

# City City Bang Bang & Future-Ready

- Amitabh Kant\*

Historically, urbanisation and manufacturing have gone hand in hand. In the post-World War II economy, Japan saw cities such as Tokyo and Osaka become centres of industrial production. Similarly, in China, cities such as Shenzhen and Guangzhou have come mega cities, starting off as small towns. It is a symbiotic relationship. Urban areas often have skilled labour available, crucial for industry. Industrial growth in turn, spurs the development of infrastructure, including worker housing and other social infrastructure such as hospitals and schools.

Since gaining independence 75 years ago, India's urban landscape has undergone significant transformation. The nation stands at a crossroads, facing projections that its population could reach 1.5 billion by 2036, with nearly 50% of its people residing in urban settings by 2050. Urbanisation has emerged as a crucial driver of economic growth, contributing over 70% of the country's GDP despite occupying merely 3% of its land. However, this phenomenon is not without complications. Historically, India has grappled with rapid and unplanned urbanisation that deviates from sustainable principles, leading to overcrowding, ghettoisation, pollution, and an overall decline in living standards in urban areas.

India's vision of *Viksit Bharat* hinges critically on manufacturing and urbanisation. Our goal of becoming a high-income country will require growth rates of 8%+ in the coming three decades, and a sustained increase in investment, to about ~ 35% of GDP. Only then will we see our per-capita incomes go from ~ USD 2,000 to ~ USD 18,000. Manufacturing and infrastructure development must lead this transition. We have seen in the cases of East and South East Asia, how industrialisation drove economic development and urbanisation, raising labour productivity.

Per-capita incomes are strongly associated with labour productivity. To raise our per-capita incomes, we must raise our labour productivity. With close to 45% of our labour force in agriculture, with low-productivity, our per-capita incomes are a fraction of other G20 nations. Manufacturing provides an avenue for large scale employment, pulling labour out of

agriculture. Manufacturing labour productivity stands at 3.5x that of agriculture, suggesting a significant increase in incomes if we are able to create enough jobs in manufacturing.

For successful industrial development, it is crucial to integrate quality infrastructure that minimises ecological impacts and promotes energy efficiency and effective waste management. These elements should not only position industrial cities as economic hubs but also ensure they contribute to sustainable living environments.

As India's economy continues to expand and transition into a global powerhouse, the recent government approval of 12 new industrial parks under the National Industrial Corridor Development Programme (NICDP) signifies a strategic leap in addressing the pivotal philosophies of manufacturing and urbanisation. These new industrial nodes are designed to transform India's industrial landscape and rectify the often short-sighted, unplanned urbanisation that has characterised the nation for decades. With over 500 million people expected to settle in urban cities—equivalent to the birth of two Americas—the timing of this initiative is crucial.

Embracing this manufacturing-led urbanisation model, the emphasis on creating twelve new industrial smart cities, can indeed make a difference for India as a manufacturing destination. By ensuring these areas are developed “ahead of demand,” the government aims to build infrastructure that anticipates future growth, thus avoiding the common pitfalls of hasty construction. The initiative outlines the concept of “walk-to-work” cities, where residential areas integrate seamlessly with workplaces, ensuring ease of commute. Additionally, the adoption of plug-and-play manufacturing allows industries to start operations swiftly, enhancing efficiencies. By addressing the location of industries alongside residential settings, these parks can foster a better quality of life, reduce carbon footprints, and enhance productivity. The NICDP plans to create around 1 million direct and 3 million indirect jobs, underpinning its economic impact and driving regional socio-economic development.

The emerging industrial cities act as catalysts to address urbanisation challenges directly. A prime example is Dholera Smart City, hailed as India's first smart city and a cornerstone of the country's growth narrative. Integrating manufacturing with urban planning, Dholera is strategically designed to be two times the size of Delhi and six times that of Shanghai. Dholera's infrastructure plans boast remarkable connectivity through rail, road, express

highways, an international airport, and a metro system, linking the city to national and global markets. As seen in other townships like Shendra-Bidkin (MH), Integrated Industrial Township in Greater Noida (UP) and Integrated Industrial Township at Vikram Udyogpuri, Ujjain (MP), this approach drives economic growth while aligning urban development with community needs, creating liveable cities for future generations.

Despite the promise that these new industrial parks herald, the path ahead is challenging. History shows that efforts to develop industrial regions in isolated settings have seen mixed success. The lessons from SEZs must inform the development of the new parks. Previous endeavours often fell short due to our inability to create world class infrastructure, bureaucratic delays, and insufficient incentives for investors. However, all these learnings have been taken into account in the design of the NICDP. The development of world-class, sustainable infrastructure is imperative to India's ambitions. The NICDP aligns with the PM Gati Shakti National Master Plan, targeting multimodal connectivity that will enhance the movement of people, goods, and services. With ready-to-allot land strategically located along six major corridors, these industrial cities will not only draw domestic investments but also facilitate significant foreign direct investments. Furthermore, units established in NICDPs will be able to serve both domestic and international markets.

The introduction of these twelve industrial cities stands as a significant milestone on India's path to sustainable economic growth. The initiative's alignment with planned urbanisation and efficient logistics can help redefine not only India's manufacturing capabilities but its urban ecosystem as well. The outcomes of this initiative extend far beyond economic statistics—when executed effectively, it can lay the foundation for a cleaner, more equitable urban future.

*\* The author is India's G20 Sherpa and former CEO, NITI Aayog. Views expressed are personal.*