Critical Review Of Past Literature On Industrial Development In Pakistan

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ABSTRACT: The study was carried out in Pakistan since 20th June, 2017. The major objective of the study was to critically review past literature on industrial development in Pakistan. Total 18 studies were selected purposively and were downloaded from the net and reviewed thoroughly 20 times for analysis. The review concluded that industrial development play key role in development of Pakistan and without industrialization the development of Pakistan is impossible. The industries generate employment and solve the problems of unemployment and improve the income level of individuals in the countries which further improve standard living of the country and GDP of Pakistan while smooth industrialization required good character, peace, sufficient finance, favourable environment, developed institutions for enhancement of industrial development. During review so many problems were viewed, which become hurdle and bottle necks for industrial development in Pakistan, such as tax, un-proper marketing, demand for products, smuggling and finance etc. On the basis of problems the study recommend that sufficient funds for industrialization is required; Free tax based policy for industrialization should be initiated by government; Sufficient finance by bank to industrialist is facilitated; Smuggling control is requested for safety of local industries; Skill labours provision by government is facilitated; local labours availability is highly needed; Peace and security is requested by government; Raw material availability is highly required for smoothly industrial development; Foreign investors incentive policy should be arranged for industrial development in Pakistan by government.

Key Words:- Critical Review, Industrial Development, Past Literature, Pakistan

INTRODUCTION

Industrialization plays a crucial role in the development of a country. It generates employment and products for the people. Its contribution to the GDP is 19% in Pakistan; share followed by Small Scale producer, which accounts for 1.7% of over-all GDP (Economic survey 2013-14). It improves the living standard and the social life of the people. Industries have huge contribution to building and strengthening of the country. Many things, which are the blessings of industries, which surrounds the human being and these blessings make life easier and luxurious, from food to shelter, houses to offices, all that is the contribution of industries. (Sanderson, 1992, Roshan, 2011) The real development of any country depends on industrialization. The industrialised countries of the world e.g. USA, EU, Japan, and China, the central contribution to their development is due to industries (Meti, 1989).Industries are associated with a variety of socio-economic changes and play important role in economic growth. Without industry the development of a country is impossible. Industry generates jobs, increase income level and make the country prosperous and healthy and put on the track of development (Lempert, 1973). Masoom (2014) stated that the industrialization failure is due to unavoidable circumstance in the country, which is not capable for production of products. Stages of Industrial Sickness an individual unit passes through several stages earlier than it becomes sick. The general causes for such industries are the inconsistent policies of government, location disadvantage, law and order situation, non-availability of skilled labor, lack of entrepreneurial skill and others. Further, even within small-sized units the nature of problems firms faced in the four provinces speckled from region to region. Khyber Pakhtunkhwa faces 23% top costs compared to their counterparts in Karachi due to location disadvantages. Moreover, firms in less industrialized areas face shallow markets – lower level of local demand, poor quality of raw substances and unskilled labor force (Tariq & Shah, 2003). The dynamic role of small-scale industries in developing countries as engines through which their development objectives can be obtained has long been recognized. It is estimated that small scale industries employ 22% of the adult populace in developing countries. International, Small and Medium Enterprises (SMEs) have been accepted as the engine of economic development for promoting equitable development. The main improvement of the sector is its employment potential at low capital cost. The SMEs constitute over 90% of total enterprises in most economies and are attributed with producing the highest rates of employment growth and account for a major share of industrial production and export. (Daniels, 1994; Gallagher & Robson, 1995).Pakistan has also made some progress in industrialization since its independence. However, the country is still backward in economic development. Generally there are three categories of industries i.e., small scale, medium and large-scale industries. The Government of Pakistan plays an important role in small, medium, and large-scale enterprises development in the country (Khan, 2005). In compatibility with the study area some of the major characteristics of the small scale industrial units are presented. A small-scale unit in Pakistan is consisted of 5 to 9 workers, which may include proprietor and his family members or hired labor on daily wages. Small-scale industries need less investment, small size of area, and have little documentation for the establishment. Small industrial units are effective in the economic growth. It has a vital role in the economic development of industries. After independence Pakistan received only 34 industries, out of 921 that make up 4% of the total industries. The majority industries were based on raw materials. These include small sugar mills, cotton mills hulling rice flour mills, canneries, etc. The Pakistan government, realizing the importance of industrialization for the rapid growth and development, called the Industry
