INTRODUCTION

Between now and the middle of the century, India faces daunting and unprecedented pressures on its urban infrastructure. The urban population is set to rise from 30% to more than 50%. Yet, all levels of government in India combined spend a fraction of the per capita investment in urban infrastructure made by most developed countries. Lavasa is a new city being built in western Maharashtra and it presents a fundamentally different approach being taken to urban infrastructure through the use of public-private partnerships (PPP). The developer, Lavasa Corporation Ltd., has acquired all of the land for the project through private negotiation, and funds the required urban infrastructure incrementally, up-front, in phases. A portion of the infrastructure cost is recovered through the sale of improved real estate, with the balance of the required urban infrastructure incrementally built through the sale of improved real estate. In other words, development always precedes dense urbanization.

1.1 KEY INTERVENTIONS

In 2001, Lavasa Corporation Ltd., and its parent company, Hindustan Construction Corporation, decided to develop Lavasa to demonstrate that medium sized cities can be sustainably developed in our country using a different model than what has been historically the case. Lavasa was the identification of policy makers for the prototype—chief among them the leadership of Hindustan Construction Corporation, who brought together government and private sector leaders around a master plan conceived as a developmental control regulation. This plan paved the way for the construction of Lavasa, demonstrating the possibility of large-scale development projects being planned and implemented, and allowing the placement of key economic activities and public service components for connected, but decentralized, development. This plan constrained development patterns, provided the basis for economic growth, and created a fiscal system structured to self-fund infrastructure components as they were built. The plan provided a mechanism for developers and investors to ensure that infrastructure was designed and built accordingly, to ensure that the infrastructure was financially self-sustaining. The developers have otherwise provided non-exclusive concessions, but has otherwise provided no financial support to the project. If successful, Lavasa may be an attractive alternative for the provision of high quality urban infrastructure in medium-sized new cities—an alternative to the current trend towards megacities.

1.2 MEASURABLE OUTCOMES

Lavasa’s measurable performance indicators fall into two categories: structural outcomes, and service delivery outcomes. To make a new “greenfield” city, and assure that it is sustainable with nearly all of the benefits of basic infrastructure coming from private investment, Lavasa was designed to do three things: 1) Lavasa would have infrastructure only entering the second phase of construction only after it has gained sufficient stature and attractions, the overall success of the project and its capacity to absorb and meet the needs of residents is essentially built into the fabric of the city. The project development team aimed to demonstrate that infrastructure could be self-funded and sustained, and that the basic business plan provides sufficient revenue to maintain and eventually replace the local infrastructure and services. These outcomes are still a work-in-progress.

1.3 GOVERNANCE

Lavasa is not a city under Indian law. It is a quasi-government entity called a special planning authority (SPA) with power to develop and implement a master plan for the city, enforce development control regulations and provide limited public services during the initial development period. While it lacks most other municipal powers, conversely, one of Lavasa’s biggest hurdles is to secure statutory and democratic form of local government, acceptable to the State for this project permitting more authority and resource control that would allow more ability to raise and manage its own collection and deliver public services. Lavasa is not a city under Indian law. It is a quasi-government entity called a special planning authority (SPA) with power to develop and implement a master plan for the city, enforce development control regulations and provide limited public services during the initial development period. While it lacks most other municipal powers, conversely, one of Lavasa’s biggest hurdles is to secure statutory and democratic form of local government, acceptable to the State for this project permitting more authority and resource control that would allow more ability to raise and manage its own collection and deliver public services. Lavasa is not a city under Indian law. It is a quasi-government entity called a special planning authority (SPA) with power to develop and implement a master plan for the city, enforce development control regulations and provide limited public services during the initial development period. While it lacks most other municipal powers, conversely, one of Lavasa’s biggest hurdles is to secure statutory and democratic form of local government, acceptable to the State for this project permitting more authority and resource control that would allow more ability to raise and manage its own collection and deliver public services. Lavasa is not a city under Indian law. It is a quasi-government entity called a special planning authority (SPA) with power to develop and implement a master plan for the city, enforce development control regulations and provide limited public services during the initial development period. While it lacks most other municipal powers, conversely, one of Lavasa’s biggest hurdles is to secure statutory and democratic form of local government, acceptable to the State for this project permitting more authority and resource control that would allow more ability to raise and manage its own collection and deliver public services.
LAVASA

Lavasa, India is a privately developing city that is pioneering a new approach to urban infrastructure creation through the use of new models of public-private partnerships. It is being developed and funded by Lavasa Corporation Ltd., within the state of Maharashtra. Lavasa serves as a test case by the parent company, Hindustan Construction Corporation, of the viability of creating sustainable medium-sized cities using their unprecedented model of coordinating private and government entities in order to make the project possible. Lavasa is able to fund and manage the project through private negotiations, resale of real estate, and through annuities paid by joint venture PPPs. The development plan is robust and sustainable, and customers and citizens show strong support for the project. Although it is still in progress, Lavasa is quickly presenting itself as a promising alternative to the trend of megacities.

Novel approach taken to public-private partnership to fund high quality urban infrastructure

An attractive, new alternative to the megacity with initial costs lower per capita

Customers and citizens of Lavasa support the city being developed to maximize service efficiency

Success will be measured on structural and service delivery outcomes

Enabling legislation, including stamp duty waiver and other non-exclusive concessions, is an important component of this project

All of the land acquired through private negotiation, required urban infrastructure is funded up-front

SOURCES

All images courtesy of Lavasa

COORDINATES

W 73°30'23"E 18°24'19"N

AREA

100 km² (167.2 sq mi)

POPULATION

200,000

DENSITY

2,000/km² (5,128/sq mi)

GDP (India)

$1.72 Trillion

URBAN POPULATION (India)

30.9%

LAVASA, India

NEW CITIES FOR URBAN INDIA