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Meeting on Promotion of Small  
Industries in the RCD Countries

Tehran, Iran. 11 - 17 April 1971

COUNTRY STATEMENT  
REPUBLIC OF TURKEY <sup>1/</sup>

by

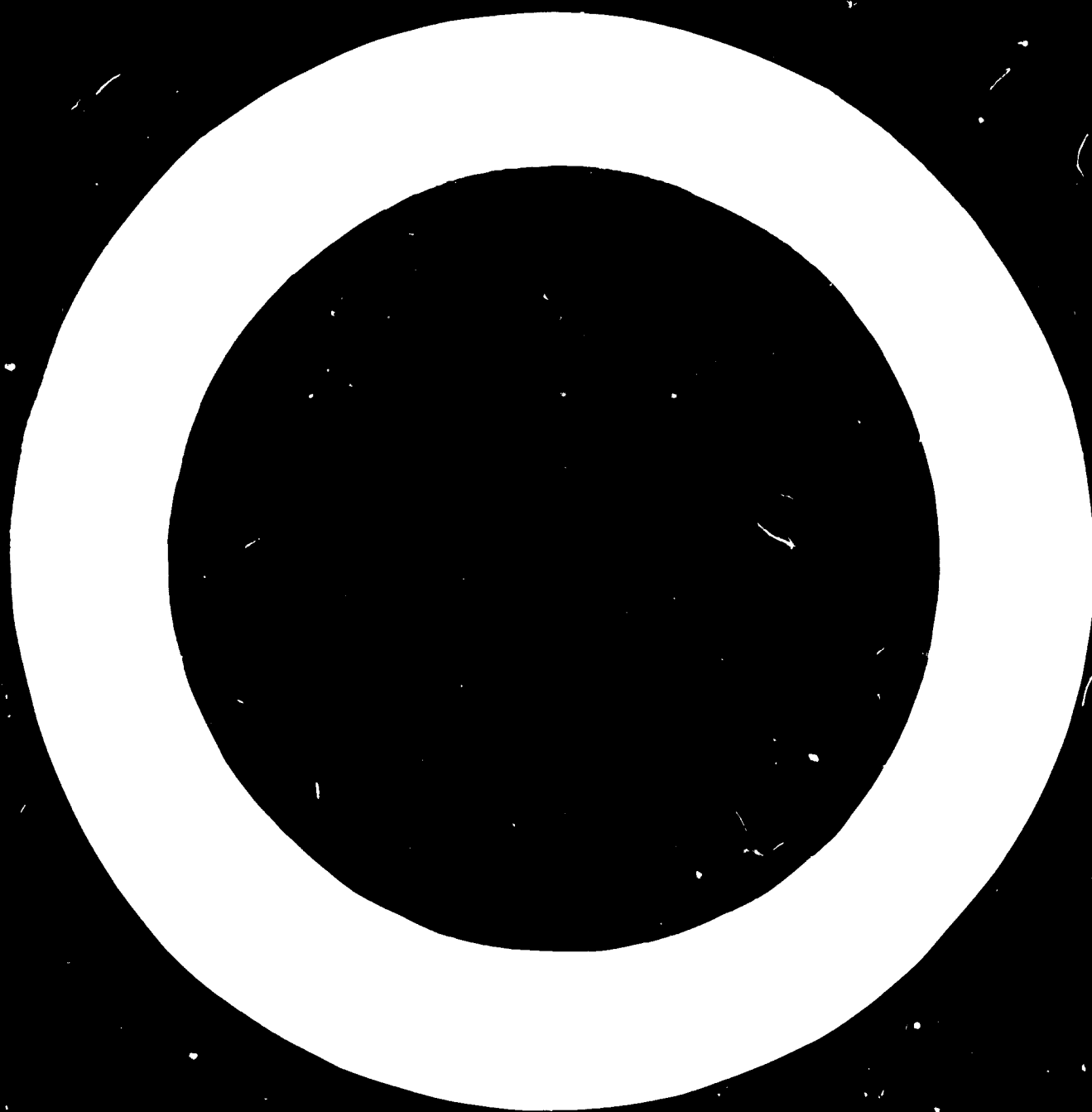
Delegation of the  
Government of Turkey

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S M A L L   S C A L E   I N D U S T R I E S   I N  
T U R K E Y

1. According to the 1965 Census of population Turkey has an area of 774.310 Sq.Kms. and a population of 31.39 million (1970 Census : 35.66 million). Out of the active population of 13.558 million (15 years old and over) about 9.75 million (72 per cent) are engaged in agriculture, forestry, hunting and fishing and 0.961 million (about 7.2 per cent) are engaged in manufacturing industry. But according to the Census of Manufacturing Industries, 1964, the number of persons employed in large scale manufacturing establishments, as on 1 November 1963, was only 325,441. Therefore, nearly two thirds of the persons engaged in manufacturing industry are in the small scale and household sectors. These are found scattered throughout the country, in villages and towns, as in other older traditional economies and are engaged in such traditional trades as blacksmithy, coppersmithy, wood working, foundries, etc. and such modern trades like mechanical, metallurgical and electrical engineering workshops, various non-engineering industries, repair industries etc.etc.
2. DEFINITION  
Different authorities have adopted their own definition of small scale industry to suit their particular requirements. For instance, for statistical purposes, all manufacturing establishments employing 9 persons or less are treated as small scale industries; this is the most widely accepted definition till now. The term "small scale industry" has been defined in some Acts of the Parliament to suit executive requirements.
3. In the Second Five Year Development Plan, a distinction has been made between small scale industry and handicrafts : "In general, handicrafts are defined as those goods produced by an artisan on any craft manually and using his skill, independently and under

his own responsibility or with a member of his family or together with a draftsman or apprentice, at his home and/or his workshop and/or as a peddler, for the purpose of marketing his products". No precise definition of "Small Scale Industry" from the development angle has been given in the Plan.

