
This is a raw transcript of the In-Focus forum on India (“Forging Partnerships, Developing Capacities”) of the World Cities Summit, held at Marina Bay Sands, Singapore, on 3 July 2012. The panel comprised:

- **George YEO** – MODERATOR
Vice Chairman, Kerry Group Ltd
- **Amitabh KANT**
CEO & Managing Director, Delhi Mumbai Industrial Corridor Development Corporation Limited
- **Kamal NATH**
Minister of Urban Development, India
- **Shirish SANKHE**
Director, McKinsey & Company Ltd
- **Ram WALASE**
CEO, IL&FS Township & Urban Assets Limited

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Mr Yeo: “Thank you all for coming, ladies and gentlemen and I thank CAI for co-sponsoring this session. It’s such an honour for me to be moderating a session of distinguished speakers, most is my dear friend, Mr Kamal Nath, whom I’ve known in many of his earlier incarnations as well. Kamal Nath, of course, needs no moderation and he’s made a request to speak at the end even though it will be keynote speech and he has to leave at 12 o’clock. So we’ll begin with Shirish Sankhe from McKinsey. He’s based in Mumbai, followed by Ram Walase, CEO of IL&FS on Township and Urban Asset, then Mr Amitabh Kant, CEO and MD of the Delhi Mumbai Industrial Corridor Development Corporation. As we are short of time, I think we can begin straightaway with Shirish.”

Mr Sankhe: “Mr Yeo requested that none of the speakers use slides but I said that as Mc Kinsey, I am completely unable to speak without using slides so apologies right from the start. First of all, thank for inviting me here. I have 10 minutes and there is a big clock here reminding us how much time we are taking. So this particular presentation or short presentation is based on a report we published around two years ago on India’s urbanisation and since then we have been involved I have been personally involved in Mumbai as well as some of the work we have been doing with the Planning Commission as well as with Mr Kamal Nath, the Minister of Urban Development on the next generation urban schemes so that sort involvement. Before we go to India, let me show a couple of charts on the world and you must have seen many of these, a lot of these data before but I just wanted to put it in perspective. The urban growth traditionally

has been 20 times the rural growth throughout the world so overall 57 per cent of the world will be urbanised by 2025 and the rural growth obviously is 0.1 per cent and urban growth is around two per cent so that's the overall urban growth in the world. Out of that as you will expect, India and China and the two sessions, parallel sessions going on are on India and China. India around 11 per cent and 20 per cent in China, that is the overall population and the share of growth is 26 per cent for China and 14 per cent for India. So 40 per cent of urban growth going forward is India and China. Now, four years ago, we looked at China's urbanisation and two years ago, we looked at India's urbanisation in around 18-month study that we did on India's urbanisation. So two years ago, we published the report and the rest of the presentation is some short summary, something from the report on challenges as well as opportunities. So really three messages, one is, and this was important in India at that time, maybe not anymore, the fact that cities are important for India's economic growth. There is a debate, maybe not as much anymore, but there was always a debate in India of cities versus rural area, cities versus villages and the fact that cities and villages go together and they are symbiotic was quite important to point out. So in terms of just the economic future, 40 per cent of India will live in cities by 2030 and right now that number is around 30 per cent. So more than 60 million people will live in cities by 2030 and 250 million people will be added to India's urban population in the next 20 years. So it's a pretty massive urban expansion that is going on.

In terms of GDP also, around 70 per cent of India's GDP will be in cities so economically also it's very, very important. Around 10 states will be more than 50 per cent urbanised, two of them are very close to 50 per cent already, Tamil Nadu and Kerala, but there were other eight which will go beyond 50 per cent. I don't know whether 50 per cent is a magic number politically, maybe it's not because it's probably depends constituency per constituency. But a sense is that as India starts moving towards 40 and 50 per cent, the traditional neglect that India gives to its cities hopefully will start changing. It's already beginning to change. Mr Kamal Nath is in the process of changing that and Dr Isher Ahluwalia who's sitting in the audience has also written a report on how to change that but it's beginning to change but we have a long way to go. In terms of challenges, I want to be quite honest here. India has not really figured out its urbanisation yet, it's beginning to but not. The challenges are quite massive. These are just some numbers in a typical McKinsey fashion - 100 liters per day, per person is the water; only 30 per cent of transportation is public transportation; vehicular congestion, just the traffic jams is around 170 vehicles per lane kilometres when the target should be 100; sewage treated is only 30 per cent; parks and open spaces are low and slum population is high. It's a massive challenge right now for India and Indian cities. And going forward, and again I'm not trying to project a bad future just for the sake of it but we do need to change and from that perspective if we don't change, things become worse as you will expect. You know the vehicular congestion can go from 172 to 600 cars, which is basically a gridlock. So we do need to change, we do need to make a set of substantial and irreversible changes. Obviously, it won't happen overnight. So those are the challenges and Indian policymakers are beginning to get aware of it. The

intelligentsia is already aware of it and the politicians at the state level are beginning to become aware of it. So that's the good news, so that's the challenges. In terms of opportunities, so that's one side, challenges one side, in terms of opportunities, those will be quite massive just looking at the numbers. So I'll mention a few of them, four, five charts on opportunities.

Number one is just the dramatic expansion of the middle class. From 10 million households to 150 households in the middle class and that will change India's consumption. We are already beginning to see that but this will change quite dramatically. As the next chart shows that discretionary spending will increase dramatically and the spending on necessities like food will go down and therefore whether it's education, recreation, whether it's housing, whether it's transportation will grow dramatically and that is the secular change, it will happen no matter how we manage our cities, right? So these opportunities on the consumer front have a force behind it. What about on the urban front? What do we need to do? Really the report is quite big and I'm going not to go into all of it but India needs to get, India needs to fix many things and I'll talk only about one or two and each of these things create opportunities. One is funding, the second is planning and the third is housing and of course, there are many others like governance and shape, I won't go into all of it but in terms of opportunities in purely urban areas. Let's talk about funding. Our estimates showed and Dr Ahluwalia's estimate came close that around \$1.2 trillion is needed for India's urban infrastructure, around \$60 billion per year for Indian cities. India is not spending even one-tenth of that right now but there is an attempt to push this upward and it will get pushed upward. Whether it will reach \$60 billion per year, frankly I don't know, maybe not, maybe not immediately but that wish is there so enormous opportunities in transportation, housing, water, sewerage and all types of things.

