

Bankability of the

TRANSPORT

SECTOR



Bankability of the Transport Sector in Pakistan

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BANKABILITY OF THE TRANSPORT SECTOR



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On November 12, 2017, Mr. Zafar H. Ismail, Adviser and Transport Sector Specialist, lost his battle with cancer. Zafar sahib was a key member of the study team. His contribution, not just to this project, but to the overall body of knowledge on Pakistan's transport and logistics sector is immense.

From Karandaaz Pakistan, Mehr Shah, Hussam Uddin Razi and Ali Akbar Ghanghro provided input and direction throughout the course of this project.

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ACRONYMS

ADB	Asian Development Bank
ADP	Annual Development Programme
APBOA	All Pakistan Inter-Provincial Bus Owners Association
APMA	Association of Pakistan Motorcycle Assemblers
ATM	Automated Teller Machine
C&R	Collections and Recovery
CAREC	Central Asia Regional Economic Cooperation
CGS	Credit Guarantee Scheme
COGRA	Carriage of Goods by Road Act
CPEC	China-Pakistan Economic Corridor
CVT	Capital Value Tax
DFID	Department for International Development
ECO	Economic Cooperation Organisation
FECO	Freight Economic Contribution
FI	Financial Institution
FTKm	Freight Tonne-Kilometres
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GST	General Sales Tax
HPA	Hire Purchase Agreement
IDS	Innovative Development Strategies
JICA	Japanese International Cooperation Agency
KIBOR	Karachi Inter Bank Offer Rate
KII	Key Informant Interview
LGRD	Local Government and Rural Development
LPI	Logistics Performance Index
ME	Medium Enterprise
OEM	Original Equipment Manufacturer
PAAPAM	Pakistan Association of Automotive Parts and Accessories Manufacturers
PAMA	Pakistan Automobile Manufacturers Association
PIFFA	Pakistan International Freight Forwarders Association
PKR	Pak Rupees
PRs	Prudential Regulations

PSDP	Public Sector Development Programme
PTPS	Pakistan Transport Plan Study
RAC	Risk Acceptance Criteria
RCD	Regional Cooperation for Development
RWA	Risk-Weighted Assets
SAARC	South Asian Association for Regional Cooperation
SAM	Special Assets Management
SBP	State Bank of Pakistan
SE	Small Enterprises
SEPSA	Strategic Environmental, Poverty and Social Assessment
SLA	Service Level Agreements
SME	Small and Medium Enterprises
SUV	Sport Utility Vehicle
TKm	Tonne-Kilometres
TLC	Transport, Logistics and Communication
USD	United States Dollar
VART	Value Added by Road Transport
WHT	Withholding Tax

EXECUTIVE SUMMARY

The primary aim of this study is to provide formal financial institutions insights into the road transport sector, enabling them to design suitable products and services. The ultimate objective is to enable growth in the transport sector by increasing the availability of formal financial services. This study was conducted from February 2017 to April 2018, followed by documentation and data compilation.

The methodology was based on review of secondary literature and a combination of qualitative and quantitative tools. Quantitative surveys were conducted with vehicle owners of both, passenger and freight transport. The study focused on three primary cities with large industrial, trade and transport hubs: Karachi, Lahore and Peshawar, and three secondary cities: Mirpurkhas, Kasur and Charsadda.

The overall 'takeaway' indicates potential for investing in the sector based on information presented here. However, it is advised that any decision made based on this report must also take into account the evolving and informal nature of this sector, with fragmented oversight and weak enforcement of existing regulations.

Key questions addressed in this report are as follows:

What is the size of the transport sector? - The Transport, Logistics and Communications (TLC) sector is estimated to have contributed 13.3 percent of gross domestic product (GDP) in 2016-17. Of this, more than 62 percent was contributed by the road transport sector. In 2014-15 the sector employed 3.1 million people.¹

Who are the stakeholders (public and private) in the sector? - There are four government bodies at the federal level² and two³ at the provincial level with a role in policy and planning. At the implementation stage, there is a lesser role for the federal agencies, but more for the provincial agencies. The large number of stakeholders involved makes the sector difficult to navigate. Since the provinces are autonomous there are also variations in the execution strategies. Other stakeholders include a number of financial organizations such as, commercial banks, insurance companies, leasing companies, *modarbas*, and Islamic banks. In addition, other stakeholders include vehicle manufacturers, associations, vendors, logistics companies, and individual owners of commercial vehicles.

What are the major routes? - Most traffic intensive routes are: a) Karachi to Peshawar via Hyderabad - Multan - Faisalabad - Rawalpindi; b) Sukkur to Quetta; c) Karachi to Quetta via the Regional Cooperation for Development (RCD) Highway; and d) N-5 National Highway segment of Multan - Lahore - Gujranwala - Rawalpindi.

What are the primary segments in the road transport sector? - The primary segments are freight and passenger. The fastest growing sub-segment in the freight segment is delivery vans at 7.5 percent annually, while for the passenger segment it is motor cabs and taxis at 5.9 percent annually.

Is the road transport sector poised for growth? - Yes, road transport grew at an average rate of 6.2 percent per annum between 1991 and 2016, compared to an average GDP growth rate of 4.4 percent during the same period. The impact of the China-Pakistan Economic Corridor (CPEC) is also expected to fuel growth. It is estimated that CPEC will create approximately 700,000 direct jobs during the period 2015-2030 and add up to 2.5 percentage points to the country's growth rate.⁴ The total CPEC investment for road development amounts to PKR 712 billion (USD 6,100 million) i.e., 13 percent of the total investment by China worth PKR 5.3 trillion (USD 46 billion).⁵

What are the economics of the sector by segment? - Findings from the survey indicate that the freight transport sector is highly lucrative with profit margins ranging from 21 percent (large trucks) to 43 percent (three-wheeler rickshaws). 95 percent of the freight vehicles are purchased from the local market, while 75 percent of the vehicles purchased are used vehicles. In terms of loan size in the freight segment, the average loan ranges from over PKR 890,000 from banks and leasing companies; PKR 567,000 from informal money lenders; and PKR 3.2 million from informal vehicle providers. 50 percent of the respondents have bank accounts, 42 percent are ATM card holders, and 26 percent are smartphone users, with the number going as high as 45 percent for freight vehicle owners in Sindh.

¹ <http://pc.gov.pk/uploads/plans/Ch27-Transport-logistics2.pdf>

² Planning Commission, Ministry of Commerce, Ministry of Industries, Special Initiatives & Investment, and Ministry of Law and Justice.

³ Planning and Development Department Board and Law Department.

⁴ Conversion rate: USD 1 = PKR 116.79.

⁵ Muhammad Aqeel, Impact of China Pakistan Economic Corridor. 2016.

If we consider the passenger sector, the profit margin by type of vehicle is also healthy, ranging from about 30 percent for wagons, to almost 50 percent for super-deluxe buses. The average loan size in the passenger segment from banks and leasing companies is PKR 746,000, PKR 1.3 million from informal money lenders and PKR 1.1 million from informal vehicle providers. Among passenger transport owners, 34 percent use a smartphone. The remainder (66%) use feature phones. 50 percent have a bank account and 37 percent have an ATM card.

What are the current financing arrangements and products available? - Currently around 99 percent of the owners, partially or fully, finance their vehicles through personal sources. The sources include personal savings, selling of assets, selling of livestock, and borrowing from friends and family (interest free). Borrowing from the informal market and formal institutions makes up approximately 3 percent and 9 percent, respectively.

Currently the informal sector provides financing on an average interest rate of 35 percent while formal financial institutions charge 18 percent on average. ORIX Leasing Pakistan (OLP) and Bank Alfalah Limited (BAFL) are major players in the transport segment.

Survey respondents cited a number of reasons for not using formal sources of financing, major ones among them being stringent conditions to meet borrowing requirements and formal processes (like documentation) which increases processing time, and payment of interest rates (not the case with personal savings).

Is the road transport sector bankable? – In short, the answer is yes, but with some qualifications. There is a huge potential market available for increased formal financial intervention. With only 5 percent of current vehicle owners using formal banking channels for the purchase of vehicles, the opportunity to entice the remaining 95 percent with tailored products and services undoubtedly exists.

KEY CONCLUSIONS AND OUTCOMES

The report provides extensive conclusions and outcomes, the salient ones being as follows:

- Both the passenger transport and the freight transport sectors are highly profitable, and costs are recovered by the owners in eight months for rickshaws and 50 months for both, small trucks and super deluxe buses on average.
- The transport sector generates a GDP multiplier of 1.24 which is likely to grow as CPEC developments materialize over the next decade.
- While CPEC is seen as a major growth enhancer for the economy overall, limited public information about its scale and nature makes projections difficult. Nevertheless, given the fact that 13 percent of CPEC's investment is in road and highway construction, the impact on the transport sector will be highly positive, helping the sector grow by a factor greater than what historical trends suggest.
- A very large proportion of owners and operators are able to purchase vehicles through their personal sources (savings or through sale of their own assets), and only a small proportion of owners purchase vehicles through loans from formal institutions, informal money lenders, or informal vehicle providers. This can translate into a significant opportunity for financial institutions.
- In addition to tailored products, banks can also innovate and change the collection and recovery model from relationship-based to factory mode operations. A more flexible loan processing method and period also needs to be designed, given the fact that most vehicle owners shy away from formal financial institutions due to the loan processing time.
- Given the low levels of road safety and an inefficient transport fleet, the State Bank of Pakistan (SBP) and donors can provide additional support through incentivizing fleet modernization, digitization and risk-sharing financing arrangements.

1. INTRODUCTION

Background and Objectives

The transport and logistics sector is one of the most important elements of an economy. While transportation focuses on the movement of goods from one place to another, logistics refers to the management of this flow and in addition to transport, includes storage, handling, inventory, and packaging among other things. Transport is therefore, part of the overall logistics sector of a country.

As the title of the report suggests, this study focuses on the road transport sector and specifically on the workings and financing of road transport in Pakistan. Existing research on Pakistan's road transport sector remains largely fragmented and outdated. The Bankability of the Road Transport Sector in Pakistan therefore, is a much-needed study and a key milestone in understanding and catalysing growth in the sector.

The primary aim of this study is to provide financial institutions analysis and insights into the road transport sector to enable them to design suitable financial products that cater to their needs and are closely aligned to demand. This will in turn have multiplier effects on overall gross domestic product (GDP), employment, and domestic and international commerce. It is believed that this research can also benefit and guide the Government of Pakistan (GoP), civil society organisations, and other actors and stakeholders within Pakistan's transport sector.

Broadly, the study answers the following questions:

- What is the size of the road transport sector? Is the sector poised for growth?
- What are the primary segments of road transport sector (large, medium and small, based on freight, passenger, geography and product)?
- What are the underlying economics of the freight and passenger segments?
- Is the road transport sector bankable?

These questions are answered through a combination of secondary and primary research. Secondary research was undertaken to develop the background of the transport sector, its profile and potential. Primary research consisted of a nationally representative survey of freight as well as passenger segments. The survey was complemented with key informant interviews (KIIs) with financial institutions, informal money lenders, transport associations, logistics companies, and *adda* (a junction point for transport) operators, among others.

The report is organized as follows: **Chapter 2** provides an overview of the transport sector using secondary data and information, including the regulatory and policy environment and the sector's contribution to the economy. **Chapter 3** provides a more detailed view of the freight and passenger segments. **Chapter 4** highlights the underlying economics and prevailing state of informal and formal finance through primary research. It also explains the resultant growth potential based on increased access to finance and the multiplier impact on GDP, employment, and associated sub-sectors. In **Chapter 5** more detailed information on formal financing to the transport industry is presented. And finally, **Chapter 6** provides conclusions and key insights from the study.

2. PAKISTAN'S ROAD TRANSPORT SECTOR

2.1 Overview of the Sector

The Transport, Logistics and Communications (TLC) sector consists of multiple segments including road, rail, air and water within the transport and logistics space (see **Exhibit 1**).

Altogether this sector is estimated to have contributed 13.3 percent of national GDP in 2016-17. Of this, more than 62 percent was contributed by the road transport sector (see **Appendix A1**).⁶ The gross fixed capital formation (GFCF) by the TLC sector, which refers to the net increase in physical assets (investment minus disposals) was PKR 556 billion in 2016-17.⁷ The share allocated to the sector in the Public Sector Development Programme (PSDP) for 2017-18 is PKR 411 billion, out of a total of PKR 2.113 trillion which is higher than 15 percent of the federal PSDP.⁸

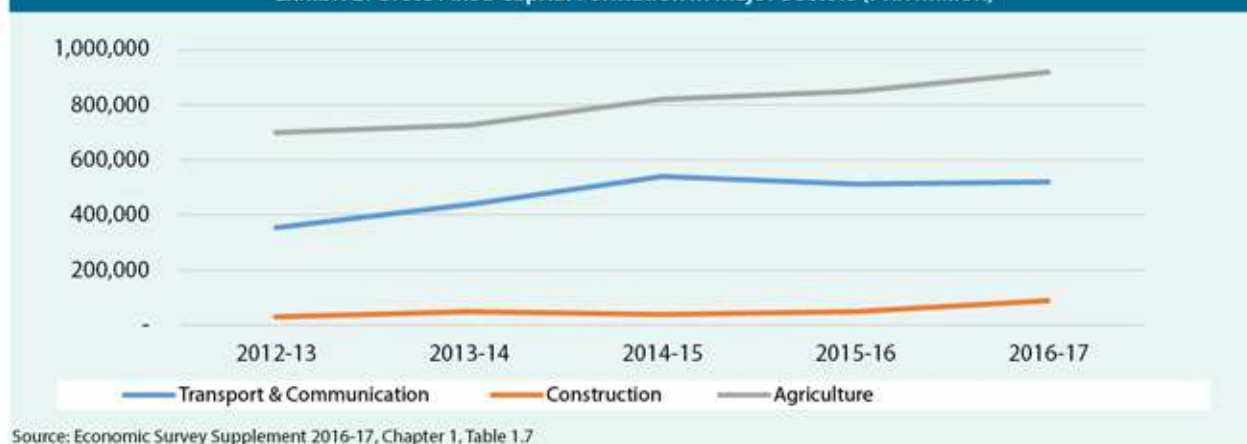
Exhibit 1: Composition of TLC

- Road Transport
- Pakistan Railways
- Pakistan International Airlines
- Ports and Shipping
- Communications
- Electronic Media in Pakistan
- Pakistan Post Office

The Ministry of Planning, Development and Reform's Vision 2025 reinforces the importance of the TLC sector by emphasizing the need for modernization of transportation infrastructure and greater regional connectivity. It seeks to establish an efficient and integrated transportation system that will facilitate the development of a competitive economy. The goals for the sector by 2025, as stated in the agenda are:

- Double road density from 32 km/100 km² to 64 km/100 km²;⁹
- Increase the share of rail in transport from 4 percent to 20 percent; and
- Increase annual exports related to the transportation sector from PKR 2.9 trillion (USD 25 billion) to PKR 17.5 trillion (USD 150 billion).¹⁰

Exhibit 2: Gross Fixed Capital Formation in Major Sectors (PKR Million)



Source: Economic Survey Supplement 2016-17, Chapter 1, Table 1.7

⁶ Consultant estimates based on data available in Pakistan Statistical Year Book; Tables on National Income (several years).

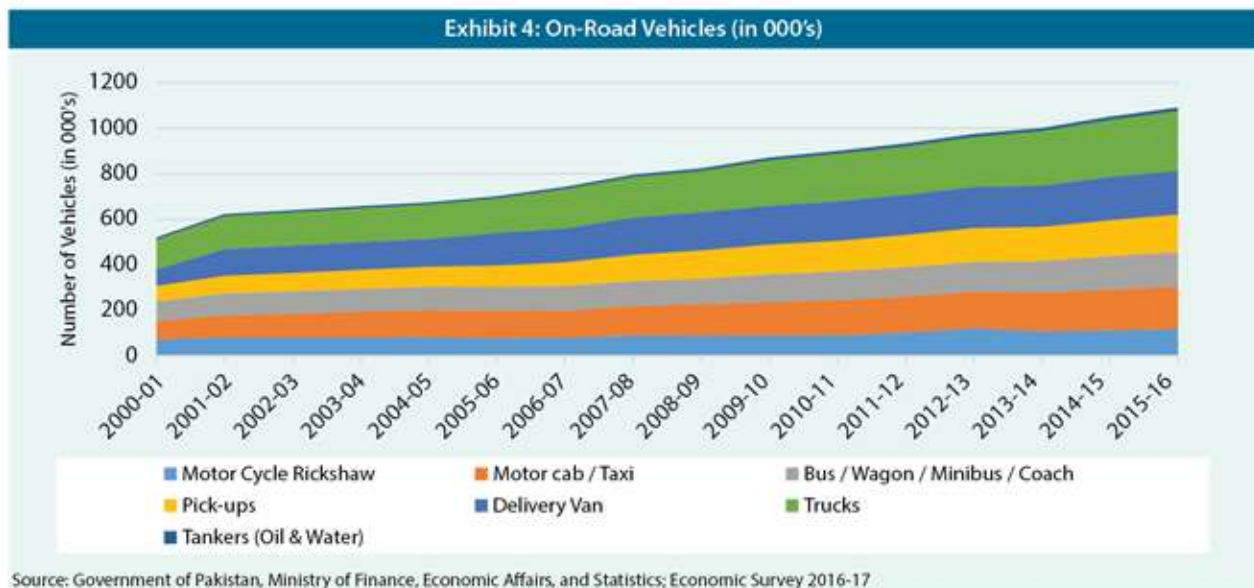
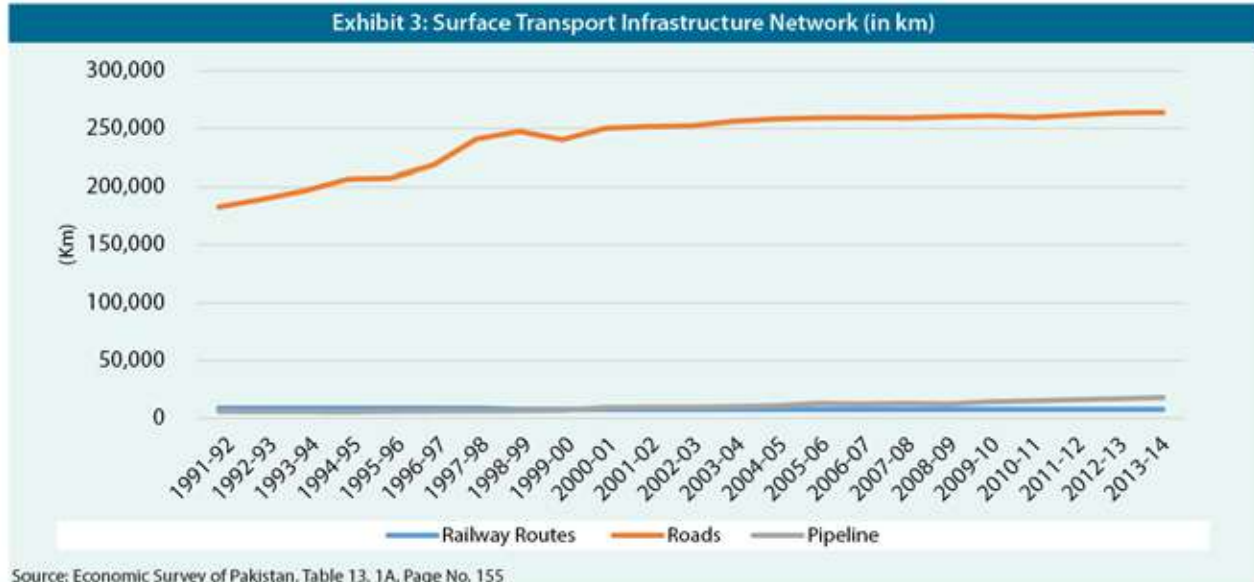
⁷ http://www.pbs.gov.pk/sites/default/files/tables/Table-10_0.pdf

⁸ PSDP 2017-18, Chapter 2, Table 5.

⁹ Road density is the ratio of the length of the country's total road network to the country's land area.

¹⁰ Conversion rate: USD 1 = PKR 116.79

Historically, the road transport sector has held significant importance in Pakistan with the Government investing substantial resources towards the construction of new roads, motorways and highways (see **Appendices A2 and A3**). As a result, the road network has been improved and expanded consistently and on-road vehicles have also been on the rise (see **Exhibits 3 and 4**).



Box 1: Historical Profile of the Road Transport Sector

At independence, the major form of transportation in Pakistan was railways. In comparison, the road network was essentially a farm-to-market linkage. The road public transport was then limited to a tramway system in Karachi, an omni-bus service in Karachi and Lahore, and a fleet of trucks inherited largely from the Second World War, mainly of British origin. It was used largely for short-haulage (farm-to-market); the long-haul freight and passenger traffic was catered to by the railways.

The first mention of transport planning in Pakistan is found in the First Five Year Plan (1955-60) when the Government decided to establish the Pakistan Road Transport Board and announced a policy to increase road passenger long-distance travel. As a result, 500 new buses were inducted in Karachi. An additional 1,200 buses—700 for Karachi Road Transport Corporation and 500 for inter-city traffic through the West Pakistan Road Transport Board—were inducted in the next five years. The First Plan period also saw the introduction of automobile assembling (cars, buses and trucks).

In 1960, the road transport sector was deregulated, and designated an 'industry'. In theory, this opened access to formal credit and other financial services. By the early 1990s, road traffic had quadrupled and the Government issued a policy to increase the share of railways to a third of the freight traffic. Commensurate funding or priority however, was not allocated to expanding the share of railways, thereby resulting in increasing dominance of the road sector. The 1991 Transport Policy suggested the adoption of a bus-based public transport system, as compared to a rail-based mass transit system for the metropolitan cities of Pakistan. The Prime Minister's Incentives Schemes to Revamp the Public Transport Scheme was initiated by the Government in 1991 with an incentive package to import taxis, buses and mini buses for an efficient public transport system. Some of the recommendations in the scheme were followed, particularly with respect to road building and urban passenger transport.

Within the TLC sector, road transport grew at an average rate of 6.2 percent per annum between 1991 and 2016 while the average GDP growth rate during the same period was 4.4 percent. In fact, even higher growth for this segment is foreseen due to the projects under the China-Pakistan Economic Corridor (CPEC). Section 2.6 has a detailed discussion on the implications on the road sector due to CPEC.

A comparison of the transport sector with other major sectors in the economy also demonstrates its importance in terms of contribution to GDP and employment (see Exhibits 6 and 7).

