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A NOTE ON INSTITUTION AND FACILITIES FOR THE DEVELOPMENT  
OF SMALL INDUSTRIES IN WEST PAKISTAN <sup>1/</sup>

by

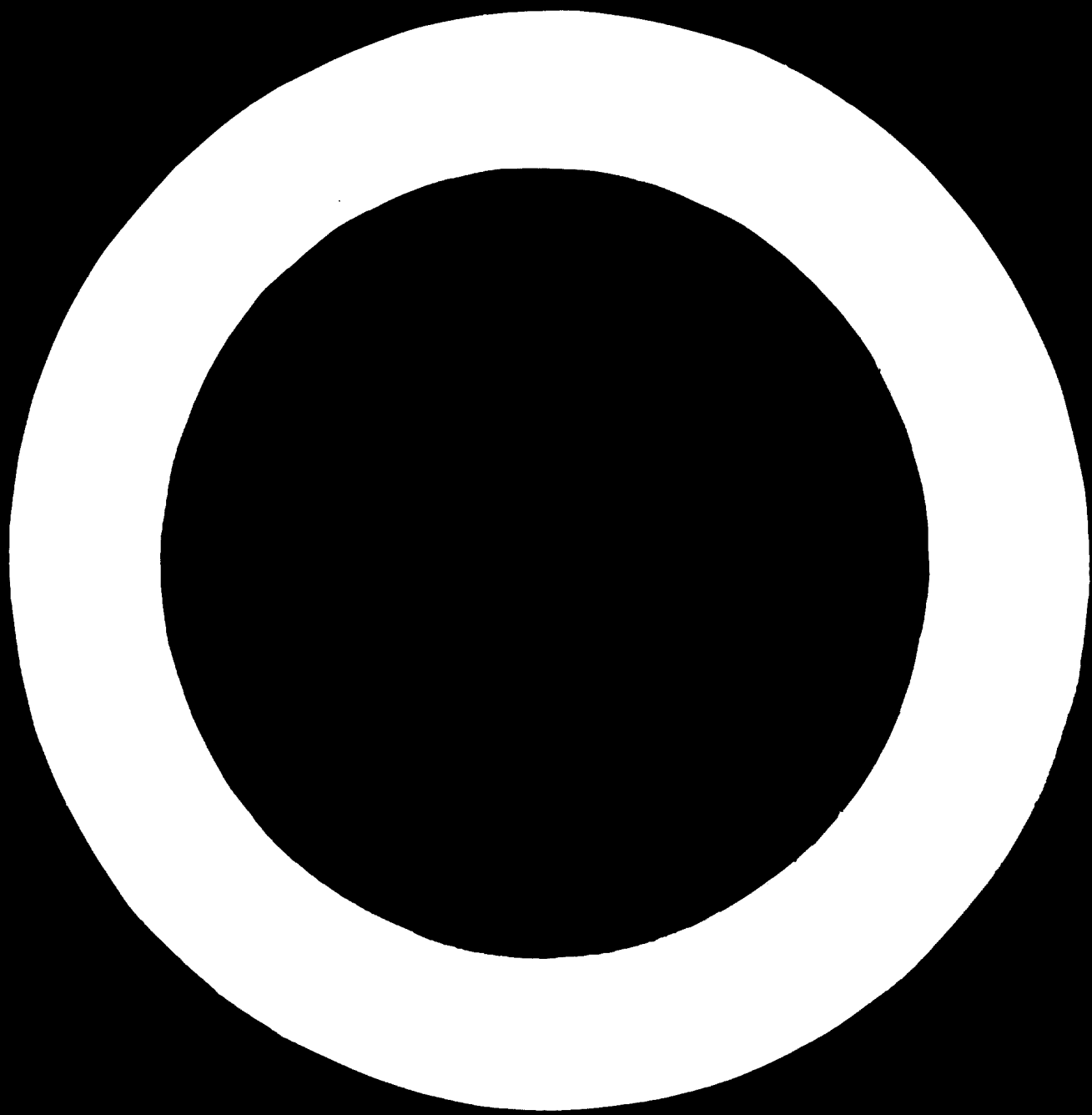
Syed Asif Shah  
Manager (Rawalpindi Zone)  
WPSIC, Rawalpindi

