

Realizing The Dream Of A Private Smart City

By

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ABSTRACT

According to 2011 census provisional report Indian population was at 1.21 Billion & showed 17.64% decadal change. This comes with a lot of basic problems such as jobs, food, housing and health care and they which need to be solved at the earliest on priority. Last few decades the tier I and II cities have been taking in a lot of this inflow and are barely coping with it as it involves environment, sustainable economy, resource allocation and maintenance.

One of the proposed solution is building cities which are well engineered to protect the environment, self-sustained, 365 days economy and have state of the art infrastructure offering all modern amenities. One such case is Nabil City which is privately built with land allocation from government for public purpose, which had an estimated investment requirement of ₹ 10,500 crore. As the project progressed, one could clearly see how political, economic, social, technology, environment & legal factors influenced the ambitious project. Current state of this project is stalled & there are many contributing factors. When a project of this sort gets into trouble & has been in controversy since its inception does one market its project offerings & benefits to targeted audience. Keeping in mind the current status of the project, how can Nabil city be relaunched/ rebranded and remarketed ought to be monitored in the days to come. Nabil city started with a plan to become an ideal smart city, it had & still has a lot of opportunities to make it an ideal place to live and strive towards.

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Whenever people think of Western Ghats of India an image appears in mind of high hills densely covered with varieties of trees and which become even more beautiful when it rains. A lot of urban population lives within the vicinity of these mountain ranges, Maharashtra's metropolitan cities like Mumbai and Pune are situated in the lap of these mountain range. These megalithic cities have a huge working population which is the hub to Information Technology, Commerce, Import, Export & Manufacturing industries. Numerous institutes have come up and lots of students from almost all parts of India, take admission and find the congenial atmosphere appealing. When urban populace is tired of their work life and want a break from their hectic schedule, they visit various tourist attractions which Western Ghats offer. One such place is Nabil City.

Nabil city is a smart city built on a theme, keeping in mind the ancient city of Babylon. The city is surrounded by lush green coated Sahyadri Mountains and a beautiful lake which is formed by constructing dams on a river which flows throughout the city. Lush green mountains, with houses dotted all over the mountains, the flora and fauna in these private houses adorned with gardens makes it appear like a dream city. It appears if Babylon has come alive in this mountainous region. The city comes alive with tourists from all age groups during weekends. It offers the much needed break from their hectic pace of life as it offers solace in the lap of nature.

During monsoon the city becomes a sight to behold, when even a rock is an embodiment of nature's beauty. By virtue of receiving highest amount of rainfall as compared to nearby regions, the city is much sought after. The rainy season continues till end of September, during which the road leading up to the city sprouts numerous waterfalls giving a heavenly feeling to tired travellers. The buildings of the city are uniformly built and coloured following the theme and the ambience transports a visitor or a resident 4000 years back in time. It is worth noting that even the shops and villas are built on the same theme.

Nabil city is the brain child of Mr. Akarsh Sahay, Director of Lean Ladder Construction Company (LLCC). It was his vision to build a city that would cater for India's rapidly burgeoning population, create new jobs for them, and act as a model for similar projects, this led to creation of Nabil City Corporation (NCC) the firm responsible for the city's construction, is part of LLCC's real estate wing.

The name Nabil is the invention of a Middle Eastern branding firm, meaning 'noble and humble' in Arabic, is meant to give an exoticism and a touch of poetic flow. Built to be a '365-day' self sustaining economy with offerings across different fields like hospitality, health wellness, education, tourism, town planning, infrastructure and management. Initially they planned for an estimated permanent population of around 0.4 million residents, an estimated tourist inflow at 3 million and an employment base of approximately 120,000.

Mr. Akarsh Sahay was a very close friend of a local politician named Mr. Sudarshan Patil who was an influential person who had a lot of friends from real estate business. Mr. Sudarshan Patil was a strong leader who believed in progressive thinking and betterment of society. He ardently desired to provide people a well structured 360 degree service covering health, education & well planned town system which was easily accessible.

During a real estate convention held in 1998 Mr. Akarsh introduced his idea of building a private city which would have self sustained economy with all possible modern facilities & state of the art infrastructure. He also mentioned his interest to take up this task if he gets the much needed support from the government. Mr. Sudarshan Patil was the chief guest of that real estate convention & the speech caught his attention. After the convention they met to discuss the ambitious project and agreed on common grounds to implement the idea and ensure the dream comes true. It was decided that Mr. Sudarshan would help Mr. Akarsh in selecting land and offer his help to get the sanctions & permits from state government as it was necessary to begin the project. Mr. Akarsh invested ₹ 1800 crore through his firm LLCC & created its subsidiary named NCC (Nabil City Corporation), remaining required capital of ₹8700 crore was secured by way of loans.

