The Shift to City-Centric Growth Strategies: Perspectives from Hyderabad and Mumbai

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There is growing recognition on the part of policymakers that cities play a crucial role in the national economy, and current policies mark a significant rupture from those followed over the years. Based on two compelling, though not fully comparable, case studies of Hyderabad and Mumbai, this article argues that both the union and state governments are adopting city-centric growth strategies, following international trends, and that these have far-reaching social and spatial implications in terms of governance. The policy shift calls for a serious re-examination of intergovernmental responsibilities, functions and financial transfers in order to ensure that the larger social issues are included in city strategic planning. In both cities, the ongoing processes are contentious and contradictory, providing a stark contrast to the smooth vision statements that convey an image of the quest for "development" as a consensual process.

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In the last two decades, cities and metropolitan regions have emerged as focal points of economic growth throughout the world. Although interpretations of this phenomenon vary, there is a wide consensus that the evolution of capitalism, in particular, the decline of Fordist production as a dominant mode of accumulation in industrialised economies and the increasing globalisation of markets as a result of technological change, have combined to transform large cities into strategic economic places [Sassen 1994]. Recent scholarship has underscored the tendency for connections between the world's large cities to intensify, meanwhile these cities are often increasingly delinked from their hinterlands and from their national economies [Veltz 1996]. During roughly this same time period, multilateral aid agencies have increasingly focused their attention on cities in developing economies as engines of growth and channelled their efforts into improving infrastructure in order to further enhance this role [World Bank 1994; Léautier 2005].

These ideas, which form an important backdrop for our arguments, will be discussed in the next section before turning our attention to the Indian case in Section 2. The policy environment in India has undergone radical change in the last 20 years as a result of economic reforms, and not surprisingly, the approach to urban development has also been affected. Current policies mark a significant rupture from those followed over the years, some dating back to the 1960s. Of particular interest here is the "rehabilitation" of large cities in the overall approach to urban development, and the fact that they have been singled out to benefit from funds in the framework of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), launched in December 2005.

The paper brings this evolution into perspective using two interesting, though not fully comparable, case studies, Hyderabad and Mumbai. Hyderabad emerged in the 1990s as a software and pharmaceutical hub, and deliberate efforts were made to project it as one of India's foremost metropolitan cities. The city was a showcase for the Telugu Desam Party (TDP)'s economic policies, and significant reforms were undertaken in the Municipal Corporation of Hyderabad. The case of Mumbai is equally compelling, although the current regeneration plan, initiated by the city's economic elites, began somewhat later. Of particular interest here is that while the state of Maharashtra, led by a Nationalist Congress Party (NCP)-Congress alliance, is now actively seeking to harness the city's potential as a growth engine, the centre has also demonstrated a keen interest in the process, reflecting Mumbai's status as the nation's premier urban economy. A concluding section will discuss the common features of both cases as

well as the differences, and examine some of the key issues emerging from this analysis of the shift in urban policies.

1 New Forms of Production and Their Spatial Implications

This section discusses the ways in which capitalism has evolved in recent decades and the implications for urban development. Using an economic geography perspective, we recall how different production or accumulation modes correspond to specific spatial patterns. In particular, it will be seen that spatial features have converged across industrialised and developing economies in recent years indicating that increasingly similar logics are at work. This forms part of an explicative analysis of current developments in India, including the type of policies that are being adopted.

Nineteenth century industrialisation in western Europe left a strong spatial imprint, illustrated, for instance, by mining activities that gave rise to new communities in "new" places, often largely composed of immigrants. In comparison, the Fordist production mode that followed, associated with mass production and consumption, had a much less profound impact on space. Factories were situated in suburban areas or along main roads, usually cut off from their immediate environment [Di Méo 1998]. Typically, Fordist era firms integrated all operations under one roof, from conception to marketing and research and development (R&D); production was intimately linked to a particular "system" consisting of markets, technologies and institutions, with variations from one country to another [Scott and Storper 1986]. Reproduction of the system was insured, inter alia, through institutionalised practices with regard to management and industrial relations, which evolved alongside the welfare state.

Although this type of production continues throughout the world for a number of standardised products, it is no longer the dominant form of capitalism driving growth in the world economy. The Fordist "crisis", starting as early as the late 1960s in the US and deepening throughout the 1970s in advanced capitalist economies, has sparked processes of industrial restructuring throughout the world, and hence spatial restructuring. Not only has competition sharply increased, its nature has changed, shifting from largely supply-side growth dynamic to one driven by demand. Flows of goods and information have accelerated, facilitated by technological change, and life cycles of both capital and consumer goods have shortened dramatically. Firms have responded by trying to become more flexible in their management styles, with regard to both personnel and stock, in order to react more quickly to changes in market conditions. One strategy, which has developed considerably since the 1990s, consists in lowering costs by externalising more and more of their production and business processes, again aided by advances in information technologies. This has given rise to production chains, the links of which may be scattered across the globe. In such configurations, coordination within and between firms is crucial [Gereffi and Kaplinski 2001]. This explains how geographical dispersion of production at the global scale can go hand in hand with increasing spatial concentration of productive activities at a local scale and a renewed economic role for cities. Large cities in particular are attractive because they centralise those factors that investors seek such as good quality infrastructure, skilled labour, specialised producer services and markets as well as less tangible features which make them a wellspring of creativity and innovation. The adaptation of firms to more stringent competition has compelled them to redefine their relation to space and to consider the advantages of a territory-based strategy.

