

A FRAMEWORK FOR LOCAL GOVERNMENT IN SINDH



WITH A FOCUS ON KARACHI

A FRAMEWORK FOR LOCAL GOVERNMENT IN SINDH

WITH A FOCUS ON KARACHI

**IFFAT ARA
KAISER BENGALI**

Shehri-Citizens for a Better Environment

88-R, Block 2, P.E.C.H.S, Karachi 75400 – Pakistan

Tel/Fax: +92-21-34530646, 34557335

Email: info@shehri.org Web: www.shehri.org

Facebook: www.facebook.com/shehri.citizens

Twitter: @ShehriCBE Instagram: @ShehriCBE

With the support of

Friedrich Naumann Foundation for Freedom-Pakistan

P.O.Box 1733, 44000 Islamabad

Tel: +92-51-2655750 Fax: +92-51-2655752

Email: pakistan@freiheit.org Web: www.freiheit.org/pakistan

Facebook: www.facebook.com/@FNFPakistan Twitter: @FNFPakistan

No. of printed copies: 1000

Edition: 2023

ISBN 978-969-9491-25-2

Production:

SAUDAGAR ENTERPRISES

www.saudagar.com.pk

Tel: +92-333-2276331

Disclaimer:

Every effort has been made to ensure the accuracy of the contents of this publication. However, the authors are responsible for all errors of omission and commission. The views expressed in this publication do not necessarily represent the views of the Friedrich Naumann Foundation for Freedom Pakistan.

TABLE OF CONTENT

FOREWORD	07
INTRODUCTION	08
CHAPTER 1	11
DEFINING DECENTRALIZATION	
TYPES OF DECENTRALIZATION	
LOCAL ADMINISTRATION VERSUS LOCAL GOVERNMENT	
FUNCTIONS OF LOCAL GOVERNMENT	
WHAT LEVEL TO DECENTRALIZE TO?	
WHAT FUNCTIONS TO DECENTRALIZE?	
WHAT DEGREE OF DECISION-MAKING TO DECENTRALIZE TO?	
CHAPTER 2	19
HISTORY OF LOCAL GOVERNMENT	
ADVENT OF LOCAL GOVERNMENT	
POST-INDEPENDENCE: INITIAL PERIOD	
BASIC DEMOCRACIES ORDER: 1958 – 1971	
LOCAL GOVERNMENT ORDINANCE 1972 AND 1975: 1971 TO 1979	
LOCAL GOVERNMENT ORDINANCE 1979: 1979 TO 1993	
LOCAL GOVERNMENT ORDINANCE 2001: 2001 TO 2009	
18 TH CONSTITUTIONAL AMENDMENT: POST-2010	
CHAPTER 3	27
FEDERAL-PROVINCIAL-LOCAL RELATIONS	
FEDERAL-PROVINCIAL-LOCAL RELATIONS	
FEDERAL - PROVINCIAL RELATIONS	

TABLE OF CONTENT

CHAPTER 4	31
THE PARTICULAR CASE OF KARACHI	
COMPOSITION OF KARACHI DIVISION	
IMPERATIVE OF BASIC AMENITIES	
ASSIGNMENT OF FUNCTIONS	
URBAN CHAOS AND CITIZEN ACTIONS	
PROPOSED INTEGRATED URBAN MANAGEMENT IN SINDH	
CHAPTER 5	51
LOCAL GOVERNMENT FINANCES	
PROVINCIAL FINANCE COMMISSIONS	
PROPOSED PFC AWARD	
CRITERIA FOR HORIZONTAL DISTRIBUTION	
EFFICIENCY INDICATORS	
EQUITY INDICATORS	
CHAPTER 6	61
IMPORTANCE OF AN ALL-SINDH APPROACH	
HISTORICAL BACKGROUND	
REFERENCES	

FOREWORD

The tier of governance closest to addressing the nuanced needs and aspirations of the common man is undeniably the 'Local Government.' Despite its pivotal role, local governance in Pakistan has, unfortunately, borne the brunt of neglect and experimentation throughout its historical trajectory. This neglect has manifested in detrimental ways, especially in cities like Karachi, where inconsistencies in policies and institutional frameworks have led to enduring challenges.

Amidst this complex landscape, Shehri-Citizens for a Better Environment has emerged as a stalwart advocate for empowering citizens to actively engage with the institutions responsible for delivering essential services. The organization is also committed to fortifying civic governance institutions and holding them socially accountable. This sustained effort, spanning numerous years, is encapsulated in the pages of this book.

The primary objective of this publication is to critically document essential information pertaining to legislations, policies, and civic governance institutions within Karachi, while remaining anchored within the broader framework of local governance in the province of Sindh. The documentation has been meticulously crafted to ensure accessibility, making it comprehensible to a diverse audience. The ultimate goal is to equip citizens with the knowledge and tools to advocate for good governance and demand accountability from their local institutions.

Shehri-Citizens for a Better Environment expresses gratitude for the invaluable support provided by the Friedrich Naumann Foundation, which has generously sponsored the publication of this significant document. With this support, there is a collective hope that the book will serve as a catalyst for fostering a deeper understanding of the local government system and its intricate structure. Moreover, it aims to illuminate avenues for informed citizen participation, thereby paving the way for the facilitation of good governance in localities across the region. Through this collaborative effort, it is anticipated that the book will contribute substantially to the ongoing discourse on effective local governance and citizen empowerment.

AMBER ALIBHAI

GENERAL SECRETARY

SHEHRI- CITIZENS FOR A BETTER ENVIRONMENT

INTRODUCTION



Decentralization is seen as a means to promote individual liberty, local autonomy, and community involvement in decision-making processes. The growing deterioration in local governance and delivery of services in Pakistan has led to repeated demands for strengthening state authority at the third tier of government, i.e., at the local level, with community involvement. The expansion of provincial political and fiscal autonomy, thanks to the 18th Amendment, has led to the quest for determining provincial-local relations. This demand is more vocal in Sindh and particularly in Karachi, a mega city with immense civic problems.

Pakistan is a large country in terms of area and population, where even provinces are larger than several countries of the world. Moreover, the provinces are heterogeneous in several ways: demographic composition, social and economic structure and ecology. In such a situation, decentralization to the level of provinces can still leave the state structure quite centralized (Bardhan, 1996). This appears to be the case in Pakistan. The 18th Amendment has, to a large extent, achieved decentralization down to the level of provinces; however, devolution to the sub-provincial or local jurisdictions (e.g., districts, municipalities, etc.) is wanting. Needless to say, the design of any such effort at decentralization has to be province or sub-province-specific.

Decentralization at local level and the organization of local government has always been a subject of concern in Pakistan. The local government system has been established, reformed, restructured and abolished several times. Key developments in his regard are Basic Democracy scheme in 1959, Local Government Ordinances in 1972, 1975 and 1979, the District Government scheme in 2001 and local government legislations post-18th Amendment.

Local government is deemed to be an essential component of the modern democratic system in developed and developing countries. It is widely acknowledged that vibrant local governments foster economic growth and development by promoting better understanding and management of local issues through consistent engagement with communities. The presence of local government ensures equitable resource distribution, more efficient revenue mobilization, and a sense of ownership among the people. Furthermore, the presence of a strong local government structure ensures greater transparency and accountability.

A decentralized State structure, with strong local governments, creates space for diversity and pluralism and for freedom of expression and choice. Elections are the lynchpin of democracy and mandates rule by the majority. However, the 'first past the post' electoral system tends to sideline minority votes, even if they constitute 49 percent of the votes cast. Thus, minority voices do not find sufficient space for expression. In the event, ethnic, religious and other minorities too suffer from lack of effective representation.



Contrarily, geographical constituencies for local elections are by definition relatively small, where minority voices can find the space for expression. It is even likely that a section of the voting population is a minority in a national or provincial constituency emerges as a majority in a local constituency. It is, therefore, enabled to 'punch above its weight', adding diversity to the fabric of political opinion and enriching the democratic environment.

The political advantage is not limited to the political arena. National or provincial economic planning may tend to accord less weight to development of particular regions. Local governments, with authority and responsibility over local fiscal and economic affairs cause local economies to develop and provide employment and, in the process, broad base and strengthen the provincial and national economies.

Political governments in Pakistan have, however, not been adequately supportive of autonomous local governments. Although, the manifestoes of almost all political parties emphasize on the need of local government, none of them have attempted to strengthen the system. Local governments were expected to be strengthened following the passage of the 18th Constitutional Amendment, which mandated provincial governments to devolve political, administrative, and financial responsibility and authority to elected representatives of local governments. Local governments in Pakistan do have a constitutional cover, but lack a constitutional framework. The provisions in this regard do not elaborate on the structure, powers and functions of local government, it as it does for the federal and provincial tiers. As such, the move has been towards re-centralization.

As per the constitutional and legal framework existing today, local affairs are the responsibility of provincial governments, for which it may constitute local bodies and frame laws, rules and regulations for their functioning. Local bodies are administered by the provincial Department of Local Government and Rural Development, which is one of the many departments of the provincial government. Given its place in the governmental hierarchy, local government commands the lowest priority in terms of quality of staffing as well as funding; in spite of the fact that the quality of everyday life of the citizens, in terms of the provision of civic services, is a direct function of the managerial and financial capacity of local governments.

Local bodies, with nomenclatures like Councils, Corporations and Committees, are extensions of provincial governments and can be dissolved at will. About a dozen federal, provincial and local agencies exercise their quasi-independent writs in a limited space. The result is institutional anarchy at the local level; thereby, adversely affecting the potential for local economic growth and delivery and quality of services to the residents.



At the operational level, the major problem is the limited scope of authority and responsibility vested with the local bodies, i.e., district and union councils, metropolitan/municipal corporations and municipal/town committees. Even where responsibility is vested with these bodies, there is lack of sufficient authority or finances to enable them to fulfill their responsibilities. Further, there does not exist a clear nexus between authority and responsibility within these agencies, authority and responsibilities of these agencies are too narrowly defined, partially defined or not clearly defined in order for them to be held accountable for their tasks.

Urban areas pose particular challenges and merit particular attention, given that population size and density are high and industrial and services sectors are highly clustered - all of which place increased pressure on basic infrastructure and services, like housing, water, sanitation, waste management, energy and transportation. It can, therefore, be understandable that the demand for local government is most vocal in Karachi - for Karachi.

This approach may, however, be counterproductive. Organization of a governing structure is a political project and demands a large degree of consensus across different stakeholders and interest groups, whose world views have been shaped differentially by events in history going back more than a century. In this respect, the politico-historical background of developments in Sindh needs to be accounted for. Success for 'Project Local Government' requires an all-Sindh approach, instead of viewing matters from a narrow Karachi lens. After all, civic conditions in the rest of Sindh, including in urban centres, are not any better and is crying out for remedial measures.

If devolution is a serious objective, local bodies will have to be graduated from being an extension of a provincial government department to the status of local government and the third tier of the Federation. Accordingly, the domain of the provincial government with regard to local government will need to be limited to legislation, regulation, determination of standards, monitoring, and financial audit.

Needless to say, constitutional amendments would be in order. More specifically, a chapter relating to Local Government, with a List of local subjects and provision for provincial-sub-provincial fiscal sharing will have to be added to the Constitution along the lines of the existing chapters on federal and provincial governments.

This publication lays out the theory and the building blocks of the decentralization process and identifies the basis of the distribution of functions between different tiers of government. It traces the history of local government in order to inform on the potentials, problems and pitfalls that attempts at forming local governments have faced in the past. It outlines the organic relationship between federal, provincial and local governments, so as to aid in designing a devolved local government system. It tracks Karachi; relationship with Sindh over the last century and a half. Finally, it explores options for a Provincial Finance Commission to facilitate in designing the same.

DEFINING
DECENTRALIZATON

1
CHAPTER

DEFINING DECENTRALIZATION

The strength or weakness of the lowest tier of the state, i.e., local government, depends on the extent of decentralization, which is defined as "the degree of independent decision making exercised at the local level" (Bird, 1994). Decentralization refers to the transfer of responsibility for planning and management of public functions and service delivery and for raising and allocation of resources from a higher to lower tier of governments (Minis and Rodinelli, 1989; Rodinelli and Nellis 1986). Inevitably, therefore, a discussion of decentralization leads to a discussion of issues pertaining to local government, referred to generally as the third tier of government.

TYPES OF DECENTRALIZATION

There are three main types of decentralization: deconcentration, delegation, and devolution.

- *Deconcentration* is the distribution of decision-making authority among different levels within the central government (Cheema and Rodinelli, 1983). It is the weakest form of decentralization as it redistributes decision-making authority as well as financial and management responsibilities among different departments of the central government functioning in regions, provinces or districts. The departments are responsible to or answerable to the higher level office.
- *Delegation* is where local governments act as agents of the higher level of government. Under this arrangement, higher levels of governments entrust authority and responsibilities of public functions to semi-autonomous organizations, which are not entirely controlled by it, but are accountable to it.
- *Devolution* is the transfer of powers, mandated by the constitution, from higher levels of government to autonomous local governments. The devolved governments draw their authority from the constitution and not from any higher level of government. Under this arrangement, local government bodies are accountable to citizens who elect local officials. They have the authority make decisions, raise their own revenues, authorize expenditures and make independent economic/ investment and management decisions.

Deconcentration and delegation involve decentralization of administrative authority, i.e., bureaucratic authority for specified functions or services, where lower level government departments are accountable upwardly to higher level government departments (Ribot 2002). Devolution, on the other hand, involves decentralization of political authority (Cheema and Rodinelli, 1983), where local officials are accountable to elected local governments (Larson, 2005). The term 'decentralization' is generally applied to devolution of political and economic/fiscal authority to the third tier of government.

Economic decentralization also entails, but is not limited to, fiscal decentralization. Cases of political decentralization without fiscal decentralization, and vice versa, also exist. In the former case, local jurisdictions are autonomous political entities, but are dependent upon higher levels of governments for budgetary support. In the latter case, local jurisdictions are extensions of higher levels of government and their administrations are nominated by the higher level government, but have been granted economic and fiscal decision-making autonomy.

In the context of fiscal decentralization, the case of delegation exists where "most taxes are raised centrally, but funds are allocated to decentralized entities that carry out their spending activities as agents of the higher level of government and according to the guidelines or controls imposed by it" (Tanzi, 1995). The case of devolution exists where local governments have the power to raise taxes and incur expenditures on the strength of their own legal writ.

LOCAL ADMINISTRATION VERSUS LOCAL GOVERNMENT

Local administration encompasses a number of agencies operating at the local level. They include local offices and departments and field administrations do not constitute local government.

Local government, on the other hand, is a general purpose public institution, empowered by law to decide upon and implement a range of local public policies within a relatively small sub-division of national or regional territory, and is accountable to the local population for its actions. The United Nations defines local government as a political sub-division of a nation or state which is constituted by law and has substantial control of local affairs, including the power to impose taxes. The governing body of such an entity is elected or otherwise locally selected.

The distribution of functions between different levels of government is guided by the 'Principle of Subsidiarity'. The principle of subsidiarity holds that, to promote government that is responsive to the needs and aspirations of all people, higher level authorities should perform only those tasks which cannot be performed effectively at a more intermediate or local level and decentralize functions that can be performed more effectively at lower levels of government. Operationally, functions that cross jurisdictional boundaries should belong to the next higher level of government.