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INSTITUTION AND FACILITIES FOR THE  
DEVELOPMENT OF SMALL INDUSTRIES IN WEST PAKISTAN

INSTITUTION

The importance of Small Industries Sector was recognised at the time of preparing First Five Year Plan which recommended the establishment of three Small Industries Corporations, one each for East and West Pakistan and the third for the then Federal Area of Karachi. In compliance to the Plan's directive, a Small Industries Corporation was established at Karachi in 1955 and another in East Pakistan in 1957. But the third for West Pakistan excluding Karachi could not be established during the First Plan Period. The Second Five Year Plan advocated for the immediate establishment of a separate Small Industries Corporation in West Pakistan and entrusted exclusive responsibility of implementing the Small Industries Programme outlined in the Second Plan to that organization. A West Pakistan Small Industries Corporation was, therefore, established in 1960. The jurisdiction of the Corporation was restricted to West Pakistan excluding the then Federal Area of Karachi and the Tribal Areas. The definition of "Small Industry" as provided in Charter of that Corporation limited the scope of its activity to cover industrial units using Fixed Assets of the value of rupees one lac or less. The Corporation was also not authorized to sanction industrial units to sponsor those for direct licensing. In 1962, PIDC was bifurcated, provincialised and succeeded by WPIDC in West Pakistan. It was then felt necessary to provide more work to the then WPIDC. This obliged the Government to abolish the two Small Industries Corporations in West Pakistan and to merge these into WPIDC. As a consequence to that merger, a Small Industries Division was established in the WPIDC for promoting the development of Small

Industry. In 1965, Government reconsidered its decision and after thoughtful consideration decided to establish a separate Small Industries Corporation in West Pakistan. Accordingly, the present WPSIC was established under the Provincial Government Ordinance No. XXX of 1965.

THE SCOPE OF ASSIGNMENT OF PRESENT WPSIC

The scope and size of assignment entrusted to the present Corporation was larger and different from that of the former Small Industries Corporations and the Small Industries Division (WPIDC) to which it had succeeded. The scope of its activity had been considerably increased by providing a new definition of Small Industry in its Charter. Formerly Small Industry was defined to cover all industrial units having fixed assets of the value of rupees two lacs or less. The upper limit was raised to rupees five lacs (excluding land) to enable this Corporation to promote and support the industry based on modern lines. **This** Corporation under its charter was made responsible for:

- a) Undertaking census and surveys to collect basic statistics for preparing programmes to support cottage, small and other industries,
- b) preparing schemes to promote the development of cottage, small & other industries for establishing service centres, common facilities Centres, Small industries estates, artisans colonies, design centres, handicrafts development institutions and such other institutions as are needed for promotion and development of handicrafts, small and other industries.
- c) revising schemes for the improvement and re-organization of the training institutions and other projects taken over from the formers SID/ WPIDC and the Provincial Directorate of Industries.
- d) registering small and house-hold manufacturing establishment for providing imported materials financial and other assistance, etc.
- e) importing raw material and maintaining stocks of those materials for supply to non-licensed industrial units,

- f) sanctioning, balancing and modernizing cottage, small and other industrial units established or likely to be established in and outside small industries estates in West Pakistan,
- g) working out entitlements of raw materials and spares for cottage, small and other industries sponsoring these entitlements to the Licensing Board for approval,
- h) establishing industrial units in the public sector in the rural and backward areas,

Government of Pakistan issues Industrial Investment Schedules for Plan Periods which contain separate allocations for "Small Industry". The Corporation has a responsibility to achieve the targets as laid down in these Schedules. For this purpose, the Corporation provides necessary incentives and facilities to the private enterprise which include:

- a) technical assistance in the formulation of schemes, their implementation and subsequent operation,
- b) foreign exchange mostly in the form of loans in foreign currency to meet the cost of imported equipment,
- c) financial assistance mostly in local currency on long, medium and short term basis,
- d) fully developed factory sites on the Small Industries Estates on instalment basis,

This Corporation guarantee long term credit to meet the requirements of factory buildings, machinery and other equipment. This facility is extended to new projects as well as modernising and balancing of the existing units. All foreign credits received for the development of Small Industries are placed at the disposal of Industrial Development Bank of Pakistan (IDBP). The risk of bad debts is shared in the ratio of 75:25 between WPSIC and IDBP according to the agreement with the Bank. The Corporation carries out feasibility study of the projects received for assistance while IDBP scrutinize the projects from the Security point of view.

