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## **From *Mistri* to Tycoons: Historical Advancement of Surgical Instruments and Sports Goods in Pakistan**

### **Abstract**

*This study identifies a unique insight into the entrepreneurial evolution of the city of Sialkot (Pakistan). The city affords an exceptional case study to examine the varying patterns of the development of industrial clusters, comprising of the stock of skills inherited by the local artisan communities (mistri), and the severe pressures imposed upon by the 1947 dislocations concerning the loss of commercial and capitalist Hindu and Sikh populations. How did the 'mistri' classes of Sialkot fill various niches left by the departure of non-Muslim traders? This study explains the demographic change in the aftermath of Partition that significantly impacted the city's economy and brought new niches for economically-backward groups in different sectors of the economy, which is not fully recognized in the existing scholarship on the entrepreneurial history. It not only expounds the processes in which small and medium enterprises could develop and relate to the formal sector but also facilitate upward mobility of the subaltern groups. The emphasis is on the transition of entrepreneurial history of the 'mistri'-the pioneers of the surgical instruments and sports goods industry of Sialkot- and their upward socio-economic mobility in the aftermath of the Partition.*

### **Introduction**

The role of industrial clusters in rapid industrial development has attracted much attention in the last two decades from development economists and policymakers, because they create ample employment opportunities, generate capital stocks and thereby contribute to economic growth and poverty reduction.<sup>1</sup> By exploring the historical processes in which the 'informal' sector have related to the 'formal' sector over time, Haynes treats artisan manufacture as being part of capitalist development and more critical to the current contours of the regional and global economy.<sup>2</sup> There is a large body of literature that offers relevant insights.<sup>3</sup> As for the empirical studies specifically relating to the Punjab cities and towns, Sharma and Hazlehurst, for example, show the influence of caste and family background on entrepreneurial success.<sup>4</sup> Singh's account of Ludhiana's bicycle cluster and Menning's work of Surat's Silk industry produced similar findings.<sup>5</sup> More recently, some authors have stressed the importance of taking stock of region-specific factors.<sup>6</sup> Others have laid stress on the role of the state that makes entrepreneurship productive, unproductive or destructive.<sup>7</sup>

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Given this variety, to what extent is this scholarship a significant factor in the case of Sialkot? How have the city's clusters developed? What are the characteristics of its development? This exploration argues the historical growth of Sialkot's industrial clusters is markedly different from many other towns' entrepreneurial success. Sialkot's well-defined export-oriented clusters producing surgical instruments and sports goods had thrived during the colonial rule. They not only fulfilled the bulk of the subcontinent's requirements but were also exported worldwide. How did the city develop such competencies? This study seeks to answer this question by exploring the entrepreneurial history of the local artisans (*mistri*). Before 1947, the Hindu and Sikh commercial and trading classes of Sialkot monopolized the industry and commercial activities of the city, although the Muslims largely formed its workforce. Some have showed the city suffered widespread demographic shifts and economic hardship at the time of Partition in 1947, as it not only lost its capitalist classes, but also traditional markets as well as sources of raw materials.<sup>8</sup> It also faced a powerful regional competitor in Jalandhar (India) where Hindu refugees from Sialkot sought to establish a rival sports goods and surgical instruments industry.<sup>9</sup>

The article argues that Sialkot could be seen as a regional exemplar on how to manage demographic change and industrial recession in the wake of capital flight and migration of commercial classes at Partition. Although this research is based on source material dealing directly with Sialkot and informed by a relevant theoretical framework, the insights apply to other cities and towns in the region and beyond. Considering how the demographic and economic depletion handicapped the commercial activities in Sialkot, the article provides the key to understanding how the city recovered from its Partition-related economic depression to become a thriving industrial town of the region. It shows how members of the local skilled population responded to the changed circumstances and seized new opportunities to start new ventures following the departure of Hindu traders. It examines the extent to which the Muslim artisans' success depended on the pre-existing skills and government assistance.

### **Sialkot—An Entrepreneurial Institution**

Sialkot suffered serious hardship from the migration of Hindu trading classes, capital flight, loss of financial expertise in the banking and business sectors, and loss of access to traditional markets and raw materials. Hindu and Sikh traders had started shifting assets and capital out of Sialkot weeks before the formal Partition happened. It took decades to overcome the 1947 depression as its industrial production and export declined by 90 per cent.<sup>10</sup> Out of fifty-three registered factories working in 1946, only twelve factories remained in partial operation after Partition. The year before Partition, Rs 149 *lakhs* worth of capital was invested in Sialkot's factories, but this had decreased to Rs 14 *lakhs* in 1947 (Abdul 1953: 61-67). The continuing closure of industries rendered over 90 per cent of the laboring classes without a job. More than five months after Partition over 35,000 former workers were still 'sitting idle'.<sup>11</sup>

Sialkot's geographical handicap of being on the border, particularly with disputed Jammu and Kashmir, provided opportunities for local communities, as the city failed to attract refugee workers and entrepreneurs in the wake of Partition.

