SHANGHAI DREAMS:
URBAN RESTRUCTURING IN GLOBALIZING MUMBAI

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ABSTRACT

This dissertation examines a faltering state project to remake Mumbai into a “world-class” city and an international financial center by 2013, inspired by Shanghai’s comprehensive urban renewal during the 1990s. Despite support by the state and corporate elite, Mumbai’s project of growth-oriented strategic planning, infrastructure building, urban renewal, governance and policy reforms has made little progress. Why have Mumbai’s transformation efforts remained stymied? Through my ethnographic study of urban restructuring in Mumbai, I propose that the answer lies in the nature of the sub-national state.

Using the Shanghai model as a lens to analyze Mumbai, I argue that the sub-national state is central to the project of “globalizing” cities like Mumbai and Shanghai. Globally-oriented urban restructuring is a complex and multi-dimensional process in which the sub-national state is the central actor. The role of the state is critical in emerging cities seeking to “leap-frog” their position in global networks, to put in place the infrastructural and policy elements required to make cities key nodes in the architecture of globalization. The sub-national state plays an extensive role in urban planning and coordination, land acquisition, infrastructure investment, conflict management, displacement and rehabilitation. Consequently, state capacity is critical to the success of urban restructuring projects.

I demonstrate the ways in Mumbai’s global integration reshapes state policy and transforms urban governance. Contrary to accounts that suggest that the forces of globalization weaken states, I show that the city’s corporate elite seek to re-direct and re-shape state intervention rather than dismantle it, in order to make Mumbai a globally-competitive destination for capital and talent. I then relate state capacity and the shifting dynamics of the state’s relationship to social forces to Mumbai’s development outcomes. The state in Mumbai, I show, is organizationally fragmented and its relationship with corporate business is tenuous.

I develop an empirically grounded concept, the “jugaad state” to describe the state in Mumbai. The “jugaad state” is shaped by the need to govern a city in
which a substantive share of economic activity occurs on the margins of state legal and regulatory frameworks. Its modes of governance, of necessity, are decentralized, negotiated and improvised, although its legal and regulatory frameworks are that of a centralized, high-modernist bureaucracy. I propose that Mumbai’s hybrid and internally-fragmented sub-national state is ill-equipped to carry out a complex, multi-dimensional program of urban restructuring, unlike the centralized, cohesive and downward-reaching municipal state in Shanghai. “Jugaad” forms of governance enable Mumbai’s informal poor to participate in the urban economy as well as enable the state to govern a largely informal city like Mumbai. I illustrate the workings of the “jugaad” state through an analysis of two-contrasting modes of market-based slum redevelopment that differ in the scale and extent of state intervention and coordination.

Finally, I show that urban governance in Mumbai is an arena for contestation between elite civil society, which includes the city’s corporate lobbies and middle-class residents associations, and “political society”, which is the space of the city’s informal poor. While civil society has allies within the state’s upper-bureaucracy, the state’s lower rungs are deeply embedded in political society, forming an informal governance structure in Mumbai’s slums and informal spaces. As a result of Mumbai’s fragmented and hybrid state structure, what obtains in globalizing Mumbai is not a whole-scale planned transformation into a “world-class” city, like its model Shanghai, but a piecemeal, protracted, unplanned and contested process of redevelopment.
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SHANGHAI DREAMS:

URBAN RESTRUCTURING IN GLOBALIZING MUMBAI

Shahana Chattaraj
Chapter 1

Cities, Globalization and New State Projects

1.1 Introduction

This dissertation examines a faltering state project to remake Mumbai into a “world-class” city in the image of Shanghai. The differences between the two cities today are striking, obvious to any visitor flying into their airports. Mumbai’s airport is located next to the city’s largest slum and there is a good chance that you will be stuck in a traffic jam on the way out. Shanghai’s new Pudong Airport boasts a high-speed rail connection that gets you into the city in eight minutes flat. In the popular media, Mumbai is portrayed as a city of slums, chaos, congestion, and on the positive side, thriving entrepreneurship; Shanghai as a city of skyscrapers, maglev trains and double-digit growth. But just two decades ago, the two cities were not so different. Shanghai in 1990 was a crumbling industrial town, largely unchanged since the beginning of Communist Party rule. Shanghai’s comprehensive urban renewal during the decade of the 1990s inspired Mumbai’s leadership to embark, in 2004, upon a similar restructuring project, aimed at transforming Mumbai into a “World-Class” city and an emergent international financial center by 2013. Seven-years later, Mumbai’s project of growth-oriented strategic planning, large-scale infrastructure building, urban renewal, governance and policy reforms has made little progress. This dissertation seeks to understand why Mumbai’s attempt at a “World Class” transformation remains stymied, despite being pushed by a partnership between the city’s corporate and state elite, and supported by
the central government. Through my ethnographic study of urban restructuring in Mumbai, I propose that the answer lies in the nature of the sub-national state.

The Role of Sub-national States in Globalizing Cities

I argue that the sub-national state is central to the project of “globalizing” cities like Mumbai and Shanghai. Economic globalization concentrates core functions within urban centers, even as it disperses production activities (Sassen 2001). As the financial system expands into emerging economies, key cities are incorporated into a global network to become high-growth regional and international service hubs. In these cities, urban agendas are increasingly driven by a desire to capitalize on global opportunities rather than by local issues. Moreover, emerging cities in order to be “globally-competitive” and attractive to international and national capital and talent, re-organize urban governance and undertake extensive regulatory reforms – the state transforms itself in order to transform the city (Brenner 2004, Harvey 1989, Jessop 2002, Sassen 2006, Wu 2009). Globally-oriented urban restructuring is a complex and multi-dimensional process which involves a variety of actors, from different levels of the state, to business groups, international consultants, multinational and domestic firms, developers, professionals, civil society and community organizations. While these different actors shape urban policy agendas and outcomes to different degrees and in different ways, the sub-national state is the central actor to implement an organized intervention to re-shape the physical and economic space of a metropolitan region. Even as local states govern increasingly in partnership with private sector and civil society actors, any social actor, whether a corporate lobby group or community
organization, functions within the policy arena shaped by the state. The role of the sub-national state becomes particularly critical in emerging cities seeking to “leap-frog” their position in the global network of cities that control and manage the process of globalization, due to the more extensive requirement of state intervention for land acquisition, infrastructure investment, urban planning and coordination, and the management of conflict and displacement. Thus, in New York or London, “entrepreneurial” local states concerned with maintaining their competitive advantage might build a cultural complex or provide tax incentives. In order to transform Mumbai or Shanghai, as I show in this dissertation, the scale of state intervention and state re-organization required is of a different order.

Consequently, the capacity of the sub-national state to carry out core state functions is critical to the success of projects to “globalize” cities, and to put in place the elements required to make them central nodes in the “global space for the functioning of firms and markets” (Sassen 2006), whether physical infrastructure like airports, expressways and telecommunications networks or business-friendly policy environments and “quality of life” regulations and amenities. Development literature highlights the prominent role of the state in economic development (Amsden 2001, Wade 1992, Kohli 2004,) and the influence of state capacity and state-society, particularly state-business, relations in shaping development outcomes (Evans 1995, Kohli 2004, Rodrik 2004, Wade 1992). Through an ethnographic investigation into the partnership between Mumbai’s state-elite and Bombay First, a corporate-sponsored civil society organization to transform Mumbai into a “world-class” city in a ten-year period, I propose that the sub-national state in Mumbai is ill-equipped to carry out a complex,
multi-dimensional program of urban restructuring. Because urban restructuring in Mumbai is an ongoing process, my intention is not to evaluate the outcomes of specific urban policies. Rather, I demonstrate the ways in which globally-oriented urban restructuring redirects and reshapes state policy and transforms the nature of urban governance. I then relate state capacity and the shifting dynamics of the state’s relationship to social forces under globalization to Mumbai’s developmental outcomes. The state in Mumbai, I show, is organizationally fragmented and its relationship with corporate business is tenuous.

**The Jugaad State and the Governance of Informality**

The state in Mumbai, despite its weak developmental capacity, is reasonably effective at governing the existing city. Notwithstanding the lack of “world-class” infrastructure and “good governance”, or the prevalence of slums, Mumbai’s economy is growing. It retains its position as India’s financial, commercial and entertainment capital, and continues to draw entrepreneurial migrants from all over India. Despite the city’s stark inequalities, it is relatively safe and orderly, has a vibrant cultural and associational life, and the city’s slums and informal spaces are integrated into the urban polity and economy. What then is the nature of the state in Mumbai, that enables it to run a large, messy, informal city while preventing it from undertaking a whole-scale urban restructuring or planning its development? Drawing on a popular concept in contemporary Mumbai, I propose an empirically grounded concept, the “jugaad state” to describe the state in Mumbai. The “jugaad state” is one that is fundamentally shaped by the need to control a largely informal city, in which a substantive share of economic
activity occurs on the margins of the legal and regulatory framework of the state. The term “jugaad”, which means cobbled-together or improvised, is used in contemporary business and social science literatures to refer to a process of creative improvisation and making-do with limited resources that characterizes Indian firms. The “jugaad” state’s modes of governance, of necessity, are decentralized, flexible, negotiated and improvised, although its legal and regulatory frameworks remain that of a centralized, high-modernist bureaucracy. “Jugaad” forms of governance not only enable the city’s informal poor to participate in the urban economy and access public services, but also enable the state to govern a largely informal city like Mumbai. The “Jugaad” state is, however, ill suited to carry forward a large-scale urban transformation program, unlike the centralized, cohesive and downward reaching state in Shanghai.

In order to develop this concept, I draw on the idea of the “fragmented-multiclass” Indian state (Kohli 2004), divided between redistributive and developmental goals, with a meritocratic, competent Weberian bureaucracy at its upper-levels and a more despotic and personalistic periphery. This framework, focused at the national level, can be extended to examine the functioning of the state in Mumbai, a city that has “globalized” without modernizing, in the sense of its economy becoming formal and industrialized. At its upper-reaches, the state apparatus in Mumbai, both at the sub-national and municipal level, is staffed by competent officials from the well-regarded Indian Administrative Service. The state’s new urban policy agenda, moreover, is aligned with the interests of corporate business to focus on promoting globally-oriented growth, largely abandoning distributive and welfare goals. Because of the centralized and substantively un-democratic nature of state authority in Mumbai, the state remains
relatively insulated from local democratic pressures. Thus, with Mumbai’s corporate elite as a ruling ally, the state should arguably be well placed to push through its program of “world-class” urban transformation. As I discuss in detail in Chapter Three, this is not the case. In order to resolve this puzzle, I apply a state-in-society approach (Migdal, Kohli and Shue 1994), to propose that the way in which the state is embedded within society shapes Mumbai’s pattern of urban development under globalization, which is piecemeal, unplanned, protracted and contested.

I analytically examine the relationship of the state’s constituent parts to corporate civil society and to political society, drawing on Partha Chatterjee’s (2006) distinction between the two spheres. According to Chatterjee, civil society in India is constituted largely by the corporate class and urban middle classes and is congruent with normative models of civil society in western societies, while political society is the space of peasants, petty producers and informal workers. In my framework, the key distinction between civil society and political society is the nature of their relationship to the state.

I conceptually relate political society with the informal economy and propose that political society serves to connect the informal city and the state. The size and scope of informality in Mumbai, where a majority of economic activities fall outside or violate legal and regulatory regimes, necessitates flexible, negotiated and improvised forms of urban governance and these governance practices, in turn, produce a fragmented and hybrid state apparatus, with a high-modernist, bureaucratic-managerial elite aligned with civil society and corporate business, and its lower-rungs embedded in political society. The dynamic between the state, civil society and political society in Mumbai is shifting and contested, and this dynamic is reflected in the state elite’s faltering engagement with
corporate-sponsored civil society and its slow and uneven implementation of the Mumbai Transformation agenda.

1.2 Relevance

This dissertation engages with and contributes to interdisciplinary literatures on globalization, global cities, economic development, state-society relations, decentralization, and the informal economy. Questions of urban governance fit into larger debates around the relationship between globalization, development and democratization. Economic globalization is argued to increase the economic, political and social importance of major cities, while at the same time weakening the capacity of local and national states to undertake developmental and welfare functions. The sub-national state in globalizing cities provides a valuable site within which to explore these tensions. I now briefly outline the literature on globalization, urban political economy, economic development and state-society relations that inform this dissertation.

According to Lefebvre (2003), an “urban revolution” is transforming society to such an extent that the urban order overtakes the industrial order. The “urban process” is a global phenomenon that extends beyond the city, shaping and influencing all of society – the production, control and consumption of space is central to capitalistic expansion. The “urban fabric” expands beyond the built-up city, and its expressions within the country (through highways) are manifestations of the dominance of the city over the country. Castells’ theory of the “Network Society” (2000, 1992) situates cities at the core of a new network based “mode of development”, produced as a result of economic globalization and the restructuring of production as well as new modes of technology and communication. Sassen (2001) posits a central role for cities (and urban
regions) in the control, production and coordination of the global economy, which involves the dispersal of production functions, but continues and intensifies the concentration of control and command functions in core “Global Cities”.

Why have command and control functions remained concentrated? According to Sassen (2001), financial and producer services can be conceived as commodities required for the management and coordination of the global economy rather than traditional services aimed to support other sectors. Providers of financial and producer services agglomerate, like manufacturing firms, close to each other in order to take advantage of information, innovations, organizational complexity and infrastructure, rather than close to the firms they serve. This form of agglomeration creates a polarization within the workforce in Global Cities, relying as it does on high-skilled, high-waged workers in the high-end “producer services” industries and low-skilled, low-wage and informalized work at the bottom-end. This polarization has specific spatial attributes, including the decline of old manufacturing districts, gentrification and intensified development of luxury real estate and cultural commodities (museums, art galleries, restaurants) targeted at high-end consumers. In the Global Cities literature, global market forces, rather than state actions, explain outcomes such as the creation of concentrated financial hubs or “global cities”. The logic of national and global competition for investment capital constrains the ability of local governments to undertake welfare functions and has transformed the role and functions of the state, rendering the local state, according to some arguments, impotent (Peterson 1981, Harvey 1989, Hackworth 2007). It has also served to turn back the significant gains made by labor in the industrial economy – capital’s advantage over labor has grown
exponentially with mobility, de-regulation and global competition. Other theorists argue that states are being qualitatively transformed, rather than weakened, under globalization, with a “re-scaling” of state power and state projects to the metropolitan level (Brenner 2004), and the strengthening of state executive power (Sassen 2006).

Global Cities literature, with a few exceptions (Chen 2009, Sassen 2002), has focused on advanced industrial or “core” cities, and has emphasized the analytical importance of cities over nation-states. As global capitalism expands, it incorporates a growing network of cities in emerging economies, which become important nodes in the architecture of globalization (Sassen 2002, 2006). Seeking to explaining urbanization within the developing world, World Cities theorists such as Friedmann (1986) draw on Wallerstein’s World Systems approach (Wallerstein 1976) and dependency theory to connect developing world urbanization to capitalist expansion. According to the World City hypothesis (Friedmann 1986), there is a hierarchical global division of labor in global capitalism, in which “peripheral” world cities have asymmetric, dependent relations with cities in the core, and play a role mainly as gateways for exploiting the natural resources of their hinterlands. However, the rise of Asian cities¹ and the emerging economic power of developing regions indicate that the global network of cities is more dynamic than the World Systems approach suggests. The question then arises of how and why cities in emerging economies integrate, compete and improve their position within global networks. Drawing on literature that posits that the state remains central to the expansion of global capitalism (Brenner 2004, Evans 1997,

¹ Foreign Policy Global City Index (http://www.foreignpolicy.com/node/373401)
Globalization and World Cities Research Network (http://www.lboro.ac.uk/gawc/)
Sassen 2006), my research explores the understudied role of sub-national states in emerging economies in advancing and managing the process of global integration.

The growing dominance of the urban is reflected in national policy arenas as well as demographic and socio-cultural trends. In India and China (Friedmann 2005; Chen, Liu and Zhang 2004; Wu 2007), urban policy has gained priority in national development agendas in recent decades, marking a significant shift from earlier development strategies. In both countries, national and sub-national governments are increasingly focusing resources and policy attention at the urban (rather than national or local) scale, a process that Brenner (2004) has termed the “re-scaling” of state projects under globalization. This shift in policy is intrinsically linked to each country’s economic liberalization and integration into the global economy, although the process has been very different in India and China. Urbanization processes, urban governance and planning in India remain poorly understood and understudied, even as India’s urban problems call for an urgent policy response (McKinsey 2010).

By examining in detail Mumbai’s elite project to promote economic growth through urban restructuring, this project also engages with the literature on economic development. The promotion of Mumbai and Shanghai as international finance centers are state “developmental” projects, implemented by sub-national states with strong central support. While developmental state literature highlights the prominent role of the state in economic development (Amsden 2001, Evans 1995, Wade 1992, Kohli 2004, Rodrik 2004), the scale of investigation in this literature has been primarily national. Given the growing economic and consequently, political, importance of cities and urban actors as key intermediaries in the process of globalization, I seek to extend this
literature to the sub-national and local state. At the local level, the focus in development literature has been on relations between the state and civil society, with few studies looking at the role of business in shaping urban policies and state projects in developing world cities. This dissertation also contributes to an understanding of decentralization in urban India. The “re-scaling” of economic organization at the metropolitan and global scale has influenced divisions of labor and re-ordered power within the state (Swyngedouw 2004, Brenner 2004, Sassen 2006, Wu 2009). Despite India’s constitutionally-mandated decentralization of powers to municipal levels, I show that powers over urban governance and policy-making in Mumbai remain centralized at the level of the sub-national (Maharashtra) state, with a growing role for metropolitan-scale parastatals.

Finally, my research addresses the relationship between the state and the informal economy. Portes and Centeno (in Fernandez-Kelly and Shefner 2006), argue that the relative size, scope and character of the informal economy are a product of state policies, capacity and ideology. In Mumbai, sixty five percent of the population lives in slums and the majority of the workforce is employed in informal services (MCGM 2009). By 1990, seventy-five percent of Mumbai’s firms were part of the “unregulated” sector (MMRDA 1995). In Mumbai, given the size and scope of the informal economy, the state’s “accommodation” of informal economic activities is not a marginal process that occurs at the edges of the state. Turning Portes and Centeno’s proposition about the relationship between the state and the informal economy on its head, I argue that the scale and scope of the informal economy in turn shapes the nature and capacity of the state. In Mumbai, “informal” processes and mechanisms of regulation and social
control become central to urban governance, creating what I describe as a “jugaad” state. The “jugaad” state is characterized by a dichotomy between a centralized, modernist regulatory state structure administered by a Weberian-style bureaucracy and a set of urban governance practices that must be improvised, flexible and negotiated, in order to accommodate and control the reality of the informal city. The “jugaad” state is relevant not just to other cities in India, but to other developing world cities where post-colonial high-modernist regulatory frameworks exist in parallel with weak state enforcement capabilities and large informal economies.

My research has important policy implications. Global urbanization is one of the most pressing issues of our time, and its social, political and economic implications in developing regions remain poorly understood. By 2020, three of the world’s five largest cities will be in South Asia (UN DESA 2007); these cities continue to experience high-levels of urban growth while their infrastructure and services are already overwhelmed. Mumbai’s experience shows that GDP growth and a strong private sector and civil society do not readily translate into improved quality of life when the state is ineffective. With globalization and decentralization, the scopes of sub-national states have been significantly transformed. Local states face the twin problems of providing social services to diverse populations with limited funds, as well as positioning their cities as competitive sites for investment in the global economy. Thus, a systematic understanding of how urban governance works in developing world cities is essential to effective policy-making. In the absence of empirically-grounded accounts of how emerging cities function, the adoption of ideal policies and practices – privatization of urban services, public private partnership, “good governance” reforms, decentralization,
civil society partnership and scaled-back state functions – may not correlate with improvements in the urban economy, quality of life or local democracy. My project draws attention to the overwhelming need to improve state capacity at the sub-national level, particularly professional urban planning capacity, as well as to strengthen democratic processes. It also suggests that “good governance” reforms, intended to install rule-based, transparent, participatory and client-centric urban governance, are likely to have an anti-poor impact in Mumbai as they are premised on restricting extra-legal “jugaad” modes of governance, severing links between the urban poor and the state. I detail the policy recommendations that emerge from my research in the concluding chapter of the dissertation.

1.3 Methodology

This dissertation is based on 14 months of ethnographic research in Mumbai (July 2009-August 2010) and Shanghai (January-February 2011), including a six-month period as a participant observer with Bombay First, a business sponsored civil society organization that is the leading architect of Mumbai’s “world-class” transformation program. I sat in on meetings with state agencies and state-business sub-committees, Bombay First’s Governing Board, and public meetings and events related to Mumbai’s urban development and governance. I conducted interviews with current and former public officials, business people and consultants. I also examined news articles, documents, reports and correspondence related to the Mumbai Transformation Project including minutes of the state-business Empowered Committee, Citizen’s Action Group and other meetings. In addition, I conducted interviews with a broader cross-section of academics, civil society activists, city councilors, brokers, middlemen, journalists, and
professionals in real estate, architecture, planning, finance and the media. As my research is concerned with the relationship between civil society, the state, and political society, and how this relationship affects the directions and outcomes of urban policy in globalizing Mumbai, my field site was broad rather than deep. For my understanding of political society and the organization of slums and informal settlements in Mumbai, I draw extensively on published literature (Blom-Hansen 2001, Chatterji 2005, Mukhija 2003, Weinstein 2008) in addition to my own interviews and fieldnotes.

In Shanghai, I spent six weeks conducting semi-structured interviews with planners, academics and government officials. As urban development in Shanghai is more extensively studied than Mumbai, I draw as well on existing academic literature. Rather than a detailed comparative study between Mumbai and Shanghai, I use Shanghai’s model of urban transformation as a lens to analyze the Mumbai case. Applying the Shanghai model as a lens squarely draws attention to the role of the sub-national state and allows for a sharper analysis of the seemingly over-determined causes for Mumbai’s continuing slump – persuasive arguments can be made that democracy, the absence of a metropolitan state apparatus and corruption can explain the city’s problems. In Chapter Two, after examining Shanghai’s transformation, I argue that these are insufficient explanations.

My account is also informed by my experiences living in Mumbai for fourteen months – commuting on crowded trains, walking through waist-deep water during the monsoons, spending hours stuck in traffic, experiencing transport strikes and civic disturbances, dealing with a variety of state officials at different levels, including the police and the municipal authorities. I also had close daily interactions with a variety of
urban residents – other commuters, domestic workers, service workers, artists, formal and informal business owners, students, street vendors, entrepreneurs, a slum tour operator – encounters which I detailed in my field notes.

I follow Michael Burawoy’s (1998) extended case method, which locates field research within extra-local and historical contexts, and seeks to extend and develop theory through field research. My work is located at the intersection of two multi-disciplinary bodies of work that are rarely integrated, the political economy of development, specifically the literature on the developmental state and state-society relations, and urban sociology, specifically the literature on global cities and the political economy of urbanization. I draw on these literatures to develop my theoretical framework and to guide my field research. For my analysis, I use multi-method analysis and triangulation, using my ethnographic fieldnotes, interviews, and content analysis of meeting minutes, newspapers and policy documents.

1.3 Key Findings

The Role of the State in Globalizing Cities

Examining the origins and nature of the engagement between Bombay First, a business sponsored organization, and the sub-national state, I find that the city’s corporate elite seek to re-orient and expand state intervention, rather than dismantle it, in order to position Mumbai to serve a global and regional market for high-value financial and other services. This finding contradicts theories that posit that globalization weakens the state (Appadurai 1996; Castells 1992, 2001; Ohmae 1996, Strange 1996). While championing public-private partnership in urban governance, market-based approaches, and deregulation, the “World-Class” city agenda calls for more, not less,
state intervention in Mumbai’s urban development. It is also significantly concerned with consolidating and strengthening the overall urban governance framework at the metropolitan-scale, by creating new “corporatized” metropolitan state organizations for transport and infrastructure. It also calls for stronger urban planning and state enforcement of law and order and quality-of-life regulations. As a result, the sub-national state in Mumbai is being transformed, rather than scaled back, as state policies and practices are re-oriented towards global markets. These findings suggest that the forces of global economic integration shape the state in different ways in different cities, depending on the nature of spatial, economic and political organization. In emerging cities, where existing levels of infrastructure and amenities are insufficient, state intervention becomes central to remaking cities to meet the needs of global and national capital.

“Out-sourcing” State Functions

I find that the state in globalizing Mumbai has “outsourced” urban planning, delegating core state functions to private actors. The growing influence of Mumbai’s corporate elite on urban planning and governance in Mumbai is evidenced by the Maharashtra state’s adoption, with little modification, of the “Vision Mumbai” urban transformation agenda proposed by Bombay First. Consequently, the state has initiated a comprehensive Mumbai transformation project, comprising a metropolitan-scale program of infrastructure investment, slum renewal, legislative and governance reforms, and “city beautification” measures to make Mumbai more globally competitive and business friendly, as well as improve the quality of life of the city’s residents. In order to implement Mumbai’s transformation, the sub-national state has included business-
linked civil society as a partner in the city’s governance and planning. Authority over urban planning and policy-making in Mumbai, despite moves towards decentralization and civil society participation, remains centralized under the sub-national state and insulated from democratic processes. Thus, the state is able to delegate authority to specific private actors without including urban local bodies or involving the participation of a wider range of interests.

**Weak state capacity and ineffective state-business growth coalitions**

Studying the micro-politics of the engagement between Bombay First and its state partners, I find that state-business growth coalitions do not emerge due to a natural alignment of interests between the state and capital, as the growth-machine (Molotch and Logan 1987) literature would suggest, but rather are built by entrepreneurial state and business actors. Their effectiveness is contingent on the capacity of the sub-national state, and the nature of state-business relations. Despite the growing influence of the city’s corporate elite on the state’s policy agenda for Mumbai, I find little evidence of a strong, pro-growth state-business coalition, capable of carrying forward the ambitious restructuring program. The alliance between the state and corporate elite is tenuous. The sub-national state apparatus, although formally centralized and, as I argue, little impeded by democratic process over urban policy-making, is internally fragmented. The state elite’s capacity to legitimate its urban policy goals, within the state and in society at large, its capacity to negotiate between interests and manage conflict, is weak. The sub-national state’s technocratic capabilities in terms of planning and coordination, and its organizational capacity to penetrate society in order to implement a complex urban project are also weak. As a result, urban
restructuring in Mumbai remains piecemeal, contested, unplanned and uncoordinated, in sharp contrast to the city chosen by Mumbai’s leadership as a model, Shanghai.

**Civil Society, Political Society and the State in Mumbai**

As conceptualized by Chatterjee (2006), political society is the space of peasants, petty producers and informal workers. In my framework, the key distinction between civil society and political society is the nature of their relationship to the state. Specifically, “those in political society make their claims on government, and in turn are governed, not within the framework of stable constitutionally defined rights and laws, but rather through temporary, contextual and unstable arrangements arrived at through direct political negotiations” (Chatterjee 2008). It is precisely this process of constant negotiation and interaction that ties political society and the lower-rungs of the state into an embedded and inter-dependent relationship. In an urban context, I propose that political society encompasses the space of interactions between the informal economy and the state. Drawing on Blom-Hansen’s (2001) ethnographic accounts of informal governance in Mumbai’s poorer neighborhoods, as well as my own field research on slum redevelopment, I argue that political society is not just the space of street vendors and poor migrants, but incorporates a network of brokers, fixers, political and community leaders, and municipal and police officials that “spirals in and out of the state” (Blom-Hansen 2001).

Civil society in India, constituted largely by the corporate sector and urban middle classes, has gained a growing influence on urban politics and policy in India, as my account of Mumbai’s urban transformation project shows. Nevertheless, I find that its dominance is not yet hegemonic, precisely because of the differentiated ways in which
civil and political society relate to the state in Mumbai. While economic globalization and liberalization reforms have buttressed an alliance between the sub-national state’s bureaucratic-managerial elite and corporate business, the state’s lower-rungs remain embedded in political society. My participant observation at Bombay First, interviews with civil society governance activists and their state allies, and reviews of the minutes of official meetings reveal distinctions in elite discourse between “citizens”, on the one hand, and “slum dwellers” and “encroachers”, on the other. Within the state, “vested interests” and “political elements” aligned with political society impede the progress of Mumbai’s transformation project by the state’s civil-society-allied bureaucratic elite. The dynamic between the state, civil society and political society in Mumbai is thus shifting and contested, and this dynamic is reflected in the state elite’s faltering engagement with corporate-sponsored civil society and its slow and uneven implementation of the Mumbai Transformation agenda.

Market-based slum renewal policies have strengthened the political and economic power of local power brokers and leaders within political society. Their control over a valuable resource, urban space, as well as their linkages with state officials and political leaders, enabled them to become key actors in the real-estate “nexus” that emerged as a result of slum redevelopment. As a result, some of these actors have made a transition from the space of non-corporate into corporate capital. Given their roots in political society, these actors remain at a remove from middle-class civil society and the corporate and bureaucratic elite, but remain closely tied with the state. Political society thus becomes partially incorporated into the globally oriented project to
transform Mumbai into a “World-Class” city through urban renewal and infrastructure development.

The “Jugaad” State in Mumbai

Drawing on the popular concept of “jugaad”, used to describe a form of “innovation under constraint” that characterizes Indian firms\(^2\), I propose that the sub-national state in globalizing Mumbai is a “jugaad” state, in the sense that it is “cobbled together” rather than cohesive. The “jugaad” state is an outcome of the contradiction between the legal and regulatory frameworks of a centralized, high-modernist bureaucracy, and the need to govern a city where a large proportion of economic activities fall outside or violate legal and regulatory regimes. The size and scope of informality in Mumbai necessitates flexible, negotiated and improvised forms of urban governance and these governance practices, in turn, produce a fragmented and hybrid state apparatus.

Scholars of the informal economy point out that in practice, the “theoretically conflictive relation” between the state and economic activities outside its regulation devolve into various forms of accommodation to the extent that informal workers and entrepreneurs represent economic and political interests (Fernandez-Kelly and Cross in Fernandez-Kelly and Sheftner 2006). The city’s spheres of informal economic activity are not outside the bounds of the “jugaad” state, although they may be officially “invisible” to its upper echelons. Instead, state actors, acting outside their official duties and responsibilities are actively involved in the production and regulation of the city’s

slums, hawker spaces and informal industrial districts in conjunction with other elements of Mumbai’s political society – an unintended and extra-legal form of “co-production” (Ostrom 1996). The concept of the “jugaad” state allows a move away from the narrow lens of corruption or clientalism to explain the workings of the sub-national state in Mumbai, to recognize that lower-level state actors, while violating laws and engaging in corruption, provide essential urban infrastructures and services to large numbers of citizens excluded from formal participation. Given the fragmented nature of state power in Mumbai, the autonomy of the sub-national state, and its capacity to implement its policy agenda, resides in its ability to politically negotiate with and incorporate Mumbai’s fragmented power structure into the “World-Class” urban transformation agenda.

Urban Governance Reforms

I find that urban governance practices are an arena for contestation between elite civil society and its allies at the state’s upper-levels, and political society, within which the lower-rungs state is embedded. A central concern of corporate business and civil society-promoted urban governance reforms in Mumbai is to limit the influence of political society on state processes, while creating new spaces of engagement between the state and civil society. Middle-class civil society activism on urban governance is concerned with curbing negotiated, flexible and improvised practices of governance in favor of a strict enforcement of municipal laws, on building regulations, environmental rules, street hawking and encroachments. Civil society activists use the courts, as well as political activism and regular engagement with allies in the state elite in order to advance their agenda. While the goals of civil society governance activists are not explicitly or primarily anti-poor, their push to strengthen the enforcement of municipal
laws, formalize regulations and criminalize violations have anti-poor impacts (Shapiro-Anjaria 2006; Ramanathan 2006, 2004; Ghertner 2008).

1.6 Dissertation Outline

The dissertation is organized as follows. Following this introductory chapter, Chapter Two sets out the context and comparative frame for my analysis of Mumbai’s faltering project of urban transformation. I examine Shanghai’s rapid, state-led transformation over the past two decades to propose that the sub-national state is a central actor in the globally-oriented restructuring of cities. I then provide a brief background on Mumbai’s economy, politics and governance structures. Chapters Three and Four form the core of this dissertation. Chapter Three examines in detail the origins and nature of the partnership between and state and corporate business for Mumbai’s transformation into a “world-class” city by 2013. It shows that little progress has been made in terms of putting in the place the key elements for Mumbai’s restructuring, whether in terms of physical infrastructure, state institutional re-organization, or policy reforms. The “weak link” in the partnership, I show, is the internally-fragmented sub-national state. In Chapter Four, I further my argument about the internally-fragmented state in Mumbai and develop the concept of the “jugaad state” to describe its workings. I illustrate my argument with an account of the process of slum redevelopment in Mumbai. I contrast the decentralized, small-scale SRS approach, which requires a minimal role for the state, with the planned Dharavi model of redevelopment, which, although implemented by private actors, calls for coordinated, centralized state interventions. The Dharavi project, aimed at creating a “world-class” commercial and institutional complex in the heart of Mumbai, remains in limbo. I briefly discuss civil
society activism in Mumbai to show that the state’s “jugaad” practices of urban governance are an arena for contestation between civil society and political society in Mumbai. Given the nature of the state, what obtains in Mumbai, in contrast to its model, Shanghai, is not a whole-scale, planned transformation into a “World-Class” city, but a piece-meal, protracted and contested process of redevelopment, contingent on political negotiations within the state and the shifting balance of power between corporate civil and political society. In the concluding Chapter Five, I argue that Shanghai’s model of transformation is an unsuitable model for Mumbai given the differences in state capacity and state-society relations. Shanghai’s experience does, however, offer lessons for Mumbai. I conclude the dissertation by detailing the lessons and suggesting policy recommendations.
Chapter 2

Mumbai and Shanghai: Globalizing Cities, Different Trajectories

2.1 Introduction

In this chapter, I set out the context and comparative frame for my analysis of Mumbai’s faltering project of urban transformation, aimed at making Mumbai a “World-Class” city and an international financial center. The comparator here is Shanghai, an emerging “global city” (Chen 2009) explicitly referenced as a model by Mumbai’s leaders. I examine Shanghai’s rapid, state-led transformation (Chen 2009; Wu 2009,2002; Zhang 2002) over the past two decades to propose that the sub-national state is a central actor in the globally-oriented restructuring of cities. As Shanghai “globalizes” further, the role of the municipal state is not diminishing but changing, as the state continues to play a role in creating the conditions to promote global competitiveness (Wu 2002, 2009; Zhou and Chen 2009) and attract foreign investment (Huang 2008).

Both Mumbai and Shanghai are the financial gateways of dynamic emerging economies, experiencing rapid urbanization and wide-ranging economic and social change. The cities have comparable histories and populations. From the mid-1990s, in both Shanghai and Mumbai, elite projects have been underway to remake the cities in

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3 The Shanghai urban region’s population is 23 million and Mumbai’s 19 million (UN DESA World Urbanization Prospects 2007). Greater Mumbai, the city proper, has a population of 12 million, while Shanghai’s central city has 15 million residents.
order to take advantage of global economic opportunities. Globally-oriented urban restructuring entails three inter-connected processes: (a) growth-oriented strategic urban planning (b) spatial re-structuring through large-scale state-supported infrastructure projects, urban renewal and urban development (c) graduated governance and policy reforms aimed at encouraging private investment and attracting global and national capital and talent. Of the two cities, Shanghai has been far more successful than Mumbai in making progress towards its global ambitions (Foreign Policy 2008)\(^4\). Shanghai’s annual flow of foreign direct investment (FDI), estimated at USD 6.5 billion annually, is equivalent to the entire inflow to India (Huang 2008)\(^5\). In 2006, Shanghai attracted USD 6.9 billion in FDI compared to Mumbai’s USD 4.9 million.\(^6\) Moreover, the city attracts the cream of FDI, attracting investment by technologically sophisticated multi-nationals (Huang, 2008; Zhao and Shao 2008). No less impressive is Shanghai’s dramatic improvement in urban infrastructure and material living standards for its residents\(^7\), as per capita living space\(^8\) and open space have more than doubled. The city’s new subway lines, expressways and public buses have reduced

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\(^4\) According to Foreign Policy magazine’s Global City Index, in terms of global business activity, one of the key indicators of being a “global city”, Shanghai, ranks at number 8. Overall, Shanghai ranks at 20 and Mumbai, 46. (http://www.foreignpolicy.com/node/373401). In terms of GDP (PPP terms), their gap is much smaller – Shanghai’s rank is 25 and Mumbai’s 29 (PriceWaterHouseCooper 2009) (https://www.ukmediacentre.pwc.com/imagelibrary/downloadMedia.ashx?MediaDetailsID=1562)

\(^5\) Huang is critical of Shanghai’s state-dominated development model, arguing that the impressive GDP numbers hide growing intra-urban inequality and limited welfare gains at the bottom. The Shanghai model also discriminates against indigenous capital and discourages entrepreneurship, focused as it is on FDI (Huang 2008)


\(^7\) As Huang (2008) shows, income levels have not improved for all Shanghai’s residents, particularly the poorest.

\(^8\) Between 1992-1998, per capita living space increased from 4 sqm to 9.6 sqm as the city relocated, sometimes forcibly, 85% of the city’s households living in cramped tenements to modern, high-rise, single-family housing in the city’s outskirts (Yatsko 2003). Although foreign observers, activists and older residents decry the destruction of local communities and ways of life, the new homes have running water and private kitchens and bathrooms, unlike Shanghai’s one-room tenements. In the 1980s, 60% of Shanghai households lacked private toilets (Yatsko 2003)
commuting times and traffic congestion, while new public libraries, parks, museums and cultural spaces provide citizens and visitors with “world-class” urban amenities (Yatsko 2003, Friedmann 2005). In Mumbai, in contrast, major infrastructure projects remain stuck, urban development is unplanned and coordinated, and quality of life and human development indicators are low, even in comparison with other developing world cities. After over a decade of urban reforms, Mumbai continues to have a shortfall in affordable housing and commercial space. The city has serious infrastructure deficits in transport, communication, water supply and sanitation (35% of Mumbai households lack sanitation), an outdated storm water network prone to flooding, and inadequate health, education, social welfare and waste management services (MCGM 2009).

How did Shanghai succeed in becoming a “world-class” city while Mumbai remains stuck, given similar urban restructuring projects and the two cities’ similar positions within their national economies? Using the Shanghai model as a lens to analyze Mumbai’s unrealized transformation project, I propose that the key variable in explaining the difference in outcomes is the sub-national state’s capacity to formulate and implement plans.

I begin this chapter by discussing India and China’s contrasting patterns of urbanization and approach to urban policy. Although both countries have experienced rapid urbanization alongside growth, China has promoted accelerated urbanization as an engine of economic development and social modernization, while India has struggled to keep pace with urban growth and rural urbanization. In both India and China, the

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9 Shanghai’s HDI score, at 0.9, places it at the same level as Portugal (UNDP 2005). Mumbai’s HDI score falls below Colombo’s, according to report by NGO Praja (2009). See also Mumbai Human Development Report (MCGM 2009).
development of international financial centers in Mumbai and Shanghai respectively fit within national development strategies and have central government backing.

Next, I detail Shanghai’s model of urban restructuring, led by a “local developmental state” (Thun 2006, Segal and Thun 2007) that employed urban planning as a long-term developmental tool, aimed not only at promoting economic growth but driving social change. The growing globalization and marketization of Shanghai’s economy has not led to a diminishing role for the municipal state but a transformation in its functions and governance modalities (Wu 2002; Huang 2008). The state, in essence, regulates its own withdrawal from certain spheres while continuing to play a role in others (Sassen 2006; Zhou and Chen 2009).

I conclude this chapter with an examination of urban governance and planning structures in Mumbai, in order to provide a background for my analysis of Mumbai’s less successful urban transformation over the next two chapters.

### 2.2 Urban Policy in India and China

In both India and China, pre-reform development planning strategies curbed state investment in major cities and in urban infrastructure. Following liberalization reforms, both countries recognized the economic importance of urban centers as growth engines, although India’s major decentralization reforms and federal urban programs came over two decades after China. Urbanization in post-reform China has proceeded at an accelerated pace as a part of a state-managed process, centered on administrative decentralization to municipal government and infrastructure building. The state has promoted “entrepreneurial” city development and the in-situ urbanization of rural areas, particularly in China’s coastal regions, which have urbanized as a result of
China’s rural industrialization through township and village enterprises (Friedmann 2005, White 1998).

In India, cities have struggled to keep pace with urban growth and increasing demands for infrastructure and services (Choe, Laquian and Kim 2008; McKinsey Global Institute 2010). The push for urban reforms and infrastructure development, as a result of the 74th Amendment of the India Constitution in 1992\(^\text{10}\) and the federal Jawaharlal Nehru National Urban Renewal Mission (JNNURM), initiated in 2005, have made little impact so far on urban governance and planning. India’s urban infrastructure investment rates remain extremely low by international comparison\(^\text{11}\), and at current rates of infrastructure development, infrastructure deficits will widen as India’s urbanization levels increase. Although India’s cities continue to generate growth, across all major quality-of-life indicators they fall short of delivering a basic standard of living to their residents (McKinsey Global Institute 2010). Based on current trends of urban service provision and India’s urban growth rates, a 2010 McKinsey study predicts that deficiencies in per capita water supply, sewage treatment and solid waste management, affordable housing and public transport will widen, notwithstanding India’s solid economic growth.

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\(^{10}\) The 74th Amendment of the Indian Constitution established urban local governments as an independent third tier of elected government and gave urban local bodies powers over local-decision making and urban planning. Despite India’s decentralization initiatives, authority over urban governance and planning in India remains largely centralized at the level of the sub-national state, with limited powers for urban local bodies or scope for citizen participation.(National Institute for Urban Affairs, 2005) (http://www.niua.org/Publications/research_studies/74caa_v1/Impact%20of%20the%2074th%20CAA-Consolidated%20Report%20Vol%20-%20I_summary.pdf)

\(^{11}\) India’s annual capital spending, in per capita terms is $17, compared to $116 in China (MGI 2010).
Background

Both India and China have a history of urban planning being viewed as a “policy tool for modernization, economic growth and social change” by modernizing leaders (Kalia 2004), and then being gradually abandoned for a focus on rural development. Sun Fo, Sun Yat-Sen’s son and a mayor of Guangzhou, was an “ardent champion of modern city planning” (Friedmann 2005). He called for a scientific approach based on detailed investigations into all aspects of economy and society, in order to “transform the conditions in which people ordered their everyday lives by reaching into the realms of their daily practices, right down to the level of hygiene and patterns of entertainment” (Friedmann 2007). With the coming to power of the Communist Party in 1949, Sun Fo’s ideas were abandoned, and from 1958, Mao’s radical vision took over. Cities were re-organized around the socio-spatial concept of work-units or danwei. Formed around state-owned enterprises or institutions, danweis transformed the bourgeois city of consumption into cities of production (Friedmann 2005). The work unit “became a miniature city within its own walls”, providing residents employment, housing and social services, reducing the need for intra-urban mobility or a sophisticated municipal administration. With the danwei system in place, and restrictions on mobility as a result of the household registration system, urban planning became superfluous in Maoist China and by the 1960s was completely suspended (Friedmann 2005). Industrialization was promoted in rural areas and in remote provinces to promote regional self-sufficiency and to render China’s new industries safe from attack, although Shanghai remained the heart of China’s industrial economy.
In newly independent India, Nehru invited Le Corbusier to design the new capital city of Punjab, Chandigarh, as a symbol of “the freedom of India unfettered by the traditions of the past” (Kalia 2004). Nehru considered urbanization an essential aspect of development and a catalyst for modernization, calling for India to urbanize her villages to set them on the road to progress (Prakash 2002). The construction of Chandigarh was an expression of Nehru’s confidence in planned city development. Following Chandigarh’s example, “rationally” planned new capitals were built in Gujarat (Gandhinagar) and Orissa (Bhubhaneshwar), and foreign experts invited to prepare comprehensive city plans for Bombay and Calcutta. Central to the state’s deployment of planning and urbanization as tools for modernization was the understanding that these processes existed “outside politics and were internal to the state’s role as the agent of reason” (Prakash 2002).

