

# Bangalore City Cluster Development Project

Saugata Dasgupta  
Urban Specialist  
India Resident Mission

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# Context

- Smart cities development
  - Cities will be locus and engine of economic growth
  - Making cities competitive, livable, sustainable & bankable
- Make in India
  - To make India a global manufacturing hub by creating enabling business environment and infrastructure
- Opening up of new manufacturing sectors in India for private sector investment and foreign direct investment
- Karnataka Vision- 2020
  - Make Karnataka a globally competitive destination
  - Employment-driven economic development
  - Sustainable and orderly industrialization and urbanization

# Why Bangalore Metropolitan Region(BMR)?

- Unprecedented spatial and population growth
  - Mostly concentrated in Bangalore city so far
- Pivotal role in achieving Karnataka's Vision 2020
- Bangalore already exhibit some semblance of economic clusters
- Prevalent economic activities
- Potential to achieve enhanced growth and employment-driven economic development, if enabling business environment and infrastructure is created
- Bangalore is more service oriented economy- opportunity to lead industry-oriented development & accompanying urbanization in outer areas
- The State's reform willingness
- Potential for replicability
- ADB's long association with the State in the urban Sector

# The Proposed Project

## Objective

- To increase competitiveness of BMR Region in a way that also promotes inclusive and environmentally sustainable growth

## Key outputs/pillars to achieve the objective

- Strengthen regional and metropolitan planning
- Upgrade key economic and social infrastructure
- Enhance urban governance to create a better business & investment climate

# Key Information

|                              | BMR   | Bangalore City              |
|------------------------------|---|-----------------------------|
| Area                         | 8000 square km  | 1220 square km (15% of BMR) |
| Population                   | 11.7 million  | 8.4 million (72% of BMR)    |
| Workforce participation rate | 52% -highest compared to all other metros   |                             |
| Economy                      | 85% (3.98 million) are engaged in services as well as manufacturing sector<br>Tertiary sector is the biggest economic driver (63%)  |                             |
| Key sectors                  | <ol style="list-style-type: none"><li>1. IT (alone provide 800,000 high paying job)</li><li>2. Aerospace and Aviation industries (10,000 jobs and accounts 65% of aerospace business in India)</li><li>3. Biotechnology</li><li>4. Electronics System Design and Manufacturing</li><li>5. Automotive</li><li>6. Textile and garments</li><li>7. Manufacturing</li><li>8. Floriculture</li></ol> |                             |

# Key Features

- **Planning Approach**
  - Cluster-based city economic development
- **Financing**
  - Leverage project fund (\$459 million) for private sector investment
  - Structuring of new financing modalities
- **Implementation Strategy**
  - Multi-stakeholder demand-based infrastructure development
  - Use of purpose specific special purpose vehicles
  - Promoting sectoral coordination and convergence
  - Phasing of key reform actions
  - Establishing a strong partnership between public & private sectors

# Planning Approach

- **Phase 1A (Completed)**
  - A City Competitiveness Assessment
  - Identification of key Economic Sectors and clusters
  - Assessment of Policy, Institutional & Legal Framework
  - A Strategy for Urban Clusters that will drive the economic growth of the region
  - Development of criteria for selection of potential clusters
  - Multi criteria analysis to identify potential clusters
- **Phase 1B (On going- December 2014)**
  - Technical Pre-feasibility Studies for selected Urban Clusters
  - Detailed Investment Programme
- **Phase 2(Yet to Start- June 2015)**
  - Urban Cluster Business Plans for priority clusters
  - Project Structuring and Feasibility studies

# Key Challenges

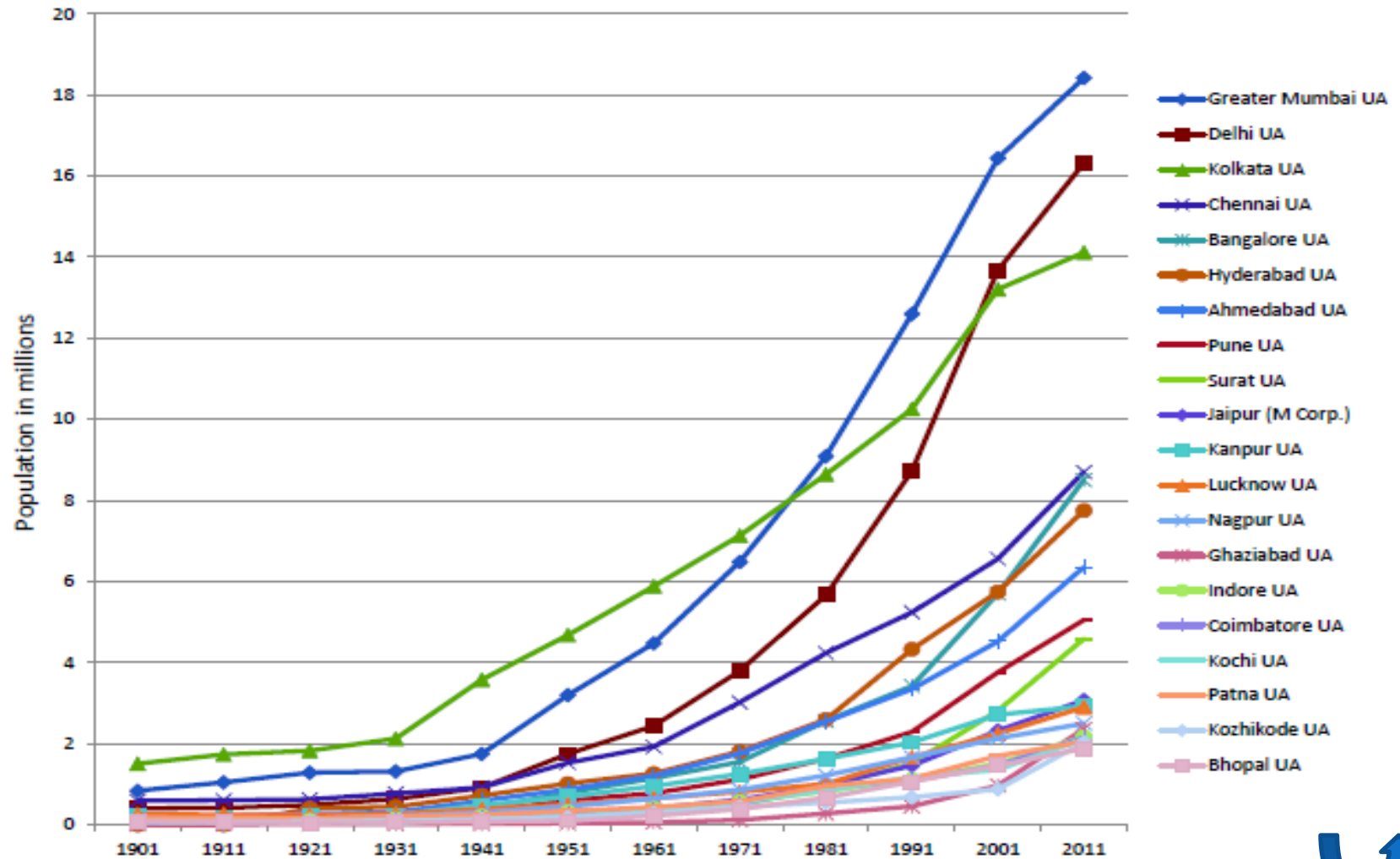
- Related to Competitiveness of BMR (Based on Multi Criteria Analysis and [Perception Survey](#)):
  - Weak regional planning framework and local government institutions
  - Lack of sustainable infrastructure
  - Land cost and availability
- Related to Project
  - Structuring appropriate institutional framework
  - Securing long-term effective coordination mechanisms at state and city level
  - Timely implementation of business-oriented and other key urban reforms
  - Securing private participation
  - Processing the Project by 2016



