

# Smart Cities – Can India’s First Steps Toward This Bright Opportunity Be Everyone’s Gain?

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## Smart Cities of India

The Indian Government’s push to establish corridors of smart cities is drawing international acclaim. Smart cities leverage information and communication technologies to solve challenges faced by urban agglomerations. By design, they provide efficient systems to citizens and businesses in the forms of smart infrastructure (intelligent transportation systems, smart grids, green buildings/architecture, optimized waste management, etc.), smart energy (clean power generation and storage), smart technology (state-of-the art ICT products and services interconnected with the cities’ operations) and smart healthcare, among others. In essence, smart cities promote sustainable and holistic development to

enhance quality of life and a prosperous economy.

According to India’s Ministry of Urban Development, urban regions are critical to the country’s economy and the source of 60% of its GDP. Recently, India allocated over US\$ 1 billion for the development of 100 smart cities by 2022. These 100 smart cities will present tremendous opportunities in various areas of urban, commercial and industrial development. Already, several tenders for the establishment of logistics hubs, power projects and industrial parks have been released by the Delhi-Mumbai

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Industrial Corridor Development Corporation – the flagship organization tasked with marrying the smart cities idea with the objective of making India a global manufacturing hub. However, as the overarching framework for the ambitious smart cities initiative is in the process of being finalized by the Government, interested investors must observe developments closely.

Though India will have to develop its own template for its smart city projects, the way forward is in alliance with global

private/public sector players. As more interest is generated, crowds (large and medium sized businesses) are being drawn in from various fields for greenfield/brownfield projects. This also presents opportunities for companies in areas such as intelligent electricity meter products or smart water management products, among many others, to customize solutions for the Indian market.

But such an initiative will not be achievable with India's current systems of slow and confusing FDI related procedures. It is well known that these systems sour the mood of investors and it is encouraging to see Prime Minister Modi's emphasis on improving the ease of doing business in India as well as considering removing current FDI related conditions for smart cities. Progressive policy initiatives such as removing limits on minimum capitalization, easier entry and exit procedures for developers/investors, and other concessions, will certainly improve attractiveness. Although improvements are underway, the Indian Government will have to find solutions that will positively impact the investment climate and ensure that issues such as land acquisition and licensing procedures, for example, are transparent and expeditious.

As organizations eye smart city related opportunities, the Indian Government is keen on deploying a PPP model to spur development. The model will allow foreign investors to partner with Indian organizations to provide capital and supply technology/expertise. This is critical to the overall success of the smart cities' initiative. From the perspective of foreign investors, doing due diligence on potential Indian partners before getting into a strategic partnership is paramount to ensure future success. Equally important is conducting an objective study on the opportunities offered by various smart city projects including site

selection studies to decide on the optimal investment locations.

Several international organizations have expressed their commitment to developing India's smart cities. Japanese investors, who are already partnering in the Delhi-Mumbai Industrial Corridor Project, are providing their transportation infrastructure expertise and exploring co-production opportunities. The Government of Qatar is looking at a long term investment of US\$ 15 billion in different Indian smart cities in areas such as infrastructure, healthcare, renewable energy and education. Moreover, the Confederation of Indian Industries has signed MoUs with global giants Siemens and Hitachi to lead the creation of certain pilot projects while American companies such as Cisco and Avaya have expressed their interest in helping develop some of these smart cities as well.

The smart cities concept is, undoubtedly, going to be a game changing initiative for the Indian market and global smart technology stakeholders. Although promising, international investors should consider their plans and wait for 6-12 months to see how the initiative will be implemented. As long as the Indian Government delivers on its stated proposals, the smart cities project can be a lucrative opportunity for all involved.



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