terms of use, there are six different categories of football which include: International match ball, Club's matches' ball, practice and training ball for upcoming matches, indoor balls, promotional balls, Futsal football.

Pakistan has a rich history as a manufacturer of quality hand-stitched footballs. The history of soccer ball production is traced back to British colonial era, in the late 18th or early 19th century, of the sub-continent. The Britons who were very fond of football used to order their stock from Britain and at times they would get impatient with the waiting time for shipment of footballs to arrive by the sea. It is said that in 1886 a British sergeant asked a Sialkoti saddle maker to repair his

Sialkot has regained its honor of being the hub of football producing city as 60% of world's balls are now being produced in this city for all world top brands like Adidas, Nike, Puma, Lotto, Umbro, Mitre, Micassa, Diadora, Wilson, Decathlon, etc.

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punctured ball and he was amazed by the technique and the way the saddler replaced some leather panels making the football as good as new. Impressed with his skills he placed order with him for a batch of football and since then the city is producing major share of footballs for the game, players and lovers.

Sialkot Chamber of Commerce & Industry (SCCI) Senior Vice President Sheikh Zohaib Rafique Sethi says that "Al Rihla" would be used in the FIFA World Cup 2022 in Qatar. The Sialkot football industry has been thriving even through adversarial conditions.

This is not the first time that Pakistan has the honor of producing ball for the world's most iconic sports. 'Forward Sports Sialkot' a renowned company of Sialkot is famous world over for production of sports goods, the largest football producing facility in the world, has produced World Cup balls in 2014 (Brazil). The football manufactured by Pakistan came to be known as Telstar 18 was used in Football World Cup 2018 (Russia), which was manufactured by Forward Sports Company. The ball featured six panels alongside a unique surface that would provide improved grip, touch, stability and aerodynamics on the field.

Pakistan has the unique honor of supplying footballs for use in the Soccer World Cup of 2018 held in Russia and now for upcoming Soccer World Cup 2022 to be held in Qatar.

Forward Sports started its journey in 1990 with a humble beginning of 1000 balls per day in Hand Stitch technology is now the world's largest Football producer with an annual production of 15 million balls per annum.

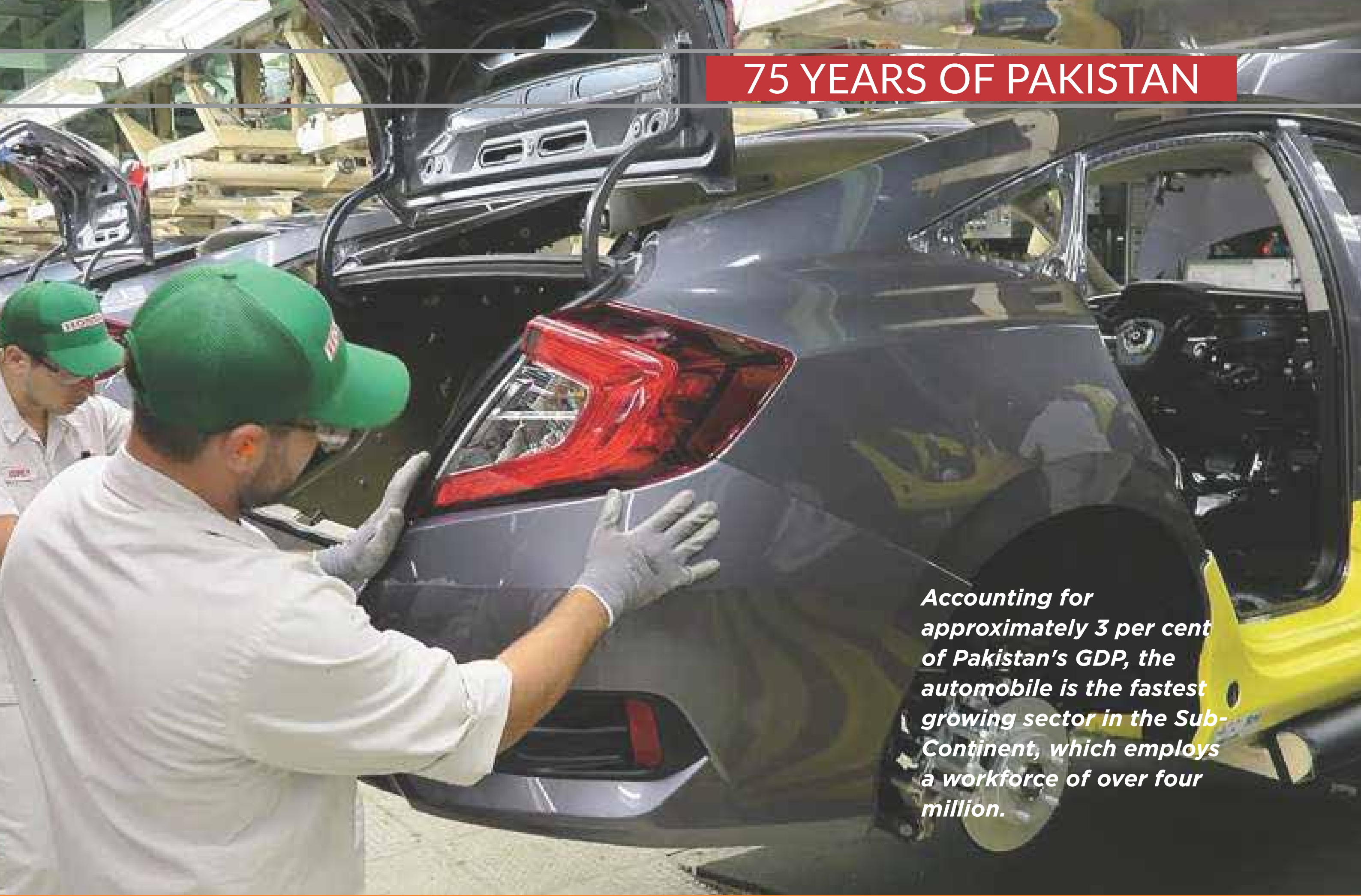
Forward Sports has been able to reach this level by shifting conventional hand stitch football cottage industry to highly mechanized small and medium enterprise. As per Mr. Masood, founder of Forward Sports, key to their success is their appetite towards innovation and Lean Manufacturing System. Following innovation strategy, Forward Sports was able to introduce multiple production technologies to make a football like Thermo bonded (2007), Official Match ball (2009), Machine Stitch (2010), World Cup ball (2014), Airless Mini ball (2018) and Laminated Ball (2020). And Lean Manufacturing System strategy supports Forward Sports to minimize their indirect cost by eliminating non-value adding activities and shifting human skill to custom made Robotic machines.

