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The *Social Science and Policy Bulletin* is published quarterly by the Mushtaq Ahmed Gurmani School of Humanities and Social Sciences at LUMS. It provides a forum for debate on economic and socio-political issues pertaining to the formulation and execution of public policy as well as its impact. The Bulletin aims to disseminate high quality research and policy-oriented work being done by social scientists. The editors of the Bulletin welcome short essays, either analytical or quantitative, that are relevant as well as intellectually stimulating.

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Editors' Note

Economic development in Pakistan is troubled by various factors. However none of these are without their solutions. New business ideas often lack infrastructural and monetary support; in addition to being caught in cumbersome legal requirements. However, the recent growth in business startups and their support through incubators promises greater business activity in the future. Additionally, trade in the region is expected to help stabilize the economy and allow strong links to develop across the border especially with India - enhancement of trade would be beneficial to commercial development as well as maintenance of peace in the region. The lethargy in the governance structures could well be a reason for slow economic development which needs to be replaced with a transparent model which shall reduce trust deficit between the state and its subjects. This bulletin presents an array of discussion ranging over the above mentioned dilemmas.

The first article in the bulletin is by Ayesha Karim Malik which focuses on data collected from the LUMS Centre for Entrepreneurship (LCE) and its incubator, The Foundation. Data from two batches of applications was collected to study the pattern of successful candidates, the cities which provide most ideas and capital demand of new business ideas. Malik concludes that success of an application is not based simply on its profitability prospects; rather problem solving and innovation is the key to a successful startup. Whilst a singular pattern could not be drawn through the study of this data set, it is estimated that startups and their incubation are slowly gaining momentum in the country. New ideas are flowing in which shall project the Pakistani market as a strong contender for innovative business ideas.

This is followed by the article of Trividesh Singh Maini focusing on bilateral trade between India and Pakistan. He starts by stating that the business

volume has certainly swelled over the past few years however the policies and their implementation for further commercial activities have been facing problems largely due to political tension. He is of the view that it is not simply the countries which should be entering into trade but the border-states or provinces along the border should be encouraged to undertake commercial activity. He suggests that these states should not just be looked at as frontiers but also business gateways. He proposes that trust deficit between the border-state and central government should be reduced and these states should be encouraged to develop business and communication links across the border.

The final article is by Hadia Majid and Mahvish Shami focusing on the state-sponsored eviction of the residents of the *katchi abadis* in Islamabad. Majid and Shami point out that whilst local politicians could leverage the illegal status of the *abadis* for votes, they may not be inclined to do so since the formalization of the rights of these residents could be a long process and may not necessarily culminate into votes for them. Additionally, most of the residents of the evicted *abadis* do not have any local connections since a majority is of Afghan refugees, implying that the residents would not hold any bargaining power. A recommendation that they present is to break the shackles of the recognition and registration systems and ensure greater transparency to ensure a model procedure for formalization of similar slums all over the country.

A new addition to this bulletin is an interview with a successful entrepreneur, Abdul Raheem, Founder and CEO Jewelry Design Pro, which is a B2B virtual marketplace for designers and buyers; both commercial and individual; for jewelry designs. The expanse of the business envelopes the entire world as its market and is beaming towards great heights of success in spite of its recent establishment.

The New Entrepreneurial Trend in Pakistan: Business Startups

By Ayesha Karim Malik



The entrepreneurial landscape of Pakistan has witnessed paradigm shifts over the past few years. The economy has been unstable leading to reduced foreign investment. Existing businesses have been shut in various sectors. Yet a remarkable growth has been seen in entrepreneurship especially the mushrooming growth of startups. Startups are a relatively newer breed of business activity hinged upon an idea or a novel product which is either not available on the market or is different in aspect from the existing variety. Instead of launching the idea with heavy investments, a startup focuses on testing waters for a new idea utilizing limited resources and funds carefully, yet managing to attract investment. The stage of conception of the idea is most integral to the success of an entrepreneurial venture. If the future of the market is unpredictable, the best way to move forward is to innovate. Innovation is the keystone of startups since the idea has to be unique yet being practical.

However, the journey of startups all over the globe with the exception of the highly successful startups such as Facebook and Google has not been very peaceful. Multiple problems factor in the establishment of startups, the key one being that of investment and financing. An idea would need the right projection and bespoke conditions to mature into a successful venture. Furnishing investment for new projects could be tough due to lack of collateral security for the lender as well as the absence of a sound feasibility of the

startup. Moreover, investors are hedged into inapproachable and closed lobbies, access to which may not be possible for every person with a new idea. Risk factors involved in the financing of a new business idea deter investors from taking the plunge. Moreover, a new business idea or product faces immense legal difficulties to be floated onto the market. The issues of intellectual property as well as setting up a company and filing tax returns encumber the ability of startups to mature and flourish. Hiring advisors and consultants may not be economically viable for each startup either. Finally, the government of the country may also not be particularly inclined towards supporting new business startups. The lack thereof of governmental and institutional support limits the growth of startups.

Insofar as incubators are concerned, they solve much of the aforementioned problems. They could help connect the idea with the investor and facilitate the startups by providing legal counsel, a marketing team, accounts officers and other administrative personnel whose services could be duplicated for a range of startups. However, the solutions of incubators need not be customized to the startups. Not all startups would require the same time in incubation neither would all respond to incubation in the same manner.

Pakistan has seen numerous business startups over the past few years, providing stepping stones to a few very successful business ventures. These startups generally bring ideas which are new to the market to the fore, and a set of investors or an incubator provides the necessary infrastructure and protective skeleton for the startup to breed well. Once the startup matures and gains strength and momentum within a limited time frame at the incubator, it can then be bought out by an existing business. Alternately, if the idea is able

