

Karachi: The Land Issue

By
Arif Hasan
Mansoor Raza
Urban Research and Development Cell,
NED University, Karachi

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Preface

(To be added later)

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Abbreviations:

ABAD	Association of Builders and Developers
ACHS	Al-Riaz Cooperative Housing Society
AKPBS,P	Aga Khan Programme for Basic Services, Pakistan
BoR	Board of Revenue
CBO	Community Based Organisation
CDGK	City District Government Karachi
DHA	Defence Housing Authority
EDO	Executive Development Officer
EIA	Environment Impact Assessment
EPA	Environmental Protection Agency
FAR	Floor Area Ratio
GoS	Government of Sindh
HBFCCL	House Building and Finance Corporation Limited
IAP	Institute of Architects
IFC	International Finance Corporation
KBCA	Karachi Building Control Authority
KCHSU	Karachi Cooperative Housing Society Union
KCR	Karachi Circular Railways
KDA	Karachi Development Authority
KIT	Karachi Improvement Trust
KMC	Karachi Municipal Corporation
KPT	Karachi Port Trust
KSDP	Karachi Strategic Development Plan
KWSB	Karachi Water and Sewerage Board
LDA	Lyari Development Authority
LERP	Lyari Expressway Rehabilitation Project
MDA	Malir Development Authority
ML&C	Military Lands & Cantonments Groups
MoU	Memorandum of Understanding
MPECD	Master Plan and Environmental Control Department
MPGO	Master Plan Group of Offices
MRV	Merz Randal Vetten
MQM	Muttahida Quomi Movement
MoW	Ministry of Works
NAB	National Accountability Bureau
OCHS	Oversees Cooperative Housing Society
OPP	Orangi Pilot Project
PCATP	Pakistan Council for Architects and Town Planners
PDOCHS	Pakistan Defence Officers' Cooperative Housing Society
PECHS	Pakistan Employees Cooperative Housing Society
PICIC	Pakistan Industrial Credit and Investment Corporation
PPP	Pakistan Peoples' Party
PQA	Port Qasim Authority
REIT	Real Estate Investment Trust
RTI	Research and Training Institute
SBCA	Sindh Building Control Authority
SITE	Sindh Industrial and Trading Estate
SKAA	Sind Katchi Abadi Authority

SLGO	Sindh Local Government Ordinance
SMCHS	Sindhi Muslim Cooperative Housing Society

Local Terms:

<i>abi</i>	watered by lift from tanks
<i>bachao</i>	save
<i>baghicha</i>	farm
<i>banjar qadim</i>	land which has remained unsown for more than eight successive harvests
<i>banjer jadid</i>	land which has remained unsown for eight successive harvests
<i>barani</i>	dependent on rainfall
<i>bhaichara</i>	decisions based through brotherhood
<i>bhatta</i>	bribe extracted through coercion
<i>bisi</i>	
<i>chahi</i>	watered from wells
<i>deeni</i>	religious
<i>dharti</i>	land
<i>ghair mumkin</i>	not possible
<i>goths</i>	villages
<i>gutter</i>	sewage
<i>imambargah</i>	A gathering place of the Shia Muslim sect
<i>katchi abadis</i>	informal settlements
<i>khamosh</i>	silent
<i>jheels</i>	lakes and large ponds
<i>madarassahs</i>	schools
<i>mahigeer</i>	fishermen
<i>nahri</i>	irrigated by canals by flow or lift
<i>nazims</i>	mayors
<i>nullahs</i>	natural drains
<i>patwari</i>	lower level revenue officer in-charge of taxation
<i>pattidari</i>	
<i>pugri</i>	
<i>sahil</i>	beach
<i>sailaba</i>	land in the flood plains
<i>shamilat</i>	community land
<i>tahreek</i>	movement
<i>thalla</i>	the local building materials manufacturing yard provider
<i>wala</i>	local building materials provider
<i>zamindari</i>	system of agricultural free-hold property holdings

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1. THE KARACHI CONTEXT

Karachi is a mega city with a population of about 18 million. Literatures and case studies tell us that its problems are similar to those of other mega cities in the South.¹ These problems include illegal land conversions, use of funds acquired through coercion and contraband trafficking for real estate development, turf wars between rival real estate dealers and promoters, evictions, a large demand supply gap in housing, and a strong anti-poor bias in planning and policy making. Yet, Karachi is different because three important aspects of the city interact with each other in a region currently in conflict.

The first aspect is related to Karachi's strategic location in the regional conflict related to the Afghan war. The second is its immense economic power in the context of Pakistan in general and of Sindh province, of which it is the capital, in particular. And third, that its migrant population far out numbers its native Sindhi and Balochi speakers. To understand Karachi's land and governance related issues, an understanding of these three aspects of the city, is necessary.

In the late 18th and early 19th century, the Russian Czarist Empire conquered Central Asia with the aim of reaching the warm water of the Arabian Sea so as to contain the expansion of British Imperial power in India and the Middle East. The Russian goal was the capture of the natural harbour of Karachi. As a reaction, the British annexed Sindh in 1843 and occupied Karachi which became their centre for launching the Afghan wars to contain the Russian advance. As a result, Karachi became an important British cantonment with strategic links with the happenings in Afghanistan and Central Asia. In addition to the role it played in the Afghan wars, in the First World War it was the source of supplies to the white armies fighting the red armies in Central Asia. In the Second World War, supplies to the eastern front were channelled by the Allies through Karachi. Again, during the anti-Soviet War in Afghanistan in the 1980's and the following wars of attrition in that country, supplies for the war were channelled through Karachi Port. And today, supplies to the NATO troops fighting the Taliban post-9/11, arrive at Karachi Port and are then transported over land to Afghanistan.²

Karachi's involvement in the ongoing Afghan war destabilized it. It became the headquarters of rival interests in the Afghan war and the rivals also found local supporters, some of whom became proxies for the different rival international and regional players involved in the war. Heroin trafficking partly financed the war effort and much of it exited through Karachi port and was also used locally.³ Guns were an essential part of the drug trade. This was the beginning of what the Karachiites call the "drug and Kalashnikov" culture. It was also the beginning of large scale investments, whose sources were undeclared and "unknown", in land and real estate business. It also led to a further weakening of an already deteriorating governance system. In the early 1990's, gun power first came to be used to settle land disputes and to forcibly occupy land and property. Through a system of bribes and coercion, the formal governance system became "informalized" and violations of land related laws, rules, regulations and procedures became common.

Karachi is Pakistan's only port city. It contains 32 percent of the total industrial establishment of the country; generates 15 percent of the national GDP; 25 percent of federal revenues; and 62 percent of income tax.⁴ There are also powerful federal interests in the city in the form of the Karachi Port Trust

¹ For example, Liza Weinstein; Mumbai's Development Mafias; Globalization, Organized Crime and Land Development; International Journal of Urban and Regional Research, Volume 32, March 01, 2008

² Ali K. Chishti; The Political Economy of NATO Trucks; Friday Times (Weekly), Lahore, 15 September 2011. **These supplies have been discontinued since November 2011 after the aerial attack of NATO troops on Salelah check post in northern Pakistan.**

³ For details of the Afghan War, see Ahmed Rasheed The Taliban, OUP, Karachi

⁴ KSDP- 2020; City (District) Government Karachi; 2006

(KPT), Port Qasim, Customs, Civil Aviation Authority and the armed forces and their various industrial and real estate activities. These powerful institutions own and administer their own land and manage its development independent from the city government. Often there is a clash of interest between them, the city government and the provincial government since the institutional relationship between the different land owning institutions is not clearly defined.

An important issue is Karachi's relationship with its own province of Sindh. The city contains 62 percent of Sindh's urban population; 30 percent of Sindh's total population; and 22 percent of Pakistan's urban population. Lahore, the second largest city in Pakistan, on the other hand, contains only 7 percent of Punjab's total population.⁵ Thus, Karachi is very different from other cities of Pakistan. In addition, Karachi's large scale industrial sector employees 71.6 percent of the total industrial labour force in Sindh; 74.8 percent of the total industrial output of the province is produced in Karachi; and 78 percent of the formal private sector jobs of the province are located in Karachi.⁶ This enormous importance of the city plays into the politics of Sindh which to a large extent is determined by the ethnic composition of the city and the province in which it is located.

This ethnic composition also affects governance related issues. This is because the Sindhi speaking population feels that it is becoming a minority in its own province. There is some justification in this. 73 percent of Karachi's population in 1941 said that their mother tongue consisted of one of the local provincial languages (Sindhi, Balochi, Gujrati); 6.2 percent said it was Urdu/Hindi, and 2.8 percent said it was Punjabi. Pushto at that time was nonexistent. In 1998, the local languages had declined to 14 percent, Urdu increased to 48.52 percent, Punjabi to 14 percent and Pushto stood at 11.42 percent.⁷ This change has happened because of the huge migration of Urdu speakers, known as Mohajirs or refugees, from India in 1947; the continuous migration of Pushto speakers from the North West Frontier Province (now Khyber Pukhtoonkha) since the 1960's; and of Punjabi professionals, businessmen and artisans to service the expanding services sector in the city. The Karachi migration has also changed the demography of Sindh as a whole. The Sindhi and local language speaking population of the province has declined from 96 percent in 1941 to 62.64 percent in 1998.

The Sindh Local Government Ordinance (SLGO) 2001 devolved power from the province to the city. Elected representatives replaced the old bureaucratic colonial system. The elections brought the major ethnic party (Muttahida Quomi Movement or MQM as it is called) of Urdu speakers to power. With their control on the city and its resources, the local Sindhi speaking population felt alienated and complained that it had no longer access to the assets of the city. Their representatives, mostly belonging to the Pakistan Peoples' Party (PPP), also pointed out that the SLGO had been enacted by a military government and as such was not acceptable to them.

When democracy returned to Pakistan in 2008, the PPP swept the provincial elections but the MQM emerged as the major winner in Karachi. The PPP could not govern Karachi without MQM support and the MQM did not have the majority in the Sindh Assembly to govern Sindh. Consequently, a coalition government has had to be created. One of the first acts of the PPP after it came to power was to suspend the SLGO and replace it by the old bureaucratic system which brought the city under the control of the province. This was resented by the MQM since a decentralized system gives the Urdu speaking population considerable powers in the areas where its constituents live. The conflict over what system Sindh should adopt has continued since 2008 between the two main protagonists of Sindh politics without a solution. Since they cannot do without each other, a hybrid system, a marriage between the two, continues to function in Karachi creating confusion and weakening the governance

⁵ . Worked out from the Government of Pakistan Census reports

⁶ . KSDP- 2020; City (District) Government Karachi; 2006

⁷ . Worked out from the Government of Pakistan Census reports

system further.⁸ Meanwhile, the Pushto speakers, who control Karachi's transport and are major players in its informal economy, wish to be represented in proportion to their numbers. For this they demand a restructuring of the election constituencies. Since guns and a violent tradition, originating with the Afghan War, exists, the ethnic conflict has become violent.

The contents of this report have to be understood in the larger context that has been explained above.

2. LAND

2.1 Issues in Control and Ownership

In 2001, the Sindh Local Government Ordinance (SLGO) created the city district of Karachi and divided it into 18 towns, each having their own elected nazims (mayors). In addition, the city also had an indirectly elected nazim. Before the SLGO was enforced, Karachi was a division headed by a commissioner. The division was divided into five districts, each headed by a deputy commissioner. The commissioner and deputy commissioners were bureaucrats of the provincial (Sindh) government. Of the five districts, one was rural and consisted of goths (villages) and their pasture lands. With the SLGO, the rural district became a part of three of the new towns (Gadap, Keamari and Bin Qasim) created under the SLGO. As a result, a large area, previously rural, was opened up for urban development. In 2009, the SLGO was suspended and the old system consisting of five districts was re-enforced. However, the rural status of the previously rural district has not been maintained and through the process of the Gothabad Scheme (explained in Section 2.2) villages are being turned into urban settlements.

The area of the Karachi division is 3424 square kilometres of which 298 square kilometres come under the cantonments and other agencies. The three towns that absorbed much of the rural district contained 84 percent of Karachi land but a very small percentage of the city district population. The urbanized area of Karachi is 1300 square kilometres.⁹ This area refers to land which is developed for various urban land uses or planned and allotted for such uses. (**Map – 1 in Appendix – 1: Maps**)

Karachi currently has 13 land controlling and management authorities¹⁰. These authorities enjoy various levels of powers to plan, develop and maintain land under their jurisdictions, and have varying standards and sets of bye-laws, resulting in conflicts of interests and issues in overall planning and functioning of the city. As per law, the origin of land ownership vests with the provincial government of Sindh which exercises this right through its Board of Revenue (BoR). The BoR is also authorised to manage the entire land records, details of transactions to public and private agencies and the status of land till the transaction is made. It also manages the records of land and properties held by the private owners or public agencies by virtue of transactions made before Pakistan came into being in 1947.¹¹ BoR leases out land parcels to authorities, organizations and societies for approved land-use, which should be according to the Master Plan of the town or settlement. Status and duration of leasehold ownership is normally governed by the type of use. For example, lease for agricultural use is short (1-5 years) while it is medium term in respect to agro based industry such as poultry or dairy

⁸. For details see Arif Hasan; *Sindh Local Government: The Real Issues*; article published in the Express Tribune, Karachi, January 2012

⁹. CDGK, KSDP 2020, Karachi; 2006

¹⁰. Mr. Hafiz Javed, EDO Land Department, City Government, an interview, 2011

(1) Railway, (2) Port Qasim (3) Karachi Port Trust (KPT) (4) Defence Housing Society (5) Government of Pakistan (6) Cantonment Boards (7) Katchi Abadi Authority (8) Recent Allocations (Educational City) (9) LDA (10) SITE (11) Government of Sindh (12) MDA (13) CDGK (Defunct KDA & KMC)

¹¹. Farani, M. (2011); *Manual of Land Revenue Laws – A Compilation*; National Law Book House, Lahore

farms (10-33 years). The lease for residential, commercial, industrial and amenity uses is normally granted for 99 years.

The provincial land administration allocated sizable land parcels for different purposes to different agencies during British colonial period. After independence, the administration preserved these allocations and accorded them legal cover. The Military related activities dominated the city and hence the British enclaves were designated as Cantonments. As such, the present cantonment areas in Karachi are a heritage of British times. The presence of such large parcels of land, 2.1 percent of the total land in Karachi, for Army usage was justified then, as it was the base for the British Army during the military excursions against the Russian empire and later during two world wars. Currently Military Lands & Cantonments Groups (ML&C) is responsible for administrating the Military Lands & Cantonments Boards that do not fall within the domain of the civil administration of the city.¹² Cantonment Ordinance 2002 – contained the provision that the Boards consult the civil administration in development and planning decisions. However, the Boards are not bound to follow the advice of the civil administration in this arrangement.¹³

As with military developments, the British also developed trading infrastructure, especially to get Sindh and Punjab cotton to the textile mills of the UK through Karachi. As a result, Karachi received two more stakeholders in land, Karachi Port and the Railways. On May 13th, 1861 the first railway line was opened for use.¹⁴ With the development of railway as an organization, appropriate land rights were transferred to the organization in order to facilitate its working and help in future expansion. The land was allocated for right of ways, workshops, stations and marshalling yards and related activities. Railway lands are 4 percent of Karachi land though much of them have been encroached upon through formal and informal developments¹⁵.

In parallel to this development an Act IV of 1886 was passed by the legislative council of Bombay to establish the KPT, leading to designation of land and sea rights to the KPT for the purpose of trade and commerce¹⁶. Since then KPT is an important stakeholder due to its strategic location and nature of activities. Its share is 2.8percent in the total land in Karachi.

Regarding the residential zones and their corresponding land uses in the British times, other than the specified military and commercial lands, a municipal commission was setup in 1852, which in 1878, under the Bombay District Act 1837, was extended to Sindh and included the urban areas of Karachi. In 1934, the city of Karachi Municipal Act was promulgated, leading to making the Karachi Municipal Corporation (KMC) responsible for developing and maintaining the city. The mandate of KMC as development and management agency changed after independence when Karachi Improvement Trust (KIT) was developed in order to tackle the situation developed due to unprecedented population increase due to immigration as a result of the partition of India. KIT was responsible to develop the first post-independence Master Plan of the City with the help of Merz Randal Vetten (MRV), a Swedish firm. Later in 1957, KIT was transformed into Karachi Development Authority (KDA), clearly separating development and management tasks, KDA being responsible for development of land while KMC was in charge of maintenance of developed land in the urban areas of the city.

Land was transferred from the BoR to KDA for development purposes. KDA had the mandate to develop all the lands transferred to it but not the lands in possession of federal agencies (as such, the cantonments, railway, KPT) and provincial lands that were already utilized or owned by government or

¹². Mahmood, Z. (2010); Cantonment Laws in Pakistan – A compilation; Nadeem Law Book House, Lahore

¹³. Ibid

¹⁴. [Http://www.pakrail.com/](http://www.pakrail.com/)

¹⁵. CDGK, (2005); Karachi Strategic Development Plan 2020

¹⁶. <http://www.kpt.gov.pk>

its agencies for various operational purposes. However, among the land shareholders, KDA had the lions share. KDA further evolved and changed into City District Government Karachi (CDGK) after devolution and the ordinance of 2001.¹⁷ Since then, CDGK is the development and maintaining authority of Karachi parallel with other land owning stakeholders. Although CDGK is considered to be the representative of the city but it only has the control on one-third of the total urbanised area of Karachi and its decisions, including the provisions of the Karachi Strategic Development Plan (KSDP), are binding only on the lands under its jurisdiction.

Karachi was the capital of Pakistan till 1958 and as such 0.5percent of land is still controlled and managed by the Pakistan (Federal) Estate Office. Karachi today is the provincial capital of Sindh and as a result 17.7percent of the land is under the control of the Government of Sindh, in the form of virgin land, provincial government offices and housing.¹⁸

Cooperative societies developed under the act of 1860, are another important land related stakeholders. Before and after the partition, many societies emerged in the city taking responsibility of development and maintenance of their respective land parcels. These include the Pakistan Employees Cooperative Housing Society (PECHS), Sindhi Muslim Cooperative Housing Society (SMCHS), Pakistan Defence Officers' Cooperative Housing Society (PDOCHS) now Defence Housing Authority (DHA). These cooperative societies control 6. 8percent of the total land in various parts of the city (excluding DHA). (See **Map – 2: Location of Cooperative Societies**)Of all the above mentioned cooperative societies, DHA is the largest, having 7,000 acres of land or 5.0percent of the city area.

DHA started just like a normal cooperative housing society registered under Societies Act 1860.It was meant as welfare of retired army officers. However, till the end of 1970's, development was proceeding at snail's pace and the financial situation of DHA was deteriorating. To overcome a crisis, General Zia-ul-Haq (then military dictator of Pakistan), through an order, dissolved PDOCHS and formed the DHA instilling autonomy and vast development rights to the newly formed authority.¹⁹ In continuation of this decision, Clifton Cantonment was also established with the purpose and mandate of looking after the maintenance of the DHA. In this way Clifton Cantonment is the latest cantonment developed in the city and with a very different objective than the old British established cantonments. The evolution of DHA is actually a transformation from a civilian controlled organization to an army controlled authority, and a serving Army Brigadier heads the DHA administration²⁰. DHA, now, has its own development plans, strategies and bye-laws and it is not bound to follow the city administration's decisions regarding development. However like other cantonments, DHA can share and consult with the city government regarding development decisions and the city government can advise them as well, but the advice will not be a binding on DHA. DHA is one of the largest stakeholders of land in Karachi, and the 5.0percent of total land held by DHA is located at the prime locations in the city. (See **Map – 3: Location of DHA**). The DHA has recently acquired an additional 5080 hectares of land for development of the DHA city. Through the power of the army, the DHA and its affiliated cantonments have become a major player in land politics leading to land and property speculation for and by the elite.

Karachi being the financial and industrial capital of the country, houses thousands of industrial units developed and administered by different authorities. Authorities responsible for the industrial lands are another stakeholder who are involved in land related decisions. After partition, industries mostly developed near the port. An industrial area was developed in 1947 and was called KPT Industrial Area, which soon expanded and in 1948 the Sindh Industrial and Trading Estate (SITE) was

¹⁷. Karachi Strategic Development Plan 2020; CDGK, 2006

¹⁸. <http://www.sehgalfamily.com/?p=1974>

¹⁹. www.dhakarachi.org/

²⁰. Industrial Land use and Land Value Pattern in Karachi City; S. Akhtar, M.R. Dahnani, March 2011

established adjacent to the then northern limit of the city. Later, under the Greater Karachi Resettlement Plan (Master Plan) in 1958, industrial areas of Korangi and Landhi were chalked out. In 1960's and 70's, small industrial areas of Federal 'B' Area and North Karachi were developed. Again, in 1980's, the government established three new industrial areas namely the Export Processing Zone, Bin Qasim Industrial Area and the Super Highway Industrial Estate and the Super Highway Industrial Estate. The most recent industrial area is being planned with the educational city²¹. Irrespective of success or failure of the industries, the industrial lands comprise of 3.3 percent of the city land. (See

Map-4: Location of Industrial Areas)

Of industrial land Port Qasim and the Steel Mills are important stakeholders, having 1.5percent share of land in the city. Both were established in the 1970's as a result of the efforts for the self-sustenance policy of the then government, Port Qasim was established in 1973 under the PQA Act XLIII of 1973, 12,000 acres of land from the Board of Revenue Sind was allocated for the port and related industrial areas.²²

The recent most additions to land stakeholders are the Malir Development Authority (MDA) and Lyari Development Authority (LDA).MDA was established through an act in 1994.It holds 3.9percent land of the city, comprising majorly of rural land within the city limits.²³Majority of the land transferred was previously managed by the District Council. However, some of the land was also transferred from KDA in the form of existing schemes, such as, Shah Latif Town. The District Council, before the devolution ordinance 2001, was responsible for managing rural lands through its six union councils.²⁴ Similarly, LDA was established in 1993, currently having 5.6percent of Karachi land. The lands of LDA have been from the BoR, different district councils and KDA. Just like MDA, LDA also became owner of the schemes already developed by KDA, such as, Hawksbay Scheme-42.²⁵ After the devolution ordinance 2001, both MDA and LDA were dissolved and merged into CDGK. However both have now been reinstated. (See **Map – 5: Location of LDA/MDA**)

There are two reasons for the reinstatement of LDA and MDA. Both, for the most part, operate in what was previously the rural district of Karachi and as such large parcels of land are available for development. Also, given Karachi's ethnic conflict between the Mohajirs or the migrant Urdu speaking peoples who settled in Karachi during and after 1947 and the local Sindhi speaking population (which has been explained in the Introduction), the LDA and MDA can be used for patronizing the Sindhi speaking population.

In addition to the above mentioned major stakeholders, there are many others who have an impact on land related issues of the city. For example, land under Karachi Water and Sewerage Board (KWSB), universities and other utilities and amenities, fall under the provincial government jurisdiction. A very recent allocation of land for educational and industrial purposes accounts for 2.7percent of the total city land.²⁶This land is located at the link road connecting the National and Super Highway near MalirHousing Scheme-01. The government of Sindh has still not identified institutional arrangements to develop and manage these land parcels.Summary of the statistics is shown graphically in **Figure - 1** below.

²¹. www.portqasim.org.pk/

²². <http://mda.com.pk/>

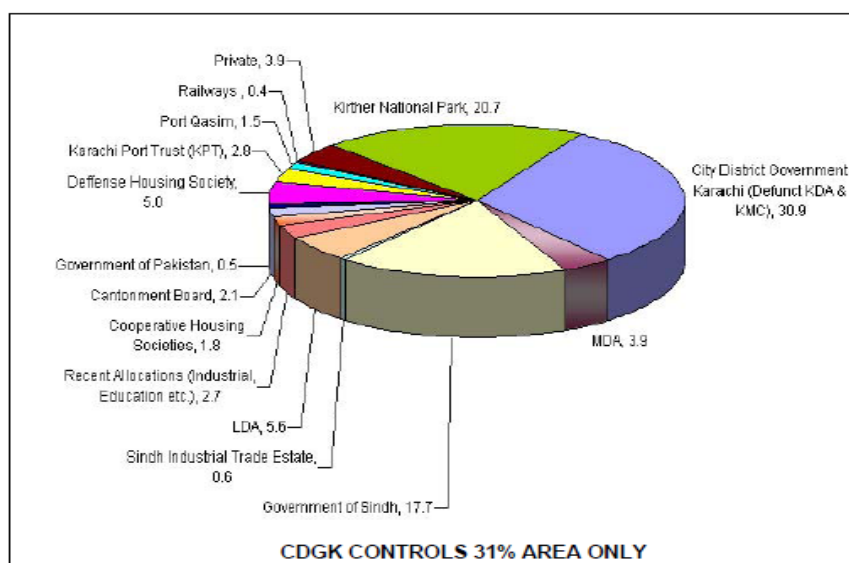
²³. Prof. Dr. Noman Ahmed, Chairman DAP-NEDUET, an interview, January 2012

²⁴. <http://ldakarachi.com.pk/>

²⁵. CDGK; Karachi Strategic Development Plan 2020

²⁶. **Will add**

Figure – 1: Karachi: Profile of Land Ownership and Control



(Source: Karachi Strategic Development Plan 2020: CDGK – 2007)

In addition to the above mentioned formal stakeholders in land, Karachi has a very strong and dominant informal sector. According to the study done under KSDP2020, informal residential development accounts for 8.1 percent of the total urbanized area. Despite this small share of total land occupied, the sector fulfils over 50 percent of the city's housing needs. These informal settlements or katchi abadis, as they are locally called, before and after regularization, are not officially documented in the majority of cases. However, a sizeable number of such settlements get legal status by getting lease through the Sind Katchi Abadi Authority (SKAA). SKAA was setup under the Sind Katchi Abadi Act 1987 and it has the mandate to legalize informal settlements by notifying them if the settlement prescribes to the standards laid down by it²⁷. Usually the informal settlements are formed by informal developers on land belonging to any government agency. Most such settlements are developed on a rectilinear or grid based planning which makes regularization at a later stage possible. The majority of such settlements have been notified for regularization.²⁸ However, once notified and leased, the settlement then comes under the jurisdiction of SKAA, who is then the land owning authority. The informal settlements are formed mostly on BoR land, in the right of ways of railway, along natural drainage systems and on the land of the KWSB.²⁹ (See **Map – 6: Location of Katchi Abadis**)

It is difficult to identify developed versus vacant areas of the city as there exists no authentic data in this regard and the government authorities do not want to identify the extent of undeveloped land so as to extend patronage to their constituents and to potential political allies and friends by allotting land to them for agricultural, mining and/or development purposes. However, the study done in 2007 for KSDP-2020 can serve as basis only for the urbanized area of the city. As per KSDP-2020 only 7.3 percent of the urbanized area is found to be vacant. However, the actual vacant land is quite vast if we consider the total city limit as it contains large rural land especially the vacant land available in the Gadap Town. The vacant land denotes the area which is allotted and planned for various uses but not

²⁷. <http://www.urkarachi.org/SKAA%20Act%201987.HTM>. Housing developed without official planning and development permission is termed as informal settlements.

^{27a}. Ibid.

²⁸. Interview of Managing Director of SKAA by Arch. Rahat Arsalan in his office in September 2011

²⁹. Extracted from map of katchi abadis in KSDP 2020 document August 2007

utilized as such due to various reasons. The developed residential areas comprises of 27 percent while the commercial area forms 2.2 percent of the total urbanized area.

Several inferences can be drawn from the above accounts. Land ownership and management functions are divided amongst many public agencies without a common coordinating mechanism or a shared purpose. The existing norms of governance do not enshrine any system of accountability pertinent to land transactions or other related decisions. And the socio-political culture of the city is such that informal access and utilization of peripheral land is considered by the users as a workable alternative – acquisition of proper legal status by way of documentation or following up of procedures is not deemed necessary. Efforts have been made in the past to develop an authority in order to guide all the land owning authorities in physical planning. In the Karachi Development Plan 2000, the concept of a powerful Karachi physical planning agency was put forward. The steering committee of this agency was to consist of members of all land owning agencies in Karachi. The agency was to have administrative and technical staff to make policy and coordination possible. However, the agency was never created. Status review of land ownership by various public agencies; development of a strategic framework for land allocation, utilization and further transactions; coordination in the planning and development of physical and social infrastructure; facilitation in the decision making related to land matters and data base development and management related to land were some of the important functions that were to be performed by this proposed agency.

