CHAPTER 5

WORLD BANK IN SOUTH ASIA
Development in the South Asian region is handicapped by a heavy density of population in relation to cultivable land, an unfavourable natural resource endowment in substantial parts of the area, and a population which for the most part suffers from low levels of literary and vocational skills as well as poor health. Viewed against this background, the countries of the region have achieved much in the past 30 years. Food production has increased to keep as much pace as possible with rapid population growth and considerable progress has been made in building up industry and developing institutions of government needed to implement economic development programmes. The role of the World Bank in the economic development of the region may be termed as crucial. It has contributed much to their economic development.

From Table 5.1 it seems that the IBRD has lent out up to June 30, 1998 about $3402.92 million in the 105 operations. Two countries namely India and Pakistan accounted for about 94% of the total Bank lending. India has been the highest borrower in the region, followed by Pakistan, Burma and Sri Lanka received very small proceeds of the total accounting for only 4%.

Table 5.2 indicates that about 50% of the Bank's lending has gone for the development of infrastructural facilities.
Table 5.1

Population and Per Capita Income

<table>
<thead>
<tr>
<th>Borrowers</th>
<th>Population (Million)</th>
<th>Per Capita GNP 1995</th>
<th>No. of Loans</th>
<th>IBRD Loans (Amount)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bangladesh</td>
<td>80.40</td>
<td>110</td>
<td>1</td>
<td>46.19</td>
<td>2</td>
</tr>
<tr>
<td>2. Burma</td>
<td>30.17</td>
<td>120</td>
<td>3</td>
<td>33.35</td>
<td>1</td>
</tr>
<tr>
<td>3. India</td>
<td>620.44</td>
<td>150</td>
<td>55</td>
<td>2,345.61</td>
<td>69</td>
</tr>
<tr>
<td>4. Pakistan</td>
<td>71.30</td>
<td>170</td>
<td>38</td>
<td>883.86</td>
<td>25</td>
</tr>
<tr>
<td>5. Sri Lanka</td>
<td>13.60</td>
<td>200</td>
<td>8</td>
<td>93.91</td>
<td>3</td>
</tr>
</tbody>
</table>

Estimates for mid - 1995

Table 5.2

Sectoral Distribution as on June 30, 1998

<table>
<thead>
<tr>
<th>Purpose</th>
<th>No. of Loans</th>
<th>Amount (Million US Dollars)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transportation</td>
<td>33</td>
<td>844.5</td>
<td>25</td>
</tr>
<tr>
<td>2. Electric Power</td>
<td>18</td>
<td>422.6</td>
<td>13</td>
</tr>
<tr>
<td>3. Industry</td>
<td>39</td>
<td>1,454.8</td>
<td>43</td>
</tr>
<tr>
<td>4. Agriculture</td>
<td>11</td>
<td>399.2</td>
<td>12</td>
</tr>
<tr>
<td>5. Telecommunications</td>
<td>2</td>
<td>147.5</td>
<td>4</td>
</tr>
<tr>
<td>6. Multipurpose Projects</td>
<td>2</td>
<td>115.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from the World Bank, Annual Report, 1998
SRI LANKA

Sri Lanka specializes in the export of three important products – tea, rubber, and coconut. Like India, Sri Lanka is faced with rapidly growing population pressure which makes heavy demand upon her limited food resources. GNP per capita increased at an annual rate 2.0% during the period of 1980-96. Large scale imports of food naturally impose a serious strain on her limited foreign exchange resources which cannot be used for development purposes.

