In 1994, the Bombay Chamber of Commerce and Industry promoted BOMBAY FIRST as an independent entity committed to the regeneration of the economic and social infrastructure of Mumbai and to establish it as a competitive and truly world-class city.

The Bombay Chamber established the Bombay City Policy Research Foundation to fund Bombay First, which was supported by prominent corporates in Mumbai, viz. Tata Power, Mahindra & Mahindra, Hindustan Lever, Blue Star, HDFC, ICICI, Asian Paints, Philips, UTI, SBI, Standard Chartered Grindlays Bank, the Tata Trusts and Colgate Palmolive.

Bombay First has undertaken several studies to address issues necessary for the rejuvenation of the city: Strategies for positioning Mumbai as an International Financial & Services Centre, Employment, Transportation and Waste Management.

"Vision Mumbai", a study commissioned by the Bombay First and undertaken by McKinsey & Co., as a Roadmap to establish Mumbai as a World-class City within a decade, has been appreciated by a wide cross-section of Government, media and society.

Some of the major initiatives proposed to be pursued are: Urban Renewal of Mumbai, Trans-Harbour Bridge linking Mumbai and Navi Mumbai, Pan Island Expressway and a world-class Airport.
The arclights are on a private-public initiative to develop Mumbai into a world-class city

G
roaning under a population of 18 million that swarms across its 437.71 square kilometres – a per sq km density of 41,123 persons – Mumbai has of late been energised by converging aspirations to transform it into a world city.

A commitment to steer India’s financial and commercial capital clear of a discredited inevitability does appear to be emerging. Maitra Maharshi, chief minister of Maharashtra, has ably convened – and chairs – a citizens’ initiative that has rolled out a comprehensive roadmap to accomplish this.

The plans entail a maze of schemes right across – and also right round – the entire city, which involves surface, marine, elevated, and underground transport links and facilities. On the board are such projects as the Rs.4,526 crore Mumbai Urban Transport Project (MUTP), designed chiefly to refurbish the local rail network, the Rs.2,600 crore Mumbai Urban Infrastructure Project (MUPP) master plan for road improvement and for a grid linking the western and eastern suburbs, the Rs.1,300 crore elevated 14.6km Mass Rapid Transport System (MRTS) connecting Versova-Andheri-Ghatkopar, the Rs.994 crore Bandra-Worli sea link, the Rs.2,123 crore second International airport at Navi Mumbai across the harbour, the Rs.1,000 crore 20 lane Sewri-Nahur trans-harbour link, and the merged special economic zones (SEZs) of Navi Mumbai (Rs.5,600) and MahimMumbai (Rs1,400).

An underground-cum-elevated metro is also contemplated, connecting Cuffe Parade, Mahalakshmi, Mahim, and Charkop, alongside a pan-island expressway that will skirt the western and eastern shorelines from the northwestern suburbs to link up with the Sewri end of the trans-harbour link on the eastern side. Besides, MUTP-I has a Rs.800 crore slum relocation component, while the municipalised BEST Undertaking is refurbishing its 3,186-strong fleet by inducting 650 Luingo buses worth Rs.125 crore and by the phased outsourcing of 1,200 buses.

Shinde clarifies that a vision for Mumbai need not be confined to its municipal limits but can be transcended by the city’s growth to include areas like Navi Mumbai, Thane, Mira-Bhayander, Vasai-Virar, and other outlying regions. “Navi Mumbai in particular provides inputs for economic growth that will help Mumbai become a global city,” he notes.

Lending their personal support to the concerted ambition of developing Mumbai – the effort sporting a trilingual call-slog My Mumbai, My Dream – is liability on his own. But with vast swathes of properties occupied by tenants under rent control, it is not at all clear how landlords can any increase.

On 1 July the state government halved the 10 per cent stamp duty that was being levied in Mumbai, Thane, and Pune, though the demand has been for its total withdrawal as it has led to falsified valuations with official consequence. Besides, stamp duty refunds are often not paid. Charged for the conveyance of sale deeds for both residential and commercial properties, stamp duty is determined on the basis of the market value of the property as assessed by the authorities, who have adopted no standard method of valuation. Urban development secretary Tiwari expects the reduced stamp duty to act as a powerful marketing and selling tool.

Compounding the city’sills has been the steady decline in employment. Some 500,000 workers were engaged in Mumbai’s textile industry since the country’s first textile mill was established in the city in 1854. But the indefinite strike from 1982 crippled the sector, which has lost more than 45,000 mills and businesses today. Mumbai’s public sector banks too have cut nearly 9,000 jobs, mainly from the clerical and junior officers levels, while Mumbai Port has halved its 32,000-strong workforce through a series of voluntary retirement schemes. And several leading pharmaceutical companies like Cipla, GlaxoSmithKline, Parke-Davis, Roche, and Pfizer, as also small and medium-scale chemical and industrial units, have reduced their market share of facilities outside city limits, shrinking the job market even further. But such a similarity of experience has also been an instrument of pain. As a result, the government has been forced to seek compensation for the dislocation of this workforce that has led to regeneration and the creation of new job opportunities.