The major players in football manufacturing include Forward Sports (Pvt) Ltd., Capital Sports Corporation (Pvt) Ltd., Ali Trading (Pvt) Ltd., Anwar Khawja Industries (Pvt) Ltd., and Comet Sports (Pvt) Ltd.

The brands that have dominance in football market are actually not the producers. They get footballs from various developing countries due to low cost of production. China, Pakistan, and Thailand are the major hub for this and jointly contribute 70% of total export of footballs. Pakistan's football industry enjoyed leadership status in international market but in recent years it is facing competition with China, India, Thailand, and Taiwan.

They come up with some new and sophisticated technology, which enables them to provide better product at less price. Pakistan produces higher quality hand-stitched balls while China produces machine-stitched balls. In FY 2021-22 Pakistan exported 43.71 million (3,643,000 dozen) footballs worth US$191 million (PBS trade data).

The writer is an expert on industries and a freelance journalist.



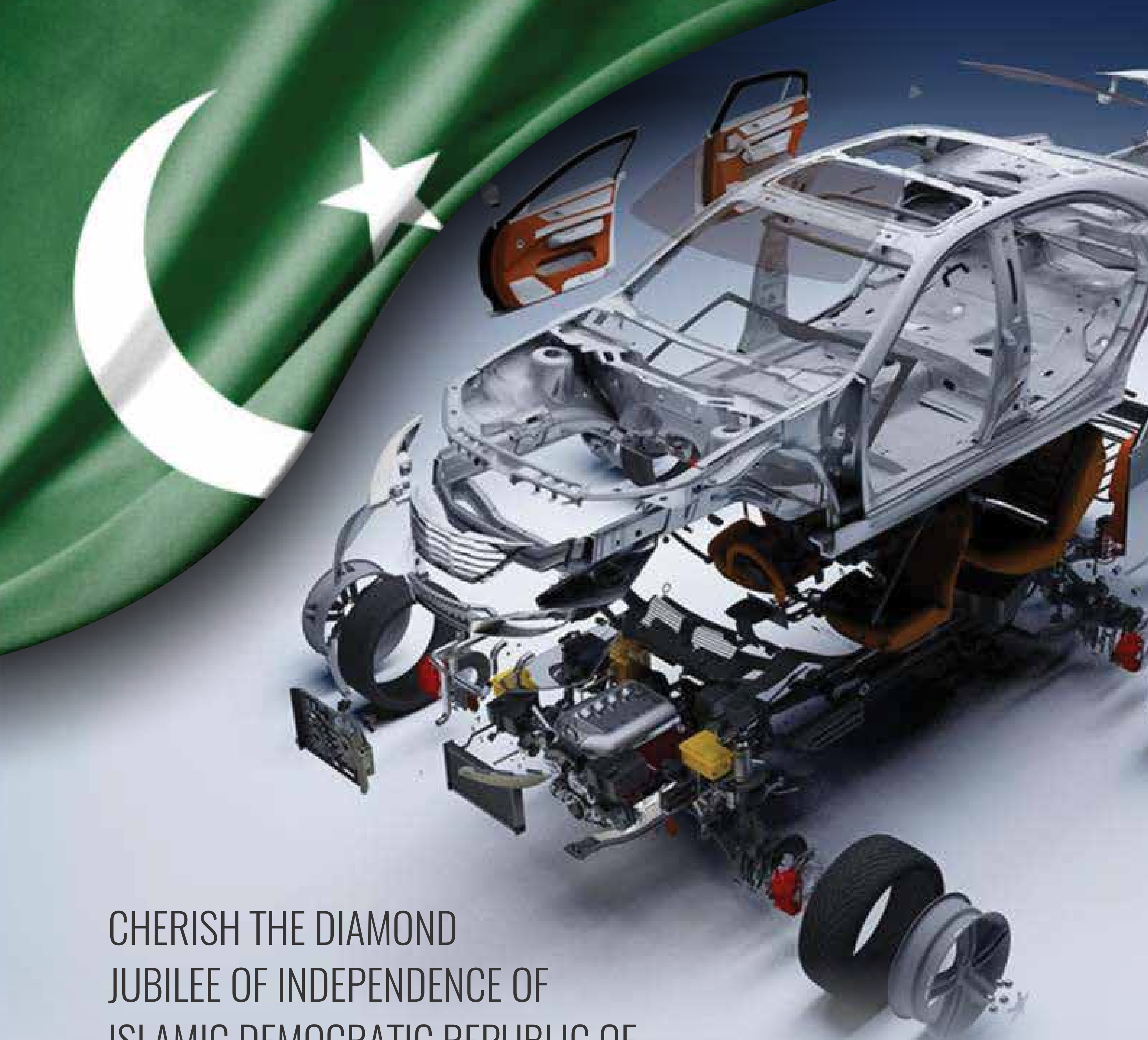
Accounting for approximately 3 per cent of Pakistan's GDP, the automobile is the fastest growing sector in the Sub-Continent, which employs a workforce of over four million.

