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Dr. C. Rangarajan, Chairman, NIPFP, and Dr. Nicholas Stern, Chief Economist and Senior Vice President, World Bank.



Participants at India States' Reform Forum 2000.



Dr. Ashok Lahiri, Director, NIPFP, and Dr. Rita Pandey, Fellow and Head Environmental Economics Cell, NIPFP, at a training programme on Environmental Economics.

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National Institute of Public Finance and Policy

annual report 2000-2001



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1 Overview

The National Institute of Public Finance and Policy (NIPFP) has emerged as one of the premier economics research institutes and a main centre for specialised research in public policy. In 2000-01, its twenty fifth year, it followed its mandate to conduct research, give policy advice and impart training in fiscal policy to public servants at various levels of government.

Following the trend set earlier, the Institute's faculty continued to widen the scope of research in public finance by maintaining linkages with central and state governments, and the academic community in international research institutions. They served as members of various empowered and steering committees, expert groups, and on the successive finance commissions — national and state, and collaborated with international and bilateral agencies to bring about a fruitful exchange of ideas and experiences.

The Institute organised eight training programmes on **Value Added Tax Policy and Administration** organised for officials of the state commercial tax departments. The programmes were aimed at providing necessary inputs on the structure and functioning of a value added tax (VAT) and to facilitate transition to VAT from the cascading system of sales taxes. The Institute continued to house, for the third consecutive year, the secretariat of various government committees coordinating VAT policy issues.

Expenditure compression at the level of the central government alone is not adequate unless suitable measures are taken to contain expenditure and mobilise more resources at the level of the state governments. Studies undertaken for the Eleventh Finance Commission (EFC) laid considerable emphasis on this issue and much of this was reflected in the EFC report submitted to the government in two parts, in July, and August, 2000. Several members of the Institute faculty who were on deputation to the Commission have returned since.

The enormity of the task remaining and the failure of past efforts to better poverty situation in the states were discussed at the **India States Reform Forum 2000**. The event was the result of a partnership between the NIPFP, the Planning Commission, Ministry of Finance, the World Bank, the Asian Development Bank (ADB), the Government of Netherlands and the Swiss Agency for Development and Cooperation. The participants formed a broad based group of civil servants, politicians, academics, business people, NGOs, and representatives from every

state and union territory. The focus was on fiscal and governance issues in poverty eradication measures.

After studying **State Surcharges on Petroleum Products**, the expert group set up by the Ministry of Petroleum and Natural Gas, in which two of the three members were from NIPFP, took up the study of **Royalty Revision of Crude Oil in India**.

Core projects completed at NIPFP during the year under review focused on crucial issues in public economics, such as federal finance, structure and impact of central, state, and local taxes, policies for economic management, problems of financing the public sector, tariff policies and structures, environmental economics, and financing the social sectors such as, health, and education. The government is initiating new approaches in the area of development planning which have resulted in the Institute undertaking some studies in support of the Tenth Plan exercises.

During 2000-01 the NIPFP completed eighteen studies, while twenty seven are in various stages of completion (Annexure I). These projects are being carried out under the auspices of the various cells set up for operational purposes. Four books were published; two exclusively by NIPFP, and two in collaboration with publishing houses.

The NIPFP continued to collaborate with the UNDP, the World Bank, the ADB, the Ford Foundation, and Canadian International Development Agency (CIDA). It remained the nodal agency in India for the Ford Foundation funded Post Doctoral Research Programme in Economics and served the World Bank's Environmental Management Capacity Building in Environmental Economics Programme through a fellowship committee. The NIPFP is maintaining research partnership arrangements with the London School of Economics and Hitotsubashi University at Tokyo, which includes exchange of faculty and collaborative research activities. The RBI and the HDFC endowed professorial chairs remained functional and yielded studies in the areas of fiscal policy, and housing and urban development policies.

A notable achievement during the year was the acquisition of three plots adjoining the Institute's campus from the Delhi Development Authority for further expansion of the Institute's academic activities. It involved the resettlement of the slum dwellers in the three plots.

The renovated block of the library was inaugurated by *C. Rangarajan*, Chairman NIPFP. The library offers a wide selection of professional literature and comfortable environment conducive for study.

The Institute's computer network provides internet/e-mail and on line library database system connectivity to all members of the staff. Latest software packages for statistical application have been installed to facilitate updating of the data bank.

A. Premchand, retired Assistant Director, International Monetary Fund (IMF), visited NIPFP

as Principal Consultant for a period of one month. **Arindam Das Gupta**, Professor, Gokhale Institute of Politics and Economics has been appointed Principal Consultant for three Planning Commission sponsored projects on **Compliance Costs of Direct Taxes in India**. **Ramprasad Sengupta**, Professor, Centre for Economic Studies and Planning, JNU, has been retained by NIPFP as Consultant to work on **Refinery Upgradation, Environmental Sustainability and Cost Sharing**. A list of Governing Body members as on March 31, 2001 is at Annexure II.

2 Research Activities

The NIPFP continued to contribute research input to policy makers to aid the design of proper policy. The following paragraphs summarise the main results of the recently completed research projects and information on research in progress.

STATE FINANCES UNIT (SFU)

The State Finances, completed the following studies during 2000-01:

- **State Surcharges on Petroleum Products** (August 2000) *Ashok Lahiri, Tapas K. Sen, and Abhay Tripathi*

The Ministry of Petroleum set up a committee of three members (the authors of this report) in September, 1999, to examine the **State Surcharge Scheme** applied to controlled petroleum products. The committee was required to suggest necessary changes in the extant system in view of the ongoing decontrol of the petroleum sector, in general, and specifically the emergence of large standalone refineries. The state surcharge scheme essentially prevented tax exportation, using the administered pricing mechanism employed by the Oil Coordination Committee. The final report examines the history and details of the scheme, assesses the magnitude of the problem — particularly with reference to the impending decontrol of the sector — and recommends modifications keeping in view its practical feasibility and suitability as a precursor to the dismantling of administrative pricing.

- **Reform Programme for Rajasthan** (November 2000) *Tapas K. Sen, and P.N. Bhattacharyya*, with contributions from *Arnab Mukherji, and V Selvaraju*

This study, sponsored by the Government of Rajasthan, examines selected sectors (agriculture

and irrigation, power, roads, minerals, water supply, education, and health along with discussions relating to the public sector enterprises and local bodies) in the Rajasthan economy with special reference to government finances of the state. After assessing the current situation in general and recent policy initiatives in particular, the report chalks out a reform programme for the state that is designed to meet the identified problems, and alleviate the financial burden on the state government.

