

October 26, 2026

Why Dharavi Should Not Be "Redeveloped"

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Dharavi is not a slum but a dynamic, self-organising ecosystem of labour-intensive production. Planned "redevelopment" risks fragmenting its labour networks and leaving an empty shell. The state should support its productive processes and shield it from speculative capital.

Introduction

The "redevelopment" of Dharavi as a modern, upmarket "planned" urban space is legislatively settled. Yet, on the ground, the process is slow and it faces local resistance. We argue that Dharavi has been misconstrued as a "slum", whereas in reality it is a dynamic and self-organising space of production of labour-intensive goods. Given its complexity, "planned redevelopment" is very likely to destroy its productive energy.

|| Focusing on Mumbai, we can see how the larger trajectory of the political economy of physical space has created a demand for redevelopment of Dharavi.

In a caste society, the price of labour is closely tied to the place in the caste hierarchy. Labour-intensive work is often the domain of those who are at the very bottom of the caste hierarchy—mainly migrants and the relatively marginalised. Workers continue to be tied to their traditional occupations even when they no longer feel attached to them because of various network and intergenerational learning effects, which make it too costly to opt out.

Also, labour-intensive production requires physical space. This has increasingly become a challenge since the idea of a new "globalised India" has begun to impact urban property markets. Urban property has become increasingly valuable, driven by the combined force of new demand created by globalisation as well as through continued land use regulation and ownership.

This has impacted urban sites of labour-intensive production through pressures for clearance and redevelopment, often by private financial powers backed by the state. In some cases, this is carried out by forcibly taking possession of land that has been occupied by others across generations. Capital accumulation booms because the land is acquired at almost no cost.

Focusing on Mumbai, we can see how the larger trajectory of the political economy of physical space has created a demand for redevelopment of Dharavi. Liberalisation since the 1990s has significantly altered the spatiality of Mumbai. Large-scale industry moved out, releasing significant land parcels for commercial development, especially by the expanding services and finance sectors. The idea of a newly globalised India was central to the exuberance of the country's property markets during the 1990s.

As Llerena Searle (2019) has documented, Indian real estate firms working with global investors pushed this perception to direct the flow of speculative capital to cities like Mumbai. This, combined with the complex web of regulations governing land use, pushed up land prices in such places. Infrastructure investment moved to centre stage to take advantage of this boom.

Large projects are operationalised to connect high-value corridors, drawing investment into selected sectors and areas. The state remains a deeply committed actor, providing the administrative and political support needed to execute these changes. This includes acquiring land at meagre prices and suppressing agitations by groups that lose their traditional spaces.

The latest Dharavi redevelopment project must be seen in this context. Though there have been several past attempts at "improving" Dharavi, the settlement has remained resilient due to a combination of factors such as multiple governmental jurisdictions working at cross purposes, local political organisation, and lack of adequate funds. Indeed, the economic dynamism of Dharavi as a production site has been amply documented in the literature—for example, Brugman 2013, Saglio-Yatzimirsky 2021.

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However, in November 2022, the Adani Group won the bid to redevelop Dharavi with an offer of Rs. 5,069 crore. The project is a joint venture with the Government of Maharashtra-which will invest only Rs. 100 crore-and it aims to rebuild housing over a period of 17 years. This time around, the general feeling among businesses and residents of Dharavi is that the settlement will certainly be "broken", given the political as well as financial heft of the Adani Group. Those running garment and leather businesses have already started to look for alternative sites in areas as far flung as Mumbra and Mira Road, where Dharavi residents have some community networks.

This emerging dispersal indicates a potential fragmentation of the dense labour ecologies that support Dharavi's productive capacity. This issue is much more than simply a question of relocation.

