

Cities in Post Liberalization Era: case of Speculative urbanism in Dholera Special Investment Region, Gujarat

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Abstract 聽- Cities post Industrialization have conceived cities as product of global aspiration and identity. This paper attempts to understand the transformative model of governance adopted in development of the Dholera Special Investment Region in the domain of private partnership and exclusive planning strategies. It explores the role of speculation and making the city a spectacle in the planning of Dholera Special Investment Region. Working on the intersection of these broad theories of the mode of governance, it analyses the Special Investment Region Act, as a facilitator to the growth corridor project and investigates the role of the State in the conceptualization and execution of mega-project. The greenfield project reflects the transnational circular economy and urban policies that have brought a paradigm shift in the planning and development of cities in Neo-Liberal Era. It investigates the implications of SIR Act, 2009 on a greenfield project in reference to the right to the city. The entrepreneurial nature of the urban governance has helped to consolidate and speculate large parcels of land together for the project. These spaces exhibit the power relations between nation and the state with a unique economic model exclusively curated for the urban development in that urban space. Cities in last decade were engines of Industrial growth and were centers of capital accumulation for large infrastructure projects and served as investment destinations. Inspired by the entrepreneurial agendas the city planning exercise is now focused on investments from Public-Private Partnerships, Non- State Organizations and Global Finance Hubs. The emergent planning policies facilitate their involvement by identifying profit-oriented mega projects like Industrial Hub, Business district, International Airport in absence of demand from the grassroots. This paper investigates the nature of State and its parastatals in conceptualization of the Dholera SIR in order to understand the politics and economic model of urban governance

keywords 聽- Dholera Special Investment Region, Worlding strategy, Special Investment Region Act, Neo-Liberal Era

I. INTRODUCTION

“India’s own Singapore! Dholera will be developed better than Delhi and six times bigger than Shanghai?” – PM Narendra Modi

The then chief minister and the current prime minister in his speech on “Rurbanisation” scheme as a part of the Vibrant Gujarat Global Investor Summit, 2007 in Gandhinagar promised the world a multi-million greenfield port city Dholera to be nation’s first planned smart city. His aspiration of making a “saline and waste land” as mentioned in the feasibility report of Dholera 6 times bigger than Shanghai questions the need of 900 sq km city and investments from the global investors at a site where there is no demand of the project. The project not only speculated the “demand” of the project for its conceptualization but also made the planning of the city “exclusive” for the investing class and aspired residents. The oversized advertisement banners promising the real estate and employment in Dholera SIR falls flat after a decade of its inception with a minuscule progress of the multi-dollar investment project. The city was anticipated to be India’s first smart city under Special Investment Region Act (2009) along with the Delhi Mumbai Industrial Corridor (DMIC). Dholera Special Investment Region is a part of the National Growth Corridor project exploring Neo-Liberal form of governance through its special policies. It focuses on investments from public private partnerships, exclusive planning strategies and profit oriented mega-projects. Infrastructure as an object has scaled up the narratives of time and space and is associated as a “worlding” tool/strategy

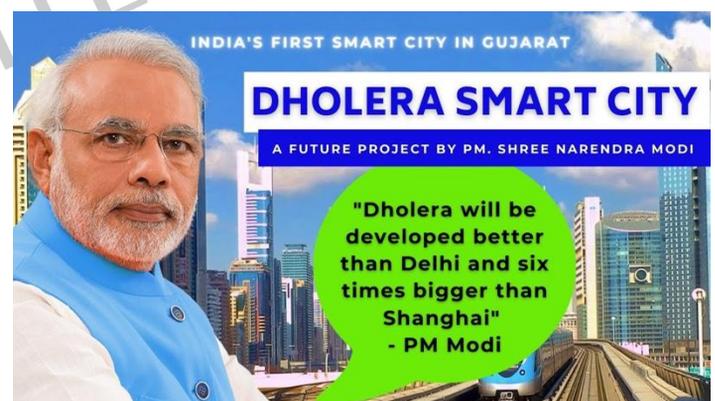


Figure 1 Image showcasing Dholera as an aspiration and dream project

Source - <https://www.youtube.com/watch?v=eC3roc30LJg>

for the cities in the late 20s. Urban infrastructure has been financed with the speculated promises of livelihood and cultural institutions like India's 100 Smart Cities, the Golden Quadrilateral, new satellite cities across India. Goldman stratifies the phenomenon of speculating as *normalized, intensified, and popularized* to transform the economies and societies to build World-class infrastructure [1]. This paper highlights the interrelated phenomenon of greenfield projects and speculative urbanism within Indian cities. These cities aspire to be globalized and hence the new urban planning begins with the imperatives of capital return and the mechanism of governance are developed to shape the informal regulatory structure and city-state relation [2].