A study by Avalon Consulting titled Revitalising Mumbai and Creating Jobs sees huge employment potential through the development of entertainment infrastructure such as a leisure complex, film city studios, and sports. Chandrasekhar says Mumbai has been appointed the planning authority for developing a 2,500-acre swath of land in the Gorni coastal region in the west of Mumbai as part of an entertainment zone. He also mentions that work on the Rs.1,000 crore Phase I of MUPP started on 1 September, entailing 17 major corridors as also the Bandra-Dahisar stretch of a western freeway. This phase will be completed by 2007, while Phase II will be completed by 2007 and 2012 respectively. Mumbai is the apex body co-ordinating the work of five municipal corporations and 15 municipal councils across the 4.35 lakh km². Mumbai metropolitan region.

Lakhina, in turn, is con-

fident that Mumbai’s pro-

file will transform dramatically and qualita-
tively once the trans-
harbour link, which MMRDC is responsible for and which he considers the city’s largest ongoing link being executed on build-operate-transfer (BOT) terms, materialises over the next five years and is dovetailed into the sea and the sec-

ond international airport planned across the harbour. Tenders have been floated and applicant companies have been awarded two months to prepare for prequalification bids.

Financing most of the projects is envisaged through a Mumbai Develop-

ment Fund that will ring-fence funding by creating an escrow account and ro-

ting funds from the private sector, through special purpose vehicles and on a BOT basis. Scion of V.K. Jani who has been the finance minister of this company will gladly get involved in some of the projects if they meet Scom’s credit policy norms.

Gopalakrishnan maintains that the private sector cannot do what the state is supposed to do, but can only assist a state government that wants to do something to save Mumbai. “I don’t know how strong that motivation is within Maharashtra,” he says. Funding of well-intentioned and well-executed projects is, according to him, now an issue as international agencies and private funds can both be accessible. “Good ideas with good administration attract money; good ideas with bad administra-

tion complain about funding,” he points out. “But I am an optimist. Mumbai has deteriorated so much that somebody somewhere in power is going to sit up and get cracking and I hope that happens.” He adds that if it does, in 10 years we could stem the decline and start to get a few things improving.

Nayar declares that in this moment of promise and peril Mumbai must take command of its future. If it neglects to change course, it risks entering the graveyard of failed cities. But if it embraces change, there are few cities better equipped to share in the fruits of the 21st century, few places better poised to make an imprint on the world.
behind Mumbai's steady degeneration. He adds that he sees Mumbai only slightly better than where it is today 10 years from now.

McKinsey’s Vision 2031 is mindful of these shortcomings while framing a corporate pattern of governance and a centralised decision-making structure. It envisages that the chief minister, as CEO of this private-public endeavour, will appoint specific officials empowered to coordinate the multi-agency effort and implement it. The report is not the first, nor will it be the last, attempt to resolve Mumbai’s problems.

Supplementing the Bombay Chamber’s efforts on Mumbai has been the Indian Merchants’ Chamber (INC), established 97 years ago, with its own prescription to make the city the most productive in the world. The INC’s report, Policy for the city based on the McKinsey report, INC studies, as well as varied interactions the state government has had with NERI, the Maharashtra Economic Development Council, and other agencies. An important input was from subgroups on traffic, transportation, and urban planning to study six areas of transformation, namely, strategic planning and financing (headed by Narayan, housing (headed by Deepak Parekh), economic growth (Mahindra), public infrastructure (Munir), social infrastructure (Kohli), and governance (Damodaran). Their mandate was to evolve a Mumbai Action Plan based on proposals ready for implementation and results on needs too urgent to be ignored.

Mumbai’s trade has widely resonated the extrovert city it is sold with, charming instead of turnover for tax. But this is the legacy of the mainstay of the city’s civic finances, garnering Rs 32,500 crore of the current income of Rs 84,485.26 crore of the MCGM. Occult checkpoints delay consignments and are a major source of corruption, apart from increasing prices and costs as trucks and tempo idles there. Maharashtra’s 12 per cent sales tax has also inhibited trading and commercial activity in the city. By contrast, states like Andhra Pradesh, Karnataka, and Gujarat are courting potential growth sectors like biotechnology, IT-enabled services, and BPO call-centres and back-offices that ensure higher employment opportunities and higher tax revenue. Bhandarkar asserts that these glaring drawbacks need to be addressed, or else the city will be hard-pressed to retain its competitiveness not only with proactivity cities like Bangalore, Delhi, Chennai, and Hyderabad, but even with smaller players like Chandigarh, Gujranwala, and Ludhiana.

Inc. President Nalin Rupani recommends rationalising tax controls to impel Mumbai’s growth. “As Mumbai’s property taxes are among the world’s highest, developers retain a huge proportion of their properties rather than rent them, he observes. The corporation’s second-highest source of income, property tax is levied at the rate of the annual rateable value of lands and buildings and comprises general tax at 25 per cent, service tax at 15 per cent, and non-residential at 15 per cent, property tax levied at the rate of the annual rateable value of lands and buildings and comprises general tax at 25 per cent, service tax at 15 per cent, and non-residential at 15 per cent, property.
Flowers like this one at Bandra will help ease the flow of the city's rapidly increasing traffic.