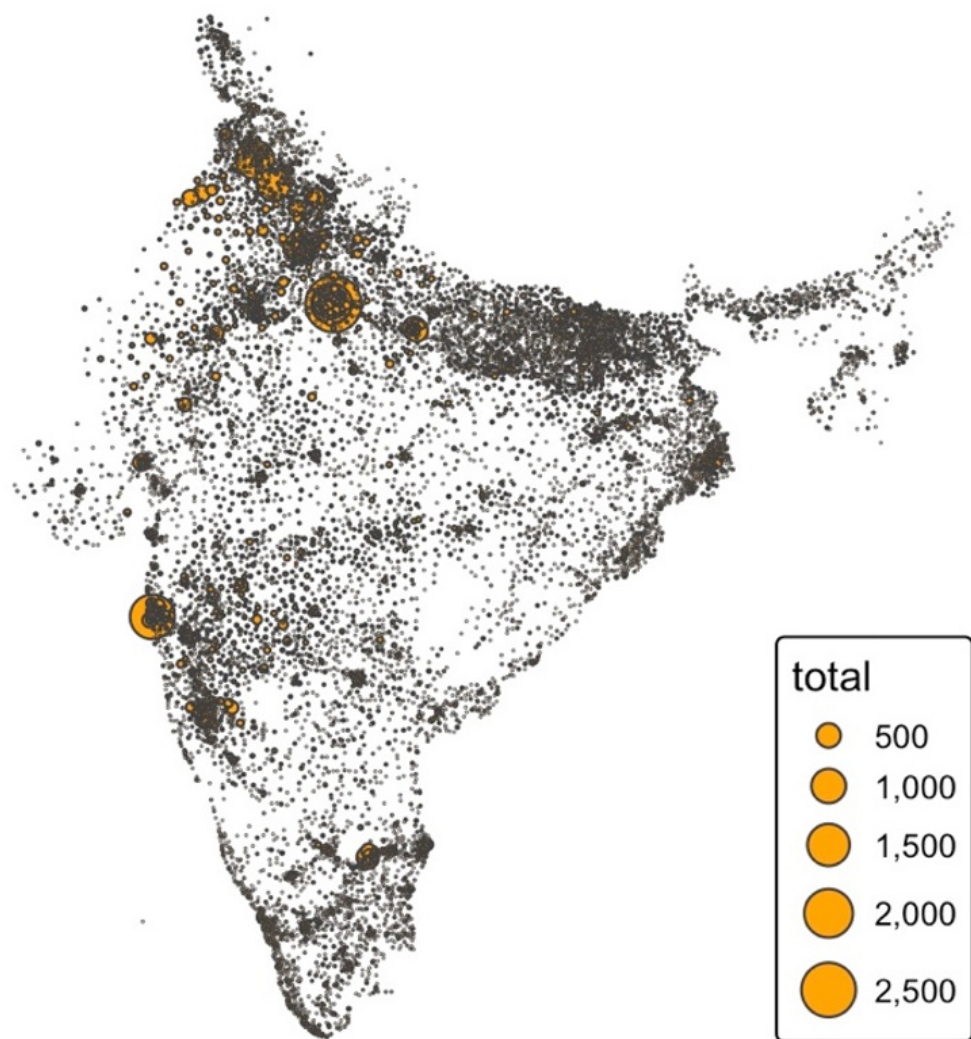
The clustering of businesses in Dharavi is supported by equally dense networks. These networks rely on labour circulation, subcontracting, skill transmission, and community-based support. The relocation of businesses to outlying areas risks undermining these interdependencies. Ultimately, this move threatens to disrupt the flexible labour deployment that has historically allowed small-scale production to thrive.

Space, Production, and Caste in Dharavi

The focus here is on the sector that can claim to have played the driving role in shaping the economy of Dharavi-the leather industry.

