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CONTACT US: CENTRE FOR URBAN EQUITY, NILPA BUILDING, CEPT RESEARCH & DEVELOPMENT FOUNDATION
NEAR AES BOYS HOSTEL CAMPUS, UNIVERSITY GROUND NAVRANGPURA, AHMEDABAD - 380 009, GUJARAT, INDIA.
T: +91 79 2630 2470 EXT: 473 F: +91 79 2630 2075
URL: www.cept.ac.in/cue E-MAIL: cue@cept.ac.in

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MEGA PROJECTS AND RESHAPING OF URBAN FUTURES

GOVERNANCE AND EQUITY IN DELHI MUMBAI INDUSTRIAL CORRIDOR

POLICY BRIEF 1
7th February 2019
AHMEDABAD

DELHI MUMBAI INDUSTRIAL CORRIDOR IN GUJARAT – A MIRAGE OR A REALITY?

The Delhi-Mumbai Industrial Corridor (DMIC), a spectacular project, has a special place in the national BJP Government's imagination of India's future, reiterated in the recent National Investment and Manufacturing Zones (NIMZs) plan. At 1,500km, it crosses six major States[1], promising to bring over US$100 Billion of inward investment to a new generation of economic 'nodes' designed to promote the development of industry, logistics and real estate under the 'Make in India' policy[2]. India aspires to achieve manufacturing sector growth of 12 per cent to 14 per cent per annum (p.a.) over the medium term and increase this sector's Gross Domestic Product (GDP) share from 16 per cent to 25 per cent by 2022, create additional 100 million jobs by 2022 in the manufacturing sector and enhance India's manufacturing sector's global competitiveness.

The National Investment and Manufacturing Zones have been conceived as giant industrial Greenfield townships to promote world-class manufacturing activities, having a minimum size of 50 sq. kms wherein the processing area is at least 30 per cent, and having all physical and communication infrastructure. Interestingly, the central government has committed to bear the cost of master planning, improving/providing external physical infrastructure linkages including rail, road, ports, airports and telecom, providing institutional infrastructure for productivity, skill development and

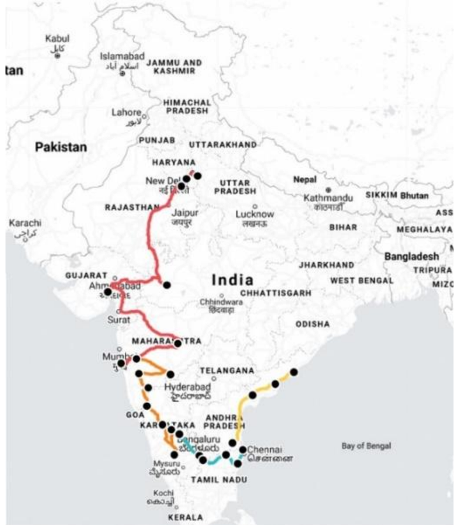

Figure 1: Proposed Industrial Corridors with National Investment and Manufacturing Zones
Source: http://www.makeinindia.com/live-projects-industrial-corridor, accessed on March 30, 2018

'Megaprojects and the reshaping of urban futures: Governance and Equity in the Delhi-Mumbai Industrial corridor' is a project in collaboration between staff at the University of Sheffield, UK; School of Planning and Architecture, Delhi and CEPT University, Ahmedabad. It was funded by Sheffield Institute for International Development and the British Academy's Tackling the UK's International Challenges programme (award reference IC60213).

The project aims to understand how the Delhi Mumbai Industrial corridor is changing patterns of urban and regional governance in two case study sites, in Gujarat and Uttar Pradesh. It focuses on how the DMIC is shaping interaction between state and non-state actors at different scales, and how it is affecting existing processes of urban development and planning.

The CUE research has examined the genesis of the DMIC project, with a focus on how the state of Gujarat has developed an enabling environment for such mega clustering of industries and massive urban development projects over the years.

This policy brief elaborates on this theme with two projects in the state, namely the Dholera Special Investment Region and the Gujarat Petrochemical and Petroleum Investment Region, Bharuch highlighting the land based issues which are strongly positioned as bottlenecks for their implementation.

Authors:
Darshini Mahadevia, Glyn Williams, N Abhilaasha

the promotion of domestic and global investments. The state government has been given the responsibility of providing water, power connectivity, physical infrastructure, utility linkages, environmental impact studies and bearing the cost of resettlement and rehabilitation packages for the owners of acquired land. The state government has also been charged with the responsibility of making land available, undertaking land acquisition if necessary[3].

