



WEBINAR - BRIEF

Urban Pakistan and the Street Vendor Economy

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Over time, Pakistan Institute of Development Economics (PIDE) has pioneered the agenda of discussing the many aspects of Pakistan's cities. Recently, two webinars were held to discuss the plight of street vendors and their rights. The second webinar was held in November 2020, titled 'Settlement of street vendors in public spaces of Pakistan'. Mr. Arif Hassan, renowned architect and specialist on urban matters, presented his findings and answered questions of participants. A brief discussion of the issues narrated/discussed during this webinar is as follows-

Urban Development Under 'Master Plans' And 'Projects'

The reality of our cities is that we don't build inclusive cities; we build single-family houses that dot the continuous urban sprawls in cities. Despite such sprawls, there is a shortage of almost 10 million units (the difference between demand and supply). Schools and businesses are located within houses that aptly reflect the state of poor urban planning and the ensuing shortages.

ISLAMABAD'S DEVELOPMENT UNDER 'MASTER PLAN'

Islamabad's original master plan, designed by Greek architect Doxiades, envisioned removal of majority of the villagers from their land. That meant removing majority of 54,000 villagers from their area to develop various sectors of the capital. They were to be compensated as per the average market rates. However, till this day, the issue of evictions to develop sectors has led to prolonged legal challenges and recurring physical altercations between settlers and CDA. The challenges range from dispute over the amount of compensation to the legality of official documents pertaining to ownership of a particular land (khasra), which have been tampered with frequently (along with other related documents) over time to make matters even more complex.

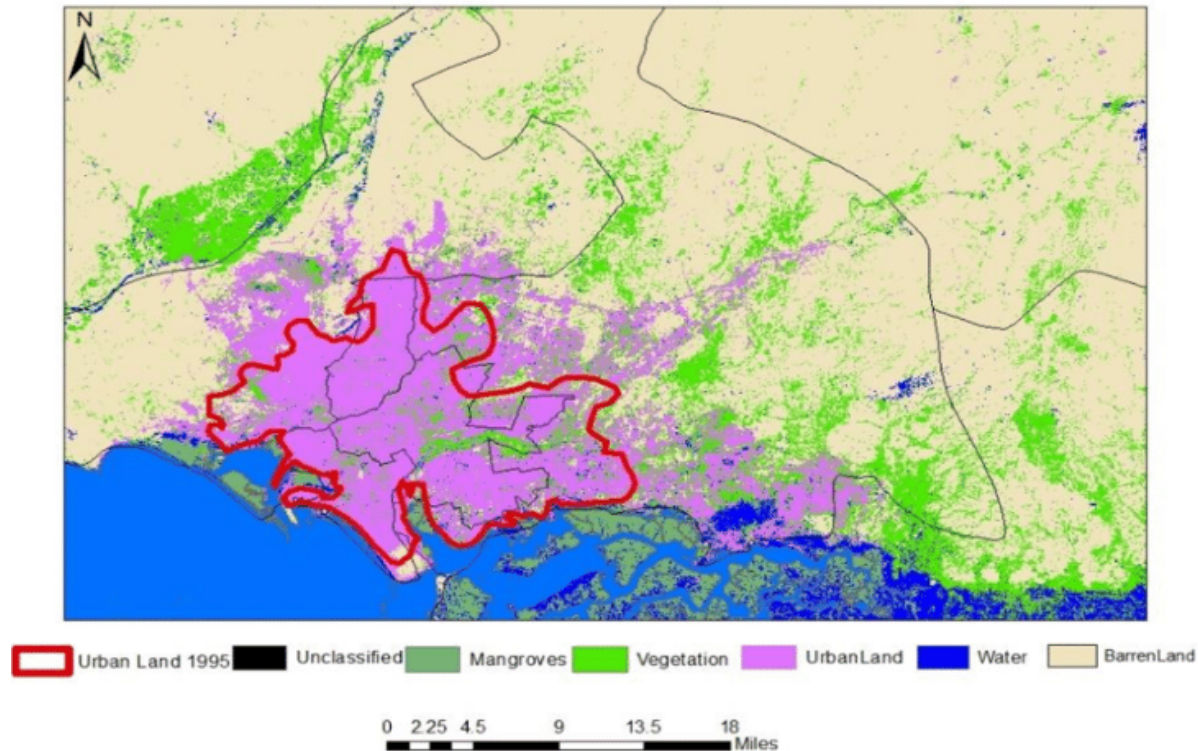
One major reason for the poor urban planning is the filtering down of the colonial 'bungalow' mentality that found favor among the elites. But this love for bungalows and urban sprawls led to other issues like the deficit of residential and other facilities, leading to informal settlements all over Pakistan. Above all, we never seemed to have any city planning that could address the delivery of essential services in a manner that is efficient and economical. This is despite the fact that by law, city planners are required to come up with 'master plans' every decade for city development. But what we tend to find is that these 'plans' are poorly researched, and infuse speculation rather than any worthwhile commercial activity.

