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INDUSTRIAL INVESTMENT APPROVAL SYSTEM IN PAKISTAN

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EXECUTIVE SUMMARY

Pakistan has in place a licensing regime whereby the Government of Pakistan (GOP) regulate the entry of new industrial investment in an attempt to avoid excess capacity; increase indigenization; direct resources to priority areas; and, ration scarce foreign exchange, infrastructure and utilities. This investment approval process may broadly be seen as consisting of "primary" approvals of investment sanctioning, financial package approval and location clearance and "secondary" approvals principally of registration with the Registrar Joint Stock Companies, registration with the Provincial Chief Inspector of Factories, tax and custom exemptions from the Central Board of Revenue, import license from the Chief Controller of Import and Exports, and provision of utilities. This complex system of "primary" and "secondary" approvals require the investors to satisfy approval criteria of each of the concerned public sector agency which cause costly delays. Additionally, available evidence suggest that the approval system has not been successful in realizing the GOP's stated objectives.

2. In recent years, the GOP has moved to streamline the approval system through liberalization of the sanctioning criteria and reform of the institutional mechanism for sanction and post-sanction formalities. Federal Government sanction is now required only for investment of Rs 1,000 million and above and if the investment concerns 7 industries (arms and ammunition; security printing, currency and mint; high explosives; radio-active substances; alcohol and beverages based on imported concentrates; manufacture of automobiles, tractors and farm machinery; and, petroleum blending plants) covered by the Federal Specified List. The institutional changes include the establishment of a Board of Investment (BOI), chaired by the Prime Minister, to evaluate and expedite investment sanctions; creation of a Committee on Investment (COI) to facilitate post-sanction formalities for BOI-sanctioned projects; and initiation of a "one-window" approval facility at the industrial estate level.

3. An assessment of the recent changes can be summarized as follows: progress in liberalization of the sanctioning criteria is encouraging, initiation of "one-window" facility at the industrial estate level is of limited practical value, the impact of creation of BOI and COI is difficult to ascertain at this stage, and in the remaining areas there has been, generally, no notable improvements. In short, the GOP's response thus far has not been commensurate with the size of the problem and significant reforms are needed to overhaul the industrial investment approval system.

4. The reform of the industrial investment approval system must entail movement in the direction of a regulatory framework that relies on minimal direct Government control. With this objective

n view, individual elements of the existing approval process have een examined and an inventory of potential reforms developed. The roposed principal reforms are: (a) restrict Federal Specified List o activities justifiable on considerations of national security nd religious sensitivity and, accordingly, remove "Petroleum lending Plants" and "Manufacture of Automobiles, Tractors and Farm achinery" from the Federal Specified List and amend "Alcohol and everages Based on Imported Concentrates" to permit investment for on-alcoholic beverages based on imported concentrates without sanction; (b) eliminate sanction requirements based on investment size; (c) eliminate Punjab Specified List which mandates provincial sanction for sugar, cotton ginning, and flour milling units in the Punjab province; (d) eliminate licensing requirements for import of capital goods and industrial raw material; and, (d) develop economic criteria for directing industrial location and for rationing scarce utilities.

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I. INTRODUCTION

A. Section Overview

This Section defines the problem of improved industrial investment in a complex investment approval environment; provides a brief history of industrial regulation; argues that the current environment for reforms is favorable; records the scope of work of the present study; and, summarizes organization of this report.

B. Problem Statement

Pakistan has in place a licencing regime which is comprised of a set of procedures whereby the Federal and Provincial Governments regulate the entry of new private industrial investment based largely upon size; location; source of funds; and, demand on foreign exchange so as to promote perceived national development goals. For analytical clarity, this investment approval process may broadly be seen as comprising of "primary approvals" of project sanctioning, financial package approval, and location clearance, and "secondary approvals" relating to post-primary-approval procedures (roughly analogous to what is commonly labelled as post-sanction formalities) which require the sponsors to satisfy criteria of each of the several public sector agencies before actual initiation of the industrial production process. The private sector has been a persistent critic of the "primary approval" regime with more general complaints being excessive information documentation, limited technical competence of the agencies appraising investment proposals, delays, and a decisive role of political patronage. More importantly, "primary approvals" are not a formal commitment of "secondary approvals" which, especially the provision of utilities, require considerable additional time and effort. This complex combination of "primary" and "secondary" approval system impedes improved industrial investment, both local and foreign. Policy and program interventions are clearly needed to at least minimize time and cost of the private industrial investment approval system.

PRIMARY APPROVALS

Project Sanctioning
Financial Package Approval
Location Clearance

SELECTED SECONDARY APPROVALS

Registration with Registrar, Joint Stock Companies
Registration under Factories Act, 1934
Registration with Income Tax Department
Import Licencing and Letter of Credit
Relevant Exemptions from Central Board of Revenue
Provision of Utilities

C. Background of GOP's Investment Approval Controls

INDUSTRIES FEDERAL (CONTROL) ACT, 1949 : LIST OF INDUSTRIES SUBJECT TO FEDERAL PLANNING
Arms and Munitions of War
Cement and Cement Products
Edible Oil
Electrical Equipment
Electricity Generation
Electrical Equipment, Appliances and Goods
Glass and Ceramics
Heavy Chemicals
Iron and Steel
Machine Tools
Manufactures of Heavy Engineering Industry
Minerals including Salt and Coal
Non-ferrous metals and Alloy Manufactures
Paper, Cardboard and Pulp
Petroleum and Mineral Oils
Pharmaceutical, Drugs and Light Chemicals
Power and Industrial Alcohol
Preserved and Prepared Foods
Products of Carbonization Industry
Rubber Manufactures
Scientific and Mathematical Instruments
Sea Fish and its Products
Ships, Barges, River Boats and Lighters
Sugar
Tanned Leather and Leather Goods
Textiles, Cotton, Woollen, Jute, Silk and Rayon
Tobacco

The first major instrument of GOP control over private investment was the enactment of the Development of Industries Federal (Control) Act, 1949 which empowered the Federal (and since 1963 Provinces) Government to regulate the establishment and development of 27 categories of industries. A more important landmark came in the form of Economic Reform Order, 1972 which nationalized 10 categories of industries (iron and steel; basic metal; heavy engineering; assembly and manufacture of motor vehicles; tractor plants, assembly and manufacture; heavy basic chemicals; petro chemicals; cement; and, public utilities, that is, electricity generation, transmission and distribution, gas and oil refineries). Subsequent nationalization (in addition to insurance, banking, maritime shipping and marketing of petroleum products) targeted hydrogenated vegetable oil industry (Hydrogenated Vegetable Oil Industry (Control and Development) Act, 1973); flour milling (Flour Milling (Control and Development) Act, 1976); rice milling (Rice Milling (Control and Development) Act, 1976; and cotton ginning (Cotton Ginning (Control and Development) Act, 1976).

The post-1977 swing towards the realization of the need for enhanced private sector role in industrial development reflected in the immediate denationalization of flour, rice and cotton ginning factories (Flour Milling Control and Development (Repeal) Ordinance, 1977; Rice Milling Control and Development (Repeal) Ordinance, 1977; and, Cotton Ginning Control and Development (Repeal) Ordinance; 1977); and, enactment of the Transfer of Managed Establishments Order, 1978. Subsequently, the GOP announced the industrial policy in 1984 which clearly delineated relatively greater private sector role; and, through the industrial policy packages of 1988 and 1989 implemented further deregulation of the investment approval procedures.

D. Environment for Reforms

The current environment for addressing the liberalization of private industrial investment approval process is favorable: there is a strongly felt need for deregulation by the private sector; the GOP appears to be receptive to change; and, the donor community is apparently willing to encourage the GOP to minimize controls on private industrial investment approval.

1. Government of Pakistan

Recently the GOP has taken at least three major steps to streamline the investment approval system: liberalization of industrial investment approval criteria; formation of a Board of Investment (BOI) headed by the Prime Minister to expeditiously evaluate investment proposals; and, establishment of a Committee on Investment (COI) chaired by the Minister of Industries to assist sponsors in "secondary approvals" for the BOI-sanctioned projects. These measures, discussed in detail in the following Sections II-IV, are evidences of the GOP's recognition of the problem and its receptivity to consider, adopt and implement positive changes.

2. Private Sector

The private sector, led notably by the Federation of Pakistan Chambers, Overseas Investors Chamber, and regional Chambers of Commerce and Industry, particularly at Karachi and Lahore, has probably been instrumental in persuading the GOP to make the recent alternations in the investment approval process and continue to represent to the GOP to effect a yet higher degree of liberalization.

3. International Donors

In the context of economic deregulation, the donor community has also voiced through analytical reports and seminars the need to minimize governmental controls on the private investment decision process. Principal recent analyses are the 1986 United States Agency for International Development (USAID) study entitled Private Investment in Pakistan : Administrative Barriers to Sanctioning [2], the 1988 World Banks report on Industrial Regulatory Policies [11], and, the 1990 RONCO's Consulting Corporation's Analysis of Corporate Sector Constraints in Agriculture [10]. In May 1989 Asia Foundation in collaboration with the Ministry of Industry sponsored a "Symposium on the Promotion of Foreign Investment in Pakistan" [1] where the restrictive nature of the investment approval process figured prominently. Also, the Asian Development Bank has recently approved a $350,000 technical assistance grant for reorienting the role and functions of the Investment Promotion Bureau (IPB) to support the industrial promotion objectives of BOI.

E. Scope of the Study

1. Objectives

This study, a part of the design process of USAID-supported forthcoming Private Investment Expansion (PIE) Program, is intended to provide documentation and clarification of issues relating to industrial investment approval procedures in Pakistan; to propose Government or, preferably, non-Government assistance to the private sector to promote increased investment (local or foreign); and, to suggest improvements in or alternatives to the current industrial investment approval procedures.

2. Terms of Reference

The study, covering both national and foreign capital, is expected to include description and analysis principally of the following:

- The existing industrial investment sanctioning procedures along with a chronology of changes in the last five years;
- Specific roles of the various Government of Pakistan agencies involved with the industrial investment approval process; and,
- Mandated and actual time frame from initiation of the investment request to final approval.

The study is also expected to recommend form of possible USAID assistance; identify potential management issues; and, develop action plan for implementation of any additional design activities relevant to industrial investment sanctioning regime.

F. Organization of the Report

Section II presents analytical description of "primary approval" system; Section III is devoted to "secondary approvals"; Section IV clarifies the role of various public sector agencies; and, the final Section V highlights potential areas for reforms.

II. PRIVATE INDUSTRIAL INVESTMENT "PRIMARY APPROVAL" CONTROLS

A. Section Overview

GOP "primary approval" controls (investment sanctioning, financial package approval and location clearance) have historically been directed to achieve diverse objectives relating to national security and defence; religious and social concerns; indigenization; price controls; capacity regulation; increased flow of foreign private investment; optimal use of scarce foreign exchange and infrastructural resources; and, regional balancing of industrialization. A comparison of current approval procedure with preceding periods indicate considerable deregulation implying a lesser degree of reliance on direct controls to achieve the stated objectives.

B. GOP's Objectives

1. Investment Sanctioning

The 1988 World Bank study, Pakistan Industrial Regulatory Policies, identifies the following five objectives of GOP's industrial investment sanctioning: restricting demand for foreign exchange; avoidance of excess capacity; discouraging concentration of ownership; rationing of scarce infrastructure; and, promotion of regional dispersal of new investment [11]. The GOP's 1984 Industrial Policy Statement articulates the GOP's position as follows:

> Government sanction for some categories of investment is considered essential to ensure that major projects of national significance or projects in those industries where Government pricing policy and other support measures are necessary, are established with Government knowledge and involvement and the final decision is based on a careful analysis of the implications for the overall economy. Sanction in such cases is not a restriction on investment. It is an essential part of the pre-investment deliberation on investment and analysis to ensure smooth progress of major projects, once the commitment of national resources has been made to such projects [5, p.11].