Combining redistributive and developmental goals, industrial and urban policies in pre-liberalization India aimed to promote growth in “backward” areas and de-congest large cities. For instance, Bombay’s post-independence development planning was centered on de-concentrating industrial growth within Bombay’s core city and dispersing industrial activities to planned “growth poles” in its surroundings. The other major thrust of urban policy was to discourage migration to Bombay. The 1948 Mayer-Modak Committee Plan, Bombay’s first comprehensive master plan, recommended expanding the city’s administrative boundaries in order to channel growth into satellite towns. Statutes restricted industrial location within the island city, and in 1951, the Bombay Municipal Corporation Act (1888) was amended to incorporate land-use zoning, to ensure that new plants were located in specially zoned areas in outside the city (Shaw
Water and electricity charges for industrial and commercial usage were set high, in order to cross-subsidize residential use and discourage new industries (Shaw 1999). Importantly, the city’s textile mills, the foundation of Bombay’s growth and prosperity in the early part of the century, were exempt from the policy of industrial dispersal. The mills during this period were still an important source of growth and employment in Bombay (D’Monte 2002, Adarkar 2005).

In the 1960s and 70s, a series of “socialist” state-level legislations enabled state authorities to undertake bulk land acquisition for public purposes (Shaw 1994). However, other than land acquisition for New Bombay, very little land was acquired by the state to implement development plans or provide public housing. In fact, there is little evidence that regulations such as the Urban Land Ceiling Act (1967) or restrictions on the sale of industrial land for non-industrial purposes were implemented to any extent (Narayan in Patel and Masselos 2003, Shaw 1994, Mahadevia 2003).

Exemptions to zoning laws or land ceiling regulations, which were allowed for public purposes like low-income housing, were granted on a discretionary basis with little concern for whether projects were actually meeting policy objectives. Aiming to curb migration to Mumbai, the state produced very little low-income housing and restricted the availability of urban land, driving up real estate prices and producing a vast affordable housing deficit.

The decongestion of Bombay, and the promotion of balanced urban growth in its surrounding region required regional planning. The first Mumbai Regional Plan was

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12 In 1954, the Bombay Town Planning Act strengthened zoning regulations and required the BMC to prepare a detailed statutory development plan with enforceable development regulations.
13 The Maharashtra Regional & Town Planning Act, 1966; the Maharashtra Slum (Improvement and Clearance) Act, 1971, the Urban Land (Ceiling and Regulation) Act, 1976; the MMRDA Act, 1974; the MHADA Act 1976.
approved in 1973, and in 1974, the Mumbai Metropolitan and Regional Development Authority (MMRDA) was established in order to implement the plan. The 1974 Regional Plan envisaged the de-industrialization of the core city of Bombay and recommended the dispersal of medium and large industries to surrounding rural areas; the Maharashtra Industrial Development Corporation (MIDC)\textsuperscript{14} was set up to provide the requisite industrial infrastructure. The 1973 Regional Plan was primarily a land-use plan, with little consideration given to financing, investment, or employment. Although the 1973 Plan considered issues of housing, social policy, transportation and rural development, these areas were outside the ambit of the MMRDA. It made recommendations for other Maharashtra state administrative departments, which were not compelled to consider regional plan recommendations in setting their priorities or budgets. The Bombay regional plan had no linkages to the formulation of the Maharashtra State’s Five Year Plan and consequent resource allocation, and the Government of Maharashtra made no efforts in its annual budget to allocate resources for plan implementation. Land use planning was thus divorced from investment planning and uncoordinated across the various state agencies (MMRDA 1995).

The most important outcome of Bombay’s regional planning exercise was the creation of New Bombay (Navi Mumbai), one of the largest planned new cities in India. Conceived as a self-sufficient counter-magnet to the island city, New Bombay was the centerpiece of regional development efforts. In 1971, an independent state-owned corporation, the City and Industrial Development Corporation (CIDCO), was established

\textsuperscript{14} MIDC now develops land for industrial purposes including industrial estates and more recently, special economic zones and parks (Maharashtra has 74 approved SEZ projects). The Corporation acquires and allocates land, and provides infrastructure and services (and most importantly, water supply, a major source of its revenue) in its industrial estates.
in order to create the new city (Shaw 1999). After initiating the project, the Maharashtra government showed little commitment to making New Bombay work. Instead of relocating the Maharashtra Government offices (and numerous government jobs) to New Bombay as initially planned, the seat of government remained in South Mumbai. Under pressure from the powerful builder lobby, the State government, contravening its own industrial policies, allowed a vast land reclamation project in South Bombay, over the objections of environmentalists and planners. The reclaimed land, Nariman Point, became Bombay’s central business district, with some of the highest priced office space in the world today.

Many of the basic assumptions of Bombay’s 1973 Regional Plan proved false – industrial growth in the Mumbai region slowed and formal manufacturing employment fell, with growth primarily in small scale and informal sector. Bombay’s textile industry declined in the 1980s, as small-scale power looms took over. Mill owners, enticed by rising real estate prices, began to close down their mills and move into real estate development (D’Monte 2002). There was little capital investment in the city’s infrastructure during these decades, and it became increasingly overburdened. Although migration rates to the island city dropped, Mumbai continued to attract substantial numbers of immigrants each year (MMRDA 1995). Unlike the mill workers who were housed in “chawls”, single-room barracks provided by their employers, the

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15 The city consists of a series of connected “nodes” or townships, each with housing for different income groups and social and physical infrastructure, with a Central Business District at Belapur. CIDCO built 54% of the housing stock in Navi Mumbai, out of which half is housing for lower-income groups, while the rest was built by private developers or housing cooperatives.

16 Personal interviews, Shirish Patel, planner, SPA Associates, and Darryl D’Monte, journalist and environmental activist.
city’s new immigrants, working in the informal service economy or small-scale manufacturing, lived and worked in the city’s slums and informal settlements.

To summarize this section, Mumbai has had a long history of urban planning and development regulation, centered on the control of urban land. Planning has, however, failed to play an effective role in its two core functions of long-run investment and coordination. In contrast, the regulatory counterpart of planning is of pervasive influence in Mumbai. Regulations have had potent unintended consequences, creating massive informality of housing and employment, and an associated pattern of discretionary decision-making over land, housing, economic activity and service provision. Thus, while urban policy in India during the state planning era ambitiously combined developmental, redistributive and welfare goals, it largely failed to deliver on planning objectives (Mahadevia 2003, Narayanan in Patel and Masselos 2003). Instead, an “unintended city” (Sen 1976), defined by Ashish Nandy as “the city that was never part of the formal ‘master plan’ but always implicit in it” (Nandy 1998, Prakash 2002) grew in the margins and interstices of the planned city.

Urbanization as an engine of development in China

In China, Deng Xiaoping reversed Mao’s development strategies with his “Ladder-Step Doctrine”, which prioritized China’s coastal region for rapid industrial development. As China was opened up to foreign investment, special growth points were designated along the coast, including open economic areas like the Pearl River Delta, special economic zones like Shenzhen, free trade zones, coastal open cities, economic and technical development zones and high-technology parks, designed to attract investors from the adjacent “East Asian Tiger” economies. The country’s
development became dependent on the entrepreneurial capability of local leaders (White 1998), creating a competitive environment amongst China's newly open cities (Friedmann 2005). Local states made massive investments in the Pearl River Delta area, “unlocking” land revenues from state-owned and collectively owned land as well as using domestic and foreign loans, bond issues, foreign investment and commercial bank credits (Choe, Laquain and Kim 2008). Guangzhou, with the two special economic zones (SEZ) of Shenzhen and Zhuhai, became an economic powerhouse, attracting capital as well as technology and know-how from Hong Kong, then still a British Crown Colony.

The opening up of Chinese cities, and the dismantling of urban work units, which formerly provided for the collective needs of their members, meant that municipal governments in post-reform China were faced with a new range of responsibilities along with limited resources from the center (Freidmann 2005). All urban land was declared the property of the state, but could be transferred to danweis or leased to developers (Friedmann 2005; Wu, Xu and Yeh 2007). Land development became the primary source of revenue for municipal states, along with revenues from state-owned undertakings. Urban local governments became responsible not just for providing services but for undertaking profitable urban development projects (Friedmann 2005; Zhang 2009). This “amphibiousness” in the function of local government units led to widespread corruption (Friedmann 2005). In order to spur urbanization, the municipality was redefined to include surrounding rural areas and townships, and rural counties could be “annexed” into the metropolitan jurisdiction by transforming them into urban districts. Chongqing, for example, in central China, which aims to “drive economic
growth through urbanization” (Choe, Laquain and Kim 2008), annexed 23 adjacent districts within an hours drive from the city center, making it the largest urban region in China.

Urban planning was resurrected in post-reform China under the City Planning Act of 1989. “Some sixty-thousand trained, partially trained and even untrained” planners staff city government offices throughout China’s coastal cities (Friedmann 2005), tasked with preparing and implementing master plans. Chinese planners focused on developing “integrated city regions” made up of the central city, small and medium-sized neighboring towns and rural areas, blurring boundaries between urban and rural. Trunk infrastructure – transport and communication, energy, water supply and sanitation, solid waste management systems, are put in place and link cities and towns within the urban region. Within an urban region, migration restrictions are abolished so that all residents are entitled to state services and welfare programs (Choe, Laquain and Kim 2008).

Planning in China, according to Friedmann (2005), and as I found from my interviews, has become increasingly professionalized and research-driven. Professionally trained planners work in state-owned or academic planning institutes that have responsibilities for research and plan development. These institutes, although nominally under the supervision of municipal planning bureaus, have a good deal of operational autonomy (Friedmann 2005, interviews). Economic and spatial planning in China are linked, and urban planning goals have expanded from place promotion and urban development to livability, economic restructuring, equity between urban districts and environmental sustainability17. Planners are also concerned with plan

17 Personal interviews, Dr. Lan Wang, Tongji Academy; Dr. Su Ning, Shanghai Academy of Social Sciences; Dr. Li Jian, Shanghai Academy of Social Sciences
implementation strategies, and the planning process incorporates a growing number of stakeholders in urban development, including different levels of government, the People’s Congress at different levels, foreign investors, global consultants, local development companies, danweis and street offices, residents committees and newly-created business and property owner associations, although there are no mechanisms for the participation of ordinary citizens in the planning process (Friedmann 2005; Zhang 2002; personal interviews).

In addition to long-term master plans, Chinese cities undertake 5-year strategic planning exercises aimed at steering the city’s development and prioritizing state investment\(^\text{18}\). Municipal governments have a range of tools to ensure that plans are implemented, including regulations and development controls and a variety of financing mechanisms. China’s effective municipal governments and relatively strong planning apparatus has allowed its cities to keep pace with urban service and infrastructure needs, even as rapid growth, migration and “entrepreneurial” local development strategies cause an unprecedented urban expansion. China’s migrant workers, or “floating population” remain “outsiders and strangers in cities”, denied formal urban membership and entitlements (Li Zhang 2002), although “hukou” restrictions on labor mobility are gradually being relaxed (Friedmann 2005, interviews).

\(^\text{18}\) personal interviews, Xinhua Wu, Shanghai Municipal Government
2.3 Shanghai’s Transformation

Shanghai’s model of transformation stands in contrast to the locally-driven growth patterns of China’s southern coastal cities, which led China’s economic boom in the 1980s. Shanghai’s transformation into globally-oriented, modern financial center is part of a centralized state project, planned and implemented by Shanghai’s Municipal government with support from the central state. According to Wu (2009), Shanghai’s “re-globalization” is a “strong, state-led campaign to re-scale and re-invent the state in the era of globalization”. Shanghai’s leadership seeks to position Shanghai to become a “global city”\textsuperscript{19} (Zhao and Shao 2008), regaining its former international presence and regional dominance (Wu 2009, Yatsko 2003), but under China’s own terms.\textsuperscript{20} Improving Shanghai’s global competitiveness to set it on par with international centers like Hong Kong and Singapore implies a “leap-frogging\textsuperscript{21}” approach across an entire metropolitan system that calls for centralized state action at the municipal level, including long-term strategic planning, coordination, financial and societal mobilization in order to put in place the required physical, social (including education) and governance infrastructure (Zhao and Shao 2008, Zhou and Chen 2009, interviews). An effective municipal state is thus central to achieving the state’s vision for globalizing Shanghai.

Unlike Hong Kong, Shanghai is not envisaged to be primarily a financial center, but a center for high-technology and capital-based manufacturing \textsuperscript{22}, shipping, research,

\textsuperscript{19} Global Cities are “command and control” nodes with global economic and financial networks, serving global and regional markets, like New York, London, Tokyo and Hong Kong (Sassen 2001).

\textsuperscript{20} In 1842, Shanghai became a treaty port following China’s defeat in the opium wars. The city became an international commercial center, know as the Paris of the East, till the Communist Party came to power in 1949.

\textsuperscript{21} “Leap-frogging” implies a deliberate state strategy to skip stages of development to move ahead to high-value services and manufacturing, the idea behind the state elites plan to re-invent Shanghai

\textsuperscript{22} Shanghai aims to be a leader in bio-tech as well as commercial aviation and shipping
education, arts and culture (Zhao and Shao 2008, Thun 2006, interviews). Moreover, as evidenced by the 2010 Shanghai EXPO, organized around the theme “Better City, Better Life”, Shanghai is the state’s exemplar of modern, urban China, a model for the rest of the country. In globalizing Shanghai, as the state gradually scales back its interventions in certain social and economic spheres (Wu 2009, 2002; Zhu and Chen 2009), it remains the arbiter of modernization and global integration.

New Shanghai

The Shanghai Urban Planning Exhibition Center is prominently located in People’s Square, next to the new Shanghai Municipal Government Building. The Exhibition Center tells the story of Shanghai’s modernization, through a detailed 1:500 diorama of the entire city, multi-media exhibits on the city’s development goals and achievements and special sections on Pudong New District and the 2010 Shanghai EXPO. There are exhibits on the city’s future plans, aimed at making Shanghai an environmentally-friendly “Eco-City”, establishing the region’s largest container port, and developing “9 new cities, 60 towns, 900 villages” within Shanghai’s municipal jurisdiction. A children’s section has games and interactive exhibitions for aspiring planners and urban designers.

Exhibits on Shanghai’s urban renewal, which transformed a dense, low-rise city into a city of skyscrapers, boast about the relocation of 900,000 residents from “shabby and dilapidated housing” into modern, single-family homes. Architectural preservation is considered, so that the redevelopment of Shanghai’s historic courtyard housing into luxury shopping malls preserves and polishes their facades, and the city’s heritage.

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23 Personal interviews, Xinhua Wu, Shanghai Municipal Government; Su Ning, Shanghai Academy of Social Sciences. The city’s 12th Five-Year Plan has the slogan “Creativity Driving”.
buildings are carefully restored and listed. There is, however, little room for nostalgia at Shanghai’s Urban Planning Exhibition Hall. The only sense of the city’s more recent past is a series of hundreds of photographs of Shanghai and its environs taken by an amateur photographer in the 1980s. In 2005, the photographer’s son went back to photograph each spot, and the photographs of old and new Shanghai were juxtaposed. These photographs convey at a glance the degree of Shanghai’s transformation over the past decade, from a low-rise, crumbling and congested industrial town to a city that resembles, in terms of infrastructure and amenities, a “first-world” metropolis.

A striking visual in the Urban Planning Museum shows how green space per capita has increased, from the size of a newspaper in the 1970s, to the size of a room, to the size of house, as Shanghai builds upwards. By 2010, as per the city’s 11th plan, 40% of Shanghai would be “green space”. The Urban Planning museum indicates that Shanghai’s planned transformation is not just an economic project but a social project; echoing Sun Fo’s earlier attempts to modernize Chinese society through “scientific” urban planning (Friedmannn 2005). My discussions about Shanghai’s 2010 World Expo24, similarly suggest that the Expo was as much intended to educate Chinese citizens about modern, urban ways of life as to showcase Shanghai to the world25. The China Pavilion, focused on “Chinese Wisdom in Urban Development”, remains open after the EXPO has closed, and continues to draw bus-loads of visitors from China’s interior, who queue up for three-hours or more.26

In the words of Su Ning, an economic planner from the Shanghai Academy of Social Sciences, a municipal-owned think tank that works closely with the government:

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25 The Shanghai EXPO has drawn over 73,000,000 visitors, the majority from within China.
26 Real time visitor data for the EXPO (http://en.expo2010.cn/yqkl/index.htm)
The Expo is very different from the Olympics. The two events are both like windows for China, but the direction is different. In the 2008 Olympics, the direction of the window is inside, so that all the world can see China. For the Expo, the direction is outside… it’s a chance for people from all over China to know the world, and to see a really modern city. 95% of the Expo visitors were from within China…. in my view, the window from inside to the outside is more important. It’s a very important chance for Shanghai to show its attractions and accomplishments to the rest of China. Shanghai is like a target, a model for the rest of the country, that’s more modern, more international, more green, more tolerant...

The Expo, popularly referred to as the “Economic Olympics”, established that Shanghai was back “at the front ranks of China’s march into the modern age” (Yatsko 2003), a position that had been eroded in the early years of China’s reforms, as Shanghai lagged behind the booming Pearl River Delta cities. The Shanghai Expo’s greatest achievement, according to Municipal Government official, Xinhua Wu, was not its contribution to Shanghai’s infrastructure and urban renewal, its potential economic benefits27, or even Shanghai’s global exposure. Instead, he emphasized the fact that the Shanghai Expo taught millions of Chinese people how to queue.

The economic value of the Expo is just one perspective; a lot of its invaluable achievement is social. It’s changing the mindset that is the most important. So many people came from all over china, and you know

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27 The expos costs exceed its revenues (http://www.china.org.cn/travel/expo2010shanghai/2010-08/09/content_20669780.htm)
people in China don’t know how to queue…well, in the expo, they had to queue for many hours, learn how to respect each other without pushing …to know how to queue is a very critical aspect of civic life. It taught them to be better citizens.

“Develop Pudong, Revitalize Shanghai, be of service to the entire country and be oriented to the World”

In the first decade of China’s reform, Shanghai fell behind the Pearl River delta cities, the chosen sites for Deng’s reform policies. In the pre-reform period, Shanghai had been bastion of socialist industry, in 1980 providing an eighth of China’s industrial output, a quarter of its exports and a sixth of central government revenues (Shao and Zhao 2008, Yatsko 2003). After the reforms, the city found itself surpassed by Guangzhou and Shenzhen in growth and export performance. Unlike these cities, much of Shanghai’s revenues went to the central state, which invested little back into the city. As a result, Shanghai had remained more or less unchanged since the pre-reform period.

Shanghai in the 1980s, in Yatsko’s (2003) description, sounds much like Bombay. In 1986, over 60% of the city households lived in cramped one-room homes without private toilets or kitchens, with an average 4.3 sqm of living space per capita. The city’s infrastructure – roads, sewerage, telecommunications and water supply – dated from before 1949. Traffic was slow and plodding, with traffic speed an average of

28 The slogan for Shanghai’s redevelopment adopted by the city’s leadership (Zhao and Shao 2008)
29 Shanghai was not included in the first wave of Deng’s “experimental” market reforms, because of its importance to Beijing’s revenues and to China’s heavy industry production.
10kmph\textsuperscript{30}, and the city’s public buses were severely over-crowded. It is precisely
Shanghai’s dramatic and unprecedentedly rapid physical transformation over the next
decade, from a crumbling industrial city to a city of sky scrapers and maglev trains, that
have made it a favorite model for other developing world cities, as well as organizations
like the World Bank and the Asian Development Bank. Manmohan Singh, India’s Prime
Minister, \textsuperscript{31} speaking in Mumbai at the 16\textsuperscript{th} Asian Corporate Conference, said:

> When I spoke of turning Mumbai into a Shanghai, many wondered what I
> had in mind. It is not my intention to draw a road map for Mumbai’s future.
> But I do believe that Mumbai can learn from Shanghai’s experience in
> reinventing itself; in rebuilding itself; in rediscovering itself.

How did Shanghai re-invent and rebuild itself? Shanghai’s transformation was an
outcome of the state “re-inventing” itself (Wu 2009) in order to take advantage of global
economic opportunities. Shanghai’s physical and economic transformation into an
“international city” began with the development of Pudong New District in the early
1990s. Urged by Shanghai’s leaders to help revitalize Shanghai’s economy, Deng
Xiaoping, visiting Shanghai in 1989, called on city’s leaders to develop the vast rural
lands of Pudong, across the Huangpu River from the old city of Shanghai\textsuperscript{32}. Deng is
quoted to have said, “I have already retired, but there is one thing I pray that you pay

\textsuperscript{30} The same as Bombay’s peak hour traffic speed today. Average traffic speed rose to 25kmph by 2002, although the number of private vehicles had increased 3.5 times (Wu 2009)
\textsuperscript{32} Shanghai’s rise coincided with Deng’s tapping of Shanghai Communist Party Secretary, Jiang Zemin, at the end of 1989 to take over from him.
more attention to, that is the development of Shanghai’s Pudong. Shanghai is our trump card. Boosting Shanghai is a fast-track lane” (Zhao and Shao 2008).

The development of Pudong thus became a major strategic policy decision of the Central government, rather than a local strategy (Zhao and Shao, 2008). The central government backed Shanghai’s restructuring with a host of “super special” preferential policies, including permission to create a free trade zone within Pudong, to allow foreign banks and to set up new service industries. The center granted Pudong projects the status of “priority national projects” and provided USD 90 million annually in loans (Yatsko 2003, Zhao and Shao 2008). It also made Pudong the site of one of China’s experimental stock exchanges. The Shanghai state’s slogan for Pudong’s development was: “Develop Pudong, revitalize Shanghai, serve the whole country and be oriented to the world.” The planned, “outward-oriented” modern city of Pudong would position Shanghai to be an international center for finance and services, information technology, hi-tech manufacturing, tourism and conventions, and “modern living” (Zhao and Shao 2008, personal interview Tang Jianzhong). Tang Jianzhong, Professor at East China Normal University and the Pudong Academy, was involved in the development of Pudong. Describing its planning process, he said:

The potential of Pudong was the best because there was the whole undeveloped rural area, so it was easier to plan it systematically. But the base situation was the poorest, it was the least developed, all rural. There was nothing there, no infrastructure, barely any roads. The Pudong

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33 Pudong was not designated a “Special Economic Zone”, but “Pudong New Area”, since the preferential policies granted to it by the Central state, in terms of taxation and finance, applied only to Pudong, not the rest of Shanghai.

34 The Pudong Academy of Development is a policy think tank that works closely with the Pudong District Government.
A academy played an initial leading role in the planning and conception of Pudong. The former dean of the Pudong Academy, Prof Yao Xi-Tang took the lead, he invited a lot of famous thinkers and scholars, some senior government officials and planners from the Shanghai Municipal Government. So it was scholars, government advisors and government officials, people from think tanks, universities and functional government agencies, who got together and discussed and developed the strategies and ideas. The scholars were from the fields of economics, spatial planning, strategic planning, different fields related to planning, transport and so on. The top issue was infrastructure, first of all a bridge to connect it to the mainland, and then developing the 5 functional areas. When we built the first sky-scrappers in Lujiazui Financial Centre, no one came...so we got the state-owned banks and corporations to move there first, and we said foreign banks that want to trade in local currency must set up in Pudong.

As the new city of Pudong came up on the other side of the river, older parts of Shanghai underwent a massive state-organized project of redevelopment and urban renewal, beginning in 1992. From Yatsko (2003, p26):

During the decade, Shanghai rebuilt itself more quickly than most observers thought possible. The city flattened old neighbourhoods and erected elevated highways, extension bridges, roads and tunnels, with lightning speed. A 27-km road ringing Shanghai, for instance, shot up in
just two years. The Shanghai government completed two metro lines of a proposed 350-km light rail system.\(^{35}\) Shanghai also laid down millions of digital communications lines, making once tedious phone calls instantaneous. …On a site once dominated by old warehouses on the eastern edge of the Huangpu River in Pudong’s Lujiazui, there soon emerged wide boulevards, towering glass skyscrapers, malls and park space. The west side of the river in Puxi (Shanghai proper) sprouted grand cultural complexes, including a library, a stadium, a museum and a performing arts center.

Shanghai’s capital investment during this period was high, reaching by 2002 USD 46 billion in infrastructure investment and USD 35 billion in housing (Wu 2009). In early 1990s, Shanghai relied on loans from the World Bank, the Asian Development Bank (ADB) and other international financial institutions. The government later set up 10 state-owned investment corporations (Wu 2009). Shanghai also gained substantial central government transfers, and was allowed to use deficit financing. From the mid-1990s, the Shanghai government reformed urban land policies to enable the state to lease land to fund development efforts, raising USD 10 billion in the process (Wu 2009). Finally, beginning in the mid-1990s, the state raised funds through asset management, domestic capital markets, municipal bonds, public-private partnerships and foreign investment (Wu 2009).

\(^{35}\) The Shanghai metro is among the most rapidly expanding in the world. After the first line opened in 1995, the Shanghai Metro system has reached a total length of over 420 km in 2010. (http://www.urbanrail.net/as/shan/shanghai.htm)
Shanghai also focused on improving its acute housing problems, reforming housing policies to enable families to buy apartments. 85% of families living in congested housing conditions were moved to more spacious single-family homes, and another 470,000 households were relocated, sometimes forcibly, to the city’s outskirts due to make way for new infrastructure, commercial and office complexes in the center city. By 2001, the per capita living space of Shanghai residents had tripled, from 4 sqm to 12 sqm (Wu 2009). Hundreds of labor-intensive and polluting industries were removed from the city’s central areas and relocated to its outskirts. The state-owned companies often participated in the redevelopment process, leasing land to developers to redevelop their now prime real estate. As state-owned companies and neighborhood “street-offices” got into the real estate business, much of the city’s building stock was “renewed” (Zhang 2009). Foreign property developers from Hong Kong rushed in to build the multi-story commercial complexes, luxury housing, malls and shopping centers that line Shanghai’s main avenues. Shanghai’s real estate boom resulted in serious problems of corruption and several high-level officials were charged and prosecuted (Friedmann 2005; Yatsko 2003). It also resulted in a real estate glut, with many new commercial and housing complexes remaining unoccupied (Yatsko 2003). According to a planner at the Shanghai Academy of Social Sciences:

In China, private land developers and owners really don't have the sort of very strong power they have in the US. Of course, they have indirect power and informal ties that are very difficult to pinpoint, but they cannot stop or influence too much overall planning, they don't have the power to

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36 Street-offices are an intermediate level of government organization between the state and society (Zhang 2009, Friedmann 2005)
shape regulation of development. In Shanghai, only government has the power to plan and regulate development.... if they want to influence planning and regulation, they have to come to us planners! The Urban Planning Bureau is a municipal government agency, but it must collaborate with and consult Tongji university, which has a very good planning school, and also the think thanks and international experts, which are quite insulated, so its very difficult for real estate and other private interests to influence the process at that level, to influence policy making. Of course, they use their indirect ties and informal channels, like everywhere, but it's at the project-level.

Shanghai’s new openness to foreign investment, its preferential policies, its relatively skilled human resources and its rapidly improving infrastructure and facilities soon drew in foreign investors eager to gain access to China’s growing market. Foreign property developers, retailers, multinational manufacturers, including Seimens, BASF, Intel, IBM and Philips had invested USD 34 billion in 17,620 projects in greater Shanghai by 1998 (Yatsko 2003). International banks, stock brokerages, insurance companies, accounting firms and advertising agencies set up house in Pudong’s new financial services center. The municipal government channeled Shanghai’s new manufacturing FDI into Pudong, and was extremely selective about the type of foreign investment it sought, aiming at technology transfer from blue-chip global multinationals. Globalizing Shanghai, according to Wu (2009), is a state strategy to “use the domestic market to obtain foreign technology”. Technology transfer here means not just specific
technologies, but advanced methods of production and management, entrepreneurial cultures and skills. By attracting global capital and talent to Shanghai, it is assumed that these skills will diffuse amongst Shanghai’s population and contribute to China’s project of economic development and modernization. Thus, Shanghai’s globally-oriented model of development fits within the state’s national development strategy. After its first phase of development, Pudong added new projects, including the Pudong Airport and a deep-water harbor and container port, which have enabled Shanghai to overtake both Singapore and Hong Kong in terms of cargo-handling capacity and become, in 2010, the world’s largest cargo port. The centerpiece of Pudong new district, however, remains the Lujiazui financial district, whose skyscrapers create a distinct skyline for new Shanghai. Describing the Pudong skyline, planner Ning Su said:

The Pudong skyline is in a dialogue with old Shanghai’s skyline, with the Bund. I think all of Shanghai’s citizens can see that…it shows the citizens of Shanghai their past in a new way, because now Shanghai is again an international city. But Pudong is China’s achievement.

Planning and Governance in Globalizing Shanghai

Wu (2009), Zhou and Chen (2009) and Huang (2008) argue Shanghai’s globalization has not resulted in a scaling back of state intervention. Economic globalization “creates a new mentality for growth and justifies the re-engineering of local governance” (Wu 2009). The project of creating a globally competitive city in Shanghai “invokes a sense of urgency under the challenge of globalization. The state mobilizes

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37 Personal interview, Xinhua Wu, Shanghai Municipal Government, Strategic Planning Office
38 http://www.atimes.com/atimes/China_Business/HA07Cb02.html
and sustains social support and in turn has found a survival strategy in the era of globalization." (Wu 2009, p135). As the state allows a greater role for the market and civil society in some areas, including urban development and social welfare, it “re-scales” and “re-engineers” local governance (Wu 2009, 2002). Lower-levels of municipal government become “firm-like”, active agents in local economic development and place promotion, (Wu 2009, Zhang 2009), while the municipal level creates a modern “governable” society and steers and coordinates development strategies. In globalizing Shanghai, urban planning remains an important policy tool for place-promotion as well as social modernization.

As Yatsko (2003), Chen (2009), Markusen and Yu (2009) show, Shanghai has still to achieve its “Global City” ambitions, with its financial center serving primarily as a gateway to domestic rather than international markets and still limited evidence of innovation or entrepreneurialism in its firms (Huang 2008). According to Yatkso, the “hardware” (physical infrastructure) is in place, but Shanghai is still developing the “software” (human capital) required to achieve its global ambitions. Recognizing this gap, the Municipal state 12th year strategic plan has the slogan, “Creativity Driving”. According to Xinhua Wu, an official in the Municipal Government’s Strategic planning office, promoting creativity and innovation as the drivers of Shanghai’s economy is more difficult to do than the state’s earlier project of physical transformation. Physical infrastructure could be planned and then put in place, it just needed planning and capital investment. Developing Shanghai’s human capital to be globally competitive would be a more difficult and complex task for the state. Said Wu:
In the economy, the municipal government is playing less of a role, because Shanghai is becoming a more mature market...there is less need to direct it. But in other fields, the government needs to be strong, to continue to play a role. Like in urban management and planning, security, transport, the police... Shanghai is the safest city in China, some people say in the world. And education. That’s an area where the state should become stronger.... we want to have high quality education, human resource development... we want to emphasize all-round development, not just tests and exams, also sports and art and music. We still need to develop Shanghai as a financial center, it is still quite regulated, but it plays a different role from Hong Kong. We are encouraging small and medium businesses and entrepreneurs, we now have a lot of favorable policies to encourage small entrepreneurs, not just foreign companies, but also local entrepreneurs. If they want to manufacture shoes, maybe Shanghai won’t be the best place, but for skill-based firms, there is more talent in Shanghai.

2.4 Urban Governance and Planning in post-liberalization Mumbai

My account of Shanghai highlighted the central role of the sub-national state in achieving its transformation into an emerging global city. Shanghai’s multi-dimensional and comprehensive urban revitalization required an effective municipal state, capable of formulating and implementing development plans, mobilizing resources and penetrating and organizing society. In this dissertation, I examine Mumbai’s faltering urban transformation project. Initiated by a partnership between city’s state and corporate
elite, the project aimed to position Mumbai as a regional financial center and looked to Shanghai as a model. Using the Shanghai model as a lens, I focus on the role of the sub-national state in order to explain why Mumbai’s urban revitalization efforts have achieved little success.

I now present a brief background on urban politics and governance in Mumbai to establish a context for next two chapters. This section shows that despite India’s moves towards democratic decentralization, there is little substantive local democracy or means for popular participation to influence decision-making in Mumbai. Differences in political regime between Mumbai and Shanghai, democracy and single-party authoritarian rule, thus do not adequately explain Mumbai’s limited progress towards its “world-class” ambitions. Secondly, although the Mumbai region contains a number of municipal jurisdictions and lacks a metropolitan-level state administration, the Maharashtra state has centralized power and authority over the region. In this respect, it resembles the Shanghai municipal state, which controls local districts, towns and villages within its extended urban region. Thus, two plausible explanations for Mumbai’s lack of progress towards becoming a “World Class” city and an international financial center, democracy and the lack of a metropolitan-scale state apparatus, are insufficient. Finally, in popular accounts, corruption explains Mumbai’s problems. As the Shanghai case shows, widespread corruption and globally-oriented urban restructuring are not incompatible; in Shanghai, opportunities for corruption fueled its urban renewal.

Background

Mumbai, or Bombay as it is still called by many of its residents, is India’s largest city and its financial and commercial capital. Mumbai is the capital of the state of
Maharashtra, India’s richest and most industrialized state, and the Mumbai region contributes approximately 40% of the State’s GDP (MEDC 2008). Mumbai houses India’s two largest stock exchanges, the Bombay Stock Exchange, which began operations in 1875 and is the oldest stock exchange in Asia, and the National Stock Exchange. The city is also the center of the Bollywood (Hindi) film industry and India’s media and entertainment industries. Mumbai is a “globalizing city”, linked into global networks of financial, human and cultural capital. Like Shanghai, its urban restructuring project is centered on positioning the city to acquire a greater share of “global city” functions - financial, communication and technical services; high-tech industry; research and development; transnational headquarters – in order to spur economic growth.

Greater Mumbai houses a population of 12 million in an area of 468 sq. km, making it the densest Indian city. Its per capita GDP is more than double that of Maharashtra and nearly triple the per capita GDP for India as a whole (MMRDA/LEA Associates 2007). It has the highest number of billionaires in any Indian city (twenty-three) as well as the largest slum population - over 6.6 million people live in officially recognized slums. Although the city’s economy has grown at over 10% since 2002, a full sixty-five percent of the city’s residents live in slums and informal settlements (MCGM 2009). Approximately seventy-three percent of the city’s households live in one-room homes, due to the severe shortage of affordable housing (McKinsey/Bombay First 2009; MMRDA 1995). Thus, Mumbai is the city that most explicitly displays the clichéd contradictions of Indian urbanization – economic dynamism, sharp socio-spatial inequality, visible and concentrated poverty, dilapidated infrastructure, exorbitant real

estate prices, unplanned and unlovely urban development, contested urban spaces and identities. Despite Mumbai’s service-led growth, the city has suffered a long period of industrial decline and informalization of work. Formal manufacturing employment has been consistently falling since the 1980s, while employment in the informal service sector has grown (MMRDA 1995; MEDC 2008).

Mumbai is surrounded by an extended urban region, the Mumbai Metropolitan Region (MMR), with a population of close to 19 million and an area of 3887 sqkm (MMRDA)\(^\text{41}\). The MMR is an administrative region, not a political jurisdiction or a cohesive urban agglomeration – it covers four districts and 20 municipal jurisdictions and is interspersed with rural areas. The city of Mumbai is the location of economic, political and social power within the urban region. In recent years, however, the economic interdependence between the city and its region has grown, as the organization of economic activities in globalizing Mumbai occurs at a metropolitan scale (MEDC/GoM 2008). Mumbai’s surrounding region has typically been seen as solution to the city’s many problems, of overcrowding, poor infrastructure and high real estate prices. It now provides space for critical urban infrastructure - land for the proposed new airport and container port, and for planned industrial, tourism and knowledge parks, which are all located outside the core city. The city’s surroundings have thus become essential to elite projects for Mumbai’s world-class transformation. As a result, centralized control over the metropolitan region becomes increasingly important and conflicts with demands for more local autonomy.

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\(^{41}\) Overall, the MMR’s population growth rate is higher than Greater Mumbai’s, and the city’s contribution to the MMR population has decreased from 76% to 63% from 1971 to 2001 (MMRDA). Within the MMR, population growth in rural areas is stagnant, while neighboring municipalities are growing rapidly. The MMRs economic base is both industrial and service-based (MEDC/GoM 2008).
The Maharashtra government, rather than a locally elected administration, governs the Mumbai region. The Congress party has been in power in Maharashtra almost uninterruptedly since independence, its support base better-off peasants and the rural elite. The Indian National Congress (INC) Party dominates Maharashtra’s political landscape, along with the Congress breakaway party, the Nationalist Congress Party (NCP), headed by a powerful Maharashtrian leader, Sharad Pawar. A Congress-NCP Alliance has ruled Maharashtra since 1999, with the NCP being the single largest party in the previous two elections. In its early years, the Congress-led government professed socialist leanings and focused on rural development programs, neglecting the cities. Thus, the view that the Maharashtra State government “has little stake in Mumbai” is widespread amongst city elites advocating for more local/city-level autonomy.

The State Government’s anti-urban policy bias has waned in recent years, as globalization and economic liberalization have amplified the economic role of cities and urban regions and spurred competition for domestic and foreign investment between Indian states. As well, the urbanized MMR region is becoming increasingly politically important and now contributes 60 seats to the legislative assembly, out of a total of 288. Finally, Mumbai’s inflated real estate markets, and the political and financial advantages gained through control over urban development, imply that the State government’s stakes in the city’s development have risen.

Although the Congress dominates at the Maharashtra State level, within Mumbai, the right-wing Shiv Sena and its sister/rival party, the Maharashtra Navnirman Sena (MNS) have a powerful hold on the city’s political life. Relying on a pro-Marathi, anti-immigrant, and, at times, anti-Muslim platform, the Shiv Sena is a distinctly urban
political project – its anti-immigrant platform has little appeal outside the city. In recent years, poor immigrants from Bihar and Uttar Pradesh have been the primary targets of the Shiv Sena’s threats. It also engages in symbolic disruptions of public life and damage to public property. The Sena’s constituents are primarily the marathi lower middle classes and an increasingly informalized working class. Within its strongholds, it has an organized, neighborhood-based party structure (Blom-Hansen 2001). The Shiv Sena has some resemblance to an urban social movement in that it is cross-class and ethnicity-based, and it shows clearly how urban social movements need not be progressive.

A Shiv Sena-BJP alliance is currently in power at the municipal level, and the party has run the municipal council for the past seventeen years. Prominent in the Shiv Sena-BJP election manifesto is a promise to curb immigration to Mumbai; the party blames the city’s “collapse” on “outsiders”. The Sena’s influence on the city’s political culture far exceeds its electoral power, with the Sena setting the terms of the debate on the city’s identity. The party, when in power at the State level in 1995, officially changed the city’s name from Bombay to Mumbai. It routinely inflames public debates on questions of urban citizenship and rights to the city, and the ruling Congress party, the NCP and the BJP have done little to challenge the Shiv Sena’s framing of these issues, on occasion engaging in a similar rhetoric.

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42 According to Bremen and Eckert (2003), the dissolution of the mills and the decline of unions destroyed earlier forms of social integration in the working class chawls, and led to the rise of the nativist politics of the Shiv Sena.

43 For example, the ruling Congress recently promoted (and later rescinded) a measure requiring taxi drivers to be fluent in Marathi and domiciled in the state for 15 years in order to qualify for taxi permits.
The Municipal Corporation of Greater Mumbai

Although the opposition Shiv Sena is in power at the municipal level, the elected Municipal Corporation has little power over urban policy-making in Mumbai. Mumbai’s Mayor, selected amongst the councilors of the majority party, is a ceremonial figure with few powers and functions. The elected Corporation plays a limited deliberative or legislative role. The Municipal Corporation of Greater Mumbai (MCGM), established in 1872, is the oldest city corporation in India and retains distinct traces of its non-democratic, colonial roots (Pinto and Pinto, 2005). Other than a short-lived experiment with the Mayor-in-Council system in 1998, the Corporation’s basic structure and functions have remained largely unchanged (Pinto 2008). The legal framework governing the MCGM is the 1888 Mumbai (Bombay) Municipal Corporation Act (MMC Act), which entrusts the Corporation with the responsibility for a number of “obligatory” (water supply and sanitation, roads and drainage, primary education, public health, public markets, registration of births and deaths, building permits and licenses) and “discretionary” functions (including slum upgradation, urban poverty alleviation, secondary and higher education, parks and recreational facilities). Unlike other urban local bodies (ULBs) in the region, the Mumbai Corporation also provides secondary education and medical education, manages its own water supply sources, and provides public transport and electricity through the corporatized BEST (BrihanMumbai Electric Supply and Transport) Undertaking.

The Corporation has two distinct wings, the “deliberative” (legislative) and “administrative” (executive), with powers heavily skewed towards the administrative wing.

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44 Still popularly referred to as the BMC, the MCGM is the planning and civic authority for the 12 million residents of Mumbai city, and, with an annual capital budget that ranges between Rs.4000-6000 crores (approximately USD 875/1312 million), it is the richest ULB in India (MTSU; MCGM)
wing. Elected councilors exercise authority via various statutory committees through their powers of approval over budgetary allocations, expenditures and financial proposals, contracts and appointments to senior posts rather than through legislative or policy deliberations (Pinto and Pinto 2005). Corporators tend to focus on bringing in resources or amenities (schools, playgrounds) to their wards, achievements that are often used to campaign for higher political office. They may also intervene on their constituent’s behalf to the ward administration, to get grievances addressed or stall evictions and demolitions (Pinto and Pinto 2005). The City Corporation elections draw far lower voter turnouts than Assembly or Parliamentary elections. Electoral wards with the highest slum populations have the highest turnout during Corporation elections, thus the city’s slum residents are largely responsible for electing Mumbai’s Corporators (Nainan and Baud 2008). In recent years, middle-class civil society groups have been organizing to influence the tightly contested Corporation elections, particularly in wards with a smaller proportion of slums. In wealthy Juhu, they succeeded in electing an independent so-called “citizens” candidate in the 2007 municipal elections.

