

INDIA AND HER NEIGHBOURS

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PAKISTAN

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1. Mumbai-Karachi

1.1 Introduction

*In 1847, when Sir Charles Napier retired as Governor of Sindh and left Karachi for England, in an emotional farewell from the docks, he said: "Thou shalt be the Glory of the East, would that I could come again to see you, Kurrachee, in your grandeur!"*¹

This was a bare eight years after the British invaded Karachi from the HMS Wellesley, a ship built in Bombay, and turned a provincial backwater into a thriving, gracious port city.

The linkages between Bombay and Karachi are old, and deep. The British invested in these two port cities, and built them into the grand cities of Asia. Nearly 70 years after Napier sailed away from Karachi, a city he entered on a ship built in Bombay, both cities are in decline. Can an economic engagement between these two metropolises of South Asia help to revive their fortunes, and those of the region?

These are ambitious thoughts, and worth exploring. Many attempts have been made over the years, with little success. Still, the efforts continue, and this paper is one such effort, with recommendations to take small, realistic steps forward, given the constraints, to prepare for the larger engagement of the India-Pakistan bilateral.

1.2 Recent history

It is 20 years since the Deputy High Commission of India was closed in Karachi in November 1994 due to the political situation in the city at that time. There have been attempts to open it twice over the last two decades, but the building lies abandoned. Perhaps hundreds of visa applicants used to line up every day outside the building, but after its closure they have had to make the trip to Islamabad at considerable expense, which costs as much as a round-trip ticket to Mumbai itself.

Prior to 2008, there were as many as five direct Pakistan International Airlines (PIA) flights a week between Karachi and Mumbai, a trip that takes less than 90 minutes. Air Lanka also had three direct flights each week. Today there is only one weekly PIA flight, and it often gets cancelled if only a few passengers show up. Cancellations leave passengers stranded at both ends, where visa considerations and permissions to stay are squeezed to the maximum, resulting in additional problems for travellers. The frequency of the 40-minute Lahore-New Delhi flight has also been cut from four a week to only one, while the Karachi-New Delhi twice-a-week flight has been stopped altogether.

Between 2003 and 2008, during a time of a sense of relative normalcy between India and Pakistan, with far greater air traffic between the two countries, PIA carried a large number of Indian travellers from the Gulf States via Karachi and Lahore to New Delhi. PIA fares were competitive and it is said to have made a great deal of additional revenue on these lucrative routes. Moreover, religion-related tourism between India and Saudi Arabia also benefitted PIA, given its greater and more frequent flights between Karachi and West Asia.

These simple facts highlight a mere iota of the hundreds of small and large issues which affect India-Pakistan, and as a consequence, Mumbai-Karachi relations. If there is one consensus in Pakistan (more so than in India), it is that it is Pakistan, rather than India, which

has suffered significantly from the absence of economic and trade cooperation between the two countries. The Punjab-Punjab bonhomie over the last five years may have changed the relationship between Lahore-New Delhi, Amritsar, Ludhiana, and Chandigarh, but Mumbai-Karachi, and particularly just Karachi, have lost the most.

The Mumbai-Karachi relationship, in terms of trade, economic cooperation, travel, visas, and other forms of communications and connections, *is heavily constrained and determined by the India-Pakistan relationship*. When visas are not issued, or flights not operational, or just a handful of goods on the Positive List allowed to be traded, all of Pakistan suffers.

Total trade between the two countries is \$2.8 billion. Although up five-fold from 2005 when it was just \$600 million, it is still a tiny fraction of either country's total trade (especially India's), and perhaps a fifth to tenth of what might be possible if better trade relations existed.

Despite the permission to trade in a growing number of commodities—the Positive List—the tables below shows the limited nature of trade, with considerable variation between even two consecutive years. By any consideration of free trade between two neighbours, these numbers reflect restrictions rather than possibilities. (Since 2010, the year till when this data is available, the Positive List has considerably expanded and these tables do not reflect the latest situation).