Refugees in Sialkot chiefly came from the Jammu region. The ‘Kashmiri refugees’ migration experience and pattern of the settlement were sharply different from their East Punjab counterparts. Despite the central government’s sympathy for the Kashmiri refugees, Pakistan’s claim over the disputed territory of Kashmir, not only excluded them from the permanent settlement schemes for a long time but also omitted them from inclusion in the 1951 Census.<sup>12</sup>

How did Sialkot’s labour respond to this hardship? Source material shows, despite demographic doldrums and economic depletion, that the city’s local entrepreneurial base and pre-existing skills were important for the post-1947 recovery. Its existing artisans and investors not only utilised the pre-existing global marketing network to their advantage but also saw an opportunity to take over as owners in the entrepreneurial vacuum, which was created with the departure of the Hindu traders. Though they were initially slow to make any headway, with the assistance of government, they began to gain ascendancy and contributed greatly to Sialkot’s economic dynamism. Before turning to this theme, it is important to take stock of the local skill, which was central to the city’s post-1947 success.

This section proposes an explanation of the historical success of industrial clusters in Sialkot through exploring the artisanal origins of Sialkot’s contemporary industrialisation. Some cluster studies have attempted to explain the processes that lead to certain industrial clusters growing faster than others. Nam, Sonobe and Otsuka, for example, find the advent of modern industrial clusters from traditional villages where time-honoured products, such as silk and agricultural tools, have long been produced.<sup>13</sup> Sialkot lends support to this view. Famous for its local initiatives, Sialkot had long ago developed industrial clusters formed by small workshops. It is interesting to ask why clusters in Sialkot managed to grow successfully. Historically, the city was on the invasion route from Central Asia. As a result, it developed specialised expertise in manufacturing metal-based weapons over the centuries. The city’s small-scale iron manufacturing was intertwined from its inception with the expertise of local craftspeople, namely the Lohars and Tarkhans, along with the Sikh Ramgarhias, who possessed similar metalworking and carpentry skills. Locally known as *mistri*, the groups had long been famous as technical innovators and had made their mark on Sialkot’s trade scene through the centuries. They had a long-established reputation for making agricultural implements, household items and ironworks.

Research on the artisanal industry shows artisanal production was a phenomenon associated with smaller cities and towns.<sup>14</sup> A large chunk of the ironworks was situated within Sialkot and its satellite localities of Gujranwala, Wazirabad, Nizamabad and Kotli Loharan. In these artisan localities, there was a high level of geographical mobility (emigration) and trade activities. The case study of these localities provides a good opportunity to trace the development process of industrial clusters and to identify the factors affecting their transformation from traditional to modern sectors. A large cutlery industry cluster had developed in Nizamabad, where around two hundred families of Lohars plied their craft in about twenty-five workshops, and products made here were sent all over India. In 1881, John Lockwood Kipling, then the Principal of Lahore’s Mayo School of Art, described the Lohars of the locality as ‘the better class of artisans’. Similarly, the

nearby village of Kotli Loharan, about three miles northwest of the Sialkot cantonments, was famous beyond India for the ironwork of its artisans. These skilled artisans introduced innovations and supplied the artisanal goods all over the country and beyond. According to Kipling, 'The smiths or koftgars of Kotli-Loharan, near Sialkot, produce[d] a large quantity of caskets, shields, salvers, and other articles of ornament'. The articles manufactured in the village were found all over India and even in some parts of Europe. Kipling noted that the hawkers of Kotli Loharan were 'frequently seen in the streets of Calcutta and Bombay; and the writer is acquainted with one who has included Italy, France, and England in his travels'. The articles made of 'Kotli' found their way in 'considerable quantities to Europe and America'.<sup>15</sup>

Sialkot's early role as an emporium for artisanal manufactures left a strong imprint on the local culture of enterprise. It continued to influence the city's commercial life and resulted in its renewal as an industrial centre. Many of its 'unique' characteristics were in Chandavarkar's term 'incidental' rather than 'generic'.<sup>16</sup> Sialkot was immensely affected by the colonial impact in Punjab, as the city's strategic location led to the construction of one of the largest cantonments, the opening of the railways and the settlement of 'civil lines' for Europeans. While migrants were drawn to the city to construct and service the European population, this period was especially important in increasing the mobility, technical skills and capital of the local artisan communities through the development of the city. By the turn of the twentieth century, both Lohars and Tarkhans employed in Sialkot and Gujranwala combined numbered over 13,000.<sup>17</sup>

Given the *mistri*' traditional specialisation and initiatives in the ironworks and carpentry skills, it is not surprising that they were among the early pioneers of the surgical instruments and sports goods industry in Sialkot. How did this transition happen? The demands of Westerners and their styles of consumption provided a good opportunity for shifting from traditional to modern sectors. Sialkot's rapid urbanisation was intrinsically linked with the strong European presence in the civil lines and cantonments. In the immediate aftermath of the events of 1857, the number of European troops had increased in the city, along with the arrival of a large number of Western Christian missionaries. This led to rapid growth in commodities trading and the creation of new markets. In less than five years, with the construction of cantonments, the population of the Europeans exceeded 1,800 in the city, nearly half of them being civilians.<sup>18</sup> In 1870, for the first time, some *mistri* of Sialkot repaired surgical instruments for the American Mission Hospital. Encouraged by the hospital staff, they gradually started manufacturing replicas of the originals, and subsequently, a new industry steadily grew in Sialkot. In a similar manner, a British missionary in the Sialkot cantonment went to a carpenter's shop and got a badminton racquet repaired for Rs 2. Afterwards, a swarm of imitators emerged, and the city hawkers started visiting all cantonments, near and far, and the British quarters, where they supplied and repaired sports goods.

