



KARACHI AS AN ECONOMIC REGION

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AN INTRODUCTION TO TRILOGY

A PROJECT ORGANIZED BY THE DEPARTMENT OF CREATIVE ENGAGEMENT

South Asia brings to mind conflicting images of the glamour of Bollywood and abject poverty. Yet, this vast geographical terrain has a long history of multivalent religious ideals, diverse creative expressions, sociocultural aspects its own unique blends of culture.

Trilogy is a project that dives into the rich history, culture, and developments of some of South Asia's most exotic regions, engaging volunteers who share a common passion to explore new places and exchange valuable knowledge and experiences.

3 teams of volunteers were randomly assigned regions within South Asia to work in. They were given the freedom to explore either the sociocultural aspects of the particular region or how the region has contributed to the economy of its respective country. Our volunteers gained valuable insight into some of South Asia's most popular regions and have compiled their research into booklets with fascinating highlights of each region that are certainly worth the read!

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- Karachi is known as the city of lights, the bridge of cities, and the dream-achieving city for everyone in Pakistan. It is the largest city in Pakistan and the twelfth-largest city in the world. It is also the financial and industrial capital of Pakistan.
- As of 2019, Karachi has an **estimated GDP** (PPP) of \$164 billion. The city accounts for about half of the total collections of the Federal Board of Revenue, of which approximately half are customs, duty, and sales tax on imports. Karachi produces about 30% of the value added in large-scale manufacturing and 25% of the GDP.
- The World Bank identified Karachi as the most business-friendly city in Pakistan.
- Karachi's **metro area population** is currently 17,236,000, up 2.35 percent from 2022. The metro population of Karachi in 2022 was 16,840,000, a 2.31% increase from 2021, and Karachi's metro area population in 2021 was 16,459,000, a 2.7% rise from 2020.
- The **airport of Karachi**, Jinnah International Airport (also known as Quaid-e-Azam International

Airport), is the largest and busiest airport in Pakistan and handles 6 million passengers a year. The airport also receives the largest number of foreign airlines; a total of 27 airlines fly to Jinnah International, predominantly from the Middle East and Southeast Asia. All of Pakistan's airlines use Karachi as their primary hub, including Pakistan International Airlines, Serene Airport, and Airblue.

- Karachi is situated in the Arabian Sea and serves as a transport hub. It is also home to Pakistan's two largest seaports: THE PORT OF KARACHI and the PORT OF BIN QASIM.
- The **manufacturing plant** located in BIN QASIM has a production capacity of 150,000 vehicles per year.
- Karachi is the biggest **fishery hub** in Pakistan. Fisheries play an important role in Karachi's economy. They employ about 300,000 fishermen directly. In addition, another 400,000 people are employed in ancillary industries. It is also a major source of export earnings. Karachi Fish Harbor and Korangi Fish Harbor are two major fish harbors in Karachi. Fish are one of Karachi's main exports.



- Karachi **Shipyard and Engineering Works** are the oldest heavy engineering works in Pakistan, which contain forts, shipbuilding, ship repairing, submarine/warship construction, and heavy/general engineering requirements.
- Karachi is also known as the "**software outsourcing hub**" of Pakistan. It has a rapidly flourishing free zone with an annual growth rate of nearly 6.5%.
- Karachi is also home to major **automobile manufacturing companies** such as TOYOTA and SUZUKI.
- Karachi has more than 3000 **software companies** that are growing day by day, which accounts for almost half of the whole country's IT industry.
- The **Pakistan Stock Exchange**, formerly known as the Karachi Stock Exchange, is Pakistan's largest and oldest stock exchange, with at least 540 companies listed in 2020.
- It was declared the "Best Performing Stock Market of the World for the Year 2002," with the KSE-100 returning 112.2%.



- The city has also firmly established itself as the **electronic media capital** of the country; most of Pakistan's media television channels are headquartered here, including Abbtakk News, CNBC Pakistan, and Geo TV. They generate huge revenues for the city in advertising and provide jobs and entertainment.
- Karachi is the hub for Pakistan's **banking and financial services sector** and is home to Pakistan's Central Bank and the State Bank of Pakistan.
- The **University of Karachi**; known as KU, is Pakistan's largest university, with a student population of 24,000 and one of the largest faculties in the world.
- The most **notable international schools** in Karachi are the British Overseas School in Karachi, the American School, St. Paul's English High School, and the Beacon House School.
- Karachi **Fashion Week** is a fashion week held in Karachi, Pakistan. It is the country's largest fashion display event. It has been hosted annually

and coincides with the international and local spring and summer peak buying seasons.

