

**PROGRAM DESIGN FOR POLICY,  
INSTITUTIONAL AND REGULATORY REFORM IN THE  
CITY OF LAHORE**

# **IMPROVING TRADE IN LAHORE REGION**

**IMDAD HUSSAIN**



**USAID**  
FROM THE AMERICAN PEOPLE



**FORMAN CHRISTIAN COLLEGE  
(A CHARTERED UNIVERSITY)**



**CENTRE FOR PUBLIC POLICY  
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**POSITION PAPER - V**

# **IMPROVING TRADE IN LAHORE REGION**

**IMDAD HUSSAIN**

Centre for Public Policy and Governance  
Forman Christian College (A Chartered University)  
Lahore

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## **FOREWORD**

The Centre for Public Policy and Governance (CPPG), Forman Christian College (A Chartered University) Lahore started Program Design for Policy, Institutional, and Regulatory Reform in the City of Lahore in collaboration with the United States Agency for International Development (USAID) FIRMS Project in November 2012. The purpose of the project was to prepare Lahore Vision 2035 to support the preparation of Integrated Strategic Development Program for Lahore Region 2035 (IDSP-35), by the Lahore Development Authority (LDA). The drafting of Lahore Vision 2035 was considered necessary because it was felt and conveyed by several experts and institutions that Lahore was not utilizing its full potential for achieving economic growth due to inadequate policy choices and institutional arrangements. While Director, CPPG supervised all activities of the project; Dr. Imdad Hussain was selected by the CPPG as the Lead Researcher. He built a team of more than ten consultants/researchers who collected and consolidated urban research carried out by public and private sector entities in order to prepare Lahore Vision 2035. To ensure that Lahore Vision 2035 is designed by practitioners, professionals, architects, engineers, urban developers and grass root civil society community activists, we created a 15 member Core Working Group (CWG). The CWG played a pivotal role in mentoring and providing guidance to our team of researchers. This is the 5th and the last Position Paper in the series. While we remain indebted to each member of the CWG for their advice and guidance for specific position papers, I am particularly grateful to Mr. Suleman Ghani for his clarity of purpose, dedication and invaluable assistance and advice throughout this project.

Continued energy crisis, adversarial Pakistan-India relations, challenging security and law and order environment, weak regulatory framework and less than confident private sector constrain opportunities of improving trade in Lahore region. Recognizing these constraints this position paper boldly and imaginatively propounds nine steps that could spur trade and economic growth in the city if pursued systematically and with seriousness of purpose. These steps are instructive in breaking ‘path dependency’ and designing a fresh vision. Let me dwell on a few. Firstly, to improve trade in Lahore region, it calls for breaking social and spatial barriers. Liberating trade and traders from the prejudices of caste, clan, ethnicity and territoriality; secondly, the study observes that the trade environment and commercial policies favor big business. Land zoning laws and political patronage perpetuate this environment, thus it advocates reduction in trade restrictions by adopting mixed land policies for optimal use of commercial land. In short Punjab government must re-frame spatial distribution of commercial activities. Thirdly, the study is cognizant of the fact that the regulatory framework, contract enforcement and dispute resolution mechanisms are generally not business friendly and Lahore also bears that brunt. This could change if local governments, chambers, business associations band together and work towards redrawing the rules of business governance. Fourthly, the study notes that despite infrastructural development in Lahore, transportation of goods and services remains inadequate. It urges government to invest and plan urban transport and invites business groups to invest in the sector. Fifthly, for improving trade in Lahore region, the study advocates improving Banking and financial services in the region. Micro finance programs; credit and loan facilities for Small and Medium Enterprises (SMEs) could make Lahore region an attractive trading destination. Sixthly, unfair trade practices must be curbed to protect the consumers. Electronic media and civil society could play an effective role in informing consumers about unfair trade practices. The position paper also offers several specific recommendations ranging from increasing investment in research and development specific to spurring trade and business to encouraging women entrepreneurs and changing tax collection practices of the Punjab Board of Revenue. We do hope that Punjab government, traders, business groups, civil society and other stakeholders, who envision a trade friendly and investment inviting Lahore find it informative and practical.

Dr. Saeed Shafqat  
Convener, Lahore Vision 2035

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Imdad Hussain

## **LIST OF ACRONYMS**

ADR	Alternative Dispute Resolution
CDGL	City District Government Lahore
CWG	Core Working Group
EAD	Economic Affairs Division
FBR	Federal Board of Revenue
FCCI	Federal Chamber of Commerce & Industry
IC&I	Industries, Commerce & Investment Department
LCCI	Lahore Chamber of Commerce & Industry
LED	Local Economic Development
LDA	Lahore Development Authority
LRAC&TA	Lahore Region Association of Chambers and Trade Associations
LRLGA	Lahore Region Local Governments Association
MC	Market Committee
MoC	Ministry of Commerce
PBC	Pakistan Business Council
PC	Planning Commission
PLGA	Punjab Local Government Act
STCCI	Small Traders Chambers of Commerce & Industries
TMA	Tehsil Municipal Administration
WCLA	Walled City of Lahore Authority



## EXECUTIVE SUMMARY

The motivation for this paper was to find ways to lessen and, where possible, to eliminate barriers in the way of trade in Lahore region. For the purpose of this study, Lahore region means an economic region including Lahore, Murdike, Kamoke, Gujranwala, Sialkot, Sheikhupura, Nankana Sahib, Faisalabad and Kasur. Strong economic ties exist between Lahore and these cities. These ties warrant the understanding of trade at regional level. Working to remove barriers to trade at regional level is likely to offer greater opportunities for social and economic development of the Lahore region. The research for this paper was completed using a number of participatory research methods. Since disaggregated data on urban economy of Lahore region were not available, the participatory research methods helped us improve our insight of trade processes in Lahore region. The solutions to the barriers of trade have been designed in the light of the research and from the case studies of local economic development experiences in many countries.

The study found a number of problems shared by the markets in Lahore region. The main problems of the markets in the region include: poor physical and utility infrastructure, lack of availability of credit, inadequate contract enforcement mechanisms, limited availability of alternative dispute resolution, unavailability of trade related information to the aspiring entrepreneurs, separation of public spaces and entertainment from trade, and poor logistics. These problems are commonly known to the traders, politicians, government officers, consumers, newspaper readers, and television viewers. This paper does not treat these problems as problems *per se* but as symptoms. Though these symptoms (i.e. visible problems) can be addressed in various isolated ways and some benefits can be gained but until the reasons underlying these symptoms are addressed, it is difficult to improve trade and use it for the social and economic development.

Therefore, this paper takes a position to address the underlying problems of trade to improve it. The paper calls for adapting Local Economic Development Theory (LED) to the needs of Lahore region. LED has been used in various developing countries in Asia and Latin America with a fair degree of success. The beauty of LED is that local governments take driving seats in spearheading economic development of the communities in their jurisdictions. This paper calls on Government of the Punjab to establish strong local governments and to take a lead in supplying other institutions needed to support the process of improving trade. It specifically calls for putting four pre-requisites in place. The first prerequisite for improving trade is to provide legislative mandate to the local governments to carryout economic development. The second prerequisite is financial. It urges Government of the Punjab to empower local governments to generate revenues from traders. Besides, it urges government to devolve tax decisions at local level. The third prerequisite is spatial. It urges Government of the Punjab and local governments in Lahore region to ensure provision of adequate amount of land for commercial purposes across the cities of Lahore region. It also urges government to provide land for commercial purposes adjacent to the big markets. The fourth and last prerequisite is environmental. It urges government to reduce environmental implications of trade.

This position is supplemented by nine interventions to improve trade. Local governments might choose to pick any step to address a set of trade related problems faced in their jurisdictions. Reading these interventions, the readers will note that each intervention provides a way of articulating the problems it has been designed to solve. Lastly, the paper suggests a way forward. It calls for encouraging democratic deliberations, broader engagements and citizens' debate on the arguments of this paper and arguments of other researches on trade. This Position Paper articulates that media has an important role to play in encouraging deliberations and debate on the problems of trade. Since the problems of trade and problems produced by trade are complicated and deep-rooted, the better way to address them is not to rely on expert knowledge alone. Democratic deliberations and engagements among citizens, traders, politicians, scholars, and public servants can help us realize the dream of using trade for social and economic development.



# **VISION**

We acknowledge that trade is not, and should not be, an end in itself. Rather trade should be for people and it must help Lahore region achieve social goals such as human and environmental well-being; fair access and opportunity. Citizens should be able to shape trade at local level through local governments. It means they should be able to assign purposes to the trade, eliminate harmful aspects of the state, and assign taxes on the traders.



# INTRODUCTION

*Cities may fairly be called natural economic generators of diversity, and natural economic incubators of new enterprises*

Jane Jacobs, 1961

Initially this research intended to seek ways to improve trade in Lahore city. However, as the work grew, we found it less then prudent to confine our study to trade in Lahore city. The expansion and growth of trade between Lahore and cities around it warranted broader understanding of the economic relations at the level of Lahore region. In several conversations with renowned urban planner, Reza Ali, we learned the economic relations between Lahore and its surrounding cities were integrating them socially, spatially and economically. Secondly, when we planned this study, Government of the Punjab was also in the process of commissioning Integrated Strategic Development Programme (ISDP 2035) to get the integrated planning done for Lahore region, i.e., Lahore and its adjacent cities. Government of the Punjab extended the jurisdiction of Lahore Development Authority (LDA) to Sheikhupura, Nankana Sahib and Kasur under Lahore Development Authority (Amendment) Act, 2013 to facilitate the urban planning of Lahore at regional level.

Observing these changes, we thought to undertake our study at regional level. However, we defined Lahore region on the bases of economic connections, in addition to the principle of physical proximity used by Government of the Punjab to define urban region of Lahore. Based on the principle of economic connections between Lahore and cities around it, we think Lahore region includes Muridke, Kamoke, Gujranwala, Sialkot, Sheikhupura, Nankana, Faisalabad and Kasur. We think that this definition of Lahore region does not violate the administrative

demarcation of LDA jurisdiction. It just helps us focus on adequate geographical area to understand the barriers in the way of trade and think about solving them in a broader way. We have learned that there is a need to lessen, and, where possible, remove barriers to trade across the Lahore region. The regional approach to deal with trade barriers may offer possibilities to use trade to reduce inequality, unemployment and environmental degradation.

Trade is a basic economic concept. It means buying and selling, transacting, or exchanging goods and services in the wholesale and retail markets, in formal and informal ways. The fact that trade takes place between two or multiple parties does not make it a simple matter. Despite mainly being economic, trade is mediated by a number of social, legal, political, technological, spatial and institutional arrangements. In simple words, trade is embedded in social relations. Trade may be taken as a way to meet the needs of a society. The nature of trade in Lahore region is as such that a lot of it is informal; it happens in streets and the peddlers (rehriwalas) are most visible and most important informal retailers.

This paper mainly focuses on the problems and solutions of buying and selling of finished products in formal and informal sectors. Therefore, it does not include manufacturing although it involves trading of raw material and selling of products. We think manufacturing is a specialized subject and a lot is written about it, therefore, it is prudent that this paper does not look into it.

A good starting point to undertake a study is to

see what has already been done on the questions it asks or the problems it selects to study. We could not find many studies which could help us answer our question. We admit that a lot has been written on ancient and medieval trade in Lahore but we could not find many sources on contemporary trade in Lahore city what to talk about sources on trade in cities around Lahore. We could not find many sources on existing and emerging trade linkages in Lahore region. In this situation, we selected and reviewed the studies indirectly related to our main question.

We found some of the research reports by the Innovative Development Strategies (IDS) useful to answer our main question. Commissioned by the Ministry of Commerce, Government of Pakistan, IDS conducted researches on various aspects of domestic commerce in the country, in 2006. These reports mentioned the following as important barriers in the way of trade in the country.

1. The unavailability of credit to the wholesalers and retailers
2. Poor physical infrastructure in the markets
3. Legal problems related to contracts

The World Bank also provides important insights into the situation of trade in the country: Its 2014 report *Doing Business in Pakistan* report reveals that Faisalabad outperforms Lahore as regards the ease of doing business. This report implied that while studying trade in Lahore region, we may also need to look at cultural, administrative and geographical factors in smaller cities which produce different outcomes in terms of trade. The 2014 *Global Competitiveness Report* of the World Economic Forum tells that Lahore does fairly well on various indexes of business, and, therefore, declares the city as an attractive place for the domestic and foreign investment. Government of the Punjab's Directorate of Industries (DoI) publishes *Pre-Investment Studies* of all major cities in Punjab, which are good sources of information on trade in Lahore region. The Board of Investment (BoI), Government of Pakistan conducts regular studies on investment opportunities and it had

put in place mechanisms to facilitate investors. The Industries, Commerce and Investment Department, Government of the Punjab is an important source of information on doing business in Punjab. Similarly, Chambers of Commerce & Industry in Lahore, Gujranwala, Sialkot, and Faisalabad provide trade related information to their members. Women Chamber of Commerce Lahore has also started providing information services to their members.

The reports produced by the international lenders, donors, chambers and public sector departments focus on particular aspects of doing business. In other words, they are business facilitation documents. The audience of these studies is businessmen looking for information to make investment decisions. Therefore, most of this literature has many merits. Some of it has helped us in finding answer to our main question. However, this literature did not provide profound understanding of the barriers in the ways of trade in Lahore region. Secondly, the available reports while being valuable did not help much in designing comprehensive way to deal with the barriers of trade in Lahore. Since most of this literature focuses on facilitating business, we did not expect it would guide us on what the purposes of trade should be. While working on our main question, i.e. how to respond to the barriers in the way of trade, we have also been struggling to know the purposes trade should serve. Thirdly, a significant part of literature is silent about the informal economy in Lahore region. As a result, we did not expect guidance from this literature regarding our question. The great merit of available literature, however, is that it reaffirms the significance of trade in making cities better places.

