

## 6. PROPOSED CMA'S DEVELOPMENT STRATEGY

### 6.1 Introduction

There are two types of development envisaged for the proposed CMA's (i) economic development and (ii) infrastructure / urban development. Both are inter-dependent; however without prior infrastructure development, economic development is not feasible.

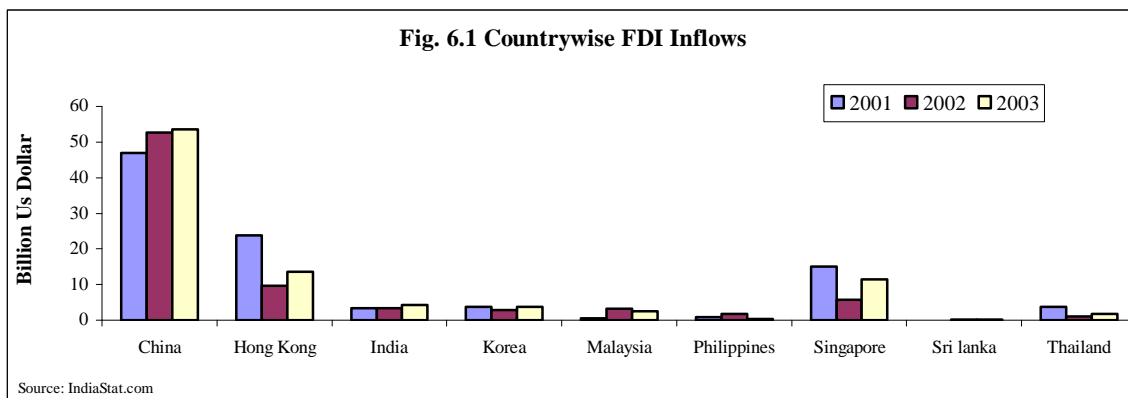
The CMA development strategy already accepted consists of extended decentralization strategy of NCR with three areas of intervention i.e. upgradation of regional linkages, improvement of economic base and upgradation of urban infrastructure through urban development. The strategy is extended for the proposed CMA's by identification of specific projects for (i) development of economic base and (ii) infrastructure / urban development projects by developing urban extensions / New Towns. The development of regional transport linkages is to take place through the development programmes of NHAI with these CMA's getting priority. The urban extension / New Town development would facilitate the development of major markets and high order health education and socio-cultural facilities.

For District / City Profile of proposed CMA's, Refer Annexure VIII

### 6.2 Economic Development

#### 6.2.1 Investment Environment and Potential

India is among the key global investment destinations. Almost all sectors of the economy have seen a surge in growth and performance of industrial production, which makes up a quarter of the economy, is being spurred by rising incomes and savings. Structural reforms have had a positive impact on the investment climate in the country. Conventional indicators suggest that investment climate has remained buoyant, reinforced by the spurt in foreign direct investment in the post-liberalization period.



Faster growth is possible in India. But that will need substantially higher savings and investment, greater inflows of FDI and significantly more rapid industrialization. Overseas firms are investing in India to take advantage of this growing demand and the country has seen a spurt in foreign direct investments over the past few years. Refer Fig. 6.1

**Table 6.1: Foreign Direct Investments in India**

RBI Regional Centre	States	Rs. Crore	USD Million
New Delhi	Delhi, part of up and Haryana	39,661.01	8,906.7
Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	38,866.55	8,647.6
Chennai	Tamil Nadu, Pondicherry	12,103.96	2,696.4
Bangalore	Karnataka	11,429.75	2,558.4
Hyderabad	Andhra Pradesh	6,219.09	1,382.6
Ahmedabad	Gujarat	4,921.02	1,086.1
Chandigarh	Chandigarh, Punjab, Haryana, Himachal Pradesh	1,671.56	363.8
Kolkata	West Bengal, Sikkim, Andaman & Nicobar islands	1,587.32	350.0
Panaji	Goa	842.37	183.0
Kochi	Kerala, Lakshadweep	408.18	90.6
Bhubaneswar	Orissa	366.83	81.6
Bhopal	Madhya Pradesh, Chhattisgarh	300.55	66.5
Jaipur	Rajasthan	252.12	54.8
Kanpur	Uttar Pradesh, Uttrakhand	57.73	12.8
Guwahati	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura	41.74	9.0
Patna	Bihar, Jharkhand	3.34	0.8

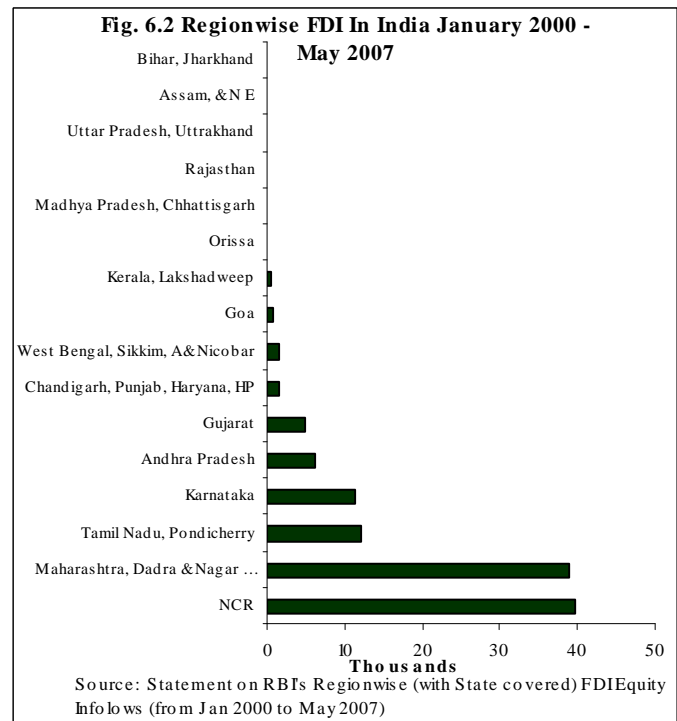
Source: STATEMENT ON RBI'S REGION-WISE (WITH STATE COVERED) FDI EQUITY INFLOWS<sup>1</sup> (from Jan 2000 to May 2007)

Despite increasing foreign direct investment coming into the country, its distribution across states has varied. As per the Reserve bank of India's data on FDI equity inflows into the country across different states, the NCR region has lead in attracting FDIs followed by Maharashtra and its adjoining region. Tamil Nadu and Karnataka were the other two prominent states garnering more than Rs. 10,000 crores worth of FDI in equity. Refer Table 6.1 and Fig. 6.2

India is endowed with resources to drive investments and further economic development across the country. It is the second largest producer of agricultural products in the world, and has amongst the largest tracts of arable land in the world. India is also well endowed with minerals and ores the basic building blocks for industries. The country has a well developed and

evolved financial infrastructure that supports investors and entrepreneurs. The country also has a good network of training institutions distributed across the country that produce large pool of technically trained human resource besides having capacities to take up research and development activities.

