Business District Regeneration and the Experience of Small Retailers: The Case of Khulna, Bangladesh

A thesis submitted to the University of Manchester for the degree of PhD in the Faculty of Humanities

2014

Shilpi Roy

School of Environment, Education and Development
LIST OF CONTENTS

LIST OF CONTENTS .................................................................................................................. 2
LIST OF TABLES, FIGURES AND BOXES ................................................................................. 6
LIST OF ACRONYMS .................................................................................................................. 8
ABSTRACT ................................................................................................................................. 9
DECLARATION ........................................................................................................................... 10
COPYRIGHT STATEMENT .......................................................................................................... 11
DEDICATION ............................................................................................................................... 12
ACKNOWLEDGEMENTS ............................................................................................................ 13

CHAPTER ONE: INTRODUCTION ............................................................................................. 14
  BACKGROUND: THE WIDER CONTEXT .................................................................................... 14
  THE CONTEXT OF THE LARGE CITIES IN BANGLADESH ......................................................... 23
  SIGNIFICANCE OF THE RESEARCH ......................................................................................... 28
  AIM AND OBJECTIVES ............................................................................................................ 34
  ORGANISATION OF THE THESIS ............................................................................................ 35
  SUMMARY ................................................................................................................................. 37

CHAPTER TWO: LITERATURE REVIEW .................................................................................... 39
  INTRODUCTION ......................................................................................................................... 39
  RISKS FOR SMALL RETAILING: A REGENERATION PERSPECTIVE ........................................ 40
    Risks at life stages .................................................................................................................. 41
    Regeneration-led vulnerability ............................................................................................... 44
  SUCCESSFUL SMALL RETAILING: ROLE OF REGENERATION ............................................. 50
    Tenure security ....................................................................................................................... 50
    Financial Resources ............................................................................................................... 53
    Quality of physical retail environment ................................................................................... 55
  NEOLIBERAL PLANNING, POLICIES, REGENERATION AND THE INTERESTS OF MARGINAL GROUPS.... 61
    Cities, regeneration and public planning ................................................................................. 61
    Emerging characteristics of the decision-making process ....................................................... 63
    Regeneration policies, practices and the marginal groups ...................................................... 69
  SUMMARY ................................................................................................................................. 75

CHAPTER THREE: METHODOLOGY ......................................................................................... 77
  INTRODUCTION ......................................................................................................................... 77
  PRAGMATISM AND ITS RELEVANCE ....................................................................................... 77
  AN ANALYTICAL FRAMEWORK .............................................................................................. 81
    Successful small retailing: problems and related factors ....................................................... 81
Successful small retailing: policy responses .............................................................. 83
Wider issues affecting public planning and regeneration ........................................ 85
A renewed approach to planning and regeneration and policy implications ............ 86
RESEARCH QUESTIONS AND NECESSITY OF DATA ........................................... 87
RESEARCH STRATEGY ......................................................................................... 89
SELECTING A CITY AND AN EMBEDDED CASE ................................................... 92
METHODS AND SOURCES OF DATA .................................................................... 96
DETAILS OF RESEARCH METHODS .................................................................. 101
Field observation (FO) ......................................................................................... 101
Survey on small retailers in BRA land (SS) ............................................................ 102
Questionnaire Surveys (SS) .................................................................................. 104
Document and policy analysis (DAPA) .................................................................. 105
Interviews with small retailers (ISR) ....................................................................... 105
Focus group discussion (FGD) ............................................................................. 106
Interviews with planners and experts (IP, IPE) ....................................................... 108
DATA VALIDATION ............................................................................................... 109
SUMMARY ............................................................................................................. 110

CHAPTER FOUR: SUCCESSFUL SMALL RETAILING: ISSUES IN THE CBD............ 111
INTRODUCTION ....................................................................................................... 111
TENURE POSITION: RISK FACTORS AND PROBLEMS ....................................... 111
Tenure position ...................................................................................................... 112
Tenure issues .......................................................................................................... 115
Dislocation and financial loss .............................................................................. 115
Control over creation of retail environment ......................................................... 118
FINANCIAL RESOURCE POSITION: RISK FACTORS AND PROBLEMS ............ 122
Financial resources ............................................................................................... 123
Problems related to financial resource position ..................................................... 127
Financial inequalities and dependency on informal loans .................................... 127
Inability to afford and control retail environment ................................................ 131
RISK FACTORS AND PROBLEMS: THE BUILT ENVIRONMENT ....................... 135
Retail environment ............................................................................................... 136
Issues related to physical retail environment ........................................................ 144
Shopping environment ......................................................................................... 144
Vitality of existing retail areas .............................................................................. 147
Size of shops .......................................................................................................... 148
Competition among retailers ................................................................................ 149
High costs for accessing the core area ................................................................... 150
SUMMARY ............................................................................................................. 154

CHAPTER FIVE: POLICY RESPONSES .................................................................. 156
INTRODUCTION .......................................................................................................................... 156
CBD LEVEL POLICY .................................................................................................................. 156
Policies for regeneration of CBD ............................................................................................ 156
Effectiveness of the policy framework .................................................................................. 160
Policy directions for planned development ........................................................................ 160
Failures in guiding the implementation of plans .................................................................. 168
Limited regeneration policies on creating suitable environment ......................................... 171
Limited policies for management ......................................................................................... 175
One-dimensional focus on physical development ................................................................ 178
Focus on maximisation of profit ......................................................................................... 180
CITY LEVEL POLICY .................................................................................................................. 182
Protection of small retail sector ............................................................................................ 182
Conducive environment ........................................................................................................ 184
Comprehensive development ............................................................................................... 186
Physical development led regeneration ................................................................................ 190
Emphasis on large investors and high-income consumers .................................................... 192
Creation of planned spaces in new locations ....................................................................... 196
SUMMARY ................................................................................................................................ 197

CHAPTER SIX: PROCEDURAL DILEMMAS FOR REGENERATION ............................................ 199
INTRODUCTION ......................................................................................................................... 199
SCOPE FOR PARTICIPATION OF CITIZENS ........................................................................ 199
Sphere of political dialogues ................................................................................................. 201
Democratic values, ethics and principles .............................................................................. 203
Involvement of marginalised groups .................................................................................... 204
Stated ethics and principles .................................................................................................. 207
Technocracy and outsourcing for plan making ..................................................................... 208
PARTICIPATION OF SMALL RETAILERS .............................................................................. 209
Scope for participation in decision-making ......................................................................... 209
Meaningful participation ....................................................................................................... 216
Control of technocrats in the decision-making .................................................................... 218
Promoting inclusive, equitable and just decision-making ..................................................... 222
SMALL RETAILING SUPPORTIVE REGENERATION: INFLUENCE OF POLICIES .......... 223
Current participation process and the policy constraints ....................................................... 223
Influence of policies on small retail favourable regeneration ................................................ 224
SUMMARY ................................................................................................................................ 228

CHAPTER SEVEN: NEOLIBERAL PLANNING AND SMALL RETAILING FAVOURABLE BUSINESS DISTRICT REGENERATION ............................................................... 230
INTRODUCTION ......................................................................................................................... 230
NEO-LIBERALISATION OF PUBLIC PLANNING .................................................................... 230
Neo-liberal reform policies in Bangladesh: the context ........................................... 231
Neo-liberalisation and the continued economic crisis ........................................... 231
Khulna and its economy ....................................................................................... 233
Economic growth and place making .................................................................... 236
Economic rationality and shift of power ................................................................. 238
SMALL RETAILING FAVOURABLE REGENERATION: THE REALITY ................... 240
  Sphere for political dialogue ............................................................................... 241
  Technocracy and outsourcing ............................................................................ 242
  Planning values, ethics and principles ................................................................. 243
  Power in the hands of elites actors ..................................................................... 245
  Inclusive and just decisions ................................................................................ 248
  Small retail supportive policies and schemes .................................................... 250
SUMMARY ............................................................................................................. 252

CHAPTER EIGHT: CONCLUSIONS AND RECOMMENDATIONS .......................... 255
  INTRODUCTION .................................................................................................. 255
  PROBLEMS FOR SUCCESSFUL SMALL RETAILING IN BUSINESS DISTRICTS .. 255
  APPROPRIATENESS OF THE CURRENT POLICIES AND REGULATIONS ...... 257
  PUBLIC PLANNING IN KHULNA, ITS NEO-LIBERAL ASPIRATIONS AND IMPACTS ON SMALL RETAILERS 258
  GENERAL RECOMMENDATIONS: DIRECTIONS FOR PUBLIC PLANNING IN BANGLADESH ........ 262
    Change in neo-liberal thinking ......................................................................... 262
    Redistribution of power .................................................................................... 265
    Values in institutional practice ......................................................................... 268
  POLICY RECOMMENDATIONS ............................................................................ 269
    Secured tenure rights and access to space ......................................................... 270
    Viable financial capital ..................................................................................... 270
    Production of built environment suitable for small retailing ................................ 271
    Competitive retailing environment ................................................................... 271
  RESEARCH CONTRIBUTION ............................................................................. 272
  FUTURE AVENUES OF RESEARCH ................................................................. 274
  CONCLUDING REMARKS .................................................................................. 276

REFERENCES ........................................................................................................ 279

APPENDICES ........................................................................................................ 296
  APPENDIX 1: PATTERNS OF THE EVOLUTION OF BUSINESS DISTRICTS IN KHULNA .......... 296
  APPENDIX 2: DEFINING A SMALL RETAILER ...................................................... 298
  APPENDIX 3: CHECK LIST OF INFORMATION FOR FIELD OBSERVATION ............... 301
  APPENDIX 4: QUESTIONS FOR INTERVIEWS .................................................... 302
  APPENDIX 5: QUESTIONNAIRES FOR THE RETAILERS IN BRA LAND .................... 304
  APPENDIX 6: QUESTIONNAIRES FOR THE RETAILERS OUTSIDE BRA LAND ............. 306
  APPENDIX 7: CHECKLIST FOR GROUP DISCUSSION ......................................... 308
LIST OF TABLES, FIGURES AND BOXES

Table 2.1: Key risk factors at the different stages of the life cycle ............................................. 43
Table 2.2: Key risk factors around competition and regeneration ................................................. 47
Table 2.3: A comprehensive perspective of risk factors for regeneration ....................................... 48
Table 2.4: Tenure options ................................................................................................................... 51
Table 2.5: Policy aspects linked to successful small retailing ......................................................... 59
Table 3.1: Use of methods in the research ......................................................................................... 97
Table 4.1: Tenure based typology of small retail owners and their characteristics .................... 112
Table 4.2: Tenure related risk factors and problems for successful small retailing ...................... 117
Table 4.3: Risk factors and problems related to financial resource position .............................. 126
Table 4.4: Overall ranking of positive factors that attract shoppers and retailers to BRA land ........ 145
Table 4.5: Correlation between different variables on BRA land ................................................. 146
Table 4.6: Risk factors and problems for successful small retailing related to physical retail environment ................................................................................................................................. 151
Table 5.1: Planning policy framework in Khulna city .................................................................... 157
Table 5.2: Policy framework and its application in the CBD ......................................................... 168
Table 5.3: Policy constraints in reducing the retail environment related risk factors ................. 169
Table 5.4: Initiatives for small retail sector and associated issues ................................................ 174
Table 5.5: Policy failures regarding mitigation of risk factors related to tenure and financial resources ................................................................................................................................. 176
Table A1: Country specific definitions of the Informal Sector ...................................................... 299
Table A2: Defining criteria for small retail business ....................................................................... 299

Figure 1.1: Illegal vendors in the sidewalks in the Dhaka New Market area ............................. 25
Figure 1.2: New vendors in Dhaka and Khulna .......................................................................... 26
Figure 1.3: Organisation of the thesis .......................................................................................... 35
Figure 2.1: Growth stages of small and growing retail formats .................................................. 41
Figure 2.2: Influence of land use planning framework on business district regeneration .......... 60
Figure 2.3: Local factors and embedded neo-liberal planning and regeneration ....................... 73
Figure 3.1: The analytical framework ............................................................................................ 82
Figure 3.2: Spatial growth and emergence of major business districts in Khulna .................... 93
Figure 3.3: Existing and proposed commercial uses set out in the Master Plan (2002) and scale of agglomeration of small retail businesses .................................................................................. 94
Figure 3.4: Khulna city, the CBD and DAP for BRA land ............................................................ 95
Figure 3.5: Sequence of using methods ......................................................................................... 99
Figure 3.6: Methods for data triangulation .................................................................................... 109
Figure 4.1: Small retailers in the CBD .......................................................................................... 113
Figure 4.2: Distribution of small retailers in the CBD (n=2070) .................................................. 114
Figure 4.3: Practice of lease transfer and improvement of leased land .................................... 115
Figure 4.4: Storage space or workshop above shops ......................................................... 115
Figure 4.5: Capital and investment of tenure type ............................................................. 122
Figure 4.6: Amount of savings by location ........................................................................ 124
Figure 4.7: Factors determining financial abilities of small retailers ................................. 130
Figure 4.8: Medium investment retail and wholesale in Hazrat Khan Jahan Ali Market ........ 132
Figure 4.9: Land use and small retailers in the core part of the CBD ................................ 134
Figure 4.10: Supply and demand sources ......................................................................... 135
Figure 4.11: Permeability to shops on BRA land and in the KCC Market .............................. 136
Figure 4.12: Encroached and damaged pavements (photomontage) .................................... 137
Figure 4.13: Quality of retail environment ......................................................................... 139
Figure 4.14: Very large and small shops .......................................................................... 139
Figure 4.15: Supply of shops for small retailing in private market ...................................... 139
Figure 4.16: Existing tenure pattern of DAP area and location of small retail ..................... 140
Figure 4.17: Original (top) and revised land use plan (bottom) for redevelopment ............... 140
Figure 4.18: Pedestrian traffic movement and congestions at Dak Banglo Intersection and Station Road ........................................................................................................ 143
Figure 4.19: Illegal vendors displaced by new development ................................................. 143
Figure 5.1: Proposed land uses in Khulna Master Plan of 1961 ........................................... 154
Figure 5.2: Abandoned shops in the retail shopping area (left) and in the wet market (right) of KDA Kalpataru market ................................................................................. 154
Figure 5.3: Location of KDA Kalpataru market, Khalishpur market and proposed Russel civic centre in relation to adjacent business districts .................................................... 156
Figure 5.4: Fruit vendors in Khalishpur (top) and Rupsha business district ....................... 159
Figure 5.5: Abandoned KDA Khalishpur market ................................................................. 159
Figure 5.6: New retail outlet in New Market area ................................................................. 160
Figure 5.7: New and future projects in New Market area .................................................... 160
Figure 6.1: Scope of people's participation in the planning for KMP policy package of 2002 .. 200
Figure 6.2: Influence of different stakeholders in plan preparation process for Khulna city ... 200
Figure 6.3: Abandoned old KDA Katcha Bazar ................................................................. 200
Figure 7.1: Proposed Russel Civic Center ......................................................................... 200
Figure 7.2: The new commercial development along ‘KDA Avenue’ ................................. 200
Figure 7.3: Commercial development along Majid Sharwani ............................................ 200
Figure 7.4: Wider issues linked to small-retail-responsive business district regeneration in Khulna .................................................................................................................. 200
Figure 8.1: Relation of factors involved with success of small retailers ............................. 200

Box 2.1: Land pooling techniques ..................................................................................... 52
Box 5.1: Aspects for Detail Area Plan on new business districts ....................................... 166

WORD COUNT: 84,161
**LIST OF ACRONYMS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRA</td>
<td>Bangladesh railway authority</td>
</tr>
<tr>
<td>DAP</td>
<td>Detail area plan</td>
</tr>
<tr>
<td>DAPA</td>
<td>Contextual document and policy analysis</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus group discussion</td>
</tr>
<tr>
<td>FO</td>
<td>Direct field observation</td>
</tr>
<tr>
<td>IP</td>
<td>Semi-structured interview with planners</td>
</tr>
<tr>
<td>IPE</td>
<td>Semi-structured interview policy expert</td>
</tr>
<tr>
<td>ISR</td>
<td>Semi-structured interview of small retailer</td>
</tr>
<tr>
<td>KCC</td>
<td>Khulna city corporation</td>
</tr>
<tr>
<td>KCOC</td>
<td>Khulna chamber of commerce</td>
</tr>
<tr>
<td>KDA</td>
<td>Khulna development authority</td>
</tr>
<tr>
<td>KMP</td>
<td>Khulna master plan</td>
</tr>
<tr>
<td>SS</td>
<td>Questionnaire survey of small retailers</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of reference</td>
</tr>
</tbody>
</table>
ABSTRACT

This thesis assesses the implications of current urban planning and business district regeneration policies and practices for small retailers in the city of Khulna, Bangladesh. Through a mixed-method embedded case study strategy, it explores the problems and opportunities affecting small retailers in business districts, and the effectiveness of the planning and regeneration policies and practices that impinge upon them. The research findings suggest that small retailers face a number of challenges linked to ownership of land and premises, investment capacity and the quality of the built environment. The findings demonstrate that contemporary regeneration policy frameworks have not adequately addressed these issues. Evidence from case study fieldwork suggests that these failings can be attributed to the inequitable distribution of resources, the inappropriate nature of the regulatory framework governing planning, and the dominance of particular values amongst public planning elites, which militate against the ability of small retail owners to participate effectively in the policy-making process. The thesis concludes that these process-related problems reflect the dominance of the neo-liberal aspirations, which underlie public planning practices in Khulna, and the inadequate utilisation of emerging developmental ideas aimed at supporting marginal groups. The thesis articulates an alternative approach to planning and proposes regeneration policies that are more sensitive to the needs of small retailers. It concludes that the prosperity of small retailers would be better served by more inclusive modes of policy-making and delivery, which provide greater scope for meaningful participation based on pluralist democratic principles as an alternative to post-political technocratic governance by policy elites.
DECLARATION

No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.
COPYRIGHT STATEMENT

I. The author of this thesis (including appendices and/or schedules to this thesis) owns certain copyright or related rights in it (the “Copyright”) and she has given the University of Manchester certain rights to use such Copyright, including for administrative purposes.

II. Copies of this thesis, either in full or in extracts and whether in hard or electronic copy, may be made only in accordance with the Copyright, Designs and Patents Act 1988 (as amended) and regulations issues under it or, where appropriate, in accordance with licensing agreements which the University has from time to time. This page must form part of such copies made.

III. The ownership of certain Copyright, patents, designs, trademarks and other intellectual property (the “Intellectual Property”) and any reproductions of copyright works in the thesis, for example graphs and tables (“Reproductions”), which may be described in this thesis, may not be owned by the author and may be owned by third parties. Such Intellectual Property and Reproductions cannot and must not be made available for use without the prior written permission of the owner(s) of the relevant Intellectual Property and/or Reproductions.

IV. Further information on the conditions under which disclosure, publication and commercialisation of this thesis, the Copyright and any Intellectual Property and/or Reproductions described in it may take place is available in the University IP Policy (see http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=487), in any relevant Thesis restriction declarations deposited in the University Library, The University Library’s regulations (see http://www.manchester.ac.uk/library/aboutus/regulations) and in The University’s policy on Presentation of Theses.
DEDICATION

my uncle late Santosh Roy

and

aunt late Ramala Roy,

whose spirits continue to inspire me
ACKNOWLEDGEMENTS

I extend my appreciation to The University of Manchester, UK, for funding this research under the School of Environment and Development research award scheme.

I offer my gratitude to my leading supervisor Dr. Iain Deas, for his academic guidance throughout the development of this thesis. I would never have been able to achieve this milestone without his continuous support and encouragement. I am beholden to Professor Dr. Cecilia Wong for her kind advice during the initial stages of my research, which helped me immensely when constructing the foundations of this work. I would also express my thankfulness to my second supervisor Dr. Yasminah Beebeejaun for her valuable comments.

I would especially like to thank my family for their inspiration and support. My mother Ullasini Roy, husband Dr. Tanjil Sowgat, Uncle Dr. Abul Hasanat and mother-in-law Feroza Shanti, who always inspired me and kept me going even when my spirits were low. Finally, I give big thanks to my son Aryan Sowgat who had to stay thousands of miles apart from me so that I could complete my PhD.
CHAPTER ONE: INTRODUCTION

Background: the wider context

Policy formulation for place creation in large and medium sized South Asian cities dates back to the late 1950s (Wu, 2000; Ma, 2002). Typically, space-focused development policies have been articulated with the aim of rebuilding, expanding and creating new business districts. The primary aim of these policies was to accommodate the economic activities and civic uses that were necessary for economic transformation and for rapidly urbanising cities (see KDA, 1961). The context changed in later decades, because of the slowdown in economic growth that affected most South Asian cities.

In the post-colonial period, cities were expected to follow the model for economic modernisation that had been adopted by developed countries, fostering economies through industrial growth rather than relying on the agricultural sector (Rondinelli, 1991). Subsequently, many cities were unable to find an alternative and stable economic base when their industrial sectors did not flourish as expected (Hayami and Godo, 2005). Lack of economic progress and structural adjustment in the developing countries led to the generation of acute urban problems in the form of: unemployment, poverty, lack of urban services and infrastructure to support urbanisation (Todaro and Smith, 2012; Davis, 2003). Cities were particularly vulnerable to the economic crisis and the World Bank encouraged neoliberal policies including structural adjustment, trade liberalisation, privatisation of public services and other related regulations (see Stein, 1992; Due, 1993; Zattler, 1993) to tackle economic stagnation.

Faced with a backdrop of economic stagnation and neoliberal policies, national urban policies aimed to harness growth by diversifying the economic foundations of cities. This approach was crucial to wealth generation, job creation, improving quality of life in cities and the safeguarding of districts against decline (see Shin, 2009; Yang and Chang, 2007; Wang and Li, 2009;
Chapter one: Introduction

Chen, 2007). As a result of deregulation, decision makers in South Asian cities acquired increased ability to exercise power over their cities’ own growth and promotion, and attempted to mimic the civic boosterism approach to regeneration said to have contributed to a post-industrial renaissance in the developed world (see Ma and Wu, 2005; Boyle, 1997; Harvey, 1989; Joshi, 2008; Short, 1999). They explored the possibility of the creation of attractive and iconic business districts that would make cities both globally attractive and competitive. This approach was undertaken in recognition of the changing demands brought about by economic and cultural globalisation (Lang, 2009; Marshall, 2009). Since 1980, experiments in planning and regeneration policy have encouraged a significant number of large and medium sized cities in developing economies to attempt to retain or promote a distinctive identity (see He and Wu, 2009; Wu, 2007). This has included the rebuilding and expansion of declining areas and the creation of new business districts that are viewed as more modern and in tune with contemporary economic and cultural needs (Wu and Yeh, 1999; Wu, 2005; Wu, 2003). Emphasis has often been placed on accommodating high-rise ‘up-market’ residential blocks, high-end businesses and financial districts, cultural, leisure and amenities districts, high-tech transport nodes and ‘heritage’ architecture (Yeh, 1996; Wu, 2000). Thus, it can be argued that cities in the developing countries are increasingly mobilising spatial policy tools to regenerate their business districts and create new ones to recover and boost their economies.

Re-imaging, place promotion, and the resulting ‘branded localism’ (Murtagh, 2011, p. 3) for competitive cities require huge investment, whereas planning in a neoliberal age is cautious, requiring that the creation of productive space should not affect the economic efficiency of urban public institutions engaged in planning practice. To avoid the associated financial burdens of the public institutions, neoliberal public planning encourages market capitalism and the use of resources garnered from the private sector and individuals. For achieving the goals of ‘accommodating investment and adapting to new developments’, public planners exhibit an entrepreneurial attitude: privatising the sphere of public planning, offering flexible mode of planning and
establishing policies which align themselves ‘with market forces, instead of regulating and controlling it’ (Boyle et al., 2008, p. 318; Sager, 2011).

Findlay and Sparks (2009) and Smith (2006) refer to the emergence of a strong property development sector influenced by the requirement of huge investment in cities and neoliberal shifts in attitudes to planning. When the private sector focuses on maximising its benefit it typically ignores public interests, exerting strong influence by controlling patterns of retail development (Shirley and Walsh, 2001). Guy (1995) finds that although local business owners in UK often participate in the negotiation process, along with developers and policy makers, small business owners routinely fail to influence retail planning because of the presence of strong entrepreneurial agendas that are at the forefront of decision-making. Regeneration plans often aim to secure profitable business districts and to try to optimise commercial land-use and incorporate high profile and high profit land uses, including the intensive development of high-rise and attractive urban forms mainly to safeguard the interest of investment (see Tallon, 2013). Where entrepreneurial benefit is prioritised in this way, lower-value uses are often displaced from business districts and from areas designed to act as investment showrooms for cities, and high value commercial and mixed uses are encouraged there (Sager, 2011). These areas aim to function as entrepreneurial hubs, with new luxury housing, retail and offices, iconic museums, hotels and cultural quarters introduced. However, this is offset by reduced investment in protecting the interests of the low value users who cannot afford the costs associated with living in revitalised areas (see Ye, 2011; Bégin, 2000). Therefore, after the adoption of the entrepreneurial ethos in planning, it is increasingly protecting the interests of investors in urban transformation, rather than low value users.

The issue of displacement as a result of urban transformation, and its implications for the small retail sector, has generally not been one addressed in the urban planning and development practices of developing countries (see Durand-Lasserve and Royston, 2002; Zhang, 2002; Bennison and Davies, 1980; Warnaby et al., 2002). Primly, relevant literature criticises the devaluing
of interests of existing small entrepreneurs and the apathetic attitude of policy actors towards their displacement, which originates from the misconception that small retail businesses have a detrimental effect on a city’s image (Shamsad, 2007; Roy, 2005). However, findings from developed nations provide evidence that a lack of attention to the small retail sector can have serious negative consequences where planning is concerned (Boyle et al., 2008; Weingaertner and Barber, 2007). Despite the obvious contribution of regenerated districts to the post-industrial urban renaissance in developed economies, these districts are widely failing to bring benefit to all. Dawson (2000) observes that the structural shift prompted by regeneration encouraged a rise in retail sales in Glasgow city centre, which eventually manifested as a reduction in the number of independent retailers, with a mere forty firms remaining to dominate the market. Likewise, McCarthy (1998) identifies that new regeneration schemes in urban centres often displace existing established small local traders from the scheme area, as they fail to pay for the increased capital values of shops and rising rents arising from physical improvements. Those who relocate in secondary positions fail to compete effectively with the giant retail chains (Balchin et al., 2000), and in most cases loss of turnover forces many shops to close (England, 2000). In the UK, some 3050 shops were cleared away to make room for 125 new centres between 1970 and 1985; subsequently, approximately 80% of the original shops failed to relocate to within the scheme area (Bennison and Davies, 1980; Warnaby et al., 2002). Based on international literature, it is apparent that the consequences of the current neoliberal focus on place creation and apathy as regards safeguarding small entrepreneurs brings about negative outcomes within the small retail sector.

In the new millennium small-scale developments, decentralisation of ownership and incremental development processes are being considered as possible planning policies and development practices in large East Asian cities. These practices aim to allow room for adaptation and encourage implementation of regeneration plans, which will respond to the needs of the changing market and encourage small businesses through fine-grained strategies and the introduction of mixed use environments. Furthermore, urban polices, although
influenced by pro-market ideas, continue to realise the necessity for some state intervention to assist communities to address the failure of unregulated neoliberalism. A common feature, across the different hybrids of neo-liberal policy and governance applied in a variety of national contexts, is an acceptance among policy actors that some form of regulation remains important even where markets have been liberalised and economic growth has otherwise been freed from what is seen as unnecessary state interference (see, for example, Peck et al., 2013). Different regeneration and community based local economic development initiatives focus on: capacity building for small retailers, active provision of shops and spaces for small shops, tax waivers, the release of business loans, revitalisation and conservation of existing business areas and the support of retailers through self-help and offering training in skills that facilitate savings. At present most of these initiatives are mainly applied in developed nations (see Department of Social Development, 2009; Taylor et al., 2004; Baron, 2001; Hart and Rogerson, 1989; Megicks, 2001). It is evident that current practices are understood to recognise the need for small retail sensitive regeneration achieved through demand side responses. Still, supply side measures are limited compared with need, and are disproportionate when compared with the benefits offered in regenerated districts for investors, large businesses, high-class consumers, corporate employees, the ‘creative class’ and tourism (Sager, 2011, p.156; see Polo, 2013; Lemanski, 2007). Although there are pro-small retail initiatives in some areas, generally current practices fail to offer a holistic solution that safeguards the interests of small retail owners (see Parker et al., 2003; Walker et al., 2002; Mead and Liedholm, 1998; Carley et al., 2001; Smith and Sparks, 2000; Kirby, 1987; Teang, 1991).

Furthermore, there are few attempts to benefit the small retail sector in an integrated way as part of the regeneration of business districts (Kishwar, 2001). Small retailers are mostly a concern when they represent a physical obstacle by the presence in regeneration site locations (Sager, 2011; Smith and Sparks, 1997). Policies concentrating on business district regeneration show little compassion for those businesses located outside of the new business districts (see KDA, 2002a).
Scholars have acknowledged that the most pressing problems for small retailers in most developing countries are their lack of legal recognition and access to secured tenure (Cross, 2000; Lyons and Brown, 2009; Coca-Stefaniak et al., 2009; Amin, 2002; Dewar, 2005; Winn, 1994; Balbo, 1993). Some scholars identify that these facts combine to create a continuous threat of eviction and financial loss (Roy and Alsayyad, 2004; Roy, 2004; Brown, 2006; Maneepong and Walsh, 2013). Additionally, the weak financial conditions of informal businesses in various ways limit their ability to flourish and adapt. In response to this problem, very few developing countries have developed national and/or local policies for regulating and protecting street vendors or Urban Informal Sector (UIS), and where they exist not all are sincere in implementing them (Bhowmik, 2005). There is a reluctance to adopt explicit policies and guidance to protect small retailers (see Davis, 2008; Bhowmik 2003, 2012). Accommodation schemes and sites demarcated for small retailers are often temporary solutions that are insufficient to address growing need (see Donovan, 2008). Public land is leased over the short term, offering no long-term assurance for tenure. In many cases, leased spaces are encroached on illegally by small entrepreneurs and vendors by means of informal arrangements with primary leaseholders (Bhowmik 2005, 2010). In a handful of developing countries only a minority proportion of vendors receive legal recognition. Most are subject to eviction at short notice by city authorities aiming to effect a city makeover or improve traffic circulation (Babu, 2008; Donovan, 2002). Eventually in most cases, policies supporting informal retailers fail to provide long-term protection to small retailers (see Sundaram, 2008).

Bhowmik (2005) explores the fact that the associations for street vendors in most Asian cities fail to participate in policy dialogues at either the local or national level. In the majority of cases large and mainstream business unions are not interested in representing street vendors. Vendors are mostly unaware of the importance of unionisation, which could act as platform for intervention in policy matters relating to their needs and rights. In relation to this Bhowmik (2005) refers that the attitude of the government is resistant to the existence of this sector, fearing that incentives for informal small businesses may result in
the illegal occupancy of urban streets. He adds, ‘pro-capitalist’ behaviour regarding employment creation and the benefits of the poor and low-income people are affecting the governments’ potential to exhibit positive attitudes in favour of this sector, its existence, access to policy dialogue, supportive policies and protection (Bhowmik, 2005, pp.2263). Mapetla (2008) indicates that public planning encourages a retail profile intended to attract new investment and to improve economic growth dramatically, while ignoring the adverse impact on employment and poverty.

The small retail sector is the leading trading group of the UIS in developing countries. The exact number of small retailers is unknown since no scholarly research has yet been conducted on developing countries focusing on these types of UISs. However, different accounts of the UIS indicate that it has clear dominance in these economies. The UIS constitutes 74.8% of urban employment in Sub-Saharan Africa, 63% in Asia and 56.9% in Latin America (Charmes, 2000). According to existing estimates, it accounts for over half the GDP of low-income nations (Pratap and Quintin 2006). Hawkers, dominate within the small retail sector; in Dhaka there were 90,000 in 2003 and in Seoul 8,00,000 (Bhowmik, 2005). Furthermore, it is also notable that there has been a dramatic increase in the numbers of small retail businesses in developing economies because of the sporadic growth of the UIS (Amin, 2002). Bhowmik (2005) observed a rapid increase in the number of street vendors in Asian industrial cities following the collapse of the industrial sector as a consequence of economic liberalisation policy. Thus, the small the retail sector accounts for a sizable share of urban employment in most developing countries and their share is on the rise.

Cities in developing countries often fail to offer formal employment to their huge employed labour force, and cannot absorb the surplus urban (income) poor and unemployed labour force due to inadequate capital and material resources (Shamsad, 2007). Thus, it is inevitable that the small retail sector plays a crucial role in providing employment opportunities to a large majority of the urban poor and low skilled population (Laquian, 2004). Due to its employment
potential, the sector has a significant role to play in reducing urban poverty. This sector and other types of UIS together offer a dominant stimulus for the creation of a more equitable distribution of income throughout urban economies (Suharto, 2003). Furthermore, established independent retail businesses of various types, contribute to retail diversity, distinctiveness, local character and vitality, as well as the economic success of business districts (Weingaertner and Barber, 2007). Most of their trading takes place locally, with products and services sourced within a given area, and they spend and re-spend money within that particular area (Ward et al., 2002). These businesses, when functioning successfully, contribute to a strong local economy. Therefore, arguably small retail businesses have a crucial role to play in providing income and employment opportunities for the urban poor and in forging strong local economies.

The displacement or collapse of established small and independent retail businesses can adversely affect the local economy and accelerate urban poverty in developing countries (Ward et al., 2002; Sacks, 2002). Poor to medium income consumers comprise the majority citizen groups in cities in the developing world, which are in turn highly dependent on them (Piacentini et al., 2001). Closure of established small shops potentially bears the risk of limiting an individual’s access to shopping facilities, thereby creating social exclusion (Carley et al., 2001). Again, the limited response of business district regeneration with regard to tackling existing challenges restrains the performance of those sectors located in business districts and outside, limiting the scope for the equitable distribution of income in cities.

The 'trickle-down effects' from regeneration interventions should ideally bring overall economic development throughout the city, and benefit all economic classes. However, such effects are difficult to achieve in developing countries since there are limited explicit policies to ensure that trickle-down materialises and that it is fundamentally left instead to market forces. Even in developed countries, these effects are only contributing negligibly to the alleviation of existing social exclusion, poverty and inequality, in spite of the presence of
citywide social and community based regeneration projects and resource intensive innovation (Smyth, 1994; Cochrane et al., 1996; Ratcliffe, 1992; Shaw and Robinson, 1998; Balsas, 2004; Doucet, 2007). Such citywide and community based regeneration practices are absent in developing countries and a positive impact from 'trickle-down effects' is therefore difficult to achieve.

Therefore, it is evident from the above discussion that the adoption of a more entrepreneurial ethos in planning practice and the resultant reforms applied to businesses district regeneration are likely to accentuate persistent social polarisation, inequality, social exclusion and poverty in developing countries (MacLeod, 2002, p.602). This context demands that urban planning and area regeneration practitioners place greater political attention on achieving regeneration that contributes to socially desirable outcomes. Regeneration efforts should ideally recognise the role of established small businesses in the improvement of developing economies and explore ways in which the planning and regeneration of business districts can safeguard this sector in the context of neoliberalism.

This backdrop in turn provides the motivation for this research, which assesses actually existing experiences of neoliberalism in relation to planning practice in Bangladesh. The focus throughout is on the implications of the neo-liberalisation of public policy making and policies for the regeneration of business districts, and the particular experiences of small retailers. This research seeks to contribute to existing knowledge, and to regeneration and planning policy practice, by documenting the ramification for small businesses of policy interventions informed by neoliberal thinking. Empirical evidence assembled as part of the case study research outlined in the thesis is intended to sensitise planning and regeneration policy actors to the need to consider the implications of regeneration activity for the small retail sector, and to assist in formulating strategies to safeguard retailers more effectively.
The context of the large cities in Bangladesh

The small retail sector constitute a dominant share of the urban economy in Bangladesh. Although there is no official accounts of small retail businesses, Saha (2013) finds that there are 2.5 million small retail businesses across Bangladesh and 10 million families are directly or indirectly involved in their supply chain. A newspaper article published in the most reputed national daily claims that there are over a million of hawkers in the country (The Daily Star, 2014). Frequent natural disasters and limited employment opportunities in rural areas attract a large number of poor migrants to major cities. The weak urban economy fails to accommodate these poor immigrants and the non-immigrant residents of cities in formal employment. Consequently, many members of the labour force are engaged in the informal sector with a substantial share employed in small retailing.

Small retail businesses are dominant in places including business districts, main road intersections with high traffic volume, near public transport nodes, land uses that draw the public and along roadsides. Large agglomerations of small retail outlets are particularly apparent in business districts.

Efforts to accommodate this sector in the urban built environment can be traced back to the late 1940s, when small arrangements, in the form of permits for vending in market places and temporary leases of public land, were made available by local city councils. The first large scale organised policy efforts designed to safeguard small retailers were taken by the development authorities in four principal cities. The need for daily markets to accommodate small grocers was recognised in the Master plans prepared between 1959 and 1961 (see KDA, 1961). Along with the construction of new markets in four major cities: Dhaka, Chittagong, Khulna and Rajshahi- spaces were also made available for small grocers. Later, to meet the growing demand for spaces for small retailing, these markets were further extended through small scale projects which never followed any long-term strategy (such as the case of extension of Dhaka New Market and KDA New Market). Markets for small
retailing were also constructed in small business districts by the public sector. In addition, where there were demands for space, unused and underused Bangladesh Railway Authority (BRA) land and public land were leased to vendors mainly for temporary use. Only in a few cases were small parcels of BRA land given as freeholds. More recently in 2002, a large-scale regeneration plan namely ‘Detail Area Plan- Redevelopment of the Central Business District’ was adopted for the extension of the CBD in Khulna, where policies focused on creating space for existing small retail businesses in the regenerated district (KDA, 2002d).

However, planning policies and regeneration efforts have yet to play an effective role for meeting the needs of small retailers. The spaces made available in the new markets formed in the 1960s were ill designed in relation to efficient function of small retailers and inadequate to meet the growing demand for space from emerging vendors. The public sector only created space for grocers in the initial plan, although there were demands for various types of specialised small retail businesses. Later the public sector either extended the new markets or created space on adjacent sites so that existing vending in these districts could be accommodated. These places became inadequate to meet the growing demand for space from small retailers. Currently a large number of vendors are illegally occupying the sidewalks in the New Market area (see Figure 1.1 in page 25). Bhowmik (2005) revealed that vendors experience problems including the lack of shelter, financing and a suitable retail environment. In some cases, they are unable to access the opportunities offered, such as access to leased land and shops made available by the public and private sector, due to their low financial capability and the limited supply of retail space in a suitable location. Furthermore, publicly constructed markets in small districts failed to thrive because projects failed to create the factors necessary for successful small retailing.
Figure 1.1: Illegal vendors in the sidewalks in the Dhaka New Market area
(Source: Author, 2012)
Often, the imperfect design of markets and their locations, lack of a supportive target market within their catchment, unavailability of financial support for small retail and poor accessibility were some of the factors undermining the

Figure 1.2: New vendors in Dhaka and Khulna
(Source: Author, 2012)
profitability or viability of many small retailers in the business districts of urban areas. Public land leased over the short-term provided the dominant share of spaces for small retail in most cities, until recently. Such arrangements did not secure tenure; instead they put retailer at risk of displacement and left them subject to enormous financial loss. Although the numbers of vendors are rising in major cities (see Figure 1.2), there are no national policies in place that protects this sector and there are very limited planned efforts to accommodate them in urban business districts, so that this sector can function more effectively and contribute to the urban economy.

In the context of economic stagnation and neoliberal model for economic development, instead of addressing the needs of the existing urban small retailers, the recent focus of planning policies is on creating cities that can present an acceptable – and arguably more sanitised – marketing face to high-income groups and corporate investors (see KDA 2002c, 2002d; KDA, 2013). The aim is to attract large investments through commercial uses outside business districts and along main roads, leaving unaddressed the persisting issue of existing business districts, which are linked to performance of small retail businesses. The focus of contemporary planning policies is more on creating ‘up-to-date’ urban space in business districts with high-rise ‘up-market’ residential blocks, high-end businesses, booming financial districts, cultural districts and high-tech transport nodes to protect the interest of investment, rather than meeting the needs of marginal retailers such as the need of affordable space, tenure security, financial resources and quality physical environment (see KDA 2002c, 2002d; Roy, 2007). In fact, there is limited regulatory direction to explain how future development efforts will consider the requirements of this sector and address the failures of previous policies. For this reason, it can be argued that greater effort needs to be devoted to ensuring that spatial planning practice in Bangladesh is geared towards the protection of the small retail sector, as a counter to the neo-liberal emphasis on securing growth irrespective of distributive consequences. In light of this, this thesis attempts to understand the experiences of the small retail sector in Bangladesh’s principal cities, viewed against the backdrop of the neo-
Chapter one: Introduction

liberalisation of planning and regeneration policy. In doing so, the thesis also attempts to inform the nature of future planning and policy intervention in order that the needs of small retailers are recognised and safeguarded more effectively as part of the policy process.

Significance of the research

Numerous studies on retail planning in the developed world over the last 40 years have revealed that regeneration has led to difficulties for small retailers, which have focused on different issues including displacement due to diminished suitable space and failure to compete with the growing supermarkets and hypermarkets (Smith and Sparks, 1997; Ward, 1987; Dawson, 1983). This micro perspective of retail studies looks at operational characteristics and business performance among small retailers. Many of these works explore retailers’ struggle for survival and limited success (Coca-Stefaniak et al., 2005; Smith and Spark, 2000; Parker et al., 2003). However, extensive research interest in the urban employment sector in developing countries emphasises issues associated with the UIS from a variety of perspectives (see Shamsad, 2007; Amin 1992, 2000, 2002; Bhowmik 2003, 2012; Charmes, 2000; Chen, 2005; Cross, 2000). Even though the small retail sector is a dominant category of UISs, it has benefited from only limited research attention. Limited research on this area to date has focused on specific types of small retailers, street vendors or hawkers, investigating their operational characteristics, the issues they face, policy failures and the necessity of their accommodation in urban built environment. Many of the risk factors which lead to challenges for the small retail sector arise from their operational characteristics around tenure, financial ability to invest and quality of retail environment (Post, 1996). Knowledge on these characteristics is therefore crucial for identifying the majority of the factors limiting the success of small retailing, and responding through policies and interventions accordingly. However, both a generalised focus on the UIS and emphasis on street vendors have failed to reveal the defining operational characters of small retail sector in Bangladesh and the challenges they experience.
A number of case studies around the world have drawn on policy interventions for the protection of vendors and small independent retailers. Legality and secured tenure have been identified as the most significant issues for street vendors or hawkers in developing countries (Chen, 2005; Fourie, 1999). Relevant studies have emphasised their regularisation, physical accommodation in the urban built environment, tenure security and the corresponding risks and hazards associated with their location (Yankson, 2000; Dewar and Watson, 1990; Post, 1996). These works highlight the importance of establishing premises in suitable locations, offering appropriate accommodation, infrastructure and environmental services in support of successful small retailing. Several researchers have argued in favour of addressing the financial difficulties of small retailers by pursuing policies which offer direct financial support (Baron et al., 2001; Fourie, 1999; Otero and Rhyne, 1994). However, as the philosophy of pragmatism demonstrates, case study based knowledge about the challenges and the associated solutions cannot be generalised for all geographic contexts. Instead, the suitability of these responses for a given location would depend on knowledge of the actually existing challenges and the associated risk factors for small retailers operating there. While the challenges faced by the small retailers were understood and solutions were drawn, the responsibility and the ability of the regeneration of business districts in safeguarding the small retail sector was not taken into consideration explicitly in the majority of earlier research. The existing research therefore fails to explore the potential of business district regeneration in safeguarding small retailers.

Likewise, numerous research studies from the macro perspective have scrutinised spatial policies and development programmes for the small retail sector (Tsuchiya and Riethmuller, 1997; Kirby, 1981). These scholarly contributions have identified policy issues associated with responding to the needs of small retail businesses and directing the role of spatial policies accordingly (Suharto 2003; Walters and Knee 1989; McGee 1987). Megicks (2001), in one of the most complete studies on independent retail strategies in
the UK, affirms the necessity for specialised strategies to protect independent retailers and safeguard this sector in town centres - a strategy which has been lacking. She recommends strategic retail planning at the British regional level, noting that retail strategies at the local level are pivotal, allowing town centres to function without limiting opportunities for small retailers. With respect to city centres and major shopping areas, Bromley (1985) suggests spatial policies targeted at creating a supportive physical environment for small enterprises. He emphasises offering open market sites with a layout and design that would ensure the accessibility of people and goods to enterprises. However, the case for employing spatial policies for the protection of this sector as a part of business district regeneration is poorly recognised in the relevant international literature (see Weingaertner and Barber, 2007). Current works fail to answer the question of how policies and regulations for business district regeneration can benefit the small retail sector.

Farbman and Steel (1992) note that the necessity for appropriate spatial planning is not a priority topic in studies which attempt to provide direction for the development of small-scale enterprises. Chen (2005) concludes that effective participation of a UIS in accommodation planning could secure their interests in decisions, but this work does not consider the necessity of a suitable public planning process to underwrite regeneration strategies appropriate for securing successful small retailing in urban centres. Suharto (2003) recommends fostering the involvement and participation of advocates of hawkers, opponents and decision-makers in the policy making process to resolve the conflicting interests of actors. However, he does not demonstrate how the issue of representation of small retail groups in policymaking can be addressed aside from communication. By contrast, Guy (1995) and Findlay and Sparks (2009) evaluated the context of the weak representation of small business owners in retail planning and decision-making. Their work indicated the necessity of effective participation by small retailers in the planning process and decision-making for regeneration in contemporary cities. Therefore, it can be reasonably concluded that there remains scope for academic research into
the relevance of appropriate public planning and policies for business district regeneration that safeguards small retailers.

Sager (2011) illustrates how neoliberalism has shaped the nature and sphere of public planning. He explains that neo-liberal public planning creates a privatised sphere of decision-making, thereby limiting the influence of marginal and local people in the process of planning and regeneration. His work explores the impacts of neoliberal planning and regeneration in shaping the focus and features of those regeneration policies and practices, which have a devastating effect on the poor in society. Similarly, Purcell (2007, 2009) argues that under the hegemony of neo-liberalism, participation by weak actors in the public planning process is challenging (see pages 64-67 for further discussion). Although the findings of these studies do not identify the effect of policies and regeneration on the small retail businesses in particular, they suggest that public planning under the influence of neoliberal doctrine plays a critical role in resulting small retail responsive regeneration. Studies by Amin (1992, 2000) are notable here, contending that the simple physical accommodation of UIS through policies and practices is insufficient; rather spatial planning must consider more fundamental reform if it is to ensure an improved quality of life for more than just a small proportion of citizens. However, his research does not examine how reform of neo-liberal influenced planning could be achieved. Indeed, retail studies lack the realisation that the planning and decision-making process yield only limited effective policies and support for the small retail sector if they fail to deal with pressure of neo-liberalism.

According to Hackworth and Moriah (2006), when neoliberal doctrine is embedded in nations, regions and cities, it intertwines with other ideologies and local reform agendas and subsequently tends to take on a complex form, which often contradicts the original neoliberal principles. As Peck et al. (2009) explain neo-liberalism comprises a series of market regulating disciplinary actions that emphasise economic growth by use of foundational principles of market capitalism, economic efficiency and deregulation. However, institutional expressions of these fundamental principles vary in different contexts.
Therefore, this thesis uses the term ‘actually existing neoliberalism’ to explore the actual acceptance, manifestation and implications of these fundamental principles in urban planning and regeneration in relation to safeguarding small retail sector in large cities of Bangladesh. Actually existing neoliberalism and reformed policy approaches, development perspectives and planning approaches in several cities have prompted policy makers to consider how best to safeguard the interests of the marginalised and excluded in the society (Harvey, 1989; Marvin and Graham, 2001). Brenner and Theodore (2005) assert that institutional expressions of market rules are not uniformly applicable in all contexts, thus local consequences often remain deficient. Boyle et al. (2008) suggest that conceptual, methodological and empirical issues associated with neoliberalism need to be explored. Knowledge of small retailing is lacking as regards the influence of neoliberal doctrine in public planning, regeneration plans, policies and practices. There is also a lack of understanding of the empirically observed issues of neoliberal spatial planning, limiting the regeneration of business districts and supporting successful small retailing. Empirically observed knowledge about local manifestations of neo-liberalism in spatial planning practice, their implications for small retail responsive regeneration and associated ideological issues illustrate the form and extent of neoliberal hegemony in Bangladesh. This practical knowledge is also essential to identify how reforms can be applied in planning and regeneration practice for the protection of small retailer sector.

The research documented in this thesis builds on existing knowledge concerning the issues affecting small retailers, associated policy issues and the implication of neoliberalism informed planning and regeneration in safeguarding this retail sector. In doing so, the aim is to address the critical gaps in contemporary studies discussed above by focusing on the diverse challenges for small retailers in urban business districts in Bangladesh and associated risk factors that arise from their operational characteristics through a case study of Khulna city. It attempts to do so by assessing the practical policy issues associated with promoting business district regeneration that best meets the needs of small retailers in Khulna city and identifying policy solutions
accordingly. The thesis also explores empirical evidence regarding actually existing neoliberal attitudes as they apply to public planning practice in the city and its implications for resulting regeneration in business districts favourable for small retailing. By doing this, the study complements existing knowledge about neo-liberal ideologies affecting planning and regeneration practice in the large cities of Bangladesh, which have implications for successful small retailing. Based on empirical observation, the thesis identifies approaches to planning and regeneration that run counter to actually existing neoliberal hegemony but which could safeguard small retail businesses, thereby filling a gap in current scholarly knowledge.

It is anticipated that this study will be of value to urban planners and regeneration practitioners in future policy-making in Bangladesh. Case study findings on both the actually existing challenges encountered by the small retailers and the associated risk factors, policy issues and proposed policy proposals can guide the formulation of city as well as national policies for the protection of this sector. In particular, these findings could help policy makers to acknowledge the scope for business districts regeneration to take fuller account of the needs of the small retail sector in formulating future regeneration policies. Local manifestations of neoliberal ideology in planning and business district regeneration policies and practices, and their impacts on marginalised retailers, also sheds light on the understanding of neoliberal ideas. Both the practical challenges experienced by small retailers in urban business districts, and the issues associated with neoliberal planning and regeneration policies and practices, can aid understanding of how best to safeguard these retailers.

These issues are explored via a methodology underpinned by pragmatism as a research philosophy (see chapter three for further discussion). A mixed-method embedded case study approach is applied in this study. As sources of data, the research drew upon a combination of field observation in the CBD and two major business districts in Khulna city, focus group discussions with representatives of small retailers in selected business districts, questionnaire survey of small retailers in the CBD, semi-structured interviews with small
retailers, planners and policy experts, and secondary information derived from policy document at the city level. The details of methods applied for this thesis are discussed further in chapter three.

**Aim and objectives**

This research aims to identify the implications of current urban planning and business district regeneration for small retailers in Bangladesh and consider how best to ensure their future prosperity.

There are four objectives to consider to achieve this aim:

Objective 1: To explore key problems that small retailers face in the urban business districts of Bangladesh, through a case study of a business district in Khulna city.

Objective 2: To investigate the appropriateness of current policies and regulations for the regeneration of the business districts, with reference to small retailing.

Objective 3: To identify the degree to which current public planning in Khulna city constrains or enables the regeneration of business districts supportive for small retailing.

Objective 4: To analyse the findings from Khulna city, highlight their policy implications, and advance alternative directions for planning and business district regeneration that more effectively safeguards small retailers in urban business districts in Bangladesh.
Organisation of the thesis

Following the introduction to the thesis, Chapter 2 examines and outlines the growing debate around the challenges facing small retailers, and the scope and role of regeneration policies in ensuring successful small retailing. The chapter then considers debates about the neo-liberalisation of public policy, with particular emphasis on planning and regeneration and the experiences of small retailers. This discussion informs the conceptual framework in Chapter 3.

Figure 1.3: Organisation of the thesis
(Source: Author, 2014)
Chapter 3 introduces the analytical framework and the research questions. The chapter also justifies the use of a mixed-method embedded case study approach and clarifies why Khulna city was identified as the case study city for the examination of planning processes and regeneration policies and practices. It justifies the context when selecting the CBD case study to aid understanding of the risks and problems facing small retailers. Methods and the research design for the data collection and triangulation procedures are explained at the end of this chapter.

Chapter 4 begins the case study analysis in the CBD. It investigates the major risk factors leading to problems affecting the success of small retailers in the CBD. It illustrates the attributes of five types of small retail businesses in the CBD, discussing their tenure position, financial resources and physical retail environment. The chapter then identifies attribute-induced issues that affect the success of small retailers there.

Chapter 5 analyses the policies associated with the regeneration of business districts and investigates regeneration practices to explore whether current policies assist small retailing in the CBD and other business districts in Khulna city. An evaluation of policy effectiveness for the CBD is performed based on adequacy and suitability when responding to the current risk factors identified in chapter 4. City level policies and regeneration practices are then evaluated to determine their role in influencing the experience of small retailers within the CBD.

Chapter 6 explores the ability to engage in public planning in Khulna city, to provide support for successful small retail favourable business district regeneration. The exploration focuses on the local distinctiveness of the resources and the rules concerning public planning in Khulna and its implications for the participation of small retailers in the policymaking process. The chapter finally explores the extent to which the scope for participation influences small retail favourable business district regeneration in Khulna.
Chapter 7 investigates the implementation of neoliberal public planning practices in Khulna, and their influence on small retailing favourable business district regeneration. It studies local manifestations of neoliberal aspirations by illustrating current public planning practices. It then examines the influence of these aspirations on the construction of the prevailing resources and rules; as well as public policies and regeneration in relation to the resulting regeneration of business districts favourable to small retailers. This investigation highlights neoliberal ideological issues affecting public planning in Khulna, in relation to business district regeneration that supports small retailing.

