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Abstract: This paper explores the interaction of politics and business through the lens of the city. The power of business to influence politics in India would lead to a prediction that Indian cities are, in the classic sense of the term, growth machines. Yet we argue in this paper that fundamental problems of governance in India's megacities have precluded the possibility of business coalitions exerting cohesive influence over investments policies in cities. The result has been the predominance of what we call cabals, that are expert at extracting rents from the city, but in the end fail to promote development in the sense of an institutionalized process of economic and social improvement in the city. Where there has been high growth, it has not been accompanied by the expansion of the cities' infrastructure and overall coordination capacities. In the end, what is good for business and politicians had neither been good for capitalism in terms of dynamic accumulation nor for inclusion of middle and poorer social groups.

Introduction

It is difficult to imagine any setting in which the challenges of inclusive development are more sharply defined than the Indian city. Historically, India's high recent growth rate has been associated with rapid expansion of its mega-cities (World Bank 2013), but there are already signs of a slow down in city cores. Moreover, the urban growth that has occurred has not translated into an institutionalized development process. Urban-based growth has instead been associated with widespread problems of inadequate provisioning of urban services, high levels of pollution and in some ways may have exacerbated existing patterns of social exclusion. More broadly, failures of urban governance – most notably in providing basic infrastructure and creating a business-friendly environment – threaten the sustainability of growth. Such challenges have always defined the basic dynamic of accelerated development. They are exacerbated by the fact that India is in a long phase of large-scale urbanization.

Broad recognition of the “urban problem” has focused attention on the question of governance. We argue in this paper that the malaise of Indian cities is indeed largely now a reflection of issues of “governance”. As much cited reports (GOI, 2011; McKinsey, 2010) have emphasized, resources matter too, and the rate of investment in urban India has been woefully inadequate by comparative standards.² But our point is that this shortfall is itself a result of a failure of governance in India's current phase of development. Governance itself, however, needs to be unpacked. All too often the term is deployed as shorthand for “getting the policies right”, as if there were self-evident policies that might resolve urban problems and as if politics didn't matter in shaping policy possibilities. In this paper, we explore the issues of urban governance by drawing on the concept of “urban regimes.” As developed in the literature, the urban

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² Dobbs and Sankhe (2010) estimate India spent USD 17 per capita on urban infrastructure, while China spent USD 116.

regime concept views governance as essentially a problem of coordinating interests, with the degree of effective coordination fundamentally shaped by institutional settings and political processes.

We develop the argument in two steps. First, we identify a modal “Indian urban regime” that is consistent with certain political processes and argue that this regime has adverse consequences for both economic development and social inclusion. This is most directly manifest in systemic coordination failures, that is the failure to effectively align public investments and policy interventions with social and economic objectives. We identify both proximate and underlying causes for this. The proximate causes are a range of political accommodations that are stable and self-reproducing, and hence represent a regime, but that nonetheless fracture the exercise of local state power. The underlying source of the problem lies in the misalignment of political incentives and institutional power that results in the weak form of sovereignty that characterizes the Indian city.

Having established the general case for our argument, we then examine significant variations across cities. Our goal here is two-fold. First, we want to establish that individual city-level dynamics matter and that the Indian urban regime is not simply a derivative of national structures. Second, analyzing points of contrast sharpens the interpretation of the nature of the “modal” Indian urban regime and, in particular, brings into relief the political and institutional factors that undergird the regime.

Both the overall analytical construct of the modal Indian regime and the variation within are illustrated by comparisons of three mega-cities: Bangalore, Delhi and Mumbai. These three cities have contrasting stories: Bangalore as a modernizing center of the iconic, globalizing, IT industry; Mumbai as both the historic economic capital of India and the city with the largest concentration of slum-dwellers; and Delhi, the national capital, and also the only Indian mega-city in which the jurisdiction of the State government is mostly aligned with the city.

The modal Indian urban regime is contrasted with the typology of the “growth machine” long held to be the archetypical US city. First developed by Molotch (1976) and then expanded by Logan and Molotch (1988), the growth machine views urban regimes – and specifically coalitions of developers and politicians – as coalescing around the provision of infrastructure and other business-supporting investments to maximize land rents. At first blush, this would seem an apt characterization for the Indian city, which, in recent decades, has been often popularly referred to as the “land-grab raj”. But the parallel obscures a key difference. While Logan and Molotch argue that the growth machine is fundamentally about maximizing the returns to land, the resulting processes of land development are subject to coherent governance and an overall economic logic. Insofar as land development is planned, regulated and aligned with public investments, the resulting growth is sustainable and broadly inclusive, if not equitable. Compared to European cities, US cities do suffer more commonly from pockets of exclusion, most notably the hyper segregation of the ghetto (Wacquant 2008), but most urban citizens have access to basic amenities, public institutions and affordable housing.

In contrast, we argue that in India, while relations between political and landed interests are at the core of the modal urban regime, this is at best a “growth cabal”, and more often a “rent extracting cabal”, in which the particularistic, and often informal, pursuit of land (and other) rents is only weakly aligned with either the coherent economic growth of the city or the construction of an urban living environment that could cater effectively to the basic needs of established and migrating populations. The result is not only that growth is hurt by failures in infrastructure provisioning, but that Indian cities are becoming

increasingly unequal,³ marked in particular by large swaths of spatial exclusion and basic services deprivation that impacts even the middle class.

Developing a Comparative Analytic Framework

The study of cities of the global south is quite recent and has for the most part been dominated by two strands of work. A case study literature, that includes work on urban economies, administration and politics, has provided rich empirical material, but falls short of developing an integrated account of urban governance. At the other end, a more theoretically informed strand of work – most notably the global cities literature – tends to stress the determinative effects of global forces on city formation, with a particular focus on increased trends in social polarization. Though more focused on generating analytic accounts of governance, this literature tends to abstract from specific contexts and has been criticized for overstating and simplifying the structural forces at work (Heller and Evans 2010).

The urban regimes literature provides an important corrective to both these strands, both because it specifically seeks to highlight the centrality of politics and institutions to understanding the city, and also because it has largely been developed inductively from case studies (Mossberger and Stoker 2001). It has, however, been largely confined to Northern cities. Our goal is not to summarize this literature or to reinterpret it in light of our arguments about Indian cities. Rather, we draw out some analytic insights from this literature and then recombine them in light of the Indian conditions to develop a “modal” type of the Indian urban regime. We do so however with great caution, recognizing that the historical conditions and context of city formation in India has its own specificity and can not be mechanically fitted into the urban regime frame as currently constituted. For this reason we begin by briefly highlighting the key features of city formation and governance in the Western context and then identify contrasting urban regime types that are relevant to India (and potentially beyond.)

Even the most cursory glance back at Northern cities through an Indian lens yields three non-recurring conditions. First, European cities were constituted as self-governing entities well before nation-states emerged to incorporate them (Tilly 1994). Second, a very deep and broad-based process of industrialization drove the growth of the modern capitalist city. It has only very recently become predominantly service-oriented. Third, democracy came after industrialization and was the basis for a coordinated class compromise that effectively reconciled growth with inclusion, especially in the so-called Fordist era (post WWII to the 1970s). Each of these points requires some comment.

First, cities in Europe had a long history of developing core administrative capacities and political structures well before the rise of the nation state. The term “civil society” was in fact born from the demand of an increasingly assertive bourgeoisie to develop a body of civil law that would govern commercial affairs independently of the Church’s law. Cities as such have a long history of being sites of political processes and bureaucratic power—providing political space and incentives for different forms of city-level political settlements and processes for working through distributional conflicts.

By contrast, in modern India, cities were centers of concentrated coercive power wielded by imperial or colonial elites to extract surplus from commercial and agricultural activity. Independence in 1947 could have marked a separation of economic and political power in keeping with the core logic of democracy. But the federal set-up adopted by the new nation concentrated power in the Centre and in the States at the expense of local government, while the post-independence electoral equation favored rural interests over urban interests.

³ The Gini coefficient of consumption expenditure was reported by the National Sample Survey to be 0.38 in 2011/12 up from 0.32 in 1993-94. Hashim (2013) reports that this rose from a much lower level of 0.27 in 1977-78. These surveys almost certainly exclude the consumption of the rich.

Second, the technological and social processes that set the stage for industrialization in Europe developed slowly over centuries. As the classic accounts of the “great transformation” have emphasized, industrialization did produce significant rural dislocation and urban immiseration, but the possibility of outmigration to the New World and the relatively extended period of industrialization reduced overall pressures on the city.

This process has been far more compressed in the global south, both in terms of the rate at which rural transformation has contributed to supplies of labor that cannot for the most part migrate out of the country and the pace at which economic activity has shifted to urban centers. That urbanization in the global south has coincided with the rise of a post-Fordist economy has only exacerbated the problem. European cities enjoyed a sustained period of employment-generating industrialization that among other things created a large factory-based working class. By contrast Indian industrialization has never been as labor-absorbing and moreover peaked at a comparatively low level of industrialization in 2001 (Rodrik 2015). Manufacturing has since been eclipsed by an information and service economy that provides high skill and low skill (and mostly informal) work but very little middle-level employment. Indian cities do not, in other words, have a significant semi-skilled manufacturing class in organized employment. Moreover, the rapid expansion of the service/information economy, coupled with global integration and a restricted supply response, has pushed land rents up very rapidly, creating not only new sources of rents, but also making inclusion of low-skilled migrants that much more difficult.

Third, these first two historical conditions—the political capacity of the city and the extended period of economic transformation—set the stage for democratization in Europe. The transition to democracy in Europe was driven both by the interest of an urban bourgeoisie in formal democracy (Moore 1966) and the demands of the working class for representation (Rueschemeyer, Stephens and Stephens 1992). Democracy in turn became the basis for a political settlement, classically characterized by Polanyi (1944) as the creation of the modern welfare state to address the excesses of unregulated markets. This was underpinned by the class compromise that defined the Fordist period of modern capitalism. While the Fordist social compact was enshrined in national institutions of taxation and social provisioning, it was politically forged in cities and reinforced in urban settings by the dramatic expansion of public services and infrastructure, and, in the European case, public housing. Fundamentally, the compact rested on the interdependence of business and labor that was made possible by increasing productivity and sustained public investments in infrastructure and human capital, as well as a significant socialization of basic forms of consumption (housing, household services, public transportation and public facilities). The strength of these compacts was moreover highly correlated with the presence of programmatic left-wing parties (Huber and Stephens 2001).