Historically, as is evident from the list of industries requiring sanction and the actual process of "secondary approvals", the GOP has justified sanctioning process on the basis of a mix of considerations relating to national security and defence; religious and social concerns; economic importance; indigenization; price controls; capacity regulation; foreign private investment; and, optimal use of scarce foreign exchange and infrastructural resources.

2. Financial Package Approval

Commercial principles are not the sole determinants of credit approval: the GOP utilizes its dominant position in the financial sector to establish sectoral credit ration within which private industrial credit is directed to support objectives of successive industrial policies.

3. Location Clearance

Location approval requirements have been justified principally on the need to achieve regional balancing of industrialization; minimize congestion and environmental pollution; and, optimize the use of scarce infrastructure and public utilities.

C. Brief Recent History

1. 1984 Industrial Policy

a. Sanctioning

The 1984 Industrial Policy Statement specified the following criteria for the requirement of approval of private industrial investment from the Federal Government:

Industries specified for reasons of over-capacity, price regulation, implementation of a program of assembly-cum-manufacture requiring indigenization of the manufacture of components or projects of national importance or for religious, security or socio-economic objectives;

Projects involving foreign private investment;

Projects costing Rs 300 million and above;

Projects requiring cash foreign exchange of more than Rs 50 million for plant and machinery;

Projects involving import of second hand machinery, except under Non-Repatriable Investment (NRI); and,

Projects in which more than 60 percent of the raw material is importable provided that value of such import exceeds 20 percent of the total investment in fixed assets [5, p.11].

LIST OF SPECIFIED INDUSTRIES, 1984

Arms and Ammunations
Security Printing, Currency and Mint
High Explosives
Defence Oriented Electronics
Radio-active Substances
Alcoholic and Foreign Brand/Concentrate Based Synthetic Beverages
Basic Steel
Manufacture of Basic Metals and Alloys
Heavy Mechanical and Heavy Electrical Plants
Basic Chemicals
Petro-Chemicals
Public Utilities
Ships, Aircraft and Railway Locomotives
TV, Radio, Tape Recorders, VCR Cassettes and Tapes
Manufacture of Air-conditioners, Refrigerators and Deepfreezers
Motor cycles and Scooters
Manufacture of Automobiles, Tractors and Farm Machines
Fertilizer
Cement
Drugs and Pharmaceutical
Vegetable Ghee
Sugar
Cotton Spinning

In addition to the above, the Government of Punjab, in terms of Punjab Industries (Control on Establishment and Enlargement) Act, 1963, also required provincial sanctioning for flour mills and cotton ginning units not included in the Federal Specified List.

b. Financial Package Approval

The 1984 Industrial Policy recognized the importance of an efficient financial sector to support industrial investments. Specifically, the Policy enunciated the following main elements:

> The banks and financial institutions will provide support on commercial principles within the overall framework of Investment Schedules and fiscal and monetary policies;
>
> Documentation and procedural requirements for the bank will be simplified and orientation program of bank staff for project appraisal and industrial financing will be undertaken;
>
> Industrial lending limits of Pakistan Industrial Credit and Investment Corporation (PICIC), National Development Finance Corporation (NDFC) and Industrial Development Bank of Pakistan (IDBP) will be periodically reviewed and suitably enhanced;
>
> Advisory Committee on Industrial Credit will be established to improve coordination among various financial institutions; and,
>
> Industrial Credit Department will be established in the State Bank of Pakistan ... to provide continuity of study and examination of problems in the field of industrial credit with the objective of providing suggestions for policy improvements [5, pp.14-15].

Both the Industrial Credit Department and the Advisory Committee on Industrial Credit were established within the State Bank in 1985 and are since functional.

c. Location Clearance

The 1984 Industrial Policy reproduced the location policies announced by the Provincial Governments in 1980 whereby the entrepreneurs could establish industries without clearance in areas not included in "negative list" of locations [5, p.16 & Annexure III].

2. Recent Changes

a. Sanctioning

i. Industrial Coverage : In recent years the GOP has drastically minimized the coverage of industries requiring investment approval. The 1988 New Industrial Policy Package [6], among others, reduced the coverage of the specified list from 23 to 12 groups of industries and also increased the project size from Rs 300 to Rs 700 millions. The 1988 ...

Package [4] improved the situation by requiring sanction in only four conditions: a specified list of 7 industries; project size of Rs 1,000 million and above; foreign equity participation of 50 percent or more; and, cases involving major policy decisions. Further deregulation was announced in 1990 (Notification No. BOI-Misc.(5)/89 dated April 8, 1990) which mandated sanctions for projects falling in the list of 7 specified industries and costing Rs 1,000 or more. A comparative statement of these changes is available in the following page.

The provincial governments, with the exception of the Government of Punjab, do not require investment approval. The Government of Punjab, however, has implemented rules which require approval based on conditions laid down by the Federal Government plus for cotton ginning, flour mills and sugar units.

ii. Institutional Reforms : Until recently, the investment approval process relied upon initial examination of the proposal by the IPB under the Ministry of Industries; approval consideration by an inter-ministerial Central Investment Promotion Committee (CIPC) headed by the Secretary Industries; and, for projects beyond the jurisdiction of CIPC, final scrutiny by the Economic Coordination Committee (ECC) of the Cabinet chaired by the Finance Minister. Additionally, 4 authorized Development Financial Institutions (DFIs), namely, Pakistan Industrial Credit and Investment Corporation (PICIC), Industrial Development bank of Pakistan (IDBP), National Development Finance Corporation (NDFC) and Bankers Equity Limited (BEL) could receive, examine, approve or arrange sanction from the ECC of investment proposals within the GOP prescribed sphere.

In February 1990, the GOP detached IPB from the Ministry of Industries and placed it under the control of the newly established Board of Investment under the Prime Minister's Secretariat. The BOI now has the authority to sanction industrial investment.

TABLE I : PRIVATE INDUSTRIAL INVESTMENT REQUIRING GOVERNMENT SANCTIONING			
Criteria	1988	1989	1990
Federal			
Specified List	Arms and Ammunations Security Printing, Currency and Mint High Explosives Radio-active Substances Alcohol and Beverage Industry Based on Imported Concentrate TV, Radio, Tape Recorders, VCR, VCR Cassettes and Tapes Manufacture of Air-conditioners, Refrigerators and Deepfreezers Motor-cycle and Scooters Manufacture of Automobiles, Tractors and Farm Machinery Drugs and Pharmaceutical Vegetable Ghee/Cooking Oil Based on Imported Seed Oil Petroleum Refining, Reclamation and Blending Plants including Grease Manufacturing and White Oil Plants	Arms and Ammunations. Security Printing, Currency and Mint High Explosives Radio-active Substances Alcohol and Beverage Industry Based on Imported Concentrate Manufacture of Automobiles, Tractors and Farm Machinery Petroleum Blending Plants	Arms and Ammunations Security Printing, Currency and Mint High Explosives Radio-active Substances Alcohol and Beverage Industry Based on Imported Concentrate Manufacture of Automobiles, Tractors and Farm Machinery Petroleum Blending Plants
Project Size	Rs 700 million and above.	Rs 1,000 million and above.	Rs 1,000 million and above.
Raw Material Imports	Industrial units based on imported raw material provided their products are not on the import list and if on the import list, the duty is more than 80 percent.		
Second-hand Machinery Imports	Projects involving import of second-hand machinery, except under NRI scheme.		
Foreign Exchange Requirement	Projects requiring cash foreign exchange of more than Rs 60 million for plant and machinery.		
Repatriable Investment	Projects based on repatriable investment except in key industries.	Foreign equity is 50 percent or more.	
Others		Projects involving major policy decisions.	
Punjab			
Additional Specified List	Cotton Ginning Flour Mills	Cotton Ginning Flour Mills Sugar Mills	Cotton Ginning Flour Mills Sugar Mills

Sources : (a) Ministry of Industries, New Industrial Policy Package, July 1988.
(b) Ministry of Industries, Industrial Policy Package, July 1989.
(c) Board of Investment, Notification No. BOI-Misc.(5)/89 dated April 8, 1990.
(d) Government of Punjab, Notifications Nos. AEA-III-4-1/85 of October 26, 1986, April 29, 1989, June 21, 1989, and March 7, 1990.

b. Financial Package Approval

No major changes have taken place recently i investment approval process followed by the financial institutions except that the authorized DFIs are now required to approach IP for investments requiring BOI sanction.

c. Location Clearance

The location policies of the Provincial Governments have experienced limited recent changes. A comparative statement of "negative" areas requiring location clearance is available at the next page. It may be seen from this statement that the "negative" list has changed marginally in Punjab; in Sind the "negative" list of areas for sugar mills announced in November 198 was withdrawn after three months; NWFP continue to have a relatively free location policy with clearance requirement restricted to flour mills at the Industrial Estates and flour mills, cold storage, ice factories and poultry farms at the Peshawar Industrial Estate; and, in Baluchistan a "negative" area list has been established comprising of Hub Tehsil, Vinder Sub-Tehsil and the limits of the Quetta Metropolitan Corporation.

D. Current Procedures

1. General

The "primary approval" process varies generally with the type and size of investment, sources and conditions of funds and technology, nationality of investors, and location. For presentation convenience, it is proposed to describe first what may be called as "Standard Approval System" (applicable to investment of resident Pakistan nationals requiring loans from local capital market and seeking neither foreign credit nor technology transfer and identify later selected deviations from this norm to cove different situations.

2. Standard Approval System

a. Investment Sanctioning

For investment covered by the Federal Specified Lis or of Rs 1,000 million and above, the sponsors file an application to IPB on Form IPB-1; the IPB passes on the proposal, along with its observations, to the BOI Secretariat; The BOI Secretariat prepares the case for consideration in the normally monthly meetings of the BOI; and, finally, the decision of the BOI is communicated to IPB for issuance of sanction or rejection letter to the sponsors. The following analytical parameters form the basis of this investment approval decision process:

TABLE II : INDUSTRIAL LOCATION : NEGATIVE LIST

1988	1989	1990
'unjab		
en miles of international border: for 20 strategic industries and projects of over Rs 30 million. ne mile of either side across the Grand Trunk Road from Shahdara to Muridke. erritorial limits of Municipal Corporations, Municipal Committees and Town Committees with the exception of Industrial Estates, Industrial Zones, 19 service industries and undertakings of fixed assets of upto Rs 500,000. ıltan, Bahawalpur and D.G. Khan Divisions and Okara District: for sugar mills.	Ten miles of international border: for 20 strategic industries and projects of over Rs 30 million. One mile of either side across the Grand Trunk Road from Shahdara to Muridke. Territorial limits of Municipal Corporations, Municipal Committees and Town Committees with the exception of Industrial Estates, Industrial Zones, 19 service industries and undertakings of fixed assets of upto Rs 500,000. Multan, Bahawalpur and D.G. Khan Division and Okara District: for sugar mills.	Ten miles of international border: for 20 strategic industries and projects of over Rs 30 million. One mile of either side across the Grand Trunk Road from Shahdara to Muridke. Territorial limits of Municipal Corporations, Municipal Committees and Town Committees with the exception of Industrial Estates, Industrial Zones, 19 service industries and undertakings of fixed assets of upto Rs 500,000. Multan, Bahawalpur (excluding Tehsil Rahimyar Khan), D.G. Khan and the District of Okara: for sugar mills.
ind		
ırachi, Gharo and Dhabeji with the exception of 36 notified industries; expansion of units within existing amenities provided premises; and, joint ventures and non-repatriable investment based units not requiring potable water supply in production process. rachi Division; and, Districts of Larkana, Jacobabad, Shikarpur, Khairpur, Sukker (except Taluka Gnotki), Nawabshah (except Talukas Naushero Feroz and Sakrand), Dadu (except Taluka Khairpur Nawabshah), Sanghar, Tharparker (except Taluka Ghulam Mohammad), Hyderabad (except Taluka Tando Allah Yar), Thatta (except Talukas Shah Buder and Shorabari), and Badin (except Talukas Golarchi and Matli): for sugar mills.	Karachi, Gharo and Dhabeji with the exception of 36 notified industries; expansion of units within existing amenities provided premises; and, joint ventures and non-repatriable investment based units not requiring potable water supply in production process.	Karachi, Gharo and Dhabeji with the exception of 36 notified industries; expansion of units within existing amenities provided premises; and joint ventures and non-repatriable investment based units not requiring potable water supply in production process.
:P		
	Industrial Estates: for flour mills. Peshawar Industrial Estate: for flour mills, cold storage, ice factories and poultry farms.	Industrial Estates: for flour mills. Peshawar Industrial Estate: for flour mills, cold storage, ice factories and poultry farms.
uchistan		
	Hub Tehsil (except Hub Industrial Estate). Municipal limits of Quetta Metropolitan Corporation (except Small and Quetta Industrial Estates). Sub-Tehsil Vinder.	Hub Tehsil (except Hub Industrial Estate). Municipal limits of Quetta Metropolitan Corporation (except Small and Quetta Industrial Estates). Sub-Tehsil Vinder.