Cover Feature

Disposal Project II and the Rs1,900 crore slum sanitation project, he says.

Decline work opportunities in the rest of Maharashtra have engendered an influx of economic refugees into the city. In a sense, the failure of Mumbai is rooted in the failure of the state's rural development and anti-poverty programmes. Many believe Mumbai had a faring chance for success if it had been granted independent statehood or converted into a Union territory when Bombay state was bifurcated into Maharashtra and Gujarat in 1969 rather than being merged with Andhra Pradesh. A focused city-state administration would have set the course for its transformation into a global outpost and ringed it from the depredations of state governments that have viewed it as little more than a cash cow.

By contrast, other Asian cities like Hong Kong, Shanghai, Singapore, Kuala Lumpur, Seoul, Jakarta, and Bangkok managed to steal a march on Mumbai within a similar time frame. These urban centres too have been swamped by foreign tourists arriving by the millions, but it also has a neighbourly face. Other aspects worth the name nor have been able to capitalise on its position as the entry point to India, with foreign tourists arriving by the millions, nor has it been able to attract more popular destinations like Goa, Kerala, or Rajasthan.

Chief Minister of the Goan government, the Godrej group that was founded in Mumbai in 1897 by his great-grandfather Ardeshir B. Godrej, paid a high compliment to Mumbai as a city that still has a long way to go to become a world-class city. While the city is very dynamic and hence a "great place" for business, it lacks a balanced physical infrastructure that is the foundation for a city that can grow.

The Citizens' Action Group is hence understandably enthusiastic about Shinde's proposal to revitalise Mumbai's chaotically organised legislative constituency is Solapur (south). In fact, Shiv Sena's Manohar Joshi has been the solitary key player whose constituency has been from Mumbai. Maharasthra's rulers have long held that their real power accrues from the state's political landscape, and the identity of its members is essentially the seat of government.

"Environmental activism has been a hindrance," Shinde regrets, referring to the efforts of the Save Mumbai campaign. The committee has been formed to review the issue of its role in accordance with the official view of seeking area-wise regeneration rather than progressive blockdown development. A proposal for a 50 per cent reduction in property tax in the case of closed buildings has meanwhile been held up on account of the prevailing electoral code of conduct. But his government has yet to repeal Ulta, which has been removing structures in states except Maharashtra and Bihar.

Godrej says that Mumbai's biggest problem is its slums and the resultant lack of sanitation. "Mumbai became a commercial powerhouse because during British rule most Indian business and industry were headquartered in Mumbai, whereas British-owned enterprises were mainly based in Kolkata," he recalls.

This led to Mumbai's very strong growth and importance in the post-Independence years.

Tata's Gopalakrishnan cites two principal reasons for which Mumbai has suffered, one from within and one from without. The external driver has been the well-documented slow pace of rural economic growth over the past half-century. Absence of jobs and economic growth, though, were the catalyst for any creditable infrastructure in rural India caused huge migrations to Mumbai. What happened was that the state had a disproportionate share of it. Shinde is a man in a hurry. But while he is anxious to ensure that Mumbai's ongoing development plans proceed apace, he becomes the constraints imposed by what he himself terms restrictive laws. He lists these as the Urban Land (Ceiling and Regulation) Act, or ULCRA, of 1976, the Maharashtra Rent Control Act, amended in 1999, the Coastal Regulation Zone (CRZ) Act of 1991, and the urban heritage and floor space index (FSI) limitations, as major factors.

"Environmental activism has been a hindrance," Shinde regrets, referring to the efforts of the Save Mumbai campaign. The committee has been formed to review the issue of its role in accordance with the official view of seeking area-wise regeneration rather than progressive blockdown development. A proposal for a 50 per cent reduction in property tax in the case of closed buildings has meanwhile been held up on account of the prevailing electoral code of conduct. But his government has yet to repeal Ulta, which has been removing structures in states except Maharashtra and Bihar.

Godrej says that Mumbai's biggest problem is its slums and the resultant lack of sanitation. "Mumbai became a commercial powerhouse because during British rule most Indian business and industry were headquartered in Mumbai, whereas British-owned enterprises were mainly based in Kolkata," he recalls. "This led to Mumbai's very strong growth and importance in the post-Independence years."

Shinde is anxious that the development plans proceed apace, but he recognises the constraints imposed by what he himself terms restrictive laws. He lists these as the Urban Land (Ceiling and Regulation) Act, or ULCRA, of 1976, the Coastal Regulation Zone (CRZ) Act of 1991, and the urban heritage and floor space index (FSI) limitations, as major factors.

Maharashtra's rulers have long held that their real power accrues from the villages, betraying an underlying unconcern for Mumbai.