Booming Automobile Sector

By Ghulam Murtaza

The creation of Pakistan had to experience great injustice by inheriting only 34 industries out of 921 in the subcontinent, which reflects how much manipulation was done. Cotton textiles, cigarettes, sugar, rice husking, cotton ginning, and flour milling industries were among the top to create just 26000 jobs and contributed around 7% to GDP. The automobile industry was not existing at that time. General Motors & Sales were the pioneers in selling the Vauxhall Cars, and Bedford trucks, followed by Ali Automobile rolled out Ford Trucks, which paved the path for Exide Battery to launch its production after four years in 1953. Haroon Industries launched Dodge Cars in 1956. Ali Automobiles aggressively grabbed the gap by introducing Ford Angela Cars, Ford Pickups, and Ford Combi from 1958-60.

The economy of Pakistan was taking off during the Ayub rule, which tempted Allwin Engineering to introduce precision auto parts in 1961 to lay the foundation for the aftermarket industry in Pakistan. After inspiring by the growth of four wheels, Wazir Ali Engineering jumped into the market to introduce Lamberate Scooter in 1962. In 1963 Kandawala Industries introduced Jeep CJ 5, 6, and 7. Hye Sons introduced Mack Trucks, and at the same time, General Tyres & Rubber started its production in Karachi. Agri equipment Rana Tractors pioneered to assemble of MF Tractors in 1964, and Vespa Scooter and Rickshaw were introduced by Raja Auto Cars. Jaffer



Industries introduced the specialized vehicle in 1965 and Mannoo Motors.

The 1972, socialism influenced PPP Government to wrap up everything under nationalization. Japan acquired 40% shares of Pak Suzuki Motor Co. In 1972, Pakistan Automobile Corporation (PACO) was formed; after Sindh Engineering was renamed Wazir Ali Engineering, Ali Autos was renamed Awami Autos, Republic Motors was renamed Haroon Industries, Gandhara Motors was renamed National Motors, Hye Sons was renamed Mack Trucks, Kandawala Industries renamed by Naya Daur Motors, Jaffer Industries renamed by Trailer Development Corporation, Rana Tractor renamed by Millat Tractor. The year 1974 will be remembered for two wheels when Dawood Yamaha introduced Yamaha Motor Cycle. In 1974 Beta Engineering started the production of Diesel Engines. Two years later, in 1976, Suzuki Motor Cycle was launched by Sindh Engineering. Saif Nadeem Kawasaki launched youth's stylish Kawasaki Motor Bike in 1977. At the same time, Naya Daur Motors introduced Suzuki Jeep, which got very popular in government circles.

The SPEL started producing plastic parts introduced in 1978. In 1980 Awami motors assembled the famous Suzuki Pick-Ups and Sindh Engineering Mazda Trucks. Production of Agri auto parts also started in Pakistan in the year 1981 by the Agriauto Industries. Auto Industry accepted the huge positive change by the production of Suzuki cars in 1982. Vendor Development & Technical Cell (VDTC) was formed in 1983; Al-Ghazi Tractor introduced Fiat Tractors in the same year. In 1986 Pakistan Association of Auto Parts and Accessories Manufactures (PAAPAM) came into existence which organized the vender sector in Pakistan and impacted this sector mightily.

Hyundai and Kia, the South Korean brands, have announced a collaboration with Nishat Group and Younus Brothers.

In 1986, another new company was formed, I-e Hinapak Motors, limited by the joint venture of PACO, AL-Futtaim, Hino Motors & TTC. In 1987 Gandhara Nissan started the production of Nissan Diesel Trucks.

The year 1993 is another landmark of the Auto Industry when Indus Motor started assembling the production of the Toyota Corolla and introduced the market to new horizons, followed by Honda Atlas manufactured Honda Civic. The auto and parts industry attained another milestone when PAAPAM organized the first Pakistan Auto Show in the Marriot Islamabad in 1995, setting the automotive industry on a path of localization. During the Musharraf rule, banks got very liberal and filled the roads of the country with multi-glazing brands. At the start of the Millennium, dual fuel options were introduced to run both on petrol and CNG to enhance the affordability for a commoner. Although the decision proved to be a later intuitive, for the time being, this sector witnessed great bustling.

Many small assemblers and importers of motorcycles surfaced to assemble replicas of the ever-popular Honda 70 from 2001-2007. To safeguard their business interests, the Association of Pakistan Motorcycles Assemblers (APMA) came into existence. During this period, Afzal Motors got a license from Daewoo Bus, South Korea, and Tata Daewoo and assembled locally. From 2007 to 2009, the auto sector experienced a bearish trend due to high-interest rates and the Yen's appreciation against the PKR. But this recession proved to be short living, and the industry




rebounded. The auto industry filled the market demand with the app. US$88 million during this decade.

Motorcycle production also set a new record in 2016–17, producing 2.5 million units. In 2015, the Auto Policy 2016-21 fascinated new producers in the market traditionally dominated by Honda, Toyota, and Suzuki. The fully documented auto industry stood as the second-largest indirect taxpayer, followed by the petroleum industry in Pakistan. During this period, Toyota started the local assembly of its sedan Corolla. United Motors made the first local car. Ghandhara Nissan began producing Isuzu d-max in Pakistan. Pakistan Rose by 171% between just 2014 and 2018.

