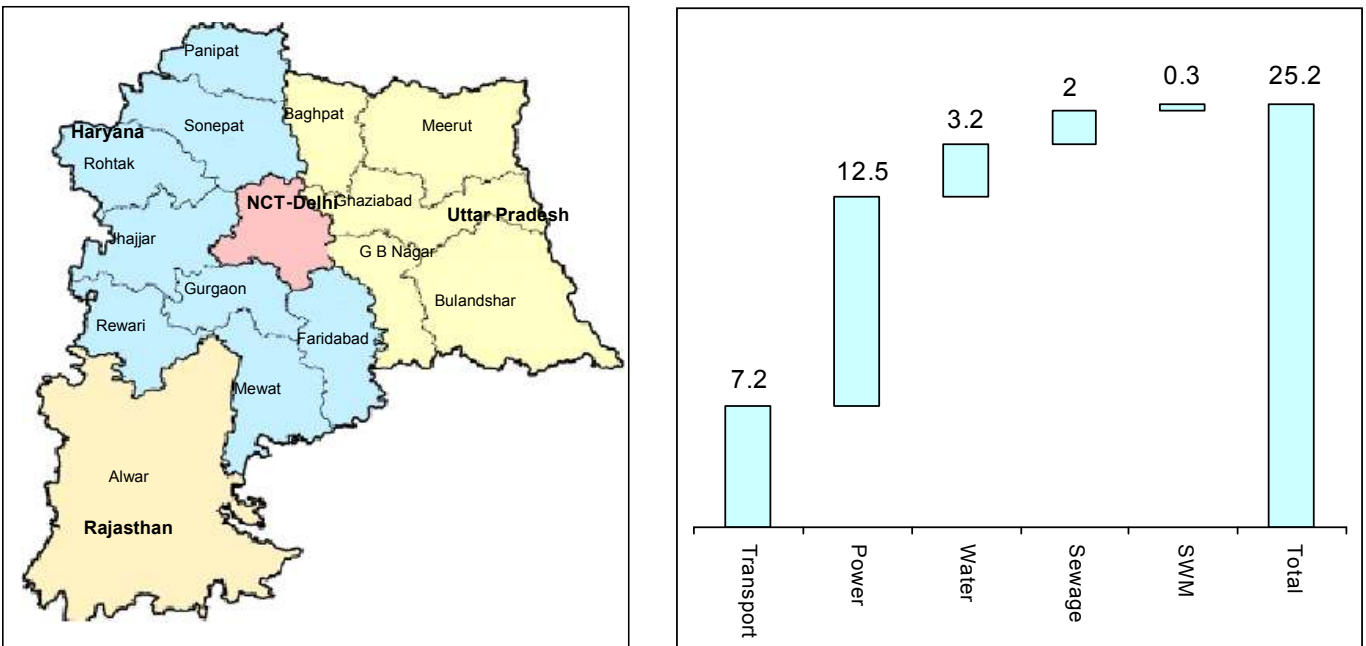


The Delhi and Mumbai Corridor – India’s Engine of Future Economic Growth

After several years of consumption led growth, India’s economic growth is now increasingly being fuelled by investment flows. An analysis of projects and investments being planned in the country reveals that the Mumbai Metropolitan Region (MMR) led by Mumbai in the west and the National Capital Region (NCR) led by Delhi in the north are going to attract a significant part of that investment. Also these two regions are to be connected by the proposed high investment Delhi-Mumbai Industrial Corridor (DMIC). What will be the impact of these developments around and between Mumbai and Delhi?

The NCR comprises Delhi and sub-regions of the states of Haryana, Rajasthan and Uttar Pradesh. (Exhibit1). NCT-Delhi is the predominant growth centre in the entire NCR in terms of manufacturing/trading activity as well as concentration of employment. Currently, industrialization is concentrated in the sub-regions of Uttar Pradesh (General Manufacturing), Haryana (Automobile, Electronics, Handloom) and Rajasthan (Marble, Leather, Textile). NCR accounts for a substantial part of the country’s production of cars (60%), motor cycles (55%) and tractors (25%). Industrialization in and around NCR is expected to receive further boost through creation of Special Economic Zones (SEZs)/Industrial Zones that are proposed in the region.