Local government is at the bottom of the pyramid of governmental institutions, with the national government at the top and intermediate governments (states, provinces) occupying the middle range. (Mohanty, 1993). Local government is 'local' in the sense that it has to deal with an aggregate of people having common interests, living in close vicinity in a locality and is 'government' in the sense that instead of depending on mere delegated powers, it is vested with statutory authority to deal with local problems and affairs.

The pre-requisite for optimal functioning of a decentralized regime is the creation of an integrated local government structure with a broad range of well-defined functions, the institutional and administrative power and capacity to carry out those functions, and an adequate fiscal base to implement and manage the programmes and projects and to provide services. It would be essential to bestow local governments with authority as well as responsibility for the designated range of functions and to arm it with the requisite administrative and financial resources to enable it to perform its functions effectively as well as to enable it to be held accountable.

FUNCTIONS OF LOCAL GOVERNMENT

With these characterizations of decentralization, the position of local government in the state hierarchy can be placed in terms of functions. Local jurisdictions vary in the range of functions they are empowered to deal with, in the nature of their access to higher levels of government, and in their discretion to take decisions about the type, level and financing of services (Page and Goldsmith, 1987).

UNDP (1999) categorized four basic patterns of field administration and local government from the point of view of functions. These are:

- comprehensive local government system, in which most government services at the local level are administered through multi-purpose local authorities,
- partnership system, in which some services are provided directly by field units of higher level agencies and others by local authorities,
- dual system, in which technical services are administered by higher level agencies directly, while local authorities have autonomy to perform local services and foster local development,

- integrated administrative system, in which higher level agencies directly administer all services, coordinated through is field coordinator, and the local organization, if any, has little control over government activities or staff in the area.

Three questions arise with respect to implementing a decentralization process: what level to decentralize to? what degree to decentralize to? and what functions to decentralize? (Bird, 1994)

WHAT LEVEL TO DECENTRALIZE TO?

The foremost aspect of decentralization task is to decide the administrative unit at which to devolve authority and responsibility. One set of opinion desires the process of decentralization to be taken down to the level of the community – service at the doorstep – which is the extreme opposite of centralization. Herewith, the literature on the subject point to three main concepts: critical mass, economies of scale and economies of scope (Prud'homme, 1994; Bird, 1994). All of them impact cost and service efficiency.

- Critical mass implies that administrative units must be of sufficient size in terms of area, population, and resources to allow internalization of externalities from the range of inter-connected functions that are performed within the jurisdiction and to be able to draw on physical, financial and institutional resources to implement such functions.
- Economies of scale entails efficiencies by volume; i.e., cost efficient way to produce a good or service at scale at the level of the jurisdiction. This production end concept is important because production at a small scale is likely to raise the unit cost and impose unnecessarily high burden cost on consumers.
- Economies of scope refers to efficiencies at the delivery end; i.e., delivery of a good or service at a scale to obviate diseconomies of scope due to excessive load on management and delivery cost.

Thus, given the presence of critical mass, economies of scale indicate the optimum minimum output levels of a good or service and economies of scope signify the optimum maximum levels of delivery of a good or service. The former can be considered as prerequisites for planning for and production of goods and services, while the latter for distribution/delivery of services.

As such, a federated two or three tiered local government structure appears to be appropriate: upper tiers, fulfilling the criteria of critical mass and economies of scale, and lower tiers, realizing the criteria of economies of scope, service efficiency and equity. The candidates in these respects are division, district, tehsil, union and deh. Urban settlements are complex entities. As such, their governing structures need to be somewhat more sophisticated; organized at metropolitan, municipal and town levels.

WHAT FUNCTIONS TO DECENTRALIZE?

Three characteristics determine the decentralizability of a service, i.e., externality, chargeability, and technicity (Prud'homme, 1994).

- *Externality*: It refers to the quantity and types of external effects and jurisdictional spillovers associated with a service. Network services, like power generation, water supply and waste water disposal and transportation, have considerable jurisdictional spillovers. By contrast, services, like street cleaning and changing street lamp bulbs, do not have jurisdictional spillovers. Services with lower jurisdictional externality emerge as candidates to decentralize.

- **Chargeability:** It is related to the 'public' goods character of provision of a good or service. Cases where it is not possible to exclude consumers for using a service even if they do not pay for it are 'public' goods. Examples are parks and street lights, whose usage is not easily excludable and it is difficult to distinguish between users who are availing and those not availing the service. These services have to be financed out of taxes. Cases where it is possible to distinguish between users who are availing and those not availing the service and probable to exclude consumers for using the service if they do not pay for it are defined as 'private' goods. Examples are electricity and water supply, when users can be excluded if they don't pay and which can be financed out of user charges. Services with greater chargeability of a service emerge as candidates to decentralize, 1994).
- **Technicity:** It refers to the degree of technical and managerial complexity required in provision of the service. For example, solid waste disposal requires less technical and managerial skill than bulk water supply. Services with lower technicity emerge as candidates to decentralize.

Based on these characteristics, a ranking of decentralizability of the various services has been attempted, as shown in Table 1a to 1c, which indicates which services/functions are better adapted to decentralization than others. Services/functions which rank 7 or below are clear candidates for centralization and can be said to lie in the federal domain. Services/functions which rank 8 and 9 are second order candidates for centralization and can be said to lie in the provincial domain. Services/functions which rank 10 and above are clear candidates for decentralization and can be said to lie in the local domain.

Table 1-A
Decentralization Index of Selected State Functions Deemed appropriate for Federal Government

S. No.	Function	Externality (high 1, low 5)	Chargeability (high 1, low 5)	Technicity (high 1, low 5)	Decentralizability Index (high 3, low 15)
1.	Communications	1	3	1	5
2.	Defence	1	1	1	3
3.	Foreign Affairs	1	1	1	3
4.	Foreign Trade	1	1	1	3
5.	Finance	1	1	1	3
6.	Law and Justice	1	1	1	3
7.	Power Generation: Large Hydel	1	1	1	3
8.	Water Storage: Large	1	1	1	3

Source: Adapted from Bengali, K., Issues in Institutional Reform for Devolution, paper presented at Social Policy and Development Centre seminar on "Perspectives on Devolution", Karachi, August 2000

Needless to say, the classification is at best indicative. Exceptions to the rule can and will need to be made. Several subjects can lie in more than one domain. Moreover, actual allocation of services/function is a matter of political decisions and technical classifications merely serve to aid such decision-making. An important point which needs to be made here is that for local autonomy to be effective, federal and provincial line agencies and departments dealing with subjects transferred to the domain of local government will need to be formally curtailed or abolished altogether.

Table 1-B
Decentralization Index of Selected State Functions *Deemed appropriate for Federal Government*

S. No.	Function	Externality (high 1, low 5)	Chargeability (high 1, low 5)	Technicity (high 1, low 5)	Decentralizability Index (high 3, low 15)
1.	Health: Specialized Curative	3	5	1	9
2.	Law and Order	5	1	3	9
3.	Population Planning	4	1	4	9
4.	Transport: intra-provincial	1	5	3	9
5.	Water Supply (Bulk)	3	5	1	9
6.	Education: Universities and Professional and Technical Colleges	2	4	2	8
7.	Environmental Protection	2	1	5	8
8.	Food and Agriculture	3	2	3	8
9.	Forestry	3	1	4	8
10.	Fisheries	3	2	2	8
11.	Industries	3	3	2	8
12.	Irrigation: Canals	3	3	2	8
13.	Labour and Manpower	2	1	5	8
14.	Roads: inter-district	2	3	2	8

Continue: P-17

S. No.	Function	Externality (high 1, low 5)	Chargeability (high 1, low 5)	Technicity (high 1, low 5)	Decentralizability Index (high 3, low 15)
15.	Urban Planning and Development	1	5	1	7
16.	Minerals and Natural Resources	1	5	1	7
17.	Oil and Gas Production	1	5	1	7
18.	Women and Child Development	1	1	4	6

Source: Adapted from Bengali, K., Issues in Institutional Reform for Devolution, paper presented at Social Policy and Development Centre seminar on "Perspectives on Devolution", Karachi, August 2000

Table 1-C
Decentralization Index of Selected State Functions Deemed appropriate for Federal Government

S. No.	Function	Externality (high 1, low 5)	Chargeability (high 1, low 5)	Technicity (high 1, low 5)	Decentralizability Index (high 3, low 15)
1.	Solid Waste Collection and Disposal	4	5	5	14
2.	Housing	5	5	5	13
3.	Transport: intra-district/city	5	5	2	12
4.	Education: Primary and Secondary	4	4	4	12
5.	Gas Distribution	5	5	2	12
6.	Irrigation: Water Courses	5	3	4	12
7.	Livestock	5	5	2	12
8.	Water Distribution	5	4	3	12

Continue: P-18

S. No.	Function	Externality (high 1, low 5)	Chargeability (high 1, low 5)	Technicity (high 1, low 5)	Decentralizability Index (high 3, low 15)
9.	Health: General Curative	4	5	2	11
10.	Microenterprises	5	1	5	11
11.	Power Generation: Thermal	5	5	1	11
12.	Power Distribution	5	5	1	12
13.	Roads: intra-district/city	5	2	4	11
14.	Cultural/Social Development	4	1	5	10
15.	Education: General Colleges	3	4	3	10
16.	Sewerage Disposal	4	4	2	10

Source: Adapted from Bengali, K., Issues in Institutional Reform for Devolution, paper presented at Social Policy and Development Centre seminar on "Perspectives on Devolution", Karachi, August 2000

WHAT DEGREE OF DECISION-MAKING TO DECENTRALIZE TO?

The institutional setting within which local governments work can be over-controlled or under-controlled. The first case is one where higher level governments control all the aspects of local government – from organizing the service production and delivery to its financing – and undermine local initiative. And the second is one where local governments are given responsibility for public service functions, but without setting up an adequate revenue and expenditure autonomy framework, which makes its functions inefficient (Bird, 1994).

Local services – water supply and medical services, for example – have different technical features and are site and jurisdiction specific as well. Herewith, there can be a number of alternative ways in which local services are provided. For example, water policy may be established by the higher level central government department, with a mid-level regional government agency financing the basic water supply trunk lines, and the local government distributing the water to consumers (Bird, 1994).

HISTORY OF LOCAL
GOVERNMENT

2
CHAPTER

HISTORY OF LOCAL GOVERNMENT

The local government history of Pakistan pre-dates the colonization of the sub-continent by the British. The pre-colonial state system in south Asia was a decentralized one. While the ruling sovereign reigned with supreme authority in the capital of his domain, the mass of people lived in self-governing communities, administered by what was called 'Jirgas', 'Faislos' and 'Panchayats'. The relationship between local communities and the state largely comprised of annual or sub-annual transactions in the form of taxes or tributes paid to the state. Matters of governance, i.e., law enforcement, dispensation of justice, education, health, etc., were the domain of Jirgas/Faislos/Panchayats. Governance was effective, because it was anchored in the moral and political consensus of the community. A discussion of decentralization leads to a discussion of issues pertaining to local government, referred to generally as the third tier of government.

The advent of colonialism led to the demise of the self-governing decentralized political order. The imperatives of colonialism, i.e., extraction of revenues, required an element of centralized control through the coercive power of the state. This necessitated the presence of a representative of centralized officialdom down to the village level. As a result, a centrally controlled and vertically hierarchical state structure emerged. The colonial dominion was divided into territorial entities called districts, which were placed under the overall control of a colonial civil servant designated as the Deputy Collector/Deputy Commissioner. This office controlled every aspect of local life and arrogated to itself all powers that had earlier been exercised by self-governing communities.

ADVENT OF LOCAL GOVERNMENT

The first formal step towards the establishment of local government in south Asia was the enforcement of the Conservancy Act of 1842 in Bengal Presidency. Thereafter, the first Municipal Act was promulgated in 1850, with the formation of the Karachi Municipal Committee. The first Punjab Municipal Act was promulgated in 1867, under which committees comprising officials and non-officials appointed by the government could be set up for a period of two years. The primary function of the committees was to provide for police establishment and sanitation.

In 1878, the Municipality of Karachi levied a house tax on property owners; thus, introducing the first direct tax in the field of local government finances. New Municipal Acts were again promulgated in 1884; whereby, elected members along with nominated ones constituted the committees. The Punjab Municipal Act of 1911 replaced the earlier legislation and in 1922, the proportion of elected members was raised to 75 percent of total membership. Notably, these bodies did not possess any degree of autonomy and were tightly controlled by the Deputy Commissioner. In summary, the local government system – if it can be called a system – bequeathed by the British was fragmented and, from the perspective of decentralization as well as service delivery, ineffective.

POST-INDEPENDENCE: INITIAL PERIOD

Pakistan inherited the local government structure from the colonial period and which continued with minor changes for over a decade. In the initial years, issues of local governance remained subordinated to the larger issues of constitution making and holding national elections. Where local elections were held, they were through limited franchise. Political instability and the resultant insecurity propelled the State towards greater centralization, increasingly dominated by the civil and military bureaucracy (Cheema et al., 2005; Jalal, 1995; Talbot, 1998; Waseem, 1989).

BASIC DEMOCRACIES ORDER: 1958 – 1971

The first major post-independence attempt to create a formal local government structure – Basic Democracies – was undertaken after the imposition of Martial Law in 1958 by General Ayub Khan. The Basic Democracies Order 1959 was promulgated for the constitution of local bodies in rural areas and the Municipal Administration Ordinance 1960 was promulgated for the constitution of local bodies in urban areas. Both Ordinances were subsumed under the Constitution promulgated in 1962 (Musarrat and Azhar 2012; Murtaza and Rid, 2019). The Basic Democracies system was an overlay upon the 15,700 village councils created under the Village Agricultural and Industrial Development (AID) Programme launched in 1954 under the First Five Year Plan (1954-59).

Both laws provided for a four-tiered structure of local government [(Rizvi, 1974) in (Cheema et al., 2005)].

- At the lowest level, there were Union Councils for groups of villages, and Union and Town Committees for towns up to a population of 10,000. These bodies were directly elected on the basis of adult franchise. The Union Council members elected the Chairman from amongst themselves.
- At the second level, there were Tehsil Councils in rural areas and Municipal Committees in urban areas. These bodies were indirectly elected, where the Tehsil Councils comprised of Chairmen of all Union Councils and Town Committees in the tehsil. The unelected Tehsil Officer was the ex-officio Chairman of the Tehsil council. The Municipal Committees comprised of all Chairmen of Union Committees and certain officers appointed by the government. Municipal Committee Chairmen were officials appointed by the government.
- At the third level were District Councils, headed by the Deputy Commissioner. Other members comprised officials appointed by the government and non-official members elected by an electoral college comprising the Chairmen of Union Councils and Town Committees in the district.
- At the highest level was the Divisional Council, presided over by the Commissioner and comprising official and non-official members.

The democratic thread – direct elections – was limited at the Union Council level only. Tehsil Councils were headed by Tehsildars, half the members were Union Council Chairmen in ex-officio capacity and half were nominated by the Government. The same structure was replicated at the two higher levels: District Council and Divisional Council, which were headed by the Deputy Commissioner and Commissioner, respectively, half the members were Chairmen from Union Councils and Town Committees and half were ‘official members’ nominated by the Government from the local bureaucracy. The District Councils were assigned twenty-eight obligatory and seventy optional functions, along with powers to levy some local taxes. However, the Government retained financial control and could invalidate the proceedings, resolutions or orders made by any local body (Murtaza and Rid, 2019).