While the actual stimulus for this manufacturing came from the Europeans and their styles of consumption, Sialkot's modern industries owed their emergence to the existing stock of the artisan classes. With time, they moulded their traditional skills and entered the newly emerging modern sports goods and surgical

instruments industries. It was not until 1908 that Sarder Shiv Dew Singh founded Sialkot's surgical instrument sector. It initially was a scissors and small surgical equipment concern, which chiefly supplied 'private practitioners'. In 1911, another firm Uberoi Surgical Industry emerged, which employed foreign machinery and Sheffield steel for the manufacture of its equipment.<sup>19</sup> These pioneer enterprises had significant influence both on acquiring industrial skills and the production of equipment. They started supplying surgical instruments to Missionary hospitals.

The big demand for orders during World War I for the British Indian Army was the catalyst for a significant expansion of clusters in Sialkot. This period saw the burgeoning prosperity of a set of artisan groups who adopted novel product lines with new forms of technology. In the time around twenty-six medium factories arose, which were producing surgical instruments annually worth Rs 3 million. After the war, Sialkot made instruments for export to all parts of the subcontinent, as well as to Burma, Afghanistan and Egypt. World War II brought further 'blessing for industry' and many new firms sprang up, as there was an industrial slump in the UK and the USA. On the eve of Partition, the annual export of the surgical instruments was worth Rs 5 million.<sup>20</sup> These industries were Hindu-owned, but they were destined to be taken over by Muslim artisans after the migration of Hindus and Sikhs in 1947.

### **The Uberoi Brothers: Pioneers of Sialkot's Modern Industry**

The emergence of the modern sports goods industry owed itself to the Uberoi Brothers—Jhanda Singh and Sardar Ganda Singh—who in 1894 started manufacturing badminton and tennis racquets with only half a dozen workmen. With rising demand by the European population in the cantonments, production was expanded to include polo sticks, cricket bats, hockey sticks, footballs, golf clubs and apparatus for gymnastics. Alfred Marshall indicated the development of an industrial concentration dependent on available physical conditions (i.e. raw material resources and transport conditions).<sup>21</sup> Sialkot benefited from its location at the intersection of the rivers of Chenab and Jhelum and the proximity to the states of Jammu and Kashmir and Chamba. The easy access to natural resources of timber was vital for the production of goods.<sup>22</sup> Sialkot's sports goods industry was the main consumer of the Kashmiri willow. The combined benefits of raw materials, technical labour resources and the naturally favourable climatic conditions ensured the continued growth of the city's modern sports goods industry.

The development of Sialkot's industry is markedly different from larger cities of Bombay and Ahmedabad where some of India's early composite textile industry sprang up in the 1850s.<sup>23</sup> Sialkot's industry grew out of small household workshops. It was competitively disadvantaged in technology, labour quality and skills, access to credit and materials through official channels. 1911 was the first turning point in the development of Sialkot's sports goods industry, when Ganda Singh Uberoi for the first time imported the English willow, power machines, and English experts. By the end of that year, the Uberoi Limited started a system of apprenticeship, and under a European foreman, workmen were contracted and trained to follow English methods. They tested innovations and experienced with

new forms of technology and organisation. At first the workers were taken on for two months to judge their suitability, and were paid 4 *annas* a day. Their parents were then approached to agree that the boys could enter a five year 'indentured contract'. They initially specialised in light work such as stitching balls, and as they improved, they were pushed into higher-grade work in the same line. In this way, a large number of workers obtained industrial skills that subsequently created a pooled market for the workforce with similar skills. Technical efficiency was certainly a critical factor behind the city becoming a seedbed of entrepreneurs and skilled workers.

The Uberoi, as the university of entrepreneurs, not only fostered the growth of a skilled workforce but also played a crucial role in encouraging entrepreneurship and supporting a culture of drive and thrift in Sialkot. From this pioneering enterprise, a number of spin-off entrepreneurs emerged who established their own firms while imitating what they learned from the Uberoi. The existing literature suggests that imitation is rampant in industrial clusters. In this way, an industrial cluster is formed, though the key to success depends on 'multifaceted innovations'.<sup>24</sup> The industrial training of Sialkot's workforce at the Uberoi was certainly an advantage over the neighbouring towns such as Wazirabad and Gujranwala. How did Sialkot's products expand to broader domestic and worldwide demand? The outbreak of the First World War stimulated the demand for Sialkot products because of the stoppage of the corresponding European industries. The buoyant market led to the emergence of some new firms and the mass entry of imitators. Soon there were some twenty new firms and numerous cottage industry dealers. Among others, the most famous firms were Ali Shabier's Ali Trading Sports and Kishan Chand's joint venture, the Phillips and Co. They were set up by workmen who had learnt their trade while working with the Uberoi. The latter was the only innovative enterprise, at that time, which employed power machines and the 'latest appliances' whose production capacity was so large that much larger orders could be fulfilled in a shorter period. By the end of the war, Sialkot had become the centre for sports goods. The city's products were exported to Japan, America, Australia, Africa, and other countries, chiefly within the British Empire, and the output of goods amounted to Rs 10 million in value annually.<sup>25</sup>

