

The Dilemma of Gadoon Amazai Industrial Estate, Khyber Pakhtunkhwa

Faiza Nawaz*

Department of Applied Economics, Institute of Management Sciences
1-A, Sector E-5, Phase VII, Hayatabad, Peshawar, Pakistan
Email: sfaiza_nawaz@hotmail.com

Muhammad Fawad Azam

Department of Applied Economics, Institute of Management Sciences
1-A, Sector E-5, Phase VII, Hayatabad, Peshawar, Pakistan
Email: fawadazam18@gmail.com

Naheeda Noor

Department of Applied Economics, Institute of Management Sciences
1-A, Sector E-5, Phase VII, Hayatabad, Peshawar, Pakistan
Email: naheeda.noor5@gmail.com

Abstract

Industrialization plays a vital role in economic development of a country. Unfortunately from the last few years this sector is facing a lot of problems in the country. The number of sick industrial units is increasing. At present the number of sick industrial units has gone over 4000 units in Pakistan. Gadoon Amazai Estate in Khyber Pakhtunkhwa is also seriously affected by this industrial sickness. Gadoon Amazai Industrial Estate which was established with the aim of providing the employment opportunities to stop the poppy cultivation, which failed miserably. The abolishment of incentives proved to be a major setback resulting into the closure of most of the established directional and sustainability factor in the policy arrangements. To achieve sustainable development in GAIE, it is needed to formulate the strategies keeping in view the market force efforts are to be made to reduce the cost of the products without disturbing the similar industries in the country and these efforts are to be supported by infrastructure facilities. As Gadoon Amazai industrial estate had improved the socio economic conditions of the people area. The recommendations for probable revival of sick industrial units must be honored.

Key words: Industrial Sector, Gadoon Amazai Industrial Estate, KPK, Pakistan.

INTRODUCTION

At the time of partition Pakistan received 34 industrial units out of 921. During 1952, Pakistan established PIDC (Pakistan Industrial Development Corporation). PIDC contributed a lot of efforts and established 59 industrial units whose share to GDP was 11.9 by the end of 1959-60 up to 1971. In after decade the resources were diverted from development to defense which retards the growth rate of industrial development to 7.8% of GDP. The war with India in 1971 suffered this growth rate and it alarmingly falls to 2.8%. As a result get separated from East Pakistan. In Bhutto government there were taken more development measures but it fail to revive the past growth rate.

Khyber Pakhtunkhwa had only one sugar mill and 11 small industrial units of various products at the time of partition. These units provided job opportunity to 1063 workers. It took five years for the establishment of these units and in 1948 it reached to 800 units. A number of industrial states were established in various places of the province but most of them faced some crucial problems due to which they became virtually sick.

There are almost 635 sick industrial units in province which have locked an investment worth Rs.15.74 billion due to which thousands of skilled and semi-skilled workers jobless.

Industrial estates which have been established in Khyber Pakhtunkhwa are:

1. Industrial Estate, Hattar Haripur.
2. Industrial Estate, Hayatabad Peshawar
3. Industrial Estate, Gadoon Amazai.
4. Industrial Estate, Kohat Road Peshawar.
5. Industrial Estate, Jamrud Road Hayatabad Peshawar.
6. Industrial Estate, Mardan
7. Industrial Estate, Abbottabad.
8. Industrial Estate, D.I.Khan
9. Industrial Estate, Bannu.
10. Industrial Estate, Nowshera
11. Industrial Estate, Mansehra.

12. Industrial Estate, Kalabut Haripur.

Gadoon Amazai industrial estate is one of the biggest Industrial Estates in Khyber Pakhtunkhwa which is located in district Swabi. It was established in 1988.

In 1989 the govt. offered many incentives to attract investors for Gadoon Amazai, industrial estate. The main objective of the estate was to provide better job opportunity to the inhabitant and to discourage the poppy cultivation and to improve the regional socio economic problems. The incentives which were provided include taxes exemption, low interest rates on loans and exemption of duties on imported machinery and raw material. As a result 325 industrial units were established in the area with the investment of Rs.53.836 billion which provide job opportunity to 14843 people. In 1992 however, these incentives were withdrawn which led to the closing of 133 units.

Table 1: Summary of Industries at Gadoon Amazai Industrial Estate:

Status	No. of (units)	Area (Acres)	Capital invt. (Rs. In million)	Employment
Operational unit	74	409.6	47950.60	14,154
Closed Units	133	222.1	3,795.20	432
Under Construction	29	88.96	1303.71	189
Near operational unit	22	28.50	601.21	68
Vacant plot	67	99.60	185.93	0
Total	325	848.60	53,836.24	14843

As we have discussed above that a number of incentive were provided to establish the estate which were withdrawn later. This step of withdrawal of incentives resulted the sickness of the whole industrial estate. Now the question is that whether the government will continue with its policy and what will be the future of the inhabitants who were forced not to cultivate the poppy which was their source of earning before establishment of the industrial estate? What impact will be of this policy on the socio-economic life of the people?

LITERATURE REVIEW

Numerous economists and researchers have investigated different aspects of industrialization by analyzing the infrastructural development of the area and have concluded positive socio-economic impacts along with have negative impacts of the sickness of different industries. Few economists also traced the history of industrialization in Pakistan. Some suggested that modern technology should be introduced, many of them suggested that greater emphasis should be given to develop small scale industries.

