



USAID FIRMS PROJECT

District Profile and Sector Assessment – District Larkana

October 10, 2009

This publication was produced for review by the USAID. It was prepared by FINCON Services for an assignment commissioned by Chemonics International under the USAID Firms Project.



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Data Page

Contract Number: GBTI II Task Order No. EEM-4-07-07-00008-00

Contractor Name: Chemonics International, Inc.

Name of the Component: Value Chain Development (VCD)

USAID Technical Office: Office of the Economic Growth and Agriculture; USAID Pakistan

Date of Report: October 10, 2009

Document Title: District Profile and Sector Assessments- Larkana District

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Project Area: District Larkana, Sindh, Punjab

Key Words: Sector Assessment, Business, Increase Export, Women, Agriculture

Abstract:

The purpose of this report is to determine and priority rank, within the context of district, the optimal mix of not less than 10 of the most economically promising sectors that would be of most benefit to the districts using a rigorous, empirically sound assessment methodology.

Acronyms

DCO	District Coordinator Officer
EDO	Executive District Officer
FGD	Focus Group Discussion
HSSC	Higher Secondary Schools
IDP	Internally Displaced Person
NGO	Non-Governmental Organization
P&D	Planning and Development Department
PKR	Pakistani Rupee
PTCL	Pakistan Telecommunication Company Limited
SOW	Scope of Work
UC	Union Council
US	United States
USAID	United States Agency for International Development
ZTBL	Zarai Taraqiati Bank of Pakistan

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Executive Summary

The development of the District profiles and Sector Assessments will be based on three core themes: a market driven implementation plan for relevance, ownership, and sustainability; a focus on gender opportunity; and replicable systematic approaches for efficiency, scalability and sustainability.

In addition, three complementary components will be included as follows: Component 1 will focus on the development of the private sector by assisting key industrial sectors that offer the greatest opportunity for growth, exports, and employment. Project interventions will include developing a more competitive workforce, improving access to financing, and helping participating companies achieve international standards and certifications. Under this component, the Firms project will encourage the growth of Pakistan's promising business sectors to compete in global markets. Component 2 aims to develop business support services by developing a franchise network of local service providers who will assist the private sector of Firms in an effort ensure sustainability. Component 3 will focus on the Pakistan business-enabling environment by actively pursuing policy and regulatory reforms at the national, provincial, and district levels, based largely on input from the private sector. Project interventions under this component will result in a significantly reduced cost of doing business, increased ease in accessing government services, and improved government capacity at all levels to respond more promptly to the needs of the private sector.

1. Introduction and Background

1.1 Goals and Objectives

The overarching goal of the Empower Pakistan: Firms Project is to develop a dynamic, internationally competitive, business sector in Pakistan that is increasing exports, employing more people, and producing higher value added products and strengthening the business development services market, creating entrepreneurial opportunities for Pakistani women, and improving the business enabling. The District Profiles and Sector Assessments will identify sectors that can provide imminent economic and social impact in the selected districts.

1.2 Context: District Business Environment

The development of the District profiles and Sector Assessments will be based on three core themes: a market driven implementation plan for relevance, ownership, and sustainability; a focus on gender opportunity; and replicable systematic approaches for efficiency, scalability and sustainability.

In addition, three complementary components will be included as follows: Component 1 will focus on development of the private sector by assisting key industrial sectors that offer the greatest opportunity for growth, exports, and employment. Project interventions will include developing a more competitive workforce, improving access to financing, and achievement of international standards and certifications by participating companies. Under this component, the Firms project will encourage growth of Pakistan's promising business sectors to compete in global markets. Component 2 is to develop business support services by developing a franchise network of local service providers who will assist private sector firms in their effort ensure sustainability. Component 3 will focus on the Pakistan business enabling environment by actively pursuing policy and regulatory reforms at the national, provincial, and district levels, based largely on input from the private sector,. Project interventions under this component will result in significantly reduced cost of doing business, increased ease in accessing government services, and development of government's capacity at all levels to respond more promptly to the needs of the private sector.

2. District Profile

2.1 Snapshot of District

2.1.1 Background

District Larkana is known as Garden of Sindh. Located at upper Sindh, this was formed in 1901 and celebrated its 100th birthday in year 2001. The popularity and fame of Larkana is attributed to a lot of factors but three are key ones. Firstly, it occupies a fertile plain in the form of Indus basin except for Kirthar Range in the western side and quality Guava production is very conspicuous in Larkana. Secondly, it has always given enthusiastic and dynamic political leadership to the nation. It has a long political history and exercises a country wide influence. Finally yet importantly is the historical importance of Larkana district that it is the actual cradle in Sindh to the mother of all civilizations, called 'Moen Jo Daro' or the mound of the Dead.

It lies between 270 - 330 north latitudes and 680-160 east longitudes on the western bank of River Indus. It is surrounded in the north by Shikarpur and Jacobabad Districts, in the south by Dadu district in the East by River Indus and Khairpur district and in the west by Qamber-Shadadkot District.

In 1998, Larkana was declared as the divisional headquarter, but with the inception of Local Government system in 2001, Larkana Division was brought to an end. In 2005, the Government of Pakistan bifurcated the district and formed a new district called Qamber and Shahdadkot, with two towns of Qamber Khan and Shahdadkot.

Ethnic Composition

A number of tribes inhabit in the area of district Larkana including Bhuttos, Soomros, Abbasis, Abros, Shaikhs, Bughios, Unars, Khuhros, Israns, Mugheris, Jatois and Lariks, Chandios, Sangis. Bhuttos and Unhar are the main tribe.

Religious Composition

Muslims	98.45%
Non Muslims	1.55%

Administrative Setup

District Larkana has 4 Talukas i.e. Larkana, Dokri, Bakrani and Ratodero. Total 44 UCs, 18 in Larkana Taluka, 13 in Dokri, 11 in Bakrani and 9 in Ratodero.