• **Sales Tax in Orissa** (on-going, interim report submitted in March 2000) Pratap R. Jena, Ashok Lahiri, and Tapas K. Sen

The terms of reference for this study sponsored by the Government of Orissa include a wide ranging examination of the sales tax structure and administration in the state, with special reference to tax incentives for industrialisation. The interim report covered the area of immediate rate rationalisation and some aspects of administrative setup. This study began before the states agreed to establish uniform floor rates, abolish new tax incentives for industrialisation, and introduce value added tax all over the country. Hence, the coverage, emphasis, and approach of this study has had to undergo mid-course correction and there have been some modifications in the terms of reference. The final report is expected to cover initial computation of a revenue neutral VAT rate based on disaggregated tax collection data and an analysis of the impact of the sales tax system including the tax incentives that have recently been abolished on investment in the state of Orissa.

• **Impact of Central Grants on State Expenditures** (nearing completion) Tapas K. Sen and Ian Preston (University College, London)

A study, supported by the Ford Foundation, it examines the effects of central grants on the expenditures of the state governments as a whole as well as individually. A theoretical model for the empirical examination that follows has already been constructed. The empirical work is intended to take into account some behavioural spillovers as well as a few political factors at the state level. The nearly completed study is expected to answer some important questions in the area of Indian centre-state relations.

• **Public Finance Information System** (on-going) Tapas K. Sen, Diwan Chand, Geeta Bhatnagar, and Navin Kumar Singh

This is a data bank on state government finances in India, being regularly updated by the concerned team in various modules. The team has now prepared a complete data series on state finances published by the Reserve Bank of India from 1974-75 until the last year for which these data have been published. More detailed information taken directly from the

State Budgets/Finance Accounts are also available for a shorter period, also updated regularly. Efforts are on to include some other relevant data in PFIS. As of now, this data bank is meant for internal use only. The users can obtain data from PFIS in MS-Excel format, which is the front-end software with ACCELL running at the back-end.

HOUSING AND URBAN ECONOMICS UNIT (HUEU)

The Housing and Urban Economics Unit continued to bring out studies of relevance during the year under review. Studies completed or underway are listed below:

• **Approach to State-Municipal Fiscal Relations: Options and Perspectives** (September 2000) Om Prakash Mathur

The NIPFP submitted a final report on the Guidelines for the Second Finance Commission of States. Titled as **Approach to State-Municipal Fiscal Relations: Options and Perspectives** and divided into six sections, the report documents the steps that are central to addressing the state-municipal fiscal relations as envisioned in the *Constitution (seventy-fourth) Amendment Act, 1992*, and Article 280(3)(c) of the Constitution. An earlier draft of the report was discussed in a workshop for the chairpersons and members of the second finance commission of states.

• **India: Local Finance Data System** (nearing completion) Om Prakash Mathur with assistance by Sandeep Thakur, Ranja Sengupta, and Anil Kumar Yadav

India: Local Finance Data System which is meant to provide a system of classification of municipal budgets and which was to have been finalised in May 2000, is expected to be submitted in May 2001. It will now contain a profile of a centrally-sponsored scheme for putting into effect the proposed system of classification of municipal budgets.

• **State-local Fiscal Relations** (on going) Om Prakash Mathur with assistance by Sandeep Thakur, Kakoli Singh, and Kankana Mukhopadhyay

A broad-based project, designed to explore the nature of fiscal relations between the state governments and municipalities. Field work in respect of this project has been conducted in four states, namely, Punjab, Maharashtra, Karnataka, and West Bengal. A draft report will be submitted to Canadian International Development Agency (CIDA) in July 2001, which will be discussed in a workshop, some time in October 2001. The project is funded by CIDA.

• **Research Programmes on Municipal Finance** (on going) Om Prakash Mathur with assistance by Priyanka Sood

Supported by the UNDP, the NIPFP has mounted research in three areas, namely: **Pricing of**

Municipal Services; Issues Relating to Municipal Debts; and Regulatory Framework for the Private Sector to Operate in Municipal Services. An inception report, spelling out the methodology for studies on pricing and municipal debts has been submitted.

RESERVE BANK OF INDIA (RBI) UNIT

The Reserve Bank of India Fiscal Policy Unit completed studies covering various aspects of fiscal policy and macroeconomics.

• Taxation of Agricultural Income (May 2000) / Indira Rajaraman

This study was commissioned by CBDT to investigate agricultural taxation as it is presently practised in India, and the possibility of transference of powers of taxing agricultural income from the state fiscal domain to the central government. The study provides outlines of a crop-specific levy on land calibrated in physical rather than value units, levied in *rem* (on land regardless of ownership characteristics) rather than in *personam*, stratified by crop, and/or irrigation status, with provisions for catastrophe exemption. The levy carries an informationally parsimonious design which requires updated information only on area sown to taxable crops, and identification of those cultivators in each list whose yield falls above the threshold (exemption) yield. Even limited information of this kind can be obtained only at village level. Upward transmission to a higher-level government will carry transmission losses and introduce scope for corruption. The study does not, therefore, recommend levy of agricultural taxation at any higher than *panchayat* level. There are also recommendations for expansion of central fiscal perimeters without implications for states' rights (Article 246 of the Constitution), which can immediately be implemented.

• Time-Series Properties of State-level Public Expenditure (January 2001) Indira Rajaraman, Hiranya Mukhopadhyay, and Kavita Rao

Public expenditure reform is a necessary element of all fiscal reform, but must clearly be underpinned by some understanding of the time-series properties of public expenditure. The paper models public expenditure at the level of state governments in India as a univariate process, as a first step in that direction, confined to three states: Punjab, Haryana, and Maharashtra, over the period 1974-98. There is trend stationarity in Punjab and Haryana, with a deterministic trend growth rate of 16-17 per cent, and clear evidence thereby of fiscal smoothing in the presence of periodic upward shocks of Pay Commission or other origin. In Maharashtra by contrast, aggregate expenditure carries a unit root, with no deterministic trend, and no drift term; expenditure shocks of other than Pay Commission origin appear to have been enabled with no corresponding smoothing, but there is sharp and concurrent smoothing at the time of

the Pay Commission shocks, such that aggregate expenditure does not show a spike. The issue of whether the fiscal smoothing in each case was unproductive or productive remains unrevealed in the aggregate figures.

