

2008-01-01

Generating Spatial Surplus: The Politics of Zoning in the Mumbai Metropolitan Region

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GENERATING SPATIAL SURPLUS:
THE POLITICS OF ZONING IN THE MUMBAI METROPOLITAN REGION

By

Alpen Suresh Sheth

A THESIS

Submitted to the Faculty
of the University of Miami
in partial fulfillment of the requirements for
the degree of Masters of Arts

Coral Gables, Florida

May 2008

UNIVERSITY OF MIAMI

A thesis submitted in partial fulfillment of
the requirements for the degree of
Masters of Arts

GENERATING SPATIAL SURPLUS:
THE POLITICS OF ZONING IN THE MUMBAI METROPOLITAN REGION

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SHETH, ALPEN
Generating Spatial Surplus:
The Politics of Zoning in the
Mumbai Metropolitan Region

(M.A., Geography)
(May 2008)

Abstract of a thesis at the University of Miami

Thesis supervised by Professor Jan Nijman
No. of pages in the text (93)

The study explores the possibility of new forms of zoning in India. In particular, emerging development projects in the Mumbai Metropolitan Region serve as cases and instances of broader rezoning throughout the region. One is the Dharavi Redevelopment Project (DRP), a slum redevelopment project in central Mumbai on Dharavi, the largest slum in Asia; and the other is the Mumbai Special Economic Zone (MSEZ), a private economic enclave spanning an area of 10,000 hectares (100 km²) on agricultural land in the northern Raigad district of Maharashtra. Despite being unique and spatially-circumscribed projects, I argue that together they constitute a critical departure from historic urban regulatory norms and planning imperatives in Mumbai. The projects involve large-scale urban rezoning processes that are led by the privatization and deregulation of land supply, the production of “spatial surplus, and the transformation of social classes. Although these projects and processes are only emerging, the evidence suggests that these new forms of zoning will exacerbate spatial inequality and uneven development across the region.

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Chapter 1: Introduction

Planning is an act of certainty in a world of relative uncertainty. Urban planning and zoning, more specifically, define and normalize interests and imperatives that may, in reality, be challenging to realize on the ground. This paper closely analyzes two planning projects in the Mumbai Metropolitan Region in India: (i) the Dharavi Redevelopment Project (DRP) and (ii) the Mumbai Special Economic Zone (MSEZ).. These projects reflect contemporary visions of “world-class” infrastructure and urban living and current expectations of India’s dominance in the world economy.

India’s national and urban planners imagine being able to break from a long history of failed policies and projects (e.g. to make Mumbai “slum-free”) by following the ideals of cities like Shanghai and Dubai. In many ways, the glitter of Shanghai urban modernity, which was once a small fishing village not unlike Mumbai, is a powerful model and metaphor for policy makers and business classes in India. This is expressed, for instance, in the Indian government's appropriation of zoning instruments like SEZs from China as well as urban planning styles from Singapore or Shanghai, in order to create their own global metaphors.

Manmohan Singh, the current Prime Minister of India, recently made this pronouncement in the build-up to the state elections: “When we talk of resurgent Asia, people think of the great changes that have come about in Shanghai. I share this aspiration 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. I have a dream that we

can do it.”¹ The DRP and MSEZ are massive urban projects that encompass many of these ideals and desires of “Shanghaiing Mumbai.” But they also represent a critical disjuncture from previous planning histories and zoning devices. And although the DRP, a slum redevelopment project, and the MSEZ, an industrial zone, seem like entirely unrelated endeavors, the evidence suggests that they are closely linked on many levels. The similarity between the two projects is a product of larger processes of capital accumulation, regional rezoning, and social transformations; and this will be discussed in the chapters to follow.

RESEARCH QUESTION

Two projects serve as the focus of this thesis: the Dharavi Redevelopment Project (DRP), a slum redevelopment project in central Mumbai on Dharavi, the largest slum in Asia; and the Mumbai Special Economic Zone (MSEZ), a private economic enclave spanning an area of 10,000 hectares (100 km²) on agricultural land in the northern Raigad district of Maharashtra. Seen in relation to prior urban and regional planning efforts in and near Mumbai, these proposed projects constitute a significant departure in terms of urban regulatory norms.

The history of planning in Mumbai reveals how zoning, both as a legal apparatus and as a planning device, defines and mediates larger relations of capital in space. At the same time, zoning as a practice is itself mediated by social forces and relations in space. The study explores the possibility of a new form of zoning in India that is being led by

¹ See Siddharth Srivastava, “Mumbai struggles to catch up with Shanghai”, *Asia Times*, March 16, 2005. http://www.atimes.com/atimes/South_Asia/GC16Df02.html

the deregulation of land supply through state projects like the DRP and MSEZ. Despite being unique and spatially-circumscribed projects, I argue that they are fundamentally part of larger, ongoing urban rezoning processes. These processes necessitate the transformation of social relations between state, capital and society and they congeal in the form of the two projects studied here.

The two projects are ongoing and subject to a variety of contingencies over time. The following is an impressionistic account based on exploratory research that depended on a flexible methodology. This included unstructured observation, open-ended interviews and the use of written as well as unwritten data. Informants and information were not easily acquired as much of the ongoing project-specific data is confidential and difficult to obtain. The present study involved ten qualitative interviews, together with ethnographic observations, governmental policy document analysis, archival and newspaper research. Qualitative interviews were conducted with three primary groups of people. First, interviews were conducted with private-sector and governmental corporations developing and planning the aforementioned projects. Second, interviews were conducted with journalists, academics, and social activists that have done research and written reports on the projects. Lastly, a series of interviews was conducted with project-affected people (PAP), farmers in the case of the MSEZ and slum-dwellers in the case of the DRP. The collection and analysis of these data made it possible to obtain both an overview of the discursive terrain regarding these new forms of zoning as well as a preliminary picture of the potential impacts of zoning.

The theoretical framework for this study is outlined below. The second chapter provides a brief history of planning in Mumbai, with a particular focus on policies

directed at slums on the one hand, and regional planning on the other. The third and fourth chapters describe the two projects that are the focus of this study, the Dharavi Redevelopment Project and the Mumbai Special Economic Zone (MSEZ), respectively. Chapter five will analyze the data and present findings from the analysis of policies and interviews with key figures in the projects. Finally, Chapter six, the Conclusion, will summarize insights and provide future direction for this research study.

THEORETICAL PERSPECTIVES

This thesis aims to dissect the processes entailed in urban rezoning. We look at rezoning through an analysis of two projects that are currently under way in Mumbai, India. The primary field of reference for this study is critical geography, anchored in the work of David Harvey. However, this analysis relies on a set of theoretical concepts from a number of other disciplines as well. In order to think through the concept of space, I use the work of Henri Lefebvre, particularly his work on urbanization and critique of urban planning. I also adopt the concept of “zoning technology” from Aihwa Ong in order to consider the techno-political implications of the zoning projects studied here.

Capital Surplus and Urban Space

Beginning with Harvey, I will briefly explain the perspective that I appropriate for this research. In *Limits to Capital* (2006), Harvey elaborates a theory of capital that explains private investment in large infrastructure projects. As both of the projects studied here are privately funded, I use Harvey’s theory of “secondary circuit of capital”

in order to make sense of the current large-scale investment projects taking place in contemporary Mumbai.

Drawing on Karl Marx, David Harvey (1981) argues that capitalist production tends towards “overaccumulation,” or the production of surplus capital that cannot be profitably reinvested in immediate production. Through his theory on the urbanization of capital, Harvey describes how capitalists (at least temporarily) avert “crises of overaccumulation.” by investing in and developing large urban infrastructure projects. He calls these investments the “secondary-circuit” of capital, which has a slower “turn-over” period for realizing profits, thus avoiding possible devaluation of capital. In other words, when the market for commodities is relatively saturated, investment in the urban built environment—infrastructure, real estate, and the like—forms a profitable “secondary-circuit” to invest surplus capital (Harvey 1981: 96). The barriers to “switching” capital from production to the built environment for production or consumption, however, necessitate a number of enabling conditions. These include a “money supply and credit system which creates ‘fictional capital’ in advance of actual production and consumption” (Harvey 1981: *ibid*). Switching capital from the “primary circuit” of industrial production to the “secondary circuit” of the built environment also requires something else: space.

Henri Lefebvre makes a powerful argument in *The Urban Revolution*, which is particularly relevant to the case of Mumbai and draws on a logic similar to Harvey’s. In the early 1970s, he described an emerging shift in capitalism from the “production of things in space” to the “production of space” itself (Lefebvre 2003). He argues that we could consider industrialization as a “stage of urbanization, as a moment, an

intermediary, [and] an instrument...In the double process (industrialization-urbanization), after a certain period the latter term becomes dominant, taking over from the former” (2003: 139). Through a study of the production of space under different historical conditions, he argues that contemporary urbanization, what he also referred to as “centralization,” guides this new mode of production under capitalism following the structural collapse of industrialism and state managerialism. He goes on to hypothesize that “[i]t can happen that real-estate speculation becomes the principle source for the formation of capital, that is, the realization of surplus value” (2003: 159). In other words, as Merrifield summarizes it, “the capitalist epoch reigns because it now orchestrates and manufactures a very special commodity, an abundant source of surplus value as well as massive means of production, a launch pad as well as a rocket in a stratospheric global market: urban space itself” (Merrifield 2006: 81).

Smith (2002) critiques Lefebvre’s claim for its exaggeration, saying that urbanization has not supplanted industrialization and actually depends on the latter for its own reproduction. However, Smith also acknowledges the truth in Lefebvre’s suggestive theory, particularly in countries of the developing world that have not fully industrialized to begin with (Smith 2002). More importantly, all three, Harvey, Smith and Lefebvre, admit that speculative investment of surplus value in land and property markets is not only profitable, but a “necessary evil.” In Harvey’s words, “waves of speculation are... vital to the survival of capitalism,” and because of this landlords, developers, financiers, developers and the state are given “free reign to appropriate surplus value” in order to shape the spatial configuration of the built environment necessary for capital and labor in general. (Harvey 2006: 397-8). I build on this framework to suggest that if contemporary

capitalism entails the “production of space itself” and speculation is intrinsic to its sustainability, it may be possible that, in bouts of speculation beyond the control of individual capitalist firms, these processes generate “spatial surplus.” Or, in other words, from the optic of capital, speculative investment in the secondary circuit can “generate” more space than can be profitably brought into the circuits of capital. I suggest that this may be the case in Mumbai, where projects like the DRP and MSEZ privilege the production of high-end real-estate space over and above all other forms of space.

The Object of Planning

Planning policies are deeply scrutinized in this analysis. This is because much of the rezoning taking place in the Mumbai Metropolitan Region is a product of land use and zoning modifications and innovations. Although they are often depoliticized as “sterile and neutral” technocratic practices, planning and zoning are deeply situated in state structures and critical to realizing state power (Cuthbert 2006, 87, Lefebvre 1991, 317). Zoning, for instance, establishes regulatory norms and legal restrictions for spatial practices. In this analysis I rely on a notion of planning that is caught in the relationship between the ordering of space and the structural imperatives of the capitalist state and the market (Dear and Scott 1981). Of course, some would argue that planning through its rationalization of space actually serves to work against, manage and regulate market forces. In many ways planning is ambivalent with respect to the different interests to which it must respond. However, like earlier (Dear and Scott 1981) as well as more recent scholarship (Harrison, Todes and Watson 2007), this study sees planning as

increasingly subject to larger structural imperatives and rationalities led by the capitalist market.

Following Michel Foucault, Aihwa Ong (2004) develops the concept of “zoning technologies” as state mechanisms that use space to create or accommodate islands of distinct governing regimes and to generate different outcomes and different subjects. She deploys this concept in her analysis of Chinese Special Economic Zones which she says are “created by an act of exception, [where] the free trade or export-processing zone is like a country within a country,” a technology that over time spreads its industrial, labor, and social gains throughout the nation. (Ong, 75). The condition described by Ong in Chinese SEZ is not the absence of a legal regime but an exceptional one, in which other ethical and normative “regimes” operate, including those of neoliberalism (ibid). In adopting the latter condition, the concept of “zoning technologies” does help to explain how zoning as a technology, can create “differential spaces” within a broader landscape of normalized rule that are expected to spread out geographically (Ong, 83). I suggest that “zoning technologies” of this sort may be appropriated in order to understand the ways that urban rezoning transforms relations within urban space and between urban spaces and other spaces.

Lastly, I situate my analysis along contemporary theories of neoliberalism. Peck et al. (2003) define neoliberal policies as those that mobilize “state power in the contradictory extension and reproduction of market (-like) rule” (Peck et al. 2003, 166). Prominent theorists argue that neoliberal restructuring and reform must be understood through its particular manifestations. Harvey (2005) illustrates the effects of neoliberalism through the reconstitution of class power. On the other hand, Brenner and

Theodore (2002) suggest that state policy provides a key institutional arena in and through which neoliberal approaches to the regulation of capitalist space may be introduced (2002, 9). In this study, I argue that the reform of urban planning and zoning provides a particularly insightful site for understanding the neoliberal transformation of capitalism, society, and the state. However, the limits and extent of neoliberalism's conceptual power in explaining current transformation in the Mumbai Metropolitan Region are determined through the analysis of social and spatial relations within the two cases.

Chapter 2: Urban and Regional Planning in Mumbai since Independence

Mumbai, like other major Indian cities, has often been defined by policies of spatial decongestion and dispersion. Mukhija (2003) points out “conventional wisdom in Mumbai is that its population has an oppressive size and needs to be controlled.” The relation between Mumbai’s constricted geography and its growing population has been the background for and the object of many different government policies. Given Mumbai’s significant position in the region, urban planning and regional economic planning can be seen to be co-constitutive of Mumbai. This is demonstrated in an analysis of the varying planning framework since Indian independence in 1947. This paper reviews these planning frameworks by focusing on 1) the treatment of slums and 2) the general objectives of regional economic planning. The timeline for the analysis begins in the post-Independence period during the Nehru administration and concludes in the current Singh post-liberalization administration. The purpose of this brief history is to provide a context for understanding more recent transformations.



Figure 2.1 Map of Pre-Independence Bombay
 Source: Collective Research Initiatives Trust (CRIT), Mumbai

SLUMS AND URBAN PLANNING

The precise treatment of slums in urban planning has varied over the course of Mumbai's² post-Independence history. Commentators have tried to identify trends and stages in the evolution of the slum rehabilitation policy. O'Hare et al. (1998) use the Slum Clearance Scheme of 1956 as a starting point. Municipal authorities were given the power to demolish slums during British rule and the urban policy of Slum Clearance simply reappropriated the authority to 'clear-away' slums for a variety of reasons; one

² The name of the city for most of the twentieth century was Bombay, a name given by the British colonial government. However, in 1996, nativist social movements who regained political power in the city and the state of Maharashtra, had lobbied to have the name changed to Mumbai, which was what the city was called before the British occupation.

being to prevent “encroachment” (Mukhija 2003, 24). Many of these squatter settlements were moved to reclaimed land towards the periphery of the Island City. It was only with the Slum Improvement Program of 1971 that the state government formally recognized slums and included a strategy for improving their conditions rather than continue the policy of elimination.

The new approach of the Slum Improvement Program asserted the possibility of “in situ” self-improvement in many “squatter areas” and found wide acceptance, particularly among organizations such as the World Bank. The general policy of slum eradication and relocation was at least partially replaced with plans of settlement improvement towards better sanitary conditions for habitation (Mukhija 2003, 7). According to proponents of “in situ upgrading” of slums, such investment was preferable to costly public housing schemes. Perhaps as a result of this reasoning, a policy shift in favor of smaller-scale, “bottom-up” projects where the responsibility of integration and maintenance was more explicitly placed upon local communities (Moser 1989; Desai 1995).

The policy of in situ rehabilitation policy was ineffectual in the context of the restrictive planning and zoning regulations that contributed to the growth the slum settlements in the first place. These planning and zoning regulations included state and municipal urban policies preventing any overall increase in the city’s building density during the early 1970s in response to the massive in-migration of the 50's and 60's. At the time, there was already a shortage of available housing, which took the form of the pervasive, affordable mass housing structures built throughout the Island city for the

workers in the textile industry known as “chawls.”³ In addition to this, the central government imposed a regulation in 1976 called the Urban Land (Ceiling and Regulation) Act (ULCRA) that put limits on the amount of vacant land that any individual can possess in the city in order to prevent land speculation and hoarding (Mukhija 2006, 2162). Some point out that the regulation also served to keep the land of large landholders off the market through new zoning policies (Narayanan 2003, 183). These policies contributed to setting the limits on the formal supply of both open land and formal housing units. As a result, prices steadily increased, development in agricultural areas grew, and the construction of slums and shanties increased dramatically.

