J. Appl. Environ. Biol. Sci., 5(12)345-356, 2015
© 2015, TextRoad Publication

ISSN: 2090-4274
Journal of Applied Environmental and Biological Sciences
www.textroad.com

Root Causes of the Failure of Industries in the Province of Khyber Pakhtunkhwa, Pakistan

[1]Yaqoob Ahmad, [2]Shahid Jan Kakakhel, [3]Samina Gul, [4]Dr. Muhammad Tariq

[2]Associate Professor & Chairman, Department of Management Sciences, Abdul Wali Khan University Mardan
[1,3] PhD Scholar, Department of Management Sciences, Abasyn University Peshawar, Pakistan
[4]Assistant Professor, Department of Economics, Abdul Wali Khan University Mardan

Received: May 16, 2015
Accepted: October 19, 2015

ABSTRACT

The study focuses on the investigation to find out the root causes of failure of industries in the Khyber Pakhtunkhwa, Pakistan (KPK). The study was based on descriptive research. A list of questions related to the topic was distributed among the owners and managers. In addition to this interview was also made from the managers and owners of industries in KPK. The analysis was made on the charts and tables. The result showed that load-shedding, terrorism, unskilled worker, inconsistent policy of Govt, lack of special incentive, smuggling, and lack of financial institutions and non-availability of raw material etc are the root causes of failure of industries in KPK. A number of industrial estates established in the past few years in the KPK were closed down as more than 80 per cent of the industrial units in the KPK are on the sick list. In keeping with the new international realities and considering the private sector as engine of growth, the provincial government should embark on a policy of facilitation.

INTRODUCTION

Industrialization play an important role in the economy of any country, the importance of a rich industrial sector cannot be overemphasized; the main driver behind the productivity and higher living standards is the industrialization in the previous two centuries (Murphy, Shleifer, and Vishney, 1998). Poor countries need successful industrialization; if they do not focus on industrialization they would remain poor. There is a positive relation between poverty reduction and industrialization particularly in Pakistan after terrorist activities and general in the rest of world. Policy makers got a substantial attention towards Pakistan in this regard and to some extent in United States as well (Sambanis, 2004). Perpetrators justify their acts of violence with a reason of poverty. Pakistan in collaboration with US did so many efforts to reduce poverty alleviation and combating terrorism, they have installed so many new industrial units in Pakistan.

According to Czamanski and Campbell et al in (1989) also pointed out few reasons that are;

Democracy is the only road to economic recovery and stability. We can only achieve economic stability through promoting democratic value and tolerance. Countries lack of democracy leads to the failure of industries. The terrorist activities of the neighboring FATA areas and neighboring countries are of recant worries of industrialist of our estate. Tribal belt incentives also threaten to development of industries. Similarly smuggling is also one of the reasons for the failure of different industries; smuggling is like a death pill for the industrial sector. The linkage of academic with industries sector is non-existent; both of them are operating in isolation from each other. Another reason for the failure of industries is gas and electricity supplies are not adequate as it is also mentioned on the web report telecast on 2 Jan, 2007 on geo network.

Unfortunately, many of the sick industrial units are in areas with a high poverty ratio and presence of violent groups. Aside from terrorism, a confluence of other factors has increased the costs of doing business in these areas, including high risk premiums demanded by both the owners and creditors. This is attributable to the high operational risk, power outages, raw material shortages, unskilled labor force, smuggling, shallow local markets, and uncertain government policies. However, these problems are largely undocumented and further work is needed to determine the extent of their severity and impact on local businesses. This research paper is a step forward in this direction.

In order to offset the location disadvantage some of the areas, which became part of the industrial policy, were considered crucial for rapid industrialization of the province.

In keeping with the new international realities and considering the private sector as engine of growth, the provincial government has embarked on a policy of facilitation. It is evident that there is much more potential in the industrial sector of the province that has been exploited so far. The main resources of the province i.e. tourism,

***Corresponding Author:** Shahid Jan Kakakhel, Associate Professor & Chairman, Department of Management Sciences, Abdul Wali Khan University Mardan. shahidjan@awkum.edu.pk

minerals and hydropower are yet to be fully tapped. The present initiative of the provincial government will create the necessary atmosphere for an enabling environment to attract both local and foreign investment.

However, KPK industry itself forced to live, and what measures are taken to revive the closed industrial units remain unanswered question as to why it is not possible.

A comprehensive research survey was carried out to find out the key players in the industrial sector of KPK. In this regard study was also done to synchronized mutual benefit of all parties.

OBJECTIVES:

- The main objective of the study is to find out the reasons which lead to the failure of industries in KPK.
- To know about the severity of problems which threaten the industries in KPK.
- To give recommendations that how to overcome on the problems faced by industrialists in KPK.

LITERATURUE REVIEW

In this section the review literature on the problems faced by industries in developing countries. Small firms, especially when they are in less developed countries (LCDs), face relatively more transactions costs and information asymmetry problems, do not enjoy economies of scale, are more susceptible to economic shocks, and encounter many other problems. These aspects are discussed below.

Sleuwaegen & Goedhuys (2002), organizational ecology 'perspective of the employee, the selection of firms into an industry depends on the extent of the organization shows that are considered legitimate by the environment.