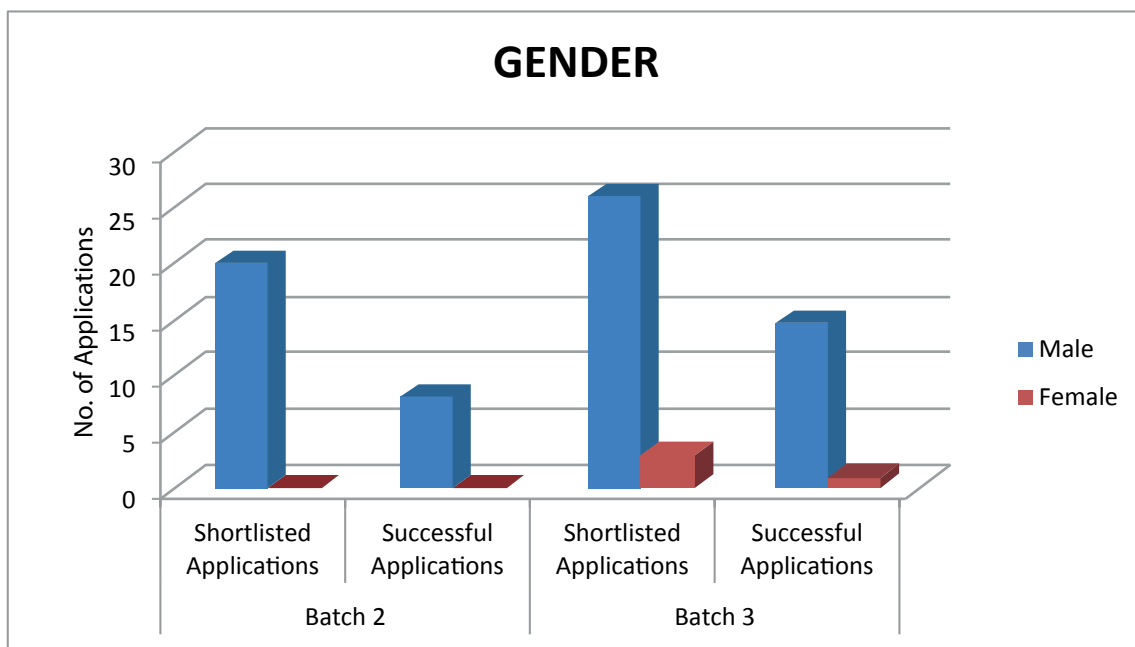
to attract necessary investment, the startup then evolves into a bona fide business in and of itself. Within Pakistan, the private and public sector have both been focused on growth through startups. Government departments such as SMEDA have been setup which assist business opportunists through their feasibility and setup stage. Lending companies and banks have been proactively sponsoring new business ventures as well, largely in the hope of fruitful returns on the new business ideas.

Despite this, the role of the private sector remains unparalleled. With support ranging from expertise to finances, legal support to marketing support, the private sector incubators and accelerators have provided exceptional launching pads to the startups. One such project has been supported by the Lahore University of Management Sciences (LUMS) in the form of the LUMS Centre for Entrepreneurship (LCE). Headed by Mr. Khurram Zafar, the LCE strives to become the largest breeding ground for sustainable, high-growth and high-impact ventures in Pakistan. The Centre is

committed to developing the most comprehensive experiential development platform for Pakistani entrepreneurs by 2016. The success of this incubator may be metered against the exponential increase in the applications to this centre. The same indicator also hints towards progression in entrepreneurship in Pakistan. During scouting for Batch 2, the LCE received 49 applications out of which 20 were shortlisted by the diligent team at the Centre and eight were listed as successful. Scouting for Batch 3 received 115 applications of which 29 were shortlisted and 16 were successful¹. Hence, the number of applications and successful ventures almost doubled between the two batches. The Centre provides different options of services translating into different levels of equity in the startup, however the ultimate choice insofar as successful applicants is concerned is guided more by the passion exhibited by the applicants rather than projection of the startup.

Data obtained from LCE indicates a dominance of male applicants for business startups (figure 1). Batch 2 noted 48 male applications and only

Figure 1



one female application, which was unsuccessful. Batch 3 had a total of four female-sponsored applications of which three were shortlisted and only one was successful. The predominance of male applications is certainly not reflective of the accessibility to the incubator rather they probably embody the cultural bias of men as entrepreneurs. Female entrepreneurship is relatively less despite support from the public and private sector and is limited to cottage industry of handicrafts. The applications to the LCE reveal more applications being inclined towards information technology and software development.

In Figure 2, Batch 2 shows seven of 20 shortlisted applicants to be sole proprietors whereas six had two founders and seven had three or more founders. Batch 3 showed a greater tilt towards two or more founders as 25 were shortlisted and 13 were named successful whereas only six sole proprietorships were shortlisted of which three were successful. It is clear then that startups with

two or more founders were more successful than sole proprietorships. This may be explained by considering that business setup could be a taxing process in Pakistan and often the mounting legal formalities and red-tapism in organizational setups would bog down the entrepreneur. Hence, entering into joint ventures or joining hands with like-minded people will likely create a stable support system for the startup, thereby increasing its chances of success. The CEO of Nayatel, Wahaj-us-Siraj is of the same opinion in his article. ²

Since the data set was retrieved from LCE and the Foundation³ which are based in Lahore, both Batches 2 and 3 showed an overwhelming number of applications from Lahore (figure 3). In Batch 2, 35 applications from Lahore were received of which 13 were shortlisted and seven were successful (figure 4). Although applications from Karachi and Islamabad were also received, none were shortlisted. In Batch 3, 71 applications were received from Lahore alone whereas only 12