This paper attempts to understand the transformative model of governance that adopts the development of the Dholera Special Investment Region in the domain of private partnership and exclusive planning strategies. This paper also criticizes the Entrepreneurial model of governance adopted by new satellite cities of the Post-Colonial in Global South. I argue that the bypassing of the Corridor project as a "Special case" leading to the urban restructuring of regulations and policies in the Special Investment Region with the debates of contestations and right to livelihood and right to access the new city. Shatkin while analyzing the mega project-oriented development highlights a very important aspect of Entrepreneurial urbanism, "their explicitly profit-oriented and commodified nature and the powerful role of the corporate sector in their conceptualization, planning, development and governance" [2]. I argue that the conceptualization of the exclusive Special Investment Region Act and the formation of a personalized committee for city making process that works out the control of the center and state highlights a paradigm shift in the model of urban planning. The primary agenda of formulation of these exclusive policies is to bypass existing laws and regulations and create a "privatized" form of urban governance. New cities like Dholera and Amravati, Integrated townships like Rajarhat New Town, Bengaluru's Electronics City, and mega projects of growth corridors like Delhi Mumbai Industrial Corridor, Chennai IT Corridor belong to the genealogy of common fantasy of building cities from a clean slate or *tabula rasa* [3].

II. NEO- LIBERALIZATION

III. In 2008, when the global economy collapsed, the neoliberal shift in the economy provided opportunities for "market shifts, governmental deregulation, lucrative speculation, and payoff" [1]. He called this *conjuncture* of global financial crises that made investors move their capital in mega projects using financial tools that were unregulated and new. The crises travelled to India in terms of investments of billions of dollars to finance "*Third World*" infrastructure. The 1997 Asian financial crisis mobilized the policy reforms to make it "fast" and "efficient" by eliminating the restrictions on foreign capital investment for investing in Infrastructure [4] [5]. The policies were liberalized to open foreign investments to national markets for public infrastructure to reduce liability and risk with the purview of government. Goldman identified the sectoral shift imposed by *International Monetary Fund* (IMF) as an investment landscape that over the years became speculative and volatile [1]. I argue that these neoliberal policies have blurred the entities of state and market. The state by inviting international investors to local markets played the role of mediator. The shifting of the power from the state to capital investors was a paradigm shift in the method of approaching the financialization of the new satellite cities in the neo-liberal era. I argue that rural-urban transformation creates increasingly uncertain conditions with varying structures of power where marginalized (agrarian communities in case of greenfield projects) are displaced from their livelihood opportunities and land in "*chains of rentier ship*" [6]. Original landowners with the compensatory value become owners of the sliced remnants of their agrarian land. Foucault relates the production of speculative space as market forces where displacements risk-taking are natural and necessary to produce urban citizenship and finance in competitive cities [7].

IV. In 2019-20, the construction economy in India was largely affected due to its speculative state and the urban periphery and the proposed satellite cities lie unfinished with empty real estate and splintering speculative economy. The shrinking of the real estate industry led to the selling of "distressed assets" and "underperforming projects" to global private equity firms [8]

V. DEDICATED FREIGHT CORRIDOR

The project of Dedicated Freight Corridor project was conceptualized by the NDA government in 2005. In 2006, post-Japan and India summit at Vibrant Gujrat, Japan was brought on board as a partner for the DFC project. A Special Purpose vehicle was created in the name of Dedicated Freight Corridor (a national highway project connecting Delhi and Mumbai targeting Global Investment from World bank and Foreign Direct Investment) in 2006 to oversee the construction. This attempt was a shift in the traditional planning paradigm reflecting the bypassing of the power of planning and execution to private authorities and role of politics in planning. The Delhi Mumbai Corridor is a project under the dedicated freight corridor that was exclusively planned in response to the urbanization in India. The planning of the DMIC corridor was highly influenced by the idea of global capital gain affected by the liberalization reforms of 1991. The Delhi Mumbai Industrial Corridor was handheld by the Department of Industrial Policy and Ministry of Commerce and Industry showing their involvement and approval for the Special Investment region. Following the ease of “DMIC Concept above-mentioned authorities the Indian government in 2008 set up the “DMIC development corporation” in 2008. A new corporation was appointed by the State that would be henceforth responsible for the implementation of the project and selection of the various agencies in support of the real estate development.