So that is rest assured that Indian urban opportunities will be quite high. In terms of raising this funding, again I won't go into the details; we think the money will get raised. Already some changes are beginning to happen. We are hoping that the next generation, Jawaharlal-Nehru Urban Renewal Mission, which is the government's spending, is at least three times bigger, maybe not, but at least that is the hope and similarly on land monetization as well as PPP, there are massive opportunities. Singapore has shown, China has shown on how to monetize land for funding public infrastructure, especially city infrastructure. India needs to learn from that. We think that learning is happening slowly but surely. In terms of planning, planning is very, very important part of cities. Indian cities are learning that from Singapore and I just did a big urban plan for one of the massive cities in collaboration with a Singaporean agency so at least 100 cities in India are going to need planning services, 20-30 masterplans, transportation plans and so on. So that is under the big opportunity for services, the planning part of it. Indian cities badly need it and expertise is required. Third one, it's just the portfolio of cities. I won't talk about the whole chart but at the bottom, a small slice is green field cities. Amitabh Kant, who is here, will talk more about it but we think around 25 million people, close to 20 new cities of half a million to a million each are required in India but close to metropolitan

areas and close to transportation corridors. Amitabh will talk more about it but there's a massive opportunity, green field cities, third one. And the fourth one is housing, especially affordable housing. Singapore can teach India a lot on that. There's a very successful housing programme here. Two million houses are required per year. Currently, it's 200,000 so 10 times expansion is required. So that's another massive opportunity city by city, state by state is required. So these are the opportunities, I've already talked about challenges. In summary, cities are critical and there are challenges as well as massive opportunities. It's a decade old transformation. Let's see how the next 20 years unfold but they are critical for Indian cities. Thank you."

Mr Yeo: "Thank you, Shirish. I'll now invite Ram Walase to speak."

Mr Walase: "Honourable Former Minister of the Government of Singapore, Honourable Minister, Mr Kamal Nath, other dignitaries on the dias and delegates, a very good morning to all of you. Two day ago when I change my programme to come here and I said that I am going to arrive today morning, the coordinators told me that it's too dire. I may have to walk to this conference room straight from the airport. I landed today at 7.30 at the airport, 8.15 I was in my hotel room, I managed half an hour of sleep, breakfast and I'm here with all of you and that's efficiency, that's efficiency of urban infrastructure. That's what we aspire in other cities in India to build - new infrastructures, new cities. I have a small presentation on a project that we are building in India. Just to introduce ourselves, IL&FS is financial institution and infrastructure development in India promoted by the leading banks and institutions in India and we are developing infrastructure across sectors and we desire to build large cities and new urban spaces for India. Right now we have four or five very ambitious projects. One of them is Gujarat International Finance Tax City. This is a project being developed in Gujarat. The second one is model economic township; this is an industrial township being developed near Delhi. This is a joint venture with Reliance Industries and Government of Haryana. We are also building an education city in Bhutan. This is a 1000-acre project for promoting education institutions in Bhutan. We are also a very large special economy zone in Bangalore and we are also developing a port-based township in Gujarat at Gulfekaj (?). Now this is a project we are building in Gujarat. This is the architect's vision that we would like to build and this is a project conceptualized to promote financial services and information technology businesses in Gujarat.

This project is located between Ahmedabad and Gandhinagar. Ahmedabad is the commercial capital of Gujarat and the Gandhinagar is the administrative capital and this project is located in between the two. The project is promoted as a public-private partnership between the Government of Gujarat and IL &FS. The Government of Gujarat brings land, it brings infrastructure and external connectivity, it facilitates approvals and IL&FS brings its infrastructure experience and mobilises private finance for building the infrastructure in the city. The project is very strategically located, it's 12 kilometres from the airport, it's about 20 kilometres from the commercial hub in Gujarat. It has excellent connectivity and very good infrastructure and the political climate maintain

support from the state government. The project offers many advantages as my colleague mentioned that we have a lot of demand for building urban space. India's urban population will grow by almost 1.7 times in the next 20 years and our urban middle class will grow by four times. That will be approximately 100 million people who are ready to spend on most of the urban infrastructure so we need to build high-class infrastructures and services in our new cities and those are what are our offers. It offers the space for living, it offers space for working, it offers space for leisure, it offers social infrastructure. It offers cost efficiency in terms of the urban living, in terms of transportations, in term energy, in terms of access to social facilities. You can walk to your work, you can walk to parks, you can walk to your leisure spaces. And it has everything that a modern city or a smart city like Singapore can have. The idea is not to replace the existing urban centre but the idea is to create a new nuclear for urban growth outside the existing urban spaces. So it has housing facilities, it has technology in terms of the Internet communication and technology, it'll have tier four (?) data centre, it will have the modern leisure spaces and it will have artificial water body of approximately one and a half kilometre land. In terms of transportation, you don't have to walk more than 300 metres and even that will be facilitated by the travelers within the city. It is will have four metro stations. The entire external connectivity is being developed from three external connectivity are being provided by the state government. The existing BRT system is being extended. So there is a lot of commitment from the state government to build a new city of this type.