ces : (a) Government of Punjab, Notification Nos. AEA-III-4-1/85 of October 26, 1986; November 3, 1988; June 14, 1989; and, March 4, 1990.
(b) Government of Sind, Notification No. AD(EC)II-I/78(PF.I) date April 20, 1988; and Nos. PA(ECO-13-7-87) dated November 1, 1988 and February 23, 1989.
(c) Government of NWFP, Notification No. SOII(IND)10-342/84.III dated August 22, 1989.
(d) Government of Baluchistan, Notification No. SOI(IND)2-11/81 dated June 28, 1989.

Market Analysis : Past and present consumption, future growth, as well as sources of supply, pricing structure etc;

Technical Appraisal : Selection of product mix, production process, size of plant, requirements of raw materials, utilities and manpower as well as site selection;

Financial Evaluation : Total capital cost; debt-equity ratio; details of raw material; requirement of utilities; cost of product; foreign exchange savings; cost of dollar saved as per modified Bruno Ratio at 15 percent discount rate; and, other economic indicators such as value added, capital-output ratio, and return on equity before tax; and,

Economic Assessment : Contribution to the overall economic development including balance of payments, employment creation, introduction of new technologies etc [4, p.6].

b. Financial Package Approval

Sponsors of sanctioned as well as those projects not requiring Federal sanction (not covered by the Federal Specified List or under Rs 1,000 million in size) may approach any of the several financial institutions in the country for loan approval. On scrutiny of the proposed investment, the financial institution may sanction or reject the proposal.

Each financial institution has different application forms and distinct appraisal procedures. The Seventh Five Year Plan, on the basis of recommendations of the 1988 Industrial Commission, envisaged different financial and economic rates of returns for different industries, balance of payments impact, and labor intensity of the manufacturing process as appropriate loan approval criteria [9]. The extent to which these principles have been actually incorporated in the operational environment of the financial institutions is uncertain and it is believed that financial viability in the context of GOP given broad sectoral priorities continue to be the main appraisal feature.

c. Location Clearance

Industrial location is subject to location policies already described at part II.C.2.c. above. For areas included in the "negative" list, a clearance is required from the concerned provincial Industries Department. For location within the Federal Islamabad territory, Capital Development Authority (CDA) approves the industrial site.

3. **Approval Procedures for Investment with Special Characteristics**

a. Punjab Specified List

For industries (cotton ginning, flour mills and sugar mills) on the Specified List of the Punjab Province, sanction applications are made to the Industries Department (for flour and sugar mills) or the Agriculture Department (for cotton ginning factories). These Departments process the application and submit the proposal to the Chief Minister who has the sanctioning authority.

b. Non-Repatriable Investment Scheme for Overseas Pakistanis

Non-Repatriable Investment (NRI) is subject to the same "Standard Approval Procedures". Industrial projects under NRI Scheme, however, can also be located at the Karachi Export Processing Zone (KEPZ).

c. Foreign Collaboration

i. Foreign Private Investment : Foreign private investment, governed by The Foreign Private Investment (Promotion and Protection) Act, 1976, is defined as "repatriable foreign investment by a persons who is not a citizen of Pakistan or holds two nationalities including the Pakistanis" [4, p.13]. The "Standard Approval System" also applies to foreign private investment which, like industrial projects under the NRI Scheme, can also be located at KEPZ.

ii. Foreign Private Loans and Technology Transfer Agreements : Foreign loans and technology transfer agreements involving the payment of royalty, technical fees and employment of foreign experts will require prior clearance of the State Bank of Pakistan or the Ministry of Finance only if the terms and conditions are not in conformity with the GOP fixed standards. For agreements conforming to the GOP standards:

> ... the borrower will, however, be required to furnish one copy of the loan agreement to the Exchange Control Department, State Bank of Pakistan, Karachi and the External Finance Wing of the Ministry of Finance, Islamabad for registration. The registration with the State bank will constitute the authority for the authorized dealer to remit the principal, to the creditor. Likewise, the party entering to agreements for transfer of technology involving payment of royalty, technical fees and payments to expatriates will submit one copy of the agreement to Exchange Control Department, State Bank of Pakistan, Karachi for registration. The registration with the State Bank will serve as authority for payments in foreign exchange as admissable under the Foreign Private Investment (Promotion and Protection) Act, 1976 [4, p.26].

The GOP's foreign investment policy is geared towards promoting industries which are "capital intensive, involve sophisticated technology or strengthen the balance of payments position" [4, p.14]. Interestingly, the 1989 Pakistan Investment Guide declared

86 industrial activities as "priority areas" for foreign investment [7, p.29] but simultaneously provided a Positive List of 21 and a Prohibited List of 7 activities [7, p.34]. The Positive List has since been withdrawn implying a much larger sphere for potential foreign investment in the industrial sector. The Prohibited List concerns non-industrial activities.

FOREIGN PRIVATE INVESTMENT PROHIBITED LIST

Agriculture Land
Forestry
Irrigation
Real Estate including Land, Housing and Commercial Office Buildings
Radio-active Minerals
Insurance
Health

E. Time Frame for "Primary Approvals"

The GOP announced maximum time frame for "primary approval" processes are as follows: project sanctioning by BOI 60 days; approval from financial institutions 60 days; and, provincial location clearance 7 days. The reported average actual time for investment sanctioning is within the announced time period; financial approval generally takes more than double the stipulated time; and, location clearance could consume about a month. The delays in financial institutions results as much from the inadequacies of the appraisal system as from the generally sub-standard quality of feasibility studies submitted by the potential investors.

II. PRIVATE INDUSTRIAL INVESTMENT "SECONDARY APPROVAL" CONTROLS

A. Section Overview

"Secondary Approvals" or (roughly) post-sanction formalities require that the potential investor seek clearance from each of at least more than a dozen agencies. Clearances from these agencies are, in general, relatively straightforward with the exception of approval for power, telephone and telex, gas and water.

B. GOP's Objectives

"Secondary approvals" involve seeking of formal clearances from various investment related agencies which are unwilling to surrender their administrative investment approval responsibilities to a single primary approval agency and are directed towards rationing of scarce industrial infrastructure; monitoring foreign exchange utilization; and, assuring appropriate application of taxes and duties regulations.

INDUSTRIAL COMMISSION, 1988
LIST OF AGENCIES FOR SECONDARY APPROVALS

Controller of Capital Issues (issue of capital);

Registrar of Joint Stock Companies (registration of Memorandum and Articles of Association);

Controller of Import and Exports (issuance of licence for import of machinery and raw materials);

Provincial Chief Inspector of Factories (registration under Factories Act, 1934);

Central Board of Revenue (income tax exemption for the industrial unit and foreign technicians employed, if any);

Excise and Taxation Department (if the products are excisable);

Income Tax Department (issuance of National Tax Number);

Financial Institutions (for letter of credits);

Custom Department (clearance of imported items);

WAPDA/KESC (power connection);

T&T Department (Telephone, Telex and FAX);

Sui Northern (gas connection); and,

Municipal authorities (water connection).

C. Brief Early History

1. The 1984 Industrial Policy

Explicit treatment of "secondary approval" controls is not included in the 1984 Industrial Policy Statement. The procedural difficulties relating to "secondary approvals", however, were considered by the "Secretaries Committee constituted to prepare the 1984 Industrial Policy Statement. It was found difficult to implement [One Window Facility] system because of the absolute physical shortages of key infrastructural inputs and the multiplicity of the Federal and Provincial ministries, departments and agencies involved" [8, p.57].

2. Recent Changes

The difficulties faced by the potential investors in seeking "secondary approvals" found a forceful expression in the 1988 Report of the Industrial Commission :

> The industrial entrepreneur ... faces numerous difficulties at the post-sanction stage ... when he has to approach a whole series of windows catering to registrations, import licensing and provision of infrastructural facilities ... Widespread complaints of delays at this stage due to procedural and non-procedural factors are common place. These harassing and frustrating delays often lead to cost escalations jeopardizing financial viability and not infrequently, aborting investment [8, p.57].

Of the 13 principal areas for which clearance is needed by the investors, the Commission found import licencing and provision of infrastructural facilities as critical problems. This recognition of the problem has found expression in the issuance of instructions to the Chief Controller of Imports Exports to release import permit for machinery and material expeditiously; establishment of One Window Facility at the Industrial Estate level; and, creation of a Committee on Investment (COI) to provide facilities to the BOI-sanctioned projects.

a. One Window Facility

The concept of One Window Facility implies the provision of essential industrial implementation inputs as a part of the investment approval activity by a single agency. A One Window Facility is in operation at the KEPZ where a unified administrative structure under the Authority assures (with the exception of custom clearance) facilities ranging from the provision of utilities to the issuance of import licenses. [8, p.127]. Based on the recommendations of the 1988 Industrial Commission, the GOP in the 1988 New Industrial Package announced the phased introduction of One Window for infrastructural facilities at the Industrial Estate level, and established a One Window Committee, chaired by the Secretary Industries to monitor the system.

b. Committee on Investment

The COI has been established in 1989 to follow up the progress and assures that services and facilities are provided to the BOI-sanctioned projects

D. Current Procedures

The introduction of One Window Facility at the Industrial Estate level, the establishment of the COI, and, the existence of the Provincial Facilities Boards notwithstanding, the current system continue to depend upon the effectiveness of the individual sponsor to approach and expedite clearances from each of the several agencies involved. The sponsor is required to submit request on prescribed forms to each agency separately and pursue the case as appropriate.

E. Time Frame For "Secondary Approvals"

The COI is responsible for arranging facilities for the BOI-sanctioned projects within 60 days. For all other investments no such time frame is available and secondary approvals, particularly those relating to utilities, could consume considerable time.

IV. INDUSTRIAL INVESTMENT APPROVAL INSTITUTIONAL STRUCTURE

A. Section Overview

The public sector institutional arrangements for industrial investment are complex and several Federal and Provincial actors are involved from the initiation of the investment proposal to the start of the manufacturing process. This Section highlights the industrial investment approval roles of principal agencies : Board of Investment; Investment Promotion Bureau, Committee on Investment; Ministry of Industries; Provincial Governments; and, financial institutions.