According to Anderson (1968) the industrial estates help the industrialists in a numbers of ways. Firstly, they provide suitable place for industrial location. Secondly a trading estate has the facility of transport and communication and banking and the industrialists get the above facility without undergoing any botheration and inconvenience. Thirdly, the industrialists get the benefit of localization of industries.

The importance of industrialization in the context of revival was explained by Yousaf Sherazi (1969). According to him the economic level of most countries is now determined chiefly by their degree of industrial development. Sherazi pointed out that given the necessary conditions. Industrialization was capable of removing one of the most serious obstacles to our economic development, the unequal commercial exchanges with the developed industrial countries and our position in the international division of labours.

Shantt Tito (1970) reported a serious problem of unemployment in the under development countries. Industries provide a gainful employment to the people as a result of whom their income increases and their living standard rises. He further preceded 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 product differentiation.

Kondratyew (1972) 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 labours on a national economics scale. The development of the economy according to Dr. Kondratyew 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. Imports have changed considerably the share of goods for

industrial purposes. Besides serving foreign trade the greater demand for transport and communication is also a consequence of the accelerated shaping of a home market. Kondratyew 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 for the establishment of large scale industrial development.

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 t. 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 and Sugar industries in the area as raw materials are locally available. He suggested the following incentives for the development of this area. (a) Duty free imports of machinery. (b) Subsidization of the product concerned. 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 Khyber Pakhtunkhwa.

Shinwari (1985) analyzed the present situation of small industries in the province, the availability of manpower training facilities, the development capabilities and the measures of technological development, financial system, industrial estates policy and extension facilities, rural development marketing and export promotion measures. According to him, some of the estates are fully colonized while others barely expended to meet the requirements of the investors, which include setting up of additional estates at Peshawar, Mardan and Haripur. Capital generation is another sector in which the SIDB has to play an important role and provide valuable services to the entrepreneurs in obtaining loans from various banks and financial institutions. Stephen (1979) analyzed the facilitation by the government and examined that from 1950 till 1965, the rate of industrial growth was as rapid as any non-communist country. His study examines in detail the relationships among the principal policy variable and the rate and direction of industrialization. He has analyzed the early 32 years of industrial growth in Pakistan and concluded that the high growth rate in industrial sector was achieved basically due to the incentives given by the government.

Michael (1986) compares the structural differences in corporate market control between UK and US with underdeveloped countries. His study found that underdeveloped countries lack corporate and capital market control and entrepreneurship to efficiently stabilize the sick industrial units compared to developed countries. In addition, Ahmad (1988) pointed out that industrial sector also face underdeveloped transport system which results in high transportation costs, electricity outage, poor planning and lack of government facilitation.

Khwaja (1993) comprehensively analyzed the industrial sector of Pakistan from 1947 till 1993. He stressed that industrial development is must for economic development, creating employment opportunities with high per capita income. His study further concluded that industrial sectors should be facilitated through tax exemption and concession.

Nasir (2000) has pointed out that in a past few years, the number of sick industrial units has been increasing and has gone over 3000. The domestic industries mostly rely on imported raw materials and machinery which increases the cost of production. 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.

Chudhary (2004) analyzed the policies of Pakistan regarding the global industrial situation. In his analysis, he urged that industrial policy should not be restricted to traditional industries producing primary goods, but should establish agro and mineral based large, medium and small scale industries to produce finished products in order to improve exports of value added goods. One window investment and marketing guidance facilities should be provided to facilitate potential investors.

OBJECTIVES OF STUDY

Main objectives of the study are:

1. To analyze the industrial polices of the Government of Pakistan for the Gadoon Amazai industrial estate.
2. The role of estate in the promotion of socio economic life.
3. To investigate the main reasons that resulted in the sickness of the industrial units in Gadoon Amazai Industrial Estate.
4. The effect of failure of the major units on the inhabitations of the area.
5. To suggest some measures for the revival of sick industrial in Gadoon Amazai industrial estate.

HYPOTHESIS

1. Establishment of Gadoon Amazai industrial estate stopped the poppy cultivation and provided jobs opportunity to inhabitants of the area.
2. Gadoon Amazai industrial estate had generated industrial revolution in Gadoon area.
3. Industrialists from other province had played not any constructive role in restructuring of the policy related with the Gadoon Amazai Industrial Estate.

4. Sick industrial units of Gadoon Amazai industrial estate adversely affect the socio-economic life of the inhabitancy of the area.
5. Restoring the past incentive policy can help in the revival of sick industries.

DATA AND METHADODOLOGY

This study analyzed the whole industrial setup in Khyber Pakhtunkhwa i.e. the historical background of industrialization, the present situation and the future prospects of industrialization in Khyber Pakhtunkhwa. At micro level the study was focused on Gadoon Amazai industrial estate, which was established in 1988 but due its failure in achieving its goal it became the biggest sick industrial estate of KPK.

Sample Design

In this study, both the primary and secondary data was used. For the primary data two questionnaires were designed one for households and one for industrialists at GAIE who were interviewed face to face. The conditions before and after establishment of GAIE and then after sickness of units were compared. From household sector in GAIE total no of 35 respondents were selected who were either engaged in GAIE or jobless after sickness of the units. Similarly 25 industrialists were selected from GAIE so that we can get exact knowledge of the actual reasons of sickness.