The increase in slum settlement despite active government policies and programs for slum improvement spoke to the contradictory policy imperatives faced by Mumbai’s planners. For instance, most of Mumbai’s planning documents operate under the assumption that “there is insufficient land in the city on which to build” (O’Hare, Abbott and Barke 1998).⁴ During the 1970s and 1980s, urban planners attempted to both achieve slum rehabilitation as well as “decongestion” of the city (Mukhija 2003, 25). With the extensive constraints and controls over the supply of land, policies like “in situ upgrading” became mired in local land politics and increasingly divisive. The tight regulation of land in Mumbai also led to increased power of private builders. By mid-1984, approximately 20 builders had a monopoly over two-thirds of all the apartment

³ *Chawls* were worker tenements built by factory owners as an investment in housing beginning in the late 19th century, and vigorously constructed between 1920 and 1950. Because the construction of *chawls* was seen as less profitable after the implementation of rent controls upon independence, most *chawls* remaining today were built prior to 1950. According to Meena Menon and Neera Adarkar *chawls* were the site of considerable social and political activism in the early twentieth century (2004)

⁴ However, the unequal urban land ownership patterns were also contributed to the “shortage” of urban land, just as did the geographical confines of the island.

complexes constructed in Greater Mumbai (Narayanan 192). Additionally, in this context of tight regulation over the supply of development land, private builders assumed more responsibility for providing housing and more influence over housing, land, and slum policy giving them the characteristics of what many call a “land mafia” (Das 2003, Weinstein 2008). Ultimately, the policy of rehabilitating slum settlements into safe, formally recognized, affordable housing developments became less viable to meet the increasing scale and challenge of slum proliferation.

Privatized Slum Redevelopment

Beginning in the late 1980’s and gaining momentum in 1991, the policy of slum rehabilitation was reshaped as part of the central government’s neoliberal economic reforms. India was in the midst of a major policy shift in favor of market-led growth and contraction of public spending. Mumbai, more specifically, was an important symbol of this transition, and gave a greater role to the private sector in dictating the solutions to the city’s housing problems (O’Hare, Abbott and Barke 1998). There was a concerted effort by the central government’s planning commission as well as local and state governments to partially deregulate demand and participation in land markets. This ultimately increased market participation and the implementation of new “market mechanisms.”

The city began to experiment with the deregulatory approach in slum rehabilitation as well. Many critics of the state’s housing policy discussed the possible repeal of the restrictions and regulations of the 1960s and 1970s on building density, measured as the Floor Area Ratio (FAR) or Floor Space Index (FSI), to solve the city’s housing problems (Mukhija 2003, 25). Increases in FSI were seen as incentives only

because land density/intensity was so heavily regulated and expensive. Allowing developers to build additional stories on a building for sale at market-rate would generate significant profits and, at the same time, would help generate “surplus vacant land” (Das 2003). Following multiple housing policy committee recommendations and under election pressure from the rival Shiv Sena party, the Congress-party led state government formed the initial Slum Redevelopment Scheme in 1991. This scheme was the state government’s first to generalize new market incentives that offered private developers subsidies and incentives for constructing new slum colonies. However, the Slum Rehabilitation Scheme (SRS) ultimately took its place offering more FSI incentives and more sophisticated approach to coordinating the participation of local state agencies, private developers, banks, and non-governmental agencies (NGOs) (Mukijha 2003, 29). This newly regulated framework made slum rehabilitation much more “cost-effective” and viable than previous slum rehabilitation policies.

The new SRS policy was a turning point in slum-related policies. Builders were typically reluctant to participate in slum rehabilitation until then, due to scarce government funding, high capital costs from clearing the land and constructing temporary tenements for residents while construction was still underway, and fluctuating profit margins given the volatile market for real estate in the city (O'Hare, Abbott and Barke 1998, 281). Local development authorities eagerly envisaged that private developers would be attracted by the lure of new developable land, which was incredibly valuable. Although the policy created new opportunities, it was deeply problematic.

Introducing private sector developers and using the market value of land for urban development has also complicated slum rehabilitation strategies in Mumbai. In general,

the introduction of the private sector into slum rehabilitation worked to decenter the role of state funding and state agencies in slum rehabilitation. With the participation of private developers came the need for additional mediating actors and institutions. For instance, credit from banks and other financial institutions was needed to fund the projects. Non-governmental organizations (NGOs) became involved in organizing slum communities and mediating and facilitating their interactions with banks and developers. These NGOs brought their own complexity to the slum rehabilitation process by often mixing their own agendas with the interests of slum communities (Mukhija 2003, 63-5). The multiple actors with competing interests and increased financial risks for private lenders prevented slum redevelopment projects from assuming a larger scale and mired them in layers of politics and local government bureaucracy, which sometimes delayed project completion or even inhibited projects from (Nijman forthcoming).

REGIONAL ECONOMIC PLANNING IN THE MUMBAI METROPOLITAN REGION

Urban housing and economic policy in India was influenced by larger regional planning imperatives. Three policies, in particular, illustrate this relationship: (i) the urban dispersal policy, (ii) geographically targeted economic planning to create export processing zones, and (iii) liberalization policies aimed at making Mumbai a global city. Although these policies were national in scope, they were constituted by and helped to constitute urban planning developments and norms in Mumbai from 1947 onwards.

Balancing Development

Mumbai has been at the center of the Indian economy from the colonial period onwards. Much of the immediate post-colonial economic planning worked to reinforce rather than dilute the “urban bias” in economic development. The central government struggled to both bolster large industrial production and export, mostly centralized in urban areas, as well as to ultimately reduce “the differences between rural and urban living” (Madan 2002, 145). This contradiction became “indicative of the inherent...ambiguity of ‘the Indian road to socialism’” (Harris 1989, 71). The nation’s first Prime Minister, Jawaharlal Nehru, established soviet-style Five-Year Plans to guide the imperatives of policies affecting the entire nation. With rising unemployment and poverty in rural India, the third “Five-Year Plan,” from 1961-1965, created a policy framework to set up industrial development in ‘backward’ or neglected rural regions to counteract the further urban concentration of industrial activity (Madan 2002, 142). The fourth “Five Year Plan,” from 1969-1974, sought to implement “balanced” regional development which explicitly proposed to undercut the “unrestricted” growth of metropolitan cities. This ‘balanced development’ also included land and housing policy reform in favor of rural areas, the establishment of new towns, and the relocation of industries.

With regard to Mumbai in particular, the national policy of “urban dispersal” was of crucial importance in changing the space economy of the city. In 1974, the Mumbai Metropolitan Region Development Authority (MMRDA) was formed to manage the urban economy and demography by using incentives and initiatives towards population dispersal and decentralization. This regional agency also targeted urban policies in

Mumbai by stressing a general reduction of population growth, the banning of new industries within the city, and the regulation of urban building density (Shaw 2004). In the context of this national policy, the MMRDA also invested in a number of large-scale projects in the 1970s to encourage “deconcentration” with the spread of industrialization into the rural areas beyond the city with the hope that the population would follow (Patel 2007, 70).

The major projects initiated by the MMRDA include the construction of a satellite city, Navi (“New”) Mumbai, the establishment of large industrial plots for small-scale industrialization outside of Mumbai, and studies of potential sites for secondary airports and seaports on the mainland coast (Dewan 1997). Although Navi Mumbai was positioned as a countermagnet for the urban dispersal plan, very little of Mumbai's population relocated. At the same time, Navi Mumbai townships and industrial plots were established through displacement of farmers and small landholders, but these new projects never integrated in the economy of the surrounding region to generate employment for those living in the rural hinterland (Banerjee-Guha 1989, 187). In general, state subsidies, incentives, and cheap land facilitated the construction of Navi Mumbai, but did not serve to shift the economic centrality of Mumbai.⁵

Concern over the sharp growth in the city's population contributed to the decline and restructuring of industrial Bombay.⁶ From the early seventies onwards, the planning commission banned further investment in industries within the city and provided incentives to spread and redistribute industrial activity outside the city through its “urban

⁵ Harris points out that the central planning commission was responding to the crisis of government budget deficits and agricultural stagnation (Harris 1989: 78).

⁶ See D'Monte (2002) for a historical account of the decline of the Mumbai textile industry and its relations to demographic policies.

dispersal policy.” A set of new institutions including the Mumbai Metropolitan Region Development Authority (MMRDA) and the City and Industrial Development Corporation (CIDCO) were established to manage the development and creation of peripheral urbanization. CIDCO was in charge of developing “New Bombay,” a satellite city that would become the “countermagnet” to the burgeoning growth of Greater Bombay. Over the years it became evident that these new urban policies and projects did not so much redistribute the urban population. Instead, they facilitated significant urban expansion.

Although urban “dispersal” and “deconcentration” were genuine objectives of the central government, its export policy unwittingly undercut this objective. Though trying to spread investment outside urban centers, the resources devoted to export activity were channeled almost entirely to port cities like Mumbai. Mumbai had been oriented towards export promotion since British occupation and had a very tenuous economic connection with the regional economy which largely remained unchanged (Markovits 1995). With rising budget deficits and foreign debts in the 1970s, the central government began planning for spatially-targeted export zones within Mumbai, even while it articulated a need for urban dispersal. The Santa Cruz Electronics Export Processing Zone (SEEPZ) was created in 1971 to help make exports from Mumbai more competitive in the world market. These zones were also seen as a key economic growth strategy by economic consultants for the international organizations like the World Bank, the International Monetary Fund, and United Nations specialized agencies.⁷ The EPZ strategy followed import-substitution industrialization and was driven by the need of foreign exchange earnings (Ong 2006, 103). According to Rajiv Kumar however, small enterprises with

⁷ Some United Nations economists were more critical and revealing of the negative outcomes generated from these zones (UNCTAD 1985).

little or no foreign investment functioning within India's EPZ framework had what he termed very high "mortality rates," or turnover (Kumar 1989, 24). For instance, in Mumbai's SEEPZ, only large domestic enterprises, particularly those that had foreign equity participation succeeded. As a result, the EPZ policy of the 1970's worked to strengthen Mumbai's large industrial firms and their relations with foreign capitalists, but the zone failed to spread its gains to smaller enterprises and the surrounding region.

Producing A Global City

Into the late 1990s and beginning of the twentieth century, Mumbai began to be seen as a potential "global city." The MMRDA's 1996-2011 Plan for the entire Mumbai Metropolitan Region draws out how comparative advantages and economic history make Mumbai suited to becoming an international financial center (IFC) in the model of other global cities. Policies emanating from the national and state governments began to foster this model of development. From the late 1990's, the national government's decision to offer incentives to foreign investment facilitated increased movement of foreign firms into Mumbai. Over the years, Mumbai has in many ways become more critical to the nation's economy and central even to the global economy. Yet, these policies have led to a qualitative increase in the uneven development of the city.⁸

After 1990s reforms, the MMRDA regarded Mumbai as a region that could integrate the country's economy with the rest of the world. In this new context, Indian regional policies and Mumbai's urban policies formed a new relationship. In her analysis

⁸ See Nijman 2007, where he refers to Mumbai as city that acts as a "gateway city" for foreign capital to enter into India. This has had a tremendous effect on the way the urban space in the city is ordered and valued.

of the transformations Mumbai underwent since 1991, Banerjee-Guha (2006) identifies new MMRDA zoning and planning practices to mark this policy shift. In order to open more space for urban development and economic activity, a zoning system was devised based on the development and “market potential of an area” rather than the land requirement for particular developments (Banerjee-Guha 2006, 214). The MMRDA revised its previous land use regulations to eliminate policies that produced “market distortions.” This large-scale deregulation of real estate allowing for foreign investment and more importantly deregulating domestic demand through credit markets made Mumbai's real estate soar to the highest prices in the world at the time (Nijman 2000).

More recently in regional planning, urban dispersal had been discarded for urban re-concentration and expansion (Shaw 2004, 32). This imperative has effectively displaced earlier visions of the division between urban and rural life by reconcentrating investment and production in city. The central government has also extended the 74th amendment, the *Nagarpalika Act*, mandating the creation of governing councils in urban and transitioning (from rural to urban) areas. This act, which included many of the same provisions as the *Panchayat Act*, effectively extends political authority to suburban subdivisions. Along with other large cities throughout India, Mumbai is developing inner-city and suburban enclaves that serve as high-end commercial and residential townships to attract additional investment and highly-skilled workers (Dupont 2007, Kennedy 2007, Shaw and Satish 2007). However, part of this process involves expelling and distancing polluting industries and poor neighborhoods, a process Amitabh Kundu (2006) calls “degenerated peripheralization.” In general, many see the perpetuation of contradictory and divergent spaces as constitutive of the globalization processes in

Mumbai (Banerjee-Guha 2006, Balbo 1993). As a result of this, the disparities between Mumbai and its rural hinterland have become more stark.

Chapter 3: The Dharavi Redevelopment Project

Dharavi was once a small slum settlement located on the edge of Mumbai, when it was still an archipelago of seven islands. At present, Dharavi is located in what could be considered the “heart of Mumbai” as the city limits now extend far beyond the original boundaries to the Ulhas River, almost touching mainland Maharashtra. A 1986 survey by the National Slum Dwellers Federation (NSDF) counted 530,225 people (106,045 households) living in 80,518 structures. Dharavi is composed of almost one hundred distinct *nagars*, or neighborhoods, that form a mosaic of regional, linguistic, religious, caste and class identities. Its largest communities are Tamil and Maharashtrian, each comprising about a third of the population. However, virtually all regions of India are represented in Dharavi. The majority of Dharavi’s residents are Dalits (former “untouchables”), but members of other castes and tribes are present as well. Dharavi is home not only to the urban poor, but also to some middle-class professionals unable to find affordable housing elsewhere.

Dharavi is not only a residential space, but also an economic hub representing the city’s vast informal sector. Dharavi’s commercial enterprises include recycling, leather tanneries, heavy metal work, woodwork, and manufactured goods such as garments, shoes, luggage, jewelry and prepared foods. As Kalpana Sharma notes in her narrative account *Rediscovering Dharavi* (2000), these enterprises even carry orders for multinational firms. Some economists estimate that the economic production that takes place in Dharavi amounts to approximately \$1 billion.⁹ Commercial and manufacturing

enterprises provide employment for a large share of Dharavi's population as well as for some living outside Dharavi. Much of Dharavi's productivity is rooted in a decentralized production process relying on a vast network of small home-based production units.

After many years of governmental neglect, Dharavi is now the center of attention, both popular and governmental. This area, often branded "Asia's largest slum," has attained global fame. International magazines and newspapers have circulated in-depth stories, photographs, and facts about this one slum. In fact, an international tourism venture offers what it calls "poorism" trips to the Dharavi settlement.¹⁰ Yet, Dharavi's appeal has also changed within Mumbai itself. Although only one of the nearly 3000 slum pockets of Mumbai, it accounts for about 8% of the region's slum population.¹¹ And in the recent years, slums like Dharavi have become a symbol and opportunity for Mumbai to transform itself into a "world-city."

PAST REDEVELOPMENT OF DHARAVI

Dharavi now spans an area of about 223 hectares (550 acres), bordered by the Sion, Mahim and Matunga railway stations and two major roads (Sion and Mahim Link Roads) that connect the eastern and western parts of the city (See Map 1). The Brihanmumbai Municipal Corporation (BMC) owns a majority of the land in Dharavi, with private landholders and the central government controlling the rest. The historical transformations of Dharavi over many decades are visible in the slum's variegated

⁹ See Zubair Ahmed, "Bombay's billion dollar slum," *BBC News*, 1 March, 2004, <http://news.bbc.co.uk/2/hi/business/3487110.stm>

¹⁰ Reality Tours & Travel in Mumbai offers tours to Dharavi in Mumbai since 2006. <http://www.realitytoursandtravel.com/slumtours.html>

¹¹ Dharavi Redevelopment Project "Expression of Interest." Bidding document, Slum Rehabilitation Authority, Government of Maharashtra.

structures some of which have been the target of state rehabilitation as well as renovations and modifications by the residents themselves. While some residents live in structures with tin walls and plastic sheeting, many have constructed more permanent structures of brick or concrete and have added lofts and upper stories. Dharavi is also composed of planned government *chawls*, temporary accommodations, and government-sponsored high-rises.