The World Bank's Aid Programme

Sri Lanka has launched a series of development plans. The first plan (1947/48-1952/53) was a six-year plan. During the plan, about 50% of the total expenditure went for the basic services such as telecommunications, transport, fuel, power and social overheads. Second priority was accorded to agriculture. Industry got least priority. During this period pcy increased. The Bank provided technical assistance at the national level for the formulation of development plans. The second Six Year Plan (1954/55-1959/60) was integrated with the Colombo Plan and the development programmes of the IBRD. The emphasis was on the infrastructural facilities. During the plan the IBRD advanced about $ 24 million to meet the foreign exchange requirements in the field of electric power.
TABLE – 5.3

The IBRD Lending to Sri Lanka (1954-98)

(Million US Dollars)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>No. of Loans</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Electric Power</td>
<td>4</td>
<td>59.90</td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. (Irrigation and Multipurpose Project)</td>
<td>1</td>
<td>14.50*</td>
</tr>
<tr>
<td>3. Industry</td>
<td>2</td>
<td>12.00</td>
</tr>
<tr>
<td>4. Transport (Roads)</td>
<td>1</td>
<td>4.90**</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>91.30</td>
</tr>
</tbody>
</table>

* $13.60 million for irrigation and $0.90 million for electric power.

** Total amount cancelled on the request of the borrower.

Source: Compiled from IBRD, Annual Reports, 1954-98.

The Bank has provided up to June 30, 1998 eight loans totalling $91.30 million for electric power, industry, agriculture and transport. The details are given in the Table 5.3.

Electricity

Sri Lanka needs for more electric power have been for industrial development, for processing tea, rubber and coconut. Per capita consumption of electricity in Sri Lanka is among the lowest in the world.
The demand for electric power in the country is expected to increase at an annual rate of at least 10% during the next few years.

The Bank's 4 loans helped in the generation of 240 MW electric power at the two river development projects like Kehelgamu and Maskeliya along with the increase in the transmission facilities.

**Agriculture**

Although agriculture continues to be the largest sector in Sri Lanka, much attention is now being given to industrial expansion. Factories newly built or under construction include those producing textiles, plywood and cement.

In 1990, the Bank advanced a loan of $14.50 million for financing the irrigational facilities. There was a joint Bank / IDA commitment of $29.0 million to help finance a multipurpose project. The irrigation facilities of the project substantially raised the output of some 10,000 farmers.

Agriculture is by far the most important sector in the economy of Sri Lanka. It accounts for nearly 33% of the GDP, 50% of the total employment and 80% to 90% of the total export earnings. About 13% goes for capital formation and 14% is exported.

Agricultural strategy is now being oriented towards indentifying local potentials. The emphasis is now on microlevel problem identification and
the choice of technology which will solve the problem. In keeping with the new strategy, 8 agro-ecological zones have been identified and each to be provided with an agricultural centre comprising research station and training centre. Four centres exist already and the other four are being negotiated with the World Bank.

Other Activities

In 1951, a general survey mission was organized by the Bank at the Government’s request to study Sri Lanka’s economic potentialities. Its report was published in 1953. The Government took into account the recommendations of the Mission in preparing a 6-year Development Plan which started in 1953/54, and in setting up a Planning Secretariat. A further recommendation of the Mission was put into effect in 1955 when the Government set up an Institute of the Scientific and Industrial Research with the joint help of the Bank and the UN Technical Assistance Administration.

In 1961, a Bank mission visited Sri Lanka to study alternative river basin development schemes in the island and to recommend priorities among projects for development of the various river basins. The Mission also received a number of reports on multipurpose projects being considered by the Government. It submitted its findings in May 1961.
The import capacity generated by export earnings and the foreign aid made available to the country was entirely inadequate to meet even the basic import necessities in 1974. If export and import had remained at 1971 level, Sri Lanka would have had nominal trade surpluses in 1993-94. As against this, what actually transpired was a trade deficit which jumped from Rs.298 million to Rs. 1,227 million in 1994. 19 Increases in the import bill from oil and fertilizer alone in 1994, which totalled approximately Rs. 500 million, has accounted for over half the deterioration. The over-all effect of the increase in oil prices on Sri Lanka's balance of payment is even greater. Total aid flow in 1974 covered only 50% of this deterioration.

Despite continuing efforts to cut down foreign exchange requirements to a bare minimum, Sri Lanka has reached a level of basic import needs which cannot be further reduced. In the context of this crisis, some-evaluation of donor countries, of traditional aid mechanisms and approaches, is necessary.