4. The need for an administrative definition of a "small scale industrial unit" has been felt for quite sometime in view of the adoption of various measures of assistance for the development of the small scale sector. The matter is under discussion now and a definition based on some criteria like the capital invested, the workers employed, energy utilized, etc. will be adopted shortly. The idea is to bring into the small scale sector such units as would need and are likely to benefit from the various measures of assistance, proposed to be adopted for the development of the sector.

#### PLACE OF SMALL SCALE INDUSTRIES IN THE COUNTRY'S ECONOMY

5. In 1966, the gross national product of Turkey was estimated at TL.79,536.7 million of which TL.25,035.5 million (36.8 per cent) was contributed by agriculture and TL.12,628.6 million (18.6 per cent) was contributed by industry. Over the period 1962-66, the contribution of industry to gross national product rose at an average rate of 8.9 per cent as against 3.3 per cent per annum from agriculture; and, excluding income from abroad, its rate of increase was the highest.
6. According to the Census of Manufacturing Industries, 1964, there were 160,771 manufacturing establishments on 1 November 1963 (on the basis of the lists prepared from the records of municipalities which maintain addresses of establishments subject to sign board toll); of these, 157,759 (98.1 per cent) were small scale establishments each employing 9 persons or less. The 98.1 per cent establishments, however, contributed only 24.7 per cent of the total sales and services rendered in the manufacturing industries sector (which, for want of more precise data, may be taken as equal to gross output.)
7. It has been noted in the First Five Year Development Plan (1963-67) that the place of the small scale sector "in industry

as a whole is not clearly known. The detailed classification of these industries has not been made nor have their means of production seriously studied". The meagre data available, however, disclosed that small scale establishments contributed, in 1959, significantly to total production in some important industry groups. For example, their contribution to total production was 32 per cent in food, 99 per cent in clothing, 78 per cent in furniture, 51 per cent in leather products, 24 per cent in stone, earthenware and glassware, 67 per cent in metal products, 38 per cent in machinery, 54 per cent in electrical machinery, 58 per cent in transport equipment and 26 per cent in textile industries.

8. A study of the small scale industries in some important Central Anatolian towns by the International experts attached to the Small Industry Development Centre (KUSGEM), Ministry of Industry, disclosed that this sector is growing at an average annual rate of about 10 per cent, in numbers, in recent years.
9. Small Scale Industries Sector thus not only occupies an important place in the manufacturing industries sector of the country but is also a progressive and rapidly growing sector of the economy.

#### STRATEGY FOR DEVELOPMENT

10. In the first Five Year Plan document it has been declared that "in view of their effect on employment, small industries will be encouraged to develop as auxillary and complementary industries" subject to certain conditions like quality of production, price, etc. (Page 340). It has also been said that "in order to promote the planned development of small industries and handicrafts scattered all over Turkey, a central organization is necessary for providing guidance and assistance in the matter of financing, credit, organization, establishment of cooperatives, supply of raw materials and equipment, outlets on internal and external markets, regulations and quality control. This organisation will be able to undertake various studies in this field, to assume the responsibilities of various ministries in this regard, to implement the small industry and handicraft policy adopted and to promote the development of the sector in the desired direction" (p.340). Other important measures proposed included liberal financial assistance through the Folk Bank and establishment of "industrial

districts" or "industrial estates" to bring together small industries which are now scattered and working separately.

