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Economic Reform and Urban Development

The Case of Informal Textile Industry of Karachi

**A Thesis submitted in the Partial Fulfillment for the Requirement of the Degree
of Master of Science in Integrated Urbanism and Sustainable Design**

by

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Acknowledgement

This dissertation paper have come out of my curiosity while growing up in Karachi, to understand this city's mechanism. This quote below by Hugo, a character in Brian Selznick's 2007 book *The Invention of Hugo Cabret* makes me wonder about cities and the humans running through them.

"I'd imagine the whole world was one big machine. Machines never come with any extra parts, you know. They always come with the exact amount they need. So I figured, if the entire world was one big machine, I couldn't be an extra part. I had to be here for some reason. And that means you have to be here for some reason, too."

Hugo Cabret

First and foremost, I'd like to thank all my teachers in IUSD course for helping and training me to think critically. Secondly all my colleagues and classmates to always engage in productive conversations and constructive criticism.

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Azeemah Owais

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Abstract

This research is an attempt to understand the relation between economic reform and urban development of Karachi city, while it, the city, also being a long-term political project of substantive socio-economic transformation. According to World Bank's press release on Pakistan's structural adjustment program in 2019, it was reported that across South Asia, imports grew much stronger than exports in the last two years, reversing the region's exports dynamics of the early 2000s. Pakistan is reported to be the 8th largest exporter of textile products in Asia. The textile industry contributes approximately 8.5 percent of the country GDP, providing employment to 38 percent of the work force in the country. Still, Pakistan's total share in global textile trade is less than 1%. As one of Pakistan's most productive economic sectors, how textile industry is being impacted, with repercussions on its sub-sectors' shift and spread into informal sector. Pakistan have estimate 360,000 textile power looms, out of which 30,000 small and medium size textile units are located in Karachi. Karachi has the biggest designated industrial zones in Pakistan, and it is worthwhile to study (cause and effect of) the spread of formal textile industry activities into informal sub-sector and their shift to low-income settlements. An investigation is required of the linkages between the formal textile SMEs of Karachi and the emergence of informal activities; through labour, production and spatial placement. Cities in developing countries like Pakistan constitute a complex array of economic, demographic and geopolitical factors, which have incomprehensibly knitted collective action problems in governance. It is therefore required to understand socio-spatial disparities resulted by the socio-economic friction. The study/ investigation of textile industry and its emergent activities in Karachi, amidst the current structural adjustment and urban development projects, can help contemplate the challenges of formulating urban policy responses to an

economic problem that is shaped simultaneously by local, regional and global pressures. In terms of structure the first part of the research plots the terrain of economic development and urban development in relation to literature, and it's relevance to the developing countries urban areas. It draws on the learnings from both global North and South contexts, as an attempt to provide theoretical context for this paper on Karachi's endeavour in entering global market, and the layers of it's development. The second part situates Karachi both theoretically and historically, in reference to it's position in the local, regional, and global political economy. Further the case study of informal textile garment industry and it's sectors are taken up to understand the impact of structural adjustment/ economic reform on a local economic activity and it's influence on the spatial configuration of the city.

Keywords: economic development, informal economy, globalisation, urban development, Karachi

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Chapter 1: Introduction

This paper is my attempt at understanding a part of Karachi city and its working class. The question that animated my investigation is: How the working class of Karachi is coping with the current economic crisis without relying on the State, and survive amidst the urban inequalities. In short, how Karachi's working class is surviving in the ever evolving political landscape and different structural adjustment programs.

Relationship of Research Paper to the Plan of Study

The areas of concentration for my plan of study are Strategic Planning of Economic Development and Urban Studies, with inclusive policy making and the management of reforms. This includes developing an insight of theories related to processes of change in developing countries, by understanding the interplay of state and capital and their role in shaping the urban space, in accordance with wider socio-economic and political processes.

The wider learning objective for my thesis is to develop an understanding of socio-spatial disparities resulted by the socio-economic friction, political interests and global economic forces. This is attempted by studying the local impacts of economic crisis and reform on cities in Pakistan, specially Karachi.

Methodology and Structure

The primary research objective is tried to be looked through a case study area, which is most relevant and directly impacted by the economic reforms, and the ramifications of these reforms and developments on the spatial configuration of the urban space. For this purpose the research methodology taken up is to

study the local impact of macroeconomic economic development or reform on the cities in Pakistan, in this case Karachi is chosen, for the reason being the country's economic centre and most populous city. As the biggest industrial sector of Pakistan, textile industry is used as a case study area to understand how the interplay of state and capital generation are shaping the development processes in the country.

The secondary research question is divided into two inter-related problems; first, what are the linkages between the formal textile SME's of Karachi and the emergence of informal practices through which Karachi's informal working class organise to form production of labour market, manufacturing of the goods, and space configuration in order to negotiate the spatial placement in the city? Secondly, the spread of informal industry into low-income residential areas; what are the processes and obstacles faced by the informal working class members, when trying to set-up their informal production activities in these residential areas?

For the planned one-and-half-month-long field work in Karachi, I was supposed to be based in two main industrial zones of the city, SITE and Korangi and to map out the buffer-zones of the industrial and residential areas, in order to identify the major threshold of informal industrial activities spewing into the adjoining residential areas; specially that of textile sector. Where as due to the unfortunate event of global pandemic and spread of COVID-19 in the country, the city of Karachi went into a full lockdown with no activity and ban on unnecessary movement in the city for 9 weeks, leaving the factory works halted and making the migrant labour forces leaving for their hometowns to the rural areas of the country, as soon as they heard of the possibility of lockdown news.

Therefore, the methodology of research was shifted, from main focus on deductive first-hand data collection to the observations and transformative knowledge claims with qualitative interviews highly relying on the key informant interviews with people I met in the first week of my field research, and their links with the other local actors involved. A cross sectional data collection method is hence used to gather data from three group sets, owners, labour, and entrepreneurs, from both informal and formal spheres of this sub-sector of textile industry in Karachi.

The case study area for the research is therefore now based in two spatial

locations: one is industrial zone namely SITE (Sindh Industrial Trading Estate) and one residential area, Metroville (located adj. to SITE). Here, I worked with mainly two groups of people, one from a SME textile unit, second from a small home-based informal RMG (ready-made garments) production unit.

SITE was also a natural choice for the fieldwork as it is Karachi's first planned industrial zone, with currently 29.3% industry appertaining to textiles¹.

Metroville was chosen as it has borders with the industrial zone and a spread of informal industrial activity is identified on the threshold of this residential area; it's history is also highly connected to the SITE area, this neighbourhood was developed during 1974-85 as a part of Karachi Master Plan (KMP) as a mixed income settlement with intended importance to middle to lower income working class². The research is also drawn upon secondary data collected from academic studies, work done by researchers in other localities and also my own experiences in Karachi, with addition to the examples and insights from other cities of developing countries of similar nature.

As a person from middle class, migrant-working family background, in addition to coming from a developed world's university, interaction with labourers and entrepreneurs from variety of social and ethnic backgrounds, I had to be extremely aware of my own positionally as a researcher.

For the field research and data collection I adopted Freireian dialogical methodology, from Paola Freire's Pedagogy of the Oppressed, which details the Marxist class analysis in the exploration of coloniser and colonised, and tries to break down the hierarchical teacher and student relationship. During this research I tried to approach my subject by extending this idea into researcher-subject interaction and reflections on the both action and reflection of the multiple variables, mostly the interviewees working in the textile sub-sectors. This process of mutual discovery and critical reflection helped me develop a genuine relationship of humility with the subject.

From, peripheral member researchers, active member researchers and complete member researchers, the three type of 'membership roles' as Adler and Adler (1987) described in "Membership Roles in Field Research", I adopted the first one, peripheral member researcher. Being a woman I found it was difficult for

¹ SITE have total of 3001 industrial units, out of which 550 are textile manufacturing factories, 80 units of Garments factories, and 250 allied textile factories. Data calculated and taken from <https://www.site-association.org/introduction>.

² In 1974, UNDP helped to design the Karachi Master Plan. A two-pronged approach was used to address the chronic problem of low-income housing in the city. Under the Plan, existing squatter settlements on government land were to be upgraded. Sites and services schemes were to be developed for those whose settlements could not be upgraded. From 1974 to 1980, a total of 90,891 serviced plots were developed. (Wakely, P. and Aliani, A., 1996)

most male participants of focus groups (of labours) to open up and involve me in their conversations, they were rather comfortable to discuss the given questions with each other in front of me but to directly discuss/answer them to me. This barrier was softened through time with my more regular visits to their work place. During the course of my field work I had the chance to talk to the workers informally as well about everyday politics, workplace conditions, and living conditions. Semi-structured interviews in mostly formal settings were conducted with the labourers. Structured narrative interviews were conducted of the entrepreneurs and upper management of the SME textile factory and also that of the informal units.

In addition I interviewed prominent researchers in the field of economy and urban policy of Pakistan Mr. Vaqar Ahmed, an economist, Mr. Naveed Iftikhar, advisor in Public Policy and academia of urban economy, Mr. Uzair Younus, an economic analyst, and Mr. Ayyaz Mallick, a researcher of environmental studies.

With regards to the settling up of an informal industrial unit and the process of choosing the location of it, my questions for the entrepreneurs and owners attempted to ascertain the strategy they accessed during the initial settling down in Karachi (in case of migrants) and the means of provision of space. The role of ethnicity, police, political parties, and identification of other institutions involved was also enquired. The process of getting production contracts for local and sub-contract for international market is traced to link the operations between informal and formal sectors of textile industry. The interviews and discussions were done exclusively in Urdu language, and the responses are voice recorded.

This paper is structured into five chapters. This introduction is followed by a chapter which briefly plots the terrain of urbanisation in relation to theory of urban Marxism, its relevance to the [Third World] developing countries' urban areas, as an attempt to provide theoretical context for this paper on processes of urban development in Karachi. The third chapter is divided into two parts, first part situates Karachi and Pakistan theoretically and historically, and second part further gives a brief profile of economic reforms which followed; the focus of this section is to situate Karachi and Pakistan in the global political economy with in addition to the urban development in the city following any major global or regional event/occurrence. The fourth chapter examines the factors

contributing towards the informal economy, concluding from the pointers from the second part of third chapter. This chapter draws upon also my fieldwork in Karachi and my interaction with the working-class and my field-research to examine the spill of formal industry production activity into the informal, and the present day linkages of these. This chapter further cross-examines the spatial configuration of informal industrial activities. The last chapter summarises the arguments of the preceding chapters and situates this research in a wider context of rethinking the economic reform management in Pakistan and reflects on the challenges of developing appropriate urban development policy which responds to a complex and multi-scalar economic praxis.

Chapter 2: Literature Review

For this research paper i have attempted to develop insights into the various theories which are used in characterising ongoing processes of change in developing countries, looking at the interplay of state and capital in shaping urban space and delineating the role of various movements in shaping the urban space and wider socio-economic processes.