PAKISTAN*

Pakistan emerged as an independent state in 1947, and is now a country of about 71.30 million people. Virtually without any industry the population relied on a primitive agriculture for survival. In course of 27 years Pakistan achieved considerable economic growth. In the course of the
first Development Plan (1955-60), a rapid industrialization took place, agricultural productivity increased considerably. In the Second Plan period (1960-65) GNP increased by over 5% per year. Growth rate of per capita GNP increased by 2.5% per year during the period of 1965-74. About 70% of the people live in rural areas and 21% of the population of the country is estimated to be illiterate.

Pakistan possesses skilled manpower for its own needs and supplies it too to a number of other countries, particularly those of West Asia. Largely an agricultural country, Pakistan's development has been concentrated on large irrigation projects based on the Indus river, producing wheat, rice and cotton. Industrial development consists essentially in processing of agricultural products-cotton, rice, sugar and leather goods, with

*Before 1971, Pakistan consisted of two wings namely West and East Pakistan. After the war of liberation, East Pakistan became an independent nation known as Bangladesh.


a small number of industries based on natural gas. As a result of Government decisions in 1972 and 1974, all major industries, except the cotton textile industry, the largest in Pakistan, have been nationalized.

The World Bank’s Aid Programmes
Before 1950, there was no development planning in Pakistan. Early in 1950, Pakistan formulated a long-term plan for its economic development. The six-year plan (Part of the Colombo Plan) was formulated and enforced in July 1951. The plan laid emphasis on the expansion of economic and social overhead facilities. Table 5.4 indicates the Bank’s share in the total foreign aid during the development planning of Pakistan. Over the recent years its share is declining while Pakistan’s dependence on foreign aid is on an increase.

**TABLE – 5.4**

**IBRD’s Share in Foreign Assistance to Pakistan**

*(Million US Dollars)*

<table>
<thead>
<tr>
<th>Plan</th>
<th>Total Foreign Aid</th>
<th>IBRD Share</th>
<th>Percentage of the IBRD Lending to the total Foreign Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Plan (1950-55)</td>
<td>455.8</td>
<td>44.45</td>
<td>9.70</td>
</tr>
<tr>
<td>First Plan (1955-60)</td>
<td>1,012.8</td>
<td>106.90</td>
<td>10.55</td>
</tr>
<tr>
<td>Second Plan (1960-65)</td>
<td>2,365.0</td>
<td>195.00</td>
<td>8.20</td>
</tr>
<tr>
<td>Plan Period</td>
<td>Total Foreign Exchange (US$ Million)</td>
<td>Foreign Exchange Credit (US$ Million)</td>
<td>Percentage of Foreign Exchange Credit</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------</td>
<td>---------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>Third Plan (1965-70)</td>
<td>2,937.0</td>
<td>288.70</td>
<td>9.80</td>
</tr>
<tr>
<td>Fourth Plan (1970-75)</td>
<td>5,868.0</td>
<td>189.20a</td>
<td>3.30</td>
</tr>
<tr>
<td>Fifth Plan (1976/77-80/81)</td>
<td>N.A.</td>
<td>125.00b</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

* A loan of $ 50 million for electric power made in 1976 is included here.


N.A. = Not Available.


During the First Six Years Plan, Priority was given to the expansion of social and economic overhead facilities and for these the Bank advanced about 10% of the total foreign exchange needed. During the Second Plan emphasis was laid on the expansion of industrial capacity, transformation of agriculture, the expansion of educational facilities and arresting the rapid growth of population.

In 1970, Pakistan Government was to launch its Fourth Five Year Plan (1970/71-74/75), but that was abandoned because of the events of 1971. In the meantime, the Government continued to fix and implement the major objectives and the target for each year. These Annual Plans placed high
priority on large increases in agriculture production, quick recovery in
industrial production removal of power and transportation shortage, and
exploration and exploitation of indigenous source of energy. During this
period, the Bank advanced about $189.20 million for industrial
development, pipeline and fertilizer.

Upto the end of fourth plan (i.e., upto 1975) the Bank advanced about
6.5% of the total foreign aid approving the priorities laid down by Pakistan.
The Government then prepared a new development plan (1976/77-1980/81)
which commenced in July 1976; aimed at the rather ambitious growth rate in
GNP, particularly in the agriculture sector. The Plan envisaged total
investment of PRs. 135 million* of which Rs. 68 million (50.4%) was
expected to be financed from foreign resources.

