



THE SMART CITY CHALLENGE

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ABSTRACT

The urban-rural population ratio is slowly undergoing a change in India. The percentage of population living in urban areas is rising and this trend in urbanization is likely to continue. In absolute terms, the number of people getting added to urban areas is significant. It is absolutely necessary to have a sustainable cities programme since major cities including the national capital are facing power and water shortages, solid waste management, disappearing water bodies, severe air pollution, traffic chaos, shortage of affordable housing, medical, educational facilities, rising crime rates etc. The disaster preparedness of vulnerable areas is another aspect where States are facing natural calamities on a regular basis. The rise of terrorism is posing severe challenge to State and Central security agencies. Climate change is another factor for which cities have to have flexible adaptation techniques to minimize the negative impacts of climate change. The municipalities have to be equipped to implement flexible plans backed by proper finances. There have been any number of urban schemes that have been launched from time to time. The Modi Government has launched a new 'Smart City Mission' in the year 2015. The paper analyzes the scheme even as two years have passed since its launching.

Keywords: Smart cities, States, Union Territory (UT), Urbanization.

Introduction

The pace of urbanization is picking up steadily in India. As urbanization progresses, it becomes imperative that cities become sustainable centres of development for providing decent standards of living to its citizens. Even to attract foreign tourists, cities need to be perceived as being safe and friendly. Many cities in India are centres of prime tourist attractions; yet they lack the infrastructure to attract tourists on a large scale.

The new Government led by Prime Minister Narendra Modi had launched a new one hundred "Smart City Mission" in June 25, 2015. The idea was to have cities that could be termed smart, in every sense of the term. A total of rupees 98,000 crore had been approved by the Cabinet for development of 100 smart cities in the country and rejuvenation of 500 others. Out of the total, a sum of Rs 48,000 crore was earmarked for the Smart City Mission and Rs 50,000 crore for the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) after Cabinet approval.

At the initial stage, the Finance Minister in the 2014 budget had allocated Rs 7,016 crore for the 150 smart cities. Since only Rs 924 crore could be spent out of the allocated amount till February 2015, the 2015 budget allocated only Rs 143 crore for the project.

Smart City Mission

It is an urban renewal programme of the Government of India with a mission to develop 100 cities all over the country making them citizen friendly and sustainable. The Union Ministry of Urban Development has been given the responsibility for implementing this Mission in collaboration with the state governments of the respective cities.

The idea of Smart City Mission is developing an area within 100 cities in the country as model area based on an area development plan, which is expected to have rub-off effect on other parts of the city and nearby cities and towns. Cities will be selected based on the Smart Cities Challenge, in which cities will compete in a countrywide competition to get the benefits from this mission. As of June 2017, 90 cities have been selected for upgrade as part of smart city mission after they defeated other cities in the challenge.

It is a five-year program, where all of the Indian states and Union territories are participating except West Bengal by nominating at-least one city for the smart city challenge. Financial aid will be given by the central and state government between 2017- 2022 to the cities. The Mission is supposed to start showing results from 2022 onwards.

Each city will create a corporate company headed by a full time CEO to implement the smart city mission. The execution of projects may be done through joint ventures, subsidiaries, public-private partnership (PPP), turnkey contracts, etc suitably dovetailed with revenue streams. The Central and State government will provide rupees 1,000 crore funding to the company, as equal contribution of rupees 500 crore each. The company has to raise additional fund from the financial market as a debt or equity.

In the first round of All India City Challenge competition, one batch of 20 cities were selected known as "20 Lighthouse Cities". These 20 cities will be the first to receive funds, thus kickstarting the process of developing them into 'smart cities'. The next two years will see the inclusion of 40 and 38 cities, respectively. Of the 98 cities and towns that five years down will graduate into smart cities, 24 are capital cities, another 24 are business and industrial centres, 18 are culture and tourism influenced areas, five are port cities and three are education and health care hubs.

The 20 cities will be provided with central assistance of Rs200 crore each to begin with followed by Rs100 crore per year during the next three years. The remaining money has to come from the states, urban bodies and the consortium that they form with corporate entities. Also, 10 per cent of budget allocation will be given to states / union territories as incentive based on achievement of reforms during the previous year. The Smart city proposals of the winning cities offer insights into how citizens, States and ULBs have interpreted this smartness differently. The way Bhubaneswar has looked at it is not quite the way Pune has looked at it. That is why this Mission is refreshingly different. Initially the Urban Development Ministry had released Rs2 crore each to mission cities for preparation of Smart City Plans. The Smart City initiative is not about Union government pumping in extra resources for urban development. *The critical element is about citizens planning and interpreting smartness.*

The list of nomination marked the first stage in the selection process of smart cities, in which the state governments were asked to nominate potential cities based on state level competition, with overall cities across India limited to 100. The total number of 100 smart cities has been distributed among the States and Union Territories (UT) on the basis of an equitable criterion. The formula gives equal weightage (50:50) to urban population of the State/UT and the number of statutory towns in the State/UT. Based on this formula, each State/UT will, therefore, have a certain number of potential smart cities, with each State/UT having at least one.