The existing industrial units are mostly in need of short term credit to increase their working capital. The Corporation

has, therefore, entered into agreements with the Commercial Banks to guarantee the risk of bad debts upto 50% in the case of such loans as are granted on its recommendations.

**PUBLIC  
SECTOR  
PROJECTS**

This Corporation took over 61 projects, most of which were under implementation from WPIDC. For training and service institutions for small industry were also taken over from the Provincial Directorate of Industries. Immediately after its inception this Corporation reviewed the programme it took over and decided to revise certain projects, improve the working of the others, and to implement the new or the under completion projects expeditiously. To develop new projects investigations were carried out and new schemes prepared. As a consequence to these endeavours, there were 85 projects at the end of Third Plan Period (1965-70).

These included 9 Small Industries Estates, a Small Industries Advisory Service at Lahore with its extensions at Peshawar and Sukkur, 12 Service Centres along with 2 specialised cells for specific industries, a Handicrafts Design Centre at Lahore, 18 Handicrafts Development Centre, 13 Carpet Centres, 10 Handicrafts Shops, 9 rural industries and area development institutions and 9 miscellaneous projects/schemes.

The total expenditure on the implementation of these projects as well as on the maintenance of Headquarters and the Zonal Offices amounted to Rs. 940.78 Lacs approximately upto the end of the Third Plan Period as per break up given below:

(Figures in lacs of rupees)

Period.	Expenditure incurred.		
	Capital	Revenue	Total
Second Plan Period.	229.83	132.95	362.78
Third Plan Period.	234.60	343.40	578.00
Total :-	464.43	476.35	940.78



Ten new schemes consisting of 3 Artisans Colonies, 5 Handicrafts Development Centre, a Research Laboratory for Training Industry at Gujranwala and an Export Advisory Cell are included in the Annual Development Programme for the year 1970-71 for implementation. Thus the number of projects at the end of the financial year 1970-71 will rise to 95.

A brief description of these projects is given below to indicate the nature of the production facilities and technical assistance offered by this Corporation:

a) Small Industries Estates:

Estate Development programme was conceived during the Second Plan period for stimulating and achieving:

- i) Economic development by promoting the establishment of industrial enterprises capable of using all the benefits of modern scientific planning,
- ii) Modernization of existing units capable of availing technical assistance and guidance on migration to the estates,
- iii) Slum clearance with ultimate possibility of obtaining the best conditions of town planning for the growth of small industry.

This Corporation has established nine Small Industries Estates at Peshawar, Gujrat, Gujranwala, Sialkot, Lahore, Bahawalpur, Sukkur, Larkana and Quetta. All the estates excepting the one at Lahore are multi-Industry estates. The one at Lahore is designed to develop Sewing Machine Industry only. The civil works on all the estates are now complete, and these are ready for colonisation. The pace of colonization is, however, slow mainly due to non-availability of foreign exchange required to meet the cost of imported machinery for the units to be established on these estates.

b) Small Industries Advisory Service Lahore with its extensions at Peshawar & Sukkur

The Small Industries Advisory Service (formerly known

as Small Industries Institute) Lahore is primarily engaged in advising and assisting the new-comers to industry in the

- i) formulation of projects,
- ii) selection of machinery and production process,
- iii) preparation of building plans,
- iv) installation of plants, and
- v) management of factories as well as marketing of their products.