Hannan et al. (1990) and Hannan and Carroll (1992) defines an organization to legitimize the social acceptance. In order to reduce transaction and information cost Legitimacy and reputation help organizations

Sleuwaegen & Goedhuys (2002) argue that legitimation and reputations are a function of the initial size of the firm and formal registration. This suggests that large firms have greater chances of social acceptance and registration than smaller firms. As a result, larger firms enjoy benefits such as easy access to the legal system, to the formal banking sector, and publicly administered employee benefits. Furthermore, social acceptance and registration helps larger firms to be in the good books of law-enforcing agencies, suppliers, and consumers etc.,

In support of these claims, Levensohn and Maloney (1997) found that the scale of operations and increase the benefits of being formalization.

(Gauthier & Gersovitz, 1997; and Rauch, 1991). On the other hand, smaller and informal forms of organizations suffer not only in the products markets, but they also face disadvantages in the scarce resource markets. This problem is typically pronounced in LCDs, where imperfections in the input and product markets abound. In this regard, Sleuwaegen & Goedhuys (2002) lists a wide range of issues that firms encounter in LCDs:

"*The lack of credit, management and skilled labor, the lack of access to industrial sites with suitable infrastructure facilities, regulatory constraints, the various kinds of taxes, price regimes, the lack of materials and spare parts are frequently mentioned to be among the growth hampering factors* " (Sleuwaegen & Goedhuys 2002, pp. 120)

According to Czamanski and Campbell et al in (1989) also pointed out few reasons that are;

Democracy is the only road to economic recovery and stability. We can only achieve economic stability through promoting democratic value and tolerance. Countries lack of democracy leads to the failure of industries. The terrorist activities of the neighboring FATA areas and neighboring countries are of recant worries of industrialist of our estate. Tribal belt incentives also threaten to development of industries. Similarly smuggling is also one of the reasons for the failure of different industries; smuggling is like a death pill for the industrial sector. The linkage of academic with industries sector is non-existent; both of them are operating in isolation from each other. Another reason for the failure of industries is gas and electricity supplies are not adequate as it is also mentioned on the web report telecast on 2 Jan, 2007 on geo network.

ANALYSIS

There was a list of questions in the questionnaire used for the study which were asked from the owners and managers of the firms in the KPK. The main focus of the questionnaire was to know the major problems faced by the firms in the KPK. Table 12 shows the list of those questions in column 1 severity of the problems as identified by the relative number of respondents that view such problems as not serious in Column 2, and most serious in Column 4, while Column 3 displays relative frequency of respondents who like to sit on the fence. Results reported in Table 12 indicate that there are five major areas of concern. Among them, the most serious problems perceived by the owners or managers are the existing load shedding, followed by lack of skilled labor force, terrorism,

inconsistent government policies and gas shortfall in winter. Terrorism and anarchy affect businesses and their owners in KPK from several dimensions.

The results indicate that 73% of the respondents think that terrorism can be a serious threat to the survival of the firms in this area. Several reasons can be behind this apprehension. First, terrorism disturbs normal business activities and causes immediate delays in the production processes. Second, it discourages skilled and competent laborers from entering areas that are prone to terrorism. Those who are not skilled enough to go elsewhere are more likely to stay in risky areas. Third, the real rate of returns to owners in risky areas drops as owners need higher risk premium in such area.

Table 12: The Reasons/Causes Of Failure Of Industries In KPK

Reasons/Causes	Least Serious	Neutral	Most Serious
Load Shedding/Power outages	15%	2%	83%
Terrorism/Law & Order	22%	5%	73%
Lack Of Skilled Labor	10%	5%	85%
Lack Of Special Incentives	28%	8%	63%
Inconsistent Government Polices	22%	3%	75%
Gas Shortfall In Winter	25%	2%	73%
Non-Availability Of Raw Materials	33%	4%	63%
Geographical Location/Locational Disadvantage	42%	12%	46%
Smuggling	35%	7%	58%
Afhgan Transit	60%	5%	35%
Lack Of Financial Institutions	42%	8%	50%

Source: Field Survey

The next issues i.e. load shedding and lacks of skilled labor are viewed equal in severity by the respondents. There is no doubt that power outages and load-shedding create numerous problems for small firms. Large firms have more resources and can buy captive power plants (CPP), which are more fuel-efficient than simple electric generators whereas, small firms have no option but to buy small electric generators or wait through the power outages. Thus, putting them at a serious disadvantage in comparison to large firms. Non-availability of skilled labor is also a big problem when they need to install or troubleshoot problems in the machinery they need to acquire skilled labor from other provinces or abroad.

