

NIPFP Newsletter

National Institute of Public Finance and Policy

Volume - 20 | No. 1 | Jan-Feb 2023

Research Projects Completed

1. **Third party Evaluation of Higher Education Financing Agency (HEFA)** (*Sponsored by Department of Higher Education, Ministry of Education, Government of India*)

- **Sukanya Bose and Gaurav**

Objectives: Higher education financing agency (HEFA) was created in 2017-18 to substantially augment funding for creating quality educational infrastructure in higher educational institutions (HEIs) under the Government of India. The stated mission of HEFA is to provide timely finance at competitive interest rates for capital assets creation in India's educational institutions and supplement it with grants by channelizing CSR funds from the corporates and donations from others. The objectives of the independent evaluation are threefold: a) Assess the current state of implementation of the stated objectives of HEFA; b) Analyse the causes of underachievement; and c) Recommend concrete steps to be taken to introduce process as well as product changes for achieving the mandate. The evaluation report is based on primary data collected from centrally funded HEIs.

2. **Study on Sub-National Actions to Accelerate Financing for the SDGs** (*Sponsored by UNDP India*)

- **Suranjali Tandon**

Objectives: As the challenges to finance SDGs are made more urgent in the light of the

pandemic, it is imperative to lay out the roadmap for sub-national governments to achieve the SDG goals by 2030 and bridge the gap in SDG finance. For this purpose, the report takes stock of the fiscal position of 8 states - Karnataka, Jharkhand, Rajasthan, Tamil Nadu, Maharashtra, Gujarat, Nagaland, and Uttarakhand. It maps the current practices being undertaken by the states on various parameters of SDG aligned public finance. It also presents case studies of Haryana and Odisha highlighting the best practices in areas of resource mobilisation approaches, SDG/Climate budget tagging and monitoring and evaluation processes. With widening fiscal deficits of the states, the report also identifies various innovative financing mechanisms and existing levers available to catalyse private investment for SDG finance.

Working Papers

1. Jitesh Yadav and Lekha Chakraborty, **Public Financial Management and Crime against Children: A State level Analysis in India**, NIPFP Working Paper No. 391.

Abstract: Abstract Using fixed effects models, we explore the efficacy of Public Financial Management (PFM) in tackling crime against children, controlling for economic growth. The fiscal variables are found to have significant impact on reducing the crime against children, and not the economic growth. The coefficients

from the non-linear models revealed an inverse relationship between the squared term of social sector spending and crime against children. The specific PFM tools like child budgeting (c-PFM) per se instantaneously did not reduce the crime against children. However, the year of inception of c-PFM and crime against children are inversely related in the models, indicating that the long-term c-PFM is efficacious in reducing crime against children, which has policy implications in the sense that the budgetary allocation on child protection within the c-PFM needs to be strengthened. [Download here](#)

2. Adam Hussain, **Effect of Tax Cut on Investment: Evidence from Indian Manufacturing firms**, NIPFP Working Paper No. 390

Abstract: Does a reduction in the corporate income tax rate trigger investments in developing countries? This paper answers this question in a difference in differences framework. Using firm-level data on Indian manufacturing firms I study the effect of the 2019 and 2020 Indian tax reform that reduced the corporate income tax rate for domestic firms by 5 %. I find that the reduction in corporate income tax led to a significant increase in the investments of domestic firms. The magnitude of the effect is found to be stronger for larger domestic firms than the smaller ones. These results imply that corporate income tax cuts can increase investment in developing countries and large domestic firms benefit more than small firms from a tax cut.

[Download Here](#)

3. Sacchidananda Mukherjee, January 2023, **Revenue Implications of GST on Indian States**. NIPFP Working Paper No. 388.

Abstract: Assessing the revenue implications of GST on Indian state finances cannot be

contained to compare the revenue stream which is subsumed into GST with State GST collection alone. Since GST subsumes many taxes from state tax bases, comparing the revenue performance of taxes which are outside the GST framework would be equally important. Moreover, in federal system revenue implication of shortfall in tax collection of the federal government is also likely to spill-over to sub-national finance in terms of lower tax devolution. Sustaining revenue streams of state governments is important for sustainable Public Finance Management (PFM) and therefore a comprehensive assessment of state finances before and after GST would be important. This paper attempts to fill the gap in exiting literature by assessing the revenue of 18 major states during pre- and post-GST periods. [Download Here](#)

Forthcoming Events

- NIPFP is organizing the 15th Refresher Training Programme in Public Finance for University and College Teachers from 5-16 June 2023. For more details visit <https://www.nipfp.org.in/events/>

Published by

National Institute of Public Finance and Policy
18/2, Satsang Vihar Marg, Special Institutional
Area, New Delhi 110067.