

DELHI-MUMBAI INDUSTRIAL CORRIDOR (DMIC) CONCEPTUAL OUTLINE

BACKGROUND

Government of India has announced the establishing the Dedicated Freight Corridor between Delhi and Mumbai, covering an overall length of 1483km and passing thru the States of U.P, NCR of Delhi, Haryana, Rajasthan, Gujarat and Maharashtra, with end terminals at Dadri in the National Capital Region of Delhi and Jawaharlal Nehru Port near Mumbai. This Dedicated Freight Corridor offers high-speed connectivity for High Axle Load Wagons (25 Tonne) of Double Stacked Container Trains supported by high power locomotives. The Delhi- Mumbai leg of the Golden Quadrilateral National Highway also runs almost parallel to the Freight Corridor.

DELHI-MUMBAI INDUSTRIAL CORRIDOR

The proposed high-speed connectivity between Delhi and Mumbai offers immense opportunities for development of an Industrial corridor along the alignment of the connecting infrastructure. A band of 150 km (Influence region) has been chosen on both the sides of the Freight corridor to be developed as the Delhi-Mumbai Industrial Corridor. The vision for DMIC is to create strong economic base in this band with globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments and attain sustainable development. In addition to the influence region, DMIC would also include development of requisite feeder rail/road connectivity to hinterland/markets and select ports along the western coast.

INTEGRATED CORRIDOR DEVELOPMENT APPROACH FOR DMIC

High impact/ market driven nodes- integrated **Investment Regions (IRs)** and **Industrial Areas (IAs)** have been identified within the corridor to provide transparent and investment friendly facility regimes. These regions are proposed to be self-sustained industrial townships with world-class infrastructure, road and rail connectivity for freight movement to and from ports and logistics hubs, served by domestic/ international air connectivity, reliable power, quality social infrastructure, and provide a globally competitive environment conducive for setting up businesses. An **Investment Region (IRs)** would be a specifically delineated industrial region with a minimum area of over 200 square kilometers (20,000 hectares), while an **Industrial Area (IAs)** would be developed with a minimum area of over 100 square kilometers (10,000 hectares). 24 such nodes - 9 IRs and 15 IAs spanning across six states have been identified after wide consultations with the stakeholders i.e the State Governments and the concerned Central Ministries. It is proposed that 6 IR and 6 IAs would be taken up for implementation in the 1st Phase during 2008-2012 and rest of the development would be phased out in the next 4 years. The nodes identified for Phase-1 are:

Short listed Investment Regions:

- Dadri-Noida-Ghaziabad Investment Region in Uttar Pradesh as General Manufacturing Investment Region;
- Manesar-Bawal Investment Region in Haryana as Auto Component/ Automobile Investment Region;
- Khushkhera-Bhiwadi-Neemrana Investment Region in Rajasthan as General Manufacturing/ Automobile/ Auto Component Investment Region;
- Pitampura-Dhar-Mhow Investment Region in Madhya Pradesh
- Bharuch-Dahej Investment Region in Gujarat as Petroleum, Chemical and Petro-

Chemical Investment Region (PCPIR);

- Igatpuri-Nashik-Sinnar Investment Region in Maharashtra as General Manufacturing Investment Region;

Short listed Industrial Areas:

- Meerut-Muzaffarnagar Industrial Area in Uttar Pradesh, Engineering/Manufacturing;
- Faridabad-Palwal Industrial Area in Haryana, Engineering & Manufacturing;
- Jaipur-Dausa Industrial Area in Rajasthan, Marble/Leather/Textile;
- Neemuch-Nayagaon Industrial Area in Madhya Prdaesh
- Vadodara-Ankleshwar Industrial Area in Gujarat, General Manufacturing;
- Industrial Area with Greenfield Port at Alewadi/ Dighi in Maharashtra, Greenfield Port Based

It is estimated that envisaged development of the Industrial Corridor would involve development of industrial nodes with world-class infrastructure (power, roads, railways, airports and port infrastructure); reliable and uninterrupted power supply; enhanced road/rail connectivity between Ports, Hinterlands and Markets along with modernized airports.

ORGANIZATIONAL STRUCTURE & PROJECT IMPLEMENTATION FRAMEWORK:

It is envisaged that a four-tier system, as institutional framework, would be set up for the implementation of DMIC. It constitutes:

- An Apex body, headed by the Finance Minister with concerned Central Ministers and Chief Ministers of respective DMIC States as Members for overall guidance, planning, and approvals;
- A Corporate entity, Delhi Mubai Industrial Corridor Development Corporation (DMICDC), specially envisaged to coordinate Project Development, Finance and Implementation, headed by a full time CMD and having representation from the central government, state governments and FIs;
- A State-level Coordination Entity/ Nodal Agency responsible for coordination between the DMICDC and various state government entities and the project implementing agencies/ special purpose vehicles.
- Project specific SPVs who would actually implement the projects. These SPVs can be owned by state Governments in terms of governance structure, Board of Directors etc. Some of these SPVs can also be formed by central/state governments and their agencies.

Implementation of DMIC involves DMICDC undertaking project development activity for various central government projects and also help in assisting state governments, wherever desired. DMICDC will be responsible for assisting state governments in raising finances on the basis of a sovereign guarantee. The corporate entity will have a shell structure with about INR 10 Crore as equity in which 49% could be contributed by GOI and the remaining by FIIs and other infrastructure organizations. DMICDC will also act as a pass through entity for specific projects and raise a Project Development Fund (PDF). It will be used as a Revolving Fund and would specifically be used for undertaking project development activities viz. identification of projects, preparation of feasibility reports, detailed project reports (DPRs) etc and its cost would be recovered from successful bidders. Implementing the specific projects. Creating a PDF will also ensure uninterrupted availability of funds for project preparatory activities. The designatories of respective State Governments and the DFC implementing agency could be represented as Directors on the Board of DMICDC. Looking at cost of various

projects likely to be implemented in Phase I and Phase II, it was estimated that US\$ 2 – 2.5 billion might be required for project preparation alone. Taking 10% of it as initial seed money, a reasonable size of project development fund would be US\$ 250 million.