Capital and Space

The formation of urban space has been the subject of several theories trying to understand the functions and urban phenomenon in general. Both Marx and Engels touched upon the effects of - and links between - capital accumulation and urban space, especially in relation to the discussions of the origin of cities, deficit and surplus, modernity and urban phenomena, social order, spatial order, increase in city size, population, density and cultural impacts of agglomeration and heterogeneity. Engels (1892) discerned the expansion of urban areas as closely linked to the growth of capitalism by industrialisation, and increase in working class sector as the resultant. Whereas, Marx himself did not write about cities or urban area but he fleetingly touched upon the role of capital accumulation which created enormous cities, greatly increasing the urban population in comparison to rural (Marx and Engels, 1848: 17). Marx also briefly touched upon the concomitant exclusion and disparity by internal ordering of urban space through capital; as the restructuring and redevelopment in the name of 'improvements of urban areas [towns]... such as the demolition of the badly built districts, the erections of places to house banks, warehouses etc., the widening of streets for business traffic... [which] obviously drive the poor away into even worse and more crowded corners'

(Marx, 1867, *Capital* Vol.1, p. 452). Such modifications, with intense ferocity, of urban space can be seen in the latest phase of global capitalism in cities as different as New York, Mumbai, Cairo or Karachi. Moreover, the planning and order of urban space—fundamentally produced by capital, as studied by many urbanists [mostly Marxist, eg. Lefebvre, Harvey, Castells, Smith, Brenner, etc] is argued as major basing points for the production, circulation, and consumption of commodities, and their evolving internal socio-spatial organisation, governance systems, and patterns of sociopolitical conflict must be understood in relation to this role (Brenner, Marcus, and Mayer, 2011) and further argued by scholars not only have spatial implications but also concomitant along gendered and racialism lines, with the worst sufferers being already marginalised groups.

Lefebvre's radical perspective inspired the term “spatial turn” in the humanities discipline in 1970. This observes space as no longer merely a container for social relation and means of production, but is also simultaneously shaping them and hence, is open for political implications. Thus, recognising space and society as mutually constituted which also follows the Marxist dialectical thinking of the inherent contradictions in capitalist production of space and the connected political struggles.

It is in a space social dependency is created and this generate political implications. Harvey (1973) in his work *Social justice and the city* talks about the role of space as the means of production. Unlike Lefebvre, Harvey treats the discourse of urbanism as the subordinate to a totality of capitalist social structure. He explains how urban planning discourse is a distraught because capitalism has been using space and the urban development, to survive its inner crisis. However, in his later work *Rebel Cities* (2012) Harvey shifts to a more Lefebvrian political view of urban development talking about the “commoning” of urban space as an active resistance to colonisation. In *For Space* (2005), Massey talks about space as the sphere of inter-related encounters which insinuate politics. She defines space as the sphere of the possibility of the existence of ‘multiplicity’; that space is a sphere in which distinct trajectories co-exist, i.e. ‘simultaneous heterogeneity’. While on-going production implies its future to be open to change, the space is always under construction; ‘...it is always in the process of being made. It is never finished; never closed’ (Massey, 2005: 9).

City-making is a social process; and is a product of co-relation between how

people use, create, and live in space, and the material production of urban environments. Contemporary city design is a matter of not only of iconic architecture, flagship projects or ambitious masterplans, but also of formal and informal practices that shape urban environments, produce and address urban problems, organise people as well as ordering space (Tonkiss, 2013). And it is crucial to study the interplay between the social and physical shaping of the contemporary cities as to understand the material organisation of urban space, and the condition of production and reproduction of social and economic arrangements. Urban form can be understood in a multi-dimensional way, which is rather composed of complex interaction of socio-economic with spatio-technical processes and practice.

Urban space is not just a centre for capital accumulation but also is seen as the maturing ground for and of capital, as seen by Henri Lefebvre during the 1968 Paris uprising, he saw the expansion of capital and its accumulation as intimately linked to the expansion of urban space. He also talks about the blurring lines between urban and rural [form] caused by the over-flowing of capital and foremost in the phase of post-industrialisation where capitalism is not confined anymore in the 'historical' city. This is very certainly noticeable in 'developing-countries' like India, and Pakistan, in form of urban sprawl of cities on peri-urban agricultural land, and development of semi-rural in form of Special Economic Zones. Similarly, Harvey (2008) gave the notion of 'spatial fix' which is a general term he coined to address different forms of spatial-reorganisation and geographical restructuring to overcome crisis of capital accumulation in a space or under-consumption by spreading its contradictions spatially. This can be explained by taking the example of a city's built environment (e.g. roads, residential, and leisure, etc) as an integral part of the spatial fix by providing a long term 'sink' for capital through investment in the city's infrastructure, its real estate development, etc. Taking in consideration the metropolitan dialect of Merrifield (2002) also that these very spaces of temporal relief to capital's contradiction also result in agglomeration to the agents and means of resistance (such as production of labor, technologies of transport and communication).

Globalisation as an Economic Process and Urban Development

Critical urban theorists [such as Friedmann, Swyngedouw, Zukin, etc] have further developed the discourse of urban areas in analyses of globalisation and re-structuring and scaling-up of capital in the post-1970s era. In spite of its projected 'human face', many have identified it as, essentially, a postmodern expression of the historical process of capitalist expansion for which there arises a need for trenchant understanding of the process as a circular framework, and its political, economic and cultural implications with the given spatial attributes (Banerjee, 2010).

At the core of the idea of globalization is the notion of the enhanced importance of trans-state processes (Taylor 2000). Saskia Sassen says that while there have long been cross-border economic processes – flows of capital, labor, goods, raw materials, travellers – in the last hundred years, it was the inter-state system which was the dominant organisational form for cross-border flows (Sassen 2002). In the last decade, this condition has changed dramatically as a result of privatisation, deregulation, the opening up of national economies to foreign firms and the growing participation of national economic actors in global markets (Qutub, 2005).

Schuurman (2001) have taken the metropolitan dialectic further and says it is not a new phenomenon, he gives examples of transnational investment to trade during 1870-1914 associated with UK's economic hegemony, and later in 1950's with USA as the dominant economic power. He describes globalisation as essentially the uneven spread of capitalism and modernity on a global level. Developing countries are included in the global process through not just development cooperations and global communications, but also through structural adjustment programs. Nederveen Pieterse have termed these processes as "assymetric inclusion".

The latest stage of global capital flow is called as 'glocal' by Swyngedouw (2004) which is a combination of upscaling of financial markets and their flow to global scale while the administrative responsibility of the national governments is devolved to local and municipal governance. The 'glocalisation' of capital is the contrast of nationally 'encaged', Fordist economy of the post industrialisation era. A 'command and control centre' of increasingly dispersed production

system has been established and emerged due to the increasing trend of globalisation. This globalisation trend coupled with global and globalising cities is driven by the FIRE (finance, insurance and real estate) sectors and thus ultimately leads to the “growth of primary cluster of high level business services” (Friedmann and Wolff, 1982). Sassen (1996) identifies these cities as nodes of information flow; with dispersed production and concentration in regards to control and management. About the advanced productive services, Sassen (2002) writes that emergence of the global markets for finance and specialised services and investment as a major type of international transaction, all these have contributed to the expansion in command functions and in the demand for specialised services for firms. By central functions, she means not only the top-level headquarters but rather all the top-level financial, legal, accounting, managerial, executive and planning functions necessary to run a corporate organisation operating in more than one country, and increasingly in several countries. This “corporate services complex that is network of financial, legal, accounting and advertising firms” are the core of advanced productive services (Qutub, 2005).

Simply globalisation can be described through cost and benefits analogy, and there are winners and losers in this process. A defeat and win situation is brought forth with the process of globalisation. Globalisation thus produces its set of respective benefits and costs which are translated into a disadvantage for societies that aren't able to compete with forces larger than themselves. These disadvantaged societies then fall prey towards the larger global forces due to their lack of incoherent political structures, knowledge amongst the social regulations of justice and norms that dictate the ethical nature of a society. This above notion has been proven with some countries that reside in Asia and Latin America. Societal disadvantage is reduced when societies have these qualities in-stored for them in a positive manner and thus are able to react towards these challenges brought about while garnering better opportunities that result towards social progress. Those that champion the notion of globalisation arise from professionals that are competent towards the topic, large scale businesses, organisations that deal within the advanced nations and on an international level, these organisations may include ones such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO). The main setback in terms of opposition comes from areas of said individuals and/or entities that suffer due to the globalisation process in terms of monetary

or mentally. Those that are under the protective policies regarding business and organisations are more prone towards avoiding globalisation.

Economic globalisation becomes the main headline when it comes to having a discussion on the globalisation. This economic globalisation when broadened towards a larger scale represents the integration of a global economy whereby trade barriers are removed and a manner of freedom in terms of interaction is produced. Organisations that are on an international level such as the World Bank, IMF and WTO support globalisation. Corporations on multinational scales also favour among the idea and notion of globalisation and its integration of economy as it leads to more free flowing transactions within the international markets.

While the notion of economic globalisation is enticing it affects the employees that are bounded by sectors that are traditionally protected. Within this similar notion, factories are shifted abroad towards finding more cheaper imported goods and services. Such a manner results in the intimidation of domestic producers. Economic globalization supporters thus argue that following in the long run the idea of free trade and free flow transactions shall result in the added output throughout the world. This argument then ends with the idea that even poor nations thus would eventually be rich and be far better off than they previously were.

A negative aspect of this has been liberalisation and its resulting effects in certain areas of the population within both the rich and poor nations. This aspect can be contributed towards understanding why violent protests break loose against leading international agencies.

A debate between Stiglitz and Rogoff could be made while making critical insights towards the debate in favor and against the notion of globalization. Gill-Chin Lim in his essay on the conceptual framework of globalisation and its spatial allocation of resources and spatial impacts, firstly describes globalisation as an economic processes of trade relations and market processes. He says globalisation is a complex process involving multiple fields and its nature is not fully understood. This means globalisation can mean different things based on the fields, hence, delivering different outcomes for different countries and different groups of people. The critical observants in the discourse of globalisation, usually leave out some of the most important issues concerning the well-being of the people, such as human rights, the burden of military

spending, corruption and cultural identity, which fall in the political and cultural arenas.

There are non-economic aspects of globalisation, such as political and cultural globalisation. These aspects affect lives of many people in a far-reaching way. However, due to the narrow understanding of globalisation, there exists a high degree of confusion. To reduce such a misunderstanding, globalisation needs a better definition. It should be defined in terms of specific items and cover not only economic, but also political and cultural aspects. First of all, for policy makers of governments, international agencies and businesses, it is crucial to understand the persistent global problems which beset people and which they must endeavour to solve. Second, they have to have a firm grasp on global trends, which proffer both risks and opportunities, for which they seek solutions (Lim, 2005).

Uneven Development

Contextualising the production of space on a global scale, Smith (2008) in his work Uneven development explains the production of unequal geography is essential for the global as well as local capitalist development. He demonstrates the concept of ‘uneven development’ spatiality of neoliberal, global capitalism and how globalisation is part of the colonising strategy of capitalism. Neil Smith roots the equalisation and differentiation of capital --the fundamental motions of uneven development-- in the widespread emergence of the division of labor:

The division of labor in society is the historical basis for the spatial differentiation of levels and conditions of development. The spatial or territorial division of labour is not a separate process but is implied from the start in the concept of division of labour. (Smith 1984: 99)

Consequently, spatial divisions could have emerged from natural differences but, with posterior economic development, they are the result of social dynamics. In fact, economic development becomes more and more untied to natural conditions --in terms of distance and access to raw materials-- because of huge improvements in transportation and communication means as well as the increase of productive forces. This enlargement of productive forces means that raw materials are themselves a product of ever increasing previous labor processes and, therefore, there is separation between places of natural resources

extraction and places of transformation and industrial production. Although increasingly a result of social and economic processes, these spatial differences are, however, ideologically naturalised. (Castillo, 2003)

According to Neil Smith, the economy is being divided among sectors that are specified. These lead to the disparity of geographical spaces that are followed by the rate of profit and their respective flow. Due to the procedure of equalisation, areas that attract capital due to their need for increased profit rates tend to be young in the economic grounds. This therefore shall relate towards the inducement of expansion of geographical areas or the need for relocation in order for space to be produced so that the growth and flourishing of productivity and productive activities may entail. While on the other hand it is equally possible that areas of economic sectors shall suffer from great loss of capitals due to their reduction in profits. These losses shall be of such vast levels that it shall cause their built environment to be at loss and suffer dire levels of devaluation.