Figure 2

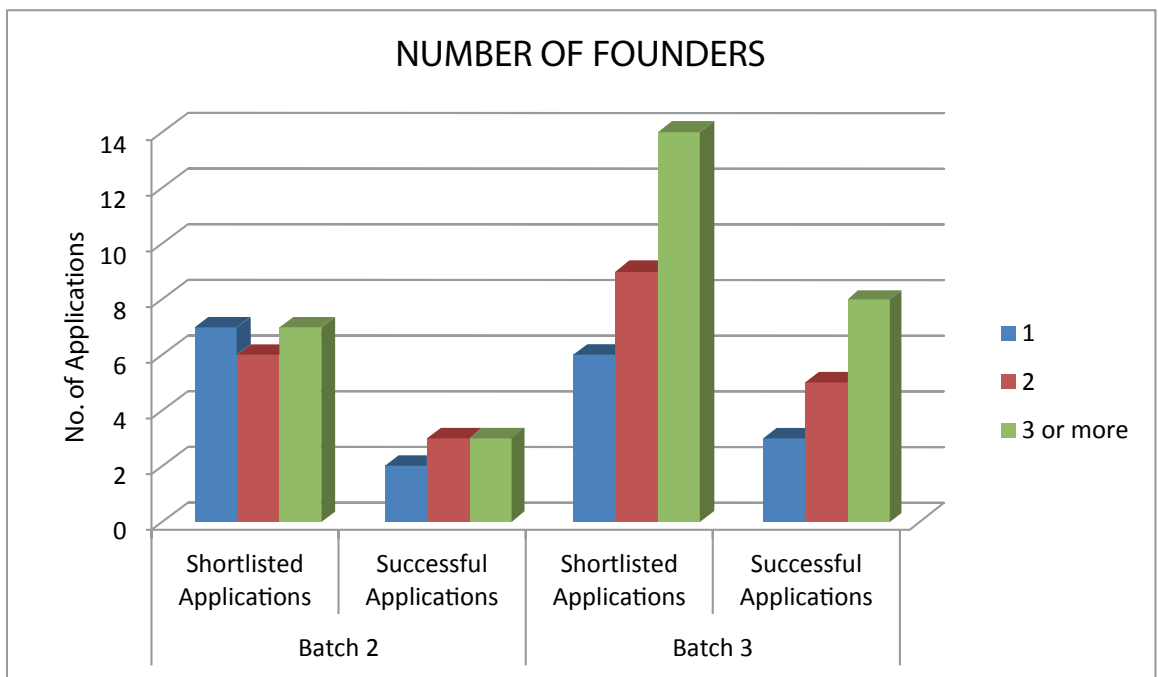


Figure 3

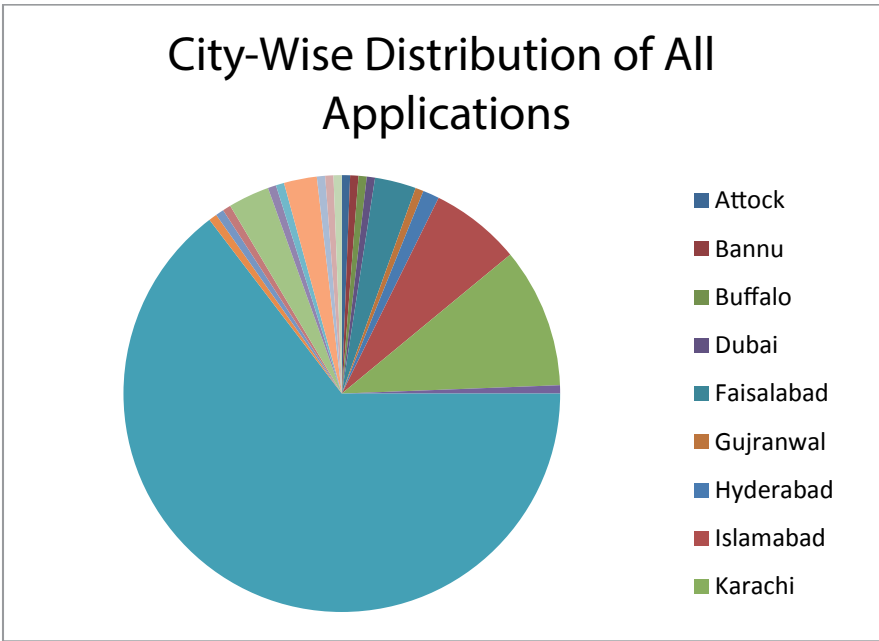
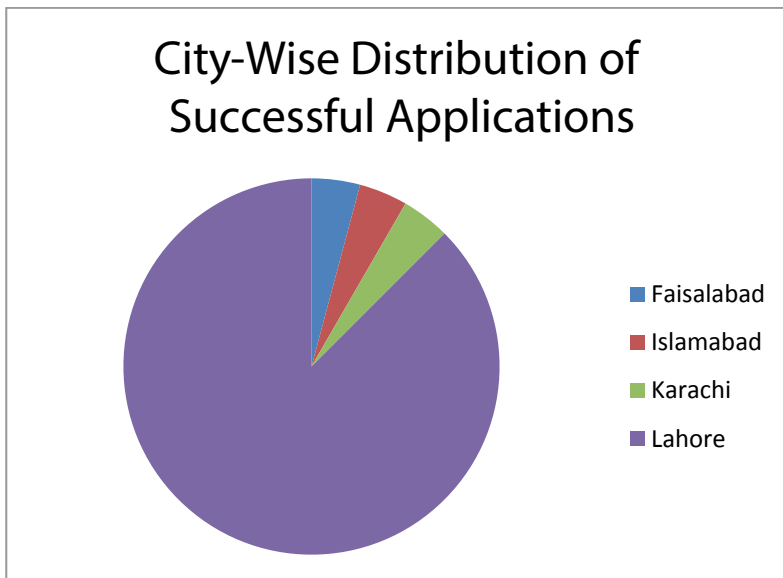


Figure 4



and eight applications were received from Karachi and Islamabad respectively. 14 of the successful startups were from Lahore and one each from Islamabad and Karachi. The predominance of Lahore-based startups may be due to logistic

issues and the unwillingness of ventures to move to Lahore for the incubation period. Moreover, the Punjab government has taken initiatives and shown particular interest in entrepreneurial development in the province which may also

be the driving factor. The Punjab Information Technology Board (PITB) is a government venture that hosts an incubator titled Plan9 which provides facilities similar to the Foundation at LCE.

A greater number of applications were made when the venture was at its nascent stages (figure 5). In Batch 2, 15 applications were shortlisted that had seen under six months of tenure at the time of the application. Of these seven were successful. Only one successful startup had been in operation for more than a year. In Batch 3, 22 shortlisted applications had tenure of less than six months of which 14 were successful. One application each was successful in less than and more than a year of tenure before the application to the Foundation was made. A likely explanation for this phenomenon comes from the fact that ideas which successfully take off would not need support from incubators, and those which have been unsuccessful in the first few months would be shelved. Most ideas which are fresh but do not

have the necessary impetus to stay alive make applications to the incubator for their survival. The Foundation itself seems more inclined towards ideas which are new and fresh rather than those which have been around for a number of months without meeting much success.

This is likely to be true for all startups since a stale idea would not be attractive to investors, and a delayed launch in the market would not be able to optimize profits for the venture.

A great number of applications exhibited no or very little earnings prior to the filing of the application with the LCE (figure 6). As a result, most of the shortlisted and successful business startups did not have any earnings. In Batch 2, five of the successful startups had no earning whereas one had earned less than PKR 100,000. Only two of the successful applications had earned more than PKR 100,000. In Batch 3, 12 of the successful applications had earned nothing whereas three