In the case of special incentives respondents added that the increasing tariffs of gas and electricity rates increases the cost of production which renders products uncompetitive in the market. Additionally, there are no subsidies available on tariffs and taxes on duties. As the industrial zones are located far away from a sea-port therefore there are added inland transportation costs and the significant distance from the sea-port is a reason for delay in raw material availability. It is estimated that cost differentials for industrial units operating in Peshawar with those in Karachi are significant. Firms operating in Peshawar incur 23% more cost due to distance from sea-port and other factors (Tariq and Shah, 2003). To provide a level playing field, the federal government provided a number of incentives to small industrial units in KPK in the year 1988, these included waivers on income taxes for eight years and sales tax for five years, and exemption from custom duty on imported machinery. The immediate impact of these incentives was a significant increase in the number of industrial units. However, when these incentives expired, many industrial units found it costly to operate and subsequently closed down. Statistics reported by Sarhad Development Authority (SDA) show that out of the total 646 units constructed under the administration of SDA in KPK, a staggering 415 units have closed down, representing 64% of the total. Presently, nothing seems to have changed. Higher costs due to locational disadvantage plus terrorism problems still pose a real threat to the survival of the industrial units in KPK province. Inconsistent government policies are viewed as serious problem by the owners. Corruption in the government departments makes it difficult for the businessmen to operate their businesses; this is complicated further by the existence of unfriendly government policies. In a similar vein, Sleuwaegen & Goedhuys (2002) found in their survey that regulatory barriers including taxes, corruption, practices

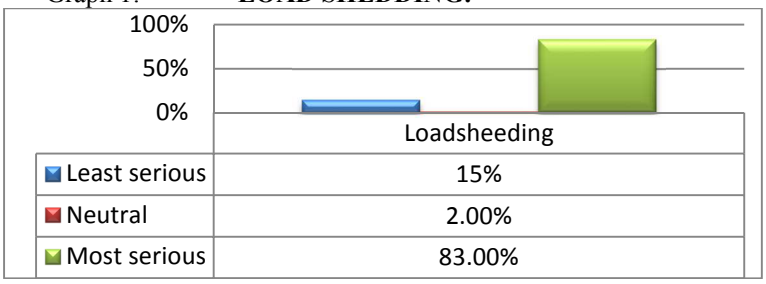
and unfriendly government polices is one of the four major barriers to firms' growth. Similarly, extensive evidence can be traced regarding regulatory problems and less friendly government policies that hamper firms' growth in developing countries.

Additionally, owners and managers reported that they have problems in accessing finance, while some of the respondents showed concern over delay in the production process. Possible reasons might be the distance from the port to this industrial estate, which at times causes delays in the delivery of raw material.

GRAPHICAL ANALYSIS:

The data collected from the respondents is shown by graphs below:

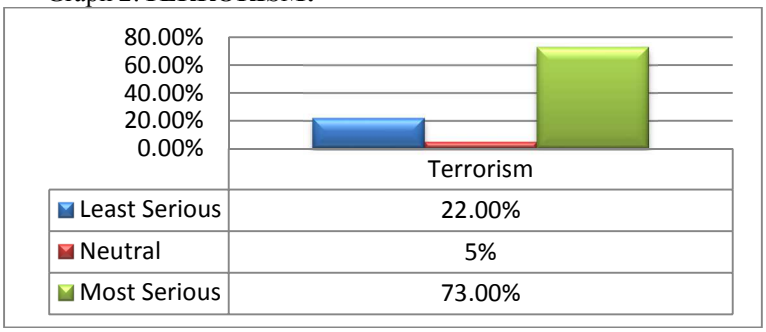
Graph 1: **LOAD SHEDDING:**



ANALYSIS:

Electricity is act as a blood in organization. Modern technology and machinery can't run without electric power and unfortunately electric power and light load shedding is one of the big problem for the industries now a days. And it is consider one of the most serious reason of the failure of industries. My observation shows that 83% of the industrialists think that power outages is the most serious problem for the industry, and 15% believe that it is least serious while 2% were neutral.

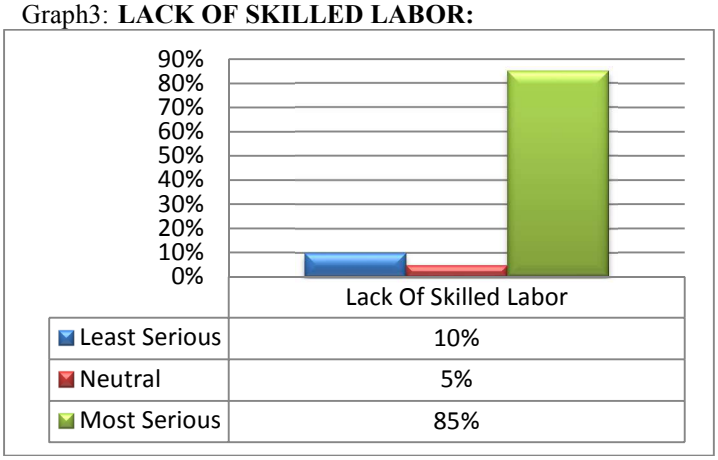
Graph 2: **TERRORISM:**



ANALYSIS:

Industrialists think that terrorist activities also affect their business from several dimensions. About 73% of the respondents believe that terrorism affects their business severely and 22% think that it affects the industries but not much severely while 5% were neutral.

