

The automobile industry in Pakistan took its roots during the fifties but in consequence of the Government's nationalization policy, its growth remained stunted till the mid eighties when it was reactivated with the setting up of more vehicle assembly plants in the country. It got a boost with the liberalization of the Government's financial policies and the advent of the era of car leasing in the country. Consequently, more auto assemblers ventured into the arena and established themselves in competition with the previously entrenched players.

With automobile assembling serving as the mother industry and focused on the domestic market, the downstream automotive parts industry and the engineering industries have nurtured to a level at which they are not only increasing their role in the domestic market but have also started playing a role in the export earnings of the country.

Being principally an assembling industry, the supply chain constitutes one of the most important parts of its functioning. It also dictates the cost and quality of the end product. Because of the vastness of the subject, the study has been principally confined to the car and light commercial (LCV) segment which has the maximum direct impact on the common purchaser.

The Study aims at understanding the industrial development of the Country and the current domestic industrial dynamics. It reviews global trends in the field where distinct trends are emerging of the auto manufacturers and assemblers shifting from their traditional bases. It also outlines the development of this sector in the domestic market so as to identify both its strengths and weaknesses and lay down the contours for its future growth which holds a good promise. At the end, certain recommendations are being offered for the future growth of the industry in Pakistan.