The Make in India policy identifies number of NIMZs, eight within the Delhi Mumbai Industrial Corridor (DMIC) and fourteen outside the DMIC. The eight NIMZs within the DMIC are[4]: (i) Ahmedabad-Dholera Investment region, Gujarat; (ii) Shendra-Bidkin Industrial Park City near Aurangabad, Maharashtra; (iii) Manesar-Bawal investment Region, Haryana; (iv) Khushkhera-Bhiwadi-Neemrana Investment Region, Rajasthan; (v) Pithampur-Dhar-Mhow Investment Region, Madhya Pradesh; (vi) Dadri-Noida-Ghaziabad Investment Region, Uttar Pradesh; (vii) Dighi-Port Industrial Area, Maharashtra; and (viii) Jodhpur-Pali-Marwar region, Rajasthan (See Figure 1). The Dahej Special Investment Region (SIR) identified earlier is not listed as National Investment and Manufacturing Zones in the Make in India Policy.

Besides National Investment and Manufacturing Zones, five industrial corridors have also been proposed. Some of the National Investment and Manufacturing Zones will fall in one of these industrial corridors (See Figure 1). These corridors, spread across India, will focus on industrialization and planned urbanization, with manufacturing being key in each of these. Within these corridors Smart Industrial Cities would be developed along/ in the Corridors. One of the corridor among these five is the DMIC, whose perspective planning has been completed[5]. This policy brief focuses on the Gujarat part of the DMIC.

THE DMIC IN GUJARAT

The NIMZ is expected to transform the geography of Western India through a series of planned new cities and industrial regions, all underpinned by infrastructural investment in ports, airports and dedicated rail and road links that connect individual sites along the Corridor's entire length. Gujarat, due to her long history of industrialisation post-independence, was understandably quick to see the potential of the Corridor, and positioned itself to bring a significant proportion of that investment within its borders.

The industrial policy of Gujarat and the role of nodal agencies have evolved throughout the years to suit the change in industrial contexts (GUJENVIS, 2011). There are two main players in the face of industrialisation in Gujarat. The first one is the Gujarat industrial development corporation (GIDC), which is the implementation agency, responsible for setting up industrial estates across the state to promote regional industrial development.

The second agency is the Gujarat Infrastructure Development Board (GIDB), which works to facilitate the higher flow of funds in the infrastructure sector, while ensuring private sector participation and improved coordination among industries.

The Gujarat Infrastructure Development Board was set up in 1999, under the Gujarat infrastructure development act as the advisory body for Public-private partnership (PPP) projects across the state. The focus of Gujarat Infrastructure Development Board initially, was on the development of the Sabarmati riverfront in Ahmedabad (GoG, 1997). In 2001-2002, there was a shift in focus with the development of the concept of Special Economic Zones. Based on the demand, Dahej was identified as a potential Special Economic Zone and feasibility studies were being conducted (GoG, 2002). Following this, the GIDB was developing the SEZs across the state in coordination with the GIDC (GoG, 2006).

Slowly, GIDB gained significance. The Delhi Mumbai industrial corridor (DMIC) was proposed and GIDB became its nodal agency and coordinating body in 2007. The concept of SIR was also developed in this period. Under the Gujarat SIR act, 2009, GIDB was also appointed as the apex authority for all the SIRs of the state. GIDB also started drafting the Blueprint for Infrastructure in Gujarat (BIG) report with CRISIL as its consultant.

Under the BIG 2020 shelf of projects, Dholera SIR received a whooping figure of USD 1085.2 Billion, which was almost equal to the overall gas sector investment of the state. The other industrial nodes, (SEZs within DMIC and other SIRs) received USD 335.21 Billion allocation. Outside the DMIC, the industrial parks and SEZs received USD 257.36 Billion. This showcases the priority of the state for development (GoG, 2011). This period saw rapid changes in the industrial scenario. The national share of industries increased to 10.19 per cent (GoG, 2016).

Various Special Purpose Vehicles (SPVs) have also been formed, like, the Gujarat Industrial Corridor Corporation (GICC), Dholera International Airport Company (DIAC) and the Metro-Link Express for Gandhinagar and Ahmedabad (MEGA).

The first phase of the DMIC was then expected to engulf mighty projects including development of nine six lane roads, 13 four lane roads, nine broad-gauge lines, six double broad-gauge lines, three rail lines, one airport and one metro proposal.