• Management of the Capital Account: India and Malaysia (October 2000) Indira Rajaraman

This study examines the overall policy framework for the management of capital account in India and Malaysia, and the relation between this regime and those for monetary and macroeconomic policy and the exchange rate. India and Malaysia, today in mid-2000, share a similarity of capital account regimes that would have been unthinkable, a decade ago. In both countries, there is full capital account convertibility for non-residents, but tight controls on outward flows of capital from residents. There is a lesson in this that carries validity beyond the specifics of the two countries studied. The advantages of free cross-border flows of capital and of access to a global savings pool remain unquestionably valid. However, in emerging markets with institutional weaknesses in the financial sector, it is damaging to focus on the gains of free capital flows without the institutional consolidation that would prevent recurrence of episodes of volatility.

• Growth-Accelerating Fiscal Devolution to the Third Tier (nearing completion) Indira Rajaraman

This paper examines the design and outcomes of fiscal devolution to the third tier in respect of both state-local and centre-local flows, and defines a desirable design from the viewpoint of growth acceleration with poverty reduction. The paper has an exclusive focus on *panchayats*, justified by the greater formal incrementality of the third tier in rural than in urban areas, and the formidable challenge posed by the larger numbers of local bodies in the rural sector (247033 as against 3682 urban) and their spatial scatter.

• An Analysis of Tax Concessions for Charitable Contributions and Trusts/Institutions (October 2000) Hiranya Mukhopadhyay and Arvind Modi

This study was sponsored by the CBDT under a larger UNDP project entitled, "Public Sector Reforms: Redesigning Management Systems and Procedures for Enhanced Resource Mobilisation through Direct Tax Systems". The report analyses the impact of tax incentives to charitable trusts and for charitable contributions on effectiveness and revenues.

ENVIRONMENTAL POLICY CELL

The Environmental Policy Cell continued to function as the secretariat for the Environmental Economic Overseas Fellowship Committee (EEOFC) of the World Bank under the aegis of the Environmental Management Capacity Building in Environmental Economics Programme. The

EEOFC is mandated to award post-doctoral research fellowships in the field of environmental economics.

During the year under review the EPC through its reports recommended extensive changes for environmental pollution control. The following studies were completed:

• **Estimating Industrial Pollution in India: Implications for an Effluent Charge** (October 2000)

Rita Pandey and Som Sankar Ghosh.

Pollution from industries constitute a considerable part of the total pollution in India. But reliable information on the nature and level of emissions by plants/factories is not available. This makes it difficult for regulators to come up with cost effective strategies — in terms of design of environmental regulations as well as their enforcement — for industrial pollution control. Therefore, the need is to adopt alternative ways for estimation of environmental parameters as complements to direct measures of such parameters at the firm level. This report uses one such alternative of estimating these parameters from information on pollution intensities and abatement costs from secondary sources. The study suggests introduction of a water pollution charge, and recommends that the regulator should prioritise monitoring effort and allocate monitoring resources more efficiently by targeting industries characterised by relatively high effluent discharges and low costs of pollution abatement.

• **Environment and Subsidies with special reference to Agriculture in India** (nearing completion) Rita Pandey, D.K. Srivastava, Madhurima Dutta, and Susmita Dasgupta

The study divides budgetary subsidies in India into two groups: one having a positive effect on environment, and the other adverse, or mixed effect. The environmentally beneficial subsidies account for a very small fraction of the total environment related subsidies of the centre and states, which are about one percent of GDP. Environment-related subsidies emanate relatively more from the state budgets and, these subsidies, in *per capita* terms, are higher in states with higher *per capita* incomes. The study suggests an analytical framework for identifying the impact of subsidy induced effects on input use on environment quality and crop yield, and argues against the environmentally detrimental subsidies affecting agriculture, especially those relating to fertilisers, pesticides, and water.

• **Tradable Permits for Environmental Protection: Case Study of An Integrated Steel Plant in India** (December 2000) Rita Pandey and Geetesh Bhardwaj

The study, a first of its kind in India aims at designing an intra-firm emission trading for an integrated steel plant. Trading scheme is designed for suspended particulate matter (SPM), a toxic air pollutant emitted by steel plants. Further, it assesses the potential savings associated

with the trading scheme vis-a-vis the current regulatory approaches to control SPM. Results of the study demonstrate that emission trading is more cost effective than the existing regulatory system. They also show that intra-plant trading would yield significant savings to the industry while securing improvement in ambient air quality in the focused geographical area. Implementation of emission trading would, however, require a reform of the existing regulatory framework.

• **Refinery Upgradation, Environmental Sustainability and Cost Sharing** (on going) Ramprasad Sengupta and Subrata Mandal

The study proposes to look into the following aspects:

- investment and cost implication for upgrading the refineries of Indian Oil Corporation for producing output conforming to euro norms;
- evaluation of health and environmental benefits of upgradation of automotive fuels;
- implications of differentials in environmental standards for motor spirit and high speed diesel across locations;
- impact of upgradation on competitiveness of refineries with varied vintage of technology and capacities;
- pricing option of automotive fuels in the light of international experience; and
- sharing cost for quality upgradation of fuel, amongst stakeholders.

HEALTH ECONOMICS CELL

Economics of the social sector has been as much a research concern at the Institute. Several studies are being carried out under the auspices of this cell.

• **Weighting Socio Economic Indicators of Human Development (A Latent Variable Approach)** (August 2000) A.L. Nagar and Sudip Ranjan Basu.

In this paper, human development is interpreted as an 'abstract conceptual variable' which cannot be directly measured in a straight forward manner, but is linearly determined by the interaction of a large number of causal variables (socio economic indicators). An estimator of the human development index is proposed as the weighted average of principal components of the standardised causal variables, where weights are variances of successive principal components.

In the first instance, human development indices are computed using the same four socio economic indicators (LE: life expectancy at birth; ALR: adult literacy rate; CGER: combined gross enrolment ratio and log Y: natural logarithm of real gross domestic product *per capita*) and data for 174 countries, as in HDR 1999 of UNDP. Later the set of socio-economic indica-

tors, which determine the human development, is enlarged. Eleven socio-economic indicators are used and human development indices for 51 countries, data for which are available from Human Development Report (HDR) 1999 of UNDP, and World Development Indicators (WDI) 1999 of the World Bank, are determined.