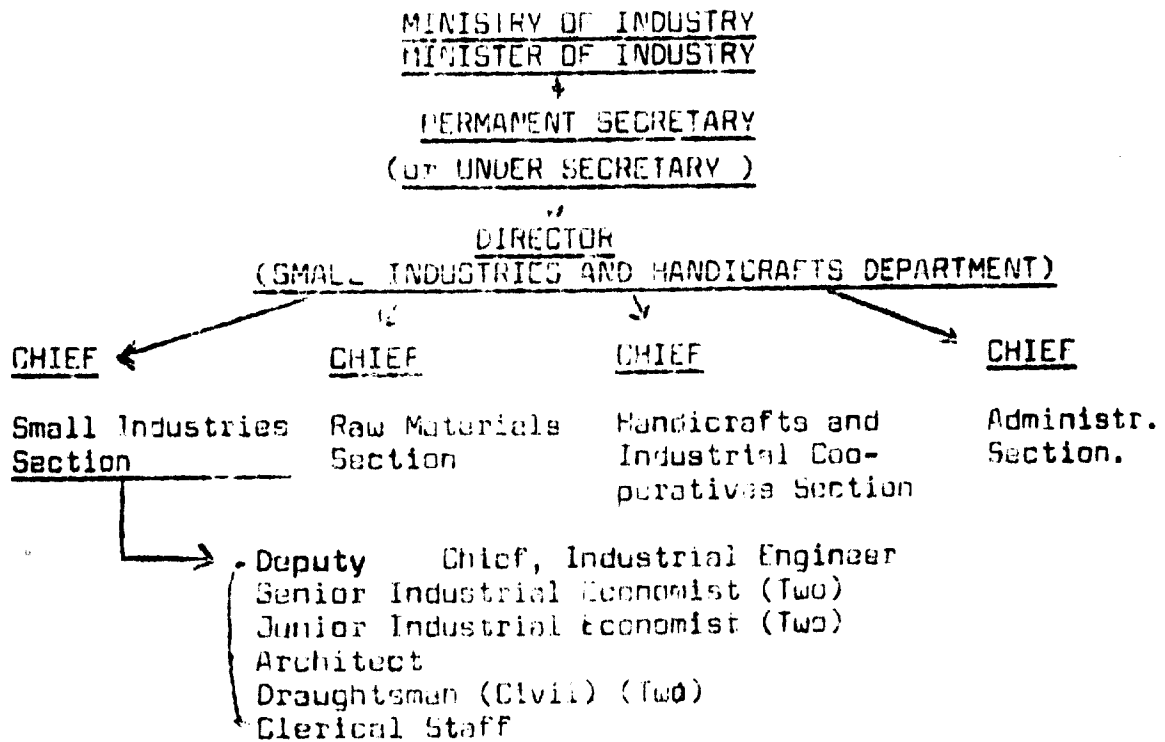
11. An Adviser from the United Nations visited the country and suggested the early establishment of Turkish Small Industry Development Centre with UN assistance to implement the above policy. A request for UN assistance was accordingly made but, due to various reasons, the central organization could not be set up, as contemplated; during the First Plan period. The Second Five Year Development Plan (1968-72) envisaged that Small Scale Industry Development Centres (including, presumably, the central organization) will start their activities at the beginning of the Second Plan period. The development measures suggested included:
  - i) integrated development of small scale and large scale industries to ensure coordination,
  - ii) Implementation of "controlled credit system",
  - iii) expansion of training activities,
  - iv) provision of technical information and research services, etc.
12. The policy of the Government is thus clear. A Small Scale Industries Sector with modern, viable units which can produce goods, parts and components and services to international standards at competitive prices is to be developed through the provision of various measures of assistance drawing upon international experience to the extent necessary.
13. Three major programmes of assistance are now being implemented. These are:
  - i) Provision of credit for the construction of industrial estates,
  - ii) Credit facilities through the Halk Bank (People's Bank of Turkey) and,
  - iii) Technical Training to workers in Small Industries through part time (evening) courses in the Industrial Institutes run by the Ministry of Education.
14. However, the need for a comprehensive, integrated programme of assistance to small scale industries has been recognized and with the assistance of the UNDP-UNIDO a pilot programme is being implemented now at Gaziantep in Southeast Turkey.



As experience is gained in the operation of this Centre, similar centres, it is hoped, will be set up in other important industrial centres of the Country. Before describing the assistance programmes, it may be useful to explain the organizational set up of the Government for assisting small scale industries.

ORGANIZATIONAL SET UP

15. The responsibility for the implementation of the small industry development programme is primarily that of the Ministry of Industry through other Ministries and agencies like the State Planning Organization, the Ministry of Education, the Turkish Halk Bank (controlled by the Ministry of Finance) and the Turkish Confederation of Artisans and Tradesmen have their own distinctive roles to play. In the Industry Ministry, the organizational set up, so far as small industry programme is concerned, is as below.



16. The Small Industry Section through its Chief and the Director of the Department is directly responsible for the implementation of the industrial estates programme in the country. It coordinates the work of other agencies like the technical education department, Ministry of Education and the Turkish Halk Bank so far as their programmes are concerned. It has also taken up the implementation of the UN Special Fund Project at Gaziantep, the Small Industry Development Programme (KUSGEM) now. (The functions, organizational set up and work of the KUSGEM are described later in this paper).

INDUSTRIAL ESTATES

17. A programme of financial assistance to industrial estates set up by small scale industrialists was adopted by the Government of Turkey in 1964. This has given impetus to small industrialists to construct industrial estates though a few industrial estates were established earlier by the Municipalities (in two cases) and by small industrialists themselves (in one case). Money is now being regularly allocated in the annual budgets to a fund created for the purpose. The fund is being operated by the Halk Bank on behalf of and under instructions from the Ministry of Industry.

18. Details of the fund operations are given below.

INDUSTRIAL ESTATE FUND OPERATIONS

Year	Budget Allocation TL. million	Total Fund TL. million	Amounts sanctioned to industrial estates TL. million	Amounts actually disbursed TL. million
1964	10.00	10.00	-	-
1965	15.00	25.00	4.95	3.85
1966	-	25.00	6.84	8.15
1967	33.73	58.70	22.09	15.97
1968	2.00	60.70	15.55	9.47
1969	24.14	84.85	26.87	26.94
1970	54.00	138.85	43.20	40.00
			<u>122.30</u>	<u>104.58</u>

19. The main objectives of the industrial estate programme are;

- i) to bring together industrialists and traders in one place,
- ii) to build modern work places to them,
- iii) to increase their productivity, to improve their social, economic and technical conditions, and,
- iv) to enable them to change from the repairs activities to manufacturing activities.

20. Assistance from the fund is available to Cooperative Societies formed by small industrialists to construct industrial estates and to Municipalities. No credit is provided to acquire land. No credit is given for common services like roads, water, electricity, drainage, etc. which are to be provided by the Municipality.