In sum, although the terms and the depth of the social compact varied across European and US cities it is possible to identify specific urban regimes at work. At the heart of urban regime analysis is the notion that the power to govern must be constructed by political and social processes. All too often taken for granted in the urban regime literature are two key preconditions for stable *and* relatively inclusive regimes, namely the basic functionality of the city as a political and administrative space and a minimal degree of organized working class power. These two conditions do not obtain in India.

These comparative-historical notes of caution underscore the need to analyze an urban regime in terms of four sets of variables:

- (1) Institutions of city governance: the formal political power (sovereignty) and institutional power (resources and bureaucratic capacity) that is devolved to the city.

- (2) Socio-economic processes: both strictly economic factors such as the local economic structure, capital-labor relations, regulation of labor and product markets, and the pattern of land utilization and valorization.
- (3) Politics: the formal attributes of party politics, including the configuration of parties and their histories, and also the more informal power and rent-sharing mechanisms, including especially alliances between political and economic elites.
- (4) Civil society: the organization of civil society, both in terms of the collective mobilization of new social groups and classes, and the proliferation of intermediate bodies, including NGOs, associations and unions, can also profoundly shape urban governance.

With these variables it is possible to identify specific regime types with the goal of unraveling three key questions. First, to what extent does the regime support effective governance, and specifically the capacity to coordinate across sectoral and class interests? Second, does this governing coalition support growth at the expense of inclusion, or can it align growth with social and environmental objectives? Third, is the pattern of growth geared to long-term expansion of productive capacity or to the extraction of rents?

A typology of urban regimes

As Mossberger and Stoker point out (2001:811) “[t]he urban regime concept has developed inductively, through prototypical case studies.” We identify two ideal types based on Western cities and two from our own case studies of the three Indian mega cities.

The two ideal types from Western cities are the “growth machine” and the “social city”. These mark two book-end types, both involving effective coordination across social groups and political and economic processes.

The growth machine. There is city-wide coordination, predicated on a broad-based link between city economic development and land rents. This is secured by an alliance between city political and business elites which forge an alignment between industrial service growth and increases in land value. But this still required for legitimation purposes reasonable provisioning of housing and public services. So even as the city growth machines in the US are based on the “tendency to use land and government activity to make money” (Logan and Molotch 1988:55), US cities have also been the sites of powerful democratic urban machines that organized immigrant and working class voters and secured a modicum of inclusion in the city.⁴ Rising land rents drive private behavior and lead to public revenues that support public interventions and investments geared to stimulating growth.

The social city. Coordination here is based on balancing the use value with the market value of land. This can include cultural preservation, the maintenance and sustainability of urban life or redistribution. The social city can be built on a wide range of social bases, but these invariably have a majoritarian character that more or less keep economic elites in check. Because the social city is a “pacted” city that brings together a highly diverse coalition of actors, it necessarily requires a high degree of coordination and an alignment of political and institutional power that can only be created and preserved through vibrant democratic politics. Examples of the social city would include cities that emphasize cultural heritage and actively resist growth (many older European cities), maintenance and sustainability cities in which the middle class generally plays a key role in controlling growth (Boulder and Santa Barbara), and

⁴ The ghetto stands as the obvious exception, but even race has not been an insurmountable barrier to inclusion. In the classic case that launched the “urban regime literature” Stone (1989) documents how an emergent black middle class was incorporated into city-level political settlement with downtown business interests so that “race would not get in the way of doing business”.

cities where the local state plays an active role in promoting social inclusion by socializing land (e.g. large-scale public housing) and developing high quality public services. This is the classic social democratic city of Europe, but can also be extended to some Brazilian cities (Heller, forthcoming).

We now identify two ideal types for Indian urban regimes, that we term the “growth cabal” and the “rent-extracting cabal”. Some have the formal trappings of a growth machine in terms of city plans, but actual functioning is far from this coordinated ideal. And given the pervasive forms of social exclusion that mark all Indian cities, there is nothing that approximates the social city.

The growth cabal. As with the growth machine, this city-type is organized around political-business deals that hitch infrastructure and public revenue to growth. But this type is a political settlement than doesn’t constitute a rule-based regime in that it is more particularistic and organized around niches or segments of city economic activity. Within these niches, some growth through value-adding investments occurs. However, while in the growth machine coordination is institutionally organized, stable and encompassing, the growth cabal lacks coordination and the ability to support sustained, and especially balanced and inclusive growth. In India, Bangalore is the prototypical case. Though a dynamic and highly influential IT sector has organized to shape governance and to enhance the competitive position of the city, extra-local political interests have prevented the consolidation of a full growth machine-type settlement and have carved out significant rental havens.

The rent-extracting cabal. In this regime the driver of the political-business settlement is organized primarily around rent extraction and rent-sharing, cemented by a mixture of private gains and political finance. Land rents are so central to the political pact that the link with underlying city growth dynamics is tenuous and can actually work against broader economic growth. Specific deals are mostly informal and particularistic, but nevertheless linked to systemic relations around political parties, and both political and business networks (family and other). Growth may occur, but mostly as a result of increasing land values driven by scarcity factors. This type captures the governance and developmental logic in Delhi and Mumbai where landed interests have virtually monopolized the core of the city and public investments and policy interventions service returns to land over broader development. It is also associated with transfers of economic activity to the peripheries of the cities.

Our contention is that the urban regimes in India’s mega-cities vary across the growth and rent-extracting cabal. These are both “cabals” in the sense that the dominant coalition consists of a fairly small group of actors who collude across the boundaries of state and market to maximize returns to scarce resources, most prominently land. State-market interactions are variable, networked and often informal. Systematic and continued rent-sharing holds the system together, and can make it resilient to change. The cabal stands in sharp contrast with the institutional rules and formal arrangements invoked by social pacts or by various forms of corporatism or organized participation in the Western city-types. Of course, as stressed in the original formulation of the urban regimes (Stone 1989), informal arrangements play an important role in all regimes but nonetheless tend to support institutional alignments that undergird effective governance. In our usage cabals are, much like all regimes, politically constructed, but on particularistic and opportunistic terms. Cabals prey on institutional weakness and are in fact organized around exploiting institutional gaps.

The difference between a rent-extracting cabal and a growth cabal is one of degree, and has to do with the extent to which the returns to rents are reinvested in the very social and political arrangements that generate rents or find their way into growth-inducing investments. As we show below, this distinction helps us differentiate New Delhi and Mumbai from Bangalore. In the democratic context of India, both forms of the cabal also need to generate political support from middle class and poorer groups, but these are more likely to be based on clientelistic and populist processes than coordinated forms of inclusion.

In making the claim that Indian cities neither fit the growth machine or social city typologies, the overarching idea is the absence of a coherent, city-based political coalition, backed by an ideology or narrative that shapes policy and investment, either for growth or inclusion. Indian cities lack a dominant development coalition between urban political and economic elites that could drive the infrastructure, regulatory, planning and business climate elements of a concerted growth dynamic. Nor is there a political coalition that could represent an effective class compromise, on historical European lines (and to some degree of US industrial cities), with a mix of business support and broad-based provisioning of social provisioning for the working classes.

To explore the drivers and characteristics of the Indian city we develop this typology below with references to the four processes: institutions of governance, socio-economic processes, politics and civil society. It is only by examining specific combinations of these processes that it is possible to explain the logic and resilience of the “cabal” structure of the Indian urban regime, across the continuum of growth to rent-extracting cabal. By way of context, Table 1 provides some basic indicators of the three mega-cities, with respect to population growth, the share of slums and access to basic services. All, and most dramatically Bangalore, experienced substantial population growth in the 2000s. While slum populations are immense in Mumbai, and large in Delhi, they have declined in absolute number between 2001 and 2011. High fractions of households have access to some basic services, but drinking water is often from communal taps in slums, and “flush toilets” are often latrines with septic tanks unconnected to the sewerage system.

Table 1 Basic profile of Bangalore, Mumbai and Delhi

Parameters	City		Delhi (NCT)		Mumbai (MCGM)	
	Bangalore (BBMP)		Non-Slum	Slum	Non-Slum	Slum
Area km ² (2011)	741 ¹		1483		603	
Pop. Density/ km ² (2011)	11,560		9,340		20,634	
Share of slum pop ⁿ (2001)	10.0%		14.7%		54.1%	
Share of slum pop ⁿ (2011)	8.3%		10.6%		41.8%	
No. households (2011)	1,949,435	165,341	3,068,106	367,893	1,644,429	1,135,514
Population (2001)	4,301,326	430,501	11,820,752	2,029,755	5,503,010	6,475,440
Population (2011)	7,882,692	712,801	15,002,551	1,785,390	7,235,900	5,206,473
Popn growth (2001-11)	104%*	66%*	27%	-12%	31%	-20%
Assets in 2011- percent of households with:						
Two-Wheeler	49%	21%	42%	18%	21%	9%
Television	88%	79%	90%	74%	89%	80%
Bank account	72%	35%	81%	55%	91%	81%
Drinking water in premises	71%	56%	72%	48%	87%	66%
Electricity	98%	97%	99%	97%	98%	96%
Flush toilet#	87%	76%	91%	48%	72%	30%
Car	20%	3%	23%	5%	19%	4%

*Bruhat Bangalore Mahanagara Palike (BBMP) was established in 2007 by expanding the erstwhile Bangalore Mahanagara Palike increasing the area from 226 km² to 740.6 km². Hence, much of the population growth is attributable to area expansion. For comparison, the population of Bangalore Urban district grew from 6.53 million to 9.62 million over 2001-11. The share of BBMP in the district's population grew from 72% to 90%.

#This includes in-house flush toilets connected to piped sewers or septic tanks.

Notes: Data for slum area density not available; all figures for BBMP includes outgrowths (OGs) which is defined as surrounding rural areas with urban infrastructure and amenities; MCGM stands for Municipal Corporation of Greater Mumbai and NCT for National Capital Territory.