What is missing in all these plans is a vision for cities and for revamping our thought structure on city development. There's a need for encouraging higher densities (include density table). There need to be changes in the by-laws and regulations that on street economies, street vendors and not anti-mixed use! Above all, we need institutions that indulge in research. At the moment, there's no research

but just concentration on 'development' that basically brings in rents. This 'developer lobby' is quiet strong in Pakistan, pushing development plans that are based on urban sprawls.

Given the state of affairs and the plight of our various 'housing policies', the situation in cities like Karachi is such that where there used to be only a single story house, now it hosts almost 5 to 7 stories! Such developments don't need any government approval as an informal developer reaches out to owners/residents and agrees to build these under certain terms. But at the same time, as a reflection of bad policy and speculative activity wrought on by these 'master plans', large swaths of land are lying empty in cities like Karachi and Faisalabad. Some years ago, a survey in Karachi revealed that there were 60,000 empty apartments and 300,000 empty plots, despite a very high demand for residential accommodation. The accompanying graph, made from LANDSAT data (Burhan Ahmed, 'Urban Heat Island in Changing Climate', 2015), clearly reflects the extent of Karachi's urban sprawl beyond its demarcated boundaries, a good reflection of the poor performance of institutions dealing with urban land issues. The situation has only gotten worse after then, with other cities also displaying similar patterns of sprawl.

The PMs Initiative for building 50 million housing units is one such exercise in futility of our housing policies. It is just not feasible given the paucity of land and other ground realities (like financing). The poor would just not be able to afford it. Even if land is provisioned at the peripheries, people are very likely to move back to where they were (as has happened before). It would, therefore, be a miracle even if 50,000 housing units can be built!



‘Developer’ lobby, rents and the IFIs

Why is there no recognition of these developments (5 to 7 stories instead of 1) at the government level? The reason is that developers and decision makers view this issue from the perspective of monetary benefits rather than a human needs issue! Given the unmitigated urban sprawls, land near to city centers is much more valuable than ever. Simply put, if there were to be a policy of regularizing this kind of a development and agreeing with residents to pay for them over a certain time period, the chance to claim rents would go baggy!

Despite a strong ‘developer lobby’, why do we see little of their presence? For example, none of them is listed at the stock market. Pakistan’s development landscape holds the answer, because most ‘developers’ can afford to indulge in small scale and informal projects rather than large projects. This small-scale development in itself is driven by economies of scale in smaller level operations (lesser management issues, availability of small level contractors and raw material suppliers, etc.). There is no law or regulation that binds them to land development that can, in the end, result in positive externalities bestowed upon the public at large under such development initiatives. This particular aspect also explains why, for example, we don’t see many tower cranes in the cities! Since the developers are satisfied in their earning through small level schemes, there is little (if any) pressure upon them to go for large-level projects. Other aspects, like rental laws that are squarely in favor of renters, also discourage projects that require heavy investment over longer periods of time.

Over the last 25 years, we’ve basically replaced proper planning with ‘projects’, which are devoid of any criteria. More often than not, International Financial Institutions (IFIs) advise these projects that have proven to be failures, basically because there was no research behind these plans on city characteristics like socio-economic make-up. The end result of these projects is that the perks (cars, monetary perks, etc.) are distributed among consultants and project administrators, who then are always on the lookout for newer projects that can bring in further monetary rewards. The failure of these projects and plans are testament to

the fact that they are divorced from the ground realities existing within a city. Also, institutional actions under the pretext of law could have negative repercussions. For example, the spate of demolitions carried across Karachi under Supreme Court orders (dated 2018) affected the lives of 60 to 70,000 poor people.