21. After a preliminary approval of the proposal to construct an industrial estate at a particular place, the sponsoring agency (the Cooperative Society or the Municipality) should get a project report prepared at its own expense. The report is scrutinised in the Ministry and, if approved, loan will be granted for the construction of work sheds. The amount of the loan is limited to 60 per cent of the cost of construction (in 22 underdeveloped provinces the per centage is 70). The balance is to be provided by the sponsoring agency. Interest is charged at 5 per cent per annum on the loan amount. (3 per cent only in the 22 underdeveloped provinces). No repayments need be made during the first three years, including the period of construction (it is 6 years for those in the underdeveloped provinces). During the period of construction, regular, periodic reports have to be submitted to the Ministry detailing the progress of construction. Funds are disbursed, in instalments, as the work progresses. The participant industrialists should be engaged in metal, chemical or wood working industries. They may be either manufacturers or repairers.
22. The small scale manufacturing industries specially mentioned as eligible for admission to the industrial estates are:-
- i) engine manufacturing,
  - ii) electrical engines and equipment manufacturing,
  - iii) metallic products manufacturing,
  - iv) plastic industries,
  - v) leather industries,
  - vi) timber industry,
  - vii) soap and detergent manufacturing,
  - viii) turners' shops,
  - ix) foundries,
  - x) press shops,
  - xi) copper, aluminium and iron metal workers.
23. The small industry groups engaged in repairing which are eligible for admission are :
- i) auto repairs including chassis repair, chassis building, auto electric repairs, auto painting, auto furnishing, auto rubber parts repairing and replacement.
  - ii) agricultural machinery and equipment repair,
  - iii) electrical engines repair, etc.

24. Traders are not entitled to credit for building their shops though they may be allotted space in the industrial estate. No person can be a member of more than one society.
25. The Ministry insists on the construction of a suitable administrative building including library, conference rooms, exhibition hall, etc. Other common service buildings like PTT, Bank, Restaurant, etc. have to be constructed by the sponsoring agency, as approved by the Ministry. The sponsoring agency gets credit for these buildings.
26. The progress of the industrial estate programme since 1964 may now be briefly described.

Progress of Industrial Estates in Turkey

<u>Year</u>	<u>New Estates Sanctioned/ Commenced</u>	<u>No. of Workshops</u>	<u>Estimated Cost of construction TL. million.</u>
1965	6	1791	48.03
1966	7	1257	41.66
1967	13	2219	86.05
1968	3	1460	69.73
1969	9	4935	333.96
1970	6	1939	105.70

27. Of the 44 industrial estates, 15 estates with 3252 workshops have been completed and are functioning. Construction work is in progress, at various stages, in other cases.
28. The covered area of the workshops is so planned as to meet the requirements of the occupants, generally speaking, the popular area-sizes 50 sq.meters, 100 sq.meters and 150 sq.meters. A few workshops with 200 sq.meters, 250 sq.meters and 300 sq.meters are also constructed.
29. Of the 44 industrial estates, 13 are sponsored by Municipalities and 31 by Cooperative Societies. In addition to those under construction, many industrial estate projects are at various pre-construction stages of work, as below.
- i) project report approved and credit sanctioned 11.
  - ii) project report in preliminary stage 6.
  - iii) the proposal for industrial estate has been approved and

local studies are being taken up 36.

iv) local, preliminary studies are being made and land is being acquired 17.

v) statistical information is being collected 18.

TOTAL 83

30. Proposals for industrial estates could also be expected sooner or later from all towns of any size and significance.

#### TECHNICAL TRAINING PROGRAMME

31. A country wide programme of technical training for workers in small scale industries is in operation since 1963. The programme is formulated, financed and operated jointly by the Ministry of Industry, Ministry of Education, the Halk Bank and the Turkish Confederation of Artisans and Tradesmen. According to this programme, the industrial institutes and schools operated by the Ministry of Education conduct evening classes for workers in small industries. The teachers who participate in the scheme are paid a small honorarium. The training is free to the participants, including the cost of raw material.

32. Certain centres are selected by the Committee consisting of the authorities mentioned above and courses are organized to suit the requirements of local small industrialists. Generally, speaking, the following courses are found useful.

A. For Small Industry owners (courses of the duration of 24 hours spread over 6 weeks.)

Marketing

Standardisation

Cooperative Action

Accounting

Mass Production Techniques

Business Administration

B. For workers (Skilled, semi-skilled and unskilled workers)

(Courses of the duration of 72 hours spread over 12 weeks in 6 months.)

Metal working.

i) Technical drawing

ii) Fitting

iii) Turning

- iv) Milling
- v) Die making
- vi) Blacksmithy
- vii) Oxygen welding
- viii) Electric welding
- ix) Sanitary engineering
- x) Foundry
- Electric and radio work.
- xi) Electrical installation
- xii) Electric motor rewinding
- xiii) Theory and practice of transistors
- xiv) Basic electronics
- Engine work
- xv) Engine repair
- xvi) Auto electric
- xvii) Diesel motors
- xviii) Motor tuning
- Wood working
- xix) Technical drawing for wood working
- xx) Furniture design
- xxi) Furniture making
- xxii) Polyester

