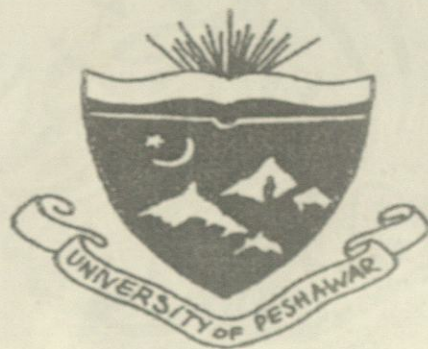


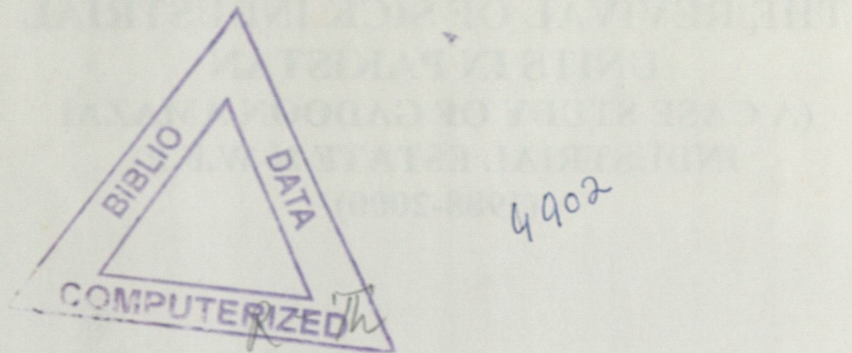
**THE REVIVAL OF SICK INDUSTRIAL
UNITS IN PAKISTAN
(A CASE STUDY OF GADOON AMAZAI
INDUSTRIAL ESTATE N-W.F.P)
(1988-2000)**



By

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PAKISTAN
(2004)**



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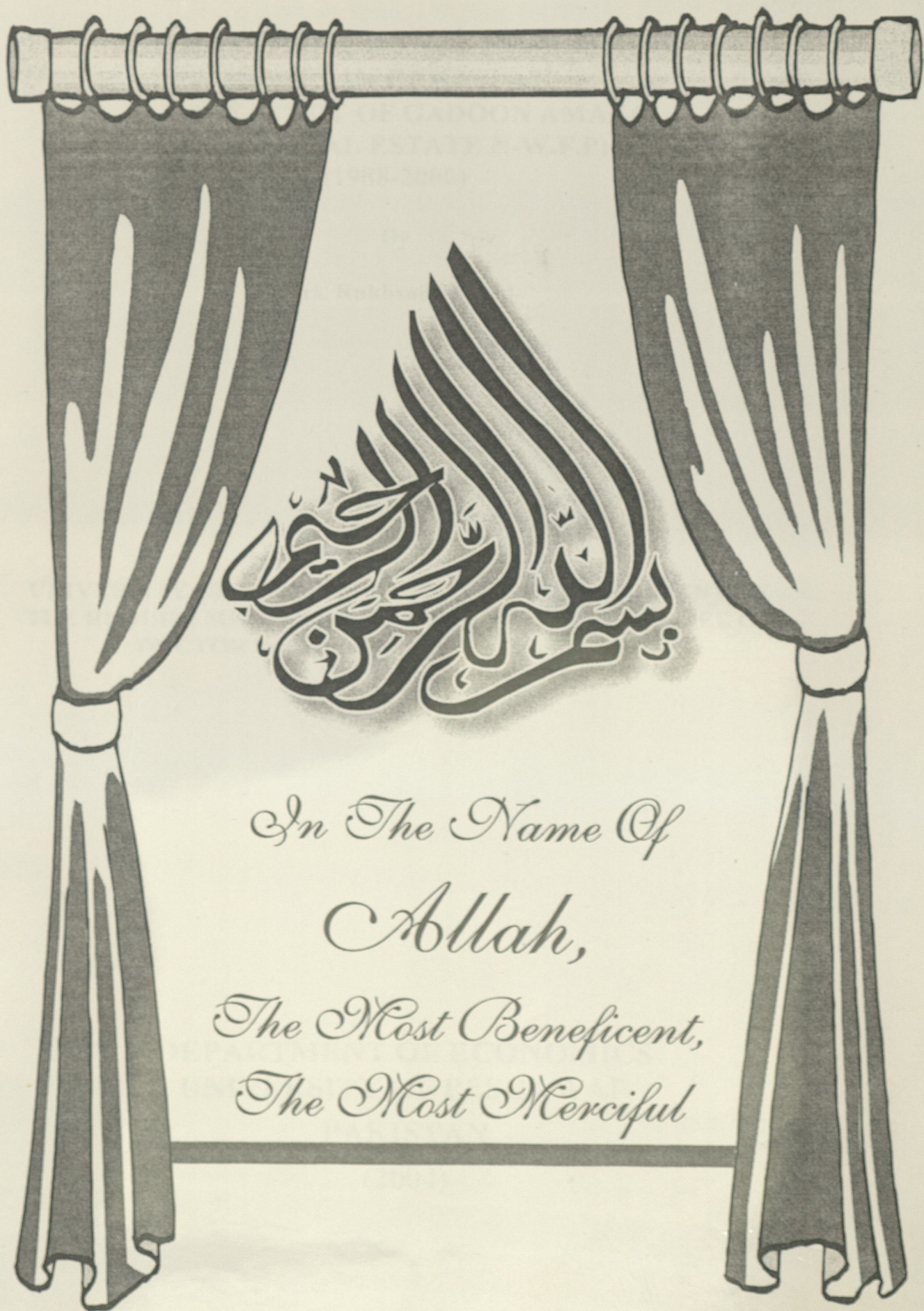
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(Ph.D)



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DEPARTMENT OF ECONOMICS
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PESHAWAR



*In The Name Of
Allah,
The Most Beneficent,
The Most Merciful*

Department of Economics
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Thesis Approved By

A THESIS SUBMITTED TO
UNIVERSITY OF PESHAWAR IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
DOCTOR OF PHILOSOPHY IN ECONOMICS

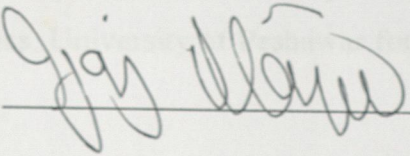
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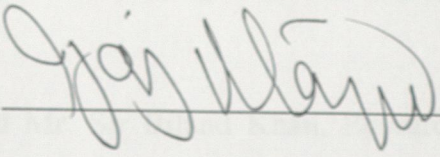
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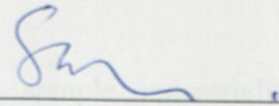
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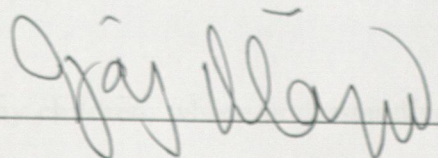
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Last but not the least I would like to thank my children, whose understanding and patience enabled me to complete this thesis.

Rukhsana Javed

ABSTRACT

Industrialization plays a vital role in economic development of a country. But unfortunately from the last few years this sector is facing quite a lot of problems in the country. The number of sick industrial units is increasing. At present in Pakistan the number of sick industrial units has gone over 4,000 units. The average growth rate of large scale manufacturing which was 8.2 during 1980, reduced to 1.6 in 1999-2000. The increasing incidence of industrial sickness is certainly a matter of deep concern not only for the industrialists, shareholders and creditors but also for the society at large. Gadoon Amazai industrial estate (GAIE) in NWFP is also seriously affected by this industrial sickness.

This industrial estate was established in 1986 by government of Pakistan to stop poppy cultivation to provide job opportunities to the affected people, to generate income for the country to earn foreign exchange and to bring this backward area at par with other developed areas of the country. GAIE with subsequent policies, after enjoying an unprecedented boom among industries for about two years, discovered itself in hot waters. Industrialists started leaving the industrial estate and billions of investments were wasted. People lost jobs, government revenues and industrialists "will" to do business. The purpose of the study was to carry out a comparative economic analysis of the situation before the establishment of GAIE and after its establishment. The specific objectives of study were:

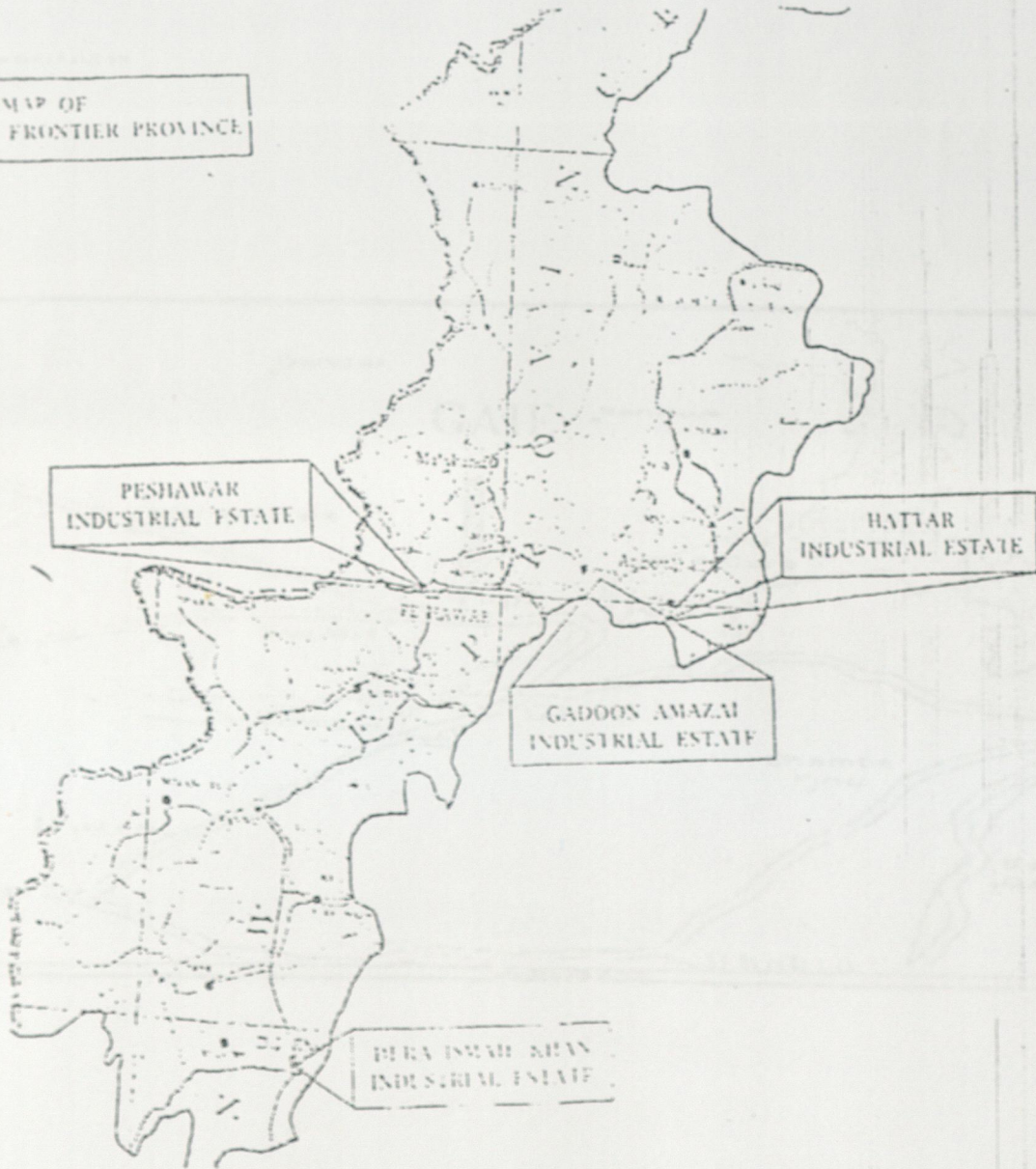
To evaluate the role of industrial establishment in Gadoon Amazai area in promoting the socio-economic conditions, to analyse industrial policy of the government of Pakistan regarding Gadoon Amazai Industrial Estate, To identify the causes of sickness of the industrial units in Gadoon Amazai Industrial Estate, to assess the impact of sick units on the inhabitants of the area, to suggest measures for formulating policy for the probable revival of sick industries in Gadoon Amazai, to identify main causes of sickness and to make suggestions for probable revival of these sick units. Two questionnaires were constructed, one addressed to the house hold sector and the other to industrialists. The questionnaires were filled in with the help of face-to-face interviews. The questionnaires addressed to the household sector collected data on house structure, facilities within the house and the socio-economic conditions of the people of the area. All types of facilities were compared before and after the establishment of GAIE. The data collected from the industrialists regarding the reasons of sickness and suggestions for the revival of industries were studied. Findings of the study were summarized and it was concluded that the establishment of GAIE had improved the socio economic conditions of the people of the area and the main reasons of sickness were withdrawn of the incentives. Other reasons were: distance from sea port, dependence on some of imported raw material and machinery, non availability of workshops or no facility of repair for damaged machinery, non availability of skill labour, poor infra structure, non availability of natural gas, high electricity charges etc. the sample industrialists recommended certain suggestions for the

revival of their sick units, among which the most important was continuation of incentives other recommendations were; provision of training facilities, workshop facilities, improvement of infra structure, provisions of gas facilities and establishment of consultancy offices at GAIE to solve the problems of the industrialists. As Gadoon Amazai industrial estate had improved the socio economic conditions of the people of the area, the recommendations for probable revival of sick industrial units must be honoured.

MAP OF NWFP

Map of Gadoon Amazai Industrial Estate

MAP OF
NORTH WEST FRONTIER PROVINCE



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CHAPTER 1 INTRODUCTION

Industrial development is the sine qua non of all national development policies. Indeed it is at the core of economic development policies of all the emerging, developing or developed. It has also been recognized that success in industrial development depends in large part on the availability of infrastructural facilities. There is a general belief among economists, policy makers and the general public, that industrialization spurs economic growth and development. Unless countries industrialize, the consensus goes, countries will continue to remain underdeveloped forever. The success of countries like South Korea, Taiwan and other East and South East Asian countries, which

CHAPTER 1 INTRODUCTION

have been called the "Asian Tigers" (ATC's), also endorses this view. Important is the fact that they create employment opportunities and consequently raise the employment level, which in its turn enhances the income and consumption level. Industrialization supports and stimulates other sectors, namely, the agricultural and commercial sectors by creating effective demand for their products through an increased income in the hands of the people. Industrialization accelerates the economic growth and enhances people's welfare in a country.

In Pakistan manufacturing is the 2nd largest sector of the economy and its contribution to the Gross Domestic Product (GDP) is 18%.

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INTRODUCTION

Industrial development is the sine-qua-non of all national development policies. Indeed it is at the core of economic development policies of all the countries-developing or developed. It has also been recognized that success in industrial development depends in large part on the availability of infrastructural facilities. There is a general belief among economists, policy makers and the general public, that industrialization implies economic growth and development. Unless countries industrialize, the assumption goes, countries will continue to remain underdeveloped forever. The progress of countries like South Korea, Taiwan and other East and South East Asian countries, which have been called the Newly Industrialized Countries (NICs), also endorses this view. Importance of industries in an economy lies in the fact that they create employment opportunities and consequently raise the employment level, which in its turn enhances the income and consumption level. Industrialization supports and stimulates other sectors, namely, the agricultural and commercial sectors by creating effective demand for their products through an increased income in the hands of the people. Industrialization accelerates the economic growth and enhances people's welfare in a country.

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From the above paragraphs it is clear that industrialization plays a very important role in the economic development of nations. Especially in this global age, industrial development is the need of the day.

In Pakistan also due to the importance of this sector, continuous efforts have been made soon after independence to develop an industrial sector. The results were positive during the early years, but later on problems arose and industrial sickness started. Pakistan is already facing the problems of un-employment due to over-population, unfavourable balance of payment due to low quantity and quality of exports and more imports.

The problem is very crucial in NWFP. The province is already industrially backward. Majority of the units of different industrial estates are closed and un-employment is very common.

GAIE is the biggest sick industrial estate of the province. Keeping in mind the seriousness of the issue, I consider it necessary to work on the revival of sick industrial units in order to find out the reasons of sickness and to come up with positive suggestions.

A brief review of ups and downs of industrialization in Pakistan and NWFP is given below.

1.1 Industrialization in Pakistan

Before the 19th century the Indo-Pak subcontinent was an industrially developed region of Asia and famous the world over. The major industries of

this region were textiles, metals, handicrafts and construction. After industrial revolution in the west our industries could not compete them. East India Company was the purchaser of raw material from this area and seller of processed goods in the whole region. At the time of partition in 1947 Pakistan received 34 industrial units with employment capacity of only 26500 workers. These units were cotton textiles, cement, glass, matches, flour and husking mills.

In 1947 the government of Pakistan called an industrial development conference and on the recommendation of that conference Industrial Development Finance Corporation and Industrial Credit and Investment Corporation were established. As a result the process of industrialization successfully continued upto 1950. During 1952 the govt of Pakistan established Pakistan Industrial Development Corporation PIDC. The share of industrial sector in GDP was 11.9 by the end of 1959-60 up to 1971 PIDC completed 59 industrial units. Major investment was cement, fertilizer, jute and paper industries. As resources were diverted from development to defence the industrial sector could only achieve a growth rate of 7.8%. The development in the industrial sector during the year 1971 to 1977 was disappointing. The reasons were war with India, separation of East-Pakistan, suspension of foreign aid, loss of indigenous market, fall in exports, devaluation, labour and political unrest, floods, recession in the world trade, nationalization of industries and insecure investment conditions. The annual growth rate was only 2.8% in the

whole industrial sector. After the end of Bhutto regime flour mills, rice husking and cotton ginning factories were denationalised and it was declared that no further denationalisation of private industries will be done. There are many developmental measures taken by the government e.g. establishment of industrial states, provisions of loan, tax-free processing zone, duty free import of technology and encouragement of domestic industries. But inspite of all these efforts, growth rate in the manufacturing sector was 1.5% in 1999-2000.

The low rate of growth in the manufacturing sector is due to a number of causes. For instance, the inconsistent and frequent changes in the government policies, unsatisfactory law and order situation, inadequate infrastructure, policy of regional development, higher rates of interest, fear of nationalization of industries, low standard and quality of products, withdrawal of foreign investment, outdated and over lapping labour laws, higher electricity charges, multiplicity of taxes, etc had all contributed to the industrial sickness. At the time of this research work there were nearly 4000 sick industrial units in Pakistan.

1.2 Industrialization in NWFP

North West Frontier Province had virtually no industrial base at the time of independence in 1947. The socio-economic structure of the Province was predominantly agrarian in nature with a sketchy industrial sector comprising one sugar mill and some eleven other small units with a total investment of Rs.81.65 million that provided job opportunities to 1063 workers. It has taken

five decades to build up industrial plants presently on the ground. The task of industrialization was firmly taken in hand in 1948 when the first industrial policy for the country was announced. Since then, the number of industrial units has increased to 1848 out of which 590 units are closed while 1258 are in operation. They provide employment to approximately 75908 workers. Most of the units are of small and medium sizes. Large-scale concerns and joint enterprises are few. About thirty-seven establishments employ less than nineteen workers each. Some forty-four concerns have an employment range of twenty to one hundred and forty nine workers. The plants with 150 workers are chemical industries like DDT, Caustic soda, pharmaceuticals, paints and varnishes etc. Like wise the production of investment goods is negligible. The output of equipment and tools is limited to simple agricultural implements and electrical machinery. For all practical purposes it is the elementary consumer goods industry which can play an important role in economic development of the region. Neither the intermediate inputs nor the capital products industry has made any substantial impact on the economic life of the area. In spite of the availability of cheaper labour and nationally comparable infrastructure, no network of foot loose industries has so far come up. A switch over to industrialization in the province would obviously involve a structural diversification of the economy. A number of industrial estates had been established in different parts of the province for the development of industrial sector.

1.3 Industrial Estates in NWFP

Following are the industrial estate in the NWFP:

1. Industrial Estate, Hayat Abad
2. Industrial Estate, Hattar, Haripur
3. Industrial Estate, Gadoon Amazai
4. Industrial Estate, Kohat Road Peshawar
5. Industrial Estate, Jamrud Road, Phase-I, Peshawar
6. Industrial Estate, Jamrud Road Phase-II, Peshawar
7. Industrial Estate, Mardan Phase-I
8. Industrial Estate, Mardan Phase-II
9. Industrial Estate, Kalabat, Haripur
10. Industrial Estate, Abbottabad
11. Industrial Estate, Manshra
12. Industrial Estate, D.I. Khan
13. Industrial Estate, Bannu
14. Industrial Estate, Nowshera

At present majority of the units of the three main industrial estates of NWFP (Gadoon Amazia, Hattar and Hayat Abad Peshawar) are either sick or closed.

Totally more than 500 units are sick in NWFP. For details see appendix 11.

As mentioned above the North West Frontier Province lacks an industrial culture. Successive federal and provincial governments showed no interest in developing one. Some of the biggest industrial units in this area are among the leftovers of the Pakistan Industrial Development Corporation (PIDC) from the good old days.

The situation was not always so bad. There was a time when electricity was controlled by the province and available to the local entrepreneurs at lower rates. The workforce was easily drawn from nearby towns, and credits were extended at nominal interest rates. During the early period of industrialization, the PIDC had developed the industrial estate of Amangarh in Nowshera. That attracted heavy investment in this part of the country. Various units of sugar and paper were set up in Mardan, Charsadda and Takhtbhi, and textile mills came up in Hazara, Peshawar and Amangarh.

When the provinces were integrated under the one unit plan, NWFP was deprived of its tobacco and electricity rights. The central government announced a unified power tariff for all entrepreneurs whether their units were in Karachi or Peshawar. This put a stop to further investment, as problems associated with power rates started to crop up; there were also issues such as freight cost, import of raw material, inflation, denial of export rebate, provision of gas, various taxes, etc. which also discouraged industrialization.

1.4 Industrial Estate in Gadoon Amazai

Gadoon Amazai Industrial Estate is situated in District Swabi. It is one of the biggest Industrial Estates in NWFP, which was established in 1988.

The establishment of Gadoon Amazai Industrial Estate was a step towards industrial development in NWFP. In 1989 the Government offered unprecedented incentives to potential investors for encouraging them to invest

in Gadoon Amazai Industrial Estate, the biggest Industrial Estate in NWFP. All types of infrastructural facilities were provided by the government for the development of the area. The main objectives of the establishment of Gadoon Amazia Industrial Estate (GAIE) were; to eradicate poppy cultivation, provide alternative sources of employment to the inhabitants and to reduce inter and intra regional socio-economic disparities.

The economic incentives so provided include, exemption of duty on imported machinery and raw materials, sales tax exemption, income tax concession for eight years, power tariff concession, provision of loans at 3% mark up; allotment of plot at nominal rates etc.

In response to the above-mentioned incentives a total number of 222 industrial units were established with a total cost of Rs. 9.39 billion which generated employment opportunities to 15,366 inhabitants of the area. There was a viable change in the life style of the people living in the surroundings of the successive government and in accordance to the previous practices on the part of the same interest group with in the power circle. The special incentives given to Gadoon Amazai Industrial Estate were withdrawn in 1992 and the pace of industrialization in the province and socio-economic development in this underdeveloped area of NWFP stopped at once, leaving 8,000 people unemployed because of the closing of 156 units. This Industrial Estate seems a graveyard of industries today. For detail information see appendix 9.

It was concluded that inspite of the importance of industrialization this sector was facing quite a lot of problems in Pakistan generally and in NWFP particularly. The problem was very serious in Gadoon Amazai industrial estate where 156 units were closed out of a total of 222.

1.5 Statement of the Problem

The Gadoon Amazai Industrial Estate (GAIE) was established with several loudly voiced resolves, hopes and expectations. It was certain that the people will stop their present cultivation practices of Poppy crop as they will find a permanent income earning source in GAIE which will bring about a socio-economic revolution in the area, provide security and honourable existence to the inhabitants. A number of economic incentives were promised which include:

1. Exemption from payment of custom duty on imported machinery and raw materials.
2. Exemption from sales tax and income tax for 8 years.
3. 50% concession in electricity tariff.
4. Provision of loan at 3% mark up.
5. Allotment of Plots at nominal rates.

As a result of the above concessions

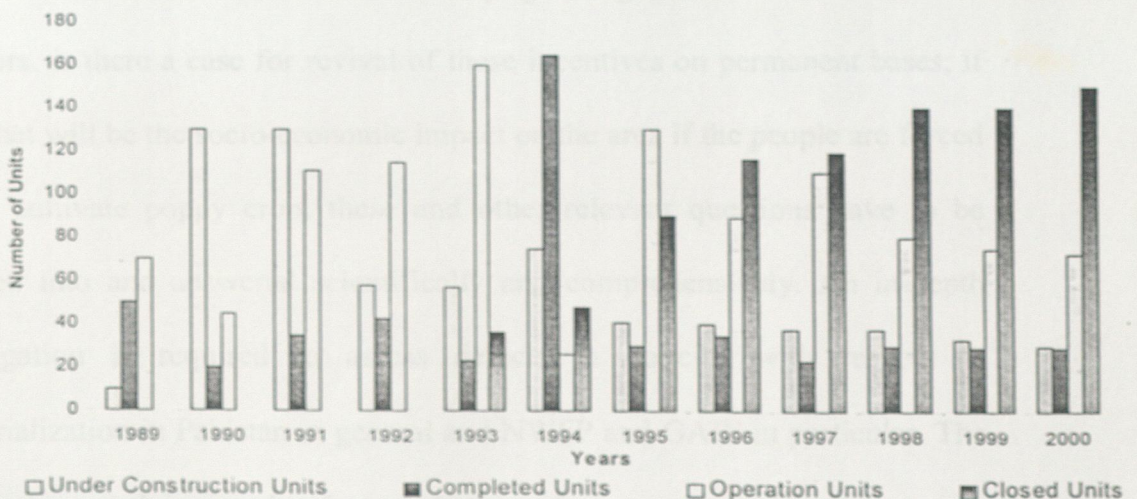
1. The investors would be encouraged to invest in GAIE.
2. A modern Industrial Estate would be established.
3. A permanent source of livelihood would be provided to the people of the area.

Table 1.1: Details of sick and operational units

	Under Construction Units	Completed Units	Operation Units	Sick Units
1989	10	50	70	0
1990	130	20	45	0
1991	130	35	111	0
1992	58	42	115	0
1993	57	23	160	36
1994	75	165	26	48
1995	41	30	130	-90
1996	40	35	89	116
1997	38	23	110	119
1998	38	30	80	140
1999	33	29	75	140
2000	30	29	72	150.

Source: Sarhad Development Authority (2001)

Gadoon Amazai Industrail Estate



Source: Sarhad Development Authority (2001)

4. A healthy socio-economic environment conducive to area development would emerge.

5. Inter and Intra regional disparities would be eliminated.

As in Pakistan, continuity of policies can not be guaranteed in 1992 the incentives were with drawn and so the industrial activities came to a stand still.

The people of the area were reminding the government its promises of alternative employment opportunities, while industrialists were demanding provision of the special incentives on the grounds that such like incentives were continued to be availed in other industrial estates of the three provinces.

Why the incentives were given and then withdrawn, what will be the socio-economic impact on the province in general and the area in particular, whether Poppy cultivation will once again be brought into practice, whether the government will continue with its policy of discouraging investment and create an investment environment which totally goes against the interest of the investors, is there a case for revival of these incentives on permanent bases; if not, what will be the socio-economic impact on the area if the people are forced not to cultivate poppy crop: these and other relevant questions have to be inquired into and answered scientifically and comprehensively. An in-depth investigation is required to assess defects in policies with respect to industrialization in Pakistan in general and NWFP and GAIE in particular. The proposed research is aimed at these and other relevant general objectives.

1.6 Objectives of the study

The main objectives of the study are as under:

1. To evaluate the role of industrial establishment in Gadoon Amazai area in promoting the socio-economic conditions.
2. To analyse the industrial policy of the government of Pakistan governing Gadoon Amazai Industrial Estate.
3. To identify the causes of sickness of the industrial units in Gadoon Amazai Industrial estate.
4. To assess the impact of sick units on the inhabitants of the area.
5. To suggest measures for formulating a policy for the probable revival of sick industries in Gadoon Amazai.

1.7 Hypothesis to be tested

1. Gadoon Amazai Industrial Estate had generated sufficient economic activities in the area.
2. There is an adverse effect of sick industrial units on the socio-economic conditions of the inhabitants of the area.
3. Industrialist cartels from other provinces had played no role in restructuring of the policy related to Gadoon Amazai.
4. Continuity of the incentives would encourage the industrialists to restart the sick units.

1.8 Organization of the study

Chapter-1 deals with the introduction of the study, statement of the problem, objectives of the study and hypothesis to be tested.

Chapter-2 presents a review of the relevant literature.

Chapter-3 describes the research design/Methodology, the procedure of the study, including population of the study, development of questionnaires, collection of data, methods and technique of analysis.

Chapter-4 describes the process of industrialization in Pakistan since 1947-2002 (A historical review).

Chapter-5 presents industrial development process and the establishment of Gadoon Amazai Industrial Estate in NWFP.

Chapter-6 contains analysis of the data generated and discussion of results and conclusions.

Research findings are given in chapter-7.

Conclusions are presented in chapter 8.

Chapter 9 contains summary and recommendations.

CHAPTER 2

REVIEW OF LITERATURE

Many people have worked on the topic of industrialization at the national and international levels both in the developed and developing countries. Some have highlighted the importance of industrialization. Many have pointed out its role in the economy of a country. Industrial history of Pakistan has been traced by few economists. Some suggested modern technology for industrial development some are in the favour of promotion of small scale industries. Many economists have pointed out the industrial problems of the country.

Although industrialization plays an important role in the economy of a country but still this sector is facing many problems and its growth rate is on the decline. More than four years ago Pakistan has been declared sick. The manufacturing growth rate was 10.5% in 1980. It came down to 4.7% in the first half and 3.5% in the 2nd half of 1990's. The overall manufacturing growth rate was 1.6% in 1994-2003.

To keep the review in a logical sequence it appears appropriate to start with a conceptual classification with respect to industrialization, industrial sickness and possible revival.

1. The concept of industry and industrial estate;
2. Importance of industrialization;
3. Industry and employment generation;
4. Industrialization in developed and developing countries;

CHAPTER 2

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Although industrialization plays an important role in the economy of a country but still this sector is facing many problems and its growth rate is on the decline. More than four thousand industrial units have been declared sick. The average growth rate of large scale manufacturing was 8.2% in the 1980. It slowed down to 4.7% in the first half and 2.5% in the 2nd half of 1990's. The overall manufacturing growth rate was 1.6% in 1999-2000.

To keep the review in a logical sequence it appears appropriate to start with a conceptual classification with respect to industrialization, industrial sickness and possible revival.

1. The concept of industry and industrial estate;
2. Importance of industrialization;
3. Industry and employment generation;
4. Industrialization in developed and developing countries;

5. Industrialization in NWFP;
6. Industrialization in Pakistan;
7. Problems of industrial sector in Pakistan;
8. The concept of industrial sickness and sickness in Pakistan; and
9. Suggestions for revival.

2.1 The concept of industry and industrial estate

Wellington (1960) states, that the word "Industry" is a collective name of all the institutions in an economy which are engaged in the production of physical goods and in rendering services to the various economic ventures in making their operations a success. On the other hand, according to Ahmed (1962) all units producing similar goods or rendering like services constitute an industry which is named after a product. As for example all the factories manufacturing jute goods in an economy are collectively called the jute industry. Similarly all the firms in textiles are collectively called the textile industry. The industrial units functioning in an economy collectively constitute the industrial sector of a country.

Khan (1963) observed that the idea of industrial estate originated in UK where the first industrial estate "The Trafford Park Estate Limited" was established in Manchester in 1886. The second industrial estate was established in Chicago U.S.A in 1899. It was the World War-II that the Industrial Estate became popular. Since then a number of industrial estates have been and are being established in the advanced as well as under developed countries. According to Stephen (1967) "An industrial estate may be described as a compact block of

land developed in accordance with a comprehensive plan for the accommodation of a large number of factories". He further explained that an area or a piece of land which is acquired primarily by the public authority or any private agency developed and subdivided in accordance with a comprehensive plan designed to accommodate a large number of industrial units, so as to provide them special facilities and common services. The sponsoring agencies are responsible for providing all types of Infrastructural facilities.

The industrial estate explanation was elaborated by Sabash (1970). According to her the term industrial trading estate refers to an area where industries are located. Such areas are exclusively earmarked and developed for the locating of industrial units. They are fully equipped with industrial requirements such as water, power, transport, communication and banking facilities. Sabash proceeds that the establishment of an industrial estate facilitates the industrialist in establishing their industrial units. They get power and water and other facilities and as such the industrial installation is done with ease and comfort and at a cheaper cost.

According to Anderson (1968) the industrial estates help the industrialists in a number of ways. Firstly they save them from selecting and developing an area to make it suitable for industrial location. Secondly a trading estate has the facility of transport and communication and banking and as such the industrialists get the above facility ready made without undergoing any

botheration and inconvenience. Thirdly, the industrialists get the benefit of localization of industries.

Galbraith (1976) reported that in the American and Modern soviet organization there has been a large measure of accommodation to the requirement of the corporate personality for autonomy. The modern large American corporation enjoys almost complete independence from its stock holders. The principal source of external interference, Galbraith has the view that any extensive and effective interference by stock holders in management would be exceedingly damaging. He says that even soviet factory managers do not hesitate to stress on investors the importance of such autonomy for the effective discharge of their responsibilities. He has mentioned the situation of industrial sector of the developing countries. He explains that in these countries the autonomy of the corporate personality encounters stronger challenge. This is partly a matter of youth. Experience has not yet demonstrated the importance of protecting the personality. On the contrary, the first instinct is to keep the organization on rather tight reins to insure that it does not do something wrong.

2.2 Importance of industrialization

The importance of industrialization in the context of revival was explained by Sherazi (1969). According to him the economic level of most countries is now determined chiefly by their degree of industrial development. Industrialization is therefore, one of the most important factors for accelerating economic development and bridging the gap between the developing and the developed

countries. Through increasing employment by creating more and more jobs industrialization reduces the pressure of population on overcrowded land and leads to a rapid rise of labour productivity and raised per capita and national income from its low depths. He further remarks that there is a definite link between the national income and share of the manufacturing industry that goes to create it. The bulk of national income in the industrially developed countries comes from industry, notably from its manufacturing branches. Sherazi points out that given the necessary conditions, Industrialization is capable of removing one of the most serious obstacles to our economic development, namely our unequal commercial exchanges with the industrially advanced countries and our position in the international division of labour.¹

2.3 Industry and employment generation:

Shantt Tito (1970) reported a serious problem of unemployment in the under developed countries. Industries provide a gainful employment to the people as a result of which their income increases and their living standard rises. He explains that in this way effective demand is created for the industrial products and the products of the other sectors in the economy. He further proceeds that in this way the home market expands and as such an overall development takes place in the country which in turn expands the scale of production resulting in reduction in cost, improvement in quality and increases in the varieties of product.

¹ Addressed delivered at the Chambers, dinner in honour of the Minister of Industries, Government of Pakistan on 2nd January 1969.

2.4 Industrialization in developed and developing countries

Kondratyev (1972) has advised some positive suggestions for the development of the industrial sector i.e. building of the infrastructure as a special aspect of industrial development. Industrialization viewed as a process of restructuring the economy inevitably leads to greater division of labour on a national economic scale. An indication of this process is the development of the transport system, the power of industry and other production services. The high level of capital investments in building the infrastructure is characteristic of practically all the economically backward countries after they gain political independence. The development of the economy according to Dr.Kondratyev requires not only an expansion of the infrastructure but also its qualitative change. Certain progress made in foreign trade has increased the need for transport facilities. Exports have risen substantially in scale. In addition to raw materials, manufactured goods are beginning to be exported and their transportation to ports can not be done in the old traditional way. Imports have changed considerably the share of goods for industrial purposes, machine tools and equipments, which require modern means of transport. Besides serving foreign trade the greater demand for transport and communication is also a consequence of the accelerated shaping of a home market. Kondratyev says it should also be noted that in a number of Asian countries (India, Burma, Indonesia and Pakistan) the railways are worn out. Almost the entire railway network has to be replaced because for the establishment of large scale industry the development of infrastructure is must.

Stanley (1972) has analysed a number of industries in the USA. He has described the main goals of the American industry, and the steps that have been taken to reach these goals. The main purpose of the American industry is to create greater opportunities of job for its citizens and produce greater quantity of goods and services. The level of technology in the USA is very advanced. It improves the quality very easily and reduces cost of production as a result of which prices are reduced. In this country a number of corporations exist which readily help the industrialist in need. Maximum production in the USA is so distributed among its citizens that every one enjoys an equitable share. Maximum product and equitable distribution according to Stanley lead to higher standards of living which will result in the better development of social, political, educational and religious institutions.

Benham (1973) has described in detail the process of industrialization in U.K and United States. According to him the pace of industrial revolution was at first very slow. James Watt invented his steam engine in 1776 and the rotary movement, which enabled machinery of all kinds to be driven by steam in 1783. In 1800 there were only 289 steam engines in England. He has also explained that industrial development is based on availability of coal and iron, the training of workers in new skills and new methods, saving and investment of capital and the expansion of markets. He says that the most important obstacle of all was the high cost of transport. But the situation was changed suddenly. The growth of trades, specialization, large-scale production and free trade, reduced cost of

production. The speed of industrialization became very fast. He has the opinion that today there is great contrast between western countries such as Great Britain and the United States and under developed eastern countries such as India and Pakistan. In order to industrialize these under developed countries, a great deal of capital and trained and skilful persons are needed. They can use technical knowledge of the west and of the world market. In the end he suggests friendly relations among countries which are most important for a successful industrialization.

Lempert (1973) has made a comprehensive study about industrialization of developing countries. He observes that industrialization is indissolubly linked with the entire complex of socio-economic changes under way in developing countries. This is above all determined by the fact that they see in industrialization the most feasible path for restructuring the national economy and accelerating growth rates. He says that the industrial policy adopted by majority of the countries in Asia, Africa and Latin America is designed to diversify production methods in all the main sectors. Lempert further says that all developing countries could be conventionally divided into four groups taking the developmental path of modern industry:- (i) Agrarian-industrial countries with relatively developed manufacturing and swiftly expanding heavy industry, including engineering Mexico, India and Egypt are the example of such countries, (ii) Countries with a developed extracting industry and also some manufacturing, chiefly light and food industries oriented primarily based

on the home market. In these countries industry belongs both to national and foreign capital. Among these countries Lempert includes Pakistan, Iran, Syria, Algeria and Tunisia. (iii) Agrarian raw material countries which have a comparatively developed extractive and some processing industries, which ensure chiefly a certain degree of processing of the exported products. Malaysia, Indonesia, Iraq, Kuwait, Zaire and Venezuela are the most typical examples of this group. (iv) The least developed countries, predominantly agricultural for the pattern of their economy which has only a few enterprises in the extractive and processing industry. Among these countries Lempert includes Jordan, Yemen, Cambodia, Laos, Nepal and Afghanistan. He proceeds that the specific features of industrialization in different countries follow from the existence of natural resources on the basis of which it is only possible to effect a country's industrial development. The acceleration of social and economic progress on the basis of industrialization is possible only when it is accompanied by deep going social changes and the triumph of modern techniques of production.

Brice (1974) explains the importance of industrialization for under developed countries. According to him real progress is ultimately dependant on industrialization. It is an effort in which the under developed countries place a major hope of finding a solution to their problems of poverty, insecurity and over population and ending their newly regarded backwardness in the modern world. Brice has pointed out that under developed regions are the producers of

raw materials. But the prices of raw material fluctuate much more than those of manufactured goods. A fluctuating economy which is dependent on the export of one or a few basic raw materials suffers from instability of the national income and exchange rate fluctuates more than the economies which are industrialized and more self sufficient. In order to minimize the chances of industrial sickness and shutdown, he suggests that before the establishment of an industry a thorough study of imports, local market, available skill, available raw material in the country, industrial relationships, an evaluation of development plans, review of old projects and a study of the available technology are necessary. For countries like India, Pakistan and Bangladesh he suggests an agricultural based industry.