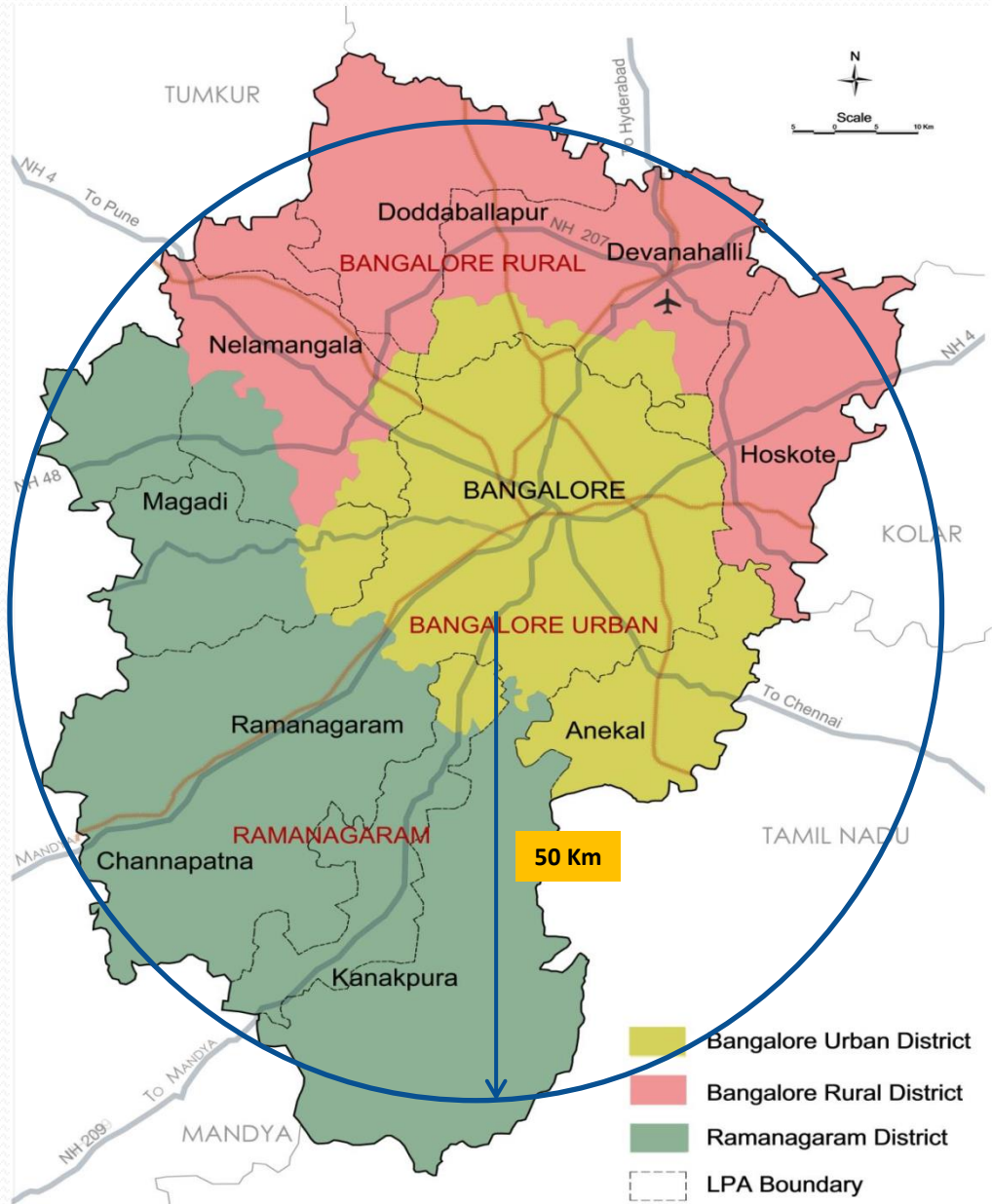


Thank you

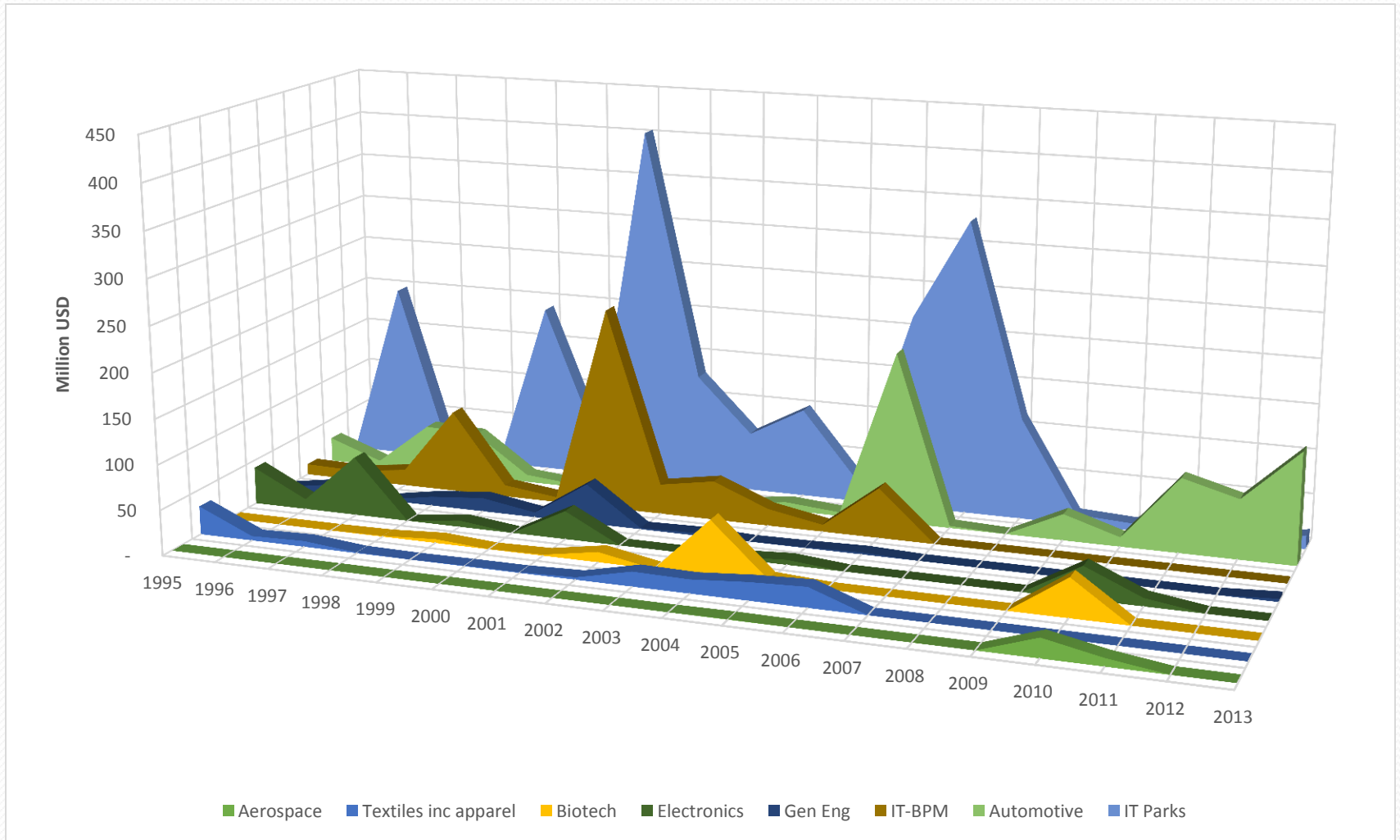
# Rapid Urban Growth



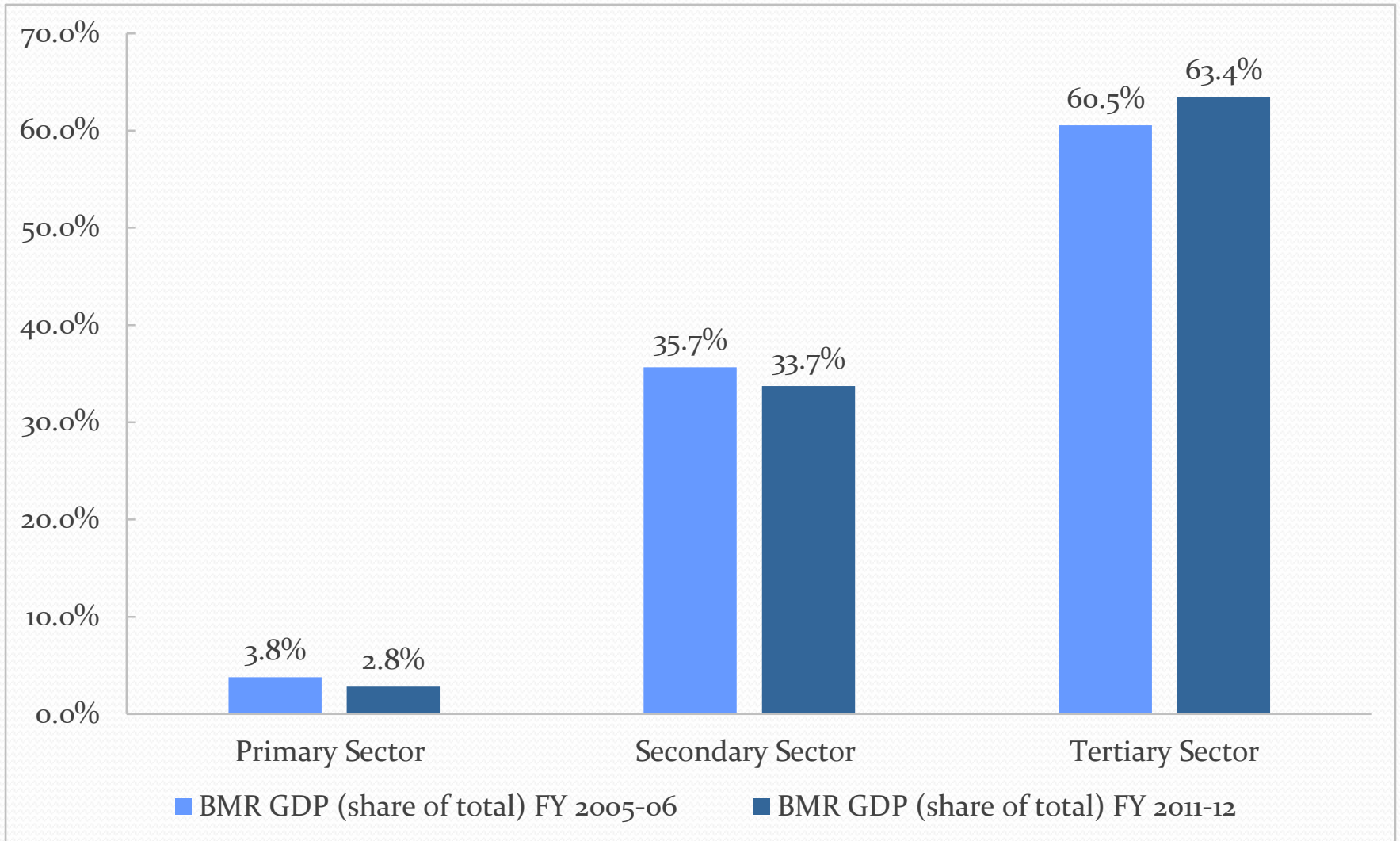
# Bangalore Metropolitan Region



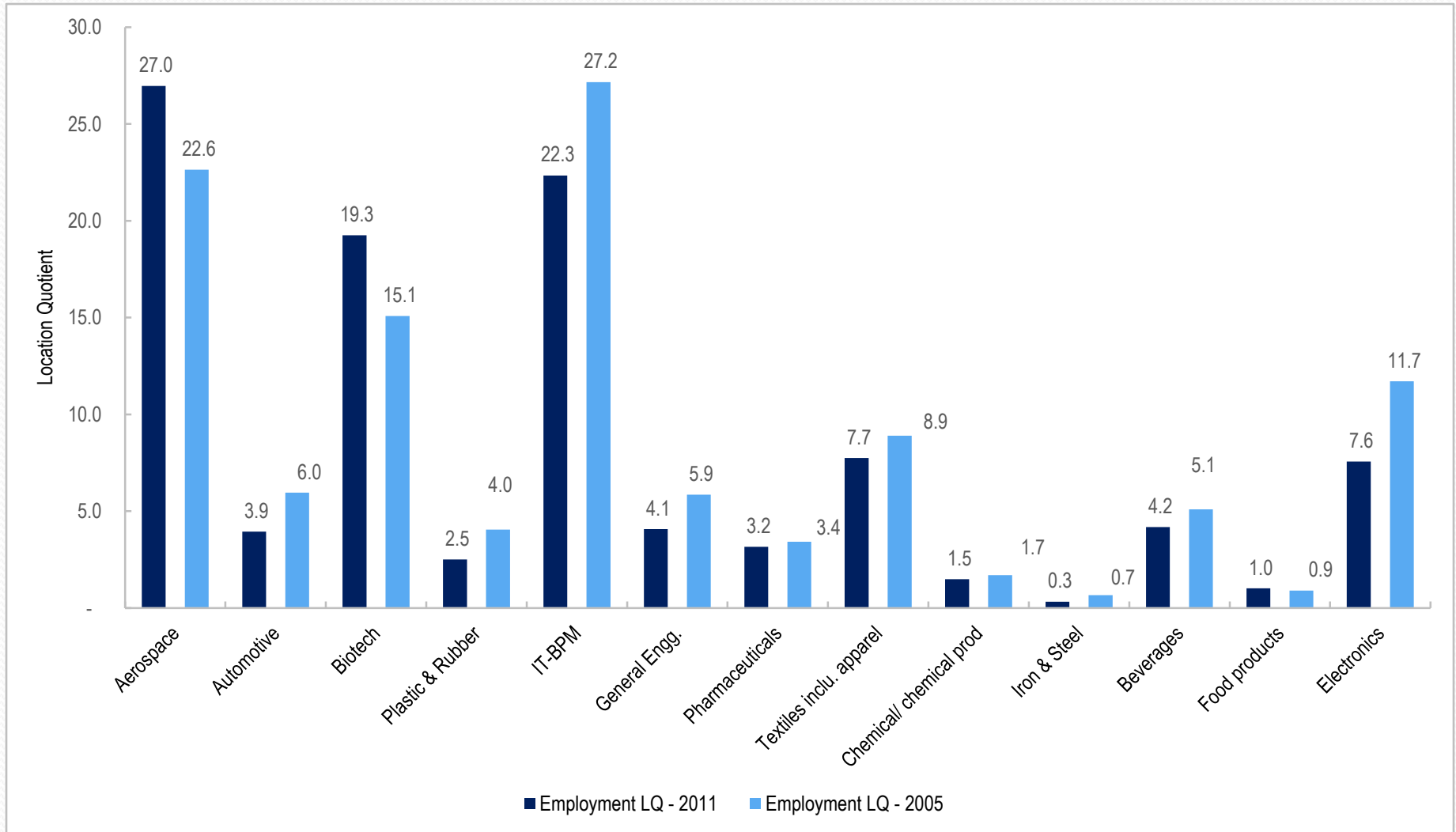