That accounted for app. 3% of Pakistan's GDP and employs a workforce of over 4 million people as of 2018; Pakistan is the 35th largest producer of automobiles. Its contribution to the national exchequer is nearly Rs50 billion (US$220 million). Pakistan's auto market is among the smallest but fastest-growing in this continent. Two hundred sixty-nine thousand seven hundred ninety-two cars were sold in the year 2018 but declined to 186,716 in 2019 due to Covid19. Currently, the auto industry the auto market is mostly dominated by Honda, Toyota, and Suzuki.

However, on March 19, 2016, Pakistan announced the "Auto Policy 2016-21" (2021 to 2026) which attracted Renault, Nissan, Proton Holdings, Kia, SsangYong, Volkswagen, FAW, and Hyundai. MG JW Automobile Pakistan has signed an MoU with Morris Garages (MG) Motor UK Limited, owned by SAIC Motor, to bring electric vehicles to Pakistan. NLC signed an agreement with Mercedes Benz for the manufacturing of Mercedes Actros trucks in Pakistan. A few old models of vehicles, including the Bolan and Ravi, continue to be sold by Suzuki. On July 8, 2021, Jolta Electric launched the production of electric motorcycles.

Current Scenario of Pakistan Automobile Industry

On December 26, 2021, the Government of Pakistan announced a five-year policy between 2021 and 2026 to raise the auto sector. On October 20, the Pakistani envoy to China said during a meeting with 50 Chinese automotive brands that Pakistan would increase its automobile production to 6-8 million units in the next five years. Pakistan is building special economic zones where Chinese companies are setting up their businesses. In that meeting, 10 Chinese have got ready to invest in Pakistan. Understanding is developing between the Gwadar Development Authority and the PAAPAM to develop an auto city in Gwadar economic zone which will introduce this industry to new. Pakistan has almost attained 95% localization for tractors and motorcycles, 50 % for cars, and 20-25% for trucks and buses.

Exports of auto parts have never been encouraging if benchmarked with the other

countries in the region clearly indicate the spectrum of available space. Only auto parts have a safe 5-6 billion potential for exports, regarding automobiles export.




Millat Tractors Ltd (MTL) has made good export- inroads. Podiums are being removed to expand the path. We will have to see the issues hampering our exports like irrational duties, technology transfer by our OEMs, low export marks, rebates, and capacity building to meet the modern challenges. The industry is still thriving despite all oddities; this is an exemplar of the potential it has.

Future: 'If your direction is right, you have a future, no matter at what speed you are crawling!'. The auto sector, which is currently contributing just 3% to GDP, has much more potential to single-handed shift the economic paradi. The current auto policy from 2021-

26 has a lot to allure the foreign investors. Pakistan has 8-10 cars per 1000 people. This is the lowest ratio among emerging economies per s potential of growth.

An approximated fluxing of millions of youth in the mainstream economic activities will cause drastic market demands. The local market of 230 million has great depth. The current car production in Pakistan is just 175000 per annum against the 70 million population Thailand producing 1.2 million and total four wheels 2 million. As soon as the Gwadar port gets operational, we will enter into a new era with the duty and tax-free facilities in Gwadar. Gwadar port has a 120 berths capacity. Suppose only 20 berths cargo handling of 75000 MT mother vessels require, averagely @ 10000 kg per 20FCL, we 7500 truck per vessel and 150000 truck per 20 vessels. You can be surprised to calculate the number of other vehicles to support this gigantic logistic activity.

The recently concluding Pakistan Auto Show was flocked by hundreds of thousands of trade and enthralled visitors. At the shows, I experienced the OEMs were getting in line with the market needs. Electric cars and logistic careers were reflective of modernism. A little bit of R&D could give mighty wings to the auto industry in Pakistan. As per Pakistan Gulf Economist reports, "German giant Volkswagen has shown its desire to invest in Pakistan. German Audi is going to be one of the leading investors in the auto sector of Pakistan.

The plan of the French Renault to invest $100 million in the Ghandhara Nissan plant in Pakistan has sent a wave in the Pakistani auto sector. Hyundai and Kia, the South Korean brands, announced a collaboration with Nishat Group and Younus Brothers. Moreover, automakers currently working in Russia, Italy, Thailand, China, UAE, and Turkey are keen to invest in the burgeoning auto sector of Pakistan." A Chinese delegation representing 500 auto manufacturers and assemblers visited Pakistan to explore investment opportunities in the recent past. These investors consist of assemblers of cars, heavy-duty trucks, engines, auto parts, and tires.

Khalid Mushtaq Motors, Dewan Farooque Motors Ltd., truck production of Hinopak, and bus production of Hino and Isuzu augur are getting part of the auto industry in Pakistan. The Auto Policy 2016-21 attracted significant investments in the auto sector of Pakistan.

The writer is General Secretary of The Pakistan Association of Automotive Parts & Accessories Manufacturers

Resurrecting the Economy

The Govt under Prime Minister Shahbaz Sharif's stewardship has taken some unpopular and tough decisions to put the economy on the road to recovery, and one such feat is securing the IMF's funding at a crunch time when the global economies indicators are dwindling.

By Kashif Rizwan

Although Pakistan has been receiving financial assistance from the International Monetary Fund (IMF) since 1958, yet the successive governments in Pakistan, particularly since 1988, have been striving to Pakistan's economic sustainability. The economic performance of high Gross Domestic Product (GDP) rate between 5% to 6% in some years followed by 3% to 4% GDP rate for short periods.