Conference in December 1947. The meeting recommended the establishment of industries that use local raw materials such as jute, cotton, hide and skins. The Council for Development was established in 1948 while Finance Corporation, Industrial Credit and Investment Corporation were also established in 1948 to enhance the industrial development enterprises in the country (IDP, 2011). Pakistan Industrial Development Corporation (PIDC) was proposed in 1952 to invest in manufacturing sectors that requires initial investment for a long maturation, and require a high degree of technical knowledge. In the first five year plan 1955-60, Rs. 185.11 million was allocated to the industrial sector (Saif, 2007). Industry in terms of growth, exports and production was disappointing from 1971 to 1977. There were various reasons for the poor performance of the manufacturing sector. One wing of the country (East Pakistan) forcefully separated. The country had to fight a war with India in 1971, suspension of foreign aid, the loss of local market (East Pakistan) fall in exports, poor investment situation, world trade deficit, reduction of investment promotion, etc. caused by low productivity in many parts of the country. From July 1977 to 1980, the government began tremendous work in the country. The private sector was invited to invest in large scale industry (Jaleel, 2014). Unstable Government defamed Pakistan internationally due to which Multinational Corporation did not show huge interest in the industrial sector of Pakistan. In this era, Pakistan currency de-valued day by day, while faced several upheavals and barriers. Democracy upset again in 1999, and then 9/11 incident changed the course of history and in early 2000’s Pakistan faced suicide bombings, which further weakened the investor’s interest in Pakistan around the globe (Ubaid, 2013). In 1996, state-owned companies contributed 30% in the manufacturing sector. After the sale of 80% of the industry, the government has continued to reduce its stake in the business. With cotton textile industry based completely dominated production. The level of agricultural production continues to resign. In 1999-2000, the share of industrial production was 18.2% of the GDP and in 2004-05, it was 15.6% of the GDP. The main factors behind the rapid growth were, support of monetary policy, fiscal discipline, consistency and continued policy development, strengthening demand in constantly improving economic conditions and exchange rates in the expansion of international markets due to the market business year 2005. Overall productivity increased was 9.9% in 2005-06 and 8.45% in 2006-07 (Saif, 2007). In 1947, the Khyber Pakhtunkhwa was the poorest in industrialization. Up to 1956, only 47 units were providing employments for 16407 persons in the province. Among the established units, 14 were in large scale while the remaining were medium or small-scale units. During rapid industrialization period in 1958-68 the Khyber Pakhtunkhwa and Baluchistan did not benefited as compared to other provinces of Pakistan. After the 1970, the one unit system was dissolved and the government of Khyber Pakhtunkhwa established two organizations. Sarhad Development Authority (SDA) and Federally Administered Tribal Area Development Corporation (FATA). During 1973-81, SDA completed 16 projects with a combined investment of 734,051 million Rupees. The FATA established in 1971 and is responsible to establish industries in the Tribal area of Khyber Pakhtunkhwa (Mateen, 2001). The Khyber Pakhtunkhwa is mostly plain but is surrounded by low arid hills toward the north and depends on Agriculture. Economically, Khyber Pakhtunkhwa and Balochistan are backward from other provinces due to unfavorable geographical location and poor law and order situation. In the wake of increase in terrorism activities in Khyber Pakhtunkhwa and the unemployment, the importance of revival of closed and sick industrial units has further increased. According to a profile of Khyber Pakhtunkhwa provided by the Directory of Industrial Establishment, 2011 there are almost 2,254 industries functional in Khyber Pakhtunkhwa, before the extremist insurgencies, of which only 1552 are in working, and 702 are closed down. Almost 66129 people employed in those industries but thousands of skilled and semi-skilled workers have been lost their jobs (DIE, 2011). The major objective of the study was that to critical review past literature on industrial development in Pakistan, to see what is going in Pakistan Industrialization and what do industrialization for development of Pakistan?

MATERIAL AND METHODS
The universe of the study is Pakistan but other countries of the world were also included in the review of literature due to fewer studies in Pakistan. The major objective of the study was to critical review, the industrialization development through past literature in Pakistan. Total 18 studies were selected purposively and were downloaded from the net and review thoroughly 20 times for analysis to know what role play industrialization for development of Pakistan?