Figure 5

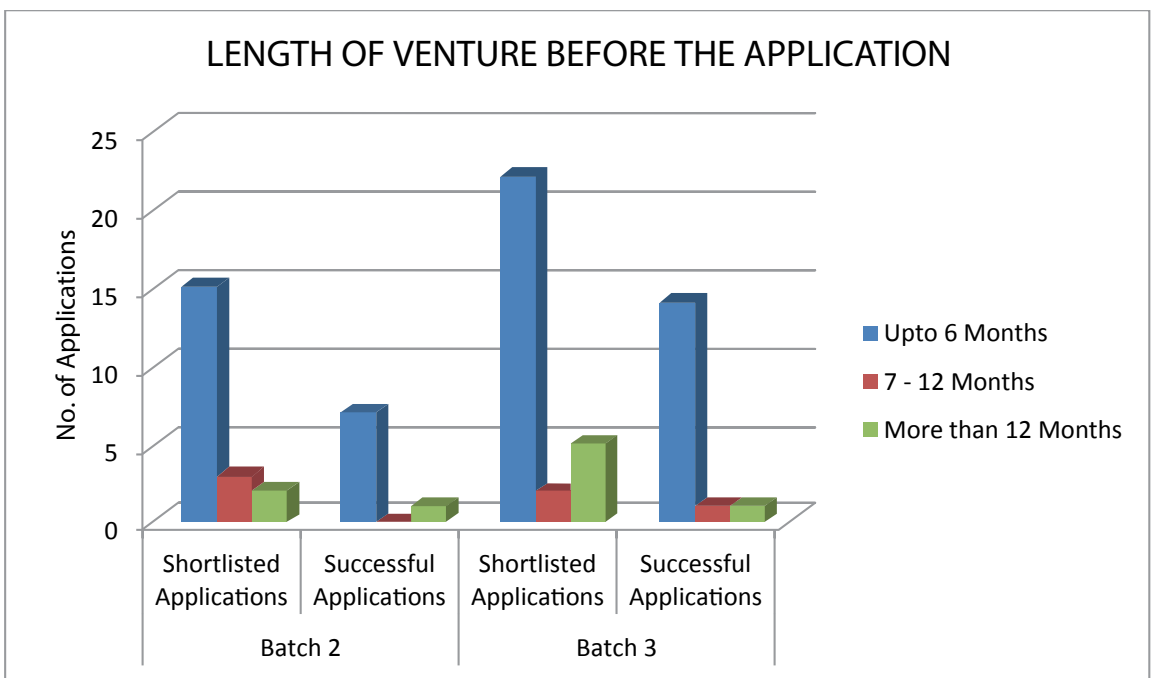
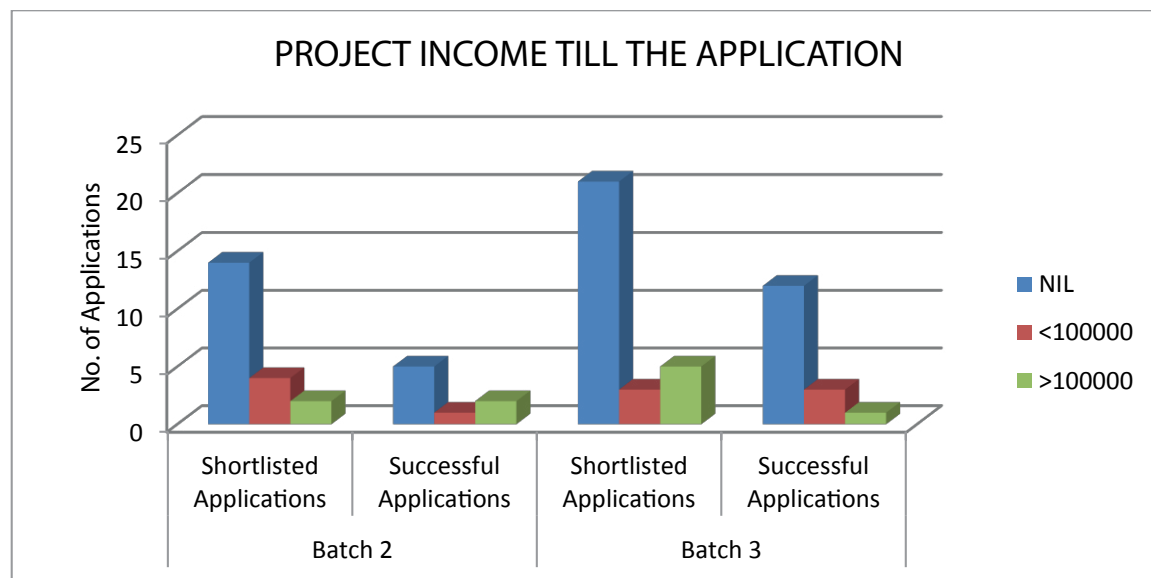


Figure 6



had earned less than PKR 100,000 and only one had earned more than PKR 100,000. Since more applications are made by those business startups which have earned nothing, the probability of them being successful is greater. The model of incubation for businesses is also keen on hosting new ideas and projects. With the right environment and leadership, business ventures could attract clientele and investment both in a short period of time.

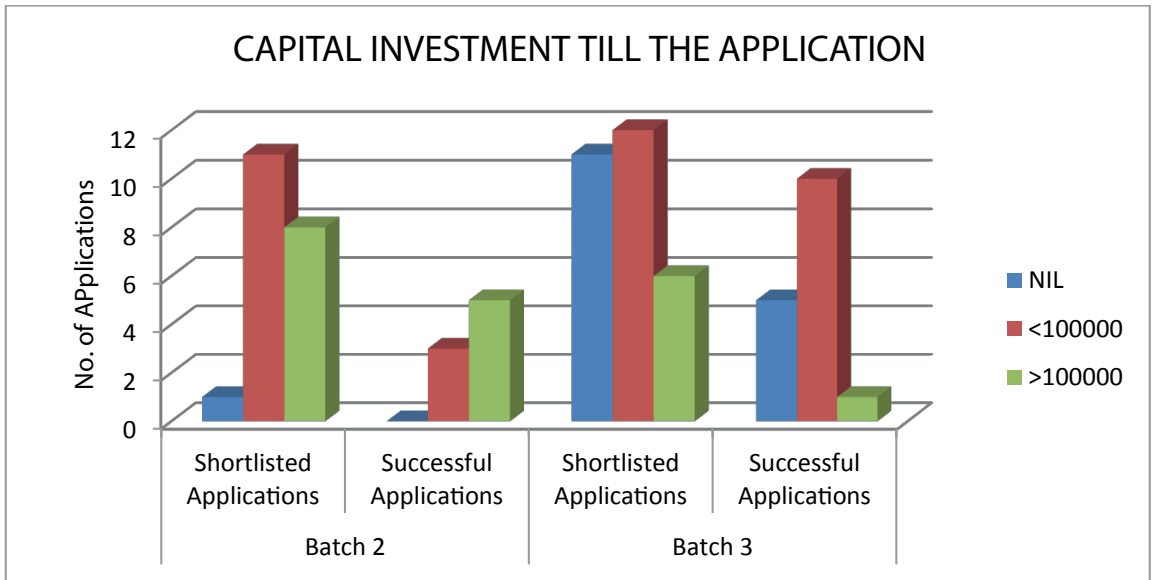
The data set was also scanned for capital investment which had been made in the projects by the applicants before making their application to the LCE. Both batches showed an overwhelming number of ideas which had not been invested in at all (figure 7). The LCE however selected those businesses which had already attracted some investment from the founders before making of the application. Batch 2 showed that three of the successful startups had made an investment of PKR 100,000 or less whereas five had invested in excess. In Batch 3, five successful startups had not made any investment whereas ten had invested less than PKR 100,000. Only one successful

startup had invested more than PKR 100,000. The incubators and investors would certainly be wishing to see more than just a brilliant idea in a startup – thus there are greater chances of success of a venture which has some investment made by the founders at stake as well.

The data set which has been assessed may have its limitations that it is focusing on only one incubator however it does point towards a few issues that need to be redressed for the success of ventures like these in Pakistan. The application for the incubation batch could be cumbersome and lengthy for a few applicants and requires education rather than skill and business idea only. Yet the application does not focus much on the product which the business shall bring onto the market.

Once applications are made, a short listing process begins. This process however does not seem to be streamlined with a pattern or a yardstick against which all the applications shall be measured. There is no set formula for the selection of successful applicants either. Since there is no set pattern

Figure 7



is not possible to provide future candidates for business incubation with any cogent advice as to the selection of the idea or design of the startup. From the applications, a trend could be noticed that the only attraction in a business startup is not money or profiteering. The ideas which flow in and are successful are those which deal with innovation problem solving. Business ventures are usually focused upon making useful products from scratch such as developing new e-applications or a food joint. Since many of the shortlisted and successful ventures have made no investment till the time of incubation and many do not have any monthly expenses either, they are largely for problem solving. Hence, investment is not an indicator to success of a business venture.

