



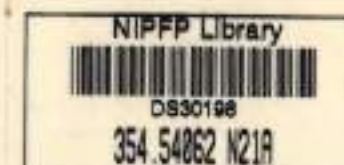
# Annual Report

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1995-96



NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY  
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## *Annual Report 1995-96*

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### **I. Introduction**

The National Institute of Public Finance and Policy (NIPFP, alternately referred to as the Institute) came into existence 20 years ago. It had been conceived of as an autonomous institution designed to work primarily in the area of public economics, without, however, excluding from its scope major issues of policy in other related areas. Its mandate is three-fold: to conduct research, to give policy advice and to impart training to Government officials in the Centre and the States working in the area of public finance.

Over the years, NIPFP has undertaken all three functions to the best of its ability. A substantial part of its work in the earlier years was in the area of taxation. Such work took the form of commissioned studies of State tax systems, participation in governmental committees and background research work for government committees and commissions such as a major study on domestic trade taxes. Subsequently, research began to be undertaken in various additional areas including overall fiscal scenario of the economy, scope of the underground economy, issues in expenditure control and management, direct and indirect cost of Central and State subsidies, impact of tax incentives on small scale industry, pattern of health expenditure, cost of pollution abatement in selected industries, rural and urban finances, and others. Sources of funding have included the Ministry of Finance, Ministry of Health, Ministry of Environment and Forests, Ministry of Rural Areas and Employment, Ministry of Urban Affairs and Employment, Ministry of Industry, Planning Commission, State governments, United Nations Development Programme, Canadian International Development Agency, Ford Foundation, and others. The Reserve Bank of India (RBI) and Housing Development Finance Corporation (HDFC) have funded non-project related faculty Chairs to support research in associated areas of interest.

NIPFP started its training programme in 1979. The first course was for sales tax officers of State governments on sales tax administration, subsequently conducted annually. In time, other training courses were offered for Indian Administrative Service officers, income tax officers, excise officers, and officials of State governments on a range of issues focussed on fiscal policy and fiscal federalism. In 1995-96, in particular, courses on value added tax (VAT) were held in different States which expressed interest, in reflection of the recommendations of the State Finance Ministers' Committee on Sales Tax Reform.

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## II. The Year under Review : 1995-96

The main research areas that were covered in 1995-96 were: (1) taxation and tax policy, referring especially to reform in the structure and administration of personal and corporate income tax, customs, excise, and State-level and local-level taxes, as well as the impact of tax incentives on the small scale sector; (2) public expenditure, with particular reference to the analysis of trends and structural shifts, as well as its management and control; (3) fiscal policy, including analyses of the overall fiscal scenario and policy ramifications thereof, as well as the issue of public debt, in particular estimates, sources and impact on macro-economic stabilisation; (4) fiscal federalism, relating to the division of fiscal powers between the Centre and States, and States and local governments, problems of inter-jurisdictional spillovers, and issues of tax harmonisation; (5) rural and urban economics and finance, covering a broad spectrum of such themes as housing finance and the reform of the finances of urban and rural local bodies and institutions; (6) financing social sector and public and merit goods, for example, health financing and health insurance; and (7) environmental economics, examining the use of fiscal instruments for environmental management and improvement. The research was conducted under the auspices of various grants in the context of policy advice in governmental committees, for government and NIPFP organised seminars, and as individual academic endeavours.

NIPFP was involved in policy advice to government both at the Central and State levels. Faculty chaired or served as members in various committees, task forces and working groups during 1995-96. These included those in: (1) the Ministry of Finance: State Finance Ministers' Committee on Sales Tax Reform, Expert Group to Study Taxation of Inter-State Sales, Inter-Ministerial Group to Study the Problem of Rising Interest Payments by Government of India, Customs and Central Excise Advisory Council, and Central and Regional Direct Taxes Advisory Committee; (2) The Planning Commission: Steering Group on Financial Resources, and Working Groups on the Centre's Resources, Tax Policy, Expenditure Policy, States' Resources, Urban Water Supply and Sanitation Sector, and Rural Water Supply, Sanitation and Housing for the Ninth Five Year Plan; (3) Ministry of Rural Areas and Employment: Resource Group and, subsequently, Advisory Group on Augmentation of Resources (set up in the context of the NIPFP's role as the secretariat for background research for State Finance Commissions); (4) Ministry of Environment and Forests: Task Force to Evaluate Market Based Instruments for Industrial Pollution Abatement; and (5) Central Statistical Organisation (CSO): Expert Group on Savings and Capital Formation. Faculty members also provided policy advice in their individual capacities to chambers of industry and commerce, at their invitation, for example, to ASSOCHAM, FICCI, CII and their various chapters.

During the year, NIPFP organised several training programmes. At the request of the Department of Personnel and Training, Government of India, it held two training courses for senior IAS officers on Centre-State fiscal federal relations and on fiscal policy. In addition, it conducted a course on the VAT for sales tax officials from all States as well as four other courses on the VAT in selected States at their invitation. In its seminar series in which research findings were presented by NIPFP faculty as well as international visitors, invited participants included external researchers and officials from various government departments.

NIPFP activities were undertaken with professional enterprise, dedication and enthusiasm. As it completes its twentieth year, however, there are urgent needs for revamping its infrastructure, such as library, computer and building—including carrying load of electricity—facilities. Future performance at the established level of competence which has made NIPFP a research organisation of impeccable repute is likely to be dependent on the fulfilment of these needs. A proposal detailing these needs and delineating plans for future development has been submitted to the Ministry of Finance.

Dr. Parthasarathi Shome, took up the post of Director on June 1, 1995. He followed Dr. Raja J. Chelliah, Director, 1976-85, and Dr. Amaresh Bagchi, Director, 1985-95. There was no change in the membership of the Governing Body of the Institute, with Dr. Raja J. Chelliah as its Chairman. A list of Governing Body members appears in Annexure I.

## III. Research Activities

Research activities are organised under three Units and six Cells.

### ➤ DIRECT AND INDIRECT TAXES CELLS

The Direct and Indirect Taxes Cells have worked conjointly for operational purposes.

❑ *The Direct Taxes Cell undertook a study on "Evaluation of the System of Deduction of Income Tax at Source". The study was one among a broad range of studies on tax administration sponsored by UNDP (henceforth referred to as UNDP project).*



□ The Indirect Taxes Cell completed studies requested by the Central Board of Excise and Customs, Ministry of Finance, on "Incidence of Major Indirect Taxes in India", "Modified Value Added Tax (MODVAT): Development, Structure and Revenue Productivity" and "Modvat : Short-term Administrative Reforms". Other studies on indirect taxes under the UNDP project are in various stages of completion. The study "Capacity Building for Sales Tax/VAT in Andhra Pradesh" is nearing completion; and work has already been initiated on the study "Customs Administration Reforms". Others on sales tax reform in Maharashtra and smaller indirect taxes in Orissa and Punjab are ongoing. Under a Ford Foundation grant, a study on tariff reform was completed.

□ In July 1995, the Government of India, extended the tenure of the Working Group on Mid-term appraisal of Financial Resources for the Eighth Five Year Plan to undertake resource assessment for the Ninth Plan. NIPFP was involved in this exercise. Two NIPFP teams drafted the Report of the Working Group on "Tax Policy for the Ninth Five Year Plan", and the "Report on the Base Line Scenario - Central Government Fiscal Projections for the Ninth Five Year Plan", at the instance of the Planning Commission.

□ Committee work under the sponsorship of the Ministry of Finance continued in three areas: (1) Committee of State Finance Ministers on Sales Tax Reform and Monitoring the Progress of Sales Tax Reform; (2) Committee of State Finance Ministers on Stamp Duty Reforms; and (3) Group of Officials and Experts to Study the Problem of Taxation of Inter-State Sales. In addition, the Ministry financed a study to develop a framework for restructuring public expenditure.

- *Evaluation of the System of Tax Deduction at Source (in draft)*  
 □ Parthasarathi Shome, Pawan Aggarwal and Kanwarjit Singh

This study constitutes a part of the UNDP project. Tax deduction at source (TDS) is an instrument designed for quick and smooth collection of tax and to enforce compliance with the tax laws. Enforcing a scheme of TDS requires evolving suitable procedures, and infrastructure for monitoring, cross-verification and quick disposal of refunds. Absence of adequate procedures or infrastructure leaves scope for misuse of the provisions of the scheme and/or harassment of those claiming refunds. It is in this context that this study is critically examining the operation of the scheme of TDS.

- *Incidence of Major Indirect Taxes in India (August 1995)* □ Pawan K. Aggarwal

Sponsored by the Ministry of Finance, this study using data relating to 1989-90, develops a methodology for estimating effective rates of commodity taxes with only partial credit for taxes paid on inputs. Effective tax rates have been estimated for all major commodity taxes in India, namely, customs duties, Union excise duties and

sales tax. These effective tax rates have been used for computing incidence of these taxes on consumers in rural as well as urban areas.

The study indicates high incidence of input taxation with contribution of sales tax as highest. The contribution of customs duties and Union excise duties can be expected to have reduced due to recent rationalisation of the structures of these taxes along with reduction in the duty rates. It is hoped that States will follow suit in rationalising their sales tax structures with a view to mitigating incidence of input taxation. A switch from cascade type sales tax to VAT appears to be the only feasible option available to the States.

The study also indicates a large variation in the incidence of these taxes on different commodities. The incidence varied between 3-40 per cent on most commodities and between 3-12 per cent on necessities. It was relatively lower on food items than on non-food items, and between food items, it was lower on cereals.

Further, the study reveals that overall incidence on consumers was slightly lower in rural areas (11 per cent) than in urban areas (12 per cent), even though the distribution of the burden of these taxes is found to be progressive in rural as well as urban areas.

- *India : Tariff Policy Reform and Impact on Protection : 1987-88 to 1993-94 (in draft)* □ Hashim Saleem

Funded by the Ford Foundation, this study aims at assessing the performance of the tariff reform by looking at the extent of rationalisation of the tariff and non-tariff barriers by the year 1993-94. The main findings of the study are — (1) There has been a decline in dispersion in the tariff rates, along with a decline in the average rate of tariff. (2) There is a decline in both the nominal rate of protection and the effective rate of protection between 1992-93 and 1987-88. (3) Exporting and non-competing import industries get higher protection than the nominal rate of protection as revealed by the nominal duties. (4) When the figures of the nominal rate of protection and the effective rate of protection are corrected for overvaluation of the exchange rate, the trends are reversed between 1992-93 and 1987-88. (5) The collection rates and the official tariff rates are not related, implying the presence of various exemptions.

- *Modified Value Added Tax (MODVAT): Development, Structure and Revenue Productivity, 1995-96 (January 1996)* □ Parthasarathi Shome, Pawan Aggarwal, and Mahesh C. Purohit

This study was requested by the Ministry of Finance with a view to analyse emerging trends in revenue from Union excise duties specifically following recent



rationalisation of the scheme of MODVAT and its extension to raw materials and capital goods. The study attempts at identifying the impact of these recent changes on the revenue receipts from Union excise duties through a simulation exercise, and indicates factors responsible for decline in growth of revenue experienced in 1995-96.

The study points out that the dampening impact on revenue, of recent changes, was imminent, and makes recommendations for further rationalisation of the structure of Union excise duties. The main recommendations include: (i) extension of the MODVAT scheme to tobacco and its products, (ii) conversion of specific rates (being levied currently on some commodities) into ad valorem rates, (iii) reduction in the number of rates to three or four, (iv) reduction in the number of exemptions, and (v) levy of sumptuary excises on a few commodities, on turnover basis, which will yield much needed additional revenue, and will also have the salutary effect of protecting health and the environment.

- *MODVAT: Short-Term Administrative Reforms (March 1996)* □ Parthasarathi Shome, Sukumar Mukhopadhyay and Hashim Saleem

This study was also requested by the Ministry of Finance and funded under the UNDP project to analyse the operation of the MODVAT scheme and suggest measures for achieving efficiency in administration of the scheme. The study was based on substantial input from organisations representing industry and officials from Excise Department. It focused on identifying techniques used for making fraudulent claims of MODVAT credit, and suggested measures for improving administration in the short-run.

The study indicated that most of the detected offences were of procedural or technical nature. While 7 per cent of the cases were found to be of substantial importance, only 6 per cent of the cases were identified to be of a fraudulent type. Many pertinent recommendations for appropriate improvements in MODVAT administration were made, including the replacement of the list of items for which MODVAT credit is currently given, by a Negative List of items for which MODVAT credit would not be allowed, and the simplification of the definition of manufacture in whose absence the system is subject to a number of litigations.

- *Base Line Scenario — Central Government Fiscal Projections (January 1995)*  
□ Parthasarathi Shome, Hiranya Mukhopadhyay, Kavita Rao and Hashim Saleem

The exercise was carried out in response to a request made at the first meeting of the Planning Commission Steering Group on Financial Resources for the Ninth Five Year Plan to develop a base line scenario — without additional measures — for the fiscal sector of Central Government. The projection exercise was carried out for the period 1996-97 to 1999-2000. Revenue projections were based on estimated buoyancies (other than customs). In order to compute buoyancies, data for 1985-86

to 1995-96 were used. Customs revenue projections were based on an estimated import demand function. Various assumptions drive the expenditure projections such as social expenditures, the expected impact of the Fifth Pay Commission, the projected service cost of public debt, and so on.

