Glossary

74th Constitution Amendment Act (CAA): The 1992 parliamentary amendment to the Constitution of India for decentralizing authority and creating a third tier of democratically elected government for local urban areas of various sizes (municipal corporations, municipal councils, and *nagar panchatas*). The CAA had to be ratified and implemented by state governments, and it included a list of functional responsibilities; adequate representation of weaker sections and women in government; regular and fair conduct of local elections; and the creation of ward committees, district planning committees, metropolitan planning committees, and State Finance Commissions.

Accountability: An obligation of those in power to assume responsibility for their behavior, policies, operations, and other actions. The obligation might stem from a moral and ethical position or from legal requirement. See ***good governance.***

Administrative rules and systems: The managerial process and set of procedures of an organization designed to implement policy on a day-to-day basis. It usually deals with the internal workings of an organization in five areas: human resources, organizational setup, policy and statistical analysis, budgeting, and ethics.

Affordable housing: A dwelling unit of small size, with all the basic services (e.g., water, sewerage, toilet, garbage collection, and electricity) for lower-income people, on terms where they will be able to pay (either rent or purchase) a substantial portion of cost in a sustainable manner (avoiding over indebtedness).

Area Sabhas: A neighborhood organization that has some governing and decision-making powers within a local government structure. It is a subtier below the municipal council and ward committees. *Area Sabhas* provide community representatives to serve on ward committees.

Asset: A resource (physical or intangible) with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide future benefit.

Audit: An examination that verifies the official financial accounts and other records of an organization. It can include programmatic performance, financial statements, public disclosures, and internal operations in accordance with any number of laws, regulations, and contracts that mandate the organization's behavior.

Benchmark: The process of measuring and monitoring the performance of one organization in a systematic manner, against the performance of comparable organizations and normative standards. The Ministry of Urban Development, Government of India, has launched a service-level benchmarking study that covers water, sanitation, solid waste management, and storm water drainage for a number of cities. Minimum standards of performance for water and sanitation, along with a common framework for monitoring and reporting, have been defined.

Betterment fees: A one-time tax, paid by a property owner to a government authority, based on the increased value of the privately owned land, due to service improvements in the vicinity resulting from public investment.

Bill of quantities contract (BoQ): An agreement between an organization and vendor for a specified number of goods at a specified price. A BoQ usually represents the delivery of a physical commodity, while a service contract is for professional advice or skills over a specific time.

Bond service fund: Money that is set aside to help improve the creditworthiness of a bond issuance or a long-term loan, by providing an emergency reserve, in case the borrower defaults on its debt repayment. The amount in reserve is always more than the annual debt service obligation and its disbursement-replenishment is government by the contract documents for the debt.

Building bylaw: A set of ordinances, regulations and associated standards intended to control aspects of design, construction, materials, alteration, and occupancy of structures necessary to ensure human safety, welfare, and cultural heritage.

Business Process Reengineering (BPR): A process that analyzes how decisions are made within an organization, by mapping the organizational structure and the data flow within that structure to determine whether the organization effectively fulfills its objectives.

Cadre: A core group of trained personnel, with some unifying relationship (e.g., urban management skills), that is capable of assuming leadership and operational control and of training others.

Capacity building: The process of improving the professional knowledge and skills of employees, and improving the systems and operations of organizations.

Capital investment: The money used by an organization to purchase, construct, or substantially upgrade fixed assets, such as land, machinery, buildings, or other infrastructure.

Capital markets: A mechanism where investors (usually more than one) come together to buy, sell, or trade various financial products (e.g., bonds, currencies, stocks). It is also where business enterprises and governments can raise long-term funds.

Cash flow: The infusion and use of cash money within an organization that gets captured in annual financial statements. Grants, revenue from internal operations, financing, and returns on investments provide positive cash, while expenses of all kinds and investing use up cash.

Central Finance Commission: A government body appointed by the President of India every 5 years to recommend overall allocations of non-planned revenue resources (resources that the Planning Commission does not prescribe). It is also responsible for making decisions on distribution of taxes to be shared between the center and states; the allocation of proceeds between states; setting principles that govern grants-in-aid by the center to the states; and measures needed to augment the consolidated funds state governments.