Exhibit 5: Snapshot of Pakistan's Transport Sector

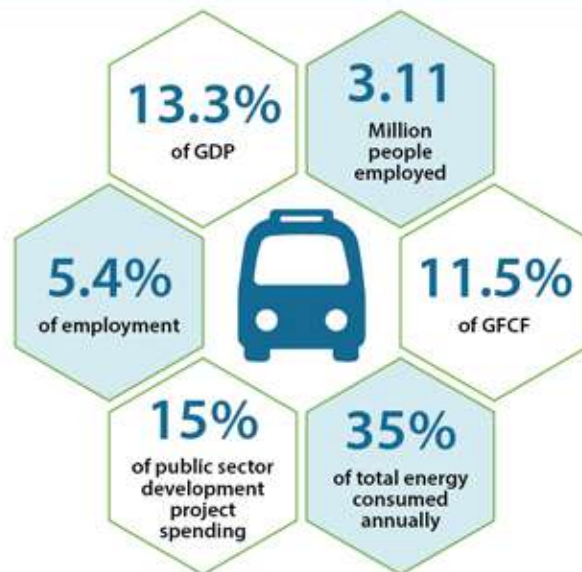
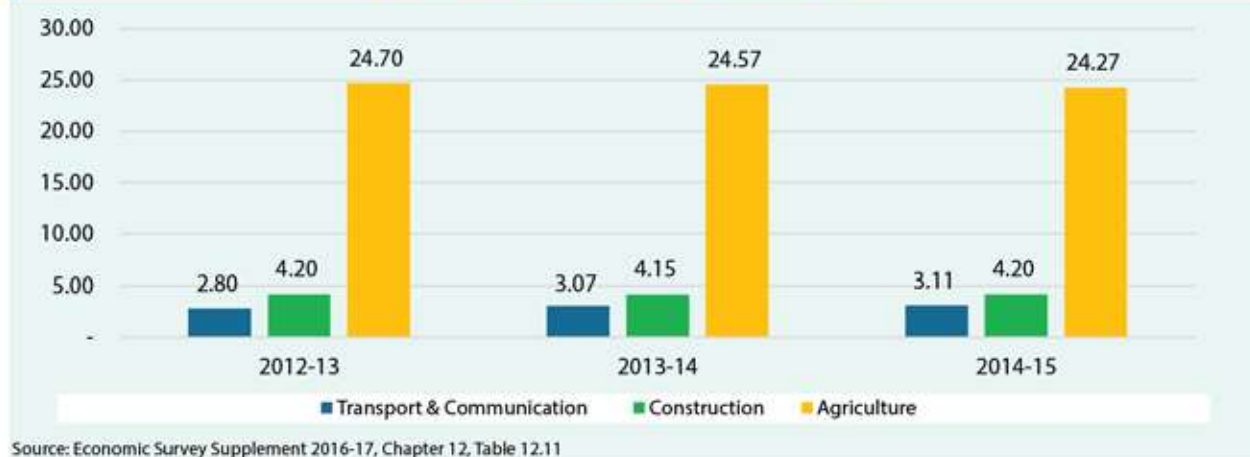


Exhibit 6: Percentage Share of GDP by Major Sectors



Source: Economic Survey Supplement 2016-17, Chapter 1, Table 1.2

Exhibit 7: Employment in Major Sectors (Million)



As per a 2011 report by the European Union, road density in Pakistan is among the lowest in the region (33%) compared to 133 percent in India and 150 percent in Sri Lanka.¹¹ As per the 2016 Logistics Performance Index (LPI) rankings by the World Bank, out of 160 countries Pakistan is ranked 68 with a score of 2.92 (see **Exhibit 8** for rankings of selected countries).¹² Ranked at number 1, Germany has a score of 4.23. In the South Asian region, India fares better than Pakistan and is ranked 35 while Bangladesh is ranked 91.

Exhibit 8: Global Rankings of Logistics Performance Index 2016 for Selected Countries

Country	LPI Rank	LPI Score	Customs	Infrastructure	International Shipments	Logistics Competence	Tracking and Tracing	Timeliness
Afghanistan	150	2.14	2.01	1.84	2.38	2.15	1.77	2.61
Bangladesh	87	2.66	2.57	2.48	2.73	2.67	2.59	2.90
India	35	3.42	3.17	3.34	3.36	3.39	3.52	3.74
Nepal	124	2.38	1.93	2.27	2.50	2.13	2.47	2.93
Pakistan	68	2.92	2.66	2.70	2.93	2.82	2.91	3.48
China	27	3.66	3.32	3.75	3.70	3.62	3.68	3.90
Germany	1	4.23	4.12	4.44	3.86	4.28	4.27	4.45
Iran	96	2.60	2.33	2.67	2.67	2.67	2.44	2.81
Turkey	34	3.42	3.18	3.49	3.41	3.31	3.39	3.75

Source: The World Bank. LPI Global Rankings. <https://lpi.worldbank.org/international/global/2016>

Over the past nine years however, Pakistan has moved up the ranks and is considered a high performing middle-income country.

However, some of the economic gains that can be reaped from an efficient transport sector are lost due to the sector's informal and fragmented nature, less-than-optimal performance and outdated fleet. Due to inefficiencies in transport, the country reportedly suffers a loss of 4 to 6 percent of GDP annually.¹³

¹¹ European Union. Road Freight Transport Sector and Emerging Competitive Dynamics. http://trtapakistan.org/wp-content/uploads/2016/01/Road-freight-transport-sector-and-emerging-competitive-dynamics_final.pdf

¹² The Logistics Performance Index (LPI) is a benchmarking tool created by the World Bank. The LPI is a composite index composed of scores received on Infrastructure, Timeliness, Tracking Systems, and Customs, among others. The index was developed to help countries identify the challenges and opportunities faced in the domain of trade logistics.

¹³ Sánchez-Triana, Ernesto; Afzal, Javid; Biller, Dan; Malik, Sohail; 2013; Greening Growth in Pakistan through Transport Sector Reforms: Strategic Environmental, Poverty, and Social Assessment. Directions in Development Infrastructure; Washington, DC: World Bank

Exhibit 9: Logistics Performance Index - Trend for Pakistan



Source: World Bank, *Connecting to Compete: Trade Logistics in the Global Economy, The Logistics Performance Index and Its Indicators*, 2016.

2.2 Regulatory Framework and Key Stakeholders

The regulatory framework for the transport sector in Pakistan is governed by legislation and sub-ordinate legislation at two levels of government—Federal and Provincial. These include the Motor Vehicles Ordinance, Rules, Regulations and Standing Orders (governing registration, licensing, road worthiness, safety and standards), the National Environmental Quality Standards (for emissions, the standard specifications) laid down by the Pakistan Standards Institution, and the Engineering Development Board's Automobile Industry Development Programme.

At the federal level, there are ministries for the respective modes of transportations. While the Ministry of Industries and Production supervises and controls standards and manufacturing, the Ministries of Finance and Commerce govern the import of vehicles and the fiscal regime respectively.

At the provincial level, legislation is implemented through the transport/communications department. Furthermore, the provincial Home Departments control part of the implementation arm such as the Traffic Police. It carries out motor vehicles examination (mostly for commercial vehicles), while the Excise Department is responsible for registering vehicles.

National highways come under the purview of the federal government which is responsible for construction, maintenance, toll tax and national highway traffic police. The provincial governments on the other hand, are responsible for managing the construction, maintenance, and local taxes of link roads within their provincial boundaries. The main policy and regulatory bodies are listed in **Exhibit 10**.

Box 2: Policy Imperatives for the Transport Sector

The transportation sector in Pakistan is governed by a mixture of old and new laws. There has been no implementation of a Transport Plan or Road Transportation Policy in Pakistan. A draft law titled the Carriage of Goods by Road Act (COGRA), was prepared in 2003 but has not yet been approved. The Trucking Policy of 2008 identified the need for change in the sector, but was not formally adopted. Similarly, the National Transport Policy, developed by the Ministry of Communications in 2012, was not approved. In 2017, the Government of Pakistan commenced a two year project, funded by the Department for International Development (DFID) and administered by the Asian Development Bank (ADB), to formulate a National Transport Policy for the country. The plan seeks a safe, efficient, and sustainable transport system to realize Pakistan's Vision 2025.

For the road freight transport industry regulations based on domestic legislation and international treaties/conventions have been adopted by the federal government. Governance mechanisms in the sector can be divided into two parts: the first is a set of policies to govern the equipment used by the sector, such as the manufacture/assembly of the freight transport vehicles or its imports, while the second is the regulatory mechanism used to supervise the operations of the sector.

With the advent of multimodal transportation, there is a need to update the legal regime to protect the interests of the parties involved under the modern commercial environment. This protection has to be in line with global standards and conventions in order to satisfy the country's trading partners. Given the potential to expand overland trade with Pakistan's neighbours and within the Economic Cooperation Organisation (ECO), Central Asia Regional Economic Cooperation (CAREC) and South Asian Association for Regional Cooperation (SAARC) regions, it is paramount for Pakistan to modernize its laws and strengthen enforcement.

Exhibit 10: Institutional Framework		
	Policy and Planning	Implementation
Federal	<ul style="list-style-type: none"> ■ Planning Commission ■ Ministry of Commerce ■ Ministry of Industries, Special Initiatives & Investment <ul style="list-style-type: none"> ■ Engineering Development Board ■ Pakistan Quality Standards Authority ■ Board of Investment ■ Ministry of Law and Justice 	<ul style="list-style-type: none"> ■ Ministry of Communications <ul style="list-style-type: none"> ■ National Highway Authority ■ National Highway and Motorway Police ■ Ministry of Interior <ul style="list-style-type: none"> ■ Law enforcement agencies (except military)
Provincial	<ul style="list-style-type: none"> ■ Planning and Development Department/Board ■ Law Department 	<ul style="list-style-type: none"> ■ Transport / Works & Services / Communications Departments <ul style="list-style-type: none"> ■ Chief Engineers Office ■ Provincial/Regional Transport Authority ■ Home Department <ul style="list-style-type: none"> ■ Traffic Police Motor ■ Vehicles Examiner ■ Excise and Taxation Department <ul style="list-style-type: none"> ■ Motor Vehicles Registration Wing ■ LGRD Department <ul style="list-style-type: none"> ■ District Governments ■ Urban Local Governments ■ City Development Authorities

In addition to the federal and provincial government bodies, key stakeholders involved in the sector, including both formal and informal segments, are listed in Exhibit 11. Of these the following are defined as follows:

- **Auto Industry:** There are around 22 companies that assemble and produce motor vehicles (including passenger cars, buses, trucks, motorcycles, rickshaws, and tractors).¹⁴ Allied to these corporates are around 1,700 formal automotive parts manufacturers in Pakistan.¹⁵
- **Truck Addas:** Operators, managers, and owners of *addas* form the core of the trucking industry. They are the agents between the trucker, the shipper, and the warehouse. At times, they also act as informal financiers for the individual trucker.
- **Bus Addas:** These are the main source of inter-city passenger transport in Pakistan.
- **Trade Associations:** Associations of both the shippers and the vehicle operators strive for greater power in negotiating terms and conditions.
- **Manufacturers' Associations:** These associations lobby to play a role in the policy making process of the government for the automotive industry. They also collect statistics of the automotive sector.
- **Informal Producers:** These have a significant presence in Pakistan and include services such as parts manufacturing, body making, etc.

Exhibit 11: Suppliers and Vendors	
<ul style="list-style-type: none"> ■ Assemblers and Manufacturers ■ Producer Associations <ul style="list-style-type: none"> ■ PAMA PAAPAM APMA ■ Forwarding and Clearing Agents ■ Logistics Companies ■ Couriers ■ Storage and Warehousing ■ Terminal and Transit Storage Operators ■ Transport Service Providers 	<ul style="list-style-type: none"> ■ Provider Associations <ul style="list-style-type: none"> ■ APBOA, PIFFA, etc. ■ Peripheral and Corollary Service Providers <ul style="list-style-type: none"> ■ Electro-Mechanical Repair and Re-Engineering Workshops ■ Body Building Workshops ■ Parts Dealers ■ Food, Catering¹⁶

¹⁴<http://www.pama.org.pk/home/members>, PAMA.

¹⁵JICA, 2011. Project for Automobile Industry Development Policy.

¹⁶Including the ubiquitous *chai khanas* (tea shops).

Exhibit 12: Financial Stakeholders



State Bank of Pakistan: Announces the Annual Credit Policy and sets the sectoral targets within this framework. Enunciates and administers the rules, regulations and SOPs of the financial sector. Monitors the performance of the financial sector institutions.

Banks and Non-Bank Financial Institutions Ranges from large commercial (including but not limited to state and nationalised) banks, leasing companies and microfinance providers.



Insurance Companies: They do not provide the mandatorily required Third Party Liability against the death or injury of passengers on board, and also for third parties. They also do not provide risk coverage for damage to and theft of goods-in-transit.

Informal Professional Money Lenders: Include individuals and non-formal organisations who lend at higher rates on flexible financing terms, mostly on personal surety.



The transport sector mainly relies on financing from own sources (savings and sale of assets), loans from family and friends, and through *adda* owners as these sources are relationship based and interest free. Lending by the formal financial sector is largely reserved for medium to large transport enterprises, with few microfinance players serving the rickshaw segment; ORIX provides leasing products for small trucking owners (as small as 3 – 5 trucks). The stakeholders identified are listed in **Exhibit 12**.

2.3 Major Hubs and Corridors

Motorways and national/provincial highways constitute the major road networks of Pakistan. The national highways and motorways constitutes less than 10 percent of the total road network but carry almost the entire freight traffic. The busiest route is the north-south route of N-5 highway, running from Karachi to Torkhum. The route is 1,760 km and carries approximately 65 percent of inter city traffic and serves 80 percent of Pakistan's urban population.¹⁷

The provincial highways have two functions—they act as arterial roads catering to inter-district movements and are an alternative to the national highway network in times of floods and emergencies. The major hubs and routes in Pakistan can be seen in **Exhibit 13**.

Exhibit 13: Major Hubs and Routes

Industrial hubs	Trade Hubs	Most trafficked routes
North: Peshawar–Charsadda-Hasan Abdal	Karachi (Karachi Port and Bin Qasim Port)	Karachi to Peshawar via Hyderabad-Multan-Faisalabad-Rawalpindi
Central Punjab: Gujrat–Sambrial–Lahore-Faisalabad	Quetta-Chaman	Sukkur to Quetta
Southern Punjab: Multan-Khanewal	Peshawar-Torkham	Karachi to Quetta via the Regional Cooperation for Development (RCD) Highway
South: Hub–Karachi–Nooriabad-Hyderabad		N-5 National Highway segment Multan-Lahore-Gujranwala-Rawalpindi

¹⁷European Union. Road Freight Transport Sector and Emerging Competitive Dynamics. http://trtapakistan.org/wp-content/uploads/2016/01/Road-freight-transport-sector-and-emerging-competitive-dynamics_final.pdf

The northern industrial hub and the Quetta – Chaman trade hub fall on the western CPEC route. Therefore, they are likely to see more traffic once road projects under CPEC become functional.

Appendix A4 shows the major international trade corridors catering to the bilateral and multilateral treaties and agreements, and **Appendix A5** shows the proposed CPEC Programme which also includes the proposed Special Economic Zones (SEZs).¹⁸ The national network of roads [National Motorways (existing, proposed and under-construction) and Highways] is shown in **Appendix A6**.

2.4 Fleet Size and Capacity

The road transport sector consists of two distinct segments: for personal use, and for public hire. The former consists largely of motor cycles, scooters, passenger cars of all sizes including 4-wheel drives (jeeps and station wagons), suburban utility vehicles, and single/double cabin semi-trucks (used largely for recreational purposes). The latter consists of both passenger and goods transport vehicles. **Exhibit 14** shows further break-up of commercial transport.

Exhibit 14: Commercial Transport	
Para-transit and Transit Vehicles	
<ul style="list-style-type: none"> ■ Tri-wheelers ■ Taxi cabs ■ Rent-a-cars ■ Wagons [8 to 12 seaters] 	<ul style="list-style-type: none"> ■ Coaches [12 to 28 seaters] ■ Buses [36 to 65 seaters] ■ Luxury coaches [24 to 52 seaters]
Heavy Commercial Vehicles	
<ul style="list-style-type: none"> ■ Rigid light trucks and tankers with/without refrigeration [up to 8 tonnes capacity] ■ Rigid heavy trucks and tankers with/without refrigeration [up to 15 tonnes capacity] ■ Articulated tractor-trailers [up to 56 tonnes capacity] – both with and without containers for either dry or liquid cargo or with/without refrigeration 	
Light Commercial Vehicle with/without Refrigeration	
Pick-ups <ul style="list-style-type: none"> ■ Light trucks [up to 800 kg capacity] ■ Delivery vans ■ Midi-trucks [up to 5 tonnes capacity] 	

Box 3: Availability of Data on the Transport Sector

Data on the overall size of the commercial fleet is available from two sources. The first is the aggregate major category-wise data compiled by the National Transport Research Centre (NTRC) which is derived from data provided by the Provincial Governments for the period from 2000-01.

The other source, generally inaccessible, is the detailed registration and on-road estimates maintained by the Motor Vehicle Wings of the Provincial Excise and Taxation Departments (Motor Vehicle Registrations). The departments register vehicles by capacity (weight and power) and for the larger vehicles by numbers of axles.

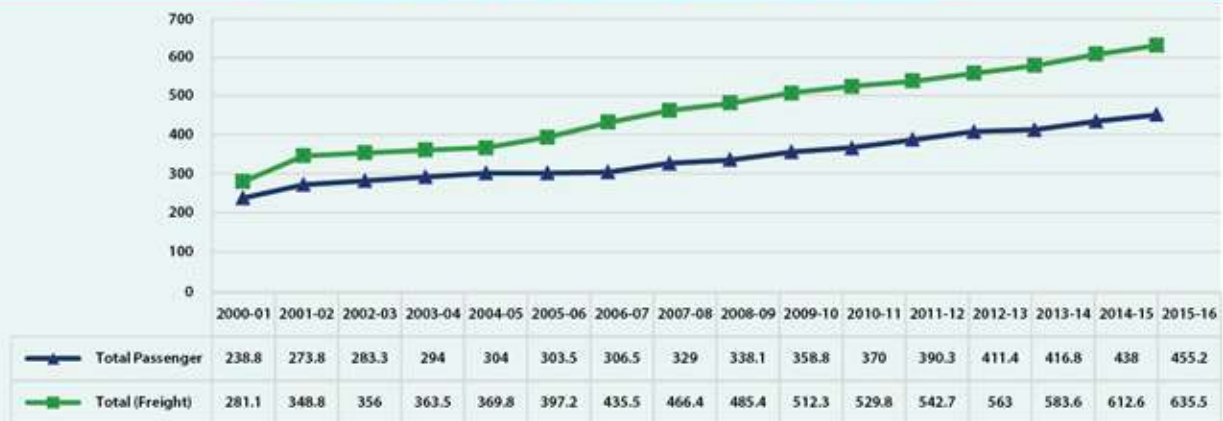
There is also a lack of accuracy in the available data due to the informal nature, especially of the trucking and passenger transport segments.

See **Appendix A7** for permissible gross vehicle weight by axle load.

Exhibit 15 reveals that on the whole, passenger service vehicles grew by 4.4 percent and freight vehicles by 5.7 percent annually over the last fifteen years. The fastest growing segment among the passenger vehicles were motor cabs and taxis (5.9 percent annually); while delivery vans were the fastest growing at 7.5 percent among the freight vehicles.

¹⁸ This is part of China's Belt and Road Express Program consisting of rail and road links to Europe and Africa.

Exhibit 15: Freight and Passenger Motor Vehicles on Roads (in 000s)

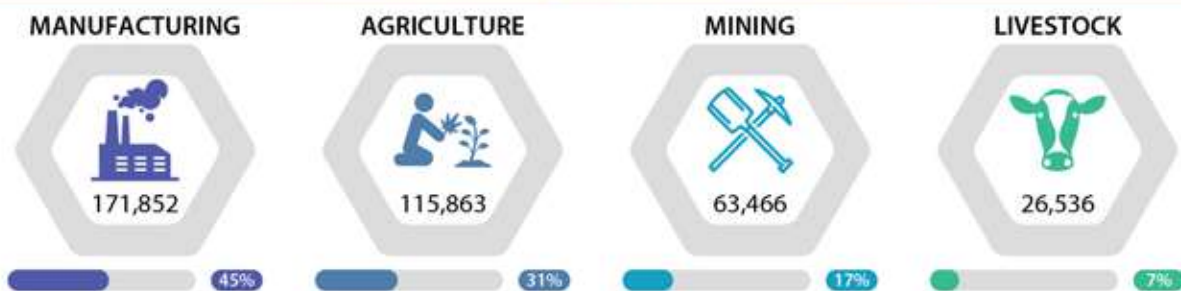


Source: Economic Survey of Pakistan 2016-17, Statistical Supplement, Table 13.4, page No. 161.

2.5 Trade and Transit Volumes in Pakistan

The share of domestically generated cargo is 84.6 percent of total portage.¹⁹ Estimates for 2015-16 can be seen in Exhibit 16. Detailed data can be found in Appendix A8.

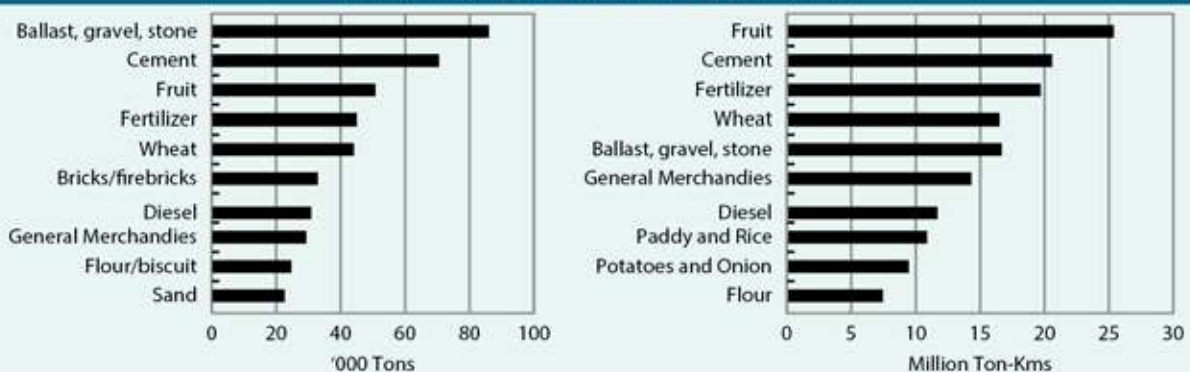
Exhibit 16: Composition of Gross Output 2015-16 (in 000 tonnes)



Source: Pakistan Bureau of Statistics; Production of Commodities Tables.

According to the Pakistan Transport Plan Study (PTPS) Traffic Survey the major commodities in terms of tonnes carried by trucks are ballast, gravel, stone, cement, fruit, fertilizer, wheat, bricks/firebricks, diesel, general merchandise, flour/biscuit, and sand.²⁰ Exhibit 17 shows tonnage by commodity; the second part shows freight-tonne kilometres.

Exhibit 17: Freight Traffic Volume by Commodity



Source: Japanese International Cooperation Agency (JICA); 2009. Pakistan Transport Plan Study in the Islamic Republic of Pakistan (PTPS). Issued but not published or approved; Islamabad.

¹⁹ Domestically generated cargo is the total production by the domestic commodity producing sectors.

²⁰ Japanese International Cooperation Agency (JICA); 2009. Pakistan Transport Plan Study in the Islamic Republic of Pakistan (PTPS). Issued but not published or approved. Islamabad.

2.6 Growth Potential Due to CPEC

The volume of exports from Pakistan to China has increased from PKR 54.9 billion (4% of total exports) in 2008-09 to PKR 153.8 billion (7%) in 2016-17.²¹ During the same period, the volume of imports also increased from PKR 319.6 billion²² (12 percent) to PKR 1,584.3 billion (29 percent).²³ The volume of trade between China and Pakistan is expected to further grow with CPEC. The CPEC Vision and Mission places a strong focus on regional connectivity where port, transport, energy and IT projects do not take place in isolation but are intertwined.²⁴ In terms of employment, it is estimated that CPEC will create approximately 700,000 direct jobs during the period 2015–2030 and add up to 2.5 percentage points to the country's growth rate.²⁵

The agriculture sector in particular will see a positive impact due to CPEC since China is investing heavily in the development of eight agro-business corridors. **Exhibit 18** shows corridors along the CPEC route with the 20 agricultural commodities that will be a key focus.²⁶

The total CPEC investment for road development amounts to PKR 712 billion (USD 6,100 million). This amounts to 13 percent of the total investment by China, worth PKR 5.3 trillion (USD 46 billion).²⁷ The transport and infrastructure projects will cover 3,218 kilometres, consisting of highways, railways and pipelines. The Western Route for CPEC is expected to pass through Gwadar-Turbat-Khoshab-Panjgur-Besima-Kalat-Quetta-Qila Saifullah-Zhob-Dera Ismail Khan-Mianwali-Attock-Hasanabdal and onwards. The building of new and better roads and highways will account for more vehicles on the road and for faster turnaround for freight and passenger segments.²⁸ The passenger segment is also expected to be positively impacted as housing facilities will be set up along CPEC demarcated Special Economic Zones (SEZs).