The ‘see-saw’ theory that Smith coined, contributed towards explaining and elaborating the sway of capital movement. This capital driven by logic gave way towards the unbalanced development resulting within a spatial pattern. This theory of the ‘see-saw’ allows to make a connection towards the implications proposed on geography in an attempt to relate the level of capital driven by logic in relation towards the need for maximising profits and the continuous cyclical driven capital expansion. This followed by over accumulation and the calamities it brings forth as put forth by Marx. Capital that induces to be productive and their respective build environments, manoeuvre towards a growth and incline recurring and a spatial creation is brought about in the developed and underdeveloped amongst unadulterated places:

The mobility of capital brings about the development of areas with a high rate of profit and the underdevelopment of those areas where a low rate of profit pertains. But the process of development itself leads to the diminution of this higher rate of profit. (Smith 1984:148-9)

A mighty framework is thus then produced due to the ‘see-saw’ theory by Smith. The theory allows in the ease of understanding of the uneven landscapes that reside within the notion of capitalism and explains them instead of dwelling

towards the historical background towards why the unbalanced formations such as (de-industrialisation northeast in the U.S. or the emergence of the New Industrialised Countries) the idea that Smith is trying to represent and show concern is directed more towards the establishment of space within the geographical global confines as being of relative space. While on the other hand, it tends to show concerns towards the unadulterated fractions of space and how internal differentiations could be established to produce such a state within varying levels of scales. Such an elaboration by Smith thus shows that not only the general manner in which capital is translated in its movement is explained but also how the said capital is used within the varying levels of scale. Proposed by Smith are three levels of spatial spaces which further give way towards the understanding of the expansion and contraction of said capital. These are, the urban, the global and the nation state. Further areas are highlighted on the 'see-saw' theory in terms of the mass functioning and its relation with the division of labor and capital.

A large chunk of academic research has been put forth towards the city whereby it is sought out that urban development is indeed crucial and considered to be towards the centre where capital shows forth its best manner of representing a geographical declaration. A correct denotation is finally put forth by Smith in stating that the city space is not only bounded by the production of respective commodities but is also a space where the consumption and reproduction of labor occurs:

The expansion of urban space [...] is not just a matter of increased centralization of the productive forces or the expansion of the scale at which the daily system of concrete labour takes place. It should be constructed, rather, as the expansion of the daily geographical sphere of abstract labour. (1984: 137)

Looking at the geological ramifications of these divisions. First; the nitty gritty division of work inside the working environment is significant in clarifying marvels as enhancements of work efficiency. In any case, Smith thinks about that aside from the comprehension of the profoundly organized spatial association in the plant, for example, this division contributes next to no to the social separation prompting lopsided turn of events.

Geographical boundaries and their spillover effects are briefly denoted. Following shall be a brief condensed account on the respective divisions. To

start off with, the labor productivity and its said improvements are explained via the distribution of labor within a workplace

For certain Marxists, the overall cultural division of work and capital into various offices has been to a great extent capable of world-economy separation between focuses of creation and peripheries of utilization. This unpleasant separation, nonetheless, looks bad since peripheries likewise are areas of creation (the industrialization of the Third World) and centers are, like never before, the huge focuses of utilization.

The topographical relationship of the division of social capital among various individual capitals is the cycle of focus and centralization in certain spots at cost of different spots.

Also, the major spatial significance, is the division of work and capital in various specific segments. For Smith, the division of the economy into explicit areas prompted the separation of topographical space following the patterns of the pace of benefit. Due to the cycle of leveling, segments drawing in capitals as they continued looking for higher paces of benefit will in general be youthful in the economy and, accordingly, it will correspond with the need of geological extension or movement so as to gracefully the space for the expanding beneficial exercises. The opposite would be similarly conceivable and places where monetary divisions free huge amounts of capital in light of their low pace of benefits, will endure the extreme degrading of their fabricate condition.

Molded by the best Marxist convention, Smith considers his work engraved not simply in a philosophical discussion however in a political economy that can illuminate activism and lead to changes. Due to the nonsensical character of entrepreneur improvement and its inward and unsolvable logical inconsistencies we would be confronting the confident disjunctive of falling into savageness or progressing to communism. There would be an open door for the arrangement of developing inward inconsistencies of the industrialist system.¹⁷ Consequently, against the fracture forced by capital, Smith's supplications for a worldwide political union of the common laborers (1984: 153) All things considered, lopsided improvement isn't anything else that social disparity engraved into the scene and, at the same time, —...the misuse of that topographical lopsidedness for certain socially decided ends. (Smith 1984: 154) Notwithstanding, the rest of the inquiry is the means by which to change a financial – and naturalized—rationale dictated by social relations. Like never before, it goes dire to reconnect social needs with monetary prospects. To place this in Smith words:

It isn't that our objective is some inflexibly considered even advancement'. This would have neither rhyme nor reason. Or maybe, the objective is to make socially decided examples of separation and evening out which are driven not by the rationale of capital yet by certifiable social decision. (1984: 159)

Informalization of Urban Economic Activity

Globalisation is closely linked to the growth of cross-national production and the growing openness and collaboration on the forefronts of national economies (Rogerson, n.d.). However, the mechanism of globalisation and the global economy are not symmetrically distributed or integrated in various parts of the world (Castells, 1992). The complex dynamics often with a juxtaposition of lack of development and bad governance emerge in informality and its associated trends (WORLD BANK, n.d.). Most prominently visible in the conditions of the large developing cities, the challenges associated with the weak employment growth and mass poverty have led to the economic crisis (Rogerson, n.d.) which thereby, has steered to the emergence of informal economies. Hence, the effects of globalisation and informalization as interwoven mechanisms form the layout, realities and conditions of city economies and the opportunities associated in them. Generally, the concept of informal economy entails “income-generating activities which take place outside of the formal regulatory framework economy” (Sassen, 1997) and is considered as ‘unmeasured and untaxed economic activity’ (Arby, et al., 2010). The understating also often bleeds into connotations like black, shadow, underground economy etc. (Arby, et al., 2010). The exemption to legal and regulatory frameworks has also consequently resulted in poor documentation in official statistical records. Moreover, often this group falls in the vulnerability limits in terms of inefficiency and social risk, but also alternately flexibility and creativity in approaches is acknowledged among its facets (WORLD BANK, n.d.). Over recent years, there's been a considerable increase in the scale of people involved in informal employment, culminating into a broader trend toward “informalization” of labor market dynamics (Heintz & Pollin, 2003). It is estimated that that informal employment comprises approximately more than half of the non-agricultural employment in developing countries and seems to be increasing. While, it is argued that informality lowers the GDP growth (WORLD BANK, n.d.), alternately, it is advised as a rational tactic in circumstances where enough employment and essential services can't be generated (Dijk, 2010). Informal

forms of employment include agricultural day labourers, urban street hawkers, paid domestic work, scavenging, informal construction, small scale micro-enterprises such as home-based clothing or other manufactured goods, public transport activities and even self-employment, etc. (Heintz & Pollin, 2003).

Reports on south Asian developing cities acknowledge the idea of informatization and consider it as a crucial constituent in the economy. The world bank estimates that the Informal Labour force to be more than 90 % in developing countries of South Asia (WORLD BANK, n.d.). Some estimates suggest that the the size of informal economy in Pakistan has been roughly about 30% of the total economy while constituting 20% of the economic transactions (Arby, et al., 2010). However, the effects of the informality haven't ben synonymous. For instance, in the case of India, despite the fact that the informality has consistently remained a huge part of the employment and workforce, yet the GDP growth rate has increased immensely (ILO, 2019). While other theories suggest that the decline in average per capita GDP growth has greatly contributed to the rise of informalization (Heintz & Pollin, 2003). Alternatively, the structuralist approach regards the expansion of informal activity as a catalyst in the restructuring strategy of the formal sector against the economic recession (Meagher, 1995). Hasan (2002) elaborates that particular to the context of Karachi, there's a huge reliance on the informal sectors such as for the needs of housing, infrastructure for water, waste and sanitation, health care and education services and enterprises for employment. These have served the incapacitated gaps of what neither the government nor formal private organisations were able to facilitate (Hasan, 2002). This incapacity stems as a result of the unaffordability of services and the unaligned organisational culture to the real situations. The informality in urban land and housing is as a major challenge in Karachi as the inadequate and unaffordable housing delivery has been a key concern resulting in informal settlements over the years (Soomro & Soomro, 2018) and has resulted in a severely dense, dysfunctional and haphazard spatial growth (Ellis & Roberts, 2016). It is probable that a massively huge number of Karachiites live in informal settlements. This number which almost constituted 50% of the vulnerable population living in the city slums two decades ago (Qureshi, et al., 2012) has now increased to about 60% (Hasan, 2016). The extreme land distribution has culminated in concentrated densities as high as 1,500 to 4,500 persons/hectare in informal settlements, and even to as low as 80 persons/hectare in planned settlements as the

majority of the population (62%) in informal settlements lives on 23% of the city's land, contrastingly, the remaining 34% resides in planned settlements on 77% of the city's lands (Hasan, 2016). On the other hand, another important informal-sector mechanism in Karachi happens to be employment generation where the active informal industries include Garments, leather products and carpets (Hasan, 2002). Conventional development theory initially viewed the informal sector as a marginal and transitory phenomenon that would eventually be absorbed by the modernising urban industrial sector. In reality, however, the inverse scenario has taken place in many low- and middle-income countries where economic growth has not kept pace with urbanisation and overall population growth, and where macroeconomic crises and reforms have led to rising unemployment in the formal sector (for an overview of informalization trends see Brown et al. 2014, 11). This scenario has accelerated rapidly in Pakistan: in 2010, it was estimated that 73 per cent of the country's non-agricultural employment was concentrated in the informal sector (government of Pakistan 2010).

Generally, the connotation of the informal sector is considered to be of a marginalized and excluded sector requiring an increase in productivity and improvement in working conditions, but it is also a dynamic one, with informal economic relations well-knit with the formal economy (Sassen, 1997). Its existence is highlighted as crucial to the formal economy as the neo-liberal theories of informality have emphasized the potential of the informal sector for independent employment creation and growth (Meagher, 1995).

