

Current State of Manufacturing and Service Sectors of Afghanistan

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Abstract

The small and medium-sized enterprises indeed are argued to be effective tool for economic development in developing countries. These businesses play significant role in the growth rate of manufacturing and service sectors, stabilizing economy, encouraging innovation, creation of employment opportunities and revenue generation. The manufacturing and service enterprises make-up about half of Afghanistan's gross domestic product, which is literally considerable contribution to economy. The objective of this study is to explore and analyze current state of manufacturing and service sectors with taking care of the factors that contributed positively to growth of the gross domestic product, manufacturing and service sectors, generation of employment, economic stability and industrial development. Afghanistan's gross domestic product is estimated to have contracted by 30 - 35 percent between 2021 and 2022 and is projected to move to a low growth path of 2 and 2.4 percent for 2023-2024. The proportion of employed population in manufacturing and service sectors was relatively less in rural areas compared to urban areas, however service sector has been the growth driver and hired majority of the skilled labour force following with manufacturing sector. The manufacturing and service enterprises are vital component of nation's economic growth and development plan since enterprises with less than 100 workers make-up 80 to 90 percent of almost entire Afghan trade, constitute 50 percent of gross domestic product and utilize 75 percent of manpower available in market.

Keywords

Manufacturing Sector, Economic Growth, Service Sector, Employment Generation, Gross Domestic Product, Business Opportunities and Afghanistan

1. Introduction

The regime has shaken-up supply chains and global shipping changed broadly.

Prior to collapse of government, Afghanistan was working with India and Iran to develop Chabahar Port in east Iran. In the works for better half of decade, the port was alternative to Chinese-Backed port improvement in Pakistan. However, right now that the Taliban is back in power, it is likely that Afghan exports and imports will go through Karachi instead. The strategic location is an important link in Beijing's one-belt-one-road strategy: an appreciable project to connect the East Asia and Europe.

Afghanistan being a land-locked mountainous and geographically strategic country is not self-reliant yet in venues of economic stability and industrial development, however current regime focused on improving the manufacturing and service sectors with mutual cooperation of international agencies and developed nations since 2001. According to Central Statistics Organization, my homeland is passing through initial stages of industrialization: percentage of import of products is around 94.4 percent and 5.6 percent of the manufactured products are exported to other nations such as India, Pakistan, Iran and Tajikistan as of October 2021. Around 28,000 manufacturing firms with total investment of \$9 billion absolutely are registered in Afghanistan Investment Support Agency and there are 7 zones included in the manufacturing industry i.e. Center Zone, East Zone, North East Zone, North West Zone, West Zone, North West Zone, South East Zone and South West Zone (Nawaz, 2015). It is researched that 43 percent of manufacturing firm produce plastic products; 11 percent manufacture ice-cream and bakery products; 8% produce non-alcoholic beverages. The production of washing soap, powder and washing liquid accounts for 6%; 5% produce construction steel, small turbine and wheat cleaning equipments. The production of the marble outdoor stone, tissue paper and stationery is 4 percent; iodized salt and pressure cooker are 3 percent; rag and foam are 2 percent whereas wheat flours are 1 percent (Nawaz, 2015).

Based on report of the ministry of commerce and industries, 80% of small and medium enterprises are indeed engaged in trade and retail services in Afghanistan. Although, trade services are key for bringing products to the market, they play minor role in grounds of the employment creations. The trade climate arranges solid motivating forces to concentrate on short-term trading at cost of long-term beneficial business and to contribute within the highest-margin ventures that require slightest sum of capital so that to create benefits within the least amount of time. But, the tertiary segment in fact more extensively has accounted for most of the financial growth within nation over past years e.g. from 2003 to 2009; 59 percent of new gross domestic product growth come from the logistics, construction and alternate services driven in large part through international presence. The services segment certainly comprises wholesale and retail trade, restaurants and hotels, social and personal services, communications and shipping services (Ghiassy, Zhou, & Hallgren, 2015).

This study is carried-out to explore and analyze current state of manufacturing and service sectors in Afghanistan, taking into account the factor that contributed to growth of gross domestic product, manufacturing and service sectors,

creation of employment, economic growth and development of industrial venture. The objectives of study are:

- To analyze current state of manufacturing and service sectors of Afghanistan.
- To examine industrial contribution towards gross domestic product.
- To investigate employment and business opportunities created by service and manufacturing sectors in my beloved homeland.

The manufacturing and service sectors indeed are regarded as backbone of every nation's economic growth as both play key role in the employment generation, increasing GDP growth rate, reducing poverty and stretching entrepreneurship mindset among educated new generation in my homeland. Furthermore, it has been argued by distinguished economists that number of SMEs operating is far greater than that of large-sized operating ventures and contributed to more equitable and favourable revenues distribution since establishment of new government in September 15, 2001.

This research not only contributes in regard with exploring descriptive insights about current state of manufacturing and service sectors but, it also cooperates tycoon in gaining in-depth knowledge of the opportunities, problems, recently emerged development matters and reflective consequences of SMEs in labor market. This study also explores and analyzes the scope and factors that would help in introducing Afghanistan as optimal investment opportunity for global manufacturing and service firms and even though manufacturing as well as supply chain Hub of the Eurasia. The structure of this paper is designed as follows: the *first section* discuss growth of the manufacturing and service sectors, *second part* is about contribution to gross domestic product, *third part* is about creation of employment followed by business opportunities. The limitations of study and directions for future research literally are discussed in *fourth section*. The conclusion part that summarizes most bits of the knowledge is covered in the *fifth section*. The latter concepts absolutely are being discussed comprehensively in the succeeding sections respectively.

2. Review of Literature

This section contains brief literature review of the studies related to “Current State of Manufacturing and Service Sectors of Afghanistan” that has been obtained from high-ranking journals. It helped the researcher in identifying research gaps and areas to be assessed further. A brief review of literature is carried-out based on the following parameters:

2.1. Growth of Manufacturing and Service Sectors in Afghanistan

In the present scenario, SMEs play crucial role in the societal and service provision aspect of many powerful countries. These domains absolutely are key contributor towards creation of employment, societal transformation as well as innovation and are pioneers in development of new technologies. These sectors surely play crucial role in economic development of nations contributing signif-

icantly toward exports. Almost all nations in the present scenarios are trying their best in order to develop these enterprises into giant industrial corporates with an extensive global presence.

The World Bank and Ministry of Commerce and Industry differentiate between small-scale, micro-scale and medium-scale business enterprise based on Afghanistan setting and has defined that Micro Enterprise has up to 10 staffs, total yearly sales of up to \$100,000; gross revenue is estimated more than \$400,000; tangible resources \$200,000 and shares of contribution is 2.5 to 5 million Afghani in production and 1 - 2 million Afghani in services segment. Small Venture has 10 to 50 staffs, total yearly sales are up to \$100,000 to \$3 million and share of the contribution is 2.5 million Afghani in manufacturing and 1 million Afghani in services segment. Medium-Sized Enterprises in fact has 50 to 300 personnel, total yearly sales of between \$3 million and \$15 million as well as overall share of contribution is around 5 - 10 million Afghani in manufacturing and 2 to 5 million Afghani in the services segment. Therefore, SMEs incorporate business with around 5 to 99 worker and 2.5 to 10 million Afghani investment in the manufacturing segment and 1 to 5 million Afghani investment in the services segment. In recent years, SMEs have grown extensively and in actual fact favored both the industrialized and developing countries. Over the past two decades, emergence of new technologies in production and communications, development of extant industrial capacity, distribution methods and responsive organisational structure absolutely has been increasing the importance of the small and medium units (Lin & Zhang, 2005).

Nowadays, SMEs in actual fact are considered as significant driver of different countries' economic development plan since companies with less than 100 employees constitute 80% to 90% of almost entire Afghan trade, make 50 percent of the gross domestic product and utilize 75 percent of the human resource for accomplishment of underlying objectives of firm (Rasoli & Mirza, 2019).

The Small and Medium Enterprise have different source of financing. Majority of SMEs have their own capital and few of SMEs have got monetary support to start their trade without including their capital asset. The survey conducted by Rasoli and Mirza (2019) revealed that 57% of the SMEs have their personal investment in their businesses and 11% of SMEs have taken loans from banks. The 20 percent of small and medium-sized firms took loan from their family members, whereas 3 percent of small and medium-sized enterprises in fact have taken help of donations to run their small and medium-sized operating business.

The developed economies as well as international financial institutions have drawn their attention to encourage the small and medium-size enterprises financially since 2001. The funding in actual fact was getting channelized through contracted non-profit organizations and thereafter being utilized for the development and expansion of manufacturing and service sectors. Those international financial institutions, which literally have played vital role in the growth of the small and medium-size firms are Global Banks, International Monetary Fund,

Islamic Development Bank, Asian Development Bank and International Development Association whereas, almost entire of the powerful countries somehow literally had major role in funding and unlocking the growth as well as development in small and medium-sized operating enterprises.

As shown in (Figure 1), international bank for reconstruction and development and international development association surely availed lending of \$460 million in 2019, \$338 million in 2020 and \$784 million in 2021 for growth of the small and medium-sized operating enterprise, whilst current regime in fact has not been committed financial assistance from international financial institutions neither in 2022 nor in 2023 fiscal years.

As reflected in (Figure 2), revenue collections for initial 12 months of 2022 surely turn-out to hit 150 billion Afghani although, the amount of the revenues collected by current Afghan regime in actual fact has ranged between twenty

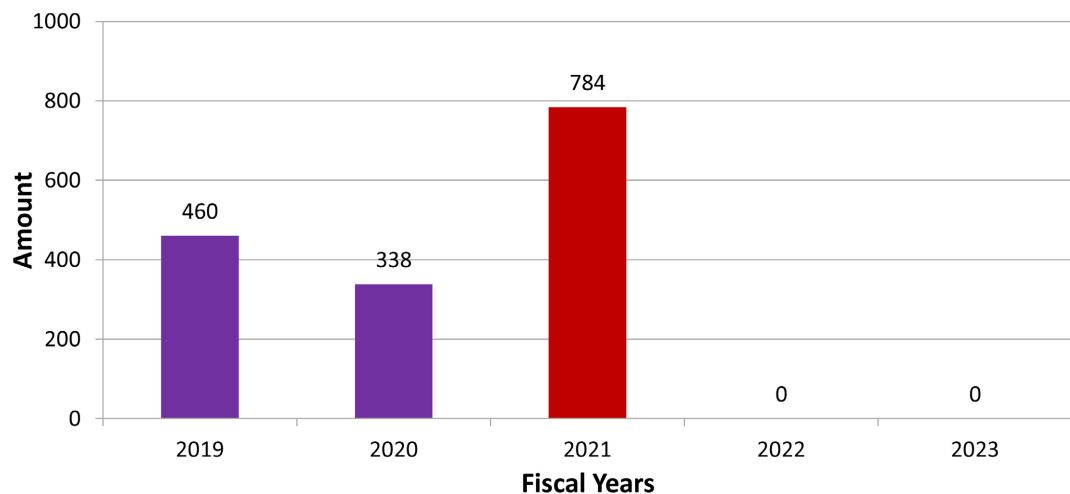


Figure 1. Afghanistan: commitments by fiscal year (In Million of Dollars).

Source: <https://www.worldbank.org/en/country/afghanistan/overview>.

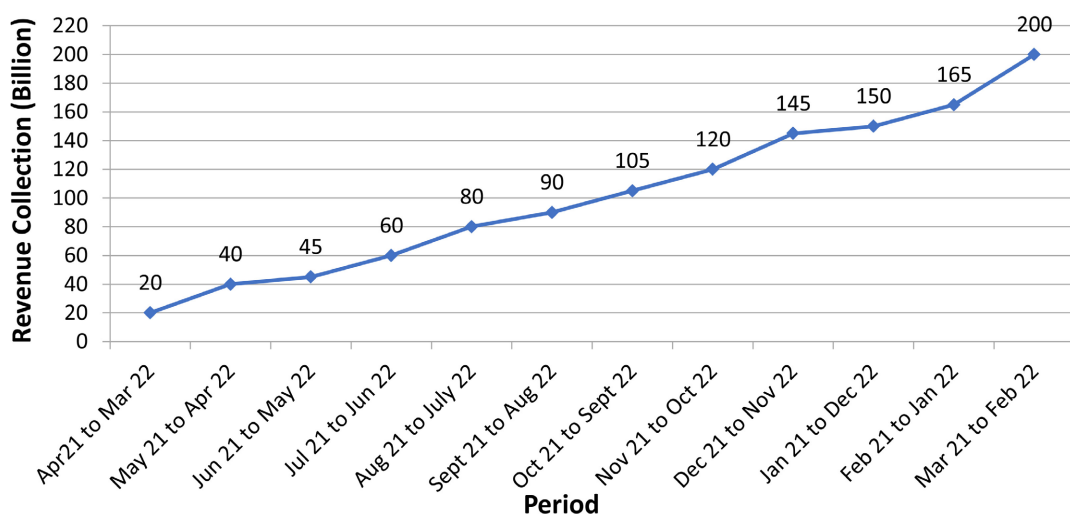


Figure 2. Revenue collection in first seven months of 2022.