The control of the central government did not introduce democracy at the local level, as it did not empower people in decision-making. The dominance of appointed officials and indirect election of non-official members was deemed a regression in terms of democratic governance. In 1968, Ayub Khan resigned and transferred power to another military ruler General Yahya Khan, who repealed the Basic Democracies Order, dissolved all local councils and entrusted their functions to Government appointed administrators.

LOCAL GOVERNMENT ORDINANCE 1972 AND 1975: 1971 TO 1979

In 1972, the elected government promulgated the Peoples Local Government Ordinance (LGO) 1972, which allowed all the provinces to have their own

local government system. Another Ordinance called the Local Government Ordinance (LGO) 1975 was promulgated. Notably, both Ordinances abolished direct representation of the bureaucracy in local governments as members or chairmen and stipulated that all members (including chairmen) of all tiers of local government were to be directly elected through adult franchise (Cheema et al., 2005). However, both Ordinances remained unenforced and elections were never held. Effectively, therefore, there was no local government during the period of 1971 to 1979 (Sarwat et al., 2021).

LOCAL GOVERNMENT ORDINANCE 1979: 1979 TO 1993

In 1979, the Martial Law government of General Zia-ul-Haq revived and reformed local government, by promulgating the Local Government Ordinance 1979 in all the provinces. The system under LGO 1979 consisted of three tiers in rural areas: Union Councils as the lowest tier, followed by Tehsil or Taluka Councils and District/Zila Councils as the highest tier. In urban areas, there was a four tier system: Metropolitan Corporation, Municipal Corporations, Municipal Committees and Town committees.

Elections for members of all rural and urban councils were held through direct adult franchise on non-party basis. The Chairmen were then elected from amongst the members of the respective councils, Direct representation of the civil bureaucracy was eliminated [(Zaidi, 2005) in (Sarwat et al., 2021)]. Provision was also made for women, workers, peasants, and non-Muslims by reserving special and separate seats for them.

Functions assigned to the union councils were related to development, civic services and welfare programs and included: maintenance of public buildings, water supply infrastructure, roads, bridges, school buildings, hospitals and schools, slaughter houses, increasing agricultural and food production, developing the industrial sector, promoting community development, carrying out relief operations in case of any natural disaster [(Zaidi, 2005) in (Sarwat et al., 2021)]. The increased scope of local bodies was, however, compromised by the fact that there were provincial line departments performing the same functions and which possessed greater operational and financial space relative to local governments. Moreover, the assignment of functions was not complemented by transfer of financial powers to the local level. Local governments continued to lack constitutional protection and their creation and existence remained at the whim of the provinces (Cheema et al., 2005).

In 1985, elected federal and provincial governments were revived, but the elections were conducted on non-party basis. Given that non-party elected local governments were in existence since 1979, they greatly influenced the outcomes of the 1985 national and provincial elections and reinforced the localization of politics. Party-based elections for national and provincial assemblies in 1988, in the shadow of the local bodies elected in 1979 produced tensions between national/provincial and local politicians, leading to the suspension of local bodies between 1993 and 1998.

The Local Government Ordinance 1979 remained operational until 1993 and formed the basis of local government in the country, with several local elections held under it, even by the elected governments. However, one constant factor in the realm of local government legislation has been the control of local councils by the provincial government through its power of suppression. In 1983, section 26-A was added to LGO 1979 to empower the provincial governments to curtail the term of office of local councils and appoint Administrators before the expiry of the term of office of the local councils. In 1994, this provision was further strengthened thus: "shall be deemed to always have had the power to curtail the term of local councils regardless of the duration of the residual term of the said local councils." In 1996, this provision was even further strengthened thus: "Government may, by notification, dissolve the local councils, regardless of the residual duration of their term."

LOCAL GOVERNMENT ORDINANCE 2001: 2001 TO 2009

The military government under General Pervaiz Musharraf introduced a new devolution plan by promulgating the Local Government Ordinance 2001 (LGO 2001). The Ordinance established the District as the nuclei of local government, abolished the rural-urban differentiation and established local governments at three levels, with the District Government (City District Government in the case of large cities) as the apex body, followed by Tehsil Councils and Union Councils at the bottom. Overall, 107 new district governments, four city district governments, 396 tehsil/town councils, and 6,125 union councils were created (Murtaza and Rid, 2017).

District Secretariats were established in each district of the country and administrative and financial authority was devolved to elected District representatives. Major municipal services, assigned to the district and town Nazims, included master planning, water supply, sanitation, solid waste disposal, housing, health and education.

From a democratic perspective, the Union Council was the core component, where the entire body, including Union Nazims (equivalent of Mayors) and Naib Nazims (equivalent of Deputy Mayors) were elected directly. The elected Nazims and Naib Nazims formed the District and Tehsil Councils, respectively, as ex-officio members.

The new Local Government system also continued to lack autonomy as local governments could be dismissed and District Nazims and Naib Nazims removed on “grounds of acting against the public policy or interest of the people or being guilty of misconduct”. Further, there was no legally mandated timeframe for holding elections after the expiry of a term or premature dissolution. (Murtaza and Rid, 2017).

The changes brought about by LGO 2001 were fundamental and redefined the relationship between federating units. LGO 2001 linked local governments directly to the President’s office through National Reconstruction Bureau and the Devolution Trust for Community Empowerment, removing the hierarchical relationship between provincial and local governments. It abolished the position of Deputy Commissioners – that were, hitherto, responsible to the provincial governments – and replaced it with that of the office of the District Coordination Officers (DCOs), who were made responsible to the District Nazims. The provincial government’s writ was also weakened by transfer of major entities from provincial to local control. Karachi Development Authority (KDA) was merged with the Karachi Municipal Corporation (KMC) and Karachi Water & Sewerage Board (KW&SB), the Karachi revenue and land registry departments were placed under the control of the Karachi Nazim.

On the positive side, LGO 2001 improved the financial writ of local governments by introducing, for the first time, the Provincial Finance Commission (PFC) to determine formula-based allocation of resources between provinces and local governments. The PFC was mandated to determine the vertical distribution (share of local governments from provincial resources) and horizontal distribution (share of different districts in local governments’ share of resources). Each tier of Local Government was also allowed to levy local taxes from a specified list (Table 2). However, with the exception of property taxes, most of these tax heads were with limited revenue potential outside the major cities (Murtaza and Rid, 2019).

Financial powers were, however, not extended to the political domain. Rather, the planning of the budget was kept with the bureaucracy and the budget proposals were prepared by the District Coordination Officers (DCOs) appointed by the provincial government and the District Nazim put forward the budget proposals to the District Council for approval.

The Musharraf era Local Government system was never accepted politically and was abolished in 2010.

Table 2
Local Government Taxation Powers under LGO 2001

City/District Council	Tehsil/Town Council	Union Council
Education tax	Local tax on services	Fee for licensing of professions and vocations
Health tax	Fee on sale in animal markets	Registration fee for births, marriages and deaths
Local rate on lands assessable to land revenue	Market fees	Charges for services rendered by Union Council
Fees on educational and health facilities maintained by the District	Tax on transfer of immovable property	Rate for remuneration of Village and Neighborhood guards
Fee for licenses or permits and penalties or fines for violations	Fee for public events organized by the Town	Rate for the maintenance of any work of public utility
Fees for specific services rendered	Fee for licenses or permits and penalties or fines for violations	Rent for land, buildings, machine and vehicles
Collection charges for recovery of tax on behalf of other Governments	Collection charges for recovery of any tax on behalf of other Governments	Collection charges for recovery of any tax on behalf of other Governments
Toll on roads, bridges, ferries within District, other than national/provincial highway	Fee on cinemas and shows	
Rent for land, buildings, machinery and vehicles	Rent for land, building, machines and vehicles	
Fee for public events organized by the District	Fees for specific services.	
	Property taxes	
	Fee on approving building plans	
	Tax on vehicles other than those registered in Town.	

Source: Authors' Construction.

18TH CONSTITUTIONAL AMENDMENT: POST-2010

The passage of the 18th Constitutional Amendment in 2010, with a provision for local government, along with the NFC Award 2010, greatly enhanced the political and fiscal autonomy of the provinces and raised hopes for the devolution process to continue to be extended to local levels. Article 140-A states: Taluka Councils and District/Zila Councils as the highest tier. In urban areas, there was a four tier system: Metropolitan Corporation, Municipal Corporations, Municipal Committees and Town committees.

“Local Government Each Province shall, by law, establish a local government system and devolve political, administrative and financial responsibility and authority to the elected representatives of the local governments.”

This Article reinforced the earlier Article 32 in the Principles of Policy in the 1973 Constitution that states:

“Promotion of local Government institutions. The State shall encourage local Government institutions composed of elected representatives of the areas concerned and, in such institutions, special representation will be given to peasants, workers and women.”

Despite the stronger provisions in the Constitution, the language of Article 140-A has allowed the provinces complete independence to legislate a local government system as they deem fit. The Sindh Government enacted the Sindh Peoples Local Government Act in 2012, which retained most of the features of the 1979 law. One new feature, however, was the designation of five divisional headquarter cities – Karachi, Hyderabad, Larkana, Sukkur and Mirpurkhas – as Metropolitan Corporations, but with a separate Union Council based system for the rest of the districts (SLGA 2012). However, the Act was withdrawn the same year.

This short-lived Act was followed up by the Sindh Local Government Act in 2013, which opted for party-based elections, but accorded limited powers and substantially reduced functions of local councils. Authority with regard to management and control over revenue and taxation and major service delivery departments – Karachi Water and Sewerage Corporation (KWSC), Sindh Solid Waste Management Board (SSWMB), Sindh Building Control Authority (SBCA) – was vested with the provincial government.

In terms of functional authority, the 2013 legislation constitutes a regression when compared to the 2001 legislation. UNDP (2014) has described the local government scene as fragmented, appearing to be driven by considerations of maintaining the status quo, rather than establishing effective local governance arrangements through the devolution of adequate political, fiscal and administrative power to local councils. Political autonomy too is said to have been compromised by endowing the Chief Minister with the power to suspend an elected local council or terminate its elected head (Malik and Rana, 2019; UNDP, 2014).

FEDERAL-PROVINCIAL
LOCAL RELATIONS

CHAPTER

FEDERAL-PROVINCIAL-LOCAL RELATIONS

Relations between the different tiers of the Federation are of critical importance and have been a source of contention and conflict in Pakistan. Resultantly, the State has been pulled, a one end, towards a centralized structure and, at the other end, towards a federal polity. The discord has played out two levels: federal-provincial and provincial-local. The federal-provincial divide has found resolution to a large degree under the 18th Amendment; however, the provincial-local gulf remains to be bridged.

FEDERAL - PROVINCIAL RELATIONS

Pakistan adopted the Government of India Act 1935, with some amendments, as the Interim Constitution in the first nine years after independence. The Act provided for a federal governance framework and laid out separate legislative powers for the federation and its constituent units (called governors' provinces). It gave three legislative lists: Federal List, Concurrent List and Provincial List. The subjects specified in the Concurrent List were under the joint legislative control of the Federal and the Provincial Governments.

A new Constitution was adopted in 1956, which provided for a federal, parliamentary governance structure with a unicameral Parliament. The Constitution retained the concept of One Unit¹ system with West and East Pakistan as the two provinces. It also provided three legislative lists: Federal List, Concurrent List and Provincial List. Most items of greater significance were either in the Federal List or in the Concurrent List (Rabbani, 2011). In addition, it formed a National Finance Commission (NFC) for suggestions related to the distribution of resources between the federation and provinces. However, the Federal Government was not bound to abide by the recommendations of the Commission.

The 1956 Constitution reflected two significant features of centralization. First, the Federal Government had the powers to legislate on subjects not listed in any of the three lists. Second, recommendation by the governor (federal nominee) was required before introducing a bill or amendment regarding a matter specified in a money bill or one that would involve expenditure from provincial revenues. This effectively constrained provincial authority to legislate freely (Rana, 2020).

The military government of General Ayub Khan abolished the Constitution of 1956 and announced a new Constitution in 1962, which was a mixture of the Act of 1935 and the Constitution of 1956. It retained One Unit, created a unicameral federal legislature, with only one legislative list, the Central List, encompassing forty-three subjects on which the federal government had exclusive legislative powers. The provinces were given powers to legislate on residual subjects.

Granting powers to provinces on residual subjects was a step towards decentralization of authority and responsibility; however, two provisions restricted these powers. First, the Constitution empowered the Central Legislature to make laws in the national interest of Pakistan on matters of national security, economic and financial stability and planning and coordination. This provided a window to the central Government to regulate even those matters that were not included in the Central List. Second, in case of a conflict between the Governor (a federal nominee) and a Provincial Assembly, the matter was to be decided by the National Assembly and if decision was in favour of the Governor, he could dissolve the Provincial Assembly with the consent of the President (Rana (2020).

1- The province of West Pakistan was created in 1954 by merging Punjab, Sindh and NWFP, and states and tribal areas of the Western Wing.

Pakistan was in a state of existential crisis from 1968 to 1971. The new military government of Yahya Khan that seized power in 1968 revoked the Constitution of 1962 and also abolished the One Unit system by restoring the status of the four provinces. In 1971, the erstwhile province of East Pakistan seceded and a new government came into being in what was West Pakistan.

The National Assembly that was elected in 1970 unanimously passed the Constitution of 1973, which ordained a bicameral Parliament, comprising the National Assembly and the Senate, and unicameral provincial assemblies for each of the four provinces. It also explicitly enunciated three tiers of government: federal, provincial and local. As referred to earlier, Article 32 of the Principles of Policy stresses on the formation of local government. It states:

“Promotion of local Government institutions The State shall encourage local Government institutions composed of elected representatives of the areas concerned and, in such institutions, special representation will be given to peasants, workers and women.”

The Constitution contained two legislative lists: Federal list (Part I and II) and Concurrent list. The former specified subjects where only the federal legislature had the power to legislate; the latter specified subjects where federal as well the provincial legislatures had powers to legislate; subject to the condition that where the two dissent, the federal legislature would prevail. Subjects not listed on either of the two lists were deemed residual and left to the provinces. The Constitution also created a National Finance Commission (NFC) under Article 160, which was assigned the charge of formulating a system for the distribution of tax revenues between the federal and provincial governments and between the provinces.

In 2010, Parliament enacted the 18th Constitutional Amendment. It abolished the Concurrent Legislative List and reduced the size of Part I of Federal Legislative List by transferring some subjects to Part II and by deleting some subjects from it. The Amendment has reduced the scope of the federal legislature and enlarged the provincial domain. Further, as referred to earlier as well, Article 140-A stipulates that each province must establish a local government system.

“Local Government Each Province shall, by law, establish a local government system and devolve political, administrative and financial responsibility and authority to the elected representatives of the local governments.”

PROVINCIAL-LOCAL RELATIONS

The subject of establishing local government has been a roller-coaster affair. Ironically, support for local governments have been strong during military regimes and lukewarm during political governments. The rationale for the situation can be found in the country's long history of struggle for democracy and provincial rights. It is also ironical that while political forces struggled for autonomy for the provinces, support for extending autonomy to the local level has not been forthcoming.

Local bodies have existed since before independence, including the establishment of the Karachi Municipal Committee in 1850, later upgraded to the status of a Corporation in 1933. However, their functions were limited to providing low level municipal services, primarily sanitation and lacked any degree of legal protection from arbitrary higher level administrative decisions.