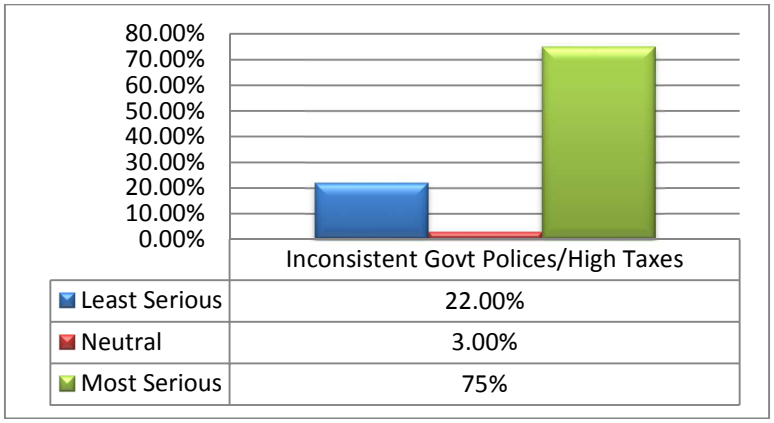
Graph3: **LACK OF SKILLED LABOR:**



ANALYSIS:

Skilled labors boost the financial position of the industries, but due to lack of skilled labor in KPK many of the industries do not perform well. My research shows that non-availability of skilled people affects the businesses very much. 85% of respondents agree that due lack of skilled labors; the industries fail in achieving their goals and objectives which lead to closer of the industry. 10% think that it is not most serious problem while 5% are neutral.

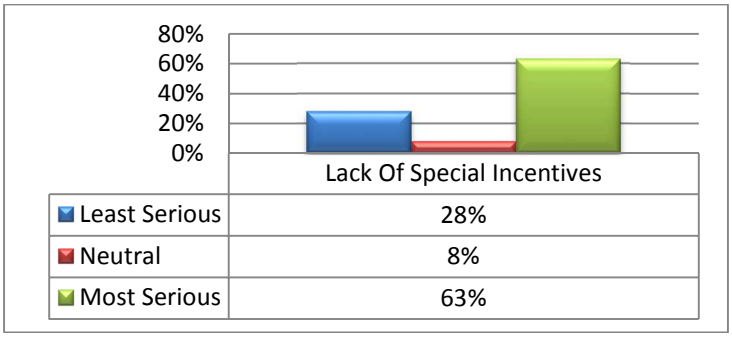
Graph4: **INCONSISTENT GOVERNMENT POLICES/HIGH TAXES:**



ANALYSIS:

Inconsistent Government polices is also one of the reason of the failure of industries.75% of the respondent response that government polices affects the business badly and 22% response that it is not a major problem while 3% response is neutral about government policies.

Graph 5: **LACK OF SPECIAL INCENTIVES:**

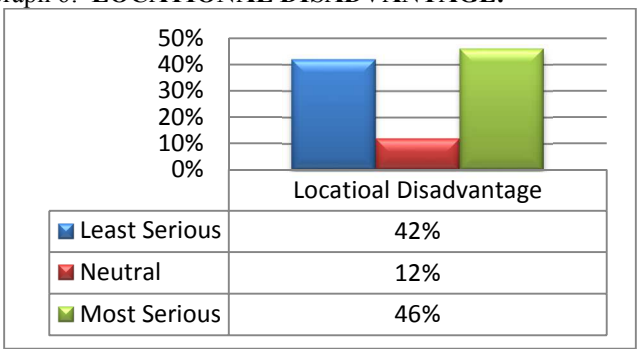


ANALYSIS:

Special incentives given by government to industries are a good step for the betterment of industrialization but eventually due to lack of special incentives some of the enterprises can't perform well. 63% respondents believe that

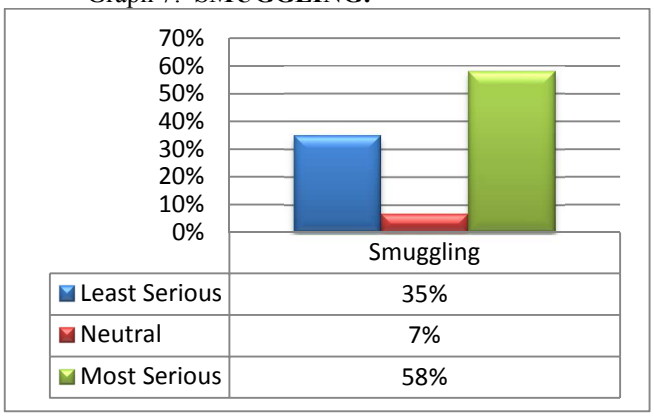
special incentives can boost the industrialization and lack of special incentives is a major threat for the industries. 28% respondents reply that it is not a big problem but at least, while 8% are neutral in case of special incentives.

Graph 6: **LOCATIONAL DISADVANTAGE:**



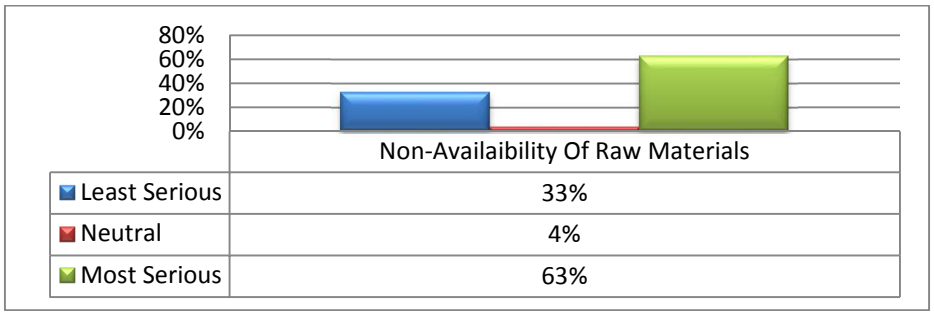
ANALYSIS:
The industries of KPK are far away from the sea port and due to which the cost of the production will increase. My finding shows that 46% respondents have seriously effects by location. And 42% response that location does not affect the industries seriously while 12% are neutral.