Table –2.1

Areas and Percentages of Various Land Use Type in the Karachi Urbanised Area and KSDP- 2020 Study Area

Land Use	% of Total Urbanised Area
Formal Residential	27.0%
Informal Residential	8.1%
Goth (villages = residential)	1.6%
Commercial	2.2%
Health	0.5%
Educational	2.6%
Government	2.3%
Other Institutional	0.9%
Industries	7.1%
Cottage Industries	0.0%
Transport	0.6%
Warehouse	0.4%
Mining	0.1%
Vacant Land	7.3%
Open Space	10.6%
Agriculture	5.6%
Water	1.8%
Road Space	17.7%
Other Land Uses	3.6%
Total	100.00%

(Source: Karachi Strategic Development Plan 2020: CDGK – 2007)

2.1.1 Conclusions:

In spite of the advantages of easily available state land, Karachi has not been able to cater to the needs of low income housing, commercial growth and amenities and utilities. This is because of two

reasons. One, there are too many land owning agencies with no shared plan or coordinating mechanism between them which results in a serious clash of interests. As a consequence, numerous land transaction disputes and conflicts arise between various parties. Rising scale of litigation in courts of law and armed conflicts between powerful interest groups and the hoarding of land for speculation by the land owning agencies and for using it for granting of favours to political allies and friends for purchasing political opponents render the land market devoid of efficiency and transparency. And two, because of weak and contradictory governance, the result of a clash between the province and the city and Karachi's importance in the Afghan War, powerful political, ethnic and commercial interests are able to dictate land-use policies and conversions to their own advantage and to the disadvantage of the city and its poorer inhabitants.³⁰

2.2 Review of Laws, Statutes and Regulations Pertinent to Land Management in Karachi

2.2.1 The Importance of Land

Land ownership, management and government functions are fragmented in Karachi with multiple agencies sharing these privileges and functions. Absence of coordination and collective decision making complicates the situation. A wide array of laws and statutes as well as ensuing institutional framework exists in the city. As land denotes an important asset and control on its distribution and development represents the foremost political and administrative objective, continuous adjustments continue to happen to facilitate the demands of political parties, military institutions, religious pressure groups, transport operators, builders and developers as well as international stakeholders. It will be useful to review the various set of laws, regulations and statutes against this backdrop.

2.2.2 Disposal of Urban Land

After Pakistan came into being in 1947, the large flux of refugees (600,000 in three months) that migrated from India, were settled in officially designated and planned 'displaced peoples townships'. Other neighbourhoods and colonies were also developed under the overall supervision of the national Ministry of Rehabilitation and Resettlement. Karachi Improvement Trust was formed in 1951 to extend basic services and infrastructure to these settlements. Although created under the advice of the central ministry, it was assigned the status of a local government organ. KIT was upgraded as Karachi Development Authority in 1957 with a mandate of planning, development and disposal of plots of various types and dimensions. It may be vital to note that KDA acquired land from BoR in limited cross sections and the initial four schemes accounted for less than 100 hectares of land till 1960s. later, the allocations became larger in area as the demand of land multiplied.

The 'Disposal of Land and Estate Regulations, Government of West Pakistan, 1965' constituted what was probably a conscious efforts to streamline the disposal of urban lands under jurisdiction and control of KDA. Defining the clear institutional structure and procedure of land disposal was an important prescription in this statute. Combination of balloting³¹ and discretionary allotments by Director General of KDA were two procedures specified in the regulations. The KDA followed a uniform price list for land parcels. Whether allotted through discretionary process or balloting, the same rates were charged. It was assumed that the smaller plots of 60, 80 and 120 square yards (M2)

³⁰. Enormous sums of money have been generated through heroine, arms and the Afghan transit trade as a result of the Afghan War. This has been invested in a big way in real estate and in supporting groups to grab land forcibly. Large projects have also been made by transporters supplying the NATO was efforts from Karachi port, with the proceeds also invested in land.

³¹. Applications are received and then subjected to a computer ballot. Whoever "wins", get a plot of land. Often well-to-do individuals apply through their servants or dependents and hold the plot for speculation.

would be purchased by the low and lower middle income classes. However, this did not happen.³² The statute also laid down procedures to curb malpractices such as speculation, lack of occupancy, multiple land allotments and informal disposals (Government of West Pakistan, 1965).

A few years later, the government promulgated KDA Disposal of Land Rules 1971. The rules streamlined the disposal of lands in a category specific manner. Details are outlined as under:

Table – 2.2: Land Disposal Procedures Adopted by KDA Since 1971

No.	Plot Type	Proportion of Disposal	Remarks
1.	120 Sq.yds or less (Category A)	General public (disposed both by way of discretionary allotments and balloting)	To be allotted to Jhuggi(shacks) dwellers
2.	121-400 sq.yds (Category B)	15% to employees of provincial government 5% to employees of central government 10% to Defence personnel 35% to construction companies / trusts 35% for general public	To be allotted after inviting applications, scrutiny and disposal (through direct allotment or balloting in case numbers of applications exceed plot numbers)
3.	401-1500 sq.yds (Category C)	15% to employees of provincial government 5% to employees of central government 10% to Defence personnel 70% to general public (though auction)	The disposal was to be carried out through public auction except for categories specified for direct allotment

Source: *Author's interpretation of KDA Disposal of Land Rules 1971*. These allotments referred to 99 years of leasehold ownership.

In the above rules, discretionary powers vested in the chief executive of KDA, Sindh province and other respective bodies remained intact (Government of Sindh, 1971).

Sindh Disposal of Plots Ordinance 1980 laid down some revised considerations. The maximum size of the residential plot was kept as 1000 square yards. Formula for disposal was as under:

Table – 2.3: Land Disposal Procedures Adopted by KDA Since 1980

No.	Plot Type	Proportion of Disposal	Remarks
1.	80 sq.yds or less	60% by ballot 8% to civil servants and low grade government employees 2% to retired civil servants and government employees 5% to Defence personnel 5% to uses to poverty related hardship 20% to shiftees/ relocation affectees	Balloting was done upon open application invited through press announcements Remaining categories were processed by departments of relevant government agencies
2.	81-120 sq.yds	75% to general public by ballot 12.5% to government employees 2.5% to retired civil servants 5% to Defence personnel 5% to federal government employees	Balloting was done for general public. Other categories were disposed through departmental applications and procedures
3.	121-400 sq.yds	65% to general public by ballot 8% to government employees	Balloting was done for general public. Other categories were

³² . Arif Hasan, *Housing For The Poor*; City Press, Karachi, 2000

		3% to retired government employees 5% to Defence personnel 4% to federal government employees	disposed through departmental applications and procedures
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Source: *Author's interpretation of Sindh Disposal of Plot Ordinance, 1980.*

In a departure from the usual trend in disposal approaches, the Sindh Disposal of Urban Land Ordinance (SDULO) was promulgated in 2002. The law adopted the incremental housing development as the procedure for disposal of residential plots below 120 square yards. Inclusion of this vital principle was an outcome of learning and lobbying by public spirited citizens and experts who wished to ensure supply of land to real target groups – especially the urban poor - for shelter. The law also set aside discretionary powers of the provincial chief minister to distribute land for housing the poor. However, under pressure from powerful interest groups, the provincial legislature repealed this law and restored the pre-existing status quo in 2006.

As stated in the next paragraph, no independent survey has been done to ascertain the actual number of villages and their status. Thus a confusion remains unresolved in this respect. utilization of existing state land for housing and other land-use schemes or expropriation of rural land from the local land owners. With the rise in housing need due to various factors in 1970s and after, a need was felt to institutionalize land delivery and allocation in the peri-urban locations in Karachi and elsewhere in the province where similar situations were experienced. In respect to rural land in Karachi, Gothabad schemes were evolved in 1987. The Gothabad or village development schemes were developed in order to deal with sub-urban and rural housing needs for communities employed in farming, livestock rearing, poultry and other agricultural occupations (Government of Sindh, 1987). According to records available in the Provincial Assembly of Sindh, Karachi possessed 808 villages in total in the year 2008. Of these 458 villages were regularized with ownership titles issued to 51,421 individual households/clans. 350 villages still await regularization (Government of Sindh, 2008). However the disposal of rural land, whose objective was to grant de-jure ownership to the goth residents and pave the way for the provision of infrastructure and planning for the Goths, soon became accessible to encroachers who developed informal settlements in the rural areas of Karachi. Many of the encroachers have been supported by local political interest groups. In addition, the owners of land in Gothabad often developed informal partnerships with land developers for planning of urban land sales schemes. With the enforcement of SLGO 2001, the rural district of Karachi was integrated into the towns of the newly created Karachi city district. As a result, the entire urban and rural areas of Karachi, barring a few sensitive locations, became available for urbanization and their planning and development as per the regulations of the KBCA, became the responsibility of the LDA and MDA in whose jurisdictions they are located. This policy move further accelerated the transformation of Gothabad Schemes into peri-urban housing locations. Malir, Gadap and Bin Qasim areas have many evidence of this trend.

Estimates of the number of goths in the Karachi region vary. According to press reports, there are 588 goths in the Karachi Division³³. (For list, see **Appendix – 2: List of Goths in Various Areas of Karachi**)The OrangiPilot Project-Research and Training Institute (OPP-RTI), which works in supporting the regularization and upgrading of these goths, puts the figure at 2,173.³⁴ It is not clear as to how many of these goths are genuine and how many of them have been informally created so that they can be regularized. Media reports claim that most of them are a part of a well-organized land scam supported by political parties (for details see sections 4.2 and 4.5). As mentioned earlier, independent verification of state of affairs through BoR and CDGK (now KMC) is needed.

³³. The Express Tribune, February 16, 2012

³⁴. OPP's 127th Quarterly Report (July-Sept. 2011)

2.2.3 Cantonment Laws

Cantonment in the context of Karachi is defined as an estate comprising mixed land uses that is under the planning and administrative control of the military authorities. Most of these locations possessed active military uses during the past. Over a period of time and the expansion of the city, the military functions were phased out, and the cantonments shifted to residential and commercial uses.. Cantonments have maintained their separate existence, however and are still developed for and by military authorities. Six such entities exist in the city namely Manora, Faisal, Clifton, Korangi Creek, Malir and Karachi cantonments. (See **Map – 7: Location of Cantonments**). By developing housing schemes and floating them on the market, these cantonments are overwhelmingly inhabited by civilians.

A very strict mechanism is provided in Cantonment Ordinance 2002 promulgated by the President related to encroachments. While the definition and characteristics of encroachments is rather incomplete, near absolute powers are vested in the management of military Cantonment Boards to remove the encroachments after serving a notice. Contrary to practices followed by civic agencies, the approach, action and response taken by Cantonment Boards is very swift in respect to encroachments. The cost and liability of such action shall have to be borne by the so called encroachers. A proviso of appeal is kept in the system, however, contours of the statute show that very little re-dressal is expected from the process. Articles and property of the encroacher is liable to be confiscated and auctioned to recover the cost of operations. The law apparently is anti-poor because no procedure is defined to safeguard the movable or immovable articles from the concerned location. Residential encroachments along Cantonment lands are rare to find. They are usually evicted out. Experiences also reveal that even push cart vendors end up losing their merchandise when an eviction operation is conducted in a cantonment. There are several outcomes that are routinely experienced by poor and less privileged communities. The service providing vendors and operators of the informal sector, whose services are essential for a wide clientele, extend their services in very precarious conditions. For instance, cars and other vehicles routinely seek services of tyre repair stalls, almost all of which operate through informally erected structures. With each eviction and dislocation, the working capital of such small enterprises is aimlessly wasted and creates financial hardships.

Cantonment Ordinance 2002 also empowers the Cantonment Boards to undertake spatial planning on their own. They are expected, but not bound, to consult with CDGK while drawing such plans. Development guidelines and standards are also drawn independently. Significant issues of management and coordination with other land owning agencies emerge as a consequence of this divided approach. Inaccurate assessment of infrastructural demands is perhaps the most obvious outcome. Intensive expansion of upper income residential developments provided by the cantonments contribute to exponentially rising numbers of vehicles, electricity loads, water and sewerage networks. The trunk and bulk services such as electric power, sewerage treatment plants or land fill sites for the cantonments exist in areas outside the cantonments and are often shared by non-cantonment areas as well. This leads to distortion in estimation and distribution in other parts of the city.

Cantonments (Requisitioning of Immovable Property) Ordinance 1948 empowered the central (now federal) government to requisition any property for the use of cantonment related activities. This action is entirely indemnified and no court has the competence to grant any injunction in such matters. This is rarely invoked, and usually only under extreme circumstances, but the very existence of this arbitrary power undermines other planning authorities.

The Cantonment Rent Restriction Act 1963 is very similar to Sindh Rent Control Ordinance 1979. A very cumbersome process is devised to resolve conflicts and disputes between landlord and tenants pertinent to rental premises. Normally the tenancy agreement is done for eleven months which is

extendable. The landlord is entitled to serve notice of a month or more to acquire re-possession of his property. However tenants can prolong their stay and use delaying tactics such as legal action in this respect. Legal process is time consuming and cumbersome. Informal arbitration under the influence of local political activists often proves effective in resolving conflicts.

The urban development and management functions are divided in the jurisdiction of military lands and cantonments in Karachi. The DHA is responsible for carrying out development works while cantonment boards perform the urban management functions. Many katchi abadis have developed upon military lands. For example, 13 notified katchi abadis exist in the remit of Clifton Cantonment Board. Evolution and development of these settlements in cantonment locations have followed the same course of action as observed in municipal areas. Katchi abadis or informal settlements evolved as settlements extending services to adjoining neighbourhoods, shelter sites for labourers and service providers and locations for low and medium rise mixed use developments. The process of regularization also follows the same prescription. Due to the relative locational advantage enjoyed by residents of informal settlements in cantonment boards, better opportunities of employment and livelihood exist. Threats of evictions generally arise in cases of initiation of infrastructure development or land development schemes. Such settlements which exist on the edges of rivers and natural drainage channels, road shoulders and other similar locations are evicted on a routine basis. There is no extraordinary provision in the cantonment laws, unlike in the CDGK areas, to protect them or extend any compensation.

2.2.4 Railway Laws

According to Pakistan Railways Commercial Manual 1935, Railway lands cannot be used by the railway companies or any other agency for erecting buildings of a permanent or quasi permanent nature outside the use of railway related facilities. However, railway land can be leased to other government departments after the necessary entry in the railway land register, after which the land can be used for..??the registered purpose??. Such a land register has to be maintained by the Railway Divisional Superintendent of Karachi for all the uses, licenses and other forms of land transactions made in his jurisdiction. The authorities may also cause surveys to ensure the status of land and verification of various entries in the register.

Railway lands have been scattered all along the city in the form of station reserves, operational reserves and special facilities. Due to rather weak monitoring, a sizable chunk of railway lands have been encroached and transformed into informal settlements and formal sector residential and commercial functions. Interestingly the tracks / right of way of Karachi Circular Railways (KCR) and many branch lines have been utilized as low income settlements on a routine basis. Whereas the laws and procedures allow for removal of such settlements, the weakening of operational effectiveness of the Railway Department has provided a temporary respite for such shack dwellers. The intra city train service, termed as Karachi Circular Railways, discontinued its operations in 1996. As a result, the tracks and adjoining lands became locations tempting encroachers. Several land strips along abandoned or less utilized tracks in peri urban locations in the city have been encroached.

2.2.5 Katchi Abadi Laws

A katchi abadi is defined as an informally developed residential area on state land. Previously the development happened in an unorganized form. However, with time, such settlements followed the same physical planning approaches as planned neighbourhoods to optimize chances of regularization in the future. A criteria and procedure of availing the privilege of regularization is laid down in SKAA

Act of 1987. Studies inform us that more than half of the total residents in Karachi dwell in katchi abadis.³⁵

The SKAA Act has comprehensive provisions for the development and management affairs of katchi abadis. The work of the SKAA consists of: 1), Implementation of government policies for regularization; 2), development and improvement of katchi abadis; 3), preparation of guidelines for implementation of such policies; 4), identification and scrutiny of katchi abadis; 5), arranging physical and social surveys; 6), preparation of amelioration plans and infrastructure development schemes; 7), eviction of unauthorized persons / groups from katchi abadis / areas under surveys which are being verified for their legality or otherwise; 8), development of low cost housing / re-settlement schemes / re-development schemes; and 9), following up legal and administrative matters pertinent to katchi abadis. These are the core functions of SKAA which is constituted as per this law. The authority is authorized to levy a betterment fee at a prescribed rate for the purpose of local area development. This fee is charged to katchi abadis residents.

The authority is also empowered to notify and regularize katchi abadis that fulfil all conditions in laid down criteria. All katchi abadis that have come into existence before 30 June 1997 are eligible to apply for regularization. Conditions for acceptance include a minimum size of the settlement which should not be less than 40 households; proper location which is clear of hazards such as embankments, high voltage overhead electricity conduits, water ways, compulsorily conserved wet zones of coast lines and sensitive installations. The willingness and cooperation of a land owning public agency or department to allow the katchi abadi to be regularized on its land is also a pre-requisite. Such katchi abadis become eligible for receiving development schemes of various kinds. The acquisition of leases by individual occupants of plots / properties is a general pre-requisite for initiation of development work. Detailed schedules of payment of lease charges are prepared for this purpose. The time period for processing lease applications varies from six months to two years. Instalments are normally fixed after examining the socio-economic conditions of the locality. There is no regulation that requires residents to improve their homes before or after getting a lease.

The katchi abadi laws are reasonably pro-poor if applied in an effective manner. The real benefit to the poor can only be ensured if the prescribed actions are taken on a regular basis. Continuous survey of squatter settlements, adjustment of jurisdictions, articulation of physical boundaries, notification of new katchi abadis after completion of procedural work, promotion and collection of lease and development charges and preparation and execution of infrastructure development schemes in identified areas are essential. Very little progress has been observed since 2003-04, mainly due to limited political interest in upgrading katchi abadi. Till 2010, 376 katchi abadis have been notified for regularization out of a surveyed number of 702 settlements³⁶. Inability of poor to access formal housing credit, rising dependence on informal transactions, loss of revenue to the relevant public institutions and increasing spread of political patronage are some resultants of this scenario.

2.2.6 Societies Act

The Societies Registration Act of 1860 is a law inherited from British colonial times. It lays down the provisions for creation and management of a society for a wide variety of purposes including housing.

Preparation of a formal constitution, enlisting membership as per requirement, completing registration formalities and opening a proper bank account under the active control of office bearers of the society are a few of the essentials in creating a cooperative society. After fulfilling all the procedural

³⁵. For details, see Arif Hasan; *Housing Security and Related Issues: The Case of Karachi*; prepared for UN Habitat, unpublished paper, October 2008

³⁶. Interview of Managing Director of SKAA by Arch. Rahat Arsalan in his office in September 2011.

requirements, the registered societies are eligible to apply and acquire land from the government for the development of housing. The construction and development of residential units in such societies must conform to the prescribed zoning and building bye-laws promulgated for the area by the concerned local or provincial government. Area management and maintenance functions are performed by the society through its trustees and executive staff. An amendment made in the Act in 2006 lays down the framework of regulation of seminaries (deenimadarassahs). Acquisition of land and property for such purposes is also included in this statute.

The Societies Act provided a formal option of land acquisition by all cross sections of the society including the urban poor. The urban poor were meant to be major beneficiaries from the case of residential schemes planned in Gulzar-e-Hijri (KDA Scheme-33). Most of such schemes were targeted for low and lower income employees of large public or autonomous organizations. The lower grade employees had an opportunity to acquire land. The scale of KDA Scheme 33 was enormous. It managed to develop 26,000 acres of land.³⁷ However, due to extremely slow pace of development, encroachments, the possibility of speculation, and even fraudulent re-allotment of land parcels, the benefits for the urban poor were minimal. In many cases, the lands were forcibly encroached upon by armed gangs. Generally, informal operators seek the protection from political parties or their clandestine armed outfits. Thus several informal conglomerates crop up who also clash with each other while competing for land grab ventures. (See **Map – 8: Location of Scheme – 33**)

2.2.7 Land Revenue Laws

According to law, the ownership of land is the privilege of the provincial government which transfers or delegates the same to other government or private agencies as per requests and procedures. The Board of Revenue in a province, including Sindh province where Karachi is located, is the custodian department of all land and revenue records in the province.

Land revenue laws apply to the non-urban lands, These laws determine the rental status and schedule of land taxation applicable on various categories of land. Before 2001, the rural areas of Karachi were clearly demarcated in the district and union council jurisdictions. However the promulgation of SLGO 2001 caused the amalgamation of the entire area in Karachi Division into the newly constituted Karachi district. With the repeal of SLGO in November 2011, a temporary void has been created. A new law is being contemplated by Sindh Assembly to formulate the future local government structure in the province, including Karachi.

The land revenue is based upon land categorization. The applicable classes of land include *barani* (dependent on rainfall), *sailaba* (flooded or kept permanently moist by river), *abi* (watered by lift from tanks, *jheels* streams or flow from streams), *nahri* (irrigated by canals by flow or lift), *chahi* (watered from walls), *banjarjadid* (land which has remained unsown for eight successive harvests), *banjarqadim* (land which has remained unsown for more than eight successive harvests) and *ghairmumkin* (land which has for any reason become uncultivable, such as land under roads, buildings, streams, canals, tanks, or the like, or land which is barren sand or ravines). It is obvious that much of the peri-urban lands in Karachi belong to *banjarqadim*, *banjarjadid* and *ghairmumkin* class. This land is incrementally incorporated into urban development through formal and informal processes and procedures.³⁸

The Land Administration Manual(2011) lays down the system of land management of such lands utilized for agricultural production. Record keeping, maintenance of crop production statistics, filing of agricultural returns and mutations are the common functions assigned to relevant staff in this respect.

³⁷. KDA MPOG, Karachi Development Plan 2000: 1989.

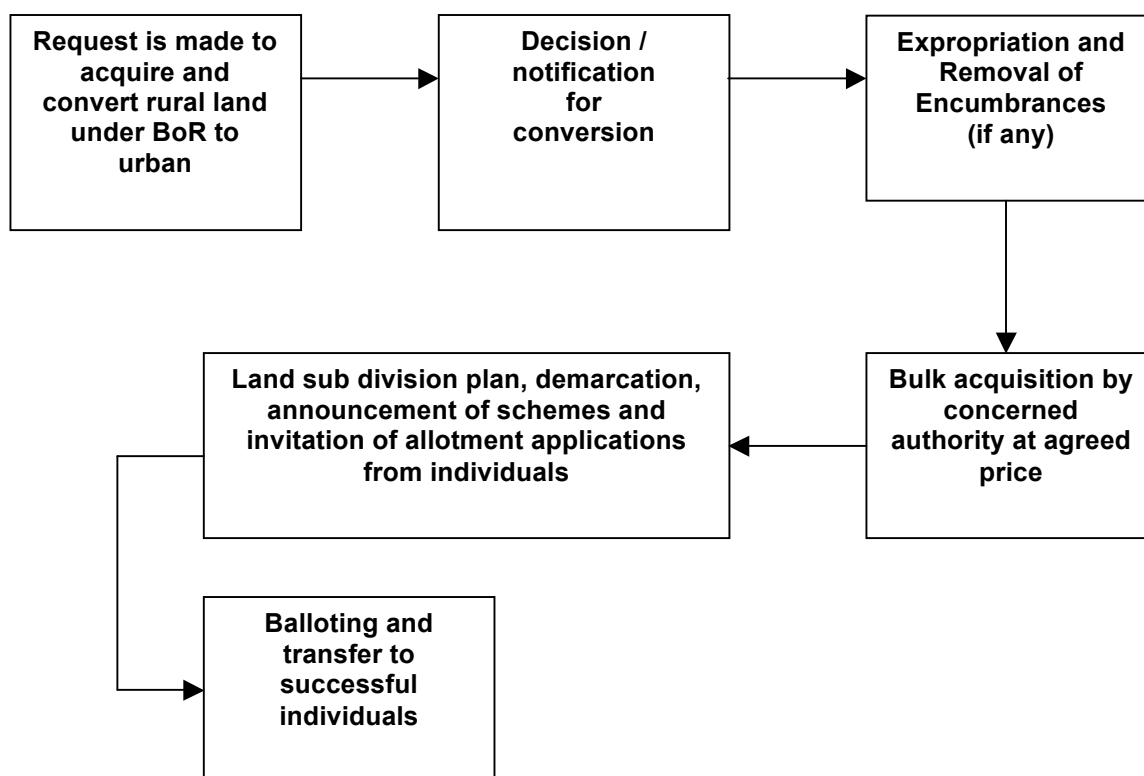
³⁸. Farani, M. (2011) Manual of Land Revenue Laws – A Compilation; Lahore: National Law Book House

The Land Record Manual lays down the procedure for listing, updating and revising the land records in a tehsil / taluka / town. The statute also possesses the binding clauses for transfer / alteration of *shamilat* lands. This category refers to lands under community ownership and use. Grazing grounds, sand or stone quarries, clumps of trees to provide fuel wood or construction timber etc. were the usual functions for which these lands were used. The key functionary in land administration in a rural territory is a *patwari* or village registrar cum accountant. Key duties of a *patwari* include maintenance of record of the crops grown at every harvest, keeping record of mutations and preparation of statistical records of production and land status. Despite the various changes that have appeared in the overall administrative system of the province and city, the institution of *patwari* has remained intact.

Land Settlement Manual (2011) lays down the outline of various kinds of rights and privileges of village communities pertinent to land. Tenures are categorized as *Zamindari* (full proprietary rights), *pattidari* (land is divided amongst different proprietors according to ancestral or customary shares) and *bhaichara* (normally inferior lands are held on customary basis). Regular updating or records is denoted as the essential requirement for carrying out land settlement. Land survey unit constituted under Provincial Board of Revenue is the key functionary in discharging this essential responsibility. As a standard operating procedure, the provincial government used to appoint a settlement officer to reconcile land records, address and settle conflicts and disputes as well as incorporate extraordinary territories that were naturally generated or humanly vacated. A pre-colonial practice that continued as a strong administrative norm till 1970s, the land settlement has remained an unaddressed administrative task. This has caused unresolved disputes and conflicts that often become reasons for prolonged social clashes between extended clans and other actors. The periphery of Karachi is also affected due to this situation.

Land revenue laws are an important tool in land governance. However they require effective implementation through laid down procedures and institutional mechanism. The land utilization status needs to be periodically notified to ascertain the availability of land for various uses. Similarly, the existence of such uses which need amortization also need to be identified. As titles and status are not clear, it becomes difficult for the indigenous and other low income communities to invest in places where they have been residing for several years. It also becomes a ripe context for corruption where information on land status is traded informally on a routine basis. Under normal situation, a non-developed tract of land can become urban land through the following cycle:

Figure – 2.1



2.2.8 Land Acquisition Laws

For different range of infrastructural and developmental functions, land acquisition laws are applied. Land Acquisition Act of 1894 allows the Electricity and Railway Authorities to apply to relevant Boards of Revenue or other authorities for acquisition of land for generation, distribution and transmission of electricity or operation of railways network. The same provision exists and normally applied for other forms of development and infrastructure such as water ways, canals, telecom networks etc.

Land acquisition for the purpose of urban development by various development authorities and autonomous bodies is also included in this head. Thus KDA, MDA and LDA have historically acquired land for general urban development as per proviso of respective acts. KDA was created in 1957 while LDA and MDA were set up in 1993. The KDA was mandated to oversee planning and development in the entire Karachi Metropolitan Area. LDA and MDA were focused to facilitate planning and development in the peri-urban locations of Lyari and Malir respectively. The new format of urban management under SLGO 2001 caused repeal of earlier laws and subsequent devolution of these authorities in CDGK. However many functions, including land acquisition, were protected and continued in the new dispensation.

The land management regulations and subsequent procedures, as existed in the development authority statutes, are largely carried in the new legal and administrative system under SLGO 2001. The implementation of SLGO has been slowed down under the presently prevailing political equation where the provincial government of Sindh is attempting to acquire greater power and control on local affairs. The local government offered numerous advantages to urban poor communities. Representation at the local level, participation in the selection of development schemes, basic control of lower level management functions and communication of local issues to higher levels of decision

making are some mentions. The SLGO also empowered the local institutions such as... to prepare urban / district master plans. The initiation, completion and notification of much delayed master plan for Karachi is a case in point. However, as indicated in the introduction to this working paper, the problem of arriving at a consensus on local government is problematic. Karachi's population contains only 11 percent Sindhi speakers. Yet, it is the capital of Sindh province whose Sindhi and local language speaking population is 67 percent. As such, the province wishes to control Karachi while Karachi wishes to be autonomous.