The District Nazim is the political head of the district, and the District Coordinator Officer (DCO) is the administrative head of the district. In addition to that 9 Executive District Coordinator Officers (EDOs) responsible for health, education, law, community development, works, agriculture and technology.

2.1.2 Demographics

The population of District Larkana, according to 1998 census, is 1,006,998 inhabitants with the growth rate of 3.14. More than 70% of the total population of the district lives in the rural areas. Of the total population, 46.6% are below 15 years while 17.57% are less than 05 years of age including 3.54% infants (one year age). The males are 51.56% of the total population and the remaining 48.44% are the female. Out of the total female population, 45.5% is in the reproductive age (14-15 years) and 75.4% of this reproductive segment of female population is married. The project population estimated up to February 2006 is 1.317 million inhabitants.

In four tehsils/talukas of district Larkana, there are 182 villages and are administered by 44 union councils. Being the largest taluka in the district, Larkana has maximum population within the district (567,543). It has almost double UCs (18) than Ratodero (9), Bakrani (9) and Dokri (8).

The high population might be due to migration of people from villages to Larkana city for their livelihoods, education etc.

2.1.3 Local Economy- Major Economic Sectors and Sub sectors

The economy of Larkana is mainly based on agriculture. Rice and Guava are the major crops. The industry sector comprises a 100 rice mills. The area is believed to have coal deposits in the hilly areas in the south. But, there is no mining activity in the district to unearth this natural resource. The Kohistan area is being exploited for petroleum, but not yet fruitful.

Broadly, the following sectors contribute to the local economy:

- a) Agriculture
- b) Livestock
- c) Horticulture
- d) Bakery and sweets
- e) Trading
- f) Rice mills
- g) Fisheries
- h) Handicrafts

No data available, where we determine the composition of small, medium and large businesses. Majority of labor is working in the Agriculture and livestock (69%), followed by wholesale and Retail trade (16%) and 14% in manufacturing.

2.1.4 Security (Crime levels by category, security personnel)

There are 26 police stations in Larkana. The security condition of district Larkana is not of very high quality. The Crime report of District Police Office shows that the most frequent criminal activity during the year 2007-08 was robbery. Out of total 2,535 registered cases, 1,157 (45.6%) were of robbery. This factor has made the journey at night worrisome. People usually avoid traveling late for the safety and security purpose. The next category of very serious crimes is murder and attempt to murder that constitute 11% of the total registered cases (116 cases of murder and 163 of attempt to murder). Being a politically active area; the cases of insurgency are also high in number (120 cases, 4.7%). Kidnapping is another major crime

which the mostly well off people have to face. Kidnapping for ransom has also worsened the overall security condition at the district. The police force has taken a number of serious steps to maintain the law and order situation and in these efforts the police faced physical attacks from robbers, kidnappers and other extremists. A total of 148 cases (5.8%) of assault on police have been registered for 2007 – 08. They have arrested 30 criminals in 10 encounters and also arrested 50 absconders. The other cases were of Arm Act (319 cases), Accident (23 cases), Karokari (Honor killing - 1 case) and other violation of laws (197 cases).

2.2 Factor Environment

2.2.1 Institutions

- Chamber of Commerce and Trade, Chamber of Agriculture, Rice Mills Association and Jewelry associations are very few business associations that provide support to businesses.
- Advocacy and some technical support are provided by these associations. Formal training facilities are nonexistent.

2.2.2 Writ of the Government is not effective and due to security situation discussed earlier, business community are reluctant to expanding their businesses. Political stability is the same as in the rest of the country. Corruption is also one of the major constraints in doing business in Larkana.

2.2.3 Infrastructure (Logistics)

Larkana has a network of roads that very successfully, is serving to link up Larkana with other neighboring districts. The total length of the roads within the district is 4,179 Kilometers; more than half of it is metal led while the remaining is 'Kachcha'. All these roads were constructed and are maintained by the Works & Services Department. In August 2009, NHA approves 14,229.Million projects for inter districts roads and bridges and these projects will be completed in 2009-2010.A few important regional road links are:

- Indus Highway that links Larkana to Jacobabad, Shikarpur and Sukkur in the North East and with Dadu and Hyderdabad in the South. Indus Highways meets the junction of Super Highway and National Highway at Jamshoro.
- Miro Khan road which is about 28 Km long, connects Larkana to Miro Khan.
- Moenjodaro road connects Larkana to the oldest civilization site of Moenjodaro and is 24 km long. This road is also used to access to the airport located in Moenjodaro
- Naudero road connects Larkana with Naudero town and is 18 km in length

The Airport is in the famous historic town of Mohenjodaro. The Pakistan International Airlines operates 7 flights in a week from Larkana to Karachi. The airport has the capacity for landing of Boeing flights, the planes can even land at night.

The Karachi – Quetta main railway line of Pakistan Railway runs through the district from north to south. Larkana itself is a railways junction. All the taluka headquarters are connected to the district headquarter through trains. Through railway tract (Karachi – Quetta railway line), Larkana is also linked with Badeh, Dokri, Moenjodaro, Naudero, Dadu, Sehwan, Kotri, Karachi

and Quetta. Another line branches from Larkana and enters Jacobabad District via Shahdadkot and Qambar.

There is one dry port in the District but not operative.

2.2.4 Natural Resources

District Larkana is blessed with natural resources and among these, the most important is Indus River. It makes the area scenic and adds to the fertility of Larkana as a nonstop activity. Three canals from the river irrigate the cultivated areas of district Larkana and these are Rice Canal, Dadu Cana and Kirthar Canal. These water bodies have supported in making the agro based economy.

The total area under forest is about 25,532 Hectares that is 5.6% of the total area of the district. Some of the important forests are Salihani, Agani, Nauabad, Amrote, Ketu Chandka, Khuhra, Madeji, Khokhar, Tajudero, Visar, Adamji, Sharifpur, Dasu, Behman, Hassan Wahan, Gajidero, Abrepota, Beli Gaji, Bagi, Shahbeg, Gangherko and Tatri.