Chapter 3: Situating Karachi and Pakistan

Urbanisation and Pakistan

Urbanisation has always been a class phenomenon of some sort since surpluses have been extracted from somewhere via somebody while the control over the disbursement of the surplus typically lies in a few hands. (David Harvey, 2010). The process of urbanisation in the developing world's milieu is moreover decided by the rapid growth of urban population in countries contextually distinct towards Mexico, Egypt, and Pakistan. This behaviour is observed in the growth of cities which did not have a synchronised process of modernisation and industrialisation but rather allow the changes in structural systems and adjustment programs of the said countries, for example agricultural reforms, land acquisition acts and deregulation. While the underpinning of nineteenth and twentieth century colonial empire has forced dependency and underdevelopment of their colonies through 'brutal engines for the extraction of rents, crops and minerals from tropical countrysides' (Davis, 2004), this character has arguably taken the form of post-1970s capitalist imperialism in global south; the formation of Special Economic Zones (SEZs) and transfer of manufacturing to the global South has restated their position as capital accumulation of the imperial states.

For the viability of situating Karachi in the global market, and from previously discussed theories, definition of globalisation process is put in terms with foreign direct investment, economic migration, structural adjustment programs, liberalisation of trade, global communication, and international terror along

with organised crime this is all further followed into the informalization of labor markets in Karachi.



Figure 3.1 - Map of Pakistan, with provinces and neighbouring countries. Karachi Division is highlighted in red. Source: Adapted from http://commons.wikimedia.org/wiki/File:Pakistan_-_Sindh_-_Karachi_district.svg

Situating Karachi Geographically

Pakistan is a federation state of four provinces, two autonomous territories, and one federal territory (capital city). Karachi is located in the south-eastern province of Sindh and is the economic hub of the country. This city was a small fisheries village which later became the trading centre in the early British colonisation of India. Karachi gained its geographic importance when the British colonists sought agricultural productivity in the province of Punjab (in undivided India) contributed to Karachi's status as a trading hub and commercial town. Meanwhile Karachi's geographic location in the region, over Arabian Sea advent its position after the American Civil War in 1861 and the scarcity of American cotton, increased the rise in demand for Indian cotton in the world market; this along with the opening of Suez Canal in 1869 significantly increased the status of Karachi's port (Gadgil, 1972). Karachi developed as a port city and a commerce hub in the coming years, moreover its role as a strategic outpost and channel of imperial military campaigns played an integral part in its development.

Ethnic and Political Situation (Tensions) in Karachi

After the partition of India in 1947, which resulted in creation of East Pakistan [current Bangladesh] and West Pakistan, and also in a migration of a vast population across the newly established borders. Majority of the muslim migrants from western and northern India headed to the established urban centres in West Pakistan those comprising of Hyderabad [currently second largest urban city in Sindh province], Faisalabad [old Lyallpur, in Punjab] and Karachi. Before the partition of India that accompanied the creation of Pakistan, 61% of Karachi's population was Sindhi speaking and only 6% was Urdu/Hindi speaking. A huge demographic shift happened, in the course of four years from 1947-51, in Karachi's ethnic urban population when 600,000 Urdu/Hindi speaking migrants sought refuge. Migration of Pushto speakers from the north-west and of other ethnicities from other parts of Pakistan and India has also continuously taken place since the decade of the 50's. As a result, the number of Urdu speakers was estimated by the 1998 Census at 48.52% and Sindhi speakers at 7.22%⁵. As such, Karachi is the non-Sindhi speaking capital of a predominantly Sindhi speaking province (Hasan, 2016). This has been a cause and basis of the major political conflicts among the Urdu speaking political party Mutahida Quomi Movement [MQM], and Sindhi predominate Pakistan Peoples' Party [PPP]. This conflict expresses itself in disagreement on

the form of local government for Sindh and on the control of the city's immense resources which the MQM can control only through a highly decentralised system of governance and which the PPP can control only through a highly centralised system. As a result of this conflict, the local governance system has been altered four-times in the last four years and still no consensus is in sight. This has damaged the institutions of governance, which have also been politicised (Hasan et. al; 2013).

Karachi has faced three notable episodes of population upheavals since 1947, the further two will be illustrated in the coming sections of this chapter; these major influxes in population have significant implications on the city's ethnic demography followed by their political, and economic impacts on the city.

Throughout the 1950s Pakistani state faced grave challenges due to the unequal structure of governance and the demand of autonomous governance of provinces especially from the ethnic group of Bengalis belonging to East Pakistan and Balouchis from Balochistan [the least populated but largest province in terms of area]. This political tension led to the first military coup in 1958 right before the first democratic election was about to be held. A year before this the state's administrative capital and seat of power was relocated from Karachi to Rawalpindi, which is the home to Pakistani military headquarters, and Dhaka was made the legislative capital of the country. The foundation of the new capital city whose design and planning was commissioned to a Greek firm and planner Doxiadis, was laid near the city of Rawalpindi. Islamabad became the official capital of Pakistan in 1960. Second influx of migrants came Karachi between 1971 and 1980s, these are the years followed after the liberation of East Pakistan, which formed into a separate country Bangladesh, after a two year civil war in 1970-71. These were economic migrants mostly coming to seek better financial opportunities in the newly industrialised port city. Most of these migrants are still to date unregistered and are forced to work in informal sectors, mostly men worked in fisheries but after the regularisation of fishing industry in the wake of 1990s many were left with no work or sought resort in the informal sector; most Bengali women work as domestic help in the upper-middle income or higher-income households, since no legal documentation is required for this employment sector. Due to this situation a social shift in the dynamics of this communities' household has been observed, where women have become the breadwinner; which is very opposite

to the general patriarchal culture of Pakistani society. Most communities reside in slums beside/ or in periphery of the planned neighbourhoods.

A Case of Reforms; Karachi

Pakistan signed its first international credit agreement with the United States in less than a year after independence, on 25th of May 1948. The loan of \$10 million was given from the funds of the US War Assets Administration and was designated for Pakistan to buy military equipment from the very surplus of American supplies (Rashid and Gardezi, 1983). The coming years witnessed the dependency of Pakistan's military on American generosity, when the military bureaucracy of Pakistan became more powerful and commencement of independent negotiations with the United States, culminated in a Mutual Defense Assistance agreement in May 1954, and Pakistan joined US-backed regional alliances such as SEATO [SouthEast Asia Treaty Organisation] in September 1954, and later signed CENTO [Central Treaty Organisation] in 1955. This perpetuation of power play and dependency is existent to this day, and can be seen in the cases of the Afghan Wars, first in anti-Soviet US and Western backed Jihadi movement in 1980's; the 1990s Afghanistan civil war, and the post 9/11 security mission by NATO. These situations in the neighbouring country have played their part in destabilising the peace situations in Karachi, in the form of a third major wave of migration into Karachi, with Afghan migrants coming to the city in 1980 and settling in the already existing informal settlements, but mostly in the periphery of the city. Another sector of migrants who got and found refuge in Karachi for better economic opportunities are internally displaced Pakhtuns from the north-western province of Khyber Pakhtunkhwa, during the Afghan Jihad war in the 80s. They have started their own businesses but mostly work for state backed informal service provision sectors. This started as temporary jobs for temporary needs, for example truck driving to transfer supplies from Karachi port to the Afghan border, have now been established into robust business. One example is of an Afghan settlement by the name of Sohrab Goth, is strategically located at the entry point in the city near the national highway, to control and manage the supplies. Karachi became the channel and centre for smuggled commodities, ranging from Turkish velvet, Iranian carpets, guns and also drugs. The military transports, which brought the weapons north, returned with heroin to Karachi. ...much of the Southwest Asian heroin found its way either through the port of Karachi to England and other West European markets... (Levi and Duyne,

2005).

This sector of ethnic population controls the inter-city, intra-city, along with aforementioned cargo transport activities. They also have a strong hold on the informal provision of water through tankers, and openly steal water from the state which creates a deficit in the supply therefore consumers are forced to buy water through such informal means.

Consequently the power struggle and turf dispersion among diverse ethnic groups, and political parties, has led to ethnic violence, target killings of leaders of informal services providers (mafias), and organised crimes; all fighting to get the control over the city. Amongst all this the city's infrastructure development and economic activities are the main affectees. This dynamic of power struggle among local and as well external actors has led to the restructuring of the urban space, especially in the early 2000's when Karachi's urban planning discourse was shifted to make it a world class and investment friendly city. The country was under hold of a military dictator and progressive changes were being done in the administrative structure of the city to make way for fast-track infrastructure development, and bring in private investment. One example of this in spatial terms is the project of redeveloping Karachi's coastline and building a haven for luxury apartments, business centres, and private beaches, was given to Emaar, a Dubai based real-estate firm. The respective land comes under the military cantonment, but the land around it and the seafront itself is habitat to the mangroves forest, and indigenous fishermen communities, where deforestation has undergone to reclaim land, and the fishing community living around this projected redevelopment is under threat of relocation.

The state led infrastructure projects on the other hand have to go through much resistance and delay, due to them being a threat to the informal sector of service provision, for example the city with a population of estimated 20 million doesn't have a state provided public transportation system. Previous governments have tried to provide public buses in completion to the informal ones, but during any violent riots, these buses were the first to get burned, and the city hence was left with no efficient transport system. In 2014 the federal government started a BRT project, after the successful implication of such in other two cities, Islamabad and Lahore, but after the new government came into power in 2018 Karachi's BRT project was halted due to lack of interest by the newly formed

government and the lack of budget.

Whereas, city beautification projects were put forward and an anti-encroachment drive was led, with funding provided by the World Bank for public spaces clean-up projects. Anti-encroachment drive has also undergone to clear up the land around railway tracks in the city to revive KCR [Karachi Circular Railway, which used to connect the sea port to the inner city and the industrial towns] which stopped working in 1999, since the year 2008 multiple attempts have been made to revive it. In one instance with partnership of a Japanese transport company but the project was shelved due to an exceeding project budget. Now the project is to be revived again with Chinese financial and technical assistance, as part of the bigger country wide project of CPEC [China Pakistan Economic Corridor]. This circular railway system is crucial for the city as to connect its different towns, specially of those industrial ones to the sea port. The rail system can help reduce the time and energy consumption to transport goods and also bring down heavy vehicular traffic, from the roads. During 1970s, Pakistan established around 100 industrial estates. Under the CPEC umbrella around 37 zones are proposed as “special Economic Zones” all over Pakistan, out of these 9 are prioritised to be completed in first phase. Two of the nine prioritised SEZs are in the province of Sindh. “Special Economic Zone Dhabeji” is approximately 60 km from Karachi. Currently several agro based industries such as rice and flour mills are already working in this region. It is speculated to be attractive for manufacturing and automobile industries due to its ideal location and less distance from the sea port.

Second SEZ under CPEC near Karachi is “Industrial Park Pakistan Steel Mills Port Qasim” to be built on the land of state owned Steel Mills industrial township, the steel mill is now shut down due to various reasons including recession and is of high controversy along the lines of privatisation of the largest industrial unit of the country; various cases regarding corruption and illegitimacy in the Pakistan Steel Mills handling are also registered with the supreme court of Pakistan. Geographically it is situated at a distance of 15 km from national highway, at 14 km from railway track and at a distance of 22 km from Airport ultimately lessen the transport cost. Port Qasim has the largest oil terminal among other terminal facilities including container, liquid chemical, and multi-purpose terminal making the business easier at that place along with the availability of basic utilities like portable water, power, gas, telecommunications, banking and other facilities including transshipment and transit trade facilities with Afghanistan and Central Asian Republics.