The sources of secondary data are as follows:

- Status wise summary of industries in GAIE was provided by Sarhad Development Authority.
- Lists of closed and operational units in GAIE were provided by Sarhad Development Authority.
- Industrial policy of 1948
- Industrial policy of 1959
- Industrial policy of 1978-87
- Industrial policy of 1988-91
- Industrial policy of military government
- Under structural adjustment program

The data has been descriptively analyzed through appropriate tabulation techniques, percentages, averages were used.

OBJECTIVES OF ESTABLISHMENT OF GAIE

The followings were main objectives of establishing an industrial estate in this area.

1. As Gadoon Amazai area was known for the cultivation of poppy crop and production of opium was the main source of income for the farmers and other people who were engaged and associated with the business of opium/narcotics. . The poppy growers received a meager income from opium production and the middle man and the big smugglers remained the main beneficiary of this illegal business. Therefore the main objective of establishing GAIE remained to eliminate the poppy.
2. The objective provides an alternative employment to the local people and engages them in an honourable lawful activity of earnings and abounding poppy cultivation.
3. Another objective of establishing industrial estate in this area was to bring an industrial revolution and put the country on the road of industrial and economic development.
4. By establishing Gadoon industrial estate, the government would fulfill her promise with the people of Gadoon Amazai.

STEPS TAKEN BY GOVERNMENT TO MAKE THE ESTABLISHMENT OF GAIE A SUCCESS

The following steps were taken by the government to make the establishment of Gadoon Amazai industrial a success in this unattractive remote and backward area.

1. The government had a strong desire to make a success the establishment of an industrial estate in this remote and unattractive area according to her promise with the people of the area. The government was aware of the mind set and approach of the industrialist that their every action in always money oriented and they would not setup any industry in this remote and backward area unless given incentives to them.
2. The second reason for offering incentives to the investors was the locational disadvantage of the area. There is a long distance between Gadoon area and the port city of Karachi. The road transportation of raw materials and machineries from Karachi to the estate and outsourcing finished industrial products from the estate to other parts of the country and to the port city of Karachi for export would involve extra expenditures of the industrialists.

INCENTIVES GIVEN BY GOVERNMENT

To attract industrialists towards the establishment of industries in this largest but, backward and disadvantageous industrial estate of Khyber Pakhtunkhwa, the government of Pakistan announced incentives for investors.

The following incentives were offered by the government of Pakistan under Benazir Bhutto.

1. Import of machinery, raw materials were fully exempted from custom duty, sales tax, Iqra surcharge and import duty.
2. The supplies of industrial products from GAIE were free of sales tax.
3. A tax holiday for ten years period was offered.
4. Loans from Banks and other financial institutions were on markup of only 3% per month.
5. 50% concession in electric charges.
6. These above incentives were called 100% incentives.

EFFECT OF INCENTIVES

The investors from all over country applied for allotment indifferent sectors of the industry and then additional land was acquired according to the require need. The investors started their business activities and during 1991,111 industries went into operations, while various others were under construction. Up to 1994, the trend up to 165 units. An investment worth 10 billion was attracting. The activities resulted in 15000 direct employments and 25000 indirect employments were generated.

WITH DRAWL OF INCENTIVES

The incentives attracted industrialists from different parts of the country but unfortunately the industrialists of Punjab and Sindh apprehended that if 100% incentives were continued to the GAIE industrialists, Punjab and Karachi will be endangered. Secondly if these incentives were the 1st step for industrial revolution in Khyber Pakhtunkhwa the industrialists of this province will easily compete with the industrialists of Punjab and Sindh. Therefore they labeled GAIE a black snake and started a hostile campaign against the estate of Gadoon to compel the government to withdraw 100% incentives from GAIE. The antagonist industrialists were successful in their designs and the Nawaz Sharif government with draw all the incentives in May 1991.

Government issued and implemented 108 SRO's in which some of the units were granted some concession Government included a negative and positive list in these SRO's. Due to this measure economic activity in the estate showed downward trend. Thus most of units closed after the withdrawal of the incentives.

Table 2: Year wise detail of closed and operational or units of GAIE

Year	Operational	Closed
1989	2	0
1990	45	0
1991	111	0
1992	115	30
1993	160	36
1994	165	48
1996	98	116
1997	104	117
1998	80	140
1999	76	140
2000	72	150
2001	59	163
2004	65	156
2006	74	133
2007-08	76	133

Source: Sarhad development authority

Table 3: Year wise revenue generated GAIE for CBR and WAPDA

Year	CBR	WAPDA
1989	0.000	11.9000
1990	0.000	69.3850
1991	255.220	141.7140
1992	302.220	212.2319
1993	656.800	289.2360
1994	1178.80	360.2360
1996	1638.600	376.0230
1997	1509.200	560.4100
1998	1330.187	629.1790
1999	1439.337	586.0520
2000	1423.758	512.9820
2001	85.720	475.820
Total	10634.672	475.8200

Source: Sarhad development authority

The above table shows that CBR suffered a lot due to the closure of industries, while the impact on WAPDA was lessening when the 50% concession in electricity charges was withdrawn.

Anyhow, the incentives helped in the establishment of an industrial culture and utilize the investment though even for a small period of time.

The role of Gadoon Chamber of commerce and industries GCCI to make GAIE a success

After the withdrawal of incentive for GAIE, GCCI made strenuous efforts to prevent the destruction of GAIE.

1. Federal and provincial ministers of the respective governments of PPP and PML were informed of the actual problems of GAIE and requested to solve these problems in order to prevent the state from being destroyed.
2. Due to lack of interest of governments in GAIE, wrong policy of government for the Gadoon estate and the bad intention of investors from other provinces, GAIE was converted into a graveyard of industries.