There are several geopolitical, structural and economic factors that have hindered a consistent economic growth trajectory of the country. A long war against terrorism in neighboring Afghanistan, political and economic uncertainty at home, low govt revenues, low rate of savings, higher dependence on imported petroleum products/gas, imported raw materials/in-puts for industries, increasing imports of agricultural/foods products, negligible growth in exports and vulnerable foreign exchange reserves are the major factors that create a situation under which Pakistan has been resorting to the IMF for budgetary support. In the recent past, most of the times Pakistan faced twin deficits; fiscal as well as current account deficits due to higher expenditures than income/resources and negative balance of payments.

One of the functions of the IMF is to assist member countries facing financial difficulties to stabilize their monitory and financial systems. The measures/actions to be taken by Pakistan under the IMF programme are normally are aimed at helping our economy. Pakistan successfully implemented and completed its 21st IMF programme in 2017, and as a result, the GDP growth achieved in FY 2017-18 was 5.5% while the Federal Board of Revenue (FBR) receipts increased to Rs. 3,842 billion.

However, this GDP growth rate brought trade deficit of US$ 30.9 billion, negative balance of payments of US$ 42.7 billion and negative current account deficit of US$ 19.2 billion (6.1% of GDP). The foreign exchange reserves with State Bank of Pakistan (SBP) decreased from US$ 17.5 billion in Financial Year 2016-17 to US$ 11.3 billion in Financial Year 2017-18, due to which the rupee depreciated significantly under flexible exchange rate policy.

Mainly because of dwindling foreign exchange reserves with SBP and fast devaluing rupee against dollar and remaining indecisive for about nine months the previous PTI government signed a US$6 billion IMF Extended Fund Facility (EFF) on July 3, 2019. The program aims to support Pakistan's policies to help the economic recovery from the COVID-19 pandemic, ensure macroeconomic and debt sustainability, and advance structural reforms to lay the foundations for strong, job-rich, and long-lasting growth that benefits all Pakistanis. The global lender has disbursed less than half of the amount till February 2022.

The IMF in its report released on August 29, 2022, states that the previous government of PM Imran Khan "Pakistan has a long history of stop-and-go economic policies and weak implementation of structural reforms. Since the IMF reviews in April 2021, the implementation of IMF programme has been uneven, rather fiscal policy became increasingly expansionary and several key EFF commitments were reversed. Moreover, several structural benchmarks (SBs) were not met." The previous government shied away from fulfilling the commitments made with IMF, just to gain political milage, which led the country at the bring of default on its foreign payments. The government of PM Imran Khan provided unfunded subsidies to the oil and power sectors during his last days in office.

Soon after coming into power the Government under Prime Minister Shahbaz Sharif realized the gravity of the situation, approached the IMF to complete its seventh and eighth reviews under the EFF and restore the programme with increased funding facility. The government took tough decisions that were in the interest of the country, which have adverse political consequences for the ruling coalition.

The present government has taken decisive action to bring the EFF back on track, including implementing the IMF commitments through a supplementary budget, tighter monetary policy, withdrawing subsidies on electricity and gas tariffs. The war in Ukraine increased commodity prices in international market including significant increase in crude oil and LNG prices, which have placed significant pressure on the rupee and foreign exchange reserves.

The present government prepared the budget for FY 2022-23 inter-alia keeping in view the implementation of the IMF commitments of structural reforms and fiscal / monetary discipline and to have sustainable growth over the medium and long term.

The present government has raised domestic fuel prices by more than 80 percent over the past month to meet the IMF conditions for the revival of the bailout package.

The politically unpopular move has drawn strong public criticism; however, the government has taken these decisions in national interest ignoring their political cost. The rising inflation caused by increased international commodity prices is a severe concern of the people at large and government is cognizant of this fact.

On the economic front it is the biggest achievement of this government to revive the IMF programme and restore the confidence of international community and investors on Pakistan's economy. The IMF on August 31, 2022, released US$1.1 billion tranche, after long and arduous negotiations with the IMF staff. Pakistan has fulfilled all pre-conditions set by the IMF to restore the EFF programme.

The IMF program would

hopefully address domestic and external imbalances and ensure fiscal discipline and debt sustainability, reforming the energy sector, allowing more exchange rate flexibility, enhancing the SOE governance, and generating higher and sustainable growth.

The Agreement with the IMF has set the stage to bring country out of economic turmoil. Prime Minister Shahbaz Sharif showed his resolve to reorient and re-structure Pakistan's economy through hard work to achieve self-sufficiency. This would bring Pakistan to a long-term sustainable growth path, creating more jobs, encouraging both private and foreign investment leading to prosperity of its people.

The resumption of the IMF loan means Pakistan will have easier access to funds from other international lenders, including the World Bank and the Asian Development Bank. Pakistan needs at least US$41 billion in the current fiscal year to repay debt and fund imports. The revival of EEF programme with IMF will give positive vibes to other friendly countries like Saudi Arabia, UAE, China, who will come forward to provide financial assistance of up US$ 6-7 billion to Pakistan.

Timely and consistent implementation of policies and reforms is essential to lay the ground for stronger and more sustainable growth. The present government has taken important measures to strengthen fiscal policy and put public finances on a sounder footing. To improve fiscal resources the government has set a tax revenue target of Rs.7, 000 billion for FY 2022-23 up 16.66 per cent from Rs. 6,1125 billion.

By adopting careful spending management, revenue mobilization will help to create space for much-needed spending on infrastructure and social protection, while improving debt sustainability. Broader reforms in tax administration and public financial and debt management are expected to further improve the fiscal framework. The recent monetary policy tightening was necessary and continued proactive, data-driven monetary policy would help to anchor inflation.