Ranks of countries obtained by the principal component method (the only difference between the two is in standardising the causal variables), and Borda ranks are almost perfectly correlated, where as HDI and Borda ranks have smaller correlation.

In the computation of the indicators as many principal components as the number of causal variables are used. By a little rearrangement of terms, coefficients of the causal variables are compiled. These coefficients, in turn, indicate the importance of different social indicators in determining the HDI.

In the first exercise, using the same social indicators as used for computing HDI in HDR 1999, income ($\log_e Y$) is found to be the most dominant factor in determining human development. Next, in order of importance, are LE, CGER and ALR. Further, in the exercise with eleven social indicators, income is the most dominant factor. Then, in order of importance, are available health services, environment, LE, ASW (access to safe water), CGER, etc. Thus the four variables used in the UNDP exercise maintain their order of importance as $\log_e Y$, LE, CGER and ALR. It is noted that HDI in HDR 1999 assigned higher weight (two third) to ALR and lower weight (one third) to CGER to compute the index of educational attainment. The result is at variance with the UNDP assumption.

• **Infrastructure Development Index: An Analysis for 17 Major Indian States (1990-91 to 1994-95)** (January 2001) A.L. Nagar and Sudip Ranjan Basu.

In this paper, a method to compute a composite measure of infrastructure development by combining the available services of physical infrastructure is prepared. The value of the infrastructure development index (IDI) for 17 major Indian states for the period 1990-91 to 1994-95 is estimated. The weights to be attached to different physical infrastructural services are also obtained. The telecommunication services turn out to be the most dominant among the chosen physical infrastructure services, followed by the transportation facilities and availability of energy/power services. A positive relationship has been established between the IDI and per capita net state domestic product.

• **Who Benefits from Public Health Spending in India?** (in collaboration with NCAER) (December 2000) Ajay Mahal, Janmejaya Singh, Farzana Afridi, Vikram Lamba, Anil Gumber, and V. Selvaraju.

An attempt is made in this study to examine the distribution of public subsidies on health

across different groups in India, classified by socio-economic status, during 1995-96, and based on benefit incidence approach. The study relied upon the information on morbidity from the 52nd round of the *National Sample Survey Organisation* and the information on government spending on health from *Budget Documents* of 16 major states. Salient findings of the study are:

- public health subsidies are disproportionately distributed in favour of richer groups;
- subsidies provided at the level of PHCs, public dispensaries and sub-centres are more evenly distributed than the subsidies provided at public hospital level;
- distribution of health subsidies is more equal in urban areas than in rural areas; and
- distribution of health subsidies are more egalitarian in the states of Maharashtra, Gujarat, Punjab, Andhra Pradesh, Tamil Nadu, and Kerala

OTHER STUDIES

• **Discriminatory Tax Treatment of Domestic vis-a-vis Foreign Products: An Assessment** (June 2000) Pawan K. Aggarwal and V. Selvaraju

The study is focused on discriminatory tax treatment of domestic vis-à-vis foreign products. Tax discrimination is identified in terms of effective rates of protection (ERP) and differential composite duty rates on imports and domestic products. In analysing the impact of central, state, and local taxes on competitive tax disadvantages of domestic producers vis-a-vis foreign products, the study reveals that even though most products are subject to higher net protection, some products suffer competitive tax disadvantage in domestic as well as international markets because of inverted duty structure, input taxation without full set off and nil or low customs duty. A rationalisation of the tax system to ensure a level playing field between imports and domestic products, through immediate removal of all exemptions, end use concessions and input taxation along with phased reduction in high duty rates and their number, is recommended. In fact, a minimum customs duty should apply to all imports including imports of products currently not produced in the country for giving the right signal to domestic producers to venture into production of such products. The level of minimum duty can also be lowered in line with reduction in high duty rates.

• **A Database on Customs Tariff and Tariff Bindings for SAARC Countries** (January 2001) Pawan K. Aggarwal, V. Selvaraju, Paulomi Bhattacharyya, and P. James Daniel Paul

In the context of the continuing external liberalisation as well as the multilateral trade negotiations under the auspices of the WTO, a need to have a comprehensive database on customs tariff and tariff bindings has been felt. This would serve as a preamble to review customs tariff

vis-à-vis our international commitments on tariff bindings, compare customs tariff in India with that in competing countries, compute tariff equivalent of non-tariff barriers, and analyse revenue implications of alternative proposals on changes in customs tariff. Further, a user-friendly interactive programme can add value to such a database. The current database makes a small, but useful beginning in this direction. It focuses on customs tariff and tariff bindings in SAARC countries (Bangladesh, India, Nepal, Pakistan, and Sri Lanka), for 1999-2000. Bhutan and Maldives are excluded, as they are not members of WTO. In addition, for India, it provides also the customs tariff for the year 1998-99 and sales tax rates (as on April 1, 1998) for 20 selected states of India. Included in the database is also the information on India's exports to and imports from 221 countries during 1997-98, the latest year for which such information was available.

The database is developed at the six-digit level of disaggregation based on the international harmonised system nomenclature (HSN) of commodities. Accordingly, there are 5247 items (or tariff lines) in the database. This database is being presented in *Microsoft Excel* format, amenable to statistical computations.

• **Capacity Building for Fiscal Devolution in Sri Lanka: Some Tax Issues** (final draft November 2000) Pawan K. Aggarwal

The study gives a brief description of the salient features of the taxes/duties, fees and other charges assigned to the three tiers of government in Sri Lanka, and identifies major issues relating to provincial taxes in the context of fiscal devolution there. Broad directions for reform of the system of fiscal devolution and proposals that deserve consideration in the context of rationalisation of tax design in Sri Lanka are discussed. It throws some light on the desirable characteristics of the inter-governmental transfer mechanism if it is to encourage exploitation of full revenue potential by different tiers of the government. An attempt is made to estimate revenue potential of the major provincial tax as well as that of central taxes.

• **A Software for the Database on Tariff Bindings for SAARC Countries** (nearing completion) Pawan K. Aggarwal, P. James Daniel Paul, and Naveen Singh

A user-friendly interactive software is being developed in *Microsoft Access* to facilitate browsing the database on customs tariff and tariff bindings in SAARC countries. It will permit browsing information on a relevant commodity that can be searched by giving the name or six-digit code of the commodity. An attempt is also being made to provide a search engine based on customs rate categories.