Real authority within the MCGM rests with the Municipal Commissioner, a senior officer from India’s bureaucratic elite, the Indian Administrative Service (IAS). The Municipal Commissioner has a fair bit of independent power and autonomy and is not accountable to elected council. The Commissioner and the administrative machinery below the Commissioner’s office have limited engagement with the corporators

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(interviews). By most accounts, the City Corporation is considered more susceptible to external influence and corruption than the Municipal Commissioner (interviews, Pinto and Pinto 2005). Mumbai’s Municipal Commissioner is appointed by the Maharashtra State Government for a three-year term that can be renewed. The post of Municipal Commissioner of Mumbai is considered a prestigious position for IAS officers. It offers a high degree of visibility within the urban public sphere and in the media. Mumbai’s Commissioners have often gone on to become Chief Secretaries of the Government of Maharashtra or to occupy high-level posts at the central level.

The Municipal Commissioner runs a centralized administrative machinery, with planning, finance and execution of projects controlled directly by the Commissioners Office. Within each ward, lower-level municipal officers have few discretionary powers, and lack both the administrative authority and financial resources to respond to local service problems or address ward-level needs (MTSU, interviews). The planning and implementation of capital works such as construction of roads, bridges, sewers and various city facilities are centralized under the Office of the Municipal Commissioner, as is the management of water supply, drainage, Octroi, estates management and public markets. While the MCGM is a relatively well endowed in terms of administrative and technical capacity, it is also plagued by financial mismanagement and inefficiency (Pinto 2008). Over the past several years, it has been undergoing a series of reforms to improve functional efficiency, transparency and service delivery. Governance reforms are related to improving the MCGM’s interface with consumers, and utilizing community-based and public-private partnerships for service delivery.

46 In order to push forward various measures through the Corporation, Municipal Commissioners often make use of a provision by which the Standing Committee must reject any proposal within 15 days otherwise it is considered approved (Pinto and Pinto 2005)
Governance in the Mumbai Metropolitan Region

Urban policy in the Mumbai Metropolitan region (MMR) – urban planning and development, industrial policy, housing policy, transport policy and land regulation is firmly under the control of the Maharashtra State government. The various urban local bodies (ULBs) within the Mumbai region (the Greater Mumbai Municipal Corporation, 7 other municipal corporations and 13 municipal councils) are responsible for the delivery of local services and local-level planning, in accordance with the Metropolitan Regional Plan. Police, highways, major roads and fire services fall under the Maharashtra State government, while the Central government is responsible for Mumbai’s local rail services (National Railways), the port and dock areas (the Mumbai Port Trust) and the airports (Airports Authority of India). Parastatal agencies such as the Maharashtra Metropolitan Regional Development Authority (MMRDA), the Maharashtra Housing and Area Development Authority (MHADA), the Slum Redevelopment Authority (SRA), the Maharashtra Industrial Development Corporation (MIDC), the Maharashtra State Road Development Corporation (the MSRDC) and the City and Industrial Development Corporation (CIDCO) play a key role in Mumbai’s development and planning. In terms of their formal division of powers, the parastatal agencies and the urban local bodies overlap in the areas of urban planning and development regulation, slum improvement, urban poverty alleviation, transport and environment and forestry; however, other than the Municipal Corporation of Greater Mumbai, the metropolitan region’s municipalities have limited capacity or resources to undertake these functions.
The Mumbai Metropolitan and Regional Development Authority (MMRDA)

The MMRDA is the parastatal with the most significant role in urban planning; it is also the primary agency through which the Maharashtra state government exerts its powers over urban development in Mumbai. All major development projects within the metropolitan region, fall under the purview of the MMRDA. The Maharashtra State executive exerts direct influence within the MMRDA through its apex body, the Authority. The “Authority” supervises and controls all the activities of MMRDA and is chaired by the Minister of Urban Development, typically the Chief Minister of Maharashtra. Other than the MCGM, there is no elected representation from urban local bodies. A State-appointed Metropolitan Commissioner, recruited from the IAS, heads the MMRDA.

The MMRDA’s roles in urban governance are multiple, and include development financing and coordination of infrastructure projects, as well as acting as the Regional Planning Authority for Mumbai. While the MMRDA’s major infrastructure projects have been financed through the Central Government and the World Bank, its land development activities constitute its major source of funding, through long-term land leases and more recently, land auctions. Most of the MMRDA’s new projects, such as the Metro Rail, are public-private partnerships, and are expected to raise their own finances. Other than the Greater Mumbai Municipal Corporation, the region’s municipal governments have limited planning capacity and rely on the MMRDA to prepare their

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47 The MMRDA implements various infrastructure projects within MMR, including the Mumbai Urban Transport Project (MUTP), the Mumbai Urban Infrastructure Project (MUIP), the Mumbai Urban Development Project (MUDP), which involved slum upgrading and sites-and-services schemes, and the Mumbai Metro Rail project (personal interview Bhide, MMRDA).

48 The MMRDA in 2006-2007 auctioned land in the high-value Bandra-Kurla complex (BKC), a financial and commercial district in the heart of peninsular Mumbai, raising USD 1.2 billion (Petersen 2009, interview Ashwini Bhide, MMRDA Assistant Commissioner)
city development plans. Thus, the MMRDA provides, in theory, a centralized, powerful, well-financed and insulated co-ordination and implementation mechanism for Mumbai’s urban transformation program, directly under the control of the Maharashtra state executive.

**Post-liberalization Urban Planning in Mumbai**

Liberalization reforms brought about a marked shift in the Maharashtra state’s planning ideology, evidenced in the difference in the plan objectives and mechanisms of 1996 Regional Plan compared to the 1973 Plan. Urban policy is now aimed at facilitating economic growth and improving the quality of life of the city’s residents. This goal, according to MMRDA, “cannot be achieved through sole reliance on public investment, regulations and controls. It calls for an approach that would facilitate increased investment by private sector in infrastructure and other developments, enable appropriate structural changes in the region’s economy and permit adoption of land-use policies that respond to market potential” (MMRDA, 1995). The focus of planning has shifted back to the core city of Mumbai, which is recognized as an engine of economic growth with valuable links to the global economy; the main thrust of urban planning is to strengthen its position as a financial center. Rather than dispersing and restricting industrial and office growth, as in pre-liberalization period, the state’s new planning ideology promotes the concentration of high-growth services – corporate and financial services, retail and media, within the city, focusing less on manufacturing and employment (Banerjee-Guha 2000).

Mumbai’s Regional Plan is an indicative document with few mechanisms for enforcement. The City Development Plan for Greater Mumbai is a however a statutory
plan, and therefore legally enforceable. City plans are prepared by the Municipal Corporation of Greater Mumbai and must be sanctioned by the Maharashtra Government. The Development Plan is not conceived as a dynamic document, reviewed and revised regularly, and mechanisms for plan implementation and monitoring are weak. While Maharashtra laws provide for the collection of development charges on land and buildings in order to fund plan implementation, the Development Plan and the Municipal Corporation’s annual budget are not integrated.

An account of the development of Mumbai’s existing statutory plan shows the dysfunctional process of urban planning. Mumbai’s current plan document was initially prepared for the period from 1981-2001, but sanctioned in 1991. It is now valid till 2013 (MCGM). During the plan’s protracted approval period, the city’s employment profile had drastically changed, with sharp declines in formal manufacturing, and a rise in small-scale manufacture and informal services. There was also an increase in the number of absolute poor, slum residents and underserved urban populations. The Development Plan was not revised to take these factors into account, although it remains a legally enforceable statutory document.

Mumbai’s Development Plan was prepared by municipal engineers (even the Mumbai Corporation, India’s most well-resourced municipal corporation, has few professional urban planners), who calculated requirements for various amenities, services and infrastructures based on out-dated population projections and development standards that bore little relation to realities on the ground. As an

49 The MCGM began the revision of its Development Plan and DC rules in 1976, but it took 15 years for the plan to be approved by the Maharashtra state (Adarkar 2003, interviews)
50 Personal interviews Suyog Seth, former BMC engineer; V.Phatak, former MMRDA Chief Planner; D.T Joseph, former Urban Development Secretary, Government of Maharashtra
example, existing slum areas were designated reserved “open spaces”, since they
could not be formally recognized as slums. Since Mumbai’s Development Plan had
few prospects of being implemented, it was understood that the slums would remain.

Today, however, the Development Plan’s open space reservations have become an
activist cause for civil society groups like Citispace, who seek to “reclaim” Mumbai’s
open spaces. Because the Plan has statutory status, civil society groups have been
able get a Bombay High Court injunction on all slum renewal programs within open
space reservations.

While the Mumbai Development Plan exists primarily on paper, the Development
Control Regulations (DCR) contained within it are key shapers of Mumbai’s urban
development. Mumbai’s development regulations are today a matter of contentious
politics. In 1991, the Maharashtra Government revised the framework of Mumbai’s
DCRs, and geared them towards promoting private sector participation in housing,
urban renewal and urban infrastructure through various development incentives. The
new framework provided incentives for the redevelopment of industrial areas,
“dilapidated” housing and slum rehabilitation. The DCR regulations were revised by the
Maharashtra Government again in 1995, 1999, 2001, arguably to cater to real estate
interests (interviews). The Maharashtra government’s revised development regulations
remain a bone of contention between the municipal and state government.

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51 Formal recognition as an “authorized” slum entitled slums to municipal public services and required
slum improvement activities by the Municipal government.
52 Personal interview, Suyog Seth, former BMC engineer
53 Personal interview, Nayana Kathpalia, Citispace
54 The MCGM formally objected to the Maharashtra states policy on mill redevelopment, which reduced
the land available for public purposes, an objection the Maharashtra government ignored (Adarkar 2003)
Despite the statutory plan and the numerous laws, regulations and policies governing urban development, the implementation of development planning and controls in the city is weak. While the growth of slums and informal settlements are an obvious contravention, there are numerous instances in which development regulations have been violated, such as the building of new office space within the Island city, unauthorized constructions, and the violation of planning agreements. A prominent example is the Hiranandani Complex in Powai, where land acquired by the MMRDA for affordable housing was instead used for luxury housing\textsuperscript{55}. Other than in a few areas such as the new Bandra-Kurla financial center developed by the MMRDA, there is very little urban planning carried out. The redevelopment of mill areas, slums and chawls has occurred in an uncoordinated, piecemeal manner, without sufficient infrastructure or public amenities in place. The unplanned nature of much of the redevelopment occurring under the new regulations places a heavy burden on municipal infrastructure and services.

The Impact of the 74th Amendment

The 73rd and 74th Amendments to the Indian Constitution (1992) established a third-tier of government below the sub-national level, of village panchayats and urban local bodies. Prior to the 74\textsuperscript{th} Amendment, urban local governments in India were creatures of the State governments, which could extend or control their functions through executive decisions rather than legislation (NIUA, 2005). While the 74th Amendment provides a basis for State Legislatures to reform municipal legislation, the

\textsuperscript{55} http://articles.timesofindia.indiatimes.com/2011-09-16/mumbai/30165090_1_mmrda-commissioner-land-scam-mmrda-s-rs
details have been left to the discretion of various state governments, and the extent to which they enact its recommendations varies (NIUA, 2005).

Maharashtra is one of few states to have undertaken legislative measures to implement the 74th Amendment, such as devolving powers and functions to urban local bodies. However, a closer look at the implementation of these measures suggests that that the provisions of the 74th Amendment have been fulfilled “in letter rather than in spirit” (interviews). Spurred by the 74th Amendment, the Municipal Corporation established 16 statutory “local” Wards Committees, each catering to an average population of 645,000. The functions and powers of Mumbai’s Wards Committees, compared to those outlined in the model national legislation, are negligible. Although decentralization of administrative functions and corresponding budget and financial powers to Ward Committees has been on the agenda of municipal reforms, these measures have not been implemented. Wards Committees are dominated by the elected councilors (there are 16-17 in each ward committee), and their selected, often party-affiliated, NGOs and thus tend to be political rather than deliberative forums (Pinto 2005). They have little administrative or operational capacity, and their functions are limited to grievance redressal, suggesting ward-level works and financial approvals to small projects (Nainan and Baud 2008). Wards Committees, in practice, have expanded their mandates, persuading higher levels of government to implement local level programs. Informally, councilors respond to residents’ demands for urban services, providing access to slum areas not legally entitled to them and get involved in slum renewal and real estate development (Baud and Nainan 2008). In their current form, the
Ward Committees have not resulted in more bottom-up planning or improved state engagement and responsiveness to citizens (Nainan and Baud 2008).

Mumbai’s Metropolitan Planning Commission (MPC), established by law under the (MCP Act) 1999 as per the 74th Amendment, is ineffectual. The MPC was set up in 2007 and has met only once since then; its role in regional planning is unclear, as the MMRDA remains the Regional Planning Agency. As it is currently constituted, it lacks the technical and administrative capacity required to perform the functions outlined in the 74th Amendment. There have thus been very limited gains in terms of democratic decentralization in the Mumbai region, despite a nominal implementation of the 74th Amendment by the State of Maharashtra.

**Federal Urban Reforms**

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is a large-scale central government program initiated in 2005 to reform urban governance and improve urban infrastructure. Funding under the JNNURM is tied to a set of urban reforms, some mandatory and others optional. The main thrust of municipal reforms is to ensure that municipalities and parastatals become financially sound, and are able to access market capital for undertaking new programs and expansion of services. A second objective is to improve means for citizen participation and accountability in local decision-making and urban planning through elected local governments. As in the case of the 74th Amendment, although some legislative changes have been made in order to access JNNURM funds, there is little evidence to show that these changes have achieved their intended effect (Janaagraha 2009, NIUA 2007).

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56 [www.jnnurm.nic.in](http://www.jnnurm.nic.in)
Despite legislative changes made as a result of the 74th Amendment and the JNNURM, there are strong indications that the sub-national state has consolidated, rather than devolved, powers over urban development and planning, as control over urban land becomes increasingly important to implement state policy objectives, as well as gain political power and resources. The Maharashtra government is authorized to designate “Special Planning Authorities” within municipal jurisdictions, providing a mechanism for the State government to control planning and development. Special Planning Authorities have the power to acquire land and control development. New parastatal organizations, such as the Slum Rehabilitation Authority, or existing ones such as the MMRDA, are endowed with special planning powers in several areas within the jurisdiction of MCGM and other municipal corporations. In the words of a former Municipal Commissioner, D.M Sukhtankar,

There is in Mumbai overpowering control of State government over Local Government. In the current arrangement, the higher-level state government has powers of decision-making on metropolitan and ULB level issues such as urban planning and land use and development controls. Thus decisions and policies which affect the Mumbai region’s populace are made by the state government, which has little stake in the cities within the MMR, rather than by the respective representative local bodies.

57 In 2008, the Government of Maharashtra passed a resolution appointing private developers of Special Economic Zones (SEZs) as the “Special Planning Authority” for SEZs within the state in areas falling under the jurisdiction of the different municipalities, transferring core state powers to private actors. While municipalities have few mechanisms of control over Special Planning Authorities, they are required to provide social services and infrastructure as in other areas within their jurisdiction. (http://www.indianexpress.com/news/maharashtrasezdeveloperstoactascivicbodies/336948/0)
Civil Society Participation in Urban Governance and Planning

The institutionalization of “invited spaces” for participation is relatively recent in Indian urban governance, and is occurring in conjunction with broader trends towards decentralization and liberalization. There are two kinds of “invited” or formal spaces of participation between the State and civil society, the statutory Ward Committees discussed earlier and a number of non-statutory, partly institutionalized but more influential forums such as the high-level Citizen’s Action Group (CAG), which I discuss in detail in Chapter Three. At the local level, the Municipal Administration has set up an ALM (Advanced Locality Management) programme, providing an interface between local citizens and the city government. ALMs began as organized user groups interfacing with the city administration on local solid waste management, but have gradually expanded their activities and influence at both the city and local level, coordinated by trans-local NGOs such as AGNI (Action for Good Governance and Networking in India). Although initially set-up to include representatives from both middle-class and slum communities, primarily in their role as workers and contractors involved in waste management, ALMs have become dominated by middle-class residents (Baud and Nainan 2008). Because the ALMs are conceived as organizations representing (legal) consumers of municipal services, they emphasize the demands of the middle-classes rather than the urban poor. Over the years, they have moved from a focus on waste management into parks, neighborhood beautification, law and order, environmental issues such as composting and water management, and the prevention of encroachment. The ALMs, in their focus on issues of security, environment, neighborhood upgrading and order, have lobbied for anti-poor measures such as
restricting the activities of informal traders within their localities. Relying on high-level connections to municipal officials, ALMs have “zealously guarded their turf from encroachments and other depredations” (D’Monte 2006). Rather than elected councilors, Mumbai’s ALMs engage directly with the Municipal Corporation’s more powerful executive wing (Baud and Nainan 2008).

The various state-citizen interfaces in Mumbai are all in their infancy and the extent of their institutionalization, let alone effectiveness, in urban governance, is unclear. Baud and Nainan (2008) conclude that the new spaces of participation in local governance have helped middle-class residents to expand their claims on political and public space, and increased local government accountability to these groups. In a report on Urban Governance in the Mumbai region for Bombay First, the governance NGO Janagraha concludes:

There is little scope for public consultation and participation in decision-making, at both the neighborhood level over day-to-day services and local amenities, or at the city and metropolitan level over public amenities and planning. (Janagraha 2009).

Mumbai’s ALMs and the high-level Citizen’s Action Group, discussed in the next chapter, indicate the growing influence of elite civil society in Mumbai’s urban governance and policy spheres. Civil society sidesteps the lower-rungs of the state administration by establishing ties with the state’s upper bureaucracy. In Chapter Four, I argue that Mumbai’s urban governance practices are an arena for contestation between
civil society, with allies in the state’s upper levels, and political society, which engages with elected representative and the lower-rungs of the state.

Following this background chapter, Chapter Three of this dissertation examines in detail a partnership between an influential business-sponsored civil society organization, Bombay First, and the sub-national state, aimed at transforming Mumbai into a “world-class” city over a ten-year period.
Chapter 3

Mumbai’s Faltering Growth Coalition

3.1 Introduction

This chapter examines the origins and nature of the engagement between a business-sponsored civil society organization, Bombay First, and the sub-national state, for Mumbai’s transformation into a “World-Class” city. In emerging economies, cities like Mumbai concentrate high-value economic functions, wealth, talent and skills. They thus have the potential of becoming globally-oriented “first-world” enclaves within developing world nations. I demonstrate that Mumbai’s corporate elite, in order to better integrate Mumbai into the “global space for the operations of firms and markets” (Sassen 2006) are seeking to re-orient and re-shape state intervention rather than dismantle it, contrary to accounts that suggest that the forces of globalization weaken states (Appadurai 1996; Ohmae 1996, Strange 1996). While championing public-private partnership in urban governance, market-based approaches and deregulation, the “World-Class” city agenda calls for more, not less, state intervention in Mumbai’s urban development. It is also significantly concerned with consolidating the overall urban governance framework at the metropolitan-scale. As a result, the sub-national state in Mumbai is being transformed, rather than scaled back, as state policies and practices are re-oriented towards global markets (Brenner 2004; Evans 1997; Jessop 2002; Sassen 2006).

Complicating the literature that infers that state-capital “growth-machines” emerge due to a natural alignment of interests between the state and capital in global capitalism (Guha-Banerjee 1992, 1995; Harvey 1989, 1985; Molotch and Logan 1987), I show that
these alliances are built by entrepreneurial state and business actors. The engagement between Mumbai’s corporate and state elite has shaped the state’s urban policy, which, in a marked change from earlier decades, is now closely aligned with the interests of corporate capital. Influential in bringing about the re-orientation of urban policy is Bombay First, a civic organization set up by the Bombay Chambers of Commerce and Industry (BCCI)\(^58\) in 1995, to bring “the best the private sector can offer” to issues of urban policy and planning. Largely as a result of this engagement, the state, inspired by Shanghai’s transformation into an emerging global city (Chen 2009), has embraced a comprehensive, metropolitan-scale program of infrastructure investment, slum renewal, urban development, legislative and governance reforms, as well as symbolically important “city beautification” measures, in order to make Mumbai more globally competitive and business friendly. The sub-national state has also embraced business-linked civil society as a partner in the city’s governance and planning process, in line with larger trends in Indian governance in the post-liberalization era (Chatterjee 2008, Kohli 2006).

In order to implement Mumbai’s “World-Class” transformation, corporate business requires a sub-national state partner capable of undertaking a set of “developmental” interventions at the local level that are geared towards improving Mumbai’s global competitiveness\(^59\). A “World-Class” urban transformation implies a “leap-frogging”\(^60\)

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\(^58\) The Bombay Chamber (BCCI), founded in 1836, is India’s oldest chamber of commerce. It has historically played an important role in the city’s urban planning and development (Gordon 1978)

\(^59\) Unlike the developmental state model in which national states, aligned with domestic business, employed non-market conforming industrial policy to jump-start industrialization and build long-term national productive capacities (Amsden 2001), the alliance between business and the state in Mumbai around urban restructuring is driven by an impetus to maximize local economic growth through integration in global markets.
approach across an entire metropolitan system that calls for centralized state action, including strategic planning, coordination, financial and societal mobilization in order to put in place the required physical, social and governance infrastructure required to position a city to attract “Global City” functions, as I show in the previous chapter in my discussion of Shanghai\(^{61}\). Market forces are unlikely to deliver these infrastructures, in the absence of state support, coordination and regulation.

Drawing on the developmental state literature (Amsden 2003; Evans 1995; Kohli 2004; Wade 1990), I propose that the effectiveness of the state-business alliance in achieving urban transformation goals is contingent on the capacity of the sub-national state and the nature of the relationship between the state and corporate business. I show that the alliance between the state and corporate-sponsored civil society in Mumbai is tenuous, and the sub-national state apparatus, although formally centralized\(^{62}\), is internally fragmented. The limited capacity of the sub-national state to carry out core state functions of planning, coordination and mobilization of state machinery impedes the implementation of a complex, multi-dimensional program of urban transformation. Thus, despite the growing influence of the city’s corporate elite on the state’s policy agenda for Mumbai, a strong, pro-growth state-business coalition, capable of carrying forward the ambitious restructuring programme has not emerged.

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60 The “leap-frogging” approach implies a deliberate state strategy to skip stages of development to move ahead to high-value services, the idea behind the state elites plan to re-invent Shanghai (See Chapter Two of this dissertation for an account of Shanghai’s transformation).

61 “Global City” functions are high-value financial and corporate services for global and regional markets. As a result of globalization, “real” industries need increasingly sophisticated legal, technological, advertising, accounting, banking and financial services, which cluster in core cities that become strategic nodes in global networks (Sassen 2001).

62 Despite India’s decentralization initiatives, authority over urban governance and planning in Mumbai is centralized at the level of the sub-national state executive, with little scope for citizen participation, and limited powers for urban local bodies.(National Institute for Urban Affairs, 2005) (http://www.niua.org/Publications/research_studies/74caa_v1/Impact%20of%20the%2074th%20CAA-Consolidated%20Report%20Vol%20-%20I_summary.pdf)
Urban development remains piecemeal, contested and uncoordinated, in a sharp contrast to the city chosen by Mumbai’s leadership as a model, Shanghai. As a result, Mumbai’s “World-Class” city aspirations remain a vision rather than a reality and little progress has been made in terms of achieving the Mumbai transformation project’s objectives well into its 10-year time frame.

The chapter is organized as follows. First, I discuss the micro-politics of the “programmatic engagement” between business-sponsored civil society and the sub-national state. By “programmatic engagement”, I refer to a sustained, semi-institutionalized pattern of interactions between the state and Bombay First around a specific program – here, a comprehensive, multi-pronged strategy for Mumbai’s transformation into a “World-Class city” over a 10-year period. I demonstrate how the programmatic engagement between the sub-national state and Mumbai’s corporate elite was constructed by reformist state and business actors in a favorable climate that featured (i) a growing focus on urban policy at the national and sub-national level as global integration and economic growth took hold in India, and (ii) an urban planning apparatus that was largely defunct.

Next, I bring attention to the influence of corporate-sponsored civil society in shaping policy discourses and agendas, culminating in the adoption of Bombay First/McKinsey’s “Vision Mumbai” plan by the State of Maharashtra as the basis for its

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63 The 2010 Foreign Policy Global City Rankings ranks Shanghai at 20 and Mumbai 46. In terms of business activity, Shanghai is ranked number 8. The difference in GDP rankings between Mumbai and Shanghai is far less – Shanghai is 21 and Mumbai 25. (http://www.foreignpolicy.com/node/373401)


65 Although this is an unwieldy term, it provides a better descriptor of what obtained in Mumbai than the terms “growth machine” or “growth coalition” (Molotch and Logan 1987).
urban policy agenda. I argue that this engagement has resulted in an “out-sourcing” of urban planning itself, a core function of the sub-national and local state. These processes indicate that globalization has resulted in the delegation of authority from state to private actors (Picciotto and Mayne 1999), and the marketization, not just of public services, but also of public functions like urban planning (Sassen 2006). The City’s long-term strategic development plan, under Mumbai’s new governance regime, is the product of global firms participating in a competitive international bidding process. Importantly, I show that the new urban planning and policy agenda pushed by Mumbai’s corporate elite does not imply a dismantling of state intervention to allow market forces to lead the way, as the literature on globalization and neo-liberal governance would suggest (Harvey 2005; Hackworth 2007; Jessop 2002). The objective of state intervention is re-oriented towards promoting Mumbai as a magnet for national and global capital, rather than “balancing” Mumbai’s growth or promoting public welfare, the focus of urban planning in Mumbai in the pre-liberalization period. The new urban policy agenda, moreover, consolidates the overall urban governance framework at the metropolitan-scale by creating and strengthening metropolitan-level state institutions. I show how Mumbai’s “World-Class” transformation, a project of the sub-national state executive, has substantively increased the role of metropolitan-level parastatal agencies within municipal jurisdictions, despite measures for the empowerment of urban local bodies mandated under the Indian Constitution’s 74th Amendment. Thus, Mumbai’s

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67 The 74th Amendment Act of the Constitution in 1992 created a third-tier of representative local government in urban areas and listed their powers and functions (http://indiacode.nic.in/colweb/amend/amend74.htm)
transformation under globalization is associated with a re-distribution of power within the sub-national state (Sassen 2006) and a scalar transformation in the organization of urban governance (Brenner 2004, Swyngedouw 2004).

Finally, I reveal the limitations of Mumbai’s new programmatic state-business engagement in achieving its goals and affecting a Shanghai-like transformation of Mumbai into a “world-class” city. The central reason for this failure, I propose, is the ineffectiveness of the sub-national state. Policy making, legitimizing development goals, coordination, mobilization of state resources and the management of conflict and displacement are core state functions and, at the metropolitan scale, cannot be performed by private actors or civil society, although they can be conducted in partnership or consultation. A large-scale, multi-pronged and contested urban transformation program thus requires significant state developmental capacity. State developmental capacity is defined as the ability of states to formulate and implement policy (Kohli 2004). Effective developmental states are centralized and internally cohesive, with a competent bureaucracy and close ties with business (Kohli 2004, Evans 1995). Moreover, they have “infrastructural power” to penetrate society and implement policy throughout their territory (Mann 1984).

In Mumbai, I show that a formally centralized, pro-business sub-national state has been unable to consolidate its partnership with corporate business in order implement its transformation program. Although institutionalized forums for state-business-civil society interaction at the highest levels to “push the state” have been created, I show that these have had little impact in terms of mobilizing state machinery in order to implement urban policy or put in place the central elements of the Mumbai
transformation agenda. Examining in detail the process of urban policy-making and implementation in Mumbai, I show that the state elite’s capacity to build support for its development goals within the state, and to mobilize state machinery in order to implement them is limited. I further show that the state apparatus in Mumbai is internally fragmented. Due to the fragmented nature of the sub-national state, its infrastructural power “through” society (Mann 1984) is weak, and its capacity to implement policy within its territory is compromised. Thus, the compelling and controversial vision of transforming Mumbai into Shanghai remains a pipe dream. In the next chapter of this dissertation, I situate the state in relationship to social forces (Migdal, Kohli and Shue 1994) in order to explain the fragmented nature of state power in Mumbai.

3.2 The Mumbai Transformation Project: An Engine Run out of Steam

On an August afternoon in leafy Malabar Hills, the first meeting of Mumbai’s Citizen’s Action Group under the new Chief Minister of Maharashtra, Ashok Chavan, took place at the Government’s Sahyadri Guesthouse. The “Citizens’ Action Group” (CAG) was an advisory body of 30 “eminent citizens” from industry and civil society, that had been convening regularly over the past five years in order to keep the government on track in its efforts to transform Mumbai into a “World-Class” city by 2013. A statutory body instituted through a special government order and chaired by the Chief

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68 Mumbai is the capital of the Indian state of Maharashtra.
69 Maharashtra’s current Chief Minister, Prithviraj Chavan, a technocrat who had previously served in the Prime Minister’s Office, remains a strong supporter of the Mumbai transformation project (http://articles.timesofindia.indiatimes.com/2011-10-04/mumbai/30242048_1_rail-corridor-prithviraj-chavan-central-funding).
70 Citizen’s Action Group, Memorandum of Association, Mumbai 2006
Minister of Maharashtra, the CAG was set up, in the words of a senior official, to be “external chain pullers, if the engine was stuttering or loosing steam”\textsuperscript{71}. The engine here was the sub-national state, specifically a special “Empowered Committee” headed by the state’s top bureaucrat, to drive and coordinate projects amongst the numerous state departments and parastatal agencies. The Empowered Committee was stewarded by a special “Mumbai” Secretary who reported directly to the Chief Minister and acted as a liaison with Bombay First, the state’s corporate partner. The task at hand was the implementation of “The Mumbai Transformation Project”, a multi-faceted agenda to transform Mumbai, through infrastructure upgradation, urban development, slum renewal and governance and policy reform, into a business-friendly, globally competitive and livable city.

The CAG was established at the urging of Bombay First, an organization founded in 1995 by the Bombay Chamber of Commerce and Industry (BCCI) India’s oldest chamber of commerce, to promote and support growth-oriented development strategies in Mumbai. Bombay First came into prominence after a 2003 Bombay First-McKinsey “Vision Mumbai” report\textsuperscript{72} was adopted as the blueprint for the Maharashtra Government’s efforts to transform Mumbai into a “World-Class” city and an international financial center. Vision Mumbai became the basis of the state’s subsequent Mumbai Transformation Project\textsuperscript{73}, and Bombay First the sub-national state’s corporate-sponsored partner in a growth-oriented partnership.

\textsuperscript{71} Sanjay Ubale, former Secretary Special Projects, Government of Maharashtra, in interview 6 July 2010
\textsuperscript{73} Government of Maharashtra. 2004 “Transforming Mumbai into a World Class City”. February 2004
The Citizens’ Action Group was one of Bombay First’s proudest achievements, the cornerstone of a formal partnership between business, civil society and the state for the city’s betterment. In the governance of Indian cities, it was unique, the “first institutionalized public-private partnership for urban renewal” according to the chairman of Bombay First, but well in line with broader trends towards business-oriented governance reforms in liberalized India (Kohli 2006, Chatterjee 2008). The CAG, and the larger pattern of programmatic engagement between Bombay First and the state, was an example of the growing power of “civil society”, over “political society” in the governance of Indian cities in contemporary India (Chatterjee 2006, 2008).

I had spent about a year in Mumbai, conducting an ethnography of Bombay First as part of my field research on urban restructuring in Mumbai, when I finally got an opportunity to observe this institutional innovation in practice. The meeting began promptly when Ashok Chavan, Chief Minister and Chairman of the Citizens’ Action Group, walked in, exuding a brisk and purposeful air. He was accompanied by the Deputy Chief Minister, several cabinet ministers and an array of state-level and municipal bureaucrats. Mr. Chavan belonged to the Congress Party, which had ruled Maharashtra almost uninterruptedly since India’s independence. The Deputy Chief Minister belonged to the Nationalist Congress Party (NCP), a coalition partner in the

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74 Narinder Nayar, Chairperson Bombay First, personal interview
75 Partha Chatterjee (2006, 2008) distinguishes between civil society, constituted largely by the urban middle classes and aligned with corporate capital, and political society, the space of peasants, petty producers and informal workers in Indian politics. In chapter 4, I discuss the relationship between civil society, political society and the sub-national state in Mumbai.
76 The Indian National Congress has ruled Maharashtra uninterruptedly since the state’s founding, except for a five-year period from 1995-1999, when the Mumbai-based nativist Shiv Sena party ruled the state in coalition with the right-wing Bharatiya Janata Party. The Shiv Sena has held power at the local level in Mumbai for 20 years. See chapter 2 for more details on Mumbai’s politics.
77 The NCP is a Maharashtra-based regional political party formed as a break-away party from the Indian National Congress (INC) in 1999
Maharashtra administration. The Municipal Commissioner of Mumbai, chief executive of the municipal administration (BMC)\textsuperscript{78}, his two deputies, the Commissioner of Police, and the Metropolitan Commissioner, chief of the Mumbai Metropolitan and Regional Development Authority (MMRDA) were also present, as were the heads of various other parastatals – the Maharashtra Housing and Area Development Authority (MHADA), the Slum Redevelopment Authority (SRA), the Maharashtra State Road Development Corporation (MSRDC)\textsuperscript{79}. The state had turned out in full force.

Of the business and civic leaders who comprised the CAG, the turnout was less impressive. The scions of the Mahindra’s, Godrej’s and Tata’s–Mumbai’s storied and powerful business houses, and the heads of the major national banks, the Housing Finance and Development Bank (HDFC)\textsuperscript{80} and ICICI\textsuperscript{81}, were absent. These individuals were governing board members of Bombay First and had played an important role in setting up the Citizens’ Action Group, yet they were missing from this important meeting. Corporate industry was not entirely absent - senior representatives from Reliance Industries, Reliance Anil Dhirubai Ambani Group (RADAG) and the Chairman of Tata Consulting Services were present – all three conglomerates are key actors in Mumbai’s planned infrastructure and urban development projects\textsuperscript{82}. Civil society was represented by the middle-class governance-focused NGO, AGNI (Action for Governance and Networking in India), once closely aligned with Bombay First\textsuperscript{83}.

\textsuperscript{78} BrihanMumbai Municipal Corporation (BMC) or Municipal Corporation of Greater Mumbai (MCGM)
\textsuperscript{79} See Chapter 2 for more information on Mumbai’s governance structures
\textsuperscript{80} The Housing Development and Finance Corporation (HDFC), India’s largest housing finance company, is a financial services conglomerate headquartered in Mumbai.
\textsuperscript{81} ICICI, headquartered in Mumbai is India’s largest private-sector bank
\textsuperscript{82} Disputes between Reliance Industries and RADAG are also blamed for the delay in Mumbai’s infrastructure overhaul (http://www.rediff.com/money/2007/aug/06ambani.htm)
\textsuperscript{83} Both organizations share board members and were founded by governance activist and former bureaucrat B.G Deshmukh
Arputham, President of the National Slum Dwellers Federation, and Sheila Patel from SPARC, two well-known NGOs representing Mumbai’s urban poor were notably absent. In the early years of the CAG, the majority of the “eminent citizens” selected to the advisory group had participated in the meetings regularly; today the turnout was about half. According to a Bombay First employee, the declining participation had been a trend since 2007.

Deepak Parekh (the Chairman of HDFC Bank), Noel Tata of the Tata family, Anand Mahindra of Mahindra and Mahindra, Rupa Shah, vice-chancellor of SNDT university, BG Deshmukh, the former Cabinet Secretary, Gerson Da Cunha from AGNI, Jockin Arputham from the National Slum Dwellers Federation… they all used to come very religiously in the early days. Today there is only Anand Jain from Reliance, amongst the big-wigs.

Why, I wondered, had the turnout fallen, both amongst business leaders, as well as the civil society representatives of the urban poor, the two groups with most at stake in Mumbai’s transformation efforts?

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85 CAG meeting minutes 10 August 2010.
86 This observation was confirmed by review of minutes of CAG meetings from 2005 onwards.
87 Noel Tata, heads the Tata Group’s retail business and is considered a potential candidate to takeover leadership of the Tata conglomerate on the retirement of his half-brother and current chairman Ratan Tata. (http://articles.timesofindia.indiatimes.com/2010-07-30/india-business/28303766_1_tata-international-tata-brand-tata-group)
88 Anand Mahindra is Vice-Chairman and Managing Director of the Mahindra Group, an Indian multinational conglomerate headquartered in Mumbai.
89 DaCunha, a former chairperson of Bombay First and convenor of the governance-NGO AGNI, was present at the CAG meeting.
The Citizens’ Action Group meeting began with a run-through of the status of the various infrastructure and urban renewal projects that formed the core of Mumbai’s transformation agenda – the new metro and monorail projects that would supplement the overburdened commuter rail, the coastal Sea-Link and Trans-Harbor expressways, the proposed new airport, upgrading the city’s congested road networks, and the redevelopment of the Dharavi slum. Bombay First, along with its counterpart within the government, the Mumbai Transformation Support Unit (MTSU), was responsible for organizing CAG meetings.

The Mumbai Transformation Support Unit was a strange creature, a government entity that functioned primarily as an interface between the state and its business/civil society partners. It was thus a core element of the emergent partnership between the state and corporate-sponsored civil society in Mumbai. Funded by the World Bank in order to provide technical and intellectual support for Mumbai’s restructuring, the Mumbai Transformation Support Unit was the “brain”, or in-house think-tank, of the transformation project. But like Bombay First, it had few professional and technical staff members, and relied on global consulting firms for its expertise. The MTSU had a particularly close working relationship with McKinsey India.

The run-through, provided by the project manager of MTSU with a markedly optimistic bent, indicated that other than the Mumbai Monorail and Metro projects, both supported by external development funding90, many key projects were delayed or stuck. A case in point is the “Sea-Link”, a tolled coastal expressway, connecting the City’s central business district, Nariman Point, on Mumbai’s southern tip, to its central and

90 www.mmmrda.org
western suburbs\textsuperscript{91}. The project had been conceived in three parts, and the first part, the Bandra-Worli Sea-Link, a 5.6 km long white suspension bridge that became operational in 2009\textsuperscript{92}, had quickly become Mumbai’s newest icon. Although a complex engineering feat, the first portion of the Sea-Link had caused little displacement. Executed by a newly created state parastatal, the Maharashtra State Road Development Corporation (MSRDC), as a public-private partnership, the Sea-Link was intended to reduce commuting time for private and commercial vehicles between the central suburb of Bandra, where the city’s new financial center was located, to Worli, in South Bombay.

The second phase of the Sea-Link was proceeding with, according to the MTSU, “minor issues”. The minor issues were a continuing disagreement over the alignment and execution of the middle-portion of the coastal expressway. The Sea-Link’s “Haji Ali” stretch would pass through a historic and politically sensitive part of town. A long, involved discussion between the Chief Minister and the Deputy Chief Minister ensued over whether the connection should be a Sea-Link style bridge, an underground tunnel or a coastal freeway, and then moved on to technical details such as entry and exit points. As we listened to the discussion, an elderly civil society member grumbled, “The Haji Ali stretch has been under discussion for the past five years I’ve been on the CAG.”

The dispute related to political divisions within the state administration - both the Congress Party and its ruling ally, the Nationalist Congress Party sought credit for building the iconic Sea-Link. The Congress-led Maharashtra government had declined

\textsuperscript{91} Mumbai’s suburbs are not suburbs in the sense of US suburban areas; they are urbanized parts of the “Greater Mumbai” municipal jurisdiction.

\textsuperscript{92} The project, initiated in 1999, was implemented by the Hindustan Construction Company. The Bandra-Worli Sea-Link cost approximately 5-times as much as estimated, and was completed 5-years later than scheduled. (http://www.dnaindia.com/mumbai/slideshow_looking-back-frustration-and-elation-of-building-the-bandra-worli-sea-link_1560872-4#top)
to provide the Roads Corporation (MSRDC), which was associated with the Nationalist Congress Party, with viability gap funding, or state support to a public-private partnership project in order to make it commercially profitable. Instead, it had set up a committee to look into the option of a cheaper, but potentially more environmentally damaging, coastal road or underground tunnel, instead of a “Sea-Link” type bridge.

Another landmark project in the Mumbai transformation plan, the Mumbai Trans Harbor Link (MTHL), a proposed 22-km bridge linking Mumbai’s island city with Navi Mumbai on the mainland, was similarly disputed. The tussle over the MTHL, like the Sea-Link, was an open political battle between the NCP and the Congress Party. Initially an MSRDC project, given the Roads Corporation’s mandate and experience with the Sea-Link, the project had recently been given over to the Congress-associated MMRDA.

These cleavages within the sub-national state administration emerged again when the discussion proceeded to Mumbai’s much-needed road development projects, most of which remain unimplemented from the city’s two previous Development Plans. These included north-south and east-west highway corridors within Mumbai proper, the widening of major arterial roads, expressways linking the island city with business districts in neighboring metropolitan municipalities, and district and feeder roads.

93 Nearly a year later, the project remains delayed, due to a “tussle over the release of the viability gap funding” between the Maharashtra Government and the state-run Maharashtra State Road Development Corporation (MSRDC) executing the project. (http://www.indianexpress.com/news/tussle-with-cong-ncp-arm-plans-to-go-to-cen/656624/)

94 “Mumbai’s second sea-link unlikely” Down to Earth Magazine (http://www.downtoearth.org.in/content/mumbai-s-second-sea-link-unlikely)

95 This project has also been delayed due to disputes over technical and financial feasibility considerations. The Trans-Harbor link was conceived in the 1970s as part of then planned development for New Bombay. The absence of adequate transport linkages between Mumbai proper and New Bombay impeded New Bombay’s growth.

96 “MMRDA will build Trans-Harbor Link” India Express, 8 April 2011 (http://www.hindustantimes.com/StoryPage/Print/673127.aspx)
Mumbai’s roads are some of the most congested in the world. A network of 55 poorly-planned flyovers across the city built by the Shiv Sena government in the late 1990s, had done little to ease traffic problems, while long-standing municipal and metropolitan road development plans had been left unimplemented, due to “resource constraints and lack of an institutional framework for metropolitan transport (MMRDA 1995).”

Again, there was a back and forth over which state agency – the Municipal Corporation, the MMRDA, the Public Works Department or the newly-created Maharashtra Roads Transport Corporation (MSRDC) was responsible for which works, where the funding should come from, and whether these projects were indeed necessary, a long discussion that was not resolved in the meeting. Unlike the bigger, more glamorous and visible projects such as the “Sea-Link” or the Trans-Harbor bridge, none of the state agencies were eager to take on the more routine arterial road works, the carrying out of which often meant complex negotiations over the displacement and rehabilitation of businesses and homes, many of which had uncertain legal status.