- *Report of the Working Group on Tax Policy of the Steering Group on Financial Resources for the Ninth Five Year Plan, Planning Commission (in draft)*  
□ Chaired by Parthasarathi Shome, and co-authored

This report identifies a wide array of tax policy measures that would need to be implemented for the purpose of additional resource mobilisation for the financing of the Ninth Five Year Plan. For the exercise, the Planning Commission had indicated that additional resource mobilisation of 3 per cent of GDP should be taken as the benchmark. In the process, the report points towards those areas in which fundamental tax reform needs to be carried out, in particular, with the objective of widening the tax base.

For the major taxes, revenue projections — mainly based on their respective buoyancies — were attempted for the plan period. Two scenarios indicated by the Planning Commission were utilised for the projections. One was an optimistic scenario of 7 per cent real growth and 8 per cent inflation. The other was a more cautious scenario of 6 per cent real growth and 7 per cent inflation. It was found that under the two scenarios, buoyancy-generated Central Government (including States' share) tax revenue increase would be 1.0 per cent and 0.8 per cent of GDP, respectively, while States' own tax revenue would increase by about 0.2 per cent of GDP under the optimistic scenario. Thus, the report suggests specific measures to raise additional resources to meet the overall benchmark of additional revenue mobilisation of 3 per cent of GDP, as indicated by the Planning Commission (to the extent of 2 per cent at the Central Government level and 1 per cent of GDP at the State Government level), for the Ninth Plan.

- *Other Ministry of Finance - sponsored Committee and Research Work*

A report of the Committee of State Finance Ministers on Sales Tax Reform, for which NIPFP was the secretariat (Convener: Raja J. Chelliah), was submitted to a Conference of State Finance Ministers called by the Union Finance Minister in New Delhi, December 1996. Subsequently, a Committee of State Finance Ministers for stamp duty reform (Convener: Raja J. Chelliah) and a Group of Officials and Experts (Chairman: Parthasarathi Shome) to study the problem of inter-state sales taxation commenced work. Finally, a group of NIPFP staff continued their study under the guidance of Raja J. Chelliah on a framework for restructuring public expenditure for the time period 1995-96 to 2002-03.



## RESERVE BANK OF INDIA UNIT

□ The Reserve Bank of India Unit completed a report on "Presumptive Direct Taxation", and undertook a collaborative study with ISEC, Bangalore on "A Prototype Calculation of a Land-Based Presumptive Tax on Agricultural Income". These studies were sponsored by the above-mentioned UNDP project. A study on "Rural Fiscal Devolution" was completed for the Third Meeting of State Finance Commissions. A study on internal debt sustainability was undertaken, funded by the Ford Foundation (henceforth referred to as the Ford Foundation grant). Related studies on inflation, financial programming and poverty indices in India were also undertaken under this umbrella.

- *Report on Presumptive Direct Taxation (August 1995)* □ Indira Rajaraman and Kanwarjit Singh

Funded by the UNDP project, this report recommends the use of presumption as one way by which to increase the universe of taxpayers, and thus achieve sustainable fiscal correction in India. Presumption may be theoretically second-best to the ideal direct tax, based on self-declared income actuals with personalised deductions. But this ideal is not possible to achieve or even approach in developing countries like India, where a large volume of business is transacted in cash, and is not routed through the banking system. Faced with a consequent insufficiency of information records of the kind required for verification of self-declaration, enforcement of compliance becomes next to impossible especially in certain sectors and occupations. It is here that the need arises for base-broadening supplements to conventional direct taxation. The report examines the reasons for the failure of presumptive experiments in India, and points out that the Rs 1400 alternative flat levy is not in fact an example of a presumptive levy since absolutely no presumption of any kind is involved. The report also recommends the use of asset-based presumption for the corporate sector, as a way by which to combat the phenomenon of zero-tax companies.

- *A Prototype Calculation of a Land-Based Presumptive Tax on Agricultural Income (ongoing)* □ Indira Rajaraman and M.J. Bhende

This study also constitutes a part of the UNDP project. With the ongoing search for sources of revenue for Panchayat bodies, it is clear that the time has come to give concrete shape to a land-based presumptive tax on agricultural incomes. What makes it politically feasible now is that the levy can be collected by rural local bodies specifically charged, under the Eleventh Schedule, with functions such as land improvement, soil conservation, minor irrigation and watershed development, functions lying at the heart of agricultural practices and productivity.

The aim of the exercise is to provide a sample calculation that will give some indication of the range of possibilities in terms of rates of levy. No attempt will be made to obtain market values of land, since market value incorporates location parameters such as nearness to urban agglomerations, unrelated to potential income from use for agricultural purposes. The objective will be to develop crop-specific levies on land calibrated in physical units, stratified by the relevant parameters.

- *Issues in Rural Fiscal Devolution (November 1995)* □ Indira Rajaraman and Amaresh Bagchi

The 73rd and 74th Amendments to the Indian Constitution have mandated rural and urban local bodies, respectively, as a means of empowering the people. The mammoth task of devising a corresponding fiscal structure lies before the State Finance Commissions. This paper, prepared as a background study to support the HDFC Unit in its role as secretariat for State Finance Commissions, examines issues that arise in the context of rural fiscal devolution, a context quite distinct from the urban for three reasons: the three-layered structure of rural governance; the lower taxable capacity in rural areas; and the very much larger number of bodies in rural areas than in urban areas. Recommendations are made on the basis of what can be argued to promote rather than retard the eventual objective of decentralised governance and local empowerment.

- *Debt Sustainability (ongoing)* □ Indira Rajaraman

This study is being funded under the Ford Foundation grant. The exploration of debt sustainability in the existing literature has not been carried much beyond formally establishing that the debt/GDP ratio will not stabilise unless there is eventual, or expectation of eventual, sign reversal in the primary fiscal balance. One possible direction for research is forecasting of ex ante real interest rates on government debt instruments so as to establish time markers for sign reversal. This is being attempted using a software package developed at LSE called STAMP, which enables the imposition of a prior structure in terms of time series components, unlike ARIMA models where structural components cannot be exogenously imposed, or extracted from a forecast. Conventional regression models are also structural, but STAMP offers the advantage of providing for stochastic trend, seasonal and cyclical components.

- *Determinants of Indian Inflation (in draft)* □ Sheetal Chand

This study, funded under the Ford Foundation grant, attempts to estimate a satisfactory equation for Indian inflation. The estimated equation captures three important determinants of aggregate inflation, namely, inertia inflation, exogenous rise in administered prices and excess demand prevailing in the economy.



- *Financial Programming and the Poverty Index (ongoing)* □ Sheetal Chand, Sunil Ashra and Hiranya Mukhopadhyay

The estimated inflation equation mentioned above is a part of a wider study under the Ford Foundation grant, which seeks to integrate the movements in various fiscal variables and growth in per capita real income with the changes in various poverty indicators (rural and urban separately). The inflation equation is used to derive growth in real income from the estimated growth in nominal income.

#### • HDFC UNIT & SFC CELL

The HDFC Unit and SFC Cell have worked conjointly for operational purposes.

□ The HDFC Unit undertook a study on "Administration and Enforcement of Property taxes" under the UNDP project. It completed studies on "Housing Subsidies in India", and "Property Tax Potential in Delhi and Bombay", both for the Planning Commission.

□ The SFC Cell undertook a study "Redefining State-Municipal Fiscal Relations: Options and Perspectives of the State Finance Commissions". This study was sponsored by the Planning Commission. A study under the UNDP Project on "Intergovernmental Transfers at Subnational Levels with reference to Grant Codes" is presently being undertaken. A format to standardize the system of maintaining finance data at local levels (both rural and urban) from panchayats and municipalities is currently being designed. This project has been financed by the Ministry of Urban Affairs and Employment.

□ An Advisory Group with financial support from the Ministry of Rural Areas and Employment was set up at NIPFP to provide support to the State Finance Commissions. The Local Finance Research Cell served as the secretariat for four of the five Working Groups set up to assist the State Finance Commissions. These were: (i) Working Group on local finance data base, (ii) Working Group on functional domain of local bodies with reference to Plan and Non-Plan activities, (iii) Working Group on augmentation of resources, (iv) Working Group on transfers to local bodies.

- *Redefining State-Municipal Fiscal Relations: Options and Perspectives of the State Finance Commissions (May 1995)* □ Om Prakash Mathur and Kamlesh Mishra

Undertaken at the behest of the Planning Commission, this study has made an indepth study of 274 municipal bodies in India. The underlying purpose of this study was to place before the State Finance commissions (set up in pursuance of the Constitution Seventy-fourth Amendment, 1992), a paper that would inform them

about: (i) the kind of data base that existed at the level of municipal base; (ii) what use could be made of such a data base; and (iii) what kinds of problems and issues confronted the municipal bodies.

The report of the study was discussed in the third meeting of the State Finance Commissions held in July 1995. The report also consists in Vol. II, of a set of proposed proforma for the municipal bodies to use for maintaining finance data, and Vol. III, the raw data of the sampled municipal bodies.

- *Economic Reform and the Stamp Act (May 1995)* □ P.S.A. Sundaram and S. Gopalakrishnan

Sponsored by the Ministry of Finance (Department of Revenue), this study report, a draft of which was discussed in a meeting of the State Ministries of Finance in December 1995, has proposed amendments to the Indian Stamp Act and States Stamp Act, in the light of the new economic policy. An important perspective of the proposed amendments is that the amended Acts should not hamper economic growth and the structure of duties should be so designed as to minimize the regressive effects.

This draft report is now under consideration of a Committee of State Finance Ministers. NIPFP is providing back up services to this Committee.

- *Housing Subsidies in India (March 1996)* □ Rita Pandey P.S.A. Sundaram  
S. Gopalakrishnan C. Bhujanga Rao

The study was sponsored by the Planning Commission, Government of India. The main objectives of the study are: (i) to estimate the volume and composition of housing subsidy flowing from the Central government, identify weaknesses, and suggest changes to make the subsidy system more transparent and equitable; and (ii) an in-depth study of housing subsidies in the two States, Andhra Pradesh and Tamil Nadu and examine what changes in policies and programmes should be brought about for the subsidy programmes to be more effective and efficient. The main suggestions of the study are—

- ① The method of providing funds for social housing schemes should be direct and measurable. For subsidy flows to be transparent, it is necessary to improve the existing information system of agencies undertaking the implementation and financing of subsidised housing programmes.
- ② The present anarchy of rents in relation of cost of staff housing both in public and private sector be removed and replaced by a more rational structure in which rents would be set at a realistic level with housing subsidy given only through income related allowance.



③ Due to the fact that tax subsidy is skewed towards the higher end of the income distribution it is necessarily biased against the lower end of the income distribution. Therefore, tax policy is not an appropriate policy to improve house ownership opportunity for most households in India. Hence, reliance on income tax concessions be lowered. Also, present bias against rental housing due to relative heavy taxation of rental housing *vis-a-vis* self occupied housing needs to be removed. Housing finance institutions should be required to reserve the savings accrued on account of provisions of Section 36(1)(viii), for social housing.

④ Non-recovery of loan/interest/rent is an important factor adversely affecting the sustenance of public housing programmes. The principle of full loan recovery should be applied uniformly to all activities irrespective of the differentiation of activities by income groups.

- *Guidepoints for the State Finance Commissions (October 1995)* □ Om Prakash Mathur and Kamlesh Misra

The HDFC Unit served as the secretariat for the following four (of a total of five) Working Groups, set up to assist the State Finance Commissions. The Working Groups were—

- Working Group on Local Finance Data Base
- Working Group on the Functional Domain of Local Bodies, with reference to Plan and Non-Plan Component of Expenditure
- Working Group on the Augmentation of Resources
- Working Group on Transfers to Local Bodies.

The final reports of these Working Groups, prepared in the Unit, were compiled, and discussed in the fourth meeting of the State Finance Commissions held in November 1995.

- *Potential of Property Taxes in Indian Cities (January 1996)* □ Om Prakash Mathur and Kamlesh Mishra

The purpose of this study was to estimate the potential of property taxes in two cities, namely, Bombay and Delhi. This study undertaken on behalf of the Planning Commission grew out of the overall perception that the actual yield from property taxes was a fraction of the potential; the study was to provide an estimate of the untapped portion of the potential. While the conclusions of the study confirmed the existence of untapped potential, it also revealed the data constraints in undertaking

such a study. For example, there exists no proper count even in cities such as Bombay and Delhi of the number of properties, or their use; or the number of properties that stand exempted from payment of taxes; or the number that fall under the Rent Control Act.

- *Economic Instruments for Environmental Sustainability (in draft)* □ B.C. Barah

This is a joint study of NIPFP, the Madras School of Economics and the World Resources Institute (Washington D.C.), whose main purpose is to explore the possibility of using economic instruments for urban environmental improvement. The study is looking at three types of environmental pollution - relating to: (i) air, (ii) water, and (iii) solid waste. Drafts are under preparation.

- *Administration and Enforcement of Property Taxes (ongoing)* □ Om Prakash Mathur and Kamlesh Misra

The purpose of this study is to simplify the existing administrative and enforcement procedures in respect of property taxes. Data on the existing procedures have been collected from four cities, namely: Madras, Hyderabad, Ludhiana, and Cuttack. This study forms a part of the UNDP project on Policy Studies on Economic Reforms.