The area is believed to have coal deposits in the hilly areas in the south. But, there is no mining activity in the district to unearth this natural resource. The Kohistan area is being exploited for petroleum, but not yet fruitful.

2.2.5 Macroeconomic Stability

More than 65% of the total labor force is in the occupation group "Skilled Agriculture and Fishery Workers" and the next higher occupation group comprising 21.25% is of "Professionals" followed by 3.94% "Service Workers and Shop and Market Sales Workers". The pattern of occupation groups varies significantly in the rural and urban area. In rural areas most of the employed population i.e. 76.31% is "Skilled Agricultural and Fishery Workers" followed by 15.37% "Elementary Occupation". In urban area most of the labor force i.e. 40.12% is "Elementary Occupations" followed by "Skilled Agricultural and Fishery Workers" as 29.76%.

Most of the working population, i.e., 63.43% is engaged in Agriculture, Forestry, Hunting and Fishing and remaining 36.57% in non-agricultural industries. In rural areas the most important industry is "Agriculture, Forestry, Hunting and Fishing" which accounts for 76.62%. In urban areas 27.25% of the working population is in "Construction" and 21.10% in "Agriculture, Forestry, Hunting and Fishing"

2.2.6 Health Services and Primary Education

Health

The data from District Development Indicators, published by P&D department of District Government reveals that a total of 744 Doctors (1 Dr. for a population of 1400) and 189 Nurses are serving for the entire population of district Larkana in 2 Taluka HQ Hospital, 21 dispensaries, 5 Rural Health Centers, 28 Basic Health Units, 3 Mother and Child Centers and 15 Private Hospitals and Clinics.

Availability Of Education

The education facilities in district Larkana indicates that the opportunities of being literate are four times more for male as compared to female. There are 4 Degree colleges for male (enrolling 7058 students) but just one, for female (enrolling 2500 students).

Accordingly, the ratio of teaching staff is also four times high in male degree colleges. The intermediate college for the whole district is just one that has the enrolment of 924 with a teaching staff of 16.

Population demographics

According to the 1998 census, the population of Larkana stood at 1,006,998, with an annual growth rate of 3.14%. The average household size is 8 persons. 51% of the population is male. 72% of the population resides in rural areas, and the 28% of the population resides in urban area.

2.3 Efficiency Enhancers

2.3.1 Higher Education, Vocational and Technical Training

Relevance of higher education

The district has a literacy ratio of 41% and female literacy rate is 28%. The Higher Secondary Schools (HSSC) is equal in number for both male and female students. There is one male and one female school per taluka of district Larkana. The enrollment in male school is 7993 with 310 teaching staff while enrollment in female school is 6663 with 173 teachers.

In case of High schools for male and female, there is again marked difference in number. For male, these are 36 with 15422 enrollment and 748 teachers while for female, the number of schools is even less than half of the male schools (16). The enrolment is also near to half of male (7025). The teaching staff is just 240, which is one third of the staff serving at High Schools for male.

Middle schools for male are 42 while for female 22. The enrolment of female per school (81) is higher than male (50). For twelve male students, there is one teacher (average) and for 18 female students, there is one teacher. The Primary schools are highest in number for both male (965) and female (244). The male students are 88198 and one teacher has an average of 29 students while female enrolment is 57844 and one teacher has an average of 59 students to teach.

About the technical and vocational institute, the picture is not very rosy. There is just one Poly Technical College, one Mono Technical Institute, one Commercial Institute and six Vocational Institutes for female.

Goods Market Efficiency

- Agriculture is the main economic sectors and majority land is owned by 3-4 families. As there are no large businesses in the district, the presence of monopoly in other than agriculture sector is minimal. Corporate tax rate is 35%.
- The roads are open throughout the year.

- Transportation, store spaces are usually available without any problems. Rental cars, goods transportation vehicles, and courier services are commonly available.

2.3.2 Labor Market Efficiency

Wage rate, flexibility of wages, strike rates: The wages for agriculture labor range from Rs. 200 to Rs 250 per day, while for skilled labor like masons, the average daily wage is about Rs. 500/- Labor strikes are not common. The labor market is not quite sophisticated, and in some cases, like in orchards, their most economic use is obtained by giving them piece meal contract of short term nature.

2.3.3 Financial Market Sophistication

Almost all the commercial banks have branches in the district including Faysal Bank, Askari Bank, Bank Islami, Standard Chartered and Bank Al Habib and Zarai Taraqati Bank. Being the agricultural area, the Zarai Taraqati Bank of Pakistan (ZTBL) has opened three branches to facilitate the farming communities of district Larkana. The ZTBL provides loans to the farmers to boost up the productivity of the area especially in wheat and rice. For loans, the land property is mortgaged and 61% (max) of its value is provided as loan amount on which 14.5% mark up is charged. Sometimes, for a loan of up to fifty thousand, present guarantee is also acceptable. Small and Medium Enterprise Bank, Microfinance Bank and Micro finance Institution are providing loans for micro enterprises within Larkana district. The main business of the banks in Larkana is remittance of money which comes for agricultural products and traders; however, lending of money from the banks is also common among business community.

Suppliers' credit is common mode of financing. The cost of financing in the informal sector can range from 50% to 200% per annum. The formal sector has much lower rates, ranging from about 12% to 18%, but access is very limited.

2.3.4 Technological Readiness

The Pakistan Telecommunication company limited (PTCL) has provided a telephonic network to many villages of Larkana District. At present there are 2 Digital telephone Exchanges with a Capacity of 13300 lines at Larkana taluka. The Total Number of Telephone connections in the whole District are 13300. although there are number of private call offices & public call offices in the Larkana District, however there are three mobile companies provide mobile/ Cellular facilities & there are three internet service provider companies, these connect the Larkana District with the World. Pakistan Broadcasting Corporation (Radio Pakistan) has one Broadcasting station of 101 MHZ, F.M at Larkana Town. This station was inaugurated on September 24th 1995 and daily transmits programs for about seven hours. It broadcasts in Urdu, Sindhi, People do not bother to pay radio license fee; therefore no data is available about the total number of radio sets in the District.