2.2.9 Building Control and Town Planning Regulations

These regulations are framed under Sindh Building Control Ordinance 1979. General provisions of these regulations contain the procedure for land development by individuals and corporate bodies, schedule of areas where such development is possible and procedure for public notices in case of change of land-use.

The regulations lay down the framework for managing the built environment in designated locations / areas in Karachi. Licensing of professionals, procedure for public sale projects / real estate development, addressing issues of violation of land development, identification of dangerous buildings, management of construction sites, space requirements in and around buildings, safety provisions, heritage conservation, widening of existing roads, standards for land development, procedures for land subdivision, amalgamation and change of land use, classification of urban land use, parking and right of way requirements are some of the key contents of these regulations.

In many cases, the actual implementation and enforcement of these regulations are cumbersome, especially for low income communities. The procedures require facilitation through consultants and their agents which require substantial management costs including fees and levies. Often the provisions are altered on ad-hoc basis under political influence or commercial pressures.

Building control and town planning regulations become applicable on informal low income settlements after they are regularized. However, this provision is seldom enforced. The densification of informal settlements continue without any recourse to formal approvals from the KBCA (now SBCA).³⁹ Only in rare cases where any formal transaction is in question such as an HBFC loan, the approval or endorsement is desired from the concerned authority. The absence of regularization and amelioration plans and corresponding enforcement in majority of settlements is also a barrier for appropriate management of such locations. These locations have become stagnant and incapable to attract investments for formal real estate business. As mentioned earlier, as a result, influence of political groups continue to expand. Details of this have been given in Section 3 of this study.

Recently, the Sindh Assembly passed a legislation titled 'Sindh High Density Development Board Act 2010' to ensure coordinated and integrated development of high density zones in the urban centres of the province including Karachi. The Law empowered the board to identify and mark high density zones keeping in view the general principles of the KSDP 2020. Professional bodies of architects and planners, and some civil society groups were skeptical about the proposed creation of such zones. Poor regulatory framework for development, fragmentation in land management control amongst various agencies and adverse impacts on city infrastructure were outlined as the main reasons. It is generally believed that such an instrument shall attempt to generate profits for developers by increasing the density of population and activities in already congested CBDs. Preliminary work to identify the demarcation of the first zone in Karachi began in 2010 but has remained inconclusive so

³⁹. For details of densification in Karachi visit www.urbandensity.org

far. The scepticism is enhanced because of the composition of the Board in which the majority of members are ruling party appointees or bureaucrats of government agencies.⁴⁰

2.2.10 Environmental Laws

According to Pakistan Environmental Protection Act 1997, every development project that affects ecology and communities including residential developments has to be examined for its environmental impacts through an Environment Impact Assessment (EIA). The matter is dealt by the provincial environmental protection agencies. The objective is to mitigate the harmful impacts that may be caused by any development scheme on the physical and social environment. In Karachi, this task is managed by Environmental Protection Agency (EPA) of Sindh. Professional consulting firms undertake this work on behalf of their respective clients. Findings of the report are deliberated in public hearings which are open for all citizens. These hearings are publically announced and create a platform where objections and observations are recorded and considered for further deliberations and follow ups. Due to influence of powerful interest groups that promote laissez fair construction practices, very little benefit has been drawn from this procedure so far for the safeguard of urban environment. However, public interest is growing and a number of schemes have been modified and two have been cancelled as a result of public hearings⁴¹.

2.2.11 Building Control Laws

Regulation of the built environment is done by Sindh Building Control Authority (SBCA) under the framework of Sindh Building Control Ordinance, 1979. The authority was first termed as Karachi Building Control Authority (KBCA) however the present regime extended its jurisdiction to the entire province. The government has notified a set of regulations termed as Karachi Building and Town Planning Regulations in 2002. The regulations become the premise for enforcement. Builders and developers are supposed to conform to the prescription provided by the statutes. However, they resort to violations in connivance with the functionaries of the authority. According to a common perception and understanding, practices and procedures pertinent to building control affairs are heavily infested with malpractices, procedural irregularities and inappropriate proposal approvals.

2.2.12 Conclusions

A sizable number of laws, statutes and regulations related to land exist for Karachi. The SKA Act 1987 has sufficient provisions to provide protection of tenure to low income groups. The environmental laws and the EIA process have the possibility of ensuring socially and environmentally friendly development. The building byelaws and zoning regulations also help in ensuring a healthy physical and social environment in spite of the fact that they are anti-street, anti-pedestrian and anti-dissolved space. They are also too rigid for poor communities to follow since they do not take into consideration the process of incremental building of homes and as such they are routinely violated. Cantonment laws, on the other hand, are anti-poor and do not facilitate the transition of informal settlements into formal ones. Meanwhile, the Land Acquisition Act has been used to provide land for questionable development projects of government and of powerful interest groups and in the process has displaced a large number of poor settlements. Since 1992, 40,900 houses have been demolished dislocating 286,300 persons.⁴²

⁴⁰. The committee comprises of 08 members, Governor of the province is the chairman while Chief Minister is the Co-chairman of the committee. Chief Controller of SBCA is the secretary of the Committee. Other 5 members are, Minister Local Government and Housing, Town Planning Dept, Chief Secretary Sindh, Secretary Local Govt. housing, Nazim of the respective District, Executive District Officer, MPGO or Head of Master Plan of the respective District.- NO.PAS/Legis-B-14/2010

⁴¹. **SAEED, check. The elevated highway on Shahrah-e-Faisal was cancelled. A multistory building of Clifton was also cancelled. Lots of modifications to the building near Gazi Abdullah Shah were made. Can you list these in the footnote?**

⁴². Younis Baloch; *Forced Evictions in Karachi: Socio-economic and Political Consequences*: www.urckarachi.org

The problem is not of laws but of governance which makes their implementation problematic. Governance is riddled with an ongoing city-province conflict; discretionary powers to bureaucrats and government ministers who use them for patronage purposes in violation of the objectives of these laws; powerful mafias who invest their money in the lucrative formal and informal real estate business and make a mockery of plans and laws with the help of a willing establishment; and constant interference in land related matters by the armed forces and other federal land owning agencies. In the case of the Land Acquisition Act, the term “public good” needs to be revisited and redefined so that proposed development projects can be judged according to the new definition. This will make the bulldozing of homes difficult.

2.3 Land and Urban Master Plans: A Review

A number of development plans have been made for Karachi since Independence. The important ones are the MRV Plan 1952; the Greater Karachi Resettlement Plan 1958; the Karachi Master Plan 1975-85; the Karachi Development Plan 2000; and the recent KSDP 2020. A synopsis of these plans is given in **Appendix – 3: A Synopsis of Karachi Development Plans**. A review of these plans is given below.

Urban macro form of Karachi was shaped as a consequence of Greater Karachi Plan and Greater Karachi Resettlement Plan 1958. The former laid down the key corridors of movement and growth while the latter opened up satellite towns at relatively remote locations of Korangi and North Karachi. Land and housing for low income residents was encouraged far from key manufacturing locations and city centre, where the employment opportunities were located. Thus, an inbuilt social injustice emerged which made the poor survive at the peripheries.

The Karachi Development Plan (1973 – 85) was a pioneering initiative for the city in respect to urban and regional planning. The plan studied various possibilities of growth and development and generated land development and utilization proposals, both for short as well as long term. The plan laid down principles for plot distribution to low income communities and individuals through a scheme titled ‘Metrovilles Programme’. It equated the issue of rising low income population against the supply through sites and services. This proposal was to be implemented through massive public sector initiative and state subsidy. With an approximate size of 10,000 plots per scheme, the plan recommended to develop four schemes per annum. Due to administrative short comings, handicaps in occupancy, parallel development of *katchi abadis* at more desirable locations and speculative tendencies of middle income groups (who acquired land for future sales on profit basis), the metrovilles were not able to achieve the desired targets. Despite the lacking in this respect, the plan laid down useful framework for land management and development through strategic interventions. Safeguard and conservation of agricultural lands, adjustment of cantonments and defense lands and consolidation of coastal recreation lands were important mentions.

After the conclusion of the plan period of Karachi Development Plan (1973 – 85), the Master Plan and Environmental Control Department (MPECD) of KDA initiated preparation of Karachi Development Plan (1986 – 2000). The final report of the plan and detailed sectoral studies generated useful data from field work and designed surveys. Many useful findings about land were included in the final document, including the documentation of: a large reservoir of vacant land in the fringes; bulk infrastructure provisions; overwhelming proportion of public ownership of land; rising squatters that accounted for forty percent of population; increasing land prices; rising unemployment rate; rising affordability. To streamline the land distribution and management scenario, the plan proposed several strategies according to respective zonal profiles. Priority based completion of existing housing and land development schemes, provision of new development areas (with a special focus on low income communities), planning of new KDA schemes towards the conclusion of plan period, consolidation of

existing land development schemes through priority provision and consolidation of infrastructure, mechanisms to de-concentrate population from the core areas of the city and establishment of partnership between key interest groups related to land were some of the highlighted approaches. The government did not fulfil the institutional commitments to accord legal cover to the plan therefore most of the prescriptions remained unimplemented.

Karachi Strategic Development Plan 2020 was the most recent exercise. It was undertaken by a relatively powerful local government which came into being after the devolution of KDA, KMC and many other local authorities under the umbrella of CDGK. The objective of the plan was to transform the city into a world class metropolis. Accordingly, provision, distribution and development of land and infrastructure were linked up to investment, business and trade. A very ambitious land distribution and development outlay was envisaged in the plan. The plan recognized the importance of mixed use development and opted to promote it through its proposals. Liberal provisions for densification of existing core locations, promotion of high density developments in the city centre and surroundings, exclusive land development schemes for higher education, textiles, bus terminals, truck terminals, media, new site for an airport and provisions for coastal development marked this list. The plan was passed by the CDGK in its council deliberations. Several developments were initiated. Land distribution along educational, textile and other industrial zones have already begun. However, CDGK has been dissolved and the implementation of the plan is drastically impacted due to political uncertainties.

2.3.1 Conclusion

Municipal authorities have identified multiple ownership and management control of land as a major issue. This may not have emerged as a hindrance in effective planning and development, if a competent platform of decision making and implementation over and above all the authorities may have been in place. The various plans prepared for the city consistently identified this shortcoming. A decision-making and implementation framework was even identified in the name of Karachi Division Physical Planning Agency in 1973-1985 and later 1986-2000 plans. The various authorities and their controlling federal or provincial ministries did not practically agree to this proposition. Government of Sindh, which is the largest public land owner through its Board of Revenue, preferred the approach of short term and scheme based release of raw land to the defunct Karachi Development Authority, port authorities, Sindh Industries and Trading Estate, Defence Housing Authority and other agencies. Supply and allocation of urban land was considered as a strong political tool in inter-stakeholder negotiations and bargains, a scenario which prevails even today. With the passage of time, the land management institutions weakened against rising market pressures and the supply of land became ad-hoc and haphazard. Scientific considerations, principles of urban and regional planning and axioms of social justice – as enshrined in various statutes – became incapable to affect this *laissez faire* enterprise. A small evidence of this state of affairs is the continuous application of balloting as a procedure for residential land supply despite the proven fact that it accelerates speculation and limits the chances of real target groups from accessing land.

Most of the prescriptions of currently valid plan, that is KSDP 2020, are technically valid and socially relevant. Development and re-designation of identified core areas as mixed land-use zones, regularization of informal low income settlements, completion of older housing schemes, closer coordination between local and provincial government and limiting spot conversions of land use are some of the key proposals. An undecided status of local government and absence of consensus (backed by appropriate laws and institutions) of major political stakeholders are the main reasons behind non-implementation of these proposals.

2.4 The Provincial Government and CDGK Views on the KSDP-2020

2.4.1 The Views of the Provincial Government⁴³

In principle, the government of Sindh is the owner of all land in the province of Sindh and can allocate, lease & dispose land through its BoR. The lease may be revoked and taken back by government of Sindh, as it remains the eventual land owner. Government of Sindh is however, dormant on the issue of housing provision. It relies on the local governments of all cities in Sindh to provide housing to their respective urban poor. There is a special secretary office for housing in the local governments department of Government of Sindh.

The land disposal system of the Board of Revenue (BoR) of the GoS is such that, they transfer underdeveloped land parcels to development agencies of the cities and to their own various departments in Sindh for development and disposal. In Karachi, many such developments are being planned including; the Education City, the IT City, the Super Highway – National Highway Link Road and many other similar projects.

The original agricultural land-use of the land parcel can be changed to commercial / housing / industrial through a process of landuse conversion which falls under the Sindh Urban Land Disposal Act of the BoR. (for details please refer section 2.2). This act is administered by the Land Utilization Department of Government of Sindh.

Not all of these land parcel disposal, conversion and developments follow the guidelines of the KSDP 2020 of the CDGK. Although, KSDP 2020 is a legal document it does not bind the Government of Sindh, as it is not a provincial act or law applicable to all projects. Taking advantage of this provision, all private developers, cooperatives and individuals providing formal planned housing to the low income groups approach the BoR directly and get land for their developments through this process. This creates a conflict of development priorities and real estate allocations in the city resulting in; ad-hoc land-use patterns which neither relate to the infrastructure and transport networks of the city nor to its land use plans. This results in incoherent densification and sprawl straining the available resources and agencies responsible for operation and maintenance of the city.

On the other hand the federal government's development and planning agencies in Karachi, the Cantonment Boards of Clifton, Kemari and Manora do not follow the BoR laws and are independently carrying out their respective area plans and projects. The LDA and MMDA, although autonomous, are not independent for development decision making and do follow the CDGK and SBICA rules. All the above mentioned agencies, cantonments board's and federal development authorities can also buy land directly from the BoR and develop projects on it adding to the violation of the KSDP 2020 of the CDGK.

The CDGK's role in this situation becomes that of a spectator and negotiator which tries to accommodate all GoS, BoR and Federal government agencies as partners in development and adjusts the master plan to fit in their projects. In case these agencies propose a project which impinges on CDGK jurisdictions, they rely on the 1984 law for public good and forcefully assert themselves.

In 2002, the CDGK proposed ad-hoc densification on some of the major roads of Karachi as per their existing commercial trends. This decision was taken to consolidate the existing trend of multi-storeyed developments and transformation of residential spaces into commercial spaces as well as to generate

⁴³. The contents of this section are derived from the interview of Mr. Khalid Siddiqui (Physical Planning and Housing Chief, government of Sindh), conducted by Asiya Sadiq, Associate Professor, Department of Architecture & planning, NED University, on 14th, Oct-2011.

income for CDGK in the form of land conversion fee. The legal instrument that caused this change was termed as 'Change of Land-use Byelaws of City District Government, Karachi 2003'. More modified versions of the same byelaws were promulgated and notified in 2004 and 2006. It may be noted that the erstwhile KDA allowed commercialization of plots on Shahrah-e-Pakistan, University Road, Nazimabad 'B' Road, Rashid Minhas Road, Shahrah-e-Faisal and Tariq Road since 1998 on payment of a conversion fee and fulfilment of other charges vide a Government of Sindh Notification dated 20 July 1998. Initially proposed for six corridors by 2011, the number was increased to twenty seven. These twenty seven corridors include all major arteries in the city irrespective of their; location, existing transport and infrastructure loads and social and cultural fabrics. The floor area ratio (FAR) for these corridors has been increased from 1:1 and 1:1.5 to 1:5.5.⁴⁴ There has been a lot of criticism on this ad-hoc plan as it will lead to unplanned densification and land-use changes. The usual pressure that is exerted by real estate development sector on city authorities is focused to enhance the floor area ratio to maximise profits on investments. The CDGK which is short on funds, finds it an easy money making exercise and has paid no heed to the criticism and is in fact going ahead with the preparation of the first cluster densification plan and regulations.

In an attempt to explore real estate potential of central business district and adjoining areas, the Government of Sindh – through Sindh Building Control Authority (SBCA) – Constituted a committee to deliberate on this matter. The composition of this body included; the Chief Minister of Sindh, GoS functionaries and some selected professionals. Members of four professional organizations namely; the Institute of Architects (IAP), an NGO Shehri-CBE and Department of Architecture and Planning at NED University and the Pakistan Council for Architects and Town Planners (PCATP) were taken on board. The controller of KBCA was appointed secretary to the committee.

The committee met several times and the representatives of the professional organizations after deliberations proposed that, randomly chosen transport arteries cannot be densified in isolation creating development hazards at the city level. For a proper densification scheme a city wide plan needs to be proposed in keeping with KSDP 2020. It was also proposed that, for the sake of transparency and accountability, neither the chief minister nor any other officer or office of the GoS be allowed to be sole executors of the plan. For effective implementation all stakeholders need to be taken on board. These recommendations have not been taken up as yet, as no meeting has been convened by the Chief SBCA. In the meanwhile, the CDGK and other agencies regularly receive application for land-use conversion & increase in FAR as per the ongoing commercial trends of the city and keep dealing with it on an individual case-by-case basis.

In the situation where the GoS and the BoR, cantonment boards and other agencies have many contested cases of jurisdiction on land in Karachi, the CDGK may plan the land-use but it can never be sure of its implementation. Development directions keep changing due to the involvement of so many stakeholders, who are only interested in profitable ventures and not particularly concerned with the provision of housing affordable for low and lower middle income groups. In this situation, such communities rely on the informal sector and on private developers. In the absence of government support and subsidy for the provision of land, credit and infrastructure a large housing backlog has developed. Whereas no scientific figures are available to gauge the exact status of housing backlog,⁴⁵ several studies have observed that it stands at about two – third of the total formal supply. The

⁴⁴. FAR for residential areas (depending on their location is normally between 1:1 and 1:2. However, for commercial areas it can be as high as 1:5.5. Commercial areas means markets, offices and related functions. If an area is converted from residential to commercial, its existing residential units can be used for commercial purposes.

⁴⁵. Backlog is the gap between number of housing units required in the city at six persons per unit and the existing number of housing units. The backlog is calculated from the most recent population and housing census and/or its projections.

shortfall results into overcrowding in formal housing stock and informal expansions in old and new settlements. .

2.4.2 A Response from a City District Government Karachi (CDGK) Functionary ⁴⁶

City District Government Karachi (CDGK) owns and manages only 31 percent of the land of Karachi. The remaining area is under the control of other authorities, such as provincial and federal government agencies, cantonment boards and Malir and Lyari Development Authorities. The Karachi Strategic Development Plan 2020 (KSDP 2020), proposed by the CDGK gives guidelines for development & growth of the city, but it has not been possible to implement it fully, due to the multiple ownership issue. Although KSDP 2020 suggests that, most of the planning proposals, vacant land allocations and land use suggestions will be formulated by the CDGK only and a plan of action is given in table 6.1, KSDP 2020, it has not been so. (For details refer interview of Mr. Khalid Siddiqui below).

The KSDP 2020 got completed in the year 2007; however, after five years there is no major progress in the implementation of the master plan. The major reasons for which according to the Master Plan Group of Offices (MPGO) is due to the divided jurisdiction of land. These authorities are independent and do not have to accept the proposals and sanctions advised by any other authority than themselves. They have their own development and planning authorities and do not necessarily need the CDGK's approval for undertaking development. For the effective implementation of KSDP 2020, the MPGO on behalf of the CDGK has been in dialogue with the other land owning authorities and the following 05 initiatives are underway:

- Development of 11 new high rise high density mixed land-use real estate zones. Most of these lie within the existing inner city, CBD and high residential and commercial income areas of the city bordering the port, the coast and the whole sale markets & businesses. Preparation of documents outlining the byelaws & regulations for the development of these zones is underway. This development is geared for the middle to upper income classes of the city offering; living, working and recreation opportunities to be bought in the open market.
- Regularization of the illegal and or de-facto low income settlements for which the MPGO has been working with various authorities like; Lyari Development Authority (LDA), Malir Development Authority (MDA), the Sindh Katchi Abadi's Authority (SKAA) and the directorates of katchi abadis of CDGK, Karachi Port Trust and the Cantonments. Various projects of regularization and improvement are underway which will benefit the poor who already own properties in these settlements. These are no plan for developing new low income schemes.
- Completion of old housing scheme as the CDGK does not find itself in a financial and administrative position to launch new housing schemes. These schemes were launched years ago, but the physical development has not been completed due to; lack of funds, political will, administrative capacity & corruption. The efforts to complete these schemes will result in controlling the; urban sprawl, increasing density of existing areas, making use of the physical infrastructure which has been developed. However, it may still take many years before these settlements are fully occupied.
- A proactive role which the CDGK has assumed is providing assistance to the Board of Revenue (BoR), Government of Sindh (GoS), for regularizing its land parcel developments on

⁴⁶ . The contents of this section are derived from the interview of Mr. Hafiz Javed, EDO (Land Department, CDGK), conducted by Asiya Sadiq, Associate Professor, Department of Architecture & planning, NED University, on 30th, Sept-2011.

the outer periphery of the city. The land use of these plots ranges from residential to commercial to industrial. The CDGK tries to bring the land use of these parcels as close as possible to the KSDP 2020, so as to have a coherent future development.

- The MPGO, CDGK is regularly involved in investigating & approving land use conversion cases. These land use conversions lie on many corridors in the city which have been declared commercial in the recent past, leading to houses converting into apartment blocks or commercial plazas. This conversion is not only limited to the main corridors, but spills over and goes deeper into settlements, leading to legal and or illegal conversions of houses. This is leading to issues of densification, congestion, infrastructure break downs, traffic & congestion & privacy issues.

2.4.3 Conclusions

Keeping in view the current activities of the MPGO / CDGK it is evident that, there is no political basis for implementing the KSDP 2020. A legal framework to coordinate planning and development between the different land-owning agencies in Karachi does not exist either. This issue is compounded by the absence of government subsidies, lack of apportionment of appropriate funds and technical capacities. As a result of financial constraints, the CDGK promotes the commercialization of the main corridors of movement in Karachi so as to generate funds by charging commercialization fee. This is done in an ad-hoc manner and is the cause of considerable environmental and social degradation. There is also an element of informal financial benefits for politicians, bureaucrats and developers which is cited as the reason for not following the advice of the professional committees that were set-up to look into the adverse effects of such commercialization. Meanwhile, the MPGO/CDGK accept the constraints faced by the state and are relying on private developers and investors to develop and deliver housing unlike in the decades of the 80s and before when the KDA was a major provider of housing. The CDGK's role in the present situation becomes that of a regulator. In this situation and absence of private & government banks giving loans to the poor, the poor will resort to living in informal settlements awaiting eventual regularization.

3. CREDIT FOR PURCHASE OF LAND AND HOUSING

3.1 Housing Finance Situation: A Review

For this section, nine formal housing finance institutions were accessed and their important staff members interviewed. A synopsis of these interviews forms **Appendix – 4: Synopsis of Interviews of Financial Institutions that Fund Housing**.⁴⁷ In addition, the records and literature of these institutions that is pertinent to housing finance was also examined. The details, facts and figures are illustrated in the matrix (**Table 3.1**).

It has been established that the minimum requirement for building a house for a poor family (that can be increased incrementally) is Rs 500,000 (US\$ 5,556). Repayment installment for this loan in a 15-year period for a family that earns Rs 15,000 (US\$ 166) per month should not exceed Rs 5,000.⁴⁸ Also, the most important requirement of low income groups is funding for the purchase of a plot of land in a formal sector housing scheme. This is all the more important since the housing backlog has

⁴⁷. These interviews were carried out by Samia Shahid and Madiha Salam, researchers at the Urban Research & Development Cell, NED University, Karachi 25th June to 30th November, 2011. List of persons interviewed is given in Appendix 3.

⁴⁸. Arif Hasan: *The Replanning of Saiban City, Lahore*; unpublished paper prepared for the IIED, December 2011

increased to more than half of total annual supply, as mentioned earlier.⁴⁹ It is against these realities that the financial institutions have been analyzed.

The House Building Finance Company (HBFC), which is the most important source of funds for housing, is a private company. Previously, it was the House Building Finance Corporation, a federal government institution. It was founded in 1952. It possesses the largest portfolio of disbursement and active loans in respect to the housing finance. So far it has financed 456,256 houses through loans of Rs 47.82 billion (US\$ 0.53 billion). It also possesses a strong and dependable relationship with the formal sector developers and builders. Most of the newly and previously announced formal housing projects and initiatives integrally include a loan facility from HBFC. In terms of experience, the company has perhaps more seasoned staff at all levels with understanding about the housing market, operations and trends. The constraints under which HBFC has to function include incomplete documentation of its previous dealings, political pressures in respect to approval of loan programmes and credit lines, inordinate delays in the completion of projects, a lengthy litigation cycle to deal with willful defaulters and general tendency of customers to delay loan re-payments. The staff of HBFC was of the view that the rise in awareness levels of ordinary customers can enhance the efficiency of credit disbursement and corresponding recovery process. To develop this awareness, the HBFC website gives details of how to purchase land and property from the open market. It also gives details of the documents that are required for it and the precautions that have to be taken to prevent fraud and cheating along with loan procedures and benefits of the loan.⁵⁰

The stringent and often cumbersome procedures for assessing the credit worthiness of prospective clients were also cited as a core problem for the HBFC not being able to utilize its full potential. HBFC representative has agreed with this by saying that the HBFC claims to be working for the low income group whereas its rigid rules make it only accessible for the middle income group.⁵¹ Details of conditions can be viewed in Table 3.1. Middle-middle income groups who have been able to purchase land in formal sector schemes and have been able to invest up to 40 percent in land and construction at their own cost, have benefitted enormously from the 60 percent balance funding that the HBFC can provide.

For clientele of lower and lower middle income groups, the housing credit option of Tameer Micro Finance Bank is very useful. It has reduced the minimum disbursement amount to Rs 50,000 which can be very useful for small loan seekers for the purpose of house renovation, maintenance, addition or consolidation. However the loan agreement can only be finalized if the documentary evidences of income and property are available. Due to this restriction, the vast population that resides in un-regularized settlements and peri-urban localities are excluded. At the same time, the people employed or associated with informal trades, business and enterprises have feeble chances of accessing a loan package. In addition, the interest rate is high at 36 percent but the repayment period at three to five years makes it a feasible proposition for small loans for house improvements and addition of rooms.

With the rise of political Islam, Islamic banking has also been promoted by a number of banks, such as, Meezan Bank. Loans under the Islamic system conform to Shariah laws related to financing, ownership and trade. The nature of the contract is co-ownership of the house and not a loan because the transaction is not based on lending and borrowing of money. The Easy Home Programme of the Bank provides 85 percent of the cost of the house. However, the bank does not provide funds for the purchase of land and does not cater to anyone whose income is less than Rs 20,000. For details of the system see Appendix 4.

⁴⁹ . www.dawn.com/2010/10/28, www.sbp.org.pk

⁵⁰ . For details see House Building Finance Company website

⁵¹ . From the interview of Mr. Riazul Haque, Assistant Manager HBFC, (see Appendix 4).

The commercial banks (as opposed to the housing, micro-credit and Islami banks) normally focus on the middle and upper income groups. A wide variety of loan options and packages are available which cover repair, renovation, purchase, construction, modification and re-development. The margin of loans stretches to ten million rupees and is negotiable in exceptional cases. The housing loans and credit line is not aggressively marketed by the respective bankers. There are several reasons for this.

Commercial banks consider housing loans as a high risk business and would like to engage with it only after all the stringently laid out conditions are met. Search for clean and encumbrance free property options by prospective clients is another barrier which limits the business. In other words, the bankers advise their clientele to examine and ensure the prospective purchase option to be absolutely free of any legal or documentary shortcoming. This attribute alone limits the chances of any wide spread expansion of this business. In a market affected with limited options of clean formal business and informal tendencies of transactions, the bankers appear to adopt a cautious approach to avoid any rise in bad loans portfolio.

