

III. FUTURE DEVELOPMENT PERSPECTIVE

1. VISION STATEMENT

“Transforming Mumbai into a City of the Millennium”

Underpinning a vision for the city has been a subject of extensive deliberations during which different thoughts and perspectives were brought forth. Mumbai also needed to be compared with another city of similar characteristics and map its processes of economic strengthening.

With the launching of the millennium, Mumbai aims to achieve coverage and fully comply with the Millennium Development Goals in respect of poverty alleviation, transformation and renewal of slum areas and water, sanitation and shelter for all the residents of Mumbai.

Mumbai's aspiration is to become a world-class city in the next 10-15 years. In order to achieve this, it needs to be distinctive on the dimension of economic growth and above average on quality of life. It will, therefore, need to step up economic growth to 8-10 percent by becoming one of Asia's leading services hubs, with a fast-growing manufacturing base in the hinterland. On the quality of life dimension, comparing it to the benchmark cities revealed that it needed to move from average to above average on mass transport, from poor to above average on private transport, housing, safety/ environment, financing and governance. It will also need to make improvements in the remaining areas, i.e., go from being average to above average in water/sanitation and education and from above average to world-class in healthcare.

1.1. Vision Mumbai

Cities and their surrounding areas have historically been the drivers of a nation's growth. A prime example of this is Shanghai, which was the dragonhead of China's rapid growth in the 90's. Thriving world-class cities, it has long been observed, need to be strong on two fronts: economic growth and quality of life. Each of these affects the other, leading to a vicious or a virtuous cycle, depending on the situation.

Mumbai needs to develop on both fronts- economic growth and quality of life. Mumbai contributes significantly to the State Domestic Product as well as India's GDP. While the changing scenario due to demise of the textile & manufacturing base and shift to services oriented high value add activities has led to a temporary slow down of economic growth, the economic growth has recently post 2003, started to pick up.

The quality of life in Mumbai however has slightly worsened. Slums have proliferated and congestion, pollution and traffic problems have surfaced. All of this has resulted in a slippage in rankings (Mumbai fell from 26th place in 1996 to 33rd in 2000 in Asiaweek's rankings of the top 40 cities in Asia). On the international stage, Mumbai ranks a poor 163rd (out of 218 cities world-wide) on the Forbes' quality of life survey and 124th (out of 130 cities world-wide) on EIU's hardship ratings. The situation is likely to deteriorate over the next decade with

an expected population increase of over two million.

There is thus a felt need to evolve a cohesive strategy for targeting development of Greater Mumbai that would strengthen its economic output and improve the quality of life. While deciding on a strategy the efforts that have been undertaken already in the form of McKinsey study and the Task Force recommendations have been taken into account and are presented below

1.2. Mc-Kinsey Study for Vision Mumbai

The McKinsey study presents the aspirations for Mumbai and its benchmarking in order to transform to a world class city. Mumbai needs to make a quantum leap on two fronts: economic growth and quality of life. In order to achieve this vision, the Government must set certain concrete targets. Quantitative aspirations have therefore been formulated for the six core areas that Mumbai must focus. This section presents the highlights of the McKinsey study and the visioning exercise.

1.2.1 Quantitative Aspirations for Mumbai

The quantitative aspirations across six core areas as recommended in the McKinsey study include :

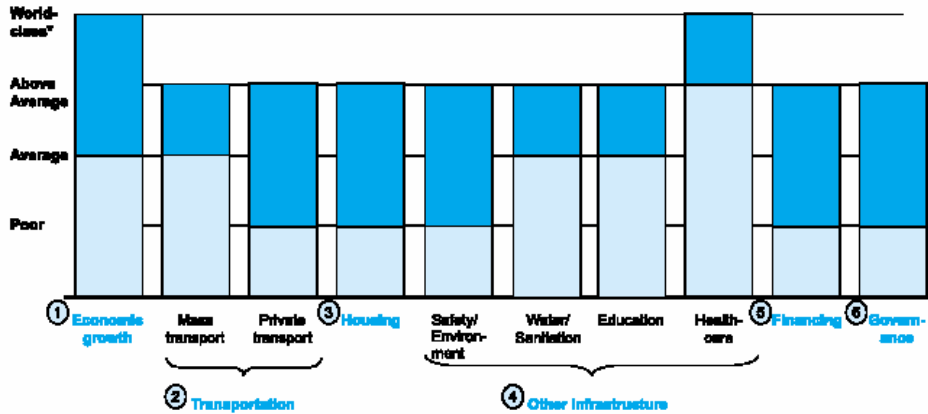
- **Economic growth** : To illustrate, real growth needs to jump from the 2.4 percent that it was between 1997-98 and 2001-02 to 8-10 percent over the next decade, thus creating more than 0.5million additional jobs.
- **Transportation**: Significant improvement is required to both mass and private transportation, it is imperative to ensure that the traveling population per rail car is kept down to 220 people and there is at least one bus for every thousand people. At present suburban rail congestion is such that during peak hours there are more than 570 people per rail car in certain sectors. For private transportation, increasing the average speed of travel, tripling the freeways/expressways and increasing the number of public parking spaces by order of magnitude is essential.
- **Housing** : Bringing down the number of people living in the slums from the current 50-60 percent. Mumbai also needs to increase housing affordability by, for instance, bringing down housing rental costs from their current 140percent of per capita income to about 50percent.
- **Other infrastructure (safety, environment, water, sanitation, education and healthcare)**: Mumbai needs to upgrade its performance in all these area. For example, despite the healthy statistics on crime, it needs to further improve the law and order environment. Also, it must drastically reduce air pollution from the unsafe 1,000 micrograms per cubic meter(mcm) that it currently is to 50-100mcm.
- **Financing** : Reaching one of the benchmarks would involve reducing the percentage of administrative expenditure from its current 50 to less than 25, thereby enabling increased fund availability for development and maintenance.

- **Governance** : An immense improvement is needed in governance. For instance, the time required for the key process of building approvals should be reduced from 90-180days to less than 45 days.

Exhibit 3

"VISION MUMBAI" FOCUSES ON SIX KEY AREAS

■ Gap to be bridged by 2019
 ■ Current status of Mumbai in 2003



* World-class if within 10% of international benchmark
 Source: Team; benchmarking database; Mumbai authorities and publications

1.2.2 *Benchmarking with Other Cities: Learning from Successful City Transformations*

To understand whether it is possible for Mumbai to achieve Vision Mumbai, the transformations of ten other cities were studied. Benchmarking efforts focused on two international cities – Cleveland and Shanghai – that became world-class and the partial turnaround of five Indian Cities – Bangalore, Hyderabad, Nagpur, Surat and Thane – to highlight learnings specific to the Indian context.

A. Cleveland : Rust belt to best American city

From a vibrant city with a large manufacturing base, Cleveland became a “deteriorated rust belt” city in the 1970s as manufacturing increasingly shifted overseas. Unemployment was high, the city’s finances were in terrible shape and crime was rising. The city initiated a program to transform both economic growth and quality of life. Cleveland Tomorrow, a partnership between industry and government, was set up to boost economic growth. It focused on four high impact projects designed to bring jobs into the city, including a for-profit venture capital fund. As a direct result of this, Cleveland’s economy grew 0.5 percentage points faster than the US from 1982-1992 and manufacturing jobs stabilized at around 20 percent of employment (close to the US average). On the quality of life front, the Mayor formed an Operations Improvement Task Force (OITF) that recommended around 800 initiatives for city development of which three-fourths were implemented. Some of these initiatives included the setting up of three primary healthcare centers, getting the housings authorities to partner with banks for loans and significantly developing the downtown area (e.g. creating the “Rock and Roll Hall of Fame” and transforming the polluted “Flats” warehousing area

into a clean waterfront with high-quality infrastructure). Such was the transformation that it came as no surprise when Cleveland won the Best American City award for an unprecedented three times in five years.