Source: Primary Census Abstract and Town Directory, Census of India 2001 and 2011; Houselisting and Housing data, Census of India 2011

(1) Institutions of City Governance

By the *design* of India's political and bureaucratic structures, cities enjoy very little sovereignty, in contrast to the history of Western cities, and cities in many middle-income countries (e.g. Brazil, South Africa, and China). India's cities are essentially embedded in the political and bureaucratic processes of the Indian subnational State (the second tier of government). This is in spite of the 74th Constitutional Amendment that formalized the third level of government at the level of urban municipalities. Cities exist as governing units, but the bulk of executive power over city designs continues to reside at the level of the subnational State. This problem of sovereignty is compounded by a core problem of accountability. Thus citizens vote for city-level Ward Councilors/Corporators, as well as State-level Members of

Legislative Assembly (MLAs) and national Members of Parliament. But the real power lies in the executive of the State, and with most MLAs coming from rural areas the resulting electoral logic dictates that political deals, rent-extraction, and overall political alignments that impact the city are forged in networks and spaces outside the city. Because it is a city-state, this logic should not hold for Delhi, where all the MLAs are in fact urban. But in Delhi the Centre exerts so much power over urban governance that MLAs' and WCs' power is largely limited to petty patronage (such as getting water tankers into a slum), and the larger pattern of misaligned political authorization (in term of both autonomy and accountability) and institutional power holds firm.

The structure of city governance is presented, in stylized terms, in Figure 1. India is formally a federal system, with a constitutionally defined division of activities between the central (Union) government and the States, and a further division between the States and the third level of government—municipalities in urban areas, or panchayats in rural areas. As already noted, the bulk of city planning, regulatory, investment and service delivery responsibilities fall under the State (with some exceptions for Delhi). However, in the recent era of expanding central government revenues, the Centre has increasingly sought to influence activities at the State level through so-called Centrally Sponsored Schemes—essentially involving provision of tied financial resources, conditional on States following specified investment guidelines and satisfying policy requisites.

Figure 1 A schematic presentation of formal and informal governance for India's megacities



Source: authors

There can be multiple executive agencies for a city, some in parastatals (usually at the level of the State), and there will typically be formal planning agencies. However, the most concentrated executive power resides in a city's Commissioner, a position that is taken by an officer from the elite, national, career Indian Administrative Service (IAS), and is effectively in the hands of the Chief Minister. IAS officers also head the bureaucracies of each of the State's ministries, with substantial influence over a city's

functioning and service delivery. In principle, planning agencies could integrate these various functions, but power and authority in practice lies in line departments which actively resist horizontal integration.

MLAs and WCs are formally legislators, but have little agency in this realm. Most legal action is developed by the State executive, in the nexus of the State's political leadership and the bureaucracy. Given their lack of power over policy, politicians have little choice but to resort to patronage to build support. This takes both fully legal forms, as in the disbursement of development funds that are allocated to MLAs, or in their role in distributing ration cards or pension awards, but also through an array of informal interventions such as targeted delivery of services, or influences over contract allocation. For citizens, the difficulties of transacting with an indifferent, distant and fragmented local state leaves them little choice but to rely on intermediaries. Field work and survey evidence from Delhi indicates that individuals or groups with problems are more likely to go to their local politician than to the bureaucracy or service provider to petition for change or solve a problem (Heller, et al. 2015, Banerjee et al. 2011). Survey work from Bangalore also confirms that direct engagement with the state is the exception (Bertolletti et al. 2014).

The fact that the political power that matters is constituted at higher levels undercuts the incentives and potential for formation of coherent urban coalitions. That is, because the city, as a site of value creation (either in the form of rents or growth) is decoupled from the site of political and institutional power (including the power to tax), the coalitions that are able to mobilize political power are more geared to extraction (which requires minimal coordination) than investment (which requires coordination).

In addition to the compromised legal-political stature of the city, the extensive formal illegality⁵ of significant parts of urban populations, especially those in the variety of slums and sundry “unauthorized colonies” only further compounds the problem of urban governance. The resulting vacuum of rights-based citizenship is filled by the array of informal mechanisms and intermediaries. These range from networks between politicians and business elites, that can overlap with criminal land “mafia” connections, to middle class citizen groups who often use local associations (Resident Welfare Associations in Delhi, Advance Locality Managements, or ALMs in Mumbai, for example) to press claims on the state. Poorer groups, including in slums, may be linked to traditional leaders (pradhans), local party workers, sector-specific specialized local intermediaries (e.g. for electricity in Delhi), fixers, or local bosses. With most citizens of the city enjoying only partial rights to the city but nonetheless enjoying electoral clout and in some cases associational power, patronage logically trumps programmatic delivery.

Despite the lack of coherence, India's major cities have formal, if inadequate, planning and regulatory regimes—often distortionary in character. The “urban license raj” is alive and well, and is especially evident in regulations over land use for large and small-scale business, for infrastructure and, not least, for housing and associated urban services. While much of this is highly dysfunctional for effective economic growth and urban living, it supports the generation of particularistic rents, specific political deals and front-line rent-sharing systems between street-level workers, patronage politicians and citizens—for example in the form of dispensing favors in local services or pensions by politicians, or the symbiotic relation between police and hawkers. It also reproduces a range of exclusions, from the systematic denial of basic services to “illegal settlements” to prohibitions on informal economic activity such as small scale manufacturing relocation in Delhi and actions against street vending.⁶

⁵ The term “formal illegality” would be an oxymoron if it were not for the fact that Indian cities specifically classify various settlements in terms of their degrees of legality, and deliver services accordingly.

⁶ The relocation of industries in Delhi was subsequent to a court order and recently in 2014 the Parliament has legislated a Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act but the rules for this are yet to be notified.

One might be simply tempted to characterize the entire legal and bureaucratic structures as captured by elite interests, as in Chatterjee's (2004) influential thesis that defines the space of rights and law (civil society) as the exclusive reserve of the middle class and relegates mass politics (political society) to political patronage and the tolerance of illegalities. But aligning the formal/informal binary along an elite/popular divide obscures the fluid and contested nature of formality. On the one hand elites aggressively exploit the fluidity of the formal and the legal to extract rents and carve out privileges.⁷ On the other, when exposed (e.g. recurring scandals over 'land grabs') these practices come into sharp conflict with the normative resonance of democratic accountability and can invite institutional responses. As in many domains, Indian's urban regime is a hybrid between a "rules" and "deals"-based system. This is evident in an activist judiciary, especially in some (but by no means all) of the rulings of the Supreme Court, in periodic investigations of the Comptroller and Auditor General (CAG), and countless sub-national examples, as, for example, in the reporting of Karnataka's Lokayukta (a State-level ombudsman) on corruption. This is sometimes in *de facto* alliance with a range of civil society based initiatives.

(2) *Socio-economic processes.*

Two features of socio-economic profile of Indian cities are particularly relevant. First, the relatively weak industrial growth in output and employment (with the partial exception of Bangalore), and, in particular the associated lack of organized labor, has made collective mobilization of subordinate groups more difficult and typically limited to local neighborhoods. Second, the large increases in land prices in the post-liberalization period, has provided a rich seam of rents to be extracted and shared, especially between business, politicians and developers. Table 2 summarizes the pattern of economic growth and Table 3 employment patterns.

⁷ In 2006 the courts ordered the enforcement of zoning rules in the Delhi Master Plan under which a large proportion of 'formal' trading shops were illegal, with courts ordering them to be sealed. The traders responded with a vigorous agitation that eventually led to politically led changes in the zoning rules and the introduction of mixed use zones in Delhi (Mehra 2012). Such changes in rules have been relatively few for less powerful constituencies than the traders.

Table 2 Economic Structure and Growth

Sector	Shares			Annual growth		
	2012-13		2006-07	1999-00 to 2012-13		1999-00 to 2006-07
	Bangalore	Delhi	Mumbai	Bangalore	Delhi	Mumbai
Primary	1%	1%	1%	-0.9%	2.8%	-0.8%
Manufacturing	22%	5%	22%	7.0%	2.2%	3.3%
Public Utilities	7%	1%	4%	17.5%	9.0%	3.8%
Construction	1%	4%	4%	-3.2%	5.5%	6.7%
Traditional Services	26%	24%	26%	11.3%	6.0%	5.2%
Banking and Insurance	11%	26%	16%	11.1%	10.0%	5.8%
Real Estate, Business Services	26%	24%	17%	14.2%	14.7%	14.5%
Public Administration	1%	4%	4%	-2.7%	5.8%	2.7%
Other Services	5%	10%	6%	7.1%	8.1%	4.5%
Total	100%	100%	100%	9.5%	8.2%	5.8%

Note: these numbers are constructed from state-level estimates of production; for Mumbai the most recent numbers are for 2006/07

Source: Planning Commission; State Directorate of Economics and Statistics (Karnataka and Maharashtra); EPW Research Foundation

Table 3: Share of Workers engaged in different sectors over time (%)

City	Bangalore			Delhi			Mumbai		
	1999-00	2004-05	2009-10	1999-00	2004-05	2009-10	1999-00	2004-05	2009-10
Agriculture and Mining	1.1	0.9	0.0	1.2	0.1	0.1	1.2	0.5	0.7
Manufacturing	32.3	21.0	29.3	24.4	24.0	26.5	25.3	28.0	25.5
Electricity and Water Supply	0.4	0.7	2.5	0.4	0	0	0.3	0.3	0.6
Construction	11.4	11.6	5.9	3.7	5.2	3.5	6.1	5.6	4.2
Trade, Hotel and Restaurants	20.3	28.6	23.9	29.7	29.1	32.2	25.3	24.2	19.6
Transport	7.3	9.0	11.3	6.4	8.2	8.5	11.7	10.9	12.4
Services-All except above	26.5	22.7	25.2	30.2	30.3	25.7	24.6	23.7	30.7
Services- Pvt. hhld. staff	0.7	5.4	1.9	3.6	3.2	3.4	5.4	6.6	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: NSS report No 411,462, 553,564

There have been various degrees of industrial-service capital accumulation in our three cities. Mumbai came closest to being an industrial city with its once large textile sector, but has experienced slow growth in manufacturing, with high profile finance industries and rapid growth in real estate. Bangalore was long a city of government services, but has emerged as the iconic IT city. In Delhi, much of its industry has been moved to peripheral city developments, often outside its boundaries in neighboring states. But Delhi has leveraged its status as the nation's capital for economic gain both in terms of securing federal funds and developing a range of brokerage functions.