Neither were these projects suitable for lucrative “public-private” partnerships. The proposed East-West corridor, the Sion-Panvel expressway, for instance, ran through dense built up areas, mostly industrial slums, and required an “urban re-engineering”

98 Mumbai’s vehicle density is 700 vehicles per km of road. The average speed of BEST public buses within the city is 10kmph during peak hours. The number of private vehicles registered in Mumbai doubled between 1991 and 2001, and each year since 2005 has been increasing by 20%, while road lane mileage increased by only 1% (MMRDA 2007).
99 To avoid the sluggish road traffic, I travelled by the Mumbai "locals", a commuter rail service run by the national railways that functioned as the city’s lifeline. The trains are known for their punctuality and efficiency, but with an average of 4100 commuters crammed into each car during peak hours (down from 4500 after the first Mumbai Urban Transformation Project), are daily reminders of Mumbai’s dysfunctional functionality.
100 As I discuss in greater detail in Chapter Four, a majority of homes and businesses in Mumbai are located on the margins of state and municipal laws.
approach. Although the project had been opened to private bids, no consultants had expressed interest, leaving the project to the MSRDC. The meeting became fraught as the MSRDC Chief argued that it had little experience in resettlement and rehabilitation, particularly in Bombay’s complex and fragmented terrain, while the MMRDA Chief grumbled that the MMRDA should be not required to undertake long-planned municipal road works – these were the responsibility of the Municipal Corporation. The BMC meanwhile complained that it was overstretched and overburdened, lacking both resources and expertise. The Chief Minister, on the other hand, urged the MMRDA to take on more responsibilities.

The conflict over which agency was responsible for which project was not a matter of a technocratic division of responsibilities and resources. Underlying the back and forth at the CAG meeting was the widespread understanding that the Metropolitan Development Agency (MMRDA), the Municipal Corporation (BMC) and the Roads Corporation (MSRDC) were each associated with distinct political parties. Although the Municipal Commissioner was a Maharashtra state-appointed bureaucrat, the opposition Shiv Sena was in power at the municipal level and had been for the past two decades. Thus, the sub-national executive relied on the MMRDA, directly under the Chief Minister’s authority, to show that it was committed to Mumbai’s betterment. This was why both the BMC and MMRDA built public toilets in slums with the name of the agency emblazoned on the structures, and why the Chief Minister wanted the MMRDA to expand its role within the municipal corporation’s territory. The state in Mumbai, clearly, was not a cohesive whole but a multi-dimensional collection of parts with differentiated links to social intermediaries, political parties as well as civil society organizations such
as Bombay First (Evans 2002, Pierre 1999). Furthermore, as sub-national state agencies took on more powers within the municipal jurisdiction, the distribution of power and responsibilities between parts of the state was shifting, albeit in a contested fashion\textsuperscript{101}, as a consequence of Mumbai’s globally oriented restructuring (Sassen 2006).

The policy changes and governance reforms that were as a central to Mumbai’s transformation agenda as infrastructural projects were touched upon in a desultory fashion. These included the setting up of new, metropolitan scale state institutions to manage a globalizing Mumbai, including a Metropolitan Planning Committee\textsuperscript{102}, an integrated metropolitan transport authority to oversee regional transport\textsuperscript{103} and an independent, “ring-fenced” Mumbai Development Fund\textsuperscript{104} to support core infrastructure projects. A so-called “quick win” proposed in the influential 2003 Bombay First/McKinsey “Vision Mumbai” Report, the Mumbai Development Fund was considered a key institutional mechanism for Mumbai’s evolution into a “global megapolis” (Bombay First/McKinsey 2003).

\textsuperscript{101} See Pethe, Gandhi and Tandel, “Assessing the Mumbai Metropolitan Region: A Governance Perspective” Economic and Political Weekly 2011 Vol XLVI Nos 26 & 27, for a detailed analysis of the relationship between the MMRDA and the BMC in Mumbai’s governance.

\textsuperscript{102} A Metropolitan Planning Committee (MPC), mandated for all metropolitan cities under the 74th Amendment of the Constitution of India, was authorized under the Government of Maharashtra Metropolitan Planning Committee Act of 1999, but it has yet to be made operational.

\textsuperscript{103} In 2008, a Unified Mumbai Metropolitan Transport Authority (UMMTA) was created, inspired by global cities like New York and Singapore.” (http://articles.economictimes.indiatimes.com/2008-03-02/news/27696957_1_unified-transport-authority-public-modes-mmrd).

The UMMTA has no formal powers, budget or independent staff or indeed visible presence. In 2011, the MMRDA proposed incorporating it within the already overstuffed MMRDA. (http://articles.timesofindia.indiatimes.com/2011-02-09/mumbai/28547726_1_mmrda-transport-planning-core-committee)

\textsuperscript{104} In 2007 Mumbai Development Fund proposal was in line for cabinet approval, but by 2011, it remained unimplemented. (http://www.dnaindia.com/mumbai/report_development-fund-may-get-cabinet-nod_1100205). It is to be funded through a combination of state revenues through development premiums and fees, which currently go to the MMRDA, central government transfers and municipal debt.
Other policy changes included the institution of development fees and premiums as a source of revenue for the state, property tax reforms and streamlined systems for building approvals and landuse conversion— but none of these measures had been put in place. Obtaining building approvals was one of the biggest bottlenecks to setting up a business in Mumbai, according to a World Bank study, its procedures more time-consuming and complicated than 16 other Indian cities\textsuperscript{105}. No substantive discussion occurred, nor were decisions or commitments made on these issues, but all were “to be looked into”. These reforms had been on the state’s policy agenda since the initiation of the Mumbai Transformation project in 2004, and, in terms of property tax reforms and streamlined landuse conversion and building approval processes, long before.

The state’s capacity to mobilize financial resources for public purposes is a central element of state capacity. In Mumbai, while the Municipal Government’s extractive capacities were strong\textsuperscript{106}, its tax revenues fell short of budgetary requirements to meet development plan goals. The municipal administration’s efforts to revise Mumbai’s inequitable property tax regime in order to reflect the capital value of properties rather than their “official” rental value (far lower than rental market values due to rent control laws) were repeatedly stalled by state and municipal legislatures\textsuperscript{107}. Development fees— one-time charges to offset the public-service costs of new developments - were

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\textsuperscript{106} The MCGM is India’ richest municipal body, and finances its operating budget entirely through its own revenues. Its largest revenue source is Octroi (60%), followed by property taxes (18%). It also collects fees from service delivery (public health, transport, water supply and education), and receives a transfer from the Maharashtra state’s entertainment tax receipts (www.mcgm.gov.in). Revenues from property taxes are low because property taxes in Mumbai are assessed based on the rental value of properties rather than their capital value. “Official” Rents in parts of Mumbai, including the city’s wealthiest enclaves, were frozen due to rent control laws dating from 1940.
minimally applied, despite being a major potential revenue source that had been legislatively approved in 1993108. Thus, when new high-rise developments came up as a result of urban renewal or new development, these did not add proportionally to state and municipal coffers, while requiring a substantive intensification in already overstretched municipal services. Paradoxically, then, the state starved itself of resources from commercial real estate development and property taxes, making the logic of “growth machine” led development, which argues that both the state and developers have a financial interest in promoting commercial urban development over community needs, moot (Molotch and Logan 1987, Petersen 1981).

The CAG meeting proceeded in this fashion for nearly two hours, running through a laundry list of projects related to Mumbai’s transformation plan, from an expansion of the Mumbai Aquarium, to a rapid transit bus system, to starting a mass ferry transit system, to re-invigorating the city’s night life, to “beautifying” various parts of Mumbai, from Marine Drive to the underbellies of flyovers109. The CAG meeting discussions indicated that well-over halfway into the timeframe for the Mumbai Transformation agenda, few of the elements that the city’s leadership had envisaged as necessary in order to make Mumbai a “World-Class” city were in place110.

The meeting then ended abruptly, when the Chief Minister, looking at his watch, rushed out, just as a group of McKinsey consultants were about to begin a presentation

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108 1993 Amendment to the MMRDA Act
109 “Beautification” is used as a euphemism for removing encroachments from pavements and public areas and then keeping them off; although it has little direct impact on growth or quality of life, it remains a central concern of the business and state elite, indicating that looking like a World-Class city (without pavement dwellers or street hawkers) is integral to becoming a World-Class city. “Beautification”, also, significantly becomes a visible indicator of an effective state that does not tolerate open violations of municipal laws and regulations.
110 A list of the core elements of the Mumbai transformation project can be found at MTSU’s website (http://www.visionmumbai.org/projects.aspx)
on “Last Mile Connectivity in Infrastructure”. The first slide read “6 policies to produce results. 100 days to build momentum”, but the presentation never took place as the entire cohort of state officials left immediately after the Chief Minister. A security consultant and former Scotland Yard official from London, who had earlier made an unrelated presentation on urban security issues and London’s CCTV-based surveillance system, had remarked at the beginning of his presentation, perhaps ironically, “What a privilege it is to see high-level decision-making in action”.

Having sat through the meeting, I was no longer surprised that many of the original members of the CAG from the business community or civil society no longer attended the meetings - what happened in the CAG seemed to have little bearing on the state’s priorities or actions. If the CAG was intended to push the state at the highest level to resolve bottlenecks, tackle coordination issues and take-on new ideas from business and civil society, there was little evidence that it had achieved this goal. For NGOs representing the city’s poor, the CAG served little purpose. Rather than being a forum that incorporated the views of a cross-section of civil society groups into urban policies, the Citizen’s Action Group was pre-committed to a program of action, the Vision Mumbai plan, defined by Mumbai’s business elite\(^\text{111}\).

The CAG, then, was clearly not working the way it was intended to. Why then have I devoted so much time to it? The chronicle of dysfunction that I described illustrates key problems of the alliance between the state and corporate business for Mumbai’s transformation. It illustrates organizational cleavages and coordination problems within the sub-national state, the political rather than technocratic nature of urban decision-

\(^{111}\text{From the Citizen Action Group’s Memorandum of Association, the CAG is intended “To become a citizens’ driving force and watchdog in the implementation of Vision Mumbai plans and strategies”. (CAG Memorandum of Association 2005)}\)
making and the contested nature of shifts in urban governance as a result of Mumbai’s restructuring under globalization. Finally, it shows the tenuous nature of the state’s ties to corporate-sponsored civil society, suggesting that despite the growing influence of corporate business over urban policy and governance in Mumbai, the alliance between the state and business elite is ineffective in terms of “pushing the state” to implement policy. I now examine in detail the origins and nature of the partnership between the state and business-sponsored civil society around Mumbai’s “World-Class” project.

3.3 Background: Bombay First

Bombay First was established in 1995 as a registered non-profit society within the Bombay Chamber of Commerce and Industry (BCCI), with the objective of “sponsoring, promoting and supporting policy initiatives for the betterment of Bombay and the welfare of its inhabitants”; by “coordinating with Central and State governments, the Municipal Corporation and other government and non-government agencies on public welfare programs, policy initiatives and research work for the city of Bombay and its residents”\textsuperscript{112}.

The idea for a state-business partnership for Bombay’s\textsuperscript{113} renewal began with Mr. B.G Deshmukh, one of India’s senior-most bureaucrats. Deshmukh, after serving as Cabinet Secretary to the Government of India in New Delhi and Principal Secretary to several Prime Ministers, returned to Bombay in 1992 to join the Board of Directors of Tata Sons\textsuperscript{114}. Deshmukh, who ran Bombay’s municipal administration as Municipal

\textsuperscript{112} Bombay First, Memorandum of Association, 1995
\textsuperscript{113} Bombay’s name was officially changed to Mumbai in 1996. When referring to events prior to that date, I use Bombay
\textsuperscript{114} The Tata group is an Indian multinational conglomerate with interests in steel, motor vehicles, chemicals, IT, power, retail, food and beverages and hotels, established in Bombay in 1868. Tata
Commissioner in the early 1970s\textsuperscript{115}, returned to find Bombay “a mess”\textsuperscript{116}, a result of decades of unplanned growth, inadequate and deteriorating public infrastructure and services, burgeoning slums, industrial decline and informalization of work. Deshmukh felt the central problem was the poor quality of urban governance in Mumbai. In Deshmukh’s view, “good governance” required civil society interaction with the state, through both partnership and pressure, and a move away from the corrupting influence of politics\textsuperscript{117}.

Bombay, in the eyes of many of its prominent business leaders, residents and officials, was in a state of steady decline, despite its relative wealth and its citizens’ famed entrepreneurial spirit and civic sense. Between 1981-1991, the Bombay region’s economic growth rates lagged behind India’s anemic growth during this period, and it experienced an absolute decline in industrial employment of 2.97\%(MMRDA 1995)\textsuperscript{118}.

The Congress government in Maharashtra, in power in the state uninterruptedly since India’s independence at the time, had, according to Bombay’s citizens, neglected the city in favor of its rural base, failing to invest in new infrastructure or public facilities, improve the quality of public services or check the growth of squatter settlements\textsuperscript{119}.

Urban policies, intended to “balance” industrial growth within the state, discouraged business activities in Mumbai and restricted the supply of affordable housing and

\textsuperscript{115} As Municipal Commissioner, Deshmukh was responsible for putting in place Municipal Heritage Regulations and working with civil society organizations to list and protect urban monuments and heritage buildings (http://allyrose.wordpress.com/2010/05/28/a-brief-history-of-the-heritage-movement-in-bombay/)

\textsuperscript{116} B.G Deshmukh, personal interview, Pune, April 2011

\textsuperscript{117} ibid

\textsuperscript{118} This led to a decline in Maharashtra’s growth as well as the MMR accounted for over half of Maharashtra’s industrial employment in 1991 (MMRDA 1995)

\textsuperscript{119} Interviews and fieldnotes, 2010

Sons is the promoter of all key Tata companies and holds the bulk of shareholding in these companies. (http://www.tata.com/aboutus/sub_index.aspx?sectid=8hOk5Qq3EfQ=)
commercial space, resulting in a widespread informalization of housing and employment. The recent emergence of Bangalore, once a sleepy army cantonment and retirement enclave, as the hub of India’s Information Technology industry, both threatened and inspired Bombay’s elite.

In this context, and given broader national trends of economic liberalization and growing global integration after India’s 1991 reforms, Deshmukh felt the time was opportune for a partnership between the city’s business community and the state government to halt Bombay’s slump and position it to play a leading role in India’s globalizing economy. Inspired by an article he had read about London First, a business-membership organization that worked with the city government to bolster and sustain London’s eminence as the world’s financial capital, Deshmukh set about convincing the leadership of the Bombay Chamber of Commerce and Industry (BCCI), India’s oldest chamber of commerce, to set up and support a similar organization, focused on bringing the “best the private sector can offer” to the work of improving conditions in Mumbai for its businesses and citizens. As a high-level former state official and board member of one of Bombay’s most esteemed companies, B.G. Deshmukh was ideally positioned to promote an alliance between the state and the corporate sector for Bombay’s renewal. Consequently, in 1994, the BCCI, in partnership with the British

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120 The Government of Maharashtra’s industrial policy in the pre-liberalization era aimed at promoting industrialization along with the development of “backward” areas. It sought to de-concentrate industrial and commercial activity within the city of Mumbai by promoting other “growth centers”. Maharashtra’s 1973 Industrial Location Policy prohibited any new small, medium or large industrial units within the Island city and immediate suburbs until it was revised in 1992 (MMRDA, 1995). Between 1970-1980, new industrial activity within the city shifted into the informal sphere, as the number of unregistered industrial units grew by 7% per annum. Informal employment grew even more sharply, by 14% per annum, compared to an increase in formal employment of 1.88% annually (MMRDA, 1995).

121 Today, the membership of the Chamber is over 3,000 and includes large and medium, professionally-managed, corporate manufacturing and commercial companies, financial institutions, multinationals, public sector companies as well as auditors, architects and chartered accountants. The member companies of the Chamber together contribute roughly one third of India’s GDP in the manufacturing and services sector (BCCI).
Council, organized a seminar “Bombay: The Emerging Global Financial Centre”\textsuperscript{122}, and announced the establishment of Bombay First, aimed, like, London First, at supporting urban restructuring to take advantage of economic globalization.

The business community in Bombay, and the Bombay Chamber of Commerce in particular, had historically played a role in Bombay’s urban development and planning (Gordon 1978; Kidambi 2001, 2007)\textsuperscript{123}. Bombay, the birthplace of Indian industry, was home to many of India’s oldest and most respected industrial houses, banks and chambers of commerce. Its business community had longstanding ties to the city and could thus be expected to have a greater stake in the city and commitment to its betterment than a multinational corporation located in Gurgaon, a rural backwater a few decades ago\textsuperscript{124}. The Bombay Chamber thus set up a fund to support Bombay First’s activities, which centered on research, networking and policy-advocacy, and over a hundred and eighty Bombay-based businesses became contributing members\textsuperscript{125}. Bombay First’s first chairperson was the Chairman of Hindustan Lever Ltd, India’s largest consumer goods company, and its governing board members belonged to Bombay’s corporate and bureaucratic elite. In 1999, Bombay First’s Financial Services Committee, headed by the managing director of the National Stock Exchange, commissioned a report, “Mumbai as an International Financial Centre: A Roadmap”, arguing that the city’s location, its concentration of English-speaking managerial talent,

\textsuperscript{122} Referenced in Bombay First reports; however, the original report of this seminar could not be located
\textsuperscript{123} The then-European dominated Bombay Chamber of Commerce was instrumental in setting up the Bombay City Improvement Trust in 1898 to improve sanitation, clear slums and re-house the poor in more sanitary conditions, and develop the city in a planned manner, after a plague outbreak in 1896 (Gordon 1978 p 121, Kidambi 2007). The City Improvement Trust, a parallel organization to the Municipal Corporation, took on the role of building urban infrastructure in the interest of commerce and industry, and its board was dominated by mill-owners and industrialists (Gordon 1978)
\textsuperscript{125} Bombay First membership records
its well established financial and capital markets, and its growing service-based economy, gave it significant advantages, as did India’s stable legal and political system and on-going liberalization reforms. The Bombay First study, submitted to the Chief Minister’s office, called for the Maharashtra state government to improve urban infrastructure and transport networks on a “war-footing”, reform land and housing policies to provide high-quality office space at competitive rates and improve public education to ensure a skilled workforce for the new economy.

**Distinctions between Bombay First and London First**

From the start, Bombay First diverged from its model London First in several important respects. London First was focused on making London “the best city in the world to do business”. London is a true “global city” (Sassen 2001), its economy dominated by high-end services, finance as well as global service industries dependent on high-skill human capital – legal and other professional services, arts and entertainment, retail, media and education. 91% of employment in the metropolitan economy is service-based, with financial and business services accounting for close to 32%. London First’s mission was to ward off competition from European and Asian financial centers like Tokyo and Singapore and catch up with New York.

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128 A 2010 CB Richard Ellis report found office space in Mumbai to be fourth on the list of the world’s most expensive markets for office space, after London, Hong Kong and Tokyo. (http://ir.cbre.com/phoenix.zhtml?c=176560&p=irol-newsArticle&ID=1422683&highlight=)

129 London First website (www.londonfirst.co.uk)

130 London School of Economics, Urban Age City Data (http://www.urban-age.net/10_cities/_data/data_UAC.html)

Bombay First had a much broader goal - “to make Bombay a better place to live, work and invest in”\textsuperscript{132}. It claimed to represent the interests not just of corporate business but also of Bombay’s citizenry more broadly\textsuperscript{133}. In addition to business leaders, Bombay First’s governing board included three former Municipal Commissioners, as well as “activist” citizens from Bombay’s professional middle-class. Although Bombay is India’s finance capital and contains the headquarters of several of India’s largest firms, its economic structure is far more diverse than London’s. The city’s textile industry, historically central to its economy, and its manufacturing sector more generally, is in decline, but 26.1\% of the city’s workforce continues to work in manufacturing\textsuperscript{134}. Bombay’s service industries, which account for 64\% of its GDP\textsuperscript{135}, whether finance and business services, real estate, retail or transport, all have significant “informal”, or unregulated components. In terms of employment, white-collar professionals are a minority, and low-skilled, low-wage service workers, many employed in the informal economy\textsuperscript{136}, form the majority of the city’s working population. The informal sector’s share in employment within Mumbai has been growing since the 1980s, and is estimated to be around 70\% today (MEDC 2008)\textsuperscript{137}.

Given the vastly different initial conditions in terms of urban governance, planning and infrastructure, the two organizations have different policy agendas. London First lobbies for business-friendly fiscal policies and tax incentives, and favors growth-

\textsuperscript{132} Bombay First website (www.bombayfirst.org), B.G Deshmukh interview (April 2010), Narinder Nayar, several interviews and discussions
\textsuperscript{134} GoM/Maharashtra Economic Development Council, 2008.”Economic Growth Strategy for Mumbai”
\textsuperscript{136} The “informal economy” encompasses a diverse and heterogeneous range of unregulated economic activity and informal work relations. It can encompass both entrepreneurial as well as exploitative forms of economic activity (Chen 2004, Castells, Portes and Benton, 1989).
oriented strategic planning at the “metropolitan” scale.\textsuperscript{138} It represents the interests of commerce and industry in the city planning and policy-making process, and promotes projects to improve regional and international transport connectivity or raise the city’s architectural and cultural profile. It seeks to make London a “global talent hub”, an attractive destination for a mobile, high-skilled global workforce\textsuperscript{139}.

Bombay First’s initial objective, on the other hand, was to create a space for regular interaction between business, civil society and the state in order to push the state to tackle Bombay’s various urban problems and promote growth-oriented development strategies\textsuperscript{140}. Once that space had been created, Bombay First called for a “major urban regeneration” in Mumbai, through a metropolitan-wide program of policy reforms, infrastructure building, slum rehabilitation, planned urban development and an expansion and improvement of public services and amenities. Importantly, all of these goals were to be achieved through “public-private” partnerships. Like London First, Bombay First favored governance at the metropolitan scale, with the Mumbai Metropolitan Region\textsuperscript{141} (MMR) administered as a federal “union territory”\textsuperscript{142}, but with an elected executive Mayor. Given the political realities of Mumbai\textsuperscript{143}, Bombay First took

\begin{itemize}
\item For example, London First campaigned to have a chief executive or elected Mayor for the London Metropolitan Region or Greater London. The position (and metropolitan governance structure) was created in 2000 with Ken Livingstone as the first mayor.
\item In order to make London a “global talent hub”, London First opposes immigration policy reforms restricting international student migration.\textsuperscript{(http://www.londonfirst.co.uk/global-talent-hub/)}
\item The Mumbai Metropolitan Region is an administrative region, not a political jurisdiction or a cohesive urban agglomeration, centered on the city of Greater Mumbai (population 12 million), with a population of 19 million. It covers four districts with 20 municipal jurisdictions, including New Bombay, and is interspersed with rural areas.
\item Union Territories in India, unlike states, are sub-national units governed directly by the Federal Government. They do not have elected representatives, but are administered by centrally-appointed Lieutenant-Governors.
\item The nativist Mumbai-based Shiv Sena party is powerful in Mumbai politics and vehemently opposes any moves to separate the city of Mumbai from the state of Maharashtra.
\end{itemize}
the goal of making the MMR an independent sub-national unit off its agenda to push for
the creation of new metropolitan-scale state institutions, including a metropolitan
planning committee144 and an integrated metropolitan transport authority. The
organization also aimed to re-orient urban policy from a focus on controlling urban
development to actively promoting it, calling for specific policy changes including the
repeal of “socialist” era rent controls and laws limiting private land ownership, and the
“rationalization” of restrictive zoning and development regulations. These reforms were
intended to pave the way for market-based, but planned, urban development and
renewal of slums, dilapidated public housing and former industrial estates.

Re-directing State Intervention

Despite these differences, a close partnership with the state is a defining aspect of
both London First and Bombay First. Contrary to prevailing narratives that argue that
the forces of global capital weaken the role of the state (Appadurai 1996, Ohmae 1990,
Strange 1996), both organizations seek a state apparatus that is effective in more than
just a minimal role of enforcing law and order and providing basic services. Rather than
dismantling state intervention, they seek to re-shape and re-direct it in order to position
their respective cities to take advantage of the opportunities of globalization (Brenner
2004, Sassen 2006). They lobby the state not only to promote business-friendly policies
and a scaled-back state sector, but have a strong bias in favor of certain state
interventions, including metropolitan-level strategic planning, support for high-value
service industries oriented towards a global market (finance and corporate services,

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144 The Metropolitan Planning Committee is incorporated in the 74th Amendment of the Constitution of
India which created a third tier of government in India cities and empowered urban local bodies
(http://indiacode.nic.in/coiweb/amend/amend74.htm)
media, education, healthcare, arts and culture, tourism) and state investment in infrastructure, education and “landmark” urban development and cultural projects. While promoting deregulation and the “marketization” of public services (Sassen 2006), they favor “quality of life” urban regulations, such as London’s congestion pricing scheme and local environmental regulations, which are assumed to strengthen a city’s “global” competitiveness. Bombay First, for example, supported municipal regulations concerned with conserving open spaces, preventing encroachments, improving environmental air quality, imposing environmental building standards and preserving the city’s architectural heritage. I now illustrate my claim that the state is central to the project of globalizing cities by examining in detail Bombay First’s partnership with the Maharashtra state administration to make Mumbai a “World-Class” city.

“No new industry wants to come here, no one wants to live here”145

In the early years of its existence, Bombay First made few inroads in its mission to offer “the best the private sector has to offer” to the problems of urban planning and governance in Mumbai. It focused its efforts on the Bombay Municipal Corporation and commissioned reports, research papers and reform proposals on specific aspects of urban management, such as public finance, transport or municipal governance. Its 1999 report, “Making Mumbai an International Financial Center: A Roadmap”, met with little response from state authorities. In the words of the organization’s current Chairperson, Narinder Nayar,

Before I came on board, Bombay First was like another NGO. It had very distinguished people, very connected, like B.G Deshmukh, the former Chief

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145 Deepak Parekh, Chairman of HDFC Bank, quoted in Bloomberg Businessweek, Nov 2004. “Why Bombay has the blues: The City is Such a Mess that Investors are Fleeing. Can it be revived?”
Secretary of Maharashtra, and Keshub Mahindra\textsuperscript{146}, but what they did was set up various committees and do reports and studies – on water supply and sanitation, on the Municipal Government’s finances - very detailed, good studies, and then present it to them. And because Bombay First had very senior people, former cabinet secretaries and so on, the BMC, the various departments would say “Yes, Sir, Yes, Sir” and then nothing would happen … Six months later no one would know where the report was. And Bombay First was loosing importance, loosing direction\textsuperscript{147}\textsuperscript{e}

While Bombay First remained on the sidelines, the late-1990s saw major changes in Bombay’s urban governance, including the firming of control by the state of Maharashtra over the city’s development. The Shiv Sena, a Mumbai-based party with a pro-Maharashtra, anti-immigrant platform, came to power in Maharashtra for the first time in 1995 in a coalition with the right-wing national Bharatiya Janata Party (BJP), riding on a populist promise to provide 4 million free houses for the city’s slum dwellers\textsuperscript{148}. Given it urban roots, unlike the Congress Party, the Shiv Sena administration focused its attentions on Bombay. One of its first acts in power was to officially change the city’s name from Bombay to Mumbai, after a local goddess, Mumbadevi. During its tenure, it undertook a brief experiment with an elected Mayor-in-Council system at the municipal level, initiated an innovative but seriously flawed

\textsuperscript{146} Chairman of Mahindra and Mahindra Limited, a Mumbai-based Indian multi-national conglomerate.  
\textsuperscript{147} Narinder Nayar, Chairman Bombay First, personal interview  
\textsuperscript{148} Anandan, Sujatha. 1998. “Room for Disillusion: The Shiv Sena Scales Down its Promise of 40 lakh free homes to 50,000 but is it feasible?” Outlook India (http://www.outlookindia.com/article.aspx?206329)
market-based slum renewal program, the Slum Rehabilitation Scheme (SRS)\textsuperscript{149}, in order to meet its election promises, and built 55 flyovers within Mumbai\textsuperscript{150}.

In 1999, the Congress returned to power, but Mumbai, despite the Shiv Sena-BJP government’s various urban development schemes, remained a city of crumbling infrastructure, exorbitant real estate costs, congested roads and proliferating slums. Between 1998-2002, Mumbai’s annual growth rate fell to 2.4%, well below India’s average of 5.6% during this period (Bombay First/McKinsey 2003). Manufacturing employment was declining, resulting in an increasingly informalized labor force, and Mumbai’s high-end services-based growth was low in employment intensity. The city’s quality of life rankings slipped, falling from “26th place in 1996 to 33rd in 2000 in AsiaWeek’s rankings of the top 40 cities in Asia” (Bombay First/McKinsey 2003). The high overall cost of doing business in Mumbai compared to other major Indian cities\textsuperscript{151} meant that the city was losing investment to Gurgaon or Bangalore. Its commercial real estate prices remained amongst the highest in the world, prompting complaints that, “In Mumbai, you pay first world prices for third world amenities and services” (Bombay First, 2003). Deepak Parekh, chairman of the Bombay-based Housing Development Finance Corporation (HDFC), India’s largest housing-mortgage firm, lamented in Business Week magazine, “No new industry wants to come here, no one

\textsuperscript{149} See Chapter Four of this dissertation for a discussion of the Slum Rehabilitation Programme

\textsuperscript{150} Indian Express, “Sena to flyover road to polls” May 6 1999 (http://www.expressindia.com/news/ie/daily/19990507/ige07067.html)

\textsuperscript{151} A 2007 World Bank survey comparing the business-friendliness of Indian cities ranked Mumbai second last of 12 cities, just above Calcutta but well below Hyderabad at number 2 and Gurgaon at 4 and New Delhi at 6. In the 2009 edition, Bombay placed 16 out of 17 cities in terms of ease of “setting up a business”. The WB “Doing Business” rankings reflect only state regulations and procedures, not infrastructure levels, human resources and other factors. (World Bank, 2007 and 2009).
wants to live here." An industrialist involved with Bombay First, talking to me about the city’s problems, quoted a somewhat sexist adage, “To get the talent, you need to get their wives to want to live here.” He said that several high-level executives in the Mumbai offices of multinational firms were choosing to live with their families in Dubai and commute to the city during the week.

In this context, after 5 years of lying more or less dormant, the BCCI decided to revive Bombay First to push the state government to “do something” to revitalize the city and attract investment. Narinder Nayar, a founding member of Bombay First, and the director of Concast, a cast steel equipment firm, signed on as its new chairperson in 2001. Nayar is a member of the South Bombay elite, educated in the United States and always impeccably dressed in gray business suits. He has become the driving force behind Bombay First, devoting several hours a day to its work. Under Mr. Nayar, Bombay First completely changed its strategy, focusing on building a relationship with the state administration.

When I came on, I said, we’re not going to do anything until we know there is commitment … and we need to make that commitment. We weren’t one of those activist NGOs, we wanted to work with the government. So we tried to get a meeting with the Chief Minister first thing… and that was very difficult, you know how hard it is to even get 10 minutes with the Chief Minister.

152 Bloomberg Businessweek, Nov 2004. “Why Bombay has the blues: The City is Such a Mess that Investors are Fleeing. Can it be revived?” (http://www.businessweek.com/magazine/content/04_44/b3906077.htm)
153 Alok Gupta, Managing Director, Cabot India. Personal Interview
Nayar found an ally in Sanjay Ubale, the Chief Minister’s Principal Secretary at the time. Ubale, an enterprising young IAS officer, went on to become one of Bombay First’s key supporters within the state administration and was later appointed Special Projects Secretary for Mumbai, tasked with coordinating the Mumbai Transformation project within the state. Speaking of Bombay First’s initial attempts to engage the state, Ubale said,

Bombay First had no traction at the time…they used to keep coming and saying, lets do something for the city, but at that time they really had no idea what to do, no clear strategies ...I said you need to come back with some big ideas, to create a demand for change in Mumbai.

3.4 Vision Mumbai and the Mumbai Transformation Project

In 2002, the Maharashtra state government organized an infrastructure summit, aiming to get private sector involvement in urban infrastructure projects\(^\text{154}\). The focus of the summit was the Mumbai region, and the state government identified infrastructure gaps based on Mumbai’s 1991 City Development Plan and the Mumbai Metropolitan area regional plan 1995-2011. The outcome of the summit was the Mumbai Urban Infrastructure Project (MUIP), the first major state urban infrastructure project\(^\text{155}\). The Maharashtra Government estimated that filling in the infrastructure gaps listed in the

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154 The Maharashtra Infrastructure Summit 2002 was organized by the government of Maharashtra in partnership with the Maharashtra Economic Development Council.  
155 The Maharashtra Urban Infrastructure Project (MUIP), MMRDA (http://202.54.119.40/projects_muip.htm)
Development Plan would require approximately 500 million USD. The MUIP project’s key elements were large-scale transport projects, such as a trans-harbor bridge connecting the city to New Bombay on the mainland, improvements to the existing rail and road network, and a coastal expressway. The transport projects, all of which had been conceived as public sector projects, would now be undertaken as public-private partnerships. The MUIP also contained more routine infrastructure works – road widening and expansion, drainage and sanitation, pedestrian walkways, greening roadways, improving train stations, bus terminals and bus transport – all Development Plan projects that had failed to materialize and were traditionally (and statutorily) the work of the Municipal authorities. At the summit, the Maharashtra Government announced its commitment to addressing Mumbai’s infrastructure problems. It allocated funding from Maharashtra state resources and from the cash-rich Mumbai Metropolitan Regional Development Agency (MMRDA). The MMRDA, which had developed Mumbai’s new financial district, the Bandra-Kurla complex, in the 1980s, was an exceptionally well-resourced public agency as result of proceeds from land development (Petersen 2008). The MMRDA would also be the MUIP project implementation agency, although the bulk of its works were located within the Municipal Corporation’s jurisdiction.

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156 The MMRDA derives most of its capital and income from land sales. Until 2001, it had generated USD 17 billion from land sales, leasing revenues and development fees. Deciding to promote private development within the BKC Financial center, the MMRDA initiated land auctions. It generated approximately USD 1.2 billion from two land auctions on two small land parcels in the Bandra-Kurla Complex in 2006 and 2007. This amount was 10 times its total investment in 2004-2005 and five times the total infrastructure investment of the Municipal Corporation in 2004-2005. The sales proceeds are ear-marked for Mumbai infrastructure, but there has been no public disclosure or detailed outlay on the exact use of funds (Peterson 2008).

157 The MUIP, and the World Bank supported Mumbai Urban Transport Project (MUTP) before it, shifted MMRDA’s role from a planning and coordination agency to a project-implementing agency.
At the Maharashtra Urban Infrastructure Summit, the Chief Minister, Vilasrao Deshmukh announced that he would abolish Mumbai’s Urban Land Ceiling Act (UCLRA), which he declared a major stumbling block in the city’s development\(^{158}\). The 1976 Urban Land (Ceiling and Regulation) Act authorized state authorities to undertake bulk land acquisition for public purposes. In reality, very little land acquisition was undertaken for implementing plans or social housing (Narayan in Patel and Masselos 2003, Shaw 1994). The Chief Minister’s statement was intended to signal the administration’s support for market-based urban development and a withdrawal from its earlier “socialist” leanings.

The Maharashtra Urban Infrastructure Project is indicative of the sub-national state’s consolidation of powers over urban planning and development over the municipal state in Mumbai, as control over urban land becomes increasingly important for political power and resources. Conflicts between the MMRDA and the Municipal Corporation (BMC) are common, and the distribution of powers and responsibilities remain unresolved, although the MMRDA is legally required to work in consultation with BMC (Pethe, Gandhi and Tandel 2011). These trends in Mumbai fly in the face of India’s constitutionally mandated move towards the decentralization of powers to municipal governments under the 74th Amendment, and indicate an internal redistribution of power within the sub-national state (Sassen 2006). Within Mumbai, the power and authority of the Maharashtra state executive increased as a result of the

\(^{158}\) Sanjay Ubale, Former Secretary Special Projects, Government of Mumbai, personal interview. The UCLRA was finally repealed seven years later in 2009. Although repealing the UCLRA was central to urban policy reforms advocated by Bombay First and later the Central Government under the JNNURM, the repeal of the act failed to increase the available land supply in Mumbai (Shirish Patel, interview and V.K Phatak, interview)
channeling of urban functions through specialized executive agencies like the MMRDA and the Slum Redevelopment Authority, and away from the Municipal Corporation.

Although the MUIP signaled the Maharashtra state government’s “commitment to the city of Mumbai”, it was, in essence, a list of shortfalls in the implementation of planned infrastructure, with some projects first envisaged in the 1960s and 1970s. It was based primarily on Greater Mumbai’s 1991-2011 Development Plan. The statutory Development Plan was approved in 1991, seventeen years after it was prepared. Based on data almost two decades out-of-date, its projections of city’s infrastructure needs were woefully inadequate. While the plan envisaged a population of 9.87 million in 2001, Greater Mumbai’s population had already reached 9.1 million in 1991, the year the Development Plan was approved. By 2001, Mumbai’s population was 12 million.

According to Ubale, Principle Secretary to the Chief Minister in 2002, what was missing was a forward-looking plan for the city of Mumbai, one that would capture the imagination of the city’s leadership and its public. Thus:

> When Bombay First came, I said we have the MUIP, but rather than just a project we need a “vision” for the city, a larger vision for what we want the city to be. I told them to give us something tangible, something that the

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159 Personal interviews with D.T Joseph, former Urban Development Secretary, Government of Maharashtra; V.K Phatak, former Chief Planner, MMRDA; (D’Monte 2002).

103 Government of India Census 2001
government could to react to, that people could talk about and even criticize…

Bombay First, which has no technical staff, approached the international consulting firm, McKinsey and Company, which took the project on without compensation. The Managing Director of McKinsey India at the time, Ranjit Pandit, served on Bombay First’s Governing Board and was closely involved with the elaboration of “Vision Mumbai”. I asked Ubale why the government didn’t task the state’s own planning agency, the MMRDA, which had a professional planning team, with the project.

Well, they didn't really have the capacity in-house, not for something like this.

And this was Bombay First, the business community’s vision, not the governments. I just wanted them to give the government something to react to, some ideas from the business sector.

From my conversations with Ubale, Nayar and other state officials and business leaders, it became evident that despite the Maharashtra administration’s growing focus on the city of Mumbai and its embrace of private participation in urban development and slum renewal, the state’s leadership had not articulated an interest in a large-scale, planned re-structuring of Mumbai.

McKinsey set about preparing a “vision plan” for Mumbai, centered on its transformation into a “World-Class” city with globally-comparable infrastructure, services and amenities, attractive to global and national capital and talent. They looked at the
experience of other cities, not only Shanghai, transformed from an “unpainted wreck to world-class city” but also Hyderabad, which went from “impoverished rural backwater to Cyberabad”(Bombay First/McKinsey 2003).

To drum up support, Bombay First conducted meetings with government officials, business and civil society leaders. Central to Nayar’s strategy for Bombay First was to engage and then work with the state, unlike the “activist” NGOs that confronted it\textsuperscript{162}.

We went to the BMC Municipal Commissioner, the Chief Secretary of the State of Maharashtra, the Police Commissioner, the other business chambers, citizens – we had 200 interviews to get people on board, so everyone was aware of what we were doing. Of course, we already had the Chief Minister on board, the top guy, and that helped.

**Vision Mumbai: Transforming Mumbai into a World-Class City by 2013**

Four months later, the result of this process was an extremely influential planning document, a report entitled Vision Mumbai: Transforming Mumbai into a World Class City (Bombay First/McKinsey 2003). Its vision statement was “Transforming Mumbai into a world-class metropolis with a vibrant economy and a globally comparable quality of life for all its citizens”. The Vision Mumbai document claimed to contain a “comprehensive blueprint” of prioritized interventions to be undertaken by the state in order to achieve this goal, setting a ten-year timeframe for Mumbai to reach “globally-

\textsuperscript{162}In reality, this distinction may be overdrawn – the so-called “activist” civil society organizations like SPARC, AGNI or Citispace also actively engage with the state. But Bombay First, far more dependent on the state executive to implement its agenda, and with a closer working relationship with its high-level machinery, is far more reluctant to engage in the simultaneous strategies of engagement and confrontation (through the courts and the media) that other NGOs employ.
comparable” benchmarks on various indicators, including economic growth, education, infrastructure, environment, slums and law and order.

‘Vision Mumbai’ focused on six key areas: economic growth, transportation, housing, other infrastructure, financing and governance. It identified transport infrastructure and housing and land availability as Mumbai’s most serious problems. The plan recommended increasing the availability of urban land by 50 to 70%, “rationalizing” Floor Space Index (FSI) regulations\(^{163}\), repealing environmental regulations limiting development along Mumbai’s coastal areas, rescinding land ceiling and rent control laws, and promoting “landmark” urban developments in Mumbai’s textile mill and port lands. Vision Mumbai also called for reducing the city’s slum population from 60% to 10-20% through urban renewal, and recommended the creation of special housing zones on the city’s outskirts with rental public housing for the urban poor\(^{164}\). The report estimated an investment of USD 40 billion over a ten-year period to achieve Mumbai’s transformation, with about a quarter coming from state resources\(^{165}\), and the rest through public-private partnerships, private and debt financing.

“Vision Mumbai” did not however, immediately capture the imagination of the state elite. The first presentation of “Vision Mumbai” to the Maharashtra government, according to an official who was present, elicited little enthusiasm from the state elite\(^{166}\):

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163 FSI Regulations are contained within the statutory Development Plan’s Development Control Regulations. Reflecting the modernist state’s concerns with preventing congestion and reducing urban density, they are blamed for the city’s inadequate supply of affordable housing and commercial space and spiraling real estate costs (See Bertaud, 2003)

164 These recommendations recall US urban renewal and slum clearance policies in the 1960s and 70s, which hardened racial segregation and concentrated poverty (American Apartheid, Douglas Massey and Nancy Denton, 1994)

165 Bombay First argued that Mumbai contributed approximately USD 9 billion annually in tax revenue to the central and state governments, of which only 1-3% was allocated to the city through fiscal transfers (Bombay First/McKinsey 2003).

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There was a meeting, with the Chief Minister and about 30 top bureaucrats. McKinsey made the presentation for 45 minutes.... but it was a complete damp squib. After the meeting, I looked at everyone, no one really said anything... the meeting just ended. There was a complete lack of interest. Of course, Bombay First was completely dejected; it could have died right there....

Instead, Bombay First tried again, following the advice of an ally within the state administration, to, “Get the big-wigs from industry, and get them to make the presentation to the Chief Minister, without all those bureaucrats present. Let the big business leaders show that they are behind this.”167 The Chief Minister at the time, Sushil Kumar Shinde, was thus brought on board to Vision Mumbai’s “World-Class” transformation agenda through an informal discussion with industry leaders in a private meeting room in the Taj Hotel.