It will have social facilities and health facilities. The entire municipal function is being promoted or handled by the public-private company formed between IL&FS and Government of Gujarat so this will be one of the few cities in India where the municipal functions will be run by the public-private partner company. Easy access to talent because we have a lot of population. The industry, the high end industries or the skilled labour industries are facing labour challenges and we have created a new initiative here. In the last five years, we have trained almost one million people in various industries and this initiative will facilitate the industries coming into the cities. We have a skills development centre here which will facilitate the industry in recruiting people and training them so that the industries do not face manpower crunch. In terms of the current status of the project, we have completed the project development phase, we have commenced the implementation of the project, the phase one of infrastructure is being, already been launched. The first one at half a million square feet of commercial development is already halfway through by August 1, the building will be ready of occupation. Also, another two and a half million square feet is in the pipeline and it will come up in the next two years so the city will be up and running in the next three to four years. It offers many opportunities in many facets, it offers opportunities for technology companies to come and facilitate the infrastructure development, it offer the infrastructure developers to come and do the infrastructure on PPP basis and it offers the opportunities for the tenants to come and do business here. Thank you."

Mr Yeo: “Thank you, Ram. I thought the first two presentations complimented each other very well. Shirish gave us an overview of the challenges and opportunities attaining upon urbanisation in India today and Ram gave us a pretty good sense of what’s happening across the country from the ground up. Now we have from Amitabh Kant, an opportunity to zero in on what is perhaps the most interesting development in India today which is the Delhi-Mumbai Industrial Corridor. Amitabh, please.”

Mr Kant: “Mr George Yeo, honourable Minister, distinguished guests, ladies and gentlemen. This is an urban century and while urbanisation is inevitable we must realise that urbanisation leads to unprecedented consumption of natural resources. And actually many of us don’t believe this but two-thirds of energy and consumption in greenhouse emissions comes from cities of the world and therefore if developing countries were to emulate the model of the developed world, we would require four planet Earths to meet the needs of the population in the developing world. But alas, we have one planet Earth and therefore we need a very big paradigm shift for inclusive and sustainable urbanisation. Now as you see, India is facing an unprecedented scale of urbanisation if 700 million people were to get into the urbanisation process by 2050. One of our late great thinkers, C K Prahalad said that actually India needs to create 500 new cities by the time it becomes 75 in 2022 otherwise, every single existing city of India will become a slum. And therefore I think urbanisation is the biggest challenge which India is facing and our process of urbanisation has just begun and our process of urbanisation has begun at a point of time when the process of urbanisation has already been completed across America, across Europe, across China. And therefore, there are huge opportunities in this process of urbanisation.

When cities were made in America and Europe, land, gas and water were already cheaply available and therefore the Americans made sprawling city and those cities were all made for cars and actually car companies bought over railway companies and destroyed the railway companies so there is no mass transport system. And actually if you were to compare two similar cities, Atlanta in America and Barcelona in Europe made at the same point of time in history catering to the same exactly the same population. the CO2 emission in Atlanta is eight times more than Barcelona simply because 97 per cent of the people in Atlanta travel by car and 65 per cent of the people travel by mass transit system in Barcelona and another 18 per cent either cycle or walk. So ladies and gentlemen, India has been a very, very reluctant urbaniser and it’s largely been borne out of the philosophy of Gandhi and the world view that our villages will economically self-dependent and China has the same philosophy because their revolution was also peasantry land. But they broke away from it in mid70s. So to my mind ladies and gentlemen, the economic development, the essence is about shifting people from sustaining on farming to manufacturing and urbanisation is truly the spatial manifestation of this shift.

Now one of the key projects which India has undertaken and this project was initiated when Mr Kamal Nath was Industries Minister was that it’s connecting the political capital of India, Delhi, with the economic capital of India, Mumbai

and today all goods move from Delhi to the ports on the western coast by lorries or by passenger trains. It takes about 13 to 14 days for goods to reach the port. But with this rail connectivity, this containerized train with double-stacking, triple-stacking at high speed goods will reach within 12 hours, 13 hours to ports of India so the logistics costs will sharply fall and India will become logistically efficient country. But what it does is it opens a completely new route of India for land monetization and it opens up a huge possibility of urbanisation. It opens up a unique opportunity to build state of the art infrastructure, to plan, build, develop, manage cities that are socially equitable, economically viable and ecologically sustainable. As I mentioned, India is a late started, India is a late started but it has very significant advantages, advantages in being able to technologically leapfrog. Leapfrog because when cities were made across the world, they were made vertically. The power, water, public safety were all vertically compartmentalized. Digital technology in what is today termed as smart cities or inter-connected cities or intelligent city or what the Koreans are now calling at Ubiquitous City (U-City) enables you to cut across these sectors, have a central command room and manage these cities on real time governance basis. And therefore, India must use technology to leapfrog and therefore to my mind, there are two key things. One is the entire development must be transit-oriented. India must grow, evolve on mass transit system. It must have MRT, BRT, LRT all linked together in these new cities and the cities must grow and evolve on the basis of this and this what the planners have done. We have some of finest planners from across the world working with us. We have IBM, Cisco, ACOM, CS2M, the world's best expertise has been outsourced to create these new cities and therefore this planning has been completed, plans are getting notified, land has been acquired and several projects have been cracked on ground and several states have moved forward and our challenge is really to create a sense of competition amongst these states.

