

Positive LSM trend a ray of hope for economic revival: FPCCI

LAHORE: The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has said the positive growth in Large-Scale Manufacturing (LSM) will help achieve the annual economic growth target besides creating jobs if the trend continues in the coming months as the LSM output has grown 7.65 percent in September in addition to reporting growth of 4.8 percent in the first quarter of the current fiscal year.

FPCCI President, Mian Anjum Nisar while addressing a delegation of various industrial sectors said that the positive growth rate of the industry has given a ray of hope for the revival of economic activities in the country. He, however, feared that the data of October 2020 might be critical to sustain the momentum of industrial production during the second wave of the pandemic in the country.

He said that in 2019-20, the LSM output had fallen alarmingly by 10.17 percent yearly. The industrial production after suffering months of damage inflicted by the coronavirus pandemic mainly in the construction, sugar, automobile and pharmaceutical sectors are now clearly reflecting a revival in economic activities in the country. For the current fiscal year, the government has set the economic growth target at 2.1 percent which will be better in the current economic situation but it is not enough to create jobs for a growing population, he said.

According to the data, Large-Scale Manufacturing grew 4.8 percent in the first quarter of the current fiscal year on the back of increased output in food, textile, and mineral sectors. The LSM recorded 7.7 percent year-on-year growth in September which kept hopes alive for recovery after the large industrial sector contracted more than 10 percent in the previous fiscal year. He said the data shows that out of 15 major industries, nine saw a surge in production while the output of five industries showed a contraction in the first quarter compared to the same period of the previous fiscal year.

The sectors that posted growth on a quarterly basis included textile that grew over 2 percent and non-metallic mineral products increased 22 percent during the July-Sept period. But the output of power looms has declined 50 percent in the first quarter while the fertilizer sector showed 2 percent growth whereas the food, beverages and tobacco group recorded 13 percent growth in the first quarter.

The FPCCI chief called for out-of-the-box solutions for economic growth, as COVID-19 has adversely impacted the world's economy as well as Pakistan's trade and industrial sectors. The government has already missed its annual export target for the first two years. For the current fiscal year, the export target was reset at US\$27.7 billion, requiring at least 6 percent growth, he said.