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## **THE DEAD CAPITAL STORED IN PUBLIC HALLS A CASE STUDY OF ISLAMABAD**

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### **ABSTRACT**

The Prime building of public halls located in center of the capital are owned by State. The government not only invested huge capital but also paid the cost of maintenance and renovation but are not commercially active nor rewarding full-swing revenue. Despite having potential to generate revenue. And these Public halls are underutilized. These main halls namely Jinnah convention center, Sir Syed halls and Pakistan National arts council. The study used primary data, which was collected via Interviews from three public halls in Islamabad. all these halls are located in the prime location of the capital. All these halls should be commercially available for the public, the government reduced the cost per event and is available for the public and need proper marketing, and there should be a reasonable cost for booking; this will lead to increased numbers of events so that it can generate good revenue.

**Keywords:** Dead capital, Public Halls, Public Land

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### **INTRODUCTION**

The word Dead capital is used by famous economist Hernando de Soto in his renowned book "The Mystery of Capital," Published in 2000. De Soto and his team found that lack of formal rights was turning to Dead capital from productive assets where they could not trade in the market. The father of Economics, Adam Smith, also wrote in his famous book "Wealth of Nations" that the real wealth of any nation has inherent productive assets which can contribute to the economy. But if institutions and legal confusion assault such public assets, they will be underutilized. The same things are happening with Pakistan,

Government announced Committee for Privatization, but still, they are not deciding on privatization nor bringing reforms to make the public dead utilized. Dead capital is a real estate economics related to informal property, under-utilized, and can't be exchanged for financial capital that should be actual. There are many forms of dead public capital, but our primary focus is on public halls (Real estate). The main reason behind the general deal capital is that the country's political and legal system has no proper mechanism to fight against emerging issues. According to a world bank report, the world has about \$ 9 trillion of dead capital.

## **LITERATURE REVIEW**

The assets and land that De Soto (2001) referred to as dead capital are those from which civilizations cannot derive economic life and are only visible in their raw physical form. Instead of conceptually, how much potential does an asset have? What alternative uses for the assets may lead to the creation of economic activity? Now accepting the concept of dead capital and applying it to Pakistan's management and utilisation of state-owned resources (in this example, state-owned land). Governments frequently only consider these resources in their physically underused forms, oblivious to the potential economic activity and money these resources may produce. These assets can be safely referred to be dead public capital.

Ombeni et al. (2009) conducted research on Dar Es Salaam, Tanzania's conversion of residential buildings into commercial spaces. They saw that the transition had a generally good effect; the redevelopment led to a more efficient use of the space than previously, producing more commercial and residential space. By fusing the living and working spaces in the urban region, the renovated area and the surrounding areas were also transformed into important hubs. The city of Ottawa, Canada, rebuilt the 40-acre Lansdowne Park under a public-private partnership after conducting an audit of how public funds were used to manage and maintain the park. The park is owned by the city and is located within the city. From 1868, the park has served as a fairground, sports arena, and parking lot for nearby 14 homes. It has since undergone reconstruction to incorporate mixed-use residential and commercial sectors, urban park land, a stadium, and community use. The park was transformed into a desirable urban attraction throughout the reconstruction process, with proposals for commercial use on 25% of the previous park land. Recently, a project called Hellinikon was initiated in Athens, Greece. It will repurpose a defunct airport and reconstruct the 150-acre site into skyscrapers for offices, hotels, a park, and roughly 800 homes after several delays brought on by the region's bureaucratic, political, and red tape culture. After completion, the project is anticipated to draw significant investment and tourists, creating money. Moreover, 10,000 jobs will be created while the project is being built (Koutantou,2020).

Pakistan has an extremely high rate of public land ownership, with 90% of Karachi's periphery owned by the government (Van der Linden, 1994). Between 20 and 40 percent of land in cities is public land. The state owns 30% of the entire amount of land in Lahore. Substantial portions of these properties are given to local development agencies in the cities; most of these properties are situated in undeveloped regions with a high market value. These lands can provide chances for commercial, residential, and industrial use if used to their full capacity (Dowall & Ellis, 2009).