While expansion in the road network is in itself a positive for business operators, there are concerns that once Pakistan opens its borders to Chinese businesses, the local transport sector, especially the trucking segment, will face challenges in competing with Chinese transporters. Old and obsolete vehicles would need to be replaced with newer, more energy efficient vehicles with powerful engines which can commute over long distances without breakdown. It is also likely that freight and even passenger traffic will shift from road to rail, given that per kilometre cost of freight by rail is half of the cost incurred through road, especially over distances exceeding 500 kilometres.²⁹

Due to CPEC related activity, a general increase in the financing in the commercial vehicle finance space is anticipated. The financing requirement will ideally allow for replacement of old vehicles as well as addition of new ones.

Exhibit 18: Agro-Business Corridors along CPEC

#	Name of Corridor	Regions	Commodities
1	Wet Mountain Corridor	Abbottabad, Haripur, Mansehra and adjoining areas	Fruits, vegetable, livestock, dairy and poultry products
2	Barani Lands Corridor	Attock, Mianwali, Chakwal	Groundnut, canola, mustard (edible oil), olive, honey, tunnel vegetables and livestock
3	Sandy Desert (Thal Corridor)	Faisalabad Zone	Gram, wheat, pulses, millet, sorghum, guar, vegetables, fruits
4	Northern Irrigated Corridor	Dera Ghazi Khan, Muzaffargarh and Rajanpur	Wheat, pulses, cotton, sugarcane, rice, fruits such as mango, watermelon, dates, vegetables, livestock, dairy
5	Sulaiman Belt Corridor (Rod-Koli Belt)	Dera Ghazi Khan, Muzaffargarh and Rajanpur	Wheat, pulses, cotton, sugarcane, rice, fruits such as mango, watermelon, dates, vegetables, livestock, dairy
6	Dry Western Mountain Corridor	Parts of Balochistan	Dry fruits, pomegranate, sizable livestock
7	Potohar Corridor	Parts of Punjab	Livestock, crops, vegetable, fruits
8	Southern Irrigated Corridor	Kashmore, Khuzdar and Jhal Magsi	Fruits, vegetable, livestock, dairy and poultry products

²¹ Pakistan Economic Survey 2013-14, chapter 8, table 8.4 and Pakistan Economic Survey 2017-18, chapter 8, table 8.3.

²² Pakistan Economic Survey 2013-14, chapter 8, table 8.7.

²³ Pakistan Economic Survey 2017-18, chapter 8, table 8.5.

²⁴ <http://cpec.gov.pk/vision-mission/3>

²⁵ 2016, The Nation News, CPEC is an emblem of Pak-China friendship and the bedrock for future regional development.

²⁶ Sindh Enterprise Development Fund, Government of Sindh (2016), Agro-business centres along CPEC route by Amin Muhammad.

²⁷ Conversion rate: USD 1 = PKR 116.79

²⁸ Deloitte, How will CPEC Boost Pakistan Economy?

²⁹ Muhammad Aqeel (2016), Impact of China Pakistan Economic Corridor.

3. OVERVIEW OF FREIGHT AND TRANSPORT SEGMENTS

3.1 Freight Transport

3.1.1. Overview

Pakistan's dependence on road freight has hovered close to 90 percent of the total tonnes/km transported.³⁰ The dependence on road transport is shown in **Exhibit 19**. Historical numbers can be found in **Appendix A9**.

Road freight transport grew at a rate of 6.2 percent between 1991 and 2016. However, the medium-term growth rate from 2000 to 2016 slowed to 3.2 percent annually, largely because of the lower than trend growth estimates for the 11th Five-Year Plan.³¹

Exhibit 19: Overland Transport Freight Traffic			
Fiscal Year	Million Tonne Kilometres*		Share (%)
	Road	Total**	Road
2010/11	152,000	169,000	89.99%
2011/12	156,000	173,000	90.49%
2012/13	160,000	178,000	90.24%
2013/14	165,000	184,000	89.67%
2014/15	166,000	187,000	88.94%
2015/16	167,000	188,000	88.86%
Trend	6.2%	5.5%	Long-term growth 1991-2016
	3.2%	3.3%	Medium-term growth 2000-2016

Note: *metric tonnes carried times kilometres travelled

** Total = Road + Rail + Pipeline

Source: (a) Government of Pakistan, Finance Division: several issues; Pakistan Economic Survey, Islamabad; (b) Government of Pakistan, Pakistan Bureau of Statistics; several issues; Pakistan Statistical Year Book, Islamabad; (c) Oil Companies' Advisory Committee; several years; Annual Reports; Karachi; (d) National Transport Research Centre, Ministry of Communications; estimates prepared sporadically

Note: Values are rounded to the nearest 1000

3.1.2. Composition and Ownership Structure

The freight fleet composition plying on an average day comprises of pick-ups, delivery vans, trucks, and tankers. The first two categories (pick-ups and delivery vans) ply largely in the urban areas, while others are mostly for inter-city traffic. **Appendix A3** shows historical data of the number of motor vehicles on road in each category. Cumulatively, the first two categories account for around 48 percent of the total freight vehicles counted in 2015-16.

The trucking segment in Pakistan mostly consists of old and technologically outdated trucks which offer relatively low freight rates as shown in **Exhibit 20**, but have long transit times due to frequent breakdowns and overloading.

³⁰ Engineering Development Board, Trucking Policy Pakistan. <http://www.engineeringpakistan.com/EngPak1/trucking/EXECUTIVE%20SUMMARY.pdf>.

³¹ Five year plans state the centralized economic plans and targets as part of the economic development initiatives of Pakistan. These are made by the Ministry of Planning, Development & Reform.

85 percent of the sector comprises of individual owners. However, despite being less prevalent, partnerships are a more favoured mode of organisation, especially for enterprises that transport non-agriculture commodities.³² Feedback from the KIs supports this view. One possible explanation is that expansion from single-ownership to larger fleet ownership is cumbersome. The preference for partnerships is likely explained by the fact that a larger number of vehicles enables owners to lock in contracts with the producers of non-agricultural commodities, enabling partners to divide responsibilities for fleet management and operations. Where partnerships exist, these are between two individuals, with the exception of a few enterprises that have as many as four to five partners. **Exhibit 21** shows the relative size of firms in the road transport industry.

Property rights do not appear to be a problem as 93 percent of respondents in the study conducted by Innovative Development Strategies (IDS) in 2007 stated that ownership is clearly defined.

3.1.3. Size by Employment

The IDS survey discusses the employment pattern and states that majority of the businesses employ less than 10 employees on average. Most business owners employ full-time paid staff and only 8 percent of the businesses surveyed had hired part-time personnel.

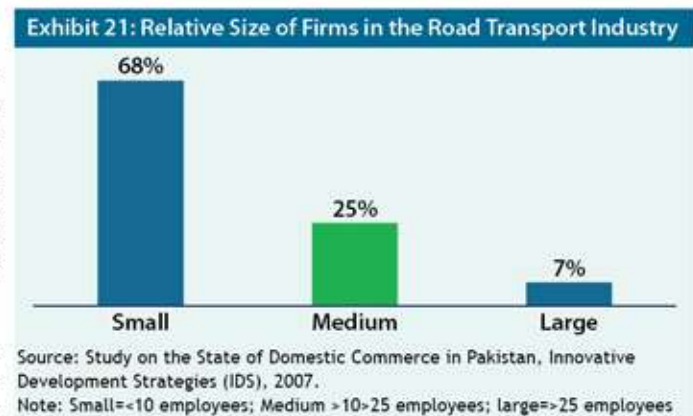
3.1.4 Trucking Segment

The private trucking industry is dominated by a large number of individual owners operating a 'hire and reward' (contracting) service. These owners operate competitively at a small scale and are part of freight stands also known as *addas*. These freight stands also double up as warehousing and loading terminals for break-bulk, walk-in cargo.³³

The biggest operator in the trucking industry is in the public sector, namely the National Logistic Cell (NLC). It has a fleet of 800 large vehicles and a market share of 10 percent in freight transport.³⁴ Major players in the freight segment are listed in **Exhibit 22**.

Country	Average cost per tonnes km (USD)
Pakistan	0.015 – 0.021
India	0.019 – 0.027
Brazil	0.025 – 0.048
United States	0.025 – 0.050
Central Asian Republics	0.035 – 0.085
Australia	0.036
China	0.040 – 0.060

Source: The World Bank; 2006; Transport Competitiveness in Pakistan: Analytical Underpinnings of the National Trade Corridor Program, Report No. 36523; The World Bank; Washington DC



<ul style="list-style-type: none"> ■ National Logistics Cell (NLC)¹ ■ Bashir Siddique Logistics (Pvt.) Ltd.¹ ■ Agility Logistics (Pvt.) Ltd.¹ ■ Shaheen Freight Company² 	<ul style="list-style-type: none"> ■ Shakoor and Company Ltd ■ Capital Marketing Service ■ Pakistan Logistics Cell ■ Daewoo Express
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¹Public sector entity. ²More than 200 vehicles i.e., large firms.

3.2 Passenger Transport

3.2.1. Overview

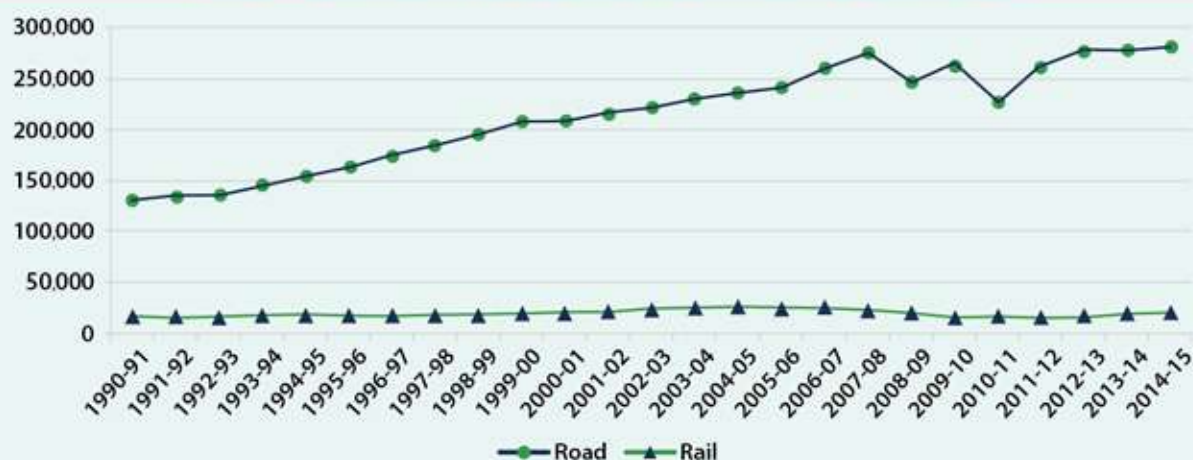
Exhibit 23 shows the trend of overland passenger traffic. During the period from 1991 to 2015, road passenger transport increased at a trend rate of 3.4 percent per annum compared to the railways at 1.0 percent per annum. In quantum terms, it increased from 131 million passenger-kilometres to over 282.5 million passenger-kilometres (more than double). Historical numbers on overland passenger traffic can be found in **Appendix A10**.

³² Ministry of Commerce, Government of Pakistan. Innovative Development Strategies (IDS). An Overview of the Transport Sector. 2007.

³³ Breakbulk cargo is freight which is too large to be transported on a single flat rack or platform. Typically, breakbulk cargo is loaded across multiple flat racks on the deck of a vessel and then secured for shipment.

³⁴ http://trtapakistan.org/wp-content/uploads/2016/01/Road-freight-transport-sector-and-emerging-competitive-dynamics_final.pdf

Exhibit 23: Overland Passenger Transport Traffic (Million Passenger Kilometres*)



Note: * The transport of a passenger for one kilometre.

Source: (a) Government of Pakistan, Finance Division: several issues; Pakistan Economic Survey, Islamabad; (b) Government of Pakistan, Pakistan Bureau of Statistics; several issues; Pakistan Statistical Year Book, Islamabad; (c) Oil Companies' Advisory Committee; several years; Annual Reports; Karachi; (d) National Transport Research Centre, Ministry of Communications; estimates prepared sporadically.

Exhibit 24 shows the total count in all categories of the passenger segment except Qinqis as they are registered as two-wheelers and private cars that are used for ride hailing purposes.

Exhibit 24: Motor Vehicles On Road - Passenger Commercial Vehicles ('000' Numbers)

Year	M. Cab/ Taxi	Rickshaw	Pick-ups	Buses
2015-16	186.5	118.1	166.3	150.6
Share	30.0 %	19.0%	26.8%	24.2%

Source: Government of Pakistan; Ministry of Finance, Economic Affairs and Statistics: 2017; Statistical Supplement Economic Survey 2016-17 Table 13.5; Pakistan.

3.2.2. Composition

Due to the near absence of large formalised public passenger transport companies in cities, the private sector provides poor service through old buses, supplemented by three-wheelers, vans, taxis, wagons, mini-buses and coaches in the urban and peri-urban areas.³⁵ Newer vehicles are generally used for inter-city routes.

Inter-city passenger transport services can be classified as either basic or luxury. Exhibit 25 provides a summary of these services.

Exhibit 25: Classification of Inter-city Passenger Transport

	Basic	Luxury	
Segmentation	Low Income segments	Lower-middle class	Middle to upper-middle class
Vehicles	Vans, wagons, buses and three-wheel transport	Coaches, buses	Coaches, buses, rent-a-car, taxis
Condition	Old, rundown, prone to frequent breakdowns, non-air-conditioned	Newer, non-air-conditioned	Newer, air-conditioned

Major players in the passenger segment are listed in Exhibit 26.

Exhibit 26: Major Players in the Passenger Segment

<ul style="list-style-type: none"> ■ Daewoo Express ■ Faisal Movers ■ Niazi Express Bus Service Ltd. ■ Khan Brothers 	<ul style="list-style-type: none"> ■ Skyways ■ Q Connect ■ Bilal Travels
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³⁵ Metro systems have recently been introduced, or are underway in large cities such as Lahore, Karachi, Islamabad, Multan and Peshawar. The reach of these systems is limited and does not serve the entire need for public transport.

3.3 Sector Contribution to the Economy

In the transport sector, the most commonly used performance measure is the value of GDP generated/operated per freight- or passenger-kilometre. For freight, this relationship is expressed mathematically below:³⁶

$$FECO_t = GDP_t / TKm_t \text{ --- (1)}$$

or

$$FECO_t = VART_t / TKm_t \text{ --- (2)}$$

In which:

$FECO_t$ = Freight Economic Contribution measured as GDP per tonne kilometre operated or as value added per tonne kilometre in year t

GDP_t = Gross Domestic Product at factor cost in year t

$VART_t$ = Value Added by the Road Transport Sector in year t

TKm_t = Freight Tonne-Kilometres operated in year t

Exhibit 27 sets out the values of the denominators (total freight and FTKm) and the numerator (GDP and VART) for the period 2010 to 2016. It also contains one of the output measures in quantum terms (trip length or average distance). Using equation (1) and (2), the corresponding FECO has been computed.

Exhibit 27: Performance Measures							
Years	Total Freight (000 metric tonnes)	Freight-TKm (million)	Average Distance (km)	GDP (PKR million)	VART (PKR million)	FECO (PKR per TKm)	
						GDP/Tkm	VART/TKm
2012-13	370,458	160,480	433.19	9,819,055	818,581	61.19	5.10
2013-14	390,271	164,813	422.30	10,217,056	848,897	61.99	5.15
2014-15	398,089	165,874	416.68	10,629,661	888,045	64.08	5.35
2015-16	438,443	167,024	380.95	11,110,663	922,462	66.52	5.52
Trend (1990- 2016)	4.21%	3.19%	-0.82%	4.37%	3.94%	1.17%	0.75%

Source: Appendix B3, B6 and B8
 Note: Total Freight = total freight tonnes in thousands
 Freight-TKm = total freight tonnes kilometres in millions (total freight * average distance in km)

This analysis shows that in 2015-16, one freight tonne kilometre contributed PKR 66.52 to the GDP. For previous years refer to **Appendix A11**. This contribution has been increasing since 2012. A major reason for this could be the construction of new motorways in the past few years. This has not only led to increased efficiency of the road transport sector but also a reduction in the average distance travelled. Furthermore, usage of road transport in comparison to rail has increased overtime due to a shift away from rail because of delays and deteriorating condition of tracks.

*The same analysis can be done for passenger transport as well.

4. SECTOR ECONOMICS AND FINANCE

Given that one of the key objectives of the study is to provide a national outlook on the sector with an in-depth focus on financing mechanisms, a nationally representative sample was selected for the quantitative survey of freight and passenger segments. The sample was spread out between three primary cities; Karachi, Lahore and Peshawar, and three secondary cities: Mirpurkhas, Kasur and Charsadda. These cities were chosen to cover a mix of vehicles e.g. those which move between major cities with industrial and trading hubs and those which move between farm and market.

This chapter presents data and key information which has emerged from this survey. It also identifies patterns found in the two segments and provides commentary on key issues and findings from the sector. The latter part of this chapter discusses implications of these findings on formal sector financing.

The sample size of the survey is 5,201. **Exhibit 28** shows the sample distribution by type of transport and province.

Province	Number		
	Passenger	Freight	Total
Punjab	1,032	1,427	2,459
Sindh	676	897	1,573
Khyber-Pakhtunkhwa (KP)	359	501	860
Balochistan	129	180	309
Total	2,196	3,005	5,201

An important thing to note is that besides the distinction between formal and informal financiers, two different categories operate within the informal sector: informal money lenders who provide financing in terms of cash and informal vehicle providers who provide vehicles on instalments.

4.1 Freight Transport

The sample size of the freight transport survey was 3,005. Freight transport includes rickshaws, vans, pick-ups, trucks and tankers, with each category of vehicle carrying different types of freight and having different cost and expenditure patterns.

The respondent profile indicates that most freight vehicle owners (54%) are between 26-40 years of age, 35.5 percent are between 40-60 years and less than 2 percent are above 60 years. 21 percent of the respondents could not read or write, while 40.9 percent claimed to have completed primary or middle school.

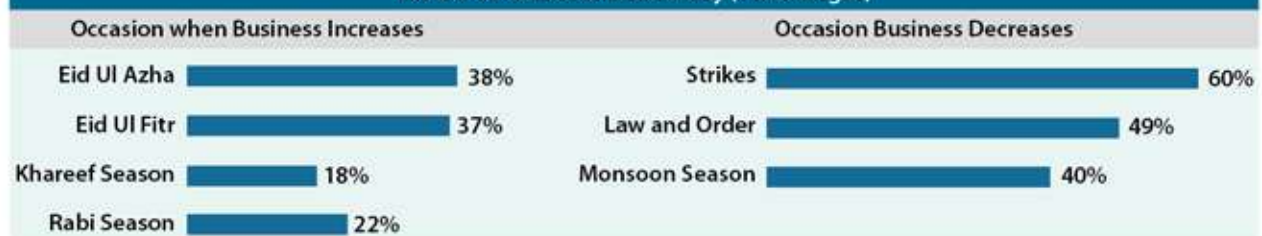
Data from the survey of freight transport owners shows that a majority of freight vehicles (in excess of 95 percent) are bought from the local market, with a small number imported directly. Moreover, most vehicles purchased are second-hand or used vehicles as shown in **Exhibit 29**. In terms of the route, most of the larger freight carriers ply their goods inter-city and have no single, fixed route (see **Annex B1**).

Exhibit 29: Condition of Vehicles Purchased and Source of Purchase (Percentages)



Freight transport is affected by upward seasonal variations; predominantly the two festive seasons of *Eid* bring about the highest increase in business operations. The *Rabi* and *Khareef* harvesting seasons also cause an increase in demand in freight transport since agriculture comprises over 20 percent of the economy.³⁷ In the case of small pick-ups, the impact is greatest as they are used to carry freight as well as passengers (see Exhibit 30).

Exhibit 30: Business Seasonality (Percentages)



The sale and purchase of old freight vehicles takes place mostly via word of mouth (57.6 percent) as indicated in Exhibit 31. Information is exchanged between different transporters and flows quickly and easily through their networks.

When considering selling a vehicle, owners tend to sell their vehicle when it gets too old as maintenance costs start to rise steeply. Another reason is to profit from the sale. The owner gets a good price for a vehicle in running condition, highlighting the presence of a thriving secondary market. Anecdotal evidence from KILs and FGDs suggests, the sale of even a large vehicle can be accomplished in less than a month.

Exhibit 32 provides details of the prices of freight transport vehicles including costs of modifications and registration. It also gives the estimated turnover, expenditure and profit which accrues to each type of vehicle.

Exhibit 32 also shows that regardless of vehicle type, substantial profits are being made each month by all type of vehicle owners, even though cost of operations is high. The profit generated by a rickshaw, on average, pays for the vehicle in about eight months. Small pickups, large pickups, small trucks and large trucks take 19 months, 28 months, 50 months, and 34 months respectively, to be able to cover the cost of the vehicle. Therefore in around four years, not accounting for household and living expenses or other incomes, even large freight vehicles generate enough profit to cover their cost.

Exhibit 31: Sale of Old Vehicles (Percentage of Owners Who Reported Sale of Vehicle)



Note: Detailed data is presented in Appendix B2

³⁷ Pakistan Economic Survey 2017.

Exhibit 32: Cost, Turnover, Expenditure and Profit by Type of Vehicle (PKR)

	Three-Wheeler Rickshaws	Small Pickups	Large Pickups	Small Trucks	Large Trucks
Total Average Price*	206,130	556,165	1,865,438	4,907,368	4,945,501
Average Monthly Turnover	61,797	96,436	250,269	461,140	694,921
Monthly Average Expenditure	35,757	67,455	184,714	363,483	550,915
Average Monthly Profit	26,040	28,981	65,554	97,657	144,210
Profit Margin (%)*	42%	30%	26%	21%	21%

*purchase + modification + registration price
Profit margin = (Profit/(Turnover))*100
Note: Detailed data on Expenditure by type of vehicle and is presented in Appendix B3.

As is to be expected in a highly informal sector, a large proportion of financing is primarily based on personal sources. **Exhibit 33** shows that **almost every owner reported using their personal savings to purchase their vehicles**. Even those who bought and owned large trucks provided nearly PKR 5 million of their own personal finances. Almost all purchases made include some amount of personal savings used; these could be used to make part of the payment or even to pay nominal expenses to acquire the vehicle. Use of personal savings is not mutually exclusive to use of formal or informal sources of financing. A vehicle can be partially financed from personal sources and partially through a loan.

Given that very few vehicle owners make use of formal or informal financing (9 percent and 3 percent respectively), these tables **indicate noteworthy access to personal savings/financial resources**.

Exhibit 34 shows that only 259 out of a sample of 3,005 owners (less than 10 percent), took loans from financial institutions. 135 of these loans were taken to finance the purchase of small pick-ups and 60 were taken to finance small trucks.

The 3 percent which took loans from the informal sector constitutes 98 respondents; 27 took loans from an informal money lender, while the remaining 71 bought vehicles on instalment from an informal vehicle provider (for city-wise breakdown for providers of vehicles on instalments refer to **Appendix B4**). For the latter, the highest incidence was for large trucks (34 people bought vehicles on instalment). The average cost of these large trucks amounted to PKR 5.16 million. Of the 27 who took loans from informal money lenders, eight took loans for rickshaws, averaging PKR 151,000. The lowest quantum were for large pick-ups where only two respondents were found to have taken a loan, averaging PKR 350,000.

Exhibit 33: Source of Financing for Purchasing and Modifying vehicle, (Percent of Owners Who Reported the Source)

	Total
Personal Sources	99%
Bank/Leasing Firm	9%
Informal Market	3%

*Personal Sources = Personal savings, selling of assets, selling of livestock, and borrowing from friends/family
[Source: Survey]

Exhibit 34: Characteristics of Formal & Informal Financing - Loans in the Freight Sector by Type of Vehicle							
Source		Three-wheeler Rickshaws	Small Pickups	Large Pickups	Small Trucks	Large Trucks	Total
Informal Money Lender	Count	8	7	2	3	7	27
	Avg Loan size (PKR)	151,000	450,000	350,000	600,000	1,209,000	567,000
Informal Vehicle Provider	Count	8	4	7	18	34	71
	Avg Loan size (PKR)	190,000	520,000	1,514,000	1,497,000	5,159,000	3,288,000
Banks/ Leasing Firm	Count	10	135	31	60	23	259
	Avg Loan size (PKR)	253,000	226,000	1,917,000	1,298,000	2,647,000	893,000

Note: Detailed data in Appendix B5, B6, and B7.
[Source: Survey]

Exhibit 35 shows the break-up of personal sources used to finance the purchase or modification of vehicles. Personal savings and asset sales are found to be the major sources of finance for individuals who use personal sources to purchase vehicles. Owners tend to finance their purchase using multiple sources, such as combining personal savings, asset sale and some interest free borrowing.