Change management: A structured approach to shifting/transitioning individuals, teams, and organizations from a current mode of operation to a desired future one. It aims to empower employees to accept and embrace changes in their current business environment.

City development plan (CDP): A consultative process that examines a city's current situation and development challenges to create a long-term vision for development and a medium-term action plan that includes specific projects. Under the Government of India's Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 63 local governments prepared a CDP in 2005-2006.

City Managers Association: A state-level professional organization that comprises local governments, urban professionals, and state government officials as members. Its programmatic mission is based on the needs of its members.

Civil society: A broad term to define nongovernmental actors in society, including voluntary and social organizations, the media, and private individuals and firms sharing common interests or principles. It is distinct from government agencies and the commercial institutions of the market.

Commercial finance: Secured debt in which a borrower pledges assets used in its operations as collateral. The lending or investing can be by either government or private institutions so long as it is based on market principles and demand for credit, current market rates of interest/returns, and rigorous and standardized appraisals, based on creditworthiness of the borrowing organization.

Commercial viability: An endeavor that (1) ensures adequate revenues from internal operations and from other dedicated sources will cover project capital costs and operations and maintenance (O&M); (2) is socially inclusive and operates in a systemic and sustainable basis; (3) is environmentally sustainable; and (4) has a regulatory framework to enforce quality of service, preservation of public interest, and economic sustainability.

Commercialization: Transactions aimed at making profits of various degrees (at the minimum, there should not be a loss), depending on the perspective of the organization sponsoring or financing the project. See ***commercial viability***.

Community mobilizers: Neighborhood residents and professional staff of government agencies and nongovernmental organizations who engage the residents and civil society in participatory processes for development. See ***community participation.***

Community participation: A process whereby stakeholders get involved and influence the development of projects to address their needs and problems. Stakeholders can influence development by contributing to project design, implementation, monitoring, and evaluation.

Conceptual plan: The broad design and costing information for a project that helps articulate ideas, evaluate options, and appraise the viability for funding and implementation. Completed early in the development process in a relatively quick manner, to be converted into detailed technical designs (in a detailed project report).

Consolidated Fund of India: All taxes, like income tax, central excise, customs, and other receipts flowing to the Government of India in connection with the conduct of government business, are placed in this fund. Similarly, all loans raised by the government, such as treasury bills and loans obtained from foreign governments and international institutions, are credited into this fund. All expenditures of the government are incurred from this fund and no amount can be withdrawn from the fund without authorization from the parliament. Each state has a similar consolidated fund structure.

Contract management: The process of overseeing an agreement between two parties so that the agreement terms are executed, problems are resolved as they arise, and work progresses in the most efficient and effective manner.

Corporatization: The transformation of state departments, assets, or agencies into state-owned but autonomously operated companies, to introduce more professional management techniques to the business administration. Corporatization is sometimes a precursor to partial or full privatization. A common model is for state institutions to become separate legal entities—governed by a specific business plan and charter (like a private company)—that operate autonomously but have majority ownership remaining with the government.

Corruption: The misuse of an entrusted position for private gain by employing bribery, extortion, fraud, deception, collusion, or money-laundering, including gains accruing to a person's family members, political party, or institutions in which the person has an interest.

Credit enhancements: Measures taken to improve an organization's access to debt and to enhance its creditworthiness, by providing reassurances that the borrower will honor the obligation, such as additional collateral, insurance, or a third-party guarantee. Credit enhancement reduces default risk, thereby increasing the overall credit rating and lowering interest rates on debt.

Credit guarantee: A form of credit enhancement similar to insurance on the financing, where, in case of default, the guarantor pays the lender a portion of the debt service, based on the terms of the guarantee agreement between the borrower and the guarantor.

Credit rating: An evaluation of whether an organization will likely meet all its financial obligations, including the potential of the organization to repay debt. It is prepared by a credit rating agency at the request of the lender, and is calculated looking at information that includes financial history, management practices, the overall economic environment, details of any prospective projects, and current assets and liabilities.