While conceiving this research, we decided to build on the insights of available studies. Learning from the strengths, silences and gaps of literature, we have tried to respond to our question. It is because of this learning, we have tried to stay away from providing general recommendations. Instead, we have focused on delineating the arrangements, institutions, and mechanisms necessary for removing barriers to trade in Lahore region.

Trade has long been considered a vehicle of social

development, wealth generation and progress. It is, therefore, seeking to improve trade is not new. Many people have been finding ways to improve it since long. It is because trade had been and continues to be one of the main sources of progress, affluence and development. Even a cursory reading of Adam Smith will illustrate this point. Robert Neuwirth's *Stealth of Nations: The Global Rise of the Informal Economy* (2012) has contributed immensely in understanding and improving urban trade in many countries. In her classic book, *The Economy of Cities* (1970), Jane Jacobs had suggested cities prosper because of trade. The writings of these scholars and their methods of observations have been a great source of inspiration for us while completing this paper. These writers have convinced us that perhaps cities can work without even basic services such as water, sewerage, electricity, transport—in fact, many poor cities around the world are surviving without providing these services to all of their people—but they cannot exist without providing income earning opportunities. In the times of rising unemployment, trade may offer good opportunities to provide sources of income to people.

An understanding of how trade can be improved in Lahore region is important not only for Lahore but also for Pakistan. On one hand, neoliberal economy is marching fast in the country creating inclusions and exclusions, richness and poverty, opportunities and closings. On the other hand, informal trade in the form of street vending, hawking, and shop-keeping has increased. The informal economy makes 70% to 80% of the country's economy and it is also the biggest provider of employment. In this scenario, the emerging changes in global economy are reconfiguring economy of Pakistan in many ways. Though Government of Pakistan is responding to the pressures of global economic changes, the Problems of trade in the country are worrying. The main source of worry is that Pakistani economy is becoming consumption economy. In June 2014, economist Kaiser Bengali drafted a report on Pakistani economy, which revealed that 85% of the Pakistani economy was constituted by consumption. It means the moment we lose the capacity to consume; the economy cannot stand on its feet. The consumption

based economy is as true for Lahore as it is true for other cities. Since the consumer economy is not sustainable, it will lead us nowhere. We need to replace, as Bengali suggests, our consumer economy with productive economy and reworking of trade in the country can help us in this regard.

This situation necessitates we create a vision for trade in Lahore region, a vision which cuts across all of the manifestations of trade and which can be adopted by other cities and urban regions of the country. The structure of the answer to our main question is established like this: while talking to people, reading newspapers, research reports and making observations for this research, we created a vision for trade in Lahore region. We asked many people how they wanted to see trade in Lahore region? We also asked many people of their views of the purposes trade should serve. In the light of our discussions with many people and reading of literature on changing trends of trade in many places across the globe, we have crafted a vision for trade in Lahore. This paper starts with that vision. What follows from the vision and our study is the position of the paper. The position of the paper suggests arrangements which are necessary to realize the vision. We think the position articulated in this paper can help avoid the traps of what Dani Rodrik calls 'laundry list' of reforms, i.e. long list of wishful reforms without providing institutional arrangements and priority areas of action. In our case, we clearly point out that in order to improve trade; Government of the Punjab needs to put in place institutional, financial, spatial, environmental arrangements. Lastly, nine interventions have been suggested which can contribute to improve trade with or without adopting the position provided in this paper. The obvious problems of trade need to be solved in any case.

The audience of this work primarily includes trade-related stakeholders, i.e., trade-related government agencies, trade associations, consumer groups and community leaders in Lahore region. However, the ideas presented here may be helpful for researchers, students and most of the concerned citizens.

# METHODOLOGY

The methodology for completing this research was composed of the five components: (i) review of the available literature on trade; (ii) deliberation with the members of Core Working Group (CWG) of the Lahore Vision 2035 project; (iii) in-depth interviews with the traders, trade associations, selected economists, and development experts; (iv) market visits and observations; (v) analysis of newspaper and television reports of the trade in Lahore region.

The task of finding the available literature on trade was the most difficult. There are hardly any indexes or abstracts available for literature on trade in Pakistan. A number of google searches and visits to the Lahore Chamber of Commerce library, Forman Christian College library, Quaid Azam library, Punjab Public library and University of the Punjab library were helpful in identifying some books on the history of trade in Pakistan. These books reaffirmed our belief in the importance of trade in economic and social development. These books also provided insights into the factors leading to the less than satisfactory performance of various laws and administrative decisions on trade related matters. Reading this literature, we became convinced of the need to understand trade in a comprehensive and integrated manner. We also learned that expert knowledge in the form of laws and technical formulations could not help Pakistan resolve its trade related problems. The realization gained from this review helped us in designing our questions for interviews with selected individuals. The second part of the literature review included documents which were directly or indirectly relevant to the question we posed for ourselves. There were gaps in the literature, however. For example, we could not find a source on disaggregated data on urban economy in Lahore region.

Simultaneously, we conducted interviews with economists, urban planners, traders and trade association leaders. We also collected newspaper clippings throughout 2014 to remain updated with the news on trade and traders. We learned about the problems of trade in Lahore region in a great deal from these clippings. We also visited a number of markets: Shah Alami, Akbari Mandi, Anar Kali, Ichra, Landa Bazar, and Liberty in Lahore; Main Bazar and Landa Bazar (Sheikhupura); Bazars of Kasur, Nankana Sahib, Gujranwala, and Sialkot. Many of these bazaars shared some problems largely related to the unequal provision of infrastructure. For example, the infrastructure in Liberty market Lahore is much better than many other markets in all the cities of Lahore region.

At every stage of progress in research, we presented our findings and shared our understanding with the members of the CWG. The CWG members provided their feedback on the progress of research frequently which was always helpful. We also sent the drafts of the paper to a number of experts and received their reviews.

We talked about this research to a number of citizens at the forums organized at the CPPG and elsewhere. We learned how citizens wanted to see trade. The vision presented in this paper has been constructed mainly on the basis of these conversations. As we drafted the vision and as we knew the problems of trade in Lahore region, the next step required we make sense of these problems. We decided to read a lot of secondary literature to make sense of the problems of trade in Lahore. In the light of this review, we concluded that the visible problems of trade in Lahore region were symptoms of something else. As a result of this understanding, we could articulate the position presented in this paper.

PART I

# POSITION OF THE PAPER

# POSITION

*Cities, towns, counties and all local entities in a global economy have the challenge and opportunity of crafting their economic destinies. This is true for the poorest as well as the wealthiest localities*

Edward J. Blakely & Nancey Green Leigh, 2010

## 3.1. LOCAL ECONOMIC DEVELOPMENT

The vision of this paper can be achieved by adapting the precepts of Local Economic Development (LED) theory in a way that it becomes suitable and relevant to the local economies in Lahore region. In his 2002 book, *Endogenous Development: Networking, Innovation, Institutions and Cities*, Vázquez-Barquero defines LED “as a process of growth and structural change, which provides more well-being to the inhabitants of a city or region... The concept is based on the idea that localities and territories possess economic, human, institutional and cultural resources, as well as hidden economies of scale, which constitute their development potential.” (40) This definition stresses the need to coordinate both economic and noneconomic resources for development at the local level. In contrast to the neoclassical economic theory’s assertion that exogenous factors such as foreign direct investment, exports, migration drive economic development in regions, the LED theory asserts that economic development can also be achieved through endogenous factors in a bottom-up fashion.

The LED calls for bringing state and society closer to shape trade for the purposes of social development. In order to improve trade, the LED theory provides framework and knowledge of successful practice to create government-traders-people synergies. Adapting LED can help Lahore region. The conditions of trade are unwell here due to the confluence of trade related institutional arrangements of various levels of

government and traders associations. These problems can be addressed at the local level in a better way. The LED theory finds support in the comparative-institutional literature produced by scholars such as Peter Evans. Evans stresses upon the role of state in providing institutions to create state-society synergies for development. This position paper also suggests that the responsibility of barriers to trade in Lahore region cannot be put either on government or on the traders. Learning from LED literature, it can be suggested that Government of the Punjab has important role to play in providing institutions including local government institutions to stimulate government-traders-consumers joint action for developing trade for the social development of the Lahore region.

The significance of LED can be judged from this long but relevant quotation.

The use and valorisation of local assets, of local institutions, and the empowerment of local societies that LED brings to the development process are starting to bear fruit in different parts of the world. Many areas where LED strategies have been implemented over the last few years have witnessed not just the emergence of greater prosperity, but also a greater embeddedness of economic activity, and a better quality of employment. Territories that have followed this path are, in most cases, more capable of withstanding changes in the global

economic environment than in the past... The likelihood of success of LED actions increases in cases where solid institutions are already in place and where the endowment of infrastructure, local firms, and human resources is in a relatively good state. In fact, the most widely mentioned examples of LED strategies – the Third Italy in Italy, Baden-Württemberg in Germany, Jutland in Denmark, or the Silicon Valley in the US – already enjoyed excellent starting points and first-rate institutional settings on which to construct their success.

Source: Andrés Rodríguez-Pose, "Forward," In *Local Economic Development in Post-Crisis Situations: Operational Guide*, Martin Gasser et al (International Labor Organization, 2004).

Though empirically tenable, this position is not acceptable to many people both within the government and within the traders community on various ideological, technical and political grounds. Many traders believe government should provide every facility to them and let them earn profits and expand their businesses. Similarly, many government officers also want more powers to regulate and control various aspects of trade.

Like they do elsewhere, economists take lead in producing literature on trade and economy in Pakistan also. The positions taken by Pakistani economists on trade can be divided into three categories.

1. Deregulation, i.e., no or little role of government in economy and trade
2. Regulation, i.e., government control of trade
3. Synthesis, i.e., appropriate roles for government and private sector

However, these categories are nominal and have been used here as heuristic devices. Some scholarly works cannot be categorized as neatly as these categories suggest.

The supporters of deregulation option suggest eliminating government's role in trade. They suggest that economy should be left to its own devices. The examples of Pakistan Business Council (PBC) and Lahore Chamber of Commerce & Industry (LCCI) illustrate this point. These institutions have claimed, time and again, that deregulation is the solution. Economists such as Nadeem ul Haq, Ishrat Hussain, and Shahid Kardar also concur with this view. If this position is accepted government officials related to trade will have to become facilitators or advisors and existing laws will have to be changed. The tragedy is that government itself is not willing to take a leading role in economy. The reports of Economic Affairs Division (EAD), Planning Commission (PC), Ministry of Commerce (MoC), Planning & Development Department (P&DD) Punjab are providing detailed plans for supporting free market economy in the country.

The second option is to give meaningful role to the government in managing economy. Akmal Hussain and Kaiser Bengali offer views closer to this position.

But there are some scholars who do not purchase either of the two ideas: deregulation and regulation. The economists such as Pervez Tahir, Hafeez A. Pasha, and Shahid Javed Burki belong to this group. Theirs is a middle position for creating government-traders synergies. Their position is closer to the tenets of LED being recommended by this position paper. The practice of LED can help the economies in Lahore region grow within the framework of local governments. The LED can also help local economies save themselves from the excesses of free market economy and the centralized control of provincial and federal government in Pakistan.

# PREREQUISITES TO ACHIEVE THE VISION

**A**ny visitor of an average bazaar in Lahore region will find hanging electrical wires, uncollected garbage, disordered lanes, suffocating basements, and traffic congestion. These problems are too obvious. But are they problems in themselves? Or merely symptoms? If they are problems in themselves, simply removing them will improve trade in Lahore region. But if they are symptoms of something else, then a careful diagnosis is needed. In the view of this study, the obvious problems of trade are just symptoms. And merely removing symptoms will not cure the underlying problems of trade.

The problems of the trade in Lahore region stem from the absence of four prerequisites: weak/absent local governments; tax collection is weak; inadequate spatial integration; and, indifference to environment. It is in the presence of these causes that the trade is not performing its role in the achievement of social goals. If these problems are fixed, the interventions designed to deal with symptoms will work better. It is, however, not easy to fix these structural and institutional problems but there is no harm in moving to solve them.

The position requires the provision of prerequisites.

## INSTITUTIONAL PREREQUISITES

*The political jurisdiction at local level is often the most appropriate place for economic intervention, as it carries alongside it the accountability and legitimacy of a democratically elected body*

SALGA LED Position Paper, 2009

Many scholars of development agree that political institutions determine development outcomes. But what level of political institutions help local economies—the subject of this position paper—grow? They are local governments, of course. The reason is that local governments can solve local and context-specific problems much faster and much better than the provincial or federal governments. There were times after the WW II, especially the 1960s and 1970s, when development related scholars and donors would work only with central governments. These scholars and donors conceived the national governments as the only legitimate actors to plan economic growth. This perception does not hold currency anymore. A number of important failures of centralized planning in both developed and developing countries have convinced scholars, politicians and donors to call for decentralization at all levels and across all sectors. Even at the district level.

Aristotle rightly observed that democracy can grow in small places. Since trade is simultaneously economic, social, and political activity, and since democratic decision-making is important for trade to deliver social purposes, local trade should be governed by local governments. The cities in Lahore region, i.e. Lahore, Gujranwala, Faisalabad, Sheikhupura, Nankana and Kasur can plan and oversee trade within their boundaries with focused efforts.