Further the Ro-Ro ferry project from Dahej-Gogha and four logistic parks were also been proposed. Totally seven SIRs were proposed in Gujarat (GoG, 2016). Figure 2 shows the institutional arrangements in Gujarat, at various levels to manage the mega projects.

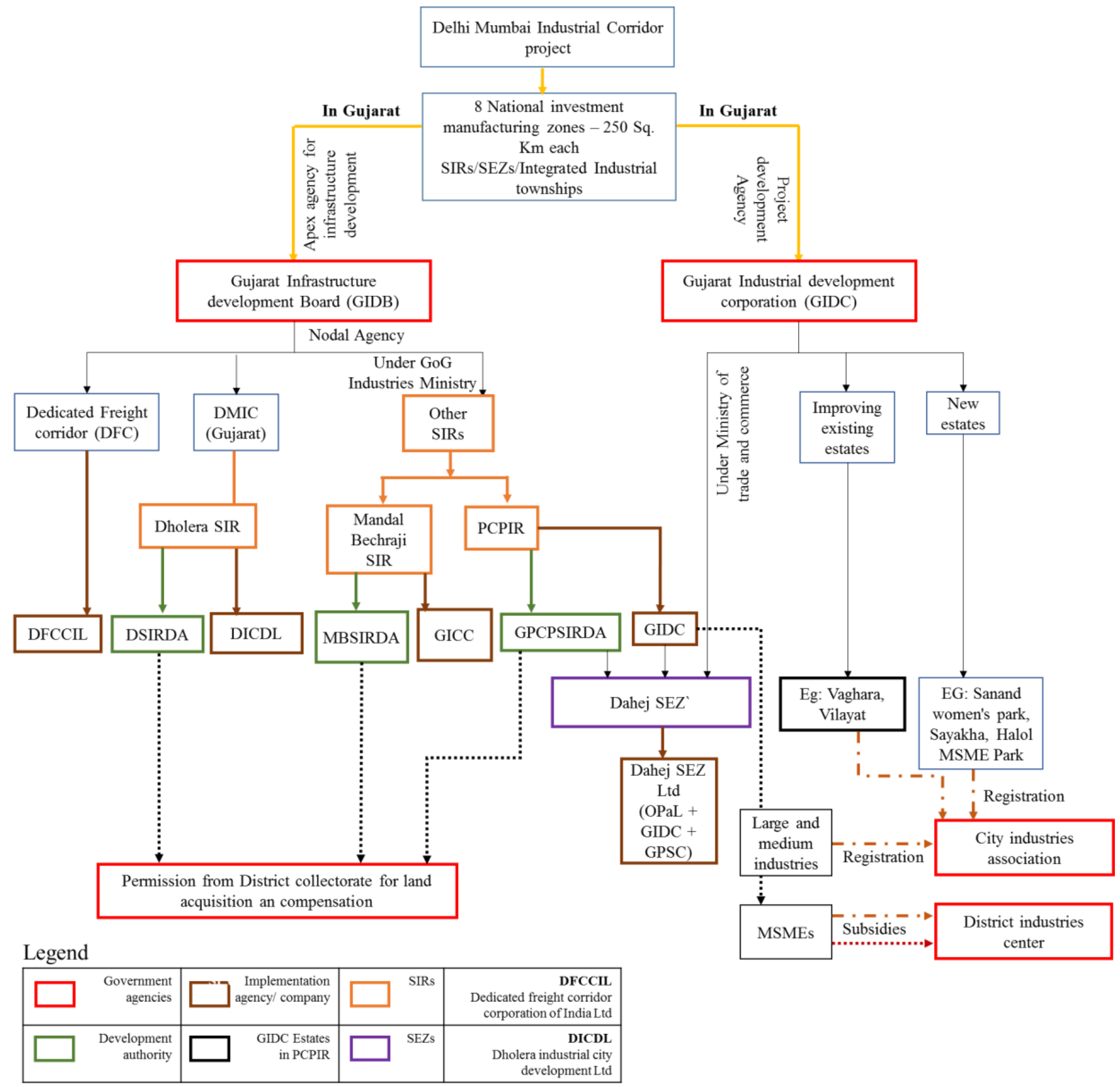

Figure 2: The institutional structure of the DMIC & other mega projects in Gujarat
Source: CUE, CEPT University

LEGISLATIVE ARRANGEMENTS FOR MEGA PROJECTS IN GUJARAT

Legislative arrangements have been given support to development of mega investment regions over the years. These have been enlisted in Table 1. From Table 1, we can see leverages for the industrial development and related land acquisition. As per the observations of A. Dutta (2015), the state has been shifting the urbanisation towards an entrepreneurial model, escalating the pace of issuance of clearances while attempting to reduce political and social interferences in the development of projects backed by an active effort to lobby investments.