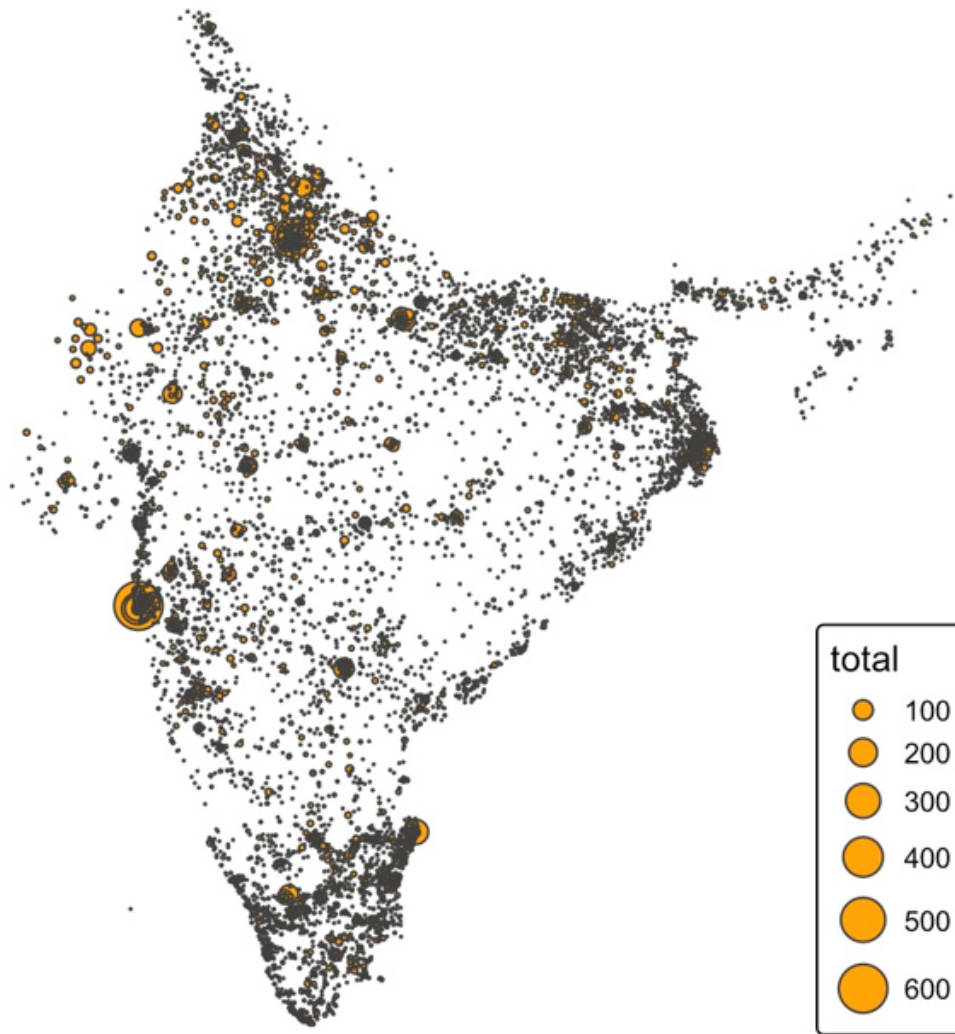
Figure 1 shows the location and total number of leather footwear manufacturing units that are registered in various pin codes across the country.

Figure 1: Manufacturing of Leather Footwear in India



Dharavi is nationally a major site of leather footwear production. Only the region around Agra has a greater number of leather footwear manufacturing micro, small, and medium enterprises (MSMEs), as is evident from Figure 1. Though the contiguous belt around Ludhiana and Jalandhar is also a major leather footwear production area, Dharavi leads nationally in manufacturing other leather products such as suitcases, bags, and travel-related goods, as can be seen from Figure 2.

Figure 2: Manufacture of Leather Bags and Travel Goods in India



These patterns indicate that Dharavi is more than a peripheral or residual production site. It is a key node in national circuits of labour-intensive manufacturing. Its prominence across multiple segments of the leather value chain indicates a dense and diverse production ecosystem that goes beyond traditional notions of informal or small-scale industry.

Dharavi's distinguishing feature goes far beyond its size. It lies in the unique intensity and density of production within a highly constrained spatial environment. This combination of density and diversification is made possible by specific labour organisational models. These models rely heavily on physical proximity, operational flexibility, and embedded social networks.

Immediately after its formation, the Government of Maharashtra passed the Maharashtra Industrial Development Act, 1961, with the objective of providing special provisions for the orderly establishment of industries in designated areas. We compare Dharavi with some of the important industrial areas set up by the Maharashtra Industrial Development Corporation (MIDC).