The first formal attempt to create a local government structure was initiated in 1962 by the military government of General Ayub Khan in the form of the Basic Democracies scheme. Basic Democracies were bestowed with a wide range of functions, including that of an Electoral College for electing the President. The political role of the Basic Democracy regime overshadowed its civic service provision role and the experiment became synonymous with

the military regime's attempt to consolidate its power at the expense of democracy and provincial writ. It was abolished in 1969. Accordingly, the succeeding political government shied away from instituting effective local governments; constitutional provisions notwithstanding.

The military government of General Zia ul Haq, that seized power in July 1977, promised national elections in 90 days, but postponed them and instead opted to hold local elections under the newly promulgated Local Government Ordinance 1979. The move was seen in political circles as an attempt to undermine the established political parties and the political process itself and entrench military rule. The elections generated a new breed of local leaders, who were then mobilized by the military to form a new political party, which became a major player in national politics.

The military government of General Pervez Musharraf, that seized power in 1999, carried out the most radical experiment, with the introduction of the District Government scheme. The scheme was an attempt to transform a traditional local bodies system into a third tier of the federal structure of the government and consolidated a wide range of functions, including many being performed by provincial level departments.

Local governments in Pakistan have been subject to political manipulations, have remained hostage to political expediency and, consequently, there is no stability in the system. The military has conducted the major experiments of decentralization after dissolving higher-tier elected governments. This is because military governments have felt compelled to divert political energies towards local issues and to create countervailing political forces to checkmate the national political parties. The agenda has also included an attempt to acquire a degree of legitimacy by promoting local development works and co-opt the local elites. Accordingly, local elections have been held whenever there have been military governments in power and elected local bodies have remained generally suspended whenever there have been elected governments in power at the federal and provincial levels. (Jalal 1995; Talbot 1998)

The history of attempts by successive military regimes to create hybrid political frameworks, with weak federal and provincial layers atop a relatively strong local government system appears to have rendered local politics suspect in the eyes of national and regional political forces. It is, therefore, meaningful that all the provinces moved to re-centralize provincial writ during the interregnums of democratic rule.

The fundamental problem of local autonomy is that local governments do not command constitutional recognition as the third tier of the Federation. Effectively, Article 140-A merely mentions local government as an item for legislation by the provincial legislatures, without outlining any specifics. As such, military governments have attempted to create local government systems with the primary objective of weakening the democratic base and the provincial writ, while elected governments have attempted to enforce their writ over a broken system.

The most important need, if local government is to emerge as an effective third tier of the federation is to add a chapter in the Constitution on Local Government – on the lines of the chapters on the federal and provincial tiers – outlining the structure, powers and functions of local governments and defining the relationship – administrative and fiscal – between the provincial and local governments.

THE PARTICULAR
CASE OF KARACHI

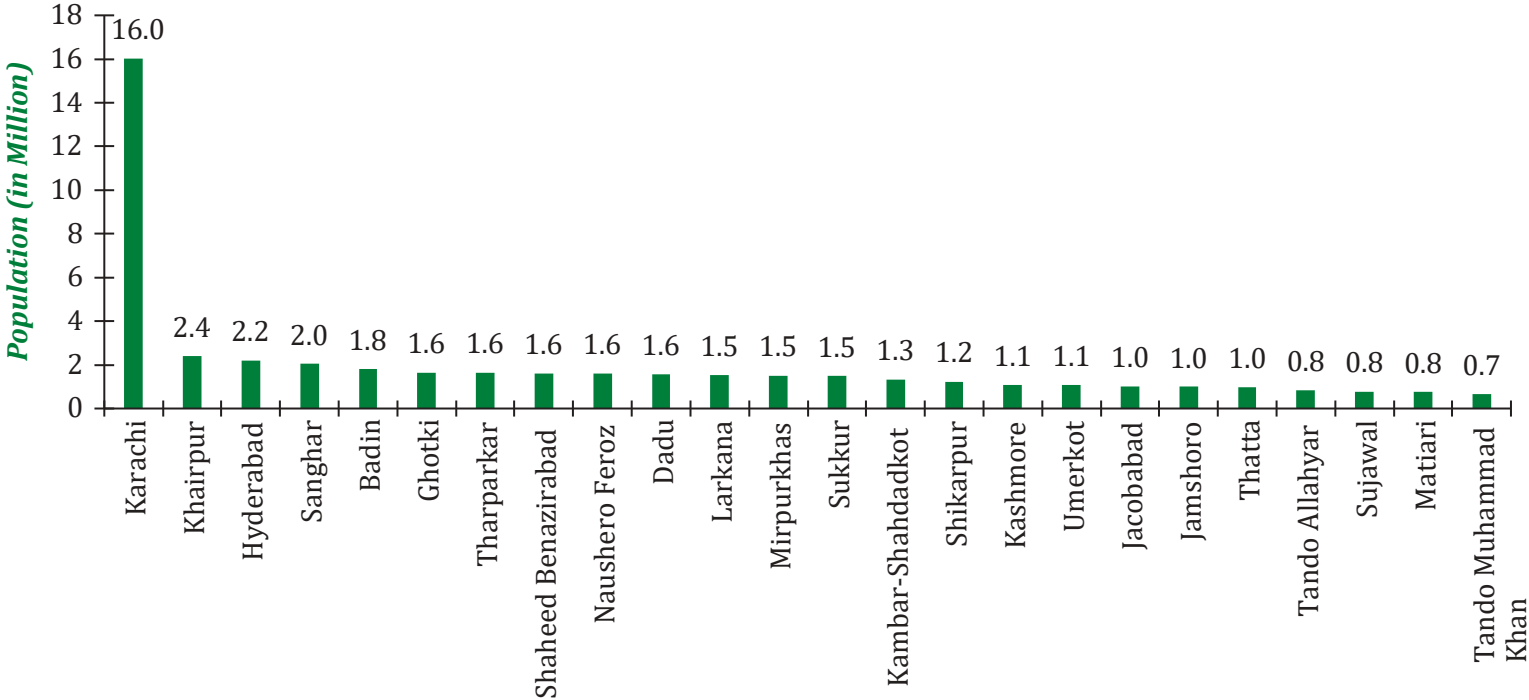
4
CHAPTER

THE PARTICULAR CASE OF KARACHI

Karachi is the largest city of Pakistan and the only major port city. It is also the capital of the province of Sindh. Accordingly, it is pertinent to focus on the subject of local governance in Karachi.

The demographic distribution of Sindh is highly skewed, spatially. Karachi’s population is 16 million, accounting for 33 percent of the population of Sindh. The next three large districts in the 2 million population range – one-eighth that of Karachi – are Khairpur, Hyderabad and Sanghar. The average population per district, excluding Karachi is 1.3 million. The population of six districts – Jamshoro, Thatta, Tando Allahyar, Sujawal, Matiari and Tando Muhammad Khan – is less than one million – one-sixteenth that of Karachi (Chart 1).

Chart 1
Distribution of Population by Districts

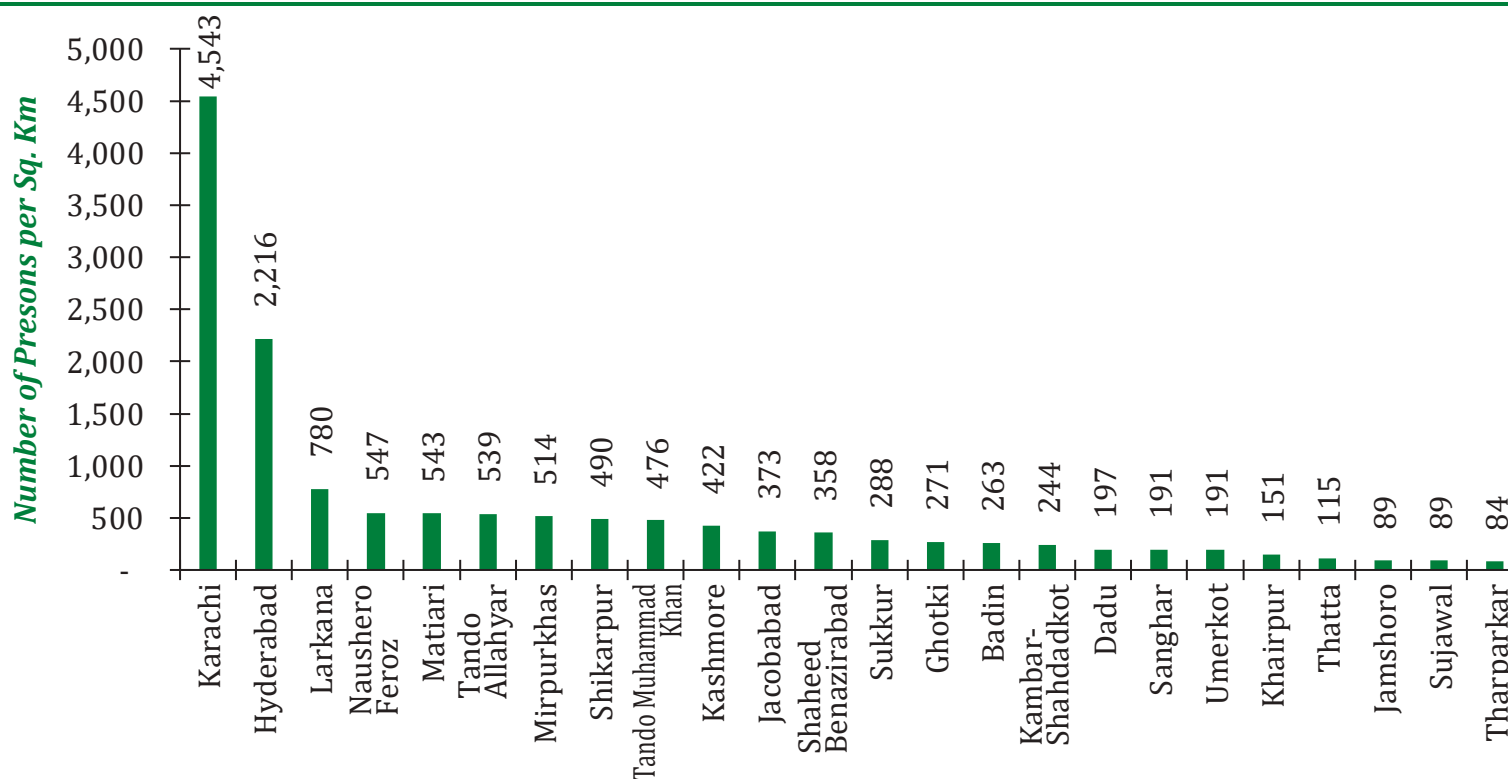


Source: Government of Sindh, Bureau of Statistics, *Sindh Statistics 2022*.

Population density – population per sq. kilometre – is equally skewed. Karachi’s population density is 4,543 and half of that in Hyderabad at 2,216. Population density for the rest of the 22 districts averages 328 persons per square kilometer – less than 10 percent that of Karachi. Density in Jamshoro, Sujawal and Tharparkar is less than one hundred persons per sq. kilometer (Chart 2).

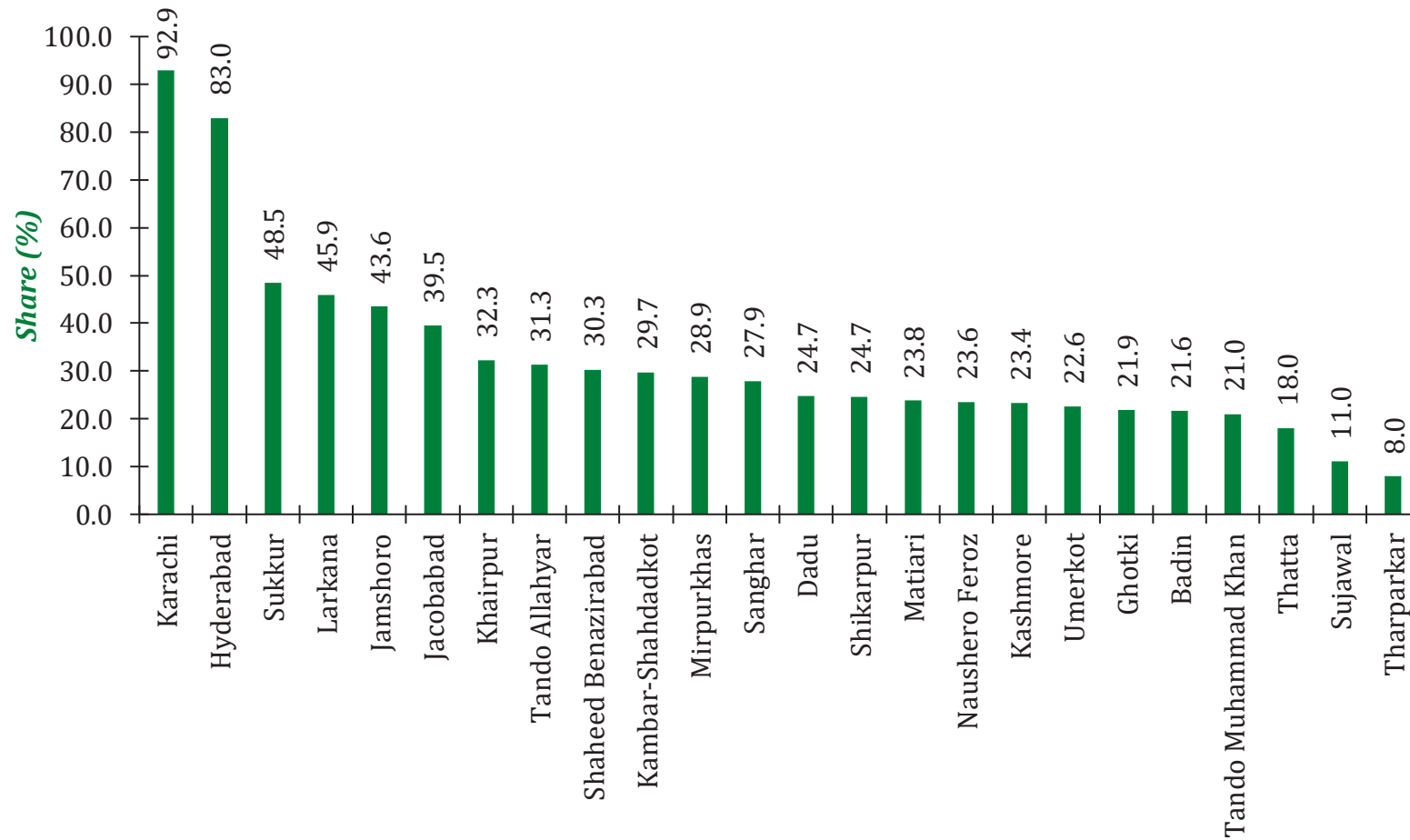
Furthermore, Karachi and Hyderabad are highly urbanized, with share of urban population at 93 percent and 83 percent respectively. The next two urban centres, at a distant 49 percent and 46 percent, are Sukkur and Larkana, respectively. Average share of urban population for 22 districts is 27 percent – less than one-third that of Karachi. The urban population share of three districts – Thatta, Sujawal and Tharparkar – is less than one-fifth, with Tharparkar at 8 percent (Chart 3).

Chart 2
Population Density by Districts



Source: Government of Sindh, Bureau of Statistics, Sindh Statistics 2022.

Chart 3
Share of Urban Population by Districts



Source: Government of Sindh, Bureau of Statistics, Sindh Statistics 2022.