# Investments trends in BMR



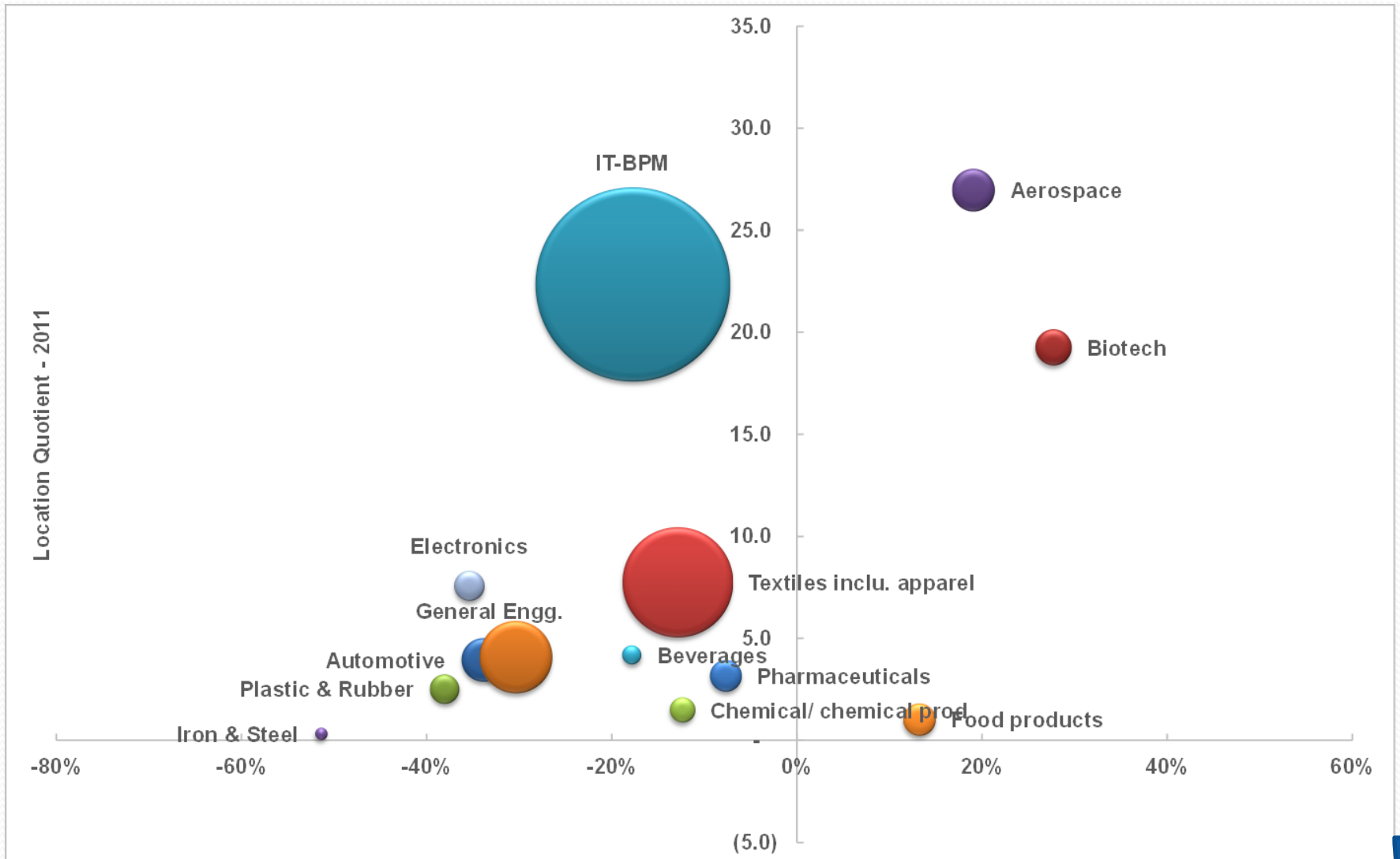
# The BMR – Primarily a Service Economy



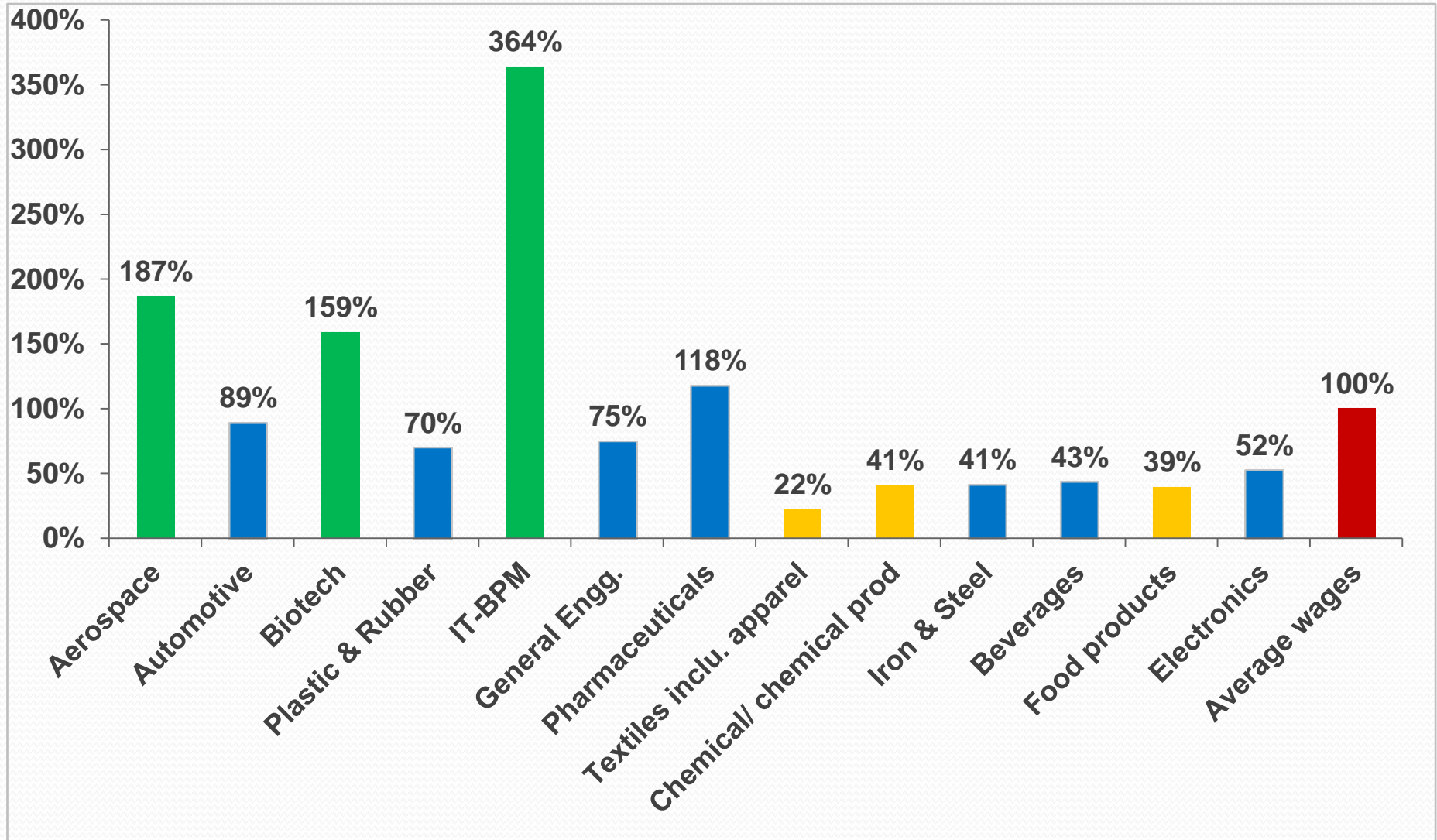
# Employment Location Quotients



# Employment Shift