Delhi and Mumbai metro regions account for 11% of national manufacturing but 21% of "modern business services". In both cities, manufacturing employment growth was flat in the first decade of the 21st century while modern business services grew in double digits. Both cities are classic "Global Cities"

in Sassen's (1991) sense of the term, concentrating a high degree of high-end command and control functions. Mumbai and Delhi alone accounted for 42% of IT "headquarters" (as registered on the NASSCOM website).⁸ In contrast, Bangalore dominated the export sector for IT-BPO with 36% of the national total, compared to 15% for Mumbai (including Pune) and Delhi Region (including Gurgaon and Noida), but has also maintained a sizeable garment sector.⁹ Manufacturing also remains in Mumbai and Delhi accounting for only 25.5% and 26.5% of workers respectively, but is surpassed by Bangalore at 29% in 2009/10.

With respect to land, the key development concerns how liberalization and growth in the past 25 years has created new rents and made land salient as a commodity. Chakravorty (2013) calculates that by 2011 the price of land in Mumbai was almost as high as New York, while in terms of the ratio of land prices to earning power it was 12 times greater.¹⁰ But growing land rents were not tightly linked to broad-based city infrastructure dynamics. Political limits, most notably the power of the land cabal to resist or circumvent taxation or development requirements such as providing basic services for new housing projects, or, as in the case where resources were nonetheless abundant (Delhi), political decisions to invest in large symbolic projects (stadia for the Commonwealth Games, conventions halls) or exclusively middle-class mega projects (metros, flyovers, airport, malls) limited investments in inclusive infrastructure. At the national level, a major Centre-driven urban investment program (the Jawaharlal Nehru National Urban Renewal Mission, JNNURM) has been widely criticized for a project-driven logic more attuned to patronage than planning and has woefully underinvested in pro-poor initiatives (Sivaramakrishnan 2011).

In sum, in India's period of urban takeoff, land became central to rent creation, but with weak links to city infrastructure development. Thus even as land rents rose rapidly, growth declined in the core city. This notably shows up in spatial patterns of population growth marked by declining centers but rapidly growing peripheries where the costs of greenfield development are much lower. In Mumbai population growth in the decade 2001-2011 in the core of the city was 0.4% and in Delhi 2.4%. What growth did take place was in the periphery of the cities, 2.8% and 3.7% respectively. In Bangalore, where IT continues to occupy a central (but not exclusive) position in the city's political settlement, core growth was much more robust at 4.0% and relatively less dependent on greenfield development, with peripheral growth at 1.7%.¹¹ Much of Bangalore's peripheral growth was also absorbed into the core with the enlargement of the municipal limits, at the time of forming BBMP. These core-periphery dynamics are also reflected in data on land prices. Chakravorty (2013), drawing on data from RESIDEX National Housing Bank, shows that land price polarization is dramatically higher in Mumbai and Delhi than in Bangalore. For Mumbai he calculated that the ratio of land price per acre from the lowest zone to the

⁸ This coordination role for the larger economy is not limited to the private sector with both cities accounting for 12% of national "government related services".

⁹ Manufacturing in NSS 2009-10 represented 29% of workers (12% in apparel), compared to 19% in modern services.

¹⁰ In New York it takes 47 years of average income to buy a 1300 square feet apartment. In Mumbai it takes 580 years (Chakravorty 2013: table A13).

¹¹ The core in Mumbai is defined as Municipal Corporation of Greater Mumbai, i.e., the area of Mumbai and Mumbai Suburban districts that is most of the peninsula and excludes the new developments across the bay, such as Navi Mumbai and to the north (Thane), in Delhi it is the urban areas of the National Capital Territory, and for Bangalore, it is the new enlarged BBMP (Greater Bangalore Municipal Corporation) adjusted appropriately in 2001. These have populations of 12.4, 16.4 and 8.4 million for Mumbai, Delhi and Bangalore respectively. The periphery for Mumbai is the total population growth in adjoining Raigarh and Thane districts, for Delhi, it is the population growth in adjoining Ghaziabad, GB Nagar (NOIDA), Gurgaon and Faridabad (adjusted for changes in boundaries) and for Bangalore, it is the part of Bangalore Urban district not included in BBMP, and erstwhile Bangalore Rural district, adjusted for boundary changes in 2007, when Ramanagaram was created from Bangalore Rural. The populations of the periphery in 2011 were 13.7m, 9.7m and 3.2m for Mumbai, Delhi and Bangalore respectively.

highest zone is a stunning 24, with Delhi at a more moderate 4 and Bangalore just under 2 (2013:Table A11). This underscores just how much greater the returns to cornering core-city land are in Mumbai and Delhi compared to Bangalore.

Finally, the central social feature of the Indian city remains its widespread informality and marked social exclusion, both in work and in residence. All sectors of the economy, with the exception of government services and modern business services, are dominated by informal employment.¹² Similarly, access to basic services such as water and sanitation are largely governed by tenure and by the planned or unplanned status of settlements. Slums, which officially (Census 2011, see table 1) account for 41%, 11% and 8% of the population in Mumbai, Delhi and Bangalore respectively are the extreme example, but even large swaths of the lower middle class, including government employees, live in unauthorized colonies that are poorly serviced. That more households have televisions in slums and non-slums than in-house drinking water underscores how basic public services have not kept up with growth.

(3) *Politics.*

The possibility of a coherent political coalition that would underwrite either a growth machine or a social city is rendered unusually difficult by the weak political sovereignty of the city and the fragmented nature of socio-political interests, including the very limited industrial working class. This has resulted in a low-level equilibrium from the perspective of city politics. Political action in cities is either subservient to state-level political goals, or concerned with very local issues. Political actors strategically exploit institutional weaknesses to secure particularistic gains, which are then in turn reinvested in the existing institutional field and political alignments. This dynamic drives both elite and popular action.

At the elite level, a range of major private interests are primarily concerned with creating and sharing of rents—especially around land—in which private gains are misaligned with city economic growth, and yet are tightly linked to, indeed formative of, political and bureaucratic processes, at both the State and city levels of government. Politicians and state agencies, in particular the “development authorities” that are responsible for land planning and zoning, secure and bundle public land for private gain, or valorize existing land through targeted value-enhancing investments. Land and land valorization as a major domain for rent-creation and rent-sharing has underpinned and congealed alliances between political and economic elites—both for private gains and for the political finance that is crucial for re-election.

This is consistent with electoral politics because State-level elections are still primarily determined by the rural vote and because of the general absence of city-based political movements. This reflects the fragmentation of socio-economic structures described above and means city level political action is primarily at the local, as opposed to city-wide, level, and is characterized by patronage, intermediation, contracts, and local problem-solving.

The major exception to the absence of city-based political movements is the Shiv Sena, that is a major player in Mumbai. However, as this is an essentially nativist Maratha (and Hindu¹³) movement, it has not supported a programmatic approach to city developments in Mumbai. In the 2014 elections to the Delhi State legislature, a new political formation, the Aam Aadmi Party (common man party) won a dramatic victory, securing 67 of 70 seats. However, despite the Delhi base, the AAP is not really a city-based party, but rather the political expression of a national anti-corruption movement that took root in the city-

¹² The NSS defines informal employment as that in proprietorship and partnership enterprises. Using this definition, 99% of the urban employment in government related services is formal, while it is 53% in modern services and only 12% in traditional services.

¹³ <http://www.thehindu.com/news/national/shiv-sena-calls-for-revoking-voting-rights-of-muslims/article7095295.ece>

state. Its early behavior in power indicates it embodies an ambiguous mix of pro-governance response to the rent-extracting system and an old-style populist and leader-focused party.

A good illustration of how the governance structures that are determined from above shape political action in the city is the Jawaharlal Nehru National Urban Renewal Mission. Launched in 2005, JNNURM is the first targeted and concerted effort by the Centre to provide substantial finance for urban areas, mainly for infrastructure, conditional on a set of urban policy reforms. JNNURM has had three broad effects that have, in anything, reinforced the logic of the cabal.

First, though presented as a major effort to make cities more economically competitive and inclusive, most of the investments have gone to large schemes. As we discuss below, there is variation across cities. Delhi for example spent twice as much on flyovers as it did on sewerage, and nothing on water. Mumbai in contrast spent much more on water.

Second, JNNURM has boasted a significant social sector, specifically the Basic Services to the Urban Poor (BSUP) which was actually geared to housing.¹⁴ Later, it was accompanied by a new national slum policy, the Rajiv Awas Yojana (RAY), whose intent is the creation of a “slum-free India”, with an orientation toward *in situ* upgrading and granting of property rights. But this has since been changed substantially under the *Housing for All* scheme of the new federal government, which has no explicit policy for upgrading slums. In the case of Delhi, a nodal agency created to implement the policy has failed to rehabilitate a single slum, largely because much of the land on which slums in Delhi are located are owned by the Centrally controlled Delhi Development Authority (DDA), which in recent years has amassed Rupees 25,000 crore (about USD 4 billion) in reserves from its land transactions.¹⁵

Third, JNNURM was designed to promote local participatory democratic processes and the strengthening of local governance capacity, including required planning exercises. In practice, however, cities have been able to access JNNURM resources for infrastructure investment without satisfying these conditions and the planning exercises have largely been symbolic. Investments have instead been driven by projects, all of which have to be approved by a State-level nodal agency, reinforcing the state-city hierarchy (Sivaramakrishnan 2011).

Local politicians have taken full advantage of the opportunities provided by these programs. As brokers who mediate between the state and the city, they can often play a critical role in selecting projects. Developers and contractors big and small also benefit from the valorization of land and the rents associated with large infrastructure projects. Both sets of actors moreover have a vested interest in not devolving decision-making authority or promoting participation from below.

Within this equilibrium, non-elite groups have little choice but to adopt particularistic strategies that reproduce the low-level equilibrium. Middle and lower class groups have substantial political influence through voting, local mobilizations, and use of the judiciary. This includes the urban poor: most slum-dwellers have voting cards, vote in high proportions and discuss political issues in the home; there is also evidence that voting is influenced by information on the characteristics of performance of local politicians (Banerjee et al. 2011). Das and Walton (2015) further argue that poor slum-dwellers engage in a

¹⁴ As of April 2006, in Delhi 55,424 dwelling units have been approved under the BSUP, out of which 27,344 have been constructed and 1,116 (4%) have been occupied. In Bangalore 19,791 dwelling units have been approved, out of which 18,595 have been constructed and 14,559 (78%) have been occupied. In Mumbai, 41,733 dwelling units were approved, out of which 28,143 have been constructed and 15,538 (55%) have been occupied.

