

FOUR DMICDC STATES ARE READYING NEW ACTS ON INDUSTRIAL CITIES

Dholera's ₹70,000-crore cure for investment famine

Sunil Jain
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THE Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) has already got 105 sq km for Phase 1 of its upcoming ₹70,000-crore city at Dholera in Gujarat, 110 km from Ahmedabad. The 903-sq km city — of which 540 sq km is developable as the rest falls in the coastal regulation zone (CRZ) area — is to be developed in six phases. Town planning for two of the phases has been done — 152 sq km — while the other four are to be done over the rest of the year and, according to DMICDC CEO & MD Amitabh Kant, construction work on the city should be able to start within the next 6 months.

Land for the project has been got through land pooling and, after development of the master plan for the industrial city that will house two million people eventually, half of the land is to be given back to the original owners. Under the



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Amitabh Kant, DMICDC CEO & managing director

plan for the city, a fifth of whose area is to be reserved for industrial activity, after the master planning is done, DMICDC's main job will be to build up the trunk infrastructure (roads, sewerage, power lines) with funding from the government — and there is a hefty concession-

al financing from the government of Japan.

However, this is only a beginning: "Dholera itself will cost ₹70,000 crore and we're working on many other projects... State governments are coming up with new laws to support the project," Kant told *FE*.

Under the model, the

READY TO GO

- Knowledge city near Ujjain, 50 km from Indore, over 6 sq km. Work to begin in 6 mths
- Exhibition centre of 2 m sq ft in Dwarka, New Delhi, with a capacity for 6,000 people. This ₹20,000-cr centre has air cargo complex, 3,500 hotel rooms; work to start in 3 mths
- 6 MW solar power project in Neemrana, Rajasthan
- 600 acre hi-tech city in Uttar Pradesh near Noida
- 402 sq km city in Manesar-Bawal investment region, development plan notified. Seven hundred acres with DMICDC to begin development of trunk infrastructure. Master planning done by Jurong, Singapore

central government, which gets the Japanese loan, signs a JV with each state government for developing cities/projects within the state. The state's contribution comes via the land purchase. DMICDC appoints a programme manager through a tender — among those already shortlisted

are AECOM, which developed cities like Songdo in China and the Shatui area in Hong Kong, and CH2M HILL, which was in charge of the London Olympics project. Once the master planning is done, the programme manager's job is to break this down into RFP/RFQs for various utilities which are then bid out. All of this is funded by the central government.

Once a part of the trunk infrastructure is built out — 100 km of road/utilities are to be awarded in Dholera within the year — and the value of the land around it appreciates, the land with the city will be sold to builders, and the upside captured by the JV is to be used to develop more infrastructure. The programme manager's job will be to integrate all the plans and supervise the work on each.

Each city development, and DMICDC is ready to go on five or six early-bird projects within the year (see box), will conform to the "smart city" model.

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Conforming to the 'smart city' model means, for instance, the trunk infrastructure will be kitted out with optic fibre cabling, cameras and other sensors so that the city management can track the functioning of each utility—water pressure, electrical supplies, etc—through a central control room.

DMICDC is working with companies like CISCO and IBM to build the ICT layer of the smart city component of the projects.

Since each city will be recognised as a governing unit under Article 243Q of the Constitution, the CEO of the SPV between the centre and the state will be its mayor. Of the 7 DMICDC states—Delhi, Gujarat, Madhya Pradesh, Uttar Pradesh, Rajasthan, Maharashtra and Haryana—2 are in the process of coming up with new legislation that will enable a state support agreement to be signed. Gujarat and Madhya Pradesh have already enacted the legislation, UP says this will be ready in a month's time while Rajasthan's will take a few months more. Both Maharashtra and Haryana will sign up the state support agreement (SSA) under existing legislation.

The SSA will define the rights and responsibilities of each state—to not levy stamp duty on the first transfer of land for instance, or to allow the SPV to set up its own power transmission and distribution business if need be, to transfer all fiscal benefits available to the state to the new industrial

townships, and to notify the SPV as a special planning authority etc.

DMICDC's mandate envisages the setting up of 24 cities over 5,500 sq km, seven of which are to be set up in Phase 1 over 2,000 sq km by 2018 at a cost of Rs 325,000 crore—to put this in perspective, the new town of Lavasa is spread over 60 sq km and Delhi over 700 sq km. Other projects include 2 new airports at Bhiwadi in Rajasthan and at Dholera.

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The Indian market, however, with its high taxes on aviation fuel, high airport charges and existing players makes it one of the most difficult challenges it has had to face yet.

Mittu and his bosses are brimming with confidence. "I am a native of Chennai, and I am excited about returning to India to revolutionise the air travel industry here," Chandilya in said a statement. "I am looking forward to being part of the dynamic AirAsia family, and most importantly, to bring a whole new meaning to the word 'flying' to consumers in India."

"He is an outstanding young man with great entrepreneurial skills," said group chief executive officer of AirAsia, Tony Fernandes. "He is very passionate about the LCC business and possesses the crucial understanding of our business model."

Ratan Tata, chairman emeritus