Pakistan's urban sprawl is caused by restricted residential space. Regulators' antipathy to high-rise residential flats limits city space. Housing dominates Pakistani cities, leaving little room for other pursuits. Pakistani municipal management prioritizes suburban growth above core development. Defense housing authority (DHA) and Capital Development Authority (CDA) are the nation's major land developers. Islamabad's public sector develops public land. These authorities create and provide the property to public officials and staff, who are incentivized to receive these houses and land. They push suburban growth at the expense of city Center development and leave valuable land and real estate for non-productive use (Haque, 2015). Ignorance leads public land being underused and exploited for noncommercial purposes, denying the state money and development.

### **DATA AND ANALYSIS**

The study used primary data, which was collected via Interviews from three Public halls in Islamabad. The main variable is Per day Charges, Capacity, Per Annum Average Events, and Average per-annum revenue.

#### **A Case Study of Islamabad**

We take the case study of three main halls in Islamabad as a sample, i.e., Jinnah convention center, sir Syed memorial hall (which May be strange to hear this name for the first time), and Pakistan National council Arts (PNCA). PNCA is only limited to Musical events and literary events. These halls are in the prime location of Islamabad, and all the hall is facilitated. The capacity, events, and cost details are in the following table.

#### **Why are Public Halls Considered Dead Capital?**

In Pakistan Government or other institutes made different halls, on which the government not only invested huge capital but also paid the cost of maintenance and renovation but are not commercially active nor rewarding full-swing revenue, and these public halls are underutilized. The following table shows the current situation of Public Hall, i.e., How much per day charges, capacity, and per year average revenue.

**Table 1 Current Scenario of halls**

<b>Jinnah Convention Center</b>	<b>Sir Syed Hall</b>	<b>Pakistan Council of Arts (PNCA)</b>	<b>National</b>
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<b>Per day Charges</b>	3.25 Lac (Public Organization) 4.05 Lac (Private organizations)	1 lac(If events duration is 03 hours or less than 50k)	Music Event 1 Lac per day without entry ticket, with ticket 1.5 lac.  Seminar 50K  (50K refundable security)
<b>Capacity</b>	2100	850	400
<b>Per Annum Average Events</b>	20-25	1-2(Before Corona 20-25)	300
<b>Average per annum revenue</b>	9,700,00	200000	27500000

The capacity of Jinnah convention center capacity is 2100, but it is costly because it hosts only 25 events per annum. PNCA hosts 300 events yearly and is limited to cultural and musical events. It can be increased if the restriction is removed. Second, it operates two shifts (Morning and evening) in a day. Sir Syed Hall, which is reasonable and has good capacity, but no one knows about it.

### The Way Forward

As we already discussed, all these halls are located in the prime location of the capital. All these halls should be commercially available for the public, need proper marketing, and there should be a reasonable cost for booking; this will lead to increased numbers of events so that it can generate good revenue.

### The Cost Analysis:

Keep in mind the above table. Let's suppose the government reduced the cost per event and is available for the public; then the scenario will be like in the following table.

#### i) Different Scenarios for Jinnah Convention Center

**Table 2 Different Scenarios for Jinnah Convention Center**

Scenarios	a) 10% Revenue	Ticket	b) 25% Revenue	Ticket	c) 50% Revenue	Ticket
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<b>Per day charges</b>	2.5 lac	2 Lac	1.7 Lac
<b>Expected Per Annum Average Events</b>	100	125	150
<b>Expected Utilized Capacity of Hall</b>	1800	2000	2100
<b>Expected Average per annum revenue</b>	43,000,000	87,500,000	183,000,000

### **Explanation:**

Based on collected information and analysis, I suggested the above scenario for the Jinnah convention center, that it can generate revenue and be appropriately utilized. According to scenario A, if the government reduced the cost of the event to 2.5 lac instead of 4 lacs, the charge for entry ticket and the ticket charges would be Pkr 1000 per head and charged 10% of the ticket. Suppose the utilized expected capacity is 1800 per event, and the average expected annual events are 100. According to the calculation, it will generate 43,000,000 Pkr revenues per year.