The good news is that Government of the Punjab realizes the importance of local economies. It also realizes the significance of local governments. But this news is partly good. The Punjab Local Government Act (PLGA) 2013 does not provide for establishing

local governments which can plan and look after local economies. Specifically, the local governments under PLGA will find it difficult to:

- form a regional association easily
- provide institutions necessary for the governance of trade
- invest, because they have little financial resources
- coordinate various departments and agencies related to trade
- take decisions for creating trade niches

The theoretical, empirical and advocacy literature on the significance of local government in local economies—both in developed and developing countries—is too broad to be summarized here. The main lesson to be learned from this literature is that it is important to give strong legislative mandate to the local governments to promote economic growth within their jurisdictions. The examples of the cities which plan their own economies is very long but the important ones include Medellín in Colombia, Córdoba in Argentina; the Greater ABC industrial belt of São Paulo and the Nordeste Bank in Brasil; Jalisco in Mexico; Antioquia in Colombia and Cajamarca in Peru; Buena Vista in Bolivia; Ceará and Porto Alegre in Brazil; Rancagua in Chile; Sierra de Cuchumatanes in Guatemala; the Sula Valley in Honduras and Villa El Salvador in Peru.

The themes of the literature and lessons from the above cities suggest that the local governments leading their cities to economic growth provide:

- strong Mayoral leadership
- infrastructure such as access to commercial space, transport and manufacturing
- employment opportunities
- encouragement for innovations
- economic development offices/economic development officers
- opportunities to their people to participate in decision-making especially in the case of mega-projects. No mega-projects are undertaken without referendums or public hearings

The local governments in Lahore region can adapt these themes to their specific needs and spearhead the process of economic growth. In order to achieve this, PLGA 2013 needs revision to incorporate elements of the success stories.

If PLGA 2013 is reviewed to establish strong local governments, the provincial and federal governments would actually deal with local economies through the local governments. The coordination of trade related activities at metropolitan level will help reduce transaction costs, i.e. the costs of doing business, by improving coordination among various departments and actors. Once major part of trade-related decision making is devolved to the City District Government Lahore (CDGL)/Metropolitan Corporation Lahore (MCL) and other local governments in the region, the institutional and political mechanisms to coordinate trade would be developed at the regional level. This can be done in partnership with the elected local governments of Gujranwala, Gujrat, Sheikhupura, Faisalabad, and Kasur. It is important because even Punjab government has extended Lahore Development Authority (LDA) to the Lahore Division, but even the extended and strong LDA cannot solve the political problems arising out of power struggles among traders, between traders and government, and between traders and consumers.

It is important for Punjab government to realize

that unelected institutions have serious limitations of legitimacy because they hardly contribute to the cause of local economic development. It is not to say that nonelected institutions are of no use. They are certainly useful only if they do not monopolize decision making. If they work under the guidance of elected leaders and if they respond to the needs of the people, they can contribute to the social and economic development.

No doubt, nonelected institutions such as civilian and economic bureaucracies had contributed immensely to the national economic development projects from 1960s to 1980s. The bureaucracies in South Korea, Taiwan, Hong Kong and many Southeast Asian countries have helped their countries achieve economic growth. Those days, however, have passed. The same formula cannot produce economic growth anymore. Even the economic planning at the national levels by the elected leaders is unable to achieve economic growth. Endogenous theory in economics has amply demonstrated that economic development, like community development, needs bottom-up approach. And the elected institutions at local level suit best to achieve local economic development. Therefore, it is imperative to have a mechanism of political decision-making by locally elected leaders in place for achieving economic development.

#### *What benefits can be expected from the revision of PLGA?*

The national economic policies are likely to become more effective when they are coupled with the local policies. The local ownership of national policies and context-specific implementation of the national policies will ensure the success of national policies. Active regional/local policies centering on the local implementation, a number of policies of the Planning Commission of Pakistan have remained on paper, because planning commission do not have its own implementation mechanism. Further, how the policies from above could change Pakistan when the actual problems need to be solved in the streets, and neighborhoods?

## FINANCIAL PREREQUISITES

*It is good for the citizens to pay taxes directly to their local Governments, and to see the connection between the services they want and the taxes they pay*

W. Arthur Lewis, 2003

Local sources of revenue from citizens and traders are essential for carrying out successful LED programs in Lahore region. These revenues will help local governments in providing infrastructure for markets, undertake research & development, support innovation and provide space for small traders, and run the day to day affairs related to the markets. But the local governments need legislative mandate to generate revenues (through service charges and taxes) from businesses. The principle is that if the citizens pay for services such as water, gas and electricity, the traders should also pay for infrastructure which helps them function and make profits. The spending of public money to enhance private gains of traders is a kind of tax injustice. Without business taxes, the dream of making trade grow and work for social development in Lahore region will remain elusive.

In their current shape, the local governments in Lahore region can hardly spearhead the projects of LED. The reason is that they are cash-stripped, largely because of two reasons. First, they have limited financial resources. The provincial government exercise immense control over the spending of transfers it makes to local governments through Provincial Finance Commission (PFC). Second, they have virtually not been given any powers to generate their own resources by levying taxes on businesses. They cannot even levy taxes on the businesses they are allowed to levy taxes on because most of the businesses are not documented. They also need autonomy to spend those revenues for LED programs.

Let us try to understand the financial constraints, the local governments in Lahore region will face

while planning LED programs given their poor performance on three indicators of local autonomy. These indicators are:

1. Expenditure Decentralization Ratio, i.e. percentage of total public expenditure spent by local governments. In Pakistan, according to Shahid Kardar, “the total expenditure of local governments as a proportion of the combined expenditure of the Federal, provincial, and local governments is less than 1% compared with 4% in India and 20 to 35% in advanced countries (45% in Denmark), despite the Constitutional amendment intended to transfer power, authority, and resources to local government.” He further tells that “local government expenditure as a percent of provincial and local government expenditure is less than 4% compared with 9.5% in India.”
2. Revenue Decentralization Ratio, i.e. percentage of local government revenue in total government revenue. According to Shahid Kardar, “In terms of GDP, revenues from own sources of local governments is below 0.1%.”
3. Financial Autonomy Ratio, i.e. percentage of locally collected revenue in total local expenditure.

It is clear that the local governments in the country are hardly autonomous. The TMAs are unable to collect professional tax from shopkeepers and service providers. Many wholesalers hardly pay taxes. The problem is that a number of traders think paying taxes is harmful for the trade.

There are other problems, too. Whatever public money is available is spent inequitably on the development of some markets at the cost of others. In the present financial arrangements, public money subsidizes rich businesses and their private interests by providing better infrastructure to some markets. In the absence of an equitable financial policy, the commercialization policies end up helping rich businesses. The commercialization policy of LDA is an example: under this policy the 54 commercialized roads enjoy access to many urban services without paying for those services. These arrangements do not let competition develop.

In these circumstances, Government of the Punjab has taken the three most important sources of revenue away from the local governments in Lahore and other cities in Punjab. These sources are: slaughterhouse fee, cattle management, parking fee, and building control have already been transferred to the unelected agencies. For example, slaughterhouse fee now belongs to the Punjab Agriculture & Meat Company (PEMCO). Cattle Market Management Companies have powers to decide that they want to do with the cattle markets. Building control fee has become the right of the LDA. Parking and the revenues coming from it has gone to the Lahore Parking Company. These and other companies will take over revenues which belonged to the local governments. This is the existing state of affairs about the revenues of local governments. The money from parking can be spent to improve parking, cattle markets revenues for cattle markets, and building control fee for land-use. But instead of improving these systems, government of the Punjab has established companies to run these services.

All indirect taxes should be devolved to the local governments. In OECD countries, the local governments levy and collect direct taxes. Municipalities in Finland collect 45% of the revenue in the form of direct taxes. In many other countries, municipalities have powers of direct taxation. Learning from these countries, Government of the Punjab can also give legislative mandate to the local governments to levy, collect and spend taxes from the

businesses.

The local governments can use financial autonomy in a useful way if they adopt prudent ways of budgeting and spending. In fact the current practices of local government budgeting and spending result in immense wastage of money. Firstly, local governments hardly consult people living in their jurisdictions while making budgetary allocations. As a result, their budgets do not reflect the needs of the people. Local governments also hardly consult small traders. This is one of the reasons due to which the conditions of small traders such as neighborhood retailers, peddlers and other small vendors remain dilapidated year after year. Secondly, local governments do not undertake long-term planning for the development of wholesale and retail markets in their respective areas. Without long-term planning, they allocate their limited monies for small projects in union councils. When limited budgets are spent on small projects or parts of them, social and economic development is difficult to achieve.

Thirdly, local governments' financial and administrative action is substantially focused on price controls through creating alternative markets such as model bazaars, Ramzan bazaars, and Sunday bazaars. Setting up model bazaars may be very expensive. Many local government officials monitor these bazaars besides making arrangements for setting them up. No doubt, some people benefit from the model bazaars but they are not an effective instrument to improve trade. Instead of creating model bazaars, the local governments need to allocate and spend money to promote fair practices of trade across the wholesale and retail markets within their jurisdictions. Lastly, local governments need to find low-cost and affordable ways of completing trade related projects within their jurisdictions.

This thinking may be termed as utopian but local governments have to be capacitated to be in full control of their revenues and spend them for local development.

## SPATIAL PREREQUISITES

*The geographies in which we live can have negative as well as positive consequences on practically everything we do*

Edward W. Soja, 2011

A number of scholars have explicated the significance of spatial side of social life. The famous philosophers such as Gilles Deleuze, Michael Focault, and Henri Lefebvre have theorized space, its politics and its interaction with social, political and economic life. A number of recent works by Edward Soja, Saskia Sassen and Yi-Fu Tuan have also contributed immensely to our understanding of the politics of spatiality, i.e., how political processes concentrate privileges and deprivations in particular places. With the rising appreciation of the importance of space and place in creating inequalities and privileges, many activists in many countries of the world are working to rework the spaces in their cities and town to promote equality and inclusion.

Trade is shaped by the spatial order as much as it is shaped by the economic and political order in which it takes place. It is, therefore, an understanding of space and place is important for trade activities. Esteban Rossi-Hansberg acknowledges that “[t]rade is spatial by nature. The distribution of economic activity in space determines the pattern of trade across and within countries.”

The spatial order of trade in Lahore region is trade restrictive in many ways. It is trade restrictive despite of the significance of the region in promoting economic growth. The allocation of space to various trade activities does not correspond to their economic contribution. The leading wholesale markets such as Shah Alami and Azam Cloth Market own very little space. Only negligible space is allocated for enterprises such as warehouses, goods transport terminals, and retail plazas. The street vendors and peddlers are routinely stigmatized and evicted. The

spatial regulations do not award legal status to the informal enterprises working in the neighborhoods. These informal enterprises constitute more than 80% of the economy of Lahore region. Thus, spatial regulations restrict the mobility of informal entrepreneurs. They also make it impossible for private sector to establish markets. Consistent with its colonial origins, the spatial order in Lahore region is being imposed from above regime after regime.

Many other problems of trade such as distances between various markets, location of markets and good transport terminals, segregation of land-uses are spatial in nature. Hence they need to be fixed on a spatial scale. In fact, macroeconomists have long been taking the national economies (in aspatial and abstract terms) as legitimate economic units. In so doing they ignored looking at spatial economic units at the regional/city levels. In contrast to the macroeconomic theory, the cluster theory (i.e., the works of Alfred Marshall, Michael E. Porter, Paul Krugman, and Richard Florida) tells us that economies cluster around spatial units. This acknowledgement has brought the study of spatial economic units to the fore of economic studies.

The trade related spatial questions are important for four reasons:

Firstly, spatial questions are important if we want to take into account the diversity of economic life. The fact is that economic activity is highly differentiated on spatial scale. But traditional economic theory was concerned about the sectors of economy not the places of economy. Briefly, it has been concerned with “how much” of economic activity but not with “where” of

that economic activity. Therefore, location has not been much attention in these economic studies. As a result, the aggregate economic indicators produced under traditional economic theory mislead on spatial dynamics of economic activities. They hide the considerable inequality in spatial economic activity which exists in Lahore region. Unlike the expectations of traditional economic theory, the growth of trade in Lahore has not produced convergence of urban economics.

In the last few years, parcels of prime space have been allocated to the high-end retailers. A lot of money is being spent to permit the opening of chain stores such as Hyper Star and Macro. The small shop keepers are being missed out. This segregation of middle class buyers is also contributing to strengthen social segregation in Lahore region. If this pattern of development is continued, the spatial inequalities may rise as Pakistan progress into trade openness.

Since roadsides, public spaces such as shrines, bus terminals, shrines, gardens, hospitals, parks and playgrounds are important trade places across Lahore region, the availability of government land can help small traders operating in these spaces secure some space for carrying out their businesses without being intimidated by the police and other officials on the charges of doing business without legal permissions. The government land can be made available for commercial purposes even without losing government control over it. This step can contribute to reduce rents and can increase many entrepreneurs access to commercial land. If land can be provided to big shopping malls, why it cannot be provided for peddlers, cart vendors, and street vendors who provide services to the majority of the lower-income and middle-income people?

Secondly, understanding of spatial order of trade is important to make trade/economy consistent with environment and to undertake transport planning, housing, and life in general. A lot of work on local economic development and new urbanism suggests that the spatial integration of the physical markets with other land-uses help reduce environmental damages. It also helps in designing socially and

spatially equitable development of infrastructure.

Thirdly, spatial questions are important for supporting innovations. Innovations are essential for economic growth, entrepreneurship and development. The proximity and density of economic activity helps stimulate innovations.

Fourthly, understanding of spatial order helps us think clearly about how to support the lagging regions? Spatial questions are also important to plan about reducing spatial inequalities/spatial disparities and spatial discrimination. Why the markets are developed in one area and not in another? What make spatial concentration of economies? How to make spatial concentration of economies sustainable? It is clear that inequality in economic activity may have correlation with geography/spatial location.