Causes of failure of GAIE

According to the view point of GCCI the followings are the causes of failure of GAIE.

1. 100% incentives for investors in GAIE were harmful for investors in other provinces as these were against the established principles and rules of business.
2. Industrialists in Punjab and Karachi were disturbed and 100% incentives for GAIE created sense of disappointment and frustration in them.
3. Industrialists and investors in Karachi and Punjab were all out to oppose such incentives as it was against their interest.
4. Withdrawal of incentives from GAIE was main cause of failure.
5. Govt. Maintained positive and negative lists against the investors of GAIE and caused its failure.
6. The measure of these incentives by investors also made the estate a failure.

Problems of GAIE as pointed by GCCI

1. Restorations of withdrawn incentives.
2. Removal of negative and positive lists from SRO-108.
3. 25% concession in electricity charges/bills.
4. 50% concession in electricity for all steel mills.
5. Provision of Sui Gas to industrial estate.
6. Establishment of export processing zone.
7. Arrangement of fire brigade in GAIE
8. Linkage of GAIE with Islamabad-Peshawar motorway.
9. Steps to restore the closed units,
10. To repair the damaged infrastructure (Roads etc.).
11. To restore the facility of 3% mark up on loans.

REASONS FOR WITHDRAWAL OF INCENTIVES

Question arises why the government suddenly withdraws all of the incentives from GAIE. The followings are the possible reasons for withdrawal of 100% incentives.

1. The 100% incentives of Gadoon industrial estate were smartly missing used by investors outside the province of Khyber Pakhtunkhwa.
2. The raw material imported for GAIE was very cleverly transferred to the industrial units in Punjab and Karachi under a deliberate plan. The GAIE provided proofs for withdrawal of incentives.

3. The industrialists of Punjab and Sindh joined politics and occupied chairs of important ministries in the government after which they demanded the government of Nawaz Sharif the withdrawal of successfully in government that 100% incentives for GAIE adversely affected other industries outside GAIE. Nawaz Sharif being himself an industrialist from Punjab was influenced by the concerns of Punjab and Sindh industrialists was convinced to withdraw all the incentives of GAIE.

4. Investors in GAIE from Punjab and Sindh closed their units in this estate one by one.

EFFECTS OF WITHDRAWAL OF INCENTIVES ON INDUSTRIAL UNITS IN GAIE

The withdrawal of incentives in GAIE adversely affected the industrial units and industrial activities came to stand still position. The following effects were observed after the withdrawal of incentives.

1. Industrialists from Punjab and Sindh shifted the machinery of their deliberately closed units to some other newly established estates like Azad Kashmir.

2. The hardest hit units of incentive withdrawal were the steel mills in GAIE. The withdrawal 50% concession in electricity caused the closure of almost all the steel mills in GAIE. It was difficult for the steel mill owners to stay in this estate after the withdrawal of incentives.

3. Thousands of workers lost their jobs associated steel mills.

4. Beside steel mills industrialists other industrialists also deserted this industrial estate as a result out of 450 units only 43 units remained operative.

5. Out of 43 operative units only 30 were regularly operating day and night while the remaining 13 units casually operative.

6. After the withdrawal of incentives the following units were closed. They were declared defaulters of WAPDA for nonpayment of electricity charges/bills.

TABLE 4: Defaulters of WAPDA:

1. Khushi Mohammad, Iron + Steel mills	Rs. 15,758,895/-
2. Mahboob Rasool, S.S Steel Pvt. Ltd.	Rs.14,043,782/-
3. Saleem-ur-Rehman Steel	Rs.12,350,897/-
4. Rashid Ahmad Frontier Steel	Rs.11,585,003/-
5. Inayat Ali Ghazi Steel Pvt. Ltd.	Rs.11,537,590/-
6. Mian M. Mahmood Peshawar	Rs.9,960,076/-
7. Sheikh M. Riaz J.K. Steel Mills	Rs.9,592,332/-
8. Ch. Nasir Iqbal, M.W. Hamza	Rs.7,813,644/-
9. Sh. Saifur Rehman, Steel Industry	Rs.7,336,826/-
10. Sohail Siddique, Steel Industry	Rs.6,531,462/-
11. Haji M. Yaqoob, Premier Mills	Rs.13,746,259/-
12. Naveed Gadoon Amazai	Rs.12,967,203/-
13. Waris Gadoon Amazai	Rs.1,963,083/-
14. Khwaja Plastic	Rs.1,515,507/-

These defaulters owe Rs.153.93 million to WAPDA but they have already left GAIE and have shifted their business to other parts of the country. All the units except Siddique industry were closed in 1997 after the withdrawal of 50% concession in electricity charges.

The overall picture of effects of incentives and their withdrawal is shown below.

Table 5: Increase of units due to incentives

Year	Established Units	Investment in million
1990	45	2905.229
1991	104	3788.058
1992	137	5804.000
1993	150	6316.940

Table 6: After withdrawal of incentives the following units were closed and investment

Year	Established Units	Investment in million
1992	21	696.4500
1993	36	761.1710
1994	48	987.0550
1995	90	2310.825
1996	116	2613.102
1997	124	3051.413

EFFECTS OF CLOSURE OF UNITS ON THE WORKERS OF GAIE

The closure of most of the industrial units in GAIE cast adverse effects on the workers engaged in these industrial units.