Source: <https://www.worldbank.org/en/country/afghanistan/publication/afghanistan-economic-monitors>.

billion Afghani in the March 22, 2022 and just around one hundred and forty-five billion Afghani in November 22, 2022. The maximum amount of revenues that has been gathered was 200 billion Afghani in the February 22, 2022. Border charges that have accounted for 58 percent of total revenue has showed negligible change with 1.3 percent increase compared to the same period of the previous year. This in fact can be ascribed to a decrease in the border collections as result of the border crossing closure and transit trade barriers between Pakistan and Afghanistan. Moreover, Inland income collection in actual fact has depicted modest total growth of 1.1 percent amid first 7 months of 2022 compared to same calendar period of the previous civil year i.e. 2021.

Taliban authorities fortunately proceed to present their capacity to create higher revenues in spite of unfavourable circumstances and global sanctions in last two years. The former government prior to August 15, 2021 has collected around 100 billion Afghani, but the Taliban government since taking power on August 15, 2021 in fact is managing the administrative expense almost through collecting revenues from transit trade charges in the border. The current regime has performed comparatively better compared to old regime and collected more than one hundred and five billion Afghani only from the border collections that particularly came from the manufacturing and service organizations and overall revenue collection in fact is estimated to be around \$2.2 billion between March 1, 2022 and March 31, 2023 time period.

Alimadad Rasoli and Aimal Mirza (2019) have revealed in their findings that 89 percent of small and medium-sized corporation absolutely require funds for their businesses, whereas 16 percent of 89% have gotten loans. Furthermore, 63 percent of SMEs reacted that financing is critical for their venture and banks, donors' programme as well as non-governmental organizations absolutely have been offering credits to small and medium-sized operating enterprises in Afghanistan. High rate of interests, lack of support from government, small and medium-sized corporation low capability in credit processing are actual problems of small and medium-sized enterprise financing in my beloved homeland. The small and medium-sized enterprises unfortunately are struggling with lack of access to finance and only few SMEs have access to loan.

The government of Afghanistan luckily has set up Microfinance Investment Support Facility so that to fulfill the financial needs, improving access to finance as well as finding innovative solutions to open-up sources of the capital. It is a source, through which the Afghanistan government and financial donors can channel specialized help to absolutely construct Afghanistan's microfinance segments.

Microfinance Investment Support Facility in fact is rudimentary facility of its kind, pooling various benefactor subsidizing mechanisms and changing them in to streamlined, providing assistance to all the microfinance institutions and custom-made to needs (Rasoli & Mirza, 2019).

The Microfinance Investment Support Facility in fact initiated small and medium-sized enterprises loaning programs in October 2006 with monetary aid of the USAID's ARIES Project. In this program, Microfinance Investment Support

Facility created SMEs loaning by joining with the local bank and non-bank financial institutions. The Microfinance Investment Support Facility since past few years has provided specialized help, wholesale advance and credit guarantee to huge numbers of financial institutions. The amount of loans being provided to SMEs is ranging between 250,000 Afghani to 5,000,000 Afghani. The sector that received most benefits of the loaning program of Microfinance Investment Support Facility certainly are services and manufacturing, where service sector literally accounts for 60.1 percent and 18.2 percent of the manufacturing sector took loan so that to cope-up with their financial needs urgently.

The political power in my beloved homeland in actual fact was being shared between Islamic Emirate of Afghanistan & United Islamic National Front for Salvation of Afghanistan between 1996 and 2001. The Taliban was ruling three-quarters of Afghanistan, whereas remaining territory was being controlled by the Northern Alliance. The economy in latter time were unfortunately not appreciable due to conflict-affected circumstances and bankrupt manufacturing companies that's why, there is not data available pertaining annual growth of manufacturing sector & value added by the manufacturing sector to the gross domestic product in credible sources between 1996 to 2001.

Post 2001, the republic regime came in to power and asked the multi-national corporations to start making investment in my beloved homeland. The companies after setting-up of their factories were fully supported in all grounds and it led to growth of the manufacturing sector in Afghanistan. The manufacturing sector experienced gradual annual growth of 3 to 5 percent between 2003 and 2011, whereas value added by manufacturing sector to GDP ranged 14 and 19 percent respectively. The highest annual growth rate of the manufacturing sector ranged around 22.9% in 2018 and lowest annual growth rate was -1.8% in 2014 whereas, the value added by production sector to gross domestic product reduced steadily to 8% in 2020 as illustrated in (Table 1).

After drawing attention of entrepreneurs to start making investment in different sectors, it was the manufacturing sector that literally evolved within time-scale of twenty years. The annual growth of the manufacturing sector was 3.7 percent between 2000 to 2010 and yearly growth of manufacturing sector raised gradually and absolutely has reached 5.7 percent between 2010 to 2020 as shown in (Table 2 and Figure 3).

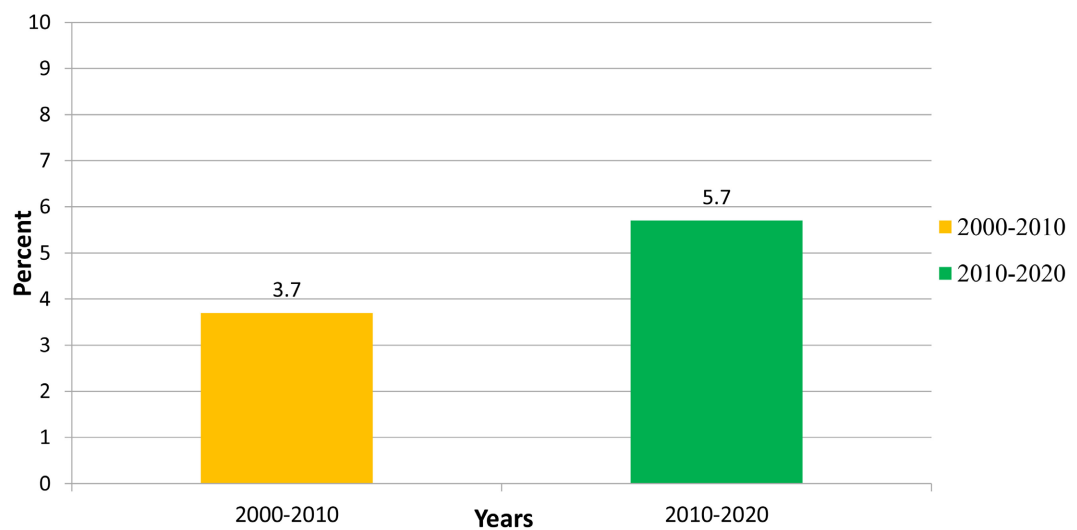
Since seizing power in August 15, 2021; Taliban regime and authorities is placed with sanctions by developed nations and international organization. This surely remained negative impact on growth of manufacturing sector and annual growth of the manufacturing sector reduced to -7.2 percent, but value added by the manufacturing sector to gross domestic product absolutely was recorded 9 percent between 2021 and 2022 as reflected in (Figure 4).

The services sector has been regarded as growth driver of economy of Afghanistan and definitely has contributed in forming the gross domestic product. The services sector, which include wholesale and retail trades, transportations and

Table 1. Annual growth of manufacturing sector and value added by manufacturing sector in gross domestic product.

SN	Regime	Year	Annual Growth of Manufacturing Sector (%)	Manufacturing Value Added (% of GDP)
1	Republic Regime 2002 to 2020	2002	-	19
		2003	3.7	17
		2004	4.2	18
		2005	3.3	17
		2006	3.2	16
		2007	4.5	18
		2008	2.3	18
		2009	5.3	13
		2010	3.8	13
		2011	3.1	14
		2012	6	12
		2013	2.3	11
		2014	-1.8	11
		2015	0.4	11
		2016	1.1	4
		2017	18.1	4
		2018	22.9	6
		2019	6.4	7
		2020	-3.5	8
2	New Taliban Regime 2021 to 2022	2021	-7.2	9
		2022	-7.2	9

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

**Figure 3.** Growth of manufacturing sector between 2000 to 2020 (During Republic Regime).

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

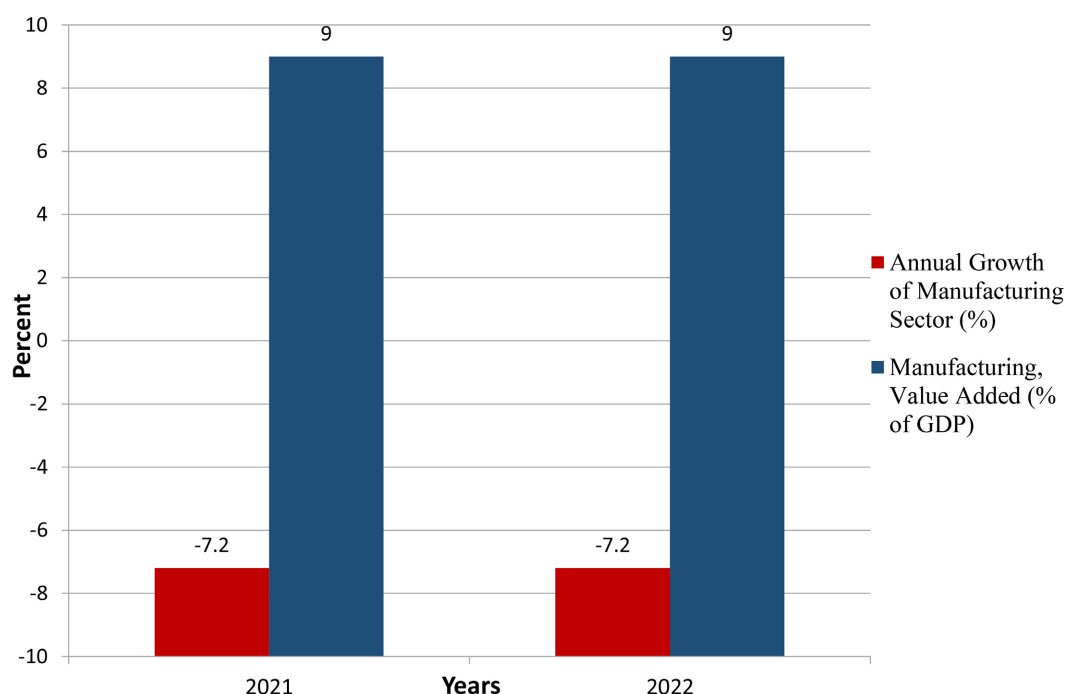


Figure 4. Annual growth of manufacturing sector and value added by manufacturing sector in gross domestic product between 2021 and 2022.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Table 2. Average annual real growth percentage of manufacturing sector.

SN	Regime	Year	Average Annual Real Growth of Manufacturing Sector in Afghanistan (%)
1	Republic Regime	2000-2010	3.7
	2000 to 2020	2010-2020	5.7

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

communications, social and personal services somehow didn't play active role in serving members of society due to persistence of unrest, conflict-affected situations and separation of the power between the Taliban and Northern Alliance. That's why, there in fact is not any data available pertaining value added by the services segment to the gross domestic product in credible sources between 1996 to 2001. The flow of the donation and monetary assistance by the global organization and developed countries post 2001 has led renowned service enterprises to commence doing business and make investments in different profitable segments. The service enterprises after setting-up of their offices were fully supported in all means and it led to growth of service sector in Afghanistan. However, there isn't any sort of data available pertaining annual growth of import and yearly growth of export of goods, services and primary incomes in credible sources between 2001 and 2008 time period.

The line graph literally illustrates percentage of the annual growth of imports of goods, services and primary income as well as exports of the goods, services

and primary income between 2009 to 2020 during the republic regime. The import of products, services, primary income and export of goods, services and primary income grew annually from 1% to almost 40 percent between 2009 and 2020 whereas, the lowest yearly growth percentage for the import of goods, services and primary earnings was -17.12 in 2014 and export of the products, services and primary income in actual fact was -36.11 in 2011. The significant percentage of the annual growth of export of goods, services and primary income was 37.41 percent in 2014 and highest percentage of annual growth of the import of goods, services and primary incomes were 41.25 in 2010 civil year and absolutely has been illustrated in (Table 3 and Figure 5).