**Table 1: Pakistan's top ten exports to India
as a percentage of total exports to India**

Sectors	2001	2004	2007	2010
Edible fruits, nuts, peel of citrus fruits, melon	39.1	27.9	20.6	19.9
Mineral fuel oils distillation products etc	5.0	0.1	21.6	15.0
Organic chemicals	0.3	1.5	3.5	12.0
Salt, sulphur, stones, plaster lime, and cement	1.7	1.3	3.1	11.4
Cotton	3.4	11.7	16.8	7.7
Lead and articles thereof	0.0	0.0	8.9	5.2
Raw hides and skins and leather	0.1	0.2	0.4	0.4
Plastic and articles thereof	0.5	0.9	0.9	3.9
Inorganic chemicals, precious metals	0.4	0.1	0.0	3.6
Wool, animal hair, yarn, and fabric	0.6	1.4	1.7	2.7
Others/miscellaneous	49.0	55.0	22.5	18.1
Total exports to India	100.0	100.0	100.0	100.0

*Source: Pakistan Institute of Legislative Development and Transparency*²

Data in Pakistan—which will allow an assessment of where the imports from India end up, whether in the Punjab or in Karachi—is not easily available. A careful, more detailed study will be required to assess that. Some results show that as much as 65% of trade between India and Pakistan takes the sea route. Moreover, while data of goods landing at Karachi port from Mumbai might be available, it will not help in determining the eventual destination of the goods/machinery/raw material—whether it reaches Karachi or up-country.

Given the increase in economic activity in the Punjab, and given the extensive improvement in trade facilitation at Wagah, it can be assumed that the Punjab imports much of its goods

from Wagah, but certain types of heavier machinery might still be imported by ship from Mumbai. Moreover, industrialists in Karachi who have been importing a lot from India, including heavy machinery, have stated that sometimes this machinery comes through Wagah rather than through the port at Karachi.

**Table 2: Pakistan's top ten imports from India
as a percentage of total imports from India**

Sectors	2001	2004	2007	2010
Sugar and sugar confectionery	37.6	0.1	5.2	27.4
Cotton	0.4	10.1	20.2	14.3
Manmade filaments	0.0	0.0	1.1	13.4
Organic chemicals	17.3	36.7	24.5	11.3
Residues, waste of food industry animal fodder	4.8	8.1	5.6	3.4
Edible vegetables and certain roots and tubers	1.3	0.4	3.4	3.3
Coffee, tea, and spices	0.4	0.2	0.1	0.3
Rubber and articles thereof	4.4	5.3	3.1	2.1
Oil seed, fruits, grain seed, fruit, etc	1.5	2.9	1.3	2.0
Miscellaneous chemical products	0.2	0.5	1.2	1.9
Others/miscellaneous	32.1	35.7	34.4	20.5
Total imports to India	100.0	100.0	100.0	100.0

Source: Source: Pakistan Institute of Legislative Development and Transparency³

**Table 3: India-Pakistan trade 1999–2000, 2001–2011
(maximum and minimum range, in percentages)**

	1990-2000	2001-2011		
Share of India's total exports to	South Asia	Pakistan	South Asia	Pakistan
	2.7 – 5.1	0.2 – 0.4	4.3 – 6.5	0.3 – 1.2
Share of India's total imports from	South Asia	Pakistan	South Asia	Pakistan
	0.4 – 0.8	0.2 – 0.6	0.6 – 1.1	0.1 – 0.2
Share of Pakistan's total exports to	South Asia	Pakistan	South Asia	India
	2.6 – 4.9	0.4 – 2.4	2.9 – 15.2	0.5 – 2.0
Share of Pakistan's total imports from	South Asia	Pakistan	South Asia	India
	0.4 – 1.7	0.2 – 0.6	2.2 – 7.3	1.4 – 4.3

Sources: 1990 – 2000 Rajesh Chadha; 2000–2011 India Data: Reserve Bank of India, 'Hand Book on Indian Economy, 2011'; 2000–2010 Pakistan Data: State Bank of Pakistan, 'Hand Book on Pakistan Economy 2010, Karachi, 2011';

Figures for 2011 are provisional and are from the State Bank of Pakistan's Annual Report 2010–11

Even though trade between India and Pakistan is estimated to be a mere fifth of its potential, a lot of this analysis is based on static information. Once trade opens up, it will give rise to numerous other possibilities which are unfamiliar or unknown at the moment. There seems to

be little evidence of cross-border investment taking place, at least openly. While there could be proxy or third-party interests based in West Asia who are involved in these transactions, it is only hearsay.