Amidst rising world demand of the Sialkot products, the city was electrified in 1928, and within two years, it had supplied electric power to the leading industrial concerns. By the end of British rule, the surgical instruments and sports goods industry of Sialkot had become one of the most important export centres in India. In 1940, when the Governor of Punjab visited Sialkot for the War Fundraising purposes, he recorded that 'Sialkot is an industrial city of considerable importance'. He hoped that the government's 'Supply Department' would place orders from the town.<sup>26</sup> On the eve of Partition, in 1946, the average annual export value of the city's industry stood at over Rs 35 million. Its products found their way throughout the empire, the USA and Europe. As have already noted, while Hindus owned the factories, Muslims supplied the skilled workforce. The city's continued prosperity was badly hit by Partition. Its commercial population migrated to India along with capital. Before Partition, the Ahluwalia Brothers, namely Kirpal Singh and Rajindar Singh, owned Sialkot's successful Pioneer Sporting Goods, which had branches not only in other Indian cities such as

Jalandhar, Bombay and Calcutta but also at 6 Rangoon Street, London by the name of J. S. Ahluwalia.<sup>27</sup>

It took decades to overcome the 1947 depression. The economic dislocation, however, proved to be ephemeral. With the birth of Pakistan, a new chapter was opened in Sialkot's development and it rebuilt itself as a new industrial city by shaping its clusters. But like the colonial era, it was to build on pre-existing skills and capital development to usher in a rapid period of economic growth. The government assistance in transforming and diversifying the local skill base and shaping the modern industry of the city was crucial.

### **The post-independence development of Sialkot**

The post-independence development of Sialkot was seen as central to the national interest because the city's industrial clusters were regarded as important generators of both foreign exchange and employment. The state's assistance in Sialkot's industrial recovery was, therefore, speedier and more substantive than for any other city of Punjab. In early 1948, the Punjab Department of Industries surveyed 'the special difficulties' of small-scale manufacturers of sports goods and surgical instruments of Sialkot. In this survey, the main difficulties were pointed out concerning credit, industrial organisation, and power infrastructure. The department recommended to the Central Ministry of Commerce and Industry the necessity to take consistent measures to restore the city's banking sector. In 1949, to help provide finance, the Small Scale and Cottage Industries Development Corporation was set up, with an authorised capital of Rs 5,000,000.<sup>28</sup>

The crisis in 1949, following the devaluation of the sterling, threatened to ruin the Sialkot industry as its export prices increased.<sup>29</sup> Pakistan's refusal to devalue its rupee resulted in a great financial loss to all the exporters of the country. Sialkot's industry, as a part of a global market, was especially badly affected. Its goods were successful because of their lower prices, so a sudden increase of 44 per cent in the prices of sports goods forced many European, and Commonwealth firms to cancel their orders. Amidst this crisis, Jalandhar's industry took off, as international demand for the city's sports goods increased considerably in Britain, Europe, Australia, New Zealand, Malaysia, and the West Indies. Now 100 Pakistani rupees were equal to 144 Indian rupees. This imbalance priced Sialkot's goods out of many markets. Facing the threat of being wiped out by the currency crisis, the local trading communities and the government of Pakistan took a series of collective measures to save the industry, as we shall see.

In April 1950, Pakistan National Bank was opened in Sialkot. In the ensuing year, five leading banks were operating in the city, including the Central Exchange Bank, Habib Bank and the Central Co-operative Bank, Sialkot. The latter agreed to advance long-term credit to small manufacturers engaged in the local industries. Besides, the Pakistan government persuaded the Bank of Turkey and Bank of Egypt to open their branches in Sialkot, as well.<sup>30</sup> The Punjab Board of Industries also persuaded the Pakistan Industrial Finance Corporation to relax its rules in favour of small-scale industries and to open a branch in Sialkot. The small-scale manufacturers and traders were granted loans at the rate of interest of 3 ¼ per cent annually and the repayment period of the loan was fixed at ten years.<sup>31</sup> Such monetary efforts helped considerably in solving the problem of credit, which was

often the main problem of industrial enterprise. The manufacturers received assistance from the government in the form of tax reductions, issuing of import licences and subsidies. From 1951 onwards, sports goods were completely exempted from the sales tax and customs duty on the raw material. Freight charges were also reduced. Some measures were adapted to control the smuggling of semi-finished sports goods across the border.<sup>32</sup>

In 1951, the Export Promotion Bureau studied the export problems of Sialkot's sports goods industry and took some 'drastic actions' for the uplifting of production. It tried to solve the raw material problems by substituting 'Afghan willow' from the forests of Hazara and Swat for the 'Kashmiri willow'. A new willow was also introduced from the state plantations in Changa Manga and the NWFP.<sup>33</sup> The flexibility of the small manufacturers had been demonstrated immediately after 1947. For example, the Trumans Enterprise's forte before Partition was shuttlecocks, but then it switched to making sports gloves, balls, and apparel because of supply problems with imported raw materials of goose feathers and cork used for the base of the shuttlecock. Similarly, the well-known firm Centre de Commerce shifted from manufacturing cricket bats and tennis rackets to wooden hockey sticks because of the unavailability of willow from Kashmir.<sup>34</sup>