Street Vendors: Large economic impact, but no entitlement

When it comes to street vending, urban development policies have been very unfriendly. Mr. Arif Hassan has been doing work on it since 1986. Of late, institutions like PRIME and PIDE have taken up this issue too. In 2001-02, a team led by Mr. Arif Hassan published a study titled 'Hawkers of Saddar Bazar, Karachi'. It informed us that the issue was just not limited to hawkers only, but a whole lot of people like importers, suppliers, transporters, etc., were connected to this eco-system/street economy supporting all these people. As much as 70 to 72 percent of Karachi's employment is in the informal sector. There are 202 formal markets in Karachi, with informal and street economies built around these formal markets. These informal economies, it was found, bestow certain advantages upon the formal market activity. For example, shopkeepers were in favor of having hawkers in front of their shops (and located within their area) since it attracted customers, who like dealing with hawkers given that there is relatively good chance of getting a bargain. There is, however, a price to pay! The hawkers have to pay bribes between Rs. 700 to Rs. 1,000 per day to government officials (police, development authority officials, etc.). A 2015 study on hawkers in the Saddar area of Karachi found that they paid a massive sum of Rs. 67 million per annum to officials as bribes.

Why do people take to hawking since it's not considered respectable like the regular 9 to 5 office jobs? Not many people wanted to, but there weren't many choices! Most hawkers took it up after losing a job, while a smaller percentage took it up because they felt it offered them freedom and flexibility in terms of working. Other reasons include the small investment amount needed to start/own a business plus hawking serving as an additional source of income. The take-home earnings ranged between Rs. 500 to Rs. 2,500 after paying bribes. The supply chains are vast, spread all over Pakistan, which shows the vast scale of this kind of business.

In the 60s, the government actually encouraged hawkers to set up stalls to tackle growing unemployment in Karachi. Past mayors like Naimat Ullah and Mustafa Kamal allowed building cabins in the city. The policies of removing street vendors under 'removing encroachments' did not work because ultimately the street hawker's came back to where they were displaced from. The recent demolitions under the Supreme Court orders of 2018 resulted in 3,300 shop demolitions, owned by about 900 hawkers of which 82 were women. The worst affected were the food chains like dry fruit shops. It also led to a fear among entrepreneurs when they were threatened with disappearances in case they launched the resistance movement. While there are no official estimates of the loss inflicted by these demolitions, a rough estimate based on average income of Rs. 1000 per day implies a loss of Rs. 46 billion per annum, which is considered an understatement given that these estimates do not consider the losses realized by supply chains.

It's not just monetary losses but social losses too since social relations between customers and hawkers are built over many decades and years. There is also huge loss in terms of removal from high income areas where aside from inclusivity, it provides choice to consumers. For example, as a result of recent demolitions in Karachi, commuters/customers decreased by almost 50 percent! Most of the removals were concentrated on Empress Market, despite the fact that many allotments were legal (one allotment dated back to 1898!).

The calls for regularization of hawkers and other such arrangements have remained unheard, and the reason given for non-regularization (hygiene issues, etc.) does not necessarily stand the scrutiny of available evidence.

As far as street economy is concerned, Mr. Zia Bandey started work based on two precedents: India and Liberia, where they have laws regarding street vending. There is an attempt to gather evidence on street vending, so that it can be forwarded to the government for making laws regarding regularization of these issues. Laws, however, should be based on clearly defined criteria, otherwise institutional weaknesses over time mean that laws lose their efficacy. Then there is the issue of identifying locations for settling hawkers and informal businesses in a manner that they are not subjected to demolitions later on.

In this regard, the role of local governments is critical. Institutions like Karachi Development Authority (KDA) have the authority to issue permits to hawkers, but are constrained for various reasons. Since there is no functional local government in Pakistan, this issue would remain unresolved.

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