Majority of the countries have put an end to their diplomatic relationship post August 15, 2021 and it indeed negatively affected annual growth of the import and export of goods, services and primary income. The annual growth percentage of import of the goods, services and primary income ranged 11.3% and 7.0 percent respectively and exports of goods, services and primary income experienced yearly growth of 9.7% and 5.6% amidst 2021 and 2022 as illustrated in (Figure 6). In 2023, Taliban regime didn't perform well in areas of import and export of products, services and primary incomes that's why percentage of the annual growth was below zero. After calling tycoon to start investing in various sectors, it was services sector that grew within timespan of 20 year. The annual

Table 3. Annual growth of import and export of goods, services and primary income.

SN	Regime	Year	Annual Growth of Import of Goods, Services and Primary Income (% of GDP)	Annual Growth of Export of Goods, Services and Primary Income (% of GDP)
1	Republic Regime 2002 to 2020	2009	8.28	10.45
		2010	41.25	24.73
		2011	24.25	16.20
		2012	34.38	-22.28
		2013	2.96	-36.11
		2014	-17.12	37.41
		2015	1.52	-21.73
		2016	-13.79	-19.27
		2017	8.39	5.57
		2018	0.98	30.74
		2019	-8.28	-1.60
		2020	-5.16	-8.13
2	New Taliban Regime 2021 to 2023	2021	11.3	9.7
		2022	7	5.6
		2023	-8.6	-0.7

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

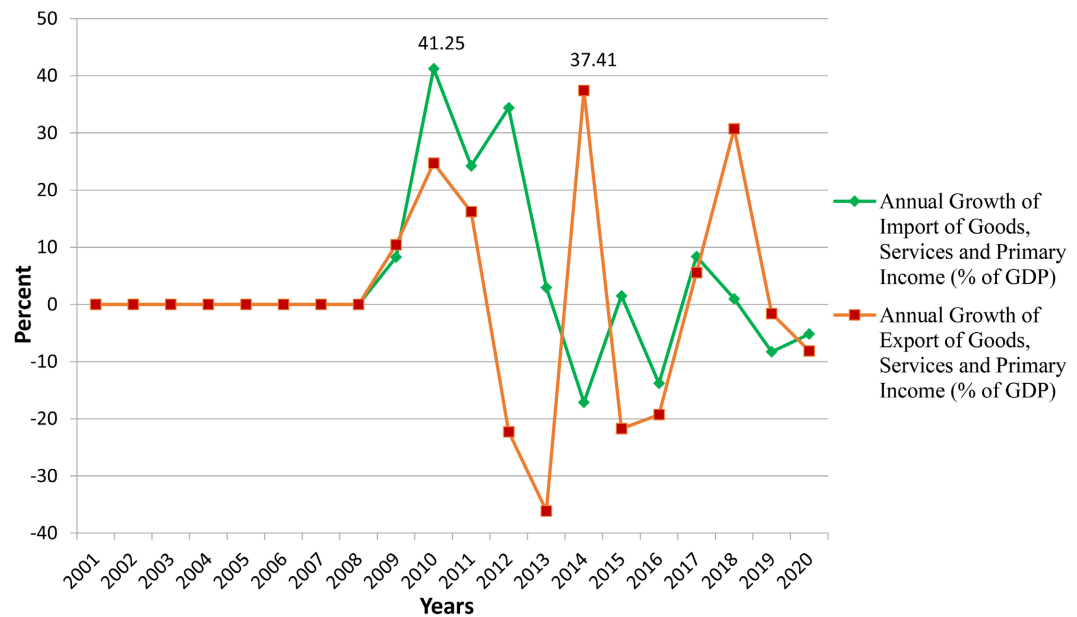


Figure 5. Growth of import and export of goods, services and primary income between 2009 to 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

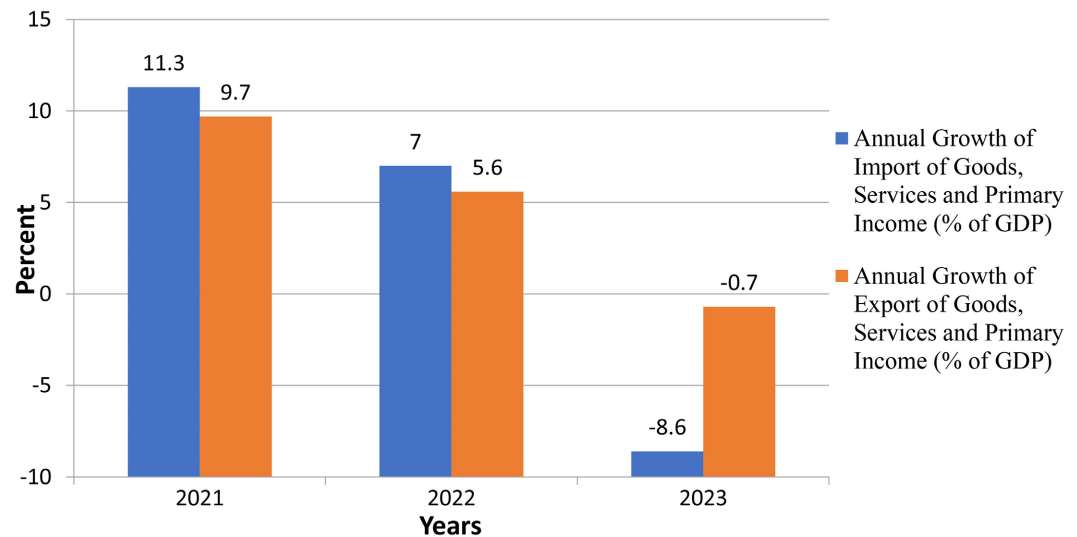


Figure 6. Growth of import and export of goods, services and primary income between 2021 to 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

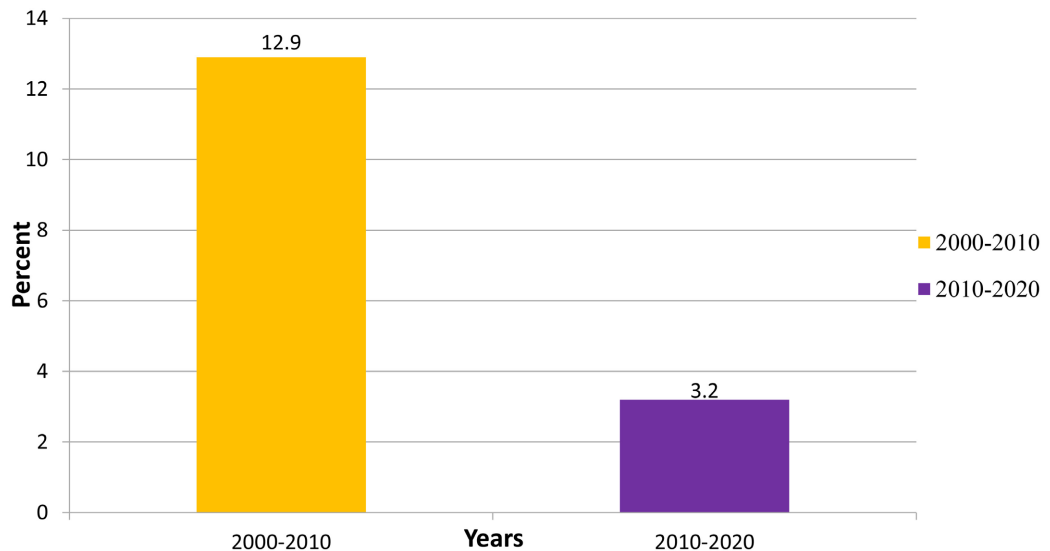
growth of services sector was 12.9% between 2000 to 2010 and annual growth of services segment decreased constantly and it surely reached 3.2 percent between 2010 to 2020 as reflected in (Table 4 and Figure 7).

The primary source of income for Taliban regime post August 15, 2021 surely has been transit trade charges, taxes collection, mining operations and export of products to other countries. The estimated value of import of the products and services has soared steadily from \$1363 to \$1626.4 whereas, the export of the products and services indeed has ranged between \$327.64 and \$486.11 during the fiscal quarters of 2022. In 2023, the imports and exports of the goods and

Table 4. Average annual real growth of services sector.

SN	Regime	Year	Average Annual Real Growth of Services Sector in Afghanistan (%)
1	Republic Regime	2000-2010	12.9
		2010-2020	3.2

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

**Figure 7.** Annual real growth percentage of services sector in Afghanistan between 2000 to 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

services experienced an increased trend and projected value was \$1946.8 and \$491.52 as illustrated in (Table 5 and Figure 8).

The service sector has contributed significantly in the formation of GDP and is regarded growth driver of strong economy of my beloved homeland. The service segment that involves social and personal services, wholesale and trades, transportation and communication didn't play strong role in serving member of society due to determination of unrest, conflict-affected situations and division of power between Afghan Taliban and Northern Alliance parties. That's why, there is unfortunately not any available data pertaining value added by the services sector to gross domestic product in credible sources between 1996 to 2001.

The financial assistance by developed nations and global organizations post 2001 has led large-scale service enterprises to start making big investment and do business in different profitable segments. The service enterprise after establishment of their offices was fully supported in all grounds, and it led to growth of services sector in Afghanistan. It can be seen in the line chart that value added by services sector to gross domestic product has experienced an increased trend from 36 percent to 53% between 2002 and 2020, whereas the highest value added percentage to gross domestic product in actual fact has ranged 57.5 percent in 2018 as illustrated in (Table 6 and Figure 9).

Table 5. Import and export of goods and services in (USD\$).

SN	Regime	Year	Fiscal Quarters	Import of Goods and Services (US\$ Million)	Export of Goods and Services (US\$ Million)
1	New Taliban Regime 2022 to 2023	2022	Quarter 1	1363	458.62
			Quarter 2	1458.6	327.64
			Quarter 3	1626.4	486.11
		2023	Quarter 1	1803.3	491.52
			Quarter 2	1918.8	319.82
			Quarter 3	1946.8	455.07

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.**Table 6.** Value added by services sector in gross domestic product.

SN	Regime	Year	Services Sector, Value Added (Percentage of Gross Domestic Product)
1	Republic Regime 2002 to 2020	2002	36.2
		2003	37.4
		2004	41.1
		2005	39
		2006	40
		2007	41
		2008	42
		2009	47
		2010	47
		2011	51
		2012	52
		2013	53
		2014	55
		2015	55
		2016	55
		2017	55
		2018	57.5
		2019	54.6
		2020	53
2	New Taliban Regime 2021 to 2023	2021	53.7
		2022	53.4
		2023	53.1

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

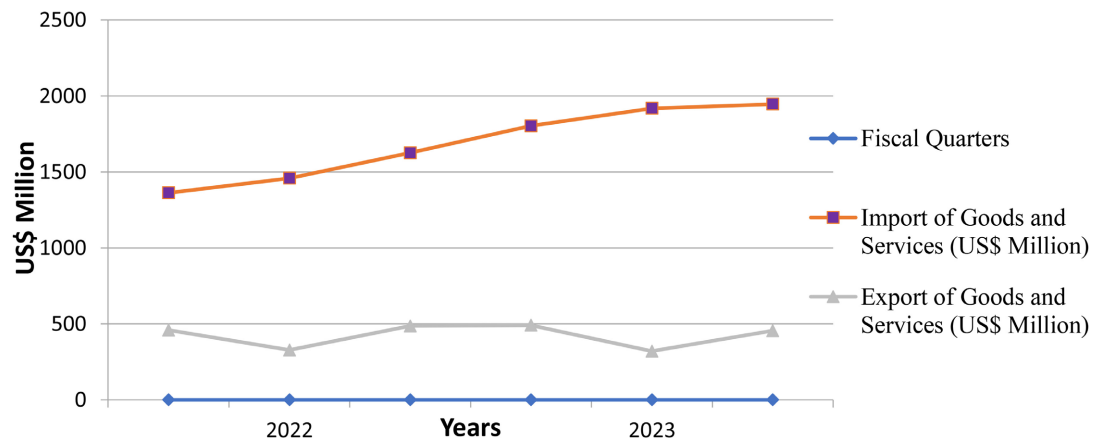


Figure 8. Import and export of goods and services in USD\$ during fiscal quarters of 2022 and 2023