In scenario B, we proposed that if the per day charges reduce to 2 lacs with the condition to charge 25% of the ticket price, with the reduction of charge, and suppose that per year event increased to 125 per year so that the per annum revenue will be 87,500,000 Pkr.

Scenario c proposed that if the event cost is reduced further to 1.7 Lac with the condition to charge 50% of total ticket revenue. We supposed that the reeducation of charges would increase the average per year event/booking of the hall to 150 events; currently, about 20-25, and the total expected revenue would be 183,000,000 per year.

### **Additional Revenue Sources of Jinnah Convention center**

The total area of the Jinnah Convention center is 7.5 acres, of which 4.1 acres is a built-up area, and the remaining 3.5 acres is an open area. This open area is currently underutilized. This open area can be used for different objectives and generate government revenue. so the authority needs to start to host this open area for different festivals, exhibitions, and other gatherings functioning in open spaces. This decision will provide additional revenue sources, and the open area can be appropriately utilized.

#### **ii) Sir Syed Memorial Hall**

The Sir Syed Memorial Hall is located in the prime location of Islamabad. Maybe you are one of them who knows Sir Syed Memorial Hall for the first time. It is one of the most underutilized public halls, hosting only two-yearly programs. The cost of the per-day booking is almost reasonable, but it is not

attracting the event organizers due to its non-maintenance and having no proper marketing. The proposed scenarios for Sir Syed Memorial Hall are the following:

**Table 3 Sir Syed Hall**

	Current scenario	Proposed scenario	Proposed scenario
		A	B
<b>Per day Charges</b>	1 lac(If events duration is 03 hours or less than 50k)	80000	60000
<b>Capacity</b>	850	850	850
<b>Per Annum Average Events</b>	1-2(Before Corona 20-25)	100	130
<b>Expected Average per annum revenue</b>	200000	8,000,000	9,000,000

In Islamabad, different schools, Private organizations, etc., can't afford the cost, so we proposed the above scenarios to attract other organizations.

According to the current scenario, the average per-year revenue of Sir Syed Memorial Hall is only two lacs. According to scenario A, if the government does proper marketing and reduces its cost to 80000 per day, the expected number of bookings can be increased to 100 per year, generating revenue of 8,000,000. Scenario B Proposed that if per day booking cost is reduced to 60000, it is expected to host 130 bookings per and, which can generate revenue of 9,000,000.

**iii) Pakistan National Council of Arts (PNCA)**

PNCA is located in the center of Islamabad. PNCA is hosting more events than the above two, but it can still attract more and generate more revenue. Still, the issue is that PNCA is limited to only Culturally related and music events. If the restriction is removed, it can attract small organizations, especially student societies. We proposed the following scenario.

**Table 4 Pakistan National Council of Arts**

Current scenario	Proposed Scenario
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<b>Per day Charges</b>	Music Event 1 Lac per day without entry ticket, with ticket 1.5 lac.  Seminar 50K  (50K refundable security)	80000
<b>Capacity</b>	400	400
<b>Per Annum Average Events</b>	300	450
<b>Expected Average per annum revenue</b>	2,7500,000	36,000,000

According to the current scenario, The PNCA generates a revenue of about 2,7500,000 Pkr. If the restrictions are removed and open for all types of events and reduce the cost to 80000 from 100000, it is expected to host 450 events (it operates two shifts a day) and generate about 36,000,000 Pkr.

In economics, a fundamental law called the " Law of Demand" states an inverse relationship between Price and demand. In Islamabad, there are a lot of small organizations, schools, institutes, NGOs, etc., which cannot pay high costs. The cost is reduced than simply the law of demand will hold. Suppose the government properly markets public halls or any other hall with any government entity, makes sure availability to the public and reduces the cost as suggested in the above table. It will generate revenue, but the dead capital is underutilized to be effectively used.

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