Figure 3.1 Map of Dharavi in greater Mumbai with transportation networks
Source: The Economist, 2007

The Prime Minister's Grant Project (PMGP) marked the first governmental program to redevelop parts of Dharavi. On a visit to the city in 1985, Prime Minister Rajiv Gandhi established the PMGP dedicating new resources for housing improvement in Mumbai, a portion of which went to Dharavi. The program offered slum-dwellers the option of slum redevelopment and reconstruction, rather than simply the land tenure legalization as before. The PMGP explicitly called for extensive participation by civil society organizations and the inhabitants themselves, hoping that they would eventually form cooperatives. Vinit Mukhija's *Squatters as Developers* documents the involvement

of an NGO that organized in the interests of the slum dwellers, private lenders, state banks, and the Maharashtra Housing and Area Development Authority (MHADA), actually mediated the relationship between the “squatter” and the “developer.”¹²

In 1991, the government introduced a new policy framework through the Slum Redevelopment Scheme (SRD). The SRD and later the Slum Rehabilitation Scheme (SRS) of 1995 replaced earlier state government slum policies. Both policies emerged in the wake of India's neoliberal reforms and introduced “market mechanisms” to provide incentives that lowered the financial risk associated with slum redevelopment in the PMGP. These incentives involved slightly relaxing the regulation on building density and giving builders Transferable Development Rights (TDR) in the less-dense northern suburbs.¹³ At the same time, these policies emerged during state election and wooed voters in slums like Dharavi with the promise of “free housing.” Through the SRS scheme, the state of Maharashtra institutionalized a new incentives-based approach to privatized slum redevelopment. Most rehabilitation projects, even the smallest, were difficult to implement. Each required the coordination of multiple institutions as well as navigation and management of “squatters” and each of their interests. The Government established the Slum Rehabilitation Authority (SRA) to serve as a Special Planning Authority (SPA) for all slum areas in Greater Mumbai and to facilitate the general adoption of the SRS. Most of the high-rise buildings that pepper Dharavi’s skyline were constructed under the SRA's schemes.

¹² Vinit Mukhija. 2003. *Squatters as Developers: Slum Redevelopment in Mumbai*. Hampshire, UK: Ashgate Publishing Limited

¹³ Transfer of Development Rights (TDRs) were used since the beginning of 1990s and were adopted from the United States planning practices.

THE DHARAVI REDEVELOPMENT PROJECT

In 2002, the SRA and the government of Maharashtra announced the Dharavi Redevelopment Project (DRP). The DRP is the largest slum redevelopment project ever undertaken in India. The DRP relies both on recently invented “market mechanisms” as well as on new spatial imperatives. The following is a description of the DRP's professed goals, expected scale, and the various actors and financing mechanisms.¹⁴

The DRP is formulated along the lines of the SRS, with some critical differences. Previous slum projects under the SRS were small, NGO-mediated, and often initiated by slum-dwellers themselves as “self-help” strategies (Nijman: forthcoming). The state created the institutional environment for new slum redevelopment but also became passive in its intervention, particularly with respect to its more direct role in pre-reform “slum clearance.” The DRP is a large-scale and government-initiated project and marks the reemergence of active state interventions in planning and redevelopment of the Mumbai's slums. The DRP is privately planned by M & M Consulting Firm, and the firm's chief architect, Mukesh Mehta, says that the DRP is a critique of previous piecemeal slum redevelopment projects. The project involves the wholesale redevelopment of Dharavi's 535 acres under an entirely new master plan set to cost up to \$2.3 billion. The DRP envisages is a “world-class township” with approximately 70,000 to 75,000 residential-commercial units with modern amenities and new infrastructure. Within the

¹⁴ Part of the material for the analysis was collected through 15 interviews with select actors involved in the planning of these projects as well as individuals speaking from particular sectors of society, including government officials, academic researchers, city planners and architects, community organizers working in the relevant areas, and residents affected by the proposed projects. This analysis is also partly based on observations conducted during field work, conversations with local people in Mumbai, and archival material in the form of government documents, studies conducted by different agencies and research centers, and newspaper reports.

The project's chief architect terms this all-inclusive package: “HIKES” or Health, Income, Knowledge, Environment, and Socio-cultural development services (HIKES). The project guarantees twenty-four-hour, seven days a week water, electricity, on-site sewage and water treatment, and a drainage system. In addition to this, the India Association of Day Surgery (IADS) will set up a day care polyclinic with free treatment for Dharavi residents. These guarantees fly in the face of institutional neglect in Dharavi, where, according to the World Bank, there is about one toilet per 1,500 people and families of fifteen rely on one water tap which works for about two hours each day.¹⁵ Throughout most of Dharavi, there are open sewers, no drainage or official infrastructure for basic needs like garbage removal.

Health and infrastructure concerns in Dharavi are matched by people's everyday concerns about their economic well-being. The DRP will effectively dislocate thousands of factories, workshops, stores, and markets. Many of these workshops are located within the homes Dharavi's residents. The DRP project aims to legalize the existing cottage industries in Dharavi, providing separate workshops for these enterprises on the ground floor of each redeveloped building. In addition to re-settling slum-dwellers, the plan proposes the conversion of 25 hectares into a Special Economic Zone (SEZ), in which the existing collective GDP of Dharavi can be enhanced from INR 2,000 crore (approximately \$500 million) to INR 13,000 crore (approximately \$3.2 billion). The project also proposes to increase exports from its present figure of \$1 billion to approximately \$1.72 billion. The SEZ will house special production sites for jewelry

¹⁵ See Celia W. Dugger. 2006. “Toilets Underused to Fight Disease, U.N. Study Finds,” *The New York Times*.
http://www.nytimes.com/2006/11/10/world/10toilet.html?_r=1&ex=1189828800&en=905358c57769b677&ei=5070&oref=slogin

factories, the leather industry, information technology and other industries. It seeks to increase productivity, value addition, and job opportunities for 75,000 people, and annual income from INR. 40,000 to INR. 100,000 (See Table 1).

Sr. No	Industry	No. of Units	Total Area (sq.ft)	Labor Potential/ Unit	Labor Potential (Nos.)	Average Salary p.a. (INR)	Annual Turnover (INR.. in Millions)
1	Gem& Jewelery	300	30,00,000	250	75,000	75,000	45000
2	Leather	100	500,000	100	10,000	75,000	5000
3	InfoTech	50	15,00,000	1000	50,000	1,50,000	10000
4	Miscellaneous (Non-polluting)	300	15,00,000	50	15,000	50,000	9000
	Total	750	65,00,000		1,50,000		69000

Table 3.1 Estimated Economic Potential of Dharavi

Source: Expression of Interest for the Dharavi Redevelopment Project (DRP), Slum Rehabilitation Authority (SRA), 2007

The DRP's investment in "Knowledge" aims to increase GDP, income and jobs. This involves skills training and better materials provided by institutions like the Gem and Jewelry Export Promotion Council, which agreed to set up approximately 300 export oriented factories in Dharavi, creating employment for 75,000. Also, the SRA received an agreement from the National Institute Design, Central Leather Research Institute (CLRI) and Footwear Design and Development Institute (FDDI) to study the possibility of providing a comprehensive solution to optimize the capabilities of leather craftsmen of Dharavi. For Dharavi's children, the Academy of Visual and Performing Arts and Kangaroo Kids Education Ltd, a prominent private school, agreed to be part of the project. The last components of the DRP involve providing a better environment to

Dharavi residents through a requirement to reserve 25% open space and to provide “Socio-cultural development” by establishing the cricket museum.

The Dharavi Redevelopment Project Process

The DRP was conceptualized in early 1997 under Slum Rehabilitation Authority (SRA). But, according to Mehta, the project did not actually begin until he began working in October 2002. Mehta opened an office on the outskirts of Dharavi for six months and worked with a team of surveyors and architects to collect information about the slum-dwellers. They collected occupancy data such as the size of the existing units and what economic activity, if any, took place. This information was documented and accumulated into a database. Mehta took his plan for Dharavi and presented it to government officials from fourteen different bodies to obtain approval. He then worked with his project team to present his plan to Dharavi residents in numerous town hall meetings. Town hall meeting served as an opportunity for Mehta and his team to present residents with his new plan. Some allege that these town halls were not meant for eliciting participation as the plan had already been completed and received the government's approval.

The initial plan was geared towards meeting government standards and attracting large-scale private developers to invest in the project. The entire site of Dharavi has been divided into sectors and developers are able to bid on the development rights of each sector if they met the criteria explicated in the project's Expression of Interest (EOI) document. The bidding process begins with distributing the EOI document to potential bidders. Each EOI document costs INR.500,000 (or approximately \$12,500). The date for

each applicant to submit their technical and finance bids to SRA was October 15, 2007. Applicants needed to have completed a township project of at least 100 acres, developed 7 million sq. ft at a single location, and their “minimum financial capability” must be at least INR. 3,070 million (approximately \$76.75 million). The initial bidding process yielded 26 applications with as many as 78 Indian developers and 25 foreign prospectors. Current applicants include the Hiranandanis, DLF, Indiabulls, Unitech, Runwals, Kalpataru, the Ambani Group, along with domestic firms that have formed consortia with foreign partners such as GVK-Naman, L&T-Godrej, HDIL (Dewan Group) with Lehman Brothers, and Dubai-based Emaar and MGF alliance. The participation of these large domestic and global firms indicates that, at least in the case of the DRP, slum redevelopment is clearly financially appealing.

Mechanisms and Technicalities of the Plan

The DRP builds on earlier slum policies but also invents new norms and reforms. The master plan and policy framework for this massive Public-Private Partnership (PPP) project underwent several changes before it was finalized in May 2007. The first plan proposes dividing the territory into five sectors and concentrating resettlement in one sector. However, this scenario was not well received, particularly amongst ward officials. Political representatives of various wards in Dharavi complained that amalgamating residents in one sector would drastically alter the geography of their electorate negatively affecting their political power. The revised plan involves splitting up the redeveloped units into each of the five sectors and this, according to the Mehta, allows

the “vote banks [to] remain.”¹⁶ In addition, the project now also includes the redevelopment of new and old municipal buildings constructed by the Slum Rehabilitation Authority for slum dwellers. From the time it was conceived in 2002, the cost of the DRP has almost doubled. In the updated plan, developers are required to develop infrastructure like schools, colleges and health centers as well as provide civic amenities like road, water and sewerage, among others. “We are keeping the construction quality very high, with a 15-year guarantee on the work. This has caused the cost escalation,” said project architect Mukesh Mehta.¹⁷ The project cost has increased from INR. 5,600 crore (approximately \$1.4 billion) to an estimated INR. 9,250 crore (approximately \$2.31 billion).

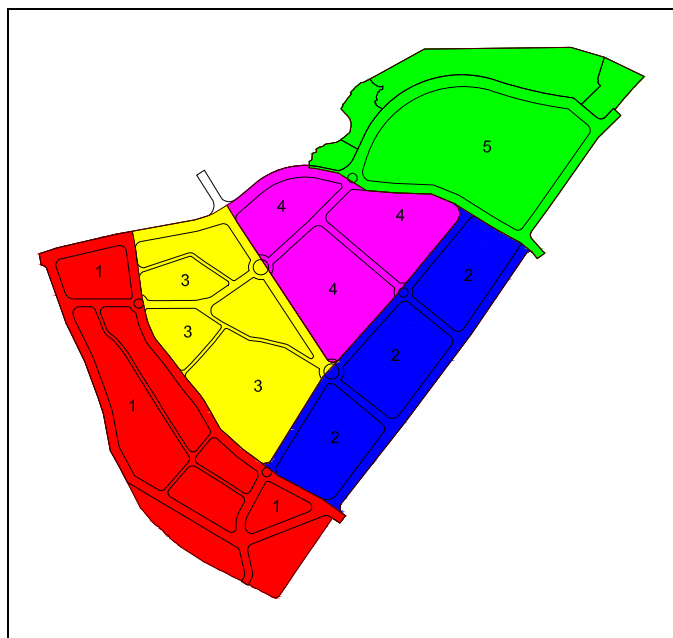


Figure 3.3 Division of Dharavi settlement into 5 sectors for Dharavi Redevelopment Project

Source: Dharavi Redevelopment Project document, M & M Consulting.

¹⁶ Neighborhoods in Dharavi serve as strongholds for many of Mumbai’s competing political parties (e.g. these include the Shiv Sena, the Bharatiya Janata Party (BJP), Samajwadi Party, the Nationalist Congress Party (NCP) and the CPI (M), etc).

¹⁷ Interview with Mukesh Mehta at M & M Consulting office, on November 2007.

However, financial viability is a central theme of this project. According to Mehta, the project is almost entirely “self-funded.” At the same time, the project proposal itself begins with a projection of a fiscal surpluses that will be generated through the development of slum land “without any or minimal financial investment from the government.”¹⁸ The developers will pay the government for each sector of Dharavi it develops. Despite the many incentives the earlier SRS provides, many previous SRS projects were unsuccessful simply because developers did not see them as good investments. Because of Dharavi’s central location and lot size, developers are willing to invest in the redevelopment of the settlement and build houses free of cost for all the slum-dwellers of Dharavi. In addition, the SRA has registered Dharavi as an “integrated township,” which allows developers to access 100% FDI for the project.

Slum Program	Subsidy	Additional incentives
PMGP (1985)	10.0%	
PMGP (1990)	30.0%	FSI 1.17
Slum Rehabilitation Scheme (1991)	61.0%	FSI 1.33, 1.60 allowed for state project
Slum Rehabilitation Scheme (1992)	77.0%	
Slum Rehabilitation Scheme (1994)	87.5%	
Slum Redevelopment Scheme (1995)	113.0%	FSI 2.5, but 4.0 allowed through TDR
Slum Redevelopment Scheme (2006)	133.0%	FSI 4.5, or more; no consent necessary

Table 3.2 List of subsidies given to developers since 1985 to 2006 for various slum projects

Source: adapted from Mukhija, *Squatters as Developers* (2003)

The DRP has also offered additional incentives to developers, beyond those offered by previous slum policies. Clearly, every new slum policy and significant slum project offers additional subsidy and incentive (See Table 1). Just to reiterate, because of Mumbai’s

¹⁸ Ibid.

strict development regulations, the SRA and the Government of Maharashtra offer developers “cross-subsidized” construction and relaxation of the official Floor Space Index (FSI) in exchange for constructing low-income housing. The “cross-subsidy” is based on the logic that if developers build housing for slum-dwellers at no cost, then the government will subsidize their development elsewhere or in addition to the units built for slum-dwellers.¹⁹ In the case of the DRP, the ratio for developers is increased to 1:1.33. Because of strict building density regulations in the city, the SRA allows builders to “transfer” any of the “sale-component” that they are unable or unwilling to build on the slum site elsewhere, often to the northern suburbs. For SRS projects, the FSI permissible would be 2.5 according to the Development Control Regulations (DCR) for Mumbai established 1991. In the case of the DRP, the DCR has been modified. FSI has been increased from 2.5 to 4.5 and instead of providing TDRs, the DRP instead requests developers to build all of the “sale-component” on site, submitting that it would relax the FSI further if necessary. A calculation of the projected areas of the project has been given below (See Figure 2).

¹⁹ The “cross-subsidy” is conveyed as a ratio, and in the case of the SRS projects in the suburbs, the ratio was 1:1. For every 1 square meter of free rehabilitation housing constructed, the developers can build 1 square meter of housing on the open market, referred to as the “sale-component.”



Figure 3.4 Proposed plan of the Dharavi Redevelopment BMC Project and projection of the allotted acreage

Source: India Express

Given the massive scale and lofty goals of this project, the state government decided to modify a few established norms meant to regulate slum redevelopment. For instance, the Maharashtra government declared the DRP exempt from the need for consent from residents as a prerequisite for redevelopment. Government officials make the case that the entire stretch of land at Dharavi actually belongs to the state government.

The DRP's chief planner also points out that "the land on which Dharavi resides is not being properly utilized... the value of land is worth too much and too central to be wasted." He also makes it a point to convey his respect for the residents of Dharavi and

his determination not to “waste these human resources.” Thus, although he does not seek their input or their consent for the project, he does have a high regard for their entrepreneurial spirit. He says that: “The DRP will bring in new industries that will employ the Dharavi workers in factories. This increase in their purchasing power would result in spending for bettering their lives. This would then create a tremendous increase in demand for consumer goods and real estate. The positive spiraling effect on the economy as a whole would be astronomical.”

Some popular representations of the DRP highlight the real-estate potential as a primary incentive for the project (See Figure 6). Even residents acknowledge this reality and this has increased their suspicions of the project. One slum-dweller has lived and worked in Dharavi for more than twenty years said: “I know about how the community works and what it wants and doesn’t want. The DRP is not something the community has asked for and much of the planning has not included us. The Chief Minister himself said that they do not require the permission of Dharavi residents to implement the DRP because most of them have encroached on the land. They want Dharavi for the land.” In the larger context of greater Mumbai this analysis of the real estate geography reflects actual trends in Dharavi’s vicinities.