Exhibit 1 : NCR and Proposed Infrastructure Investments

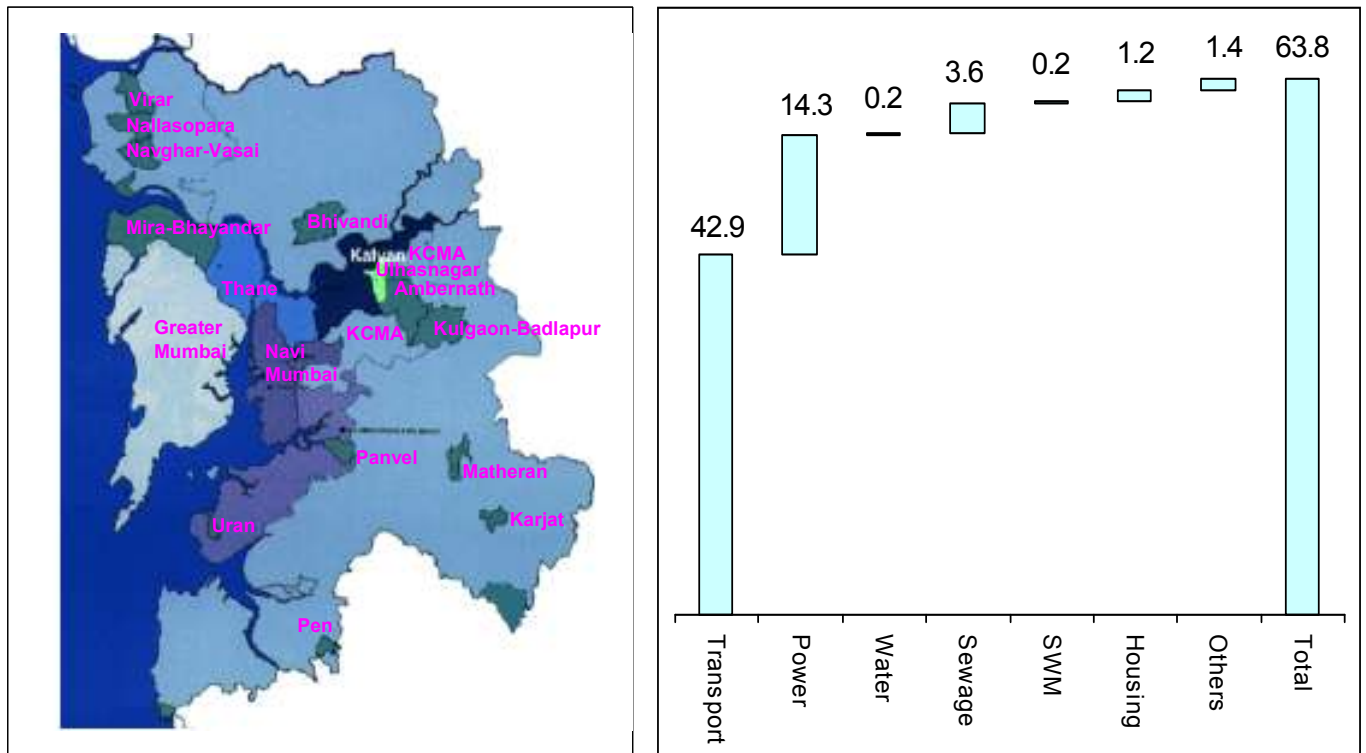


Source : Regional Plan, NCR - 2021

In future while Delhi is expected to attract a lot of investment in services and in the hi-tech sector, the rest of the NCR would attract manufacturing and other greenfield projects. However, the pre-requisite to such economic and industrial growth is creation of essential physical infrastructure in the region (Exhibit 1). In this regard, the NCR plan envisages investments in essential infrastructure of more than USD 25 billion by 2021.