B. Industrial Investment Approval Roles of Selected Agencies

1. Board of Investment

The Board of Investment was established within the Prime Minister's Secretariat in April 1989 to : sanction projects covered by the Federal Specified List or of Rs 1,000 million and above; monitor progress of sanctioned projects; lay down policy guidelines for industrialization of the country; and, arrange analyses relating to industrialization, improvement of investment climate, procedures and other related matters. The Board is chaired by the Prime Minister and its members include Ministers of Industries, Finance, Commerce, Water and Power, Communications, Natural Resources; Deputy Chairman, Planning Commission; Governor, State Bank of Pakistan; and, Chairman, Pakistan Banking Council. The Additional Secretary Finance in the Prime Minster's Secretariat serves as Secretary to the Board.

2. Investment Promotion Bureau

Investment Promotion Bureau, an attached department of the Ministry of Industries until 1990, is at the present under the administrative control of the BOI. The Bureau serves as the technical arm of the BOI; scrutinizes the investment proposals requiring approval; and acts as the link between potential investor and the GOP's sanctioning apparatus. Proposals are being discussed within the GOP to re-organize the Bureau to make its functions more meaningful in the current comparatively deregulated environment.

3. Committee on Investment

The Committee, under the BOI, is responsible for follow up of the progress and provision of services and facilities for the BOI-sanctioned projects. The COI has also been made responsible for promoting labor intensive rural industries.

The COI is chaired by the Minister of Industries and its members include Secretaries of Industries, Commerce, Finance, Water and Power, Communications, Petroleum and Natural Resources, Planning; Deputy Governor, State Bank of Pakistan; and, any relevant coopted member. The Secretary Industries is the Secretary of the Committee.

TABLE III : INDUSTRIAL INVESTMENT ROLES OF SELECTED INSTITUTIONS

Actions	Primary Responsible Agency(s)	Supporting Agency(s)
<u>Investment Sanctioning</u>	Board of Investment	Investment Promotion Bureau
<u>Loan Approval</u>		
Small Business	Punjab Small Industries Corporation Sind Small Industries Corporation NWFP Small Industries Development Board Baluchistan Directorate of Small Industries Small Business Finance Corporation	Commercial Banks Development Financial Institutions
Medium and Large Business	Commercial Banks Development Finance Institutions	
<u>Location Clearance</u>	Provincial Governments Capital Development Authority	
<u>Secondary Approval Support</u>		
BOI-Sanctioned Industrial Estate Located Islamabad Located Other Projects	Committee on Investment Ministry of Industries Capital Development Authority Provincial Facility Boards	Ministry of Industry Provincial Facility Boards

3. Ministry of Industries

The investment approval role of the Ministry of Industries has undergone considerable change after the establishment of BOI. At the present the Ministry support the COI in facilitating the establishment of the BOI-sanctioned projects and implements the One Window Facility at the Industrial Estate level.

4. Provincial Governments

The Provincial Governments are responsible primarily for location clearance and for facilitating the provision of industrial infrastructure through the Provincial Facility Boards.

5. Financial Institutions

In addition to the development financial institutions, 5 nationalized commercial banks (Allied Bank of Pakistan, Habib Bank Limited, Muslim Commercial Bank Limited, National Bank of Pakistan, and United Bank Limited) and to a lesser degree 15 foreign commercial banks, provide finances for industrial ventures. The four authorized DFIs (BEL, IDBP, NDFC, and PICIC), however, have been prime movers of industrial credit in recent years. The Agriculture Development Bank of Pakistan has also been active recently in agro-industrial loaning.

DEVELOPMENT FINANCIAL INSTITUTIONS

Agriculture Development Bank of Pakistan
Bankers Equity Limited
Industrial Development Bank of Pakistan
Investment Corporation of Pakistan
National Development Finance Corporation
National Investment Trust
Pakistan Industrial Credit and Investment Corporation
Pakistan Kuwait Investment Company
Pak Libya Holding Company
Regional Development Finance Corporation
Saudi Pak Industrial and Agricultural Investment Company

V. CONCLUSIONS

A. Section Overview

This Section records the conclusions of major past studies; list an inventory of potential reforms in the existing investment approval system; and, suggest a brief assessment of the political economy of industrial investment approval system.

B. Findings of Selected Studies

1. 1988 Report of the Industrial Commission

The Commission explicitly recognized the complexity of post-sanction formalities but "came to the conclusion that in view of the physical shortages and the multiplicity of federal and provincial agencies involved, the introduction of ["one window"] facility at the national level was not practicable" [8, p.19]. The Commission, accordingly, recommended introduction of "one window" facility only at the industrial estate level.

2. 1988 World Bank Study

The Bank points out that the sanctioning system has, by and large, not been successful in efficiently realizing the objectives of avoiding excess capacity; limiting market concentration; increasing indigenization; directing resources to the GOP perceived priority areas; and, rationing of foreign exchange, infrastructure and utilities. The Bank follows on its analysis to recommend specific policy directions: limiting the coverage of Federal Specified List; liberalization of import policy for capital goods and raw material; minimizing uncertainty and discretionary behavior; and, rationing of utilities and infrastructure through tariff rather than through sanctions.

C. Overall Assessment

1. Approval System as an Impediment to Private Investment

Though no data are available to attempt a quantitative measurement of the impact of the approval system on private investment, there are enough pieces of qualitative evidence to state that the "... approval system impedes improved industrial investment, both local and foreign" [paragraph I.B]. The approval system is largely a negative evaluation process created by the GOP to second guess private sector's operational and investment intentions.

2. GOP's Awareness of the Problem

The progressive liberalization of the sanctioning criteria is an acceptable evidence of the recognition of the existence of the problem by the GOP [paragraph I.D.1]. In so far as the post-sanctioning procedures are concerned, the indictment by the 1988 Industrial Commission is precise, clear, and strong [paragraph III.C.2].

3. Adequacy of GOP's Response

Progress in liberalizing the sanctioning criteria is encouraging; initiation of One Window Facility at the Industrial Estate level is of limited practical value; the impact of the very recent institutional restructuring (creation of BOI and COI) is difficult to ascertain at this stage; and, in the remaining areas, generally, there has been no notable improvements. In summary, the GOP's response thus far has not been commensurate with the size of the problem and significant reforms are needed to overhaul the industrial investment approval regime.

D. Recommendations for the Future

1. General

Though not the direct target of this study, at least three reform areas emerge that needs to be highlighted because of considerable importance from the standpoint of private investment expansion: removal of restriction on foreign investment in agricultural land, forestry, irrigation, real estate, insurance and health; elimination of sectoral credit rationing for the banking system; and, revision in the content of trade and fiscal policies to achieve liberalization, clarity, over time stability and consistency with respect to investors.

2. Industrial Investment Approval System

The reform of the industrial investment approval system must entail movement in the direction of a regulatory framework that relies on minimal Government control. With this objective in view, individual elements of the existing approval process have been examined and an inventory of potential reforms developed. The following Table IV presents potential reforms; brief rationale of the proposed changes; and, a judgement as to whether or not the proposed reform should be addressed through the PIE Program.

E. Pre-PIE-Design Analysis

A brief assessment of the politics of the industrial

TABLE IV : POTENTIAL REFORMS IN THE INDUSTRIAL INVESTMENT APPROVAL SYSTEM THROUGH THE PIE PROGRAM		
Potential Reform	**Background and Rationale**	**PIEP Focus**
<u>Investment Sanctioning</u>		
Amend relevant notifications of the Government of Punjab to conform to the recent Federal sanctioning policy.	The desired amendment is being processed within the Government of Punjab for issuance.	Yes
Remove "Petroleum Blending Plants" and "Manufacture of Automobiles, Tractors and Farm Machinery" from the Federal Specified List.	The inclusion of "Petroleum Blending Plants" and "Manufacture of Automobiles, Tractors and Farm Machinery" is explained on the basis of "National Importance" and "Indigenization", respectively. While "National Importance" is not easy to define, indigenization objectives can be achieved through an appropriate mix of trade and taxation policies.	Yes
Amend "Alcohol and Beverage Industry based on Imported Concentrates" in the Federal Specified List to eliminate sanction requirements for non-alcoholic beverages based on imported concentrates.	Non-alcoholic beverages based on imported concentrates are unlikely to upset known religious and social norms.	Yes
Eliminate sanctioning requirements based on project size of Rs 1,000 million and above.	Investment size considerations should not figure in GOP's calculus of investment controls and appraisal should be left to financial institutions.	Yes
Eliminate Punjab Specified List.	Cotton ginning, flour mills and sugar units are included in the Punjab Specified List to regulate industry capacities. Capacity regulations through direct investment sanction controls penalizes efficient firms.	Yes
<u>Financial Appraisal</u>		
Simplify procedures and improve staff capabilities for efficient investment appraisal in financial institutions.	Limited direct GOP controls on investment sanctioning should increase the importance of commercially sound appraisal systems.	No
<u>Location Policies</u>		
Minimize restrictions on location within one mile of either side across the Grand Trunk Road from Shahdara to Muridke and in municipal areas in Punjab.	The location restrictions should be reduced at least for joint ventures and non-repatriable investment based units to encourage foreign capital inflow.	Yes
Increase reliance on prices to direct industrial location.	Existing location policies may be complemented with policies reflecting economic prices of industrial infrastructure.	Yes
<u>Secondary Approvals</u>		
Eliminate licensing requirements for import of machinery and industrial raw material.	Improved access to capital goods and industrial raw material will encourage new investment and improved capacity utilization.	Yes
<u>Institutional Engineering</u>		
Energize Provincial Facility Boards.	Vigorous Provincial Facility Boards could serve as useful expediters of "secondary approvals".	Yes

investment approval system in the context of Federal-Provincial relationships should provide a realistic perspective to PIE design.

The nature and the extent of disagreements between the Federal Government on the one hand and the Governments of Punjab and Baluchistan on the other, cover broad dimensions of economic management. The conflict at the present is not confined to the Federal-Provincial financial relationships and include heretofore settled traditional systems like industrial investment promotion. While the Federal Government monopolizes key areas of industrial finance, utilities, and imports, the Provincial Governments influence, among others, land acquisition, location and provision of physical infrastructure. This distribution of authority, while reasonably clear in the formal system, may not necessarily correspond with reality and it is possible to visualize informalities for industrial investment promotion in general and investment approval (or disapproval) system in particular.

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ANNEXES

REGISTERED No. M-303

The Gazette of Pakistan

EXTRAORDINARY

PUBLISHED BY AUTHORITY

KARACHI, SATURDAY, APRIL 21, 1990

PART III

Other Notifications and Orders, etc., issued by the Government of Pakistan.

GOVERNMENT OF PAKISTAN

PRIME MINISTER'S SECRETARIAT

(Board of Investment)

[CABINET BLOCK]

NOTIFICATION

Islamabad, the 8th April, 1990

No. BOI-Misc. (5)|89.—In pursuance of the Board of Investment decision taken in its meeting held on 28th February, 1990, the investment sanctioning procedures have been further liberalised. The projects will now be sanctioned, depending on their size or type irrespective of the share of foreign equity by the Board of Investment, headed by the Prime Minister. Under the new invesment policy the Government sanction will be required in the following cases :

(i) Projects costing over Rs. 1000 million.

(ii) The following seven of the Specified List :—

—Arms and Ammunition.

—Security Printing, Currency & Mint.

—High Explosive.

—Radio-active substances.

Price : Rs. 20

- Alcohol and beverage industry based on imported concentrates.
- Manufacturers of Automobiles, Tractors and Farm Machinery.
- Petroleum Blending Plants.

2. In all cases where investment sanction is required, applications would be addressed to Director-General (A&R), Investment Promotion Bureau, Kandawala Building, M.A. Jinnah Road Karachi.

RIAZ-UL-HAQ
Director

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28

APPLICATION FORM IPB-I.

New Projects
Expansion
BMR.

Cable Address: *IPEEBEE*

Telex: 23137—SUPLS—PK

Telephone: 718819—718820 *and* 719914—719916.