¹⁵ Calculated from DDA accounts, *Cities of Delhi*, Centre for Policy Research (see Heller et al. 2015 for overview). The current government of Delhi puts the figure at Rupees 40,000 crore (remarks of Manish Sisodia, Deputy Chief Minister on August 27 2015) or approximately USD 6 billion.

fundamentally political way in interactions with the state, including through the strategies of local political leaders. However, the available strategies are limited by the overall political functioning of the cities, and political pressure from below is insufficient to transform the overall equilibrium.

As a consequence of the overall structure, political influence typically works through vote-bank politics, clientelistic relations or the informal pressures both middle and lower class groups put on local politicians (at both the level of City Ward Councilors/Corporators and MLAs) to get issues of daily living solved. The demand for highly particularistic gains, or in some cases the club goods that might accrue to a specific neighborhood or sector, in effect trump the possibility of demanding more encompassing goods. This is reflected in the finding that the level of services provided to any single settlement largely reflects local political settlements, that is the specific ties that communities develop to local bureaucracies and politicians (see *Cities of Delhi*, Centre for Policy Research, hereafter CoD).¹⁶

(4) *Civil Society.*

Civil society in urban India is active but relatively ineffective in terms of city-wide policy. There are two problems here. The high level of social and economic differentiation has in general precluded horizontal linkages, and most civil society activism is group-, location- or sector-specific. This fragmentation is compounded by the legal-spatial segregation of the city, with different neighborhoods having very different levels of tenure security and consequent rights to services. The so-called “middle class” falls into two quite distinct categories. Those middle class fractions living in planned or regularized areas of the city have often formed RWAs that can effectively address local issues and even secure favorable treatment by the state.¹⁷ They have also been proactive in using their associational power and political connections in pursuing projects of city improvement and beautification. These tend to have exclusionary effects by relocating street vendors and/or informal settlements.¹⁸ In Delhi, the lower middle class tends to reside in unauthorized colonies that have yet to be regularized. Though they generally enjoy de facto security of tenure, their access to services is largely negotiated (CoD). Much associational activity revolves around collective self-provisioning as well as activism around efforts to regularize their status. Slum-dwellers face far greater obstacles to collective action. Because of their basic insecurity of tenure, they are often beholden to patronage politicians or slumlords and enjoy limited associational autonomy. While unauthorized colonies in many cities are often ‘regularized’, this is rarely true for slums. On the other hand, aided by rights-based NGOs and a judiciary that, while fickle, has at times extended legal protection to slum-dwellers, there is significant capacity to resist evictions.

This problem of differentiated and segmented class fractions is further compounded by the absence of institutionalized points of contact with the state. The provisions of the 74th Amendment and Central directives to strengthen local-level ward committees notwithstanding, citizens’ channels of engagement with the state are typically related to resolution of specific local problems, for example around service delivery, access to pensions, or crime—whether through frontline state workers or local politicians. There is also a widespread role for intermediaries and brokers. Citizens have some awareness of rights, but in terms of practical strategies the politics of patronage typically supplants the rights of citizens. Overall then, civil society is active but fragmented. A lack of collective cohesion, organizational capacity and institutional access has largely limited civil society to defensive and often highly particularistic

¹⁶ <http://citiesofdelhi.cprindia.org/>

¹⁷ Officially, “planned colonies” and “regularized unauthorized colonies” represent 36% of Delhi (Delhi Development Report 2008).

¹⁸ See the plaint in *Relief Road Housing Societies v. State of Maharashtra* 2002 (1) BomCR 15 <https://indiankanoon.org/doc/418767/>. Similar sentiments are also seen in the media discussion around demolitions in Golibar in Mumbai and Ejipura in Bangalore, for example <http://www.dnaindia.com/analysis/column-middle-class-s-tailor-made-morals-can-collapse-against-bulldozers-1918837>

actions.¹⁹ Citizens have insufficient structured influence to underpin an effective distributional deal, or even make much headway in pressing government agencies for effective service delivery.

A partial new exception is the rise of the AAP, which has succeeded in linking middle class grievances over corruption and bad governance to the service delivery concerns of the urban poor. That the AAP emerged out of a social movement and frames its platform as rights-based. At least in initial formation and narrative it is the quintessential civil society-based political formation (with interesting parallels to the PT in Brazil).

If civil society has not struck any deep or broad roots, some NGOs that are focused on specific issues have developed some important points of leverage. A range of NGOs focused on accountability have brought issues of corruption into public debate via reports from the Comptroller and Auditor General (CAG) and Lokayuktas. Rights-based NGOs have used the judiciary to secure protection for hawker activities, based on the constitutional right to life, or assisted slum-dwellers in resisting eviction. Civil society groups have also made effective use of the Right to Information Act to obtain and share information on the performance of politicians—as noted above, there is evidence that this influences voting behavior. But as a countervailing force to moneyed power and in particular to the land-grab raj, civil society remains largely impotent.

In sum, institutional forms and socio-economic developments has made programmatic city-wide political mobilization unusually hard, whilst providing incentives for both particularist rent-extraction and sharing, and a focus of the poor and middle class urban citizens on highly localized political action.

As a final comment the weakness of city-wide political and social movements is also reflected in a corresponding weakness of an overarching narrative of city development. This is not for lack of effort on the part of particular groups—narratives of “world class cities” have been prevalent in all three cities, especially amongst some of the business elites, sometimes working with technocratic elements of the governments. Delhi in addition has a narrative of a capital city, with at times substantial implications for the aesthetics of city development (Ghertner 2015). But these have not been “hegemonic” in the sense of providing an overall frame for design, thought and action over city development. Moreover, these ostensibly city development discourses are not fully embraced by the core political elites, and are contested by many civil society and subordinate groups. Rather, there is a medley of narratives and cognitive maps of political-bureaucratic elites (and counter-narratives of subordinate groups) with varying mixes of narratives of growth-modernization, rent extraction (including “unlocking land values” in the official discourse), middle class populism, and representation of subordinate groups.

Contrasting Urban Regimes: Bangalore, Mumbai and Delhi

In this section, we examine these issues at the level of our cases. While all share characteristics of the modal urban regime, there are also contrasts, reflecting both their differing underlying socio-economic processes and city level political and institutional process. A sketch is provided in Table 4.

¹⁹ A possible historical exception is the Mumbai working class that had some organized clout in the 1960s, but has since largely disappeared. It is otherwise difficult to identify any subordinate actor that has a city-wide presence in any Indian city.

Table 4. Variation across three mega-cities

	Growth	Dominant coalition	Inclusiveness	Narrative
Bangalore	Growth cabal: Elements of a half-baked growth machine, in a sectorally-based IT niche, alongside rent-extraction processes.	IT, garments excluded – unstable, and significantly usurped by extra-city mining interests	Slums are relatively small, with growth in the peripheral areas	World class, high tech, service sector city with a comparatively large manufacturing sector that has survived
Mumbai	Rent-extracting cabal focused on core land values	Coalition of developers and “World Class city” interests such as finance	Lots of middle class live in slums. Slums have more leverage than in Delhi.	World class city, finance and culture (Mumbai is home to Bollywood, the base of Hindi cinema)
Delhi	Rent-extracting cabal based on external sources (Central funds) that drive land values and infrastructure rents	Developer and upper middle class (planned colonies)	Upper middle class city, with organized exclusion	Aesthetic city (at expense of industrial city) but reinvestment partially in services/information economy

Source: authors

Bangalore

No city has more explosively emerged as such a critical center of the global information economy than Bangalore. Within a short span of time, a backwater administrative town with a large educational sector morphed into a leading center of production and innovation in IT, second only to Silicon Valley in the global hierarchy. The growth of this sector in turn generated extraordinary growth in city income, territory and population, attracting skilled migrants from all over India making Bangalore India’s most cosmopolitan city.

In terms of our typology of urban regimes, Bangalore has vacillated between a half-baked growth machine, with relatively open interaction of business groups with governance mechanisms, and a growth cabal. In colonial times Bangalore was mostly an administrative city, but in the 1960-80s it benefitted from a concentration of high-tech government investments such as Hindustan Aeronautics Limited (HAL), Indian Telephone Industries (ITI), Bharat Earth Movers Limited (BEML), Bharat Heavy Electricals Limited (BHEL), Hindustan Machine Tools (HMT) and Defence Research and Development Organisation (DRDO) and new higher education public institutions. This set the stage for the take-off of the IT sector. For the 1990s and much of the 2000s Bangalore looked, at least from a distance, to be more growth machine than growth cabal: a dynamic urban centre with a prosperous middle class that could compete globally. The nascent growth machine was driven by the dynamic and expanding IT sector. But this IT-driven growth machine ultimately had limited reach and didn’t extend to other industries. Moreover, city politics, as in other Indian cities, have always been embedded in broader State-wide issues. These have worked through a series of lobbies—from liquor to education to mining and land development. The politician-business nexus has become tighter over time, and increasingly embodied in the same people, as businessmen enter politics, and politicians enter business. There has been a failure of planning and infrastructure provision to keep pace with the demands of business and living, manifest in huge traffic congestion problems and service delivery bottlenecks. Divisions between identity-based groups have been recently politicized. From talk of the Bangalore and Karnataka “model” (see Kadekodi, Kanbur and Rao, 2007), the main theme of recent years has been of corruption in the State. In many respects Bangalore has become a “normal” Indian mega-city.

How can this trajectory be explained? There are two respects in which the IT sector had the potential to underwrite a growth machine based not just on expansion but also innovation.

First the sector itself was the most competitive in India, developing through competitive exports (rather than domestic rents), carried by a new business elite that prided itself on its independence from state tutelage and saw itself as a driving force of modernization. The IT sector in Bangalore was not only economically successful, but also well organized. A responsive state focused on making Bangalore “globally competitive” and set its sights on becoming Singapore and rivaling Silicon Valley. This took the form of dedicated investments for mega-projects, including public funds for “acquiring land to promote large corporate residential and work environments and related infrastructure such as multi-lane highways and dedicated power and electrical systems” (Benjamin 2000:38).