2.3.5 Market Size

According to the 1998 census, the population of Larkana stood at 1,006,998, with an annual growth rate of 3.14%. The average household size is 8 persons. 51% of the population is male.

72% of the population resides in rural areas, and the 28% of the population resides in urban area.

District has road access to other districts.

2.4 Innovation and Sophistication Enhancers

2.4.1 Business Sophistication

Access to market Information: Being far away from the main urban centers of the Province, it has reduced access to market information. Most of the production is for local consumption, and therefore does not require a high degree of sophistication. Nevertheless, market information can be obtained through telephones and through direct contacts.

2.4.2 Innovation

- There are three research institutions i.e. Agriculture , Rice and Guava
- Access to technical assistance is not available.

Sector at a Glance

<p style="text-align: center;"><u>Vegetables</u></p> <ul style="list-style-type: none"> Total number of estimated firms are 252 1,260 employment Annual domestic sale is PKR 800 million 67% value added No women employment No losses due to electricity shortage 	<p style="text-align: center;"><u>Hotel</u></p> <ul style="list-style-type: none"> Total number of estimated firms are 500 5,000 employment No data available 47% value added No women employment Average monthly losses due to electricity shortage is PKR 65,000 	<p style="text-align: center;"><u>Bakery</u></p> <ul style="list-style-type: none"> About 12 firms 300 employment (50 % youth) Annual domestic sale is PKR 72 million 64% value added No women employment 48 hours per week are lost.
<p style="text-align: center;"><u>Jewelry</u></p> <ul style="list-style-type: none"> Total number of estimated firms are 220 800 employment (40% youth) Annual domestic sale is PKR 3.3 billion 89% value added No women employment 48 hours per week are lost. 	<p style="text-align: center;"><u>Handicrafts</u></p> <ul style="list-style-type: none"> About 26,131 households of 3,733 villages are engaged in handicraft business 78,393 employment (70% youth) No data available 47% value added 100% women employment No losses due to electricity shortage 	<p style="text-align: center;"><u>Dairy</u></p> <ul style="list-style-type: none"> About 98,791 rural households and 81% housing hold have 5 cattle Around 200,000 house hold member are engaged (80% youth) Annual domestic sale is PKR 2 billion 38% value added 70% women employment No losses due to electricity shortage
<p style="text-align: center;"><u>Rice</u></p> <ul style="list-style-type: none"> About 3,848 farms Average number of employees is 10. Total employment 38,840 (12,623 youth) Annual domestic sale is PKR 3 billion 64% value added 19,420 women employment 47% losses due to electricity shortage 	<p style="text-align: center;"><u>Fisheries</u></p> <ul style="list-style-type: none"> About 231 private farms and 700 individual fishermen Average number of employees is 10. Total employment 3,000 (20% youth) Annual domestic sale is PKR 13 billion 16% value added No women employment No losses due to electricity shortage 	<p style="text-align: center;"><u>Guava</u></p> <ul style="list-style-type: none"> About 444 farms Average number of employees is 54. Total employment 23,976 (38% youth) Annual domestic sale is PKR 1.86 billion 68% value added No women employment Diesel generators are used for irrigation and it costs PKR 324,000 per month

3. GUAVA

3.1 Industry and Market Structure

3.1.1 Number of Firms

According to the agriculture statistics of Sindh 2007-08, total cultivated land in Larkana is 204,059 hectares. According to the firm Survey, the total cultivated fruit land of district Larkana is 4,440 Hectares, 84% of this area is under the production of Guava (3,728 Hectares). This guava cultivated area constitutes 40% of the total cultivated area for fruit in Sindh Province. The district production of guava is 27,563 M. Tons that also constitute 40% of the total Sindh. That is why; it is ranked as the top district in Sindh.

As per our findings in the FGDs, the average farm size is 10 hectares (which means that the total number of farms (firms for this study) is 444.

3.1.2 Historic, current, and potential sales within the sector

An annual layout of PKRs 1.84 billion is reported. Year wise production is given in the table below.

Year¹	Guava Production (M. T)
2003-04	22,350
2004-05	23,371
2005-06	24,438
2006-07	27,563
2007-08	27,563

3.1.3 Historic, current, and potential investment within the sector

An overall business of PKRs 1.84 billion is reported each year. This shows a huge potential and scope of enterprise development in this particular sector. There is need of developing exposure towards agro based industry. Total investment in Guava is estimated as PKR 7 billion.

3.1.4 Employment

There are nearly 24000 persons employed which shows an average employment of 54 persons per farm. The FGD findings indicate that all the estimated 54 workers on the farm are male. The unskilled labor is 43; skilled 9 and 2 males on managerial position. There is very poor participation of women even to extent of non existence employment of them. This needs to be

¹ District Development Indicator Report

facilitated and encouraged as this is emerging and growing sector in the district Larkana. About 38% of employed force falls under the category of the youth this shows a great potential. Building their capacities and skills in this particular sector will enable to contribute improved social mobilization and harmony among the different local communities.

3.1.5 Geographical Concentration (presence of industry or service clusters)

Of the total production, 17% is geographically concentrated at the district level whereas 80% focuses provision for national and 4.5% for exports.

3.2 Market Dynamics and Potential

3.2.1 Domestic Sales, Export trends and potential

An annual layout of PKRs 1.84 billion is reported.

3.2.2 Export trends and potential

The domestic sales have been estimated on the basis of figures gathered during the FGDs (primary source), and is 1.864 billion Pak rupee. Pakistan has the potential and pride to grow export quality guava and is ranked 12th in the world. In district Larkana, the sellers focus the national markets so the specific data for the calculation of export share of district Larkana is lacking. 4 % of the produce sold to Afghanistan. The exports orders are determined on case to case basis, and the supplier and growers agreed with their own defined criterion.