LLCC would own 70% stake in the project, Advika Realty Pvt.Ltd & Vora Ventures would own 8% & 7% stake respectively, 12% stake was owned by Mr. Rishikesh owner of Roy Developers who also happened to be the son in law of Mr. Sudarshan Patil, remaining 3% stake was shared among executive & non executive directors of NCC.

In 2001, the state government sanctioned 11,000 acres of land for the construction of this modern city at reasonably less prices than the current market rates. The reason being that it was acquired for a public purpose, which would be spread over 19 villages and hamlets on the allocated land. The 11,000 acres of land allocated to Nabil City did not include the land owned by villagers & the villagers could decide on what to do with their land. 11,000 acres of land given to LLCC was owned by the government & it was the surrounding area of these villages. Nabil City Corporation had to persuade villagers to get them on board the project for its successful completion.

Prior to the entry of NCC on this land, these 19 villages were very secluded from nearest town, there were no schools, hospitals, water supply, waste disposal or management & not even a proper road to reach the nearest town settlement to avail these facilities. These villagers managed with meagre amount derived from farming on their lands and it was quite cumbersome to even get any machinery like tractors or harvesting machines. The severity was intense as there was no road connectivity, so they themselves were the consumers of their products. Children from these villages didn't have access to basic education and their parents could not afford to support them hence they usually worked in the fields. If anyone from the village fell sick or had health problems, then they had to be carried on a stretcher by other villagers to reach the hospital in the nearest town. This arduous task would have taken them at least three days to reach there at the risk of the patient's health.

When Nabil City Corporation researched about these problems through their surveys, they came to know about all these problems and resolved to work for the welfare of these villagers. Thus they came up with a beneficiary plan for them and it included:

- *Villagers would still be the owners of their land but NCC would develop it and profits would be shared with the villagers.*
- *NCC would build housing solutions for the villagers who agree to provide their land.*
- *Free health benefits will be given to all the villagers in the state-of-the-art hospital which would come up in the first phase of construction.*
- *Ambulance service from the hospital constructed during first phase would be free of cost for these villagers.*
- *NCC will build a school in its first phase of construction with excellent administration & faculties, this facility will be open for free of cost for all the children belonging to these 19 villages.*
- *The children of these 19 villages would be picked up from their homes in the morning to attend the school & dropped back to their homes after the school, this transportation service will be taken care by NCC & will be free of cost for these children.*
- *Skill development training will be given to youth of the villages who will be employed during the construction work.*
- *365 days' work guarantee was given to skilled workers from these villages after the completion of the project & they will be employed under NCC.*
- *Unskilled labours from village will be employed during the construction of the project.*
- *A minimum of Rs.300/ per day wage was set for any worker who is unskilled & hired from these villages, so that they can make at least ₹ 9000/- per month.*
- *NCC would build road connectivity from these villages to the nearest town, making transport easy for them.*
- *If villagers wanted, they could build any hotel, shop or other business establishment for future citizens & tourists who stay & visit this city, provided they get all the proper government permissions.*
- *Villagers would be provided with power supply on subsidised rates.*
- *Free drinkable water supply will be provided to villagers.*

All the villagers from these 19 villages agreed for these terms and were very happy to sign the contract in the presence of local government authorities under whose jurisdiction these villages came (For example: District Commissioner & Local law enforcement officers etc.) and NCC authorities who assured that all legal proceedings will take place in an efficient manner.

In 2004 state environment department granted Nabil City Corporation clearance under the Hill station act 1996 & the construction began. The first phase of construction on 1,700 acres, began in 2005. The first phase which was completed covering first 2 villages from the 19, phase one was named as 'DAWAR' which housed

- *Apartment complexes & hill top villas*
- *Private hospital facility*

- School
- Colleges (Management & Technical)
- Hotels & resorts
- Restaurants
- Township building (Served as municipal corporation & employee workspace of LCC)
- Private shop complexes
- Water management system
- Waste management facility
- Power distribution network
- A lake & 2 dams on the river flowing through the city
- Sports centre
- Road connectivity

As the construction began NCC relocated DAWAR village residents & built proper housing for them and it was much better than what they owned earlier. During the construction of phase one NCC employed local workers from villages along with the work force they brought from outside to give of nearly 18000 which in turn contributed towards creating a local economy thereby benefitting the villagers. As villagers were owners of their own land some of them constructed small hotels, tea shops & general stores. Hence products & services started flowing in this geographical location which had never happened earlier. The construction progressed despite criticism from different public bodies, concerns about adherence to protocol from state environment body. With amassing negative publicity in regards with NCC & its parent company, NCC took measures to strengthen the environment.