- The following are some of the ***important places to visit*** in Karachi: Port Grand, PAF Museum, Mohatta Palace Museum, Mazar-e-Quaid, Dolmen Mall Clifton, TDF MagnifiScience Centre, Frere Hall, and Express Market.
- With lively nightlife and a thriving cultural scene, those living in Karachi can enjoy the city's historical richness and its modern restaurants, bars, and clubs.
- ***Chundrigar Road*** (formerly McLeod Road), also known as the Wall Street of the city, remains the historical commercial hub of Karachi and is its main GDP. However, over the years, notable business and trade activity has appeared in other conurbations of the city, including the Shahrah-e-Faisal thoroughfare, MT Khan road, Mai Kolachi road, and the Clifton and Defense areas of the city.
- ***Clifton*** is an upscale, historic seaside locality in Karachi, Pakistan. It is one of the most affluent



parts of Karachi's most expensive real estate and is home to several foreign consulates.

- Increased business activity and a real estate construction boom have resulted in Clifton altering the city skyline with the two tallest buildings in Pakistan: the Bahria Icon Tower and the Ocean Towers.
- The Karachi ***Eat Food Festival***, which is Pakistan's biggest food festival, is held every year in Clifton.
- Clifton itself is recognized as a fast food BBQ destination within Karachi, with remarkable taste and quality standards that attract locals and tourists who arrive in Pakistan, especially in Karachi, to enjoy shopping, walking on the seashore, and going for a splendid dinner. These restaurants are fantastic for serving quality Halal foods upon demand, and the more favorable full-moon night views are fabulous.



PAST ECONOMIC PROJECTS

- ***Karachi's population*** grew by 161% between 1947 and 1951. This was the outcome of the 600,000 refugees leaving India. This migration fundamentally altered Karachi's demographics, as well as its cultural and ethnic composition.
- ***Between 1947 and 1958***, migration out of India continued. The refugees established squatter settlements in the open spaces of the city and on its outskirts. Along with the establishment of foreign embassies, federal government offices were created. As a result, Karachi developed into a compact, high-density city with a diverse culture. Numerous plans to build a federal capital district next to the city were developed but never put into action because of the political unrest primarily brought on by left-wing student movements supported by the refugee population.
- ***1958–1968***: The army assumed control in 1958 and chose Islamabad as the new capital. Additionally, it decided to relocate the refugees and other recent migrants from the squatter colonies to two

townships, Landhi-Korangi and New Karachi, both of which are located about 20 kilometers from the city center.

- All of the **major banks in Pakistan** have their headquarters in Karachi, and the Karachi Stock Exchange is the biggest in the nation with a \$7.2 million (Rs. 436 million) annual turnover.
- 70% of the **income tax** and 62% of the **sales tax** collected by the Pakistani government come from Sindh province, and of this, 94% is produced in Karachi. However, only 23.3% of the federal government's revenue transfers go to Sindh. This is what's causing the conflict in Sindh's center, where Karachi is the main Sindh player.
- In the formal sector, Karachi has 4,500 **industrial facilities**. Textiles, leather, paper, marble, ceramics, rubber, plastic, glass, iron, electronics, pharmaceuticals, food products, agricultural and dairy products, and stationery are among the main industries. These industries are heavily focused on exports. The informal sector does not have any estimates yet.

- However, 75% of the working population is employed in the informal sector, which operates primarily in the garment, leather, textile, carpet, and light engineering sectors out of low-income settlements (MPD-KDA, 1989; Karachi Development Plan 2000; KDA). In recent years, there has been an establishment of a connection between the formal and informal sectors, with the formal sector subcontracting work to informal establishments. Sindh's economy is dominated by Karachi. This is demonstrated by the fact that the large industrial sector employs 71.6% of Sindh's employed labor force and accounts for 71.4% of the country's fixed asset value. 72.7 percent of the total number of large-scale units in Sindh are in Karachi, which also produces 74.8 percent of the entire large-scale output produced in Sindh.



PRESENT ECONOMIC PROJECTS

China-Pakistan Economic Corridor (CPEC):

CPEC is a massive infrastructure and energy project that is being developed with Chinese assistance. The project involves the construction of new highways, railways, ports, and energy facilities that will connect the Gwadar port in Balochistan with China's northwestern region of Xinjiang.

Karachi Coastal Belt Expressway:

This project aims to improve the connectivity of Karachi's coastal areas by constructing an expressway linking Karachi Port with Hawksbay. The project will facilitate the transportation of goods and reduce transit times, which will ultimately help boost the economy of Karachi.

Karachi Circular Railway (KCR):

KCR is a mass transit project that will provide *efficient and affordable transportation to the people of Karachi. The project will help reduce traffic congestion, improve mobility, and provide job opportunities to locals.*

Karachi Bus Rapid Transit (BRT):

This project is aimed at constructing a dedicated lane for buses to facilitate the transportation of people within the city. The BRT system will connect major areas of the city and reduce travel time, which will help improve the productivity of people and businesses.

These projects are expected to have a positive impact on the economy of Pakistan by creating job opportunities, improving infrastructure, and facilitating the transportation of goods and people.