- *Formats for Data Collection from Panchayats and Municipalities (November 1995)* □ Om Prakash Mathur, Kamlesh Mishra, Sandip Thakur and Chandni Watal

In an effort to standardize the system of maintaining finance data at local levels (both rural and urban), formats were developed in the SFC Unit, and forwarded to the Ministry of Rural Areas and Employment (November 1995) and the Ministry of Urban Affairs and Employment (June 1995). These have also been circulated to State governments for vating and adoption. ✓

#### 4. INDUSTRY CELL

□ The Industry Cell completed a study on "Central Fiscal Incentives and Concessions to Small Scale Industries: Impact on Growth and Structure". This study was sponsored by DC & AS (SSI) Ministry of Industry, on the recommendation of the Public Accounts Committee.

- *Central Fiscal Incentives and Concessions to Small Scale Industries: Impact on Growth and Structure (March 1996)* □ Charu C. Garg S.K. Sanyal  
S.T. Nagarathinam K.R. Pandit

The study was sponsored by DC&AS (SSI), Ministry of Industry on the



recommendations of PAC. The objective of the study was to enquire whether the Central fiscal incentives provided to the small scale industry are rational and well defined, and till what point the support is rational and justified. The study involved exploring the existing data sources as well as ascertaining the impact of the central fiscal incentives through a sample survey of registered SSI units.

The major findings of the study are that SSIs may require selected incentives to survive and grow as they are not only at a disadvantage *vis a vis* other industries but also show reasonably good performance in terms of productivity indicators. It is emphasised that in the short run some tax incentives need to continue, but over the long run non tax incentives like infrastructural development and initial finance should be the focus. Emphasis should be on developing strong horizontal and vertical linkages.

#### STATE FINANCES UNIT

*The major activities of the Unit during the year have included a comprehensive study of fiscal federalism in India, the continuation and updating of the Public Finance Information System (PFIS), and drafting a paper for a seminar on expenditure control management jointly organised by the Department of Expenditure and NIPFP.*

- *Fiscal Federalism in India — Theory and Practice (May 1995)* □ M. Govinda Rao and Tapas K. Sen

The paper takes a critical look at the constitutional factors, institutional environment and practices adopted in the area of intergovernmental fiscal relations in India, focusing on Centre-State relations. Eschewing the traditional approach of confining attention to the Finance Commission and the Planning Commission and critically evaluating their awards, the study adopts an issue-based approach by discussing theoretical underpinnings and prescriptions *vis-a-vis* the prevailing realities with respect to specific issues like assignment of revenue sources and expenditure responsibilities, fiscal harmonisation, fiscal imbalance and intergovernmental transfers. This study was sponsored by the Canadian International Development Agency. The unit organised a conference at New Delhi in May 1995 to discuss the draft papers and reports prepared under the overall project.

- *Public Expenditure Policy and Management in India : A Consideration of the Issues (March 1996)* □ Parthasarathi Shome, Tapas K. Sen and S. Gopalakrishnan

The paper attempted a *tour de horizon* of the major expenditure policy concerns as well as expenditure and debt management issues in India today. It also summarised selected principles and arrangements of expenditure management at different levels

of government, using illustrative cross-country examples. It pointed towards the major areas needing improvement in the case of India in light of the continuing high fiscal deficit to GDP ratio and its long run ramifications for public debt.

#### Updating PFIS Database

PFIS, being a database on government finances of selected States and the Centre, needs regular updating and the Unit has been doing it with cooperation from the State and Union governments. These data are meant for internal use in the analysis of government finances, and have been extensively used by internal researchers. It is now planned to take up specific issues for analysis using the data from PFIS on a regular basis. The first of this planned series, a study of the State level indebtedness and interest liability, is underway.

#### Ongoing Studies

The Unit is also engaged in a study of the impact of Central grants on the States' public expenditure as a part of the above-mentioned Ford Foundation grant, and on the State-level profession tax as a part of a broader study of tax administration in India, funded by the UNDP.

#### ENVIRONMENTAL POLICY CELL

□ The Environmental Policy Cell is conducting the bulk of the analytical research for the "Task Force to Evaluate Market-Based Instruments for Industrial Pollution Abatement", set up by the Ministry of Environment and Forests. The projects undertaken in this Unit have been sponsored by the same Ministry. Industry-specific studies relating to Fiscal Instruments for Water Pollution Abatement have been examined for the sugar and distilleries industries. EPC was also involved in assisting the Working Group on Tax Policy of the Steering Group for the Ninth Five Year Plan. The creation of the Environmental Policy Cell (EPC) in 1995 reflects the Institute's emphasis on diversifying into important areas of public policy such as the environment.

- *Fiscal Instruments for Pollution Control - A Study of Sugar Industry (in draft)* □ Rita Pandey

Environmental pollution is generally viewed as a negative externality, which is an important source of "market failure". Taxes and Standard approach is one among the available approaches for internalisation of externalities. This approach advocates that instead of relying on the market to set prices of environmental resources, the regulator may set price/charge for the same through legislation. For the given pollution standards the tax rate is fixed at a level where it is equal to the marginal cost of abatement at the allowable pollution level.

The primary goal of this study is to estimate the marginal abatement cost



function. The study demonstrates a methodology of determining the pollution tax rates to effectively enforce the existing source standards for water quality. The analysis in this study points out the loophole in the existing legislation (MINAS) and suggests that the pricing of water be rationalised. Further, pollution tax would require periodic revisions based on considerations such as firms' response, inflation, advent of new technology (changes in firms' production function).

- *Fiscal Instruments for Pollution Control - A Study of Distillery Industry (ongoing)* □ Rita Pandey

A similar exercise is in progress for the distillery industry. The preliminary results shows that the water pollution abatement in distilleries is more difficult than in the case of sugar industry. Further, many firms are undertaking only the primary treatment of effluents which generates substantial recoveries.

- *Task Force to Evaluate Market-Based Instruments (MBIs) for Industrial Pollution Abatement, Ministry of Environment and Forests (ongoing)*  
□ Chaired by Parthasarathi Shome, and to be co-authored

The Cell is conducting the bulk of the analytical research for the Task Force. The Task Force has been appointed by the Ministry of Environment and Forests to review the industrial pollution abatement regime in India, and suggest market-based instruments for pollution abatement. The analytical work entails conducting studies on the use of fiscal instruments for the control of air and water pollution. This includes, *inter alia*, estimation of abatement cost functions for air and water pollution using primary data collected for this purpose. In the case of water pollution, abatement cost functions are being estimated on a industry-by-industry basis. In addition, the cell is organising hearings on MBIs throughout the country, as well as coordinating the work of other agencies and individuals represented on the task force.

#### □ Ongoing Projects

The EPC is working on the administration of environmental regulations as a part of the above-mentioned UNDP project. In particular, the administrative feasibility of environmental taxes and charges. In addition, it proposes to undertake research on the valuation of environmental amenities using contingent valuation and other methodologies for agencies such as the Central Pollution Control Board (CPCB).

#### △ HEALTH ECONOMICS CELL

□ The activities of the Cell included preparation of project related studies, presentation of research papers in conferences as well as data collection relating to health indicators for the last 20 years, as well as Plan and non-Plan health expenditures in various States.

#### □ Completed Reports and Monographs

- *Utilisation Pattern and Financing of Public Hospitals: A Report (August 1995)*  
□ S.K. Sanyal and V.B. Tulasidhar

The main purpose of this study, sponsored by the Ministry of Health and Family Welfare, was to examine the utilisation and financing of secondary and tertiary government hospitals (having 100 beds or more) with a view to ascertaining the efficacy of use of resources and the unit costs. Its main findings are (i) the secondary and tertiary government hospitals in India exhibit fairly high level of utilisation as measured by bed occupancy ratio, (ii) expenditure per bed or per patient vary considerably across hospitals of different sizes. The cost per patient in tertiary hospitals is Rs. 2087 as against Rs. 624 in secondary hospitals, and (iii) there is considerable inadequacy in provision of non-salary complementary inputs in small sized hospitals.

- *Feasibility of National Health Insurance in India*: paper presented at a Health Insurance seminar organised by Confederation of Indian Industry (CII), 6 October 1995.

This paper explores various Health Insurance options like National Health Services, National Health Insurance, Social Insurance and Voluntary Health Insurance. It also reviews the need for Health Insurance in India and suggests the best alternative available for India, i.e., Social Insurance where the government is there to help, but only when it is needed, and not because it must.

- *Financing of Health Care in India*: paper presented in a Meeting on Inter-Country Consultation on Health Care Financing Reforms, World Health Organisation, Bangkok Regional Office, October 1995.

The aim of the paper was to analyse trends and shares in health care expenditure by different components, inter-state variations in health care, linkages between Plan and non-Plan expenditure and allocation of resources by particular programmes and by sectors. Areas for future research which may lead to efficient and equitable financing of health care were identified.

#### □ Ongoing Projects

- *Health Insurance as an Alternative to the Present Health Care System in India?*

Sponsored by the Ford Foundation, the objective of the study is to examine the scope for National Health Insurance Scheme in India, in partial modification of the existing system. The study looks at the sources of financing health care by the Government and examines whether health insurance can be a feasible alternative to the present health care system in India. The study attempts to describe the health



care system in India, encompassing the financing, organisation and delivery aspects of health care. It briefly gives an experience of the countries whose health care systems are largely based on their respective in DOSBdevic. Implications for India are being worked out and an alternative strategy is likely to be proposed taking into account the existing schemes for the health care systems in India.

- Data-Bank for Government Expenditure on Health Sector 1985-86 to 1994-95

Sponsored by the Ford Foundation, this study presents data on financing of various health related activities by both State Governments and the Central Government. The data are presented three expenditure categories or levels comprising

- (i) Plan and non-plan expenditure under the following major heads: Revenue expenditure on Medical and Public Health (2210), Revenue expenditure on Family Welfare (2211), Capital outlay on Medical and Public Health (4210) and Capital outlay on Family Welfare (4211).
- (ii) The economic classification of plan and non-plan expenditure on sub-heads of the four major heads mentioned in (i) above.
- (iii) The plan and non-plan revenue expenditure incurred on prevention and control of disease and its economic classification.

A list of various completed and ongoing research studies and policy-oriented reports as well as NIPFP working papers appears in Annexure II, while a list of priced NIPFP publications appears in Annexure III. Selected research output of NIPFP staff as well as external visitors was presented in an internal seminar series. The list of seminars appears in Annexure IV.

#### IV. The Ford Foundation Post-Doctoral Research Fellowship Programme in Economics

This programme initiated in 1989 to provide opportunities to Indian scholars to visit universities/institutions abroad for one academic year was renewed by the Ford Foundation in December 1991 for 4 years and again in July 1995 for another 3 years beginning July 17, 1995. Under the Programme, 30 scholars in all were awarded fellowship during the period from 1989 to 1995 of which 25 have since returned after completing their tenure of fellowship and 5 are currently pursuing their research abroad. The successful fellows are selected by a Committee of eminent Indian professors, with Director, NIPFP, as Chairman.

To assess the achievement of broad goals and the impact created by the Fellowship Programme both in research and teaching fields, a two-day seminar was organised by NIPFP at New Delhi on November 6-7, 1995. Special invitees including Prof. Debraj Ray, Director, Institute of Economic Development, Boston University, and Ms. Hellene Mantell of the Institute of International Education, New York, attended the seminar which was inaugurated by Mr. David D. Arnold,

Representative, Ford Foundation. All the participants greatly appreciated the concerted efforts put in by all those connected with the programme in making it a success. Great stress was also laid in building up an effective and strong network to sustain the programme in one form or the other after the Foundation's support ceases in 1998. In fact, another seminar has been fixed for October-November 1998 as a network building effort.

#### V. Training

During the year, NIPFP organised training programmes for senior officers of the Indian Administrative Service and for officials of the Department of Sales Tax —

- Centre-State Financial Relations for the Senior Officers of the Indian Administrative Service, 18 September - 22 September 1995.
- Value Added Tax: Policy and Administration, 26 October - 10 November 1995, sponsored by the World Bank, Washington.
- Current Issues in Fiscal Policy and Economic Development for the Senior Officers of the Indian Administrative Service, 4 December - 22 December 1995.
- VAT Policy and Administration, 15 January - 19 January 1996, sponsored by the Government of Maharashtra.
- Sales Tax Administration and Principles of Value Added Tax, 5 February - 9 February 1996, sponsored by the Sales Tax Department of NCT of Delhi.
- VAT Policy and Administration, 12 February - 16 February 1996, sponsored by the Government of Madhya Pradesh.

#### VI. Library and Documentation

##### NEW ACQUISITIONS

During the year 1995-96 library added 1302 new books and reports and 311 bound volumes of professional journals. With this addition, the library has as on 31.3.96 a collection of 29111 books and reports and 2489 bound journals.

##### PERIODICALS

An addition of 4 periodicals has been made this year, raising the total number of



periodicals subscribed in the library to 187. Out of 187 periodicals 90 are Indian and 97 from overseas including those on Microfiche. In addition, the library received 70 periodicals free of cost raising the total number 257.

#### LIBRARY SERVICES

During the year 1995-96 approximately 23,260 books were issued to users. About 42 documents were loaned to other institutions and 37 borrowed through inter-library loan.

The number of external researchers, scholars and officials from India and abroad visiting the library remained high at 395.

The library continued to compile list of recent acquisitions and also monthly information on contents of journals newly received in the library. Under the photocopy service an average of 3847 pages are xeroxed per month.