The Advisory Service also supports the appraisal staff on the estates in the performance of their task by providing to them technical, economic and market data on the projects being appraised by them. It further provides architectural advisory service to ensure that factory buildings on the estates are designed and constructed to meet all the functional requirements of newly coming up factories in accordance with the building by-laws issued by the Corporation for the estates.

c) Service Centres

The Corporation at present manages and runs ten service centres for specific Small Industries viz. two for light engineering at Gujranwala & Karachi, two for textiles at Multan and Karachi, two for Leather goods industries at Gujranwala and Hyderabad, one each for Ceramics at Gujrat, Cutlery at Nizamabad, Sports Goods at Sialkot and Surgical and Allied Industries at Sialkot. Two specialized Cells, one for Rubber and Plastic Industries and the other for Electrical Appliances have been added to the Sports Goods Service Centre, Sialkot and Metal Industries Development Centre, Sialkot respectively. Two more Service Centres viz. Wood Working Service Centre at Peshawar and Light Engineering Service Centre at Sukkur are under establishment. All the service centres are equipped

with such expensive machinery which a Small Industrial Unit cannot afford to install in its factory individually.

d) Handicrafts Design Centre, Lahore

The Handicrafts Design Centre is located at Lahore and is engaged in producing new and improved designs and prototypes for distribution amongst artisans and craftsmen for adaptation and commercial production. The activities of the centre are generally limited to 5 broad categories of handicrafts viz. Carpets, Textiles, Wood and Metal. Each category covers a variety of traditional crafts.

e) Handicrafts Development Centres

This Corporation has already established 16 Handicrafts Development Centres at Peshawar, Muzchra, D.I. Khan, Rawalpindi, Murree, Lahore, Multan, Bahawalpur, Ahmadpur East, Khairpur, Hala, Mirpur Khas, Karachi, Quetta, Loralai & Kalat. Two more schemes for the establishment of Handicrafts Development Centres at Lahore (Wood Crafts) and Hyderabad (Glass Bangles) are under execution. These centres into train and pass out about 165 workers fully trained in different crafts every year.

f) Carpet Centres

Carpet Weaving is one of the most important cottage industries in West Pakistan as it has now emerged as the main foreign exchange earning industry. Further expansion of this industry and its export depends mainly on the production of carpet weavers, carpet designers and carpet yarn. The Corporation runs 13 carpet centres at different places of West Pakistan.

**g) Handicrafts Shops**

There are Handicrafts Shops in West Pakistan at Swat, Peshawar, Rawalpindi, Islamabad, Lahore, Multan, Mohinjodaro, Hyderabad and two in Karachi. Primary objectives of these shops are to:

- i) establish direct contacts between the producers on the one hand and consumers on the other and to secure public patronage for handicrafts,
- ii) Popularise, promote and create the demand for trade in the private sector,
- iii) bring into lime-light the talent of our craftsmen and artisans and to provide them with all the encouragement and facilities for creative thoughts and activities,
- iv) provide facilities to other centres of the Corporation to publicise their activities and products.

**h) Area Development Institutions**

In order to promote the development of industry in the backward areas, the the Corporation has established nine projects. These include. two spinneries at Mastung and Manshra, Patti & Drugget Making Centres at Dir & Swat, Wool Weaving & Wood Working Centre at Jareed (Kaghan Valley), Textile Centre in village Urmar (near Peshawar), Pottery Centre at Pabbi, Metal Wood Working Centre at Peshawar and Matting and Ban Development Centre at Kot Addu. These institutions are mostly engaged in the processing of locally available raw materials and up-grading the skills of rural craftsmen.

**PROCUREMENT &  
DISTRIBUTION  
OF RAW  
MATERIALS**

As a part of its Handicrafts Development Programme the Corporation also imports raw materials for distribution among the artisans, craftsmen and non-licensed small industrial units. So far, this Corporation has

distributed imported materials of the value of Rs. 300.00 lacs among the craftsmen and the non-licensed small industrial unit.