Chapter 4: Informalization of Textile industry in Karachi (of labor and spatial dispersion of production)

In 1973 the nationalisation of a number of industries in Pakistan during Bhutto regime, did not effect the textile industry as it was exempted. But to save on the taxes and the fear among the industrialists and especially entrepreneurs of small enterprises of textile, sold of their properties in the SITE town and set up their businesses in the low-income settlements as cottage industry, most of which was not registered. This gave them an advantage of operating their businesses out of the tax net and also to hire cheaper labor on contract basis, away from the eyes of centralised trade union. The commercial plots of these lower income settlements were turned into workshops for textile machinery maintenance and repair, and small textile power loom units, and ready-made-garment manufacturing units. Initially the owner of the unit managed the whole production process, from acquiring the yarn, to the finish product, and then taking it to the wholesale market. There were no other major middle men of any sort in the process.

In 1992-3 during the liberalisation period, SME textile industry began to face number of problems due to an influx of Chinese and Indian silk into the Pakistani market. Later on after the Afghan war of 2002, regional conflicts disrupted exports of Pakistani product to Iran and Central Asia , which were previously big clients of the Pakistani textile industry. As a consequence the manufacturers and traders began to incur loses. The security situation in

Karachi due to political unrest and ethnic violence during those times also increased insecurity among the textile unit owners, specially the demand of extortion money and getting threats of harm to life and liabilities from goons if the payments were not made. However there is a general consensus among the interviewees for this research paper that extortion was limited and less in the informal industry units of Metroville as compared to the other parts of the city, where as the entrepreneurs from SITE area did recount about the extortion money to the political party goons and also the bribes they had to give to governmental officials to keep things running smoothly {interview Majeed}. The informal textile industry in Metroville faced huge losses in production due to the subsequent increase in power outages in 2004. The cost of energy also increased in 2004 and was doubled within six years afterwards. Many interviewees recall seeing units shutting down due to increased cost of electricity and subsequent load shedding of 6-8 hours per day. However it should be noted that the SITE area and other officially designated industrial towns are exempted from the power outages due to their formal status. This does not apply to the small cottage industries in the residential areas. Some of the entrepreneurs returned to SITE in 2016 to set up their manufacturing units after the Rangers operation, under PMNL party rule (Nawaz Sharif tenure) initiated in year 2013 famously known as ‘Karachi Operation’³. These people invest and rent out a place in the SITE area to avoid power outages, lower property taxes, and ‘only in name’ labour and trade unions. The labor hired in these enterprises are a mix of both residents of Karachi and migrant workers.

Shifting Sites of Production and Changing Land Use

The problems noted above resulted in the change of ownership of SMEs and their spread in more informal practice. The small cottage industry based units were sold by the owners and were bought by the new entrepreneurs who were previously skilled labours, who put all their life savings to start up a business. These new owners shifted the textile units from commercial plots to the residential area, often setting up the units in the ground floor of their houses or renting out a floor from other residents. They found the rents to be much cheaper, electricity cost was low because it was charged under a residential billing, and also the plots under 80 sq-yards are exempted from the property tax

3 In 2014, Karachi was listed sixth on the International Crime Index. In 2020 it is ranked on 103. Data taken from <https://www.numbeo.com/crime/rankings.jsp?title=2014>

in Metroville due to its status as a low-middle income settlement, thus lowering the overall production cost.

Most industrial area in Karachi were planned to be located far away from the city centre, the general pattern of industrial land use is that they are close to lower to middle-income settlement areas, and the city have also sprawled our time with emerging settlement around these industrial areas. Most of these industrial towns were developed in the suburbs or the outskirts of the city, with the capacity of mix residential plots in it, but they are now surrounded by organic growth of residential settlements.

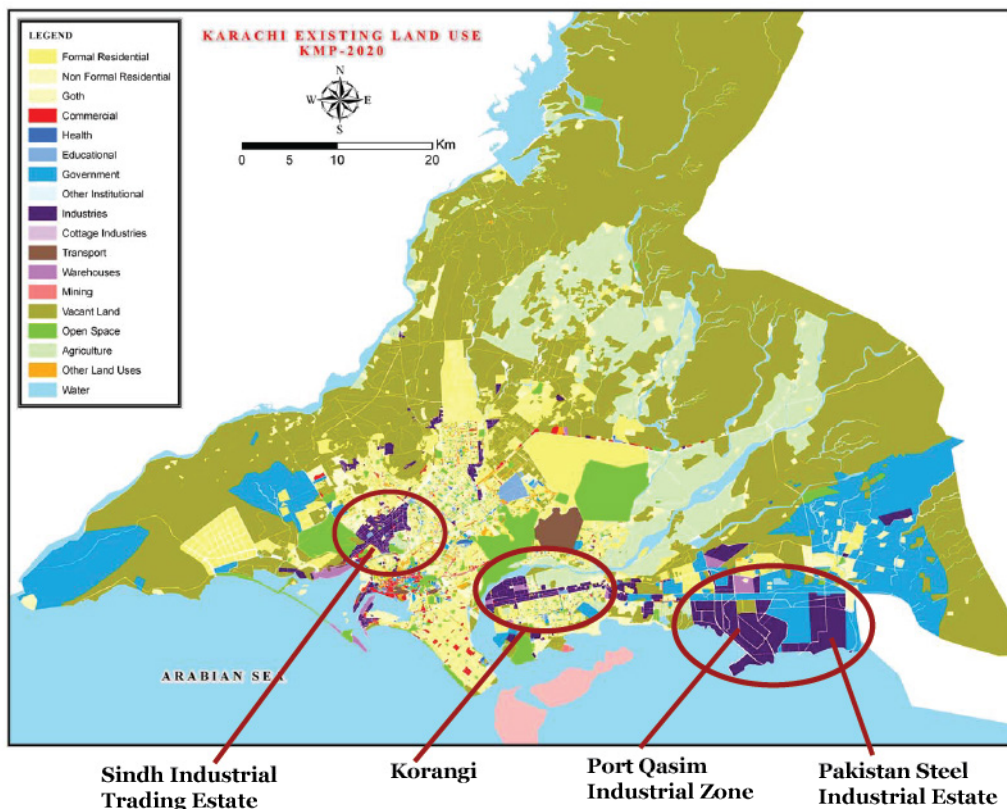


Figure 4.1 - Map of Karachi, with major planned industrial towns, mentioned in the paper are circled in red. Source: Adapted from document Karachi Strategic Development Plan 2020.

The Case Study Area; SITE town and Metroville

Sindh Industrial Trading Estate (SITE) was developed in 1963 as the first designated and planned industrial zone in Karachi, with an area of over 4460 acres, along the west side of Lyari River. This estate was well connected by rail and, now only road to the sea port of Karachi and also roads linking to the rest of the city. Currently it is encompassed on the area of 9000 acres approximately with 2,400 factories units. This estate also have planned residential zoning, which have now sprawled. According to the 1998 census the town had a population 467,560 which if estimated to be grown at the rate of 1.9 percent must be doubled. The census however does not take in account the regular influx of workers coming in from rural areas, looking for work. The ethnic population of the town is mix with a domination of Pashtuns; also including Baloch, Punjabis, Sindhis, Urdu-speakers and Hazara community.

Karachi Master Plan (KMP) was initiated in 1967 by the government of Pakistan with assistance from United Nations, it's main goal was to tackle the problem for provision of housing for low income groups in Karachi. Semi autonomous organisation was created known as Master Plan Department (MPD), and an American-Czech firm PEDCO/TER PLAN was appointed as the consultants to Karachi Development Authority (KDA). The plan implementation period was to be from 1974 to 1985 and for that period the MPD prepared the Karachi Master Plan (KMP) (Hasan, 1987).

KMP recommended three basic housing development programs for the low income groups in Karachi, out of which Metroville program schemes were to developed near the industrial zones; initially four Metrovilles were planned to be developed to house approximately 50,000 persons. It's objectives included; to provide easy access for the factory workers, and a proper range of plot types corresponding to the paying capacity of different income groups, particularly responding to the demand of lower income groups.

Metroville scheme 3, now known as Metroville 9 sector 4 of SITE area [for the ease of understanding I will be referring to it as 'Metroville' through out this paper] was previously administrated under the SITE town which was disbanded in 2011, when town administrations of Karachi were dissolved into districts. It was one of the 9 councils of SITE town, with neighbouring Bawani Chawli, Banaras, and Frontier Colony in the north and Pak Colony, Jahanabad and Old Golimar in the south, which are mostly rapid expanding informal settlements (Figure 4.2). It began as a planned settlement in 1972, for the factory workers

and refugees living in the inner city. Most plot sizes range from 80 square yards to 120 square yards, with incremental building of floors, according to need. According to the building bye-laws and zoning regulations of Karachi, no industrial activities are permitted in the residential and commercial areas. However as the research findings and data collected on field, manufacturing units are established illegally on the residential and commercial plots, mostly sized 80 square yards. This activity is happening mainly on the fringe of Metroville adjacent to Site Town (Figure 4.4). The state tolerate and let the informal industrial activities happen outside the regulated zones, and not even recognise their existence under cottage industry sector because of lack of governance and poor policies to support small businesses. These informal industries in the residential neighbourhoods benefits the people working and living in the same vicinity, saving them time and cost of commute. Also its much beneficial to find orders for manufacturing and work as sub-sector from the textile SME's located in the SITE estate. Since, these informal industries are self reliant and also depend on the informal provision of utilities for example water, health, maintenance of state provided infrastructure, and even security, etc; therefore, this takes off the burden from city government and state to provide proper infrastructure. However, the local planners and urban practitioners advocate for a policy revision for mixed use ares, with inclusion of these informal industries and their recognition. This will also get these actives in the tax net system, making it profitable for both state and the people (owners and workers). Not being able to register with Federal Board of Revenue (FBR) and being out of tax net, is keeping these manufacturing units and their businesses to grow. They not able to reach the international market, because they can not get the licences and permits to export their products/goods as an exclusive manufacturer⁴. The Karachi Strategic Development Plan 2020 does not have any section recognising the existence or growth of informal industries in the city, not even its contribution in the urban economy and jobs provision. According to Arif Hasan, the informal economic activities need to be formalised as a priority under urban policies, and this is not possible and rationalised under the existing regulations.