33. Two courses are given every year at the selected centres.

34. The progress of the scheme since 1963 is detailed below.

Technical training for small industry workers

<u>Year</u>	<u>No. of Centres selected</u>	<u>No. of Courses conducted</u>	<u>total</u>	<u>persons attended</u>			
				<u>owners</u>	<u>skill.</u>	<u>kal.</u>	<u>cir.</u>
1963	2	8	255	67	29	144	15
1964	2	13	331	5	22	274	30
1965	2	35	647	30	163	354	100
1967	8	133	2211	221	380	1266	344
1968	8	206	3630	176	537	1905	1012
1969	11	227	2967	114	497	1568	788
1970	11	<u>237</u>	<u>3407</u>	<u>6</u>	<u>648</u>	<u>1888</u>	<u>945</u>
		859	13448	619	2276	7319	3234

### CREDIT FACILITIES

35. The need to provide credit facilities on liberal terms to handicrafts workers, artisans, and small industrialists was recognized even during the thirties and the Turkish Halk Bank (Peoples' Bank of Turkey) was established in 1938 to meet this need. It was established as a joint stock company but the majority of its shares are held by Government. The other shareholders include municipalities, chambers of commerce, cooperative, private banks and other organizations.
36. The main objectives of the Halk Bank are:-
- a) to provide long term and short term credit to handicraft workers and artisans for their professional requirements.
  - b) to stimulate the formulation of credit guarantee cooperatives and otherwise assist in the development of the cooperative system in the country.
  - c) to meet the long term and short term credit requirements of small industrialists.
  - d) to finance the construction of industrial estates for small industrialists and others.
  - e) to undertake all types of banking business for the general public.
37. The bank adopted in 1951 a system of operating with credit guarantee cooperatives to increase the flow of finance to self employed artisans and small industries. The general principles of the system as it was in operation in Switzerland were adopted. Since 1957, all credit guarantee cooperatives are working according to a standardised, uniform pattern. The objectives of these guarantee cooperatives are:-
- i) to give guarantee for the credit obtained by their members for their professional activities,
  - ii) to give guarantee to other credit associations to obtain letters of guarantee for their members,
  - iii) to establish professional and social organizations to work in the fields of health and insurance for the benefit of members.
38. To become a member of a guarantee cooperative, one must be operating a small or medium sized enterprise and be registered in a professional association. There is no limitation on the number of members in a credit guarantee cooperative. Each member should subscribe for atleast

one share of TL.50.- and no member can take up more than 100 shares; the liability of a member is limited to 10 times the value of his shares. He can borrow, on the guarantee of cooperative, upto 10 times his share capital. (If the share capital of a member is TL.500.- he is entitled to borrow TL.5000.- on the guarantee of the cooperative without any further security.) The cooperative charges a commission of 3 per cent per annum for its services. In case of default by a member, the Halk Bank as the financing bank, reimburses itself from the share capital of the credit guarantee cooperative deposited with it.

39. The resources of the Bank have considerably increased in recent years, especially since 1964. Its total resources increased five fold during the last five years. The bank has now 183 branches in the country and is supported in its guarantee operations by 442 credit guarantee cooperatives with 174,687 members all of whom borrow from the Bank. Details of the various advanced by the bank to artisans and small industrialists are given in the following paragraphs.

A - OPERATIONS THROUGH THE CREDIT GUARANTEE COOPERATIVES

40. The general principles of operation through the credit guarantee cooperative have already been explained above.

The progress of the scheme since its inception in 1951 is as below:-

<u>Progress of operations through credit guarantee cooperatives:</u>				
<u>Year</u>	<u>No. of Guar. Cooper.</u>	<u>No. of their members</u>	<u>Capital of cooperatives</u>	<u>Loans granted by Halk Bank to members</u>
1951	1	78	22,200	97,000
1960	141	58,591	21,052,395	102,970,000
1965	263	99,718	46,817,135	208,297,000
1966	311	114,641	57,719,110	371,159,000
1967	365	136,953	72,721,165	489,930,000
1968	403	161,991	90,825,170	657,839,000
1969	439	182,912	90,528,723	821,624,920
1970				

B - SMALL INDUSTRY DEVELOPMENT LOAN FUND OPERATIONS (KSGI SCHEME)

41. Since 1961 the Halk Bank has been operating a scheme for granting



loans to small industries out of a special fund placed at its disposal by the US AID. The loans are generally of a higher amount than those given under the credit guarantee cooperatives system and are given for both long term (equipment) and short term (working capital) requirements. The KSGI scheme started its operations with TL.30 million loaned by the US AID in 1961. The amount has been increased by further loans from AID. The Bank is now actually repaying the US AID, the balance outstanding as at the end of 1970 was TL.26.7 million.

42. The long term loans (for purchase of equipment) are granted for a period of 5 to 7 years and the maximum amount is TL.100,000 per borrower. The industries which benefit from the operations of this loan fund are metal working, wood working, rubber and plastic industries and others. The metal industry group consisting of foundries, fitters, agricultural equipment, re-rollers, metal products, machinery manufacturers, auto parts manufacturers, auto body builders, electrical engineering industries etc. claim over 65 per cent of the total loans granted. Textile industries and printing presses are not eligible for loans.

43. The short term credits (working capital) are granted for a maximum period of one year and the amount varies from TL.10,000 to TL.30,000. The rate of interest varies between 7 and 9 per cent per annum and the amount is to be repaid in 3 instalments.

44. In addition to the guarantee of the credit guarantee cooperative, additional security of land and buildings is taken for the long term loans. Machinery and equipment is not accepted as security.

#### C - SPECIAL PROJECT EQUIPMENT AND WORKING CAPITAL LOAN FUND

45. These funds consist of the amounts deposited by the credit guarantee cooperatives (they are required to deposit their share capital) with the Bank. Loans for purchase of equipment and working capital are given to members of the credit guarantee cooperative out of this fund.