Without addressing spatial inequalities in the concentration of economic activities, the trade can hardly perform its role in human development. The spatial disparities in economic activities contribute to exacerbate income inequalities and deprivations as they promote concentration of wealth in some spatial units. Therefore, the Lahore region needs to deliver spatially targeted economic development strategies. The current spatial and demographic arrangements of Lahore region offer some opportunities for achieving this purpose. A quote from economist Shahid Javed Burki illustrates this point.

Lahore and the cities within a radius of 30 miles have a combined population of 40 million people. This means a population density of some 200,000 [sic] people per square mile in this space. What is also interesting that is that these people are occupied with a number of diverse activities, which means that there is a great deal of internal commerce within this area of 200 square miles.

(The Express Tribune, 29 July 2013).

Lahore region can benefit from the possibilities of internal commerce and help realize the vision of this document by spreading economic activities equitably and inclusively on spatial scale across all of its cities.

## ENVIRONMENTAL PREREQUISITES

*The economy is a wholly owned subsidiary of the environment, not the reverse*

Herman E. Daly, 1994

Environmental degradation is touching disastrous proportions in Pakistan. But the country's politicians, bureaucrats, traders and citizens are in a state of denial about it. Perhaps most of us, the Pakistanis, tend to believe that environmental problems, sooner or later, will be taken care of by the supernatural forces. We also find it hard to imagine that our lives are primarily dependent not on money and economic wealth but on the nature. Therefore, most of us hardly talk about and 'politicize' environmental degradation. We hardly ask our political parties to give environment the priority it deserves.

Since we are facing severe climate change, environmental problems are accentuating with every passing day. In his 2012 book, *Pakistan: A Hard Country*, Anatol Lieven has regarded climate change as the foremost threat facing Pakistan. Commenting on 2010 floods in Pakistan, he cautioned:

What is certainly true is that if floods and other ecological disasters on this scale become regular events as a result of climate change, then Pakistan will be destroyed as a state and an organised society – but so too will many other countries around the world...the floods have obviously damaged Pakistan's national infrastructure, and retarded still further the country's already faltering economic progress.

But what he said afterwards should intrigue all of the citizens of Pakistan but especially its political and bureaucratic leaders to think about addressing the repercussions of climate change on urgent basis. He thought climate change can, God forbid, destroy Pakistan:

[U]nless the USA, India, or both together

invade Pakistan and thereby precipitate its disintegration, the likelihood is that the country will hold together, and that if it eventually collapses, it will be not Islamist extremism but climate change – an especially grim threat in the whole of South Asia – that finishes it off.

Anatol Lievin's assessments make sense. The floods of 2010, 2011, and 2012 had brought country to its knees because of the loss of housing, livestock, agriculture, health and other property. Floods caused loss of hundreds of billions of dollars to Pakistan. Though this financial loss may be recovered but the loss these floods caused to the economy and economic activities in the country will take many decades to be recovered. It is, therefore, environmental considerations are central to the economic activities and trade.

Trade activities in Lahore region need to adopt environment-friendly practices as a matter of sustainability. Since most of the economic activities leave some environmental footprint, the care for environment should be undertaken on urgent basis. Recently, the World Bank claimed that environmental destruction was responsible for causing 6% loss to the GDP of Pakistan per year, which is approximately Rs. 365 billion. It is really scary. It means Lahore region is also suffering from economic losses, in a major way, from environmental degradation. The excessive use of plastic bags and plastic packing of goods are hazardous for environment. Annual per capita use of plastic bags in Pakistan was found to be 397 in a 2004 study on the subject by the Pakistan Environment Protection Agency. It meant the use of at least one bag, per person, per day. The use of plastic bags would not remain constant, the study

revealed, but would increase by 15% on annual basis. It means in 2014, the use of plastic bags might have increased manifold. In 2004, 55 billion plastic bags were used in the country. In 2014, the number might have crossed 100 billion bags. It is really alarming as plastic bags pose the leading environmental threat. Our drains pour out in monsoon due to getting block by the plastic bags. To make trade sustainable, we need to find a solution to deal with the problems of plastic bags, if we cannot eliminate them.

Both the elite and non-elite trading places in Lahore region impact environment: the elite shopping malls by producing high amounts of carbon; the non-elite markets for being without infrastructure. A number of trades and markets in Lahore region cause immense damage to the environment. Think, for example, of chamra mandi (leather market), chemical market, vegetable markets, cattle markets, chara mandi (fodder market), auto workshops, eateries, meat sellers. The wasteful patterns of consumption such as wastage of a lot of water in the hotels, restaurants, automobile shops destroys environment by creating waste water. The effluents and wastages discharged to the drains without treatment have consequences for whole of the cities in the region. The absence of recycling and reuse of materials poses major problems for environment. It means recycling, reducing waste, and reusing almost everything. The recycling businesses are also not environment-friendly unfortunately.

In these circumstances, what choices do we have?

A number of suggestions are relevant to create harmony between trade and environment. To begin with, the land for commercial purposes should be allocated in such a way that it does not have implications for environment. The practice of colonizing highly fertile land for industries needs to be stopped. The design of the commercial buildings, i.e. shops, plazas, malls, markets and other trading places need to be environment-friendly. The buildings which natural light and fresh air depend less on energy and, consequently contribute less to the green house gases. The government agencies must eliminate trade in environmentally hazardous goods,

i.e. chemicals, sprays, expired food and environment-unfriendly food products. The Ministry of Law and Justice has notified the *Prohibition of Non degradable Plastic Bags (Manufacture, Sale, Use) Regulations 2013*. As a result, the traders in Islamabad are using oxo-biodegradable plastic bags which decompose naturally in 3-4 months time. These bags can be manufactured with same machinery and the cost increase per bag may be between Rs 0.05 and Rs 0.50 per plastic bag. It is a challenge to convince the plastic bag manufacturers in Lahore region to start producing oxo-biodegradable plastic bags. Lahore city is the biggest producer of plastic bags. It has 6,000 plastic bag manufacturers. It will be tough for Government of the Punjab and local governments in Lahore region to convince these manufacturers to stop manufacturing hazardous plastic bags.

A number of plazas and markets can have green roofs fitted with solar panels. Plants can be grown on the roofs to reduce temperature. Arrangements can be made for natural sunlight. Roofs can be designed to promote cross ventilation and achieving better thermal comfort.

If the use of energy for the commercial purposes is cut by 10% percent, it will help not only environment by reducing carbon footprint but will also help traders increase savings. This can easily be achieved mainly by designing buildings on environmental lines. Many markets remain open until late at night, adding to the consumption of energy. A shop in liberty markets had more than 500 electric lights. There are many shops like this in Lahore region. A lot of commercial buildings in Lahore region are not energy efficient. Since they have not been designed considering the climatic conditions, they have to be warmed or cooled with a lot of energy. This is what makes them unsustainable. The airy and bright buildings contribute less to the green house gases. The low-carbon buildings ultimately promote welfare in a society. The adoption of energy saving and using solar energy is still a far cry. In our consultations, the point of saving energy was highlighted.

PART II

## INTERVENTIONS TO IMPROVE TRADE

# INTERVENTIONS

This part of the paper highlights specific interventions to help trade grow in the Lahore region. They can be more useful in helping achieve the vision of this paper if the institutional, financial, spatial and environmental prerequisites outlined in the previous chapter are in place. We contend that with these prerequisites, it is easier not only to eliminate the visible problems of trade, which have been termed as symptoms in this paper, but the underlying problems of trade also. Only the mutual working of these prerequisites can promise longer term improvement of trade in Lahore region. We believe that the working of prerequisites under the leadership of local governments committed to Local Economic Development (LED) will also contribute to enhance employment and stimulate equitable development. Further, local governments with strong legislative mandate for LED will be in a better

position to supply institutions to make trade easier because they can make policies which respond to the specific business conditions and provide necessary infrastructure. Just to reiterate, the framework of prerequisites provided in the last chapter spells out the most important considerations to improve trade holistically for the purposes of inclusive and equitable development. Until prerequisites are in place, the adoption of any of these interventions or all of them will also contribute to solve some of the problems of trade in Lahore region. Vision has been created for each intervention to support government action.

## ECONOMIC (POLITICAL & SPATIAL) INTEGRATION OF LAHORE REGION

By 2035, Government of the Punjab will have established local governments with strong legislative mandate for Local Economic Development (LED). By the same year, all local governments in Punjab will have established Local Economic Development Departments with appropriate powers and resources. Simultaneously, Lahore would also have taken a lead in strengthening trade linkages between central Punjab region in Pakistan and Amritsar and Delhi in India to rejuvenate Lahore-Amritsar-Delhi trade linkages established over history.

*Yet as international economic integration presses ahead, the issue of national economic integration surges on both the economic and political agenda for many developing countries*

Jaiwen Yang, 2011

Social and spatial barriers exist in the way of trade in Lahore region in a major way. Let us talk about social barriers first. It is sometimes difficult for businessmen to start business outside of their city of residence. A number of ethnic, caste, and geographical prejudices affect trade in Lahore region. It is difficult to say whether these prejudices will automatically disappear with social change and increased migration. Until this happens, these prejudices do not let the relations of trust develop and grow given the fact that a lot of business in the markets of the region is conducted on credit. A number of low-and middle-income migrants in Lahore complain that it is not easy for them to get residential and commercial spaces on rent in Lahore. What makes the matters worse is that Lahore region does not have regional dispute resolution mechanisms among traders.

Let us talk about spatial barriers now. Transaction costs, i.e., cost of doing business, remain high when economies does not benefit from geographical proximity. Economic discrimination and access to economic opportunities exist at a spatial scale within cities and among the cities of Lahore region. For example, Liberty Market in Lahore is highly developed while Sabzi Mandi (vegetable market) in Lahore is one of the poorest markets, infrastructure-wise. The

reason is that the public money for infrastructure development is spent in highly inequitable manner in markets, which produce spatial inequalities.

Road networks play important role in spatial integration of a region. Though Lahore region's road network is the best in Punjab but the goods transport is not in a satisfactory condition. In addition, the roads network and goods transport is not linked with railways. The private companies working in supply chains such as TCS are expansive for most of the small traders. It means spatial integration is not optimal. The regional integration can help lessen the problems of spatial arrangements.

The legislative mandate for LED is likely to give incentives to the local governments to increase political and spatial integration of the cities of Lahore region for improving trade. Since Lahore is central to its region, the Industries, Commerce and Investment Department (IC&I), City District Government Lahore (CDGL) and Lahore Chamber of Commerce and Industry (LCCI) need to work together to strengthen the economic integration of the region.

*What benefits may the economic (political & spatial) integration bring?*

Many benefits are likely to occur. The available land and infrastructure related facilities can be used to the maximum level. Local-local trade can expand which will help small artisans, producers, retailers and informal sector people grow, mature and move upward. Greater innovations and entrepreneurship are likely to take place due to the proximity of economic activities. The economic opportunities and economic benefits are likely to transfer to the hitherto economically excluded areas, thus economic unfairness may reduce. Lastly, a well-integrated economic region can integrate well with other well-integrated economic regions in other countries but especially with Amritsar and Delhi in India.

*To achieve regional integration, regional associations need to be set-up.*

Government of the Punjab may help City District Government Lahore in establishing Lahore Region Local Governments Association (LRLGA), comprising the Mayors of the cities in Lahore region. LRLGA can design policies to facilitate trade across their cities. The LRLGA may also facilitate traders to invest not only in Lahore region but also in other cities. The Mayors may learn from each other, harmonize trade related local government laws, and lobby with provincial and federal governments to pursue various reforms.

Simultaneously, Industries, Commerce and Investment Department (IC&ID) and Pakistan Business Council (PBC) can help LCCI in establishing Lahore Region Association of Chambers and Trade Association (LRAC&TA). PBC, LCCI, and Federal Chamber of Commerce & Industry (FCCI) are already organizing such forums. Their efforts need to be strengthened by the LRAC&TA. Some of the Trade Associations are doing well in helping their members' trade better. But many trade associations are not well-connected to the Chambers in their cities. A good starting point may be to strengthen the interaction between Chambers and Trade Associations. FCCI,

LCCI can be supported by PBC and LRLGA in this regard. LRLGA can play a leading role in bringing the Chambers of Commerce in Gujranwala, Sialkot, Sheikhupura, Nankana, Faisalabad, and Kasur closer to help regional economy integrate. Simultaneously, connections can be strengthened between Chambers in Central Punjab and Amritsar and Delhi.

In order to promote trade in Lahore region, Ministry of Commerce Pakistan may help establish Small Traders Chambers of Commerce and Industries in all cities of Lahore region. Once the Chambers are established and become functional, their association should be developed. The establishment of Small Traders Chambers in Pakistan is a good sign. Faisalabad has established one. It will give increasing opportunities to the small traders who can't participate in the Chambers of their respective cities to advance their interests.

The need to organize hawkers, small vendors and street vendors is also important since the economy of Lahore region is largely informal. The sub-district level local governments in Lahore region may help informal traders organize into associations. The experiences of organizing vendors in India, South Africa, and Kenya may be useful for Lahore region. Under their LED programs, the local governments in some countries have played active roles in developing the associations of small vendors.

The major benefit of the institutions suggested here are likely to help labor movement and investment in the Lahore region which can hopefully contribute to improving trade in Lahore region.

