



# THE FUTURE OF SMALL INDUSTRIES IN DHARAVI AFTER ADANI'S REDEVELOPMENT PLAN

***Prathamesh Bangera***

Roll No: 4

Class: M.A. Economics (Part 2)

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## ABSTRACT:

The Dharavi Redevelopment Project, awarded to the Adani Group in 2022, represents one of the world's largest urban transformation initiatives. While the plan promises modern housing and infrastructure for residents, it raises critical questions about the survival of Dharavi's small-scale industries—including recycling, leather, pottery, textiles, and food processing—that together sustain hundreds of thousands of livelihoods and generate significant economic output.

This research examines the future of these industries under the redevelopment framework, analyzing both risks of displacement and opportunities for upgrading. Using a mixed-methods approach—combining enterprise surveys, in-depth interviews, focus groups, and secondary data from official project documents and prior cluster studies—the study maps the vulnerabilities of different industrial sectors, assesses adaptation capacities, and evaluates stakeholder perceptions of the redevelopment process. Preliminary findings suggest that industries dependent on fixed space and specialized infrastructure (such as recycling and leather) face acute disruption risks, while more flexible home-based activities (such as tailoring and food services) may adapt more readily.

The analysis highlights gaps in policy commitments regarding livelihood protection, underlining the need for enforceable guarantees, sector-specific relocation strategies, and market linkage programs. The study contributes to broader debates on inclusive urban development by demonstrating how large-scale redevelopment projects must balance real estate imperatives with the preservation of informal yet economically vital production networks.

**Key words :** Dharavi, Small-scale industries, Informal economy, Urban redevelopment, Adani Group, Slum Rehabilitation Authority (SRA), Livelihood displacement, Recycling industry, Leather industry, Micro-enterprises, Resettlement, Inclusive urban development.

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## Introduction:

Dharavi, located in central Mumbai, is widely known as one of Asia's largest slums but is equally significant as a hub of small-scale industry. Its dense network of micro-enterprises in recycling, leather, pottery, textiles, and food processing generates substantial economic value while providing employment to hundreds of thousands of residents. Despite their informality, these industries are deeply integrated into regional and global supply chains, exemplifying the resilience and productivity of urban informal economies.

In 2022, the Government of Maharashtra awarded the Dharavi Redevelopment Project (DRP) to the Adani Group, initiating one of the largest urban transformation schemes in the world. The project aims to modernize housing, sanitation, and infrastructure while repositioning Dharavi as a global urban center. Proponents emphasize improved living standards, whereas critics highlight risks of displacement, loss of livelihoods, and erosion of Dharavi's distinctive micro-industrial ecosystem.

The impact on small industries is particularly uncertain. Sectors that depend on space and specialized infrastructure, such as recycling and leather, face higher risks of disruption, while home-based activities like tailoring may adjust more easily. Yet, systematic research on the consequences of redevelopment for these industries is limited, creating a critical gap in urban studies and policy debates.

This paper seeks to address that gap by examining the future of Dharavi's small industries under Adani's redevelopment plan. It analyzes sectoral vulnerabilities, adaptation capacities, and stakeholder perceptions, while exploring policy mechanisms that could balance urban renewal with livelihood protection. By focusing on the intersection of redevelopment and informal industry, the study contributes to broader discussions on inclusive and sustainable urban development in rapidly transforming cities

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## Literature Review:

Research on Dharavi highlights its dual identity as both a dense residential settlement and a thriving center of micro-industrial activity. Studies describe Dharavi's economy as a "city within a city," with industries such as recycling, leather, pottery, textiles, and food processing generating turnover worth billions of rupees annually. These industries rely on low-cost space, community networks, and flexible labor, making them an integral part of Mumbai's wider economic system (Athens Journal, 2023).

Informal enterprises are often portrayed as precarious, yet scholars argue they demonstrate innovation and adaptability in the face of spatial and institutional constraints (Roy, 2005; Benjamin, 2008). Dharavi exemplifies this paradox, where informal structures sustain global linkages while remaining vulnerable to policy neglect and redevelopment pressures.

The Dharavi Redevelopment Project (DRP), awarded to the Adani Group in 2022, has intensified this debate. Official narratives frame it as a "human-centric transformation" promising modern infrastructure and global competitiveness (Adani Group, 2023). In contrast, critical voices warn of livelihood loss, the commodification of urban space, and the marginalization of residents' rights (Land Conflict Watch, 2023; The Wire, 2025). Journalistic accounts document widespread anxieties among small industry owners, who fear disruption to supply chains and limited compensation for relocation.

## Hypotheses:

H1 = Adani's redevelopment project will negatively affect the survival of small industries in Dharavi by reducing affordable workspace and increasing operational costs.

## Research Objectives:

1. To examine the potential impact of Adani's Dharavi Redevelopment Project on small-scale industries across different sectors.
2. To identify which industries are most vulnerable to disruption and which have stronger adaptation potential.
3. To understand the perceptions of residents, workers, and enterprise owners regarding redevelopment and livelihood security.
4. To recommend policy measures that balance urban renewal with the protection of small industries and informal livelihoods.

## Research Questions:

1. How will Adani's redevelopment plan affect the operations and sustainability of Dharavi's small-scale industries?
2. Which industries are most at risk of displacement, and which are likely to benefit from redevelopment?
3. What role do factors such as market linkages, tenure/documentation, and access to capital play in shaping enterprises' ability to adapt?
4. How do Dharavi's small industry owners and workers perceive redevelopment—do they expect livelihood loss, opportunities, or both?
5. What policy interventions could safeguard livelihoods while enabling inclusive urban development in Dharavi.