Pakistan holds great potential for business development and growth in almost every sector. Business startups are a new idea for Pakistan and show great promise for success provided they are given correct guidance and support to hone their acumen and develop a business design which is innovative, progressive and steady. A usual perception of businesses in Pakistan remains that

they are at a distinct disadvantage since there are administrative, legal, financial, marketing and social hurdles that would restrict a venture from taking off. However, the rising number of business startups in the batches at LCE alone is enough to project a promising future for the Pakistani business community and economy. With minimal investment and infrastructural support, the incubators allow the idea to grow. Once the idea has steadily gained momentum, a startup shapes into proper business venture attracting new ideas into the market.

Business startups have been a raving success globally. Ideas, which do not have financial and infrastructural backing, are provided with a lucrative setup, inducing growth and success. Pakistan was lagging behind in this respect but with an increasing awareness of globalization, business ventures have started mushrooming in the shape of startups which are focused on domestic and international markets both. An increase in the number of successful business startups would attract more ideas and encourage entrepreneurs to think outside the box since support would be

provided by investors and incubators. The world is becoming increasingly flat allowing innovative business startups to shine internationally. Pakistan is a more favorable destination for business startups since legal, labor and infrastructural costs are extremely low. It is time to make use of this growing business trend and facilitate startups which promise successful business ventures. Moreover, incubators should step out of the protected shells of organizations and institutions all over the country and be proactive in attracting edgy business ideas as those could promise exponential success.

With special thanks to Dr. Hadia Majid for her guidance and support.

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Notes

¹ The LUMS Centre for Entrepreneurship (LCE) invites applications from young entrepreneurs for business start-ups which undergo scrutiny at the Centre. Successful applications for every batch are then slated for an incubation period of four months. Data was collected from the LCE of all the applications of Batches 2 and 3 out of which further data was extracted with respect to gender, number of founders, city, expertise, capital investment, profits and monthly expenses. The LCE highlighted all the shortlisted and successful applicants. This paper was then prepared after a detailed reading of the data. The LCE is headed by Mr. Khurram Zafar

² <http://startup.org.pk/sailing-through-the-rough-tough-pakistani-business-environment/>

³ The incubator of LCE is called the Foundation

India-Pakistan Ties: Can Border States help in Strengthening Economic Links and Connectivity

By Trivedesh Singh Maini



If one were to do an analysis of India-Pakistan relations over the past decade and a half, tensions have sky rocketed on more than one occasion, and official dialogue between both countries has been disrupted on a number of occasions; The Kargil Conflict, the attack on Indian Parliament in December 2001, Mumbai attacks in 2008 and more recently over the past year, dialogue at the official level has remained suspended. What is often forgotten is that in spite of these problems, some of them being very serious obstacles, some substantial headway has been made with regard to connectivity and economic relations between both countries. This off course is far below the actual potential of bilateral trade between both countries, which has been estimated at close to 20 Billion USD

If one were to look at the increase in trade in percentage terms, over the past decade, this is clearly visible. In 2004-2005 bilateral trade between both countries was estimated at 6.64 Million, where as in 2014-2015 it was pegged at 2.3 Billion USD in 2013.

It is not only the national governments which have been instrumental in pushing forward economic relationship but border-states too, which have been supportive of these endeavors.

While according to the Indian Constitution, issues related to foreign policy are under the purview of the centre. Foreign policy, including economic relations with the outside world comes under the Union List (List 1, Seventh Schedule, Article 246). It would be pertinent to point out that while the Central Government has begun to encourage state participation in foreign policy – especially the economic component – it has been cautious in the context of Pakistan.

For instance in 2004, the South Asian Free Trade (SAFTA) agreement was signed by Former Prime Minister Vajpayee, and this paved the way for substantial progress in the economic sphere. After this, the UPA regime, and successive governments in Pakistan too took some important steps for enhancing of not just trade, but also communication links. While in the economic sphere, the period between 2011 and 2012 was extremely fruitful, with some of the tangible achievements such as the inauguration of the Integrated Check Post at Attari Indian side of the border in April 2012, increase in number of goods which can be traded between both countries. The visa agreement signed in September 2012, which liberalized visas for businessmen, tourists and citizens over 65 was also an important decision, due to political tensions in 2013 however, this could not be implemented¹. The agreement stated, that big investors and traders would be given 3-year multiple visas and a 6-month transit visa, while smaller investors and traders will be given a 1-year multiple visa².

Apart from the above achievements the level of engagement between the then Commerce Secretaries, as well as Commerce Ministers was

also crucial in paving the way for a change in mindset, even though there have been some serious obstacles to the implementation of important agreements³. The enthusiasm for greater economic links was visible from the fact that President Asif Ali Zardari had also alluded to the need for both countries to following the India-China model of engagement, during a meeting with Dr Manmohan Singh, which meant that trade needs to be de-hyphenated from politics⁴. This represented a dramatic shift in the thinking of the political leadership.

Important transportation and communication links were begun by the central government. The previous UPA Government for instance began bus services which connected the Kashmir's, Punjabs (Amritsar-Nankana Sahib) and a railway service (Munabao-Khokhrapar) which connected Rajasthan-Sindh realizing the importance of border-states as well as potential. These initiatives were aimed at enhancing people to people contact, as well as economic links between border-states.

Change in Mindset

Since 2004, there has been an increasing realization that border-states will play a crucial role in improving ties with neighbours in South Asia, including Pakistan. Two important factors have led to New Delhi relying on border-states. The first is the realization, that in a transforming geo-political situation, the approach towards border-states and borders needs to change. In this context, a lot of policy makers as well as analysts have pointed to the Chinese model of using border-states as connectors with neighbouring countries, rather than looking at them as mere frontiers⁵.

The second has of course been the point that national governments are no longer solely

dependent only upon SAARC for integration with South Asia, and have been seeking to deal bilaterally with neighbours, outside the ambit of SAARC. Since India shares land borders with most of India's neighbours – border-states cannot be neglected⁶.

Border-states themselves have sensed the opportunity which arises from better economic relations as well as enhanced people to people contact. The state which has taken the lead amongst the border-states is Punjab, for economic as well as non-economic reasons is Punjab.

With regard to the Punjab's taking the lead in India-Pakistan ties, C Rajamohan states⁷ :

Not all border states, however, are hostile to the prospect of greater economic cooperation with the neighbours. If West Bengal and Tamil Nadu point to the negative side of the equation, many others have been enthusiastic proponents of regionalism. Punjab, for example, has been an active champion of transborder cooperation. The bipartisan sentiment in Amritsar has been marked by the active pursuit of an opening to Lahore under the Congress government led by Amarinder Singh and the Akali Dal governments led by the Badals. This sentiment has been reciprocated by civilian leaders and commercial classes in Lahore.