Why Smart City Mission is unique?

The present government has taken a different approach compared to how earlier schemes were implemented previously. It was a practice earlier where central government used to allocate money for development, but state governments often did not work diligently on the projects and money allocated used to lapse. At the end of 5 year term of the Government the people would be left wondering as to where has development happened? In the new approach, beneficiary states and cities have to compete and show their determination for change. Cities have to compete in state level with the cities within the state and then the state level winner will compete in a national level Smart city challenge. Only cities which get highest mark in a particular round will become part of the mission. Even during implementation, if a particular city municipality or mayor is not showing progress as committed in their city area development plan they may be replaced by another city or next cache of financial support will not be provided.

In August 2015 the Ministry of Urban Development released the list of nominees sent by the state governments. The list comprises 98 cities, including many state capitals. All cities from West Bengal have withdrawn from Smart city mission. Mumbai and Navi Mumbai from Maharashtra have withdrawn from the Smart City Mission.

A 'smart city' is an urban region that is highly advanced in terms of overall infrastructure, sustainable real estate, communications and market viability. It is a city where information technology will be the principal infrastructure and the basis for providing essential services to residents. There are many technological platforms involved, including but not limited to automated sensor networks and data centres.

The Smart City Mission prioritises parts of a city rather than the whole. It also truncates the role of local city governments. The then Minister for Urban Development described the Mission, as a “first in the country and even in the world [where] investments in urban sector are being made based on competition-based selection of cities”. The idea behind smart city mission is to develop a small area in the city to such a high level that people from the other parts of the city start demanding such development from their area representatives. It will also inspire nearby towns and cities to emulate the smart cities. A city will be selected only on the basis of the city's commitment, city's track record and the commitment extended by the state government regarding funding the transformation, assessed through national level smart cities challenge.

Each city will have to start a public sector company with the shareholding of state government, central government, city council and the private sector. This company (SPV) will be responsible for raising the money from the debt and equity market along with utilizing the grant and aid provided by the state and central governments.

If a city selected for the smart city mission does not meet the timeline and speed set by the Urban Development Ministry, it stands to lose the future financial support and a new city will be replaced in its place to be developed as smart city.

City Selection Process under the Mission

As of June 2017, 90 cities out of planned 100 cities have been selected. Since New Town Kolkata had withdrawn, so now 89 cities are part of the Smart City Mission.

Many states have exceeded the number of slots allocated to them by winning the challenge ahead of other states. Kerala, Sikkim, Himachal Pradesh, Jammu and Kashmir were allocated one city but have won two cities, Chhattisgarh was allocated two cities but has won three cities, Karnataka and Madhya Pradesh were allocated six cities but has won the seven smart city slots at the end of 4th round. Most of the states have exhausted their quota by 4th round. In the final round around 20 cities will compete for the remaining 10 slots.

The list of 20 smart cities in India in the first round is given below:

1. Bhubaneswar, Odisha
2. Pune, Maharashtra
3. Jaipur, Rajasthan
4. Surat, Gujarat
5. Kochi, Kerala
6. Ahmedabad, Gujarat
7. Jabalpur, Madhya Pradesh
8. Visakhapatnam, Andhra Pradesh
9. Solapur, Maharashtra
10. Davangere, Karnataka
11. Indore, Madhya Pradesh
12. New Delhi Municipal Corporation
13. Coimbatore, Tamil Nadu

14. Kakinada, Andhra Pradesh
15. Belagavi, Karnataka
16. Udaipur, Rajasthan
17. Guwahati, Assam
18. Chennai, Tamil Nadu
19. Ludhiana, Punjab
20. Bhopal, Madhya Pradesh

The 20 cities were selected on the basis of a “Smart City Proposal” which was submitted by the city. The proposal was to contain two ideas — one, for the development of an area, and two, for the entire city. Proposals from most of cities had financially prioritised developing a small area rather than the entire city. The then Minister of Urban Development, Shri Venkaiah Naidu announced the selected top 20 from among nominated 98 cities on 28 January 2016. Bhubaneswar topped the list of top 20, followed by Pune and Jaipur.