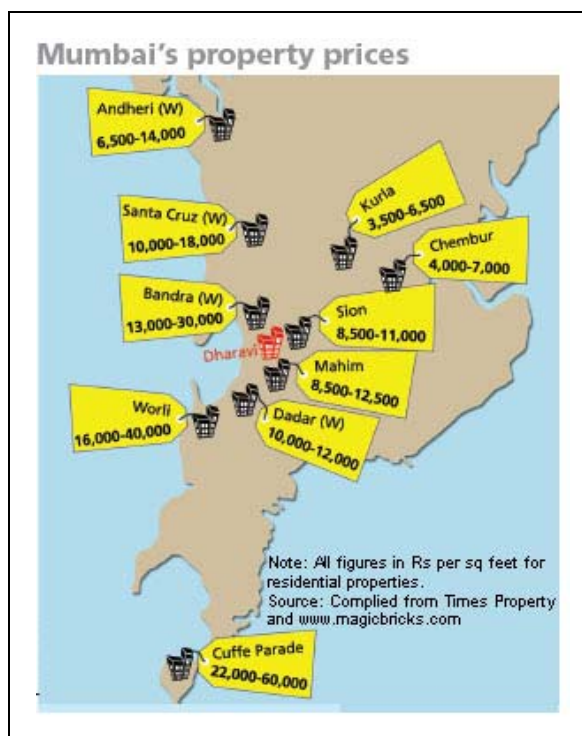


Figure 3.5 Dharavi location in relation to other neighborhoods and their average residential real estate values in 2007.

Source: *Down To Earth*, <http://www.downtoearth.org.in>

Dharavi lies in between affluent neighborhoods and a recently developed high-end business district, the Bandra-Kurla Complex (BKC). The Government of Maharashtra's Chief Minister's Task Force (CMFT) vision document for Mumbai singles out Dharavi for redevelopment, suggesting that commercial and office sectors be developed so that the BKC can be extended in Dharavi. The BKC is now considered one of the most expensive commercial locations in India, where domestic and international corporate tenants are able to afford increasing rents (see Figure 7). As represented in Figure 7, the BKC offers an average rate for office rentals at INR 22,000 (approximately \$550) per square foot, an increase of 132% from 2005 to 2006, and a capital value increase of 115% over the same period. A certain degree of speculation is based on the

upcoming Bandra-Worli Sea Link, scheduled for completion in 2009, which will substantially reduce travel time to South Mumbai.²⁰

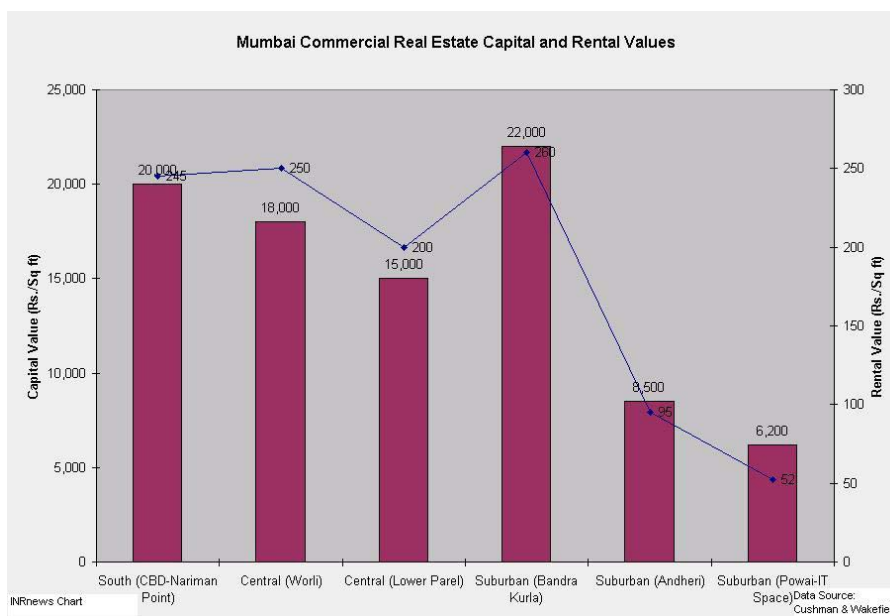


Figure 3.6 Mumbai's Commercial Real Estate Values by neighborhood in 2007
Source: Cushman & Wakefield

A New Model

A strong political and administrative will has emerged for this massive project. Previous slum projects have been commonly been caught in legal disputes between and amongst slum-dwellers, government agencies and mediating institutions, besides encountering shoddy and undependable developers. However, with the support of officials from the Chief Minister of the state to the Prime Minister himself, who see the DRP becoming a “model” for the country, this project has a lot of supporters. The DRP's

²⁰ Plots in the Bandra Kurla Complex are owned by the Mumbai Metropolitan Region Development Authority (MMRDA). In a recent transaction, the MMRDA sold three commercial plots measuring 75,350 square meters to Reliance Industries, Wadhwa Builders, and a Hiranandani joint-venture for INR. 2,790 crore (approximately \$690 million). MMRDA Commissioner Ratnakar Gaikwad said “MMRDA has another 50 acres of area in such plots... Our target is to raise Rs 2,60,000 crore for the development of the entire MMR region based on our draft plan.” (“Top bids worth Rs 2,790 crore for BKC plot in Mumbai,” The Indian Express, November 29th, 2007.)

chief planner foresees how if “DRP-model” were replicated throughout Mumbai, the “projects would generate vast surpluses, where the government is likely to receive gains in excess of INR 43,000 crores (approximately \$10.8 billion).”⁸ In order for this “model” of dispossession to generate vast financial surpluses for the state and developers, Dharavi residents are required to give up their current land, lifestyle and community in return for a unit of housing in redeveloped townships. But the case for the DRP is even larger than its financial viability. For Mehta, although it has yet to break ground, his DRP “is only the beginning. I’m fascinated by the idea that we can make this model work elsewhere. I think India could just be a torchbearer for slum rehabilitation the world over.”²¹ Regardless of its final outcome, the DRP will certainly receive the world’s attention given the tremendous coverage it has already received in mainstream journals and newspapers all over the world.

Yet, implementing the DRP has not been a straightforward matter. For one, Dharavi is often vilified. It is often seen by elites and the government as a bastion of crime and informalities of every kind. With a project as large as the DRP in a place as complex as Dharavi, it is not enough to merely provide a “comprehensive plan.” As project informants pointed out in this context, agents of the SRA and promoters of the DRP depended on the neighborhood’s institutional infrastructure to convince constituents and make side payments to build consensual support for the project.²² The institutional infrastructure of Dharavi includes a wide range of actors from ward-level politicians and

²¹ Some remarks from the architect have echoes of the famous Peruvian economist Hernando De Soto (2000).

²² Weinstein, Liza. 2007. "Developing a Consensus: Authoritarian Development, Participatory Planning, and Negotiational Politics in Mumbai's Dharavi Development Project" *Paper presented at the annual meeting of the American Sociological Association, New York, New York City,*

social service providers, to professional and worker collectives. By negotiating with and occasionally bribing these actors, opposition from residents and activists has been marginalized and institutional support expanded. This has had a critical role in the stifling of resistance to the project. Under the pressure of the DRP, new alliances and formations have made sure that the development process is a protracted one.²³ According to the DRP's architect, it was concerns around disrupting "vote banks" that led him to scatter the redevelopment of residents throughout the five districts rather than rehousing them in one sector. Cynical perceptions of Dharavi as a bounded ghetto close off the open and fluid relations of informality and conspiracy that actually encompass other spaces and actors. The process itself reveals the ways in which intricacies of political, social and economic relations implicate myriad actors and institutions beyond Dharavi itself.

The Dharavi Redevelopment Project and its planning process elicited a lot of response from many sectors of Mumbai society. In particular, the response of the "Dharavi Studio" is worth mentioning. The studio was formed following the announcement of the Dharavi Redevelopment Project and was a project that presented a critical appraisal of the DRP, offering alternative practices and solutions. The studio was made up of forty students from the Kamala Raheja Institute of Architecture (KRVIA), members of the Critical Research (CRIT) Mumbai and involved consultation with resident and NGOs of Dharavi, along with a number of long-time local activists and policymakers. The students of the studio spent months researching previous slum projects in Dharavi and speaking with residents about their concerns with the DRP. In a series of

²³ See Kavitha Iyer, "As Shiv Sena protests Dharavi makeover, it lends voice to 'outsiders'," *Indian Express*. 9 March 2008. <http://www.expressindia.com/latest-news/As-Shiv-Sena-protests-Dharavi-makeover-it-lends-voice-to-outsiders/282137/>

“alternatives,” the studio presented unique possibilities for redeveloping Dharavi while allowing residents to maintain their ways of life.

The studio also provided a fundamental critique to the DRP. The critique was that the DRP “undermined the established protocols for democratic planning in Mumbai.”²⁴ The project did not conduct surveys, projection studies, nor make the data they collected available to public scrutiny. The studio’s recommendations further claimed that a more democratic redevelopment plan would prioritize the living conditions of the present residents over the benefits available to private developers and the government through Dharavi’s commercial sale. By providing architectural critiques and recommendations, the studio was able to convey concrete alternatives to the DRP. Ultimately, the studio’s recommendations were accepted by the government in order to be implemented wherever possible in the DRP. Of course, given the limited interference of the government in the DRP planning process, this does not seem very likely. Still, the studio, in effect, created a quasi-movement around the possibility of challenging the massive DRP.

²⁴ Comments regarding the Dharavi Studio were made by the Architecture Professor advising the project at KRVI A.

Chapter 4: The Mumbai Special Economic Zone

The western coast of Maharashtra south of Navi Mumbai was chosen as the location for the Mumbai Special Economic Zone. Three tehsils (sub-districts), Panvel, Pen and Uran, are included within the potential areas impacted by the Mumbai Special Economic Zone. These tehsils lie within northern Raigad and administratively within the Mumbai Metropolitan Region (MMR) (see Map 1). The total population (and total number of villages) of each tehsil is 224,560 (160), 176,681 (153), and 140,351 (53), respectively.

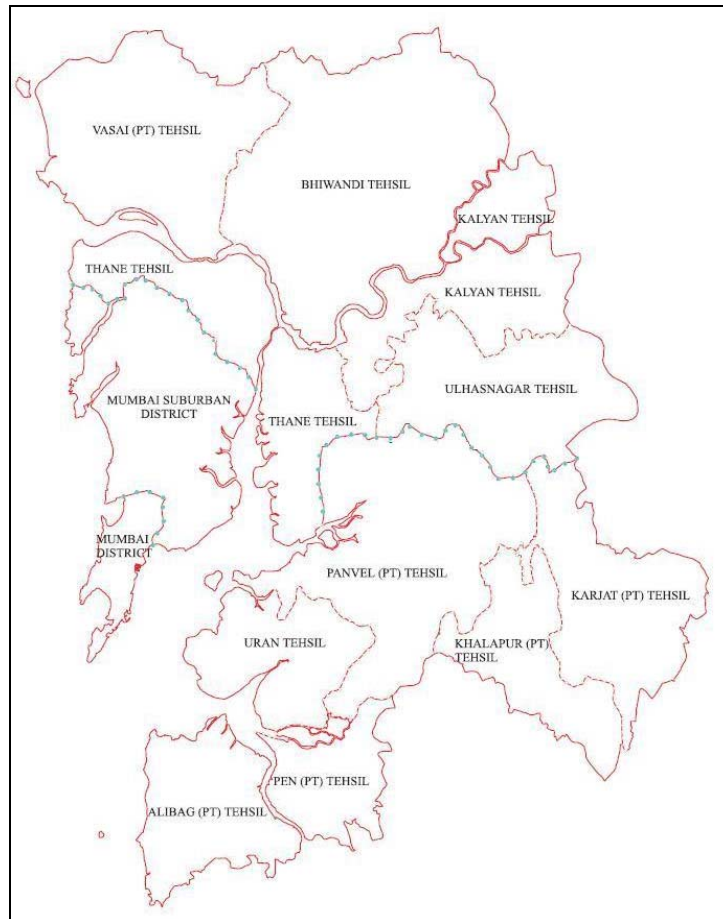


Figure 4.1. Map of Mumbai Metropolitan Region
Source: Mumbai Metropolitan Region Development Authority (MMRDA) Regional Plan

Social Life in Northern Raigad District

Land owners and landless agricultural laborers constitute the majority of the population, making this a predominantly agrarian area. Most of the arable land has been accumulated in the hands of a few wealthy families, though lower caste and tribal communities still own small plots of land where they reside. The Agri community, listed as an “Other Backward Caste” (OBC), which designates their marginalized social and economic status due to caste oppression, remains the predominant social and cultural group. Other indigenous communities like the Katkari and Kohli caste also live in the northern Raigad district, working as small and marginal farmers without land of their own. Average per household availability of land is 0.903 ha compared with large land-owning families who own between 9.4 and 29.74 ha on a per household basis.²⁵ With the slowing of the agricultural sector, and less support from the government, smaller land owners have been forced to sell their plots and work as laborers to survive.

State government statistics and a recent social impact survey reveal that poverty is rampant in the region, with twenty percent of village residents living below the poverty line on average and some villages in which more than 50% earn less than INR 6400. Average income per household in these villages is INR 9,214 per year.²⁶ In the face of widespread unemployment quite often villagers do not have enough for their food requirements. Literacy rates in the district villages are higher than the state average due to

²⁵ R. N. Sharma, R. N. and Abdul Shabban, 2006, Mumbai Special Economic Zone Social Impact Study, Tata Institute for Social Sciences. This survey was commissioned before the creation of the MSEZ, and does not encompass the entire proposed area. In the report measurement of land in terms of “ha” are hectares (ha) that are units of area equivalent to approximately 2.47 acres or 10,000 m²

²⁶ Ibid., Table 3.13.

the availability of schools in the area. Education has done nothing to reduce the levels of unemployment, however.

The people who live in this area have historically worked in agriculture and fishing. Approximately 82.74% of all arable land was devoted to rice production in 2001.²⁷ Salt water intrusion from flooding has had an adverse impact on soil, making most other crop cultivation difficult. Although fishermen sent most of their catch to markets in Mumbai, recent over-fishing and water pollution are blamed for a significant decrease in the volume of fish being caught and sold. Wide-spread land reclamation, intensified during the 1970s, has both increased flooding of sea water and the spread of salt deposits to more in-land agricultural area. Furthermore, this district receives relatively far more industrial investment than agricultural investment from the government.

Over the last four decades, administrative and planning authorities for this region have directed most of their investments towards fostering industrialization. Urbanization of the land increased in the 1970s when the industrial establishment had been banned in Mumbai. The MIDC developed the full-facilitated industrial estates, including chemical industries.²⁸ In 2001, there were 90 industries in the district. Proximity with Navi Mumbai has made the northern part of the region more industrially developed. Steel-manufacturer, ISPAT Industries Limited, and Jawaharlal Nehru Port Trust (JNPT) are the largest employers in northern Raigad district. State investment has gone towards accumulating and developing agricultural lands for the Maharashtra Industrial

²⁷ Ibid., 7.

²⁸ "Report On Environmental Status Of Raigad Region," Maharashtra Pollution Control Board, 2005. <http://mpcb.mah.nic.in/images/pdf/envreportraigad.pdf>.

Development Corporation (MIDC) along with the City Industrial Development Corporation (CIDCO) for future industrial development. No similar investment has been made in infrastructure relevant to agriculture, such as irrigation, leading to the displacement and dispossession of many farmers and villagers in the Raigad district. The combination of government land policies, a declining fishing industry, depleted forest resources and agricultural stagnation from sea water seepage has forced villagers to move away and often migrate to Mumbai in search of livelihood. Acknowledging this widespread displacement and economic stagnation, the current administration has developed new strategies to address the problems of rural villagers and farmers

The Special Economic Zone Act of 2005

The government of India introduced the concept of SEZs through a revision of the Export-Import Policy for the 1997-2002 period. The SEZ policy was billed as an innovative growth strategy following the successful expansion of the Information Technology (IT) sector and the possibility of generating fresh growth and employment more generally (Government of Maharashtra 2001).

In interviews, state government officials often cited the Shenzhen SEZ in China as inspiration for the Indian law. The reports of Shenzhen SEZ providing lucrative jobs for rural laborers and attracting foreign investment inspired national leaders who sought to expand the Indian economy rapidly. Meanwhile, limited state budgets and an overall lack of industrial infrastructure, as compared to China, led the Indian government to adopt a different approach to implementing SEZs. SEZs in China are planned and owned by the state so that domestic and foreign firms are only allowed to lease property within

the zone. The policy in India allows private companies to plan, own and operate SEZs, taking advantage of “enabling conditions” such as tax/duty holidays, free or subsidized land ownership, minimal worker protections, and ‘foreign territory’ status with regard to certain national legal norms (Parliament of India Rajya Sabha 2007). With these provisions, the SEZ Act was passed by the Indian parliament in 2005, and individual SEZ notification (approval) began in early 2006. Since it formalized the SEZ policy in 2005, the central government has approved more than 400 SEZs through “fast-track” approval meetings that encompass approximately 1,919.6 km² throughout the country. State officials say that this illustrates the overwhelming response by the private-sector to supplement public investment in the production of infrastructure.