It is worth mentioning though that diplomatic and public sentiment in the recent past has been so negative that when one of Pakistan's public sector companies was being privatised and many bidders from West Asia put in their bids, objections were raised in the Pakistani press that "some Indian" investors were also interested in buying Pakistani assets. Even where some of these bids may have been more competitive, the presence of Indian investors resulted in those bidders having to withdraw.

Until recently, India and Pakistan followed a highly restrictive maritime protocol. The protocol allowed only Indian and Pakistani vessels to carry cargo between the two countries, and did not permit Indian and Pakistani vessels to send cargo destined to a third country from the ports of either country (in essence, India could not send cargo to a third country from Pakistan, and vice versa). This arrangement restricted competition from foreign vessels, and resulted in high sea freight rates being charged by Indian and Pakistani vessels for cargo being shipped between the two countries. However, there was no restriction on the movement of transhipped cargo.

Hence, several trading firms in India and Pakistan transhipped their goods through Colombo. The protocol was amended in 2005, and as a result sea trade between the two countries is now done under global maritime arrangements and practices, whereby countries are free to send cargo via foreign vessels, and can also send cargo to a third country through the port of another country. This amendment has led to greater competition and therefore to a reduction in costs for sea-based trade between Mumbai and Karachi.⁴

More recently, the chambers of commerce in both cities jointly attempted to promote business interests. On 15 July 2011, a noble and pragmatic Agreement of Cooperation was signed in Mumbai, between the Bombay Chamber of Commerce and Industry (BCCI), and the Karachi Chamber of Commerce and Industry (KCCI), to jointly create "an enabling environment" "for business-to-business contact" between the two cities. Accordingly, a joint chamber, the Bombay-Karachi Joint Chamber of Commerce and Industry (BKJCCI) was created with the express purpose of fostering better cooperation between the business communities in both countries.

A year after the BKJCCI was established, the Karachi Chamber received a delegation from the Bombay Chamber to mark the anniversary of the virtual institution, and to ennobles three other goals: to set up a joint research centre that would provide useful business information to businessmen on both sides; to bring KCCI members to an exhibition in Mumbai in 2013; and to establish a mediation centre on bilateral trade disputes.

BKJCCI is one of the many business-led Mumbai-Karachi initiatives that are stalled. A number of proposals in business, finance and connectivity projects have yet to be implemented, but have tremendous potential. These include:

- A partnership between the Bombay Stock Exchange and the Karachi Stock Exchange still on paper, unsigned—and now consigned to the insipid South Asian Federation of Exchanges, which last met in 2010.

- A ferry service between Mumbai and Karachi, long a staple form of transport between Bombay Presidency and Karachi, was revived on paper in 2006 but all talk ended after the 2008 Mumbai attacks, when the attackers allegedly used the sea route from Pakistan to Mumbai.
- An India-Pakistan Joint Business Forum—with Task Forces and Working Groups on joint ventures, joint research and development, supply chain management, sharing of technology and skills-building in areas like automobiles and engineering, pharmaceuticals and healthcare, textiles—has not moved.
- The establishment of representative offices of banks in the two cities, as a start to easy trade and investment, is on hold.
- The establishment of consular offices in both cities, which will re-familiarise citizens and former evacuees with each other.

Much of the progress that had been made towards collaboration came to a halt after the 2008 attacks in Mumbai, and has not picked up since. Even the innocuous cultural and sports activities have stopped, mostly because of reactive politics on both sides. Some efforts are in continuous motion, such as the business and leadership conferences organised by private groups like Nutshell Forum, Karachi, but these have not been reciprocated in Mumbai.