Share Analysis

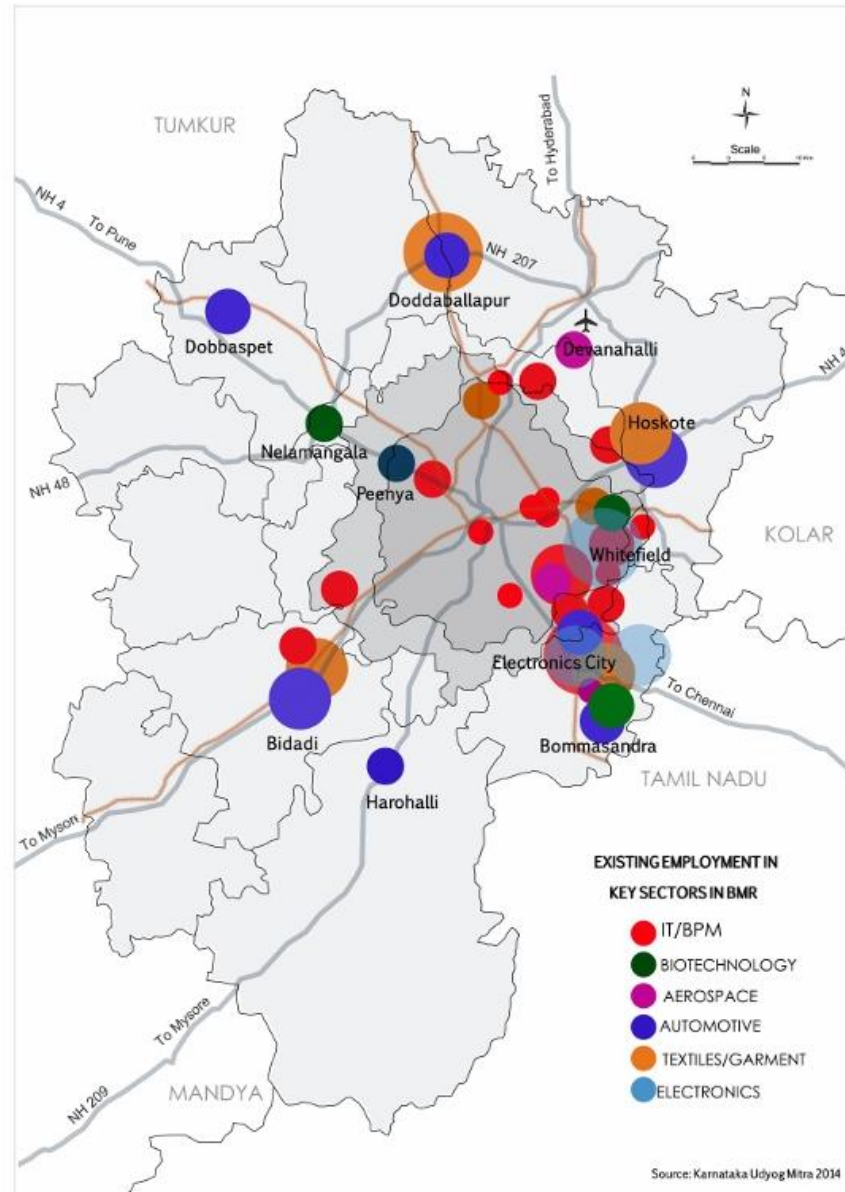


# Employment & Economic Impact





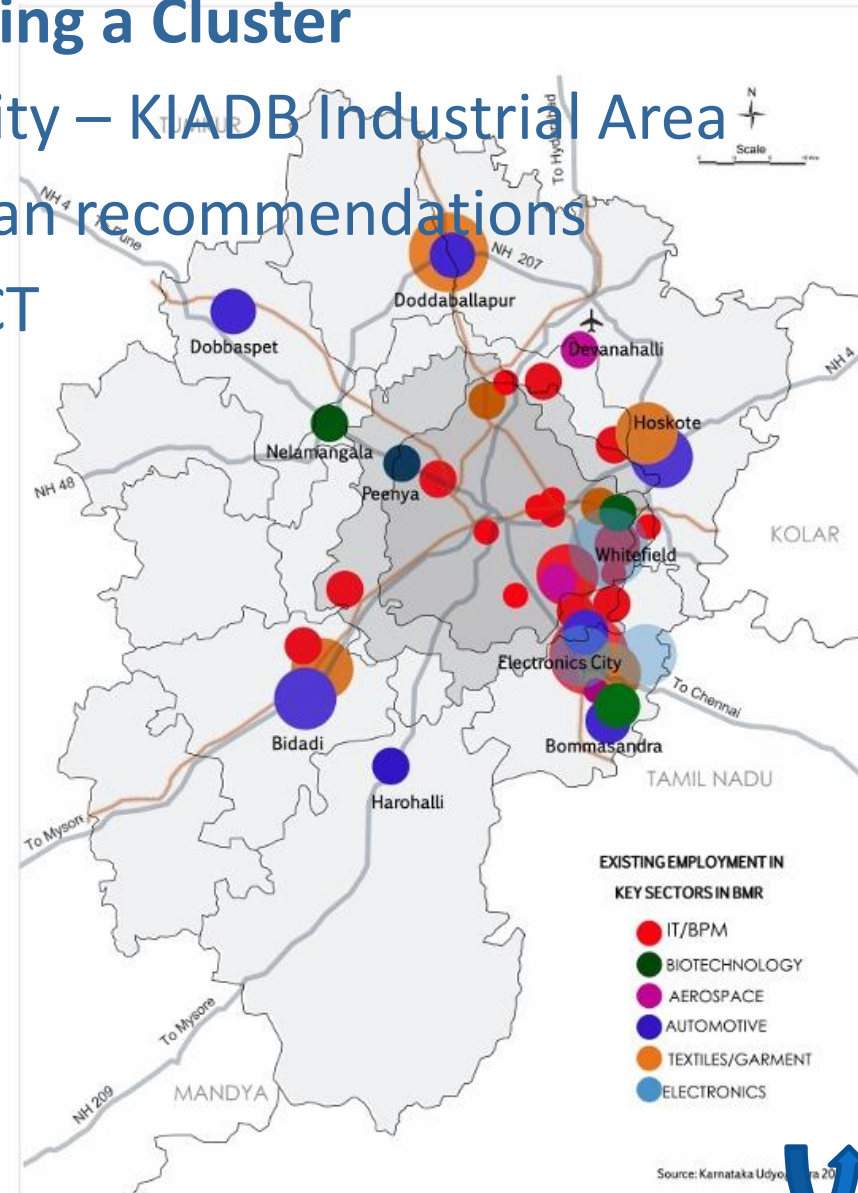
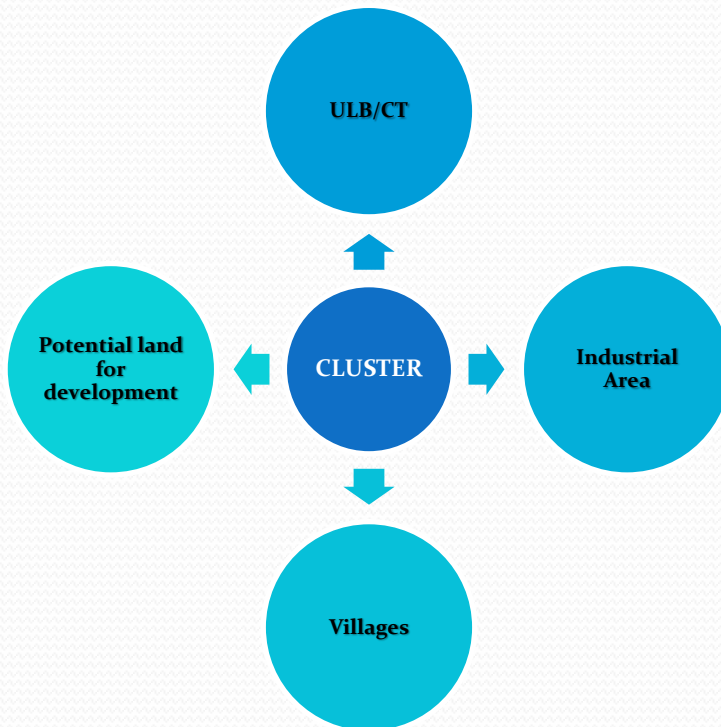
# Concentration of Key Sectors Across BMR