The SEZ policy of India is distinct from previous economic growth policies because it is primarily aimed at developing physical infrastructure through private investment including foreign direct investment (FDI).²⁹ These infrastructure investments include the capacity to generate and distribute electricity, lay water and sewage pipelines and maintain processing plants, and develop telecommunication networks. These incentives exceed previous Export Processing Zones (EPZs) and Free Trade Zones (FTZs), and, in fact, since the SEZ Act, all EPZs in India have been “upgraded” to function as SEZs. Unlike EPZs and FTZs, SEZs exempt companies from income tax, service tax, import and export duty, and domestic duty for goods used to develop and maintain SEZ (for entire list see Table 1). SEZs also allow for significant investments in “social infrastructure,” which broadly includes residential, commercial, recreational

²⁹ For many years even following the 1991 liberalization reforms the Indian Government hesitated to open most sectors of the economy to foreign investment, often through elaborate regulations. However, in 2001, the central government passed legislation allowing one hundred percent FDI in key sectors of the economy including public infrastructure and real estate.

development. Indeed, these projects are allowed to comprise as much as 75% of the SEZ's development area.

Exemptions for Units in SEZs	Exemptions for SEZ developers
<ul style="list-style-type: none"> ● Duty free import and domestic procurement of goods for development, operation and maintenance of SEZ Units ● 100% Income Tax exemption on export income for 5 years. 50% for next 5 years thereafter ● Exemption from minimum alternate tax ● External borrowing up to \$500 million per year without maturity restrictions ● Exemption from Central Sales Tax ● Exemption from Service Tax ● Exemption from State Sales Tax ● Single Window Clearance for Central and State approvals 	<ul style="list-style-type: none"> ● Exemption from customs/excise duties ● Income Tax exemptions on export income ● Exemption from minimum alternate tax ● Exemption from dividend distribution tax ● Exemption from Central Sales Tax (CST) ● Exemption from Service Tax

Table 4.1: Special Economic Zone incentives
Source: Parliament of India Rajya Sabha 2007

Besides spreading investment, SEZs are also meant to generate employment and foreign exchange through export processing activity. Among all of the 400 SEZs authorized throughout the country, 65% are designated for use by low-employing Information Technology/Information Technology Enabled Services (IT/ITES) firms as opposed to sectors like manufacturing which generate high employment.³⁰ Although the SEZ Act prioritizes employment creation, the Act leaves the decisions of location and

³⁰ According to officials at CIDCO as well as real estate analysts interviewed, IT services were included into the new industrial policy and given the same incentives as primary and secondary sectors even though it is not an industrial sector and employs the least percentage of the population. Some see it as a consequence of lobbying by the powerful IT industry, which will shift to emerging SEZs once current tax exemption in Software Technology Parks of India (STPI) come to an end in 2009-10. The growth of the IT/ITES and financial sectors relative to other sectors in the economy has increased their influence over the state's industrial policy.

economic activity to the individual business firms promoting each SEZ. One controversial aspect of the SEZ policy is the distinction between a “processing area,” which is where economic activity is designated and the area for “social infrastructure,” where developers are constructing real estate with tax exemptions. Over successive negotiations, the “processing area” has been limited to 25% of the total acquired area. According to the policy, the “processing area” can also serve as off-shore banking centers to compete with places like Mauritius, providing “tax-havens” to global investors. This framework includes commodity hedging as a, economic “processing” activity. It allows external commercial borrowings up to US \$ 500 million without any maturity restrictions, freedom to bring in export proceeds without any time limit and to make foreign investments from these proceeds, as well as exemption from interest rate on import finance. Controversial provisions like these led institutions like the International Monetary Fund (IMF), Asian Development Bank (ADB), and the Organization for Economic Co-operation and Development (OECD) to criticize Indian policy makers in 2007 for being overly generous with their subsidies and tax-incentives and generating conditions that could lead to regional inequities.³¹

The SEZ Act draws its framework partially from policies of the 1970's, when urban ‘dispersal’ strategies were put forward by central government’s economic planners. These policies helped form ‘special focus areas’ that were expected to generate infrastructure and additional employment opportunities in semi-urban and rural areas.¹² Export Processing Zones (EPZs) first utilized the incentive structure that now form a part of the SEZ package. The SEZ policy is distinct from the ideas of the 1970's both because

³¹ G. Srinivasan. “OECD raps India’s SEZ policy. Sify Business, 20 September 2007. <http://sify.com/finance/fullstory.php?id=14530571>

it allows for complete private ownership and operations and because it provides a legal framework for “self-governing, autonomous municipal bodies,” independent of state government.³² Because of this, SEZs have a unique organizational structure and operate under a particular administrative hierarchy in which a “Development Commissioner” is appointed to oversee and manage the zone. India's SEZs represent a qualitatively different planning device with potentially huge repercussions for the ability (or inability) of the state to legally protect Indian citizens working and living in these zones.

THE MUMBAI SPECIAL ECONOMIC ZONE

The MSEZ, developed by India’s largest conglomerate, Reliance Group, is India's largest SEZ, covering 10,000 hectares of land. Although this chapter focuses on the MSEZ, the Reliance Group has also acquired a majority stake in the neighboring Navi Mumbai SEZ (NMSEZ) so that the discussion presented here is applicable to both zones (see Map 2). The impact of the two SEZs will be significant given the geographical coverage and financial investment involved.

The MSEZ will become a defining node in what its promoters call an emerging “Greater Mumbai Economic Hub.” Jurong Town Planners, a Singaporean design firm, has been chosen to provide the master plan for the MSEZ, using a "walk to work" theme. Their plan includes industrial plots with civic infrastructure, business centers, residential townships, academic institutions, hospitals, sports and recreation centers. The project also promises to develop “world-class” infrastructure through private investment both domestic and foreign. The developer who first proposed the MSEZ project, Nikhil

³² Government of Maharashtra, “State Government's Policy Regarding Setting up of Special Economic Zones in Maharashtra,” Industries, Energy, and Labour Department, 2001.

Gandhi, explains its rationale as follows: “It could take 20 years to develop infrastructure in India. So it's best to create *islands* such as this industrial park, where everything—from electricity to the sewers—works like it's supposed to, but rarely does here.”³³ Nikhil Gandhi’s Company, SKIL Infrastructure Limited, received approval for what was then called the Mumbai Integrated Special Economic Zone (MiSEZ) in early 2004, although it was much smaller project when it was initially approved. By 2006, the project got the attention and commitment of Mukesh Ambani’s Reliance Group which took on a majority stake in the project, developing it into MSEZ, which was is a much larger project. The two of them also took a majority stake in the neighboring NMSEZ, which is being developed alongside CIDCO in Navi Mumbai. The total area of both the MSEZ and NMSEZ projects is now expected to exceed 14,163 hectares (35,000 acres or 141.6 sq km), making it the second largest single location SEZ complex in the world, the largest being Shenzhen SEZ, near Hong Kong with 65,000 acres.

³³ Sender, Henny, “Indian Developer Struggles to Enact His Grand Plans,” *The Wall Street Journal*. June 10, 2006. http://online.wsj.com/public/article/SB114989851355176769-UDnrzRLto2XISjTjMSS8oFyBcR4_20060616.html?mod=regionallinks

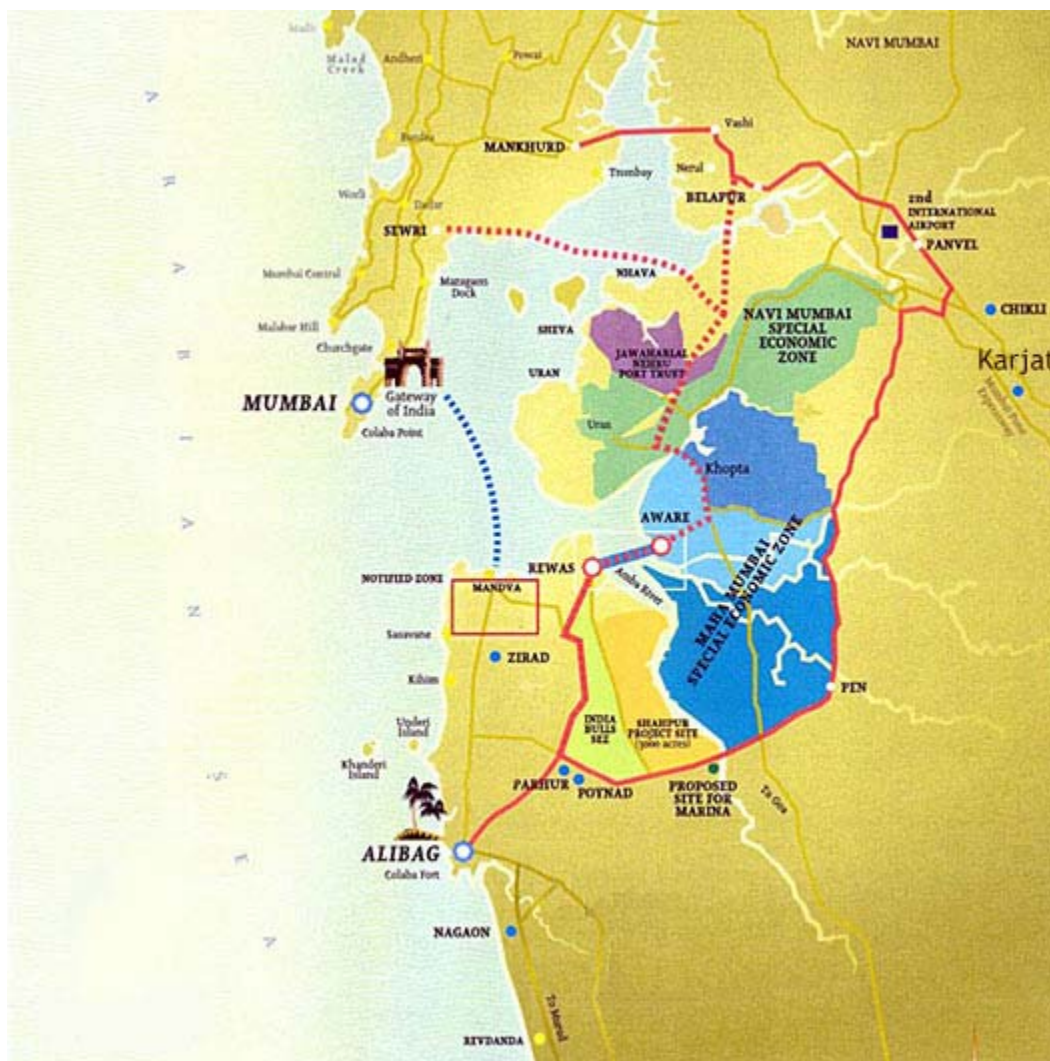


Figure 4.2 Rendering of the Proposed Location of the MSEZ and NMSEZ
 Source: MSEZ Private Limited, http://www.nmsez.com/nmsez_map.html and
<http://www.tulsifarms.com/images/karjat-map-b.jpg>

The MSEZ and NMSEZ promise large economic returns for the region and the nation.³⁴ Reliance expects capital invested in the zones to reach INR 35,000 crore (\$6.6 billion) annually and INR 350,000 crore (approximately \$66 billion) over the next decade. They project that this will create 2 million jobs by the end of the ten-year period.

³⁴ The financial figures and projections provided below are based on interviews with Reliance officials as well as unpublished document provided by the MSEZ Private Limited company on the MSEZ and NMSEZ on 10 December 2007.

Furthermore, they extrapolate that this would give INR 50,000 crore (approximately \$11.1 billion) of purchasing power to employees and their beneficiaries with another INR 10,000 crore (approximately \$2.2 billion) to the state government annually. A wide range of economic activities will be housed in the zone, including, Information Technology (IT), Pharmaceutical, Gem and Jewelry, Apparel, Auto Components, Financial Services, as well as Trade and Logistics. Exports from these industries are projected at approximately INR 75,000 crore (approximately \$16.6 billion) annually at peak. As professed by its promoters, the MSEZ is also strategically located. The project promoters eagerly tout the proximity to Mumbai (75 kilometers from south Mumbai, considered the financial capital of India). Indeed, Maharashtra, where the MSEZ is located accounts for approximately a quarter of India's net value added in the organized industrial sector (Government of Maharashtra 2001). Additionally, MSEZ is located in close proximity to the Mumbai and Jawaharlal Nehru Ports (JNPT), which collectively contribute to more than forty percent of India's exports (ibid). Given all these elements, the expected output of MSEZ will be higher than many of India's large cities, providing a clear explanation as to why so few politicians are willing to raise objections to the plan.

Reliance claims that the its business plan is based on the Public-Private Partnership (PPP) model recently advocated by the central government for large development projects. The model implies that projects like the MSEZ will be developed by the private sector, while the government will intervene with land acquisition to obtain contiguous areas for the project. Reliance Group cites their success with the Jamnagar SEZ, the world largest Greenfield petroleum refinery, as evidence of their ability to make good on their projections. While the SEZ policy allows the state government to assist

private investors with physical infrastructure, Reliance's MSEZ project reports no collaboration with government entities for infrastructural investment. All “horizontal development,” which includes roads, bridges, railways, waterways, power and communications networks, will be funded privately. Foreign and domestic investors will then be invited to participate in “vertical development” projects, which are listed as apartments, offices, hotels, and other commercial real estate.

Social Impact

Although the MSEZ has been approved by the government, Reliance has yet to acquire all of the land needed to begin construction. The MSEZ is proposed to be spread over an area of 10,000 hectares (or 100 km²) in Panvel, Urban, and Pen talukas of Raigad District. This land is currently being acquired by the Maharashtra government for the project. Alongside this process, Reliance is also engaging in private negotiations with individual farmers and village communities to speed up the process. In the MSEZ, 45 villages will be affected by the project but there has been no survey of the entire proposed area and its possible consequences socially and environmentally. MSEZ officials confirm that there will be no physical displacement because the gaothans (village residential areas) as well as approach roads to the village homes are excluded from the acquisition. According to the Land Acquisition Act, first established in 1896 by the British, which the government is implementing in order to acquire farmland for the project, acquisition of single-crop land, barren, unfertile low-grade, wherever possible is preferred. Reports confirm very few or occasionally no water supply schemes or irrigation infrastructure in

the area. Consequently, returns on land are Rs10,000 annually (approximately \$2,500), increasingly forcing younger generations to find other work.

Given the massive scale of this project covering more than 45 villages in Raigad, concerned citizens have inquired about the potential impact it might have. Yet, officials of the MSEZ have been persistent in deflecting inquiries about the details of the project and its possible negative consequences. A high-positioned official of MSEZ responded to my questions about the controversy surrounding the land acquisition process, by saying: “People ask for social impact studies and environmental assessments, but why? If we do something it will be for ourselves. What we are doing here is business intelligence...and business intelligence is like military intelligence, it should be confidential.” Many MSEZ officials are former public servants that have worked for state agencies in various departments. Much of the planning for the project is not available to public scrutiny and this has led to wide-spread suspicion amongst citizens both those affected and not.

Conspiracy has become convention with regards to the MSEZ. Observers from diverse sectors judge the practices of Reliance with deep suspicion. Not merely from tracking the MSEZ project, but from Reliance’s notorious corporate history.³⁵ More generally, though, the project has invited skepticism because of the massive scale of the project, the generous exemptions provided by the SEZ legislation, and Reliance’s land acquisition practices. One researcher pointed out: “Reliance has formed a new paradigm in their production of MSEZ. One aspect of this is that they pay just above market price to secure transactions. This is the case with both government officials and to the land

³⁵ For a discussion of Reliance’s notoriety see Kochanek, S.A., 1987. “Briefcase politics in India,” *Asian Survey* XXVII 12, pp. 1278–1301. Popular accounts of Reliance’s founder Dhirubhai Ambani and his questionable relations with government politicians and officers include the film “Guru” by _____ and the novel by _____, *The Polyester Prince*.

holders.” He emphasized that by paying off state bureaucrats beyond what they expected Reliance was able to get items approved more quickly. The same has applied to their strategy for land acquisition from farmers. The assumption being that a small land holder in a Raigad village, who on average earns less than INR. 1,000 (approximately \$25) per month, will acquiesce more quickly if he is offered 5 lakhs (approximately \$12,500) cash. However, villagers of Pen district responded to these statements by saying that, in some cases, there was no transaction at all. The names of land holder from their village had been erased from the district land records. In fact, in order to acquire the massive tract of land (10,000 hectares), the Reliance group has had to informally employ real-estate middle-men, politicians, and the mafia to not only acquire land through physical intimidation but also to illegally change land records without informing the farmers.³⁶

The Raigad district and neighboring areas in Mumbai’s periphery have seen dramatic increases in land value since the announcement of the MSEZ. According to a Reliance official, the price of land in closer proximity to Navi Mumbai increased ten-fold within the first three days. Critics of the SEZ policy point out that the compensation that rural landholders will receive will not reflect these increases. According to the land notification system, once the government notifies land for a particular project then its price is frozen until the project begins. Because land notification involves a freeze on the land market transactions and prices, rural landholders will not gain from value appreciation.