46. The maximum amount of long term loan is limited to TL.25,000 and that of the short term loan to TL.5,000. The long term loans are

to repaid in a period of 1.5 to 5 years depending on the terms of the loans while short term loans are to be repaid in a year. The interest in either case is 9 per cent per annum. The credit guarantee cooperative which stands guarantee for the loans charges its guarantee fee of 3 per cent only once (and not per annum as is the general case).

#### D-EQUIPMENT LOANS

47. In 1965, the Halk Bank set aside an amount of TL.10 million, out of its own resources, for long term loans to small industrialists for modernising their plant and equipment. Loans from this fund are granted for a period not exceeding 5 years and the amount per borrower is limited to TL.15,000. The rate of interest is 9% per annum and repayments are to be made in half yearly instalments during the agreed period.

#### E - EQUIPMENT AND WORKING CAPITAL LOANS FROM THE BANK'S OWN RESOURCES.

48. In 1967, the Halk Bank created a special fund of TL.15 million out of its own resources for granting equipment and working capital loans to growing small and medium industries. The long term loans out of this fund are for a period of 7 years for purchasing equipment upto a maximum amount of TL.100,000 and for working capital, for one year, upto a maximum amount of TL.130,000 so that a person can get in all TL.130,000 from this fund. The rate of interest is 9 per cent per annum in both cases. The minimum amount lent under this scheme is TL.10,000.

49. In granting loans under this scheme preference is given;

- i) to those setting up industries in underdeveloped areas;
- ii) to the members of the credit guarantee cooperatives (non-members also being eligible);
- iii) to those who have taken part in the technical and management training programmes conducted by the Halk Bank in collaboration with US AID and,
- iv) industrial cooperatives.

#### F - PROJECT CREDITS

50. In 1968 the Halk Bank created a fund of TL.77 million which

together with resources from other sources, amounted in all to TL.232 million for granting larger amounts of loans to develop medium sized and large scale industries. Special, liberal conditions are given to the industries established or proposed to be established in 22 designated under developed provinces.

51. Under this scheme loans of TL.200,000 to TL.2 million are granted at 7 per cent per annum for a period varying between 5 to 10 years, there being no repayments during the first one or two years. The actual terms in each case are decided upon in consultation with the State Planning Organization (SPO).

52. In the case of the industries located in under developed provinces the term is 5 to 10 years, the rate of interest is 5% per annum, there being no repayments during the first 2 to 4 years, depending upon the recommendation of the SPO in each case.

53. The following table summarises the loan operations of the Halk Bank to small industries during the last six years. (on page 16)

THE SMALL INDUSTRY DEVELOPMENT CENTRE, GAZIANTEP

54. The need for an integrated, comprehensive programme of assistance to small scale industries has been clearly recognized even when the First Five Year Development Plan was adopted. An Adviser from the UN who visited the country in 1964 suggested the broad outlines of the programme and another expert who came in 1965 worked out the details and assisted the Government in preparing a request for UN Special Fund assistance. The Government assisted the Government in preparing a request for UN Special Fund assistance. The SF Project for the establishment of a Small Industry Development Centre (KUSGEM) at Gaziantep and the construction of a model industrial estate at Gaziantep and the construction of a model industrial estate at Gaziantep was approved and after some delay came into operation towards the end of 1969. The UNDP/UNICEF provide assistance in setting up the KUSGEM by providing the services of professional experts (288 man months) and by giving equipment worth \$220,000 to set up a common facility centre. The total cost to the UNDP is estimated at \$1 million over the five year period of the project. The Government contribution during this period is estimated at \$1.44 million. The KUSGEM started its operations at Gaziantep from 1 September 1970.

PROCEEDS OF LOANS TO ARTISANS AND SMALL INDUSTRIAL UNITS ( 1964 - 1970 ) \*

PROFESSIONAL CREDITS	1964	1965	1966	1967	1968	1969	%
Short term credits	189,000,000	238,800,000	300,800,000	390,900,000	513,500,000	700,000,000	0.56
Instalment credits	5,400,000	3,400,000	2,000,000	1,200,000	-	-	-
Operations and plant credits	14,700,000	28,100,000	48,000,000	75,300,000	113,700,000	150,000,000	0.12
Progressive credits	1,700,000	1,200,000	600,000	200,000	-	-	-
Equipment credits	-	4,700,000	16,600,000	24,400,000	35,000,000	45,000,000	0.03
AD Fund credits	13,600,000	18,800,000	26,200,000	26,100,000	25,000,000	25,000,000	0.02
Artisans' Cooperatives	1,300,000	1,500,000	1,300,000	800,000	3,600,000	3,600,000	0.002
Fixed capital credits	-	-	-	15,300,000	35,000,000	45,000,000	0.04
New Vehicle/maintenance credits	-	-	-	-	10,000,000	10,000,000	0.01
Incubement for development credits	-	-	-	-	-	125,000,000	0.10
(Special Fund for Industrial Estates)	20,000,000	15,800,000	30,900,000	51,100,000	77,400,000	86,400,000	0.06
Other credits	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>246,600,000</b>	<b>312,300,000</b>	<b>426,400,000</b>	<b>585,300,000</b>	<b>815,200,000</b>	<b>1,250,000,000</b>	<b>0.05</b>

\* Above figures have been taken from "Turkiye Halk Bankasi 1964/69 Calismalari" booklet

55. The functions of the KUSGEM are:-

- a) conduct economic research and prepare feasibility studies,
- b) prepare planning and development studies on industrial estates,
- c) provide technical and management consulting, organize short term training programmes and set up an information service on production, finance and marketing problems,
- d) organize the activities of sales and marketing including arrangements for cooperation between large and small industries through subcontracting and government purchases programmes, and,
- e) provide advice on research leading to prototype production and product diversification and development.