Dharavi is the exact antithesis of an MIDC project. It is an informal settlement, developed by the labour of marginalised communities with minimal state support.

Dharavi's economic dynamism emerges from the co-evolution of production systems, spatial arrangements, and community structures, rather than from top-down design.

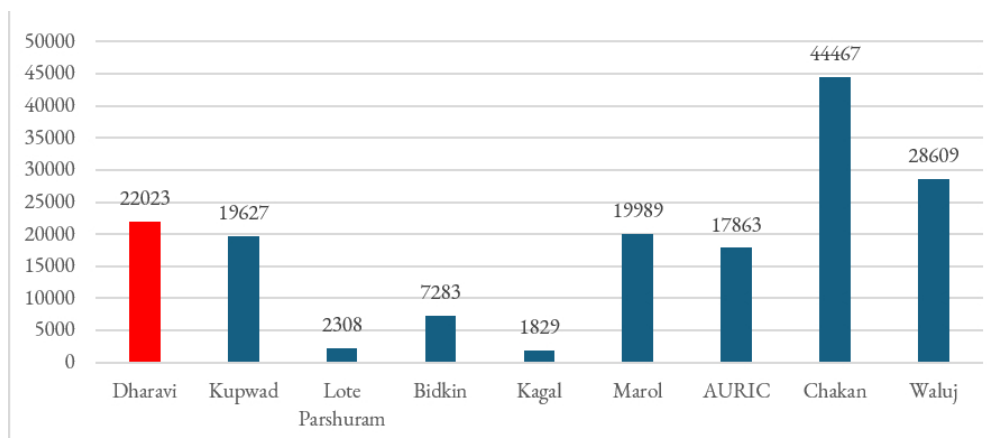
This contrast becomes analytically clear when looking at how both spaces function. The MIDC areas represent planned industrialisation with a formal infrastructure and regulatory oversight. In contrast, Dharavi represents a form of industrial development that emerges

through the organisation of labour, its social networks, and incremental spatial adaptation.

Rather than being an absence of planning, Dharavi reflects an alternative mode of industrial organisation. This model is grounded entirely in everyday practices and constraints.

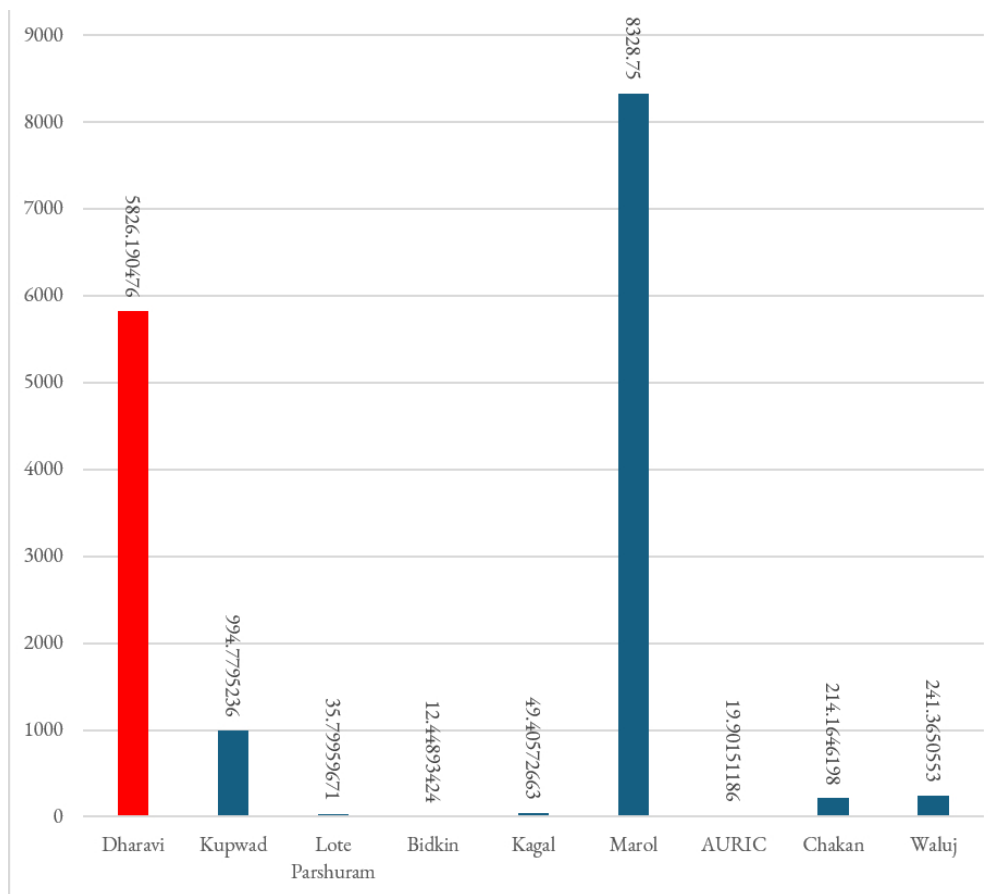
The first criterion is the total number of establishments in Dharavi against those in some of the major MIDC areas in the state. As can be seen, only the older MIDC areas of Chakan and Waluj have a larger number of establishments than Dharavi. Even the Marol MIDC in the Andheri suburb of Mumbai lags behind Dharavi. This comparison challenges the assumption that large-scale, state-supported industrial estates are more significant as sites of production. Dharavi's position in terms of the number of establishments indicates that informal agglomerations can rival and, in some cases, exceed formally planned industrial zones in their productive capacity.