Cross-subsidy: The act of charging different groups of customers varying rates for the same good or service, with the purpose of utilizing the profits from one activity to cover losses from another, usually to make the service or good more affordable for the poor.

Debt: That which one party owes another, usually referencing assets owed. Debt is a means of using future purchasing power in the present for investment. It is created when a creditor agrees to lend a sum of assets to a debtor with the expectation of repayment, often with interest added.

Debt Service Coverage Ratio: This ratio indicates the extent to which the operating profits/surpluses of a project (project revenues less operations and maintenance expenditures) cover debt service obligations in 1 year and over the life of the project.

Debt service fund: See ***bond service fund.***

Decentralization: The process of dispersing decision making and governance authority closer and more accessible to citizens. See ***devolution***.

Demand side: The behavior of recipients or intended recipients of goods and services that reflect their desire to utilize those goods and services.

Democracy: A political form of government in which decision-making powers are derived from and overseen by citizens, through consensus, direct referendums, or elected representatives. Equality before the law, equal access to power, and equal freedoms are usually important aspects.

Dependency: The state in which one organization or individual has to rely on another for conducting normal, daily operations and decision making, due to a lack of fiscal and human resources or insufficient authority and power.

Depreciation: In accounting, an expense recorded to allocate an asset's cost over its useful life. Because depreciation is a non-cash expense, it increases free cash flow while decreasing reported earnings.

Detailed project report (DPR): A technical document that specifies all the engineering and/or architectural designs of a physical works project, with detailed costs and implementation structure. Traditionally DPRs do not cover environmental and social impact, financing, or ongoing operations and maintenance, but these items gain more importance, as projects try to seek commercial finance.

Development Authorities: The organization (usually state-level) that every big city (approximately 1 million inhabitants or more) in India has that supervises various aspects of urban management and development, including the land market, housing construction, building bylaws, and Master Plans.

Devolution: The transfer and surrender of powers to local authorities by central or state governments. See ***decentralization***.

Double-entry, accrual accounting: An accounting system that records financial events when they occur and not necessarily when cash receipts are transferred. It provides decision makers with a complete financial picture of the city. Under this system municipal assets and financial transactions can be verified and managed more efficiently, the true cost of services can be determined, cost-recovery tariffs can be set, and realistic budgets can be created.

E-governance: A technological tool to improve the data flow and decision-making processes of governments, including both the computerization of municipal information and the creation of a single network that links management of services to payments, official approvals, information registries, and outlets for feedback. Citizens access e-governance in a variety of ways, including the Internet, kiosks, and government service centers.

Economic development: The increase in the standard of living of a nation's population due to sustained growth, usually as transition from a simple, low-income economy to a modern, high-income economy. Its scope includes the process and policies by which a nation improves the economic, political, and social well-being of its people.

Economic liberalization of the Indian economy: The ongoing macroeconomic reforms in India that started in 1991 to increase the access of international trade and investment, deregulation of services and business rules, initiation of privatization, tax reforms, and inflation-controlling measures.

Empowerment: Authority attained by an institution, organization, or individual to determine policy and make decisions.

Enabling environment: The rules and regulations that provide supportive mechanisms for implementing specific activities or projects.

Environmental impact assessment: A study that examines whether an infrastructure project is disruptive to the natural environment, in both the short and long terms, with the purpose of developing strategies to mitigate negative externalities and encourage positive design elements.

Environmental infrastructure: The most essential services (usually government services) relating to public health, including water quality, sewerage collection and treatment, storm water drainage, and solid waste management.

Equity investment: Ownership in a company or project. If you own stock, you have equity-however small a portion-of the company that issued the stock.

Escrow account: An account that holds funds based on specific written or oral instructions, and that disburses those funds when certain obligations have been fulfilled.

Financial closure: The period when all funding partners in a project have fully and legally committed to implementation, and within a set time frame will disburse funds for utilization. The total committed funds are sufficient to pay for the complete capital costs of the work.

Financial intermediary: A person, such as an advisor, or institution that acts as a middleman between investors and organizations wishing to raise funds.