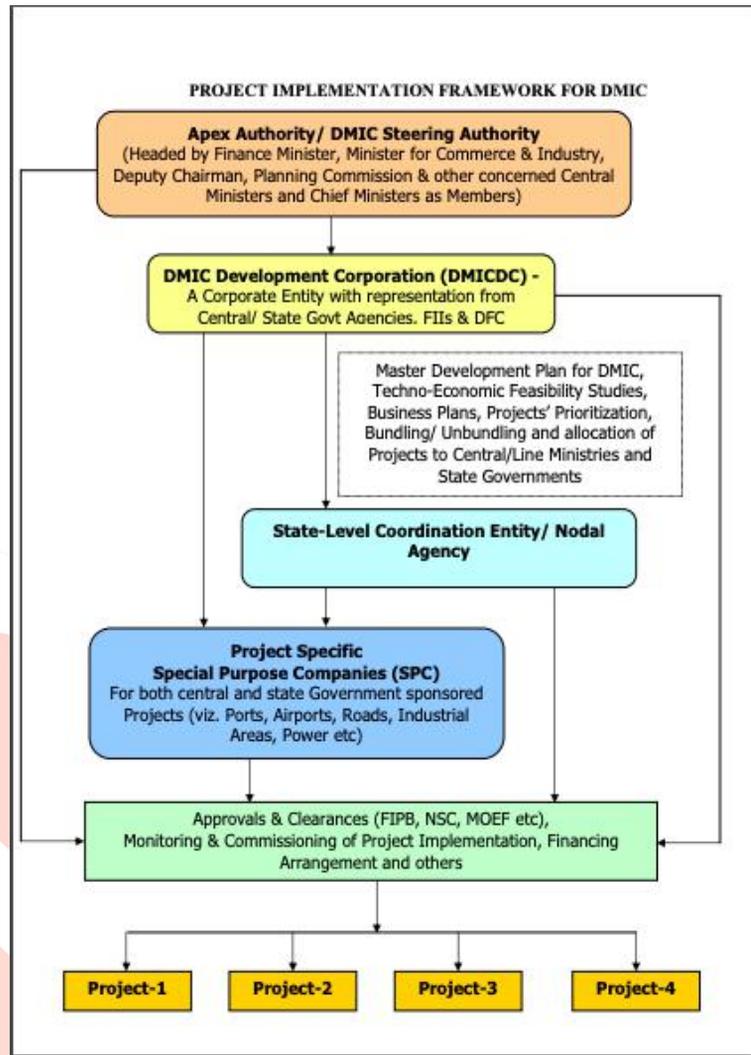


Figure 2 Project Implementation framework for DMIC

Source – Concept paper DMIC

VI. DHOLERA SIR

“The Dholera Special Investment Region (DSIR), is envisaged to be a world class destination with efficient infrastructure opportunities for setting up o. manufacturing units which will help in increasing the industrial output of the country and create jobs besides providing an environment for work, live, learn and play. DSIR is a planned smart, sustainable community which will be the role model for future cities in India.” [9]

Scholars have argued that the “rise of gated communities, new towns, satellite cities in the global South have been seen as a symbol of ‘postcolonial urbanism’ and it reflects a different move towards the ‘worlding’ of cities [10]” and assemblage urbanism [11].The Indian Finance Minister proposed 24 new smart cities along the DMIC corridor in 2010 as a part of the Dedicated Freight Corridor mega project. This mega project was a national project to uplift the real estate and scale up the development in parallel to the global narratives of Third World Cities. ‘Industrial’ and ‘Smart’ have been used as labels to describe Dholera interchangeably- “the former representing economic reasoning and the latter reflecting globally marketable logics for attracting business and investment. [12]”. The vague understanding of the terms and loosely fitting them to create a vision for Dholera Greenfield site shows the depth of the understanding of the project and its proposals at National level.