Chapter 8 concludes by synthesising findings from the case study to highlight their policy implications. The chapter discusses practical insights offered by the wider issues arising from actually existing neoliberal public planning in the case study area and selected critical theories and concepts for safeguarding marginalised groups during development processes that are informed by neoliberal ideas. Based on these insights, this chapter proposes alternative directions for urban planning and regeneration in Bangladesh. The chapter concludes by demonstrating the contributions of the thesis findings in future areas of debate for safeguarding small retailers in the large cities of Bangladesh within a wider context of public planning and regeneration influenced by neoliberal ideas.

Summary

The acceptance of the fundamental principles of neoliberalism in the institutional practices of public planning increasingly produces negative outcomes for the small retail sector. This is reinforced in developing countries by a reticence on the part of policy makers to construct business district regeneration initiatives in ways that help to safeguard small entrepreneurs. In Bangladesh, planning practices increasingly accommodate the fundamental logic of market rationality in the planning and regeneration policies. This poses the risk of accentuating persistent social polarisation, unequal distribution of
income, social exclusion, urban unemployment and poverty, and adversely affecting the local economy.

This thesis applies a mixed method embedded case study approach to understand the challenges the small retail sector has experienced and associated issues influenced by neoliberal public planning and regeneration in Khulna city, Bangladesh. Based on this, it explores an alternative approach to planning and regeneration of business districts and regeneration that can more effectively safeguard this sector and secure the success of small retailers in a context in which neoliberal thinking predominates. The following chapter addresses this gap in existing research by exploring discourses around the scope and role of regeneration and spatial planning policies in safeguarding small retailing, and its relationship to neoliberal ideas.
CHAPTER TWO: LITERATURE REVIEW

Introduction

The small retail sector has attracted much research interest over the last four decades, particularly in relation to the changing nature of the urban labour force and wider efforts to reduce social inequity in developing economies (Sethuraman, 1981; Amin and Singh, 2002; Williams, 2002). Contemporary literature increasingly focuses on the business risks associated with this sector and emphasises particular characteristics, including scale of operation, tenure, retail environment, resettlement and planning interventions (Lubell, 1991; Bromley, 1985; Sethuraman, 1997; Yankson, 2000). More recently, research literature has begun to focus on negative impact of urban regeneration, including issues such as displacement, poor performance of existing retail businesses and (in some cases) their closure (Carley et al., 2001; Weingaertner and Barber, 2007). Behind emerging neoliberal reforms in urban planning (public and private) and resultant public policies, decisions and regeneration are widely questioned for their failure to safeguard the interests of marginal groups adequately (see Sager, 2011; Lee, 2007; Desai, 2006; Schilcher, 2008; Peck and Tickell, 2002; Turner, 2002; Swyngedouw et al., 2002; Guarneros-Meza and Geddes, 2010; Laurie and Marvin, 1999; Weber, 2002). In addition, much of the research discusses current efforts to promote social inclusion in neoliberal settings (see Harvey, 1989; Graham and Marvin, 2002). Still persisting issues such as lack of tenure security, poor financial status and unsuitable retailing environment are affecting the small retail sector (Walker et al., 2002; Mead and Liedholm, 1998; Smith and Sparks, 2000). In many instances regeneration interventions fail to accommodate small retailers effectively and support their progress (Weingaertner and Barber, 2007; Kirby, 1987; Carley et al., 2001; Parker et al., 2003). These issues and failures support the conclusion that urban planning and regeneration policies are proving ineffective in ensuring successful small retailing. It is necessary to address theoretical debates concerning why urban regeneration policies and practices are ineffective and to consider how it might be improved.
This chapter provides a review of the discourses surrounding the role of regeneration, spatial planning policies in supporting small retailing, and the associations of neo-liberalism informed planning with small retail focused policies and regeneration practices. In the first section, debates around the risks posed by business district regeneration for the small retail sector are examined. The chapter then explores key constructs concerning the regeneration policy interventions necessary for successful small retailing. This discussion argues that regeneration policies can be effective tools for ensuring successful small retailing. Finally, the discussion explores key discourses concerning neo-liberal informed public planning, policies and regeneration, while reflecting on the needs of small retailers.

**Risks for small retailing: A regeneration perspective**

The focus on risks affecting the small retail sector has emanated from observation of the intense restructuring of urban space, in which social welfare perspectives, some authors have suggested, have become progressively less prominent and increasingly subordinate to economic growth concerns (see Corsssa, 2009; Banerjee- Guha, 2009; Baviskar, 2006; Bhowmik, 2003). This has contributed to the displacement and weakened performances of the small retail sector. A central focus of relevant literature is that in cases where risks are identified and addressed accordingly, the result is successful small retailing. There are a number of research works that discuss a wide range of risk factors affecting the different life stages of small retail businesses, which are likely to be suitable for broad policy intervention to safeguard this sector (Coca-Stefaniak et al., 2005; Smith and Spark, 2000; Parker et al., 2003). Awareness of risk factors has led to increased research interest in the areas that need attention when adopting regeneration policies. This section explores the issues at the different life stages of small retailers, assessing issues associated with urban regeneration and constructing a new perspective centred around areas of significant risk.
Risks at life stages

Small retail businesses are susceptible to a number of different risks at different stages of their lifecycles. The lifecycle of a growing retail business includes creation, existence and survival, success, take-off, maturity and cessation (see Figure 2.1). Coca-Stefaniak et al. (2005) argue that the barriers to entry into the low investment retail business sector are negligible. However, at the later stages in the life of a business, a number of risk factors become major causes of concern to small retailers. These factors include low access to the capital, difficulty in finding finance (Walker et al., 2002) and lack of affordable business premises for the start-ups, all of which are risks affecting the creation stage (Schmidt and Parker, 2003).

![Figure 2.1: Growth stages of small and growing retail formats](Source: Author, 2014 after Churchill and Lewis, 1983; Mead and Liedholm, 1998)

Mead and Liedholm (1998) find that a significant number of very small enterprises fail to survive during their first two years following market entry. Because of the difficulty in locating sources of finance, they struggle to meet ongoing demands for cash or to deliver the products that are necessary to maintain their customer base, and therefore survival (Churchill and Lewis, 1983). Kirby (1981) conducted a pilot investigation of small vendors across
England and Wales and found that 56% of entrepreneurs invested all of their available capital into the business; they had little capital in reserve that they could use to stimulate growth or to sustain them in difficult times, making them vulnerable to business failure. Their findings match those of Dawson and Kirby (1979), Thorpe (1977), Bates (1976), and Bechhofer et al. (1974). Small retailers frequently lack knowledge about business (Schwartz 1976) and their scope for acquiring beneficial financial training is limited, which further exacerbates their struggle (Hisrich and Brush, 1984). Small retail businesses also often fail to attract the required number of customers to guarantee their survival when operating in unsuitable locations, particularly in narrow streets or places with low vitality (Smith and Sparks, 2000). Thus, the establishment and survival of a small retail unit is often exacerbated by capital and location related risks.

Those small retail businesses that survive capital and location related risks often subsequently fail to expand (Mead and Liedholm, 1998) and on many occasions even face closure because of stagnation. Fielden et al. (1998) reports that problems associated with cash inflow are among the major problems hindering the expansion of small retail businesses. According to Baron et al. (2001), the inability to obtain a bank loan and the lack of availability of suitable properties (in terms of the location) are the two most commonly voiced constraints impeding the growth of independent retailers in the context of the UK. Smith and Spark (2000) demonstrated that the retailers in their case study were unable to get access to available public funds and often failed to raise the matching funds needed to secure grants from local authorities. Small entrepreneurs fail to tap into available capital, due to the strict requirements imposed by formal and the institutional capital sources (Yusuf, 1995). Patel (1988) and Werbner (1984) find that failure in getting a bank loan leads a large proportion of small retailers to rely on informal sources of funding to meet their cash flow needs, which often adds to the attendant costs. Retailing in unsuitable locations also acts as a substantial barrier to businesses seeking to achieve their sales targets and grow their cash flow to a sustainable level (Coca-Stefaniak et al., 2005). In addition, Fernandez Barcala et al. (1999)
concluded that Spanish entrepreneurs were restricted in growth by the high cost of premises. A number of research conclusions point to the emergence of large retailers in a nearby location as a barrier to growth (Parker et al., 2003). Risk factors that reduce footfall at any stage of a business’s life cycle can lead to its termination. Therefore, risk factors related to financial position and retail environment function as barriers to success, take-off and maturity, and may also lead to cessation of trading. It is worth noting that although these factors are present irrespective of geographical locations their degree of impact may be dramatically different in some cases, depending on the nature of existing risk factors.

Table 2.1: Key risk factors at the different stages of the life cycle

<table>
<thead>
<tr>
<th>Life stages</th>
<th>Significant risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td>-Low capital, fear of debt, difficulties in finding finance source (Walker et al., 2002)</td>
</tr>
<tr>
<td></td>
<td>-Lack of affordable business premises for start-up (Schmidt and Parker, 2003)</td>
</tr>
<tr>
<td>Existence and survival</td>
<td>-Lack of suitable business premises in places with high vitality (Coca-Stefaniak et al., 2005)</td>
</tr>
<tr>
<td></td>
<td>-Difficulties in finding finance (Churchill and Lewis, 1983; Parker, 1994)</td>
</tr>
<tr>
<td></td>
<td>-Limited scope of getting financial training (Hisrich and Brush, 1984; Schwartz, 1976)</td>
</tr>
<tr>
<td>Success/growth</td>
<td>-Cash flow problems (Fielden et al., 1998)</td>
</tr>
<tr>
<td></td>
<td>-Inability of getting bank loans and lack of success in obtaining adviser (Baron et al., 2001; Smith and Spark, 2000)</td>
</tr>
<tr>
<td></td>
<td>-The lack of availability of suitable property (Baron et al., 2001; Coca-Stefaniak et al., 2005)</td>
</tr>
<tr>
<td></td>
<td>-High cost of premises (Fernandez Barcala et al., 1999)</td>
</tr>
<tr>
<td>Take-off</td>
<td>-Informal sources of funding (Werbner 1984)</td>
</tr>
<tr>
<td></td>
<td>-Presence of large and/or multiple retail businesses near the business premises of small retailers (Parker et al., 2003)</td>
</tr>
<tr>
<td>Maturity</td>
<td>-Slow to keep up with consumer demand (Parker et al., 2003)</td>
</tr>
<tr>
<td></td>
<td>-Unwilling to engage with trade associations or discuss problems with other retailers (Parker and Byrom, 2000).</td>
</tr>
<tr>
<td>Cessation</td>
<td>-Lack of funding for further investment (Patel, 1988)</td>
</tr>
<tr>
<td></td>
<td>-Lack of safety and security in the retail area (Smith and Sparks, 2000)</td>
</tr>
<tr>
<td></td>
<td>-Inadequate government policy to safeguard the small retail sector from competition (Coca-Stefaniak et al., 2005)</td>
</tr>
<tr>
<td></td>
<td>-Unfriendly urban development and renewal projects (Coca-Stefaniak et al., 2005)</td>
</tr>
<tr>
<td></td>
<td>-Lack of information to small retailers so that they can embrace change (Coca-Stefaniak et al., 2005)</td>
</tr>
</tbody>
</table>

(Source: Author, 2014 after Coca-Stefaniak et al., 2005; Schmidt and Parker, 2003; Parker, 1995; Churchill and Lewis, 1983; Schwartz, 1976; Hisrich and Brush, 1984; Fielden et al., 1998; Baron et al., 2001; Smith and Spark, 2000; Patel, 1988; Werbner, 1984; Parker et al., 2003; Walker et al., 2002; Parker and Byrom, 2000, Fernandez Barcala et al., 1999)
An insight into the life-stages of a small retail business reveals the presence of multiple risk factors, at the point of creation and throughout the business lifecycle, related to financial resource position and retail environment (classification is based on Yusuf, 1995; Everett and Watson, 1998). This insight works as a basis from which to develop broader policy solutions. The perspective of life stage highlights many of the risk factors connected to regeneration, without been specific about their relevance for regeneration policies in order to improve the security and success of small retailers.

**Regeneration-led vulnerability**

Researchers like Kirby (1987), Hamnett (2000), Smith and Sparks (2000), and Weingaertner and Barber (2007) are amongst a number of scholars whose studies of urban policy impacts have concluded that regeneration is often associated with a number of risk factors which affect small retail businesses. Urban renewal projects often negatively affect the footfall past small retail businesses, as a consequence of changes in behaviour of their target market or due to relocation of these businesses away from places with supportive land uses (see Kirby, 1987). Specialisation in products is one of the strengths of those businesses that increase their competitive advantage (Thorpe, 1977; Dawson and Kirby, 1979). Specialisation depends on the demand of principal customers within the shopping catchment area, and it is the surrounding land uses that sometimes generate these customers (Balchin et al., 2000). When a redevelopment process is completed, it often alters the potential customer base, because the transformation of the land uses creates different work and travel patterns. At times, attempts at urban renaissance can displace the previously working class from the city centre, bringing a new population profile to the area (Hamnett, 2000). In fact, removing the target market from a shopping catchment area can have a significant impact on the commercial viability of existing retail businesses, especially those that are operating on the margins of profitability (Carley et al., 2001). Removal of any land use that acts as a source of customers or contributes to the vitality of a space, such as a bus station or other land uses supportive for small retailing, can also have a detrimental effect.
on footfall and the viability of very small retail businesses (Weingaertner and Barber, 2007). Because of the regeneration process, changes in the built environment can reduce shoppers and negatively influence retail performance among small businesses. Pedestrian traffic, supportive street layouts, local spatial characters and the distinctiveness of the locality are crucial factors for determining the economic prosperity of small shops (Weingaertner and Barber, 2007). Baron et al. (2001) highlight the fact that the high visibility of shops is an important contributing factor to the success of independent food and grocery retailers in different locations in the UK. Regeneration often brings changes to this established equilibrium by redrawing the image of the locality, restricting pedestrian traffic, and changing the street layout.

Other evidence offers further support for this argument. For example, urban regeneration processes procure the cost of development through the creation of spaces that are attractive to new investment. Accessing such places can involve high costs, which are affordable for large entrepreneurs, but the increased cost of possession and maintenance of these sites threatens the survival of small retail businesses. City centre regeneration causes most retail activities to become concentrated in core areas and, therefore, intensifies competition for the most accessible sites within the central area (Smith and Sparks, 2000). Smith and Sparks (2000) point out that small retail owners are losing the battle to remain competitive in most cases due to their lack of capital. With their limited existing capital, retailers are unable to pay the additional costs to access core areas due to the high land values, rents and the maintenance costs of shops in these areas. Often, they end up repositioning themselves in secondary streets and consequently lose the competitive advantages they might obtain if they stayed in the city core, where consumers are more abundant. In the context of increased costs for accessing core areas, the inability to maintain their financial positioning is a considerable risk for small retailers. This risk grows in the face of increased land costs and limited space due to the regeneration process. Regeneration often fails to offer affordable premises of varied sizes for start-ups and the expansion of growing retail is
impeded due to the focus on adding financial value to existing spaces and maximising profit.

Due to policy changes, multiple enterprises are becoming the dominant retail format in city centre areas. However, competition from large retail businesses has in many cases impeded the take-off rates of small retail businesses (Parker et al., 2003), and consequently led to their decline (Coca-Stefaniak et al., 2005). In her study of Mumbai, Kalhan (2007) found that only 11% of small shops had reported an increase in sales in recent years, despite significantly higher figures in the years prior to the establishment of large retail shops. Although Peterson and McGee (2000) investigated changes in the US, and found that 72% of small retailers in central business districts reported no negative impacts as a result of Wal-Mart's arrival in their area, small retail businesses are clearly at a disadvantage in comparison with the large retail businesses. The availability of financial capital for investment is less certain for small retail owners. Cash inflow is more critical in their businesses than it is for large retail owners. Likewise, small retailers are often unlikely to obtain products from suppliers on such favourable terms as their larger counterparts (Smith and Sparks, 2000). This allows large retail businesses to offer a larger range of goods at comparatively cheaper prices than small retailers (Levy and Weitz, 2003; Smith and Sparks, 2000). Consequently, this leads to greater sales for large retail businesses than for small retail shops and further reinforces the buying power of large retail owners and enables them to reduce their prices, creating a feedback loop of constant competitive advantage. As a consequence, small retailers can only afford a more limited range of goods than previously and the prices of products are likely to continue to rise to allow retailers to make a profit, which further affects sales. In response, they are unlikely to obtain informed advice from knowledgeable sources, something which is much easier for their larger competitors. Retail businesses lose not only the assistance of the middle-income group but also that of poor urban shoppers (Kelley et al., 1994), two vital markets for businesses. Furthermore, the financial capacity of large retail owners gives them access to the city core in improved areas where vitality is higher than those in which small retailers can afford access. Research by
authors such as Bates (1976), Dawson and Kirby (1979) and Thorpe (1977) suggest that differentiation in products, targeting different customer groups and personalised services may help small retailers to gain competitive advantages over their larger competitors. However, large retail businesses have already begun to attract poor and middle-income groups, by offering a range of suitable products as a starting point. They often invest profits to adopt new vendor relationship strategies, operational strategies, human resource management, merchandise management, and efficient store management (Levy and Weitz, 2003). This in turn limits the ability of smaller retail businesses to find a niche.

### Table 2.2: Key risk factors around competition and regeneration

<table>
<thead>
<tr>
<th>General risk group</th>
<th>Main risks associated with regeneration process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure security</td>
<td>- Displacement and relocation</td>
</tr>
</tbody>
</table>
| Financial resource position | - High costs associated to get access in core area  
|                           | - Low affordability to meet the costs  
|                           | - Uncertainty in getting affordable finance  
|                           | - Lower chance of getting informed advice than large formats                                                   |
| Retail Environment       | - Loss of principle customers within shopping catchment,  
|                           | - Change of land uses  
|                           | - Lack of affordable business premises for start-up and expansion  
|                           | - Dominance of multiples and co-operatives in urban core area  
|                           | - Changes to street layout and access to pedestrian traffic  
|                           | - Changes to local character and distinctiveness  
|                           | - Repositioning shops in places, which lack visibility to passing customers  
|                           | - Relocation in secondary streets                                                                               |

(Source: Author, 2014, based on Smith and Sparks, 2000; Levy and Weitz, 2003; Hamnett, 2000; Balchin et al., 2000; Carley et al., 2001; Kerby, 1987; Weingaertner and Barber, 2007; Baron et al., 2001)

The displacement of small retail businesses, as a result of unsecured tenure, is a frequent phenomenon in any regeneration process in developing countries (Bhowmik, 2003). A large proportion of the petty traders in developing countries lack long-term tenure security and during regeneration processes, in the absence of laws to protect them, small retailers can face removal, forced eviction, or even termination of short-term leases, without any compensation.

The above studies show the contribution of regeneration attempts in the creation and development of a number of risks identified in the life stage
Table 2.3: A comprehensive perspective of risk factors for regeneration

<table>
<thead>
<tr>
<th>General groups</th>
<th>Risk factors</th>
<th>Influence on life stages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure position</td>
<td>-Lack of tenure security</td>
<td>Cessation</td>
</tr>
<tr>
<td>Financial resource</td>
<td>-Lack of own capital for investment</td>
<td>Entry</td>
</tr>
<tr>
<td>Financial resource</td>
<td>-Difficulties in finding finance sources to access in core area</td>
<td></td>
</tr>
<tr>
<td>Financial resource</td>
<td>-Sinking all the capital into the business</td>
<td>Existence and survival</td>
</tr>
<tr>
<td>Financial resource</td>
<td>-Difficulties in finding finance during the hard years</td>
<td></td>
</tr>
<tr>
<td>Financial resource</td>
<td>-Difficulties in getting informed financial advice and training</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Uncertainty in getting affordable finance from formal sources and dependency</td>
<td>Growth and take-off,</td>
</tr>
<tr>
<td>Retail environment</td>
<td>on informal sources of funding</td>
<td>Cessation</td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Minimum investment to decrease overhead and maximize profit margins and cash</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Lower chance of getting informed advice than large formats</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Difficulties in finding finance for expansion</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Lack of affordable business premises for start-up or relocation in core area</td>
<td>Entry, Existence and survival</td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Lack of affordable business premises in the area that have high vitality and</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>visibility to passing customers</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Lack of availability of affordable premises close to market</td>
<td>Growth and take-off,</td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Loss of principle customers within shopping catchment</td>
<td>Cessation</td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Repositioning shops in places which lack visibility to passing customers</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Changes to street layout and access to pedestrian traffic</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Changes to land uses those help to draw shoppers</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Changes to local character and distinctiveness</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Lack of safety and security in the retail area</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Dominance of multiples in urban core area, within 1 mile of radius and in</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>catchment area of small retail businesses,</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Competition from multiples and co-operatives</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-The lack of availability of suitable property (shop size)</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>-Increased operating costs (rates, maintenance and service charge), high</td>
<td></td>
</tr>
<tr>
<td>Retail environment</td>
<td>costs involved in getting access in core area</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Author, 2014 drawing on Smith and Sparks, 2000; Levy and Weltz, 2003; Hamnett, 2000; Carley et al., 2001; Kerby, 1987; Weingaertner and Barber, 2007; Baron et al., 2001; Samshad, 2007; Coca-Stefaniak et al., 2005; Mead and Liedholm, 1998; Schmidt and Parker 2003; Parker, 1995; Churchill and Lewis, 1983; Schwartz, 1976; Hisrich and Brush, 1984; Fielden et al., 1998; Patel, 1988; Werbner, 1984; Parker et al., 2003; Walker et al., 2002; Parker and Byrom, 2000; Fernandez Barcala et al., 1999; Bates, 1976; Jones and Oliphant, 1976; Dawson and Kirby, 1979; Dawson, 1983; Yusuf, 1995)
perspective (see Table 2.1), and new risk factors caused by regeneration (see Table 2.2). Frequently, however, research on regeneration does not recognise the presence of many of the risk factors that affect small retail businesses. Successful regeneration practices might include some form of recognition of these factors. In particular, an understanding of the life stage-specific-risks affecting small retail businesses sheds light on those areas that regeneration needs to address. Small retail groups in an area undergoing regeneration may still encounter risks that predate the regeneration process, and these should also be addressed. Successful regeneration not only means resisting displacement or successful reintegration or resettlement but also means improving the situation facing small retail businesses and creating new avenues to enable the sector to perform fully.

The above discussion suggests that both regeneration led risks and the risk factors present at different stages of businesses’ life cycles need to be considered when formulating regeneration policies to ensure the success and the growth of small retail. Therefore, it can be argued that a comprehensive perspective on risk factors (see Table 2.3) is relevant to facilitate regeneration that is more responsive to small retailers.

Thus, regeneration policy needs to recognise the risk factors around businesses tenure position, financial resource position and retail environment, and their influences on the life stages of small retail businesses, which have been largely neglected to date. These factors may or may not be caused by regeneration but are nonetheless significant considerations during regeneration policy formulation (see Table 2.3). Acknowledgement of these risk factors and their negative impacts on small retail businesses is critical to ensure regeneration that takes account of the needs of small retailers.
Successful small retailing: Role of regeneration

This section reviews academic literature and regeneration plans, policies and projects in order to explore their strengths and weaknesses as regards risk mitigation for small retail businesses. It continues by considering the need to take account of context when assessing the experience of small retailers.

Tenure security

Security of tenure is considered one of the most crucial aspects for successful small retailing (Yankson, 2000; Dijk, 1983). Long-term security of tenure offers an effective guarantee against possible displacement or eviction, and is significant as both a direct control and as a means of ensuring retailers’ influence on policies (based on Sim, 1984). Regularisation and de facto recognition are both policy options applied to protect small retail businesses from displacement and eviction resulting from urban regeneration (Fourie, 1999). In Kuala Lumpur and Singapore, many of the previous illegally occupied settlements in the business districts are planned for incorporation into new ‘hawker centres’, so that small retailers are not evicted (Teang, 1991). Allowing a number of shops or premises to secure long-term leases is also an approach adopted by some policies, as a means of allowing small retailers to continue regardless of any increases in land values in regenerated areas. An example of this is the dedicated market designed solely for street vendors in the Johannesburg Central Business District (Shamsad, 2007). The strategy to protect informal activities in Colombo, Sri Lanka aims to secure business premises for informal retailers in a full and legal manner (Perera and Amin, 1994). Similarly, the Gang Manggis Land Consolidation Project in Samarinda, Indonesia, has constructed a mall only for hawkers (Samshad, 2007).

However, provision for long-term legal tenure often receives limited priority as it restricts the 'easy-exit' option for small retailers from their businesses and consumes significant public resources (Perera and Amin, 1994). Consolidation of long-term occupancy rights is sometimes prioritised, but temporary
occupancy permits, or temporary leases, remain the most common forms of secure tenure in practice. A short-term permit or lease, either renewable or non-renewable, does not protect the permit or leaseholders from eviction or removal during a regeneration process (see Table 2.4). In addition, this short-term mechanism does not secure small retailers the right to influence policies, and often the mechanism comes with limited supportive rights. However, this form of tenancy at least offers short-term tenancy rights and an easy exit option, which may be preferable for certain business types, and protects the regenerated space from illegal occupation. Temporary tenures also leave open the option of incremental improvement towards real rights in accordance with the needs and resources of individuals and the processing capacity of administrative gatekeepers (Perera and Amin, 1994). Thus, securing long-term tenure should be a policy priority. However, when securing temporary tenure is a more feasible option, that tenure needs gradually to evolve towards a greater degree of permanency, protection and security in order to furnish small retailers with more extensive rights.

Table 2.4: Tenure options

<table>
<thead>
<tr>
<th>Form of tenure</th>
<th>Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>De facto recognition without legal status</td>
<td>Guarantees against displacement or ensures incorporation of the area into a special zone protected against evictions</td>
</tr>
<tr>
<td>Regularization</td>
<td>The authorities certify that settlement will not be removed</td>
</tr>
<tr>
<td>Long-term leases</td>
<td>May or may not be transferable</td>
</tr>
<tr>
<td>Provision of legal tenure</td>
<td>Leasehold or freehold (absolute title to land)</td>
</tr>
<tr>
<td>Temporary occupancy permits</td>
<td>Renewable</td>
</tr>
<tr>
<td>Temporary leases</td>
<td>Non-transferable</td>
</tr>
</tbody>
</table>

(Source: Author, 2014; drawing on Fourie, 1999)

Tenure involves a wide and varied ‘bundle of rights’ associated with possession and use of land (Fischer, 1995). Supporting clauses in tenure agreements can enhance the ability of small retailers to afford a tenancy. Forms of incentives on rent, easy exit options and tax relief, when incorporated into tenure agreements, encourage small retailers to reintegrate into the business district after regeneration. On some occasions, support is given in the form of funding for the construction of stalls, or as business capital so that small retailers can
access the spaces provided and survive in the newly regenerated area. In addition, tenure formulae also emphasise cooperative ownership of land and may include conditions on controls over improvement to land or property as an indirect mechanism to encourage collective trust among retailers and ensure a higher quality retail environment. For example, in Durban, traders have the right to improve leased land and construct structures. In Kuala Lumpur, plans for 75 hawker centres promoted a collective form of tenure, whereby retailers pay jointly for the tenancy (Shamsad, 2007). Therefore, tenure rights have scope to include options to make tenure affordable and to ensure small retailers have some control over the retail environment.

**Box 2.1: Land pooling techniques**

| • Regularization of existing uses (e.g. sidewalks and street corners); |
| • Allocation of land reservations (e.g. river bank reservations); |
| • Development of prime vacant land (e.g. vacated railway tracks); |
| • Urban renewal/re-development (e.g. dilapidated inner city blocks); |
| • Land pooling and re-adjustment (e.g. dilapidated inner city blocks); |
| • Urban conservation (e.g. dilapidated municipal markets); |
| • Land consolidation (e.g. land parcels with very old shop houses); |

(Source: Author, 2014, based on Perera and Amin, 1994)

Managing land and arranging finance to support tenure security is critical for public authorities; Kirk et al. (2006) gives examples of a number of good practices, where policies encourage the use of unused and under used public land to accommodate small retail businesses. Land can also be secured in favour of beneficiaries through planning-related interventions in land markets and the development process (Perera and Amin, 1994). For example, planning obligations can be agreed to retain certain areas within a wider development specifically for small retailers, and to meet some of the costs incurred by the latter. A number of good land pooling techniques can also be adopted to accommodate the informal sector in various places (see Box 2.1). Policies and projects bring together community organisations, non-profit organisations and different public funds to support financing for small retailers.
Financial Resources

Hailey (1987) concludes that access to lines of credit is crucial to small retailers; but for Baron (2001), low interest capital loans and the availability of a ‘public business investment fund’ are also vital to enable potential entrepreneurs to start businesses, remain in a regenerated area, and thrive. Mead and Liedholm (1998) find that businesses not only require access to loans but also that these loans be a substantial amount. These findings combine the notion that enhancing the financial capacity of small retailers by injecting capital helps to determine the commercial viability of small retail businesses. Regeneration plans and programmes which are referred as successful, aim for securing accessible, affordable, and comprehensive loan funds, including initial borrowings by new and existing businesses in financial difficulties that are unable to secure bank financing.

It is also evident in practice that effective financing of small retailers helps them to play an active role in regeneration and thereby contributes to overall economic performance. In cases of good practice, capital is injected to provide financial support to businesses to create a suitable retail environment. As a part of the regeneration of Belfast city centre, the ‘reStore’ pilot programmes provided financial support to independent business owners so that they could improve the attractiveness of their shop frontages, create unique brands for their area and thereby better serve the market (Department of Social Development, 2009, p.2). Although there are few examples of relevant plans and practices in developing countries, there are some notable exceptions: in Kuala Lumpur, many of the hawker centres have included a provision of monetary credit facilities for the expansion of small retailers. In a few cases, capital support is also given for the construction of stalls. However, there is no indication in these cases that affordability, accessibility and the comprehensiveness of loans is being addressed (Shamshad, 2007). This, however, does not negate the need for an injection of an affordable, accessible and comprehensive range of loan funds to enhance the financial capacity of small retailers to address associated risks.
The literature reviewed in combination suggests that both scholars and practitioners view as critical the co-ordination of the non-financial needs and financial resources available to small retail businesses (Hart and Rogerson, 1989; Megicks, 2001; Hassan, 2003; Rajagopal, 2001). In a few cases, structural actions are designed according to the financial resources of the targeted small retail group. For example, in Kuala Lumpur, hawker centres are supported by financial incentives for vendors. Rent for the first three months is waived; a 50% discount is given upon failure to improve their businesses during this time and further reduction of rents can be negotiated if the situation becomes worse for the retailers (Shamsad, 2007). Other forms of structural support offered by government schemes include hardship relief, small business rate relief, provision of tax and other incentives to co-operative activity, financial training, counselling support, and practical advice on financial management (Taylor et al., 2004; Baron, 2001). Thus, the reduction of operational costs through these different options provides a means of financial support for small retail businesses.

Most direct and indirect approaches for providing financial support to small retailers are applied in practice by developed nations. In fact, arrangements for an accessible and affordable comprehensive range of loan funds by public agencies have proven difficult in the context of the severe resource constraints affecting the public sector in developing economies. In addition, ‘austerity’ programmes and pro-market policies more generally have meant the contraction of the state in many countries and a reduced willingness and ability on the part of government to finance regeneration programmes to the same extent as before (Peck, 2012). Alternative channels for resource allocation have been identified and promoted in regeneration plans and programmes using intermediaries to offset the withdrawal or contraction of the state (Sethuraman, 1997). This has been evident, for example, in cases such as the planned hawkers' centres in Kuala Lumpur. However, despite public and private sponsorship, the arrangements for credit appear to be inadequate when evaluated against need (see Yusuf, 1995 for Papua New Guinea credit guarantee programme). Regeneration initiatives are yet to devise a mechanism
to minimise dependency on external intermediaries, and maximise active financing by the small retail owners. New and innovative approaches have recently been highlighted, which include the provision of savings and credits for micro and small enterprises. This approach provides these enterprises with safe places to save or ways to access very small loans. Otero and Rhyne (1994) assert that successful savings and credit schemes, that are at least operationally self-sufficient, can generate borrower repayment rates exceeding 95%, which can be of considerable help to those that have been in existence for some time, but that have shown little interest in or capacity to grow. Although a legal framework for community finance is considered by several schemes in developed countries, its application is rare in developing economies; this can nevertheless be considered a policy option for enabling small retailers financially.

Quality of physical retail environment

Macro and micro distribution factors have an influence on the location of small retailers in cities (Dijk, 1983). Small retailers are typically concentrated in areas of high population density, adjacent to activities that generate heavy traffic flow and which have a good link with and proximity to demand sources (Dewar and Watson, 1990; Post, 1996). These factors offer convenience to retailers, enhancing the number of sales and thereby profits. Moreover, small retailers select locations close to diversified land uses and retail types to attract prospective customers to them, or are located adjacent to retailers of a similar nature so that each can benefit from the presence of complementary products and mutual customer attraction. Good links with and proximity to supply sources also increase their convenience in terms of investment and profit. Policies and programmes, therefore, are successful when they mirror the natural patterns of small retail businesses and allow them to sell legally from their preferred locations. This is a principle that underpins newly planned hawker centres in Kuala Lumpur (Shamsad, 2007). Likewise, Warwick Junction Urban Renewal Project in South Africa did not displace hawkers from their
original location; rather it recognised them and upgraded their physical retail environment (van Schilfgaarde, 2013).

Designed or designated sites for small retailing are also planned in core areas of the city and those areas with high vitality in business districts. The Delhi Master Plan 2021 identifies principal zones for the informal sector: a central business district (CBD), sub-CBD, and district centres (DDA, 2006). PasarBaru Integrated Urban Development Project, in Bekasi, Indonesia proposes a street vendor zone for the informal sector in the city centre. However, the affordability aspect is overlooked in the case of distribution factors (Tse, 1974; McGee and Yeung, 1977; Sanders, 1987; Dewar and Watson, 1990).

Availability of affordable business premises in core areas is a crucial factor determining the location of small retailers. Yankson (2000) argues that securing access to suitable business locations and providing appropriate space are among the most important issues for the accommodation of small retail in the built environment. Since all these macro and micro ecological distribution factors increase their propensity of success, they are vital policy considerations for any scheme to accommodate small retail businesses.

The attractiveness of a shopping location is important in drawing shoppers to the area. Baron et al. (2001), and Smith and Sparks (2000) found that attractiveness depends on accessibility to shops and shopping areas and the high visibility of the shop to passing customers (i.e. permeability). These factors increase security and safety in shopping areas; they also reduce frustration, improving convenience for shoppers. In reference to city centres, Bromley (1985) calls for a planned accommodation scheme to ensure these factors and underscore the usefulness of providing improved, planned retail environments. Improvement to the physical accessibility of business centres also has policy significance. Retail planning policies often involve the selection of sites for retail development, which are accessible using a variety of means of transport (see Guy 2006, 2009). Proposals for citywide plans emphasise improved transport
links between deprived neighbourhoods and business districts with the aim of connecting the latter to their principal target markets. Good practices of renewal plans and strategies propose premises for small retailers, which are accessible, legible and permeable to passing customers (Warwick Junction Urban Renewal Project in Shamsad, 2007). Free movement of pedestrian traffic is encouraged by improving pedestrian access, maintaining a certain distance between stalls and segregating pedestrian traffic from vehicular traffic (as with planned hawkers’ centres in Kuala Lumpur, outlined by Shamsad 2007). Therefore, accessibility, legibility, permeability, safety and security are especially important aspects among the many that determine the quality of the physical retail environment for small retailing.

A visually attractive and functionally efficient shopping environment plays a critical role in determining the appeal of a place as a retail destination (Watkin, 1986). Consumers prefer to be in an attractive shopping landscape that has its own identity, with a distinctive local character and friendly physical appearance, providing diversity in terms of landscape, choice and colour (Davies and Harris 1990; Brown, 1991). Variety of retailing, the specialist nature of many independent retailers, the shop format, shop front and physical appearance contribute to the creation of these factors (Smith and Sparks, 2000). It is noteworthy that small retail premises typically have "a cluttered and less tidy physical appearance" that poor and middle-income class shoppers find perfectly acceptable (D’Andrea et al., 2006, p.665; Berry, 2001). However, in practice, renewal projects aim to create efficient and safe conditions to support small retailers. The Warwick Junction Urban Renewal Project introduced infrastructure and facilities that are visible, secure and attractive, as well as appropriately designed (Dobson et al., 2009). ‘Shop-easy’ government programmes in the UK aim to improve the competitiveness of small retail businesses by improving the design, layout, and size of the shops and making the character of the premises and areas distinct and attractive (Lindgreen and Hingley, 2009). The key criteria for a healthy retail sector in the UK Planning for a Sustainable Future White Paper includes a good retail mix, choice, diversity, preferred shopper formats and a robust physical fabric (HM Government, 2007).
Thus, safeguarding and creation of these factors is necessary for regeneration that can ensure the attractiveness of a shopping location.

Small shop sizes are beneficial for small retail businesses at entry level, since this reduces costs and facilitates entry into the retail sector. However, when businesses grow, they require larger shops to support growth. Successful initiatives often recognise this need and provide affordable shop units of appropriate and varied sizes according to the need of both market and small retailers. Glasgow Estate Centre refurbishment includes Kiosks with an inbuilt ‘failure clause’ as low-risk ‘stepping-stones’ into retail. In fact, if businesses do well owners can further flourish by renting available shops (Carley et al., 2001).

Baron et al. (2001), by referring to cases in the UK, note how the presence of large-scale chain shops within a mile radius of small shops can undermine the latter’s success. To control the dominance of large retail units and safeguard small retailers, planning policies and regeneration plans in some cities have adopted measures to restrict large-scale retail businesses and contain their growth beyond the urban core.

Larger retail formats are restricted to certain locations, in order that there is no conflict with the catchment of small retail businesses. For example, the Royal Borough of Kingston upon Thames in retail Policy no SUR2 states that the council will try to increase the provision of small retail units and that development for larger retail units will only be accepted at two locations (Roger Tym and Partners, 2010). The Delhi Master Plan 2021 proposes incorporation of a certain number of medium and large retail units within close proximity to small retail units in a planned development of various zones (DDA, 2006). Therefore, regulating the presence of large retail units influences the creation of a supportive retail environment to promote successful small retailing.
Table 2.5: Policy aspects linked to successful small retailing

<table>
<thead>
<tr>
<th>Success factor groups</th>
<th>Policy aspects</th>
</tr>
</thead>
</table>
| Tenure position       | -Long-term tenure security through ’regularisation and de-facto recognition’  
                        -Places and premises for long-term lease and freeholds  
                        -Rights to collective form of tenure  
                        -Rights of users to improve or have role in improvement of land or property  
                        -Smaller units, spaces and temporary occupancy permits or temporary leases  
                        -Incremental up-gradation of temporary tenures to real rights  
                        -Integration of supporting clauses in the tenure rights mostly on various forms of incentives on rents, easy exit option and tax relief to enable small retailers to afford temporary leases  
                        -Financial enablement of retailers through cooperative ownership of land & funding for construction of stalls and business capital |
| Financial resource position | -Comprehensive range of accessible and affordable loan funds at entry and at life stages  
                               -Financial support for creating suitable retail environment  
                               -New legal framework for community finance  
                               - Provision of savings and very small amount of credits for the micro and small enterprises  
                               -Direct financial subsidy and incentives in various forms to help small businesses during the transition period and to reduce operational costs for the businesses with hardship  
                               -Counselling supports and practical advice on financial management  
                               -Encouraging training in finance |
| Location               | -Safeguarding existing agglomerations of retailers  
                        -Sites for small retailing in the areas with high vitality and good retail mix  
                        -Link to supply and demand sources  
                        -High population density in surrounding area  
                        -Principle customers within shopping catchment  
                        -Proximity to activities those generate population movement, public functions and shopping uses  
                        -Affordable shops for start-up and relocation at core area  
                        -Availability of affordable premises at prime location |
| Accessibility & quality of shopping environment | -Sites are accessible and well served by a choice of means of transport  
                                           -Improved city wide transport link  
                                           -Planned places for small retailing, where stalls are physically accessible and visually permeable to passing customers  
                                           -Pedestrian friendly planned places for small retailing  
                                           -Efficient, safe, and sanitary conditions  
                                           -Visible, secured & appropriately designed infrastructure, facilities & services  
                                           -Improved design, layout, size of shops, facade of buildings and signboards towards distinct and attractive local character  
                                           -Acceptable physical appearance  
                                           -Diversity in land uses and retail  
                                           -Specialist nature of small retail businesses |
| Retail industry        | -Limited multiples within 1 mile of radius from small retail units,  
                        -Restriction on development for larger retail units in certain areas  
                        -Acceptance of certain number of medium and large retail units within close proximity to the small retail businesses in planned zones  
                        -Effective differentiation of small retail businesses from multiples |
| Retail form            | -Affordable shop units of appropriate and varied sizes |

(Source: Author, 2014 based on review of literature)
Success in small retailing, therefore, depends on existing and prospective small retailers’ access to secured tenure, financial resources, and a supportive retail environment. This section establishes that planning and regeneration policies can protect and benefit small retailers through and beyond the regeneration of business districts (see Table 2.5). For example, policies for de facto recognition, right to collective tenure or permission for a small retail unit may increase the chances of secured tenure for small retailers. Again, planning as well as regeneration policies can deliver rules for financing or subsidised space allocation to ensure that retailers can afford to secure tenure, invest and create the necessary retail environments.

Figure 2.2: Influence of land use planning framework on business district regeneration
(Source: Author, 2014)

Nonetheless, the presence, composition and detail of national and local level long-term planning policies on retail and business district regeneration can have important consequences for small retailers. National and local level planning policies, regeneration frameworks and site-specific development proposals relevant to the regeneration of business districts can play an effective role in
determining success of small retailers. Often existing laws for protecting small retailers unburden regeneration policies and provide guidelines to secure the interests of small retailers in the process of business district regeneration (Coca-Stefaniak et al., 2005). Site-specific targeted plans for mitigating the risks faced by small retailers also can have a regenerative impact on business districts. As the framework for land use planning has great influence on regeneration of business district (see Figure 2.2), an appropriate focus is necessary on the planning and regeneration policy framework to ensure that regenerative initiatives reduce the risks small retailers encounter and to secure other success factors.

Neoliberal planning, policies, regeneration and the interests of marginal groups

It is widely noted in the research literature that in the politico-economic rationality of neo-liberalism, when decisions are made, public policies and urban restructuring often have a devastating impact on marginalised groups. Such groups include small retailers, who experience increased exclusion and displacement (Harvey, 1989; Graham and Marvin, 2001; Bhowmik, 2003; Purcell, 2002). This section investigates key discourses concerning neo-liberal informed public planning, policies and regeneration, while reflecting on the needs of marginal groups. The first subsection explores the context of business district regeneration and the changing politics of urban planning with reference to the neo-liberalism. The second subsection critically investigates the implications of this for meaningful participation by marginal groups in planning and decision-making. The third subsection then looks at the nature of neo-liberal regeneration policies and practices in terms of their inclusiveness.

Cities, regeneration and public planning

Neo-liberal ideology demands that cities promote economic growth by mobilising internal capital and raising resources locally with the longer term aim of boosting urban economy (Boyle et al., 2008). This, in turn, is viewed as a
means of contributing to national economic competitiveness (Wilson and Grammenos, 2000). This notion is captured by the competitive city paradigm, which posits that ‘in a context of rapidly changing local, national and global conditions … cities are challenged by an intensifying competition over international investments’ (Summer, 2006, p.1). In the competitive city paradigm, a city needs to be capable of inserting itself positively into global tracks of capital, with the capacity to secure its place as a competitive hub (Begg, 1999; Jessop and Sum, 2000). This in turn requires the development of new modes of urban planning and governance, aimed at supporting business by dismantling bureaucratic restrictions on capital and developing interventions that can best attract new investment (Athique and Hill, 2007; Brenner and Theodore, 2002; Swyngedouw et al., 2002). Re-imaging, place creation and a new emphasis on branded localism are key attempts in this (Boland, 2007). They help to reinforce the competitiveness of cities in attracting corporate investment, high-class consumers, skilled labour and the ‘creative class’, and tourists (Soja, 2000; Fujita, 2001). Planning and regeneration policies, as part of this, is said by some authors to focus increasingly on the creation of ‘up-to-date’ CBDs with high-rise ‘up-market’ residential blocks, high-end businesses and booming financial districts (Summer, 2006). Policies also increasingly prioritise the creation and maintenance of cultural districts, high-tech transport nodes (Johansson, 2007) and ‘heritage’ architecture as a new externally focused place marketing tool (Brenner and Theodore, 2002, p.368; Mahadevia, 2002).

This neoliberal inflected politico-economic rationality asserts that the key role of public planners is promoting market-driven economic growth (Sager, 2011). A mode of governance is therefore needed that can produce local citizenship behaviour that adheres to market rationality and is compatible with the capital accumulation (Zunino, 2006). This mode of governance also implies that planning institutions reduce their expenditure, scale back their responsibilities and ‘interfere’ less in local markets. This is part of a wider pro-market logic wherein the private sector, rather than state actors, can play a lead role in promoting and regulating development (Peet and Hartwick, 2009). Related to
this, deregulation involves public planning powers increasingly accrue to NGOs, civil society, local communities and private actors and agencies (Rogers and Hall, 2003).

**Emerging characteristics of the decision-making process**

Neo-liberalist ambitions are legislated unequally and partially through the practice of spatial planning (Sager, 2011, p.149; Andersen and Pløger, 2007; He and Wu, 2009). However, transformations in urban planning have orthodoxly been reported through explanations of an entrepreneurial city and competitive city paradigms (Hubbard and Hall, 1998; Mahadevia, 2002; Chatterjee, 2011). In numerous interpretations of both these paradigms, city level planning and governance are reorganised around facilitative planning approaches that demonstrate market rationality (Jessop, 1997). This includes flexible modes of planning, simplification of the public planning process, and the acceleration of public inquiry measures and preparation of the development plan (Prior, 2005). Public institutions engaged in urban planning often hire private consultants to assist them (Higgins and Allmendinger, 1999), or choose to outsource planning activity. To ensure the production of large-scale improvements as well as economic efficiency, public planning is reliant on the private sector for funding, implementation and management of urban regeneration. This dependency allows the market to discipline politics rather than allowing politics to dictate the market. The implementation of broad neo-liberal public policies for urban regeneration often necessitates the establishment of new associations or institutions operated by boards, which is dominated by the members from the private sector. National governments typically devolve power to quasi non-governmental organisations, as a means of replacing local authorities. This form of devolution is also extended to urban planning authorities (Haughton, 1999). Such organisations then become “the lead agents in planned urban regeneration, resulting in a commercially realistic and flexible mode of planning...primarily ... orientated to the short-term needs of private capital” (Oc and Tiesdell, 1991, p.312) that allows private developers to dominate the plan-making process (Shatkin, 2008). A consequence of
private involvement is that countries have observed a shift away from long-term comprehensive planning and towards property-led planning aimed at bolstering economic growth (Sager, 2011). Healey (1992) asserts that it is now commonplace for projects initiated by the private sector to be prioritised over existing public plans, with the latter then modified accordingly. Therefore, the emerging characteristics of the neo-liberal planning process include a simplified public planning process, a determined downsizing of local government (deregulation) and the desire to privatise a segment of the residual sphere of regulation (outsourcing).

Echoing Goonewardena (2003), Sager (2011) asserts that deregulation and outsourcing are reducing the scope for political involvement by (and dialogue with) citizens. Galjart and Silva (1995) and Taylor (1998) argue that the emphasis on inducing economic growth leads to technocratic modes of governance that provide little room for citizen involvement. Zunino (2006), in her case study on China, reports that public planning policy decisions take place in a negotiated closed process between intellectuals, political leaders and elite investors, and that no input from the surrounding community is considered in any meaningful way throughout the process. This is linked to arguments that including a variety of citizens in the planning process has time and cost implications which detract from the pursuit of economic growth. Lee (2007) finds that when public planning retreats from regulating capital, and more and more decisions are made in reference to the free market, powerful corporate actors increasingly assume power.

These forms of governance are embodied by development corporations. Such boards are over represented by members from the private sector and they offer limited or no political accountability to the public. Development corporations often represent a “new closure of urban politics, [a] politics of exclusion, especially of local community groups” (Imrie et al., 1995, p.31) and disregard local accountability (Deas et al., 2000). The policy process for large-scale urban development projects mostly results from informal decision-making
entities (Zunino, 2006), which are “less democratic and more elite-driven” (Swyngedouw et al., 2002, p.542); participation in the process become a largely legal placatory mechanism, or a fig leaf intended to conceal a reality in which meaningful involvement is absent (Till, 2005 in Luck, 2007). The use of a strong economic rationale for public planning transfers democratic power from citizens to elites and encourages the emergence of new governance practices led by the elite and closed to citizens (Fuller and Geddes, 2008 in Guarneros-Meza and Geddes, 2010). Marginalised citizens fail to engage in dialogue as they feel powerless and isolated and lack any control or ownership of the process (Agyeman and Evans, 2004). Thus, acceptance of private sector led regeneration means that private entrepreneurs are less susceptible to political criticism. It is harder for citizens to put pressure on quasi-governmental organisations, private operators, and investors and to play an active role, even when regeneration projects that represent a potential threat to inclusiveness are being considered.

Running counter to arguments that neoliberal reforms to public policy have limited the scope of citizen involvement (especially of marginal groups), there is evidence in the research literature of principles of participatory democracy and deliberative democracy are increasingly becoming components of planning practice. Rights in a modern liberal democracy aim to facilitate an individual’s involvement in decision-making. In this democratic setting, it is argued, “the greater the level of popular participation, the more the needs of the poor and marginalised are met” (Purcell, 2007, p.199). Participatory democracy seeks to develop energetic, wise and active citizens (Barber, 2004). In relation to deliberative democracy, Habermas (1970) calls for the ‘ideal speech situation’; that is, where everyone has an equal opportunity to participate in deliberation. All individuals potentially affected by any decision participate in deliberation in a meaningful way; any power differences between participants are neutralised for the purposes of deliberation (Habermas 1993, 2001, p.102 in Purcell, 2009). In the ‘ideal speech situation’, each individual must be willing to empathise with the arguments of others, and remember that the aim is pursuit of common interests and not self-interest (Cunningham, 2001). It is therefore crucial to
seek to include more marginalised participants, so that corporations cannot control the process entirely.

Fundamentally, all these ideals aim to secure access for the marginalised to the decision-making process, in a manner that offsets the involvement of corporate or policy elites. However, poverty, unemployment, isolation or a combination of all these tend to lead to some individuals having less power within society (Agyeman and Evans, 2004). Athique and Hill (2007) contend that lack of knowledge about education, resources and democratic rights amongst marginalised groups act as barrier to power; as a result, these groups struggle to play an appropriate role in decision-making. When policy documents, project briefings, media and public engagement become political tools aimed at gaining peoples’ support to construct selective business and new cultural climates, the public – and especially marginalised groups – find it hard to secure involvement in the “new urban politics” (Wilson and Grammenos 2000, p.366). The central issue here is that neo-liberal planning places enormous responsibility on the market to address social problems (Fainstein, 2001). Additionally, when public planning emphasises the economic goals of the decision-making process, this can be at the expense of popular democratic rights. Rowe and Shepherd (2002) state that public participation and planning in the age of neo-liberalism is often considered a means to increase organisational learning and administrative efficiency, rather than to empower users and enable them to exercise their rights. Skilful management of the decision-making process requires that the interests of capital be well served (indeed it is a requirement), even if this undermines the interests of marginal groups.

The ideals mentioned above neglect the fundamental issue that structural inequality of power, opportunities and resources is ingrained in society (Flyvbjerg, 1998a; Purcell, 2009). It is doubtful whether the financially and politically weak are in a position to access equal opportunities to engage in deliberation and contribute meaningfully to the planning process (Task Force on Inequality and American Democracy 2004 in Purcell, 2009; Young, 2000). To
some authors, the emphasis on market logic and economic efficiency, sometimes at the expense of democratic rights, means that the planning process is controlled more exclusively by policy and corporate elites, while marginal groups are excluded (Purcell, 2007).

Actors engaged in public planning are adopting new urban politics to ensure public support for market capitalism and growth-oriented policy (Borja et al., 1997). Policy documents, project briefings and public engagement, it is argued, are political tools, used to ensure that people see the ‘reality’ of competition and the supposed necessity of building a lucrative business in all cultural climates. Public-private ventures into financing malls and cultural facilities are often advertised as innovative and necessary mechanisms for making competitive cities that are able to secure economic growth (Evans, 2009; Robertson, 1995; Hartshorn and Muller, 1989; Balsas, 2004). There is evidence that even the financing of 21st century commercial centres and mega projects, whose direct benefits are widely acknowledged as of marginal benefit to low-income city people, are trumpeted as essential for economic progress in the city (Wilson and Grammenos, 2000). Some authors argue that often policy documents and projects claim that regeneration will bring “major city-level benefits” and that they will ensure equity and justice and benefit marginal groups (Desai, 2006). These promises have become rhetorical for many cases worldwide; in practice regeneration often undermines local need and the inherent fragmented interests within the city. The public, specifically the marginalised, find it difficult to understand the new politics behind place making and place marketing and struggle to gain from spatial improvements. Desai (2006) notes that the Sabarmati River Front Development Project, India, initially promised to rehabilitate then existing 14000 informal settlers in the project area, allocate space for informal markets to support their livelihood and rejuvenate local economy by contributing to city competitiveness. Over the last decade only 200 families were relocated, and relocation of the rest remains uncertain. The project has been further extended twice to increase its spatial coverage but the added land has been allotted entirely for elite use and development; “the areas marked as green are few and there are no areas marked for the use of lower
classes and the urban poor” (Desai, 2006, p.8). Through “multiple and shifting terrains of compensation, fragmentary evictions and piecemeal resettlement” state authorities tackled grass-root oppositions and gentrified the riverfront (Desai, 2012, p.50).

It is argued by some authors that when elite actors in the field of public planning and decision-making work within a framework of entrepreneurial rationality, they enjoy the scope to abandon or twist democratic principles that act as barriers to the wider entrepreneurial agenda (Guarneros-Meza and Geddes, 2010). Alternatively, the social, economic and ethical substance of regeneration is relevant to these principles, as it can act as a determinant of further public and private project planning; these elements are determined when the entrepreneurial agenda is filled out (Lovering, 2007). The elites in growth coalitions are more prone to shape these principles and to attempt to safeguard the capital accumulation with the support of institutions. The public, however, with the patronage of political groups sometimes resists project plans. In these cases, it is argued, growth coalitions adopt values, principles and project elements that nominally support the perspectives of oppositional groups, but which can be used as political tools for gaining public support about the need for policy to focus largely or exclusively on economic growth (Desai, 2006). Ultimately, though, principles of democracy, transparency, equity and justice are hard to integrate fully as guiding principles for future pro-marginal-group planning, because of the entrepreneurial rationality of neo-liberal planning.