Office Address: *Investment Promotion Bureau,*
Government of Pakistan,
Godrej Kandawala Building,
M. A. Jinnah Road,
Post Box No. 7277,
Karachi-3.

PROJECT APPLICATION

NOTES :

(*a*) This form is applicable for the following :—

(*i*) Foreign investment on repatriable and non-repatriable basis.

(*ii*) Foreign Private Loans/Supplier's Credits.

(*b*) 25 copies of this Application Form duly filled in by the foreign or local participants, alongwith copies of Feasibility Study should be submitted.

(*c*) In case of foreign participation for technical management/ know-how, royalty arrangements and/or foreign private loan, 10 copies of the proposed agreement should be attached.

(*d*) The machinery and equipment proposed to be imported should be new and modern based on competitive quotations. Special permission would be required in case used machinery and equipment is to be imported.

(*e*) Information given should be concise and to the point. Delete columns which are not applicable.

(*f*) All values should be given in thousand rupees at the current official rate of exchange.

(*g*) If the present application relates to expansion and/or BMR of an existing unit, please indicate existing position, proposed change, and overall position after expansion and/or BMR in respect of various questions wherever applicable.

A. GENERAL :

1. (*a*) Name under which the project would be operated.

   (*b*) Whether it would be a Proprietorship/Partnership concern or a Private Limited/Public Limited Company under the Capital Issue Rules and Regulations.

2. **Foreign Participants :**

   (*a*) Name and Address.

   (*b*) Nature of present business(es).

   (*c*) Name of Chairman.

   (*d*) Interest in other industrial undertakings.

3. **Pakistani Participants :**

   (*a*) Names and Addresses of sponsoring Directors/Partners showing present business, percentages of shares and interest in the proposed venture.

   (*b*) In the event of the promotors having any interest in other companies, names of such companies and the interest of promotors in these companies may be indicated.

4. **Repatriation and Remittances:**

   (*a*) Is repatriation of foreign capital intended ?

   (*b*) Are profits on foreign capital to be remitted ?

B. THE PROJECT :

1. **Industry :**

   (*a*) Industrial Investment Schedule's classification.

   (*b*) Brief introduction of the project alongwith end-use of the proposed products.

2. **Location of the proposed undertaking :**

   City. Province.

   (*a*) Do you plan to locate the factory in a planned Industiral Estate or outside ?

   (*b*) What would be the estimated area of land required ?

   (*c*) Is land available ? (If so please indicate exact location and Provincial Government's clearance for the same).

   (*d*) Please indicate details of arrangements for removal of effluent and steps taken to control environmental hazards.

3. **Salient Features of the Project :**

   (*a*) Please describe the manufacturing process and measures for quality control.

   (*b*) Please provide details of land and building as per Anenx-I.

   (*c*) Please provide details of machinery and equipment as per Annexure-II.

   (Proforma Invoices and documentary evidence in support of the country of origin, capacities and C&F Prices of machinery and equipment must be attached).

   (*d*) Please indicate the raw material requirements as per Annexure-III. (The quantities, C&F prices duties/taxes, etc. must be indicated correctly supported by documentary evidence).

4. **Technical know-how :**

   (*i*) Please indicate the technical know-how arrangements, if any, proposed to be made.

   (*ii*) In case of foreign technical know-how/royalty arrangement please provide the following information :

   (*a*) Rate of technical know-how fee and royalty, if any.

   (*b*) Period of royalty/technical know-how agreement.

   (*c*) Justification for royalty/technical know-how fee.

   (*d*) Does the agreement cover the use of trade mark or patent rights.

   (*e*) Export Franchise, if any.

   (*f*) When and where was the patent registered and when it would expire ?

   (*g*) In case of substantial foreign share holding why payment of royalty technical know-how fee is considered necessary ?

5. **Deletion :**

   If your proposal relates to the assembly-*cum*-progressive manufacture of any product in Pakistan, please provide the details of Deletion as per Annexure-IV.

   Schedule of completion of the Project :

   Please give the time schedule for the implementation of the project and probable time of commencement of operations. (Please provide details as per Proforma at Annexure-V).

C. COST OF PROJECT/CAPITAL COST :

Please furnish a summary of the estimated cost of the project in the following manner :

In case of expansion and/or BMR, please indicate the investment in the existing and proposed project.

(Rs. in '000')

	Local Currency	Foreign Currency	Total	%age to fixed cost
(i) Land				
(ii) Building				
(iii) Imported Machinery and equipment (C&F) ...				
(iv) Custom duty and import surcharge on imported machinery (rate of duty/surcharge should be given)				
(v) L/C charges, Licence fee, insurance, Octroi, clearing & forwarding charges, etc.				
(vi) In-land Freight				
(vii) Local machinery & equipment				
(viii) Installation and erection charges etc.				
(ix) Furniture & Fixtures				
(x) Vehicles				
(xi) Capitalization of return on borrowings during construction period (Rate of return and period be indicated)				
(xii) Contingencies/Start-up expenses : (i) building (ii) machinery; (iii) others				
Total Fixed Cost ...				
(xiii) Working Capital :				
(a) Owner Contribution				
(b) Bank Borrowings				
Total cost of the Project				

D. FINANCING PLAN :

(Rs. in '000')

	Local Currency	Foreign Currency	Total	Percentage of total cost
(a) Equity Investment (Paid-up Capital) :				
(i) Sponsors contribution				
(ii) Public subscription				
(iii) Institutional contributions				
(iv) Other sources				
Total ...				
(b) Loan :				
(i) From Foreign sources/ supplier's credit ...				
(ii) From Local Financing Institutions				
(iii) Customs Debentures				
(iv) Director(s) Loan				
(v) Rupee Debentures				
(vi) Other Sources (Please specify)				
Total ...				
Total Financing requirement (a+b) ...				

(c) Debt/Equity Ratio ... ...

(d) Foreign/Pakistani equity ratio ... ...

(e) Nature of proposed Foreign equity investment ...

	Repatriable	Non-Repatriable
(i) In shape of plant and machinery		
(ii) By transfer of cash		

(f) Nature of Foreign Loan :

(Private Foreign Loan/Suppliers Credit).

(i) Source ... ...

(ii) Country ... ...

(iii) Rate of return ... ...

(iv) Period or repayment and number of instalments with amount ... ...

(v) Date of Commencement of repayment ...

(vi) Repayment guarantee to foreign lending Organization ... ...

(Please provide details in respect of interest on foreign and local loans including complete repayment schedule). Also indicate if any financial institution has shown its willingness to accept the project.

E. PRODUCTION :

1. Production Programme (100% capacity operation).

	No. of Shifts per day (Single/ Double Triple)	No. of Operating days per annum	Rated Capacity	Effective Production Capacity	Total Annual Production Capacity	
					Quantity	Ex-Factory Cost
Items to be manufactured :						
(a)						
(b)						
(c)						
(d)						
etc.						

2. Cost of production :

	Per unit of Production (Rs.)	As per Total Production capacity (Rs. in 000)	Percentage to Total
(A) Foreign Exchange Cost :			
(i) Imported : (Source of Supply and C&F Prices documentary evidence should be attached).			
(a) Raw Materials			
(b) Components			
(c) Packing material			
(d) Spare parts			

(*ii*) Depreciation of imported machinery and equipment ... ...

(*iii*) Amount of royalty and/or technical fee, if any ...

(*iv*) Wages & Salaries of Foreign personnel, if any ...

(*v*) Return etc., on foreign loan, if any ...

(B) Local Currency Cost :

(*i*) Custom duty, Sales tax, surcharge on Imported material ... ...

(*ii*) Expenses on imported material such as licence fee, clearing charges, L/C Charges, insurance etc.

(*iii*) Inland Transportation Charges ... ...

(*iv*) Cost of local raw materials, components, spare parts and Packaging materials ... ...

(*v*) Depreciation of local fixed assets (building, fixtures and local machinery) ... ...

(*vi*) Labour, wages and other factory staff salaries ...

(*vii*) Manufacturing overhead (Power, Fuel, Water, repair, Maintenance etc.) ... ...

(*viii*) Return on local loans ... ...

(*ix*) Administration expenses ... ...

(*x*) Other expenses (to be specified by the sponsors)...

(C) Ex-Factory cost per unit (A&B) ... ...

(D) Excise duty and other taxes ... ...

(E) Total cost of production (C+D) ... ...

3. Prices (Item-wise) :

(*i*) Ex-factory price per unit ... ...

(*ii*) F.O.B. export price per unit ... ...

(*iii*) C&F price per unit (if it were to be imported) ...

(*iv*) Landed price (inclusive of duties) ... ...

(*v*) Total sales revenue ... ...

N.B.—Please provide details of :

(*a*) Depreciation on local fixed assets and

(*b*) Landed price of the end products.

F. FOREIGN EXCHANGE SAVINGS :

(i) C&F cost of the proposed product, if imported ... ...

(ii) Foreign exchange cost in local production ... ...

(iii) Foreign exchange saving (i-ii) ... ...

Please provide information on :—

(a) The basis of C&F price of the end-product assumed and comparison with C&F prices of the end-product being imported form different countries. ... ...

(b) Foreign exchange rate assumed ... ...

G. COST OF DOLLAR SAVED :

(i) C&F cost per unit of the product imported ... ...

(ii) Foreign exchange cost in local production (per unit) ...

(iii) Local currency cost excluding duties (per unit) ... ...

(iv) Cost of \$ saved $= \dfrac{(iii)}{(i)-(ii)}$

$= \dfrac{\text{Rs.}}{\$}$

= Rs.

H. OTHER ECONOMIC INDICATORS :

(i) Value added ... ...

(ii) Capital output ratio ... ...

(iii) Number of employees ... ...

(iv) Fixed cost per employee ... ...

(v) Break even point in capacity utilization ... ...

(vi) Return on equity before or after tax ... ...

N.B.—Calculation sheets to be attached in respect of value added (on the basis of out-put minus in-pu and on the basis of value added items), break-even point, and return on equity.

I. MARKET s per proforma at Annexure VI) :

(a) Please give—

—Demand/supply position of the proposed product with export, potential if any.

—Existing sanctioned and installed capacity with actual production during last three years.

—Your assessment of local demand during the next 5 years.

—Import figures of the last 3 years.

(b) Installed Capacity and its year-wise progressive utilization.

Item	1st year	2nd year	3rd year	4th year	5th year

(*c*) **Production in the 3rd year :**

Item	Unit	Quantity	Value

(*d*) In case of exports, please indicate—

(*i*) Item to be exported with quantity and value ...

(*ii*) Year by which export would commence ... ...

(*iii*) Markets of export ... ...

(*iv*) Is export franchise being offered by the foreign participants ? If so, please give details. ... ...

(*v*) Please furnish a reasonable proof of your ability to export. State your export contacts. Can a Bank guarantee be given ? What will be the exports in the 3rd year of operation and in a normal year of operation ?

J. FOR EXPANSION AND BMR PROPOSALS :

If the application is for expansion and/ or BMR of an existing industrial undertaking, the following additional information may also be provided :

(*i*) Present production ... ...

(*ii*) Present cost per unit of output ... ...

(*iii*) Cost after proposed expansion /BMR ... ...

(*iv*) Cost if an entirely new unit is installed ... ...

(*v*) Profits/dividends declared during the last three years (attach copy of the latest profit and loss Account and Balance sheet).

K. UTILITIES/MISCELLANEOUS :

(1) Power requirement of the project	Qty.	Rate per Unit	Total price/cost.
(*i*) Source			
(*ii*) Connected load (Kw)			
(*iii*) Maximum demand (kw)			
(*iv*) Annual consumption (KWH)			
(*v*) Voltage at which supply is required (HT, LT) ...			
(2) Water requirements of the Projects :			
(*i*) Source			
(*ii*) Gallons per annum			
(3) Fuel requirements :			
(*i*) Oil (Tons per annum)			
(*ii*) Gas (Mcft.) per year			
(*iii*) Other (please specify)			

(4) Personnel requirements of the project :

	No. of Technical Staff	No. of Administrative Staff	No. of Workers
(*i*) Pakistani			
(*ii*) Foreign			
Total ...			