Financial management: A broad set of activities aimed at improving the use of municipal resources, including the administration of how accounting and internal controls affect resource mobilization and payments; how an organization determines the costs of services and how it prepares budgets; and how financial information reaches managers and other stakeholders in a timely, accurate, and transparent manner.

Financial viability: The description of an institution that pays for the costs of its operations with a degree of financial autonomy, by mobilizing local revenues, by acquiring a strategic focus in financial management, by exhibiting transparency and accountability in administrative matters, and by carrying out its mission effectively and efficiently.

Fiscal policy: Government's mobilization and use of expenditures and revenues to manage its operations and influence the economy.

Floor area ratio (FAR): Also known as floor space index, this is the ratio of the total floor area of a building to the plotted size of the land where it is located, or the limit imposed on such a ratio. An FAR of 2.0 would indicate that the total floor area of a building is two times the gross area of the plot on which it is constructed, indicating a multiple-story building.

Force majeure: A French phrase meaning "superior force" that is used as a common clause in contracts to essentially free both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, or an event legally described as an "act of God," such as flooding, earthquake, and volcanic eruption.

Fragmented authority: The responsibility and power to conduct a certain business operation or deliver a particular service that is divided among multiple organizations, such that no one organization is in charge, has full responsibility, or is accountable.

Geographic information system (GIS): A computer system for the input, editing, storage, retrieval, analysis, and output of location-based (also called geographic or geo-referenced) information. GIS may refer to the hardware, software, or data.

Good governance: A description of how government institutions are accountable for their day-to-day affairs, for making decisions, and for managing their resources, usually with a reference to guaranteeing human rights, basic services, and other public interests. Key principles that define good governance include accountability, transparency, participatory, equity and inclusiveness, rule of law, and efficiency and effectiveness.

Grant: The issuance of a financial reward for a specific purpose, such paying for the construction of an infrastructure project. Grants usually have specific rules for qualification and use of the funding.

Hand-holding: The process in which a professional organization or individual provides long-term, on-the-job training and/or technical support to a government organization for a specific skill or business operation. The professional guides the government organization through the business operation process in such a way that the necessary skills and management systems can be fully adapted by the government organization and eventually conducted on their own.

Human resource policy: The codified rules and decisions that are established by an organization to support administration, personnel functions, internal performance management, employee relations, employee compensation, and resource planning.

Impact fee: A mechanism to directly shift the cost of infrastructure from the government to a private sector developer, whose project stands to benefit from a public investment.

Improvement trust: A local civic or government body empowered with a variety of resources and legal authority to develop physical works in new areas or maintain existing city infrastructure.

Inclusive development: The process of ensuring that all marginalized and excluded groups of people become included in the development process and benefit from economic opportunities and public services.

Incremental upgrading: Small but ongoing physical work improvements to a neighborhood or slum community that does include coherent projects (e.g., local water system) but does not attempt to solve all the development challenges of the particular area at one time or in one project phase.

Industrial Revolution: The period from the 18th to the 19th century where major technological changes in agriculture, manufacturing, mining, transportation, and trade had a profound effect on the socioeconomic and cultural conditions of the times. It began in the United Kingdom, and subsequently spread throughout Europe, North America, and eventually the world. It is often associated with the onset of industrialization.

Industrialization: The process of social and economic change whereby a human society is transformed from a predominantly agrarian to a more commodity and trade-based state. The change is closely intertwined with technological innovation, particularly in the development of large-scale energy production, metallurgy, and factory development of goods.

Informal sector/economy: The part of an economy that is not taxed, regulated, or monitored by any form of government or public institution. It is not included in the gross domestic product (GDP) or other formal indicators of the economy.

Infrastructure: Systems and networks (both physical and non-physical) by which public services are delivered to citizens, including water supply, sanitation, energy, and transportation networks (physical), as well as education, healthcare, and business regulations (having non-physical attributes).

Institution: A structure or system of ideas that defines social order, the cooperation of various actors, and the conduct of individuals within a community or for specific activity.

Institutional arrangement: Reference to how different agencies are set up for delivering services, executing policy, and working together, including ownership, legal status, financial mobilization, and capital investment.