#### COMPUTERISED BIBLIOGRAPHIC ASSISTANCE

Using UNESCO's CDS/ISIS (3.07) software package, the library has made arrangements for providing computerised bibliographic assistance through bibliographic database covering information held in the library. As a result, two databases viz., NICAT & NLIS have been created which are being updated regularly.

The NICAT, a computer catalogue of library holdings, was started in March 1990. From this information starting from accession no. 18501 can be retrieved on NICAT data files are being updated regularly. The computer software allows providing of standard catalogue cards. Accession list for new additions to the library holdings are also produced using the NICAT database.

The NLIS, is a computerised database of articles published in selected newspapers and magazines. From this database bibliographical information of articles on different subjects of Institute's interest can be accessed. A fortnightly bulletin called "Library Information Service" is produced using NLIS database.

This represent, however, only partial computerisation of the library. Complete computerisation of the library is being planned.

### VII. Computer Unit

#### HARDWARE

During the year two HPDJ-600 and ZyXel Modem were acquired.

#### ACQUISITION OF NEW SOFTWARE

The computer centre acquired the Windows 95, Ms office-95 and Nashsoft v3.0 during the year.

During the year the database for the PFIS system for the two subsystems RBI and Budget was loaded into the database. Further systems can not be developed because the system crashed and efforts are in progress to get the data in a readable form.

The computer centre staff was actively engaged in the analysis of survey data in the Small Scale Industries project. They were also engaged in developing software for internal administrative purposes.

NIPFP, which was linked with sirnetd for e-mail services shifted to the direct 'ernet' node of the Department of Electronics. With the installation of ernet it will be possible to use other Internet services such as FTP, www etc.

### VIII. Highlights of Faculty Activities

After the Director, regular faculty positions comprise Professor/Senior Fellow, Fellow, Senior Economist, Economist, Research Associate, and Junior Research Associate, while project related faculty comprise Senior Consultant, Consultant, Project Associate and Junior Project Associate. Annexure V lists all NIPFP staff as of 31.3.1996.

Various movements took place among faculty members during the year. Dr. Parthasarathi Shome took over as Director on June 1, 1995 from his earlier position as Chief of the Tax Policy Division, Fiscal Affairs Department of the International Monetary Fund. He took charge of the Institute's activities on both the academic and administrative fronts. Dr. Shreekanth Gupta joined the Institute in June 1995 to head the Environmental Policy Cell. Prior to his joining NIPFP, Dr. Gupta was with the Environment Department of the World Bank at Washington, DC. Dr. Kamlesh Misra joined as Fellow in July 1995. Dr. Sheetal Chand, Division Chief, International Monetary Fund, came as Visiting Professor between December 1995 and April 1996. Dr. Rita Pandey was promoted to Fellow in July 1995. Drs. Hiranya Mukhopadhyay and Kavita Rao were promoted to Senior Economist in October 1995. Dr. Amaresh Bagchi was invited to be Emeritus Professor while Dr. Raja J Chelliah continued as Professor of Eminence. Dr. Arindam Dasgupta resigned as Senior Fellow and Dr. J.V.M. Sarma resigned as Fellow in November 1995. Dr. Kavita Rao, Senior Economist, prepared for departure to Cornell University and Mrs. Hashim Saleem, Economist, to the Harvard International Tax Programme for one year each. The sad demise of Prof. K.N. Reddy occurred on 23rd January, 1996. Activities of individual faculty

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members are given in further detail below (in alphabetical order).

**Dr. Pawan K. Aggarwal, Fellow**

Dr. Pawan K. Aggarwal completed two studies: one on the "Incidence of Major Indirect Taxes in India", and the other on "Modified Value Added Tax: Development, Structure and Revenue Productivity" (co-authored). He actively participated in the training programmes of the Institute as Course Director as well as faculty. He has played a significant role in advocating replacement of Sales Tax by Value Added Tax through training programmes conducted by the Institute. Dr. Aggarwal is currently associated with the UNDP project on issues under income tax administration. In this context he visited Indonesia and Malaysia for studying the effectiveness of enforcement strategies adopted in these countries for improving tax compliance.

He assisted many governmental committees including the Study Group for Evolving a Comprehensive Computerisation Programme in the Income Tax Department.

He presented a paper on the "Recent Tax Reforms in India" at a seminar on Fiscal Reforms, held in Indonesia; and participated in the 32nd Annual Indian Econometric Society Conference and a seminar on Comparative Fiscal Federalism. He published a paper on "Comparison of Federal Fiscal Systems" in *Public Finance/Finances Publiques*, Vol. 49, No. 3. Also, two of his papers on revenue sharing and transfers were brought out as Working Papers of the Institute.

**Shri K.K. Atri, Electronic Data Processing Manager**

Shri Atri is associated with the study on "Detailed Plan for Budgetary Adjustments for the year 2000-01". He was elected member of the Managing Committee of Computer Society of India (Delhi Chapter). He is a member of the Computer Committee of the Institute.

**Prof. Amaresh Bagchi, Emeritus Professor**

Dr. Bagchi continued his association with the Institute during the year as Emeritus Professor. He took an active part in several academic activities of the Institute particularly the training programme on VAT. He supervised an ongoing project (Evaluation of Fiscal Incentives for Small Scale Industries) and helped in its completion. He gave lectures at seminars and training programmes of other institutions, and participated in conferences of the State Finance Commissions. He was also a Consultant to the Planning Commission during the year.

In July 1995, Dr. Bagchi visited Canada under a programme sponsored by the Conference Board of Canada to study the VAT system which is now operating in Canada at the federal level. Findings of his study have been incorporated in a paper *Harmonizing Sales Taxes in a Federation - Case Studies: India and Canada*, forthcoming as a Working Paper of the Institute. His paper on the Tenets of the Tenth Finance Commission was published in the *Economic and Political Weekly* in August 1995, and he wrote some others for newspapers. In May 1995 he presented a paper on *Intergovernmental Fiscal Relations in India and Indonesia* at an international conference held at Johannesburg.

Dr. Bagchi has been a Member of the Committee on Inter-State Sales Tax set up by the Ministry of Finance. He also headed a Committee on Distribution of Income Tax and Union Excises among the Union Territories set up by the Ministry of Finance and was a Member of the Working Group on Expenditure Policy for the Ninth Plan set up by the Planning Commission. In September-October 1995, Dr. Bagchi worked as a Consultant with the World Bank in their Operations Evaluation Department and presented a paper on *Tax Administration Reform* as a conditionality in the World Bank's structural adjustment programme. He completed a research paper on *An Economic Appraisal to Tax Administration Reform* written jointly with Richard M. Bird and Arindam Das-Gupta and an *Overview of Taxation of Goods and Services in India* for a forthcoming volume on Fiscal Policies in India from Oxford University Press.

**Ms. Anu Bhayana, Jr. Project Associate**

Ms. Anu Bhayana tabulated data from the schedules of the field survey in Northern Karnataka for the design of a Presumptive Land-Based Tax on Agricultural Income. She assisted in testing the stability of transition probabilities of Indian companies around three threshold rates of return to assets for a possible asset-based MAT.

**Dr. O. P. Bohra, Research Associate**

Dr. Bohra participated in a project on "Finances of Panchayati Raj Institutions — A Case Study" (with Prof. A.P. Barnabas as the project leader) which was taken up at the behest of Ministry of Rural Areas and Employment. Currently he is associated with Prof. Raja J. Chelliah in the Committee of State Finance Ministers on Stamp Duties Reforms. Dr. Bohra delivered a lecture on "Finances of Panchayati Raj Institutions" at a regional level workshop held in June 1996 at Haryana Institute of Public Administration, Gurgaon.

Research activities of Dr. Bohra include paper on "Financing of Grass Root Level Government", published in *Indian Journal of Public Administration*, Indian Institute of Public Administration, New Delhi, 1996; and his contribution to the Tax Policy Working Group of Planning Commission for Ninth Plan (Chairman:



Dr. Parthasarathi Shome). He has also published a book entitled, *State Local Fiscal Relations in India* (1996), National Book Shop and Dolphin Publications. He attended the 3rd National Meet of the State Finance Commissions held at Mussoorie in July 1995.

**Shri Saumen Chattopadhyay, Economist**

Shri Chattopadhyay reviewed the literature on internal debt sustainability to decide upon an appropriate methodology which conforms to the institutional setting of our country for examining empirically the viability of persistent debt financing in India. The widely used approach in the literature is to use the intertemporal budget constraint faced by the public sector for testing the sustainability of internal debt. The theme of his study is to critically evaluate the justification of using this concept as it necessarily banks on a different notion of deficit, net worth, or solvency of the government rather than the flow definition of deficit which is conventionally used in India, overlooking the macro-dynamics in the long run. The tentative title of the study is, "Internal Debt Sustainability: A Case Study of India". Another study which he is undertaking is "Assessing the Underground Economy in India: Implications for Tax Reform".

**Prof. Raja J. Chelliah, Professor of Eminence**

Dr. Raja Chelliah continued his participation in many national-level Committees, for example, as Convener of the Committee of State Finance Ministers on Sales Tax Reform, Monitoring the Progress of Sales Tax Reform and Stamp Duty Reform. The Report on Sales Tax Reform was submitted at the Conference of State Finance Ministers in December 1995, while committee work on Stamp Duty reform continues. He was appointed as Chairman of the Resource Group for overseeing research in aid of the State Finance Commissions in which he guided and conducted deliberations of the two meetings of the State Finance Commissions at Mussoorie and Delhi. He gave the keynote address at the Delhi meeting. He was appointed Chairman of the Expert Group on Saving and Capital Formation (CSO). He headed the Advisory Group that was constituted to identify and guide research activities relating to the Constitution's Seventy-third and Seventy-fourth Amendments and, in that context, chaired the Working Group on Expenditure Norms.

In terms of research, Dr. Chelliah continued with his work on a project sponsored by the Ministry of Finance on restructuring public expenditures, as well as a forthcoming volume from Oxford University Press on selected issues of the Indian fiscal sector. He presented a paper entitled "Agenda for Further Reform of the Fiscal Sector in India" at a conference organised by the IMF in Washington D.C. He was invited to give various lectures and speeches, and was regularly interviewed by the press and television.

**Mrs. Sujata Dutta, Research Associate**

Mrs. Sujata Dutta assisted Dr. Bagchi in preparing many research papers for national and international conferences.

**Dr. Charu C. Garg, Fellow**

Dr. Charu C. Garg is currently looking after the activities in the Health Economics Cell of the Institute. She is supervising the following ongoing projects in the Cell—

- Health Insurance as an Alternative to the Present Health Care System in India.
- Impact of Structural Adjustment and Fiscal Stabilisation on Financing of Health Care in Selected States of India.

During this year, Dr. Garg completed a research study on "Central Fiscal Incentives and Concessions to Small Scale Industries: Impact on Growth and Structure", sponsored by DC & AS(SSI), Ministry of Industry, Government of India.

Dr. Garg presented a paper on "Growth of Small Scale Industries: Some Policy Issues" at the 32nd All India Econometric Society conference. She also gave a lecture to senior IAS trainees on "Fiscal Policies for Small Scale Industries in the Context of Globalisation". Dr. Garg participated in the Small Industry Summit organised by the Confederation of Indian Industry. The theme was partnership for SSI growth. She also attended various seminars and conferences and actively participated in the discussions.

**Ms. Sudeshna Ghosh, Jr. Project Associate**

Ms. Sudeshna joined the Housing and Local Finance Unit in October, 1995. She has been working on the project "Transfers to Panchayati Raj Institutions". In this connection, she made several field visits to understand the financial position of the PRIs. She is currently assisting the research team in conducting the background work for the draft report.

**Dr. Shreekanth Gupta, Fellow**

As head of the Environmental Policy Cell, Dr. Gupta is coordinating the work of a Task force to evaluate economic instruments for pollution abatement such as taxes and tradable permits, set up by the Ministry of Environment and Forests, and of which he is a member. As part of the background analytical work for the task force, Dr. Gupta is conducting a study on fiscal instruments for the control of air



pollution in Delhi. He is also supervising a study in the UNDP project on the administration of environmental regulations and taxes in India.

Research activities of Dr. Gupta include a co-authored paper which is forthcoming in the *RAND Journal of Economics*. The paper estimates the implicit valuation of decisions by the United States Environmental Protection Agency to clean-up abandoned toxic waste sites under the Superfund programme. He also published a co-authored paper on the benefits and costs of these clean-up decisions in an edited volume published by Resources for the Future, Washington D.C. Other research output includes a paper on environmental policy and federalism in India, which was presented at the Seventh Annual Conference of the European Association of Environmental and Resource Economists at Lisbon, and at the Environmental Awareness seminar series at UNIDO, Vienna. Dr. Gupta also contributed to the Working Group on Tax Policy for the Ninth Five Year Plan.

Dr. Gupta delivered lectures in various courses at the Institute and elsewhere. He was nominated as Member of the Working Group on Environment for the Ninth Five Year Plan and as a national consultant for the UNDP-funded Capacity 21 project for India. Dr. Gupta is also the NIPFP nominee on the Ministry of Environment's Steering Committee and the Technology and Finance Standing Committee which have been set up to implement the Montreal Protocol for phasing out ozone depleting substances.