Exhibit 35: Break-up of Personal Sources Used for Financing (Percent of Owners Who Reported the Source)	
	Total
Personal Savings	98.1
Selling Assets	37.7
Selling Livestock	9.9
Finance-Friends/ Relatives	14.1

Figures are percentages.
* Multiple Response Question

Exhibit 36 shows the average amount of financing used to purchase a certain type of vehicle. The respondent could have used multiple sources (e.g. both, personal sources and informal markets) therefore the amount does not accurately represent the price of the vehicle purchased.

Exhibit 37 shows that in the freight transport sector, **the time taken to acquire a loan from an informal money lender was considerably short, reported at 20 days.** The same is the case with getting vehicles on instalments where transaction times are shorter by 37 days. In the freight sector, even informal sources of funding required formal land deeds and other documents as collateral in 23 percent of instances.

Exhibit 36: Average amount of Financing by Source of Finance (Rupee Average of Owners Who Reported the Source)						
		Three-Wheeler Rickshaws	Small Pick-ups	Large Pick-ups	Small Trucks	Large Trucks
Personal Sources*	Mean	199,000	517,000	1,708,000	4,808,000	4,726,000
Banks/ Leasing Firm	Mean	253,000	226,000	1,917,000	1,298,000	2,647,000
Informal Market	Mean	175,000	446,000	794,000	1,384,000	3,375,000

[Source: Survey]
*Personal Sources = Personal savings, selling of assets, selling of livestock, and borrowing from friends/family
Note: Values are rounded to the nearest 1,000

Exhibit 37: Characteristics of Formal & Informal Financing in Freight Sector

Characteristics		Formal Sector		Informal Sector	
		Bank / Leasing Company Loan	Informal Money Lender	Informal Vehicle Provider	
		N= 259	N = 27	N = 71	
Loan Size / Last Vehicle Purchased on Instalments	Avg. Loan in Rupees	892,568	567,222	3,287,667	
Loan processing Time / Vehicle Delivery Time	Avg. Days	55	20	18	
Down Payment	Avg. Rupees	98,847	0	761,250	
Collateral	Land/ Home Documents	66%	23%	Not Applicable	
	Vehicle Documents	33%	41%		
	Personal Guarantee	-	15%		
	Nothing	5%	19%		
Loan Payback Period	Avg. Months	48	26	48	
Monthly Instalment Paid*	Avg. Rupees	16,536	21,816	52,634	
Interest/ Profit**	Avg. %	19	35	34	
If Instalment Not Paid on Time	Extra Time Given	78%	59%	79%	
	Penalty Charged	1%	7%	-	
	Vehicle Confiscated	21%	33%	21%	

Note:
 *Monthly Instalment Paid = (Loan size - down payment) / Loan payback period
 ** The interest rate was calculated using different variables obtained.
 Formula:
 P = Present Value
 A = Compound Amount = P(1+r)ⁿ
 r = Interest Rate = (A/P)^(1/n) - 1
 n = Number of periods
 A = Years taken to repay loan*monthly instalment* 12
 P = Loan amount - Down payment
 n = Years taken to repay loan
 Detailed data in Appendix B5, B6 and B7.

Institutions from which loans were accessed are presented in **Appendix B8**.

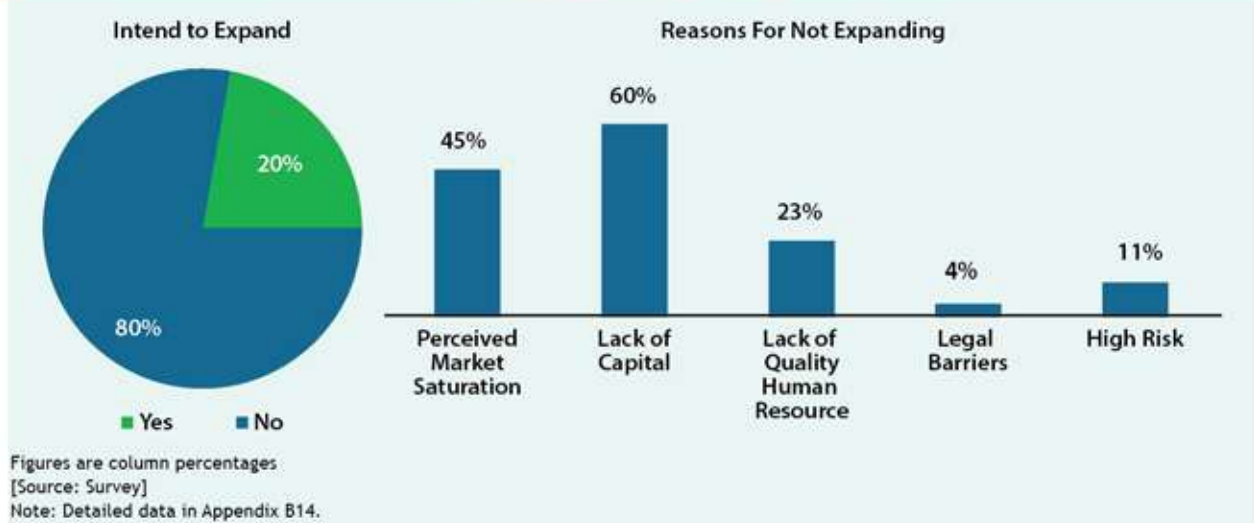
Appendix B12 shows that between 2 - 5 percent of all the respondents had contractual agreements with companies to transport their supplies or final goods. Of these, the most number fall in the small and large truck category. These agreements vary in terms of tenor and payment frequency; monthly payments and payment on delivery are both common. Modes of payment used under these contracts are cheques or bank transfers, with only small transporters being paid in cash. Existence of these contracts can be used by financial institutions to gauge payment capacity and cash flows of a potential borrower.

There was almost no **insurance undertaken by freight sector vehicle owners (see Appendix B10)**. The owners take full responsibility for vehicle wear and tear and are responsible for all vehicle maintenance. According to KILs, financial help from friends and families is also available to meet emergency expenditures.

It is found that on average, most of the respondents own one vehicle and employ two workers per vehicle (break-up by category of vehicle can be found in **Appendices B11, B12 and B13**). Surprisingly, a large majority of freight vehicle owners had no intention of expanding their fleet as reflected in **Exhibit 38**. Amongst those who wanted to expand their fleet, they were primarily reliant on personal savings as their source of finance. Different reasons were given for not expanding their fleet, which include: the perception that the market is saturated at the moment, personal savings were insufficient, and that there was lack of trustworthy and capable human resource to entrust with expensive assets.

According to KILs, if vehicles are not managed and driven by owners, then margins go down by 20 percent to 30 percent because of pilferage by staff.

Exhibit 38: Intention to Expand



50 percent of the respondents have bank accounts and 42 percent are ATM card holders while 26 percent use smartphones with the rest using functional phones. **74 percent of freight transport owners visit a bank at least once a month** (see Exhibit 37). 69.5 percent pay bills at the bank, 22.6 percent use savings services and 18.6 percent use cash transfer services. Only 1 percent of respondents reported not having a bank account. This shows that at least some of these owners have a banking history. Accordingly, banking products related to the transport sector could be marketed to the banks' users.

Exhibit 39: Freight Transport Sample – Banking Practices of Respondents

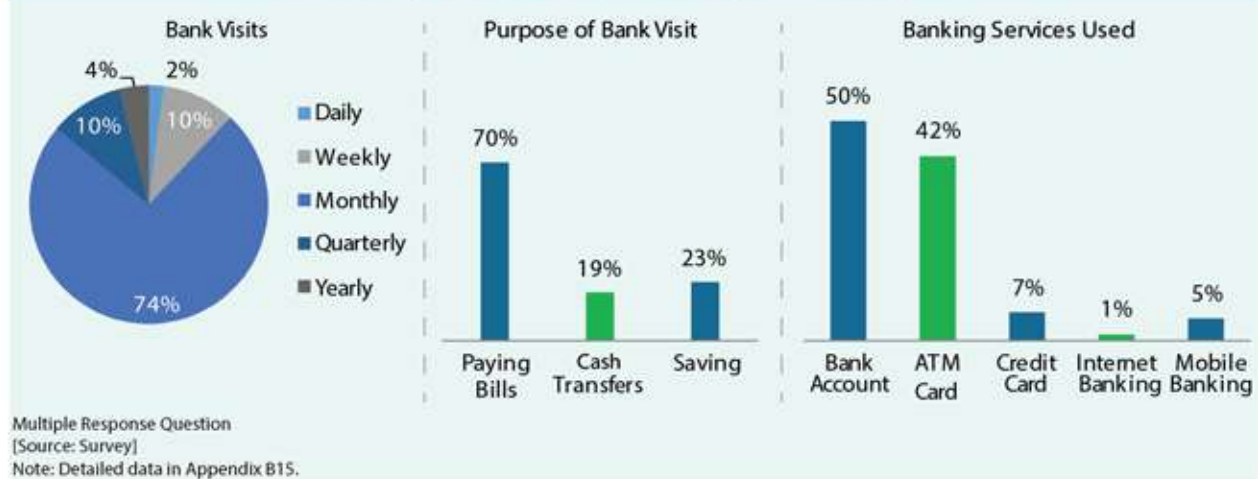


Exhibit 40 provides information on how cash is managed in the sector. The sector primarily operates on a cash only basis as evidence through the survey shows that 77.7 percent of respondents (owners) collect payments themselves at the time of booking. It also shows that owners manage and supervise financial transactions themselves for fear of being cheated by their drivers and supervisors. However, in the case of very large trucks and because some owners own more than one truck, there is some delegation of responsibility in cash management. Where drivers are employed, 70 percent of the owners give their drivers travel expenses in advance, while 19 percent of owners reimburse expenses to their drivers upon completion of a trip.

Exhibit 40: Mode of Revenue Collection		
		Total (%)
Who collects the revenue generated by vehicles?	Owner	77.7
	Driver	19.9
	No Response	1.3
	Adda Operator/ Manager	1.1
If someone other than owners collects it, how is it transferred to the owner?	In Cash	20.1
	No Response	1.4
	Bank Transfer	0.6
	Through Petrol Pump	0.2
	Easy Paisa	0.1
	Hawala	0.1
Who gives money to the driver for the expenses that he bears during a trip?	Owner gives to driver	69.8
	Driver bears and is reimbursed later	18.9
	Self-Driver	6.2
	Owner's manager gives to driver	1.9
	Adda manager gave to driver	0.6
<small>Figures are column percentages Multiple Response Questions [Source: Survey]</small>		

4.2 Passenger Transport

The sample size of the passenger transport survey was 2,196. Passenger transport includes rickshaws, taxis, wagons, standard buses, deluxe buses, and super deluxe buses, with each category of vehicle carrying different passenger loads, and having different cost and expenditure patterns.

Regardless of the type of vehicle (ranging from three wheeler rickshaws which cost around PKR 193,060 to super deluxe buses which cost PKR 8.2 million), there are some consistent patterns. Firstly, almost without exception, passenger vehicle owners, regardless of type of vehicle **had purchased the vehicle in the local market**. The only exceptions are wagons (where around 11 percent are imported), and a few buses which are imported. Smaller and cheaper vehicles, such as rickshaws and taxis, are invariably purchased in the local market.

As can be seen in **Appendix B18**, old vehicles cost more than new ones. Old vehicles have already been modified, whereas, for new vehicles modifications have to be made after they are purchased enhancing its load and passenger capacity. Hence, the modification cost is reflected in the higher purchase cost of older vehicles.

Exhibit 41: Cost, Turnover, Expenditure and Profit by Type of Passenger Vehicle (PKR)						
	Rickshaw	Taxi/ Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus
Overall Amount (purchase price+modification + registration)	204,899	843,989	1,155,323	2,591,670	3,265,770	8,395,860
Average Monthly Turnover	47,857	77,380	130,827	166,085	255,448	342,539
Expenditure	24,836	46,255	91,876	113,622	149,815	171,969
Average Monthly Profit	23,013	31,060	38,951	52,443	105,633	170,570
Profit Margin*(%)	48%	40%	30%	32%	41%	50%
<small>[Source: Survey] *Profit margin = [Profit / (turnover)] x100 Note: Detailed data in Appendix B19</small>						

Exhibit 41 shows that average monthly profit increases with the size of the vehicle although profit margins do not always follow the same pattern. Rickshaw, taxi, deluxe and super deluxe segments have margins over 40 percent.

Since modifications are made by owners after the purchase of a vehicle and play a role in determining the final cost of the vehicle, it is possible that many formal sector financial institutions may not willingly agree to changes and modifications being made on products that they finance. Some degree of flexibility will have to be part of any loan agreement.

Exhibit 42: Source of Financing for Purchasing and Modifying Vehicle (Percentage of Owners Who Reported the Source)

	Total
Personal Sources*	99.5
Bank/Leasing Firm	8.5
Informal Market	3.2

Figures are column percentages
 * Multiple Response Question
 [Source: Survey]
 *Personal Sources = Personal savings, selling of assets, selling of livestock, and borrowing from friends/family
 Note: Detailed data in Appendices B21 - B24.

Exhibit 43: Break-up of Personal Sources Used for Financing (Percentage of Owners Who Reported the Source)

	Total
Personal savings	98.4
Selling assets	69.5
Selling livestock	36.6
Friends and relatives	13.7

Figures are column percentages
 * Multiple Response Question
 [Source: Survey]

Only 8.5 percent respondents, took loans from the formal financial sector to purchase their vehicles as shown in Exhibit 42. This was the case for both new and used vehicle. The largest proportion of loans were attributed to Habib Bank Limited (HBL) and Telenor Bank, shown in Appendix B24.

Exhibit 43 shows that, similar to freight, personal savings and selling of assets have been found to be the major sources of finance for operators to purchase vehicles. Financial institutions can tap this market by making the borrower aware of using these assets as collateral to obtain loans.

Most of the loans taken through formal means were used to finance taxis. This might be because of a rise in the use of cab hailing applications in Pakistan (see Exhibit 44).

Exhibit 45 provides details on loan amount acquired, payback period, interest payment, etc. There are a number of key observations with regard to the formal financial sector which need to be contrasted with the informal financial sector. Time taken to process a loan is considerably shorter in the informal sector while interest rates are higher in the informal market (37 percent for informal money lenders, compared to 18 percent for formal lending). Loan amounts shown in the table do not reflect the price of the vehicle, however, in the case of informal vehicle providers, the amount shown reflects the price of the vehicle as the entire vehicle is obtained on instalments.

Exhibit 44: Characteristics of Formal & Informal Financing in Passenger Sector by Type of Vehicle

Source		Rickshaw	Taxi/ Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Informal Money Lender	Count	3	4	3	8	0	6	24
	Average Loan size (PKR)	123,333	237,500	683,333	962,500	-	3,566,667	1,352,917
Informal Vehicle Provider	Count	25	5	1	13	3	1	48
	Average Loan size (PKR)	261,160	370,000	750,000	1,875,000	1,066,667	18,000,000	1,139,667
Banks/ Leasing Firm	Count	14	85	4	53	3	27	186
	Average Loan size (PKR)	162,857	314,859	650,000	479,434	1,900,000	2,814,815	745,984

Source: Survey

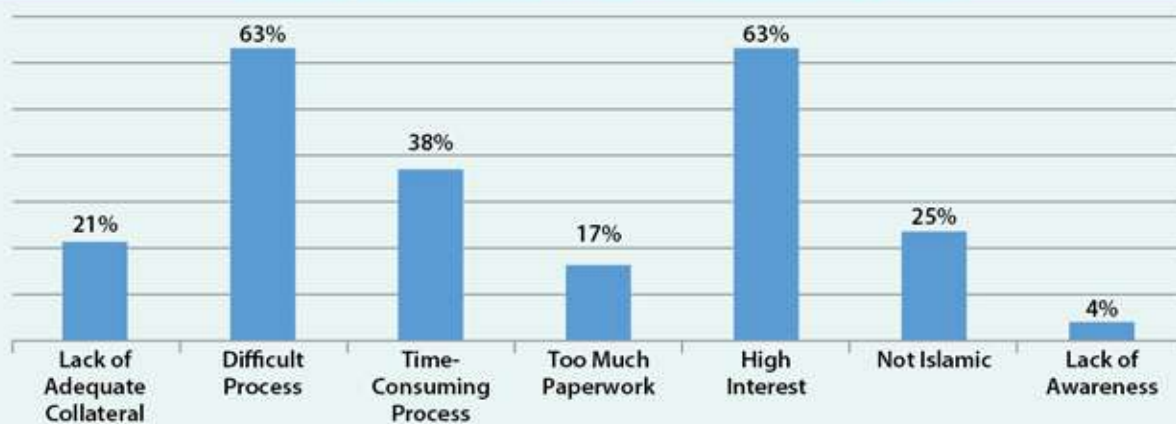
Exhibit 45: Characteristics of Formal & Informal Financing (Informal Money lenders & Informal Vehicle Providers)				
Characteristics		Formal Sector	Informal Sector	
		Bank / Leasing Company Loan	Informal Money Lender	Informal Vehicle Provider
		N = 186	N = 24	N = 48
Loan Size / Last Vehicle Purchased on Instalments	Avg. Loan in Rupees	745,984	1,352,917	1,139,667
Loan processing Time / Vehicle Delivery Time	Avg. Days	68	5	3
Down Payment	Avg. Rupees	114,296	0	349,729
Collateral	Land/ Home Documents	88%	-	Not Applicable
	Vehicle Documents	3%	58%	
	Nothing	2%	4%	
	Personal Guarantee	-	38%	
Loan Payback Period	Avg. Months	36	34	39
Monthly Instalment Paid*	Avg. Rupees	17,547	39,792	20,255
Interest/ Profit**	Avg. %	18%	37%	34%
If Instalment Not Paid on Time	Extra Time Given	50%	33%	60%
	Penalty Charged	3%	38%	-
	Vehicle Confiscated	48%	29%	40%
Note: *Monthly Instalment Paid = (Loan size - Down payment) / Loan payback period ** The interest rate was calculated using different variables obtained. Formula: P = Present Value A = Compound Amount = $P(1+r)^n$ r = Interest Rate = $(A/P)^{1/n} - 1$ n = Number of periods A = Years taken to repay loan*monthly instalment* 12 P = Loan amount - Down payment n = Years taken to repay loan Detailed data in Appendix B26, and B27.				

It is not surprising that the informal sector, in terms of employment, management, and maintenance, dominates the overall road transport sector in Pakistan. This has important implications for financial service providers in the formal sector.

It is clear that in the case of processing of a loan for vehicle purchase, the informal sector takes one-twelfth of the time taken by the formal sector. Similarly, in terms of collateral requirement, rather than other assets such as a house/property which is required by formal sector institutions, the informal sector loan is mostly granted on the basis of social collateral and vehicle documents.

Exhibit 46 highlights why owners do not use the formal financial sector and provides a host of reasons which mainly include the collateral requirement, the difficult process of taking a loan, and interest rates. Even though interest rates charged by financial institutions are lower than informal sources, respondents quoted interest rate as a deterrence for obtaining formal loans in comparison to using personal sources which do not involve interest. It could not be ascertained whether the respondents had any knowledge of prevalent interest rates in the formal financial sector.

Exhibit 46: Reasons for Not Using Formal Sources of Finance
(Percentage of Owners Who Obtained Loans from Informal Sources)



* Multiple Response Question
Note: Detailed data in Appendix B28.

Average loan size taken for super deluxe buses is found to be the largest at PKR 3.57 million and the smallest is for rickshaws which amounts to PKR 123,333. However the average interest rate is about 37 percent for loans on any vehicle type.

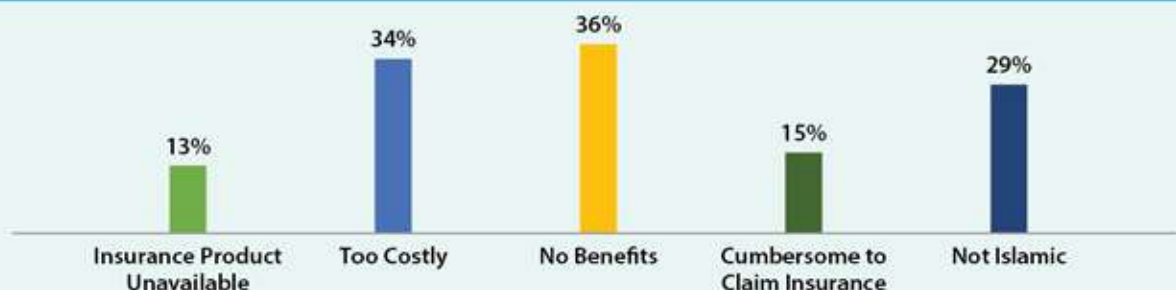
Another key finding of the survey is that almost no owners buy their vehicles on instalments and prefer to buy them through outright payment from personal savings.

Almost none of the owners insure their vehicles.³⁸ This is even the case in the relatively expensive super deluxe buses. Reasons for not insuring are given in Exhibit 47.

It is found that on average, most of the respondents own two vehicles, however in the case of deluxe buses the average number of vehicles owned is five. Consequently, the average number of workers employed per vehicle for deluxe buses is three while one worker is employed on average for other categories (details can be found in Appendix B32).

Perhaps one of the most surprising findings from the passenger vehicle survey is that an overwhelming majority of existing owners do not want to expand their fleet. The chief reasons, as evidenced in the survey, are lack of capital (76%), perceived market saturation (34%) and lack of quality human resource (27%). This shows that there is room for formal financial intervention to not just provide capital to the owners but also expand outreach through the effective service delivery of tailored products.

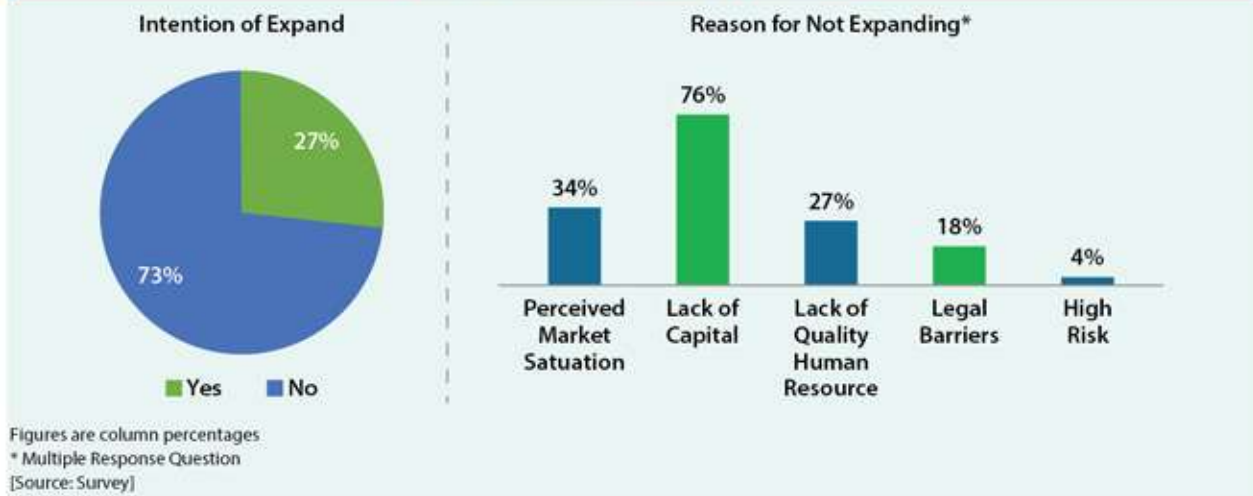
Exhibit 47: Reasons for Not Insuring Vehicles
(Percentage of Owners Who did not Insure their Vehicle)



* Multiple Response Question
[Source: Survey]

³⁸ Appendices B30 and B31.