Although the Chambers of Commerce in both countries have exchanged a number of visits and exhibitions have been held in Mumbai and Karachi to showcase products—mostly readymade garments—from across the border, no concrete progress has been made.

Third parties like Google Search are making emotive advertisements by famous admen like Piyush Pandey, which portray a reunion of old friends from the two countries enabled by modern technology.⁵ These messages are evocative and keep spirits and hopes high, but are not enough to push for real progress on the economic or political front. A new generation is on the rise in India's cities, which has no memories of the Partition and mostly views the troubled bilateral as a block to regional progress.

1.3 Current status

1. Limited air connectivity between Mumbai and Karachi: two flights per week.
2. No other direct communication by surface or sea.
3. No consular offices in Mumbai or Karachi.
4. Restricted visa regime; multi-city reporting requirements.
5. No bank branches or representative offices.
6. No regular Chambers of Commerce exchanges or annual meetings of BKJCCI.
7. Most Favoured Nation (MFN) status denied; all business on hold.
8. No regular cultural, educational, or sports exchanges.
9. Security and terrorism remain an issue for the Mumbai Police.
10. Sea-bourne trade is a bright spot, having increased to 60% in 2011-12 from 33% in 1995-96.⁶

2. Gujarat-Sindh

2.1 Introduction

In 2012, a group of businessmen from Ahmedabad put together a plan called The Harappan Civilization. The plan envisioned a World Heritage Site, on the lines of Angkor Wat, which spanned the entire Harappan civilisation of the states of Sindh and Gujarat.

This would be located in Dholavira, that ancient Harappan city situated in Khadir Island in the Rann of Kutch Lake, whose western edge borders Sindh. The plan included restoration of the ruins and a world-class museum with official artefacts that would reflect the history of the civilisation. It was to be a joint Gujarat-Sindh venture, with assistance from UNESCO's World Heritage Sites and experts from museums around the world like the Smithsonian in the U.S. A board was created, with such experts on it, and an initial study conducted, which put the cost at \$3 million for the project.

"It was planned as a transformational project for our shared history, and for better relations between India and Pakistan," Sunil Parekh, an Ahmedabad-based consultant and one of the initiators of the project, said (in a personal interview).

It is a bold-thinking, state-to-state joint effort that can promote the shared history of the two states. The project brings together people, history, and the private sector within a confined environment, away from government and bureaucratic interference from both sides.

A year later, the project was put on hold, a casualty of nativist politics.

Now, with a new government in New Delhi, one determined to bring together South Asia's economic and cultural potential and use state-to-state diplomacy as a tool, this is the right time to initiate such diplomacy. Indian Prime Minister Narendra Modi is from Gujarat and support for a project such as the Harappa site could be forthcoming. On his part, Pakistani Prime Minister Nawaz Sharif has developed his own state of Punjab, and can win Sindh by championing such a state-to-state effort, which will stimulate its economy and culture. It can set the tone for the Gujarat-Sindh engagement.

On both sides of the border, the elements for co-operation exist. Sindh is agriculturally fertile, and rich in natural resources like coal, copper, and natural gas. But as a result of neglect by the central government in Punjab, Sindh has been in decline for decades, unable to harness its potential. Several ideas have been presented for its agricultural revival. For example, Ijaz Nabi, Professor of Economics at Lahore University of Management Sciences, suggested Pakistan's light engineering sector can be used to "service the rich agricultural lands in Afghanistan and in turn be a market for Afghanistan's cash crops whose demand would extend to all of South Asia."⁷

Very few have offered ideas for the revival of Sindh as a business opportunity—even though it contributes 69% of total revenue to Islamabad's coffers.⁸ None, so far, have used their proximity to Gujarat to seek solutions for Sindh.

Gujarat is India's third-most developed state. Nearly 25% of India's exports are from Gujarat (and are expected to account for 35% by 2020),⁹ and the state has economically progressed under former chief minister Narendra Modi.