56. The KUSGEM started with a nucleus staff on 1 September 1970.

International and local counterpart staff are still being recruited. It is, therefore, too early to give its definite organizational structure but it is envisaged that the Centre will have separate divisions for Economic Services, Industrial Estate Planning, Technical Services (Engineering) and Management Services besides a common facility workshop. Each division will have an international adviser and will be staffed by 2 or 3 counterparts who will be gradually trained in the work. The Centre is headed by a National Director who is the counterpart of the UNIDO project manager.

57. The overall responsibility for the organization, execution and control of the project is with the Ministry of Industry. However, the Ministry constituted a Managing Board for the project for providing for the successful cooperation and participation of other Ministries and organizations concerned with industrial development like the State Planning Organization (SPO), the Halk Bank, the Ministry of Education, and the Turkish Artisans and Tradesmen Confederation.

The activities of the KUSGEM to date may briefly be explained now.

#### ECONOMIC SERVICES DIVISION

58. An industrial economist from UNIDO is advising in establishing this Division which at present has two industrial economists. A third one and supporting junior staff are being recruited now.

The Division has already conducted a Status Survey of small scale industries in Gaziantep. An industrial potentialities survey of the Gaziantep province has just been taken up. A survey of the "credit requirements of small scale industries" is now being conducted. Other industry surveys and area surveys are planned as well as the organization of an economic information service which, it is hoped, would take shape shortly.

#### INDUSTRIAL ESTATES DIVISION

59. An industrial engineer (Industrial Estate Planner) from UNIDO is assisting the KUSGEM is setting up this Division which has now on its rolls a senior architect/planner, a civil engineer, two architects and supporting staff. This Division is now engaged in the preparation of detailed designs and drawings for the industrial estate at Gaziantep and the administrative building and common facilities workshop of the KUSGEM.

#### TECHNICAL ASSISTANCE

60. An industrial engineer (Production) and a mechanical engineer (Machine Tools) from UNIDO are expected to join the project in February/March 1971. Local counterpart staff is being recruited now and it is hoped that regular extension work like technical advice to small industrialists would commence shortly.

#### TRAINING ACTIVITIES

61. The international staff of KUSGEM with the assistance of their counterparts have conducted various short term orientation training programmes and seminars for small industrialists at Gaziantep. These include seminars on Management Appreciation, Cost Accounting, Quality Control, Decision Making, etc. etc. Some programmes given by the national staff, on their own, include Blue Print Reading, Types of Organizations, Accounting, etc. etc. These training activities will gather further momentum as more international and national staff become available and the common facilities workshop is set up.

#### SUB CONTRACTING

62. It is known that many small scale industrial units, including those in Gaziantep are already working as subcontractors to large scale industries, through precise details are not available.

This activity is predominant in the industrial centres in the western parts of Turkey like Istanbul, Izmir, Eskisehir, etc. The "Milli Produktivite Merkezi" conducted a series of seminars in important centres to stimulate subcontracting work. The Ministry of Industry representatives and the international experts of the KUSGEZ participated in these seminars. It is hoped to draw up, in the near future, a pilot programme for developing subcontracting with special reference to the small industries in Gaziantep area. This scheme will later be extended to other parts of the country.

63. A significant development in connection with subcontracting is the establishment of a Subcontracting Exchange (YASTEB) at Istanbul with the assistance of UNIDO by the local chambers of commerce and industry. The exchange is still in the formative stage but, when fully operative, is expected to bring together large scale prime contractors and small scale subcontractors together and thus stimulate subcontracting work. The international experts of the KUSGEZ assisted the sponsors of the project in conducting surveys of local small industries.
64. As KUSGEZ becomes fully operational with the full complement of international and local staff, other development measures like marketing assistance, expert promotion etc. will be taken up. Small industries will be assisted in product design, development and diversification. The standards recommended by the Turkish Standards Institute will be popularised for adoption by small industrialists who will also be given assistance in adopting suitable quality control and inspection procedures to conform to the standards.
65. The small industry development programme, it is hoped, will expand rapidly and assist in the modernising and strengthening the sector quickly so that it would play its legitimate role as a progressive and dynamic segment of the industrial structure of the country as Turkey enters the Common Market.