Second, the IT sector’s dependence on a high-skilled, English-educated workforce that closely identifies with cosmopolitan attributes of city life (consumerism, associational freedom, cultural diversity) gave the sector a direct stake in developing a livable city, at least for the upper middle class. And indeed, IT businesses did coalesce into a powerful force in city politics, securing extensive support in tax breaks and land allocations. The organized and modernistic spaces of the IT campuses that dot the Bangalore built environment are a testament to the sector’s power. Beyond immediate sectoral interests, IT business leaders actively promoted “good governance”. The formation, at the behest of the Congress Party Chief Minister, of the Bangalore Agenda Task Force (BATF) in 1999, has been widely recognized as a singular moment in Indian urban politics in which a business lobby assumed a direct role in city development. Indeed, with the quasi-governmental powers of the BATF, including a proactive role in shaping Bangalore’s strategic planning, the IT sector exerted far more influence even than in a typical US city growth machine. Discursively, the nascent growth machine projected an image of hyper modernity and progress, specifically invoking the cleanliness and efficiency of Singapore (Nair, 2005). Critics picked up on the underside of the analogy, pointing to the high-modernist and extra-democratic nature of privatized governance. But even here it is notable that criticisms of lack of inclusiveness and biases against established local socio-economic areas (Benjamin, 2000) point precisely to the advent of a modernizing growth machine.

But the growth machine was half-baked. What might have been a virtuous cycle of coordinated governance fostering agglomeration economies was ultimately ruptured by the reassertion of rent-seeking politics. The first problem lay in the fact that the synergies that IT benefitted from were not extended to other industries such as garments (a larger, though declining source of employment than IT). Public investments were in fact highly skewed, favoring roads over public transportation, mega projects over public services.

Second, governance reforms promoted by BATF never really got off the ground. Committees were formed, plans were made and a new vision was articulated, but in the end politics and institutional fragmentation won the day.

Third, the returns to land development have skyrocketed, in part as a consequence of the success of the IT sector. This increased the returns to the state’s brokerage functions that in turn has further entrenched the politician-developer nexus. Goldman reports that in the 2008 State-wide elections, 23 of 30 Bangalore MLAs had significant interests in real estate (2011:567).²⁰ He summarizes his argument on “speculative urbanism” by concluding that “land speculation and active dispossession inside and surrounding the city

²⁰ The National Housing Bank Residex records that in the most expensive parts of Bangalore (Zone C), the prices rose by 2.6 times over 2007 to 2012, a compound rate of 20% per annum, but less elsewhere. See <http://www.nhb.org.in/Residex/BANGALOREres.php>

of Bangalore is the main business of its government today” (2011:557). The IT sector itself became a key player in this sector, investing significant resources in what were called “land banks”.²¹

There has in the past decade been a marked deterioration in the city’s basic infrastructure relative to growing needs. Congestion has become notoriously bad and can only worsen as the existing public transportation system continues to fall behind the pace of growth. The city is experiencing increasing water problems and its garbage system quite literally collapsed under the weight of poor management. A recent World Bank study finds that Bangalore’s “economic success is creating its own infrastructure problems, including poor water quality, traffic congestion, and housing shortages” (World Bank 2013: 37). Even the city’s iconic modernist project, the new international airport, has, because of political machinations, been poorly integrated into the metropolitan transport infrastructure.

But the clearest measure of the slide from a nascent growth machine into a growth cabal is the city’s pattern of land development. In the 1960-80s the periphery of the city developed in the form of massive colonies complete with infrastructure to house the workers of large public sector firms (Pani 2009). But today, as Ranganathan neatly summarizes, “Bangalore’s peripheries are perhaps best known for concentration of large-scale land speculation and illegalities” (2014:593). Rent-seeking land interests have combined with the brokerage functions of government parastatals (Goldman 2011) to drive a relentless pattern of sprawl, with large private-estate mega projects dominating the landscape. These are essentially self-provisioning gated communities, with most services provided on a private basis. Filling out the greenfield expansion have been unauthorized lower middle class developments. However, in contrast to the classic American pattern of sprawl, this growth has not been planned or accompanied by infrastructure development. Because these new lower class developments are not serviced, Ranganathan has dubbed this segment the “peripheralized middle class” (2014).

In explaining the failure of an otherwise favorable socio-economic configuration to produce a governable city, one can only turn to the larger political and institutional equation in which Bangalore is embedded. Many recent efforts to improve governance in Bangalore, most notably strengthening the city’s planning capacities (including BATF), were ultimately defeated by the reassertion of extra-local institutional power. BATF itself became a political football. Initially sponsored by a Congress Chief Minister, it was replaced by a task force packed with political appointees when the BJP came to power in 2008. A range of other parastatals asserted their power to run basic functions of the city (Benjamin, 2000). All of this in turn simply reflected underlying political realities. For all its sectoral power, the rise of IT never diminished the significance of more traditional and politically entrenched rent-extracting and sharing lobbies, such as liquor, higher education and real estate.

The nascent growth machine was moreover dealt a decisive blow by the rise of a new sectoral lobby, the Bellary mining group. This powerful lobby, which made its fortune by capturing the local state in the Bellary region of Northern Karnataka and organizing a vast industry of illegal mining, not only bankrolled the rise of an opposition party formation—the BJP, which came to power in 2008—but also ended up controlling a number of ministerial positions and putting much of the state legislature on its payroll. As a report by the Karnataka Lokayukta (the state-level ombudsman) subsequently revealed, politicians were bought with land paid for by mining rents and appropriated by the state, in its brokerage role. This mining cabal – arguably the most coherent of its kind in India – eventually imploded when the Lokayukta exposed its capture of the political process, but not before the city had been rocked by a wave of major land- and license-related corruption scandals in which the then Chief Minister was directly implicated.

²¹ Goldman (2011:573) cites Infosys annual reports as listing a range of land bank investments. The Satyam Scandal, once the fourth-largest IT firm in India, revealed that its chairman had set up 275 real estate holding companies in the names of family members.

Wracked by corruption scandals, the BJP was ousted from power at the state level in 2013, a reminder that there are democratic limits to predatory behavior. But these democratic limits are far too reactive to generate a viable alternative to the growth cabal. A city that benefits from a particularly cosmopolitan middle class has spawned a fairly vibrant civil society, including a number of active NGOs in the governance sector. Some accountability reforms have met with success, notably the report card on urban services, targeted efforts at improving local-level planning and exposing corruption (including the activity of the ex-Lokayukta). The latter, in particular, illustrates how state agencies can be responsive to citizen pressure, and have had some effect. But in the absence of broader-based support, it is difficult to see how these initiatives can scale up politically. The urban poor and other workers remain largely unorganized. The middle class, while probably the most sizable in India relative to the size of the city, is highly fragmented, with a highly privileged, globally connected upper segment residing in self-provisioned gated enclaves, and a sprawling lower middle class consisting most of ancillary services to the export sector and government employment, scattered across communities of varying legality and service provisioning.

The IT sector remains economically dominant and continues to support a powerful discourse of making Bangalore into a world-class city. But lacking a significant political base in the city, and having ultimately to answer to external political demands, it has had little choice but to retrench into a growth cabal, a highly profitable, globally articulated sector with deep ties into the city's land rents that it shares, uncomfortably, with the state's assorted private-public rent-seeking cabals. As a recent government report on the encroachment of lands remarked, having once been known as India's "Garden City" or IT city " ... at this rate, Bangalore will become infamously the Land Grabbing Capital of India ..."²²

Yet there are two respects in which Bangalore is still more growth cabal than a rent-seeking cabal. Land has emerged as a critical source of rents, but these rents have been tied to the growth of IT and ancillary activities. Land development has been much more concentrated in the periphery, supporting the expansion of a middle class with relatively high incomes. This is reflected in the fact that core-periphery housing prices differentials are not as pronounced as in Mumbai and Delhi (where rent-seeking is concentrated in the core). Accumulation in this sense is still tied (somewhat) to development rather than just preserving rents. And even if overall governance and coordination remains poor, the pattern of growth has not been as socially exclusionary as in Delhi and Mumbai. As Solomon notes (2000), the "local economy" of small, informal enterprises continues to thrive in the core of the city and in this "producer-IT city" the lack of coordinated support notwithstanding, manufacturing continues to provide a significant amount of employment (Table 3). It is also notable that Bangalore's slums are moderate in size by Indian standards, in large part for historical reasons.

Mumbai

Mumbai represents a second type of missed opportunity, namely a failed Fordist compromise that has degenerated into a rent-seeking cabal. Mumbai is India's historic economic capital, home to many of the country's entrepreneurial social groups, but also the city with the highest concentration of slums (Table 1). Because it has such a long history as the dominant center of economic activity (emerging originally as a center of colonial commerce) Mumbai is, not surprisingly, the Indian city that has enjoyed the most distinctive form of urban politics. Once home to the country's largest communist-organized working class, it now hosts India's only urban political machine (the Shiv Sena).

Despite its status as an economic center, Mumbai's fortunes have been every bit shaped by the shifting Maharashtra political settlement. In the immediate post-Independence period, rural sugar-based rents

²² Joint Legislature Committee on Encroachment of Lands in Bangalore Urban District, 2006, cited in Goldman (2011:571).

provided the financial resources underpinning the dominance of local Congress politicians. This resulted in relatively low levels of rent extraction from Mumbai itself and allowed the private sector to develop quite dynamically (Roy, 2012). Rapid industrialization was undergirded by a de facto understanding between industrial interests, labor and subordinate groups in what was then Bombay. But as migrants kept pouring into a city that was booming, the city's highly restricted land mass (a water-bounded peninsula) inevitably produced a high proportion of informal housing in slums (by far the highest in India, see Table 1). The city did recognize the need to provide housing to the working class and the Bombay Development Department (BDD) constructed hundreds of *chawls* (low income apartment buildings) near the textile mills. But as Weinstein notes, the efforts were haphazard at best, as industrialists and developers profited from the limited supply of housing and the city's elites resisted efforts to increase levies to pay for a public housing program (2014: 36). In the absence of a development coalition, various efforts at comprehensive planning never took off, and Old Bombay, the densely packed core of the city, saw little investment in housing or infrastructure. This problem was compounded by the divide between the city of Bombay and the state of Maharashtra. The corporation, which was responsible for Old Bombay, had limited resources. In contrast, the Maharashtra Economic Development Council (MEDC) began planning New Bombay in the 1970s favoring "the idea of building a new city as opposed to patching up the old (Shaw 2004, 74 cited in Weinstein 2014:45).