For Gujarat, an engagement with Sindh will:

- a) Provide a market for its many products, like medicines, textiles, pharmaceuticals and agro-products;
- b) Have a ready market for Gujarat's surplus energy and help develop its green energy corridor of solar power, wind energy, and wave energy;
- c) Unite and modernise rich ancient coastal routes that gave Gujarat direct access to Sindh, Africa, and West Asia.

For Sindh, access to Gujarat will:

- a) Help modernise its agriculture and agribusiness, and grow its agro-based employment and education;
- b) Help develop its own solar power systems in the Thar desert, and other alternative power systems;
- c) Provide access to affordable medical care and education.

2.2 Recent history

The Gujarat-Sindh engagement is full of promise. While there is currently no physical connectivity between the two states, several attempts have been made to build business and cultural exchanges over the past five years. The state and district chambers of commerce, academics, parliamentarians, legislators, and communities of the two states have been in constant conversation (see Table 4).

If these interactions have borne no fruit, it is because of the constraints placed by the larger bilateral relationship.

With Narendra Modi's election as prime minister in May 2014, and given his amenability to building linkages between the two border states while he was chief minister of Gujarat, the efforts to connect Gujarat and Sindh economically may now become more realistic.

Both states are critical economic contributors to their countries, as seen in Table 5.

The potential has been captured by Ravi Patel, research assistant at the University of California, San Francisco, in a paper titled *A Road to Peace?: Prospects of Developing Greater Indo-Pakistan Trade*. He notes that "despite the lack of direct trade between Sindh and Gujarat, there exists strong potential to develop direct trade between the regions." He stresses on maritime routes as the key to direct trade between the two states. Patel writes, "Out of Pakistan's three major seaports, two of them, Karachi port and Bin Qasim port, are located in Sindh. Likewise, Gujarat's ports handle 35% of India's total sea cargo. While employing this maritime infrastructure to build direct trade relations, the two regions could also build up their land connections by building an (Integrative Check Posts) ICP similar to the one built in Punjab." ¹⁰

Table 4: Gujarat-Sindh engagements (2008-2014)

Date	Visits and proposals	Organisations involved
December, 2013	Pakistani business delegation, led by chairman of the Jang Group, Sarmad Ali, visits Gujarat	Gujarat Chamber of Commerce and Industry; Jang Group, Pakistan
June, 2013	Proposal for a ferry service between ports of Karachi and Gujarat	Minister for Ports and Shipping, Pakistan; SAARC Chamber of Commerce
April, 2012	Pakistani trade delegation visits Surat for a textile exhibition	Southern Gujarat Chamber of Commerce and Industries; Karachi Chamber of Commerce & Industry
2012	Pakistani technical delegation visits two power plants in Gujarat	Solar Park at Charanka village; Kalpasar project across the Gulf of Cambay
December, 2011	Proposal to create a road link between Kutch and Sindh	Gandhidham Chamber of Commerce
December, 2011	Pakistani business delegation visits Ahmedabad & Gandhinagar for the Asia Colour Chemicals Mega Exhibition & a meet with Gujarat Chief Minister Narendra Modi	Karachi Chamber of Commerce & Industry
December, 2011	Proposal for a direct flight between Ahmedabad and Karachi	Karachi Chamber of Commerce & Industry
September, 2011	Proposal to ease restrictions on tourist visas for Pakistanis visiting Ajmer Sharif	Indian Association of Tour Operators, Gandhinagar
January, 2011	Pakistani delegation visits Gandhinagar & Ahmedabad for the Vibrant Gujarat Summit, but leaves before attending the summit	Karachi Chamber of Commerce and Industry; Vibrant Gujarat
April, 2010	Pakistani High Commission officials visit Rajkot Central Jail in Gujarat prior to the exchange of prisoners between India and Pakistan	Rajkot Jail; Pakistani High Commission
October, 2008	Indian delegation, including six boat owners and a government official, all from Gujarat, visit Karachi	Gujarat's Superintendent of Fisheries; Ministry of External Affairs, India