Moreover, the geographical concentration of firms is seen as conducive to generating positive "agglomeration effects", gains associated with the concentration of population and the resulting infrastructure facilities on one hand, and from the clustering of interrelated industrial activities, on the other hand.

In a more integrated world economy, not only do firms endeavour to adapt and compete, localities, regions and nation states are all striving to adjust to changing market conditions. As the welfare state has weakened in industrialised countries in recent decades, states have put a stronger emphasis on market enabling policies. In developing countries, similar policy shifts can be observed, as a result of structural adjustment programmes or strategies aimed at attracting transnational capital. As numerous authors have argued, there has been a general shift from demand-side public interventions, applied to the entire national economy to supply-side interventions targeted at specific places [Brenner 2004]. The renovation of business districts, the creation of new enterprise parks or special economic zones (SEZ), and the development of dedicated high premium infrastructure are all typical examples of supply-side policies. Such policies, which have strong localised impact, contribute to enhancing competition between regions within and between countries. In India too policymakers are adopting such policies, the 2005 SEZ policy being a particularly compelling example.

2 Changing Perceptions of the City

At the time of independence, despite India's long encounter with urbanisation and the existence of a large number of cities, the attitude of the political leadership towards urban settlements was ambivalent. Overall, urbanisation was not considered a very positive process [Dupont 1995; Mahadevia 2003].[1] A careful study of the planning documents highlights that, with the exception of a concern for housing and land prices, the first two five-year plans (1951-61) made no mention of urban policy [Ramachandran 1989; Mahadevia 2003]. References to urban affairs start with the third plan (1961-66) onwards and chapters on urban issues were included in the fifth (1974-79) and sixth plans (1980-85). There is an emphasis on town planning and the making of master plans but the main issues were balanced regional development and urban decentralisation and dispersal [Dupont 1995]. The creation of new towns or satellite towns was promoted to curtail concentration in large cities. The recognition of the strategic importance of small and medium towns led to the Integrated Development of Small and Medium Towns programme in the sixth plan. Disagreements about the size of the towns to be included in the scheme reflect a general lack of consensus about the role that these secondary cities were to play in the national economy. A major distinction can be drawn between policy solutions that favoured linkages with industrial development and those that were more attentive to the linkages with the rural hinterland (ibid).

With regard to efforts to avoid concentration, it was the ambition of the planners to link urban and industrial dispersal using a combination of tools including industrial licensing policy, selective location of public sector factories and promotion of small-scale industries, with a clear intent of maintaining the population in rural areas. Strict rules prohibited the location of industries in or near urban centres. More directly, cities suffered from inadequate public investments in infrastructure and housing, a policy that can be interpreted as a deliberate attempt to reduce the pull factor from cities.[2] Despite such efforts, large cities continued to grow, although arguably at a slower rate than otherwise, and to concentrate productive investments.

A "bridging period" [Mahadevia 2003] begins in the 1980s with the realisation that the urban settlement hierarchy remained top heavy and that the severe lack of urban services and housing contributed to a proliferation of slums. The setting up of a National Commission on Urbanisation in 1985 gave recognition to the scope of these problems and aimed to provide new policy direction. A contemporary re-reading of the commission report, published in 1988, situates it as midway between the earlier period and the 1990s. It marks a gradual departure from policies pursued up through the sixth plan (1980-85). Although the commission recognises the importance of small and medium towns and favours a policy of growth poles, the report's apparent disapproval of industrial dispersal policies indicates a deviation from earlier efforts towards balanced regional development [Kundu 1989]. The issue of funding urban services takes a central place, and the critical financial position of urban local bodies (ULBs) is acknowledged. The report calls for a significant increase of plan outlays and launches a debate on private financing and user charges. The notion of efficiency makes its entry into the discussion about urban service provision, laying the foundations for some of the debates of the 1990s. This period is also characterised by a concern towards the strengthening of ULBs, through financial devolution, but mainly through empowerment of a third tier of government. A first attempt at political decentralisation failed in 1989 but was a precursor to one of the major institutional reforms of the 1990s, the 74th Constitutional Amendment Act (CAA) on decentralisation to urban local bodies, enacted in 1992.