Institutionalization: Sustaining the improvement made to services and governance reforms over the long term. Institutionalization succeeds when reinforced by a wide variety of activities, including legislation and pilot projects, political advocacy, professional training, information sharing, and incentive-based funding.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM): A Government of India initiative aimed at improving infrastructure and promoting urban reforms, by providing conditional grants to cities and states.

Kutcha: Structures made of temporary materials.

Land use: The different types of economic and social activities undertaken on a specific plot of land, including residential, commercial, government, and green spaces. As a system of categorization, the concept is used to regulate what activities are permitted in various parts of a city.

Local area plan (LAP): A conceptual plan for physical and economic development of a small geographical area, like a neighborhood, offering several options to the community to discuss and agree upon.

Local government: A third tier of government in India that covers administrative jurisdictions smaller than a state. It refers to various sizes of municipalities in urban areas as well as *panchayats* in rural areas.

Lok Sabha: The name for the Indian Parliament composed of representatives of the people, chosen by direct election on the basis of the adult suffrage. The maximum number of representatives envisaged by the Constitution is 552.

Management: The act of getting people together to accomplish desired goals and objectives efficiently and effectively, in any type of business and organization. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization to accomplish defined goals in a cost- and time-effective manner.

Management information system: A structured and technology-based manner of storing information and analyzing related past, present, and predictive events in conjunction with operations and decision-making systems of an organization.

Market: The systems, institutions, procedures, social relations, and infrastructures whereby organizations and individuals exchange their goods, services, and labor to other people, usually using a legal tender. The exchange is between willing buyers and willing sellers at mutually agreed upon terms, without coercion or extreme asymmetry.

Master Plan: A long-term visualization of a city or other area, to be realized with future development. It uses maps in assigning the intended land use for each part of the city, such as the allocation of residential or manufacturing space, and uses regulatory powers to encourage/enforce such prescriptions.

Metropolitan Planning Committee (MPC): The 74th Constitution Amendment Act instructs state governments to set up regional bodies to coordinate interjurisdictional planning issues and to integrate the master plans and development plans of the various jurisdictions within the region.

Mezzanine financing: Debt that gives the lender the right to convert the amount owed to them into an ownership or equity interest in the company, if the loan is not paid back in time and in full. It is generally subordinated to debt provided by senior lenders, such as banks. Since mezzanine financing is usually provided to the borrower very quickly with little due diligence on the part of the lender and little or no collateral on the part of the borrower, this type of financing is aggressively priced at a high rate of interest.

Microfinance: Small-scale financial services (e.g., small loans and insurance) that rely on community participation to offer services to low-income households and microenterprises, which do not have good/formal credit.

Model Municipal Law (MML): Model legislative framework created in 2003 to help state governments implement, in totality, the decentralization provisions of the 74th Constitution Amendment Act and to provide a legislative framework for deepening the urban reform agenda of the country. The Ministry of Urban Development advised all states to review their municipal acts in accordance with the MML.

Monitoring: The ongoing task of collecting and reviewing program-related information to help determine whether a program's goals and objectives are being achieved.

Monopoly: When one service provider has sufficient control over a particular market activity to determine significantly the terms on which other individuals shall have access to it.

Mortgage loans: Debt that is secured by real property, such as land and buildings. In the event of default, the lender has the authority to confiscate such assets.

Municipal bond: Debt issued by a city or other local government agency to finance capital expenditures. A number of investors can participate in a bond issuance through the country's capital markets, where the debt is publicized and regulated. Municipal bonds are often tax-free (i.e., investors do not pay income tax on the interest earned) because the financing is meant to serve public interest projects.

Municipal Corporation: A local government in large urban areas in India (approximately 300,000 people or more).

Municipal finance: The paying for local governmental activities and the financial administration of those activities, including the fiscal powers, revenues, expenditures, debt, transfers, and financial reporting and management.

Nongovernmental organization (NGO): Legal entities that operate independently from any government, usually with wider social aims. They may have political aspects, but that are not overtly political organizations, such as political parties.

Octroi: A duty on goods entering a city, like an import duty, that is collected at border checkpoints (along highways), mostly from delivery trucks or other cargo vehicles. As of 2011, it has been phased out in all parts of India, except some municipalities in Maharashtra, because it is an inefficient form of taxation and has bred corruption.

