

## L.J. SCHOOL OF PLANNING

### MASTERS OF URBAN AND REGIONAL PLANNING

#### SEMESTER-4

COURSE TITLE	<b><u>DEVELOPMENT FINANCE</u></b>
COURSE CODE	<b>040070402</b>
COURSE CREDITS	2
NUMBER OF SESSIONS	16
COURSE TYPE	Core
COURSE OFFERED IN	Sem IV
DEPARTMENT	L.J. School of Planning
COURSE FACULTY	Dr. Anurima Basu
END SEM EXAM	50
INTERNAL ASSESSMENT	50
FINAL MARKS	100

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*Objective: To expose students to the various concepts, mechanism and role of development finance and its relevance with various hierarchy of government system.*

#### **COURSE DESCRIPTION:**

##### **Module 1: Overview of Development Finance**

Approaches, concepts, components, process, credit rating. Concept of development finance, Approaches, Development administration at National, State and Local level and the process of formulation, implementation and management, Structure of implementing authorities: Improvement trusts, Development authorities, Metropolitan Development Authorities and their relationship with local governments. Financial institution: concept, typology and their role.

##### **Module 2: State Finance**

Finance Commissions, functions, relationship between Central, State and Urban Local Government.

**Module 3: Municipal Finance**

Urban reform incentive fund, Sources of revenues; Equities; Loans; Debt financing; City challenge fund, Pooled finance development fund, National urban infrastructure fund, Municipal Bonds, Miscellaneous sources; Structure of finances, fiscal problems and issues of financial management, implications of 74th Constitution Amendment Act for municipal finance, expenditure pattern, Bilateral and multi lateral lending intuitions mobilizing resources for a project - financial resources, land resources, project resources, and other resources.

**Module 4: Investment Planning and Financing Mechanism**

Link with spatial plans, process, components, investment needs, budgeting, financial investments in infrastructure and services. Financing of urban development, infrastructure and services mechanisms and instruments, subsidy reduction, cost recovery, public private partnerships; financial appraisal, investment appraisal; Financial Risk Sources, Measures and perspectives on risk, Sensitivity analysis.

**Evaluation Criteria:**

The evaluation is based on two distinct components, viz. assignments/reviews/hands on from Modules 1, 2, 3 and 4 and an end-Semester written examination covering all Modules.

**Pedagogical approach:**

Classroom lectures, review papers, students' presentations, case studies discussion on development finance.

COURSE CONTENTS			
Module	Topic	Lectures	Hours
1- 2-	<p><b>Unit 1: Overview of Development Finance</b></p> <ul style="list-style-type: none"> <li>• Concept of development finance, Approaches</li> <li>• Development administration at National, State and Local level and the process of formulation</li> <li>• implementation and management, Structure of implementing authorities</li> <li>• Improvement trusts, Development authorities, Metropolitan Development Authorities and their relationship with local governments.</li> </ul>	3	6

	<ul style="list-style-type: none"> <li>Financial institution: concept, typology and their role.</li> </ul>		
<b>2-</b>	<b>Unit 2: Municipal Finance Institutions</b> <ul style="list-style-type: none"> <li>Finance Commissions,</li> <li>fiscal agenda of development schemes and Sources of revenues;</li> <li>equities; loans; debt financing; Pooled finance development fund,</li> <li>national urban infrastructure fund,</li> <li>municipal bonds,</li> <li>Miscellaneous sources.</li> </ul>	3	6
<b>3-</b>	<b>Unit 3: Financial Management &amp; Resources</b> <ul style="list-style-type: none"> <li>Structure of finances,</li> <li>fiscal problems and issues of financial management,</li> <li>credit rating,</li> <li>Implications of 74th Amendment for municipal finance,</li> <li>expenditure pattern,</li> <li>bilateral and multi-lateral lending intuitions mobilizing resources for a project –</li> <li>Financial resources, land resources, project resources, and other resources.</li> </ul>	4	8
<b>4-</b>	<b>Unit 4: Investment Planning</b> Link with spatial plans, process, components, investment needs, budgeting, financial investments in infrastructure and services.	2	4
<b>4-</b>	<b>Unit 5: Financing Mechanism</b> <ul style="list-style-type: none"> <li>Financing of urban development, infrastructure and services – mechanisms and instruments,</li> <li>subsidy reduction,</li> <li>cost recovery,</li> <li>public private partnerships;</li> <li>Micro finance,</li> <li>Financial appraisal,</li> <li>investment appraisal;</li> <li>Financial risk – sources, measures and perspectives on risk,</li> <li>sensitivity analysis,</li> <li>Property tax administration, rent control system.</li> </ul>	4	8
	<b>total</b>	16	32

**Suggested Readings:**

1. A. Richard, Richard Hemming and H.Barry (2013), *The International Handbook of Public Financial Management*  
Centre for Aid and Public Expenditure.
  2. Allen .F, Yago. G (2013), *Financing the Future, Market-Based Innovations for Growth*, Pearson Publications.
  3. Gupta J. (2008), *Privatisation of Municipal Finance in India*, Atlantic Publishers and Distributors.
  4. Stephen Spratt (2008), *Development Finance: Debates, Dogmas and New Directions* , Routledge Publications.
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