Source: Press statements and reports

Table 5: Gujarat-Sindh vital statistics

	Gujarat	Sindh
Population	60 million (5% of India's population)	42 million (23% of Pakistan's population)
Urban population	42.6%	49%
Contribution to country's GDP	7%	33%
Manufacturing	13% of the output of India's manufacturing sector	34% of total industrial capacity in large scale manufacturing and 25% of small scale manufacturing
Sector-wise contribution to the country	Diamond export – 80% Salt – 75% Petrochemical – 62% Crude oil, onshore – 53% Chemicals – 51% Groundnut – 37% Cotton – 31% Natural Gas – 30%	Wheat – 14% Rice – 30% Sugar Cane – 30% Cotton – 25% Textile units – 54% Sugar mills – 45% Pulp and paper mills – 20% Edible oil – 35%

*Source: Sindh Board of Investment; Gujarat Infrastructure Development Board; Gujarat Socio-Economic Review 2013*¹¹

2.3 Current status

The constraints in the current status are largely those of connectivity on both sides, and on the Sindh side of commerce, economy, sectarian violence, and security.

1. No physical connectivity between the two states
2. Gujarat has 18 of the 63 special economic zones on India's west coast, and three of India's seven specialised Trade Service officers, who are underutilised.
3. The economy of Sindh is deteriorating due to a lack of investment in agriculture and deprivation of water due to dams built in Punjab.¹²
4. Terrorism is increasing in Karachi, and bleaching into Sindh
5. Ethnic violence, which is decimating the Shia populations, is depriving Sindh of its professional talent and turning away business especially in such areas as the exploration of the state's oil, gas, and coal deposits.
6. Un-demarcated and disputed border at Sir Creek

3. The way forward

3.1 People's perception survey

Familiarise Indians and Pakistanis with each other through a professional survey, to identify their perceptions of each other and the points of misunderstanding. This will be the first such survey done of the citizens of both countries.

Use a credible global agency like the Pew Research Center based in Washington, D.C., a South Asia-based survey agency, AC Nielson (if an international agency is preferable), or Today's Chanakya (one of India's most respected surveyors of political and other issues in India). Identify a credible survey agency in Pakistan for a similar purpose—to determine the true perceptions of Indians in Pakistan and vice versa.

Funding for this project can come from a third party like the World Bank or the Soros Foundation.

The findings can be published in the media of both countries, and also on the websites of the survey agencies.

3.2 The Harappa Project

Revive and support this Gujarat-Sindh joint venture.

- a) Update the existing feasibility study;
- b) Identify state, central, and private funding for the project; use the model of the Virasat-e-Khalsa financed by the government of Punjab through a special purpose vehicle.
- c) Identify the experts to be assigned to this long-term project: archaeologists, historians, museum experts, architects, technologists; prepare the Request for Proposal for the project.
- d) Begin to develop the existing infrastructure on both sides in preparation for the project.
- e) Involve locals—villagers, students, academics, and civil society on both sides—in the project, seek out local historical information, and begin writing the history of the site.

3.3 Energy collaboration: the Green Corridor

Build a non-conventional energy base in Pakistan through knowledge-sharing with India and third-party involvement. Use Gujarat's expertise in solar power in the desert, and wind power, to build a similar initiative in Sindh's Thar desert.

Knowledge exchanges can be arranged through Skype, with local universities and private players undertaking the projects in India. India can also share its experience of building solar mini-plants in the villages of Afghanistan.

This will be the first step in empowering Sindh in terms of energy as well as economically, and in enabling Pakistan to fulfil its goal of becoming a transit state for energy in the region through power grids and pipelines.

Funding for the construction of solar farms in Sindh can be underwritten by the World Bank, and panels can be purchased from China with which Pakistan shares a special economic and security relationship.

By the third year of the project, begin the building of the solar grid.

3.4 Opening of consulates in Mumbai and Karachi

This is critical in the rebuilding of trust between India and Pakistan.

Civil society, local chambers of commerce, and intellectual institutions must persuade the state governments of Maharashtra and Sindh to consistently raise the issue with their respective central governments in Delhi and Islamabad.

Engage with public opinion and debate on the subject so that the public is familiarised with the idea.

Real estate agents in both cities should be retained to identify physical space for offices and for diplomatic housing.