Table 3 throws light on the presence of critical mass, district-wise, with regard to area, population, population density, population growth rate and share of urban population. Districts that stand out are Karachi, Hyderabad, Jamshoro, Khairpur, Larkana, Sukkur, Sanghar and Tando Allahyar.

Table 3
Critical Mass - Demographic Profile

Area (sq.km)	Population (000)	Density (Persons/sq.km)	Population Growth Rate (%)	Share of Urban Population (%)
Greater than 10,000 Tharparkar Khairpur Jamshoro Sanghar	Greater than 15 million Karachi	Greater than 2000 Karachi Hyderabad	Greater than 3 Tharparkar	Greater than 80 Karachi Hyderabad
5,000 - 9,999 Sujawal Thatta Dadu Badin Ghotki Umerkot Kambar-Shahdadkot Sukkur	2,000 - 2,500 Khairpur Hyderabad Sanghar	500 - 1,000 Larkana Naushero Feroz Matiari Tando Allahyar Mirpurkhas	2.5 - 2.9 Jamshoro Tando Allahyar Ghotki Karachi Badin Umerkot Thatta Kashmor Sukkur	40 - 50 Sukkur Larkana Jamshoro Jacobabad 30 - 39.5 Khairpur Tando Allahyar Shaheed Benazirabad Kambar-Shahdadkot Mirpurkhas Sanghar
2000 - 4,999 Shaheed Benazirabad Karachi Naushero Feroz Mirpurkhas Jacobabad Kashmor Shikarpur	1,000 - 1,999 Badin Ghotki Tharparkar Shaheed Benazirabad Naushero Feroz Dadu Larkana Mirpurkhas Sukkur Kambar-Shahdadkot Shikarpur Kashmor Umerkot Jacobabad	400 - 499 Shikarpur T. M. Khan Kashmor	2.0 - 2.4 Sanghar Matiari T. M. Khan Khairpur Larkana Sujawal Hyderabad Naushero Feroz Mirpurkhas Shaheed Benazirabad Kambar-Shahdadkot	
		300 - 399 Jacobabad Shaheed Benazirabad Sukkur		

Continue: P-36

Area (sq.km)	Population (000)	Density (Persons/sq.km)	Population Growth Rate (%)	Share of Urban Population (%)
1,000 - 1,999 Larkana Tando Allahyar T. M. Khan Matiari	Less than 1,000 Jamshoro Thatta Tando Allahyar Sujawal Matiari T. M. Khan	200 - 299 Ghotki Badin Kambar-Shahdadkot		20 - 29.9 Dadu Shikarpur Matiari Naushero Feroz Kashmor Umerkot Ghotki Badin T. M. Khan
Less than 1,000 Hyderabad		100 -199 Dadu Sanghar Umerkot Khairpur Thatta	Less than 2 Shikarpur Dadu Jacobabad	Less than 20 Thatta Sujawal Tharparkar
		Less than 100 Jamshoro Sujawal Tharparkar		

Source: Government of Sindh, Sindh Bureau of Statistics, Sindh Development Statistics 2022

COMPOSITION OF KARACHI DIVISION

Administratively, the entire city has the status of a Division, divided into seven districts: East, West, Central, South, Malir, Korangi and Keamari. Karachi division is headed by the Commissioner and the districts by Deputy Commissioners – all appointed by the provincial government. In terms of the local government structure, the city is governed by a Metropolitan Corporation and component Towns by Town Municipal Corporations, headed by the Mayor and Chairmen, respectively; all of whom are elected.

Karachi covers an area of 3,528 square kilometers. The population of Karachi division and its districts is given in Table 4. According to the Population and Housing Census 2023, the population of entire division is over 20 million, which is 40 percent of the population of Sindh. District wise, the population is highest in Districts Central and East at 19 percent each. The lowest share of population is in district Keamari at 10 percent.

Table 4
Estimated Population of Karachi Division

District	Area (sq.km)	Population (Nos.)	Share (%)	Density (persons/sq.km)
East	139	3,950,031	19.4	20,683
Central	69	3,822,325	18.8	43,058
Korangi	108	3,128,971	15.4	23,870
West	929	2,679,380	13.1	4,206
Malir	2,160	2,403,959	11.8	891
South	122	2,329,764	11.4	14,500
Keamari	-	2,068,451	10.1	-
Karachi Division	-	20,382,881	100.0	-

Source: Pakistan Bureau of Statistics, Population and Housing Census 2023.

Area wise, the largest district is Malir (2,160 sq.km) followed by Kemari and the smallest is Central (69 sq.km) as shown in Table 4. In terms of density, district Central is the most densely populated with 43,053 persons living per square kilometer. This is followed by district Korangi with a population of 23,870 per square kilometer. The density is lowest at 891 in district Malir.

IMPERATIVE OF BASIC AMENITIES

Karachi is the economic hub of Pakistan, contributing about 20 percent of national GDP, about 55 percent of federal tax revenues and over 90 percent of the provincial revenues (FPCCI and SPDC, 2022). It is the engine of growth. Yet, however, it suffers from serious infrastructure and management issues with respect to provision of civic services. The causative factors are political as well as financial.

Cities that are adequately equipped with urban amenities provide a competitive environment by producing economies of scale and scope, leading to specialization and innovation induced through knowledge spillovers. There emerge commercial and industrial clusters in and around them due to availability of materials and services and a common pool of labor. These factors enhance productivity, which leads to rapid economic growth resulting in higher profits for firms and revenues for the government.

A city is an integrated cluster of residences, offices, factories, educational and health amenities, social institutions, recreational facilities, and a host of other services and activities. This agglomeration of entities requires a well-organized management structure for the city to function efficiently. Essentially, there are five amenities that a city requires to be serviced with on a daily 24-hour basis - without exception and without interruption. These are: water supply, waste water disposal, solid waste disposal, electricity and public transport. These services are indispensable not only for residents but also for business and industry. Without this daily 24-hour provision, the city will break down and cease to function as such. None of these services can be obtained by households individually and need to be provided collectively by the city.

Water supply, waste water disposal and solid waste disposal: Water is the essential commodity, a survival need. For every one, the day starts and ends with water – for washing, cleaning, cooking, etc. And the water used needs to be drained out immediately, 24 hours a day. Solid waste too is generated every day and needs to be disposed of – systematically – every day.

Electricity: Electricity is the oxygen that keeps city's economic life alive. Residences, offices, factories, educational and medical institutions, etc., and water pumping stations, street lights, traffic signals, etc. require electricity 24 hours a day.

Public transport: The very reason a city forms is the economic benefits that clustering of economic activities fosters – what in technical language is called agglomeration economies. This necessarily requires that there is cost and time efficient access to facilities in any part of the city. This condition necessitates the presence of an efficient city-wide public transport system, operating 24 hours a day. Without efficient public transport, facilities across the city cannot be accessed and agglomeration economies cannot be gained; thus, defeating the very purpose of a city (see Box). Public transport is crucially important for women to enable them to exercise freedom of movement and access education, employment, social engagements etc. in a safe and efficient manner.

Unfortunately, Karachi – as well as all of the cities and towns of Sindh – can be said to be lacking in efficient provision of all five services. Majority of the residents of Karachi's live in congested housing. Half the city does not have any water supply infrastructure. The rich obtain water through water tankers and the poor collect water from neighbourhood water taps, if and when available. Sewage water regularly floods the streets and garbage is piled on street corners and burnt, even in upper income areas. Almost daily power breakdown is the norm. Public transport is archaic and only the poor use it – at cost to their dignity.

There are many reasons for this state of affairs: lack of investment, lack of planning and lack of managerial attention and can be summed up as a case of political failure of urban governance. Behind this failure is institutional disarray. Neither the Constitution nor provincial legislation provides for a coherent institutional framework for urban governance, leaving local governments suspended for extended periods and weak when functional. The institutional disarray referred to above is reflected in the frequent and drastic changes of legislation under which local governments operate. The last two decades have seen at least two completely different local government regimes, with significantly different powers and functions. The current legislative dispensation under which local governments in Sindh, including Karachi, functions is the Sindh Local Government Act 2013, which has followed the Local Government Ordinance of 2001.

Box Public Transport and Business Scale

Public transport plays an important role in providing mobility. One of the deterrents in achieving expansion in production by trade and services enterprises and small businesses could be insufficient number of customers. Availability of public transport enables increasing the people's mobility that enables them to reach different markets. This in turn facilitates these businesses to acquire wider customer bases, permitting them to expand their production and earning greater profits. This can be described in the context of production decisions by businesses in relation to average cost it incurs.

A typical business, such as a restaurant preparing and selling pizzas, incur two types of costs.

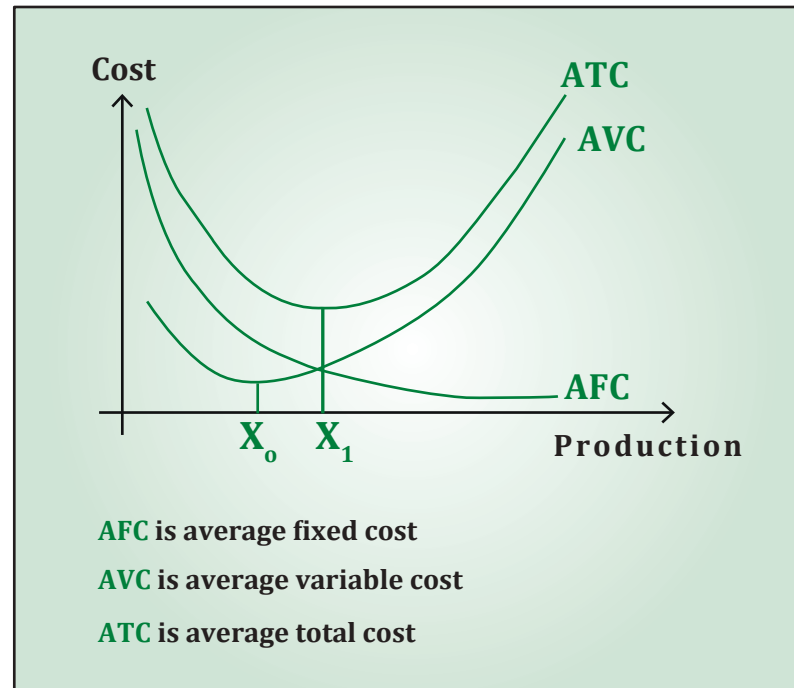
- One, fixed cost (FC) includes costs incurred on fixed factors of production such as premises, kitchen equipment and accessories, furniture, monthly salaries and the like. Fixed cost remains fixed over a certain period of time, irrespective of the number of pizzas made and sold.
- Two, variable cost (VC) includes costs incurred on variable factors of production such as raw materials (flour, meat, toppings, sauces, etc.), daily wages and other running expenses, and this changes with the numbers of pizzas made and sold.
- Total cost (TC) is a sum of fixed cost (FC) and variable Cost (VC). Total cost divided by the number of pizzas made and sold is equal to average cost or price per pizza.

Assume total fixed cost to be Rs 100,000. If it produces and sells 1,000 pizzas per day, its average fixed cost (fixed cost per pizza) is Rs 100. Assume further that the variable cost per pizza to be Rs 100 and profit Rs 25. This makes price per pizza at Rs 225.

No. of pizzas	Average Fixed Cost	Average variable cost	Average Total Cost	Profit	Price
1,000	$100,000/1,000= 100$	100	200	25	$100+100+25=225$
2,000.	$100,000/2,000= 50$	100	150	75	$50+100+75=225$

The restaurant caters to the neighborhood client only, who can walk over. Suppose that public transport is made available and the clients of the restaurants double. Now, the restaurant makes and sells 2,000 pizzas. With this, the average fixed cost reduces to Rs 50, average variable cost remains the same and total average cost amounts to Rs 150. If the price of the pizza remains the same, the profit of the restaurants increases to Rs 75 per pizza.

The availability of public transport has facilitated in expanding business activity and profitability leading to economic growth.



As shown in the graph, as production increases, average fixed cost keeps declining while the average variable cost remains the same. This continues until an optimal combination of these costs is reached. If in stage 1, the business is functioning at X_0 level of production, where average variable cost is at its minimum level. With the availability of public transport, the business now operates at X_1 level of production, where average total cost is at its minimum level.

ASSIGNMENT OF FUNCTIONS

A comparison of the LGOs 2001 and 2013 is in order for meaningful understanding. Table 5 provides a comparison of functions of Karachi Metropolitan Corporation (KMC) and local government in urban areas under LGO-2001 and SLGA-2013, as amended in 2021. As can be seen, the assignments of local governments are substantially reduced under the amended SLGA-2013, compared to those under the LGO-2001 (Table 5).

Table 5
Comparison of Functions under LGO-2001 and SLGA-2013

S. No.	LGO 2001	S. No.	LGO 2001
1.	<ul style="list-style-type: none"> ▶ District Co-ordination ▶ Planning and Development 	9.	<ul style="list-style-type: none"> ▶ Basic Health, Child and Women Health ▶ District hospitals ▶ Public health and sanitation (infectious disease, medical aid and relief)
2.	<ul style="list-style-type: none"> ▶ Finance and Budget ▶ Land Revenue 	10.	<ul style="list-style-type: none"> ▶ Water supply
3.	<ul style="list-style-type: none"> ▶ Livestock ▶ Food and public markets, slaughterhouses, milk supply 	11.	<ul style="list-style-type: none"> ▶ Drainage and sewerage ▶ Solid waste management, treatment and disposal ▶ Removal, collection and disposal of refuse from industries and hospitals
4.	<ul style="list-style-type: none"> ▶ Libraries, museums, art galleries, cultural centers ▶ Gardens and open spaces ▶ Fairs and shows ▶ Sports and culture 	12.	<ul style="list-style-type: none"> ▶ District Roads and Buildings ▶ Streets and street lightening / electrification ▶ Public Transport and traffic
5.	<ul style="list-style-type: none"> ▶ Public safety: firefighting, civil defence, storm water drainage and natural disasters 	13.	<ul style="list-style-type: none"> ▶ Trades and occupations ▶ Enterprise and investment promotion
6.	<ul style="list-style-type: none"> ▶ Estate 	14.	<ul style="list-style-type: none"> ▶ Labor and Social Welfare
7.	<ul style="list-style-type: none"> ▶ Human resource development ▶ Boys Schools ▶ Girls Schools ▶ Technical Education 	15.	<ul style="list-style-type: none"> ▶ Environment protection
8.	<ul style="list-style-type: none"> ▶ Spatial Planning & site Development ▶ Urban housing development ▶ Building and land use control ▶ Lease and licenses for land and buildings ▶ Unauthorized buildings on drains ▶ Encroachments 	16.	<ul style="list-style-type: none"> ▶ Information Technology Development and Promotion
		17.	<ul style="list-style-type: none"> ▶ Legal Advice and Drafting
		18.	<ul style="list-style-type: none"> ▶ Registration of births and deaths
		19.	<ul style="list-style-type: none"> ▶ Burial places and cremation

Continue: P-42

S. No.	SLGA 2013	S. No.	SLGA 2013
1.	<ul style="list-style-type: none"> ▶ Co-ordination. Monitoring and supervision of all inter-district development / maintenance work ▶ Planning development and maintenance ▶ Special Development Programme 	9.	<ul style="list-style-type: none"> ▶ Celebration of National Days
2.	<ul style="list-style-type: none"> ▶ Maintenance of Abattoirs and Cattle Colonies ▶ Milk Supply Schemes 	10.	<ul style="list-style-type: none"> ▶ Reception of Foreign dignitaries / distinguished guests
3.	<ul style="list-style-type: none"> ▶ Art Gallery, Museum and Metropolitan Library. ▶ Zoological Gardens, Safari Park, Aquarium, Sports Complex and Beeches 	11.	<ul style="list-style-type: none"> ▶ Municipal Watch and Ward
4.	<ul style="list-style-type: none"> ▶ Fire Fighting Service ▶ Civil Defence 	12.	<ul style="list-style-type: none"> ▶ Providing protection against stray animals and animal trespass, and establishing cattle pounds
5.	<ul style="list-style-type: none"> ▶ Control of Land owned by Metropolitan Corporation and ▶ Removal of Encroachments from the properties owned by Metropolitan Corporation 		
6.	<ul style="list-style-type: none"> ▶ Medical College and Teaching/ Specialized Hospitals 		
7.	<ul style="list-style-type: none"> ▶ Regulation or prohibition of the establishment of brick kilns, potteries and other kilns within the residential areas 		
8.	<ul style="list-style-type: none"> ▶ Traffic Engineering 		

Source: Local Government Ordinance 2001 and Sindh Local Government Act 2013, as amended in 2021; website: <https://www.kmc.gos.pk/en>

Under the LGO 2001, most of the social services of a local nature were assigned to local governments. SLGA-2013, as amended in 2021, has removed many of these services from the ambit of local government and the organizations responsible for these services have been transferred to the domain of the provincial government. They include Karachi Development Authority (KDA), Karachi Building Control Authority (KBCA) and Karachi Water and Sewerage Board (KWSB). Solid waste management has been taken over by the Sindh Solid Waste Management Board (SWMB). Town planning and urban transport and mass transit are now also under provincial domain.