We had a meeting with all the industry leaders present – Mahindra’s, Godrej’s, Ambanis, Tatas and no officials, just the Chief Minister. While the CM initially promised only 10-minutes of his time, he stayed for over two hours, missing dinner with his wife. He said I'm fine with this, what would you like me to do? Once the CM realized that the corporates would back this up, he was ready to give a commitment.168

167 Narinder Nayar, Chairman Bombay First, personal interview
Re-orienting State Intervention

What, indeed, did Bombay First want the state to do? First, it wanted the state to commit to a large-scale, planned program of transformation of the city of Mumbai, geared towards promoting growth and attracting global and national capital. Second, it wanted the state to commit significant financial resources, channeled through an independently managed “Mumbai Development Fund”, as well as mobilize state machinery towards this goal. Third, it wanted the state to institutionalize the participation of the “corporate sector and NGOs” in designing, implementing and monitoring the transformation program. Finally, in order to implement the Mumbai transformation project, Vision Mumbai called for a re-structuring of Mumbai’s governance structure to create a metropolitan state apparatus for Mumbai.

Rather than dismantle state intervention in Mumbai’s development, Bombay First sought to re-direct it. And rather than weaken the state, Bombay First sought to re-orient and expand its “developmental” scope, while emphasizing private-sector and elite civil society participation in policy-making and urban governance. While these objectives appear to be in line with accounts that propose the local state under globalization and neo-liberalism becomes a “facilitator of growth rather than provider of services” (Hackworth 2007; Harvey 1989), these are based on advanced economies and assume a scaling-back of state welfare functions and public services. In Mumbai, where the social welfare, housing and public services provided by sub-national and municipal state are already minimal and urban planning is nominal, Bombay First calls for more state, rather than less. Their efforts, in fact, seek to reverse trends in Mumbai’s urban governance since the 1990s, which saw a scaling back of state intervention in favor of
private-sector led solutions to slums and urban development, as well as far longer
trends of state failure to implement urban planning or enforce regulations. Through the
Mumbai Transformation project, Bombay First sought to re-direct and expand state
intervention, “rationalize” state regulatory regimes to support growth and quality of life
objectives, and strengthen state enforcement. Below, I outline the state interventions
proposed in “Vision Mumbai’s” “World-Class” transformation agenda.

(i) Medium-term and “strategic” metropolitan-level planning for the Mumbai
region oriented to promote growth, linked with budgetary outlays.
(ii) Empowered and autonomous metropolitan-scale state institutions such as a
planning authority, a metropolitan transport authority, and a Mumbai regional
development fund
(iii) The provision of urban services such as water, roads and waste
management through autonomous municipal/metropolitan agencies rather than
municipal departments
(iv) Large-scale infrastructure upgradation through public-private partnership as
well as public investment
(v) Support to key industries such as financial services, technology, healthcare
and arts and entertainment through the development of “World-class” facilities -
“technology parks” and new business districts; relocation of manufacturing and
port activities to the outer metropolitan region.

169 Bombay First/MTSU refers to this as the “BEST-ization” of urban services, following the model of the
efficient Municipal Bus company, the Bombay Electric Supply and Transport Undertaking (BEST). An
autonomous corporation owned by the municipal government, BEST has an independent budget,
unlike municipal departments.
(vi) Planned, but private-sector based, redevelopment of slum areas and former industrial estates as well as investment in public amenities, parks, cultural spaces and urban “landmarks” to create a “world-class” urban experience for Mumbai residents

(vii) A state role in ensuring affordable housing for low-income and middle-class residents, through incentives schemes for private builders as well as the construction of rental public housing for the poor

(viii) Clearing and rehabilitation of encroachments and “unauthorized” squatter settlements along with strict enforcement of municipal laws to prevent new encroachments and slums

(ix) Environmental, open space and other quality-of-life regulations

(x) Improvement and expansion (through a “client-focused” approach and public-private partnership) of urban public services such as public transport, waste-management, water and sanitation, health and education

(xi) Expanded state revenue capacity from land auctions, real-estate development fees and betterment levies, property tax reforms and municipal bonds

(xii) Strengthened state capacity for public security, law and order enforcement and emergency preparedness.
3.5 The Maharashtra State’s Mumbai Transformation Project

Following his meeting with Bombay First, the Chief Minister announced that the Government of Maharashtra would prepare its own vision for the city and set up a special Task Force under the Chief Secretary, the Maharashtra state’s top bureaucrat, for this purpose. He also created a new position, a “Mumbai” Special Projects Secretary to drive and coordinate Mumbai transformation project activities within the state, housed within the Chief Minister’s Office. Sanjay Ubale, then the Chief Minister’s Principal Secretary, was appointed to this post.

In February 2004, the Government of Maharashtra launched the Chief Minister’s Special Task Force report, a short plan of action for the sub-national state entitled “Transforming Mumbai into a World-Class City” (GoM 2004). Bombay First and McKinsey, working with reformist allies in the state administration, including the Maharashtra Chief Secretary, were closely involved in the elaboration of the government’s action plan170.

Although the state officials involved in its preparation stress that the Government’s plan was different from the Bombay First-McKinsey “Vision Mumbai” report, the primary distinction is that while “Vision Mumbai” was intended to inspire the state to action, the Chief Secretary’s Task Force was charged with preparing an implementable action plan based on the above-mentioned vision. Indeed, the “vision statement” was identical, as were the core objectives (service-oriented economic growth focused on finance, IT, health and entertainment; relocating manufacturing and logistics in city suburbs;  

170 The GoM plan is signed by several members of Bombay First’s Board - Anand Mahindra, Deepak Parekh, Nasser Munjee, Narinder Nayar, Ranjit Pandit as well as key state officials, including Bombay First allies Nimbalkar and Ubale.
extensive regional infrastructure building, planned urban renewal) and strategies
(strategic planning; policy and governance reforms; new financing and implementation
modalities such public-private partnership; market-based strategies for housing and
services). Thus, the state’s Mumbai transformation project closely resembled Bombay
First’s and the corporate sector’s, vision for Mumbai.

The Maharashtra Government’s action plan recommended a six-pillared strategy
for Mumbai’s development- economic growth, housing, physical infrastructure, social
infrastructure, governance and financing - each of equal importance and each, other
than social infrastructure, a priority area identified in Vision Mumbai. A prioritization of
projects or program objectives, or an articulation of the State’s agenda and priorities as
distinct from that of Bombay First was not evident. The Government’s plan mentioned
the importance of environmental sustainability, but bizarrely, concluded, “the
governance group will be able to address these concerns adequately” (Government of
Maharashtra 2004). Mumbai’s urban poverty level, estimated to be 27% percent in
1989, was not mentioned, despite the growing incidence of urban poverty across
India (Deaton and Dreze 2002). The city’s slums, however, featured prominently.
Although affordable housing for slum residents was a priority, the central concern in the
state’s action plan was urban renewal and the prevention of further slum growth – a city
of slums cannot aspire to be “World Class”172. There were some differences in the

171 MMRDA 1995. Data on urban poverty levels in Mumbai are spotty. Poverty estimates range between
10-40%. Mumbai’s slum population, between 60-65% of its total population, is estimated to have 40%
of households below the poverty line. (MCGM 2009).
172This is a marked change from the state’s approach to slums in the 1980s, based on in-situ
upgradation and community-based development. Slums were then seen as a “self-help” solution to the
housing crisis. (http://www.altlawforum.org/globalisation/research-publications/mumbai-to-shanghai-
without-slums/slum-policies)
details between the state’s plan and Vision Mumbai. For example, Bombay First/McKinsey (2003) propose a greater role for public sector in providing housing for the urban poor than the state’s action plan, albeit in “special housing zones” located in marginal lands on the city’s outskirts. There was no additional analysis or consideration of alternatives in the government’s plan. As well, the emphasis on a core set of projects or “quick-wins” envisioned to “jump-start” Mumbai’s ascent towards “World Class” status and “rally public support and to build momentum for change within the government” remained (Bombay First/McKinsey 2003), although the list grew longer. The “quick wins” were a motley assortment of projects that included upgrading Mumbai’s airport facilities, the “beautification” of Marine Drive, a city-wide anti-littering campaign, building 300 public toilets through private participation, redeveloping the Dharavi slum, clearing encroachments and widening all north-south road transport corridors (GoM 2004). As a review of the status of the Mumbai’s transformation project’s various elements in 2009 suggests, few of these “quick wins” proved to be quick. Other than the citywide anti-littering campaign, “Chak-a-Chak Mumbai” and Marine Drive’s beautification, few had been implemented. “Beautification”, used as a euphemism for removing encroachments of unlicensed shops, pavement dwellers and street vendors, was considered central to Mumbai’s World Class transformation, although it had no clear relationship with economic or quality of life goals. In addition to aesthetic ends, “beautification” is a visible indicator of an effective state that does not tolerate open violations of laws and regulations.

Worth noting is what is missing in the Maharashtra state’s Mumbai transformation project, compared with officially-sanctioned plans in effect at the time. Environmental
management, employment, urban poverty alleviation and water and sanitation featured prominently in the statutory Regional Development Plan 1996-2011 for the Mumbai region, but failed to find mention in the transformation project’s priorities. The Maharashtra Government’s transformation action plan included “social infrastructure”, as one of its six pillars, but it had nothing more to say about this – there were no recommendations or action points, nor was the term defined. The city’s poor were acknowledged - “Yet the city remains mostly poor, and its long-term health depends on whether it invests in its disenfranchised millions” (GoM 2004) - yet the only proposed “investment” in the disenfranchised millions was to promote “measures to spur employment in low-end services and manufacturing” (GoM 2004). Drawing from “Vision Mumbai”, with no additional analysis or detail, the Government of Maharashtra proposed that within Mumbai, the poor would benefit from Mumbai’s growth through employment in “low-end” services (GoM 2004), in construction, retail, hospitality and tourism. The Mumbai Transformation plan supported the revival of manufacturing in Mumbai, but would be relegated to the edges of the metropolitan region and across the harbor on the mainland, while state support would go towards “high-tech” global industries such as IT, media and entertainment. The term “low-end” is indicative – even in an entirely aspirational “Vision” plan, the city’s poor have little future in World-Class Mumbai. They remain stuck in “low-end”, presumably low wage and unprotected services, creating in Bombay the polarized work force that characterized “global cities” like London and New York (Sassen 2001). Both Bombay First and Mumbai’s state elite presume that a polarized work force, with a small white-collar professional elite and an informalized “low-end” service class, is an unproblematic and inevitable outcome of
Mumbai’s transformation under globalization, and not something to be tackled through long-term planning and policy.

Bombay First’s “Vision Mumbai”, which assumed the city’s working poor could be moved to public housing on the city’s margins, paid little attention to the close relationship between residence and livelihood for many of Mumbai’s poorer residents. Mumbai’s slums provide not just housing for the poor, but function as densely packed, low-cost unregulated industrial estates. Manufacturing had not completely fled the city, but had moved out of formal, large-scale industry to small-scale workshops in slums and informal settlements that produced goods for a global as well as national market (MMRDA, 1996). In Dharavi for instance, WHO-certified small factories produced medical sutures for export to Japan and EU.173 The majority of Mumbai’s poor walk to work, saving money and time on transport174. Many low-wage service jobs (domestic work, personal and household services, informal retail and street vending) are dependent on proximity to consumers175.

Critiques that the Mumbai transformation project fails to take the needs of the poor into account are thus valid176. Nayar, however, takes umbrage at this view.

Our response to the elitist criticism is that we are not elitist at all, we are trying to improve the city for everyone... Yes, we are focusing on roads,

173 Rishi Majumdar, “Coming Clean In Dharavi: Right in the middle of the muck and dross in this suburb, exists the WHO-certified Ideal Trading Company, exporter of sutures” August 23, 2009 http://rishimajumder.wordpress.com/category/dharavi/
175 A government official critical of the Vision Mumbai plan argued that every upper-middle-class household in Mumbai consumed services daily, within their neighborhood, from at least 12 participants in the low-wage informal service economy – household helps, dog walkers, cooks, gardeners, masseurs, beauticians, fish and vegetable vendors and delivery boys from neighborhood shops (personal interview).
but public buses ply on these roads as well, and we are pushing for better public transport, for a metro system ... We want to reduce travel time and inconvenience for the majority. Once the metro is built, the common man will have better transport, better roads will improve connectivity and increase bus speeds.

Institutionalizing a State-Civil Society Partnership for Mumbai’s Transformation

While “Vision Mumbai” dreamed of a powerful elected mayor for Mumbai, much like in New York or London, Bombay First sought to work with the existent Maharashtra state administration. Despite a multiplicity of state and municipal institutions within the Mumbai metropolitan area, the Chief Minister of Maharashtra has strong, centralized authority over policy-making and urban development over the entire Mumbai metropolitan region. Other than the Municipal Corporation of Greater Mumbai, the region’s municipal bodies have few decision-making powers, and rely on Maharashtra state departments or parastatals – the Town Planning Department for planning, the Maharashtra Housing Authority for public housing, the Public Works Department for roads and infrastructure. The Municipal Corporation itself is a centralized administration run by a state-appointed Municipal Commissioner, while the elected Municipal Council has limited policy-making powers (Pinto and Pinto 2005). The sub-national state has ultimate authority over development regulation and planning in

177 The Mumbai Metropolitan Region is an administrative region, not a political jurisdiction or a cohesive urban agglomeration, centered on the city of Greater Mumbai (population 12 million), with a population of 19 million. It covers four districts with 20 municipal jurisdictions, including New Bombay and is interspersed with rural areas.
178 The weakness of local municipal bodies remains despite some superficial implementation of the 74th Amendment (National Institute of Urban Affairs 2005)
Mumbai and increasingly uses it. While it earlier merely approved regulatory changes proposed by the Municipal Corporation, in recent years the Maharashtra state administration has actively shaped Mumbai’s urban development regulations. Moreover, it has sidestepped legislative approval by initiating urban policy changes through executive orders rather than legislative amendments. There is thus little scope for local democratic processes to challenge or modify the State administration’s Mumbai Transformation agenda. In terms of formal powers and authority, the centralized sub-national administration thus provides a suitable vehicle to implement a metropolitan-wide, elite Mumbai transformation project.

The Maharashtra Government’s Mumbai Transformation plan proposed urban governance reforms, again drawn largely from “Vision Mumbai”. These centered on formally incorporating the corporate sector into decision-making at the highest levels, strengthening state coordination and monitoring capabilities, and creating new, autonomous metropolitan-scale state institutions. At the municipal level, governance reforms called for stronger enforcement of municipal laws, particularly on encroachments, better urban planning, and “rationalizing” development regulations and controls. For citizens availing public services, there were proposals for “client-centric” and customer-service based improvements in municipal services.

The Mumbai Transformation plan included a set of “delivery mechanisms” and “accountability mechanisms”. To quote the former Special Projects Secretary:

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179 D.T Joseph, former Urban Development Secretary. Personal Interview.
180 The city’s urban poor living in “unauthorized” slums are not formally, “clients” of the state, although they are clients, in another sense, of the politicians and municipal officials that helped them access services. The relationship between the city’s informal poor and the lower-levels of the state is discussed in Chapter Four.
This was the first such “Vision” plan in government. We needed to have a destination, which was making Mumbai a World-Class city, and a strategy…but we also needed an engine to drive it and in case the engine loses force, we need an external force. The Government’s term was coming to an end, we didn’t want this to loose steam with a change in government.

The engine within the state was an “Empowered Committee” for Mumbai’s Transformation, headed by the Chief Secretary of Maharashtra, with key bureaucrats from all relevant state departments, the Municipal Commissioner of Mumbai, the Police Commissioner and the chief executives of parastatals such as the MMRDA, the Maharashtra Housing Development Authority and Maharashtra Road Development Corporation. In addition, there were eight private citizens, all business leaders nominated by the State, including Nayar of Bombay First, Ranjit Pandit of McKinsey and Deepak Parekh of HDFC Bank. The Empowered Committee, which was set up in 2005, had the power to “sign MoUs with the agencies, administer the Mumbai Development Fund and shortlist projects to be financed” (GoM 2004). The Committee’s steward was the new “Mumbai Secretary”, Ubale, who would report directly to the Chief Minister. Corporate sector participation in the state’s Empowered Committee was an indicator of Bombay First’s influence. Said Nayar,

Which NGO gets to sit on a Government Empowered Committee?
Nowhere in India do you have an empowered committee with private sector participation……this is really something unique.

181 Interviews; Government of Maharashtra Empowered Committee Meeting Minutes, from 2006-2011
The World Bank provided support to the Mumbai Transformation project, funding a special unit, the “Mumbai Transformation Support Unit” (MTSU) that would function as an interface between the Bombay First and the state. The MTSU, according to its project manager, was a specially created government entity that could work in close and regular consultation with private actors in a way that existing state agencies such as the MMRDA could not, for political and legal reasons.\textsuperscript{182}

In sum, the Maharashtra state adopted whole-scale the urban policy agenda proposed by Bombay First. “Vision Mumbai” proved persuasive because it provided the state elite with a compelling target that they could visualize — a slum-free “World-Class” Mumbai from congested, third-world Mumbai, made up of skyscrapers, commercial complexes and hi-tech parks at the core, with a hinterland of manufacturing estates and logistics hubs, connected by modern expressways and a metro rail. Instead of slums, the city’s poor and working class would live in planned high-rise developments on the outskirts of the city. “Vision Mumbai” pointed to an exemplar, Shanghai, that had achieved just this transformation in little over a decade, as well as Indian competitors like Hyderabad, Bangalore and New Delhi that were outpacing Mumbai, causing fears amongst the city’s elite that Mumbai was “loosing India’s commercial capital status”\textsuperscript{183}.

Unlike traditional master-planning, Bombay First’s vision focused on the medium-term, linked economic goals with spatial planning, gave central consideration to financing, and emphasized the role of the private sector in financing and implementation. It emphasized that the spatial organization of economic activities in globalizing Mumbai should occur at a metropolitan scale, across the Mumbai

\textsuperscript{182} Madan, Urvinder, Project Manager MTSU, personal interview
\textsuperscript{183} Bharucha, Nauzer.”Mumbai may lose commercial capital status” Times of India, September 2003.
metropolitan region. The surrounding region was seen as solution to the city’s problems of overcrowding, poor infrastructure, limited land supply and high real estate prices. Thus, the World-Class transformation of Mumbai called for centralizing and strengthening control over the extended Mumbai region by the sub-national state. For the Maharashtra state, this was a welcome move away from the 74th Amendment’s mandate for the devolution of power to municipal authorities, and the clamoring of the more “activist” NGOs for increased local democracy and public participation in decision-making.

Central Government Support for Mumbai’s Transformation

In 2004, when India’s Prime Minister, Manmohan Singh visited Bombay, the Maharashtra administration, with Bombay First and McKinsey present, made a presentation on Vision Mumbai, and asked for central government support. Federal support was particularly important in terms of macroeconomic policies to position Mumbai as an international financial center and ensure a “fast-track” on environmental clearances for new megaprojects. In addition, central government authorities such as the Mumbai Port Trust, the city’s largest landowner, controlled large industrial landholdings within the city, slated for “landmark” redevelopment under the Mumbai Transformation project\(^{184}\). After the meeting, Prime Minister Manmohan Singh made his famous statement\(^{185}\).

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184 Redeveloping the still functioning Mumbai Port area into a planned, high-end commercial, arts and entertainment district similar to London’s Dockland Development was another of Bombay First’s key proposals. Mumbai’s port activities were to be moved out of the central city across the harbor to the new Jawaharlal Nehru Port Trust.
185 Bombay First features Prime Minister Manmohan Singh’s statement prominently on the front page of its website (http://www.bombayfirst.org/)
When we talk of a resurgent Asia, people think of the great changes that have come about in Shanghai. I share this aspiration with the Chief Minister and senior Congress leaders to transform Mumbai in the next five years in such a manner that people would forget about Shanghai and Mumbai will become a talking point.

The aspiration to emulate Shanghai was very much the Prime Minister’s idea. The Prime Minister’s statement proved to be a lightning rod for criticism, drawing far more attention to the Mumbai transformation project than either Bombay First/McKinsey’s initial report or the subsequent Government of Maharashtra action plan. According to Ubale, the former Special Projects Secretary,

We'd never mentioned Shanghai before that, it was in none of our reports, but then we went with it…. It captured everyone’s imagination, so we let it be. We anticipated the backlash, with the Shanghai statement, and McKinsey’s doing the Vision, but we welcomed it. We thought the criticism was a good thing since it started a discussion. It made people who were uninterested get interested.

The state’s Shanghai aspirations generated a lot of heat but little light, with numerous newspaper opinion pieces arguing passionately for or against Mumbai’s Shanghai dreams, with little in the way of analysis of how Shanghai’s transformation

186 In fact, the GoM Transformation report explicitly states: “While there was the temptation to visualise Mumbai as another Shanghai or Hong Kong or Singapore, it was felt that the city’s unique character needed to be preserved and that the city primarily has to fulfill its responsibility to its citizens” (GoM 2004). When questioned about the state’s “Mumbai to Shanghai” aspirations, Vilasrao Deshmukh, the Chief Minister at the time, said that Shanghai was a “benchmark”, rather than a model.
was achieved. Shanghai, in most of these accounts, was a spotless modern city of skyscrapers, bullet trains and multi-national corporations, without slums, migrants or messy democratic politics – a metaphor rather than a real place. The word “Shanghai” came to be used as a verb in popular discourse in Mumbai (Ren and Weinstein 2008). The city’s residents, in slums and high-rises and government offices, debated the impending “shanghai-ification” of Mumbai.

For Bombay First, democratic, business-friendly, cosmopolitan London, rather than Shanghai, was a model. Nayar had built a partnership with London First over the years, bringing in experts and speakers from London and organizing joint conferences on security issues following the Mumbai terrorist attacks in 2008. But Shanghai captured the imagination of the state elite because of the city’s very dramatic transformative element. If Shanghai, “a dimly-lit, unpainted wreck” (Bombay First/Mckinsey 2003) little over a decade ago, could made a leap into “global city” status, so too could Mumbai. Prime Minister Manmohan Singh, in particular, was taken with the idea of transforming Mumbai following Shanghai’s model, discussing it with the Planning Commission and senior officials in the central Urban Development and Finance ministries, and requesting them to come up with ideas and practical steps for achieving this goal. The Central Government consequently committed infrastructure funding for Mumbai’s “World-Class”

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187 Sharma, Kalpana. “Forget Shanghai, remember Mumbai”. The Hindu, Feb 21, 2004
Joseph, Josy "What will make Mumbai into a Shanghai?" The Times of India. April 6, 2005
188 In “Dharavi: Slum for Sale”, a film by Lutz Konnerman, Dharavi resident’s discuss the government’s Shanghai aspirations for Mumbai (http://www.konermann.net/dharavi_en.html)
(http://citizenshift.org/shanghaification-mumbai)
189 2010 Foreign Policy Global City Rankings ranks Shanghai at 20 and Mumbai 46. In terms of business activity, Shanghai is ranked number 8. The difference in GDP rankings between Mumbai and Shanghai are far less – Shanghai is 21 and Mumbai 25.
(http://www.foreignpolicy.com/node/373401)
190 "Manmohan keen on making Mumbai a Shanghai" October 18. The Financial Express
city aspirations through the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), an India-wide federal urban renewal program launched in 2005191. The Prime Minister’s Office designated a high-level contact point in New Delhi for the Mumbai transformation project to actively monitor the Mumbai projects and report on progress192. Inspired by Mumbai’s market-based slum redevelopment scheme and the “Transformation” agenda’s ambitious slum renewal goals, Manmohan Singh also made a “slum-free” India in 5 years a key goal of the Central government’s urban policy. This deadline has now been indefinitely extended.193

**Mumbai as an International Financial Centre**

A central purpose of Mumbai’s “World-Class” transformation project was to position the city to attract “global city” functions and become a specialized regional and international financial hub, like Singapore or Hong Kong. In 2007, a High-Powered Expert Committee in the Central Finance Ministry looked into the feasibility of this growth strategy. Its report, “Making Mumbai an International Financial Centre” described Mumbai’s advantages over Shanghai, Dubai, Bangkok and other globalizing Asian cities – human capital, location, democracy and rule of law, a strong securities market and trading platforms (GoI/Ministry of Finance, 2007). In addition to outlining macro-economic policy reforms required at the central level, the report discussed the

191 The JNNURM provided funding support to the Mumbai Metro Rail Project, the Trans-Harbour Link, an expressway linking the Island city to the mainland New Bombay, and the Mumbai Western Expressway Sea Link. Central funding was tied to policy reforms such as repeal of the Urban Land Ceiling Act and Rent Control Act, and implementation of the 74th Amendment to promote local democracy.

192 The contact person in the Prime Minister’s Office was Minister of State Prithviraj Chauhan, a Maharashtra technocrat who is currently CM of Maharashtra.

193 “Slumfree deadline extended” (http://www.d-sector.org/article-det.asp?id=405)
importance of improving Mumbai’s infrastructure and providing “World-Class” facilities in Mumbai, to attract a mobile, high-skilled global elite:

The individuals that Mumbai must attract – (and who matter most) to be globally competitive– are affluent, mobile, and multi-culturally inclined in terms of their habits, tastes and preference. Whether they choose to locate in Mumbai will be influenced by the attractions of Mumbai as a global city in which they can live, work and play in a manner similar to what they can do in other IFCs. (GoI/Ministry of Finance 2007)

The Finance Ministry’s High-Powered Committee report strengthened Mumbai’s “global city” aspirations with Central Government backing. The Chief Minister of Maharashtra at the time, Vilasrao Deshmukh, committed to do his bit to ensure that Mumbai became an attractive destination for mobile global talent. In his speech at the launch of the Finance Ministry report, he said:

Let me assure you as head of the Maharashtra state government that there will be a sea change in the landscape of Mumbai in the next 5 to 10 years. The visible outcome of our efforts is already there for all to see. You would not only witness a better and bigger airport, better rail transport through metro, as well as a network of flyovers, better roads and sea links, but also additional capacity in every sector like water supply, power, sanitation, sewerage system, etc. This would make Mumbai comparable to any other international city of repute. However, let me add here that a well developed city does not only mean well laid out physical infrastructure, it also means a
distinct and better quality of life, spirit of competition and openness of society.194

“Outsourcing” Planning in Globalizing Mumbai

With the whole-scale adoption of Bombay First’s Mumbai Transformation agenda, I argue the state of Maharashtra, has, in effect, “out-sourced” urban planning and policy-making, core state functions, to private actors, specifically the city’s corporate elite. Urban Planning, which involves setting long-and medium-term priorities for public investment in order to promote a better quality for life for the city’s residents, is a core function of the sub-national and municipal state. It is a political as well as technocratic process, and, in a democratic setting, typically involves public deliberation and negotiations between various interest groups at the local and urban scale (Melo and Baochhi 2006, Friedman and Douglas 1998, Dahl 1691). In Mumbai, however, in the absence of substantive local democracy or mechanisms for public participation in planning, the sub-national state executive has authority over planning for the city’s future. This authority, I show, in Mumbai, has increasingly been delegated from state to private actors (Piccioto and Mayne 1999, Sassen 2006), specifically, corporate business and elite civil society.

Given Mumbai’s growing global integration, it is not surprising, or indeed remarkable, that the city’s corporate interests should organize to push the state to address infrastructure bottlenecks, reduce costs for business, and seek state support in order to make Mumbai globally-competitive. The Bombay First-McKinsey plan, at best,

was a call to action to a state that had long neglected Mumbai’s decline and was doing little to help the city capitalize on global economic opportunities. It called for a “change in mind-set, from an approach of incremental improvements and de-bottlenecking to jump steps towards World Class status.” It recognized Mumbai’s increasingly metropolitan and regional economic geography, and drew attention to problems of urban governance. It was however, based on a little over three months of discussion with a limited group of “30 key stakeholders”, short on data and substantive analysis, and blithely incognizant of the city’s politics and economic realities.

As I show, the sub-national state’s capacity to formulate urban policy to respond to Mumbai’s changing economic and political context is limited. As a result, the state elite adopted, with little modification, independent analysis or consideration of alternatives, Bombay First’s urban transformation agenda. In this process, the state set aside some of its own stated priorities in terms of planning and urban development. By failing to include other interest groups in the policy-making process, open the Mumbai transformation agenda up to debate and deliberation, or even to subject the plan to critical analysis and technical review, either in-house or externally, the state failed to consider or articulate a “public interest” separate from the interests of corporate capital in its new planning agenda.

While statutory master-planning remains the purview of the state, there is minimal effort to implement these plans, in terms of allocating resources or mobilizing state machinery. The Maharashtra state’s own Mumbai Regional Plan, in effect from 1996-2011, had never been seriously considered for implementation. A weighty, 445-page document prepared by professional planners at the Maharashtra Metropolitan and
Regional Development Agency (MMRDA), the plan did little more than sit on a shelf. The Metropolitan Development Authority, set up in 1974 to be an independent, professional planning agency to coordinate regional development, had by the 1990s shifted its focus to urban development, project financing and execution. Designated “special planning authority” in key urban areas including the city’s central business districts (MMRDA 1995), and implementing agency for the state’s large-scale urban infrastructure projects, the MMRDA became the primary vehicle through which the Maharashtra state government exerted its powers over urban development in Mumbai.

Although the MMRDA is closely aligned with the Mumbai transformation project, its primarily role is that of an implementing agency. Planning and coordination functions are now carried out by the newly created Mumbai Transformation Support Unit, a World Bank financed unit that functions primarily as interface between Bombay First and the state. The MMRDA’s in-house planning capacities have diminished, and its Chief Planner, committed to a social welfare-oriented planning agenda and a more “inclusive” planning process, is skeptical of and marginalized by the Mumbai transformation project. The Mumbai Transformation Support Unit, not the MMRDA, the state agency legally authorized to plan and coordinate metropolitan growth, is leading the development of a strategic 40-year “Concept plan” for Mumbai, a new modality of urban planning in India but popular in many of the city’s “World-Class” archetypes. MTSU worked closely with Bombay First and McKinsey to design the terms of reference for the Concept Plan and select a “World-Class” planning firm through an international

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195 In the 1980s, the MMRDA developed a new central business district for Mumbai in the center of the city, the Bandra-Kurla Complex, and auctioning the high-value real estate made the agency cash-rich
196 Adusumulli, Uma. Chief Planner MMRDA, personal interview
competition. Discussing the Concept Plan, Nayar, the Chairman of Bombay First, mentioned that they had faced minimal “interference” from the MMRDA during the process, evidence of the state’s “responsiveness and support”. Although the new Mumbai Concept Plan will not be statutory, it is likely to have far more influence on the state’s policies in Mumbai than the earlier statutory plan documents. It is also intended to be the basis for future statutory planning exercises.

Mumbai’s changing urban planning process is indicative of a move towards the “marketization”, not just of public services, but also of public functions like urban planning (Sassen 2006). Competitive international bidding geared at global firms is considered to be the most effective way to bring in “World-Class” planning and development standards to Mumbai. Firms from the UK, France, Singapore and Bangalore were short-listed to prepare Mumbai’s strategic “Concept Plan”, with the project eventually going to a Singapore-based firm that had worked in the Middle East and China. Paradoxically, these processes may results in a more inclusive and consultative process of planning than what would have been undertaken by state agencies in Mumbai, as Weinstein argues in the case of Dharavi’s redevelopment (Weinstein 2009).

The “outsourcing” of urban development strategy to professional consultants has become fairly widespread in recent years in India, and was given a boost by the JNNURM, which requires municipalities to have City Development Plans in order to access central funding. This is itself is not problematic – professional urban planning capacity in India weak. At a meeting, Mumbai’s Municipal Commissioner remarked that

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197 The planning firm eventually selected for this exercise is a Singapore-based company, Surbana, with extensive experience in China and the Middle East.
198 Narinder Nayar, Chairman Bombay First, personal interview
the city’s existing statutory Development Plan was twenty years old, “but the thinking is fifty years old!” Government planners, trained in a centralized, top-down style of spatial planning geared towards controlling urban growth, are ill-equipped to meet the needs of India’s rapidly growing cities and to re-orient urban planning towards liberalized India’s imperatives for inclusive economic growth, democratic participation, and environmental sustainability. Planning and local decision-making processes in Indian cities, moreover, remain centralized and top-down.

A senior transport planner, working in India after working in the United States and Singapore, told me:

Planning in India is neither democratic nor technocratic, it’s autocratic...

Wherever else I’ve worked, you have some sort of process, with different people involved, experts and stakeholders, when you make a decision that will impact thousands of people. Here you put in a six-lane highway, and its all based on one person’s approval. There are no transport planners, just engineers, in the transport planning department. So they don’t think about overall traffic patterns and flows in the city, pedestrian access and safety, parking, environmental issues…..

**Changing Urban Governance in Globalizing Mumbai**

I conclude this section by proposing that Mumbai’s globally-oriented transformation project has changed urban governance and policy-making in Mumbai in significant ways. First, it has institutionalized the participation of influential new actors from corporate business and elite civil society in urban governance at the highest levels.

199 Choudhary, Raka, Transport Planner, personal interview
through the Citizen’s Action Group and the Empowered Committee. Second, it has promoted the centralization of authority over urban policy-making in the Mumbai metropolitan region within the sub-national state executive over the municipal level, a discrepant outcome given India’s constitutionally-mandated decentralization initiatives under the 74th Amendment. Third, it has resulted in the delegation of state authority to private actors and the “marketization” of public functions such as urban planning.

Yet these policy and governance changes have failed to translate into progress on the ground; Mumbai’s transformation into a “World-Class” city is an unrealized project. Urban development remains unplanned, piecemeal and contested; and its infrastructure and housing problems unabated. Why didn’t the “programmatic engagement” between Bombay First and the state coalesce, as the literature suggests, into a “growth machine” a powerful, pro-development network of business interests and government leaders who carry forward large-scale urban projects and overpower weaker and less-organized forces attempting to influence the urban planning process (Molotch and Logan 1987)?

3.6 A Faltering Coalition

In this section, I examine the limitations of Mumbai’s state-business partnership in achieving the goals of the transformation agenda. I propose that ineffectiveness of the sub-national state to carry out the functions that states (as opposed to private actors) must do to plan, legitimate, coordinate and implement urban restructuring is central to explaining why Mumbai’s Transformation program is in limbo. As I discuss in Chapter Two in my account of Shanghai, a large-scale urban renewal program calls for a complex set of interventions and brings a number of state capacities into play. These include not just technocratic capabilities in terms of planning and coordination, but,
equally important, the state’s capacity to legitimate and build consensus around its policy-agenda, within the state and within diverse urban communities. In order to implement its policy goals, the state needs infrastructural power “through” society (Mann 1984). Thus, the role of the state, even in a public-private partnership or as part of a business-state coalition, is central. I illustrate my argument by highlighting how internal weaknesses within the sub-national state derailed Mumbai’s “World-Class” transformation agenda.

“They call it a transformation project, but where is the transformation?”

When I arrived in Bombay in 2009, halfway through the timeline proposed for Mumbai’s transformation into a World-Class city, the state’s “engine”, Nayar, admitted, was faltering and needed a renewed push. As discussed earlier in this chapter, few of the Mumbai Transformation agenda’s core projects had been implemented and many were yet to start, mired in complex intra-state politics. As a skeptical former official put it: “They call it a transformation project, but where is the transformation?”

Mumbai’s “World-Class” transformation project had begun in a catastrophic fashion, with a year-long slum clearance drive that alienated not only Mumbai’s urban poor but many of the city’s elected representatives. In 2004, soon after announcing the Government of Maharashtra’s Mumbai’s Transformation Action Plan, Chief Minister Vilasrao Deshmukh began a demolition drive to remove Mumbai’s “unauthorized” slums - settlements established after 1995, the “cut-off” date beyond which slums were not

200 Narinder Nayar, Chairman Bombay First, personal interview
eligible for public programs or services\textsuperscript{202}. Although Deshmukh had promised, in his
election campaign, to extend the “cut-off” date to 2000, he now declared that all slums
settled after 1995 would be razed, with residents ineligible for rehabilitation or
compensation unless they could establish proof of residence in Mumbai prior to 1995.
An estimated 70,000 – 80,000 homes were destroyed during the demolitions,
dislocating over 3 million urban residents in the process.\textsuperscript{203} Police violence, rioting and
arrests accompanied the evictions, with organized slum dwellers re-occupying the
cleared slums and rebuilding homes. The evictions resulted in significant public costs,
not only in terms of the costs of man-power and equipment required for repeated
demolitions, monitoring and security but in terms of work hours lost - many slum
residents were forced to remain on site to guard their homes.

The Zopadpatti Bachao Samyukta Kriti Samiti, an umbrella group of slum dweller
organizations worked closely with Congress leaders within the state who opposed the
evictions, and succeeded in petitioning influential leaders from the Congress party’s
national governing body\textsuperscript{204}. The evictions came to halt in 2005 after nearly a year,
following the direct intervention of the President of the Congress Party, Sonia Gandhi.
The Chief Minister ended the eviction drive and agreed to legalize slums established

\textsuperscript{202} The Shiv Sena government had introduced legislation that made all slum dwellers resident in Mumbai
before a “cut-off” date of 1 January 1995 eligible for free housing under the SRS slum redevelopment
scheme.

\textsuperscript{203} The main opposition party, the Shiv Sena, provided enthusiastic support to the Congress
government’s slum demolitions. Its leader, Bal Thackeray, had made his political career by blaming
migrants and “outsiders” for all Mumbai’s ills. Mumbai’s more recent migrants, Hindi-speakers from the
states of Bihar and Uttar Pradesh in North India, many of them Muslim, bore the brunt of the Shiv
Sena’s disdain and occasional violence.
between 1995 and 2000, as per election promises, giving some reprieve to poor migrants.

Deshmukh’s demolition drive was not only undemocratic, brutal and ultimately fruitless, it was a disastrous beginning to the Mumbai Transformation project. Initially, “middle-class” public opinion was divided, with some sections of the English media applauding Deshmukh’s determination to do the right thing by removing “illegal” squatters and his refusal to give in to political pressure for votes. Support dropped as more stories of the cruelty, ruthlessness and futility of the state’s actions appeared in the press - these slum clearances, after all, had no relationship to any specific development project. Speculation in the press mounted that the evictions were conducted solely to make land available to private developers, who would now no longer be required to re-house slum residents as required under the state’s slum redevelopment scheme.

These beginnings were consequential. They reinforced the perception that the state was captive to a shadowy “builder-politician” nexus, and gave lie to the transformation project’s stated “Vision” of a better quality of life for all of Mumbai’s residents. As a result, Bombay First, and the “World-Class city” transformation agenda became associated with the slum clearances, and, more broadly, with an anti-poor, undemocratic agenda. In this context, the Prime Minister’s reference to Shanghai as Mumbai’s model and aspiration was particularly inflammatory, given the 2 million resident’s displaced in that city’s redevelopment (Zhang 2002). Moreover, the slum demolitions fractured support within the ruling Congress party and alienated a
significant proportion of the city’s councilors, officials and power brokers, the so-called “vested interests” within the state, who were embedded within the slum communities.

I highlight the lack of democratic process in Mumbai, first in setting a policy agenda and then in implementing it, because a simple and seemingly obvious answer to the difference in outcomes between Mumbai and Shanghai is the difference in regimes – democracy versus authoritarianism. As I have shown, there is a serious democratic deficit in Indian urban governance, both in terms of public participation in local governance and planning as well as the protection of citizens’ rights against arbitrary state actions. As I discuss in the next chapter, Mumbai’s rigid legal and bureaucratic frameworks and arbitrary “cut-off” dates create a system of differentiated citizenship within Mumbai.

Bombay First, sensitive to “elitist” critiques, had stressed the importance of “communication strategies” to elicit support for “Vision Mumbai”. They proposed that the state undertake “branding” campaigns to build public support for the city’s transformation plan- “My Mumbai My Dream” and “Chak-a-Chak-Mumbai” were two such campaigns - and figure out ways to involve “citizens, NGOs and other stakeholders”. Although clearing “encroachments” on roads and pavements was part of their “World-Class” transformation plan, Vision Mumbai called for “rehabilitating pavement dwellers with the help of an experienced NGO” rather than evicting them, while subsequently “beautifying” the pavements to prevent new encroachments.

Nevertheless, records of Mumbai’s Citizens’ Action Group meeting show that Mumbai’s

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industrialists and middle-class civil society activists regularly urged the Chief Minister to implement the Maharashtra Slum Areas Act (2001) and clear “unauthorized” slums\textsuperscript{206}. According to Ubale, the Chief Minister’s former Principal Secretary,

The evictions in 2005 weren’t really at the behest of Bombay First….. It was more that the Chief Minister wanted to show he was serious. He wanted to show that Government exists, creates discipline…. It was something well-intentioned, but it's very difficult... they won't try to take action again in a hurry. It's tough to really tackle slums in Mumbai, it will be some time before they try again.

**Pushing an Ineffective State**

The state’s failure to legitimate and build consensus around the Mumbai transformation agenda, within and outside the state, had lasting consequences. Processes to involve “stake-holders” at different levels, within and outside the state, including a broader range of civil society organizations, informal worker associations, specialized state agencies, municipal bodies, elected representatives and local brokers in order to incorporate a more diverse set of interests into the state’s urban policy agenda, resolve problems and conflicts were not put in place. As a senior state official said, “In order to be implemented, it needs to be Government’s vision, not just the Chief Minister’s vision.”\textsuperscript{207}

As my account of the Citizens’ Action Group meeting earlier in this chapter illustrates, the sub-national state structure is fragmented rather than cohesive. Each

\textsuperscript{206} The 2001 Amendment to the Maharashtra Slum Areas Act authorized all slums established prior to 1995, and entitled slum residents to rehabilitation as well as free houses under the state’s slum renewal scheme. However, slums established after 1995 were declared unauthorized encroachments.

\textsuperscript{207} Ajit Nimbalker, Former Chief Secretary, Government of Maharashtra. Personal interview
major parastatal related to urban development – the MMRDA, the Slum Redevelopment Authority and the MSRDC is associated with a particular party. As a result, the parastatals vie for high-profile urban projects. Apart from project delays and lack of clarity about functions and responsibilities, the various state agencies fail to build up specialized technical capacity and experience, and agencies with expertise in a specific area are sidelined. According to a former Chief Secretary of Maharashtra:

The state government is vertically divided between two Congresses, the Indian National Congress and the Nationalist Congress Party. They have a game of one-upmanship between each other, each one wants to take credit for improving the city, and in the process they create problems

Moreover, the Municipal Corporation of Greater Mumbai (BMC) and the Metropolitan Development Authority (MMRDA) are often in jurisdictional conflict. Following the Mumbai Urban Infrastructure Project discussed earlier, the MMRDA took over municipal functions such as road development, partly because it had the financial resources, but also because of the Maharashtra government’s increasing political and financial interest in the city of Mumbai. The Maharashtra state executive has increased its control over the Mumbai’s urban development regulations, which are municipal functions, since the 1990s, favoring “market-based” solutions for housing and urban renewal. It has selectively relaxed restrictive zoning regulations, providing lucrative incentives for builders to redevelop slums and dilapidated housing areas, while failing to impose planning standards, or strengthen municipal revenue capacity, to ensure that
the BMC and other municipalities are able to meet the growing demand for urban services.