2.1 Reforms of the 1990s

The CAA makes compulsory the regular organisation of local elections, and the thrust on political decentralisation is accompanied by measures to ensure a democratisation process, notably through the reservation of seats for women and SC/ST. The devolution of increased functional responsibilities to ULBs as well as the mechanisms for promoting financial transfers (via state finance commissions) were intended to reinforce the role of municipalities in the conduct of urban affairs. Equally important for shaping the environment, liberalisation has had the effect of reinforcing the economic role of cities. At the same time, international organisations, most remarkably the World Bank, have stressed the importance of urban development for economic growth. This finds resonance in India and has contributed to a situation, where cities are increasingly perceived by policymakers as engines of growth.

In this evolving context, where urban productivity and efficiency are receiving an increasing attention in policy circles, management professionals and experts are quick to underscore the crucial link between infrastructure and economic development. Worldwide, including in India, market-oriented reforms are promoted in areas ranging from service provision to urban housing along with an analysis of policy failures of public sector programmes. In India, the landmark 1996 Rakesh Mohan report [NCAER 1996] undertakes to estimate the substantial level of investment required for infrastructure but mostly calls for "the commercialisation of infrastructure" through public-private partnerships, commodification of urban services, municipal bonds and reliance on domestic financial markets. This report consolidates a new corpus of ideas regarding the urban policy and infrastructure development that are evidently quite heavily influenced by international "best practices". Indeed, the weight of international agencies in current urban debates is not solely related to specific infrastructure projects financed by multilateral and bilateral organisations. A number of programmes, such as the urban management programme and the cities alliance also engaged in capacity-building, and provided support in the elaboration of city development strategies. The United States Agency for International Development-Financial Institutions Reform and Expansion (USAID-Fire) programme promoted the use of municipal bonds and financial ratings for ULBs.

2.2 The JNNURM: Endorsing a Strategic Shift?

In the last 15 years, India's large cities have witnessed significant transformations of their economies and their governance regime. On the one hand, while the ability of the public sector to initiate public action and effectively deliver services continues to be questioned, since performance falls far short of the targets, new actors, from both civil society and the private sector, have emerged to play a stronger role both in the management of city affairs and in decision-making processes.[3] On the other hand, the role of the state government in urban affairs remains central, as exemplified by their efforts to promote their capital cities as a nodal investment sites [Kennedy 2007; Shaw and Satish 2007]. This appears to contradict the decentralisation process, incidentally plagued with serious shortcomings including grossly inadequate financial devolution.[4] To sum up, 15 years after India's engagement with macroeconomic reforms, cities have become critical for increasing growth in an open economy but still suffer from severe backlogs in terms of infrastructure, and equally important, severe limitations in their capacity to formulate policies.

In this context, it is argued here that the JNNURM takes stock of these issues and challenges, and represents a shift in the national policy towards urban centres. Launched by the ministry of urban development in December 2005, the aim of the mission is "to encourage reforms and fast track planned development of identified cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation, and accountability of ULBs/parastatal agencies towards citizens."[5] Although financing of infrastructure and housing issues are traditional concerns of centrally-sponsored schemes, some new elements characterise the JNNURM, one being the sheer amount of funding planned (Rs 1,50,000 crore). Second, this initiative is targeted at a limited number of urban centres,[6] including the

country's largest metros, and hence, sanctions a focus on cities with strong economic potential growth. Third, the JNNURM gives explicit importance to the linkages between infrastructure financing and governance issues. In terms of policy design, the difference between the JNNURM and traditional schemes lies in the conditionalities imposed for funding, i e, mandatory reforms for both ULBs and state governments. These reforms aim to alter rules and regulations relating to urban development by clarifying institutional responsibilities, repealing land regulations, modernising the functioning of municipalities, enhancing their revenues and fiscal responsibility, among other things. Fourth, despite the fact that the mission funds physical infrastructure projects, it insists on the notion of community participation and on the application of the 74th CAA in order to strengthen the political capacity of the ULBs.

All these elements converge to make the JNNURM "the single largest central government initiative in urban development" [Mathur 2007]. Although welcomed from many quarters, it has come under criticism on various grounds such as the dominant role of the centre vis-à-vis the states, the lack of attention to the urban poor (despite a sub-mission dedicated to basic services to the urban poor) [Mahadevia 2006] and the inadequate focus on the political processes needed to strengthen ULBs [Mukhopadhyay 2006]. At this point of time, it is still too early to assess the outcomes of this scheme and its ambitious objectives, which include enhancing the ability of the various tiers of government to devise long-term visions and policies for their city. By creating an incentive framework for large urban reforms, it can be argued that the central government is asserting its position as the primary driver of urban reforms.[7] One gauge of the success of the centre's agenda will be the degree to which the states adhere to the reform agenda: if they do not, the JNNURM will remain a traditional central funding programme for infrastructure, albeit a large one. On the contrary, if states implement the mandatory reforms, the mission will have made a strategic contribution, within the larger context exposed in the first part of this paper, to enabling Indian cities to play the role of growth engines. The context explains the timing of the initiative and will certainly shape its outcomes. In particular, it is important to underscore the political importance given to this initiative at the highest level: the prime minister launched the mission, and its objectives appear well-articulated with national economic strategies, such as promotion of public-private partnerships (PPP) in infrastructure development and the SEZ policy.