If one compares the present status of housing finance availability and options between now and three decades ago, a radical change has appeared. There has been a surge in consumer finance. In the fiscal year 2003 alone, housing finance availability jumped by 400 percent to Rs 3.5 billion (US\$ 38.88 million). In January 2004, it was estimated that there was an unmet funding demand of Rs 70 billion (US\$ 777.77 million) apparently due to limited availability of more funds in this head.⁵² According to State Bank of Pakistan data, housing loans increased by 7.6 percent in the first seven months of 2007 as compared to 15.5 percent during the same period in 2006.⁵³ Formal housing credit institutions have also increased in numbers. The institutions are now willing to extend credit to house construction, repairs and renovation, extension, re-construction and re-purchase, modification and fresh purchases. The ceilings for grant of loans have also become largely flexible. Core conditions of documentation have, however, remained unchanged.

HBFC which has transformed from a public corporation to a private company has the maximum options and extent of flexibility. As a specialized housing finance institution, it extends numerous packages to its spread out clientele. Tameer Micro Finance Bank also offers useful housing loans from Rs 50,000 to 500,000 to low income households. Nationalized commercial banks, Islamic and private banks offer a range of loan options up-to Rs 30 million and a maximum period of 20 years. However these options still fall short in addressing the vast and emerging needs of such households which are unable to comply with banking conditions. Absence of documentation evidence of ownership, informal employment and non-verifiable assets and/or high interest rates is common reasons due to which such households are not able to access the available options. It is important to note here that 24 percent of applications for construction, 11.5 percent for purchase and 7 percent for land are rejected due to an absence of proper documentation. In addition, delays in processing the loan are also caused for the same reason and for the applicants not having the expertise and knowledge to fill forms and follow procedures.⁵⁴

In Table 3.2 the most attractive 15-year loan schemes available in Pakistan have been worked out. These come from the Islamic banking system and the HBFC. However, none of them cater to the over 50 percent of the Karachi population that lives in informal settlements and has no lease or ownership papers. They do not cater to those families either who earn Rs 15,000 or less. But they do cater to families earning Rs 20,000 to Rs 25,000 provided they can invest in land and part of the construction cost and have a formal job or a formally registered or tax-paying business which few do.

⁵². Reported in Daily Dawn of 25 January 2004.

⁵³. Asia Foundation, *Consumer Financing in Pakistan: Issues, Challenges and Way Forward*; Consumer Rights Association of Pakistan, Islamabad, 2008

⁵⁴. Ibid

3.2 Conclusions

Although there has been a surge in house building finance, as mentioned above, it is still far from adequate in meeting the rising housing deficit. This is because the housing finance institutions do not cater to the needs of the lower income groups who constitute over 70 percent of the unmet housing finance requirements.

The most important requirement of low and lower middle income families is the possibility of acquiring a loan for the purchase of a plot of land in a formal sector settlement. Here, they can build their house incrementally. This provides them with security of tenure and an asset. However, loans for the purchase of land do not exist with the housing finance institutions.

In addition, interest rates are far too high to make loans affordable. This is not because of the high rate of interest of the financial institution but because of the high rate of KIBOR⁵⁵ which currently is 12 percent. Methods to subsidize interest rates for low income groups have been suggested but the banking institutions are not willing to do that since it reduces their profit margins.⁵⁶

The conditions for getting a loan are also difficult for low income groups to fulfill. These conditions include formal jobs, registered businesses or income tax paying certificates, which the vast majority of people seeking a home do not possess. Because of these restrictions the majority of persons seeking a home do not even consider applying for a loan with the banking institutions.

The banks do not possess a programme to facilitate group credit or community credit line although there are a number of successful community initiatives of mutual saving groups which the banks could support.⁵⁷ This is particularly relevant to homogenous communities where some form of credible community leadership exists due to social or religious bonds. Finance to employers with guarantees to enable lower grade employees for such loans is also a possible avenue.

Surveys for this study⁵⁸ have also revealed that people wish to become house owners but do not find the existing schemes as appropriate to their status of income and savings. About 15 percent households surveyed lived in a rental accommodation due to unavailability of suitable options for house ownership. Rising cost of fuel, shabby options of public transport and fluctuating fare levels are some of the factors that affect housing choice options and also make them unaffordable.⁵⁹

A sizable number of developer built projects of apartments have evolved around eastern and north eastern edges of the city. With a loan component and high price, the projects formulate a limited option due to the stringent conditions of payment and high prices. Interviews with developers and estate agents carried out for the study indicate that with an extremely high scale of corruption found in respect to regulatory authorities such as KBCA (now SBCA), people obtain support from estate brokers and other kind of middlemen to deal with documentation issues of all sorts. This increases costs and also chances of fraud. Developers claim that their product prices would be 20 percent less if the KBCA and utility providing agencies were not corrupt. If this is true, it would be a major saving for not only lower-middle income groups but also the middle-middle income groups.⁶⁰

⁵⁵. This is the Karachi Interbank Rate set by the State Bank of Pakistan. For details, see <http://www.investopedia.com/terms/i/interbankrate.asp#ixzz1r4D9R7Bs>

⁵⁶. Arif Hasan; *Subsidizing Interest Rates*; unpublished note, February 2009

⁵⁷. See Section 6 of this study

⁵⁸. Survey analysis in Appendix 12

⁵⁹. See Sections 5 and 6 of this study

⁶⁰. See Section 5 of this study

What has also emerged from the studies that establishing an affordability profile of the poor in respect to housing is an important consideration. Field surveys into the diverse geographical mix that was addressed in this exercise brought some important conclusions. The population surveyed depicted a high dependency factor. That is to say those households mostly had one earning member. Thus proximity to work place made a binding determinant in dealing with housing choice option.⁶¹

⁶¹. See Section 5 and 6 of this study

Table – 3.1

Matrix of Profiles of Financial Institutions that Fund Housing

INSTITUTE	HOUSE BUILDING FINANCE COMPANY LIMITED	TAMEER MICROFINANCE BANK LIMITED
TYPES OF LOANS OFFERED		
CONSTRUCTION	<p>With this plan, the customer can construct a residential property on already owned land or to add onto on an existing residential unit. HBFCL will facilitate up to 60% of total projected cost of construction (Land cost + Cost of construction).</p> <ul style="list-style-type: none"> <u>FINANCE LIMIT</u> <ul style="list-style-type: none"> ➤ Up to Rs. 10,000,000 	<p>MICRO MORTGAGE – TAMEER MAKAAAN</p> <ul style="list-style-type: none"> <u>PRODUCT AND SERVICE PROMISE:</u> <ul style="list-style-type: none"> ➤ Urdu: “Makaan Hamara Banay Sahara” ➤ English Translation: “Our Property (House) Is Our Support” <u>PRODUCT ADVANTAGE</u> <ul style="list-style-type: none"> ➤ Loans from Rs. 50,000 up to Rs. 500,000 ➤ Lead time (availability of finance) 15 – 21 days ➤ Loan Tenure up to 3 years ➤ Imbedded Life Insurance
PURCHASE	The customer can access housing finance conveniently up to a limit of Rs. 10 million	
RENOVATION	<p>For renovation on an existing house, apartment or bungalow financing up to Rs.2.5 million is available pertaining to urban cities. For other rural cities, maximum investment limit is Rs.0.5 million.</p> <ul style="list-style-type: none"> <u>FINANCE LIMIT</u> <ul style="list-style-type: none"> ➤ Up to Rs. 2,500,000 	
TERMS AND CONDITIONS AND ELIGIBILITY CRITERIA	<ul style="list-style-type: none"> • Pakistani individual • employed • does not have a sufficient income • The customer should be employed or self-employed and have adequate repayment capacity to meet the investment obligations. • Proof of income should be presented in the form of salary certificate, affidavit & tax return. • Legal documents, utility bills, bank statements, employment proof etc in order to take home finance. 	<ul style="list-style-type: none"> • Any customer whose income is PKR 20,000 but less than PKR 50,000. • Proof of income should be presented in the form of salary certificate, affidavit & tax return. • Legal documents, utility bills, bank statements, employment proof etc in order to take home finance.
MARKUP RATES	<ul style="list-style-type: none"> • 3.6 Service charges + KIBOR • <u>For Salaried Persons:</u> Last Available 1 Year KIBOR Offer Rate + 3.25 % • <u>For Business Persons:</u> Last Available 1 Year KIBOR Offer Rate + 3.50 % • (Note: Insurance Premium @ 	<ul style="list-style-type: none"> • Tamer microfinance bank follows a flat rate. E.g. if 1 lakh loan has been given for a tenure of 3 years. Loan returned would be 19% per annum. The internal interest rate is 36%.

	0.463 paisa per thousand per month)	
MINIMUM AND MAXIMUM AMOUNT OF LOAN	Maximum 10 million as per rules of State Bank Pakistan	Minimum PKR 1 lakh and maximum PKR 5 lakh.
MORTGAGE REQUIREMENTS	<p>HBFCL equitable mortgage is available in the leasehold residential properties in urban cities on the following basis:</p> <ul style="list-style-type: none"> • High market value with memorandum of deposit of title deeds. • Red entry on record of rights • General Power of Attorney in lieu of HBFCL <p><u>Requirements:</u></p> <ul style="list-style-type: none"> • The maximum age of the house having 'A' Class construction should not exceed 45 years (from the date of approved building plan) • Investment may be made at all coastal areas except for the front row of Sea View Township and Darakhshan Villas, Clifton Karachi. • House purchase product is available in Urban Area at district quarter & "Tehsil" on the basis that construction should be "A" Class & all basic amenities should be available. The value of the house as per existing policy has been evaluated from the PBA approved Valuers. • Sale agreement, title deed, Valuation and soundness certificate from an approved architect will be required. Investment shall be released in one installment. The cheque will be delivered in the presence of Sub-Registrar at the time of execution of Islamic Housing Finance Agreement 	<ul style="list-style-type: none"> • If a person can pay instalments of the loan of the 50% of the monthly salary he is eligible. In very rare cases, with very small loans up to 60% is acceptable. Other than that the person must be genuine, having a genuine salaried job or small business with a certain amount of monthly revenue.
MIN. /MAX TIME PERIOD OF LOAN RETURN	20 years stander & remain depend on age.	5 YEARS
HOW MANY	<ul style="list-style-type: none"> • HBFCL has financed around 	<ul style="list-style-type: none"> • It has to be paid within the certain

TIMES THE AMOUNT TO BE RETURN GETS MULTIPLIED (OF ORIGINAL) IN 10 YEARS.	<div>456,256 houses to the tune of Rs.47.82 billion.</div> <ul style="list-style-type: none">The annual disbursement during the year 2010 stood at Rs.679 million and recoveries for the same period of 2010 stood at Rs.3.4 billion.As of December2010, the operative account stood at 77,666.The total work force is around 951 as of December 2010. The loan portfolio stood at Rs.14.6 billion as of December 2010.			period of time which is not more than 3-5 years thus this does not apply.		
COMMERCIAL BANKS						
INSTITUTE	MEEZAN BANK	DUBAI ISLAMIC BANK	UNITED BANK LIMITED	NATIONAL BANK OF PAKISTAN	MUSLIM COMMERCIAL BANK	ASKARI COMMERCIAL BANK
TYPES OF LOANS OFFERED						
CONSTRUCTION	Provides financing for up to 70% of the appraised value or Rs 40 million.		Building A Home	Financing Amount Up to 35 Million Financing Period 3 to 20 Years Debt to Equity 85:15 to (Maximum)	Construction of house on land owned by borrower/s and should be disbursed in tranches.	<ul style="list-style-type: none">simply build your home as you desire, with halal Istisna’/Musharakah Finance from Askari Islamic Banking, specifically tailored to match the cash flows and needs.
PURCHASE	Finances up to 85% of the appraised value of a new home or up to a value of Rs 40 million.	House Purchase	BUYING A HOME: United Bank Limited finances up to 70% of the appraise value.	Financing Amount Up to 35 Million Financing Period 3 to 20 Years Debt to Equity 85:15 to (Maximum)	Purchase of Ready property	<ul style="list-style-type: none">A financing of 85% of the property cost, up to Rs. 50 Million.**other terms apply.
RENOVATION	finances of up to 30% of the appraised value	Purchase of undivided share (Home Renovation).	Renovation	Financing Amount Up to 15 Million Financing Period 3 to 15 Years Debt to Equity 80:250 to (Maximum)	Renovation of existing home with documented end usage and should be disbursed in tranches.	<ul style="list-style-type: none">facilitate in renovating the house.

TERMS AND CONDITIONS AND ELIGIBILITY CRITERIA	<ul style="list-style-type: none"> • A salaried customer must have minimum Gross Income of PKR 20,000 per month. • A businessman must have a minimum Gross Salary of PKR 50,000 per month. • Legal documents, utility bills, bank statements, employment proof etc in order to take home finance. • Age for a Primary Customer is 25 years. Co-applicant must be over 21 years of age. • Resident Pakistani. 	<ul style="list-style-type: none"> • Pakistani and Non Resident Pakistanis as per policy. • Age 25-65. • Minimum monthly net income of Rs.15,000. • Copy of Utility Bill. • Professional Degree (for self employed professionals only). • Salary Certificate/ Proof of Profession. • Latest Salary Slip. • Bank statement of the last 12 months & Bank Certificate. 	<ul style="list-style-type: none"> • Minimum monthly income: Rs.50,000 • Age: 23 to 65 years • Resident Pakistani • Self-employed businessman/professional or salaried individual • Minimum loan size: Rs. 500,000. • Employment Certificate confirming last 12 months work experience. • Tax Document for the past 24 months. • Current Salary Slip • Bank Statement for the last 12 months. 	<ul style="list-style-type: none"> • Must be Pakistani Resident (National) • Aged between 21 and 65 year • Minimum income requirement Rs. 5000 for Govt. Employees, Rs. 10,000 for other salaried persons and Rs. 15,000 for self employed and businessmen. • Legal documents, utility bills, bank statements, employment proof etc in order to take home finance. 	<ul style="list-style-type: none"> • Applicant(s) must be Pakistani National. • Salaried, Self employed businessmen (SEB) and Self employed professionals (SEP) are eligible for application. • Satisfactory verifications. • Satisfactory bureau checks. • Satisfactory income estimation, property valuation and legal opinion. 	<ul style="list-style-type: none"> • A Pakistani National. • Between 21 to 65 years. • A permanent employment with at least six months of service with present employer. • A self employed individual with at least 3 years of business track record. • Legal documents, utility bills, bank statements, employment proof etc in order to take home finance.
MARKUP RATES	<p>For Salaried Customers including SEP's, NRP's & Merchant Navy:</p> <ul style="list-style-type: none"> • Fixed – 1st Year : K * + 3.00 % p.a • Annual Re-pricing: K 	<p>Applicable Profit Rate = Relevant KIBOR + Margin.</p> <ul style="list-style-type: none"> • * The arbitrary 12 month KIBOR and rate of Bank's margin is taken as assumption. 	<p>For salaried customers</p> <ul style="list-style-type: none"> • KIBOR + 3.5% = Applicable Mark-up Rate For SEB/SEP • KIBOR + 4.5% = Applicable Mark-up Rate. 	<p>Variable Rate Option:</p> <p>SBP Discount Rate +2% with 12 months re-pricing (with Life Insurance)</p> <p>SBP Discount Rate +4% with 12 months re-pricing (without Life Insurance)</p>	<p>Salaried 1 YEAR KIBOR (OFFER) + 4.0%</p> <p>SEB/SEP 1 YEAR KIBOR (OFFER) + 4.5%</p>	<p>Salaried KIBOR + 4.0%</p> <p>SEB/SEP KIBOR + 5.0%</p>

	<p>** + 3.00 % p.a.</p> <ul style="list-style-type: none"> • (Floor 8.00% p.a. and Cap 30% p.a.) <p>For Business man Customers :</p> <ul style="list-style-type: none"> • Fixed – 1st Year : K * + 4.00 % p.a • Annual Re-pricing: K ** + 4.00 % p.a. • (Floor 8.00% p.a. and Cap 30% p.a.) <p>* For first year Fixed Rate, “K” denotes KIBOR (Karachi Inter Bank Offer Rate), announced on 1st working day of each calendar month.</p> <p>** For annual revision, “K” denotes 90 days average of 12-month KIBOR announced for each calendar quarter by the Bank.</p>	<p>•** In year 2, the KIBOR is increased by 3% from year 1 and Bank's margin remains constant.</p> <p>•*** In year 3, the KIBOR is decreased by 5% from year 2 and Bank's margin remains constant.</p> <p>Bank's margin is 4.00% Financing amount is 10,000,000 .</p>				
MINIMUM AND MAXIMUM AMOUNT	PKR 5 lakh to PKR 40	•Home Purchase Rs 500K – 50 million	PKR 5 lakh to PKR 30 million.	Maximum amount for all products except Home	Minimum Loan amount PKR	Minimum amount is 300,000 and Maximum

OF LOAN	million.	<ul style="list-style-type: none"> •Home Renovation Rs 500K – 10 million •Transfer of finance from another bank Rs 500K – 50 million 		Improvement is.35 million and maximum amount for Home Improvement finance is 15 million.	500,000. Maximum Loan amount: <ul style="list-style-type: none"> •HP: 20 Million •HC: 10 Million. •HR: 5 Million. 	amount is 30Million.
MORTGAGE REQUIREMENTS	<ul style="list-style-type: none"> •Eligibility criteria to be followed. •The Profit Margin Charged By Meezan Bank Equal To Conventional Mortgage Market Trends. •Shariah allows the use of any market factor as a benchmark to determine the profit rate of a particular product. 	Eligibility Criteria follows	Eligibility Criteria Follows			<ul style="list-style-type: none"> •Must be a Tax Payer. •Must have a Valid Computerized National Identity Card (CNIC). •Mobile is mandatory. In case of Buy / Build a Home cases, we do not require land line at current or potential residence, in case of Home Renovation cases in absence of PTCL Land line, any mobile or Wireless connection at residence is acceptable.
MIN. /MAX TIME PERIOD OF LOAN RETURN	3 To 20 Years	3 to 20 years.	3 to 20 years.	3 to 20 Years.	2 To 20 Years	1 to 20 Years.

<p>HOW MANY TIMES THE AMOUNT TO BE RETURN GETS MULTIPLIED (OF ORIGINAL) IN 10 YEARS.</p>	<ul style="list-style-type: none"> •The Bank developed a financing product based on the concept of 'Wakalah', to encourage the development of financing partnerships between Islamic banks and Microfinance banks. •The Bank demonstrated robust business growth in 2010, closing the year with a deposit figure of Rs. 131 billion and Import/Export business of Rs. 143 billion. 	<ul style="list-style-type: none"> • caters the middle income group having a minimum gross monthly income of PKR 20,000. •Up to PKR 3.5 to PKR 4 billion has been dispatched. Loan is not given in areas like F.B.Area, Gulzar-E-Hijri, Orange, Baldia, Surjani. 100% Shariah Compliant. 		<ul style="list-style-type: none"> •Islamic Banking has shown 356% increase in deposits and 148% increase in financing and investments compared with last year. Total assets of the bank were at Rs.1.035 trillion at the year end, up by 9.6% from year end 2009, an appreciable growth in a challenging economic environment. •Pre- tax profit increased by 15% from Rs. 21.3 billion to Rs. 24.4 billion. 		
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Table - 3.2[illegible]

From the print media 5,602 news clippings on land issues kept at the Urban Resource Centre Karachi were put on an Excel sheet.⁶² These clippings are from the Daily Dawn, Jang (Urdu), the News and the Daily Times and are regularly compiled. Key words were picked out to accompany each news item which divided the clippings into six broad sections and later into sub-categories. These broad divisions and their sub-divisions are given below and a summary of these clippings along with the methodology and the questions they raise is given in **Appendix – 9: Summary of 5,602 News Clippings**. The appendix also contains the methodology for the collection of clippings and their analysis and lists a number of unanswered questions. A synopsis of what the clippings tell us is given in Section 4.6.

i) *Land Acquisition*

Allotment, encroachment, regularization, auction, real estate, lease, and booking

ii). *Land Development*

Construction, development, housing facilities/amenities, loans, lease, civic amenities, town planning, housing schemes, and land utilization

iii). *Land Use Changes*

Conversion, reclassification of plots, auction, demolition, relocation, transfer, eviction, commercialization, illegal construction, and heritage conversion

iv). *Land Disputes*

Court orders, land grabbing, legislations, murders, riots, katchiabadi/informal settlements, and tiff between actors

v). *Land Disasters*

Demolition, collapse, disaster, and commercialization

vi). *Money Matters*

Revenue, taxes, and other monetary issues

The purpose of collecting this secondary data was twofold. One was to add to the knowledge of the researchers regarding details of various aspects of land related issues which are not commonly known or understood. The second was to make this material available on the websites of the NED University, the URC and the under-construction website of Arif Hasan. It was felt that this would be an enormous resource for researchers, journalists, academics, students and politicians. It would also help in re-designing courses in planning, architecture, public policy, and law.

4.2 What the Videos Tell Us

Most of the videos are reports from the different TV channels of Karachi. They graphically illustrate the various land related conflicts, the actors involved in them, their relationships and the impact of land conversions and encroachment on the general public and the environment.

⁶². The Excel Sheet lists all the clippings, gives the title, date and the name of the newspapers from which it was taken. It consists of 98 A-4 pages and can be had on request from MansoorRaza (mansooraza@gmail.com)

Government authorities are involved in encroachments and also political parties.⁶³ Persons employed to protect land at the various sites are bought over by the land grabbers and support them. Town mayors who have opposed land grabbing are helpless because, according to them, the police provide protection to the encroachers.⁶⁴ Even serving ministers claim that the police is on the land grabbers' side.⁶⁵ Videos also show that politicians, big business corporations, religious outfits and the military are all involved in grabbing land in violation of established rules and regulations.⁶⁶ Estate agents, formal and informal, play an important role in the land grabbing and conversion process.⁶⁷

These encroachments take place on graveyards which are flattened or sewage is discharged into them to make them inaccessible so that they can be occupied eventually.⁶⁸ Parks have also been converted into residential areas although the land-use of amenity plots cannot be changed. Google images taken in 2004 and again in 2009 clearly show the change in land-use.⁶⁹ Even a double-storey neighbourhood public library has been demolished by the mafia, the term used by Karachiites for the powerful land-grabbers. The demolition of the library, according to the residents of the neighbourhood, was the result of a faulty court judgement.⁷⁰ In addition, the land mafia is reclaiming coastal land by filling it with garbage, dividing it into plots and selling them informally.⁷¹ Drainage channels are also being reclaimed and buildings constructed on them. This causes flooding and a four-storey building illegally constructed on such a reclamation collapsed killing seven persons including two little girls. The residents hold a politician of an important political party responsible for the construction of the building and for the reclamation.⁷² The land mafia has also managed to prevent the government from beginning construction of cottage industries on 468 acres (187.2hectares) of land which belong the city government. Operations have been launched on this land against the mafia but have yet to be successful.⁷³ The land grabbers use trucks, tankers and heavy machinery in the land grabbing process.⁷⁴

Meanwhile, the government has established a six-member anti-encroachment cell under the authority of a provincial minister. However, the cell has run into difficulties because of conflicts between the Pakistan People's Party (representing the Sindhi speaking population) and the Awami National Party (representing the Pushto speaking population). The video shows the extent to which land grabbing has been politicized.⁷⁵

The whole land encroachment and conversion process is accompanied by violence. Encroachers settle poor people on the land they occupy. As a result, operations against encroachments results in the raising of homes, violence and the arrest of dozens including women, who belong to the lower income groups.⁷⁶ Battle for turf results in members of opposing groups exchanging fire between themselves and with the police and para-military forces from tops of apartment building that they forcibly occupy.⁷⁷

⁶³. See Video 1 and 5 in Appendix 5
⁶⁴. See Video 11 in Appendix 5
⁶⁵. See Video 3 in Appendix 5
⁶⁶. See Video 8 in Appendix 5
⁶⁷. See Video 4 in Appendix 5
⁶⁸. See Video 6 in Appendix 5
⁶⁹. See Video 22 in Appendix 5
⁷⁰. See Video 7 in Appendix 5
⁷¹. See Video 3 in Appendix 5
⁷². See Video 10 in Appendix 5
⁷³. See Video 14 in Appendix 5
⁷⁴. See Video 15 in Appendix 5
⁷⁵. See Video 9 in Appendix 5
⁷⁶. See Video 16 in Appendix 5
⁷⁷. See Videos 17 and 18 in Appendix 5

Karachi's citizens and NGOs have constantly struggled against land encroachment and conversion. A number of activists have emerged. However, the lives of such activists are in danger. One such activist was killed. He predicted his killing and identified the group that would kill him.⁷⁸ Because of a lack of evidence, nobody has been arrested for his killing. Citizens fighting illegal conversion have been threatened with death as a result of which they have backed out from court cases filed by them.⁷⁹ News reporters bravely report on land related conflicts. They are also threatened with death. One of them was killed after reporting on the processes and repercussions of the involvement of political parties in turf wars related to land.⁸⁰

In the process of encroachments fruit bearing farmland, flora and fauna have been destroyed. Fishing communities and land owning agencies have been deprived of their lands and livelihoods. The city's natural drainage channels have been blocked.⁸¹ Reclamation of the natural drainage channels and outfalls to the sea have not only been carried out in poor localities but also federal government and defence authorities have encroached on the outfalls to provide land for housing for the elite.⁸² In addition, citizens, both middle income and poor, have been deprived of their legally owned properties⁸³ and live in insecurity in areas where the mafia is in operation. Due to gun fire, shops and neighbourhoods close down as a result of which groceries become unavailable and social interaction stops. All this causes inconvenience to the residents.⁸⁴ The extent of this inconvenience is highlighted by individual stories in which the illegal activities of the builders, the Karachi Electricity Supply Company (KESC), the police and the KBCA plague the lives of ordinary Karachiites who are looking for a piece of land or an apartment.⁸⁵

4.3 What the Foreign Feature Films Tell Us

The feature films from India depict conditions very similar to Pakistan. Debt leads to the selling of a house or a piece of land. Often these are the only assets that the family owns. As a result of such a sale or confiscation, often by a bank, families are ruined.⁸⁶ The strong caste biases also lead to opposition to the sale of land or their reservation to lower castes (in the case of India)⁸⁷ or to the poor (in the case of Pakistan), where caste biases are not so prevalent.

The failure of courts to adequately address the forcible occupation of someone's house is common and creates a situation where the victim has to take the law into his/her own hands.⁸⁸ The fraud, backed by muscle power, and connections with the establishment in depriving persons of land they have paid for is portrayed by film 7 (KhoslaKa Ghonsla) along with the inadequacy of the legal system to cope with such a situation. Two films 6 and 7 (Happy Gilmore and Capitalism: A Love Story) from America depict similar themes.

4.4 What the Case Studies in Appendix 7 Tell Us

The case studies inform us about the relationship of land with the politics of ethnicity in Karachi. They also tell us about the role of multinational corporations and their Pakistani partners in supporting illegal land conversions with the support of the army. They also inform us of links of political parties

⁷⁸. See Video 21 in Appendix 5

⁷⁹. See Video 22 in Appendix 5

⁸⁰. See Video 12 in Appendix 5

⁸¹. See Video 19 and 28 in Appendix 5

⁸². See Video 28 in Appendix 5

⁸³. See Video 2 in Appendix 5

⁸⁴. See Video 12 in Appendix 5

⁸⁵. See Video 24 in Appendix 5

⁸⁶. See Film 1 (Do Bigha Zameen) and 2 (Peepli Live) in Appendix 6

⁸⁷. See Film 3 (Aarakshan) in Appendix 6

⁸⁸. See Film 4 (Lago Raho Muna Bhai) in Appendix 6

with criminal elements and developers. The case studies also inform us of the brave struggle against illegal and environmentally and socially damaging land conversions by Karachi NGOs and activists.

The first study is about Zubu Goth which was demolished three times but has managed to survive.⁸⁹ Decades ago many low income households moved to Karachi's peripheral regions such as Zubu Goth as the cost of land in central Karachi became exorbitant. Those settled on goth land were granted 30-year leases by the District Commissioner (DC). The people living in Zubu Goth paid in cash to purchase their plot, in addition to making illicit payments to the police once their houses were built. However, after the Northern Bypass was constructed in the vicinity, the value of land increased phenomenally.