Along with its construction NCC took meaningful steps to protect the environment. For every tree which had to be cut down they planted three saplings. Since mountains were usually in danger of landslide during monsoon, so they took measures to curb this by building land slide walls and using mats of grass on slope. These mats would eventually grow thick coat of grass naturally and prevented soil erosion. The region on the top of a mountain didn't have thick growth so NCC took measures of hydro seeding to improve the density of the forest. They built water purification system which reintroduced almost all the water they took from the nature & this city was not dependent on any nearby municipal corporation for water supply.

Within two years of project construction it attracted attention of lot of activists, but one prominent voice which was considered representative of this activist clan was Ms. Sharda Borkar. She was always critical about Mr. Sudarshan and his party's policies. In her argument she stated that NCC would have never been able to set up this project without the political support & if this project goes online then the untouched environment will be lost to this urbanization along with deforestation. She also argued that state government's haphazard decision was the root cause behind it. A project of such a big magnitude, which is handled by a private organization regarding allocation of public land considering for public purpose was wrong as the main beneficiary was the private firm. She further argued that land once developed will not be affordable to maximum populous and local villagers will have no place in this city once it was built. She counter argued by mentioning that the

villagers were being cheated of their land. Roy Developers involvement was heavily criticised by her as the owner was the son in law of Mr. Sudarshan Patil. She said that public land allocation was not done properly, and government should have had a say as a stakeholder. She believed that the project was open to corruption.

In the year 2007 Mr. Rishikesh, owner of Roy Developers & son in law of Mr. Sudarshan Patil withdrew from project amidst criticism of corruption from Ms. Sharda Borkar. In an official statement before withdrawal he asserted that he was an investor who held minimal stake, he further added that he and his organization were open to any enquiry as there was nothing ambiguous about it. The investment was cleared by the bank as well as state government.

Even during this crucial period, a lot of criticism was heard against the plan of the city but still in October 2008 the state government made NCC a Special Planning Authority (SPA) under the then Chief Minister of the state who was from Mr. Sudarshan Patil's party. The sole intention was to get the approval of the corporation regarding the plan. With this renewed power assurance NCC went on with its construction and many parties showed their interest to be a part of phase one DAWAR in this new modern city which was going to be in the lap of nature. Some of them began with the construction of their amenities such as:

- Three reputed universities of India agreed to open their campuses in Nabil city.
- An international university from England also agreed to set up its campus.
- Water sports facility was approved to operate on the man-made lake.
- Two reputed five-star hotel chains agreed to operate.
- Three Information Technology companies signed deals to open their development centres.

Apart from these many other small businesses entered the city opening their shops. One condition was that for every sale they made 10% would go to NCC. It was done to make NCC self-sustained & further use the amount collected for maintaining the operations of city.

By April 2010 the 'Dawar' first phase of Nabil city was fully constructed, it had 24 apartment complexes which housed around 1200 apartments which varied from 1BHK, 2BHK to 3BHK. These apartments were priced based on their amenities and location, lake side apartments were priced higher than the rest. Along with this it had around 400 villas which were bigger than any 3BHK apartments and were considered hot properties at that time. Lot of sports celebrities and Bollywood stars bought property here. Two five-star hotels started operating and Dawar was open for business. The beautiful city was well maintained and kept spot less with cleaning crew checking the city maintenance every three hours. All the benefits promised to villagers were provided and the school which was built by NCC hired excellent staff fulfilling their promise of providing quality education. The villagers benefitted as they got jobs in city. It was made mandatory to hire workers from villages and the percentage of this local labour force was based on the size of business.

LLCC advertised this city to the fullest as promotion was done across all projects which it was handling currently & LLCC had projects across India. NCC provided its premises free of cost to

different events to promote the sale of properties. One such event was Bollywood film awards in 2009 which took place in Nabil city. This event was broadcast across India and overseas. Prior to this celebrity used to visit this place frequently as it was a very calm and serene place & they had privacy. Many movies were shot after taking due permission and the entire city offered a picturesque backdrop. As the city began to gain popularity tourism started flourishing & people started buying houses. By the beginning of 2010 not only all the constructed apartments & villas were sold but people also paid to get apartments which were to come up in second phase. During weekends about 40000 people would visit the city, these tourists came from all over India & boosted tourism. Nabil city was hailed as a paradise & must visit place by one and all.

As Nabil was basking in its golden days Ms. Sharda Borkar sent a legal notice to the Union Ministry of Environment & Forestry (MoEF) over NCC violating environmental norms & in January 2011 State Ministry of Environment & Forestry forced Nabil City Corporation to stop the work since it had begun to work without the required permission. The project had only sought state approval, not the mandatory approval from the union ministry. All construction work came to a halt due to stay order.