• **Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Advice on Tax Policy and Tax Administration** (on going) Pawan K. Aggarwal

The main objective of the study is to (i) review the various options available to the Government of Andhra Pradesh in implementing VAT in the light of experiences of other states with limited VAT; (ii) identify alternative sets of revenue neutral VAT rates and their revenue implications; (iii) provide an overall national perspective for implementation of VAT; and (iv) give advice on VAT design and its implementation.

• **Revision of Crude Oil in India** (on-going) Ashok Lahiri, Tapas K. Sen, Gautam Natesh, and A.K. Halen

The NIPFP has been retained by the Ministry of Petroleum and Natural Gas, to provide necessary research support to a committee set up for determining royalty rates to states on the extraction of crude petroleum from within their area. More specifically, the NIPFP team is required to provide analysis of an economically sound system of fixing royalty rates that are practicable and fair to the related parties.

• **Reform of Inter-State Taxation in India** (June 2000) NIPFP

The project, sponsored by the Department of Revenue, Ministry of Finance, Government of India recommended a rational design for CST taking into consideration the issues of a common market, efficiency, and inter-jurisdictional equity. The study included issues related to declared goods, consignment tax, and taxation of services.

• **Procedures Manual for VAT Governance** (nearing completion) Mahesh C. Purohit

This project is aimed at elucidating all the procedures necessary for the introduction of VAT by the Indian states. The manual provides guidelines to the states for successful implementation of VAT. It gives insight into the requisite procedures and avoids patchwork approach in replacing the existing sales tax procedures. It also presents transitional measures for the introduction of VAT. The first draft has been circulated to the Committee of Commissioners of Sales/Commercial Taxes for comments.

• **Electronic Commerce and Tax Administration** (on going) Mahesh C. Purohit

It aims at analysing economics and mechanism of e-commerce in relation to management of taxes both at the central and state levels. In the light of the fast rate of growth of e-commerce, the study analyses its evolution around the world. It also prescribes regulations and necessary precautions for tax governance, focusing on convenience, client use, and cross-jurisdictional transactions.

- **External Assistance: Terms and Conditions of Transfer to States** (September 2000) D.K. Srivastava and C. Bhujanga Rao

The study examines the implications of the mechanism of transmission of external assistance to the states on terms and conditions different from the original terms and conditions. It quantifies the gains or losses between the centre and the states in the process of transmission of external assistance as Additional Central Assistance (ACA) on the terms and conditions of plan assistance. Further, it argues that instead of the present system, external assistance should be transmitted to the states on the original terms and conditions envisaged by the creditors except for one single modification. In particular, grants should be transmitted as grants and loans should be transmitted on all the original terms like grace period and maturity period, but the rate of interest should comprise two elements: the interest rate in foreign currency terms and anticipated depreciation rate. This would cover the exchange risk for the states as well as the centre. It would also expose the states to the true costs of external assistance.

- **Assam: Study of State Finances** (on going) D.K. Srivastava, C. Bhujanga Rao, Mukesh Kumar Anand, and Pinaki Chakraborty

This study is a follow up of the earlier NIPFP study on the State Finances of Assam. Assam's finances had sharply deteriorated towards the end of 90s in the wake of salary and pensions revisions and the ever mounting interest payments. The study looks at alternative reform scenarios and makes projections for the Tenth Plan period for Assam, focusing on tax reforms, user charges, reforms of public sector enterprises, expenditures reforms, and control on growth of debt and liabilities.

- **Taxation of Non-Fuel Mineral Sector in India** (June 2000) JVM Sarma and Gautam Naresh with research assistance from Jacqueline Roberts, Jeeta Mohanty, and Mitali Das Gupta

The mineral sector, an important segment of the Indian economy, is completely dominated by the public sector. This study enlisted various taxes and levies by all levels of government in India and analysed the impact of the overall tax regime on the mineral sector with a view to suggesting possible reforms. For designing a tax regime, the specific issues that need to be resolved are: (i) how much to tax; (ii) how to coordinate the two roles of the government – one as the owner of the mineral resources, and the other as an agent responsible for achieving economic and social development; (iii) whether a separate tax regime is needed for the mineral sector; and (iv) how to combine different levies in a multi-levy system. The profile of the major taxes and non-taxes in India, levied by all the three tiers of government – central, state, and local reveals that they are: corporate income tax, union excise duties and custom duties

by the central government, prospecting and mining lease fee, royalty, dead rent, surface rent, stamp duty and registration fee, sales taxes, and environmental protection fees, and charges by state governments and tax on entry of goods, besides other general taxes. An assessment of the burden of the various levies on the prices of selected minerals and variations across states has been attempted by adopting two measures of tax impact on mineral prices, namely, the domestic tax burden and the effective rate of protection (ERP). From a review of mineral levies in India, the tax system does not appear to be designed to take into account the risk that characterises mineral exploration and extraction. In the medium-term, the following changes are recommended – rate rationalisation of the income and corporate tax structure; conversion of the specific royalty rate structure into *ad valorem* structure; combining state sales tax with royalty, abolition of the octroi and other local levies that hinder the transport of minerals; and rationalisation and simplification of the various local levies.

- **Tariff Policy in Indian Hotels** (August 2000) Ashok K. Lahiri, Hiranya Mukhopadhyay, Dipankar Purkayastha, and R. Kavita Rao

The primary objective of the study is to investigate pricing policies of Indian hotels and to examine their implications on the industry on one hand, and on tourism and the Indian economy, on the other. At present a number of hotels quote two official prices for any given category of room: a rupee price for the Indian client and a dollar price for the foreign client. The study aims at examining the optimality of the tariff structure and the need, if any, for a changeover from the dual tariff structure to single tariff in regard to the future full convertibility of the rupee. In addition, it also tries to analyse the current pattern of the central and state taxation policies, especially those pertaining to the expenditure tax and luxury taxes impacting the hotel industry, and to suggest a rational tax structure.

- **Sikkim: A Vision Document** (December 2000) Ashok K. Lahiri, Saumen Chattopadhyay, and Anuradha Bhasin in association with A. Premchand and Subir Roy

This report, sponsored by the Government of Sikkim, outlines a strategy that will set the state on a path of eco-friendly, sustainable development, aimed at expanding income and employment opportunities. It analyses the reasons for the slow pace of development in the past, despite substantial financial support from the central government and a low population density. After spelling out goals for the economy, it elaborates the underlying fiscal policy framework and sectoral strategy necessary for realising these goals. A vastly expanded role for the private sector and community is envisaged, and the introduction of technology and modern scientific methods to help the state overcome its natural handicaps of inaccessibility is emphasised.

