

Building Urban India The Smart Way

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BW/Businessworld conclave: 'Building Urban India the Smart Way' brought the best minds in government and the private sector together

Gurbir Singh



L-R) M. K. Singh, CEO & Head Umang Realtech Ltd.; Ashok Bajpai, MD, G4S India; Ranjit Sabhiki, Eminent Architect associated with Delhi Master Plan; Rajeev Talwar, ED, DLF (BW Photo by Sanjay Sakaria)

We are in the throes of an urban crisis. A McKinsey Global Institute study released in 2011 predicted that India's population in cities will balloon from 340 million in 2008 to 590 million by 2030. In other words, in another 15 years, 40 percent of India's population will be resident in cities and towns. More important, India's cities will generate 70 per cent of the jobs available by 2030. However, civic infrastructure is not keeping pace. According to the Union ministry for housing and urban poverty alleviation, the shortage of homes in the country is 24.7 million units; and the ministry estimates the number of people living in slums has grown from 52 million in 2001 to 66 million in 2011, accounting for nearly 25 percent of Urban India. How do we meet the civic demands of such rapid and unplanned growth? How do we transport millions of people over these huge urban sprawls?

Trying to meet the huge backlog of urban deficit and disarray, the Narendra Modi government at the Centre has identified 'Urbanization' and 'Housing' as its focus areas. The 2014 Union budget speech by Union Finance Minister Arun Jaitley declared the building of 100 'smart' cities as its long-term goal; and

an allocation of Rs 7,060 crore was announced for the planning and development process. Simultaneously, 'Homes for All by 2022' is now a target slogan.

To discuss these significant challenges, BW/Businessworld convened a conclave: 'Building Urban India the Smart Way' bringing the best minds in government and the private sector, as well as experts in planning, transportation, housing, and civic infrastructure on one platform at New Delhi's Hyatt Regency on 6 February.

Holistic Smart Cities

In her inaugural address at the packed session, Isher Judge Ahluwalia, Chairman, Board of Governors, the Indian Council for Research on International Economic Relations (ICRIER), said that the discussion and mobilisation around building greenfield 'smart cities' will give a positive push to creating a more sustainable Urban India. The promise of the new government to build 100 smart cities will require not only new technology but also drastic reforms in the political and institutional environment in which our cities function. The focus needs to be on connectivity, integrated land use and transport planning, and environmental sustainability.

Urban planning has always been in silos, but for smart cities we should open a new account, Ahluwalia said. For example, within the framework of master plans, there is a sanitation policy, an urban transport policy, and so on; but what is required is to bring these together and see how to make it all work within our federal framework. This is required as cities have to play a very important role as engines of growth as our economy goes through significant structural transformation. There is going to be more migration from rural to urban India; urban GDP accounts for about two-thirds of the total GDP at present, and by 2031 it is expected to constitute three-fourths of the total, she said.

On the existing cities that need refurbishment, Ms Ahluwalia said that even within the confines of the current policies, it is possible to do far better. The Government of India and the state governments will also have to play a major role in building the capacity of local governments for urban planning and city management. With political empowerment and greater devolution of functions, finances and functionaries, city governments can rise to the occasion by responding to the growing challenges of urbanisation – and be held accountable. Drawing attention to her book 'Transforming our Cities', Ahluwalia said she had attempted to capture the success stories of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) including town planning schemes for urban expansion in Gujarat, how Nagpur has worked towards a 24x7 water supply system, and how Navi Mumbai has taken to treating of wastewater for reuse. These smart but scattered initiatives need to be brought under one comprehensive plan.

Housing For All

In the module 'Housing for All By 2022', vice-chairman of Delhi Development Authority (DDA), Balwinder Kumar, said public bodies such as DDA need to intervene to provide the necessary push to affordable housing. DDA will bring in 62,000 homes in the 'affordable', under-Rs 20 lakh category in the next few years, he revealed. Kumar also said to provide more services and to generate more revenue, the

government had decided to increase the Floor Area Ratio (FAR) along 500 meters on either side of the Metro corridor in the national capital. He also said a mixed-use policy would be implemented for this corridor.

P.K.Das, town planner and architect, giving the example of Mumbai, said in the guise of redevelopment schemes, builders were taking away slum lands to create a stock of upper and middle-class housing. To ensure wider equity and supply of homes for the poor, he suggested reserving all slum land in the master plan for small, economical units. "Housing for the poor cannot be provided by beating around the bush and providing schemes of fringe benefits. Adequate land reservation is a must in Development Plans. We should also declare slum-occupied lands as reservations for affordable housing without trading these for high cost development," he said.

Replying to the moderator Yatish Rajawat, Ashish Karamchandani, Managing Director of FSG Group, said it was myth that affordable and low budget homes were not commercially viable. Pointing to at least a dozen developers in this category like Vastushodh Developers of Pune, he said there is a strong role the private sector can play in meeting the goal 'Housing for All' and compliment government efforts. There is a need for housing across income segments – from the really poor, who need significant support, to lower income families with household incomes of around Rs 10 a year. "There are 10 housing finance companies that have given over Rs 2,500 cr in loans to informal sector customers to help buy these homes. But the need is millions and we need policy changes and government support to scale this," he said.

In another session on urban laws, Colin Gonsalves, a public interest lawyer, pleaded for a more humane approach to giving titles and rights to the urban poor. "The current maze of laws are heavily loaded against slum-dwellers, and allow for summary evictions," he said.

