

**W**INDING irregularly through the busiest section of Old Anarkali is the Paan Galli. Overflowing with more than 70 shops, the Paan Galli is besieged by goods carrying Indian brands.

Primarily known as Lahore's largest wholesale point showcasing Indian wares, this network of alleys making up the Paan Galli could well be a part of a bazaar in India's Old Delhi.

There are skin lightening creams, as are Ayurvedic cosmetics and hair oils showing famous Bollywood stars smiling off the packages. Specializing specifically in selling wholesale betel nut and betel leaves, the Paan Galli has also become a place for buying cheaply spun Indian voile *sarees*. Some of the shopkeepers, with a hint of a Rampuri accent, have managed to capture the essence of an Indian bazaar by offering to sell the famous Kholapuri slippers. Many of them are awaiting the next Delhi-Lahore bound Railway express to get a load full of *chundri* and *bandani*, woven on a loom and hand-dyed, from Jaipur.

"Business is not good right now," complains a shopkeeper, whose father migrated from Rampur after partition to settle in Lahore. "We're not buying directly from our contacts in India. Items like *paan* (betel leaf) are also coming through Dubai, increasing its price for us as well as the local wholesale buyers. I'm not sure opening up

# The tribulations of Paan Galli

By Shehar Bano Khan

*Marketing*

trade with India will do us any good here at the Paan Galli," retorts the same shopkeeper.

That's one opinion of how shopkeepers are feeling about opening up trade between India and Pakistan. Another shopkeeper selling Indian *sarees*, ranging from Rs200 to Rs500, is only too ready to express his doomed views on the Indo-Pak trade.

"I'm paying more now to buy Indian fabric than before, which reduces the profit margin for me. And, whatever extra I'm paying is not going to the government, it's going into the pockets of the custom officers at the Lahore Railway Station's platform No 1. Go and see what they're doing there! Trade was at its best at the time of Nawaz Sharif's government. I was making nearly Rs10,000 per day. Now, it's difficult to come close to half of that figure," says the disappointed Indian fabric seller.

The Lahore Railway Station's platform No. 1 is a sea of newly arrived passengers from India. A majority of them are being thoroughly checked by the custom officers on duty; their open suitcases reveal much of what is being sold at the Paan Galli. Others are arguing futilely with the custom

people to have their cardboard cartons, containing various goods from the neighbouring country, to be released.

"I've been waiting here all day to buy a carton, but that man at the custom is asking for Rs8000 per carton. I don't have

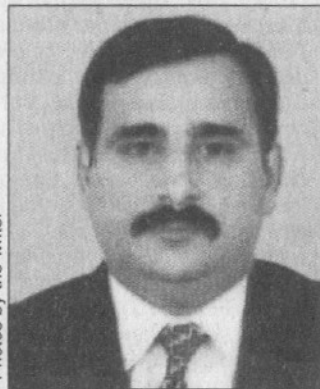


**PAKISTAN WILL GET ACCESS TO A BIGGER MARKET: Mukesh Ambani**

that kind of money to spare. I've been requesting him to come down to Rs5000. This is the way it happens whenever a train arrives from India. These people make a lot of money," protests a buyer.

The official upbeat mood of opening trade with India is lost at the Paan Galli. Their concerns go beyond the economic

significance of drawing up a 'negative list of items' to safeguard our economy. Little do they care about the Safta agreement and its coming into effect in 2006. Terms such as Safta, government subsidies and duty structure are met



**PAKISTAN WILL HAVE A FAIR CHANCE: Mian Anjum Nasir**

with not only ignorance but a great deal of scorn.

"Safta? What's that? Bibi, *yeh to barey logoan ki bataan hain* (These are the discussion of the powerful). Nobody bothers about us!" reproves shop owner at the Paan Galli.

Their economics is based on the making of enough money to maintain a comfortable dis-

ance between fighting for survival and surviving above margin. "The big traders have always had it good with or without opening trade with India. The only good I can see for myself is the lifting of visa restrictions, but nobody can say how long that will last. It is our government that needs to change and keep a favourable customs' policy for the small shopkeepers," suggests the buyer at the Railway Station.