- **State Finances of Maharashtra** (nearing completion) Ashok K. Lahiri, R. Kavita Rao, and Mukesh Anand

This study analyses the trends in Maharashtra's economy and its finances from the beginning of the decade of the eighties, including the critical issues affecting the health of the economy and its finances. The baseline fiscal projections are used to propose reforms. Special attention has been paid to issues afflicting the state public sector, and the working and restructuring of the expenditures of government departments, especially in social sectors, like education, and health. The heavy financial burden of the contingent liabilities, arising out of the state's profligate measures in attracting capital and investment in infrastructure sectors as well as its intervention in commodity markets (cotton, onion, etc.), provide an early warning to the government to rein-in their future committed expenses. Suggestions are made to account for these liabilities as well as those arising out of the explicit and / or implicit subsidies (including those in the power and transportation sectors) in the budget to improve transparency and accountability. Measures to reduce the extent of distortions in the tax system and phased implementation of a value added tax system form an integral part of the report.

- **Compliance Costs of Direct Taxes in India** (nearing completion) Arindam Das-Gupta, S.P. Singh, Dheeraj Bhatnagar, and Saumen Chattopadhyay

In developed countries, such as Australia and United States, the government is required to assess taxpayer compliance cost with every new tax reform proposal, as it costs about 9 to 10 cents to the government for every dollar collected. In India, the compliance costs may be much higher. Moreover, the burden per rupee of tax paid on small taxpayers could be much higher than that on large taxpayers. This ongoing study is attempting to estimate the compliance cost of direct taxes in India and examine its sensitivity to various aspects of tax laws and administration.

- **Uttar Pradesh: Study of State Finances** (nearing completion) D. K. Srivastava, C. Bhujanga Rao, Mukesh Kumar Anand, Pinaki Chakraborty, and T.S. Rangamannar

In this study, an analysis of the state finances of Uttar Pradesh/Uttaranchal in the context of the overall **Development Report for Uttar Pradesh** is being carried out. The overall report is being prepared by the Planning Commission. The study will analyse the cause of the growing fiscal imbalance and issues of debt sustainability for Uttar Pradesh. It will also examine the implications of the bifurcation of the state into Uttar Pradesh and Uttaranchal and on the finances of the two states, and work out remedial measures for the finances of these states.

- **Gender-budgeting in India** (December 2000) Ashok K. Lahiri, Lekha S Chakraborty, and P.N. Bhattacharyya

The study aims at a diagnosis of the existing degree of gender inequality in India through gender segregation of the relevant macrodata; valuation of the existing non-NAS unpaid work of women; gender disaggregated benefit incidence analysis of public expenditure and to prescribe policy suggestions to build in a gender sensitive national budgeting process.

- **Database on Public Finance** (on-going) P.N. Bhattacharyya

The work of building an integrated and user friendly database on public finance continues. Data relating to the centre's finances as also in respect of states have been updated upto 1998-99.

3 Ford Foundation

Post-Doctoral Research Fellowship Programme in Economics

The NIPFP-Ford Foundation post doctoral research fellowship programme in economics was designed to help establish a basis for long term relationship with overseas counterparts, especially for Indian Ph.D. scholars of less than 40 years of age who had not had a chance to be trained abroad. The objective was to minimise the risk of brain drain through the higher age and deeper roots of the fellows, and to develop a self sustaining body of Indian scholars as the next generation of world class Indian economists.

The programme, initiated in 1989, was renewed by the Ford Foundation for three rounds on the recommendation of the selection panel members who felt that the programme had provided the much needed opportunity to promising scholars to strengthen their training in the different areas of economics. After periodical extensions in the terms of the grant, it comes to a close on May 31, 2001.

In the course of nine rounds of selection, 38 scholars were selected for the fellowship. All of them returned to their respective sponsoring institutions after completing a year long fellowship at reputed universities in USA and Britain. The selection criteria laid special emphasis on the potential, quality, and policy relevance of the proposed research of the fellows.



During the currency of the fellowship programme three seminars were organised: on May 10, 1993 to assess the 'weaknesses of the programme'; during November 6-7, 1995, to 'gauge the impact created by the programme' in the field of research and teaching; and, during November 6-7, 1998, to reflect on 'what we have achieved by the programme'. The last seminar which had several unique features was very well attended, acknowledged that the programme was largely successful in shaping a group of Indian economists as the next generation of world class Indian economists.

Selected papers of the fellows are being published as an edited volume entitled, *Trade and Industry: Essays by NIPFP Ford Foundation Fellows*. The editors are Ashok Guha of JNU, K.L. Krishna of DSE, and Ashok Lahiri, Director, NIPFP. The publisher is Vikas Publishing House.

4 Environmental Economics Overseas Fellowship Committee

Under the aegis of the World Bank funded Environmental Management Capacity Building in Environmental Economics Programme, a sub-committee called the Environmental Economics Overseas Fellowship Committee (EEOFC), has been constituted. The Committee is chaired by Raja J. Chelliah, Professor Emeritus, NIPFP. The Environmental Policy Cell at the NIPFP is the secretariat of EEOFC. The EEOFC is mandated to award post-doctoral research fellowships in the field of environmental economics. Selection of candidates is done on an all-India basis.

Four out of five candidates selected for the award for the year 1999-2000, after pursuing their nine month post-doctoral fellowship in USA and the UK, returned to India in May/June 2000. In the second batch of five candidates selected for the year 2000-2001, one of them was permitted to return after pursuing his fellowship at Goteborg University in Sweden by end December 2000, while the other four are due to return in the course of the year after completion of their individual fellowship period in USA. Selection of the third batch of five candidates for the year 2001-2002 was completed by a selection committee during December 1,

2000. Their placements at overseas universities through the *Institute of International Education* (IIE) New York, in consultation with the selected candidates, is in progress.

The EEOFC permits two other programmes in this direction, namely, travel grants for attending international conferences and seminars, and grants for academic research related short-term visits to overseas universities/institutions. Details are given below.

Grant for international conference/seminars: Total number of applicants was eighteen; nine were selected — of which eight attended *ISEE 2000 People and Nature: Operationalising Ecological Economics*, Canberra, Australia, during September 5-8, 2000. One candidate attended *International Input-Output* conference in Italy, during August 21-25, 2000.