3.2.3 Market Readiness (use and adherence to national and international standards)

Although Pakistan is exporting Guava and it is a major fruit of Sindh, even then, no standard certification process is followed to meet the end market requirements (standards, packaging, and volume).

3.2.4 Value Criteria

Value creation in Guava is 68%.

3.3 Supporting Environment

3.3.1 Business enabling constraints, including institutional and regulatory constraints

There are many constraints to this business sector like imposition of local taxation in the form of General Sales Tax on input, land rent, water rate etc. In addition to these, the most prominent reasons identified by 91% respondents of FGD were lack of capital, storage, transportation, electricity and skills deficiency/capacity issues. In response to a question about the limiting factors in selling the products, all the responding guava growers highlighted product/cost of product, lack of investment for financing, lack of required certification, lack of information on new Pakistani buyers and lack of processing and preserving facilities as major

limiting factors. Among these, 17% also added lack of knowledge for International Markets including the Potential Customers in addition to the above mentioned limitations.

3.3.2 Associations

There is no specific association for Guava. However, it is part of chamber of Agriculture and they are advocacy and networking services to its members.

3.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

Overall there are nine technical, 2 degree, 9 higher secondary, 52 high, 64 middle and 1209 primary schools in district Larkana. There is an agricultural college at Dhaka. There is Guava Research Institute attached with the college. Similarly, Larkana has a vocational training institute where no specific training is conducted or offered to Guava related preservation and exports.

3.3.4 Other government/nongovernmental institutions

Agriculture extension department is working in Larkana providing technical services to the farmers. But according to the FGD findings, this department is not efficient in service provision and serves only a limited number of large farms owned by influential.

3.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

Since irrigation is based on canal water, therefore, it is not too much affected from Electricity is failure.

3.3.6 Transportation and Logistics (including cost and time to market)

For delivery and transport, main sources are trucks i.e. 75% whereas mini vans and other local transport means are used as per needs and requirements. District has small industrial state where guava based industry can be developed and promoted.

3.3.7 Availability of other supporting infrastructure (e.g. zones)

There is an industrial zone in district Larkana. However this does not have any agro based industry related to Guava. However, grading and packaging facilities should be developed in this area to harness the potential of export and national market.

3.3.8 Cost and time of delivery to market

Due to good road infrastructure, goods are timely delivered and estimated 1% of sale price.

4. RICE

4.1 Industry and Market Structure

4.1.1 Number of Firms

The rice cultivation dates back even before the civilization of Moen Jo Daro. Larkana is high yielding paddy producer district in the Sindh and is known for its rice and guava production due to the network of barrage canals, which irrigates the entire area of the district. Its annual rice production touched the figure of 636,932 tons. The paddy production has encouraged the entrepreneurial spirits in the local communities, and there are 100 rice husking units in Larkana. This has not only employed the labor force but also encourages rice exports.

According to the agriculture statistics of Sindh 2007-08, total cultivated land in Larkana is 204,059 hectares. According to the firm Survey, the total cultivated fruit land of district Larkana is 96,200.

As per our findings in the FGDs, the average farm size is 10 hectares (which means that the total number of farms (firms for this study) is 3,840.

4.1.2 Historic, current, and potential sales within the sector

An annual layout of PKRs 3 billion is reported. Year wise production is given in the table below.

Year ²	Rice Production (M. T)
2006-07	283,351
2007-08	327,900

4.1.3 Historic, current, and potential investment within the sector

An overall business of PKRs 3 billion is reported each year. This shows a huge potential and scope of enterprise development in this particular sector. There is need of developing exposure towards agro based industry. Total investment in Guava is estimated as PKR 168 billion.

4.1.4 Employment

The sector entails an average employment of 10 persons depicting the employment of 38,000 persons. Every third out of five employed workforce are women, and this need to be analyzed further that how a fair labor is maintained for both sexes. Presently, there are no IDPs working in the rice mills.

² District Development Indicator Report

4.1.5 Geographical Concentration (presence of industry or service clusters)

The product has 25% geographical concentration for the district and 75% for national.

4.2 Market Dynamics and Potential

4.2.1 Domestic Sales

An annual layout of PKRs 3 billion is reported.

4.2.2 Export trends and potential

The domestic sales have been estimated on the basis of figures gathered during the FGDs (primary source), and is 3 billion Pak rupee. 60% production of Sindh is exported. The respondent shared informally that Larkana is working well below its potential due to poor knowledge and education among the communities.

4.2.3 Market Readiness (use and adherence to national and international standards)

Although Pakistan is exporting Rice and it is a major crop of Sindh, even then, no standard certification process is followed to meet the end market requirements (standards, packaging, and volume).

4.2.4 Value Criteria

Value creation in Guava is 64%.

4.3 Supporting Environment

4.3.1 Business enabling constraints, including institutional and regulatory constraints

There are many constraints to this business sector like imposition of local taxation in the form of General Sales Tax on input, land rent, water rate etc. In addition to these, the most prominent reasons identified by respondents of FGD were lack of capital, storage, transportation, electricity and skills deficiency/capacity issues. In response to a question about the limiting factors in selling the products, all the responding guava growers highlighted product/cost of product, lack of investment for financing, lack of required certification, lack of information on new Pakistani buyers and lack of processing and preserving facilities as major limiting factors.

4.3.2 Associations

There is Rice Mills Association, Chamber of Commerce and Trade and Agriculture Association who work together and individually depending upon the gravity and scale of operations needed the support.

4.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

There is Rice Research Institute at Agriculture College Derik, but its linkages with local communities needs further strengthening.

4.3.4 Other government/nongovernmental institutions

Chamber of Commerce and Trade exist but have no links with this sector. Similarly, no specific linkages could be ascertained with local Non Government Institute for this particular sector.

4.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

Rice husking units work in three shifts which are about 144 hours per week; of this 68 hours are lost due poor supplies of electricity. 1/4th of units have started using diesel generators which increase the costs significantly. An average PKRs 20,000 for summer and PKRS 30,000 for winter is needed for diesel to run a husking unit in addition to regular supplies of electricity.