2.5 Uncertainty in Production

Mc Donald and Daniel (1985) worked on investment and the valuation of firms when there is an option to shut down. Their paper was the first to incorporate risk aversion consideration into the timing problem in a tractable way and to demonstrate how uncertainty can act to delay investments. They analyzed the optimal timing of irreversible investment projects when the project value and construction costs were assumed to evolve stochastically over time and the investment opportunity was infinitely lived.

Mc Donald and Daniel (1985) observed that the investment problem has an analytical solution. The investment is undertaken when the ratio of benefit to cost of investing hits a certain trigger ratio. However, when the cost of

investing consists of two different parts, the optimal timing of the investment is not given by a certain ratio between the benefit and the cost. The ratio will be different for different relative sizes of the two parts of the exercise cost.

Dixit (1989) shows how costly entry and exit decisions under uncertainty can lead to "hysteresis" i.e. unprofitable production is not discontinued and production that would be profitable is delayed. He analyzed the effect of price ceilings on irreversible investment. He proceeds that explaining and predicting the investment behaviour of firms are central issues in economics. A starting point for the theoretical analysis of these issues is that firms aim at maximizing the net present value of their investments. In simple cases according to Dixit where firms operate in competitive environments, they invest whenever the net present value is positive, since rejecting an investment with a positive net present value is not consistent with profit maximization. In cases where a firm can delay an investment without risking loss of the opportunity, the investment criterion will in general not be merely that the investment has a positive net present value. Instead, it may be more profitable says Dixit to wait to invest at a later stage.

In practice, uncertainty with regard to both revenue from and cost of investment is an important ingredient in the value maximizing investment decision. This is even more the case when investment is irreversible.

According to Pindyck (1988), the decision to make an irreversible investment when revenue and cost are uncertain bears a strong resemblance to the decision

to exercise a perpetual American call option on a financial asset, which is an option that can be exercised any time in the future. The analogy is as follows: (1) the real asset you get when you invest is analogous to the financial asset you get when you exercise a financial call option. (2) the investment cost you incur when you make the investment is analogous to the exercise price of the financial option. (3) finding the optimal time to make an irreversible investment is analogous to finding the optimal time to exercise a financial call option. Pindyck proceeds that as the value of a financial option increases with uncertainty about the future value of the underlying financial asset, the value of a real option increases with uncertainty about the future value of the investment project. Since increased option value increases the opportunity cost of killing the option, investment will be delayed more, the higher the uncertainty is. Consequently, the higher the uncertainty, the more erroneous the traditional net present value rule - invest as soon as the net present value is positive - will be.

2.6 Industrialization in NWFP

Islam (1979) conducted a study for the United States agency under the name of causes, effects and remedies of poppy cultivation in Swabi Gadoon Area. He explains that no industrial units small or big exist in this part of NWFP. There is not even a single cottage industry in Gadoon area. The land of this part of country is suitable for poppy cultivation, therefore, it is the only source of income and employment for the people of the area. He suggested and stressed the need to promote industrial growth in this area. He has advised the

establishment of glass, Marble, Sugar and tobacco industry in this area, because enough raw material is available for such like industries locally. He suggested the following incentives for the development of this area. (a) duty free imports of machinery, (b) subsidization of the product concerned etc. He also suggested the development of proper infrastructure in this area, as it will change the outlook and life style of the people of this region.

Matin (1980) the North West Frontier Province had unfortunately no industrial base at the time of independence in 1947. The socio economic structure of the province was predominantly agrarian in nature with a sketchy industrial section comprising one sugar mill and eleven other small units with a total investment of Rs.81.65 million that provided job opportunities to 1063 workers. Matin explains the real situation. He says that it has taken five decades to build up industrial plants presently on the ground. The task of industrialization was firmly taken in hand in 1948 when the first industrial policy for the country was announced. Since then the number of industrial units have increased to more than 1200. A switch over to industrialization, according to Matin, in the province would obviously involve a structural diversification of the economy. He appreciates the establishment of industrial estates in different parts of the province for the development of industrial sector.

Sarhad Development Authority (2000) in a status wise summary of industries has given comprehensive information about the industrial estates in NWFP. The study explains in detail about the operational units, closed unit, near

operational units, under construction, vacant plots, capital costs of units and the total working staff in different units, in all the industrial estates in NWFP.

Riaz during January 2001 has analysed the industrial situation in NWFP in a very natural manner. He explains that the North West Frontier Province lacks an industrial culture inspite of the fact that there was a time when electricity was controlled by the province and available to the local entrepreneurs at lower rates and it was possible to draw the workers from near by towns and credits were extended at nominal interest rates. During the early period of industrialization PIDC had developed the industrial estate of Amangarh in Nowshera that attracted heavy investment in this part of the country and various units of sugar and paper were set up in Mardan, Charsadda and Takhtabi and Textile mills came up in Hazara, Peshawar and Amangarh. But when the provinces were integrated under one unit plan, Riaz states that NWFP was deprived of its tobacco and electricity rights. Because now the central govt. announced a unified power tariff for all entrepreneurs, whether their units were in Karachi or Peshawar. And according to Riaz that stopped further investment. There were also issues such as freight cost, imports of raw materials denial of export rebate, provision of gas, various taxes etc. that also discouraged industrialization. Riaz is worried about the industrial sickness in the three main industrial estates, Gadoon Amazai, Hattar and Hayatabad Peshawar. He explains that these industrial estates are mismanaged by Sarhad Development Authority. The Gadoon area has been a home to poppy growers for decades.

This estate started with zero taxation to create maximum job opportunities for poppy growers. The government tried to encourage them to stop the cultivation of poppy by offering them alternative sources of income. He also pointed out the incentives given by Benazir Bhutto government for the encouragement of industrialization in Gadoon Amazai industrial estate. Rapid industrial development took place in this part of the province. But most of the industrialists were politicians. They made good use of the package and earned huge profit, but packed up their units when Nawaz Government withdrew these facilities. As a result, out of 600 units, only 35 are operational at present.

Shinwari (1985) explained about the present situation of small industries in the province, manpower training facilities available, the development capabilities and measures in technologies development, financial system, industrial estates policy and extension facilities, rural development and participation of local bodies in regional development marketing and export promotion measures. In the view of Shinwari, the NWFP SIDB has rendered valuable services to the entrepreneur by providing necessary infrastructure through industrial estates in various parts of the province. According to him some of the estates are fully colonised while others are being expanded to meet the requirements of the investors, which include setting up of additional estates at Peshawar, Mardan and Haripur. Capital generation is an other sector in which the SIDB has played an important role and provided valuable service to the entrepreneurs in obtaining loans from various banks and financial institutions. It has also done a

good job by implementing income generating and skill training schemes for the rural population. So they can switch over to other jobs from their conventional agricultural profession.

2.7 Industrialization in Pakistan

Stephen (1979) completed a study under the title of economic policy and industrial growth in Pakistan. According to him Pakistan from 1950 till 1965 had a rate of industrial growth as rapid as any in the non-communist world. While achieving this high rate of growth the country employed a variety of policy instruments. His study examines in detail the relationships among the principal policy variable and the rate and direction of industrialization. He carefully explores the intentions of government policy markets, as revealed both in their statements of policy and in their actions in setting tariffs and in regulating imports. He showed how the tariff structure, while detailed in nature and lightly differentiated among products, had little or no effect on the price structure of the country and on the pattern of industrial growth. He has analysed the early 32 years of industrial growth in Pakistan very carefully and authentically and according to him the high growth rate in industrial sector was achieved basically due to the incentives given by the government.

Altaf (1988) has discussed the industrial sector of Pakistan in detail. He has taken start from the industrial policy statement of the government and efforts of government for promotion of industries. He has mentioned the fiscal incentives, monetary incentives, tariff protection and its effects, impact of education

training and experience, interplay of incentives and disincentives. The Pakistan industrial sector has particularly suffered from political and social instability. Government intervention is such which has retarded industrial progress and has increased uncertainty. He further says that Pakistani entrepreneurs have now entered a phase where they can probably look after their technological and other industrial requirements.

Khawaja (1993) has made a comprehensive analysis of industrial sector in Pakistan from 1947 till 1993. He has stressed on industrial development, because it is a must for economic development. Increase in GDP, increase in employment opportunities, per capita income increase, living standard of the people improves and the over all economic position becomes very bright and hopeful. He says that if we look into the economic history of developed countries, we can easily observe that those countries which solely relied on agriculture have remained poor and under developed while the countries which gave weight to industrial development achieved high rate of growth. He has given a detailed history of the industrial growth in Pakistan. He says that before the arrival of East India Company the Indo-Pak subcontinent was not backward and underdeveloped. It was rather an industrially developed region of Asia and was famous the world over. The major industries of this region were textile, metals, handicrafts and construction. Then, to the act of East India Company industrialization was not appreciated. He has analysed industrial growth during

1950, 1960, 1970, 1980 and 1990. Then he talks about the industrial estates in the backward areas of the country and about concession and exemptions.

Asad (1995) examined the process of development in Pakistan, from the early days when very little existed. The extraordinary growth in industry in the 1950s and 60s suggested that Pakistan might be one of the very few countries at that time which would join the developed world. But unfortunately much of the growth that occurred in the first two decades soon unraveled, with growing income and regional inequalities, resulting in the separation of East Pakistan. Asad proceeds that after 1971 Pakistan was a new country in many respects. The role of the public sector was increased substantially and the economy for numerous reasons did not do as well as it has in the first two decades. But according to Asad the claims that the early 1970s were a disaster are factually incorrect. Just as much there was a change in economic policy in the early 70s in the 1980s too, there was change in many ways as compare to the earlier period but also influenced by the new world order of globalization, privatization, openness and the new liberal economic policy. The structural adjustment programme sponsored by the IMF and the World Bank now determines much of what happens regarding industrial policy in Pakistan.

Zaidi (2000) has examined the history of the industrialization process over the last five decades of Pakistan. He concluded that during the first decade, the exchange rate and the trade regime played an important role in determining the direction of industrial development in Pakistan, laying the ground for later

years. Starting from almost non existing industrial base, economic growth in the period 1947-55 was very impressive and it became even more astonishing between 1958 and 1968. The industrial sector showed extra ordinary growth rate during these years, i.e. 23% per year, and there was perception that Pakistan would soon emerge as one of the few under developed countries to join the rank of the developed world. But unfortunately the growth that had taken place in the first two decades, soon un revealed, with growing income and regional inequalities, resulting in the separation of East Pakistan. The economy did not do well during 1972-77 because of the after effects of the war of 1971, separation of one wing of the country, four fold increase in the international petroleum prices, increasing imports of food grains due to massive floods in Pakistan, excessive expenditures on public goods, and the most important factor was the increasing role of public sector in the industry. All these factors slowed down the speed of industrial development. During 1977-78 industrial development regained the momentum that was lost between 1972 and 1977 and the growth rate of the industry and of the economy returned to Pakistan and it began to play a key role in industrialization. He analysed that the government of 1977-88 reaped many rewards that resulted form the initiation of its predecessors, and fortuitous circumstances too helped in establishing and maintaining an economy with very high growth. A number of public sector projects came on line and the Middle East boom in workers in this period resulted in remittances of as much as 3 billion in one year, easing strain on the economy. During 1977-88 not only large scale production played an excellent

role but also the small sector due to the policies of the previous government showed dynamic growth during that period. After 1988 the democratic transition was replaced by a new economic order and Pakistan entered the world of the structural adjustment programme. The economy responded well during 1988-1991. The private sector was promoted actively and the large scale-manufacturing sector managed an impressive, 7.4% in 1991-92 due to rapid expansion of cotton manufacture. Upto November 1992, 67 manufacturing units were sold to the private sector. The government was urged in 1993 to continue pursuing the private sector agenda aggressively in the coming three years. The structural adjustment programmes launched in 1988 and 1993 went very well especially in the industrial sector. In the end Zaidi says that at present Pakistan's industry is facing a lot of problems and the growth rate which during 1950 was 23% that is now 4% per annum.

2.8 Problems of industrial sector in Pakistan

The industrial sector of Pakistan is faced by a number of problems explains Ahmad (1988). He has pointed out the transport problem. He says that the transport system of Pakistan is still under developed. There are areas where the only means of transport is animals such as donkeys and camels. Railways are state owned enterprises and are not fully developed. The services are available only in urban and its adjacent rural areas. Their resources are limited and so they can not cope with the industrial and commercial requirements. About truck services, Ahmad explains that they are available in areas which have metalled

roads and therefore, their activities are confined to the areas which lie on either sides of high ways.

The rural areas away from the highways have no direct link with the market. He has also mentioned the limited supply and high cost of power break down of electricity and high administrative costs. The administrative wings of industrial units are generally poorly managed in the sense that the executives lack in experience, energetic, leadership, initiative and drive. Ahmad proceeds that the quality of administration and its ability to dispose off problems is poor. There is lack of proper planning and cooperation. There is no direct link between the industrialists and the govt.

Khawaja (1993) has pointed out political disturbance, Kashmir issue and the burden of refugees. All these factors have disturbed our economy. Untrained uneducated labour and even to entrepreneur industrial consultancy is not available. Lack of foreign exchange is also a serious problem. In his view the process of nationalization has also negatively affected industrial development. The basic infrastructure for the growth and development of industries in Pakistan is inadequate, scarcity of spare parts and lack of repair workshops, lack of industrial research, absence of subsidiary industries and absence of by product industries are the problems which are faced by industrial sector of Pakistan.

2.9 The concept of industrial sickness and sickness in Pakistan

Sheeren (1999) describes a sick industrial unit as that which has incurred a cash loss for one year and is likely to continue incurring losses for the current year as well as the following year and the unit has an imbalance in its financial structure. She further describes a sick industrial unit as the one which fails to generate an internal surplus on a continuous basis and depends for its survival upon frequent infusion of funds mostly from borrowing. She proceeds that an industrial unit becomes sick when it's (a) capacity utilization is less than 50% of the achieved during the last five years; (b) need of capital and machinery has been eroded by more than 50%; (c) the unit has remained closed for a period of more than six months.

Dilshad (2000) also explains the reasons which are responsible for industrial sickness. According to her, industrial sickness can not be attributed to any single cause. It may be a combination of a number of allied causes like recessionary trends, reduction in demand for the production, high taxation, high prices of raw material, high transport cost, overvaluation of the project, breakdown of electricity, shortage of raw material, wrong location, labour problems, lack of finance, use of outdated machinery and managerial incompetence contribute to industrial sickness. Some times the entrepreneurs create voluntary sickness in the industrial units. The main objective is to get fiscal concessions from the government and from the financial institutions etc.

2.10 Suggestion for revival

Michael (1986) expresses his views that in industrialized countries, if a unit becomes sick, then before any measure is undertaken for revival, it is checked out, whether the revival is worth at all or not. He says that in the UK and US, capital markets are well developed and there exist active markets for corporate control. In these countries the process of allocation of capital to its most efficient use is achieved very easily and sick or under performing units are either liquidated or taken over by healthy units. Then he compares the situation with under developed countries and explains that in these countries neither active markets for corporate control exist, nor are there enough active entrepreneurs who can understand the situation and revive a sick unit. Therefore, the problem of revival of sick units becomes very serious.

Fasil (1999) has described the situation in Hattar Industrial Estate Haripur. He says that out of the total of 145 industrial units only 67 are currently functioning and may be shut as the owners are no longer interested to keep these units running due to a number of indirect taxes, absence of any effective package by the government, very high electricity charges and over billing and poor infrastructure facilities. He further added that the Estate even does not have a branch of the National Bank of Pakistan. Industries and banking are inseparable, but the government's laxity and indifference are mainly responsible for gradual ruination of Hattar Industrial Estate. He suggests that government should make serious efforts to save this Estate from total collapse.

The fast closure of industries while on one hand reduces government's revenue in the form of duties and taxes, on the other hand it generates unemployment and lawlessness and blocks the road towards industrialization in the province.

Iltaf (1999) has some positive suggestions to solve industrial problems and minimize the chances of sickness of this sector. In his view entrepreneur is the most important person of this sector. Therefore, he must get proper knowledge and training before entering the industry. The role of labour and capital is also important. But as there is shortage of capital in our country, so he is in favour of labour intensive industries. This will also reduce the problem of unemployment. The producer should watch the efficiency of labour. Efficient labour should be encouraged. Because for both of them there is a great demand. Iltaf says that with a change of govt. industrial policies should not be changed, if every thing is going on smoothly. There should be a compulsion from the government for the use of personal resources from 40 to 50%. Duration of repayment for government loan must be fixed before and strictly imposed.

Aftab (2000) has the view that the present industrial policy of Pakistan has failed to solve the problems of increase in GDP, increase in per capita income, increase in employment opportunities, reduction in imports, like machinery, electrical goods, transport equipments increase in volume of exports, and improvement in balance of payment position. He suggests a new industrial policy, with the objectives of increase in GDP, and per capita income in order to improve the living standards of the people, to provide import substitutes in

order to save foreign exchange, to increase exports in order to improve the balance of payment position, to increase job opportunities in order to solve the problems of unemployment and to provide self sufficiency in defence equipments. He further suggests that we must take start from the establishment of small scale industries like electrical goods, transport equipments increase in volume of exports, and improvement in balance of payment position. Privatisation should be encouraged, because it improves efficiency. The local scientist must be involved in this process. Overseas Pakistanis must invest here to make the speed of industrialization fast.

Nasir (2000) has pointed out some industrial problems. According to him for the last few years, the number of sick industrial units is on the increase in Pakistan. A sick industrial unit, he defines, is the one which is unable to cover its cost of production permanently. Pakistan is seriously affected from this problem. According to him the number of sick industrial units in Pakistan has gone over 3000. The situation is very dangerous. The main reason is that our producers mainly depend on imported raw materials and machinery. High prices of raw material and machinery and then multiple taxes in the country have increased the cost of production and resulted in industrial sickness. The increasing incidence of industrial sickness is certainly a matter of deep concern, not only for shareholders and creditors but also for the society as a whole.

Ejaz (2000) explained the efforts of the government for the revival of sick industrial units and for provision of jobs for their affected workers. He says that

the govt of Pakistan has established corporate industrial restructuring corporation (CIRC) for the revival of 4000 sick industrial units by solving management and financial problems of such units. CIRC have revived 100 sick industrial units upto 2001 and created jobs for 26000 workers. At present it is busy to revive 50 more sick industrial units. He appreciates the positive role played by CIRC to cure industrial sickness and creation of job opportunities for the affected jobless workers.

Economic survey (2003) reports the sick units were responsible for increase in non performing loans during the 1990s and resultantly the financial sector has reached on the verge of collapse. The govt has performed corporate industrial restructuring corporation (CIRC) with a mandate to revive or dispose off 868 sick units through open public. These units in the private sector were identified for the CIRC in consultation with the concerned banks as these units were closed by many years and owed over Rs. 107 billion to the nationalized commercial banks (NCBs) and development financial institutions (DFIs). According to ECO survey of Pakistan the CIRC has disposed of 33 cases worth Rs. 4.7 billion in two years of its inception against the outstanding debt of Rs. 60 billion in 339 sick units. After return / with drawl of around 139 cases worth 32.8 billion a total of 161 accounts worth Rs. 21.3 billion were finally acquired by the CIRC. On the province bases 161 accounts acquired by the CIRC included 59 in Punjab, 90 in Sindh, 10 in NWFP, 2 in Baluchistan. Furthermore, out of the 65 cases disposed off by the CIRC 33 cases were

auctioned 23 were sold in Punjab and 10 in Sindh. The strategy to auction the irretrievable sick industrial units, is the last ditch attempt by govt to solve the twin problems of the sick industries and non performing loans of the NCBS/DFIs, ECOs reports that the CIRC has so far acquired 151 units, of which forty one cases worth Rs. 5.2 billion had no assets at all and 120 units involving Rs. 16.1 billion are being prepared for disposal CIRC is in the process of acquiring 39 cases worth Rs. 5.3 billion.

Shabbir (March, 2003) has given some positive suggestions for the revival of sick industrial units. She explains that different governments at different times have taken measures to resolve the problems of sick units, these included giving banks the option of converting the non performing loans of the sick units into equity or rescheduling the loans of these units, with the hope that the units will again become solvent, or liquidating the business and selling off its real assets, if nothing else works. According to Shabbir it is important, however that before any measure is undertaken to revive a sick unit, it must be checked out that whether revival is beneficial or not. Maybe the expenditures of revival are higher than to set up a new business. In today's highly competitive world, where technological changes are occurring at a mind boggling pace and locating production unit knows no boundaries, a country which has industrially not kept pace with the world has no hope to survive. For the revival of sick units it is a must to leave out dated technology and use modern and latest one. The textile industry is currently considered as the backbone of our economy,

but like many other industries it is beset with many sick units. Around the world the textile sector has experienced rapid raises in productivity, and only those countries and industries within them have been able to survive which have adopted this modern technology. Among other reasons responsible for sickness Shabbir says that greater exposure to foreign trade has also affected the local industrialists negatively, specially those of less developed countries. Shabbir further explains that efforts to revive any sick industrial unit in any sector need to be clearly seen within the larger context of the over all state of the industry in Pakistan and its position within world context. She concluded, that if the sickness is economically justified and is not due to mismanagement then instead of making efforts for revival, the business should be winded up altogether, so that the resources that remain are spared for more efficient uses and good money is no longer thrown after bad.

Sheikh (2003), in a news paper analysis expressed his views about sick industrial units. In the beginning he explained the efforts of State Bank of Pakistan. Under the new rule of SBP, owners were allowed to pay 10% of the forced sale value assessed as a down payment while the rest being paid over a three year period. But only a handful business houses out of thousands decided to take up the offer. Sheikh explains that after the failure of the first step the SBP offered the rescheduling of old loans. In the circumstances in which banks are unable to get their money back. It needs to be recognized that sick factories which are set up 20 years ago should invite potential buyers. Preference should

be given to young educated professional working in a similar industry. They should be asked to pour as much money as they can no matter how much it be and get an honest assessment made of the assets available. Sheikh Suggests that the potential buyers should be asked to prepare a business plan with their contribution being presumed as their equity. Then an agency should be based on the strategic business plan, search for banks from which to borrow and get the new owners going no former owner should be allowed to own these old sick business at least for the next ten years. According to Shaikh a reasonable repayment period of 11 years should be allowed to such units. In this way younger lots and who would not mind taking a risk would be launched.

Chaudhary (2004) analysed previous policies of Pakistan with the context of the present global industrial situation. He stated at one time industrial policy mainly compared industrial investment, schedule list of priority industries, principles, incentives for locating industries in under developed areas, the schedule specified investment in monetary terms by the private and the public sectors to manufacturing units medium large and small during the five year plan period. List of priority industries divided the industries were divided into categories such as

(a) industries that were open to all; (b) industries that could only be established with specific govt. permission; and (c) industries which are not allowed to the private sector. In the past industrial units in different industrial estates especially in backward areas of the country were given special incentives in the

form of tax concessions and utilities were provided to them at lower costs this attracted large number of industries. But when large number of industries became operational govt. withdrew all incentives. The investors as well as creditor institution suffered badly. Sudden changes in such policies breed industrial sickness. Smuggling of goods adversely affected the local industry. Chaudhery proceeds that ground realities have considerably changed. Now things are expected to change further from January, 2005 when all quotas would come to our end under WTO arrangements. He appreciates govt. efforts regarding formulation of a better industrial policy. He says we should not restrict ourselves to few traditional industries such as cotton spinning, weaving sugar and cement etc. Charudhary is in favour of the establishment of agro based as well as mineral based industrial. Instead of exporting surplus cotton we must export value added fabrics. This would promise us many times more foreign earning as well as creating more job opportunities in the country. We can meet many of our chemical requirements from minerals found in the country. Cattle farming called farming might be an attractive sector for promotion in the NIP. Privatization is picking up speed and the efficiency and productivity of the privatized units is much more than before. But industries which are sensitive or where private sector is shy or return is low public private partnership will be better. In the industrial estate in the backward areas of the country along with other incentives and facilities, the govt might take urgent steps for improving infrastructure in these areas. Many industrial estates, once outside the populated areas, due to growth in cities, are now in the midst of residential areas. Karachi

is a typical example. They create pollution such industries must be relocated away from cities or might be asked to control pollution by different means including installation of effluent treatment plants. Under WTO arrangements, all exploring industry will be required to be in environment and social compliance. Labour laws and practices might be brought by the govt in line with our commitments to these international labour organizations (ILO). Only motivated labour can make the industries prosper. Steps must be taken by govt to support and guide the sick or closed industrial unit, because after January 1, 2005 many local industries may not survive due to international competition. For successful operation of the plant the provincial govt must ensure full security. An important aim of national industrial policy should be to reduce and minimize the number of department coming into contact with the industry investor at approval, construction and operation stages. Each provincial govt might release on its websites the facilities being extended to the industries. Special reports prepared by the expert or the special committees might also be released on the website for general information. It creates transparency. NIP should ensure that the working of the ministries, departments have to be streamlined for cutting delays / red tape thus reducing cost of doing business. There should be one window faculties at the federal and provincial levels so that the industrialists deal with a small number of authorities and have more time to improve operations and market their products.

2.11 Concluding note

Extensive literature is available on the subject in question. Of course much has been written on the problem of industrial sickness. The reasons of sickness have been identified by eminent scholars and specialists in the field. But a common feature of most of the works on the subject is that they have mostly taken a macro level view of the issue.

In this context in Pakistan the problem of sick industries in general and Gadoon Amazai Industrial Estate in particular have been discussed but in a more generalized form. No specific attempt has been made to investigate the problem at micro level by adopting a pragmatic approach.

A better approach lies in undertaking an in dept analysis of the process at regional (N.W.F.P) and sub-regional (GAIE) levels to build up micro level data and then to generalize it for the country and it's regions and sub-regions.

The existing literature is deficient in this respect as far as N.W.F.P is concerned. The present study attempts to fill up this gap by undertaking macro, meso and micro level analysis encompassing Pakistan as a whole, N.W.F.P and the study area Gadoon Amazai Industrial Estate in detail. The present study endeavours to make contribution in this respect, in the form of revival of sick industries which might meet the challenges that may be in store for the country and Gadoon Amazai Industrial Estate in future.

CHAPTER 3 METHODOLOGY

3.1 Introduction

The purpose of the present chapter is to figure out the mechanics of studying the problem under investigation. It deals with sample design, collection of data, compilation, analysis of data and all the procedures of the study. The study was conducted at three levels:

- (a) **Macro Level:** It has incorporated the whole industrial sector of Pakistan, industrial development in the country, successive industrial policies and reasons of sickness etc. It is considered appropriate to study the whole industrial mechanism in Pakistan from 1947 till now, as to have a clear understanding of the past efforts to evaluate the present situation and to suggest appropriate measures for the promotion of industrial activities for the future.
- (b) **Messo Level:** At messo level, the study focussed on the relevant issues in the context of NWFP i.e. historical background, industrialization in NWFP, present situation, problems faced by this sector and its future perspectives etc.
- (c) **Micro Level:** At micro level the focus of the study is Gadson Amazal Industrial Estate, which is the biggest sick industrial estate of NWFP. The time reference of the study is from 1967 when Gadson Amazal Industrial Estate was established. For any

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possible revival of the sick industrial units two questionnaires were constructed for data collection, one addressed to house-hold in GAIE and the other to the industrialists who had their units in GAIE. These questionnaires were designed in such a way so as to see the impact of the establishment of GAIE on the people of that area. For this purpose, the situation was studied before the establishment of GAIE, after its establishment and after sickness of the units in GAIE. To get a feed back from the industrialists, the industrialists' views regarding problem of sickness and their suggestions for improvement were also taken into consideration.

3.2 Target Population of the Study

- I. House hold in GAIE.
- II. Industrialists or their representatives.

The study was conducted in GAIE which has 18900 house holds.

There were 222 industrial units in GAIE out of which 65 were operational while 156 were closed.

3.3 Sample Size of the Study

It was assumed that the basic characteristics of the surrounding rural areas were homogeneous. Therefore, after a thorough consideration it was thought appropriate to take the sample of 74 house holds, although a small fraction of the universe, to represent the 18900 households. The sample was selected by adopting random sampling technique.

- I. A total of 74 respondents were selected from house hold sector in GAIE , who were either engaged in GAIE or jobless after sickness of the units. The situation was studied before and after the establishment of GAIE and after sickness of the units.
- II. In the same way 40 industrialists were selected from GAIE in order to have first hand knowledge of the actual reasons of sickness and also to sort out their opinion regarding the present status of the problem and probable suggestion.

3.4 Data Collection

In order to complete the study both primary and secondary data was extensively used.

(a) Primary Data

The primary data was collected through two well-designed questionnaires by face-to-face interviews with the households and industrialists or their representatives. The situation before and after establishment of GAIE and then after sickness of the units was compared.

(b) Secondary Data

Secondary data was also used. The sources of secondary data are given below.

- a. Details about closed and operational units in GAIE. List provided by Ministry of Commerce and Industry Islamabad.

- b. List of sick industrial units inside and outside of the industrial estate in NWFP reported by Sarhad Development Authority.
- c. Identification of industrial estates in NWFP. Vol. II 1995, Department of Economics, University of university
- d. Industrial policy of 1948
- e. Industrial policy of 1959
- f. Industrial policy 1972-77
- g. Industrial policy of 1978-87
- h. Industrial policy 1988-91
- i. Industrial policy of military government under structural adjustment programme.

3.5 Mathematical and statistical tools

As the study is based on primary data, therefore, appropriate tabulation techniques, percentages and averages were used. In addition to these techniques, an econometric model (Simple Linear Regression Model) was also developed and estimated in order to ascertain the consumption pattern of the household before and after the establishment of Gadoon Amazai Industrial Estate.

CHAPTER 4

THE PROCESS OF INDUSTRIALIZATION IN PAKISTAN FROM 1947 TILL 2000

4.1 Introduction

Industrialization plays a vital role in the economic development. It not only provides services and employment opportunities but also other basic necessities of life such as health, education, communication, transport, electricity, clean drinking water and drainage system. Due to industrialization man has received enormous economic benefits and comforts of life, as it has profound effect on the physical, socio-economic and cultural environment of the country. The historical fact reveals that all the developed countries of the world broke the

CHAPTER 4

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vicious circle of industrialization. Pakistan, being a developing country, is also facing the same problem. The policies of privatisation, deregulation and liberalization of the economy are being pursued.

4.2 Historical Background

Before the arrival of East India Company the sub continent was an industrially developed region of Asia and was famous the world over. After industrial revolution in the West our industries could not compete with them. East India Company was playing a very clever role in the market. It was the purchaser for agricultural and minerals in India and seller of processed goods in the whole

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4.2 Historical Background

Before the arrival of East India Company the sub continent was an industrially developed region of Asia and was famous the world over. After industrial revolution in the West, our industries could not compete with them. East India Company was playing very clever role in the market. It was the purchaser for agricultural raw material in India and seller of processed goods in the whole

region. Pakistan at the time of partition in 1947 had negligible industrial base. Areas, which comprise Pakistan had an agrarian economy and was industrially neglected. East Pakistan was the chief jute producing area but did not have single jute factory. All the jute-manufacturing concerns were located in West Bengal at Calcutta and other adjoining localities. Similar was the case of cotton which was mostly produced in Sindh and the West Punjab but was processed and manufactured at Bombay, Poona and other places in their vicinity. In other words the areas which now constitute Pakistan were maintained and developed before partition by the British rulers as food crops and raw material producers and they competed their rivals in the world market. Further, the British rulers in order to have a regular supply of personnel to their armed forces from West Pakistan, intentionally kept the area undeveloped. Moreover, majority of the people inhabiting these areas preferred to invest in land because land was a source of honour, prestige and power and also because of the reason that sufficient return was coming to them from land with the least effort which was not possible in other investments. The British diplomacy therefore, on one hand and the attitude of the people on the other were responsible for keeping the area industrially under-developed before partition.

However, a few small industrial units did exist in these areas which now constitute Pakistan. There were nine hundred and twenty one industries operating in India in 1947, out of which Pakistan got thirty four only. The thirty four units included: Cotton ginning factories, sugar factories, flour mills, ice

factories, rice husking mills etc. These were being operated on small scale basis and dealt mostly with the local requirements. The main occupation of the people in these areas was agriculture. Industrial experience did not exist there and as such there was dearth of industrial entrepreneur and skilled labour. The industrial units existing in Pakistan were owned and managed by majority of the non muslims who migrated to India and consequently they were dislocated and closed. Muslims coming from India had unfortunately no industrial experience, therefore, the units located in small cities and villages remained neglected and were finally abolished. This shows that Pakistan inherited very poor industrial base experience, therefore, it had to start afresh.

4.3 The Process of Industrialization since 1947

An industrial conference was held in 1947 to formulate an industrial policy so that the available resources in the country might be properly utilized and a speedy development of the industrial sector might be made possible. The first industrial policy was announced in 1948. It stated: "the most striking feature of Pakistan's present economy is the marked contrast between its vast natural resources and its extreme industrial backwardness. A country producing nearly 75% of the World's production of jute does not possess a single jute mill. There is an annual production of over 1.5 million bales of good quality cotton, but very few textile mills to utilize it. There is an abundant production of hides and skins, wool, sugar cane and tobacco to name a few of the important products but Pakistan's considerable resources in minerals, petroleum and power remain

as yet untapped. In laying down any policy of industrialization note has to be taken of these deficiencies and handicaps and a concerted effort made to overcome them”.

This policy was revised in 1954. On the basis of this assessment the government felt that Pakistan would need to seek in the first place, to manufacture in its own territories, the products of its raw materials, in particular jute, cotton, hides and skins etc. for which there is an assured market whether at home or abroad. At the same time, to meet the requirements of the home market efforts will be made to develop consumer goods industries for which Pakistan is at present dependent on outside sources.

This policy clearly defined the scope of state ownership, control and assistance, the state would provide to private enterprises. It further described the privileges to be given to the foreign investment in the country. The objectives of the policy was to raise the standard of living of the people by increasing their income through increased level of employment by harnessing the resources of the country to the maximum possible extent. It advocated the development of labour intensive industries, rather than the capital intensive ones.

All the fields of industrial activities were left open to private enterprise except the following:

- a. Manufacturing of arms and ammunitions:
- b. Generation of hydro electric power, and

c. Manufacture of railway wagons, telephones, telegraph and wireless apparatus.

Taking into consideration the agrarian character of the economy, great emphasis was given to the development of industries based on agricultural raw materials, such as jute, cotton, woollen paper, tobacco, hides and skins etc.

The development of import substituting industries was also an important aspect of this policy. This policy aimed at a rapid industrialization of the country so that an adequate quantity of consumer goods could be made available to the people to give them a higher standard of living. It was also aimed to place a reasonable quantity at the disposal of the exporters for obtaining capital goods in exchange, to meet the demand of the growing industries in the country.

The policy provided that the government would take necessary steps to give all possible advice, assistance and encouragement to private enterprise in their day to day problems and also in the procurement of raw materials, machines, tools and spare parts and in development of scientific research. In this way proper guidance as regards to technique and varieties of products would be available to the entrepreneurs. It also provided for giving tariff protection to home industries against foreign competition during the period of their infancy. A number of industries, such as cosmetic, cement, paper etc. got protection and now they are in position to compete with the foreign goods in quality and variety.

The industries of Pakistan grew and developed under the above policy during the period 1948 to 1958. The country achieved self sufficiency in many of the consumer goods such as cotton and woollen textiles, jute products, paper, stationeries and cosmetics etc.

After independence the first sound step for industrialization was taken by the martial law regime of Ayub Khan.

The Marshal Law Government announced its new industrial policy in 1959 which had the following as its main objectives:

1. The new industrial policy aimed at expansion of industrial sector so that it would create increased opportunities for employment and raise the volume of output. It also provided for extensive training of technical personnel.
2. The policy also like the previous one put emphasis for the expansion of private sector by giving maximum scope to private enterprises.
3. Where private enterprise was inactive, the Government would take initiative to establish and organize essential industries but ultimately would transfer such industrial undertakings to private enterprise.
4. The Government reserved the ownership and management in the manufacture of arms and ammunitions, production of atomic energy, railways, air transport and telecommunication.

5. This policy has special emphasis for stimulating the growth of cottage industries. The Government would facilitate the supply of raw materials and make provisions for marketing of their products and enhance credit facility to them. Necessary steps would also be taken by the Government in developing new technique of production and designing of their products so as to make them able to suit the taste and choice of the people. Steps were also provided to standardize the products of cottage industries so as to give them a wider market both at home and abroad.
6. For establishment and development of industries priority scheme was introduced according to which preference was to be given to industries on the basis of essentiality of their goods, their export potentiality and the extent of foreign exchange saving. It provided for the rationalization of the existing industries which means a capital intensive base is to be introduced that did not exist so far. Industries based on imported raw material would be allowed to continue, provided they save or earn foreign exchange.
7. It was also provided in the policy that the Government would take necessary steps for introducing specifications and encouraging standardization of industrial products in general and enforce the standardization in the case of exportable goods in particular.

8. The dispersion of some of the industries was affected in order to avoid congestion, reduce disparity and maintain uniformity in the economic development of the country.
9. It also provided the intensification of scientific and industrial research to discover new processes and to find out the industrial uses of raw materials available in the country which remained neglected so far. Such discovery will go a long way to help and facilitate the establishment of by products industries. By products industries have unique position in the industrial sector of an economy because they reduce the cost of production of the main industry and place new products at the disposal of the people and the country. Japan managed to produce the cheapest products because of the simultaneous growth of by product industries.
10. It also very clearly defined the responsibility of the Central and Provincial Government in the industrial growth of the country. The Central Government would be responsible for overall planning of industrial development, fixation of targets, determination of priorities and location of specified industries in selected areas. Determination of the level of production, prescription of standards and fixation of quotas for export also became the responsibility of the Central Government. Again, the Central Government would be exclusively

responsible for establishment and expansion of the following industries.

- (i) Industries located in the Federal areas.
- (ii) Industries set up wholly or partially by the Central Government or a corporation, established by it.
- (iii) Mining of all minerals including oil and natural gas.
- (iv) Marine fisheries.

The Provincial Governments would be responsible for developing the industries given in between their respective jurisdiction and cooperate in implementing the industrial policy of the Central Government. These industries include:

- (i) Heavy engineering
- (ii) Heavy chemicals
- (iii) Manufacture of synthetic distillation of coal and gas.
- (iv) Pharmaceuticals
- (v) Antibiotics
- (vi) Mining, concentrating, refining and processing of all minerals including oil.
- (vii) Manufacture of capital goods and spare parts.

It is obvious that the state played a very significant role in the establishment and growth of Industries in Pakistan. It initiated the industrial growth through PIDC, gave incentives by establishing a number of financial institutions such as Pakistan Industrial Finance Corporations (PIFC), Industrial Development Bank of Pakistan, Pakistan Industrial Credit and Investment Corporation (PICIC), etc., stimulated the growth by creating suitable conditions through its fiscal and monetary policies and accelerated the expansion by giving an industrial base to its commercial policy.

The following steps were however, taken by the Government to accelerate the pace of industrial development in the country:-

1. Tax concession to industrial undertakings.
2. Granting protection to selected industries against foreign competition.
3. Giving priority to industries in the development plan.
4. Relaxation of Control.
5. Establishment of Industrial Trading Estates.
6. Arranging for the foreign aids and loans.
7. Arranging for technical training.
8. Giving industrial base to Commercial policy.
9. Introducing Export Bonus Scheme.
10. Providing Investment Schedule.
11. Establishing of industrial development and research institutions.