As we move forward, there are several challenges and the challenges are of bringing a global scale of planning to be, when cities are made across the world they were all driven by the state, government funding. But today's case, the government needs to create trunk infrastructure. It must create the transportation, the drainage, the sewage but the rest of the project must be on PPP basis and therefore we really need to structure them, develop them, be as them, you need long-term financing, you need to, there's a whole challenge of monetization of land of very good detailed engineering, of bringing in some of the world's best programme managers, learning from new cities from across the world. Now in all these cases, actually the best examples, the best lessons come from cities Asia and not from Europe or America. They come from Singapore in water management, they come from a city Kitakishu in terms of, it was the most polluted city in the world post-World War II when Japan industrialised but today it's one of the best cities in terms of smart city management. They come from Yokohama in terms of waste management so what these projects, all these lessons from across the world have been captured in the planning, the developmental process of the Delhi-Mumbai industrial corridor, the seven new cities which have been planned forward and which have moved forward. So this project offers a huge opportunity for India to create an example of urbanisation

for the rest of the and I think as India urbanises, we face severe challenges but I think there are huge opportunity for sustainable growth and these will have a dramatic impact on the quality of the life of the 700 million people who get into this urbanisation process and they will open up huge business opportunities across ways, across water, across construction and to lender from across the world. Thank you very much, ladies and gentlemen.”

Mr Yeo: “Thank you, Amitabh, for your very positive presentation of the challenges facing us in India today. We all know that in tackling the challenge of urbanisation, the greatest problem is always political. Knowledge is in the public domain. We all know what are the ingredients that go into successful urbanisation but everywhere the problem is how do you manage the politics of urbanisation in all of its aspects. And therefore it is right the keynote speaker should be a very experienced political leader in India, Mr Kamal Nath. Kamal.”

Mr Nath: “My friend, George Yeo, Mr Amitabh Kant, Mr Sankhe, Mr Ram Walase, distinguished participants in today’s programme., I’m delighted to be here in Singapore and coming to this vibrant city which demonstrates the synergies between our two countries and reflects the entrepreneurial and professional ability of the people of Singapore. Singapore is undoubtedly the right city to be hosting the World Cities Summit. Singapore is a city-state, which makes things sometimes easier because the size of Singapore in terms of scale is very different to the scales we talked about in India or another Asian countries. But as a leader in urban management, Singapore has demonstrated what smart, innovative and sustainable city can be. And today I’m happy to be here sharing this stage with Mr George Yeo, my good friend, not only my good friend but a very good friend of India. Mr George Yeo I have known for I think it’s 20 years, a long time, when I was Minister of Environment and I’ve see him in different incarnations as much as he has seen me in different incarnations. Well, India emerged from the global economic distress very well and today we are seeing that global economy is confronted with a new set of crisis. The world has never seen a political crisis and an economic crisis what we are seeing today. Political crisis in many parts of the world and the economic crisis has never before where countries, Western countries have to look at their structure parameters and how they would transform themselves to remain the engines of the global economy.

So we are confronted with this huge situation today. I don’t think ever in history there has been a political crisis which we see in areas of the Middle East, even democracies, vibrant democracies are going through turbulence, turbulence of sustainability and a new economic paradigm, new architecture which will be needed for the future. Well, in India we had, last year our 6.9 per cent growth and all the macro economic indicators from yesterday, in Singapore I was asked, things are not going right in India and I said that India has become too used to a boom. So whenever there’s not a boom, they think it’s gloom. All the parameters are very good and 6.8, 6.9 and we are targeting much more than that next year. Growth is much more than most countries in the world. So when the world looks at India, they also sometimes look at a boom and when they don’t see this boom they think it’s gloom, they think it’s something wrong. This is a perception

problem and across all sectors in India. Across all sectors, you see auto sector growing at 25-30 per cent. Where in the world it's growing at 25-30 per cent? Where is cement, steel and other sector growing so fast? If you look at the balance sheets of 30 sectors, which we have looked at, all of them making huge profits. But if you talk to any of them, they'll say they have very tough times because we are only having 25 to 30 per cent growth. So they have tough times for India.

Well, India has a rapidly growing young population. India has about 435 million people in the age group of 18 to 35. That makes India's population more mobile. A young population is more mobile and a more mobile population from rural India, a rural India where you see growing disposable incomes. Not incomes but growing disposable incomes. People are more ready to move. The younger generation are more ready looking for their aspirations and dreams in urban India. That's why India's middle class constitutes 50 million people is likely to witness a ten-fold jump by 2025. Discretionary spending is also going up. Now the government's policy of just not having growth but managing growth and what do I mean by managing growth? That means inclusive policies where growth touches all part of the country and growth touches all sections of society. This meant a better life for people and the theme of our five-year plan covering the period 2012 to 2017 is faster, sustainable and more inclusive growth. I don't believe growth can be sustainable if it is not inclusive and if it is inclusive, we will want it to be faster. So faster, sustainable, more inclusive, not inclusive because we are already attempting inclusive growth, but more inclusive growth is what our target is. And the interplay of demographic reform and globalization has played a crucial in India's growth story. India's infrastructure sector remains a big challenge because growth has preceded infrastructure and with growth preceding infrastructure, we have this huge infrastructure deficit and we need to bridge this infrastructure deficit very urgently. It is estimated that the investment in infrastructure will have to be in the next five years about \$1 trillion and that would make it about 10 per cent of our GDP if we are to bridge this deficit and when we bridge it, we will not be building it for the future but catching up with the past. So our infrastructure deficit remains along with urban infrastructure a new challenge.

Asia is in the midst of decisive transition from a predominantly rural to an urban society and is urbanizing very rapidly. Between 2010 and 2050, urban population will almost double reaching 3.5 billion, that's in Asia and during this period, these last four decades, more people had been added to urban areas than in all of history. The 1000 years we have not seen such numbers as we've seen in the last 40 years. Where India is concerned, the urban population has increased from 285 million in 2001 to 400 million 2011 and in the next decade and a half or even a decade it's likely to go up to 600 million. Some say 600 million, some say 700 million but it's certainly won't be less than 600 million and the number of our towns has increased. The towns have increased from 5161 in 2001 to close to 8000 in 2011. This is bigger than Europe. India has about 55 cities with the population of more than million and this is likely to be close to 70 cities. Again, in the next decade or decade and a half, it has, today we have 13 cities

with a population of more than four million and this again is likely to go up. This is besides six megacities which are more than 10 million and above. And again, this is bigger than the whole of Europe. Our vision is to facilitate creation of economically vibrant, inclusive, efficient and sustainable urban habitat. It's been estimated that just in urban infrastructure, we will require \$1.2 trillion in the next 20 years and about 60 per cent of this will be in urban transport. We have launched, we have an Urban Renewal Mission and we are looking at launching our second Urban Renewal Mission in the next few months. We are hoping we'll find resources for 0.25 per cent of our GDP which will mean \$38 billion to be spent over the next five years in supporting our state government, in supporting our states. That means this will be in addition to what the states would have as their own outlay.