In 2001, the SLGO was promulgated and the DC system was replaced by that of elected mayors. In 2004, the MQM, an ethnic party of Urdu speakers, captured the local government at all levels in Karachi. The party saw the opportunity to acquire valuable land on which it could settle its own supporters and also control an important outlet to the city. Under a false basis of building a road the first demolition of Zubu Goth was carried out in 2007. The Town Nazim of Orangi, an MQM person, was present on site supervising the demolition which was being carried out by the police and heavy machinery. This was in spite of the fact that Zubu Goth was not part of Orangi Town but of Gadap Town.

Zubu Goth was not the only goth that was destroyed. Several other goths were bulldozed, their land taken over, divided into plots and sold at Rs 45,000 (US\$ 445) for a 120 **square yard** plot. These were affordable to lower income groups looking for a place to live. In this way, the demolition of "rural" villages paved the way for the urban poor acquiring land!

The second demolition was carried out in January 2008 and it is claimed that the Karachi City Nazim was also present along with a large contingent of police. The third demolition was carried out in March 2008 and the Nazim of Orangi Town, officials of the Land Department and police, supervised the demolition.

After the first demolition, people organized themselves and took the matter to court but could not receive relief. The Gadap Town Nazim, however, supported the people and advised them to form a committee. The OPP-RTI supported the committee by helping to obtain relevant maps demarcating the boundaries of the settlements as well as the people's respective land titles. These documents had been "lost" in government files or were with goth influentials who use them for deals with the land mafia and the City Government. Thus the committee, through the efforts of the OPP-RTI, acquired maps and official records and on their basis contacted political and social leaders and took the help of the media in making the case public.

The MQM is a party of Urdu speakers who are the largest community in Karachi. The PPP is supported mainly by the Sindhi speakers of the province who are the majority in the province. After the 2008 national and provincial elections, the PPP consolidated its power in Sindh. The population of the goths in Gadap Town contacted the PPP leadership, as a result of which, security to the goths has been provided. The BoR is now mandated to provide land titles to the goths.

The Zubu Goth strategy was successful because of community mobilization carried out by experienced activists; the involvement of those officials and nazims whose jurisdictional authority had been encroached upon by others; the creation of a committee chosen by the residents themselves and making the UC Nazim the chair of the committee; the contacts of the population of Zubu Goth with their tribal social and political networks, media and other goths in comparable situations; the awareness of the necessity of correct information on land demarcation and status which was made

⁸⁹. Source: Put together by the authors from unpublished material and newspaper reports.

possible by help from the OPP-RTI; and learning from other evictions where official channels of justice were used but failed.

The second case study⁹⁰ deals with the support that the OPP-RTI has provided to the goths of Karachi in regularizing their titles and in being declared “abadis” or regular settlements. The OPP-RTI’s support is i) **advocacy for facilitating land security and land titles**: This advocacy has helped in extending the cut-off date for provision of land tenure to informal settlements in Sindh from March 1985 to June 1997. ii) **Bringing together community activists as the Secure Housing Group (SHG)**: These activists are from a number of Karachi towns and localities. The acceptance of OPP-RTI’s maps by SKAA is assisting the process of correct notification of goths. iii) **Mapping and infrastructure development**; the OPP-RTI prepares plans for external (off-site) infrastructure which local government carries out; and internal (on-site) infrastructure which the communities carry out. Design and implementation work is in progress in 133 goths on sewage and drainage. And, **technical support for housing and to the Cooperative Housing Savings and Loan Programme**: under this programme loans are being provided for house construction and young persons in the goths are being trained in housing design, construction techniques and technical guidance regarding proper ventilation and foundation design so as to support communities with technical advice and supervision for infrastructure and house building.

The third case study⁹¹ is about the corporate sector’s involvement in illegal land conversions. SHV Holdings is the largest private company in the Netherlands. In addition to being one of the world’s top liquefied petroleum gas companies, SHV also operates the Makro Store chain in Asia and South America. Makro is cash and carry wholesaler but also serves small and medium size retailers. Makro-Habib was formed as a joint venture between SHV Holdings and the House of Habib, a huge Pakistani company with broad ranging commercial interests.

In 1938, the General Officer Commander-in-Chief of the British Indian Army, sanctioned the lease for Webb Ground to be used as a recreational facility by the Karachi Grammar School. In 1976, under an agreement between the Ministry of Defence, provincial government Sindh and the KDA, Webb Ground became a part of the Lines Area Redevelopment Project and its amenity category was maintained. However, in 2002, the Ministry of Defence laid claim to Webb Ground and rectified a 99-year lease of the land to the Army Welfare Trust (AWT) for commercial purposes. In 2006, the AWT leased the land for 30-years to Makro-Habib Pakistan Limited, for the establishment of a cash and carry departmental store.

The NGO Shehri took up this matter. The Nazim of Karachi laid claim of the city government on the said plot. A series of letters of Shehri to SHV Holdings in Holland have remained unanswered. A media campaign exposing the deal between AWT and Makro, followed with the city government insisting that there had been a lease agreement violation by the Ministry of Defence. Meanwhile, in 2007, a local resident filed a case in the High Court against CDGK, chief controller of buildings, the secretary of environment, the government of Sindh, AWT and Makro, demanding a halt in construction and reinstatement of the Webb Ground as an amenity plot. The High Court issued a status quo order, in plain defiance of which a weak letter, Makro advertised in the press and continued the construction work.

A case was developed by the residents living the Webb Ground. The case maintained that the ownership of land and subsequent construction involves legal violation; zoning violations that include illegal transfer of land and unauthorised conversion of land; defiance of court orders; violation of national environmental regulations and compliance procedures; environmental degradation in the

⁹⁰. Source: From OPP website

⁹¹. Source: From Shehri-CBE website

locality, and associated human rights violations. The details of these various violations are given in the case study in Appendix - 7.

Because of the media attention, the Supreme Court took suo-moto action in the Makro-Habib case. The Court passed an order whereby Makro-Habib was to shift its store premises to an alternative site on land belonging to the AWT. However, to date, Makro-Habib is still operating from the same site. Shehri, the NGO who has pursued this case has asked in its case study, "It remains to be seen if the Dutch giant would have been able to conduct itself the same way in its own country – or continent for that matter – where stores of this scale are limited to the suburbs and are consistently scrutinized under strict laws".

The fourth case study⁹² deals with the successful attempts of the management of cooperative societies in converting amenity land into residential plots and the role of provincial government ministers, local government, developers, NGOs and concerned citizens in supporting and/or resisting these attempts.

In 1996, in KDA Scheme - 32, 68 acres (27.2 hectares) of land were marked as a park, named "Kidney Hill". The park is adjacent to the Karachi Cooperative Housing Society Union (KCHSU), Faran Society, Overseas Cooperative Housing Society (OCHS), and the Al-Riaz Cooperative Housing Society (ACHS). In 1997, the OCHS and ACHS in collaboration with officials of the Federal Ministry of Works (MoW) managed to reallocate Kidney Hill for residential development. Due to public hue and cry, the matter was referred to the President of Pakistan and eventually Kidney Hill was handed over to the KMC to be maintained as an amenity. As a result, the illegal allotment to OCHS and ACHS was cancelled.

Since then, which is more than two decades, there have been multiple litigations between government agencies and land grabbing claimant societies and individuals in which the Minister of Cooperatives in 1990 tried to restore the land to OCHS and ACHS. OCHS also held meetings with the Governor of Sindh and proposed the creation of 120 residential plots which would generate approximately Rs 10 billion (US\$ 111 million). Various attempts were made to come to some compromise between the residents, Shehri, the CDGK, and the residents opposing the commercialization of Kidney Hill. The CDGK took a principled stand stating that under law no amenity plot reserved for specific purpose can be converted or utilized for any other purpose.

Finally, an agreement of settlement in mid-2006 between OCHS, KCHSU, MoW, Government of Sindh and CDGK was arrived at granting the retention of only 20 acres (8 hectares) of Kidney Hill as a park. The Supreme Court, regardless of compliance, disposed off the case by sanctioning the agreement in January 2007. However, the Court did give the area residents permission to seek separate remedy under the law in 15 days. In February, the NGO Shehri and 14 residents of Faran Society and OCHS filed a constitutional petition before the Sindh High Court which conferred and ad interim order, prohibiting the creation of third party interest in Kidney Hill. However, the 14 residents backed out from the case due to death threats (possibly from the developers) and the NGO Shehri was left alone but supported by four concerned citizens who were not directly affected since they were not residents of the area. The Kidney Hill case is still in the courts. Encroachments continue and the park is "inching towards assimilation with the adjacent housing societies with only a handful of people standing in between".⁹³

The fifth case study⁹⁴ is regarding encroachments on Gutter Baghicha (sewage farm). It is the largest continuous open green space in the most density populated part of the city. Its area is 1,017

⁹². Source: From the Shehri-CBE website

⁹³. Source: From the Shehri-CBE website

⁹⁴. Source: From the Shehri-CBE website

acres (406.8 hectares). Since 1947, 55 percent of the land has been encroached upon for non-amenity use. Gutter Baghicha has had the KMC and then the CDGK as its caretakers. According to the case study, CDGK staff and politicians have cut down countless old fruit bearing trees to occupy land and are also illegally burning garbage and dumping factory waste. Only 430 acres (172 hectares) of the originally 1017 acres (406.8 hectares) are left as open space. Large chunks of land have been built over owing to fraudulent manipulation and back dating of documents by the KMC/CDGK and Government of Sindh officials.

The major illegal leases that have been carried out are to i) KMC officer's housing society: In March 1993, the KMC (now CDGK) managed to allot 200 acres to itself for plots for its officers through a fake process which resulted in police cases being registered against two KMC/CDGK officials. ii) Ten residential plots; iii) a petrol pump; iv) a local UC Nazim occupied 50 acres of park land in 2003. A case is in progress in the City Courts and is to be taken up by the National Accountability Bureau (NAB); v) Ismailia Garden Cooperative Housing Society: 7.2 acres (28.8 hectares) were allotted to them. The Society has agreed to move from the plot if alternative space is provided to them.

Under pressure from the NGO Shehri and activists, the President of Pakistan in 2002, promised to establish a public park on the site of Gutter Baghicha. However, CDGK officials, many of them members of the KMC/OCHS, managed to reduce the size of the park from 430 acres (172 hectares) to 163 acres (65.2 hectares) so as to protect their illegal allotments.

After the construction of the park began, the High Court gave a status-quo order to all vacant areas of Gutter Baghicha. In June 2009, in violation of the order, politically patronized encroachers with armed guards occupied 30 – 50 acres of the park and constructed 100 homes without approved plans with the support of the city and site town governments.

It was difficult for the courts to get a proper understanding of the extent and nature of the encroachment since every time there was an inspection by the Court or Civil administration, the inspection party would be mobbed by hundreds of women, brought to the location in vans and motor cycles, such that no examination of the encroachments could be possible.

The battle for saving Gutter Baghicha took a serious turn when Nisar Baloch and later Nadir Baloch, both activists of the Gutter Baghicha Bachao Tahreek (save gutter baghicha movement) were shot dead. Nisar Baloch, a day before he died, held a press conference at the Karachi Press Club. At the conference he stated that the City Nazim and the site town nazim are the sponsors of the encroachment at the public park in Gutter Baghicha. He appealed to the government and to the Chief Justice of the Supreme Court to take action to preserve the amenity space.

4.5 Land Conversion Along Karachi's Coastline

The 1999 military coup in Pakistan brought a strong neo-liberal lobby to power. Soon after the coup, the SLGO was promulgated, given considerable powers to the elected Nazim of Karachi. He and the prime minister were very supportive of attracting direct foreign investment for real estate development. As a result, between 1991 and 2006, Dubai based companies having multi-billion dollar portfolios entered into negotiations with the government of Pakistan and other prospective private sector partners. These companies included Dubai World, Emaar, Limitless and Nakheel. A profile of these companies is given in Appendix – 8: The Gentrification of Karachi's Coastline.

Three mega projects were planned. The first consisted of building real estate along 14 kilometres of coastline in the DHA. The project also involved 74.5 acres (29.8 hectares) of land for a high end hotel complex owning private segments of the beach and for residential blocks. It also contained a seven-

star hotel and 4,000 super luxury apartments with private beaches and lagoons. The project was to be built by Emaar, an important Dubai based company.

The second project was initiated in 2006 and was called “Sugarland City”. It involved the development (privatization) of the city’s public beaches at Hawksbay, Sandspit, Manora and Cape Monze. Around 26,000 hectares of land (size of Washington) with total investment of US\$ 68 billion was to be given to Limitless, a Dubai based company launched by Dubai World. The “new city” was to contain residential, commercial, recreational and entertainment facilities “in state of the art, master-planned communities”.

An MoU was signed between Pakistan’s Minister of State and Privatization and Investment and Dubai World chairman. At a high level meeting chaired by the Prime Minister on June 24, 2006, a number of important directives were given to different ministries including those of Ports and Shipping, Defence, as well as the government of Sindh. It was decided that that a premature cancellation of leases would take place as individuals have huts located there, which are given to them on lease. It was also decided that there should be a proper mechanism for shifting the navy and cantonment board’s facilities located at Manora Island to the navy land at Cape Monze to make vacant land available to Limitless.

The third mega project was the proposal for the building of the Diamond Bar City. Port Qasim Authority (PQA) had decided to sell two of the islands under its control (Bundal and Buddo) to Emaar (one of the world’s largest real estate companies). The islands measure about 4,800 hectares and were to be sold for US\$ 42 billion. Access to the islands is only by boat and so a US\$ 50 million bridge was proposed by the federal government connecting the islands to DHA. A Memorandum of Understanding was signed between PQA officials, Irfanullah Marwat (representing the Sindh government) and Emaar representatives. PQA planned to develop a mega project in collaboration with Emaar which aimed to develop 15,000 housing units and commercial facilities. The project also involved the construction of residential, commercial and leisure real estate projects, industrial park, free trade zones and port terminals at an estimated cost of US\$ 43 billion within 13 years.

Civil society organizations opposed these projects on legal, environmental, cultural and social grounds and because they were adversely affecting the livelihood of fishing communities by preventing their access to the sea. Also, a number of villages were being illegally demolished to make way for the project. The people of Karachi were also being deprived of access to the beaches where they flock in tens of thousands for recreational and entertainment purposes.

The media initially gave prominence to the negative aspects of the project but soon stopped focusing on it. Informally, one of the TV channels informed the chairperson URC that since Emaar’s ads were a major source of revenue, they could not criticise Emaar’s projects.

The civil society organisations and networks involved in opposition to the projects worked as a network. They were: **SahilBachao** (Save the Beach), an organization consisting of prominent citizens including two retired judges of the Supreme Court of Pakistan. **Shehri for a Better Environment**, it is a Karachi based NGO, popularly known as *Shehri* and has a long tradition of struggling for better governance and imposition of bylaws as well as building regulations pertaining to land use. **Pakistan Fisherfolk Forum (PFF)**, it is a network of fishing communities. **MahigeerTehreek**, it is a network of fishing communities. **Dharti**, it is a civil society organization formed for promoting a better physical and social environment for Karachi and was created as a response to the three projects listed above. And **Urban Resource Centre**, which with the OPP-RTI collaboration also collected 5,000 signatures opposing the project from low income areas and schools.

Civil society opposition consisted of court cases, forums, demonstrations, walks, and writings in the press and making of films. Finally, the projects were suspended and the President of Pakistan presented the DHA beach as a “gift” to the people of Karachi. However, Emaar’s 2.4 billion dollar Crescent Bay project of 4,000 luxury apartments on reclaimed land continues.

Work on the Karachi Strategic Development Plan (KSDP) 2020 which was being prepared by the city government, was taking place while the debate on the beach projects were acquiring an intensity. It was therefore natural that this subject became an important one for the KSDP. In addition, a number of persons being consulted by the KSDP team were in opposition to the projects. Consequently, the KSDP developed a number of strategies for the development of the coast.

It is therefore important to look at some of the more relevant provisions of the KSDP 2020. In Section 4.8 of the Plan it is stated, *“Reclamation along any section of the sea front either on the landward side or the bordering sea would not be advised. The same restriction holds for the mud flats, marshes and back water creeks, which in no way be allowed to undergo artificial morphological change detrimental to the existing hydrological environment.”* And again, *“The coastal sea and its back-water and creeks provide source of livelihood to fishing communities who live on the coast. The fisherman must enjoy free access to their traditional grounds in the sea, backwaters and creeks. For any development to be sustainable and acceptable, the historical rights of the communities to the sea and the coastal village land they occupy ought to be respected.”*

In the same section the KSDP 2020 talks about environmental and socio-economic provisions. It states, *“The coast must be protected as an environmental asset, and environment quality, including reduction of pollution of the coastal zone must be improved. Green turtle sanctuaries and mangrove ecological system along the beach, in the back-waters and creek must be preserved and measures against its degradation should be urgently taken to control pollution.”* And again, *“The sea-shore and the beaches should be preserved and promoted as public assets. Public access to the beaches and the coast must remain free and unhindered, and to keep the enjoyment for the general citizens, no development should be allowed in land area upto 150 meters from the high water mark.”* The KSDP 2020 also talks about *“a programme to promote the sea-shore and beaches as a public asset”*. It also accepts the concept of real estate development along the waterfront but in these terms *“Together with coastal development programme given above, the coastal area has a potential for development such as housing, business offices, commercial establishments and public amenities in suitable sites. However, any development scheme designed in the area must adhere to the above mentioned guiding principles”*. Another important provision states, *“Development plans should be finalised with public participation and be presented for soliciting public opinion.”*

The city council approved the KSDP 2020 in December 2007. Under the provisions of the plan, none of the three waterfront projects described above can be built. However, two of these projects do not fall in the jurisdiction of the city government but of military cantonments who are under no obligation to follow the KSDP provisions. It is not clear as to why the projects in the cantonments have been abandoned. But, one thing is clear that the protests against their inequities had a lot to do with their being “suspended”.

4.6 A Synopsis of What the Press Clippings Tell Us (For details see, **Appendix – 9: Summary of 5602 News Clippings**)

Land Acquisition:

A number of authorities and individuals are involved in **allotting land**. They include: Various development authorities; CDGK; City Nazim; Board of Revenue; courts; foreign investors; service-providing companies; KBCA; Governor of Sindh; and Chief Minister.

The process of allotments has never been fully transparent: nepotism, favouritism, political pressure and financial interest are all prime influences on decision makers. Allotments are carried out without any preliminary dialogue, debate, consultation and/or participation of the stakeholders. Instead, these take place almost exclusively behind the closed doors of executive offices. Furthermore, allotments and the carving out of plots are carried out on land intended for civic infrastructure.

Construction and/or improvement upon public infrastructure results in the relocation of the area's existing population, which gives rise to re-allotments of plots for them, at a new place. The costs of such projects do not take into account the cost of rehabilitating the displaced families.

There are regular delays in the allotment process of government sponsored housing schemes. This is because in most cases the allotment of plots is carried out before a survey, price settlement or a master plan is finalised.

Relations between allocating authorities, accountability bodies, developers and public result in compromises, very often against the established rules and regulations. When a compromise cannot be achieved, records are set on fire in order to redefine allotments and this results in the investigation of ownership all over again.

The administration has never tried to analyse or establish the effect of **encroachments**, and has therefore never managed to adopt a functional approach towards the issue. The only course of action has been demolitions. These are brutal in nature and highly insensitive to the capital invested by the encroachers, at times inviting violent retaliation.

Encroachments take place on public space, *nullahs*, riverbeds, fire brigade stations, school buildings, footpaths, graveyards and in the past, even the Governors House. They are a perennial phenomenon, seemingly independent of any change in the city's governance. It is usually the working class, driven by commercial and entrepreneurial motivations that encroaches land alongside bus stops, major shopping centres, rain drains and apartments: a probable attempt to optimize working space. This phenomenon has strong political connotations since the encroachers are voters as well.

The typology of encroachers varies from grocery vendors to makeshift auto workshops, multi-national ventures to police stations, fast food outlets to rag pickers and transporters: individuals and institutions alike. At one time even the US Consulate in Karachi was accused of encroachment. Interestingly, no news item reporting the encroachments carried out by McDonalds and banking institutions has been found- this is probably owing to the lucrative advertisements they proffer in the newspapers.

The grocery vendors' encroachment around apartment buildings offers an interesting dichotomy: Apartment dwellers consider them a nuisance and yet continue to buy from them as they are easily accessible, saving on both time and resource. Pedestrians and footpaths are the first victims of encroachment, parks and playgrounds come a close second. Encroachers are generally insensitive to ecology.

During the government's anti-encroachment drives against push cart vendors and roadside sellers, the encroachers tend to temporarily shift places and disappear from the particular area until the drive is over- eventually returning to recreate the former situation. This continuing pattern of encroachment - anti-encroachment drive - re-encroachment leaves the entire process redundant, even though some of the highest offices in the country organize the drives.

Demolition is a counter narrative of **regularization**, viewed by relevant government authorities as a legal necessity. However, it results in an enormous loss of investments made by people in their lives

and for the economy of the city. The Builders' Associations are usually not in favour of regularization. Informal developers, on the other hand, are as in the case of illegal buildings, a Completion Certificate is considered a pre-requisite to regularization.

A lot of poor localities, despite being quite old, have remained out of the loop of regularization. Only 20percent of existing illegal structures have been regularised. Illegal constructions even exist on government land, including that of the Board of Revenue and Excise & Customs. There have been sporadic initiatives to regularise *katchi abadis*, illegal construction and *goths* in urban and peripheral Karachi. These efforts, however, have suffered from interdepartmental rows, the extremely slow pace of bureaucracy within the CDGK and the cumbersomeness of the process itself. In 2009, the Provincial Revenue Minister termed the entire process of regularization 'fake' meaning "meant to be ineffective.

It is popularly believed that the process of land **auction** is deliberately complicated in order to discourage the participation of genuine buyers and instead leave the field open for brokers and real estate speculators. In 2002, the City Government auctioned off various portions of unutilized land so as to generate revenue for its development schemes.

Real estate is linked to and thereby influenced by the global market. Pre-9/11, the real estate market was in a slump and there were predictions of recession; post-9/11, however, increased remittances and new, tougher immigration rules resulted in bullish trends. In 2008, the slump in the UAE market directed investors towards Pakistan, Malaysia and Turkey, all to the disadvantage of the poor, since land prices went up even in low income areas and speculative buying increased. There was a proposal for forming Real Estate Investment Trusts (REITs) targeted towards enacting a law to control the exponential price hike in Sindh.

Issues regarding **lease** are related to the regularization of *katchi abadis* and various political parties try to gain mileage from it. In reality, it is more a political issue than a part of a human rights agenda.

A dearth of information regarding the leasing procedure available to potential beneficiaries causes unnecessary hardships. In addition, the disparity in lease rates amongst various authorities is a cause of resentment among the people seeking a lease. Also, flaws in the lease policy often result in the process getting delayed. Delays also take place due to inter-departmental conflicts. Attempts to deal with these issues have been made but not seriously.

Land Development:

The **construction** industry today accounts for 1/10th of the world's GDP, 7percent of worldwide employment, half of all resource usage and up to 40percent of overall energy consumption.⁹⁵ This sector encompasses a wide range of activities, from land use planning, site selection and design, management, to the decommissioning of individual structures. The need of the day is for the global construction industry to grasp and deal with the housing problem.

The location of an area and its land value are inter-related. Developers are interested in maximizing profits and not serving the needs of society. A case in point are the financial incentives being provided by unknown parties for residential units along the outskirts of the city. Meanwhile, the act of regularization is a tool for 'facilitating' customers as well as for the promotion of the construction industry.

⁹⁵. Figures quoted by a number of newspaper articles. For reference see <http://www.tendersinfo.com/global-infrastructure-and-construction-tenders.php>

Demolition and displacement are a regular prelude to the initiation of mega projects in the city, and as such, there is major disagreement and controversy among members of different political parties, often representing the interests of their ethnic groups or constituencies.

There is no established mode of accountability for the often delayed delivery of mega projects. This clearly reflects the disability of the planning institutions responsible for them. Whereas in the case of an individual being late in the payment of his/her fees instalment or in starting construction over recently purchased property, he/she is penalized with the imposition of hefty non-utilisation fees, delays in mega projects, however, do not result in any "punishment". Relevant authorities justify action against individuals on the pretext of curbing speculation.

Karachi's **development** is related to the fact that it is a melting pot for a multitude of immigrants, both foreign and local, each adding to its cultural and linguistic diversity- to the effect that the city lacks a singular socio-economic, administrative and/ or architectural identity, especially in terms of the development discourse.

The new trends in development politics, invariably spurred on by financial motivations, are suffocating the traditional lifestyles of indigenous communities. Selective development and self-serving political priorities are the basis for these policies. In addition, there is rampant, largely informal development along the city fringes while the development of necropolises within the city remains a dormant issue.

It is essential that the institutions of higher learning within the city should have a research and advocacy unit for taking up issues associated with its development.

Over the past couple of centuries, Karachi has grown from a small fishing village to a bustling megacity of 18 million. Since Partition, its population has grown at an annual rate of about 5percent, higher than the national urban average of 4.5percent. It is home to roughly 30percent of the provincial urban population. Adequate, quality **housing** facilities are one of the outstanding problems its citizens face today.

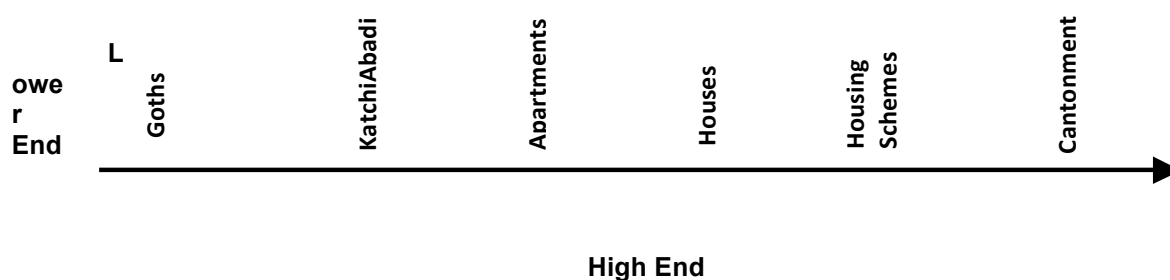
Owning one's home remains a dream for millions living in informal settlements and rented apartments/houses across the city. Over the last 40 years, the situation has changed for the worst and building a house, especially in the Cantonment area has become a difficult task. A related problem is the down payment interested buyers are required to make, after which they become 'captive clients' at a constant risk of financial loss, as many housing schemes have been cancelled post buyers' investments and as a result, they have lost their life savings. Failure on the part of the authorities to resolve the issue has created stress, uncertainty and homelessness for the lower/lower middle-class sections of society, whilst increasing the disparity between the rich and the poor.

A decade or so ago, the country's economic performance was going tolerably well. Today, however, the situation seems to have changed drastically: hordes of people now live on footpaths, under bridges and in front of shrines and mosques. For the year 2003, the City Government almost entirely ignored the housing problem, allocating only Rs 150 million towards the sector in its annual budget. Around that time, the need for 80,000 housing units was met with an average of only 27,000 building permits. The unfulfilled demand of a vast proportion of the population could have possibly been met with a hybrid solution of micro and housing finance. Meanwhile, the government continues to disassociate itself from its own housing schemes, both conceived and developed. Successive governments have provided mere lip service to 'good' housing policies and the promotion of a 'better' housing industry.

Lyari is a locality (considered to be) ridden with housing problems. Residents have been living there, without moving or shifting out for decades, new people consistently migrate there in hopes of finding a

home whilst land availability in the area reached its saturation point years ago. The innovations of pilot projects, like *Khuda-ki-Basti*, provide hope for millions of house deprived citizens. However, their replication by government agencies remains a dream.

Concerned authorities do not seem to consider the provision of **amenities** a basic constitutional right. Reluctant service providers exhibit a blatant class bias in provision of amenities. Higher income and/or politically strong areas benefit from this bias. As illustrated in the figure below, goths occupy the lowest and cantonments and armed forces settlements the highest end of the spectrum, although in all cases a few exceptions exist.



For decades, political leaders have filled up media space with lofty (although false) promises regarding uninterrupted provision of services.⁹⁶ At most times, they resort to providing these essential services through market mechanisms, inevitably only serving those with sufficient finances and purchasing power. Meanwhile, the design and planning capabilities of city authorities leave much to be desired, where the infrastructure provided by them cannot even stand the test of rain. This short-sightedness is also visible in the design of roads which are often raised significantly higher than the plinth level of houses, leaving the houses vulnerable to rainwater, further polluted with sewerage gushing in, as nearly all storm/rainwater drains run parallel to the main arteries. Due to this faulty design, link roads are converted into sewers.