## ELIMINATE TRADE RESTRICTIVE LAND-USE PLANNING

By 2035, Lahore region will have achieved trade-friendly land-use planning by replacing single use zoning with mixed land-use and by using commercial land to the maximum advantage. Simultaneously, the Lahore region will be using and reusing all abandoned or vacated commercial land; supplying appropriate amount of land for all commercial purposes including street vending to shops to storage and warehousing; resolving commercial land disputes in fair and transparent manner, and, practicing trade-friendly zoning regulations.

*Zoning renders the cities sterile and uncreative by stifling the diversity of land-uses within neighborhoods and generally segregating land-uses by type*

Jane Jacobs, 1961

The continuation of many of the trade-restrictive features of colonial land-use and zoning in contemporary Pakistan is largely responsible for suboptimal and less productive use of land for commercial purposes. For example, the colonial authorities stereotyped bazaars as filthy and disorderly; hence, unworthy of their attention. These authorities also privileged single-use and low-density housing where they established modern markets. Colonial urban policy segregated people and economic activities by implementing zoning regulations. The provision of physical infrastructure to the wholesale and traditional retail bazaars was never on colonial administration's agenda. This tradition was continued in Pakistan to restrict the growth of trade in significant ways.

Currently, low-density housing occupies over 80% of the land of Lahore. In other cities of Lahore region, this trend can also be observed. The total share of the commercial land was more than 5% in the Ex-Municipal Corporation Lahore and 0.75% of the Lahore Metropolitan Area, according to NESPAK's land-use survey of 2001-02. The single use serves richer segments of population and promotes land speculation. The commercialization policies in Lahore favor rich businessmen. Somehow land-use and zoning help land speculators reduce the supply of

land for commercial purposes and increase its prices. As a result, competition does not even develop.

The making of land as a tool of political patronage in various regimes in Punjab has strengthened the trade-restrictive biases of colonial authorities in the land-use. The presence of land mafias and frauds in the transactions of commercial land are merely the symptoms of this arrangement of patronage. The acceptance of land as an instrument of political patronage among the ruling circles has given way to the development of a number of legal ways to favor the rich. As a result, many individuals with entrepreneurial ambitions cannot get access to land. The modifications, adjustments and changes allowed to zoning plans are just few pro-rich measures in Lahore region, which restricts trade. A lot of land is used prematurely by its owners because these owners fear down-zoning. Zoning makes some people richer at the cost of many others. Sometimes zoning makes some land owners richer overnight while the others may have to sell their properties at lower prices because their surrounding was zoned for creating dump. Another impact of the uneven use of commercial space forces many businesses operate illegally.

After liberalization of Pakistani economy, however,

some of the prime spaces have been allocated to the foreign retailers. The north of Lahore where the density of commercial activity is disproportionately high, land or commercial space is not easily available or affordable for commercial purposes. The uneven use of commercial land illustrates this point. A lot of commercial properties are underused, some are overused. Currently, vacancy rates of commercial properties in Lahore are around 50%. The rents of some commercial properties are irrationally high while some properties such as the properties of the Evacuee Trust or Municipal Areas are rented on small amounts. It means some traders are making a lot of money, others are just surviving. Thus, inequalities are being created. Until land regime is fixed, the chances of economic growth will remain bleak.

*What benefits may accrue with adopting the optimal land-use practices?*

The adoption of mixed land-use can contribute to reducing poverty, increasing the economic inclusion, and reducing litigation on land. The criminalization of small vendors may come to an end if land-use is changed to serve small traders.

*To begin with, Lahore region can reduce trade-restrictive land-use by adopting mixed-land policies, which can ensure optimal use of commercial land. Government of the Punjab may rework spatial distribution of commercial activities in Lahore region.*

Secondly, Government of the Punjab, Lahore Region Local Governments Association (LRLGA), Lahore Region Association of Chambers and Trade Association (LRAC&TA), and Small Traders Chambers of Commerce and Industries can integrate trade with surrounding cities of Lahore. Land-use can provide for bringing the accommodation and employment closer to each other to improve productivity and reduce travel time and carbon emissions. Lastly, commercialization policy which is set on the bases of spatial calculations of commercial activity may be worked out from the needs of employment rather than on the bases of the price

of land. When the concerns of profit override social concerns, the trade cannot help societies improve.

Thirdly, Government of the Punjab, local governments in Lahore region and private developers can work together to ensure equity in access to commercial land. The prime land should not be handed over to the foreign or domestic investors just because they have money. Since the size of informal economy is bigger than the formal economy, appropriate parcels of land should be provided for the small vending in all markets by local governments. While making spaces for big shopping malls, it is important that the legitimacy of small vendors is acknowledged. The volume of petty trade is quite big and it is under-documented. Peddlers (rehriwalas) are an important element of the economy of Lahore region. The hundreds and thousands of small vendors are models of entrepreneurship and survival, not only for their families, but for a lot of consumers who cannot afford visiting shops and malls.

Fourthly, appropriate steps are needed to be adopted for home-based workers. These workers cannot access credit because many of them may not own homes or may not have titles of land. With titles/ land ownership, the home-based workers can supply products to markets, get licenses, operate legally and move upwardly. These workers can move upward if they are provided with legal permissions to work from their homes.

## **LEGAL, SEMI-LEGAL, CONTRACT ENFORCEMENT AND ALTERNATIVE DISPUTE RESOLUTION SERVICES**

By 2035, Government of the Punjab will have transformed trade related laws, contract enforcement mechanisms including alternative dispute settlement with the help of Lahore Region Local Governments Association (LRLGA) and Lahore Region Association of Chambers and Trade Associations (LRAC&TA) to help trade grow. Simultaneously, it will have trained the judicial officers, alternative dispute resolvers, corporate and other lawyers related to business disputes, and police officers will be trained on the reforms.

*Legal institutions and ideas have a dynamic, or dialectical, or constitutive relationship to economic activities*

Duncan Kennedy, 2006

Many aspects of legal system of Pakistan act against the growth of trade in Lahore region as in other cities of the country. Pakistan has scored lowest on the legal system and property rights on the Economic Freedom of the World Index in 2014. It has been ranked at 4.22 out of 10 points. In order for contracts to be enforced, an average litigant may have to go through the requirements of 47 procedures for 976 days of litigation which may take two to ten years. It tells that the contract related disputes may affect traders severely. Pakistan ranked at 160 out of 180 countries on contract enforcement index, which is not satisfactory. The formal system of law, even if it works in ideal spirit of transparency, justice and accountability, cannot respond to the legal needs of the traders. The alternative dispute resolution systems are also not developed.

It is common knowledge that a lot of traders depend on informal means to make and enforce business contracts, deal with credit issues, and many of the contracts they make also work well because of trust, collateral and social pressures. But some of them do not work at all especially in matters of properties, sale and purchase of commercial spaces in illegal plazas, return on loans, and partnerships. Failed contracts make loss not only to the losing traders but to the

trading environment. Failed contracts also increase the cost of doing trade as the traders pay bribes, or extortions to prevent themselves from frauds. When the traders buy security through private means they have little incentive to pay taxes. The newspapers carry stories on business frauds almost on daily bases. The delays in issuance of business related licenses also increase the cost of doing business. The complicated legal requirements actually suppress innovation.

The primary responsibility to provide legal services and implement law lies with government and judiciary. Even when people resolve their matters informally, it has a legal side to this practice. Legislatively mandated local governments can supply institutions of legal services for improving trade. In addition, these local governments can also remove the legal barriers such as complicated requirements to get a business registered. In these circumstances, there is a need to strengthen contract-arbitrating and -enforcing mechanisms. Appropriate legal arrangements can help many aspirant entrepreneurs become traders. These legal arrangements can also increase enforcement of employment contracts. In fact, the absence of simple mechanism to enforce employment contracts is very harmful for the country.

*What benefits may the legal reform and contract enforcement may bring?*

The legal reform will reduce transaction costs, improve investors' confidence, encourage entrepreneurship, and save businesses a lot of cost on unnecessary litigation.

*To begin with, Lahore region needs to simultaneously undertake a number of steps to improve access to legal services.*

The local governments in the region can work in close concert with Lahore Region Local Governments Association (LRLGA) and Lahore Region Association of Chambers and Trade Associations (LRAC&TA) to suggest trade-related legislative reforms to the provincial government. The local governments designed following the recommendations of this paper are more likely to undertake a number of legal reforms.

As the reforms are undertaken, the local governments, LRLGA, LRAC&TA, Bar Associations, Law colleges, Judicial Academies, and Excise Department can provide training to police, judiciary and lawyers in dealing with the matters of legal disputes related to businesses. The most important aspects of these trainings may be as follows: the informal ways of business; contract enforcement; partnering with trading associations; and, out of court settlements.

The local governments in the region may also educate traders on their legal responsibilities such as ensuring quality, fair trade, and tax payments. This is because a lot of traders are accustomed to demand rights and not perform duties. Pakistan Business Council (PBC), Lahore Chamber of Commerce & Industry (LCCI), and Federal Board of Revenue (FBR), Environment Department have started campaigns to socialize traders to pay taxes, protect environment, eliminate adulteration, but these efforts have produced limited results. The aversion to paying taxes and respecting environmental laws is a common knowledge.

Secondly, the local governments in the region can increase access to legal information in the simplest ways. Under the Local Economic Development (LED) programs, local governments can educate individuals aspiring to become entrepreneurs.

During this study, a number of people pointed out that hardly anyone unrelated to a business family can know the legal requirements of starting a business. They were right. A lot of people do not know business related laws. Some of the local government websites do not work. But the ones which work also do not provide information on starting business. The small traders suffer the most in the absence of information. By any stretch of imagination, most of the traders have little access to legal services. This is mainly because the legal services might be quite expansive for traders.

Thirdly, even if the contract enforcement and commercial litigations are improved, the need for improving Alternative Dispute Resolution (ADR) will remain. The problem is that after experiencing litigation, many businesses may be reluctant to go into other agreements. It is, therefore, necessary to strengthen ADR efforts being already undertaken in the country. The case of Mediation Centre aka Business Dispute Resolution Centre established at LCCI in November 2013 illustrates this point well. The Centre was established with the help of International Finance Corporation and Department for International Development (DFID). The Mediation Centre has more than 40 internationally accredited mediators who are trained by the Centre for Effective Dispute Resolution, United Kingdom on its panel. Not only mediating disputes at its premises, the LCCI is also providing training on mediation to Gujrat, Sialkot, Gujranwala, Rawalpindi, and Faisalabad chambers in Punjab.

## IMPROVE CIRCULATION OF GOODS

By 2035, Lahore region will have achieved highly integrated, environment-friendly, affordable, efficient and effective system of freight management, and circulation of goods and services. This circulation system will have adequate freight facilities such as trucks linked with railways, value chains such as TCS, e-commerce mediated home delivery system, adequate access to all markets through public transport, and walk able markets.

*Transport has affected economic development from the beginning of human civilization*

The World Bank, 2013

The transport of goods in Lahore region is beset with many problems. The main reason is the location of markets away from the transport links. The Integrated Master Plan Lahore (IMPL -2021) acknowledged that the wholesale markets of Lahore are in the vicinity of inner city, which is infested with transport problems. Lahore region is highly connected by road. If it is connected to the railways, the circulation of good will certainly become better. In 2013, the World Bank noted: "At its peak between 1955 and 1960, railways handled 73 percent of freight traffic; currently, railways handle less than 4 percent of the total freight traffic." The rest of the freight, i.e. 96% is handled by the trucking sector, according to the Bank. The inefficiencies of the trucking sector, in terms of fuel inefficiencies and aging trucks cause Pakistan losses of Rs. 150 billion every year. In 2006, the Bank noted that Pakistan's trade related transportation costs 4-6 percent of GDP per year. Poor trucking affects trade in many ways. A report by Ministry of Industry and Production noted that the trucking has not been accepted as industry despite the fact that trucks carry 96% of the goods. Trucks overload and truck drivers are mostly untrained. The leasing options are not available for buying trucks. It is quite unfortunate that leasing options are available only for private cars and not for the productive purposes.

The relationship between transport, trade and goods transport is multifarious and complicated. Both the

transport planning and the market locations are inconsistent with each other. The end result is poor and expansive circulation of goods.

First, look at transport planning, especially planning of goods transport. Except three of the goods transporters in Lahore, all others operate without license. In many cases, the goods transporters are not located near the markets. The trucking industry faces a number of problems from government; it also creates many for them. The railways remain underutilized. Since the trucking industry takes more than 90% of the circulation of goods, the underutilized potential of railways has implications such as increased cost of transporting goods. Unfortunately, the IMPL 2021 did not allocate adequate parcels of land for goods transporters.

Second, think about the problems markets create for goods transport without addressing of which the problems of transport cannot be solved. The Lahore Urban Transport Master Plan (LUTMP) study made an apt observation. It noted: "All roads are market places in Lahore." This statement is as true for other cities of the region. The roadside vending creates traffic congestions and sometimes accidents. The Lahore Development Authority's (LDA) commercialization policy is contributing to make transport expensive. The LUTMP study observes: "Commercialization has been done without any traffic impact assessment for future generated demand." It is a good remark.

Thirdly, trade grows when consumers spend. If the majority of the consumers are unable to visit markets through public transport or if majority of the markets are not walkable, the trade will face difficulties in growing.

Fourthly, the E-commerce has opened a new way of reducing transport needs. The home delivery culture is growing in Lahore and other cities also. Its implications for traffic are needed to be studied.

Poor transport facilities hinder trade flows tremendously. Good quality trucks are short in supply in Lahore region. They also damage goods. The railway only carries small percentage of the goods. Within Lahore, mini-goods transport companies are not too many. Mini-goods transporters work as individual entrepreneurs and they work with the traders on mutually agreed terms. They can go on leave according to their personal planning which can make it difficult for traders to depend on them. A number of traders arrange mini-goods transport through their personal links. Wholesalers have their own systems of transport but a wholesaler might take one week to one month to deliver goods to the retailers.