All SIRs in the state are declared under the *SIR Act of 2009*. The Act delegates' power to the State to declare an investment region or industrial area and notify them as SIRs. It also facilitates the setting up of an apex authority for the development, working, regulation, management and planning of the region.

TABLE 1: OVERVIEW OF LAND LAWS AND REFORMS IN GUJARAT AFTER ECONOMIC REFORMS: A CHRONOLOGICAL LISTING

S NO	LEGISLATION AND KEY EVENTS	YEAR	IMPLICATIONS
1	Economic Processing Zone Guidelines	1994	
2	Amendment of 1965 Bombay Land Revenue Act	1994	This amendment allowed conversion of agricultural land to industrial purposes[6].
3	BJP-Led National Democratic Alliance wins national elections	1998	
4	The Gujarat Infrastructure Development Act	1999	The Gujarat Infrastructure Development Board (GIDB) was set up as an apex agency to institutionalise financing, construction, maintenance and operation of urban infrastructure projects[7].
5	Amendment of 1976 Gujarat Town Planning and Urban Development Act	1999	This amendment facilitated appropriation of land for a variety of different public purposes while vesting this land with the appropriate authority and creation of plots for sale to finance infrastructure investments[8].
6	National SEZ Guidelines	2000	This intended to make SEZs an engine for financial growth supported through high-quality infrastructure complemented through an attractive fiscal package, both at the state and central level[9] with minimum regulations[10].
7	New land policy extended	2003	All 'new tenure' land converted to lands with saleable right Commencement[11] of biennial Vibrant Gujarat Global Investor Summits
8	Congress-Led United Progressive Alliance wins national elections	2004	
9	The Gujarat Special Economic Zone Act	2005	This act defines and SEZ and enables the setting up of same in the state along with its development[12] authority, development committee and its infrastructure features.[13]
10	Release of BIG 2020	2005	GIDB releases Blueprint for Infrastructure in Gujarat ('BIG 2020')
11	National SEZ Act	2006	
12	DMIC Concept Note Produced	2007	GIFT City[14] idea emerges, announced at 3rd Vibrant Gujarat Summit.
13	Incorporation of DMIC Development Corporation. Tata Nano plant moves from Singur, West Bengal to Sanand, Gujarat		
14	Congress-Led United Progressive Alliance wins second term of government. RFCTLARR Bill presented to parliament	2009	Dholera Special Industrial Region notified[15] BIG 2020 updated to reflect DMIC
15	The Gujarat Special Investment Region Act	2009	SIR act passed in March. The act delegates' power to the state to declare[16] an investment region or industrial area and notify them as SIRs.[17]
16	Right to Fair Compensation and Transparency in Land Acquisition, Resettlement and Rehabilitation (Amendment) Act (RFCTLARR)	2013	RFCTLARR Act passed
17	BJP-Led National Democratic Alliance wins national elections	2014	
18	Attempt to amend RFCTLARR Act	2014	The central government tried to amend this act through an ordinance. This was followed by a series of protests by the spectrum[18] of liberal democratic forces in the country. Amendment refrained, but states allowed to amend independently if they wished.
19	NDA Government attempts to remove key provisions of the RFCTLARR Act Gujarat amendment passed	2016	This amendment was done to[19] facilitate quick acquisition and issuance of approval and clearances for SIRs and other large infrastructure projects in Gujarat

The authority can also approve any economic activity to be established in the SIR. It is further simplified by making the apex authority the single point of contact for setting up the economic activity. Under this Act, the State government is empowered to establish nodal agencies and delegate them to envision projects, assess their technical, commercial and economic feasibility, environmental problems and solutions. They would also look into the implementation of projects while promoting the participation of private sector (GoG, 2009).

Under the Act, the legislative powers are decentralised and handed over to new agencies. Though this is beneficial for the emerging industrial fabric, the delegation of power is concentrated in few hands. From surveys on site, it was gathered that in many ways it emerges as a problem for the local residents and the farmers in the respective SIRs, as they are often declared without their consultation.

MEGA INDUSTRIAL CLUSTERING IN GUJARAT UNDER THE DMIC

The Multi Modal High Axle Load Dedicated Freight Corridor DFC Project (DFC) is an integral part of DMIC initiative which together aim to provide a long term development enabling environment, thereby re-emphasizing one of the nation's largest industrial belt to promote foreign export and direct investments[20].