B. Shanghai: Unpainted wreck to world-class city

In 1987, Shanghai was a dimly lit, unpainted financial wreck, at a time when China would soon be reeling from the international backlash following the bloody Tiananmen crackdown. However, with Zhu Rongji's term as Mayor from 1987 to 1991, the city witnessed vast renaissance-like improvements. "One-chop-Zhu" – the nickname he earned as Mayor of Shanghai for cutting through red tape – led the development and opening up of Pudong (Shanghai's hinterland). "Infrastructure goes first" was the strategy followed by Pudong since it began its development. It undertook ten major infrastructure projects (including bridges, tunnels, the metro, deep-water port) as a result of which Shanghai grew at 8-10percent per annum in the '90s and Pudong at between 16 and 18 percent. Moreover, the \$40 billion investment in infrastructure changed the face of Shanghai – entire blocks were rebuilt and its roads, building, transport and telecom emerged as the best in the works. In fact, it now has several other infrastructure projects underway, which include an international airport, a subway and a pedestrian passageway across the Huangpu River separating that area from downtown Shanghai.

C. Hyderabad

Hyderabad was suffering from low economic growth and wide income disparities in the early '90s. The quality of life in the city was abysmal – the roads were littered with garbage and street lights were in disrepair. Then Chandrababu Naidu was elected Chief Minister of Andhra Pradesh in 1994. In just five years, he turned an impoverished, rural backwater into India's new information technology hub. The local Government played an important role by increasing tax collections by over 30percent thus generating financing to widen over 50 roads, build flyovers and improve street lighting. In addition, the CM actively focused on attracting investment to the state. As a result, Hyderabad has attracted investments from Microsoft to set up its only R&D center outside of the US and pipped other cities at the post by becoming the chosen location for the Indian School of Business. Although a lot remains to be done in the areas of power and water, the CM has put Hyderabad firmly on a growth track.

D. Bangalore : Public-private partnership arrests steady decline

By 1999, Bangalore was beginning to show symptoms of decline. A citizen's report card highlighted the increasing and rapidly spreading dissatisfaction with the city's services. In response to growing pressure from citizens and corporates alike, SM Krishna, the Chief Minister of Karnataka, created the Bangalore Agenda task force (BATF) and asked Nandan Nilekani, the CEO of Infosys, to head it. He also presided over public forums where the heads of the agencies mainly responsible for the city (e.g., Bangalore Development Authority, Bangalore Mahanagara Palika) presented their improvement plans and time lines. Several key initiatives were implemented. For instance, the Bangalore Development Authority (BDA) turned around and became financially self-sufficient by rigorously accounting for all its assets and then selling some while leveraging the

others. By doing this, it was able to build 40,000 infrastructure sites in three years as compared to the 3,400 of the previous ten years.

Bangalore's property taxation system was overhauled and made into a self-assessment scheme. The BATF also showcased public-private partnerships at their best. The BATF lent manpower to various projects while raising over Rs.15crore through corporate donations. The BATF typically focused on visible high impact projects such as using the citizens' report card to increase accountability and pressurize the bureaucracy into action; standardizing bus shelter designs; synchronizing traffic signals and building public toilets. A result, civic services and amenities got a much needed fillip.

E. Surat, Nagpur and Thane: Making the government machinery work

The smaller Indian cities of Surat, Nagpur and Thane have witnessed major improvements in the quality of life mainly through improved municipal governance. For example, in 1994, Surat was reeling from an attack of the plague and a deluge of floods. The new municipal commissioner appointed zonal officers and mandated heads of municipal division to spend half their day on walkabouts monitoring city cleanliness. He also welcomed private sector participation. Consequently, Surat rebuilt itself without any aid from state or national government and became the second cleanest city in India (after Chandigarh) . Similarly, Nagpur and Thane were both improved vastly by the efforts of their new municipal commissioner who improved the efficiency of government machinery by setting targets, making senior government officials accountable for results, monitoring daily progress and penalizing non-performers. Consequently, both cities today enjoy wider roads, a cleaner environment, fewer slums and more low-income housing.

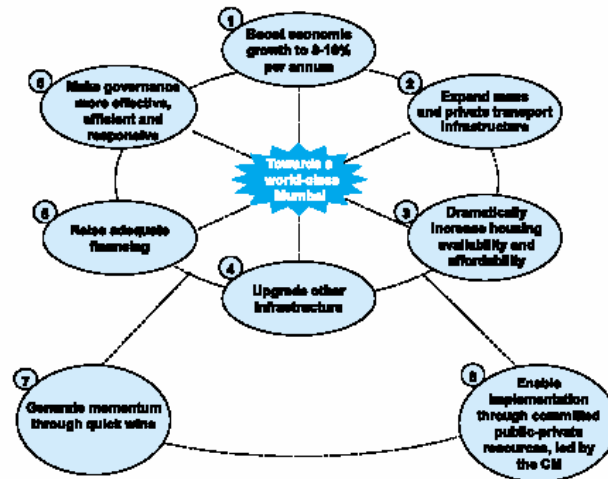
In all of these city transformations, as well as a host of others that took place in Singapore, London and New York, three things seemed to be of paramount importance: a) A city needs to actively focus on economic growth; b) It must much focus on a few high-impact project with public-private partnerships so that it achieves visible impact ; c) It must have at its helm a committed leader ably supported by a well co-ordinated body of administrators. All these three lessons have been incorporated into the blueprint for Vision Mumbai.

1.2.3 Blueprint for Achieving Vision Mumbai

In order to achieve Vision Mumbai, there is a need for expeditious implement the eight high priority initiatives that have been listed in the McKinsey study and presented later in this section. While the first six initiatives lay down high-level solutions to bridge the gap (in both quantitative and qualitative terms) between Mumbai today and where it needs to be by 2013, the last two initiatives are critical to making implementation happen on the ground.

Exhibit 8

**LAUNCHING EIGHT HIGH PRIORITY INITIATIVES WILL HELP ACHIEVE
"VISION MUMBAI"**



A. Boost Economic Growth to 8-10 percent per annum

To become a vibrant, world-class city, Mumbai needs to grow at 8-10 percent per annum: an increase of 4-5 percentage points over what it achieved in the last four or five years.

This will allow it to create over 500,000 additional jobs, thus preventing an increase in unemployment (Exhibit 9). It must therefore focus on four thrust areas: high-end services; low-end services; hinterland-based manufacturing; and its transformation into a consumption center.

The focus should be on reducing the currently high “cost of doing business” (mainly due to high real estate costs) across all these areas. Over and above that, specific initiatives need to be launched with two themes – creating centers of excellence and offering a set of attractive incentives such as below

- Target four high-end services – Four key sectors have been identified as the key drivers for economic growth, viz., Financial Services, Healthcare, IT/ITES (IT enabled services) and Tourism & Media/Entertainment/telecom. Focusing on these will add 2-3 percent to Mumbai’s GDP growth and is expected to add over 2 lakh additional jobs over the next ten years.
 - Promote the Financial Services Sector and the International Financial Centre: In the financial services sector, Mumbai is far ahead of the rest of India. There is an immense potential for expanding this sector, as Mumbai houses leading players in the financial sector, has key workforce required, being home to BSE and NSE dominates the turnover and total market capitalization of the Indian Stock Markets and has its overwhelming presence in money market and foreign exchange market transactions. With these essential pre-requisites and soft and hard infrastructure makes Mumbai a favourable destination. For promoting the International Finance Centre, however, the State Government needs to work with GoI to evolve Mumbai as the choice within Asia.
 - Healthcare Infrastructure and Services: In healthcare, Mumbai is a strong contender for promoting medical tourism owing to its potential strength of experts across various disciplines. Although Mumbai has a stronghold in secondary and tertiary healthcare it has witnessed limited development in the sector. With a focused approach the inherent strength of Mumbai can be directed to promote development of health city and a slew of new

hospitals that would support medical tourism. Within the existing framework and with limited modifications, the MCGM should exploit this potential to develop a Health city in the suburbs. To develop capacity, it could also grant public hospitals the autonomy to enter into public-private partnerships and become global centers of excellence in important fields such as cardiac care and diabetes.

- IT & ITES: Mumbai must put a strong investor marketing and management process in place so that IT/ITES can regain its historical premier position. IT and ITES related development began from Mumbai, and still has its foothold in Mumbai. Currently the scenario for IT and ITES is supported by the new IT and ITES policy of the GoM which is expected to catapult this development in the western suburbs and in the immediate vicinity of Greater Mumbai.
- Tourism and Entertainment: All future development would result in travel of tourists for work/services. Tourism adds to the overall economy of Mumbai and this influx of people into Mumbai needs to be tapped for tourism. There would also be a consequent need to sustain and hence focus on entertainment and city beautification through development of entertainment/tourism zone, hotspots including heritage precincts and parks/gardens is also required.