4 Interview No. 1

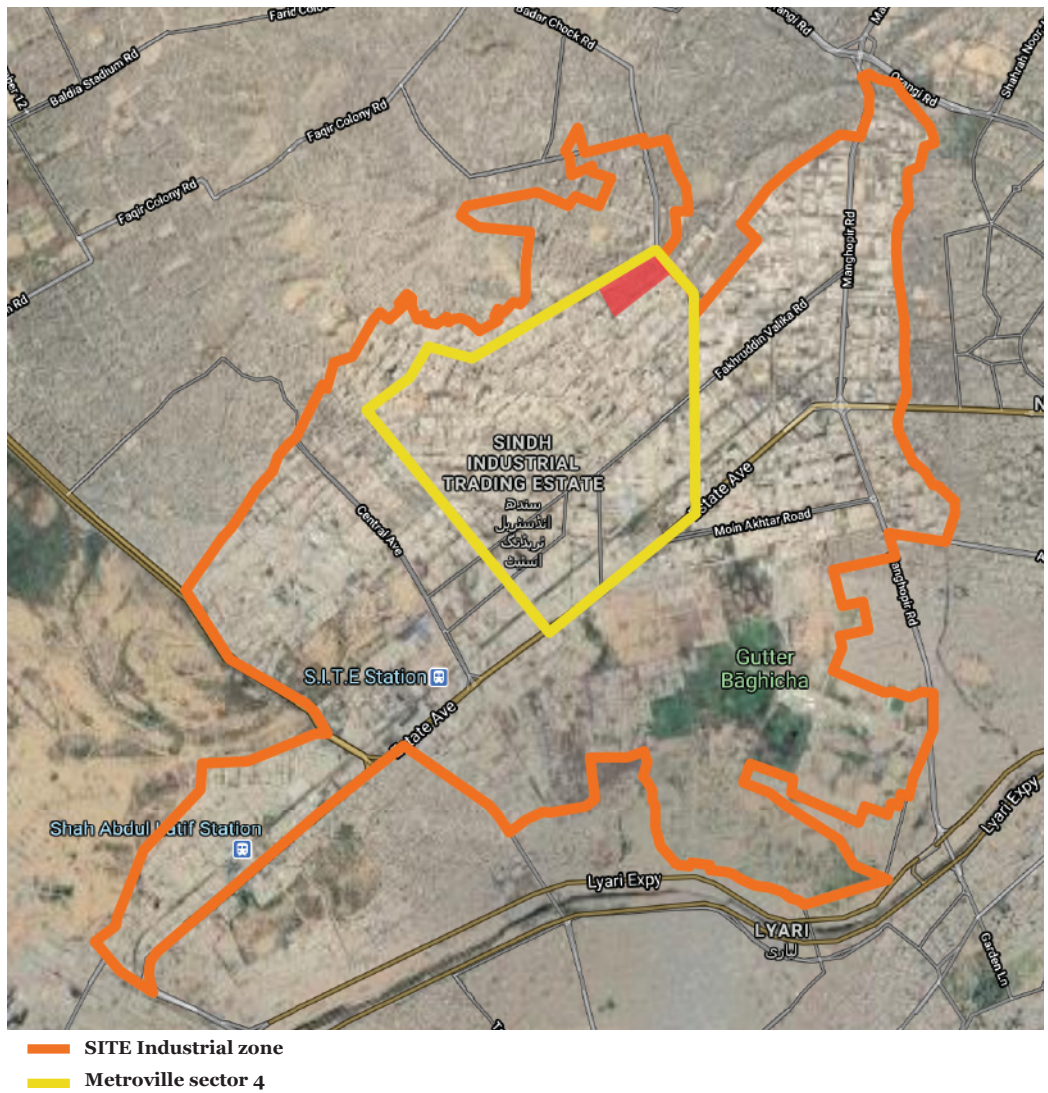


Figure 4.3 - Location and boundary of SITE industrial estate zone and Metroville sector 4. Source Marked by the author on a google map satellite image of Karachi



Figure 4.4 - Location of the informal industry, in Metroville.
Source Marked by the author on a google map satellite image of Karachi

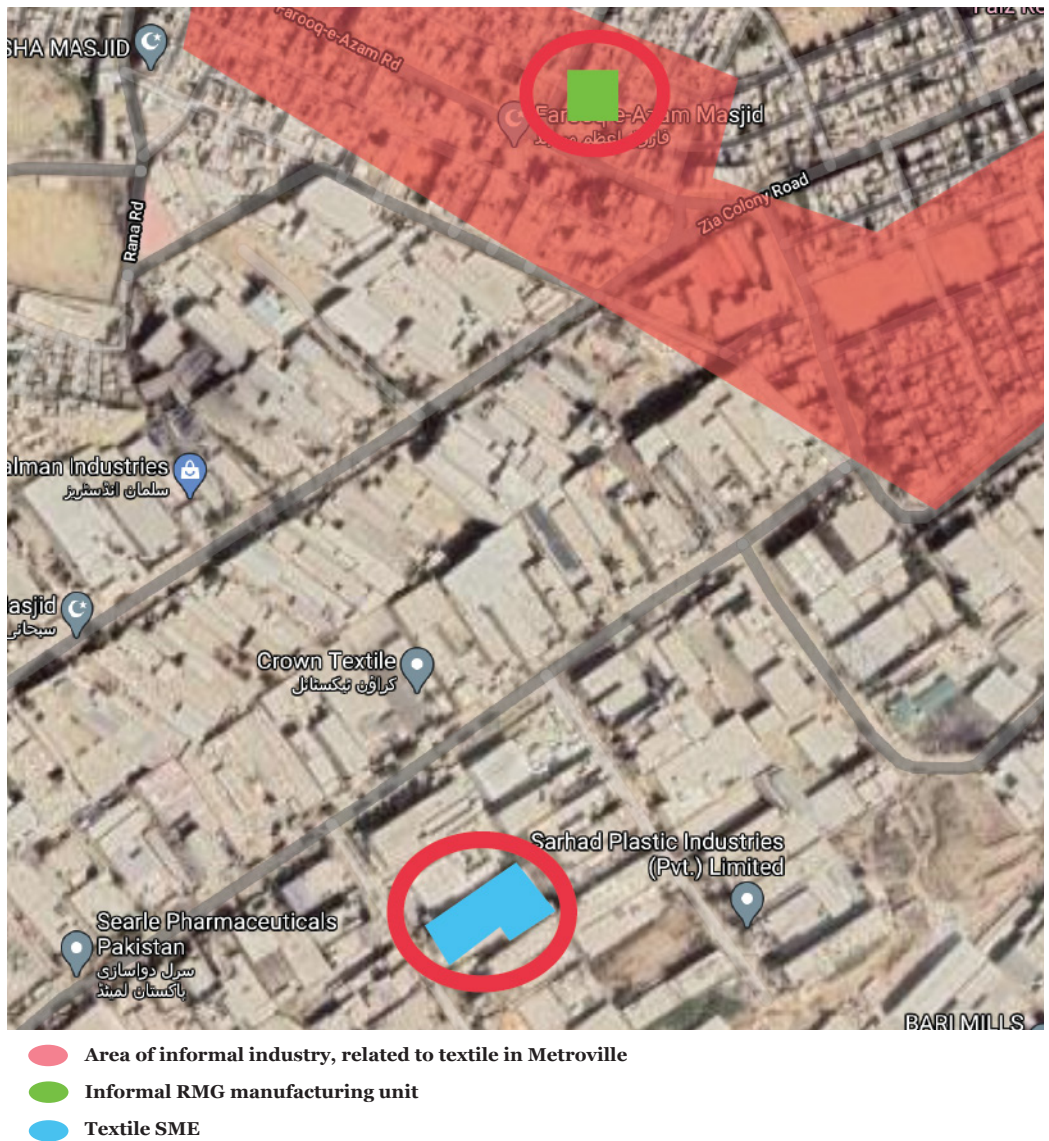


Figure 4.5 - Location of Informal RMG Unit and Textile SME (Khalid Garments)
Source Marked by the author on a google map satellite image of Karachi

Change in Production Systems; (of) manufacturing, labour, and spatial.

The complications noted above have resulted into a number of repercussions for textile SME's of Karachi, majorly it's spill into the informal sectors. In the parts below, these problems are divided into three areas; manufacturing systems, labour production, and spatial production.

Informalization of Manufacturing Systems

The new entrepreneurs, who were previously skilled labours, did not have the knowledge and experience of reaching the markets. This gave way to a new kind of an entrepreneur working as a middle-man known as 'contractor' or a 'broker'. The textile SMEs and informal manufacturing units in Karachi have a middle-man for almost all operations, from hiring labor, to acquiring orders for production. The textile SME gets its order from broker sitting in local market, or the one connected to international market. These brokers have an agent who connects the local trader to the SME or an informal manufacturing unit, based on the clients' demand, and the available facilities.

If a SME gets an order from an international or local client directly or through a broker, they then contact the middle-man to give out sub-order to the informal manufacturing units, this process seems complex but it cuts on the cost of production for SME. The client pays the SME directly, the broker is paid both by SME and the client. The middle-man who contracts out the sub-orders also gets their 'cut' from the SME and informal manufacturing unit⁵.

The informal manufacturing unit also do get orders from international clients through brokers directly⁶, without involvement of an SME. The brokers facilitate these informal businesses in getting connected to another middle-man who looks after the export of goods. This 'export facilitator' middle-man take the product of unregistered business and ship it under the name of some another registered enterprise. This way the registered business also makes money without working and just by lending out its permit to export.

The informal or unregistered business can reach the local market through a middle-man, or directly if the business have already established reputation in the market or personal relations.

Most of these operations happen from personal relation or through a word of mouth, there is no data base available to locate these middle-men. Whereas the

5 Interviews No. 5 and No. 16

6 Interviews No. 16

Linkages between formal industry SMEs and informal industry of RMG Production/Manufacturing System

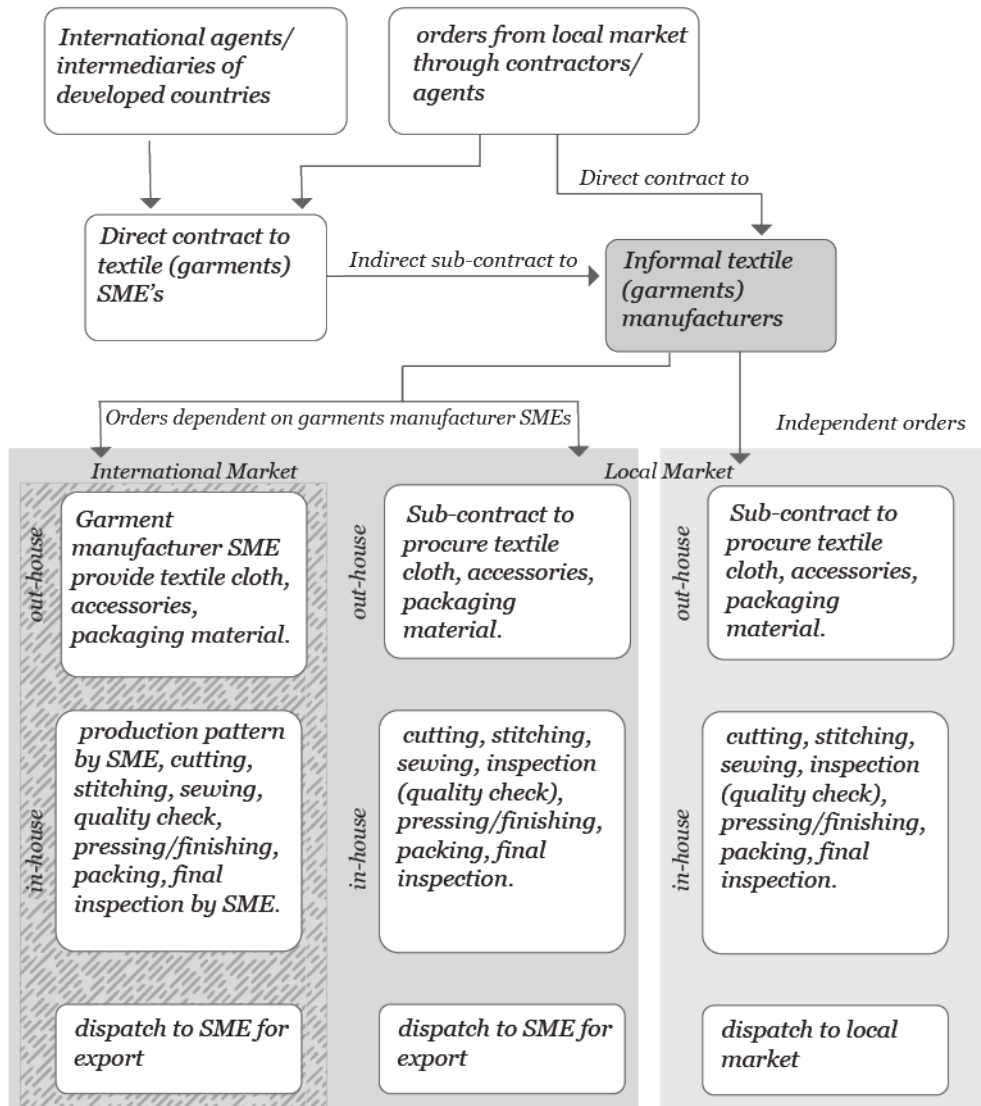


Figure 4.6 - Diagram showing linkages between the formal and informal industries' system of production and manufacturing. Source: Author

brokers catering international market have data bases and registrations.