The list of 13 Smart Cities in the Second Round:

1. Lucknow, Uttar Pradesh
2. Bhagalpur, Bihar
3. Faridabad, Haryana
4. Chandigarh, Chandigarh
5. Raipur, Chhattisgarh
6. Ranchi, Jharkhand
7. Dharamasala, Himachal Pradesh
8. Warangal, Telangana
9. Panaji, Goa
10. Agartala, Tripura
11. Imphal, Manipur
12. Port Blair, Andaman & Nicobar
13. New Town Kolkata, West Bengal

New Town Kolkata has withdrawn from the Smart city mission after the West Bengal government decided to withdraw all cities from Smart city mission. New Town, Kolkata has rejected Rs. 1,000 crore to be given for development of the city as smart city and opted out of the smart city mission.

The list of 27 Smart Cities in the Third Round:

In this round, state capital cities Patna, Thiruvananthapuram, Bengaluru, Amaravati, Itanagar, Gangtok, Shimla, Naya Raipur were allowed to compete in smart cities challenge above and beyond the quota allocated to the state. It has also allowed the governments of Jammu and Kashmir and Uttar Pradesh to nominate two cities each — Jammu and Srinagar, and Rae Bareilly and Meerut respectively — in contravention of the rules. Overall 110 cities will compete for the 100 slots.

1. Amritsar, Punjab
2. Kalyan, Maharashtra
3. Ujjain, Madhya Pradesh
4. Tirupati, Andhra Pradesh
5. Nagpur, Maharashtra
6. Mangalore, Karnataka
7. Vellore, Tamil Nadu
8. Thane, Maharashtra
9. Gwalior, Madhya Pradesh
10. Agra, Uttar Pradesh
11. Nashik, Maharashtra
12. Rourkela, Odisha
13. Kanpur, Uttar Pradesh
14. Madurai, Tamil Nadu
15. Tumakuru, Karnataka
16. Kota, Rajasthan
17. Thanjavur, Tamil Nadu
18. Namchi, Sikkim
19. Jalandhar, Punjab
20. Shimoga, Karnataka
21. Salem, Tamil Nadu
22. Ajmer, Rajasthan
23. Varanasi, Uttar Pradesh
24. Kohima, Nagaland

25. Hubli-Dharwad, Karnataka
26. Aurangabad, Maharashtra
27. Vadodara, Gujarat

The list of 30 Smart cities in the Fourth Round:

Pimpri-Chinhwad replaced Navi Mumbai as a nomination from Maharashtra and could get selected as one of the cities for Smart city mission.

1. Thiruvananthapuram, Kerala
2. Naya Raipur, Chhattisgarh
3. Rajkot, Gujarat
4. Amaravati, Andhra Pradesh
5. Patna, Bihar
6. Karimnagar, Telengana
7. Muzaffarpur, Bihar
8. Puducherry, Pondicherry
9. Gandhinagar, Gujarat
10. Srinagar, Jammu and Kashmir
11. Sagar, Madhya Pradesh
12. Karnal, Haryana
13. Satna, Madhya Pradesh
14. Bangalore, Karnataka
15. Shimla, Himachal Pradesh
16. Dehradun, Uttarakhand
17. Tiruppur, Tamil Nadu
18. PimpriChinchwad, Maharashtra
19. Bilaspur, Chhattisgarh
20. Pasighat, Arunachal Pradesh
21. Jammu, Jammu and Kashmir
22. Dahod, Gujarat
23. Tirunelveli, Tamil Nadu
24. Thoothukudi, Tamil Nadu
25. Tiruchirappalli, Tamil Nadu

26. Jhansi, Uttar Pradesh
27. Aizawl, Mizoram
28. Allahabad, Uttar Pradesh
29. Aligarh, Uttar Pradesh
30. Gangtok, Sikkim

The final chance , the Fifth Round:

20 cities are competing for the last 10 remaining slots. Officially 20 cities are in competition, but 5 cities have withdrawn from the competition, leaving the final round of competition between 15 cities for 10 final slots. In the previous rounds, many cities which are currently competing in the final round failed to score the minimum qualifying mark during evaluation of their bid.

1. West Bengal - Bidhannagar, Durgapur, Haldia
2. Tamil Nadu - Erode, Dindigul
3. Maharashtra - Navi Mumbai, Greater Mumbai, Amravati
4. Uttar Pradesh - Saharanpur, Rai Bareilly, Meerut, Ghaziabad, Rampur
5. Bihar - Biharsharif
6. Arunachal Pradesh –Itanagar
7. Dadra and Nagar Haveli –Silvassa
8. Daman and Diu –Diu
9. Lakshadweep - Kavaratti
10. Meghalaya –Shillong
11. Manipur - Imphal

Multiple cities from across India which are not part of the competition in the initial rounds have sent request for inclusion in the final round of the competition, but no decision has been taken on that.