Functions that are common to both legislations are district co-ordination, planning and development, district hospitals, abattoirs and cattle colonies, milk supply, libraries, museums, art galleries; sports and culture, firefighting and civil defence. Functions that have been added are celebration of national days, reception of foreign dignitaries/distinguished guests; and municipal watch and ward.

URBAN CHAOS AND CITIZEN ACTIONS

The principal root of service delivery chaos in Karachi is building control, overseen formerly by Karachi Building Control Authority (KBCA) and now by Sindh Building Control Authority (SBCA) – a provincial body. However, SBCA has no institutional linkage with other civic service providing agencies. Thus, SBCA approves a building permit without reference to availability of water (provincial function) or electricity (federal function) or to the traffic the buildings generate on the street (provincial function). The result is burst water and sewerage pipes and burnt out PMTs (pole-mounted transmitters). Adding to the chaos are (federal) Cantonments and Defence Housing Authority (DHA), with their own powers (independent of SBCA) to issue building permits, again without reference to associated services.

The institutional chaos has enabled a spate of illegal construction in the city. Civil service organizations have attempted to protect the urban environment and one organization in particular – Shehri – Citizens for a Better Environment – has led a decades long campaign in this regard, largely accessing the judiciary to check illegal constructions. Shehri has locked notable successes; however, for every successful case, there are a number of cases where the degradation of the city has gone apace. Shehri's record of challenging illegal constructions in Karachi over the last three decades is as follows (Table 6).

Table 6
Sample of Cases against Illegal Construction

S. No.	Case	Case No.	Year Case filed	Case won by Shehri in
1.	Gutter Bagicha, Lyari	HRC No. 6-K/93	1993	2022
2.	Kidney Hill, KCHS	CP No.1314/90	1990	2019
3.	Hill Park, PECHS	Suit NO. 1501/99	1999	1999
4.	Karachi Grammar School, Clifton	Suit No. 1262/18	2018	2018
5.	Khalid-bin-Waleed Park/Hockey Ground, PECHS	CP No. 2273/12	2012	2012
6.	Makro-Habib, Lines Area	CP D-1740/07	2007	2010
7.	Overseas Society	Suit No. 366/06	2012	2010
8.	B-28, KDA Scheme No.1, Karachi	CP No. 1005/10	2010	2010
9.	83-F, Block 2, PECHS	Suit No. 477/05	2005	2006
10.	B-28, KDA Scheme No.1, Karachi	CP No. 1005/10	2010	2010
11.	151-A, Block 2, PECHS	Suit No. 728/04	2004	2005
12.	SRTC/KTC Plots (commercialization and sale of 16 SRTC Amenity Plots and 16 SRTC bus depots in Sindh, including Karachi	CP No. 942/97 CP NO. 1571/00	1997 2000	2000
13.	Kirthar National Park	CP No. 1986/00	2000	2000
14.	73 Muslimabad CHS	Suit No. 1655/99	1999	2000
15.	157-S, Block 2, PECHS	Suit No. 470/96	1996	2000
16.	171-A, Block 3, PECHS	Suit No. 471/96	1996	1999
17.	Glass Towers, Frere Town	CPLA No. 198-K/98	1998	1998
18.	Costa Livina (Bagh-ibn-e-Qasim), Clifton	CP No. 3501/93	1993	1996

Continue: P-45

S. No.	Case	Case No.	Year Case filed	Case won by Shehri in
19.	Clifton Cantonment Park, Clifton	CP No. 1590/94	1994	1994
20.	144-A Block 2, PECHS	Suit No. 1879/11	2011	On Stay Order

Source: Shehri data base, accessed October 2023.

PROPOSED INTEGRATED URBAN MANAGEMENT IN SINDH

The 18th Constitutional Amendment devolved power sub-nationally. It is now necessary to devolve functions, if not power, sub-provincially. There are three fundamental requirements in this respect: follows (Table 6).

1. Location of urban local government
2. Authority under which to locate urban local government
3. Institution of integrated urban management.

To date, the first and third has been hostage to the second and this dependency, perhaps, needs to disconnect; with the first and third part proceeding apace and the second part following in due course.

Efficient urban governance requires an integrated urban management regime for each city and town; namely, all service delivery organizations, departments, offices, etc., of the city/town to be fully responsible to one chief executive officer, whatever the nomenclature of the office be and whoever, that officer is responsible to. There are multiple questions that will need to be addressed and decisions made, but which lie in the political domain. For example, the provincial government and assembly will need to decide under what authority to locate urban governance; however, it is first imperative to create the integrated institutional framework and develop the legislative and administrative structure thereof.

A move towards a federated local government structure for Karachi was already made under LGO 2001, with the institution of 18 Towns (and 7 Cantonments) covering the city (Table 7). However, there has been suspicion that the decision to create the initial 18 units and marking the boundaries thereof was based on political expediency rather than of administrative rationale.

Table 7
Towns and Cantonments in Karachi Division

S. No.	Towns	S. No.	Towns	S. No.	Cantonments
1.	Baldia	10.	Liaquatabad	1.	Clifton
2.	Bin Qasim	11.	Lyari	2.	Faisal
3.	Gadap	12.	Malir	3.	Karachi
4.	Gulberg	13.	New Karachi	4.	Korangi Creek
5.	Gulshan-e-Iqbal	14.	North Nazimabad	5.	Malir
6.	Jamshed	15.	Orangi	6.	Manora
7.	Keamari	16.	Saddar	7.	DHA
8.	Korangi	17.	Shah		
9.	Landhi	18.	SITE		

Source: Karachi Development Authority (KDA) | <http://kda.gos.pk>

However, efficient organization and management of the city requires that administrative rationale is accounted for as well. This criterion appears to be present in the organization of the 31 sub-divisions of the city, as shown in Table 8. Consideration may thus be given to organize the city in terms of 31 Towns.

The functional distribution of functions by level of provincial and sub-provincial government level is given in Table 9. Land management, Law and Order, Development Planning and Disaster Management are assigned to the Divisional Administration of the Provincial Government. Local Government functions are classified in terms of Economy, Communications, Urban Development & Housing, Utilities, Water Supply, Drainage & Sewerage, Solid Waste Disposal, Education, Health, Social Welfare, Culture & Sports.

Table 8
Proposed Towns in Karachi Division

S. No.	Towns	S. No.	Towns
1.	Airport	17.	Landhi
2.	Arambagh	18.	Liaquatabad
3.	Baldia	19.	Lyari
4.	Bin Qasim	20.	Mauripur
5.	Civil Lines	21.	Model Colony
6.	Ferozabad	22.	Mominabad
7.	Gadap	23.	Murad Memon
8.	Garden	24.	Nazimabad
9.	Gulberg	25.	New Karachi
10.	Gulshan-e-Iqbal	26.	North Nazimabad
11.	Gulzar-e-Hijri	27.	Orangi
12.	Harbour	28.	Saddar
13.	Ibrahim Hyderi	29.	Shah Faisal
14.	Jamshed Quarers	30.	Shah Mureed
15.	Keamari	31.	SITE
16.	Korangi		

Source: Authors' Proposal.

Table 9
Hierarchy of Functions (Based on Principle of Subsidiarity)
Provincial Government

Divisional Administration Functions			
Land Management	Law & Order	Development Planning	Disaster Management
Local Functions			
Provincial	District Council Metropolitan Council	Tehsil Council Municipal Council Town Council	Union Council
Economy			
Agriculture	Industrial Estates	Small & Microenterprise Estates	Water course Maintenance
Irrigation	Small & Microenterprise Estates	Business Centres	Livestock Markets & Cattle Pens
Water Supply, Drainage & Sewerage			
Drainage	Bulk Water Supply	Retail Water Supply	O&M of RO Plants
Bulk Water Supply	Sewage disposal	O&M of RO Plants	Drain Maintenance
	Sewage Treatment Plants	Drain Maintenance	
	Urban Storm Water Drains		
Solid Waste Disposal			
	Dumping Sites & Treatment	Garbage Collection	Garbage Collection
Education			
Universities & Colleges	Universities & Colleges	Colleges & Schools	Schools
Health			
Hospitals, RHCs, BHUs			

Continue: P-49

Provincial	District Council Metropolitan Council	Tehsil Council Municipal Council Town Council	Union Council
Social Welfare			
Social Security	Welfare Homes & Services	Birth, Death Registration Marriage, Divorce Registration	
Culture & Sports			
Libraries & Museums	Libraries & Museums	Parks & Playgrounds	Parks & Playgrounds
	Cinemas, Theatres, Concert Halls	Sports Facilities	Sports Facilities
	Parks & Playgrounds	Religious Facilities	Religious Facilities
	Sports Facilities	Cemeteries & Crematoria	Cemeteries & Crematoria
	Religious Facilities	Religious Facilities	

Source: Authors' Construction.

LOCAL
GOVERNMENT
FINANCES



LOCAL GOVERNMENT FINANCES

Local governments, as any government, require resources to perform assigned responsibilities efficiently. Revenue assignments of local governments generally include local taxes received from departments or services that fall under its jurisdiction: property taxes, fees from water and sanitation, tolls on roads and bridges, charges for maintaining public places, and the like.

Prior to 1999, Octri and Zila Tax (OZT) was the major source of revenue for local governments, comprising up to 60-70 percent of total 'own' revenues (UNDP, 2021). The abolition of the OZT in 1998 ended the revenue source that existed at the local level. As a result, local governments became heavily dependent on grants and transfers from upper tiers of government.

OZT was abolished under the arrangement that 2.5 percentage points were added to prevailing GST rate, which increased from 12.5 percent 15 percent. The understanding was that this 2.5 percent of revenue from GST would revert to the provinces as grant-in-aid. From 1999 to 2006, the federal government provided these (OZT) grants to local governments. The distribution arrangement arrived at in 1999 changed twice till it was merged in the Divisible Pool under the 7th NFC Award in 2010; with the exception that Sindh is to receive one-sixth of the divisible pool as compensation for the loss suffered on account of the merger.

Two recent local government legislations have assigned revenue bases to local government significantly differently. Table 10 shows the comparison of various revenues assigned to the local governments under LGO 2001 and SLGA 2013. It can be seen that Education and Health tax/fees; Property Tax; Local rate on lands assessable to land revenue; Fee for approval, erection and re-erection of buildings; Collection charges for recovery of any tax on behalf of the Government; and Local tax on services are shifted from the domain of local government to provincial government (Table 10).

Table 10
Comparison of Revenue Assignment: LGO 2001 and SLGA 2013

Tax	LGO 2001	SLGA-2013 amended in 2021
Education and Health tax/fees	LG	PG
Local rate on lands assessable to land revenue	LG	PG
Toll on roads, bridges, ferries maintained by the LG	LG	LG
Fee for approval, erection and re-erection of buildings	LG	PG
Water, sanitation, drainage, lighting and conservancy rates, etc.	LG	LG
Fee on advertisement including hoarding and billboard	LG	LG

Continue: P-53

Tax	LGO 2001	SLGA-2013 amended in 2021
Local tax on services as prescribed	LG	PG
Fee on sale of animals in cattle markets	LG	LG
Market fees	LG	LG
Tax on the transfer of immovable property	LG	LG
Property Tax*	LG	PG
Charges for maintenance of public places	LG	LG
Tax on entertainments	LG	LG
Tax on vehicles other than motor vehicles and boards	LG	LG
Fees for registration and certification of birth, marriages and deaths	LG	LG
Collection charges for recovery of any tax on behalf of Government	LG	PG
Tax on the installation of Base Transceiver station/Tower	PG	PG
Tax on the annual rental value of building and land	PG	LG
Fee on the slaughter of animals	PG	LG
Tax on profession, trade calling and employment	PG	LG
School Fees in respect of schools established/maintained by the Council	PG	LG
Surface Minerals, Fisheries,	PG	LG
Marriage Tax	PG	LG

*Property tax is under the optional functions of KMC for which prior approval from the provincial government is required.

Note: LG = Local Government, PG = Provincial Government

Source: reproduced from FPCCI and SPDC (2021)

However, Fee on the slaughter of animals; Tax on professions, trades callings and employment; School Fees in respect of schools established or maintained by the council; and Surface Minerals, Fisheries, Marriage taxes have moved towards the domain of local government.

PROVINCIAL FINANCE COMMISSIONS

The first ever Provincial Finance Commission (PFC) was introduced under the LGO 2001. PFC 2001 was mandated to delineate the revenue sharing relations between provincial and sub-provincial levels in a similar manner as exists between the federal and provincial governments through National Finance Commission (NFC).

The provincial divisible pool for Sindh consists of federal transfers from the Federal Divisible Pool, Straight Transfers and provincial tax receipts. PFC 2001 established the criteria for vertical distribution of allocable amounts between the province and districts and the criteria for horizontal distribution between districts. It delivered Awards in 2002, 2004, 2006 and 2007, which remained in force till 2009.

PROPOSED PFC AWARD

The demand for setting up of a formula-based allocation of resources has been consistently and insistently raised, particularly from Karachi. The parameters for vertical distribution is a political decision. Proposals for horizontal distribution criteria can, however, be presented.

CRITERIA FOR HORIZONTAL DISTRIBUTION

The process of research and analysis for the determination of the NFC had brought forth a very rich stock of knowledge regarding the appropriate criteria for distribution of resources. PFC 2001, the background work by the Sindh NFC team, the recent work by PPCCI-SPDC work and by Omar Asghar Khan Foundation for Khyber-Pakhtunkhwa also provides useful benchmarks. Accordingly, a formula is proposed taking into account Sindh's particular conditions.

Two categories of indicators are included: one, that may be called efficiency indicators and the other equity indicators. The former covers resources needed to cover the expenditure burden imposed by geographical, population and economic size and the need to retain and enhance the productive capacity of economic engines. The latter covers the need to improve socioeconomic conditions in relatively underdeveloped parts of the province.