Graph 7: **SMUGGLING:**



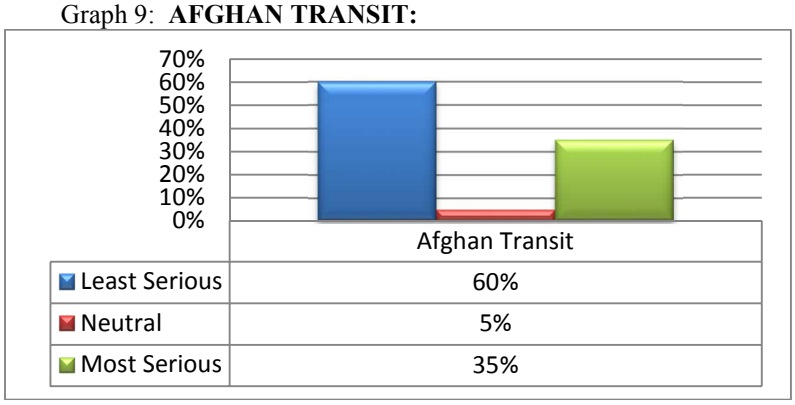
ANALYSIS:
Smuggling is one of the serious threats to every industry and my observation shows the 58% of the respondents think that it is a most serious reason of the failure of industries while 35% of the respondents think that it is not a big problem but a little. And 7% are neutral in case of smuggling.

Graph 8:**NON-AVAILABILITY OF RAW MATERIALS:**



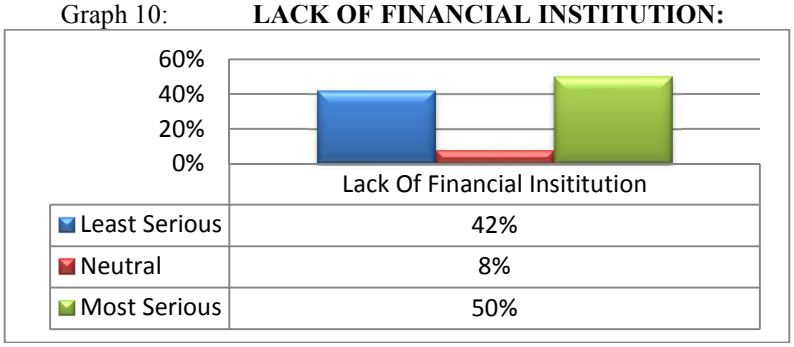
ANALYSIS:
For production raw materials are the basic requirement and due to non-availability of raw materials the industry can't run their operations. 63% respondents have most serious regarding non-availability of raw materials while 33% having little problem and 4% are neutral.

Graph 9: **AFGHAN TRANSIT:**



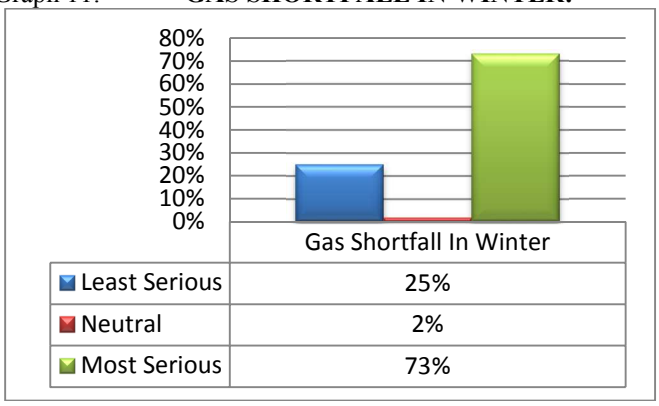
ANALYSIS:
35% of the industrialists think that afghan transit affects their industry badly. And 60% of the industrialists think that it is not a major problem while 5% respondents are neutral. The government needs to take serious action against afghan transit.