4.3.6 Transportation and Logistics (including cost and time to market)

4% of the product is carried with Trucks, 16% use tractors & trolleys where others use different traditional modes of carriage like cattle & carts. There are no regular storage facilities available at the district level.

4.3.7 Availability of other supporting infrastructure (e.g. zones)

The government has established an industrial zone in the area to promote rice exports, and its utility is still under discussions. Overall, paddy production and rice exports possess great potential which can be harnessed and cultivated at further levels.

4.3.8 Cost and time of delivery to market

Due to good road infrastructure, goods are timely delivered and estimated 1% of sale price.

5. BAKERY

5.1 Industry and Market Structure

5.1.1 Number of Firms

The data and investigation shows the presence of 12 bakeries in the district.

5.1.2 Historic, current, and potential sales within the sector

The information from local sources reveals an outlay of PKR 72 million per annum by this sector.

5.1.3 Employment

An estimated 300 persons are employed in bakery enterprises. Market data and information collected show absence of women employment or engagement in the enterprise. 50% of the reported 300 persons are youth which fully demonstrate the huge potential to their involvement. No IDPs are reported in the business activity as regular skills and deployment is needed to carry this business activity.

5.1.4 Geographical Concentration (presence of industry or service clusters)

The bakery sector has 100 per cent geographical concentration for the district. Though the industry has a regional potential but it is being operated at the local level.

5.2 Market Dynamics and Potential

5.2.1 Domestic Sales

An annual layout of PKR 72 million is reported.

5.2.2 Export trends and potential

The domestic sales have been estimated on the basis of figures gathered during the FGDs (primary source), and is 72 million PKR. 100% production is sold within the district. The respondent shared the no export potential.

5.2.3 Market Readiness (use and adherence to national and international standards)

No historical evidence or data is exists which can provide necessary comparative analysis. The local government is responsible to ensure the food quality and inspections are made randomly. However there are challenges that how much those quality standards can be complied with and how this information and skill can be transferred to local persons involved in bakery items.

5.2.4 Value Criteria

A value creation of 64% is reported with no residual waste.

5.3 Supporting Environment

5.3.1 Business enabling constraints, including institutional and regulatory constraints

There are challenges in the documentation for the tax calculation, and then its compliance. The sector provides and responds to other local taxes levied by the district administration. The food inspection process provides a framework for which much knowledge does not exist at the grass roots level.

5.3.2 Associations

There is not Bakery Association in the district; however these bakers are part of traders Associations where they are located.

5.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

There is no opportunity for formalized training by any government training institute and skill is learnt on informal basis through hit and trail method.

5.3.4 Other government/nongovernmental institutions

Chamber of Commerce and Trade exist but have no links with this sector. Similarly, no specific linkages could be ascertained with local Non Government Institute for this particular sector.

5.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

The product is heavily affected by power crisis. Estimated 48 hours electricity per week is lost due to power crisis with an average electricity bill of PKRs 70,108 per month.

5.3.6 Transportation and Logistics (including cost and time to market)

An estimated 1.5% increase in costs is accrued by virtue of delivery in the market.

5.3.7 Availability of other supporting infrastructure (e.g. zones)

There is one industrial zone and but lacks facility.

5.3.8 Cost and time of delivery to market

Due to good road infrastructure, goods are timely delivered and estimated 1.5 % of sale price.

6. JEWELRY

6.1 Industry and Market Structure

6.1.1 Number of Firms

The sector involves 220 firms/persons in District Larkana.

6.1.2 Historic, current, and potential sales within the sector

The sector has with an overall layout of PKR 3.3 billion. This potential can be exploited further if the skills of this staff are being used for artificial jewelries. The sector falls in the range of oligopoly keeping in view the size and scale of district Larkana as majority of the firms are depended upon a couple of big jewelers for material supplies.

6.1.3 Employment

More than 800 persons are being employed by this particular sector. The women are not involved in the business of this sector. The women can play a significant role if their creative aspects are used from sales and customer service. Initially, this would be challenging due to local taboos and practices. Nearly 40% of the employed persons are youth.

6.1.4 Geographical Concentration (presence of industry or service clusters)

The sector has a geographical concentration at the district level, and focuses local consumers and communities.

6.2 Market Dynamics and Potential

6.2.1 Domestic Sales

Presently, there is an annual business of PRKs 3.3 billion. This can be further enhanced if export potential and feasibilities studies are conducted. Due to poor purchasing power parities, the profit margins are reducing and preferences of the clients are changing.

6.2.2 Market Readiness (use and adherence to national and international standards)

The sector follows the market based agreed standards and processes which are adhered largely. However these standards have no certification authority. An operational guideline for this sector can enable the sector to develop certification body.

6.2.3 Value Criteria

The product enjoys a value creation of 89% as per primary source. There are a few value streams but all are linked with each other including designing, finishing, polishing and measurement.

6.3 Supporting Environment

6.3.1 Business enabling constraints, including institutional and regulatory constraints

High duties on the raw materials and local taxes pose challenges to the growth of this sector. The rates of Gold are based on supply and demands in major cities of Pakistan. No specific regulatory framework is being applied in case of this sector.

6.3.2 Associations

There is a local Jewelry Association which determines and protects the interest of its community and is connected well with regional, provincial and national association.

6.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

There is a vocational training institute however the workers learn the skill through informal means.

6.3.4 Other government/nongovernmental institutions

The Jewelry Association is represented in district Chamber of Commerce and Trade.

6.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

An average loss of 48 hours per week is reported due to power crisis and an average electricity bill is reported Rs. 26,000 per month.

6.3.6 Transportation and Logistics (including cost and time to market)

Generally, the product does not have any complications due to transport and logistical issues.

6.3.7 Availability of other supporting infrastructure (e.g. zones)

There is one industrial zone but no activity related to this product is carried in that area.