In order to absorb external shocks, it is imperative to preserve market-determined exchange rate and rebuild foreign exchange reserves. Strong efforts to advance electricity sector reform are needed to restore the sector's financial viability and address adverse spillovers on the budget, financial sector, and real economy.

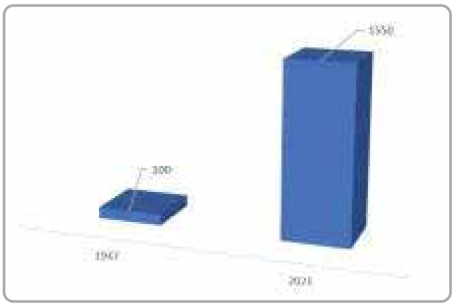
Coming out of the default threat through restoration of IMF programme will increase SBP reserves, strengthen Pak rupee, boost stock exchange, and restore the confidence of industrial sector. It will help in bringing down inflation by following tight monetary policy and improving supply side. In case Pakistan remained committed to restructuring its economy and bringing reforms in its major economic sectors, it will get rid of begging bowl by turning around its economy.

One of the functions of the IMF is to assist member countries facing financial difficulties to stabilize their monitory and financial systems. The measures/actions to be taken by Pakistan under the IMF programme are normally are aimed at helping our economy.

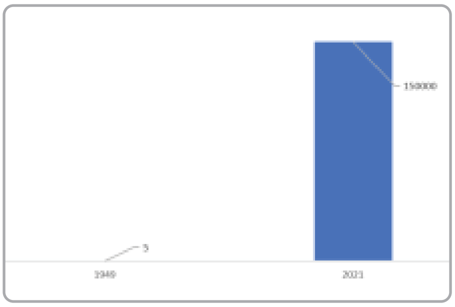
The writer is the editor of "Economic Affairs"

75 years of Economy & Corporate Sector

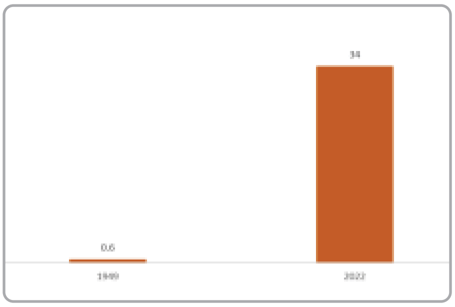
GDP per capita ($): In 1947, $100. In 2021, $1550



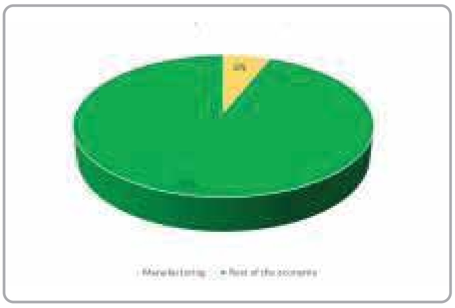
Number of companies listed on PSX/KSE: In 2021, 150,000. In 1949, 5



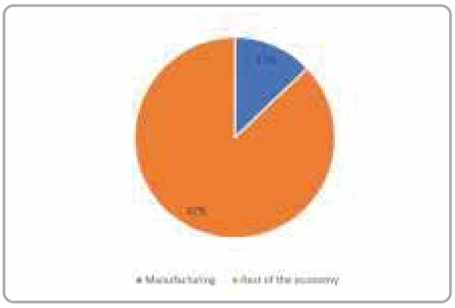
Stock exchange market capitalisation ($): $0.6 million in 1949. In 2022, $34 billion



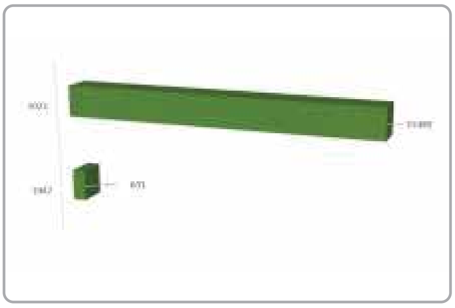
Manufacturing (as % of GDP): 6% of GDP in 1947. 12.8% of GDP in 2021



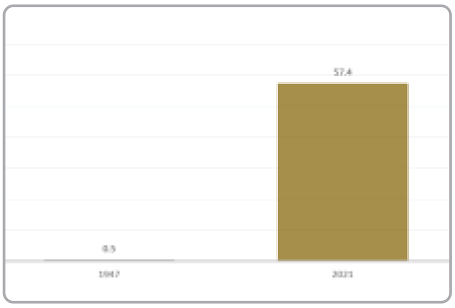
Manufacturing (as % of GDP) in 2021



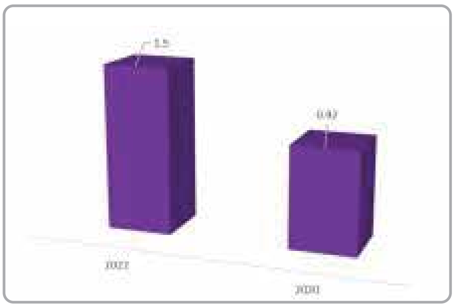
Financial inclusion (Bank branches in Pakistan): 631 branches in 1947. In 2022, 15,385



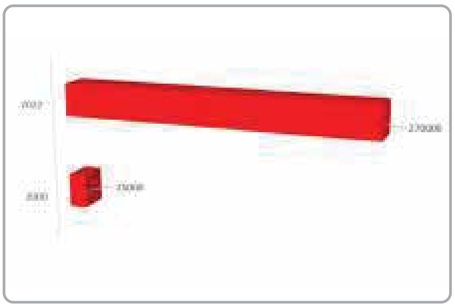
Cement production (volume): in 1947, 0.5 million tonnes. In 2021, 57.4 million tonnes