Special Investment Region

Understanding the Nomenclature

Defining the Special Investment Region, Gujarat Act No. 2 on 6th January 2009 as an act

“To provide for establishment, operation, regulation and management of large size Investment Regions and Industrial Areas in the State of Gujarat; and to specially enable their development as **global hubs** of economic activity supported by **world class infrastructure, premium civic amenities**, centers of excellence and **proactive policy framework**; and for setting up an organizational structure with that purpose and for matters connected therewith and incidental thereto”

The definition further extended itself with detailed explanation of the terms listed in the definition to avoid disparity. However, the explanation clearly expressed the global vision and the speculative agenda of the conception of the investment region. The above traces be follows:

1. The provision of civic “amenities” in this case mentioned provision of essential services which focused on infrastructure development of the region like roads. Bridges, bypasses, underpasses, water supply, waste, health, education, transport, disaster, **townships, institutional areas, industrial park**, and other facilities for the investment region. However, this provision was anticipated exclusively within the boundary of the investment region and not a regional circuit. I argue that the inclusion of industrial park, townships, and institutional areas along with the essential amenities reflected the ambition of the speculative urbanism adopted by the Special Investment model. The notion of providing specialized service for the public good with the private capital is the genesis of the speculation adopted by the SIR (Special Investment Region) Act.
2. The “economic activity” as described by the Act consisted of a generous list of ambitious typologies of industries and institutional arrangements like “commercial, financial, processing packaging, logistics, transport, tourism, hospitality, health, housing, entertainment, research and development, education and training, information and communication, management and consultancy, corporate offices” and others as specified by the Apex Authority. These avenues of economic adventures had a broad area of exploration with no clear demarcation or organizational structure. These economic activities had not listed any inclusive strategy for the dispossessed and contested people of the Dholera village on whose land the investment region was proposed. The right to livelihood for the people around the project had very limited opportunities to participate in the project and utilize the opportunities. These economic activities targeted the investors and the people outside the existing premise of Dholera. The mentioning of “Global Hub” of economic activity clearly articulated the exclusive strategies of the SIR Act for the investors and reflected the authoritarian model of power. The activities were not conceptualized for the marginalized but for the aspirations of the preferred middle class.
3. “Infrastructure project” was conceptualized as any facility, service, utility to facilitate the “required or desirable smooth, productive and efficient functioning of the SIR”. This infrastructure provision was to rescale the national project to be a “worlding strategy” [2] as described by Roy and Ong. These worlding facilities worked with the anticipated capital returns in lieu of the huge loans and funding from the Foreign Direct Investment, World Bank, and others. A “Special purpose entity” was formed legally under Gujarat Companies Act, 1956 to execute infrastructure projects in DSIR.
4. “Pro-active policy framework” mentioned the special regulations and organizational structure set up for the execution of the SIR Act, 2009 in Dholera. The Apex Authority was on the top of the power structure, which was Special Investment Region Apex Authority in this case. The creation of a parallel power structure and a paradigm shift in the power role of State being a facilitator instead of provider. The parastatals in this case constated of a horizontal distribution of power which made functions and roles of every Authority overlapping and ambiguous. This shift in the power structure was a prevalent method of exhibiting control in the Neo Liberal policies. The “regulation” for DSIR were also formulated by the Apex Authority, the head of the power structure in this case eliminating the role of state and center.

Declaration of Special Investment Region

The Act described the Special Investment Region as an Industrial Area with the location name and its predominant activity. Thus, Dholera Special Investment Region was declared under the *Official Gazette* by the State Government (Government of Gujarat). However, chapter 2 of the Act clearly stated “Special Investment Region to be out of the jurisdiction of local authority” [13]. The “local authority” mentioned in the act included Village Panchayat of Gamtal, Municipal Area and Municipal Corporation, this statement reiterates the exclusive policy making for the SIR region and clear “denied urbanization” [14] in the case of Greenfield city making. The declaration further added, that the DSIR authority if required can consult the “local authority” while preparing the Development Plan of the SIR Area to consider the plan prepared by the local authority if at all. The low level of participation in the making of the DSIR Development plan by the local authority clarifies the notion of speculative and entrepreneurial urbanism. The entrepreneurial strategies clearly charted in terms of regulations and acts in case SIR Act, 2009 lays the foundation of the specialized form of urban governance which is the most important element of Neo Liberal governance.