6.3.8 Cost and time of delivery to market

There are no specific costs associated with the delivery of the products however; high rental value of the shops is a challenge in determining the profits.

7. HANDICRAFTS

7.1 Industry and Market Structure

7.1.1 Number of Firms

The enterprise involves about 26,000 households in more than 3700 villages of district Larkana.

7.1.2 Historic, current, and potential sales within the sector

There is lack of information to ascertain about domestic sales and exports. There is consensus that there is a greater potential for export of these products within the region and internationally if a viable and appropriate strategy is developed and executed.

7.1.3 Employment

The local statistic reveals that the sector employs 78,300 persons within district Larkana. This business is largely owned and employed by women except for the marketing and supplier components. As the skill need delicacy and care, so old age women are more engaged in other services like dairy, livestock management, and marketing side of handicrafts. More than 20% of the women are young and other 70% are below the age group of 50 years.

7.1.4 Geographical Concentration (presence of industry or service clusters)

The sector has a geographical concentration at the district level, and focuses local consumers and communities.

7.2 Market Dynamics and Potential

7.2.1 Domestic Sales, Export trends and potential

There is lack of information to ascertain about domestic sales and exports. There is consensus that there is a greater potential for export of these products within the region and internationally if a viable and appropriate strategy is developed and executed.

7.2.2 Market Readiness (use and adherence to national and international standards)

Presently, the standards are furnished by the suppliers, and the firms follow the dictations. The prices are determined on the perceived quality of the products without any tangible certification or approved standardized criterion. The personal perceptions and experience are key factors that determine the quality aspects.

7.2.3 Value Criteria

A value creation of 47% is noted and reported with no residual losses.

7.3 Supporting Environment

7.3.1 Business enabling constraints, including institutional and regulatory constraints

Presently, there is no regular institutional funding arrangements exist to cater the needs of this particular segment. This becomes even more challenging to the women who are largely illiterate and this provides the opportunities to the supplier to dictate their terms and conditions. Moreover, poor marketing linkages are other major barrier in the uptake of the services. There is no regulatory framework operating at the local level though a number of national and regional institutes supported by the government of Pakistan are meant for the promotion of handicrafts.

7.3.2 Associations

The Handicraft Association is represented in district Chamber of Commerce and Trade.

7.3.3 Higher education and vocational education institutions & annual number of graduates from these institution

There is a vocational training institute which offers limited courses and orientation in the business to the trainees, and there is a great need to improve the capacity of this vocational training center to offer more market based solutions and training.

7.3.4 Other government/nongovernmental institutions

Chamber of Commerce and Trade Larkana understand and acknowledge the promotion of these segments as it is one of the key areas where potential and scope exist.

7.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

As the electricity does not have major impact on the business of handicrafts so this was not applicable largely. However power crisis have increased their time in household chores.

7.3.6 Transportation and Logistics (including cost and time to market)

Most importantly, there is lack of other supporting infrastructure which can enhance their exports or supplies to other cities. The people use the local buses and traditional modes of transportation within the villages to fetch their raw materials.

7.3.7 Availability of other supporting infrastructure (e.g. zones)

There is an industrial zone in Larkana where a few factories that contribute to the raw materials needed for handicraft is prepared. Availability of finished handicrafts in the industrial zone is still contested area.

7.3.8 Cost and time of delivery to market

There are no specific costs associated with the delivery of the products.

8. DAIRY

8.1 Industry and Market Structure

8.1.1 Number of Firms

There are 98,791 households in district Larkana and 81% have more than 5 cattle. Thus, every 4th out of five households is involved in this sector.

8.1.2 Historic, current, and potential sales within the sector

An estimated annual turnover of PKRs 2 billion is involved in this business. Historical records and evidence shows a layout of PKR 5 billion in this particular enterprise.

8.1.3 Employment

This particular sector provides employment or engagement opportunities to nearly 200,000 persons, which is perhaps one of the highest numbers for any sector within district Larkana. This is by virtue of type of entity in the rural areas where cattle are identity of social status and class symbols. 70% of total employment in the sector is attributed to women with very little ownership rights to women. One out five is classified as youth supporting and contributing to this work at the household level. However, informally children are also supporting their families in certain affairs. No specific IDPs are involved or reported in this business at the local level.

8.1.4 Geographical Concentration (presence of industry or service clusters)

Interestingly, 100 of the producers have their geographical concentration at the district level whereas collectors are linked with national based products and market.

8.2 Market Dynamics and Potential

8.2.1 Domestic Sales, Export trends and potential

The local government is responsible to ensure the standardization of milk and its quality can be checked at the spot. However, this is not fully functional and equipped with necessary tools and knowledge across the board. This sector depicts high scope for export by virtue of its domestic value of PKRs 2 billion.

8.2.2 Market Readiness (use and adherence to national and international standards)

The sector follows the market based agreed standards and processes which are adhered largely. However these standards have no certification authority. An operational guideline for this sector can enable the sector to develop certification body.

8.2.3 Value Criteria

There is no facility for milk storage at district Larkana which leads toward wastage of the products at large. There is an estimated value creation 38%.

8.3 Supporting Environment

8.3.1 Business enabling constraints, including institutional and regulatory constraints

Lack of institutional capital funding and inappropriate veterinary facilities at the village level hampers the development of the sector on commercial basis. This is further augmented by absence of storage facilities and services which are critical for a productive dairy development.

8.3.2 Associations

There is an informal Dairy Association operational at the local level. This Association needs reengineering, and should be strengthened with necessary organizational development as this is one of the highest potential areas that need further exploitation.

8.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

Overall there are nine technical, 2 degree, 9 higher secondary, 52 high, 64 middle and 1209 primary schools in District Larkana.

8.3.4 Other government/nongovernmental institutions

The livestock department is present in district Larkana which is making an effort to enhance the capacities to their possible extent. This needs further orientation and training programs to scale up the process and provides services nearer to the local communities. Local NGOs provide orientation training to the households about better livestock management exercise.