Graph 10: **LACK OF FINANCIAL INSTITUTION:**



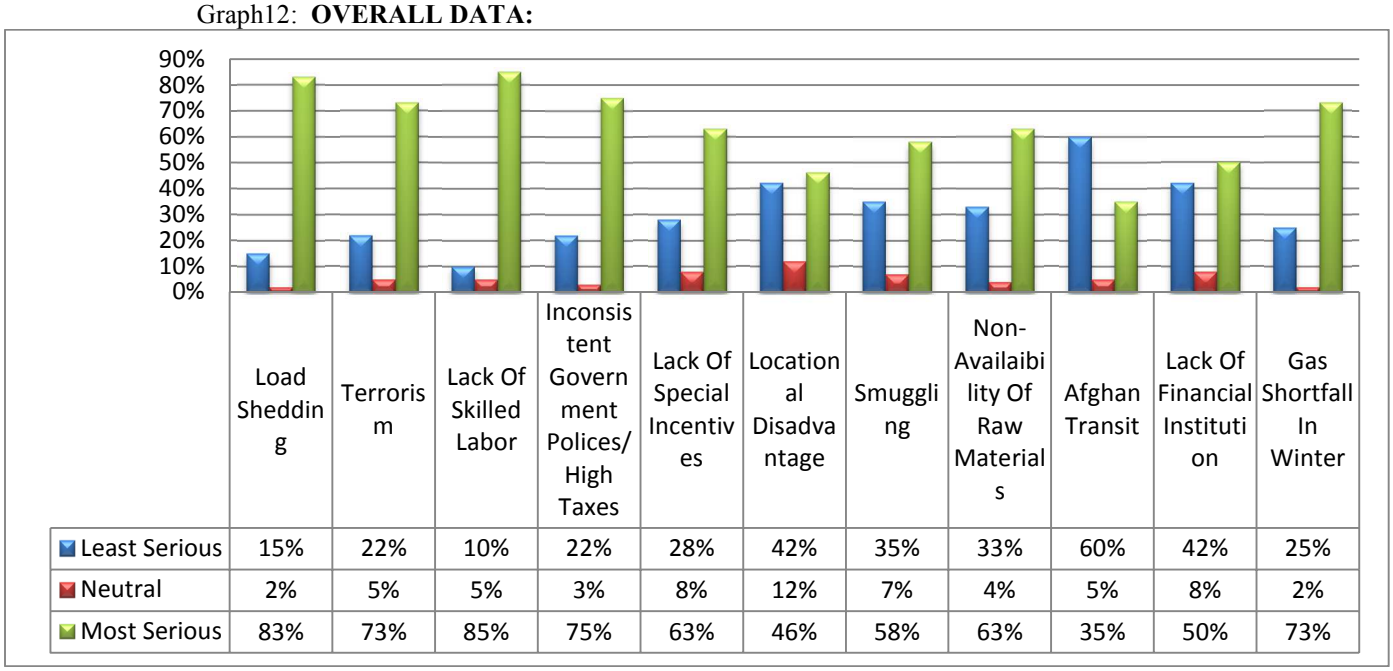
ANALYSIS:
Due to non-availability of funds most of the business closed down. 50% business people think that due to non-availability of funds their business affects more while 42% think that it is not a serious issue regarding failure of industries. And 8% respondents are neutral.

Graph 11: **GAS SHORTFALL IN WINTER:**



ANALYSIS:
Gas shortfall in winter season affects each and every person but gas shortfall affects industrialization very badly. Most of the businesses stop their production process in winter due to gas load shedding. My observation shows that 73% of respondents think that gas shortfall is the most serious problem regarding the failure of industries while 25% does not consider it most serious. And 2% are neutral.

Graph12: **OVERALL DATA:**



FINDINGS:

LOAD SHEDDING:

As clear from the graph that 83% of the respondents think that load shedding is the most serious threat for the industries. The government needs to take serious action against the power outages for the development of the industries. Due to high load shedding most of the firms fail in running their business and they shut down their business. As modern technology and machinery can't run without electric power, so for industrial development electricity is the most important factor.

TERRORISM:

My research indicates that terrorism and law & order situation also affects the industrial growth very seriously. The government looking fails to control on terrorism activities but it is a serious problem. So the government needs to make serious planning against terrorism. Most of the industrialists have already shifted their industrial plants to other safer areas from KPK due to terrorism. 73% of the respondents think that terrorism is the most serious reason for the failure of industries in KPK.

LACK OF SKILLED LABOR:

As most of the industrialists having problems regarding the lack of skilled labors. The research indicates that in province of KPK the labors have little skills and they can't under the modern technology to operate. 85% of the respondents consider that lack of skilled labor is the most serious problem

INCONSISTENT GOVERNMENT POLICES:

Short term government and inconsistent polices have great bad impact on the industries. Also the study indicates that 75% of the industrial personnel's think that inconsistent government polices is a serious reason for the failure of industries in KPK.

LACK OF SPECIAL INCENTIVES:

Most of the respondents i.e. 63%, say that the government does not give special incentives to the industrial sector. Federal and as well as provincial government should provide special incentives to the industries for the development of industrialization.

LOCATIONAL DISADVANTAGE:

As the industrial sector is far away from the sea port, due to which the cost per unit increase and the industries can't compete with their rivals which are near to the sea port. The respondents also indicate that due to location most of the industries fail in running their business operations. 46% respondents consider the location as a serious reason, and 42% of the respondents think that it is a least serious reason for the failure of industries in KPK.

SMUGGLING:
Smuggling of consumers goods badly affects the industries. As smuggling is considers a death pills for the industrial sector, so the government needs to control the smuggling. Also research indicates that 58% of the respondents think that smuggling is serious problem in the way of development of industries.

NON-AVAILABILITY OF RAW MATERIALS:
Due to non-availability of raw materials many hurdles are drawn. It's also the major factor that affects the industries of KPK, which causes the failure. As raw materials are the basic requirement for production and due to non-availability of raw materials the production process becomes inefficient. 63% industrialists think that it is a serious problem.