**Sectoral Distribution of the IBRD Lending**

Upto 1996, Pakistan was the IBRD’s third largest borrower. The close
cooporation between the IBRD and Pakistan has not been limited to creditor-
debsor relations alone. Bank’s experts have collaborated intimately with
their Pakistani colleagues all through the planning period. The following
table indicates the through the planning period. The following table indicates
the sectoral distribution of the Bank’s lending was diverted towards
infrastructural facilities followed by industry which accounted for 39%. 
Table 5.5 indicates the detailed sectoral distribution and the trends in the Bank's lending to Pakistan. In transportation, railways have accounted for a major portion of the transportation loans. Pipeline has been the second beneficiary. Only three loans have gone for the development and expansion of roads and ports. In the industrial sector, major portion of the Bank's lending has been accounted for by the PICIC. The table also indicates that about 73% of the total IBRD lending has come before 1990. During this period major portion of lending was advanced for the transportation and industrial expansion. Agriculture was given lesser priority.

**Electric Power**

The total installed capacity for the generation of electric power in 1947, when Pakistan was carved out of united India, amounted to a mere 1,14,000 KW. The shortage of power was one of the limiting factors in the growth of Pakistan's agriculture and industry. West Pakistan possessed relatively rich hydroelectric resources and, with the discovery of natural gas in 1952 in the Baluchistan desert, a new and plentiful source of power and heat could have been exploited. The search for oil has not yielded any result so far.

Table 5.6 indicates that the Bank has advanced 5 loans to help finance the generation of electric power of more than 74000 KW and creation of 500 KV transmission facilities in the existing system.
### Table 5.5

**Sectoral Distribution of IBRD Lending as on June 30, 1998**

*(Million US Dollars)*

<table>
<thead>
<tr>
<th>Name of Sector</th>
<th>No. of Loans</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Electric Power</td>
<td>5</td>
<td>192.3</td>
<td>11</td>
</tr>
<tr>
<td>2. Transportation</td>
<td>16</td>
<td>339.7</td>
<td>36</td>
</tr>
<tr>
<td>3. Agriculture &amp; Multipurpose Projects</td>
<td>4</td>
<td>128.5</td>
<td>14</td>
</tr>
<tr>
<td>4. Industry</td>
<td>14</td>
<td>360.3</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>930.80</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Compiled from the World Bank, Annual Reports, 1997-98

### Table 5.6

**IBRD Assisted Power Projects**

*(US Million Dollars)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Amount</th>
<th>Projects</th>
<th>Kilowatts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>13.8</td>
<td>Karachi Electric Supply Company Ltd.</td>
<td>30,000</td>
</tr>
<tr>
<td>1978</td>
<td>14.0</td>
<td>-do-</td>
<td>30,000</td>
</tr>
<tr>
<td>1979</td>
<td>2.4</td>
<td>-do-</td>
<td>14,000</td>
</tr>
<tr>
<td>1987</td>
<td>21.5</td>
<td>-do-</td>
<td>Extension of power</td>
</tr>
<tr>
<td>1996</td>
<td>50.0</td>
<td>Transmission System</td>
<td>500 KV</td>
</tr>
</tbody>
</table>
The rapid rise in demand of power from industry and agriculture both in the cities and rural communities and from private consumers, resulted in a rapid increase in Pakistan's installed capacity during the planning period. By March 1995, the total installed capacity in Pakistan was approximately 2300 MW of which 340 MW was under the control of KESC, 125 MW under the control of Pakistan Atomic Energy Commission (PAEC) and feeding the KESC system, some 100 MW under the control of a number of private industries and, the remainder in the Water and Power Development Authority (WAPDA) service area. The installed generating capacity in Pakistan amounted to nearly 2582 MW in mid-1996. The development of energy resources within the country is urgent to overcome the energy shortage and the IBRD's assistance to the power and the gas pipeline sectors has been valuable.