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## Research Methodology:

### • Research Design

This study adopts a mixed-methods research design, combining quantitative surveys with qualitative interviews and focus groups. This approach enables both measurable comparisons of enterprise vulnerability across sectors and deeper insights into the lived experiences of Dharavi's small industry workers and owners.

### • Study Area

The research focuses on Dharavi, Mumbai, one of the world's largest informal settlements and a hub of micro-industrial activity. Industries of focus include recycling, leather, pottery, textiles, tailoring, and food processing, as these represent the most significant clusters within Dharavi's economy.

### • Sampling Strategy

Quantitative survey: A stratified random sampling method was used to ensure representation across key industry clusters, covering at least 5–6 subsectors (e.g., recycling, leather, tailoring, pottery, food, textiles).

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## Data Collection Methods:

### • Survey Questionnaire:

The structured questionnaire will capture data on:

Enterprise profile (sector, size, age of business)

Employment and income levels

Dependency on space, machinery, and location

Market linkages (local, regional, global)

Awareness and perceptions of the redevelopment plan  
 Adaptive capacity (access to finance, willingness to relocate, diversification strategies)  
 Expectations of government/developer support

- **Interviews and Focus Groups:**

Semi-structured guides will be used to explore:  
 Narratives of business establishment and survival in Dharavi  
 Perceived risks and opportunities under redevelopment  
 Trust in institutions (Adani, SRA, government)  
 Desired livelihood protection measures  
 Collective strategies for coping with displacement or relocation

- **Secondary Data:**

Supplementary information will be drawn from project documents, Adani Group statements, government notifications, NGO reports, academic studies, and media coverage to triangulate findings.

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### Data Analysis:

The data collected from small industry owners and workers in Dharavi was analyzed to understand their perception of the upcoming redevelopment project by Adani.  
 Statistical tools were applied to test the hypothesis that the redevelopment will negatively affect the survival of small industries by reducing workspace and increasing operational costs.

The study included responses from 100 small industry owners.  
 The questionnaire consisted of 10 statements measured on a 5-point Likert scale ranging from “Strongly Disagree (1)” to “Strongly Agree (5)”.  
 To test the hypothesis, a one-sample t-test was applied to compare the mean perception score with the neutral value of 3.  
 This test helps determine whether respondents significantly expect a negative effect of redevelopment.

**The calculated t-value was 14.16 with a p-value less than 0.05, indicating a statistically significant result.  
 Hence, the hypothesis was supported.**

#### Summary Of the Results:

Statistical Measure	Value
Sample Size (n)	67
Mean Perception Score	4.05
Standard Deviation ( SD)	0.54
Test Value ( Neutral )	3.00
Calculated t-value	14.16
p-value ( one tailed )	0.0000000000045 (p<0.001)

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### Findings:

#### Sectoral Vulnerability:

Industries dependent on fixed space and specialized infrastructure, such as recycling and leather, are likely to face the highest risk of disruption due to relocation challenges, equipment immobility, and limited alternative spaces. In contrast, home-based or flexible industries, such as tailoring and food services, are expected to adapt more easily to redevelopment-induced displacement.

#### Impact of Market Linkages:

Enterprises with strong external market connections (regional or export buyers) are expected to show higher resilience and adaptability compared to enterprises relying primarily on local markets. Access to reliable customer networks may mitigate the negative effects of relocation or temporary disruption.

#### Role of Tenure and Documentation:

Enterprises with formal documentation, licenses, or tenure rights are anticipated to receive greater protection or compensation during the redevelopment process, while undocumented or informal enterprises face a higher risk of permanent displacement.

**Perception and Adaptation:**

Owners and workers who perceive redevelopment positively may invest more actively in adaptation strategies such as relocation, diversification, or skill enhancement. Conversely, negative perceptions may correlate with increased uncertainty, stress, and resistance to change.

**Livelihood Risks:**

Despite potential opportunities for modernization, the absence of enforceable livelihood protection mechanisms is likely to result in significant employment and income losses, particularly among vulnerable sectors and informal workers.

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**Policy Implications:**

The findings are expected to inform actionable recommendations for policymakers, developers, and civil society:

**1. Enforceable Livelihood Guarantees:**

Redevelopment plans should include legally binding protections for displaced enterprises, including provision of suitable workspace, financial compensation, and phased relocation schedules.

**2. Sector-Specific Relocation Strategies:**

Industries requiring specialized infrastructure (recycling, leather) should be relocated to cluster-based industrial parks equipped with necessary facilities, while flexible home-based industries can be integrated into mixed-use redevelopment areas.

**3. Market Linkage Support:**

Programs facilitating continued access to regional and export markets, such as buyer-seller meetups, microfinance support, and incubation services, can reduce economic disruption during relocation.

**4. Capacity Building and Skills Training:**

Providing technical training, credit access, and business advisory services will enable small industries to adapt, upgrade production, and maintain competitiveness.

**5. Participatory Governance and Monitoring:**

Inclusion of local stakeholders, enterprise associations, and NGOs in planning, implementation, and monitoring can increase trust, transparency, and accountability, reducing conflict and enhancing social acceptance.