#### *What will be the benefits of improving circulation?*

The time of transportation of goods is likely to reduce. The easier the circulation of goods, the lesser the transaction costs, and the greater the benefits for the economy. Improved circulation will also contribute to the improvement of environment.

#### *To improve circulation, the physical proximity between markets and goods transport terminals need to be improved.*

In future, land-use planning should be undertaken in a way that markets and goods transport facilities are co-located. All of the goods transport modes can also be integrated. The road-based goods transport needs to be integrated with railways. The land-use planning can provide proper land to the goods transport companies. The local governments in

Lahore region can generate adequate revenues from the goods transport agencies.

Secondly, the loading and unloading of goods is needed to be improved. The traders associations in the markets of Lahore should play important role in improving loading and unloading. This is highly important especially in the congested and dense markets such as Mochi Gate and Shah Alami. The important means of transporting goods inside these markets are animal or hand driven carts or human lifting. It means non-motorized means of goods transport also need to be integrated with the motorized goods transport.

Thirdly, traffic management needs to be improved on professional lines. Good traffic management will include not only the management of traffic movement but the regular examination of small and big trucks.

Lastly, in view of the changing patterns of consumption in Lahore whereby a number of retailers such as K&N have established their supply chains, the local governments in Lahore region can encourage wholesalers to establish their own supply chains. Small traders and retailers can save a lot of time and money if value chains work well.

Some business schools in Lahore have produced good quality research on improving circulation of goods, and, establishing and running value chains effectively. The local governments and trade associations in Lahore region may experiment the recommendations of these researches and replicate the adequate aspects of supply chain experiments.

## FINANCE, BANKING AND SAVING SERVICES

By 2035, Lahore region will have ensured access to business related formal and informal finance, banking and saving services to all of the businesses and all of the innovative entrepreneurs in need of finance. The local governments in the region will help traders form traders' cooperatives.

*[T]he bulk of evidence suggests that developing the financial sector and improving access to finance are likely not only to accelerate economic growth, but also to reduce income inequality and poverty*

The World Bank, 2008

A lot of traders', especially small traders, face immense problems in securing formal or informal finance to start, sustain, and expand their businesses. Not only this, many businesses fail due to the unavailability of credit during the time of trouble. Many scholarly researchers have identified lack of access to finance as the major hindrance behind the under-growth of economy. The informal financial markets may be exploitative to many borrowers. The newspapers run stories of the borrowers' harassment at the hands of moneylenders. The government agencies do not prevent exploitation of borrowers at the hands of informal and formal lenders. Small traders cannot get finance due to not having licenses and registrations and ownership of residential or commercial property or both. In addition to the lack of or poor access to the financial services, there are some other problems which affect businesses. The return rate on business loans is far from satisfactory. The banks and national exchequer has lost a lot due to the poor recovery or loan default. The banking system is so complicated, even if legal course is followed, it is difficult to recover loans. Despite these difficulties, however, banking system can easily be manipulated for political patronage. Overall, the banking and savings services are not up to the mark. As a result, traders prefer to save money through informal committee system. The business transactions through banks are not available to most of the small traders. In Bakkar Mandi (cattle market), a number of cases of fraud are reported due

to the unavailability of banking services. In fact, many buyers and sellers carry huge sums of cash and sometimes lose millions of rupees to the fraudulent people and robbers. There are many incidents of pick pockets in the wholesale markets, too. Given these conditions of banking system, the Cooperatives Department of Government of the Punjab could do a lot for small traders by helping them develop cooperatives. However, it is not playing its role. In the absence of cooperatives, the small traders have to rely on exploitative informal financial markets.

Lahore region's wholesale and retail markets largely work on credit and trust. A number of wholesalers and retailers borrow money on stringent conditions from other traders and informal cash suppliers. The interest rates on informal credit are quite exorbitant. The defaulters can be penalized in highly exploitative ways. In fact, the enactment of *The Punjab Prohibition of Private Money Lending Act 2007* has made the system of informal lending expansive for the borrowers. The private money lending was used to be legally licensed under *The Private Money Lending Ordinance 1960*. The repeal of this legislation has exacerbated the problems of informal credit. This situation has to be rethought. If financial services are available to the traders, trade can grow tremendously.

*What benefits may the financial and banking services*

*may bring?*

They can help new entrepreneurs set up businesses. They can also help existing businesses expand their businesses.

*The local governments, chambers, and trade associations in Lahore region can devise ways to link formal and informal financial institutions with the traders—small and big, formal and informal.*

Many traders, especially the small traders, cannot access finance due not to qualifying for finance. They may not fulfill the legal requirements for credit. These may include: licenses, legal position of business, registration, etc. Lahore region can reduce the cost of providing these services by making information available, by improving trust between lenders and borrowers, and by providing technical support to the borrowers to become traders. Having access to finance, many aspiring traders will be able to start business. The businessmen will be able to expand their enterprises, which will contribute to competition. A good financial system can also reduce litigation over disputes.

Simultaneously, Government of the Punjab can improve informal financial market. Since formal financial services are very limited, the informal financial markets have expanded in Pakistan. The benefits of the informal financial markets are that they provide loans mainly to those who do not qualify for bank loans on various pretexts. Furthermore, the informal loans are disbursed fast without much documentation, guarantees and collateral. But informal loan markets have darker sides also. Many cases of exploitation of borrowers are reported in the newspapers almost every month. Lahore region needs to protect and promote petty trade (hawkers, informal retailers, small vendors) and pedestrian malls from the exploitative machinations of informal credit market. Small traders can be linked with microfinance institutions. In a number of cities in Asia, local governments have helped financial institutions in delivering dependable financial services for the traders. Lahore region needs to learn from those experiences. In addition, Lahore region needs to capitalize on the micro-finance market

which has so far not focused on providing finance to the wholesalers.

The local governments can help form Traders Cooperatives in collaboration with the Cooperatives Department. Pakistan has a long history of traders' cooperatives. Local governments in Lahore region can easily help traders form cooperatives to save money and bargain collectively with wholesalers, industrialists and banks. The cooperatives can potentially bring a number of benefits. For example, financial markets are likely to grow, exploitation is likely to reduce, and traders' are likely to move upward.

The provision of insurance can play highly critical role in reducing the risks of business especially for the small traders. Local governments in Lahore region can link small traders to the insurance agencies by explaining the requirements of insurance in a simple ways. A lot of traders will be willing to buy insurance if they are explained the rules of insurance in easy to understand ways.

## REGENERATE CULTURE FOR TRADE

By 2035, Government of the Punjab will have reformed cultural and tourism policies to boost trade in Lahore region. The reformed policies will be implemented by the local governments in Lahore region. The major focus of the policies will be to preserve cultural heritage and promote cultural production in music, arts, crafts, and indigenous garments.

Since culture is a major source of social inclusion, the reformed policies would achieve inclusion by preventing comodification of culture.

*[T]he relevance of creativity and the cultural industries to cities, regions, and nations and their planning and economic systems is at a pitch not experienced before in history*

Greg Young, 2012

Culture, in the sense of handicrafts, music, indigenous garments, theatrical performances, and cinemas, is becoming major part of the urban economies. Though modern forms of cultural production and tourism are emerging in Lahore region yet the links between culture and trade are decaying fast here. The opportunities for employment in the cultural sector, i.e., music, fashion and crafts are shrinking in the wake of an onslaught of neoliberal cultural products on local cultural expressions. The cultural entertainments of the majority are giving way to the expansive entertainments such as multiplexes which only serve the rich. The lowering levels of access to entertainment may reduce employment opportunities. The traditional entertainment would provide employment to a lot of people ranging from small vendors to folk performers. Twenty years ago, the inner cities in Lahore region had many cinemas, good quality hotels, adequate eateries, and engaging cultural life. This situation is changing in recent times. Recently, there is not much for the traders coming from outside Lahore. The theaters have declined, and the cinemas have become dilapidated.

The aversion to promote cultural activities also makes the integration of migrants in the cities of Lahore region difficult. The promotion of culture reduces alienation of migrants and encourages them to contribute to social and economic innovation. The

promotion of cultural activities helps attract creative people to the cities. In fact, fashion, architectural design, publishing, documentaries, advertising are being established as businesses. It is, therefore, the need to regenerate culture.

The religious and cultural tourism is also declining in Lahore region. The historical places and colonial buildings such as museums are the major source of tourism in Lahore and Sheikhupura. The religious tourism on shrines in Lahore, Nankana Sahib and Kasur is not being supported well by the government. The inner cities in Lahore region are losing a lot of tourism which is affecting the livelihoods of many traders and hawkers. Tourism is likely to bring livelihoods to transporters, hoteliers, handicrafts sellers. In this case, money can be available to take care of cultural monuments because there will be an incentive to look them after. The business of handicrafts is likely to grow. Local-local markets can also grow. The tasks of cultural preservation and cultural innovations will progress.

Trade, arts, music, and tourism are interwoven in this region since many centuries. Lahore, Nankana Sahib, Farooq Abad and Kasur combined with Amritsar and Delhi form a vast region of cultural and religious tourism. Of course, foreign tourists can contribute immensely to this region.

The cities in Lahore region are not doing well as far as public spaces are concerned. The public spaces where people can have chances of non-instrumental interaction can help people unleash their creative potentials.

*What benefits may the cultural integration bring?*

The cultural expressions can be preserved. The trade may become aesthetically pleasing experience. The diversity of cultural life may be promoted.

*The starting point to strengthen is to regenerate historical places in Lahore.*

The efforts of agencies such as Walled City of Lahore Authority (WCLA), Tourism Corporation, Cinema Associations, and Auqaf Department, to regenerate historical places in Lahore need support. Such efforts should be undertaken in all cities of Lahore region. Lahore region can easily build on its history: The caravans and festivals of old time were inspiring and sources of innovation as ideas were exchanged and travelled. A number of scholars are highlighting the significance of cultural regeneration for our cities. Majeed Sheikh, for example, claims inner city can attract foreign tourists if its buildings are preserved. He suggests Government of the Punjab not to let the wholesalers eat up all the land there.

The distances between places of trade and places of entertainment, however, is widening in Lahore. Take the example of inner city markets. Like it happens in many other cities of the world, trade in Lahore just does not happen in the designated and constructed markets. Rather it extends to the roads, streets, pedestrian ways, walkways, cafes', eateries', on traffic signals, in the playgrounds and public parks, on shrines, around hospitals, and gardens. This situation offers opportunities. The design of spaces for retail and shopping can easily be given an element of public space. As a result, the entertainment can be linked with trade. There is a need to develop entertainment in the cities of Lahore region to help trade expand. Entertainment and leisure need to be located near

the markets. The markets can be made accessible by motorized and non-motorized means. They can also be turned into aesthetically pleasing places.

Secondly, the local governments in Lahore region may invest in developing public spaces without which the cultural activities and tourism are difficult to grow. It should be acknowledged that shopping/trading is a social activity.

Lahore region can provide affordable tourism infrastructure such as tourist information centers, affordable accommodation and tourist transportation services. The WCLA has launched a tourist guide diploma. These kinds of efforts need to be strengthened.

## PROTECT CONSUMERS

By 2035, the Lahore region will have well-coordinated, responsive and effective arrangements to protect its consumers from cheating and unsustainable consumption. Simultaneously, the Lahore region will be able to prevent the consumer grievances by eradicating hoarding, overpricing, selling of counterfeit products, fake drugs, harmful food items, expired products and all other things or processes harmful for consumers. The Lahore region will also make arrangements to prevent consumers from overconsumption by making them aware of the consequences of unsustainable consumption practices.

*[C]onsumer protection can play a direct and important role in promoting economic growth and reducing poverty*

UNCTAD, 2013

Pakistani consumers are facing two sets of problems. The first set of problems stems from the issues related to the quality of products. The chief among them are inappropriateness of the materials and harmfulness of ingredients and products. Other issues relate to the lack of disclosures and overpricing. The other set of problems relate to the consumerism, which is harmful because it reduces citizens to mere consumers. Therefore, consumerism compromises citizenship without which democracy and democratic decision making are difficult to promote. The chief issues of consumerism relate to the creation of wants among consumers. While protecting consumers, both sets of these problems need to be dealt together. It is the combination of these problems which harms the consumers.

A vast majority of consumers are highly vulnerable to the deceit by the manufacturers and traders. From the cooking of the meat of dead and sick animals to the contaminated and unhygienic bakery items to the fake drugs, Pakistan consumers are facing these issues in their everyday lives.

Consumer protection is not a technical issue but a political matter. While achieving economic growth, governments strengthen producers such as industrialists, manufacturers, and traders' vis-

à-vis the consumers. It should be noted consumer protection contributes to the economic growth: if consumers are not harmed; health, education and social development are likely to advance. Further, trust levels in society, in general, increase which contribute to economic development.

Despite the enactment of Punjab Consumer Protection Act 2005 the position of the consumers in the province remains weak vis-à-vis, the traders. The law addresses the issues of product safety and deception, but it does not approach consumer rights as vested in individual consumers but as privileges conferred on the people by the government. The law is not simple and it is generally difficult for the consumers to use the law.

If consumers are not protected against unfair trade practices, the trade cannot play a role in social development. A lot of newspaper reports and TV broadcasts amply demonstrate that many consumers in Lahore region distrust the traders. The very common complaints relate to harmful food, drugs and overpricing. Sometimes investigative media reports reveal how adulterated, counterfeit, and expired food items and drugs are sold without any fear. Most of the vendors provide no warranties for electronic items they sell. The second important

problem relates to the exploitation of rights of the consumers. Consumers are entitled to be given a receipt of whatever they purchase, at least in the formal sector, but vendors hardly provide receipts. Some restaurants charge withholding tax to consumers but do not deposit it in the government accounts. This is a serious violation of consumer rights. The third important problem relates to the unhealthy and unsustainable consumption patterns which harm environment besides harming consumers. Our consumption practices are damaging both the environment and our health.