In terms of infrastructure, India has the largest railway network in the world and also a network of national highways, which are being upgraded through the national highways development program. The golden quadrilateral and dedicated freight corridor projects are two major initiatives, in improving connectivity



and logistics to support economic development across the country. A long sea coast and a network of air and sea ports across the country are the other strengths of the country.

Geographically, India is well located to serve the Middle Eastern and South East Asian markets. The country also enjoys a favourable time differential to the Americas and European countries. Demographically too, the country has a large working population offering a pool of human resources to support investments activities.

Besides these, a strong and well rooted democracy and political stability is one of the strengths of the country and a driving force in attracting investments. Most of the sectors, except sensitive ones, have been opened for automatic approvals for foreign direct investments. The Central Government supports investments through a number of incentives and funding schemes, which are further supported by individual incentives offered by state governments.

The potential for attracting investments is a function of the investment environment which depends upon adequacy of four main factors that include resource endowments, governance and regulations, incentives to industry and physical and social infrastructure. All these factors need to contribute to create an enabling environment for attracting investments and fostering entrepreneurial growth.

The existing investment environment and potential for attracting investment in five proposed counter magnet areas is as discussed below:

#### **6.2.1.1 Ambala**

Situated 200 km north of Delhi, Ambala is extremely well connected by the rail and road network (G.T. Road NH-1 passes through the city). Being close to two prominent economic centers (Ludhiana and Delhi), Ambala, has not been able to realize its true potential and tap opportunities for industrial / economic development. Besides the large army cantonment, the city also houses an Air force Base.

Though not a prominent industrial town in Haryana, Ambala is known for its small scientific & surgical instruments manufacturing industry. It is also famous for its wholesale cloth market. The district has industries in metal casting, kitchen mixer grinder manufacturing, and submersible motor pump manufacturing. A multi product SEZ has been given in-principal approval by the Government of India to be established in Ambala. Proposed to be developed over more than 4000 acres, it envisaged to provide a big push for economic development of the region.

The stretch of road between Ambala and Chandigarh has a number of small towns like Lalru, Dappar, Derabassi, and Zirakpur, who have been able to leverage their access to Chandigarh and Delhi. Some of the major industrial units present outside Ambala along this stretch are: Pharmaceutical companies including Workhardt Limited, Alchemist Limited, Torque Pharma Limited; Forging and Steel units including Samrat forging limited, Uma Shankar forging, Gilco Ironage Limited, Steel Strips Limited, Bhushan Power and Steel Limited; Other units include Amba Food Processing limited, Jewel Polymers PVC pipes), JCB, Gates (Hydraulic hoses).

Number of retail firms like Pantaloon, Vishal Mega mart, etc. have already established their stores in Zirakpur. Zirakpur being in the proximity of the Chandigarh has witnessed rapid growth in housing sector with developers like Omaxe, Parsvnath, Mediterian etc. who are establishing their residential complex projects in this town. Similar scales of activities are anticipated in Derabassi and Lalru in the near future.

Derabassi has already seen major developments with opening up of a professional engineering college, residential schools and also few residential housing complexes. Dappar is a small town in the middle of Ambala –Chandigarh stretch and is known destination for Inland Container Depot, dry port. It houses a major warehouse of Punjab State Warehousing Corporation. The main industries in the region are Steel strips wheel limited, Cheema Spintex limited. Lalru, a small town 15 km from Ambala, has few industrial units in the region like Euro spin cotton Ltd., Gates Hydraulic Ltd. etc.

Ambala’s major potential lies in its locational advantage. Being located in an agrarian hinterland, Ambala has the potential for agro based industries. Besides, Ambala presents the opportunity for establishment of multi-product SEZ, centre for modern centre for IT enable services, modern technology based SSI cluster / industrial estate. Ambala should also leverage entrepreneurial activities prevalent in the city besides industrial developments activities happening round the city to develop drivers for economic development. Its development strategy should focus on:

- **Nurturing and promoting entrepreneurship that exists in this region.**
- **Take advantage of its location on the Delhi – Chandigarh – Baddi - Shimla route.**
- **Utilise intellectual capital available in the adjoining region to drive economic development.**

### 6.2.1.2 Bareilly

Bareilly is located in the Terai region of Uttar Pradesh, considered to be amongst the most fertile regions in the country. The adjoining region is therefore, a major cereal and horticultural productive region of the state and the city acts as the nodal centre for commercial and agricultural trading activities. There are many industries manufacturing food products in the region, which draw upon locally available raw materials and generate employment for the population in the hinterland. Bareilly has had a number of industries which were adversely affected by the spate of incentives offered by neighboring Uttarakhand, as these units preferred to relocate to the new state and take advantage of incentives offered. An industrial estate at Pantnagar, which is close to the Bareilly, has particularly affected industrial activities in the district. The industrial division wise distribution of industries in the region is shown in the table below.

**Table 6.2: Industrial Division-Wise Status of Industries in Bareilly District**

Industries	Number of Units			Employment		
	H.I	SSI	Total	H.I.	SSI	Total
Food Products	33	8153	8186	11979	30892	42871
Beverages, Toba. & Toba. Product	4	123	127	916	522	1438
Cotton Textiles	1	260	261	450	843	1293
Wool, Silk & Synthetic Fiber Textile	-	36	36	-	148	148
Jute, Hemp & Mesta Textiles	-	7	7	-	19	19
Hosiery & Garments	-	3128	3128	-	9346	9346
Wood Products	2	1947	1949	1400	6565	7965
Paper Products & printing	3	472	475	301	2173	2474
Leather Products	-	411	411	-	1271	1271
Rubber & Plastic Products	1	538	539	1720	2088	3808
Chemical & Chemical Products	6	629	635	5563	4153	9716
Non-Metallic Mineral Products	-	471	471	-	2856	2856
Basic Metal Industries	3	118	121	66	603	669
Metal Products	-	810	810	-	2824	2824
Machinery & Part Except Electrical	-	388	388	-	1102	1102
Electrical Machinery & Apparatus	-	436	436	-	2000	2000

Industries	Number of Units			Employment		
	H.I	SSI	Total	H.I.	SSI	Total
Transport Equipments & Parts	2	403	405	2891	2231	5122
Miscellaneous Mfg.	1	4993	4994	20	13531	13551
Repairing & Servicing Industries	-	11665	11665	-	31486	31486

*Source: Source: Government of Uttar Pradesh, Directorate of Industries*

There are more than 55 large industries and almost 35,000 small scale units registered with the District Industries Centre. Food products constitute the largest chunk of industries registered with the district industries centre. Apart from this, the district has a wide distribution of industries across most sub sectors, displaying its conduciveness for promoting industries from all sub sectors. Refer Table 6.3

Bareilly is also known for its handicrafts, especially zari-zardozi, cane furniture, wooden furniture, bamboo work, kites, kohl and silver ornaments. Bareilly, besides catering to the regional population's needs of retail shopping as well as wholesale trade – in both consumer and capital goods – serves as a major collection center for trans-shipment which is due to its central logistical location in the region.