Rapid Transport Systems

In the panel discussion on: 'Building Rapid Transport Networks', Mangu Singh, Managing Director of Delhi Metro Rail Corporation (DMRC), said that the country had lagged in adding urban infrastructure in the past years. This was mainly because we lived under that impression that India is a country that lives in rural areas and both policy and decision makers had, for years, worked with a rural mindset. The answer to the people's woes was to build efficient public transport systems. This does not mean only a rail metro. "It has to be a well-thought-out, well-integrated mix of all possible means of public transport," he said. "Unfortunately, the availability of easy finance and the prestige attached to owning a car in our country has led to a large number of cars on the road, which was adding to the congestion," he added.

Talking of the success of the Delhi Metro, Mangu Singh said a CRRI study that had looked at benefits like saving time, saving greenhouse gas emissions, and improving safety and quality of life, had revealed that the return is as high as 23 percent annually. This means the entire investment comes back to society in just 4.5 years. He however pointed out that a city like Delhi cannot have an efficient transportation system unless all other modes of transport are integrated. People also talk of extending the Metro to

Sonepat, Meerut, and Aligarh. “Metro means ‘metro’. Talking of connecting villages and rural areas is not possible as the Metro focuses on providing intra-city transport.

Sanjay Ubale, MD & CEO of Tata Realty and Infrastructure, said that though Mumbai had an efficient rail network with a huge carrying capacity, people continue to use cars as the overcrowding and heat in the non-airconditioned railway rakes is a real deterrent. Shreya Gadepalli, Regional Director of the Institute for Transportation and Development Policy (ITDP), a think tank that is helping many cities improve public transportation, pointed out that though less than 5 percent of the people use cars, these vehicles hogged more than 80 percent of the road areas due to the lack of mass public transportation. Pitching Bus Rapid Transport (BRT) Systems as an alternative to expensive metro systems, Gadepalli gave the example of Ahmedabad’s BRTS called ‘Janmarg’. It started in 2009 on a 12.5 kilometre corridor, and has since expanded to provide fast, air-conditioned and efficient services on a 88-km network today.

Concluding the session, moderator of the session Preeti Singh quoted Enrique Penalosa, former Mayor of Bogota and the pioneer of BRT systems. “An advanced city is not one where even the poor use cars but rather, one where even the wealthy use public transport.”

Defining Smart Cities

Defining smart cities as modern, efficient habitats which are supported by technology to make the quality of life for its citizens smooth and hassle-free, M K Singh, CEO of Delhi-based Umang Realtech, said as much as \$ one trillion was estimated to be the cost of setting up the targeted 100 smart cities. In planning these cities, Ranjit Sabhiki, a town planner and architect who has worked on Delhi’s master plans said, “Housing for the economically weaker section (EWS) will form a major component of these new urban centres, as 70-75 percent of the population will consist of villagers who will need cheap rental accommodation.” Currently, urban planning is dominated by the providing homes and spaces for the rich and upper classes, leaving the poor to fend for themselves.

“For the proposed new smart cities a completely different planning approach is called for. More detailed urban design is required, along with careful planning of the EWS residential areas. Complete sectors of affordable housing on areas of 25 to 50 acres need to be planned around shared communal facilities which include hospitals, schools, police station, fire brigade, electric sub-stations, and open space for recreation,” he said.

Rajeev Talwar, executive director, DLF, came down heavily on the government for creating bottlenecks, and regulatory speed breakers. He pooh-poohed ‘affordable’ proposals for housing the poor as attempts to push these sections ‘down under’ instead of raising them to the level of the middle class.

On the other hand, Ashok Bajpai, MD of international security firm GS4, said good governance in the coming smart cities must aim at cutting down on large numbers of government staff that currently are expensive and inefficient. Giving the example of the western societies, Bajpai said: “GS4 as a private security firm today runs prisons and police operations in several world cities. There is no reason why we can’t replicate it in India.”

In another session on financing Smart Cities and the new Urbanisation programme, panellists pointed out that the government had no idea on how this would be raised and what would be the cost of funding these projects. So far, just Rs 7,060 crore had been sanctioned, and that too presumably to set up the planning process. Deloitte partner Arindam Guha had suggested a figure of Rs 6 lakh crore or around \$100 billion. Another estimate puts it at \$ one trillion. Union Minister for Urban Development K Venkiah Naidu estimated the cost to be “lakhs of crores” and he suggested putting together a public-private partnership (PPP) model which would be aided by viability gap funding through involvement of local bodies and state governments.

Pointing to this maze of imponderables, Sunil Rohokale, MD & CEO of ASK Investment Holdings, said that the absence of concrete projects, and specific investment opportunities so far had failed to enthuse international investors for the smart cities programme. Anshuman Magazine, CEO of realty broking house CBRE, said the legalization of the Real Estate Investment Trusts (REITS) however would bring in private capital into the property market and help kick start city infrastructure projects. Investing in property through REITs will allow even small investors to buy property assets through ownership of REIT shares, he said.

However, in the discussion that followed, it was pointed out by participants that REITs had been in the pipeline for over 5-7 years, and there was still no sign on an enabling notification. Further, delegates were also critical of the government not defining or notifying the ‘100 smart cities’ it had spoken about.

The closing address was delivered by Union Minister for Railways, Suresh Prabhu. The proposals thrown up at the conclave have been documented and can well become drivers for the new Union Budget and beyond.

- See more at: <http://www.businessworld.in/news/business/infrastructure/building-urban-india-the-smart-way/1736830/page-1.html#sthash.UWPCmGxS.dpuf>