PAST LITERATURE ON INDUSTRIAL DEVELOPMENT IN PAKISTAN
Bryce (1960) studies that industrial development is only the way, by which developing countries can be achieved real development. He also discussed that agrarian based economy conversion into agro-based industries economy is only the solution for poverty reduction in the world while for industrial development proper market labour skill, raw material availability and technology availability in the country are the key factors. Tito (1970) told that unemployment problems can be solved through industrialization because industrialization generate employment which raises income level and improve living standard of the community while latter on also brings prosperity in the country. Stanley (1972) investigated a number of industries in the United States. He also told that the equitable distribution of income in the society leads to a high standard of living which further create improvement in the GDP of the country. Lempert (1973) analyzed that the industry is clearly associated with socio-economic changes and play important role in economic growth of the country. Without industry the development of a country is impossible because it generate jobs, increase income level and make the country prosperous and healthy and put on the track of developed country. Matin (1980) explained that Khyber Pakhtunkhwa had no industrial base and no construction zone is there which help to create industrial units. They provide electricity, water, industrial plants, and other facilities. So the industrial unit installation is done easily at a cheaper cost. About 702 industrial units
have been closed in Khyber Pakhtunkhwa due to lack of requirements which has raised the problems of smuggling and unemployment in the Province. Reddy (1988), studied that industrialization played key role in spreading of diseases form one country to another country through exports and imports which often associated with the production, marketing, financial management and environmental factors. Meti (1989) investigated that the actual development of a country is depending on its industrial development and underdeveloped countries real progress can be achieved through industrial development because the use of existing natural means and the raw material formed by industrialization. The developed countries of the world e.g. America, Japan china and EU, the foremost influence to their development has been done by their industries development. Nadvi (1990) disclosed that small businesses and families seems cells, expanding faster than the formal sector and more than the job offers from most of those involved in the interests of the urban Pakistan. As the capital intensity seems to technology lead on a variety of family is the most time-consuming installation and concerns that the official capital. In addition, in terms of actual capital increase as soon as the formal sector, resulting in net movement of labor. Resulting in output power in the formal sector and capital productivity is inversely proportional to the size of the block. Gallagher and Robson, (1995) study reflect that small-scale industries in developing countries work as engines through which their development objectives can be achieved and standard of living in that country can be improved. It is found that small scale industries provide employment to 22% of the adult population in developing countries. Syed (1995) studied that the large investment products may create communication appropriate to implement technological advances in equipment, which then can increase the production of a small section respectively. Second, due to the size of the economy, the scope may help to reduce the cost of intermediate product and capital in a small section. Third, large companies account for a small, increase productivity and improve technical excellence major manufacturers continue to encourage user interaction, quality standards, data requirements, etc. Come (1999) argued that there is no denying the fact that the small number of people and drama will play an important role in the economy of Pakistan. Resting on the other hand, smaller and casual forms of organizations suffer is not only the products markets, but they also face disadvantages in the scarce resource markets. This trouble is typically pronounced in LDCs, where imperfections in the input and product markets thrive. In this regard, Sleuwaegen & Goedhuys (2002) lists a wide variety of issues that firms meet in LDCs. Tariq and Shah (2003) have worked on the topic of “Causes of industrial failure and its implication in N-W.F.P (the former name of Khyber Pakhtunkhwa). In their study, they found the general causes for sick industrial units as the inconsistent policies of the Government, location disadvantage, law and order situation, non-availability of skilled labor, lack of entrepreneurial skill and others. as well, even within small-sized units the nature of problems firms faced in the four provinces speckled from region to region. They said that those firms in Khyber Pakhtunkhwa faced 23% top costs compared to their counterparts in Karachi because of location disadvantages. Moreover, firms in less industrialized areas face shallow markets – lower level of local demand, poor quality of raw substances and inept labor force. Kausar (2005) pointed out that the main cause of the sickness of industries of Gadoon Amazai Industrial Estate is the discontinuity in the policies of government and has recommended that instead of criticizing the policies of previous governments, the successive governments should keep on facilitating the industrialists of the estate. MMSMEs-India (2006) established as the engine of economic development for promoting equitable development. The main benefit of the sector is its employment prospective at low capital cost. The MSMEs constitute over 90% of total enterprises in most economies and are credited with generating the maximum rates of employment growth and account for a major share of industrial production and export. Azam and Khan (2009) analyzed the industrial development in Khyber Pakhtunkhwa in particular and in Pakistan in general. The findings of their study suggested that in order to accelerate the economic progress of the country, the industrial development in all the provinces including Khyber Pakhtunkhwa should be promoted by regularizing the supply of electricity, providing fiscal, credit incentives and by stopping the illegal inflow of foreign good. Khattak (2011) mentioned that the central causes for the closeness of sick industrial units in Khyber Pakhtunkhwa are financial, economic, and administration issues. He also clarified that in maximum of the cases the financial system did not provide acknowledgement and some victims to partnership disputes. Additionally some units included which have been exaggerated by Free Trade Agreements (FTAs) and smuggling. Roshan (2011) studied that Industries have huge contribution to building and strengthening of the country. Many things, which are the blessings of industries, surround human and these blessings make our life easier and luxurious. From food to shelter, houses to offices, all that is the contribution of industries. Economic survey of Pakistan (2013-14) shows that the industrialized accounts 13.5 % of Gross Domestic Product (GDP) and 14.1 % of total employed labor force. Large Scale Manufacturing (LSM) at 10.9 percent of GDP dominates the overall sector accounting 81 % of the sectoral share followed by Small Scale industrial sector which accounts 1.7 % of total GDP and 12.3 % share in Manufacturing. The impact of rise in electricity generation has been realized in the LSM growth which registered a growth of 4.3 % during July-March, FY14 as compared to 3.5 % last year. In this research an attempt has been made to study the industrial development of Khyber Pakhtunkhwa in particular and Pakistan in general. Noticeably, economic development can be promoted with the encouragement of industrial sector. For analysis, the secondary data obtained from various reports of Govt. of Khyber Pakhtunkhwa, Directorate of Industries, Commerce & Labor, Khyber Pakhtunkhwa, Peshawar (various issues) and Economic Survey of Pakistan (various issues). It has been observed that industrialization promote agriculture sector, generates employment opportunities, brought efficiency in production due to advanced technology, increase national income, increase per capita income, reduce poverty, improve living standard, reduce deficit in balance of payments, encourage trade and increase government revenues. During 2007-08,
total numbers of industrial units were 2254, while in these 1552 were operating and 702 were closed in study area. The findings of the study suggest that supply of electricity may be regularize, fiscal incentives, provision of credit, stoppage of inflow of foreign goods are imperative measures for the promotion of industrial development in the province. Domestic and foreign investors should be encouraged in order to promote industrial development and to accelerate the process of economic development of the country.