AFGHAN TRANSIT:
Afghan transit is helping another nation at the expenses of our country. 80% of transit goods are sold in KPK but still we keep on to be a good man in the city. The industrialists also have problems from afghan transit and 60% of the respondents think that it is a least serious reason for the failure of industries in KPK.

LACK OF FINANCIAL INSTITUTIONS:
In 1980's there were number of DFI's and commercial banks willingly provide long term loans for setting up an industrial under taking.
In the recent few years these DFI's have been disbanded. The remaining commercial banks are hesitant to provide long-term finance is almost none existent in the SME's sector. Due to lack of funds most of the small enterprises shut their business. 50% of the respondents consider this problem as a most serious p\reasons while 42% think that it is a least serious reason of the failure of industries in KPK.

GAS SHORTFALL IN WINTER:
Poor planning on the part of our government results in hampering the smooth flow of industrialization. This converts the dreams of high growth into a nightmare for the poor industrialists. Gas facilities for the industries in KPK are one of the major reasons for their failure, 73% respondent's response that it is a most serious threat for their industries. In winter season most of the industrial units were closed due to gas load shedding.

CONCLUSION:

It seems on the face of it that the future of industrialization in the KPK, at least in the present circumstances is bleak and no serious effort is underway to stop the rot. The provincial government has done nothing except make promises.

A number of industrial estates established in the past few years in the KPK have closed down as more than 80 per cent of the industrial units in the KPK are on the sick list.

The Gadoom Amazai Industrial Estate has become a graveyard of industry, while Hattar, the second most successful industrial area is also on verge of collapse.

Most entrepreneurs at Gadoon have shifted out of sheer frustration. Attracted by heavy incentives in 1989, they were stunned when the government withdrew incentives in 1991, three years ahead of schedule. The situation is so bleak that almost daily a factory closes down due to inability of the owners to pay worker's wages and fuel bills.

The industrialists it seems have been attracted by the incentives provided by Dubai. A number of them are reported to have shifted there as not only is Dubai providing a complete tax holiday, but security and protection of life and capital is also far superior to this difficult terrain.

The government's stand is that incentives given to any industrial estate will only be misused.

It is imperative that the Government both on provincial as well as Federal levels takes serious note of the pertinent issues and re-instates the incentives packages for the closed units. Serious measure need to be taken with regards to the current investment atmosphere i.e. political, economic stability and social security so as to further pave the way for foreign investors.

In keeping with the new international realities and considering the private sector as engine of growth, the provincial government should embark on a policy of facilitation.

RECOMMENDATIONS:

LOAD SHEDDING & GAS SHORTFALL:

- Government needs to overcome on the present scenario of load shedding of electricity and gas and to make some useful strategies for load shedding problem.
- Government needs to support the WAPDA in fair means and provide funds for the power plant units.
- New power projects should be planned.
- Separate lines and pipes of electric power and natural gas to industrial estates and as much possible in industrial estates the load shedding of power and gas will be minimized.
- As KPK is reach of natural resources, so Oil and Gas development authorities should be supported by the government to search for natural gas to overcome on gas shortfall.
- The government needs to generate electricity from other cheap sources like coal.

TERRORISM:

- Terrorism is one of the serious problem now a day's.
- Government should take serious action against terrorism and law & order situation.
- Government and security agencies should make efficient and effective security plan to save the industrialization and as well as the life of the peoples in KPK.

LACK OF SKILLED LABOR:

- The industrialist must consider better fringe benefit to its worker to attract more jobless and unskilled worker to join the skilled force.
- Government of KPK must put the vocational institute on right track. Academia with no technical background must be removed from job immediately. At present the institutes procedure educated illiterates.
- To improve the skills of the workers 50% of duration of vocational studies must compromise of practical internship at industries..
- SMEDA, KPCCI and IAP should develop linkages with organizations imparting latest research on organizational management.
- The linkages are converted to practical study group's seminars and symposium to produce capacity building of entrepreneur.
- Government of KPK must provide funds for these trade bodies to enable them to do such progressive activities.
- Education and training are the fundamental abilities of a company to compete across border and even within own borders. Objectives oriented courses and studies are initiated to cater for the demand of export oriented industries. A mechanism must be developed that instills a demand drives focus on training services.

INCONSISTENT GOVERNMENT POLICES / HIGH TAXES:

- An effective industrial strategy is needed to support the momentum of development in the KPK. Regional development policy may be used as a tool for integrated national development in which all parts of the country contribute their share and benefited through attainment of all national objectives.
- A long term industrial plan be formulated expressing the preferences and direction of industrial development.
- Policy measures to de adopted to eliminate the inhibiting factor of development, highlighting the incentives, assistance and protection needed for acceleration of industrial growth.
- Industry policy should be consistence and long term.
- Organization responsible for industrial development of the province should be strengthened at the provincial level.

- A code of conduct should be developed for each organization based in global practices, which should be targeted at both employees and directors of organization.