In a climate of neoliberal infused policymaking, it is argued by some that “morality is seen simply as a matter of rational deliberation about costs, benefits, and consequences” (Brown, 2003, p.6). The politico-economic rationality of decision making is said to present social-welfare arrangements as anti-competitive costs, and social investments as incompatible with the overriding objectives of economic growth (Peck and Tickell, 2002). “Social welfarist concerns can only be addressed after growth, jobs, and investments have been secured and even then in no more than a truncated and productivity
fashion” (p.394), although equity is seen by some as a critical precondition for sustained economic growth (Chakravorty, 1999). Neoliberal economic theories focus on capitalist modes of space production, whereby space refers to commodities in the market and spaces need to produce goods to supply the interests of capital (Castells, 1977). Within entrepreneurial and capitalist rationality, the production of collective goods, i.e. those that are not marketable for profit, acts as a barrier to maximising profit by introducing anti-competitive costs. “It is not difficult to shape a participatory process to ensure a narrow range of decisions that are compatible with neoliberal ends” (Purcell, 2002, p.201). Within neoliberal economic rationality, public institutions typically fail to enjoy total autonomy as regards the articulation of local interests. The interests of pressure groups and social tensions must be voiced through economic rationales (Sager, 2011). Resulting policy decisions towards small retail sensitive business district regeneration are challenging when public planning concentrates mainly or exclusively on pursuing neoliberal rationalities for promoting economic growth.

Regeneration policies, practices and the marginal groups

The following discussion looks at the nature of neo-liberal regeneration policies and practices in terms of their inclusiveness. This discussion explores literature on the influence of neo-liberal ideas on planning and inclusivity and on urban regeneration policy and practice.

A pro-growth focus is central to neo-liberal thinking on the role of policy. Such a focus results in new forms of spatial regulation in practice. An important neo-liberal perspective on public planning is that traditional zoning should ‘promote investment and improvement in targeted areas’ (Sager, 2011, p.170). In support of this, policies in many cities legalise broadly defined land use zones and mixed-use zoning districts (Hirt, 2007; Staley and Scarlett, 1998 in Sager, 2011, p.170) so that investors can enjoy more freedom than they have previously to create up-market land uses. Aside from the less restrictive zoning ordinances, “inner city zones can be made business friendly by offering
economic incentives” for companies to invest there (Sager, 2011, p.170). Zones are designated for new real estate projects in the most profitable locations, free from former unpleasant uses and any negative external impact from neighbouring activities (Ranasinghe and Valverde, 2006). Investors get preferential treatment for selecting these zones (Sager, 2011); by contrast, areas that are unattractive to investors are proposed for less productive land uses. Van Melik et al. (2009) assert that it is hard to deny that policies enable investors to regulate and limit the access to business districts of uses that do not benefit economic goals. For social justice to prevail, it is argued, the city centre should be a place wherein the common good is pursued; it should be accessible even to uses deemed unsuitable or inappropriate, as long as they act lawfully (Mitchell, 2003). Neo-liberal policy instruments and associated regulatory supports are devoted to facilitating and protecting the interests of investments, at the expense of efforts to improve the conditions of the economically deprived (Turner, 2002; Gleeson and Low, 2000). The goal here is to facilitate development and economic growth (D’Arcy and Keogh, 1999; Turok, 1992).

Minimalist regulations and deregulation give real estate companies and regeneration partnerships unprecedented political and economic control over the construction of project plans (Weber, 2002), representing a profound shift away from the original redistributive and regulatory goals of public planning (see Wilson and Grammenos, 2000). Instead, redevelopment projects have grown in size and extent and are intended to develop land mainly to maximise the profit of urban elites. Sometimes, small places are incorporated into the plans for informal markets or for getting public support, which appear disproportionate when contrasted with proposed up-market exclusive uses. As time progresses, the later phases of projects entirely exclude or reduce the uses for marginal groups and the urban poor to a considerable extent (see the case of Sabarmati Riverfront development project in India in Desai, 2006). Sager (2011, p.169) contends that “the success of private companies is more important than the realisation of public plans” for the pursuit of growth and economic rationality, which delimit the scope when creating a place where all economic classes can
pursue dignified and creative social and economic activities that are relevant to their needs.

Schilcher (2008) argue that neo-liberal urban policies view people as consumers. Within the current economic rationality, affluent urban residents gain from policies as they can afford to pay for goods – provision of adequate opportunities are denied to poor and less well-off people. The ‘Washington Consensus’ makes it clear that public spending on subsidies and pro-poor services and infrastructure is wasteful in comparison to broad-based provision for economic growth (Williamson, 2004). What this scholarship indicates is that a pro-growth focus has the tendency to drive public planning away from a value and ethics led role, leading to greater inequality and unjust regeneration outputs, which adversely affect marginal economic groups (Desai, 2006).

Neo-liberal urban policies are directed in part towards creating and fostering competitive regeneration markets (Peck and Tickell, 2002), in line with wider market rationality. The public sector’s role in regeneration is often one of facilitating the creation of developable spaces via the provision of infrastructure or investment in site preparation. It also sometimes involves the provision and maintenance of services that can attract future private investment, and offering data and information for prospective (private) investors. Lee (2007) claims that these kinds of land and property-led regeneration policies, and financial support that is attractive to the real estate and property development industries, is likely to drive up the value of the sites offered for projects. Some authors argue that developers use this opportunity to influence large-scale regeneration, using their financial and political power to enable state support for development that maximises profit. He finds that most large-scale programmes in Gwangju, China have been implemented from the top down, by elites. With entrepreneurial support, they have accumulated and expanded their profit basis and produced spaces that generate a maximum exchange value but diminish opportunities for the financially weak in the society. Without preferential treatment, financially
less well-off investors are less likely to choose to participate in regeneration opportunities (Sager, 2011). Thus, pro-growth regeneration agendas, it is argued, risk creating a further power imbalance in cities.

Neoliberal planning paradigms commonly espouse the decentralisation of power, facilitative participation, and inclusive partnerships, which are called ‘Popular Participation’ (Purcell, 2007; Kohl, 2002). The focus on distributing power to local organisations, including business communities and various social groups, as the part of “the promotion of social equity initiatives and the 'democratisation'” in support of market-led growth (Vergara, 1996 in Laurie and Marvin, 1999, p.1402). However, mobile capital and the dominating entrepreneurial class are drawn by pro-growth agenda to reduce local controls over regeneration (Laurie and Marvin, 1999).

Concentrating on market logic, much urban planning is unconcerned with unequal and unjust spatial outcomes. Instead, the argument runs, “the allocative mechanisms of the market” can naturally manage these issues (Ward 2004 in McGuirk, 2005, p. 60). This view advocates that the market can resolve any economic and social problems (Peck and Tickell, 2002; Ward, 2004). Regeneration policies designed to support areas should “anticipate, complement, and in some cases mimic the operation of competitive markets” (Peck and Tickell, 2002, p.394) and follow the logic of the supply and demand, since this is efficient and equitable within market rationality. According to neoliberal theories, the supply of commercial space depends on attaining supply-demand equilibrium. This means in theory that when supply is equal to demand it will produce space with optimal use values. In a free market economy, economically, politically and socially stronger players have the scope to generate use values that benefit them while diminishing opportunities for others; thus, the supply may not be equal to demand. However, in many neoliberal economies, when this is feasible, restricted planning policy interventions such as application of planning obligations or economic incentives like subsidies are provided for improving overall social utility and for
internalising third party costs. Market driven interventions are designed to reduce market imperfection, and to redress economic injustices and the problems associated with negative externalities. When monetising total costs is not an option and negative externalities are significant, representative democracy or other forms of correction are also considered to address the situation. Government laws and regulations, such as setting standards, targets, or process requirements, are also used to address negative externality. Capitalist elites control politics, thus solutions to negative externality may promote political or legal conflicts. Restricted interventions still require that people act rationally. With extreme power imbalances present in developing economies, rational acts are almost impossible. A negotiation process between the weak and the developers is not possible without active intervention from public planning agents, which is in opposition to the entrepreneurial agenda. Deregulation and outsourcing have “reduced scope of public planning to act as a tool for correcting and avoiding market failure” (Gleeson and Low, 2000, p.135). Thus, broad based growth agendas, and emphasis on the market logic of public planning, are inconsistent with attaining greater social equality and justice.

![Diagram: Local factors and embedded neo-liberal planning and regeneration](source: Author, 2014 based on Peck et al., 2009)
To summarise, there is a wide body of literature which asserts that planning increasingly emphasises the importance of economic growth and the neo-liberalisation of public policy is therefore based on consensual acceptance of the foundational principles of market capitalism. Neo-liberal orthodoxy, this body of literature contends, typically privileges closed and the elite led decision-making processes, and prioritises policies and projects that pay limited attention to the needs of marginal groups or to issues of social or spatial justice more generally. Efforts to promote citizen participation and involve marginal groups, it is contended, tend often to be tokenistic, and popular inclusion is subordinate to the interests of political and economic elites. This, in turn, helps shape the context in which regeneration policies are developed, and influences the experience of regeneration amongst small retail businesses, as one category of marginalised group.

The complex and contested ideals of neo-liberalism are a fundamental logic shared around the world; but, to date, no country “has implemented a prototype of neo-liberalism featuring all its theoretical characteristics in a pure form” (Sager, 2011, p.149). ‘Actually existing neo-liberalism’ (Brenner and Theodore, 2002, p.352) ‘is not so much a unitary top-down force as it is itself organized by situated practices’ (Desai, 2006, p.2) and associated with distinct path-dependent outcomes (Brenner and Theodore, 2005, p.102-3). The neo-liberalisation process involves tensions, contradictions and negotiations in search of a market-driven transformation and process that is continually evolving. Forms of ‘actually existing neo-liberalism’ differ between geographical locations, and are defined by “locally inherited institutional frameworks, ‘policy regimes, regulatory practices and political struggles” (Brenner and Theodore, 2002, p.349). Consequently, the influence of neo-liberalism on the planning ideals, the process, policy, and regeneration at the local level are defined and organised by distinct local factors as shown in Figure 2.3 (Peck et al., 2009). Accordingly, the nature of existing neo-liberal public planning, policies and regeneration practices, including their influence on already marginalised groups, has every possibility of varying at a local level.
Adequate conceptualisation of actually existing neo-liberal planning process, policies and regeneration practices in a local context is vital to capturing this uniqueness. It should recognise local peculiarities in the form of the political struggles of marginalised groups associated with the policy process, the pursuit of market-driven transformations in policy and situated practices of business district regeneration. It should also recognise the importance of local struggles and issues that could then be linked to the attainment of small retail responsive business district regeneration.

Summary

This chapter has discussed a selection of literature related to the role of regeneration in ensuring success for small retailers. The role of urban regeneration in relation to the conceptualisation of the risks and problems that small retailers experience is outlined. Although, in the last three decades, a branch of literature drawing attention to the implications of regeneration induced development for small retailers has emerged, it should be recognised that such retailing already faces intrinsic risks and challenges in the absence of regeneration (or even as consequence of lack of regeneration). There is every possibility that the regeneration process would be unsuccessful if it failed to recognise and respond to existing risks affecting the life stages of small retail businesses. The role of regeneration on the conceptualisation of risk is particularly relevant; when literature draws on risk factors that are associated with life stages it is often not explicit about the dangers stemming from regeneration policies. Conceptualisation must therefore recognise that the role of regeneration is not limited to resisting displacement or unsuccessful reintegration of small retailers. Instead, it can actually address the prevailing issues encountered by small retailers, thereby improving their situation and outlook, allowing them to function optimally. This necessitates an understanding of all the risks and problems experienced by small retailers if a more holistic regeneration policy is to emerge.
Supportive regeneration policies are vital in responding to the risks small retailers experience given the responses that are applied in practice, which often require resolution of local regulatory frameworks and political practices. Literature from different fields has identified a number of measures and their strengths in mitigating risks. Although not all the measures are linked to regeneration, they contribute to the theoretical construction of small retail sensitive regeneration polices. The suitability of such policies to the local context, however, depends on the appropriateness of area-specific policy responses relative to a background of localised risk factors.

Failure to develop and apply supportive regeneration policies, some authors have argued, is associated with the dominance of neoliberal principles as the basis for planning and regeneration policy, prioritising economic growth and inculcating more general market rationality. This has involved restructuring the role of the public sector via downsizing and privileging the interests of finance and development capital. In this context, the exploration of local political struggles as they affect marginalised groups such as small retail businesses shed further light on the reform of planning and regeneration policy. The following chapter outlines the methodology applied in this thesis.
CHAPTER THREE: METHODOLOGY

Introduction

This chapter outlines the development of an analytical framework for the research, and explains the basis on which the methodology for the study has been constructed. The chapter begins by introducing pragmatism as the philosophical position, explaining its relevance to the research and the implications for the study design. The chapter then defines the analytical concepts employed as part of the research and introduces the associated elements explored with reference to the large cities of Bangladesh. By applying the elements of study stated in the analytical framework, the next section presents the research questions and specifies the types of data required to address them. The chapter then provides a justification for the selection of a mixed-methods embedded case study approach through which to address the research questions. This is followed by a section introducing Khulna and its CBD, with an explanation of their relevance as case study areas. This provides the context for using multiple methods linked to a sequential study design for data collection. The final section outlines the triangulation procedure.

Pragmatism and its relevance

Underpinning this study are philosophical assumptions rooted in pragmatism and fallibilism as the basis for social inquiry. The fallibilist epistemology asserts that human beings might not be right about their understanding of the world, and so constructed knowledge based upon them may not be true (Margolis, 1998; Carrier, 1993). However, the fallibilist epistemology does not assume the falsity of all beliefs; rather it acknowledges only some potential for falsity in the accumulation of knowledge (Brueckner, 2005). Thus, Kompridis (2006) writes that fallibilism requires an openness on the part of the researcher to new evidence, new arguments, and new experiences to revise, refine or withdraw some previously held belief or position. Dewey (1939) adds that we begin in a situation, which is objectively unknown and will transform during the course of
Chapter three: Methodology

the inquiry; thus we need to understand the problem by describing its elements and identifying their relations. Broadly, an empiricist approach to the study of inquiry is central to pragmatism, where the role of previous sense experience and evidence as discovered in experiments is crucial in the formation of ideas for the evaluation and transformation of institutions and practices (Sosa, 1993; Rorty, 1991).

In terms of interpretation and acceptance of new opinion, pragmatism suggests that researchers should be free to criticise and revise accepted human views of the world and propose new ‘vocabularies’ – systems of classification and description (Rorty, 1995). Since human beings are fallible by nature, researchers guided by pragmatist ideas do not evaluate these vocabularies by seeing if they enable them to discover the truths, but instead assess them by seeing how these vocabularies help them to achieve their goals (Rorty 1991; Putnam, 1995; Hookway, 2007). James (1907, p.34-35 cited in Hookway and Christopher, 2010) adds that a true idea ‘marries old opinion to new fact so as ever to a show a minimum of jolt, a maximum of continuity’.

Existing knowledge about the challenges small retailers experience are neither false nor true and are not generalizable in all spaces and times. The views and positions that the knowledge constructs help in understanding and interpreting the nature of challenges for small retailing, the influence of these challenges on successful retail life, and their relationship to the regeneration of business districts. However, it is clear from the existing literature that the challenges are identified only by partially recognising the full potential of regeneration in addressing these challenges. Thus existing knowledge fails to realise fully the scope of regeneration in benefiting the small retailers. Yet, knowledge on the challenges affecting small retailers sets an objective basis to identify the associated risk factors from the perspective of regeneration. However, practical solutions necessitate further detailed understanding of these factors, their relationship to and influence over the challenges confronting successful retail life at a local context. Small retailers found at a given space should construct
their needs through identifying their challenges, and there is a possibility that their character and perspective will differ significantly from those identified elsewhere. Thus, a central pragmatic research question is relevant here in this study, with the aim to explore and understand the problems of small retailers at a given context and the factors responsible for these problems from the experience of small retailers.

The conceptual construction of potential policies for successful small retailing as outlined in chapter two uses relevant established beliefs and existing knowledge and practices, although not all of these are confirmed though reflective inquiry. This is undertaken because the recognised knowledge and ideas are revisable and extendable by investigation during the research. In addition, concrete logic to justify each of these beliefs about policy solutions are not provided in this thesis since these policy solutions need to be changed based on the practical situation in each case. The conceptual construction of potential policy solutions does not reflect the interests of small retailers in all contexts and may be illusory in a particular local context. However, prior knowledge of policy solutions is suitable to use as a base for further investigation, and can act as an objective basis to evaluate the adequacy of suitable policies that meet the needs of small retailers. Therefore, the adequacy and suitability of policies addressing the needs of small retailers need to be investigated to identify the practical policy solutions and shape planning practices in a local context, reflecting the philosophy of pragmatism.

The contributions of other studies on the nature of neo-liberal planning and regeneration and its impact acts as basis for exploring issues of planning and regeneration in a particular context. Suggestions from policy makers, administrative procedures and other resources available to policy makers provide inputs for policy-making and influence this process, its resulting policies and the actual regeneration practices. The operation of inquiry necessitates evaluation of these ideas, policies and practices, and identification of the localised struggle in forming suitable policies and their application. This
knowledge will help to transform the institutions, their developmental ideals and policy process, resolve problems, and result in necessary policies and regeneration practices. Furthermore, research inquiry needs to recognise the experiences of small retailers, policy practitioners and intellectuals, and refer to policy documents and regeneration practices for providing new evidence, new arguments and new experiences. Fundamentally, broader issues associated with the policy process, the policies themselves and their application in a case will provide pragmatic solutions. This requires valuing the plurality of opinion regarding problems for small retailers, the suitability of policies, any other wider issues and their causes, and contributions of other investigators when generating relevant knowledge by a researcher.

A priority over using prior knowledge on policies is a practical and useful approach for resolving the issues of policy practice in a case study. As small retailers, policy actors and experts experience the issues in the relevant context and they know their reality, it is easy for them to articulate what they see as their problems. Their opinions regarding their problems are vital to shape the new perspective to be identified on planning and regeneration, but they may not be aware of existing knowledge or ideas regarding suitable policy approaches. The role of existing knowledge is key here, but needs to be viewed properly so that practice can inform ideas and theories as they develop. Previous views on supportive approaches to planning and development or ideas should not be used fully as a tool to discount or promote certain opinions or propose solutions; instead, they should act as a base of support upon which to accumulate new information and augment accepted knowledge. It is the role of the researcher to explore, interpret, justify and accept the content of prevailing knowledge in light of the priority issues evident in a local context. It is for researchers to ensure that planning practice and policy can properly benefit business district regeneration and assist the small retail sector in a given context. The content of a newly crafted approach to planning and regeneration needs to form a new perspective that does not radically modify the existing views but marries them to the newly discovered or more fully analysed or articulated findings of the research to maximise their acceptability in the contemporary field of knowledge.
New facts and old stock of opinion acting together at the end should generate idea(s) for planning and regeneration, which can result in suitable policies and regeneration that can benefit small retailing in a given context.

Therefore, the Fallibilist anti-Cartesian philosophical assumption, the principles of pluralism and practical inquiry all have informed the design of this research, from understanding the key research problem to devising the conclusion. Practical challenges experienced by small retailers in urban business districts, and the associated issues as far as neoliberal planning and regeneration policy and practice is concerned, can inform the development of thinking about how public planning can best safeguard retailers. This conceptualisation offers a rational choice to investigate the prevailing issues impeding the success of small retailers in large cities in Bangladesh; to identify an approach to planning and regeneration that addresses these issues.

**An analytical framework**

The analytical model is developed around four dimensions those reflect the broad philosophical assumptions associated with pragmatism, and are founded on theoretical debates and issues outlined in chapter two. Several elements have been specified as suitable for investigation based on the conceptualisation.

**Successful small retailing: problems and related factors**

As observed in chapter two (p. 40-48), small retailers are subject to a number of risks and problems that affect their success. None of the key factors leading to these risks and problems originate solely from the business district regeneration processes; rather many arise from location specific characteristics including the nature of tenure, financial resources and the quality of the physical retail environment. Knowledge of these characteristics is indispensable when identifying those factors that may vary between locations. The regeneration
process plays a vital role in improving the situation of small retailers, enabling them to function fully long after the regeneration phase is complete. The success of this role is dependent on their effective contribution when addressing prevailing and prospective risk factors and other issues encountered by small retailers at a given location and which they are likely to encounter during and after regeneration. This conceptualised role of regeneration implies that the first step in an investigation should involve exploration of the characteristics affecting small retailers listed above to ascertain the main risk factors; this also includes identification of risk factor induced risks and problems that are affecting and likely to affect small retailers.

Figure 3.1: The analytical framework
(Source: Author, 2014)
Chapter three: Methodology

Business district regeneration has a vital role to play in securing the success of small retailers in large cities in Bangladesh. Regeneration can be effectively nurtured by an investigation into the prevailing and prospective risk factors and problems associated with retail performance. The risk factors need to be ascertained through investigation of the characteristics of small retailers operating in business districts, including their tenure security and rights, the availability of financial resources and the quality of their physical retail environment in terms of location, accessibility, shopping environment, retail industry and retail format. Further elements of the study to consider are the risks and problems small retailers are experiencing and likely to encounter during and after regeneration (see Figure 3.1).

Successful small retailing: policy responses

Ideally, application of regeneration polices in a sensitive way can mitigate the risks and problems that affect small retailers. National and city level planning, policies and regulatory measures relevant to regeneration and focused on safeguarding small retailers, as well as spatially targeted plans and programmes, can play an effective role in protecting small retailers. Therefore, the existence of issues affecting small retailers in business districts implies inadequate policies and regulatory measures. Arguments prevail in favour of the identification of problem areas in policies related to the risk factors and protection of small retailers; addressing these problems can secure successful small retailing. Thus, in the second step the investigation needs to explore the extent to which regeneration policies at national and city level are intended to mitigate the risk factors affecting and likely to affect small retailers, and protect them at a given location.

Planning is practiced in Bangladesh mainly at the city level, despite the national level development agendas being set every five years and providing broad directions for city level planning policies. Metropolitan city level planning documents are proposed for four different spatial scales and periods, and
include a strategic plan consisting of broad visions and directions for the city and the region as a framework for local planning and development over twenty years. Alongside this, there is also a structure plan that translates these visions and broad strategies into spatial contexts in a more comprehensive manner and proposes policies for twenty years. These two plans are the main vehicles for reaching the desired land development options through area-focused policies, such as upgrading, redevelopment or new developments and action plans. To support these plans, a statutory master plan indicates the desirable functions of spaces and locations for future development and sets out proposals for specific sites over a period of ten years. Again, Detail Area Plans (DAPs) provide detailed proposals for the comprehensive spatial treatment of small areas of the city over two to five years (KDA, 2002d).

The regeneration policy framework at city level is set via a combination of: city-wide strategies, sector specific policies, land use regulations, detailed development proposals focused on certain areas and supporting strategies, measures, standards and detailed guidelines. Policies for regeneration schemes state the legal requirements for development and targeted outcomes. These aim to regulate the roles of actors in facilitating, enabling, managing and implementing developments that deliver central concepts and a strategic vision for planning and yield better outcomes. Predominantly land use maps, supporting regulations and site-specific proposals are used to control and guide developments. Besides existing policy frameworks, short-term project plans arise from institutional regulations; they also reflect the wider ethos of the organisation, the resources it has available and the political power of actors. National acts and agendas form the regulatory frame for redevelopment. There are cases where business districts are regenerated and planned (i.e. Fulbarigate business district and KDA New Market in Khulna) not as part of the DAP but according to small-scale projects directly coordinated by city level public bodies such as KDA. In addition, national and local level policy and practice led site-specific projects have been implemented to safeguard the interests and functioning of small retailers in business districts; this has regenerative impacts on these districts. All these policy measures form a
framework to support the regeneration of business districts that include the protection of small retailers in business districts.

The second stage of analysis involves an examination of the extent to which a policy framework for the regeneration of business districts in large cities and site-specific proposals for the protection of small retailers is warranting effective regeneration policies that can mitigate the problems identified as affecting and impeding success of small retailers in business districts (see Figure 3.1). This assessment identifies the limitations of such policies for the regeneration of business districts in large cities in Bangladesh in terms of the protection they afford the small retail sector.

Wider issues affecting public planning and regeneration

Underpinned by ideas around neoliberalism discussed in detail in chapter two, public planning practices often aim to promote market rationality and economic growth. These are said by some authors lead to a closed and elite dominated decision-making process, from which marginal groups are increasingly excluded (Purcell 2007, 2009). Thus, in the third stage of this enquiry, it is necessary to investigate how far public planning accords to neoliberal ideas, and whether this is limiting the potential for effective participation in planning and regeneration by small retailers. This investigation provides an insight into the neoliberal ideology influencing public planning and its implications for the regeneration of business districts accommodating small retailers.

This stage of the analysis explores whether the neoliberal ideology affecting public planning in large cities of Bangladesh are limiting the scope of resulting regeneration policies and practices to support small retailers. At this stage, the first component of the two major elements of the enquiry involves examining existing resources and rules that apply to public planning to discover how these contribute to the meaningful participation of small retailers in the policymaking and regeneration process in these cities. In addition, this component will explore
Chapter three: Methodology

the implications of the current participation process as it affects small retailing supportive regeneration practices. In Bangladesh, resources and rules outline the existing domain of political dialogue regarding citizen involvement, and legislation, policies, philosophies and initiatives that are aimed at the promotion of democratic participation and the development of participatory cultures for citizens, so that they can influence public planning and private decision-making. Resources also include finance and regulatory powers and knowledge and expertise. These are engaged to empower marginalised groups over elites, which will then elevate those who are marginalised politically and economically in the process of participation in policy-making and decision-making, regarding the regeneration of business districts. This assertion is investigated in the thesis to recognise local manifestations of neoliberalism and how far they feature in current public planning practices in secondary cities. The investigation considers whether public planning is promoting market capitalism and economic growth and encouraging entrepreneurialism, economic rationalism and market rationality. In particular, it is necessary to explore the extent to which these aspirations are shaping the construction of prevailing resources and rules within public planning, in relation to the resulting regeneration of business districts in a manner favourable to small retailers.

A renewed approach to planning and regeneration and policy implications

A renewed approach to planning and regeneration may be necessary if practice to date has failed to result in regeneration that benefits small retailers. In accordance with pragmatism, it is perceived that to form this kind of approach, issues that exist in local public planning should be considered when evaluating urban theories that respond to the dilemmas posed by the hegemony of neo-liberal public planning and regeneration as it affects marginalised groups. Therefore, in the final step of this research, a pragmatic approach to planning and regeneration is investigated to support regeneration that benefits small retailing in business districts.
This step considers the implications of the findings for contemporary planning practices and business district regeneration in Bangladesh. It also investigates a pragmatic (and theoretically valid) approach to planning and business district regeneration. The purpose is to consider the prevailing issues affecting planning and regeneration, and how far they impede small retailers in the larger cities of Bangladesh. Since critical theories have the capacity to explain those issues that exist in reality, and to identify how actors address these issues and provide achievable practical goals for social transformation; this stage examines the prevailing critical urban theories that address neoliberal ideological issues and power imbalances in society as it strives towards social equity and development. This exploration focuses on the idea(s) conveyed by these theories and their capacity to inform public planning, and to consider the degree to which disadvantage is an inevitable corollary of the political and economic rationality underpinning neoliberalism.

Research questions and necessity of data

The central aim of this research is to identify the implications of current urban planning and business district regeneration for small retailers in Bangladesh and consider how best to ensure their future prosperity. Reflecting on the elements of study stated above, a number of research questions are identified as relevant to this research aim; these can also be divided according to four objectives, as listed in Chapter one (see page 34).

RQ1. What are the key characteristics of small retailers operating in the case study business district?

RQ2. How are these characteristics acting as risk factors and leading to problems threatening the success of small retailers?

RQ3. What are the policy frameworks informing the regeneration of the study business district and the protection of small retailers and their success?
RQ4. To what extent do these policy frameworks produce effective regeneration policies that mitigate the identified risk factors and associated problems?

RQ5. What are the limitations of the policies for the regeneration of the business districts in the study city, in terms of protecting the small retail sector?

RQ6. Are the existing resources and rules applied for public planning in the study city contributing to the meaningful participation of small retailers in the policymaking and regeneration processes?

RQ7. What implications does current participation have for regeneration practices aimed at supporting small retailing in the study city?

RQ8. Which local manifestations of neoliberal aspirations are evident in the current public planning practices in the study city?

RQ9. To what extent are these aspirations shaping the construction of prevailing resources and rules within public planning, public policies and practices, in relation to the resulting regeneration of business districts in a manner favourable to small retailers?

RQ10. What are the policy implications of the findings derived from the study city for resulting business district regeneration in Bangladesh that is focused on the support of small retailers?

RQ11. What pragmatic yet theoretically valid directions can be advanced to renew the dominating ideas affecting public planning in the cities in Bangladesh and to support the planning and regeneration of business districts in manner that effectively safeguards small retailers.

The answers to these research questions lie in primary and secondary data (see Table 3.1). For example, RQ1 and RQ2 require the collection of primary data regarding the characteristics of small retailers, their business premises and the problems affecting their success. RQ3-5 can be addressed by assessing policy interventions for the regeneration of business districts, and utilising
primary data on small retailers’ experiences of regeneration. Answering RQ6 and RQ7 requires access to secondary data sourced from relevant planning policy documents, and primary data collected from planners, policy experts and small retailers. Answers to RQ8 and RQ9 are dependent on secondary data collected from relevant planning policy documents, scholarly works in Bangladesh, primary data pertaining to regeneration practices in the study city, as well as opinions from planners and policy experts. The means of data collection will be explained in a subsequent section.

The methodology for this study is connected to the diverse data and information requirements. Considering these needs, a research strategy was determined to ensure proper methods and techniques would be utilised to acquire answers to the research questions. The next section explains the research strategy applied in this research.

**Research strategy**

Blaikie (2000) asserts that data generated from observations that attempt to be objective represent reality by establishing regularities in any characteristics or patterns under study. He points to well-established regularities in objective information as supporting a generalisation, but never proves it to be true, instead using deductive arguments to help uncover causal explanations. Furthermore, people construct meaning based on reality, using their own experiences and ideas; thus, knowledge needs to be produced by acquiring an understanding of people and their behaviours, prejudices, and perceptions. Hammersley (1992) adds that the limitations of one approach can be neutralised by the use of another. Objective observation procedures can help to represent the characteristics of small retailers and their retail environment, whereas deductive arguments seek to explain the underlying relationships between attribute led risk factors and problems that affect the success of small retailers. Small retailers may also recognise the reality of their problems in view of their experiences and understanding, which lone quantitative data fails to
explicate. Deductive reasoning can offer insights into the struggles faced by those small retailers who aim to contribute to regeneration policy-making and the regeneration process; these insights help exploration of the relationship among the struggle of the retailers and prevailing resources and rules within the sphere of public planning. In addition, the experiences and knowledge of policy experts can open up new avenues to assist in the exploration of neoliberal ideology as it affects planning, regeneration policy and practice. Therefore, framing reality requires a combination of objective and subjective data.

Experiments, archival analysis, history and case studies are the foremost strategies engaged in quantitative and qualitative social research. Answering RQ2 to RQ9 requires the researcher to outline those problems affecting the success of small retailers as well as associated policy issues; and to explain why and how existing public planning is responsible for these resulting policy issues. Archival analysis have a limited capacity to explain how and why contexts influence events. In addition, there is only a small body of existing literature and documents pertaining to planning and regeneration practices that benefit small retailers in Bangladesh. Histories are not suitable for exploring contemporary practices and evidence in an authentic context (Yin, 1994). In experiments, researchers precisely and systematically direct and manipulate actual events by controlling reason or context. Resources and rules that apply to planning and events in the policymaking and regeneration process are tightly woven. It is difficult to manipulate these contexts. In contrast, a case study strategy allows to look in greater detail at the lived experiences of small retailers. It allows to have an in-depth understanding of the problems affecting the success of small retailers, associated policy issues and ideological issues that affect public planning. These problems and issues inform pragmatic solutions for planning and regeneration that is supportive to small retailers. Therefore, qualitative case study strategies provide the most appropriate central strategic choice for the majority of data collection processes.
Multiple embedded case studies provide a structure from which to extract the necessary data for this research. The selection of a business district in a city for study enables exploration in detail of the challenges facing successful small retailing. Surveys also provide a framework to explore the characteristics of small retailers in the business district. Selecting a specific city makes the collection of in-depth knowledge more straightforward, as it is difficult to access the entire national context. The study requires a diversity of information, including: existing resources and rules applied within public planning, policies for regeneration of business districts, and regeneration practices and related ideological issues. To acquire this information, particular emphasis is placed on a case study city. However, there is a need to acquire data on large business districts for theoretical replication and the production of similar and contrasting results regarding the focus on redevelopment and regeneration practices in large business districts and their suitability in terms of the benefit of small retailers. Rather than selecting these districts as cases for detailed data, a city is considered as a case, where planners, experts and field observers from the selected large business districts can provide the necessary data. A city level analysis is appropriate to identify an approach for planning and regeneration that is practical in the context of renewal of existing resources and rules and idea(s) affecting planning, policies and regeneration in the city. It is not feasible to consider multiple business districts and multiple cities, considering the level of detailed data needed for this research. Therefore, two in-depth cases are necessary to answer all the research questions, excluding RQ11: a city and a business district.

The research required identification of a case study business district with a large number of varied types of small retailers operating over a long period, with a history of spontaneous development and for which renewal plans, policies and regulations were in place. The benefit of selecting such a district is that it can provide data about a wide range of problems for various types of small retailers and highlight related key factors. In fact, observation of these factors helped to analyse the effectiveness of the regeneration policies put in place. The city chosen for the study had to have a business district satisfying all the above-
mentioned characteristics and also one with regeneration policies and projects for safeguarding small retailers. These criteria help with the identification of issues affecting the practice of policymaking, policies and regeneration at the city level. Furthermore, familiarity with the city and ease of access to participants and previously collected data informed the selection of both cases.

**Selecting a city and an embedded case**

There are five major cities in Bangladesh: Dhaka, Khulna, Barisal, Sylhet and Chittagong. A number of business districts in the capital city Dhaka, the second largest city Chittagong and the third largest city Khulna satisfy most of the criteria specified as necessary for this study. Due to familiarity with Khulna and access to data, the business districts in Khulna were evaluated to assess if they fulfilled the selected criteria.

Khulna began its journey in the early 18th century and was a trading hub in the Boro-bazar area. The current Dak-Bangla Borobazar business district, the Central Business District (CBD) of Khulna city, arose as a consequence of the expansion and evolution of this trading hub over the last 200 years. The city is also home to five principal business districts namely Fulbarigate, Daulatpur, Khalishpur, New Market and Rupsha (see Figure 3.2). Their number has significantly increased since the late 1940s and they comprise a substantial proportion of retail stockholders to operate in these districts in recent times. Although, the five business districts meet all the selected criteria, the largest share of small retailers in Khulna is located in the CBD (see, Figure 3.3). Currently, a wide variety of small retailers operates in the CBD.

The 1961 Master Plan first proposed policies for the creation of a well-established business district in the current CBD area, which was the main growth area of the city at the time and was renowned for its retail and wholesale trade. Since then, policies, rules, regulations and projects were aimed at and practiced for the extension and development of the centre. Following the
proposal in the 1961 Master Plan, which remained unimplemented, the Khulna Structure Plan (2000) further proposed a large-scale regeneration plan, the ‘Draft Detail Area Plan – Redevelopment of the Central Business District’ for the expansion of the current CBD. Its built environment accommodated small retailers and projects for their benefit. Furthermore, current scholarly works and the proposed Detail Area Plan focus on this business district in recognition of its economic importance in the city. Therefore, the CBD in Khulna has the capacity to provide the information necessary for the study.

Figure 3.2: Spatial growth and emergence of major business districts in Khulna
(Source: Author, 2014 after Sowgat, 2012)
Figure 3.3: Existing and proposed commercial uses set out in the Master Plan (2002) and scale of agglomeration of small retail businesses
(Source: Author, 2014 after KDA 2002a, 2002b)
In fact, all the large business districts in Khulna accommodate small retailers and have evolved either spontaneously, or through public sector led projects (see Appendix 1 to understand the nature of business district development in Khulna). There are policies on the regeneration of existing business districts and the creation of new districts in the current city and its vicinity (see, Figure 3.3). Policies are also targeted at safeguarding small retailers in the existing districts, although reconciliation of these retailers after development works has been unsuccessful in multiple cases. Moreover, there are concerns about the suitability of the proposed draft DAP for the regeneration of the CBD (Roy,
2007; Sowgat and Roy, 2007). The plan has been criticised due to prospective threats to those existing small retailers operating in the area in which the DAP is proposed.

A combination of the information available in existing policy documents, regeneration practices in business districts, experiences of actors engaged in the policy-making process and regeneration helps reveal the character of public planning, and associated issues in the context of small retail focused business district regeneration. In addition, previous research experiences in the city and its CBD offer an advantage, allowing access to the necessary data. Therefore, Khulna is a suitable city for the case study for this research.

**Methods and sources of data**

Pragmatist approaches imply that use of a broad range of methods is necessary for a holistic understanding of the problem under investigation. Surveys can only provide generalised understanding about the attributes of small retailers in the CBD, but they cannot explain the underlying mechanism about the influence of these attributes in their survival and success. Small retailers can explain the problems they face on the ground and the influence of these problems in shaping their business success. The limitations of survey data in providing a comprehensive understanding about the retail environment can be addressed by the strength of direct field observation (FO). Data from surveys, FO, contextual document and policy analysis (DAPA) and semi-structured interviews of small retailers (ISR) potentially offer a more comprehensive and detailed understanding of the problems that affect them and factors responsible for these.

Again, DAPA can only provide generalised understanding about the policies and projects on regeneration of business districts and safeguarding small retailers. The suitability of these policies can be best understood by FO and recognising how small retailers, planners and policy experts interpret the
## Table 3.1: Use of methods in the research

<table>
<thead>
<tr>
<th>RQ</th>
<th>Required data</th>
<th>Methods</th>
<th>Sources of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1</td>
<td>RQ1 Key characteristics of small retailers operating in the CBD</td>
<td>FO</td>
<td>CBD and small retailers in the CBD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SS</td>
<td>137 vendors operating in the BRA land</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SS</td>
<td>87 small retailers operating in the CBD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DAPA</td>
<td>Planning policy documents on CBD</td>
</tr>
<tr>
<td></td>
<td>RQ2 Key problems threatening the success of small retailers and responsible risk factors</td>
<td>ISR</td>
<td>22 small retailers in the CBD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IP, IPE</td>
<td>3 planners and 3 policy experts</td>
</tr>
<tr>
<td>Objective 2</td>
<td>RQ3 The policy frameworks informing the regeneration of the CBD and the protection of small retailers and their success</td>
<td>DAPA</td>
<td>Spatial plans on Khulna, regeneration plan and policies on CBD and regulations and project plans on small retailers</td>
</tr>
<tr>
<td></td>
<td>RQ4 Effectiveness of policy framework</td>
<td>ISR</td>
<td>22 small retailers in the CBD</td>
</tr>
<tr>
<td></td>
<td>RQ5 The limitations of the policies in terms of protecting the small retail sector in Khulna</td>
<td>FO</td>
<td>CBD and New Market and Daulatpur business district, small retailers operating there and their representatives</td>
</tr>
<tr>
<td></td>
<td>RQ6 Resources and rules applied for public planning in Khulna contributing to meaningful participation of small retailers</td>
<td>IP, IPE</td>
<td>3 planners and 3 policy experts</td>
</tr>
<tr>
<td></td>
<td>RQ7 Implications of current participation for small retailing supportive regeneration practices in Khulna</td>
<td>IP, IPE</td>
<td>3 planners and 3 policy experts</td>
</tr>
<tr>
<td></td>
<td>RQ8 Local manifestations of neoliberal aspirations evident in current planning practice in Khulna</td>
<td>DAPA</td>
<td>Scholarly works on Bangladesh and policy documents, project plans, implemented projects and policy documents on Khulna</td>
</tr>
<tr>
<td></td>
<td>RQ9 Neoliberal aspirations shaping the construction of prevailing resources and rules, public policies and regeneration practices in Khulna</td>
<td>IP, IPE</td>
<td>3 planners and 3 policy experts</td>
</tr>
</tbody>
</table>

(Source: Author, 2014)
appropriateness of these policies and projects compared to the risk factors. Therefore, FO, DAPA, ISR, semi-structured interviews with planners and policy experts (IP and IPE) are useful methods for the data necessary to attain the second objective (RQ3, RQ4 and RQ5) (see Table 3.1).

Furthermore, an organised group of people, rather than discrete individuals, may be better able to understand complex interrelationship between different factors related to single phenomenon. Focus group discussion (FGD) with representatives of small retailers is considered an effective way to identify crucial planning issues. Again, the experience and skills of planners and policy experts could provide an important interpretation of the local context, the nature of the policy-making and decision-making processes for regeneration, and related issues which impinge upon business district regeneration. In addition to these two methods, FO and DAPA help to better understand the ideological issues affecting public planning, policies and regeneration in Khulna city. Use of these multiple methods can reveal new perspectives on the factors undermining the efficacy of small retail responsive regeneration. To summarise, five different methods are considered suitable to draw necessary data for this research (see, Table 3.1): surveys, FO, DAPA, FGD, semi-structured interviews (ISR, IP and IPE).

There are variations among the strategies that are used for mixing methods. Creswell (2013) classifies the strategies into three variations: sequential, concurrent and transformative. In sequential procedures, results from the first method (e.g. qualitative) offer a basis for applying another method (e.g. quantitative) (Greene et al., 1989). Sequential mixed-method design is helpful principally to increase the strength and sensitivity of additional research methods and elaborate the findings of one method with the help of another (Creswell, 2013). In concurrent mixed method design, qualitative and quantitative methods can be applied simultaneously. It involves the use of several methods to analyse a single phenomenon to increase the validity and credibility of research results. Data collected from both the methods are
analysed to address a single type of research question (qualitative or quantitative). This procedure requires that the different methods measure overlapping and different aspects of the same conceptual phenomenon and enrich its understanding (Greene et al., 1989). The strategy of mixing methods for this research is predominantly sequential, where the sequence of methods employed is dependent on the purpose of the method in the process of inquiry. However, some methods are performed concurrently (see Figure 3.5).

At first, FO is carried out in the CBD. Direct observation and informal conversations with small retailers operating there are adopted to identify the existing small retailers, their tenure position, number, spatial distribution, emergence, evolution and financial resources, as well as the quality of their retail environment. To inform the RQ5-9, this method is also applied at two other business districts (see Table 3.1). While conducting this method, small retailers are identified for questionnaire surveys and semi-structured interviews and their representatives are selected for FGD. Informal conversations with small retailers and their representatives in three business districts outline the context and focus of development and redevelopment practices there, the provisions made available for the benefit of the small retailers in these developments and the influence of small retailers in the decision-making process.

**Figure 3.5: Sequence of using methods**
(Source: Author, 2014)
Chapter three: Methodology

The next method applied is surveys. There are about 2070 small retailers in the CBD, among which 59% are vendors who are operating in the land leased by Bangladesh Railway Authority (BRA). Instead of conducting surveys on these large numbers of vendors, data from an earlier survey conducted on these vendors by the researcher in 2007 was assessed to determine its usefulness. Changes in monetary figures in this database (i.e. investment, savings, loan and turn-up) and changes in the quality of the retail environment are adjusted with the help of data collected from FO. However, this secondary survey data only covers vendors in BRA land, and excludes other types of small retailers in the CBD. To generate up-to-date data on key attributes of small retailers around their tenure rights, financial resources and quality of the retail environment, further questionnaire surveys were undertaken to gather primary data on selected small retailers in the CBD (see Appendix 6).

Concurrently, recent and former spatial plans for Khulna and plans, policies and applied projects on regeneration of the business districts were analysed. Site-specific targeted plans, policies and project plans for the benefit of small retailers were also assessed. This DAPA helps to deepen understanding of regeneration policies as they affect business districts and the small retailers located therein. DAPA also helps specifically to answer RQ 6-9. Analysis of the above mentioned policy documents, and policies on business district regeneration, related zoning regulations, regulatory measures and project plans, helps to reveal the extent and form of participation by small retailers in the policy-making and decision-making processes. DAPA also helps to explore local manifestation of neoliberal reform of planning and regeneration policy in Khulna and its implications for the small retail sector. The three methods outlined above help in combination to uncover the characteristics of small retailers, the risk factors that affect them and their relationship with policies on the CBD small retailing. This in turn helps to inform the structure of the ISR.

Interviewing can help to gain insights into people’s opinion, aspirations and feelings. ISR in the CBD provided data on the key problems small retailers
have experienced. In addition, the data shed light on the ways in which these problems limit the access of the informal small retailers in formal small retailing sector and subsequent success. In addition, the problems instigate further risks of business failure for the small retailers. ISR also helped to assess the suitability of policies applied in the CBD.

Subsequently, FGD was used to help understand how policy interventions were experienced by the representatives of small retailers in the CBD and New Market Business District. Discussion with an organised group representing the small retailers allowed exploration of their collective experiences of participation in regeneration policy making and decision-making. The discussion explored the extent to which small retailer interests have been reflected in policies and plans for redevelopment in prime business districts.

At the same time, interviews helped to canvass the views of selected planners and policy experts. The results were considered alongside findings from FGD. Findings from the FO and the DAPA are mentioned to planners and experts. The purpose was to identify how far neoliberal aspirations underpinned reforms to public planning in Khulna, and the implications for resources and rules, policies and regeneration practices in relation to safeguarding the small retail sector.

**Details of research methods**

The methodology overall involved collecting and analysing a range of data Blaikie (2000). Thus, details of the five pre-determined methods are considered necessary to explain.

**Field observation (FO)**

This method is applied in the CBD, New Market business district and Daulatpur business district and involved a combination of direct observation and informal
conversations with small retailers operating there and their representatives. In the CBD, data regarding the distribution of small retailers and the quality of their retail environment was depicted on maps and written down, and supporting field notes and photographs taken as necessary. Data on numbers and tenure position, and the emergence and evolution of small retailers in the CBD was written down. Data on development practices, the number of displaced small retailers and their current locations were also noted and supporting photographs taken. In the New Market business district and the Daulatpur business district, data observations were written down and supporting photographs taken. In several cases, informal conversations were recorded. Field notes, graphical data, notes on maps, photographs and transcripts of conversations were manually analysed and interpreted. Findings were written down in descriptive form, where necessary and supported by photographs and a number of illustrations.

Survey on small retailers in BRA land (SS)

A set of secondary questionnaire survey data as collected in three markets on BRA land; namely, Railway Market, Moshiur Rahman Market and Railway Biponi Bitan, due to their large number of Vendors. Out of 420 shops at the three markets, 373 were retail as per the data in 2007 (Roy, 2007). Regarding the selection of population size, it was considered that each retail shop had sole ownership. Therefore, the population for this survey was 373, and 373 owners of shops (either temporary leaseholders or their tenants) in selected markets were the cases for the questionnaire survey. Sowgat (2001) found that 87% of the retailers on BRA land were small retailers and that the population was finite. Therefore, the value of $p$, portion of the small retailers, was considered to be 0.87. The following two equations were used to select the sample size for these surveys.
\[ n_0 = z^2 p(1-p)(e)^2 \] \hspace{1cm} (i)

\[ n = \frac{n_0 N}{n_0 + (N -1)} \] \hspace{1cm} (ii)

where,

- \( n_0 \) = the initial approximation of \( n \) (sample size)
- \( z \) = the value corresponding to the area \((1-\alpha)/2\)
- \( p \) = portion of one of the two characteristics of retailer numbers
- \( e \) = margin of error
- \( N \) = total retailer number
- \( n \) = sample size

Here, the confidence interval was 95%. The value of \( z \) was 1.96, \( p \) is 0.87 and maximum allowable error \( e \) was 0.045 or 4.5%; this was assumed to determine the value of sample size \( (n) \). The value of \( N \) was 373. Adding the appropriate values to equations i and ii, the sample size was 137, constituting 37% of the population, a highly representative proportion.

Retailers were selected randomly, and in the case of multiple ownership of any shop, only one owner was selected to respond to the questionnaire survey. Non-respondent's cases were replaced with other cases until the number reached the required sample size. The structured questionnaires mainly used closed questions with a set of fixed alternative answers to boost the response rate and enable the respondents to compare responses. A problem with closed questions, however, is that they may not cover everything the respondent wants to say (Robson, 2002). To overcome this problem, a relevant blank option was included. Investment data from each of the 137 retail owners was found to lower than \( \£15000 \), which resembled the definition of small retailers to be applied in this research (see Appendix-2). Although secondary survey data represented 11.5% of the temporary leaseholders and their tenants operating in BRA land, it was considered that the detailed data acquired by applying this method was adequate to represent the characters of small retailers in BRA land. It was observed in FO that temporary leaseholders and their tenants operating on BRA land demonstrated similar characteristics. Thus, this
research was using secondary survey data held on 137 vendors. Although this data covered various aspects relevant to the success of small retailers, only the data necessary for this research has been selected and upgraded for use. A questionnaire used for this survey is included in the Appendix-5.

**Questionnaire Surveys (SS)**

Based on the defining characteristics of this research, five types of small retailers were identified operating in the CBD. These retailers have one of five forms of tenure: freehold, long-term lease, temporary lease, rental tenancy and absence of tenure (see Table 4.1 in page 112 and Figure 4.2 in page 114). The total number of vendor type A, freehold owners and their tenants, and long-term leaseholder and their tenants are identified as 325, 520, and 25 respectively. Within the time frame, it is considered rational to use a small sample size for a questionnaire survey to focus on these three types of small retailers. 10% of each type of small retailer would deliver a sample size of 32, 52 and 3 for vendor type A, freehold owners and their tenants, and long term leaseholders and their tenants respectively. Cases were selected following the same criteria and procedures as was applied in the 2007 study. From Saturday to Thursday, during two off-peak sales times, between 10.00am and 12.00 am and 2.00 pm and 4.00 pm, surveys were conducted in the respondent’s shops or retail spaces (for vendor type A) using a structured questionnaire (see Appendix-6). Relevant questions in the questionnaire used for surveys on BRA land in 2007 were used. The researcher completed the questionnaire forms to ensure a high response rate and minimise difficulty and misunderstanding when answering the questions. Direct involvement of the researcher made the data collection process credible and also helped to assure a direct and in-depth understanding of the situation on the ground. New and revised former survey data stored in SPSS using the same coding for both analyses of the data was performed in SPSS.
Chapter three: Methodology

Document and policy analysis (DAPA)

The study reviews a number of documents including plans and policies. The first planning document intended for the planned development in the Khulna Metropolitan Area and its locale was the Khulna Master Plan adopted in 1961. Later in 2002 final versions of three of the four part planning documents were proposed. These documents were the Strategic Plan, Structure Plan and the Master plan. The fourth part of these planning documents were the Detail Area Plans. Before 2000 a draft version of two Detail Area Plans was accepted; the ‘Draft Detail Area Plan – Redevelopment of the Central Business District’ is one of these and relevant for this study. This draft plan was modified a few times and considered a statutory policy document. All the policy documents were reviewed as part of the DAPA. National initiatives and city level policies and projects for the benefit of small retailers were also part of the review. Again, rules and regulations on the participatory and democratic rights of citizens in public policy making and private decision making influenced their lives and the transparency and accountability of public organisations involved in planning, and rules on resulting policies on equity were also identified and analysed. Furthermore, national and city level intellectual works and policy documents were reviewed to explore the context and impact of neoliberal economic policies in Bangladesh and their influence on city planning. Review and analysis was conducted to provide data so that different research questions could be answered. All the review-generated data was manually analysed and descriptively written up.

Interviews with small retailers (ISR)

Interviews with a small number of selected small retailers helped to contribute a detailed understanding of the problems behind successful small retailing in the CBD. In total 22 small retailers were selected for interviews; two long-term lease holders and four from each of the remaining four types of small retailers. All the respondents were retail owners, as they are more aware of the problems they face than their employees are. Displacement and retail closure are
common problems for small retailers in the CBD. Among the 22 cases, there were five displaced retailers and five retailers who had been retailing for more than 10 years; the oldest retailers in the CBD were intentionally selected to gain a fuller picture of the problems for successful small retailing and related factors. The remaining twelve cases were selected randomly, after no further selection criteria were considered.

Each of the interviews required 40 minutes and needed engagement from the interviewees. The interviews were conducted during the two off-peak trading hours in the respondents’ shops or retail spaces. Semi-structured questionnaires were used for the interviews (Appendix-4), to explore unknown issues and to enable the researcher to tailor questions as necessary. The interviews were recorded so that the researcher could be fully involved in the interview. All the interviews recorded in Bengali were transcribed and translated into English manually. No transcription software was used to satisfy the required level of precision in the translation, although Express Scribe helped the transcription process by controlling the listening speed of the recordings. The answers were coded from the transcripts and then stored using NVIVO. NVIVO was also used for percentile forms of data analysis, although a predominantly narrative analysis was used for interpretation of the interview data.

Focus group discussion (FGD)

A number of associations in the CBD aim to protect the interests of small retailers. Small retailers, similar to other retailers in most of the markets in the CBD elect committee members to run associations. Although vendor type A is not located in a fixed place, they have own associations to protect their interests. In certain places, number of retailers in a market or property is too small to form any formal association; however retail owners become members of the Association of Small Retail Owner and Business. Key personnel from the stronger associations are the contact persons when seeking opinions regarding measures relating to the retail environment, or when conveying any policy
decisions by public authorities. They also lobby to protect the interests of small retailers and other retail groups in the CBD. Most of the representatives are also former retail owners in the CBD. Therefore, representatives from these associations are suitable cases for the FGDs.