While a common history and culture, along with a history of economic links was definitely a starting point for this enthusiasm. It is not just the common Punjabi identity which binds both sides, but the yearning of Sikhs to visit their religious shrines in West Punjab. Religious tourism has been high on the agenda both at the level of Punjab-Punjab interactions, as well as the national level. The Amritsar-Nankana Sahib Bus Service was specifically begun with the purpose of facilitating

religious pilgrimages to Nankana Sahib, the birthplace of Guru Nanak Dev.

In fact, during the recent meeting between Modi and Sharif it was one of the important issues which were discussed. Religious tourism helps not just in enhancing people to people ties, but is also economically beneficial.

The relationship between the two Punjabs, is no longer driven by mere nostalgia or the past, which was prevalent in the post-partition generation, but hardnosed realism as well. In this context, Kanak Mani Dixit argues⁸:

While Punjab-Punjab amity will provide the glue and catalyst, the nuts and bolts even between these two would have to be commerce. Appeals to cultural ties, one has learnt from experience, do not stand a chance against ultra-nationalism, that too when laced with religious chauvinism. Only a commercial meshing can generate hard-nosed stakeholders among the investors, industrialists, traders and service providers. It is they who will act as buffer in times of geopolitical turbulence, giving backbone to the politicians who need to fight populism and make the tough decisions.

While for Indian Punjab, trade with Pakistan is necessary, since it is otherwise landlocked, for Pakistan, Indian Punjab is a gateway to the massive Indian market and beyond.

This point is clearly evident from the engagement between the governments of two Punjab's which began in January 2004. Chief Minister of Indian Punjab, Captain Amarinder Singh who initiated links with Pakistani Punjab through the cultural and religious sphere never missed the opportunity to emphasize on the potential of economic ties between both countries. During the Punjab

Games in December 2004, when Chaudhry Pervaiz Elahi visited Indian Punjab, there were repeated references by both towards the need for stronger economic links.

During a visit to Pakistan in March 2005, in connection with the inauguration of a dual carriageway from Nankana Sahib to Manawala near Lahore, Captain Singh alluded to the need for greater trade allaying fears of the Pakistani business community. He said that bilateral trade will in no way result in swarming the Pakistani market. He also spoke about the possibility of setting up a Special Economic Zone at Wagah Border, something which has been endorsed by other organizations⁹.

Similarly, when the Deputy Chief Minister of Punjab, Sukhbir Singh Badal visited Pakistan he was accompanied by prominent businessmen, and Badal too laid emphasis on greater ties between both the Punjabs especially in the economic sphere, and tried to allay fears of the business community with regard to the possibility of Indian goods flooding the Pakistani market. One of the issues discussed was the sale of power to Pakistan. Badal also spoke in favour of greater cooperation between the textile industries of both the Punjabs. On the Pakistani side too, both Islamabad and Lahore have been in favour of closer engagement between both the Punjabs. CM of Pakistan Punjab, Shahbaz Sharif during his visit to East Punjab, in December 2013, spoke for the need for greater cooperation between both Punjabs.

Apart from dealing with the logistical issues which afflict the Wagah-Attari land crossing, government of the Punjab (India) has also raised the issue of opening the Hussainiwala-Kasur land route for trade with the central government on a number of occasions¹¹.

Chambers of Commerce and Government joint efforts

While Chamber of Commerce in Punjab also took advantage of linkages established between the two Punjabs and in 2005, during Captain Singh's visit a number of economic issues were flagged. An MOU was signed between PHD Chamber of Commerce and Lahore Chamber of Commerce for greater interactions between both sides. One of the tangible outcomes of this MOU signed between both Chambers of Commerce was an Annual Expo, which is organized jointly by both organizations. This is held annually in Indian Punjab.

To give a definitive shape to economic engagement between the Punjabs, a working group consisting of businessmen was also set up during Sukhbir Badal's November 2012 visit to Pakistan¹².

The state government along with her business community played an important role in lobbying with the government on important issues pertaining to trade between India and Pakistan, such as increasing the products which can be traded through land route, setting up of the Integrated Check Post at the Wagah-Attari border and opening up trade through other land routes.

In addition, to the political and business community of the state, it would also be pertinent to point out that researchers and think-tanks both from Punjab (India) and outside have been supportive of closer linkages between the Punjabs, both for strategic and economic reasons¹³. Some of the organizations which have taken a lead role in rapprochement between both countries are CRRID (Chandigarh) and SAFMA (Lahore). Academics too have spoken in favour of closer economic and cultural ties between both the Punjabs.

It would also be pertinent to point out here that the Wagah-Attari border is being looked at as an important border not just in the context of India and Pakistan but the entire region. There have been references for the need to connect the China-Pakistan Economic Corridor to the Indian side of the border to enhance trilateral cooperation. During a visit to Amritsar (India), the Chinese Ambassador to India had spoken about the possibility of extending this corridor which was welcomed by the Chambers of Commerce and business community¹⁴.

While the two Punjabs by themselves cannot dictate the relationship, they can certainly be pivotal in playing a constructive role in the economic relationship between both the countries.

Yearning in other border states

It is not just the Punjab, but even in other border states including Gujarat there is a gradual realization of benefits of trade with Pakistan¹⁵. Efforts have been made to rekindle ties between Surat, which have sought to rekindle their linkages with Pakistan, through exchanges between the Chambers of Commerce. In 2013, an MOU was signed between the South Gujarat Chamber of Commerce and Karachi Chamber of Commerce. Chambers of Commerce from the State have also sought that Kutch in Gujarat which has sought the opening up of land routes for trade with Pakistan, though it has not evoked any response from the central government¹⁶. The Gandhidham Chamber of Commerce had written a letter both to the state government as well as the Central Government for opening of land crossings, but received no response. There is potential for strong energy linkages between Kutch and Pakistan, in fact the Adani Group has been planning to set up a power

plant at Kutch with the idea of selling power to Pakistan though currently there has been no response.

Unlike Punjab, the government of Gujarat has not lobbied for closer trade links with Pakistan, though delegations from Pakistan have visited the state for the Vibrant Gujarat Summit. Some businessmen from Karachi in fact even met with the current PM Narendra Modi, who was then Chief Minister of Gujarat, and raised the demand for greater connectivity between Gujarat and Karachi¹⁷. Modi, as CM, also referred to the potential of energy cooperation between Gujarat and Sindh¹⁸. It remains to be seen whether with Modi's increased emphasis on economics and trade with neighbouring countries and a growing interest in the business community of Gujarat, greater emphasis is laid on developing ties between Gujarat and Sindh.

Differences between Border States

Upon a closer look, the dynamics of border-states vary. For instance, unlike Punjab, Gujarat is not landlocked and has access not just to other countries but can trade with Pakistan via the sea-route, so opening land crossings may not be a priority for the business community of the state¹⁹. In fact studies estimate that sea-routes would benefit the most if Pakistan granted MFN status to India.