Once accepted, obtain visas for the consul general and staff by the respective governments; the functional role of visa processing can then begin.

3.5 Jinnah House: a historic Mumbai home and walking tour

Jinnah House, the home of Mohammad Ali Jinnah, stands forlorn and unkempt at Malabar Hill in south Mumbai. It is a stark contrast to the bustling residence of the Maharashtra chief minister who lives exactly across the same road.

Over the years, there have been various suggestions for the revival of Jinnah House, the most prominent being the Pakistani claim on the property for use as a consulate in Mumbai. This has run into roadblocks, as expected.

We recommend that Jinnah House be turned into a historic home of Mumbai, reminding Mumbaikars that Jinnah was first a Bombaywallah, and one of them.

With support from the Bombay-Karachi Joint Chamber of Commerce and Industry, and the Mumbai local government, this historical home can be restored by the Aga Khan Foundation's restoration experts and historians in both India and Pakistan, and opened up to visitors from both sides of the border. It will be an attractive destination—beyond just Bollywood—in Mumbai for Pakistanis of all stripes, and it will reiterate a shared culture and history.

A “Jinnah walk” can begin at Jinnah House and end in Byculla, at the grave of Rati Jinnah, his wife. The sponsor for this project can be Nusli Wadia, their grandson; the docent for this project and walk can be Rafique Baghdadi, a highly respected, knowledgeable journalist and film critic who conducts private historical walks for his friends in Mumbai.

The success of this project will involve getting the support of the city and state government in Mumbai, resolving the disputes of the feuding Jinnah descendants in Mumbai over the valuable property, securing the commitment of the Aga Khan Foundation, and private financing from the Wadia family for the restoration as well as from other city philanthropists and from the public and city government for maintenance.

Within three years, the house can be restored and the trail fully developed.

3.6 Cooperation between Karachi and Mumbai on slum redevelopment

Both Mumbai and Karachi are overwhelmed by slums, mostly due to a lack of affordable housing and massive migration from rural areas. Over 65% of Karachi's approximately 18 million population lives in poor, low-income settlements or *katchi abadis*, not too different from Mumbai's 8 million *jhopadpatti* population. Orangi Town in Karachi is the counterpart of Dharavi in Mumbai.

In Mumbai, in particular, slum redevelopment schemes have become embroiled in politics and cronyism, and seen little success. A chance of better success lies with the private sector model of Indian companies like Tata Housing, which have begun a series of affordable housing projects in Mumbai, linked to an infrastructure build-out.

Karachi and Pakistan can provide experience-sharing in two areas: micro-finance, and on developing dignified, low-income settlements.

- a) These projects are supported by housing micro-finance companies like the Micro Housing Finance Corporation, based in Mumbai; Sewa Bank, run by the NGO, also supports affordable housing in Gujarat.

Pakistan has a well-functioning micro-finance industry, and institutions like the Aga Khan Foundation already provide **micro-housing loans**. Experience-sharing between Karachi and Mumbai could greatly advance such efforts. Indeed, joint projects can be funded by international multilateral agencies like the International Finance Corporation.

- b) A success story that can easily be replicated in Mumbai is that of Karachi's **Goth Noor Mohammad village**, a low-income development project, located on the outskirts of the port city. It is a village inhabited by scavengers. It had no access to clean water, sanitation, school, or healthcare.

The Pakistan Poverty Alleviation Fund (PPAF) stepped in, and a public-private partnership with Shell Pakistan Limited and Human and the Nutrition Development Society (HANDS) began to jointly redevelop this settlement. It was supported by the World Bank. The end result was a village with infrastructure for the first time, from toilets to water and education.

In Mumbai, this can be a World Bank-partnered project with private redevelopers, who can adapt the Goth Noor model to any one of Mumbai's neglected slum areas. For this, the city government's permissions will be required, and the role of architecture students to help in developing a pilot project can be transformational.

In the third year, the redevelopment can begin with the help of Pakistan's housing experts and the World Bank.

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Gateway House: Indian Council on Global Relations

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