In the west of the country, Mumbai and the MMR is also an economically high growth region. MMR comprises Greater Mumbai, Thane and Raigad district (Exhibit 2). Presently the economic growth of this region is supported by growth in financial services, IT/ITES and Media/Entertainment sectors. The vision of MMR as laid down in the business plan is “ Transforming MMR into a world class metropolis with a vibrant economy and globally comparable quality of life for all its citizens”. This is only possible through economic growth, resource mobilization, investment in infrastructure and improved quality of life. The total proposed investment in infrastructure in MMR is to the tune of USD 63 billion by 2021 (Exhibit 2).

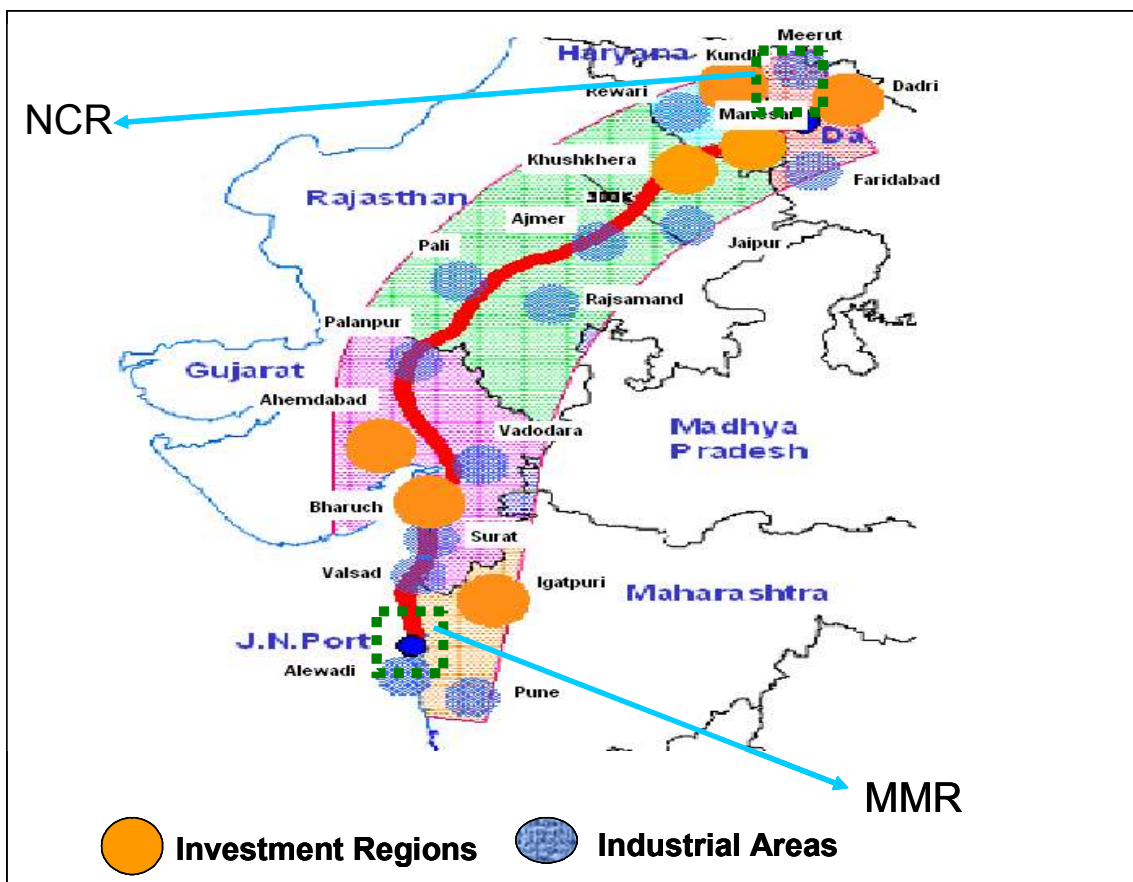
Exhibit 2 : MMR and Proposed Infrastructure Investments