The other raw material items were glue and nylon gut strings. They were mainly imported. A leading artisan of Sialkot was trained in gut manufacture in Japan.<sup>35</sup> Subsequently, the manufacturing of gut strings started locally and it proved 'as good as any foreign-made'. Some steps were also taken to standardise sinew gut manufacture to enable it to compete with the nylon gut. The availability of raw materials led not only to the mushrooming of small establishments but increased production as well. This fact, along with rising world demand, enabled the volume of exports in 1951 to exceed the 1947 figure by over 400 per cent.<sup>36</sup>

### **'Made in Sialkot'**

The government adopted a variety of export-enhancing devices and schemes for the promotion of Sialkot's goods. To provide adequate markets for the city's products, the central government, while entering into trade pacts with other countries, took 'special care' to include sports goods as one of the important items of export. Intending to attract increased demand for the products in other countries, the State Bank of Pakistan increased the rate of a commission granted to the 'lobbying agents in the foreign lands'. The United Kingdom Board of Trade was also successfully persuaded to raise the import quota of Pakistani sports goods by a substantial margin.<sup>37</sup> The government also publicised goods worldwide. In this regard, diplomatic and trade channels were used for 'greater publicity' in foreign countries. 'Special Arrangements' were made for the display of 'Made in Sialkot' goods at the British Industrial Fair in London, and other international, commercial, and industrial exhibitions in such cities as Lille, Milan, Izmir and Prague. A couple of American business magazines were also used for publicity. Sialkot's industrialists were persuaded to open branches of their business offices in foreign countries, especially in London, which imported more than half of the output of the sports goods industry. By the early 1950s, one such office had already been established, while more were expected to open shortly thereafter.<sup>38</sup> In



the ensuing years, a number of Sialkot firms opened overseas offices and entered into collaborative arrangements with overseas retailers.

In the economics literature, most studies attribute the quality upgrade to market competition and exportation.<sup>39</sup> How did Sialkot upgrade its manufacturing industry to achieve competitiveness? The success of the city's sports goods industry in the colonial era depended, firstly, on its low prices, and secondly, on the quality of its products. After 1947, the quality of sports products decreased considerably as per international requirements. Many international firms and buyers started complaining about sub-standard products. This became especially important when the city was facing fierce competition based around improvement in the quality of the products from Jalandhar. Quality control had become a very high priority in the government's policies and incentives to meet the arising international requirements. To try to address this issue, in 1951, the government prepared a scheme for the registration of 'bona fide manufacturers and exporters'. From March onwards, it became mandatory for the exporters of sports goods to register with the Punjab Department of Industries and certification of quality was required for export. This meant that only 'approved manufacturers' were allowed to export goods and were required to quote their registration number on consignments so that exporters responsible for 'malpractices' could be traced. The authorities also categorically warned of the cancellation of the registration of any exporter who was found 'guilty of supplying goods to foreign markets below standard'.<sup>40</sup> Other measures included the opening of a Development Centre for Standardization and a Metal Works Institution, for the enhancement of skills courses in the various manufacturing fields. The UK government was approached to provide a sum of Rs 500,000 for the purchase of modern electrical machinery.<sup>41</sup>

Government policy in terms of promoting the industry was very clear. Towards the end of the 1950s, and especially during the early 1960s, different Pakistani governments adopted a number of export-incentive schemes and bonus. The most important was the introduction of the Export Incentive Scheme in 1955. It encouraged the establishment of large industrial firms. At the time, three types of enterprises existed in Sialkot: the big establishments, generally geared to export; small manufacturers, who catered to the domestic market; and finally, numerous unregistered home-based units in the urban pockets and rural areas, which were usually run by family members. The first two groups produced finished products while the last group only produced parts.

In 1959, perhaps the most significant move was the Export Bonus Voucher Scheme, which stimulated new industrial entrepreneurs and exporters. Under the scheme, the exporters received a fixed percentage of their exports in terms of the entitlements to imports. They were entitled to receive the import entitlements to the extent of 20 per cent and 40 per cent, respectively, of their export proceeds. The government received the foreign exchange earnings, and, in turn, gave the exporting firms an additional percentage share from the hard currency transaction. The scheme encouraged firms to boost productivity by using their hard currency vouchers to import machinery. Such measures facilitated access to imported capital equipment and gave rise to a new class of small industrialists. The introduction of the new machinery not only increased production but its quality level as well. The economist Shahid Javed Burki has pointed out that the Bonus

Voucher Scheme ‘reduced the monopolistic profits of big industrial houses and ultimately resulted in the emergence of a large number of medium and small industrialists. These newcomers to the industrial sector were responsible for creating the now important Lahore-Lyallpur-Sialkot industrial triangle in the centre part of the country.’<sup>42</sup>

By the end of the 1950s, Sialkot’s traders had captured the most important foreign markets. The main market was the UK, with over 60 per cent of total export sales. In 1959, the overall value of the export of sports goods from Sialkot had grown to above Rs 14 million, but the city was to wait a decade more before it matched the 1946 export amount of Rs 30 million. This reveals the setback to the industry arising from Partition and the length of recovery time that was required, despite government assistance and the stock of local entrepreneurial skills. Loss of Hindu expertise and capital, the non-devaluation of the rupee, and most importantly, the shifting of former owners of Sialkot to establish a powerful rival in the Jalandhar-based business, were all important factors in this slow recovery. It also arose from infrastructural problems, which were the bane of all of Sialkot’s post-independence industries, as elsewhere in West Punjab. Nevertheless, the achievements were by no means inconsiderable, given the huge problems arising from Partition. We shall now turn to the role of the local skilled population in this industrial recovery, as this has seldom been proven statistically. Special emphasis is placed on how they filled various niches left by the exodus of Hindus.