#### **Prof. Om Prakash Mathur, HDFC Chair-Professor**

Together with other members of the Housing and Urban Economics Unit, Prof. Mathur completed a major co-authored study on "Redefining State-Municipal Fiscal Relations: Options and Perspectives of the State Finance Commissions", and coordinated the work of the State Finance Commission Cell at NIPFP. He served as a member of the State Finance Commission (Punjab) and continues to be a member of the State Finance Commission, Madhya Pradesh. He is also a member of the Resource Mobilisation and Tax Reform Committee of the Government of Uttar Pradesh. In connection with the preparatory work for the United Nations Conference on Human Settlements (HABITAT II), and the joint UNDP/UNCHS/World Bank Urban Management Programme, he attended a series of international meetings in Washington D.C., Bandung, and Recife (Brazil). He is currently working on the administrative aspects of local taxes and grant system.

#### **Dr. Kamlesh Misra, Fellow**

Dr. Kamlesh Misra was the HDFC Associate Professor (Fellow) at the HDFC Unit of the Institute. He was also a member of the SFC Cell set up to provide technical support to the State Finance Commissions. Dr. Misra's responsibilities at the

Institute included developing and conducting research in the area of urban finance and issues of fiscal federalism. Besides these, his responsibilities also included participation and delivering lectures during training programmes organised by the Institute.

During 1995-1996, Dr. Misra was involved on a number of studies that looked at the existing division of functions and finances between the State and the local bodies. He was member of a team that completed a study "Redefining State-Municipal Fiscal Relations: Options and Perspectives for the State Finance Commissions". He was a member of Working Groups on (1) Local Finance Database, and (2) Transfers to Local Bodies and prepared a paper on "Issues in Devolution of Functions and Fiscal Powers to Municipalities" for the Third National Meet of the State Finance Commissions. He completed a co-authored study on the "Potential of Property Taxes in Major Cities of India". He was involved in the UNDP project on property tax administration.

Dr. Misra oversaw the updating and maintenance of the local finance database at the Institute. As a part of the data creation strategy, he supervised and assisted in developing data formats for urban local bodies and the rural local bodies.

#### **Dr. Hiranya Mukhopadhyay, Senior Economist**

Dr. H. Mukhopadhyay completed a study on "Base Line Scenario - Central Government Fiscal Projections : 1995-96/1999-2000" (co-authored). This exercise was carried out at a request made at the first meeting of the Planning Commission Steering Group on Financial Resources for the Ninth Plan to develop a base line scenario for the fiscal sector of central government for 1995-96/1999-2000, as a background to the work of the various working groups under the Steering Group. He also worked as co-convener of the Working Group on Tax Policy for the Ninth Five Year Plan under the chairmanship of Dr. Parthasarathi Shome.

Under the Ford Foundation grant, a study on "Poverty and Macroeconomic Adjustment" is currently in progress and likely to be completed by early next year. This project seeks to analyse the relationship between movements in various poverty indicators during recent years with the movements in various important policy variables, say for example, government's expenditure on rural employment generation programs. Drs. Sheetal Chand and Parthasarathi Shome are joint project supervisors.

Dr. Mukhopadhyay completed a year's Post Doctoral research at the Institute for Economic Development (IED), Boston University. He completed two papers at the IED: (1) "Structural Adjustment Programs - Some New Findings", and (2) "Private Investment and External Debt - The Debt Overhang Hypothesis Revisited". Both these papers were issued in the Discussion Paper series of the



Boston University. The first paper was presented at a seminar at the University of Utah, USA.

**Shri S. Mukhopadhyay, Senior Consultant**

Shri Mukhopadhyay undertook and completed the report on "MODVAT — Short Term Administrative Reform" (co-authored). This has been sent to the Ministry of Finance. The report outlines the need to simplify the procedure for taking MODVAT Credit by some sweeping changes rather than making piecemeal ones, for example, the specification of a Negative List for which MODVAT credit would not be given, and sharpening the definition of manufacture for tax purposes. Many other suggestions were given, some of which have been accepted in the Union Budget of 1996-97.

Subsequently, Shri Mukhopadhyay initiated a study on Customs administration. A questionnaire was circulated to which replies have started coming in. There have been some meetings with the Chambers of Commerce. The procedures in other foreign countries have also been ascertained by a visit to selected North American and European countries. The project report is being prepared on the idea that there should be fundamental changes in the Customs procedures.

**Dr. Rita Pandey, Fellow**

Dr. Rita Pandey, Fellow at the Institute completed a research study on "Housing Subsidies in India". This study was sponsored by the Planning Commission of India. Dr. Pandey attended an advanced course on International Housing Finance at Wharton Real Estate Centre of the University of Pennsylvania, where she also gave a talk on "Housing Finance in India".

Dr. Pandey is a member of the Environmental Policy Cell of the Institute. As a member of the above Cell she has been co-ordinating four industry-specific research studies on "Fiscal Instruments for Water Pollution Abatement". She continued to be a member of the Technology and Finance Standing Committee on the Montreal Protocol till December 1995.

Dr. Pandey participated in the Winter School of Centre for Development Economics at the Delhi School of Economics. She delivered lectures in various training courses organised by NIPFP.

**Prof. Mahesh C. Purohit, Senior Fellow**

Dr. Purohit participated in a project on "Modified Value Added Tax : Development,

Structure and Revenue Productivity" (co-authored). The UNDP project on "Sales Tax System in Andhra Pradesh" is nearing completion. He is presently involved in a project on "Capacity Building for Sales Tax/VAT in Maharashtra".

He conducted a three-week training programme on Value Added Tax : Policy and Administration, sponsored by the Ministry of Finance. He also conducted a one-week training programme on Sales Tax Administration and Principles of Value Added Tax, sponsored by the Sales Tax Department of National Capital Region.

**Prof. Indira Rajaraman, RBI Chair-Professor**

Dr. Rajaraman carried forward her work on presumptive taxation, and on rural fiscal devolution. A survey of experiments with presumptive taxation in the developing world was published in the *Economic and Political Weekly* (co-authored). A co-authored report recommending among other things a Minimum Assets Tax (MAT) on the corporate sector for India is under formal consideration by the CBDT. She worked during the year on quantifying an appropriate threshold rate of return to assets for an asset-based MAT. A survey-based attempt at development of norms for a presumptive crop-specific land-based tax on agriculture was begun with a field survey conducted in June-July 1995 in Northern Karnataka. In the area of rural fiscal devolution, she contributed towards the report of a Working Group set up to assist State Finance Commissions on ways by which to augment the financial resources of Panchayats. Her work in this area also resulted in two research papers. She delivered a number of lectures on rural fiscal devolution, on reforms, and on issues in international economics at NIPFP, the Indian Statistical Institute, and the National Institute of Advanced Studies. She was extensively interviewed by the media on inflation, debt, real exchange rates of the Rupee, and other macroeconomic issues, and visited the London School of Economics in relation to a collaborative project on public debt under the Ford Foundation grant.

She was a member of the Jury for the 1995 International Trade Research Award of the Exim Bank. She served on a number of faculty selection committees, and was an invited member of a Group of Prominent Academics and Researchers convened to discuss measures to improve the Indian Statistical System. She has been appointed to the panel of referees for RBI Research Papers.

She represented the Director, NIPFP on a Government of India Inter-Ministerial Group on the problem of rising interest payments. She is a member of two Working Groups of the Planning Commission for formulation of the Ninth Five Year Plan.



**Shri T.S. Rangamannar, Consultant**

Shri Rangamannar associated with Dr. S. Gopalakrishnan in the preparation of the working paper entitled "Shortfalls in States' Plan Outlays: An Analysis". He was also associated with a study on, "Detailed Plan for Budgetary Adjustments for the Year 2000-01: projects of the Chairman relating to Budgetary Restructuring."

**Dr. R. Kavita Rao, Senior Economist**

Dr. Kavita Rao participated in a research project on "Baseline Scenario : Fiscal Projections : 1995/96 to 1999/2000", (co-authored) for the Planning Commission. Currently she is engaged on a project entitled, "User Charges for Water Supply : A Case Study of Four Municipal Bodies in Andhra Pradesh".

During the year, Dr. Rao wrote an article on "Demand side factors and India's Industrial Growth", (co-authored), which was published in *Economic and Political Weekly*. She also prepared two papers entitled, (1) "Structural Adjustment, Globalisation and Social Development of India" (co-authored), which was presented at the symposium of Association of Asian Social Science Research Councils, New Delhi, Oct., 1995, and (2) "Quantitative and Qualitative Methods to Social Science Enquiry: A Discussion of Econometric Methods and Interdisciplinarity" (co-authored) which was presented at the 32nd Annual Conference of the Indian Econometric Society at Bangalore in March 1995.

She attended the 3rd and 4th National Workshops on "The Role and Functions of State Finance Commissions" held in July 1995 at Mussoorie and in November 1995 at New Delhi, respectively. She was also a member of the Working Group on Augmentation of Resources, constituted to provide guidelines to the State Finance Commissions.

**Prof. K.N. Reddy, Senior Fellow**

Professor Reddy was in charge of the Health Economics Cell until his demise in January 1996. He guided two ongoing projects on the possibility of a national health insurance as an alternative to financing health care in India, and the impact of fiscal adjustment on health care in selected Indian States. He published two papers: "Resources for Universalisation of Elementary Education: Some Issues in Community Financing", *Journal of Educational Planning and Administration*, and "Feasibility of National Health Insurance in India, *Indian Medical Tribune*, 15 October 1995.

Professor Reddy conducted a three-week NIPFP training programme for senior IAS officers on Current Issues in Fiscal Policy and Economic Development. He participated as a discussant of a paper in the 51st Congress of the International

Institute of Public Finance in Lisbon, Portugal, in August 1995. He also delivered numerous lectures in other courses and chaired and participated in various seminars.

**Mrs. Hasheem Saleem, Economist**

Mrs. Saleem undertook a Ford Foundation sponsored study on India's tariff policy reform and its impact on protection, and selected results appearing therefrom are forthcoming in an article in *Applied Economic Letters*. She participated in the UNDP project on MODVAT administration, and also co-authored a Planning Commission sponsored study on India's fiscal scenario for the Ninth Five Year Plan.

**Shri S.K. Sanyal, Senior Consultant**

Shri Sanyal completed a project on Household Financing of Health Care and published a related article in *Economic and Political Weekly*, May 1996. The study uses three surveys of health care expenditure and utilisation to elicit information on patterns of household expenditure on government and private sources of treatment, changes in utilisation patterns, and differentials across income classes. He also supervised a project on Central Fiscal Incentives and Concessions to Small Scale Industry. He authored a newspaper article in the area of privatisation of medicine.

**Dr. Tapas K. Sen, Fellow**

Dr. Tapas K. Sen continued to work in the area of State finances and fiscal federalism during the year, and is in-charge of the State Finances Unit. Dr. Sen completed a co-authored report on "The Theory and Practice of Fiscal Federalism in India" as a part of the overall project "Comparative Fiscal Federalism: Canada and India" sponsored by the Canadian International Development Agency, a summary of which has been published by the Conference Board as a Technical Paper. A related conference was organised by him on behalf of NIPFP in May, 1995 at New Delhi. He wrote another co-authored paper on "Intergovernmental Transfers and Equity in India", which was presented in the Conference on Equity and Inter-governmental Fiscal Relations in Developing Countries, National Centre for Development Studies, Australian National University, Canberra (April 1995) and is included in the conference volume to be published. Other research output of Dr. Sen include: "Economic Reforms, Industrial Growth and Development at the State Level", Centre for New Perspectives, New Delhi (April 1995), "Public Finance and Economic Development: Lessons from India" (co-authored) *Asia-Pacific Development Journal*, (June 1995), and "Uneven Growth of Government Expenditure in India: An Analysis of the Trends Between 1974-75 and 1990-91" (co-authored), *Journal of Indian School of Political Economy* (June 1995).



Dr. Sen continued to be in-charge of the Public Finance Information System, a database on government finances in India maintained and used in the Institute's research. He is presently working on a number of studies in his areas of interest. These include studies on "Interest Liability and Indebtedness of States", "Impact of Central Grants on State Level Government Expenditures" and "Administration of Motor Vehicle Tax and Profession Tax in the States". He is also working as a short-term consultant to the World Bank and the Government of Uttar Pradesh on studies relating to State finances.

Dr. Sen has acted as course coordinator for three training courses during the year: one on Intergovernmental Fiscal Relations, organised for IAS officers held at the Institute and two, on Value Added Tax organised for the sales tax officers of the governments of Maharashtra and Madhya Pradesh held at Pune and Bhopal. Besides, he has delivered a number of lectures to the participants of various training programmes at NIPFP and elsewhere.

He has worked as the Secretary of the State Finance Ministers' Committee on Sales Tax Reform and is presently a member of the Working Group on States' Resources set up by the Planning Commission as well as the sub-group on Expenditure Management, Ministry of Finance.