4.4 Industrial Trading Estates: It is important to explain about Industrial Trading Estates. The term Industrial Trading Estates refers to an area where

industries are located. Such areas are exclusively ear marked and developed for the location of industrial units. They are fully equipped with industrial requirement such as water, power, transport, communication and banking facilities. Establishment of Industrial estates facilitates the industrialists in establishing their industrial units. They get power and water and other facilities and as such, the industrial installation is done with ease and comforts and at a cheaper cost.

The Government had developed a number of Industrial Trading Estates in the country. The following are some of the important cities, which have industrial estates:

1. Karachi
2. Kotri
3. Hyderabad
4. Shikar pur
5. Sukkur
6. Faisal Abad
7. Gujrat
8. Gujranwala
9. Mianwali
10. Khushab
11. Jakababad
12. Larkana
13. Qallat
14. Sialkot
15. Quetta
16. Sebbi
17. Daadu

18. Hayatabad Peshawar
19. Hattar (Haripur)
20. Nowshera
21. Loralai
22. Jhang
23. Lahore

The Industrial Trading Estates helped the industrialists in a number of ways. Firstly, they saved them from selecting and developing an area to make it suitable for industrial location. Secondly, a trading estate had the facility of transport, communication and banking and as such, the industrialists got the above facility ready made without undergoing any botheration and inconvenience. Thirdly the industrialists got the benefit of localisation of industries.

It may not be out of place to mention here that industrial trading estates helped the growth and accelerated the expansion of industries and as such, they constituted an important part of industrial development in the country.

The result of these objectives was that between 1949 and 1958 the growth rate of industry in Pakistan was amongst the most rapid for any country in the world. In United Pakistan, large-scale manufacturing grew at a phenomenal 23.6 per cent between 1949 and 1954, and afterwards. It was still very impressive 9.3 per cent up to 1960. The investment rate was more than double during the 1950s, even though there was no increase in per capita income in that decade. In United Pakistan, GNP per capita grew on average by only 0.2 per cent between 1949 and 1954, and at zero per cent in the next five years. "In

West Pakistan the growth rates were even more impressive, with large-scale manufacturing growing at 19.1 per cent between 1949 and 1958, and per capita income increasing by 6.97 per cent in the same period. The main feature of the 1950s was the establishment and expansion of the large-scale manufacturing sector, which ranged from a high annual growth rate of 28.7 per cent in 1953/4 to a (still high) low of 4.9 per cent in 1957/8. Although starting from a non-existent base, and against all odds, Pakistan achieved very impressive rates of growth in its first decade (see Table 4.1).

Table 4.1: Annual growth rate, 1950-1958, at 1959/60 factor cost (% per annum)

Year	Agriculture	Manufacturing		Wholesale and retail trade	Banking and insurance	Public administration and defence	Services	GDP
		Large Scale	Small Scale					
1950/1	2.6	23.5	2.3	6.1	9.1	2.5	4	3.9
1951/2	-9.1	18.7	2.4	0.5	10	4	4	-1.8
1952/3	0.2	23.6	2.2	0.6	7.6	-4.4	4	1.7
1953/4	13.6	28.7	2.3	6.3	8.5	-2.4	4	9.4
1954/5	-0.8	24.1	2.3	5.5	2.6	4.6	4	2.7
1955/6	2.1	17.5	2.3	2.3	21.5	1.6	4	3.4
1956/7	2.3	8.1	2.3	3.2	22.9	-2.6	4	3
1957/8	1.9	4.9	2.2	3.4	-1.7	-2.2	4	2.6
1950-1954	(ave.) 1.8	23.6	2.3	3.4	8.8	-0.1	4	3.3
1954-1958	(ave.) 1.4	13.6	2.3	3.6	11.3	0.4	4	2.9

"The annual growth rate for 1950/1 means the rate for the period 1949/50 to 1950/1".

Source: Government of Pakistan, Pakistan Economic Survey, 1984-85, Islamabad, 1985.

With industry growing at high rates, there was a reverse picture in the agricultural sector, which only once in this period achieved double-digit growth

rates. This is also the period when agriculture suffered negative growth rates in some years. Agriculture stagnated to the extent that its growth was not even enough to cope with the growth in population, resulting in a fall in per capita consumption of food grain and the need to import food as well. In the mid-1950s, as much as 65 per cent of the civilian labour force was employed in agriculture and more than 75 per cent of the population lived in rural areas. Hence, a low growth rate in agriculture meant that the potential market for the growing manufacturing sector was also stagnant, restricting further growth in the manufacturing sector. Gustav Papanek has argued that 'agriculture was the sick man of economic development in Pakistan during the 1950s. A stagnant agriculture in a predominantly agricultural, economy meant a slowly growing economy. The policies that were adopted in this period had a marked anti-agricultural bias and the terms of trade between agriculture and industry were heavily biased against the farmer. In fact, Stephen R. Lewis argues that 'the major impact of economic policy in the 1950s was to transfer income away from agriculture and from urban consumers, to the new and rapidly growing manufacturing sector'. Let us now turn to some of the tools and mechanisms which influenced investment and economic development in the first decade.

4.5 The Impact of the Exchange Rate

Before the partition of the subcontinent, the area constituting Pakistan was the bread-basket of India. The areas that became Pakistan were net importers of

industrial goods from India and produced agricultural commodities, such as cotton, wheat, and jute.

In September 1949, the pound sterling was devalued, as were the currencies of numerous countries including that of India, Pakistan's main trading partner. The Pakistani government however did not devalue its own currency. One reason why this decision was taken was to announce to the world that Pakistan was an independent country and did not mimic Indian economic policy. Other reasons were to continue to sell raw jute to India (since Pakistan had no jute mills) at a now higher price, and to be able to import machinery and capital goods at a cheaper price.

Pakistan was a monopoly exporter of jute, mainly to India, and hence gambled on the presumption that by not devaluing it would reap additional profits from the higher price of jute. In 1948/9, India imported 55.8 per cent of Pakistan's exports, but all such exports were suspended in September 1949. The consequences of the Indian retaliation could have been quite catastrophic for Pakistan's economy. However, Pakistan's luck changed for the better.

The Korean War broke out in June 1950, and there was a fear that it might trigger off 3rd World War. Countries began stockpiling and storing raw materials, and as demand for them increased, so did their price. Jute and cotton were both in heavy demand, and Pakistan was able to make spectacular profits on its exports. Not only that, but demand was worldwide so Pakistan was able to diversify into new areas. Import controls that had been imposed only a few

months before were again liberalized after the Korean War began. India also recognised Pakistan's new exchange rate, and trade was resumed after a suspension of eighteen months/ but on a smaller scale than earlier. The decision not to devalue had paid been off.

The Korean boom lasted from 1950 to 1952, but by mid-1951 world prices of raw materials began to decline and export earnings also saw a decrease. Since Pakistan's exchange rate was still high compared to its trading partners which had devalued in 1949, after the Korean boom in 1952 there were expectations of a devaluation. In 1952 jute and cotton prices fell, as did export earnings, and Pakistan was facing a serious balance of payments crisis and sharply falling reserves. As it did' in 1949, the government decided not to devalue and instead imposed very strict exchange controls and a set of physical controls on imports and exports. The probable reason for not devaluing in 1952 despite a deterioration in the balance of payments was that capital goods were now needed to start the process of industrialization and a devaluation would have raised their prices. Hence, the government resorted to the imposition of control instead.

The decision not to devalue may, with hindsight, have been the critical decision that started Pakistan on the road to industrial and economic development. Since industry was non-existent in the earlier years, international trade was the main sector where large profits could have been made. The Korean War export boom resulted in traders and merchants amassing considerable amounts of

wealth. Viqar Ahmed makes pertinent point that 'the favourable conditions for the conversion of merchant capital into industrial capital were the result of another important economic event related to the Korean war: the collapsed prices of raw materials after the end of the war'. With controls imposed on imports, especially on consumer goods, 'the prices of these goods increased sharply in the domestic market which changed the terms of trade in favour of industry and against agriculture. Industry now became the most attractive sector.' Hence, traders with their amassed wealth converted merchant capital into industrial capital and so began the process of industrialization in Pakistan. Although one study has argued that it was 'practical exigencies rather than conscious policy that provided the initial diversion of investible resources towards industry', Stephen Lewis makes the essential point that 'government policy was not neutral, however, but decidedly favoured industrialization, particularly the decision not to devalue'.

4.6 The Trade Policy Regime

Once the industrialization process had begun after merchant capital moved into industry, and after the collapse of the Korean boom in 1952, when falling export prices caused the balance of payments position to deteriorate, controls and restrictions were imposed on trade, having a substantial impact on the ensuing industrialization process. As Lewis argues, 'from 1953-64 virtually all imports into Pakistan were regulated by some form of quantitative controls. The trade policy adopted by Pakistan 'had three major aspects: (i) overvaluation of

the rupee relative to other countries, (ii) use of quantitative controls on imports to regulate the level and composition of imported goods, and (iii) a highly differentiated structure of tariffs on imports, and export taxes on the two principal agricultural exports: jute and cotton'.

The government began to favour tariff protection as a means to promote industrialization. It wanted a cascaded tariff structure, with lower tariffs on intermediate and capital goods, tight control over the import of luxuries, control on other consumer goods, and easier access to capital goods and industrial raw materials. Table 4.2 shows the cascading nature of tariffs imposed in the late 1950s.

It is clear that tariffs and indirect taxes played relatively minor roles in directing resource allocation, even when compared with other policy variables. Direct quantitative controls were dominant in setting prices and incentives. Through their substantial impact on relative prices, these controls speeded the process of structural change both by imposing the inducements to invest in various industries and by transferring substantial amounts of income to industrialists who reinvested them in the profitable manufacturing sector. The *directions* that industrial growth took were probably the same as those that would have been taken in the absence of major policy decisions due to market size and domestic resource availabilities. The policies adopted increased the *speed* with which the transformation of industrial structure occurred, both by increasing incentives and by increasing incomes in the hands of the 'saving' sector of the economy.

Table 4.2: Average rate of duty on imported goods by types of commodity, 1955-1964

Description	55-56	56/57	57-58	58-59	59-60	60-61	61-62	62-63	63-64
Consumption goods									
Essentials	35	35	35	35	35	55	55	55	56
Semi luxuries	54	99	99	99	99	111	111	111	116
Luxuries	99	99	99	99	99	140	140	140	142
Raw Material for consumption goods									
Unprocessed	26	26	26	26	26	27	27	27	30
Processed	43	43	43	43	43	43	50	48	51
Raw material for capital goods									
Unprocessed	23	23	23	23	23	28	28	28	31
Processed	38	38	38	38	38	40	40	39	42
Capital goods									
Consumer durables	71	71	71	71	81	85	85	85	89
Machinery and equipment	14	14	14	14	14	17	17	17	17

Source: Lewis, Stephen, *Economic Policy and Industrial Growth in Pakistan*, George Alien & Unwin Ltd, London, 1969, p. 72.

4.7 The Impact of Exchange Rate and Trade Policy of Industrialization

The consequences of the exchange rate and trade policies adopted by Pakistan are fairly clear. The type of protective policy pursued in Pakistan can be put simply as follows: (i) produce anything that can be reasonably produced domestically; (ii) once production has started domestically ban imports of competing goods so as to save foreign exchange'. More specifically, If the average tariffs were any guide to the differential incentive structure during the

early years of industrialization, the very high incentives for domestic production were given to those items for which the domestic market was the smallest: luxury consumer goods and consumer durables. Imports of these goods were most heavily penalized, primarily as a measure to save foreign exchange. Essential and semi-luxury (or semi-essential) consumer goods, which included most of the basic mass-consumption items (food, cloth, kerosene, matches, soap, etc.) received more protection than raw materials for production of such goods. Only since 1959/60, after the first rush of industrialization was over, were the differential incentives given to broad-based consumption goods (particularly semi luxuries) widened sharply. It is true throughout, however, that producer durables had low tariffs, and, if the classification system is right, the duties on raw materials for producer durables exceeded the duties on the goods themselves.

Import substitution progressed easily and very rapidly in those industries that had the highest protection, i.e. consumption goods, and those that had cheap and ready access to domestically produced, primarily agricultural, raw materials, such as cotton, jute, and leather. Another reason why consumer goods grew is provided by Lewis. He argues that 'the size of the domestic market at Partition and well into the 1950s was quite larger for consumer goods than for most intermediate and investment related goods'. These were also those industries in which Indian imports made a significant contribution to Pakistan's domestic market.

The import licensing scheme seemed to be a thought-out policy measure which affected relative prices and hence patterns of industrialization. The pattern of investment and import substitution influenced the decisions of the licensing authorities about what sort of imports and, hence, what sort of industrial development should take place. Lewis agrees that the 'licensing system was largely a mirror of the decisions to invest in different industries'.

Since almost all capital goods and most non-agricultural industrial goods were imported, the state played a major role in determining the nature and structure of industry through the licensing system and tariff structure, and through the incentives it provided. Stephen Lewis summarizes the impact of these measures on trade as follows:

The exceedingly rapid growth of modern manufacturing during the 1950s, amid a relatively stagnant economy, particularly in agriculture, was reflected in the decline of imports of some manufactured goods, the rise of those imports related to investment activity, the emergence of certain manufactured exports, the conversion from an export surplus to an import surplus in food grains, and the decline of agricultural exports that were used as raw materials by domestic industries. In the 1960s the changes in the structure of production were somewhat smaller, and in different directions due to the increased flow of aid-financed imports and the more rapid growth of such sectors as agriculture.

The significant increase in export was from the newly established manufacturing industries, mainly jute and cotton textiles, which replaced competing imports by the mid-1950s. Towards the end of the 1950s, Pakistan was in a position to produce export surpluses as well. In many ways, these results indicate the success of the first phase of the import substituting industrialization policy of the 1950s, where the emphasis was on consumer goods rather than on intermediate or capital goods. This strategy also rested on the government's preference for investment in those areas where foreign exchange could be saved regardless of cost, and its 'desire to produce domestically almost anything that technologically could be produced there'.

While Pakistan's impressive growth rate in the 1950s was due to the fact that the country started with a low base in the first place, the other important factor was that, due to the restrictive measures enforced on the economy, profit rates in industry were very high. The government had very openly encouraged private sector initiative in economic growth, an encouragement to which the private sector responded enthusiastically. The annual returns on investment ranged from 50 to 100 per cent in the early 1950s, but dropped to between 20 and 50 per cent in the latter part of the decade. There were strong economic incentives to becoming an industrial entrepreneur, but Papanek notes that while 'high profits were strongly conducive to industrial investment ... perhaps even more important were the strong disincentives to alternative activities. With the end of the Korean boom, international trade, and especially importing, suddenly

became unattractive', and therefore industrial development became a natural choice. Thus it was the lure of extraordinary profits and a lack of good alternatives that induced the process of industrialization.

Papanek shows that in 1950 there were 3,000 individual firms in Pakistan, but the concentration of wealth was so high that only seven individuals, families, or foreign corporations constituted 25 per cent of all private industrial assets in United Pakistan. Twenty-four units constituted nearly 50 per cent of all private industrial assets.

While the development of the economy and of industry was private sector oriented, the institutions of the state did play an important role too. In the field of credit, the government was particularly significant. The Pakistan Industrial Credit and Investment Corporation (PICIC) and the Pakistan Industrial Finance Corporation (PIFCO) provided funds to the larger, more established firms which had adequate security and a high profit rate. PICIC provided nearly 'half of all its loans to a tiny group of leading industrialists'. However, the role of both institutions was more important after the 1960s, and the links they made with industry show how the network of industry and finance in the private and public sector interacted. The institution that played a more important role at this time was the Pakistan Industrial Development Corporation (PIDC), which 'pioneered in industries and areas which were neglected by private investors during the early period of industrialization' and 'fulfilled an extremely useful function in supplementing private enterprise'.

Although East Pakistan seceded from United Pakistan in 1971, the seeds for this process were sown long before. While Ayub Khan's decade is held responsible for fostering the economic decay and underdevelopment of East Pakistan, leading to the formation of Bangladesh, which is only part of the picture. In fact, it would be very unfair to hold the policies of Ayub's regime solely responsible for Pakistan's break-up, as many observers do. Even in the 1950s, strong bases in economic development had emerged, which were blatantly tilted against the eastern wing. For example, state institutions in the 1950s, such as PICIC and PIFCO, concentrated on industries in West Pakistan, while in 1958 about 66 per cent of the government's investment through PIDC was based in West Pakistan, which also received 62 percent of foreign loans compared to the eastern wing's 38 per cent. The cessation of trade between India and Pakistan in 1949 also had greater negative consequences for East Pakistan, as about 50 percent of West Pakistan's trade and 80 per cent of East Pakistan's was with India. Table 4.3 shows that, in fact West Pakistan had a continuous deficit in trade throughout the 1950s, while East Pakistan had a consistent surplus. The overall trade figures for United Pakistan were in surplus due to East Pakistan's contribution, mainly by exporting jute. This evidence shows very clearly that East Pakistan was instrumental in supporting the process of industrialization in (West) Pakistan. West Pakistan's development was built on a transfer of resources from the eastern wing, which got very little in return, and this process was initiated as early as the late 1940s and early 1950s.

Table 4.3 Balance of payments of trade, 1949-1958

Balance of payments of trade (Rs m)	1949/50 to 1950/1	1950/1 to 1951/2	1951/2 to 1952/3	1952/3 to 1953/4	1953/4 to 1954/5	1954/5 to 1955/6	1955/6 to 1956/7	1956/7 to 1957/8
East Pakistan								
Exports	683	1,211	1,087	643	645	732	1,042	910
Imports	372	453	764	367	294	320	360	819
Balance of Payments	311	758	323	276	351	412	682	91
West Pakistan								
Exports	535	1,343	922	867	641	491	742	698
Imports	912	1,167	1,473	1,017	824	783	965	1,516
Balance of payments	-377	176	-551	-150	-183	-292	-223	-818
Pakistan								
Exports	1,218	2,554	2,009	1,510	1,286	1,223	1,784	1,608
Imports	1,284	1,620	2,237	1,384	1,118	1,103	1,325	2,335
Balance of payments	-66	934	-228	126	168	120	459	-727

Source: Ahmed, Viqar *The Management of Pakistan's Economy, 1947-82*, Oxford University Press, Karachi, 1984, p. 65.

Despite some negative consequences of the economic policies pursued by the governments in Pakistan in the first decade, it would be fair to say that they initiated an era of industrial growth and development which laid the foundation for the Decade of Development between 1958 and 1968. On the basis of the criteria that were considered important at that time - in the 1950s, when import-substituting industrialization was the received wisdom - Pakistan did very well for itself.

4.8 1958-1968: The Decade of Development

There is little disagreement over the fact that the growth rates in agriculture, large-scale manufacturing, and GDP showed quite astonishing trends over the ten years between 1958 and 1968. The disagreements exist over the nature and consequences of those growth rates and over an interpretation of the economic policies that formed what the government of the time called the 'Decade of Development' and what its critics have very mildly termed the 'Controversial Sixties'. Viqar Ahmed argues that this period of rapid economic growth, achieved mainly as a result of the policies pursued, generated a great deal of economic tensions. Increasing disparities in regional income between the provinces, a concentration of industrial economic power, the failure of real wages to increase significantly, and a general belief of increasing income inequality, all contributed to the rejection of the Ayubian growth philosophy and strategy.

The impressive performance of the main sectors of the economy can best be judged from Table 4.4.

The high growth rates in large-scale manufacturing continued in the first few years of the Ayub regime with the average for the period 1960-5 rising to a phenomenal 16.9 per cent. Even after 1965, when there was a marked slowdown, growth rates in manufacturing still remained above 10 per cent. In industry, it seems that the previous trends maintained during the 1950s continued well into the 1960s. Agriculture presents a marked improvement in the 1960s compared with the dismal situation in the 1950s. The reasons for this

growth were the recognition in the late 1950s that the excessive pro-industrial bias was affecting agriculture very negatively and that a redress was necessary.

Some steps were taken, but it was the Green Revolution that was responsible for the very high growth rates of the late 1960s. For Papanek, 'the spurt in agricultural production was the main difference between the Pakistan of the 1950s and of the 1960s, as well as between Pakistan and other countries'. In the first half of the 1960s, overall investment had risen to over 18 per cent of the GNP, and savings had doubled between 1949 and 1965.

Table 4.4: Annual growth rate, 1958-1970, at 1959/60 factor cost (% per annum)

Year	Agriculture	Manufacturing		Wholesale and insurance	Banking Public and administration insurance and defence		Services	GDP
		Large scale	Small scale					
1958/9	4.0	5.6	2.3	2.5	12.9	9.8	4.0	5.5
1959/60	0.3	2.7	2.3	5.9	22.1	-2.7	3.8	0.9
1960/1	-0.2	20.3	2.9	6.9	10.0	1.3	4.7	4.9
1961/2	6.2	19.9	2.9	7.8	8.5	3.9	4.0	6.0
1962/3	5.2	15.7	2.9	9.8	11.5	2.8	4.2	7.2
1963/4	2.5	15.5	2.9	10.1	8.9	9.7	4.0	6.5
1964/5	5.2	13.0	2.9	7.9	37.9	17.8	7.0	9.4
1965/6	0.5	10.8	2.9	8.7	10.9	56.5	1.1	7.6
1966/7	5.5	6.7	2.9	5.3	12.7	-14.4	4.3	3.1
1967/8	11.7	7.6	2.9	3.7	11.8	-2.5	4.0	6.8
1968/9	4.5	10.6	2.9	7.1	8.5	5.0	3.9	6.5
1969/70	9.5	13.9	3.0	10.9	19.4	3.6	6.8	9.8
1958-1964	(ave.) 3.0	13.3	2.7	7.2	12.3	4.1	4.1	- 5.2
1965-1970	(ave.) 6.2	10.4	2.9	7.2	16.9	11.0	4.5	7.2

*The annual growth rate for 1958/9 means the rate for the period 1957/8 to 1958/9.

Source: Government of Pakistan, *Pakistan Economic Survey, 1984-85*, Islamabad, 1985.

4.9 The effects of import licensing scheme and open general licensing (OGL) on industrialisation

The main emphasis of the trade policy in 1959 shifted away from direct controls and towards indirect controls on imports and on domestic prices of other goods. As Lewis shows, 'a number of measures were taken in import licensing that made market forces more important in determining the commodity composition of imports and the distribution of ownerships of import licences'. It was the Export Bonus Scheme (EBS) or the Bonus Voucher Scheme, launched in 1959, that was considered to be the key to the import liberalization process in Pakistan. The scheme allowed a free market in the 'bonus vouchers for certain commodities. In addition, the earlier, closed and selective import licensing scheme of the 1950s, which was based on the importer's ability to import during the Korean boom of 1950-2, was replaced in 1961 by the Open General Licence (OGL), which allowed newcomers to enter the trading sector. A large amount of foreign exchange was allocated to the OGL, and given the buoyant nature of trade and of the economy, the new traders made substantial profits and gains from possessing import licences. The most 'market friendly' change was the introduction of the 'Free List', which permitted the import of certain goods without any licence. The Free List was extended over time from four items to fifty in 1964. The tariff structure continued to be used as a signalling device, as it had been in the 1950s, but difference in the tariff rate structure widened, with the rates for consumer goods rising much more than for other goods. The bias against producing

machinery and equipment locally continued, as the import duty on these items was still the lowest, thus making it easier to import these goods rather than produce them at home.

The main reason why the government could be so generous in its import policy in the first half of the 1960s was critically linked to the availability of foreign aid, which increased from 2.5 per cent of GNP in the mid-1950s to 7 per cent of GNP in the mid-1960s. In fact, according to an important Asian Development Bank study, the 'import liberalization which took place during the first half of the 1960s *would have been impossible without this large increase in aid*', In 1965 the Free List suffered serious setbacks as foreign aid was curtailed, and due to the resulting foreign exchange squeeze, the import liberalization policies were abandoned and many new import controls were introduced. As long as foreign exchange resources were available, largely through aid, the government was eager to follow a liberal import regime.

4.10 The effects of export bonus scheme on industrialization

The government's import licensing scheme was supposed to encourage the private sector to invest, just as the BBS was a means for exporters to acquire additional foreign exchange by exporting more. The exchange rate had been overvalued in the 1950s (and later as well), but the EBS compensated for that and boosted exports, especially of manufactured goods. The scheme transferred a subsidy to exports, and the exports of raw jute fell from 60 per cent of total exports in 1958 to 20 per cent in 1968/9, while the exports of cotton and jute

textiles increased from 8.3 to 35 per cent in this period, and the exports of other manufactures increased tenfold from 2 to 20 per cent. The EBS also had a positive impact on imports, making raw materials and machinery imports easier and cheaper. The Export Bonus Scheme was considered to be an innovative device helping both import substituting and export growth. In 1965 Pakistan's manufactured exports were greater than those of South Korea, Turkey, Thailand, and Indonesia *combined*. The main feature of the foreign exchange regime in the 1960s was that, with an overvalued exchange rate, it became cheaper to import industrial machinery, which resulted in low prices for agricultural inputs, while the EBS transferred subsidies to manufactured exports.

The impact of the EBS and the import licensing and liberalization strategy on industrial development was considered to be 'dramatic' by some observers. The Asian Development Bank study shows that large-scale manufacturing growth increased from 8 per cent per annum between 1955 and 1960, to 17 per cent between 1960 and 1965 in the Second Five-Year Plan. The controls reimposed following the foreign exchange and aid curtailment caused this growth to fall to about 10 per cent in the second half of the 1960s. An interesting outcome of these trade policies, as Stephen Lewis shows, is that in sharp contrast to the 1950s *none* of the growth in industry during the period of the Second Five-Year Plan was due to import substitution - a remarkable transformation, indeed. Instead, domestic demand and absorption were the dominant factors. As foreign

aid had increased, so had imports, and even though manufacturing output grew at impressive rates due to the import policies and foreign resources, imports increased at a faster pace. Both industrial production and investment responded well to the liberalization of imports. The nature of import substituting industrialization had also changed over the years, shifting away from almost wholly the consumer goods industry to intermediate and capital goods. The differences in the three sectors in the 1960s, and also the growth rate was much higher in the first half of the decade than in the second half. The most interesting observation that can be made is that the growth in investment goods was by far the fastest of all sectors during the early 1960s. The reason, according to the Asian Bank, was that since this sector was most dependent on imported raw materials, it benefited the most from import liberalization. Another reason why import substitution slowed down was the BBS, which encouraged the export of manufactured goods. The share of exports in total consumer goods output rose from 15 per cent in 1959/60 to 45 per cent in 1969/70.

4.11 The industrial policy of 1972-77

The Ayub Khan government fell in 1968 and Bhutto took over from General Yahya Khan in December 1971. The main features of 1972-77 industrial policy may be summarized as under:

1. Considering the 'principle of mixed economy' as the most suitable device for the proposed and desired industrial development, People's

Party Government nationalized 32 industrial units belonging to the following basic categories.

- (a) Iron and steel industries;
- (b) Basic metal industries;
- (c) Heavy engineering industries
- (d) Assembly and manufacture of motor vehicles;
- (e) Assembly and manufacture of tractor plants;
- (f) Heavy and basic chemicals
- (g) Heavy electrical industries
- (h) Petro-chemical industries
- (i) Cement industries
- (j) Public utilities including electrical generation, transmission, distribution and oil refineries.

2. For the nationalized companies and units a Board of Industrial Management (BIM) was established. Later these along with the Pakistan Industrial Development Corporation, were constituted into the Holding Corporations. These corporations are listed below:

- (a) Federal chemical and ceramics corporation limited.
- (b) Federal light engineering corporation ltd.
- (c) National design and industrial services corporation ltd.
- (d) National fertilizer corporation of Pakistan Ltd
- (e) Pakistan automobile corporation Ltd.

- (f) Pakistan industrial development corporation Ltd.
 - (g) Pakistan steel mills corporation Ltd.
 - (h) State cement corporation Ltd.
 - (i) State heavy engineering machine tool engineering Ltd
 - (j) State petroleum Refining and petro-chemical ltd.
3. The managing agency system was abolished so that the control of few families over the industrial sector could be finished.
 4. To protect the rights of the minority share holders of the companies left in private sector, a system of cumulative voting and proportional representation was introduced.
- 4.12 Economic Policies and Performance
5. In January 1974 the shipping industry was nationalized. The management of the national shipping corporation along with the nine other shipping companies was taken over by the government.
 6. On 2nd September 1973, 26 industrial units of vegetable ghee were also nationalized and their management was entrusted to provincial government.
 7. In order to eliminate the middleman from the rural economy and thus provide opportunities of fair deal to farmers and consumers, on July 1976, the government took over the control of some important agricultural processing industries. These include cotton ginning, paddy

husking and large flour mills. The units under foreign ownership were exempted.

8. Bonus Voucher System was abolished.
9. On May 11 1972 the devaluation of Rupee was done.
10. Some fiscal incentives were provided for encouraging the establishment of industrial units in the less developed areas of the country.
11. To minimize administrative controls the import policy was revised.
12. Labour Reforms were introduced.

4.12 Economic Policies and Performance

In its election manifesto, the Pakistan People's Party had promised the nationalization of all basic industries and financial institutions. The manifesto had said that 'those means of production that are the generators of industrial advance or on which depend other industries must not be allowed to be vested in private hands; secondly, that all enterprises that constitute the infrastructure of the national economy must be in public ownership; thirdly, that institutions dealing with the medium of exchange, that is banking and insurance, must be nationalized'. The economic policies of the Bhutto government rested on the premise that the control of the leading enterprises was to be in the hands of the state highlights the salient features of the nationalization agenda of the Bhutto government.

The first phase of nationalization took place in the large-scale manufacturing sector, essentially in the capital and intermediate goods industry. This produced a small share of the total value added of the sector (less than 20 per cent) since much of the growth in this sector had taken place in the consumer goods industries. The nationalization programme was later extended to the vegetable oil sector and then to cotton ginning and rice milling. The nationalization of banks and insurance companies was a critical assault on the close link that had built up between industrial and financial capital since the mid-1950s. This link had been one of the causes of the economic concentration that became a political issue in the late 1960s. The party's promises to urban organized labour, as to rural peasants and agricultural workers, were fulfilled within six months of coming to power through the labour reforms and land reforms of 1972. The devaluation of the Pakistani rupee by 131 per cent had important repercussions and 'removed at one stroke the subsidy the industrialists had received in the earlier period because of the overvalued exchange rate. This reform, together with the increase in procurement prices of agricultural goods (which went up by about 100 per cent in this period), made a deliberate attempt to alter the pro-industry anti-agriculture bias of the previous growth strategy.' The Export Bonus Scheme, a key feature of the 1960s, was also abandoned. Some of the salient features of the time are given below:

20 December 1971 Zulfikar Ali Bhutto takes over as President of Pakistan.

- January 1972 Public takeover of 31 large firms in 10 basic industries: iron and steel, basic metals, heavy engineering, motor-vehicle assembly and manufacture, tractor assembly and manufacture, heavy and basic chemicals, petrochemicals, cement and public utilities.
- March 1972 Land reforms.
- March 1972 Management and control of 32 life insurance companies.
- May 1972 Banking reforms; State Bank of Pakistan extends controls over scheduled banks, reorientating credit policy towards small farmers and small industrial entrepreneurs.
- May 1972 Devaluation of the rupee by 131 per cent.
- June 1972 Comprehensive labour reforms.
- August 1972 Comprehensive public health programme.
- September 1972 Nationalization of educational institutions. September 1974
- June 1973 Trade in cotton and rice nationalized.
- September 1973 Vegetable oil, petroleum marketing, and shipping nationalized.

January 1974 Nationalization of all private and domestically owned banks.

August 1976 Cotton ginning, rice husking, and flour milling nationalized.

4.13 Bhutto's Nationalization Programme, 1972-1977

The impact of the government's policies must be seen in the context of what the government had inherited. The loss of East Pakistan, if for no other reason, was important because 50 per cent of West Pakistan's products found a way into East Pakistan in 1969/70, and the loss of such a large market was cause for concern enough. Furthermore, 18 per cent of the West's imports came from East Pakistan. Hence, new markets had to be found immediately to compensate for this loss of market. The success of the devaluation measure was apparent soon after, when new markets were found and the value of export to areas other than the former East Pakistan rose by 41% in the financial year 1972 and 39% in the financial year 1973. This reflected both a sharp jump (about one-third) in the size of the cotton crop in the exports of cotton and cotton textiles, and the successful diversion of most of the flow of cotton, textiles, rice and other goods with which West Pakistan had previously reimbursed East Pakistan for its flow of jute and jute earnings to West Pakistan. Exports in 1972/3 increased by 153 per cent over the previous year, and manufactured exports grew by 19 per cent in 1973/4, which, according to the Asian Development Bank, 'was due to favourable world demand conditions for cotton textiles, and the capacity

available for production for exports following the loss of the East Wing market in 1971. The growth in exports was a key factor in the growth in industrial output between 1972 and 1974. Agricultural output also rose, and this was attributed to 'the higher support prices for wheat, rice, sugar, and timely and adequate supply of essential inputs'. Availability of credit also played a vital role in the improved performance, for after May 1972 when the government had tightened its control over the banking system, more credit was available to the export sector and to small farmers. The export refinance scheme was started by the State Bank of Pakistan in 1973, and its lending rate was lower than the nominal banking rate or the kerb market rate.

The economic boom of 1972/3 and 1973/4 seemed to be fairly short-lived and was attributed to the rebound of domestic demand following the disruption in the economy in the early 1970s and to the worldwide commodity boom. However, the world recession after 1974 considerably slowed the demand for Pakistani exports. After about two and a half years of impressive growth, the last three years of the Bhutto government saw the trend substantially reversed with dismal growth rates. Viqar Ahmed and Rashid Amjad argue that those last three years of the Bhutto regime also 'coincide with the "big-push" in public sector investments in long gestation projects and show a dismal performance in both the agricultural and manufacturing sector'.

Table 4.5 Investment and growth rates in the large-scale manufacturing sector, 1969-1980, at constant price level of 1969/70 (Rs m)

Years	Private Sector	Public Sector	Total	Relative share of public Investment in total (%)
(1)	(2)	(3)	(4)	(5)
1969/70	1,208.2	177.1	1,385.3	12.8
1970/1	1,038.4	58.3	1,096.7	5.3
1971/2	699.9	63.8	763.7	8.4
1972/3	313.1	45.1	358.2	12.6
1973/4	230.8	113.7	344.5	33.0
1974/5	182.8	276.8	459.6	60.2
1975/6	344.5	831.5	1,176.0	70.7
1976/7	369.0	1,085.3	1,454.3	74.6
1977/8	482.3	1,922.1	2,404.4	79.9
1978/9	459.7	1,944.9	2,404.6	80.9
1979/80	544.6	1,644.0	2,188.6	75.1

Table 4.6: Growth rates for selected periods (% per annum)

1969/70 to 1976/7	-45.1	-b	-39.0	11.5
1976/7 to 1979/80	17.0	45.5	34.2	12.5
1969/70 to 1979/80	-b	39.8	11.7	11.9

^a Growth rates are trend values significant at the 95 per cent confidence level.

^b Insignificant trend.

^{*} Values significant at the 90 per cent confidence level. Source: Naqvi, S.N.H. and Khwaja Sarmad, *Pakistan in the Seventies*, PIDE, Islamabad, 1993.

One outcome of the nationalization measures was the complete reversal of public and private investment. The substantial contribution by the private sector in the 1960s was cut by a stroke. In 1974/5, the height of the Bhutto regime's

nationalization programme, private sector investment was only 15 per cent of its 1969/70 level. Public sector investment, which was 5 per cent of the total in 1970/1, rose to 75 per cent at the end of the Bhutto era. These figures may suggest that the Bhutto regime's nationalization programme alone was responsible for this trend, but it is important to realize that 'private investment had already started to climb down even before nationalization struck it down in 1972', and that the decline in investment during the second half of the 1960s, which indicates that growth in large-scale manufacturing had slowed, was a trend which continued into the 1970s. However, there is no doubt that the anti-industrialist policies and great uncertainty of the 1972-7 period were also responsible for the lack of private sector investment and later on contributed towards industrial sickness.

4.14 Bad luck factors during 1970's

1. Effects of war with India 1970-71
2. Increase in oil prices: oil import the expenditures on oil export increased US dollars from US\$60 million in 1972-73 to \$225 million in 1973-74.
3. Increase in prices of fertilizers increased from US \$ 40 million to \$150 million in the same period.
4. Floods in 1976-77 and Pest attacks damaged crops severely, putting pressure on prices and affecting industrial production.

It was bad luck than bad management.

4.15 Industrial Policy of Zia-Ul-Haq Government

A change in the government in 1977 brought also a change in industrial policy.

A. Policy Institutional Measures

- (a) **Denationalisation:** In September, 1977, almost all the agro-based industrial units, which were nationalized under the Economic Reforms Order 1972, were denationalised.
- (b) **Demarcation between Public and Private sector:** In December, 1977 a demarcation formula was announced. According to it, the areas in which the Public and Private Sectors could operate were indicated.
- (c) **Tax Holiday Scheme:** In March, 1978, a 5-year tax holiday and reduction of import duty on machinery for industries set in specified under-developed areas of the countries was announced. Prior to this, 5-year holiday had already been announced for Baluchistan. The coverage of this scheme has been extended to more areas and additional industries during the subsequent years.
- (d) **Protection of Rights of investors:** In order to encourage industrial investment the 'Protection of Rights in Industrial Property Order 1979 was promulgated. According to this Order

the government cannot acquire industrial units arbitrarily as was done under the 'Economic Reforms Order, 1972'.

- (e) **Industrial investment schedule:** The industrial investment schedule for the fifth plan period, being an investment for guiding and assisting private and public sectors, was announced in April 1979 . The size of the schedule was Rs. 39,288 million with a foreign exchange component of Rs. 21,314.5 million.
- (f) **Transfer of managed establishments:** In September 1978 the transfer of managed establishment order was promulgated according to it, the Federal government has been empowered to offer to the former owners of nationalized industries, the share or proprietary interest in acquired establishment.
- (g) **Exemption from obtaining prior sanction:** Industries involving investment of Rs.5.0 million including foreign exchange component of Rs2.5 million were exempted from obtaining prior sanction except those which involved substantial recurring import liability and those based on machinery the import of which was band under import policy. This limit was raised to Rs 20.0 million including foreign exchange component Rs 10.5 million.

B Monetary Incentives given in Zia's Government

For monetary incentives, the following measures had been taken:

- (a) The interest rate on loans for fixed investment in industry and agriculture was reduced from 12.5% to 11%.
- (b) Margin requirements for establishing large scale industries L/Cs for importing some industrial raw material have also been reduced.
- (c) The scope of the Export Finance Scheme had been expanded and the rate of interest on bank advances for items covered by the scheme had been reduced, in stages, from 10% to 3%.
- (d) In case of the exports of locally manufactured machinery, the interest rate on bank advances had been reduced to 2%.

C Fiscal Incentives

To boost up industrial growth following fiscal incentives had been provided:

- A. Tax holiday for industrial units to be set up in specified under-developed areas of the country had been extended to more areas. In the 1979-80 Budget, industries located in Azad Kashmir Northern Areas and Tribal Areas and the districts of Mansehra and Kohistan which previously enjoyed partial exemption had been allowed total tax holiday. Besides, other incentives provided to industrial sector were included the reduction in the import duty on raw materials/components used for capital goods from 40% to 30%, increase in tax credit from 10% to 15% of the cost of machinery and equipment.

B. In the 1980-81 Budget, the fiscal incentives were further strengthened.

Some of the principal incentives were:

- (a) Income of enterprise and the foreign employees in industries set up in the Export Processing Zone, Karachi have been exempted from tax for five years.
- (b) Initial depreciation allowance to industrial machinery and building expiring on 3-6-1980 was extended upto 30-6-83.
- (c) Tax holiday was extended to industries established in industrial estates approved by the Central Board of Revenue and located in N.W.F.P, the district of D.G Khan, and Mianwali and Tehsil Khushab in the Punjab and district of Dadu excluding Kotri and Shikarpur in Sind.
- (d) Duty free import of machinery has been allowed for installation in units located in the industrial estates in N.W.F.P, district of D.G Khan, and Mianwali and Mianwali and Tehsil Khoshab in the Punjab, and districts of Shikarpur, Jacobabad and Dadu including Kotri in Sind.
- (e) To encourage the ship-breaking industry, the duty on ship for scrapping was reduced from 50% to 30% and the sales tax of 8% was abolished.