CONCLUSIONS AND RECOMMENDATIONS
The review of literature concludes that without industrial development the progress of the country is impossible because industry generate job to the population which increase their income level, supply daily use products to community and earn foreign exchange etc. This is the industries which have developed the developing countries in the world while the developing countries highly depend on agricultural sector while industries provide best technology to farming communities which they use practically in the farming activities which further improve the agricultural productivity of the farmer and increase income level and strengthen their purchasing power which positively affect other sectors of the economy. The industry development needs good planning, peace, and huge financial services and electricity on easy terms in the country. Without these the development of industrialization is impossible. The review further explains that extremism and terrorism make environment unfavorable for industrial development. So good environment, excellent financial services, technical labor, provision of electricity on easy term and marketing capabilities, only the factors which push the industries in Pakistan. Now a day it is also a challenging issues to the world because industrialization make the environment polluted which further affect the health of human being and create the diseases of cancer and other dangerous diseases in the world, so on one side industrialization is good and favorable for development of the country while on the other side problematic harmful for community. So balances are required in the ecosystem to escape the fate of the future generation in the long run. Finally It is concluded that industrial development is beneficial for the society of Pakistan because of this, survival of life on the earth is impossible. So it is the duty of the government to highly focus on industrialization and make favorable environment for industrialization for enhancing the Pakistan economy. On the basis of analysis the study recommend that favorable environment, peace, sufficient finance, proper institution, developed infrastructure, skill labors, favorable markets on national and international level, tax free based industrialization etc are required for enhancing industrialization in Pakistan.

REFERENCES