Now what are the important steps? I want to briefly dwell on the important steps which we need to do in this. What is the interventions by government and what is the role the private sector can play? PPP has been a success in India in some sectors but it is very nascent, very nascent urban infrastructure. We've had successes in PPP in the roads and highway sector, in the port sector but in urban infrastructure, PPP is still very, very young and we are building on various PPP models. We want to prepare a basket of PPP models because there's no one size fits all. It's a mistaken notion that there's a one size fits all PPP model. We got to look at several PPP models, a basket of PPP models in water supply, solid waste management and whether it's even urban transportation, bus service and even in upscaling and mainstreaming initiatives. In fact, we hope to take on the challenge under the 4P framework. Now what is this 4P framework? People, private, public and partnership. The world experience has shown that in urban renewal and management, the role of the people in design of projects and partnerships is crucial because nothing touches the people on a daily and hourly basis as urban infrastructure. Roads and highways only when you travel it but where urban infrastructure is concerned, it touches your life on a daily and almost hourly basis. We got to look at strengthening of urban governments. India is a large democracy. We have democracy going down to our village levels, to our municipal levels. How do we synthesize and how do we harmonise the role of politically appointed representatives with the managing of our municipalities? How do we make local self-government work together with experts, with the bureaucracy and with officials in this?

This is again a very big challenge and needs to be addressed. But I think the most important area where in India urban infrastructures is concerned, urban challenges are concerned is in capacity building. The lack of capacity in this, the lack of capacity in formulating projects, in strategic planning, in delivery just is not there and with the number of towns and municipalities we have, small municipalities, medium-sized municipalities, large municipalities, municipal corporations, the capacity is not there, the soft infrastructure is not there. We cannot have the hard infrastructure without the soft infrastructure. Hard infrastructure cannot precede soft infrastructure and I think this is going to be one of our biggest problems because if we want to shift the focus of infrastructure projects from asset creation to service delivery then without a soft

infrastructure, without capacity building, it's not going to happen. The government, the Government of India, has adopted service level benchmarks for the urban water and sanitation sector. The support with the central government will give to the state government is going to be based on certain reforms. It's going to be based on service level benchmarks and it is these service level benchmarks will entitle the states to avail of assistance from the centre. This is to catalyse the process of this transformation.

Another very important aspect which is covered as one in our 12 five-year plan document is efficient use of land resources and land monetization. India uses urban land very inefficiently because it does not permit sufficient substitution of capital for land in line with international practices. This is because the very low FAR and FSI which is permitted. So how do we have strategic management of land assets? This is very important because by strategic management of land assets and by monetisation of land we can look at suburbanisation; we can look at twin cities. In suburbanisation is sometimes taking place by default not by design. We have to make sure the suburbanisation is by design and not by default. This is important because how do we have dispersal, dispersal of our cities and of our urban areas as much as we're going to look at dispersal of economic activity. Economic activity is the magnet which attracts people to urban areas and we estimated that today we have 60 per cent of our new jobs, new jobs being created in urban areas. In the next 10 years, 70 per cent of our new jobs will be created in urban areas. Of the 70 per cent of new jobs being created in urban areas, almost 70 per cent of our GDP will be generated in our urban areas. Then there's the question of our urban transport sector. We've achieved some success in this. We have or we are building metros in Delhi, Calcutta, Mumbai, Bangalore, Chennai, Hyderabad and Jaipur and two of them are on PPP mode. But this also needs to be accelerated. We are going to be having 440 kilometres of metro in Delhi, which is going to be assiduous, it's going to be larger than the London underground. We are on phase three and we'll finish phase four. That's the scale of which it shall be. We also decided that we must plan for metros in all cities above the two million population. At two million populations, we are starting with the Government of India support, starting preparations on DPR. In conclusion, let me state that urbanisation is the next new opportunity and open up a whole new horizon for overseas players in the urban development space. Singapore is a very smart city that offers a secure urban environment to its residents and they can be a critical partner, both on the financial side and on the infrastructure side with India. Thank you very much."

MODERATED DISCUSSION

Mr Yeo: "I'd like to thank Minister Kamal Nath for the interesting presentation. He has to leave early but has agreed to stay on for 10 more minutes to take your questions. We thought the time should be safe for you because after you leave, we still have another 20 minutes or so. The lady over there."

Question: "We heard a lot today about new cities, new planning, suburb planning so on and so forth and at the end, someone mentioned that

monetization of land. I'm just wondering whether any efforts have gone into India ... (inaudible)

Mr Nath: "Many cities in India, including Delhi, are looking at what is the caring capacity of various areas to increase FAR/FSI. You cannot increase FAR and FSI where there's no caring capacity of infrastructure because somewhere infrastructure can be retrofitted, somewhere infrastructure cannot be retrofitted but in new areas being developed, in many of India and Delhi and in Delhi and our largest cities, there are plans where infrastructure is being planned along with higher FAR and higher FSI. But we have to be careful, we cannot just across the board, say you're allowed to build so much more unless there is infrastructure to support it."

Mr Yeo: "Thank you. Yes, gentlemen over there."