Mumbai has a strong foot hold due to the presence of Bollywood and Film City and the entertainment industry. This potential strength can be tapped to expand to global level such as the experiencing in Universal Studios. The existing Film City must be upgraded to world-class levels by lowering taxes/duties and by offering tax incentives to promote post-production and animation work.

- Create jobs in three low-end service sectors – construction, hotels/tourism/recreation and modern format retail : This initiative could create an additional five lakh jobs over the next ten years and enhance the Mumbai GDP growth rate by 1-2 percent. To give recreation a fillip, 5-10 diverse attractions should be made world-class. These could include upgrading the Museum, the Elephanta Caves, the aquarium, the zoo and the Sanjay Gandhi National Park, setting up a world class multi-purpose indoor stadium and convention center (e.g., Madison Square Garden), clearing and redeveloping both the western and eastern seafronts with cafes and restaurants and restoring the heritage precinct in the Fort area. Moreover, Mumbai could truly become a “city that never sleeps” if it were to allow shops, restaurants and bars flexible operating hours. For boosting the modern format retail sector, it will be necessary to increase land supply, allow flexibility in operational hours and labor laws while decreasing the number of permissions needed to operate. The Government should zone areas for supermarkets and hypermarkets in large land parcels such as the Mill lands. Another possibility is to promote the creation of large outlet malls on the highways. This will boost the construction and retail industries which are the key drivers of economic growth and employment.

- Convert the hinterland into a manufacturing and logistic hub

The hinterland has a huge potential to expand and bring in an additional investment of \$8 billion and over 2 lakh jobs over the next decade. To do this, the Government needs to get three things right: a) Accelerate the announced SEZs by passing the required legislation and creating package of low cost reliable power, labor reforms and targeted incentives; b) Build infrastructure by deepening the Nhava Sheva port, obtaining approval from the Center to build an international airport, and creating a trans-harbor link in order to improve connectivity and develop a logistics hub. In the short term, however, the Government should expedite the privatization of the current Mumbai airport; c) Convert the hinterland shore into a residential, commercial, retail and entertainment complex so that it provides excellent support infrastructure for a large, high-quality talent pool. Further, the Government should actively encourage high value added, non-polluting manufacturing in the city (e.g., computer assembly, high-end fashion apparel).

- Lower tax rates to make Mumbai a consumption center :

Mumbai has a large demand base and continues to enjoy its position as India's commercial capital. However, it has not yet fulfilled its potential of becoming India's and, eventually, Asia's consumption center. This is mainly driven by the extremely high cost burden on the end customer compared to other cities in India. Research on various countries (e.g., China) indicates that reducing the tax burden and rates does in fact boost demand as well as tax revenues. Doing so will also place Mumbai in the prime position of being able to attract new manufacturing investments. The Government, therefore should move towards reducing or eliminating Octroi, reducing sales tax, road tax and stamp duty rates while increasing user charges. This could be done gradually (e.g., to begin with, Octroi could give credit to goods exported out of Mumbai, similar to the VAT).

B. Improve and expand mass and private transport infrastructure

While Mumbai may be acknowledged as having one of the more extensive and efficient transport networks within India, its infrastructure is woefully inadequate by world-class standards. It is not hard to conjure up images of traffic snarl-ups in the key arterial roads during peak hours, desperate hunt for a parking spot and trains with people hanging out from all sides. To substantiate this with numbers; peak hour rail capacity averages more than 500 per rail car on key sectors against an aspiration of 220. When there are more than 350 people per rail car, not only is severe congestion an issue, but even the safety of passengers cannot be guaranteed.

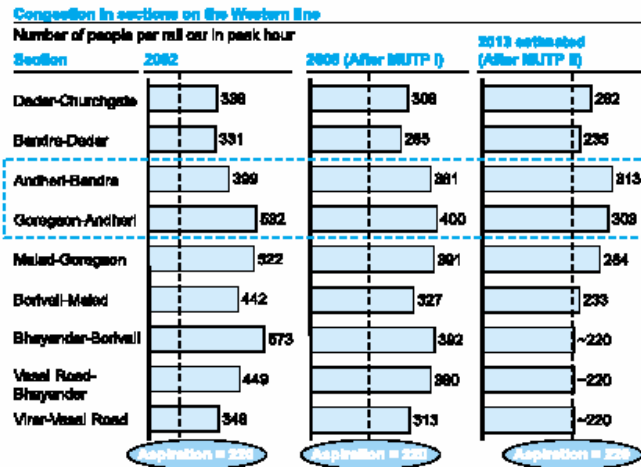
Two key issues constitute the crux of the problem: a) Severe north-south congestion on the western and central railway lines and the key arterial roads (Western Express Highway, S.V.Road); and b) A lack of east-west connectivity within the city and between the city and the hinterland (Jawaharlal Nehru Port Trust-JNPT, new SEZs)

Several projects are either already underway or being planned to address these two issues. Foremost among these projects is the Mumbai Urban Transport Project (MUTP) aimed at improving the rail and road network. Specifically, this involves adding rail capacity along both the western and central lines (e.g. additional rail lines, converting 9-car rakes to 12-car rakes) and completing two key east-west road links. The project will involve the rehabilitation of almost

Exhibit 10

ADDITIONAL RAIL CAPACITY NEEDED BEYOND MUMBAI URBAN TRANSPORT PROJECT (MUTP) FOR MUMBAI TO REACH ITS ASPIRATION

High congestion sections



Source: MRVC; MMRDA; Team analysis

20,000 project affected households. Phase I was launched in November 2002 and is expected to finish by 2008. Phase-II, involving the further optimization of the western and central

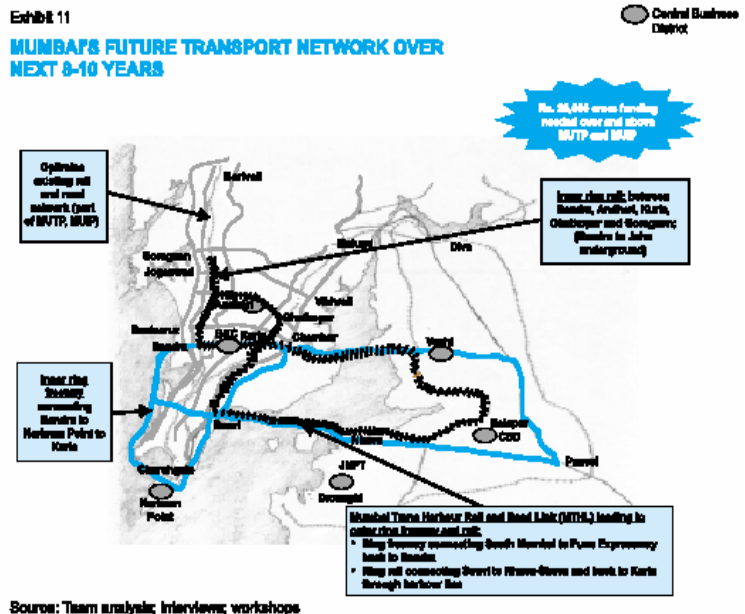
lines, is expected to take another 3-5 years. To improve the road network, the Mumbai Urban Infrastructure Project (MUIP) is being launched. This project will focus on building flyovers/elevated roads, road over bridges (ROBs) subways, bus corridors and new bus terminals/depots on key north-south and east-west links. It will also focus on improving the station areas. All these projects are crucial for the improvement of Mumbai’s transportation network and need to be expedited.

However, even after these initiatives have been implemented, Mumbai will still have a long way to go to reach its aspiration. For example, even after the two phases of MUTP are complete, rail congestion along key routes in the western railway will be significantly higher than aspirational levels. Similarly, while MUIP does intend to address the east-west connectivity problem within Greater Mumbai, there is also need to initiate efforts to connect the city and the hinterland more effectively.

To truly solve Mumbai’s congestion and connectivity problem, what is needed is : a) Systematically developing 4-5 emerging Central Business District (CBDs) – Bandra-Kurla, Andheri-Kurla, Vashi/ Belapur and Dronagiri – and improving their connectivity with each other and with key residential areas. This will reduce the current north –south pressure to and from the Nariman Point CBD; and b) Providing “end-to-end” north-south and east-west rail and road connectivity in the form of ring rails and ring freeways. All world-class cities have express ring freeways (6-8 lane roads with no signals) around the city such that a freeway can be accessed from any point in the city in less than ten minutes.