In the New Market business district, the vendors without tenancy do not belong to any association. Therefore, they do not have any organised representative body to assist them to become engaged in the policy and development process. Most of these vendors also operate for less than 10 years; thus, they are not suited to providing the necessary data, due to their limited familiarity with the development processes in the area and persistent problems and planning issues. Whereas, small retailers in the Prantik Market and in the KDA New Market are members of the New Market Bazar Association that aims to protect their interest along with the interests of other retailers. However, both the chair and secretary have never been small retailers. Considering the limited number of appropriate participants, the older small retailers in the area, along with a representative from the New Market Bazar Association were selected suitable cases for the FGDs.

There are 9 associations on BRA land representing temporary leaseholders and their tenants. Chairs or secretaries from these associations were randomly selected and invited to a FGD, until five participants had been obtained. Vendor type A have formed only one association, from which three key personnel and one old vendor (type A) were invited for a FGD. The association that operates at CBD level has had little direct involvement to date to the benefit of small retailers without their own formal association. Thus, four key personnel from the association of retail owners in KCC Market and KCC and Zilla Parishad Market (those who represent freehold owners and their tenants, and long-term leaseholders and their tenants) were the participants in another FGD. Whereas, in the case of the New Market business district, the secretary of the New Market Bazar Association and three older small retailers were selected for
the FGD. These four small focus groups were designed so that the discussions and facilitation could be effectively managed.

During the discussions, the findings from the previously applied methods and aims of the FGDs were explained to improve the context of the discussion. Along with an appropriate mix of people, the FGDs represented different viewpoints and provided insight to ensure that the discussion was inclusive and represented a range of views. Recording of the whole discussion was avoided as audio or video records would expose the identity of the respondents and might restrict their delivery of unbiased opinions. Instead of recording, a list of predetermined key questions were used to facilitate the discussions, and group discussion notes were documented during the discussion, and later used for analysis. All the discussion notes were manually translated and the group findings were organised according to common themes for the four groups, and then coded and stored in NVIVO and followed by narrative analysis.

**Interviews with planners and experts (IP, IPE)**

A small number of planners work for the key planning bodies in Khulna city, the KDA and KCC. Consultants also play a leading role in the preparation of plans. Academics in the Department of Urban and Rural Planning, Khulna University and the Department of Planning and Architecture, Khulna University of Engineering and Technology, work actively, either as consultants in the city and at municipality level plan preparation or as members on the policy committee for city level plan preparation. These planners, consultants and academics are the respondents in the interviews. Analysis of planning documents and policies and field observation provided scope to expand and triangulate the findings via this method. However, to obtain their critical understanding and opinions regarding policy issues and neoliberal ideological issues affecting public planning in Khulna, a selection of a small number of interviewees seemed appropriate. Three experienced academics and consultants, one senior planner and a planner from the planning team in KDA, and a chief planner from KCC were
selected for the interviews. Preliminary findings from the DAPA, FO, and FGD informed the questions for interviews and a pre-determined questionnaire was used to guide the interview questions (Appendix-4). Interviews were recorded in Bengali and stored. Later transcripts in English were prepared from these records. All the answers were coded and stored using NVIVO, and narrative analysis was used as a key method of data analysis.

**Figure 3.6: Methods for data triangulation**
(Source: Author, 2014)

Data validation

In this research, multiple methods were used to triangulate findings and thereby increase confidence in their validity (see Figure 3.6). In addition, the use of multiple methods helped to offset the limitations of individual methods applied. An observer during FO may have failed to understand and interpret problems associated with the retail environment because of his/her failure to step inside the context as required. S(he) may produce bias observation findings raised from personal expectations and understandings of the world. Survey-generated data on the quality of the retail environment in the CBD helped to corroborate the data gained from FO and validate the results of the enquiry. Again, claims by the small retailers regarding their problems and relevant factors may not always represent the reality as they operate in a situation, which may not be well known to them. As a result they may fail comprehensively to identify the
relevant issues and their interrelations. Thus, claims made by small retailers in semi-structured interviews regarding their experiences of regeneration were corroborated by calibrating them against data on the key attributes of small retailers in the CBD, assembled through FO, survey data and DAPA. Opinions gained through FGDs, IP and IPE regarding small retailers’ scope to participate in regeneration policy-making and decision-making were indirectly validated by data on planning resources and rules collected through DAPA. The implicit beliefs of policy experts and planners may guide and shape their reasoning. Consequently, they may fail to provide the content necessary in the study. Therefore, IP and IPE generated data on neoliberal aspirations affecting public planning, policies and regeneration was corroborated by using parallel data collected through the DAPA. Data from these two methods were also triangulated through FO generated data on the focus of development practices in prime business districts and arrangements that have been made available for the benefit of small retailers.

**Summary**

The philosophy of pragmatism has informed the design of this research. The key concepts brought for investigation is that the needs of small retailers and local issues of planning, policies and regeneration inform a pragmatic planning and regeneration approach for business district regeneration that is appropriate to the needs of small retailers. As the goal of pragmatic research is to understand and address practical problems, a mixed method embedded case study strategy provided a framework for the collection of data. Here, the case study city Khulna and its CBD were sources for quantitative and qualitative data. Five methods were applied sequentially to collect these data and a number of techniques applied for the collection of data and analysis. The following four chapters present the findings from the case study, drawing on the application of this research methodology.
CHAPTER FOUR: SUCCESSFUL SMALL RETAILING: ISSUES IN THE CBD

Introduction

An understanding of the issues affecting the performance of the small retail businesses in the CBD of Khulna is important if regeneration is to be successful there and in other business districts. Many of the issues small retailers experience are influenced by characteristics related to their tenure, ability to access financial resource, and quality of the physical retail environment. Studies of these characteristics have provided details of the key risk factors obstructing the success of small retailers. Knowledge of how risk factors influence retail success has provided insight into the attention required for regeneration policies. This chapter explores the obstacles to successful small retailing in Khulna city's CBD. It is divided into three sections which attempt to identify risk factors by examining issues linked to tenure, the financial resources available to small retailer, and the quality of the physical retail environment within which they are located. Findings presented in this chapter were derived from primary data collected from field observation (FO), survey data sourced from 137 vendors operating in BRA land (SS), questionnaire surveys of 87 small retailers operating in the CBD (SS), semi-structured interviews of 22 small retailers in the CBD (ISR), contextual document and policy analysis (DAPA), and interview with 3 planners and 3 policy experts (IP, IPE).

Tenure position: risk factors and problems

Small retailing has been one of the major business sectors in Khulna city’s CBD since its inception, and the numbers of small retail units continue to rise. This retail group is one of the dominant business types in Khulna city’s CBD. 2070 small retail units with different forms of tenure are distributed across public and private markets, on leased land and along the principal roads within the CBD (FO, 2013). This section explores the key factors and issues related to the tenure position of small retailers in Khulna CBD. The first subsection examines
the tenure pattern of small retail owners in the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
ing the CBD and their associated legal
the second subsection discusses existing and prospective problems and the challenges encountered by small retailers in relation to those risk factors.

Table 4.1: Tenure based typology of small retail owners and their characteristics

<table>
<thead>
<tr>
<th>Type</th>
<th>Form of tenure</th>
<th>Rights</th>
<th>Location of operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold owner</td>
<td>Freeholds of shops or shop space</td>
<td>Leasehold or freehold (absolute title)</td>
<td>In KCC Market (public market), officially recognised private markets and commercial properties</td>
</tr>
<tr>
<td></td>
<td>Registered</td>
<td>Decorative changes of shop and shop-front</td>
<td>In permanent structures</td>
</tr>
<tr>
<td></td>
<td>Have trade licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term lease holder</td>
<td>Long-term lease</td>
<td>99 year lease and renewable</td>
<td>In Khulna Zilla Parisad Market (public market)</td>
</tr>
<tr>
<td></td>
<td>Registered</td>
<td>Improvement of leased space including construction of temporary structures</td>
<td>In semi-permanent structures</td>
</tr>
<tr>
<td></td>
<td>Possess trade license</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary lease holder</td>
<td>Temporary lease</td>
<td>One year lease and renewable</td>
<td>On the land owned by BRA (public land)</td>
</tr>
<tr>
<td>(Vendor)</td>
<td>Not registered</td>
<td>Improvement of retail environment including construction of temporary structures</td>
<td>In semi-permanent structures</td>
</tr>
<tr>
<td></td>
<td>Possess trade license</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant</td>
<td>Tenancy</td>
<td>Valid for two to three years and extendable</td>
<td>In all leased land, public markets, private markets and properties</td>
</tr>
<tr>
<td>(Vendor and independent retailer)</td>
<td>Not registered/Registered</td>
<td>Decorative changes of shop and shop front</td>
<td>In semi-permanent and permanent structures</td>
</tr>
<tr>
<td></td>
<td>Possess trade license</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor Type A</td>
<td>No tenure</td>
<td>No tenancy rights</td>
<td>On road sides, pedestrian ways and gap sites</td>
</tr>
<tr>
<td></td>
<td>Not registered</td>
<td></td>
<td>In open spaces or inside temporary structures</td>
</tr>
<tr>
<td></td>
<td>Do not hold permit for vending</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: FO, 2013)

Tenure position

There are five forms of tenure shared among small retailers: freehold, long-term lease, temporary lease, rental tenancy and absence of tenure (see Table 4.1). Freehold provides permanent ownership of shops to 3.98% of small retail owners in the CBD. Most of these freeholds are located in the Khulna City Corporation (KCC) Market, a number of private markets and properties, and the Hazrat Khan Jahan Ali Market (see Figure 4.1). About 0.93% of owners have a
Chapter four: Successful small retailing: issues in the CBD

long-term lease valid for 99 years and are located in the Khulna Zilla Parisad Market (see Figure 4.1 & 4.2). Leaseholders have the right to transfer their lease away, or rent out shops which have been constructed on leased land. Both freehold owners and long-term leaseholders have the long-term assurance of occupancy; 4.91% of all retail units are in this category.

Figure 4.1: Small retailers in the CBD
(Source: FO, 2013)

A large share of small retail owners in the CBD (20.29%) possesses temporary leases. They operate in eleven markets on land leased away by the Bangladesh Railway Authority (BRA). In such cases, the lease of space is valid for only one year and requires renewal annually. A leaseholder has the right to transfer their lease or rent out a shop constructed on leased space to other third parties during the lease period (FO, 2013). Figure 4.2 shows tenants to be the most dominant group of small retailers (59.1%), because temporary
leaseholders, owners of freeholds and long-term leaseholders do not usually engage directly with small retail businesses, instead renting their shops to others. Tenant retailers are mainly located on BRA land, Zilla Parisad Market, KCC Market and private market and properties. Tenancy normally enhances the security of small retailers at the rental location for at least two to three years, with further scope for renewal (FO, 2013). However, 15.7% of small retailers do not have any form of tenure security or legal status according to KCC (Vendor type A). These vendors use bends in the road, pedestrian routes and gap sites. Although, they receive temporary assurance of occupancy through illegal monthly payments or by offering political support to local politicians, these informal arrangements do not secure a fixed space for long-term occupancy (FO, 2013). Therefore, the presence of most of the small retailers in the CBD (about 95%) is based on forms of tenure which confer impermanent rights of occupancy through temporary lease, tenancy, illegal payments and political patronage.

![Figure 4.2: Distribution of small retailers in the CBD (n=2070)](Source: FO, 2013)
Tenure issues

Dislocation and financial loss

Lack of tenure security is linked to a high risk of dislocation and financial loss for most retailers in the CBD. Temporary leases place about 58% of small retailers at highest risk of dislocation and financial loss. Under temporary lease
arrangements, the BRA possesses the right to terminate a lease with a six-month notice period. In such circumstances, BRA is not liable to pay any financial compensation to leaseholders on the grounds that the construction of permanent structures on leased land is restricted; a lease for a shop space and the installation of a temporary structure should cost only a small amount for a leaseholder (ISR, 2013). The cost for a temporary lease can be as little as £18 each year for an average floor space of 50sq. ft.; however, in comparison to their initial lease costs, most current leaseholders have spent substantially larger amounts on their premises in the form of improvements to the retail environment and the construction of shops (see Figure 4.3). Analysis of survey data (2007) shows that about 95% of the current leaseholders in the three selected markets on BRA land are not the primary leaseholder; they have paid between £3213 and £7334 to purchase a lease and a shop. In addition, 74% of leaseholders in these areas have spent an average amount of £137 per year to improve the retail environment. This represents around 8% of their average annual income of £1764 (SS, 2007 valid as 2013). In the last 5 years, around 18% of leaseholders situated in 11 markets have spent an average £214 to increase the storage space or workshops above their shops (FO, 2013) (see Figure 4.4). If BRA were to terminate these leases, the leaseholders would lose all the money they have spent. A small retailer expressed his concern during the semi-structured interview regarding this issue:

‘Primary leaseholders got leases in 1965 extremely cheap… the land they got was not suitable for any use… they filled up ditches… invested in shops… Previous leaseholders at various times invested for improvement of the shopping environment… the majority of the existing lease holders are tertiary leaseholders… they paid a huge sum of money on top of the original lease cost. I bought this shop [lease for shop space and shop] in 2003 from one of the secondary leaseholders… it cost me £4000. On several occasions, I have invested to increase the floor height and widen up the internal passages… Look at that shop; he spent more than me… added an extra floor on top of that wooden platform… If the railway discontinued our lease, we would have to leave these places almost empty handed and lose almost everything we invested here.’ (TLH7 ISR, 2013)

All the respondents in BRA land expressed fears that if the BRA were to terminate its lease contracts using the six-month notice period, they would only be able to release 70% of the cash invested in stocks and would then fail to relocate successfully. This means each of the lease holders in BRA land on
average would be able to leave with about £2204, representing a loss of £6518. Survey data (2007 valid as 2013) reveals that only 11% of them have cash savings and family assets; thus, all would require access to extra capital to re-engage in any retailing with tenure rights.

Temporary leases also put the 37.68% of small retail owners who are tenants at a high risk of dislocation and financial loss (SS, 2013). In the event of the termination of a temporary lease, tenants on BRA land should be able to get back the money they paid as a bond to the leaseholder and the capital invested in any products. If they get the bond back, they are likely to release an average £3604 from their current businesses against their average investment of £4549, leading to an average loss of £945 (SS, 2007 valid as 2013). All the four respondents who are operating in BRA land were concerned that lease owners would be likely to fail to return bonds in full; in the event of the discontinuation of leases, it was argued, they are likely to lose the money they have spent on the lease, shop and improvement to the retail environment (ISR, 2013). Thus, discontinuation of a temporary lease can lead to enormous financial losses and dislocation of leaseholders and tenants from BRA land, which can expose the majority to a high degree of uncertainty when accessing new retail.

Table 4.2: Tenure related risk factors and problems for successful small retailing

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Problems</th>
<th>Influence on retail success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary lease and lack of rights to protect financial loss</td>
<td>Risk of dislocation and financial losses</td>
<td>Reduce possibilities to re-engage in new retail</td>
</tr>
<tr>
<td>Absence of tenure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited tenure rights and instruments to have strong control in creating conducive retail environment</td>
<td>Limited control when creating an environment conducive for successful small retail</td>
<td>Unsatisfactory retail performance</td>
</tr>
</tbody>
</table>

(Source: Author, 2014)

Risk of eviction is highest among vendors (Type A), as they have no legal tenancy entitlement. KCC has temporarily evicted such vendors at least four times in the last five years during citywide clearance drives, without any
compensation or rehabilitation. Consequently, they have had to stop vending for periods of months (FO, 2013; SS, 2013). All the interviewed vendors (Type A) stated that during these periods they were engaged in alternative and irregular economic activities (ISR, 2013). They specified that interruptions in operations of just a week forced them to use their capital to meet living expenses. Each vendor loses an average £21 with each eviction (ISR, 2013). Losing this amount from an average capital of £33 leaves little remaining to re-engage in vending (SS, 2013). Such vendors also fail to obtain new loans from NGOs, as these require a business to be operational (ISR, 2013). Thus, absence of secured tenure opportunities exposes these retail owners to a high risk of eviction and financial loss, thereby reducing their possibilities of re-engaging in small retailing.

Small retailers with long-term tenure security are less exposed to financial risks to their existence. If owners want to take back their land, market or property, these retailers are legally entitled to get shops in a new establishment in compensation if they need to relocate. However, attaining affordable shops in improved private properties or receiving appropriate compensation can be difficult for tenure holders and even lead to legal battles. Nonetheless, the positive side is that the legal rights associated with their tenure allow them to engage in a legal battle to get their shops back or receive compensation where appropriate (ISR, 2013). Nonetheless, only about 5% have long-term tenure security. Thus, the majority of small retail owners in the CBD are at high risk of dislocation and financial losses, due to temporary leases, associated rights, and the absence of tenure, which is likely to reduce their opportunities to re-engage in new retail (see Table 4.2).

**Control over creation of retail environment**

It is evident that tenancy rights have both a direct and an indirect influence on controls over a suitable physical environment for small retailing. According to all the interviewed temporary leaseholders, they fail to solve the problems of small shop space, poor accessibility to shops and limited facilities in the
Chapter four: Successful small retailing: issues in the CBD

markets because of their position as tenants (see page 131 and 148 for further discussions) (ISR, 2013). All the chairs of the eleven market associations are of the opinion that improving accessibility to shops and increasing the shop space available as retail units will only be possible if some spaces are made available in the markets on BRA land (ISR, 2013). Temporary lease rights allow retail owners to create a quality physical retail environment including the preparation of suitable layout plans for markets, the construction of temporary structures, improvements to the width of corridors and bringing structural and cosmetic changes to shops and shop fronts upon approval of individual leaseholders in a market. According to these lease rights, they have the highest controls over creation of suitable retail environment – higher than any other retail group in the CBD (see Table 4.1). However, chairpersons for these groups clarify that temporary lease rights provide only short-term control to the leaseholders. Effectively short-term leases and restrictions regarding making permanent structural changes limit a small retailer’s capacity to create a suitable retail environment. A chair of a market-association contended:

‘The width of internal passages is narrow, many shops at the back failed to survive. We use those shops as storage… I also rented a shop there… my shop space is too small for storage…The rent for storage is much cheaper there than here, still it costs me extra…With the freehold of this land, we could rearrange shops to make all shops suitable for retail…widen passageways,… add floor spaces to make up the shop space lost in the ground floor in this process… Look at these shops, they have added more floor space cleverly and managed to afford these [see Figure 4.4]…. If we had the long-term tenure security and legal rights of carrying out permanent improvement, gradually over many years we would be able to improve our retail space according to our need.’ (CBRA5 ISR, 2013)

The rights of long-term leaseholders and freehold owners allow them to construct shops and bring cosmetic changes to shops (see Table 4.1). Retailers point out that the lack of accessibility and facilities to shoppers is a barrier to satisfactory retail performances. Long-term leaseholders in the Zilla Parisad Market suggest that small re-arrangements of shops on available land can help to address these shortcomings. They have dire necessities for: improved accessibility to their shops, bigger shop sizes, toilet facilities and improved drainage facilities. Since they lack tenure rights, they fail to directly improve or indirectly influence the creation and improvement of the retail
environment conducive for satisfactory retail performance. They are liable to contribute financially to maintenance and minor upgrading of spaces and land uses for common use. These works often take place upon approval and under control of the land or property owner. When substantial development works take place, compensation rights allow for the consultation of both types of retailers by land and property owners (ISR, 2013). Majority of the freehold owners interviewed (3) in the private market criticised the fact that consultations aim for negotiation on the cost, location and size of their future shops or the amount of compensation; however, these meetings do not invite opinion regarding possible areas for interventions, or for the improvement of the shopping environment. Development plans proposed by developers or land and property owners are typically difficult to resist, given that they can maximise profit in ways that do not reflect the needs of small retailers (ISR, 2013). For example: possession holders at the KCC Market have repeatedly requested a customer toilet downstairs, but when the KCC improved the market in 2005, they incorporated a small shop in the ideal location instead. Rahima Complex is one of many examples within the CBD where a number of shops have sacrificed the accessibility they had prior to construction of the complex. In these cases, the priority was maximising profit by offering as many new shops as possible. Because of the absence of supportive tenure rights or legal instruments, retailers failed to exert collective or individually strong controls over the retail environment.

Tenants comprise 65% of the total number of small retailers on BRA land and 82% of shop owners (temporary leaseholders) do not normally participate actively in decision meetings regarding joint improvements to markets (SS, 2007 valid as 2013; ISR, 2013). Although tenants are most often allowed to participate in meetings and are well aware of the scope for possible changes and improvements, they can only enforce the opinions given by shop owners, rather than adding their own views. In joint improvement works, tenants act as communicators and oversee improvement works, but the majority are unable to influence development decisions and results (ISR, 2013). Most of the interviewed shop owners in the CBD are of the opinion that tenants should not
be allowed to influence improvements to the retail environment, or bring long-term changes to the business environment, as they make a negligible financial contribution to physical changes in comparison to the shop owners (ISR, 2013). This is despite the fact that tenants occupy most of the retail spaces in the CBD. In reality, even though they rent shops on a short-term basis, these tenants usually stay in the same market or an adjacent market, or elsewhere within the CBD area long-term (SS, 2013). Nevertheless, tenants lack power and control over the retail environment in the absence of statutory supports that might secure their input.

Retailers have limited controls to address persistent problems in their physical retail environment that negatively affect retail performance, act as a barrier for retail success and cause retail failure. Poor accessibility to shops is a factor influencing retail failure for 35% shops in eleven markets on BRA land (FO, 2013). Almost 73% of the shops in the three markets are located 10m or more from market entrances, generating an average profit of 12% less than shops within 10m of the entrance (SS, 2007). All the respondents in BRA land reported that the narrow width of internal passageways significantly influences the performance of their businesses (ISR, 2013). 71% respondents also identified that the narrow width is a leading factor affecting their turnover (SS, 2007). In relation to small shop size, 27% of shops require an average extra retail space of 43sq. ft. and 87% of retail owners require an average storage space of 52 sq. ft. for their growing businesses (SS, 2007). These owners mainly address the demand for storage by renting out additional spaces, or by adding floors on top of retail space (FO, 2013). Respondents stated that payments for extra space increase their expenses, while limited retail space impedes their retail performances.

Again, most of the improvement decisions fail to address the tenants’ existing problems; rather, these decisions add to their expenses, consume their capital and negatively affect retail performance. Because there are limited organised pre-thoughts before physical infrastructure improvement works, such works very
often fail to actually improve the aimed retailing environment and therefore many of the activities are repeated to achieve the targeted improvement. Since, most of the money are sourced from the capital and savings of tenant retailers in the form of rents and deposits these put pressure on their low capital. There are examples of how repair works in three shops on a private property took two and half months, as the parties involved were less motivated than the tenants. Affected retailers are of the opinion that prolonged repair works impedes turnover (ISR, 2013). Therefore, limited tenure rights and instruments limit all retail groups to different degrees, with the creation of a retail environment conducive to a satisfactory retail performance.

![Figure 4.5: Capital and investment of tenure type](Source: SS, 2007; ISR, 2013; FO, 2013)

**Financial resource position: risk factors and problems**

This section explores key risk factors and issues around successful small retailing in the CBD, as related to the financial resource position of retailers. It
first examines the pattern and status of capital, investment, profit, and the savings of small retailers in the CBD, and identifies the key risk factors associated with these aspects. Second, it describes the problems faced due to existing risk factors and identifies the problem-led challenges encountered by small retailers.

**Financial resources**

Capital is sourced from savings other than cash loans, and from external sources and product loan from producers and suppliers, whereas investments are the total costs necessary to start a retail business. Survey data (2013) shows that the average investment of vendor Type A can be as low as £69, and only 7% have an average investment of £153 (see Figure 4.5). 34% of vendors (Type A) manage to start their businesses without any capital, and 43% begin with an average capital of just £55. The average investment of tenants is £4530. Only 47% of tenants on BRA land begin with an average capital of £2443 (SS, 2007 valid as per 2013). Again, freehold owners on average invest around £10087, but they constitute only 3.98% of the total number of the small retailers in the CBD. 62% of freeholders use an average of £5317 to set up, meaning that the average investment of freehold owners is influenced by few extreme values but mostly investments are lower in comparison to the calculated average investments made by freeholders. The cost of investments for long-term leases is reported as higher than for other categories, at £11687 (SS, 2013). For temporary leaseholders, the average value was £8722, but the amount of capital is on average £4813 (SS, 2007 valid as 2013). There is a limited degree of variation in investment patterns, as the modal investment value is £8562 for temporary leaseholders and has an insignificant difference, with an average value of £8722. The majority of small retailers in the CBD (74.80%) therefore commence retailing with low capital and a low amount of initial investment.
As far as the profit is concerned, temporary leaseholders and tenants on BRA land can make up to 70% profit on sale values, whereas freehold owners and tenants in the KCC Market make 55%, and vendors (Type A) profits of around 53% (SS, 2013). A high percentage of profit is gained due to the cost of setting up a business being low in the study area. The cheap purchasing price of products, the small size of a shop, the low cost of tenancy and low maintenance costs contribute to low investment costs. In fact, cheap price, varieties in products, their uniqueness in terms of quality and types, and vitality draw a high number of shoppers to this retail site and ensure a large number of transactions, which eventually reduces the sales price and increases the scope for profit through a high volume of sales (SS, 2007). All the retailers interviewed state that without a greater percentage of profits and more transactions they would probably not be able to continue their retail ventures with low capital, as they get a high percentage of profits within a short period and reuse this profit to match cash inflow. Therefore, small retailers in the study area can secure a high percentage of profits on their investments within a short period as a result of factors mentioned in this paragraph.

Figure 4.6: Amount of savings by location
(Source: SS, 2007 valid as per 2013; SS, 2013; FO, 2013)
Nonetheless, a high percentage of profit does not secure a high amount of profit for a large number of small retailers. About 64% of retailers on BRA land, 59% retailers in KCC Market and 53% retailers in Zilla Parisad Market receive a net monthly profit of less than £140 (SS, 2007 valid as per 2013; SS, 2013). The average monthly net profit for 78% of vendors (Type A) is only £46. In spite of making such low profit, vendors (Type A) who started with no capital currently have an average a capital of £47 in their retail. Actually, they are able gradually to enhance their capital using a portion of their profits as investments. A substantial number of retailers (72%) are of the opinion that low initial capital and investment affect profits (SS, 2013). Consequently, to ensure higher profits, they increase their capital out of the profits they have made and invest it in businesses. Nearly 74% of small retailers in three selected markets on BRA land on average spend £234 per year on products; almost 36% of these funds come from their profits (SS, 2007 valid as per 2013). Thus, a large number of retailers usually use a portion of their profits to increase the capital and investment in their businesses so that they can increase profitability.

The practice of saving among small retailers has gradually risen during the last 10 years. Interviews reveal that retail owners save mainly as a contingency for managing displacement scenarios and for financing improvements to the overall retail environment. They individually and collectively save via fourteen retail associations located within the CBD. Most of these associations are formed and jointly owned by retailers based on BRA land; they save individually on a daily and weekly basis through flexible savings plans. These associations offer interest on savings and offer loans based on the amount of savings at very low interest rates. Temporary leaseholders on BRA land also save collectively, which provides a contingency fund for the purpose of the renewal of leases and improvement to the overall retail environment. In fact, retail owners based on BRA land have greater opportunities to save individually and collectively than others, as they own most of the associations in the CBD. Individually, retailers here make savings based on multiple associations and 8% of retailers save with four NGOs and existing banks. Long-term leaseholders and freehold owners in
other places fail to save collectively in an organised manner and save individually in NGOs; only 11% save with banks (SS, 2013).

### Table 4.3: Risk factors and problems related to financial resource position

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Problems</th>
<th>Influence on retail success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor amount of initial capital</td>
<td>High dependency on informal loans</td>
<td>Poor performance, failure to progress and retail failure</td>
</tr>
<tr>
<td>Very limited supply of formal start up loans and loans for on-going retail</td>
<td>Poor financial ability to expand and address crisis situations</td>
<td></td>
</tr>
<tr>
<td>Inadequate resources</td>
<td>Poor affordability and control over creation of the retail environment</td>
<td>Lack the freedom to re-engage in small retail in improved environment and achieve better tenancy status</td>
</tr>
</tbody>
</table>

(Source: Author, 2014)

The modal value of total cash savings for small retailers on BRA land constitutes 60% of the small retail in the CBD, and is found to be £893, while the average value is £1154 (see Figure 4.6). Therefore, most of the small retailers here and in the CBD have cash savings of less than £893. Interview data suggests that the retailers at the KCC Market also have a small amount of savings, as the modal value of savings is £857, while the average value is £985. Nearly 23% of small retailers in the Zilla Parisad Market have savings of £789 and the average savings for small retailer here is £754. The modal value of savings for retailers in private markets and properties is found to be £593. The average amount of savings for Vendor Type A is as low as £23 (SS, 2013). About 18% of these have savings of between £50 and £102. Therefore, most small retailers have total cash savings of around £1000, and the average amount of savings in different retail shopping areas falls between £600 and £1000. It is notable that in spite of low capital and low investment retailers are able to save because they have strong trade associations. Small retailers have a tendency to save, which is contributed to by the retailers association; although in most cases, they fail to save high amounts in spite of their efforts.
Problems related to financial resource position

Financial inabilities and dependency on informal loans

The majority of small retailers in the CBD become loan dependent as soon as they start their business; this dependency continues throughout the life stages of their business (ISR, 2013). The differences in amounts of capital and investment in Figure 4.6 gives an indication of the amount and degree of these loans. Nearly 73% of the retail owners on the three markets on BRA land start businesses with an average loan of £3837, which contributes 47.32% to their average investment (SS, 2007 valid as per 2013). Currently the average amount of loans from 21% of retailers is £4281. Although this amount may appear to be low, it is not low for marginal retailers, as it constitutes around 54% of their investment (SS, 2007 valid as per 2013). Loan dependency affects all the small retailers interviewed and 83% retailers surveyed; typically they begin retailing with substantial loans, typically because low initial capital forces them to rely too heavily on loans throughout a business’s life (ISR, 2013, SS 2007). As a substantial portion of their investment comes from loans, they pay these off from their low levels of profit, thereby reducing their profits. A portion of their low profits is usually invested as capital so that their businesses can meet the demands for cash inflow and survive. However, profit margins are usually very low and inadequate relative to the additional capital required, and this leads them to depend on additional loans. Overall, currently most retailers are highly dependent on loans for their survival due to their initial low amount of capital.

For small retailers, limited capital is a major barrier to access to formal, affordable and substantial loans (ISR, 2013; SS, 2007). Formal start-up loans are inadequate for small retailers (SS, 2013) because borrowing is restricted by commercial banks, especially as most small retailers lack the necessary assets for a mortgage (ISR, 2013). Existing cooperative savings systems facilitated by retailers’ organisations and NGOs make no provisions for start-up loans; only members who are already in business can take loans based on their savings. A lack of formal start-up loans makes retailers dependent on informal sources; in practice this means they are reliant on sources such as family and friends for
Chapter four: Successful small retailing: issues in the CBD

cash loans, producers for product loans and informal moneylenders. Once a business has started and run for a while, new opportunities to acquire loans seldom open up. Although banks, cooperatives and NGOs offer some loans to the retailers to improve their business conditions, the chances of accessing such loans are extremely slim for those retailers who have very limited capital and assets. For current businesses, survey data show that only 4% of total loans come from banks. By contrast, retailers’ own associations play a greater role in providing financial assistance, providing short-term and low-interest loans. However, loans are disbursed based on the savings capacity of each member. Those who originally start retailing with exceptionally low amounts of their own capital manage to save small amounts, and, therefore, get proportionately smaller amounts of loans and interest on savings from these associations. Retailers working from private properties do not even have access to an association in which they can save and get rewards subsequently, because of the insufficient number of retailers to form an association. Most of this group depend on loans from NGOs, wholesale suppliers, family, friends and informal money lenders (ISR, 2013). Therefore, the majority of small retailers are highly dependent on informal loans at the start and growth stages of their business’ life, due to low capital and limited access to loans from formal sectors.

Both limited access to formal loans and a high dependency on informal loans has an influence on the retail performance. Small retailers claim that almost half of their investment on products is sourced from product loans from wholesale businesses. Since the costs for these products and purchases become higher than instant cash purchases, they receive less profit for half of their products, as the sale values of these products is high (ISR, 2013). Retailers interviewed explain that money lost due to product loans affects their profits, strengths and their ability to raise capital to achieve further progress. Therefore, they have no capacity to grow quickly. Again, retailers with low amounts of capital suffer reduced competitiveness compared to the increased competitiveness of those who have more capital. Investment data from three selected markets on BRA land shows how small retailers with capital of about £5000 have 2.71 times more chance of receiving formal loans than retailers with
less than £2500 capital (SS, 2007 valid as per 2013). All the small retailers interviewed point out that lower dependency on informal loans and their own capital allows those retailers with more capital to buy more products at a cheaper price and to stock products for sale during the rainy season when the price of products and purchases is higher than throughout the rest of the year. Evidently, cheaper sales price can be offered when retailers are economically well off and less dependent on loans. As a result, they ultimately manage to escalate their sales and profits, savings and capital, through drawing more on shoppers than those who are heavily dependent on loans. The diminishing competitiveness with other small retailers leaves loan dependent businesses with lower sales, profits and savings, and a reduced chance of recovery and progress (ISR, 2013). Small retailers who are dependent on NGO loans are prone to using their invested capital to pay the higher interest rates involved. On many occasions, through a gradual reduction in the capital and profits some are able to attain a capital level that hinders continuance. At least four small retailers in Khulna Railway Biponi Bitan and three vendors along Lower Jessore Road were forced to leave their businesses between 2010 and 2013; all were highly dependent on NGO loans (ISR, 2013). Thus, limited access to formal loans and a higher dependency on informal loans among the majority of small retailers led to increased risk, resulting in poor retail performance and a higher likelihood of commercial failure.

A number of inter-related factors are required to guarantee the healthy financial status of small retailers (see Figure 4.7). Very few small retailers in the CBD have access to these. It has been demonstrated previously that initial low capital, lack of availability and access to formal loans at entry and throughout the retailer’s life jointly influence the profits and savings of the majority of small retailers. These factors act as major obstacles, limiting the financial ability of retailers to expand - as testified by 67% of the respondents in surveys (2007, 2013). There are cases, when small retail owners need to relocate to embark on improvement work. For the majority, the capital that can be made available from their assets and savings is inadequate for re-engagement in retail business in the improved retail environment. For example, in the case of the
construction of the KCC Market, leaseholders and tenants had to relocate their businesses from the site. KCC allowed a long-term flexible approach when paying improvement costs to leaseholders; however, a number of these failed to afford costs and many failed entrepreneurs eventually turned to informal loans and joined new markets as tenants rather than freehold owners (ISR, 2013). Roughly, 13% of leaseholders rented out their shops to others, using all their capital and savings to pay for construction costs (SS, 2013). For the remainder, re-engaging in retail was challenging as many had to rely on informal loans with high interest rates (SS, 2013). A long-term retail owner described his experience as follows:

‘Previous leaseholders had opportunities to pay for construction costs in 10 instalments over the three years... Those who had difficulties in payment, KCC allowed them a longer period... The majority paid their instalments... Almost all took loans in various forms to pay for these costs... few retailers sold their possessions... they did not have that much to pay... Six to seven rented out their shops after construction of the market.’ (FH 4 ISR, 2013)

Figure 4.7: Factors determining financial abilities of small retailers
(Source: ISR, 2013)

The chair of the KCC market association noted that the negative effects of construction at KCC Market could be reduced if formal suitable loan support
was made available to small retailers. Freedom to re-engage in an improved retail environment and the opportunity for more secure tenancy rights depends greatly on access to larger loans. In the absence of suitable start-up loans from formal sources, access is dependent on informal sources and remains uncertain (ISR, 2013). At the end of their tenancy contracts, most tenants can afford to re-engage the tenancy, but are unable to afford a lease or a freehold. Statistical evidence from Khulna Biponi Bitan shows that only 17% of tenants can purchase shops at the back of the markets, at an average of £5511, if the loan covers 39% of the required amount (SS, 2007 valid as 2013). Overall, the ability to increase savings, assets, and to have the capacity to tackle business related issues is a challenge, because of the lack of financial capability suffered by most small retailers in the absence of suitable resources or loans.

Inability to afford and control retail environment

Public authorities began to lease out land to small retailers in the CBD from the late 1940s onwards; they also gave land holdings to some small retailers in the early 1980s. These sites were in need of considerable improvement if businesses were to be run there successfully. It was anticipated that retailers jointly, as well as individually, would improve the land and create suitable business areas (FO, 2013). Interview with small retailers reveal that the majority of leaseholders had limited capital and many did not even have any financial resources to improve land or construct shops, since entrepreneurs were originally petty street vendors who had migrated to the site. There were no loans at that time to finance improvements. However, a few financially well-off retailers were able to afford the costs; thus, eventually, financially weaker retailers sold them their leases. In this way, most of the first wave of leaseholders failed to take part in retail improvements due to low levels of financing. However, in the later stages of improvement work, new leaseholders and a few remaining former retailers engaged in greater participation and control to improvement practices than in the early years. When markets started to run well, this helped leaseholders to save and obtain loans from informal sources. Consequently, they managed to afford the costs to carry out gradual
improvements. Thus, improvement works have been carried out and financed by many small retailers since the first utilisation of these areas. However, in every phase of improvement, those small retailers who did not have adequate capital failed to participate in the process and dropped out. Meanwhile, financially well-off small retailers and investors dominated, becoming the main drivers of the improvement process and the self-proclaimed representatives of small retailers, even though they did not necessarily reflect the wider demands of the small retailers. The experience of Hazrat Khan Jahan Ali Market shows how most small retailers had to sell their land titles in the first few months after they received them; currently none of the primary and secondary marginal leaseholders are active participants in the market and less than 4% are small retailers themselves (FO, 2013) (see Figure 4.8).

Figure 4.8: Medium investment retail and wholesale in Hazrat Khan Jahan Ali Market.
(Source: FO, 2013)

Interview data reveals that the poor financial capacity of small retailers and lack of financial support delays the improvement process and means that retailers fail to improve the retail environment within a short span of time, even though this is necessary for their businesses. Leaseholders on public land are often unable to afford the costs associated with improvement without going for multiple phasing whereby they adopt a gradual transformation and improve the
environment organically and incrementally over many years. The development history of markets on BRA land indicates that on average, it takes around nine years to construct a shop with a brick wall and 14 to improve flood defences; often, the process is still ongoing, despite 27 years being the average age of retailers in the 11 markets (FO, 2013). Likewise, where shop spaces had been leased to small vendors by the KCC, leaseholders had largely failed to make any significant improvements to their retail environment over a period of 56 years, due to their extreme lack of funds (ISR, 2013). The KCC Market was constructed in the same location in 2005 and KCC financed the costs upfront. Thus, the majority of small retailers had minimal influence over the enhancement of the retail environment, because of their low capital and the unavailability of suitable financial support.

Small retailers suffer because of their inability to create suitable retail environments; interviews revealed that delayed improvements put pressure on those with very low capital and affects their turnover. Lack of quality retail environment affects the vitality of these places and retailers fail to attract the numbers of customers crucial to gaining adequate profits for survival. Before 2005, small retailers at KCC Market failed to create a secure and comfortable retail environment. Shops were prone to theft and arson, due to their temporary nature. Throughout most of the rainy season retail failed to function fully as markets were not rain and flood proof. Retailers with extremely low capital failed to continue here and the low level of profits resulted in capital losses during these years. An interviewee stated:

‘Our shops caught on fire on a number of occasions… during the rainy season, shops used to become inaccessible for shoppers due to flooding… Some shops were burgled repeatedly… at that time our shop walls were made of bamboo… the environment was so bad in early years that retailers could not get that many shoppers here… They had extremely low capital, many failed to continue their businesses here… Over many years, the small retailers here managed to improve the land height and quality of structures. However, in 56 years we failed to afford to build a permanent structure and were unsuccessful in creating an attractive shopping environment’ (FH6 ISR, 2013).
Findings from interview suggest that in the first five years of each market on BRA land, rates of retail failure were much higher than subsequently. 76% participants surveyed strongly believe that one of the reasons for this failure was the lack of a sufficient number of shoppers in the area due to the poor retail environment. About 73% of the participants identified the narrow width of internal passages, flooding during the rainy season and small shop size as the key issues leading retailers to fail in at least 30% of shops (SS, 2007). Respondents were of the opinion that these issues required attention to safeguard the remaining retailers at financial risk (ISR, 2013). However, at least 28% of retailers in the three selected markets on BRA land were on an average more than 17 years old, and all of the retailers started with an average capital outlay of less than £1000 (SS, 2007). Respondents pointed to two survival factors: firstly, their capital was healthier than those who came into the markets with as little as £5 in 1960s and £50 in 1980s and secondly, they
arrived after the markets had begun to attract shoppers (ISR, 2013). However, they believed that their struggle for survival could have been lessened, and that they could have attained stability more quickly if had the physical environment been as good as that of the newly built markets in BRA. Thus, a financial inability to create a business environment in the short run affected small retailing on public land and markets. Retailers with low amounts of capital struggled to survive and succeed.

**Figure 4.10: Supply and demand sources**
(Source: Author, 2014 after Sowgat, 2012)

**Risk factors and problems: the built environment**

The first subsection looks at risk factors associated with spatial aspects including location, level of accessibility to sites and shops, the quality of the physical environment in which small retailers are operating, the state of the existing and emerging retail industry in the CBD and the retail form. The next
subsection presents problems associated with these risk factors and reports on their influence on successful small retailing.

Retail environment

FO (2013) showed the majority of small retailers are located in the core area of the CBD, where vitality is remarkably high, due to the high degree of variety in the specialised retail areas, agglomeration of wholesale businesses, the presence of other business and commercial activities and the diversity of commercial land uses more generally (see Figure 4.9). The business locations of small retailers benefit from good transportation links to customer areas and a good supply of product sources. High-density residential areas and areas with poor and middle-income people are within the shopping areas’ catchment and they are well connected with the CBD with roads (see Figure 4.10). The wholesale area in the CBD acts as a supply source for small retailers. The CBD is linked to the road, rail and river transport networks that connect to other parts of the city and the outer city suppliers of products. Consequently, the supply network supports the supply of products for the small retailers (FO, 2013). Because of these factors, retailers enjoy a location advantage.

Figure 4.11: Permeability to shops on BRA land and in the KCC Market
(Source: Author, 2014)
Permeability and retail site accessibility are constrained by severe congestion on most of the roads in the CBD. The reduced effective width of carriageways impedes free movement of the heavy traffic generated by the land uses in the CBD. At peak times, traffic flow is 1845 vehicles per hour in 20 ft. wide Old Jessore Road and 2456 in 30 ft. wide Clay Road. Both roads fail to offer their designed carriage width to users due to illegal parking, pedestrian movement, vending and congestion (Hossain, 2003). Again, the designed width of pavements is found to be an average 3.5 ft. only; this is further reduced by the damaged surface and encroachment by vendors (FO, 2013). With the active width, pavements fail to accommodate shoppers and pedestrians and offer scope for free movement (see Figure 4.12). Therefore, permeability to the sites where small retailers operate appears to be poor, due to the narrow design and effective width of carriageways and pavements.

**Figure 4.12: Encroached and damaged pavements (photomontage)**
(Source: FO, 2013)

Although the CBD is not connected to any regular public transport routes, and the rail and water transport networks in close proximity do not operate to serve the inner city areas, it is made accessible by manual and automated rickshaws. These serve as popular public transport modes for this area (FO, 2013).

Multiple entry points and the internal organisation of passageways in most of the markets offer many alternative routes to shoppers to reach a shop. However, physical and visual permeability to most of the shops built before
2005 remains poor (FO, 2013). Because of narrow entrances to the markets and the narrow passageways, consumers cannot easily view the retail units, unless the shops are in very close proximity. The maximum width and the minimum width of internal passageways in the old markets is observed to be eight feet and four feet respectively; these are narrow in view of the flow of customers (FO, 2013) (see Figure 4.11). At peak times, 1203 shoppers per hour enter and leave the three markets on BRA land (Sowgat, 2002). Additionally, as most of the shops are very small and fail to allow shoppers inside, customers use a considerable portion of the internal passageways while shopping, further reducing the active width of the passageways (FO, 2013).

Pedestrian shoppers are not safe on most of the roads due to the damaged pavements and illegal encroachment by vendors in many areas (see Figure 4.12). Field observation suggest only shops in two newly built private markets, Dorbesh Market on BRA land and KCC Market, have a tidy physical appearance and sanitary conditions. The remainder of the markets are burdened with problems including poor drainage, narrow passageways, lack of rain proofing and water logging. Vendors (Type A) do not have any shelter, rain proofing, flood proofing or shade from the sun. Overall, the quality of the retail environment is not satisfactory in the CBD (see Figure 4.13).

In terms of retail format, vendors (Type A) use as little as 18 sq. ft. as a retail space and only 4% use spaces between 80 sq. ft. and 100 sq. ft. (SS, 2013). By contrast, the average shop size in the selected markets on BRA land is observed to be 62 sq. ft. and only 1% of shops are as large as 300 sq. ft. (SS, 2007 valid as 2013). In the KCC market, shop sizes are uniform and the average shop size is 70 sq. ft.; 37% shops in the Zilla Parisad Market have spaces of less than 50 sq. ft., 17% of shops have an average retail space of 64 sq. ft. and less than 1% has shops of about 150 sq. ft. (SS, 2013). Thus, the majority of the shops or retail spaces used by small retailers are small.
Chapter four: Successful small retailing: issues in the CBD

Figure 4.13: Quality of retail environment
(Source: Author, 2014)

Figure 4.14: Very large and small shops
(Source: Author, 2014)

Figure 4.15: Supply of shops for small retailing in private market
(Source: Author, 2014)
Figure 4.16: Existing tenure pattern of DAP area and location of small retail.
(Source: Author, 2014 after Roy, 2007)

Figure 4.17: Original (top) and revised land use plan (bottom) for redevelopment
(Source: Author, 2014 after Roy, 2007)
Chapter four: Successful small retailing: issues in the CBD

The retail industry in the CBD has been experiencing a shift towards modernisation since the 1990s. Since the late 1990s, a number of new comparatively modern, multi-storied and high-rise market and commercial complexes have been constructed, including retail spaces suitable for medium to heavy investment retailing. A supermarket, Mena Bazaar, opened in 2005 at the outer edge of CBD (FO, 2013). The Detail Area Plan also proposes high value shopping uses on BRA land (KDA, 2002d) that are likely to draw significant retail investment. Therefore, medium and large retailers are emerging and expected to emerge in the future within the CBD.

The supply of affordable yet improved space for small retailing is limited and in decline in the new properties in the core areas of the CBD. The Khulna Shopping Complex, opened in 2002 (see Figure 4.15), is illustrative of this situation. The new private commercial properties include only a few shops for the previous retail owners who had possession of part of the site, and they agreed to pay the costs necessary to access the new market (FO, 2013). The remaining freeholds were sold at a high price. Newly built structures like Khulna Shopping complex provide extensive commercial space over multiple storeys, but they reduce the existing supply of shops for small retailing. Three newly built multi-storied private commercial structures have added new investment intensive commercial spaces to the CBD, but eliminated 13 small retail shops which previously operated on the site (FO, 2013). Likewise, two ten-storied commercial complexes added nine times more floor space than before for commercial use at the cost of the eviction of 11 small retail shops from these sites. Although the newly constructed KCC Market (public market) returned previous stock and added new stock to shops for small retailing (FO, 2013), similar examples are not found in other cases. The additional number of shops that this public market offers is surely greater than the total shops lost due to new private sector led development in the CBD. Yet, many of these additional shops are too expensive for small retailers and unsuitable for small retailing due to their poor accessibility (CKCC ISR, 2013).
The supply of small retail units has remained almost unchanged on BRA land and Zilla Parisad land, since current lease rights do not allow for the massive extension of shops, and leaseholders are prohibited from constructing multi-storey buildings (FO, 2013). The DAP proposals for optimum use of BRA land include existing land currently held under temporary lease, accommodating 57% of small retail units in the CBD (see Figure 4.16 and Figure 4.17). The land use plan proposes high value commercial use for 30.54 acres of BRA land, of which, 28.58 acres are planned for ‘commercial institutions’, and ‘shopping and bazaar’ will occupy only 1.96 acres (KDA, 2002d). 1.96 acres of land is proposed as the allocating for fishing and other thriving local businesses in the Boro Bazaar, alongside the development of some specialised shopping areas and efforts to meet the space requirements of vendors. However, provision of space for the existing small retailers in the planned area is uncertain in future regenerated areas (KDA, 2002d). Area coverage and proposals show that ‘commercial institutions’ aim to replace a portion of the existing large bazaar and market areas. Existing markets on BRA land cover at least approximately a nine times greater area than the proposed area for ‘shopping and bazaar’; therefore, even four to six storey shopping centres would fail to offer an area equivalent to the existing retail spaces available under small retailing. In addition, the plan recommends selling developed land for high value commercial use (30.5 acres). Land on which existing small retailers are located would need to be used to make space for these plots (FO, 2013). According to the chairpersons of two market associations on BRA land, the land value of the proposed area is remarkably high, as it is in the heart of the city; moreover, serviced plots are always more expensive than underdeveloped land. Hence, proposed sites and services, improved accessibility and a variety of the city centre uses are likely to increase the area’s profile, increase current land value substantially and encourage new investments and businesses. However, there are limited directions in this proposal for the accommodation of existing retailers or improvements to make the environment conducive for them.

Planners in interviews argue that existing leaseholders on BRA land will receive priority in getting plots. If small retailers can afford them, planners contend,
plots might include specialised markets, which are typically far beyond the financial means of most existing retailers. Financially able temporary leaseholders on BRA land, some of whom are not small retailers, wish to purchase plots and incorporate spaces suitable for small retailing in future markets in regenerated areas. They predict that some owners will own multiple shops in the future markets and that these shops will enter the market for the sale and rental of small retailers. However, only a certain proportion of plots are likely to be purchased by previous temporary leaseholders. Limited supply, countered by rising demand, will increase the cost of future shops, which in the long run will make them unaffordable for purchase and for rent by the small retailers (SS, 2007; ISR, 2013). Therefore, it is evident that spatial transformation patterns in this area have a high tendency to reduce the supply of affordable and suitable shops for small retailers.

Figure 4.18: Pedestrian traffic movement and congestions at Dak Banglo Intersection and Station Road.
(Source: Author, 2014)
Chapter four: Successful small retailing: issues in the CBD

Issues related to physical retail environment

Shopping environment

During the conducting of this research, those small retailers interviewed emphasised that congestion, street vending, pedestrian traffic and illegal parking prolong the journey time of shoppers and reduce their convenience during peak trading hours and during the most popular shopping seasons. Due to congestion and the presence of street vendors, in most cases shoppers are forced to walk along unsafe pavements and along carriageways where they are exposed to both non-motorised and motorised vehicles (see Figure 4.18). Once more, the low internal permeability of the markets was cited as a cause of discomfort for shoppers (SS 2007; FO, 2013; ISR, 2013). Shoppers find that it is uncomfortable to reach some shops, due to narrow and congested passageways during peak trading hours, in peak shopping seasons and the hot days of summertime (ISR, 2013). A chair of a market association on BRA land stated:

‘... internal passageways are not wide enough... During peak hours, shoppers in most markets fail to move freely... if you come here during festival time and in the winter, even to go there [pointed a shop, which is about 10m away from his shop] you will have to wait for about 10 minutes... you might have seen that there is congestion on the Clay Road, at Dak Banglo intersection and Lower-Jessore Road... vendors [Type A] have occupied the pavements... and most of the pavements are broken and narrow... Shoppers are forced to walk on the road rather than using pavements.’ (CBRA 2 ISR, 2013)

At least 13 out of the 22 retailers interviewed at different markets expressed the opinion that shoppers require facilities including toilet and seating arrangements, which are not provided. Furthermore, flooding and inadequate shelter seriously affect the comfort of customers shopping at street vendors, as these retailers usually have little or no protection against rain. Many of the roads in the CBD become water logged, even after a few hours of heavy rain; shoppers are left with no option other than to use these flooded roads or unsafe and filthy pavements to shop from vendors. In addition, shoppers are exposed to the sun and hot weather during the summer time; this means that it becomes extremely difficult for them to shop in the daytime during the summer months (ISR, 2013). It is apparent that poor permeability and the quality of the retail
environment are unsafe and not sufficiently comfortable for shoppers or small retailers.

Poor external permeability, to some extent, affects the business performance of the majority of small retailers in the CBD. Due to poor permeability, it is evident that shoppers struggle to enter most markets on BRA land during peak shopping seasons and in the main trading hours. Poor internal permeability is also a cause of concern for the retailers themselves, since their profits depend on the level of accessibility to shoppers. The small retailers interviewed indicated that often they feel discouraged about buying items from shops that are located far from the main walkways, as passing through narrow and congested passages is uncomfortable for them. Statistical evidence indicates that shops on BRA land and those more than 10m down narrow shopping passageways accrue 1.37 times less profit than shops within 10m of entrances (SS, 2007 valid as 2013). In fact, 35% of retail shops in the BRA land were forced to close due to poor internal permeability in the markets and ended up as for storage and wholesale use. Similarly, shops on the first floor of the KCC Market remain unused and underused due to the narrow widths of stairs and passageways (FO, 2013). In summary, poor permeability to shops affects the sales of small retail businesses in the CBD and can even lead to closure.