### **From *Mistri* to Tycoons**

Much scholarship on the history of entrepreneurship shows the ‘ethnic entrepreneurship’, by certain caste groups, has been an integral part of the success of cluster-based industries.<sup>43</sup> This was much the case of Sialkot where a new artisan-cum-industrial class had begun to gather considerable economic power in the aftermath of Partition. A former trustee of the Uberoi Cooperative Society exclaimed during an interview, ‘Who benefited from the migration of Hindus? Those who had got skill, experience, information, and family background... Look at the Sublime Industry [presently one of the most successful firms of Sialkot]... Father of the owner of this big enterprise had worked in the city’s oldest firm the Uberoi Sports Goods.’<sup>44</sup> At the very outset, Sialkot’s industries were organised along cooperative lines of kinship and community. By the mid-1950s, about thirty co-operative societies had been established in the city.<sup>45</sup> They were formed on occupational grounds, corporate linkages, family networks and kinship basis.<sup>46</sup> Initially, working as the interlocutors, they filled the gap created by the departure of the Hindu middlemen. They supplied not only the raw materials to household manufacturers but also in return, arranged to export their finished and unfinished products. In this way, at the outset, small units survived without investing much capital.

While the co-operative society enterprises spread across a number of industries, they were most influential in the sports goods sector. The most important and largest were the Pakistan Sports Co-operative Industrial Society and the Uberoi Co-operative Sports Society. The former was the main source for procuring and supplying raw materials to small and home-based manufacturers at cheap rates. The latter mainly furnished the common arrangements for marketing. These

societies not only gained credit on easy terms but were also granted export-import licences on a 'more liberal scale'.<sup>47</sup> The Central Co-operative Bank of Sialkot earmarked an amount of Rs 2,000,000 to advance loans at concessional rates. The society provided valuable marketing information and technical expertise for the small-scale producers in the period immediately following Partition.

In the 1960s, the Sialkot industry entered a new phase. Many concerns changed their ownership structures from cooperative-owned and joint liability units to private-owned family enterprises. Almost all the workers who had worked in the Uberoi opened up their own firms. Some succeeded in gaining access to credit and became joint-venture units. The reorganisation of these factories helped them enhance competitive capacities and enter global markets. Our informal interviews with the entrepreneurs in Sialkot attest to the importance of previous experience and kinship networks in establishing business activities in Sialkot.<sup>48</sup> These findings are similar to the case of sports goods producers in Jalandhar, as highlighted earlier. In both cases, the workers' previous trading experience proved to be compatible with the economic expansion of the cities.

During the first decade after Partition, while a few newcomers entered the industries, the departure of Hindus, simultaneously, provided new opportunities for the population already associated with the industry. Indeed a new artisan-cum-industrial class had begun to gather considerable economic power during the 1950s and 1960s. As emerges from interviews, most of the owners of leading firms of Sialkot described the state's Export Bonus Voucher Scheme as the first major incentive for modern industrial development. In the 1970s and 1980s, further government patronages boosted the industry due to the establishment of joint ventures and transfer of technology.<sup>49</sup> In this period, some new communities such as Arains, Sheikhs, and Jats with no previous occupational experience and practical skills entered the industry. In the age of globalisation, as Sialkot and its industry grew, new forms of socio-economic cohesion rose and older practices of connotation dispersed as individuals competed in a new environment in response to shifting business trends and threats. At a time when the dynamics of the global economy are leaning more towards China, both Sialkot is facing competition from Chinese producers using machine-stitched equipment.

## **Conclusion**

In his recent work, *Small Towns Capitalism in Western India*, Haynes stresses the histories of different industries in the informal sector can only be understood through close examination of regional economics in a different part of the subcontinent.<sup>50</sup> In considering the advances in the new urban history and importance of small towns economics, however, the artisanal cities of Sialkot and Jalandhar should not be overlooked. Not only because they have become the major manufacturing centres of surgical instruments and sports goods, they also have emerged the world players in these export-oriented products, and thereby contribute to the regional, national and, to a lesser extent, global economy. Sialkot caters 85 per cent of the total world demand for hand-stitched inflatable balls, with an annual value of exports over 1.6 billion dollars.<sup>51</sup> This study has shown how the city of Sialkot achieved this performance. Sialkot had been the pioneering city for the production and promotion of surgical instruments and sports goods. The city

because of its pre-existing economic base and entrepreneurial drive overcame the 1947 economic depression and handicap of proximity to a volatile international border, together with the emergence of an Indian economic competitor. In that sense, Sialkot can be viewed as a local model on how to overcome economic depletion. The evidence presented also shows that Jalandhar, by contrast, is a beneficiary of the Partition-related dislocation. One of the secrets of its success was a system of ethnic entrepreneurship in which refugee labour and entrepreneurs relied on trading experience and previously acquired skills and capital as well as on informal networks based on ties of kinship, caste and place of origin. Despite these inheritances and regenerations, the study has shown that the contemporary success of the city also depended on timely government action and financial assistance.