Operations and maintenance (O&M): Performing necessary repairs and other routine activities (often on a scheduled basis) to keep infrastructure and other services in good working order over the long term, and preventing trouble and degradation from arising due to neglect.

Own-source revenue: An organization's income that is generated by the services and operations that it is responsible for providing or has authority over.

Panchayats: Local governments in rural areas (villages) in India.

Parastatal: A company or agency owned or controlled by the state government.

Pilot project: One-off activities to test a new concept and inform policy makers whether it is feasible to roll out on a wider basis, with appropriate modification or improvement in design.

Policy: The set of laws, regulations, decisions, and actions taken by government entities to address a public issue.

Pooled bonds/financing: A debt mechanism where a sponsor organization (usually a regional or state-level entity) borrows money on the combined creditworthiness—thereby diversifying the risk—of many smaller local governments that have few resources to access commercial finance on their own.

Prefeasibility study: A way to identify a project concept and rapidly assess whether it can be developed in a commercially viable format, before carrying out any detailed project planning.

Project cycle: The sequence of activities that a project implementer will need to consider from starting to finishing a project, generally including identification, preparation, appraisal, financing, implementation, monitoring, and evaluation.

Project structure: Coherently fitting together the technical, financial, legal, and institutional aspects of a project so that it is implemented effectively, efficiently, and sustainably.

Pro-poor: The design of projects or ongoing operations of current services that pays particular attention to the needs of low-income people so that they benefit substantially.

Public interest: The main priorities and objectives of citizens at large, rather than individual private interests, established through any number of legitimate government decisions and democratic processes.

Public-private partnership (PPP): A contractual agreement between a government entity and one or more private sector companies to jointly finance and operate a public service. The private companies usually assume substantial financial, technical, or operation risk in the project's success. PPPs are also referred to as P3 or P^3.

Redevelopment: Substantial demolition, redesign, and then rebuilding of a project site area.

Reform: Change to public services, organizational structures, legislative authority, or government systems to accomplish its goals more efficiently and effectively. These changes are not universally accepted as beneficial, although they are meant to improve governance.

Regulation: Control over human or societal behavior through legal rules and restrictions set by a government authority or self-regulated by an industry, such as through a trade association, social norms, and market regulation. The purpose of regulation is to protect the short- and long-term public interest.

Resource mobilization: Improving the financial performance of an organization by making management systems more efficient, cutting costs, and strengthening revenue streams, with particular emphasis on own-source revenue.

Ring fencing: The separating out of the budget, accounts, staff, and infrastructure assets from an overall organization, in a way that protects the transfer of assets from one destination to another, and with the purpose of no longer including the assets in the overall organization's calculable net worth.

Sanitation: The hygienic means of promoting health by preventing human contact with certain hazards that are physical, microbiological, biological, or chemical agents of disease. Sanitation facilities and services safely dispose of urine and feces, as well as other hazardous products through a variety of means, such as garbage collection and wastewater disposal.

Scientific landfill: Safe, long-term disposal of solid waste in such a manner where it decomposes without negative environmental effects, like ground contamination of leachate and noxious odors and gasses.

Securitization: A legal pledge to use the cash flow from a specific asset or revenue-generating activity as the primary means to service debt repayment. See ***structured debt obligation***.

Sensitivity analysis: Testing for the profitability and financial soundness of a project's design, using variations of an assumed "base" scenario, such as tariff revisions, cost and time overruns, or worsening economic/demand for services.

Services: The provision of professional skills or public goods by government or private organizations, with emphasis on those activities that local governments are responsible for, such as environmental infrastructure, roads, primary education, and health.

Single-entry, cash-based accounting system: A method of financial reporting that compares cash payments to budgetary outlays, in the form of a cash flow statement. It does not communicate an organization's overall financial position, track assets, or capture liabilities.

Sinking fund: Money that has been set aside at the beginning of a project to pay for an initial period of debt repayments (e.g., 1 year worth of repayment set aside at the onset).