Table 4.4: Overall ranking of positive factors that attract shoppers and retailers to BRA land

<table>
<thead>
<tr>
<th>Factors</th>
<th>Rank according to shoppers</th>
<th>Rank according to retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheap price of products</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Variety of products</td>
<td>2</td>
<td>NA</td>
</tr>
<tr>
<td>Location</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Well connected by public transport routes</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Traditional shopping environment</td>
<td>5</td>
<td>NA</td>
</tr>
<tr>
<td>Quality of products</td>
<td>6</td>
<td>NA</td>
</tr>
<tr>
<td>Comfortable</td>
<td>7</td>
<td>NA</td>
</tr>
<tr>
<td>Fame as an old shopping area</td>
<td>NA</td>
<td>2</td>
</tr>
<tr>
<td>Low tenancy costs and rents</td>
<td>NA</td>
<td>4</td>
</tr>
<tr>
<td>Similar types of retail in the area</td>
<td>NA</td>
<td>5</td>
</tr>
<tr>
<td>Low decoration and maintenance costs</td>
<td>NA</td>
<td>6</td>
</tr>
</tbody>
</table>

NA= Not Applicable, (Source: Roy, 2007)
Retailers feel that susceptibility to flooding and inadequate shelter seriously affect their performance during the rainy season. All the vendors interviewed (Type A) emphasised that their sales fall by up to 70% during the rainy season when compared to the other seasons. One of the street vendors argued:

During the rainy season streets are often flooded with water. I operated until the sidewalks were flooded but failed to draw adequate shoppers... Last year, at least on two occasions I was out of business for seven days in a row because of continuous pouring ...there is no rain protection either for us [Vendors] or for the shoppers... narrow drains fail to drain out the water... when the streets are flooded, shoppers cannot use it...normally they prefer to use streets than the sidewalks in this part of the CBD. Without protection against rain, they do not prefer to use the narrow and uneven sidewalks... purchase from us become uncomfortable for them during this period of the year...In the last year I sold only about £17 per month during this season...Usually, I make £70 per month during rest of the year.’ (V3 ISR, 2013)

Interviewed vendors added that the number of shoppers drops during the hottest summer months due to lack of shade. During both these low seasons, retailers fail to generate income as successfully as in the rest of the year due to low levels of transaction. Reduced profitability in turn causes them to consume their capital more rapidly, and leads them to become more dependent on loans from informal sources and NGOs, thus further undermining their ability to succeed (ISR, 2013).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Tenancy Costs (Possession Cost)</th>
<th>Net Profits/ month</th>
<th>Rents/ month</th>
<th>Area of the shop</th>
<th>Walking distance from entrance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenancy Costs</td>
<td>1</td>
<td>.652(**)</td>
<td>.936(**)</td>
<td>.324(**)</td>
<td>-.691(**)</td>
</tr>
<tr>
<td>Net Profits/ month</td>
<td>.652(**)</td>
<td>1</td>
<td>.647(**)</td>
<td>.203(*)</td>
<td>-.478(**)</td>
</tr>
<tr>
<td>Rents/ month</td>
<td>.936(**)</td>
<td>.647(**)</td>
<td>1</td>
<td>.233(*)</td>
<td>-.749(**)</td>
</tr>
<tr>
<td>Area of the shop</td>
<td>.324(**)</td>
<td>.203(*)</td>
<td>.233(*)</td>
<td>1</td>
<td>-.145</td>
</tr>
<tr>
<td>Walking distance from entrance</td>
<td>-.691(**)</td>
<td>-.478(**)</td>
<td>-.749(**)</td>
<td>-.145</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed). N=137, (Source: SS, 2007 valid as 2013)

Survey data suggests that 76% of the retailers trading on BRA land reported that poor legibility, the design of shop fronts and decoration are not significant
problems affecting retail performance. The ‘traditional shopping environment’ is one of the significant factors that attracts shoppers to these markets and low levels of decoration allow shoppers to ‘feel comfortable’ (another significant positive factor) when shopping, as this is perceived to reflect affordability (see Table 4.4). Some survey respondents stated that the risk to shops with better internal accessibility is that increases in tenancy costs and rents may outstrip any growth in profitability. The evidence for this concern is that the correlation between walking distance from entrances and tenancy cost is -0.70, but the correlation between distances with profit is -0.48 (see Table 4.5). All the retailers claim that improvements to the retail environment will always add costs and increase the sale value of products. However, they agree that if they address the features of discomfort affecting shoppers and continue to offer affordable prices, this will increase their sales. One chair of a market association stated that:

‘in spite of the present issues shoppers come here as they enjoy the low price of the product. We could draw more customers if the shopping environment was better.’ (CBRA3 ISR, 2013).

Therefore, the quality of the physical retail environment in the CBD is failing to influence small retailer sales positively.

Vitality of existing retail areas

Although the current shopping environment does not offer a high level of comfort, it does attract a large number of shoppers to the CBD as a consequence of its accessible central location. The CBD’s existing vitality contributes to the high number of transactions and high ratio of profit to turnover amongst businesses located there; this helps support small retailers, especially those on the margin of subsistence, to survive (ISR, 2013). The DAP intends to create a safe and encouraging retail environment, which will enhance business profitability in the CBD. However, the implementation of the DAP carries a high risk of undermining some of the location advantage factors which currently contribute to the vitality of the CBD. The DAP lacks focus on retaining the
present retail fabric of the CBD or on accommodating the present variety of activities on BRA land (KDA, 2002d). Although it is difficult to predict the future retail composition, it is clear from the plans that a major share of the proposed plots for 'shopping and bazaars' are targeted at multi-storey and high value shopping centres. Furthermore, the plan intends to introduce new high-class city centre living, thereby replacing a share of the principal customers of the small retailers who currently reside within the shopping areas' catchment districts. The prospective loss of the present diversity in retail and the principal shoppers is anticipated to reduce consumer flow and negatively affect the turnover of the small retailers remaining in the CBD, placing very low capital small retailers at risk of failure in the future (IPE, 2013). Thus, the strategy for the transformation of the existing CBD lacks attention towards safeguarding the vitality of the CBD. The risk of loss of vitality is a crucial issue for small retailers, as their survival greatly depends on the vitality of the CBD.

Size of shops

The small size of the shops acts as a seedbed for the newcomers due to low associated costs. When businesses attain stability, they require more space to achieve further progress. Previously, public authorities intended to accommodate a maximum number of vendors on leased land. A primary aim was to ensure that vendors could afford leases and gain access to retail sites. Consequently, each of the vendors acquired spaces that were large enough to fit small shops. Currently 32% of leaseholders and 28% of tenants on BRA land need additional retail space to support their growing businesses, and they have savings to afford additional 27 sq. ft. shop space. As far as costs are concerned, leaseholders are able to pay an additional cost of £3707 on average and tenants are ready to pay additional rents of £23 per month and an advance of £786 for additional floor space (SS, 2007 valid as 2013). However, limited new retail stocks are made available in areas with high vitality. These are practices that require retailers to wait an average of two to three years to get a shop next to their own or two shops side by side in order to increase shop space. Although shops in newly built markets are bigger compared to those in
old markets, they are unaffordable for small retailers (for example, shops in KCC Market), as supply is limited relative to demand (ISR, 2013). Thus, retailers who need to expand their businesses fail to get shops of a suitable size within their limits of affordability and in a suitable location.

It is apparent that the floor space of shops and net monthly profits are highly correlated (0.65) (see Table 4.5). This indicates a positive influence of shop size on profits. The respondents on BRA land believe that their store sizes are inappropriate when compared to the demands of their rapidly growing businesses, because they need more space to accommodate varieties of products, so that they can earn greater profits (ISR, 2013). They also note that adding a new product line and storing goods is difficult. Since shop size and tenancy costs are positively correlated (see Table 4.5), surplus costs for increased shop sizes can lead to financial risks for small retailers who have limited capital and savings. Only those who have survived and gained the capacity to afford the costs can progress by accessing suitable premises. Therefore, in many cases, small retailers with the financial ability to expand are unable to do so due to the lack of suitable premises.

**Competition among retailers**

Results from the interviews and survey on the impact of existing shopping centres show that, until recently, sales and profits from small retailers currently in the CBD were unaffected by the emergence of modern shopping complexes. Small retailers when interviewed clarified the reasons behind their competitive position in relation to larger units in shopping centres. Retailers in specialised markets primarily sell products that differ from those sold by retailers in the new shopping complexes. In addition, small retailers offer lower prices on similar products, when compared to retailers in shopping centres, as the capital required for starting a small business is less than that needed to commence a retail venture within a modern shopping complex. However, nearly 67% of small retailers surveyed in the CBD expressed fears about losing their competitive edge relative to shops in modern shopping centres or to department
stores in the regenerated area in future if the DAP is implemented (SS, 2007; SS, 2013; ISR, 2013). A retailer expressed the following concerns:

‘Khulna Shopping Complex did not affect my business performance… My profit is better than many shops there… I spend less for my maintenance I can sell at a cheaper price. In addition, the city has a large number of low-income citizens. In terms of price and variety, we are competitive than Khulna Shopping Complex. Therefore, middle to poor people prefers to do shopping here… If such modern shopping centres occupy in most of our current place, present shoppers will not come to us as a small number of us will be continuing here… shoppers will not get varieties what they get now… If I can get a shop there, I will fail to offer products as cheap as I can offer to customers now.’ (TLH 3 ISR, 2013)

Some interviewees explained that if they were able to access the regenerated area, the required investment for a small retail business there would be higher than at present; both increased costs and the resultant stress on their limited levels of capital would be likely to affect their profitability and competitiveness and narrow their product range. Interviewees added that after regeneration small retailers are likely to experience more competition in the CBD as a whole for a number of reasons. For example, modern shopping centres will be built in their present retail locations, and there will be a reduction in shop units in the CBD leading to a reduction in specialisation. Hence, it can be argued that the transformation of the retail industry and introduction of larger retailers would have a negative effect on the performance and prosperity of those small retailers remaining in the CBD.

**High costs for accessing the core area**

The cost of entering into the small retail sector in the core area of CBD has increased significantly over the last ten years (2003-2014). For example, the average cost of ownership for per sq. ft. retail space in the old KCC Market was £32 in 2001 but had increased to £93 by 2013. On BRA land, this cost was £72 in 2001 rising to £127 in 2013 (FO, 2013). The chairperson of the KCC Market association, and a number of retailers on BRA land, identified two factors as responsible for this price rise (ISR, 2013). Firstly, the new KCC Market from 2005, alongside parallel improvement to the retail environment on BRA land,
mean that markets in both places draw more shoppers now than ten years previously. Secondly, the supply of affordable shops for small retailing is extremely low in the CBD (SS, 2007; SS, 2013), and the need for suitable shops is on the rise, leading to further price increases for premises (ISR, 2013). Since an improved physical environment is a necessity for the progress of retailers, the lack of supply of affordable shops in suitable locations must be taken into account as a key factor for this rise in costs. The implication is that the limited supply of affordable shops for small retailing, compared to their high demand, is the key factor responsible for increased costs when accessing small retailing in the core area of the CBD (SS, 2007; SS 2013; ISR, 2013).

Table 4.6: Risk factors and problems for successful small retailing related to physical retail environment

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Problems</th>
<th>Influence on retail success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of DAP-loss of present diversity in retail and loss of some of the principal shoppers in the shopping catchment</td>
<td>Loss of vitality</td>
<td>Reduced turnover and number of transactions Very low capital small retail are at risk of failure</td>
</tr>
<tr>
<td>Poor permeability and quality in the retail environment</td>
<td>Unsafe and uncomfortable shopping experience</td>
<td>Failure to have a strong positive impact on progress</td>
</tr>
<tr>
<td>Lack of available shops with a suitable size for growing small retail</td>
<td>Small size of shops for growing retails</td>
<td>Obstructs further progress of the retail with financial ability to expand</td>
</tr>
<tr>
<td>Emergence of medium and large investment retail and multiples Spaces for small retail are in decline Loss of variety in specialised markets</td>
<td>Loss of competitiveness with medium investment retail and multiples</td>
<td>Reduced performances Retail failure</td>
</tr>
<tr>
<td>Supply of affordable shops in suitable locations is in decline against rising demand</td>
<td>High costs involved with getting access in core area</td>
<td>Displacement to places with poor vitality and failure to thrive Loss of tenure Displacement from the CBD Barrier for creation of new retail</td>
</tr>
</tbody>
</table>

(Source: Author, 2014)

The high cost of acquiring access to opportunities in small retailing in the core area bears the risk of displacing existing small retailers from the CBD. As survey data shows 74% of existing temporary leaseholders on BRA land will fail
to purchase serviced land following the implementation of the DAP (SS, 2007), even if there are long-term options of payment for them (ISR, 2013). The income and assets of leaseholders reflect the fact that, if the area of serviced land cost £22 per sq. ft. (projected value), only 12% of leaseholders have the ability to purchase the average expected shop size (90 sq. ft.) in the short-term (SS, 2007 valid as 2103). If leaseholders were allowed three years to pay for serviced land, another 14% would be able to afford the 90 sq. ft. space. Leaseholders fear the displacement of financially weaker leaseholders (ISR, 2013). According to them there are leaseholders on BRA land who are not small retailers, won multiple leases run by themselves or rented to small retailers. They argued that both these leaseholders, and the small retailers with leaseholds who are able to afford the costs to access the serviced plots, will invite financially and politically stronger investors from outside to purchase serviced plots with them jointly. This allows commercial plots to be developed through joint ventures. Here, politically strong investors will be those with power and influence over the central government as a consequence of their role in national and local politics. Meanwhile, financially strong investors are those with sufficient excess capital to invest. The opinions of eight out of eleven chairs on BRA land, articulated during interviews, validate predictions of displacement. These interviewees claimed that they would purchase and develop plots jointly with politically or financially strong investors. One chair, who is not a small retailer, commented:

‘Most small retailers can afford to pay for plots jointly... who will not can move to elsewhere in the city... legally they will not get any compensation... If KDA prioritises us in plot allocation, those among us who have ability will pay on behalf of them... It is better for them to sell their share to us... New retail spaces in these plots will also accommodate shops for small retailing as there is demand... if they can afford to relocate here’ (CBRA 5 ISR, 2013)

A large proportion of existing small retailers in the CBD are currently operating on BRA land. They are likely to fail to gain access to regenerated sites due to their financial inability to purchase or rent shops in the regenerated plots because of increased shop prices and costs. Interviews revealed that financially weak leaseholders are likely to leave. The lack of loan support for start-up businesses will intensify financial shortfalls regarding purchase or to
rent shops in the regenerated site. Interviewed retailers who feared displacement argued that finding a shop for small retailing in the CBD would be difficult because the price of the shops will rise, as there is a limited supply of affordable units in the remainder of the CBD relative to need. Hence, this large number of small retailers are not only at great risk of becoming illegal vendors, but could also be priced out of the CBD. In fact, previous increases in shop prices and the reduced supply of affordable shops in new developments has forced many small retailers to become street vendors or to relocate to cheaper and less desirable places (see Figure 4.19). Four out of six illegal vendors who have lost their tenure security due to new developments reported that their illegal status is a result of the lack of availability of affordable shops in suitable locations in the CBD. It was noted during interviews that only 5-7 shops became available for rent on BRA land and that these units were very expensive. Furthermore, there were many affordable empty shops available to rent in the KCC Market, where permeability and vitality were poor; thus, relocation to these spaces would not have insured survival. A few of their neighbouring retailers moved there but now face threats from closure and financial loss. An illegal vendor, who is a previous freehold owner comments:

‘I was there [pointed the construction site] for 9 years. Now I am here [on pavements]… In KCC Market, there are many empty shops upstairs. Their rents and advances are suitable for me, but I will not go there. Nobody goes there yet… In railway markets [markets on BRA land]; there were no shops to rent within my affordability. I thought that doing business as a street vendor is feasible for me… my customers will easily find me here… I will be here until KCC ask me to vacate… I am not sure if any suitable shop will be there [pointed the site] for us… How I will pay £15000 for a freehold in that market?’ (VTA7 IPE, 2013)

Therefore, both the limited supply of affordable shops in suitable locations for small retailing and the high costs of accessing premises in the core area have displaced small retailers to places where they fail to thrive, forcing them to become illegal vendors.
According to interview and survey evidence, rising costs and the limited supply of suitable shops also limits access to small retailing. The chairs of all market associations explained during interviews that demand for a small retail shop in the CBD is very high, as there is a lack of supply of affordable shops. Each year only a limited number of shops become available to rent or purchase, but the price is very high. The number of new small retailers with a tenancy arrangement is quite low in the CBD (SS, 2007; SS, 2013; ISR, 2013). Rising costs, reduced stock, and new and improved large shops are unable to meet the increasing high demand for spaces required for the creation of new retail opportunities in the CBD.

**Summary**

Small retailers in the CBD benefit from the area’s vitality and its accessibility to suppliers and consumers. However, there are a number of associated risk factors to consider. Since the majority of small retailers in the CBD do not have secure tenure they are at high risk of unexpected displacement and financial loss. Tenure rights are inadequate for most of the retailers and they often lack legal instruments to secure controls when creating an environment conducive for retailing. Although the majority have low amounts of their own capital, there is a limited supply of formal loan finance for start-ups and on-going small retail businesses. Lack of assets for mortgages further restrain many of the shop owners from gaining access to available credit. In consequence, they become
highly dependent on informal loans from the outset of their trading lives, and on an on-going basis lack the financial ability to expand or to respond to unanticipated crises. Due to financing limitations, they are unable to improve the retail environment and maintain or increase their profitability. In terms of the retail environment, although retailers enjoy a location advantage, their sites and shops often have poor permeability and inadequate physical environments, resulting in an unsafe or uncomfortable experience for shoppers. The priority for future development is to increase the number of medium to large retailers and new commercial uses; by contrast, there is little emphasis on offering affordable shops in a suitable location and of an appropriate size. Due to these factors, there is a risk of loss of retail diversity and a decrease in customer numbers. Consequently, the competitiveness of small retailers is endangered. Again, the decline of affordable shops in suitable locations, compared to rising need, results in an increase in the value of shops that obstructs the access and expansion opportunities of small retailers in the CBD.

These risk factors and associated problems affect small retailers in the CBD. The CBD in Khulna city is unable to meet the increasing demand for spaces for the creation of new small retail businesses in the city. This is due to a limited supply of affordable shops in new developments. The majority of existing small retail businesses struggle to perform at a satisfactory level, constrained by the lack of suitable retail environments, their lack of capital and the consequent dependence on informal loans. Additionally, a large share of the small retail owners in the CBD are at risk of dislocation and financial loss due to their lack of tenure security. They do not have the financial capacity necessary to re-engage in the improved retail areas. On the contrary, they are susceptible to displacement and risk having to relocate to unsuitable environments in which tenancy and occupancy rights are limited and commercial prospects are obstructed. The following chapter explores the ways in which different policies have responded to (and intend to respond to) the risk factors identified in this chapter (see Table 4.2, Table 4.3 and Table 4.6), and considers their effectiveness in managing these factors.
CHAPTER FIVE: POLICY RESPONSES

Introduction

Existing academic literature suggests that regeneration policies towards financial solvency, secured tenure and suitable retail environment for the small retail businesses can play a significant role in protecting this sector (Fourie, 1999; Taylor et al., 2004; Baron et al., 2001; DDA, 2006; Shamsad, 2007; HM Government, 2007; Coca-Stefaniak et al., 2005). This chapter explores the extent to which regeneration policies at national level and Khulna echo experiences elsewhere. The first section investigates the ways in which plans and policies on the regeneration of the CBD have responded to the needs of small retailers. This section examines the effectiveness of these policies in mitigating the identified risk factors responsible for these problems, as outlined in chapter five. The second section looks at the regeneration policy framework, regulatory measures and practices in business districts to assess whether the city and national level policies constrain successful small retailing in the business districts in Khulna city.

CBD level policy

This section starts with an overview of the plans, policies and regulations that comprise regeneration efforts targeted at the CBD. The section then investigates whether regeneration policy and practices in business districts help in relation to the physical environment, tenure security and financial resources associated with successful small retailing.

Policies for regeneration of CBD

Long-term policies have been adopted for Khulna city through the Khulna Master Plan in 1961 and a package of four plans in 2001 (see Table 5.1). During the interviews, planners claimed that between 1980 and 2000, small area-based project plans were the only guidelines that controlled the
development and growth of the city. Khulna city policy makers agreed that these city level spatial planning policy and project documents constitute the main framework for urban development (IP, 2013). Interviewees agreed that a mix of strategies, policies, land use maps and detailed development proposals jointly comprise the overall framework guiding the transformation of the CBD since 1961 (see Table 5.1 for variations).

Table 5.1: Planning policy framework in Khulna city

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Means for framing the development process</td>
<td>Land use map Sector specific policies Proposals for specific sites</td>
<td>Project based proposals and guidelines</td>
<td>Strategies Sector specific policies Land use maps Land use regulations Proposals for specific sites Detailed proposals and supporting strategies</td>
</tr>
</tbody>
</table>


Document analysis reveals that the Khulna Master Plan of 1961 (covering the period until 1980) proposed a new CBD adjacent to the already existing one through large-scale redevelopment. The proposed restructuring of space at the Ferry Ghat-Baro Bazar area was on 40 acres of underused and vacant public land owned by Bangladesh Railway Authority (BRA) (KDA, 1961). Responding to the need for suitable space for existing activities in the established CBD, and to a desire to accelerate economic growth, this proposal aimed at generating a suitable environment where existing and future uses could agglomerate. A
proposal also conveyed the idea for detailed plans for the new areas in the future CBD, which would include standards, guidelines and mechanisms for implementation (KDA, 1961). The land use map put forward gross commercial and mixed residential and commercial land uses to facilitate the future transformation of the built-up area (KDA, 1961). The proposals for a new CBD and the landuse map in the Khulna Master Plan of 1961 were the main regulatory mechanisms for regeneration of the CBD between 1961 and 1980.

KDA planners acknowledged that funding was the main barrier to prepare any long-term plan for Khulna for the next 20 years. There were no long-term plans in place between 1981 and 2000. Instead, interview data confirms that a few short-term project proposals that acted as the de facto framework for development during this period (Table 5.2 column 3). Although the project sites were outside the existing CBD area, in most cases the proposals emphasised accessibility improvement and release of public land to the private sector for immediate commercial development (FO, 2013). Officers at the authorisation department of KDA added that project proposals and the land use map of the Khulna Master Plan of 1961 acted as the regulatory framework for development of the CBD from 1981 to 2000.

In addition, the Statutory Master Plan (2002) provides sector specific policies as the basis for improvement and (re)development of the existing CBD. The plan proposes a comprehensive redevelopment of 282 acres of BRA land. Commercial uses of the existing CBD encroached into this land, which remained underdeveloped despite significant opportunity to create a new and a thriving city core. In response, the ‘Area Development Plan: Central Khulna Railway Land’ (2002) addressed the lack of many uses in the existing CBD and tried to facilitate a new urban renaissance in the city (KDA 2002c, 2002d). The southern part of the site, which was mostly under retail and wholesale businesses, was kept in the plan for commercial uses but with increased accessibility as an extension of the existing CBD. The rest of the area was to include recreation and tourism related uses and high value residential
development (KDA, 2002d). Sites outside the redevelopment plan site were to be guided by the land use plan and policy on improving accessibility to and circulation within the CBD, as set in the Statutory Master Plan (2002). The DAP and the Statutory Master Plan (2002) were initially planned for 2001-2005 and 2001-2010 respectively. However, during interviews the planners and academics noted that KDA had failed to publish the new Statutory Master Plan for 2011-2020 and was unable to implement the proposed DAP for redevelopment of railway land because of the financial shortfall. Since, no further plans have been adopted to guide development, the existing unimplemented policies, land use maps and land use regulations in the Statutory Master Plan (2002), and ‘Area Development Plan: Central Khulna Railway Land’ (2002) form the wider policy framework for the CBD until 2020.

Retail investors in the CBD along with the officials from KDA and KCC claimed during interviews that small-scale projects and initiatives are targeted at the small retail sector. Policy experts expressed their concern that public organisations have adopted short-term implementation strategies and encouraged construction of new structures on a piecemeal basis (IPE, 2013). Interviews with the existing retailers revealed that even though KDA is responsible for the preparation of the plan, managing planned development of the city and implementing associated development projects, small-scale public sector led practices usually do not follow the policy framework adopted by KDA. Direct observation suggests that current practices have regenerative impact on the CBD, but are the result of fragmented planning and development approaches by the relevant public organisations. Hence, mainly piecemeal small-scale projects and initiatives contributed to the growth and improvement of the CBD rather than the statutory plans.

Existing policy documents at national and city level suggest that the policy framework is intended to guide development control practice in Khulna. Land use maps and regulations, and site-specific proposals, provide the basis for development control. The master plan contains detailed development
proposals for large-scale schemes for specific areas and then the DAP specifies measures, supporting strategies, standards and guidelines for development. Ideally, these policy specifications are set to regulate the role of actors in facilitating, enabling, managing and implementing developments to deliver a strategic vision of planning and yield better outcomes. KDA is responsible for development control and the overall development process of the city. This management role also means implementing any development proposal if necessary and working with other partners for delivery of projects.

Effectiveness of the policy framework

This section assesses the effectiveness of the policies and measures that direct and regulate regeneration in the CBD, particularly in relation to the small retail sector.

Policy directions for planned development

The CBD emerged spontaneously without any planned intervention in the early 18th century as a small trading centre along the River Vairab (FO, 2013; see KDA, 1961). Gradually a small town appeared based on the activities of this centre. Municipal status in 1885 resulted in the construction of a steamer port (1880), major permanent roads (after 1882), Calcutta-Jessore-Khulna railway line (1885), a railway station (1904) and an administrative zone (1885) covering the adjacent area. These developments during the late 18th century and early 19th century allowed trade to flourish. Interview data from meetings with BRA officials show that the Ministry of Railway acquired land in the Northwest from Sir Iqbal Road, Khan-E-Sabur Road up to Zoragate in 1904. Senior businessmen claimed during interviews that the individual land and property owners in adjoining areas freely transformed their residential premises and open land to meet the demand of space for growing wholesale and retail businesses. Similar findings regarding the transformation process of the CBD is evident in the research of Alam (2004 in Shahriar, 2002). Alam adds that small
business owners were allowed to transform public space into commercial land uses by KCC during the late 1940s. This helped to tackle emerging problems of unemployment and provide space for informal retail businesses.

Figure 5.1: Proposed land uses in Khulna Master Plan of 1961
(KDA, 1961)
Old business owners in and around this area claimed during interviews that until 1950, the business district expanded steadily through incremental transformation of adjoining areas. However, when industrialisation began in the city as an output of national and regional development strategies it drew additional population in the designated industrial zones. The growing population subsequently created a demand for shopping activities. During this period new roads, rail lines and river ports were constructed and these transport networks connected the industrial areas with the CBD. In response to the growing needs, new small investors and existing businessmen spontaneously accommodated additional economic activities in the CBD by exploiting new infrastructure, the newly developed industrial sector and growing demand for commercial services. Although public sector led infrastructure improved the accessibility and commercial appeal of the area as a business district, according to policy experts, short-term development proposals were the basis for most of these public sector led developments (IPE, 2013). It was suggested that there was no long-term vision or any plan for development of any business district in the city until 1961.

This changed from 1961, as the 1961 Khulna Master Plan emphasised the creation of a new business district, based on the assumption that there would be new demand for commercial activities in Khulna City if the industrial areas flourished. Areas outside the suggested business centre were proposed for administrative and residential development. These propositions left little room for accommodating commercial and civic activities outside the area demarcated for the new business district (see Figure 5.1). The success of a planned CBD relied heavily on development of the new CBD on BRA land that was supposed to accommodate existing and future businesses and core CBD activities. Planners from KDA reported that when KDA failed within the specified time (1961-1980) to implement the proposed new business district, it decided that the existing CBD should accommodate those businesses. After 1971, the CBD did not attract industrial activities, reflecting the wider decline of the sector. According to the historians and academics in interviews (taken as a part of field
observation), population growth between 1950 and 1971 meant there were demands for small shops, resulting in a significant increase in small retail businesses. The 1961 Khulna Master Plan failed to provide tangible policy directions for planned development of the already built up area (KDA, 1961). The plan was heavily biased towards development outside the already built up areas. Review of relevant literature implies that the planned development could not accommodate demand for space from new economic activities, and consequently failed to provide commercial areas in a planned way. Furthermore, the 1961 Khulna Master Plan provided no specifications for land uses and activities in the new business district. In fact, detailed land use zoning guidelines were absent in the 1961 plan. Individual landowners who started business there asserted that they enjoyed full freedom in transforming most of the surrounding built up areas and developing vacant and underused areas to accommodate new economic activities in the CBD, without any long-term policy directions. This claim by interviewees is supported by KDA officials, who noted that there were no site-specific land uses or activity zoning in the 1961 plan. Instead, they noted, the plan provided rigid land use zone only at city level. As the plan was interested in planning of new sites rather than existing ones, it undermined the development control mechanisms for the existing CBD in 1961 and adjacent land. Overall, the policy framework in the 1961 Khulna Master Plan failed to provide clear policy directions for the planned development of the CBD.

Senior policy experts observed in interviews that piecemeal transformation in and around the existing CBD led, in most cases, to spontaneous expansion beyond the designated land use area, via low density development during 1960s and 1970s (IPE, 2013). In the following years built up areas in the existing CBD failed to attract new investment owing to restricted availability of land, the inaccessibility of the CBD and the poor quality of the built environment (KDA, 2002b). Review of policy documents shows that in spite of these problems, no regulatory measures were instituted to address these issues. KDA depended on small public sector led projects for planned development for
the next two decades. Projects were aimed at creating suitable spaces adjacent to CBD that could draw new commercial investments with improved accessibility (FO, 2013). Released unused public land with services and improved accessibility through construction of Khan-E-Sabur Road encouraged ribbon developments outside the CBD. Construction of Majid Sarwani and Station Road both attracted large wholesale retail on BRA land along these roads due to improved access to the rail and river port. This was followed by further transformation of BRA land in an unplanned way and expansion of the CBD.

Existing retailers claimed in interviews that issues related to poor built environment —such as unsafe shopping environments, limited space for circulation in the core part of the CBD and unattractive shopping facilities— remained unaddressed. Policy experts argued that projects improved the accessibility to the CBD by linking it with the rest of the city, but that accessibility issues within the CBD were ignored. Projects guided the use of land for commercial purposes along the newly constructed road, but the land use proposal of the 1961 Master plan, which became outdated in light of the changing needs of the CBD, continued to represent the only policy directions for spontaneously built up CBD areas in the 1980s and 1990s. BRA continued to lease under developed and vacant land adjacent to the core area, not as a part of development management practices but in response to the continued need for employment opportunities, and the potential of short-term financial gain from lease (IPE, 2013). Field observation reveals that the private sector, business co-operatives, landowners and business owners played a leading role in the process of transformation of the previously built up areas and leased underdeveloped land. They used the spaces for commerce and facilitated the expansion of the CBD whenever they thought this would be necessary to respond to market demand. KDA was reluctant to adopt any long-term policy directions, land use regulations and directions for managing development even after such market led improvements and planned initiatives by the public sector towards the development of the CBD. Consequently, there were limited policy
Chapter five: Policy responses

directions for the planned transformation and development of built up and adjacent areas of the CBD between 1981 and 2000.

After the year 2000, KDA introduced the redevelopment plan on BRA land (2002). This proposed the preparation of detailed design guidelines for the area’s redevelopment and specified five aspects of design (see Box 5.1). The intention, as described by the planners in KDA, was to ‘declare policies to promote planned development, increase accessibility, improve quality of built environment and foster economic growth of the CBD’ (IP, 2013). This time the policies have been better articulated than in previous policy for the CBD, since earlier advice was not specific about traffic flow and parking, aesthetics, detailed activities and how to accommodate informality. However, planning documents show that policies on the city centre do not make clear whether these aspects are applicable for the planned development of the rest of the CBD, but do not include the redevelopment site. This plan aims to create a modern western-style 21st century CBD without making recommendations about the retention of historic inherited characteristics of the city centre, its traditional feel and prevailing business fabric. A number of planning academics argued in interviews that the tendency of this plan is towards creating an aesthetically attractive but functional new part of the CBD, segregated from old parts of the centre. An academic who has also been involved in the preparation of the city level planning documents, commented that:

‘Policies on the city centre do not suggest that the redeveloped BRA land will be able to hold most of the existing uses and activities in the CBD. The redevelopment plan provides little policy direction on improvement of the existing CBD area and ways to secure functionality of this area’ (PE1 IPE, 2013).

However, there are some policy measures in the redevelopment plan that will indirectly benefit the CBD, such as improvement of circulation and accessibility of the site. This could increase vehicular and pedestrian access to the CBD. Similarly, the proposal for a taxi stand could reduce traffic congestion in the CBD, linked to on-street parking. Moreover, relocation of the bus stand could reduce congestion and improve traffic safety. Excluding these policies, the
Chapter five: Policy responses

broad types of proposed land uses, poorly stated requirement of parking space and absence of rules on building height and massing for new development in the Statutory Master Plan of 2002 are the potential threats for increasing pressure of traffic within the CBD. Policy responses for severe and persistent problem of traffic congestion, unsafe and uncomfortable pedestrian environments, flooding, poor quality shopping facilities, lack of a rickshaw stand, poor traffic management are still absent.

Unlike the 1961 Khulna Master Plan and projects during the 1980s and the 1990s, the Strategic Master Plan of 2002 focused on redevelopment of the area outside the core part of the CBD. Problems associated with the major part of the existing CBD received less in the way of policy attention than was the case for redevelopment of BRA land. Again, KDA has failed to make significant progress in preparing further details on standards and guidelines to satisfy the specified aspects since 2001. There is still a lack of any set of long-term detailed guidelines, policies and standards for the already built up areas. Thus, the policy framework is yet to provide adequate direction for the overall planned development of the CBD.

Box 5.1: Aspects for Detail Area Plan on new business districts

The functions of business district will

- not to disrupt the free flow of traffic,
- to make area aesthetically attractive,
- to provide all basic utilities and amenities for shoppers and sellers,
- to include adequate parking facilities and
- accommodate informal activities along with formal retail

(Source: Author, 2014 after KDA 2002c, 2002d)

Interview data from an academic at Khulna University suggests that the market-led and spontaneous pattern of growth of the CBD has been dominant over the last 20 years (IPE, 2013). This pattern of change provides support for the above claim regarding the inadequacy of policy directions in guiding the growth pattern and the dominance of market forces in the transformation process. After 1961, the planning authority was unable to implement large-scale
development and redevelopment proposals for the CBD, and instead promoted small infrastructure projects, made land available for development, and encouraged actors to recreate spaces in available area as demand arose. Since there are limited implementation of the existing land use plans and building construction rules it gives the market unregulated freedom. Even the land use plans in the Strategic Master Plan of 2002 acknowledged market forces and existing land uses, welcomed similar uses in the area, and left the actors to decide suitable land uses for these areas. One of the planning experts observed that:

‘Gross land use plan for built up area [plan with very broad land use categories], poor policy directions for development control, absence of any long-term plan for business districts and delay in implementation of the redevelopment plan allowed private sector to participate in the development’ (PE3 IPE, 2013).

Land and property owners, entrepreneurs, investors, co-operative partnerships and developers continued to transform already built up areas and surrounding areas in an organic manner. This created suitable space for economic activities as market conditions demanded (IPE, 2013). This was linked to the absence of firm local level spatial policies and emphasis of existing city level policies towards market forces. Small public sector led projects were conducted on a piecemeal basis in the already built up areas (ISR, 2013).

The transformation pattern of the CBD shows that market demand for growth exerted a major influence on its spatial form. Although the public sector plays a role in the development process, in comparison to the private sector this is extremely limited for the CBD. Planning policies and practices play a minor role in guiding the transformation process. Plan led development does not respond to the emerging challenges; the emphasis is on the creation of organised and planned space in new areas. Public authorities have been unable to implement proposals for new development or for the introduction of additional development control mechanisms. The transformation process of the CBD is linked more to market demand than planning guidance. In the
absence of any policy direction, the transformation and spatial expansion of the CBD has often been disjointed.

### Table 5.2: Policy framework and its application in the CBD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New business centre adjacent to old CBD</td>
<td>Failed to implement</td>
<td>Improving accessibility to the CBD, making commercial plots available adjacent to already existing CBD</td>
<td>New and improved roads and commercial plots</td>
<td>Redevelopment of 282 acres of BRA land for urban renaissance</td>
<td>Revised the land uses to accommodate the demand of BRA and KCC</td>
</tr>
<tr>
<td>City level land use zoning</td>
<td>No zoning guidelines for individual sites and built up areas.</td>
<td>No proposal on built up area Gross land use map of 1961 Master Plan for built up area</td>
<td>Failed to implement</td>
<td>Mixed land uses for rest of the CBD area</td>
<td>Progress on public sector led real estate development</td>
</tr>
<tr>
<td>No zoning guidelines for individual sites and built up areas.</td>
<td>Piecemeal transformation of the built up area</td>
<td>Piecemeal transformation of the built up area</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**Failures in guiding the implementation of plans**

Policy experts observed that on a number of occasions proposed plans and policies for large-scale regeneration were not implemented within the designated time frame (IPE, 2013). Both the new business centre proposed in the Khulna Master Plan of 1961 and the redevelopment plan of 2001 are among those unimplemented projects (see Table 5.2). A number of factors are responsible for this, including the limited financial capacity of the public sector in Khulna, difficulties in releasing land from BRA, the weakness of key planning institutions, and the inadequacy of policies and regulations (IP, 2013). These limitations have never been fully acknowledged in policies, but the Statutory Master Plan of 2002 advocates that public authorities play key roles in the implementation of town centre regeneration, working in partnership with other organisations if necessary (KDA, 2002c). A great deal of responsibility is put on
### Table 5.3: Policy constraints in reducing the retail environment related risk factors

<table>
<thead>
<tr>
<th>Constraints of regeneration policies</th>
<th>Risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Khulna Master Plan of 1961 lacks detailed criteria for development of the new business centre</td>
<td>Limited policy directions for planned development of the CBD</td>
</tr>
<tr>
<td>- tangible policy directions for planned development of the already built up area</td>
<td>Poor permeability and quality of the retail environment</td>
</tr>
<tr>
<td>During 80s and 90s</td>
<td>Lack of available shops with suitable size for growing number of small retail</td>
</tr>
<tr>
<td>- no measures were set forth to address issues in the core part of the CBD</td>
<td>Spaces for small retailing is in decline</td>
</tr>
<tr>
<td>- no effective policy directions for planned development of the CBD</td>
<td>Loss of varieties in specialised markets</td>
</tr>
<tr>
<td>The 2001 policy framework</td>
<td>Loss of present diversity in retail and loss of part of principle shoppers in the shopping catchment</td>
</tr>
<tr>
<td>- lack policy responses for the long persisting issues of the major part of existing CBD</td>
<td>Emergence of medium and large investment retail and multiples</td>
</tr>
<tr>
<td>- yet to provide adequate policy directions for overall planned development of the CBD</td>
<td>Limited regeneration policies to create suitable environment for small retailing</td>
</tr>
<tr>
<td>- Policies fail to utilise the strengths of local incremental approach of development and address their limitations</td>
<td>Policies fail to show effective ways of implementing plan and policies</td>
</tr>
<tr>
<td>- there is a lack of policy directions on how to involve actors effectively in the process of planned development and regulate their participation</td>
<td>Maximisation of profit is the focus of policy proposals</td>
</tr>
</tbody>
</table>

EBBCA (1952) 
- does not specify the legal requirements to create suitable shopping environment within commercial structures 
- are not applicable for construction of temporary structures 
The Khulna Master Plan of 1961 did not provide any directions for creating retail environment that would suit access of small retail in the new centre and their successful function 
The redevelopment plan of 2021 did not recognise necessity of ensuring built environment related factors for successful small retailing in the regenerated area. There is a lack of policy directions for development of planned retail sector in the CBD where small retail are protected through control on emergence of medium and large investment retail and multiples 
Redevelopment plan (2002) 
- aim to accommodate small retail in serviced plots 
- proposed land uses for bazar that was much less than the existing land space occupied by vendors, whereas the dominant part of commercial use for commercial institutions 
Limited development control regulations on uses types, building height and lack of regulations to safeguard the small retail sector 
There is a lack of any policies or regulations to control spaces for small retail in new commercial developments. 

the public sector for implementing policies and proposals associated with large-scale regeneration but with limited financial power.

The planning authority was unable to implement the 1961 plan and failed to prepare new plans for the period 1980-2000. Few projects, land uses proposed in the 1961 Master Plan, and building constriction rules were used for the control of development in the built up areas in the existing CBD and adjacent areas during the 1980s and 1990s. Even the Strategic Master Plan of 2002 provided little guidance for the planned development of the already existing CBD. The implicit idea behind these policy proposals were that the public sector would play only a limited role regarding the transformation of most of the already built up areas in and around business districts. Instead, the role of the state would generally be limited to facilitation works such as construction of roads and making serviced land available in the market (IP, 2013). Instead, it was expected that the private sector would play the key role in transforming and expanding the CBD mainly via incremental development. More freedom was given to the market after 1981 to make sure that the private sector could play a dominant role in the transformation and development of the existing CBD.

Interviews with the retailers association suggested that small retail owners located on BRA land formed small organisations at the grass root level to safeguard their interests, working collectively to generate savings. Over a long period, members of these organisations jointly and individually improved their retail environment following an incremental approach to development. They did this without any guidelines from KDA and with no financial support from the public sector towards the cost of improvement. With financial support, tenure rights for improvement and policy directions for planned development, this process could have lasting impact on the physical environment of the CBD. Retail closure and displacement resulting from the improvement process could also be reduced considerably. Well-informed development practices may emerge from networking and sharing their common problems and goals, and starting collaborative work on common issues. Nevertheless, policies do not
recognise how plans and regulations can be formulated and tailored by utilising an incremental development approach while also minimising their limitations.

Different public organisations such as KCC, Khulna Zilla Parisad and KDA took part in small-scale improvement of the retail environment out of self-interest. This was the case, for example, with construction of the KCC market by KCC. Existing small retailers acknowledged in interviews that some of these developments have helped to increase their turnover because of the improved physical environment of the CBD and of their retail area. However, interviews also revealed that these improvement works had sometimes displaced some small retailers. A small retail owner in KCC market stated:

‘My shop was a temporary structure before [construction of KCC market]. Land was very low… My shop had fire twice. During the rainy season I could not operate effectively…due to water logging. Sidewalks were very unsafe…there were no drain covers … In 2005, KCC constructed this market [permanent structure]… Shoppers can now safely walk on the sidewalks… We had to finance the construction of market…in instalment. Yes, some retail owners had to leave…they sold their leaseholds…their shops were made of temporary structure; they have not received that much’. (FH3 ISR, 2013)

Policy experts interviewed argued that the city lacks regulations to safeguard small retailer interests and guidelines about the role of public organisations in the planning and implementation of development works. They argued that current policies are deficient in that they fail to specify how public and private actors can be involved effectively in the planning of the CBD. Therefore, policies have on occasion failed to provide effective regulatory measures for implementing plans by taking account into the previous policy failures that could have beneficial impact on small retail businesses.

**Limited regeneration policies on creating suitable environment**

The proposal for a new city centre in the Khulna Master Plan of 1961 was aimed partly at providing an improved environment for existing and future businesses. But it did not include any guidelines for development of the retail environment in the future. The DAP of 2002 focused on creating a regenerated
area free from traffic congestion, aesthetically attractive and providing all basic utilities and amenities for shoppers and retail owners. The redevelopment plan intended to accommodate informal activities in the proposed bazar area as well (KDA, 2002d). Existing small retail owners feel that they would not benefit from this if they are not accommodated in the proposed redevelopment site. One of the retail owners shared his views regarding the frustrations about rehabilitation. He asserted that:

‘KDA has never given us any concrete direction about how they will be rehabilitating us in their redeveloped site. Their obscurities about rehabilitation force us to think that we will be displaced unless we are able to pay the additional costs.’ (SR3 ISR, 2013)

Existing small retailers feel that they are unlikely to be reintegrated into the regenerated site. Current proposals would therefore not be beneficial to existing small retail owners. Furthermore, the plan did not recognise the necessity of safeguarding the success factors associated with the wellbeing of small retail owners on the BRA land. Such factors as described by the existing retailers include location of existing small retailing, its diversity, presence of low-income shoppers within the shopping catchment, and low maintenance costs. Even, universal factors for successful small retailing are ignored in the plan. One of the retailers cited a specific example and asserted that ‘the plan did not make any provision to ensure supply of affordable shops with suitable and varied sizes in the core area, which could actually meet the rising demand’ (SR5 ISR, 2013). Since 1961, policy was aimed mainly at improving the quality of the physical environment in the CBD. However, evidence from interviews and review of secondary literature suggests, as outlined, that regeneration policy has proved ineffective in creating environments that are conducive to successful small retailing.

Broad land use proposals in the Statutory Master Plan (2002c), coupled with the lack of any policies or regulations for the protection of current areas where small retailers operate, have served to diminish the space available to small and marginal retailers in the new commercial developments. The redevelopment plan on BRA land (KDA, 2002d) replicated the limitations of city level policies as
it also emphasised new spaces for commercial institutions but gave limited attention to retaining adequate land or space in which to accommodate existing small retailers (see page 142 for detailed discussion). Furthermore, the plan asserted that the possibility of incorporating existing special markets and informal retail was to be considered in the proposed land uses for shopping and bazaar, which means that there is uncertainty regarding protection of space for new and existing small retailing. Whereas the aim here is for incorporating buildings with high design values, high costs associated with access to the serviced plots and a lack of policy to secure access for small retailers indicates that the goal of the plan is to attract medium and large investment retailers and multiples to the regenerated area. Policies do not aim to control the dominance of these retail types in the CBD. Overall, there are few policies for the development of the planned retail sector where small retailers are protected through restrictions on the emergence of medium and large investment single and multiple retail outlets.

The East Bengal Building Construction Act, 1952 and National Building Code 2006 are the regulatory tools for controlling quality of space within any permanent structure, but they do not give any legal obligations regarding accessibility, permeability, legibility and quality of the built shopping environment within the commercial structures (IPE, 2013). Development control rules are not applicable in the case of construction of any temporary structures, even though such structures are common in the context of the dominance of informal and formal small retail businesses in Bangladesh. Again, there are no regulatory measures to control the built environment of a site dominated by temporary structures. All the rules and regulations are applicable only if the structures are permanent. Many of the chairs of the organisations of small retail owners identify these issues as one of the key limitations of the current regeneration policies. One of them asserted that:

‘Rail [BRA] made quick plan for keeping record of leases. It was considered that small shops and narrow space would be fine. The place they made were not functional, we had to improve the accessibility, heights of shops, storage spaces on top of our shops, drainage and so on. We made plans for all these by ourselves but did not seek help from KDA. We are temporary leaseholder;
we do not need any planning permission. Even KDA is not liable to help us. Moreover, KDA do not look at internal design of markets’ (CBRA2 ISR, 2013).

Thus, regeneration policies have often failed to promote retail environments appropriate to the needs of small retailers in the CBD.

**Table 5.4: Initiatives for small retail sector and associated issues**

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiatives</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late 40s and thereafter</td>
<td>Provision of temporary lease of unused Zilla Parisad land against low amount of annual fees and later up-gradation of these tenure into long term-lease</td>
<td>Absence of funding support for construction of retail units and operation of retail Lack of regulatory measures conducive to create an environment supportive for small retail No tenure right to safeguard the interest of leaseholders in the process of future development of leased land</td>
</tr>
<tr>
<td>Late 40s and thereafter</td>
<td>Provision for vending permit by KCC to operate along the Clay Road in exchange of daily fees and later vendors were issued temporary lease against low amount of annual fees</td>
<td>Lack of tenure security Absence of financial support for construction of retail units and operation of retail Leases were given without any long-term plan to manage these vendors</td>
</tr>
<tr>
<td>1995</td>
<td>Construction of KCC Market on the land under temporary lease by KCC and provision of freeholds of shops to temporary leaseholders in exchange of an amount lower than their market values</td>
<td>Lack of project elements to secure access to available loan scheme for operation of retail The market is constructed on the right of way; the impact of the project on traffic was not considered There was no attempt to create amenities and facilities for shoppers and retailers No tenure right that would allow the freehold owners to control their retail environment</td>
</tr>
<tr>
<td>1965 and thereafter</td>
<td>Provision of temporary lease of BRA land in exchange of low amount of annual fees for leases</td>
<td>Lack of tenure security Previous leases were renewed and practice of giving new leases continued without any long-term plan to manage these growing number of vendors No guidelines for planned development of markets on the leased land to secure suitable retail environment Absence of funding support for construction of structures and operation of retail</td>
</tr>
<tr>
<td>1982</td>
<td>Provision of land hold of unused BRA land in reduced price</td>
<td>Absence of funding support for construction of shops and operation of retail No mechanisms to safeguard the primary freehold owners No guidelines were there for construction of market to secure suitable retail environment for small retail.</td>
</tr>
</tbody>
</table>

(Source: FO, 2013)
Limited policies for management

A number of public organisations have offered tenure opportunities to small retail groups to tackle continuing informality in the CBD since 1945. Retail owners and officials from KDA and KCC reported during interviews that after the independence of India and Pakistan in 1945, when small retailers began to emerge in the CBD in large number, Khulna Zilla Parishad released land around Dak Banglo for short-term lease, which they later made available for long-term lease (FO, 2013). KCC initially permitted kerbside vending along the Clay Road in the 1940s in return for daily fees. Gradually, it offered the vendors temporary leases, and by 1995 it provided freeholds of shops in the KCC market (see Table 5.4). Their number grew due to the famine in 1965 and this increased further in the years following the independence of Bangladesh (1971) due to immigration of Muslims from India, the decline of the industrial sectors, rising employment needs, and lack of new employment opportunities in the city. BRA began to accommodate a major share of these vendors in its unused and underused land through providing temporary leases since 1965. A small portion of their underused land was made available for land holdings to an association of small retailers in 1982, and later the Hazrat Khan Jahan Ali Market was built by landowners. Therefore, the tenure opportunities for small retail in the CBD offered by the public sector includes temporary and long-term leases, freeholds and land holds.

BRA’s leases allowed a discounted price to be offered at affordable range to the informal retailers in the area. Some of the old retailers (age of business) who leased BRA land claimed in interviews that they failed to protect their tenure because of the lack of financial measures in this public sector-led initiative. Again, freehold of shops in the KCC Market secured tenure for most of the previous temporary leaseholders there through affordable instalments, but not all the previous temporary leaseholders managed to afford this option. The leaseholders stated during interviews that they could not afford this because there was no formal loan support to pay for the cost involved. Temporary leases on BRA land allowed short-term tenure security for a large number of
vendors. This provided a path towards security for small retailers and provided a legal basis for most of the vendors in the CBD. However, renewal of these leases in the long-term put small retail owners on BRA land at risk of financial loss and displacement. Although some of these tenure options offered by the public sector resemble a form of good practice, failure to secure tenure for the majority of small retailers in the CBD remains a problem (ISR, 2013).

Table 5.5: Policy failures regarding mitigation of risk factors related to tenure and financial resources

<table>
<thead>
<tr>
<th>Limitations of regeneration policies</th>
<th>Risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Khulna Master Plan of 1961 was not specific to accommodate the existing vendors in the proposed new business centre. There were no policy guidance or project elements to upgrade the temporary tenure of existing vendors and address associated risks during 80s and 90s. Less focus was given in the redevelopment plan of 2002 about the proposals for accommodating existing vendors in the plan area. Policies do not indicate avenues to address financial difficulties of small retail owners. The redevelopment plan failed to recognise the existing practice of managing finance by small retail, address the associated issues and regulate and strengthen these practices. Policies fail to respond to the need for long-term tenure rights and strong control over creating conducive retail environment for the small retailer groups.</td>
<td>Limited regeneration policies to manage small retail. One-dimensional focus of policy measures on physical development. Temporary lease and lack of rights to protect financial loss. Absence of tenure. Limited tenure rights and instruments to have strong control in creating conducive retail environment. Poor amount of initial capital. Very limited supply of formal start up loan and loan for on-going retail. Limited access to loans from the formal sectors.</td>
</tr>
</tbody>
</table>


Existing policy documents suggest that both Zilla Parishad and KCC were responsible for the planned development of Khulna before 1961. As a part of this responsibility, the tenure offered by both these organisations came under their own short-term annual plan. The practice of tenure provisioning by public organisations, without any guidance in the form of stated planning rules or regulations continued even after 1961 even though the city had long-term policy directions and KDA remained responsible for planned development in the city. When the plan to construct KCC Market was considered in the early 1990s, it came in the context of established planning practice in the city. The need for
secured tenure and safe retail environments was significant, but no policy directions were set by KDA; KCC left no option other than to respond to the need and construct the market to the Right of Way of Clay Road, where vendors have been since late 1940s. Freeholds and temporary leases on BRA land were encouraged by national policy to bring unused and underused sites back to active use and thereby accommodating vendors and businesses. They were also encouraged by local pressure from business groups. Furthermore, BRA was unable to improve and protect its land from illegal encroachments. Therefore, none of the initiatives by the public sector was led by the city level long-term policies associated with regeneration of the business district.

Field observation suggests that all the initiatives applied by the public sector on tenure security contributed to small-scale improvement of the CBD and brought unused and under-used public land back to active use. Review of policy documents and practices shows that there are few policies to regulate these initiatives. The DAP for BRA land (2002) fails to address the limitations of these initiatives and the resultant problems. When the 1961 Master Plan was proposed, there were considerably fewer vendors in the CBD than by 2013 (FO, 2013). The proposal for creating a city centre identified sites for local businesses, but this was not comprehensive enough to ensure rehabilitation of the existing vendors. The Master planning approach failed to react to the emerging issue of rising informality in the CBD. The following years of planning practice in Khulna also failed to provide any policy guidance or new projects to help provide secured tenure for more existing vendors. BRA continued to lease away its land to small retail groups and their numbers began to rise over the following years. In spite the increase in numbers of retailers between the 1980s and 1990s, little attention was paid to the risks associated with small retailing and long-term tenure security (IPE, 2013). Since early 80s vendors with temporary lease in BRA land appealed to BRA and KDA with the request that they should be given tenure through freeholds of land at an affordable price. A number of leaders implied that if such a request was considered they could carry on joint venture development with banks, BRA or KDA (ISR, 2013). They
added that KDA would have the scope to regulate the future development in this land. To them, this joint venture development could accommodate the vendors who have no tenure and tenants through policy mechanisms and financial support. Again, the urge for tenure security was not reflected in the policy package introduced in 2002; there were few policies or development control mechanisms on how tenure for the large number of vendors on BRA land could be ensured. The bias toward proposals on serviced plots, and the lack of stated regulations to safeguard the small retailers in the redevelopment plan (2002), indicates that there are elements of uncertainty in the process of secured tenure for the majority of existing vendors in the CBD (see the discussion in chapter five). In general, informality became part of the CBD from the late 1940s and continued subsequently to grow in scale. Yet there is a lack of coherent policy on the regulation of informality, and it is unclear how the sector’s growth in the CBD will be accommodated and secured tenure provided as part of planned redevelopment.