Bareilly is also an important military base and has important centres for learning including Izzat Nagar College of Veterinary Sciences, a well-known centre for veterinary research in the country. The work force distribution of the city reveals that almost three fourths of the population is non workers, an indicator towards the low level of employment opportunities in the city.

**Table 6.3: Some of the prominent large and medium scale industrial units in Bareilly District**

Name of the unit	Products manufactured
Wimco Limited, C.B.Ganj, Bareilly	Matches
Indian Turpentine & Rozin Company, C.B.Ganj, Bareilly	Rozin
Camphor & Allied Products, C.B. Ganj, Bareilly	Camphor
N.E. Railway Workshop, Izzatnagar, Bareilly	Train-Wagon
Hindustan Liver Limited, Bhojipura –Bareilly	Jams & Jelly , etc.
IFFCO Limited, Aonla – Bareilly	Chemical-Urea
Bharat Petroleum Bottling Plant, Parsakhera, Bareilly	L.P.G. Bottling
J.K.Sugar Industries, Meerganj – Bareilly	Sugar

Source: Zilla Sankhyaki Patrika, -2002, Bareilly

Besides catering to the regional population's needs of retail shopping as well as wholesale trade – in both consumer and capital goods – Bareilly, serves as a major collection center for trans-shipment which is due to its transport nodality and central location in the region. The city has an industrial base which is not performing well and is moreover facing stiff competition from the industrial areas in the neighbouring state of Uttarakhand which offers attractive incentives for industries. This industrial base can be made a fulcrum for driving future development in the vicinity of the city and create employment opportunities for its residents.

*Bareilly presents opportunities for all types of conventional industries. Being in a fertile region, agro and forest based industries present a larger opportunity that can be exploited. Establishment of conventional industries park and modern food park will be able to leverage the potential of the region. Economic Development Strategy should focus on*

- Making the Existing industrial base a fulcrum for driving future development in the vicinity of the city and create employment opportunities for its residents.
- Utilising agricultural resources to drive economic activities in the region

• **Utilising its location vantage on the corridor from Uttar Pradesh to Uttrakhand**

**6.2.1.3 Dehradun**

Dehradun is the capital city of Uttrakhand and has traditionally been known for its basic educational institutions, research institutions and its serene climate. Some of the well known institutes located at Dehradun are Indian Military Academy, Survey of India, Indian Forest Research Institute, and many other Government of India, State Government, and private institutions. It was a quiet town and a gateway to Garwhal, hill stations of Mussorie, Badrinath, Kedarnath, Chamoli etc. and served as the focal point of educational and limited economic activities in Garwhal region. However, with formation of the new state and its subsequent role as the state capital, Dehradun has become the nodal destination for commercial activities in the state.

Tertiary sector is the dominant sector of Dehradun’s economy as it is also the whole sale trading centre for the entire hill region of the State. Being the largest city in the state, most of the tertiary sector activities are concentrated in Dehradun which accounts for substantial contribution to the NSDP of Uttrakhand. Dehradun houses a large number of state and central government and private sector offices. Most of the major banks, public and private sector financial institutions have their branches in Dehradun. Dehradun also attracts large number of tourists (more than 9 lakhs in 2003) on way to hill stations in the state.

Before the formation of Uttarakhand, while it was part of Uttar Pradesh, Dehradun was not a focus area for industrial development. Thus, Dehradun and its surroundings could not emerge as an industrially advanced area. Moreover due to prevailing environmental controls that prohibit any form of polluting industry in the region, industrial development was not actively pursued. Hence its percentage contribution to the secondary sector was perhaps low. Dehradun, the district is home to almost 40 large and medium scale industrial units employing, about 8400 workers. Though these units are not located within the city area, these have strong impact on the tertiary sector of the economy of Dehradun city which acts as a commercial centre for trading of their produce. Refer Table 6.4

**Table 6.4: Large and Medium Industries in Dehradun district, 2005**

Type of Industry	Number of Units	Number of Employees
Home appliance	2	281
Pharmaceuticals and chemicals	7	3513
Engineering	5	387
Electrical	8	1909
PVC/ plastic	4	154
Food processing	4	997
Glass products	1	685
Others	8	441
Total	39	8367
Source: Government of Uttrakhand, Directorate of Industries		

Dehradun, has the potential for fast growth. This is due to the fact that it has necessary resources and factor endowments that can drive investments in the city and district. ‘The New Industrial Policy 2003’ of the Government of Uttrakhand has been distinctive to encourage investments in the state, and coupled with the incentives offered by the state the state has been able to successfully attract a number of industries to the state. The State is rich in power resources and with availability of assured, uninterrupted, quality power at affordable and competitive rates. Besides, action is being taken to simplify and rationalize labour laws.

The State Industrial Development Corporation of Uttarakhand (SIDCUL) has been actively pursuing development of industrial estates in the state and one such industrial area (Pharma city along the Chakrata road) of 50 acres has been proposed in Selaqui for establishment of 36 Pharmaceutical units, at a distance of about 25 kilometers from the city. An IT park of 65 acres is also proposed to be located along Shashtra Dhara road at Dehradun. These industrial areas are yet to become fully operational but they will leverage the educated and trained resources from the city.

Dehradun's strengths as a centre for learning and research should be focused for development initiatives targeted to create employment opportunities for its residents and also for the people from the surrounding region.

*Being located in an environmentally sensitive region, polluting industries like textiles, and chemical industries cannot be established in this region. Dehradun presents a good opportunity for establishing forest based industries and creation of knowledge city to caters research and development needs of diverse range of industries. Economic Development Strategy should focus on*

- Utilising the intellectual capital of the city and promote knowledge based industry.
- Utilising the agricultural raw material available from the fertile hinterland

#### 6.2.1.4 Hissar

Hissar is endowed with fertile farmlands that produce paddy, cotton, wheat and oilseeds. Besides hosting a prominent agricultural university, the town serves as the nodal commercial centre for trade of agriculture produce from the adjoining areas. Industrial activities in Hissar district had made this city as a potential growth centre in the region.