Specifically, it is recommended that Mumbai put in place four key initiatives – only one of which is currently being completely addressed through MUTP and MUIP – over the next 8-10 years to reach its transport aspiration.

a. Inner ring rail: It is proposed that a Mass Rapid Train System (MRTS) loop between Goregaon, Andheri, Bandra, BKC, Kurla and Ghatkopar be built. This is critical for adding much – needed rail capacity to the key north-south routes and creating east-west rail connectivity between Bandra-Kurla and Andheri-Ghatkopar. It



includes plans proposed by the authorities of adding rail lines along some routes (Light Rail Transport System across Andheri-Ghatkopar and a regular rail network between Bandra and Kurla), and is a more comprehensive rail network than the one being currently proposed.

b. Inner Ring Freeway : This will constitute the expressway from Bandra to Worli to Nariman Point meeting up with the East Island Freeway and then going west to Bandra. While individual routes (Bandra-Worli currently being constructed; -Nariman Point proposed; East Island Freeway under MUIP) have already been proposed, the Government must ensure that end-to-end connectivity in the form of an express ring freeway is built as soon as possible. In particular, the east-west components of this proposed ring freeway (e.g., Acharya Donde marg) need to be built as freeways. If needed, an elevated freeway connecting the highway to South Mumbai could be considered.

c. MTHL (Mumbai Trains Harbor Rail and Road Link) leading to an outer ring rail and freeway: This will be the integrated rail and road link connecting Mumbai (Sewri) to the hinterland (Nhava Sheva). The rail link will be connected through the hinterland to the Vashi-Belapur line and back to Kurla creating an outer ring rail, The road link will connect the island city to the hinterland, and then connect up with the Mumbai-Pune expressway that loops back to the Belapur-Vashi expressway and then to Kurla creating an outer ring highway. This connectivity is critical to the development of the hinterland and will convert Mumbai from a north-south axis city to a multi-axis city, and needs to be added to the existing plan under the MUTP/MUIP. This rail and road linkage will also link up with the new world-class airport and the SEZs in the hinterland.

d. Tactical Initiatives to optimize the current rail and road network :

- **Optimize rail network :** Add rail lines on the western and central railways and extend 9 car to 12 car trains (already included in MUTP).
- **Expand the north-south road corridor:** Expand the five key arterial roads into 6-8 lane freeways through a series of flyovers (part of MUIP).
- **Establish /Strengthen east-west road links :** Establish /strengthen five key east-west links (currently covered under MUTP and MUIP).
- **Institute other tactical initiatives :** These include initiating multi-level pay'n'park schemes, introducing dedicated bus lanes on the arterial roads and off-peak-hour pricing on public transport, enforcing adequate parking spaces for residents and guests in all new constructions, road-widening, allowing buses on key flyovers and synchronizing traffic signals.

The total cost of the proposed initiatives will be around Rs.25,000crore over ten years- above and beyond the expenditure to be incurred on MUTP and MUIP. The costliest components of this are the MTHL road and rail link (Rs.8-10,000 crore) and the inner ring rail (Rs.8-10,000 crore).

In the medium term, building an underground transport system should be considered because it utilizes the city's land assets more effectively. While it is still more expensive than conventional surface or elevated transport infrastructure (e.g., flyovers), the technology has improved dramatically and costs have declined. Moreover, implementing it will cause only a minimal amount of surface disruption. Therefore, the master plan should consider: a) An underground rail metro; and b) Underground roads in the crowded Nariman Point, Pedder Road and Worli areas.

C. Dramatically increase housing availability

Mumbai's real estate problems are both immense and complex. The problems encompass both sides of the income spectrum. At the lower end of the spectrum, there is a huge shortfall of affordable housing 50-60percent of Mumbai's population lives in slums – reflecting the high price of housing in the city. At the higher end, residential and commercial real estate is extremely expensive, yet lacking in quality (dilapidated buildings, lack of green spaces and parking facilities, inadequate infrastructure) As one MD put it, "In Mumbai, you pay first world prices for third world amenities and services". In addition, the rental housing market is both illiquid and unaffordable. Rental housing (as a percentage of total housing) is 5-10 percent as compared to international benchmarks of 40-50 percent.

For it to become a world-class city, there is a need to ensure that housing becomes more affordable, the rental housing market is resuscitated, land is developed in an integrated manner and the city housing stock is upgraded. Specifically, the percentage of the population living in slums must fall to 10-20percent, housing prices should be no more than 3-4 times the annual household income, and the percentage of rental housing (to total housing) should

be 30-40. In addition, Mumbai should start creating islands of excellence in world-class housing and commercial complexes, as well as upgrading its housing stock.

To achieve this aspiration, Mumbai must create 1.1million low-income houses over the next decade (0.8 million to rehabilitate existing slum dwellers and 0.3million to house the population increase and migration of the low-income segment). Furthermore, the pricing and affordability needs to be defined carefully. The average monthly household income for the bottom 30 percent of Mumbai's population is Rs.6,000 or less and, for this segment, affordable housing should mean spending no more than Rs.750-1,500per month on rental housing, or purchasing houses at a price below Rs.1.5 lakh at current prices.

The current Slum Rehabilitation Authority (SRA) initiatives will create a supply of less than 150,000 units over the next ten years, leaving huge shortfall of 950,000 low-income housing units over the next decade, which will result in a further increase in slums. For Mumbai to achieve its aspiration it is, therefore, imperative that the Government undertakes five initiatives:

- Increase land availability by 50-70 percent:** A comprehensive list has been created which will increase land utilization and reduces the cost of transaction of land (Exhibit 13). While great hopes have been pinned on Mill lands and Port Trust lands becoming available, they will increase land availability by less than 1percent. What is needed for Mumbai, then, are some bold initiatives which will guarantee tangible results: a) Increase FSI (Floor Space Index) to an average of 3-4 in as many zones as possible (given that developed parts of international cities generally have an FSI of over 10), linking it to a redevelopment program. This will add close to 30-40percent more land. To prevent overburdening the current infrastructure, amalgamate several contiguous pieces of land so that roads can be widened and more parking spaces created while simultaneously providing a higher FSI to serve as incentive to existing tenants; b) Build the trans-harbor link from Sewri to Nhava Sheva to create around 15-20 percent additional land ; c) Work with the Center to relax CRZ II and III for Mumbai, given the land scarcity while, at the same time, ensuring that any impact on the environment is minimized. This too will lead to an effective increase in land supply by as much as 15-20 percent and d) Reduce transaction cost and increase liquidity by reducing stamp duty to a maximum rate of 2-3 percent from today's effective rate of 7-8percent. Also, rescind the Urban Land ceiling Act (ULCA) which today results in unclear land titles, and effectively phase out the Rent Control Act; e) Reduce the average time taken to obtain a building approval from between 90 and 180days to 45days. This will also reduce transaction costs (by around 5-10percent according to some estimates).
- Create 800,000 low-income houses to rehabilitate existing slum-dwellers by redesigning the Slum Rehabilitation Authority (SRA) process:** It is commercially unviable to rehabilitate almost 60percent of existing slum land because of current market prices, the incentive ratios provided under the SRA and the generosity of the current scheme (with its promise of "free housing"). Therefore, the SRA scheme, as it is currently designed, is likely to be

unsuccessful.

Hence, it has been proposed that the Government reforms the SRA process such that slum dwellers get free land, but contribute partially towards the cost of construction. Under this scheme, they can be asked to pay either a lump-sum or Rs.750-1,500 per month towards their constructed homes as a “user charge”. To facilitate this payment, they can be given secure land tenure/apartment ownership rights, once their redevelopment has been approved, to use as collateral for obtaining housing loans from private/public sources. Moving to a limited user charge model will make rehabilitation of all slum areas economically viable – thus jump-starting slum rehabilitation. It will also reduce the incentive for new slum dwellers to squat. It is important that these new houses also become subject to the normal user charges (e.g., property tax, water) as applicable.

Finally, the cutoff date for acceptance for the SRA should be maintained as 1st January 1995 and no new slums should be allowed.