Smart City Mission Progress

There is no denying the fact that little work has happened on the ground. Out of the first 20 cities, the progress is highly uneven and concentrated to seven to eight cities. In the case of the rest, the business is as usual. The smart cities of Surat, Pune, Ahmedabad, Bhubaneswar, Jabalpur, and Udaipur have been in the forefront. No foreign investment or private sector

investment has happened in the SPVs till now. The carrot and stick policy as well as naming and shaming approaches proposed by the Ministry of Urban Development, has not been implemented till now.

The cities selected have started project preparations and implementation. Smart city mission has been given a five year period (2017- 2022) time frame for the implementation of the area development plan submitted during the smart city challenge. As part of the plans submitted by the selected cities only a small part of the city will be developed by the special purpose vehicle(city specific company) and it will become a model for replication by other parts of the city.

16 smart cities have made preparations list their Municipal Bonds in stock markets as civic bodies across the country clamor to raise funds in a hot race to stay ahead of peers in India's smart cities sweepstakes. Pune's Rs 200-crore municipal bonds issue was listed in BSE on June 22. Another 15 smart cities have already appointed transactional advisers and will hit the market soon on lines of Pune. Some of the cities include Jaipur, Jabalpur, Ahmedabad, Visakhapatnam, Indore, NDMC, Kakinada, Udaipur, Bhopal, Warangal, Kota, Bhiwadi, Kishangarh, Greater Hyderabad Municipal Corporation (GHMC) and Panaji.

All the selected cities have created the SPV as a public sector company to implement the smart city mission in their city. City council in those cities has delegated many of their rights to this SPV.

Some of the developments reported in the media are:

- The projects that have been launched by Ahmedabad are "sewage treatment plant, housing project and smart learning in municipal schools".
- Bhubaneswar launched "railway multi-modal hub, traffic signalisation project and urban knowledge centre".
- New Delhi Municipal Council launched "mini-sewerage treatment plants, 444 smart class rooms, WiFi, smart LED streetlights, city surveillance, command and control centre".
- Launch of Smart city projects in Pune.

Critique of the Smart City Mission

In the Smart City Mission, the entire city is not covered. It is, therefore, likely that when funds from the mission are being spent on area-based development, the beneficiaries may be a small percentage of the city population. The New Delhi areas, for instance, are sparsely populated as compared to eastern and northern districts of the city. The Smart City Mission is aimed at land monetization. Since one of the big issues of our cities is that land, as a resource, hasn't been fully exploited, the mission is trying to address this particular aspect of our cities. One of the ways of doing this is to begin a project-based development, something that the mission proposes. But to present land monetization as a national urban policy and to make it as a model for the entire city is not appropriate.

Many cities in their area development have proposed redevelopment of old and creation of new central business districts, retrofitting infrastructure and creation of public spaces. In comparison, the proposal for the whole city is limited to IT-based services like CCTV-monitored central command system, education portals and “intelligent” water and traffic management systems.

The mission is not clear regarding an institutional framework for urban development. Along with the Smart City Mission there are many other schemes and policies that have been introduced. Coordination between these schemes is going to pose a real challenge. For instance the Swachh Bharat Mission which is gearing up to make urban areas clean; Housing for All which promises universal housing by 2022; the National Urban Livelihoods Mission; the National Urban Information System; and the Heritage City Development and Augmentation Yojana (HRIDAY). There are multiple infrastructure projects like expansion of city roads and highways, water reservoir and storage-related development which are mostly undertaken by development authorities or the State governments. The Smart City Mission's convergence with all these schemes is not clear.

The 74th Constitutional Amendment passed in the year 1992, dealt with devolving powers to municipalities that had to involve citizens in implementing schemes that affect them. It had envisioned an elected local government with neighbourhood committees and mohallasabhas as the institutional architecture. Yet, the municipalities seem to be doing their business as usual. During the launch of the mission, it was said that the decision to make the city smart should be taken by the city, its citizens and its municipalities. But in the guidelines for the mission, the role

of the local governments has been significantly taken away. The decision-making powers have been vested in a Special Purpose Vehicle (SPV), a body which would implement the mission. Realizing the lack of capacities in our city government, may be the reason for creating an SPV. But the question is whether an SPV is the right institutional architecture for urbanization and city development?

Conclusion

The smart city mission is a new approach to granting of funds for city development. Cities have to compete within the state and also with other states to be included in the mission. It would call for tremendous political will to take the mission to its logical end. Unless citizen voices are given due considerations, the selected programmes for implementation would not reflect the real priority areas. This is what plagues the municipalities which routinely carry out projects that people think are not required at all. Funds and resources are thus wasted in a very irresponsible manner. As of now, there is very little that has happened at the ground level under the mission. Hopefully, the mission will gather pace and start showing results in the next three years.

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