#### Prof. Parthasarathi Shome, *Director*

Dr. Parthasarathi Shome joined the Institute as Director on June 1, 1995, moving from his earlier position as Chief of Tax Policy Division, Fiscal Affairs Department, International Monetary Fund. During the year, in terms of committee work in a policy advisory capacity, he held the chairmanship of: (1) the Working Group on Tax Policy of the Steering Group on Financial Resources for the Ninth Five Year Plan, the Planning Commission; (2) Group of Officials and Experts to Study the Problem of Taxation of Inter-State Sales, Ministry of Finance; (3) Task Force to Evaluate Fiscal Instruments for Pollution Abatement, Ministry of Environment and Forests; and (4) Working Group on Augmentation of Resources set up under the State Finance Commission secretariat at NIPFP, sponsored by the Ministry of Rural Development. Reports relating to the first and fourth have been submitted; the other two are ongoing. Dr. Shome also served as member in other national-level committees including Committee on Monitoring of the Implementation of Recommendations Contained in the Report of the Committee of State Finance Ministers on Sales Tax Reform, Central and Regional Direct Taxes Advisory Committee, and several others.

In terms of research, first, Dr. Shome participated in a UNDP conference in New York in October 1995 on global taxation which focussed on financial transactions and carbon emissions as possible tax bases. His paper, "Global Taxes", appeared subsequently in the NIPFP working paper series. Second, he participated in a conference on fiscal federalism in Salvador, Brazil in December 1995 at the

invitation of the Brazilian authorities and the International Monetary Fund. His paper on the Brazilian VAT (co-authored) will be published shortly. In India, he participated in various conferences and seminars and delivered lectures organised by universities, research institutions and chambers of commerce and industry. Thus, third, one focus of his lectures, on fiscal sector performance in India, culminated in a paper, "Fiscal Performance and Tax Reform in the 1990s: Indian Experience and Cross-Country Comparisons", forthcoming in an edited volume on the Indian economy from Oxford University Press. Fourth, a special lecture he delivered on "Quantitative and Qualitative Methods to Social Science Enquiry" to the Annual Econometric Society Conference, Bangalore, in March 1996, was published in *The Economic and Political Weekly*, July 27 1996 (co-authored). Fifth, another paper he delivered, "Public Expenditure Policy and Management in India", in a co-sponsored Department of Expenditure/ NIPFP Seminar in March 1996, appeared subsequently in the NIPFP working paper series (co-authored). Other areas of his focus included selected aspects of macroeconomic reforms, projections of fiscal scenario, and fiscal federalism. Dr. Shome was interviewed regularly by the print and visual media seeking his views on these issues. He also wrote several short articles for newspapers and magazines at their persuasion.

As the Institute's chief executive officer in charge of its activities on both the academic and administrative fronts, Dr. Shome attempted to target areas that needed buttressing. First, he supervised the timely completion and delivery of projects in a variety of areas of NIPFP operation. Second, he focused on proactive principles of administration, through appropriate decentralisation, well-deserved incentives and expeditious decision making. Third, to maintain the already achieved intellectual and collegial standards and in an attempt to raise them, he has encouraged the holding of in-house seminars as well as discussions among senior faculty with regularity. Fourth, given the intrinsic link of NIPFP interests to various Central Ministries—especially the Ministry of Finance—the Planning Commission, and State governments, as well as external support agencies such as the UNDP and Ford Foundation, he has attempted to carefully maintain and improve channels of communication between them and the Institute. Fifth, given the exigency for supplemental resources for future capital maintenance and improvement of the Institute, he has endeavoured incessantly to bring this need to the attention of appropriate potential sources of funds. These have comprised Dr. Shome's focus of operation during his first year as the director of NIPFP.

#### Shri Sandeep Thakur, *Project Associate*

Shri Sandeep Thakur has been associated with the HDFC Unit. During the year 1995-96, he worked as a team member on the study "Redefining State-Municipal fiscal Relations: Options and Perspectives for the State Finance Commissions" (May 95). He worked on designing data formats for Municipalities and created a municipal finance database of around 300 Municipalities from seven States on the basis of filled data formats received from Municipalities. Shri Thakur in association with other



members of research team he designed, formatted and documented the "Data Formats for Panchayati Raj Institutions" (November 95), in order to standardize the system of maintaining finance data at local bodies.

Shri Thakur also assisted the Working Group on Local Finance Database in preparation of "Guidepoints for State Finance Commissions". He is working in the area of Database Management of Local Finances i.e., making the Database user-friendly, updating the existing database and generation of report. He is also actively working on developing a new database of Municipal Bodies on the basis of newly designed data formats. He is also involved in generating of the financial health cards for various Municipalities.

**Ms. Chandni Watal, Project Associate**

Ms. Chandni Watal has been associated with the HDFC Unit. During the year 1995-1996 she worked on the project "Redefining State Municipal Fiscal Relations: Options and Perspectives for the State Finance Commissions." She assisted the research team in analysis of the data for a sample of 274 Municipalities from seven states. She also provided input in formatting and getting the final report of the Working Groups on "Guidepoints for the State Finance Commissions". Currently she is involved on several of the ongoing projects of the Unit.

## IX. Finance and Accounts

Summary accounts are presented in a set of tables in Annexure VI. Apart from the sources of finance mentioned earlier, at the close of the financial year, the Institute had 15 sponsoring members, 6 permanent members and five ordinary members. A list of these members is given in Annexure VII.

### GOVERNING BODY AS ON 31.3.1996

- |    |   |          |
|----|---|----------|
| 1. | Dr. R.J. Chelliah<br>Professor of Eminence<br>NIPFP<br>New Delhi. | Chairman |
|----|---|----------|

*Under Rule 7(b)(i) - Two nominees of Ministry of Finance:*

- |    |  |        |
|----|--|--------|
| 2. | Dr. Montek Singh Ahluwalia<br>Finance Secretary<br>Ministry of Finance<br>Government of India<br>North Block<br>New Delhi-110001 | Member |
|----|--|--------|

- |    |   |        |
|----|---|--------|
| 3. | Shri M.R. Sivaraman<br>Revenue Secretary<br>Ministry of Finance<br>Government of India<br>North Block<br>New Delhi-110001 | Member |
|----|---|--------|

*Under Rule 7(b)(ii) - One nominee of RBI:*

- |    |  |        |
|----|--|--------|
| 4. | Dr. A. Vasudevan<br>Officer-Incharge<br>Department of Economic Analysis & Policy<br>Reserve Bank of India<br>Shahid Bhagat Singh Marg<br>Bombay-400023 | Member |
|----|--|--------|

*Under Rule 7(b)(iii) - One nominee of Planning Commission:*

- |    |   |        |
|----|---|--------|
| 5. | Shri N.R. Renganathan<br>Member-Secretary<br>Planning Commission<br>Government of India<br>Yojana Bhavan<br>Parliament Street<br>New Delhi-110001 | Member |
|----|---|--------|



*Under Rule 7(b)(iv) - Three nominees of State Governments:*

- |    |   |        |
|----|---|--------|
| 6. | Shri D. Subbarao<br>Finance Secretary<br>Government of Andhra Pradesh<br>Secretariat Building<br>Hyderabad-500022   | Member |
| 7. | Shri Ashok Gupta<br>Finance Secretary<br>Government of West Bengal<br>Writers Building<br>Calcutta-700001   | Member |
| 8. | Shri B.K. Bhattacharya<br>Additional Chief Secretary &<br>Principal Secretary<br>Government of Karnataka<br>Finance Department<br>Vidhan Soudha<br>Bangalore-560001 | Member |

*Under Rule 7(b)(vi) - One nominee of ICICI:*

- |    |   |        |
|----|---|--------|
| 9. | Shri N.J. Jhaveri<br>Chairman<br>ICICI Securities & Finance<br>Company Ltd. (I-SEC)<br>Ramon House, 3rd Floor<br>169 Backbay Reclamation<br>Bombay-400020 | Member |
|----|---|--------|

*Under Rule 7(b)(vii) - Two nominees of Sponsoring Institutions:*

- |     |  |        |
|-----|--|--------|
| 10. | Shri Prantil Bhogilal<br>President<br>Associated Chambers of Commerce and<br>Industry of India<br>17 Parliament Street<br>New Delhi-110001       | Member |
| 11. | Dr. A.K. Rungta<br>President<br>Federation of Indian Chambers of<br>Commerce and Industry<br>Federation House<br>Tansen Marg<br>New Delhi-110001 | Member |

*Under Rule 7(b)(viii) - Three eminent economists:*

- |     |   |        |
|-----|---|--------|
| 12. | Prof. I.S. Gulati<br>Centre for Development Studies<br>Prashant Nagar Road, Ulloor<br>Trivandrum-695011 | Member |
| 13. | Prof. Amit Bhaduri<br>No. 1, J.N.U. Campus<br>New Delhi 110 067   | Member |

*Under Rule 7(b)(ix) - Three representatives of collaborating institutions:*

- |     |  |        |
|-----|--|--------|
| 14. | Prof. I.Z. Bhatt<br>17, Zakir Bagh<br>Okhla Road<br>New Delhi-110025   | Member |
| 15. | Prof. Suresh Tendulkar<br>Delhi School of Economics<br>University of Delhi<br>Delhi-110007   | Member |
| 16. | Dr. Pravin Visaria<br>Director<br>The Gujarat Institute of Development Research<br>Sarkhej-Gandhinagar Highway<br>Gota-382481 Distt. Ahmedabad | Member |

*Under Rule 7(b)(x) - One to be co-opted:*

- |     |   |        |
|-----|---|--------|
| 17. | Prof. U. Sankar<br>Madras School of Economics<br>Bio-Technology Centre<br>Anna University<br>Madras- 600025 | Member |
|-----|---|--------|

*Under Rule 7(b)(xi) - Director of NIPFP:*

- |     |                         |                  |
|-----|-------------------------|------------------|
| 18. | Dr. Parthasarathi Shome | Member-Secretary |
|-----|-------------------------|------------------|

*Under Rule 7(b)(xii) - Senior Fellow by rotation for one year:*

- |     |  |        |
|-----|--|--------|
| 19. | Dr. (Mrs.) Indira Rajaraman<br>Senior Fellow, NIPFP<br>New Delhi | Member |
|-----|--|--------|



# *Special Invitees:*

1. Dr. Shankar N. Acharya  
Chief Economic Adviser  
Ministry of Finance  
Government of India  
North Block  
New Delhi - 110 001
2. Shri N. Rengachary  
Chairman  
Central Board of Direct Taxes  
Ministry of Finance  
Government of India  
North Block  
New Delhi - 110 001
3. Shri Tarun Roy  
Chairman  
Central Board of Excise and Customs  
Ministry of Finance  
Government of India  
North Block  
New Delhi - 110 001

# *Annexure-II*

## LIST OF STUDIES, 1995-96

Title	Sponsoring Agency/ Research Unit of the Institute	Author(s)/ Research team
<b>Studies completed</b>		
1. Redefining State-Municipal Fiscal Relations: Options and Perspectives of the State Finance Commissions	Planning Commission	Om Prakash Mathur ✓ Kamlesh Misra
2. Economic Reform and the Stamp Act	Ministry of Finance	Om Prakash Mathur ✓
3. Guidepoints for the State Finance Commissions	SFC Cell	Om Prakash Mathur ✓ Kamlesh Misra
4. Potential of Property Taxes in Indian Cities	Planning Commission	Om Prakash Mathur ✓ Kamlesh Misra
5. Presumptive Direct Taxation	UNDP/RBI Unit	Indira Rajaraman ✗ Kanwarjit Singh Sharmistha Roy
6. Issues in Rural Fiscal Devolution	SFC Cell	Indira Rajaraman ✗ Amaresh Bagchi O.P. Bohra V.S. Renganathan
7. Incidence of Major Indirect Taxes in India	Ministry of Finance	Pawan K. Aggarwal ✓
8. Modified Value Added Tax (MODVAT): Development, Structure and Revenue Productivity	CBEC, Ministry of Finance/UNDP	Parthasarathi Shome ✗ Pawan K. Aggarwal Mahesh C. Purohit
9. MODVAT: Shortrun Administrative Reforms	UNDP	Parthasarathi Shome ✓ S. Mukhopadhyay Hasheem N. Saleem
10. Housing Subsidies in India	Planning Commission	Rita Pandey, P.S.A. Sundaram ✓ S. Gopalakrishnan, C. Bhujanga Rao
11. Central Fiscal Incentives and Concessions to Small Scale Industries: Impact on Growth and Structure	Ministry of Industry	Charu C. Garg, S.K. Sanyal ✓ S.T. Nagarathinam, K.R. Pandit



Title	Sponsoring Agency/ Research Unit of the Institute	Author(s)/ Research team
12. ✓ Formats for Data Collection from Panchayats and Municipalities	SFC Cell	Om Prakash Mathur Kamlesh Misra Sandeep Thakur
13. Finances of Panchayati Raj Institutions: A Case Study	Ministry of Rural Areas & Employment	A.P. Barnabas O.P. Bohra
14. Comparative Fiscal Federalism: Canada and India	Canadian International Development Agency	M. Govinda Rao Tapas K. Sen Madanmohan Ghosh
15. ✓ Fiscal Federalism in India: A Comparative Analysis	Canadian International Development Agency	M. Govinda Rao Tapas K. Sen

#### Studies in draft

1. A Prototype Calculation of a Land-Based Presumptive Tax on Agricultural Income	UNDP/RBI Unit	Indira Rajaraman M.J. Bhende (ISEC, Bangalore) Anu Bhayana
2. Evaluation of the System of Deduction of Income Tax at Source	UNDP	Parthasarathi Shome Pawan K. Aggarwal Kanwarjit Singh
3. Sales Tax System in Andhra Pradesh	UNDP	Mahesh C. Purohit
4. Economic Reforms and R&D Expenditure in Industrial Firms in India	Ford Foundation	B.N. Goldar V.S. Renganathan
5. User Charges for Water Supply: A Case Study of Four Municipal Bodies in Andhra Pradesh	SFC Cell	Om Prakash Mathur R. Kavita Rao
6. Fiscal Instruments for Water Pollution Abatement in Sugar Industry	Ministry of Environment and Forests	Rita Pandey