In this context, most Indian states are jumping on the bandwagon that the JNNURM offers in terms of co-funding infrastructure investments.[8] Andhra Pradesh was one of the first to submit its proposal, in the wake other urban reform projects.

3 Showcase Hyderabad: An Ambitious State-Driven Policy

In the late 1990s the government of Andhra Pradesh under the leadership of Chandrababu Naidu adopted a regional growth strategy that gave a strategic role to Hyderabad and other urban centres in the state. It was outlined in *Andhra Pradesh: Vision 2020*, elaborated by the international consulting agency McKinsey. Framed in liberal economic terms, this strategic plan's stated goals were to restructure the regional economy and redefine governance in the state. Growth engines from all sectors were identified, but the government's thrust was clearly on infrastructure development and global growth sectors like IT and pharmaceuticals. By focusing efforts on facilitating investment in high-tech sectors, Naidu's government was automatically targeting urban centres, and most notably Hyderabad, the state's capital and largest city.[9] In fact, Hyderabad increasingly took on symbolic importance as a showcase for the TDP's government's policies, whether on the economic front or with regard to the "good governance" agenda. An explicit effort was made to move quickly on this strategy in order to get a head start over other cities, reflecting growing competition between states for investment in the post-reform period.

One major economic strategy consisted in developing premium spaces in the form of sector-specific parks, fitted out with excellent infrastructural facilities (uninterrupted power supply, broadband, roads) and buttressed by a business-friendly policy environment. Not surprisingly, the objective was to facilitate domestic and international investment, which would presumably be attracted by generous subsidies and fiscal incentives and the perspective of gains arising from the clustering of interrelated activities. HITEC City in the western periphery, dedicated to IT and IT-enabled services (ITES), is a case in point [Kennedy 2007]. Explicitly modelled on successful international examples of science-technology parks, HITEC City, inaugurated in 1998, was developed through a PPP involving a large private firm and Andhra Pradesh Industrial Infrastructure Corporation (APIIC).

Shortly after launching HITEC City, the government announced the creation of a special spatial-based regulatory framework, the Cyberabad Development Authority (CDA), in order to develop a large area around the IT park into a "model enclave". A special master plan was conceived for CDA containing specific land use patterns and building rules and financial instruments for facilitating the creation of high quality infrastructure (user charges, external betterment charges). What is significant about these initiatives is that they are compelling examples of the trends discussed above, namely, the creation by local (or regional) governments of place-specific production complexes, also called "premium networked spaces" [Graham 2000], to facilitate engagement with the global economy.

In its efforts to establish a service-based urban economy, the Andhra government devised this special regulatory tool, i e, CDA, as a means to generate positive agglomeration effects, produced by the spatial concentration of professional expertise and production/service networks. In addition to generating gains for the firms that are located in the enclaves, such policies aim to foster an accumulation process: IT, ITES and research institutes all give rise to an entire array of local services [Sellers 2002]. The incomes they provide help fuel commercial activities and real estate activity, creating a virtuous circle of growth. These initiatives tend to target metropolitan regions, both because they contain the conventional inputs for production, and because these are places where educated and creative people are expected to prefer to live.

In addition to its focus on promoting growth, the state government undertook a number of far-reaching reforms in the Municipal Corporation of Hyderabad (MCH) in the late 1990s, with the purpose of making local government more efficient and financially

sound. Introduction of a self-assessment scheme for property tax, for instance, resulted in a remarkable increase in municipal revenue [Mohanty 2005]. At the same time, expenditures were reduced, in part by outsourcing a number of urban services to private contractors, notably garbage collection and sweeping. In numerous departments, like tax collection, operations were partially privatised, and lower skilled employees, such as security guards and cleaners, are progressively hired through third party employment firms on a contract basis. With its improved financial situation, the MCH received high credit ratings and was among the first cities in India to raise capital from the market through bonds. Incidentally, the MCH did not have an elected council at the time these "hard reforms" were adopted; they were orchestrated by the municipal commissioner, who also held the position of special officer for the state government.

Another element of the multi-pronged strategy to make Hyderabad "a world-class city" was an intense beautification drive, focusing on cleanliness, greenery, road widening and strict traffic regulation. While this may appear relatively less critical than other measures, it conveys keen awareness about managing perceptions of potential investors and international benchmarking.