**One-dimensional focus on physical development**

Initiatives by the public sector such as the construction of KKC market in the CBD and leasing out the public land to the informal retailers in the Dak Bangla area resulted in deteriorating finances amongst small retailers. One of the policy experts explained the situation:

‘None of the public sector initiatives included loan support for small retailing. When the KCC market project was implemented, a small number of banks introduced loan schemes that could allow any small business to access loans up to £10,000. This was part of the national policy for improvement of small businesses and industries. The project lacked any elements to make these available loans accessible to small retail owners’ (PE2 IPE, 2013).

All these initiatives had the intention to make tenure affordable in the first instance, but there were no financial measures to help ensure the survival of small retailers. For example, there were no loans for initial purchase of goods for business or for the improvement of shopping environments. Initiatives failed to respond to the financial needs of the small retail owners and they failed to
provide any long-term impact on the affordability of these retail owners. Consequently, these factors prompted the displacement of some retailers and collapse of others. These small retail owners had to sell land and shops at sub-market values and in some cases forced them to rent out leased shop space instead of using it for their own economic benefit (ISR, 2013). Again, every phase of large-scale improvement on BRA land gave well-off investors the freedom to cultivate their asset and heighten control over the retail environment. Analysis of implemented projects demonstrates that most policy initiatives tended to benefit actors with financial resources to secure tenure and improve their retail environments.

One of the key obstacles for marginal retailers in accessing serviced plots is the failure of the projects to address their financial difficulties. The Strategic Master Plan (2002) failed to recognise this failure. Policies in this current plan pay little attention to existing practices for financial management adopted by small retailers. The redevelopment plan focuses instead on increasing developable serviced land with improved accessibility. It proposes the creation of high-end physical environments, mainly to draw commerce, trade, high-class elites and tourists. Within this policy context, investors - both existing retail owners and others making new investment - would have the freedom to gain access to available serviced plots designated for the bazaar in the DAP and influence the creation of retail environments to suit their needs.

In addition, policy guidelines for the rest of the CBD area concentrates on improvement of the state of physical aspects, such as circulation, parking, land uses and so on. However, these guidelines failed to address non-tangible aspects, such as tenure rights and the ability to exert control over the creation of supportive retail environment and the availability of capital for small investment businesses. For example, vendors possessed the scope to influence overall development decisions about the KCC market, as KCC adopted informal participatory decision-making for planning. However, adopting this mode of decision-making was not a legal obligation; instead, the need for
tenure rights and policy instruments to help secure control of existing or prospective small retail owners was not reflected in any of the policy guidelines. In general, little attention was paid to non-spatial aspects of development such as capital and tenure right necessary to safeguard small retailing and facilitate their advancement.

**Focus on maximisation of profit**

Projects implemented during the 1980s adjacent to the existing CBD were intended primarily to attract new medium to high value developments. It was assumed that serviced commercial plots would be attractive to investors because the plots were located near the CBD, with good accessibility – especially after the completion of construction of new roads. Only one serviced plot, adjacent to the CBD, was allocated for local businesses at an affordable price, but the allocation was not intended to accommodate vendors or low investment retailers (FO, 2013). When temporary leaseholders were interviewed, they asserted that during that period serviced plots with narrow widths, which were unattractive for medium and large investments, were made available for low investment businesses. However, these plots were remote from existing popular areas of the CBD. As a result, small retailers struggled to generate profit, and their chances of survival were limited because of the limited levels of capital at their disposal. The scope for making profit from serviced land was given greater priority than successful rehabilitation of existing vendors in the CBD. These projects were rationalised on the grounds that they would address economic decline in the city through the promotion of new commercial activities. The need to accommodate and safeguard small retailing was left unmet, and this was viewed by some as justifiable in the context of urban economic decline, growing unemployment and the rising number of vendors in the CBD. In general, financially profitable projects attracted the interest of KDA during the 1980s and 1990s, but little attention was directed to the small retail sector.
Chapter five: Policy responses

The retailers and shoppers in the existing CBD believe that the land uses proposed in the redevelopment plan (2002), and its aim of creating a high quality physical environment, are intended to satisfy the desires of high-income consumers. One of the middle-income shoppers asserted that:

‘The rich will enjoy good quality shopping environment because they will come here to relax and spend money … Such high quality place will come at a price. We will have to suffer as we will have to pay additional costs for the added quality of space… The retailers will increase their prices because of the added service charges, rents and prices they will pay. Rich people will be able to pay the cost but most will struggle because most of the shoppers here are from middle and lower middle-income group…’ (FO, 2013).

In addition, policies favour the establishment of high value shopping centres in the land designated for shopping and in the bazaar instead of protecting most of the existing small retailers in the CBD. The associations representing small retailers located on the BRA land proposed the purchase of freeholds from the BRA rather than purchasing the serviced plots from KDA in order to accommodate small retailing at affordable price. Although there was support among stakeholders for this proposal, it has been ignored in the redevelopment plan since it would reduce the scope of KDA and BRA to make a profit. Land within the planning area, and areas that are now underused, have significant opportunity as they could be released to accommodate small retailers and provide them with security of tenure. Fundamentally, land use regulations show the aspiration in the plan for maximising monetary profit, even where that would displace existing vendors and ignore the persisting need for small retailing in the CBD.

Projects chosen during the 1980s and the 1990s, and the redevelopment plan of 2002, are mostly outside the CBD in vacant and underused public land. This was a deliberate choice, intended to help maximise profits (IPE, 2013), leaving the core part of the CBD with multiple deficits and acting as a barrier to the success of small retailing. Furthermore, limited development control policies on use types and building height, and a failure to regulate or safeguard the small retail sector, were also driven by a desire to maximise profit (IPE, 2013). This
approach enabled Zilla Parishad, for example, to plan for a 10-storied building from which small retailers would be excluded. KCC took back its land from fruit vendors once it was made available under temporary lease as part of the construction of Menna Bazar, a retail outlet on the outer edge of the CBD. There were also a number of cases where the private sector reduced spaces for small retailing in new commercial structures. A senior planner suggested that the financial viability of the plans and projects is the priority of KDA. A policy expert explained that implementation of the plans and projects is difficult for KDA because of the lack of availability of public and donor funds (IPE, 2013). Furthermore, little information is provided in policies regarding use of this financial gain to benefit low-income groups and existing and future employment opportunities in the CBD. Policies and projects directly and indirectly tend to prioritise the scope for making profit from redevelopment, rather than benefiting small retailers.

**City level policy**

This section looks at whether city and national level policies constrain or enable small retailing in the business districts in Khulna city. It explores the effectiveness of the policies from a city perspective, looking at the central business district and other areas. The section evaluates how city level policies are responding to the needs of the small retailers while adopting wider strategies for business district development.

**Protection of small retail sector**

Good practice in different international contexts, as Chapter Two shows, tends to involve national and city level policies for small retail businesses, vendors or the informal sectors, which help provide designated sites, secured tenure and associated rights, financial resources and quality physical retail environment for their successful functioning. It also involves development control tools, including regulating the design, layout and size of shops in the accommodation
schemes and approval of large retail units for the protection of small retailing in urban areas (see Chapter Two). In Bangladesh, however, there is no national law for safeguarding the urban small retail sector in urban areas. Preparation of national law for the protection of the informal sector has yet to be finalised. It is not certain whether the role and scope of business districts redevelopment will be recognised in this national law. Poverty reduction and the creation of new employment opportunities are two key national urban development agendas, and these represent the only guidelines to protect the informal sectors in the business districts. Current spatial policies for cities do not specify any designated areas, or efficient development control rules and policies for the protection of the small retail sector as a whole. Public land is leased for the short-term and markets are constructed by public organisations for small retailing, not as part of stated rules and long-term plans but out of local political pressure and national circulars (DAPA, 2013; FO, 2013). Small retail owners in such places experience a number of problems, as observed in the case of the CBD of Khulna, which is required to be addressed through redevelopment and regeneration. Effective regulatory measures for the reduction of risk factors affecting the small retail sector are absent in the city level policies. There are no effective legal requirements for the development of business districts in Khulna, and which can accommodate existing small retailers. Essential legal requirements for the development of business districts in the Khulna Master Plan area include only policy proposals for safeguarding informal retailing alongside the formal sector (KDA 2002c, 2002d). However, there are few regulations to make this a reality. In practice, it may be unrealistic to safeguard informal retailing when current policies are geared towards large firms rather than small retailers. A member of a retailer association argued that:

‘Retailers are often challenged by the development control officers when they try to defend own interests during the improvement of their structures on the leased markets. They are always told that there are no laws supporting their case and bound by rulings that prohibits such actions.’ (R3 ISR, 2013)

Land use rules allow investors to incorporate uses to maximise their profits (see the previous section for explanations). Use of planning obligations could ensure distributive justice of redevelopment and enable small retailing, but such
mechanisms are absent in Bangladesh. The national compensation rule asserts that any development, if it leads to displacement of the land or property owner, has to be compensated financially and this rule applies for all. This compensation mechanism does not safeguard small retail owners who lack tenancy rights or who are tenants themselves. It is argued by a planner in the KDA that the main purpose of rules and regulations is not to restrict the quantity of development (even if it is designed to influence its quality), but rather to foster new investment (IP, 2013). This pro-development outlook means that policies to protect small retail groups in the process of redevelopment and regeneration of business districts in Khulna are under-developed.

**Conducive environment**

Successful small retailing in business districts requires a supportive retail environment, as discussed in chapter four. The East Bengal Building Construction Act 1852, National Building Code 2006, Environmental Protection Act 1995, and policies on parking requirements and land use proposals for business districts in the Statutory Master Plan (2002) frame the key policies for maintaining or improving the quality of the physical environment of business districts. These apply to all permanent structures irrespective of their uses. A recent study for the redevelopment of KDA New Market (2013) concludes in its feasibility report that potential and existing customers of small retailers tend to use public transport rather than private cars, reflecting the preponderance of middle and low-income shoppers. Compliance with general rules on parking could add additional costs for small retail owners (FGD, 2013). These policies also lack design guidelines for the creation of small retail friendly physical environments. Significant portions of the small retail sector in all the business districts are housed in temporary structures, but the existing development control regulations apply only to permanent structures (DAPA, 2013). The redevelopment plan for BRA land acknowledges the opportunities for informal retailers and traditional businesses in the CBD. The plan proposes the preparation of design guidelines on building mass and height to ensure high
value urban spaces suitable for living and working (KDA, 2002d). Conversely, the importance of creating a small retail friendly business environment is not made explicit in the proposals.

A number of markets have been constructed by KDA and KCC in several business districts including KDA New Market, KDA Prantik Market, KDA Shiromoni Market, KDA Kalpataru market. KDA and KCC have followed their own preferred design for these markets. The common characteristics of these markets include small shops size with poor drainage, narrow internal passageways, poor accessibility and poor access to natural light and air. However, urban design guidelines are proposed for creating functional physical environments for small retailing in the proposal for the redevelopment of the KDA New Market area. This is the first policy document in Khulna city where the necessity of creating a suitable physical environment for successful small retailing is realised. However, this policy document fails to articulate design guidelines and standards in any detail. In other words, public policies acknowledge the presence of the small retail sector in the business districts and their significance in addressing urban poverty and unemployment, but provide few specific policies to create a supportive physical environment.

Figure 5.2: Abandoned shops in the retail shopping area (left) and in the wet market (right) of KDA Kalpataru market
(Source: Author 2013)
Comprehensive development

Policy makers, retailers, shoppers and even large-scale investors acknowledged at the time of interviews the significance of the planned development of business districts in Khulna city for successful small retailing (IP, 2013; IPE, 2013; ISR, 2013). The idea of planned development of business districts is evident in policies and is reflected in the formal roles of actors in developing business districts. City level spatial policies encourage the creation of well-established business districts in Khulna city, through (re)development of the existing business districts and similar areas. Development is defined as the creation of new business districts, mainly on vacant and underdeveloped land, as well as allowing gradual, piecemeal spatial reconstruction and expansion of built up areas. Redevelopment, as articulated in policies and regulatory measures on business districts, means improvement of haphazardly developed and underdeveloped commercial areas and commercially unsuccessful areas (KDA 2002c, 2002d).

However, in the current context many of the risk factors related to the retail environment arise from the unplanned development of these districts (IPE 2013, FO, 2013). The practice of business district planning differs from that suggested by formal written policy. The land use-based KMP of 1961 mainly demarcated land areas for new centres without providing any detail of its expected function, land use characteristics or the type of activities to be accommodated. It was expected that activities in both the existing CBD and Daulatpur business district in 1961 would be moved into these new centres. One policy expert claimed that management practices failed to implement these proposals. The pressure of accommodating new economic activities developed during the 1960s and 1970s forced them to accept the transformation of the existing CBD and the Daulatpur business district in ways which violated the proposals on land use zones in the KMP of 1961 (IPE, 2013).
KDA and KCC acknowledge that they could not implement many of the components of the plan due to shortages of labour and funding (IP, 2013). While the 1961 KMP was outdated by 1980, planning practice for the next 20 years failed to set any regulatory measures for guiding development in these districts. The 1961 master plan was also unable to project future population growth and the spatial distribution of development in Khulna city and its implications for the emergence of business centres in the city. This prompted piecemeal transformation and expansion of a number of small commercial centres, including those emerging organically during the early 1960s. Even during the 1980s and 1990s, building construction rules remained, in effect, the only development control tools for these districts. Again, a planned shopping area scheme was proposed for the area designated for residential use in the 1961 land use plan, but without advancing a long-term vision or stipulating development control mechanisms for planned development of the area. The scheme included construction of KDA New Market (1965) and KDA Prantik Market (1967). A number of new structures were constructed subsequently, and the area as a whole developed into a business district mainly used by the affluent urban residents (IPE, 2013; KDA, 2013). Planning practices during the 1980s and 1990s left no regulatory framework for this commercial centre. Planning policies and practices until the 1990s lacked a firm regulatory framework for the organised evolution of business districts in Khulna.

Likewise, the KMP of 2002 included broad guidance on fundamental aspects to be met only for the development of new business districts (see Box 5.1 for detailed aspects). The plan does not provide detailed defining aspects, which could provide a structure for the preparation of detailed plans. To date, one Detail Area Plan has been prepared where land uses and physical aspects stand as the key elements. KDA did not prepare any detailed guidelines and standards to satisfy the specified aspects in the KMP of 2002 (see Box 5.1). The policy framework of 2002 did not contain detailed guidelines for already built up areas. There is also an absence of a coherent policy framework for addressing the emerging and persisting problems in these business districts as
Figure 5.3: Location of KDA Kalpataru market, Khalishpur market and proposed Russel civic centre in relation to adjacent business districts
(Source: Author, 2014)
well as their overall development. In this regard, the secretary of an association of the retailers provided an example:

‘… proposal on revitalisation of the KDA Kalpataru Market does not specify directions for further development of existing business district in Daulatpur…Small retail businesses are located in this district have established reputations’ (R2 FGD, 2013)

The KDA Kalpataru Market was ultimately abandoned (see Figure 5.2) due to lack of accessibility, the limited volume of supporting commercial activities and the absence of vitality in the area, linked to its remoteness from the Daulatpur business district.

The KMP of 2002 only proposes construction of roads to improve accessibility to this market as a complete solution, which would still fail to bring vitality in the area (see Figure 5.3). One policy expert argued that:

‘further expansion and development of Daulatpur business district would bring far better benefits than the revitalization of Kalpataru Market, which failed to attract any shopper over the last 10 years... If there were holistic policy interventions for the Daultapur business district area than the market, small or embryonic businesses in Dalutatpur could be expanded that would turn this area into a business hub in the long run, and Kalpataru could become a part of the hub’ (PE1 IPE, 2013).

The KMP of 2002 and the mid-term revision of the plan do not provide any long-term policy directions for the New Market area (see KDA 2002c; IP, 2013). In addition, the KMP (2002) does not include guidelines for the planned evolution of Fulbarigate, Khalishpur, and Rupsha business districts and emerging commercial centres, which are expanding unsystematically with a considerable number of small retailers (see KDA, 2002c; Figure 5.4). In general, policy provisions covering the creation of the new town centres and planned development of existing business districts in Khulna are poorly developed. Recent spatial planning policies for the future development of the business district contain only limited provision for the comprehensive development of business districts.
Figure 5.4: Fruit vendors in Khalishpur (top) and Rupsha business district
(Source: Author, 2014)

Physical development led regeneration

A number of schemes focused on the construction of markets in and outside the business districts. Their aim was to accommodate small retail businesses and vendors. KCC considered easy payment options for small retail owners, where compensation and rehabilitation issues were involved. KDA adopted an open bidding system to wider access to shop ownership, such as the cases of New Market and Rupsha and Khalishpur markets. In the early years, small retail
owners of these markets struggled to survive due to limited vitality and a lack of effective instruments for addressing their financial deficiencies. One such retail owner described the situation:

‘We had a business to run, but we did not have enough capital to invest... no banks or cooperatives were there to help us. Loan facilities were for large investors and not for us... This was the main problem at that point of time and this problem persists’ (Interview with a small retailer in Khalispur Market as a part of FO, 2013).

None of the projects supported by either KCC or KDA addressed the obstacles confronting small retail owners, including the lack of support for business start-up, inappropriate retail environments, poor rates of business retention or the provision of adequate loan funding. The case of KDA Khalishpur market is a good example that demonstrates the above mentioned issue. Field observation revealed that this market became abandoned linked to its remoteness from the Khalishpur business district and the limited volume of supporting commercial activities (see Figure 5.5, Figure 5.3); retailers here could not run business as they failed to obtain loan for initial investment.

![Abandoned KDA Khalishpur market](Source: Author, 2014)

Projects implemented or planned by KDA and KCC did not provide legislative protection for small retailers. Likewise, proposals for new business districts and the redevelopment of existing ones in the KMP of 2002 focused solely on physical aspects of development, such as the creation of serviced sites and access to road. The plan proposed to create a target market adjacent to ‘KDA Kalpataru Market’, and to link this with existing business districts through
construction of a number of roads (KDA, 2002c). Retailers commented during interviews that if financial supports were provided, previous unsuccessful retail owners could return to their businesses in this market, and low capital investors could start a business here. Thus, policies and regeneration practices concentrate excessively on regeneration based upon physical development, and fail to provide a regulatory basis for meeting the needs of small retailers.

![Figure 5.6: New retail outlet in New Market area](image)

(Source: Author, 2014)

**Emphasis on large investors and high-income consumers**

Most of the existing markets, which benefit small retail groups, were planned and implemented by KDA before 1980. Since the 1980s, policies have shifted more towards the interests of elite investors and consumers, at the expense of these groups. KDA Prantik Market was constructed in 1967 as part of a project to develop a shopping area at the centre of the city, and the Bazar was extended in different phases during the 1980s to create a suitable business
environment and bring retail diversity to the area. This daily market as described by the existing small retailers is experiencing a number of problems, such as a poor physical environment and competition from larger established retail outlets (FO, 2013). Review of official documents about projects shows none of the projects in the last 10 years has been planned for the benefit of small retail owners. Instead, proposed commercial land use for the new market area, and the implementation of less restrictive development control regulations in the KMP (2002), are intended to attract supermarkets, high end mixed residential uses and modern shopping and commercial complexes (see KDA, 2002c). A senior member of the association of the retailers of New Market, who previously headed the small retailers association, commented that:

‘The ‘Safe and Save’ supermarket and ‘Cats Eye’ [a chain shop] were opened in the early years of 2000s around the KDA Prantik Market [See, Figure 5.6]. The 25 storied Destiny Tower in the adjacent area will include a helipad, 5 star hotels, office space for multinational companies, health and other leisure uses and modern shopping facilities. All these implemented and prospective commercial uses are in support of creating suitable shopping, business and leisure environment for high-income group and the corporate class.’ (R7 FO, 2013)

Thus, new buildings around the Prantik Market are aimed at promoting the development of large-scale retailing, requiring significant capital from private sector. Small retailers in Prantik Market are concerned that they will be unable to invest on such a scale, and could be displaced by incoming large(r) retail businesses. In addition, KDA itself is preparing a plan for the reconstruction of the KDA New Market and its adjacent area to create a vibrant commercial, recreation and shopping space (see Figure 5.7). The researcher was involved as a planning consultant in this project and recognised from the initial Terms of Reference (TOR) that KDA wanted to create new and high value commercial space. The TOR for the consultancy bid sought commercial and recreation activities in a multi-storied commercial complex, which was to include a gymnasium, cinema, convention centre, theatre, hotel and office space. However, KDA also acknowledged that one of the objectives of this new redevelopment was to reduce unemployment and poverty. The interim report for the KDA New Market plan argued that this economic regeneration would
Chapter five: Policy responses

inject competition to the market by forcing investors to become creative in choosing newer and more innovative retail investment (Sowgat et al., 2013). The plan does not guarantee that this proposal would contribute positively in terms of an equitable distribution of jobs across social classes. Many of the site-based urban design guidelines are proposed in a Conceptual Master Plan. For the first time in Khulna, a number of guidelines are proposed to improve pedestrian circulation, cleanliness, access to air and light, and the legibility of shopping areas. All could help improve the performance of small retailing in the proposed market. Yet the consultancy team had to include 60% of space for large capital-rich investors.

After consultation with the local political leaders, community leaders, large investors, industrialists, journalists and government high-officials the plan had to include many modern facilities, compromising initial plans for specially designated spaces for small retailers. One of the political leaders commented in the consultation meeting that:

'We want to see iconic buildings, which will attract both large investors and international tourists. If we are too focused on small retail, this might threaten the agenda of transforming Khulna into a global city. I request the consultants to follow examples from Europe and East Asia and make a commercial space that will include all the contemporary supportive facilities for shopping. I request they specially look at Malaysian Malls.' (PL1 FO, 2013)

Like this political leader, many other proposals by civil society ignored the interests of the small retailers. In fact, there was no effective representation of the opinion of small retailer groups in the public hearing. KMP in 2002 encouraged the private sector and individuals to play the dominant role in transforming most of the existing built up areas in and around the business districts, apart from the spaces for large-scale regeneration (KDA 2002c, 2002d; IPE, 2013). Therefore, public policies for business district regeneration and related regulatory measures are increasingly giving higher priority to the interests of elite investors and affluent customers rather than economically disadvantaged small retailer groups.
Chapter five: Policy responses

Figure 5.7: New and future projects in New Market area

(Source: Author, 2014)
KMP of 2002 proposed that KDA, KCC and BRA should play the key role in large-scale regeneration, including site assembly and servicing for further development. In practice, these public organisations are actively involved in making large-scale plans and projects for commercial development or redevelopment. The private sector and individuals are expected to carry on further development of the serviced land plots proposed for commercial use. Less restrictive development control regulations, an increased supply of serviced sites for commercial development and the absence of financial support for the non-affluent actors all assist elite investors when they are competing to secure access to these plots (FGD, 2013). The land area proposed for commercial use in the DAP for BRA land is occupied by a large number of small retail owners. They have already shown their interest in continuing incremental improvement of underdeveloped BRA land. DAP does not recognise if these business communities can contribute to the implementation of any plan. These groups in many places promote market-based organisations. These groups often think collectively about the future of the places where they operate; they share information on common problems, goals, initiatives or activities developed; they see who else is working in their field and start collaborative work on common issues faced. They have learnt how to work jointly for collective improvement, how to manage funds over the years, and use social capital for improvement of lands. There is potential here to work in partnership with public and private sectors to implement large-scale regeneration projects and create new centres. There are no policies so that small retail groups can work in partnership with banks, the public sector, or private investors to secure their control and gain from the process. Rather, partnership working is planned to be limited to the public sector for the implementation of large-scale regeneration projects and the creation of new centres (KDA 2002c, 2002d). Therefore, plans and policies enable the public sector and elite investors to remain at the heart of the large-scale regeneration process.

**Creation of planned spaces in new locations**
Areas in all the business districts used for small retailing are burdened with multiple problems. However, policies and projects often encourage development outside the built up areas, which are burdened with multiple problems including traffic congestion, unsafe walkways and flooding during the rainy season. The Statutory Master Plan of 2002 proposed the creation of new town centres and commercial spaces rather than improvement of existing business districts (see KDA, 2002c). Proposals included improvement of BRA land, and KDA Daulatpur Kalpataru Market. Both these areas are located outside the CBD and Daulatpur business district. The plan advocated the relaxation of development control and building construction rules for the built up areas in the existing business districts. The KMP of 2002 proposed three daily markets (Bazars) for vendors in the existing KCC area. None of these markets will form part of existing or proposed business districts (KDA, 2002c). Newly built markets for small retailing are mainly in areas outside the core commercial areas of business districts (see Figure 5.3). Only the proposed regeneration of KDA New Market area will have any sizeable impact on the already built up commercial area. This project aims to reconstruct the KDA New Market and KDA Kalpataru Market and redesign adjacent urban space, which have been acting as the core of the new market business district. Therefore, policies and projects focus more on the development of new business districts, new out-of-centre schemes and commercial space, rather than rejuvenation, improvement and expansion of already built up areas where small retailers operate.

Summary

This chapter has reported on six key areas of concern in the policy framework for the regeneration of the CBD. These, it has been argued, hinder the success of small retailing in the CBD. Since 1961, regeneration policies in different periods of planning in Khulna city have failed to provide a coherent framework for the development of the CBD. Policies have generally failed to offer effective regulatory measures for implementing plans and regulations. In addition, current regeneration policies have failed to ensure the provision of suitable environments for successful small retailing in the CBD. Regeneration policies
to manage small retailing are under-developed. Policies and projects focus on physical development and directly and indirectly prioritise profit over protection of existing retailers.

These policy weaknesses are linked to the problems related to retail environments. Again, deficiency in the policies for regulating and accommodating small retailers in the CBD are responsible for the acute problems faced by retailers in tackling security of tenure in the CBD. Directly and indirectly, the absence of a non-spatial dimension in most of the regeneration-related policies explains problems related to the retail environment, tenure security and financial stability.

Most of the policy issues discussed in this chapter are evident in national and city level policies. Both levels of policy-making fail to provide an effective regulatory basis for protection of the small retail sector in the process of redevelopment and regeneration of business districts in Khulna. There are limited national and city level policies for creating suitable physical environments for small retailing. There are limited policies, standards and regulations towards planned and comprehensive development of business districts in Khulna. Plans, policies and projects give very limited emphasis to the rejuvenation, improvement and expansion of already built up areas, despite such areas accommodating the majority of small retailers. The focus instead is on the development of new business districts, out-of-centre schemes and new commercial spaces. Regeneration policies and practices focus on creating physical development but fail to provide a regulatory basis for securing non-spatial aspects of regeneration, which are necessary for successful retailing. Finally, public policies and regulatory measures affecting business district regeneration are increasingly prioritising the interest of powerful and affluent investors and high-end customers rather than small retail groups. The next chapter investigates whether the lack of opportunity for participation in the plan making process is responsible for these policy limitations.
CHAPTER SIX: PROCEDURAL DILEMMAS FOR REGENERATION

Introduction

This chapter explores the scope for participation by small retailers in the regeneration policy-making process. It assesses the implications of current participation patterns by small retailers in business district regeneration in Khulna city. The first section analyses existing resources, rules and ideas of those are engaged in planning to gain an understanding of the scope for participatory planning in Khulna. The second section investigates the potential for small retailers to participate in the public and private planning process, and critically scrutinises associated issues of resources, rules and ideas relevant to actors engaged in planning. The final section then analyses whether the current participation process can effectively influence small retailing supportive regeneration practices in Khulna.

Scope for participation of citizens

This section looks at current domain of political dialogue regarding citizen involvement. It explores the thinking that underpins initiatives aimed at promoting democratic participation and the development of participatory cultures in planning practice in Khulna. The focus is on investigating whether financial and regulatory resources, knowledge and expertise are engaged to empower marginalised groups to allow them to participate in public policy making and private decision-making regarding the regeneration of business districts. The discussion in this section identifies issues around prevailing resources, rules and ideas that apply to public planning in relation to the scopes for meaningful participation by different groups in the plan making process.
Figure 6.1: Scope of people’s participation in the planning for KMP policy package of 2002
(Source: Author, 2014; after KDA, 2002b)
**Sphere of political dialogues**

Since 1995 it has been a legal obligation of KDA – the key organisation responsible for preparation and implementation of plans and development control – to make the public plan making process participatory. The TOR (Terms of References) for the preparation of the Structure Plan, Master Plan and Detail Area Plan (1995) specifies that three stages of decision-making need to engage citizens directly and indirectly (see Figure 6.1). The first stage requires discussion with stakeholders, where consultants have discretion to select who to engage in the political dialogue, which creates the potential ultimately for an unrepresentative sample of groups to participate. There is a lack of documented evidence on the selected participants for the preparation of the three types of plan. In the second stage, representatives from citizens, the city mayor and ward commissioners (elected by residents for each of the 32 wards in the KCC) have the opportunity to take part in a series of consultation meetings. Such meetings include the president of Khulna Chamber of Commerce, representatives from government sectors, media, education institutions, NGOs and pressure groups. The TOR affirms that citizens can take part in deliberation at the local level, and then their representatives will discuss their demands and aspirations during the consultation meetings. However, the formal legislative framework is unable to accommodate a structured format for consultation, which could include citizens from all economic strata in deliberation at the local level. Although there are opportunities for public consultation in the TOR, it is unclear about the necessity for political dialogue at the local level. Furthermore, practices show that consultation meetings are arranged at short notice and only selected members such as ward commissioners can attend. One attendee claimed that:

‘We are given briefs about few proposals, but we do not have the opportunity to look at the detail planning documents... The comments we make are based on our own thoughts and not driven by any structured information’. (FGD, 2013)

In other words, the meetings are not routinely organised in a consistent or structured way that allows detailed documents to be shared and policy matters
with the stakeholders. The stakeholders are given a ‘very-short brief’ (IPE, 2013) at the beginning of a meeting. Finally, the third stage (see Figure 6.1) makes it a requirement that the draft plans are publicised for public criticism and feedback. The TOR did not provide a legal basis on which to invite citizens to participate in deliberation about the draft plan, apart from selected elites. In practice, the draft plans are seldom displayed in public places or they are rarely sent out to the selected elites (FGD, 2013). One participant during FGD claimed that:

‘I have never seen a circulation of the plans in the format of popular posters or public notice… I knew about the plans when I went to the planning section [of KDA] for submitting a planning application and through family and friends who work in KDA.’ (FGD, 2013)

A planner asserted that ‘copies of the draft plans were made available in the KDA office for public use’ (IP, 2013). However, the technicality of the official documents and the language (reports are written in English) discourage people from reviewing the documents. One citizen asserted that:

‘Reports are written in English, and many of us have basic literacy. So you would understand very little even if you had access to documents.’ (FGD, 2013)

In addition, copies of the plans are not available to download from the KDA or KCC websites. Even obtaining a hard copy is not an easy task as only a limited number of copies are printed and it involves a lengthy procedure. Thus, the sphere of political dialogue for citizens in the making of planning regulations and planning standards for the city and its vicinity are limited in Khulna city.

As far as planning of the projects is concerned, KDA is formally required to engage citizens in the decision-making process. The public hearing on the New Market redevelopment project held in 2013 shows that this participation is limited to the draft final proposals, which is focused on conveying the decisions to representatives rather than absorbing their views on the project’s shape and form. A planner justified this approach on the grounds that ‘these projects need to regard the statutory plans prepared through participatory and democratic
process...there is little opportunity with the current system for further public engagement in the project planning process’ (P3 IP, 2013). However, academics interviewed disagreed that there are limited opportunities for public engagement. One academic identified ‘a lack of a strategic framework for participation process in the TOR for these projects’ (PE3 IPE, 2013). Another academic added: ‘the TOR is found to be very broad in nature which only states the overall all aim of the projects and contents of the expected documents, but there lacks directions about procedural issues including public participation’ (PE2 IPE, 2013). Therefore, there is lack of focus on procedural issues in the TOR for current local level project planning and this leads to a planning process that can bypass effective consultation with the beneficiaries.

In addition, most of the decisions for small to medium developments are made by the implementing private sector but they require planning permission; only a handful of schemes are implemented by the public agencies. Public agencies such as KDA only undertake monitoring if the private sector is maintaining land use restrictions and building codes. One of the academics interviewed explained the issue thus:

‘As a consequence of the over focus on building codes and land use zoning, the procedural issues are ignored in the planning permission phase, leading to a non-participatory planning process for project planning.’ (PE3 IPE, 2013)

Overall, then, there is no clear policy framework requiring citizen engagement in project planning or approval of plans. Current planning for projects led by the private or public sector restricts the scope of political dialogue amongst citizens.

**Democratic values, ethics and principles**

Bangladesh in 1990 reverted to a parliamentary democracy, which created an opportunity to make the planning process participatory. As per the constitution, in this modern liberal democracy, individuals have the right to information, freedom of speech, association and disagreement. After 1990, spatial planning
began to embrace these principles of democracy, as evidenced by the incorporation for the first time of participatory elements in the spatial plan making process in Bangladesh’s three major cities. The TOR for spatial plan making in Khulna in 1995 for the first time in the city’s planning history, aimed to make the planning process democratic by drawing upon ideas linked to pluralism, participation and public debate (see KDA, 1995). However, documentary analysis indicates that the TOR does not state explicitly any of the principles of participatory democracy; it does not explicitly acknowledge the need for equitable involvement across all citizen groups, and nor does it recognise the variable capacity of those groups to participate effectively. Given this democratic deficit in the TOR, consultants and planners believe that they have the scope for setting the course of action by relying on their own judgement and knowledge to manage the participation process. Furthermore, currently spatial planning does not involve any democratic or constitutional right for citizens to regulate planning in the private domain. Therefore, democratic principles in spatial planning are in their infancy in Bangladesh. The principles of democracy and pluralism are yet to be institutionalised or adopted in a meaningful way in spatial planning in Khulna.

Involvement of marginalised groups

According to an academic who has been working as a consultant for 15 years, the scope for marginal groups to participate in the decision-making process is dependent on ‘their awareness about the planning process, chance to be discussed as stakeholders, opportunity to access in the ward level discussion and if representatives, consultants, and planners value their concerns and opinions equally as any other citizens’ (PE3 IPE, 2013). The Bangladesh Urban Strategy (2000) states that development should be supported by citizens (see KDA, 2002a). However, the lack of clarity in the TOR with regard to participation means there is uncertainty about how best to nurture citizen understanding of their role in the planning process, and how they could participate more effectively.
A planning academic who working on the preparation of urban plans for the secondary cities of Bangladesh asserted that the ‘planning process exhibits absence of any targeted attention for incorporating the values of the marginal groups’ (IPE, 2013). Review of policy documents suggests that opportunities and resources to empower marginal groups to participate meaningfully in public and private planning are poorly developed in Khulna. When consultants involved in the preparation of DAP for Khulna were asked about their thoughts on engaging marginal groups, they claimed that they had consulted citizens including the representatives of small retailers, despite the fact that there is no requirement for focused consultation with any marginal groups. One of the consultants stated that ‘it has not been specified in the TOR for preparation of KMP policy package (2000-2020) if at the first stage of the consultation process stakeholders will represent citizens from all strata’ (IPE, 2013).

Interviews and documentary analysis support the view that there are no policies and mechanisms to bring powerless groups into the discussion. Instead, the TORs limit consultation meetings and the final workshop to elite representatives (IPE, 2013; IP, 2013; see KDA, 1995). However, KDA planners argued that there are no barriers to the involvement of marginal groups in the current process. They claimed that marginal groups could directly participate at the local level; they could pursue their interests through their representatives, who would help to make sure their wishes are heard and valued in the subsequent consultation meetings. Nonetheless, through guidelines, rules, directions and training representatives received little advice and were not supported in their attempts to bring hard-to-reach groups into the discussion at the local level. One of the local leaders described this issue as follows:

‘The marginal groups are not aware about the public policy making. They come to me whenever they need my help, not as part of plan making process… They cannot visualise problems from the planning perspective because of their lack of awareness… I participated in a consultation meeting [as a part of the preparation of KMP of 2002], I had limited time to discuss people as well as limited guidelines and briefs from the planning agencies regarding the process of deliberation and bringing the marginal group into discussion.’ (FO, 2013)
Thus, public planning in Khulna does not acknowledge inequality in power and opportunity amongst different groups, and fails to ensure there is scope for involving marginalised citizens in the planning process.

There is no indication in policy documents that the ‘communicative ideal’ (Purcell, 2009; Matustík, 1993) is applied in the public planning process in Khulna. The Terms Of Reference (TOR) for the KMP policy package (1995) aims to include a wide range of interests of different stakeholders in the final draft plan, presumably through inclusive decision-making. However, limited attention is devoted in the TOR to managing the process in ways that ensure marginalised groups can participate in each of the stages of decisions making. Rather, the TOR limits the consultation to selected public representatives and administrators. The need for facilitators at the local level, to assist in the engagement of marginalised groups in the process, has not been recognised. Although publication of the final draft plans was publicised in the national daily newspapers, no targeted facilitation practice is designed to convey this to marginal groups and canvass their opinions on the plans. The news is published in brief and anyone without knowledge could find it difficult to get a comprehensive idea about the plans. A planning consultant expressed his concern:

‘Existing form of circulation through national daily end up in informing those who already have access to information and knowledge in planning but the ordinary citizens and marginalised groups seldom gain any understanding about the details of the plan. Alarmingly majority of the citizens do not even locate the news as such the news is positioned in the inner pages with low significances.’ (PC1 IPE, 2013)

The current planning process does not help in the inclusion of participants who are likely to be affected by the draft final decisions, as not everyone has an equal chance to participate in deliberation at the final stage of plan making. Thus, in the absence of deliberative democratic values, structures of communication and facilitation in the public planning process remains inadequate in respect of the protection of marginal group involvement in the
decision making process. Overall, the existing public planning process in Bangladesh and Khulna city creates only limited scope for marginal groups to participate in the decision-making process, especially in comparison to other citizens.

**Stated ethics and principles**

The philosophy of ‘physical determinism’ (Grant, 2006, p.3) still influences current spatial planning practice in Khulna city. The character of the TORs and the values they endorse, in essence, have created scope for technocratic control of the behaviour of policy actors (IPE, 2013). Both the TORs give emphasis to regulatory directions and statutory preferences that are necessary to be considered for spatial development but the statement of ethics and principle are prioritised to a more limited degree. One policy expert asserted that ‘a renewed focus is towards refining procedure rather than inclusion of substance in the present practice’ (PE1 IPE, 2013). The policy experts were concerned that current practice of plan making was attentive about process of planning and its modification to better address the problems of the beneficiaries. However, such drive for procedural modification ignored improvement of the substance of planning in way so that it could uphold policies in favour of marginalised groups such as the poor. Contemporary planning theories actually emphasized that current planning practice should reflect substantive theories such as: just development, sustainable planning or new urbanism along with procedural theories in the planning practice to appreciate the context. Review of documents suggests that planning practice in Khulna is based on a narrowly legalistic perspective, rather than on the principles of equity and justice embodied in the national constitution introduced after 1990 (see KDA 1961, 1995, 2002a, 2002b, 2002c, 2002d, 2013). Thus, plan formulation by statute militates against equality of participation, equity of outcome and the distribution of benefits. One academic claimed that a ‘rational deductive ideal’ still dominates the process, and it is assumed by the plan makers that actors in decision-making will behave rationally, without the need for external direction
Chapter six: Procedural dilemmas for regeneration

(IPE, 2013). No aim or structured norms are stated in the TORs to reach consensus in decision-making that would secure the welfare of all, including minorities. An interview with a planner suggested that the effectiveness of planning documents required a threshold of acceptance from different interest groups and experts. This study finds that for making accountable decisions, the planning process lacks criteria to assess the value of citizen and marginalised group inputs and their impact on plans and policies. There is a need for a clear statement of ethics and principles to guide planners’ value judgements and ensure accountability in the spatial planning in Khulna.

Technocracy and outsourcing for plan making

KDA is responsible for the preparation of policy documents. It gives this responsibility to a project team, which comprises selected KDA employees and external consultants. Planners and engineers in the planning and engineering department in KDA and the hired consultants jointly decide the planning process, monitor progress and evaluate the documents. The consultants play the key roles in shaping the planning process, assembling data and preparing the plan. In fact, ‘public planning in Khulna city strongly depends on technocracy and outsourcing … there are manpower shortages within KDA’ (P1 IP, 2013). Such consultants are from different professional fields which included: urban planners, architects, GIS experts, economists and sociologists. Some of the consultants who usually lead such team of consultants are engaged as part time consultant but they are more often involved in university teaching on a full time basis. Other consultants in the group are full time employees of the constancy firm that conducts the plan making consultancy. Development control regulations suggest that plan making, led by the private sector or by individual investors, does not need any input from the stakeholders associated with the proposed development. Instead, the regulations governing development control say only that any proposed plan for construction of permanent structures must be prepared by certified technocrats to meet one of the criteria for the granting of planning permission. In practice, when there are
concerns about prospective development, people affected convey their concerns to politically powerful elites and to the development control personnel in the hope that proposals can be modified. However, such appeals are indirect, and political elites are not always receptive to representations from citizens unless there is some kind of political benefit. Consequently, citizen interests sometimes fail to be reflected in the final proposal.

Again, a planning consultant who worked for KDA argued that ‘the current construct for the evaluation process of the proposal lack the time and academic input for assessment’ (P3 IP, 2013). Planners in KDA claim that they are unable to do intensive assessment because ‘there are only a few of employees who can be engaged in this process’ (P3 IP, 2013). Following the current organisation chart and work force of KDA, it becomes clear that employees are overburdened and constrained in conducting development control and plan implementation tasks. Overall, the limited scope of political dialogue in public and private planning, along with the dependence on technocracy, suggests that local democracy is weak and citizen involvement under-developed.

**Participation of small retailers**

This section explores how existing resources, rules and ideas have promoted the participation of small retailers in the public and private decision-making process. It identifies issues related to the policy-making process, as well as exploring the contention that existing resources, rules and ideas prevent the inclusion of views from marginal groups as part of the planning process for business district regeneration.

**Scope for participation in decision-making**

The second step of the planning process for the preparation of the KMP policy package (2002) involves exchange of opinion with the stakeholders, pressure
groups and representatives of the wider population (see Figure 6.1). The focus of this exchange of opinion was on the delineation of the problems and prospects of the city. Small retail groups in the business districts claim that if they were engaged in these meetings and workshops, they could inform their problems and perhaps find a means to address them, but they were ignored (FGD, 2013). Planners and consultants who are engaged in the process claimed that stakeholders from all economic groups have been discussed at this stage of the planning process, and all issues including the problems of the small retailers are identified (IP, 2013; IPE, 2013). However, interview findings show that none of the chairs of small retail owners are even aware that such discussion took place during late 1990s (FGD, 2013). There is no evidence that small retail groups were present in deliberation with the ward commissioners prior to these meetings and workshops. Review of the TOR (1995) for the preparation of this policy package and inception reports (1998a, 1998b) reveals that there is a clear lack of transparency about the selection criteria and details of the participants. Information from KDA on the consultation process also suggests that no selection criteria of the participants are set in any of the policy documents, regulatory measures and documentation that can secure participation of small retail groups in these meetings and workshops or their representatives. The consultants and KDA officials have full control on selecting participants; therefore, the process and operations of public planning, right from the beginning, narrow the scope for participation by small retail groups in the decision-making process.

In the third step, problems, issues and requirements of the people and the city identified in the series of Interim Reports were reviewed to make the draft plans. Ideally, these reviews are supposed to be planned on the basis of exchange of experts opinion among the plan preparation team and a representative cross-section of individuals feeding their views into the process via seminars and workshops. Different associations of small retailers and community-based committees have been working for the improvement and management of retail environments since late 1950s. Savings and loan support groups have been
supporting this retailing. Interviewees suggest, in practice, that members of these associations were not engaged with any of the discussions. It was expected that the representative of the KCOC, ward commissioners, the mayor of KCC, pressure groups, NGOs and academics would be the key participants in these meetings, conveying the needs and opinions of different interest groups including small retailers. However, many small retailers argued that their representatives did not accurately articulate their needs since in most cases they lacked any direct contact them (FGD, 2013). Only a few representatives of small retailers in both the business districts discussed their needs with the chair of KCOC and ward commissioners out of their needs (FGD, 2013). Representatives of KCC and KCOC surveyed expressed their awareness of the dominant local needs of vendors through these discussions. They claim that they do not need to consult all groups again as a part of city level planning. KCOC and KCC are flexible and selective when inviting all the small retailers to participate in deliberation as a part of the public planning process since the latter does not set any formal structure for democratic participation at the local level. Short and simple spatial plan making does not allow them to undertake such discussions, as these could become lengthy. Through political connections, few small retail groups get access to ward commissioners, and this was again a lengthy undertaking and they had to repeat the process because of the shift of political party in the government. Small retailers were unaware about when to negotiate with public representatives so that their needs are represented in the consultation meetings. As a result, the different associations of small retail owners, community based committees, and savings and loan support groups in business districts fail to add new dimensions of solutions for addressing their problems in the draft plans.

In the fourth and final step of the planning process, consultants review and evaluate the draft plans and reach decisions regarding the final draft plans (see Figure 6.1). Selected experts and practitioners can express their opinions in a final workshop. Small retailers or their representatives had the scope to send written complaints against policy proposals based on the final draft plans.
displayed in the KDA building. However, the participants in the FGD were unaware about the planning process and their real scope and role in this process (FGD, 2013). One participant in an interview from the CBD said he knew that there would be a redevelopment plan for BRA land. He was informed that small retailers in the BRA land could give feedback about the draft plan through the chair of KCOC. Vendors in this area conveyed the prospective detrimental impacts of the redevelopment plan (2002) on them and suggested possible proposals, even though they had little idea about the details of the proposals, which was written in English. Political representatives and KCOC on behalf of the vendors on BRA land informally took part in negotiation with KDA without any active involvement of these small retail groups. The example of BRA land redevelopment demonstrates that the planning process is designed not to welcome any citizen formally, including the small retail groups or their representatives, and prevents them from contributing fully to modification of the final draft plans.

A one-directional planning process for the preparation of the KMP policy package may fail to facilitate the involvement of small retail groups in policy formulation. Although there are many planning policies in the master plan (2002) that may have an impact on the small retailers in and around the business districts, retailers themselves claim that information regarding interim reports and draft plans were only conveyed at formal meetings, seminars and workshops, and that ordinary retailers were not even invited. While engaged as a planning consultant in one of the recent projects on ‘Reconstruction of KDA New Market’, the researcher observed that people invited to this meeting included local political leaders, journalists, senior officials from different public organisations and university teachers (FO, 2013). This particular project, if implemented, will need to relocate many small retailers, but only one representative from this group was invited to the public hearing. The representative in question is an owner of several retail units, which are rented to small retailers. His comments in the public hearing were precise, and he asserted:
Chapter six: Procedural dilemmas for regeneration

‘I have no objection in any development or redevelopment of any part of the existing markets. This will make this city more attractive, but I request that this redevelopment do not affect the interests of the small retailers’. (FO, 2013)

The feasibility study and urban design guidelines are made where the problems of small retailers are identified through questionnaire survey. Apart from that, no effort was made so that small retailers in the New Market project area could convey their needs and interests in a coordinated or systematic manner. It is evident from the recent process that information on the draft final proposals was conveyed only during the public hearing. Based on the findings from recent practice, it can be said that the current process does not involve any meaningful public engagement where small retailers could get access to information and convey their opinion. Although constitutional rights allow marginal groups, including small retailers, to work together for their own interest, the problem was that from the start they were ‘unaware about the process’ (IPE, 2013).

In the absence of regulatory support, participating in dialogue about project planning may require support from political leaders. In places, small retailers organise themselves and form associations and unions to defend their interest. These organisations seek to derive strength from their collective, rather than individual, status. They seek to influence and engage with political leaders, and, in some cases, consult concerned public officials in order to raise issues at future meetings. For example, associations of small retailers in the BRA land and along the Clay Road have managed to convince their local ward commissioner to help lobby for improvement to roads and drainage. Local politicians have taken these issues to a higher level and expressed retailers’ collective position to local government bodies. In fact, political leaders have to accommodate the demands of the organisations of which small retailers are members, since these bodies play an influential role during national and local elections. If such groups are unhappy, there is a chance political parties may lose votes. Because of this obligation, the political leaders uphold the interests of marginal groups at times (FGD, 2013). In the case of the CBD, such negotiation has resulted in the inclusion of relevant projects in the KCC annual
development plan; planning for these projects has included representatives from these associations. However, associations of small retailers are not always organised in a manner that can influence local political leaders and their decisions in an effective way. For example, informal chat during field observation reveal that construction of the New Market katcha bazar displaced about 50 vendors who had been retailing on the site in 1967. This market was abandoned due to design flaws that led to extremely poor accessibility inside the market (see Figure 6.3). Small retailers in this abandoned market were relocated to the newly built KDA Prantik Market. However, the vendors displaced by the construction of the New Market Katcha Bazar in 1967 continued to require accommodation. In more than one instance, these displaced vendors approached KDA for improvement of the abandoned market so that they could be accommodated there. However, these displaced vendors complained during an interview that the relevant ward commissioner and chair of the KDA New Market and Katcha Bazar Retailers Association did not pay sufficient attention to their demands. Displaced retail owners point out that they were unable to engage in dialogue with the KDA officials due to their limited political power and influence on decision makers, as well as their lack of any such legal entitlement, and their lack of membership of any retail association (FO, 2013).

One academic argued that in a few cases, where displacement issues were a concern, retailers were consulted to offset their resistance, gain their support and use them as a political instrument. It was also argued that sometimes this also helped to satisfy political commitments on the part of the public representatives, but not as a part of regulation and stated institutional ethics and principles (IPE, 2013). In a number of cases, KCC consulted existing small retailers to resolve the ownership issue and the displacement effect of their projects (FO, 2013). KCC needed to show that decisions were made in a democratic manner, but they applied a tokenistic consultation process. Similarly, small retailers claim that KDA consulted some of them in the planning of daily markets. Planners confirm that this consultation was aimed at
broadening the scope of projects and making them financially successful and improving their wider image.

Decision making for the construction of permanent structures in the three study business districts was undertaken and overseen by affluent investors (FGD, 2013). At the same time, as the principal investors, influential political figures controlled planning for the development of land that was sold to small retailers (i.e. the case of Hazrat Khan Zahan Ali Market). However, vendors fully controlled planning for the improvement of the majority of BRA land while it was under temporary lease in the CBD (FGD, 2013). The redevelopment plan for BRA land aims to remove this power from existing temporary leaseholders and grant it to large investors, including KDA, KCC, BRA and private investors (KDA, 2002d). Furthermore, lease of all the BRA land in the New Market area and some of their sites in the CBD area were taken by investors who have strong links with local political leaders, in the name of small retail association. These investors either chaired the small retail associations or had influence over these organisations. These elites exercised almost complete control over the layout plan for the leased sites.

On the contrary, small retailers with freeholds were unable to secure significant access to the plan making process for their site, other than in a few cases where they could use the political influence of local political leaders or retail associations. The opinions of elite investors impacted on decision-making in significant ways. An academic interviewee argued that ‘these elites take advantages of the less restrictive policies on development of commercial projects’ (PE2 IPE, 2013). Planners from KDA asserted that less restrictive policies offer actors almost the full legal freedom to control the planning process guiding their projects. Financially and politically well-off investors have the resources to ensure that projects are developed in business districts (IP, 2013). Both policy documents and practices lead to a conclusion that the absence of policies on the participation of stakeholders in private project planning, and the lack of policies on financial support to financially weak actors, empower elites
and restrict the scope for involvement of others. This policy led to power imbalance, limiting the participation of small retailers in the decision-making process. Elite access to financial resources and political power enables control of decision-making regarding development proposals.

**Meaningful participation**

At the local level where small retailers had scope to participate in deliberation about policy choices, evidence suggests they lacked the freedom to contribute fully, for different reasons. Firstly, the participants in the FGDs were not aware of the planning process and their ability to influence policy decisions through local level deliberation (FGD, 2013). A second reason is that small retailers were not discussed formally as part of public planning before. They lack both knowledge about current planning practice around the world and confidence that their opinions and oppositions will be valued by the experts. Thirdly, in the absence of the idea of progressive democracy, no facilitation practices were offered to these participants, which might have provided meaningful and tangible feedback (IPE, 2013). Fourthly, none of the retail groups was provided with scope to increase awareness of their needs (FGD, 2013). Current practices suggest that the planning process in the city is less concerned with facilitation of associations of small retailers, and that there is a failure to allow these groups to share information, work together to identify their needs and form an overarching plan for their benefit at the local level. Finally, as a result of competing agendas and the dominance of elite actors, there is limited potential for views articulated by small retail groups to impact upon final policy provisions applied at the local level. As had been demonstrated, public planning can fail to provide an enabling framework for the participation of marginal groups, and to reflect their needs at the local level via consultation meetings and ultimately through draft plans.

The chair of KCOC discussed issues related to tenure security concerning small retailers in the CBD at the consultation meetings as a part of preparation of the
KMP and DAP (2002). Consultants ascertained final strategies and policies through refinement of the opinions gathered in these consultation meetings. Participants in the consultation meetings knew the outcome of these discussions only when they attended the workshop on the draft final plans (FO, 2013). A number from representatives of the small retail groups became aware about policy limitations for protecting these retail groups. Review of policy documents also suggests that the needs of the small retail groups are not reflected in the final plans. Planners in the KDA claimed that the planning team reviewed and evaluated the opinions gathered from the final workshop and finalised the draft plans. A policy actor when interviewed argued that ‘it was difficult to modify the draft final proposals at this final stage’. Overall, the domination of technocrats in planning decision-making and the absence of democratic values have helped shape dominant planning practice in Khulna. Findings also suggest that the operation of the institutions determining the planning process often act as the barrier for meaningful participation of small retailers in Khulna.

As is evident from the previous discussion, consultants, technocrats, politicians and major investors exercise significant control and ownership of the local level decision-making process. Small retailers play only a very limited role in the planning process. They have generally failed to develop collective voice, or to cultivate links with influential actors at the local level through which to frame regulatory practices in the future. In the planning process, strategic discourses of different interests are not inclusive. Within this context, it is challenging to generate new planning discourses, allow small retailers to gain knowledge about the positions and values of other participants, and create capacity for joint action to change current conditions.