In the Budget 1980-81, some additional fiscal measures have also been announced. Some of them were:

- (a) Ceiling of initial depreciation allowance admissible to plant and machinery has been raised from 25% to 40%.
- (b) Monetary limit of investment for the purpose of tax rebate was increased from Rs. 40,000 to Rs. 45,000.
- (c) The standard rate of sales tax on all locally produced goods had been reduced from 20% to 12.5%.
- (d) A tax concession had been granted to domestic carpet exporting and engineering goods on account of publicity, and free sampling abroad at the rate of 1-1/3 times of the actual expenditure.
- (e) Duty on the import of hydrogen peroxide, and important raw material for textile industry has been reduced from 85% to 40%.
- (f) To encourage marble industry, duty free concession had been allowed on the B.M.R. import of machinery for this industry and to the Gemstone Corporation for the import of required machinery.
- (g) Compensatory rebate at the rate of 12.5% had been granted on the export of hand-knotted woollen carpets and leather goods.

4.16 The Process of Industrialization in Pakistan: 1977-1987

One of the most important concerns of the Zia regime in mid-1977 was the need to restore business confidence and, particularly, private sector confidence and motivation, in order to revive investment in industry and agriculture, so as to improve the economy's performance substantially. The military government of General Zia-ul-Haq, like the military government of Field Marshal Ayub Khan, made the decision that the private sector was to play the leading role in the industrial sector.

Amongst the earliest steps taken by the Zia government to appease the private sector was the denationalisation of a number of agro-based industries. Rice husking, flour milling and cotton ginning, which were running inefficiently and were heavily in the red, were denationalised in September 1977, along with the denationalisation of some small engineering units as well. In December 1977, a number of basic and heavy chemical and cement industries were opened up to the private sector, which was also given further incentives, such as tax holidays or march 1978, which were essentially aimed at encouraging industrial activity in the less developed regions of the country. Export rebates were also reduced. Some attempts were also made by the new military government to ease economic controls and regulations, including the procedures for the sanctioning of private sector investment.

The investment programme of the Fifth five-Year Plan gave very high priority to producer and investment goods industries with industry based on indigenous

raw materials next in line. Apart from bringing back the private sector, the stress on the use of indigenous raw material skin industry was also seen as important to revive the sluggish performance of the agricultural sector. The economic managers of the Zia regime were looking for short and medium term gains to accrue from a boost in textile exports.

Growth in large-scale manufacturing was projected at the highly ambitious rate of 12 percent per annum, a target which was, surprisingly, achieved.

However, the study by the Institute of Developing Economies in Japan makes the rather more pertinent point that in contrast to its [the Zia regime's] rhetoric against the Bhutto government's economic agenda, the Zia government was hoping to reap the rewards from investments made by the previous regime. This study continues that, even at the time of the Sixth Five-Year Plan, there were no clear moves towards privatisation. 'In fact, public sector industry was seen as playing an instrumental role in industrialization in particular and development in general'. Moreover, the study the political economy of the government's decision not to go on a large scale privatisation drive was that it did not want to 'alienate those groups and classes which had benefited from nationalization by seeking employment in the sector. This group also comprised of the urban lower middle class, which had been the most strong political agitator in Pakistan's history.

Table 4.7: Share of public industrial enterprise in total large-scale manufacturing, 1978-1988.

1978/9	14.47	7.12	72.74
1979/80	14.34	14.55	65.25
1980/1	15.24	12.27	58.01
1981/2	16.15	13.28	52.03
1982/3	14.82	13.90	48.29
1983/4	16.36	11.81	44.56
1984/5	-	-	31.38
1985/6	-	-	30.68
1986/7	-	-	21.64
1987/8	-	-	17.85

An increase in the investment sanction limit; drastic reduction in the list of specified industries (which require government sanction), reduction of tariffs on a number of raw materials, intermediate and capital goods; introduction of a three-year liberal trade policy; and upgrading of an Industrial Incentives Reform Cell (IIRC) into a Tariff commission in 1989 to make recommendations on fiscal anomalies and effective protection.

A series of measures were introduced to deregulate industrial operations in the cement, oil seeds and fertilizer industries. Private investment was permitted in cement production and State owned enterprises allowed to vary their prices. Subsidies were substantially reduced and cement import was permitted. A similar package of de-regulation and reform was adopted for the oil seeds

sector and a major divesture programme was adopted for the oil seeds sector and a major divesture programme was initiated by the public ghee corporation.

In a report published earlier, in 1988, the World Bank argues as follows:

Industrial growth has been encouraged by an improvement in the industrial policy environment for private sector initiative, in accordance with Sixth plan objectives. The composition of industrial investment has shifted heavily toward the private sector. Private industrial investment expanded by almost 23% in real terms during the Plan period, as against a 7% annual increase in total industrial investment. In total, over 72% of total industrial investment during 1984-87 was contributed by the private sector. The restriction that public manufacturing investment be limited to the completion of ongoing projects and to rehabilitation of existing plants contributed to this outcome.

The Institute of Developing Economics study summarizes these issues as follows:

On the whole the manufacturing sector in Pakistan has recorded impressive growth rates during the 1977-88 period. The principle reason for this performance has been a result of two important phenomena:

- i. The coming on stream of the public sector provided the requisite diversity in the manufacturing sector. This resulted in both once and for all gains that such large investments are expected to bring in and secondly in the linkage effects that it created.

- ii. The revival of confidence in the private sector to invest in industry once again after the brief interval. The spheres for private industrial investment that were charted out by the Bhutto regime, i.e. the consumer goods sector and the picking up of linkage effects that the public sector would create, reached fruition in the period under review.
- iii. The underlying reason for high rates of growth and investment for growth in output was buoyant demand in the economy as a whole. Because of the remittances from the Gulf and a growing agricultural and services sector, consumption demand increased. Investment demand, on the other hand, was enhanced by high resource inflows from the international community, particularly the US, because of Pakistan's strategic role in the Afghan war.
- iv. After General Zia's death the democratic transition was matched by a new economic order and Pakistan entered the world of the structural adjustment programme under the care full eye of the IMF and World Bank.

4.17 The Age of Structural Adjustment: 1988 Onwards

The plan had set ambitious targets for overall reforms in the industrial sector, and included further deregulation, privatisation, tariff reform, and regulation of foreign investment. As far as the three year agreement (1988-91) with the IMF

was concerned, the industrial policy outlined in the letter of interest committed the government of Pakistan to the following:

- i. Limiting the list of specified industries,
- ii. De-regulating business decisions,
- iii. Raising the investment sanctioning limit annually. It was to be raised from Rs.700 million in 1988 to Rs.1 billion in 1991;
- iv. Phasing out industrial location policies over a three year period, and provision of Infrastructural services at prices that reflect economic costs;
- v. Diverting the shares of public sector companies to the private sector;
- vi. Instituting a corporate rationalization programme to enhance efficiency in the remaining, i.e. non-divested, public enterprises;
- vii. Considering a realistic trade regime as a primary investment or structural adjustment effort;
- viii. Enhancing export incentives;
- ix. Reducing the level of protection accorded to different industries;
- x. Reducing the list of restricted import items as well as those subject to quantitative restrictions;

- xi. Achieving a tariff range of 0 to 100 per cent by 1st July 1990, and
- xii. Phasing out all tariff exemptions by 1990/91 except duty drawback for exporters, exemptions for import of capital equipment in key industries and reasonable baggage allowances.

In addition to the above industry specific recommendations, the following prescriptions of the IMF's macroeconomic recipe have a direct impact on industrial development in Pakistan.

- i. An increase in the level of indirect taxation (in the form of a generalized sales tax) by July 1990;
- ii. Withdrawal of subsidies on gas, electricity, telephones and fertilizers;
- iii. An increase in producer prices of major crops (wheat, cotton, sugarcane, rice and oil seeds) and in the prices of petroleum products;
- iv. A 12.5 percent reduction in the public sector development programme during the agreement period (1989-1991); and
- v. Restriction on government borrowing and credit allocation to the private sector.

The World Bank, in its review of the programme of 1988-91, felt that the economy responded well to these policy reforms. Progress in implementing structural reforms to promote private sector activity has been exceptional

during the last four years, despite three changes in government during this period. The large scale-manufacturing sector managed an impressive growth rate of 7.4 percent in 1991/2 due to the rapid expansion of cotton manufacture. The World Bank considered Pakistan to have achieved an "excellent growth performance".

A major emphasis of the structural adjustment programme was on the enhancement of growth by encouraging the private sector, which was supposed to take a leading role. Amongst the investment and industrial policies followed was a 'forceful' programme of liberalizing the economy from government control.

Table 4.8: Growth of Manufacturing

Year	Manufacturing	Large Scale	Small Scale
1990-91	6.3	5.4	8.4
1991-92	8.1	7.9	8.4
1992-93	5.4	4.1	8.4
1993-94	5.4	4.1	8.4
1994-95	2.9	0.54	8.4
1995-96	4.8	3.13	8.4
1996-97	1.19%	-2.2%	8.4
1997-98	7.9%	7.6%	8.4
1998-99	4.7%	2.7%	8.4

Source: Economic Survey 1998-99.

4.18 Industrial Policy of The Military Government

The Military Government of president Musharaf announced its industrial policy in April, 2000 which is as follows:

The government noted that in 1970s the factors responsible for the slow down of industrial investment in the country were varied and many. The foremost among which was the sweeping nationalization of well-established, privately owned large scale industrial units with the result that in subsequent years private investment in industry remained absent.

The period beginning in 1990s was noted for deregulation of sanctions in private investment in industry. However, despite attractive concessions like area wise and industry wise tax holidays and other concession, the investors, concentrated on textile, lather and a few other industries. The share of industrial sector in GDP remained low at around 17% lagging far behind the agricultural sector 25%.

Thus, it was noted that there can be no two opinions that rapid industrial growth can alone contribute to attainment of economic goals such as sustainable economic growth, reduction in unemployment, dynamic export growth, full scale development of human and material resources of the country and the ultimate achievement of a self reliant economic base.

4.19 Objectives of the policy

The objectives of this policy are as follows:

1. Removal of major regulatory distortions; and
2. Removal of technological deficiencies and various other impediments that were confronting the industrial sector.

Measures so far taken: Keeping in view the above objectives, the focus of the government efforts will be on the small and medium enterprises in the private sector. It was noted that this sector represents vast potential for employment generation and exports expansion. But at present small and medium enterprises are suffering on account of low technological base, poor credit allocation, weak Infrastructural support, poor marketing conditions and low value addition.

For a concentrated support to this sector, it is planned that in the beginning four sub sectors, namely fisheries, textiles, farm based industry and marble are to be selected for targeted intervention.

Based on detailed analysis these sectors will be provided support through credit availability, technological information, establishment of institutional stakeholders that bridge information gaps about markets and cost effective methods of value addition.

It is noted that there are still certain areas where public sector has a role to play for industrial development. For instance, many of the processing facilities to

enhance non-traditional exports are required to be developed in the vicinity of areas where private sector would not be able to easily set-up industry.

For this purpose, Pakistan Industrial Development Corporation (PIDC) will act as a catalyst, through joint venture arrangements with the private sector. All other public sector corporations will gradually dissolve as soon as their units are privatised.

4.20 Conclusion

The phenomenal growth rate experienced in the industrial sector in Pakistan in the early 1950s was 6.9 to GDP which shows how, from an almost non-existent base, the growth rate of the industrial sector was doubling itself every few years. The extraordinary growth rates of over 20 percent between 1950 and 1955 in large scale manufacturing were achieved primarily because very little existed to start with and, hence, any investment and production, no matter how little, would register impressive gains. Only in the early 1960s did large scale manufacturing come close to the extraordinary period of the early and mid 1950s. Nevertheless, overall manufacturing did manage to produce a growth rate of close to 10 percent on average throughout the 1960s followed by a substantial reduction in the 1970s, the reasons for which were discussed previously. The 1980s once again saw a return to a very impressive annual average growth in manufacturing of 8.21 percent, a fact which received much recognition by international agencies, independent analysts and scholars. The growth rate reduced to 1.6% during 1999-2000.

A trend which is striking for its monotony is exhibited by the small scale sector. The first few years, 1950 to 1962, show a consistent trend of 2.3 percent annual growth, followed by a growth rate of 2.9 percent over the next eight years, with the Bhutto period registering an annual growth rate of 7.3 percent. From 1977 until the present, we again witness a consistent trend of 8.4 percent. This trend seems too consistent for it to be of any real substance. In fact, the growth rate for the small scale sector is not calculated, as it is for the large scale sector, and is merely imputed or assumed. Every few years, a readjustment in the annual growth rate is made to reflect a more realistic trend. However, as discussed before the small scale and informal sector is much more dynamic and productive than the government. Moreover, this estimate for the small scale industrial sector implies that, because the estimate is on the low side, so too would be the figure for overall manufacturing, which is based on both large and small scale industry. Furthermore, not only is the small scale more dynamic on its own, but many activities previously undertaken in the large scale sector have shifted to the small scale sector textiles in particular. The implications of this are that, unless a correct annual estimate of the small-scale sector is made, the growth rate reported for the overall manufacturing sector will always be on the low side. In fact, as the small-scale sector prospers, the extent of error in the sum of overall manufacturing will increase unless proper figures are made available.

The slowing down in the manufacturing sector is mainly due to the poor performance of large scale manufacturing. The ups and downs in the production of cotton crops have adversely affected the cotton industry. The delayed crushing of sugarcane, slow payments of sugarcane to the farmers, the political rivalries in this industry etc. have slowed down the production of sugar. Breakdown of electricity, tough competition in international market, high prices of raw materials, use of outdated machinery, managerial incompetence, low industrial investment, heavy duties, imposition of sales tax, disturbances in Karachi, political uncertainty in the country etc. had a negative impact on the industrial sector.

The govt of PPP and Mian Nawaz Sharif had given many economic revival programmes but the efforts were not proven fruitful and now the military govt. of General Pervez Musharaf is busy to review the economy and minimize industrial problems and industrial sickness. In this regard Corporate Industrial Reconstructing Corporation (CIRC) has been established and the task of revival of four thousand sick industrial units are allotted to it. It is busy in solving management and financial problems of such sick industrial units. It has revived more than 80 sick industrial units in Pakistan upto 2001 and created jobs for 26000 workers. In solving the problems of sick industrial units the positive role played by CIRC will always be appreciated.

CHAPTER 5

INDUSTRIAL DEVELOPMENT AND THE ESTABLISHMENT OF GADOON AMAZAI INDUSTRIAL ESTATE

5.1 Introduction

In this chapter an attempt is made to give general information to the reader about Gadoon area, regarding Agriculture, geology and topography. The area was famous for poppy cultivation and in order to eradicate poppy cultivation government of Pakistan with the help of US aid established an Industrial Estate. The main objective was to provide alternative employment opportunities to the local people.

5.2 Background of Gadoon Area

CHAPTER 5

INDUSTRIAL DEVELOPMENT AND ESTABLISHMENT OF GADOON AMAZAI INDUSTRIAL ESTATE

In the south and tribal district on the border and comprises of rough mountains, plain fields, steep and green hills. Before 1952, it was under the FATA (Federally Administrated Tribal Area Regulations).

5.3 Climate

The Gadoon Amazai plain has a sub humid and subtropical type of a climate. The monthly temperature varies from 12°C in January to 34.5°C in June. The average daily maximum temperature in June is more than 40° C and the average daily minimum temperature in January is close to freezing point. More than half of the rain falls in the summer season.

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5.2 Background of Gadoon Area

Gadoon Amazai is surrounded by Swabi district on the West, Haripur district on the south and Bunair district on the north and comprises of rough mountains, plain fields, steeps and green hills. Before 1952, it was under the FATA (Federally Administrated Tribal Area Regulations).

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The Gadoon Amazai plain has a sub humid and subtropical type of a climate. The monthly temperature varies from 12°C in January to 34.8°C in June. The average daily maximum temperature in June is more than 40° C and the average daily minimum temperature in January is close to freezing point. More than half of the rain falls in the summer season.

5.4 Agriculture

Gadoon Amazai has an agro based economy. Agriculture is the main profession of 87 percent of the inhabitants. Out of 138000 acres of land only 3000 acres are cultivatable in which 6 percent to 8 percent is irrigated land while the rest is barani land. There is little economic activity in the area other than agriculture. The principal crops grown in the area are wheat, maize, poppy, barely, sugar beet, tobacco, melon, sugarcane and sarsoon. The residents of Gadoon area have been growing poppy for several decades. The reason for the cultivation of poppy is that, it requires less water and is highly profitable, and is therefore the most suitable Rabi Crop for the barani area of Gadoon Amazai. During early 80's the area became one of the leading poppy growing area in Pakistan.

5.5 Demography

According to economic survey of Pakistan 1990 the total population of Gadoon Amazai is approximately one lac sixteen thousands (116000) living in 18900 households with an average of 6.2 members per household. In households, 55.02 percent were males and dependency ratio WDS 85.18 percent. 90 percent of the household size was 5-6 while average density per living room was 3-4. The population density is 194 per square kilometres. Only 17 percent of the total population enjoyed the facility of electricity.

5.6 Literacy

Overall literacy rate of the area was 15.6 percent in which male literacy was 25.2% and female literacy rate was 2.1 percent during 1990.

5.7 Income

The average monthly income per household was Rs.2779.5, the major portion i.e. 76.57 percent of which came from the cultivation of poppy in Rabi season while Maize which is the principle crop of Kharif occupies 88 percent.

5.8 Livestock

Livestock contributes a lot to the economy of Gadoon Amazai area. Most of the families in Gadoon area keep livestock like goats, sheep, cattle and poultry.

5.9 Water Resource

The Gadoon plain area is dissected by a number of streams namely Polah Khawar, Wuch Khawar, Kundal Khawar, Jmmu Khawar and Babinai Khawar which are the main source of surface water while the depth of the ground water ranges from 5 m to 26 m near the Kundal Khawar.

5.10 Forestry

Being a mountainous area, Forestry also plays an important role in the economy of the area. There are pine trees in the upper parts while shrubby, small trees like Shisham, Kikar, Mulberry, Poplar and natural herbs are found in the lower

parts of the area. The forests also had varieties of plants like Acacia, Palosa, baghnar, Ghuraski, Kakanda and some small shrubs like Kareza, markondai, splamai, Sharghashai, Sanatha. These forests were also rich in wild animals like Lizard, Sisi, Chakore, Partridge, Rabbit, Fox, Doe, Lion, Hern, Duck, Quail and Snake.

5.11 Main Objectives of the establishment of GAIE²

1. American government is playing a vital role in eradicating the cultivation of poppy all over the world, as it is a serious threat to human life. American government asked Junejo government to play its part in this regard. For this purpose Gadoon Amazai was selected. In order to eliminate poppy cultivation in Gadoon area, government of Pakistan decided to establish an industrial estate in Gadoon. The whole poppy crop was destroyed and people were stopped to cultivate poppy in future. People were compensated by providing alternative job opportunities to the them in the industries according to their skill and education while government promised to give training to unskilled people (who are in majority in Gadoon) through human resource development programs.
2. Establishment of GAIE will develop Gadoon Amazai area and improve the lot of its people. By doing so government made an attempt to control migration of urban area.

² Unpublished M.Phil Thesis.

3. The proposed industrial estate was expected to contribute significantly to country's foreign exchange earnings and GNP as a result of increase in the country's export to Middle East and other countries will help to reduce the dependence on the agricultural exports of a few commodities.
4. The alternative means of income will also improve the living standard of the people of the area, as they were economically and socially backward.
5. The establishment of GAIE would lead to labour displacement from the agriculture sector which was already over populated and it was difficult to create employment in the sector for the increasing population.
6. The establishment of GAIE was an attempt to control migration to urban area.

5.12 Travelling Distance from Peshawar

Travelling distance from Peshawar to GAIE is 100 Kilometres while travelling time is about two and a half hours.

5.13 Infrastructural Facilities

The major infrastructure facilities at Gadoon Amazai Industrial Estate are:

1. Extension of 11 KV line animating from Tarbela to the estate.

2. Roads, drainage, electrification, water supply pipeline and tube wells.
3. A200 telephone exchange.
4. A police and customhouse was constructed to provide one window facility.
5. Plots costing Rs 500000 were offered to investors on easy instalments (50% down payment and remaining in 4 bi annual instalments).

5.14 Investors Responses

Despite the availability of all facilities to the investors, the response remained poor and indifferent. Up to June 1989, only 70 plots measuring 142 acres could be allotted and two units M/S Diamonds Industry and M/S Mufti Marble industry were established and no major activities took place on the remaining plots.

5.15 Relief Package / Incentive

NWFP lack industrial culture and new industries are establishing at a slow pace. In GAIE, sensing the vocational disadvantage as a major factor blocking investor's interest, therefore, Federal Government announced a relief package. This package was unprecedented and resulted in a sudden acceleration of the business activities at GAIE. The comprehensive package of incentives and concessions announced by the government includes:

- Income tax holidays for 10 years to all industries in Gadoon Amazai;
- Complete exemption of industrial products from the payment of sales tax for a period of 8 years up to June 1996;
- 50 percent rebate in electricity Charges for GAIE.

Mark up of 3% on commercial loans for fixed assets, bridge financing and working capitals etc. given to the investors by the banks and other financial institutions.

In 1989 Federal Government granted further exemptions under SRO 517(1)89, which included complete exemption from import duty, iqra and import surcharge on import of machinery as well as on raw material which is not manufactured locally and imported between Dec. 1989 to June 30 1995.

Provincial Government also announced special incentives for Gadoon Amazai to stimulate investment in that area, which are as follows:

1. exemptions from octroi and local taxes for 5 years on commencement of production;
2. the import license fee was reduced from 6 percent to 2 percent for import of plant and machinery not manufactured locally;
3. debt ratio would be 70:30 instead of 60:40 for industrial units based on imported machinery while for industries based on local machinery it would be 80:20;

4. creation of self power generation by the industrialists individually or collectively would be encouraged and in case where there is excess electricity generation WAPDA would purchase the excess power.

5. government institutions will acquire necessary technology from abroad for its transmission to motivate rural entrepreneurs at economical rates. These institutions will also provide required technical assistance and marketing expertise for industrial projects.

A relief package was announced on 31, March 1992 in which government granted 25 percent exemption from the customs duty on the import of raw material one machinery for a period of one year to all the existing industrial units in GAIE. This exemption failed to provide adequate relief to the troubled industrialists. So government made another attempt of providing relief to the industrialists in which government extended 25 percent exemption from custom duty on imports for a period of 5 years during 1994. This time, along with existing industrial units, exemption was also given to industrial units coming into operation up to 30 June 1995. Moreover, a 50 percent reduction in electricity tariff was also continued for further 5 years but industrial units included in the negative list were not eligible for both of these exemptions.

The positive attitude of the government towards industrial development encouraged the Industrialists. The experts suggested a few amendments in the negative list of existing as well as future industrial units on 20th December 1994. Since the negative list prepared by the government was very large and

Gadoon Amazai Industrial Estate could further sink into deeper trouble as a result of this negative list, the government accepted to reduce the negative list as proposed by the industrialist and on 9th January 1995 made the following amendments in the negative list.

1. Textile, paper sacks and paper products were excluded from the negative list.
2. Edible oil mills were granted 7 percent exemption from import duty.
3. 20 percent existing metal industries including furnace and rolling/re-rolling mills which were established before the formulation of negative list were given concession in electricity charges up to 50 percent of the electricity charges prevailing in 1989. This concession granted to GAIE was irrespective of the changes in electricity charges with time.

Moreover, government offered 25 percent exemption from whole of the custom duty and sales tax in SRO 180/95. In 1990, the withdrawal of the 5 year old incentive of exemption from the 25 percent customs duty on imports granted to GAIE in 1995 under SRO 180/95 ended with the completion of given time period. For details informations of incentives see appendix 5 and 6 and appendix 7 shows the investment and number of employment created by industrial units due to incentives in GAIE.

Table 5.1: Incentives availed by Different Sectors

S.No	Sector	No. of Units	SRO 517	2.5% one time relief ³	SRO 108 ⁴	50% Electricity concession
1.	Textile	32	23	17	16	39
2.	Electronics	6	5	5	4	6
3.	Steel	6	2	5	0	20
4.	Plastic	61	47	52	13	78
5.	Carpets	1	0	1	1	2
6.	Chemicals	9	4	6	7	21
7.	Soap	3	1	3	3	0
8.	Papers sacks	6	4	6	5	6
9.	Ghee	4	1	4	2	8
10.	Metal	16	7	11	0	15
11.	Foam	4	4	2	0	4
12.	Batteries	2	2	2	2	0
13.	Glass	2	0	1	1	0
14.	Wood Products	2	2	0	0	0
15.	Engg: Hardware	3	2	3	1	15
16.	Stainless Steel	3	2	3	1	6
17.	Marbles	0	0	0	0	2
18.	Beverages	0	0	0	0	1
19.	Packages	0	0	0	0	1
	Total	160	106	121	56	224

Source: Sarhad Development Authority (2002)

³ 2.5% rebate in import duty one time relief for one year

⁴ SRO 108-25% concession in import duty for 05 years

5.16 Effect of Incentives

The investors from all over the country submitted application for allotment in different sectors of industry and additional land was acquired measuring 916 acres and extended infrastructure worth Rs.100 million was provided 623 plots measuring 992 acres of various sizes were developed and allotted and the remaining area was provided for infrastructure and commercial activities. The investors started activities and during 1991, 111 industries went into operation while others were at various stages of construction. Industrialization due to the above packages and the trend of establishment of industries went up to 165 units in 1994. But it showed down trend from 1995 as could be seen in the Table 5.2. An investment worth 10 billion was attracted. The activities resulted in 15000 direct employment and 25000 indirect employment.

Table 5.2: Year wise detail of closed and operational units of GAIE

Year	Operational	Closed
1989	2	0
1990	45	0
1991	111	0
1992	115	30
1993	160	36
1994	165	48
1995	130	90
1996	98	116
1997	104	117
1998	80	140
1999	76	140
2000	72	150
2001	59	163

Source: Sarhad Development Authority (2001)

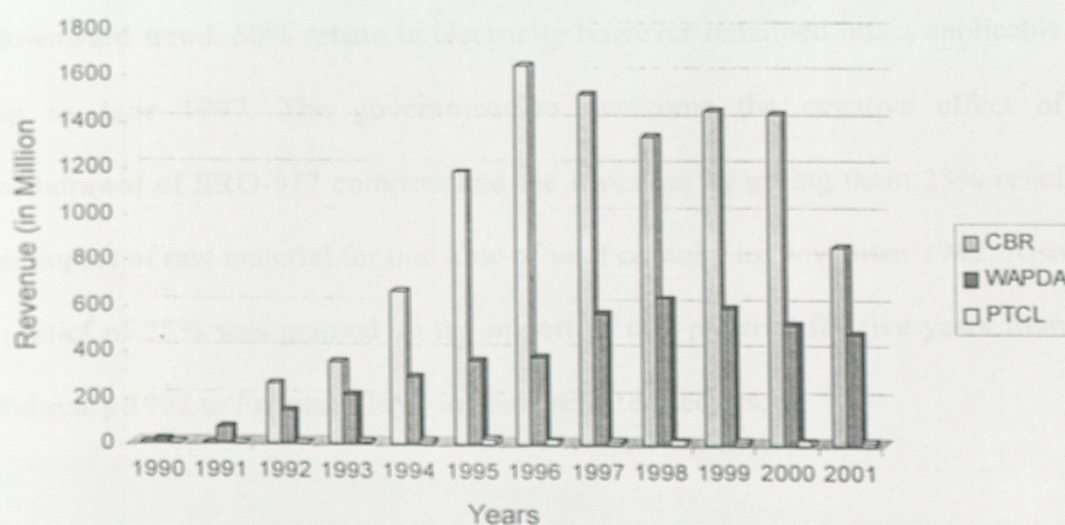
The CBR, WAPDA and PTCL also generated revenues. The revenue performance could be seen from table 5.3.

Table 5.3: Year wise revenue generated by GAIE for CBR and WAPDA
Rs. In Million

Year	CBR	WAPDA	PTCL
1990	0.000	11.9000	0
1991	0.000	69.3850	0
1992	255.220	141.7140	0
1993	352.570	212.2319	4.78
1994	656.800	289.2360	11.843
1995	1178.280	360.2360	17.612
1996	1638.600	376.0230	17.084
1997	1509.200	560.4100	16.347
1998	1330.187	629.1790	17.549
1999	1439.337	586.0520	15.315
2000	1423.758	512.9820	17.013
2001	850.720	475.8200	13.844

Source: Sarhad Development Authority (2002)

Revenue Generated by various Agencies



It can be seen from the table 5.3 that CBR suffered a lot due to the closure of industries. The impact on WAPDA was lesser when the 50% concession in electricity charges was withdrawn. Also the drive against illegal use of electricity reduced the losses of WAPDA due to closure of industries. The income of PTCL is also negatively affected after the withdrawal of incentives.

Any way, the incentives helped in the establishment of an industrial culture and safe haven for investment, though even for a small period of time.

5.17 With drawl of Incentives

Government of Pakistan withdrew all the concessions and incentives granted to Gadoon Amazi Industrial Estate on 9 May 1991 even within a period of less than 2 years of the announcement of these incentives as promised for a period of 5 years. The premature withdrawal of incentives forced the investors to abandon the estate leaving behind completed, constructed and vacant plots apparently not economically feasible and the economic activity showed a downward trend. 50% rebate in electricity however remained intact applicable up to June 1997. The government to overcome the negative effect of withdrawal of SRO-517 compensated the investors by giving them 25% relief in import of raw material for one time of total capacity in November 1992. Also a relief of 25% was granted on the import of raw material for five years from February 1992 to February 1997 in some selected sectors.

But the withdrawal of incentives resulted in the redundancy of investments worth Rs.4 billion. Rs.9 billion loans from financial institutions were stuck up. The direct employment came down to 9000 and indirect to 15000. Also the SDA has vacant land worth Rs.170 million, infrastructure worth Rs.100 million and 35 million out standing against the defaulters and a total of 300 million investments is not feeding. CBR revenues also came down to Rs.25 to 30 million/month against Rs.73.85 million and unit consumption of WAPDA has also decreased tremendously. The industrial units closed due to the removal of incentives and concessions. The details of operational and closed unit is given in table 5.4 & 5.5.

10. Metal Engineering Unit	21	520,368	57
11. Electrical Machinery units	2	27,520	2
12. Scientific and Measuring	6	1102,510	20
13. Construction Industry	1	66,475	3
14. Weaving Polypropylene, Woven	29	794,500	81
15. PVC Pipe Product	5	14,133	13
16. Other Plastic Products	15	369,281	19
17. Corrugated Steel	2	72,610	7
18. Stainless Steel	1	51,048	7
19. Ghee Mills	7	242,074	41
20. Marine Industries	1	10,000	4
Grand Total	169	6374,968	334

Source: Sindh Development Authority (2002)

The details of operational units is given in Table 5.5

Table 5.4: Summarized category wise position of closed units in GAIE due to the removal of incentives.

S.No.	Category	Closed Units		
		No. of Units	CAP Cost (Rs.in million)	Total Staff
1.	Textile and Apparel	29	1369.348	91
2.	Wood Products, Crockery	3	147.818	6
3.	Paper, Printings, Publishing	6	125.310	17
4.	Drug and Pharmaceutical	2	28.500	7
5.	Industrial Chemical	3	91.835	12
6.	Other Chemical	6	116.281	20
7.	Plastic Products	8	161.263	22
8.	Non Metallic Mineral Product	1	9.495	2
9.	Steel Mills	18	383.816	83
10.	Metal Engineering Unit	21	520.769	57
11.	Electrical Machinery product	2	27.620	2
12.	Scientific and Measuring	6	102.510	20
13.	Construction industry	1	66.478	3
14.	Shopping/Polypropylene, Woven	29	794.509	81
15.	PVC Pipe/Product	5	84.433	13
16.	Other Plastic Products	15	369.283	39
17.	Corrugated Steel	2	72.610	7
18.	Stainless Steel	4	51.048	7
19.	Ghee Mills	7	342.034	41
20.	Marble Industries	1	10.000	4
	Grand Total	169	4874.960	534

Source: Sarhad Development Authority (2002)

The details of operational units is given in Table 5.5.

Table 5.5: Summarized category wise position of operational units in GAIE

S.No.	Category	Operational Units		
		No. of Units	CAP Cost (Rs.in million)	Total Staff
1.	Textile and Apparel	10	8701.730	6069
2.	Paper, Printings, Publishing	5	524.323	167
3.	Drug and Pharmaceutical	2	135.962	175
4.	Industrial Chemical	5	139.815	165
5.	Other Chemical	9	357.247	436
6.	Plastic Products	1	12.414	20
7.	Non Metallic Mineral Product	1	14.163	46
8.	Steel Mills	2	17.147	106
9.	Metal Engineering Unit	1	49.000	36
10.	Scientific and Measuring	1	199.000	260
11.	Shopping/Polypropylene, Woven	6	526.160	314
12.	PVC Pipe/Product	4	74.500	126
13.	Other Plastic Products	5	308.414	259
14.	Iron and Other Steel	1	100.000	89
15.	Ghee Mills	1	37.700	20
16.	Marble Industries	1	14.800	34
	Grand Total	55	11212.376	8322

Source: Sarhad Development Authority (2002)

5.18 Reasons for the Withdrawal of incentives

Justifying the decision for the withdrawal of incentives, Nawaz Regime said that firstly, all sorts of the exemptions granted to GAIE created discriminations between persons and areas within one country. These exemptions were provided at the cost of industrial units of the country that were facing an unfair competition with these industrial units as these exemptions reduced the cost of production of industrialists in GAIE. It resulted in disharmony among the industrialists in the country.

Secondly these tax exemptions were misused by some of the industrialists and they served their vested interests. The industrialists flocked to the incentives granted to Gadoon areas. They imported machinery and equipment from abroad in the name of their factories at Gadoon but in reality they shifted the duty free machinery to locations other than Gadoon. Infact they installed outdated machinery in their factories at GAIE.

The exemptions not only caused revenue loss as a whole but were also a source of corruption and accumulation of black money. As such tax exemptions only created a culture of opportunism for quick gains and failed to help sustainable development in the industrial sector.

On the other hand, critics rule out all the justifications of withdrawal of incentives given by the government. They are of the opinion that as these incentives were given by one government (Benazir Bhutto), so the other

government (Nawaz Sharif) due to its rivalry abandoned all the policies and schemes of the previous government. Total withdrawal of incentives was unfair, the incentives should have been withdrawn gradually and step by step. Moreover, this withdrawal of the incentives was unfair because all the objectives of the establishment of GAIE were full filled and there was no justification for it.

As a result of the withdrawal of the incentives the biggest and most busy industrial estate of NWFP turned into a graveyard of industries. All of a sudden leaving the people of the area unemployed and helpless. Here the government ignored the main objectives of the establishment of GAIE that were to stop poppy cultivation in Gadoon area, to provide employment to the people and to bring this backward area of the country at par with other developed areas of the country.

CHAPTER 6

ANALYSIS AND DISCUSSION

6.1 Introduction

Manufacturing is a very important sector of the economy of Pakistan. But unfortunately this sector is facing quite a lot of problems. For the last few years, the number of sick industrial units is on the increase. According to an estimate the number of these sick units has gone over 4000 units. The average growth rate of large scale manufacturing was 8.2% in the 1980s, it slowed down to 4.7% in the first half and 2.5% in the second half of 1990s. The overall manufacturing growth rate was 1.6% in 1999-2000. The increasing incidence of industrial sickness is certainly a matter of deep concern not only for the industrialist shareholders but also for the society at large.

CHAPTER 6

ANALYSIS AND DISCUSSION

The purpose of this research study is to investigate and identify the causes of sickness of the industrial units in Gadoon area, the impacts of GAIE on the people of that region and to assess the impact of sickness on the inhabitants of the area and suggest measure for probable revival of sick industries in Gadoon Area. This chapter presents the statistical results provided by the survey data and discusses the findings in the context of research hypothesis.

The impact of GAIE on the inhabitants of the area are checked with the parameters namely

- i. Structure of house
- ii. Area of house

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The impact of GAIE on the inhabitant of the area are checked with the parameters namely

- i. Structure of house
- ii. Area of house

- iii. No. of rooms within the house
- iv. Home appliances
- v. Level of education
- vi. Transport facilities
- vii. Level of income
- viii. No. of school going children
- ix. Employment position.
- x. The No. of male and female private schools

All the above-mentioned parameters were checked before the establishment of GAIE and After GAIE. Two parameters were checked even after sickness. That is level of income before sickness and after sickness and the number of school going male and female children.

To identify the causes of sickness in GAIE and to suggest measure for probable revival. The parameter are checked with

- a. Year of establishment of units
- b. Types of goods produced
- c. Capital investment
- d. Total cost, fixed cost, variable costs
- e. Mark up rate, amount repaid. From total loan
- f. Reasons of location, low productivity
- g. Number of Permanent and casual staff in a unit
- h. Year when production was stopped
- i. Total units sick and closed
- j. Reasons of sickness
- k. Problems faced by the industrialist

- i. Suggestion from industrialist for probable revival.

6.2 Impact of establishment of GAIE on the people of the area and of sickness

Table 6.1: Distribution of Sample Respondents by age group

Age Group	No. of responses	Percent
15 to 18 years	4	5.4
19-60 years	70	94.6
Total	74	100.0

Source: Field survey (2000)

It is clear from the table 6.1 that the age group of 5.4% of the respondents is from 15 to 18 years while the age 94.6% of the respondents is between 19 and 60 years.

Table 6.2: Distribution of Sample Respondents by Sex

Sex	No. of responses	Percent
Female	8	10.8
Male	66	89.2
Total	74	100.0

Source: Field survey (2000)

According to table 6.2, 10.80% of the respondents from household were female. While 89.2% of the respondents were male there were all together 74 respondents.

Table 6.3: Distribution of the Sample Respondents by Literacy

Level of Education	No. of responses	Percent
Illiterate	18	24.3
Literate	56	75.7
Total	74	100.0

Source: Field survey (2000)

From sample respondents 24.3% were illiterate while 75.7% were literate or educated

Table 6.4: Distribution of the Sample Respondents by level of Education

Level of Education	No. of responses	Percent
Primary	16	28.57
Middle	25	44.64
Matric	8	14.28
FA/F.Sc	3	5.36
BA/BSc/B.Com	3	5.36
MA/MSc	1	1.79
Total	56	100

Source: Field survey (2000)

As regards level of education it is clear from table 6.4 that 28.7% of the respondents had just primary education 44.64% were middle passed, 14.28% were Matric, while F.A/F.Sc were 5.36% there were sample respondents who were BA/B.Sc. or B.Com they were 5.36% while 1.79% of the respondents were M.A/MSc.

Table 6.5: Distribution of sample respondents by Type of Family

Type	No. of responses	Percent
Single	60	81.1
Joint	14	18.9
Total	74	100.0

Source: Field survey (2000)

According to the above table 6.5 from the sample respondents 81.1% were single. While 18.9% were joint

Table 6.6: Distribution of the sample respondent according to occupation.

Occupation	No	% age.
1.Wage earners.	15	20.27
2. Services.	10	13.51
3.Business.	8	10.81
4.Artisan.	4	5.40
5.Farming.	10	13.51
6.Others.	2	2.70
7.Unemployed.	25	33.78
Total.	74	100

Source: Field survey (2000)

In table 6.6 from the sample respondents 20.27% were ordinary wage earner. While 13.51% were engaged in different services, like peon, guard, sweeper, etc. 10.81% were engaged in business. While 5.4% were artisans. 33.78% of the respondents were unemployed because of sickness or closeness of the industrial units.