Labour Production

The labour in both SMEs and informal manufacturing units are also hired through middle-men known as ‘labor contractors’.

An SME usually have 50-100 workers on floor, including administrative staff. The majority of workers are contract based according to the demand of production at the factory floor. The administrative staff gets a permanent contract and have a job security, but usually these are the family members of the owner, because most of these businesses are family owned. The factory floor workers are hired on daily wages, and their salaries varies depending on the work they do and skill they have.

“Madiha lives at Disco Mor and travels everyday an approximate distance of 14 km to come to work in SITE town, she has been working in Abdul Majeed’s factory for the last three years. She got this work through a labor contractor who was friends with her husband. She works in the ‘checking’ department of garments, quality and control before the final packaging of the product. Her work hours are from 9 am till 6 pm, and gets PKR 600 (US \$ 3.5) per day; sometimes she have to do an overtime and is given an hourly wage accordingly. She recalls about a time when she fell sick during a work day and the factory owner took care of the situation and made sure she gets proper medical treatment. The factory owner also lends his personal car and chauffeur to drop the female workers off, if they get off late from work in night or the security situation in the city is tensed. She also told that if she take a day off from work due dire reasons, for example sickness, and she communicate it to the contractor , he don’t cut-off her days wage. This all depends on the mood of the contractor and also the amount of work based on the consignment. During the two months of lockdown due to Covid-19, the factory was closed, she was not paid and had to seek for work at home, she made the ends meet by getting some work from a contractor to sew buttons on garments. She is relieved to come back on the factory floor, since this work gives her a sense of job security.”

The workers are paid by the labor contractor on weekly basis⁷. The contractor stays on the factory floor most hours of the day managing work among the

workers, mostly this person is also assigned a job in the production line. The workers are not given any written contracts or even worker ids. They work 12 hours a day, with half an hour of a lunch break, which is extended to one and a half hour on Fridays, for Friday prayers. They are not provided with any sort of insurance, either health or accident, nor they are given holidays except Sunday⁸. The owner however claims to take care of any occurring finances due to a mishap or an accident on the factory floor {interview #}. The SME does not have to mention individual workers identity or registration to any state office, only a head count is required on the official papers for factory's registration with FBR and Karachi Chamber of Commerce and Industry.

A major chunk of the workers in the Abdul Majeed's factory's production line are migrants from rural areas, hired by the contractor. They are provided with accommodation from factory owner. Their accommodation is at a walking distance from the factory. The monthly salary of these workers is approx. PKR 15,000 (US \$ 90)⁹.

"Laxman, the labor contractor and also working in the sewing department of the factory, came to Karachi from a small village Mitthi in Sindh, 10 years ago looking for work. He was hired by an informal cottage textile industry in Orangi Town, where he learnt to sew. He then found a job in a textile SME in SITE area. He later got a few of his village fellows jobs in the same factory. He is now working with Abdul Majeed in his factory and is responsible to bring labour from the rural areas of Sindh, he recruits them according their skills, and also is in charge to look after their lively needs, including accommodation, health, and security. For example , he was accountable to take the workers securely back to their home village during the Covid-19 pandemic, and also to bring them back when the factory reopened in June."

The process of contracting labor in an informal manufacturing unit is very similar to that of an SME. The owner usually himself is responsible to hire the labor force, train them and provide them with accommodation in the city. They usually do it by personal connections in the rural areas. And also go to a labor contractor to hire workers when there is a big order or a consignment to deliver in a short period of time.

8 Interviews No. 7 and No. 2

9 Interviews No. 5, No. 6 and No. 7

“Naru works in Abid Ali’s manufacturing unit for the last two and a half year, he is from a small village Khwaja Stop near Mirpurkhas. He was brought here through the personal connections of Abid Ali, whose second wife is also from the Mirpurkhas city. He is accommodated on the mezzanine floor of the manufacturing unit, he is provided with food from Mr. Abid’s own house. He is satisfied with his job and the sense of security that comes with it, he tells

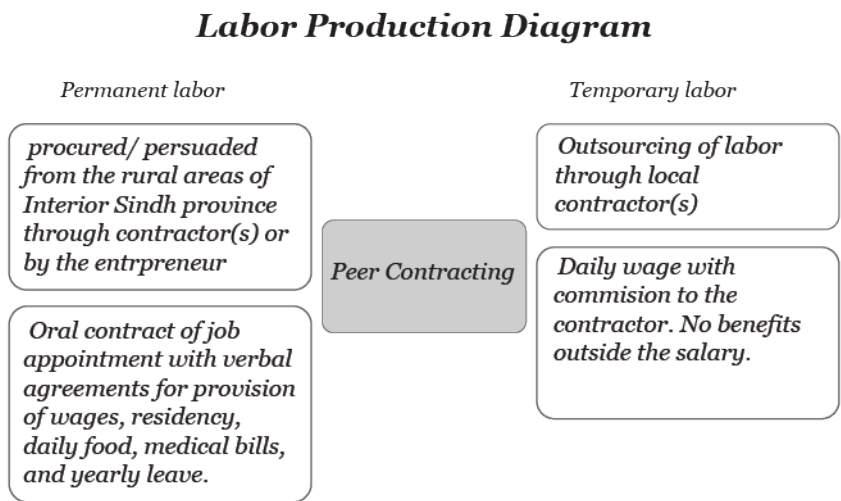


Figure 4.7 - Diagram showing the system of procuring labour force for the formal textile SMEs and informal textile industries. . Source: Author

that he is treated as a family member by Abid Ali. Although he do not have any written contract, he is not worried about his job. He can get one day off in the week, which is usually Sunday. He told us about going to the beach with his co-workers and friends in the city, and not being worried of police or any security agency questioning them of their identity or purpose to be in the city, because he carries a copy of Abid Ali’s national identity card. Any medical or health expenses are also taken care of by the boss.”

“Abid Ali is an owner of a small garments manufacturing unit, setup-ed on the ground and mezzanine floor of his triple story 80 square yards house. He got into the line of textile at the young age of 16, by working as a helper in the sewing department of a textile factory in SITE town. He later on worked as a

contractor and supplier of garments from factories to the local market. These small jobs gave him enough experience and reputation in the local market to get orders and start his own manufacturing unit. Initially he hired one labor for sewing, and used to do the cloth cutting for the garment by himself or would outsource it. His two wives also work with him in the production line of his manufacturing unit. After the Covid-19 lockdown on factories, his younger school and college going children (two daughters and one son) also are helping in the production line, because educational institutes were still shut-down till mid of September, 2020, and Abid Ali got a huge order of winter clothes from local market and also a sub-order of an SME. Apart from local market, he also gets work from SMEs and produce export quality garments for them. He aspires to expand his business to reach the international market directly, but this requires him to setup his unit in an industrial zone, and for that a large investment is needed, , and also there is lack of incentive from the state to provide these informal businesses an easy process to register and file tax.”

Spatial Production

The SMEs in the SITE estate are mostly on the rented out floor spaces, in a larger factory building, shared by different tenants of industrial nature. The SME studied for this research paper ‘Khalid Garments’ is at the first floor of a ground plus two story building, and occupies half of the floor, approximately on an area of 1000 square yards. All other activities and industrial units in the building are also textile related, manufacturing garments and also warehouse for the same. The SITE area is exempted from power-cuts or load shedding of all sorts, electricity, gas and water supply. Also the rate of these utilities are less than that for the commercial or residential zones. The area is well connected to the port and the city by roads, but the condition of roads is very poor which increases the time of commute, especially for heavy vehicular traffic carrying goods. The lack of street lights and security on the roads makes it difficult for women workers to commute after the sunset¹⁰. The bus stops are non-existing in the area and buses stop wherever they find a passenger or where the passenger needs to get off the vehicle. Most of the workers of these SMEs reside in the neighbouring residential settlements, saving them time of commute¹¹. The informal manufacturing unit studied for this research paper, is located

¹⁰ Interviews No.3 and No. 14

¹¹ Interviews No. 9, No. 4 and No. 11

in Metroville, a planned residential area, previously administrated under the SITE town. This manufacturing units is at a distance of approximately 1.5 kms from the above mentioned SME (Khalid Garments) (Figure 4.5). This informal unit gets most of its production sub-orders from the mentioned SME (Khalid Garments of Abdul Majeed).

Most of the residential buildings on the fringes of Metroville adjacent to SITE area have a textile manufacturing unit, warehouse, or a textile workshop on a storey or two. Many ground floors are rented to the mechanical workshops catering the repair of machinery from textile industry. Since this area falls under residential zone, the electricity charges are higher, and even more for the commercial enterprises. For example Mr. Abid Ali's house have two electricity meters, the ground and mezzanine floor comes under commercial metering where as the upper three storeys are connected with the residential meter¹².

This neighbourhood gets frequent power-cuts of electricity, and threes a scarcity of waters well, which makes them rely on an electricity generator, and for water they have to depend on the provision through private and informal water tankers proprietors (PKR 5,000 or US\$ 30 for 1,000 gallons of water) The designated residential area of Metroville is rapidly converting into informal cottage industry, and buffer zone of industrial and residential area is diminishing, posing environmental and social threats. The lack of infrastructure provision planning is making the situation worse, because of high pressure on existing infrastructure which is already not well maintained. Since the area is developed along the west side of river Lyari, which is seasonal river and carries rain water to the sea, most of the industrial waste, from both informal and regularised industries, goes into this river directly, resulting into its contamination.

However, SITE estate and Metroville was envisioned as an ideal town of work and residential area for the working class, it's condition is worsening with each passing year, due to negligence from the state planners and policy makers. This area needs attention and further study to understand mix-used for planning of Special Economic Zones better, and need inclusion in the future economic and developmental reforms in the city of Karachi.

