The Spatial Context: MUMBAI
(Pethe, VSU WP 20)

- 437 sq. km, 12 mn persons, 28000 average density
- 36% in migration, 55% in slums on 3500 ha land
- 44% Res., 415% NDZ, 11.5% Industrial activity
- 9%+ growth in last five years, per capita income three times the national average
- Financial-Commercial-Infotainment Capital of India: Banking/ Stock Market/ Other funds/ Bollywood
- Huge Transportation network, Two Ports
- Production structure comprising of 80% services sector
- A huge source of Tax Revenue for the State and Central Governments
The Spatial Context: MMR
(Pethe, VSU WP 25)

- 4355 sq. km. with 7 Municipal Corporations, 13 Municipal Councils and 932 Villages
- About 40 Planning Authorities
- 1273 Urban area rest is rural (including fringes)
- 18 mn persons (10% of land in Mumbai supports 66% of population)
- Contributes 40% of State’s income as against 28% from Mumbai.
- Huge source of Tax Revenue (Income, Excise and Customs) to the tune of 25-40% of the country.

The Context: ‘Governance’
(Pethe VSU WP 24 & Inception Note)

Governance is the Key especially in this tremendously contested domain: A Recurring Theme

It has to do with the strategies that deal with the identification of lacunae and making operational (including the ability to do so from an economic/financial point of view) the policy initiatives to be undertaken given the objectives of the government.

Further that it involves multiple actors who operate within a parametric environment informed by the political reality.
The Governance Conundrum

• The multiplicity of agencies with overlapping jurisdictions: MCGM, MMRDA, CIDCO, MHADA, SRA, MJP, MSRDC, Directorate of Town Planning among others
• It is true that sometimes the conflict underlying institutional pluralism has helped the poor (Sanyal and Mukhija, 2006)
• Archaic regulations and processes (JnNurm leading to change)
• Decentralization: 74th CAA, does not go far enough
• Weak ULBs due to no devolution of resources or tax handles
• No motivation to use ICT or rational charges (agency problem)
• Lack of Capacity (institutional and individual/ HR policy)

Unlocking (Huge) Land Values

• The importance of land and its management is finally being recognized (IIR, 2009)
• The ‘best practice’ in most successful cities in unlocking the land values and leveraging them to finance development needs to be emulated
• The regulations ‘in the name of the poor’ including FSI and TDR policies have created an artificial scarcity not withstanding Shirish Patel (2007)
• The magnitude of land values involved has meant that it has been a hugely contested arena.
A Flat in Worli was sold recently at a whopping 37 crores!

**Basic Economic Principles**

*Business Plan (2006), Pethe (2010)*

- The principle of one price – no arbitrage
- The Stock Flow relation (wealth and incomes)
- Policy design endowed with the quality of incentive compatibility and hence self enforceability
- Violation will lead to *gentrification* and fostering of *gated* communities (already happening)
WHOSE LAND ENCROACHED: IS IN-SITU AFFORDABLE?

Land Ownership of Slum Pockets (%)

- Municipal
- State Government
- Central Government
- Railways
- Private
- Mixed
Why Is This Important?

• The land values (derived category) are so large that they attract interest of all stakeholders
• Realistic policies (SR) must conform to basic economic principles.
• In a series of notes/papers (2006) by Prof. Remy Prud’homme, the question of quantifying growth, financing requirement, and land use development (charge) have been explored
• That growth—with tax buoyancies—is essential is beyond debate (even with the exclusionary subplot)
• The golden goose argument persuasively argues why it is in the interest of State and Central Governments to invest in Mumbai Region.

Multiple Agencies – (Center and State) Litigations

• The different arms of the government have locked their horns, e.g., (Media documentation 2006-2008)
  • The BPT Land (Water Front development)
  • The Railways (Property Tax and encroachment)
  • The Airport Authority
  • The Air Force (SRA/MHADA)
  • The MMRDA, MSRDC and MCGM
  • The Environment Ministry (CRZ/Forest lands)
Mushakanchi Mumbai: Politicos, Bureaucrats and Builders

• Given the huge ‘values’ involved, it is but natural everyone including politicians are interested.
• The politicos’ interest has traversed from Sugar Cooperatives to Educational Institutions to Property/Real Estate deals to IPL!
• The nexus between the politicos, bureaucrats and builders has been well documented (RTI enabled) by print media (Lokastta).
• It is clear, how the rules have been bent/changed to make large sums of money (Mithi river, ‘Educational use’, Textile Mill lands)