In addition to the fundamental reforms of user charges and land tenure/apartment ownership rights, three other changes would be required to speed up SRA:

- a. **Adhere to strict targets and timelines** : It is imperative that the SRA, slum-dwellers and developers speed up implementation and all parties are made accountable for their actions. Area wise targets for conversion should be set and adhered to so that rehabilitation is completed within the ten-year time frame.
 - b. **Move to market-based auctions to choose the developer** : Keeping in line with the areawise targets, multiple developers/NGOs/communities should be invited to propose their plans to the slum dwellers in the area. The plan that gets the most backers should be chosen, rather than continuing with 70 percent approval of slum dwellers for one developer in an indeterminate timeframe. This will increase transparency, ensure tight adherence to a timeframe, maintain democratic principles and ensure that all leading developers participate. This will also enable all interested parties (developers, NGOs, communities) to bid in a transparent manner; and will allow FSI/TDR (Transferable Development Rights) to be set at the lowest level needed to make the project viable.
 - c. **Optimize the SRA approval process** : This can be achieved by instituting a true single-window, two-step Annexure II approval process, putting approvals on the Internal, etc.
- **Build 300,00 additional low-income housing units by creating “Special Housing Zones” (SHZs) through targeted incentives** : As indicated earlier, to avoid the development of new slums, the Government should develop 300,000 low-income homes with rents of Rs.750-1,500 per month. Dozens of cities around the world (e.g., New York, Beijing and

Shanghai) have spurred on the development of low-income rental housing by providing a variety of incentives to developers. These include special housing zones (e.g., in China) where the government auctions public land on the condition that a certain fraction of it be developed into low-income housing; and tax breaks (such as reduced Corporate, property, stamp duties and development charges) for developers who construct low-income housing (e.g., the US). Similarly, Mumbai needs to earmark land for Special Housing Zones (e.g., Salt Pan lands at Kanjur) and provide the right package of incentives to developers for low-income housing.

- **Create islands of excellence through integrated development:** Mumbai has the opportunity to create true “islands of housing and commercial excellence” in areas such as the Mill lands, the Port Trust lands and the Bandra Kurla Complex. These are relatively large tracts of land in prime urban areas. If they are redeveloped holistically to include high-class housing with earthquake resistance buildings, enough open spaces, 40-foot wide roads, excellent transport connectivity, urban plazas, hospitals, museums and retail developments on the waterfront, they can provide a model for the rest of the city. These world-class “Islands of excellence” will begin to attract both corporate investment and talent for high-end services.
- **Redevelop the city block-by-block :** Eventually, as in most world-class cities such as Hong Kong and Manhattan, Mumbai city should be redeveloped in 8-10 phases in order to give it a fresh, new look and improve building infrastructure (i.e., according to some estimates Manhattan was rebuilt in 8-10 phase in the last 100 years). What this means is that entire city blocks will have to be demolished and rebuilt with modern infrastructure: earthquake resistant buildings, wide roads, correct infrastructure and open areas for gardens. To encourage this type of redevelopment, the State Government should put together a package of incentives that include FSI increases, exemption on stamp duties, etc. Of course, certain areas like the heritage buildings will need to be excluded from the redevelopment process.

D. Upgrade other infrastructure

Although other infrastructure in the city is relatively better than its transportation and housing infrastructure, the Government needs to further strengthen six areas if Mumbai is to become world-class. Key improvements needed have been laid down in each of these: safety, air pollution, water, sanitation, education and healthcare which are presented below.

- a. **Create a safer law and order environment:** Although crime rates in Mumbai are comparable with other world-class cities, recent sporadic events have led to some unease among its citizens. Hence, the police force needs to launch a slew of tactical initiative to reduce crime still further and pacify the public. It could for instance better train the police force in riot management and law enforcement, increase beat patrolling and improve its intelligence gathering mechanisms.

- b. **Reduce air pollution** : Various agencies will need to play their parts in reducing the dangerously high levels of air pollution currently prevailing to the relatively safer levels of 50-100 microgram/cubic meter. The two principles that should be used are: a) Improving fuel quality by reducing adulteration in both the retail and the user levels, reducing adulteration in both the retail and the user levels, reducing the sulphur content and further increasing provision of CNG/LPG; and b) Phasing out older vehicles by moving to world-class pollution norms for all vehicles.
- c. **Increase the availability and reduce the contamination of water:** The MCGM will need to spend Rs.7,500crore over the next ten years to improve the water supply and distribution infrastructure. While the currently planned projects such as the Middle Vaitarna (awaiting environmental clearance from the Center) and the Bhatsa dam will substantially increase the amount of water being brought into the city, the MCGM will still have to spend Rs.5,000crore (part of the Rs.7,500crore mentioned earlier) on relaying the pipelines to reduce leakages and prevent contamination. In addition, bringing down Unaccounted For Water (UFW) from the current levels to 15-20 percent will increase the additional water supply to match the Middle Vaitarna project. Finally, the Corporation will promote greater efficiency, better budget utilization and an improvement in services.
- d. **Create more viable options for the disposing of solid waste:** Today, Mumbai's landfills are bursting at the seams. Not only is there a dire shortage of sanitary landfills, the large open landfill in Deonar (where 70percent of the solid waste is disposed of) is fast reaching saturation point. The MCGM, therefore, should focus on two fronts: a) Reduce the further generation of garbage by instituting "zero-garbage" campaigns; and b) Create viable alternative landfill sites.
- e. **Upgrade access to and quality of education:** Education in Mumbai can be improved by launching three initiatives: a) Expediting the release of land for the setting up of 5-10high-quality private schools (e.g., increasing incentive ratios for amenity TDRs) to reduce one of the key complaints of executives relocating to the city; b) Promoting the adoption of the city's municipal schools by NGOs and communities to reduce drop out rates (e.g., Karnataka, Vietnam); and c) Stepping up both quality and quality of vocational training, especially around the new areas of retail, recreation and ITES.
- f. **Improve healthcare services** : The public healthcare system falls woefully short when it comes to issues of quality and responsiveness of service. A large part of this is explained by the considerable over-burdening of the 20 or more municipal hospitals. At the same time, utilization of primary healthcare facilities (i.e., around 150 municipal out-patient dispensaries and maternity homes) is abysmal. To correct this imbalance, the MCGM needs to upgrade primary healthcare facilities (e.g., ensure that an adequate stock of medicines is available, as are anesthetists) while discouraging patients from going directly to the municipal hospitals (e.g., by significantly increasing the difference in case-paper fees between municipal hospitals and primary healthcare facilities). In addition, the Government should encourage public

private partnerships in hospitals and should hand over a few hospitals to reputed trusts and NGOs, without withdrawing any funding and by putting in place more appropriate user charges.

E. Raise adequate financing

The question asked most often by skeptics is not what needs to be done for Mumbai, but how the huge investment will be funded.

It is estimated that a total public and private sector investment of Rs.200,000crore (\$40 billion) will be required over the next ten years. However, of this, only Rs.50,000crore (i.e., around Rs.5,000crore per year) will need to be public investment, spent primarily on transport and housing. The Government will need to put in only around Rs.1,500crore per year or Rs. 15,000crore over the next ten years to finance the Rs. 50,000 crore, the rest coming from long-term loans that can be financed based on user charges and increased tax collections. It is also estimated that this Rs. 1,500 crore per year contributed by the taxpayers will attract private investments in housing, power, telecom and other key economic growth sectors such as manufacturing and services to the tune of Rs.150,000 crore over the next ten years, thus giving a 1:10 multiple.

While these numbers may look large, it must be remembered that this investment will need to be made over a ten-year period. Moreover, what is heartening to note is that Mumbai's economy is more than capable of supporting such expenditure. Mumbai already contributes about Rs.40,000 crore to the State and Center annually and Rs.7,000crore to the local government, Shanghai's infrastructure cost the local and central governments as much as \$40 billion (Rs.200,000crore) over the last decade.

Although Mumbai's economy is capable of funding this expenditure, it is important that the money is "ring-fenced" in an exclusive Mumbai infrastructure Fund (MIF). This will be similar to what the National Highway Development Program (NHDP) did on getting a dedicated annuity of Rs.46,000 crore every year from their Rs.1 cess on petrol and diesel and funding a Rs.60,000crore national highway program with it.