Moreover, the World Bank is also investing in different projects in Karachi. These are;

1. The ***World Bank's current financing package*** of \$838 million is for investments in water supply, sewerage, public transport, public spaces, urban governance, and solid waste management interventions. These investments are expected to benefit 5.6 million people in Karachi, equivalent to a third of its population. The projects under implementation will adhere to World Bank policies as spelled out in the financing agreements. Additionally, the Asian Development Bank (ADB)

and Asian Infrastructure Investment Bank (AIIB) are also financing investments in public transport, water supply, and sewerage.

2. The World Bank's renewed involvement in Karachi started with the ***Karachi Neighborhood Improvement Project (KNIP)*** in 2017. KNIP's goal is to improve public spaces in selected neighborhoods. Following consultation with more than 1,500 residents, business owners, faculty and students of surrounding universities, community leaders, and elected officials, KNIP has to date built or rehabilitated 39 hectares of public spaces in Saddar, Malir, and Korangi. In Saddar, KNIP transformed the Arts Council and four adjoining streets into a vibrant destination anchored by the newly inaugurated People's Square (adjacent to Burns Garden). The 10,000-square-meter space was transformed from a side street used for bus parking into a pedestrian plaza with vendor kiosks, art and performance spaces, and underground parking. The works completed so far are benefiting an estimated 362,000 people who live, work, and study nearby.

3. The ***Competitive and Livable City of Karachi (CLICK) Project*** is working to strengthen the

performance of local councils to increase citizen engagement and gender-responsive planning, expand and sustain service delivery, and promote transparent and efficient resource utilization. The project aims to reach over 3 million people through improved access to infrastructure and services.

4. ***Karachi Water and Sewerage Board's financial and operational performance:*** This first project includes basic infrastructure and support for the reform plan of the Karachi Water and Sewerage Board.
5. ***The Karachi Mobility Project (KMP)*** aims to improve mobility, accessibility, and safety along selected corridors in Karachi. KMP will finance urban road infrastructure along the Yellow Corridor. It will improve access to jobs, mobility, and safety through a Bus Rapid Transit system along the 21-km Yellow Corridor. A key focus area of the project is to provide safe and secure transport for women's mobility. The corridor starts at Dawood Chowrangi in the east, runs through the Korangi industrial area, and ends in Numaish at the city center. It is one of the five

priority lines in the city's transport plan and will benefit commuters along Surjani town and Korangi industrial area. The project will reduce travel time, road traffic fatalities, and emissions.

6. ***The Solid Waste Emergency and Efficiency Project (SWEEP)*** aims to improve solid waste collection, transportation, and disposal—one of the most acute service needs and a top priority for Karachi residents. By reducing the volume of waste openly dumped in Karachi, SWEEP will improve public health conditions and overall livability, as well as reduce urban flooding and environmental degradation risks linked to inadequate handling of solid waste. SWEEP became effective on March 2, 2021.

7. In addition, the World Bank is currently in dialogue with the Government of Sindh, the City Administration's Office, and the Federal Government to encourage the government to develop a city-wide framework for ***resettlement and rehabilitation*** issues in Karachi that is in line with international standards. This would be a critical and absolutely necessary step forward for Karachi. The World Bank has offered to share

relevant international experience to support the development of such a framework. The World Bank is also committed to supporting the development of a socially inclusive approach to addressing issues pertaining to the street economy. In this regard, the World Bank has supported local research to develop an understanding of the dynamics of the street economy in Karachi.

The World Bank values feedback from and engagement with all stakeholders in the city and welcomes opportunities to work with both the Government of Sindh and civil society in furthering and strengthening an inclusive development agenda for the city of Karachi.



Karachi
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FUTURE ECONOMIC PROJECTS

- The cumulative value of all CPEC projects is \$62 billion, with future projects expected to amplify the valuation considerably. CPEC intends to massively improve Pakistan's economy by rapidly enhancing the country's infrastructure, including modern transportation networks, energy projects, and special economic zones.
- CPEC will generate an economic zone in Karachi, and this will upshot in specific mega long-term benefits like the 1100 km long road from Karachi to Lahore, the Dhabeji project in Karachi, the Peshawar main railway line, and three energy projects in Sindh, including a 330 MW project for Hub and the Thal-Nova project for 330 MW. Karachi Circular Railways, Orange Line trains for all provincial capitals, the Ketu Bander Port, and a lot more in the coming days will surely help Karachi transform into a new horizon. There are huge chances of growth, especially in the transport sector, construction materials, food, skilled labor, health and education, and agriculture, and above all, the mobilization of human resources will also take place in Karachi.

- Karachi's coastal project in CPEC will boost the economy of Pakistan and enhance industrial and development cooperation between Pakistan and China. It covers an area of 930 hectares.

(a) The mega project, being built with an expected investment of \$3.5 billion, will also house a state-of-the-art fishing port, with a world-class fisheries export processing zone to boost the country's trade potential.

(b) It will also drastically improve the marine ecosystem and reduce pollution with the establishment of a water treatment plant

(c) Fishing ports and fisheries export processing zones are critical to boosting trade in fishing as coastal areas of Pakistan are rich in maritime trade, giving a way to promote the blue economy in Pakistan through infrastructure development and industrial cooperation in the said sector.