MSEZ officials have promised a competitive compensation package to all affected families in anticipation of reticence. This includes compensation for land above

³⁶ T. Haque, 1999, “Land Use Planning in India,” NCAP Workshop Proceedings No.5, published by Director, National Center for Agricultural Economics and Policy Research (NCAP).

market rate—Rs. 5 lakhs per acre for unproductive land and INR10 lakhs per acre for productive rice paddy land. For Project Affected Families (PAFs), Reliance offers three options: 1) 12.5% developed land in the proportion of land that they sold, 2) a one-time payment of INR 5 lakhs per acre, or 3) monthly payment of INR 5,000 per family for life. In addition to financial and asset compensation, the MSEZ will concentrate on upgrading the socio-economic conditions of the people and enhancing their skills so that they can “meaningfully join the process of growth and transformation.” Reliance officials believe that project affected families need counseling in order to function successfully in the SEZ. One official says that, “They don't have entrepreneurial spirit in their blood. They just cannot take risks.” Reliance will offer free training classes for an assortment of jobs available in the SEZ, and guarantee employment for one person per household of each affected family. As this compensation package exceeds those stipulated by the national rehabilitation and resettlement policy of the central government, it is expected to be well received.

BEYOND MUMBAI

The MSEZ is an unprecedented, massive development project and will not only transform economic activity in the Raigad district but is sure to impact the region more broadly. Through its “world class” infrastructure, project planners profess that the MSEZ will build employment opportunities and contribute towards the “decongestion” of Mumbai, developing technologies of connectivity, such as the Mumbai Trans Harbor Link (MTHL), which will reduce commuting time to the southern tip of Mumbai by one-

fifth.³⁷ A new Greenfield airport is also being built for this region in Navi Mumbai. The development of MSEZ will contribute in accelerating the development of the Mumbai-Pune belt, which is slated as a significant urban corridor project with significant investment from the government of Dubai. On a more global scale, The MSEZ is also a strategic initiative to facilitate the development of a new shipping port. In 2006, Mukesh Ambani's Reliance Group and Anand Jain's Jai Corp obtained majority stake in the development of the REWAS Port SEZ located adjacent to the MSEZ (see Map 4).³⁸ Reliance plans to build the port to be larger than the existing Mumbai and JNPT ports by 2009. Thus, the MSEZ is situated within a larger network of emerging trade infrastructure and regional development.

³⁷ The bid for this project was recently awarded to Anil Ambani-led Reliance Energy Ltd-Hyundai consortium. Reliance Energy is a separate company from Reliance Industries, which is building the MSEZ. However, the two companies are led by brothers, Anil Ambani and Mukesh Ambani, who chose to split their assets.

³⁸ See Manju Menon , "Mukesh group cos buy stake in Rewas Port," Times Internet Limited, 9 September 2006. <http://timesofindia.indiatimes.com/articleshow/1971593.cms>

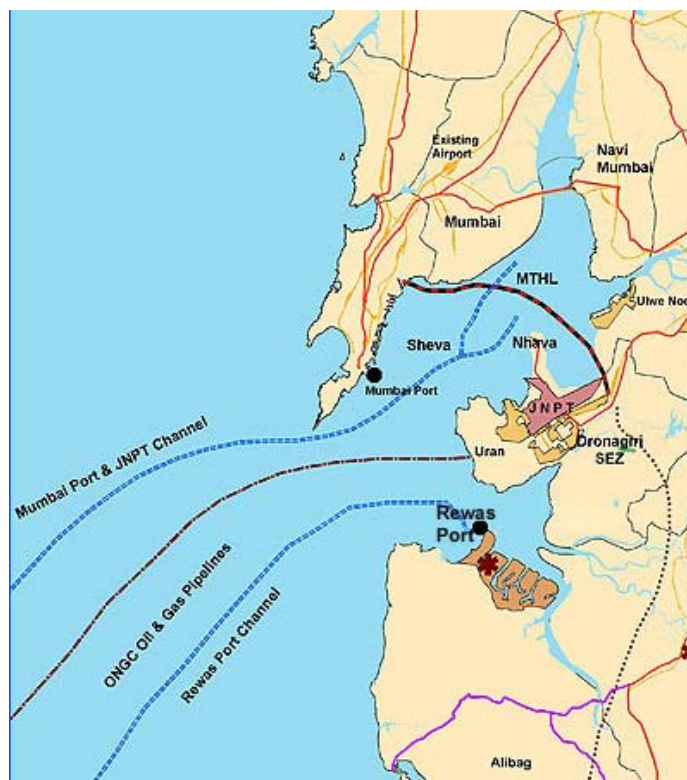


Figure 4.3. Proposed location of REWAS Port SEZ

Source: Navi Mumbai SEZ Pvt. Ltd

The MSEZ project responds to a variety of concerns from the “congestion” of Mumbai and infrastructure scarcity in the region, to the needs of “economically weaker sections” of India. However, these projects are situated in the context of larger process of liberalization, deregulation and privatization. The effect of these processes on individual state projects can be understood through their transformations and particular manifestations. For instance, the central government proposed the SEZ Act in order to spread the gains of investments and modern infrastructure to non-urban areas. In the state of Maharashtra, though, all but a few of the 119 SEZs proposed in the state are within 100 km of the four largest cities. Projects like the MSEZ, large multi-product SEZs, are even closer in proximity to Mumbai where more than half of the SEZs of the state are

planned. Because the location of individual SEZs is up to competing developers, most SEZs are planned in areas on the periphery of cities that are low-rent, but are still quite close to the urban center. SEZs have become urban projects through their implementation and in the case of the MSEZ, form a new frontier in the urban restructuring process of Mumbai.

Alternatives in response to the MSEZ are necessarily fraught. Dadar, one of the villages mentioned earlier along the Raigad coast, has been the site a new initiative in the wake of the potential acquisition of its lands by the MSEZ. The village is made up 1,200-odd families of fishermen, sand dredgers and idol makers who have not cultivated their land here since 1989, when a great flood turned their 2,000 acres of farmland saline. The villagers have formed a company, the Kalbhairav Company Ltd, and decided to turn their holdings into industries, offices and residences over seven years. This is not an isolated development. In the neighboring district of Pune, a similar effort has already taken place. The villagers of Magarpatta, mostly of the same family and caste, pooled their land to form a private development company in 1999. They eventually built a 4,000 crore (\$100 million) IT-residential township on 400 acres of agricultural land selling stake to developers and residents. Thus, villagers remain owners of the land through their stakes in the company.

These developments are certainly unique in India, if not elsewhere. But they speak to the limits of what kinds of transformations are possible. An examination of the projects reveals that in the wake of the MSEZ threat, these villagers mounted an effective neoliberal response. The college-educated founder of the village-company says, “We are like venture capitalists with the land as our stock. We will have to make the right product

and we will get the right valuation.”³⁹ Arguably, their options were few in the face of rapid encroachment of urban developers from the rapidly expanding city of Pune, Maharashtra’s second largest city. As can be expected, this township has become yet another “model” for other villages, like Dadar village.

Clearly not all villagers facing eviction or dispossession are forming companies. The prospect of this is unlikely as most villages, particularly those affected by the MSEZ, consist of diverse villagers with very small holdings, and many with no holdings at all. In addition, there is mounting pressure from Reliance and the state itself over the villagers for give up their lands for the MSEZ project. For some, the rehabilitation package offers them a degree of security, certainty and much more money than they have ever imagined. But for others, giving up their agricultural, often inherited, land to a larger private company is anathema. In Raigad, massive protests have been launched since early 2006, when villagers were first served notices of land acquisition.⁴⁰ Political Parties, including the Communist Party Marxist of India and the Shiv Sena, have intermittently joined the cause of the villagers in Raigad. But the involvement of political parties has been complicated by the violent conflict in Nandigram, a village in the state of West Bengal also facing dispossession from an SEZ project. For over eleven months, violent conflicts had been taking place in the village involving political parties, state-sponsored militias, the national army, and villagers, where 50 people were reportedly killed and 3,500 displaced. The chief minister eventually drew back the army and convinced the Salim

³⁹ Sucheta Dalal and Debashis Basu, “The amazing story of Magarpatta,” Rediff.com, January 11, 2007, <http://us.rediff.com/money/2007/jan/11bspec.htm>. Additional details about the Magarpatta City are available on its website, <http://www.magarpattacity.com/>.

⁴⁰ “Raigad Peasants Stage Dharna In Delhi Against SEZ,” People’s Democracy, Vol. XXX, No. 48, November 26, 2006. http://www.cpim.org/pd/2006/1126/11262006_raigarh%20dharna.htm

Group of Indonesia to relocate their 10,000 hectare SEZ to another part of the state.

Across India, more generally, the process of land acquisition for SEZs thus far has been infused with acute political struggles.

Chapter 5: Projects and Projections: an Analysis of the Dharavi Redevelopment Project and the Mumbai Special Economic Zone

The broad research questions that guided this exploratory study relate to whether the two projects studied here represent new planning and zoning “technologies.” In other words, do the DRP and MSEZ represent more than an individual industrial zone and a slum redevelopment project, respectively? From this central question many other unknowns arise, such as are how these projects are different from or similar to previous policies and development initiatives, both in terms of policy distinctions and innovations and in terms of actual transformations in social relations and spatial practices. There are two general lines of difference that characterize the two projects and distinguish them as new planning devices. The first difference relates these projects to a new policy imperative that opens up and creates vast new “surpluses” of land for development principally through deregulation and dispossession. The second difference is the way in which these projects speak to the restructuring of social classes, transforming the role of large capitalist and the urban middle class in urban society.

Although comparisons between the two projects are never presented by promoters nor critics of these projects, it is argued here that their constitution and consequences cannot be fully understood on their own terms. Thus, the projects are contextualized against the backdrop of emergent policies and developments at the national and regional scales.

(DE)REGULATING LAND SUPPLY

In late 2005, Prime Minister Manmohan Singh announced the promulgation of the “single largest initiative of the Government of India for a planned development of our cities.” Under this new plan called the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the Singh-administration is aiming to produce cities that are “financially strong and viable” and urban development that is more “bankable.” Following the broader neoliberal reforms of the early 1990s,⁴¹ this initiative is marked by fiscal-discipline as well as an effort to unfetter land and housing markets from development regulations in Indian cities. Its central mechanism is that Urban Reform Incentive Fund (URIF) that has been set up to aid only those states in the country that facilitate urban FDI by doing away with regulations like the Rent Control Act, Urban Land Ceiling Act, non-development zoning restrictions, and duty (tax) for land and property transaction. These reforms amount to a general rezoning of entire urban spaces that is unprecedented in Mumbai.

More recently, these objectives are echoed in the National Planning Commission’s 11th five-year plan (2007-2011). However, the assumption of the planning commission is that “in the Indian context, much more is needed than [the] mere redevelopment of the inner city.”⁴² This plan puts forward planning policies that will “increase the supply of developed urban land,” advocating the increased use of Public-Private Partnerships (PPP), to increase private-sector investment in urban development.

⁴¹ For an overview of the particular neoliberal reforms of the 1990s and their impact on various sectors and demographics in India see Chandrasekhar and Ghosh (2002).

⁴² National Planning Commission’s 11th five-year Plan, Chapter 9, section 11.14, 374. In this section, the planning commission also points out that the enhanced deregulation of demand and supply that it is advocating is based on economic indicators that show how while national GDP is increasing, poverty indices are decreasing.

Through this plan, the central government reinforces the overall financialization of real-estate markets by introducing secondary mortgage markets, real estate investment trusts (REITs)⁴³, and 100% FDI in housing, infrastructure, and commercial land development. FDI inflow into India has increased relatively dramatically since it was initially deregulated in the 1991 New Economic Policy (See Figure 1). Today, India only comes second to China with regard to its economic growth rate as well as its “FDI attractiveness” and is one of the few developing countries actually exporting capital.⁴⁴ Recent reforms have also facilitated a surge of investments in equity markets as well as well as new “infrastructure investment funds.” Stock market capitalization has surpassed the GDP of India, reaching close to \$1 trillion in late 2007.⁴⁵ Following the Planning Commission’s plan, there is a significant emphasis placed on the *further* deregulation of foreign investment in urban development.⁴⁶

⁴³ REITS are financial instruments such as mutual funds that are tied to real estate investment and traded in the stock market.

⁴⁴ See “India second best destination for FDI in 2007: UNCTAD,” The Economic Times, October 16, 2007. <http://economictimes.indiatimes.com/articleshow/2464156.cms>. Also, see Clay Chandler, “India’s firms outpace China’s in the race to ‘go global,’” Chasing the Dragon, October 28, 2007. <http://chasingthedragon.blogs.fortune.cnn.com/2007/10/28/india-outpaces-china-in-global-dealmaking/>

⁴⁵ Statistic from the National Stock Exchange of India Ltd. http://www.nse-india.com/archives/us/fact/us_factbook2007.htm.

⁴⁶ The deregulation of foreign investment policies has elicited many opponents, particularly from exporting sectors that see the increase in FDI affecting currency rates. Therefore, the finance minister has considered the possibility of “curbing” investment. See Indrajit Basu 2007.

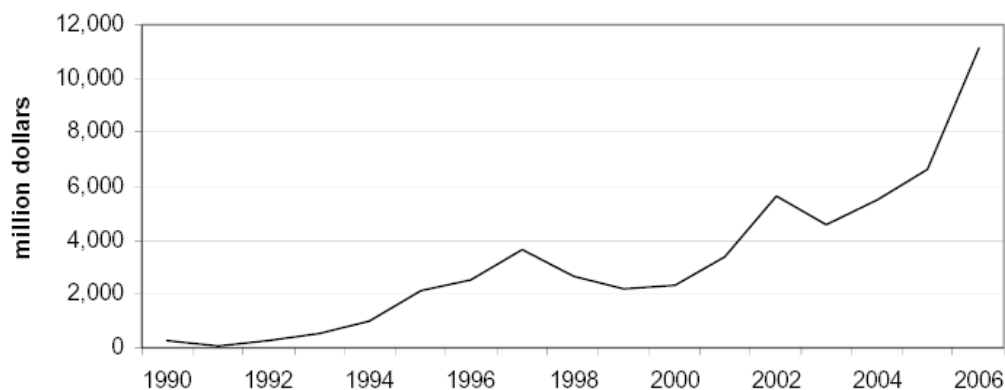


Figure 5.1 FDI Inflow into India from 1990 to 2006
Source: UNCTAD, 2006.

At the national level then, there is a consistent need for both the deregulation of the supply of developable land in urban areas through urban land reforms and the deregulation of effective demand through easing FDI regulations. The new norms emanating from the central government are in alignment with the highly complex legal and policy architecture of a multiplicity of institutions, agencies, and governments around this cause. Mumbai is witnessing its own drive for space. Varying institutions and actors from diverse quarters have been lobbying for the deregulation of land supply and demand prior to the pronouncements of the National Planning Commission. For instance, in a report prepared by US-based consulting firm, McKinsey & Company, along with an elite civic group Bombay First, the authors describe a set of “levers to increasing land supply” throughout the Mumbai Metropolitan Region (See Figure 2). The report’s authors use cities like Shanghai as “benchmarks” for various criteria of urban performance and document the changes needed in policy and planning to make a “world-class city” out of Mumbai.⁴⁷ They stress the possibility of generating additional land in Mumbai simply

⁴⁷ Bombay First and McKinsey Consulting. 2003. “Vision Mumbai: Transforming Mumbai into a

through deregulation of FSI, Non-Development Zones (NDZ) and Coastal Regulation Zones (CRZ), ULCA, Rent Control, ecologically sensitive Salt Pan Lands, and other state-owned lands. The report's recommendations were legislated into policy by the state of Maharashtra.