The government has a variety of sources at its disposal, which are more than adequate to generate the required Rs.1,500crore annuity stream for the Mumbai Infrastructure Fund. They are largely driven off increase spend efficiency and better collection, rather than tax rate increases. These sources can be grouped into three streams :

- **Increase in user charges and collection efficiency:** This stream can generate about Rs. 1,000crore per annum. Of this, the increase in property tax collections could be a major revenue-earner. One must remember that property taxes are the main source of infrastructure funding in most cities. The Municipal Corporations of Hyderabad and Bangalore have made similar changes and in some cases doubled their property tax collections. Other ways of adding to this kitty are increasing water user charges for the richer neighborhoods (which currently do not cover the cost of production); directing

the current cess on fuel to the MIF (Similar to the way the Golden Quadrilateral Project has been funded); and increasing stamp duty collections (due to lower rates). The user charges will also aid the repayment of loan/grants.

- **Improvement in the MCGM's own efficiency :** This lever can generate around Rs.600crore per annum through better contracting procedures and reduction in administrative expenditure (e.g., privatization and putting a freeze on hiring).
- **Better utilization of Government land assets in and around Mumbai:** This can generate another Rs.200-250crore per annum from the sale of developed land and from converting the Government's leasehold properties to freehold.

On a longer-term basis, the Government needs to rebalance the financing sources for Mumbai such that they are dependent less on stamp duty and Octroi and more on income from property taxes, user charges and an escrowed share of the State's Sales Tax collections. This is in line with what most major cities follow and will enable the increase of economic activity and promote efficiency.

F. Make governance more effective, efficient and responsive

A huge improvement is needed in all aspects of governance in Mumbai. While corporatisation has been proposed by some agencies as one of the means of better governance, however, this has not been recommended at this stage due to various reasons. Service provision is contingent upon the benchmarking of existing infrastructure and services and enhancing efficiencies is crucial to development. Better governance can be achieved through the following:

- **Streamlining key processes :** The Govt. will need to ensure that some key governance processes are streamlined so that unnecessary hassles and costs are reduced. The layers and layers of processes for approvals and sanction need to be reviewed. Likewise fragmented approach of governance through several departments in the State Government also needs to be reviewed. Too many agencies /departments being responsible or to be coordinated for undertaking any developmental work adds to delays and results in increasing transaction costs as well as project costs.
- **Redesigning the building approval process :** The average time taken for this process can be reduced from between 90 and 180 days by first creating a "green channel". This channel will allow almost 50percent of the applications to get automatically approved by an architect. The Government must appoint a select panel of architects who are empowered to approve/certify applications for the building process; it must also increase the transparency of earlier concessions granted, e.g., by updating the latest changes on the internet and publishing booklets about it. For the remaining applications, the existing system should be redesigned by making as many approvals automatic as possible and ensuring that the

fewest possible number of signatures is required.

- **Using E-Governance based approach with IT interventions at all levels of Government interaction :** All processes involving the interaction of the Govt. with various stakeholders (e.g., with citizens, investors, State, Center and local government officials) can be computerized for increased efficiency. To illustrate, Hyderabad has more than 20 e_seva kendras that act as “one-stop online shops” for over 30 citizen-facing and business-facing services.

Exhibit 16

TARGETED SET OF 23 QUICK WINS TO CREATE MOMENTUM

| Selected quick wins | |
|----------------------|--|
| Economic growth | 1 Improve airport ambulance and emigration/immigration clearance |
| | 2 Set up 2-3 healthcare “centres of excellence” through public-private partnership |
| | 3 Set up modern format “retail park” through public-private partnership and kick-start SEZs in the hinterlands |
| | 4 Upgrade current zoo, aquarium, waterfront to world-class levels to boost tourism |
| | 5 Convert Bandra-Kurla into a world-class commercial district (i.e., restaurants, cafes, International building standards) |
| Transport | 6 Set up a world-class multi-purpose indoor stadium and convention center |
| | 7 Beautify and decongest five north-south and five east-west corridors to raise them to international standards |
| Housing | 8 Beautify all landing pieces (including removing airport slums and railway encroachments, standardizing bus shelters and creating bus bays where possible) |
| | 9 Promote higher utilization of Wadala truck terminal by providing adequate financial incentives |
| Other Infrastructure | 10 Rehabilitate all the 35,000 slum encroachments from all roads in Mumbai to Kurla/Wadala, consequently widen all the roads and create pavements |
| | 11 Implement at least one world-class housing project as part of the re-development of the MIDC lands |
| Financing | 12 Build an additional 300 public toilets through private participation |
| | 13 Promote NGO and corporate sponsorship to clear, restore and maintain 325 open/green spaces |
| | 14 Facilitate the setting up of 5-10 new private schools and community/NGO adoption of 10 municipal schools |
| | 15 Launch an investment campaign run by a special agency created to attract targeted sets of investors |
| | 16 Pilot “Clean Mumbai” campaign in 3-4 wards by implementing a comprehensive set of initiatives (including privatization of SWM) |
| Governance | 17 Increase training for the police force in riot management and law enforcement activities |
| | 18 Levy property tax on market value along with self-assessment option |
| | 19 Substantially redesign MCGM’s purchasing/contracting procedures to save Rs. 300 crore p.a. |
| | 20 Start Integrated “Mumbai Infrastructure Fund” |
| | 21 Institute report card system for all wards in MCGM, potentially outsource complaints cell and establish one “Task Force” for each of the 26 wards to review report cards on a monthly basis |
| | 22 Launch an “approval drive” to dispose of all building approvals in the pipeline over last one year, and provide all pending water, telephone and gas connections |
| | 23 Set up 10-20 e-seva kendras to provide “one stop non-stop” services to citizens |

Source: Interviews; workshops; team analysis

- **Infrastructure Development Act and Regulatory Authority:** There is a need to create enabling environment in the form of supporting legal framework (eg. MIDAS) for facilitating investments in infrastructure and fast-track implementation with private sector participation. Like in the power sector, there is also a felt need to evolve a regulatory authority for ensuring better service delivery and setting of applicable user charges for cost recovery through a single authority. Structural reform effort needs to be directed towards evolving a regulatory authority for regulating service delivery and enhancing accountability.

G. Generate momentum through Quick Wins :

Frankly, Mumbaikars have now grown sick and tired of slogans and reports. What is needed is focused, “on the ground” implementation and results that will be visible in as short a time period as 1-2 years. So, although the detailed planning and implementation of the six major initiatives described earlier will continue, Mumbai should show results with more than 20 quick-wins (Exhibit 16) Mumbai-based corporates and CEOs should actively fund many of these initiatives, six of which are described here.

- **Beautify and decongest five north-south and five east-west corridors:** These roads include the five north-south corridors (Western Express Highway and Senapati Bapat/ Tulsi Pipe road; S.V.

Road and Cadell/Dr. Anne Besant Road; D'Mello/ Mumbai Port Trust Road ; Eastern Express Highway and Ambedkar Road; and Marine Drive to Peddar Road) and the five east-west connectors that are part of the MUTP/MUIP (including the Andheri-Ghatkopar Link road; Goregaon-Mulund Link Road; Jogeshwari-Vikhroli Road ; Santacruz-Chembur Link Road; the airport road from Sahar International Airport to the Western Express Highway). The basis concept is centered on making these the "model Roads" of the city. For example, the Hyderabad Municipal Corporation widened over 50 of the city's roads by aggressively offering incentives. While the MUIP is already planning to widen and de-bottleneck most of these roads, this initiative will aim to ensure that all the required infrastructure (e.g., signage, street lighting, pavements and manholes) and maintenance/cleanliness are as per international standards (e.g., through privatization of solid waste management services). Incentives should also be offered for beautifying/redeveloping buildings along these roads (e.g., property tax concessions) and creating adequate parking capacity.