Power structure and play of Politics

The Apex authority for DSIR (Dholera Special Investment Region) is *Gujarat Infrastructure Development Board* (GIDB) established under *Gujarat Infrastructure Development Act*, 1999. By virtue of the authority, the then Hon. Chief Ministers presides as the head of the Apex Authority as part of the GIDB committee.

FUNCTIONS OF APEX AUTHORITY (AA)

The powers and function of the AA includes,

- Regulations for SIR.
- To approve Land Use plan, received from *Regional Development Authority* (Dholera Special Investment Region Development Authority) in this case.

- To approve *Town Planning Scheme*, Development Plan and General Development Regulations proposed by Regional Development Authority.
- Granting permission for economic activities, see to agreements, fix the rates and user chargers proposed by Regional Development Authority in SIR.
- To monitor the development of Dholera SIR.

Speculative Urbanism

Speculative urbanism dwells on the logic of building cities in the late 20th century and with “world class” infrastructure by deploying a spectacular imaginary on *what could be* [1]. It has been adopted by various cities differently in a temporal and spatial manner.

“The cities with same global actors, financial tools, deregulatory reforms, discursive flourishes and promises, forms of dispossession and unprecedented profit rates” [1]. Speculative urbanism can be defined as *mode of urban governance deployed by neo-liberal cities with investment from the Global North as the prime factor and state expecting returns from those capital*. Shatkin describes speculative urbanism as the “real estate turns in politics and policy” [15] describing how real estate markets function in the Global South in relation to the financial flows. The regimes of new methods of urban governance takes imperatives of the rapid turnover of the capital as the starting point and thus new mechanisms of the governance has been developed for facilitating speculation [2].

According to the conceptual framework of Goldman, speculative urbanism can be understood with the following tendencies. First is “new architecture of investment capital”, where the state uses the foreign capital to govern and build new cities and the investors not only demand high rates of investment returns but also have a “culture of liquidity”. The state investors keep the capital liquid and mobilize from one project to another depending on the size, pace, intensity of the state government and technologies of urban management [10]. Thus, this level of speculation is “volatile with conditionalities” where the state lures the institutional investors long enough so that they can capture initial speculative spike in value and leave the project. Projects like Dholera Special investment region showcase that urban manager should formulate strategies for various large-scale investors differently as some projects never make to the building stage and the investors anticipate huge returns in place of high risk of investment.

Second is the “architecture of urban governance” as the world city construction has become global and land has been seen as the key obstacle by the planners and investors. The state and the project no longer receive fund from the central government but deploys a mechanism of generating public resources from the direct sale or long term lease of land [16]. In case of DSIR, the primary conversation between the state government and the denizens is over the debate of land because the practice of selling land by displacing the local to finance public goods and services has become the primary job of the speculative government [2].

Third is the “inter urban competitiveness and inter-referencing” as the interest of the investor intensifies to manipulate the inter referencing relationships between rival cities. Shenzhen must be the next Hong Kong and Chennai the next Shanghai [14] as these models is used by the state as templates for conceptualization of new cities [17]. These inter-referencing strategies create social turbulence in urban landscapes by their inter – urban dynamics. Fourth is the “global architecture of expertise on cities” which is led by consultants, UN agencies, international finance institutions and global forums. These are termed as *transnational policy networks* [1] where one end of the development model has the World Bank and the bilateral agencies advocating the “real estate turn” in lending finance and the other end has the NGOs and environmental experts naming cities as new site of carbon cutting and green house reduction [2].

Right to the city

Cities since decades have debated about contestations of physical space and social behavior. The narratives of the right to the city have changed globally with the interconnections and interdependence of the cities for work and resources. Global cities have showcased themselves to be welcoming everyone around the globe except the people living in the city- the locals. Dholera SIR (Special Investment Region) has been a debated example for forged urban policies and branding techniques to achieve land and capital and question the right of the land. The development process and the planning of the project left no room for objections or discontent from the locals or concerned authority for the proposed township for the land pooling process. It is assumed that the locals need to sacrifice for the “national” or collective good of the state and the nation. The proposed plan and the virtual images promised the city to look like Shanghai and give employment opportunities to locals but was imagined for the tourists and elite able to invest heavily in the “smart” technologies. The locals objected to the proposed branded visuals and this phenomenon brings to face how branding can affect the alter the urban realities.