(5) Exact location of the site Sketch or layout plan should be attached.

(6) Special consideration if any, which you think should be taken into account in considering your proposal.

(7) Please certify that machinery which can be manufactured locally (of the required specification) is not included in the list of machinery proposed to be imported.

(8) Please indicate details of loans taken from financing institutions by any Sponsor/Director/Partner.

(9) Please indicate the arrangements you have made for Utilities (Power, gas water, telephone etc.) alongwith commitment from the concerned Government agency.

(10) Please indicate you have obtained confirmation about the availability of local raw materials according to proposed requirements.

(11) Please file a report from your Bankers with regard to financial soundness of the sponsors of the project.

(12) Please furnish Proforma Invoices of imported machinery from 2 different sources.

(13) Please furnish 2 quotations for imported raw materials/ components.

SIGNATURE ——————————

NAME IN BLOCK LETTERS——————

STATUS ——————————

MAILING ADDRESS——————————

——————————

——————————

TELEPHONE NO.——————————

TELEX NO.——————————

DATE——————————

ANNEXURE-I

11. **Building :** Give details of the projects building as follows :

Description	Type construction*	Size	Covered Area in S/meters	Average rate of construction per S.M.	Total cost (Rs. 000) Cost already met	Cost to be met
Machinery Hall						
No. 1						
No. 2						
Boiler Room						
Finished goods Godowns						
Raw Material Godowns						
Workshop						
Offices						
Canteen						
Overhead Water Tank						
Labour Quarters						
Boundary Wall						
Other items (Specify)						
TOTAL						

*State whether the construction will be R.C.C./R.B.C. Steel trusses roofing etc.

ANNEXURE-II

LIST OF MACHINERY AND AUXILLARY EQUIPMENT

(a) IMPORTED : (Please attach invoices from two different sources)

Date of quotation..

Item No.	Description of machinery and equipment (including testing machinery and equipment)	Source of procurement, country, place manufacturing Firm or Suppliers address	Annual rated capacity per shift	No. of units	Unit price in foreign currency C&F	Total cost in foreign currency C&F.
1	2	3	4	5	6	7
1.						
2.						
3.						
4.						
5.						
6.						
7.						

Total ..

Equivalent Rs. ..

(b) DOMESTICALLY FABRICATED :

Date of Quotation..

Item No.	Description of machinery and equipment (including testing machinery and equipment)	Manufacturing firm or supplier address	Annual rated capacity per shift	No. of Units	Unit price (Rs.)	Total Cost (Rs.)
1	2	3	4	5	6	7
1.						
2.						
3.						
4.						
5.						
6.						

Total ..

Total (a+b) ..

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ANNEXURE-III

DETAILS OF PRINCIPAL RAW MATERIALS/COMPONENTS AND PACKAGING MATERIAL, ETC.

(I) Annual Requirements :

	Imported (Rs. C&F)	Indigenous (Rs.)	Total (Rs.)
(a) Raw materials			
(b) Components (if any required)			
(c) Packaging materials			
(d) Spare Parts			
Tota ..			

(II) Description of imported raw and packaging materials and components to be used : (Please attach quotations from two different sources)

Items	Quantity	Value (Rs.)
(a)		
(b)		
(c)		
(d)		
	Total	

(III) Landed cost of imported items (raw materials, etc.) : (Please specify details).

Sl. No.	Item	Quantity	C& F price	Custom duty	Sales tax	Sur-charges	Other expenses (to be specified)	Total factory landed cost
(a)								
(b)								
(c)								
(d)								

(IV) Description of indigenous raw and packaging materials and components to be used :

Items	Quantity	Value	Transportation cost	Total factory landed cost
(a)				
(b)				
(c)				
(d)				
(e)				
Total ..				

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ANNEXURE-IV

YEAR-WISE DELETION PROGRAMME SHOULD BE FURNISHED AS PER TABLE GIVEN BELOW:-

Year (after installation of plant)	Percentage Content			
	In Plant	Sub Contracting/ Vendors	Total	To be Imported
1	2	3	4	5

1.

2.

3.

4.

Note :—

(*i*) Please spell out 100% components/parts in the light of parts catalogue of the item proposed to be manufactured and indicate percentage of each component based on foreign ex-factory value of the completely knocked down (CKD) item proposed to be manufactured.

(*ii*) Year-wise local integration/indigenization programme in terms of components to be manufactured both in plant and under vending arrangement with percentage of each component in order to achieve maximum local content in the shortest period of time based on foreign *ex*-factory value of the C.K.D. item (to be manufactured), should be indicated.

(*iii*) List of the remaining components which will continue to be imported with percentage of each component after maximum local integration achieved in the shortest time should be attached.

(*iv*) Year-wise recurring import liability on account of components/parts, linking with the level of local content proposed to be attained each year should be indicated.

ANNEXURE-V.

PROJECT COMPLETION SCHEDULE

(MONTHS)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27

Acquisition of land------------X

Opening of L/C for imported machinery------------X

Development of land started------------X

Building construction started------------X

Placement of local Machinery order------------X

Arrival of imported and local machinery at Site------------X------------X

Installation started------------X

Building construction completed------------X

Installation of machinery completed------------X

Trial runs------------X

Unforeseen delays------------X

Commercial production started------------X

ANNEXURE-VI

PRODUCT MARKETING

1. Specify major consumers of products *i.e.* industrial units/service utility organisations/ general public/ others.

2. Mode of sale of products in local market *i.e.*, directly, through retailers/wholesellers/dealers/agents.

3. Demand and Supply position of the product indicating basis of calculation thereof.

4. Local existing prices of the products, proposed prices, imported prices of similar product FOB/C&F, export prices (FOB), international prices.

EXTRAORDINARY ISSUE

REGISTERED No. L-864

The Punjab Gazette

PUBLISHED BY AUTHORITY

LAHORE SATURDAY, NOVEMBER 1, 1986

GOVERNMENT OF THE PUNJAB
INDUSTRIES AND MINRAL DEVELOPMENT DEPARTMENT

NOTIFICATION

The 26th October, 1986

No. AEA-III-4-1/85--In exercise of the powers conferred upon him under Section 11 of the Punjab Industries (Control on Establishment and Enlargement) Act, 1963 and in supersession of the Punjab Government notification No. AEA-III-4-28/80(Pt-II) dated 23rd August 1984, the Governor of the Punjab is pleased to exempt all industries and areas from the provisions of Section 3 of the said Act except as notified hereunder:-

1. No industrial unit mentioned in Schedule 'A' of this Notification or industrial unit exceeding a total cost of thirty million rupees shall be set up within 10 miles of the International Border.

2. No industrial unit shall be set up in areas affected by flood flowing transversely in the strip of one mile of either side across the Grand Trunk Road from Shahdara Town to Muridke Town, without prior permission of the Provincial Government.

3. No industrial unit shall be set up within the territorial limits of Municipal Corporations, Municipal Commitees and Town Committees.

provided that the following industrial units/areas shall be exempted from the restrictions, namely:-

(i) Industrial Estates developed by Government or any other authority, agency, company or firm authorised in this behalf.

(ii) Industrial Zones and Areas to be earmarked by a Town Committee, Municipal Committee, Municipal Corporation, Development Authority, Industries and Mineral Development Department or any authority empowered in this behalf within or outside the Municipal Limits.

(iii) Industries mentioned in Schedule 'B' of this Notification, and as may from time to time be notified by the Government.

4. No industrial unit shall be set up outside the territorial limits of Municipal Corporation, Municipal Committees and Town Committees if-

(i) there is no effluent disposal arrangements to the satisfaction of the Government available at the site; and

(ii) the proposed industrial site is located at such an unreasonable distance as may cause nuisance to the nearby residential localities.

5. No industrial unit, with a total cost of more than Rs. 100 million including the cost of imported machinery exceeding Rs. 50 million, or one mentioned in Schedule 'C' or for which the machinery to be imported is banned by Federal Government or for which imported raw-material exceeds 60% of the total raw-material requirements provided the value of such imports exceeds 20% of the total investment in fixed assets, shall be set up any where in the Province of the Punjab without prior approval of the Government.

6. The Government reserves the right to refuse establishment/enlargement of any industrial undertaking which is in contravention of the public interest, ecology or any other law/rules for the time being in force.

7. The Government may relax any of the provisions of this notificatin in case of a particular unit or industry or class of units or industries.

By Order of the Governor of the Punjab

HAFEEZULLAH ISHAQ
SECRETARY TO GOVERNMENT OF THE PUNJAB,
INDUSTRIES & MINERAL DEVELOPMENT DEPARTMENT.

Dated Lahore, the
26th October, 1986.

SCHEDULE 'A'

LIST OF STRATEGIC INDUSTRIES

1. Basic Metal Industry.
Petro-Chemical Industries (Excluding Products Industries).
2. Large size Machine Tool Factories (Limit of Investment to be determined).
3.
4. Heavy Foundry Works.

5. Heavy Electric Complexes.

6. Heavy Mechanical Complexes.

7. Electronics Industries.

8. Major Vehicle Assembly Plants.

9. Ordnance Factories.

10. Explosives, Nitric acid and Sulphuric acid plants.

11. Vehicular Tyres and Tubes Industries.

12. Locomotives and Railway Carriage manufacturing plants.

13. Government Mint.

14. Security Printing Press involved in whole time printing of sensitive documents/currency notes.

15. Manufacture of optical glass and optics.

16. Nickle cadmium battery industries.

17. Nuclear/Separation Plants.

18. Large Power Generating Stations.

19. Large Oil Storage Units.

20. Oil refineries.

SCHEDULE 'B'

LIST OF SERVICE INDUSTRIES

1. Furniture (excluding Band Saw) and also excluding storing of Timber/Wood.
2. Tailoring/Ready made garments.
3. Laundry/Dry Cleaning.
4. Bakery (excluding confectionery).
5. Syrups (excluding squashes).
6. Cosmetics (excluding all sorts of soap).
7. Service workshops.
8. Cereal Products like vermicilles.
9. Candles making.
10. Packaging.
11. Hand loom carpet weaving.
12. Hotels.
13. Bidi manufacturing.
14. Hand made shoes/shoe repairing workshop.
15. Spooling and thread balls.
16. Small Hosiery units equipped with hand operated machines.
17. Atta chakkies.
18. Installation of Chaff cutters.
19. Cotton Grading.
20. Other small undertakings which do not fall under the First Schedule of Punjab Local Government Act, 1979.

*"Other small industrial undertakings" would mean an industrial undertaking in which the total fixed assets (including the cost of land) do not exceed Rs. 0.2 million.

THE FIRST SCHEDULE OF PUNJAB LOCAL GOVERNMENT ACT, 1979

DANGEROUS AND OFFENSIVE ARTICLES AND TRADE

(See Section 73)

1. The business of storing or selling timber, firewood, coal, charcoal and coke, hay, straw, grass and bamboo, jute, shrub, hemp, munj and their products, matches., explosives, petrol, oil and lubricants, paper, ghee and other dangerously inflammable materials.

2. Sugar refining and sugar refineries.

3. Preparation of aerated water.

4 Operating or running bake houses.

5. Electroplating.

6. Welding

7. Storing, packing, pressing, cleaning, preparing or manufacturing by any process whatever blasting powder, ammunition fire-works, gun powder, sulpher, mercury, gases, gun cotton, saltpeter, nitrocompounds, nitromixtures, phosphorous or dynamite.