Figure 3: Total Number of Establishments in Dharavi and in Some Major MIDC Areas



Density per square kilometre is the next criterion that we use. A higher density implies several agglomeration benefits. It is also an indicator of the efficiency with which land is used. Figure 4 shows where Dharavi ranks in this respect.

Figure 4: Establishment Density Per Square Kilometre in Dharavi and in Some Major MIDC Areas



As can be seen from Figure 4, with nearly 6,000 establishments per square kilometre, Dharavi is second only to the Marol MIDC. Such density reflects an intensive utilisation of both land and labour as well as their spatial characteristics.

High densities enable close coordination between different stages of production, reduce transaction costs, and facilitate the circulation of materials and labour. At the same time, they depend on the embedding of economic activity within residential and social spaces, blurring the distinction between workplace and dwelling.

Next, we compare the share of manufacturing establishments in the total number of establishments across different MIDC areas. Figure 5 shows this.

Figure 5: Share of Manufacturing Establishments in Dharavi and Some Major MIDC Areas

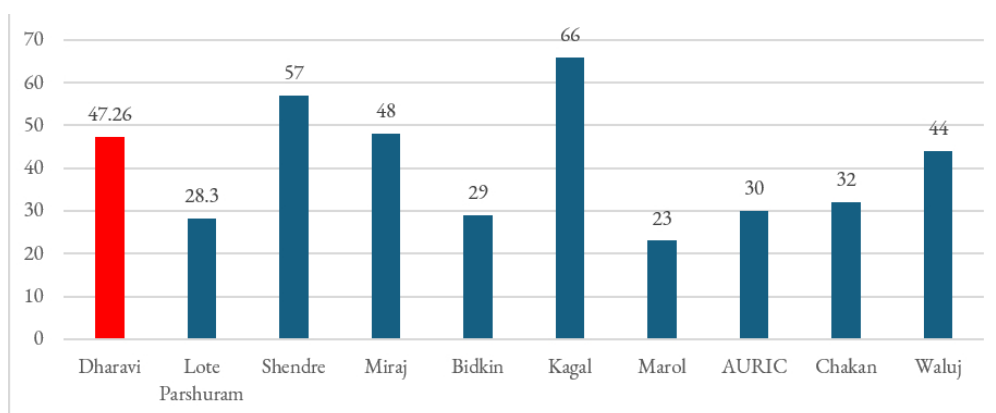


Figure 5 illustrates that Dharavi is a principal manufacturing hub in the state. Dharavi fulfils roles analogous to those of formal industrial estates, despite the absence of the institutional support and infrastructural provisions. If the number of establishments, the

density per square kilometre, and the proportion of manufacturing are considered, Dharavi compares favourably to other planned industrial zones in the state, despite lacking state incentives.

