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LSM declines 5.96pc

ISLAMABAD: The large-scale manufacturing (LSM) output declined by 5.96 per cent year-on-year in January, the Pakistan Bureau of Statistics (PBS) reported on Wednesday.

However, on a month-on-month basis, the LSM grew by 7.09pc during January compared to December, 2019.

The LSM index returned to the red after witnessing growth of 9.66pc in December 2019, which was led by impressive performance in sugar production rising by 97pc.

The State Bank of Pakistan (SBP) has estimated the GDP growth in Pakistan for the current year at 3pc, down from its earlier projection of 3.5pc with other rating agencies also projecting a lower rate.

January sees 7.09pc growth over December 2019

Similarly, during July-January FY20, the LSM shrank by 3.37pc from a year ago.

In 2018-19, the big industry had declined 3.64pc versus a target growth of 8.1pc, which for the ongoing fiscal year had been set at 3.1pc.

Sector wise, production of 11 items under the Oil Companies Advisory Committee went down by 10.59pc during 7MFY20, 36 items under the Ministry of Industries and Production edged lower by 3.12pc while 65 items reported by the provincial Bureaus of Statistics fell 2.36pc.

LSM constitutes 80pc of the country’s total manufacturing and accounts for nearly 10.7pc of the national output. In comparison, small-scale makes up for just 1.8pc of GDP and 13.7pc of the secondary sector.

According to the data, output of the petroleum group dipped 12.14pc in January from a year ago. This decline was mainly led by petrol and high-speed diesel down 0.46pc and 8.02pc, respectively.

Similarly, the production of LPG edged lower by 0.46pc, furnace oil 4.07pc, jet fuel 27.14pc, kerosene 23.84pc, lubricating oil 40.27pc and solvent naptha 68.4pc during the month under review. Jute batching oil was the only component in the group that went up 5.99pc.

The auto sector, which has seen massive decline in sales over the last few quarters, witnessed multiple upward price revisions due to currency depreciation, which kept potential buyers at bay. On a yearly basis, it registered sales decrease in almost all variants during February as production of tractors plunged by 59.22pc, trucks 36.31pc, buses 37.7pc, jeeps and cars 43.7p, LCVs 74.4pc and motor cycles 2.33pc.

Meanwhile, production of sugar and cement declined by 1.88pc and 5.03pc respectively.

Pharmaceutical also suffered due to a considerable lag in regulatory adjustments in prices, which in addition to the weakening of rupee added to the distress of the import-dependent sector.

As a result, output of syrups was lower by 3.41pc, capsules 26.67pc and injection 6.25pc. However, the production of tablets inched up by 0.84pc during February.

Cooking oil and vegetable ghee witnessed increases of 4.91pc and 5.18pc respectively whereas blended tea fell by 22.74pc.

According to the Annual Plan 2019-20, the industry output is expected to expand with the implementation of envisaged policy measures. It anticipates private sector investment to lead the revival of activity with the help of necessary regulatory support.