The provision of amenities to high-rises seems to be a matter of debate: the apprehension that this would burden existing facilities is countered by the theory that these would be 'sustainable', having their own power generation, sewerage treatment and water filtration plants. The Environmental Protection Agency remains skeptical of such ventures.

Town planning has changed. Three forces: the United Nations, the World Bank and the International Monetary Fund, have pushed the concept of 'Global Cities' to the extent that the parameters of urban planning have changed. Privatization, event city, investment friendly infrastructure, direct foreign investment, are the new requirements rather than the quality of life of the citizens.

It may be noted that the institutions that give practical shape to planning in Pakistan have been destroyed and replaced with widespread ad-hocism. Karachi scores poorly in the architectural / planning professions as a result of the poor performance of institutions that impart education in these disciplines; the culture of its local representatives and decision makers; and of the mind-set of the elite and the state of the civic agencies. At the same time, there is an excessive reliance on incompetent foreign consultants for housing and planning policies, who turn an un-intentional blind eye to the city's real functions such as sufficient space for parking and transport services. Meanwhile, greedy developers misuse mandatory KBCA regulated parking space for commercial purposes in order to maximize their return on investment.

⁹⁶ Discussed in the Daily News Karachi of 19 February 2002 under news item "Government to give basic amenities to katchi abadis".

Demolitions that are resisted result in the burning of settlements causing a total loss of whatever little the victims possessed. This is a serious problem. Also, for years authorities have turned a blind eye to the mushrooming of un-authorised mosques in the city. The 2005, Sind Home Department cognisance of the situation leading to a ban on mosque construction without prior permission is a welcome move.

Housing schemes are being promoted in a big way. Unfortunately, builders throughout the city fleece potential home buyers by luring them through misleading advertisements of housing projects. Corruption is rampant in government-owned housing schemes; although thorough investigations were initiated by the government, results were not made public.

The timely delivery of housing schemes to the end-users, as well the delivery of refund money to those who were not selected in the balloting process, remains a strong current issue. Those unsuccessful, have to wait for long periods of time for a refund, only adding to their financial woes.

Low cost housing intended for the poor is entirely unaffordable for those for whom it is meant. Foreign investments in the housing sector promise quality housing at exorbitant prices and thus cater only to the needs of the elite. Spearheaded by the city nazims, the public-private partnership between the city government and financial institutions was envisaged as a means of providing housing to the poor. However, this has failed to meet its objectives.

The housing and construction industry with its high employment potential, strong forward and backward linkages with a number of sectors and sub-sectors has huge potential impact for direct and indirect employment and income generation. However, investment in this sector has been low. This can be seen by the sector-wise breakup of consumer credit for the fiscal year 2003-2004. Credit has gone to automobile purchase 35 percent; credit cards 15 percent; consumer durable 1 percent; personal loans 41 percent; and house finance 8 percent. This shows the low investment in the housing sector. However, in the fiscal year 2003, the housing sector finance jumped up by 400 percent, perhaps due to remittances and more liberal lending policies of the government.

At times, the judicial authorities take notice of irregularities in the frameworks of both past and current housing schemes. The implementation of the verdicts issued, however, remains unclear.

Proper **land utilisation** is related to proper land re-surveys. Unfortunately, resurveys of land are carried out with the intention of usurping state land rather than for socially and environmentally responsive planning. Experts fear the 60kilometres long coastline of Karachi is the most exploited stretch along the country's coastal belt, where unplanned land reclamation has already started altering its profile and raising the sub-soil salinity to impact the ground water level. In addition, in violation of constitutional provisions and zoning bylaws, parks and amenity plots are used for private functions. Meanwhile, local and indigenous communities have an inherent desire to preserve the natural landscape and boundaries of their habitat.

In 2007, it was observed that the city government's Land Auction Department lay completely dormant, such that the department had not recorded a single instance of land auction.

Land-use Changes:

Unauthorised **land-use changes** take place in Karachi consistently. "Legal" and "illegal" conversions of libraries, residential plots, parks, government-owned land, amenity plots or footpaths, are all converted to other uses. Perpetrators of these conversions include schools, multinational food outlets,

banks, religious authorities and other commercial interest groups. There are weak attempts at dealing with issue through conservation projects. However, these are few and are not able to prevent ad-hoc commercialisation of the main arteries of the city.

Demolitions are common in the city. However, the illegal land conversions and encroachments are not demolished equitably. The inequity is described in the diagram below.



Survey-eviction-demolition is the process of demolitions which are popularly perceived to be unjust as the process is highly insensitive to peoples' investment and cultural heritage. In addition, law and order situations are often created, as a result of peoples' resistance to demolitions. There are also accusations that many demolitions are initiated by the City Government in support of the land mafia.

A lack of coordination is observed amongst state actors responsible for planning and implementing demolitions which increase their violence and are a constraint to planning proper relocations.

Issues associated with **relocation** revolve around resistance from the affected population, disagreements on land compensation, inappropriateness of the newly proposed sites, particularly related to distance from work and its social and economic consequences.

It has become a common practice that the title of a property may be **transferred** and/or claimed through an allotment letter issued by an authority, society or developer, in favour of the original purchaser. Subsequent purchasers may hold a transfer letter. This gives rise to a critical question: Is it possible to legally create equitable mortgages by depositing such allotment/transfer letters? It seems not.

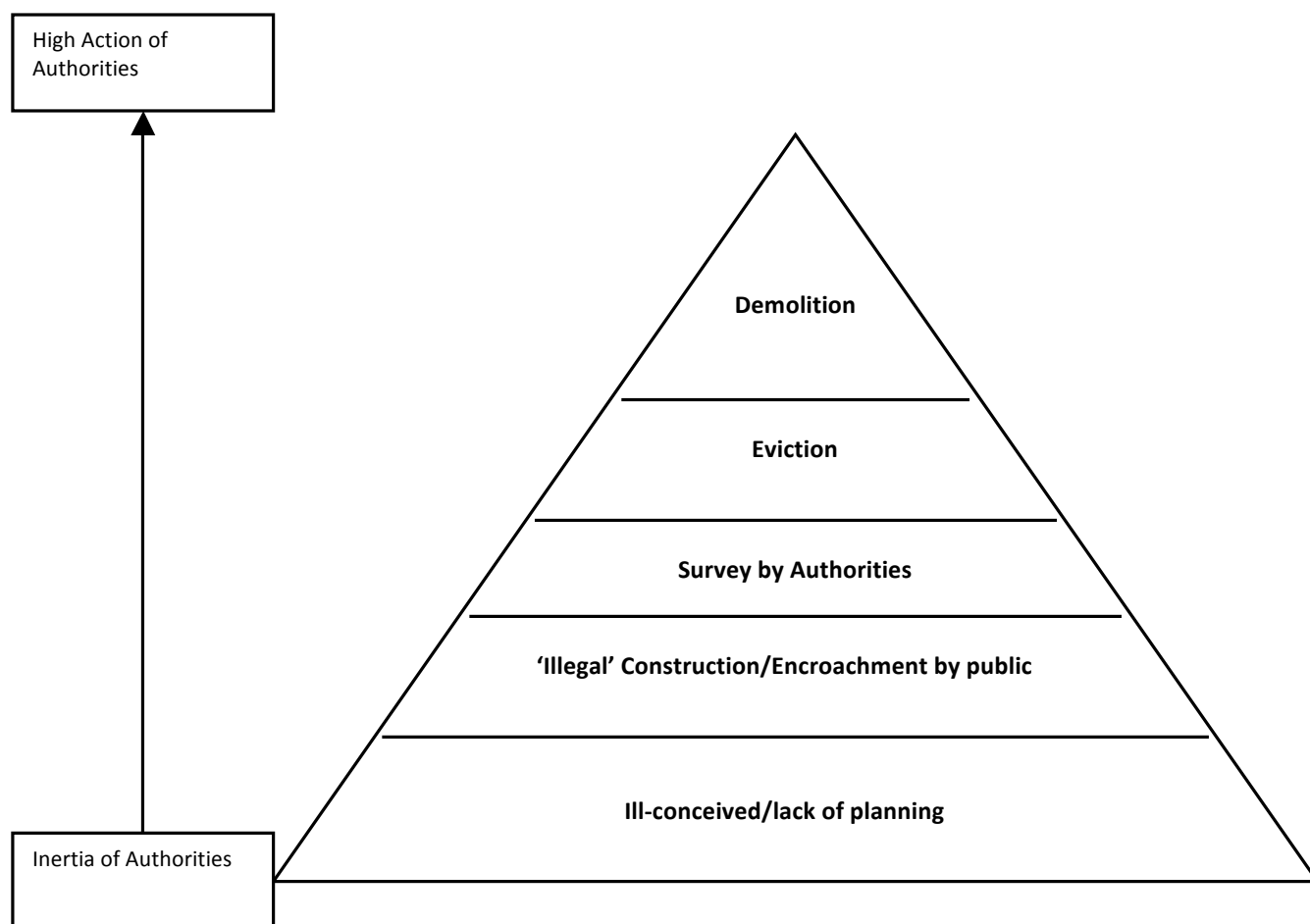
Evictions are carried out on the pretext of mega projects, the clearing up of encroached spaces and/or for making elite and middle class residential areas "secure". Efforts to free encroached space are selective and fail to meet any goals, especially when the encroachers themselves happen to be state institutions. Another form of eviction is where indigenous communities are forced to leave their native lands owing to the increasing demographic pressure within the city.

In Pakistan, the key issues of the eviction debate emerge in public discourse only after a controversial decision has been implemented. In the absence of any clear policy on the subject, evictions, as a verb and a process, are executed under the influence of powerful lobbies, themselves propelled by personal financial gain.

It was contested that the change in land-use for **commercialization** (which means providing higher FAR and a change from a purely residential to an office/shopping land-use) exerts pressure on civic amenities and utilities. However, amongst several manifestations of bad governance within the city, unplanned commercialization has emerged as a severely problematic issue with far-reaching implications. The scale of commercialization may be gauged by the fact that in 2004 alone, the KBCA forwarded 800 commercialization cases to the city government's Master Plan Group for action.

It has been observed that land owned by minorities provides a soft target for both encroachers and proponents of commercialization.

Illegal construction is common in Karachi. The city has 38,000 illegal buildings, including 259 high-rise frozen structures built in direct violation of building and town planning bylaws.⁹⁷ Most of these structures have appeared within the last decade. Any improvement and/or rehabilitation plan geared towards the city's built environment must begin with an understanding of the scale and causes of this 'illegality'. The following figure illustrates the vicious cycle associated with illegal construction.



Illegal constructions are regularly found on public utility and amenity spaces. Relevant authorities have initiated many surveys of illegal constructions and a number of builders have been black-listed. The gap between demand and supply in the housing sector is an oft-cited reason for illegal construction.

Owing to connivance with or the inefficiency of the KBCA, only 116 illegal buildings were reported in 2008 and that too only in three (Lyari, Saddar and Liaquatabad) of the 18 towns. There are as many as 27 illegal buildings on Shahr-e-Feisal, a major artery of the city, alone.

⁹⁷ . Discussed in the Daily Dawn Karachi of 16 October 2001 under news item "Over 38,000 irregular buildings".

There are numerous **heritage** buildings listed under the Sindh Cultural Heritage Act in 2001. Old buildings that reflect the city's multi-religious, multi-ethnic urban culture are under serious threat what with the increasingly mono-religious fabric of the city. Over time, owing to the differences in lifestyles, the increasing cost of land and the introduction of new building materials and techniques, houses planned in the old style are no longer considered a feasible option. In addition, owing to consistently increasing trade activities, the old city and its adjacent quarters, where most of the heritage is located, are subjected to immutable functional pressures. As a result, a substantial number of buildings in the area have been converted into warehouses, in order to service the needs of the port and wholesale markets in the vicinity.

Land Disputes:

Court orders are normally reported in the press and cover a range of land related issues. These include; i) Abuse of power by authorities;(ii) Restoration of the original status of a plot;(iii) Restoration of land rights to one whose property has been usurped;(iv) Cognisance of illegal demolitions;(v) Petitions against commercialization of residential units; and,(vi)Refunds in housing schemes.

It has been brought to the courts' attention that the KBCA and KDA do not follow standard operating procedures in regard to the demolitions of illegal structures, and that demolitions are carried out prior to the issuance of notice. In this and other contexts, cases involving the misuse of authority have often cropped up, and in response, the court has always taken stern action against the concerned officials. Other orders pertain to plots declared as 'amenity' by the court which have been illegally converted to other uses by the authorities themselves. In addition, builders and contractors have been charged for poor construction, after their buildings have collapsed, but they have managed to consistently evade court orders for being arrested.

Land grabbing has been witnessed all across Karachi. Many incidents have been made possible through the manipulation of co-operative housing societies, where land is grabbed only to be sold off at nominal prices or under fake allotment papers. In the process, countless innocent citizens are deprived of their life savings in hopes of acquiring a home of their own. This dispossession of land at throwaway prices also robs the national exchequer of revenue.

Areas earmarked for graveyards or surrounding graveyards are encroached upon, usually by professional grabbers, under the nose of the authorities. Action is not taken until residents create a hue and cry. Despite several warnings and operations graveyards remain a vulnerable target. Some examples of these graveyards are Mororo graveyard, Khamosh Colony graveyard, Maula Madadd graveyard, Gora Qabristaan and graveyards in District West that were reportedly under illegal occupation for a long time. This is in spite of the huge budgets that have been allocated to the city government for the construction of boundary walls, which have yet to come up, around these graveyards. Schools and amenity plots have been a regular target and continuous retrieval operations have remained unsuccessful, as the areas are re-occupied after the operations end.

There have been many cases in which members of the Army, Rangers, Police and Revenue officials have been found guilty in land grabbing cases. In connivance with the land mafia, MDA officials grabbed plots/different sectors of Scheme 25-A in Shah Latif Town. There has also been mention of collusion between the land mafia and members of the CDGK Staff towards grabbing plots of defunct KMC employees.

Over the years numerous **legislations and policies** have been put forward for uniformity in town planning, building byelaws, prohibition of illegal construction activities and encroachments, violations of law, regularization, disposal of land, documentation of mutation on property and high-rises.

It has also been mentioned that laws directed towards the protection of cultural land and architectural heritage are to be made more stringent and implemented strictly. To-date, however, no application of said laws has been witnessed.

Some of the policies that were introduced over the past decade may be summarised as follows:

- The Sindh Government has amended the Land Grant Policy to the effect that agricultural land may be allotted to all unemployed graduates. The Sindh Land Utilisation department has duly advised all unemployed graduates to register with their respective Deputy Commissioners. (2001)
- The Registration Stamps and Executive Property Wing of the Board of Revenue has strongly recommended the Sindh Government to ban the right to delegate authority through Power of Attorney for the sale, mortgage, exchange as gift, etc of all properties. (2002)
- In 2003, the Chief Secretary of Sindh asked the local government department to simplify the procedure of mutation and transfer of plots. Soon after, having completed the first phase of investigations into illegal disposal of amenity lands in the area, the CDGK partially lifted its ban on sale, purchase, mutation and other land-related transactions in Gulistan-Jauhar. There is no mention of the ban being lifted in any other area.
- With the devolution of the KBCA to the City Government in 2002, the Sindh Housing and Town Planning Department (with the approval of concerned authorities) amended the Karachi Building and Town Planning Regulations 2002. According to news reports, under these amendments, the CDGK approved a new commercialization policy in 2004 (for which six major roads were identified) to carry out the first phase of implementation of said policy. These roads included Shahrah-e-Faisal, Tariq Road, Rashid Minhas Road, University Road, Shahrah-e-Pakistan (Super Highway) and Nazimabad 'A' Road. A news clipping stated that this policy lacked essential area studies to justify the policy itself. In addition, it was formulated to "fill the pockets" of greedy officials and eventually ruin the physical and social environment of the areas where it was being implemented.
- In 2004, the Sindh Governor Dr. Ishrat-ul-Ibad urged members of the housing industry to launch low-cost housing schemes to meet the growing needs of the lower income groups. In a review meeting with the Association of Builders and developers (ABAD) he mentioned foreign investors' interest in the sector. There was no follow-up. Meanwhile, in 2006, the acute housing shortage was further aggravated by increasing land prices, the rising cost of building materials, higher interest rates on house building loans and their paucity, as banks tend to prefer short-term loans which are not suitable for housing.
- The government carried out a number of measures to make loans for housing more liberal but in spite of that, the financial needs of the housing industry have been estimated between Rs 64 to Rs 70 billion (US\$ 711 to 777.7 million). This finance for housing is not available in the market.

Over the years a number of **murders** related to land disputes have taken place. They are usually dismissed as ethnic violence and take place in the middle and lower income areas of Karachi. A number of estate agents have been the victims of this violence. For details, see **Appendix – 10: List of Murdered Estate Agents (2010 and 2011)**.

Katchi abadis are a direct indication of society's failure to integrate planning at the grass-roots level within the sphere of urban development. Authorities that accept and publish this fact are yet to provide

a proper low income housing solution. According to the All-Pakistan Katchi Abadi Association, in 2003, 36 million people (25percent of the country's population) were living in informal settlements were estimated to be living in 8,352 informal settlements across the country.

Many articles allege that *katchi abadis* are a haven for criminals, convicts and prostitutes and their demolition is the best solution. In stark contrast, housing experts and a number of politicians feel that they are the homes of our future politicians and all possible measures should be taken for their uplift. Their view is supported by visiting experts as well.

The katchi abadi upgrading work is divided between SKAA and the city government. Because of this duality, there is conflict between these two organisations. The supposed beneficiaries of the programme have to pay the cost of this conflict in terms of time, money and insecurity. In addition, many plans have been made, as in 2006, to build multi-storied flats in Sindh's *katchi abadis*, similar to those in Mumbai, India, with the aid of investors who had newly acquired land ownership. Up till 2008, these plans remained in cold storage even though the Governor had approved them. Since then, no related news clippings have been recorded on this issue.

Land Disaster:

Little material has been found in the newspaper clippings on disasters associated with land in Karachi. This is perhaps because enough importance is not given to this issue by the press. However, in 2009, there were several reports of the collapse of buildings. The areas where the collapse took place are Saddar Town, Liaquatabad Town and Mithadar. All the collapsed buildings were located in dense low and lower middle income areas.

Buildings in lower Sindh (including Karachi) have been classified as being unable to withstand earthquakes of moderately high intensity. This is because, it is alleged that most of them have not been built according to their original design drawings or have not been designed as earthquake resistant. However, buildings, civic utilities, important installations and public places in the city remained unaffected by the earthquake that struck Karachi in 2009.

Money Matters:

KBCA suffered a financial blow in 2001 and could not generate sufficient revenue to meet its needs. This is because the Sindh government imposed a ban on KBCA receiving charges on regularization of buildings, issuance of Completion Certificate, permission for additional floors and issuance of Occupancy Certificate. This was because of the province-city conflict as a result of the SLGO 2001 which created the CDGK, with the transfer of more areas to the cantonment boards in 2001. Again, the Sindh government lost authority to collect property tax from almost one-fourth of the city area.

In 2008, there was an increase in the charges for scrutiny fees for the approval of building plans of six main building types related to residential, commercial, industrial and amenity plots. The KBCA made these increases without issuing a public notice which is required under law. The KBCS also decided to levy infrastructure betterment charges on all buildings which are more than ground plus four storeys.

The revival of housing finance may be mapped through news clippings over the past decade. On average, profit margins and recovery rates are higher for mortgage finance than for project and corporate lending. Many organizations have been involved in attempts to revive housing finance. These include, PICIC (Pakistan Industrial Credit and Investment Corporation), the World Bank, IFC (International Finance Corporation) and the HBFCL (House Building and Finance Corporation Limited).

In 2005, a major policy shift within HBFCL resulted in the initiation of a few schemes focusing on lower and middle income groups, which constitute 95percent of the country's potential housing clientele. The corporation also began projects aimed at the retail and wholesale housing markets in order to meet the annual demand of 1.2 million housing units. That same year HBFCL conceived a program called "Sponsor a Shelter" whereby underprivileged house loan applicants would be financed through philanthropists.

In 2006, the National Bank of Pakistan planned to offer about Rs 2.5 billion (US\$ 27.77 million) in loans aimed at lower income groups for housing construction and purchase over a period of four years.

In 2008, senior bankers outlined a number of factors that were directly linked to the progress and expansion of the country's nascent primary mortgage finance market, ranging from the lack of documentation of the national economy to the increase in price of bank credit and land and the murky political scene.

4.7 Conclusions

Electronic and print media, along with the research, advocacy and activism that NGOs and independent researchers carry out for Karachi, detailed in the sections above, tell us about the massive land grab, land conversions and land politics in Karachi and the actors involved in them. These actors include the armed forces, the national and international corporate sector and local and provincial elected representatives. The cause of this state of affairs is due to weak governance. Weak governance on the other hand has increased slowly over time. It began with the politicization of governance institutions. This politicization increased due to the Afghan War against the Soviets in the 1980's, due to which Karachi became the centre of supplies for the war in Afghanistan. This war, and the following war of attrition, was funded to a large extent by the heroine trade from Afghanistan through Karachi to beyond.⁹⁸ Large sums of money were generated and in the absence of more lucrative options, were used for acquiring land legally or illegally, and funding real estate. To make these activities possible, representatives of government agencies and politicians were purchased. Thus, weak governance led to land grab, encroachment and land conversion which in turn led to further weak governance. So, it became a vicious cycle creating powerful nexus between various political, ethnic and criminal groups, who overtime have become increasingly ethnicized due to the complex politics of Sindh in general, and Karachi in particular.

As a result, serving ministers and members of the provincial assembly claim that as the police is on the side of the encroachers they cannot rectify the situation. Meanwhile, the Nazim supports violations of law in one case and condones it actively in another, in which it is claimed that he is personally involved. Meanwhile, decision makers are subjected to political pressures for providing illegal favours and nepotism related "requests".

Other issues that emerged are the fact that laws exist, but rules, regulations and procedures are often unclear and subject to interpretation by "discretionary powers". As a result, conflicting interests are difficult to resolve and departmental rows are common. Attempts at compromise through negotiations results in the stronger party dictating its terms which are often in conflict with law and the principles of equity and justice. Since higher income areas are politically strong, they benefit from this arrangement and the type of development it produces while lower income groups and minorities are the main sufferers.

⁹⁸. Ahmed Rasheed; *The Taliban*; OUP, Karachi

The citizens owning land, property or desirous of purchasing them, and the physical and social environment, are the main sufferers of the weak governance issues described above. Furthermore, due to the politician-developer-bureaucrat nexus, the public, even in the formal sector, does not have protection from the extortion rackets of developers and estate agents. The nexus also makes fake development projects and scams possible.

Another result of weak governance and conflicts over land is that land records no longer depict the real ownership and tenure patterns. This absence of proper documentation makes the implementation of justice through the legal process difficult and long, if not impossible. It also makes it difficult for families to access credit for house building, which is their due. Redress of disputes through courts of law is long, expensive and cumbersome and so affectees except decisions that often do not provide them with justice.

What Karachi needs is a major public sector reform. However, this is only possible if there is political will for it, and if all the political parties and ethnic groups, conflicting over land and votes, can rise above their party and group interests and arrive at a consensus in the larger interest of the city and its environment.

5. THE CONFLICT OVER LAND – 2: ACTORS, FACTORS AND THEIR RELATIONSHIPS (from Interviews and Surveys)

5.1 Introduction

For this section developers, estate agents, lawyers dealing in real estate issues, individual buyers and sellers of property, and persons looking for a home to rent were interviewed. Content of these interviews are given in **Appendix – 10: Interviews of Persons Involved in Real Estate Business and Transactions**. The appendix also contains a number of questions that still need to be answered regarding land related relationships and processes. These interviews are summarized in Section 5.2 below.

In addition, 25 persons each were served a questionnaire in i) middle and lower-middle apartment buildings; ii) lower income developer built housing; iii) middle income self built housing; iv) a notified katchiabadi; and v) an informal settlement not marked for regularization. An analysis of the results of the questionnaires is given in **Appendix – 11: Analysis of 125 Questionnaires Related to House Building and Property Purchase**. The appendix also contains a map identifying the locations where the questionnaires were served. What their analysis tells is summarised in Section 5.3.⁹⁹

5.2 What the Interviews Tell Us

The Association of Builders and Developers (ABAD) became very active in the 1970s when the big building boom took place in Karachi. The building boom was financed by remittances from Pakistani workers abroad. The government responded to this by providing land and finances to the builders for the construction of apartments. The KBCA provided “moral” standards for this activity. It had strong ethics, everyone abided by rules and regulations, and if there was corruption it was individual and not institutional. The ABAD members at that time were professionals. One might even say that they belonged to the educated elite. However, what they produced was far short of the demand.

⁹⁹. Tabulation of the questionnaire results and also samples of the questionnaire forms are available with Arif Hasan (arifhasan@cyber.net.pk) and/or Mansoor Raza (mansooraza@gmail.com)

In the late 1980s onwards the sale of cloth and yarn produced enormous profits. The garment industry also developed at this time and sewing machines were supplied in instalments, at high rates of interest, to stitchers and their contractors. All these profits were ploughed back into the construction industry by the cloth market traders and the sewing machine dealers. They were not professionals and were only interested in making profits at whatever cost in the minimum period of time. They did not hire professional staff and worked through petty contractors so as to minimize overhead costs. To get registered with the KBCA and to make their substandard designs and construction quality acceptable by it, they bribed the various departments and utility agencies. This process gave birth to what the Karachiites call the “builder’s mafia” which is shaping the architecture and physical environment of formally planned Karachi today. Much of what the “builder’s mafia” is doing today is made possible by the discretionary powers that some high ranking officials or politicians have in decision making. The result is unpunished over-bookings in development schemes, issuing of post-dated cheques (often not honoured) to buyers who wish to withdraw from the development schemes, various hidden overhead charges, and the illegal conversion of amenity land into housing estates. The Afghan War increased contraband trade enormously and its profits, including those made through the Afghan transit trade, were invested in real estate. As a result, contraband traffickers also became builders and part of the “builder’s mafia” strengthening it further and weakening the state land and building related agencies.¹⁰⁰

All builders now have to pay bribes to the KBCA for approval of their plans and for getting the necessary documents related to getting approvals and publishing advertisements in the print and electronic media for their schemes. In addition, they also have to pay bribes for acquiring utility connections. All these illegal payments are added to the cost that their customers have to pay. Developers claim that projects would be 25 percent cheaper for the public if such bribes were not demanded of them. 19 percent of the apartment price is paid to builders and/or developers, for the necessary documentation process for acquiring the apartment and the related utility connection charge. This is a hidden cost and is not mentioned in the advertisement.¹⁰¹

Middlemen tend to run 60 percent of profit transactions. The owner and the buyer seldom see each other except when the transaction is registered at the registrar’s office. Because of police corruption and the presence of armed gangs in the land business, developers have to cultivate good relations with the police. These can only be created by providing money or plots and apartments. Due to these relationships, the developers have an upper hand in dealing with disputes with their clients or not-so-well connected rivals. There are also disputes among builders, estate agents and their political patrons in land related transactions. These are settled by “power”, which means money, connections and the possibility of using the police for pressurising each other or simply killing the opponent and as such making an example of him. In the two years (2010 and 2011) 14 estate agents were killed. (See **Appendix – 12: List of Murdered Estate Agents**)

Land is released through the BoR or maybe allotted by the Chief Minister to the builder. These allocations are viewed as political and when the government changes they are often cancelled. As a result, their ownership becomes contentious and court cases are initiated. In the Gothabad Scheme, there are cases where villages which consisted of 0.8 hectares had their areas increased to 30 or 50 times through the paying of bribes. When investigations were initiated, the building housing the land records of the BoR was burned down so as to cover up the fraud.

There are a lot of fake housing and residential schemes in the city. Such schemes do not advertise in the print and electronic media due to the exorbitant costs involved. Therefore, one should not buy un-advertised schemes. Given the situation in Karachi, people prefer to live with their caste and ethnic

¹⁰⁰ . See Interview 1 in Appendix 10

¹⁰¹ . See Interview 2 in Appendix 10

groups. As such, a majority of plots in plot schemes are reserved for the ethnic or caste members of the developer.