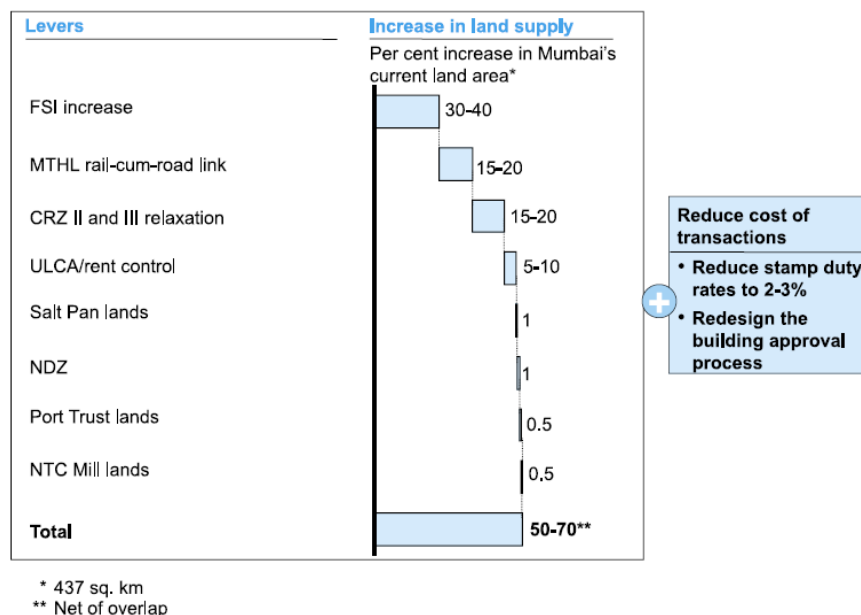


Figure 5.2 “Comprehensive set of levers to increase the land supply”
Source: “Vision Mumbai.” Bombay First and McKinsey Consulting

In a number of ways, much of this was preempted by the modified regional plan of the MMRDA. In the Regional Plan Document, the agency transformed its role and purpose from “urban dispersal” to urban expansion, facilitating the development of land from social needs to “development potential.” The document even outlines some of the same measures advocated by the civic group mentioned earlier. However, being a regional planning agency, the MMRDA also took on the task of imagining how world-class city: A summary of Recommendations”.

recommendations for deregulations should be spatialized. It preconceived an enlarged and dynamic spatial structure that would serve to encompass the “development potential” of Mumbai. I compare the map representing what the MMRDA calls Mumbai’s “Emerging Spatial Structure” with that of the current land use of the MMR to show how much of urban expansion is envisioned over land that is currently agricultural (See Figure 3). Through this comparison, the MSEZ can be seen in the context of larger spatial imaginaries for the MMR.

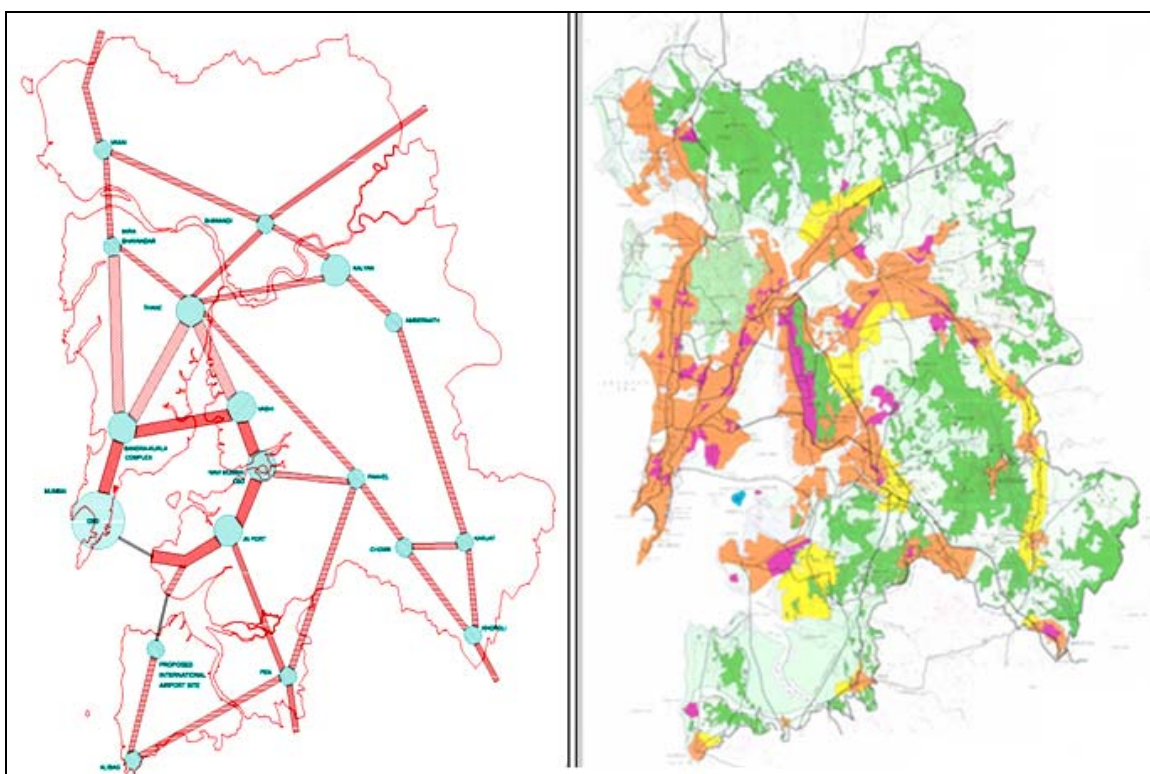


Figure 5.3. Map of “Emerging Spatial Structure” (left) and Land Use (right) in Mumbai Metropolitan Region. The orange color represents urban land use.
Source: Mumbai Metropolitan Regional Development Authority, Regional Plan, 1996.

GENERATING SPATIAL SURPLUS

I suggest that the current drive to deregulate land supply, both through opening up non-development zones as well as relaxing building density regulations, is in accordance

with the demands for the realization of surplus capital by investors both domestic and foreign. Recent spikes in the equity markets, increases in the export of capital through foreign mergers and acquisitions, and slow growth of effective demand for commodities, has posed a challenge to Indian capitalist in terms of what Marx called a “crisis of overaccumulation.” I suggest that the new spaces being brought into the market through deregulation as well as dispossession are “spatial surplus.” This is far from obvious. If anything, all accounts of Mumbai suggest that there is an incredible scarcity and shortage of space. After all, Mumbai has the highest population density in the world. Yet, if analyzed closely, the spaces generated by these new policies and new investments do not reflect effective demand.

The concerns over the housing shortage, which have been around for many decades, have recently become the vehicle for state interests in fueling India’s unprecedented corporate growth. A handful of large developers and conglomerates, companies commonly referred to as “India, Inc.,” has become the target of global investment seeking to facilitate the production of real estate and infrastructure. Some Indian companies have aggressively gone after capital markets in other countries.⁴⁸ However, with the massive reforms underway in India itself, many global investment firms and markets have found it easier to invest in Indian companies more directly. US-based Merrill Lynch predicted that the property market would increase in value to \$90 billion by 2015, from \$15 billion in 2005. In the equity markets, Foreign Institutional investors (FII) are outpacing domestic investment in major sectors, particularly, in real

⁴⁸ 30 Indian companies listed on London’s Alternative Investment Market (AIM) this year. They are expected to raise an aggregate amount of at least £2.5bn (\$7bn). Indian real estate companies listing on AIM include the Hiranandani Group, which is planning a \$750m IPO, Unitech Corporate Park, which raised \$700m, and K Raheja Group’s Ishaan Real Estate, which recently raised \$340m.

estate.⁴⁹ According to Dubai-based Emaar Properties, "India is a very important market in our international operations which is likely to account for up to 25% of our global revenues by 2010."⁵⁰ As the interests of capital combine with those of the state around housing and infrastructure provision, both are bound to shape and transform these concerns in their production.

Capital continues to speculate on real estate projects, including those like the MSEZ and DRP. These speculations in the real estate industry consist of a long series of projections. Investors base their speculations on the 300 million-strong emerging middle class, new transportation projects connecting Mumbai closer to its periphery, demand from the surging IT sector, and further deregulation of the land supply through legal reforms. Projections also speak to new corporate urban imaginaries that envision the "Shanghaiing"⁵¹ of Mumbai (See Figure 4). The country's seven largest real estate firms plan to construct 320 million square feet of residential, commercial and retail space over the next three years, ending in 2010. Real estate analysts speculate that "India will see 75 million sq. ft. of retail space by 2008... the biggest growth story in organized retail ever witnessed on Planet Earth."⁵² By 2008, there will be 250 new shopping malls and retail centers in the country, which is up from just three in 2004. More specifically, Mumbai's real estate market is growing 30% every year. But, it is unclear whether projects and

⁴⁹ \$18 billion worth of capital was invested by FIIs in 2007 alone.

⁵⁰ Emaar, as part of its plans to replicate the model of large-scale development of master-planned communities involving commercial, residential, retail and hospitality projects in markets across the globe, has earmarked investments to the tune of \$12 billion over the next five years in India.
http://economictimes.indiatimes.com/India_to_generate_25_revenues_for_Emaar/articleshow/2148773.cms

⁵¹ "Shanghaiing Mumbai" has become a common trope in popular commentary regarding the dramatic transformations of the city. More specifically, the parallel stems from the fact that Shanghai was also once a small fishing village and only recently transformed into a modern, high-rise metropolis. According to proponents of the recent reforms, this fate is open to Mumbai.

⁵² "Indian Land Grab," *Businessweek*, September 19, 2005.
http://www.businessweek.com/magazine/content/05_38/b3951154.htm

projections emerging from Mumbai’s developers speak to an increasing supply of surplus capital or effective demand for such high-end real estate.

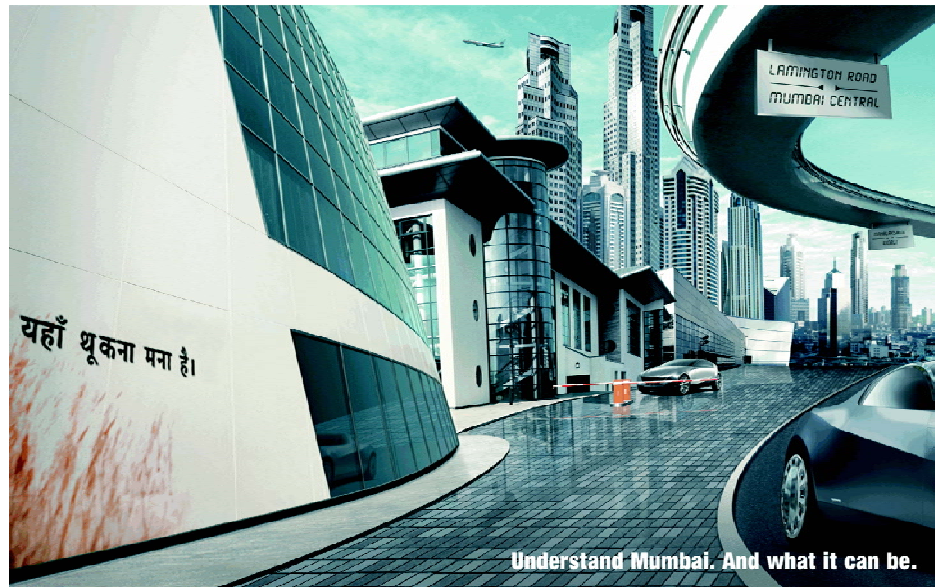


Figure 5.4. Artistic representation of Mumbai in the Future
Source: www.skyscrapercity.com, 2007.⁵³

The paradox of the real estate industry is that its projects and projections are somewhat removed from reality. Prominent global property analyst, Jones Lang LaSalle, remarks that:

“Indian real estate developers are largely in the dark about how much they should build, what they should be building, and where it should be built.

Indian property companies haven’t yet reached the phase of maturity where they have decided to be commercial real estate specialists, or to

⁵³ The image is an artistic rendering of the potential transformation of Mumbai into a “world-class” city, advocated by groups like Bombay First. The image also captures the common practice of spitting (colored betel nut) on the side of buildings into their projection of Mumbai, keeping fetishized practices in tact.

build only high-end flats or shopping malls. They're trying to be across everything.”⁵⁴

This statement suggests that there may be a lack of coordination between the supplies being generated and India's seemingly “endless” demand for high-end real estate. It also suggests that Developers as a class do not have a precise sense of the actual market for the new developments being generated. Lasalle goes on to point out that:

“No one is making money yet, they're all spending it. In most cases they won't see any yield coming in until 2009 and beyond.” And while it would foolhardy to be anything but long-term bullish on an industry crying out for capital in an economy growing at just shy of 10% a year, *there are overproduction concerns already*, notably in the retail sector, with thousands of malls being cranked out nationwide without regard to whether they are needed or correctly positioned.⁵⁵

It is clear that India has been able to generate massive supplies. It remains unclear how it will measure projections, determine shortfall, and generate effective demand. The figure below is a model produced by a property research firm, Liasas Foras, which calculates the effective demand in terms of “efficiency” as a function of price, demand, and supply (See Figure 5). The firm's researcher explained that “the vast majority of residential units being built over the next three years are luxury, high-rise properties geared towards on five percent of the population.” According to many real estate researchers, the general

⁵⁴ This is an excerpt from an interview with Jones Lang LaSalle in Elliot Wilson. “Indian Real Estate: Busy work on the foundations of a mighty edifice.” *EuroMoney*, Friday, December 07, 2007, <http://www.euromoney.com/Article/1778213/BackIssue/65826/Indian-real-estate-Busy-work-on-the-foundations-of-a-mighty-edifice.html>.

⁵⁵ Ibid.

investment in real estate is creating massive supplies for which there is not enough effective demand.

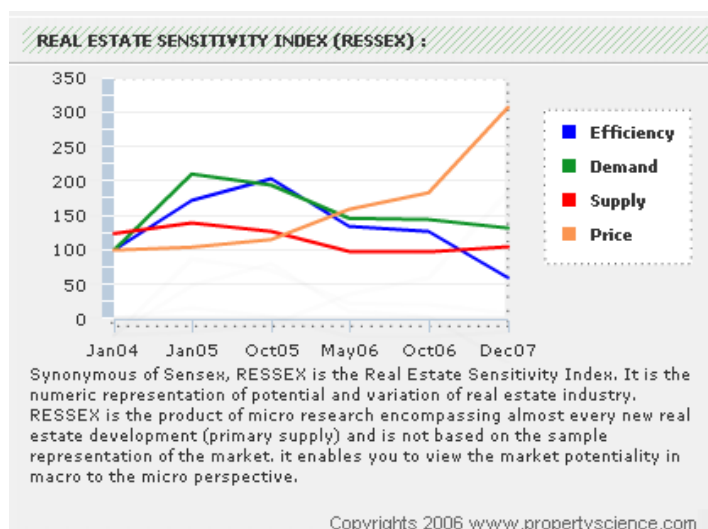


Figure 5.5. Real Estate Sensitivity Index (RESSEX). In the figure, the “efficiency” curve measures the effective demand.

Source: Liases Foras. <http://www.propertyscience.com/>

David Harvey’s (1981) theory of spatial fix is particularly relevant in the present scenario. His theory, again, explains why capitalist invest in large infrastructure projects in the first place. Harvey argues that capitalist production tends towards “overaccumulation” of capital and struggles to find profitable spaces to invest it. When the market for commodities is relatively saturated, investment of this “surplus” capital in the urban built environment—infrastructure, real estate, and the like—forms a profitable “secondary-circuit” to invest surplus capital (Harvey 1981: 96). He suggests that capitalists develop a system to profitably invest surplus capital so as to avert (at least temporarily) a crisis of “overaccumulation.” In contemporary India, real estate and urban development have become dominant sites for growth in the economy and the realization

of this surplus capital.⁵⁶ Zoning projects and policies studied here facilitate a production of spaces for precisely this kind of investment by capital into large infrastructure projects. For instance, once completed, the DRP will open up 20 million square feet of high-rise real estate in Mumbai, while the MSEZ will very likely generate far more. Thus, the projects consist of large-scale investments in real-estate construction.

The problem of “spatial surplus” suggests that capitalist are investing in ways that are not sustainable for capital itself. As Harvey points out, capital investments in the built environment and other “social infrastructure” has to eventually emerge as effective demand. Mumbai is witnessing a limited increase in effective demand through deregulation of credit markets (i.e. artificial effective demand) and not significant upward social mobility (Nijman 2006). According to some economists, there is already evidence of increase in urban inequality, primarily in terms of malnutrition and decreasing assets, resulting from neoliberal policies of the last two decades (Patnaik 2007, Topalova 2008).⁵⁷ Current trends suggest that rather than producing a significant “middle class,” transformations in social classes seem to be moving towards class polarization.

TRANSFORMATION OF SOCIAL CLASSES

The focus in this section is on the transformative effect wrought by new state projects as they induce the transformation of social relations and classes. Through their

⁵⁶ 3. The following are the increases in economic growth rates from Q2 of 2006-07 to Q2 of 2007-08. ‘Mining & quarrying’ at 7.7 per cent, manufacturing at 8.6 per cent, ‘electricity, gas & water supply’ at 7.3 per cent, ‘construction’ at 11.1 percent, ‘trade, hotels, transport and communication’ at 11.4 per cent, ‘financing, insurance, real estate and business services’ at 10.6 per cent, and ‘community, social and personal services’ at 7.8 per cent. The growth rate in ‘agriculture, forestry & fishing’ is estimated at 3.6 per cent in this period.