Table 6.7: Distribution of sample respondent by Place of job.

Place of job	No.	% age
1. Village.	18	24.32
2. G.A.I.E.	48	64.86
3. Elsewhere.	8	10.81
Total.	74	100

Source: Field survey (2000)

According to table 6.7 the place of job 24.32% were in village Gadoon. 64.86% were in GAIE. While 10.81% were in near by village.

Table 6.8: Tenure classification of sample respondents before & after GAIE

Tenure	Before GAIE		After GAIE	
	No. of responses	Percent	No. of responses	Percent
Owned	38	51.4	37	50.0
Rented	28	37.8	26	35.1
Factory	1	1.4	4	5.4
Others	7	9.5	7	9.5
Total	74	100.0	74	100.0

Source: Field survey (2000)

As regards tenure classification according to table 6.8 the sample respondents before the establishment of GAIE, and after GAIE before the establishment of GAIE. 51.4% of the respondents lived in their own houses. While after the establishment of GAIE 50% of the respondents lived in their own houses. 1.4% went to factory houses. As regards rented house 37.8% lived in the rented houses while after the establishment of GAIE 35.1% lived there. 2.7% joined factory's residence. Before the establishment of GAIE 1.4% respondents lived in factory's houses while after GAIE 5.4% of the respondents lived in houses provided by the factory. Before the establishment of GAIE 9.5% were other. The number is the same after the establishment of GAIE. Others include living in Afghan campus living in friends and relatives houses or shared accommodation of few workers.

Table 6.9: House Structure of sample respondents before & after GAIE

H-Structure	Before GAIE		After GAIE	
	No. of responses	Percent	No. of responses	Percent
Pacca	21	28.7	25	33.80
Katcha	52	70.3	44	59.46
Semi Pacca	1	1.35	5	6.74
Total	74	98.6	74	100.0

Source: Field survey (2000)

As regard the house structure of sample house hold before the establishment of GAIE and after GAIE it is clear from table 6.9 that 28.7% were living in pacca houses before the establishment of GAIE while the number increased to 33.8% after the establishment which is an improvement. Before the establishment of GAIE 70.3% used to live in Katcha mud houses the number increased to 59.46 after the establishment of GAIE which is again an improvement. In semi pacca house there lived 1.35% of the sample respondents before the establishment of GAIE. The number has increased to 6.74% after the establishment of GAIE. On the whole the situation has improved after the establishment of GAIE.

Table 6.10: Distribution of sample Respondents according to area of house before and after the establishment of GAIE

Area of houses in Marlas	BEFORE GAIE		AFTER GAIE	
	No. of responses	Percent	No. of responses	Percent
1- 5	35	47.29	20	27.02
6 - 10	17	23.0	26	35.13
11 - 15	13	17.56	15	20.27
16 - 20	8	10.81	11	14.80
Above 20	1	1.4	2	2.8
Total	74	100.0	74	100.0

Source: Field survey (2000)

Area of house is another indicator from which we can judge whether the establishment of GAIE has improved the situation or not. According to table 6.10 from 1-5 marla house before the establishment there lived 47.29% of the sample respondents while after the establishment the number reduced to 27.02%. While from 6-10 marla house there lived 23% of the sample respondents before the establishment of GAIE and after the establishment the number has increased to 35.13%. In 11-15 marla house 17.56% respondents lived before the establishment, while after establishment of GAIE the number reduced to 20.27% from 16-20 marla house 10.81% respondent lived before GAIE the number increased to 14.80%. In above 20 marla 1.4% house hold lived before the establishment of GAIE while after the number increased to

2.8%. It means people lived in better houses than before after the establishment of GAIE.

Table 6.11: Distribution of sample respondents with respect to No. of Rooms within their houses before & after GAIE

No. of Rooms	Before		After	
	No. of responses	Percent	No. of responses	Percent
1	20	27.04	10	13.51
2	34	45.90	40	54.05
3	9	12.16	13	17.56
4	8	10.80	8	10.70
5	3	4.10	3	4.08
7	0	00	1	1.30
Total	74	100	74	100.0

Source: Field survey (2000)

As related to the number of room in the house of sample respondents before the establishment of GAIE and after GAIE the difference is quite clear from the table 6.11. Before the establishment of GAIE 27.4% house hold live in one room house the number reduced to 13.51% after the establishment. 45.90% of the respondents lived in two room houses before GAIE. The number increased to 54.05% after the establishment of GAIE. Which is a great achievement. Before GAIE 12.16% sample respondents lived in a house having 3 rooms. The number increased to 17.5% after the establishment of GAIE. 10.8% respondents lived in 4 rooms house, the number remained the same after the establishment of GAIE. The number of those having 5 rooms in their house is

4.10%. it is also the same before and after the establishment of GAIE. The number of those having 6 rooms in their house is 0. Before the establishment of GAIE. It increased to 1.30% after establishment of GAIE those houses which have 3,4,5 rooms have joint family system.

Table 6.12: Distribution of sample respondents with respect to facilities within the houses before & after GAIE

Facilities	Before GAIE			After GAIE		
	Yes	No	Total	Yes	No	Total
No of Kitchen	56 (75.76%)	18 (24.24%)	74	66 (89.18%)	8 (20.82%)	74 (100%)
No. of Toilet	68 (91.89%)	6 (8.11%)	74	73 (98.64%)	1 (1.36%)	74 (100%)
No. of Washroom	73 (98.64%)	1 (1.36%)	74	74 (100%)	0 (0%)	74 (100%)
Verandah	21 (28.73%)	53 (71.27%)	74	30 (40.51%)	44 (59.49%)	74 (100%)
No. of Drawing room	6 (8.10%)	68 (91.90%)	74	20 (27.02%)	54 (72.98%)	74 (100%)

Source: Field survey (2000)

As related to facilities provided within the house before and after the establishment of GAIE. It is clear from the table 6.12 that before GAIE 75.76% of the respondents had the facility of having a kitchen while 24.24% had not but after the establishment of GAIE 89.18% had the facility of having a kitchen while 20.82% were unable to construct a kitchen. As regards the facility of toilet 91.89% had the facility of toilet and 8.11% had not, but after the establishment of GAIE the number increased to 98.6%, while 1.36% did not have the facility of toilet 98.64% of the sample respondents had the facility of washroom. The negative responses were 1.36% but after the establishment of GAIE 100% of the respondent had the facility of having a washroom. As

regards veranda, 28.73% had that facility while 71.27% did not have the facility before GAIE, after establishment of GAIE the number increased to 49.51% the negative response reduced to 59.49%. The improvement in situation is very clear. As regard the facility of house having a drawing room, before the establishment of GAIE 8.10% had the facility of drawing room 91.9% had not while after the establishment of GAIE the number of drawing room facility increased to 27.08% and the negative response reduced to 72.98%. The positive effect of GAIE on the sample respondent is clear.

Table 6.13: Distribution of Sample Respondents by House Appliances

Items	BEFORE GAIE					AFTER GAIE				
	Yes	%	No	%	Total	Yes	%	No	%	Total
Fridge	8	10.81	66	89.18	74	18	24.32	56	75.67	74
Deep Freezer	3	4.05	71	95.94	74	5	6.75	69	93.24	74
Radio	48	64.86	26	35.13	74	60	81.08	14	18.91	74
T.V	16	21.62	58	78.37	74	60	81.08	14	18.91	74
V.C.R	5	6.75	69	93.24	74	7	9.45	67	90.540	74
Computers	0	0	0	0	74	5	6.75	69	93.243	74

Source: Field survey (2000)

With regard house appliances before and after the establishment of GAIE according to table 6.13, 10.81% of the respondents said that they had the facility of having a fridge before the establishment of GAIE, the negative responses were 89.18%. After the establishment of GAIE the number of those availing the facility increased to 24.32% while the number of those who did not

have a fridge reduced to 75.67%. 4.05% had the facility of a deep freezer. The negative response was 95.94% for that period. While after the establishment of GAIE the situation was improved quite a lot. Now positive response increased to 6.75% while negative response was reduced to 93.24%. Next items were radio, T.V, V.C.R and computer. Those having a radio before GAIE were 64.86% while those who did not have these facilities were 35.13%. After the establishment of GAIE the number of those who had a radio increased to 81.08% while the negative response decreased to 18.91%. For T.V set positive response was 21.62% before GAIE and negative response was 78.37%. But after the establishment of GAIE the number of those having the facility of T.V set increased to 81.08 while the number of those who did not have the facility reduced to 18.91%. Those lacking the facility were 93.24% before GAIE. After the establishment of GAIE the number of those having the facility increased to 9.45% while the number of negative response reduced to 90.54%. As regards computer no one had a computer before the establishment of GAIE, after the establishment of GAIE 6.75% had the computer. While 93.24% did not have the facility. It is clear now that GAIE had brought a positive impact on the sample respondents.

Table 6.14: Distribution of Sample Respondents by Transport Facilities

Items	BEFORE GAIE					AFTER GAIE				
	Yes	%	No	%	Total	Yes	%	No	%	Total
Cycle	21	28.37	53	71.62	74	36	48.64	38	51.35	74
Bull cart	9	12.16	65	87.83	74	7	9.459	67	90.54	74
Car	5	6.75	69	93.24	74	6	8.10	68	91.89	74

Source: Field survey (2000)

As regards transport facilities cycle, bull cart and car, three items were taken into consideration before and after GAIE. According to table 6.14 for cycle positive response was 28.3% and negative response was 71.6% before GAIE, while after the establishment positive responses increased to 48.64% negative response reduced to 51.35%. For bull cart 12.16% said they have a bull cart 87.8% said they did not have the facility. After the establishment positive response reduced to 9.45% because now people shifted from cultivation towards industry. Negative response increased to 90.54%. For car positive response before the establishment of GAIE was 6.75% while negative response was 93.2% after the establishment of GAIE positive response increased to 8.10% while negative response reduced to 91.89%. Here the improvement is very small. But still it is an improvement.

Table 6.15: Distribution of sample respondents according to literacy status before & after GAIE

	Before GAIE No. of responses	After GAIE No. of responses	%age growth
Male	44	64	45.4
Female	25	43	72
Total	69	107	100

Source: Field survey (2000)

As to analyse the impact of GAIE on level of education it is clear from table 6.15 that before GAIE there were 44 male literate while 25 female were literate, improvement in male literacy is 45.5% while female literacy has improved upto 72%.

Table 6.16: Distribution of sample of respondents School going children before & after GAIE and After Sickness

No. of Children	Before GAIE	After GAIE		After Sickness	
	No. of responses	No. of responses	Percentage growth	No. of responses	Percentage growth
Male	60	88	46.67	75	25.00
Female	39	60	69.23	54	38.46
Total	99	148	50.00	129	30.30

Source: Field survey (2000)

Before the establishment of GAIE the number of male school going children of the families of sample respondents was 60 before GAIE, it increased to 88 after the establishment of GAIE percentage improvement is 46.67 but reduced to 25% after of the units became sick. Perhaps they were now unable to bear education expenses of their children.

The situation is worse in case of female students. Before GAIE 39 female students were going to school. After the establishment of GAIE the number increased to 60. The percentage growth in literacy is 69.23%. After sickness of the units the percentage again reduced to 38.46%. Total male female going to school before GAIE were 99. The percentage growth is 50% after the establishment but reduced to 30.30% after sickness.

Table 6.17: No. of private schools before the establishment of GAIE, after GAIE and after sickness of the units

Type of Schools	BEFORE GAIE	AFTER GAIE		AFTER SICKNESS	
	No. of responses	No. of responses	Percentage growth	No. of responses	Percentage growth
Male	7	10	42.86	9	28.57
Female	2	4	28.57	4	28.57
Mixed	3	5	28.57	4	14.29
Total	12	19	100.00	17	41.66

Source: Field survey (2000)

Before the establishment of GAIE the number of male private school was 7. After the establishment the number increased to 10 and reduced to 9 after the units became sick. Percentage improvement after the establishment of GAIE is 42.86% which reduced to 28.57% after sickness of the units. The number of female private school was 2 before the establishment of GAIE percentage growth is 28.57%. After the establishment of GAIE the number increased to 4. After sickness of the units the number remained the same. The number of mix private school was 3 before the establishment. After the number increased to 5

and after sickness the number reduced to 4. There were total 12 schools before GAIE, the number increased to 19 after GAIE and reduced to 17 after sickness percentage development after establishment of GAIE was 58.3% and reduced to 41.66% after sickness.

Table 6.18: Effects of Sickness on the Employment of Sample Respondents

Effects	No. of responses	Percent
Un-Employed and looking for Jobs	25	33.79
Shifted towards other Jobs	25	33.79
Shifted towards Cultivation	10	13.51
Working but not according to their talent and ability	14	18.91
Total	74	100

Source: Field survey (2000)

Majority of the units in GAIE became sick after the withdrawal of the incentives. It totally changed the employment structure of the workers. The sickness of the units left 33.79% of the workers jobless, and some of them were again thinking about poppy cultivation. 33.79% shifted towards other jobs. 13.51% shifted towards cultivation. 18.91% were engaged in jobs which were not according to their talent and ability. But they accepted it, because of the expenses of the day to day routine.

This industrial estate was established in order to stop poppy cultivation in the area and to provide alternate jobs to those affected people.

Table 6.19: Distribution of sample Respondents showing level of Income earned from all the sources before & after GAIE establishment and after sickness of the units

Income Groups in Rs		BEFORE GAIE		AFTER GAIE		AFTER SICKNESS	
		No. of responses	Percent	No. of responses	Percent	No. of responses	Percent
1	Less than 3000	17	23.0	10	13.51	12	16.21
2	3000-6000	39	52.7	38	51.35	33	44.59
3	6000-9000	8	10.8	11	14.86	17	22.97
4	9000-12000	4	5.4	8	10.81	6	8.10
5	12000-15000	4	5.4	5	6.75	4	5.41
6	Above 15000	2	2.7	2	2.72	2	2.72
Total		74	100.0	74	100	34	100

Source: Field survey (2000)

As related to income of the sample respondents before and after the establishment those whose income was less than 3000 was 23% before the establishment of GAIE. This number reduced to 13.51%. After sickness the number of those whose income was less than 3000 increased to 16.2%. Those whose income was between Rs. 3000-6000 were 52.7% before the establishment of GAIE 51% after and reduced to 44.59% after sickness. While those whose income was between 6000-9000 Rs. Their number before the establishment was 10.8% after the establishment it increased to 14.86% while

after sickness it reached to 22.97%. Those whose income was between 9000-12000 were 5.4% before GAIE increased to 10.81% again reduced to 8.1% after sickness. Those whose income was from 12000-15000 was 5.4% before GAIE it increased to 6.75% and reduced to 5.41. Those whose income was 15000 per month remained the same before GAIE after and after sickness of the units.

6.3 Specification, estimation and verification of the Model for consumption:

Almost all the economists agree that level of consumption is determined by various factors, like level of income, family size, and region etc. however, it was assumed that level of income was the main determinant of consumption. Therefore, for the purpose of this dissertation a simple linear regression model was used. Where the dependant variable is the level of consumption "LC", depending on the level of income LY. The mathematical form of the models for **Before** and **After** the establishment of Gadoon Amazai Industrial Estate respectively are as follows:

$$\text{Model I: } LC_b = \beta_0 + \beta_1 LY_b + U_i$$

$$\text{Model II: } LC_a = \alpha_0 + \alpha_1 LY_a + \varepsilon_i$$

Where the subscripts "b" and "a" stand for before and after the establishment of GAIE respectively.

For the estimation of these models, the Ordinary Least Squares (OLS) method with its usual assumptions was used. The results obtained are annexed in Appendix 3 and Appendix 4.

So far as the verification or significance of the results is concerned, Model-I is significant by all types of tests, viz. the standard error test, the goodness of fit test with R-square and F-ratio. However, the second model could not prove to be significant. The significance could be improved by increasing the sample size, which was not possible at this stage due to lack of time and resources. Thus the results are analyzed with this minor limitation of the model-II.

6.4 Analysis of Results

Complete results of the above mentioned estimated consumption functions are presented in Appendix 3 and 4. However for the purpose of analysis and comparison at a glance the brief results are reproduced as follows:

Model-I for Before the establishment of GAIE:

$$L\hat{C}_b = \hat{C} + \hat{c}LY_b$$

$$L\hat{C}_b = 1276.80 + 0.62Y$$

$$(370.8) \quad (0.054)$$

Model-II for After the establishment of GAIE:

$$L\hat{C}_a = \hat{C} + \hat{c}LY_a$$

$$L\hat{C}_a = 1225.17 + 0.85LY_a$$

$$(2008.42) \quad (0.27)$$

The results reveal that the estimated consumption function was in accordance with the psychological law of consumption developed by Keynes. The autonomous level of consumption in both the cases are positive and are in consistence with the expected values of sample rural areas. The marginal propensities to consume are less than unity.

Difference between the regressions coefficients of the same sample households "Before" and "After" the establishment of Gadoon Amazai Industrial Estate were also in accordance with the expectations. It was assumed that the overall impact of Gadoon Amazai Industrial Estate on the socio economic conditions in general and consumption pattern in particular would be positive. The results of estimated model of consumption function supported the assumption. The marginal propensity to consume was significantly higher in "Post" situation of GAIE as compared to the one in "Pre" situation. The corresponding figures were 0.85 and 0.62 respectively. This implies that in a post situation a greater fraction of increased income went to consumption, which naturally affected the standard of living positively. The monthly level of consumption equals to 85 percent indicated improvement in health, education and other basic necessities. Contrarily the pre GAIE situation was relatively worse in this regard. They could consume only 62 percent of income on the necessary goods. It has been mentioned in the previous chapters that Before GAIE the sample households could earn upto the Break even level of income. They were not in a position to save. But the model reveals that they were in a position to save 38% (1.00-

0.62= 0.38) of income. In fact marginal propensity to save equals to 0.38 or greater savings means compulsory savings for the repayment of loans, payment of monthly commettee or installments etc. The levels of autonomous consumption in "Pre" and "Post" situation of GAIE were more or less the same.

A slightly greater level of autonomous consumption "BEFORE" the GAIE might be attributed to large family size in the Pre situation as compared to the Post one. It is concluded from the estimated models that the standard of living of the inhabitants of the sample area in terms of consumption pattern had been improved by the establishment of Gadoon Amazai Industrial Estate in district swabi.

It can be inferred from the above analysis that if the sick industrial units in GAIE do not revive due to lack of incentives exemption of duties etc. naturally the consumption pattern of the residents of the sample area will adversely be affected MPC will fall again and hence the standard of living will be negatively affected.

6.5 Sample Industrialist's Problems, Views and Suggestions

Table 6.20: Distribution of sample respondents by designation

Designation	No. of responses	Percentage
Owner	6	15.0%
Manager	20	50.0%
Others	14	35.0%
Total	40	100%

Source: Field survey (2000)

It is clear from the table 6.20 that totally 40 persons were interviewed to collect the required information related to industry from them. Out of these 40, 15% were owner. 50% were manager and 35% were others. Which include brother of the industrialist, friends, close relatives and peons.

Table 6.21: Distribution of sample respondents by level of education

Education	No. of respondents	%age
Matric	1	2.5
F.A/D.com	4	10.0
B.A/B.com	15	37.5
M.A/MSc.M.Com	20	50.0
Total	40	100

Source: Field survey (2000)

From the above table 6.21 it is clear that 2.5% of the respondents are matric. The qualification level of 10% is F.A or D.Com. 37.5% are B.A./B.Com and 50% are M.A/MSc or M.Com.

Table 6.22: Distribution of sample respondent according to the year of establishment of their unit

Years of establishment	No.	%age
1987	3	7.5
1988	5	12.5
1989	18	45
1990	7	17.5
1991	4	10
1992	2	5
1993	1	2.5
Total	40	100

Source: Field survey (2000)

Industrialization started in the project area during 1987. According to the above table 6.22, 45% of the units were established in 1989. This is the time when special incentives were offered by the govt. The first unit was diamond foam industry inaugurated by Chief Minister of NWFP of that time. The industrialist from all parts of the country rushed to Gadoon Amazai and they established a number of units there. They took advantage of the incentives but when the special incentives were withdrawn by Nawaz Sharif Govt. the rate of the establishment became slowed. During 1993 from sample units only one more unit was established. Perhaps this unit was using local raw material and machinery.

Table 6.23: Distribution of sample respondents according to types of goods produced.

Types of goods produced	No.	%age
Silk	2	5
Electronics	6	15
Plastic shoes and products	3	7.5
Cooking oil and gee	6	15
Carpets	2	5
Foam	2	5
Steel products	3	7.5
Textile weaving	5	12.5
Shopping bags plyfine bags and sacks	2	5
Cane , tin	1	2.5
Pepsi and mineral water	1	2.5
Soap	1	2.5
Carpet	1	2.5
Aluminium doors	1	2.5
Printing	1	2.5
Others	3	7.5
Total	40	100

Source: Field survey (2000)

As related to types of goods produced, according to the above table 6.23 from sample units majority of the units consist of electronics, cooking oil and gees, textile and weaving, shopping bags polyfine bags and sacks, the detail is clear from the table. From the total 5% are silk units, 15% of electronics, 7.5% were plastic and plastic products like dinner set and plastic shoes etc. 15% were cooking oil and gee units of foam 5% steel products, 7.5%, textile and weaving were 12.5%, shopping bags, plyfine bags and sack, 5% cane and tine 2.5%, Pepsi and mineral water 2.5% soap 2.5% units, carpet 2.5% units. Aluminium doors 2.5% printing 2.5% units, other are 10. Which include calcium silicate bricks, Dop Dioctyle orthopphthalates, one glass factory. One marble factory.

Table 6.24: Distribution of sample respondents according to level of investment

Type of investment	(Rs in Lack)										
	10-40	%	40-80	%	80-120	%	120-160	%	Above	%	Total
Owned	12	30	5	12.5	7	12.5	5	12.5	10	22.5	40
Loan	6	28.57	6	28.57	7	19.04	3	14.28	2	9.52	21
Share	0	0	2	5	4	12.5	4	10	3	7.5	40

Source: Field survey (2000)

The explanation of the table for capital investment there are three types, those who invested their own capital, and also borrowed some loans, while some respondents have shares also. Capital investment starts from Rs. 10 lacks, this amount was owned by 12 respondents, borrowed loan by 6 units and there was no share for such amount. For amount 40-80 lack Rs. The number of those who invested their own capital was 5 their percentage is 12.5, the loan of such

amount was borrowed by 6 their percentage is 28.5 sample respondents. There were two share holders for such amount their percentage is 5. Rs. 80-120 lacks were invested by 7 respondents, they invested their own capital. The same amount of loan was issued by 7 respondents. There were for the same amount 4 shares holders. From Rs.120 to 160 were invested 12.5%. This amount was borrowed by 14.28%. The share holder for the amount form 120 to 160 lack were 10%. Above 160 lacks was owned by 10 respondents their percentage is 22.5%, 2 respondents borrowed the same amount their percentage is 9.52%. There were 3 share holders for the same amount their percentage was 7.5%. 6 persons invested from Rs. 120-160 their own capital. The same amount was arranged in the form of loan by three industrialists.

As regards the amount of capital invested 30% units invested from 10 to 40 lacks 12.5% units invested from 4 to 80 lacks. While another 12.5% industrial units invested from 80-120 lacks. 12.5% invested from 120 to 160 there were 22.5% units which invested more than 160 lacks.

Table 6.25: Distribution of sample respondents according to total costs of their units

Type of Cost	1-10 lacks	%	10-20 lacks	%	20-30 lacks	%	30-40 lacks	%	Above	%	Total
Variable Cost	2	5	8	20	6	15	5	12.5	19	47.5	40
Fixed Cost	1	2.5	6	15	7	17.5	5	12.5	21	55	40
Total Cost	3	7.5	14	35	13	32.5	10	25	40	102.5	40

Source: Field survey (2000)

According to total cost of units and their division as fixed and cost variable there were 5% units the variable cost of which were between one and 10 lacks while the fixed cost of 2.5% units were also the same. For cost between 10-20 lacks for variable costs there were 20% unit while for fixed costs of such amount there were 15% units. For 20-30 lack amount variable cost of the same amount are of 15% units while fixed cost of this amount are of 17.5% units. The costs of Rs. 30-40 lack variable costs of this amount are of 12.5% units while fixed costs of the same amount are also of 12.5% units. Variable costs of above 40 lacks are of 47.5% units fixed costs of the same amount are of 55% units.

Table 6.26: Distribution of sample respondents according mark up

Mark up	5%	10%	15%	17%	Total
No. of industrial units	8	10	15	7	40
% age	20	25	37.5	17.5	100

Source: Field survey (2000)

According to table 6.26 20% from the sample respondents got loan at 5% mark up 25% at 10%, while 37.5% at 15% and 17.5% at 17% mark up got the loan.

Table 6.27: Distribution of sample respondents according to amount of loan repaid

Type	10-40	%	40-80	%	80-120	%	120-160	%	Above	%	Total
Loan	6	28.57	6	28.57	4	19.05	3	14.28	2	20	21
Repaid	3	30	3	30	2*	20	1*	10	1	10	10

Source: Field survey (2000)

As regard those who got loan and repaid. From them 28.5% sample respondents got loan from 10-40 lacks out of which 30% repaid the loan. Those who got the loan from 40 to 80 lack. Their percentage was also 28.6 and out of them 30% repaid the loan. The remaining were unable to repay. Those who got loan from 80 to 120 lacks were 19% respondents out of which 20% respondents repaid half of the amount. Those who were issued loan from 120 to 160 lack were 14.28% respondents, from which 10% repaid 75% of the loan. From the table it is clear that a huge amount of the country is blocked and wasted. Those who issued loan above 160 lacks are 20% sample respondents. And only 10% of them repaid 25% of the total amount. State Bank of Pakistan has introduced a number of schemes to get this amount back. But still the result is not fruitful.

Table 6.28: Distribution of sample respondents according to reasons of location of the industrial units

Incentives.	Yes	No.	Total
1. Exemption of duty on machinery.	40 (100%)	0 (0%)	40 (100%)
2. Exemption of custom duty on raw material.	29 (72.5%)	11 (27.5%)	40 (100%)
3. Provision of loan at a lower mark up.	34 (85%)	6 (15%)	40 (100%)
4. Nominal rates of Plots.	35 (87.5%)	5 (12.5)	40 (100%)
5. Exemption of Sale Tax.	30 (75%)	10 (25%)	40 (100%)
6. Electricity on concessional rates.	33 (82.5%)	7 (17.5)	40 (100%)
7. Availability of cheap labour.	16 (40%)	24 (60%)	40 (100%)
8. Appropriate environment.	28 (70%)	12 (30%)	40 (100%)

Source: Field survey (2000)

According to the above table 100% from the total sample respondents said they selected GAIE for the establishment of their unit because of exemption of duty on machinery. 72.5% said that they selected GAIE because exemption of custom duty on raw material. The response of 27.5% was in negative. 85% said that because of provision of loan at lower markup rate is the main reason of the location of their unit in GAIE. While the response of 15% was in negative. 87.5% of the sample respondents said that nominal rates of plots is the main reason for the establishment of their unit in GAIE. 12.5% said no that is not the reason. 75% established their units in GAIE because of exemption of sale tax. While the response of 25% was in negative. 82.5% said that they established their unit in GAIE because of availability of electricity at concessional rate while this was not the case for 17.5%, 4% of the sample respondents said that availability of cheap labour is the main reason of the establishment of their unit in GAIE the response of 60 were in negative. According to 70% appropriate environment was the main reason of establishing of their units in GAIE, the response of 30% was not in favour of this notion.

Table 6.29: Distribution of Sample Respondent according to reasons of lower production then the production capacity

Incentives	Yes	% age	No	% age	Total
Lack of Fund	12	30	28	70	40
Lack of demand	8	20	32	80	40
Smuggled goods are available at lower price	29	72.5	11	27.5	40
Profit is below the normal rate	32	80	8	20	40
High wage Rate	30	75	10	25	40
Prices of raw material is very high	26	65	14	35	40
Market is at distance	15	37.5	25	62.5	40
high transport cost	36	90	4	10	40

Source: Field survey (2000)

According to table 6.29 the reasons that why actual production was lower than production capacity of the unit, the responses of different respondents were different 30% said they produced less because of lack of fund. Their financial resources were limited while 70% of the respondents said they were not facing the problem of fund shortage. Their financial resources were sufficient. 20% of the respondents said demand for their product was limited 80 respondents said there was enough demand for their product. 72.5% respondents said in bara markets smuggled goods are easily available at a very low price. They were unable to compete them at such a lower price. 27.5% said this was not true in their case. 80% of the respondents said their cost of production were higher than their revenue their profit was below the normal level. The response of 20% was in negative they said their profit is OK. 75% said that workers were

continuously demanding high wages. Therefore, we can not employ more worker to produce more. 25% said this was not true in their case. 65% said prices of raw material were very high. They were those who imported raw material from abroad. So after the with drawl of incentives their production capacity was negatively affected. 35% of the respondents were not facing this problem. They were using local raw material 37.5% said locally they have a very limited market. 62.5% said they were not facing the problem of market at distance. 90% said they produced less because of high transport cost. Market was at distance road conditions were not very good. The expenditures of the distribution of the product in different parts of the country were very high. The response of 10% was in negative.

Table 6.30: Distribution of sample respondents by number of permanent and casual staff

No.	Permanent Staff		Casual staff	
	No. of responses	Percent	No. of responses	Percent
0-50	15	37.5	14	35
51-100	7	17.5	11	27.5
101-150	10	25	10	25
151-200	5	12.5	3	7.5
201-250	3	7.5	2	5
Total	40	100	40	100

Source: Field survey (2000)

Unemployment is an important economic problem of Pakistan, especially in rural areas where majority of the population is uneducated. Same was the case

of Gadoon. The establishment of GAIE solved this problem to some extent but after sickness of the units because of the withdrawn of the investives, the situation was again worse. The situation is clear from the above table there are 37.5% units who have permanent staff less than 50 while 35% units have casual staff less than or equal to 50. There are 17.5% units which have permanent staff from 51-100 while 27.5% units have casual staff between 51 to 100. 25% units have permanent staff from 101 to 150. While there is casual staff between 101 and 150 in 25% units. There are 12.5% units having permanent staff between 151 to 200. While 7.5% units have causal staff between 151-200. 7.5% units have permanent staff between 201 and 250 while 5% units have casual staff from 201-250. But this situation was before sickness of the units after sickness the situation is very bad.

Table 6.31: Distribution of sample respondents according to the nature of sickness

	No. of responses	Percent
Sick	17	42.5
Closed	23	57.5
Total	40	100

Source: Field survey (2000)

Out of total sample units 42.5% were sick while 57.5% were totally closed.

Table 6.32: Distribution of sample respondents according to year, when production was stopped

Year	No. of Units	%age
1993	2	08.69
1994	5	21.70
1995	4	17.39
1996	2	08.69
1997	2	08.69
1998	1	04.30
1999	2	08.69
2000	2	08.69
2001	1	04.30
2002	2	08.69
Total	23	100

Source: Field survey (2000)

The special investives given to GAIE were withdrawn in 1992 by Nawaz Sharif govt. and the industrial sickness started after that. From sample units during 1993 8.6% units were closed. In 1994 21.7% units stopped production. In 1995 17.39% units closed while 8.6% units stopped production in 1996. In 1997 8.69% units stopped production. 4.3% unit stopped production during 1998 while during 1999 another 8.69% units were closed during 2000 also 8.69% units stopped production. While in 2001 4.3% units stopped production. Other 8.69% unit closed their units during 2002. Now this biggest industrial estate seems graveyard of industries today.

Table 6.33: Distribution of sample respondents according to reason of sickness

Reason	Yes	No.	Total
Lack of demand for the product	8 20%	32 80%	40 100%
The project is not viable	10 25%	30 75%	40 100%
The profit is below the normal level	32 80%	8 20%	40 100%
Incentives given to GAIE were withdrawn	40 100%	0 0%	40 100%
Market is at a distance	15 37.5%	25 62.5%	40 100%
Smuggled substitute are easily available at lower price	29 72.5%	11 27.5%	40 100%
Interest rate is very high	30 75%	10 25%	40 100%
Natural Gas unavailability	28 70%	12 30%	40 100%
High electricity bills and charges	38 95%	2 5%	40 100%
Unavailability of Repair facility	32 80%	8 20%	40 100%

Source: Field survey (2000)

20% of the respondent said that the main reason of sickness of their unit was lack of demand. There was less demand for their product, therefore, they had to produce below capacity. But still the price of their product was less. 80% said they were not facing such problem. 25% said the project was not viable. 75% said the project was all right. 80% said their profit was below the normal level, while 20% said their profit was normal. 100% respondents said that the reason of the sickness of the units was withdrawn of the invectives given to the industrialists in GAIE. There was not a single response in negative. 37.5% said the main reason of the sickness of their unit was that market was at a distance

the response of 62.5% was in negative. 72.5% said smuggled goods in bara market were easily available at a very low price, therefore, people preferred to buy those goods, and there was less demand for their products. The response of 27.5% was in negative. 70% said the actual reason of sickness of their unit was high interest rate for loan. 30% said it was ok. 70% of the respondents said non-availability of natural gas was the main reason of the sickness of their unit. The response of 30% was in negative. 95% respondents said high electricity charges were the main reason of sickness of their units. 5% said it was all right. 80% respondent said the reason of sickness was non availability of work shop for the repair of their damaged machinery the responses of 20% were in negative.

Table 6.34: Distribution of sample respondents whether they are in favour of revival or not

Wants	No. of responses	Percent
Yes (In favour of revival)	38	95.0
No (Not in favour of revival)	2	5.0
Total	40	100.0

Source: Field survey (2000)

As regards the revival of sick industrial unit, 95% of the respondents said they want to revive their units if proper facilities were provided while 5% said they did not want to revive because now their financial resources were very limited and they could not afford any more expenditure.

Table 6.35: Distribution of Sample Respondent according to necessary conditions for the revival of sick units

Responses	Yes	%
1. Transport problem to be solved	28	70
2. Incentives should be given back	40	100
3. Control on Smuggling	25	62.5
4. Concession should be given in Electricity Bills	34	85
5. Loans on low mark up	29	72.5
6. Provision of Gas	32	80
7. Proper Infrastructure	28	70
8. Control of corruption	12	30
9. Easily availability of Funds	29	72.5
10. Repair of Machinery	8	20
11. Tax concession on the import of machinery and raw material	12	30

Source: Field survey (2000)

As regards conditions necessary for revival 70% of the respondents said that if proper transport facilities were provided, they could revive their unit. It is clearly given in the above table that with the best quality mettled road and best quality vehicles it is very easy to distribute product among different parts of the country. More over the possibility of large scale production is there if proper transport facilities are available. 100% of the respondents said incentives should be given back. 62.5% of the respondents said that smuggling of foreign products in bara market should be controlled. Because prices of these smuggled products were low as compared to local product. Thus demand for home product is reduced. 85% of the respondents said that they will be able to revive

their unit if concession are given in electricity charges. 72.5% of the respondents said they can revive their unit if interest rate is reduced by financial institution. 80% of the respondents said they are ready to revive their unit if natural gas is provided in the GAIE. 70% of the respondents demanded proper infrastructure for revival. 80% of the respondents said there is no workshop in GAIE to repair damaged machinery. 70% of the respondents said they will be able to revive their units if proper infrastructure is provided because it improves efficiency of the productive units. 30% of the respondents said that corruption should be controlled and unnecessary delay and red tapism should be checked. Even then revival is possible. 72.5% of the respondents said availability of funds should be made easy. The procedure should be checked and made transportable. 20% of the respondents said there is no workshop in GAIE for the repair of damaged machinery. If facilities for the repair of machinery are provide the industrialist will revive their units. 30% of the respondents said that concession in tax and on the import of machinery and industrial raw material should be given. They were those industrialists whose production is based on foreign machinery and industrial raw materials. Therefore they demanded concession in tax. In this way they will be able to revive the industry.

Table 6.36: Distribution of sample respondents regarding shift of machinery from Gadoon Amazai Industrial estate

	No. of responses	Percent
Yes	14	32.5
No	26	67.5
Total	40	100.0

Source: Field survey (2000)

As regard the industrialist whether they want to shift their machinery or unit somewhere else. According to the above table 32.5% said yes. They want to shift, while 67.5% said they do not want to shift. Those who were in favour of shifting were actually established industrialist from other parts of the country. While those who were not in favour of shifting were local.

Table 6.37: Distribution of sample respondents according to location for shift of machinery

Responses	No.	%age
Karachi	8	57.14
Lahore	2	14.29
Faisalabad	1	7.14
Rawalpindi	3	21.43
Total	14	100.00

Source: Field survey (2000)

As regards the place for shifting where industrialists were interested to shift their units. According to the above table 57% were interested in Karachi. 14.29% were in favour of Lahore. 7.14% said, they want to shift to Faisalabad, 21.43% were in favour of Rawalpindi.

Table 6.38: Distribution of sample respondents according to reasons for shifting of machinery to other location

Responses	No.	%
Workshop for repair	11	78.5
Raw material is easily available	10	71.4
Trained labour is easily available	12	85.7
Easy approach to port	08	57.1
Transport facility are available	12	71.4

Source: Field survey (2000)

As regards the reasons for shifting from the sample respondents. 78.5% said that they are in favour of shifting because workshop facilities are available in these cities. 71.4% said raw material is easily available in these cities. 85.7% said availability of trained labour is easy. Those who voted for Karachi said there is easy approach to port which is better for import of machinery and raw material. Convenient for export. These industrialists established their unit in GAIE to take advantage from special incentives given for Gadoon, but when the incentives were withdrawn they went away.

Table 6.39: Distribution of sample respondents regarding problems during operation

Problems	Number	%age
Non availability of Skilled labour	14	35
Un necessary delay of file work on govt. part	14	35
High cost of production	18	45
Continues demand for high wage rate	16	40
High transport cost	14	35
Improper infrastructure	13	32.5

Source: Field survey (2000)

According to the above table certain problems were faced by the industrialist during operation. 35% of the respondents said they faced the problems of non-availability of trained labour. 35% said they faced the problem of un-necessary delay of file work. 45% said it was very difficult to handle with high cost of production. In GAIE trained labour was not available, industrialists brought the labour from Lahore, Rawalpindi etc. these labour continuously demanded for high wages. 35% of the respondents said they were badly affected by high

transport cost in the beginning. 35.2% pointed out the problems of improper infrastructure during operation.

Table 6.40: Distribution of sample respondents according to nature of problems faced by them

Problems	No. of responses	Percent	Total
Locational Dis-advantages	18	45	40
Increase in Mark up rates	29	72.5	40
Poor Infrastructure	28	70	40
Gas Problem	28	70	40
High Electricity charges	38	95	40
High Taxes on Machinery & raw materials	29	72.5	40
Non Availability of Skilled Labour	20	50	40
Non Availability of Key Inputs	15	37.5	40
Funds Shortage	12	30	40
Easy availability of Smuggled Goods	29	72.5	40
Machinery imported for GAIE were installed in Karachi & Lahore	8	20	40
Sea Port is far away	19	47.5	40
No Place for repairment of Machinery	8	20	40
Profit is below the normal level	32	80	40
High sales & Income taxes	38	95	40
Security problem	15	37.5	40
Corruption on the part of govt. bureaucracy	10	25	40
No close link between govt and industrialist	18	45	40
No training facility for entrepreneurs	10	25	40

Source: Field survey (2000)

As regards problem faced by the sample respondents 45% said they have faced the problem of locational disadvantage. Port is far away. From the port raw material is then send to Gadoon. it involves heavy transport costs. Then the products do not have enough local market. It is sent to big cities of the country, which again involves heavy transportation costs. After incentives have been withdrawn mark up rate has increased. It is clear from the above table that this problem is reported by 72.5% of the respondents. 70% said they are facing the problem of poor infrastructure. 70% of the respondents said they are facing the problem of non-availability of natural gas. 95% respondents said they feel it very difficult to pay high taxes on the import of machinery and raw material. 50% of the respondents said there is serious shortage of trained labour in GAIE. 37.5% of the respondents said they have faced the problem of non-availability of key inputs. 30% of the respondents said they are facing the problem of funds shortage. 72.5% said there is tough competition between their product and smuggled goods of bara markets. 47.5% said seaport is far away. 20% of the respondents said there is no workshop for the repair of damaged machinery in GAIE. 80% said there profit is below the normal level. 95% of the respondents said they are fed up by pay high sale and income tax. 37.5% of the respondents said there is lack of security in the estate. They must be secured. 25% of the respondents said they are facing the problem of corruption on the part of govt beaucarcy. 45% of the respondents said there is no close link between govt and industrialist.