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

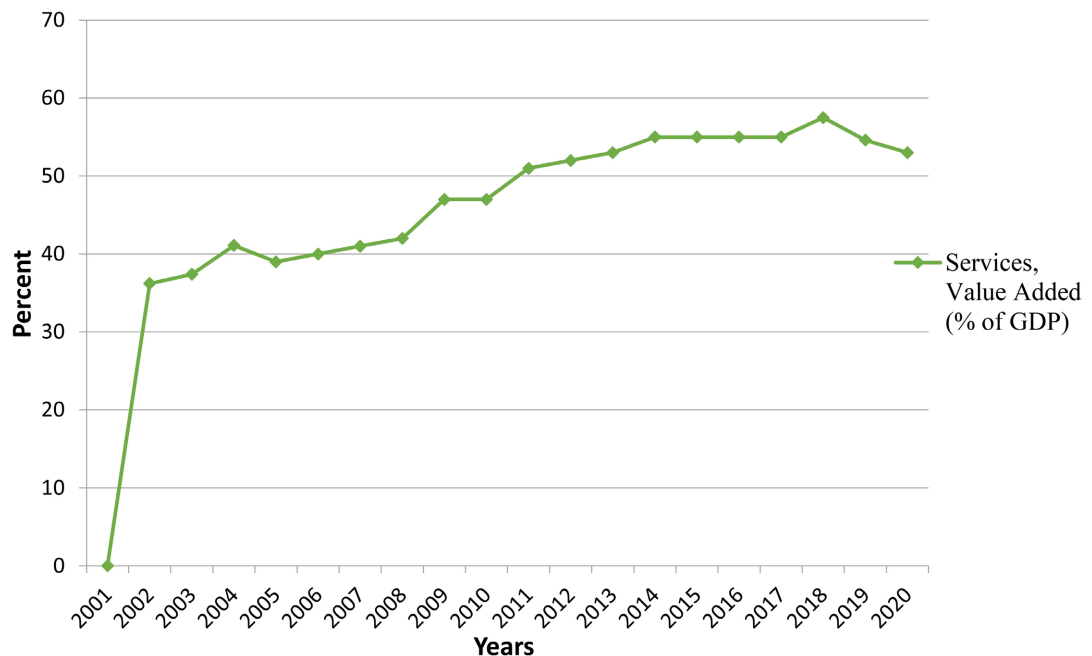


Figure 9. Value added by services sector in gross domestic product between 2001 and 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

However, the new Taliban regime were restricted with numerous sanctions by different nations and international regulatory bodies but, it is surely the service sector, which still has been playing major role in grounds of adding value to gross domestic product. The value added by the services sector to the GDP literally ranges 53% between 2021 and 2023 as shown in (Figure 10).

The National Rehabilitation Procedure of Islamic Republic of Afghanistan in fact draws attention on private sector development as crucial foundation of development, economic stability, employment creation and poverty alleviation in Afghanistan. It literally needs support of the logistics and supply chain for better performance of other segments of economy. It is due to the fact that Afghanistan

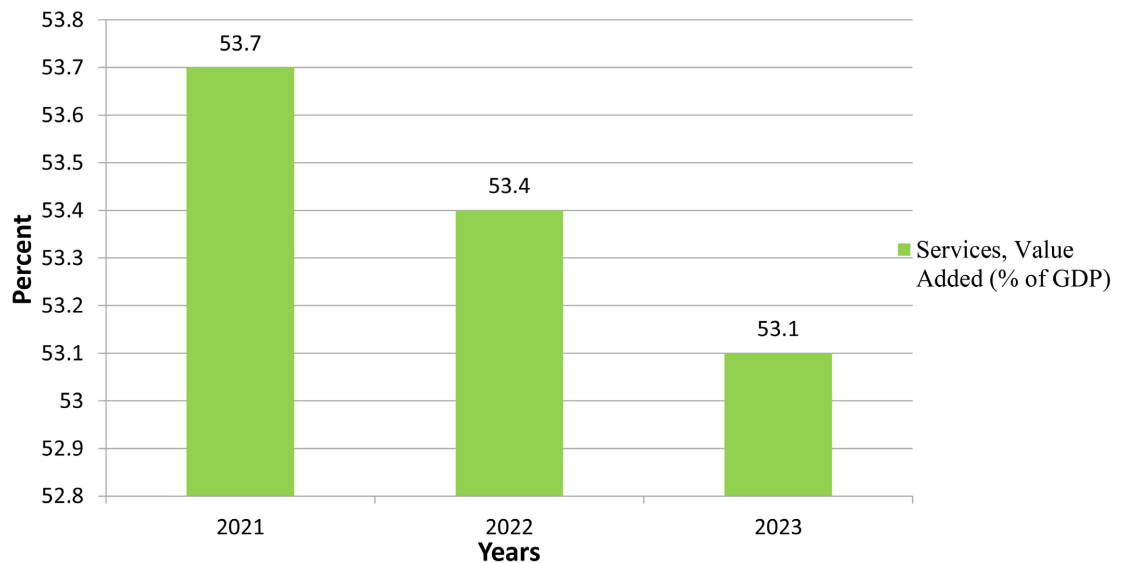


Figure 10. Value added by services sector in gross domestic product between 2021 and 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

is strategically located as transit hubs joining South Asia with Central Asia, Eurasia and Middle East. It indeed provides route access to the land-locked energy basin of Central Asia to the sea ports and possibly market access to Pakistan, India, China, Iran and other countries. Afghanistan is balanced well to provide transit service at considerably low prices. Thus, logistics and supply chain access in Afghanistan are indeed decisive for international, national and regional perspectives to add value to domestic utilities for harvesting profits as well as making the economy stabilized for long time.

Afghanistan government is continuously boosting performance of logistics sector resulting logistics performance index (LPI) of 1.9 and 138 position definitely across globe as per logistics performance index. The commercial supply chain segment has witnessed high growth and accelerated shipping of donor materials. The transportation requirement of the industrial as well as consumer products will increase with growth of the economy. A vital source of the logistic demand in point of fact is emerging from evolution of the cold chains of agribusiness and food-processing that literally need investment support on priority. The Afghan's small and medium-size enterprises development strategy certainly focuses on export promotion, donor coordination, information about the market and government support for the industrial sectors. The microfinance sector has been facing numerous problems including demand uncertainty, decline in the market confidence, high reliance on donor firm for the start-up establishment support, limited access to credit and lack of quality control as well as creativity in actual business processes. Sensing the need, Afghanistan authorities in fact has been providing support to small and medium enterprises for training program and microfinance availability. The small and medium-sized corporations make-up approximately 85% of the Afghanistan's pri-

vate sector (ACCA, 2010) and after receiving donation from Afghanistan's government, 96% of small and medium-sized corporations reported an increase in productions, number of the customers and business incomes (DRC, 2023). The government of Afghanistan plan on investing in the vocational education, managerial skills, service industry and reforms to make Afghan labor force more flexible and responsive so that to build necessary skills to support the economy. However, as with previous plans, the framework has set itself lofty goals to achieve in short period of time. In addition, while investment project are guessed to generate skilled jobs, daily wage jobs as well as security-related job, they are most likely to create only short-term job for human capital market.

2.2. Contribution towards Gross Domestic Product of Afghanistan

National interests in development of the trade and industry areas can lead to positive outcomes such as sustainable support for industrial development, expected employment and income, stable balance of the payment, diversification of the production, economic stability, increased rates of growth and creation of the employment opportunities. These policies can assist the private sector in developing industry particularly in developing economies via utilizing elements such as industrial development policy, supporting innovative stuff, strengthening non-public research and growth of governmental and private institutions based on ministry of commerce and industries of Afghanistan report.

Despite the fact that the socio-economic structure of nations that have been emphasizing small and medium-sized companies differ greatly, all of them insisted in setting free economic environment, in which the forces of supply and demand can move away from the rent-seeking and monopoly. Some nations have developed this space to an extensive degree and thus taken steps to expand it, whereas Eastern Europe have not benefited from it.

Despite such an important role and contributions, the failure rates of small and medium-sized enterprises are unexpectedly high in world (Fang, Zhang, & Xue, 2009) and Afghanistan is not exception. Failures and success of SMEs in Afghanistan are caused by variety of factors that were previously unknown. Management of the small and medium enterprise, use of technology, marketing products and skilled labour along with business structures are internal factors influencing small and medium enterprises growth, whereas role of government, education curriculum and SMEs core knowledge, access to finance, trustworthy potential customers and competitions from foreign corporation are external elements affecting SMEs growth (Khan & Adel, 2019).

Between 2002 to 2009, per capita GDP raised by more than 75%. Debt-to-Gross Domestic Product proportion actually declined from 19.8 percent in 2008-2009 to 8.1 percent in 2010-2011 and debt service was 1.8 percent of export of products and services. As per the International Monetary Fund, the gross domestic product growth in 2012 has been 12% buttressed by a great agrarian harvest, which helped to moderate inflation at 6 percent year-on-year in 2012. Per capita

income of Afghanistan in 2012 indeed was predicted at about \$680. The net international reserve stood at \$6.35 billion, which is equivalent to roughly seven months of imports. The exchange rate unfortunately has decreased by 6% amid 2012 and kept on deteriorate at the same rate in 2013 since beginning of 2013 and this is in line with other regional currencies. Bank deposits stagnated at 20 percent of gross domestic product since 2010.

The economy of Afghanistan is recorded as 102nd in the world in term of GDP based on purchasing power parity. With the population of 40 million people, Afghanistan's GDP stands at around \$77 billion with trade rate of \$20 billion and the gross domestic product per capita is \$2000. There was a big difference noticed in term of the percentage between purchases made by respective consumers and government, where government consumption indeed was almost six times more than the private consumption and goods as well as services being imported was 28.5 percent. The fixed investments and export of goods as well as service component formed least percentage i.e. 13 percent and 6.9 percent.

Absence of facilitating factor such as establishing transit routes with neighboring nations, expansion of the manufacturing, farming and energy sectors remained negative reflective impact on growth of gross domestic product as well as gross domestic product per capita between 1996 to 2000. The bar graph depicts the percentage of annual growth in the GDP & the gross domestic product per capita growth during the old Taliban regime. Generally, the growth of gross domestic product experienced downward trend, whereas gross domestic product per capita growth definitely showed upward trend throughout the period. The yearly growth of gross domestic product ranged -5.3 percent and -5.5% respectively, whereas gross domestic product per capita annual growth in fact was -7.3 percent and 28 percent between 1996 to 2000. As reflected in (Table 7 and Figure 11), the lowest percentage of annual growth of the gross domestic product was -5.3 percent in 1996 and gross domestic product per capita observed least annual growth ranging -10.3 percent in 1999.

The Afghan economy has continued to grow due to convergence of the expatriate, establishment of more transit routes with the developed nations and expansion of the countries' manufacturing and energy sectors. The gross domestic product at the market prices indeed has increased gradually from \$711 billion to \$1102 billion between 2008 and 2011 and the maximum gross domestic product growth literally has been witnessed to 21% in 2009. The line graph provides information about percentage of an annual growth of gross domestic product and gross domestic product per capita growth during the republic regime. The yearly growth of GDP and gross domestic product per capita in fact reduced constantly over period of twenty years. The GDP as shown in (Figure 12) grew from -5.7% in 2001 to 3.9 percent in 2019, whilst the gross domestic product per capita experienced an increase from 30.8 percent in 2001 to 0.9 percent in 2019. The least percentage of the yearly growth of GDP and gross domestic product per capita income in actual fact was 2.4 percent in 2020 and -5.4 percent in 2001.

Table 7. Annual growth of gross domestic product and GDP per capita growth.