The evidence presented here suggests that any intervention that treats Dharavi primarily as a housing problem risks overlooking its role as a major site of labour-intensive production. The reorganisation of space through redevelopment will have far-reaching consequences not only for residents, but also for the broader economic networks that depend on Dharavi's productive capacity.

Dharavi a Complex City System

Dharavi has been fundamentally misconstrued as a "residential slum". Dharavi is an organically evolving specialised system, which provides a powerful commercial platform for migrants to overcome their marginalisation. According to scholars like Brugman, Dharavi is a space built by migrants and designed to gain maximum advantage from density and association. It has achieved one of the most advanced practices of urbanism-the design, construction, and evolution of a city-system.

Dharavi has been integrated legally into the global city through its export networks. This integration, however, goes beyond the result of formal planning and involves the cumulative organisation of labour, enterprise, and social networks over time. Dharavi's economic dynamism emerges from the co-evolution of production systems, spatial arrangements, and community structures, rather than from top-down design.

Dharavi is indeed an organically evolved, complex city system. Nobel laureate F. Von Hayek defines the degree of complexity as the "minimum number of elements of which an instance of the pattern consists in order to exhibit all the characteristic attributes of the class of patterns in question" (1967). As this minimum number increases, the system becomes more complex.

An associated problem is the problem of radical ignorance. Radical ignorance is the situation of being unaware of information that is relevant for making a correct decision not only because the cost of acquiring the information is too high, but also because we are unaware that such information exists. It is a situation of "not knowing that we do not know".

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In the context of Dharavi, this complexity appears to be merely a function of the number of elements, but it is in reality dense interconnections between labour, space, and production. Economic activities are embedded within social relations, spatial proximities, and informal institutions, generating forms of coordination that are difficult to observe, quantify, or replicate through formal planning.

Jane Jacobs (1961) popularised the term "organized complexity", which meant "dealing simultaneously with a sizeable number of factors which are interrelated into an organic whole". Contemporary understandings of complexity emphasise concrete situations whereby everyday places and things matter and everyday choices are made-where "forms of life" evolve through the selection by participants of particular and situated orders from ranges of "adjacent possibilities".

Complexity theorists in biology and ecology have, for example, suggested that ecosystem and species-level orders are driven by the distributed choices living creatures make for their own prosperity and survival. Echoing this perspective, urban societies and economies like Dharavi may be conceived as emerging and evolving through subjective as well as political choices made at the individual and community levels, which construct larger social and urban orders from different objective possibilities.

In Dharavi, these processes are closely tied to labour practices-decisions about where to locate production, how to organise work, how to mobilise family and community labour, and how to adapt to shifting market conditions. Such everyday decisions generate a form of organised complexity in which production and social reproduction are deeply intertwined.

Economic knowledge about such complex systems is decentralised and fragmented, often also evolving. Such systems evolve in essentially unpredictable and non-linear ways, given the multiple positive and negative feedback loops that are involved. No central planner can have access to the knowledge required for "planning" such a system while preserving and enhancing its life processes.

Significantly, much of this knowledge is embodied in labour itself as in skills, routines, and informal practices that are transmitted through social networks rather than formal institutions. It includes tacit understandings of materials, production techniques, supply

chains, and market relations, as well as the ability to navigate constraints of space, regulation, and capital.

The challenge of planning Dharavi involves not only its scale but also an acknowledgement that its economic and social structure relies on specific forms of knowledge, labour, and coordination, which cannot be easily formalised or replaced without substantial loss of productivity. Redevelopment that neglects these embedded systems jeopardises spatial configurations, and also the fundamental processes that generate and maintain value.

A centralised planning authority that lacks a very detailed, context-specific understanding of the socio-economic processes of Dharavi runs the risk of destroying its economic vibrancy, leaving behind an empty shell. For example, deliberate "planning" can potentially impinge on spaces where informal contact between strangers can occur. These seemingly incidental interactions are often critical for economic coordination, enabling the flow of information, materials, and labour across networks of production. Their disruption can therefore have consequences that extend beyond spatial rearrangement to affect the functioning of entire value chains.