Table 6.41: Suggestions regarding probable revival of sick industrial units

	Number	% age
Gas should be provided	28	70.0
50% of the total electricity remain unused, which is loss of the country	10	25.0
Concession on the tax on the import of machinery and raw material	20	47.5
Proper communication between govt and industrialist	18	45.0
Development of infrastructure	21	52.5
Workshop for the repair of machinery installed in GAIE	20	47.5
Training for entrepreneurs	10	25.0
Security should be maintained	15	37.5
Transparency should be maintained	12	33.0
Smuggling should be controlled to protect the home industrialists	20	47.5
Govt should encourage the export of the product of GAIE	18	45.0
Reduction in markup rate	29	72.5
Training facility for labour should be provided	20	47.5
High electricity charges should be reduced	30	75.0
Transport facility should be provided at nominal rates	14	35.0
Incentives should be given back	39	97.5

Source: Field survey (2000)

The sample respondents give some positive suggestion for the improvement of the situation. For example 28 respondents said that gas facility should be provided in the estate. Concessions in tax on the import of machinery and raw

material was also demanded by 47.5% respondents for the improvement in situation. 18 respondents said that for bringing positive changes in GAIE there must be proper communication link between govt. and industrialist. To solve quickly and in a proper manner. 21 respondents said that proper infrastructure should be developed in the estate, so it will help in the revival of the sick units and will develop and expand other units. 20 respondents suggested that workshop for the repair of machinery is a must in GAIE in order to repair damage machinery quickly. It is a must to continue production. 10 of the respondents said that training to entrepreneurs should be given. Govt should provide facilities for such training. Only trained entrepreneurs can run the business successfully. 15 respondents said security of property cash and life should be maintained by govt. 10 respondents demanded transparency and control of corruption for improvement of the situation. 20 respondent demanded control of smuggling in bara market in order to protect the home industry 18 respondents. 30 respondents suggested that electricity charges should be reduced. 14 respondents said that transport facilities should be provided at nominal rates. Transport cost of raw material and then distribution of finished products in different parts of the country reduce the profit of the industrialists. 20 respondents said that training facilities for labour should be provided in the estate for smooth running of the units. 29 respondents demanded reduction in markup rate. 18 respondents said that govt should encourage the export of the product of GAIE. 39 respondents suggested that

incentives should be given back for the smooth running of the units and specially for the revival of units.

By deep analysis of the table it is clear that after the withdrawal of the incentives both production capacity and employment have reduced year after year. Those suffered quickly were based on the import of raw materials and machinery.

6.6 Concluding Note: In the light of detail study of the situation in Gadoon Amazi before and after the establishment of an industrial estate, it is clear that there are positive impacts of the establishment of the GAIE on the people of the area in the form of increase in employment opportunities, increase in level of income, literacy, housing facility and overall living standard of the people of the area. Due to increase in purchasing power of the people their demand for various goods have increased. Consequently a number of shops and stores have been established, the number of people having items like fridge, T.V, Deep Freezer, VCR and computer is increased. Transport facilities are improved. The number of private schools increased. All the facilities mentioned above are the positive impact of the establishment of GAIE. The situation is again worse after sickness of units in GAIE. The Linear Regression model also shows that revival of sick unit is a must for socio-economic improvement in the area.

All issues including the reason of location of industrial units in GAIE, reasons of low production capacity problems of industrialists, total amount invested,

loan issued and loan repaid have been analysed. It is also reported that many people through golden handshake received their pension and invested it in various factories, but the situation changed after the withdrawal of incentives. The main objectives behind the establishment of GAIE were to stop poppy cultivation in Gadoon Amazai Area, to provide job opportunities, to bring this backward area at par with the other developed areas of the country, to earn foreign exchange, to contribute more to GDP and generate income for the country. All the objectives mentioned above were achieved to a great extent. The estate was generating sufficient income for CBR and WAPDA. It had provided sufficient employment opportunities to the local people and had improved their living standard. Instead of solving the problems faced by industrialists, workers and other effectees, the Nawaz govt all of a sudden withdrew all the incentives, which was very unfair and this decision badly affected the industrialization process in this remote part of the country.

CHAPTER 7 MAIN FINDINGS

7.1 Introduction

In the previous chapters the post-partition industrial situation in Pakistan, industrial policies adopted by successive governments, the performance of industrial sector and its contributions, industrial problems, the problems of industrial sickness, particularly industrialization in NWFP, industrial problems and the problems of industrial sickness in NWFP, were reviewed, analyzed and discussed. In the present chapter the study's main findings are recapitulated, on which will be based the conclusions with respect to the study's hypothesis and the recommendations for revival of sick industrial units, which form the subject of the next two chapters. The main findings are summarized below.

7.1.1 Main findings of **CHAPTER 7** **MAIN FINDINGS**

1. For economic growth and development of a country, industrialization is a pre-requisite. Therefore, since industrialization efforts were made by successive governments in this respect, although there is a visible positive impact on the overall economic development of the country. The process of industrialization in the study of area was slow. There seems more set backs than progress. Although we need not question the wisdom of the policy makers but still it is felt that there was a need for a more pragmatic approach to industrialization.
2. Throughout the country more than 90% industrial units are sick out of which more than 50% units are in NWFP. It is felt that there

CHAPTER 7

MAIN FINDINGS

7.1 Introduction

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7.2 Main findings of the study

1. For economic development industrial development is a pre requisite. Therefore, since independence efforts were made by successive governments in this respect. Although there is a visual positive impact on the overall economic development of the country. The process of industrialization is the story of ups and downs. There seems more set backs than success. Although no one can questions the wisdom of the policy makers but still it seems that there was a need for a more pragmatic approach in this respect.
2. Throughout the country more than 4000 industrial units are sick out of which more than 500 units are in NWFP. It seems that some

efforts were made to overcome this sickness. But gain on this front too the story is not successful and it seems that a need is there to save these industrial units from a total collapse.

3. The study of the revival of sick industrial units in Pakistan clearly brings out the fact that there was no continuity in industrial policies of successive governments.

4. **Effects of GAIE on the people of the area:**

a. **House Structure:** From the analysis of data it was found that before the establishment of GAIE, 28.7% people were living in pacca houses but after the establishment of GAIE this number increased to 33.80%. Before the establishment of GAIE 70.3% respondents were living in Katcha muddy houses, while after the establishment of GAIE the number reduced to 59.46. 1.35% people used to live in semi pacca houses, after the establishment of GAIE this number raised to 6.74%. It shows a clear improvement in the structure of the house of the people of the area due to the establishment of GAIE.

b. **No. of rooms:** It was found that 27.4% inhabitants of the area had only one room before GAIE but after the establishment of GAIE the number reduced to 13.51%. The percentage of those having two rooms in their houses increased from 46% to 54% after the

establishment of GAIE. The number of those having three rooms increase from 12% to 18%.

- c. **Area of House:** 47.29% respondents use to live in 5 marlas houses before the establishment of GAIE while after the establishment of GAIE the percentage reduced to 27.02%. The percentage of those used to live from 6 to 10 marlas houses was 23% before the establishment. After the establishment of GAIE the number increase to 35.13%. Those who lives from 11 to 15 marlas houses before the establishment of GAIE were 17.56%. Their percentage increased to 20.27% after the establishment. While those who used to live from 16 to 20 marlas houses were 10.81% before. After the establishment of GAIE who percentage increased to 14.80%. The percentage of those who used to live in above 20 marlas houses was 1.4% before the establishment of GAIE while after the establishment the percentage increased to 2.8%.
- d. **Facilities within the houses:** It was found that 75.76% houses had the facilities of a kitchen before the establishment of GAIE, however, the number increased to 89.18% after the establishment of GAIE. Those having the facility of a toilet were 91.89% before, which increased to 98.64% after the establishment of GAIE. For veranda it was found that 28.73% respondents had the

facility of having a veranda before GAIE. The number increased to 59.50% while the %age of those having a drawing room increased from 8.10% to 27% after the establishment of GAIE.

e. **House Appliances:** About house appliances like fridge, Deep freezer, Radio, TV, VCR, and computers, it was found that before the establishment of GAIE 10.81% residents of the area had the facility of having a fridge, the number increased to 24.32%. The number of those having a deep freezer was 4.5% before while after the establishment of GAIE it raised to 6.75%. The %age of those having a radio set increased from 21.62% to 81.8%. For those having a VCR the number increased from 6.75% to 9.45%. For computer facilities it was found that non had the computer facility before the establishment of GAIE. After the establishment of GAIE 6.75% had the facility of having a computer.

f. **Transport facilities:** It was found out that before the establishment of GAIE 28.37% respondents had a cycle before the establishment of GAIE. After the establishment of GAIE the %age reached to 48.36%. Bull cart is an important source of transportation in the agricultural sector. The %age of those having a bull cart was 12.16% before while after GAIE it reduced to 9.45%. It shows a shift from agriculture towards industry. Cars

were owned by 6.75% of the respondents before while after the establishment of GAIE the number increased to 8.1%.

- g. **School facilities:** The number of male private school was 7 before the establishment of GAIE. The number increased to 10 after the establishment of GAIE %age growth rate is 42.86%. While those of female private school the number increased from 2 to 4. Percentage development is 28.57%. For coeducation in private school the number increased from 3 to 5 after the establishment of GAIE %age development was 58.3%.
- h. **The number of male and female school going children:** It was found that the total number of male school going children before GAIE was 60 which increased to 88 after GAIE. The number of female children increased to 60 after the establishment of GAIE %age development in male school going children was 46.67% while in case of female children it was 69.23%.
- i. **The number of male and female literate persons:** The number of literate male was 44 before the establishment of GAIE. It increased to 64 after the establishment of GAIE. The number of female literate was found to increases from 25 to 43 after the establishment of GAIE %age improvement in male literacy was 45.5% while in case of female it was 72%.

j. **Level of income:** The %age of those who's income was less than Rs.3000 reduced to 13.5% which was 17% before while those having the income between Rs.3000-6000 was 52.7% which reduced to 51.35% after the establishment of GAIE. Those who's income was between 6000 to 9000 increased to 14.86% from 10.8% after the establishment of GAIE. Over all, it was found that income level of the sample respondents increased after the establishment of GAIE.

5. Effects of sickness

k. **Effects of sickness on number of private schools:** Percentage decline in male private schools is 28.57% after sickness of the units which was before 42.86%. Percentage of female private schools is the same before and after the sickness. Schools offering coeducation, their percentage decreased to 14.29% after sickness. It was 28.57% before.

l. **Effects of sickness on male and female school going children:** The percentage of male schools going children reduced to 25% which was 46.67% before sickness of the units. In case of female percentage reduced to 38.46% which was 69.23% before sickness of the units.

m. **Effect of sickness on employment:** After sickness of the units, 33.79% respondents become jobless, 13.51% shifted towards cultivation. 18.91% were engaged in ordinary part time jobs. While 33.79% shifted towards business and other jobs. The overall effect of sickness on employment of the people was negative.

n. **Effects of sickness on level of income:** The effect of sickness on the level of income was also found negative. Before sickness of the units the number of those who's income was less than 3000 was 13.51%. This number increased to 16.21% after sickness. Between Rs.3000 to Rs.6000 reached from 51.35% to 44.59% after sickness, while those between Rs. 6000 to Rs. 9000 income group, the number decreased from 14.86% to 13%. It was found that income of the people of the area reduced after the units became sick.

Marginal propensity to consume. From Linear regression model it was found that marginal propensity to consume increased with the increase in level of income.

Industrialist views regarding problems of sickness and their suggestions for revival

a. **Year of establishment of units:** It was found that although the establishment of industrial units started in 1987, majority of the units were established between 1989 and 1990. This was the time when

incentives were offered by govt of the time. That was the peak period of industrial development in GAIE. During 1989, 45% of the units were established, after that the process of industrialization slowed down in GAIE.

b. **Types of Goods produced:** Majority of the units in GAIE were textile and weaving, shopping bags and sacks cooking oil, silk, plastic products and electronics.

c. **Level of investment:** It was founded that 30% respondents invested there own capital amounted from 10 to 40 lacks. While loan of the same amount was issued by 28.5%. The amount of Rs. 40-80 lack was invested by 12.5% of respondent. It was found that the same amount was borrowed by 28.5% share holder of the same amount were 5%. Rs. 80 to 120 lack were invested by 12.5% while 19% of the respondents borrowed from Rs. 80 to Rs. 120 lacks and 12.5% collected this amount in the form of shares. Above Rs 160 lack were invested by 22.5% at the same time 9.55% industrialist issued loan amounting more than 160 lacks and 7.5% share equity. A huge amount was invested in different units.

d. **Costs of units:** From Rs. 1 to 10 lack costs were the costs of 7.5% respondents. From 10 to 20 lacks were of 35% from 20 to 30 lacks were of 32.5% from 30 to 40 lack were of 22.5% respondents.

e. **Mark up on loan:** It was found that 20% of the respondents got loan at Rs 5% mark up rate per annum. 25% at Rs.10% while 37.5% respondents received loan at Rs.15% mark up rate and 17.5% at Rs. 17%.

f. **The amount of loan repaid:** The minimum amount of loan were Rs. 10 lacks and the maximum were above 160 lacks. Those who borrowed limited amount have adjusted their loans quickly as compared to those who borrowed loan in huge amount.

g. **Reasons for location:** From analysis of data it was found that majority of the industrialist established their units in GAIE because of the incentives given by government. 100% respondents said they established their units in GAIE, because of exemption of duty on machinery. 72.5% respondents said exemption of custom duty on raw material was the reason, 85% respondents said provision of loan at lower mark up rate attracted them, 7.5% respondents said they invested in GAIE because of nominal rates of plots. 75% because of exemption of sale tax 82.5% electricity on concessional rate; 40 % invested here because of availability of cheap labour and 70% invested in GAIE because of appropriate environment.

h. **Reasons of lower production than production capacity:** Majority of the industrialist, blamed, lack of fund, lack of demand, easy availability of smuggled goods at lower price lower profit margin, high

prices of raw material, high transport cost, continues demand for higher wages and high electricity charges, for the lower production than production capacity.

i. **Number of permanent staff and casual staff:** 37.5% units had permanent staff up to 50 while the same number of casual staff was owned by 35% units. 17.5% units had permanent staff from 51-100 while the same number of casual staff was owned by 27.5% units. Percentage of those units having permanent staff 151-200 was 12.5% while casual staff between 151-200 was busy in 7.5% units.

j. **Nature of sickness:** 42.5% units were sick while 57.5% were closed in GAIE 1992. Out of the closed units, 8.69% units stopped production in 1993. while other units stopped production during 1994 and 1995. The process continued. During 2002 8.69% units stopped production.

k. **Reasons responsible for sickness:** 100% respondents said it was because of the withdrawal of incentives given to GAIE 20% respondent said it was due to lack of demand for the product. 20% said the project was not viable. 80% said it was because of low profit. 37% said the market was at distance. 70% said easy availability of smuggled goods at lower price was the actual reason of sickness. It was impossible for the local industrialist to compete at such a lower price. 70% said industrial sickness started after increase in interest rate. 70% said non availability

of natural gas was responsible for industrial sickness. According to 75% high electricity charges while 80 said unavailability of repairing facilities for machinery were the main reason of industrial sickness. 95% were in favour of revival while 5% of the respondent were found against revival.

l. Necessary conditions for revival: 70% said if transport problems were solved they were able to revive their unit. 100% of the respondents said they could revive their unit if incentives were reinstated back by govt. 62.5% stressed on control of smuggling 85% said concession should be given in electricity bills 72.5% said they will be ready for revival if loan is given at lower mark up rate 80% considered provision of natural gas compulsory for revival 70% said proper infrastructure was must for revival. Control of corruption, easy availability of fund, workshop for repair of machinery and concession in tax on the import of machinery and raw material were also found essential for revival of sick units.

m. Shifting of machinery: 32% were found in favour of shifting of machinery while 67.5% were against shifting. Those who were in favour of shifting their machinery wanted to shift to Karachi, Lahore, Faisalabad and Rawalpindi, because of availability of trained workers, easy approach to port, transportation facilities, workshop for repair and easy availability of raw material.

n. **Problems during operation:** Main problem during operation were non-availability of skilled labour, un necessary delay of file work, high cost of production, continues demand for high wages, high transportation costs and improper infrastructure.

o. **Main problems identified by the industrialists:**

45% said they were facing locational disadvantages. Increase in mark up rates was reported by 72.5%, 70% considered poor infrastructure an important problem, 70% reported that non availability of natural gas was the main problem. High electricity charges were unbearable 95% said, high taxes on machinery and raw materials 72.5% reported, non availability of skilled labour was reported by 50%, the problem of non availability of key inputs was mentioned by 30%, the problem of fund shortage faced by 72.5%, easy availability of smuggled goods was reported by 47.5%, sea port was far away mentioned by 20%, no workshop for repair of machinery 80% said, profit was below normal level 95% reported, high sale tax and income tax 37.5% reported, security problem was mentioned by 25%, corruption problem was reported by 45%, no close link between government and the industrialist and no training facilities for entrepreneur was pointed out by 25% respondents as the main problem.

p. **Suggestions proposed by the industrialists**

It was found by majority of the respondents that facilities of natural gas should be provided in GAIE. Concession in tax on the import of machinery and raw material should be given said 47.5%. There must be proper communication between government and industrialist said 45% proper infrastructure should be provided suggested 52.5 % workshop for repair of machinery should be established in GAIE was also suggested. Training facilities for entrepreneur should be provided. Security should be maintained. Transparency should be maintained. Smuggling should be controlled to protect the home industrialist. Govt should encourage the export of the product of GAIE. Training facilities for labour should be provided. High electricity charges should be reduced. Transport facilities should be improved. Mark up rate should be reduced. Incentives should be given back. If all these facilities are provided them revival is possible.

CHAPTER 8 CONCLUSIONS

Introduction

In the previous chapter main findings of the study were discussed. An attempt was made in this chapter to recapitulate and analyze the study's conclusions with respect to key questions about revival of sick units as outlined in the study's problems statement and hypothesis.

According to the socio-economic situation of today's Pakistan revival of the sick and closed industrial units is necessary. Because the establishment of OAI had promoted efficient economic activities in the area. There is a clear improvement in the life style, income level, literacy level and attitudes of the people. There is over all improvement in the situation.

CHAPTER 8 CONCLUSIONS

The closure of the units has had a negative impact on people of the area. It resulted in economic and social degradation of living standard of the people. The investment of billions of rupees of the industrialists is stuck and wasted. It is also concluded that the main objectives of the establishment of OAI had been achieved, i.e. to stop poppy cultivation in the area, to provide employment, to increase income of the people to earn foreign exchange, and to bring the backward area at par with other developed areas of the country. Everything was going on smoothly. Therefore, there seems no rationality to close the units all of a sudden and to ruin this biggest industrial estate in the province. Of course there were some problems too, which need to be

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Looking to the socio-economic situation of today's Pakistan revival of the sick and closed industrial units is necessary. Because the establishment of GAIE had generated sufficient economic activities in the area. There is a clear improvement in the life style, income level, literacy level and attitudes of the people. There is over all improvement in the situation.

At the moment the socio economic impact of the sickness on people of the area are very bad. It resulted in economic and social degradation of living standard of the people. The investment of billions of rupees of the industrialists is stuck up and wasted. It is also concluded that the main objectives of the establishment of GAIE had been achieved, i.e. to stop poppy cultivation in the area, to provide employment, to increase income of the people to earn foreign exchange, and to bring this backward area at par with other developed areas of the country. Every thing was going on smoothly. Therefore, there seems no rationality to withdraw the incentives all of a sudden and to ruin this biggest industrial estate of the province. Of course there were some problems too, which need to be

solved for example majority of the industrialists have not repaid the loan, and misuse of incentives were also reported like machinery and raw material imported for GAIE were used in other places and out dated machinery was used in many cases in GAIE.

In the light of findings it is clear now that revival of the sick industrial units is a must throughout the country and Gadoon Amazai Industries in particular. To revive the industries in Gadoon Amazai both the government and the industrialists are needed to make sincere efforts. For sustainable socio-economic development of the local population as well as of the industrial sector, revival of the sick industries is the prerequisite, whether through new policy or revival of the old one by adopting a new approach of public private cooperation for sharing the costs of granting incentives. Neither alone the government can improve the situation nor alone the industrialists. There must be a mutual cooperation and coordination between the two.

8.2 Testing of hypotheses

Hypothesis No.1: It states that Gadoon Amazai Industrial Estate had generated sufficient economic activities in the area.

According to the field survey GAIE had provided sufficient employment opportunities for the people of the area. Although there were workers from other parts of the country also. But still the establishment of GAIE has reduced un employment in the area to a great extent. It has increased income of the people which increased purchasing power of the people. Literacy rate has

improved the number of schools has increased. The number of pacca and semi pacca houses have increased, area of houses, number of rooms, facilities within the houses, in the form of kitchen, toilets, washrooms veranda and drawing rooms etc. have increased, purchase of car and cycle has increased. After the establishment of GAIE some people have the facilities of having fridge, TV, VCR, Deep freezer, radio, and even few houses have the facility of computer also. The number of male and female school going children has increased, even the number of private schools has increased in the area, details of the above mentioned facilities can be seen in table 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17 and 6.18. More over it is an important source of earning for CBR and WAPDA.

Average P/A income generated for CBR is Rs 72.85 million while WAPDA has generated 30.038 million Rs. Average P/A therefore we accept the hypothesis that Gadoon Amazai has generated sufficient economic activities in the area.

Hypothesis No.2: There is an adverse effect of sick industrial units on the socio-economic conditions of the inhabitants of the area.

The immediate negative effect of sick industrial units is on the employment of the people of the area. Out of 74 employed sample respondents, 25 are now jobless while many other have accepted the work which is not according to their talent and qualifications. Income of the people of the area has reduced. Dropout from female school has increased. Even the number of private schools has reduced. Due to reduction in their income, people have started to send their children to government schools who were previously in private schools. The

jobless people are again talking about cultivation of poppy. An empty mind is the devil's workshop, thus the result is increase in crime rate. Therefore, we accept the hypothesis that there is an adverse effect of sick industrial units on the socio economic conditions of the inhabitant of the area.

Hypothesis No.3: Industrialist cartels from other provinces had played no role in restructuring of the policy related to Gadoon Amazai.

It was widely perceived that majority of the industrialist have shifted their machinery to Karachi, Faisal Abad, Lahore and Rawalpindi. Because after the withdrawal of the incentives they lost their interest in GAIE. These industrialists had installed their units here in GAIE just because of the incentives given by govt. otherwise there was no need to invest here in this remote part of the country where there are locational disadvantages, where transport facilities are not available which is far away from sea port, where even proper infrastructure is lacking.

3.3 Conclusions note
Economic and social factors have positive impact on investment. In case of GAIE there was no such socio-economic infrastructure. The only compelling force was incentives. It is, therefore, natural that when the incentives were withdrawn there was a decrease in the volume of investment. This view has been shared by all, most all the sample industrialist during the course of the study.

Hypothesis No. 4: Continuity of the incentive would encourage the industrialists to restart the sick units.

Continuity of the incentives would definitely encourage the industrialists to restart the sick units because during field survey 100% of the respondents were of the opinion that if the incentives are given back they are ready to restart their units. These incentives were concessions in import duties on import of machinery and raw material, concession in sale tax, electricity charges and interest rate etc. They demanded certain other facilities also for the revival, like transportation facilities provision of natural gas repair of machinery and control of smuggling etc. even they demanded training for entrepreneur. According to them Government can handle these problems very easily. Detail information in this respect are given in the tables. Thus the hypothesis is accepted that continuity of incentives would encourage the industrialists to restart the sick units.

8.3 Concluding note

From testing of hypothesis it is clear that the establishment of GAIE had generated sufficient economic activities in the area. It has reduced unemployment while on the other had it has increased income of the people, housing facilities and living standard of the people of the area is improved. Of course there is an adverse effect of sick industrial units on the socio-economic conditions of the inhabitants of the area. When the incentives were withdrawn there was a negative impact on the over all socio-economic condition on the

inhabitants of the areas as the hypothesis relating to the socio-economic impact of withdrawal of incentives have been accepted.

The fourth hypothesis is also accepted as the decrease in the volume of investment in GAIE was of course directly related to the withdrawal of incentives. Therefore, continuity of incentives would again encourage the industrialists to restart their sick units and improve the socio-economic conditions of GAIE and Pakistan as a whole.

CHAPTER 9 SUMMARY AND RECOMMENDATIONS

CHAPTER 9

SUMMARY AND RECOMMENDATIONS

In chapter 7 the study's main findings and in the next chapter the conclusions were presented. Though somewhat repetitive to this chapter a self contained summary of findings and conclusions is presented so as to serve as the context for the recommendations which constitute the chapter's main objective.

9.1 Summary

Industrialization plays a vital role in economic development of developed and developing countries. In Pakistan also serious efforts have been made to improve this sector but still it is facing quite a lot of problems and at present more than 4000 units are sick in Pakistan out of which more than 200 units are in NWFP. Gudson Arzoo is the largest and important state of this province.

CHAPTER 9 SUMMARY AND RECOMMENDATIONS

Finance Minister Judojo was in 1950s there were more than 1000 industrial units in Gudson Arzoo. The basic aim behind the establishment of this industrial estate was to stop paddy cultivation in Gudson Arzoo, to provide alternative job opportunities to local population to generate income for government and to bring this backward area at par with other developed areas of the country. A lot of concessions and incentives were granted to Gudson Arzoo industrial estate which caused a boom in the industries in GAIT. The industrialists belonging to all parts of the country rushed to GAIT and established their own firms. The policy of granting the incentives in GAIT stopped in 1965. The new government withdrew all the incentives given to GAIT. It resulted in closure of most of the

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9.1 Summary

Industrialization plays a vital role in economic development of developed and developing countries. In Pakistan also serious efforts have been made to improve this sector but still it is facing quite a lot of problems and at present more than 4000 units are sick in Pakistan out of which more than 500 units are in NWFP. Gadoon Amazai is the biggest sick industrial estate of this province. This estate was established in 1986 and the target of the then government of Prime Minister Junejo was to establish more than 600 industrial units in GAIE. The basic aim behind the establishment of this industrial estate was to stop poppy cultivation in Gadoon Amazi, to provide alternative job opportunities to local population to generate income for government and to bring this backward area at par with other developed areas of the country. A lot of concession and incentives were granted to Gadoon Amazai industrial estate which caused a boom in the industries in GAIE. The industrialist belonging to all parts of the country rushed to GAIE and established their units there. The policy of granting the incentives in GAIE changed on 9th may 1992. The new government withdrew all the incentives given to GAIE. It resulted in closure of most of the

industries in this remote area of the country. The investment of billions of rupees and the future of thousands of families were put at stake. Unemployment, which was already high in the province, has increased. All these events resulted in economic and social degradation of the area and affected the overall economy of the country.

The present study found that there is still scope for revival of this industrial estate leading towards industrial boom once again if the incentives are granted back. The process of granting incentives is still continuing in various export processing zones and the newly established industrial estates along side motor way have been granted or promised incentives for encouraging the potential investors. Not granting the incentives to GAIE demonstrates the discriminatory attitude of the policy makers and economic managers. At the moment the socio economic impact of the withdrawal of these incentives and the subsequent closure of the industries are the worst on the local population beside its discouraging impact on the investors, particularly from NWFP.

One of the reasons for the backward economic performance is the lack of consistency in the policies and plans for the development of industrial sector in particular. Therefore, it is important that the problems of GAIE should be taken seriously and pragmatic approach may be adopted to resolve this out standing issue.

9.2 RECOMMENDATIONS

It could be seen from the main findings and conclusions that the impacts of the withdrawal of incentives from GAIE have been negative impact on the inhabitants of the local area besides loss of billions of rupees. Due to sickness of the units, income of CBR and WAPDA has reduced and millions of rupees of the investors have been blocked. Thus the revival of sick industrial units in GAIE is in the larger interest of the area, province and the country. Therefore, some policy recommendation are suggested which are given below.

The role of government

Of course in the revival process the role of government is very important.

1. **Continuation in Government Policies:** Regarding GAIE unfortunately in our country relationships between the government and opposition are always in a state of conflict with each other. Each opposition just criticizes the policies of government not for constructive purpose but just for the sake of criticism. One government will start a project and the new government will stop it without any solid reason. There is no continuation between the policies of different governments. This continuation of policies is a must if every thing is going on smoothly. Same is true for the process of revival of sick industries.

2. **Provision of proper infrastructure in GAIE:** the development of industrialization is closely linked with proper and developed infrastructure. The building of modern industrial enterprises, which requires the free movement of manpower raw materials, equipment and finished goods, largely depends on, and is determined by the available infrastructure. For the process of revival not only an expansion of the infrastructure is needed, but also its qualitative change is a must. For large scale of production, distribution of manufactured goods, transportation to port can not be made possible with old traditional infrastructure. Therefore, government is requested to provide proper infrastructure in the GAIE in order to revive the sick units.
3. **Improvement of road condition:** The road leading to GAIE is in a very bad condition. It discourages the industrialists because it makes the travelling difficult for transport, trucks and the transfer of good. The length of this road is just a few kilometres. Its repair and proper restoration will cost just a few lack rupees. Government must take serious notice of this problem immediately.
4. **Extension of Rail services:** Rail services should be extended from Jahangira to Topi if possible for the govt. Because Jahangira is the only nearest railway station to GAIE. It will solve many transport problems of the industrialist. Also it will help in integrating the

markets. For this Pakistan railway will have to specify certain carriage bogies. Proper loading facility at railway station will make the operation convenient.

5. **Connecting Islamabad Peshawar Motorway:** Islamabad Peshawar motorway, which was under construction, is nearing its completion. That should be connected to GAIE. It will not only make the revival process easy but also help in the establishment of new industries in GAIE.
6. **Provision of advisory and consultancy services:** Government should provide preinvestment counselling and guidance to the new comers in the industrial sector, and to those who are facing problems regarding their industrial units. For this purpose government should establish industrial advisory and counselling centre at GAIE. These centre must have linkage with the centre established for the same purpose in the industrially developed countries of the world like USA, Japan, U.K, Korea and Russia etc. in this way it will be easy for industrialist to approach these centres at the time of emergency. Such centres can help in curing the sick industrial unit easily and make the revival possible.
7. **Provision of natural Gas in GAIE:** many industrialists reported that non availability of natural gas at GAIE is also an important reason of industrial sickness. Because after withdrawal of the incentives the

charges of electricity have increased too much. Government is already working on the project of distribution of the supply of natural gas in GAIE. It must be completed quickly. It will have a very positive effect on the cost structure of GAIE and help in the revival of sick industrial unit.

8. **Reduction in interest rate:** Most of the industrialists are facing the problem of fund shortage. Loan must be issued to the industrialist on the base of some securities or there must be some guarantor between financial institutions and industrialist who must be responsible if there will be no repayment of this loan. Because mishap in this regard contributes to the failure of the industries. Moreover interest rate on loan must be reduced.
9. **Reduction in custom duty on the import of machinery and raw material:** Government must give concession in tax on the import of machinery and raw material to fulfill the objectives of the establishment of GAIE. This concession is must for the revival process, otherwise no one will be ready to establish industrial unit in this remote area of the country which is away from the port, which has serious locational disadvantages and where transport costs are also high. In order to revive the sick or closed industrial unit of GAIE government must offer these concessions and handle the situation positively.

10. **Encouragement of the establishment of those units in GAIE for which raw material is locally available:** According to Dr. Noorul Islam in Gadoon Amazai the establishment of industries like Tobacco industry, sugar, noodles, glass, marble, Gem stone should be encouraged. Because for such industries raw material is locally available. Mineral resources like Gem and marble is abundantly available in NWFP. Every year Pakistan exports gem in raw or semi finished form to the world worth for Rs.10 billion. If it is exported in finished form it can earn more foreign exchange. Agricultural item like wheat, tobacco, sugarcane and maize are the important crops of the area. The encouragement of such industries will not only provide more for local consumption but also can earn more foreign exchange for the country by exporting the items abroad.
11. **Training facilities for labour in GAIE:** labour plays a very important role in the process of production. But unfortunately there is serious shortage of trained worker in Gadoon Amazai. Because cultivation is the main source of employment in that area, and majority of the people are uneducated and have no industrial skill. Therefore, government should provide training facilities for labour at Gadoon Amazai. Training centre should be established here, because in the absence of availability of trained workers locally the industrialists have to bring trained workers from other parts of the

country. These workers demand high wages, on the other hand local population remains unable to get jobs. Therefore, the establishment of training centre at Gadoon is strongly recommended.

12. **Concession in electricity charges:** Electric charges are an important portion of the total cost of production and the main reason of closure or below productivity of units in GAIE is high electricity charges. Although electricity is produced sufficiency in the province, specially Tarbela dam is very near to GAIE. Therefore, special concessions should be given in electricity bills to the industries in GAIE. This concession is a must for the revival of sick or closed units of GAIE.
13. **Training and educating entrepreneurs and managers:** There is lack of entrepreneurial and managerial skill in our country. No school or training centre for educating the people in the field of industry is available in the country. People learn and acquire such talent just through experience. One reason of industrial sickness in GAIE is the absence of modern managerial and entrepreneurial knowledge. For the solution of this problem a close link between industries and universities must be established. Special courses in industrial management and entrepreneurship must be offered by universities if full time courses are not possible there must be short courses or part time courses. These students must be sent to different industries. So that they can become trained theoretically and practically. Self-

finance schemes in education have solved financial problems of the government. Government must encourage such steps. These efforts will not only be helpful in reviving the industries in Gadoon but also in the rest of the country.

14. **Facilities of workshop for repairment in GAIE:** In the light of analysis of the problem one reason of the closure or sickness of industrial units is non availability of workshops for the repairment of damaged machinery. During the process of production if a machine is damaged. It must be repaired. Otherwise production is impossible. Same is the case in GAIE. In the beginning these facilities should be provided in govt sector. Once established they can be transferred to the private sector. PIDC can play better role in this regard. Establishment of such workshop will be very helpful in the revival of sick industrial unit. Provision of spare parts of machinery is also a must in GAIE. Because in its absence the machine remains idle for months and fixed cost and labour charges continue to increase and total cost increases. For the revival process, spare parts in workshops must be provided in GAIE.

15. **Preparation of proper and realistic negative list for GAIE:** The absence of a realistic negative list resulted in the mushroom growth of the industries, on the bases of the incentives granted to them. This resulted in the closure of many of the industries when the incentives

were withdrawn. Negative list must be prepared sincerely and with great consciousness. It reduces the chances of industrial sickness.

16. **Encouragement of modern technology in GAIE:** Government must encourage the industrialists with modern and latest technology in GAIE. The use of primitive and out dated technology is also responsible for industrial sickness in GAIE. It is reported that modern machinery imported for GAIE was installed in other parts of the country and outdated machinery was used here which resulted in industrial sickness. With primitive technology we can not compete with the world. Therefore, for the revival of sick industries the use of modern technology is a must. Strict rules regulations must be enforced to avoid miss use of incentives.
17. **Encouragement of partnership:** In the light of analysis of problems it was found that the industrialists are facing the problem of fund shortage. The problems of fund shortage can be solved by encouragement of partnership. Huge fund can be generated by doing so and the revival of sick units can be made possible.
18. **Existence of bara market:** Existence of bara market is also an important reason of the failure of the local industry. In findings and conclusions it is mentioned that the prices of these smuggled goods are low and the local industrialist can not compete at such a low price. It is very difficult to stop these bara markets totally but at least

the industries in Gadoon should be protected. For this purpose ban should be imposed on the sale of those goods, which are produced by local industrialists. It will contribute to the revival of sick units of GAIE.

19. **Transparency:** The system of government institutions should be made transparent. Because in getting the loan, registration, quality control price fixation taxes etc. corruption is involved. The concerned people bribe the officers on duty and get the clearance. Without bribery these officers use the delay tactics. For the revival process transparency is a must on the part of both parties government and industrialists.
20. **Marketing facilities:** Effective marketing is one of the important considerations in determination of profit margin. The new comer needs guidance to know the marketing prospects of their goods produced when, how much, what quality packing and how to reach there etc. as mentioned in the previous chapters. There were government servants who through golden hand shake scheme got the pension and invested in GAIE. But as new comer they had no idea about business or marketing and the result is clear. Government must provide all the facilities regarding marketing, to advise them on the actual demand for quality and quantity which is required and must bring them in contact with foreign importers subcontractors, export

cooperations etc. central marketing cell must be opened by the government in GAIE. It will surely achieve the ultimate goal of the revival of most of the sick units.

21. **Trade with Afghanistan and Central Asian States:** As Karachi seaport is far away from NWFP, therefore, import and export of goods is very difficult by sea. Friendly trade relations should be established with Afghanistan and Central Asian states by road. This stresses upon the need of regulation and facilitation of road transport made by the government. No custom duties, taxes, dues or charges of any kind, whether national or provincial should be imposed upon traded items. Thus the expansion of demand will help in the revival of sick industrial units.
22. **Establishment of government offices in GAIE for close communication between industrialists and govt:** It is a must for quick result if the industrialists are facing some problems or emergency. The experts in these offices will coordinate and help them. It will be a better step towards the revival process.
23. **Fair and exhibitions:** To introduce and popularise the products of GAIE government must arrange fairs and exhibitions at national and international level. Pakistani embassies and consulates can arrange fairs and exhibitions at international level. Pakistani community can

also help the embassies. It will increase the demand for the products of GAIE and ultimately contribute to the revival process.

24. **Prizes and awards:** Government must offer prizes and awards to those who come first and revive his sick unit.
25. **Security measures:** Proper security of life and property must be maintained by government, because industrialization can promote only in a state of peace and harmony and not in fear and emergency conditions.
26. **Provision of Internet services to GAIE:** This is the era of information technology. Information technology has been playing an important role in expansion of trade and commerce, both at national and international level. Therefore, internet services should be provided in GAIE by government. It will help in minimizing industrial sickness in GAIE.
27. **Re-continuation of incentives for GAIE:** Continuation of incentives is the most important instrument in the process of revival. In the process of revival government is not the only responsible party, but the role of industrialist has the same importance.
28. **The role of industrialist, sincere efforts and will for revival:** Neither the government incentives nor motivation can revive the sick units of GAIE unless, the industrialists have strong will and desire to

revive them. Therefore, sincere efforts and honesty on the part of industrialists is a must in this regard.

29. **Efficient use of material and energy:** Material and energy should be used efficiently by the industrialists. Any wastage should be avoided. It reduces the cost of production and keeps away the sickness.
30. **Goods must be produced according to the demand need and choice of the customers:** Now a days we are moving from supply driven economy towards demand driven economy. In this way price of the product increases and profit also moves in the same direction. It will also help in the process of revival.
31. **Production of a variety of items by the industrialists:** By adopting this measure the industrialists will be enabled to handle nay type of situation.
32. **Best quality items create demand for themselves:** Therefore quality improvement also reduces the chances of industrial sickness.
33. **The Use of modern and updated technology:** Modern technology improves the quality of the output and saves time.
34. **Changing the line of production:** If the loss is permanent and can not be overcome, then the line of production should be changed.

