

Mumbai: Economic Powerhouse of India

India's Financial & Commercial Capital

Much of 'India Rising' has been driven by the decisions and influence of the corporate houses headquartered in this city such as the various Tata and Birla Group companies, Reliance, Mahindra & Mahindra, Essar and Godrej, as they increasingly globalise. New rising stars such as ICICI and HDFC Banks as well as Nicholas Piramal and Wockharts in the Pharma-Healthcare sector are likewise testament to the pace, vision and ambition of its corporates.

The Reserve Bank of India, Stock and Commodities exchanges and most of the large Indian and foreign banks have their headquarters here. The Bombay Stock Exchange is the country's pre-eminent stock market and the BSE Sensex is a barometer of the country's economic prosperity. Nearly all FII transactions and over 90% of merchant banking transactions happen in Mumbai. 80% of India's mutual funds are registered here. 35% of corporate taxes, 16% of income tax and 30% of all customs duties paid in India are paid from Mumbai, and the port handles 44% of India's general cargo.

Economic Liberalisation

With earlier economic liberalisation, and decreasing involvement of the Central Government in business activities, Mumbai's already dominant commercial status was further enhanced. While many British multinationals such as Cadbury's, Glaxo, Hindustan Lever and Castrol have long been established here, a number of other British companies such as British Telecom and British Gas have also entered into joint venture and technology transfer agreements with Indian companies.

The partial liberalisation of the financial services sector and the growth of overseas investment have also brought to Mumbai leading British investment and merchant banks to stand alongside veterans like Standard Chartered and HSBC. The partial opening up of the insurance sector, nationalised since 1973, has generated opportunities for British companies such as Prudential, Sunlife and Royal Sun Alliance in joint ventures.

Creaking Infrastructure

Mumbai aspires to become a major Asian financial services sector, but the infrastructure of this city is creaking, the result of year's of neglect, a failure of planning and political purpose. Great swathes of heritage and green space have been lost, transport systems at bursting capacity - the two main north/south arterial rail routes carry some 8 million people each day from northern suburbs to the southern business districts - and basic amenities like power and water supply are under huge pressure.

Reports and strategies have been written clearly identifying the issues and solutions, but the political will to implement and drive real and sustainable change, at the speed in which it needs to be done, has yet to be seen. Maharashtra presents another example of coalition politics stifling progress - too many vested interests have to date got in the way. Nonetheless Mumbai somehow continues to succeed against the odds. The infrastructure projects needed are now on the stocks with budgets totalling circa £10 billion earmarked.

Economic Empowerment

Of Mumbai's 'official' 15 million population (but estimates place the reality closer to 20 million), over 50% live in slums. A vast proportion of the slum population are on significantly less than \$1 a day subsistence living, scavenging a living on the edges of the urban landscape but always striving to find that one opportunity for economic empowerment whether through

education, and the opportunities it opens, for a bright child or sheer hard graft on a building site.

But the slums should not deceive, many have a social order and structure with thriving economies. Indeed, the majority of slum dwellers having a vote. Dharavi, Mumbai and Asia's largest single slum covering some 175 hectares with more than a million residents, has a recycling industry estimated to be worth £700 million a year. Environmentalists cite Dharavi as a "green lung" stopping Mumbai from choking to death on its own waste. But personal crime is surprisingly low, given its vast differential between haves and have-nots.

For Richer or Poorer

Mumbai is the capital of Maharashtra, one of India's most economically prosperous states. It is India's richest city and South Mumbai is the smallest and richest parliamentary constituency in the country, with the highest concentration of millionaires – the collective wealth of the 10 richest families totals more than \$100 billion. Mumbai's per capita income is 48,954 Rupees (approx £700), twice that of the state of Maharashtra and a little more than three times that of India. Mumbai, as if one could forget, is also the home of Bollywood and all the glamour that entails.

The entrepreneurial spirit is part of Mumbai's DNA, from the corporate houses headed by the most wealthy families in India to the the 400,000 who migrate from rural communities across India into the city each year seeking a better life and so swelling the slums as quickly as they are cleared by the Bombay Municipal Council into new social housing schemes or slum re-development programmes. No where is the contrast between the India that is rising and the India that is at risk of being left behind more stark. Rich and poor, luxury and filth are juxtaposed against each other.

If the political will to translate plans into action and delivery were to materialise, this city, with its people, could fulfill the vacancy that exists for it as one of the great Global Cities of the 21st century.

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