The following effects had been observed:

1. Thousands of workers became jobless and thus deprived of their just livelihood.
2. Besides losing jobs, social security, medical care and other allowances were also denied to the workers.
3. Workers were not allowed to form workers union.
4. If in some of the unions, the workers want to register their union, they are removed and dismissed from service.
5. There are thousands of workers in textile mills but they are not allowed to register a union and workers exploited and they are kept on contract basis so that they cannot claim any social benefits and facilities.
6. Local administration used to impose section 144 to prevent the illegal shifting of machinery to other estates in Azad Kashmir and elsewhere but the share collusion of the responsible authorities with industrialists make the illegal shift of machinery to other estates outside the province.

Table 7: Detail of closed, operational and near operational units in GAIE

Nature of industry	Operational units	Closed unit	Near operational unit	Under construction	Vacant	Total
Textile (Spinning)	11	18	2	5	19	55
Chemical Soap	2	7	2	0	1	12
Paper, Sack paper cone	4	2	0	0	0	6
Woven bags	1	1	0	0	0	2
Steel stainless steel	7	18	7	2	4	38
Plastic goods	5	17	3	3	11	39
Ghee	1	6	0	0	1	8
Paints	2	2	0	0	1	4
Dyes	4	1	0	0	1	6
Chemicals	8	3	1	1	5	18
Electronics	1	6	0	1	5	13
Melamine A he dive tab shoes	16	40	3	9	23	91
Pharmaceuticals	2	0	1	1	0	4
Tin making	1	5	2	1	3	12
Syringes	4	0	0	1	0	5
Marble/glass	3	2	0	1	3	9
Total	70	128	22	25	77	322

Source: Sarhad Development Authority

ANALYSIS AND DISCUSSION

A survey was developed upon its establishment its effect on local people and the causes of sickness. It also consists of the condition before and after GAIE and also after the failure of GAIE.

IMPACT OF ESTABLISHMENT OF GAIE ON THE PEOPLE OF THE AREA

Table 8: Distribution of Sample Respondents by Age Group

Age group	No. of Respondents	Percentage
15 to 18 years	2	5.7
19 to 60 years	33	94.3
Total	35	100.0

It is clear from the table 8 that the age group of 5.7% of the respondents is from 15 to 18 years while 94.3% of the respondents are between 19 and 60 years.

Table 9: Distribution of Sample Respondents by Sex

Sex	No. of Respondents	Percentage
Male	4	11.4
Female	31	88.6
Total	35	100.0

According to the table 9 11.4% respondents were female and 88.6% respondents were male.

Table 10: Distribution of Sample Respondents By literacy

Level of Education	No. of Respondents	Percentage
Literate	26	74.3
Illiterate	9	25.7
Total	35	100.0

From sample respondent 74.3% were literate while 25.7% were illiterate.

Table 11: Distribution of Sample Respondents by type of family

Type	No. of Respondents	Percentage
Single	28	80
Joint	7	20
Total	35	100.0

From the above table 80% of the sample respondents were single and 20% sample respondents were joined.

Table 12: Distribution of Sample Respondents by Place Job

Place of Job	No. of Respondents	Percentage
Village	9	25.7
GAIE	22	62.9
Else where	4	11.4
Total	35	100.0

According to the table 25.7% were in village Gadoon, 62.9% were in GAIE and 11.4% were from elsewhere.

Table 13: Distribution of Sample Respondents before & after GAIE

Tenure	Before GAIE		After GAIE	
	No. of Respondents	Percentage	No. of Respondents	Percentage
Owned	18	51.4	17	48.6
Factory	1	2.9	2	5.7
Rented	13	37.1	10	28.6
Others	3	8.6	6	17.1
Total	35	100.0	35	100.0

As regard tenure classification according to table 13 the sample respondents before establishment of GAIE and after the establishment of GAIE. Before the establishment GAIE 51.4% was living in their own homes. While after GAIE 48.6% lived in their own homes. Before the establishment of GAIE 2.9% lived in factory houses, 37.1% lived in rented homes while 8.6% lived in other in factory house, 28.6% lived in returned homes. And 17.1% lived in other places.

Table 14: Distribution of Sample Respondents before and after GAIE

House structure	Before GAIE		After GAIE	
	No. of Respondents	Percentage	No. of Respondents	Percentage
Pacca	10	28.6	13	37.2
Katcha	24	68.6	19	54.3
Semi Pacca	1	2.8	3	8.5
Total	35	100.0	35	100.0

According to the table 14 before the establishment of GAIE 28.6% respondents lived in pacca houses, 68.6% lived in katcha houses, and 2.8% lived in semi pacca houses. After the establishment of GAIE 37.2% lived in pacca houses, 54.3% people lived in katcha house while 8.5% people lived in semi pacca houses.

Table 15: Distribution of Sample Respondents by transport facilities

Items	Before GAIE				After GAIE				
	Yes	%	No	Total	Yes	%	No	%	Total
Cycle	12	34.3	23	65.7	18	51.4	17	48.6	35
Bull Cart	5	14.3	30	85.7	4	11.4	31	88.6	35
Car	2	5.7	33	94.3	3	8.6	32	91.4	35

From the above table we consider three items of transport facilities i-e Cycle, bull cart and car. According to the table before the establishment of GAIE 34.3% response about cycle was positive and 65.7% was negative. For bull cart 14.3% response was positive and 85.7% was negative. For each car 5.7% response was positive and 94.3% was negative.