Ironic as it might be, opening trade with India might not be an economic windfall for these small shopkeepers who are already in the business of selling Made-in-India goods. Having little idea of how strong the forces of market economy are moving in every direction, their streetwise business acumen relies heavily on the basic concept of supply and demand. It is relatively of no consequence to them what the president of the Lahore Chamber of Commerce and Industry, Mian Anjum Nisar, says or how enthusiastic the Indian industrialist, Mukesh Ambani, is about the prospect Indo-Pak trade.

But whether the small shopkeepers at the Paan Galli or the Shah Alam Market in the walled city like it or not, the major mercantile operators, controlling the economies of both the countries, are all set to

get the maximum gain.

"There is really no reason to be frightened. All that needs to be done is to get prepared for 2005, when the WTO will come into force, followed by Safta in 2006," says Mian Anjum Nisar, president of the LCCI. Suggesting to draw up a 'negative list of items', disallowing competition with India in certain areas, Mr Nisar is confident that Pakistan will have a fair chance of keeping the trade balance. "The idea should be not to invade each other's trade but to capture mutually beneficial areas," proposes Mian Anjum Nisar. He strongly suggests putting agriculture, light engineering and automobile on the negative list of items. Agriculture is one heavily subsidized sector in India. In East Punjab alone, out of a bill of Rs1,300 crores in electricity, Rs900 crores is subsidized by the Indian government. A total of Rs23 billion in subsidy is provided to agriculture by the Indian government. "If you open up the agricultural sector, our farmers will be adversely affected," warns Mian Nisar. "Either subsidies should be eliminated by the Indian government or there should be no trade in that sector."

In the industrial sector, the likelihood of Pakistan competing fairly with India is quite poor. One of the major reasons is the high input cost of production, high utility bills and an equally high cost of labour. "You can't compete with foreign goods in that situation. We've been overly protective of

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our steel industry and ignored other industrial sectors. There's a duty of 25 per cent on steel here. India, on the other hand, has helped to build its steel capacity. That's why I insist on having a negative list to survive competition," says Mr Nisar.

"Protectionism should be abolished on both sides otherwise trade can only be done in certain areas."

Currently, Pakistan is permitting 610 Indian products into its markets. But illegal trade via Dubai, Hong Kong and Singapore is estimated at \$2 billion. By avoiding these smuggling routes, lower transit costs would naturally mean lower prices for consumers and higher revenues for both governments.

"Under a free trade pact, Pakistan's textile sector, which happens to be our strong point, would be gaining access to India's 300 million middle class," asserts Mian Nisar.

Over the past five years trade between the two countries has favoured India more than Pakistan. Official statistics indicate a figure of \$250 million as average trade. Out of that figure approximately \$200 to \$210 million worth of goods are imported from India and \$40 million goods are being exported from Pakistan to India.

Far from sounding pessimistic or concentrating on the darker aspects of the Indo-Pak trade, India's entrepreneurial mogul, Mukesh Ambani, sees the opportunity of integrating the South Asian markets. On a recent visit to Lahore, he underlined the pros rather the

cons of trade between India and Pakistan. "If we take a 150 million people here, a billion people there, another 150 million in Bangladesh, it constitutes a big market. So far, what we have exploited is roughly five per cent of our total potential. The people of Pakistan will get access to a much larger market," said Mr Ambani. But as a smaller market by comparison to India's gargantuan size, Mukesh Ambani maintained that the possibility of encroaching into each other's areas was quite remote, if not impossible. "What will India gain out of tapping into a smaller market? Well, it will be able to deliver value to the Pakistani consumers. Today, if we have brought down the cost of our mobile phone to 40 paisa, it will force competition to the benefit of consumers. It is the same with the automobile industry. We've brought down the cost of our cars and if we allow Indian cars into this market, it will bring pressure on your industry which will in any case benefit the consumer. It will of course benefit India, but those are the basics of trade. The fundamental mindset is that the consumers should benefit," claimed Mr Ambani.

In the end, it is the basics and not the fundamental mindset of benefiting the consumer which will define trade between the traditional arch rivals-turned-friends. And the small traders will certainly not be consulted for the various definitions of trade. At least that is the fear of the Paan Galli minnows. ■