8. Cleaning, dyeing, preparing or manufacturing by any process whatever cloth or yarn in indigo and other colours.

9. Storing, processing, cleaning, crushing, melting, preparing or manufacturing by any process whatever or dealing in bones, tallow, offal, fatblood, soap, raw hides and skins, candles, manure, catgut and oil cloth.

10. Manufaturing oils.

11. Washing or drying wool or hair.

12. Making or manufacturing bricks, surkhi, tiles or earthenware pots, clay pipes or other earthenware by any process of baking of burning.

13. Burning or grinding of limestone or metalstone or storing of lime for sale.

14. Cleaning or grinding of grain or chillies by any kind or class of machinery.

15. Keeping animals likely to create nuisances.

16. Fellmongering.

17. Casting of heavy metal such as iron, lead, copper and brass.

18. Dealing in chemicals, liquid or otherwise.

19. Wholesale storing, cleaning, pounding and selling of tobacco except the storing of tobacco required for the preparation of biddis, cigars or cigarettes.

20. Operating or running tin factories.

21. Manufacture of safes, trunks and boxes.

22. marble cutting and polishing.

23. Glass levelling and polishing.

24. Manufacture of cement and hume pipes.

25. Storing, packing, pressing, cleaning, preparing or manufacturing by any process whatever, rags, pitch, tar, turpentine demmar, coconut, flax, fibre, hemp, rosin or spirit.

26. Tanning, pressing or packing, hide or skins whatever raw or dry.

27. Trade or operation of a ferrier.

28. Working of powerlooms, rice husking plants, steam whistle, steam trumpet or electric or hand operated sirens beyond hours fixed for their operation by a local council.

29. Discharging fire-arms and letting off fire-works, fire baloons or detonators or any game dangerous to life, dwelling and other property.

30. Any other article or trade declared by Government or the urban local council to be dangerous to life-health, or property or likely to cause nuisance either from its nature or by reason of the manner in which or the conditions under which, the same may be processed or carried on.

SCHEDULE 'C'

LIST OF INDUSTRIES WHICH CANNOT BE SET UP WITHOUT PRIOR APPROVAL OF THE GOVERNMENT

1. Arms and Ammunitions.
2. Security Printing, Currency and Mints.
3. High explosives.
4. Defence oriented electronics.
5. Radio Active Substances.
6. Alcohol & Foreign Brand/Concentrate based synthetic Beverages.
7. Basic Steel.
8. Basic Metals and Alloys.
9. Heavy Mechanical & Electrical Plants.
10. Basic chemicals.
11. Petro-chemicals.
12. Public Utilities.
13. Ships, Aircrafts & Railway locomotives.
14. T.V. Radio, Tape recorders, V.C.R. Cassettes & Tapes.
15. Air Conditioner, Refrigerators & Deep Freezers.
16. Motor Cycles & Scooters & Three Wheelers
17. Automobiles Tractors & Farm Machinery.
18. Fertilizers.
19. Cement.
20. Drugs & Pharmaceuticals.
21. Vegetable Ghee.
22. Sugar.
23. Cotton Spinning & Ginning.
24. Flour Milling.
25. Projects with Foreign Private Investment.
26. Projects based on second hand machinery except under N.R.I. Scheme.

EXTRAORDINARY ISSUE REGISTERED NO.L.7532

THE PUNJAB GAZETTE
PUBLISHED BY AUTHORITY

LAHORE SATURDAY April 29, 1989

GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

Dated Lahore, the 29th April, 1989.

NOTIFICATION

NO.AEA-III-4-1/85. In exercise of the powers conferred upon him under Section 11 read with Section 3 of the Punjab Industries (Control on Establishment & Enlargement) Act, 1963 (IV of 1963), the Governor of the Punjab is pleased to order that the following further amendments shall be made in the Government of the Punjab, Indistries & Mineral Development Department's notification No.AEA-III-4-1/85 dated 26th October, 1986 with immediate effect; namely:-

AMENDMENTS

1. For para 5, the following shall be substituted:-
"5 No industrial Unit, with a total cost of more than Rs.700 million, or a unit requiring cash foreign exchange of more than Rs.60 million ofor the import of plants and machinery, or a unit mentioned in Schedule 'C' or a unit based on imported raw material the products of which are not on the import list or the duty on such products is more than 80% shall be set-up any where in the Province of the Punjab without prior approval of the Government."

2. For Schedule 'C' the following shall be substituted:-

SCHEDULE 'C'

"LIST OF INDUSTRIES WHICH CANNOT BE SET-UP WITHOUT PRIOR APPROVAL OF THE GOVERNMENT

1. Arms and Ammunitions.
2. Security Printing, Currency and Mints.
3. High Explosives.
4. Radio Active Substances.
5. Alcohol, Alcoholic Beverage and Beverages based on imported concentrates.
6. T.V. Radio, Tape-Recorders, VCR Cassettes and Tapes.
7. Air-conditioners, Refrigerators and Deep Freezers.
8. Motor-Cycles and Scooters & Three Wheelers.
9. Auto-mobiles, Tractors and Farm Machinery.
10. Drugs and Pharmaceuticals.
11. Vegetable Ghee/Cooking Oil based on imported seed oil.
12. Petroleum, Refining, Reclamation and Blending Plants including Grease Manufacturing and White-Oil Plants.
13. Cotton Ginning.
14. Flour Mills."

ALI KAZIM
SECRETARY OT GOVERNMENT
OF THE PUNJAB.
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT.

EXTRAORDINARY ISSUE REGISTERED NO.L-7532

THE PUNJAB GAZETTE
PUBLICHED BY AUTHORITY

LAHORE THURSDAY, NOVEMBER 3, 1988

GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

NOTIFICATION

The 3rd November, 1988

No.AEA-III-4-1/85-In exercise of the powers conferred upon him under section 11 read with section 3 of the Punjab Industries (Control on Establishment & Enlargment) Act, 1963 (IV of 1963), the Governor of the Punjab is pleased to order that the following amendments shall be made in the Government of the Punjab, Industries & Mineral Development Department's Notification No.AEA-III-4-1/85 dated 26th October, 1986, with immediate effect; namely:-

AMENDMENTS

After parp 2 the following new para 2(a) shall be added;

"2(a) No sugar mill shall be set up the the divisions Multan, Bahawalpur and D.G. Khan Division and the District of Okara."

2. In schedule B:-

(i) for the existing item NO.10, the following shall be substituted:-
"10 Printing and Packaging;"

(ii) for item No.16 the following shall be substitued:-
"16 Small Hosiery Units employing not more than 10 workers";and

3. For the Figure "0,2" the figure "0.5" shall be substituted.

ALI KAZIM
SECRETARY TO GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT DEPARTMENT.

Dated Lahore, the
3rd November, 1988

EXTRAORDINARY ISSUE

REGISTERED NO.L.7532

THE PUNJAB GAZETTE

PUBLISHED BY AUTHORITY

LAHORE WEDNESDAY, JUNE 21, 1989

GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

NOTIFICATION

The 21st June, 1989

No.AEA-III-4-1/85___In exercise of the powers conferred upon him under Section II read with Section 3 of the Punjab Industries (Control on Establishment & Enlargement) Act, 1963(IV of 1963), the Governor of the Punjab is pleased to order, with immediate effect, the following amendment in the Government of Punjab, Industries and Mineral Development Department's Notification No. AEA-III-4-1/85, dated the 25th October, 1986, as amended by Government of the Punjab, Industries & Mineral Development Department's Notification of even number, dated the 29th April, 1989, namely:-

AMENDMENT

In Schedule 'C' after serial No.14
the following shall be added :-
" 15 Sugar Industry".

BY ORDER OF THE GOVERNOR OF THE PUNJAB

TANVIR AHMAD
SECRETARY TO GOVERNMENT OF THE PUNJAB
Industries and Mineral Development Department

REGISTERED

No.AEA-III-4-1/88
GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

Dated Lahore, the 24th June, 1989.

1) The Managing Director,
National Development Finance Corporation,
NSC Building, 4th Floor,
Maulvi Tamizudding Khan Road,
Karachi.

2. The Managing Director,
Bankers Equity Limited,
1st Floor, State Life Building No.3,
Dr.Ziauddin Ahmad Road,
Karachi.

3. The Managing Director,
Industrial Development Bank of Pakistan,
State Life Building No.2,
Wallace Road, Off: I.I.Chundrigar Road,
Karachi-2.

4. The Managing Director,
Pakistan Industrial Credit and Investment Corporation,
State Life Building No.1,
I.I.Chundrigar Road,
Karachi.

5. The Managing Director,
Investment Corporation of Pakistan,
5th Floor, National Bank of Pakistan Build.
I.I.Chundrigar Road,
Karachi.

6. The Chairman,
Pakistan Banking Council,
8-Habib Bank Plaza,
I.I.Chundrigar Road,
Karachi.

7. The Managing Director,
Regional Development Finance Corporation,
Ghousia Plaza Blue Area,
Post Box: 1893,
Islamabad.

Subject: POLICY REGARDING ESTABLISHMENT OF SUGAR MILLS IN THE PUNJAB.

Dear Sir,

I am directed to say that the existing policy with regard to setting up of Sugar Mills in the Punjab has been revised and necessary amendment in the Punjab Gazette Notification dated 26th October, 1986 has been issued vide Punjab Gazette Notification dated 21st June, 1989 (copy enclosed).

2. According to the revised policy, no Sugar Mill shall be set up in the Punjab without prior approval and clearance by the Provincial Government in respect of sponsor and location. Any advice/ clearance issued earlier by Punjab Government in respect of setting-up of sugar mills will also required a fresh clearance and approval by the Punjab Government of the sponsor and location.

3. In view of the above, I am further directed to say that no case of sugar mill to be established in Punjab may be processed by your Organization without prior approval of sponsors and location by the Punjab Government. You are also requested to direct the sponsors of all pending applications and applications already approved by your Organization that any advice/clearance issued earlier by the Punjab Government in respect of setting up a sugar mill will require a fresh clearance and approval of the sponsors and location by the Punjab Government.

4. You are requested to kindly further note that approval of any sugar mill without clearance/approval of sponsors-ship and location by the Punjab Government in respect of already cleared, pending and future applications for sugar mills will be in violation of Punjab Government's policy on sugar mill. It may also be noted that the Divisions of D.G.Khan, Multan and Bahawalpur and District of Okara, as notified by Punjab Government Gazette Notification dated 3.11.1988 will continue to be negative areas for establishment of new sugar mills.

Yours faithfully,

Sd/-
Assistant Economic Adviser-III

A copy is forwarded for information and necessary action to:-

1. Secretary, Ministry of Industries, Govt.of Pakistan, Islamabad.
2. Secretary,M/o.Finance,Government of Pakistan, Islamabad.
3. The Director,Industries & Mineral Development Deptt.,Lahore.
4. Managing Director, Punjab Small Industries Corp.,Lahore.
5. Managing Director,Punjab Industrial Development Board,Lahore.

Assistant Economic Adviser-III

EXTRAORDINARY ISSUE REGISTERED No. L-7532

The Punjab Gazette

PUBLISHED BY AUTHORITY

LAHORE, MONDAY, MARCH, 5, 1990.

GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

Dated Lahore, the 4th March, 1990.

N_O_T_I_F_I_C_A_T_I_O_N.

No. ABA-III-4-1/85. In exercise of the powers conferred upon him under section 11 read with section 3 of the Punjab Industries (Control on Establishment & Enlargement) Act, 1963 (IV of 1963), the Governor of the Punjab is pleased to order that in the Government of the Punjab, Industries & Mineral Development Department's Notification No. ABA-III-4-1/85, dated the 26th October, 1986, the following further amendments shall be made with immediate effect; namely:-

A_M_E_N_D_M_E_N_T.