While after the establishment of GAIE for cycle 51.4% response was positive while 48.6% was negative. For car 8.6% response was positive while 91.4% was negative response for owning car. Hence we see that after the establishment of GAIE negative response was decreasing. Here improvement is small but still it is an improvement.

Table 16: Effect of sickness on the employment of sample respondents

Effects	No. of Respondents	Percentage
Un-employment and looking for jobs	12	34.3
Shifted towards other jobs	12	34.3
Shifted toward cultivation	4	11.4
Working but not according to their talent and ability	7	20.00
Total	35	100.0

Majority of the units in GAIE became sick after the withdrawal of the incentives. It totally charger the employment structure of the workers. From the above table it is clear that 34.3% people become jobless or unemployment after sickness, 34.3% respondent is diverted again to poppy cultivation or other jobs, 11.4% were shifted toward cultivation and 20% respondents were engaged in jobs which were not according to their talent and ability.

Table 17: Distribution of sample respondents showing level of income

Income groups in Rs.	Before GAIE No. of respondents		After GAIE No. of Responses		After sickness No. of responses	
Less than 3000	8	22.8	6	17.1	10	28.5
3000-6000	15	51.4	13	37.1	12	34.3
6000-9000	4	11.4	7	20.00	8	22.8
9000-12000	3	8.6	4	11.4	3	8.6
12000-15000	3	8.6	3	8.6	1	2.9
Above 15000	2	5.7	2	2.7	1	2.9
Total	35	108.0	35	96.99	35	99.85

The above table before the establishment of GAIE 22.8% respondents were earning less than 3000, 51.4% were earning 3000-6000, 11.4% were earning from 6000-9000, 8.6% from 9000-12000, 8.6% from 12000-15000, 5.7% respondent were earning above 15000 after the establishment GAIE 17.1% were earning less than 3000, 37.1% were earning between 3000 to 6000, 20% were earning between 6000-9000, 11.4% between 9000-12000, 8.6% from 12000-15000 and 2.72% were earning above 15000.

After the sickness 28.5% respondent were earning less than 3000, 34.3% were earning between 3000-6000, 22.8% from 6000-9000, 8.6% between 9000-12000, 2.9% were earning between 12000-15000 and 2.9% were earning above 15000.

SAMPLE INDUSTRIALS PROBLEMS VIEWS AND SUGGESTIONS

Table 18: Distribution of sample respondents by designation

Designation	No. of Respondents	Percentage
Owner	4	16.0%
Manager	15	60.0%
Others	6	24.0%
Total	25	100%

It is clear from the above table that 25 respondents were interviewed to collect the required information related to the industry and industrialist from them. Among these 25 respondents, 16% were owner of the industry, 60% were manager while 24% were others which includes friends, relatives, assistant etc.

Table 19: Distribution of sample respondents by Level of Education

Education	No. of Respondents	Percentage
Matric	1	4.00
F.A/F.Sc./D.Com	3	12.0
B.A/B.Sc/B.Com	8	32.0
M.A/M.Sc/M.Com/MBA	13	52.0
Total	25	100%

According to the above table we came to know the qualification level of metric is 4% the qualification level of F.A, F.Sc. D.Com is 12%, B.A, B.Sc. B.Com is 32% and M.A, M.Sc. M.Com is 52%.

Table 20: Distribution of sample respondents according to types of goods produced

Types of goods produced	No. of Respondents	Percentage
Electronics	8	32.0
Cooking oil and ghee	7	28.0
Textile wearing	6	24.0
Soap	1	4
Steel product	2	8
Chemicals	1	4
Total	25	100%

From the above table it is clear that six big industrial products were selected which are electronics, cooking oil and ghee, textile wearing, soap, steel products and chemical industries. Among the 25 respondents 32% were engaged in electronics industry, 28% were producing cooking oil and ghee, 24% were involved in textile wearing, 4% were producing soap, 8% were producing steel products, and 4% were involved in chemical industry.

Table 21: Distribution of sample respondents according to level of investment

Types of investment	10 40	Percent	40 80	Percent	80 120	Percent	Above	Percent	Total
Owned	8	32	4	16	6	24	7	28	25
Loan	6	24	6	24	8	32	5	20	25
Share	0	0	2	8	4	16	3	12	9

In above table capital investments of investors are kept in sight according to three types. First one the owned capital, loan and shared one. From the above table we concluded that capital from 10 to 40 lacks, 32% respondents owned while 24 respondents borrowed it and it has no shareholder. From 40-80, 16% respondent owned it, 24 borrowed it and it has two shareholders, with a percentage of 8%. 24% respondents owned 80-120 lacks, 32% borrowed while it has 4 shareholders with percentage of 16%. 28 respondents owned above 80-120 lack rupees, 20 borrowed it while it has 3 shareholders with a percentage of 12%.

Table 22: Distribution of sample respondents according mark up:

Mark up	5%	10%	15%	20%	Total
No. of Respondents	5	7	9	4	25
Percentage	20	28	36	16	100

According to the table 22, 20 of the respondents got loan at 5% markup, 18% respondents got loan at 10% markup, 36% loan at 15% markup rate. While 16% loan at 20% markup rate.