Sialkot could be presented as a ‘gainer’ from the 1947 events, as were the cities of Jalandhar, Ludhiana and Lyallpur<sup>52</sup>. In one way, Sialkot’s experience of post-independence industrialisation stands in contrast with the experiences of these cities, not only in terms of export-led growth but also the dominant role of locals rather than migrants. Moreover, the city’s development differs not only from other border towns as Amritsar (Talbot 2006), which have never fully overcome the handicaps of their new geographical location after Partition but also from larger cities of Bombay and Ahmedabad. The formerly dominant textile economics of the latter cities have shrunk (Prakash 2002), Sialkot’s have flourished.

This study also explicates the demographic change at Partition as a means to economic affluence for the underprivileged communities, whether they were the artisan Lohars, or non-artisanal background caste groups. They saw an opportunity to take over as owners in the commercial situation or entrepreneurial vacuum, which was created in 1947. They utilised the pre-existing marketing network, experience, skills, capital and mobilised ethnic resources to their advantages. They also proved to be compatible with the economic diversification of the city and in return gave rise to a new class of small industrialists. In many respects, the development model of Sialkot could be presented as a benchmark for other cities and towns to follow.

Sialkot has not only become the largest production centre of surgical instruments and sports goods in Pakistan but also has emerged as the world player in its export-oriented products. The city only reached this stage after negotiating through numerous challenges. Sialkot’s industrial clusters had thrived during the colonial rule; Drawing attention to the historical success of the Sialkot cluster, this study has shown how the city faced economic hardship in 1947 arising from the migration of Hindu trading classes to Jalandhar where they sought to establish a powerful regional competitor. This points to specificity of local contingent factors—particularly, Sialkot’s local entrepreneurial base—as specific features of the city’s post-1947 success. This reflects on the resilience and self-reliance of the city to compete with larger urban centres. The emphasis has been on the entrepreneurial history of the local artisans. This exploration is not merely an attempt to provide historical depth to studies on the development of industrial clusters; such a perspective carries the potential to improve our understanding of how a new class of small industrialists rises through this ‘development’. The study has also argued that understandings which do not view these processes as

interconnected will fail to design appropriate policies to facilitate industrialisation and entrepreneurship.

## Notes & References

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<sup>3</sup> Lund-Thomsen, P. and K. Nadvi, 'Clusters, Chains and Compliance: Corporate Social Responsibility and Governance in Football Manufacturing in South Asia', *Journal of Business Ethics*, 93 (2010), pp. 201–222.

<sup>4</sup> Sharma, K.L. and H. Singh, *Entrepreneurial Growth and Development Programmes in Northern India* (New Delhi: Abhinav, 1980); L.W. Hazlehurst, *Entrepreneurship and the Merchant Castes in a Punjab City*. Durham: Duke University Press, 1966).

<sup>5</sup> M. Singh, 'Surgical Instruments Industry at Jalandhar: A Case Study', *Economic and Political Weekly* 37, 31 (2002), pp. 3298–3304; S. Singh, 'Refugees as Entrepreneurs: The Case of the Indian Bicycle Industry', *Journal of Entrepreneurship* 3,1 (1994), pp. 81–96; G. Menning, 'Ethnic Enterprise in the Decentralised Textile Industry of Surat, India', *Journal of Entrepreneurship* 6, 2 (1997), pp. 141-164.

<sup>6</sup> Sonobe, T. and K. Otsuka, *Cluster-based Industrial Development: A comparative study of Asia and Africa* (London: Palgrave Macmillan, 2011).

<sup>7</sup> W.J. Baumol, 'Entrepreneurship: productive, unproductive and destructive'. *Journal of Political Economy* 98 (1990), pp. 893-921.

<sup>8</sup> I. Chattha, *Partition and Locality: Violence, Migration and Development in Gujranwala and Sialkot* (Oxford University Press, 2011).

<sup>9</sup> I have written elsewhere the extent to which the input of refugee labour and capital from Sialkot was locally significant in the development of the contemporary industry of Jalandhar, India's largest production centre of sports goods and surgical instruments. It draws special attention to the ethnic entrepreneurship by certain caste groups, especially the Ad-dharmi and Chamars, and attempts to account for their success as the city's leading traders. I. Chattha, 'Artisan Towns'.

<sup>10</sup> PLAD, from 29 February to 15 March 1952, Vol. III, pp. 663–8.

<sup>11</sup> *Inqilab* (Lahore) 8 February 1948, p. 3.

<sup>12</sup> According to the 1951 Census, Sialkot's population showed a decrease nearly 2 per cent, which was due to exclusion of the Kashmiri refugees. See for example Population Census of Pakistan, 1951, Vol. 1, pp. 11–20.

