

India denies nod to \$31 billion hill station project

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View of the main highway linking the Indian cities of Mumbai to Pune. India's environment ministry has refused to clear the first phase of construction of a \$31-billion "planned city" in the newest development row to flare in the fast-expanding economy.

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The Lavasa township project is India's first hill station since independence in 1947 and has been hailed by its backers as a blueprint for building future cities, as the country's population explodes and urbanisation increases.

The environment ministry said late Friday it could not approve the first phase of the project in western India until all environmental pre-

conditions were met for building what the backers say is India's first "planned city".

The conditions included setting aside land as open spaces and the creation of an environment restoration fund.

India's environment ministry, once seen as a rubber stamp, has become significantly more active in the last few years in policing whether projects are abiding by environmental rules.

Lavasa Corp, 65-percent owned by infrastructure giant Hindustan Construction Corp, slammed the ministry's refusal to give clearance as "highly discriminatory and unjust".



Map of India locating Lavasa, a planned hill station near Mumbai. India's

environment ministry has refused to clear the first phase of construction of a \$31-billion "planned city" in the newest development row to flare in the fast-expanding economy.

The 1.4-trillion-rupee project (\$31 billion) has been battling a slew of accusations, ranging from controversial procurement of land and damage to the environment.

The project has been under construction since 2004 but the ministry has said the developers began building without getting environmental clearance. Lavasa has argued it was not required to seek clearance.

Development in India has become a hugely controversial issue as the country urbanises and industrialises in its quest to create more jobs for its youthful 1.2-billion population and help lift millions out of poverty.

Several multi-billion-dollar projects and countless smaller ones have been held up for years because of protests over land acquisition, causing increasing concern among domestic and [foreign investors](#).

Lavasa, set in a hilly lakeside region near the city of Pune, is planned to ultimately house at least 300,000 residents. Dasve, the first leg of the five-phase development, was initially slated to be finished this year.

The troubles began for Lavasa last November when the environment ministry wrote to the developer asking why the existing construction should not be razed due to environmental violations.

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