Question: (inaudible)

Mr Nath: "I think that's a very good question because the question is if we look at the growth of urbanisation, of urban population, in percentage terms, growth is faster, in percentage terms, not in numbers, in very small municipalities, which are one lakh, 100,000, 150,000, even 50,000. Growth is taking place much faster there than in our tier one cities or tier two cities and here the biggest challenge is capacity building because they were village councils, there were panchayats. Suddenly they transform themselves, over, into a municipality. So they only get money under rule development programme and they find they get no money from the local government. They have no means of raising resources, they cannot pay their salaries and forget about ONM cost. They cannot pay their salaries so governance of these is a big issue, a very big issue and we are working, again, capacity building that's said. There are no skills there. Who are going to talk to them about town planning and making a city plan or plan for their municipalities? There are no skills there. So we are working with state governments. In fact, I have said that to avail of the money from the central government, every state will have to have a dedicated municipal service and unless they set up a dedicated municipal service, they will not be able to even avail of the funds, even the window won't be open for them. So I think it's in the process of time if we will be able to build this up and then address that new challenge in our smaller municipalities."

Mr Yeo: "Thank you. The lady over there."

Question: (inaudible)

Mr Nath: "We are working with many countries on a G2G basis, in capacity building, in planning, in heritage management. India needs a lot of heritage management. There's no skills in this. We have agreements with some countries and working closely with them but this has just started. It needs to be built upon. It's a very important resources base for us."

Mr Yeo: "This gentleman in front."

Q: (inaudible) very clean rivers. We want to do similar projects for our Chennai since our political rivers are creating health problems like mosquitoes, et cetera. We know that some of the river are having reclamation project. Can we have a social assistance, financial assistance from Jawaharlal Nehru National Urban Renewal Mission?"

Mr Nath: "In the JNURM, the next phase of the urban renewal mission, we are building in water bodies. Up till now, water bodies are being left out but that's left to the Environment Ministry and the Environment Ministry look at it in a different way. So in the newer Urban Renewal Mission, we are building the treatment of water bodies also in the Urban Renewal Mission and if the state government moves such a project, we'll be happy to look at it."

Mr Yeo: "The gentleman in front."

Question: "That's the biggest challenge and if you ask anybody who is responsible for the city of Mumbai, is it the mayor, is the city commissioner, is it the state government? Who is responsible? No, you cannot get a straight answer. A lot of people come to me from New York, from London said who do we talk to in Mumbai? There are nobody saying they'll respond. In the building activities, there are five agencies building infrastructure in Mumbai. A lot of different people and somebody is responsible to the state government, somebody is responsible with the corporation, somebody is rail board in Delhi and I think the biggest challenge is now how do we govern our cities. And I know yesterday we heard about mayors from New York and London, et cetera, they've done wonderful things but we can't change our system. But I need to find an intermediate solution to the problem of governance and particularly in Bombay. If we can build new cities, it would be very nice, garden city, smart city but a city with the population of 18 million people, 60 per cent of people living in slums, transport system wholly neglected in the last 100 years and that needs, I think we need some urgent attention to look into those areas and see how we can do that. Any thoughts on that?"

Mr Nath: "Thank you, that's a very good point that who's accountable at the end. In the end it has to be the state government that's accountable though the municipality, the municipal corporation is elected but we must remember the municipal commissioner who administers is appointed by the state government and at the end, it has to be the responsibility of the state government. I did mention that governance was a big challenge and it's not just governance that's small, it's governance that large with the overlaps and we are working now on governance reforms with the state government so that exactly what you are saying, accountability, delivery. You set up to do asset creation without any measurement of delivery. So you create an asset, you create a water treatment plant, it doesn't work. How many cities in India have water treatment plants or sewage plant, which don't work because of accountability and there are no

service benchmarks. So this is again one of the reforms we're looking at. Yeah, absolutely, implementation also."

Mr Yeo: "Well, the lady there will have the last question."

Question: "Thank so much. I'd like to thank the panel for a fascinating and very articulate and passionate discussion. I think what came out unequivocally is that we are looking at planning, we are looking connecting, we're looking at financing on the one axis of a matrix and then if we look at valuing whether it's valuing land, valuing density, valuing transportation, integrating our institutions, integrating land with connectivity and then finally leveraging, leveraging of land, leveraging of transport and leveraging of financing. If we look at of this and we realised these are key issues and we also talked about if we are behind the other regions in terms of urbanisation, then we do have the benefit of hindsight and less mis-learnt. We also know today that in India it's the middleweight cities, as McKinsey puts it, or secondary cities, which are expanding rapidly. Then how are we actually addressing under the JNURM 2? Are we focusing on those cities where we can still plan, still put connectivity, still put public transportation and make sure that we actually have a planned expansion of those cities and avoid slums and low income housing and make them include us? Thank you."

Mr Nath: "We had the urban renewal mission one, the JNURM1. That was the first effort ever made by the government of India to support the states. There were a lot of lessons to be learnt from that. Now we are going ahead and we are in the last stages of the formulation of the Urban Renewal Mission 2. This takes into account the lessons we've learnt from Urban Renewal Mission as we mentioned implementation, accountability. We would support any of the municipalities. We are taking some target cities, that's separate. These cities of tourist interest, there's some target cities and the others would be we support any municipality. In a basket of activities, in a basket of activities of projects to be prepared by them to be overseen and examined by a specialized committee but this will be linked to, it's just not come and take it. This would be linked to reforms, reforms in governance. There are municipalities in India, small municipalities that don't even have accounting, don't even have double entry accounting, forget everything else. So they will be linked on their size, based on their size to certain reforms. It's only when they achieve these reforms, they will be able to partake of the funds it'll be given to them. So that's the most important thing. We found that they would, we would give them support, a couple of million dollars and they didn't even have a land to set up the project. Suddenly, they had some money, that's the first instalment but no land even and took them three years to get the land. When they got three years to get the land, the prices have shot up so they've got to implement the project. So we lost the money, the support we gave and they lost because they couldn't do the project. So this is linked to reforms and reforms include capability building at the state level, reforms include at the municipal level what they are required to do so on and so forth."