**Table 6.5: Distribution of Industries in Hissar district**

Industries	Number of Units			Employment		
	SSI	HI	Total	SSI	HI	Total
Textile	20	8	28	376	4654	5086
Handloom	180	-	180	380	-	560
Pharmaceuticals	12	-	12	128	-	140
M. S. Pipe	6	-	6	323	-	329
G.I. Pipes	-	4	4	-	559	559
PVC Pipe	10	2	12	90	218	332
Cement	1	-	1	15	-	16
Paper and Paper Products	12	-	12	96	-	108
Ceramics	4	-	4	107	-	111
Chemicals	26	-	26	104	-	130
Food	258	-	258	774	-	1032
Vanaspati Ghee	-	3	3	-	115	115
Cotton and Ginning Oil	312	-	312	3712	-	4024
Agri. Implements Repairing Workshop	516	-	516	778	-	1294
Steel and Wooden Furniture	418	-	418	896	-	1314
Paints	6	-	6	36	-	42
Utensils	4	-	4	40	-	44
Rolling Mills	5	-	5	214	-	219
Iron & Steel and Others	-	6	6	-	1996	1996
Engineering Items	626	-	626	939	-	1565



Industries	Number of Units			Employment		
	SSI	HI	Total	SSI	HI	Total
Leather Shoes etc.	398	-	398	597	-	995
Miscellaneous others	558	-	558	2408	-	2966

Source: <http://hisar.nic.in/industry.htm>

Hissar has become one of the largest pipe manufacturing centre in Haryana due to the existence of Jindal group in the town. Other major industrial houses in Hissar include: Hissar textile mill, United textile mill, Jindal industries and its sister industry i.e. Jindal strips. Further, the town also has one of the largest auto markets in the country with over about 1,000 shops dealing with automobiles. Refr Table 6.5 and 6.6

Although the particular corporate house has shown impressive growth trends, other industries in the area are facing a crisis. The performance of these industries has been adversely affected due to various factors such as high power and tax rates, lack of infrastructure etc.

**Table 6.6: Finished products/items exported from Hissar**

Year	Items	Countries exported
1996-97	Polyester Buttons, Cotton Yarn.	Bangladesh, Korea, Taiwan, Malaysia, Hong Kong, Nepal, South Africa, Dubai, France, & U.K.
1997-98	Cotton Yarn, Stainless, Steel Coils, Steel Tubes.	Hong Kong, Bangladesh, Malaysia, Italy, Nepal South, Africa, U.A.E., Berlin, & Egypt.
1998-99.	Stainless Steel Strips, Plats, Coils, Sheets, Cotton Yarn, Button, Artificial Jewelry.	Hong Kong, Italy, Nigeria, Nepal, Russia, Switzerland, USA, South Africa, U.K. France, South Korea, Sweden, Australia, Egypt, Bangladesh, Germany.
1999-2000	----do----	----do----

The town serves as a commercial centre for the neighboring areas. Major commercial activities include trading, banking, entertainment and leisure activities. The town also has a number of small workshops to cater to the need for electrical and automobile repairs.

There are two famous universities here, besides four degree colleges and several other educational institutions in the town. Hissar is well known for Hissar Agricultural University. Besides imparting education to students, it conducts research, which is of tremendous help to farmers in the state. Industrial activities, construction of new judicial complex & district administrative complex, location of state electricity board and setting up of cantonment has made this city as a potential growth centre in the region. Despite being off the GT road, the city is one of the viable options for development in the state of Haryana.

Hissar has the potential to develop further strong economic base to offer enough livelihood opportunities for its citizens and for adjoining areas. As a consequence of NCRPB projects, the urban infrastructure of the city has improved to some extent and developed an enabling environment to boost conventional industrial activities (pipe manufacturing units) desirable for growth and development of Hissar.

Based on its endowments and already existing industrial base, Hissar has the potential to become a regional industrial centre. For any future initiatives for economic development of the city, this industrial base must be developed in concert with provision for high quality of industrial infrastructure.

**Hissar present opportunities to develop conventional industries activities (pipe manufacturing industrial units). Its industrial potential also lies in promoting agro based industrial development**



through creation of food parks and regional markets. Its future economic development strategy should focus on

- Revival of existing industries in the area through infusion of technical and management inputs. A facilitation centre, with access to local and international skills in would be able to provide the impetus for revival.
- Development of industrial infrastructure to spur entrepreneurs to relocate and take advantage of common facilities to reduce costs and make them competitive.

### 6.2.1.5 Kanpur

Kanpur has traditionally been an industrial city and an economic center. At one point of time, it was the second most industrialized city in India; second only to Calcutta. Due to large number of cotton textile units and a vibrant trade center for cotton it was also called the 'Manchester of India'. Kanpur has several locational advantages:

- Location at a vantage point on two national highways i.e. NH2 and NH25;
- Raw material availability for many industries viz. leather, food processing, plastics
- Proximity to large markets
- Availability of skilled manpower due to various institutes located within Kanpur (viz. Institute of Technology, Chander Shekhar Azad Agricultural University, Central Pulse Research Institute, Leather Institute etc.).
- Existing traditional industrial base attracting skilled workers to the city.

These advantages are reflected in the economic statistics of the city's economy as reflected in the figure below.

**Table 6.7: Economic statistics of Kanpur's economy (1998-2002)**

Year	At current prices			At constant (1993-94)				
	Total NSDP (Rs. Crores)	Growth in NSDP over previous year (%)	Per capita NSDP (in Rs.)	Growth in NSDP over previous year (%)	Total NSDP (Rs. Crores)	Growth in NSDP over previous year (%)	Per capita NSDP (in Rs.)	Growth in NSDP over previous year (%)
1998-99	4489.36		11502.3		2937.58		7526.93	
1999-00	4550.26	1.36%	11378.5	-1.08%	2952.92	0.52%	7384.15	-1.90%
2000-01	4721.53	3.76%	11527.2	1.31%	2988.72	1.21%	7296.67	-1.18%
2001-02	5411.71	14.62%	12897.3	11.89%	3249.28	8.72%	7743.77	6.13%
2002-03	6290.15	16.23%	14679.5	13.82%	3166.61	-2.54%	7389.99	-4.57%
<b>Average</b>		<b>8.99%</b>		<b>6.48%</b>		<b>1.98%</b>		<b>-0.38%</b>

Source: Department of Economics & Statistics, Govt. of Uttar Pradesh, Kanpur CDP

The economy in terms of NSDP of the Kanpur City has increased from Rs 2937.58 crore in 1998-99 to Rs 3166.61 crore in 2002-03 resulting in growth of the economy of about 1.98% per annum during the period. Per capita income has however showed negative growth over 2002 – 03 which indicates that a larger population of the city is not benefited. This is in line with the decline in industrial activities in the city.