Table 23: Distribution of sample respondents by number of Permanent and causal staff:

No	Permanent Staff		Causal staff	
	No. of respondents	Percent	No. of respondents	Percent
0-50	9	26	9	36
51-100	5	20	6	24
101-250	7	28	8	32
151-100	4	16	2	8
Total	25	100	25	100

Unemployment was the major economic problem of Pakistan and especially in rural areas and the same was the case with Gadoon. The establishment of GAIE solves this problem to some extent but after sickness of the units because of the withdrawal of the incentives, the situation was again worse. From the above table 36% units have permanent staff less than 50 and 36% casual staff is 50 or less than it. 20% units have permanent staff from 51-100 and 24% units have casual staff from 51-100. 28% units have permanent staff ranging from 101-150, 32% units have casual staff ranging from 101-150 and so on.

Table 24: Distribution of sample respondents according to the nature of sickness

Units	No. of Respondents	Percentage
Sick	11	44
Closed	14	56
Total	25	100

From the above table it is clear that the total respondent units were 25 while 44% of them were sick and 56 were totally closed.

Table 25: Distribution of sample respondents according to the reason of sickness

Reasons	Yes	No	Total
Lack of demand for product	5 (20%)	20 (80%)	25 (100%)
The project is not viable	6(24%)	19(76%)	25(100%)
Incentive given to GAIE were withdrawn	25(100%)	0(0%)	25(100%)
Market is at distance	9(36%)	16(64%)	25(100%)
The profit is below the normal level	20(80%)	5(20%)	25(100%)
Smuggled substitutes are easily available at lower prices	18(72%)	7(28%)	25(100%)
Interest rate is very high	19(76%)	6(24%)	25(100%)
High electricity bills and charges	24(96%)	1(4%)	25(100%)
Natural gas unavailability	17(68%)	8(32%)	25(100%)
Unavailability of repair facility	20(80%)	5(20%)	25(100%)

20% respondents said that the demand for products was less and this is the main reason of their sickness. While 80% of the respondents denied it and said that they were not facing such problems. 76% respondents said that the project was viable and successful while 24% answered that it was not viable.

The whole sample of 25% respondents said that the main reason of the sickness was the withdrawn incentive by the government given to them. 36% argued that market is at distance while 64% were in negative, 80% respondents said the profit was below the normal level while 20% were against it. 72% was at the opinion that the main reason of their sickness is that smuggled precuts are easily available at lower prices. While 28% respondents were at negative opinion 76% answered that interest rate was very high for them and 24% said that it was rather right for them. 96% respondents said that electricity charges were very high while 4% denied this reason. 68% respondents said that natural gas is not available here while 32% respondents were in negative. 80% respondents said that the main reason of their sickness was the unavailability of workshop for the repairing of their workout machinery at GAIE. While 20% were in negative.

Table 26: Distribution of sample respondents whether they are in favour of revival or not

Wants	No. of Respondents	Percentage
Yes (in favour of revival)	24	96%
No (not in favour of revival)	1	4%
Total	25	100

As regard the revival of these sick units, 96% respondents were in favour of the revival of sick units while 4% did not want to revive these units again because they have very limited financial resources and they cannot afford any more expenditure.

Table 27: Distribution of sample respondents regarding shift of machinery from GAIE

	No. of Respondents	Percentage
Yes	8	32%
No	17	68%
Total	25	100%

When the sample respondent were asked that whether they want to shift their units or machinery to somewhere else so then 32% respondents said that yes they are willing to shift it somewhere else while 68% said that no they don't want to shift their units or machinery somewhere else.

Table 28: Suggestions regarding problems revival of sick industrial units

Gas should be provided	18	72.0
50% of the total electricity remain unused, which is loss of the country	6	24.0
Concession on the tax on the import of machinery and raw material	12	48.0
Proper communication between government and industrialists	11	44.0
Development of infrastructure	13	52.0
Workshop for the repair of machinery installed in GAIE	12	48.0
Training for entrepreneurs	6	24
Security should be controlled to protect the home industrialists	9	36
Govt. should encourage the export of the product of GAIE	11	44.0
Training facility for labours should be provided	18	72.0
High electricity charges should be reduced	19	76.0
Transport facility should be provided at nominal rates	9	36.0
Incentives should be given back	24	96.0

Some positive suggestions were given by the sample respondents from the improvement of the situation. As for example 72% respondents said that gas should be provided. 48% respondents demanded concession on the tax of imported machinery and raw material. 44% respondents forced to improve proper communication between government and industrialists. 52% respondents argue the development of infrastructure for the proper revival of the sick industrial units. 48% respondents demanded workshops at GAIE for repairing the workout machinery. 24% respondents said that, training should be given to the entrepreneurs. 36% respondents said that security should be maintained. 44% respondents said that exports of products should be encouraged. 72% respondents demanded training facility for labours. Most of the respondents said that government should encourage the export of the products of GAIE. 76% respondents said that electricity charges should be reduced. 36% respondents suggested that transport facility should be provided at nominal rates while 96% respondent put forwards their foremost requirement and suggestion that past incentives should be given back again.

CONCLUSION & SUGGESTIONS

If we look at the socio-economic condition of Pakistan we will realize that the revival of sick industrial units in Pakistan is very important and necessary. If we take the example of Gadoon Amazai industrial estate, its establishment played a very positive role in economic development of this area and country as well. It provided a standard of living to the people of the area.

When the government withdraws the incentives it had a very negative effect on the industry. The question is that what forced the government to take such a step of withdrawal of incentives. There were some problem like most of industrialists misuse the incentives provided by government and many of them didn't repay the loan which they had taken.