This reform agenda, closely modelled after *Vision 2020*, was also ostensibly aimed at improving civic governance. However, an analysis of public action over the period suggests that governance was quite narrowly defined to mean the interface between people and the government,[10] as opposed to the idea of governance as a collective process of agenda-setting, in which different stakeholders participate according to their respective capacities. Apparently, for the TDP government the "solution" to governance problems was to be sought in technology rather than through democratic institutions [Mooij 2003], as various reforms (stamp duty, water board) and the e-seva initiative illustrate.

At least in its rhetoric, the state's political leadership has skilfully adopted the references and norms of the international aid agencies, which contributed large sums of money to projects in Andhra in the 1990s and early 2000s.[11] This is true notably with regard to "good governance", and the instruments presumed to promote it, like user committees and citizens' charters, which were integrated into the design of programmes and policies. Between 2001 and 2003, Hyderabad prepared a city development strategy (CDS) in the framework of the UN-Habitat and Cities Alliance, an exercise that required stakeholder participation. Several rounds of consultation were held and representatives from civil society were chosen to participate in the steering committee and nine working groups. This helped Hyderabad get a head start on the JNNURM, as the city development plan (CDP) that was submitted is based essentially on the CDS.[12]

In many respects, Hyderabad, despite being one of the smaller metros, appears to have been on the cutting edge of various types of urban reform in India, whether tax reform, privatisation of urban services or e-governance. Without a doubt, the state government was the driving force behind these developments, not the municipal corporation. Although initiated under the TDP regime, it can be argued that the campaign to turn Hyderabad into a growth engine for the state and a showcase for the government's policies is ongoing, as indicated by press reports of new state-sponsored infrastructure projects.

4 Mumbai: A Growth Coalition for a 'World-Class' Vision

Despite growing competition from other Indian cities, Mumbai maintains its dominant economic position. Specialised in banking and financial activities, Mumbai accounts for 10 per cent of the country's industrial employment, and contributes 40 per cent of Maharashtra's gross domestic product (GDP) and 4 per cent of national GDP [Prud'homme 2005]. However, since the 1980s, Mumbai has been undergoing a process of deindustrialisation with decline in industrial production, a shift in the employment base from secondary to tertiary sector, and a process of informalisation of labour. Mumbai is facing a number of serious challenges: a high volatility in its growth rates (-5 per cent in 2001, +13 per cent in 2004) [MMRDA and Lea International 2007]; a mismatch between labour demand and supply; increasing infrastructure bottlenecks (especially transport but increasingly water, sewerage and power); extremely high rents and property prices, combined with land scarcity and acute landholdings inequities. Increased political and religious divides are added elements that lead many observers to predict a bleak future for the city [Del Monte 2002; Swaminathan and Goyal 2006]. Alarmist predictions aside, the scale and the complexity of the problems are a reality, and have pressed the government of Maharashtra to initiate a "Mumbai Transformation Project" from 2003 onwards.

Between 2003 and 2005, this process of forging a "vision" for Mumbai highlights a specific model for restructuring the city based on a coalition of industrial and government circles, in a configuration similar to an entrepreneurial urban regime.[13] Described today as a "priority", this restructuring process started later than in other Indian cities. The sudden shift into action can be explained in part by political compulsions, the NCP-Congress state government is keen to assert its control over Mumbai's affairs given that the corporation is ruled by the Shiv Sena (since 1997), but also by various other factors like the 2005 floods, the incentives contained in the JNNURM and the push from the central government. However, equally important in this process was the influence of leading Mumbai business houses via the think tank Bombay First. In 2003, Bombay First commissioned a study from McKinsey called "Vision Mumbai" [Bombay First and McKinsey 2003], the objective being to craft a blueprint for transforming Mumbai into a world-class city by 2013, following the example of Shanghaï. Largely publicised, this study was endorsed by the state government, which commissioned its own report, plainly inspired by the Bombay First Vision. In 2005, with the support of the Cities Alliance, a Mumbai Transformation Support Unit was set up to implement the strategy of this report, formulate new reform proposals and provide expertise to the decision-makers. The decision forum where they meet is mainly the empowered committee, constituted in 2006 to be a coordination cell, as well as to decide on main priorities and monitor the progress of ongoing projects. It is constituted of 17 government representatives and eight leading industrialists.[14] The latter also take part in the Citizen Action Group (CAG), constituted in 2004 to advise the government, and composed of representatives of the business world and the civil society.[15] Nevertheless, the empowered committee has more decision power than the CAG.