The national goal of uplifting the city to the global dream of spectacular city leaves the peasants and the locals pay the price of the progress. The development model and the process leave no scope for the upliftment of the locals but is designed to make room for new tenants i.e., the investors and developers giving rise to the new debate of globalized idea of city making.

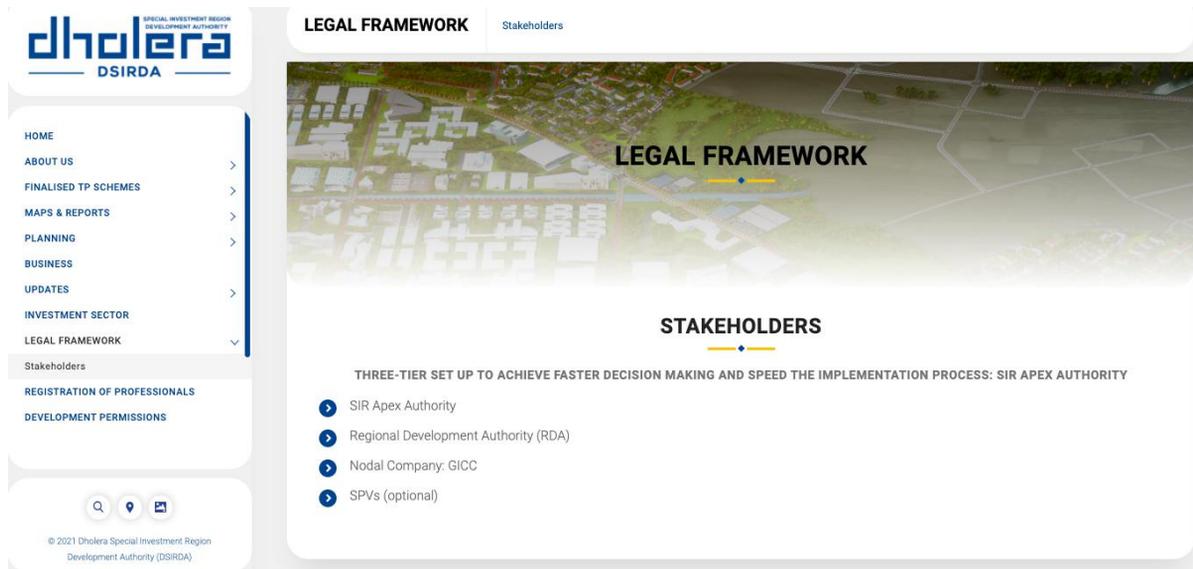


Figure 7 List of identified stakeholders.

Source - <https://dholerasir.com/legal-framework/#stakeholders>

As seen in Figure 7, the identified stakeholders of the Dholera Special Investment Region include official office bearers like Apex Authority (GIDB), Regional Development Authority (DSIRDA), Nodal Company (GICC) and other Special Purpose Vehicles if appointed. The list keeps no space for community participation and local authority (Village Panchayat, Municipal Corporation and Municipality of Dholera) [13]. However, the preamble of the project, SIR Act [13] mentioned about the participation of local authority in preparation of the development plan. However, this when filtered to scale of Regional Development Authority, which is the single window for planning and execution of the Dholera SIR, the mandate for the local authority to participate in the city making is eliminated.

I. DISCUSSION

The analysis of the execution of the Neo-Liberal form of urban governance brings out the disparities that exist on ground between the theoretical premise of the Act and its operation on ground. Field visits to the Activation zone of the DSIR, reveals absolute delay of the project in terms of its execution on ground. The lack of demand and the speculated need of the project reflects the site conditions. Key person interviews with members of GICC, GIDB and DSIR Authority reveals positive aspirations about the chances of the project to flourish with further subsidies from the Government and funds from investors. The proposal of International Airport and High Access Corridor has rejuvenated the interest of the builder lobby to invest in the project. However, detailed study of the land market and comparison with the neighborhood land prices shall generate a debate about tax incentives and subsidies by the DSIR Authority to facilitate investment in SIR Region. The employment records of the Ahmedabad district and Dholera village shall bring a clearer picture of the opportunities in the Industrial area as promised by the project

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