A review of the minutes of the Citizens’ Action Group and Empowered Committee meetings from 2005-2010 suggested that little progress had been made over the years in resolving problems of planning, prioritization, resource mobilization and coordination that stymied the various elements of the Transformation program. What had changed since the early years of the state’s adoption of the Mumbai Transformation agenda was the dynamic between the state elite and its civil society and business partners within the CAG. From 2005-2007, the Special Projects Secretary, who reported directly to the Chief Minister and worked closely with Bombay First, led the meeting agenda and was tasked with following up on its recommendations. By 2010, the “Mumbai” secretary position had been disbanded and critical state coordination functions were relegated to the MTSU, a quasi-state body with no powers that served chiefly as a link to Bombay First. The institutional and policy reforms that had been core components of the Mumbai Transformation agenda – the creation of an independent Mumbai Development Fund, a metropolitan transit authority and other legal, tax and regulatory reforms - remained in legislative limbo or inter-departmental wrangling.

In contrast with the 2010 Citizens’ Action Group meeting I described earlier in this chapter, in its early days the programmatic engagement between the corporate elite and sub-national state elite appeared more effective. Business leaders called the state to task on delays and problems, and offered solutions – “action taken reports” from various government agencies to the Special Projects Secretary, and a special monitoring and evaluation unit, for which McKinsey offered to prepare the terms of reference. The
monitoring and evaluation unit was never set up. The Chief Minister at the time, Vilasrao Deshmukh, was strongly invested in Mumbai’s “World-Class” transformation, despite the debacle it began with. He emphasized the need to stick to a time-frame and prioritize projects that show visible results, for example, city roads, so that Mumbai’s citizens see the progress made and support the transformation agenda. From a CAG meeting in 2005, I quote the CM:

> We as a government should own our responsibility. The good thing is that the Citizen’s Action Group does not want to put the blame on anyone and they want to share their resources with us. Mumbai is my priority and whenever CAG wants to meet, there is no problem.

By 2010, in contrast, Chief Minister Chavan was less interested and indeed walked out of a meeting. He also failed to make a scheduled appearance at a 2009 Bombay First organized conference, Megamorphosis208, sponsored by the MMRDA, the World Bank and the Municipal Corporation, intended to revitalize the Mumbai Transformation Program. Bombay First lost some key allies within the sub-national state as Ubale left to join the private sector (Tata’s Infrastructure Division) in 2007, and the Government of Maharashtra’s Chief Secretary retired. Shortly after Ubale left, the dedicated “Mumbai” secretary position was disbanded, and its functions taken over by one of two urban development secretaries. According to Ubale:

> There were difficulties and problems… people in the government did not like outside interference. There was lots of pushback. There were coordination issues, with the BMC, for instance, they would say, who is

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208 [http://www.bombayfirst.org/mega/index.html]
this guy, why should he intervene? I wasn’t very senior within the IAS\textsuperscript{209}, so I was not a potential threat. I used to work closely with the Chief Minister, I was his Principal Secretary initially, so people knew I had access to the CM, and that helped.

The only time at which the Citizen’s Action Group demanded accountability and exacted commitments from the state was after the devastating Mumbai floods in 2005, amid a much larger public outcry. This was however, the exception that proved the rule. After the floods, the BMC began an extensive overhaul of the city’s storm water drainage and sewerage system, with financial support from the state and central government, but it was precisely the sort of “de-bottlenecking, crisis-prevention” approach that Bombay First decried, urging instead a more “pro-active”, strategic and consultative approach to urban governance. Notably, rebuilding Bombay’s antiquated storm-water drainage network was not an infrastructure priority in the Vision Mumbai plan, reflecting the disconnect between the South Bombay elite (South Bombay did not experience floods, even in 2005, even as the much of the city was neck-deep in water) responsible for Vision Mumbai and the experience of the majority of Mumbai’s residents, for whom walking through knee-deep water during the rainy seasons was regular occurrence.\textsuperscript{210}

\textsuperscript{209} The Indian Administrative Service

\textsuperscript{210} Open storm water drains and sewage channels in much of the city made malaria and other health hazards a constant threat during the rainy season - an underground sewer system exists only in the island city, there are no underground sewers in the suburbs. In fact, over a third of the city’s population is not connected to sewerage networks. Unlike the new airport, Sea-Link or MTHL, or slum redevelopment, these infrastructure gaps rarely feature prominently on the sub-national state’s new urban agenda – they remain the responsibilities of already over-stretched and resource starved municipal administrations, while the spoils from urban development go towards the sub-national state.
On important issues such as redevelopment of Mumbai’s centrally located, and now largely defunct, textile mills, Bombay First failed to influence state decision-making. The redevelopment of Mumbai’s centrally-located mill areas, 600 acres in total, would offer land-starved Mumbai much needed space for the development of public housing, open spaces and cultural facilities, including a museum dedicated to the textile industry’s role in Bombay’s development. The Maharashtra government’s initial policy, articulated in Mumbai’s 1991 statutory Development Plan, allowed for commercial development of the former industrial zones, but required that mill owners surrender one-third of the land to the Municipal Corporation, and an equal portion to the state housing authority for public housing, after which the remaining land could be commercially developed. In 2001, the Maharashtra government amended the development regulations, requiring mill-owners to surrender only portions of non-built up land. As a result, the land available for public purposes shrunk to 15% of the total area.

211 Mumbai has least amount of open space per person of all Indian cities. A citizen of Mumbai gets 1.95 square metre of open space against the international standard of 11 square metre per person (http://www.governancenow.com/news/regular-story/only-195-sqm-person-open-space-available-mumbai)

212 Textile mills formed the basis of Mumbai’s industrial economy. By the 1990s, most had become defunct due to lower cost power looms outside the city, and mill owners were sitting on highly valuable real-estate. Most of mills had been leased to private companies at highly-subsidized rates and were legally state-owned. (See also Darryl D’Monte, “Ripping the Fabric” on the history and politics of Mumbai’s textile mills)

213 These lands were legally owned by the state and had been leased to mill-owners at extremely subsidized rates, initially by the colonial government (D’Monte, 2002)


215 Bombay Environmental Action Group (BEAG). BEAG, an elite civil society organization filed a PIL against this ruling in conjunction with a mill-workers union. In 2005, the Supreme Court ruled in favor of the government, arguing that the State of Maharashtra had the legal authority to amend development regulations and plans.
The state showed little interest in ensuring the Mill area redevelopment occurred in a planned fashion. Two state-appointed committees, the first headed by well-known Mumbai architect Charles Correa (D'Monte 2002), and the second by Deepak Parekh of HDFC bank, prepared reports detailing strategies for mill area redevelopment. These reports emphasized the need for a planned approach to redeveloping the textile mills’ extensive and central land-holdings and urged the state to use the opportunity to create new public spaces and amenities for the city’s residents. Neither report was taken up by the state administration. According to Nayar:

The Mill land case was one example where we took a strong position:....Bombay First strongly said that there should be a comprehensive development plan for the whole area, and then mill owners can do what they want on their lands, as long as they comply with the overall master-plan. There needs to be infrastructure, open spaces, cultural spaces and more housing for city....these are all needed if we want a world-class Mumbai.

We took it up with the Chief Minister, and a Committee was set up, headed by Deepak Parekh, of HDFC, to build a consensus, but it couldn't function. The mill owners would not come to a consensus, and no agreement could be reached. There was a report, but it was not published.

The textile mill area redevelopment is a clear example of business-sponsored civil society pushing for stronger state intervention over the city’s development through
urban planning and regulation, in the interests of making Mumbai a “World-Class” city. The sub-national state, however, abdicated its powers of planning and relinquished state control over valuable urban land to private developers. The Government of Maharashtra’s draft “Housing Policy” is a similar story, with the state relinquishing its role in public housing in favor of private-sector approaches and limiting its regulatory scope. The MTSU, in partnership with McKinsey and Bombay First’s Housing Committee, presented the state Government with a housing study that recommended a mix of public and private approaches, incentives for private-sector provision of affordable housing some slum, and a combination of in-situ upgradation and urban renewal for slums. It also recommended a subsidized, rather than “free housing” approach for slum redevelopment. The Maharashtra’ government’s draft “Housing Policy” on the other hand remained committed to the existing private-sector slum redevelopment approach, with a minimal role for state intervention. At an Empowered Committee meeting, a corporate member complained about the government’s lack of deliberation over policy decisions, given that the forum was created for the private sector to give ideas and counsel to the state on issues affecting the Mumbai transformation program:

It was suggested that the private members should act like a sounding board and formulate some ideas and then put these ideas to the committee and see it come to its logical conclusion …for example, the

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216 Bombay First/MTSU’s proposed housing strategy is a marked change from its earlier proposals in Vision Mumbai. Shirish Patel, an experienced and progressive planner and housing expert, now heads Bombay First’s Housing Committee.
draft of the Housing Policy should have been discussed before it was brought out.

Envisaged as a deliberative forum with business, civil society and state membership that would shape urban policy making, the “Citizen’s Action Group” was expected to re-invigorate thinking on urban issues at the highest levels, as well as hold the state to account on delivering its “Mumbai” transformation program. In reality, neither the CAG nor the state-business Empowered Committee serve as forums for deliberation over urban policy, or as “external forces” to push the state’s engine or hold the state to account.

Bombay First’s waning influence over the state’s actions in Mumbai was not merely a question of changes in leadership and bureaucratic support. Chief Minister Chavan, in fact, remained nominally committed to the Mumbai transformation project, and agreed, on Bombay First’s urging to set up a new coordination and accountability mechanism, a small, high-level “War Room”, that regularly monitored and reported on projects. Nayar felt the CAG and Empowered Committee had been taken over by bureaucrats, “who have their own agenda. Right now there is no accountability, no monitoring to keep things on track. With the War Room, there will be a core group, high-level people, who will meet regularly, every two weeks.” I quote former senior MMRDA official still closely involved in the Mumbai transformation program on the “war room’s” impact:

Now they have a “War Room”. All these new mechanisms, such as the Empowered Committee, even if the Chief Minister takes a keen interest,
all they do is create some pressure, but it doesn't change the system. If the delay is because two departments are not talking to each other, it may work, but it's not an institutional design problem. The real problems are in the field…. it's a political problem, political vested interests, which influence processes. What's delaying projects is problems in land acquisition, negotiation, resettlement…. These are the fundamental problems, which a War Room can't address. It can't bring about systematic changes. But so far there is no effort to address fundamental problems, or understand how they affect things. There has been no concrete analysis of problems.  

The influence of elite civil society on the decision-making and policy implementation process in Mumbai thus remains anemic. The CAG’s statutory status and continued, if stuttering, existence, does however, point to a transformative change in Mumbai’s urban governance. The state has created an institutionalized forum for the participation of elite civil society in the closed and centralized environment of urban decision-making in India. Given the non-representative nature of its membership, the formal inclusion of elite civil society in urban decision-making processes could result in state policies and actions skewed towards elite and middle-class interests, which in Indian cities, often clash very directly with those of the poor, cloaked with the

217 V.K Phatak, Former Chief Planner, MMRDA. Personal interview
legitimizing veneer of civil society participation and an inclusive decision-making process.  

3.7 Conclusion: An Engine Run out of Steam

Leftist critiques see the state’s partnership with Bombay First as evidence of a state-business “growth machine” (Molotch and Logan 1987), a powerful coalition between the state and corporate elite to remake Mumbai in the interests of capital. After a year of fieldwork in Mumbai, including six-months as a participant observer with Bombay First, I found little evidence, of a cohesive, goal-oriented coalition capable of planning and implementing a large-scale urban transformation program. Absent an effective state-business coalition to drive the project, capable of prioritizing interventions based on systematic analysis, mobilizing the requisite state and private resources, pushing through policy and administrative reforms, coordinating the multiple organizations involved and incorporating different interest groups to build broader support and manage conflict, the vision of transforming Mumbai into a “World-Class” city remains just that: a mirage.

I propose that the “weak” link in the coalition for Mumbai’s transformation into a “World-Class” city is the internally fragmented sub-national state. The “World-Class” transformation program calls for an expanded, if re-directed, role for the sub-national state in Mumbai’s development. In neo-liberal models of urban governance, the state’s role is to function as a facilitator of economic growth, which involves coordination and regulatory functions as well as a specific growth-oriented policy and institutional reforms.

218 An example is the state’s policy towards hawkers and street vendors, as a result of elite civil society pressure, discussed in Chapter Four.
(Hackworth 2007, Harvey 1989). In “globalizing” cities like Mumbai however, the role of the state extends much further, given the difference in initial conditions. A “World-Class” urban transformation within a developing world city, however, demands a “leapfrogging” approach across an entire metropolitan system. As my account of the Shanghai model in Chapter Two shows, transformative urban restructuring calls for centralized state action, including strategic planning, coordination and social and financial mobilization in order to put in place the physical, social and governance infrastructure required to attract global and national capital and talent.

Recognizing this fact, Bombay First and Mumbai’s corporate elite engaged with the sub-national state in order to re-direct its urban policy agenda for Mumbai. The internally fragmented state in Mumbai, however, lacks the capacity to plan and implement a large-scale, comprehensive urban transformation. The ineffectiveness of the state in Mumbai to push forward its transformative agenda, I demonstrate, is not the result of a lack of centralized authority over decision-making or an absence of institutional mechanisms for coordination. Moreover, despite India’s democracy, urban governance in Mumbai is little impeded by local democratic processes of public participation, negotiation and contestation. The state’s weak capacity, I suggest, is a result of cleavages within the sub-national state apparatus.

In the next chapter of this dissertation, I look further into the fragmented nature of state power in Mumbai by locating the state within society (Migdal, Kohli and Shue 1994). Drawing on Partha Chatterjee’s (2006, 2008) distinction between civil and political society in Indian politics, I analyze the sub-national state in relationship to civil
and political society. I argue that while the state’s ties with elite corporate and civil society remain weak, the state is embedded within Mumbai’s political society.
Chapter 4

Civil Society, Political Society and the Jugaad State in Mumbai

4.1 Introduction

In the previous chapter, I illustrate the programmatic-engagement between corporate-sponsored civil society, and the sub-national state. Largely as a result of this engagement, the state has embraced a comprehensive “Mumbai Transformation” program of infrastructure investment, urban renewal, and legislative and governance reforms in order to make Mumbai more globally competitive and business friendly, as well as improve the quality of life of the city’s residents. The sub-national state has also embraced business and civil society as a partner in the city’s governance and planning. The “Mumbai Transformation” project has however made little headway in terms of meeting its goals, despite support from the city’s state and corporate elite. I propose that the sub-national state’s weak capacity to carry out the core state functions of planning, coordination and mobilization of state machinery and resources in order to implement a complex, multi-dimensional program best explains Mumbai’s lack of progress on the transformation agenda.

In this chapter, I further my argument by highlighting the fragmented nature of state power in Mumbai, situating the sub-national state in relationship to civil and political society in the city. Drawing on a popular concept in contemporary Mumbai, I
propose that the sub-national state in globalizing Mumbai is a “jugaad”\textsuperscript{219} state, in the sense that it is “cobbled together” rather than cohesive. Mumbai’s “jugaad state” combines a Weberian, bureaucratic-managerial elite which is allied with corporate civil society, while its lower-rungs are deeply embedded in political society. In Mumbai, a city in which the scale and scope of the informal economy is vast\textsuperscript{220}, the “jugaad” state’s modes of governance, are of necessity, decentralized, flexible, negotiated and improvised, although its legal and regulatory frameworks remain that of a centralized, high-modernist bureaucracy. Lower-level state actors, often acting in violation of their formal duties and responsibilities, provide essential state services – governance, housing, water, regulation - in an unintended and frequently disparaged form of “co-production”\textsuperscript{(Ostrom 1996)} in the city’s informal spaces.

For my analysis I draw on, and adapt, Partha Chatterjee’s distinction between civil and political society in contemporary Indian politics (Chatterjee 2006, 2008). Chatterjee posits “a split in the field of the political between a domain of properly constituted civil society and a more ill-defined and contingently activated domain of political society”. Civil society in India is constituted largely by the urban middle classes and “seeks to be congruent with the normative models of bourgeois civil society”

\textsuperscript{219}“Jugaad”, a word that means “cobbled together” is popularly used to describe a way of making do or even innovating with limited resources. Mumbai’s slum dwellers have “jugaad”; business houses like Reliance and Tatas extol it as one of their key virtues. The term is becoming popular in business and social science literature to describe practices of “creative improvisation” (http://blogs.wsj.com/indiarealtime/2010/08/31/chief-mentor-jugaad-on-the-road-to-success/).

\textsuperscript{220} Sixty five percent of Mumbai lives in slums and the majority of the workforce is employed in “informal sector” services. (Mumbai HDR). Formal manufacturing employment declined from 43.8% in 1971 to 28.5% in 1990 and continues to decline. Trade and service sector employment has grown, with the majority of the urban work force participating in the low-wage and low-skills “informal” economy. By 1990, 75% of establishments in Greater Mumbai employed 5 persons or less, (at least “formally”) (MMRDA, 1995) and these smaller establishments fall into the “unregulated” economy.
(Chatterjee 2008). Political society, on the other hand, includes large sections of the rural population and the urban poor. As conceptualized by Chatterjee, it is the space of peasants, petty producers and informal workers – “populations” that are targets of state policy, rather than full citizens with rights in the eyes of the state. “These people do, of course, have the formal status of citizens and can exercise their franchise as an instrument of political bargaining. But they do not relate to the organs of the state in the same way that the middle classes do, nor do governmental agencies treat them as proper citizens belonging to civil society” (Chatterjee, 2008).

In my framework, the key distinction between civil society and political society is the nature of their relationship to the state. Specifically, “those in political society make their claims on government, and in turn are governed, not within the framework of stable constitutionally defined rights and laws, but rather through temporary, contextual and unstable arrangements arrived at through direct political negotiations” (Chatterjee 2008).

I present political society as the space of regulation of the “informal” city – not just slums and informal settlements, but a vast array of economic activities that either fall outside or violate the state’s formal legal and regulatory frameworks, and are thus governed through flexible, improvised and negotiated practices. Political society thus connects the informal economy to the state, and “jugaad” governance provides a system of informal regulation - localized, stable but flexible practices of social control. Thus, political society is not merely the domain of marginal street hawkers and poor slum dwellers, but of a localized, fragmented network of power-brokers, fixers, rentiers, developers, informal capitalists, unionists, party leaders, officials and elected councilors with little formal power but significant localized authority, within which the lower-rungs of
the state is embedded\textsuperscript{221}. Political society is defined by a constant negotiation with the state for its entitlements, which never become rights (Chatterjee, 2006). It is precisely this constant process of negotiation and interaction that ties the state and political society into an embedded and interdependent relationship.

In globalizing Mumbai, I propose that while the state’s ties with corporate civil society remain relatively superficial, the state apparatus remains embedded within political society. As a consequence of the fragmented sub-national state, the influence of the corporate elite on urban decision-making in Mumbai is not hegemonic. The dynamic between the state, civil society and political society in Mumbai is shifting and contested, and this dynamic is reflected in the state elite’s faltering engagement with corporate-sponsored civil society and its slow and uneven implementation of the Mumbai Transformation agenda. The sub-national state’s autonomy, and its capacity to carry forward its plans lie in its ability to politically negotiate with and incorporate diverse interests, within and outside the state, into Mumbai’s urban restructuring process. As a result in Mumbai, in contrast to its model, Shanghai, there is no a whole-scale, planned transformation of the city into a “World-Class” city. Rather there exists a piece-meal and contested process of redevelopment, contingent on political negotiation within the state and the shifting balance of power between corporate civil and political society.

My analysis is based on over a year of ethnographic fieldwork in Mumbai, including interviews with government officials, city corporators, academics, journalists, developers, consultants, brokers, middlemen, civil society activists, lawyers, informal

\textsuperscript{221} Unlike in Chatterjee, civil society and political society do not entirely correspond to the political domains of the urban middle-class and the informal poor, although it can safely be assumed that civil society is largely a middle-class space and the informal poor constitute Mumbai’s political society.
business owners, entrepreneurs and workers. I also attended relevant public meetings and discussions. As my research is concerned with the relationship between civil society, the state and political society, and how this relationship affects the directions and outcomes of urban policy in globalizing Mumbai, my fieldsite was broad rather than deep. For my understanding of political society and the organization on slums and informal settlements in Mumbai, I draw extensively on published literature (Blom-Hansen 2001; Weinstein 2008, 2009; Chatterji 2005; Makhija 2003) in addition to my own interviews and fieldnotes.

4.2 Chapter Outline

In the Chapter, I examine the relationship between civil society, political society and the state in the context of efforts to transform Mumbai into a “World-Class” city with infrastructure, amenities, policies and governance practices comparable to global norms.

First, I show that a central concern of corporate business and civil society-promoted urban governance reforms in Mumbai is to limit the scope and influence of political society on state processes, while creating new spaces of engagement between the state and civil society. The Mumbai Transformation project, along with spatial and economic restructuring, thus calls for re-configuring urban governance structures and practices of the city. It requires centralizing state authority within the managerial-bureaucratic elite, which works closely with corporate-sponsored civil society. Consequently, it calls for the displacement of discretionary and negotiated practices of governance and regulation – the space of political society.
Next, I describe the role of political society in Mumbai’s governance, and propose that it serves to connect the informal city and the state. I proceed to conceptually relate political society to the informal economy. I propose that the size and scope of informality in Mumbai, where a majority of economic activities fall outside or violate legal and regulatory regimes, necessitates flexible, negotiated and improvised forms of urban governance. These governance practices, in turn, produce a fragmented and hybrid state apparatus, the “jugaad” state, with a high-modernist, bureaucratic-managerial elite aligned with civil society and corporate business. The state's lower levels, comprising city councilors, ward officials, street-level bureaucrats and police cadres have deep-rooted and long-standing ties with political society (Weinstein 2008, Chatterji 2005). “Jugaad” forms of governance not only enable the city’s informal poor to participate in the urban economy and access public services, but also enable the state to govern a largely informal city like Mumbai. The “Jugaad” state is, however, ill-suited to carry forward a large-scale urban transformation program, unlike the centralized, cohesive state in Shanghai.

I illustrate my arguments through a study of slum renewal, a central element of state projects to transform Mumbai’s into a “World-Class” city. I contrast the centralized, planned “Dharavi” model of redevelopment, which remains in limbo, with the small-scale, private-sector led and localized slum renewal scheme that has been implemented since 1996. I then discuss middle-class civil society activism on urban governance, which is concerned with limiting the scope of negotiated, flexible and improvised practices of governance in favor of strict enforcement of municipal laws and regulations.
In both these cases, the fragmented nature of the state in Mumbai becomes apparent, as do the state’s “jugaad” forms of governance.

In the concluding section of this chapter, I relate my findings to the literature on state-civil society relations and urban politics in India. My account complicates Chatterjee’s framework of the relationship between civil society, the state, and political society in Indian cities. I argue that the urban middle-class in Mumbai is asserting its political identity in different ways, including through electoral mobilization. Given its considerable organizational resources, it may constitute a class-based social movement. The growing influence of civil society over urban decision-making, spurred by the Central Government through the JNNURM urban renewal program in conjunction with recent Supreme Court rulings, is likely to have anti-poor implications (Ghertner 2008, Ramanathan 2004, Shapiro-Anjaria 2006).

4.2 Governance Reform and the Mumbai Transformation Project

At a 2009 conference “Megamorphosis” organized by Bombay First and its state partners to revitalize the Mumbai Transformation project, urban governance issues took center stage. Narinder Nayar, Chairman of Bombay First, introducing the topic said:

Are the authorities responsive? My answer is yes, individually, everyone is responsive to suggestions and ideas. It was the Chief Minister’s support 5

222 Chatterjee posits that corporate capitalist interests have a hegemonic domination over the Indian state structure and bourgeois civil society, while political society (the space of non-corporate or ‘informal’ producers and workers) becomes incorporated primarily to temper the effects of capitalist growth through state poverty-reduction and welfare programmes (Chatterjee 2008)

223 As the urban middle-class based 2011 anti-corruption movement led by activist Anna Hazare indicates. (http://www.ndtv.com/article/india/what-is-the-jan-lokpal-bill-why-its-important-96600)

years ago that made this (the Mumbai transformation project) happen. .... But the system is not so responsive. For Mumbai's transformation, we can't use a 19th century approach, a “chalta hai” approach. That is why we are bringing the best minds from around the world to discuss, debate and bring in much needed changes.

The Mumbai transformation project, along with spatial and economic restructuring, calls for re-configuring the urban governance structures and practices of the city. The founder of Bombay First, B.G Deshmukh, a former Municipal Commissioner, was foremost a governance reformer. Through Bombay First, he sought to bring private-sector cultures of professionalism, efficiency and client service into the workings of the municipal administration. Along with Bombay First, Deshmukh established two of Mumbai’s most influential NGOs – AGNI (Action for Networking and Good Governance in India), which coordinates middle-class community organizations, and the Public Concern for Governance Trust (PCGT), co-founded with Julio Rebeiro, a former Mumbai Police Commissioner, which works to promote transparency in government affairs. The Public Concern for Governance Trust's mission statement begins thus:

Leadership of our country needs to be complemented by civil rights groups in undertaking major reforms in governance. Towards this end, citizens in

225 ‘Chalta Hai’ can be loosely translated as “everything goes”. The phrase is often used by civil society governance activists to describe the state of governance in Mumbai.

226 Ribeiro was recently named a “Good Governance Icon” by BASF India ([http://www.hindu.com/2010/11/18/stories/2010111859580300.htm](http://www.hindu.com/2010/11/18/stories/2010111859580300.htm))

227 Both AGNI and PCGT are allied with the on-going “India against Corruption” movement led by Anna Hazare
general and leaders from business and other professional groups in particular, need to join hands to sustain and strengthen the process of change.

There are two aspects of the so-called “Chalta Hai” (a catch phrase which means “anything goes”) approach to urban governance that civil society in Mumbai seeks to change. The first is the lack of a locally accountable, unified state machinery for the metropolitan region of Mumbai. As I discuss in the previous chapter, at the top of Vision Mumbai’s wish list for a “World Class Mumbai” is a powerful elected Mayor, a Bloomberg for Mumbai. For the city’s elite, a mayor who is in effect the city’s “Chief Executive”, controlling a centralized metropolitan administration offers a “single-point” state to lobby and work with. As Nayar put it: “I believe our city’s dreams have a script [Vision Mumbai] but we need a director”

Given Mumbai’s complex politics, Bombay First never pursued the issue of a metropolitan administration with an elected executive Mayor, but the issue came up repeatedly in the presentations and discussions on urban governance at the Megamorphosis conference. The governance successes of cities from Johannesburg to Shanghai to New Delhi, with “corporate” city governments were brought up. In practice, Bombay First works with the sub-national Maharashtra state, and, given the Maharashtra state government’s growing interest in Mumbai, it finds a responsive, if not

228 See Chapter Two for background on Shiv Sena and nativist politics in Mumbai.
necessarily effective, partner. Within the existing state structure, corporate-sponsored civil society seeks to centralize state power within its managerial-bureaucratic elite, and it had high-level allies within the state administration. It seeks to strengthen and create new, autonomous metropolitan-level institutions, such a single authority for transport and infrastructure development in the region.

The second aspect of the “chalta hai” approach that Bombay First, and middle-class civil society more generally, aims to change are the discretionary, negotiated, non-transparent and improvised practices of governance and regulation that characterize the state’s dealing with the informal city – the space of political society, as defined by Chatterjee (2006). The state’s ever-changing “cut-off” dates for slum dwellers entitled to “free houses”, its failure to implement statutory plans and enforce codes and regulations, its implicit sanction of encroachments, illegal constructions and planning violations, and of course, the corruption that fueled all these dealings, were an anathema to middle-class governance reformers as well as some state officials. While political society is assumed to have a corrosive affect on the quality of governance, the participation of civil society is assumed to be edifying. Thus, governance activists in Mumbai promote public participation in planning and decision-making at the municipal and ward-level, mediated through civil society organizations.

“The need to change the mindset of those governing the cities is paramount,” opined an early Bombay First concept note on urban governance. “Traditional

229 In Chapter Two, I discuss how the Maharashtra state has centralized authority over urban decision-making in Mumbai, arguing that the lack of a centralized administrative structure does not adequately explain Mumbai’s faltering “Transformation” effort.

bureaucratic work culture ought to undergo a paradigm shift to give way to an administration that is transparent, efficient and accountable to civil society”.

Bombay First and its civil society allies call for municipal reforms in accordance with the Indian Constitution’s 74\textsuperscript{th} Amendment to ensure “institutional clarity” and “transparency” in the working of urban governments, with “citizen charters” to inform citizens of their rights and the state’s responsibilities, “bench-marking and performance standards” for municipal services, and the perennial favorite, “e-governance” to enable citizens/clients of the municipal state to perform a variety of transactions and access information online (Janagraaha 2009). These reforms, with their emphasis on written charters, transparency and formalized civil-society participation explicitly seek to curtail the negotiated, mediated and informal spaces of political society.

Bombay First’s recommendations mention that new governance institutions and processes should be “inclusive”, and “integrate the poor and marginalized”, but unlike the detailed procedural and institutional changes proposed to improve the quality and “client-friendliness” of services, or streamline decision-making, there are no specifics on the sorts of legal and regulatory reforms, outreach programs and other measures that might be required to incorporate the “poor and marginalized” as full citizens beyond perhaps creating “slum free” cities through affordable housing programs.\textsuperscript{231} Such proposed urban governance reforms in India, now given additional force through the centrally-funded Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which ties urban funding to specific governance reforms, assume that the rights of urban

\textsuperscript{231} As the history of slum clearance and project housing in the US has shown, in the absence of other mechanisms of economic and social integration, social exclusion was exacerbated through the development of new housing projects. These problems were particularly pronounced in US cities due to racial dimensions of inequality, but, given housing discrimination against Muslim citizens in India, it is plausible that social divisions may be similarly hardened through slum redevelopment.
“citizenship” are available to all residents, including the poor and marginalized. But in my fieldnotes and in the minutes of meetings that I attended, I note numerous instances where civil society activists, urban professionals, business leaders and state officials refer to “citizens and slum dwellers”, “citizens and hawkers” or “citizens and encroachers” as separate, and opposed categories. I quote from Bombay First’s Governance recommendations:

Effective local government must be client-focused. We need to institutionalize mechanisms for citizen participation and consultation in decision-making, professionalize the municipal services, corporatize the municipal agencies, streamline procedures and put in place systems for benchmarking and monitoring performance. Citizens should be able to avail of single-point facilitation centers and on-line resources in their dealings with local authorities, rather than having to go from door to door seeking consideration from various local powers.

(Bombay First/Janagraaha 2009)

For Bombay First, its allies in the state’s bureaucratic-managerial elite and civil society governance activists, the “various local powers” are the “vested interests” that oppose reforms and prevent Mumbai’s transformation into a World Class city – the municipal officials that grant permits and approvals and services, for a consideration, to illegal constructions and business activities; the “builder-politician-nexus” that first builds

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232 In more concrete ways, state policies such as “cut-off” dates (enthusiastically supported by middle-class civil society groups and the corporate elite), restrictions on licenses for various business activities based on migration status, and uneven “regularization” of slums create differentiated categories of citizenship even amongst the urban poor.
and then redevelops slums; the “slumlords” and “hawker-lords” that control these spaces; and the elected representatives and municipal officials who, rather than enforce rules and regulations, accommodate and benefit from violations and exemptions.

Sanjay Ubale, the former Special Secretary for Mumbai, referring to the state’s unsuccessful attempt to demolish “unauthorized” slums in 2004 said:

It’s a real problem – the slums are business, its not just poor people building houses. It’s very organized - you know, people take over a property, construct houses, sell it … there are lots of politicians involved, a lot of vested interests. The vested interests were affected and they wanted to stop this….there was a push back to the government.

Thus far, Bombay First has made little leeway against these so-called “vested interests”, and, as I show in the previous chapter, institutional re-structuring and governance reforms have taken a back seat to infrastructure development as the focus of its engagement with the sub-national state. Middle-class civil society, however, remains focused on curtailing the influence of political society – the aforementioned “local powers”- on the state while expanding the role of civil society. As a result, many civil society activists expressed disappointment with Bombay First’s failure to challenge the state’s elite’s capitulation to “political society” on matters of slums and housing, such as the decision to extend the “cut-off” date for slum residents eligible for free housing.

D.M Sukhtanker, formerly Municipal Commissioner of Mumbai and Chief Secretary of Maharashtra, and now a prominent governance reformer, lamented:

233 Slums established after the legal “cut-off” date of 1995.
Overall, the influence of civil society is not much. It is active, but it is not able to penetrate political forces at the highest level. At critical points, civil society and even organized industry have not been able to succeed.

In Mumbai, you can hardly say the state exists as an independent entity; it is so manipulated by land developers… They are very organized; they have to be, given the stakes involved, but not a formal organization. It is organized without an organization; there are people who infiltrate into the political parties, into the political leadership and the decision-making process. The beneficiary of all state policies, in one way or the other, is the developer or the builder. And the slum dwellers – there is this competitive populism going on, offering free houses to slum dwellers, between all the parties, but the real beneficiaries are the developers.

Who are these so-called “vested interests”, that “infiltrate” the state, and how do they influence the implementation of Mumbai’s “World-Class” Transformation project, a project of the city’s state and corporate elite, and supported by the Central government? Corruption, the explanation favored by the Indian middle-class, is an insufficient explanation. Corruption has been endemic to urban politics even in advanced industrial countries, not to mention China, without derailing large-scale state projects. Arguably, large-scale urban projects offer massive opportunities for corruption. In Shanghai for instance, the city’s communist party leadership was investigated in a far-reaching
corruption case\textsuperscript{234}, and corruption fueled, rather than stalled, its dramatic “World-Class” transformation through infrastructure investment and real estate development.\textsuperscript{235}

In order to understand why corporate-sponsored civil society has been unable to “push” the state to effectively implement the Mumbai Transformation project, which, like Shanghai’s plan, emphasizes large-scale infrastructure building and urban development, one must first look more closely at “political society” in Mumbai.

4.3 The State and Political Society

Thomas Blom Hansen provides a detailed account of the informal governance networks that organize political society in Mumbai. In Mumbai’s poorer neighborhoods, “local fixers and men of local eminence who broker contacts between local people and authorities and who extend help of various sorts have always been essential in the networks of dependency, exploitation and debt that organize life in the slums and chawls”. “Ubiquitous, informal and impossible to fix within the boundaries of formal law, these men and their networks constitute elementary units of popular urban neighborhoods” in Mumbai Blom-Hansen 2001, p188). Although their authority within their neighborhoods has no basis in formal authority, it is also not based on systems of kinship or caste. Instead, Blom Hansen argues that the networks around these figures constitute “infra-power”, which he describes as “a web of connections and structures” that “traverse communities and neighborhoods” (Blom-Hansen 2001). These connections are neither fully visible to an outside gaze, nor officially codified, but they are also neither concealed nor secret. Infra-power is ‘brokerage’ in that it “enables and

\begin{footnotesize}
\textsuperscript{234} http://www.guardian.co.uk/world/2006/sep/25/china.jonathanwatts
\textsuperscript{235} See Chapter Two
\end{footnotesize}
facilitates economic flows through connections, obligations or friendships, and spirals in and out of formal organizations, formal economies, formal politics and bureaucratic structures of government and policing” (Blom-Hansen 2009). Infra-power, according to Blom-Hansen, is characteristic of modern cities, particularly colonial and post-colonial cities like Mumbai, where government is at a distance, and relies on alternate forms of authority, self-styled leaders and popular big men to provide order and connectivity in often “unintelligible” poor neighborhoods. Infra-power is distinct from patronage politics because it is not merely a system of rewards, but the “self-organizing potential and informal government” of poor neighborhoods.

Mumbai’s seemingly disorganized hawking environment is controlled by similar “infrapower” networks that connect state and non-state actors. The allocation of space to hawkers in the city is regulated through an organized system that involves multiple actors – the police, municipal officials, hawkers’ unions and “hawkerlords”, local politicians and members of organized crime groups (Sharma 2000). Mumbai’s street hawkers, the vast majority of whom are unlicensed and routinely violate municipal laws, “although officially outside the purview of the law, have frequent, if not daily, interactions with a wide range of representatives of the state, including police constables, the BMC staff, the transport authorities” (Shapiro-Anjaria 2006). Consequently, the removal of

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236 Other studies suggest that in Indian cities, while community leaders engage in clientalistic relations with officials, competitive local politics at the community level requires leaders to deliver benefits to their communities in order to retain their position (Rao, Jha and Woolcock 2005; Mitlin 2004)
hawking from any specified area, especially busy markets, imposes costs not only on the hawkers, but the machinery that regulates them\textsuperscript{237}.

Such spatially-inscribed networks, hard to define, pin-point or measure but far from invisible, play a critical role in governing large parts of the city of Mumbai, regulating the organization of slums and chawls, of street vending, informal workshops and services and other activities that exist on the margins of the state but are dependent on state complicity (Blom-Hansen 2001, Chatterji 2005, Sharma 2000, Shapiro-Anjaria 2006, Weinstein 2008). A continuous process of negotiation and interaction ties the state and political society into an embedded and interdependent relationship.

**Slumlords and Hawkerlords**

Here I describe the interdependence between state actors and political society. For example, as Ubale, the former “Mumbai” Secretary put it, although slum settlements are typically understood as self-organized means of housing by the urban poor, in actuality municipal officials, political leaders, local brokers and organized criminal gangs play an important role in their development in Mumbai. In fact, many of Mumbai’s organized crime leaders began their careers as slumlords, and in this process, formed extensive connections with local politicians, municipal bureaucrats and community networks, organizing votes in return for urban services and controlling access to these services within slum areas (Weinstein 2008).

\textsuperscript{237} When a Court ruling put an end to the BMC’s system of informal licensing for street vendors, BMC officials also became predatory rather than regulatory, demanding bribes with threats of demolition (Shapiro-Anjaria 2006).
A recent Government of Maharashtra appointed “Committee for the Prevention of Slums” found that “an army of unscrupulous officials, slumlords and politicians is engaged full-time in the ‘business’ of taking possession of government land, extorting money and renting out illegal structures in slum enclaves”\(^\text{238}\). As per the Committee’s report, 89 slumlords and local politicians were found to be active in the business of abetting unauthorized construction in 2009, and departmental enquiries were initiated against 133 officials—including BMC ward engineers—for abetting and delaying action against unauthorized construction.

A BMC official described the process as simple, and difficult to contain. “Most people who come to the city don’t build slums—they buy instead. Less than two years after a hut is sold, the owner adds a floor, gets water and electric connections to obtain ration card and voter ID. A slumlord identifies open government land and reclaims it by illegally dumping construction debris. Shanties are then constructed with brick masonry and rolling shutters. Later, the structures are given permanent status with help of officials.”\(^\text{239}\)

Slum housing, according to Chatterji (2005, see also Appadurai 2001), is the most critical site for articulating citizenship in Mumbai. “Urban citizenship” is a political right rather than one with a legal basis, and residents of “illegal” informal settlements engage in politics and manage, through low-level political and official contacts, to gain a measure of service as well as increased security of tenure. Bureaucratic practices like

\(^{238}\) The Times Of India, Mumbai; Feb 23. “Our Officials Run Slum Racket: BMC” http://epaper.timesofindia.com/Repository/ml.asp?Ref=VEJTS8yMDA5AyLzAyLzI0FyMDAxMDA=&Mode=HTML&Locale=english-skin-custom

\(^{239}\) ibid
the slum census undertaken in 1979, subsequent surveys and slum projects, and the existence of state-issued documentary claims (ration cards, electricity bills, rent and tax receipts) are ways in which slum dwellers become gradually "visible to the (formal) state" as citizens, to claim the rights that accrue from citizenship (Chatterji 2005).

In sum, within the city’s slums and informal workspaces, the formal state is distant, but the state itself is very present, not abstract, but “manifest in the concrete relationships slum dwellers perforce have to establish with the lower echelons of government bureaucracy” (Chatterji 2005). In the trenches, the formal regulatory state disappears and merges into political society. Lower-level state actors themselves play a key role in their governance, functioning outside of or sometimes in violation of their official administrative and regulatory duties, performing functions of brokerage, “regularization” in various forms, housing and service provision and informal regulation. Although maligned by civil society and state elites, this can be seen as an unintended and extra-legal form of co-production (Ostrom 1996), providing essential state services and governance in spaces marginal to the formal state.

Denizens of political society, those who live and work on the margins of the state, engage with state actors on a far more regular basis than a middle-class citizen might, although not as individual citizens with rights and entitlements (Chatterji 2005, Chatterjee 2006, Blom-Hansen 2001, 2009, Shapiro-Anjaria 2006, interviews). The relationship between the state and the residents of Mumbai’s slums is not a one-to-one relationship between citizen and state, but one between collective communities (housing cooperatives, slum dwellers organizations, welfare societies), informal

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240 For example, Dharavi has a “Rajnikant Fans Welfare Society”, which provides social services to the mostly South Indian migrant fans of Rajnikant, an enormously popular Tamil actor.
business and worker associations, neighborhood committees), which are often specifically constituted in response to state projects and actions\(^\text{241}\) (Chatterji 2005). These evolve into "issue-based" community organizations capable of negotiating with government departments and political representatives, organizing against evictions, undertaking surveys to present to the state "documentary proof of the existence of a collective" (Chatterji 2005).

Political society’s engagement with the state contrasts sharply with the better-off citizens who constitute civil society. Mumbai’s middle-class citizens, through organized civil society efforts and individually, apply for the services that they are legally entitled to, pressure the state to demand service improvements, assess service quality, report complaints, lobby allies within the state’s bureaucratic elite and participate in newly created “invited spaces” for urban governance such as Local Area Action Committees (LACC) or the older advanced locality management committees (ALMs)\(^\text{242}\). As I show later in this chapter, a central concern of middle-class civil society engagement with the state is to strengthen the state’s capacity and will to enforce laws and regulations related to their “quality of life” and limit the influence of political society on urban governance.

\(^\text{241}\) Dharavi’s chawl committees were formed in the early 1970s, when Dharavi was a centre of illicit activity, for residents to work with the police to shut down illegal liquor distilleries, and its neighborhood-based housing associations were formed in order to implement the 1985 Dharavi upgradation project funded by the central government.

\(^\text{242}\) ALMs are neighborhood groups formed initially in Mumbai’s middle-class “suburbs”, where municipal waste management services were inadequate, and successfully partnered with the municipal administration on waste collection (See Chapter Two). As I show later in the chapter, they have since moved into the political organization of the middle-classes around “quality of life” issues such as “hawkers” regulation, encroachment control, open space and environmental protection, and law and order, among other concerns.
In order to clarify the differences between political and civil society in Mumbai, as well as to highlight internal contradictions within the sub-national state apparatus within its bureaucratic-managerial elite and lower-rungs, I discuss briefly the “mohalla” or neighborhood peace committees, established in Mumbai’s poorer, “communally-sensitive” areas after Mumbai’s devastating 1992 riots. Following the demolition of the 16th Century Babri mosque in Ayodhya by right-wing fundamentalists, Mumbai, like many other cities in India, experienced widespread riots between Hindu and Muslim communities. Mohalla committees helped to rebuild ties across communities and improve relations between the police and the city’s poor Muslim population (Thakkar 2004). They continue to function today to maintain peace during religious festivals and have helped subvert potential instances of inter-community violence. They have also expanded into other roles, promoting “dialogue between various communities on issues other than communal harmony—education, health and the redevelopment of Dharavi.”