**Table 6.8: Distribution of Industries In Kanpur Nagar area, 2006**

Industries	Number of Units			Employment		
	HI	SSI	Total	HI	SSI	Total
Food Products	7	996	1003	1355	4098	5453
Beverages, Tobacco and Tobacco Products	-	23	23	-	158	158
Cotton Textiles	9	414	423	37037	2245	39282

Industries	Number of Units			Employment		
	HI	SSI	Total	HI	SSI	Total
Wool Silk & Synthetic Fibre textile	4	113	117	4214	688	4902
Jute, hemp and Mesta textiles	2	56	58	5290	336	5626
Hosiery Garments	1	1343	1344	110	4226	4336
Wood Products	-	365	365	-	1631	1631
Paper products and printing	5	548	553	702	2234	2936
Leather products	12	1943	1955	3864	9192	13056
Rubber and Plastic products	4	698	702	750	4331	5081
Chemicals and chemical products	12	547	559	4103	3771	7874
Non metallic mineral products	1	159	160	41	1178	1219
Basic metal industries	8	182	190	1129	1366	2495
Metal products	-	1151	1151	-	5429	5429
Machinery & parts except electrical	8	547	555	1632	3096	4728
Electrical machinery and apparatus	2	308	310	185	1613	1798
Transport equipments and parts	3	123	126	4510	1106	5616
Miscellaneous manufacture	5	1676	1681	641	5149	5790
Repairing & servicing industry	-	1876	1876	-	5929	5929

Source: Directorate of Industries, Government of Uttar Pradesh

After independence, Kanpur continued to be an important city and large public sector companies such as British India Corporation, National Textile Corporation, ordnance factories, etc were set up here. At present, Kanpur has mostly industries relating to leather shoe making and cotton textiles. Other factories include manufacture silk, woollen and jute textiles, food products, fire-bricks, fertilizers, railway wagons, textile machinery, television sets, metal ware, leather goods, soap, tents, durries, fountain pens, hosiery, cutlery, television picture tubes, etc. Refer Table 6.8

According to the 2001 Census, there are 10,40,278 main workers. The workforce participation rate as per 2001 census (main and marginal workers) is about 30%. The percentage of non- workers has also decreased from 73.49% to 70.06 % during 1991 to 2001 which shows that employment opportunities have been generated over a decade.

Over a period of time, the industrial profile of Kanpur has undergone a change. On one hand, total number of industries such as textile, rayon, metal, select chemicals industries has declined. Textile and Jute industries have been closed long time back. National Textile Corporation and U.P. Spinning Mills have also closed recently. The reasons for closure of industries in the city are mainly

- technological obsolescence
- inability to accept newer and more efficient technologies
- change in policies of the Government which lead to uncompetitiveness of certain existing units (eg. fertilizers unit of Duncan's industries)
- inefficiency especially in public sector companies
- labour unrest

On the other hand, industries such as leather, light engineering and food processing etc. have grown. Small scale and cottage industry (hosiery etc.) have recently mushroomed. Out of 13,151 number of total registered business units, majority belongs to the small-scale sector. Kanpur has mainly 10 industrial areas. The major industrial areas are Panki Industrial Area, Dada Nagar Co-Operative Industrial Estate, Govt. Industrial Estate, Fazalganj, Industrial Area, Rooma etc.

Kanpur has potential for attracting investment in the coming years. Kanpur is well connected by road and rail. Being situated on the main Delhi-Howrah railway trunk line, Kanpur has better rail connectivity and has linkages with north, west, east and south India. Moreover, it is well connected through roads since it lies on two important national highways NH2 and NH25.

Though presently there is no civilian air-service available for the city but a 9,000 feet air strip is available at civilian air terminal Chakeri (Ahirwan) which is approximately 11 km. away and one at I.I.T (Kalyanpur). The nearest civilian air port Amausi (Lucknow) is 65Km away from Kanpur  
Kanpur city has gradually emerged as a dynamic educational centre due to availability of number of academic and professional institution. Kanpur is host of several institutes of repute such as Indian Institute of Technology Kanpur, two universities, viz. Kanpur University and Chandra Sekhar Azad University of Agriculture and Technology, a Medical College and technical institutions such as the National Sugar Institute, the Central Textile Institute and the Leather Institute etc. Thus it does possess adequate human capital.

*Though the city has faced competition from emerging industrial areas like NOIDA, Kanpur has 10 industrial areas which is the industrial backbone and can be leveraged for industrial revival. Besides its industrial base, it also has an intellectual base with IIT Kanpur, one of the best regarded engineering institutions in the country and also well regarded globally. Intellectual capital from Lucknow can also be leveraged to drive and revive economic development in the city.*

**Kanpur presents an opportunity for all types of industries along with development of IT Park, Food Park / Food processing centre, leather Technology Park and creation of futuristic Knowledge City which could generate employment opportunities in service sector. The economic development strategy for the city can dwell upon**

- **Revival of industries in Kanpur with focus on its core strengths.**
- **Utilising the intellectual capital of the city and that available from adjacent state capital to service the wide sub sectors of knowledge based industry.**

### 6.2.2 Economic parameters

The proposed CMA's have been compared with respect to economic parameters i.e. proportion of workers in industry, per capita credit to industry, per capita income and consumer market size. Refer Table 6.9

**Table 6.9: Economic parameters for Proposed CMA's**

City/Town	Economic Parameters			
	Proportion of workers engaged in industrial activity	Credit to Industry (Rs per capita)	Per Capita Income (in Rs. '000)	Consumer market size (Rs. Crore)
Ambala	20	2321	75	3619
Bareilly	22	490	36	4186
Dehradun	33	722	60	4247
Hissar	22	2116	64	3547
Kanpur Nagar	31	3110	38	10534
Source	Profiles of Districts, CMIE, October 2000		Market Skyline of India 2006, INDICUS	

Note: Refer Annexure VIII for District / City profile of proposed CMA's

### 6.2.3 Identification of focus sectors

The country presents a diverse range of investment options. The principal sectors attracting FDI during 1997 – 2007 have been electrical equipment, services, telecommunications, transportation, fuels, chemicals and construction (in that order).

Agriculture is heralding the country's second Green Revolution. Fourteen states, including Maharashtra, Punjab, Andhra Pradesh and Rajasthan amended the Agricultural Produce Marketing Committee (APMC) Act allowing farmers to sell their produce directly to buyers offering them the best price. Manufacturers from across the world are coming to India, which has all the required skills in process, product, and capital engineering. Services contribute to 54 per cent to the economy and are estimated to grow to 60 per cent in the next five years.