Mr Yeo: “Minister Kamal Nath has to leave now. I’d like to thank him on behalf of all of us here for his very practical down-to-earth answers. The questions are not easy ones to answer, they are no clear solutions in many cases but you can tell from his answers that he’s got a very practical approach towards resolving them and his is a very heavy responsibility and we wish him every success in the discharge of his duties. Thank you very much, Minister Nath.”

Mr Nath: “Thank you, George.”

MC: “Thank you very much, Your Excellency. Minister Kamal Nath will now have to take his leave. So we now come to the second session of this forum where Mr Yeo and all our distinguished speakers will take questions from the floor. So I’ll hand it over to Mr Yeo now.”

Mr Yeo: “We have another 15 minutes so let’s keep questions short and answers short and as much interaction as possible. I’ll invite the gentleman in front.”

Question: “Hi, my name is Anpar Tupir (?). I’m from KPMG India. My question is to Mr Amitabh Kant. There’s a new land acquisition bill which coming up which talks of huge compensations to the landowners. Do you think this will actually become counter-productive? That number one and number two, very often this huge debate about being a one-time huge compensation to the land owner versus actually making a stakeholder in the project company so that the biggest criticism that I lose my land today but the real benefit actually goes to the developers. Do you think that’s a more practical solution? And I know it’s not easy for landowners and also people dependent on the landowners who might be workers on the land, who may not have a title to the land. Do you think that’s a more practical solution for India? Thank you.”

Mr Kant: “Land, there’s been a lot of very innovative work which is being by different states. One must realise that India is a very large country and therefore if you were to look at the town planning of Gujarat, we’ve taken over about 540 square kilometres of land. Our masterplanning is about 760 kilometres, we’ve taken over close to 540 square kilometres in a place called Delera (?) in Gujarat under the Town Planning Act and it’s a remarkable Act and to my mind, town planning, instead of a new land acquisition bill, you need to take the Town Planning Act to different parts. Part of it is also implemented in some regions of Mehraj (?) which needs to be done. Now there’s another very effective methodology when the Mahindra city was being developed in Rajasthan, close to Jaipur. The Rajasthan Government acquired the land actually constructed after several rounds of, of course in the Town Planning Act, you need to work in partnership with the farmers and we are to sit and do about 75 rounds of interaction with them and then redo the plan so that farmers continue to get that land, the trunk infrastructure is done. In the case of Rajasthan, what was done as that as part of the project itself, the farmers were given houses, they stayed on the first floor and the ground floor was used for commercial purposes. Haryana is a very good methodology of annuities spread over 33 years so different states have already done innovative things and I think there should be freedom and

flexibility in land pooling to different states, more than land calling it land acquisition, I think we should land pooling to take place. This should be left to the states to bring in ingenuity and bring in their genius to take this forward. But definitely making the existing farmers as a major shareholder and providing skills development, I think one of the key challenges will be providing jobs to the vast number of young people who will come into the manufacturing process. To my mind, urbanisation is just not, doing saying that we want to do new urbanisation without manufacturing is not a feasible proposition. You need an economic driver to really take this forward and the reverse process of that manufacturing process because workers will come in, young managers will come, their wives will come in, children will come in, you need transport, you need school. So the logical consequence of that manufacturing is urbanisation to my mind. And therefore you need to really create skills for these young workers and a lot of work we are doing around skills. So every single person whose land has been taken we are ensuring that the family and everybody was passed out of school, is provided very advanced skill training to get jobs into these new cities or get it anywhere else with this very advanced skills development.”

Mr Yeo: “Thank you, please.”

Mr Kant: “The Land Acquisition Bill to my mind needs a great deal of refinement and I think to my mind instead of a central act which cuts across all the states you need to leave it to the states to bring in. India is bigger than 23 countries of Europe plus another 30,000 square kilometre. I mean, it’s not a small city states, it’s a very large country and therefore you need to leave it to individual states to bring in their genius in terms of land. You need to do a lot of hard work with the actual landowners. You need to interact with them on a daily basis to work out the right methodology. I mean, some places they might be wanting annuity, some places they might be wanting to work on town planning, some places they might be wanting a shareholding and some places they might be wanting a house with commercial usage and so on. So you leave it to the workers to take this forward.”

Mr Yeo: “Please.”

Question: “I’m Sujata from Hongkong, an urban designer and planner. At some stage in India we’ve talked about like expansion of IATs in technology and everything. It looks like with the urbanisation challenges and opportunities in India, one of the areas that India needs to expand in terms of education to get the skills set for people in planning and urban design, not just architecture and I wonder if government is thinking because you can’t just rely on foreign companies coming in and going out. You really need to educate the people, not only for planning, but also maintaining urban generation, heritage whatever. So I want to hear your thoughts.”