- **Institute a report card system for all wards in MCGM:** This will be based on output indicators, include most of the government departments in its purview and be reviewed monthly by each of the 24 wards' citizen's "taskforces" (consisting of reputable citizen representatives specifically for this purpose.) This will also get translated into a quarterly ranking of all the ward officers and Corporators, with adequate publicity through hoardings and newspapers. The complaints/grievances cell should be outsourced to improve the effectiveness and objectivity of the system.
- **Improve airport ambience and emigration/immigration clearance:** This initiative will address the three airport problem areas of long emigration/immigration waiting time, poor waiting environment and unpleasant counter experience. The Government will need to make several changes on these three fronts, including adding more officers to those manning the counters.
- **Build an additional 300 public toilets through private participation:** The Government should offer private players enough land as incentive for them to set up public toilets under the pay'n'use scheme. An example of this is Bangalore where 100public toilets were built with private donations.
- **Promote NGO and corporate sponsorship to clear, restore and maintain 325 open/green spaces:** Private players and NGOs should be encouraged to adopt parks and given the freedom to conduct operational activities on a daily basis (including maintenance, tree planting, creating a joggers' track, collecting entry fees). However, the Government needs to specify the minimum infrastructure to be provided, the restriction on construction within the part and the cap on the fees charged.

- **Levy property tax on market value along with a self-assessment option** : As discussed earlier, the MCGM should push ahead with modifying the current system of property taxes. This will not only rectify imbalances in the current system, but also generate additional revenues. For example, South Mumbai's property tax rate is estimated to be a meager 0.002percent of capital value, compared to international benchmarks of 1-2percent .

H. Enable implementation through committed public-private resources,

Public private partnership for infrastructure development has been posed as the key strategic option which could be a win-win for the local and state governments through ensuring service delivery linked to performance criteria and as a vehicle for multifold leveraging of resources for infrastructure development. The State Government has undertaken a massive initiative of upgrading transportation linkages majority of which are being proposed for implementation on PPP basis.

Sound documentation and structuring as well as a proactive approach in undertaking adequate project development upfront while implementing PPP projects could set the path for expeditious implementation. The strengths and experience of agencies that have facilitated development and implementation of infrastructure projects on PPP platform can be tapped by the State Government through suitable bilateral arrangements.

To maintain transparency and competitiveness, contracts should be bid out on a competitive basis through the ICB or the NCB route whichever is feasible and applicable. The strength of the PPP lies in identifying a suitable capable partner with adequate net worth and reputation of having implemented such projects in a time-bound manner.

1.3. Task Force for Action Plan for Development of Mumbai

In October 2003, the Chief Minister of Maharashtra constituted a "Task Force to prepare an Action Plan for development of Mumbai" based on the Vision Mumbai Document. The Task Force was mandated to offer its recommendations on transforming Mumbai into a world-class city by 2013, based on the Vision Mumbai study undertaken by McKinsey.

The recommendations of the task force pertain to six key areas, including strategic planning and financing, housing, enhancing economic sustainability, physical infrastructure, governance and the institutional changes required. These form the key elements of change that are required to evolve Mumbai as a world class city of the millennium. The following section presents the summary of the Task Force recommendations.

1.3.1 Strategic planning and financing

A sustainable transformation should have three elements; sound finances, able implementation and public support. To ensure that change materializes efficiently, it has been recommended that two citizens' committees drive the program and track progress by employing implementing agencies. To win the

support that the program requires, a suitable communication strategy would be drawn up and a participatory/consultative process would be adopted.

1.3.2 *Creating the implementation apparatus*

Public-Private Partnership based framework to drive the program should be explored to the best extent possible. An Empowered Committee as a permanent successor to this task force should be formed which would facilitate and expedite the decision making at the state level. As most projects get affected due to the long waiting periods in obtaining sanctions/approvals and processes, the Empowered Committee will streamline the decision making process. This committee will include civil servants, private citizens and representatives from the implementing agencies and will be chaired by the Chief Secretary.

1.3.3 *Ensuring accountability*

The success of Vision Mumbai depends on different organizations: MCGM, MMRDA, SRA, BEST, MSRDC and others. To ensure that they carry out the citizens' mandate, the Citizens' Action Group has been proposed which would track development progress and receive and ensure public concerns during implementation are addressed through timely progress and intervention.

1.3.4 *Communicating to the public: Public Relations and Branding*

Building public support for the program will require forceful communications. Mumbaikars today experience an uncoordinated barrage of public-service messages. Public Relations and branding has been proposed for Mumbai, an umbrella brand for Mumbai's renaissance that is memorable and all-encompassing, helping Mumbaikars grasp how individual projects fit into a holistic strategy to encourage pride and investment in the city.

1.3.5 *Housing*

Building better homes for Mumbaikars is an urgent action needed on part of the State and Local Government. Half of Mumbai's residents live in improvised dwellings on less than one-tenth of the city land mass. Outdated regulations leave much land under red tae, raising prices and forcing millions to live in shanties. There is a need to create an environment for affordable housing as also to accommodate the rising demand. It is proposed that market mechanisms be activated to rationalize the demand for new housing. Block by block urban renewal should be explored in congested areas like Dharavi, which would allow freeing up of land and create open spaces for facilitating proper delivery of services and socially inclusive slum rehabilitation. All such housing reforms must focus on rallying diverse stakeholders around pragmatic win-wins.

1.3.6 *Increasing the supply of affordable housing*

- a. Create 11 lakh low-income houses for slum dwellers by redesigning the Slum Redevelopment Scheme and offering residents a "cafeteria" of options, customized to their location and to the quality of their dwelling, Broadly, slums fall into three categories:

- i. Well-developed slums with more than 350 sq.ft. of floor space. These slums should be converted into homes simply by granting tenure to the residents, in exchange for adherence to building norms and a nominal sum (Rs. 100 per sq.ft.). The Municipal Corporation can use the new revenues to fund improvements in water, sanitation and other infrastructure. The newly approved Gunthewari legislation can be adopted for such areas.
 - ii. Slums dwellers needing rehabilitation but living in an acceptable area. These slums can be developed in situ. Tenure may be granted to slums on the condition of joining a slum-wide redevelopment scheme. The SRA could then develop the project and solicit transparent bids from pre-selected developers. Appropriate contractual framework needs to be evolved which will facilitate sharing of benefits and ensuring that the benefits reach the poor. Performance needs to be defined in the form of criteria and standards with an appropriate disincentives to dissuade fromn delaying the project and ensuring timely completion. During construction, residents should be given transit tenements. Alternatively, they should be paid monthly rent to facilitate taking another house/tenement on rent. In order to facilitate availability of such rental premises, a certificate should be granted to those slum dwellers that will waive their registration charges and will also expressly exclude them from gaining tenancy rights. The tenure will be for a maximum period of 24 months after which they will have to voluntarily surrender the tenement to the landlord. They would, however, be eligible to rent other accommodation with the same conditions.
 - iii. Slums dwellers who require rehabilitation and live in sensitive areas. In the case of slums located in important public locations, such as parks, railways and airports, it is proposed that residents be relocated. They can be moved to unused government lands, including the salt-pan lands and current No Development Zones (NDZs). The development and construction of housing on those lands would then proceed as in the above in situ scheme. Slum societies as developers. Allow the slums to form their own societies and develop their part without any limitations on the size of dwelling, but subject to limitations of FSI admissible under Slum Redevelopment Scheme (SRS).
- b. Stamp duty raises the cost of transactions and reduces liquidity. From today's effective rate of 7-8 per cent, it is recommended that the duty initially be reduced to 5 per cent. This plan is in accordance with the GoM's MoU with the central government.
 - c. Further simplify the building approval process to accelerate construction and trim costs.
 - d. Create Special Rental Housing Zones including high- and low-income housing. This scheme requires stronger foreclosure laws and incentives for builders. For low-income housing, in particular, the GoM could offer the following incentives:

- i. Unlock some of the No Development Zones making them available for the development of low-income rental housing. Raise the allowable FSI to 2.5.
 - ii. Dedicate some per cent of land currently under the Urban Land Ceiling Act (ULCA) for low-income housing after the ULCA is repealed.
 - iii. Reduce stamp duty on low-income housing to less than 5 per cent.
 - iv. Reduce property tax rates and other charges for low-income houses to 50 per cent of the normal rate.
 - v. Work with the central government to grant income-tax exemption to low-income rental-housing projects. Just as the dividend income is free from income tax, income from lease/rent should also be freed from income tax. Initially, the Government may consider granting a 20 per cent standard deduction from rental income.
 - vi. For those taking houses on rent, allow special additional rebate for income tax purposes during the validly executed agreement period.
- e. Repeal the Urban Land ceiling Act thereby unlocking large amounts of land for residential construction.
 - f. The concept of limited period tenancy as it exists in the Delhi Rent Control Act could be incorporated in the Mumbai Rent Control Act.
 - g. Develop at least three sectors of Dharavi for commercial or office use, and extend the Bandra-Kurla Complex to Dharavi.
 - h. Redevelop BDD Chawl with the help of private developers. The GoM should sponsor open bidding and award the contract to the highest bidder for an equivalent house in the same location. The funds raised will flow into the MDF.
 - i. Implement the Sukthankar Committee report on Coastal Regulation Zones to rationalize the restrictions on development of land under CRZ.

