

# NIPFP Newsletter

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## Research Projects Completed

- **Third-party Assessment of Estimation of Gross State Domestic Product (GSDP) of Puducherry. March 2022-October 2022** (Sponsored by Government of Puducherry)  
- Amey Sapre

**Objective:** Report on assessment of sources and methods of estimation of GSDP and on areas of improvement for compiling GSDP estimates. The assessment covers basic national account aggregates, such as GSDP by sectors, data sources and method of allocation of value added estimates and methodology for preparing advance estimates of GSDP.

## Working Papers

- Priyanta Ghosh and Sukanya Bose, September 2022, **Estimating the Excess Demand for Government Schools in Delhi: How much capacity creation is necessary?** NIPFP Working Paper No. 387

**Abstract:** The estimation of demand for public schooling remains a neglected field in school planning of Delhi, even though supply trails demand by a huge margin. This paper underlines the very substantial expansions and investments necessary to accommodate the excess demand for government schools in Delhi. The empirical estimation takes into account various sources of demand for expansion: (i) within the existing government schools that are facing supply shortages, often of an acute variety; (ii) arising from children now attending low fee private schools, and, (iii) from children in school age groups, but out of school. Population growth over the next five years representative of future demand in the fringe areas of Delhi is also factored in. The estimates indicate that the

expansion required is a mammoth doubling of existing capacities in government schools, 107% increase on existing capacity. Based on estimated excess demand, 632 composite and 275 primary government schools separately need to be established. With the present level of public expenditure on education at 1.4% of GSDP for Delhi, this entails an increase in expenditure on education by 50% of the existing levels. That is, a very significant push in public expenditure is necessary for meeting the excess demand for public schooling.

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- Sacchidananda Mukherjee, August 2022, **Analysis of State Budgets 2022-23 of Major States in India.** NIPFP Working Paper No. 386

**Abstract:** After two consecutive years (2019-20 and 2020-21) of fiscal stress, state finances in India show sign of improvement in 2021-22RE. With rising economic growth, revenue mobilization has improved which helped states to increase expenditures during 2021-22. To cope up with the revenue stress and rein in deficits and debts, states have contained growth in expenditures during 2019-21. Despite all efforts consolidated fiscal deficit of 18 major states went up from 2.49% of aggregate GSDP in 2018-19 to 2.56% in 2019-20 and 3.89% in 2020-21. Consolidated public debt of 18 states increased from 19.66% of GSDP in 2018-19 to 20.53% in 2019-20 and 23.04% in 2020-21. States received GST compensation from the GST compensation fund which helped them to contain revenue and fiscal deficits. States also received back-to-back loans in lieu of shortfall in GST compensation fund from the Centre during 2020-21 and 2021-22 which helped them to contain public debt. Given the growth prospects of GSDP in 2022-23, overall revenue side of State Budgets 2022-23 seems realistic as states have

set cautious targets in revenue mobilization. It is also to be highlighted that states have taken into account fiscal implications of the end of GST compensation regime in the budget estimates of 2022-23. States have resumed following the path of fiscal consolidation post COVID-19 pandemic. Successes in achieving revenue as well as expenditures targets set in the budget of 2022-23 could help states to control deficits and debts.

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- Sacchidananda Mukherjee, July 2022, **Revenue Assessment of Goods and Services Tax (GST) in India**. NIPFP Working Paper No. 385

**Abstract:** Indian GST completes five years on 30 June 2022. Revenue assessment is important to assess the success of GST in protecting revenues of the Union as well as state governments. By compiling comparable revenue streams for pre- and post-GST regime, we compare the revenue performance of GST for the period 2005-06 to 2021-22RE. Our analysis shows that both the Union and state governments as prevalent prior to introduction of GST. In the post GST compensation regime, some states may face revenue stress. States where dependence on GST compensation (as measured by the share of GST compensation in SGST) as well as the share of SGST in own tax revenue are higher (e.g., Goa, Punjab and Chhattisgarh), they may face relatively higher revenue stress than other states.

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## Policy Brief

- **Macroeconomic Forecasts and Fiscal Policy Challenge** Sudipto Mundle, Rudrani Bhattacharya, and Dinesh Kumar Nayak, September 2022 No. 40

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## NIPFP Events

- **Conference on Impact of GST on Indian Economy**, November 28-29 2022, New Delhi

The objective of the Conference is to bring together scholars, policy practitioners and tax officials engaged in research and administration of Goods and Services Tax (GST) in India.

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