TABLE 1 - Number of Small-Scale Industry workshops

Fields of Small-Scale Industry	1962 (1)	1964 (2)	1965 (3)
Machinery Manufacturing Industry	73	118	154
Chemical Industry	18	18	18
Electrical Machinery and Equipment Industry	94	120	182
Agricultural Machinery & Equipment Industry	714	830	1022
Metal Goods Industry	1857	2086	2496
Paper and Packing Industry	84	114	165
Construction Materials Industry	1184	1389	1752
Forest Products Industry	1859	2240	2835
Textile and Clothing Industry	3282	3547	4446
Hide and Leather Industry	1508	449	413
Rubber Industry	210	259	332
Plastics Industry	26	36	45
Storage (Modern storage and Frozen Storage) Industry	19	19	22
Automobile Repair shops	2596	3013	3508
Other Repair Shops	1001	2380	3053
<b>Total</b>	<b>14325</b>	<b>16618</b>	<b>20461</b>

Source: State Planning Organisation



TABLE 2 - Employment in Small-Scale Industry (1965) (Number)

	Skilled Workers (1)	Foremen (2)	Apprentices (3)	Workers (4)	Total (5)
Machinery Manufacturing Industry	306	280	697	392	1675
Chemical Industry	25	0	7	641	682
Electrical Machinery and Equipment Industry	446	36	292	77	601
Agricultural Machinery and Equipment Industry	1207	827	1554	545	4133
Metal Goods Industry	2517	2107	4669	394	9687
Paper & Packing Industry	223	265	359	327	1174
Construction Material Industry	1992	1173	2614	5544	11323
Forest Products Industry	2981	958	2885	2937	9761
Textile and Clothing Industry	4555	17518	9602	19597	51273
Hide & Leather Industry	974	750	222	2216	4162
Rubber Industry	546	567	616	787	2516
Plastics Industry	95	73	92	99	359
Storage (Modern Storage and Frozen Storage)	16	2	3	340	361
Automobile Repair Shops	4434	1237	7237	6201	21109
Other Repair Shops	3350	1705	2366	3902	11323
<b>TOTAL</b>	<b>23367</b>	<b>29557</b>	<b>33216</b>	<b>43999</b>	<b>130339</b>

Source: State Planning Organization

TABLE 3 - Number of Handicrafts Workshops.

	1963 (1)	1964 (2)	1965 (3)
Blacksmith	10,560	11,812	12,264
Coppersmith	6,655	7,128	7,832
Stove Fitting & Tinsmith	6,860	7,892	8,313
Turning, Drilling, Planing Machine, Fitting	3,327	4,014	4,897
Foundry	723	737	896
Car Body Repair	891	1,136	1,293
Jewellery	1,063	1,179	1,339
Carpentry	6,982	7,929	8,666
Furniture	3,658	4,333	3,561
Coach Maker	2,891	3,161	3,553
Marble Cutting	170	197	232
Maintenance and Repair Work	926	1,134	1,385
Bricklaying	2,243	2,316	2,875
Stone Cutting	2,516	3,096	22,255
Shoemaker	20,147	21,114	22,383
Saddlemaker	2,187	2,246	2,474
Leather Goods Work	2,120	1,974	1,939
Hand Loom Weaving	12,914	12,195	10,127
Carpet and Rug Weaving	14,428	16,991	19,961
Dressmaking and Tailoring	26,511	29,419	31,935
Baker	6,417	7,179	7,978
Confectioner	2,124	2,430	2,810
Pastrami Making	310	407	507
Glass-ware	178	197	226
Ceramics and China	226	259	305
Printing	877	985	1,117
Sterotype Plate Making	81	89	107
Ship Building	132	145	172
Rope Making	7,390	6,982	6,970
Soap Making	585	675	772
Other Handicrafts	16,594	17,693	20,898
<b>Total</b>	<b>162,636</b>	<b>177,066</b>	<b>192,242</b>

Source: State Planning Organisation

TABLE 4 - Employment in Handicrafts (1965) U.A.

	Skilled Workers	Foremen	Apprentices	Workers	Total
	(1)	(2)	(3)	(4)	(5)
Blacksmiths	13,410	7,260	9,455	2,081	32,214
Coppersmiths	7,900	4,031	4,700	1,242	17,873
Stove Fitters & Tinsmiths	8,270	4,193	5,408	979	18,850
Turners, Drillers & Planing Machine Fitters	5,697	4,536	4,066	830	14,881
Foundry Workers	912	586	972	453	2,922
Car Body Repairers	1,305	1,277	1,888	202	3,972
Jewellers	1,563	1,188	842	899	4,492
Carpenters Furniture Workers	10,341	7,740	7,670	14,079	39,810
Coach Makers	4,758	3,091	3,607	2,616	14,072
Marble Cutters	3,497	2,570	2,285	1,144	10,496
Plumbers	308	129	78	64	579
Bricklayers	1,483	531	307	723	3,044
Stone Cutters	2,601	1,733	1,530	11,296	17,160
Shoemakers	3,938	969	450	3,732	9,1138
Saddle Makers	24,566	11,412	11,013	13,420	60,420
Leather Workers	2,504	7,614	696	216	11,030
Hand Loom Weavers	1,872	1,771	691	1,355	5,689
Carpet & Rug Weavers	20,594	9,474	4,881	61,146	96,065
Dressmakers and Tailors	32,080	18,927	21,748	13,798	86,548
Bakers	8,202	9,507	4,006	17,233	39,048
Confectioners	2,943	2,628	1,603	1,414	11,588
Pastrami Makers	540	253	297	632	1,722
Glass-ware Makers	231	159	167	110	667
Ceramics and China	390	164	186	551	1,299
Printers	1,260	720	656	1,837	4,473
Sterotype-plate Workers	121	29	75	8	233
Ship Building Workers	219	102	180	408	903
Rope Makers	6,894	912	4,014	315	12,171
Soap Makers	488	564	432	2,041	3,725
Other Handicrafts	24,100	5,610	6,266	3,385	39,360
<b>Total</b>	<b>204,400</b>	<b>112,343</b>	<b>101,332</b>	<b>162,419</b>	<b>580,503</b>

Source : State Planning Organization



**4. 2. 74**