The productive processes in Dharavi need to be facilitated. This can be done through better & easier access to credit & provision of basic services such as sanitation, water, good education, & improved law & order.

A living city space like Dharavi fosters economic development and liveliness by promoting diversity of land use and skills, knowledge, and tastes. No single public or private entity can build a living city because it is epistemically and cognitively constrained in trying to construct the essential, self-regulating, and self-refuelling processes that characterise it and must emerge organically within it. These processes include not only visible forms of production but also less recognised activities such as repair, recycling, and the circulation of materials- the forms of labour that operate at the margins of formal economic classification yet remain integral to the functioning of the system as a whole.

The Dharavi Redevelopment Authority is proceeding without the necessary information. We do not have reliable data on Dharavi's population because the last census was in 2011. Even the 2011 census has been criticised for failing to enumerate shifting populations. The redevelopment report relies on outdated data, sometimes as old as 20 years, to estimate the total number of enterprises in Dharavi.

As an alternative report, prepared collaboratively by a group of concerned citizens and institutions, has pointed out: "Current redevelopment proposals seem to view Dharavi as a greenfield on which fresh structures and thoroughfares are still to come up-ignoring the deeply rooted habitat that already exists. If these proposals are left unchallenged, it could threaten the lives and businesses of many residents" (SPARC et al. 2010). This informational gap reflects a broader difficulty in capturing forms of labour and production that operate outside formal statistical frameworks. Much of Dharavi's economic activity, such as small-scale manufacturing, repair, and recycling, remains partially invisible in official data, even as it contributes significantly to urban and national economies.

Conclusions

Dharavi should not be "planned". It is not merely a "residential slum" but an active, self-organising site of production and value creation. Any attempt to 'redevelop' Dharavi risks extinguishing its economic dynamism. Residents of Dharavi recognise this danger and hence resist.

But this does not mean it should be left alone. The productive processes in Dharavi need to be facilitated. This can be done through better and easier access to credit and provision of basic services such as sanitation, water, good education, and improved law and order. Most importantly, it needs state support against the predations of speculative capital. Such support must recognise that Dharavi is a dense ecosystem of labour-intensive production in which work, dwelling, and social reproduction are deeply intertwined. Interventions that treat these dimensions in isolation risk undermining the very processes they seek to improve.

Recognising spaces like Dharavi as central to economic development requires a fundamental shift in perspective. We must stop viewing them merely as housing problems & start understanding them as complex systems of labour, production, & value creation.

This brings us to the fundamental contradictions of neo-liberal economic thought. On the one hand, globalisation has the potential to create demand for labour-intensive production; on the other hand, it has the potential to usurp the physical spaces where such production takes place.

Since labour-intensive production is often the domain of marginalised communities, the political power to resist such usurpation is also likely to be limited. Moreover, the forms of labour that sustain such production are themselves socially differentiated and embedded, relying on caste, migration-status, community networks, and household-based arrangements. These conditions enable flexibility and low-cost production but also render labour vulnerable to displacement when the spatial foundations of production are disrupted.

The state needs to stand squarely in support of labour-intensive production by protecting the sites where such production takes place from forces of globalisation driven by dispossession. It will need to stand in opposition to global financial capital that seeks to profit from "redeveloping" the physical space that hosts the production. That decision is ultimately a political choice.

Recognising spaces like Dharavi as central-rather than marginal-to economic development requires a fundamental shift in perspective. We must stop viewing them merely as housing problems and start understanding them as complex systems of labour, production, and value creation.

Therefore, any meaningful strategy for labour-intensive industrialisation cannot just focus on markets and exports. It must actively engage with the social and spatial conditions that sustain the workforce itself.

Acknowledgement: *The authors are grateful to Dr. Sulakshana Mahajan and Dr. Nilotpal Kumar for constructive comments on an earlier draft. Needless to say, any remaining errors are the authors' responsibility. We are grateful for research assistance provided by Riya Vaidya and comments by Sulakshana Mahajan and Nilotpal Kumar on an earlier draft.*

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