

URBAN INFRASTRUCTURE FINANCING AN INNOVATIVE APPROACH

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ABSTRACT

Local bodies in India especially emerging municipality are facing increasing demand for social infrastructure and at the same time have many constraints towards financial resources. With development infrastructure being increasingly provided on 'user pays' principles and with potential for additional grants/devolution funds being limited, an innovative approach is needed for social infrastructure financing. This thesis (1) suggests that land value capture mechanism would be an effective source for additional revenue mobilization to the local bodies and (2) outlines an appropriate mechanism to use these additional resources to leverage the capital market so that the local bodies would be able to meet the rising demand for public infrastructure.