SN	Regime	Year	Growth of Gross Domestic Product (%)	Gross Domestic Product Per Capita Growth (%)
1	Old Taliban Regime 1996 to 2000	1996	-5.3	-7.3
		1997	-5.1	-7.2
		1998	-4.5	-7.1
		1999	-4.9	-10.3
		2000	-5.5	28
2	Republic Regime 2001 to 2020	2001	-5.7	-30.8
		2002	65	86.7
		2003	8.8	0.9
		2004	1.4	-2.5
		2005	11.2	7.3
		2006	5.4	1.1
		2007	13.8	11.8
		2008	3.9	1.9
		2009	21.4	17.1
		2010	14.4	11.1
		2011	0.4	-3.2
		2012	12.8	8.2
		2013	5.6	2
		2014	2.7	-1
		2015	1.5	-1.7
		2016	2.3	-0.3
		2017	2.6	-0.3
		2018	1.2	-1.7
		2019	3.9	0.9
		2020	-2.4	-5.4
3	New Taliban Regime 2021 to 2023	2021	-20.7	-20.7
		2022	-6.20	-2.4
		2023	-3.80	-2.5

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Real gross domestic product literally is projected to reduce further in 2022 under baseline scenario, where the country receives minimal international support for humanitarian efforts and fundamental core services with aggregate contraction of nearly 30% - 35% between 2021 and 2022. Due to high rate of population growth, the economy is projected to develop gradually (2.0 to 2.4 percent) during the next two years with no improvement in per capita incomes and substantial improvements in outlook for poverty and food insecurity. Due to the

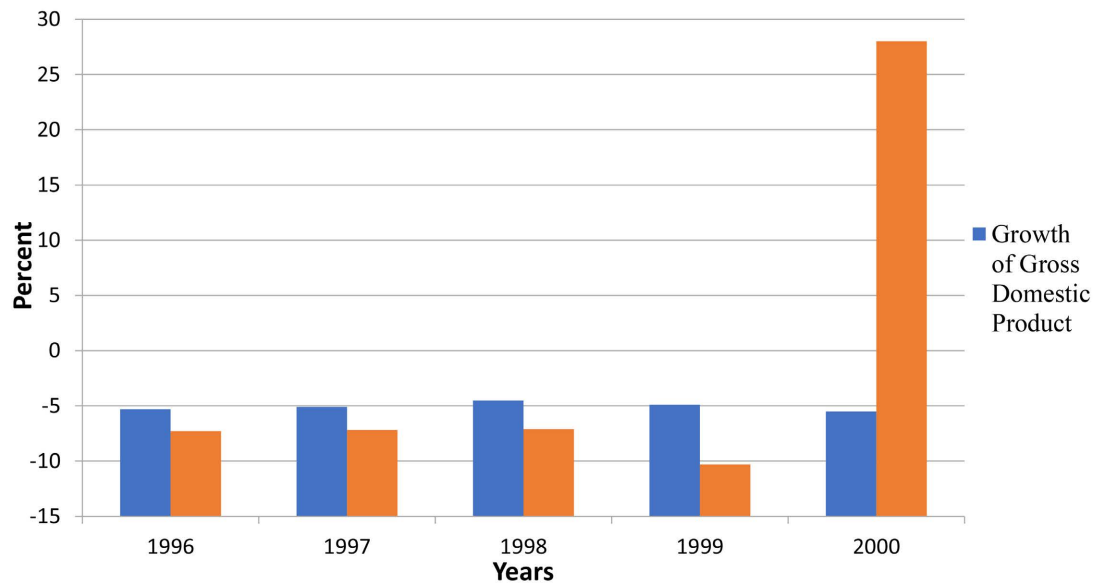


Figure 11. Growth of gross domestic product and GDP per capita growth between 1996 and 2000.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

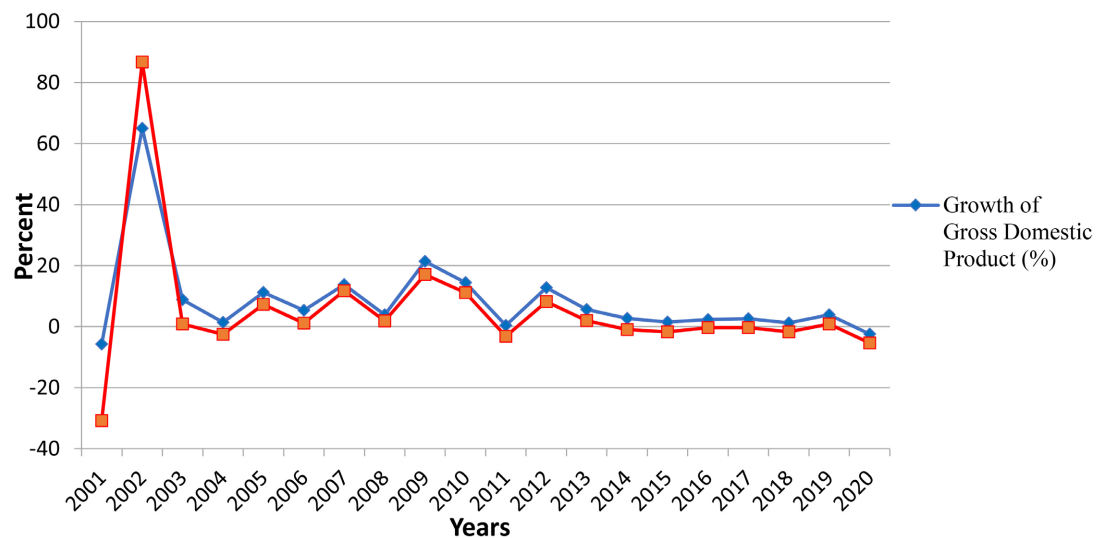


Figure 12. Growth of GDP and gross domestic product per capita growth between 2001 and 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

rising global product prices and supply issues, inflation is forecasted to literally remain high, significantly deteriorating value of an individual household's incomes over long period of time according to world bank report.

Even, if inflation is yet high in Afghanistan, some economic indicators are improving. For instance, exchange rate volatility decreased, domestic taxes collection is desirable and export have improved. More than three-fourths of the corporations were definitely operating compared to two-thirds at the time of first round in November 2021, according to the most authentic private sector quick survey being performed in June 2022 time period.

The line graph certainly gives information about percentage of yearly growth

of the GDP between 2021 and 2023. Overall, it can be seen that gross domestic product after downward growth trend experienced an upward trend in the last 3 year of new Taliban regime. In 2021, the annual growth rate of GDP has declined significantly to around -20.7 percent following up with -6.20 percent in 2022, whereas the growth rate of gross domestic product has surged significantly to -3.80 percent in 2023. On the other hand, the gross domestic product per capita experienced desirable growth and it has dropped from -20.7 percent in 2021 to -2.5 percent in 2023 as illustrated in (Figure 13).

As noted in (Table 8), GDP from manufacturing sector has decreased from 75,014.90 Million Afghani in 2020 to 69,599 Million Afghani in 2021. The trading economics macro model and analysts has foreseen that at end of 2022-2023 calendar year, the gross domestic product of Afghanistan from production sector literally will amount to 62,770 Million Afghani. The service sector contribution in the GDP certainly decreased from 678,007.10 Million Afghani in 2020 to 456,052.100 Million Afghani in 2021. Afghanistan's GDP surely was forecasted to decrease by 30 - 35 percent between 2021 and 2022 and is projected to move to a low growth path of 2 - 2.4 percent for 2023-2024, but downside risk persist including growing banking sector instability, any reduction in the global aid and worsening of the security and political situation. As noted in (Table 9), the actual performance in terms of the real average per capita gross domestic product level, structure of the economy and real average per capita GDP growth indicators in fact was noticeable, whilst government consumption indicator was significantly higher due to fragility of economy, heavily reliance on external support and weak private investment aspect within last 2 decades. The per capita GDP growth literally has been faster and certainly needs to be maintained, even if somewhat at lower rates and thus Afghan government fortunately has focused on avoiding recessions and instead continue to keep growing. The structure of

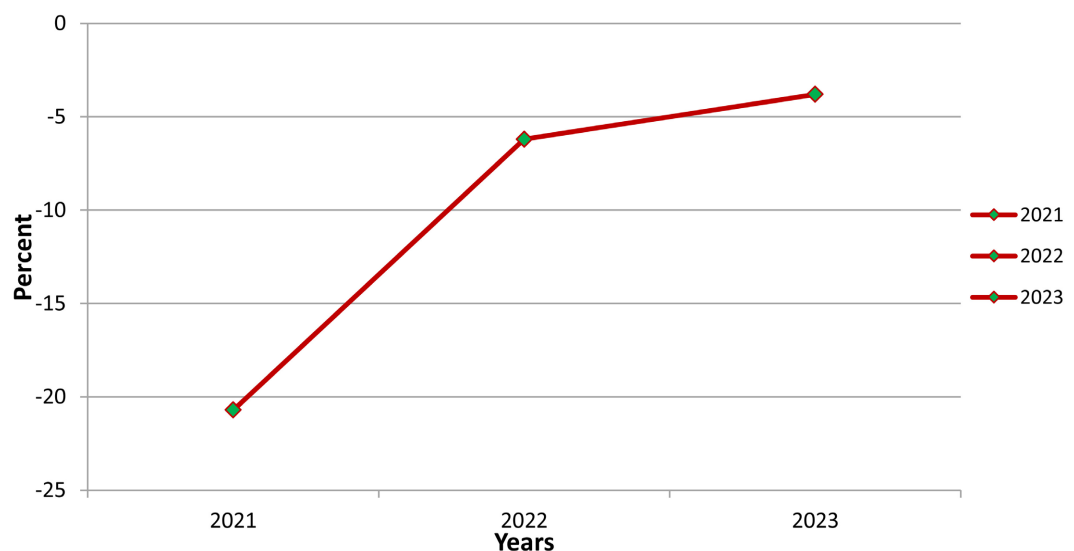


Figure 13. Annual growth of gross domestic product between 2021 and 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Table 8. Segment wise gross domestic product.

SN	Segment	Amount of Gross Domestic Product in 2021 (Million)	Amount of Gross Domestic Product in 2022 (Million)
1	Gross Fixed Capital Formation	AFN 175,840	AFN 162,486
2	Gross Domestic Product From Production	AFN 75,014.90	AFN 69,599
3	Gross Domestic Product From Services	AFN 678,007.10	AFN 456,052.10
4	Gross Domestic Product	\$20.14	\$14.79
5	Gross Domestic Product Per Capita	\$553.04	\$426.03

Source: <https://tradingeconomics.com/afghanistan/gdp>.

Table 9. Afghanistan's performance relative to strong performers cluster.

SN	Indicator	Afghanistan Trend	Trend of Strong Performers	Comments
1	Real Average Per Capita Gross Domestic Product Growth	Very Rapid	Rapid	Growth in Afghanistan has been faster and needs to maintain robust growth even if somewhat at lower rates
2	Average Per Capita Gross Domestic Product Level	Rising Sharply	Rising	Avoiding recession and continuing growth
3	Government Consumption	Flat	Flat	Substantially higher due to external budget
4	Structure of Economy	Rapid Change	Rapid Change	Appears to be aid-driven and needs new growth drivers

Source: Afghanistanin Transition: Looking Beyond 2014, May 2012, World Bank.

Afghan economy literally seems to be aid-driven and requires new growth drivers such as knowledge capital and globalization over long span of time.

2.3. Generation of Employment

Small and medium-sized enterprises in fact have the largest share in terms of number of units and job contribution. Although, it's full potential still need to be recognized because SMEs around the world including Afghanistan surely face various problems that hamper their performance (Schlogl, 2004). These businesses are especially important in grounds of employment generation, economic development and development of the innovative method of manufacturing the product. Small and medium-sized corporations shaped global economy through entrepreneurship, jobs creation and sales development. They indeed can adapt more easily to rapid environmental change and respond more easily to the economic and political factors based on acceptable organizational frameworks.

Many landlocked, underdeveloped and war-torn countries struggling with

common problems in the production and service sectors. The firms in fact face insecurity, corruptions, limited rule of laws, lack of infrastructures, lack of access to financial services, limited and inadequate human resource beneath the plan (MEA, 2021). According to Khan et al. (2018); the key issues faced by businesses in my beloved homeland actually include lack of government support, illegal transactions, money laundering, insufficient understanding pertaining financial knowledge and literally less number of financial institutions. They also emphasized that despite these challenges, there definitely are lots of opportunities for growth in nation due to low competitions, large portions of unserved market and small-scale operating SMEs. As a result, the small and medium-sized corporations constitute 90 percent of all Afghan businesses, plays vital role in the economic growth, have potential to make weighty contributions to gross domestic product and reduce unemployment in the country.

Creating fruitful conditions for the elite entrepreneurs to set-up new units and nurturing productivity is one of the effective ways of vitalizing productive activities, fulfilling the societal needs, increasing global presence and absolutely enhancing socio-economic stability. Hence, tackling these issues shall reduce unemployment rate in Afghanistan. Despite government assistance, SMEs lacks vital roles in economic development, competing with the global players and getting competitive advantage in the global markets over long-run.