35. **Creation of a friendly atmosphere in GAIE:** Working in a friendly and relaxed atmosphere improves the efficiency and productivity of a worker. Therefore, the industrialist must share the sorrow and happiness of the workers. It will minimize many conflicts and disputes. Recreational and canteen facilities should be provided within the factory. Interest should be taken in the solution of the workers' problems.

9.3 Concluding note

To revive the industries in Gadoon Amazai the government and the industrialist are needed to make efforts. The industrialist must show the behaviour of patriotism, sincerity and honesty and the government must provide facilities and incentives for revival, because in the absence of facilities and incentives no stakeholder, no industrialist will agree to establish a unit in this far-flung area of the country which is far away from sea port, where proper infrastructural facilities are not available, where security problems are present, which is away from main road and which involves heavy transport cost.

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APPENDIX I
REVIVAL OF SHUT INDUSTRIAL UNITS IN PAKISTAN
A case study of Gadoon Amazai Industrial Estate
Investment Scheme No. 1
(The Industrialist)

1. Introduction

a. Name of the respondents _____

b. Description / nature of the respondent:

i. Owner _____

ii. Manager _____

iii. Other special qualities _____

c. Level of education _____

d. Dates of industrial units _____

e. Type of industrial unit _____

f. Date of commencement _____

2. Capital / investment

a. Total investment _____

i. Owned Rs. _____

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ii. Share Rs. _____

b. Average operating cost Rs. _____

c. Approximate fixed costs Rs. _____

d. Mark up on sales received Rs. _____

e. Loan repaid Rs. _____

3. Reason of location

a. Why did you choose Gadoon Amazai Estate for the establishment of your unit?

i. The govt. promised the following incentives:

1. Exemption of custom duty on machinery _____

2. Exemption of custom duty on raw material _____

3. Provision of loan at a lower mark up _____

4. Normal rate of plots _____

5. Exemption of sales tax _____

APPENDIX 1
REVIVAL OF SICK INDUSTRIAL UNITS IN PAKISTAN
A case study of Gadoon Amazai Industrial Estate
Interview schedule No. 1
(For Industrialist)

1. Introduction
 - a. Name of the respondents _____
 - b. Designation / status of the respondent:
 - i. Owner _____
 - ii. Manager _____
 - iii. Other (please specify) _____
 - c. Level of education _____
 - d. Name of industrial units _____
 - e. Type of industrial unit _____
 - f. Date of Establishment _____
2. Capital / Investment
 - a. Initial investment _____
 - i. Owned Rs. _____
 - ii. Loan Rs. _____
 - iii. Shares Rs. _____
 - b. Average operating cost Rs. _____
 - c. Approximate fixed costs Rs. _____
 - d. Mark up on loan received Rs. _____
 - e. Loan repaid Rs. _____
3. Reason of location:
 - a. Why did you choose Gadoon Amazai Estate for the establishment of your unit?
 - i. The govt. promised the following incentives.
 1. Exemption of custom duty on machinery _____
 2. Exemption of custom duty on raw material _____
 3. Provision of loan at a lower mark up _____
 4. Nominal rate of plots _____
 5. Exemption of sales tax _____

6. Electricity on concessional rates _____
7. Any other _____
- ii. Availability of cheap lab _____
- iii. Appropriate environment _____
- iv. _____
- v. _____
- vi. any other (please specify)
4. production and employment capacity:
- a. Type of goods produced:
- i. _____
- ii. _____
- iii. _____
- b. Production capacity:
- i. _____
- ii. _____
- iii. _____
- c. Employment capacity:
- i. Permanent staff _____
- ii. Casual Staff: _____
5. Nature and reasons of sickness:
- a. When did you stop production? (when the unit was locked) _____
- b. The unit is sick or closed
1. Partially or totally _____
2. Permanently or temporarily _____
- If temporarily, when do you intend to revive it?

- c. What are the main causes of sickness?
- i. Lack of demand for you products _____
- ii. The project is not viable _____
- iii. The profit is below the normal level _____
- iv. The special incentives for Gadoon Amazai were withdrawn

- v. Market is at a distance _____

vi. Any other (Please specify)

6. Actual production and employment:

What was the actual (realized) production in the preceeding three years, before the unit became sick Item	Year 1	Year 2	Year 3
1.			
2.			
3.			
4.			

a. Actual employment

i. Year 1 _____

ii. Year 2 _____

iii. Year 3 _____

b. What were the reasons if the actual production was lower that the production capacity?

i. _____

ii. _____

iii. _____

c. Do you want to revive your units?

i. Yes/ No. _____

If yes, on what conditions?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

ii. If No. Why?

1. _____

2. _____

3. _____

4. _____

d. Do you want to shift this unit (machinery) somewhere else? Yes/No.

If yes, where? _____ and why? _____

i. _____

ii. _____

iii. _____

iv. _____

e. What were the problems during operation:

i. Non availability of key inputs _____

1. Skilled labour _____

2. unskilled labour _____

any other. On reasonable wage rate.

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

ii. Any other please specify

f. What types of problems are faced by your unit to revive it?

i. _____

ii. _____

iii. _____

iv. _____

v. _____

vi. _____

g. Suggestions:

i. Will please highlight any appropriate suggestions for the improvement of Gadoon Amazai Estate.

1. _____

APPENDIX 2
 THE REVIVAL OF SICK INDUSTRIAL UNITS IN
 PAKISTAN

A Case Study of Cotton Spinning Industrial Estate
 Form No. 2

ii. Or for the revival of your sick unit.

1. _____
2. _____
3. _____
4. _____
5. _____

1. Name of the unit
 2. Address of the unit
 3. District

4. Name of the owner

	Before GAIE	After GAIE
1. Name of the unit		
2. Address of the unit		
3. District		

4. Type of Security
 Single
 Joint

5. Type of investment
 Owned
 Rented
 Provided by factory
 Other

	Before GAIE	After GAIE
1. Name of the unit		
2. Address of the unit		
3. District		
4. Type of Security		
5. Type of investment		

APPENDIX 2
THE REVIVAL OF SICK INDUSTRIAL UNITS IN
PAKISTAN

A case study of Gadoon Amazai Industrial Estate
 Interview Schedule No. 2
 For Household Head

1. Introduction

- a. Name of Household head:
- b. Name of the respondent:
- c. Respondent's age:
- d. Sex:
- e. Respondent level of education
- f. Address: Village The:
- District:

2. Family size type of family:

- a. Size:

Gender	Before GAIE	After GAIE
Male		
Female		
All		

- b. Type of family: Single: _____
- Joint: _____

1. House:

- a. Tenurial status of house

	Before GAIE	After GAIE
Owned		
Rented		
Provided by factory		
Other		

a. House Structure:

Structure	Before GAIE	After GAIE
Pucca		
Katcha		
Semi Pucca		

a. Other details:

Others	Before GAIE	After GAIE
Area		
No. of Rooms		
Kitchen		
Toilet		
Washroom		
Veranda		
Drawing room		

a. Effects of GAIE

i. Literacy

1. No. of school/college going children/ members

Sex	Before GAIE	After GAIE
Male		
Female		
Total		

1. Number of literate Household members

Sex	Before GAIE	After GAIE
Male		
Female		
Total		

i. Employment

1. Number of children (less than 15 years) employed

Sex	Before GAIE	After GAIE
Male		
Female		
Total		

1. Number of H.H. members (15 years and above)

Sex	Before GAIE	After GAIE
Male		
Female		
Total		

i. Income (Total Income earned from all sources)

Before GAIE	Rs.
After GAIE	Rs.

i. Number of private schools in your village

Sex	Before GAIE	After GAIE
Male		
Female		
Total		

i. Other effects if any:

i. Total consumption expenditures (Approximately)

Before GAIE	Rs.
After GAIE	Rs.

1. Effects of sick units:

a. Did you or any members of your family work in a unit which is sick now?

Yes No.....

If yes, then kindly provide the following information.

b. Literacy:

i. No. of school/college going children / members

Sex	Before Unit became sick	After unit became sick
Male		
Female		
Total		

i. No. of literate household members

Sex	Before Unit became sick	After unit became sick
Male		
Female		
Total		

a. Employment

i. Number of children (less than 15 years) employed

Sex	Before Unit became sick	After unit became sick
Male		
Female		
Total		

i. Number of H.H members (15 years and above)

Sex	Before Unit became sick	After unit became sick
Male		
Female		
Total		

i. Income

1. Total Income earned from all sources,

a. Before GAIE Rs.....

b. After GAIE Rs.....

ii. Number of private schools in your village

Sex	Before Unit became sick	After unit became sick
Male		
Female		
Total		

i. Others effects if any

i. Total consumption / Expenditure (Approximate)

a. Before GAIE Rs.....

b. After GAIE Rs.....

2. Do you have the following facilities before or after GAIE

Put a \checkmark or Cross in front of before or after

Regression analysis Before and After

a. Fridge

b. Deep freezer

c. T.V

d. VCR

e. Computer

f. Cycle

g. Bul cart

h. Car

Brand Summary

Model	Brand	Adjusted R Square	Std. Error of the Estimate
		.64	1873.55

ANOVA(a)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	46611351.155	3	15537117.048	132.760	.000(a)
Residual	252732493.440	72	3510174.213		
Total	299343844.595	75			

Adjusted R Square: .640000000000000

Dependent Variable: CONSUM1

Coefficients(a)

	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	1276.804	376.512	3.393	.001
CONSUM1	.62	.034	18.205	.000

Adjusted R Square: .640000000000000

APPENDIX 3

Regression analysis before establishment of GAIE

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805(a)	.648	.643	1873.55
a Predictors: (Constant), INCOME1				

ANOVA(b)						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	466011751.155	1	466011751.155	132.760	.000(a)
	Residual	252732493.440	72	3510173.520		
	Total	718744244.595	73			
a Predictors: (Constant), INCOME1						
b Dependent Variable: CONSUM1						

Coefficients(a)						
Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.	
						B
1	(Constant)	1276.804	370.812			
	INCOME1	.621	.054	.805	11.522	.000
a Dependent Variable: CONSUM1						

APPENDIX 4

Regression analysis after establishment of GAIE

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.351(a)	.123	.111	7670.47
a Predictors: (Constant), INCOME2				

ANOVA(b)						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	593525146.714	1	593525146.714	10.088	.002(a)
	Residual	4236197402.272	72	58836075.032		
	Total	4829722548.986	73			
a Predictors: (Constant), INCOME2						
b Dependent Variable: CONSUM2						

Coefficients(a)						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
Model	B	Std. Error	Beta			
1	(Constant)	1225.174	2008.417	.610	.544	
	INCOME2	.850	.268	.351	3.176	.002
a Dependent Variable: CONSUM2						

APPENDIX 5

Summarized position of country wide incentives allowed by the govt under various SRO's

S.No	Notification No./SRO	Incentive	Area Covered
1	No.SRO-611(1)/89	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries.	Country / General
2	No. SRO 988(1)/89. 27 th September 1989	Exemption from custom duty and sales tax on plant and machinery locally manufactured for setting up specified Industries.	Specific Area
3	No.SRO-367(1)/94. 9-5-1994	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries If imported for Projects like petroleum Oil, gas & energy etc.	General
4	No.SRO-71(1)/95 19.1.1995	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries on import of Raw material by Industries setup in the Special Industrial Zone, subject to certain condition.	General SIZAREA
5	No.SRO-280(1)/96 9.1 1995	Import of machinery equipment, material accessories, spares chemical & consumable if imported for establishment of IRAN-PAK refinery at HUB - Baluchistan.	HUB Baluchistan

S.No	Notification No./SRO	Incentive	Area Covered
6	No.SRO-433(1)/96 13.6.1996	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries by Karachi Shipyard for use in the building, fitting, repairing or re-fitting of ships, boats or floating structures subject to certain conditions.	KARACHI
7	SRO-400(1)/97 31.5.97	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up Industries Chemicals, consumable by the exploration and production comprises including OGDC.	WHOLE COUNTRY
8	SRO -495(1)/97 31.5.97	Exception from Regulatory duty on import of sodium. Hydroxide (costic soda) in Aqueus solution (soda by or liquid soda) by the manufacturers of formaic Acid.	WHOLE COUNTRY
9	SRO-1119(1)/9731 10.97	Repayment of custom duty on export of Electric goods.	WHOLE COUNTRY
10	No.SRO-38(1)/98 21.1.1998	Import of machinery equipment, material accessories, conversion kit and cylinder by CNG companies or the local automotive manufacturers and assemblers	WHOLE COUNTRY
11	No.SR0236(1)/98	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries If imported for the oil pipe line project	WHOLE COUNTRY

S.No	Notification No./SRO	Incentive	Area Covered
12	No SRO-554(1)/98 12.06.1998	Exemption from custom duty and sales tax on certain plant and machinery not manufactured locally for setting up a manufacturing unite for the expansion Balancing / modernization and replacement of existing units	Azad Kashmir / Northern Areas
13	No.SRO-1390(1)/99 29.12.1999	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries on import made for M/s Pak-Arab Refinery Ltd.	Pak-Arab Refinery Ltd.
14	No.SRO-390(1)/2001 18.6.2001	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries on supply of cellular telephone sets (Hand Hold sets)	General
15	No.SRO-434(1)/2001 18.6.2001	Exemption from custom duty and sales tax on certain plant and machinery as is not locally manufactured for setting up specified Industries Raw, materials, sub components for the manufacture of machinery, Agriculture, equipment and other goods.	WHOLE COUNTRY
16	No.SR0435(1)/2001 18.06.2001	Exemption from custom duty and sales tax on certain plant and machinery not locally manufactured for setting up specified Industries on certain goods meant (or supply of Industrial Units, Project agencies	General

S.No	Notification No./SRO	Incentive	Area Covered
17	No.SRO-437(1)/2001 dated 18.6.2001	Exemption from custom duty and sales tax on certain plant and machinery as is not locally manufactured for setting up specified Industries	General

Source: Sarhad Development Authority (2002)

S.No.	Notification No./SRO	Area	Incentive/Exemption	Expired On
	ICD Circular No.5 dated 29.07.1991 by State Bank of Pakistan	NWFP	Subsidy @ 3% on markup loan: Subsidy of 3% per annum on the amount of Finance obtained for fixed investment bridge loan and working capital for new Ind. Unit to be set up in NWFP after 1.7.1991 for period of 3years.	
9	Vide No.AMDD(LG)5(13) /81 dated 20.08.1984	NWFP	Local Taxes for NWFP: For a period of 05years from the date of commencement of production.	Now withdrawn
10	Vide Circular No.6(12)/90-Policy dated 17.12.90	General	RIDI incentives for N.W.F.P.	
11	SRO No.108(1)/95 dated 10.02.1995	Gadoon	25% exemption from the whole of custom duty and sales tax on raw material and component for period of 5 years	Expired on 11 02 2000
12	SRO No.328(1)/95 dated 19.04.1995	Gadoon	Allowing 7% exemption of duty and taxes to edible Oil consignment for a period of five years	Expired on 1842000

Source: Sarhad Development Authority (2002)

APPENDIX 6

Summarized Position of Incentives allowed by Govt for NWFP and GAIE Under SRO's

S.No.	Notification No./SRO	Area	Incentive/Exemption	Expired On
1				
2				
3	No.SRO-561(l)/94 OU.(i. IOT/I	NWFP	Exemption of Sales Tax: Exemption for 5 years for NWFP for units setup between 1-7-1991 & 30- 6-1994 plus 1 billion.	Extended up to 31/12/2001
4	No.SRO-1283(i)/90 13.12.1990	NWFP	Exemption of Income Tax: 08 years Tax Holiday for NWFP under 118(c) of Income Tax ordinance 1979 for Industries 1.12.90 to 30.6.95	Now Expired
5	122(c) second schedule of I.T. ordinance 1979.	Gadoon	Tax Holiday: for G.A.I.E. under 122 (c) second schedule of I.T. ordinance 197§,	
6	Vide No.2125/CMDn'aining/T- 78dated03.06.1987	Gadoon	50% Electricity Tariff Rebat for Gadoon: 50% rebate of normal applicable Industrial tarrif rate of WAPDA.	withdrawn on 02.06.1997
7	Vide NO.1/16/INFC/FD/E/92 dated03.06.1987	NWFP	25% Electricity Rebat for NWFP: for a period of 03 years.	Now Expired
8	Vide No.Govt. NWFP F/D-1/16NFC(FD)/(S)-92 dated 17.05.1992	NWFP	Concession on loan: @ 2% concession in markup on loan for industrial units/ fixed assets from 1/7/1981 to 30.6.1994 for Rural Areas except Hattar Industrial Estate.	

S.No.	Notification No./SRO	Area	Incentive/Exemption	Expired On
	ICD Cercular No.5 dated 29.07.1991 by State Bank of Pakistan	NWFP	Subsidy @ 3% on markup loan: Subsidy of 3% per annum on the amount of Finance obtained for fixed investment bridge loan and working capital for new Ind. Unit to be set up in NWFP after 1.7.1991 for period of 3years.	
9	Vide No.AMDD(LG)5(13) /81 dated 20.08.1984	NWFP	Local Taxes for NWFP: For a period of 05years from the date of commencement of production.	Now withdrawn
10	Vide Circular No.6(12)/90-Policy dated 17.12.90	General	RIDI incentives for N.W.F.P.	
11	SRO No.108(1)/95 dated 10.02.1995	Gadoon	25% exemption from the whole of custom duty and sales tax on raw material and component for period of 5 years	Expired on 11 02 2000
12	SRO No.328(1)/95 dated 19.04.1995	Gadoon	Allowing 7% exemption of duty and taxes to edible Oil consignment for a period of five years	Expired on 1842000

Source: Sarhad Development Authority (2002)

APPENDIX 8

INDUSTRIES ESTABLISHED DURING 1986-90, 1991-1995 & 1996-2000 IN N.W.F.P.

(Investment Rs. Million)

Sector	1986-1990		1991-95		1996-2000	
	No. of Units	Investment	No. of Units	Investment	No. of Units	Investment
SECTOR I Food, Beverage & Tobacco.	87	575.175	176	2471.659	147	1502.363
SECTOR-II Textile/Wearing / Apparels and leather Products	97	245.687	156	8854.231	15	2831.596
SECTOR - III Wood & Wood Products	29	58.949	33	158.469	11	129.34
SECTOR - IV Paper & Paper Products	5	25.629	29	498.613	11	71.665
SECTOR - V Chemical, Petroleum, Rubber & Plastic Products.	71	850.509	182	3664.827	54	1453.403
SECTOR-VI Mineral Products	68	405.534	93	549.243	81	1181.665
SECTOR - VII Meta! & Metal Products	44	209.112	115	1582.769	47	1493.232
SECTOR-VIII OTHER	--	--	9	197.034	2	84.8
MANUFACTURING INDUSTRIES						
Total	401	2370.595	793	17976.845	368	8748.064

Source: Sarhad Development Authority (2002)

Note: The tempo of industrialization increased during the period 1991-95 due to various incentives including exemption of import duty on imported machinery and raw material, 50% rebate in electricity tariff in Gadoon Industrial Estate and Sales tax exemption in the NWFP, which declined during 1996-2000 because of withdrawal session of these incentives.

APPENDIX 9

Rs. In millions

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
1	M/S	A ONE INDUSTRY (PVT) LTD, GUJRANWALA	STAINLESS STEEL 9.4	2	0
2	M/S	A.C.M PLASTIC (PVT) LTD, RAWALPINDI	SHOPING BAGS	8	2
3	M/S	ABSON INDUSTRY (PVT) LTD, KARACHI	WOVEN BAGS	122	12
4	M/S	ADIL POLYPROPYLENE (PVT) LTD, KARACHI	POLYPROPYLENE REGSIN	19	8
5	M/S	AFGHAN GHEE MILLS, ABBOTABAD	GHEE UNIT	73	6
6	M/S	AGRO PACK (PVT) LTD, PESHAWAR	FOOD GRADE & POLYTHENE SHEET	49	4
7	M/S	AL ASAD INDSTRY (PVT) LTD, KARACHI	WORK KNETTIN SILK	18	2
8	M/S	ALAWAN POLYTEX (PVT) LTD, RAWALPINDI	POLYPROPYLENE BAGS	14	1
9	M/S	AL-MANSOOR SILK (PVT) LTD, PESHAWAR	SILK	10	2
10	M/S	AL MUZZAMIL INDUSTRY (PVT) LTD, PESHAWAR	TIN MAKING	11	5
11	M/S	AL RAZAK SYNTEHTIC (PVT) LTD, KARACHI	POLYESTER YARN	81	3

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
12	M/S	ALLIED BATTERIES (PVT) LTD, LAHORE	DRY BATTERIES	10	4
13	M/S	ALPHA GAMA INDUSTRY (PVT) LTD, LAHORE	KITCHEN UTENCILS AND WASH MACH	19	2
14	M/S	ALPHA SPECIAL STEEL (PVT) LTD, RAWALPINDI	STEEL FURNACE	38	5
15	M/S	ALPHA TAPES (PVT) LTD, PESHAWAR	ADHESIVE TAPES STAINLESS STELL	19	3
16	M/S	AMAZAI PETRO CHEMICAL (PVT) LTD, PESAHWAR	SHOPPING BAGS	10	2
17	M/S	AMAZAI TEXTILE MILLS, PESHAWAR	TEXTILE WEAVING	115	6
18	M/S	ASAD ENGINEERING (PVT) LTD,	ENGINEERIGN HARDWAR	30	3
19	M/S	ASHRAF FEBRICS (PVT) LTD, GUJRANAWAL	TEXTILE	12	3
20	M/S	ASIAN INDUSTRY (PVT) LTD, LAHORE	PLASTIC	71	2
21	M/S	ASIAN KNITWARE (PVT) LTD, LAHORE	TOW TO TOPS	71	2
22	M/S	BILAL INDUSTRY (PVT) LTD, GUJRANWALA	MELAMINE	12	2
23	M/S	BRICKS (PVT) LTD, PESHAWAR	CALCIUM SILICATE BRICKS	66	3

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
24	M/S	BROTHERS INDUSTRY (PVT) LTD, RAWALPINDI	MELAMINE TABLE WAX & DINNER SETS	10	2
25	M/S	CAPCRO INDUSTRY (PVT) LTD, LAHORE	CROWN CORKS/CAPS	28	2
26	M/S	CHEM CRAFT (PVT) LTD, KARACHI	PLASTIC AND MOULDING 22.85	2	0
27	M/S	DIAMOND INDUSTRY (PVT) LTD, LAHORE	FAOM AND PLASTIC	31	6
28	M/S	DURRANI PLASTIC (PVT) LTD, PESHAWAR	POLYPROPYLENE BAGS AND SHEET	10	1
29	M/S	FABRITEX INDUSTRY (PVT) LTD, KARACHI	TEXTILE WEAVING	19	4
30	M/S	FAIR INDUSTRY (PVT) LTD, KARACHI	WIRE MFG	19	0
31	M/S	FAIZ PLASTIC (PVT) LTD, PESHAWAR	PLASTIC, SHOPPING BAGS	10	2
32	M/S	FIVE STAR INDSTRY (PVT) LTD, RAWALPINDI	PAPER SACK	25	4
33	M/S	FOOT CRAFT (PVT) LTD, LAHROE	SPORTS FOOT WEAR AND PVC SHOES	23	6
34	M/S	FRESNO STELL (PVT) LTD, RAWALPINDI	STELL FURNACE	11	2
35	M/S	FRONTIE CARPET (PVT) LTD, PESAHWAR	TUFFTED CARPET	25	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
36	M/S	FRONTEIR METAL (PVT) LTD, KARACHI	27.956	3	0
39	M/S	GADOON PACKING INDUSTRY (PVT) LTD, MULTAN	CONTIANER FOR LUBRICANTS	6	2
40	M/S	GADOON PLASTIC INDUSTRY (PVT) LTD, PESAHWAR	SHOES	9	3
41	M/S	GADOON STEEL (PVT) LTD, PESAHWAR	ALLUM COCK WARE, S.S. SHEETS	7	2
42	M/S	GANDHARA FOUNDRY (PVT) LTD, MARDAN	STEEL FURNACE	18	0
43	M/S	GANDHARA METAL (PROPOSED) (PVT) LTD, MARDAN	TIN CAN MAKING	56	2
44	M/S	GHANDHARA PACKING (PVT) LTD, PESHAWAR	CAN MAKING	11	3
45	M/S	GELL INDUSTRY (PVT) LTD, PESAHWAR	SHOPPING BAGS	18	2
46	M/S	GHAZI ENGG. (PVT) LTD, PESAHWAR	STEEL FURNACE	8	2
47	M/S	GOLD VIEW PLASTIC (PVT) LTD, PESHAWAR	U.D.P.E FILM	11	2
48	M/S	HAMZA STEEL (PVT) LTD, ISLAMABAD	STEEL FURNACE	23	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
49	M/S	HASSAN BROTHERS (PVT) LTD, ISLAMABAD	PLASTIC SHOPPING BAGS	14	2
50	M/S	HAVELLIAN SILK MILLS (PVT) LTD, ABBOTABAD	SILK	14	3
51	M/S	HAYAT STEEL (PVT) LTD, LAHORE	STEEL FURNACE	12	1
52	M/S	HI TECH PRINTING (PVT) LTD, PESHAWAR	PLASTIC, PRINTING AND BAGS	14	2
53	M/S	HIMA MFG (PVT) LTD, PESHAWAR	MARKERS BALL POINTS PEN	15	2
54	M/S	HOTI ENTERPRISES (PVT) LTD, MARDAN	TIN MAKING	105	2
55	M/S	ICE LAND (PVT) LTD, MARDAN	AC/REFRIGRATOR	25	4
56	M/S	IMAGE CORPORATION (PVT) LTD, PESHAWAR	34.025	4	0
57	M/S	IMPERIAL STEEL (PVT) LTD, RALWALPINDI	FURNACE AND REROLLING	10	3
58	M/S	INTERANATIONAL PLASTIC (PVT) LTD, SWAT	SHOPPING BAGS	66	2
59	M/S	IQRA STEEL MILLS (PVT) LTD, LAHROE	GORRUGATED SHEET	4	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
60	M/S	J.R. STEEL MILLS ISLAMABAD (PVT) LTD,	STEEL MELTING FURNACE	16	2
61	M/S	JADOON BROTHERS PACKAGES (PVT) LTD, PESHAWAR	PACKAGES	7	2
62	M/S	JADOON INDUSTRY (PVT) LTD, PESHAWAR	TIN MAKING	11	2
63	M/S	JALAL TEXTILE (PVT) LTD, MARDAN	WEAVING	14	2
64	M/S	JAMAL BROTHERS (PVT) LTD, PESHAWAR	MELAMINE	9	2
65	M/S	JANIS (PVT) LTD, PESHAWAR	PVC CABLE WELDING	8	2
66	M/S	KHALID PLASTIC AND TEXTILE MILLS (PVT) LTD, GUJRA	TOW TO TOPS	59	5
67	M/S	KAGHAN GHEE MILLS (PVT) LTD, ABBOTABAD	GHEE	30	6
68	M/S	KHALID PLASTIC AND TEXTILE MILLS (PVT) LTD, GUJRA	TOW TO TOPS	59	5
69	M/S	KHAWAJA INTERNATIONAL (PVT) LTD, GUJRANWALA	ACRYLIC TOW TO TOP	14	4

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
70	M/S	KHAWAJA PLASTIC (PVT) LTD, RAWALPINDI	PLASTIC SHOPPING BAGS	10	0
71	M/S	KHYBER AGRO (PVT) LTD, LAHORE	GHEE AND OIL	13	4
72	M/S	KHYBER EXTRUSION INDUSTRY KARACHI	PVC PIPES	4	2
73	M/S	KHYBER GADOON ENTERPRISES (PVT) LTD, LAHORE	PACKING /CONTAINER	24	2
74	M/S	KHYBER PLASIC AND POLYMER (PVT) LTD, KARACHI	POLYURETHEN & FOAM	121	6
75	M/S	KOHINOOR MULTIPURPOSE (PVT) LTD, KARACHI	DRY BATTERY CELL	21	4
76	M/S	LATIF SHAKIR TEXTILE MILLS, KARACHI	TEXTILE SPINNING	167	3
77	M/S	LATIF UNITED (PVT) LTD, GUJRANWALA	PAINT AND PLASTIC 13.369	2	0
78	M/S	LEENA INDSUTRY (PVT) LTD, PESHAWAR	LIGHT ENGINEERING	13	2
79	M/S	M.Y ELECTRONICS (PVT) LTD, KARACHI	ASSEMBLING HOUSE HOLD	11	4
80	M/S	MAHABAN PLYWOOD INDUSTRY (PVT) LTD, KARACHI	PLYWOOD & FORMICA	30	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
81	M/S	MASS POWER (PVT) LTD, ABBOT ABAT	WASHING MACHINE	10	1
82	M/S	MEDONA SHOES (PVT) LTD, ABBOTABAD	PLASTIC SHOES	14	1
83	M/S	MEGATONE INDUSTRY (PVT) LTD, KARACHI	ELECTRONIC	3	5
84	M/S	MEHRAN COMFORTS (PVT) LTD, LAHORE	FOAM AND ALLIED PRODUCTS	30	3
85	M/S	MAIN ALLAH BAKHASH INDUSTRY (PVT) LTD, RAWALPINDI	PLASTIC BOTTONS	8	2
86	M/S	MIRAJ INDUSTRY (PVT) LTD, GUJRANWALA	SILK	8	3
87	M/S	MOHD SHAFIQ AND MOHD AFZAL (PVT) LTD, RAWALPINDI	SHOPPING BAGS	17	2
88	M/S	MONA LOREX INDSUTRY (PVT) LTD, GUJRANWALA	MWETALIC YARN	61	3
89	M/S	MULTY WOOD (PVT) LTD, PESHAWAR	STAINLESS STELL WOOD WORL	12	1
90	M/S	MUQADAR SOAP (PVT) LTD, MARDAN	SOAP	10	2
91	M/S	MUSHTAQ PLASTIC AND SILK (PVT) LTD, GUJRANWALA	SILK	12	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
92	M/S	MUSLIM SILK INDUSTRY (PVT) LTD, PESHAWAR	SILK CLOTH	12	2
93	M/S	NAJMA PLASTIC (PVT) LTD, PESHAWAR	SHOPPING BAGS	13	2
94	M/S	NATIONAL DYES CHEMICAL (PVT) LTD, LAHORE	DYES CHEMICAL	30	3
95	M/S	NAWAZ GHEE MILLS (PVT) LTD, LAHORE	GHEE	22	5
96	M/S	NEW REHMANIA INDUSTRY (PVT) LTD, RAWALPINDI	SOAP	9	2
97	M/S	NOOR ALLUMINIUM (PVT) LTD, KARACHI	ALLUMINIUM DOOR	19	3
98	M/S	OSMAN PETRO CHEMICALS (PVT) LTD, KARACHI	PLASTIC SHOPPING BAGS	68	2
99	M/S	PAPER TECH (PVT) LTD, KARACHI	PAPER BOARD	51	2
100	M/S	PEOPLE CONCERN (PVT) LTD, PESHAWAR	TIN MAKING	10	2
101	M/S	PERMERI STEEL MILLS MARDAN	ARC/INDCUTION FURNACE	41	4
102	M/S	PESHAWAR STEEL (PVT) LTD, LAHORE	STEEL FURNACE	28	2

**DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL
ESTATE**

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
103	M/S	POCHARD INTERNATION INDUSTRY (PVT) LTD, PESHAWAR	STEEL RE ROLLING	18	2
104	M/S	POINEER METAL(PVT) LTD, GUJRANWALA	STAINLESS STEEL	13	2
105	M/S	POLY YARN INDUSTTY PESHAWAR	POLYESTER FALAMENT	34	1
106	M/S	POLY YARN INDUSTRY PESHAWAR	PAPER BAGS	15	2
107	M/S	POLYMER PRODUCTS (PVT) LTD, LAHORE	MINERAL BOTTLES	15	2
108	M/S	PREMER ALLIANCES (PVT) LTD, LAHORE	AC REFREGRATER & DEFREEZER	16	2
109	M/S	PRIME COMMERCIAL BANK ISLAMABAD	BUSINESS	22	2
110	M/S	PRINCE MIRROR GALSS (PVT) LTD, LAHORE	GLASS	9	2
111	M/S	PROGRESSIVE WATCH MFG KARACHI	WATCH AND BALL POINT PEN	63	2
112	M/S	RAFI INDUSTRY (PVT) LTD, PESHAWAR	POLYPROPYLENE BAGS	68	2
113	M/S	REHMAN PLASTIC (PVT) LTD, SWABI	PLASTIC SHOPPING BAGS	7	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
114	M/S	REHMAN STEEL (PVT) LTD, SWAT	STEEL INDUCTION	36	6
115	M/S	REHMAN WOOLEN INDUSTRY LAHORE	WOOLEN TEXTILE	14	10
116	M/S	RINA ENTERPRISES (PVT) LTD, GUJRANWALA	GADOON PIPES	13	2
117	M/S	ROYAL GENERAL BALE INDUSTRY PESHAWAR	ELECTIC CABLE	8	2
118	M/S	ROYAL PVC INDUSTRY PESAHWAR	PVC MFG PIPES	36	4
119	M/S	S.S STELL (PVT) LTD, PESHAWAR	STEEL FURNACE	10	2
120	M/S	SAKHI SILK MILLS (PVT) LTD, GUJRANWALA	WEANVING WOOLEN	64	2
121	M/S	SARHAD CONTAINER UTENSILS (PVT) LTD, PESHAWAR	UTENSILE	14	2
122	M/S	SARHAD GHEE MILLS (PVT) LTD, KARACHI	GHEE	18	5
123	M/S	SARHAD STELL AND IRON MILL ABBOTTABAD	STEEL IRON	11	3
124	M/S	SARWAR SILK (PVT) LTD, PESHAWAR	SILK	9	1

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
125	M/S	SERICE INDUSTRY (PVT) LTD, LAHORE	FOOT WEAR	0	1
126	M/S	SHAH LALA PLASTIC (PVT) LTD, PESHAWAR	POLYFINE PLASIC & BAGS	10	3
127	M/S	SHAHDAB SIAGAL INDUSTRY (PVT) LTD, PESHAWAR	TIN CAN MAKING	20	2
128	M/S	SHAHDAB SIALGAL INDUSTRY (PVT) LTD, ISLAMABAD	SILK	7	0
129	M/S	SHAHIYAR STEEL (PVT) LTD, ISLAMABAD	STEEL FURNACE	10	2
130	M/S	SHAKIR LATIF INDUSTRY (PVT) LTD, KARACHI	ACRYLIC YARN	13	3
131	M/S	SPECTRUM CORPORATION (PVT) LTD, KARACHI	AUDIO/VEDIO, CASSETT & PLASTIC	25	2
132	M/S	STONE VALLEY (PVT) LTD, GUJRANWALA	MELAMINE DINNER SET	12	1
133	M/S	SUMMIFO MEDICAL (PVT) LTD, PESHAWAR	PHARMACEUTICAL	14	5
134	M/S	SUMMIFO PLASTIC (PVT) LTD, PESHAWAR	BOTTLES	14	2

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
135	M/S	SUPER STAR & LOREX (PVT) LTD, GUJRANWALA	WEAVING UNIT	5	2
136	M/S	T.W METAL & RE-CYCLING (PVT) LTD, RAWLAPINDI	METAL RECYCLING	45	2
137	M/S	TABBANI CORPORATION KARACHI	GALVANIZED IRON	69	8
138	M/S	TAGA PAKISTAN (PVT) LTD, ISLAMABAD	GRANK SHAFT & SHPOINNG BAGS	13	4
139	M/S	TARBELA STEEL (PVT) LTD, PESHAWAR	RE-ROLLING MILLS	15	2
140	M/S	TAWAKAL POLYESTER (PVT) LTD, KARACHI	POLYESTER, TEXTURISED	86	2
141	M/S	TECHNO PLASTIC (PVT) LTD, RAWALPINDI	SHIOPPING BAGS	26	2
142	M/S	TEXTRON INDUSTRY (PVT) LTD, LAHORE	POLYESTER YARN	16	4
143	M/S	TORDHER GHEE MILLS SWABI	GHEE MILLS	40	7
144	M/S	TORDHER MELAMINE INDUSTRY	MELAMINE DINNER SET	12	1
145	M/S	TOYO PLASTIC (PVT) LTD, ISLAMABAD	PLASTIC ADHESIVE TAPES	22	3

DETAIL OF CLOSED UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_No	M/S	Name of Industry	Type of Industry	Capital Cost	Total Staff
146	M/S	UNIVERSAL PLASTIC (PVT) LTD, PESHAWAR	SHOPPING BAG	24	3
147	M/S	UTMAN WOOD (PVT) LTD, SWABI	PLYWOOD, VENEER BOARD	104	2
148	M/S	WIQAS HOUKAT (PVT) LTD, RAWALPINDI	SOAP	7	1
149	M/S	YAQOOB INDUSTRY (PVT) LTD, GUJRANWALA	ADHESIVE SOLUTION	49	3
150	M/S	GADOON INSTRY (PVT) LTD, LAHORE	PLASTIC SHOPPING BAGS	9	2
151	M/S	GADOON METAL INDSTRY (PVT) LTD, KARACHI	METAL	26	1

APPENDIX 10

(Rs. In millions)

DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE					
S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
1	M/S	A.J. TEXTILE MILL PESHAWAR	SPINNING	282	350
2	M/S	ALKHAIR GADOON (PVT)LTD LAHORE	FLEXIBLE POLYTHENES FOAM	215	100
3	M/S	AL SADIQ PLASTIC (PVT)LTD LAHORE	PLASTIC ELEC & SHOPPING WOVEN BAG	80	50
4	M/S	ALLIED INDS PESHAWAR	PVC GROUNL MFG, BED WIRE	42	93
5	M/S	ALPHA VINYLAL INDS. PESHAWAR	PVC PRODUCTS	14	32
6	M/S	AMIN SOAP INDUSTRY KARACHI	SOAP	50	100
7	M/S	ARZOO INDUSTRY FAISALABAD	PAPER SACKS	23	20
8	M/S	AZEEM TAPES (PVT) LTD LAHORE	ADHESIVE TAPES	48	70
9	M/S	AZAMT POLYMER (PVT) LTD LAHORE	PHENOLIC & RESINS	11	30
10	M/S	BABER PAINT INDUSTRY LAHORE	PAINT	18	19
11	M/S	BILAL CHEMICAL INDUSTRY KARACHI	HYDROGEN PEROXIDE CHEMICAL	33	28

**DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI
INDUSTRIAL ESTATE**

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
12	M/S	CHERAT PAPER SACKS PESHAWAR	PAPER SACK & ENGG GOODS	85	59
13	M/S	CONVERTOR (PVT) LTC PESHAWAR	FLEXIBLE PACKAGING MATERIAL	100	89
14	M/S	CRAFT ELECTRONIC INDUSTRY PESHAWAR	AUDIO/VEDIO CASSETTE	23	3
15	M/S	CRESCENT INDUSTRY LAHORE	PLASTIC SHOPPING BAGS	17	38
16	M/S	DEEN PACK (PVT) LTD. RAWALPINDI	SOAP	10	47
17	M/S	DYES CHEMICAL (PVT) LTD	DYES CHEMICAL	6	41
18	M/S	EFFENDI STEEL (PVT) LTD. LAHORE	STEEL FURNACE	10	42
19	M/S	F.R. TECHNOLOGY (PVT) LTD. PESHAWAR	ADHESIVE TAPES	31	96
21	M/S	FEROZ CHEMICAL (PVT) LTD, GUJRANWALA	AUNINIUM SULPHATE	3469	18
22	M/S	FRIEND GALSS (PVT) LTD, PESHAWAR	AMPULES /VIALS/LAB.GLASS	10500	46
24	M/S	FRONTIER STEEL (PVT) LTD PESHAWAR	STEEL FURNACE	7500	64

**DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI
INDUSTRIAL ESTATE**

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
26	M/S	GADOON PAPER PRODUCT, PESHAWAR	PAPERS SACK	209	34
27	M/S	GANDAF STEEL (PVT)LTD, RAWALPINDI	STEEL FURNACE	64000	40
28	M/S	GADOON TEXTILE MILLS	SPINNING	3000	3000
29	M/S	GIFTO INDS (PVT)LTD, KARACHI	PLASTIC GOODS	14	52
30	M/S	H&S INDUSTRY (PVT) LTD, ABBOTABAD	PAPER CONE	1	21
31	M/S	HAJI MOHAMMAD ALI INDUSTRY PESHAWAR	ACRYLIC YARN	40	62
32	M/S	INTEGRA AUTOMATIVE (PVT) LTD, KARACHI	AUTO PARTS	35	50
33	M/S	KASHMIR POLYTEX (PVT) LTD, KARACHI	POLYPROPYLENE WOVEN	90	50
34	M/S	KHYBER PAPER MILLS, RAWALPINDI	PAPERS SACK	166	40
35	M/S	KHYBER SPINNING MILLS, MARDAN	TEXTILE/SPINNING	273	510
36	M/S	M.B DYES CHEMCIAL KARACHI	DYES AND CHEMCIAL	20	45
37	M/S	M.K.B INDUSTRY PESHAWAR	PLASTIC MATS	12	20

**DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI
INDUSTRIAL ESTATE**

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
38	M/S	MAJID SOAP & CHEMICAL LAHORE	SOAP & CHEMICAL	13	75
39	M/S	MAKMA STEEL (PVT)LTD LAHORE	STAINLESS STEEL	17	35
40	M/S	MARGALA PACKAGES (PVT) LTD, LAHORE	POLYPROPYLENE WOVEN BAGS	19	56
41	M/S	MIAN MULTI PURPOSE (PVT) LTD, RAWALPINDI	PLASTIC	6	100
42	M/S	MIR MARBLE (PVT)LTD, PESHAWAR	MARBLE PROCESSING	15	34
43	M/S	MUFTI MARBLE INDUSTRY (PVT) LTD PESHAWAR	MARBLE PROCESSING	10	35
44	M/S	NATIONAL DYES AND ADHESIVE (PVT) LTD PESHAWAR	DYES / CHEMICAL	8	9
45	M/S	PACKWARE (PVT) LTD LAHORE	THERMOPORE	9	30
46	M/S	PAKISTAN MINERAL WATER AND BOTTLING (PVT) LTD KA	BOTTLE, CONTIANER	71	75
47	M/S	PALWASHA INDUSTRY (PVT) LTD PESHAWAR	DOUBLING AN DTEVISTING OF YAR	20	27

**DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI
INDUSTRIAL ESTATE**

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
48	M/S	PEL APPLIANCES (PVT) LTD LAHORE	AC/REFRIGIRATOR	199	260
49	M/S	RIVER SIDE CHEMCIAL (PVT) LTD KARACHI	SOAP	12	12
50	M/S	ROYAL TEXTILE MILLS, (PVT) LTD PESHAWAR	SPINNING TEXTILE	208	350
51	M/S	A.B POLYMER INDUSTRY (PVT) LTD LAHORE	ALLIED PRODUCTS DROP	35	26
52	M/S	S.L HAYAT INDUSTRY (PVT) LTD LAHORE	DYES AND CHEMCIAL	60	85
53	M/S	SAIF TEXTILE MILLS, (PVT) LTD, PESHAWAR	SPINNING	1250	1300
54	M/S	SARDAR CHEMCIAL (PVT) LTD, LAHORE	DYES AND CHEMCIAL	60	85
55	M/S	SARDAR PAPER CONE (PVT) LTD, PESHAWAR	PAPE CONE ND PLASTIC	14	14
56	M/S	SAZCO (PVT) LTD LAHORE	ACRYLIC POLYESTER AND META YARN	4	60
57	M/S	SHAFI CHEMCILA (PVT) LTD, LAHORE	CHEMICAL	5	6
58	M/S	SHEZED GHEE MILLS (PVT) LTD, PESHAWAR	GHEE AND OIL	145	75

**DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI
INDUSTRIAL ESTATE**

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
59	M/S	SHIRAZ INDUSTRY (PVT) LTD, PESHAWAR	PLASTIC SHOPPING BAGS	6	30
60	M/S	SIDDIQUES STEEL INDUSTRY (PVT) LTD, PESHAWAR	STEEL FURNACE	16	18
61	M/S	SUNRISE POYLESTER (PVT) LTD, LAHORE	STEMPING FOIL/ALLUMINIUM FOIL	49	36
62	M/S	SYNTRON INDUSTRY (PVT) LTD, PESHAWAR	WOVEN BAGS	388	40
63	M/S	TAJ SYRING (PVT) LTD PESHAWAR	DISPOSABLE SYRINGES	65	100
64	M/S	TARBELA INDUSTRY KARACHI	FOOT WEAR PRODUCTS AND GADEN PIPE	12	28
65	M/S	TOP STAR INDUSTRY (PVT) LTD PESHAWAR	RUBBER SOLUTION	68	57
66	M/S	UTMAN GHEE INDUSTRY (PVT) LTD PESHAWAR	GHEE	38	73
67	M/S	VISIONITE INDUSTRY (PVT) LTD, KARACHI	MOULDING COMPOUND	14	40
68	M/S	YOUSAF ALI SHAH CHEMICAL INDUSTRY (PVT) LTD, PESH	CHEMICAL PROCESSING INDUSTRY	52	4

DETAIL OF OPERATIONAL UNITS IN GADOON AMAZAI INDUSTRIAL ESTATE

S_NO	M/S	NAME OF INDUSTRY	TYPE OF INDUSTRY	CAPITAL COST	TOTAL STAFF
69	M/S	ZAM COTTON MILLS, PESHAWAR	TEXTILE & WEAVING	130	70
70	M/S	FEROZ CHEMICAL (PVT) LTD GUJRANWALA	ALLUMINIUM SULPHATE	3	18
71	M/S	GADOON PAPER PRODUCTS, RAWALPINDI	PAPERS SACK	209	34
72	M/S	GANDAF STEEL (PVT) LTD RAWALPINDI	STEEL FURNACE	64	40

APPENDIX 11

(Rs. In Millions)

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
1	M/S ELAHISONS LTD. G.T. ROAD PESHAWAR	ELECTRIC BULB MANUFACTURING	13	55
2	M/S G.M. FUR LEATHER INDSUTTY CHARSADE PESHAWAR	LEATHER	2	25
3	M/S TOOTI TANNARIES LTD CHARSADE ROAD, PESHAWAR	LEATHERS	1	25
4	M/S HAROONUR RASHID TEXTILE MILLS LTD. CHARSADE ROAD	PESHAWAR	12	1800
5	M/S FRONTEIR ARMS, OPPOSITE GULBAHAR POLIC STATION	PESHAWAR	0	22
6	M/S GHULAM MOHAMMAD BADIL	PESHAWAR	0	20
7	M/S BILAL ELECTRONICS	VIDEO CASSETTE PESHAWAR	0	15
8	M/S HILAL ELECTRONICS, BARA ROAD,	PESHAWAR	0	16
9	M/S HAZARA PHASPHATE PVT LTD,	HARIPUR	266	305
10	M/S FRIENDS VEGETABLES GHEE MILLS,	KHANPUR ROAD, HARIPUR	21	60
11	M/S REHANA WOOLEN MILLS, HARIPUR	HARIPUR	56	120
12	M/S SHAFI WOOLEN MILLS	HARIPUR	18	110

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
13	M/S PETROLEUM INDUSTRIES OF PAKISTAN	BALDHER HARIPUR	4	30
14	M/S DELTA TYE AND RUBBER IND;	HARIPUR	53	120
15	M/S MUSTEHKAM CEMENT LTD. TEXTILE	HARIPUR	600	1116
16	M/S NADEEM ELECTRONICS,	HARIPUR	10	200
17	M/S HAMZA ELECTRONICS,	HARIPUR	16	24
18	M/S MILLAT CIGARETTES INDUSTRY	SWABI	4	23
19	M/S SALEEM TANNERY INDUSTRY	JEHANGIRA	88	197
20	M/S MUSHTAQ PLASTIC AND SILK UNIT	SWABI	12	60
21	M/S KOHINOOR MARBLE FACTORY	ZAIDA,	3	15
22	M/S ZAMINDAR CIGARETTES INDUSTRY	SWABI	4	22
23	M/S SARHAD PACKAGE INDUSTRY	TORDHER	4	22
24	M/S ITALIAN SOAP INDUSTRY	THORDHER SWABI	2	21
25	M/S ABASIN CIGARETTE INDUSTRY	NAWAN KALI	1	9
26	M/S KOHINOOR MARBLE INDUSTRIES	ZAIDA	3	15
27	M/S ZAFFAR OIL INDUSTRY	PINDI ROAD KOHAT	21	46

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
28	M/S RAFIQ AND SONS ARMS MANUFACTURING	KOHAT	0	10
29	M/S MOHAMMAD JAMIL AND SONS ARMS	KOHAT	2	10
30	M/S GILAN ICE FACTORY HANGU	KOHAT	2	10
31	M/S ZEB GYPSUM BANNU ROAD	KOHAT	3	44
32	M/S KOHAT STEEL CASTING	KARAK	8	32
33	M/S BANNU GHEE AND OIL MILLS	BANNU	19	30
34	M/S GUL AYUB RICE HUSKING MILLS	BANNU	1	6
35	M/S INAYAT LEATHER GOODS LAKKI	LAKKI	0	8
36	M/S M.K INDUSTRY (SHOPPER)	LAKKI	2	12
37	M/S FRONTIER TEXTILE MILLS	S/NAURANG	86	525
38	M/S P.C ROLES PLANT	BANNU	0	50
39	M/S AMJAD SAOP INDSUTRY BANNU	BANNU	0	12
40	M/S CHITRAL FURNITURE INDUSTRY	CHITRAL	88	6
41	M/S TRICH MIR POULTRY FARM	DANIN CHITRAL	0	4

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
42	M/S MOHAMMAD HUSSAIN PIPE WORKS LTD	CHITRAL	0	5
43	M/S ANIS SILK MILLS G/T ROAD BALOGRAM	SWAT	4	16
44	M/S BARKAT ALI SILK MILLS LTD. G.T. ROAD, MINGORA	SWAT	1	12
45	M/S JABBAR SILK MILLS KANJU	SWAT	1	12
46	M/S NEW IMRAN SILK MILLS BUNIR ROAD	SWAT	1	10
47	M/S AKBAR ALI SILK MILLS LTD MADYAN ROAD, SWAT	SWAT	1	10
48	M/S BUSHRA SILK MILLS G.T. ROAD, AMANKOT	SWAT	1	12
49	M/S ROOMI SILK MILLS LTD. HAJIBABA ROAD,	SWAT	1	15
50	M/S NADEEM KHALID SILK MILLS HAJIBABA ROAD MINGORA	SWAT	1	18
51	M/S MUHAMMAD KHALID SILK MILLS LTD, HAJI BABA ROAD	SWAT	1	18
52	M/S MOHAMMAD KHALID SILK MILLS LTD HAJI BABA ROAD	SWAT	1	18
53	M/S MAQBOOL SILK MILLS LTD	SWAT	1	15
54	M/S SALIM SILK MILLS LTD	SWAT	1	9

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
55	M/S FAROOQ SILK MILLS SUMBAD MIRA	SWAT	1	24
56	M/S SARHAD SILK MILLS	SWAT	1	17
57	M/S PARACHA SILK MILLS LTD.	SWAT	1	9
58	M/S ALI SILK MILLS LTDD. BARA BANDI	SWAT	1	8
59	M/S SWAT SILK MILLS LTD	SWAT	1	10
60	M/S WATTAN SILK MILLS	SWAT	1	14
61	M/S HAMEED SILK MILLS	SWAT	1	15
62	M/S AKBAR SILK MILLS LTD	SWAT	1	10
63	M/S MUHAMMADI SILK MILLS	SWAT	1	8
65	M/S MALIK SILK MILLS LTD	SWAT	1	10
66	M/S KISAN SILK MILLS G.T. ROAD	SWAT	0	5
67	M/S AMAN SILK MILLS	SWAT	1	11
68	M/S KAMRAN SILK MILLS	SWAT	1	18
69	M/S NAHEED SILK MILLS	SWAT	1	20
70	M/S THREE STAR SILK MILLS LTD	SWAT	0	5
71	M/S SAIFUL MALOOK SALIK MILLS MADYA ROAD	SWAT	1	17
72	M/S CAPTIAN SILK MILLS LTD	SWAT	1	10
73	M/S SANOBAR SILK MILLS BARA BANDI	SWAT	1	5

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
74	M/S ASHRAF SILK MILLS BARA BANDI	SWAT	1	5
75	M/S SHER SILK MILLS G.T. ROAD	SWAT	1	10
76	M/S AZAD SILK MILLS AMANKOT SWAT	SWAT	1	10
77	M/S ISRAR SILK MILLS	AMONKOT SWAT	0	0
78	M/S SAIF SILK MILLS QAMBAR	SWAT	1	4
79	M/S SAIF SILK MILLS	SWAT	1	4
80	M/S KHURSHID SILK MILL BARA BANDI SWAT	SWAT	0	15
81	M/S SHIN SILK MILLS,	SWAT	1	15
82	M/S ABASIN SILK MILLS, MADYAN	SWAT	0	4
83	M/S NEW MADNI SILK MILLS	SWAT	1	18
84	M/S S.M. DIN SILK MILLS LTD	SWAT	1	22
85	M/S S.M. DIN SILK MILLS LTD	SWAT	1	20
86	M/S FAROOQ SILK MILLS LTD	SWAT	1	20
87	M/S SHAH SILK MILLS LTD	SWAT	1	4
88	M/S FAYAZ SILK MILLS BUNER	SWAT	1	11
89	M/S SHER ALAM SILK MILLS, M	SWAT	1	8
90	M/S SAGIR SILK MILLS,	SWAT	1	10

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
91	M/S SHUJA SILK MILLS	SWAT	1	8
92	M/S NEW SHAHEEN SILK MILLS	SWAT	1	8
93	M/S HAYAT SILK MILLS,	SWAT	1	6
94	M/S HANDI SILK MILLS	SWAT	1	10
95	M/S FAZAL SILK MILLS LTD	SWAT	1	18
96	M/S YASAR SILK MILLS	SWAT	1	8
97	M/S NOMAN SILK MILL	SWAT	0	5
98	M/S BUNER SILK MILLS	SWAT	1	22
99	M/S KOHINOOR SILK MILLS	SWAT	1	13
100	M/S IRSHAD SILK MILLS	SWAT	1	10
101	M/S J.H.SILK MILLS	SWAT	1	10
102	M/S ASTAMBOOL SILK MILLS	SWAT	1	15
103	M/S SHAHI SILK MILLS	SWAT	1	32
104	M/S MIAN NAWAB SILK MILLS	SWAT	1	9
106	M/S KHURSHID SILK MILLS	SWAT	1	9
107	M/S SAQIB SILK MILLS G.T. ROAD	SWAT	1	23
108	M/S GHAFAR SILK MILLS	SWAT	1	6
109	M/S DAGAI SILK MILLS	SWAT	1	10
110	M/S ITTEFAQ SILK MILLS	SWAT	1	13
111	M/S SIDRA SILK MILLS	SWAT	1	15

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
112	M/S NOOR HABIB SILK MILLS	SWAT	0	4
113	M/S JAMAL SILK MILLS	SWAT	1	18
114	M/S AMJAD SILK MILLS	SWAT	1	6
116	M/S ALIGRAMA SILK MILLS	SWAT	1	12
117	M/S AHMAD TEXTILE LTD	MALAKAND AGENCY	4	40
118	M/S INAYAT SILK MILLS	SWAT	1	20
119	M/S BUKHARA SILK MILLS	DIR	1	18
120	M/S SADIQ SILK MILLS	SWAT	1	30
121	M/S ALI SILK MILLS LTD	TOTAKAN	1	20
122	M/S JEHAD SILK MILLS	MALAKAND AGENCY	5	38
123	M/S NOOR SILK MILLS	MALAKAND AGENCY	2	10
124	M/S CHACKDARA TEXTILE MILLS	DIR	4	20
125	M/S S.A. SILK MILLS	DIR	4	20
126	M/S MADAYAN SILK MILLS	DIR	2	15
127	M/S FAZAL WAHID SILK MILLS	DIR	3	15
128	M/S SANGAM SILK MILLS	DIR	3	15
129	M/S WAHAB SILK MILLS	SWAT	1	18
130	M/S RAGINA SWAT SILK MILLS	SWAT	1	9

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
131	M/S K.J. VEGETABLE GHEE MILLS	SWAT	14	195
132	M/S JOHN COTTON MILLS.	SWAT	1	15
133	M/S ARAFAT SILK MILLS	SWAT	1	13
134	M/S NEW HAKIM SILK MILL	SWAT	1	14
135	M/S QAYYUM SILK MILLS	SWAT	1	12
136	M/S SILVER TEXTILE MILLS	SWAT	1	13
137	M/S JABBAR SILK MILLS	SWAT	1	10
138	M/S NEW SHERAWAN SILK MILLS	SWAT	1	15
139	M/S REHMAN SILK MILL	SWAT	1	12
140	M/S MATIN SILK MILL	SWAT	1	10
141	M/S ZAM ZAM SILK MILLS SWAT	SWAT	1	12
142	M/S FAZAL MAULA SILK MILK	SWAT	1	10
143	M/S MOHEEZ SILK MILL	SWAT	1	12
144	M/S FAQIR SILK MILLS	SWAT	1	10
145	M/S NEW SILK MILLS	SWAT	1	13
146	M/S WAKEEL SILK MILLS	SWAT	1	10
147	M/S AJAB KHAN SILK MILLS	SWAT	1	12
148	M/S NEW AZARA SILK MILLS	SWAT	1	10
149	M/S NEW ITTEHAD SILK MILLS LTD	SWAT	1	12

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP				
S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
150	M/S GUL SILK MILLS LTD	SWAT	1	10
151	M/S SPINGHAR SILK MILLS LTD	SWAT	1	10
152	M/S AL SYED SILK MILLS LTD	SWAT	1	12
153	M/S MANGULTON SILK MILLS	SWAT	1	13
154	M/S GULZADA SILK MILLS LTD	SWAT	1	12
155	M/S BACHAZADA SILK MILL LTD	SWAT	1	10
156	M/S SWAT RUBBER AND PLASTIC WORKS PVT LTD	SWAT	6	6
157	M/S SWAT CORN PRODUCTS PVT LTD	MALAKAND AGENCY	1	7
158	M/S ZUBER OIL MILLS LTD	MALAKAND AGENCY	1	7
159	M/S SAJJAD SOAP AND CHEMICAL INDUSTRY	SWAT	1	8
160	M/S BUNIR FLOUR MILLS	BUNER	5	19
161	M/S NISAR SILK G.T. ROAD	SWAT	1	15
162	M/S JAVED NADEEM SILK MILLS	SWAT	1	10
163	M/S FIDA SILK MILLS G.T. ROAD	SWAT	1	7
164	M/S MUBEEN SILK MILLS	SWAT	1	9
165	M/S JAVED SILK MILLS LTD	SWAT	1	12
166	M/S M.M ISHAG SILK MILLS	SWAT	1	14

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
167	M/S IQBAL SILK MILLS	SWAT	1	20
168	M/S KHYBER SILK MILLS	SWAT	1	16
169	M/S CHAUDRY SILK MILLS	SWAT	1	16
170	M/S SOHAIL SILK MILLS	SWAT	1	18
171	M/S KOCHI SILK MILLS	SWAT	1	23
172	M/S MIRWAIS SILK MILLS	SWAT	1	7
173	M/S KOHISTAN SILK MILLS	SWAT	1	15
174	M/S S.M.DIN SILK MILLS	SWAT	1	13
175	M/S ARSHAD SILK MILLS	SWAT	1	9
176	M/S INAM SILK MILLS	SWAT	1	17
177	M/S SALIM SILK MILLS	SWAT	1	20
178	M/S NEW BARKAT SILK MILLS	SWAT	1	21
179	M/S SAQIB SILK MILLS	SWAT	1	15
180	M/S QAMBAR SILK MILLS	SWAT	1	8
181	M/S NEW ELUM SILK MILLS	SWAT	1	10
182	M/S MANSOOR SILK MILLS	SWAT	1	9
183	M/S MALIK SILK MILL	SWAT	1	12
184	M/S H.L SILK MILLS	SWAT	1	8
185	M/S F.J. SILK MILLS	SWAT	1	11
186	M/S USMAN SILK MILLS	SWAT	1	9
187	M/S AKBAR TEXTILE INDUSTRY	SWAT	1	23

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
188	M/S DIAMOND TEXTILE INDUSTRY	SWAT	1	20
189	M/S SYED SILK MILLS	SWAT	1	9
190	M/S KARAM SILK MILLS	SWAT	1	13
191	M/S RASHID SILK MILLS,	SWAT	1	8
192	M/S AL MUSLIM SILK MILLS	SWAT	1	9
193	M/S AFZAL SILK MILLS	SWAT	1	7
194	M/S FAIZ SILK MILLS	SWAT	1	8
195	M/S SHAKIR SILK MILLS	SWAT	1	8
196	M/S BAIDAR SILK MILLS	SWAT	1	6
197	M/S ZARAWAR SILK MILLS	SWAT	1	7
198	M/S IQBAL SILK MILLS	SWAT	1	5
199	M/S HAIDER SILK MILLS	SWAT	1	9
200	M/S RAHBAR SILK MILLS	SWAT	1	10
201	M/S SALIM AKHAWANA SILK MILLS	SWAT	1	15
202	M/S RAHMAN SILK MILLS	SWAT	1	11
203	M/S FAZAL SILK MILLS	SWAT	1	9
204	M/S DARWEZA SILK MILLS	SWAT	1	7
205	M/S FAZAL SILK MILLS	SWAT	1	5
206	M/S KABAL SILK MILLS	SWAT	1	7
207	M/S IQBAL SILK MILLS	SWAT	1	6

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
208	M/S WAHAB SILK MILLS	SWAT	1	9
209	M/S ZAMAN JAGGERS LTD	CHARSADDA	1	23
210	M/S BEHRNAZ MARBLE LTD	CHARSADDA	1	8
211	M/S SALIM SUGAR MILLS	CHARSADDA	220	702
212	M/S NADEEM ENTERPRISES LTD	ABBOTTABAD	0	17
213	M/S SHIMLA FOOD INDUSTRY LTD	ABBOTTABAD	3	8
214	M/S FANO FEED MILLS LTD	MANSEHRA	4	8
215	M/S NEELUM MARBLE PVT LTD	NOWSHERA	3	8
216	M/S SASHAD CHEMCIAL INDUSUTRY G.T. ROAD	NOWSHERA	15	9
217	M/S SADIQ AWAN MARBLE LTD	NOWSHERA	1	8
218	M/S NASRULLAH ENGG. LTD	NOWSHERA	3	30
219	M/S APCO ENGG LTD	NOWSHERA	430	12
220	M/S MILLY LEATHER INDUSTRY	NOWSHERA	21	27
221	M/S F.A. LEATHER INDUSUTRY KABAL RIVER	NOWSHERA	10	15
222	M/S ALLIED TOBACCO INDUSTRY JEHANGIRA	NOWSHERA	26	1123
223	M/S F.P TEXTILE MILLS	NOWSHERA	10	902
224	M/S FRONTEIR CONCRETE INDUSTRY	PABBI	1	41

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
225	M/S SYED MARBLE INDUSTRY	NOWSHERA	1	31
226	M/S ISHTRAK HARDWARE AZAKHEL,	NOWSHERA	0	8
227	M/S INDUS PLASTIC INDUSTRY	NOWSHERA	0	7
228	M/S G.M. PIPE INDUSTRY LTD	NOWSHERA	0	9
229	M/S J.M TEXTILE MILLS LTD	NOWSHERA	22	35
230	M/S WAJID CONTRAINEERS LTD	NOWSHERA	2	26
231	M/S COLONY SARHAD TEXTILE MILLS	NOWSHERA	41	830
232	M/S HILLY WOOD INDUSTRY MANSEHRA	WOOD WORKING	2	25
233	M/S IMRAN PRINTING PRESS	PRINTING PRESS	1	3
234	M/S SARDAR MINERALS	MINERAL PROCESSING	1	3
235	M/S HAZARA AUTOES	AUTOES	3	10
236	M/S ORASH CHEMCIAL INDSUTRY	CHEMICAL	1	15
237	M/S ADNAN FOOD INDUSTRY	FOOD	4	7
238	M/S SIRAJ ENTERPRISES	ENTERPRISES	4	10
239	M/S TARIQ WOOD INDUSTRY ABBOTTABAD	WOOD FURNITURE	3	16
240	M/S JADOON INDUSTRY	WOOD FURNITURE	1	7
241	M/S VICTORY ENGINEERING	ELECTRIC ACCESSARY	1	11

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
242	M/S ELAHI INDUSTRY	PLASTIC SHOES	2	7
243	M/S J.HAZIT INTERNATIONAL	HATECHERY	41	200
244	M/S DRESSCO LIMITED	READYMADE GARMENT	5	71
245	M/S AL HASSAN FEE INDUSTRY	POULTRY FEED	2	15
246	M/S BARRY ENTERPRISES PVT	PLASTIC MOULDING	7	12
247	M/S MEHRAN MECHANICLA COMPLEX LIMITED	TRACTOR PARTS	0	5
248	M/S STAR TOWEL FACTORY	TOWEL	2	30
249	M/S ATUO ENGINEERING	AUTO PARTS REPAIR	5	30
250	M/S PIPCO MEDICAL PLANT	MEDICINE	1	30
251	M/S FAROOQ STAINLESS STEEL	CROCKERY	1	10
252	M/S PHARMACEUTICAL PACKING INDUSTRY	MEDICINE PACKING	1	7
253	M/S YASIR FURNITURE INDUSTRY	STEEL FUNITURE	2	15
254	M/S GHANI TEXTILES	READYMADE GARMET	1	20
255	M/S AGRO TECH LIMITED	LIGHT ENGINEERING	2	10
256	M/S PRECISION DIAMON TOOLES	DIAMOND TOOLS	2	18

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP				
S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
257	M/S GRCECO HERBS PRODUCTS	MEDI NES	1	10
258	M/S BABAR AND COMPNAY	STEEL ALMIRAH	1	11
259	M/S JANJUA AND COMPANY	SHOES	1	10
260	M/S REHMAN PLASTIC INDUSTRY	PLASTIC SHOES	1	10
261	M/S SARBAN MELAMINE INDUSTRY	MECHANICAL	1	10
262	M/S UNITED PRINTERS	PRINTING PRESS	2	10
263	M/S UNIQUES STEEL INDUSTRY	STEEL FURNITURE	1	10
264	M/S A.ABAD FOOD INDUSTRY	BAKERY	1	32
265	M/S DAUD PLASTIC INDUSTRY	PLASTIC SHOES	2	10
266	M/S HASHMI WOOD INDUSTRY	WOOD FURNITURE	3	27
267	M/S HAIDER FOOD INDUSTRY	FOOD PRODUCTS	1	10
268	M/S SHERYAR SOAP AND CHEMCIAL	SOAP	1	20
269	M/S ADIL MARBLE INDUSTRY MARBLE TILES	MARBLE	0	8
270	M/S HYBER MOUDING AND CARVING INDSTRY	WOOD CARVING	1	12
271	M/S HAMALIAN MELAMINE INDUSTRY	MALAMINE CROCKERY	1	7
272	M/S SABA ENTER PRISES	LIQUID DISH	1	8

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
273	M/S ADNAN ENGINEERING	LIGHT ENGINEERING	1	37
274	M/S JABEEN FABRICS	TEXTILE	2	10
275	M/S DURRANI INDSUTRIES	TOFEES	1	9
276	M/S KUNHAR WOOD INDUSTRY	WOOD WORKS	1	20
277	M/S SARDAR ENTERPRISES	STEEL FURNITURE	2	25
278	M/S ALLIANCE COMPANY	BRICKS LINING	0	32
279	M/S NADEEM FURNITURE INDUSTRY	STEEL FURNITURE	1	10
280	M/S R.J INDUSTRY	BOXES	1	20
281	M/S SIACLIN PRINTING PRESS	PRINTING PRESS	0	10
282	M/S OSMAN FOTTWEAR	SHOES	4	42
283	M/S GRACE INDUSTRY	LIGHT ENGINEERING	1	0
284	M/S JAPAN ENGINEER	LIGHT ENGINEERING	2	20
285	M/S KOHISTAN TEXTILE INDUSTRY	TEXTILE	0	0
286	M/S SHAFI WOOLLEN MILL KHALABAT	WOOLEN	70	250
287	M/S MUMTAZ TRADERS	TRADERS	0	0
288	M/S ASHI MARBLE COMPNARY	MARBLE	6	10
289	M/S REHANA WOOLLEN MILL	WOOL SPINNING	40	200

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
290	M/S SIAF NADEEM INDUSTRY	MOTORCYCLE ASSEMBLING	73	200
291	M/S PAK GARMENTS	GARMENTS	0	0
292	M/S SAIF NADEEM ELECTRONICS	ELECTRONICS	10	100
293	M/S HARIPUR FOOD INDUSTRY	FOOD PROCESSING	0	0
294	M/S UNITED FOUNDRY MARDAN	FOUNDRY	1	7
295	M/S NEW KHATTAK ICE FACTORY	ICE FACTOR	1	15
296	M/S SARHAD UNITED INDUSTRY	NUT BOLTS	4	7
297	M/S MALIK MARBLE INDUSTRY	MARBLE	1	10
298	M/S FALCON CAN INDUSTRY	CAN MAKING	1	10
299	M/S BEST MARBLE INDSUTRY	MARBLE	1	10
300	M/S YASFA ELECTRONIC INDUSTRY	ELECTRONICS	1	9
301	M/S IMRAN PLASTICS	PLASTIC	1	6
302	M/S REHMAN MALAMINE	MALAMINE	2	11
303	M/S SARHAD FOUNDRY ENGG	FOUNDRY ENGG	1	7
304	M/S UNITED TOBACCO ENGINEERING	TABACOO	3	20
305	M/S MALAKAND MINES	MINES	1	18
306	M/S SILVER PRODUCTS	SILVER PRODUCT	2	28

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
307	M/S HOTI PACKAGES	PACKAGES	1	7
308	M/S MOHAMMAD ARMS	ARMS	1	25
309	M/S MARDAN COLD SOTRAGE	COLD STORAGE	0	15
310	M/S ALLIED GHEE	GHEE	27	40
311	M/S WOOD COMPANY FURNITURE	FUNITURE	1	21
312	M/S AZIZ AND COM. RCC PIPES	RCC PIPES	1	7
313	M/S ZEGHFA INDUSTRY	PVC PIPES	1	7
314	M/S MARDAN CERAMIC INDUSTRY	CERAMIC	2	15
315	M/S ABASEEN FOOD	FOOD	9	16
316	M/S GANDHARA FUNITURE	FURNITURE	2	12
317	M/S ASIAN TOBACCO INDUSTRY	TOBACCO	3	20
318	M/S COMRADE TIN INDUSTRY T	TIN	4	17
319	M/S MARDAN PACKAGES	PACKAGES	1	7
320	M/S SHAKEEL MARBLE INDUSTRY	MARBLE	3	11
321	M/S DURRANI FOOD INDUSTRY	FOOD	1	10
322	M/S MARDAN FOUNDRY ENGINEERING	FOUNDRY ENGINEERING	2	8
323	M/S JOHAR PLASTIC INDUSTRY	PLASTIC	4	6

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
324	M/S NEW FINE FURNITURE	FUNITURE	1	20
325	M/S JAN ENTERPRISES	ELECTRIC POLE	1	15
326	M/S AL BADAR PLASTIC	PLASTIC	1	8
327	M/S SALOON PLASTIC	PLASTIC	4	8
328	M/S MARDAN MOUDING RE ROLLING	MOUDING ROLLING	6	20
329	M/S MUJEEBUR REHMAN PLASTIC	PLASTIC	1	6
330	M/S KHYBER TIN INDSUTRY	TIN	4	17
331	M/S SADIQ METAL	METAL	2	10
332	M/S CONTINENT LEATHER GOODS	LEATHER GOODS	5	14
333	M/S SHAHBAZ PLASTIC	PLASTIC	2	6
334	M/S AMIN ALUMINIUM IND.	ALUMINUM	2	27
335	M/S REHMAN PLASTIC	PLASTIC	2	6
336	M/S SARHAD RE ROLLING	RE ROLLING	8	20
337	M/S NOOR MARBLE INDUSTRY	MARBLE	3	8
338	M/S BABY FOOD	FOOD	2	10
339	M/S SATCOM ELECTRIC	ELECTRIC	1	15
340	M/S QUALITY ENTERPRISES	THREAD	7	10
341	M/S SKY MARBLE	MARBLE	2	8
342	M/S H.G. PLASTIC	PLASTIC	1	6

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
343	M/S PREMIER MARBLES	MARBLE	2	9
344	M/S SERAJ MARBLE	MARBLE	1	11
345	M/S BUGHDADA ENGG.	ENGINNERING	1	9
346	M/S SHAN RUBBER	RUBBER	1	8
347	M/S M.S. FOODS	FOOD	2	9
348	M/S SARHAD ELECTRONICS PESHAWAR	TV ASSEMBLING	2	40
349	M/S AHSAN INDSUTRY	BI CYCLE	2	30
350	M/S K.K. AND COMPANY	PRESERVATION OF FRUITS AND VEGETABLES	0	15
351	M/S FRONTIER DEHYDRATING	PRESERVATION OF FRUITS AND VEGETABLES	1	10
352	M/S TARIQ DAWAKHANA	MEDICINES	0	10
353	M/S HUSSAIN INDSUTRY	PAINT MFG	1	20
354	M/S UNIVERSAL FABRICATORS	FABRICATION	4	12
355	M/S SARHAD FOOD INDSTRY	FRUIT CANNING	2	15
356	M/S ZANOKI INDUSTRY	PLASTIC GOODS AND OIL CLOTHS HOES	1	7
357	M/S FAIM SHOES	SHOES	2	10
358	M/S YOUNAS PLASTIC INDUSTRY	PAINT	1	18
359	M/S JASCO INDUSTRY	PAINT	1	10

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
360	M/S DAILY JIDDAAT	PRESS	1	18
361	M/S ITFAQ FURNITURE	FURNITURE	0	10
362	M/S HAMIDULLAH AND SONS	ARMS	2	21
363	M/S AMJID FURNITURE	FURNITURE	1	50
364	M/S S.S. TEXTILES	TEXTILE	0	10
365	M/S ASHRAF TIN CANNING	TIN CONTAINERS FANS ASSEMBLING	1	16
366	M/S FAZAL INDUSTRY	CARPETS	1	10
367	M/S FAREEHULLAH CARPETS	CARPETING	1	10
368	M/S UNITED ENTERPRISES	CONTAINERS	1	5
369	M/S KHAN MASALAJAT	SPICES	1	20
370	M/S SHIRKAT E MAQBOOL	TEXTILE	0	20
371	M/S SARWAR FOOD INDUSTRY	SWEETS AND TOFFEES	2	30
372	M/S FARHAT FABRICS	TEXTILE	1	10
373	M/S SHIRKAT E JAMIL	TEXTILE	1	10
374	M/S GULZAR WEAVINGS	TEXTILE	1	10
375	M/S MUKARAM TEXTILES	TEXTILE	1	15
376	M/S PAK DANISH DUCH BISCUITS	BISCUIT	5	26
377	M/S HAJI AMIR ALAM AND SONS	ARMS	2	20
378	M/S PESHAWAR SUPREME	FURNITURE	1	16

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
379	M/S DOST MUHAMMAD TALCUM POWDER	TALCUM POWDER	1	7
380	M/S UNIDTED WOOD STEEL FURNITURE	WOOD STEEL FURNITURE	1	12
381	M/S ABDUL QADIR CEMENT BLOCK MFG	CEMENT BLOCK	1	5
382	M/S AL SAMAD PAPER CONES INDUSTRY	PAPER CONES	4	25
383	M/S AL REHMAN ARMS BANNU	ARMS	1	11
384	M/S JACKY SOES	SOES	3	50
385	M/S DARAZ FOUNDRY	FOUNDRY	2	10
386	M/S AMIR PVC INDSUTRY	PVC PIPES	1	12
387	M/S NISAR POLYTHENE BAGS	POLYTHENE BAGS	1	8
388	M/S FARID PLASTIC INDUSTRY	PLASTIC WORKS	1	12
389	M/S PRINCE FURNITURE	FURNITURE	1	20
390	M/S SHAH AND SONS STEEL TROLLEY	STEEL TROLLEY	0	14
391	M/S MUGHAL RICE MILL	RICE MILL	1	15
392	M/S MUSCAN BUILDING PVT LTD	BUILDING	5	46
393	M/S KURRAM VEMICILLIES	VERMICILLIES	1	12
394	M/S AMNA DALL MILLS	DALL MILL	2	14
395	M/S NOOR SOAP INDUSTRY	SOAP	1	16

DEATIAL OF SICK INDUSTRIAL UNITS IN NWFP

S_No	M/S Name of Industry	Type of Industry	Capital Cost	Total Staff
396	M/S TOACHI DALL MILLS	DALL MILL	2	18
397	M/S QURESHI OIL MILLS D.I.KHAN	OIL MILL	1	15
398	M/S SHAHNOOR FOOD INDUSTRY	FOODS	2	20
399	M/S DAMAAN OIL MILLS	OIL MILL	17	222
400	M/S ATA INDUSTRIES	INDUSTRY	2	25
401	M/S DILIGENT ENTERPRISES	LIGHT ENGG.	3	37
402	M/S DAMAAN OZYGEN GAS UNIT	OXYGEN GAS	1	23
403	M/S DERA SMALL STEEL RR MILLS	STEEL RR MILL	3	27
404	M/S NOOR STEEL RR MILLS	RR MILL	4	69
405	M/S DERÁ FOUNDRY	FOUNDRY	2	30
406	M/S GULF OIL INDUSTRY	OIL MILL	1	17
407	M/S PAK ALUMINUM	ALUMIUM	2	20
408	M/S FASEEH ALUMINUM	ALUMINIUM	3	20
409	M/S QURESHI TUBE WELL R/WORKS	TUBE WELL	0	8
410	M/S KHATTAK OIL INDUSTRY	OIL INDUSTRY	1	10

DETAILS OF SICK INDUSTRIAL UNITS IN 1977

Sl. No.	Name of Industry	Type of Industry	Capacity (Tons)	Year
18	M/S TOCHI BALL MILLS	BALL MILL	1	18
19	M/S GUNESHILLO MILLS	OR. MILL	1	19
20	M/S RATHNOK FOOD INDUSTRIES	FOODS	2	20
21	M/S DAMAN OIL MILLS	OIL MILL	17	21
22	M/S ALA INDUSTRIES	INDUSTRIES	2	22
23	M/S MIGHTY ENTERPRISES	LIGHT ENCG.	2	23
24	M/S DAVAN OXYGEN GAS	OXYGEN GAS	1	24
25	M/S DEVA SMALL STEEL ROLLERS	STEEL ROLLERS	3	25
26	M/S NOOR STEEL ROLLERS	RR. MILLS	4	26
27	M/S DEVA TANNERY	TANNERY	2	27
28	M/S GULF INDUSTRIES	OIL MILL	1	28
29	M/S PAR ALUMINIUM	ALUMINIUM	2	29
30	M/S RASHBI ALUMINIUM	ALUMINIUM	3	30
31	M/S OUPSID TUBE WELLS	TUBE WELLS	0	31
32	M/S KHATKAR OIL INDUSTRIES	OIL INDUSTRIES	1	32

- ① NWFP - Industrial planning & development
- ② n - Sick Industrial Units