1.3.7 Rationalizing the demand for housing

The laws of demand and supply put a constraint on demand at a given price. However, at a very, very low price, the demand will be infinite and no amount of supply can match this demand. Price therefore becomes an important factor to balance demand and supply. The following steps are proposed to prevent new encroachments:

- a. Rehabilitate pavement dwellers from the streets in collaboration with experienced NGOs.
- b. Assign care of selected pavements and public spaces to reputed NGOs and citizen groups in order to improve maintenance and prevent new encroachments.

- c. Charge slum dwellers for low-cost housing. Residents will pay between Rs. 25,000 and Rs. 50,000 for 250 sq. ft. of alternative housing. This will reduce the greatest incentive to encroach; the prospect of free housing.
- d. Redefine slum redevelopment policy on slum redevelopment in No Development Zones (NDZs). The current policy encourages land owners to promote slum encroachment. It is proposed that the NDZs be removed from the purview of the SRA.

1.3.8 Encouraging block-by-block urban renewal

Three initiatives are recommended:

- a. Develop an urban-renewal scheme that benefits all stakeholders – tenants, owners, developers and the municipality. Tenants and owners could be given increased apartment space and a freeze on property tax. Current occupants would have to be accommodated during construction. The developers should be given an FSI calibrated to assure a 20 per cent return. And because entire blocks must be redeveloped, urban renewal must follow a plan by the GoM or the Urban Renewal Commission, as in world-class programs like Hong Kong's.
- b. Establish an Urban Renewal Commission to serve as an intermediary between stakeholders and arbitrate disputes that may arise.
- c. Develop a scheme for cess buildings that benefits all stakeholders – tenants, owners, builders and the municipality. Occupants could be given tenure for an apartment of equivalent size in the new building. Current occupants would have to be accommodated during construction. The developers should be given an FSI calibrated to assure a 20 per cent return. Penalties should be levied for any delays in construction.

1.3.9 Economic Growth

Revitalizing the Greater Mumbai economy : Economic activity is the lifeline of a world-class city. Mumbai must reclaim its status as India's commercial engine. To do so, Mumbai, like other densely populated mega-cities, must unleash the maximum value from the fewest workers. Just as New York's high-value-added jobs are a magnet for talent, it is proposed to make Mumbai a hub for high-end services like media and finance. Following measures are proposed to spur employment in low-end services and manufacturing.

- a. Revamping high-end services : Mumbai should become a hub for high-end services like finance through setting up the RFC, information technology and IT – enabled services, healthcare and media and entertainment. Once India's undisputed capital of finance and media, Mumbai now has to compete with several other cities. To bring back the investors, it is proposed that the GoM:
 - i. Develop the Regional Financial Centre to start with as an OBU and upgrade to an IFC in a period of 5 years. The RFC could be housed in the Bandra-Kurla Complex which presently houses the head offices of

- all the leading financial institutions and regulatory authorities such as the SEBI.
- ii. Fully implement the standing information technology and IT – enabled services policy designed to make Mumbai more attractive to companies in the sector.
 - iii. Take tangible steps toward making Mumbai an international financial center.
 - iv. Develop the Goral area into a Special Entertainment Zone in order to jumpstart the entertainment industry.
- b. Expanding low-end services : High-end services will attract the best talent to Mumbai but the city must also provide employment for less skilled populations. It is recommended to generate low-end, high-volume services like infrastructure development, construction, retail and hotels and tourism.
 - c. Restoring manufacturing excellence : Mumbai is India’s western gateway, with its strategic location and two seaports. Historically, these advantages made Mumbai a manufacturing hub. In recent years, however, high labor and infrastructure costs have hurt the sector. It is proposed that development in the manufacturing segment be taken up in the hinterland which should also be supported with adequate connectivity, and transportation linkages. The GoM should revive the Thane Belapur industrial belt by offering state-sponsored, SEZ-like incentives, including progressive labor laws and captive power plants. It is proposed that this area be designated as the first state sponsored Special Manufacturing Zone. In order to revive this once vibrant production center, there is a need to create better infrastructure and devote more of the area’s tax collections to its development.
 - d. Declaring the Thane-Belapur Industrial Area as the New Township: The Thane-Belapur industrial area was once booming with activity. One of the reasons for its decline is the deplorable state of its infrastructure. While the area generates substantial tax revenues, very little is deployed for upgrading the infrastructure. Formation of the Thane-Belapur industrial township with 80:20 sharing of existing resources between NMMC and the township and a 50:50 sharing of incremental revenues is recommended.

1.3.10 Physical Infrastructure

Improving the quality of life for Mumbaikars: Transportation was found to be the city’s most pressing need in its bid to become a world-class city. The transportation needs are proposed an across-the-board upgradation of transport infrastructure to world-class standards, seamless end-to-end connectivity through a holistic transport strategy, evolve from a single, North-South axis into multiple axes and dispersed hubs of opportunity. Dispersal is the only sustainable way to reduce the North-South congestion in the long run.

- a. Expanding rail transport : 6 initiatives are proposed to enhance Mumbai’s rail capacity:

- b. Expand existing transport capacity during the peak period by increasing the frequency of trains and the number of coaches in each train.
- c. Construct a Mumbai Trans-Harbor Link connecting Sewri and Nhava by road and rail.
- d. Upgrade six suburban train stations under the Station Area Transport Improvement Scheme (SATIS) and assign these stations to the Mumbai Rail Vikas Corporation (MRVC) for operations and maintenance.
- e. Construct the extension of Mumbai's Chhatrapati Shivaji Terminus (CST).
- f. Construct a ring railway link connecting Bandra, Sion, Andheri and Ghatkopar.
- g. Construct a mass rapid-transit system, similar to Delhi's Metro Running from Colaba to Borivali. The Mahalaxmi-Borivali stretch would be developed in the first phase, followed by the Colaba- Mahalaxmi stretch.
- h. Expanding road transport : Eight initiatives are proposed to expand road capacity:
 - i. Finance and expedite the building of 17 high-speed road corridors under the Mumbai Urban Infrastructure Program (MUIP). These roads should be built to world-class standards, have dedicated bus lanes and be free of junctions or signals.
 - ii. Shift transport companies to the Wadala Truck Terminal by offering incentives such as a property-tax reduction or a lease premium.
 - iii. Classify the key arterial (North-South and East-West) roads as strategically important. These should be developed to world-class standards and should have dedicated bus lanes. The construction and street furniture on these roads should be of world-class quality.
 - iv. Build an interstate bus terminus at Wadala.
 - v. Introduce competition to the taxi system. It is suggested that the total number of taxis be capped through adequately structured disincentives and that the yellow-and-black monopoly be broken. Mumbai should allow multiple taxi companies offering different car-financing plans to drivers. The differently color taxis will be forced to compete on the quality of customer service.
 - vi. Construct pedestrian pathways and an underground storm-water system in the suburbs.
 - vii. Construct Eastern and Western Freeways.
 - viii. Resolve the dispute on the Bandra-Worli Sealink and expedite its construction.
- i. Curbing demand for North-South transport : The city's transport woes cannot be resolved only on the supply side. There is also a need to reduce demand for North-South travel. To achieve this goal, needs alternative central business districts would be needed. One approach would be for the GoM and

public-sector units to relocate to the Bandra-Kurla Complex or to the commercial sectors of Dharavi.

1.3.11 Governance

Achieving customer-focused governance. Government alone cannot transform a city but there is no viable transformation without good governance. There is a need to focus on improving the quality of services to citizens. Some are long-term changes; others are quick wins. First, the government must be empowered to do its job, with authority and without bottlenecks. Second, the government must be held accountable, with its progress against output parameters regularly examined. Third, the government must focus on the end customer, the citizens, by offering world-class service and maintaining an accessible public presence.