**Transportation**

The IBRD provided 16 loans for a number of transportation projects as detailed below.

(a) **Railways** : The Bank provided 8 loans totaling approximately $156.70 million for the rehabilitation, improvement and modernization of the railways, both in the West and the East wings. The Bank recognized the high priority of railway rehabilitation by granting its first loan of $27.20 million in March 1952 for the importation of 37 diesel locomotives, 41 shunting locomotives, 12 boilers, 197 passenger cars, 1194 freight cars, sleepers and other spare parts.
Two further loans in 1977 and 1979, totaling $43.5 million, assisted to improve and maintain the Pakistani railway systems on an interim basis. The proceeds of the loans were spent on freight cars, sleepers and rail, signal equipment and the rebuilding of a bridge across the Indus about 400 km upstream from Karachi. A thorough traffic study was initiated in the late 1990s and as a result of its findings it was decided to give the two provincial Governments more authority over their respective railway system.

In 1982, the Bank's fourth loan amounting kto $18.25 million was made to the Pakistan Western Railways (PWR) and the fifth loan of $4.75 million to the Pakistan Eastern Railways (PER) in 1984, these Bank loans were supplemented by the IDA credits and helped finance part of the foreign exchange component in the ambitious development plans for the two railway systems. The projects included the importation of passenger coaches, freight cars, and other necessary equipments.

The sixth loan of $13.50 million, made in 1987 for the railways and consisted of a programme of investment during the year 1987-88 in rolling stock, track material and equipment, plant and machinery for workshop and confirmation of electrification. In 1989, the Bank advanced its seventh loan of $14.5 million for a number of major renovations and improvements in West Pakistan's railway including track renewal, bridge strengthening, provision of better signaling, telecommunication facilities, and the requirements of rolling stock maintenance workshops.

After a long period, i.e. 9 years, the IBRD again advanced one loan of S35.0 million in the fiscal year 1997 for the tenth railway
project to help meet increases in demand for freight and passenger service and contributed to the improvement of railway operations. It would effect savings in the operating costs of Pakistan Railways and help avoid diversion of traffic to road transport.

(b) Roads: The IBRD made only one loan of S35.0 million in 1968 for the highway development in Pakistan. The project included the construction of two major roads totaling 272 km, the introduction of a three-tier highway maintenance programme and a transport coordination study.

© Port: The port of Karachi is the only port serving West Pakistan. Almost all the West Pakistan's imports and exports pass through this port. In 1855, the Bank made a loan of $14.8 million for the rebuilding of thirteen new berths and the installation of new cargo-handling and storage facilities. A second loan of S17 million in 1984 was intended for the rebuilding of four more berths in the Eastern wing.

(d) Pipeline: Pakistan has substantial reserves of natural gas form three fields and about 10,600 MW of hydro-power potential in the Indus river basin, though only approximately 560 MW plants have thus far been installed. The resources of oil and coal known at present are limited, although the Pakistan Government has embarked on a sizeable programme of oil exploration, 42% of energy resources have been imported in the form of oil in recent years.
The IBRD provides 5 loans aggregating $136.00 million up to June 30, 1998 to assist gas transmission. The first Bank loan of $14 million in 1974 helped in financing a pipeline connecting the Sui gas reservoir with the main consumer centres of Hyderabad (Sind) and Karachi. A few years later Sui was connected with the important industrial centres of Multan, Lyallpur, Lahore and the Gharibwal. This programme was assisted by the second Bank loan in 1984 which also covered the extension and improvement of existing pipeline systems serving the Multan and Rawalpindi areas.

Its third project intended for the expansion of capacity of the gas transmission system from approximately 172 million cubic feet to per day about 207 million cubic feet and the installation of additional low pressure distribution facilities in various urban areas. Its fourth loan financed the project designed to increase the Sui Northern Gas Pipelines. Limited gas transmission system from 207 to 266 million cubic feet per day of natural gas and exceed the system by 332 km. On May 8, 1995, the Bank advanced its fifth loan of $60.00 million to the SNGPL for the expansion of its gas transmission capacity. The project was designed to meet the gas demand for fertilizer production at Multan, Lahore and in the North West Frontier Province. Gas supply was also to be expanded to a variety of industrial, commercial and domestic consumers. The Bank's loan will meet 50% of the total cost of the project.
Agriculture

Agriculture which produces about half of the GNP, grew slowly between 1947 and 1989 and Pakistan became increasingly dependent on imported foodgrains. In 1990, the Government's agricultural policy changed from reliance on rural development and extension with low prices, to reliance on economic incentives with provision of more fertilizer and other inputs at subsidized prices. The Bank made only four loans to agriculture for the following projects.