The aim of the vision is to "Transform Mumbai into a world-class city with a vibrant economy and globally comparable quality

of life for its citizens". From a conceptual point of view, the core assumption is that Mumbai's economic growth is hampered by lack of housing and infrastructure and hence it requires colossal investments[16] in these two areas, as well as in productive capital. While the latter aspect relies on private investment, the first two entail public investment and a conducive, business-friendly environment for attracting investors into partnerships where the public sector will primarily play the role of regulator [GOM 2004: 21]. For this purpose, six core areas for action have been identified: economic growth, transportation, housing, infrastructure, financing and governance. In a context of continuous under-investment [Prud'homme ibid; Pethe and Lalvani 2006], the strategy consists of two main components: to promote PPP for key infrastructure projects like the metro rail, the Bandra-Worli Sea Link, and the second airport at Navi Mumbai, and to generate revenues from the housing construction boom, for instance, in the form of development charges imposed on builders. The strategy is to build a growth coalition with the state capturing the gains from the appreciation of land values to finance physical as well as social infrastructure, a model largely inspired from cities such as Hong Kong and Shanghai. A large number of infrastructure projects have been identified with a focus on transport, sewerage and storm water drainage and new large projects to increase the attractiveness of the city (exhibition centres, new harbour).

For its architects, the success of this reform agenda depends strongly on a set of "quick wins" to have a demonstrating effect (such as beautification and heritage conservation projects, but also the redevelopment of the slum of Dharavi).[17] More fundamentally, it requires policy reforms, such as measures to increase tax revenue, and the creation of a ring-fenced infrastructure fund and deregulation of the land market. This takes the shape of more liberal land use regulations to free large amounts of land and encourage the construction industry. Other measures to improve "urban governance", such as accountability, geographical information system (GIS), e-governance, are part of the reform agenda.

Though it is early to assess the outcomes of the Mumbai project, concerns already emerge regarding delays in infrastructure projects, e g, the Bandra-Worli Sea Link. In the last four years, Rs 43,000 crore have been committed for large physical infrastructure projects, but the projects that have actually begun represent only 25 per cent of the projected investments, and the amounts spent a meagre Rs 3,000 crore.[18] A main argument put forward to explain these delays is the institutional fragmentation and complexity that characterises Mumbai. Indeed, the key projects, such as the Mumbai Urban Transport Project, involve a dozen agencies, with different accountability mechanisms. Apart from technical coordination, there is a political dimension exemplified by the tussle between the MMRDA (controlled by the state) and the municipal corporation over important projects such as the Mithi river project,[19] whose deadlines have already been postponed. Political competition was also manifest when the Shiv Sena opposed the mandatory repeal of the urban land ceiling and regulation act (ULCRA) required under JNNURM, and that was finally passed in the state assembly on November 29, 2007. Building a political consensus is a definite hurdle, but setting up credible arrangements for PPP appears equally challenging, and several high-profile projects face problems of delay and disputes on the contract conditions. Notwithstanding this rough-and-tumble process, the chief minister strongly supports the Mumbai Transformation Project, endorsing the position of Mumbai as a growth engine for a state. Though different from the Hyderabad case it also reveals weakness in urban governance, as the driving force can be seen to be located in the secretariat.

5 Commonalities and Differences

In the preceding sections we argued that there has been a critical shift in the way that policymakers in India perceive cities and urban development generally, and this is being expressed in various policies and programmes. A brief account of recent developments in Hyderabad and Mumbai provided a concrete illustration of some of the changes underway. This concluding section examines some of the key issues emerging from this analysis and discusses the common features of both cases as well as the differences.

5.1 Rethinking the Scale of Governance

As noted above, metropolitan regions across the world have adopted proactive strategies in recent decades to generate growth and arm themselves against competition from other urban regions. One form this process can take is the amalgamation of diverse territorial units under a single umbrella entity, with a view to building regional political competence [Scott 2001]. Significantly, in some cases this restructuring goes beyond technical planning and economic integration to include a political component, which involves an opening up of the decision-making process not only to elected representatives, but also to organised social and economic groups. This reflects an increasing attention to the need to build governance institutions in the form of urban coalitions, in order to foster sustainable social and economic development [Polèse and Stren 2000].

In India's rapidly evolving context, there are moves toward operationalising the metropolitan scale, beyond the metropolitan authorities created in the 1970s. A consensus is emerging about the need to improve coordination at the metropolitan level, both for addressing existing infrastructure shortfalls and planning for future urban growth. Moreover, there are growing demands for engagement with new forms of metropolitan governance, in the sense of an inclusive participatory process. Though the JNNURM does not specifically highlight metropolitan governance, it defends a deepening of the decentralisation process and the application of the 74th CAA, which provides for the constitution of a Metropolitan Planning Committee in each large city (Article 243ZE), with at least two-thirds of its membership composed of elected representatives.