Exhibit 48: Intention to Expand (Percentage)

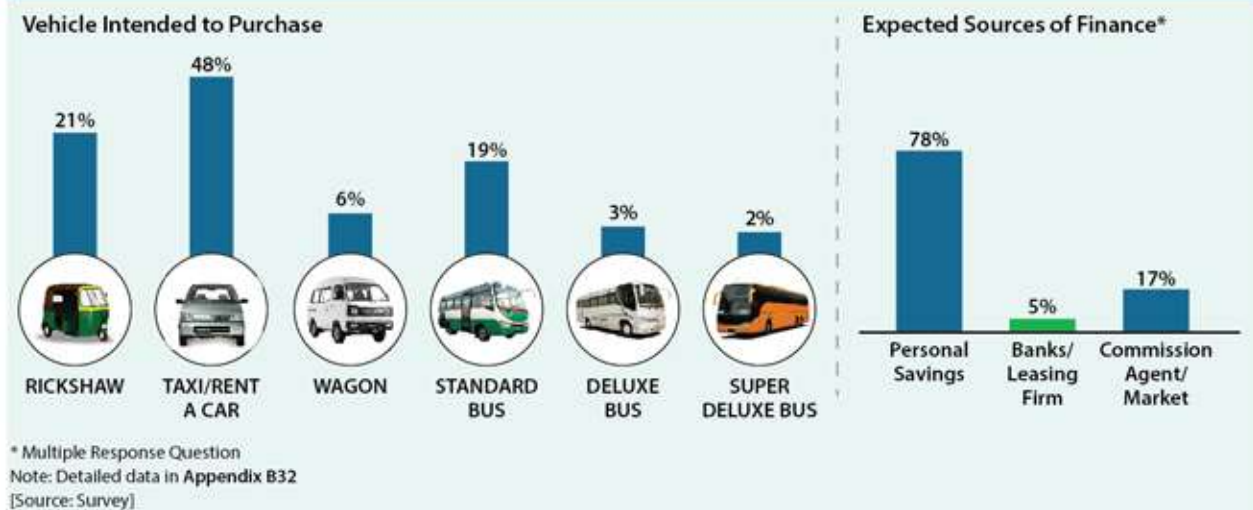


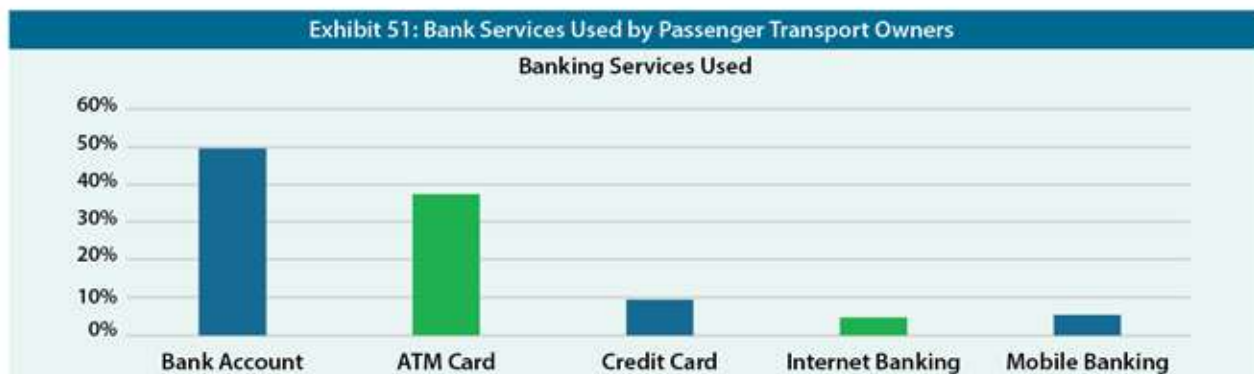
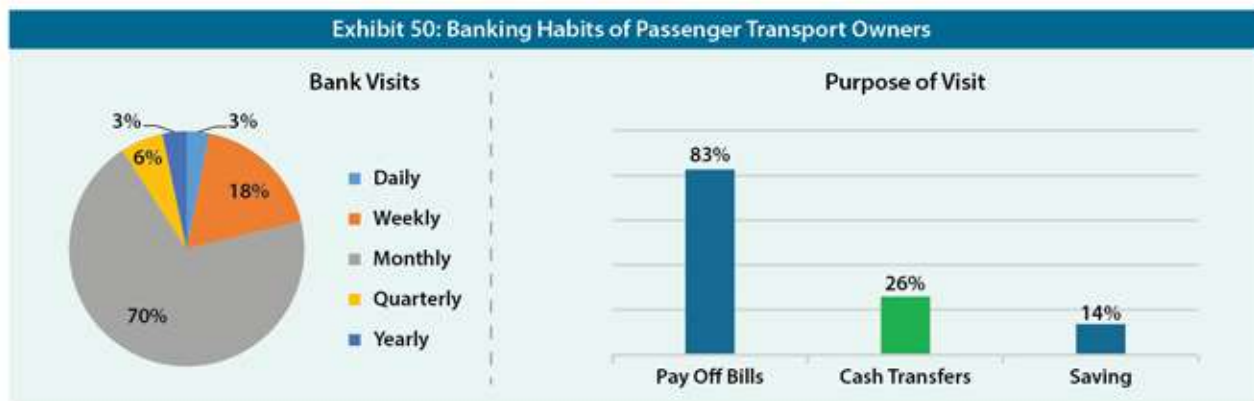
Even though a small proportion of existing vehicle owners are interested in buying new vehicles, those who want to purchase new vehicles intend to do so through their personal savings (Exhibit 49).

Although a huge proportion of transactions in the passenger transport sector take place informally, an interesting finding from the survey is that **50 percent of owners have bank accounts and more than 70 percent visit a bank at least once a month** as shown in Exhibit 50. This implies that owners are already somewhat familiar with banking processes which should make different and new financial transactions in the future, much easier. Owners mostly visit banks to pay bills or execute remittances, and more than 37 percent have ATM cards.

Despite some familiarity with minimum banking facilities and services, owners do not have much information about the full range of banking services. Nevertheless, an argument can be made that these owners are not completely unaware of banking services, and additional interactions with bank staff can lead to awareness of banking services and products. Banks and other financial institutions will need to fill this knowledge gap by targeting users of the financial products and services already being used.

Exhibit 49: Expected Sources of Financing by Type of Vehicle and Source of Purchase





Figures are column percentages, Except Averages

[Source: Survey]

Note: Detailed data in Appendix B33

Money management practices in the passenger segment are found to be the same as in the freight segment—mostly owners collect the payments directly and the majority of transactions are cash payments.³⁹

4.3 GDP Multiplier

Using available literature and primary data collected during the study, multipliers have been calculated for the freight and passenger segments of the road transport sector. The multipliers are computed based on the change in overall output due to change in investment.

Exhibit 50 highlights some key features of the road transport sector drawn from the survey findings. Based on the survey, it highlights the financial costs and expenditures incurred in the sector.

The total expenditure incurred by nearly half a million vehicles in the passenger and freight sector is more than PKR 1.8 trillion (USD 13 billion).⁴⁰ The table also provides a breakdown of various components of the expenditures incurred by the industry. The Gross Value Added by the Industry is around PKR 1.2 trillion. The multiplier for the road transport industry at 1.24, suggests that a PKR 1 million investment in the sector is likely to generate a GDP equivalent of PKR 1.24 million. Therefore transport is a high growth sector with increasing expansion allowing for substantial returns to be made as new investment moves into this sector.

Appendix C1 shows that in the freight segment, three-wheeler rickshaws and small pick-ups have the highest contribution to GDP with multipliers of 3.94 and 2.30 respectively.

Similarly, in the case of the passenger segment, rickshaws and wagons have the highest multipliers of 3.24 and 1.70 respectively.

³⁹ Appendix B35

⁴⁰ Conversion rate: USD 1 = PKR 116.79

Exhibit 52: Input Output Matrix & Multiplier Based on Survey Data -Road Transport

	Freight (PKR Million)	Passenger (PKR Million)	Total (Freight + Passenger) (PKR Million)
Regular Expenditure (i)	1,304,495	238,518	1,543,013
Unexpected Expenditure (ii)	147,202	37,591	184,793
Expenditure on Modification (iii)	43,994	10,269	54,263
Expenditure on Registration etc. (iv)	29,306	8,578	37,884
Intermediate Inputs (A = i + ii + iii + iv)	1,524,997	294,956	1,819,953
Indirect Taxes (B)	16,332	3,695	20,027
Salary and Compensation (v)	274,023	96,782	370,805
Earning Surplus (vi)	528,333	222,566	750,899
Depreciation Amount (vii)	115,105	60,566	175,671
Gross Value Added (C = v + vi +vii)	917,461	379,915	1,297,376
Gross output (D = A + B+ C)	2,458,790	678,566	3,137,356
Input-Output Ratio (A/D)	0.62	0.43	0.58
GDP Multiplier	1.67	0.92	1.24

Note: For the computation above, unit figures for expenditure (i, ii, iii and iv), salary & compensation, earning surplus, and indirect taxes amount were taken from primary data. Using figures for number of vehicles in freight and passenger categories from the economic survey, the total intermediate inputs and gross value added were calculated.
Depreciation was calculated through extracting price and life of asset from primary data.
The GDP multiplier was calculated by computing the effect of increasing the number of vehicles in the segment and gauging the change in gross output.

4.4 Key Issues for Financial Intervention

More than 95 percent of financial transactions conducted to purchase vehicles, passenger or freight, take place through personal savings of the proprietors. Therefore there is a huge potential in the market that could be exploited by financial institutions.

How does a financial institution expand outreach in a market where penetration is low? Owners buy vehicles outright, and mainly through their own savings, sale of assets and personal income. This implies that owners do have access to collateral. Further there is an opportunity for financial institutions since the main reason why owners do not expand their fleets is shortage of capital.

Completely independent operators will find it difficult to enter on their own and need to go through existing channels (mainly social networks). The social capital (conceptualized as the cultural and economic relations within the transport sector) might not allow ease of entry unless some prior informal social criteria are met, such as personal networking with the potential clientele. During KIs, it was made clear that while entry is easy, it requires social connections and introductions for new entrants. Hence, new financial intervention will need to bridge not just the large financial gaps potential buyers face, but also access specific social networks. A potential entry point may be locating branches near major transport hubs, allowing greater access for vehicle owners as well as aspiring candidates. Informal financing is obtained mainly from Lahore and Karachi for all category of vehicles. Peshawar was cited by respondents owning large pick-ups and large trucks.

As discussed earlier, familiarity with the banking sector might allow some ease of entry into the formal financial sector. Furthermore, their bank account statements can be used by financial institutions in the loan documentation process. The financial profile of transport owners is different from typical microfinance clients in the rural or urban sector. The transport sector, given its scale and financial issues, is more similar to the SME sector than the microfinance sector (investment size required is large). However, rickshaw owners can be added to the microfinance segment as investment required is small.

In the passenger segment, it is found that on average, most of the respondents own two vehicles, however, in the case of deluxe buses, the average number of vehicles owned is five. The deluxe bus segment is therefore a potential entry point into the transport segment.

For any financial institution who is willing to provide financial resources to the freight and passenger sectors, it will be far easier to locate and provide loans to those prospective owners who have at least three vehicles. This will lower the transaction costs of financial intervention and could also address the issue of collateral.

5. ACCESS TO FINANCE

A number of investors and financial institutions are exploring entry and expansion options into the transport industry. This chapter provides more information on formal financing that is available to the transport industry.

From the KIs with financial institutions, it was found that transport sector lending, especially to the small and medium enterprise (SME) segment is limited. Transport sector financing data is given in **Exhibit 53** and shows that less than 20 percent of the total outstanding portfolio goes towards SME enterprises within the transport and logistics space. For motor vehicles, trailers and semi-trailers financing is even more constrained at less than 10 percent of the amount outstanding in the category. Compared to overall outstanding advances to the private sector in December 2017 of PKR 4,100 billion, transport sector financing accounted for approximately 6.3 percent with SMEs in the segment being 1.2 percent. Giving that the transport sector contributes approximately 13 percent of GDP, formal financing available to the industry is undoubtedly inadequate.

Exhibit 53: Transport Sector Financing by Type, Category and Size

Outstanding Position at the end of December 2017		Transport, Storage and Communications		Motor Vehicles, Trailers and Semi-Trailers		Other Transport Equipment	
		PKR	%	PKR	%	PKR	%
Export Financing	Export Finance	98	0.04%	135	0.51%	20	0.28%
	Others	406	0.18%	35	0.13%	65	0.91%
Import Financing		1,100	0.48%	3,157	12.03%	549	7.72%
Government Self Employment Schemes		1,256	-	-	0.00%	-	0.00%
Working Capital / Short Term	Small Loans	759	0.33%	2,507	9.56%	131	1.84%
	Others	36,271	15.90%	13,327	50.80%	5,886	82.73%
Fixed Investment/ Long Term	LTFE	-	0.00%	81	0.31%	-	0.00%
	Small Loans	3,497	1.53%	409	1.56%	14	0.20%
	Others	175,768	77.03%	5,001	19.06%	439	6.17%
Bills Purchased and Discounted	Inland Bills	8,991	3.94%	79	0.30%	-	0.00%
	Import Bills	7	0.00%	1,500	5.72%	11	0.15%
	Foreign Bills	20	0.01%	-	0.00%	-	0.00%
Total Outstanding		228,173	100.00%	26,232	100.00%	7,115	100.00%
Advances by Size of Institutions	Other than SMEs	183,199	80.29%	23,676	90.26%	6,576	92.42%
	SMEs	44,974	19.71%	2,556	9.74%	539	7.58%

Source: <http://www.sbp.org.pk/ecodata/By-type-of-finance.pdf>

Variations among players also exist. At the time of the KIs, Sindh Modarba had ten active loan clients in the transport segment while ORIX Leasing Pakistan (OLP) had 600 clients (see **Exhibit 54**). Meezan Bank and Dubai Islamic Bank had 300 and 125 active clients, respectively. Most financial institutions lend to known and established large or medium transport companies. Fleet financing has also taken off, with Alfalah Bank, HBL and Meezan Bank being active players. Some microfinance banks have financed smaller vehicles, primarily the three wheeler rickshaw. With over 1 million commercial passenger and freight vehicle recorded, these numbers again indicate the severe inadequacy of the level of financing available.

Exhibit 54: Transport Portfolio of ORIX Leasing Pakistan (2016-17)				
Segment by Class of Business	Lease Portfolio (2017)		Lease Portfolio (2016)	
	PKR	%	PKR	%
Goods Transport	6,350,804,348	20.5	5,220,592,811	16.9
Public Transport	2,360,843,903	7.6	2,102,906,241	6.8
Vehicle Leases/Loans to Individuals	5,679,447,495	18.37	5,691,732,150	18.45
Total OLP Advances	30,032,283,725	100.0	29,719,425,980	100.0

Source: ORIX Leasing Pakistan. Annual Report 2017.

OLP is a key player in the transport lending space, with plans for further expansion: "Commercial vehicle segment, in particular, has been instrumental in OLP's growth in the past few years and this trend is likely to continue with CPEC. Goods transportation sector currently accounts for 21% of the Company's high quality portfolio. Vehicle lease and financing to individuals was the next largest category maintaining a share of 17% in total portfolio as the Auto industry continues to show strong grow which is likely to continue with increase in domestic capacity."⁴¹

Overall, a number of respondents stated a preference for lending to the freight segment versus the passenger segment.

Key features of some prevalent fleet financing products can be found in **Exhibit 55**.

Box 4: Public Sector Financing of Transport Schemes

In 1993 the Yellow Cab Scheme was launched by the Government of Pakistan. Financing was provided by Habib Bank (PKR 8 billion), United Bank (PKR 3 billion) and National Bank (PKR 1 billion). Under the scheme, 65,000 vehicles were provided on 10 percent down payment with a 10 percent mark up. Most of the vehicles under the scheme were imported from Korea. The scheme resulted in large-scale defaults affecting banks financial health.

In 2006, the National Bank of Pakistan (NBP) offered a Transport Karobar loan for unemployed youth under the President's Rozgar Scheme. Under the scheme a maximum financing limit of PKR 200,000 was determined for financing two and three wheeler rickshaws, four strokes CNG, LPG vehicle. No security is required other than financed assets. The Rozgar Scheme was a PKR 105 billion scheme with four additional loan products available. Expected returns from the scheme included generation of 5.4 million jobs, while envisioning an estimated 12 percent return on the investment for NBP which was to offer the product in 1,000 branches across Pakistan. By January 2009 a total of PKR 3.75 billion worth of loans were disbursed when the programme was suspended due to slow recoveries.

In 2015 the Bank of Punjab (BOP) implemented the Government of Punjab Apna Rozgar Scheme worth PKR 31 billion. Under the scheme 50,000 vehicles (25,000 Suzuki Bolan vehicles and 25,000 Suzuki Ravi) were to be provided on interest free loans and PKR 70,000 below the market rate to unemployed youth in the province. The scheme was touted to result in the creation of 50,000 jobs. The scheme was available to men as well as women.

1. Dawn 2006. NBP Offers 5 Packages for Rozgar Scheme. <https://www.dawn.com/news/209090>

2. Aaj News Archive. NBP to Disburse Rs 105 Bln for President's Rozgar Scheme. <https://aaj.tv/2007/02/nbp-to-disburse-rs-105-bln-for-presidents-rozgar-scheme/>

3. The Nation 2009. NBP Suspends President's Rozgar Scheme. <https://nation.com.pk/22-Jan-2009/nbp-suspends-presidents-rozgar-scheme>

⁴¹ ORIX leasing Pakistan. Annual Report 2017.

Exhibit 55: Key Features of Prevalent Financing Products

	Bank Alfalah	Meezan Bank	Dubai Islamic Bank	Orix Leasing Pakistan
Purpose of Facility	<p>Alfalah Fleet Finance is available for a variety of vehicles (Imported/local) but not limited to the following:</p> <ul style="list-style-type: none"> Private Vehicles Local / Imported / Used / Reconditioned (Cars, SUVs, etc.) Commercial Vehicles Local / Imported / Used / Reconditioned (Trucks, Buses etc.) Light Commercial Vehicles Local / Imported / Used / Reconditioned (Pickups, Tractors etc.) Body/Fabrication Attached to a Commercial Vehicle (Not to be Financed Separately) 	<p>Financing facility for a comprehensive range of commercial vehicles to logistics, transport, distribution, passenger transportation and other companies, etc.</p> <p>The Bank has established a dedicated unit (under SME segment) to cater to this segment that needs financing for commercial vehicles, ranging from small trucks, vans, coasters to large trucks, prime movers, buses, earth moving equipment etc.</p>	<p>Financing solutions for new, used, imported / and reconditioned vehicles.</p>	<p>Imported and local vehicles (Trucks, pick-ups, purpose made rickshaws and passenger vehicles) Private vehicles – Cars/SUVs Commercial vehicles – Trucks/ Tankers/ Buses Body/Fabrication Attached to a Commercial Vehicle (Not to be Financed Separately)</p>
Eligibility	Proprietorship, Partnership and Private / Public Limited Companies; while in the same business since the last 3 years	Corporates, Proprietorship, Partnerships. At least 3 years' experience in business	Corporates, Proprietorship, Partnerships. At least 3 years' experience in business	Proprietorship, Partnership and Private / Public Limited Companies; existing customers
Minimum Finance Limit (PKR)	-	0.8 million	2 million	2 million
Security	<ul style="list-style-type: none"> Personal guarantee(s) of proprietor, partners and directors. The title of the Financed vehicle will be in the name of the customer and Bank Alfalah's Lien will be marked on the title of the vehicle. Security cheque covering full limit amount plus mark-up for three months 	Underlying asset, personal guarantee of sponsor. In case of proprietors they obtain personal guarantee of their successor as well (e.g. son etc.)	Underlying asset, other assets (hypothecation)	Only the leased asset
Processing Fee	Minimum PKR 5,000 (if finance amount is less than PKR 1 million) 0.5 percent of the finance amount	Fixed PKR 3,500 plus PKR 350 per vehicle leased	PKR 3,000 to PKR 5,000	PKR 5,000 to PKR 10,000
Processing Time	-	Ideally 15 days if borrower documentation is complete. Maximum time is 3 months.	35 to 40 days	2 weeks
Tenure	Repayment tenure of 1 to 5 years	3 to 5 years	1 to 5 years	3 to 5 years

Exhibit 55: Key Features of Prevalent Financing Products

	Bank Alfalah	Meezan Bank	Dubai Islamic Bank	Orix Leasing Pakistan
Registration of Vehicles	-	In the name of the lessor	In the name of the lessor	In the name of the lessor
Frequency of repayment	-	Monthly and quarterly	Monthly and quarterly	Monthly, quarterly and cash flow based repayments
Additional Features	Residual Value/Bullet Payment Option Balloon Payment Option Vehicle Replacement Option	-	-	Fixed and variable rate (KIBOR based) Leases <ul style="list-style-type: none"> • Cash Back Leases • Step up & Step down Leases • Balloon Payment Leases • Straight Leases • Leases with Grace Period • Sales & lease back

Box 5: International Example - BMO Harris Commercial Bank's Trucking Finance Offerings

BMO Financial Group and BMO Harris Bank N. A. completed the acquisition of General Electric Capital Corporation's Transportation Finance business in December 2015. BMO Bank's website describes it as one of the largest commercial truck and trailer finance companies in North America. The bank has a Trucking Finance Group that focuses exclusively on serving the industry, including the entire value chain: original equipment manufacturers (OEMs), dealers, for-hire and private fleets. Financial products provided include loans, fair market value (FMV) leases, terminal rental adjustment clause (TRAC) leases, inventory and lease financing and asset based lending. Equipment financed includes: heavy duty tractors and trailers, medium-duty vehicles, alternative fuel vehicles, and waste and recycling vehicles and collection equipment.

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America. With total assets of approximately \$642 billion as of October 31, 2015, and close to 47,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers and conducts business through three operating groups: Personal and Commercial Banking, Wealth Management and BMO Capital Markets.

Sources:

<https://www.bmo.com/main/business/who-we-work-with/transportation-finance>

<https://newsroom.bmo.com/2015-12-01-BMO-Financial-Group-Completes-Acquisition-of-General-Electric-Capital-Corporations-Transportation-Finance-Business>

6. CONCLUSIONS AND OUTCOMES

Based on the findings and the data presented in this report, the following sets of conclusions have been reached:

1. The overall industry generates a GDP multiplier of 1.24, which is likely to grow as CPEC projects are completed over the next decade.
2. While CPEC is seen as a major growth enhancer for the economy overall, limited public information about its scale and nature makes projections difficult. Nevertheless, given the fact that a significant proportion of CPEC's investment is road and highway construction, the impact on the transport sector will be highly positive, giving impetus to the sector by a factor greater than what historical trends suggest.
3. The fastest growing sub-segment in the passenger vehicles segment is motor cabs and taxis (5.9 percent annually); while delivery vans are the fastest growing in the freight vehicles segment (7.5 percent annually).
4. The freight transport sector seems to be lucrative with profit margins ranging from 21 percent (large trucks) to 43 percent (three-wheeler rickshaws).
5. If we consider the passenger sector, the profit margin by type of vehicle is healthy ranging from about 30 percent for wagons to almost 50 percent for super deluxe buses.
6. The passenger and freight segments of the transport sector are both highly profitable; cost of purchasing a vehicle is recovered by the owners in a fairly short time span.
7. A very large proportion of owners and operators are able to purchase vehicles through their personal sources (savings or through sale of their own assets) and only a small proportion of owners purchase vehicles through loans from financial institutions, informal money lenders, or informal vehicle providers. This means that there is substantial room for financial institutions to expand outreach in this sector.
8. Given the fact that financial institutions lend to low risk borrowers from whom they can recover the loans on time and easily, and are more focused on enhancing the quality of their loan portfolio rather than the quantity, there are a number of challenges which would relate to entry of new financial institutions in the transport sector. There are significant costs associated with repossessing of vehicles from delinquent borrowers.
9. There are many reasons for not using formal sources of financing, major ones being stringent conditions and formal processes like documentation and high interest rates (not the case with personal savings). Therefore, a product with a more flexible loan processing method and period needs to be designed.
10. The target group of consumers (owners and operators) who own three or more vehicles rather than owners of one or two vehicles ought to be targeted. This will spread the risk and costs across vehicles, ensuring greater monitoring and control by the financial institution.
11. The level of documentation and compliance with rules (e.g. insurance) is very low, and this is bound to cause concern for any financial institution.
12. The tenor of the loan will have to be specific to the type of vehicle, since income and repayment is sensitive to the type of vehicle purchased.
13. Loan ceilings should be aligned with the type of vehicle the borrower intends to purchase, since financial institutions are in direct competition with the informal sector which fulfils their loan requirement on a need basis.