In Punjab on the other hand, trade with Pakistan has become an important political issue. During election campaigns trade with Pakistan has been flagged as an important issue by political parties.

Second, the benefits of closer economic links can be felt much easier in a smaller state, because there is a much quicker and stronger impact on

different parts of the state. One instance being the rise in land prices in Punjab, not just in the border city of Amritsar and surrounding areas, but even in other parts of Punjab.

Third, it is interesting to note that each border state complains that the Central Government is not paying sufficient attention to its demands. There are always talks of one lobby getting preferential treatment. While in Pakistan, the Karachi lobby often speaks about the domination of the Punjabi lobby; in India, states like Rajasthan complain about excessive importance being given to the Wagah-Attari border, while neglecting Munabao-Khokhrapar. While in Punjab it is believed, that the Mumbai-Karachi sea route is given greater importance

Recommendations

The key stakeholders need to work closely, this includes not just state and central governments, but even within the respective border-states there needs to be closer coordination between state governments, business community and Chambers of Commerce.

Finally, border-states in both India and Pakistan should stop viewing each other with suspicion, and find ways through which they can work together. There also needs to be a realization, that trade routes (whether land or sea) have their own relevance, and neither can be a substitute for the other. The belief that either land routes or sea routes are more appropriate is incorrect.

In conclusion, it is important that the key role of border-states in this complicated relationship is given greater importance, and borders are not looked at from a security lens as has been the case since long.

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Sector I-11 Islamabad and the Political Economy of its Evictions

By Hadia Majid and Mahvish Shami



The state sponsored eviction of the settlement in the I-11 sector of Islamabad has brought to the fore some interesting dynamics. On the one hand, we have the Islamabad Capital Development Authority, which took up the mantle of clearing the area in question of illegal settlers, and apparently not for the first time. On the other hand, we have the civil society noting that such forced evictions are a violation of the right to housing guaranteed under the constitution. Moreover, if the settlement in question was in fact evacuated because of its illegal status, and for land development projects, then how does the CDA justify not taking action against numerous other illegal abadis situated in Islamabad? In fact, one would expect that slums located more towards the center of the city such as those in F-7 would be the first to be evicted if the motivation was indeed just land development. The more likely explanation for the treatment meted out to the residents of the I-11 abadi stems from the political economy that regulates slum and state interactions.

Some analysts have argued that the basis of the differential treatment between the I-11 and F-7 abadis is rooted in the unrecognized state of the I-11 slum as a legal settlement, a distinction which they argue is largely made on an arbitrary basis. Slum recognition (notification) in essence provides protection against eviction for the entire

community. It also gives individual households the right to apply for property rights with the patwari. Recognition, as explained by the Katchi Abadi Directorate, is based on two conditions being met; a) the settlement must have been established prior to a cut-off date, and b) the settlement must have a certain minimum number of households. The cut-off date has been updated twice since the slums recognition policy came into existence in 1978. This was done in 1987 and 2007. Furthermore, with each amendment the minimum household requirement was reduced. While the initial requirement was for 100 households, in 1987 it was reduced to 40 households, and in 2007 was further lowered to 12 households. Both amendments were made by the prime minister's office, and in both cases there was a clear political incentive as it allowed the incumbent party to demonstrate a pro-poor ideology to their constituents and garner votes. It is worth mentioning that recognition does not mean that all households automatically receive property rights. Property rights are awarded to households that can prove they resided in the slum prior to the cut-off date.

Aside from protection against eviction, recognition from the state is important for the purpose of public goods provision. Officially, the state bureaucracy will only provide public goods to settlements which are deemed legal by the state, with no provision being made to unrecognized communities. Yet, even in unrecognized slums politicians are able to provide public goods due to a discretionary fund they have at their disposal in exchange for votes.

Funded by the International Growth Center, we

conducted fieldwork in 12 slums of Lahore in 2013. The primary focus of our study was to understand the level of public goods provision based on slum location and type, while also gathering some basic demographics on the inhabitants of these settlements. In order to do this we chose our slums based on two specifications: the distance of the slum from the city center and the recognition status of the slum. Our 12 slums were then equally divided into four categories – recognized/center; non-recognized/center; recognized/periphery; non-recognized/periphery. Our results show that when it comes to provision of public goods, it is not state recognition that matters. Rather, it is the distance of the slum from the city center. In other words, the more visible a settlement, the more likely it is that it will receive public goods. Moreover, we find that certain characteristics improve the likelihood that the household will have access to public goods. These include the household's wealth status, its property rights, as well as its ability to access formal institutions.

What is also interesting is that we found that there is not a strong push on the part of households to obtain individual property rights. This may be driven by the high bureaucratic costs associated with getting these rights and the fact that even though *de jure* households lacking property rights can be evicted from recognized settlements, there is little precedence of this in Lahore due to which most settlers feel that they have tenure security. And to further secure their standing, households pay bribes to local officials in order to get protection from eviction. In fact, nearly a quarter of our sampled households reported that they have been living in their respective slums for more than two generations.

Hence, our results lead to three primary conclusions: the state, and its politicians may be

using the slums located in the center of the city to demonstrate a pro-poor ideology; it is possible for illegal settlers to bargain with the state and prolong their stay in settlements provided that they have the necessary connections; and that certain factors especially wealth levels and institutional contacts enhance the power of households to bargain for provision of public goods from the state.

But the question is that are our results, which are based on slums located in Lahore applicable to those in Islamabad? And what light, if any, can we shed on why the I-11 eviction happened from a political economy perspective?

The fact that we found that state recognition of a slum has no bearing on public goods delivery in our sample does not immediately imply that this would be the case for I-11 as well. It is worth noting that if a settlement is large enough, recognition has the potential to change the voting dynamics of an area. Politicians then have two options – 1. They could leverage the illegal status of the *abadi* for votes by providing protection against eviction, or 2. They can facilitate recognition of a settlement in exchange for votes. Given that the residents of the I-11 *abadi* were by and large internally or internationally displaced individuals, the vote point effectively becomes moot in their case. While recognition would allow inhabitants to gain individual rights to their property, and conceivably to change the permanent address on their CNIC if they so desire, it is important to note that gaining individual property rights is generally a long process which can take several years to complete. Hence, politicians in the area would have had no incentive to either provide protection against eviction or to facilitate recognition given that there are no votes that they can immediately gain, especially from anyone who is of non-Pakistani origin.

Furthermore, the differential treatment in evidence between the I-11 and F-7 abadis may well be a function of the remoteness of the former settlement rather than its recognition status. Combine this with the fact that the residents of the Afghan Abadi are by and large displaced poor workers who likely do not have any local connections or standing to successfully bargain with the state, and it is unsurprising they were unable to halt their evictions.