Only the consumption of plastic bag has destroyed immense damage to sewerage and drainage systems. Most of the drain pipes remain choked because of the plastic bags. Despite these problems Lahore region does not have consumer groups. Two consumer groups, i.e., Consumer Rights Commission of Pakistan and The Network are based in Islamabad. They work on consumer related awareness projects. It is surprising why no consumer organizations have been established in Lahore as they have been in Islamabad.

*What benefits may the consumer protection bring?*

The level of trust between consumers and traders can increase. The social development may accelerate.

*To protect consumer, the coordination among relevant public agencies need to be increased.*

Government of the Punjab needs to improve coordination among Consumer Protection Council, Consumer Courts, Punjab Food Authority, District Government Authorities, TMAs wings, Customs, Excise, and Health Department.

The system of warranty can be established across the Lahore region. The manufacturers, wholesalers and retailers should be made responsible to act in the benefit of consumer. Although some companies are providing warranties and consumer care but their number is insignificant. In addition, consumer courts are also working in the cities of Lahore region.

Punjab Food Authority and other related agencies are also working to protect consumers' rights.

The sale of counterfeit items needs to be dealt with strictly. The hoarding of prices, the black marketing, and the profiteering should be dealt with according to the law. The laws and institutions on the book should be activated.

The local governments in Lahore region may establish consumer organizations. The task of consumer protection cannot solely be accomplished by the government agencies. The consumers will need to organize themselves to protect their rights. The local governments in Lahore region can provide incentives to consumers to form organizations. These organizations can pressure the manufacturers, producers, and sellers not to violate consumers' rights. Well-organized consumer organizations at neighborhood levels can play very important roles in getting the consumer complaints redressed.

It is encouraging that the consumer courts are redressing consumer grievances. The consumer organization can link ordinary consumers to the consumer courts.

The literacy rate is reasonably high in Lahore region. But this does not automatically translate into higher awareness of consumer rights. The local governments in Lahore region have prime responsibility to provide consumer education. The consumer should especially be educated on the consequences of their consumption decisions.

## TRADE RELATED PHYSICAL INFRASTRUCTURE

By 2035, the Lahore region will have developed infrastructure such as storages, cold storages, warehouses, and retail plazas in addition to the regular infrastructure such as water, sewerage, and drainage. Besides, most of the markets in Lahore region will have clean water, toilets, sitting and waiting places, fire extinguishing instruments, and first aid facilities.

*[T]hat infrastructure is good for growth, that since growth is good for the poverty reduction, infrastructure is good for poverty reduction*

Antonio Estache, 2010

The physical infrastructure in the markets of Lahore has been developed in highly inequitable manner. The markets such as Liberty market and commercialized roads in Central Business District of Gulberg, Lahore enjoy access to high-quality infrastructure such as roads, water supply, solid waste collection, parking, storages, and pavements. In Sabzi Mandi (vegetable market), virtually no infrastructure has been provided. In most of the markets, critical physical infrastructure is non-existing or in a dilapidated condition. Every year monsoon rains play havoc with the markets; a lot of them are virtually un-drainable like the settlements around them. Commercial goods worth millions of rupees are damaged by the rain water which enters into the market basements, shops and storages. The absence of fire extinguishing equipment in the markets contributes to exacerbating the damage due to fires.

There is severe shortage of warehouses in Lahore region. The existing warehouses have poor infrastructure. Only two warehouses in Lahore, one in Wagha Town; the other in Shalimar Town, had a boundary wall, in 2012. In TMAs, open plots are used as warehouses. As a result, majority of the businessmen have no option except renting warehouses to store their goods.

Individual traders, especially small traders cannot afford individual storages, and warehousing. The

unavailability of storage and warehousing causes a lot of damage to the economy. The associated facilities are not in order, too. For example, the packers and loaders and un-loaders are not properly trained. They are also underpaid.

The unavailability of basic infrastructure has serious health consequences for the traders and consumers alike. The drains of inner-city remain choked and the solid waste lying on the corners, over the unused roofs, and shutters may cause disasters despite having epidemic propensities. The basements of many markets do not have exhausts which makes mere breathing difficult there.

*What benefits may the provision of physical infrastructure bring?*

The economic losses are likely to reduce. The health of traders can also improve.

*The local governments in Lahore region should ensure the availability of a minimum level of critical infrastructure in all of the markets.*

In sync with the Local Economic Development (LED) theory, the local governments can develop infrastructure in financial and economic partnership with the traders. Since the traders are the primary

beneficiaries of infrastructure development in the markets, they should also share the cost of its development. In addition, the businesses benefitting from the high-quality infrastructure under the commercialization policy of Lahore should pay in accordance with the benefits they are getting. Only by working together, the local governments and traders can ensure minimum level of critical infrastructure in the markets.

Secondly, local governments in Lahore region can think of providing land and can also encourage other institutions to provide technical and financial support to the private sector for constructing warehouses. In addition, storage facilities also need to be developed by the local governments and private sector to cater to the needs of frozen foods, vegetables, and meat products. By providing land for warehousing and storages to the private sector, the local governments can collect adequate amount of revenues. Concerted efforts are needed to develop infrastructure in all commodity markets of Lahore region using their revenues.

The main reason behind poor state of infrastructure in commodity markets is the Market Committees (MCs), which have become trade restrictive institutions since long. Government of the Punjab needs a new law to regulate the MCs. It can learn from Government of Sindh, which has changed its law on MCs.

The provision of basic facilities such as clean drinking water, toilets, and places of rest are essential for all markets. The local governments in the region should encourage traders to provide these services in their respective markets.

The current way of installing electricity is the main cause of short-circuits and fires in the markets of Lahore region. The local governments, the traders and other concerned stakeholders can convince Lahore Electrical Supply Company (LESCO) to arrange electric wires in a safe manner. The District Officer (Inspection) in the City District Government Lahore (CDGL) needs to ensure that the infrastructure is safe, being maintained well, and is in working

condition. The local governments need to pay special attention to provide physical infrastructure for the small traders and excluded markets such as Landa Bazaar, recycling market near Mochi Gate.

In many interviews for this position paper, the traders expressed their willingness to improve facilities such as pavements, electricity wires, water, sewerage, solid waste and parking in their markets provided government agencies partner with them. Some of them said if they could arrange private services for security, water and market advice, they could also contribute to the improvement of physical conditions of their markets. Some of them complained that their proposals of improving physical conditions of the markets were not responded well by the government agencies. Some traders fear government agencies can undo changes introduced by trade associations in the infrastructure of the markets during the anti-encroachment drives. The willingness of traders of Lahore region to contribute to the improvement of trade related infrastructure is plausible. In 1984, 54 traders of Sialkot established Sialkot Dry Port in Sambrial. Each of these traders contributed Rs 10,000 rupees to the Dry Port project. Later, about 200 traders of Sialkot pooled money to establish Sialkot International Airport, which was started to be built in 2003.

The most critical infrastructure in the markets relate to the arrangements of electricity wires, drainage and parking. The second order infrastructure includes public spaces, drinking water, toilets, dispensaries, and solid waste management. In some markets, branches of banks do not exist. The local governments in Lahore region need not only to partner with the traders to improve these facilities but also need to encourage the traders' to undertake infrastructure improvement projects on self-help bases. The traders also need to be encouraged to establish warehouses and storages across the Lahore region.

## CULTURAL TRANSFORMATION

By 2035, the Lahore region will have achieved considerable cultural transformation to eliminate cultural barriers to trade such as improving the level of trust, decreasing the urge to be ahead of others, eliminating confrontations—among traders, between government and traders, between consumers and traders, and between employees and employers will reduce. Simultaneously, Lahore region will also have created acceptance for the social change.

*Cultural change and social transformation are essential elements of the process of development. They complement and sustain economic growth*

Muhammad A. Qadeer, 1999

Many well-intentioned programs such as gender equality and promotion of literacy did not achieve much success in Pakistan. Among other reasons, two cultural reasons contributed majorly to their less than desirable performance. Firstly, a number of such programs were designed in a way that they negated many expressions of local cultures. For example, the absence of local culture in textbooks contributes to the alienation of children from education. The textbooks approval of violence has contributed to increase violence in Pakistan. Secondly, a number of programs to improve society do not encourage cultural change needed to make the efforts successful. The case of legislation on violence against women illustrates this point. Although legislation has been introduced against harassing women, the cultural practices in the country do not support this legislation. It is, therefore, the transformative capacity of this legislation will remain limited.

In the field of trade, the trade-related laws are not working partly due to the cultural reasons. Taking inspiration from Max Weber, a number of sociologists have highlighted the importance of cultural factors in promoting economic growth. The cultural prejudices against women entrepreneurs; in particular, against lower-middle class women remain powerful in Lahore region. In an interview, the Vice President of Women Chamber of Commerce and Industry Lahore lamented how women entrepreneurs were

discouraged at various trade related forums.

A number of cultural practices restrict trade, the more we appreciate this fact the better. The confrontations and rivalries between various groups of traders is a common phenomenon. Often these rivalries have ethnic, sectarian or geographical aspects. Some of these rivalries exact a heavy toll on businesses: by restricting labor movement; by defeating opponent traders by artificial competition; and, by defaming. The private narratives shared by lawyers and police officers about such rivalries reveal that sometimes these enmities just spring out of jealousies. These enmities, confrontations and high levels of mistrust affect possibilities of economic growth in Pakistan.

The cultural prejudices against migrants restrict trade in a major way. The migrants, especially the low-income migrants face a lot of problems while renting a home or a shop. Some of the owners of residential and commercial properties do not trust migrants. The women migrants face immense problems in renting properties. In a city such as Lahore where 24% of the people live on rent, cultural prejudices pose major problem in the way of trade.

The other major source of confrontation is the sense of grievance among traders—which is sometimes true. A number of actions by the government aggrieve traders. Sometimes the government unjustly

increases tax on some sectors because it has to collect some money. But many traders also do not pay their fair share. Even if we believe that government taxes are fair and traders are honest, both parties do not trust each other. Traders say the tax they pay goes to the private pockets, the government says traders will never pay due taxes.

Similarly, the consumers hardly trust many products as genuine. Some traders say they do not produce high-quality products because consumers do not pay the value of high-quality things. A number of traders dismissed the idea of producing high-quality goods saying that only Western societies can appreciate quality.

If a vision is imposed on a society through administrative power, it will be unable to realize itself, and will be prone to failure, sooner or later. In 20th century, a number of urban visions and utopias failed because they were imposed from above through large-scale social engineering. The examples of large-scale projects such as Chandigarh, Brasilia, and Pruitt-Igoe come to mind. Learning from these experiences, the local governments in Lahore region can try to promote cultural transformation.

#### *What benefits may the cultural transformation bring?*

As the level of trust among various social groups' increases, the task of social development becomes easier.

#### *The practices of consultative governance are very important to induce cultural transformation.*

Deliberative governance needs to be promoted. Broad consultations on the social goals of trade are particularly important for longer-term cultural transformation. With chances of open consultations, people will themselves become producers and sustainers of transformation. The experience of Latin American countries tells that the new values people generate are more durable than the values introduced by the elite or intellectuals or media.

Traders often complain that many decisions are imposed on them by the government. For example, when land is acquired for development projects, some traders suffer immense losses by losing their land. The design of development projects can reduce the size of land acquisition, in case; the government consults traders on creating alternatives. When markets are shifted, trade suffers: some traders suffer more than others. When markets are shifted, consumers also suffer. Some traders also create problems for government agencies by operating from within the residential areas. These problems can be avoided with consultative decision-making.

Secondly, it is important to prevent strikes, shutter downs, wheel-jams, and protests by traders which adversely affect the incomes of the workers besides affecting the economy. In November 2013, goods transporters went on a strike. A newspaper reported Pakistan lost millions of dollars due to that strike. The strike was a good demonstration of the power of goods transporters. It also showed the power of government, namely, the Ministry of Finance, which had increased tax on transport. Although the strike was undertaken in Karachi, it affected Pakistan including Lahore. A number of such strikes are observed in Lahore also. Strikes manifest struggles of power between government and the transporters to decide on tariff and the desires of the transporters to maximize their profits. To some extent, the prices are increased due to increase in oil prices. But the fares are increased manifold than then the oil price.

In order for trade to grow, government and traders need to evolve negotiation mechanisms which do not justify strikes. Though it is important to explain why strikes happen in the first place, the purpose of this short paper is to explicate what can be done about them.

# WAY FORWARD

The position articulated in this paper is difficult to realize in a short run but efforts can certainly be made to gradually move to establish institutional arrangements through which spatial, financial and environmental aspects of trade can be dealt with. We believe there are many opportunities for improving trade in incremental way until the arrangements suggested in this paper are put into place. Secondly, continued deliberations on what we have suggested in this paper and what others have suggested can contribute to improve trade in Lahore region.

We do not suggest to Government of the Punjab to adopt our nine interventions to improve trade simultaneously. In each intervention, we have tried to articulate a way of understanding a problem or a set of problems. We wish policymakers and other stakeholders can appreciate the way we look at certain problems which create barriers for trade. In fact, we have emphasized on making institutional arrangements, both formal and informal, to deal with the myriad problems of trade. It is through institutional arrangements, the traders, the public officials, the consumers, can solve problems of trade of problems produced by trade, in prudent ways.