14. A social intervention process will need to be devised, since the sector is highly dependent on social capital, and has cultural and social barriers to entry. Local representatives of financial institutions need to be educated about the local market to speed up the intervention process. The sector requires a devolved system of loan access rather a corporatized 'Head Office' disposal system.
15. Credit guarantee schemes (CGS) can be employed by financial institutions through SBP or donor agencies to cover the risk of scale up in the transport sector.
16. Innovations in C&R, such as a hybrid model developed with the mix of SAM and Consumer Collections, can be used to increase efficiency.
17. It is recommended that a potential financial institution entering into the market should 'go small' to start with, piloting a few loan schemes in order to assess the appetite of the borrowers.
18. For both freight and passenger segments, most owners who took loans from formal sources were found in Karachi. On the other hand, the respondents who took loans from the informal market were found in Lahore and Peshawar for the freight and passenger segment, respectively. Therefore, financial institutions can pilot in Karachi before scaling up.

According to the World Bank "Improvements in transport have the greatest impact on poor people when it is part of a cross-sectoral development agenda. Efficiencies are also gain through a multi-modal approach such as to improve passenger and freight mobility. However, enhancing transport infrastructure and services is not enough. The functioning of institutions and practitioners' access to good knowlede are also crucial to effective trasnport solutions."⁴²

⁴²Transport: Sector Results Profile. www.worldbank.org/en/results/2013/04/14/transport-results-profile

APPENDIXES



APPENDIXES

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A: Profiling the Road Transport Sector

A1: Value Added to National Income (constant factor cost of 2005-06)						
Fiscal year	Proportional Share					
	Roads	TLC	GDP	Roads to TLC	Roads to GDP (FECO)*	TLC to GDP
1990-91	352,167	521,996	3,875,687	67.50%	9.10%	13.50%
1991-92	384,716	576,617	4,174,685	66.70%	9.20%	13.80%
1992-93	407,609	615,034	4,269,508	66.30%	9.50%	14.40%
1993-94	421,014	637,530	4,463,377	66%	9.40%	14.30%
1994-95	436,800	664,021	4,697,071	65.80%	9.30%	14.10%
1995-96	440,121	669,593	5,014,700	65.70%	8.80%	13.40%
1996-97	455,128	694,777	5,111,252	65.50%	8.90%	13.60%
1997-98	484,982	744,876	5,214,956	65.10%	9.30%	14.30%
1998-99	498,635	767,788	5,379,115	64.90%	9.30%	14.30%
1999-00	498,159	797,701	5,619,239	62.40%	8.90%	14.20%
2000-01	529,630	839,899	5,729,783	63.10%	9.20%	14.70%
2001-02	543,589	850,047	5,908,088	63.90%	9.20%	14.40%
2002-03	561,904	886,364	6,187,291	63.40%	9.10%	14.30%
2003-04	578,976	917,645	6,650,306	63.10%	8.70%	13.80%
2004-05	604,111	949,266	7,246,021	63.60%	8.30%	13.10%
2005-06	655,916	959,499	7,715,777	68.40%	8.50%	12.40%
2006-07	652,323	1,025,694	8,142,969	63.60%	8%	12.60%
2007-08	686,145	1,082,452	8,549,148	63.40%	8%	12.70%
2008-09	718,644	1,136,990	8,579,987	63.20%	8.40%	13.30%
2009-10	738,680	1,170,612	8,801,394	63.10%	8.40%	13.30%
2010-11	755,534	1,198,896	9,120,336	63%	8.30%	13.10%
2011-12	788,446	1,254,126	9,470,255	62.90%	8.30%	13.20%
2012-13	818,581	1,304,697	9,819,055	62.70%	8.30%	13.30%
2013-14	848,897	1,355,570	10,217,056	62.60%	8.30%	13.30%
2014-15	888,045	1,421,265	10,629,661	62.50%	8.40%	13.40%
2015-16	922,462	1,479,021	11,110,663	62.40%	8.30%	13.30%
2016-17(P)	965,780	1,551,714	11,696,961	62.20%	8.30%	13.30%
Trend Growth Rate VA	3.98%	4.30%	4.36%	-0.29%	-0.31%	-0.02%
Trend Growth Rate Rkm	3.49%					

Source: Consultant Estimates using Federal Bureau of Statistics, Pakistan Statistical Yearbook (several years). Tables on National Income.

* Freight Economic Contribution (FECO)

A2: Transport Surface Infrastructure Network (in Km)					
Year	Railway Routes	Roads			Pipeline
		Total	High	Low	
1990-91	8,775	170,823	86,839	83,984	n.a.
1991-92	8,775	182,709	95,374	87,335	6,046
1992-93	8,775	189,321	99,083	90,238	5,912
1993-94	8,775	196,817	104,002	92,816	5,959
1994-95	8,775	206,701	111,307	96,338	5,577
1995-96	8,775	207,645	117,427	99,917	6,032
1996-97	8,775	218,344	126,117	103,478	6,300
1997-98	8,774	240,885	133,462	107,423	6,418
1998-99	7,791	247,484	137,352	110,132	6,742
1999-00	7,791	240,340	138,200	110,140	6,834
2000-01	7,791	249,972	144,652	105,320	9,354
2001-02	7,791	251,661	148,877	102,784	9,478
2002-03	7,791	252,168	153,225	98,943	9,553
2003-04	7,791	256,070	158,543	97,527	10,011
2004-05	7,791	258,214	162,841	95,373	10,739
2005-06	7,791	259,021	167,530	91,491	12,977
2006-07	7,791	259,197	172,827	86,362	12,310
2007-08	7,791	259,038	170,175	83,143	13,029
2008-09	7,791	260,200	177,060	83,140	12,489
2009-10	7,791	260,760	180,910	79,850	14,345
2010-11	7,791	259,463	180,866	78,597	15,163
2011-12	7,791	261,595	181,940	79,655	16,027
2012-13	7,791	263,415	182,900	80,515	16,941
2013-14	7,791	263,755	184,120	79,635	17,906
2014-15	7,791	265,404	178,430	76,974	-
2015-16	7,791	265,905	190,355	75,550	-
Trend	-0.45%	1.82%	3.23%	-0.37%	5.42%

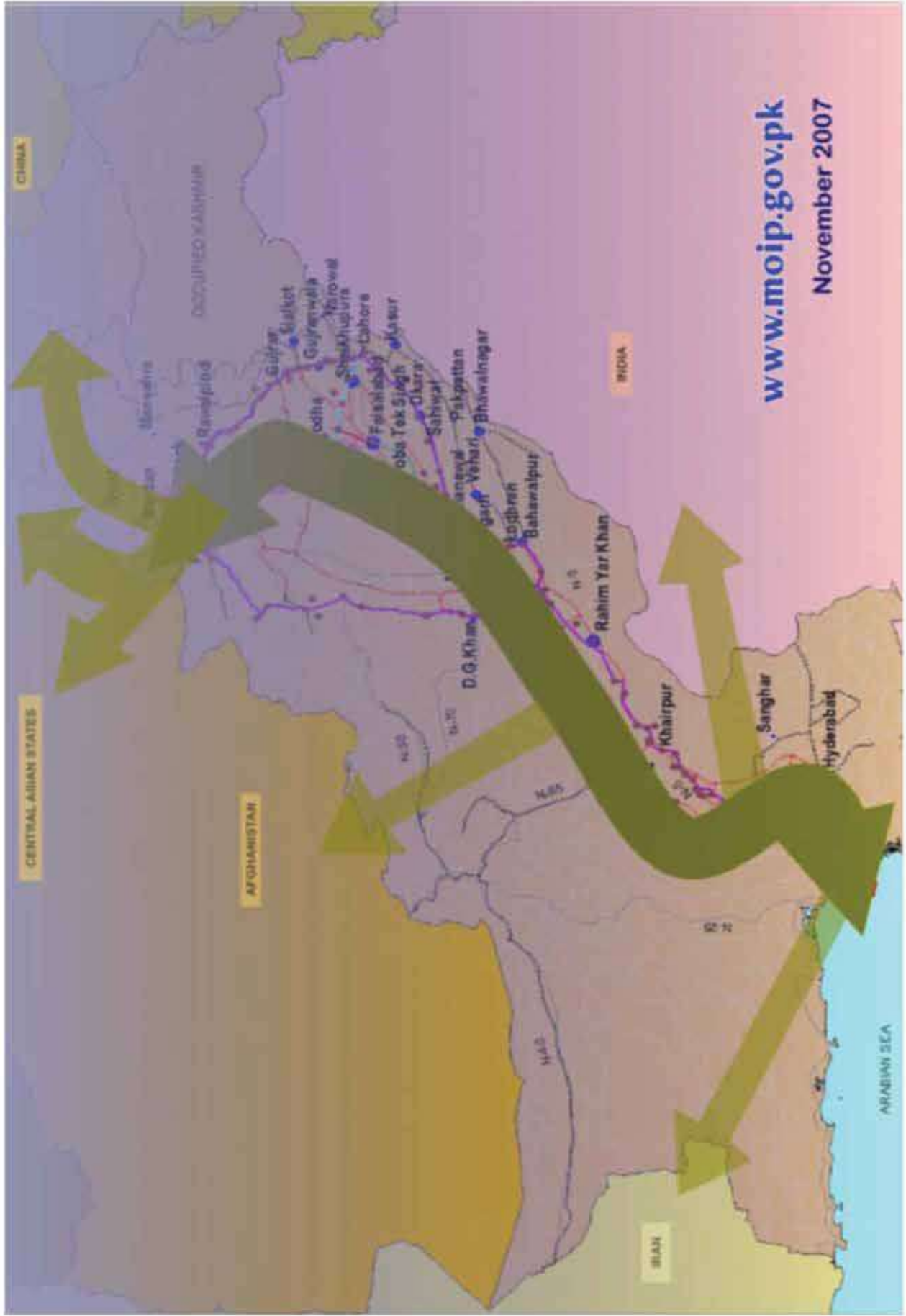
Source: Economic Survey of Pakistan 2016. From 2000-01, Table 13.1 A, Page No.155.

A3: Motor Vehicles on Road

(000' Numbers)



Year	Motor Cycle Rickshaw	Motor cab/ Taxi	Bus / Wagon / Minibus / Coach	Total Passenger	Pick-up	Delivery Van	Trucks	Tankers (Oil & Water)	Total (Freight)
2000-01	72.4	79.8	86.6	238.8	68.4	72.4	132.3	8	281.1
2001-02	80.8	96.4	96.6	273.8	78.3	116.9	145.2	8.4	348.8
2002-03	80.9	104.1	98.3	283.3	80.6	120.3	146.7	8.4	356
2003-04	81	112.6	100.4	294	84.4	121.3	149.2	8.6	363.5
2004-05	81.3	120.3	102.4	304	87.6	121.9	151.8	8.5	369.8
2005-06	77.8	122.1	103.6	303.5	93.5	143.3	151.8	8.6	397.2
2006-07	79	119.1	108.4	306.5	104.5	148.9	173.3	8.8	435.5
2007-08	89.3	129.8	109.9	329	115.3	163.5	177.8	9.8	466.4
2008-09	88.4	138.6	111.1	338.1	125.5	167.2	181.9	10.8	485.4
2009-10	89.1	146.4	123.3	358.8	130.3	170.4	200.5	11.1	512.3
2010-11	89.8	154.6	125.6	370	135.3	173.6	209.5	11.4	529.8
2011-12	102.4	158.7	129.2	390.3	141.3	176.6	212.3	12.5	542.7
2012-13	120.5	160.7	130.2	411.4	150.2	180	220.5	12.3	563
2013-14	108	168.8	140	416.8	150	181	240	12.6	583.6
2014-15	112	178	148	438	158	190	252	12.6	612.6
2015-16	118.1	186.5	150.6	455.2	166.3	191.4	263.8	14	635.5
ACGR (%)	3.6%	5.9%	3.8%	4.4%	6.2%	7.5%	4.8%	3.9%	5.7%

Source: Statistical Bulletin Economic Survey of Pakistan 2016-17. Table 13.4, Page No 161.



www.moip.gov.pk

November 2007

A7: Permissible Gross Vehicles Weight by Axle Load	
Truck Type	Permissible Gross Vehicles Weight (in Tons)
 2 AX SINGLE (BEDFORD)	17.5
 2 AX SINGLE (HINO/NISSAN)	17.5
 3 AX TENDEM	27.5
 3 AX SINGLE	29.5
 4 AX SINGLE-TENDEM	39.5
 4 AX TENDEM-SINGLE	39.5
 4 AX SINGLE	41.5
 5 AX SINGLE-TENDEM	48.5
 5 AX TENDEM-TENDEM	49.5
 5 AX SINGLE-SINGLE-TENDEM	51.5
 5 AX TENDEM-SINGLE-TENDEM	51.5
 6 AX TENDEM-TRIDEM	58.5
 6 AX TENDEM-SINGLE-TENDEM	61.5

Source: Government of Pakistan, Ministry of Law and Justice; 2000; National Highway Safety Ordinance 2000; Islamabad

A8: Composition of Gross Output									
Years	Agriculture	Livestock	Mining	Manufacturing	Total Domestic	Exports	Net Domestic	Imports	Total Freight
1999-00	86,607	14,940	16,008	80,416	197,971	5,612	192,359	31,387	229,358
2000-01	80,651	15,297	17,449	83,413	196,811	7,665	189,146	31,904	228,715
2001-02	82,352	15,741	17,712	85,733	201,537	8,747	192,790	31,262	232,799
2002-03	88,076	16,207	19,339	91,019	214,641	9,402	205,239	31,589	246,230
2003-04	90,584	16,615	20,701	100,887	228,786	8,940	219,846	32,996	261,782
2004-05	90,633	17,075	22,871	113,150	243,728	9,946	233,782	38,106	281,834
2005-06	88,727	18,698	27,945	117,802	253,171	10,682	242,489	43,161	296,332
2006-07	99,819	19,373	35,567	129,512	284,270	12,356	271,914	42,840	327,110
2007-08	105,985	20,022	41,782	142,027	309,817	16,492	293,325	47,251	357,068
2008-09	99,520	20,731	42,473	131,048	293,773	18,650	275,123	46,138	339,911
2009-10	97,444	21,477	46,523	132,985	298,429	19,908	278,521	48,380	346,809
2010-11	103,072	22,270	40,990	137,726	304,058	19,504	284,554	48,627	352,685
2011-12	105,673	23,029	45,276	135,825	309,803	17,624	292,179	45,702	355,505
2012-13	110,807	23,873	49,866	140,949	325,496	19,197	306,299	44,962	370,457
2013-14	116,438	24,699	47,525	152,566	341,229	18,706	322,523	49,042	390,271
2014-15	113,820	25,595	51,376	155,564	346,355	21,655	324,700	51,734	398,089
2015-16	115,863	26,536	63,466	171,582	377,448	22,915	354,533	60,995	438,443
Trend	1.95%	3.67%	9.44%	4.97%	4.20%	9.82%	3.99%	4.46%	4.21%

Source: Pakistan Bureau of Statistics , 2015-16.

A9: Overland Transport Freight Traffic							
Fiscal Year	Road	Rail	Pipeline*	Total	Road	Rail	Pipeline
	Million Tonne Kilometres				(share %)		
1991/92	41,536	5,962	6,046	53,544	77.57%	11.13%	11.29%
1992/93	53,719	6,180	5,912	65,811	81.63%	9.39%	8.98%
1993/94	71,596	5,938	5,959	83,493	85.75%	7.11%	7.14%
1994/95	75,770	5,661	5,577	87,008	87.08%	6.51%	6.41%
1995/96	79,900	5,077	6,032	91,009	87.79%	5.58%	6.63%
1996/97	84,345	4,607	6,300	95,252	88.55%	4.84%	6.61%
1997/98	89,527	4,447	6,418	100,392	89.18%	4.43%	6.39%
1998/99	95,246	3,967	6,742	105,955	89.89%	3.74%	6.36%
1999/00	101,261	3,753	6,834	111,848	90.53%	3.36%	6.11%
2000/01	107,085	4,520	9,354	120,959	88.53%	3.74%	7.73%
2001/02	108,818	4,573	9,478	122,869	88.56%	3.72%	7.71%
2002/03	110,172	4,830	9,553	124,555	88.45%	3.88%	7.67%
2003/04	114,244	5,336	10,011	129,591	88.16%	4.12%	7.73%
2004/05	119,111	5,532	10,739	135,382	87.98%	4.09%	7.93%
2005/06	124,456	5,916	12,977	143,349	86.82%	4.13%	9.05%
2006/07	129,503	5,453	12,310	147,266	87.94%	3.70%	8.36%
2007/08	134,534	6,187	13,029	153,750	87.50%	4.02%	8.47%
2008/09	140,836	5,896	12,489	159,221	88.45%	3.70%	7.84%
2009/10	148,153	4,847	14,345	167,345	88.53%	2.90%	8.57%
2010/11	152,153	1,757	15,163	169,073	89.99%	1.04%	8.97%
2011/12	156,261	403	16,027	172,691	90.49%	0.23%	9.28%
2012/13	160,480	419	16,941	177,840	90.24%	0.24%	9.53%
2013/14	164,813	1,090	17,906	183,809	89.67%	0.59%	9.74%
2014/15	165,874	2,099	18,536	186,509	88.94%	1.13%	9.94%
2015/16	167,024	2,084	18,865	187,973	88.86%	1.11%	10.04%
Trend	6.2%	4.3%	5.2%	5.5%	Long-term growth from 91-92		
	3.2%	9.2%	7.0%	3.3%	Medium-term growth '00-16		

Source:(a) Government of Pakistan, Finance Division: several issues; Pakistan Economic Survey, Islamabad; (b) Government of Pakistan, Pakistan Bureau of Statistics; several issues; Pakistan Statistical Year Book, Islamabad; (c) Oil Companies' Advisory Committee; several years; Annual Reports; Karachi; (d) National Transport Research Centre, Ministry of Communications; estimates prepared sporadically

A10: Overland Passenger Transport Traffic					
Fiscal Year	Road	Rail	Total	Road	Rail
	Million Passenger Kilometres			(Share %)	
1991/92	131,352	18,158	149,510	87.85%	12.15%
1992/93	135,000	17,082	152,082	88.77%	11.23%
1993/94	137,037	16,385	153,422	89.32%	10.68%
1994/95	146,132	17,555	163,687	89.28%	10.72%
1995/96	154,566	18,905	173,471	89.10%	10.90%
1996/97	163,751	19,114	182,865	89.55%	10.45%
1997/98	173,857	18,774	192,631	90.25%	9.75%
1998/99	185,236	18,980	204,216	90.71%	9.29%
1999/00	196,692	18,495	215,187	91.41%	8.59%
2000/01	208,370	19,590	227,960	91.41%	8.59%
2001/02	209,381	20,783	230,164	90.97%	9.03%
2002/03	215,872	22,306	238,178	90.63%	9.37%
2003/04	222,779	23,045	245,824	90.63%	9.37%
2004/05	232,191	24,238	256,429	90.55%	9.45%
2005/06	238,077	25,621	263,698	90.28%	9.72%
2006/07	242,309	26,446	268,755	90.16%	9.84%
2007/08	262,401	24,731	287,132	91.39%	8.61%
2008/09	277,099	25,702	302,801	91.51%	8.49%
2009/10	247,238	23,523	270,761	91.31%	8.69%
2010/11	263,725	20,618	284,343	92.75%	7.25%
2011/12	228,156	16,093	244,249	93.41%	6.59%
2012/13	262,042	17,388	279,430	93.78%	6.22%
2013/14	279,045	19,779	298,824	93.38%	6.62%
2014/15	280,985	20,105	301,090	93.32%	6.68%
2015/16	282,457	21,578	304,035	92.90%	7.10%
Trend	3.4%	1.0%	3.2%		

Source: (a) Government of Pakistan, Finance Division: several issues; Pakistan Economic Survey, Islamabad; (b) Government of Pakistan, Pakistan Bureau of Statistics; several issues; Pakistan Statistical Year Book, Islamabad; (c) Oil Companies' Advisory Committee; several years; Annual Reports; Karachi; (d) National Transport Research Centre, Ministry of Communications; estimates prepared sporadically

A11: Performance Measures							
Years	Total Freight (000 metric ton)	Freight-TKm (million)	Average Distance (km)	GDP (PKR million)	VART (PKR million)	FECO (PKR per TKm)	
						GDP/Tkm	VART/TKm
1999-00	229,358	101,261	441.50	5,619,239	498,159	55.49	4.92
2000-01	228,715	107,085	468.20	5,729,783	529,630	53.51	4.95
2001-02	232,799	108,818	467.43	5,908,088	543,589	54.29	5.00
2002-03	246,230	110,172	447.44	6,187,291	561,904	56.16	5.10
2003-04	261,782	114,244	436.41	6,650,306	578,976	58.21	5.07
2004-05	281,834	119,111	422.63	7,246,021	604,111	60.83	5.07
2005-06	296,332	124,456	419.99	7,715,777	655,916	62.00	5.27
2006-07	327,110	129,503	395.90	8,142,969	652,323	62.88	5.04
2007-08	357,068	134,534	376.77	8,549,148	686,145	63.55	5.10
2008-09	339,911	140,836	414.33	8,579,987	718,644	60.92	5.10
2009-10	346,809	148,153	427.19	8,801,394	738,680	59.41	4.99
2010-11	352,685	152,153	431.41	9,120,336	755,534	59.94	4.97
2011-12	355,505	156,261	439.55	9,470,255	788,446	60.61	5.05
2012-13	370,458	160,480	433.19	9,819,055	818,581	61.19	5.10
2013-14	390,271	164,813	422.30	10,217,056	848,897	61.99	5.15
2014-15	398,089	165,874	416.68	10,629,661	888,045	64.08	5.35
2015-16	438,443	167,024	380.95	11,110,663	922,462	66.52	5.52
Trend (1990-2016)	4.21%	3.19%	-0.82%	4.37%	3.94%	1.17%	0.75%

Source: Appendix A8, A9 and A12.