Title	Sponsoring Agency/ Research Unit of the Institute	Author(s)/ Research team
<b>On-going projects</b>		
1. Administration and Enforcement of Property Taxes	UNDP	Om Prakash Mathur Kamlesh Misra
2. Intergovernmental Transfers at Subnational Levels, with reference to Grant Codes	UNDP	Om Prakash Mathur
3. Capacity Building for Sales Tax/VAT in Maharashtra	UNDP	Mahesh C. Purohit
4. Updating and Management of Local Finance Database	UNDP	Kamlesh Misra and others
5. Debt Sustainability	Ford Foundation/RBI Unit	Indira Rajaraman
6. Poverty and Macroeconomic Adjustment	Ford Foundation	Parthasarathi Shome Sheetal Chand H. Mukhopadhyay
7. Determinants of Productivity Growth of Progressive and Non-Progressive Firms in Indian Industry	Ford Foundation	V.S. Renganathan
8. Health Insurance as an Alternative to Present Health Care System in India	Ford Foundation/HEC	Charu C. Garg
9. Impact of Structural Adjustment and Fiscal Stabilisation on Financing of Health Care in Selected States of India	Ford Foundation/HEC	Charu C. Garg
10. Fiscal Instruments for Environmental Sustainability	World Resources Institute, Washington, D.C.	Om Prakash Mathur U. Sankar (Madras School of Economics)
11. Task Force to Evaluate Market Based Instruments for Industrial Pollution Abatement	Ministry of Environment and Forests	Shreekanth Gupta
12. Fiscal Instruments for Pollution Abatement: A Study of Air Pollution in Delhi	Ministry of Environment and Forests	Shreekanth Gupta
13. Designing a Pollution Tax for Distilleries in India	Ministry of Environment and Forests	Rita Pandey



## Working Papers

- |    |   |                                       |
|----|---|---------------------------------------|
| 1. | Can the Progressive Revenue Sharing Criteria Lead to Regressive Responses? An Empirical Question (W.P. No. 2/95) (April 1995) | Pawan K. Aggarwal<br>D.K. Srivastava  |
| 2. | Revenue Sharing in Developing Countries: Role of Population in Criteria-Based Transfers (W.P. No. 3/95) (May 1995)            | D.K. Srivastava<br>Pawan K. Aggarwal  |
| 3. | Government Programmes for the Urban Poor and Convergence (W.P. No. 4/95) (October 1995)                                       | P.S.A. Sundaram                       |
| 4. | Global Taxes (W.P. No. 5/95) (November 1995)  | Parthasarathi Shome                   |
| 5. | Shortfalls in States' Plan Outlays: An Analysis (W.P. No. 6/96) (March 1996)  | S. Gopalakrishnan<br>T.S. Rangamannar |

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- N.B.: SFC : State Finance Commission  
 UNDP : United Nations Development Programme  
 ISEC : Institute for Social and Economic Change  
 CBEC : Central Board of Excise and Customs  
 HEC : Health Economics Cell  
 WP : Working paper.

## Annexure-III

### LIST OF PRICED PUBLICATIONS

1. **Incidence of Indirect Taxation in India 1973-74** R.J. Chelliah & R.N. Lal (1978) Rs 10.
2. **Incidence of Indirect Taxation in India 1973-74** R.J. Chelliah & R.N. Lal (Hindi Version) (1981) Rs 20.
3. **Trends and Issues in Indian Federal Finance** R.J. Chelliah & Associates (Allied Publishers) (1981) Rs 60.
4. **Sales Tax System in Bihar\*** R.J. Chelliah & M.C. Purohit (Somaiya Publications) (1981) Rs 80.
5. **Measurement of Tax Effort of State Governments 1973-76\*** R.J. Chelliah & N. Sinha (Somaiya Publications) (1982) Rs 60.
6. **Impact of the Personal Income Tax** Anupam Gupta & Pawan K. Aggarwal (1982) Rs 35.
7. **Resource Mobilisation in the Private Corporate Sector** Vinay D. Lall, Srinivas Madhur & K.K. Atri (1982) Rs 50.
8. **Fiscal Incentives and Corporate Tax Saving** Vinay D. Lall (1983) Rs 40.
9. **Tax Treatment of Private Trusts** K Srinivasan (1983) Rs 140.
10. **Central Government Expenditure: Growth, Structure and Impact (1950-51 to 1978-79)** K.N. Reddy, J.V.M. Sarma & N. Sinha (1984) Rs 80.
11. **Entry Tax As An Alternative to Octroi** M.G. Rao (1984) Rs 40 Paperback, Rs 80 Hardcover.
12. **Information System and Evasion of Sales Tax in Tamil Nadu** R.J. Chelliah & M.C. Purohit (1984) Rs 50.
13. **Evasion of Excise Duties in India: Studies of Copper, Plastics and Cotton Textile Fabrics (1986)** A. Bagchi et. al (1986) Rs 180.
14. **Aspects of the Black Economy in India** (also known as "Black Money Report") Shankar N. Acharya & Associates, with contributions by R.J. Chelliah (1986) Reprint Edition Rs 270.
15. **Inflation Accounting and Corporate Taxation** Tapas Kumar Sen (1987) Rs 90.



16. **Sales Tax System in West Bengal** A. Bagchi & S.K. Dass (1987) Rs 90.
17. **Rural Development Allowance (Section 35CC of the Income-Tax Act, 1961): A Review** H.K. Sondhi & J.V.M. Sarma (1988) Rs 40 Paperback.
18. **Sales Tax System in Delhi** R.J. Chelliah & K.N. Reddy (1988) Rs 240.
19. **Investment Allowance (Section 32A of the Income Tax Act, 1961): A Study** J.V.M. Sarma & H.K. Sondhi (1989) Rs 75 Paperback, Rs 100 hardcover.
20. **Stimulative Effects of Tax Incentive for Charitable Contributions: A Study of Indian Corporate Sector** Pawan K. Aggarwal (1989) Rs 100.
21. **Pricing of Postal Services in India** Raghendra Jha, M.N. Murty & Satya Paul (1990) Rs 100.
22. **Domestic Savings in India - Trends and Issues** Uma Datta Roy Chaudhury & Amaresh Bagchi (Ed.) (1990) Rs 240.
23. **Sales Taxation in Madhya Pradesh** M. Govinda Rao, K.N. Balasubramanian and V.B. Tulasidhar (Vikas Publishing House) (1991) Rs 125.
24. **The Operation of MODVAT** A.V.L. Narayana, Amaresh Bagchi and R.C. Gupta, (Vikas Publishing House) (1991) Rs 250.
25. **Fiscal Incentives and Balanced Regional Development: An Evaluation of Section 80 HH** Pawan K. Aggarwal and H.K. Sondhi (Vikas Publishing House) (1991) Rs 195.
26. **Direct Taxes in Selected Countries : A Profile (Vol.I & II)** Rs 100.
27. **Effective Incentives for Aluminium Industry in India: Monograph Series - I** Bishwanath Goldar (1991) Rs. 100.
28. **Survey of Research on Fiscal Federalism in India, Monograph Series - II** M.Govinda Rao and R.J. Chelliah (1991) Rs. 100.
29. **Revenue and Expenditure Projections: Evaluation and Methodology** V.G. Rao, Revised and Edited by Atul Sarma (Vikas Publishing House) (1992) Rs. 195.
30. **Sales Tax Systems in India: A Profile 1991** Rs 150.
31. **State Finances in India** Amaresh Bagchi, J.L. Bajaj and William A. Byrd (ed.) (1992) Rs 450.
32. **Fiscal Policy for the National Capital Region** Mahesh C. Purohit, C. Sai Kumar, Gopinath Pradhan and O.P. Bohra (1992) Rs. 225.

33. **Import Substitution in the Manufacturing Sector, Monograph Series III,** Hasheem N. Saleem (1992) Rs 150.
34. **Sales Tax Systems in India: A Profile, 1993** Rs. 150.
35. **The Ninth Finance Commission: Issues and Recommendations ( a Selection of Papers)** (1993) Rs.490.
36. **Direct Taxes in Selected Countries: A Profile (Vol. III)** compiled by K. Kannan and Mamta Shankar (1993) Rs.80.
37. **Inter-State and Intra-State Variations in Economic Development and Standard of Living (Monograph Series IV)** (1993) Uma Datta Roy Choudhury Rs.200.
38. **Tax Policy and Planning in Developing Countries** Amaresh Bagchi and Nicholas Stern (Ed.) (1994) (Oxford University Press) Rs.435.
39. **Reform of Domestic Trade Taxes in India: Issues and Options** Study Team (1994) Rs.250.
40. **Redefining State-Municipal Fiscal Relations: Options and Perspectives for the State Finance Commissions.**

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\* Available with respective publishers. Publications sent against draft/pay order. Postage Rs 15 per copy. 10% discount is available on all Publications.



#### Annexure-IV

#### INTERNAL SEMINAR SERIES

1. A. Bagchi, NIPFP, 22.5.1995  
"Forging Inter-Governmental Fiscal Relations in South Africa"
2. Tapas K. Sen, NIPFP, 25-26 May 1995  
"Comparative Fiscal Federalism: Canada and India"
3. Sanjeev Gupta, Expenditure Policy Division, Fiscal Affairs Department, International Monetary Fund, Washington, 28.7. 1995  
"Social Safety Net: A Framework"
4. S.K. Sanyal, NIPFP, 4.8.1995  
"Utilisation Pattern and Financing of Public Hospitals"
5. G.S. Sahota, Vanderbilt University, 9.8.1995  
"Liberalisation in the State of Punjab"
6. Sauman Bhaumik, University of Southern California, Los Angeles, 8.9.1995  
"Banking Sector Restructuring: Recent Experiences"
7. O.P. Mathur, NIPFP, 2.11.1995  
"The Urban Issues and Habitat II"
8. Parthasarathi Shome, NIPFP, 10.11.1995  
"Global Taxes"
9. Vito Tanzi, Fiscal Affairs Department, International Monetary Fund, Washington, 21.11.1995  
"Fiscal Federalism and the Macro Economy"
10. Barry Potter, Fiscal Affairs Department, International Monetary Fund, Washington, 28.11.1995  
"Country Experience in Methods of Government Expenditure Management"
11. Praveen Mohanty, University of Southern California, Los Angeles, 1.12.1995  
"Union Attitude Towards Labour Saving Innovations under Oligopolistic Competition"
12. Hasheem N. Saleem, NIPFP, 5.12.1995  
"Protection in the Manufacturing Sector in the Pre and Post Reform Period"

13. Lord Meghnad Desai, London School of Economics, London, 12.12.1995  
"Economic Reforms in India"
14. Ajay S. Mahal, Barnard College, New York, 9.1.1996  
"Does the AIDS Epidemic Really Threaten Economic Growth"
15. Aparna Guha, Monmouth University, USA, 12.1.1996  
"International Trade and Transborder Pollution: A Case Study of Acid Rain in Canada"
16. Rangopal Aggarwal, World Bank, Washington, 9.2.1996  
"China's Pension System Reforms"



## LIST OF STAFF MEMBERS AS ON 31-3-1996

## Academic Staff

1.	Dr. Parthasarathi Shome	Director
2.	Prof. Om Prakash Mathur	Senior Adviser
3.	Dr. Mahesh C. Purohit	Senior Fellow
4.	Dr. M.G. Rao	Senior Fellow (on leave)
5.	Dr. A. Das-Gupta	Senior Fellow (on leave)
6.	Dr. Indira Rajaraman	Senior Fellow
7.	Dr. Pawan K. Aggarwal	Fellow
8.	Dr. Shreekant Gupta	Fellow
9.	Dr. Tapas Sen	Fellow
10.	Dr. Rita Pandey	Fellow
11.	Dr. Charu C. Garg	Fellow
12.	Dr. Kamlesh Misra	Fellow
13.	Dr. Hiranya Mukhopadhyay	Senior Economist
14.	Dr. R. Kavita Rao	Senior Economist
15.	Dr. V.S. Renganathan	Economist
16.	Dr. S. Gopalakrishnan	Economist
17.	Mrs. Hasheem N. Saleem	Economist
18.	Shri Soumen Chatopadhyay	Economist
19.	Dr. C. Bhujanga Rao	Economist
20.	Dr. Gautam Naresh	Economist (on deputation)
21.	Mrs. Sujata Dutta	Research Associate
22.	Dr. O.P. Bohra	Research Associate
23.	Mr. Diwan Chand	Research Associate (on deputation)
24.	Mrs. Gita Bhatnagar	Research Associate
25.	Shri M.M. Ghosh	Research Associate (on leave)
26.	Shri H.K. Amarnath	Research Associate