Grant for short-term visit: Number of applicants was eighteen; seven were selected for 2000-2001, of which four would travel during April 2001; one candidate in May; and another in June 2001.

5 Conferences Seminars and Workshops

NIPFP, in collaboration with the Government of India, the World Bank, the ADB, the Government of the Netherlands, and the Swiss Agency for Development and Cooperation organised a conference at New Delhi called *India States' Reform Forum 2000* during 23-25 November, 2000. The conference provided a forum for representatives of various state governments in which views on fiscal governance issues in poverty eradication measures were exchanged. The participants comprised civil servants, politicians, academicians, NGOs, and corporate people from nearly all the states and union territories of India.

The Institute also held two workshops involving officials of the state governments and experts from India and outside, for deliberating on the issues relating to the computerisation of the sales tax administration in preparation for the introduction and administration of a VAT regime in the states. The first workshop organised during May 8-9, 2000 at NIPFP, New Delhi, helped spell out the key issues which need to be resolved before the states contemplate the introduction of a system of VAT. The second workshop, organised during September 17-22, 2000 at Pune, aimed at putting together a project charter for planning and working towards

the introduction of VAT. The participants at the workshop included commissioners of commercial taxes for some of the major states in India.

In addition to these, the NIPFP held thirteen in-house seminars, several of which were given by professors, scholars and professional economists from India and abroad (list at Annexure III).

6 Training Programmes

Among NIPFP's major economic policy events of the year were eight training programmes on **VAT Policy and Administration**. While seven of them were sponsored by the central and state governments for officials of sales tax departments of different states, one was conducted at the behest of the Government of Goa exclusively for the sales tax officials of Goa. Details are as follows:

Venue	Duration	Date	No. of participants
• NIPFP	10 days	April 24 to May 3, 2000	45
• NIPFP	10 days	April 27 to May 6, 2000	45
• NIPFP	6 days	August 7-12, 2000	50
• Guwahati	6 days	October 16-21, 2000	80
• NIPFP	6 days	November 13-18, 2000	45
• Bangalore	6 days	December 13-18, 2000	40
• NIPFP	6 days	January 29 to February 3, 2001	50
• Goa	2 days	September 25-26, 2000	42

In addition, the following training programmes were held:

• **Estimation of Hidden Economy**, sponsored by the Ministry of Statistics and Programme Implementation, Government of India, on December 11, 2000, for Deputy Secretaries and Senior Statistical Officers of Sri Lanka. The number of participants were eleven.

• **Environmental Economics**, sponsored by the World Bank/IEG during March 12-16, 2001, for the officers of MoEF, Central Pollution Control Board, and State Pollution Control Board. The training programme was attended by fifteen participants.

7 NIPFP Publications

PUBLISHED

In fulfilment of its objective of information dissemination, the Institute published four books during the year. Details of the publications are given below:

- Title** : *Fiscal Federalism in India: Contemporary Challenges: Issues Before the Eleventh Finance Commission* (hardbound) (2000)
Co-Publisher : (Har-Anand Publications Pvt. Ltd.)
ISBN : 81-241-0713-0 PP : 438
Editor : D.K. Srivastava
Price : Rs. 695/-
- Title** : *State Fiscal Studies: Haryana* (paperback) (2000)
ISBN : 81-900518-8-1 PP : 74
Authors : Tapas K. Sen and R. Kavita Rao
Price : Rs. 200/-
- Title** : *Control of Public Money: Functioning of the Fiscal Machinery in Developing Countries* (hardbound) (2000)
Co-Publisher : (Oxford University Press)
ISBN : 019-565368-8 PP : 518
Author : A. Premchand
Price : Rs. 745/-
- Title** : *Primer on Value Added Tax* (paperback) (2001)
Co-Publisher : (Har-Anand Publications Pvt. Ltd.)
ISBN : 81-241-0763-7 PP : 117
Authors : Raja J. Chelliah, Pawan K. Aggarwal, Mahesh C. Purohit, and R. Kavita Rao
Price : Rs. 195/-

FORTHCOMING

- Title** : *Central Budgetary Subsidies in India* (hardbound) (2001)
Authors : D.K. Srivastava and H.K. Amar Nath
- Title** : *TRADE AND INDUSTRY: ESSAYS by NIPFP Ford Foundation Fellows*
Co-Publisher : (Vikas Publishing House)
Editors : Ashok Guha, K.L. Krishna, and Ashok Lahiri

A list of the Institute's priced publications is at Annexure IV.

8 Library Services

RENOVATION OF LIBRARY BLOCK

The renovated block of library was inaugurated by C. Rangarajan, chairman, NIPFP. The library is now fully air-conditioned and equipped with the state-of-art facilities.

COLLECTION DEVELOPMENT

Acquisition of Books and Reports. In pursuance of the collection development policy, the library continued to acquire books, reports, and working papers from various available sources. The year saw 1,107 new documents added to the library. With this, the library had, at end-March 2001, a collection of 35,207 documents and 3,800 bound volumes of journals.

In addition to the various publications of RBI, CSO, and other agencies of central government, the library continued to acquire the *States Budget* documents, *Appropriation Accounts*, *Finance Accounts*, and *Reports of the Comptroller & Auditor General (C&AG)*.

Acquisition of Working and Discussion Papers etc. A large number of working papers, technical reports/discussion papers/reprints were received on complimentary basis from various national and international organisations such as, the London School of Economics, the World Bank, IMF, National Bureau of Economic Research (NBER), Institute of Economic Development (Boston University), and Institute for Fiscal Studies (London).

Journals Subscription. The library subscribed to 176 journals; 101 foreign, and 75 Indian. In addition, the library received 70 journals free of cost, bringing the total to 246.

Ten national dailies were subscribed to.

INSTITUTIONAL MEMBERSHIP

The library continued to be a member of *International Bureau of Fiscal Documentation*, the Netherlands. A series of publications received against membership provided cross-country perspectives on tax system, procedure, and laws. Furthermore, in an effort to maximise sharing of resources with other libraries, the NIPFP library continued its membership to DELNET.

LIBRARY AUTOMATION

Computerisation of the backlog of 22,000 documents was undertaken in 1999 after the library committee's decision to engage the internal library staff for the purpose. With this, the library

has succeeded in converting card catalogues of books and other documents into machine readable form.

The library operations have been automated using LIBSYS — an integrated library software. The library continued to update its computerised library catalogue database of books, articles (journals and newspapers), and journal holdings. These databases remained accessible to the users through the Institute's Local Area Network (LAN).

