

**"SICK INDUSTRIAL UNITS IN GADOON AMAZAI INDUSTRIAL  
ESTATE, CAUSES AND SOLUTIONS FOR REVIVAL"**



**AAFAQ AHMED**

**ENROLL # 01-121061-001**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT FOR THE DEGREE OF MBA**

**BAHRIA INSTITUTE OF MANAGEMENT AND COMPUTER SCIENCES**

**BAHRIA UNIVERSITY ISLAMABAD**

**2007**

## TABLE OF CONTENTS

S.No	Page No
•Acknowledgement	i
•Executive summary	ii
<b>1. CHAPTER 1 INTRODUCTION</b>	<b>01</b>
1.1 Industrialization in Pakistan	03
1.2 Industrialization in NWFP	05
1.3 Industrial estates in NWFP	07
1.4 Industrial estate in Gadoon Amazai	08
1.5 Background of the study	10
1.6 Purpose of the study	12
1.7 Rational of the study	12
1.8 problem statement	13
1.9 Definition of terms	13
<b>2. CHAPTER 2 LITERATURE REVIEW</b>	<b>14</b>
2.1 The process of industrialization since 1947	14
2.2 Industrial trading estates	20
2.3 Industrial policy of 1972-77	22
2.4 Bhutto's Nationalization programme	24
2.5 Industrial policy of Zia-ul-Haq government	26
2.6 Industrial policy of the military government	29
2.7 The establishment of GAIE	31
2.7.1 Objectives of the establishment of GAIE	32
2.7.2 Infrastructural facilities	33
2.7.3 Investor's responses	34
2.7.4 Relief package / incentives	34
2.7.5 Effect of incentives	37
2.7.6 Withdrawal of incentives	38
2.7.7 Reasons for withdrawal of incentives	39

<b>3. CHAPTER 3 RESEARCH METHODOLOGY</b>	<b>41</b>
3.1 Type and methods of Study	41
3.2 Sample size of the study	42
3.3 Variables of interest	43
<b>4. CHAPTER 4 RESULTS AND DISCUSSION</b>	<b>44</b>
<b>5. CHAPTER 5 FINDINGS AND RECOMMENDATIONS</b>	<b>68</b>
5.1 Main Findings of the study	68
5.2 Conclusion	73
5.3 Recommendations	74
•References	82
•Bibliography	83

## **Executive Summary**

Industrialization plays a pivotal role in the economic development of a country but unfortunately from the last few decades industrialization is facing quite a lot of problems in the country.

At present in Pakistan the number of sick industrial units has gone over 4,000 units. The average growth rate of large scale manufacturing which was 8.2% during the 1980s, reduced to 1.6% in 1999-2000. The increasing incidence of industrial sickness is certainly a matter of deep concern not only for the industrialists, shareholders and creditors but also for the government and the society at large. Gadoon Amazai Industrial Estate (GAIE) in NWFP is also seriously affected by this industrial sickness trend.

This industrial estate was established in 1988 by government to stop poppy cultivation, to provide job opportunities to the people, to generate income for the country to earn foreign exchange and to bring this backward area at par with other developed areas of the country. GAIE with subsequent policies, after enjoying an unprecedented boom among industries for about two years, discovered itself in hot waters. Industrialists started leaving the industrial estate and billions of investments were wasted. People lost jobs, government revenues and industrialists the will to do business.