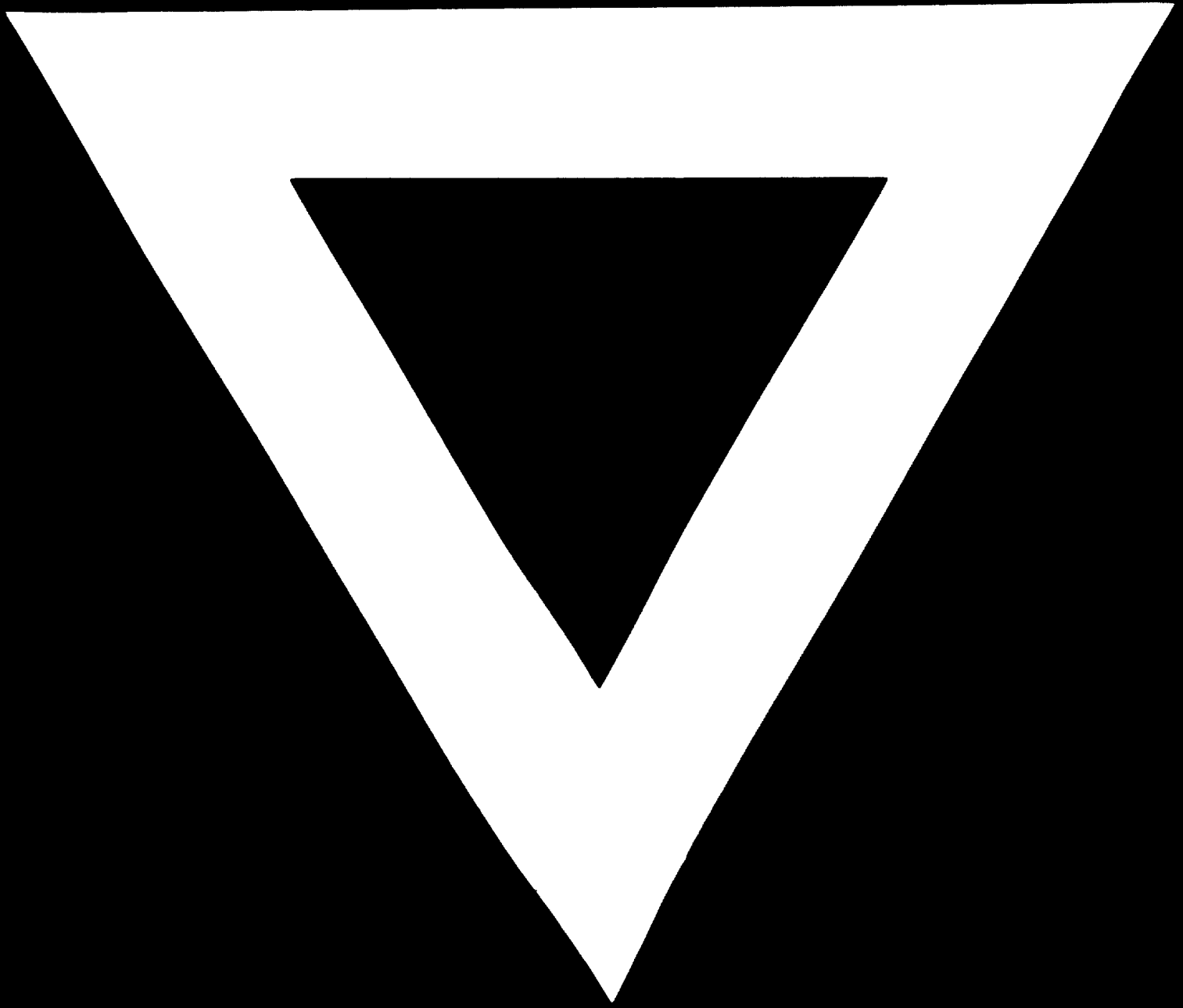
LICENSING  
OF INDUSTRIAL  
UNITS FOR  
MATERIALS AND  
SPARES

This Corporation also assumed responsibility to sponsor industrial units for direct licensing. For this purpose, procedures have been developed to survey the units for direct licensing and fixation of their entitlements for raw materials and spares.

CENSUS AND  
SURVEYS

In order to organize the programme of financial and technical assistance, basic statistics about small industry were needed. These statistics were also needed to organize the programme of handicrafts development and raw materials procurement and distribution. It was also not possible to plan and develop projects without statistical foundations. To overcome this difficulty, a census of small and household manufacturing units in the urban areas of West Pakistan was planned. This house-to-house census was completed in the year 1966-67 and as a result of this census 47,556 units were enlisted and surveyed.





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