

SUSTAINABLE SMART CITY THROUGH SECURED GOVERNANCE

Mukund Gupta¹

Abstract

Smart Cities function as ‘engines of economic growth’ and dominate local and national economies. Urban India could house 40% of India's population and contribute 75% of its GDP by 2030 but urban sector presently constitutes 63% of India's GDP and only 31% of India's population currently urbanized.¹ Smart Cities are also sites of economic dynamism and innovations contributing to sustainable transformations. The path towards becoming smart and sustainable will invariably require coordinated action by the multiple private and foreign stakeholders. Smart cities leverage advanced technology and utilise existing and planned infrastructure investments to provide a higher quality of living to residents, a conducive investment climate for businesses and allow maximisation of resource utilisation and transparency for governments. These projects would require huge fund mobilization that could be brought by public-private participation. The government could get the basic infrastructure development with a negligible investment through Secured Governance value and valuation fiscal mechanism. Public investment on infrastructure development results impact on private property values thus capital cost of infrastructure development could be recovered by capturing the increased land value. The objective of this approach is cost recovery, huge employment opportunities and positive investment climate for business community.

Key Words: *Sustainable Smart City, Land value, Secured Governance, Public Private Participate (PPP)*

INTRODUCTION

Cities are engines of growth for the economy of every nation, including India. Nearly **31%** of India's current population lives in urban areas and contributes **63%** of India's GDP (Census 2011). With increasing urbanization, urban areas are expected to house **40%** of India's population and contribute **75%** of India's GDP by 2030.¹ This requires comprehensive development of physical, institutional, social and economic infrastructure. All are important in improving the quality of life and attracting people and investments to the City, setting in motion a virtuous cycle of growth and development. Development of Smart Cities is a step in that

¹ Research Scholar, JJTU, Rajasthan

direction. With estimates suggesting that more than *US\$40 trillion* in investment will be required around the world over the next 25 years² – the vast majority of which will be spent on urban infrastructure development and maintenance – governments are increasingly looking for new sources and approaches for securing debt and equity to deliver an enormous range of assets. Presently, **60%** of global GDP resides in the top **600** cities.³ Today’s cities also house **50%** of the world’s population, while using **75%** of global energy and being responsible for **80%** of universal **CO₂** emissions. The scenario turns scarier in cities of the future. By 2025, **65%** of the world’s GDP will come from the top 600 cities.⁴

A smart city that creates sustainable economic development and high quality of life by excelling in multiple key areas like economy, mobility, environment, people, living, and government. Excelling in these key areas can be done so through strong human capital, social capital, and/or ICT infrastructure.

There are two kinds of people, those who are path-makers and those who are path-dependent. Entrepreneurs, by the very nature of their vocation, are path-makers. The idea of path-making is driven by a strong sense of legacy. If we take the idea of path-making and the creation of legacy together, what emerges is the concept of creating infrastructure; infrastructure for others to build on and something to leave behind. As entrepreneurs, our job is to build infrastructure that others may use and create value out of; eventually this infrastructure must outlive us. This is the essence of abiding success.

Land-use regulations can affect the market value of property in a variety of ways. The positive effect of a land-use regulation on property values can occur two ways. One way is an “amenity effect”—when land-use regulations protect, enhance, or create amenities or services that benefit property owners. Perhaps the most transparent example of this is the property tax: many communities use property taxes to finance public services like police and fire protection, public schools, and infrastructure such as roads and utilities. These public services help these communities prosper, and make them an attractive place to live, which in turn raises property values. Similar kinds of positive amenity effects arise with other kinds of land use regulations such as regulations to protect environmental amenities, open space and farmland, or to control objectionable conditions such as noise, congestion, and pollution. Like a property tax, these land-use regulations impose costs or restrictions on landowners’ actions, but they also generate

beneficial effects. Indeed, the motivation behind most land-use regulations is to protect or enhance amenities that contribute to a community's health, safety, and welfare.

The other way that land-use regulations can increase land values is through their "scarcity effects." By increasing the scarcity of land available for a particular use in a particular location, the prices for those lands are bid up in the market. For example, a limit on the land available for development in one location is likely to increase the price of developed and developable lands. These effects can be very large, and they can have spillover effects on land prices in other locations.

The indirect benefits of infrastructure projects, referred to as "positive externalities" by economists, include increased tax revenues received by public agencies and financial windfalls received by property owners and businesses located near a transport project. For example, recent improvements to Sydney's suburban rail network around Epping station nearly tripled the value of nearby single dwelling properties from an average of US\$1.2 million to over US\$3 million each.⁵

Kochi Smart City has put life in the region's dull land value market. "Kakkanad, where the city is coming up, witnessed big land deals, and prices shot up considerably. With construction under way, the region has seen steady price appreciation over the past few years. This is in contrast to other areas in the city where there has been a price correction. After a dull period in 2013, demand from the IT/ ITeS sector is picking up, and one can expect 30-40% price appreciation over the next three years," Besides GIFT city,⁶ currently under construction, has also had a considerable impact on prices in and around the area.