At the height of the city's reign as an industrial powerhouse, and with State politicians securing their core rents from the sugar lobby, a militant and highly organized working-class could conceivably have formed the economic base for a Fordist class compromise. However, the dramatic defeat of the industrial working class in the textile mills strike of 1982-83 marked the beginning of de-industrialization and informalization of the labor market. This in turn gave rise to a classic rent-seeking cabal. As both capital and labor fragmented, accumulation was re-centered around a land-mafia-politician nexus. The urban poor, politically empowered historically by unions and leftist politics and later represented, at least for native Maharashtrians, by the Shiv Sena, could successfully resist displacement and even make some claims on the city for services. But this competitive, clientelistic and increasingly ethnicized politics of claim-making has left little room for programmatic reforms and more or less locked the city in a low-level equilibrium (Chattaraj and Walton, 2016). The dominance of the land mafia, coupled with the capacity of the urban poor to assert minimal, defensive rights, has created a stalemate of sorts in which governance has been reduced to side-payments. The net result is massive congestion, huge delays in infrastructure and slum redevelopment, absurd land regulations and high profile corruption. Unsurprisingly, a business-led effort to design a growth-machine like World City unraveled quickly.

For all these governance problems, there were proto-Fordist elements to Bombay in its industrial heyday. Most notably, the city was marked by a degree of inclusivity, at least compared to other Indian cities of the time. The housing stock was poor and the city was overcrowded, but a wide range of groups were able to take advantage of the city's economic dynamism and Bombay developed into India's most cosmopolitan city, attracting skilled professionals from all over India and unskilled labor from all across Western and Northern India. A wide range of large-scale businesses, most notably textiles, and small, more informal businesses flourished, most famously the slum of Dharavi with its large informal sector that is globally connected²³. This was *proto-Fordism* because class compromise was piecemeal and informal, with little of the coordination of class interests, including comprehensive city planning that was the hallmark of Fordism in earlier phases of city development in now-industrialized countries. Thus, for all its resources and dynamism, (then) Bombay was still very much caught in the clutches of the Indian model of urban governance. Planning remained extremely weak, and regulation high-handed and burdensome. Subordinate groups had sufficient power and organization to hold their ground and even claim some services in what Benjamin (2008) has evocatively labeled "occupancy urbanism". Most notably, evictions were often effectively resisted. But repeated reforms to upgrade slums rather than

²³ See for example <http://news.bbc.co.uk/2/hi/business/7676337.stm>

leading to regularization (integration) only created new points of negotiation. This was insufficient to effect substantive transformations of the urban service environment for the poor.

The core method for resettling the slum dwellers is the scheme under the Slum Rehabilitation Authority (SRA), which entails the in-situ redevelopment of a slum settlement (see Nijman, 2008, for a description).²⁴ The eligible slum residents are resettled in high-rise apartments (25 sq. m. each) on site and the remaining land is used for building apartments for commercial sale. The extent of commercial sale apartments depends on the number of rehabilitation tenements built. If the entire space available for commercial sale cannot be utilized on the site, the developer is allowed to transfer these development rights to another location, north of the development site. These “transferable development rights (TDRs)” are tradable and can be sold to another developer. As Issar notes, “In a city with high density of land use, extremely high land prices, and restrictive building height policies, TDR is akin to land. The political economy of floor space is the political economy of land in such a city” (Issar, 2013 Chapter 4, p. 10). The transactional complexities of valorizing land has spawned not only an army of brokers and enforcers, but has created spaces for both large and small developers to engage in rent-seeking. Because Ward Corporators (Mumbai’s name for municipal politicians) have always had a strong role to play in Mumbai, there is also broader involvement of politicians, which has in particular buttressed the strength of the local political party, the Shiv Sena, a classic machine party that is active in organizing and distributing retail rents.

Reviewing these developments it becomes clear that the class stalemate has gone hand in hand with the expansion of the regulatory state. On the one hand, economic elites have effectively resisted the comprehensive planning and public investment required to transform the city and integrate the lower classes. On the other hand, lower classes, and notably the majority of Bombayites/Mumbaikars who live in slums, have had sufficient power to press claims on the city and to carve out entrepreneurial niches. In lieu of a political settlement that could have supported the integrative functions of the Fordist city, the stalemate instead led to the expansion of regulatory powers that created a vast swath of opportunities for front-line rent-sharing over land, housing, negotiated services and informal economic activities. In Mumbai, the regulatory state has grown as a means to manage the sharing of spoils between the dominant classes, much like the characterization of the political economy of the Indian state described in Bardhan (1983). This endogeneity of regulation as a means of rent sharing is expressed in many ways, most strikingly in the exemptions to the Floor Space Index (FSI) regulations governing buildings in Mumbai. This creates a hybrid regime in terms of legality and formality.

The proto-Fordist period began to unravel in the 1970s for three reasons. First, as rural interests outside the sugar zone emerged, the hegemony of the Congress system declined, opening opportunities for new political challenges, notably of the Shiv Sena (Roy, 2012). Second, the political defeat of the textile unions and the subsequent decline of industry, eviscerated the organized power of the working class. Third, economic liberalization led to massive increases in potential land rents, and shifts in the epicenter of both legal rent-extraction and criminal activity, from smuggling to land deals. These developments in turn produced new alignments that further corroded the governability of the city. Finance, the new dominant industry in the city, had little interest in tackling questions of governance and infrastructure. Its dominance was moreover completely compatible with rising land rents: finance is high return and

²⁴ Since inception in 1996, the Mumbai Slum Rehabilitation Authority (SRA) allotted 1,524 redevelopment projects, of which only 197 are complete. As many as 1,100 projects are being developed and 1.53 lakh families rehabilitated, while around 217 projects have stalled.

<http://www.mumbaimirror.com/mumbai/others/17-years-on-govt-realises-SRA-has-failed-Mumbai/articleshow/22271732.cms>

http://www.sra.gov.in/Data/English%20ppt%20%2001.04.13%20short_files/frame.htm

requires little land. Industrial capital virtually fled the city core, migrating to the peripheries of Mumbai Suburban district, and Thane, where Navi Mumbai, a new city development built by the City and Industrial Development Corporation of Maharashtra Ltd. (CIDCO) is located.

If the Bombay of proto-Fordism sustained some growth, the Mumbai of today has become a clear case of a rent-seeking cabal. In the city core, investment has been entirely arrested and there is even evidence of declining economic activity (Sivaramakrishnan, 2015). Mumbai was well positioned to be a central node for the IT sector, but high rents have proved to be a challenge. Finance is a growing sector, but one that has little stake in seeing the city develop. As is true of all Indian megacities, real estate prices have soared. The contrast with Bangalore and Delhi is that the rent-seeking cabal is broad, diverse, and much more embedded in city politics. In Delhi and Bangalore, much of the real estate growth is based on greenfield development and large infrastructure projects such as the Delhi Metro or the Bangalore ring road corridors in which the brokerage functions of parastatals like Delhi Metro Rail Corporation (DMRC), Delhi Development Authority (DDA) and Bangalore Development Authority (BDA) play a significant role. In Mumbai, much of the rent-seeking is organized around squeezing higher rents from an ever more densified core area, while the peripheries are managed by different local bodies, like Vasai Virar and Navi Mumbai, which are economically linked to Mumbai but not necessarily under its political control.

The legacies of the aborted Fordist era are critical to sustaining the rent-seeking cabal. The most visible example is the dynamics of negotiations around the development of the old mill areas. These legacies of Mumbai's textile industry constituted a highly valuable resource of land. After extensive negotiations with various groups the city designed an arrangement in which a third of the area would be for low-income housing, a third for public spaces, and a third for commercial development. This was, however, trumped by the Maharashtra State Government, that confined this arrangement to the 10% of land not built up—constituting a massive distributional shift to the developers—supported on technical jurisdictional grounds by the Supreme Court (D'Monte 2006).

However, despite pervasive informality and failures of governance, in particular over infrastructure and housing delivery, Mumbai is marked by a remarkably stable equilibrium held in place by acutely spatialized inequalities but also what Weinstein calls the “contentious politics of stability” (2014). Slums have significant rights and also enjoy significant organized protection from politicians, both on routine matters of engagement with the local state and on policy process. Thus Mumbai's myriad “slum clearance” schemes driven by State-level interests remain robustly contested.

Delhi

Delhi has two clear advantages compared to other Indian mega-cities. As the capital, it secures a disproportionate share of national resources. As a city whose political boundaries are largely coterminous with the State of Delhi it does not suffer the problems of being ruled by parties with largely rural constituencies. Yet despite these formidable advantages, from both the perspective of dynamic growth and social inclusion Delhi represents the most clear-cut case of failure.

While Delhi has grown dramatically over the past two decades, its growth has been particularly rent-driven and highly dependent on public resources. Unlike Mumbai and Bangalore, Delhi has never built a comparative advantage in any particular economic sector, and indeed, has been so hostile to economic activity that all the dynamism in the region has been located in adjoining satellite cities (Gurgaon and Noida) that are outside its jurisdiction. On the social front, Delhi's planning and land development has systematically produced zones of exclusion that have rationed the core of the city for its upper middle class. Both these outcomes can be traced to the dominance of a rent-seeking cabal, that is particularly shaped by the outsized role and power of the centre-controlled Delhi Development Authority (DDA) and strategically placed politicians and developers.

As the colonial capital, Delhi inherited a highly segregated spatial form with a clear demarcation between white collar elites and the laboring classes, the latter packed into the large, vibrant settlement of old Delhi, which is now formally a Slum Declared Area. Post-independence, Delhi was dominated, as an administrative city, by the proto-type of what Bardhan (1983), in his seminal analysis of India's dominant classes, dubbed the professional-bureaucratic proprietary class. Partition brought waves of refugees that were accommodated in settlements that had poor service provision, and slow regularization. The city has since been actively rationed, with the DDA consistently under-developing land and under-provisioning low-income housing relative to rates of population growth. This, as Bhan (2013) shows, has produced concentric circles of exclusion in the form of unauthorized colonies and slums around a core of planned colonies. Eviction policies, first in the Emergency between 1975 to 1977 and recently in the run-up to the Commonwealth games, have sharpened these spatial exclusions by removing centrally located slums to peripheral "planned resettlements" that are in practice nothing more than "planned illegalities" (Bhan 2013). In all, the city has managed to create eight differentiated settlement types defined by varying degrees of tenure and planning and constituting what is in effect a grid of differentiated citizenship. As carefully documented in the *Cities of Delhi* project, each settlement type enjoys a different bundle of basic services.