In popular accounts, the mohalla committees are seen as products of Mumbai’s strong civil society, divorced from the state and political parties. Thakkar (2004) describes them instead as an example of state-society synergy (Evans 1996, 2002). Mohalla committees were initiated by the state police after the 1992 riots and involve an ongoing partnership between communities and the police (Thakkar 2004). But Thakkar’s own account of their genesis and evolution indicates a more complex picture. Mohalla committees were established under the leadership of Julio Rebeiro, a Police

Commissioner well known for taking a hard-line against Mumbai’s organized crime groups, as well as for his success in preventing riots and quelling inter-community violence in Mumbai. Rebeiro, later a co-founder of the governance NGO, Public Concern for Governance Trust, was concerned with improving ties between the Mumbai police and its poorer communities, particularly its “alienated” muslim population. Mohalla committees, as he conceived them, were “civil society” organizations that interfaced regularly with the police (Ribeiro referred to the UK community policing model as an inspiration). A key requirement was that their leadership be free of “political and anti-social elements,” that is, free of political society. Initially, their leadership comprised lawyers, social workers and professionals, and local political leaders and ward officials were kept out (Thakkar, 2004). Such “civil society”-type mohalla committees were particularly strong in settlements like Dharavi, which suffered massively during the Mumbai riots, and which has a sizable lower-middle class population. The relationship between the mohalla committees and the police, particularly in the absence of a “strong local leader” was at times uneasy, as the police found it “difficult to accept the citizens as equal partners. Policemen at the lower level tend to reduce the mohalla committees to a network of informants alerting them about communal trouble (Thakkar 2004).”

As mohalla committees spread and became institutionalized within the state as “Peace Committees”, Thakkar notes, “political interference became a formidable obstacle”. She quotes a mohalla committee coordinator:

The involvement of members from the middle class is peripheral to say the least. Very often people join these committees, because of their desire to increase their sphere of influence and power or in furtherance of a
personal agenda. At times the use of political influence tries to shape and influence the spirit and functioning of the mohalla committees, losing them their independence. If anti-social elements seek and get membership, it becomes difficult to find even ten committed workers in the locality to join.

As a result, according to Thakkar, political influence dilutes the mohalla committee as people with “dubious records” get into these state-sponsored committees (Thakkar 2004). Moreover, according to a Times of India journalist, “Although several senior officers are sympathetic to the mohalla committees, the officers at the lower level tend to back such committees for their selfish interests”\(^{245}\)

These accounts suggest that mohalla committees were set up by the state police’s elite officers to establish an interface between the police and “civil society” (which they defined as comprising non-partisan, “respected” professionals and social workers), keeping political society (politically-affiliated community leaders, “anti-social” elements, ward officers) at bay. However, as they became institutionalized, they began to resemble more closely the informal governance structures that organize Mumbai’s poor neighborhoods described by Blom-Hansen, and dominated by “political society”. Notably, despite the complaints that mohalla committees have been “diluted” and corrupted by political influence, their most significant indicator of success – the absence of large-scale inter-community violence in Mumbai’s slums since the 1992 riots, despite numerous potential catalysts for communal violence – remains established. This

\(^{245}\) Anil Singh, The Times of India, May 6, 1998
success may be because, rather than despite, the fact that these inter-community committees have become embedded in the existing political power structure\textsuperscript{246}.

**Political Society and Informal Regulation**

To conclude this section, I highlight two central points about the relationship between political society and the state in Mumbai.

First, Mumbai’s political society is not merely the domain of marginal street hawkers and poor slum dwellers, but incorporates a localized, fragmented network of power-brokers, fixers, rentiers, developers, informal capitalists, party and community leaders, officials and elected councilors with little formal power but significant localized authority, within which the lower-rungs of the state is embedded. Political society, because it serves as the space of mediation between the state machinery and the large numbers of urban residents who fall afoul of state legal and regulatory frameworks, is defined by a process of constant negotiation with the state (Chatterjee 2006). Ties of brokering, mediation, informal service provision, corruption and clientalism, link the state’s lower reaches and political society into an embedded and interdependent relationship.

Second, political society can be conceptualized as an informal governance structure that connects the state with the informal city. It thus enables the state to regulate the city’s vast sphere of informal economic activity. This sphere extends well beyond the city’s slum settlements, although these form an important component. In Mumbai, it includes the majority of the city’s work force. Factories and workshops

\footnote{246 As suggested by the literature on the state’s role in organizing riots (Brass 2003; Jaffrelot 2002)}
located within slums, many of which now function as unplanned and unintended industrial districts, violate labor, planning, environmental and other regulations. Because pre-liberalization industrial policy restricted new industries within Mumbai, in order to decongest the city and direct growth towards “backward” regions, new establishments established themselves in the “informal” spaces of slums, and larger factories broke up into small “unregulated sector” workshops to avoid labor regulations (D'Monte 2005, MMRDA 1995). Similarly, most of the “little-box” shops that line the city’s major roads are informal, infringing on the right-of-way of relevant road-building authorities as well as zoning regulations (D. Chattaraj, forthcoming). Thus, “informal” economic activities are not only integral to the city’s economy, but households and business in the informal economy access state services and contribute to state revenues. They are regulated by the state through flexible, improvised and certainly, often corrupt, practices of governance. An example is the BMC’s long-standing practice of collecting a small daily fee from unlicensed street vendors, giving the vendors a receipt that serves to indicate state sanction, adding to municipal revenues in the process (Sharma 2000, Shapiro-Anjarai 2006).

Political Society and Informal Economy

In the previous section, I describe the relationship between Mumbai’s political society and the state and propose that political society forms a link between state structures and the informal economy, which encompasses a growing proportion of
Mumbai’s work force\textsuperscript{247}. Political society constitutes a space of intermediation between informal households and businesses and the state.

Why is so much of Mumbai’s economy informal? Portes and Centeno (in Fernandez-Kelly and Shefner 2006), argue that the relative size, scope and character of the informal economy are a product of state policies, capacity and ideology. The size, scale and diversity of the informal economy in Mumbai can be understood to be a product of a centralized, modernist planning and regulatory regime combined with weak state capacity for implementation, as I discuss in Chapter Two.

In Mumbai, redistributive laws such as the Urban Land Ceiling Act, intended to consolidate state control over urban land for public purposes, were never seriously implemented, but allowed for discretionary “exemptions”, leading to a land-based nexus between state officials, elected representatives and private, largely non-corporate actors, who gained control over large amounts of scarce urban land. Exemptions to land ceiling regulations, zoning and FSI regulations were granted on a discretionary basis with little concern for whether projects were actually meeting policy objectives. Aiming to curb migration to Mumbai, the state produced little low-income housing and restricted the availability of land, driving up real estate prices and spurring the proliferation of slums, developed by slumlords linked to the Mumbai underworld, politicians and state officials (Weinstein 2008). Regulations intended to prevent industrial concentration in Mumbai resulted in informal industrial districts within slum areas. Thus, regulations such

\footnote{\textsuperscript{247} Informalization in Mumbai has grown along with globalization and liberalization, like in other Indian cities - India’s rapid economic growth has not been accompanied by a concomitant growth in formal employment. Absolute employment in “organized manufacturing” declined over the past decade, spurring fears of jobless growth (Ghosh and Chandrasekhar 2007; Tendulkar 2003). Self-employment, on the other hand, increased rapidly from 2000-2005, reversing a declining trend over the previous two decades (Ghosh and Chandrasekhar 2007).}
as the Urban Land (Ceiling and Regulation) Act, various slum-related Acts, industrial policies, zoning and building regulations\(^\text{248}\) have had potent unintended consequences in Mumbai, creating on the one-hand massive illegality and an associated array of intermediation mechanisms between informal households and businesses and the state, working through local politicians, street-level bureaucrats, fixers, brokers, local protection rackets, informal trade associations and unions.

In recent years, democratic decentralization, economic restructuring and liberalization have re-shaped urban policy in Mumbai, as the state has abandoned centralized, modernist, and largely failed planning projects based on the state control of land and urban growth patterns. It has re-oriented urban policy towards economic growth and attracting investment, while minimizing redistributive and welfare priorities. However, the legal and regulatory frameworks that render much of the city “informal” remain, as do the enmeshed power structures that govern these spaces. As globalization and economic growth pushed up urban real-estate values and created incentives for the market-based redevelopment of slums in Mumbai, the intermediaries of political society, whose source of power resides in their ties to the state and their control over urban land, become central actors in Mumbai’s liberalized, market-oriented redevelopment (Weinstein 2008), as I show in my discussion of slum redevelopment. Given their roots in political society, these actors remain at a remove from middle-class civil society and the corporate and bureaucratic elite, but remain closely tied with the state.

\(^{248}\) See Chapter Two for details
4.5 The Jugaad State in Mumbai

Scholars of the informal economy point out that in practice, the “theoretically conflictive relation” between the state and economic activities outside its regulation devolve into various forms of accommodation to the extent that informal workers and entrepreneurs represent economic and political interests (Fernandez-Kelly and Cross in Fernandez-Kelly and Sheftner, 2006).

In Mumbai, given the size and scope of the informal economy, we see that the state’s “accommodation” of informal economic activities is not marginal process that occurs at the edges of the state. Turning Portes and Centeno’s (2006) proposition that the nature and capacity of the state shapes the informal economy on its head, I argue that the scale and scope of the informal economy in turn shapes the nature and capacity of the state. In Mumbai, “informal” processes and mechanisms of regulation and social control become central to urban governance. They create a dichotomy within the sub-national state, between a centralized, modernist regulatory state structure administered by a Weberian-style bureaucracy and a set of urban governance practices that must be improvised, flexible and negotiated, in order to accommodate and control the reality of the informal city.

I term the hybrid state apparatus that obtains in Mumbai a “jugaad” state, using a phrase popular in contemporary urban India that means both cobbled together as well as crudely, innovatively improvised249. The “jugaad” state’s modernist, bureaucratic-managerial elite are allied with corporate civil society, through new, formalized spaces of engagement between civil society and the state,250 while its lower-rungs remain

249 http://www.urbandreammanagement.com/2011/05/jugaad/
250 See Chapter Two and Three
embedded in political society. Vyjayanthi Rao, an anthropologist who works on Mumbai, uses “jugaad” to describe Mumbai’s “messiness, but not based on notions of failure and chaos”. The term “Jugaad incorporates an assembly of different notions of urbanism, far more variegated that the western models”251. Mumbai is a city that has become “globalized”, without “modernizing” in the sense of becoming formal and industrialized. In the emerging “jugaad” literature, the state is seen as either an enemy or generator of “jugaad” practices and strategies in order to get around regulations. I propose however, that the notion can be used to characterize the structure and governance practices of the sub-national state itself. The term is used to describe both a structure as well as a set of strategies, and it is in both senses that I use it to describe the sub-national state in Mumbai.

The “jugaad” state is characterized by a contradiction between its practices of governance at the ground level, which are negotiated, improvised and often extra-legal, and its rigid legal and regulatory framework, which remains that of a centralized, insulated, high-modernist bureaucracy. “Jugaad” forms of governance not only enable the city’s informal poor to participate in the urban economy and access public services, but it also enables the state to govern a largely informal city like Mumbai, despite the fact that the penetration of the formal state into society is low. Mumbai, despite its many dysfunctions, remains a relatively orderly, safe, economically dynamic and culturally vibrant city. The lower-rungs of the state, through networks of brokers, fixers, party workers, middlemen and community leaders, form an informal governance structure.

over Mumbai’s informal spaces (Blom-Hansen 2001). These networks provide them with power and influence beyond their formal powers.

**The Jugaad State and Mumbai’s Transformation**

The “jugaad” state is poorly equipped to carry forward a large-scale program of urban transformation. The sub-national state’s organizational capacity – its ability to mobilize state and social resources towards a large-scale transformative project - is weak due to the fragmented nature of state authority. Although authority over urban policy-making in Mumbai is formally centralized under the sub-national state, the city’s informal spaces – which are not just slums, but spheres of economic activity that exist outside of formal regulation - are controlled by localized, informal governance structures that span state and non-state actors (Blom-Hansen 2001, Sharma 2000). This middle-rung of power-brokers, within and outside the state, dependent for their power and resources on the decentralized, constantly-negotiated regulation of the informal city, stand to lose from a corporatized, globally-oriented redevelopment of Mumbai into a “World-Class” city, free of slums, and regulated through laws rather political brokering and informal governance. Middle-rung power brokers are likely to oppose governance and policy reforms that centralize control over urban functions to a bureaucratic-managerial elite or limit their discretionary powers (such as “rationalizing” development controls and approvals or planned redevelopment), while supporting policies that incorporate them and increase their power and influence, such as the SRS slum redevelopment scheme.

Rather than a strong, state-business growth coalition with the capacity to affect urban renewal, what has obtained in Mumbai are negotiated relationships between state
officials and local real estate capital around specific projects, rules and regulations, that undermine a more comprehensive transformation project. In this context, Mumbai’s urban planning and development regulation is best understood as a political (rather than technocratic) exercise. Given the fragmented nature of state power, the autonomy of the sub-national state, and its capacity to implement policy, depends on its ability to politically negotiate with and incorporate Mumbai’s fragmented power structure into the “World-Class” urban transformation agenda.

Analyzing the state’s relationship to civil and political society in Mumbai, I propose that while the state’s ties with corporate civil society are tenuous, the state apparatus is embedded within political society. As a consequence of the fragmented sub-national state, the influence of the corporate elite on urban policy-making in Mumbai is not hegemonic. Urban planning policies and governance practices are an arena for contestation between civil society and political society.

While processes of globalization, liberalization and decentralization have created the conditions for a programmatic alliance between the sub-national state elite, corporate business and civil society aimed at transforming Mumbai into a “World-Class” city, these processes have also strengthened the influence of leaders within political society. The power of local brokers in Mumbai derives from control over land – urban space, whether slums or pavements, is a valuable resource. In addition, because the penetration of the formal state in the informal city is low, they play a critical role in managing the process of redevelopment – from building support within communities, establishing rights and entitlements, managing conflict, displacement and rehabilitation. Market-based urban renewal policies adopted in post-liberalization Mumbai, such as the
slum redevelopment scheme, have thus reinforced the political and economic power of local power brokers, and as a result some of these actors have made a transition from the space of non-corporate into corporate capital (Weinstein 2008), as I discuss next in my account of slum redevelopment.

4.6 Slum Redevelopment and the Jugaad State

In this section, I illustrate the concept of the “jugaad” state and show how its relationship with political society has shaped the pattern of slum renewal in globalizing Mumbai. In the previous chapter, I showed how globalization and liberalization helped create new spaces of engagement between the state elite and corporate-sponsored civil society and re-shaped the state’s urban policy. I now show how these same forces, through the impetus they have given to slum renewal and urban development, have reinforced the state’s ties with political society. The newly created Slum Rehabilitation Authority, chaired by the Chief Minister of Maharashtra, and the process of slum redevelopment, exemplifies the state’s strengthened relationship with elements of political society and shows how they become incorporated into the city’s “World-Class” transformation.

First, I describe the genesis of market-oriented programs for slum redevelopment in Mumbai in the mid-1990s. I propose that these approaches, which have had mixed success but have become the sub-national state’s predominant strategy with regards to slums, can be best understood not as purely market-driven strategies spurred by globalization and liberalization but as an example of state innovation produced under the specific context of a restrictive, modernist regulatory regime coupled with weak state
capacity that characterizes Mumbai. Thus, the slum rehabilitation scheme (SRS) is an example of “jugaad” state innovation.

Second, I examine the failures of the SRS program, despite its potential, to meet its goals of making Mumbai a “slum-free” city, providing decent housing to slum residents and supplementing the housing stock in Mumbai. These failures, I suggest, are linked to the sub-national state’s inability to effectively plan, coordinate and regulate the process of urban renewal through the SRS. The SRS was conceived as a process in which the state’s role was minimal, with civil society and market actors the lead actors. In effect, the state abandoned core state functions of planning, infrastructure provision, conflict management and rehabilitation, leaving these processes to be managed through negotiations between “civil society” (associations of slum dwellers) and private developers within the city’s slums. Instead, as in the mohalla committees discussed earlier in this chapter, political society – the state-linked informal governance structure of the city’s slums – became central to implementing the slum renewal program. Because the penetration of the formal state in the informal city is low, political society played a critical role in managing the process of redevelopment – from building support within communities, organizing slum dweller groups, selecting private developers, establishing rights and entitlements (all slum dwellers entitled to free housing under the SRS had to meet the 1995 “cut-off date”), gaining approvals from the various state authorities involved and managing conflict, displacement and rehabilitation.

Third, I show how market-based slum renewal policies strengthened the political and economic power of local power brokers and leaders within political society. Their
control over a valuable resource, urban space, as well as their linkages with state officials and political leaders, enabled them to become key actors in the real-estate “nexus” that emerged as a result of slum redevelopment. As result some of these actors have made a transition from the space of non-corporate into corporate capital. Given their roots in political society, these actors remain at a remove from middle-class civil society and the corporate and bureaucratic elite, but remain closely tied with the state. Political society thus becomes incorporated into the globally oriented project to transform Mumbai into a “World-Class” city through urban renewal and infrastructure development.

In the following section I illustrate why weak state capacity and the contradictions of the “jugaad state”, rather than corruption per se, explains the unplanned, sporadic and contested pattern of urban development in Mumbai, and the state elite’s failures to transform it into a “World-Class” city.

Slum Redevelopment in Mumbai

Resolving the slum question is central in many ways to Mumbai’s aspirations to become a world-class city. With the success of movies like Slumdog Millionaire and the popularity of slum tours amongst foreign tourists, Dharavi has become as symbolic of modern Mumbai in the global imagination as Pudong has of Shanghai, much to the dismay of some of the city’s elite. Edward Glaeser writes of “Slumdog Entrepreneurs” in Dharavi, and the Economist describes it as “thriving in hardship”. Economists such as Glaeser (2009) and Huang (2008) tend to equate Mumbai’s high-rates of self-employment with entrepreneurship. Mumbai’s high self-employment rates may be associated with entrepreneurship, but also reflect the informalization labor and “disguised” contract employment (Fernandez-Kelly and Shefner 2006; Ghosh and Chandrasekhar 2007)

252 personal interviews
253 http://economix.blogs.nytimes.com/2009/05/26/slumdog-entrepreneurs/ Economists such as Glaeser (2009) and Huang (2008) tend to equate Mumbai’s high-rates of self-employment with entrepreneurship. Mumbai’s high self-employment rates may be associated with entrepreneurship, but also reflect the informalization labor and “disguised” contract employment (Fernandez-Kelly and Shefner 2006; Ghosh and Chandrasekhar 2007)
accounts that celebrate the entrepreneurial spirit of Mumbai’s slums point to the settlement’s open drains, lack of urban services and congested and unhealthy living conditions, and note the vast, and very visible, disparities between the city’s rich and poor. Economically integral, often geographically central and located between wealthier communities, unlike the peripheral slum settlements that characterize many developing world cities, Mumbai’s slums are an everyday reminder to the city’s elite that Mumbai is a third-world rather than a “World Class” city.

According to the 2001 census, 6.5 million people, or 54% of the city’s population live in officially notified slums, compared to 19% in Delhi. Including “non-notified” slums, chawls and “dilapidated housing” the proportion grows to 65%. And approximately 73% of the city’s households live in one-room homes, due to the severe shortage of affordable housing (MCGM 2009, Bombay First/McKinsey 2009). Yet Mumbai is India’s richest city, in terms of overall GDP and per capita income. Despite the city’s average growth rate of 8.5% since 2002 (MCGM 2009), its booming real estate market and a decade and half of market-based slum renewal policies, a Central Government expert panel on housing and urban poverty estimates that Mumbai’s slum population will be 8.68 million in 2011.255 The shortfall in housing stock, moreover, has grown during the period from 1991-2001 to about 1.7 million homes (Bombay First/McKinsey 2009).

The sub-national state’s policy approaches towards slums have changed along with its “World-Class” aspirations. From programs in the 1980s that promoted in-situ upgradation and tenure security, the current goal, in Mumbai, and across India, is to

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254 http://www.economist.com/node/10311293
have “slum-free” cities. Furthermore, in Mumbai, as liberalization and globalization led to a booming property market, the state elite assumed that market forces would provide the solution to the slum problem where state efforts had failed.

Mumbai’s slum population mushroomed in the 1960s and 1970s, a period when high migration rates intersected with state policies designed to “de-congest” the city of Mumbai and discourage migration. Thus, although the Urban Land Ceiling and Regulation Act (ULCRA) of 1967 authorized the state to acquire land parcels in order to build “social housing”, very little land was acquired for this purpose, as state-provided low-cost housing was seen as an invitation to migrants. MHADA, the state’s housing authority, produced only 75,000 housing units targeted at low-income groups between from its inception in 1976 to 1986256. Gautam Chatterjee, the former Vice-Chairman of Maharashtra Housing and Development Agenda (MHADA) and current Maharashtra Housing Secretary, sums up the state’s attitudes towards the proliferation of slums during this period thus:

The first slum statute of Maharashtra257 (the 1971 Slum Areas Act) was more tolerant of slums …. they were thought to be illegal, but slum dwellers were seen not merely encroachers but people entitled to basic amenities and housing.

The state had two goals with regards to slums at this time – improving living conditions and access to services through slum improvement programs as well as new

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256 Alternative Law Forum (www.altlawforum.org/)
257 The 1971 Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, equipped the government with wide powers to notify slums, and implement clearance schemes. The city’s slum population was estimated at that time to be 1.3 million.
encroachments. The “cut-off” date, which granted rights and entitlements to all slum residents who could prove their residence in Bombay before a fixed date, was a politically attractive and administratively easy solution compared to a formal process of legalization and tenure regularization.

According to Chatterjee,

In 1976, the Housing Minister came up with the concept of the “cut-off date”. He thought, you can't keep having people come into the city, free housing will keep drawing them in. They decided to do a comprehensive survey of all the slums in Mumbai, without warning. A Housing Department outfit called the Additional Collector of Slums did the survey; the municipal authorities were not involved. Once they did the survey, photo passes were issued to all residents. Once these were given, people felt they had security of tenure.

The “cut-off” date can be seen as a state strategy to grant rights and entitlements – “the right to the city” - to a certain section of the urban poor. Thus, urban citizenship in Mumbai is a politically granted right, rather than one with clear legal basis. The extension of “cut-off” dates which were extended to 1995 and then 2000 though legislative amendments, can be employed by the state as a strategy to bring about the social and political inclusion of the poor, while also creating a politically useful “vote-bank”(Chatterji 2005). The Maharashtra state has not followed a consistent policy of either inclusion or exclusion of slum residents; instead the regularization or legalization of slums is used as a political strategy, with “cut-off” dates used to legitimize and de-
legitimize different categories of slum residents. The 2004 evictions for instance, which attempted to demolish slum settlements established after 1995, were justified by the Congress administration as an attempt to enforce state laws, and prevent new migrants from benefiting from the state’s program of ensuring “free housing for slum dwellers” in re-developed slums. The evictions were stalled and the same state administration later extended the official “cut-off” date to 2000. In Dharavi, to reduce opposition to the Dharavi mega-project, the cut-off date is 2004, when the project was formally approved. Unsurprisingly, the same networks of political society that establish and redevelop slums – the so-called “unscrupulous army of state officials, politicians and slumlords” also play an important role in providing slum residents with the documentary evidence required to establish residence in Mumbai prior to “cut-off” dates. Since 1979, no citywide slum census has been conducted.

Importantly, “cut-off” dates enabled the state to “regularize” slums and provide them with services while sidestepping the heavy stress on state administrative and legal capacities that a formal process of land titling and tenure regularization would require. As Chatterjee explained,

Ownership is a complicated matter and an unrecognized concept in the slums. The land belongs to someone, the structure to someone else, a slumlord perhaps, who rents or sells to someone (there is a very complicated hierarchical structure) who then builds a mezzanine and then

258 Deshmuk, Ravkikiran “Welcome back to the slum regularization Circus”. Mumbai Mirror, 31 July 2010
http://m.mumbaimirror.com/index.aspx?page=article&sectname=News%20%20City&sectid=2&contentid=20090731200907310204586095628928d
they have a sub-tenant on a “leave and license” agreement. These sub-tenants are the most vulnerable. There is always some paperwork, absolutely. It’s not justiciable in the formal system, but they have goons to implement it.... it’s not formal, but it works.

The Slum Rehabilitation Scheme: A Jugaad State Innovation

Since 1995, the Maharashtra state’s primary approach to slums and housing has been for the state to take the backseat, facilitating slum renewal by market actors in partnership with associations of slum residents through an incentive program called the Slum Rehabilitation Scheme (SRS). Launched by the Shiv Sena-BJP state government in 1996\(^\text{259}\), the program aimed to fulfill two imperatives – to provide free housing for 4 million slum dwellers (an election promise key to the Shiv Sena’s first ever victory at the Maharashtra State level) and to take advantage of Mumbai’s sky-rocketing real estate market. With the introduction of the SRS, all other slum improvement approaches, such as the upgradation model employed under the World Bank-financed Slum Upgradation Program were phased out (Makhija 2001).

Despite its limited success in meetings it goals of housing generation and making the city “slum free”, the SRS, with its twin planks of free housing for slum dwellers and massive profits for real estate developers, remains the predominant approach for slum redevelopment. The core of the SRS approach is to leverage the land values of slum areas to attract private participation in providing housing for the poor, while at the same time clearing out the city’s slums and redeveloping slum areas

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259 This was a modification and expansion of an earlier programme, the Slum Redevelopment Scheme (SRD), a non-starter set up by the Sharad Pawar government in 1991 (http://www.altlawforum.org/globalisation/research-publications/mumbai-to-shanghai-without-slums/slum-policies).
for commercial purposes. The SRS Scheme provided incentives for private developers to redevelop slums in the form of additional floor area (FSI), which could be sold at market rates, provided they constructed housing units for slum households of 225 square feet each. Although slums occupy only 6% Mumbai’s land area (while housing over 55% of its population), because of tight development controls capping the FSI within greater Mumbai, additional floor area is an extremely valuable resource. Within slum areas, developers were allowed an FSI of 2.5, while the norm in Mumbai was 1.33 (to compare, the FSI in New York is 12). Surplus floor area, if any, could be transferred to another area through the Transfer of Development Rights (TDR). Furthermore, as the program evolved, and the FSI incentives increased to 4, and these could be applied, through TDRs in lucrative “up-market” neighborhoods. The SRS is thus dependent on the state’s restrictive development policies, which make slum redevelopment lucrative because “development rights” are a scarce and valuable resource.

As per the SRS scheme, cooperative organizations of slum dwellers could approach builders, who would be allowed to construct high-rise housing for sale at market rates, provided that free housing was made available to slum households who could prove their residence in Mumbai prior to the state’s initial 1995 “cut-off” date. In order to benefit actual slum residents rather than “slumlords” it was residents rather than the owner of the structure who were entitled to free homes. For every slum house constructed, the developer received the right to construct additional market-rate houses,

260 Developers argue that market-rate pricing is not viable in slum areas, because wealthy Mumbaikars will not countenance living next to slum dwellers (interviews)

261 interviews D.T Joseph; Suyog Seth, development broker; developers
thus developers had an incentive to interpret the cut-off dates generously. The developer’s only costs under this program were construction costs, which are extremely low compared to land costs in Mumbai, particularly for the small, basic units of “free-housing” that slum residents were entitled to under the scheme.

I spoke extensively with D.T Joseph, the Maharashtra state’s urban development secretary from 1991-1996 and as well as the innovator of “Transferable Development Rights” (TDRs), a policy instrument that has become key to Mumbai’s ability to leverage urban land values to finance infrastructure and urban development. Closely involved in the design of the SRS, Joseph was also the first CEO of the Slum Rehabilitation Authority (SRA), the Maharashtra state parastatal set up in 1996 to implement the programme.

The first iteration of the private sector driven slum renewal was attempted under Sharad Pawar’s Congress administration in 1991. Describing the process, Joseph said:

In 1991, we decided to try some private sector redevelopment. We told developers, you will get 10 or 15% more FSI if you can accommodate a slum…..that lets you build one more floor. But the numbers of slums were so high, we realized that approach would only graze the problem. To implement it, or to implement the Slum Act, we would have to choose a few slum dwellers and demolish the rest, which I don’t approve of at all. People don’t evaporate. We are a poor country, and I understand why they come to Bombay. They aren’t coming for a holiday, but to work. And where else can they stay, it’s a simple logic. Some people say, have a work permit, restrict migration, but I am totally opposed to that. So when
the Shiv Sena came in, with their free houses for slumdwellers platform, I didn't oppose it. Well, I opposed the idea that the slum dwellers got the house for free, but not the idea.

But how to manage this problem? The answer was to produce more land and bring value down to that slum dwellers can also afford something. We decided to raise permissible FSI from 1.33 to 2.5 in the slum areas. We felt this was a win-win situation - the developers made a profit, the slum residents got proper houses, and the housing stock increased.

Joseph had earlier developed the approach of using urban land values to finance development when he introduced the transferable development rights (TDR) mechanism in the 1991 Development Regulations. TDRs had not been used anywhere in India prior to this. When finalizing the 1991 city plan, Joseph said he looked through the earlier development and realized that it was almost entirely unimplemented.

I realized that hardly 20% of the development plan had ever been implemented. I asked why, and they said, we have no money, there is no land available, and if there is, land is too expensive.... we have no money to acquire land. That’s when we brought in the concept of TDR. We thought ….how do you create land? A floor space incentive is only on land itself. With a transferable development right, you could use it both ways, on the same land, or build it elsewhere. You could use to redevelop entire slums, even in low value areas, but allowing developers development rights in a prime area.
Joseph was a member of the 1995 Afzalpurkar Committee set up by the Shiv Sena administration in order to figure out a way to meet its campaign promise of providing four million slum residents with free housing\textsuperscript{262}. The Afzalpurkar Committee recommended that the land value of slum areas be leveraged to tackle Mumbai’s slum problem. Unlike earlier housing programs, the SRS scheme was entirely self-financed – market-rate development incentives would cross-subsidize the cost of building homes for the poor. And the Afzalpurkar report was progressive in its recognition of Mumbai’s slum residents, stating that, "The slums and hutment-dwellers of unauthorized structures form an integral part of this vibrant metropolis. All of them undoubtedly have a share in the growth, status and prosperity of this great city." (Afzalpurkar Committee Report 1995)

The Slum Rehabilitation Scheme, based on the Afzalpurkar recommendations, envisaged that slum dwellers cooperatives or housing societies, aided by NGOs, would engage with real-estate developers in order to redevelop their land and build better quality housing. Housing Societies could also undertake the redevelopment themselves, or in partnership with an NGO (Makhija 2003). The state’s role was limited to regulating and facilitating the process and approving its various stages\textsuperscript{263}. Slum residents associations and developers were responsible for all aspects of implementation, from organizing and registering as a cooperative, gaining and providing evidence of consent of a majority of the residents, establishing their eligibility as per the state 1995 cut-off

\textsuperscript{262} http://www.indiatogther.org/2004/nov/ddz-subsidy.htm
\textsuperscript{263} http://www.sra.gov.in/
dates, getting approvals from the requisite state and municipal authorities, and
demolishing the slum and then organizing resettlement and rehabilitation.

As per SRS regulations, any redevelopment scheme required the consent of
70% of the residents, and the government revised the cut-off date to 1995 to protect
slum-dwellers from eviction by developers (Makhija, 2003, Kumar 2005). While the
Afzalpurkar Committee recommended subsidized, rather than free housing, the Shiv
Sena had campaigned on a promise of free houses for slum dwellers, so its scheme
SRS offered free housing (but of a fixed size) to all eligible slum residents.

When it was first introduced, the SRS approach was seen as a promising
approach for slum housing, in tune with liberal development mantras in terms of its
market-orientation, emphasis on private sector participation, and state facilitation and
regulation rather than implementation.

Although housing experts frowned on the free housing aspect, the program
initially attracted considerable support from slum dwellers and some civil society
organizations (Makhija 2003). Mumbai’s slum residents, particularly in older, centrally
located slum areas, pay substantial amounts for housing and are astute about real
estate values in the city. They are likely to look upon their homes as assets as well as
shelter. Hence many slum residents were favorably inclined towards the SRS because
the program was expected to increase the value of their homes (Makhija 2001).
Although Mumbai’s slums are economically fairly diverse and sizable numbers of slum
residents have the markers of middle-classness, including formal sector jobs and
college educations\(^{264}\), residence in a slum is a status marker related to, but separate
from, income levels. In middle-class Mumbai, slum dwellers are widely be perceived as

the shiftless, lawless “other” (Sharma 2005, Ramanathan 2004). With formal housing within the city out-of-reach, the SRS scheme, by providing slum dwellers an opportunity to live in a proper “society” (as co-operative buildings are called in Mumbai), was seen as a means to gain membership in “legitimate” urban society.

A new parastatal, the Slum Rehabilitation Authority (SRA), chaired by the Chief Minister of Maharashtra, brought all slum projects firmly under the control of the Maharashtra State government. The Slum Redevelopment Authority (SRA), was established to oversee and coordinate the SRS scheme, approving applications, clearing different stages of the project, issuing ID cards to eligible slum residents, evicting ineligible or non-participating residents, and ensuring that developers fulfill their rehabilitation obligations and adjudicating appeals. The SRA was declared Special Planning Authority for areas under its jurisdiction (all slum areas), and it may make proposals to modify the Municipal Development Plan for Greater Mumbai. D.T Joseph said:

We thought it would be necessary to set up a new agency to implement this, because the numbers are huge. The Municipal Corporation can't do it. Earlier the Maharashtra Housing Authority, the Municipal Corporation, the MMRDA all did something on slums, but they all had entirely different approaches. The new agency, SRA, was set up to implement this and I was sent to head it. The first year, I didn't even get a salary. But in the first


266 From 1995 onwards, the Maharashtra Chief Minister has always managed the Urban Development portfolio.
year and a half, I sanctioned 50 schemes, and each scheme was carefully considered before approval. In the first year, only a very specific set of architects and builders were interested in this.

As Urban Development secretary, I had issued a letter saying be intelligent about the cut-off date, be humane. The Santa Cruz airport slum, for instance, a lot of people had come after the cut-off date. How can you throw them out? Wherever the newcomers are an integral part of the community, you can't just break it up. The community is an integral unit, even if some people are before 1995 and some after…. but they didn't make it a policy. Also, to prevent builders from doing things against the slum dwellers, I said they had to ensure agreement from 70% of the residents. That became a problem, it became very easy for the local goon to say, if you don't give me Rs 50 lakh, no one will approve…. first it was just local riffraff, then the underworld became involved. The builder had to first lay down this money, just to get them to sign.

To conclude this section, the slum rehabilitation scheme (SRS) is typically explained as an outcome of economic globalization and liberalization (Nijman 2008), and a populist government. Although these contexts are important, I propose that the SRS policies are a product of “jugaad” state innovation under Mumbai’s fragmented state structure – a restrictive modernist regime of development regulation combined with weak state administrative and implementation capacity. As I show next, the scheme’s incentive structure depends on its restrictive land and development policies.
Moreover, by minimizing the state’s formal role in organizing the process, it required limited state capacity to implement it. For example, the slum cooperative and developers were responsible for listing and documenting evidence of slum resident’s eligibility as per the cut-off date as well as the seventy percent consent\textsuperscript{267}. As I discuss earlier, it is difficult for the formal state machinery to penetrate such spaces given the contradictions between its modernist bureaucratic structure and legal and regulatory framework and the complex legal, social and political dynamic within slums. Here again, political society plays an intermediating role.

**The Slum Rehabilitation Scheme’s Problems**

A slump in real-estate prices in Mumbai in the latter half of the 1990s considerably undermined the high profit margins in real estate development that had made the SRA concept feasible in the first place, and the SRS failed to take off in its early years. In addition, few established real estate developers were inclined to work in Mumbai’s slum areas, fearing political problems and delays. Speaking of his first year as head of the SRA, Joseph said:

> The market reacted very swiftly, once the 50 projects were approved. Because this meant that 5,000,000 sq ft will come into the market in 18 months, property rates started coming down. So when the builder starts the project, the value is Rs 5000 sq ft, and then it begins to drop, further and further, till it reaches Rs 1000 sq ft. And at that rate, he will end up loosing money ….so the projects just stops. The market plays a very important role .....that was something we did not consider fully. We should

\textsuperscript{267} Personal interview, Varma, manager in a SRS development firm
have implemented this slowly, but no one was ready to be patient, each MLA wanted schemes in his area …..so we had to just approve things everywhere and of course the market reacted and everything stopped. In the last 10 years, it's picked up again, it’s all in cycles.

The SRS is thus highly vulnerable to trends in the property market. Mumbai’s high and volatile property values are widely considered to be a product of restricted land supply as well as rampant land speculation. If high land values are required in order to encourage private investment in slum redevelopment, it follows that a substantive increase in land supply is likely to bring down property values and reduce the profit margins that drew developer interest. By the time the Shiv Sena-BJP government was voted out of office in 1999, a small fraction of the number of homes it had promised to build for the poor had come up (Kumar, 2005). After two years of implementation (before real estate prices fell), only 1146 units had been turned over to families, compared to a target of 320,000 (D’Souza 2004). The Shiv Sena’s slum renewal schemes were beset by charges of fraud and corruption.268 Frequently, provisions such as the seventy percent consent requirements were waived, and politicians and state officials stepped in to ease land acquisition and grant advantageous deals to favored contractors.

The SRS, while an innovative approach to Mumbai’s slum problem, was seriously flawed in its design and implementation. It assigned no clear responsibility or specification for planning and infrastructure provision in the redeveloped slums areas,

and the burden of service provision fell on the municipal government, which had little influence over the SRS process (Kumar 2005, Singh 1995). There were few mechanisms for slum residents to be consulted about their housing needs before building plans were prepared, and there were strict rules on the size of the house they were entitled (Makhija 2003). Critics argued that the high-rise, high-density redevelopment buildings envisioned under the SRS were expensive to construct and unsuitable for the housing and livelihood needs of the urban poor (many were involved in home-based informal production). Slum resident’s associations and even NGOs had little experience in dealing with private developers, or, if they undertook their own redevelopment projects, in implementing construction projects (Makhija 2003, Kumar 2005, Nijman 2008). The fixed size of rehabilitation tenements ignored the fact that many slums functioned as industrial areas, with workshops and factories employing large numbers, producing leather goods, processed food, machine parts, medical sutures and recycled plastics. Critics also pointed out flaws in the program's underlying logic, arguing that it would provide a windfall to developers while doing little to increase the affordable housing stock 269 (Singh 1995; Prabhu 2004, D’Souza 2004).

The issue of cut-off dates and eligibility quickly became problematic, because the slums were complex, heterogeneous communities, with tenants, owners, new and old migrants as well as new and old structures, homes as well as workshops. Once the majority approval was gained, non-participating slum dwellers were evicted, and legal changes were made to restrict the scope of slum dwellers appealing to courts of law seeking injunctions against the scheme. All projects under the SRS were considered

government works and police power was to be used to remove obstructions to the progress of the works\textsuperscript{270}.

A 2001 Committee chaired by former Municipal Commissioner Tinaikar, looking into the programme, noted in its report, that "it is well established, after 10 years' experience, that utilizing the agency of private property developers for construction of formal houses for slum dwellers in replacement of hutments has failed miserably." "The size of problem," the report continues, "is of a magnitude with reference to which the achievement over the last ten years of the slum rehabilitation scheme is so minuscule; the gains derived by some developers by grabbing premium plots of public authorities for a song, so high; and excessively liberal development control rules to 'facilitate' the developers to make unlimited profit at the cost of integrated development of this metropolis so brazen; that the continuation of this policy... is bound to be disastrous\textsuperscript{271}."

Despite the Tinaikar’s report's condemnation of the SRS approach, the SRS has withstood changes in political regimes from the Shiv Sena-BJP to the Congress. It remains popular with policy makers despite little evidence of success, in either the elimination of slums or the provision of housing for the poor. In order to attract private developers, FSI incentives have been increased, as have allowances for the construction of market-rate housing. Other incentive-based redevelopment schemes are being launched such as cluster redevelopment for "cessed and dilapidated" buildings\textsuperscript{272}. Real estate prices continue to skyrocket and there has been little increase in the affordable housing stock. In addition, the government has avoided undertaking more

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\textsuperscript{270} www.altlawforum.org
\textsuperscript{271} http://www.thehindu.com/fline/fl1820/18200500.htm
\textsuperscript{272} http://www.dnaindia.com/mumbai/report_govt-gives-go-ahead-to-cluster-development_1234245
broad-based attempts to “rationalize” development regulations (by increasing FSI across the board) across the city. Nor has it introduced policy measures to expand the supply of affordable housing. While FSI allowances increase, there is little attempt at planning redevelopment, resulting in the proliferation of high-rise tower blocks in already dense neighborhoods, which place a heavy burden on municipal services and urban infrastructure.

15-years of slum redevelopment have made little dent in the proportion of Mumbai’s slum population. From the mid-1990s when the SRA started to April 2005, an estimated 128,000 slum dwellers have benefited from the program, against a target of 800,000, and an estimated 100,000 are to benefit from projects underway (SRA 2005). There are cases of builders failing to provide resettlement or delaying project completion, as well as reports of intimidation and violence in order to gain slum dwellers’ consent. Although there has been a sizeable increase in the city’s housing stock that could be attributable to the SRS, Mumbai suffers an acute shortfall of affordable housing. A McKinsey report on the housing situation estimates that in 2008, about 3.3 million households in the Mumbai region could not afford a basic housing unit, and argues that purely market-based approaches are unlikely to meet the city’s housing needs (Bombay First/McKinsey 2009).

It is clear that several of the SRS scheme’s problems are a result of the failure of the state to play a stronger and more effective role in planning, monitoring and regulating the process. The SRA, although designated a “Special Planning Authority” was never conceived as a body with any real professional or technical expertise in

273 http://www.karmayog.org/slumsnews/slumsnews_17213.htm
planning, negotiation, dispute resolution, coordination or development and offers no services such as financing, community outreach or mediation. Its role is to approve various stages of the SRS process, adjudicate conflicts and undertake evictions if required; it did not have the authority or the professional resources required to monitor, review and revise the SRS program, or build and institutionalize the sub-national state’s capacity to work in slums and informal settlements. D.T Joseph, one of the architects of the SRS scheme, complained, “The problem is that now, now 20 years have passed, everything is the same. You'll see on every order, I wrote very carefully, after 2-3 years, evaluate and modify as required. That was never done.”