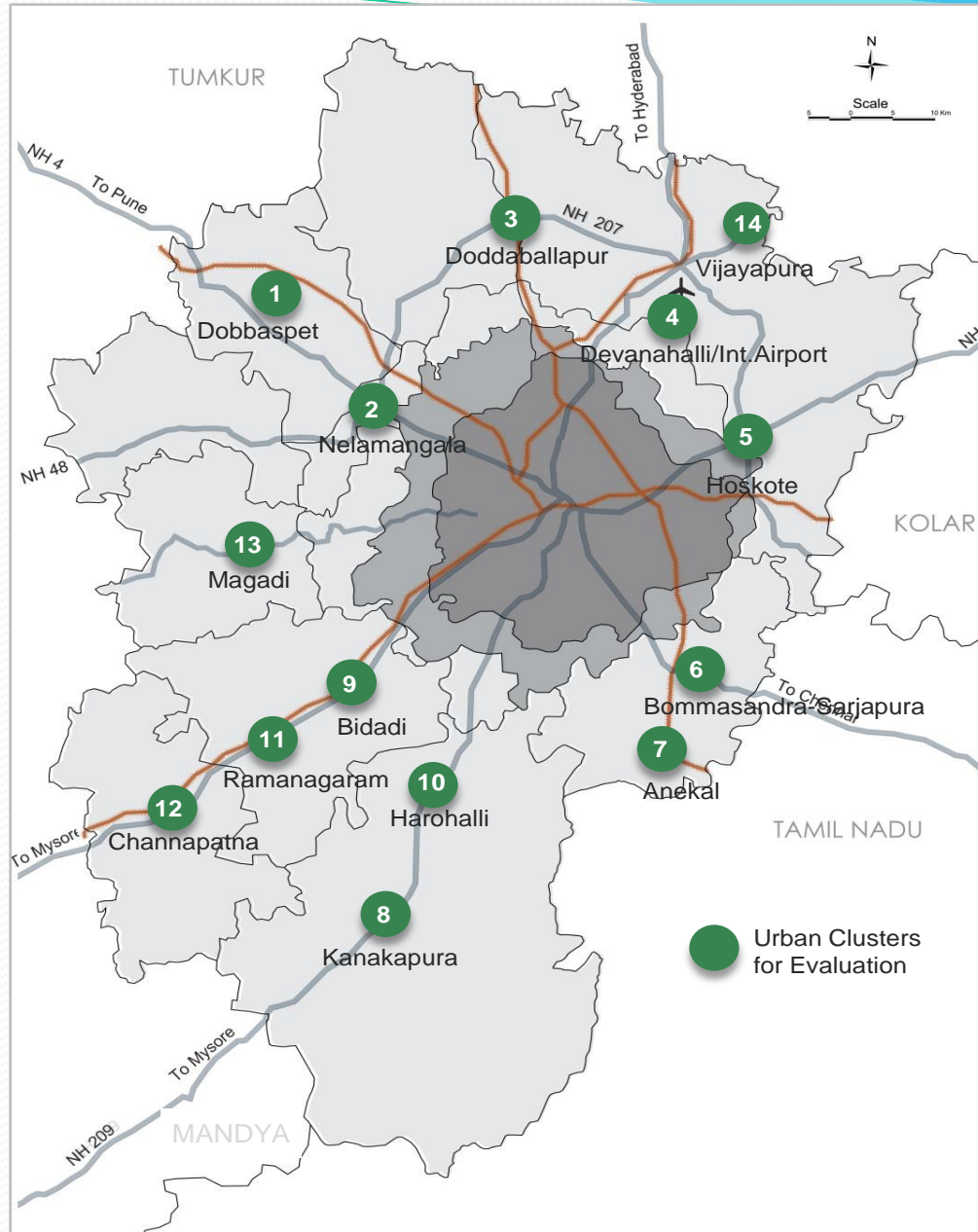
# Forming a Cluster

## ■ Key considerations in demarcating a Cluster

- Semblance of economic activity – KIADB Industrial Area
- Land capability – Structure Plan recommendations
- Existing urban centre – ULB/CT
- Villages – workforce



# Urban Clusters for Evaluation



# Cluster Evaluation Criteria

- A total of 18 evaluation criteria were developed under four policy goals

| GOAL 1: Economic Growth  | GOAL 2: Balanced & inclusive Urban Development          | GOAL 3: Efficient Transport                    | GOAL 4: Sustainable Utilities             |
|--|---|--|---|
| Pillar (Output) 1  | Pillars (Outputs) 1 & 3                                 | Pillar (Output) 2                              | Pillar (Output) 2                         |
| Home or proximity to existing dynamic and successful economic clusters | Land availability for significant urban development     | Location on Major transport Corridor           | Source of Water Supply                    |
| Proposed new economic sector in urban cluster                          | Likely to support social inclusiveness & equity         | Future Road Connectivity potential             | Potential to reuse tertiary treated water |
| Existing or proposed KIADB/LPA Industrial Area                         | Existing High level Educational & Health facilities     | Existing or proposed Freight Hubs              | Sewerage Network Coverage                 |
| Accessibility to Bangalore Int. Airport                                | Land prices   | Potential rail based public transport corridor | Scientific disposal facility              |
| Availability of industrial incentives & concessions                    | Sensitivity of environment of potential expansion areas |  |   |