The CMAs identified present wide range of sectors that can attract investments. All the identified counter magnet areas have had history of investments in industries therefore the potential really spreads across a wider canvass. Some of the potential sectors for investment in and around these cities are shown in the table 6.10

**Table 6.10: Identification of focus sectors for selected CMA's**

CMAs	Initiatives desired / Focus sectors for development
Ambala	<ul style="list-style-type: none"> <li>• Nurturing and promoting entrepreneurship that exists in this region.</li> <li>• Take advantage of its location on the Delhi – Chandigarh – Baddi - Shimla route.</li> <li>• Utilise intellectual capital available in the adjoining region to drive economic development.</li> </ul>
Bareilly	<ul style="list-style-type: none"> <li>• Existing industrial base can be made a fulcrum for driving future development in the vicinity of the city and create employment opportunities for its residents. Facilitation may be provided through a provision of common facilities to entrepreneurs to bring down their cost of operations and make them competitive.</li> <li>• Utilise agricultural resources to drive economic activities in the region</li> <li>• Utilise its location vantage on the corridor from Uttar Pradesh to Utrakhand</li> </ul>
Dehradun	<ul style="list-style-type: none"> <li>• Create infrastructure to utilising the intellectual capital of the city and promote knowledge based industry.</li> <li>• Utilise the agricultural raw material available from the fertile region</li> </ul>
Hissar	<ul style="list-style-type: none"> <li>• Existing industries in the area need to be revived through infusion of technical and management inputs. A facilitation centre, with access to local and international skills in would be able to provide the impetus for revival.</li> <li>• An industrial park in the area can be established to spur entrepreneurs to relocate and take advantage of common facilities to reduce costs and make them competitive.</li> </ul>
Kanpur	<ul style="list-style-type: none"> <li>• Revival of industries in Kanpur with focus on its core strengths. A modern industrial park, targeting small scale entrepreneurs should be established in the region. This park should provide facilities for technology sourcing, technical and management training to entrepreneurs to produce internationally competitive products.</li> <li>• Intellectual capital of the city and that available from adjacent state capital can be utilized to service the wide sub sectors of knowledge based industry that can include information technology enabled services like outsourced research and development, knowledge process outsourcing, engineering design centers etc.</li> </ul>

#### 6.2.4 Sector Specific Estimated Investment Plan

The identified counter magnets would require to implement the initiatives identified. Some of the cities are covered under the national JNNURM programme. Smaller cities could approach the UIDSMT scheme for development of their town's infrastructure. Outside the urban infrastructure, the cities need to focus on development of specific infrastructure that can drive potential economic activities in these cities. Estimates of funds required by counter magnets in implementing such initiatives of economic development are shown in the table below.

**Table 6.11: Sector specific estimated investment plan for selected CMA's**

Cities/Towns	Initiatives for driving economic development	Estimated Investments (Rs. Crores)
Ambala	Industries Park	87
	Transport hub	10
	Knowledge Centre	294
	<b>Sub Total</b>	<b>391</b>
Bareilly	Industrial Park	87
	Transport Hub	10
	Food Park	87
	<b>Sub Total</b>	<b>184</b>
Dehradun	Food Park.	87
	Knowledge Centre.	294
	<b>Sub Total</b>	<b>381</b>
Hissar	Technical and management resource cum production centre.	118
	Industrial Park for SSI	87
	<b>Sub Total</b>	<b>205</b>
Kanpur	Industrial park for SSI	87
	Knowledge city.	294
	<b>Sub Total</b>	<b>381</b>
	<b>TOTAL</b>	<b>1542</b>

Considering a norm of creation of 100000 direct employment per Rs. 1000 crore invested, this investment can potentially create almost 2, 00,000 direct employment opportunities.

The above is the list of initial projects to be taken up for economic base development. The state government based on changing situation would take up further projects for enlarging the economic base. Projects can be undertaken through public private partnerships or may be taken up through Government funds available under appropriate schemes. A very high level of investment at par with CNCR Towns is required in the proposed CMA's to effectively act as counter magnet.

Financial closure for implementing these initiatives will need to be taken up by the nodal agencies concerned which would be required to initiate the basic planning exercises and identify the most effective source for funds. In most of these projects the Government can participate through provision of land while the development activities can be taken up by private firms, through various public private partnerships like Management Contracts, BOT, BOOT etc.

In CNCR, Gurgaon & Noida have emerged as major commercial hubs because of limited land supply in the established commercial hubs in Delhi, Gurgaon & Noida have offered an alternative to the ever increasing demand of IT/ITES enabled companies. More than 20 proposals for establishing SEZs in the NCR region have been granted approvals by the Government of India, most of them for IT / ITES services.

A list of SEZ's notified after coming into force of the SEZ Act as on 29th August 2007 is shown in the table below.

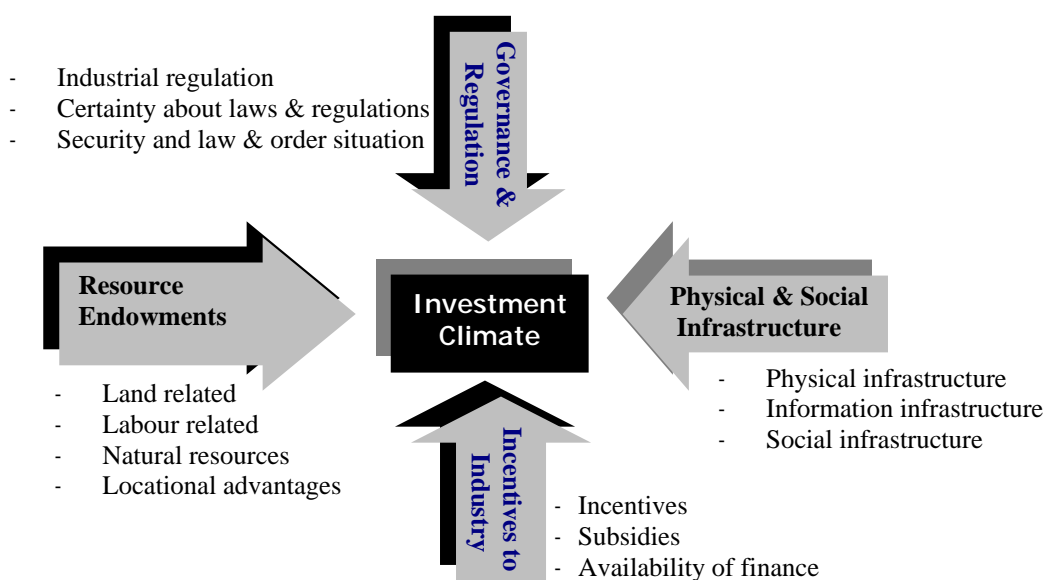
**Table 6.12: List of notified SEZ's in NCR**

Developer	Services
Uppal Developer Private Limited Gurgaon,	Multi servcies
DLF Limited Gurgaon, Haryana	IT/ITES
M/s DLF Cyber City Developers Ltd. Gurgaon, Haryana	IT/ITES
M/s. Orient Craft Infrastructure Ltd. Gurgaon, Haryana	Textiles
Dr. Fresh health Pvt. Ltd Gurgaon Haryana	IT / ITES
Selecto systems Pvt. Ltd Main Mathura Road Faridabad	IT / ITES
Luxor Cyber City Pvt. Ltd. Gurgaon, Haryana	IT/ITES
Parsvnath SEZ Limited Gurgaon, Haryana	IT/ITES
Ansal IT City and Parks Limited Techzone, Greater Noida,	IT/ITES
HCL Technologies Limited Sector 126, Noida, Uttar Pradesh	IT/ITES
OSE Infrastructure Limited Plot No. C-001, Sector- 67, Noida,	IT/ITES
NIIT Technologies Limited SEZ Greater Noida, UP	IT/ ITES
WIPRO Limited Gautam Budh Nagar, Greater Noida, UP	IT/ ITES
Moser Baer India Limited Greater Noida, UP	Nonconventional Energy including solar energy equipments/ cell