Gautam Chatterjee, who previously worked on the centrally funded “Prime Ministers Grant” Dharavi project in the mid-1980s, is a bureaucrat with a stellar record who was brought in to head the SRA in order to help improve its reputation. He was also asked to propel the finalization of the ambitious 3.2 billion USD Dharavi Redevelopment project, a key component of the state’s efforts to make Mumbai a “World-Class” city. As I discuss later in this chapter, the Dharavi model, unlike the SRS program, requires considerable state intervention and is therefore difficult for Mumbai’s “jugaad” state to implement.

**Slum Redevelopment, the state and political society**

The process of slum renewal, because it offers access to a scarce and profitable resource – land and development rights – has empowered and sustains a powerful nexus between the state’s political leadership, government officials, the real estate industry and a range of brokers including local politicians, promoters, consultants,

275 http://www.sra.gov.in/htmlpages/Dharavi.htm
government functionaries, community leaders and various others. The evolution of Mumbai’s real estate nexus has its roots in Mumbai’s political geography. Fixers and brokers at various rungs of the redevelopment process become important intermediaries in the urban development process in particular, and the operation of Mumbai’s real estate market more generally. Its reach is felt well beyond the city’s slum settlements, shaping Mumbai’s real estate market and the nature and character of urban development.

Given Mumbai’s highly restrictive land policies, slum renewal emerged as the primary means to acquire lucrative development rights over the past decade. However, the city’s established developers initially shied away from the politically charged, complex and “irregular” slum environment. Their links with top-level state officials would not help them navigate the fragmented, heterogeneous and localized networks of Mumbai’s slums.

Thus, most SRS developers are themselves rooted in the networks of political society. Developers operating in slum areas need to be able to tap into their informal governance structures, which includes both state and non-state actors, to undertake the various steps of the slum redevelopment process – organizing and gaining the approval of slum residents, enumerating them, obtaining land titles and other legal documents, negotiating with and listing “eligible” slum dwellers and local politicians, and getting clearances and approvals along the way. A mid-size developer and one of the founders of the Slum Redevelopers Association described his first project in 1996. Sitting in his office at the time was a smiling gentleman in a white kurta pajama
introduced to me as a “kingpin.” In the section below, I quote extensively from my
interview with the SRS developer in order to convey the complex nature of the process.

I was known in Versova, the people in the slums knew me and they
approached me…I’d never built a building before, I was a chartered
accountant. The slum people realized they were getting a legal,
marketable plot\textsuperscript{276}. Once they move into a building, they immediately get
some status, they think we are living in a building and not a slum. I’ve seen
children tell their parents not to spit; now we live in a house!

We organized a public meeting, got the entire slum community to come.
We booked a hall and talked to them, got them registered as a society.
The society has a special general committee, which can appoint a
developer to execute the project. They appointed me, and it got
done…gradually the information spread, mouth-to-mouth, and people
started to coming to me, corporators, local politicians. They all take an
interest.

As they gained experience, the “general committee” of the “slum societies” were
paid a salary and worked as employees of the development firm. The most complicated
task was to gain consent of seventy percent of the community, and then enumerate the
eligible residents. Quoting the developer again:

\textsuperscript{276} The house is registered in the name of both the female and male household head. The property
can not be sold for 10-years to prevent gentrification, though unofficially properties are bought and
sold. (interviews)
We have to do a survey, of all the hutments and structures, all the eligible residents. Their name should be on the 1995 electoral roll as of 1st January 1995. Or they should have a ration card, electricity bills. If it’s a shop, it should have a license, and if it’s illegal, the same thing, electricity bills. They all have something. Then we submit the list of project-affected persons to the SRA. The government is not involved at all. The cut-off date applies to both the person and the structure…sometimes the structure is protected and the person is not, so then it goes to the SRA, the SRA has to decide, or he might go to court. If there is litigation, it really delays the process; otherwise it takes about 3-years altogether.

After the survey, the SRA issues a “letter of intent to approve” and the developer is required to get clearances and “no-objection-certificates” from various state and municipal departments – roads and traffic, the fire officer, water and sanitation, drainage, even civil aviation, which is a Maharashtra state department, and then return to the SRA. The SRA provides no financing nor does it help organize the resettlement and rehabilitation process. It is responsible for the eviction of non-consenting residents, but, according to the developer:

Usually we get a full 100% consent. We have to negotiate, give them a lump sum, or give some a larger house or two houses (but not officially). These people are very intelligent, they try to play one developer against another, but you can’t just give money in a free-lance manner.
Nowadays banks such as HDFC, India’s largest mortgage lender, as well as private equity firms provide financing for the market-rate houses, which subsidize the resettlement and rehabilitation process, but SRS developers began with their own capital or capital raised from “informal” sources, investors and moneylenders. An investment profile of HDIL, “The Slum Redevelopment Czar” and a major Mumbai real estate corporation today reads, “Slum Redevelopment has high entry barriers because it requires expertise and experience in dealing on a regular basis with government officials and slum dwellers.” According to another developer:

The developer space in Mumbai is very messy, and very fragmented and localized, about 95% of it is traditional developers. A local developer’s core skills are aggregating land and getting approvals. The standards of development are actually pretty low, they don't specialize in actual development, but in the politics of development and in aggregating land.

Slum renewal requires little investment upfront – land, the most expensive component of any real estate project, is acquired at no cost other than the transactions costs. Consequently, firms with access to the political society networks bear the lowest transactions costs. As the slum redevelopment system becomes more formalized (with mainstream and foreign real estate firms entering), some of the intermediaries capitalize on their positions in the networks and acquire professional-sounding functions such as that of “approvals architect,” “design consultant” or office bearers in community-based

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277 http://www.slideshare.net/AngelBroking/hdil-the-slum-redevelopment-czar
278 ibid
organizations. I quote a UK-based “boutique” developer who had come to Mumbai, to tap into the most “profitable real estate market in the world”.

We have fixers who get the job done for us…in every space you have fixers, everything is built on established relationships, you have a snowballing network of connections and you need to find the right people with the right connections in every space. For example, we have a separate approvals architect for the SRA…we'd never go to the SRA ourselves. The process of getting approvals cannot be done without money changing hands. As foreign companies, of course we are not prepared to pay for all this, not prepared to pay a whole network of agents, so we use the approvals architect and pay him by check and then trust everything else to him.

The “approvals architect”, who ran a consulting firm specializing in SRA approvals, was a long-term BMC official who had worked with the SRA, as well as several municipal departments. He told me:

We provide consultancies; we are somebody who knows all the regulations very well, so we provide advisory services for approvals, also do designs for some small builders. The larger developers engage top-end architects, and then we mold designs as per regulations and lend our name to get approvals. I got to all the offices necessary to get approvals.
I remain abreast of all the regulations, as a result my name is known, mostly by word of mouth... it’s known by developers. So we are approached, we get a commission to do a project. We get information on zoning regulations, land and property information, and work with design architects to give design brief as the design evolves, we attend meetings, then we prepare municipal plans, we will show what’s included in FSI, not included, we show all these things as per regulations and how to get the maximum out of them. There are set procedures of plans are to be submitted to the concerned authority, the Municipal Departments, SRA.....they are scrutinized by various departments. It’s a very structured process. People complain that Mumbai has 37 steps to get an approval, but Paris has 38!"

Real estate companies participating in the SRS schemes have made enormous profits, and amassed significant land banks, making them important players in a market with a tightly restricted land supply. The TDR mechanism allows builders engaged in slum redevelopment to acquire development rights all over the city. An investment profile of one of the prominent SRS companies, HDIL, notes “about 82% (93.1 million sq ft) of HDIL’s land reserves are located in the Mumbai Metropolitan Region. These include land parcels aggregated over a long period of time and land allotted to the company under SRS. These sizeable land reserves have propelled the company among
the top realty players in Mumbai, India’s commercial capital, and a very lucrative real estate market”²⁷⁹.

Another important SRS builder, Akruti, has a sizeable portfolio of rehabilitation projects. A report on the company by international consulting firm Price Water House Cooper says, “Given the high level of expertise and knowledge required in implementing SRS projects, there exists significant entry barriers and thus limited competition. Having rehabilitated close to 10,000 slums in Mumbai in exchange for land development rights, the company has gained significant expertise in clearing encroachment and building consensus among slum dwellers … This in turn gives Akruti access to prime properties at low cost within Mumbai, ensuring profitability of its ventures. On account of rehabilitation of projects undertaken/being undertaken, Akruti has acquired land at some of the best locations in Mumbai²⁸⁰.”

HDIL and Akruti are now expanding into infrastructure, SEZs and township projects, entering the space of corporate real-estate development. HDIL is undertaking the massive project to rehabilitate slum dwellers in Mumbai’s largest slum, located next to the Mumbai airport. Because their strengths lie in their land assets, control over substantial chunks of TDR and importantly, their networks, rather than technical expertise or development experience, the companies work with more experienced partners to develop luxury housing, commercial areas and planned townships.

²⁷⁹ The SRS allowed Akruti to gain land in prime areas in Bombay, where prevailing property prices are in the region of Rs 20,000-45,000 per sq.ft. However, the land cost for these properties are limited to the cost of rehabilitation, which ranges between Rs1,200-1,700 per sq.ft
In addition to large SRS companies, they are numerous small, localized firms, as well as NGOs and cooperative societies, participating in SRS scheme, including cooperative housing societies, small contractors, non-profits and charitable institutions. Some companies, like HDIL and Akruti, successfully leverage their SRS experience to become major players in the Mumbai’s real estate market, and subsequently provide channels through which external real estate firms can enter the lucrative redevelopment process through “approvals” brokerage (both for slum residents and governmental authorities), partnerships, joint ventures and land sales. They are indispensable allies to mainstream and foreign real estate firms, because their experience with the SRS provides them a valuable expertise in navigating Mumbai’s fragmented and impenetrable real estate market and complex redevelopment undertaking. Thus, elements of political society become incorporated into the Mumbai’s piecemeal and sporadic urban transformation under globalization.

The Dharavi Model: Planned, Corporatized Slum Renewal

The SRS, despite generating a powerful land-nexus, has done little to change Mumbai’s geography as a city of slums. It results in small-scale, uncoordinated redevelopments, a few buildings at a time. As a result, Mumbai’s vast, low-rise slums now feature small clusters of drab grey high-rises in their midst, often without adequate infrastructure servicing them. The approach, with minimal demands on the state, is particularly suited to the “jugaad” state that characterizes Mumbai.

But the state elite, as Mumbai globalized, had visions of a “World-Class” city, without slums and with globally comparable infrastructure and facilities. The “Dharavi” redevelopment project, like the Vision Mumbai plan, captured the imagination of the
state elite. Designed by a US-based architect Mukesh Mehta, who had grown up in Mumbai, the Dharavi mega-project envisaged planned redevelopment of the central Dharavi slum, into a “World-Class” mixed-use business, education, retail, industrial and entertainment complex\textsuperscript{281}. He presented state officials with an impressive power-point presentation featuring global architectural marvels and a narrative of urban renewal that drew on his experiences as an architect and developer in the United States. In the US, Mehta said, the poor had opportunities and rose to accomplish great things – Mumbai’s slum dwellers needed a similar chance, and Dharavi’s redevelopment, along with giving Mumbai a World Class commercial complex, would integrate slum dwellers into the city’s “World-Class” future, by re-housing them in high-rises in a small part of the site.

But unlike the SRS, Mehta claimed, the Dharavi model was planned and holistic, and provided re-housed slum residents education, health, recreation and other facilities, as well as considered their employment needs\textsuperscript{282}. Mehta’s plan incorporated and aimed to “globalize” Dharavi’s industries such as leatherwork, recycling, ceramics and food processing. Making the same presentation to me, he said:

> We talk about leather goods handmade in Italy….well, I want to make “Made in Dharavi” a similar brand. We’ll get the National Institute of Design to establish a campus here, give them subsidized land but they must train the slum residents. We’ll have all the best hospitals, schools, but they will have to cater to the slum residents also

\textsuperscript{281} San Francisco Chronicle, Oct 12, 2006. “Slums separate Bombay from its future” http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2006/10/12/MNG8SLMNET1.DTL

\textsuperscript{282} Mehta’s presentation on the Dharavi Redevelopment Project at the LSE Urban Age Conference, 2007 (http://urban-age.net/0_downloads/pdf_presentations/Mumbai/013_Mehta.pdf)
Dharavi, which houses 60,000 people, is located adjacent to the city’s new financial hub, the Bandra-Kurla complex, and the land is of immense value. The slum’s redevelopment would be “master-planned” by state-appointed consultants (Mukesh Mehta’s consulting firm). Each of the plan’s 5 sectors would then be developed by “global” firms, selected through a competitive bidding process that would bring to Mumbai world-class architecture and the latest in environmentally-friendly technologies. The project would be financed through the sale of development rights, and unlike the SRS, would contribute significantly to state and municipal coffers. Mehta also promised a transparent, consultative, participatory process, organizing meetings with slum residents in order to gain their approval (Weinstein 2009).

The Dharavi project was controversial and had many serious critics, within the state and in civil society as well as within the slum communities. Nevertheless, the ambitious Dharavi redevelopment became a central element of the state’s Mumbai transformation project and was formally approved in 2004. Once the megaproject was approved, all SRS-based slum renewal projects in Dharavi were stopped and no more were to be approved. In order to reduce opposition, the cut-off date was extended until the date of approval of the Dharavi Redevelopment project. The Maharashtra Government furthermore, mentions the “successful Dharavi model” in its draft housing policy, although, even today, the project remains entirely on paper and far behind schedule. The project was opened to international bids in 2009, but due to “fears of

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cartelization” amongst builders, and limited international interest, the bidding process has been postponed and new tenders have not been issued\textsuperscript{285}.

The controversial Dharavi masterplan, prepared for the state by Mukesh Mehta Associates, has not yet been notified. A state-appointed Committee of Experts, composed of housing experts and civil society activists, set up to look into the complaints and problems called the project a “land-grab” and proposed an alternative small-scale community-designed model of redevelopment.\textsuperscript{286} Given the potential value of urban land in Dharavi, located next to the new financial center at the Bandra Kurla complex, as well as Mehta’s persuasive “World-Class” rhetoric and visuals, the state elite ignored this report. According to a critic involved in SRS projects, “The bureaucracy, they like big, centralized projects ... the larger the project, the more money they make. And politicians can stand next to it.”

The Dharavi project’s contested and slow implementation, despite strong support by the state elite, I propose, is related to the nature and capacity of the sub-national state. Gautam Chatterjee, although the Chair of the SRA, is a critic of the project, and noted:

In the SRS scheme, everyone got a share. In this project, the CM wants to control the entire thing. That’s not how things work here, you can’t cut out all the local leaders and politicians. Dharavi is not just a single slum, its many separate neighborhoods and communities. We’ve had SRS projects

\textsuperscript{286}Indian Express, July 8, 2009. “A Year on, Panel Raps Dharavi Plan”
going on for years in Dharavi, but they oppose this plan, there are deep conflicts. The problem with the SRS is that it is very hap-hazarded in nature, very disorganized. There is no planning, no infrastructure and amenities and the Dharavi project addresses those issues. But even if we bring in the best in the world in terms of technical expertise, they really need to be able to work with the people. That is the bone of contention.

The Dharavi project, although designed and implemented by private actors, unlike the SRS, is dependent on extensive state intervention. Chatterjee, known as an efficient bureaucrat who could get things done, was brought in to head the SRA to speed up the implementation of the Dharavi megaproject. But he pointed out that the Dharavi project puts demands on the SRA that far exceeds its capacities.

With this project, the state becomes responsible for dealing with the people, negotiating them, preparing the lists of beneficiaries, figuring out who is eligible, which structures should remain...The developers can just accept all kinds of paperwork, but we can't, as the government. And then managing the evictions and resettlement and rehabilitation, of 60,000 people – in the SRS the developers took care of that, here it becomes the state’s responsibility. That’s why there some of the big real-estate developers backed out, they know the time involved, how things will get delayed. I think such things can be done, but you need a real partnership. Private sector plus civil society plus state.
Although the Dharavi redevelopment project is designed and implemented by private actors, as a planned mega-project project, affecting a population of sixty thousand residents, it requires considerable state capacity. The state bears responsibility for, among other things, master-planning, over-seeing the mapping and enumeration of the existing households and structures, conflict management, negotiating with the settlement’s diverse slum communities, managing evictions, displacement and rehabilitation, monitoring implementation. It must put in place a “transparent, streamlined” implementation framework comparable to global standards in order to attract “World-Class” architectural and development firms. Individual activities, such as preparing a masterplan for the site, may be outsourced to consultants such as Mukesh Mehta Associates, but are ultimately the state’s responsibility.

Thus the Dharavi project, despite the enthusiastic support of the state elite, remains in limbo, and deeply contested. The “jugaad” state, with its internal contradictions, I suggest, is ill equipped to carry out a large-scale megaproject. Given the fragmented nature of state power in Mumbai, the autonomy of the sub-national state, and its capacity to implement policy resides its ability to politically negotiate with and incorporate Mumbai’s fragmented power structure into the “World-Class” urban transformation agenda.

4.6 Civil Society, Political Society and the Jugaad State

In this concluding section, I discuss how urban planning and governance practices in globalizing Mumbai are an arena for contestation between largely middle class “civil society”, with allies in the state’s bureaucratic-managerial elite, and political society. As a consequence of the fragmented sub-national state, the influence of civil
society on urban decision-making in Mumbai is not hegemonic. The dynamic between
the state, civil society and political society in Mumbai is shifting and contested.

As India’s middle-class grew in numbers, influence and political assertiveness in
the 1990s (Fernandes 2006), a new generation of “governance” focused NGOs and
middle-class neighborhood associations came into being in cities like Mumbai and
Delhi287 (Baud and Nainan 2008, Zerah 2008). Organized and vocal advocates of
middle-class concerns such as law and order, cleanliness, parks and open spaces and
other quality of life issues, middle-class citizen’s organizations use the Courts, the
media and the new spaces of cooperation between the state, business and citizens
groups such as the Citizens Action Group discussed in the previous chapter, to push
forward their agenda288. Middle-class civil society activism is centered on improving
urban governance, increasing civil society participation, promoting accountability from
elected leaders, protecting open spaces and the environment and enforcing the rule of
law.

Ex-bureaucrats play an important role in the prominent governance-focused
NGOs such as AGNI, the Public Concern for Governance Trust and Bombay First. In
their views on urban planning, middle-class civic organizations share with the
bureaucratic state an embrace of modernist ideals of urban space, emphasizing
planned development, protected parks and open spaces, cleans streets, unhindered
movement and vehicular traffic, stricter enforcement of court rulings and municipal
regulations, and strong state action to deter “nuisances” such as hawking or
encroachments on city pavements (Fernandes 2006, Shapiro-Anjaria 2006, interviews).

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287 See Chapter Two
288 interviews, field notes
Civil-society urban governance reforms aim to replace the flexible, discretionary, and extra-legal practices of urban governance that are the realm of political society with a transparent, stream-lined, rule-bound and efficient governance framework, mediated by and accountable to civil society. Thus, organizations such as Citispace and AGNI push the state to enforce laws against street hawking and encroachments, “protect” open spaces from slums and encroachments, strengthen environmental standards and regulations and involve civil society participation in urban policy-making.

Although electoral politics is not the primary channel for middle-class political participation and voting rates amongst the middle-classes remain low, there is a growing discourse of “taking back politics”, with organized attempts by governance NGOs like AGNI and Praja to encourage the ‘educated’ middle-classes to vote and to monitor the performance of elected leaders. Groups such as AGNI also organize Mumbai’s middle-class to engage with elected representatives, to ensure they are accountable to “citizens”. Asif Zakaria, municipal councilor for Bandra, a wealthy middle-class area with organized middle-class neighborhood associations, called advanced locality management groups (ALMs), says:

In Bandra, the number of ALMs is the maximum. There is just one slum. Its a middle-class area….Shahrukh Khan lives here and some other film stars. I spend a lot of time interacting with the various ALMs, they keep you on your toes. They keep you very conscious. I interact with them regularly, on a day-to-day basis. We have fortnightly meetings of the LACC, the Local Area Coordinating Committee, at St. Andrews Church,

289 interviews; field notes AGNI meetings
290 See Chapter Two for an account of ALMs, Mumbai’s middle-class neighborhood groups
every second Thursday at 11am. Some BMC officials come…there are some petty issues discussed, garbage issues, pavements. The Local Area Citizens’ Committee concept is very active here in Bandra, but not so much all over the city. In the constituencies with more slums, the Local Area Citizen’s Committees are less active; they use more direct relations or brokers. When they go to the councilor, and they have more basic issues... no water, no sanitation, no electricity. The ALMs talk about roads, garbage, encroachments. And hawkers.

**Hawker Regulation**

The regulation of informal vendors, or as it more popularly known, stamping out the “Hawker Menace” is an important campaign for the newly active middle-class civic organizations in Mumbai. Fought in the Courts and the sphere of public opinion, the battle is over rights to the city’s public spaces and, importantly, the manner in which urban public space, and the city, is governed. The battle pits middle-class citizenry against an entrenched and corrupt “political society”. Civil society activists argue that they are seeking to replace a compromised system governed by rent-sharing between hawker “overlords”, politicians, the police, and state officials, with an orderly, planned system governed by law.

The NGO Citispace, a leading actor in the “anti-hawker” movement in Mumbai, began life as the “Citizen’s Forum for the Protection of Public Spaces”. Citispace argued that “unauthorised hawking had taken over streets, pavements and public space in key areas of the city” and led to “the accompanying problems of health, hygiene,
lawlessness, corruption of public officials and infiltration by criminals"²⁹¹, lobbying municipal officials to take a strict stance on hawking and networking with residents associations to gain their support.

Mumbai today has the largest number of hawkers of any Indian city, even going by the conservative estimate of 200,000 (the figure cited by hawker unions is 500,000). Of these, only 14,000 have a formal license issued by the BMC, all of which were issued over three decades ago. Instead, the BMC informally regulates and manages street hawking through a system of daily fees or refuse collection charges called “pautis”. BMC officials issued daily receipts, providing an informal license to large numbers of vendors and a sizeable income to the BMC as well as individual officials (Bhowmik 2001, Sharma 2000, Shapiro-Anjarai 2006).

Even licensed hawkers are prohibited from setting up any structures on pavements that will obstruct the passage of the public, or impede the working of a drain or open channel. The BMC is obliged to remove such structures, while the person responsible for setting it up is to incur removal expenses of its removal. Hawkers are not allowed to cook outdoors, to sell certain kinds of goods or to work between 10pm and 7am. They are not allowed to be within a certain distance of train stations, schools and hospitals, and most major market roads are official “non-hawker” zones. That these restrictions are violated on a daily basis is evident to any visitor to the city.

In 1998, Citispace filed a petition in the Bombay High Court against the BMC, challenging the legality of the unofficial licensing system. The Court ruling ended the practice of informal licenses, and ordered the BMC to regulate hawking through the demarcation of hawking and non-hawking zones. Currently, a Court-appointed

Committee is working with the Municipal Government, Citispace and hawker representatives within each ward to demarcate the city’s streets and the process is extremely contentious. Where roads have been earmarked as 'hawking zones', there has been strong opposition from local residents and business associations (Bunsha, 2002). Throughout this process, the Hawker Unions have been arguing for the inclusion of more areas, while the Citispace, working with the ALMs, is coordinating the fight against hawking amongst residents and business associations. Partly as a result of their activities, the hawking landscape in Mumbai has become spatially re-organized. With the stricter enforcement of BMC regulations in certain prime areas of the city or where "citizens groups" are particularly active, the hawkers are more likely to crowd into busier (and less elite) areas where, they are more likely to have support from state officials, councilors or political parties. In largely-middle class Bandra, the ALMs have the lobbied the municipal corporator, Asif Zakaria, to their cause:

With the hawkers, a few would be ok, but there are thousands, disrupting traffic … what is wrong is wrong. There was a survey of the hawkers on Hill road, 95% of them are not from Bandra, they are not my voters….. I know it is a socio-economic problem, but I have to please either the hawkers or the residents. And if you show any support for them, the ALMs will cast aspersions on the Corporator, it is very easy to do that, to say they are corrupt.

My role is to pull up the administration, over hawkers, encroachments. As a councilor, I complain, I talk to the BMC, I pester them to take action …
and gradually some accountability is coming into the administration. Within the BMC, I personally feel I'm seeing a change in the work culture of the administration, a gradual accountability to the citizens. With the ALMs, citizens have begun to demand accountability.

As trends of manufacturing job loss and informalization persist, the number of hawkers and street vendors in Mumbai continues to grow, but the spaces they occupy are increasingly insecure and contested (Bhowmik 2001). The state and business elite's vision of a World-Class Mumbai, of malls and IT parks, has little place for third-world practices such as street hawking. In Bombay First’s Citizen Action Group meetings, the need for vigilance and strict action against encroachments is underlined, and partnerships between businesses, the state and civil society to keep pavements and open spaces clean and hawker-free, euphemistically referred to as “beautification”, are proposed. As Arvind Rajagopalan (2002) point out, arguments against hawkers are not only moral/legal but also aesthetic. Hawkers, like slums, betray Mumbai’s reality as a disorganized, messy third-world city and fit neither its leaders' “World Class” visions or its middle-class residents' aspirations for a clean, ordered urban environment.

According to Rajagopal (2002), “Attempts to impose order on city spaces are also about the value of the real estate involved. In a time of unchecked urban growth, the pheriwala (mobile street vendor) becomes a symbol of metropolitan space gone out of control. As such they become the exemplary image of an unattainable disciplinary project.”

The battles over hawker regulation reveal the problems inherent when the state attempts to enforce a rigid modernist legal and regulatory framework over an informal
economic and political space, abandoning flexible and negotiated “jugaad” practices.

Attempts to enforce existing laws, through eviction drives or the implementation of Court orders, have rendered street hawkers more vulnerable (Shapiro-Anjaria 2006) but failed to weaken the hold of the nexus that governs the system.\textsuperscript{292}

\textbf{Civil Society versus Political Society in Mumbai}

Citispce and AGNI, two NGOs at the forefront of efforts to regulate Mumbai’s hawking environment, stress that their battle is not with the hawkers, the majority of whom they acknowledge are poor, hard-working individuals trying to make an honest living, but with the entrenched and powerful nexus of hawker overlords, politicians, union leaders and corrupt state officials that controls the hawking environment.

According to Gerson da Cunha, the convenor of the NGO AGNI, “As in city slums, where the mainspring is not the slum dweller but the slum-lord, and with mendicants, where the key is the beggar-lord, and with polluting taxis, where the problem is really the taxi-lord or fleet owner, so with hawkers too, we must cope with hawker-lords and their connections, not just the hard-working citizen from the districts eking out an honest living.”\textsuperscript{293} “Reformist” municipal officers like Chandrasekhar Rokde, who has led the anti-hawker campaign within the municipal state have similar views. Deputy Municipal Commissioner Rokde says in an interview, “The hawker are not all that badly off as they are made out to be. Most of them own many establishments all over the city and hire servants to run them. For example, I know this bhelwala


\textsuperscript{293} http://www.india-seminar.com/2000/491/491%20da%20cunha.htm

Civil society groups emphasize the scale of graft from hawking, estimated at Rs. 3240 million annually as per the TISS/YUVA study (Da Cunha 2000)
(streetfood vendor) near my office who consumes a bottle of the costliest Scotch everyday and drives around in an air-conditioned car. Using such narratives, which are echoed in the mainstream press, anti-hawker NGOs and state officials paint the battle against hawkers as a noble struggle against an entrenched criminal mafia. Rokde acknowledges that he can’t remove all unlicensed hawkers, not because of their constitutionally protected rights as citizens, but because then, “they will all become criminals and gangsters”.

In terms of numbers, the “citizens” to whom the hawkers primarily constitute a menace represent a very narrow spectrum of Mumbai’s residents – for their primarily the poor and lower-middle class clientele, the hawkers provide a useful service. A NASVI (National Association of Street Vendors of India) study finds that the proportion of the income spent on goods bought from hawkers is higher as the income level decreases. A majority of lower-income residents surveyed by the organization bought nearly all their household requirements from hawkers, while even-middle class residents regularly purchased fruits and vegetables, food, paan and cigarettes, household items and clothes from street vendors (Bhowmik 2001).

The regulation of Mumbai’s hawkers remains a complex and controversial issue, with a new municipal hawker policy designed and approved by the BMC despite opposition from hawker unions and opposition councilors. The adoption of the policy is a victory for middle-class civil society organizations, but the policy is a top-down solution based on a set of 1985 Supreme Court-issued guidelines, limiting hawking near train stations and busy roads, where business is busiest, and banning cooking on the streets.

294 http://www.mid-day.com/columns/2001/nov/17803.htm
295 ibid
As my accounts of slum redevelopment and street vendor regulation indicate, urban planning policies and governance practices are an arena for contestation between civil society, with its allies in the state’s bureaucratic elite, and political society, within which the state is embedded. My account complicates Chatterjee’s framework of the relationship between civil society, the state and political society in Indian urban politics. Chatterjee posits that corporate capitalist interests have a hegemonic domination over the Indian state structure and bourgeois civil society, while political society (the space of non-corporate or ‘informal’ producers and workers) becomes incorporated primarily to temper the effects of capitalist growth through state poverty-reduction and welfare programs (Chatterjee 2008).

The urban middle-class in Mumbai is actively attempting to engage the state and assert their political presence, including through electoral mobilization. Their mission is to promote effective urban governance and local democracy by curtailing the influence of “political society” and creating new spaces of engagement between civil society and the state, for the benefit of all of Mumbai’s citizens. Middle-class civil society’s conception of “democracy without politics” envisions the local state not as a representative body or political entity, but a provider of services and an enforcer of law and order. In Mumbai’s middle-class discourse around urban “citizenship,” I noted that citizens are described as being “law-abiding” and considered a separate category from hawkers, slum dwellers and encroachers on public land, all of whom are “law-breakers”. Mumbai’s informal poor, due to the nature of their work and residence, live on the margins of legality, precluding meaningful urban citizenship (Chatterjee 2006, Chatterji 2005). In this context, it is through political society that the informal poor are able to gain
a foothold in the city and access to state services and resources. Thus, a shifting of the balance of power over urban governance towards civil society, spurred by the Central government through the national urban renewal mission, the JNNURM, as well as some recent Supreme Court rulings (Ghertner 2008, Ramanathan 2006), is likely to have anti-poor outcomes.

The central weakness of the "jugaad" subnational state in globalizing Mumbai is its inability to resolve its internal contradictions. The weak and fragmented jugaad state, divided between a corporate and civil-society oriented-elite and its lower rungs ingrained links with political society, lacks the capacity to develop and implement an inclusive urban policy to shape Mumbai's transformation under globalization and economic growth. Instead, it succumbs to "World-Class" visions of Mumbai becoming Shanghai, slum-free and hawker-free, while falling prey to its inability to implement these policies. What obtains in Mumbai, as a result, is not a comprehensive, planned transformation of the city into a "World-Class" city, but a piece-meal, sporadic and contested process of redevelopment, contingent on political negotiation within the state and the shifting equilibrium between corporate civil and political society in Mumbai.

D.T Joseph, now retired, the architect of the "jugaad" state innovations such as transferable development rights and the SRS slum renewal scheme, was a key ally of Mumbai’s civil society organizations such as the Bombay Environmental Action Committee (BEAG) in their efforts to incorporate environmental and heritage regulations in the city’s Development Plan. Reflecting on his relationship with civil society groups, he made a telling observation:
I've often worked with the NGOs, with Shyam (of BEAG) for instance, on the heritage regulations. In my long life, I've come to the conclusion that NGOs have to be unreasonable to be heard. Like Shyam, he is unreasonable, but he swings to one end, so that when it becomes a law, it will be somewhere in the middle. That's the state's role. We can't give them (NGOs) a right to write the laws. For example, he will write a law to preserve 100% of the mangroves, against 8 million people. But the person in government is responsible to integrate different points of view, to serve not the purpose of just a few ….the builders or the NGOs, but integrate them all.

The key failure of the sub-national state in globalizing Mumbai is its failure to perform this very core state function.
Chapter 5

Conclusion: Why Shanghai is an Unsuitable Model for Mumbai

In this concluding chapter, I revisit the central arguments and propositions of my dissertation and draw out policy recommendations based on my research. My ethnographic investigation of partnership between Mumbai’s corporate and state elite, aimed at transforming Mumbai into a “World-Class” city and international financial center, draws attention to the central role of the sub-national state in creating the conditions for emerging cities to globalize and integrate themselves into the “global space for firms and markets” (Sassen 2006). In Shanghai, from 1990 onwards, a “local developmental state,” with support from the center, undertook a massive state-led project of urban restructuring, intended to make Shanghai an international center for finance, high-technology manufacturing, shipping and advanced services. Shanghai’s globally-oriented restructuring project was designed to attract global capital and talent to boost growth, as well as technological and social modernization.

Mumbai’s state elite, pushed by the city’s corporate sector, initiated a similar project of urban restructuring in 2004, following a decade of post-liberalization urban reforms geared towards promoting private-sector led development and urban renewal in Mumbai. They were inspired by Shanghai’s dramatic and rapid transformation from a fading industrial city to an emerging global center, with infrastructure and amenities comparable to cities in advanced economies, and an enviable record of growth and foreign investment. In order to make Mumbai a “world-class” city, attractive to global
and national capital and talent, Mumbai’s corporate elite sought to re-direct and re-
shape state intervention, rather than dismantle it as the literature on neo-liberal
development would suggest. While promoting private sector and civil society
 participation, deregulation and urban policy reform, they sought to expand and
“corporatize” metropolitan-scale state institutions, strengthen urban planning and
“quality of life” regulations, and ensure state enforcement. Despite constitutionally-
mandated decentralization initiatives, in globalizing Mumbai, power is increasingly
centralized under the sub-national state executive over elected local bodies. Thus, the
process of global integration acts to “rescale” state projects (Brenner 2004) and re-
distribute power within the state (Sassen 2006).

Despite support from the central state and the institutionalization of corporate
sector participation in urban governance and planning, Mumbai’s “World-Class”
transformation program – of infrastructure building, urban renewal, slum redevelopment
and policy and institutional reform – has made little headway well into its timeframe. My
research indicates that the “weak link” in the coalition for Mumbai’s transformation is the
sub-national state.

The state in Mumbai is internally-fragmented and hybrid in nature. I term the
state in Mumbai a “jugaad” state, characterized by a centralized, modernist legal and
regulatory framework, and a set of governance practices that are flexible, negotiated
and improvised, in order to control and regulate a largely informal city. Mumbai’s lower-
level state actors, embedded within networks of brokers, fixers, party officials,
community leaders, informal businesses and unions in political society, have power and
influence beyond their formal role. They are part of an informal governance structure for
Mumbai’s informal spaces, and provide access to state services such as regulation, law and order, water and sanitation, public amenities, often in violation of their formal duties and responsibilities. Mumbai’s “jugaad” state is able to relatively effectively govern a city where the majority of economic activity exists outside the regulatory scope of the formal state. At the same time, the “jugaad” state is ill-suited to carry out a centrally-planned, complex and multi-pronged program of urban transformation.

In globalizing Mumbai, I show that urban governance practices are an arena for contestation between civil society, which has allies in the state’s bureaucratic-managerial elite, and political society, which is closely tied with the state’s lower rungs, comprising elected councilors, ward officials, street-level bureaucrats and police cadres. Civil society-driven urban governance reforms aim to limit discretionary, negotiated and often extra-legal “jugaad” state practices in favor of transparent, rule-based and client-centric governance mechanisms. Aided by the central government through the JNNURM national urban renewal mission, and a series of recent Supreme Court decisions, civil society appears to be making progress in its mission of reducing the influence of political society on state practices. However, civil-society based urban governance reforms, by limiting the scope of political society, serve to sever the link between the state and the urban poor, who are less likely to be legal clients of state services.

Lessons from Shanghai

Given the differences in state capacity between the two cities, Shanghai’s model of urban transformation, dependent on a cohesive, powerful and downward-reaching municipal state, is an unsuitable model for Mumbai. With its fragmented, hybrid “jugaad"
state, Mumbai is unlikely to accomplish a whole-scale spatial and economic restructuring over a short period of time, becoming a “world-class” financial center or a slum-free city. Given its limited capacity to implement its goals, the state’s focus on a “World Class” transformation in Mumbai – a policy agenda extensive in scope but narrow in its developmental and distributive impacts – is likely to result in an increasingly spatially and economically polarized city, with “first-world” enclaves linked into the global economy, but disconnected from the larger city and its hinterland. The state should thus revisit and prioritize its planning and policy agenda for Mumbai, in order to meet its stated goals of inclusive growth and broad quality of life improvements.

Shanghai’s experience nevertheless offers important lessons for Mumbai. In Shanghai, the municipal state effectively “re-invented” itself and built its capacities in order to revitalize the city and position it as a leading global center. Shanghai’s case shows that the role of the state in globally-oriented urban restructuring is central. Particularly important is an effective sub-national state. Given the difference in political regime, the role of the state in Mumbai and Shanghai is markedly different. The state in Shanghai is a “local developmental state”, leading the process of urban restructuring, while Mumbai’s transformation agenda is shaped by its corporate elite, who have been embraced by the state elite as ruling allies in Mumbai’s urban governance and planning. The most important lesson from Shanghai is for the state to retain its role as the generator of urban policy decisions, and to build municipal capacity to effectively formulate and implement urban policy. While the Shanghai state’s policy-making is top-down and insulated, the democratic state in India must build its capacity to balance different and competing goals and interests. The critical variable, I propose, is not what
the state does, but, given the political regime and institutional set-up, in the capacity of the state to carry out the core state functions of planning, legitimation, coordination and the mobilization of state machinery and state and private resources. The nature and process of planning, coordination and mobilization will be inherently different given differences in regimes, institutions and state-society relations but each of these tasks, essential to carrying out a large-scale, multi-pronged urban restructuring program must be performed by a centralized state actor, as opposed to business or civil society, or as a result of market forces.

There are two reasons for why sub-national state effectiveness is particularly important for emerging cities in a global context. First, these cities start off with lower levels of infrastructure, services and amenities that require extensive state investment and actions to match “world-class” standards. Second, globalization affords an opportunity for these cities to “leap-frog” ahead of other cities, by “re-inventing” themselves to serve high-value global and regional markets, whether for financial and corporate services, IT, education, healthcare, or the arts. Globalizing cities concentrate talent and resources, thus creating modern, “First-World” spaces within developing countries, with the assumption, as yet unproven, that skills and technologies will diffuse within the larger regional and national economy. Again, the move from an urban economy based on low-skills services or low value-added manufacturing to one based on high-technology and high-skills requires state intervention. In the short term, the objective is to create a business-friendly environment and an “internationally comparable” quality of life. Key to the “global city” service economy is attracting high-skill, mobile human capital, both national and international. In the long-term, technology
transfers and state investment in higher education and research and development enable the city’s economy to move up the global value chain. This aspect is central to Shanghai’s official developmental model, although there is little evidence of such an approach in Mumbai’s urban policy.

As Shanghai’s globalizes, the state’s role has not diminished but changed. Effective urban management and planning, public service delivery and the need to balance globally-oriented growth objectives with employment, environmental and welfare priorities call for a capable and professionalized municipal state. Global cities tend to have large, effective and professionalized urban administrations and large state sectors – in New York, for example, the city is the single largest employer.\(^\text{296}\) It is thus critical that the state apparatus in Mumbai is strengthened if the city is to meet its “world-class” ambitions or provide a better quality of life for all residents.

Key infrastructure projects, in order to be effectively planned and implemented, may require the setting up of specialized, autonomous state-owned corporations such as the City and Industrial Development Corporation (CIDCO), which developed New Bombay in the 1970s. Professionally-staffed state entities like CIDCO operate outside the logic of the fragmented “jugaad” state, and are thus more effective at implementing large projects. Delhi’s metro-rail is being successfully implemented by a similarly autonomous and professional state-owned corporation\(^\text{297}\). Developing and strengthening specialized state institutions will serve to build state planning and implementation capacities.

\(^{296}\) http://www.crainsnewyork.com/article/20110412/FREE/110419961
\(^{297}\) http://www.delhimetrail.com/
Finally, although the municipal state in Shanghai is centralized in terms of policy-making and accountability, it is administratively and fiscally decentralized. Lower-levels of state, as well as a wider range of stakeholders, are incorporated into and contribute to its globally-oriented development. In Mumbai, the centralized nature of decision-making and implementation are not only conflict with demands for local democracy, but are in dissonance with the state’s internally fragmented power structure. Thus, a more democratic and decentralized governance structure is likely to be more, not less, effective, in improving Mumbai’s planning and governance.

**Democratic Decentralization and Inclusive Planning**

Achieving a substantive degree of local democracy in Indian cities will require strengthening the professional and administrative capacity of urban local bodies and municipal governments, which are now tasked with a range of new functions and responsibilities that they are ill-equipped to perform, including planning and infrastructure development, poverty alleviation, environmental protection and growth promotion. For example, they must prepare City Development Plans and Financing Plans in order to access JNNURM funds. At present, they “outsource” these functions to external consultants or sub-national planning departments. Consultants are not responsible for managing cities and implementing plans, and it is unlikely that the new city development plans will have a real impact without an effective local state. At present, India’s centrally-mandated urban reforms fail to take into account the critical need to build state capacity at the local level in order to better manage India’s growing urban challenges.
Finally, new modes of participatory and civil-society oriented “good governance” reforms, which seek to promote rule-based, transparent and “client-centric” municipal administrations, are likely to have an anti-poor impact. Legal and regulatory frameworks in Indian cities remain substantively undemocratic, marginalizing large numbers of the city’s informal poor and precluding them from full urban citizenship. A large number of the urban poor in India are not legal consumers of municipal services, and depend on extra-legal, “jugaad” state practices to access the state. As long as urban citizenship in India remains differentiated by class, legal status and migration, an urban governance framework mediated by civil society, with the role of political society curtailed, serves to sever the links between the urban poor and the state.

As Holston (2001) argues, studying urban citizenship amongst the poor in Brazil, “Participatory citizenship is not only about deliberative or consultative bodies, about participatory budgeting, nor are these forums the only elements of governance. It is also about the democratization of law, reform of courts, judicial processes, and access to courts and use of the law. For example, urban social movements in Brazil have led to profound social and legal changes concerning urban land and property”. In liberalizing India, in the absence of organized political action or social movements of the urban poor to expand their access to urban resources and rights to the city as occurred in Brazil, it is unlikely that civil society-led “participatory” urban governance reforms will incorporate the poor. Conversely, absent these two elements, the framework of local democracy promoted by middle-class civil society in Indian cities – essentially “democracy without politics”, mediated by civil society, with the local state functioning
primarily as a decentralized service provider and enforcer of law – will serve to further marginalize the urban poor (Holtson and Caldeira 2005).

Studies have shown that an effective local state linked with large-scale social movements has been key in participatory local democratization in Brazil, South Africa and Kerala in India (Heller 2009). In this context, building the deliberative and planning capacity of the sub-national state becomes even more critical, if urban governance in Indian cities is to be inclusive and democratic. Planning in a democratic context is a political task as much as a technocratic function, and India’s urban planners should be trained in democratic and participatory modes of planning.
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