## Contractual Staff

27.	Shri S.K. Sanyal	Senior Consultant (left on 28.2.96)
28.	Shri S.T. Nagarathinam	Senior Consultant (left on 29.3.96)
29.	Dr. B.C. Barah	Senior Consultant
30.	Shri S. Mukhopadhyay	Senior Consultant
31.	Shri T.S. Rangamannar	Consultant
32.	Shri K.R. Pandit (part-time)	Consultant (left on 29.3.96)
33.	Shri Sandeep Thakur	Project Associate
34.	Ms. Chandni Watal	Project Associate
35.	Shri P. Radha Kishore	Project Associate
36.	Shri P. Sanyal	Project Associate
37.	Shri Sunil Ashra	Project Associate
38.	Dr. S.N. Mishra	Project Associate

39.	Shri Anil Kumar Yadav
40.	Shri C. Robertson
41.	Shri S.S. Pattanayak
42.	Shri Harmeet Singh Maddh
43.	Ms. G. Aparna
44.	Shri S.S. Shakthivel
45.	Ms. Indira Misra
46.	Ms. Sukanya Bose
47.	Ms. Anu Bhayana
48.	Shri Nandan Naun

## Administrative Staff

1.	Mrs. A. David
2.	Ms. Sushila Panjwani
3.	Shri Naveen K. Bhalla
4.	Mrs. H. Gautam
5.	Shri N. Natarajan
6.	Shri S.B. Maan
7.	Shri R. Parameswaran
8.	Shri R. Periannan
9.	Shri Hari Shankar
10.	Shri R.S. Tyagi
11.	Shri Satish Prabhu
12.	Shri Praveen Kumar
13.	Shri S.C. Sharma
14.	Mrs. Indra Hassija
15.	Shri Bhaskar Mukherjee
16.	Shri Parvinder Kapoor
17.	Shri S.N. Sharma
18.	Shri J.S. Rawat
19.	Mrs. Promila Rajvanshi
20.	Shri Sharad Aggarwal
21.	Shri Kapil Kumar Ahuja
22.	Mrs. Kavita Issar
23.	Shri V.M. Budhiraja
24.	Shri Nand Ram
25.	Shri Birender Singh Rawat
26.	Shri P. Sreedharan
27.	Shri H.B. Pandey
28.	Shri Devi Singh
29.	Shri Dhanpat
30.	Shri Raju
31.	Shri Lal Bahadur
32.	Shri Jokhan Maurya
33.	Shri Hira Singh
34.	Shri Kishan Singh

Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate  
Jr. Project Associate

P.S. to Director  
P.S. to Chairman  
Administrative Officer  
Accounts Officer  
Executive Officer  
P.S. to Senior Adviser  
Stenographer Gr.I  
Stenographer Gr.I  
Hostel In-charge  
Stenographer Gr.I  
Administrative Assistant  
Stenographer Gr.I  
Assistant (on deputation)  
Assistant  
Assistant (Accounts)  
Stenographer Gr.II  
Assistant  
Assistant  
Stenographer Gr. II  
Clerk (Accounts)  
Steno-Typist  
Steno-Typist-cum-Telephone Operator  
Clerk (Accounts)  
Clerk-cum-Typist  
Clerk (Accounts)  
Driver  
Gestetner Operator  
Hostel Attendant  
Hostel Attendant  
Photocopier Operator  
Watchman  
Watchman  
Messenger  
Messenger



35. Shri Bishamber Pandey
36. Shri Mohan Singh
37. Shri Shiv Bahadur
38. Mrs. Palayee
39. Mrs. Kamla Tiwari
40. Shri Shiv Pratap
41. Mrs. Annamma George

Messenger  
Messenger  
Gardener  
Gardener  
Messenger  
Gardener  
Messenger

*Contractual Staff:*

42. Shri C.L. Khanna
43. Shri S.C. Hanslas
44. Shri C.L. Ramakrishnan
45. Shri S.P. Malhotra
46. Shri D.D. Sharma
47. Mrs. Rekha Rawat
48. Kum. Archana Chawla
49. Shri Rajinder Negi
50. Kum. Asha Rawat
51. Shri V. Karketta
52. Shri Rup Singh

Associate (Admin & Fin.)  
Stenographer  
Stenographer  
Stenographer  
Assistant  
Steno-typist  
Steno-typist  
Steno-typist  
Peon  
Peon

**Computer Staff**

1. Shri K.K. Atri
2. Shri A.K. Halen
3. Shri Jagdish Arya
4. Shri Anil Kumar Sharma

EDP Manager  
Programmer  
Assistant (Computer Operations)  
Assistant (Computer Operations)

*Contractual Staff*

5. Shri N.K. Singh
6. Shri Satish Kamath

Programme-cum-System-Analyst  
Programming Assistant

**Library Staff**

1. Shri S.M. Pujar
2. Mrs. Shashi Gupta
3. Shri Dinesh Chand
4. Smt. Sudha Saxena
5. Shri P.C. Upadhyay
6. Shri Dharamvir

Librarian  
Assistant Librarian  
Assistant Librarian  
Sr. Library Assistant  
Library Assistant  
Sr. Library Attendant

*Contractual Staff*

7. Ms. Manju Parmar

Library Assistant

THAKUR VAIDYANATH AIYAR & CO.  
Chartered Accountants  
New Delhi, Calcutta, Bombay  
Patna and Chandigarh

212, Deen Dayal Marg,  
New Delhi-110 002.  
Phones: 3236958-59-60  
Telegrams: "AUDIT"

**AUDITOR'S REPORT**

TO

The Members of the General Body  
National Institute of Public Finance & Policy  
New Delhi- 110067.

We have examined the attached statement of Financial Position of the National Institute of Public Finance and Policy, New Delhi as at 31st March 1996 and have also examined the Income and Expenditure Account and the Receipt and Payments Account for the year ended on that date which are in agreement with the books of accounts maintained by the Institute.

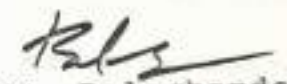
We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion proper books of Accounts have been kept by the Institute so far as appears from our examination of the same.

In our opinion and to the best of information and according to the explanation given to us, the said statement, read along with the significant accounting policies and notes thereon, give a true and fair view:

(a) In the case of the statement of Financial Position of the state of the affairs of the Institute as at 31st March 1996: and

(b) In the case of the Income and Expenditure Account, of the deficit for the year ended on that date.

For Thakur, Vaidyanath Aiyar & Co.  
Chartered Accountants

  
(R. Balachander)  
Partner

Place: New Delhi  
Date: 23.2.5-1996



THAKUR, VAIDYANATH AIYAR &amp; CO.

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY  
NEW DELHI

## INCOME STATEMENT FOR THE YEAR ENDED 31st MARCH 1996

SCHEDULE	As at 31.03.96 Rs.	As at 31.03.95 Rs.
<b>INCOME</b>		
Grants - General Support	7189989	5771282
Project Support	3854163	5291396
Endowed Chairs/Cells	1540229	689903
Project Fees	2746525	3621517
Course and Programme Fees	686910	332576
Corporate Membership fees	30000	45000
Interest on Investments	826022	774644
Other Receipts	980745	751555
<b>Total</b>	<b>17854583</b>	<b>17277874</b>

**EXPENSES**

## Research Activities

Salary and Allowances	10	6147440	5531448
Operational Expenses	11	901452	718586
Administrative Expenses	12	3756388	3611967
Expenses on Projects	13	3854163	5291396
Expenses on Endowed Chairs/Cells	14	14659443	15153398
Cost of assets acquired during the year		1540229	708295
Depreciation		708360	445081
<b>Total</b>		<b>17940248</b>	<b>17376467</b>
<b>Deficit for the year</b>		<b>85666</b>	<b>98593</b>

Schedules referred above form integral part of this statement.

Mrs. M. Gautam  
Accounts OfficerDr. Parthasarathi Shome  
DirectorDr. R.J. Chelliah  
Chairman

As per our Report of even date

FOR THAKUR VAIDYANATH AIYAR &amp; CO.

(R. Balachander)  
Partner  
CHARTERED ACCOUNTANTSPlace : New Delhi  
Dated :

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THAKUR, VAIDYANATH AIYAR & CO.  
Chartered Accountants  
New Delhi, Calcutta, Bombay, Madras,  
Patna and Chandigarh212, Deen Dayal Marg, New Delhi - 110 002  
Phones: 3316958-59-60  
Fax : 3722288  
Telegrams : "AUDIT"NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY  
NEW DELHI

## STATEMENT OF FINANCIAL POSITION AS ON 31.03.96

SCHEDULE	As at	As at	
REF	31.03.96	31.03.95	
	Rs.	Rs.	
-----			
SOURCES			
Assets & Endowment Fund	1	27818893	26508565
Other Earmarked Funds	2	10086516	8448054
Loan Funds	3	1256440	1438259
Unutilised Project Grants	4	3043465	2843645
		-----	-----
		42205314	39238523
		-----	-----

Notes forming part of Accounts 15

Schedules referred above form integral part of this statement.

Mrs. M. Gautam  
Accounts OfficerDr. Parthasarathi Shome  
DirectorDr. R.J. Chelliah  
Chairman

As per our Report of even date

FOR THAKUR VAIDYANATH AIYAR &amp; CO.

(R. Balachander)  
Partner  
CHARTERED ACCOUNTANTSPlace : New Delhi  
Dated :

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# NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY

Statement of Receipts and Payment Account for the year 1995-96  
(for the period from 1.4.95 to 31.3.96)

Receipts/Credits	Amount
<b>Opening Balance</b>	
<b>i) Cash and Bank Balance</b>	
- Canara Bank S.B. A/c	1485557
- Canara Bank C.A. A/c	22170
- SBI Current Account	107245
- SBI-SBI Chair A/c	28
- SBI-NDFC A/c	1595547
- SBI-NYFC A/c	1066
- SBI-UNDP A/c	24917
	-----
	3216530
<b>ii) Cash in Hand</b>	104
Postage Imprest	6432
	-----
	6536
<b>Deposits</b>	
- With Public Sector Undertakings	8694000
- With Public Sector Banks/F. Institutions	8869420
	-----
	17563420
<b>Receipts</b>	
Government Grant in Aid	
- Central Government	6761282
- State Government	1135000
	-----
	7896282
- Grant from Endowed Chairs/Units	1054960
- Ford Foundation Grant	1724806
- Indo Candian Grant	297453
- UNDP	2015211
- WRI	172632
- Project Fees	986000
- Corporate Membership Fees	30000
- Course & Programme fees	1217000
- Interest	950603
- Recoveries	102713
- Sale of Publication	37668
- Misc. Income	241441
- Security Deposits (Receipt)	5000
- Bimla Bagchi Award	33000
	-----
	37551255
<b>TOTAL</b>	=====



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Payments/utilisation	Amount
Staff Salary and other Benefits	6712425
Expenses on Ford Foundation Grant	1621596
Expenses on Indo Canadian Grant	226177
Expenses on UNDP Account	703022
Expenses on Course and Programmes	530108
Cost of Assets Purchase during the year	661704
Library Books and Periodicals	429175
Rent, Rates, and Taxes	15135
Water & Electricity	430931
Printing and Stationery	591073
Repairs and Maintenance	1065367
Postage, Telegramme and Telephone	493479
Travelling and Conveyance	624835
Car Running Expenses	80684
Printing and cost of Publication	28777
Security Deposits	90000
Audit Fees	9000
Misc. Expenses	553791
Interest on Housing loan to HDFC	194165
Refund of Loan to HDFC	181819
Expenses on WRI	161695

## Closing Balance

<b>i) Cash and Bank Balance</b>	
- Canara Bank S.B. A/c	775013
- Canara Bank C.A. A/c	10969
- SBI Current Account	30636
- SBI-SBI Chair A/c	28
- SBI-NDFC A/c	865753
- SBI-NYFC A/c	1066
- SBI-UNDP A/c	995139
	-----
	2678604
<b>ii) Cash in Hand</b>	
Postage Imprest	9068
	-----
	9068
<b>Deposits</b>	
- With Public Sector Undertakings	8694000
- With Public Sector Banks/F. Institutions	10764625
	-----
	19458625
<b>TOTAL</b>	-----
	37551255
	=====

*H. Gautam*  
Mrs. H. Gautam  
Accounts Officer

*Shome*  
Dr. Parthasarthi Shome  
Director

*R. Balachander*  
Dr. Raja J. Chelliah  
Chairman

FOR THAKUR VAIDYANATH AIYER & CO.  
CHARTERED ACCOUNTANTS

*R. Balachander*  
R. Balachander  
Partner

PLACE: NEW DELHI  
DATED:

23 OCT 1996

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**LIST OF SPONSORING, CORPORATE, PERMANENT AND  
ORDINARY MEMBERS AS ON 31.3.1996**

**A. Sponsoring Members***States*

1. Andhra Pradesh
2. Assam
3. Gujarat
4. Karnataka
5. Kerala
6. Maharashtra
7. Orissa
8. Punjab
9. Rajasthan
10. Tamil Nadu
11. Uttar Pradesh
12. West Bengal

*Others*

1. Associated Chambers of Commerce & Industry of India
2. Federation of Indian Chambers of Commerce and Industry
3. Industrial Credit and Investment Corporation of India Ltd

**B. Permanent Members***States/Union Territories*

1. Goa, Daman and Diu
2. Himachal Pradesh
3. Madhya Pradesh
4. Meghalaya
5. Manipur
6. Nagaland

**C. Ordinary Members***States/Union Territories*

1. Haryana
2. Delhi Administration

*Others*

1. M/s Hindustan Lever Limited
2. M/s 20th Century Finance Corporation
3. M/s Gujarat Ambuja Cement Ltd.