Source: Ministry of Commerce and Industry, Department of Commerce. ([www.sezindia.nic.in](http://www.sezindia.nic.in))

An estimated 16 million square feet of commercial space is being planned in the NCR region in the near future. Considering a development cost of Rs. 1500 per square feet, development cost for commercial space alone would be around Rs. 2400 crore. The investment would be much greater. Such a high volume of investment in CNCR towns is definitely further increasing the centrality and pull of Delhi including CNCR making it a bigger magnet.

### 6.2.5 CMA's Financing strategy



**Fig 6.3 Factors having Impact on Investment Climate**

For creating a favourable investment climate, a judicious mix factors are required, as shown in the diagram above. State governments need to identify exploitable resources and capabilities available in their states and particularly in the region in close proximity to these cities and promote entrepreneurial initiatives to commercially exploit them and create opportunities for employment of the local population. However, just availability of resources will not suffice in attracting investments. Cities need to provide facilitative infrastructure to support such initiatives. These include physical infrastructure in terms of land, power, water as also roads, rail and air connectivity. Besides these, adequate and quality social infrastructure, housing, healthcare, education and entertainment, s necessary to attract talent and help them relocate to these cities.

Resource Endowments of a region is perhaps the foremost factor that decides it's potential to invite investments. Endowments can be in many forms such as land related (availability of adequate land to be devoted for development of investment opportunities), natural resources (agriculture, minerals, climate, labour related (trained manpower), and location advantages in terms of connectivity to the hinterland and accessibility by various means of transportation.

Resource endowments need to be supported with physical infrastructure to enable investors to create value from resources available in the region. Physical infrastructure directly influences the ability for productive utilization of resources in a region. Social infrastructure supports productive activities. Though it may not act as a driver for investment, but it does impact sustainability of the process. Governance and regulations provide the overarching framework within which the society and their livelihoods operate. Weak governance contributes negatively towards development, driving entrepreneurs, and consequently livelihood opportunities, to relocate.

- State Government's should offer special incentives for investors who locate their enterprises in identified counter magnet areas in their states. These can be in the form of direct fiscal incentives amounting to tax breaks, or indirect benefits like dedicated physical infrastructure facilities.
- Facilitation through incentives such as single window and internet based processing of applications also aids in drawing investors.
- Regular interactions and wooing of investors through market development initiatives is required to highlight opportunities to the investor community and also to induce them in investing in the region.
- The state and / or local government needs to identify the local exploitable resources that can be exploited productively and create opportunities for investments and value addition of these resources. Resource development initiatives through development centers, technical institutes, should be promoted by the local government to ensure better resource availability for to attract investors.
- The Local authorities should also ensure strong administrative set up and control over law and order in the region and create a good quality and standard of living for the residents and floating population.

### **6.2.6 Resource Mobilisation**

To enable the identified counter magnets to perform successfully, it is imperative that development initiatives, are taken up in the cities in time to take advantage of the prevailing economic conditions. Resource requirement for implementing the initiatives can be sourced from various sources that include:

- State and Central Government
- Private Sector Participation
- Foreign Direct Investments
- Other Options

### **(I) State Funding**

Usually large scale funding is supported by the Central /State / Local governments. The Central government provided funds for development of infrastructure through a number of schemes and grants, such as – National Highway Development Programme, Growth Centre Scheme, Scheme for establishing Special Economic Zones, Scheme for promotion of Agro Export Zones, IT Parks, integrated infrastructure development centers for small scale industries, Jawaharlal Nehru National Urban Renewal Mission, Scheme for urban infrastructure development for small and medium towns, etc. The state and local government should explore these schemes and proposals for development of infrastructure in and around their cities, create a favorable environment to attract investors and provide supportive and facilitative infrastructure to enable investments in the region. Many of the identified cities have already approached such institutions for funding development initiatives, especially for urban infrastructure improvement.

State governments through their industrial development corporations are always promoting initiatives to attract investments across the states. Special packages can be designed for attracting industries to these areas. Funds for such developments can be earmarked by the state government in their appropriate budgets.

Local governments can also take the initiative by identifying resource mobilization measures that can be implemented in their cities. Under or unutilized assets can be redesigned and made into productive assets and contribute to resources of the city.

### **(II) Private Sector participation**

Of late private sector has been increasingly contributing in bringing funds for infrastructure development through public private partnership. Various models for such collaboration exist requiring asset transfer to the private operator for varying time frames and providing concessions to the operator for agreed time frames. Such partnerships can be utilized for creation of most types of infrastructure. The private operator brings in funds, technology and management skills that ensure efficient development of infrastructure and supportive facilities.

### **(III) Foreign Direct Investments**

A dedicated and strategic approach is required by the state to invite foreign direct investments in a region. Policies of attracting internationally mobile investors have sometimes formally motivated targeted efforts at improving host countries' enabling environments. Strategies can include, particularly low corporate tax rates to attract foreign corporate presence (and induce domestic enterprises to stay). A range of other strategies has included preferential tariff regimes, the cutting of red tape, stepped-up investment in infrastructure and educational measures. Many of the latter have been targeted toward prioritised economic sectors and regions (e.g. "special economic zones", "export processing zones", etc.). Others have had as their purpose a general deepening of the capital stock through outright investment subsidies.



The state government should identify the potential sectors that are prime targets for FDI and incentives such initiatives. Proactive marketing for attracting FDI needs to be undertaken by the state governments, besides providing adequate peripheral incentives such as

- providing targeted fiscal incentives, such as tax concessions, cash grants, and specific subsidies;
- improving domestic infrastructure;
- promoting local skills development to meet investor needs and expectations;
- establishing broad-reaching FDI promotion agencies;
- improving the regulatory environment and decreasing red tape; and
- Engaging in international governing arrangements.

#### **(IV) Other Financing Methods.**

Options for financing development initiatives in the identified cities are largely dependent on factors directly linked to the opportunities available and viability of investment options against commercial or larger development objectives.

Financing methods can include special purpose vehicles being formed for the development of specific infrastructure and facilities that are targeted for implementation in these areas. Approaching multilateral and bilateral funding agencies for grants and loans are another opportunity that can be tapped for development of infrastructure and support facilities. Technical assistances from these agencies can be utilized for planning and research work and thereafter funding options can be studied for their participation in the development initiatives planned.