Note: Total Freight = total freight tones in thousands

Freight-TKm = total freight tones kilometres in millions (total freight * average distance in km)

A12: Gross Fixed Capital Formation (GFCF) in Private, Public, and General Government Sectors by Economic Activity at Current Market Prices						
Fiscal Year	GFCF (A+B+C)	Private Sector	Transport & Communication			
			TLC	TLC as % GFCF	Private	Pvt % of TLC
1999-2000	607,410	394,749	80,081	13.20%	23,868	29.80%
2000-01	659,325	423,097	104,679	15.90%	31,697	30.30%
2001-02	680,373	496,464	86,360	12.70%	31,476	36.40%
2002-03	736,433	545,104	82,864	11.30%	51,381	62%
2003-04	844,836	616,514	148,646	17.60%	86,951	58.50%
2004-05	1,134,942	852,424	224,974	19.80%	153,558	68.30%
2005-06	1,565,838	1,197,740	392,651	25.10%	312,549	79.60%
2006-07	1,814,620	1,335,849	395,240	21.80%	324,335	82.10%
2007-08	2,094,743	1,539,647	457,156	21.80%	372,544	81.50%
2008-09	2,114,132	1,561,600	327,772	15.50%	297,200	90.70%
2009-10	2,111,791	1,557,909	298,998	12.30%	259,350	16.10%
2010-11	2,288,325	1,697,795	252,884	9.30%	211,803	24.40%
2011-12	2,701,458	1,950,349	268,177	8.30%	223,175	26%
2012-13	2,990,126	2,202,307	351,980	9%	267,704	24.10%
2013-14	3,280,822	2,483,817	436,682	11.20%	366,473	19.90%
2014-15	3,871,396	2,843,159	538,962	12%	465,937	16%
2015-16	4,061,104	2,957,878	511,118	11.60%	470,073	16.40%
2016-17	4,517,037	3,153,948	518,665	10.10%	457,846	18.70%
Trends	12.9%	13.5%	15.3%		23.5%	

Source: Table 1.7, Page No. 17 Economic Survey of Pakistan Various issues mainly 2016-17, 200-06

B: Sector Economics and Finance

Freight

B1: Routes by Type of Vehicle						
	Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
Count	415	812	383	613	782	3005
Intra-City	71.8	58.1	13.8	17.3	8.4	33.1
Inter-City	2.4	6.8	38.4	52.9	45.4	29.7
No Fixed Route	25.8	35.1	47.8	29.9	46.2	37.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Figures are column percentages

Source: Survey

B2: Sale of Vehicles by Type of Vehicle [Percentage of Owners Who Reported Sale of Vehicle]							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	21	127	11	55	26	240
Ways and Means of Selling	Word-of-Mouth	57.1	66.9	54.5	56.4	50.0	57.6
	Market	28.6	18.9	45.5	18.2	34.6	21.2
	Newspaper Advertisement	.0	6.3	.0	7.3	3.8	5.1
	Commission Agent	14.3	.8	.0	12.7	7.7	5.1
	Website Advertisement	.0	6.3	.0	5.5	.0	4.3
	Others	.0	.8	.0	.0	3.8	.8
Reasons for Selling*	Got Too Old	71.4	40.9	45.5	63.6	61.5	51.3
	To Purchase Better Vehicle	19.0	15.0	27.3	45.5	30.8	24.6
	Domestic Reasons	.0	30.7	.0	.0	.0	16.3
	Good Price	4.8	11.0	.0	10.9	3.8	9.2
	To Pay Back a Loan	.0	3.9	27.3	1.8	7.7	4.6

Figures are column percentages

* Multiple Response Questions

Source: Survey

B3: Purchase Prices, Modification and Registration by Type of Vehicle [PKR]								
			Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	
Purchase Prices	Total	Count	415	812	383	613	782	
		Mean	195,676	536,460	1,750,958	4,720,364	4,819,751	
		Median	165,000	480,000	1,200,000	2,500,000	4,000,000	
	New	Mean	215,488	714,809	2,172,297	7,434,319	5,847,796	
		Median	180,000	700,000	2,500,000	10,100,000	4,900,000	
	Used	Mean	181,929	507,034	1,666,426	3,953,870	4,571,714	
		Median	118,000	450,000	1,100,000	1,825,000	4,000,000	
	Expenditure on Modification	Total	Count	415	812	383	613	782
			Mean	5,095	11,486	59,577	118,278	78,399
Median			560	6,000	16,000	30,000	22,000	
New		Mean	4,855	8,495	32,963	42,015	44,079	
		Median	2,000	2,000	30,000	30,000	20,000	
Used		Mean	5,261	11,979	64,917	139,817	86,679	
		Median	500	7,000	13,500	40,000	25,000	
Expenditure on Registration etc.		Total	Count	415	812	383	613	782
			Mean	5,359	8,219	54,903	68,727	47,352
	Median		3,000	3,500	11,000	15,000	18,700	
	New	Mean	8,508	14,035	21,148	38,733	57,801	
		Median	6,500	8,700	10,000	10,000	23,000	
	Used	Mean	3,174	7,260	61,674	77,198	44,831	
		Median	1,000	3,300	12,000	17,350	18,000	
	Overall Amount	Total	Count	415	812	383	613	782
			Mean	206,130	556,165	1,865,438	4,907,368	4,945,501
Median			177,000	500,000	1,265,000	2,530,000	4,064,400	
New		Mean	228,852	737,339	2,226,408	7,515,066	5,949,676	
		Median	189,500	710,000	2,540,000	10,155,000	4,922,500	
Used		Mean	190,363	526,273	1,793,018	4,170,885	4,703,224	
		Median	120,500	469,300	1,145,000	2,003,250	4,005,650	

Survey results.

B4: City of Informal Lender from where Vehicle was Obtained on Instalment by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
City of Informal Lender	Count	8	4	7	18	34	71
	Peshawar	.0	.0	14.3	.0	11.8	7.0
	Lahore	75.0	25.0	14.3	66.7	52.9	53.5
	Okara	.0	.0	.0	.0	5.9	2.8
	Karachi	25.0	25.0	57.1	33.3	26.5	31.0
	Multan	.0	.0	14.3	.0	2.9	2.8
	Bannu	.0	25.0	.0	.0	.0	1.4
	Mirpur Khas	.0	25.0	.0	.0	.0	1.4

Figures are column percentages

[Source: Section A4, Question Q80]

B5: Characteristics of Formal Loan Obtained by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	10	135	31	60	23	259
Loan Size	Avg. Loan Amount	253,000	225,593	1,916,774	1,298,333	2,646,522	892,568
Loan Processing Time	Avg. Days	16	67	38	40	63	55
Collateral	Land/ Home Documents	20.0%	63.0%	87.1%	76.7%	52.2%	66.4%
	Vehicle Documents	.0%	23.0%	9.7%	23.3%	47.8%	22.8%
	Nothing	80.0%	3.0%	.0%	.0%	.0%	4.6%
	Others	.0%	.7%	.0%	.0%	.0%	.4%
Down Payment	Avg. Rupees	47,700	31,174	100,355	203,667	242,826	98,847
Loan Payback Period	Avg. Years	4	2	5	5	6	4
Monthly Instalment Paid	Avg. Rupees	4,277	8,101	30,274	18,244	33,385	16,536
Interest Rate of Formal Sector	Avg. Percent	18.37	18.55	15.61	24.90	16.29	19.46
Loan Easily Available	Yes	50.0%	14.1%	12.9%	11.7%	26.1%	15.8%
	No	50.0%	85.9%	87.1%	88.3%	73.9%	84.2%
Reasons for Delay*	Time-Consuming Activity	40.0%	71.6%	51.9%	39.6%	35.3%	57.8%
	Complicated Process	40.0%	3.4%	22.2%	11.3%	23.5%	10.1%
	Reference Required	20.0%	28.4%	18.5%	20.8%	52.9%	27.1%
	Commission to be Paid	20.0%	2.6%	11.1%	30.2%	17.6%	11.9%
If Instalment Not Paid on Time	Extra Time Given	60.0%	71.9%	77.4%	91.7%	82.6%	77.6%
	Penalty Charged	.0%	1.5%	.0%	1.7%	.0%	1.2%
	Vehicle Confiscated	40.0%	26.7%	22.6%	6.7%	17.4%	21.2%
Have you faced difficulty in paying an instalment	Yes	10.0%	.7%	.0%	.0%	4.3%	1.2%
	No	90.0%	99.3%	100.0%	100.0%	95.7%	98.8%
Difficulties *	Insufficient Revenue	.0%	100.0%	.0%	.0%	.0%	33.3%
	Accident	.0%	.0%	.0%	.0%	100.0%	33.3%
	Unexpected Expenditures	100.0%	.0%	.0%	.0%	.0%	33.3%
Actions Taken if Difficulty Faced*	Extra Time Requested	100.0%	100.0%	.0%	.0%	.0%	66.7%
	Loan from Friends/ Relatives	.0%	.0%	.0%	.0%	100.0%	33.3%

* Multiple Response Question

[Source: Survey]

B6: Characteristics of Informal Sources of Financing by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	8	7	2	3	7	27
Loan Size	Avg. Rupees	150,625	450,000	350,000	600,000	1,208,571	567,222
Loan Processing Time	Avg. Days	22	27	7	3	21	20
Loan Payback Period	Avg. Months	14	37	21	7	39	26
Monthly Instalment Paid	Avg. Rupees	10,759	12,162	16,667	85,714	30,989	21,816
Number of Instalments Paid	Avg. Numbers	15	35	28	37	41	31
Number of Instalments Remaining	Avg. Numbers	20	6	10	3	12	11
Collateral	Land Documents	12.5%	42.9%	.0%	33.3%	14.3%	22.2%
	Vehicle Documents	25.0%	28.6%	50.0%	33.3%	71.4%	40.7%
	Personal Guarantee	25.0%	14.3%	.0%	33.3%	.0%	14.8%
	Nothing	25.0%	14.3%	50.0%	.0%	14.3%	18.5%
	Others	12.5%	.0%	.0%	.0%	.0%	3.7%
Interest Rate of Informal Agent	Avg. Percentage	36.23	41.20	33.67	30.06	28.24	34.57
Number of Instalment Written Off when Paid on Time	One	12.5%	42.9%	.0%	33.3%	28.6%	25.9%
	Two	12.5%	14.3%	.0%	.0%	.0%	7.4%
	None	75.0%	42.9%	100.0%	66.7%	71.4%	66.7%
If Instalment Not Paid on time	Extra Time Given	87.5%	42.9%	50.0%	33.3%	57.1%	59.3%
	Penalty Charged	12.5%	14.3%	.0%	.0%	.0%	7.4%
	Vehicle Confiscated	.0%	42.9%	50.0%	66.7%	42.9%	33.3%

* Multiple Response Question

[Source: Survey]

B7: Vehicle on Instalment - Characteristics by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	8	4	7	18	34	71
Source of Knowledge for Purchasing	Friends	62.5%	100.0%	71.4%	77.8%	76.5%	76.1%
	Relatives	12.5%	.0%	14.3%	5.6%	11.8%	9.9%
	Word-of-Mouth	25.0%	.0%	14.3%	16.7%	11.8%	14.1%
Cost of Last Vehicle Purchased on Instalments	Avg. Rupees	190,000	520,000	1,514,286	1,497,059	5,159,032	3,287,667
Additional Cost	Avg. Rupees	3,375	51,375	27,571	4,117	15,882	14,642
Vehicle Delivery Time	Avg. Days	17	27	4	22	18	18
Vehicle Cost if Purchased on Cash	Avg. Rupees	144,500	360,000	1,177,143	1,214,118	4,017,419	2,572,633
Down Payment	Avg. Rupees	10,000	100,000	260,000	268,824	1,262,742	761,250
Monthly Instalment	Avg. Rupees	5,143	10,000	25,086	30,706	70,842	52,634
Number of Instalments Paid	Avg. Numbers	19	10	31	35	32	31
Number of Instalments Remaining	Avg. Number	16	32	19	5	23	17
Interest Rate of On Instalment	Avg. Percentage	49.37	56.97	37.99	32.80	31.79	34.39
Number of Instalment Written Off When Paid on Time	One	25.0%	.0%	14.3%	.0%	17.6%	12.7%
	Two	12.5%	25.0%	28.6%	61.1%	2.9%	22.5%
	Three	.0%	.0%	.0%	11.1%	29.4%	16.9%
	None	62.5%	75.0%	57.1%	27.8%	50.0%	47.9%
If Instalment Not Paid on time	Extra Time Given	87.5%	50.0%	71.4%	77.8%	82.4%	78.9%
	Vehicle Confiscated	12.5%	50.0%	28.6%	22.2%	17.6%	21.1%

* Multiple Response Question

[Source: Survey]

B8: Financial Institution from which the Loan was Obtained by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	10	135	31	60	23	259
Type	Conventional Bank	30.0	74.8	87.1	90.0	60.9	76.8
	Islamic Bank	10.0	24.4	9.7	10.0	34.8	19.7
	Leasing Company	60.0	.7	3.2	.0	4.3	3.5
Name	HBL	10.0	25.9	32.3	45.0	30.4	30.9
	BOP	.0	5.9	22.6	6.7	4.3	7.7
	Tameer Bank	10.0	20.7	.0	3.3	.0	12.0
	NBP	.0	2.2	3.2	6.7	8.7	3.9
	Meezan Bank	.0	.0	3.2	5.0	4.3	1.9
	MCB	10.0	.7	12.9	6.7	4.3	4.2
	Faysal Bank	.0	14.1	16.1	11.7	4.3	12.4
	Dubai Islamic Bank	20.0	23.7	6.5	11.7	30.4	19.3
	ABL	.0	5.9	3.2	3.3	13.0	5.4
	Bank Al Falah	.0	.7	.0	.0	.0	.4
	Private Leasing	50.0	.0	.0	.0	.0	1.9
	Banks/ Leasing Firm	Avg. Loan Amount	253,000	225,593	1,916,774	1,298,333	2,646,522

Figures are column percentages

[Source: Survey]

B8: Financial Institution from which the Loan was Obtained by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
Type	Count	10	135	31	60	23	259
	Conventional Bank	30.0	74.8	87.1	90.0	60.9	76.8
	Islamic Bank	10.0	24.4	9.7	10.0	34.8	19.7
	Leasing Company	60.0	.7	3.2	.0	4.3	3.5
Name	HBL	10.0	25.9	32.3	45.0	30.4	30.9
	BOP	.0	5.9	22.6	6.7	4.3	7.7
	Tameer Bank	10.0	20.7	.0	3.3	.0	12.0
	NBP	.0	2.2	3.2	6.7	8.7	3.9
	Meezan Bank	.0	.0	3.2	5.0	4.3	1.9
	MCB	10.0	.7	12.9	6.7	4.3	4.2
	Faysal Bank	.0	14.1	16.1	11.7	4.3	12.4
	Dubai Islamic Bank	20.0	23.7	6.5	11.7	30.4	19.3
	ABL	.0	5.9	3.2	3.3	13.0	5.4
	Bank Al Falah	.0	.7	.0	.0	.0	.4
	Private Leasing	50.0	.0	.0	.0	.0	1.9
	Banks/Leasing Firm	Avg. Loan Amount	253,000	225,593	1,916,774	1,298,333	2,646,522

Figures are column percentages

[Source: Survey]

B9: Source of Knowledge about Financial Institutions by Type of Vehicle [Percentage of Owners who Obtained Formal Loan or Leasing]							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
How did you come to know of the bank that provide loans for vehicle financing	Print Media	.0	28.1	29.0	38.3	26.1	29.3
	Direct Marketing Call	.0	1.5	29.0	23.3	4.3	10.0
	Electronic Media	.0	3.7	.0	.0	.0	1.9
	Friends/Relatives/Colleagues	100.0	66.7	41.9	38.3	69.6	58.7

Figures are column percentages

[Source: Survey]

B10: Incidence of Vehicle Insurance by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
	Count	415	812	383	613	782	3005
Last Purchased Vehicle Insured	Yes	.5	1.2	6.3	4.7	12.7	5.5
	No	99.5	98.8	93.7	95.3	87.3	94.5
Type of Insurance	Third Party	50.0	30.0	41.7	55.2	89.9	72.6
	Comprehensive	50.0	70.0	58.3	44.8	10.1	27.4
Name of Insurance Companies	EFU Insurance	.0	28.6	.0	.0	3.0	3.5
	Pak-Qatar General Takaful	.0	.0	5.0	.0	1.5	1.8
	Asian Mutual Insurance Company	.0	42.9	10.0	65.0	43.3	41.2
	Jubilee General Insurance Pvt Ltd	.0	14.3	.0	15.0	7.5	7.9
	State Life Insurance Corporation	.0	14.3	.0	5.0	25.4	16.7
	Adamjee Insurance Company	.0	.0	50.0	10.0	11.9	17.5
	IGI Insurance	.0	.0	.0	.0	1.5	.9
	The Credit Insurance Company	.0	.0	35.0	.0	.0	6.1
	Rocket Insurance	.0	.0	.0	5.0	.0	.9
	Pakistan General Insurance	.0	.0	.0	.0	3.0	1.8
	Atlas Insurance	.0	.0	.0	.0	3.0	1.8

Figures are column percentages

[Source: Survey]

B11: Interest Rates by Type of Vehicle [Annual Percentage]						
	Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
Interest Rate of Formal Sector	18.37	18.55	15.61	24.90	16.29	19.46
Interest Rate of Informal Agent	36.23	41.20	33.67	30.06	28.24	34.57
Interest Rate of On Instalment	49.37	56.97	37.99	32.80	31.79	34.39

[Source: Survey]

B12: Vehicle Management by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Large Truck	Total
Myself or Driver		93.0	93.6	88.5	92.0	87.7	91.0
Vehicle on Rent with Driver, Bear Daily Expenses Myself		7.0	6.3	11.0	7.0	12.3	8.7
Vehicle on Rent With Driver, User Bears Daily Expenses		.0	.1	.5	1.0	.0	.3
Contract Agreement with Company	Yes	1.0	2.7	2.3	5.1	5.1	3.5
Availability of Good and Trustworthy Driver	Yes	23.6	28.4	19.8	16.6	21.7	22.5

Figures are column percentages

[Source: Survey]

B13: Freight Transport - Fleet Profile 1							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Tanker	Total
Make of Vehicle	Hino	.5	.5	47.0	53.9	50.0	32.3
	Suzuki	19.8	92.5	3.5	2.1	2.8	26.9
	Mazda	.2	1.7	14.4	19.1	4.1	8.1
	Bedford	.7	.1	1.4	12.4	13.1	6.7
	Hyundai	.7	3.0	25.8	2.8	1.1	5.1
	Nissan	1.0	.1	.5	3.5	14.9	4.8
	Road Prince	28.0		.7		.4	3.6
	United	23.6	.2	.2		.2	3.1
	Isuzu	.2	.2	.5	2.3	6.0	2.3
	Toyota		.6	4.9	.4	2.6	1.5
	New Asia	7.7				.1	1.0
	Rozgar	6.7	.1		.2		.9
	Mercedez					1.7	.4
	Rocket				.8	.8	.4
	sezo	3.1		.2			.4
	Sazgar	1.7	.2		.1		.3
	Yamaha	1.9	.2				.3
	Daewoo				.2	.8	.3
	Honda	.5	.2		.1	.1	.2
	Vespa car			.2	.1	.4	.1
	Super Asia	.7			.1	.1	.1
	Kia			.7	.1		.1
	QINGQI	.2			.4		.1
	mitsubishi				.5		.1
	Master					.4	.1
	FAW			.1	.1	.1	.1
	unique	.7					.1
	dong pong				.2	.1	.1
	Daihsua				.1	.1	.1
	Mezan	.5					.1
	Siwa	.5					.1
	pak china	.5					.1
Siwa				.1		.0	
Tezgam	.2					.0	
Turbo					.1	.0	
fouzi				.1		.0	
adam				.1		.0	
commando	.2					.0	
Articulated	Articulated	57.8	50.2	70.2	80.0	77.8	68.2
	Non-Articulated	42.2	49.8	29.8	20.0	22.2	31.8

Figures are column percentages

[Source: Survey]

B14: Freight Transport - Fleet Profile 2						
[Average Values]						
	Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Tanker	Total
Number of vehicle	1.01	1.58	1.02	1.09	1.13	1.20
Workers per vehicle	.98	1.30	2.06	2.22	2.46	1.88
Vehicle Insurance	.03	.02	.07	.07	.15	.07
Vehicle Tracker	.00	.03	.02	.02	.04	.02
Vehicle Load Capacity	629.33	1,105.70	1,072.35	2,697.43	4,652.59	2336.10
Average Load Capacity	618.12	1,119.63	1,087.26	2,807.37	4,852.45	2418.03

[Source: Survey]

B15: Ownership by Type of Vehicle							
		Three-Wheeler Rickshaws	Small Pickup	Large Pickup	Small Truck	Tanker	Total
Ownership of vehicle	Self	98.3	97.2	97.4	96.1	96.9	97.0
	Joint	1.7	1.7	2.1	3.4	2.9	2.5
	Others		1.1	.5	.5	.1	.5

Figures are column percentages

[Source: Survey]

B16: Intention to Expand by Province						
		KPK	Punjab	Sindh	Balochistan	Total
Intend to Increase the Number of Vehicles	Yes	46.3	11.4	20.7	18.3	20.4
	No	53.7	88.6	79.3	81.7	79.6
Reasons for Not Expanding	Lack of Space in Market	21.1	33.3	16.2	12.2	25.5
	Competitive Market	3.8	22.4	21.5	14.3	19.5
	Lack of Capital	76.7	57.5	58.4	55.1	59.8
	Lack of Quality Human Resource	3.4	7.5	23.6	23.1	12.8
	Lack of Trustworthy People	4.9	6.3	21.2	1.4	10.3
	Legal Barriers	1.1	2.5	8.4	2.0	4.1
	High Risk	6.8	5.6	5.3	.7	5.4
	Protection Money	2.3	1.0	5.4	3.4	2.6
	Fear of Economic Volatility	5.6	3.6	1.0	.7	2.8
No Need	.0	.2	.3	.0	.2	

Figures are column percentages

* Multiple Response Question [Source: Survey]

B17: Freight Transport Sample Distribution by Banking Practices of Respondents						
		KPK	Punjab	Sindh	Balochistan	Total
How often do you visit a Bank	Daily	.8	3.1	2.6	1.1	2.4
	Weekly	5.6	11.5	10.6	8.3	10.0
	Monthly	79.8	62.7	85.1	86.7	73.7
	Quarterly	13.6	16.0	.1	1.7	10.0
	Yearly	.2	6.7	1.7	2.2	3.9
Purpose of Visiting Bank	Paying Bills	91.8	78.5	48.4	41.1	69.5
	Cash Transfers	11.2	15.4	28.0	17.8	18.6
	Pay Orders	2.4	3.9	5.7	1.7	4.0
	Demand Drafts	.4	.4	.4	3.9	.6
	Direct Fund Transfer	2.2	2.9	1.7	1.7	2.4
	Saving	9.4	15.1	36.3	50.6	22.6
	Challan	.6	4.0	.1		2.0
	Never go to Bank	1.0	.3			.3
	No Account	2.0	1.4	.1		1.0
	Do you have a bank account	Yes	18.4	43.2	73.8	64.4
If yes how many bank accounts do you have	1	17.6	40.5	62.2	62.2	44.5
	2	.8	2.5	9.1	1.1	4.1
	More than 2		.2	2.5	1.1	.9
Do you have an ATM Card	Yes	15.8	31.3	70.2	61.7	42.1
Do you have a Credit Card	Yes	1.0	4.9	9.9	17.2	6.5
Do you use Internet Banking	Yes	.6	1.9	1.2	1.1	1.4
Do you use Mobile Banking	Yes	.6	7.9	1.8	1.1	4.5

Figures are column percentages, Except Averages

[Source: Survey]

Passenger

B18: Purchase Prices, Modification and Registration by Type of Vehicle										[PKR]
		Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus			
Purchase Prices	Count	569	838	195	444	63	87			
	Total	193,060	817,375	1,106,938	2,519,302	3,163,095	8,198,851			
	Mean	160,000	700,000	950,000	1,700,000	3,200,000	8,000,000			
	Median	212,699	1,134,792	1,700,714	3,213,827	3,028,571	7,660,714			
	New	175,000	1,100,000	1,400,000	2,200,000	3,200,000	7,800,000			
	Used	178,836	751,513	1,061,011	2,364,325	3,179,911	9,170,968			
	Mean	130,000	600,000	900,000	1,500,000	3,100,000	12,000,000			
	Median	569	838	195	444	63	87			
	Count	4,417	12,908	30,857	41,561	65,773	111,586			
Expenditure on Modification	Total	2,000	5,000	9,000	10,000	8,000	100,000			
	Mean	4,033	7,729	126,493	44,957	45,429	142,571			
	Median	2,200	3,500	14,000	10,000	40,000	150,000			
	New	4,695	13,982	23,460	40,803	68,316	55,613			
	Used	1,500	5,000	9,000	12,000	3,100	20,000			
	Mean	569	838	195	444	63	87			
	Median	7,423	13,707	17,527	30,808	36,902	85,424			
	Total	4,000	5,000	10,000	7,400	18,000	75,000			
	Mean	10,873	27,785	26,214	45,734	25,714	122,598			
Expenditure on Registration etc.	New	7,800	16,000	30,000	16,000	25,000	89,500			
	Used	4,924	10,786	16,855	27,477	38,301	18,269			
	Mean									

[Source: Survey]

B19: Turnover, Expenditure and Profit by Type of Vehicle [Average Rupees per Month per Vehicle]							
	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Average Monthly Turnover	47,857	77,380	130,827	166,085	255,448	342,539	108,054
Expenditure	24,836	46,255	91,876	113,622	149,815	171,969	66,328
Average Monthly Profit	23,013	31,060	38,951	52,443	105,633	170,570	41,679

[Source: Survey]

B20: Profit Estimates by Type of Vehicle, Route, Condition of Vehicle Purchased and Passenger Carried [Average Rupees per Month Per Vehicle]																			
		Rickshaw			Taxi/Rent A Car			Wagon			Standard Bus			Deluxe Bus			Super Deluxe Bus		
		Count	Average																
Overall				569	838	195	444	63	87										
				23,013	31,060	38,951	52,443	105,633	170,570										
Intra-City				23,159	22,853	31,823	21,411	63,929	93,100										
Inter-City				27,646	43,350	44,215	78,821	117,854	176,676										
No Fixed Route				19,106	36,636	31,477	43,902	115,714	120,000										
New				24,391	30,848	27,254	36,848	65,357	54,213										
Used				22,019	31,104	39,856	55,932	110,668	380,763										
Kind of Passengers Cater	Lower-Income			22,767	30,885	40,028	48,964	15,406	88,296										
	Middle-Income			23,162	31,257	38,901	54,037	118,757	180,063										
	Upper-Income			18,750	25,779	22,233	30,600	.	.										