Such differentiation of course exists in Mumbai and Bangalore as well, but is much more sharply defined in Delhi. There are basically three reasons for this. First, the driving logic of the rent-seeking cabal is the preservation and the rationing of the core of the city. The value of literally being close to power (and the assorted brokerage functions that power invites) and the returns to massive public investments have generated significant land rents. This is supported by a powerful discourse of an "aesthetic" capital city that unites nationalist politicians, modernizing bureaucrats, big-project developers (especially malls) and cosmopolitan upper classes against what this class perceives as a disorderly, undisciplined, encroaching mass (Ghertner 2015).

Second, Delhi enjoys unusual regulatory and disciplinary power. Until the 1980s when it became a State, it was under the direct control of the Centre with no territorial mechanisms of democratic accountability. The DDA was the model for development authorities, and the most powerful of them, enjoying a near monopoly over land development. More so than in any other city, it has been able to plan and enforce spatial differentiation and the rationing of the core. This power has extended to enforcement policies to keep most industry out of the city, including concerted efforts to control informal economic activity by, for example, prohibiting mixed zoning of residential and commercial activities, which has since been changed (Mehra 2012).

Third, administrative enforcement of differentiated citizenship has pre-empted horizontal alliances among the excluded. By the government's own estimates, only 24% of the city's population resides in "planned settlements" with the balance living in settlements that must all negotiate their relationship to the state and to public services through patronage bargains. With the city fractured into over 2,000 colony-based political settlements it is hardly surprising that Delhi has no history of organized mobilization either from slum-dwellers as in Mumbai or the "occupancy urbanism" that is widespread in Bangalore (Benjamin 2008).

The dominance of a rent-seeking cabal is apparent in both the city's socio-economic profile and in its political-institutional processes. Delhi's elites have always owed their privileged position to state power and the city's commercial or industrial class that once comprised large textile firms like the Shrirams' is now largely petty traders, who organize to contest the implementation of zoning laws. The dominant economic activity was for a long time administrative and public services, but in the globalization era Delhi has morphed into an important command and control center for the national economy. The broader Delhi economic region has become home to corporate headquarters and processing centers, but most of

this new activity has in fact been located outside of Delhi's city boundaries in the satellite cities of Gurgaon and Noida. The broader Delhi region is second only to Maharashtra (including Mumbai) in attracting FDI, accounting for 20% of all flows over 2000 to 2015.²⁵

Delhi has seen its modern business sector grow rapidly, but much of this growth has had less to do with new business ventures than with coordinating activities such as banking, insurance, legal services and more generally brokerage with the state. The manufacturing sector, which was never large to begin with, has been shrinking. In the past decade banking/insurance and real estate/modern business services were the two fastest growing sectors by far (10% and 14.7% respectively, see Table 2).

This new economic profile reflects the politics of the "aesthetic city". With planning focused on "improving the environment in the core city" (Kundu, 2003:3530) the city has never been friendly to industry. In the 1980s the DDA actively pushed emerging IT enterprises to satellite cities. There have also been repeated efforts to control and shrink existing informal manufacturing activity. Coupled with slum removals and planning policies that have kept illegal settlements at bay (no unauthorized colony has been regularized in the past 20 years), the net effect has been to insulate and ration a modern, relatively well planned and regulated core consisting of the NDMC area and its immediate ring of planned colonies from a rapidly expanding periphery.²⁶

That the cabal is organized more around rent-seeking than growth is evident from a pattern of public investment that has been single-mindedly geared to elevating the enclaved core to world-class city status. Investments in malls, a new international airport, an expansive metro system, sports facilities and parks have all but crowded out investments in public transport, water provisioning, sanitation and local economic development (see JNNURM figures cited earlier). The rent-seeking cabal is organized both around capturing the returns to centrally funded infrastructure projects and working with the DDA to develop new land for commercial ventures (e.g. malls) or educational and health institutions. In the past two decades, the DDA, which was originally conceived in the Nehruvian vision as an agent of socialist planning, has become an aggressive broker and bundler of land, amassing billions of dollars in cash reserves. The returns to the cabal have been high, as witnessed by rising land prices in the core and the massive cost-overruns of mega projects. Politically, the project has been made feasible by the incorporation of the educated middle class through DDA-subsidized housing and a range of implicit and explicit subsidies, as well as participatory schemes for planned colonies (Resident Welfare Associations).

This social compact in turn has been sealed by the rotation in power of two parties - the BJP and the Congress – that have a direct stake in the rent-seeking cabal, all the more so because the massive rents from the Capital help support national party structures. Tellingly, both parties have refused to devolve significant power to the local Delhi municipal corporation.

The failings and unsustainability of the rent-seeking cabal are increasingly apparent. As the core has become rarified, the periphery has exploded in size and activity, but also in its disorganization. Over the past decade, growth in the core has stagnated while the periphery has grown steadily both in terms of population and economic activity. Yet investments still skew in favor of the core, and this has left a clear mark. There is now ample evidence that spatial inequality in service delivery is acute (Sidhwani, 2015; Singh, 2014). Little progress has been made in slum upgrading despite major schemes. Remarkably, as noted earlier, Delhi has been able to allot only 4% of the housing for the poor it has built so far. Similarly,

²⁵ See http://dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_June2015.pdf Maharashtra accounted for 29%, i.e., together these two urban centers accounted for half of all FDI. However, this can be more due to location of head offices than actual economic activity in the region.

²⁶ The New Delhi Municipal Council (NDMC), is a central body that manages the administrative core of Delhi, comprising a mere 3% of the territory.

efforts to regularize unauthorized colonies have made little headway. The Delhi Metro – the largest urban infrastructure project in Indian history - has been a success, but has come with opportunity costs of underinvestment elsewhere, not least in the bus system, which services lower income segments, and is falling dramatically behind. Traffic has worsened, and the flyovers that have claimed the largest portion of JNNURM funding have had the net effect of truncating the city.²⁷ Nowhere are the failures of governance more visible than in Delhi’s new status as the most polluted city in the world, and this in a city with little industry.

We end this section by highlighting that precisely because regimes are politically and institutionally constructed, they can also be subject to political transformation. The rent-seeking cabal in Delhi has imposed a low-level equilibrium on the city, one in which a non-productive privileged core exploits democratic deficits to monopolize public investments and rents. But the regime has been recently politically challenged. The rise of the Aam Aadmi Party represents a revolt of the periphery. Riding the wave of the national anti-corruption movement that shook Delhi in 2011-12, AAP first made inroads in state elections in 2013 by capturing most of the city’s outer wards (Ramani 2013). It subsequently (2014) won the most commanding majority (67-70 seats) in Indian state election history, and this in the immediate aftermath of the BJP’s national electoral victory under Narendra Modi. The social base of AAP consists of slums and unauthorized colonies and progressive elements of the upper middle class, but most telling is that AAP, as a new party, captured the voter’s imagination by promising to strengthen Delhi’s sovereignty, promote people’s participation and deliver public services. Whether or not AAP succeeds—among other things unclear if it has the resources or the authority to do much of what it promises—its sudden rise to power is symptomatic of both the acute problems of urban governance in Delhi as well as of often but always present possibilities of democratic change.

Conclusion

Focusing on India’s urban regimes brings into sharp relief Kohli’s (2012) succinct diagnostic of India’s developmental travails: a vibrant democracy that is badly governed. This applies with particular force to India’s cities. Most of India’s urban population have voting cards and regularly vote, in municipal, as well as state and national elections. Both the urban middle classes and slum-dwellers are politically aware and pursue a variety of strategies for engaging with the state, whether through front-line service providers, local politicians or intermediaries. But the nature of India’s urban regime, as explored here for mega-cities, has meant that this action from below has been largely confined to local action on issues particular to individuals or local neighborhoods.

We began this paper by making the claim that one should be skeptical of overly structural explanations of city functioning in India, that point, for example, to a dominant influence of neo-liberal globalization. We have rather focused instead on the political and institutional conditions that underwrite city governance, channeling and influencing socio-economic dynamics and shaping the possibilities for civil society action. The paper has particularly argued that the concept of an urban regime is relevant to India, in the sense of governance mechanisms for coordinating interests within the city. However, the urban regimes that characterize India’s mega cities are neither like the “growth machines” of US cities nor the “social cities” of parts of Europe. They rather fall in a spectrum that we have characterized as ranging from “growth cabals” to “rent-extracting cabals”. To the extent that coordination occurs, it is among cabals of selective business interests and politicians. In some cases—for which Bangalore is an example—these cabals have been to a significant extent associated with productivity-enhancing activities, hence the designation of a “growth cabal”. But these have not, despite efforts by the most productive business interests, been integrated with the governance of the city, and as a consequence there has not been effective overall economic and social development. In other cases, the dominant cabal has been organized around rent-

²⁷ Interview with DDA transport official.

creation and extraction, especially associated with land and government contracting. This may have been associated with some infrastructure creation, but the core driver is private rent creation—Mumbai and Delhi both typify this, and we refer to this a “rent-extracting cabal”. Some accumulation occurs in both contexts, though the rent-extracting cabal has a higher ratio of private accumulation to real increases in economic productivity in the city. There are some gains in incomes and services along the way, but these are tightly aligned with the essentially patronage-based politics of the city. In both versions of the cabal the net result is what might be called accumulation without development: absent an institutional basis for coordinated governance only a small share of surpluses are reinvested in either the economic or social development of the city.

One important source of this institutional weakness is the lack of local level sovereignty that defines centre-local relations in India and gives the subnational State an outsized development role over city governance. This has all but ensured that Indian cities can not govern themselves effectively. However, this is far from the whole story, as the case of Delhi illustrates. Other factors are the effective absence of an organized working class (Mumbai was a partial exception until the decline of the textile industries), the predominantly particularist or clientelistic character of political relations, and the associated challenge of civil society to get more than a marginal purchase on city functioning. This is despite evidence of both genuine political awareness and political engagement from urban citizens, not least from the poor, and an active, highly motivated, issues oriented range of civil society groups.

In the absence of planned and coordinated policies of investment and infrastructural development it has become increasingly difficult to sustain value-adding economic activity in India’s mega-cities. What is good for a highly fragmented set of business interests, which are increasingly dominated by rent-seeking fractions, has not been good for capitalism. Furthermore, this pattern of accumulation without development has generated perverse and increasingly entrenched forms of social exclusion that are spatially demarcated and legally encoded. The result is that citizenship in Indian cities is becoming increasingly differentiated, making the formation of broad-based reformist popular coalitions that much more challenging.

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