In fragile contexts, simply creating employment is insufficient. Rather, there is surely a need to generate employment in a conflict-sensitive manner. Only then investment in the segments like manufacturing and service could contribute to the country's peace and stability. Afghanistan's labour market literally is under significant strain according to the most recent yearly available figures from Afghanistan Living Conditions Survey report. 78% of the labour force was not gainfully employed and were unfortunately either under-employed or un-employed in the 2014, whilst 71 percent labour force was not gainfully employed, under-employed or unemployed according to the mid-term results of the 2016-2017 survey. The predictable relationship between the unemployment and violence is another factor that demands an urgent revival of the growth and job generations in the Afghanistan. As previously stated, my beloved homeland surely has very youthful population, therefore the unemployment is certainly skewed towards the young. Internationally, there is surely considerable evidence that the prevalence of the young unemployment and more broadly, youth bulges unfortunately are strongly connected with the conflict and terrorist organizations' ability to spread-up their influence among the youth (Urdal, 2004). Data from Afghanistan shows that 80 percent of the unemployed teenagers are based in the rural areas with less economic possibilities and the two-thirds of rural jobless male definitely are illiterate as per world bank report. The services sector surely employs around 72 percent of the human capital and generates 46.5% of GDP after consistent year of appreciable growth. The employment opportunity wasn't sufficiently available for educated youngster in labor market due to certain reasons such as conflict-affected situation, fragile circumstances and neither sort of fi-

nancial support and donations by the powerful nation and international organization during the old Taliban regime. The skilled male labour force either was working in international and public organization to rescue war-torn victims or has been engaged with fighting against opponent movement group. The female labour force were strictly limited in their ability to work in the public place however, they were allowed to set up their own businesses from their house and if they had the means to do so and work in the certain medical positions, but could only cure female patients. The women with children weren't allowed to do any sort of work and widows were affected by restrictions on job. The bar chart indeed provides information about percentile of the males and females participation amidst 1996 to 2000. Generally, the male labour force participation indeed formed 79% of the job market and participation of females in the labour market absolutely has ranged between 16 percent and 15% respectively as shown in (Table 10 and Figure 14). The participation of the female labor force unfortunately has decreased by the passage of years during old Taliban regime and female in fact are regarded as core victims of employment.

The employment opportunities indeed grew right after when multinational corporations decided to start making investments after October 17, 2001 and majority of the educated new generation was earning income via working in the multinational corporations, government institutions and global organizations. The bar graph shows information about percentile of males and females work-force participation between 2001 to 2020. As reflected in (Figure 15), percentage of males participation were significantly higher in contrast with the female participation, which has reduced throughout the period during republic regime.

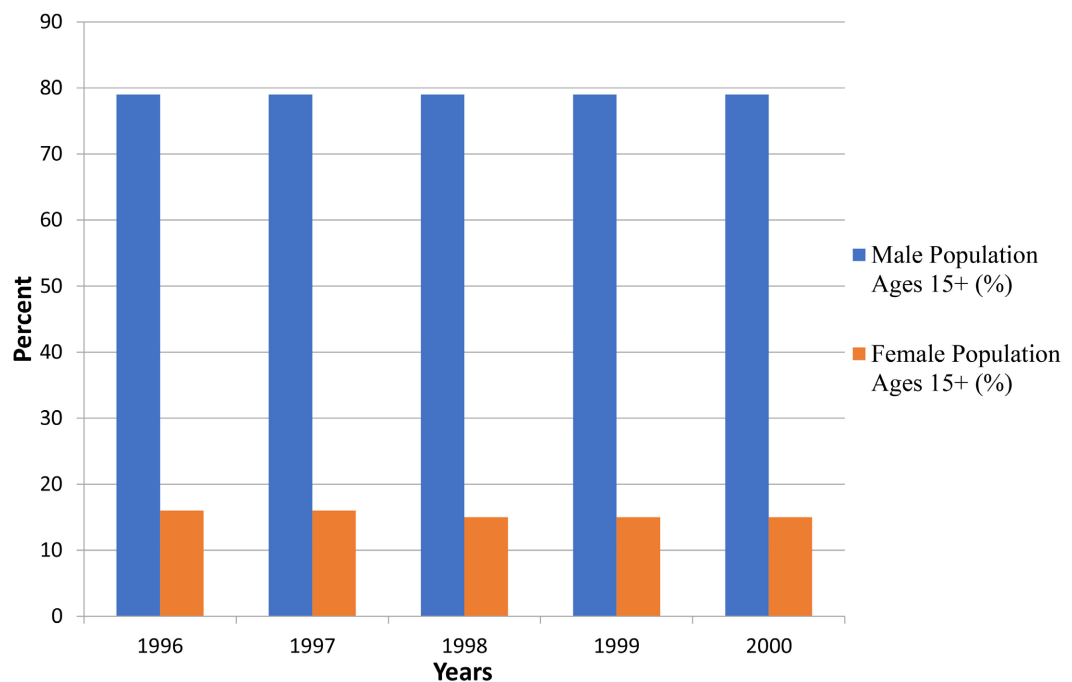


Figure 14. Males and females labour force participation percentage in Afghanistan between 1996 to 2000.
Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Table 10. Males and females labour force participation percentage.

SN	Regime	Year	Male Population Ages 15+ (%)	Female Population Ages 15+ (%)
1	Old Taliban Regime 1996 to 2000	1996	79	16
		1997	79	16
		1998	79	15
		1999	79	15
		2000	79	15
2	Republic Regime 2001 to 2020	2001	79	15
		2002	79	16
		2003	79	16
		2004	79	16
		2005	79	16
		2006	79	16
		2007	79	16
		2008	79	16
		2009	79	15
		2010	79	15
		2011	78	16
		2012	78	16
		2013	77	17
		2014	76	18
		2015	75	19
		2016	74	20
		2017	73	21
		2018	73	22
		2019	73	22
		2020	67	16
3	New Taliban Regime 2021 to 2023	2021	77	16
		2022	75	Dropped By 25 Percent
		2023	75	Dropped By 25 Percent

Source: <https://data.worldbank.org/indicator/SL.TLE.CACT.MA.ZS?view=chart>.

The males labour force participation has plummeted from 79% in 2001 to 67 percent in 2020, whilst proportion of female workforce participation indeed fluctuated and ranged 15% in 2001 and 16 percent in 2020 however, the percentage of the female workforce participation experienced an upward trend and it has ranged 17 percent in 2013 and 22 percent in 2019. The women in point of fact have been fully supported by all during republic regime.

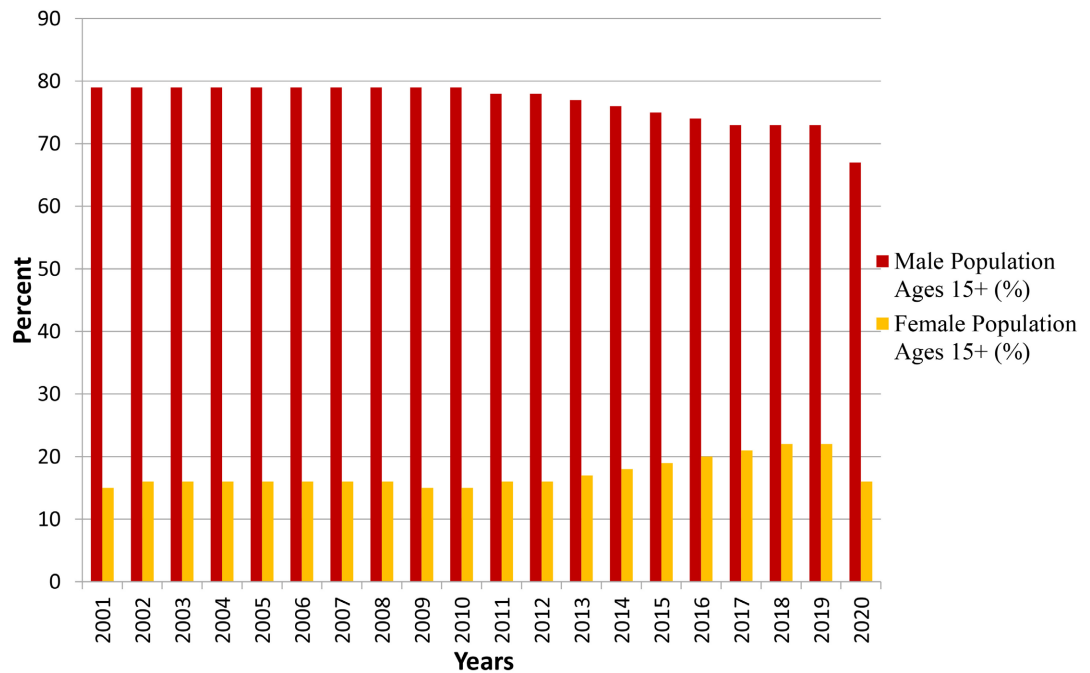


Figure 15. Males and females labour force participation percentage between 2001 and 2020.

Source: <https://data.worldbank.org/indicator/NV.JND.MANF.ZS?locations=AF>.

The employment opportunities in fact decreased in broad spectrum right after the withdrawal of American and European Union forces on August 15, 2021 and certainly negatively affected males and females workforce participation in the labor market. The line graph depicts information about the percentage of males and females labour force participation between 2021 and 2023 during the new Taliban regime. As noted in (Figure 16) and (Figure 17), the participation of male labor force has decreased from 77 percent in 2021 to 75 in 2023, whereas females labour force participation has decreased by 25% in 2023. The females were observed core victims of employment. Although, vulnerable employment has been widespread for both men and women, but females absolutely are over-represented in some types of the vulnerable jobs due to the features such as hardworking conditions, insufficient earning and low productivity, which undermines employee's fundamental rights. The vulnerable male and female employment has indeed been there for the past four decade in my beloved homeland due to the on-going civil war, conflict-affected circumstance and neither active existence of multi-national corporation however, the Afghan young generation in actual fact was not much skilled enough to start working in the international organizations. It was during the old Taliban regime, where most of labour force was suffering from the vulnerable employment.

The men and women workers during old Taliban regime were suffering from vulnerable jobs due to the on-going civil wars, fragile circumstances and neither availability of expected jobs in the labour market. That's why, most of the new generation were engaged with vulnerable employment. The line graph gives information about the percentile of the vulnerable male and female that has been

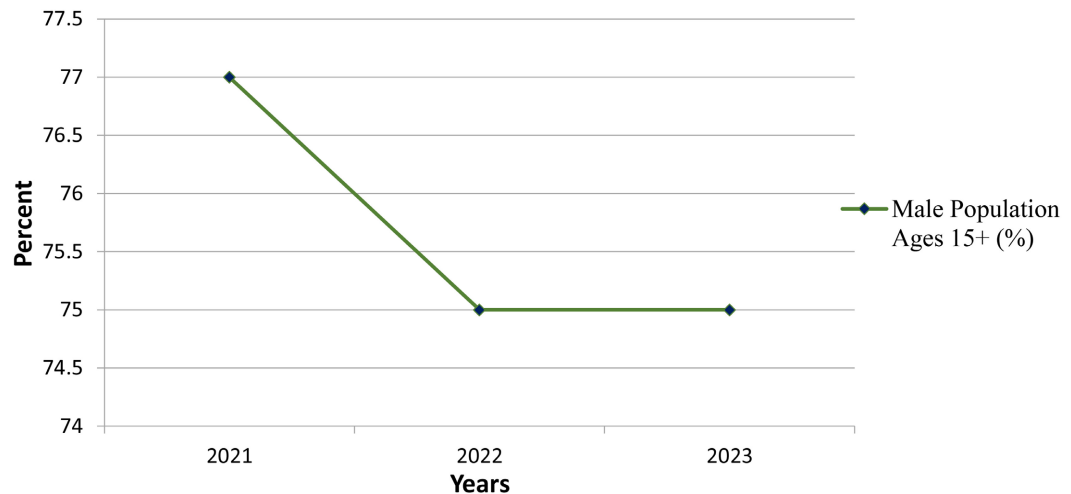


Figure 16. Males labour force participation percentage between 2021 and 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

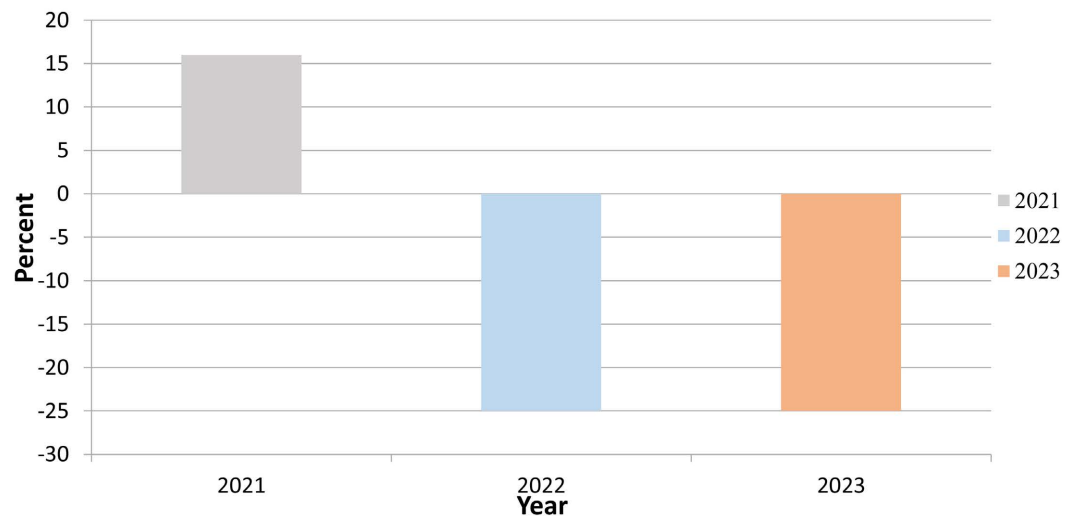


Figure 17. Females labour force participation percentage between 2021 and 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

employed between 1996 and 2000. As illustrated in the (Table 11 and Figure 18), vulnerabilities of the employment rocketed noticeably for males and females over period of four years. The percentage of vulnerable employment for the male was 91% throughout four years whereas, females surely were suffering almost 99 percent from vulnerable jobs, which is not generally desirable. The employment opportunities has raised, when the multi-national corporations and other nation has started making investments during republic regime. It in fact led to reduction of vulnerable job and an increase in income earning of the young generation. The bar graph actually provides information regarding percentage of vulnerable employment for males and women amidst 2001 and 2020. As shown in (Figure 19), vulnerable job for males significantly has decreased as compared to the females throughout period of 20 years. The vulnerable jobs for male has reduced from 91 percent in 2001 to 81% in 2020 whilst, vulnerable employment for female sure

Table 11. Vulnerable males and females employment percentages.