[Source: Survey]

B21: Source of Financing for Purchasing and Modifying vehicle
 [Percent of Owners Who Reported the Source]

	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Personal Sources	99.1	99.6	100.0	99.1	100.0	100.0	99.5
Bank/Leasing Firm	2.5	10.1	2.1	11.9	4.8	31.0	8.5
Informal Market	4.7	1.1	2.1	4.5	4.8	8.0	3.2

Figures are column percentages

* Multiple Response Question

[Source: Survey]

B22: Source of Financing for Purchasing and Modifying vehicle
 [Percent of Owners Who Reported the Source]

	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus
Personal Sources	192,661	812,409	1,133,272	2,495,265	3,124,500	7,241,837
Banks/ Leasing Firm	162,857	314,859	650,000	479,434	1,900,000	2,814,815
Informal Market	209,148	237,556	425,000	1,368,750	1,066,667	3,485,714
Overall	204,899	843,989	1,155,323	2,591,670	3,265,770	8,395,860

Figures are column percentages * Multiple Response Question

[Source: Survey]

B23: Source of Financing for Purchasing and Modifying Vehicle by Condition of Vehicle Purchased
 [Percent of Owners Who Reported the Source]

		Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus
New	Personal Sources	99.6	99.3	100.0	98.8	100.0	100.0
	Personal Sources	214,632	1,149,958	1,667,707	3,249,574	3,099,714	6,586,598
	Bank/Leasing Firm	2.5	4.9	28.6	.0	.0	46.4
	Banks/ Leasing Firm	140,000	582,857	650,000	.	.	2,884,615
	Informal Market	4.6	.0	.0	1.2	.0	.0
	Informal Market	225,000	.	.	7,700,000	.	.
	Overall	227,605	1,170,306	1,853,421	3,304,518	3,099,714	7,925,884
Used	Personal Sources	98.8	99.7	100.0	99.2	100.0	100.0
	Personal Sources	176,620	742,656	1,091,934	2,327,641	3,127,599	8,425,495
	Bank/Leasing Firm	2.4	11.2	.0	14.6	5.4	3.2
	Banks/ Leasing Firm	180,000	290,808	.	479,434	1,900,000	1,000,000
	Informal Market	4.8	1.3	2.2	5.2	5.4	22.6
	Informal Market	198,250	237,556	425,000	1,035,526	1,066,667	3,485,714
	Overall	188,455	776,281	1,101,326	2,432,605	3,286,527	9,244,850
Overall	Personal Sources	99.1	99.6	100.0	99.1	100.0	100.0
	Personal Sources	192,661	812,409	1,133,272	2,495,265	3,124,500	7,241,837
	Bank/Leasing Firm	2.5	10.1	2.1	11.9	4.8	31.0
	Banks/ Leasing Firm	162,857	314,859	650,000	479,434	1,900,000	2,814,815
	Informal Market	4.7	1.1	2.1	4.5	4.8	8.0
	Informal Market	209,148	237,556	425,000	1,368,750	1,066,667	3,485,714
	Overall	204,899	843,989	1,155,323	2,591,670	3,265,770	8,395,860

Figures are column percentages * Multiple Response Question
 [Source: Survey]

B24: Financial Institution from which the Loan was Obtained by Type of Vehicle									
Type	Count	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total	
	14	85	4	53	3	27	186		
Conventional Bank	78.6	95.3	100.0	66.0	100.0	100.0	86.6		
Islamic Bank	14.3	3.5	.0	32.1	.0	.0	11.8		
Leasing Company	7.1	1.2	.0	1.9	.0	.0	1.6		
HBL	57.1	30.6	.0	28.3	66.7	18.5	30.1		
BOP	.0	14.1	.0	.0	.0	11.1	8.1		
Tameer Bank	14.3	42.4	100.0	7.5	33.3	66.7	34.9		
NBP	7.1	.0	.0	20.8	.0	.0	6.5		
Meezan Bank	.0	1.2	.0	3.8	.0	.0	1.6		
MCB	.0	.0	.0	1.9	.0	.0	.5		
Faysal Bank	7.1	3.5	.0	9.4	.0	.0	4.8		
Dubai Islamic Bank	14.3	7.1	.0	28.3	.0	3.7	12.9		
ABL	.0	1.2	.0	.0	.0	.0	.5		
Banks/ Leasing Firm	162,857	314,859	650,000	479,434	1,900,000	2,814,815	745,984		
Avg. Loan Amount									

Figures are column percentages [Source: Survey]

B25: Interest Rates by Type of Vehicle [Annual Percentage]							
Interest Rate of	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Interest Rate of Formal Sector	21.91	19.84	15.50	17.25	14.99	12.81	18.07
Interest Rate of Informal Agent	39.54	38.22	37.07	36.40	.	36.32	37.16
Interest Rate of On Instalment	41.58	32.39	27.02	25.07	22.09	22.22	34.22
[Source: Survey]							

B26: Characteristics of Formal Loan Obtained by Type of Vehicle

	Count	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Loan Size		14	85	4	53	3	27	186
Loan Processing Time		162,857	314,859	650,000	479,434	1,900,000	2,814,815	745,984
Collateral		62	63	68	68	73	89	68
	Land/ Home Documents	64.3%	82.4%	100.0%	98.1%	66.7%	100.0%	88.2%
	Vehicle Documents	14.3%	3.5%	.0%	.0%	.0%	.0%	2.7%
	Nothing	7.1%	2.4%	.0%	1.9%	.0%	.0%	2.2%
	Others	7.1%	.0%	.0%	.0%	.0%	.0%	.5%
Down Payment		29,000	51,765	125,000	79,585	435,000	386,296	114,296
Loan Payback Period		3	2	3	3	2	4	3
Monthly Instalment Paid		3,718	10,962	14,583	11,107	61,042	50,594	17,547
Interest Rate of Formal Sector		21.91	19.84	15.50	17.25	14.99	12.81	18.07
Loan Easily Available	Yes	73.3%	45.8%	40.0%	52.8%	100.0%	18.5%	46.8%
	No	26.7%	54.2%	60.0%	47.2%	.0%	81.5%	53.2%
Reasons for Delay*	Time-Consuming Activity	75.0%	91.1%	100.0%	100.0%	.0%	90.9%	92.9%
	Complicated Process	25.0%	2.2%	.0%	.0%	.0%	.0%	2.0%
	Reference Required	25.0%	6.7%	.0%	.0%	.0%	9.1%	6.1%
If Instalment Not Paid on time	Extra Time Given	46.7%	50.6%	20.0%	66.0%	.0%	25.9%	49.5%
	Penalty Charged	6.7%	4.8%	.0%	.0%	.0%	.0%	2.7%
Difficulty in Paying an Instalment	Vehicle Confiscated	46.7%	44.6%	80.0%	34.0%	100.0%	74.1%	47.8%
	Yes	13.3%	.0%	.0%	.0%	.0%	.0%	1.1%
	No	86.7%	100.0%	100.0%	100.0%	100.0%	100.0%	98.9%
Difficulties *	Insufficient Revenue	50.0%	.0%	.0%	.0%	.0%	.0%	50.0%
	Unexpected Expenditures	50.0%	.0%	.0%	.0%	.0%	.0%	50.0%
Actions Taken if Difficulty Faced*	Extra Time Requested	100.0%	.0%	.0%	.0%	.0%	.0%	100.0%

* Multiple Response Question
[Source: Survey]

B27: Characteristics of Informal Sources of Financing by Type of Vehicle

	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Count	3	4	3	8	0	6	24
Avg. Rupees	123,333	237,500	683,333	962,500	.	3,566,667	1,352,917
Avg. Days	8	3	4	7	.	3	5
Avg. Months	22	22	30	39	.	44	34
Avg. Rupees	5,606	10,795	22,778	24,679	.	81,061	39,792
Number of Instalments Paid	21	8	30	35	.	38	29
Number of Instalments Remaining	1	15	0	4	.	6	5
Collateral	33.3%	.0%	100.0%	87.5%	.0%	50.0%	58.3%
Vehicle Documents	66.7%	100.0%	.0%	.0%	.0%	50.0%	37.5%
Personal Guarantee	.0%	.0%	.0%	12.5%	.0%	.0%	4.2%
Nothing	39.54	38.22	37.07	36.40	.	36.32	37.16
Avg. Percentage	33.3%	.0%	100.0%	87.5%	.0%	66.7%	62.5%
Number of Instalment Written Off when Paid on Time	66.7%	100.0%	.0%	12.5%	.0%	33.3%	37.5%
None	66.7%	75.0%	.0%	12.5%	.0%	33.3%	33.3%
Extra Time Given	.0%	.0%	66.7%	62.5%	.0%	33.3%	37.5%
Penalty Charged	33.3%	25.0%	33.3%	25.0%	.0%	33.3%	29.2%
Vehicle Confiscated							

* Multiple Response Question
[Source: Survey]

B28: Reasons for not using Formal Sources by Type of Vehicle
[Percentage of Owners Who Obtained Loan from Informal Sources]

	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Super Deluxe Bus	Total
Lack of Adequate Collateral	.0%	75.0%	.0%	12.5%	16.7%	20.8%
Difficult Process	.0%	50.0%	100.0%	62.5%	83.3%	62.5%
Time-Consuming Process	.0%	.0%	66.7%	62.5%	33.3%	37.5%
Too Much Paperwork	.0%	.0%	.0%	25.0%	33.3%	16.7%
High Interest	33.3%	25.0%	100.0%	75.0%	66.7%	62.5%
Stringent Conditions	66.7%	75.0%	66.7%	87.5%	66.7%	75.0%
Not Islamic	33.3%	25.0%	.0%	37.5%	16.7%	25.0%
Lack of Awareness	33.3%	.0%	.0%	.0%	.0%	4.2%

* Multiple Response Question
[Source: Survey]

		B29: City of Informal lender from where Vehicle was Obtained on Instalment by Type of Vehicle							
		Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total	
	Count	569	838	195	444	63	87	2196	
City of Informal Lender	Not Taken Vehicle on Instalment	98.2	100.0	99.5	98.6	98.4	100.0	99.2	
	Peshawar	.5	.0	.0	.0	.0	.0	.1	
	Lahore	.5	.0	.5	.2	.0	.0	.2	
	Vihari	.0	.0	.0	.2	.0	.0	.0	
	Bahawalnagar	.2	.0	.0	.0	.0	.0	.0	
	Okara	.2	.0	.0	.0	.0	.0	.0	
	Karachi	.4	.0	.0	.9	1.6	.0	.3	

Figures are column percentages
[Source: Survey]

B30: Incidence of Vehicle Insurance by Type of Vehicle

		Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
	Count	553	810	186	440	58	87	2134
Last Purchased Vehicle Insured	Yes	.7	4.8	1.6	3.6	5.2	5.7	3.3
	No	99.3	95.2	98.4	96.4	94.8	94.3	96.7
Type of Insurance	Third Party	25.0	76.9	66.7	68.8	100.0	40.0	70.0
	Comprehensive	75.0	20.5	33.3	31.3	.0	60.0	28.6
	Other	.0	2.6	.0	.0	.0	.0	1.4
Name of Insurance Companies	EFU Insurance	.0	30.8	66.7	6.3	33.3	.0	22.9
	Pak-Qatar General Takaful	25.0	17.9	.0	12.5	.0	.0	14.3
	Asian Mutual Insurance Company	25.0	28.2	33.3	37.5	33.3	60.0	32.9
	Jubilee General Insurance Pvt Ltd	25.0	12.8	.0	18.8	.0	20.0	14.3
	State Life Insurance Corporation	25.0	.0	.0	6.3	.0	20.0	4.3
	Adamjee Insurance	.0	5.1	.0	12.5	.0	.0	5.7
	East West Insurance Company	.0	5.1	.0	.0	33.3	.0	4.3
	IGI Insurance	.0	.0	.0	6.3	.0	.0	1.4

Figures are column percentages [Source: Survey]

B31: Reasons for Not Insuring Vehicles by Type of Vehicle [Percentage of Owners Who did not Insure their Vehicle]							
	Rickshaw	Taxi/ Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	Total
Insurance Product Unavailable	10.9	12.5	30.1	11.1	25.5	2.4	13.3
Too Costly	35.5	27.0	29.0	45.3	30.9	46.3	34.1
No benefits	38.6	41.2	18.6	29.2	32.7	53.7	36.3
Cumbersome to Claim Insurance	13.1	14.9	19.7	15.6	14.5	4.9	14.6
Not Islamic	25.7	29.2	31.1	32.8	32.7	12.2	28.6
No Need	.5	.1	.0	.0	.0	.0	.2

Figures are column percentages
* Multiple Response Question [Source: Survey]

B32: Passenger Transport - Profile of Sample Fleet by Type of Vehicle							
		Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus
Number of workers per vehicle on average		0	1	1	2	3	1
Number of Vehicle Owned on average		2	2	2	3	5	2
Use of Vehicle	Passenger	97.4	98.7	97.6	96.0	86.3	78.4
	Passenger/ Loading	2.6	1.3	2.4	4.0	13.7	21.6
Vehicle Registration	Peshawar	16.1	7.1	9.7	11.0		9.1
	Lahore	42.4	48.3	70.4	39.5	54.8	20.5
	Karachi	39.6	37.4	12.1	41.9	35.6	67.0
	Other Cities	1.9	7.1	7.8	7.6	9.6	3.4

Figures are column percentages
[Source: Survey]

832: - Expected Sources of Financing by Type of Vehicle and City

		Peshawar	Charsadah	Hub	Lahore	Kasur	Karachi	Mirpur Khas	Total
Vehicle Intend to Purchase	Rickshaw	17.2	30.8	47.9	22.7	33.3	16.6	16.7	21.2
	Taxi/Rent A Car	72.0	53.8	29.2	40.4	66.7	38.7	66.7	48.0
	Wagon	2.5	.0	4.2	13.5	.0	5.5	.0	6.3
	Standard Bus	7.6	15.4	12.5	12.1	.0	34.1	.0	19.0
	Deluxe Bus	.6	.0	4.2	8.5	.0	1.8	.0	3.2
	Super Deluxe Bus	.0	.0	2.1	2.8	.0	3.2	16.7	2.2
	Personal Savings	65.9	61.3	73.2	71.8	50.0	91.7	50.0	77.8
Expected Sources of Finance*	Banks/ Leasing Firm	2.6	6.5	6.2	8.6	25.0	2.5	50.0	4.7
	Informal Market	31.5	32.3	20.6	19.6	25.0	5.8	.0	17.4
	Avg. Rupees	952,675	835,385	1,252,500	2,391,252	1,116,667	1,402,958	3,100,000	509,005
Loan Amount Obtained	16,757	57,894	72,183	44,294	105,881	50,539	1,885,714	52,983	

Figures are column percentages.

* Multiple Response Question

[Source: Survey]

B33: Passenger Transport - Profile of Sample Owners – Banking Habits						
		KPK	Punjab	Sindh	Balochistan	Overall
How often do you visit a bank	Daily	2.8	2.6	4.3	1.6	3.1
	Weekly	19.8	18.9	12.7	35.7	18.1
	Monthly	75.5	60.6	82.1	58.9	69.5
	Quarterly	1.7	11.7	.3	.8	5.9
	Yearly	.3	6.2	.6	3.1	3.3
Do you have a bank account	Yes	39.6	51.7	52.7	43.4	49.5
	No	60.4	48.3	47.3	56.6	50.5
If yes how many bank accounts do you have	One	36.8	43.8	31.8	33.3	38.3
	Three		.5	2.2	2.3	1.0
	More than Three		.1	.7		.3
Purpose of Visiting Bank	Pay Off Bills	93.0	88.0	69.2	81.4	82.7
	Cash Transfers	29.8	17.8	36.5	27.1	26.1
	Pay Orders		3.0	3.1		2.4
	Demand Drafts		.2	.1		.1
	Direct Fund Transfer	.8	3.0	.3		1.6
	Saving	11.4	20.1	3.4	24.8	13.8
	Challan		3.0			1.4
Do you have an ATM Card	Yes	34.0	32.7	46.3	38.0	37.4
Do you have a Credit Card	Yes	1.4	5.5	20.4	4.7	9.4
Do you use Internet Banking	Yes	2.2	3.5	8.6	2.3	4.8
Do you use Mobile Banking	Yes	1.4	5.0	9.2	1.6	5.5
Figures are column percentages, Except Averages [Source: Survey]						

B34: Passenger Transport - Ownership by Province and City										
	KPK		Punjab		Sindh		Balochistan		Overall	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Peshawar	329	15.0							329	15.0
Charsadah	30	1.4							30	1.4
Hub							129	5.9	129	5.9
Lahore			1014	46.2					1014	46.2
Kasur			18	.8					18	.8
Karachi					668	30.4			668	30.4
Mirpur Khas					8	.4			8	.4
Overall	359	16.3	1032	47.0	676	30.8	129	5.9	2196	100.0
Figures are column percentages [Source: Survey]										

B35: Mode of Revenue Collection							
	Rickshaw	Taxi/Rent A Car	Wagon	Standard Bus	Deluxe Bus	Super Deluxe Bus	
In general, who collects the revenue generated by vehicles	Myself (Directly)	86.1	74.8	74.4	52.0	50.8	12.6
	Driver	11.2	23.2	19.0	41.0	33.3	62.1
	Ada Operator/ Manager	.9	.8	3.6	3.2	3.2	21.8
	Others	1.8	1.2	1.5	2.0	6.3	2.3
	Conductor			1.5	1.8	6.3	1.1
	Not Applicable	86.1	74.8	74.4	52.0	50.8	12.6
	In Cash	10.4	22.3	24.1	45.0	46.0	82.8
	No Response	2.6	1.6	2.1	2.0	4.8	2.3
	Bank Transfer	.4	.7		.5		2.3
	Hawala	.5	.8				
In case someone other than you collects the revenue, how does it is transferred to you?	Easy Paisa		.5	.5			
	Petrol Pump				.5		
	Owner gives it to the driver	31.8	46.5	79.0	46.8	68.3	31.0
	Driver bears it himself and then is reimbursed later	38.8	38.9	10.3	46.4	19.0	63.2
	Self Driver	26.2	10.6	5.1	3.4		1.1
	No Response	10.2	6.2	7.2	4.7	7.9	2.3
	Manager gives it to the driver	.7	.7	1.5	.9	4.8	3.4
	Average Percentage	13	16	13	17	14	16
	In your opinion, what percentage of fraud is committed during transactions between truck ada personnel, driver and you						
	Figures are column percentages Multiple Response Questions [Source: Survey]						

Growth & Multiplier

C1: Input Output Matrix Based on Survey Data - Freight															
Three-Wheeler Rickshaws			Small Pickup			Large Pickup			Small Truck			Large Truck			Total
	Value /Unit (000)	Value (PKR In millions)	64,601	-	126,399	-	166,000	-	264,000	-	14,000	635,000			
	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)			
Number of Vehicles															
Regular Expenditure	297.3	19,206	476.3	60,208	1,666.7	276,666	3,303.4	872,106	5,450.7	76,310	1,304,495				
Unexpected Expenditure	62.2	4,016	68.9	8,703	206.9	34,340	351.1	92,678	533.3	7,466	147,202				
Expenditure on Modification	5.1	329	11.5	1,452	59.6	9,890	118.3	31,225	78.4	1,098	43,994				
Expenditure on Registration etc.	5.4	346	8.2	1,039	54.9	9,114	68.7	18,144	47.4	663	29,306				
Intermediate Inputs		23,897		71,401		330,010		1,014,153		85,537	1,524,997				
Indirect Taxes	9.5	611	6.5	818	23.7	3,938	38.7	10,216	53.5	749	16,332				
Gross Values Added		25,338		83,326		203,073		568,969		36,754	917,461				
Salary and Compensation	60.2	3,887	257.8	32,587	319.3	53,007	668.6	17,6513	573.5	8,029	274,023				
Earning Surplus	312.5	20,187	347.8	43,958	786.6	130,584	1,171.9	309,377	1,730.5	24,227	528,333				
Depreciation	19.6	1,264	53.6	6,781	117.4	19,483	314.7	83,078	321.3	4,498	115,105				
Gross output		49,845		155,545		537,022		1,593,338		123,040	2,458,790				
Percentage Depreciation		4.99		8.14		9.59		14.60		12.24	12.55				
Input-Output Ratio		0.48		0.46		0.61		0.64		0.70	0.62				
Multiplier		3.94		2.30		1.84		1.28		1.82	1.67				

C2: Input Output Matrix Based on Survey Data - Passenger													
	Rickshaw		Taxi/Rent A Car		Wagon		Standard Bus		Deluxe Bus		Super Deluxe Bus		Total
Number of Vehicles	-	118,000	-	187,000	-	37,319	-	84,973	-	12,057	-	16,650	455,999
	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value /Unit (000)	Value (PKR In millions)	Value (PKR In millions)
Regular Expenditure	186.7	22,027	416.0	77,788	760.7	28,388	882.0	74,950	1,345.1	16,218	1,150.0	19,148	238,518
Unexpected Expenditure	45.9	5,411	53.4	9,984	105.8	3,949	150.9	12,823	200.0	2,412	181.0	3,013	37,591
Expenditure on Modification	4.4	521	12.9	2,414	30.9	1,152	41.6	3,532	65.8	793	111.6	1,858	10,269
Expenditure on Registration etc.	7.4	876	13.7	2,563	17.5	654	30.8	2,618	36.9	445	85.4	1,422	8,578
Intermediate Inputs		28,835		92,748		34,142		93,922		19,868		25,441	294,956
Indirect Taxes	4.0	474	5.1	959	16.9	630	14.1	1,199	13.8	166	16.0	266	3,695
Gross Values Added		44,464		108,318		35,609		110,492		25,411		55,621	379,915
Salary and Compensation	81.4	9,600	124.8	23,334	376.1	14,035	419.1	35,610	523.6	6,314	473.9	7,890	96,782
Earning Surplus	276.2	32,586	372.7	69,699	467.4	17,443	629.3	53,475	1,267.6	15,283	2,046.8	34,080	222,566
Depreciation	19.3	2,278	81.7	15,285	110.7	4,131	251.9	21,407	316.3	3,814	819.9	13,651	60,566
Gross output		73,773		202,026		70,381		205,613		45,445		81,328	678,566
Percentage Depreciation		5.12		14.11		11.60		19.37		15.01		24.54	15.94
Input-Output Ratio		0.39		0.46		0.49		0.46		0.44		0.31	0.43
Multiplier		3.24		1.32		1.70		0.96		1.19		0.60	0.92

KARANDAAZ PAKISTAN, a Section 42 company established in August 2014, promotes access to finance for micro, small and medium – sized businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled solutions. The company has four verticals:

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