Source : Business Plan for Mumbai Metropolitan Region - 2021

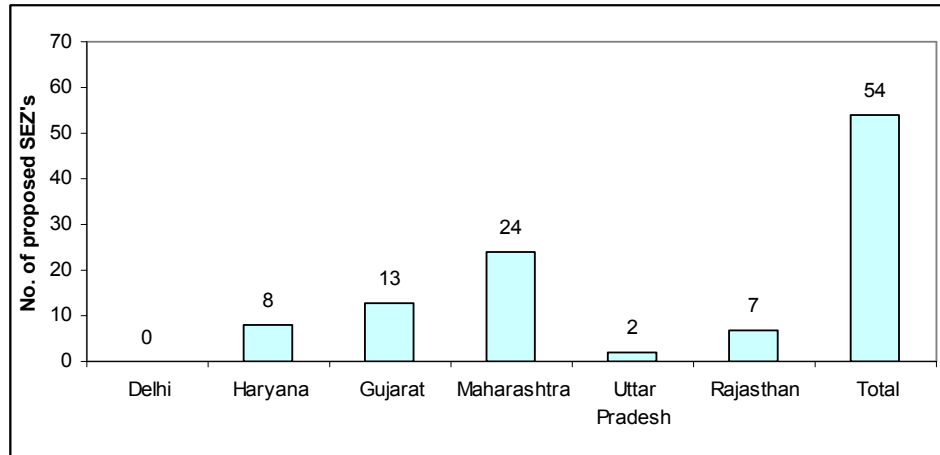
The proposed DMIC, connecting NCR and MMR, will emerge within 150 km of the already announced Dedicated Railway Freight Corridor and will run through the states of Delhi, Haryana, Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra. The vision for DMIC is to create a strong economic base with world-class infrastructure that promotes local industry and commerce as well as attracts foreign investment. The proposed development includes creation of investment regions /industrial areas (Exhibit 3) and critical infrastructure along the corridor. The total investment in infrastructure in DMIC is expected to be around USD 90-100 billion. The project would have the potential to generate employment of around 3 million mainly in the manufacturing/processing sectors

Exhibit 3 : Delhi-Mumbai Corridor



The NCR, MMR and the DMIC taken together are likely to grow as an integrated ‘Delhi-Mumbai corridor’. This corridor also boasts of the largest number of proposals for multiproduct SEZs. Out of the 91 Multi-product SEZs (at various stages of approval) proposed to be established in the country, about 60% fall in the states that comprise the ‘Delhi-Mumbai corridor’. (Exhibit 4).

Exhibit 4 : Proposed Multi-product SEZ's in the NCR, MMR and DMIC states
(as of December 2007)



Source: Ministry of Commerce and Industry, GOI

So what are the implications of all these developments in the 'Delhi-Mumbai corridor'?

- Massive infrastructure investment of around USD 200 billion by 2021
- Such infrastructure investment would facilitate large industrial activity in the region which would in turn create huge employment opportunities (both direct and indirect).
- Using benchmark from Ministry of Commerce, the SEZs in and around DMIC would attract an investment of USD 141 billion and create around 4.3 million jobs. If we assume a similar investment in other investment regions/industrial areas in the 'corridor' an additional 3 million jobs would be created. So in summary, a total industrial investment of around USD 280 billion is expected in this 'Delhi-Mumbai corridor' with an employment generating potential of 7.3 million.
- Such growth impulses and employment generation would necessitate creation of essential and quality urban infrastructure such as housing and townships along with its associated social infrastructure such as education, entertainment and health related facilities. This will require additional investment which in turn will generate further employment.
- Clearly in terms of business implications there would be greater demand for construction services, urban infrastructure and related services. Also these zones will create increased supply of industrial and commercial property along with urban housing/townships

Going by announced plans, it is apparent that this 'Delhi-Mumbai corridor' will act as a giant magnet for investment, jobs and consumption on a scale that has no parallel in the rest of India. It will act as a locomotive of growth powered by NCR and MMR.

Future trends clearly indicate that the Delhi-Mumbai Corridor would be the centre of massive economic and infrastructure growth in the country. There will be opportunity for various business sectors. Business leaders should take a serious look at this prospect so that they are ready to take full advantage of the opportunities as and when they come knocking on the door.

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