Mr Kant: “I think that’s a very, very critical and a very valid point and I think to my mind I work with six states and I work with planning authorities across six states. And when you talk to several of these planners, when you talk about

transit oriented development or dense development or vertical development, it's very, very difficult, it's very complex. I mean, I have to deal with about 40 different agencies across different sectors and states and it's almost being a nightmare to get the plans approved. It's really a huge challenge to convince because all the planners in the existing cities are used to sprawling cities. I mean that's how they were educated, that's how they were taught and their mindset is used to sprawling cities and they are used to large areas and so on. So it's very difficult to convince them that you need very high dense development over a defined small space, bring in MRT, bring in LRT, focus on transportation, it's very difficult. So I think to my mind, you need more than bringing, more than creating schools, you need to first change the mindset of the existing planners in the existing states and all of them, actually you need to catch hold of all of them, put them on a plane load and bring them to Singapore and show them all these development of Punggol has taken place over kilometres where 100,000 dwelling of houses, 100,000 dwelling of houses have been created over 10 square kilometres. I mean, it's remarkable and yet you don't feel that it's dense because there are a lot of public spaces. So I think there's a huge lesson to be learnt across the world and I think second of course you need to bring in many more planners, many more architecture. But I think India is on that learning curve, India is on that learning curve and India has started. The great thing is that Indians have an open mind so they are learning from other places. You need to learn from international consultants as well. I mean, all that exposure to and fro but the fact is some of these good practices, I mean, Jurong for instance works with us in Haryana. When they started working it was impossible to convince the Haryana planners but they managed to do that. So slowly and gradually, I think India will change and it will change radically. We need to create some great success stories of development, some great stories of transit-oriented development and then you'll see every single municipality will run off and create a success story out of that. So India needs some great models of success in some of these areas and I think we're almost on the verge of cracking."

Mr Yeo: "I'm wondering whether, yeah, Shirish. Ram will also give your views but Shirish first."

Mr Sankhe: "On specifically this point, I think it's a point the minister also made, the whole capacity building. Our own estimates said that India needs at least 10 universities for focused on urban, not just planning as you've said, it's urban design, urban finance, urban governance and literally I think none exist today. There are talks about two but we think we require 10. The good news is that the new JNURM there is funding, specific funding at least around half a billion dollars for capacity building. I think it will help but you are right, I think it will require 10, at least 10 universities."

Mr Yeo: "Ram, you like to add?"

Mr Walase: "On the capacity building, I think it's function of both the practice as well as the knowledge. Now if you look at all the development control regulations in India, they are not benchmarked. They are all old regulations

followed so even if there is intention from local architect, he's been used to following a practice where he can maximize the commercial gains by compromising on the planning aspects. And this I think needs to change at the policy level where we change the development control regulations. So when we help plan our new cities, we will benchmark with let's say Singapore or Dubai or some of the European cities and that sets the tone for any local or international architect to come and follow the practices which are followed in rest of the cities in the world. I think that's very critical in the long run."

Mr Yeo: "We now invite Dr Isher Ahluwalia to give her views on this."

Dr Ahluwalia: "I would just like to answer that question more specifically when the minister pointed out capacity building and he talked about a municipal cadre, that is one condition, pre-condition for accessing any funds from the government of India. But the other very important aspect of new JNURM is that they are going to build five centres of excellence whether these are in existing universities, an old school of planning which will be endowed with new funding and new encouragement and support or they build new ones, it's very much on the agenda. The recognition that we need urban planners which can think ahead, urban designers, urban managers is very much part of the capacity building programme in the new Urban Renewal Mission. I wanted to emphasise that."

Mr Yeo: "May I asked question, exploiting my position as moderator? How do you create a feedback loop so that the pressures and politicians to win votes will move them in that direction?"

Dr Ahluwalia: "I can just give you a small example from the work that we did. I chaired a committee on urban infrastructure and services for the government of India and we presented the report to the Minister for Urban Development and Minister for Housing and I sent this report all the chief ministers, saying that if you are interested because this is a state subject, we would like to engage with you. Now, I have had about 10 interactions with chief ministers and their officials wanting first to know what the state's role is vis a vis the centre, what the centre would do if they were to do this and we have been able to bring the state governments together and get them to interact with the central ministers. So some of us and I'm sure that Shirish is doing it in his own way, today there is this intellectual arbitrage first to bring the states and the centre together because the centre alone cannot do the job. Second, until recently there was a denial that urbanisation is even happening. Today, they recognised that urbanisation is happening and then the question is where are the votes. So because younger population with rising incomes in urban areas is more vocal, because local government is formally recognised, now we can put pressure on the centre and the states to devolve the funding so that the mandate of the municipality does not remain unfunded. I think there is a lot of movement happening. Today, they are five or six states where political recognition is there and you see more progress and these are Karnataka, Gujarat, Maharashtra, Andhra Pradesh and a couple of others. But chief ministers from backward states are now asking what it is that we can do to leapfrog, avoid the problems of the earlier states and plan

so that we have planned urbanisation. I think the country is on the move but it's chaotic right now. So there is more room for conferences like this to also come to India and it's a long answer but I think it's important for people to know."

Mr Yeo: "Thank you very much, Dr Ahluwalia. I'm afraid we have no more time because it's 12.30 and we must keep to the schedule. Because of Nalanda University, I have some acquaintance with one of the states Dr Ahluwalia talked which is the state of Bihar and I watched how skilful Nitish Kumar has been able to use his position to work with the centre, even though he's in opposition, and at the same time, improve conditions in the state so that he can win votes. There is something organic the way India is growing. I remember over dinner with Nitish in early 2009, it was just a few months after Lehman Brother, so I said, Chief Minister, how affected are you by the global meltdown? He looked at me somewhat puzzled and said, no, we are still growing at over 10 per cent. It's not affecting us at all. And indeed in my visits to Bihar over the years, each time I go back the saris are brighter, the shops more filled with produce, even the animals look fatter and this despite the fragmentation of political parties at the centre so a lot of the actions are in the states. I'm very happy to hear from the panellist, from the Minister, from Dr Ahluwalia about how the system is responding to the fact that the growth is organic and the best way to stimulate growth is to manage it and to support it at the grassroots. And I think it is this which is the reasons why many of us have great hopes in India's continuing development. You will not be like China, you will not be methodical and masterplan and beautiful room-size models. It will always be sort of higgledy-piggledy but it has a very organic quality and even more stable quality about it in the long term. Thank you very much all of you for coming and thank all the panellist for giving us your views."

[End of Transcript]