8.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

As the electricity does not have major impact on the business of handicrafts so this was not applicable largely.

8.3.6 Transportation and Logistics (including cost and time to market)

For supplies, 75% of the local workers use motorcycle to collect from different sources and provide to the consumer. This is considered cheap and viable source of service provision.

8.3.7 Availability of other supporting infrastructure (e.g. zones)

There is local industrial zone however dairy industry has not been using this facility at large.

8.3.8 Cost and time of delivery to market

Presently, 1.5 times' costs are involves in delivery of the products to certain number of consumers especially located in the urban centers.

9. HORTICULTURE

9.1 Industry and Market Structure

9.1.1 Number of Firms

The available information at different sources indicated the presence of 252 firms/entrepreneurs.

9.1.2 Historic, current, and potential sales within the sector

Lack of information about historical information and based on an estimated annual turnover of PKRs 800 million is involved in this business.

9.1.3 Employment

The local information portrays that the sector employs about 1260 persons which shows low number. Unfortunately, women are not involved in the business services of this sector though they played a vital role in their production and growing. 15-20% support is extended by youth in this particular sector. No IDPs are reported to be part of the sector so far.

9.1.4 Geographical Concentration (presence of industry or service clusters)

Nearly 60% have district concentration while other 40% have national geographical concentration.

9.2 Market Dynamics and Potential

9.2.1 Domestic Sales, Export trends and potential

The sector has an overall business of about PKR 800 million per annum. However, due to high risks and more hard work in addition to issues of inputs, growth in this sector is reactive as well as opportunistic. Vegetables have very competitive market due to tenderness and short life span of the product. Market demands and supply determines the rates of the products.

9.2.2 Market Readiness (use and adherence to national and international standards)

The sector follows the market based agreed standards and processes which are adhered largely. However these standards have no certification authority. An operational guideline for this sector can enable the sector to develop certification body.

9.2.3 Value Criteria

Overall value creation is reported 67%.

9.3 Supporting Environment

9.3.1 Business enabling constraints, including institutional and regulatory constraints

The knowledge about taxation especially sales tax and income tax is very poor. The market works under the framework of district government which levies some local taxes. The market prices are determined by the government institutions based on market supplies and historic trends.

9.3.2 Associations

There is vegetable fruit Association which is not registered and functions regularly. The dealers are members of trader Association of Larkana.

9.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

There is an Agriculture College in Dharki which provides knowledge and training courses to the local communities on request basis.

9.3.4 Other government/nongovernmental institutions

Chamber of Commerce and Trade works closely with vegetable sector.

9.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

The irrigation is based on use of diesel or electricity. This fluctuation increases the cost of production, and thus high prices are reported for vegetable selling. Interruption of electricity affects irrigation and storage.

9.3.6 Transportation and Logistics (including cost and time to market)

Increasing transport costs are reducing the markets margins for the producers as well as sellers by virtue of low purchasing power of the consumers due to high inflation and low income.

9.3.7 Availability of other supporting infrastructure (e.g. zones)

There is local industrial zone however vegetable industry has not been using this facility at large.

10. HOTEL AND RESTAURANTS

10.1 Industry and Market Structure

10.1.1 Number of Firms

There are 500 local hotels/restaurants in Larkana District.

10.1.2 Historic, current, and potential sales within the sector

An average annual turnover of PKR. 200 million is reported by informal sources. There is potential and scope of growth if this is equipped with new cheap products. There can be further growth if agro based industry is promoted in the district.

10.1.3 Employment

There is no historical data available about this particular business but it is being used as a source of social interaction and communication by its clients significantly. The sector is considered for the jobs of about 5000 persons across the district. Apparently, the sector does not offer any employment and engagement opportunities to the women of the areas. Nearly 30% of the employed are in the age group of youth. No IDPs are reported in this industry.

10.1.4 Geographical Concentration (presence of industry or service clusters)

The sector is widely spread within the district and concentration is local clients and communities.

10.2 Market Dynamics and Potential

10.2.1 Domestic Sales, Export trends and potential

Apparently, there is no export potential however this sector can be cultivated well for the social communication and improved knowledge base about good practices and enlightened Pakistan by provision of video documentaries. Due to fluidity of the issues, revenues could not be ascertained. However informal sources indicated PKRS 200 million in District Larkana.

10.2.2 Market Readiness (use and adherence to national and international standards)

The sector follows the market based agreed standards and processes which are adhered largely. However these standards have no certification authority. An operational guideline for this sector can enable the sector to develop certification body.

10.2.3 Value Criteria

The sector is assumed to contribute 47% value creation without any value residual streams.

10.3 Supporting Environment

10.3.1 Business enabling constraints, including institutional and regulatory constraints

The location, hygiene conditions and quality standards are specific regulatory challenges in addition to local taxation issue. Lack of specialized knowledge on the part of the service providers is a business specific challenge.

10.3.2 Associations

There is no association; however, some of the hotels are members of local traders unions.

10.3.3 Higher education and vocational education institutions & annual number of graduates from these institutions

Overall, there are nine technical, 2 degree, 9 higher secondary, 52 high, 64 middle and 1209 primary schools in district Larkana.

10.3.4 Other government/nongovernmental institutions

Not applicable

10.3.5 Costs of electrical inefficiencies to enterprises interviewed (e.g. what is the impact of current electric shortfall, shutting down production, generating alternative power, plans for next four years to deal with energy, overall cost of power to production costs)

Electricity is critical to retain and build the customers base. Low supply of electricity reduces the number of clients.

10.3.6 Transportation and Logistics (including cost and time to market)

The industry is not bound to transport or specific logistic services, however strategic location plays a critical role in the success of the enterprise. There are no specific additional costs to the delivery in the market however increased utility bills and power crisis are undermining these services at large. A close coordination with this sector can enrich the social mobilization within the district.

10.3.7 Availability of other supporting infrastructure (e.g. zones)

There is an industrial zone where a few hotels are already established.

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