In Hyderabad, notwithstanding opposition from the municipal corporation and other quarters,[20] the Andhra Pradesh government is following through with its decision to create Greater Hyderabad, which will extend the current borders of the city to encompass 12 municipalities and eight gram panchayats, increasing the total area from 172 km^2 to 725 km^2. The official reasons: to tackle the growing demand for services in an integrated manner

through "an appropriate civic management structure with proper planning, resource mobilisation and technical capabilities".[21]

In Mumbai, debates regarding the governing structure of the city and the metropolitan region are part of the Mumbai transformation exercise. A Unified Metropolitan Transport Authority is envisaged to organise multimodal transport and evolve strategic planning and uniform pricing for the region. But this has not yet been created, highlighting the determination of existing agencies to preserve their prerogatives. From a political angle, some advocate a directly elected mayor along the London model, in order to have a clear accountability system. Others are more concerned with the creation of a politically legitimate body for the metropolitan region and favour the constitution of a Metropolitan Planning Committee. However that may be, the process of transforming the metropolitan region into a collective actor will no doubt represent a greater challenge than in Hyderabad, given the scale of the metropolitan area, and the stronger political institutions at the local level.

One crucial difference between these developments and some of international examples documented in the academic literature is that in India state governments are driving the process from the top, it has not emerged as a result of political mobilisation within the metropolitan region. This absence of local coalitions can in part be explained by the prevailing patterns of governance that are characterised by highly centralised political institutions, relatively weak local government institutions – although Mumbai has a much stronger municipal tradition than Hyderabad – and the absence of a powerful mayoral position.

5.2 Competing with Similar Growth Strategies

In both cities, similar strategies are being deployed to stimulate the urban economy, notably infrastructure-led growth through PPP. Not surprisingly, there are striking similarities between the *Vision 2020* document that was the guiding force behind initiatives in Hyderabad and Bombay First's *Vision Mumbai*. Both carry the signature of the McKinsey consulting firm, and endorse similar types of strategies based on identical assumptions. This observation leads to a related remark about the heavy influence in both cities of international agencies on programme design and contents whether for infrastructure or social development. For instance, the rehabilitation dimension of the World Bank transport project in Mumbai became the official policy of the government of Maharashtra. In Hyderabad, as mentioned, the strategy elaborated with Cities Alliance was later used in proposals for the JNNURM. The JNNURM itself followed two pioneering initiatives that tied funding to reform: the Urban Reform Incentive Fund and the City Challenge Fund, which were supported by the World Bank [Water and Sanitation Programme 2002]. Further, the JNNURM has empanelled a list of consultancy firms, on which cities can rely to prepare their city development plans.

This "collaboration" between Indian and international organisations in strategic planning is no doubt part of the globalisation process, and all of India's metros, as well as many second tier cities, are adopting similar types of blueprints. With regard to promotional packages aimed at productive investment, this naturally raises the question of competition between cities, all striving to attract high-end service sector firms while possibly neglecting sectors where there they have a competitive edge or that play an important social role for them or their hinterland. As Robinson points out in her critique of the "global" and the "world" city models, the ingredients for success that they inspire like place-marketing, tourist promotion and tax holidays for firms, rely on "often destructive forms of competition between cities and the emergence of copy-cat forms of urban entrepreneurialism" (2006: 113).

Beyond the usual criticism that can be formulated with regard to the practice of employing international consulting firms, notably whether the cost justifies the results, there remains the very real problem in urban local bodies of qualified technical personnel and data. In fact, the dearth of reliable data is used to justify, rightly or wrongly, the strong reliance on international expertise. The lack of a rigorous data at the metropolitan scale in both cities, indeed in all Indian cities, acts as a serious obstacle to formulating policy. The fact remains that many cities either hire consultants to prepare their CDPs or just club together a list of infrastructure projects in a way that instrumentalises the funds under JNNURM, with little regard for reforms or inclusive governance structure.

5.3 Trade-offs of Policy Choices

Although, as argued, urban policy is increasingly focused on promoting economic development, political discourse continues to pay lip service to the need to improve living standards for the urban poor. However, as *Vision Mumbai* illustrates, the main tool consists in "reducing the number of slums" through liberal housing policies, prevention of further encroachments and rehabilitation programmes.[22] Likewise, strategies that create employment primarily in business and financial services do not address the overall context of industrial decline where factory workers are not qualified to benefit from new opportunities. Above all, ongoing policies that target cities as growth engines, in conjunction with decentralisation and devolution of functions, are de facto redefining intergovernmental relations and responsibilities with regard crucial social issues. Most states have reduced their budgetary support for urban basic services and financing thus becomes a major challenge for urban local bodies, increasingly compelled to introduce cost recovery mechanisms. Urban local bodies are supposed to assume responsibility for urban poverty, but how can such a multidimensional issue be resolved at the local level in the absence of other policy tools? Certainly property tax reform can improve municipal finances, but this source of revenue alone cannot impact overarching equity issues. As a consequence, the policy shift that we have been discussing calls for a serious re-examination of intergovernmental responsibilities, functions and financial transfers in order to ensure that the larger social issues are included in city strategic planning.