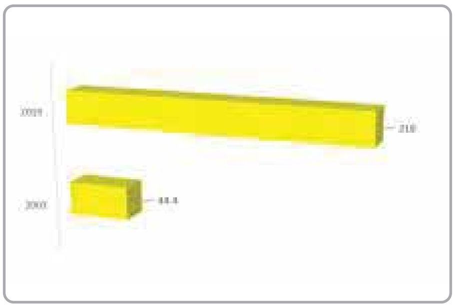
IT exports ($): $1.95 billion in 2022. $1.5 billion in 2021. In 2020, 0.92 billion



Motor vehicle production (volume): In 2000, 15,000 vehicles. In 2022, 270,000



Pharmaceutical exports ($): In 2003, $44.4 million. In 2019, $218 million



Textile exports ($): In 2021, $15.4 billion. In 2003, $5 billion

Courtesy: Pakistan Institute of Development Economics

LONDON: Pakistan's High Commissioner Moazzam Ahmad Khas is cutting the cake for independence Day Ceremony.

RAWALPINDI - Chief of Army Staff General Qamar Javed Bajwa during his visit to UK met General Sir Nicholson Carter, UK Chief of Defence Staff.

ISLAMABAD: D.G. Defence Export Promotion Organization (DEPO), Maj Gen. Muhammad Arif Malik, HI(M) is presenting souvenir to Federal Minister for Defence Production, Muhammad Israr Tareen.

Rome: Pakistan's ambassador to Italy HE Jauhar Saleem hoists flag on 14th August Ceremony.

RABAT: Pakistan's ambassador HE Hamid Asghar Khan is cutting the cake for Independence Day Ceremony

OTTAWA: Pakistan's High Commissioner Zaheer Janjua is cutting the cake cake on 75th Independence Day Ceremony

BEIJING: Pakistan's ambassador Moin ul Haque is cutting the cake for Independence Day Ceremony

Stockholm: Pakistan's ambassador Zahoor Ahmed is celebrating the Independence Day Ceremony.

ISLAMABAD: The Ambassadors designate of Germany, Spain, Belgium, Libya, Kenya, and Ethiopia presenting their credentials to President Dr Arif Alvi, at Aiwan-e-Sadar.

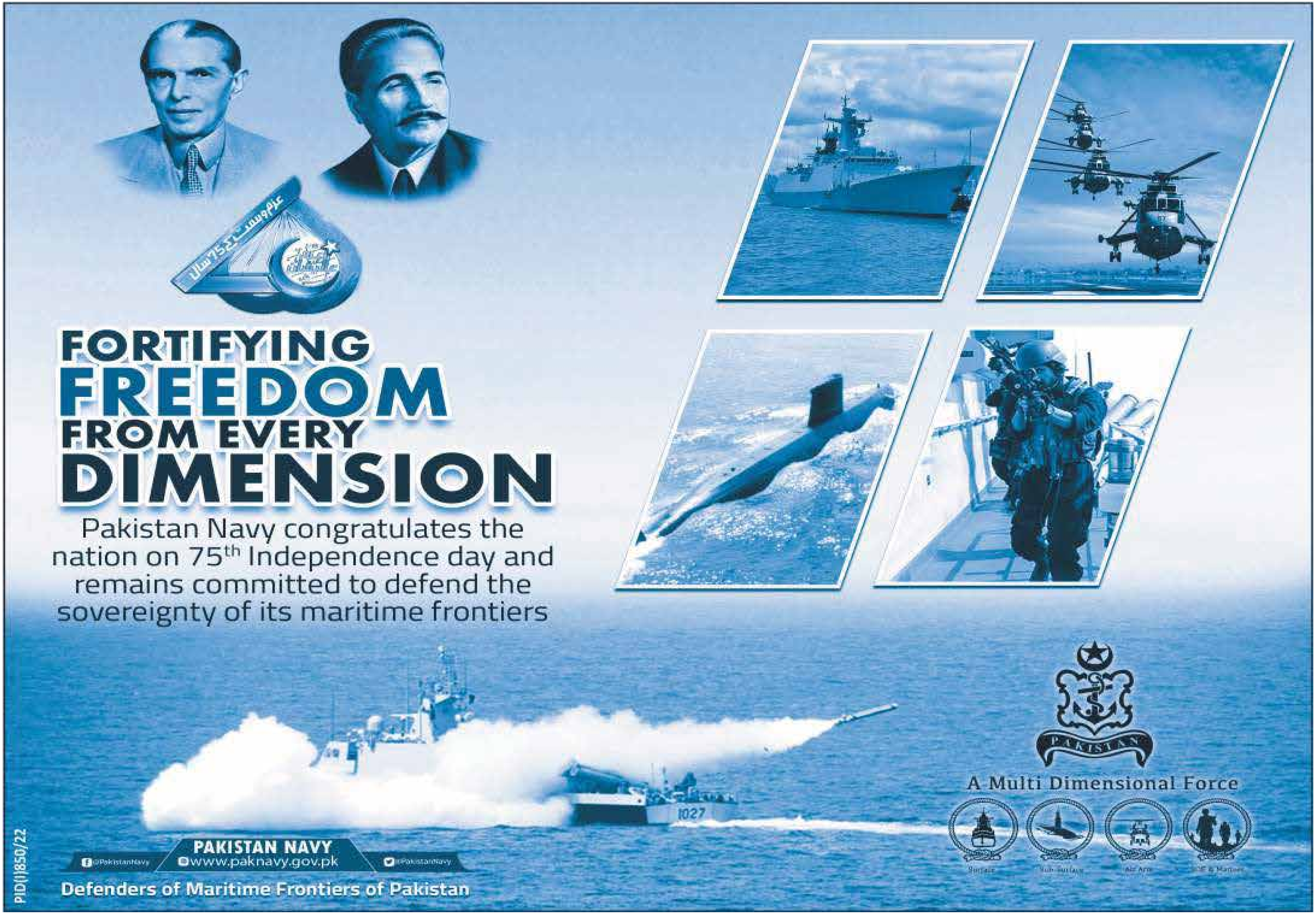
Chief of Army Staff Gen Qamar Javed Bajwa receives the Order of the Union medal, conferred on him by UAE President Sheikh Mohammed bin Zayed Al Nahyan *.