The proposal for the DFC for about 922 miles, along with the DMIC project, from Delhi to Mumbai by GoI, has the objective of promoting economic development. The influence area of the same is 93 miles on either side of the proposed DFC. To leverage this development potential under these mega projects, world class infrastructure along with SIRs, industrial areas, SEZs are envisioned (CRISIL Infrastructure Advisory, 2009). Pioneering in enacting an act of this nature, 13 SIRs were proposed in the state out of which seven have been notified, namely Dholera, Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR), Halol-Savli, Santalpur, Navlakhi, Aliyabet and Mandal-Bechraji (GoG, SIR act of Gujarat, 2009). However from interviews with officials from GIDB, it was quite clear that there was no specific relationship between the two yet, with regards to their planning and implementation.

About 62 Miles from Ahmedabad, multi-product industrial infrastructure is planned at the 'Dholera Smart City' which is one of the NIMZs[21]. Evidently, the Dholera SIR was given another name, i.e. Smart City. The purpose could be to also leverage funds available under the Smart Cities Mission for some activities/ infrastructure in the Dholera SIR. It has airport, seaport and mega cities such as Ahmedabad and Vadodara in its proximity. It is also close to Gujarat International Finance Tech City (GIFT) and PCPIR. It is proposed on a land parcel of about 10,324 Ha and has its own development authority, Dholera SIR Development Authority (DSIRDA) (Vibrant Gujarat, 2015). Envisioned for two million people, it is expected to develop about 826,700 jobs in industrial, tourism and allied sectors. It is also expected to develop 484,000 support jobs. It is expected to encompass industrial parks, townships, knowledge hubs, multi modal transport hub and a new international airport.

However, the model of development in Dholera smart city has not been derived as a response to the challenges of urbanisation in post independent India (Dutta, 2015). It is envisioned in insulation from the so called 'disorder and chaos' of existing cities. It is not a design providing solutions to the current problems, ideally to be driven by visionary planners and architects. Rather, it is the vision of corporate giants who are trying to create a new global market in India (Dutta, 2015). This creates the fault lines which have decelerated the progress of the project. It is noteworthy that none of the plans or videos of the Dholera proposal speak about the existing profile of the area. Dutta (2015) argues that the Environment Impact Assessment (EIA) report has underlined a high risk of flood in this region, which would require investment of 7 Billion USD for mitigation. This along with the biodiversity loss in the region has already decelerated investments in this 'global city'. The flood assessment reports have led to the abandonment of the airport and seaport plans as well. Beyond all this, the process of development has been stalled because of local agitation (Dutta, 2015). Dholera was envisioned as an industrial city, then an SIR in the DMIC, a knowledge city, global city, eco city and finally a smart city (Dutta, 2015).

On the contrary, the Petroleum and Petro Chemicals Investment Region (PCPIR), which is the only activated SIR of its kind in the country[22]. Though the PCPIR was initially listed as a DMIC node, it is not a part of the NIMZ which have been identified. However, the brownfield site has been developing since 1992, owing to the presence of the Villayat and Vaghara GIDC estates and the Dahej SEZ from 2007. Dahej SEZ Limited (DSL) is a company registered under the companies' act 1956 and is jointly promoted by GIDC and Oil and Natural Gas Corporation Limited (ONGC), which is the anchor tenant in the SEZ. The development authority of PCPIR state that the SIR is expected to be developed fully by 2040[23] with the development of Sayakha estate, Dahej Phase II & III and other industries. However, when we visited the PCPIR, we observed sporadic development. This can be attributed to the local agitations in the region, owing to the fact that the villagers are unhappy with the loss of local governance and imposition of a development authority with no elected representatives. The farmers are unhappy with the forceful land acquisition and long term, tedious process of compensation. They also complained that the industries do not employ locals and hence the project seems to have created havoc in their livelihoods.

The definition and categorisation of mega projects, including DMIC and their components have been changing continuously in Gujarat. The social activism and the political ambitions have been on two ends of the development trajectory, which has prioritised Gujarat's urbanisation as a business model rather than a torch bearer of social justice to all.

Figure 3: Sparse development in the PCPIR

Figure 4: Dahej-I, SEZ, PCPIR

The definition and categorisation of mega projects, including DMIC and their components have been changing continuously in Gujarat. The social activism and the political ambitions have been on two ends of the development trajectory, which has prioritised Gujarat's urbanisation as a business model rather than a torch bearer of social justice to all.