SN	Regime	Year	Vulnerable Male Employment (%)	Vulnerable Female Employment (%)
1	Old Taliban Regime 1996 to 2000	1996	91	99
		1997	91	99
		1998	91	99
		1999	91	98
		2000	91	98
2	Republic Regime 2001 to 2020	2001	91	98
		2002	91	98
		2003	90	98
		2004	90	98
		2005	90	98
		2006	90	98
		2007	90	98
		2008	89	98
		2009	88	98
		2010	87	98
		2011	86	97
		2012	85	97
		2013	84	96
		2014	82	95
		2015	81	94
		2016	79	92
		2017	77	90
		2018	78	90
		2019	79	90
		2020	81	92
3	New Taliban Regime 2021 to 2023	2021	81	91
		2022	80	91
		2023	80	91

Source: <https://data.worldbank.org/indicator/SL.EMP.VULN.MA.ZS?view=chart>.

has decreased slightly from 98 percent in 2001 to 92% in 2020, that isn't really as per desire of young generation as well as not acceptable for global organization.

The employment opportunities in fact have decreased with the withdrawal of American and European Union military force as well as defunction of the operating business enterprises. These all aspects indirectly aid to increased vulnerable jobs for the young generation in my beloved homeland. The bar graph provides information about percentage of vulnerable employment for males and females

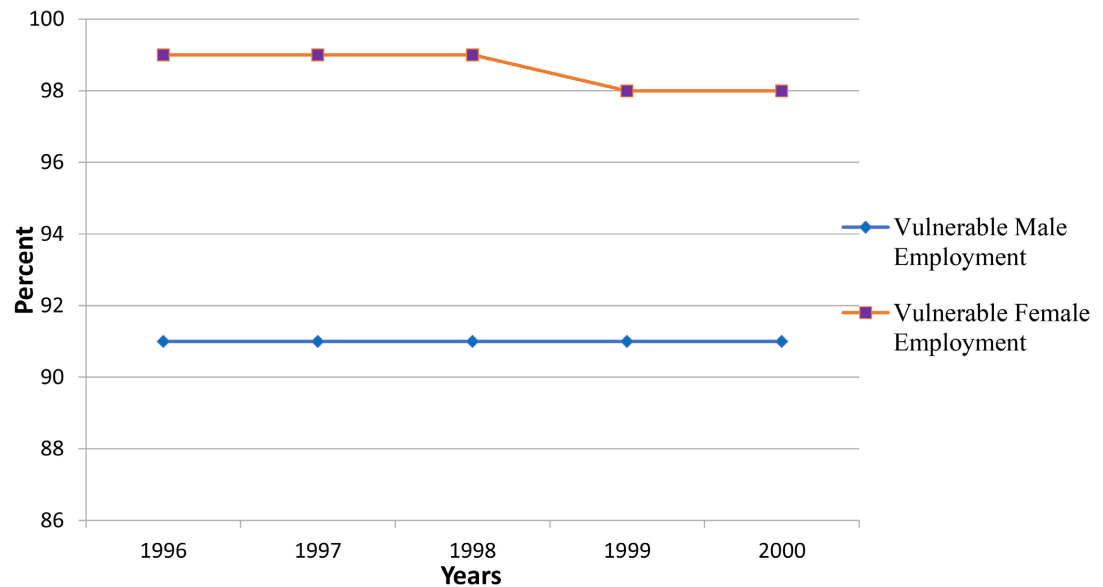


Figure 18. Vulnerable males and females employment percentage between 1996 and 2000.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

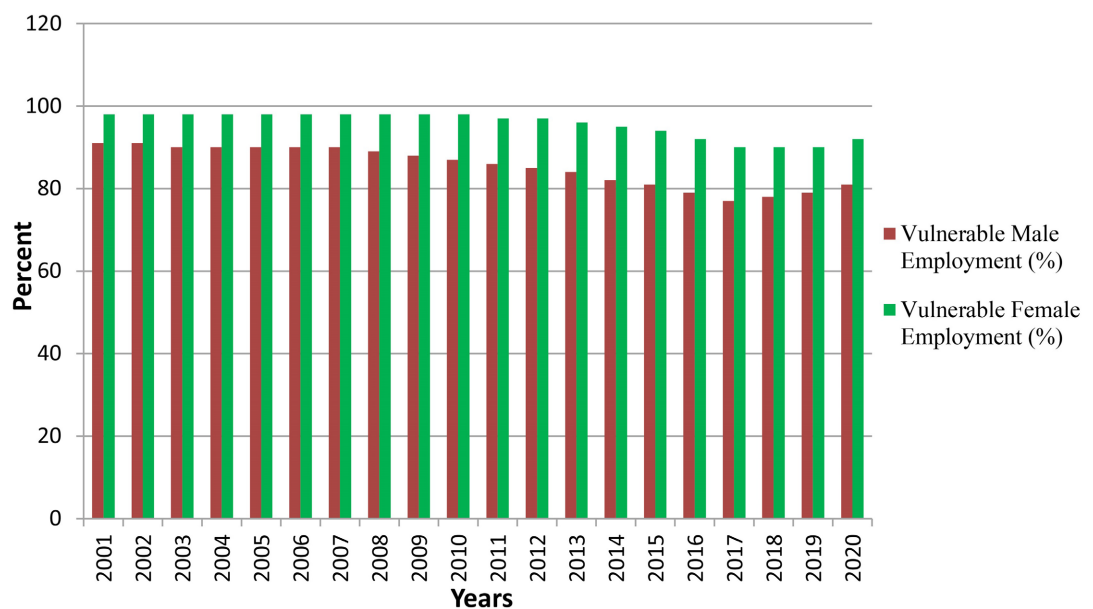


Figure 19. Vulnerable male and female employment percentage between 2001 and 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

in the time of new Taliban regime. Percentage of vulnerable employment for men has experienced downward trend, whilst percentage of vulnerable employment for female showed an upward trend throughout the period. The vulnerable job for the male reduced from 81 percent in 2021 to 80% in 2023 whilst, vulnerable employment for females has reduced to 80 percent in 2023 as reflected in (Figure 20). The female has been actual sufferer of the employment opportunities and thereby has been banned from employment in multi-national organizations by the Taliban regime since December 2022.

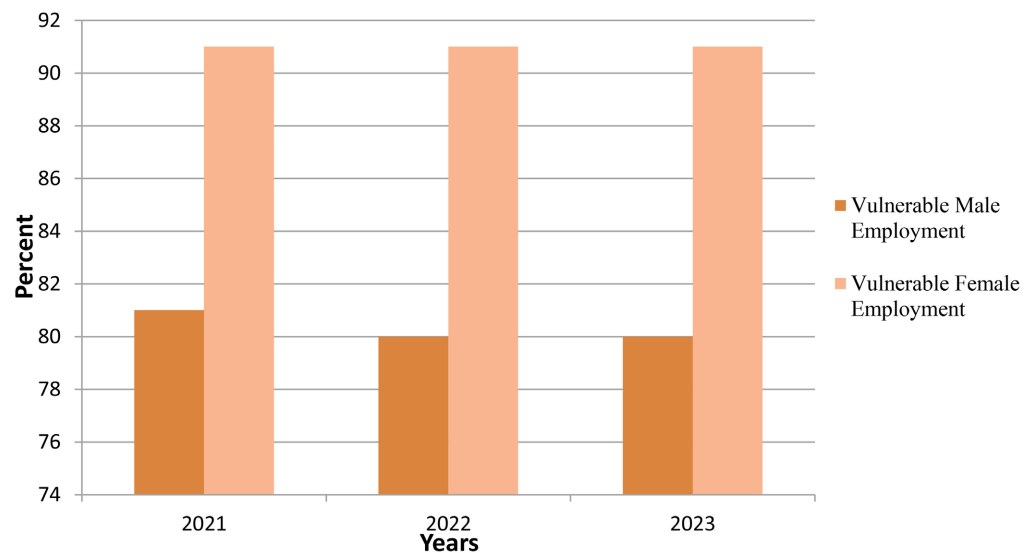


Figure 20. Vulnerable males and females employment percentage between 2021 and 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

The manufacturing and service sectors definitely contributed noticeably in the creation of jobs for literate and un-skilled youngsters since long time during different regimes. My beloved homeland being strategic nation in grounds of the location and natural resources absolutely has been investment target of the neighboring nations, powerful countries and multi-national corporations but, majority of the global firms unfortunately did not even think of doing investments due to security issues. The global firms now are willing to start investing in various sector and are heartily welcomed as well as being fully supported by current regime. The manufacturing and service sectors have been the main source of employment generation for the skilled and illiterate Afghan young generation over the past four decades. The employment opportunities were not as expected during old Taliban regime due to the fragile condition, neither active operation of international enterprises in different provinces of Afghanistan and conflict-affected situation.

The line graph certainly gives information about percentage of employment generated by industry and service segments amidst old Taliban regime.

As seen in (Table 12 and Figure 21), percentage of jobs in service sector was higher compared to manufacturing segment over period of four year. The employment opportunities facilitated by the industry sector was 10% in 1996 and 9% in 2000 whereas, services sector literally generated 26% employment opportunity for skilled and illiterate Afghan youngster in time of old Taliban regime.

Service sector accounted for most of the created job opportunities compared to production sector. The global production and service enterprises in actual fact started operating and it absolutely led to generation of jobs for illiterate and daily wage labour during republic regime. The latter global companies were fully supported by the government. The line graph certainly gives information about percentage of employment generated by industry and service segments between 2001 to 2020. As shown in (Figure 22), percentage of total jobs in the services

Table 12. Percentage of employment in industry and service sectors.

SN	Regime	Year	Total Employment in Industry (%)	Total Employment in Services (%)
1	Old Taliban Regime 1996 to 2000	1996	10	26
		1997	10	26
		1998	9	26
		1999	9	26
		2000	9	26
2	Republic Regime 2001 to 2020	2001	8	26
		2002	9	27
		2003	10	27
		2004	10	27
		2005	11	27
		2006	11	28
		2007	12	28
		2008	12	29
		2009	14	30
		2010	15	31
		2011	16	32
		2012	17	33
		2013	20	33
		2014	22	33
		2015	21	35
		2016	19	36
		2017	18	38
		2018	18	37
		2019	18	37
		2020	18	36
3	New Taliban Regime 2021 to 2023	2021	18	36
		2022	Dropped By 8 Percent	Dropped by 25 Percent
		2023	Dropped By 8 Percent	Dropped by 25 Percent

Source: <https://data.worldbank.org/indicator/SL.EMP.VULN.MA.ZS?view=chart>.

sector was notably higher compared to industry segment over period of twenty years. The employment opportunities generated via the industry sector was 8% in 2001 and 18% in 2020 whereas, service sector generated 26 percent job opportunities in 2001 and 36 percent in 2020 for skilled and daily wage labors during the republic regime. Service sector accounted for most of the created job opportunities between 2001 to 2020 time period.