We understand that the worth of our prescriptions can only be tested in practice. Small acts of putting our suggestions into practice will provide deeper insights regarding removing barriers to the trade in Lahore region. Therefore, we suggest Government of the Punjab encourages Industries, Commerce & Investment Department to liaise with Chambers of Commerce, Lahore Development Authority and local governments to experiment with our suggestions and help the upcoming local governments in taking full charge of the governance of trade within their jurisdictions. It is not difficult to make experiments

in collaboration with various stakeholders.

The second step in moving towards improving trade is to create political consensus among the political parties to provide legislative provisions for the four pre-requisites: institutional, spatial, financial and environmental. The role of Chambers of Commerce and trade associations is very important in this regard. We believe that politicians from all of the political parties are needed to be convinced of making such arrangements which help trade grow and remain socially beneficial. The consumers and concerned citizens have great stakes in convincing politicians to make arrangements to eliminate tax evasions, tax frauds and adulteration by the traders. Without citizens pressure, the political parties will not move towards making traders perform their duties of socially responsible trade.

The local governments have stakes in improving trade. The local political leaders can play very useful role in improving trade using the provisions of Punjab Local Government Act, 2013 to their advantage. The Mayors can easily practice some of the suggestions provided in this paper. For example, the Mayors of cities in Lahore region can easily make their federation. They can also easily develop ties with traders and citizens groups to make trade play its role in social development. They can also reduce the transaction costs of business by supplying institutions and ways of dispute resolution and contract enforcement. It is easy for the Mayors to promote entrepreneurship in their cities. Mayors can also convince traders to pay taxes and partner with government on the issues of prices, safety, security and innovation. It is easy for local governments to support informal economy by providing spaces to the vendors at adequate places in their cities.

More citizens groups need to work on trade. The citizens groups can better help local governments and the departments of provincial government in helping individuals adopt trade as a profession.

Last but not the least, media needs to play a greater role in generating a responsible debate on arguments presented in our paper. Media also need to encourage debate on trade related arguments of other scholars also. We seriously believe that the problems of trade are highly complicated. Their resolution need to follow a democratic process of deliberation, debate, engagement. Only with broader engagements among stakeholders, i.e. traders, citizens, public servants, politicians and democratic deliberations on the problems of trade and on the problems produced by trade, we can hope to create trade which helps society grow.

# NOTES, SOURCES AND FURTHER READINGS

Since 2011, when I started teaching *Urban Growth, Environment and Security in South Asia* at the Centre for Public Policy and Governance, I have been helping my students to understand why some cities in South Asia are more developed than others. I learned during teaching this course that the urban economies determine the level of development in cities. This study has been conducted using the insights gained from the experience of this teaching. When the writing was started in April 2013, I did not come across with relevant literature on trade in Lahore. But as the work progressed, I looked to the literature produced on cities across the world and found some of it helpful for reflecting on Trade in Lahore. I kept on combining knowledge gained from literature with my observations and thinking. Therefore the role of literature I read during this study is important. And it needs to be mentioned for the benefit of readers who want to take this study further or explore new questions. But there is one more reason for enlisting the sources. It is this: Many people may be dismissive of the vision of this paper, calling it utopian, saying it cannot be achieved. A look at these sources might assure them that hope has a chance. And we should not deny giving hope a chance.

The notes and sources have been organized as follows:

## INTRODUCTION

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## POSITION

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et al, *Managing Informality: Local Government Practices and Approaches towards the Informal Economy—Learning Examples from Five African Countries* (South African Local Government Association/Local Economic Development Network of Africa, 2012); Sello Tsoabisi, "Supporting Small Medium and Micro Enterprises in South Africa," *Mediterranean Journal of Social Sciences* 3:12 (2012); Ongama Mahlawe, "Key Issues in Local Economic Development in South Africa and a Potential Role for SALGA," SALGA Position Paper available at The South African LED Network website; OECD/ Mountford D., "Organising for Local Development: The role of Local Development Agencies. Summary Report," 26-27 November 2009, Working Document, CFE/LEED, OECD, [www.oecd.org/dataoecd/54/41/44682618.pdf?contentId=446](http://www.oecd.org/dataoecd/54/41/44682618.pdf?contentId=446)

## **PREREQUISITES TO ACHIEVE THE VISION**

### **Institutional Prerequisites**

The role of local governments in managing trade and economic development at local level is hardly appreciated in pakistan. As i searched literature, i found that a lot of countries have experimented with local governance of trade and business. I found that many concerned citizens are voicing for devolving economic power and decision making to the local governments in many countries. Interestingly, I read about emerging paradigm of Local Economic Development whose central argument is that local governments can manage local economies the best. The most important sources I read on the subject include:

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*Local Government Finance* (Oxford University Press, 2012); Richard B. Goode, *Government Finance in Developing Countries* (The Brookings Institution, 1984); Naomi Caiden & Aaron B. Wildavsky, *Planning and Budgeting in Poor Countries*, 6<sup>th</sup> ed. (New Jersey: Transaction Publishers, 2003).

## Spatial Prerequisites

Edward W. Soja's work *Seeking Spatial Justice* (University of Minnesota Press, 2011); Thomas Farole, ed. *The Internal Geography of Trade: Lagging Regions and Global Markets* (Washington: The World Bank, 2013); Masahisa Fujita, Paul Krugman, and Anthony J. Venables, *The Spatial Economy: Cities, Regions and International Trade* (The MIT Press, 1999).

## Environmental Prerequisites

Thanks to the environmental movements across the world and thanks to the rise of Green Politics, a lot of literature is available on environment in a number of varieties: liberal environmentalism, free-market and corporate environmentalism, Buddhist environmentalism, Islamic environmentalism, etc from many disciplines ranging from environment to climate and to ethics. In Western world, a lot of people write about environment. Many scholars in India have also stressed the importance of saving environment from businesses. Vandana Shiva and Arundhati Roy are among those who advocate making environment as the bases of economic planning.

For more information, read: Tracey Strange and Anne Bayley, *Sustainable Development: Linking Economy, Society, Environment* (OECD, 2008); Andrew Gouldson & Peter Roberts, eds. *Integrating Environment and Economy: Strategies for Local and Regional Government* (New York: Routledge, 2000); Michael Perelman, *The Perverse Economy: The Impact of Markets on People and the Environment* (New York: Palgrave Macmillan, 2003); Herman E. Daly and John B. Cobb, Jr., *For the Common Good: Redirecting the Economy toward Community, the Environment, and a Sustainable Future*, 2<sup>nd</sup> ed. (Boston: Beacon Books,

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## INTERVENTIONS TO IMPROVE TRADE

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## **Regenerate Culture for Trade**

A lot has been written on the culture and its economic aspects in Lahore. Many books treat the matter historically. A. Hameed has mentioned the foreign tourists in Lahore. Shah Hussain's Mela Charaghan was both a festival and a mandi where many commodities were sold and purchased. It was the biggest cattle market in Lahore. The businesses around Data Sahib, Mian Mir, Miran Hussain Zanjani and many other shrines provide livelihoods to thousands of people. The cinemas in inner city, the cinemas and theaters of Lakshmi Chowk have contributed immensely to the city's economy besides providing affordable entertainment to the low-income people. For more information, see Imrana Tiwana, *Situational Analysis of Culture in the Four Provinces of Pakistan, Cultural Tourism in Lahore and Peshawar* (Islamabad: UNESCO, 2011).

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## **ANNEXURE I**

### **DETAILED VISION FOR IMPROVING TRADE IN LAHORE REGION**

The vision for trade in Lahore region begins with the acknowledgement that trade is not, and should not be, an end in itself. Rather trade should be for people and, in the context of this paper, it must help Lahore achieve social goals such as human and environmental well-being; fair access and opportunity.

Therefore, the vision of improving trade in Lahore region means the trade-related public institutions, especially of local governments, undertake steps to develop trade in the Lahore region in such a way, that:

- People should be able to shape trade. It means they should be able to assign purposes to the trade, eliminate harmful aspects of the state, and assign taxes on the traders
- Becoming a trader is easy both for anyone aspiring to become entrepreneurs: men and women; rich and poor; rural and urban; local and migrant; educated and uneducated
  - It means Lahore region provide institutions which lower the transaction costs—all of the costs involved in doing business—and provides access to business extension services
  - It is easy for traders to pay taxes, know trade related rules and regulations, interact with bureaucracy, and exit from the business if they want to
- Opportunities for upward mobility are available and traders, especially the small traders, street vendors, rehriwalas can move upward
  - It means access to credit and the creation of fair conditions of competition. Small traders should be able to move upward making room for new entrants to trade.
- Trade is not solely for profiteering but for fulfilling the needs of society
  - In order to achieve this, Lahore becomes a place where consumers are protected, where transactions are made in fairness, where advertisement do not seduce people into socially harmful consumerism; where there are no monopolies; where traders pay taxes; where traders treat their employees fairly; where trade is done transparently; where there is no place for counterfeit and socially harmful economic activities.
- Trade is harmonious with the environment. The sale, purchase and consumption of goods, food and products do not leave unsustainable footprint on environment.

The ultimate goal of this vision is to achieve equitable development, employment, and sustainability in Lahore region.

## **ANNEXURE II**

### **LIST OF PEOPLE INTERVIEWED**

No.	Name
1.	Fayyaz Zafar, Trader, Lohari Gate, Lahore
2.	Khalid Pervez, Urdu Bazar, Lahore
3.	Rai Akbar, Vegetable Market, Sheikhupura
4.	Mehr Islam, Entrepreneur, Gujranwala
5.	Mrs. Rukhsana Zafar, Women Chamber of Commerce & Industry, Lahore
6.	Imran Safdar, Publisher, Urdu Bazar, Lahore
7.	Muhammad Khalid, Chemist, Sheikhupura
8.	Muhammad Ibrar, Druggist, Sheikhupura
9.	Athar Azeem, Land Developer, Lahore
10.	Irfan Ahmad, Traders Leader, Liberty Market, Lahore
11.	Muhammad Rasheed, Cloth Merchant, Sheikhupura
12.	Rao Saeed, Dairy Products Association Leader, Lahore
13.	Liaqat Ali, Publisher, Lahore
14.	Muhammad Zakaria, Shop Keeper, Gujranwala
15.	Tariq Hasan, Trader, Kareem Block Market, Lahore
16.	Salman Sabir, Urban Planner, Lahore
17.	Rashid Bashir, Chinese Elevators Supplier, Lahore
18.	Tariq Latif, Contractor, Lahore
19.	Muhammad Awais, Goods Transporter, Okara
20.	Hafiz Ammar, Cattle Trader, Okara
21.	Nazeer Baig, Vendor, Vegetable Market, Jallo More, Bata Pur, Lahore
22.	Abid Ali, Vendor, Vegetable Market, Jallo More, Bata Pur, Lahore
23.	Asghar Hussain, Vendor, Vegetable Market, Jallo More, Bata Pur, Lahore
24.	Haris, Vendor, Vegetable Market, Jallo
25.	Muhammad Irshad, Goods Transporter, Lahore

26.	Rasheed Hussain, Mini Goods Transporter, Sheikhupura
27.	Afzal Bhai, Property Dealer, Lahore
28.	Siddiq ur Rahman Rana, Sunder Industrial Estate, Lahore
29.	Muhammad Waseem, Beverages Supplier, Sheikhupura
30.	Khalid Mehmood, Contract Lawyer, Lahore
31.	Imrana Tiwana, Lahore Bachao Tehrik, Lahore
32.	Aamir Riaz, Publisher, Lahore
33.	Saeed Hussain, Land Developer, Lahore
34.	Khurram Shehzad, Importer/Exporter, Lahore/Islamabad
35.	Tannawur Haider, Local Government Finance Expert, Lahore
36.	Ameer Butt, Leader Wholesale Traders Association, Akbari Mandi, Lahore
37.	Nawazish Ali, Trader Leader, Shah Alami Market, Lahore
38.	Anaar Khan, Peddler (Rehriwala), Lakshami, Lahore
39.	Ali Raza Tarar, Industries Department, Lahore
40.	Naeema, Microfinance specialist, Lahore
41.	Waheed Saqib, Auto Dealer, Faisalabad/Jhang
42.	Waqas Fareed, Auto Spare parts Dealer, Lahore
43.	Riaz Akhtar, Urban Planner, Lahore
44.	Kamran, Lahore Development Authority, Lahore
45.	Iqra Yusuf, Lahore Development Authority, Lahore
46.	Khalid, Lahore Development Authority, Lahore
47.	Raza Baqri Mehdi, Tehsil Municipal Officer, Multan
48.	Mehmood Tamanna, Executive District Officer, Municipal Services, City District Government, Lahore
49.	Muhammad Faheem, Shopkeeper (kiryana store), Faisalabad
50.	Ali Sarwar, Urban Unit/Supply Chain Specialist, Lahore
51.	Muhammad Ramzan, Street Vendor, Kot
52.	Ali Imran, Food Home Delivery Service Operator, Lahore
53.	Syed Qurban Raza, Microfinance Specialist, Gujranwala
54.	Abid Qamar, Pakistan Railways, Lahore



## **About the Author**

Imdad Hussain, PhD is Assistant Professor at the Centre for Public Policy and Governance, Forman Christian College (A Chartered University) Lahore. He teaches courses on urban policy, environment, demography, multiculturalism and institutionalism. He is Lead Researcher, Program Design for Policy, Institutional, and Regulatory Reform in the City of Lahore aka Lahore Vision 2035. His research interests include: social and cultural transformation; Islamization; urban development; drinking water policy; and, urbanism. He contributes to urban development by volunteering for Punjab Urban Resource Centre, Muawin, and Saiban. These NGOs undertake action research on low-cost, and self-help methods in urban sanitation, water supply, and housing.

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