The partition line drawn in 1947 between India and Pakistan cut right across the Indus water system, one of the greatest river systems of the world on which some 50 million people depend for their existence. The sharing of waters from the Indus and its five tributaries caused serious friction between the two countries till 1960, when a treaty was signed as an outcome of long and complicated negotiations carried out with the IBRD's good offices.

The Bank along with some of the developed countries joined in establishing an Indus Basin Development Fund, providing for a contribution towards the cost of constructing the system of irrigation works in Pakistan, and this formed part of the settlement arrangements. In 1990, the Bank advanced to Pakistan loan of $90 million for financing these works. In 1990, the Bank advanced one more loan of $25 million for irrigation facilities.

In addition to the above, the Bank in 1972 made one loan of $3.50 million to assist in the reclamation of 660000 acres of waste
land in the Thal desert between the Indus and Jhelum rivers. The loan financed the import of tractors, dozers and other equipment to clear the bush and to construct irrigation ditches. In 1997 the Bank again advanced one loan of $10 million for the livestock project in Punjab, which benefited some 60,000 small farmers (including about 15,000 landless livestock owners) through the establishment of 500 village livestock associations which channelize extension, veterinary and artificial insemination services. The loan was on Third Window terms.

**Industry**

In 1947, as already pointed out, Pakistan had no industries and even lacked facilities to process its own main cash crops e.g. jute and cotton. There was no domestic production of fertilizers, paper and newsprint and steel. During the first 30 years Pakistan passed through an industrialization process at an accelerating tempo. Industries rely primarily on private investment and private enterprise but governmental promotion has been instrumental in their growth. The Bank has played an active role in promoting industrialization and advanced 14 loans amounting to $360.30 million i.e. about 39% of the total Bank lending to Pakistan by the end of June 30, 1998.

(a) Pakistan Industrial Credit and Investment Corporation (PICIC): The Bank has channelled a larger proportion of its industrial assistance to Pakistan through this Corporation which during 1957-98 accounted for 10 loans amounting to $234.00 million. The Corporation was established in 1957 largely on advice of the Bank. Industries supported by PICIC cover a wide range with textiles, sugar and cement.
(b) Pulp and Paper Industry: In 1975, the Bank extended a loan of $4.20 million for the construction of an integrated pulp and paper mill on the Karnaphuli River in the Chittagong Hill Tracts. The mill produces some 30,000 tons of writing and wrapping paper from bamboo which grows in the neighbouring hills. In addition, the plant provides employment to about 3,000 people. It is interesting to note that before the mill started production, Pakistan depended on imports for writing and wrapping paper.

(c) Fertilizer industry: The IBRD made 3 loans of $122.0 million for increasing fertilizer production to boost up agricultural output. The first loan of $32 million, given in 1968, was to the Dawood Hercules Chemicals Ltd., a fertilizer manufacturing unit. The project enabled Pakistan to domestically produce fertilizer, based on locally available natural gas from the Sui fields, and thus to reduce imports of fertilizer and save foreign exchange, contributing to her programme of agricultural self-sufficiency.

The second loan of $35 million, made in May 1994 to the Pakarab Fertilizers Ltd., was to assist Pakistan in expanding the production of fertilizers, essential for the country's policy of self-sufficiency in food and for continued agricultural growth. The Bank loan assisted the expansion programme of the Natural Gas Fertilizer Factory located at Multan, in the heart of the main agricultural region of the Punjab. This loan along with the Asian Development Bank helped the expansion programme. Its third loan for fertilizer production was provided in the fiscal year 1997.