India is seventh-largest country by area, and the second-most populous country with over 1.32 billion (year 2016) population.⁷ The infrastructure challenge for India is a unique one in many respects with dispersed users, demand–supply gap are substantial, and several critical implementation issues. Creation of infrastructure must be backed by reliable systems of service provision and maintenance. Secured Governance is an ideal choice which equips to create adequate and coordinated measures to ensure the provision of financial, human, technical, information and other capacity building resources.

We need Secured Governance to integrate economic interdependence in today's modern societies which not only decreases uncertainty regarding where risks begin and end, but also help in judicious planning and development of new empowered, transparent and interdependent

system in the overall interest of the economic growth of the country with large employment potential and development of Rural areas and avoid masses migration to urban areas. Secured Governance system is equipped with higher degree of society participation in nation building Process. It is an ideal choice which creates adequate and coordinated measures to ensure the provision of financial, human, technical, information and other capacity building resources. This will have a highest level of decentralized growth in the country.SG concept is being developed within the scope of the existing guidelines and norms of the government.

Secured Governance offers a strategy for the government to get all the basic infrastructure development with a negligible investment, through a centralized selection process developer or set of developers (through private participation) will develop a “Techno Economic HUB” along with development of the primary sector in defined intervals divided in various clusters which includes infrastructures such as Residential complexes, Official and Industrial Facilities, Power and Water, Banking, Educational Institutes, Transport facilities and infrastructures , Healthcare, Hospitality Sectors, Retail Market, and many more. This draws up business plans based on growth potential of infrastructure segments wherein private institutions will act as partners to Government to foster coordination and create defined clusters of Township.

Various sets of criteria serve as an evaluation tool to identify areas with potential for development and opportunities within each of the Secured Governance HUBs depending upon its nature. Forward and backward linkages within the economy should also be strengthened, and a unique opportunity exists for utilizing the by-products of different economic sectors, for beneficiation and value-adding.

Secured Governance Compliments the present PPP developmental model by ensuring balanced participation of the private and public sector taking advantage of value and valuation of infrastructure thereby yielding higher returns. This valuation of infrastructure, which grows many folds need to be shared by the society and by the Government to support infrastructure development, ensuring balanced growth. It facilitates an equal opportunity for Private sector and Government to work together with a single window clearance system to achieve greater results to bring National progress with profitability to the participating organizations.

Public Private Partnerships help relieve the financial strain on city governments by mobilizing untapped resources from the local, regional or international private sector, which continuously seek investment opportunities. Essentially, the availability of private funds acts as leverage for

increased and better social services. City governments are thus able to redirect their limited funds towards other important projects that are not well suited to PPP financing. In return, instead of developing one project under the traditional method of contracting, PPPs allow governments to develop two to three projects with the same amount of financial resource.

CONCLUSION

A smart sustainable city is a holistic city with multiple themes or components to ensure easy service delivery and quality life for citizens. India is drawing on the development of smart cities at the global level. The rate of migration from rural to urban areas is increasing across the world day by day. There is an emerging need for the cities to get smarter in India so that it would tackle the issues related with the large scale urbanization. Urban expansion in India will happen at a speed quite unlike anything the country or the world has seen before. India urgently needs a fresh, proactive approach to addressing the challenges of urbanization. A US\$1.1 trillion capital investment in India's cities is necessary to meet projected demand for urban services. Public Private Partnerships help relieve the financial strain on city governments by mobilizing untapped resources from the local, regional or international private sector, which continuously seek investment opportunities

We need Secured Governance to integrate economic interdependence in today's modern societies which not only decreases uncertainty regarding where risks begin and end, but also help in judicious planning and development of new empowered, transparent and interdependent system in the overall interest of the economic growth of the country with large employment potential and development of Rural areas and avoid masses migration to urban areas. This will have a highest level of decentralized growth in the country. Secured Governance concept is being developed within the scope of the existing guidelines and norms of the government.

REFERENCES:

1. <http://smartcities.gov.in/writereaddata/smartcityguidelines.pdf>
2. http://www.heidrick.com/~media/Publications%20and%20Reports/HS_ChallengeExpatriateTalentEmergingMarkets.pdf
3. <http://wcr.unhabitat.org/wp-content/uploads/sites/16/2016/05/Chapter-1-WCR-2016.pdf>
4. file:///C:/Users/johnson/Downloads/Unlocking_the_potential_of_the_Internet_of_Things_Executive_summary.pdf

5. http://www.aph.gov.au/Parliamentary_Business/Committees/House/ITC/TransportConnectivity/Report_1/section?id=committees%2Freportrep%2F024018%2F24071
6. <http://www.businesstoday.in/moneytoday/real-estate/smart-cities-in-india-as-property-investment-destinations/story/210791.html>
7. <https://www.quora.com/Why-will-India-become-the-No-1-in-population-by-year-2020>