EFFICIENCY INDICATORS

The principal efficiency criterion is revenue contribution, as it represents the engines of growth. Accordingly, it is given a weight of 20 percent. The other 'efficiency' indicators included here are area, population and urban population and are given weights of 10 percent each.

Revenue Contribution: This indicator indicates the scale of economic activity and the revenues generated thereby. From an efficiency perspective, it is deemed important to ensure that the efficacy of the economic engine be maintained and enhanced; while from the equity perspective, it is deemed fair to accommodate the needs of areas that generate the revenues for allocation to other sectors and areas. Allocating greater resources to districts that generate adequate revenue can likely provide impetus to other districts to concentrate on enhancing economic activity and revenue collection efforts.

The three districts with the highest revenue contribution are Karachi, Hyderabad and Ghotki and the ones with the lowest contribution are Sujawal, Tando Muhammad Khan and Matiari. Karachi's and Hyderabad's revenue contribution emanates from different tax heads, while Ghotki's contribution is derived from natural gas. Ghotki is the largest gas producing district in Sindh, accounting for nearly 50 percent of the total. Notably, all the three low ranking revenue contributing districts are in the south of the province.

2- Informal housing with thatched roofs

3- Informal settlements

Area: A large area implies higher costs of building and maintaining physical infrastructure (e.g., roads) and of delivering supplies to distant locations. This criterion is intended to accommodate.

The three largest districts in terms of area are Tharparkar, Khairpur and Jamshoro and the three smallest districts are Tando Allahyar, Matiari and Hyderabad.

Population: A larger population requires larger outlay of services: greater number of educational institutions to cater to the larger number of students and greater number of health centres, shopping centres, parks, mosques, etc., to cater to the larger population. This criterion is intended to accommodate the higher expenditure requirements on this count.

The three largest districts in terms of population are Karachi, Khairpur and Hyderabad and the three smallest districts are Tando Muhammad Khan, Sujawal and Maiari.

Urban Population: Urbanization is deemed to be a determinant of economic development. Moreover, urban centres entail higher maintenance costs. This criterion is intended to accommodate the higher expenditure requirements for housing and related services and for commercial, industrial and logistics infrastructure. Allocating greater resources to districts with higher level of urbanization can likely provide impetus to other districts to concentrate on promoting urbanization.

The three highest ranking districts in terms of urban population are Karachi, Hyderabad and Khairpur and the three lowest ranking districts are Sujawal, Tharparkar and Tando Muhammad Khan. Notably, all the three low ranking districts are in the south of the province.

EQUITY INDICATORS

The 'equity' indicators included here are level of poverty, share of *katcha*² housing in urban areas, primary enrolment rate, female primary enrolment rate, inverse of per capita hospital beds and forest area. They are assigned weights of 10 percent each.

Level of Poverty: Poverty and deprivation are unequally distributed. As such, there are districts that require a 'helping hand' to develop economic infrastructure for income generating schemes. For districts where the extent of poverty is high relative to other districts, the requirement of financial resources is greater to uplift the living conditions of people and to create equal opportunities for them.

The three districts with the largest concentration of population below the poverty line are Karachi, Sanghar and Badin and the three districts with the smallest concentration are Matiari, Umerkot and Sujawal. This distribution appears to be counterintuitive to conventional understanding. Herewith, Karachi ranks the highest on account of hosting the largest population in the province and there are large pockets of *katchi abadis*³ with extensive poverty and deprivation. Matiari, Umerkot and Sujawal report low concentration of the poor on account of their relatively small populations. Notably, two of the three low ranking districts are in the south of the province.

Share of katcha housing: Poor quality housing is considered a proxy for under-development. As such, this indicator is deemed to aid districts that rank low on development.

The three districts ranking the highest in terms share of katcha housing are Badin, Tharparkar and Sanghar and districts ranking the lowest are Hyderabad, Matiari and Karachi. These results are what one would expect. Matiari's low rank is also understandable, given that it is adjacent to Hyderabad and an extension of its urban sprawl. Notably, all the high ranking districts with respect to katcha housing are in the south of the province. Primary Enrolment rate: This indicator serves to address social development objectives, represented by primary education to children at the least. Thus, districts with higher primary enrolment rate would receive higher resources and serves to reward districts with higher performance in this respect and provide motivation to other districts to increase the primary enrolment rate.

The three districts with the highest primary enrolment are Karachi, Khairpur and Sanghar and the three districts with the lowest enrolment are Tando Muhammad Khan, Sujawal and Thatta. Notably, all the low ranking districts are in the south of the province.

Female primary enrolment rate: This indicator represents the gender equality objectives in terms of participation of girls in primary schools at the least. Again, districts with higher female enrolment rate would receive higher resources and serves to reward districts with higher performance in this respect and provide motivation to other districts to increase the female primary enrolment rate.

The three districts with the highest female primary enrolment are Karachi, Khairpur and Naushero Feroz and the three districts with the lowest enrolment are Tando Muhammad Khan, Sujawal and Tando Allahyar. Notably, all the low ranking districts are in the south of the province.

Forest area: This indicator is intended to reward districts with greater forest cover and promote environmental objectives.

The three districts with the largest forest coverage are Tharparkar, the adjacent district of Umerkot and Dadu and districts with little or no forest cover are Jacobabad, Jamshoro, Larkana, Mirpurkhas, Shikarpur, Sukkur and Tando Allahyar.

Table 11 lays out the district-wise shares of all the above variables. Karachi ranks the highest in terms of population, urban population, revenue contribution, poverty, primary enrolment and female primary enrolment. Badin has the highest share of katcha housing and Tharparkar has she larges area and forest cover. That Tharparkar has the largest forest cover is ironical, given that it is a desert. This is, however, a comment on lack of forestation or deforestation in other districts.

On the lower side, Jacobabad contributes the lowest share of revenue; Hyderabad has the lowest share of area and katcha housing; Matiari has the lowest share of population and, on account of small population, lowest share of population below the poverty line; and Sujawal ranks the lowest in share of urban population, primary education and female primary education. Tando Allahyar, Mirpurkhas, Shikarpur, Sukkur and Jacobabad report zero forest cover.

Based on the above variable, duly applied with weights, a merit order of districts and the stipulated share of each district has been arrived at. Herewith, Karachi ranks the highest with 24.3 percent. The other three top ranking districts are Tharparkar (7.4 percent). Khairpur (5.3 percent) and (Dadu 5.1 percent). The lowest ranking districts on the merit order, with stipulated share below 2 percent are Jacobabad (1.9 percent), Tando Muhammad Khan (1.9 percent), Tando Allahyar (1.5 percent) and Matiari (1.3 percent).

Table 11
District Shares of Key variables - (%)

District	Area	Population	Urban Population	Revenue Contribution	Poverty	Katcha Housing	Primary Enrolment	Female Primary	Forest Share
Badin	4.6	3.8	2.8	2.0	5.0	9.2	4.9	4.2	1.16
Dadu	5.7	3.2	2.7	1.6	2.9	4.6	4.8	5.7	18.47
Ghotki	4.6	3.4	2.9	4.7	3.9	3.7	4.5	4.2	1.84
Hyderabad	0.7	4.6	13.0	6.2	3.6	1.5	4.7	3.3	0.68
Jacobabad	2.0	2.1	2.1	0.1	2.4	3.5	3.1	3.8	0.00
Jamshoro	8.0	2.1	3.1	1.9	2.5	1.9	2.0	1.7	0.10
Kamber Shahdadt	4.0	2.8	2.8	1.3	3.2	3.8	4.3	5.1	1.55
Karachi	2.6	33.5	29.3	62.9	28.3	1.6	11.6	9.4	1.74
Kashmore	1.8	2.3	1.8	1.2	2.7	3.5	2.8	2.8	6.67
Khairpur	11.4	5.0	5.5	1.2	4.6	6.4	7.1	8.4	2.22
Larkana	1.4	3.2	5.0	1.4	4.4	3.7	5.6	6.5	0.10
Matiari	1.0	1.6	1.3	0.4	1.0	1.8	2.0	2.4	0.97
Mirpur Khas	2.4	3.1	3.0	0.8	3.7	5.7	4.7	3.1	0.00
Naushahro Feroze	1.4	3.4	2.7	0.7	3.0	3.6	5.8	6.8	0.87
Sanghar	7.3	4.3	4.2	3.6	5.2	6.5	6.0	5.6	2.51
Shaheed Benazirabad	3.3	3.4	3.1	1.7	3.0	4.6	5.6	6.4	2.61
Shikarpur	1.8	2.6	2.6	1.0	3.2	4.0	2.7	3.3	0.00
Sujawal	6.2	1.6	0.6	0.3	1.3	4.4	1.3	1.6	3.38

Continue: P-58

District	Area	Population	Urban Population	Revenue Contribution	Poverty	Katcha Housing	Primary Enrolment	Female Primary	Forest Share
Sukkur	3.7	3.1	5.1	2.4	3.1	2.9	4.0	3.4	0.00
Tando Allahyar	1.1	1.7	1.9	0.8	2.2	2.8	2.0	1.7	0.00
T. M. Khan	1.3	1.4	1.0	0.4	2.1	2.7	1.3	1.5	6.67
Tharparkar	14.1	3.4	0.9	0.4	4.3	8.5	4.1	4.6	33.56
Thatta	5.5	2.0	1.2	2.6	3.0	4.0	1.9	1.7	3.87
Umerkot	3.9	2.2	1.7	0.6	1.4	5.1	3.4	3.0	10.83

Source: Authors' Estimates.

Table 12
District Shares of Key variables - (%)

District	Area	Population	Urban Population	Revenue Contribution	Poverty	Katcha Housing	Primary Enrolment	Female Primary	Forest Share	PFC Aggregate
<i>Weight</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>1.0</i>
Badin	0.461	0.377	0.276	0.410	0.496	0.919	0.494	0.418	0.116	3.968
Dadu	0.573	0.24	0.274	0.313	0.294	0.461	0.480	0.570	1.847	5.133
Ghotki	0.464	0.344	0.285	0.935	0.388	0.367	0.453	0.420	0.184	3.839
Hyderabad	0.073	0.459	1.296	1.245	0.360	0.152	0.467	0.328	0.068	4.447
Jacobabad	0.198	0.210	0.210	0.029	0.237	0.351	0.308	0.377	0.000	1.920
Jamshoro	0.802	0.207	0.307	0.386	0.253	0.188	0.205	0.168	0.010	2.525
Kambar Shahdadkot	0.399	0.280	0.281	0.253	0.316	0.378	0.427	0.505	0.155	2.994
Karachi	0.262	3.352	2.927	12.580	2.834	0.161	1.156	1.941	0.174	24.388
Kashmore	0.182	0.227	0.179	0.249	0.271	0.354	0.277	0.277	0.667	2.684

Continue: P-59

District	Area	Population	Urban Population	Revenue Contribution	Poverty	Katcha Housing	Primary Enrolment	Female Primary	Forest Share	PFC Aggregate
Khairpur	1.135	0.502	0.549	0.233	0.456	0.635	0.709	0.839	0.222	5.284
Matiari	0.104	0.161	0.129	0.075	0.101	0.184	0.199	0.243	0.097	1.292
Mirpur Khas	0.237	0.314	0.301	0.155	0.374	0.567	0.475	0.312	0.000	2.735
Naushahro Feroze	0.144	0.337	0.269	0.149	0.295	0.360	0.580	0.682	0.087	2903
Sanghar	0.731	0.430	0.416	0.719	0.525	0.649	0.597	0.556	0.251	4.873
Shaheed Benazirabad	0.329	0.337	0.346	0.338	0.295	0.459	0.557	0.637	0.261	3.560
Shikarpur	0.184	0.257	0.214	0.200	0.322	0.405	0.268	0.326	0.000	2.177
Sujawal	0.620	0.163	0.061	0.063	0.128	0.438	0.128	0.157	0.338	2.097
Sukkur	0.372	0.311	0.509	0.474	0.311	0.287	0.398	0.344	0.000	3.007
Tando Allahyar	0.112	0.175	0.185	0.160	0.224	0.275	0.200	0.166	0.000	1.498
T. M. Khan	0.129	0.141	0.100	0.70	0.208	0.274	0.126	0.153	0.667	1.870
Tharparkar	1.412	0.344	0.093	0.073	0.432	0.852	0.410	0.457	3.356	7.429
Thatta	0.549	0.205	0.128	0.513	0.301	0.403	0.190	0.172	0.387	2.844
Umerkot	0.392	0.224	0.172	0.125	0.140	0.514	0.336	0.304	1.083	3.291

Note: The choice of variables and the assignment of weight is indicative: actual choices are subject to political decision.

Source: Authors; Estimates

IMPORTANCE OF
AN ALL-SINDH
APPROACH

CHAPTER

Societies and countries function according to the broad rules of conduct drawn up implicitly with the agreement of all or major component sections of its members. This agreement is called “social contract”. Where a social contract exists, there is law and order and orderly development. Where the social contract is weak or has broken down, there is anarchy and even violence. An agreed upon social contract, albeit implicit, is a prerequisite for political ownership and acceptability of decisions made.

Given the ethnic-centred divide between Karachi and the rest of Sindh, the required social contract is weak in terms of consensus. For reasons rooted in history, any reference to local autonomy is read in political circles as a move to separate Karachi from Sindh. As such, any discussion of devolving power to the local level in Sindh, especially if it is emanating from Karachi, evokes apprehensions and, consequently, opposition in the rest of the province.

Success in forwarding the sub-provincial devolution agenda requires that the call for autonomous local government in Sindh is framed in the context of the political sentiment in Sindh and addressed in an all-Sindh context, instead of in an exclusive Karachi context. This section, attempts to throw light on the background of the perception that prevails.

HISTORICAL BACKGROUND

Aijaz Qureshi (Qureshi, 2022) presents the Sindh case in a historical context. The British occupied Sindh in 1843 and made Karachi the capital. However, it lost its status as the capital of the now defunct province when Sindh was merged into the Bombay Presidency in 1847. Almost after a century, Sindh was separated from Bombay Presidency and its provincial status restored in 1936. Again, Karachi was established as the capital of Sindh.

The restoration of provincial status of Sindh was a result of almost quarter of a century long struggle for its identity. However, throughout the entire turbulent period of a century, Karachi continued to grow as the port city with the establishment of the Karachi Port Trust in 1886 and Karachi Municipal Corporation in 1933. And all along, Karachi emerged as the economic, cultural, intellectual and political nerve-center of the province.

Following the announcement of Pakistan on June 3, 1947, the Muslim League decided to locate the capital of the new country in Karachi. The Sindh Muslim League almost unanimously approved the decision. Ghulam Husain Hidayatullah, the then Prime Minister of Sindh, personally undertook the arrangements for setting up offices, official residences, etc. Muhammad Ayub Khuhro, who succeeded Ghulam Husain Hidayatullah as the provincial Prime Minister continued to follow through. Historical records indicate that the understanding by the then Sindh political leadership was that Karachi would continue to be the Federal as well as the provincial capital.

