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Gallup Pakistan

GALLUP PAKISTAN POLL FINDINGS ON

PAKISTAN HAS 2 MILLION SMALL BUSINESSES.

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PAKISTAN HAS 2 MILLION SMALL BUSINESSES.

Islamabad, February 9, 2001

According to a study recently completed by Gallup Pakistan with the cooperation of World Bank and the Government of Pakistan there are approximately 2 million small businesses in the country. These include approximately 400,000 manufacturing units, 600,000 services units including commercial services such as auto workshops, barbers, laundries etc. and social services such as schools and hospitals. The remaining one million comprise retail shops including grocery stores. The small businesses represent more than 95% of businesses in the country and employ approximately three fourth of the non-agricultural labour force. The small businesses are responsible for generating nearly one third of the total income from manufacturing and services.

As a part of this study Gallup carried out a survey among 500 statistically selected small businesses spread all over the four provinces of the country. The survey focused on the problems of small businesses. It looked into their financial problems, problems with Government regulations, inadequacies of infrastructure, problems of finding skilled labour force as well as problems in marketing their goods and services. The findings show that very few small businesses have ever received a bank loan. They generally start the business with personal savings and loan from family and friends. Their working capital and investment needs are met from their profit or from purchases or credit and advance from customers. Only 4% of the small businesses interviewed during this survey had ever contacted the Small Business Finance Corporation.

The small businesses interviewed in the survey considered taxes, corruption and high price of utilities especially electricity as three of their major grievances against the government. The Gallup study has identified and summarized sixty different Government laws which affect small businesses. Many of these laws, says the study, need to be reformed or repealed. The Gallup survey shows that 40% of small

businesses employ apprentices or shagirds and train them. Many of these shagirds acquire their know how from their employers and subsequently start their own small businesses. The findings of the Gallup survey were discussed this week at roundtable discussions at IBA, Karachi University and LUMS at Lahore. They will be discussed at the Allama Iqbal Open University next week. Gallup is organizing these roundtable discussions to seek the views of policymakers, practitioners and academics on what may be the solutions to the problems of small business in Pakistan.

The complete text of this press note can also be seen on the internet at:
www.gallup.com.pk.