In the Government of the Punjab, Industries & Mineral Development Department's Notification No. ABA-III-4-1/85, dated the 26th October, 1986, as amended by Notification of even number dated 3rd November, 1988, for the existing para 2(a) the following shall be substituted :-

"2(a)- No sugar mill shall be set-up in the Divisions of Multan, Bahawalpur (excluding Tehsil Rahimyar Khan), D.G.Khan and the District of Okara."

[illegible]
SECRETARY TO GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT DEPARTMENT

Price Rs. 1.30

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EXTRAORDINARY ISSUE

REGISTERED No. L-7532

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LAHORE, WEDNESDAY, MARCH,7,1990.

GOVERNMENT OF THE PUNJAB
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT.

Dated Lahore, the 7th March, 1990

NOTIFICATION

No.AEA-III-4-1/85: In exercise of the powers conferred upon him under section 11 read with section 5 of the Punjab Industries (Control on Establishm. & Enlargement) Act, 1963 (IV of 1963), the Governor of the Punjab is pleased to order that in the Government of the Punjab, Industries & Mineral Developm Department's Notification No.AEA-III-4-1/85, dated 26th October, 1986 as amended by Notifications of even number dated 29th April, 1989, and 21st June, 1989, the following further amendments shall be made with immediate effect: namely :-

AMENDMENDS

For para 5 the following shall be substituted :-

"5- No industrial unit, with a total cost of more than Rs. 1000 million, or a unit mentioned in Schedule 'C', or a unit having foreign equity of 50% or more, shall be set up any where in the Province of Punjab without prior approval of the Government."

For Schedule "C", the following shall be substituted :-

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SCHEDULE 'C'

LIST OF INDUSTRIES WHICH CANNOT BE SET-UP WITHOUT PRIOR APPROVAL OF THE GOVERNMENT.

1. Arms and Ammunition.

2. Security Printing, Currency and Mints.

3. High Explosives.

4. Radio Active Substances.

5. Alcoholic, Beverage Industry based on imported concentrates.

6. Automobiles, Tractors and Farm Machinery.

7. Petroleum Blending Plants.

8. Cotton Ginning.

9. Flour Mills.

10. Sugar Industry.

(TANWIR AHMAD)
SECRETARY TO GOVERNMENT OF THE PUNJ
INDUSTRIES & MINERAL DEVELOPMENT DEPT

No.AD(EC)II-I/78(PF.I)
GOVERNMENT OF SIND
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT.

KARACHI, DATED THE 20TH APRIL,88.

CONSOLIDATED NOTIFICATION ON LOCATION OF
INDUSTRY IN KARACHI.

In partial modification of this Department's notification No.AD(EC)II-I/78(PF.I) dated 7th March,1980 in Karachi, Gharo and Dhabeji notified by the Government of Sind from time to time are listed below:-

1. Coasters and Barges.
2. Ship building and repairs
3. Ship breaking
4. Sea Salt.
5. Canning and preservation of sea food.
6. Boiler making.
7. Aro and induction furances rolling and re-rolling mills.
8. Pre-fabricated houses, wooden doors and windows.
9. Plywood doors.
10. Petro-chemicals.
11. Industrial gases.
12. Ice and Cold Storage.
13. Beverages.
14. Bakeries.
15. Poultry farming and feed.
16. Cinema houses and studies.
17. Hotels.
18. Packaging.
19. Printing Press.
20. Industries based on saulghter house waste.
21. Dry Cleaning.
22. Gas appliances-like cookers, stoves, burners and geysers.
23. Bus-body-building.
24. Hand-knotted carpets.
25. Furniture.
26. Industries based on industrial waste.
27. Building components.
28. Fish meal.
29. Cottage industry in which total investment does not exceed Rs.50,000/- and is not primarily import based.
30. Readymade Garment industry (Textile) with total investment not exceeding Rs.7 million(I.I.S 1983-88 No.2.5)

31. Leather Garments industry with total investment not exceeding Rs.7.00 million (IIS.1983-88 No.3.5)

32. Textile Hoisery and other knitted goods (Knitting only) with total investment not exceeding Rs.7.00 million (IIS.1983-88 No.2.5)

33. Cassette manufacturing (I.I.S. 1983-88 No.13.3.2)

34. Computer manufacturing and assembling.

35. Pharmaceuticals, where required infrastructure, such as, land and other utilities are already available with the sponsors. The sponsors would require prior certification from the Department.

36. Miscellaneous fabricated metal products N.E.S. including building hardwares, crown croks, expended metal brass buttons, rigid biocapsules, shoe cyclets, steel beltaca metal venetia bliuds, zip fastenerss, collapsible tubes, industrial chains, watches, cloks, and part o including mechanical toys, fire fighting equi light engineering workshops, hurricane lanterns, lamps, stoves, blow lamps, etc. and miscellaneous other fabricated metal products not elsewhere specified (IIS.1983-88 No.10.13).

2. The industries falling in the following three categories may also be allowed to be set up in Karachi, Gharo and Dhabeji:-

i) Expansion of an industrial unit within its existing premises where the amenities like water and power are provided.

ii) Industries financed through non-repatriable investment in which no potable water is required in the manufacturing process.

iii) Ind ries set up in collaboration with foreign inv tors in which no potable water is used in processing.

Sd/-
(M.B. ABBASI)
SECRETARY

C.c. to:-

The Secretary, Ministry of Industries, Government of Pakistan, Islamabad.

GOVERNMENT OF SIND
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT.

Karachi, the 1st November, 1988.

NOTIFICATION

No.PA(ECO-13-7-87). The Government of Sind is pleased to declear the following areas as negative areas in the Province of Sind, in which Sugar Mills cannot be set up:-

S.No.	NEGATIVE AREA
1.	District Larkana
2.	District Javobabad
3.	District Shikarpur
4.	District Khairpur
5.	Kistrict Sukkur except Taluka Ghotki.
6.	District Nawabshah except Taluka Naushero Feroz and Sakrand.
7.	District Dadu except Taluka Khairpur Nawabshah.
8.	District Sanghar.
9.	District Tharparkar except Taluka Kot Ghulam Mohammad.
10.	District Hyderabad except Taluka Tando Allah Yar.
11.	District Thatta except Taluka Shah Bundar and Ghorabari.
12.	District Badin except Talukas Golarchi and Matli.
13.	Karachi Division.

M.B.ABBASI
Secretary
to Government of Sind

Copy forwarded to the Controller-Cum-Superintendent Government of Sind Press, Karachi with the request that the above Notification may please be published in next issue of the Government of Sind Gazette, and 50 copies of the same be to this Deptt.

(AHMED UD DIN HANJRAH)
ECONOMIST
FOR SECRETARY, GOVERNMENT OF SIND

c.c.to:-

Secretary, M/o. Industries,
Government of Pakistan, Islamabad.

GOVERNMENT OF SIND
INDUSTRIES & MINERAL DEVELOPMENT
DEPARTMENT

Karachi, 23rd February, 1989.

NOTIFICATION

PA(ECO)13-7-87. Government of Sind are pleased to direct that Industries & Mineral Development Department Notification No.PA(ECO)-13-7/87 dated the 1st November, 1988 containing the list of negative areas in Sind, where Sugar Mills cannot be set up, shall stand withdrawn with immediate effect.

M.B. ABBASI
SECRETARY TO GOVERNMENT OF SIND.

Copy forwarded to the Controller-cum-Superintendent, Government Printing & Stationery Press, Sind, Karachi with the request that the above Notification may please be published in next issue of the Government of Sind Gazette, and 50 copies of the same be supplied to this Department.

(AHMEDUDDIN HANJRAH)
Economist
for Secretary to Government of Sind.

Copy forwarded for information to:-

1. The Cabinet Secretary, Cabinet Division, Government of Pakistan, Islamabad.
2. Secretary, Ministry of Finance, Government of Pakistan, Islamabad.
3. Secretary, Planning & Development Division, Government of Pakistan, Islamabad.
4. Secretary, Ministry of Industries, Government of Pakistan, Islamabad.
5. Governor, State Bank of Pakistan, Karachi.
6. All Administrative Secretaries to Government of Sind, (including Member, Board of Revenue).

GOVERNMENT OF NWFP
INDUSTRIES COMMERCE MINERAL DEVELOPMENT
LABOUR & TRANSPORT DEPARTMENT, PESHAWAR.

DATED; 22.8.1989.

NOTIFICATION

NO.SOII(IND)10-342/84.III. In pursuance of the Provisions contained in section 3 of the West Pakistan Industries (Control on Establishment and Enlargement) Ordinance, 1963, the Government of the North-West Frontier Province is pleased to notify for general information that there is no negative list of location for the establishment of industries in the North-West Frontier Province and the investors are free to set up their industrial units subject to the aforesaid section 3 and the existing industrial policy, except that the flour mills, cold storages, ICE Factories and poultry farms shall not be allowed to be set up in the Industrial Estate, Peshawar, and the flour mills shall also be not allowed to be set up in any Government sponsored industrial estate.

Secretary to Government North-
West Frontier Province, Industries, Commerce
Mineral Development, Laboru & Transport
Department Peshawar.

Copy forwarded to:-

1. The Chief Research Officer, Ministry of Industries Government of Pakistan, Islamabad with reference to his letter No.6(29)/88-S.3, dated 5.1.1989.

TO BE PUBLISHED IN THE NEXT
ISSUE OF BALUCHISTAN GAZETTE

GOVERNMENT OF BALUCHISTAN
INDUSTRIES, COMMERCE AND MINERAL RESOURCES
DEPARTMENT.

Dated Quetta, the 28th Jun ,1989.

NOTIFICATION

No.SOI(IND)2-11/81.____________/ In pursuance of the decision taken by the Ministry of Industries, Government of Pakistan, and conveyed to this Department through letter No.4(4)/88-P.I dated 30th June,1988, the Government of Baluchistan is pleased to notify that the following areas where setting up Industries shall not be allowed without prior approval of the Provincial Government, are included in the negative list of areas:-

1. The whole Hub Tehsil except Hub Industrial Trading Estate at Hub.

2. Municipal limits of Quetta Metropolitan Corporation except (i) Small Industries Estate Sirki Road, Quetta and (ii) Quetta Industrial Trading Sariab Road, Quetta.

3. Sub-Tehsil Vinder District Lasbella.

DR.D.K.RIAZ BALOCH
SECRETARY INDUSTRIES

To

The Manager,
Government Printing Press,
Baluchistan,Quetta.

NO.SOI(IND)2-11/81.4120-24 dated Quetta, the 28th June,1989.

Copy is forwarded to:-

1. The Director Industries Baluchistan, Quetta.
2. The Director Small Industries Baluchistan,Quetta.
3. The Managing Director, Lasbela Industrial Estates Development Authority,Hub Industrial Trading Estate,Hub.
4. The Chief Research Officer,Ministry of Industries, Government of Pakistan, Islamabad.

(ABDUL RAHIM KASI)
Under Secretary - I

COPY.

DECISION OF THE BOI TAKEN AT ITS MEETING HELD ON 9TH AUGUST, 1989.

Item No. 2.

ROLE OF COMMITTEE ON INVESTMENT.

The Board of Investment took note of the Summary submitted by its Secretariat and decided as follows:

DECISION

The Ministry of Industries will issue instructions making it clear that:-

1. Only those industrial projects require Government sanction which:-

   i) cost more than Rs. 1 billion ; or

   ii) are covered by the revised specified list; or

   iii) have foreign equity of 50% or more.

   Government sanction in such cases will be given by the Board of Investment.

P. T. O.

from overleaf:-

2. All other projects do not require any Government approval;

3. In all cases where industrial sanction is required, applications would be addressed to the Investment Promotion Bureau.

The Committee on Investment, will follow up the progress of the projects sanctioned by the Board and will ensure that they get the service/facilities. COI will also have the responsibility of promoting labour intensive rural industries.

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