This dimension is brought forward by certain groups in both cities, where implementation of the "world-class city" vision is a contested process. *Vision Mumbai* and *Vision 2020* have been criticised for their unrealistic proposals and their lack of concern about the outcomes of reforms on urban services and on the environment, and insufficient attention to the economic fabric of the cities. For instance, in Hyderabad's Old City, plans to renovate dilapidated infrastructure networks and beautify heritage sites have been

resisted because they directly threaten small vendors' livelihoods. In Mumbai too, many rehabilitation projects do not provide working space for those having in-house commercial activities nor adequate rehabilitation for small shops and grocery owners.

Certainly, devising a strategic plan that takes account of economic growth, social justice as well as the environment is a Herculean task, especially since an increasingly pluralist society renders ever more difficult the exercise of consensus-building. A compelling illustration is the rise and growing assertion of the "middle classes", whose discourse on cities is at times supportive of the "growth coalition", at times in opposition, leading to fluid and ambivalent coalitions. This underscores the reality of ongoing processes, which are contentious, contradictory and difficult to resolve, and provides a stark contrast to the smooth vision statements that convey an image of the quest for "development" as a consensual process.

NOTES

1 Ramachandran, who examines the long coexistence of anti-urban and pro-urban attitudes in Indian thought, argues, on the contrary, that a pro-urban bias dominated (1989: 324).

2 However, Shaw (1999) shows with an analysis of financial transfers that the largest cities did benefit from a steady funding support from state and central programmes.

3 Two research projects have recently explored these shifts in urban governance: 'Urban Actors, Policies and Governance: The Decision-making Processes Governing the Demand and Supply of Collective Goods and Services in Indian Cities', can be consulted at www.csh-delhi.com; and 'New Forms of Governance in Indian Mega-Cities: Decentralisation, Financial Management and Partnership in Urban Environmental Services', carried out under the Indo-Dutch research collaboration. Publications for both are forthcoming.

4 Bagchi and Chattopadhyay (2004) argue that there has been a decline of the financial capacity of the urban local bodies.

5 See the web site: www.jnnurm.ac.in, in particular the mission statement. Last accessed on October 29, 2007.

6 The eligible cities include the 35 million-plus cities in the country plus 28 selected cities (state capitals, cities of religious, historic and tourist importance).

7 Despite urban affairs being a state subject, the states have given relatively less attention to urban issues than the centre.

8 According to the JNNURM web site, 60 out of the 63 cities concerned have already, via their states, signed an agreement related to the implementation of reforms to access the JNNURM funds.

9 Likewise this sectoral thrust favoured certain social groups, notably urban, educated and English-speaking men and women, who could hope to benefit from employment created in this field.

10 See for instance Caseley (2004) and Kennedy (2004).

11 These include: World Bank, UNDP, DFID, UN-Habitat and Cities Alliance.

12 In fact, this was one of the critiques formulated in the appraisal conducted by the National Institute of Urban Affairs. Cf. http://niua.org/jnnurm_function_niua_cdp.asp, last accessed on October 9, 2007.

13 Incidentally, this coalition of interests is reminiscent of 19th century Bombay merchants, who took an active role in developing physical and social infrastructure in the city [Dossal 1991; Ramanna 2002].

14 Including the chief secretary, secretaries of various government departments, heads of the police, the Mumbai Metropolitan Region Development Authority (MMRDA) and other parastatals. Among the industrialists are representatives of HDFC, the Tatas, the Godrej and the Mahindras.

15 In the CAG, the main representative of the civil society is AGNI, which consists of a network of citizens and NGOs and the National Slum Dwellers Federation.

16 Forty billion USD over 15 years according to Bombay First, an estimate considered conservative by experts of the World Bank who place it at more than $ 200 billion [Prud'homme 2005].

17 This highly contested project aims to redevelop Dharavi into a multiple-use area, with international standard facilities while ensuring space for slum-dwellers in terms of housing, work space and professional training.

18 This figure of the already spent amount results from a long analysis of the various Mumbai projects carried out by the *Hindustan Times*. Details for each project can be found at http://www.hindustantimes.com/news/specials/bombay/Main%20article19.shtml

19 The Mithi river is considered to be one of the main reasons for the 2005 floods. The project aims at widening the channel, cleaning up the river and removing illegal encroachments on its banks.

20 In January 2007 the high court quashed the petitions challenging its formation and opened the way for municipal elections, which have not yet been announced at the time of this writing.

21 While there are clearly technical motivations behind this decision, there may be politically ones as well: the dominant Majlis party stands to lose its majority in an expanded council.

22 Indeed, there may be a contradiction between "reducing slums" and "alleviating poverty". Studies in resettlement colonies in Delhi indicate a worsening of poverty among people who "benefited" from rehabilitation. See Menon-Sen (2006).

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