Events, however, took a different turn and moves began to emanate to separate Karachi from Sindh. In January 1948, Prime Minister Liaquat Ali Khan addressed the central cabinet meeting, where Ayub Khuhro was also invited, and is reported to have said:

“The Federal Government can no longer remain at the mercy of the provincial government. It exists here ... like a stranger. We have no authority. Everything is approved by the provincial Government and specifically by Khuhro who rules over the city. We have no status in Karachi, even if I need a labourer for gardening or watering a garden, I have to ask Khuhro sahib. He is the owner of everything, and we have no importance.” He is further reported to have said that the Sindh Government should get out of

Karachi and that “The compensation for Karachi would be considered and given to Sindh Government” and “Go make your Capital at Hyderabad or any other city”

Ayub Khuhro opposed this approach and reported the proceedings of the Federal cabinet meeting to the Sindh Cabinet, which considered Liaquat Ali Khan’s speech to be toxic. The moves to separate Karachi from Sindh aroused strong emotions among the intelligentsia and political leadership of the province.

The Sindh Legislative Assembly met on February 10, 1948 to discuss the issue and a Resolution was presented as under:

“... this Assembly wants to get recorded its threats and concerns caused due to the apprehension about the Government of Pakistan’s intention to commence a risky strategy under which Karachi will be taken out of the administrative control of Sindh Government and brought under the management of Federal Government.

The Sindh Assembly, therefore, decides that Federal Assembly may not intervene to allow Federal Administration to get hold of Karachi ...”

An animated and angry debate followed, with member after member rising to support the Resolution⁴. There was no voice against it. Muhammad Hashim Gazdar, member from Karachi, spoke first:

“Sir! For a lot of days, such stories have been dropping on my ears that from the day the Government of Pakistan has been created in Karachi, the rumours of hijacking the city of Karachi from the Sindh Government and handing it over to the Center had been spreading far and wide, but we thought that this matter would merely be the personal opinion of a few people because we were convinced the Government would never make such a harmful decision ... Sir! I intentional used the word ‘deleterious’ because we believed that after the creation of Pakistan, each province would become autonomous and only a few departments which the Federal Government would deem appropriate for running the administration of the country, for example, the Defence, Foreign Affairs, Trade, Finance or at the most Transport too will be overseen by it ... But Sir! We, in no way, imagined that the Federal Government of Pakistan would slice the province into parts and run one of these under their control”.

Mahmoud Abdullah Haroon, member from Karachi:

“Dear speaker! Sir! I support his particular Resolution not only personally but also on behalf of the resident of Lyari Quarters ... who make up half the population of the city ... keeping apart the justifications put forward by two of my respected colleagues against the detachment of Karachi from Sindh, I shall merely discuss how my people and specifically the people of Karachi take into consideration this particular matter and why do they resist the shredding of Sindh for the sake of extracting Karachi ... Sir! Right Here! I want to make it crystal clear that the people of Lyari have decided that come what may, they will not allow Karachi to be sliced apart from this province”.

4- Excerpts reproduced from Qureshi (2022)

Syed Ali Akbar Shah:

“Mr. President – The distinct role played by Sindh in the creation of Pakistan is known to the world ... Ripping off the same Sindh to carve out Karachi, right amidst the circumstances stated above will be the most adverse for brutal reward for it ... Splitting Karachi is absolutely unnecessary. Instead, it would amount to undesirable action! ... Ripping off Karachi from Sindh, the region which has given so many sacrifices with that much sincerity and honesty for the independence of Pakistan will be a tremendous injustice. With these words, “I strongly support this Resolution clear that the people of Lyari have decided that come what may, they will not allow Karachi to be sliced apart from this province”.

Agha Ghulam Nabi Pathan:

“This Council of Sindh Provincial Muslim League, puts on record with surprise and caution, that it is continually detecting the stories about the intentions of the Federal Government whereby Karachi city and its surrounding areas will be cut off from the Sindh province and a separate Federally administered area is likely to be established there by the Government of Pakistan ... Karachi has stayed to be a natural and historical component of Sindh for centuries together and unquestionably makes its integral part. It is the aorta of Sindh and the cornerstone of Sindh’s economics, trade, commerce, industry, education and culture. Accordingly, this proposal will be equivalent to cutting the main artery of Sindh and putting at stake the very life of Sindh instead of much-expected development”.

Mir Bandeh Ali Khan Talpur:

“I support the Resolution as much as I can ...I am speaking in this Assembly, not in my personal status but as a representative of the people, all of whom have a collective voice that we should strongly oppose the plan about the detachment of Karachi from Sindh and, taking its control by the Federal Government ... Keeping in view the background and all the facts mentioned above and we consider the proposal of carving out Karachi from Sindh equivalent to a petrifying bomb being thrown at us in lieu of the commendable role played by Sindh in the creation of Pakistan”.

Holaram H. Keswani:

“I fully appreciate the sentiments that have been encompassed by the Government benches of Sindh Assembly in this Resolution of Karachi to become joint Capital ...It is the whole truth that Sindh is Karachi and Karachi is Sindh. More so, Karachi is factually an aorta of the entire Sindh if Karachi is made to run under the Federal Administration, Sindh would be rendered to become a body without a soul”.

Concluding the debate, Prime Minister Ayub Khuhro said:

“The arguments put forward by the Honourable Members of the House, in favour of keeping Karachi as the capital of Sindh, are so numerous and so well presented that adding anything more on that subject will not be of much use ... I have received numerous telegrams from all over the province ... stating that the Resolution should be supported because the Sindhi people are serious about seeing Karachi as an integral and invincible part of Sindh”.

The Constituent Assembly passed the Resolution unanimously.

Local political groups and newspapers also launched a vigorous campaign to protest the planned separation of Karachi from Sindh. Karachi Day was celebrated on February 20, 1948 and students boycotted classes and took out processions all over Sindh

On April 26 1948, Ayub Khuhro was dismissed from the office of the Prime Minister of Sindh. On May 22 1948, a session of the Constituent Assembly of Pakistan was held in Karachi, chaired by the Speaker Maulvi Tamizuddin Khan, where Khwaja Shahabuddin presented a Resolution stating:

“The Assembly resolves:

That the capital of Pakistan shall be located at Karachi.

That all executive and administrative authority in respect of Karachi as such neighbouring area which in the opinion of the Central Government may be required for the purposes of the capital of Pakistan shall vest in and shall be exercised by or on behalf of the Government of Pakistan and the legislative power shall vest in the Federal Legislature”.

A long debate ensued, with all members from Sindh strongly opposing the Resolution, but which was adopted.

On July 23 1948, the Government of Pakistan issued a notification, as follows:

THE PAKISTAN (ESTABLISHMENT OF THE FEDERAL CAPITAL) ORDER, 1948

WHEREAS it has been resolved by the Constituent Assembly of Pakistan

- (a) That the capital of Pakistan shall be located at Karachi
- (b) That all executive and administrative authority in respect of Karachi and such neighbouring areas which in the opinion of the Central Government may be required for purposes of the capital of Pakistan shall vest in and shall be exercised by or on behalf of the Government of Pakistan and the Legislative power shall vest in the Federal Legislature; and

And WHEREAS sub-section (1) of section 290A of the Government of India Act, 1935, as in force in Pakistan (hereinafter referred to as the Act) provides that the Governor-General may by order demarcate, for purposes of the capital of the Federation, an area forming part of a Province, and thereupon so much of the area as may be specified in the said order shall cease to form part of that Province.

In 1955, seven years later, Sindh lost its provincial status for the second time in a century to the One Unit scheme. The scheme merged all the provinces and territories in the western wing, creating the unified province of West Pakistan, with its capital at Lahore. The other province was East Pakistan, which seceded in 1971.

In 1968, the entire country erupted in months long protests and, as a result of government-opposition negotiations, the One Unit scheme was abandoned. Accordingly, in 1970 – fifteen years later – the West Pakistan province was disbanded and the provincial status of Sindh, with its capital at Karachi, was restored.

Arif Hasan, an authority on Karachi's urban issues, attributes the disagreements in Sindh on the subject of local government in Sindh to the much larger issue of identity (Hasan, Express-Tribune, January 11, 2012). The first is in the context of the relationship of Karachi with the rest of Sindh; the second is related to the changing demography of Sindh.

Unlike in the rest of the provinces, the urban demographic distribution in Sindh is highly skewed. Karachi is the largest city of Sindh, accounting for one third Pashtu at that time was nonexistent of the total population and nearly two thirds of the urban population. By contrast, Lahore contains 7 percent of its total provincial population and 22 percent of provincial urban population.

The changing demography of Sindh is also a bone of contention. The 1941 Census reported the distribution of population in Karachi by mother tongue as follows: local provincial languages (Sindhi, Seraiki, Balochi) 73 percent; Urdu/Hindi 6.2 percent, Punjabi 2.8 percent. Pushtu speakers were nonexistent. By contrast, the 1998 Census reported the distribution of population in Karachi by mother tongue as follows: Urdu 49 percent; Sindhi, Seraiki and Balochi 14 percent; Punjabi 14 percent; and Pushtu 11 percent. The Urdu speaking population in Sindh is resident largely two major cities – Karachi and Hyderabad. This is a very different situation from the other provinces of Pakistan, where the original local languages are the mother tongue of 94 percent of the population of Punjab, 92 percent of Khyber-Pakhtunkhwa and 82 percent of Balochistan.

Hasan (2012) writes that the above situation has led to a fear among the Sindhi-speaking population that they are being converted into a minority in their province and adds that until these fears are addressed, the differences in pursuing local government in Sindh will continue to prevail.

REFERENCES

- Bardhan, Pranab (1996). Decentralized Development. *The Indian Economic Review*, XXXI(2)
- Bird, Richard (1994). Decentralizing Infrastructure: For Good for Ill? Policy Research Working Paper, No. 1258, The World Bank.
- Cheema, G. Shabbir and Rondinelli, Dennis A. (1983). *Decentralization and Development: Policy Implementation in Developing Countries*. Sage Publications, London.
- Cheema, Ali; Khwaja, Asim Ijaz; and Qadir, Adnan (2005). *Decentralization in Pakistan: Context, Content and Causes*. (Rep. No. RWP05-034) John F. Kennedy School of Government, Harvard University.
- FPCCI and SPDC (2022). *Making Economic Hubs Thrive: A Case for Fiscal and Administrative Devolution in Sindh*. A Joint Report of the Federation of Pakistan Chambers of Commerce & Industry – Policy Advisory Board – and Social Policy and Development Centre.
- Hassan, Arif (2012). Sindh local government: The real issues. *the Express Tribune*, January 11, 2012.
- Jalal, Ayesha (1995). *Democracy and authoritarianism in South Asia: A comparative and historical perspective*. Cambridge University Press, United Kingdom.
- Larson, A.M. (2005). Democratic decentralization in the forestry sector: lessons learned from Africa, Asia and Latin America. In: Carol J. Pierce Colfer and Doris Capistrano (eds.). *The politics of decentralization: forests, power and people*. London, UK, Earthscan.
- Malik, Nadeem and Rana, Ahsan (2019). The History of Local Governance in Pakistan: What Lessons to Learn? *Journal of International politics*, Volume 1(3).
- Minis, Henry and Rodinelli, Dennis (1989). *Promoting Economic Development and Employment Generation through Decentralization in Senegal*, USAID Working Paper, mimeo.
- Mohanty, Bijoyini (1993). *Municipal System in India: Citizen's Involvement*, New Delhi: Ashish
- Murtaza, Niaz, and Rid, Saeed Ahmed (2019). *Undermining Local Governance: A Review of the Sindh Local Government System*. Institute for Progressive Ideas to Re-Inform Governance (INSPIRING) Pakistan.
- Prud'homme, Remy (1994). *On the Dangers of Decentralization*. Policy Research Working Paper, No. 1252, The World Bank.
- Page, E.C., and Goldsmith, M.J. (1987). *Centre and Locality: functions, access and discretion*. In, E.C. Page and M.J. Goldsmith (eds) *Central and Local Government Relations*, Sage Publications, London.
- Qureshi, Aijaz Ahmed (2022). *The Case of Karachi [A forgotten chapter of Political History of Sindh 1947-1970]*. Peacock Publishers, Karachi.
- Rabbani, Mian Raza (2003) *A biography of Pakistani Federation*, Leo Books, Islamabad
- Rana, Muhammad Ahsan (2020). *Decentralization Experience in Pakistan: The 18th Constitutional Amendment*. *Asian Journal of Management Cases*, Volume 17(1), Lahore University of Management Sciences.

- Ribot, J. (2002). Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation. World Resources Institute, Washington, DC.
- Rizvi, Shahid, A. (1976). Changing Patterns of Local Government in Pakistan, 1688-1975. Pakistan Historical Society.
- Rodinelli, Dennis A. and John Nellis (2008) Assessing Decentralization Policies in Developing Countries: The Case for Cautious Optimism. Development Policy Review 4(1).
- Sarwat, Tasneem; Sohaib, Muhammad; and Gohar, Shaista (2021). History of Local Government from Subcontinent to Musharraf Era. Palarch's Journal of Archaeology of Egypt/Egyptology (PJAEE), Volume 18(10).
- Talbot, Ion (1998). Pakistan, A Modern History. St. Martin's Press, New York.
- Tanzi, Vito (1995). Fiscal Federalism and Decentralization: A Review of Some Efficiency and Macroeconomic Aspects. in Bruno, Michael and Boris Pleskovic (eds.) Annual Bank Conference on Development Economics, World Bank.
- UNDP (1999). Decentralization: A Sampling of Definitions. Working Paper, United Nation Development Programme and Government of Germany.

SOURCE:

http://web.undp.org/evaluation/documents/decentralization_working_report.pdf

UNDP (2014). A New Way Forward for Local Governance in Pakistan? Development Advocate Pakistan, Volume 1(1), United Nations Development Programme Pakistan.

Waseem, Mohammad (1989). Politics and the State in Pakistan. Progressive Publishers, Lahore.

SHEHRI-CITIZENS FOR A BETTER ENVIRONMENT

Shehri-Citizens for a Better Environment was formed in 1988 (based in Karachi City), as a non-political, noncommercial, non-governmental organization (under the Societies Registration Act XXI of 1860) by a group of concerned citizens to provide the citizens with a platform to effectively voice their concerns in determining their future and taking action in arresting the deterioration in their living environment and propose reform with a view to improve the same. Shehri-Citizens for a Better Environment is now fighting at the forefront of various issues of public concern related the environment. The organization is actively engaged in areas of work like public advocacy and public interest litigation, right to information, good governance, community policing, police reforms, urban mobility, climate change, women empowerment, youth civic education, local government and last but not the least institutional reforms.

OBJECTIVES

- Establishment of an aware and pro-active civil society, good governance, transparency and rule of law
- Promotion of research, documentation, dialogue and influence of public policies
- To provide technical assistance and guidance to local area citizens groups on their local area and environment
- Setting up an effective and representative local government system, e.g., capacity building and training
- Preparation of a proper master plan/zoning plan for Karachi and effective implementation of the same

Management

The core decision making body of the organization is the 'Managing Committee' (MC) that is answerable to the 'General Body' members. The MC is a volunteer body. The members of the MC hold office for a period of two years, after which there is a fresh election. Annual audit is conducted regularly and the audit report is duly shared with all members.

HOW IS SHEHRI RUN

A volunteer Managing Committee, duly elected by the General Body for a term of two years, there-by functioning in an open and democratic manner. Membership is open to all who subscribe to its objective and memorandum.



SHEHRI-CITIZENS FOR A BETTER ENVIRONMENT

88-R, Block 2, P.E.C.H.S, Karachi 75400-Pakistan

Tel/Fax: +92-21-34530646, 34557335

Email: info@shehri.org Web: www.shehri.org

Facebook: www.facebook.com/shehri.citizens Twitter: @ShehriCBE Instagram: @ShehriCBE