⁵⁷ UK’s Department for International Development (DFID) recently released a “transition” strategy for India that will run to 2015, following the latest increases in malnutrition. This strategy will be based on the idea that there are “three Indias” – global India, developing India and poorest India.

technical requirements, both the DRP and MSEZ effectively create the conditions for a consolidation of land for large domestic capitalists and the collapsing of certain interstitial classes like small landlords and other petite bourgeoisie. At the same time, aspects privatization and deregulation that are integral to these projects also transforming the relations between the state and capital. Ultimately, these projects entail and necessitate larger transformations of social classes and social relations.

Many have critiqued the conceptual ambiguity of neoliberalism. However, one of the defining features of neoliberalism, as David Harvey, has described it, is that it involves the reconstitution of class power. Though, in his word, this is achieved in Euro-American countries by “disembedding” capital from liberal policy structures (2005, 11). The Indian economy was not necessarily organized along the lines of “embedded liberalism.” However Harvey’s insights on reconstitution of class power as a consequence of privatization and deregulation apply. In fact, others have noted that the Indian city is becoming the site for the transformation production of new class relations.⁵⁸

The DRP and MSEZ, for instance, appear as efforts to spread the benefits of capital investment to slum-dwellers and to farmers and villagers. As state projects they encompass not only rehabilitation but a thorough redevelopment of infrastructure. However, taking a closer look at our cases, it becomes clear that the DRP and MSEZ also facilitate the consolidation of land and wealth for large developers and industrialists. As opposed to previous rehabilitation schemes the DRP does not endorse the participation of

⁵⁸ Postcolonial historian Partha Chatterjee in the last chapter of his book entitled *The Politics of the Governed* (2004), asks “Are Indian Cities Becoming Bourgeois At Last?” In this chapter he present signs of bourgeois politics emerging in cities. Whereas following Indian independence, the Indian bourgeois spoke ill of the city. Now, the elite have enlisted in making a global city with its elite enclaves and high-rise skylines out of places like Mumbai.

NGOs or the strengthening of cooperatives. In large part, this is due to the massive scale of the projects that only accepts bids from developers that have a “minimum financial capability” of \$76.75 million. Similarly, unlike previous rural industrialization policies, the SEZ Act does not give preference to small and medium-sized enterprises (SMEs), but rather extremely large and well-funded developers. For instance, the Reliance Group, the primary developer of the MSEZ as well as bidder for the DRP, is a case in point. The group is India's largest private sector corporation with revenues making up 3.5% of the country's GDP.⁵⁹ The SEZ policy as well as many infrastructure construction bids has allowed many of the largest capitalist firms, like the IT sector, which has proposed 65% of all SEZ, to branch out into new industries and investments expanding their markets.

Projects like the DRP and MSEZ contradict popular claims regarding the increase in market participation and consequent growth in GDP following the reforms of the 1990s. From the mid-1980s, many parts of India saw an acceleration of economic growth, which many have attributed to neoliberal reforms. However, according to Atul Kohli, this was not the result of neoliberal “pro-market” initiatives but actually a function of a “pro-business” model pursued by the Indian state that rests on a fairly narrow ruling alliance of the political and the economic elites (2006, 1365). Kohli argues that the transformations resulting from neoliberal reforms did not involve increasing market participation more broadly but in constituting and consolidated the power of large business conglomerates. The relationship between the Indian state and capital has a longer history. Chibber (2003) locates the distinction within the relations and tensions between domestic capitalists and the state during the early decades of Indian independence. He points how domestic

⁵⁹ Reliance accounted for 25% of the stock market's growth from 10,000 to 20,000 from the year 2006 to late 2007.

capitalists in India aggressively refused to cede power and authority to the state to control market conditions. For instance, the Indian industrialist class broadly supported the state-led project of Import Substitution Industrialization (ISI), because it had an interest in a protected home market wherein businesses could grow. However, they thwarted the prospect of a disciplinary state. With regard to the current fall of dirigisme, Chibber argues that “just as the orientation of business classes was central to the installation of developmental states, so has it been essential to their dismantling” (2003, 244).

Following Chibber’s analysis, one could argue that, at least informally, there has always been a “public-private partnership” between the state and capital from the very outset. Neoliberal reforms have just rearticulated those relationships.

Neoliberal transformations are also creating new predicaments and possibilities for other social classes as well. One predicament is that the SEZ and DRP projects will involve the collapsing of certain interstitial groups through its implementation. For instance, the SEZ Act gives large capitalist firms state authority to buy off rural landholders, ceding vast expanses of agricultural land for the development of suburban colonies. The case of Magarpatta city, as described in Chapter 4, illustrates the ways in which villagers within certain limits can hold on to their assets but only by adopting neoliberal rationality and becoming “venture capitalists” themselves. With regard to the DRP project, the possibilities for small landlords to hold onto their assets are narrower. The project requires the dispossession of landlords and petite bourgeoisie that own multiple properties in Dharavi, offering only one 225 square foot unit for each family, regardless of their current assets. Another potential predicament is that rehabilitating slum residents in high-rise apartments in expensive neighborhoods is a process notorious

for what planners call “negative filtering,” where, over time, lower-income groups make way for middle class residents, similar to the process of gentrification described elsewhere (Smith 2002, Shaw 2004). Some observers contend that this transformation is giving rise to “new zamindars” or feudal landlords in the urban context.⁶⁰ In many ways, the projects are not only subject to larger social processes but also create new transformations in the social classes.

The narrow alliance between the state and business elite also informs other transformations. The impact of large-scale privatization and deregulation particularly through the DRP and MSEZ, has entailed the movement of state bureaucrats and their knowledge into the private sector. As in the case of the MSEZ, officials refused to share details about the social impacts of the project on villagers because it was “business intelligence and like military intelligence it should remain confidential.” Here, conventional business practice became an alibi for applying military metaphors to urban planning. An architect critical of the plan point out that “if planning is called business intelligence than there is a problem and it says something more about our democratic processes than anything else. If planning has to strike equality, data has to be available to everyone, and more transparent.” The lack of transparency in certain contexts contradicts claims that privatization of certain state functions will lead to more credible and transparent interactions. Furthermore, although they are thoroughly embedded in corrupt practices and illicit activity, developers rarely admit to it. Thus, it is not surprising that

⁶⁰ An official from CIDCO, a state corporation, that has minority stake in the NMSEZ made this statement: “In India, historically we were having the zamindars, who owned large swaths of land. In India after independence, a few leaders struggled to oppose these structures and they worked to reform it. That land was distributed to citizens. But, with these SEZs, these people—these industrialists are becoming the new *zamindars*.”

amongst the actors being studied, one notices the absence of any recognition of nefarious structures of power and their complicity in them. Both projects actually flout their “transparency” from producing project websites to conducting public presentations. Yet, their alleged transparency also conceals practices of corruption that are critical to the projects’ completion. Transformations such as these set precedents for the new power-relations in Mumbai and they are indeed larger than the individual projects themselves.

To some extent, the discourses and even the beliefs of people involved and affected by the projects, were certainly informed by the assumptions of the projects themselves. For instance, an MSEZ planner spoke about how the project and the resistance it inspired convinced him that the project speaks to objectives larger than what people were ready for at present. He pointed out that the MSEZ is part of a developmental trend in the world, and to miss that trend would mean being kicked out of the system (of the world economy), and he asked me: “Can a country afford to be thrown out?” In effect, his reflection on the project and its resistance helped produce a script that informs his larger view of development and progress. Others who objected to the projects also produce certain scripts from their engagement with these emerging projects. Still, as views and objectives continue to vary as time passes, these projects serve to generate and calcify ideologies that certainly affect the projects themselves and people’s projections of them and of their (urban) world.

6. Conclusions and Speculations

The object of this study is a very broad and expansive one and there are definite limits to this enterprise. I set out to explain the emergence of two projects in the Mumbai Metropolitan Region and what kind of transformations they entail both in terms of social relations and social space. Ultimately, the thesis is based on exploratory research that is meant to pose more questions than it can possibly answer. The conclusions derived from this thesis will necessarily be partial and require further analysis and more substantive research design in order to extract precise insights both in theoretical and empirical terms.

Nevertheless, the study, based partially on interview, archival research, policy analysis, and observation, sheds light on a particular phenomenon that is only beginning to emerge. This is precisely where the study is vulnerable to critique as well as valuable for its insight. Speculative research is problematic; however, it is, in some senses, necessary. Lefebvre makes the case for saying:

[Urban] studies have had the merit of clearly showing the lines of evolution of such and such a city, their axis and type of development, etc., but these studies do not look at the future. What will happen in the next century? As far as the urban is concerned, we are always in a phase of transition. This affects...all those concerned with the city: sociologists, economists and geographers...One must be predictive. It is true that predictive work, because it includes an element of speculation and

uncertainty, does not pay, whilst there is more budget for studies of what has been accomplished. It also shows that urban thinking is at its beginning (2003, 211-2).

I believe Lefebvre draws on the fact that it is not possible to understand that city as a static object of analysis. Project and projections are constantly shaping and being shaped by the city. My analysis of the two projects was an attempt to bring together two seemingly disparate projects that articulate material and virtual projections of Mumbai. These are projections that are, as described, very large in scale as well as in their transformative effects on everyday life and everyday policy. They congeal particular, but powerful representations of urban space that draw on elite perceptions of the “world-city” as well as capitalist desires to concentrate and attract value. Lefebvre concludes his earlier claim on a related point:

The city has an autonomous reality. It has a life, an existence which cannot be reduced to the distribution of land or space, the street, the square, meeting places... We take account of facts once they have made their mark on space through the built environment. This still shows the necessity to have a thinking that projects into the future (213).

It may be necessary, then, to take Lefebvre’s challenge of engaging in predictive research in order to investigate the nature of cities. Cities that are not merely what we see, but that are happening, transforming, and projecting.

As I have pointed to earlier in Chapter 2, projects to reshape, redistribute, and rearrange demographics have punctuated the history of Mumbai for at least half a century. From “urban dispersal” to slum “clearance” and “resettlement,” socio-spatial

planning is defined by often elite, sometimes conflicting visions of what Bombay and later Mumbai should look like and what purpose it should serve. In other words, new planning devices, zoning practices and development projects in the Mumbai Metropolitan Region must be seen in their context. Rezoning projects like the two discussed in this study have aims beyond their immediate objectives that help to explain their emergence. In particular, in trying to distinguish the two projects from previous planning policies and zoning projects. I suggest significant transformations are in entailed in the very implementation of the projects that, in fact, have consequences much larger than the projects themselves.

The argument of this paper developed from an analysis of two separate projects occurring simultaneously. The findings provided here offer an opportunity to evaluate how useful the two case studies are in illustrating larger process that involves the deregulation and privatization of land supply as well as the spatial and social transformation of the city. Because each project has it own institutional genealogy they had to be treated separately. But, in doing so the aim was not to undercut the argument that they both are integral as overall urban rezoning projects. By separately analyzing these projects that are from very different areas within urban space, the analysis proves how interrelated and they have become as a result of broader policies of deregulation at multiple scales.

The explanatory of the concepts and theories employs in this paper require further scrutiny. First, the reference to neoliberalism takes place at different stages of the paper. Neoliberalism, as outlined by Peck et al. (2003) and Brenner and Theodore (2002), provides a framework understanding current policy transformations taking place at the

urban scale. Of course, the impetus to deregulate the Rent Control Act or the Urban Land Ceiling Act existed as early as the moment they were implemented in the early 1940s and 1970s, respectively. However, the evidence suggests that only now is there a much broader and deeper imperative towards deregulatory policies emanating from the central government to local city governments and across sectors as varied as land development to equity markets. Neoliberalism, at the level of urban policy in particular, provides a generalizable explanation for the urgency and wide-spread consensus towards deregulation and privatization in India and in other contexts at present.

Second, neoliberalism is introduced in order to explain the ways in which recent deregulatory and privatization policies do not so much spread market participation but concentrate and deepen the market power of large, existing capitalist firms. I believe that references to neoliberalism following the transformations of the 1990s are necessary but not sufficient in explaining the production and transformation of complex social hierarchies in Mumbai. Particularly with regards to the land market and the housing industry, other accounts convincingly argue that emerging social arrangements and transformations in urban India depend on a scaffolding of existing semi-feudal, caste-based, and clientalist relations (Thorat 1999, Rodrigues and Gaveskar 2003). Similarly, colonial and post-colonial structures such as British law and the land revenue systems have as much if not more explanatory power in the context of rural and urbanizing India (Gooptu 2001, Chatterjee 2004, Rawal 2008). Still, neoliberalism offers generalizability and specificity in explaining why unique social transformations are taking place at this moment in history.

Lastly, the use of Harvey's theory of the "secondary circuit of capital," Lefebvre's notion of the "production of space" and Ong's concept of "zoning technologies" in this paper demands a brief evaluation. Harvey's notion of "secondary circuit of capital" is premised on the existence of a "crisis of accumulation." The evidence in this paper does not provide sufficient support for this claim in the case of Mumbai. However, the results indicate the possibility that Mumbai is increasingly a crucial site for the investment of global surplus capital. In order to substantiate the connection between this claim and the two cases will require further collection and analysis of data, particularly data involving the movement and investment of financial capital in Mumbai. Second, the use of Lefebvre's "production of space" thesis is more implicit than explicit in this analysis. However the paper goes at length to describe how planning and zoning policies as well as capital investment actually create new spatial and social conditions. Further analysis would certainly work to explicate the multiple ways space is "produced" not just by capital and the state, but also other social forces. Lastly, Ong's theory of "zoning technologies" is certainly powerful conceptually, but requires further scrutiny in order to be fruitfully employed in this analysis. Its critical appropriation of Giorgio Agamben's notion of "state of exception" as well as of Michel Foucault's understanding of "technology," are problematic and generate certain challenges in explaining the spatial transformation of Mumbai. Ultimately, thesis concepts provide suggestive linkages to other contexts rather than concrete explanatory power for the cases at hand.

The DRP and MSEZ projects certainly operate at different registers of policy and planning in Mumbai and involve a very different range of scales and actors. In drawing out the formal similarities between the two projects and their

shared context, I explain why these projects cannot be understood individually. This theories referred to in this paper suggest that i) contemporary urban process must be problematized in terms of capitalism and social relations, ii) neoliberal policy and rationality have consequences that in many ways contradict the tenets of the neoliberalism, and iii) urban zoning can provide an optic from which to observe and understand spatial and social transformations in the Indian context. Deeper questions and significant gaps still remain and require further inquiry and research. For instance, Simone, reflecting on the work of Ernesto Laclau and Chantal Mouffe, asks “how do...heterogeneous configurations of sociality and work get articulated to the highly circumscribed imaginaries, labor processes, and planning mechanisms of global capital’s engagement with urban space.”⁶¹ These questions fundamentally require the observation of concrete relations on the ground as well as more intangible processes and projections.

To summarize, the results of this study suggest that with India’s larger presence in the global imaginary and global economy the contradictions of its social relations and spatial economy have become more stark. The deregulatory policies that have deepened more recently mark a shift towards the private production and accumulation of space on a massive scale. By pursuing this transformation through technologies of space (i.e. planning and zoning), the use of state and private capital power in the processes of dispossession, displacement, and coercion are seemingly hidden from view. In the analysis I also speculate, drawing possible trajectories for not only policies and project, but also

⁶¹ Abdoumalik Simone. 2008. “Towards an anticipatory politics,” unpublished paper.

transformations in society itself. I point to three related transformation, which I believe are taking place through projects like the DRP and MSEZ. These speculations are based on the research itself and speak to transformations that are not entirely new or unique but that I believe require further analysis and research. I believe that the present exploratory study generated the concepts and initial hypotheses to conduct more rigorous and in-depth research on this topic. This will likely require interviews with more stakeholders as well as more archival and historical research of previous forms of planning and zoning in the region. The conclusions derived in this study will hopefully help to build my own future work as well as the work of others.

Lastly, this research is necessarily inconclusive because, as pointed out earlier, the two projects have yet to actually take place and perhaps they may not even break ground. This is highly doubtful, but many of the people interviewed during the study raised this point quite confidently. They explained that a settlement like Dharavi is uniquely and intricately tied up into many diverse agendas and interests that will not allow it to happen unless they are convinced of their security. Similarly, protesters and activists against the MSEZ, although less confident, claim they can thwart the project and convince people of its injustice. What this thesis establishes is that there are larger processes at work in and through both of these large-scale projects, and that the institutional relations of power and production have already committed to certain aims and objectives. Thus, the causes and consequences described and analyzed here will remain

relevant to future transformations of Mumbai, beyond the individual projects themselves.

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