LACK OF SPECIAL INCENTIVES:

- Measure are to be taken for grant of comprehensive supporting packages for sustainable industrialization for raising investment in the less developed areas and long term strategy is to be adopted according to the actualities of the economic situation.
- Provide incentives because incentive structure plays a pivotal role in achieving industrial policy objectives. Government of KPK must provide fiscal incentives.
- Tax holidays, tax credit and accelerated depreciation allowances.
- Concession in import duty on raw material and capital goods and in excise duty and sale tax.
- Special incentives of tax cut etc are introduced for better performance.
- Government of KPK should provide special incentives to such export oriented industries including tax rebate and other incentives and bright atmosphere should be created for exporter encouragement.
- Special discount to be offered to industrialist, as they are job provider to the jobless workers.
- Government of KPK along with the federal government must give subsidizes to industries of our area.
- Government of KPK should award industrialists on annual performance basis.

LOCATIONAL DISADVANTAGE:

- Opening up trade via land route for EPZ, Risalpur, including via Afghanistan to CARS. This has recently been approved..
- Allowing export of industrial products of KPK via land routes, due to limited suppressed domestic markets, to earn foreign exchange.
- Airlines services at Peshawar may be provided in view of difficulty being faced in journey and transportation by air to central Asian Countries, which is available at the moment in Lahore and Karachi.
- As the transportation charges increased due to far away from sea port, so the government should decrease the import and export duties on the industrial sector of KPK to cover the transportation charges and to compete in foreign markets.

SMUGGLING / AFGHAN TRANSIT:

- Government of KPK should fight against smugglers and afghan transit.
- Heavy penalties and punishment on smugglers are imposed.
- The people should not buy the goods from black markets to discourage smuggling.

NON-AVAILIABILTY OF RAW MATERIALS:

- Raw materials is not available on time due to location, as KPK industrial estates are far away from sea port, thus the government needs to provide airlines facility on cheap rates to KPK for timely reaching of raw materials.

LACK OF FINANCIAL INSTITUTIONS:

- Improve access to credit especially for small-scale entrepreneurship through improvement in leading procedure including a uniform loan application package, shorter waiting periods, and elimination of penal interest and credit guarantee facility scheme.
- Build in the provision of working capital by ensuring that institutions providing term loans to entrepreneurs also guarantee that during the period of the loan, working capital will be provided.
- A set of criteria and delegation of authority to local managers of commercial banks be delegated to cater the poor industrialists.
- Timely financial and operational reporting.
- Allocation of revolving credit facility for working capital needs by banks/DFI.

SPECIAL RECOMMENDATION TO THE FEDERAL GOVERNMENT:

- Structural changes including capital, financial and management structure of closed units in KPK.
- Provision of utilities and services for investors in the Industrial Estates and Export Processing Zone Risalpur, in KPK.
- Adopt export oriented manufacturing sectors.
- Banking procedures need to be revised and simplified for the already terrified entrepreneur.
- One window facility for provision of power, natural gas and telecommunication facilities in the existing industrial estates.
- One window facility for collection of Federal and Provincial taxes through authorized banks in industrial estates.

BIBLOGRAPHY

1. Aziz, S. (2012). Annual report 2011, Khyber Pakhtunkhwa Chamber of Commerce and Industry, Peshawar, Spinzar Printers Peshawar.
2. About us. (2012). Khyber Pakhtunkhwa Chamber of Commerce & Industry, Retrieved from: http://www.kpcci.org.pk./aboutus.htm, Retrieved on: 30th September, 2012.
3. Chamber services. (2012). Khyber Pakhtunkhwa Chamber of Commerce & Industry, Retrieved from: http://www.kpcci.org.pk./chamber_Services.htm, Retrieved on: 30th September, 2012.
4. Directory (2007) Industries, Commerce, Labor, Mineral Development and Technical Education Department KPK, Peshawar, Retrieved from: http://www.kpk.gov.pk/GoServices/Downloads.php, Retrieved on: 20th September, 2012.
5. Field Survey.
6. Gauthier, B., Gersovitz, M. (1997). Revenue erosion through tax exemption and evasion in poor countries. Journal of Public Economy 64, pp.404-424.
7. Hannan, M.T., Ranger-Moore, J., Banaszak-Holl, J. (1990). Competition and the evolution of organizational size distributions, Organizational Evolution: New Directions. Ed. Singh, J. Sage, Newbury Park, Canada, pp. 246-268.
8. Levensohn, A., Maloney, W. (1997). The Informal Sector, Firm Dynamics and Institutional Participation. University of Illinois, Mimeo.
9. Murphy, K. M., Shleifer, A., & Vishney, R. (1998). Industrialization and the Big Push, NBER Working Paper No. 2708.
10. Rauch, J.E. (1991). Modeling the informal sector formally. Journal of Development Economics 35, pp.33-47.
11. Survey (2009), Annual report of Sarhad Development Authority NWFP 2009, Retrieved from: http://www.kpk.gov.pk/Departments/SDA/Industrial-Estates.php, Retrieved on: 7th September, 2012.
12. Sambanis, Nicholas. (2004). "Poverty and the Organization of Political Violence." *Brookings Trade Forum* 2004. pp.165-176.
13. Sleuwaegen, L., & Goedhuys, M. (2002). Growth of firms in developing countries, *Journal of Development Economics, 68*, 117-122.
14. Sleuwaegen, L., & Goedhuys, M. (2002). Growth of firms in developing countries, *Journal of Development Economics, 68*, 117-135.
15. Tariq, M., & Shah, J. (2003). Hurdles face by Industrial sector and Its Implications in Pakistan, Research Report.