HALIFAX: Speaker National Assembly Raja Pervaiz Ashraf along with Parliamentary Delegation with Speaker Senate of Canada George J. Furey on 65th Commonwealth Conference.

VIENNA: Pakistan's Ambassador Aftab Ahmad Khokhar is launching a magazine Cercle Diplomatique with Cover Story on Pakistan.

ISLAMABAD: Prime Minister Shehbaz Sharif is hoisting Pakistan's Flag on Independence Day Ceremony.

WASHINGTON: Pakistan's Ambassador Masood Khan with Dr. Emily Blanchard, Chief Economist, US State Department.



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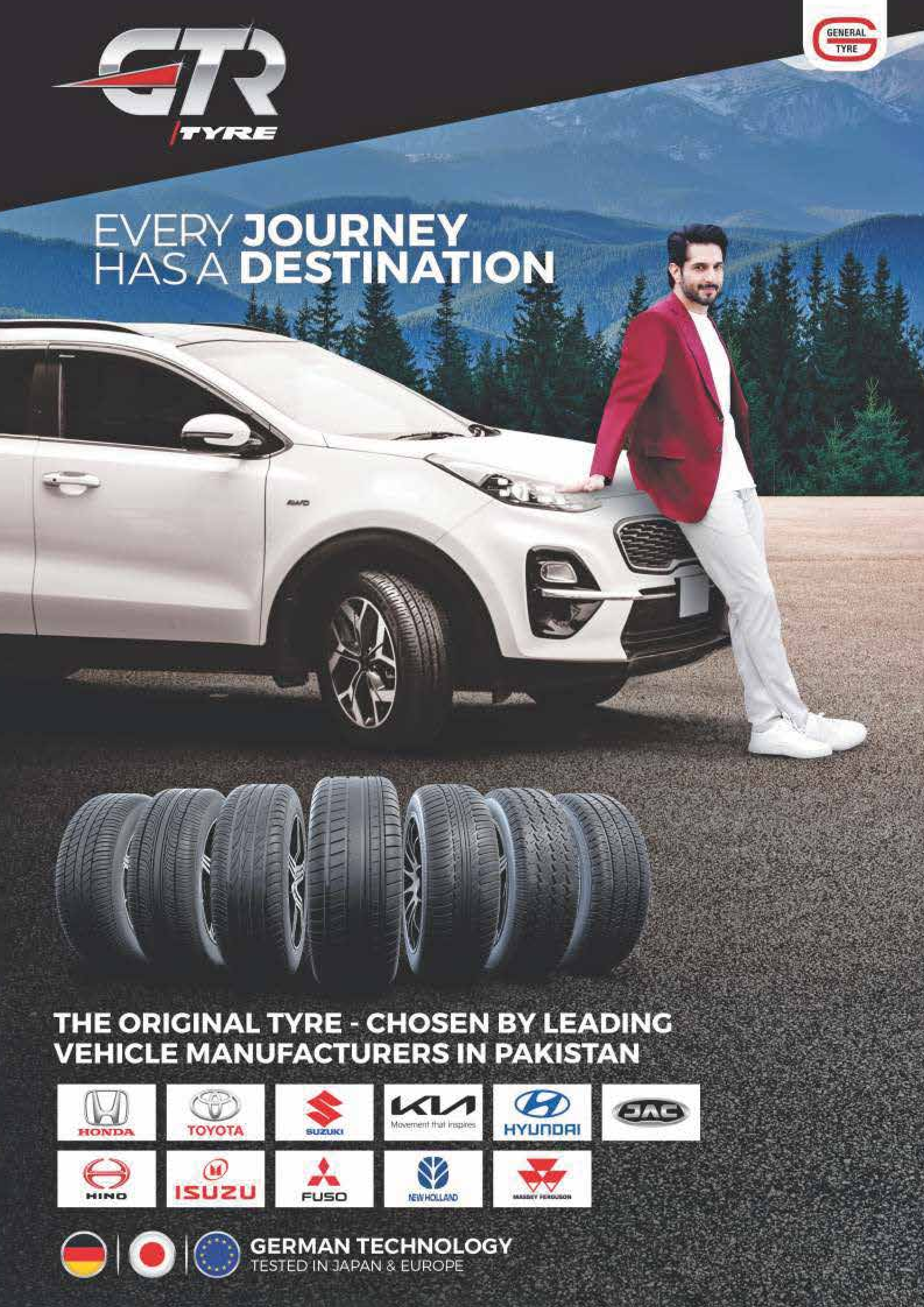
GTR TYRE
GENERAL TYRE
EVERY JOURNEY
HAS A DESTINATION
THE ORIGINAL TYRE - CHOSEN BY LEADING
VEHICLE MANUFACTURERS IN PAKISTAN
HONDA
TOYOTA
SUZUKI
KIA
Movement that inspires
HYUNDAI
JAC
HINO
ISUZU
FUSO
NEW HOLLAND
MASSEY FERGUSON
GERMAN TECHNOLOGY
TESTED IN JAPAN & EUROPE