CONCLUSION

Gujarat, a developmental state, that has pushed economic growth through state initiatives, has once again grabbed the opportunity that the Delhi Mumbai Industrial Corridor's proposition by the national government. To support it, the state enacted its own legislation on Special Investment Region in 2013 and linked it with the state legislation for urban planning, namely the Gujarat Town Planning and Urban Development Act of 1976. This linking made it possible for the state government to bypass the 2013's land acquisition act called Right to Fair Compensation and Transparency in Land Acquisition, Resettlement and Rehabilitation Act, said to be pro-farmer and expensive to the state government as well as industries. This move by the state government is in tandem with the pro-industry stance of the state government since the formation of Gujarat state in 1960. Gujarat state has always been pro-industry (Hirway 2014), facilitating industries through multiple subsidies and incentives (Hirway and Shah 2014) and often at the cost of agriculture and environment (Hirway and Mahadevia 2005). In spite of that, the state's economic growth has not seen spectacular performance (Morris 2014), despite its potential. The State's attempts to take advantage of the Delhi Mumbai Industrial Corridor are a response to boost industrialisation. But can this massive industrial development and urbanization, as envisaged through the Delhi Mumbai Industrial Corridor and the location of Special Investment Regions (SIRs) within it, actually deliver the development of these investment regions through Gujarat's available town planning legislation? As of now, it seems more to be a mirage than a possible reality.

NOTES

1. Uttar Pradesh, Haryana, Rajasthan, Gujarat, Madhya Pradesh and Maharashtra.
2. Retrieved from http://www.makeinindia.com/policy/national-manufacturing, accessed on March 29, 2018.
3. Retrieved from http://www.makeinindia.com/policy/national-manufacturing, accessed on March 29, 2018.
4. Retrieved from http://www.makeinindia.com/policy/national-manufacturing, accessed on March 29, 2018.
5. As per the official site of Make in India http://www.makeinindia.com/live-projects-industrial-corridor, accessed on March 30, 2018.
6. Retrieved from http://www.lawsofindia.org/pdf/gujarat/1965/1965GUJARAT35.pdf accessed on January 2, 2018
7. Retrieved from https://gidc.gujarat.gov.in/ accessed on December 22, 2017
8. Retrieved from https://townplanning.gujarat.gov.in/Documents/Gtpud%20amd1.pdf accessed on December 22, 2017
9. Retrieved from http://sezindia.nic.in/ accessed on January 2, 2018
10. The lands that were given to the former tenant-cultivators of landlords under the land redistribution policy were called lands of new tenure. These lands carried restrictions with regards to sale / transfer of land ownership. The 2003 reform allowed such lands to be sold/ transferred legally.
11. Retrieved from https://vibrantgujarat.com/ accessed on December 22, 2017
12. Retrieved from https://ic.gujarat.gov.in/documents/SEZ/SEZ_act2004.pdf accessed on January 2, 2018
13. Retrieved from http://www.gidb.org/big-2020 accessed on January 2, 2018
14. Retrieved from https://vibrantgujarat.com/ accessed on December 22, 2017
15. Retrieved from http://www.gidb.org/big-2020 accessed on January 2, 2018
16. Retrieved from https://gidc.gujarat.gov.in/pdf/act-and-rules/SIR_ACT_new.pdf accessed on December 22, 2017
17. Right to Fair Compensation, and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 was an outcome of farmers' agitations all across India against the land acquisition through the former Land Acquisition Act, 1894, that forcefully divested agricultural lands for 'development' purposes. The former Land acquisition Act, 1894, was revised to RFCTLARR Act, 2013, through nationwide consultations.
18. Retrieved on January 2, 2018 from http://dolr.gov.in/acts-rules-policiesacts/acts
19. Retrieved from http://dolr.gov.in/acts-rules-policiesacts/acts accessed on January 2, 2018
20. Retrieved from https://economictimes.indiatimes.com/news/politics-and-nation/how-central-and-state-governments-have-diluted-the-historic-land-legislation-of-2013/articleshow/63764378.cms accessed on January 2, 2018
21. Retrieved from https://www.jica.go.jp/english/our_work/social_environmental/id/asia/south/india/c8h0vm000090s09o.html accessed on January 2, 2018
22. Retrieved from http://www.makeinindia.com/policy/national-manufacturing, accessed on March 29, 2018.
23. As per our discussion with the planners in the GPCPSIRDA, Gandhinagar in May 2017
24. As per our discussion with the planners in the GPCPSIRDA, Gandhinagar in May 2017

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