In a small number of cases, small retailers planned for improvement of their retail environments through construction regarding the provision of temporary structures. These plans do not require preparation by any certified expert, nor need to regard any planning regulations. There are no tailored planning
regulations and planning standards on designing retail premises suitable for small retailing. In the absence of an enabling mechanism, retailers solely rely on self-judgement for designing projects. Often these plans focus on maximising retail space, sometimes at the cost of reduced accessibility and poor legibility for customers. In many cases, these projects when implemented turn out as unsuitable to ensure the profitability of the retailers (FO, 2013). For many, the cost for professional advice is expensive. In fact, KDA provides only free information on planning regulations and planning standards for construction of permanent structures. Therefore, small retail groups struggle to make a meaningful contribution to planning in the private domain, as they do not have access to informed advice or facilitative support from public planners.

Control of technocrats in the decision-making

Planners and consultants shape and control the public planning process in Khulna. Their values influence the nature of actual and observable practice. In doing so, they are facilitated by local and national policy frameworks, but are also influenced by the absence of any well-established tradition of democratic involvement in planning practice, and by their professional values and norms (IP, 2013; IPE, 2013). Small retailers who participated in the FGDs expressed the view that they are neither introduced to the public planning process nor encouraged to participate in it. They argued that this limits the extent to which their ideas, visions and expectations help to shape planning practice in the city. Again, public representatives have neither the power nor opportunity to represent the views of small retailers in the mainstream policy debate (IPE, 2013). One representative contended that, ‘discovery of our values is more on approval of already selected alternatives determined by the consultants’. Policy experts added that consultants determine the core strategies in the initial draft plans and in the final decisions, in the absence of stated criteria to promote accountability in decision-making. The administrative procedures for the planning process and existing planning regulations show that planners and consultants have limited accountability to the public and, more specifically, to
politically weak and economically marginalised groups such as the small retailers. One expert stated that ‘the draft final plans ... needed support of experts and practitioners, not the support of people including the small retailers’. Sowgat (2012) finds in his research on poverty that local people and their representatives exercise little control over the public planning process compared to the planning consultants, KDA and development partners (see Figure 6.2). The structure of the planning process, rights, rules, policies, information and practices empower public administrators and technocrats and allow them to remain at the heart of the decision making-process.

Figure 6.2: Influence of different stakeholders in plan preparation process for Khulna city
(Source: Sowgat, 2012)
Policy decisions for large-scale urban development projects take place through controlled discussion among consultants, political leaders and elite investors without any input from the surrounding community (IPE, 2013). For example, the draft DAP for BRA land is modified due to the conflict of interests between KDA, KCC and BRA. The existing small retailers on BRA land conveyed their concerns about the plan. However, decision-making was limited to these three public organisations, and the KDA and KMP project team controlled the process without any consultation with retailers. Moreover, no inputs from the surrounding business communities in the CBD were reflected in this decision-making process. In addition, the project plans were not even open for scrutiny to small retailers and business communities, preventing them from challenging the views proffered by economic and political elites engaged in the decision making process (FGD, 2013; IPE, 2013). Elite interviewees noted that the process could be accessed by small retail groups through political linkages, but their lack of knowledge and resources limited their ability to influence decisions (IPE, 2013). FO shows, almost without exception, that small retailers with few economic or political resources in isolation can only articulate their views about small projects if their opinions are actively solicited by planning officials. Equally, levels of understanding among small retailers often remains restricted to very general matters about the project’s main features (FGD, 2013). By contrast, the views of civil engineers and wealthy investors involved in the process prevailed in the long run. For example, all the markets owned by KDA and KCC are predominantly planned and designed by their engineers and the design process was dominated by technocratic values (IP, 2013). Therefore, technocrats strongly control public sector led project planning for the regeneration of business districts, and they remain at the heart of the process.

Small retail groups were rarely consulted during small-scale development projects by investors, and any consultations tended to be highly informal in nature. Rather, small retailers expressed their concerns regarding future projects, which resulted in informal negotiations in a few cases. For example, small retailers in the KDA Prantik Market raised their concern with KDA when a
planning application for a retail outlet adjacent to their market was lodged. Small retailers argued during interviews that closed-door assessment took place in the context of significant financial and political influence exercised by investors. Small retailers were not discussed, and the proposal on the retail outlet got approval. A KDA planner justified the decision because:

‘The upper class residents in the city needed a high standard shopping environment. It was assumed that the new outlet would provide suitable shopping environment for these residents.’ (IP, 2013)

Review of policy documents reveal that there are no policies to safeguard small businesses from the influence of large retail outlets in Khulna city and Bangladesh (see KDA 2002a, 2002b, 2002c, 2002d; KDA 2013; KDA, 1995). A planner argued that ‘KDA did not have any legal grounds to refuse the proposal’. Small retailers expressed the view that discussion with them could inform ways of creating an environment by retailers that is acceptable to elite actors (FGD, 2013). The case study research documented in this thesis suggests that in light of the absence of regulations on democratic decision-making, small retailers were not involved to any significant extent in the decision-making process. Furthermore, the nature of participation by small retailers in discussion does not necessarily mean that they will gain from the decisions. For example, when KCC and KDA consulted the stakeholders about the construction of different small markets and associated infrastructure, decisions were not made based on any consensus that included the views of the retailers themselves (FGD, 2013). Instead, involvement of the small retailers in the decision making was informal; they participated mainly as informant which provided them the opportunity to give information about the current issues but the decisions were made by the technocrats. Public planning has generally failed to build the kind of wide-ranging consensus in decision-making that could include retailers (IPE, 2013). In fact, there are no policy guidelines in place to make sure that consensus is mandatory. Thus, in the absence of an enabling regulatory framework for marginal groups, financially and politically elite investors exercise significant control of the private domain of decision-making.
Promoting inclusive, equitable and just decision-making

An academic with expertise in planning asserted that:

‘Planning consultants worked for protecting the interests of KDA… They controlled access of different views in the process from the early stage of plan making [preparation of KMP policy package]…, and decisions in the third and fourth stage… The workshop on the final draft plan was to disseminate their decisions.’ (IPE, 2013)

Another interviewee added that ‘all the decisions were almost determined by the technocrats by the time when final draft plan was prepared; bringing ideas of any group at these stages was problematic, which the technocrats wanted to avoid’ (IPE, 2013). Furthermore, interviews of planners and policy experts reveal that the evidence had already been assembled to legitimise the first stage, preventing public actors from making any subsequent changes to it. A particular plan was chosen based on analysis of comparative consequences of alternative plans. While choosing from the alternative plans focus was given on certain common interests such as: drawing investment in the city and its region, improving quality of urban life, creation of new urban image and improvement of road infrastructures. Interviewees suggested that the set of values ultimately agreed were likely to be those of the planning authority rather than public representatives (IPE, 2013). Previous projects in and around the business districts and proposals on the future business districts indicate that the policy process is strongly influenced by entrepreneurial agendas (see page 158 and 159) (KDA 2002c, 2002d; IPE, 2013). Discovering policies through mutual understanding and reaching a consensus beneficial for all becomes challenging within these democratic politics.

Again, at all levels of public planning, evaluation of opinions is undertaken in the absence of an analytic framework based on the principles of democracy, equity and equality, pluralism and consensus among actors from different strata of society (DAPA, 2013). Nevertheless, public representatives in KCC and KDA acknowledged their ethical role in the formulation of policy decisions, as reflected in their decisions on the construction of markets and bazaars for small
retailing (FO, 2013). However, the lack of a constitution outlining in formal terms ethics and principles of equity and justice means there is scope for public actors to exercise self-interested actions – based on class, professional preoccupations and occupations standards and norms – in evaluating opinions, with the potential result that policy decisions are unjust for the small retail sector (IPE, 2013). In summary, inadequate resources, rules and ideas obstruct the ability of small retailers to participate meaningfully in policymaking and planning for regeneration. Technocrats shape the public planning process, whereas small retailers have limited scope to participate. Resources, rules and ideas enable technocrats, political elites and large investors to dominate the process.

**Small retailing supportive regeneration: influence of policies**

The first sub-section investigates the scope for participation in the planning process and considers how far its limitations explain the ineffectiveness of policies for small retailers. The second sub-section looks at the policy factors which influence the participation of small retail groups in regeneration, and contribute to the wider effectiveness of business districts regeneration practices.

**Current participation process and the policy constraints**

Discussion of policy issues explored in the previous chapter indicates that spatial policies for Khulna city offer limited scope for the regeneration of business districts in ways favourable to small retailing. The consensus amongst interviewees was that an enabling participatory process could broaden the scope for small retailers to inform policies by articulating their experiences and views (IPE, 2013). One policy expert referred to the example of the preparation of the redevelopment plan for BRA land. He argued that the participation of existing small retailers in the plan-making process could inform the ways in which the redevelopment could contribute to successful retailing. Policy experts acknowledged that policy issues, including the ‘lack of policies on creating an environment for successful small retailing’, ‘limited policies to protect small retail
Chapter six: Procedural dilemmas for regeneration

through regeneration’ and ‘failures in guiding the implementation of plans’ could be avoided through the participation of these groups in the planning process. However, interviewees expressed concern that regulatory mechanisms to ensure meaningful participation of small retail groups or other marginal groups does not necessarily mean the policy outputs will be appropriate. It was argued that this is because technocrats and elite investors have firm control over the process and decisions. Interviewees pointed out that some of the policy issues – including ‘emphasis on creating planned spaces in new places’, ‘priority to interests of the well-off investors and consumers’ and ‘focus of policy measures on physical development’ – could not be avoided solely through participation of small retailers in policy making. Interview data suggest that many years of political struggle by vendors in Khulna is yet to impact upon legislative, policy or regulatory matters for their protection. Two interviewees contended that the limited policies for planned and comprehensive development of business districts and managing the small retail sector are not related to any of the reasons mentioned above; instead, they related to a lack of awareness amongst policy makers of the need to address these issues. The opinions of interviewees confirm that the limited scope of participation in the planning process is responsible for the policy issues identified in the previous chapter (see page 198 for policy issues).

Influence of policies on small retail favourable regeneration

The interview data indicate that limited regulatory oversight and delays in the implementation of policies on large-scale regeneration encourage the private sector and individuals to take part in small-scale regeneration projects in the business districts in Khulna. One of the existing commercial developers in the CBD asserted that ‘financially well off actors with their access to bank loans get access in the land market, and construct mainly commercial structures’. Field observation suggests that large private investors who have business networks for financing development works are more proactive in real estate in comparison to public institutions. However, when private investors conduct
commercial constructions, they invest alone or jointly, as the prospect of joint investment with small retailers does not attract them (FGD, 2013). The main reason here is that the individual retailers fail to make a financial contribution to these projects. At the same time, current small-retail based organisations are not sufficiently capable financially to be partners of such commercial projects.

Again, permanent markets on public or private lands, which accommodate small retailers, tend to be constructed by the public sector or through the backing of wealthy investors. Only in a few cases where sites and structures were occupied by small retailers did they play a more pro-active role in the development process (FO, 2013). However, many of the sites that were made available for temporary lease facilitated groups of vendors to plan for and participate actively in site improvement via temporary structures. There are cases where an absence of capital support prompted many hard to reach small retail owners to leave these sites; their places were taken by well-off investors. In a few cases, public land was given to vendors for long-term lease and freeholds. Owners of these leases and freeholds lack sole control over site development due to the absence of financial support. Likewise, serviced commercial land plots made available through large-scale regeneration were offered to purchase through an open tender process that subjects actors to market competition. Small retailers, being financially weak, struggle to compete effectively in this context (FO, 2013). It is clear that small retail owners fail to play an active or pro-active role and participate in the regeneration due to the lack of enabling policy measures.

The lack of legislative or regulatory protection for the small retail sector allows public authorities to discontinue temporary leases or appropriate land designated for small retailing for their own use, without offering compensation to existing retail owners. KCC, for example, appropriated the land allocated for fruit vendors without offering any compensation or rehabilitation opportunity to them, and subsequently constructed a commercial structure suitable for large retail outlets. Both the redevelopment plan for BRA land and urban design
Chapter six: Procedural dilemmas for regeneration

guidelines prepared for the regeneration of the KDA New Market site exemplify the role played by the public sector in adopting plans and schemes beneficial in terms of investment, which fail to distribute resultant benefits among small retailers (FO, 2013). One of the expert interviewees argued that the limited degree to which regulations have tried to promote distributive justice explains why investors support these plans and schemes (IPE, 2013). A number of accommodation schemes for small retail businesses also fail to consider many of the enabling factors for successful small retailing and their long-term sustainability, as can be seen in the case of the accessibility problems that ultimately led to the abandonment of the old KDA Katcha Bazar (see Figure 6.3). Some interviewees argued that the lack of enabling rules for the protection and successful functioning of small retail businesses, coupled with problems linked to their participation and political strength in decision-making in Khulna city, need to be reversed in order to avoid this design failure.

Figure 6.3: Abandoned old KDA Katcha Bazar
(Source: FO, 2013)
In a context of light(er) regulation, powerful investors can more readily secure land, influence regeneration and maximise profit (FGD, 2013). Examples are the serviced land plots made available along Khan – E – Sabur Road, and the proposed commercial area in DAP for BRA land. In both the cases, limited regulations are viewed as a means of boosting commercial development, which in effect is supportive for elite investors. By contrast, small retailers are much less able to ensure the environment they need on leased land, in the absence of regulatory support for planned development and financial support from government (FGD, 2013). Furthermore, investors have the freedom to decide land uses, activities and plans in order to maximise their own interests, even where this means unsuitable environments for small retailing. Investors enjoy this freedom because of the absence of policies on planned development for business districts and small retailing (DAPA, 2013). Most of the commercial structures in the business districts constructed in the last 15 years are high-rise and comprise uses such as hotels, private clinics, banks or wholesale and retail uses. In contrast, the supply of affordable spaces appropriate for small retailing is in decline. In fact, investors do not have any legal obligation to discuss their development plans with small retail owners, and nor do they require their approval. Developers were compelled to negotiate with small retailers and offer them compensation. Affordable shop spaces with appropriate facilities, accessibility and location were available in only a few cases, reflecting the financial and political strength of large-scale investors. Equally, levels of compensation for small retailers affected by development proposals were typically inadequate to access formal or permanent retail space in the business district. At the same time, policies have tended not to redress the financial and political weakness of small retail owners in order to enable them to influence decisions. The result has been that displacement as a consequence of redevelopment has often been a problem afflicting small retailers. This has been a difficulty also evident beyond the CBD. A number of new commercial structures in other business districts have displaced small retail business (FO, 2013). The ‘Safe and Save’ and the ‘Baitun Nun Mosque Market’ in the New Market area, for example, have displaced four retailers and three low investment businesses. Thus, the lacks of supportive policies alongside the
Chapter six: Procedural dilemmas for regeneration

limited scope to participate in the regeneration process constrain successful small retailing in the CBD and elsewhere.

Summary

Opportunities for political dialogue and citizen participation in the public policy process in Khulna remain limited and uneven. Technocracy is often a substitute for democracy. Principles of democracy and pluralism are yet to be institutionalised and adopted in a meaningful way in spatial planning. Deliberative democratic values are also absent in the process. Public planning in general has failed to nurture understanding and education among the powerless about the planning process, their access to it, or their ability to contribute meaningfully. Evidence from interviews, focus group discussion and field observation, as detailed in this chapter, suggests that marginal groups such as small retailers are excluded from the public planning process and lack parity of esteem with other more powerful actors. This reflects the lack of any ethical framework through which to set out key principles, guide policy-maker value judgements or ensure accountability in spatial planning. Instead, technocrats are empowered to shape and dominate the planning process, and control decision-making.

The distribution of resources, alongside the nature of rules and the dominance of particular values amongst those overseeing public planning in Khulna, limits the ability of small retail owners, community based committees and savings and loan support groups to help shape the development process. The process limits the scope for small retailers and other disempowered groups to gain knowledge of the positions and values of other participants and cultivate capacity for joint action. Instead, public administrators influenced by technocratic ideals, alongside politicians and other elite actors, remain at the heart of the decision making-process. There are no significant examples of policies that promote to any meaningful degree mutual understanding across stakeholder groups, or equity and distributive justice. In addition, public sector
led project-planning remains under the control of urban elites, led by local political actors and private investors. In effect, these are private domains of decision-making from which small retailers are excluded. Khulna’s experience suggests a need to empower these groups by facilitating their participation in project planning and development decision-making aimed at the regeneration of the city’s business districts. The following chapter, drawing upon ideas around post-political governance, consider the degree to which neoliberal influences have shaped the construction of resources, rules and ideas of public planning in Khulna city.
CHAPTER SEVEN: NEOLIBERAL PLANNING AND SMALL RETAILING FAVOURABLE BUSINESS DISTRICT REGENERATION

Introduction

Bangladesh has been implementing neoliberal reform policies since the early 1980s. Nuruzzaman (2004) argues that many of these structural adjustment policies have failed to distribute benefits to the vast majority of social groups, including small businesses and the urban and rural poor. Despite some evidence from other contexts, the implications of applying neoliberal reforms to policies for city planning and urban restructuring in Bangladesh remain unknown. This chapter investigates the current implementation of neoliberal public planning practice in Khulna city, in particular its influence on small retailers and favourable business district regeneration. The first section explores local manifestations of neoliberal aspirations by illustrating current public planning practices in Khulna. The following and final section investigates the extent to which these aspirations are shaping the construction of prevailing resources and rules within public planning, public policies and practices in relation to resulting regeneration of business districts favourable to small retailers.

Neo-liberalisation of public planning

Leading neoliberal attitudes, as manifested in public planning in many cities, encompass re-emphasis on economic growth, entrepreneurialism aimed at driving market capitalism, and concentration on economic rationalism (Sager, 2011). In many contexts, these aspirations have resulted in a diminishing role for the public sector in public planning and regeneration. The subsequent sections explore local manifestations of neoliberal reforms to public planning in Khulna.
Neo-liberal reform policies in Bangladesh: the context

Bangladesh started its journey as an independent country in 1971. Manufacturing industry had been one of the key contributors to its urban economic growth since the 1950s, but the war of 1971 led to the sector’s collapse in the face of political crisis and corruption. Between 1970 and 1980, the wider national economy experienced a drastic downturn in the wake of the travails of the industrial sector and persistent political turbulence (Sowgat, 2012). These phenomena precipitated economic crises in Bangladesh’s cities, reflected in rising unemployment. This was compounded by the failure of the green revolution, which further impacted upon macro-economic conditions. In 1981, the government declared many of the country’s rural growth centres to be municipalities, with the aim of tackling the economic downturn and fostering economic growth by accommodating new activities (Islam, 1997). The political focus nationally turned to providing infrastructure support required for these municipalities. As there were limited financial resources at this time, many municipality improvement policies were only partly implemented.

This context of economic decline and an inability to develop state-led policy to redress it helped to set the scene for the advent of a host of neo-liberal reforms of policy. These were aimed in particular at inducing economic revitalisation and encouraging new investment. Three main strands of neo-liberal thinking were especially prominent: cuts in government expenditure to reduce the power of the state and liberate capital; structural adjustment via policy tools such as trade liberalisation and the withdrawal of subsidies; and institutional decentralisation and the privatisation of economic activities (Rahman, 1990 in Nuruzzaman, 2004).

Neo-liberalisation and the continued economic crisis

According to Nuruzzaman (2004), neo-liberal reforms in Bangladesh led to overall improvements in macro-economic circumstances, as fiscal conditions
improved, inflation eased, the current account deficit reduced and foreign exchange reserves increased. However, Nuruzzaman observed that reform policies failed to accelerate economic growth or benefit the poor. The argument here was that such a situation arose because neoliberal policies failed to promote industrialisation, and instead led to the closure of many industries. The government sold many state owned industries as part of its privatisation policy, and in most cases industrialists or businesspersons purchased these industries at low cost. Ultimately, they went on to make a profit by selling off industrial assets, meaning that there was limited effort or investment to revitalise industry. Farid (1993) found that out of 499 privatised industries, 324 were sold off and only 175 were still in operation. Consequently, the majority of the urban labour force, who were originally employed in these industries, suffered unemployment or under-employment. Most failed to access jobs in the service sector and turned to low paid work in the informal sector. Neoliberal policies therefore exacerbated the crisis of employment and the related problem of low incomes,

The rate of urbanisation in Bangladesh is as high as 3.5%, 62.9% of which is estimated to relate to urban migration from rural areas and the remaining 37.1% to natural population growth (BBS, 2003a). Frequent natural disasters and limited policies and measures to strengthen the rural economy have exaggerated the situation, acting as push factors and contributing to increased urban poverty (Afzal, 1999; Hossain, 2001; Islam, 1996). Rural migration to cities with weak economies has emerged as a major problem, but urban economic development has been constrained by the failure to offset the declining industrial base (Sowgat, 2012). Limited public resources further act as a barrier to economic development.

The major cities in Bangladesh are struggling to induce economic development, and the national economy remains dependent on rural growth. Over the last 30 years (1980-2010), the GDP contribution from the urban sector has risen by a meagre 20%. The urban-industrial sector contributes just 28% of GDP and the economy remains dependant on the service sector and agriculture. Although a
gradual increase in urban sector GDP indicates overall economic development in Bangladesh (Islam, 1999), it is generally agreed that cities are experiencing slow economic progress (Sowgat, 2012). Likewise, the per capita income in urban areas is improving but the ‘head count ratio’ of urban income had dropped from 68% in the year 1981 to 43% in the year 2005 (The World Bank, 2003). Cities in Bangladesh have an important economic role to play in tackling the national economic crises that affect not only themselves but also the rural economy.

Khulna and its economy

The policy of state capitalism employed by the East Pakistani government (1947-1971) transformed Khulna into an industrial city. More than 800 large and small industries were erected in the north of the present city (Shamsad and Shamsad, 2004). The industrial sector created a large number of jobs and functioned as the largest employment sector in the city. The city enjoyed its economic hey day during the 1950s and 1960s, due to industrialisation and export and trading activities. The Liberation War (1971) led to economic breakdown in the country and in Khulna, which negatively affected the industrialisation process. Between 1970 and 1980, many industries also became weak due to the diminishing demand for jute on the world markets, the unavailability of raw materials for paper mills, and the structural weaknesses that affected most industries (IPE, 2013). Many large industries closed down when the structural adjustment policies of the World Bank were implemented. Persistent structural weaknesses and a dearth of national policies and state led development compounded this decline in economic fortunes. The closure of the Chalna seaport, poor performance at the Mongla seaport and industrial decay accelerated economic decline still further. Local policies and practices to regenerate the local economy through large-scale public and private sector investments in the city proved largely ineffective because of limited supportive physical infrastructure in the city (IPE, 2013). The industrial sector was unable to provide employment for the mounting number of urban immigrants or to
accommodate natural population growth. In parallel with the growing need for employment, a large proportion of urban inhabitants became engaged in small retail businesses and informal economic activities.

However, since the 1990s, the rural economy in the Khulna region has improved due to shrimp cultivation by private individuals. This has begun to contribute to a slow revival of Khulna city’s economy due to the emergence of private fish processing industries and food processing enterprises on its south-western edge. Although few of these industries are located inside the city, as an indirect influence of this sector, commercial activities are beginning to flourish in Khulna. The city has also become an education hub for the country’s South-West region. However, the traditional industrial sector in the city is continuing to decline. When set against the rising need for employment, employment opportunities in the new industrial, business and education sectors are inadequate. In 2000, only 36% of the potential workforce was in employment, of which 40% was in the informal sector. In 2000, amongst the employed, manufacturing units accounted for 53% of employment, the trade and restaurants sector 28%, and the service sector 14%. The annual growth rate of regional GDP for Khulna (former district comprising Khulna, Satkhira and Bagerhat) during 1991-95 was as low as 4.4% when compared against the real national GDP growth rate of 6% (CDIA, 2009).

In the new millennium, policies intended to decentralise industry and develop strategic infrastructures facilitated large-scale private investment in the industries surrounding growth centres. The economies of many small urban centres have started to flourish, due to a rise in small-scale private investment in enterprises. Improved regional road networks and growth in economic activities in regional growth centres has started to boost the transportation, telecommunication and commercial sectors in Khulna city. Small-scale private sector enterprises and economic activities have expanded in the south-west of the city and in adjacent areas. However, the city economy remains at risk; a substantial proportion of those of working age are either under employed or
unemployed. Although the service sector is at the forefront of the formal economic sector in the city it creates less than 5% of all new jobs. The fact remains that the great majority of new employment in Khulna has been generated by small local businesses, including those in the informal sector. According to figures from 2009, 37% of employment was in the ‘other category’, and 20% of total employment was in the small business/small service categories, including informal activities (CDIA, 2009).

Uneven income distribution has been a barrier to economic progress and economic growth in Khulna city in more recent years. Urban Khulna has been burdened by high levels of poverty and inequality. Average per capita income is as low as US$ 283 and 45% of the city population earn less than US$ 171 per month. Only 38% of people are in the high-income group, of whom less than 8% earn more than £77 per month (KDA, 2002a). Around 40% of the population live in poverty in Khulna, far higher than the national urban average of 28% (CDIA 2009). This imposes limitations on economic growth, as poorer sections of society are unable to participate effectively in it. About 54% of the working aged poor have a regular source of income, of whom 24% work part-time. As employment in the informal sector is low-waged, it does not contribute significantly to Gross City Production (KDA, 2002a).

Large-scale public and private sector investment in Khulna city is limited. Although the influx of FDI to the country has increased, it has in many cases contributed to the decentralisation of economic activity as incoming firms seek locations outside the city core (CDIA, 2009). Supporting investment to facilitate FDI tends to be directed towards the construction of roads, bridges and gas grids, and to the revitalisation of ports. There are pilot projects in place to revitalise five of the large failing industries in the city, but a number of these require substantial financial and political support (KDA, 2002b). There is a scarcity of credit to support existing industries seeking to expand, and an unfavourable investment climate. Although small-scale private investment is growing at a higher rate in the city, around 96% of existing private investors run
very small enterprises and own less than half of the total capital investment. The remaining 4% have the major share (KDA, 2000b) and invest it in real estate, the development of modern showrooms, banks, branches of national and international offices, hotels, and superstores.

Figure 7.1: Proposed Russel Civic Center
(Source: Author, 2014)

Economic growth and place making

Creating sustained economic growth has been one of the key national development agendas in Bangladesh since the early 1980s (Bangladesh Planning Commission 1983, 1985, 1991). Cities are undertaking new roles to generate wealth and employment and to tackle the changing economic situation. Within the context of national and local need, spatial planning in Khulna, unlike that in other city regions, is increasingly geared towards fostering economic growth and meeting the rising need for employment. Strategies set out in the 2002 planning package followed a macro-economic development approach, placing considerable emphasis on economic growth (KDA, 2002b). Urban strategic visions include reviving and strengthening the local economy.
Chapter seven: Neoliberal planning and small retailing favourable business district regeneration

and increasing new employment opportunities in tandem with existing urban population growth patterns (KDA, 2002b). The premise of such visions is that economic growth can help address the serious funding crisis that limits the provision of essential infrastructure in Khulna city (IPE, 2013). Policy makers realise that securing growth is both urgent and inevitable to support economic and community prosperity in the city and its vicinity (IPE, 2013). Thus, a renewed emphasis on economic growth is manifest in the spatial polices and development projects in Khulna city (KDA 2002b, 2002c).

The 2002 strategic plan built on the underlying ideas that the poor quality of Khulna’s urban space constrained the pursuit of economic growth (KDA, 2002a). Planning a vision for urban renaissance in Khulna includes re-imaging and branding urban space and place in order to encourage inward investment and business growth (KDA 2002c, 2002d, 2013). Such projects are proposed to improve the quality of life in Khulna and include the construction of shopping malls (see Figure 7.1), markets, roads, modern flats, amusement parks and river front developments. Creating a number of well-established business districts with physical environments that are conducive to investment and economic activities is considered essential (KDA 2002c, 2002d). Large-scale business district regeneration plans and projects are designed to produce new 21st century urban areas that are sufficiently competitive to meet the demands of corporate investors, businesses and high-class consumers and tourists (KDA 2002c, 2002d). Proposals are also intended to re-organise existing strategic infrastructures and to develop new infrastructures; such as high speed rail networks and multi-modal transport junctions in the CBD area, and the construction of roads linking Kalpataru Market with the Khulna Jessire Dhaka Highway. Therefore, like other parts of the world, the urban agenda for securing economic growth, jobs and wealth in Khulna implies an improved quality of urban space and provision of a strategic infrastructure.
Economic rationality and shift of power

Creating urban spaces that are conducive to sustained economic growth in Khulna has meant major fiscal challenges for the public sector (CDIA, 2009). The city has struggled to implement proposals for the development and redevelopment of business districts on several occasions (see Table 4.2). Neoliberal economic reform involved cuts in the state expenditure, and Khulna is increasingly reliant central government funding to attain spatial development goals (KDA, 2002a). The result is that projects that are financially profitable and can meanwhile attract new investment are prioritised over those - often in core areas of existing business districts – which require larger sums of public investment. For example, the regeneration of the KDA New Market area was only possible because of its attractiveness to investment. Away from the core area of CBD and the Daulatpur Business district, investors are eager to position themselves in this new and prestigious area of Khulna.

KDA, KCC and other public sector organisations are expected to play a key role in place creation and attraction of the private sector for further investment (KDA 2002c, 2002d). As the creation of such places is expensive, public planning policies and governance in Khulna have assumed a market-oriented approach that facilitates investment by the private sector (IPE, 2013). Although spatial plans are used to guide urban development in the city, public and private sector initiated building projects take priority; where necessary, spatial plans are often modified to reward local entrepreneurialism (FO, 2013; IPE, 2013; KDA, 1961; KDA 2002d). For example, planned projects for a Russel Civic centre and high-rise flats have been prioritised over the more costly implementation of the DAP on BRA land. Projects and policies in Khulna are devoted to attracting real estate industries for investment via property-led regeneration policies, financial support, infrastructure provision and site preparation (KDA 2002c, 2002d; FO, 2013). For example, serviced sites for commercial developments are being provided along three major roads in the city. A new breed of mixed-use high-rise complexes is also emerging in land spaces that combine luxurious commodity showrooms across lower floors and corporate office spaces on
upper floors (see Figure 7.2). Thus, public planning in Khulna is demonstrating an entrepreneurial outlook.

Figure 7.2: The new commercial development along ‘KDA Avenue’
(Source: FO, 2013)

A planner argued during the programme of interviews that KDA is not capable of controlling development; rather, market forces regulate land use proposals in the KMP of 2002. To ensure financial efficiency and economic rationality, public policy focuses on unburdening the state of its role in investment (IPE, 2013). Less restrictive regulations are enacted to encourage private investment to facilitate the transformation of built up areas. For business districts, private led and incremental developments are encouraged. Much of the responsibility for addressing problems with the built environment has already shifted to the private sector. The DAP for BRA reflects the view that actors are expected to predict problems and offer solutions at the planning stage, and invest in the development of the built environment even after implementation of large-scale regeneration work in business districts. It is anticipated by city policy makers that investors would be interested in investing in the establishment of new physical structures, to meet the demand for commercial spaces. This approach assumes that the market is able to respond to policy failure and address persistent problems in the business districts. The public sector role here is conceptualised as one of activating and enabling the market. To ensure the
private sector can play its role successfully, projects therefore focus on the creation of a competitive (and lightly regulated) land market and provision of infrastructure (FO, 2013; DAPA, 2013). This market logic means that responsibility for planning in Khulna has in effect shifted to non-state actors charged with regulating space.

To summarise, spatial planning practice in Khulna city increasingly embodies a developmental logic derived from neo-liberalism. As part of this, the role of KDA is a broader one including creation of sphere of decision-making, new form of regulations and an urban image favourable to investment. Public planning practice in Khulna is increasingly targeted toward economic growth. It exhibits a market rationality that is encapsulated in the approach to the regeneration of business districts in which small retailers historically have located.

**Small retailing favourable regeneration: the reality**

Chapter six revealed that prevailing resources, rules and philosophies engaged in the public planning of Khulna city reduce the scope for small retail owners and their associations in terms of participating in public and private decision making. That chapter established that, to some extent, the issues of participation culminate in unsuitable policies and project plans supportive of the regeneration of business districts, as far as small retailing is concerned. It is also apparent that there is scope for other forces to drive policy issues. This section considers whether the neoliberal aspirations that underlie public planning in Khulna contribute to the formation of resources, rules, ideas and policies which result in regeneration of business districts that is favourable to small retailing.
Chapter seven: Neoliberal planning and small retailing favourable business district regeneration

Sphere for political dialogue

A comprehensive public planning process offers scope to empower marginal groups and enhance their opportunity to participate meaningfully in the decision-making process. Expert interviews (2013) reveal that making the policy process cost effective is one of the key reasons for adopting brief and simple planning process in Khulna. Creating a suitable sphere for political dialogue among the citizens in public and private planning requires funding, which can then become a financial burden for KDA and investors. Providing space for effective public consultation with weak and marginal groups is considered to be time consuming and expensive, and is perceived as something that KDA cannot afford. Planners in KDA argue that broadening public consultation would compromise growth. Interviewees explained that with the limited financial resources available, dependency on private sector funding, implementation and management of development works is unavoidable. In essence, it is essential to shift political power to the market and private sector in terms of the planning and construction of urban space, allowing investors freedom to shape the private sphere of political dialogue as appropriate. An academic working in the planning field noted that:

“...imposing too many restrictions and obligation of public consultation during private planning are not conducive for ensuring market freedom and drawing private investment... This involves costs and may put investors at risk of gaining less profit” (E2 IPE, 2013).

In addition, the urge for a rational approach to problem solving tends to force technocrats to ignore the role of effective public participation, as well as the necessity of creating a suitable sphere for their participation. Thus, both brief and simple public planning processes, and the limited domain of the political dialogue of citizens in Khulna, is shaped on the grounds of economic rationality and the promotion of market capitalism for economic growth. Rational decision-making also heavily influences the current patterns informing the planning process. Neo-liberal agendas and rational approaches to planning are difficult to reconcile with the creation of a participatory sphere in public and private planning that is beneficial to marginal business groups.
Technocracy and outsourcing

Planning experts acknowledged during interviews the increased dependency on consultants and outsourcing that has affected the preparation of policy documents for successive decades. From 1980 onwards, the KDA hired many consulting firms as experts, including DDC (Development Design Consultant Limited), ECL (Engineering Consortium Limited) and Aqua Sheltech. There is a strong economic rationale for this dependency on technocrats and outsourcing; in particular, the KDA does not have the capacity to maintain long-term salaries for the diverse skilled workforce required for the preparation of plans, making outsourcing financially more viable. Indeed, policy documents and project plans prepared after 1980 were more numerous than previously, and the KDA itself has a workforce that is too small to produce such documents straightforwardly and routinely.

Regarding technocracy, expert interviews (2013) revealed that Khulna needs to explore ways to promote economic growth and draw on the private finance for development. Once technocrats are recruited, they focus on rational decision-making and attempt to satisfy the city authority by offering proposals that can bring significant economic benefits to KDA and the city. Interviewees contended that planning practice relies on the notion that technocrats are best able to provide solutions for most of the planning problems affecting the city through rational decision-making. Thus, their engagement should make the decision-making process economically efficient, explaining why they are empowered to shape the process and dominate the decisions through the Terms of Reference (TOR) for plan preparation (IPE, 2013). A planning consultant based in Khulna justified their level of engagement in the decision-making process, thus:

“Consultants are expert in their field of work. With their knowledge and experience they can aid in designing out policies or plans according to our requirements easily… I mean as the city needs, investments, jobs, amusement parks, infrastructure … Citizens can also identify many of the existing problems in the city… They may not be able to identify feasible solutions within our timeframe.” (P1 IPE, 2013)
Furthermore, it is assumed that the engagement of consultants based in Dhaka and elsewhere, including abroad, would increase the application of good practices as those cities have secured competitive positions and economic success inside and outside of Bangladesh. Therefore, technocracy and outsourcing is drawn on to substitute the knowledge of local citizens in planning, with the primary aim of securing economic growth and economic efficiency.

**Planning values, ethics and principles**

Ideally spatial planning in Khulna primarily aims to serve the public’s interest. However, the KDA ordinance lacks substantive guidelines safeguarding the interests of marginalised and under privileged individuals and communities in an equitable, just and democratic manner. Rather it primarily concentrates on the institutional role of KDA in plan preparation and development control. Although the TOR for plan making since the 1990s have incorporated a legal requirement to make the process participatory, they do not suggest how deliberative democratic values and democratic principles can best be incorporated in practical terms. Inclusion of these values and principles would make the decision-making process equitable and just, whereas current practice is best described – in the words of one interviewee – as “tokenistic” (IPE 2013).

From an experts’ perspective, it is not profound to argue that neoliberal aspirations within the domain of public planning are shaping the integration of values and principles. Rather experts have related organisational maturity with this deficiency. An interviewee argued that:

“…[the] emergence of democratic principles in planning practice in Khulna began in the early ’90s, when Bangladesh began its journey to parliamentary democracy… By that time the government’s neo-liberal reform policies for cutting public expenditure and decentralisation informed and regulated the role and function of local public planning institutions… lack of stated planning ethics or the values and principles you mentioned are not directly linked with the neoliberal reforms of KDA” (E1 IPE, 2013).
Expert interviewees argued that the more planning practice in Khulna moves toward maturity the more the chance that it will incorporate a firm regulatory framework with high standards of planning ethics, values and principles. An expert justified this, thus:

“overall contextual knowledge transfer in planning practice is very limited in Khulna... Although consultants are experienced and in practice, they always had scope to modify the planning process and reflect contextual knowledge in policy documents and plans, they primly followed the TOR made by planners and engineers in KDA... There is still no regulatory support that sets standard of planning ethics, values, and principles, which could be followed for preparation of any TOR...Engagement of consultants left little room to incorporate planning ethics, values, and principles during planning process”. (E2 IPE, 2013)

Expert interviewees also pointed to the requirement for planners in the KDA to contribute more effectively by incorporating tested values, ethics and principles into planning practice (IPE, 2013). However, interviewees also indicated that the efficiency of planning operations is significantly constrained by the inadequate number of planners and the organisation of their responsibilities in KDA. The competence and capacity of planners and engineers is limited in terms of professional knowledge, available resources and information. Because of the lack of a qualified core staff in KDA, the organisation struggles to incorporate a regulatory mechanism for plan making that includes recent knowledge progression in the planning field. As one planner put it:

“We have made the most of the TOR for major city plans... At that stage [preparation of TOR] we did not engage consultants... Only few of us had access to advanced knowledge... The engineering department deals with project planning and prepares relevant TORs... Only in very recent practices, expert consultants are engaged to prepare TOR for new projects....” (P1 IP, 2013)

Although policy experts denied that the embrace of neoliberal aspirations were the cause of the lack of supportive values, ethics and principles in planning practice in Khulna, the existence of key neoliberal objectives suggest different accounts of the issue. Over emphasis on economic efficiency, in most cases, leads to an overly truncated planning process, which fails to incorporate the values and principles of democracy and pluralism. Incorporating deliberative
democratic values, ethics and principles for value judgements and the accountability of decisions requires a comprehensive decision-making process, which KDA is currently unable to fund. Instead, KDA is compelled to focus more exclusively on facilitating development as rapidly as possible, and with only minimal consultation or involvement with non-core stakeholders like small retailers (IPE, 2013). The result is a market enabling regulatory framework in which ethics and principles for the benefit of weak and marginal groups has only very limited importance. Experts interviewed during 2013 were of the opinion that difficulties in adopting the key principles of equity and social justice in urban planning practice arise from the idea that serving the interests of elite investors is more important than other types of planning policy aimed at poorer or marginal groups like small retailers. Elite investors are promoted in two ways: either the planning consultants value them and their policy input, because the elites are recognised as members of civil society; or, the investors themselves influence the policy makers through the exercise of political power and influence. According to the sample of interviewees, consultants must either influence incorporation of key principles of equity and social justice as their policy input, or entrepreneurial elites are likely to control the policy process in their own interests. As one expert argued:

“even though the rules for participation are in place, there are chances that over emphasis on economic efficiency and growth will limit its true application.”(PE2 IPE, 2013)

Therefore, participatory planning practices in Khulna are underdeveloped, producing a regulatory framework that is divorced from values, ethics and principles around the inclusion of marginal groups. In addition, the dominance of a neoliberal agenda in which market rationality looms large prevents the adoption of a regulatory framework for planning practice in Khulna that could effectively secure the participation of marginal groups in decision-making.

Power in the hands of elites actors

Evidence from interview and focus group discussions suggests that public planning in Khulna tends in the main to be dominated by elite actors, including
politicians, senior public sector officers, consultants and major investors. This is problematic because elite investors remain at the heart of planning and regeneration decision-making, over which they exert considerable influence (FO, 2013). The consequence is that public planning in Khulna prioritises the interests of actors in the investment markets. From the perspective of small retailers, empirical evidence documented in the previous chapters suggests that weak regulatory policy measures are in place to manage the development process in existing business districts. In these areas, development tends to be incremental, driven by private sector interests and with a minimal role for the public sector (IP, 2013). Expert interviewees argued that the planning authority struggles to implement large-scale development proposals or to involve a suitably broad range of actors in the development processes. Some interviewees argued that this is a rational approach, helping to minimise public expenditure and supporting the market in ways that can ultimately improve quality of life in Khulna (IPE, 2013). Supporters of this approach also argued it is rational when the primary goal is the economic growth of the city. A policy expert referred to this shift in power towards private actors as a market enabling mechanism:

“Limited regulations allow actors in the market to have control over the private decision-making and regeneration;...it creates economic opportunities for themselves according to their ability and flourish with limited public expenses.” (PE2 IPE, 2013)

It is apparent that public planning in Khulna has a tendency to enable financial, property and political elites to exercise control over weak investors by controlling the regulatory framework, the level and form of financial support and the nature of physical infrastructure provision (FO, 2013; KDA 2002c, 2002d). Planners and other interviewees contended that elite investors manipulated regulations and governance mechanisms for their own benefit. They argued that without the support of elite investors, large-scale urban regeneration would be impossible to implement. There are prominent cases within the city that support this argument and which demonstrate how regeneration projects can be implemented without benefitting marginal business owners. The Proposed Russel Civic centre and high-rise flats on BRA land, for example, illustrate the
Chapter seven: Neoliberal planning and small retailing favourable business district regeneration

implicit idea amongst elite actors that the principal goals of development are to create a quality built environment, attract investment and generate employment. A planner working on the KPM policy package asserted that:

“…elite investors can help produce a quality built environment through heavy investments. They are also able to bring new investment through their business connections. Ultimately, this helps to create new employment… rules, regulations and planning practice should encourage them instead of restricting them. You might have seen the commercial developments along Majid Sharwani are developed on land proposed for residential use [see Figure 7.3]. We have approved the planning permission for these buildings considering the potential economic benefit of the city… The 2002 plan has been modified accordingly.” (P1 IP, 2013)

Figure 7.3: Commercial development along Majid Sharwani
(Source: FO, 2013)

However, planners and policy experts are aware of the structural inequalities in power; opportunities and resources exist amongst the actors in the market that limit the influence of small retailers on private planning and regeneration but they choose to ignore this. Instead, planners argue that the market acts rationally to respond to the needs of small retailers. In practice, when policies and public sector led projects aim to draw capital from affluent investors, these elites gain new roles and control in large-scale developments. Yet planning practice in Khulna fails to devolve power to marginal business groups in a way that enables them to identify and address their problems through collaboration with other actors. Planners pointed during interviews that it is impractical for planning practitioners to include marginal groups in decision-making at local level, principally because planning institutions have very limited resources. One planner comments:
“We have constructed several markets for the marginal retail owners… It is not possible that we will give them information, training or financial resources to address their problems. We do not have any policies that allows us such provisioning. Even if we had such policies, we would not be able to do anything as we do not have financial capital to support that.” (P2 IP, 2013)

The above discussion provides evidence from which to conclude that public planning in Khulna has failed to date to address power inequalities among different actors. Instead, public planning is increasingly based on market logic, resulting in a narrow focus on attaining economic growth – at the expense of diminishing interest in either inclusion or redistribution. As a result, case study evidence suggests that financially and politically weak actors, such as the small retailers, are unable to experience the benefits from participation in the regeneration practices.

Inclusive and just decisions

The economic and political rationality which informs planning decisions in Khulna focuses narrowly on the interests of finance and property capital. Documentary analysis and FO (2013) reveal that policies prioritise the pursuit of profitability (among public and private sector investors), rather than improving the conditions of the socially and economically deprived. The proposals for redevelopment of BRA illustrate how weak regulatory frameworks have enabled market led views to guide the nature of development. These frameworks have widened the scope of the investors (from public and private sector) to generate profits through property development, and narrowed the scope for small and traditional retailers to survive and thrive (IPE, 2013; FO, 2013; DAPA, 2013).

One leading architect from Khulna city, who has worked on at least four high profile commercial buildings in Khulna says:

“My clients are not bothered about the social benefits. They invest a lot of money on their projects and they want return out of it... I usually apply for planning permission on behalf of my client...KDA does not impose any obligations for safeguarding the interests of any marginal parties involved. Current regulations, plans and practices actually encourage new commercial activities at any cost to boost of the economy of this city.” (A1 IPE, 2013)
In fact, permitting equal opportunities for marginal retailers through a more broadly based regeneration policy framework represents a significant challenge for technocrats. Promoting equal opportunity could be viewed as reducing the scope for creating the kind of built environment necessary to attract investors (FO, 2013; PE6 IPE, 2013). Investors from the private and public sectors may face reduced potential to achieve high profits if they do not provide space for high-class consumers and instead prioritise designing spaces for those who do not have the ability to spend on consumption. This is why the project to design the Russel Civic Centre and high-rise flats in the proposed redevelopment area on BRA land is targeted mainly at the emerging elite class, ignoring the needs of marginal groups. One academic added:

“Spending power of the poor and less well-off is low. Therefore, integrating the project or project elements for the benefit of these groups may fail to result in profitable ventures... If regulations are imposed that might fail to draw investors. In economic terms, this is perhaps irrational for KDA, when it aims to encourage market.” (PE 2 IPE, 2013)

The interests of elite investors and consumers are prioritised in policy measures and during planning applications. One planning consultant with considerable experience of working with KDA argued that:

“This is always easy to sell planning proposals to the civic society if the plan includes economic growth agendas... This consultation meeting is dominated by a large number of wealthy businessmen... You might have noticed that they are interested to see the proposals supportive for investment... They are perusing for the proposals beneficial for their business.” (PE 3 IPE, 2013)

From the standpoint of market rationality, policy makers have freedom to prioritise investment needs rather than imposing restrictive rules to address socio-economic inequality (KDA, 2002d; KDA, 2013; IPE, 2013). In the absence of formal principles and values to ensure that social justice features as part of regulatory frameworks for proposed development, it is unsurprising that policy makers should focus narrowly on encouraging private investment (DAPA, 2013). Expert interviewees argued that opportunities to gear policies and projects more to the needs of marginal business groups are limited in the public planning policies pursued within Khulna city. They argued that the need for KDA to demonstrate economically rational behaviour and to rely on market logic
Chapter seven: Neoliberal planning and small retailing favourable business district regeneration

prevents it from offsetting social injustice. Thus, the overarching aim of promoting market capitalism and economic growth in public planning in Khulna appears to inform all aspects of regeneration policy and practice.

Small retail supportive policies and schemes

The policies on development of commercial areas and business districts reflect the view that existing business districts are less attractive for medium to large investors and commercial uses, and thus are not suitable for securing economic growth. As a consequence, policies and schemes for development focus mainly on peripheral areas and districts that have not already developed, away from the necessity areas that accommodate most small retailers to gain highest potential returns on investment. In a small number of cases, however, the redevelopment of existing districts is considered where there is a strong likelihood of gain from property led redevelopment works, such as regeneration of the New Market area. According to experts, policies are driven more by business agendas than the actual need for spatial development to reduce the financial liabilities of the public sector. They argued that transforming existing districts to create the investment friendly and money generating environment necessary for economic growth is less cost effective when compared to the development of vacant land outside existing districts and in new areas. This explains why public vacant land is often on the priority list of public agencies for future development. An expert claimed:

“The procedures for making private land available in these districts for development or redevelopment are complex, lengthy, and expensive. Creating organised space in vacant land offers more scope for making profits from development.” (PE1 IPE, 2013)

Therefore, the problems that persist with existing business districts are overlooked and property led regeneration is encouraged on the grounds of the economic rationality of public policies, both of which have a detrimental effect on small retailing.
Chapter seven: Neoliberal planning and small retailing favourable business district regeneration

Experts contended that institutional weaknesses inherent to planning practice in the city are a key contributor to deficiencies in those policies applied to business district regeneration, especially with regard to the small retail sector (IPE, 2013).
They noted that the need for a policy direction, that would clarify the necessary success factors for small retailing, have never been considered to meet up with the requirements of this sector logically, either during or after regeneration (IPE, 2013). They added that this deficiency reflects the limited ability of policy makers to think holistically about the development of business districts, or to consider its potential in helping to nurture small retailers. They highlighted examples of public sector led initiatives designed to address the problems of marginal groups, arguing that public planning does not solely rely on the market. However, they accepted that the presence of regulations prioritising elite interests is frequently the reality of planning practices in Khulna. They accepted that regulatory frameworks are often ineffective in facilitating inclusive, equitable and just regeneration outcomes. Thus, the rise of neoliberal ideology over the last sixty years has affected public planning practice in Khulna city, contributing to policies that have failed to safeguard small retail groups during and after regeneration.

Summary

Neo-liberal reform of policy has been evident in Bangladesh since the 1980s. These have shaped the focus and function of public planning practice in Khulna city. One of the key priorities of such policies is the generation of employment and income, and the attainment of sustained economic growth in Khulna city to contribute to national wealth. Because of deregulation, additional emphasis on economic rationality is palpable in planning policy and practice. Reformed institutional practices seek to promote market capitalism by demonstrating an entrepreneurial attitude. A clear tendency in public planning institutions is to shift decision-making power to the private sector with the aim of unburdening the public sector. A key assumption is that the market has a self-correcting capacity to tackle inequalities among actors and to respond to emergent needs. Overall, public planning in Khulna city typifies key neo-liberal attitudes, as identified in chapter two.
Neoliberal ideas influencing current public planning practice in Khulna explain the use and distribution of resources, rules and ideas in relation to small retailing and the regeneration of business districts. There is empirical evidence from the Khulna case study that market rationality has contributed to the contraction of the public sphere and promoted private planning. The views of technocrats, elite investors and politicians have been privileged over those of marginalised groups; this has been justified on the grounds of rational approaches to decision-making, whereby securing economic growth and economic efficiency is crucial. The Khulna experience demonstrates how addressing inequalities of power amongst existing and potential actors in the decision-making process is rejected and dismissed as inimical to market logic and the need to reduce public expenditure. It can be argued on this basis that the agenda for market capitalism and economic rationality shapes and limits the formation of a regulatory framework with principles, values and stated ethics that can secure the effective participation of marginal groups in decision-making and result in policies that benefit them. Because of these neo-liberal attitudes, the decision-making process has become non-participatory, non-inclusive, and non-enabling for the local economically and politically deprived in Khulna (see Figure 7.4).

The economic and political rationality within which planning decisions are made in Khulna city offers greater scope to benefit elite actors from finance and property capital than to improve the conditions of the economically deprived. Aiming for the promotion of market capitalism and economic growth reduces opportunities to engage in regeneration policies and practices that are beneficial to small retail groups. Persisting problems of existing business districts are overlooked and property led regeneration is encouraged on the grounds of entrepreneurial rationality. Enabling regulations and governance to support elite investors is in place to ensure they can play a leading role in urban regeneration, since this is financially rational and supportive of entrepreneurialism and conforms to market logic. Consequently, neoliberal
aspirations contribute to the non-participatory, non-inclusive and non-empowering regeneration of marginalised groups.

However, the limited degree to which public planning practice in Khulna has utilised emerging developmental ideas and welfare planning in the interest of marginal groups reflects a failure to incorporate appropriate ethics, values and principles within the existing regulatory framework. Likewise, there is a lack of organised thinking about how regeneration might contribute to the protection of small retailers, since rules and regulations are under-developed and the institutional framework is weak. As a result, policies for business district regeneration and schemes have proved ineffective in addressing the needs of marginal retail groups in Khulna. The next chapter demonstrates how the wider issues identified here can be addressed and how overall the research aim is met.
CHAPTER EIGHT: CONCLUSIONS AND RECOMMENDATIONS

Introduction

The aim of this research was to recognise the implications of current urban planning and business district regeneration for small retailers in Bangladesh. It, in addition wanted to gain understanding about how best to intervene to ensure prosperity of the small retailers engaged in the business districts of Bangladesh. Khulna’s experience encapsulates many of the planning, regeneration and public policy issues affecting small retailers and provide answers to the main enquiry of this study. The first section of this concluding chapter revisits findings of the first objective and summarises the key problems that small retailers face in urban business districts. The second section represents the suitability of regeneration policies and regulations for the regeneration of the business districts, with reference to small retailing. The third section responds to the third objective of this thesis. It recognises the degree to which current public planning constrains or enables the regeneration of business districts supportive for small retailing. The fourth and fifth section responds to the fourth objective of this thesis. The fourth section proposes alternative directions for public planning practice in Bangladesh, whereas the fifth section proposes regeneration and planning policy that is more sensitive to the needs of small retailers. The sixth section describes the ways in which this research could inform future areas of debate on the issues of safeguarding of marginal groups within a wider context of neo-liberalism influenced public planning and regeneration. The concluding remarks highlight the wider ramifications of the thesis findings with regard to small retailers, public planning and business district regeneration in Bangladesh.

Problems for successful small retailing in business districts

Small retailers in business districts experience, and are exposed to, a number of problems that are either induced or likely to be induced by risk factors related
to their tenure, financial resources and physical retail environment. These problems limit the access of retailers to small retailing tenancies, affect their success, make them susceptible to displacement, and at times can even result in failure. The majority of small retailers lack tenure security, which puts them at high risk of unexpected displacement and financial losses. Due to poor financial capacity, they are exposed to the risk of displacement and are then forced to relocate to spaces with low vitality, leading to a failure to afford tenancy and occupancy rights. Tenure rights for most of these can often restrict legal rights when securing controls over the creation of an environment that is conducive to retailing.

