

ABSTRACT

This study investigates the employment opportunities through expansion in small scale industry in Pakistan on the basis of their elasticities. It also investigates the disadvantages (problems) faced by this industry in Pakistan. Using data on manufacturing industries from 1975-76 to 2000-01, the determinants of employment are explored, separately by dividing each firm into two groups (i.e.) Micro size group (employing 1 to 9 persons) and Medium size group (employing 10 to 19 persons). The results indicate that average number of persons engaged is negatively related to average wage rate. While level of employment is positively related with value of product and capital labor ratio. The results show that employment elasticity with respect to output is greater than other two elasticities (capital labor ratio and average wage rate). With the help of Panel Data Analysis and time series analysis, it has been drawn that textile, food, transport, fabricated metal products, electrical and non electrical, drugs and pharmaceuticals, ginning and bailing manufacturing industries etc are the leading industries in employment generation and value addition.