

Having shared the present economic situation of Auroville, that is unsustainable to say the least, with few friends in the field of Economic Planning & Development in the hope of finding possible ways & means to improve the situation, I present this note in the hope that not only it will act as a wake-up call but will initiate a dynamic action plan to develop internal resources for not only maintaining the existing and future volunteers but to kick start the development of the city.

- 1 Auroville is hugely undercapitalized at the moment with respect to both financial and economically productive capital.
- 2 As a result it is unable to realize the full potential of its primary resource: AUROVILLIANS. Auroville appears currently unable to produce enough savings to create capital assets (e.g. housing, basic services) that it needs and possibly the 'incomes' it requires to meet its own consumption needs (this needs to be formally established seems plausible).
3. This has three consequences:
 - a. Many individuals and families have to subsidize their basic needs and consumption expenditure either by drawing upon their family or friends or looking for livelihoods outside Auroville. This is clearly unsustainable in the medium run.
 - b. This has created an atmosphere of uncertainty for some, drawing their energies and attention away from two primary objectives: time for their inner development and the development of Auroville. This needs to be corrected quickly and equitably.
 - c. These combined challenges are constraining a large number of Newcomers from being able to contribute to Auroville because adequate housing and maintenance is not available.
 - d. Auroville will continue to remain sub-critical and less able to fulfill its mission, if it cannot attract more people and skills to it - to build upon the hard-won legacy of the last four decades.
- 4 Apart from individual and family resources that are available to support Aurovillians, there are five potential sources of current capital funding for Auroville:
 - A. Donations: that are relatively small to meet capital needs; usually directed to particular uses e.g. building Matrimandir and cyclic or irregular, making leveling of flows a challenge.
 - B. Resource flows from Government at various levels: which again will typically be too small to meet significant capital needs; are largely absorbed by designated uses e.g. particular projects and difficult to come by to meet large capital needs.
 - C. Funded projects from various donor and other agencies: that can meet some institutional building needs but have long gestation times and are not suited to

building common infrastructure or facilities e.g. housing.

- D. Income and savings from Auroville enterprises voluntarily donated to Auroville: that are currently reported to be low or negative; but have considerable potential of growing and contributing to building greater material security and helping in time to create a corpus of resources to help build the common infrastructure and services that Auroville needs to accommodate new people and fulfill its Charter. Future 'incomes' from these enterprises will enable resource mobilization that will help build Auroville. This will in time become the primary driver of Auroville's material manifestation, prosperity and perfection.
- E. Rental, development and sale of land and real estate to meet current income and asset creation needs; the acquisition of land within Auroville's development zone and to serve as appropriate 'collateral' to mobilize resources from appropriate financial institutions. This is a significant and real asset that must be managed with great care and accountability and not sold 'short' as it constitutes the primary real asset base of the community.

Of these, the immediate instrument to address the undercapitalization challenge is E, with some start-up resources from A, C and B in probable order of mobilization.

5. Given Auroville's expected natural resource deficit (food, water, biomass and renewable energy) and the need to cater to increased needs of new residents careful attention must be paid to land-use/cover, resource management and efficiency. The greening of Auroville has provided the material and vital basis for the ecosystem services that will underwrite its long-term sustainability - but they are not ends in themselves, only means to achieving the goals of Mother's charter.
6. Given these constraints, there are at least ten steps/ways in which more economic value can be drawn from Auroville's land and biomass resources:
- i. Rapidly building an inventory of all resources, their current and potential uses, current biomass and capital assets and current and future economic value at market prices.
 - ii. Identify critical land purchase needs and prioritize on the basis of bottleneck value, future eco-potential/economic value and future price first in the core area and then in the green belt.
 - iii. Identify if there is latent demand from the Auroville and Ashram extended network for properties in the green belt. If sizeable demand exists, establish screening procedures for possible applicants.
 - iv. For biomass resources, determine sustainably harvestable surplus at current/project future land-uses; net out Auroville's needs; for the balance identify the most effective means of value addition (green power, feedstock, etc.) and either establish a captive enterprise if the scale is viable and the institutional capacity exists or auction on an annual basis using the best available market

- prices.
- v. For those lands that are not within the planning area and not critical to Eco-development goals, look at different possibilities of short, medium & long term goals in joint ventures and/or special purpose vehicles.
 - vi. Further, following a rapid land market survey, classify lands by current and future real estate and rental value in their current state and possible states of development. Based on an appropriate financial measure, rationalize the current non-critical portfolio to meet
 - a. current capitalization needs
 - b. sustainable incomes at par/above market trends
 - c. phased land acquisition/capital development needs based on an implementable financing plan
 - vii. For those slated for immediate sale, close sales in staggered sequence over the year (so as not to depress prices).
 - viii. For those lands that are slated for rental or sale after development, transfer to a SPV that will develop these assets and return either an escrowed stream of incomes or asset values to Auroville. This could work in a B.O.T. OR BOOT mode with a controlling interest of AF.
 - ix. Establish a top-notch asset management team with a clear term of reference and performance goals - there must be somebody whose calling in life is the consolidation of Auroville's land... This team may consider hiring in professional advice/firms to help execute these functions in the short run, before they feel fully equipped to take this on.
 - x. Float an SPV for Green Belt development with controlling Auroville interest. Initiate fund mobilization; prepare a business plan and a watertight tenure regime to ensure Auroville control of land-use and easement rights. Execute strategically, providing fair value to farmers and containing speculative interests as much as possible.

The land and resources development policies (as indicated in my note) will need to address these questions frontally, the post-Matrimandir phase of Auroville's development cannot proceed without them.