

## Automobile Sector of Pakistan

### Introduction:

The automobile industry in Pakistan includes companies involved the production/assembling of passenger cars, light commercial vehicles, trucks, buses, tractors and motorcycles. The auto spare parts industry is an allied of the auto industry. The auto & allied industry form a major sector in Pakistan. Pakistan's auto industry is enjoying a boom as all leading automobile brands such as Suzuki, Toyota and Honda have reported high profits.

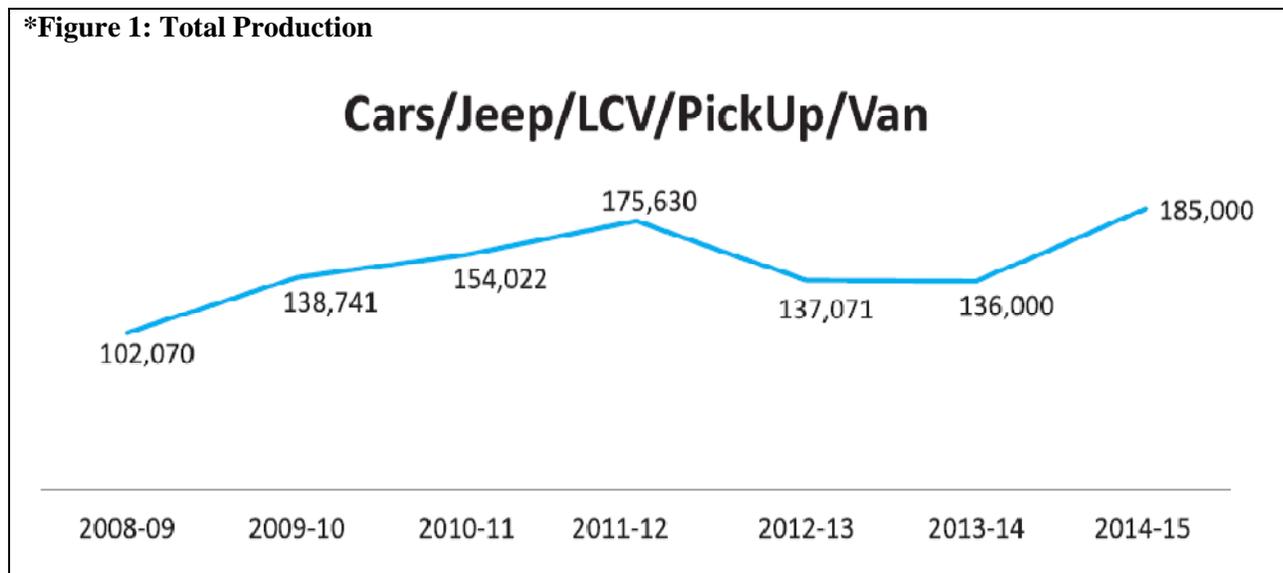
### Overview:

The market structure of the automobile industry in Pakistan is concentrated. In economics term, we could say it's an oligopoly, which is characterized by imperfect competition in which the industry is dominated by a small number of suppliers. The 13 listed companies on KSE of automobile assembler are AL-Ghazi Tractors, Atlas Honda Ltd, Dewan Motors, Ghani Automobile, Ghandhara Ind., Ghand Nissan, Ghandhara Diesel, Honda Atlas Cars XD, Hinopak Motor, Indus Motor Co, Millat Tractors, Pak Suzuki, Sazgar Eng. Though, the local car market is dominated by 3 Japanese brands, Honda, Toyota & Suzuki.

The Automobile sector recorded a growth of 23.43 percent during July-March FY2016 compared to 17.06 percent in same period last year. The growth is mainly arrived from LCVs production which increased by 68.53 percent, Buses 81.95 percent, Jeeps & cars 29.73 percent, Trucks 41.68 percent and Motor cycles 17.22 percent. The improvement in the automobile sector is due to stable exchange rate, continuation of concessional Apna Rozgar scheme launched by the Punjab government, appetite of new model and focus of commercial banks on auto financing. The direct and indirect employment from this sector is 2.4 million presently, which is aimed at increasing to 4 million by 2021.

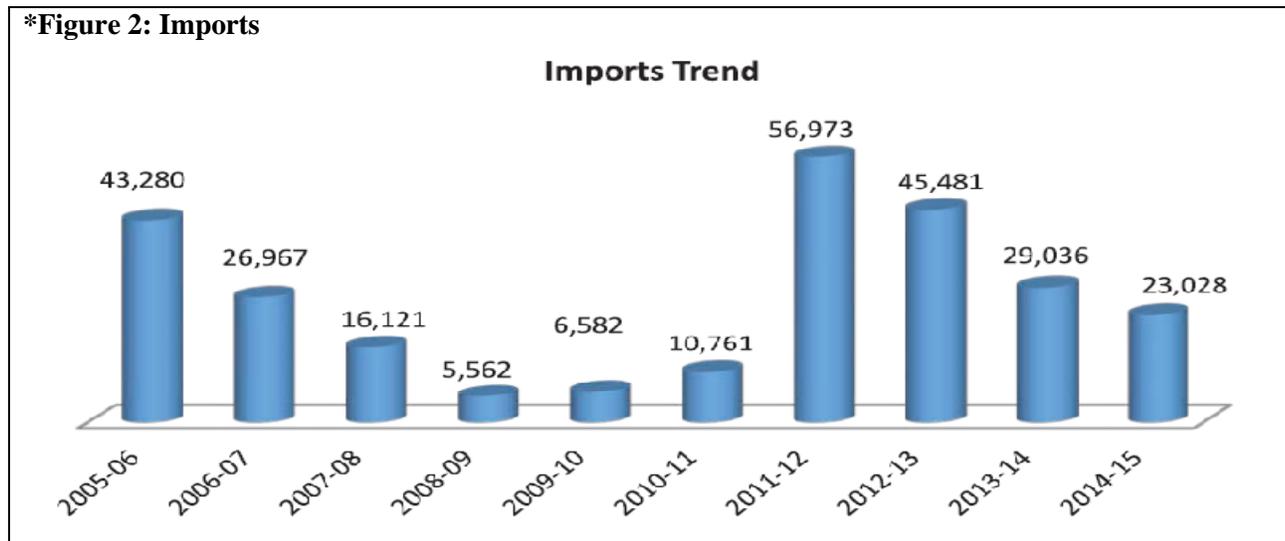
The production capacity of cars including jeeps, LCV, Pickup and Vans is 285500 units, against which 185000 units were produced in 2014-2015. The trend of total production is reflected in the Figure. 1.

**\*Figure 1: Total Production**



\*Automotive Development Policy (2016-2021)

**\*Figure 2: Imports**



\*Automotive Development Policy, Pakistan

The imports of vehicles fell in last few years one of the major reasons of which is increased custom duties. In order to provide an enabling, conducive to development & growth of the automotive industry a stable & consistent tariff regime is essential which creates a balance between imports & local manufacturing.