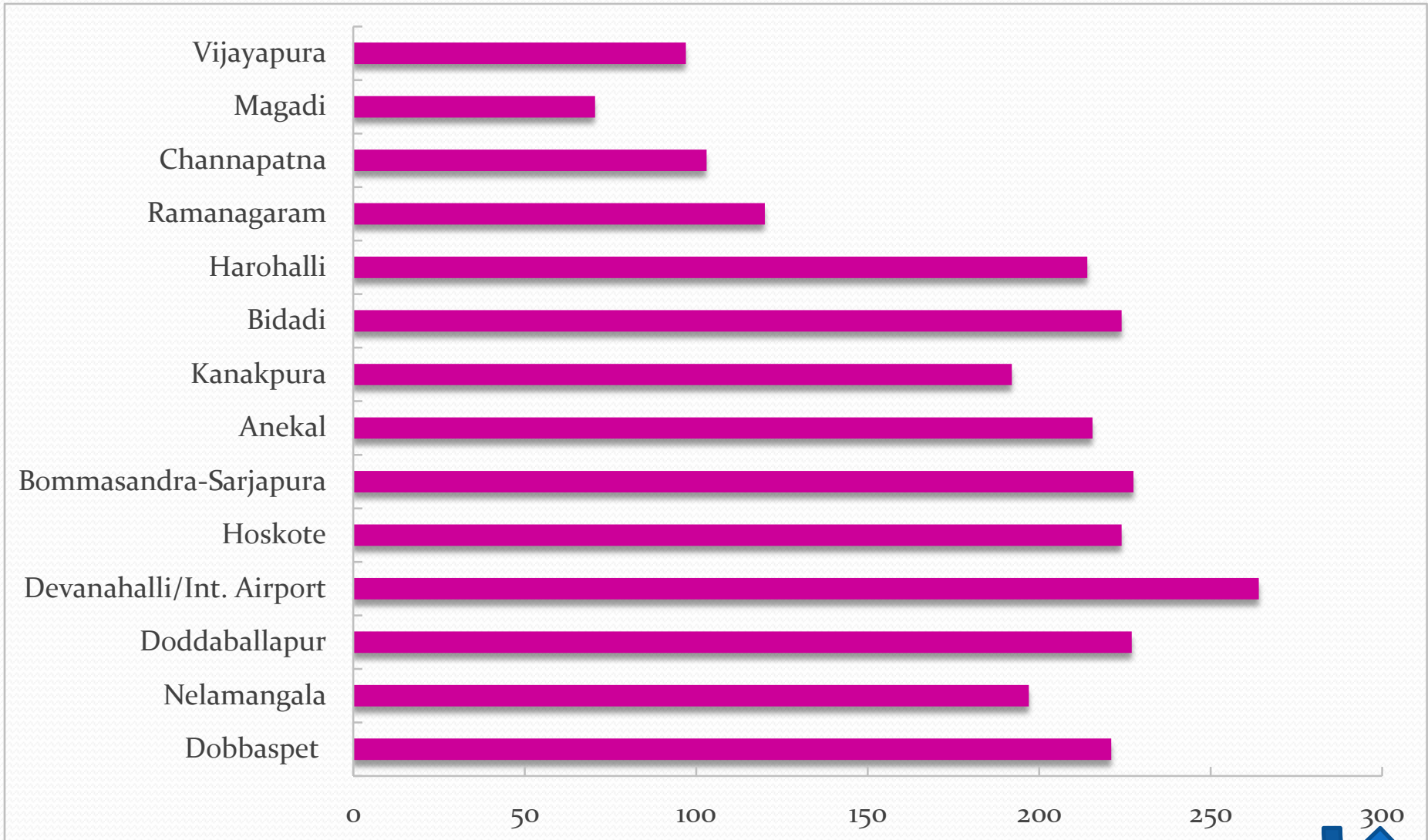


# Urban Cluster Evaluation: Summary of Development Potential

|                          | Economic Growth Potential | Balanced Urban Development Potential | Efficient Transport Potential | Sustainable Utilities Potential |
|--------------------------|---------------------------|--------------------------------------|-------------------------------|---------------------------------|
| Dobbaspet                | High                      | High                                 | High                          | Very Low                        |
| Nelamangala              | Low                       | High                                 | High                          | Very Low                        |
| Doddaballapur            | High                      | High                                 | High                          | Very Low                        |
| Devanahalli/Int. Airport | Very High                 | Moderate                             | Very High                     | Very Low                        |
| Hoskote                  | High                      | Moderate                             | Moderate                      | Very Low                        |
| Bommasandra-Sarjapura    | High                      | Moderate                             | High                          | Very Low                        |
| Anekal                   | High                      | Moderate                             | High                          | Very Low                        |
| Kanakpura                | Moderate                  | Moderate                             | Low                           | Moderate                        |
| Bidadi                   | High                      | Moderate                             | Very High                     | Low                             |
| Harohalli                | High                      | Moderate                             | Moderate                      | Low                             |
| Ramanagaram              | Very Low                  | Moderate                             | High                          | Moderate                        |
| Channapatna              | Very Low                  | High                                 | High                          | Low                             |
| Magadi                   | Very Low                  | High                                 | Very Low                      | Very Low                        |
| Vijayapura               | Very Low                  | Moderate                             | Very Low                      | Low                             |

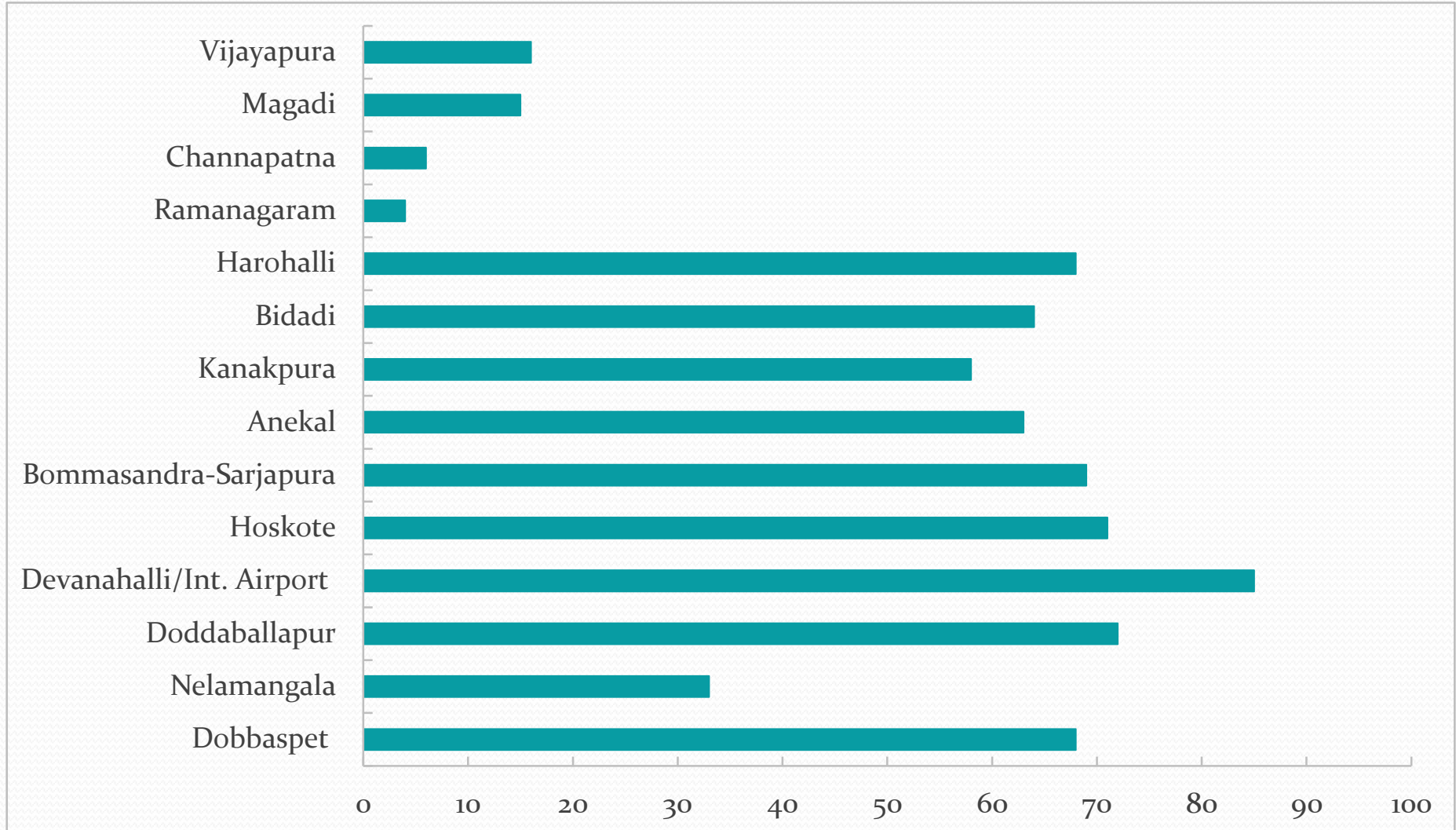


# Urban Cluster Evaluation: Summary of Development Potential



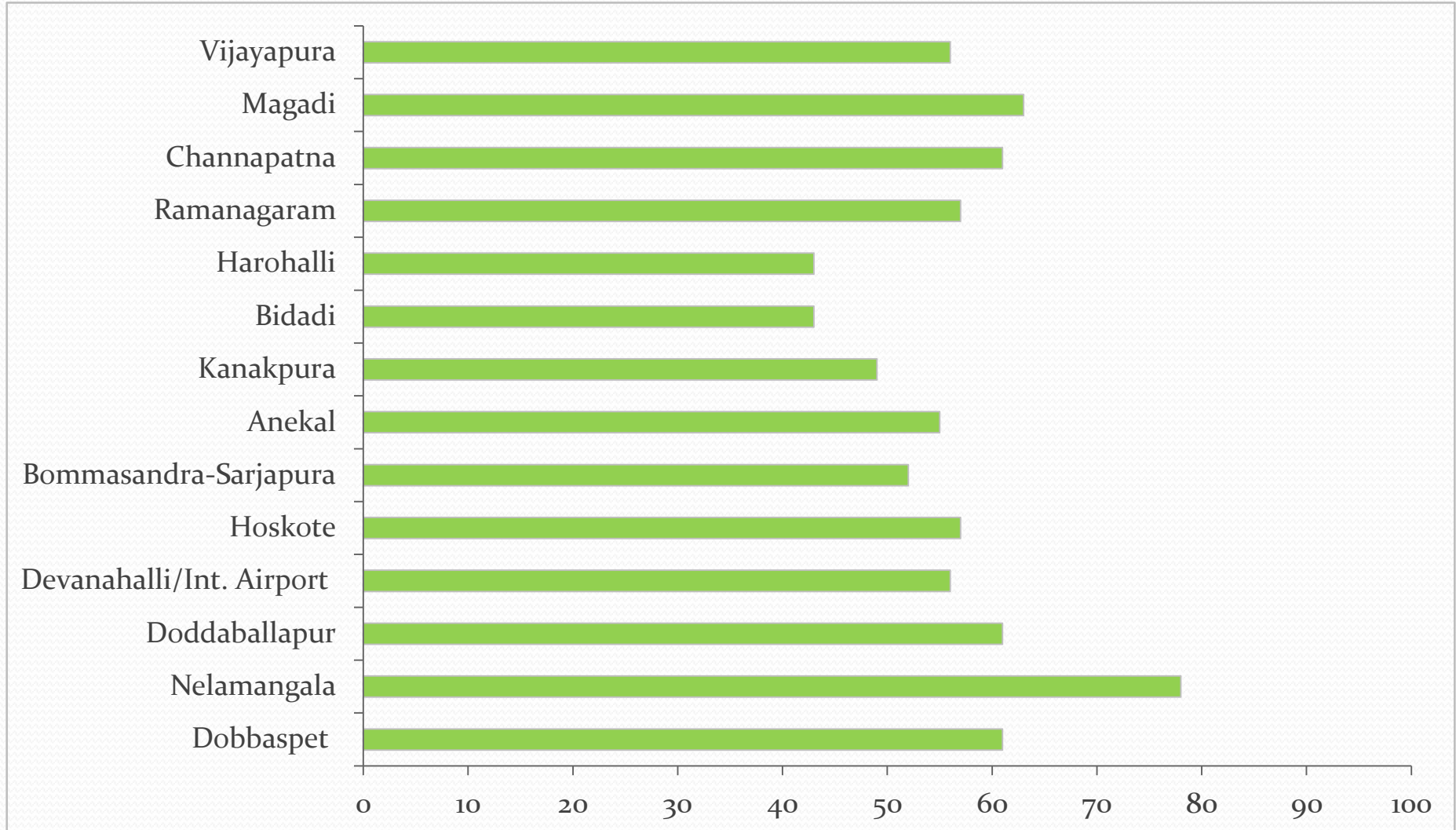
# Urban Cluster Evaluation:

## Goal 1 Economic Growth



# Urban Cluster Evaluation:

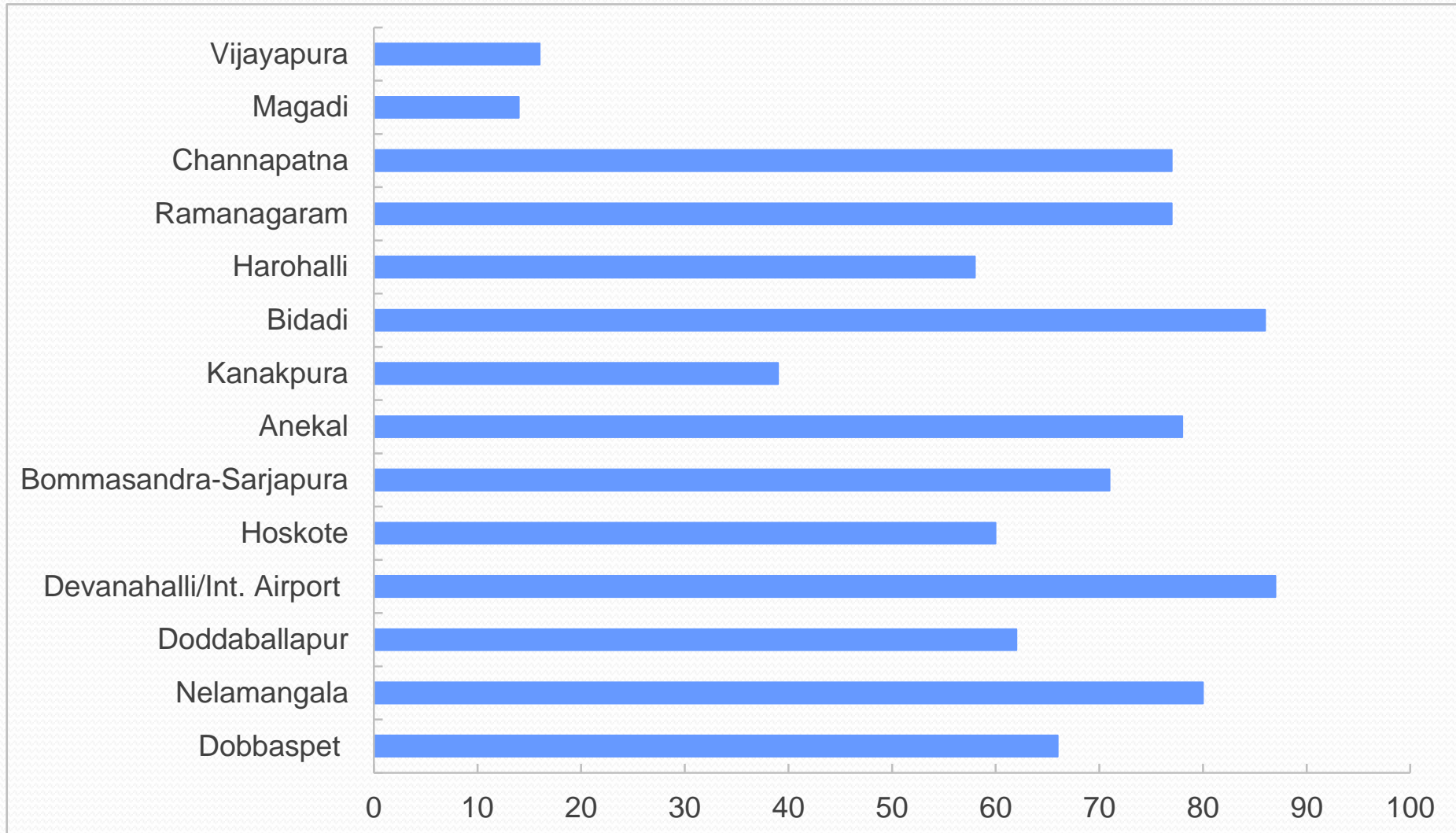
## Goal 2 Balanced Urban Development





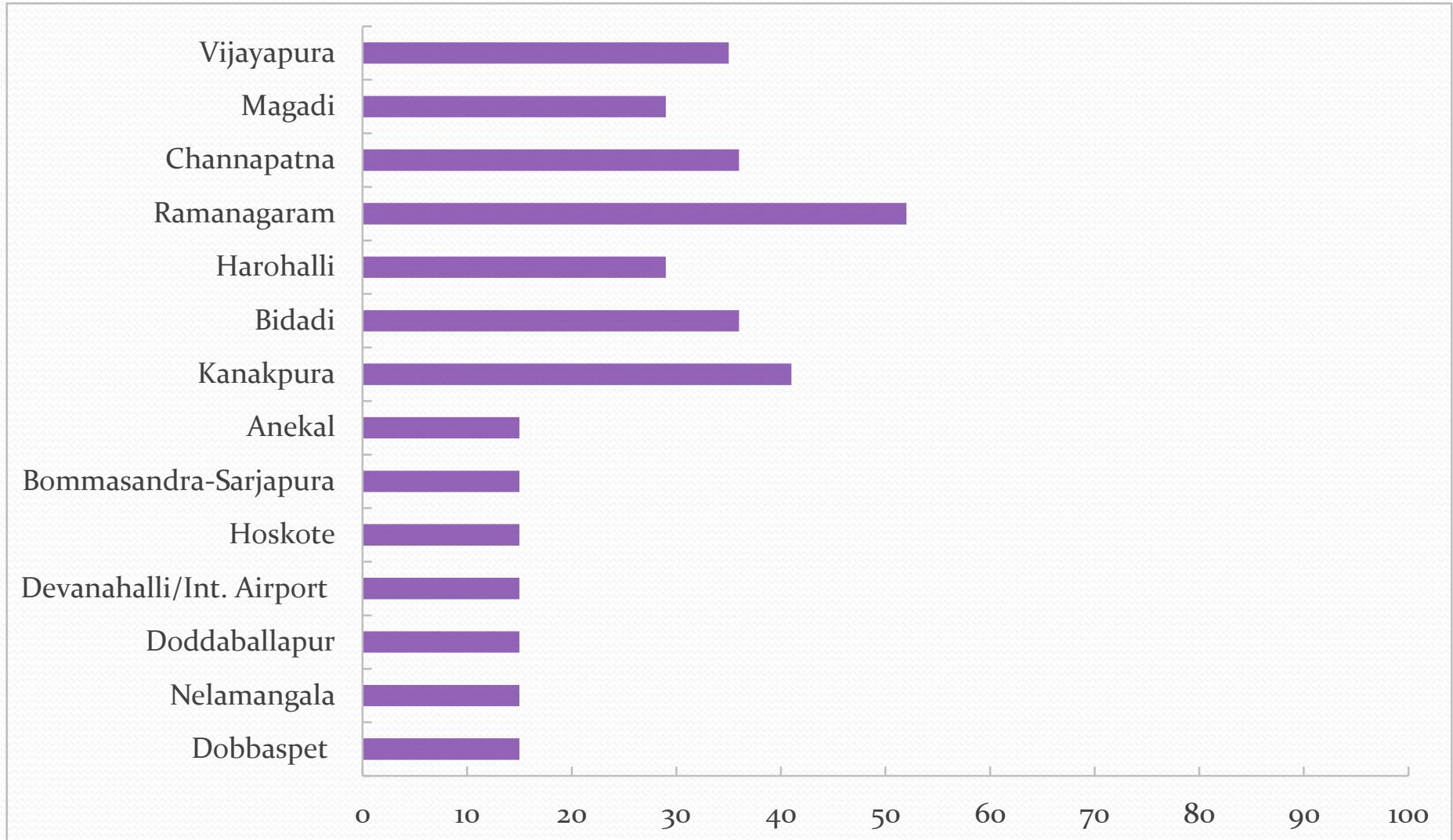
# Urban Cluster Evaluation:

## Goal 3 Efficient Transport

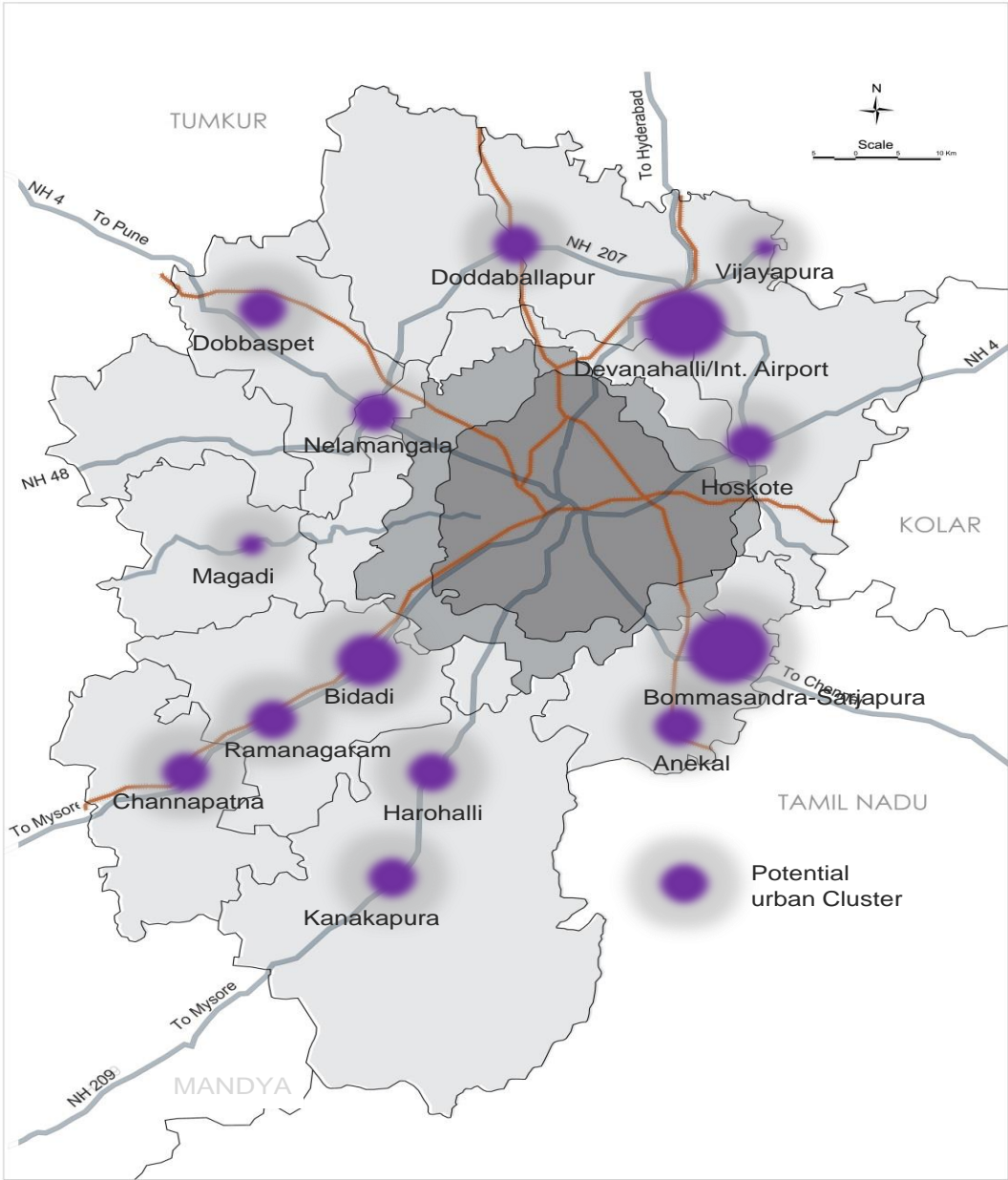


# Urban Cluster Evaluation:

## Goal 4 Sustainable Utilities



# Potential Clusters

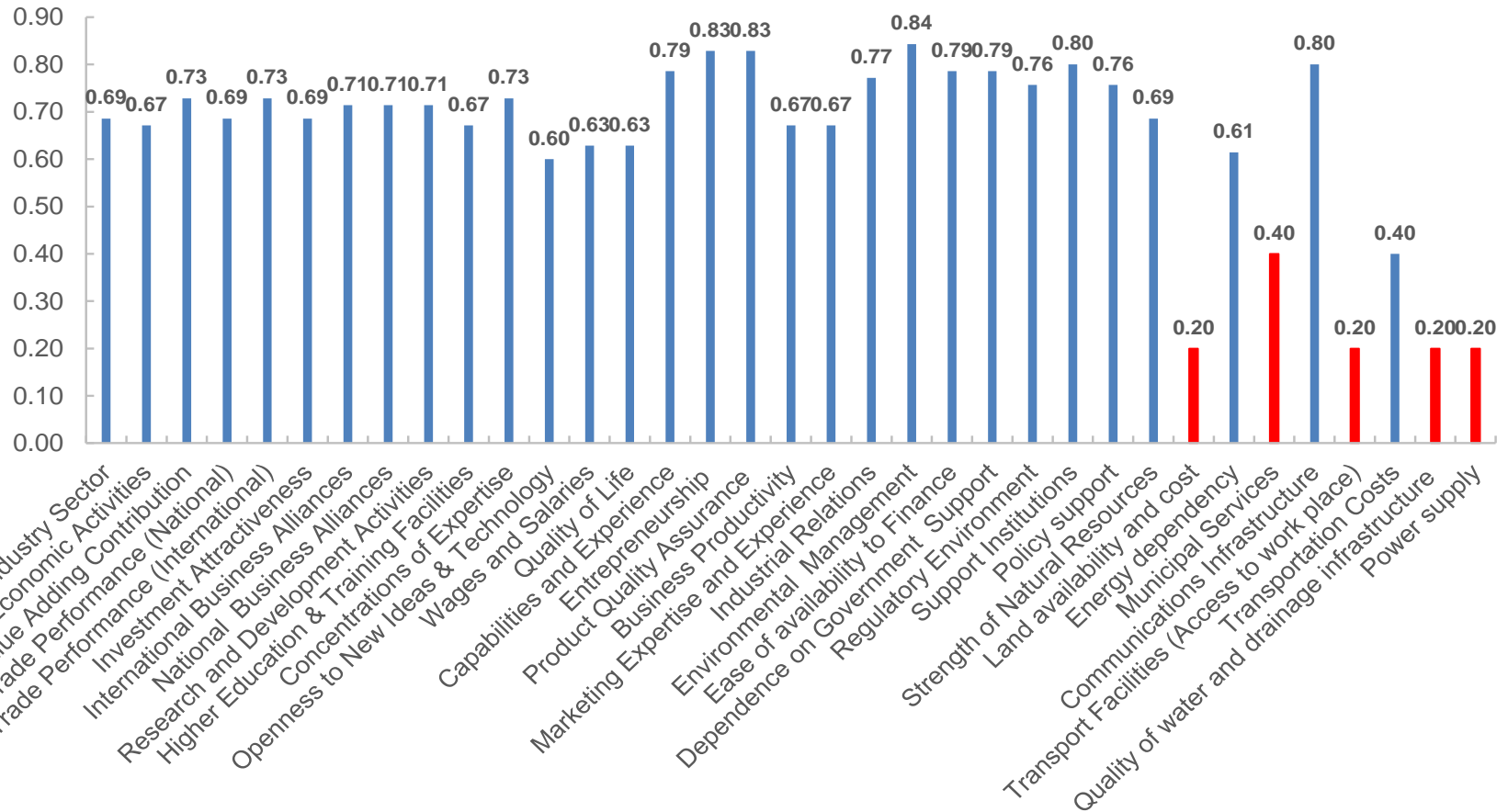


# City Competitiveness Assessments

- ADB – Survey of 39 cities in SE Asia 2011, Bangalore 3<sup>rd</sup> – second to Mumbai in India
- World Bank “Doing Business in India” 2009, Bangalore 13<sup>th</sup> out of 17 cities
- India Competitiveness Report, 2013, Bangalore 8<sup>th</sup> in a survey of Indian cities
- Economist Intelligent Unit, based on 32 indicators, placed Bangalore 94<sup>th</sup> out of 120 cities worldwide. Mumbai was 51<sup>st</sup> & Delhi 69<sup>th</sup>
- But this relatively poor competitive showing does not mean that IT in Bangalore is not internationally competitive;
- Nor do strong clusters make a city competitive – indeed the effect of the success of IT is to drive up costs for other economic sectors.



# Perception of the Business environment in BMR



# Institutional Options

- One ULB co-terminus with the area of the Cluster – will, however, require extensive capacity building and regulatory amendments for empowering ULB
- Formulate an SPV with private sector participation by positioning the Cluster as an National Investment and Manufacturing Zone