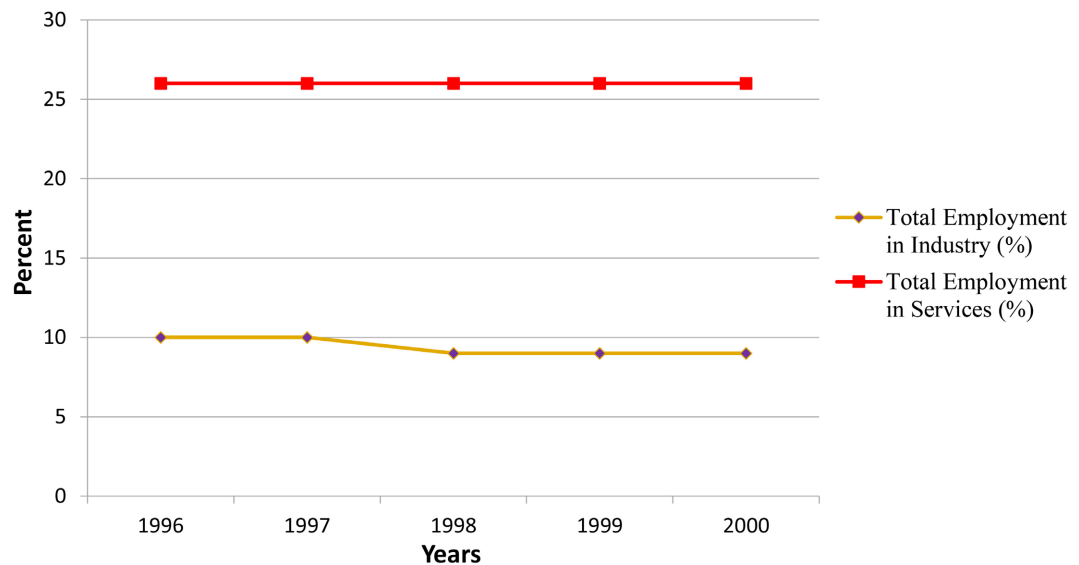


Figure 21. Industry and services total employment percentage between 1996 and 2000.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

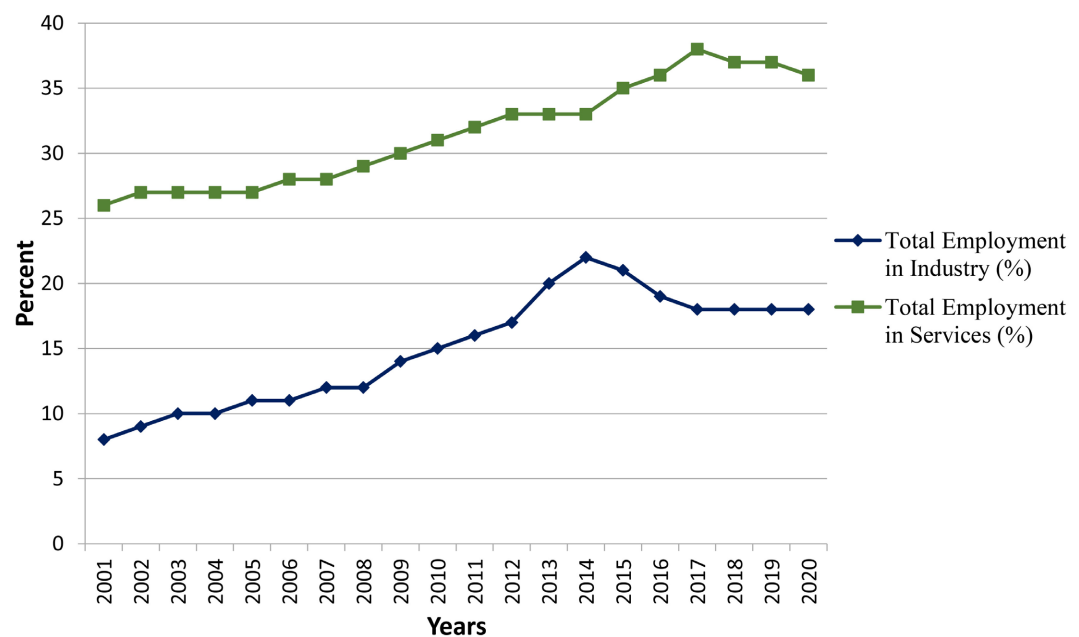


Figure 22. Industry and services total employment percentage between 2001 and 2020.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Prior to withdrawal of American and European Union military forces, the tycoons unfortunately had withdrawn their capital assets from Afghan banks and transferred to other credible financial institutions located in other neighboring countries. This absolutely remained negative impact on the functioning of the large-scale industries and service corporations located in different provinces of my beloved homeland. The bar graph in fact depicts percentage of employment generated by industry and service segment during new Taliban regime. Overall, the percentage of total job generated via production sector was

lower compared to service segment between 2021 to 2023. The jobs created by industry sector was 18 percent in 2021 but, it further dropped by 8 percent in 2023, whilst the services sector created 36% total employment in 2021 and it has decreased by 25 percent in 2023 as being illustrated in (Figure 23). The educated and un-skilled youngsters definitely were getting income earning by working in public institution, manufacturing factories, service corporation and international organization during various regime. The youths were getting higher income earnings from services sector compared to manufacturing sector. The skilled male and female indeed were earning 21,144.93 Afghani out of insurance, real estate, financing and trade services, though least income earning as shown in the (Table 13) were derived from manufacturing segment i.e. almost 4268.450 Afghani each month. Afghanistan was coming out of 15 year civil wars in 2002 and the staffs surely were inexperienced and low-skilled. As a result, the majority of the employment held by Afghans literally was operational such as low level temporary job, which has needed less or no education and had poor working conditions. In order to determine the nation's skill requirement, Afghan

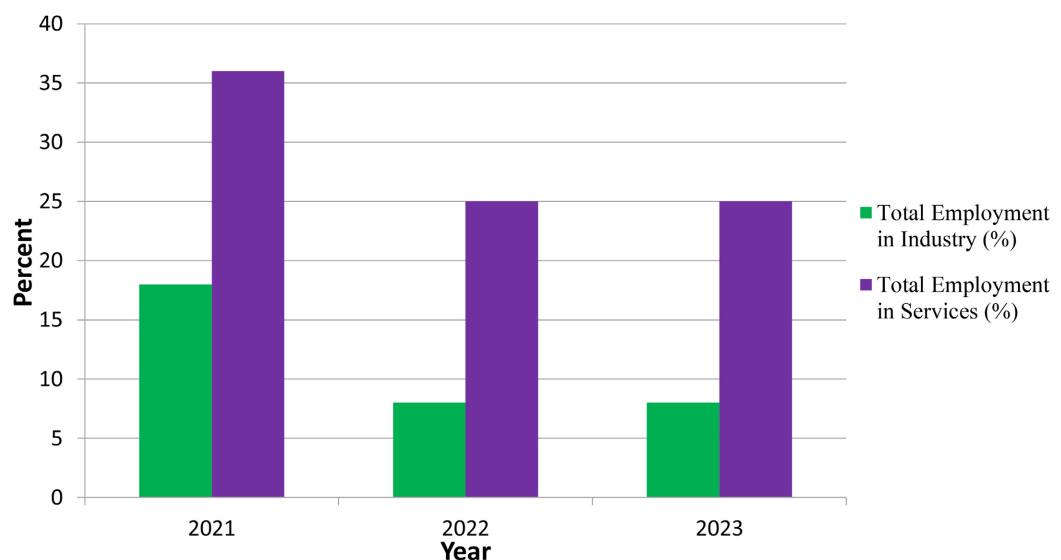


Figure 23. Industry and services total employment percentage between 2021 to 2023.

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=AF>.

Table 13. Individual earnings across major economic sectors.

SN	Sectors	Average Daily Wages	Average Monthly Salary	Average Monthly Profits of Employer	Average Monthly Profits of Self-Employed
1	Manufacturing	161.19	5519.42	4268.45	5445.5
2	Construction	303.48	17,532.96	10,491.74	8187.13
3	Financing, Insurance, Real Estate and Business Services	216.1	10,180.07	21,144.93	15,233.45
4	Social and Personal Services	296.76	12,186.52	11,940.84	12,989.62

Source: Central Statistics Organization - <https://www.loc.gov/item/lcwaN0015960/>.

government certainly aimed to carry-out comprehensive national labor market evaluation in 2018 in cooperation with International Labour Organization and United Nations System.

Evolving low-end labor-intensive production for employment generation is considered as need for government to draw-in investment. Afghanistan Investment Support Agency has anticipated my beloved homeland as center of outsourcing right in worldwide system of manufacturing and a low cost motto for foreign direct investment in low-end labor-intensive manufacturing sector.

2.4. Business Opportunities

Afghanistan is well-recognized as land of golden opportunities for those tycoons, who are having eager willingness in coming-up with creation of unique business ventures and having mindset of the entrepreneurship. The Afghan government motto is definitely to create investor-friendly business environment and considerable improvements has been made in infrastructures, banking and legal reforms through enacting one of the most liberal investment laws in territory and is committed to offer low tax and tariff to promote investment. Afghanistan is well-positioned as central trading hub and principal trading partners in fact include Pakistan, Iran, Uzbekistan, India, Korea, Turkey, China, Japan, Russia, Germany, Romania, Qatar, Indonesia, France, Kazakhstan and United Arab Emirate. One of government's priorities is surely to appropriate donors aid being provided by our global partners to promote investment, trade and development of private sector. Most of the major foreign direct investments in the Afghanistan are by Afghan businessman, who have made careers in the manufacturing and service segments, but it would turn-out to be efficacious to international business tycoon to surely plan and start investing in my beloved homeland. The well-known large-scale operating manufacturing enterprise having net worth of more than \$5 Million in my beloved homeland are Alokozay Company, Omaid Bahar Fruit Processing Company, Heray Food Limited, Bousthan Sabz Enterprise and Habib Gulzar Non-Alcoholic Beverages Company whilst prominent large-scale services companies having net worth of more than \$5 Million in Afghanistan certainly are Ghazanfar Group of Companies, Locomotive Supply Chain Company and Allied Express Logistic Services Company.

Majority of manufacturing and service companies are surely operating in six industrial parks namely Kabul, Herat, Mazar-e-Sharif, Nangarhar, Parwan and Qandahar, where other industrial parks surely have been witnessing setting-up of the manufacturing start-ups in the last few years. As per research carried out by (Nawaz, 2015) on the manufacturing firm, it is observed that majority of the companies are engaged with producing the plastic products, mineral water, non-alcoholic beverage and minority of the companies literally are manufacturing consumer products and machineries, whereas service sector in actual fact include wholesale and retail trade, restaurants and hotels, social and personal services, logistics and e-commerce services (Ghiasy, Zhou, & Hallgren, 2015).

3. Limitations of Study

Every research work has its own limitations and this study isn't an exception. The first limitation of this research is usage of secondary data that is readily information attained from the world bank website, journals, magazines, books, publication of government entities, research scholars' report and periodicals. The succeeding limitation of the study is inability to use noble methods in getting required data as result of the scarcity of information resource, which is one of the factors that literally need serious attention in areas of generalizability of research decisions. The third limitation of this study in fact is consideration of few factors such as growth of manufacturing and services sectors, gross domestic product growth, creation of jobs, business opportunities & economic development that positively impact manufacturing and service sectors however, it would have been appreciable if other remaining critical components would have been examined and analyzed in-depth.

4. Directions for Future Research

The academicians and professionals can conduct further research on the factors such as examining global collaboration, licensing in SMEs, import, export, investment & technology innovation and challenges faced by SMEs in regard with export performance of enterprise to know the impact of each barrier extensively. It would be much more attention-drawing, if researchers use the quantitative approach instead of the descriptive and an analytical method in order to sketch analysis of study. Last but not the least, the research scholars can carry-out study by comparing current state of emerging economies and developed nations.

5. Conclusion

The manufacturing and service sectors definitely played key role in the socio-economic development, industrial modernization, generation of the jobs and growth of GDP within two decades. The factors just like inflations, foreign direct investment and exchange rates literally have significant impact on the gross domestic product growth. The ministry of commerce and industry has mainly focused in enhancing the managerial skills of Afghan youth so that to make them more flexible & responsive to support the economy. The gross domestic product from manufacturing segment has decreased from 75,014.90 million Afghani in 2020 to just about 69,599 million Afghani in 2021. Gross domestic product is estimated to have contracted by 30 to 35 percent between 2021 and 2022 and is projected to move to low growth path of 2% - 2.4% for 2023-2024. The trading economics' macro models and analysts' projections indicate that at end of the 2022-2023, my homeland's GDP from manufacturing actually will amount to 62,770 million Afghani. The service sector currently employs 72 percent of labor force and generates 46.5 percent of gross domestic product post coherent years of growth. The actual proportion of employed population in manufacturing and service sectors was relatively less in rural areas in comparison with the urban areas, however service segment has been growth driver and hired majority of

skilled labour forces following with production sector. Manufacturing and services corporations are crucial component of the nation's economic development plan since companies with less than 100 staffs constitute 80 to 90 percent of entire Afghan trade, make 50% of GDP and utilize 75 percent of labour force.

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Conflicts of Interest

The authors declare no conflicts of interest regarding publication of this paper.

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