Some developers also think that there are advantages in living on the periphery of the city. These advantages include no expensive daily shopping by housewives, less socialisation and hence fewer expenses. Also, one can excuse oneself from late night weddings under the pretext of the law and order situation in the city. Living in the city centre, the poor constantly compare themselves to the rich and become psychologically disturbed. So, there are advantages, apart from the issue of affordability, in developing schemes for low income residents on the city's periphery.

Approximately, 1 to 1.2 million plots have been developed along the Northern Bypass, mainly through the Gothabad schemes. One can purchase lots of land and get the necessary approvals by bribing the relevant government agencies. The price of a plot would be about 20 percent cheaper if such payments and those made to the utility agencies did not have to be made.¹⁰²

The builders acquire land from the KBCA and pay to obtain a lease. They carve out plots and sell them to the buyers on a sub-lease. They normally charge the buyers 150 percent of the price of this land in development charges which include utility connections and roads. A lot of invisible money is involved in this process. The buyer requires six documents to purchase land. To get these he has to pay bribes. The simpler process is to hire an estate agent and get him to fulfil the necessary formalities. Similarly to get a loan from the HBFC seven steps are required and at each step informal payments are required. Again, getting this done through an estate agent or middleman is simpler and cheaper and they have fixed rates for providing these services.

Builders are in partnership with the city's political leadership to whom they pay informally to acquire utility services and basic amenities. Earlier, army officers were employed by builders to facilitate the approval process with the KBCA and utility departments. Today, political party workers are employed for this purpose.¹⁰³

In informal settlements in the city centre or on the main corridors of movement, property transactions are few since the settlements are saturated. This applies to both those marked for regularization or not. Meanwhile, the house prices in the last two decades in these settlements have increased by over 1,000 percent. Meanwhile, the increase in the price of wheat in the last 20 years has been from Rs 17 per kilogramme to Rs 36. An estate agent in such a locality has little work. He feels that it is improbable that big developers will succeed in convincing people in his locality to abandon their houses by paying them large sums of money, especially since a number of facilities are available on site and because most of the residents work nearby. As such, most sale and purchase of land in the settlement is between the residents themselves. Through *bisi* committees¹⁰⁴, the residents keep improving their homes. However, whenever a transaction takes place, informal payments have to be paid by the estate agent to the relevant authorities to get it registered. These payments are charged to the seller.¹⁰⁵ If no estate agent is employed then the seller has to make the payments himself or employ a middleman who gets this done on his behalf for an afford fee.

In Lyari Town, which is one of the oldest areas of Karachi, there are a large number of neighbourhoods. Originally, they consisted of single or double storey stone houses. Lyari's neighbourhoods today have become or are becoming five to seven storey apartment blocks. The process is that a developer buys the plot of land on which the house stands. He converts it into an apartment block and in addition to the payment for the land he gives the owner one or two apartments

¹⁰². See Interview 3 in Appendix 10

¹⁰³. See Interview 4 in Appendix 10

¹⁰⁴. Community saving schemes

¹⁰⁵. See Interview 5 in Appendix 10

as well, free of cost. Most of these apartments, which are two room affairs, are sold on *pugri*¹⁰⁶ for Rs 700,000 (US\$ 7,778) to Rs 750,000 (US\$ 8,334), after which the rent is Rs 200 (US\$ 2.2) per month and which increases at the rate of 5 percent per year. Without *pugri* the rent is Rs 3,000 (US\$ 33.4) and it also increases at 5 percent per year. As a result of these apartment blocks, Lyari is becoming very congested with almost no open spaces.¹⁰⁷

Lyari is where Karachi began and is the home of Karachi's original Baloch population. The apartment trend, promoted mostly by Memon¹⁰⁸ developers, is converting the Baloch people into a minority in Lyari. This is resented and it is claimed that the current gang wars in Lyari are due to the emerging multi-ethnicity of the area and the availability of old warehouses (whose leases have expired) for real estate development.

Decision making in the Baloch community was traditionally by elders but it is now carried out by nazims and councillors. Influential people have become gun carrying individuals. The Baloch residents feel that the government does not want stability in Lyari since it is intimidated by the areas cultural and political affinity with Balochistan where an anti-federal government insurgency is taking place.¹⁰⁹

Land is acquired by developers from villages that have been regularized under the Gothabad Scheme. The developer is often involved with owners in the regularization process and foots the costs involved in it. He also pays the MDA informally after which he claims to have the MDA approval for a scheme. This payment ensures that the MDA does not interfere or comments on any such claim. Every strip of land secured by the developer has a set share of plots for the local police officials who provide protection to the development site. Meanwhile, the villagers are relocated to far off places and their lands are sold in the market as plots which are affordable to low income groups.

There have been shifts in the players involved in the development processes. Earlier, financiers of the land acquisition and development process, were primarily Pathans. They are now increasingly Mohajirs. Earlier, they came from financially strong and acknowledged background. They are now increasingly political activists backed by their parties.¹¹⁰

There are a number of lawyers who deal exclusively with issues related to land rights. Many of their cases relate to properties having been acquired through pressure and fraudulent means. Sometimes, low income settlements are also demolished in violation of law. In dealing with all these cases, court processes take years and thus people tend to prefer settling matters outside of the court, even if the terms are unjust. These lawyers are also threatened and attacked by the gunmen of the developers so as to dissuade them from continuing with the case. So, they have their own guards and gunmen. Lawyers working on such cases often buy police support both for their protection and for helping their clients in their cases.

Some interviews claimed that before devolution, bureaucracy used to religiously follow rules and regulations which the political representatives, who control the bureaucracy today, do not. They are corrupt and also favour members or supporters of their political parties. This is one of the reasons for an increasing violation of land and housing rights. Another reason, mentioned in other sections of this study as well, is the enormous capital generated from NATO supply trips, drug money and the Afghan transit trade, the operators of which are not only financially powerful but also have muscle power.

¹⁰⁶. See Interview 6 in Appendix 10

¹⁰⁷. For details, see Arif Hasan, AsiyaSadiq and Suneela Ahmed; *Planning for High Density in Low Income Areas: A Case Study from Karachi*; IIED, UK, 2010

¹⁰⁸. A sindh based trade community now active in formal real estate development

¹⁰⁹. See Interview 7 in Appendix 10

¹¹⁰. See Interview 8 in Appendix 10

Government land can only be acquired, legally or illegally, with the help of mid-level revenue officers. Meanwhile, allotted land can only be occupied with the protection of the police. Sixty percent of allotted plots in KDA Scheme - 33 are occupied today. Land grabbers rent entire families to illegally occupy land and premises. These families usually belong to the traditional “lower castes” who have a semi-nomadic culture. They are paid about Rs 15,000 (US\$ 167) per month during the period of occupation.¹¹¹

Persons renting out property have enormous problems because of the existence of rent laws that favour the tenant and also because of the long legal process in getting rid of the tenant. In addition, while renting, selling or purchasing property, one has to be very careful because the estate agents may turn out to be accomplices of aspiring buyers or renters. You might lose your property in the process or end up having an unmanageable tenant.

Then there are major delays in the construction of projects for which the buyer of a development project is not compensated. However, if the buyer is late in the payment of his instalment, he has to deal with very rude and aggressive reminder calls and threats of cancellation. Builders who are considered the most reputable in the industry and deliver on time are those who have sufficient funds acquired from the under-world to complete their projects in time.¹¹²

Interviews show that the urban poor who do not have the means to acquire formal or informal homes, are in a constant state of displacement. They find it impossible even to pay the advances required for hiring a space to live. Even if they acquire it, they can be thrown out at a months' (or even less) notice since rent laws do not apply to informal and/or unregistered transactions. Even if they do apply in some cases, the renters do not have the capacity to fight their “musclemen” landlords or go to a court of law. As a result, such renters are constantly in debt as they have to borrow for the payment for every advance. The lucky ones work for influential families or establishments as domestics or office boys, who provide them with accommodation or the means to acquire it temporarily. However, this is not a permanent solution.¹¹³

5.3 What the Analysis of the Questionnaires Tells Us

The localities in which the surveys were carried out are described in the Appendix – 11. Twenty-five questionnaires each in five different types of housing and of different income groups, is not a large enough sample, on the basis of which definite conclusions can be arrived at. However, some indications regarding property values, family size, aspirations, work place locations, and reasons for chosen the locality are available.

The surveyed settlements consist of i) Middle and lower middle class apartments; ii) self-built housing; iii) developer built housing; iv) listed katchi abadi; and v) an unlisted informal settlement. The first three are formal settlements, the fourth began as an informal settlement but is protected by being listed, and the fifth, which has a sizeable circulating population, has no chances of being regularized. The tenure status and origin of these settlements determine the differences between them.

In the formal settlements, people work far away from home in the central business district and its surrounding and link areas or in the formal informal zones. In the informal settlements, they work nearer to home or in the settlement itself. Family size in the informal settlements can be much larger (upto 22 members) than in the formal settlements. Some large families of upto 14 persons were encountered in the formal settlements as well. Again, in the informal settlement, which cannot be

¹¹¹. See Interview 9 in Appendix 10

¹¹². See Interview 10 and 11 in Appendix 10

¹¹³. See Interview 12 and 13 in Appendix 10

regularized, the majority of children do not go to school whereas in the formal settlements and in the listed katchi abadi, everyone goes to school. The formal settlements are uni-ethnic and uni-religious. The other two settlements have mixed ethnicity and different religions.

However, there are similarities as well. Almost all the respondents chose the area where they are living because it was affordable. In the listed katchi abadi and the informal settlement, family relationships and ethnic links also played a role in making a choice. In the formal settlements, the majority of owners purchased their properties from developers and estate agents and not from owners. In the case of the formal settlements, people “pooled” their resources together, took loans from friends and family, and purchased or built their properties. In all cases, except the informal settlement, the price of property has increased substantially. Maximum increases take place over a 10 year period. In the case of apartments, these increases have been upto 400 percent in a period of five years. However, some apartments purchased recently (over 1-4 years) have lost value. This is attributed to the deteriorating law and order situation in the area. The major increases in property prices have taken place in the case of self-built housing and in the listed katchi abadi. This is because they have the longest period of tenure ownership. In the case of the informal settlement, residents do not know the land value or even the correct name of the location in which they are living.

Other issues also surfaced. A number of residents in the formal settlements wish to move to higher income residential areas because they consider them “better” and cleaner areas. Others wish to move out to “safer” locations because of ethnic conflicts that have engulfed their neighbourhoods or on the routes that they use to and from work. They claim that ethnicity motivated crime has also surfaced in their areas. Residents of the katchi abadi, on the other hand, do not wish to relocate and the residents of the informal settlement have nowhere else to go. However, during the harvesting period, some of them do go back to the farm lands from which they were “evicted” to provide labour.

Then there are other trends as well. A sizeable number of residents in the formal settlements were dissatisfied with their children’s schools. This is perhaps because they compared their neighbourhood schools to the schools in the more affluent areas of the city which are regularly advertised in the media and through news items about activities in them. Also, a sizeable number of households in the formal settlements preferred a one-window shopping facility whereby they can optimize on the cost of travel and time. A sizeable number also preferred malls and mega-stores to the existing neighbourhood shopping facilities which did not provide them with the products that they required.

Another important finding came from the apartments. A majority of flat residents mentioned that they had moved to apartments to detach themselves from the joint family system since they considered it to be a major impediment to the education of their children.

Across all the surveys that were carried out, there is a constant pattern of avoiding or having reservations about mentioning the number of working members in the household. Similarly, a majority of respondents in all the surveys skipped the question concerning informal commercial activity in their homes. This is perhaps because of a fear of tax authorities and/or because of punitive action from the KBCA regarding commercial activity in residential areas.

Surveyors have made a number of observations as well. These are based not only on the questionnaires but on the conversations and discussions that took place with the respondents during the survey process. These observations have been articulated in a paper by one of the members of the survey teams who participated in the surveys in all the five settlements.¹¹⁴ The gist of their observations is given below:

¹¹⁴. Fawad Hussain, General Observations of Surveyors, unpublished note, February 2012

- Those who live in the informal settlement do not see any upward social mobility. One person mentioned that he cannot have a house on his own because he lost his lands in rural Sindh. He does not have any assets at his disposal. He mentioned that “we are living on day to day basis and barely make our ends meet. If the government can do anything for us, fine, and if not, we will remain like this till our death.”
- Apartments by virtue of their high density provide opportunities for political parties to recruit cadre and have a captive population. The surveyors were initially not allowed to conduct surveys in Ruffi and Saima Towers. The hurdles were young MQM boys mostly in their teens and their spokesman was a relatively older person. When permission was granted, it was observed that through these boys of a rough appearance, the MQM had established its authority over the residents of these two apartment complexes. (Observations from Ruffi and Saima Towers)
- Community and clan based dwellings suffer from xenophobia, prefer to remain secluded and tend to isolate the dwellings from outside influences. It results in social and political ghettoization of communities and hampers the understanding of other adjoining communities (Observation from Rizvia – III)
- Respondents of under-serviced settlements were more willing to spare time and express themselves as compared to their counterparts in relatively affluent settlements. Same holds true for the norms of the hospitality.
- People want to live in peace and in the areas where they can afford to live but at the same time they care about livelihood opportunities. Planners do not provide for this. (Various respondents)
- Community and clan based mechanisms for the provision of houses are gradually emerging as an alternative to government mechanisms. (Ali Tower and Rizvia – II)
- Generally people are wary of taking loans from banks as they think that they will be financially entangled for the rest of their lives. Also, they will be providing interest which is against their religious beliefs. (various respondents)
- Due to increase in cost of travelling and more consumed time for job related commuting, dwelling near job places is highly desired. (cross-cutting theme in various interviews)
- It was mentioned in the informal settlements that the demolition squad of city government demolishes the worship places of minorities first, though imam bargahs¹¹⁵ are an exception to this generalization.
- Unions/associations matters a lot, they negotiate with authorities and political groups in the interest of the settlements. (observation from Pahar Ganj)

5.4 Conclusions

The interviews confirm many of the conclusions reached in the previous section 4.7. The more important of these are related to the adverse effect of the discretionary decision influencing powers that are held by bureaucrats and politicians. They also reinforce that corruption has increased as a result of elected local government representatives replacing the old bureaucrat controlled system.

¹¹⁵. A gathering place of the Shia Muslim sect.

Interviews also tell us that there has been a change in the actors and nature of formal development since the 1980's. The old professional elite which controlled formal sector development has been replaced by traders and "traffickers". Legally acquired funds have been replaced for the most part by funds acquired "illegally" or through extortion. The availability of large funds have also informalized the formal sector processes. As a result, bribes in money and kind, are used to bypass or bend government rules, regulations and procedures. Due to this, developers can now make profits of over 150 percent on land transactions alone, though they may have to share some of these profits with others. In addition, the informal payments make the end-product more expensive to the purchaser by 25 percent. They also lead to the dependence of the purchaser on middlemen who can help him fulfil the documentation and approval process for purchasing, building, renting or acquiring a loan for home. All extra expenses are paid for by the purchaser, often through "hidden charges", of which he is not aware when he agrees to the deal for purchasing property.

The involvement of the "under-world" in the development business is also responsible for land and property scams and forcible occupation of other people's properties. At the same time, the informalization of formal processes has also resulted in providing a large number of plots to low income residents at affordable prices (which the formal sector is incapable of doing), although far from their places of work and from the city centre where the better social sector facilities are available. However, the informalization of the formal sector needs the protection of the police and the elected local government political representatives. Thus, justice is sacrificed for expediency and profit.

The old inner city areas, originally ethnically homogeneous, are being densified and becoming ethnically diverse. Both these trends are causing conflict and the emergence of gangs and crime. Meanwhile, in the lower middle income areas, many residents wish to move to areas which are conflict-free. Security issues are increasingly defining the choices one makes in choosing a place to live. Due to the security element, people prefer to live in neighbourhoods dominated by their ethnic or religious groups.

The new informal settlements are developing all over Karachi. They are different from the old. The residents of the older settlements chose to come to Karachi so as to improve their living conditions and to educate their children. They made a conscious choice and were often the better-off of the poor. The residents of the new settlements seem to have been pushed off their land because of corporate farming or due to natural and man-made disasters such as wars and regional conflicts. They contain circulating populations.

The planners and reformers will have to take cognisance of the issues mentioned above and that justice and solution of disputes through the legal processes is long and painful. They will also have to take cognisance of the fact that lower middle income and lower income families want better education and shopping facilities in their neighbourhoods and that, due to rent laws overtly favouring the tenant, it is difficult to acquire rented accommodation in formal transactions. In addition, they will also have to understand that among the more upwardly mobile families there is a trend to live in an apartment as a nuclear family and part ways with the extended family and/or clan system.

6. SUPPORT TO POOR COMMUNITIES AND AFFORDABILITY AND LOCATION ISSUES

6.1 Support Role of NGOs and CBOs to Poor Communities

A number of NGOs support poor communities in improving their physical and social environment. However, it is doubtful if more than 15 percent of Karachis' poor, estimated at over 50 percent¹¹⁶ of the city's 18 million population, benefit directly or indirectly from their work. A major part of this outreach is the result of the sanitation related work of the OPP-RTI with local communities and its advocacy work with the KWSB and the CDGK. Most of the NGOs interacted with operate through local CBOs and their or other social activists. Many of these communities have their local CBOs as well, which are often supported by NGOs. To understand what these NGOs and CBOs do and what impact they have on the lives of poor communities, interviews with a number of CBOs and NGOs were carried out in their survey areas and/or in their offices. Those NGOs and CBOs were chosen whose work (according to the knowledge of the researchers) had some relationship to land and housing or an interest in a future involvement with these issues. Group discussions with some of these NGOs and CBOs were also held in the form of a workshop, at the Department of Architecture and Planning, NED University, Karachi. The methodology of the workshop, the list of the NGOs and CBOs interviewed, their area of intervention, scope of work, and their profiles are given in **Appendix – 13: NGO/CBO Workshop Methodology and Profiles**. The conclusions and a synopsis of the discussions of the interview and workshop are given below.¹¹⁷

It was concluded that the work of most of the NGO's and CBO's operating in Karachi is issue specific. This work may be based in one or many locations. The issue that the NGO deals with and the location where it operates depends on the objectives of the NGO, the profession of the NGO leaders, the donor's funding directives and/or human resource and technical capabilities available. The NGO working in an area does not necessarily link up with the local CBO. This often results in a failure to meet stated objectives and in budget over-runs. Generally when NGO-CBO alliances have been formed, like between the NGO HELP and the CBO Clifton Welfare Organisation, working, in Shah Rasool Colony, very positive and concrete results have been achieved such as improvement in health indicators, literacy and social and physical conditions.

Most of the NGOs and CBOs are run by professionals such as doctors, engineers, sociologists, lawyers and multi professional concerned citizens. The priority of many of these institutions and individuals does not relate to improvements in physical conditions. As their priority is for poverty alleviation, health, education and social issues, often the social indicators in an area improve with very little change in the physical environment. The lack of this improvement limits the positive effect on the health and economic programmes.

NGOs and CBOs also tend to be charity based, not empowering the communities in the process. Due to this the communities sometimes become dependent on the NGO and loose the independence of action and organisation that they once had. This shortcoming is due to an absence within the NGO of vision and the capability and capacity for interacting with poor communities and building on their existing strengths. One of the reasons for this is that NGOs and CBOs do not interact with each other and learn from each other's experiences. OPP-RTI is the only NGO among the 10 NGOs and CBOs interacted with, which trains community members and CBOs in building and surveying related skills and promotes a housing related savings programme. It also helps bring diverse CBOs together so as to learn from each other's experiences.

Apart from Saiban and Aga Khan Programme for Basic Services, Pakistan (AKPBS,P), none of the NGOs worked on land supply. Saiban does it in collaboration with the state. Government provides land at a subsidised rate. Saiban plans the settlement and identifies the beneficiaries through a filtering process. The beneficiaries have to move onto the land immediately and construct a shelter. They pay for the land in instalments, develop onsite infrastructure and their home also incrementally. Saiban helps develop the off-site infrastructure and contacts NGOs for developing education and

¹¹⁶. Karachi Strategic Development Plan 2020; CDGK 2007

¹¹⁷. These interviews were conducted by Assistant Prof. Asiya Sadiq, Assistant Prof. Saeed-Ud Din Ahmed, Research Assistant Madiha Salam and Research Assistant Samya Shahid. The workshop was held on 01 December 2011.

health facilities. So far, four such schemes have been developed. The schemes have attracted international recognition but the methodology has not become government policy. As such, the impact of Saiban intervention is negligible in the Karachi context.

AKPBS,P on the other hand, works primarily for the betterment of the Aga Khan community who are the followers of the Aga Khan, who is the spiritual head of the Muslim Ismaili community. Cheap land is bought on the outskirts of the city. Small affordable units are built on it and given to community members. Here again, the scale is far too small to make a difference. The model does deliver, but would be far too expensive to replicate on a large scale. In the discussions in the NGO/CBO workshop, it became obvious that the majority of poor communities access land through the informal sector in the expansion of existing low income settlements, densification or in the new settlements being created by a new breed of informal developers, supported by political parties. This has been described in Section 5 of the study.

Credit is either given as micro finance by the NGO and or CBO in the area where they operate or they help the communities access it from commercial banks, HBFC or the local loan provider. Housing loans, however, are rare, though loans are often given for small enterprises. Whether these enterprise loans help in generating funds for improved housing or access to land, could not be ascertained. However, the *bisi* committee process does help in house improvements. It was not clear in the discussions whether it also helps in purchasing land. There is a need to develop a better understanding of the *bisi* role in this respect so that it can be promoted if found effective. Direct loans by NGOs and CBOs are rare and are usually given at low rates and on personal guarantees. A few NGOs and CBOs also help in organising savings groups which can operate as revolving funds. But the scale of all these operations does not benefit more than two thousand families per year.

NGOs and CBOs, except for the OPP-RTI, do not provide technical guidance for house improvement and construction. Nor do they provide assistance for constructing sanitation and water supply systems which poor communities often construct themselves. The result of the absence of technical advice is poor construction, wasted resources and bad environmental conditions. The NGOs and CBOs do not look into these aspects because it is not a part of their vision and nor do they have the expertise to do it. Engineers and architects have been contacted by some NGOs and CBOs but they are not comfortable working with low income communities in general, and in low income areas in particular. As a result, communities and individuals seek technical advice on housing design, alterations, and maintenance from the Thallawala (the local building materials provider), whose services include house layout, providing materials on credit and skilled labour.

The OPP-RTI trains local youth as para-architects. These para-architects have set-up resource centres that provide technical guidance and supervision for house building and sanitation. The organisation also trains local masons and has upgraded the thallas by giving loans so that they can mechanise and improve their production. The OPP-RTI has also introduced new building materials and components which have reduced costs. In figure terms, the OPP-RTI intervention has reached over 100,000 families in sanitation in Orangi alone and has influenced many other Karachi neighbourhoods.¹¹⁸ However, it has not made a significant impact on the overall provision of housing in Karachi.

Indirect benefits are provided to the poor through the work of NGOs like Shehri. This organisation has been fighting encroachments on amenity plots, illegal land conversions, and violations of building byelaws and zoning regulations by builders, developers, corporate sector institutions, and the military. Its struggle for a better physical environment, in many cases has benefitted poor communities and the larger urban environment in which they live.

In spite of the fact that the NGO/CBO sector, for the most part, does not deal with the land and housing issue, it does support communities in organising themselves to negotiate with government agencies. These negotiations are for access to infrastructure and development funds and packages that are offered by the government, housing rights and struggle against evictions.

The discussions at the workshop pointed to the necessity for the NGOs and CBOs to replace their charity model mindset with respecting the assets that the communities have and building on them so

¹¹⁸. For details see OPP website; www.oppinstitutions.org

as to empower them. For this they require an upgradation of their technical and social skills. To be effective on a substantial scale, they also need to come together. It was also agreed at the workshop that NGOs and CBOs cannot possibly replace the state which is the major land owner and has the potential of being a provider for land and housing for poor communities. The NGOs and CBOs can help in this process and their role needs to be defined so that a more equitable land policy and its implementation can be arrived at.

6.2 Affordability and Location Issues

To understand affordability issues related to land and housing and location preferences, four types of residents in low income settlements were interviewed and questionnaires to them were served. Twenty-seven residents were renters, 74 were house owners, 52 were people who were living in relocation settlements, and 57 in settlements under-eviction threat. The interviews for renters and house owners were carried out in different types of settlements. These included informal settlements that have been regularised, formally planned settlements and settlements whose status is undefined.¹¹⁹ Location of these settlements is given in **Map – 10: Location of Poor Settlements, Informal Businesses and Hawkers**. They include developed settlements, those which are developing, and those which are under-developed.¹²⁰ Two relocation settlements and two settlements under-eviction threat were also a subject of surveys. In addition, 30 informal businesses¹²¹ and 27 hawkers in different locations were also surveyed since they provide employment to the poor and also cater to their needs which formal sector shops and businesses do not. Details are given in **Appendix – 14: Socio-economic Survey of Poor Settlements, Informal Businesses and Hawkers**, which contains a comparative matrix for surveyed areas, a questionnaire analysis, and profiles of the surveyed settlements.¹²² The surveyors have also interviewed area residents, informal businesses and hawkers and their observations form part of the details given below.¹²³

There are strong similarities between the residents of these settlements, the settlements themselves, and their socio-economic situation. Family size varies between six to ten members with about 20 percent having more than 10. However, family size of the renters is between five and seven. Majority of the respondents have been living in their homes for more than 20 years except for the renters and the relocation settlements. Twelve out of 27 renters have been renting their present accommodation for less than one year and nine out of 27 between one and five years. This shows a considerable turn over of renters and their vulnerability. Most of the residents (renters and owners) have moved from other areas of Karachi to these locations. Seventeen of the 74 house owners have come from the rural areas and 21 of the 57 respondents in the settlements under-threat. These rural migrants came to Karachi more than 20 years ago.

All the settlements (irrespective of tenure status) have similarly constructed homes consisting of load bearing concrete block walls, corrugated iron or asbestos roofs or T-iron and pre-cast concrete roofs. However, among the house owners, 14 out of 74 have reinforced concrete roofs. The vast majority of homes are on 50 to 80 square yard plots and are single storey except for 24 homes (out of 74) belonging to house owners, six out of 27 where the renters live, and 25 out of 57 for settlement under eviction threat. A substantial number of houses are one or two room affairs (22 out of 27 for renters; 16 out of 72 for owners; and 28 out of 57 for settlements under-threat). The majority of the rest have three to four rooms (4 out of 22 for renters; 42 out of 72 for owners; and 19 out of 57 for settlements under-threat). Fifty percent of the house owners have documentation of ownership whereas the others have no “legal” ownership papers. The relocation settlements, which have proper leases, are an exception to this. Also, only 10 of the 74 house owners have taken formal permission to build their homes. The rest did not know that this was a requirement or are “encroachments” so they require no papers. They do, however, keep their utility bills as proof of their period of tenure which helps in the regularisation process, whenever it might take place. And an important factor, all respondents prefer a “one unit” house on a plot they own rather than an apartment.

¹¹⁹ Regularized are those which were katchi abadis before; formally planned were planned by development agencies; and undefined status are katchi abadis which have not yet been notified.

¹²⁰ Developed are those who have acquired local government-supported infrastructure; developing are acquiring it; and under-developed have yet to acquire it.

¹²¹ Those businesses which are not registered in land-use plans as such or in taxation registers

¹²² Detailed tabulation can be had from Arch. Saeed-ud-Din Ahmed at the UDRC at NED University, Karachi

¹²³ Interview of the survey supervisors, Younis Khan and Amir Iqbal, by Arif Hasan on 30 May 2012

Other similarities and differences also emerge. The renters are for the most part skilled and unskilled workers while among the house owners there are also rickshaw drivers (who own the rickshaw), a small percentage of white-collar workers and shop keepers. The vast majority of the surveyed households walk to work except at the relocation settlements which are far from the city and owner households (9 out of 74) who have white-collar jobs in the city. This independence from transport usage results in major savings. Another similarity is the phenomenal increase in property prices. For house owners the average increase since the property/plot was purchased is from Rs 100,000 (US\$ 1,100) to Rs one to 10 million (US\$ 111,110) whereas at the settlements under-threat it has increased from Rs 30,000 (US\$ 333) to Rs 500,000 (US\$ 5,555) to one million (US\$ 11,100). The renters and the respondents from other settlements chose their areas of residence because they were near their places of work, they were affordable and because their relatives lived nearby. The relocation settlements of-course had no choice. Again, the respondents came to know of the properties through their relatives and friends who helped them in striking the deals. They did not use estate agents or market mechanisms for purchasing properties because of a lack of trust in market operators and also because of the expense involved.