12 Interview No. 16

Shifting Sites of Production and Changing Land Use

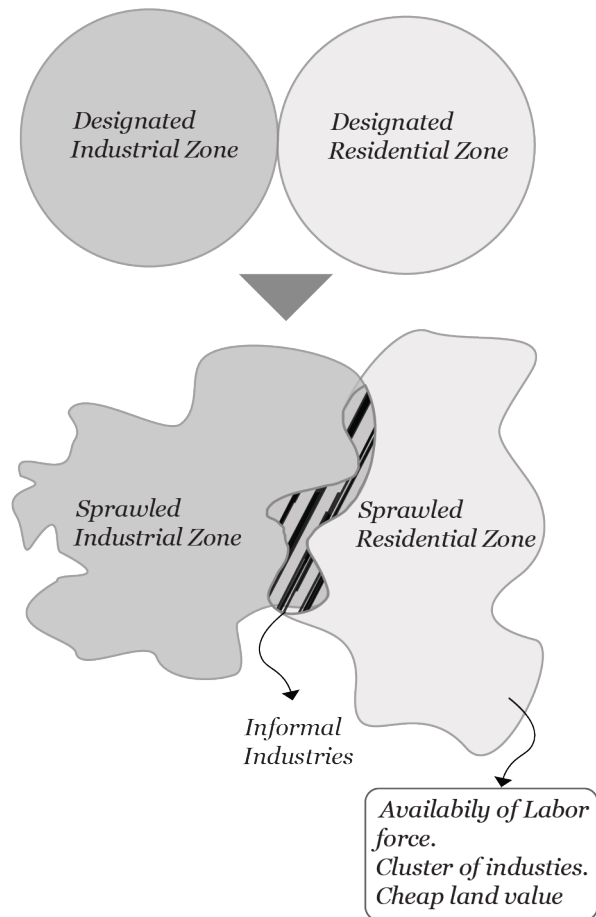


Figure 4.8 - Diagram showing sprawl of industrial activity from regulated industrial zone into the residential settlement. Source: Author

Chapter 5: Conclusion and Discussions

The reasons behind the ongoing decline in the urban infrastructure and more informalization of textile industry are primarily related to the liberalisation, regional and local conflicts, the declining law and order situation in the city and power outages. These factors if continued and not addressed can create more distress and further in-formalisation of the industry.

The research indicates that there is clear need of reforming in the zoning bye-laws, to allow mixed uses for the low-income groups to work and live in the same area, and this will help in supporting the broader city planning as well for example reduced traffic congestion. A structural reform is also needed in the energy sector to exempt these areas from power outages. And more than anything documentation of informal industry is needed to bring about a just system. Thus, a social and political investigation is also of seminal importance to be taken into account to understand and analyse such multi-layered pattern of urban informal economic processes.

Rethinking our theory and therefore our practice, in developmental studies, might allow us to address the concurrent situations of reform management and policy making in the developing countries. For this regard I want to mention the macroeconomic factors at play and what can we achieve by taking in consideration the local impacts of these reforms. The CPEC project under China's BRI (Belt Road Initiative) is promising to bring in foreign direct investment, specially in the industrial sector. Rather than building new economic zones far away from the cities, which will require a huge amount of

investment in infrastructure building, the existing industrial zones should be given first priority for urban development. It will also help to bring in private foreign investment to these existing industrial zones where the machines are already running and labour is available.

Regarding the current situation of textile SME's and their decline, there is also a lack of trade policy to effectively reduce the cost of trade and it has played a huge role in discouraging the potential exporters. Therefore, despite the potential and competent workforce, many possible businesses are unable to reach the international market. What is clear is that the informalisation of industrial activities and their spread into low-income settlements is likely to continue as the crisis unfolds, representing a clear priority area for urban policy. A further research in this area is required through the lens of economic development. A re-evaluation of Karachi's urban development policies and governance is required in accordance to the new reforms, as to include and incentivise the most important economic sector and use their potential to contribute in economic growth and employment sector to have a more inclusive and sustainable economic development.

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Appendix 1. List of persons interviewed

All interviews are carried out by the Author.

Interview No.	Date of interview	Name of person interviewed	Place	Typology
1	24.02.2020	Abid	Metroville, SITE Town	Owner Informal textile RMG unit
2	28.02.2020	Naru	Metroville, SITE Town	Labourer
3	10.03.2020	Abida	Metroville, SITE Town	Wife of owner of Informal textile RMG unit
4	20.04.2020	Abdul Majeed Khan	SITE area	Owner textile Garments SME (Khalid Garments)
5	09.06.2020	Abdul Majeed Khan	SITE area	Owner textile Garments SME (Khalid Garments)
6	09.06.2020	Laxman	SITE area	Labor Contractor (Khalid Garments)
7	09.06.2020	Vijay	SITE area	Labourer
8	09.06.2020	Amin-ul-lah	SITE area	Labourer
9	11.06.2020	Zia-ul-Islam	SITE area	Labourer
10	11.06.2020	Amjad	SITE area	Labourer
11	11.06.2020	Ghafoor	SITE area	Labourer
12	26.06.2020	Abdur Rehman	Korangi town	Owner Addur Rehman Engineering works
13	01.09.2020	Madiha	SITE area	Labourer
14	01.09.2020	Sapna	SITE area	Labourer
15	01.09.2020	Abdullah	SITE area	Son of Abdul Majeed and Manager (Khalid Garments)
16	01.09.2020	Abid	Metroville, SITE Town	Owner Informal textile RMG unit
17	01.09.2020	Sakeena	Metroville, SITE Town	Wife of owner of Informal textile RMG unit

Appendix 2. List of Experts' interviewed

All interviews are carried out by the Author.

Interview No.	Date of interview	Name of person interviewed	Place	Designation
1	16.03.2020	Ayyaz Mallick	Skype call	PhD Candidate (York Uni.), Environmental Studies
2	17.03.2020	Vaqar Ahmed	Skype call	Economist and Joint Executive Dir. at SDPI Pakistan
3	20.05.2020	Naveed Iftikhar	Telephonic call	Public Policy Adviser
4	12.06.2020	Uzair Younus	Skype call	Economy Analyst, and consultant.

عظيمة أويس

الإصلاح الاقتصادي والتنمية الحضرية حالة قطاع صناعة النسيج غير الرسمي في كراتشي

نبذة مختصرة

هذا البحث هو محاولة لفهم العلاقة بين الإصلاح الاقتصادي والتنمية الحضرية لمدينة كراتشي ، في حين أنها المدينة، أيضًا مشروع سياسي طويل المدى للتحويل الاجتماعي والاقتصادي الجوهري. وفقًا لبيان صحفي صادر عن البنك الدولي بشأن برنامج التعديل الهيكلي لباكستان في عام 2019 ، أفيد أن الواردات عبر جنوب آسيا نمت بشكل أقوى بكثير من الصادرات في العامين الماضيين ، مما عكس ديناميكيات صادرات المنطقة في أوائل العقد الأول من القرن الحادي والعشرين. يذكر أن باكستان هي ثامن أكبر مصدر للمنتجات النسيجية في آسيا. تساهم صناعة النسيج بنحو 8.5 في المائة من الناتج المحلي الإجمالي للبلاد ، وتوفر العمالة لـ 38 في المائة من القوة العاملة في البلد. ومع ذلك ، فإن حصة باكستان الإجمالية في تجارة المنسوجات العالمية أقل من 1٪. باعتبارها واحدة من أكثر القطاعات الاقتصادية إنتاجية في باكستان ، كيف تتأثر صناعة الغزل والنسيج ، مع انعكاسات على تحول القطاعات الفرعية وانتشارها إلى القطاع غير الرسمي. يوجد في باكستان ما يقدر بـ 360.000 منوال نسيج الطاقة ، من بينها 30.000 وحدة نسيج صغيرة ومتوسطة الحجم تقع في كراتشي. يوجد في كراتشي أكبر المناطق الصناعية المخصصة في باكستان ، ومن المفيد دراسة (سبب وتأثير) انتشار أنشطة صناعة النسيج الرسمية في القطاع الفرعي غير الرسمي وتحولها إلى المستوطنات منخفضة الدخل. مطلوب إجراء تحقيق في الروابط بين الشركات الصغيرة والمتوسطة في المنسوجات الرسمية في كراتشي وظهور أنشطة غير رسمية ؛ من خلال العمل والإنتاج والتنسيق المكاني.

تشكل المدن في البلدان النامية مثل باكستان مجموعة معقدة من العوامل الاقتصادية والديمقراطية والجيوسياسية ، والتي حلت مشاكل العمل الجماعي في الحكم بشكل غير مفهوم. لذلك من الضروري فهم التباينات الاجتماعية المكانية الناتجة عن الاحتكاك الاجتماعي والاقتصادي. يمكن أن تساعد دراسة / دراسة صناعة النسيج وأنشطتها الناشئة في كراتشي ، وسط مشاريع التكيف الهيكلي الحالية ومشاريع التنمية الحضرية ، على التفكير في تحديات صياغة استجابات السياسة الحضرية لمشكلة اقتصادية يتم تشكيلها في وقت واحد من خلال الضغوط المحلية والإقليمية والعالمية.

من حيث الهيكل ، يرسم الجزء الأول من البحث مجال التنمية الاقتصادية والتنمية الحضرية فيما يتعلق بالأدب ، وصلته بالمناطق الحضرية في البلدان النامية. ويستند إلى الدروس المستفادة من السياقات الشمالية والجنوبية العالمية ، كمحاولة لتوفير سياق نظري لهذه الورقة حول مسعى كراتشي في دخول السوق العالمية ، وطبقات تطورها. الجزء الثاني يصور كراتشي من الناحية النظرية والتاريخية ، في إشارة إلى موقعها في الاقتصاد السياسي المحلي والإقليمي والعالمي. علاوة على ذلك ، فإن دراسة حالة صناعة الملابس النسيجية غير الرسمية وقطاعاتها يتم فهمها لفهم تأثير التعديل الهيكلي / الإصلاح الاقتصادي على النشاط الاقتصادي وتأثيره على التكوين المكاني للمدينة.

إقرار

هذه الرسالة مقدمة في جامعة عين شمس وجامعة شوتجارت للحصول على درجة العمران المتكامل والتصميم المستدام. إن العمل الذي تحويه هذه الرسالة قد تم إنجازه بمعرفة الباحث سنة ...

هذا ويقر الباحث أن العمل المقدم هو خلاصة بحثه الشخصي وأنه قد اتبع الأسلوب العلمي السليم في الإشارة إلى المواد المؤخوذه من المراجع العلمية كل في مكانه في مختلف أجزاء الرسالة..

وهذا إقرار مني بذلك،،،

التوقيع:

الباحث: عزيمة اويس

التاريخ: سبتمبر ٢٠٢٠ /

الإصلاح الاقتصادي والتنمية الحضرية ؛ حالة قطاع صناعة النسيج غير الرسمي في كراتشي

مقدمة للحصول على درجة الماجستير في العمران المتكامل والتصميم المستدام

أعداد: عظيمة أويس

لجنة أشرف

دكتور جامعي يوهان جيسن
التنمية الحضرية
جامعة شتوتجارت

دكتور جامعي محمد صالحين
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جامعة عين شمس

التوقيع

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تاريخ المناقشة:

الدراسات العليا

أجيزت الرسالة بتاريخ:
موافقة مجلس الجامعة .../.../...

ختم الإجازة
موافقة مجلس الكلية .../.../...

جامعة عين شمس



جامعة شتوتجارت



09/15/2020



الإصلاح الاقتصادي والتنمية الحضرية حالة قطاع صناعة النسيج غير الرسمي في كراتشي

رسالة مقدمة للحصول على درجة الماجستير في العمران المتكامل والتصميم المستدام

إعداد

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أستاذ التخطيط والتصميم المتكامل

جامعة عين شمس