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<sup>15</sup> A. Latifi, A. 1911. *The Industrial Punjab: A Survey of Facts, Conditions and Possibilities* (London: Longmans, Green, 1911), pp. 127-31.

<sup>16</sup> R. Chandavarkar, *History, Culture and the Indian City* (Cambridge University Press, 2009).

<sup>17</sup> Chattha, *Partition and Locality*

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> *Civil and Military Gazette* (Lahore) 25 November 1957, p. 3.

<sup>21</sup> G. Prakash, 'The Urban Turn', in R.S. Vasudevan (eds.) *The Cities of Everyday Life* (New Delhi: The New Media Initiative, 2002); Chandavarkar, *History, Culture and the Indian City*; J. Heitzman, *The City in South Asia* (London: Routledge, 2008); T.A. Timberg, *The Marwais: From Traders to Industrialists* (New Delhi: Vikas, 1978).

<sup>22</sup> Timber was also vital in the furniture-making trades, not only in Sialkot, but also in neighbouring towns. According to an estimate, during 1934–5, approximately 2,031,717 cubic feet of timber in logs and sawn form was annually floated down from the two states through the Chenab River into the Wazirabad Depot. The Punjab Government's Forest Department was earning Rs 18,000 in annual rafting fee from the trades.

<sup>23</sup> R.K. Ray, *Entrepreneurship and Industry in India, 1800-1947* (New Delhi: Oxford University Press, 1992).

<sup>24</sup> Sonobe, T. and K. Otsuka, *Cluster-based Industrial Development: A comparative study of Asia and Africa* (London: Palgrave Macmillan, 2011).

<sup>25</sup> Chattha, *Partition and Locality*.

<sup>26</sup> Craik to Linlithgow, 19 February 1940, L. Carter (ed.), *Punjab Politics, 1940–1943: Strains of War* (Fortnightly Reports) (New Delhi: Manohar, 2005), p. 76.

<sup>27</sup> An Unpublished Autobiography of Dr. Kishan Chand of Sialkot, p. 70.

<sup>28</sup> First Five Years of Pakistan, 1947–1952, File E1 (9), A 82 (2), p. 34, PSA.

<sup>29</sup> On 18 September 1949, the British Chancellor of the Exchequer, Sir Stafford Cripps, announced a 30 per cent devaluation of the pound from 4.03 dollars to 2.80 dollars per pound. Almost immediately, the European and Commonwealth countries, including India followed suit, but the government of Pakistan refused to devalue its rupee. The main reason put forward for this course of action was that Pakistan had not had an unfavorable balance of payments mainly because of its agricultural economy.

<sup>30</sup> PLAD, from 29 February to 15 March 1952, Vol. III, p. 812.

<sup>31</sup> *Civil and Military Gazette* (Lahore) 22 December 1951, p. 5.

<sup>32</sup> PLAD, from 29 February to 15 March 1952, pp. 596–7.

<sup>33</sup> M. Anwar, 'Sialkot Strives for Trade Revival', *Civil and Military Gazette* (Lahore) 18 February 1950, p. 6.

<sup>34</sup> A. Weiss, *Culture, Class, and Development in Pakistan* (Lahore: Vanguard Books, 1991), p.127.

<sup>35</sup> PLAD, from 29 February to 15 March 1952, pp. 596–7.

<sup>36</sup> *Civil and Military Gazette* (Lahore) 26 July 1951, p. 3.

<sup>37</sup> PLAD, from 29 February to 15 March 1952, pp. 596–7.

<sup>38</sup> Ibid.

<sup>39</sup> Schmitz, H. and K. Nadvi, 'Clustering and Industrialization: Introduction,' *World Development* 27, 9 (1999), pp. 1503–14; G. Cozzi, 'Self-Fulfilling Prophecies in the Quality Ladders Economy'. *Journal of Development Economics* 84, 1 (2007), pp. 445–464.

- <sup>40</sup> *Civil and Military Gazette* (Lahore) 26 July 1951, p. 3.
- <sup>41</sup> *Civil and Military Gazette* (Lahore) 4 December 1956, p. 3.
- <sup>42</sup> J. Burki, 'Politics of Economic Decision-making during the Bhutto Period', *Asian Survey* 14, 2 (1974), pp. 1126–1140.
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- <sup>44</sup> Interview with Khalid Mahmud, Sialkot, 21 January 2007.
- <sup>45</sup> Finance and Industry Minister, Chaudhary Nazir Ahmed Khan, to the Governor of Punjab, Sardar Abdul Rab Nishtar, 2 December 1949, (Ministry of Industries, Government of Pakistan), File No. 5, CF/A, pp. 2–3, NDC.
- <sup>46</sup> Uberoi Limited Record, Uberoi Co-operative Sports Society, (Uberoi Building, Paris Road, Sialkot).
- <sup>47</sup> PLAD, from 29 February to 15 March 1952, pp. 596–7.
- <sup>48</sup> Chattha, *Partition and Locality*.
- <sup>49</sup> On Sialkot's sports goods industrial development during the 1970s and 1980s see Weiss, *Culture, Class, and Development in Pakistan*, pp. 120–45.
- <sup>50</sup> Haynes, *Small Towns Capitalism in Western India*.
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