The majority of renters earn between Rs 7,000 (US\$ 78) and Rs 15,000 (US\$ 156) per month. The majority (14 out of 27) pay a rent of Rs 2,000 (US\$ 22) to Rs 4,000 (US\$ 44) per month for two rooms and 18 pay less than Rs 2,000 (US\$ 22). Thirteen out of 27 rent only one room and five to seven persons live in it and so the congestion level is very high. The contracts with the owners are verbal and can be terminated at a month's notice as a month's rent is paid in advance. Written contracts are not required as the owners of the property are the "musclemen" of the area. Almost all the renters (20 out of 27) see no way of owning a house themselves. Ten out of 27 have never even thought of it. In spite of this, 21 out of 27 of the respondents would not like to move to a non-regularised informal settlement because they consider it to be illegal and insecure. So, they prefer to rent. Fifteen respondents can raise a down-payment for the purchase of a house but it varies between Rs 10,000 (US\$ 110) to Rs 30,000 (US\$ 330) which cannot help them in securing a formal loan and they have no assets that can serve as a mortgage. Also, they cannot pay more than the rent they are currently paying as instalments for repaying the loan. Seventeen out of 27 respondents cannot even save any money at the end of the month.

The house owners contain some upwardly mobile and better-off households. As mentioned earlier, there are white-collar workers among them and 38 out of 74 plots are more than 80 square yards. They have also raised funds for building their homes. These funds came from savings (38 out of 74), loans from relatives and friends (19 out of 74), sale of assets (16 out of 74), and two have taken loans from the HBFC as well. Fourteen of the 19 loan takers acquired these loans without mortgaging their assets or properties. Also, in contrast to the general rule, five have purchased their properties by involving estate agents. Most of the houses/plots were purchased through cash deals and only 13 out of 74 purchased the property on instalments. Of these five had to make down-payments of around Rs 10,000 (US\$ 110) while seven paid between Rs 50,000 (US\$ 555) and Rs 100,000 (US\$ 1,100). Instalments varied between Rs 1,000 (US\$ 11) to Rs 10,000 (US\$ 110) each. None of the respondent renters could have purchased a house on these terms.

As mentioned earlier, 50 percent of the house owners have documentation of ownership. Most of the property papers (45 out of 75) are sale deeds on court stamp paper. Housing finance banks do not accept these documents for issuing loans and instead require a proper lease from the land owning authority. Only 11 out of the 74 respondents have leased documents. Here, it is important to note that about one-third of the 74 respondents live in formally planned and/or regularised settlements and that the large number of possession of ownership documents in the survey is because of this.

Fifty-two out of 74 respondents said that the construction of their house took one to ten years time and only 15 of the 74 respondents completed construction in one year. Fifty-six of the 74 respondents purchased material from the neighbourhood thallawala and 21 of the 74 respondents acquired material on credit from him. This shows the importance of incremental development and of the thalla as a source of material, technical assistance and credit for house building.

Two settlements, displaced by the construction of the Lyari Expressway along the Lyari River Corridor, were also surveyed. Questionnaires were served to 52 residents. The Expressway relocation began in 2002. Area residents were given an 80 square yard plot in the relocation

settlement and Rs 50,000 (US\$ 556) and asked to move immediately after demolition of their homes. One of these settlements is about 20 kilometres from their original settlement. The other is about 12 kilometres but is in an under-developed area not serviced, until recently, by public transport. Most of the residents have constructed a house with one to two rooms (38 out of 52). Previously, 32 out of 52 had larger plot areas. However, construction materials and roofing is identical to their earlier homes.

Shifting to the present locations has two advantages. One, that they are now formal property owners whereas before they did not have a lease. And two, the area is planned and has more open spaces and the potential of having a better physical environment. Twenty-eight of the 52 were renters before moving here and they have benefitted by becoming house owners and saving on rent.

However, there are many disadvantages, both in the shifting process and in living in these settlements as compared to before. On eviction one could not shift immediately since there was a plot of land to shift to but no house. As such, 28 out of 52 respondents rented a house while they constructed their shelter on the new plot. This was an expensive requirement. The construction process, at an average, took about five months. At the new settlement, transport to and from work has also become a time consuming and expensive matter. Forty-seven of 52 families have been adversely affected by it. Previously, to reach work places, markets, education and health facilities one could walk or take a local neighbourhood transport. This is no longer possible. Then, although primary school facilities are available in the new settlements, college and hospital facilities are not.

Ethnic, clan and neighbourhood affiliations have also been badly damaged. This can be seen by the fact that when they moved here, food items on credit were not available at the local shops. This is a common practice in most low income settlements where the customer pays at the beginning of every month. But now, after a decade, purchase on credit is becoming possible. But this is not the case with credit availability from the local thalla. Thirty-eight out of 52 respondents said that such credit was not available. Thirty-nine out of 52 respondents have also said that the *bisi* system has decreased as a result of dislocation since the close ties of mutual trust that the *bisi* required have been ruptured. However, the most serious problem that has been raised by the respondents (47 out of 52), is the inability of finding part-time jobs in the area. Previously, not only were jobs available but they were in the neighbourhood or near the places of work in the city. Given transport costs and travel time involved, these old part-time jobs are no longer beneficial. This is one of the reasons that 50 percent of the respondents give for their decreased incomes.

Then there are administration related issues as well. The new settlements were to be developed, monitored and maintained by the Lyari Expressway Rehabilitation Project (LERP). LERP set-up offices in these settlements. According to respondents and area residents, once the evictees moved in and settled, LERP staff started to illegally subdivide the green belt and amenities and sold them as plots in the open market. Similarly, water supply tankers disappeared and so did teachers of the newly constructed schools. Constant petitions by the local communities to the officials and politicians regarding these activities of the LERP staff have remained unattended to. The respondents believe that this is because the LERP staff have political patronage since they share the proceeds of this illegal activity with their superiors and with the local politicians. Another reason given for a lack of interest on the part of the administration to their petitions is that the community's relationship with the town nazim and higher government officials has declined as a result of their moving out from the inner city. The relationship with ward councillors, however, has improved, but then they are not very effective in dealing with larger issues.¹²⁴

Just over 4,600 households in settlements along the existing circular railway in the city are to be relocated as a result of the **Karachi Circular Railway (KCR) Rehabilitation Project**. This is an estimate by the Project. Fifty-seven respondents were served questionnaires in four informal under-eviction threat settlements along the circular railway track. The circular railway now passes through the densely populated areas of the city. The majority of the respondents are labourers and hawkers with 15 out of 57 having office jobs. The majority of the respondents walk to work since 34 out of 57 work within the settlements. Schools of their children (40 out of 57) are also within walking distance. Thirty-two of the 57 have utility connections and 39 have sale agreements on court stamp paper with the persons they purchased the land from.

¹²⁴. Ibid

The majority (25 out of 57) did not express their views as to whether the KCR should or should not be built. However, they agree that it might be beneficial for the city. Nineteen did not think it should be built at all and they were not willing to vacate their land at any cost. Thirty-two out of 57 do not wish to be a part of any government's scheme relocating them out of the city. But they are willing to move if the government compensates them at market rates for their property. Average property values today work out at market rates to an average of Rs 600,000 (US\$ 6,667).¹²⁵ The total value of the 4,600 properties works out to Rs 2.76 billion (US\$ 30.66 million). This is an option that the government can explore and save itself from a politically unpleasant task and the residents from beginning life in a location not of their choice in hospitable environment.¹²⁶ Another important consideration is that 34 out of 57 respondents have claimed that they will continue to live in the neighbourhood of their settlement even after they have been evicted. This shows the importance of place and its relationship to work areas and social sector facilities.

Thirty informal businesses and 27 hawkers at different locations were surveyed. In addition to the survey forms, conversations and interviews with them and their neighbours were also held by the surveyors and their supervisors. The informal businesses were surveyed in five settlements. Two of these were low income settlements surrounded by posh localities; two others were developed low and lower middle income settlements with cottage industries in them; and one was a poor under-developed settlement consisting of a large minority of migrants from Bangladesh.

Many businesses in the settlements surrounded by posh localities catered to them. For instance, the businesses manufactured handicrafts and utensils, such as wooden spoons, clay cooking and flower pots, and paintings by artists who are residents of the settlements. In one of these settlements fake medicines are also manufactured. Other businesses consist of eating places for local residents. The food in these establishments is manufactured by the women of the locality. In addition, a lot of residents in these settlements, especially women, work as domestics in the neighbouring posh locality.¹²⁷

In the settlements where cottage industries and skills are available, the businesses consist of weaving, thread production and the manufacture and sale of leather goods, such as, slippers, wallets, and jackets. These are supplied to the Karachi wholesale markets. In the under-developed settlement the main informal business is supplying prawns and shrimps to families for cleaning purposes and fishing nets for being repaired. In some cases, the businessmen have also established shacks where this work can be carried out instead of in people's homes.¹²⁸

Twenty-eight of the 30 respondents live nearby their businesses and 11 of these walk to work. The majority of the businesses are on 10 to 60 square yard plots and only two of 30 were acquired through estate agents. Twelve businesses own the property from where they function and 18 are rented. It is interested to note that over the last decade rents have hardly increased. Only two of the 30 businesses pay regular *bhatta* (bribe extracted through coercion). Unofficial payments, however, are made periodically to political parties as a part of their unofficial fund-raising campaigns. The main complaint of the informal businesses is related to power outages, irregular water supply, growing insecurity because of crime and the absence of affordable credit required for the expansion of business.

Hawkers were also surveyed and interviewed in five different settlements. One of these is near a posh locality. It has become a centre for sale of fresh fish which is purchased by the residents of the posh localities. Another settlement is next to a middle income formally planned and developed area. The majority of hawkers here are along the footpaths and cater to the need of the residents. They sell meat products, vegetables and fruit. They have established a union, purchased an electricity generator collectively, and share its running costs and collectively dispose off their waste and keep their area of operation clean. The city government has "regularised" them. They pay Rs 30 per day as tax to the union council. Some of them have doubts that this goes to the union council. They feel it is

¹²⁵ . Worked out from the average market value by the respondents of their homes

¹²⁶ . The cost of rehabilitation for the Lyari Expressway Project affectees worked out to Rs 8.7 billion for 26,071 families. The government is considering a similar package for the KCR affectees. (See, Lyari Expressway Resettlement Project and Karachi Circular Railway Rehabilitation Project website).

¹²⁷ . Interview of the survey supervisors, Younis Khan and Amir Iqbal, by Arif Hasan on 30 May 2012

¹²⁸ . Ibid

pocketed by the officials and that this scheme is fake. However, it provides them with the protection they need.¹²⁹

An important location for hawkers is Saddar. It is the centre of the city and most of the intra-city transport passes through it. Hawkers have been in Saddar since independence when refugees flooded the city. They have grown since to occupy footpaths and even road space. All attempts at relocating them have failed. They service the commuting public, the vast majority of which is poor. The hawkers here sell old shoes, second hand clothes, caps, trinkets, and cheap cooked and un-cooked food items. The hawkers are of different ethnicities and they are protected by their ethnic political parties to whom they pay protection money. To serve questionnaires to the hawkers of Saddar, the surveyors of this study had to seek permission from the political party to which the hawkers owe allegiance. Without such permission, the hawkers were not willing to cooperate.¹³⁰

In the other settlements, the hawkers, for the most part, sell food items and their customers are the local population. A special mention has to be made here of newspaper hawkers. They exist in all settlements and have a citywide union. They also have the backing of powerful media houses. As a result, they have not been the affectees of periodic hawker eviction campaigns that successive local governments have launched in the past.¹³¹

Twenty-one of the 27 surveyed hawkers work and live in the same locality. Nineteen of the 27 walk to work. The majority of them (14 of 27) say that the best location for hawkers is near and around markets since a lot of customers come here. Hawkers who have a permanent space or a cabin collectively employ watchmen (13 out of 27) to look after their place of business and stored goods at night and on holidays. Some hawkers do not take their push carts home but chain them together at the location of work. These push carts owners also employ watchmen.

Watchmen alone cannot guarantee the safety of goods and the protection of the location. This is guaranteed by the paying of bhatta. Three of the 27 respondents claim that if they do not pay bhatta, they will be tortured. Seven say that they will no longer be able to work in the area and two say that they will be dislocated. The others refuse to enter into a discussion on the subject. Bhatta, according to the respondents, is paid to the local government, police or the political parties in control of their work area.¹³²

6.3 Conclusions

A number of conclusions and policy directions emerge from the discussions in the two sub-sections above. These relate to the role of NGOs and to physical planning and housing credit. NGOs and CBOs serve a very small number of population in the provision of housing. They are mostly involved in social sector issues such as education, health and micro-credit for income generation. From the discussions held with them, it appears that most of them are unlikely to make a difference to the existing housing provision demand-supply gap. This means that the state has to play a more appropriate role. Individual NGOs are unlikely to bring about such a change in state policy but a network of NGOs pushing for it can make a difference. It has also emerged that architects, as a rule, do not wish to work with low income settlements. A change in the manner in which they are educated is required.

The surveys on affordability and location issues point to a number of directions in a housing and land policy that could benefit low income communities. The surveys make it clear that all construction technology in low income settlements, irrespective of their tenure status is the same, consisting of pre-cast concrete block walls and, to begin with, metal or asbestos sheet roofs. Almost all houses are built incrementally and there is a heavy dependence on thalla for technical advice, purchase of materials and often for credit as well. These findings give support to the OPP-RTI's housing programme which revolves round the upgrading of the thallas' products and its technical capacity and capability, supported by OPP-RTI trained "para-architects" and resource centres.¹³³

¹²⁹ Ibid

¹³⁰ Ibid and also Arif Hasan, ChritophePolak, AsiyaSadiq; *"The Hawkers of Saddar Bazaar"* etc.

¹³¹ Ibid

¹³² Ibid

¹³³ For details see OPP website

The surveys also make it clear that low income groups prefer informal deals in property matters even when formal processes are available. This is because of a lack of trust of market operators and government officials and also a discomfort in dealing with them. In addition, information regarding formal processes is not easily available. To overcome this, a poor-friendly culture needs to be developed in officialdom. To make market processes friendly, information should be made available and that too in an easily accessible and understandable manner. The HBFC website attempt to do this is a step in the right direction.¹³⁴

People prefer one unit houses rather than apartments. This is because they can increase their home incrementally and also establish some economic activity in them.¹³⁵ They also prefer to live near their place of work and relatives and in locations that are affordable. Living near the place of work saves their travel costs and time. Being next to their relatives strengthens their social, physical and economic security that dependence on each other provides. It is interesting to note that the majority persons having informal jobs work within their settlements or near them, while those having formal office jobs travel considerable distances.¹³⁶ People also prefer to rent rather than live in settlements that have an insecure tenure.

Meanwhile, relocation settlements surveyed have caused four types of damage to the relocated communities. They have increased transport and utility expenses; decreased job opportunities and destroyed community support systems. In addition, social facilities are no longer available in the settlement as they were before. A major issue is related to the time gap between being evicted and building a home in the relocation settlement. This causes immense problems and expense related to children's education, acquiring rented accommodation for the period the house is under-construction, and subsequently moving into an incomplete house. Another problem is related to the inefficiency and corruption of the relocation project staff at the site offices and their illegal subdivision sale of amenity plots. Both these issues can be resolved if an organisation of affectees can be created to negotiate the eviction and rehabilitation process.¹³⁷

So, to cater to the above mentioned requirements of low income groups, they need to live near the city centre or their work areas. Land in these locations is available as discussed in Section 2 of the study. The report of the Federal Government's Task Force on Urban Development also recommends the use of state land in or in close proximity to the city centre, for the development of low income settlements.¹³⁸ High density planning in these locations can create settlements that can grow incrementally, near work places. Densities can be increased to more than two times of what the relocation settlements surveyed are providing and in the process they would occupy 50 percent of the land area as well. With increased densities, the cost of development can also be considerably reduced.¹³⁹

The most vulnerable group surveyed was that of renters. It is obvious that they were renters since they could not formally or informally own a house in an affordable and appropriate location. Housing census statistics show that the number of renters is increasing in Karachi.¹⁴⁰ From the survey it is obvious that if they have to pay both rent and transport, they cannot possibly feed themselves and their families. There is also the issue of congestion as the majority of them, consisting of five to seven family members, live in one room. With their incomes and given the fact that they have no savings, they cannot possibly own a house at any time in their lives. Policy has to address the problems of this most vulnerable of all groups.

¹³⁴ . See HBFC website

¹³⁵ . Arif Hasan, AsiyaSadiq, Suneela Ahmed; *Planning for High Density in Low Income Areas: A Case Study from Karachi*; IIED, UK, 2010

¹³⁶ . This also born out from the survey results for [Section 5.3](#)

¹³⁷ . On the pattern of the National Slum Dwellers' Association and SPARC supported communities being relocated by the World Bank funded improvements to Mumbai's suburban railway system

¹³⁸ . Planning Commission; *Task Force Report on Urban Development*; Government of Pakistan, February 2011

¹³⁹ . Arif Hasan, AsiyaSadiq, Suneela Ahmed; *Planning for High Density in Low Income Areas: A Case Study from Karachi*; IIED, UK, 2010

¹⁴⁰ . Government of Pakistan Census Reports

Almost all the informal businesses surveyed had some relationship with the skills available in the areas where they were located. The majority of the operators also lived in the same or adjacent areas. The majority of jobs in Karachi are in the informal sector and as such these businesses are important. They require better utilities, informal credit and improved skills to expand their business and create more jobs. Surveys also established the importance of hawkers, not only for low income settlements but also for middle and high income localities. There is also a need to develop proper byelaws and zoning regulations so as to provide secure place for hawkers in new public and private development projects. The regulations must also evolve rules and procedures to accommodate hawkers in a secure manner on existing public space, without causing disruption to traffic and/or pedestrian movement.

7. TOWARDS A MORE EQUITABLE LAND POLICY

The findings contained in the previous sections of this study establish that laws and statutes that can support the development of an equitable land policy do exist to a large extent. However, they require rules, regulations and procedures that can overcome the inequitable manner in which these laws and statutes are applied. Proper monitoring of the processes can lead to identification of problems in the implementation of these laws and this in turn can lead to the development of more appropriate rules, regulations and procedures. This has not happened in Karachi and as a result, citizens, the market and the planning process is adversely affected. In addition, there are the problems associated with governance related conflicts and turf wars between different political parties and ethnic groups and the involvement of criminal gangs in these conflicts.

Evictions in Karachi cause considerable suffering to the affectees. However, if the processes spelt out in law are followed, this suffering would be somewhat reduced. But then, there is a lack of coordination between the different agencies, such as the land owning entities and individuals, local government/cantonment board officials and politicians, and the communities themselves. Very often the police acts on its own because of pressure from the bureaucracy, politicians and/or the land owners, without notifying the community 30 days before demolition, as required in the law.¹⁴¹

In the case of the regularisation process for informal settlements, conflicts between SKAA and CDGK and the land owning agencies make the quick notification (formal acceptance as a legal settlement) of katchi abadis problematic. A resolution of such conflicts is not a priority with the protagonists and a resolution may take well over a decade. This creates considerable insecurity in the communities living in these settlements. Often, settlements are notified for regularisation and later it is discovered that the land titles were unclear and the notification is withdrawn. In addition, the leasing and regularisation processes are not properly understood by most communities. The balloting system for allotting plots, also creates problems because the advance payments submitted by the unsuccessful applicants remained blocked, sometimes for well over a year and retrieving them involves fulfilling a number of time-consuming formalities.¹⁴²

The problems for both the eviction and the regularisation process can be overcome only if they are analysed and accepted, so that the necessary rules and regulations and the process of overseeing that they are implemented are established. Again, for the resolution of the hawker's issue, the link between commuters, poor communities, and the hawkers has to be accepted along with their importance to the city economy, before the necessary zoning regulations for providing them space can be developed. The acceptance of these issues and of the need to overcome them so as to

¹⁴¹. For an example see [Section 4.4](#)

¹⁴². For details see [Section 5](#)

improve the living and economic conditions of poor communities and the physical and social environment they live in, is the real challenge for implementing a reform agenda.

Land for “public good” is acquired under the Land Acquisition Act 1884. According to the Law, all legal property owners have to be compensated at market rates plus the additional damages that they may suffer as a result of the demolition of their properties and relocation. Those who have proper leases and freehold documentation are considered for compensation. However, for “priority” projects, even these provisions are sometimes not followed and the affectees seek relief from courts through a long and expensive process. Then, there are communities who have been living in various rural and urban locations for centuries who do not have any “legal” documentation of ownership. They have to fight long battles to get their ownership rights established. Government has also started providing compensation and relocation plots to residents who do not have ownership documents and are technically speaking “encroachers”. This compensation is ad-hoc in nature and is not provided in accordance to any law. Changes in the Land Acquisition Act and its proper implementation are required to address the above mentioned issues.

The market also faces a number of constraints in functioning freely and effectively. For one there is no transparency in the land allotment process carried out by the local government and land owning agencies. The auction of public land by government agencies is also manipulated. Discretionary powers held by politicians and government officials are also used to make allotments against the prescribed rules and regulations. As a result, patronage is provided to friends, family members and for political purposes. This undermines the confidence of the better developers and entrepreneurs and opens the flood gates of speculation.¹⁴³

Rent laws are strongly in favour of the tenants. Because of this, rental accommodation, which is a major demand, is not being formally developed. In the low income settlements, on the other hand, rental accommodation is being developed. However, here the renter has little or no security.¹⁴⁴ The federal government’s Task Force on Urban Development has recommended changes in the rent laws so as to make the development of rental accommodation attractive to developers and individuals. The development of a “formalised” low income rental accommodation could also improve informal rental conditions in low income settlements.

Because of the absence of information and established processes, renters have to be careful as to who they rent from and landlords have to be careful as to whom they rent to. Both have to be careful of the estate agent or property dealer they are dealing with. There are constant conflicts as a result of bad owner-tenant relationships and a lot of forced eviction of tenants and occupation of premises leading to violence and court cases.¹⁴⁵ Proposals for establishing a network of property dealers who follow rules and regulations, have been suggested at different times in Karachi’s reform agendas. Such an association does exist but is so far small and ineffective and consists for the most part of those agents who are working in elite and middle class areas of the city. Lawyers involved in fighting rent and property cases have also been threatened by violence and death if they continue with their involvement. For most of the above issues, people seek relief from the courts. However, the court processes are long and expensive. When people are fed-up of the court, they seek an out of court solution and in that solution the party having stronger connections and/or muscle power, dictates its terms.¹⁴⁶ To overcome these issues, special and sufficient courts are required who can provide justice in a very short period of time and should have the power and capacity to get the judgement implemented.

¹⁴³. For details see [Section 4 and 5](#)

¹⁴⁴. For details see [Section 6.2](#)

¹⁴⁵. For details see [Section 5.2](#)

¹⁴⁶. Ibid

The market has other constraints as well. It does not cater to the housing needs of the poor (who are potentially its largest target group) and has difficulty in catering to commercial and industrial development at appropriate locations due to the difficulty in accessing land. For the housing needs of poor and lower middle income groups, the market has no incentives. The poor cannot afford the price that the market demands and they have no access to affordable credit to access the market. Then the developers are not comfortable working with the poor because of a very strong anti-poor elite and middle class bias in Pakistan society. In addition, the market operators pay bribes to get land, utilities and approvals for construction. So, they fleece the public and are permitted to do so. Their products cost 18 to 25 percent more as a result of the informal payments they have to make so as to operate.¹⁴⁷ As a result of this nexus between the developers and official planning and building related agencies, the “good” developer finds it difficult to function. As the interviews in Section 5 have shown, well-established developers have opted out of business as a result of their unwillingness to cater to the corrupt practices that dominate the real estate and development business today.

Another constraint that the market faces is the inability of most low and lower middle income groups to access loans for purchasing land and housing and/or for house improvements. This inaccessibility is due to three reasons. One, strict banking rules and regulations that require a person to be loan worthy. This means a regular job or a proper registered business. The vast majority of low and lower middle income groups do not have either of these. Two, banks do not lend for the purchase of land which is the main requirement of low and lower middle income groups. Again, they lend to those individuals who have leased properties which is rear for the groups under-discussion. And three, the interest rates and repayment schedules are unaffordable to those families and individuals who earn less than Rs 15,000 (US\$ 167) a month.¹⁴⁸ NGOs and micro-credit organisations have demonstrated that the poor and lower middle income groups are loan worthy even though they have no assets to mortgage with the NGOs and the micro-credit organisations. Keeping these experiences in mind, there is a need to carry out reform in the housing related banking sector. This will provide a major incentive to the market to cater to the needs of the low and lower middle income groups.

The other major issue facing the market is the non-availability of land for development at appropriate locations. This can easily be overcome as there is a lot of notified urban land that the land owning agencies have hoarded and held for speculation or for creating housing estates and related facilities and commercial development for the benefit of their current and previous employees, often in violation of existing official land-use plans. To overcome this serious constraint to the market, an effective system of survey, registration and levying of non-utilisation taxation needs to be considered. Also, the use of discretionary power related to allotment of land needs to be reviewed since it is a major constraint in the smooth functioning of the land market.

Then there are larger planning issues. The numerous land holding agencies in Karachi have their own building byelaws, zoning regulations and allotment and development related processes. There is no mechanism for them to work together. Consequently, they protect their own interests, often in violation of the interests of the city's social and physical environment. For instance, the cantonments, because of the power of the military are better governed and have developed processes where land related frauds and scams are difficult. However, the cantonments are strongly anti-poor and have the de-facto power to evict them, (including hawkers) from their area in violation of state laws. In addition, they are creating elite settlements on land near the city centre which because of its proximity to the city would ideally be suited for low or lower middle income settlements.¹⁴⁹ They have also encroached upon the outfalls of the city's drainage system adding to the flooding of the city. The areas under the city government on the other hand, have indulged in large scale land related political patronage (including

¹⁴⁷ . For details see [Section 5.1 and 5.2](#)

¹⁴⁸ . For details see [Section 3](#)

¹⁴⁹ . For details see [Section 4.5](#)

the illegal conversion of amenity plots into residential and commercial areas) adversely affecting the built-environment.¹⁵⁰

To overcome this serious problem of coordination and hence of planning, it is suggested that the Karachi Division Planning Agency, as proposed by the Karachi Development Plan 2000 in 1989, be established. All the land owning agencies will be represented in such a body and their consensus will, if there is a willingness, be in the larger interests of the city. However, to prevent the domination of the Agency by the most powerful group, it is necessary to have a strong and informed civil society pressure on and monitoring of the proceedings and decisions taken by the Agency. For this, access to official information to civil society and academia is necessary. Such information is currently denied and if such denial continues, it will greatly hamper the transparent functioning of the Agency. Karachi is lucky for it has a very active civil society and well-researched literature on its problems and possible solutions. However, as this study has shown, this research and information so far has not been used effectively by civil society so as to make a difference in building more equitable relations between the different actors in the land and housing drama in the city.

The major constraint in implementing the above agenda is related to Karachi's ethnic conflict which has turned land into an instrument of power and control of turf. Discretionary powers of politicians and government officials, unclear land titles, manipulation of the market by pressure and target killings of estate agents and property dealers, and an ineffective system of justice in land and property related issues, are all instruments that are used in the turf wars by all the ethnic groups. To implement the agenda being proposed, a consensus to resolve these ethnic conflicts is required but for such a consensus the leaders of the ethnic groups will have to behave as statesmen and rise above the politics of "constituencies" and "votes" in the larger interests of the city and the province.

Because of the ethnic conflict, Karachi's governance system is also undecided so far. As a result, the political will for reform and change has been sapped.¹⁵¹ As mentioned in the text, the conflict is between a highly decentralised system proposed by the MQM and a system controlled by the bureaucracy which has the support of the PPP and has been provisionally imposed on the province.¹⁵²

¹⁵⁰ . This is discussed in almost all the previous [sections](#)

¹⁵¹ . For details see [Section 2.4](#)

¹⁵² . For details see [Section 1](#)