#### **6.2.7 Methods to strengthen Economic Base. Possibility of locating SEZ and other economic Activity**

Investments can be attracted to a location through administrative power, by forcing entrepreneurs to develop a particular location. However, with increasing competition amongst locations to attract investments in their region, this strategy is not very successful as investors look towards independence in operations and move to locations that offer more freedom in operations. Thus market mechanism is a key driver for attracting investments and locations and local governments need to take the initiative of incentivising investors to invest in their regions.

- Facilitative infrastructure, in the form of industrial parks, special economic zones, IT parks, Industrial townships etc. also draws investors as it provides them an opportunity for reduction of operating costs due to shared and common infrastructure facilities. These would also help in diverting the migrants outside Delhi. The state and local government can take recourse to funding from various government schemes for creation of such infrastructure, or can invite private sector to develop such projects.
- Sufficient and accessible resources, including the presence of relevant infrastructure and human capital. The state and / or local governments need to identify the local resources that can be exploited productively and create opportunities for investments and value addition of these resources. Such resources can include local skills, traditional skills, natural and cultural resources. Resource development initiatives through development centers, technical institutes, should be promoted by the local government to ensure better resource availability for to attract investors.

- Local governments should also ensure strong administrative set up and control over law and order in the region and create a good quality and standard of living for the residents and floating population. This would create a strong socio economic pull for residents and migrants to come to the city.
- A predictable and non-discriminatory regulatory environment and an absence of undue administrative impediments to business more generally.
- A stable macroeconomic environment, including access to engaging in international trade.
- These initiatives are required to be followed for all the identified cities to enable them in becoming sustainable counter magnets.
- Labour intensive industries / activities of varying types would be promoted by the State Governments depending upon their development potential in the area.

### 6.3 Urban Development Strategy

#### (I) Concept

The idea is that each CMA would develop a new town/urban extension for the additional population between 2007 and 2027; thus to provide land development with quality physical infrastructure i.e. water supply, sewerage, storm water drainage, power supply, solid waste management and also social infrastructure i.e. health, education, recreation, safety, security. The urban extension/new town plan would be a 20 years perspective plan i.e. 2007-2027. The availability of high quality environment in these areas itself would be an attraction to facilitate the desired economic activities.

#### (II) Additional population and land requirement in the urban extension / new town

An additional population of 31,33,078 is estimated to be accommodated in the urban extension areas by 2027. The urban extension areas are proposed to be developed at a city level density of 200 persons per hectare. The five selected counter magnet areas shall have 15,665 ha of land to be developed as urban extension areas in total. Urban extensions or new towns may be developed by the State Governments depending upon the development potential of the area. As far as possible, marginal and waste land should be used for urban development. Models like land pooling, which has been successful in Gujarat and Maharashtra could be adopted. States could also form joint ventures in the land development process. Refer table 6.13 and 6.14

**Table 6.13: Additional population and area requirement in proposed CMA's during 2007-2027**

S. No.	City	Additional Population 2007-2027*	Additional Area (in Ha)
1	Dehradun	600456	2002
2	Kanpur	1772379	5908
3	Ambala	604364	2015
4	Hissar	1175617	3919
5	Bareilly	546801	1823
	<b>Total</b>	<b>4699617</b>	<b>15665</b>

\* This is 67 percent of the estimated additional population; remaining 33 percent is considered to be accommodated in the existing developed areas.

(III) Loan / investment requirement in the first five year (2007-2012)

It is estimated that total funds required for development of urban extensions/New Towns would be Rs. 13121 crores (at 2007 price). Refer Table 6.14. The NCRPB may provide total loan of Rs. 2099 crores (estimated at current prices) to these five identified counter magnet areas so as to aide the states for trunk infrastructure and land assembly and give an impetus to the overall urban development in these cities. The land assembly plus trunk infrastructure development cost has been assumed varying from 60 lakh per hectare to 100 lakh per hectare for smaller towns to metropolitan cities. **Refer Annexure IX.**

**Table 6.14: CMA's loan requirement for urban development**

S.No.	City	Additional Area by 2027 (in Ha)	Cost Land assembly plus trunk infrastructure (in Rs. crores)	Land requirement for first 5 years in ha	Loan required for first 5 years i.e. 5 Years acquisition cost and 2 years development cost at current prices (in Rs. Crores)
1	Dehradun	2002	1601	500	256
2	Kanpur	5908	5908	1477	945
3	Ambala	2015	1410	504	226
4	Hissar	3919	2743	980	439
5	Bareilly	1828	1458	456	233
		<b>15665</b>	<b>13121</b>	<b>3916 (25%)</b>	<b>2099</b>

(IV) **Guidelines for the preparation of development plan for urban extension / new town**

The development plan for urban extension / new town to be prepared for 20 years perspective incorporating the following major aspects

- ✓ Area, population and its distribution
- ✓ Housing
- ✓ Transportation
- ✓ Physical infrastructure – water supply, sewerage, drainage, solid waste management and power & telecommunication
- ✓ Social infrastructure – education, health, recreation, security and others
- ✓ Areas of economic development – industry, trade & commerce & service sector Based on the detailed analysis of exiting situation in the selected cities/CMA's, development potential of the selected counter magnet areas would be identified. Development plan to be prepared for urban extension would incorporate the land allocation for focus economic activities as indicated in section 6.2.3 plus other economic activities which may be identified on the basis of market demand for particular/specific/identified economic activities. This section would highlight the total employment generation by all the economic projects conceived.
- ✓ Environment
- ✓ Plan implementation and monitoring strategy
- ✓ Resource mobilization and Funding mechanism
- ✓ Capacity building of the local body

(V) Action to be taken by the state government

The following actions would be taken by the State Government

- ✓ Finalization of development plan for urban extension / new town.



- ✓ Preparation of the District Plans is mandatory under the 74<sup>th</sup> Constitutional Amendment. The concerned State Governments should identify CMAs and prepare their development plan as well as plan of action which could be integrated by them in the District Plan.
- ✓ Cost estimates of land development with essential physical infrastructure i.e. water, sewerage, drainage, power, solid waste management and social infrastructure.
- ✓ Financing, annual cash flows and FIRR and amount of loan requirement
- ✓ All above to be approved by a technical group constituted for the purpose to include a City Planner, Engineer and finance professional
- ✓ The development could be taken up with private participation.

While urban development strategy will be restricted to urban planned areas of the CMAs, the State Governments will have to bring in investments and development in the influence zone of CMAs identified in their respective States through State level policies and development interventions integrated with Five Year Plans and District Development Plans.

Apart from that, shifting of Government offices may be as per the provisions in the Regional Plan – 2021 in para 5.4.2 (c) and the concerned State Government may take appropriate action.