Slum upgrading: The process of improving the living conditions of urban areas that lack basic services and predominantly house low-income residents, often illegally. The goal is to improve the poor's access to housing, education, healthcare, water, sanitation, and solid waste management, among other services, on an affordable and sustainable basis.

Special purpose vehicle (SPV): A legal entity that operates with limited scope, usually to acquire and finance specific assets on behalf of another organization. The SPV is usually a subsidiary company with an asset-liability structure and legal status that makes its obligations secure, even if the parent company goes bankrupt.

Stakeholder: A person, group, or organization that has a direct or indirect interest in a proposed project.

Stakeholder analysis: The process of identifying individuals or groups that have an interest in a proposed project and understand how they will affect or be affected by the project. This information should help improve the overall design of the project.

State Finance Commission (SFC): State-level entities, established by the 74th Constitution Amendment Act, to provide a bottom-up mechanism for assessing municipal finance requirements and recommending fiscal relations between the state and local governments. SFCs are constituted once every 5 years by state governors.

Structured debt obligation (SDO): A type of debt instrument that legally pledges/secures the cash flow from a specific asset or source of revenue as the primary means of servicing debt repayment obligations. See ***securitization***.

Subordinated debt: Financial obligations that are ranked behind debt held by secured and senior lenders, who are repaid first by the borrower.

Subsidy: A benefit provided to groups or individuals, usually in the form of a cash payment or tax reduction, for removing some type of burden or to make a service more affordable, in the name of the public interest.

Supply side: Service inputs, such as human resources, regulation, and funding, that affect the delivery (quantity and quality) of the particular service.

Sustainable development: Considering the long-term environmental, social, financial, and maintenance needs of a project before investing in it. A project should be able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Tariff: A tax levied on a specific good or service, usually as a percentage of the total value of that good or service.

Tax-free bonds/financing: A status that the Government of India gives to certain municipal bonds or other types of financing whereby the investors/lenders do not have to pay income tax on the interest that they earn. Investors that have large tax liabilities (e.g., large corporations, financial institutions, pension funds, and insurance companies) often appreciate the special tax-free status of municipal bonds, and as a result, the interest rate of the financing decreases.

Tenability: The physical condition of an area such that it does not pose risk to human safety or health, and it is not considered contrary to public interest.

Tenure security for the poor: The certainty that a person's rights to land will be recognized by others and be legally protected in case of specific challenges. People with insecure tenure are threatened by competing claims and often face eviction.

Term loan: Debt from a bank for a specified amount, over a specified repayment schedule, and often with a floating interest rate. Term loans usually mature between 1 and 10 years.

Transfer: Funding that moves from one government agency to another for the payment of a project, service, or other public purpose.

Transparency: Having visibility, accessibility, and verifiability of information concerning an organization's business operations.

Trustee: Someone who follows specific legal provisions for holding property on behalf of a beneficiary. The provision is set up either to benefit particular persons, such as lenders, or for charitable purposes.

Unbundling: The process of separating out different service components in a value chain, either across geographic boundaries or between areas of competency/ business operation.

Underspending: The situation where an organization is not investing in or allocating enough resources to its operations for long-term maintenance, delivery of minimum service standards, or accomplishment of its mandated goals.

Urban infrastructure fund (UIF): A legal entity that finances urban infrastructure projects, usually by combining funds from various sources and on-lending or granting them to projects. They are professionally managed, and access to UIF funding is based on specific criteria.

Urban local body (ULB): Local governments in urban areas/ cities in India.

Urbanization: The process in which populations shift from rural areas to cities. The term usually describes the situation where the proportion of the total population residing in cities or towns is increasing.

User charge: The amount that people pay for consuming a good or service. It helps pay for the production costs of that good or service.

Utility company: An organization (of various legal types) that provides public services, like electricity, water, and sewerage. The organization maintains the services based on a set of rules or regulations defined by government authorities and/or community-based groups.

Welfare society/association: A community group whose purpose is to undertake social programs for the underprivileged.

Zonal plan: A plan that covers a region of a city that is broad enough to identify changes in socio-cultural homogeneity, land use, or building typology, but has more detail and variation than a city-wide plan, like a Master Plan.

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