Mushakanchi Mumbai: Continued

• It is not for nothing that there is a conflict and jostling for Chairperson’s positions between the coalition partners (Conflict)
• Yet there is an institutionalized process for sharing the gains between ‘all’! (Collusion)
• The bureaucrats’ self interest (present and future) is well documented too! (10% and post retirement jobs)
• This is a ready made set up amenable to modeling using cooperative and non-cooperative Game Theory.
• The players will be from amongst Government (coalition/levels) and Opposition, Builders, NGOs, Media, Judiciary
• The epsilon truthfulness has to be exploited in designing ‘good laws’ and the possibility of conflict of interest needs to be eliminated
Land Use Conversion

• DCRs, DPs, TPS: would decentralization have helped? (Phatak and Patel 2007)
• Rent Control Chawls (Redevelopment)
• Green Field Development (MMRDA)
• Forest Land/ River Land
• Textile Mills Land
• The State Government holds the upper hand
  (approvals and appointments to key positions at MMRDA, MHADA, SRA)
• We present the de jure process next and then turn to the illustration of DCR 58

Process Flow Diagram of Land Use Conversion

Applicant submits an application for conversion of rural (agriculture) use to urban (non-agriculture) use to Local Body/UDA

After detailed scrutiny, the merits of proposal are summarized by chief of planning and sent to collectorate for decision

District Collectorate decides on the application and then forwards it to Government through Assistant Director of Town and Country Planning

The proposal for conversion of land use is notified in the gazette/local news paper inviting objections and suggestions from public

The objections and suggestions, if any are scrutinised and final orders for conversion of the land are issued
**DCR 58: Illustrative Story**

- **1991**: Development Control Regulation (DCR) 58 allows development of mill land. Land to be divided into three parts between MHADA, BMC and mill owner.
- **1991-2000**: Few private mill owners agree to the plan. Appointment of a “study group” under the chairmanship of Mr. Charles Correa and also an Appointment of Committee of ministers and Secretaries known as “Deshmukh Committee”.
- **2001**: DCR 58 amended. Only vacant land in the mill complex to be divided.
- **February 2005**: PIL filed by Bombay Environmental Action Group (BEAG) challenges amendment to DCR 58 in Bombay High Court
- **March 2005**: First NTC mill, Jupiter Mills, sold.
- **April 2005**: Bombay High Court stays mill land development. NTC and five private mills move Supreme Court.
- **May 2005**: Supreme Court upholds mill redevelopment.
- **June-July 2005**: Four more NTC mills sold.
- **October 2005**: High court rules sale of mills is illegal.
- **December 2005**: NTC and buyers move Supreme Court against high court order.
- **March 2006**: Supreme Court sets aside high court order and allows owners to redevelop mill land as per the amended DCR 58 of 2001.

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**DCR: Judiciary**

*(Bapat, A (2006))*

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Judgement - Mumbai High Court</th>
<th>Judgement – Supreme Court of India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Open land would include land that will become open after demolition of structures</td>
<td>DCR-58 is valid in law and land under existing structures is protected for owner</td>
</tr>
<tr>
<td>2</td>
<td>Clarifications of 28th march 2003 clearly violating MRTP Act and Constitution of India</td>
<td>Clarification is neither ultra vires of Section 37 of MRTP Act nor violative of Constitutional Provisions.</td>
</tr>
<tr>
<td>3</td>
<td>Sale of mills lands of NTC are clearly contrary to sanctioned BIFR scheme</td>
<td>Sale of land of NTC mill was not contrary to sanctioned BIFR Scheme</td>
</tr>
<tr>
<td>4</td>
<td>Sale of mill lands are contrary to the Supreme Court Order dated 11th May 2005 and 27th September 2002</td>
<td>Sale of land of NTC mills was not contrary to the orders of the Supreme Court.</td>
</tr>
<tr>
<td>5</td>
<td>Integrated Development Scheme is not as per the sanctioned BIFR Scheme</td>
<td>Integrated Development Scheme of NTC is as per DC Regulations and is permissible in law.</td>
</tr>
</tbody>
</table>
Role of Media

• The role of the media both print and electronic, has by and large been of an independent watch dog
• The DCR 58 story has been well tracked and reasonable coverage for the NGOs
• The tacit collusion of all parties in getting the DCR 58 amendment passed with alacrity is noteworthy
• There have been sting operations conducted in ‘Dharavi’ and bravely reported
• The judiciary unable to take up the cases of SRA is a set back

Reform in the design of urban governance framework fleshed out with ‘good’ processes and rules, and strengthening of civil society organs is the way forward.

Thank You!