What can residents and civil activists looking to improve the living arrangements of inhabitant of other abadis throughout the country then learn from the I-11 experience? The first point to push for relates to transparency in both the settlement recognition and patwari registration processes. Abadis and households that fulfill the eligibility criteria can still see protracted recognition and registration processes unless they can bring some politician to exert influence. Transparency and a reduction in red-tapism will go a long way in streamlining both procedures. Similarly, the patronage networks in evidence in Pakistani politics where votes are exchanged for public amenities and residential status need to be broken. In this, the power of both conventional and social media can prove to be phenomenal. Just in the last few weeks we have seen a remarkable rise in the visibility of the Afghan Abadi. Not only is the country better aware of the state of the now ex residents of this particular settlement, but also of the issues surrounding slum eviction overall. What is left to be seen is how well civil activists and other concerned parties are able to harness and capitalize on the current coverage of one particular settlement to pressurize governmental authorities with regard to the state of slums throughout the country.

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Revealing Facts: 10 Questions with a Successful Entrepreneur



Abdul Raheem
 Founder and CEO, Jewelry Design Pro

1. What is your business venture and how different is it from other ventures?

We have developed primarily a B2B virtual marketplace where we are helping emerging jewelry designers from all over the world to showcase their designs (digital downloadable CAD jewelry designs) and sell them worldwide. These designs can be used to make all kinds of jewelry; costume and in precious metals. To save consumers time and money, we are offering a full 5-step jewelry solution. Our team starts with: i) jewelry design and sketch as per the customers' requirement; once approved, it is ii) converted into a CAD model; iii) with professional 3D Visualization and rendering to show how it would look as a final product; once finalized by the customer, the jewelry design is iv) 3D printed (a CAM Model) and; then our team, v) casts/ manufactures it for you in any metal preferred.

a. Any of the above mentioned services could be used independently as well. On our marketplace jewelrydesignpro.com, consumers can find an existing catalogue of 3D jewelry designs by designers from all over the world. To save additional time, consumers can directly purchase any design from the world of jewelry designs available

to them on the marketplace and have also have the option to get it manufactured in any material they prefer!

- b. Even if you don't have direct access to 3D printers to get your design printed, we can do it for you instantly. We have made finding the right jewelry as easy as it gets.
- c. Our most famous and most used service is "Custom Costume/ Fashion Jewelry" in any metal. We are helping corporates and organizations to brand in badges, brooches, cufflinks and studs. Additionally, we are helping tangible product focused startups, wearable gadgets engineers, bridals and fashion designers to get their ideas/concept/ product done in form of jewelry, moving into wearable jewelry gadgets.

We have the first-movers advantage on this geographical region and aim to fully capitalize on it!

2. How did you come up with this idea?

I thought of creating Jewelry Design Pro when my elders in the family, who are running the family jewelry manufacturing business since 3 generations, were skeptical of the future of jewelry industry of Pakistan. With the urge to carry on the family business to the 4th generation and improve and grow the local jewelry industry, I felt it was necessary for the industry to adapt to the technological advancement around it. With my brother, Muhammad Nadeem, an MBA who handles the family jewelry manufacturing business and myself as a software architect by profession,

we co-founded JDP and started working on an online market place specifically dealing in 3D printed jewelry designs and jewelry.

3. What do you wish you would have known 5 years ago that you know now?

I wish I had come up with this idea before so I could have had the first market move in the world. At the moment it is the first market move in Pakistan only, though there is still a huge advantage. It would have been nice to make that initiative globally; even then I am a firm believer in things happening on their own time. It's never too late and I will go forward with complete optimism and hope and most importantly, dedication and hard work!

4. What is one mistake you made and what did you learn from it?

I believe this applies to all the startups. Since the start, for the first six months or so, we totally focused on developing the marketplace and continuously improving the product. We did form associations with and reached out to the relevant organizations to form good partnerships. But when it was time to launch, I realized that we lacked the buzz, hype and the outreach. We were so focused on the product and the back end that we had totally ignored the marketing aspect of our business. Our marketplace was running to the full but to get designers, jewelry related business and the mass market, we were a couple of months behind, i.e. I feel we should have done marketing hand in hand with developing the product, so once it was time to launch, we could have done with it a credible client and designer base with the appropriate buzz I believe this idea should get.

5. Where do you see your venture in another 10 years?

We definitely will be the best choice for consumers to get fine jewelry exclusively customized to their liking, whether its rings, bracelets and necklaces for personal use or gifts or its bridal sets in precious metals and gems. I also see us being the first choice for consumers to get customized wearable gadgets in the form of jewelry.

6. You were part of LCE, would you recommend applying?

Our first success as a Company came when we got accepted for incubation at LCE. Getting selected out of a huge pool of commendable startups was a big achievement for me at the time when there was barely any support from my family and friends. It was a huge confidence booster. At LCE they thoroughly promote an entrepreneurial environment, i.e. they push us to achieve our targets, support us in our networking, train us in effective communication and provide training for the necessary business aspects that an entrepreneur should know when building a Company around their idea. I definitely recommend upcoming startups to apply to LCE. The support they provide is praiseworthy.

7. What advantages does LCE have over its competitors?

They offered in the first 2 weeks, an entrepreneurial development program free of cost, which made a huge impact of understanding and setting the mindset for the startup. Secondly, incubation cycle is tightly structured and has predefined agendas of

every week that a startup company should have to accomplish. Third, the management team there is very good and extremely efficient. They help you out in every problem and every time they can. Fourth, the guests', investors' and mentors' visits during the incubation cycle really helped us in refining our pitches each time we pitched them. Getting new people to come in continuously at LCE is a big advantage. The interest shown and the continuous guidance provided by them were of great help. Finally, Khurram Zafar who is so experienced and passionate to promote the startup culture in Pakistan, believe me or not, solves the critical problems of startups in just minutes.

8. Do you think you have a benefit over local entrepreneurs since you were part of a more lucrative entrepreneurial environment (LCE)?

Yes, I believe we have a better mindset to run a startup, actually, we are focusing on very complex, multifaceted and highly challenging B2B business model. Still then just after 10 months we are taking orders from our website and partially change the mind of Pakistani customers, which is extremely difficult especially considering the jewelry market. A huge benefit comes in the form of the network available to all the startups that are part of LCE, including us. If used well, one can really cash on that network and the entrepreneurial environment of LCE.

9. Do you think Pakistan has the potential to compete with international market?

Yes, our people are the best in producing results and keep the quality factor in their

services and products. They are already competing and working in the international market individually if not in groups. We just need platforms like LCE and Plan9 that support the startup ideas and give the entrepreneurs the support they need. I also feel the government has a huge role to play in it in providing supporting regulations and policies for startups. We definitely have the ability to shine our skills compete with the world.

10. What, according to you, can be the next billion dollar startup in Pakistan with focus on local market?

I can say it will be our Company IA. Though it's hard to change the mindset of the Pakistani people but believe me or not there is 100% potential for improvement and betterment. In addition, I believe that 'Auto Genie', another LCE startup has a huge potential in the local market. I wish them all the best and success in their future endeavors.

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