Furthermore, there is a limited supply of formal loans for start-ups and on-going small retail businesses (ISR, 2013). Even where some funds are made available, they are accompanied by numerous legal requirements, which cannot be met by small retailers. As a result, the majority fail to manage financial capital adequately. Because of the lack of availability of loan supports, many small retailers struggle to recover financially when exposed to any crisis. They eventually become highly dependent on informal loans and consequently the majority fail to perform at a satisfactory level and find difficulty expanding and progressing (ISR, 2013).

Small retail sites and premises often have poor permeability and a poor quality physical retail environment, which results in an unsafe and uncomfortable shopping experience for shoppers. Nevertheless, due to their limited access to finance, small retailers typically face sizeable difficulties in improving the retail environment. New and future development works prioritise an increase in numbers of medium to large retail investment and new commercial uses (FO, 2013; KDA, 2002d). The efforts involved for providing affordable shops to small retailers in a suitable location and of appropriate size are inadequate. Consequently, there is a risk of a reduction in the diversity present in the retail setting, and small retailers struggle to compete with other retail groups. Moreover, business districts are unable to meet the increasingly high demand
for spaces, which influences the creation of new small retail businesses in the city. The decline in numbers of affordable shops in suitable locations contrasts with the increased need, resulting in an increase in the monetary value of shops, and reduced opportunities to access and expand small retail businesses in the business districts.

**Appropriateness of the current policies and regulations**

Regeneration policies are mainly responsible for the problems affecting small retailers (KDA 1961, 2002c, 2002d, 2013). Policies for the regeneration of business districts since 1961 have failed to respond to risk factors effectively. They are rather responsible for many of the existing risk factors. In fact, in the case of existing policies there is a lack of recognition of the risk factors across the whole spectrum experienced. Regeneration policies and practices directly and indirectly prioritise physical development in the form of the construction of markets for small retailers. There is no regulatory framework through which to assist in regeneration practices and address risk factors associated with the retail environment, tenure security and financial stability. This problem is reinforced by the absence of any clear definition of regeneration in policy documents (KDA 1961, 2002c, 2002d, 2013). Instead, the scope for current regeneration is limited mainly to large property led projects.

This study provides evidence that the scope and role of the regeneration of business districts in securing the success of small retailers is poorly realised. National and city level regeneration policies have failed to provide a coherent framework to protect small retail sectors in the process of redeveloping and regenerating business districts. Policies for the creation of suitable physical retail environments that can assure success of small retailers are deficient. Key issues identified include: the necessity of accessibility to retail businesses; the location of these retailers; the need for safe and secured pedestrian ways; the vitality of retail space; the limited supply of suitable shop sizes for new and growing retail businesses; sometimes poor quality of the shopping environment;
and the need for stronger regulation of large scale retail. Evidence suggests that these concerns receive relatively little attention in existing policies for business district regeneration. In addition, there are limited strategies, standards and regulations influencing the planned and comprehensive development of business districts. Plans, policies and projects do not acknowledge the necessity of rejuvenation, improvement and expansion of already built up areas in existing districts, even though these are the most noticeable spaces in which small retailers operate. Instead, the focus is on the development of new business districts, new out of centre schemes and new commercial spaces. Policies on business district regeneration, related zoning regulations, regulatory measures, project plans and public sector led development practices are increasingly prioritising the interests of powerful and affluent investors and high-class customers, rather than small retail groups.

Public planning in Khulna, its neo-liberal aspirations and impacts on small retailers

Case study findings show that national neo-liberal reform of policy since the 1980s has to some extent shaped the focus and function of public planning practice in Khulna city. Both the attainment of sustained economic growth and additional emphasis on economic rationality are palpable in planning policy and practice. In fact, reformed institutional practices demonstrate an entrepreneurial attitude. Current practices show a clear tendency among public planning institutions to shift decision-making power to the private sector. A key assumption behind policy formulation and development practices is that the market will self-correct, resolve inequalities among actors and respond to emergent needs. Therefore, it can be argued that public planning practices in Khulna city have demonstrated major neo-liberal aspirations, as identified in the literature review.

Case study findings show that key neo-liberal aspirations are influencing current public planning practices in Khulna, and this impacts on the experiences of
small retailers located in business districts. These aspirations are to a certain extent contributing to the construction of prevailing rules and ideas and the distribution of resources affecting the participation of small retailers in decision-making. The over emphasis on economic rationality and market capitalism is contributing to the contraction of the public sphere of decision-making in Khulna, promoting a planning system where decisions reside in the hands of the private sector and investors. The knowledge of technocrats, elite investors and politicians is promoted over that of marginalised groups on the grounds of rational approaches to decision-making and the pursuit of economic growth. Addressing power inequalities amongst less privileged groups and elite actors in the decision-making process is not evident in Khulna, which remains dominated by market logic and a desire to reduce public expenditure. To some extent, the agenda for market capitalism and economic rationality shapes and limits the formation of a regulatory framework with principles, values and stated ethics, engineered towards securing the effective participation of economically and politically weak groups in decision-making.

The economic and political rationality within which planning decisions are made in Khulna city offers limited scope to improve the conditions of the economically deprived. Instead, this rationality is geared towards the interests of the entrepreneurial classes. For example, aspirations for the promotion of market capitalism and economic growth reduce the opportunities to engage in regeneration policies and practices beneficial to small retailers. Persisting problems of existing business districts are overlooked, and property led regeneration is encouraged on the grounds of entrepreneurial rationality. By contrast, enabling regulations and governance are in place to ensure that well-off investors can play a leading role in urban regeneration, since this conforms to the wider market logic that underpins policy.

However, beside neoliberal aspirations, the limited advancement of public planning practices in Khulna (in terms of the inadequate utilisation of emerging developmental ideas and welfare planning), which appeared to be supportive
and of benefit to marginal groups, in fact prevents the inclusion of stated ethics, values and principles within the existing regulatory framework. Likewise, there is a lack of organised thinking about how regeneration might contribute to the protection of small retailers, since rules and regulations are limited and the institutional framework is weak. As a result, policies for business district regeneration often fail to address the needs of marginal retail groups in Khulna.

**Figure 8.1: Relation of factors involved with success of small retailers**
(Source: Author, 2014)

Examination of existing resources and rules that apply to the domain of political dialogue and citizen involvement in planning show that the policy process in Khulna does not offer many opportunities for political dialogue and inclusive citizen participation. Technocracy is often adopted as a substitute for democratic policy-making. In fact, principles of democracy and pluralism have yet to be adopted in a meaningful way in spatial planning. Although policies are aimed at promoting citizen participation in policy making, in practice it is rarely maintained. In reality, resources and rules are extremely deficient in relation to nurturing understanding and education among the powerless regarding the planning process and their access to that process. Financial and regulatory
resources, and knowledge and expertise for developing the ability of the powerless to contribute meaningfully to this process, are poorly developed. There is a lack of any ethical framework, setting out principles for treating their values with the same degree of importance as is done for other actors involved in decision-making, or for guiding the judgements of policy-makers, or ensuring accountability in decision making. Instead, evidence presented in chapters 6 suggest that technocrats are empowered to shape and dominate the planning process, at the expense of meaningful popular participation.

The distribution of resources, alongside the nature of rules and the dominance of particular values amongst those overseeing public planning in Khulna limit the capacity of small retailers, their community based committee members, and savings and loan support groups, to participate meaningfully in the policy process. Public administrators, politicians, private investors and other financially and economically powerful urban elites remain central to policy-making and public sector led project planning. Small retailers and community-based groups are excluded from the private domains of development decision-making aimed at the regeneration of business districts and so fail to help shape the development process. Experience in Khulna suggests that the current decision-making processes have indeed influenced the nature of policies and developments affecting the success of small retailers.

The above discussion indicates that neoliberal aspirations infuse planning practice in Khulna (see Figure 8.1). Thus far, planning has paid limited attention to power imbalances among marginalised groups and elite actors involved in planning and regeneration. Instead, the operation of planning policy and practice has contributed to an inequality of power among actors by constraining participation by marginalised groups and prioritising the interests of urban elites. The emphasis on market-driven economic growth is viewed by policy elites as unavoidable, given Khulna’s high levels of unemployment, low levels of investments, and the inability of its public sector to finance regeneration. However, as a part of its social role, planning practice should
contribute by safeguarding the weak. Based on the issues identified from Khulna, it can be argued that there is a need to address existing structural power inequalities and ensure meaningful participation in the planning and development process among a range of different groups.

General recommendations: directions for public planning in Bangladesh

The findings from Khulna demonstrates that regeneration cannot adequately safeguard the interests of small retailers; this can be attributed to neo-liberal politics, the emphasis on securing economic growth, and the limited stress on broadly-based participation or inclusion. Reflecting this, few resources have been devoted to regulatory efforts, while persisting power imbalances between stakeholders mean that – when left to market forces – powerless groups like small retailers are often marginalised from decision-making. This study identifies that three wider aspects need to be brought into the current practice of planning to tackle current problems. These aspects are stated in the following three subsections.

Change in neo-liberal thinking

Promoting economic growth and economic efficiency is a key logic resisting public policies for regeneration supporting small retailers at the expense of promoting well-off beneficiaries. The case study findings suggests that this in effect fosters existing political and economic inequalities. To ensure accountability in decisions, and to promote planning initiatives and outcomes that do not replicate existing inequities in public planning in Bangladesh, it is necessary to offset the dominance of elite investors, wealthy consumers and patrons of neo-liberalism, the technocrats. This requires changes to the developmental logic applied by planning institutions in Bangladesh. Rather than demonstrating an ability to reward and promote entrepreneurialism, institutions might instead encourage development to ensure social as well as economic
progress. This can be achieved by guaranteeing material sufficiency and raising the hope of a secure existence for all, including weak and marginalised groups, such as small retailers. In support of this proposition, the perceptions of the revitalised developmental state model (RDSM) can be referred. Peet and Hartwick (2009) argue that this is a radically different critical modernist model for encouraging thinking beyond neoliberal development economics. Relying on a foundation of critical theory, they have suggested normative proposals for addressing the inconsistencies of neo-liberalism and seeking “to liberate human beings from the circumstances that enslave them” Horkheimer (1982, p.244). In Peet and Hartwick’s (2009) RDSM, development is characterised as a social and economic progression that ensures better life for all in terms of material sufficiency, bringing hope for a secure existence, and a project for collective improvement.

A radically different vision, supporting equitable economic growth, is central to the development concept mentioned above. It would help to establish fairness, if institutions in Bangladesh aimed to facilitate economic growth while simultaneously placing the power gained through economic growth in the hands of oppressed individuals and groups, such as small retailers. Achieving such vision of equity needs pro-active role of the state as an actor. Peet and Hartwick (2009) argue that a state should empower poorly resourced groups and thereby link economic growth to social justice. The value of their RDSM concept is that development requires social equality and inclusion of marginalised subordinate groups by securing growth of their productive capacity. It is argued in RDSM that development requires the “social use of economic progress” (p.275) and that development policies should emphasise “transformative capacity” (Peet and Hartwick’s, 2009, p.121). They stress the importance of creating opportunities and removing material constrains brought about by the experiences of oppressed individuals and groups.

However, the reality in Bangladesh is somewhat different in the back set of high inequality of power and resources between the capitalist entrepreneurs and the
marginal retailers. A dominant group of critical theorists (Purcell, 2009; Sager, 2011) argue that under the hegemony of the capitalist class, the prospect of shifting economic and political power to excluded or marginalised groups is very challenging, in spite of their over whelming numbers and associated potential to effect change (Lummis, 1997; Laclau and Mouffe, 2001). In relation to this, O’Malley (2001, p. 217) contends that the radical pluralisation of power require a transformation “in the institutionalized structure of the dominant system and its neoliberal model of macroeconomic policies” (p.217). At present Bangladesh endorses and pursues neo-liberal economic policies and the resources for implementing just development are extremely limited, relative to need. To minimise the issues faced by the small retailers being the marginalised group in the current neoliberal setting, this is therefore necessary that the policies should be formulated in a way so that equity is ensured through narrowing down the gap between large entrepreneurs and the small retailers.

Glaeser et al. (2007) and Rindermann (2008) have recently added that established theories refer to the relevance of education and human capital, and within these, they also consider cognitive ability to increase tolerance, competence to make rational choices, enhanced information processing, political literacy (support of democratic values, freedom, human rights etc.), and participation. These can help to increase positive self-image, overcome disgrace, and enable the formerly disenfranchised to fully realise their personal and collective power to influence institutions (Blanchard-fields, 2001) and effectively contribute to decision-making in a neoliberal setting. To overcome the inequality issues experienced by the small retailers, public agencies therefore need to improve the skills, tenure security, capital, access to land and infrastructure of the small retailers to make them ready to survive and compete in the neoliberal market.
Redistribution of power

Inequalities in terms of power, opportunities and regulatory resources are the forces that exclude small retailers from the planning and regeneration process, resulting in elite domination in Bangladesh. In light of the experience of small retailers catalogued in earlier chapters, there is therefore a powerful argument that planning practice in Bangladesh is reformed to favour these retailers and other weak groups, to refine their capacity, to support equal power and an equitable outcome for all. This would imply a radical transformation of existing power structures, and substantial reform of planning institutions in Bangladesh.

One way to redistribute power could be to ensure that the voice of the small retailers are well heard in the decision-making and planning decisions are made based on consensus of both small and other stakeholders. However, Laclau and Mouffe (1985) and Mouffe (1996) assume that there are hierarchical and oppressive power relations that exist in society, which resist consensus. So to ensure consensus based decision making hierarchical and oppressive power relations must be addressed through building democratic politics according to principles of freedom and fairness when safeguarding differing groups from oppression. Current planning and development practice would have to undergo profound change in order to engage previously excluded, marginalised and weak groups in the planning process and it should think beyond strategic rhetoric. An inclusive planning process that ensures both the weak and the elite receive equal opportunities, information and access to technical skills is fundamental to overcoming inequalities in power and resources. Planning regulations should provide participatory rights to the previously excluded, marginalised and weak, including small retailers, and also offer access to expertise, effective organisation, and money and media coverage.

Again, Fraser (2001) proposes a ‘participatory parity’, which encourages the devolution of power into the hands of local people, freeing their fortunes and prospects from the control of external elite investors and top-level bureaucrats. In relation to this, Veltmeyer (2001) highlights the significance of radical
changes in development processes, privileging the diverse experiences of the ordinary masses in the multiple paths towards development. He argues that people in the local community are effective agents of change when power and resources are transferred to them, in recognition of the need to empower formerly marginalised and excluded groups in the community, giving them full voice and status in decision-making and the development process (Veltmeyer 2001, 2004).

In relation to implementing a strategy to support more inclusive planning and regeneration, planning practices therefore must promote community led planning. This may eventually transfer power into the hands of the weak and disadvantaged; as at present it rests solely in the hand of technocrats, investors and political elites. In any planning process, planners should first and foremost identify groups in need so that they can be organised and targeted to benefit from democracy. The experience of small retailers illustrates the need to invest in the collective capacity of marginalised groups, increasing their awareness and ability to contribute to participatory processes. Development of technical skills, expertise, knowledge and inspiration are part of this capacity-building process, as are full access to information, resources, education and human capital. As a consequence, group members would become capable of mapping values, managing all other elements of the planning process and preparing groups’ plans with the technical help of planners, so as to contribute effectively to city level planning.

It is advisable that, supported by institutional values, planners should work to assist groups in need as advocates and campaigners in city level planning. They should aid in conveying the plans prepared by these groups to the planning authority as well as to other beneficiary groups. In the communicative model, according to Habermas, social benefit is only possible if stakeholders, regardless of their social and economic hierarchy, can effectively participate in decision-making and the participatory process to achieve equitable outcome (Fainstein 2000, 2013). In his attempt to revive communicative planning theory,
Sager (2005, 2012) suggests, the planner is advocate, communicator and deliberator who must put effort into guaranteeing that fairness is ensured in consensus making. He adds that a planner should act as an activist with association with activist organisations; encouraging them to put pressure on investors and their patrons to serve broader interests.

The state and its institutions have a key role to play in establishing radical and plural democracy for broad transformation of existing power structures dominated by the technocrats, well off investors and politically elites. This would be possible through the formation of a large and active network of local marginalised, weak and disadvantaged actors at ward, city and national level, aiming at assembling them into coherent political subject. O’Malley (2001, p.218) argues that the radical pluralisation of power in the existing political economy requires social and political alliances at different levels and the establishment of a large and active network of the marginalised, and make the members capable of organising “diverse popular forces in a confrontation with the existing power structure of the dominant capitalist class” (O’Malley, 2001, p.218). She refers that the state and its institutions can play a key role in this transformation of the status quo. It is necessary to enact “the formation and consolidation of social and political blocs at the local and regional level”, public and private direct investment will create a social infrastructure and guide the “formation of a large and dynamic network” of the local weak and marginalised (O’Malley, 2001, p.123).

There are a number of small retailer associations in the cities of Bangladesh, and the capacity of these organisations should be strengthened thorough legal recognition, resources in the form of capital, materials, rules for democratic decision-making, training, advocacy support and support for networking with other planning and development actors. The aim should be to make these groups effective as agencies for change. These self-governed groups would then work with other business associations to inform decision-making. Community based groups should then be organised based on and committed to
pluralism, equality and fairness, where the weaker members should be empowered so that their collective power can take precedence over instrumental rationality on significant issues. As Green (1999) refers that self-rulled community groups organised in accordance with a commitment to pluralism, equality and fairness, empower the weak and the previously excluded as part of a collective power for transforming the neo-liberal hegemony and developing an alternative socio-political hegemony.

**Values in institutional practice**

The neo-liberal aims of those institutions engaged in public planning in Bangladesh, and their relatively weak institutional progress toward progressive change, when confronting inequalities and marginalisation, have resulted in a lack of value led planning practice. With weak statements of values present in public planning, it is relatively easy to satisfy neo-liberal aims and meet the needs of well-off consumers and elite investors at the expense of those of small retailers. Planning institutions in Bangladesh should bridge the existing gap in values to reduce elite domination, support the weak, encourage equality, and thereby ensure a secure future for all while generating collective improvement. Institutions should embrace and promote democratic political values, a system of good governance, transparency and fair flow of information when repairing existing weakness in values. They should work continuously to achieve democratic procedures to support development and make production more participatory; offering commitment to accountability, fairness, equity and material equality. Planning values are needed to promote public dialogue and democratic decision-making, so that all stakeholders can participate effectively and decisions are not influenced by planning experts, business interests or political groups. Promotion of these values will have social benefits in an equitable manner. In any such value system, planning practices would embody democratic politics around difference and disagreement, relying on principles of freedom and fairness. This is a pre-condition for supporting re-negotiation and altering hierarchical and oppressive power relations, safeguarding differing
opinions, worldviews, classes and races from oppression in consensus and fairness in decisions. The value of fairness is achievable only when planners are neutral and supportive of marginal and oppressed groups such as small retailers. To reflect this, planning institutions should specify a set of professional ethics to guide the functioning of planners.

Planning institutions in Bangladesh have an important role to play in defining the values and supporting concepts that will frame future planning practice. Sector specific ministries, constitutional principles, national development agendas and strategies can act from the top down; whereas at the same time, local public sector representatives, stakeholders, citizens (including marginalised and weaker groups) can act from the bottom up, to contribute to this process. This combined input would facilitate successful implementation of these values.

Bangladesh may encounter difficulties when pursuing developmental ideas if they act from an entrepreneurial perspective rather than a developmental one. In relation to this, it is necessary for the government to look beyond the option of being a simply entrepreneurial nation, toward national policies that would strictly define the role of the state in terms of development, promoting liberal–democratic institutions and assuring the economic well-being of all citizens.

**Policy recommendations**

Along with the above-mentioned broad recommendations to address structural issues, regeneration policies should consider specific policy elements to address the risk factors identified in chapter 4. The following recommendations are relevant for addressing tenure related risks factors, securing financial support and supportive retail environment for small retailers in urban business districts in Bangladesh.
Secured tenure rights and access to space

Since temporary lease constraints the capability of the small retailers to influence the decision and development process, where applicable, long-term tenure security needs to be ensured through “regularisation and de-facto recognition” or places and premises to be provided for long-term lease and freeholds. Long term tenancy would increase the degree of power to the small retailers. Again to increase the power of the tenant retailers to influence development decisions, tenure rights should include clauses that would secure small retailers control when creating an environment conducive for retailing. Small retailers are unable to access regenerated space since they cannot pay the cost necessary for tenure rights in the improved business districts. Supporting clauses need to be integrated in tenure rights, mostly using various forms of incentives on rents and easy exit options, and tax relief to enable small retailers to afford temporary leases. National policies on small retailers should acknowledge the need for sufficient permanent or temporary spaces for designated vendor markets with layout plans.

Viable financial capital

Because of the lack of financial capital small retailers cannot contribute financially in the regeneration process. They are also unable to create suitable retail environment since they have low capital and low profit. Their financial inability also affect their retail performance. Therefore, small retailers should be financially enabled through cooperative ownership of land, funding for the construction of stalls and business capital. Capital aid should be provided to ensure small retailers are able to create a suitable retail environment independently. A comprehensive range of accessible and affordable funds needs to be made available as loans at the entry and the life stages. A new legal framework for community finance needs to be introduced to promote group based entrepreneurship by the small retailers. Policies should encourage counselling support to small retailers in crisis and practical advice on financial management. Direct financial subsidies and incentives in various forms need to
be introduced to help small businesses during transition periods and to reduce operational costs for the businesses with hardship.

**Production of built environment suitable for small retailing**

Locations of small retailers in the business district generate a number of spatial factors which in the long run highly influence the survival of the small retailers. Therefore, the ecological patterns of small retailers need to be acknowledged in policies, as this is necessary to guarantee that small retailers already operating can sell legally without being displaced. Existing agglomerations of hawkers can be included within new planned centres for hawkers. As accessibility and small shop size are affect their turnover; design, layout, and size of the shops needs to be improved in already prevailing agglomerations. It is necessary to restore existing markets by improving the facade of buildings, signboards, and shop windows to make the character of premises and local character distinctive and attractive. New shop units should be made affordable and be offered in appropriate and varied sizes according to the needs of both market stallholders and small retailers. Kiosks should be provided to ensure low-risk 'stepping-stones'. The development of larger retail units should be regulated and policies enacted to guarantee that large retail units can be accepted in certain areas, given their incorporation does not affect small retailers.

**Competitive retailing environment**

To ensure that the small retail units can compete in the market, the public planning should uplift the shopping environment. Aspects including: improvement of the identity and legibility of places, connection with other surrounding districts and making areas convivial, so that the retailing activity is conspicuous should be the policy considerations. Free movement of pedestrian traffic needs to be assured for planned spaces for hawkers. Improvement to pedestrian ways and maintaining a certain distance between stalls and the segregation of pedestrian traffic from vehicular traffic has to be ensured in
appropriate locations. Policies should respond to inefficient, unsafe, and unsanitary conditions in existing agglomerations, and create an attractive shopping landscape. New facilities that are visible, secured, and attractive are necessary. Infrastructure, storage facilities and urban services should be attractive as well as appropriately designed. Where there is a need, existing street furniture and lighting should be upgraded to ensure security, safety and comfort. Sites should be designed or designated for small retailing in core areas of the city or in the areas with a high vitality in business districts, which are close to the market and which have various types of retail activities. Major marked zones should be in a central business district (CBD), other business districts and small business districts. Links to transport and relatively accessible sites must be designated for small retail developments. In fact, increased transport would be necessary to widen the shopping catchment, whereas citywide planning should emphasize improved transport links between deprived neighbourhoods and business districts.

**Research contribution**

Findings from the case study of Khulna have wider relevance in three main senses. Firstly, the challenges for successful retailing in Khulna’s business districts apply across Bangladesh’s cities, as the discussion in chapter one demonstrates (see pages 23 - 27). Secondly, there are no national or city level policies for the protection of small retailers in Bangladesh. Although four metropolitan cities prepared plans to guide commercial development, none of them included policies geared towards small retailers operating in urban business districts. Thirdly, mechanisms for participation in the planning and development process are similarly under-developed in all major cities in Bangladesh. Although the megacity Dhaka has experienced an extreme form of spatial restructuring aimed at bolstering its competitive standing in the global economy, the structure and availability of resources, and the rules and ideals governing planning in Dhaka, have similarly failed to ensure effective participation of small retailers groups.
The research documented in this thesis is important for gaining an understanding about the risk factors associated with business district regeneration efforts, which impact on small retailers. Rather than exploring problems associated with a single facet such as tenure, the research considered three sets of factors confronting small retailers: tenure, financial resources and the quality of built environment. In combination, these provide a composite picture of the problems affecting the small retail sector. However, case study evidence suggests that actual policy in Bangladesh is much less holistic, focusing more narrowly on issues of tenure but failing to address the potential threat of retail failure due to financial deficiency, and/or inappropriate location. This research provides a wider perspective on risk, aimed at informing more effective regeneration policies. Again, while previous research has focused on specific types of small retailers, street vendors or hawkers, this thesis considers all possible varieties of small retailers in Bangladesh. Such a holistic focus helps to define the operational character of this dominant retail category and the challenges this sector experiences. This can contribute in identifying policies necessary for the protection of the small retail group as whole. Some research emphasises the need for regularisation and tenure security; others suggest physical accommodation of vendors in the built environment and addressing problems associated with their location (Yankson, 2000; Chen, 2005; Fourie, 1999; Dewar and Watson, 1990; Post, 1996); and some argue for mitigating their financial difficulties (Baron et al., 2001; Fourie, 1999; Otero and Rhyne, 1994). This research adds to the current academic knowledge by developing a major argument that regeneration schemes should safeguard the interests of small retailers; but that past regeneration strategies have failed to protect small retailers. Yet these issues are left largely unexplored in the existing international literature (see Suharto, 2003; Walters and Knee, 1989; McGee, 1987). This study therefore fills this research gap by developing recommendations on how policies for business district regeneration can best protect small retailers.

Previous studies have tended to overlook the need for planning processes sensitive to the needs of small retailers located in business districts subject to
regeneration. Although some current literature advocates communicative planning as an effective way of developing small retail friendly regeneration, it fails to specify how small retailers could be proactively engaged in policymaking. This study identifies the context explaining the weak representation of small business owners in the policymaking process, and provides directions for more effective participation based on the empirical findings. The barriers for effective participation identified can contribute to reforming planning practice in favour of marginal groups. Recent research on small retailing and regeneration lack a comprehensive understanding of the influence of neoliberal doctrine in public planning and regeneration policies on small retailing. This research delineates how neoliberal ideas in planning have acted as a further barrier to the involvement of small retailers in developing regeneration policy for business districts. This is in contrast to most existing studies, which fail to consider how power imbalances among actors influence the policy process in ways that are detrimental to marginal groups like small retailers. This research examines how neoliberal aspirations underlying planning have affected the regeneration of business districts in ways that favour small retailers, and how fundamental reform in neo-liberal influenced spatial planning is needed to ensure accountable and equitable decisions. The proposed propositions supplement the existing literature by considering not only how best to safeguard small retailers, but also other weak and marginalised group in an age of neoliberal policies and governance.

Future avenues of research

This research opens up a number of avenues for future studies. It explores the implications of current urban planning and business district regeneration for small retailers in Khulna; in doing so, it sets the scene for further research into other cities of Bangladesh. More work on Bangladesh would further inform the development of national policy and provide specific policy guidance for each individual city. Future research on small retailing should explore other cities in Bangladesh, to determine if the results reported here are comparable or
exceptional. Similarly, there is a need to understand whether the findings are unique to the Bangladesh, or whether other developing countries display similar trends. Due to the time bound nature of this research, its focus was on Khulna where the scale of the problem identified in terms planning policies and regeneration is much less visible than might have been observed if the research had focused on Dhaka. When developing national polices to safeguard small retailers the dynamics of the problems faced in the capital city, where the problem is acute, should be addressed.

This research has been limited to Khulna, one of the five major cities of Bangladesh, in order to provide a more in depth investigation of the issues affecting small retailers, and associated policy and planning issues. However, secondary towns are increasingly expanding and developing informally, as planning practices there are still in their infancy. Thus, these towns, in many instances, have established business centres that have expanded organically. Although a neoliberal dogma for of planning and regeneration issues would not be visible in these towns, differing from the case in Khulna, further research at the secondary town level could add an additional dimension of understanding to planning and policy issues as related to the regeneration of business districts that are supportive of small retailers.

The development of a national strategy for the protection of the small retail sector as part of business district regeneration is complex, without first understanding the situation of small retailers and development practices in urban business districts nationwide. A census collating countrywide data on small retailers, their distribution, problems and policy issues, would be central to any nationwide study, and is therefore essential. Such nationwide research could offer new insights to inform spatial planning decision making at national level.
This research applies a neoliberal lens to ascertain the implications of the planning and decision-making process to shape the focus and features of the regeneration policies and practices that are supportive to small retailers in Khulna. The associated conceptual, methodological and empirical issues impeding supportive regeneration policies and practices for small retailers are identified here. However, it remains unknown, how far neoliberalism is embedded in the planning practices in other cities, or what form existing neoliberalism takes in planning and business district regeneration there. Local manifestations of neoliberalism vary between cities. The expression of neoliberal aspirations in planning and regeneration practices are likely to be different in a mega city Dhaka from those in a comparatively smaller city like Khulna, with resultant effects and implications on policies and regeneration practices. Comparative studies on conceptual, methodological, and empirically observable issues associated with neoliberal spatial planning and regeneration in all major cities can help observers to note whether these issues share similar conceptual and methodological foundations, or whether local manifestations and implications vary. This empirically observed knowledge would have global implications for planning and policies safeguarding the poor and weak in the age of neoliberalism.

**Concluding remarks**

This research has explored the key issues small retailers experience and barriers to safeguarding these retailers during business district regeneration. This has been evaluated through the lens of neoliberal planning, regeneration policies and regeneration practices. Building on the philosophy of pragmatism, a mixed-method embedded case study approach was used for this research. Findings from the case study city, Khulna, show that although small retailers in urban business districts enjoy a location advantage, they experience dynamic challenges related to their tenure, financial resources, and physical retail environment. These challenges not only place them at high risk of displacement, but also lead to financial losses, affect profits, limit business
progress and even cause retail failure. The research highlights that while the policies, practices, and recommendations made in the international context promote success factors, the spatial planning policy framework for the regeneration of business districts is largely ineffective at addressing the problems identified in Khulna.

Participatory planning is a relatively new practice in Bangladesh, and it is still establishing itself as acceptable. A variety of factors limit the effective participation of small retailers in policymaking and the decisions making processes are identified in chapter 6 of this thesis. This research has shown the consequences of aiming to achieve economic growth, market capitalism and an economically rational approach to planning, in an environment where there are limited advanced public planning practices. In Khulna, the inadequate utilisation of emerging developmental ideas and welfare planning supportive to marginal groups, are persisting underlying issues. These issues influence the formation of a regulatory framework for policymaking and decision-making regarding development, determination of the overall focus of participation, planning process and polices for regeneration in the city. Consequently, current practice is unsuitable for assuring the effective participation of small retailers in planning and decision-making and when safeguarding their interests in regeneration policies and practices.

This research argues for greater awareness among policy makers about the role regeneration can play in protecting small retailers. To ensure the prosperity of retailers, public planning institutions should be encouraged to reform their neo-liberal thinking and pursue increased material equality between citizens, economic well-being, and a secure existence for all. Reformed practices should aim to support economic growth equitably. Institutions should incorporate values that offer commitment to accountability, freedom, fairness, equity and material equality in planning practices; and adopt democratic procedures to support development. The state, planning institutions, and planners, should ideally work to establish radical and plural democracy to assist in the broad
transformation of existing power structures, as dominated by technocrats, well off investors and the political elites. These factors are achievable only when planning institutions can specify a set of professional ethics to guide the function of planners, and when planners are neutral and supportive of marginal and oppressed groups.

The conceptual framework applied in this research has been useful to identify the issues affecting small retailers. It provides a means by which to assess the suitability of planning policies to safeguard this sector, and identifies associated planning practices, ideological issues and institutional weaknesses. The arguments during the assessment and identification of issues has provided new directions on how planning can best support and regulate regeneration in a city in Bangladesh. Approach to planning and regeneration and policy recommendations, as identified in this research contribute to knowledge from both an academic and practical perspective, providing a theory driven yet pragmatic approach based on empirical findings, to protect small retailers in Khulna and other cities in Bangladesh.
REFERENCES


References


References


Dijk, M. E. V (1983) ‘“Locational behaviour of small entrepreneurs in Ouagadougou, Upper Volta, as a basis for spatial planning for economic activities”. *Tijdschrift voor Econ. En Sociale Geografie*, 72, pp. 96-106.


References


References


References


References


Shamsad, B. (2007) *Accommodating street enterprises in the urban built environment of Bangladesh: The Case of Khulna City*. PhD, University of Hong Kong.


References


References


References


APPENDICES

Appendix 1: Patterns of the evolution of business districts in Khulna

Business districts in Khulna city evolved following two distinct patterns: a market-led spontaneous approach and a deliberate approach. In the market-led spontaneous approach, market demand influences the formation of commercial centres in areas with good accessibility and certain target markets in proximity. Plans establish large-scale development and redevelopment proposals for development and further expansion of existing business districts. However, planning authorities have been unable to implement these large-scale proposals, leading to their adaptation to short-term and small-scale projects to improve the existing situation. Small projects to support infrastructural development were implemented and in a few centres land has been made available for development by the public sector; actors were offered opportunities to recreate spaces in the available area according to demands in the market. Individuals, over a long period, created and recreated the nature and functions of most of the spaces in business districts as market demanded. Land use plans and building construction rules have existed as tools for development and control in these areas since 1961, but these rules are seldom practiced. Furthermore, land use plans have acknowledged market forces and existing land uses, welcoming similar uses in the area and allowing actors to decide on suitable land uses for these areas. Thus, individuals, private entrepreneurs, co-operative partnerships, developers, and even public authorities have gradually, over a long period, transformed the business districts almost entirely in a natural way. CBD and Daulatpur business district in Khulna have developed following this approach.

In another variation of the market-led spontaneous approach, policies and public sector interventions have been scant or absent to promote, guide, or restrict restructuring of built forms in business districts and surrounding areas. Land use plans for these areas have been in place since 1961, but these plans acknowledge already prevailing land uses, and do not comprise facets of long-term proposals. Without any planned direction, transformation takes place freely in an unstructured way. Physical changes to the business districts are typically a response to market demand and the results of profit maximising restructuring practice within the private sector. The evolution of all the small business districts in the city exemplify this approach.

In a deliberate approach, planning policies determine the location for new business districts. Multiple infrastructures are built by the public sector, and land is made available with proposed land uses to allow desired development to happen on this land over a long period in the hands of the private sector. An incremental development style is followed without any blue print or master plan for the large area. Market forces, investment ability, and profit maximising practice have determined detailed land uses and build forms for these areas. The development of the
New Market–Shibbari business district symbolises the character of a deliberate approach. Planning policies and practices play a relatively minor role in guiding the transformation process, with an exception in the case of the New Market area.

The public sector plays a limited role in the development of business districts and small business centres, since the emergence of spatial planning practice in the city. The major projects implemented by the public sector are in old built up areas, in new places and on the edge of existing business districts. Private sector investments are occupying lands, made available by the KDA, and these areas are now part of extended business districts. In core areas, there are some examples of land being made available by the public sector for the purpose of improvement of the built environment of the business district. Such land at times are also released to bring the areas into active use by business owners and local level trade unions. However, public sector intervention is not motivated by existing planning policies. Again, privately owned land has been transformed, having evolved according to the requirements of individual landowners and business owners over a long period. Landowners and private real estate companies have jointly participated on only a few occasions. In reality, all the business districts have been transformed and evolved by public and private actors since 1961. Nonetheless, business owners, their co-operatives and individual landowners have played a key role in both transformation and evolution.
Appendix 2: Defining a small retailer

The term ‘small retail’ in most cases equates to ‘small independent retail’ in the literature on developed nations and the definition is based on a limited number of aspects. For Doody and Davidson (1964) enterprise status is the key determinant for defining small retail. According to them, a small retail owner owns one or a few stores that are operated by single or multiple individuals. Lubell (1991) focuses on regulatory position and defines small retail in western economies as “controlled, licensed, and organized” (P. 97). Research on developing countries is limited to hawkers or vendors (Suharto 2002, Amin 2002; McGee and Yeung, 1977). Yet this research advances the dynamic aspects and defines the specific characteristics of hawkers or vendors based on the context. McGee and Yeung (1977), Guerrero (1973), and McGee’s (1970) focus on the mobility and location while categorizing various types of hawkers in Indonesia, Philippines, Malaysia, Thailand, Hong Kong and Singapore. The conceptual categories of employment sector in developing economies, researched by ILO (1972), include the ‘informal sector’ to describe small-scale activities, largely escaping recognition, remuneration, regulation, and government protection. Field (1975) describes the sector as unplanned or the low labour intensive and low capital-intensive economic activities with very low level of productivity. Country specific and commonly referred definitions include a number of criteria to define urban informal sector (UIS) (see Table A1). Definitions of UIS in the context of India, China, and Malaysia focus on regulatory aspects, which emphasise labourers are not covered by labour protection laws or by social security system. Portes et al. (1989 p12) claim that activities in UIS are “unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated”. Echoing with Portes et al., Cross (1998) describe the informal activities as:

“the production and exchange of legal goods and services that involves the lack of appropriate business permits, violation of zoning codes, failure to report tax liability, non-compliance with labour regulations governing contracts and work conditions, and/or the lack of legal guarantees in relations with suppliers and clients.”

Amin (2002, p.9) considers the enterprise status and refers to the size of the enterprises as the defining criteria. According to him, a small retail unit either operates on a small scale (ILO, 1972), or does not employ more than 10 labourers. Whereas in the labour status, he emphasises on unwaged labour and asserts that the informal retail sector is often dependent on the ‘self-employed’, ‘own-account workers’, and ‘self-employed assisted by family members’ and “family workers”. Hann (1988) focuses on the ‘production capacity’ and she includes low use of resources, which are mainly sourced from personal and non-institutional credit.
Table A1: Country specific definitions of the Informal Sector

<table>
<thead>
<tr>
<th>Country</th>
<th>Official Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Formal employment is defined as employment in establishments employing 10 or more workers. By implication, the informal sector is comprised of enterprises with less than 10 workers.</td>
<td>ILO-SAAT and UNDP (1998, p.12)</td>
</tr>
<tr>
<td>India</td>
<td>All unincorporated enterprises and household industries (other than organized ones) which are not regulated by law and which do not maintain annual accounts or balance sheet constitute the unorganized sector.</td>
<td>Chandra and Pratap (2001, p.413)</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Small-scale activities characterized by self-employment, mainly using self-labour and household labour (usually less than 10), simple technology, low level of organization, and unfixed operation of premises and working hours.</td>
<td>ILO (1992, p.2)</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>Enterprise and activities that employ less than five persons, mainly from family sources, investment in building and equipment is quite low, technology labour intensive, simple management system with minimum documented controls, and technical knowledge and skills are acquired from the formal education system.</td>
<td>Marga Institute (1979, p.25)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Unprotected regular and casual employment (i.e., workers in the establishments who do not participate in the social security system or what is known as the Employees Provident Fund) and self-employed including unpaid family labour.</td>
<td>ILO (1992, p.2)</td>
</tr>
<tr>
<td>China</td>
<td>The informal sector in China refers to very small-scale units outside the legally establishment enterprises. According to organizational forms, they are of three types: micro-enterprises, family enterprise, and independent service persons.</td>
<td>MOLSS (2001, pp.11-12)</td>
</tr>
</tbody>
</table>

Source: Author, 2014 after Shamsad, 2007

As evidently the small retail sector belongs to the urban informal sector (UIS), these definitions focus that the scale of operation and regulatory status are the key determinant criteria of small retail in these economies. An analysis of the definitions of small retail, hawkers, and UIS shows that a typical small retail can be defined through five criteria including: enterprise status, labour status, regulatory position, production capacity, and mobility and location. Each of these criteria is further detailed in some of the literatures (see Table A2).

Table A2: Defining criteria for small retail business

<table>
<thead>
<tr>
<th>Key criteria</th>
<th>Detail defining sub-criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise status</td>
<td>Small in size, operates in small scale (ILO1972) or each retailer employs not more than 10 people including the owner (Sethuraman 1976, Amin 2002).</td>
</tr>
<tr>
<td>Labour status</td>
<td>Unwaged or low waged labour, Amin (2002 p9) Dependent on “self-employed” or “own-account workers” or “self-employed assisted by family members” or “family workers” Amin (2002 p9)</td>
</tr>
<tr>
<td>Regulatory position</td>
<td>Unregulated: typically lacks solid legal status as a business enterprise, recognition, and license (ILO 1972, Sethuraman 1976); does not operate on publicly designated days and trading hours (Sethuraman 1976) Unprotected: labourers are not covered under labour protection laws or social security system (Suharto 2002, Dannhaeuser 1977, Lewis 1952) Can be “controlled, licensed, and organized” (Lubell, 1991, p.97; Hay, 1971 cited in Lenartowicz, 2009)</td>
</tr>
<tr>
<td>Production capacity</td>
<td>Use limited economic and human capital (Hann1988, Field 1972) Minimum or sometimes no business capital is needed to start (McGee et al.1974) Negligible fixed cost; overhead capital is not essential (Sanders, 1987) Low capacity of production (Hann1988, Field 1975)</td>
</tr>
<tr>
<td>Mobility and location</td>
<td>Static or semi-static or mobile; Use streets or publicly arranged places or other public places or private lands to which the public have access. Use vehicle, barrow, cart, bicycle, or tricycle to carry their products and move around or Lay out goods in baskets or on the mat at a fixed site, or use pushcart (McGee and Yeung 1977) or Operate at legally accepted permanent kiosks (Guerrero 1973)</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation, 2014
Sim (1999) and Smith and Sparks (1997) observe that existing definitions are contextually embedded and limited to the scope of the relevant researches. In fact, the defining criteria listed in Table 2.1 are set in different contexts and do not fully represent the urban small retail in Bangladesh.
Appendix 3: Check list of information for field observation

Summary of topics covered in the field observation

1. Types and tenure of small retailers (in the CBD)
   1.1 Number of existing small retailers
   1.2 Their tenure types
   1.3 Number of small retailers by tenure type
   1.4 Spatial distribution by the tenure type

2. Development practice and displacement effect
   2.1 How small retailers emerged and evolved in the business district
   2.2 Supply of retail space for small retailing in the business district
   2.3 Public sector led initiatives for planned development of business districts
   2.4 Recent development practice in the business district
   2.5 Distribution of resultant benefits among small retailers
   2.6 Number of displaced retailers
   2.7 The current location of displaced retailers
   2.8 Factors influenced their displacement

3. Quality of retail environment (in the CBD)
   3.1 Location
   3.2 Accessibility and pedestrian environment
   3.3 Safety and sanitary situation
   3.4 Legibility and physical appearance of shopping areas
   3.5 Diversity in land uses and retail
   3.6 Facilities in the shopping areas
   3.7 Retail form
   3.8 Retail industry

4. Accommodation initiatives
   4.1 Public sector led accommodation initiatives
   4.2 Context of these initiatives
   4.3 Provisions made available for small retailers
   4.4 Level of success of the initiatives and factors involved

5. Local associations of small retailers
   5.1 Which local associations, groups, or individuals protect their interests?
   5.2 Who are the chairs of their local associations?
   5.3 How the associations operate?
   5.4 Details of support small retailers get from these associations groups, or individuals.
   5.5 Where there is no association, why they have failed to form this?

6. Others
   6.1 Participation of small retailers in development process?
Appendix 4: Questions for Interviews

Summary of Interview topics for the small retailers

1. Date interview taken:

2. Details of the respondent: Name, Shop id, Shop location, Tenure type

3. The following list summarizes the broad topic areas to be considered in each interview
   
   3.1 Problems the respondent have encountered since inception to retailing and likely to experience in near future related to tenure, financial situation and retail environment
   
   3.2 The factors which are responsible for these problems
   
   3.3 The current and future consequences of the problems on his (her) access into retailing, subsequent success and retail closure
   
   3.4 Problem mitigation strategies adopted by the retailers
   
   3.5 Current and future constrains of the retailers in dealing with the problems they face
   
   3.6 Available public or private sector led support aimed at addressing the problems
   
   3.7 The extent to which these supports are suitable in addressing the persisting and prospective problems
   
   3.8 Considerations of the aspects those could have been improved success of these supports

Summary of interview topics for the planners and policy experts

Basic Information about the respondent

<table>
<thead>
<tr>
<th>1. Name:</th>
<th>2. Current Designation:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Areas of expertise:</th>
<th>4. Years of expertise:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Suitability of policies and development practices

5.1 Effectiveness of the policies formulated in different periods of planning in Khulna to provide a coherent framework for planned and comprehensive development of business districts

5.2 The emphasis of rejuvenation, improvement and expansion of already built up areas of business districts in plans, policies and projects

5.3 Effectiveness of the current regeneration policies in creating suitable physical environments for small retailing

5.4 Regeneration policies aiming at accommodating small retailing in business districts and securing their tenure

5.5 Non-spatial aspects of regeneration are satisfied in policies and projects

5.6 Policies and practices for protecting small retailers from detrimental effect of medium and large investment single and multiple retail outlets

5.7 Key areas for concern in the policy framework for the regeneration of CBD in relation to successful small retailing there

Participation in policy-making and development process

6.1 Scope of marginal groups to participate in the public planning process in comparison to other citizens
6.2 Representation of small retailers in policymaking and policy decisions for large-scale urban development projects

6.3 Regulatory drawbacks those are affecting effective consultation with them

6.4 Regulatory framework to guide planners’ value judgements, ensure accountability in decisions and safeguard their interest

6.5 Impact of opinions of elite investors on planning process guiding their projects compared to small retailers

6.6 How the DAP might affect the small retailers?

Planning in the age of neo-liberalism and associated issues

7.1 Focus on economic growth in planning policies and its context

7.2 Demonstration of market oriented behaviour in planning policies, governance and its context

7.3 Demonstration of economic rational approach to planning in Khulna

7.4 Context of technocracy and outsourcing in planning

7.5 Market oriented behaviour and rational approach to planning affecting participatory planning beneficial to marginal business groups

7.6 Reasons plan formulation by statute militates against equality of participation, equity of outcome and the distribution of benefits.

7.7 Barriers to address structural inequalities in power, opportunities and resources among small retailers and other actors in the policy process and development process

7.8 Relation among the aim for promoting market capitalism and economic growth in public planning in Khulna with existing resources, the rules, and the ideas that reduces accountability and implementation of inclusive, equitable, and just regeneration policies and practices.

7.9 Factors which affected public planning practice in Khulna city, contributing to policies that have failed to safeguard small retail groups

7.10 Influence of growth agenda on the policies and the current practices in benefiting the interests of small retailers
Appendix 5: Questionnaires for the retailers in BRA land

Oxford Brookes University, Oxford, UK.
(MSc. Spatial Planning)

‘CITY CENTRE REGENERATION IN A THIRD WORLD CITY: FUTURE OF LOW INCOME RETAILERS AND SHOPPERS’

Final Questionnaire Survey Sheet for the existing retailers of the StuDy Markets

1. Basic information about the shop:
   1.1 Shop No: 
   1.2 Shop category: 

2. Information on the physical form of the shop
   2.1 Area of shop (sq m.): 
   2.2 Structure Type (1. Pacca, 2. Semi Pacca, 3. Temporary): 
   2.3 Requirement of additional retail space (in sq m.): 
   2.4 Amount that can be spent to afford additional space (in BDT):

3. Information on existing investment, cost and turnover in BDT:
   3.1 Tenancy Cost 
   3.2 Rents/month 
   3.3 Maintenance Cost 
   3.4 Salary paid to employees (per month) 
   3.5 Cost towards loan (per month) 
   3.6 Turnover from the shop (per month)

3.7 Total Investment (BDT):

4. Problems associated with Financial resource position:

5. Relation among turnover and existing land use pattern, activities and physical environmental situation

5.1 What are the advantages of your shopping area that has led to better turnover in comparison to New Market or other shopping areas? (One or more, ranked responses)
   1. Located in the city centre 
   2. There are other similar type of shops in the area 
   3. Well connected by public transport 
   4. Cheap price of product attracts shoppers 
   5. Low possession cost and rent 
   6. Low decoration and maintenance cost 
   7. Fame as an old shopping area 
   8. Others

Survey Sheet ID: 
Date: / /

304
5.2. What are the major physical problems which are affecting your turnover? (One or more ranked response)
1. Narrow road width
2. Poor pedestrian environment
3. Congested internal passages of market
4. Poor air and light circulation inside the market
5. Small and congested shop size
6. Lack of supporting activities (recreational like open space, food court etc.)
7. No parking provision
8. No basic services (toilet)
9. Lack of safety and security
10. Poor maintenance
11. Signage are not legible
12. No rain proofing
13. Water logging in rainy season
14. Others______________________

6. What is the capacity of the owner to continue business in the regenerated area in the CBD?

6.1 Are you willing to continue business in new shopping area in the regenerate site?
1. Yes 2. No 3. Not decided
* IF NO GO TO topic 7

6.2 How you will set up a business? (One or more ranked response)
1. Find out partner
2. Take bank loan
3. Sale property
4. Invest savings
5. Borrow from suppliers
6. Others______________________

6.3 Why you are willing to continue business in the regenerated area?
1. Will be able to sale high quality product and types to attract middle to high income shoppers
2. If I want to sale present type of commodities, price of existing quality products will be increased that will increase turnover
3. More investment and larger space of shop will increase more varieties in commodities

7. Disinterest parties about new shopping area in the regenerated area:

7.1 Why you are not willing to continue business in the regenerated area?
1. No ability to afford added possession cost
2. Will not be able to pay added rent
3. Less profit as less people will come
4. Less profit as cost will increase
5. Less profit due to low investment
6. Other______________________

7.2 If you fail to meet the extra investment needed for setting up a business in the regenerated area what will be your new source of earnings?

8. Comments regarding possible way of regenerating the shopping area
### Questionnaire for small retailers outside BRA land

1. **Basic information about the retail:**

   - **1.1 Shop No./Location:**
   - **1.2 Shop category:**
   - **1.3 When have you started your business here (in years):**
   - **1.4 How long have you been trading in the CBD (in years):**


2. **Information on the physical form of the shop**

   - **2.1 Area of shop (sq m.):**
   - **2.2 Structure Type (1. Pacca, 2. Semi Pacca, 3. Temporary):**

3. **Tenure and related problem**

   3.1 Tenure status of the respondent

      - 1. Freehold owner
      - 2. Long-term LH
      - 3. Tenant
      - 4. Vendor Type A

   3.2 Major tenure related problems, which are affecting turnover? (One or more ranked response)

      - 1. Risk of displacement
      - 2. Risk of financial loss
      - 3. Limited control over creation of retail environment
      - 4. Other

4. **Information on existing cost and turnover in BDT:**

   - **4.1 Tenancy Cost / cost of lease:**
   - **4.2 Rents /month:**
   - **4.3 Maintenance Cost /month:**
   - **4.4 Salary paid to employees /month:**
   - **4.5 Cost towards loan /month:**
   - **4.6 Turnover from the shop /month:**
   - **4.7 Amount spent to improve the retail environment /year**

5. **Information on investment:**

   - **5.1 Total Investment (BDT):**
   - **5.2 Amount of own capital invested (BDT):**
6. Sources of loan invested in the retail:
   1. Bank
   2. NGO
   3. Retailers association
   4. Suppliers
   5. Family loan

7. Savings
   7.1 Cash savings /month:
   7.2 Other asset in monetary value (in BDT):

7.3 Savings are in:
   1. Bank
   2. NGO
   3. Retailers association

7.4 Problems associated with financial position

8. Relation between turnover and existing land use pattern, activities and physical environmental situation

8.1 What are the advantages of your shopping area that has led to better turnover in comparison to New Market or other shopping areas? (One or more, ranked responses)
   1. Located in the city centre
   2. There are other similar type of shops in the area
   3. Well connected by public transport
   4. Cheap price of product attracts shoppers
   5. Low possession cost and rent
   6. Low decoration and maintenance cost
   7. Fame as an old shopping area
   8. Others_____________________

8.2. What are the major physical problems which are affecting your turnover? (One or more ranked response)
   1. Narrow road width
   2. Poor and unsafe pedestrian environment
   3. Congested internal passages of market
   4. Small and congested shop size
   5. Lack of basic services (toilet)
   6. Lack of supporting activities (recreational like open space, food court etc.)
   7. Low supply of suitable retail space
   8. Emergence of large retail
   9. Signage are not legible
   10. Poor maintenance
   11. No rain proofing
   12. Water logging in rainy season
   13. Others_____________________

8.3. Requirement of additional retail space (in sq m.):

8.4. Amount that can be spent to afford additional space (in BDT):
Appendix 7: Checklist for group discussion

Group Discussion

Participant information

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Name of the business district he is representing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOPIC 1: Representation in the second stage of master plan making process (15 min)**

1. Have you been informed that at the local level you had scope to participate in deliberation to inform the policy choices for Khulna Master Plan 2002?

2. Did you have a chance to participate, raise your voice and include your opinion in the meetings at local level during late 1990s?

3. How your representatives (Ward commissioners, Chairmen of chamber of commerce) became aware about your need?

4. What were the major weaknesses of this participatory process as far as your effective participation is concerned?

**TOPIC 2: Representation in the third and fourth stage of master plan making process (15)**

5. Have you been informed about the identified problems and issues in interim reports?

6. Have you been asked to give feedback on these by your representatives?

7. Were you aware that you had chance to place complaint on draft plan?

8. Have you been consulted to inform the modification of DAP on BRA land?

9. Practical challenges of small retailing as an outcome of the proposed regeneration plan and policies in KMP 2002

10. What were the major weaknesses of this participatory process as far as your effective participation is concerned?
TOPIC 3: Representation in project planning (15 min)

11 Can you convey your interests in decision making on projects and influence the decisions?

12 Have you been consulted when markets were made in your business district?

13 Who dominated the process?

14 Which aspects of the project interventions you think failed to satisfy your need?

TOPIC 4: Participation in development process and benefits (15 min)

15 Who work(s) to improve you retail environment? What role you play in that process?

16 Do you feel that you are able to create your retail environment?

17 What more needs to be done to support you in creation of suitable retail environment?

18 What should be done to maximize your benefits from these development?