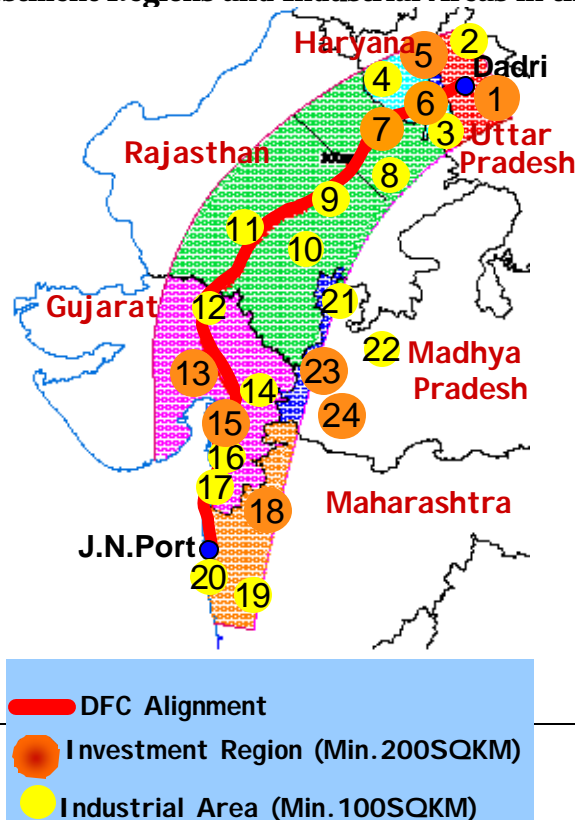
To kick-start the entire process of project development, it is essential to undertake the Detail project Report along with master planning of nodes. Considering the importance of undertaking studies and meeting time lines and considering the fact that such resources from state government may take time to flow, GOI suggested that Japanese side might consider special dispensation towards contributing 50% of the initial requirement i.e. US\$ 125 million to PDF even if it might require deviations and special consideration in the existing arrangement of financing. It was, therefore, agreed that looking at the importance of the project, grant of an untied JBIC loan to DMICDC would be favorably considered by Japanese Government, which would like considering the need for building up partnership in the project from the very beginning.

It is envisaged that funding for DMIC project could be either through nodal agencies (budgetary/extra budgetary provisions) or through Viability Gap Funding/Long term soft loans extended to the Project SPVs. DMICDC would facilitate this process by using a sovereign guarantee provided by the Central government. Moreover, the SPVs could also borrow on their own balance sheets or project recourse basis.

PROJECT TIMELINES & WAY FORWARD:

Vice Minister, METI of Government of Japan and Secretary, DIPP are the Co-Chairmen of the Task Force, as per the MoU signed in December 2006. A Final Project Concept could be presented to both the Prime Ministers during Premier Abe’s proposed visit to India in August 2007. After its formal approval by the two Governments, detailed report for the project with various components will need to be drawn up by December 2007, so that the implementation of DMIC begins in January 2008. The issue of appointing a Project Management Consultant (PMC) jointly by Government of India and Government of Japan was discussed in the Third Task Force Meeting, July 23, 2007. The Japanese side suggested that in view of need to maintain continuity, IL&FS, which has prepared the project concept report, should be appointed as the PMC.

Map for Proposed Investment Regions and Industrial Areas in the DMIC Region



List of Proposed Investment Regions and Industrial Areas in the DMIC Region

PHASE I			
S.No	State	Proposed Location	Category of Region
1	Uttar Pradesh	Dadri-Noida-Ghaziabad	Investment Region
2	Uttar Pradesh	Meerut-Muzaffarnagar	Industrial Area
3	Haryana	Faridabad-Palwal	Industrial Area
4	Haryana	Manesar-Bawal	Investment Region
5	Rajasthan	Kushkhera-Bhiwadi-Neemrana	Investment Region
6	Rajasthan	Jaipur-Dausa	Industrial Area
7	Gujarat	Bharuch-Dahej	Investment Region
8	Gujarat	Vadodara-Ankleshwar	Industrial Area
9	Maharashtra	Dighi	Industrial Area
10	Maharashtra	Nahik-Sinnar	Investment Region
11	Madhya Pradesh	Neemuch-Nayagaon	Industrial Area
12	Madhya Pradesh	Pitampura-Dhar-Mhow	Investment Region
PHASE II			
S.No	State	Proposed Location	Category of Region
1	Haryana	Rewari- Hissar	Industrial Area
2	Haryana	Kundli-Sonepat	Investment Region
3	Rajasthan	Ajmer-Kishangarh	Investment Region
4	Rajasthan	Rajsamand-Bhilwara	Industrial Area
5	Rajasthan	Pali-Marwar	Industrial Area
6	Gujarat	Ahemdabad-Dholera	Investment Region
7	Gujarat	Surat-Navsari	Industrial Area
8	Gujarat	Valsad-Umbergaon	Industrial Area
9	Maharashtra	Dhule-Nardhana	Investment Region
10	Maharashtra	Pune-Khed	Industrial Area
11	Madhya Pradesh	Shahjapur-Dewas	Industrial Area
12	Madhya Pradesh	Ratlam-Nagda	Investment Region