Even with stay NCC kept on spending promotions & worker fees as they thought that the stay would be lifted in a short span of time. NCC planned an IPO (Initial Public Offering) to publicise the chain of events. In June 2011 High court sanctioned expert appraisal committee informed the court that NCC had violated environmental laws by constructing buildings above 1000 feet in a hill station. In July 2011 NCC applied for post-facto environmental clearance of development.

During this period Mr. Sudarshan Patil made a press announcement that he was the one who got this land into Mr. Akarsh Sahay's attention as there were political pressure mounting on him due to this project, also his party had lost power in the election & he was no longer part of state government. He also mentioned that his state could use few more projects like Nabil City to ease the pressure on other tier I & II cities.

As the stay went on NCC kept on spending funds on promotions & salaries to keep positive image of the project in the market as it was too big a project to lose and their stakes were too high. At the same time it was also noticed that had sufficient source of revenue from their phase which had completed. Business flourished due to continuous increase in tourism. Nabil city residents, business owners & NCC employees continued to live as if stay did not affect them since the city was self-sustained. The only problem which could disturb this peace was decline in tourism & business revenues. The only difference was that the number of construction workers, equipment & construction work had started vanishing from the site.

In 2014 two tragedies hit the project first one was that the ministry denied clearance for NCC & secondly a landslide blocked the main road access to the city as one side of the mountain came down destroying the main access. During this time an unfinished road was used which could accommodate only smaller vehicles & didn't even have well laid road. Somehow necessary items could be transported only in small quantities to the city via this road. Clearing the debris, rebuilding the main road & strengthening the mountain side took five

months but it took a toll on city's tourism as Nabil City gained a negative image that it was not safe to travel during monsoon. As the stay was still on NCC survived on reserves. Tourism numbers went down & revenues started dipping for NCC which maintained the city, long held plans for IPO were shelved due to unfavourable market conditions.

In December 2016 State Environment Ministry gave a conditional clearance to NCC, 11 years after the start of the project as activists were unable to prove the accusations against NCC. Only entry gate to Nabil City was above 1000 feet and rest of the city was way below that height & forest authorities mentioned in their report that water absorption capacity in the land has increased since 2005 due to environmental efforts of NCC. Apart from this they also mentioned that forest density on hill tops had increased and there was an environmental enhancement. By this time NCC had run out of funds & filed for bankruptcy in December 2017.

In 2016 all the villagers formed a group and sent their representatives to speak with local District Commissioner requesting to let the project continue as their lives were changed only due to this project & they had no problem with the project. If the project didn't start soon then they would lose their jobs as many businesses in the city would be shut & their kids will not get the educational benefits which they had begun to relish and benefit from. Little did they know that it was not in their hands anymore & it was too late.

Its 2019 now, one year since bankruptcy filed NCC awaits report of insolvency professionals as IRP's (Interim Resolution professionals) report was delayed due to issues with appointment of IRP. The city workers are very less in number now, residents' number has come down to 0.3 times than what it was before, buildings are covered with moss, city is littered with dirt and squalor & most of the business establishments in the city are shut down as city gets only few thousand tourists per month. Only a few shops are visible in the city which are run by the villagers. Most of the benefits provided to villagers have faded because of lack of funds, the one and only hospital is operating on its own and can't provide free health benefits to villagers. Unfortunately, wage guarantee still exists but there is no work anymore. Earlier admissions to the school were free of cost but new admissions are charged as school does not have sufficient funds to facilitate the functioning of the school and most of the staff members have left the job. The state-of-the-art infrastructure still stands strong and just needs few polishing touches.

Once hailed as one of the most beautiful cities now looks like a ghost town, NCC awaits new investors who can turn around the project & bring back its lost glory.

EDUCATIONAL NOTES

Discussion should be with effect to PESTEL.

Discuss on how to market this city & marketing strategy to be used

Discussion should be on how rebranding of the city must be done on priority

DISCUSSION QUESTIONS

1. Do you think the company had assessed and addressed the needs of primary and secondary stakeholders in this project?

Note: Create a stakeholder map of actual and potential stakeholder claims while answering this

2. Would you advocate rebranding NABIL or relaunching NABIL?

3. What are the strategic/ tactical/ operational management lessons from the case?

Suggested Topics and areas of use of case study

Strategic Management/ Stakeholder Theory (Refer: Freeman, Donaldson and Preston etc. for more information)

Branding/ Rebranding/Relaunching. (Refer: Brand Leadership, David A. Aaker)