Now it is the time to take serious notice of this problem. Government of Pakistan should work and make policies regarding revival of sick units of industries all over the country and GAIE in particular. Government and industrialists both should work seriously. Whether the government uses the old policies or it make new policies of revival of sick units in both cases government and investors should work mutually and do sincere efforts.

Hypothesis No.1

It is stated that establishment of Gadoon Amazai industrial estate had generated sufficient economic activities in the area.

Due to the establishment of GAIE number of the positive activities was generated. The poppy cultivation was almost come to an end. Sufficient job opportunities were given to labours from other areas of Pakistan but it greatly provided employment to local people. Income level was raised. It increased the literacy rate, number of schools were increased transport facilities were improved. We can say that altogether the whole life style was improved after establishment of GAIE. It was also source of income for CBR and WAPDA. By analyzing and concluding all these positive activities it show a clear picture that establishment of GAIE gave birth to number of economic activities in this backward area.

Hypothesis No.2

Sick industrial units of GAIE adversely affected the socio-economic life of the people of the area.

The effect of sickness of unit was negative for the economic activities of this area. First of all it had very adverse effect on employment level as out of every 30 labours only 14 were employed while other were given such jobs for which they don't have any experience. The income level was decreased as a result people drop out their children from private schools. As a result most of private schools were closed. Not only has this but the unemployed labours started cultivation of poppy maintained their standard of living as it was their source of income. Shortly the sickness of units had damaged to socio-economic conditions in this area.

Hypothesis No.3

Industrialists from other provinces had played no constructive role in restructuring of the policy related with the GAIE.

In the beginning the investors and industrialists from all over the country were interested to invest in GAIE and they did it due to the incentives given by government. But when the government withdrawal the incentives these industrialists shifted their setups to Karachi, Faisalabad, Haripur etc. They didn't raise their voice to revive the sick units. They didn't even ask the government to continue its policy regarding incentives which were given to GAIE. Therefore we will accept our 3rd hypothesis that industrialists from all over country had played no constructive role in revival of the policy regarding to GAIE.

Hypothesis No.4

Restarting the past incentive policy can help in the revival of sick industries.

The withdrawal of incentives affected the industrialists. Therefore they stopped to invest which caused the sickness of units in GAIE. That is why the continuity of policy regard incentives given to GAIE can bring back the industrialists to invest in GAIE. Therefore our forth hypothesis was also accepted.

RECOMMENDATIONS

It could be seen from the main findings and conclusion that the impact of the withdrawal of the incentives from GAIE has 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 been 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 country therefore, some policy recommendation are suggested which are given below.

1. Government should continue its policies for smooth going industrial development.
2. Provision of proper infrastructure is must for industrial growth and development.
3. Roads should be improved leading GAIE
4. Interest rate must be reduced.
5. Custom duty imposed on imported machinery and raw material should be reduced.
6. Subsidies on electricity and natural gas should be given.
7. Government must encourage the industrialist with modern technology in GAIE.
8. Marketing facilities should be improved.
9. Government should stop smuggling of good from Afghanistan.
10. Sincere efforts and honesty on part of industrialist is must for the revival of sick industrial units.

REFERENCES

- 1) Ahmad, S.J. (1988). Place of industries in the Economy of Pakistan. Kifayat Press, Urdu, Bazaar Lahore.
- 2) Anderson, Paul (1968). Industrialization and the industrial estate, Harvard University Press, Cambridge 38, UK.
- 3) Beham. Fredec (1973). Benham Economics 9th Edition. The industrial Revolution and after Oxford and Cambridge press Lahore.
- 4) Brice, M (1974) Industrial Development. McGraw Hill Book Company. Inc. NY Galbraith, Kenth John (1976). Development and Industrial Corporation. Oxford University Press. London.
- 5) Islam Noor. M. (1979) causes and remedies of Poppy Cultivation in Gadoon Area. Institute of Economic Studies, Khyber Pukhtoon Khwa, University of Peshawar.
- 6) Khwaja, A (1993). Economics Development of Pakistan. Naveed Publication 63 Shahreh-e-Quaid Azam, Lahore.
- 7) Lempert Leo. (1973), Industrialization and the state's Economic Function. 21, Zubovsky Boulevard, Moscow, Russia.
- 8) Michael (1986) Problems of Industrial Sector. Methuen, Inc. 29 West 35th street, NY 10001
- 9) Nasir, M.S (2002) Economy of Pakistan. New Fine Printing Press, 48 A, Lawer, Mall Lahore.
- 10) Pindyck, Rober S. 1988 irreversible investment, capacity choice, and value of the Firm. American Economic Review.

- 11) Sabash Veena. (1970) industrial Concentration and Economic power. Princeton University Press, Princeton.
- 12) Stephen, L.R (1972). Economics Policy and Industrial Growth in Pakistan, PIDE, Karachi.
- 13) Shantt Tito. (1970) Japanese, Cooperation in industrial policy for developing economies Pakistan, Tokyo.
- 14) Shinwari Nawaz Ahmad. 1985. Small-scale industry in NWP. Sarhad Small Industries Development Board Peshawar.
- 15) Sarhad Development Authority 2006 year wise annual report.
- 16) Stephen (1967). Industrial Estate and Industrialization. Billing and sons limited. Worcester, Great Britain.
- 17) Stephen, L.R (1972). Economic Policy and Industrial Growth in Pakistan. Pakistan Institute of Development Economics, Karachi.
- 18) Wellington Michael. (1960) Specifics of industrial construction. Harvard University Press, Cambridge 38, Massachusetts.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