CD-ROM DATABASE

A CD-ROM disc ECONLIT-AEA (December 1980-1999) alongwith its manual was acquired from the *American Economic Association*. Members have on-line access to this database.

INFORMATION SERVICES

Current Contents. A monthly compilation of the content page of periodicals received in the library was circulated among the faculty of NIPFP with a view to familiarise them with the latest publications.

New Additions. A list containing bibliographical details of all documents added in the library was brought out on a regular basis. Information regarding latest acquisition is now communicated to members through e-mail.

Current Information Bulletin (CIB). CIB is a by-product of the ongoing development work of database of articles published in journals & newspapers. The twelve issues of the Bulletin giving subject-wise bibliographical information on issues pertaining to public finance were circulated. The number of journals for indexing increased from six to twenty-seven; newspapers from four to six. Circulation of articles published in journals and newspapers was replaced by electronic mode for the purpose of information dissemination. The library continued to provide journal and newspaper articles indexing service through e-mail.

Bibliographic Service. The library catered to the requests of numerous individuals and organisations for bibliographies on allied subjects.

Circulation. During the year, approximately 25,400 publications were circulated among the members. The library provided reference and consultation facility to over 853 external research scholars and officials from India and abroad.

Under the inter-library loan programme, about thirty-nine books were lent out to institutes and libraries outside, while twenty-six publications were borrowed from them for the use of NIPFP faculty.

Reprographic Service. Approximately 10,560 photocopies were produced every month. Reprographic facilities were also provided to researchers of other institutes.

9 Computer Unit

The computer network of the Institute consists of 7 servers, 75 PCs (including 40 PCs of 433 Mhz added this year), 29 printers (4 heavy duty laser printers and 1 colour heavy duty laser printer, 10 deskjet, 10 laserjet, 4 dotmatrix), 3 scanners and 4 laptops with LAN connectivity in academic and residential blocks to serve about 44 academic and 42 non-academic staff of the Institute. A HP4100 colour laser jet printer for the RBI Unit and a HP 9100i internal CD writer were the latest additions during the year.

Server capacity

The current server capacity is being enhanced by replacing two servers on celeron-based PCs with more advanced and large storage capacity to accommodate the ever-increasing requirement emanating from library, database and website development. In order to make the computer network virus-free, latest versions of single-user *Norton Anti Virus 2001* package for PCs and servers and single-user *PC-Cillin 2000* for PCs have been installed.

NIPFP Website

A NIPFP website was launched under the address of <http://www.nipfp.org.in> through the Institute's server domain. The management of the website is being supervised by a website committee. The site covers detailed information about the Institute's faculty profile, research and training activities – past and current, old and new accession in the library, and the public finance database developed by the Institute. A part of the research activities of the Institute as reflected through its Working and Discussion Paper series since 1991-92 have been put on-line in PDF and MSWord document format.

PFIS Database

The Institute's databank is under constant updation and development. The PFIS database based on RBI since 1974-75 and *Budget Documents* of 16 major state governments since 1994-95 have been put on intranet for internal use by the Institute staff.

Library Database

The Computer Unit provides technical support to the Institute's library. The library database is running on LIBSYS software and *EconLit* international library database. It is accessible on-line to the Institute staff. In anticipation of the huge space requirement, it is being shifted on a new server.

Training

To enable the NIPFP staff — both academic and non-academic, efficient application of the commonly used software MS Office 1997, a training course was launched. For this purpose, M/s Bipnet Group of BIPANI System & Technology Ltd, New Delhi, imparted in-house training to 28 staff members in three batches.

A batch of five students from the Education and Training Wing of CMC Ltd (A Government of India Enterprise) was taken up to develop a database software package in part fulfilment of their post-graduate diploma in computer application course under the guidance of Tapas K Sen, Senior Fellow and incharge (Databank), and Mr Navin K Singh, System Analyst-cum-Programmer.

10 Highlights of Faculty Activities

Apart from attending to their primary responsibilities at the Institute, members of the faculty continued their interests in co-academic research activities in India and abroad. The next few paragraphs summarise the activities of individual staff members. Details of their publications are seen in Annexure V.

• **C. Rangarajan**, Chairman, NIPFP, and Governor of Andhra Pradesh, published a book entitled, *Structural Reforms in Industry, Banking and Finance – A Case Study of India*. He contributed as many as eight articles related to economic reform in India, in journals and newspapers of repute.

He delivered several lectures during the course of the year; notable ones include: "Capital Flows and Exchange Rate Management – Lessons from East Asia and India" at the Golden Jubilee Lecture Series of National Council of Applied Economic Research, New Delhi; "Land Marks in Banking Sector Reforms in India and Abroad", a State Bank of Hyderabad Endowment Lecture at the Gulbarga University, Gulbarga; "Capital Flows: Another Look", Sir Purshotamdas Thakurdas Memorial Lecture - 2000, at Mumbai; and "Leading Issues in Monetary Policy" – Sukhamoy Chakravarty Memorial Lecture, at New Delhi.

• **Ashok Lahiri**, the Director and Chief Executive Officer of NIPFP, provided guidance inputs in all the research, administrative, and allied activities of the Institute. His sustained efforts led to NIPFP's acquisition of three plots adjoining its campus for expansion of the Institute's academic activities.

Ashok Lahiri, with his respective study teams submitted final draft reports of **Tariff Policy in Indian Hotels**; **Sikkim : A Vision Document**; and **Capacity Building for Fiscal Development in Sri Lanka**. In addition, the interim reports of **State Surcharges Scheme on Petroleum Products**; and **State Finances in Maharashtra** were also submitted. His co-authored studies, **Disinvestment and Privatisation in India: Processes, Problems, and Prospects** and **Royalties for Petroleum Crude** are making steady progress.

He was a member of the committee that drafted the Fiscal Responsibility Legislation and the associated report in July 2000. The Fiscal Responsibility and Budget Management Bill is currently pending in the Parliament. He co-authored a concept paper for the World Bank conference, **India States Reform Forum 2000**; and headed a NIPFP team constituted by the World Bank to rapidly prepare a report on the **Economic Consequences of the Earthquake in Gujarat**, which was later brought out as a Discussion Paper of NIPFP and published in the *Economic and Political Weekly*.

He continued to render policy advice with professional dedication. He was member of: Advisory Committee on International Trade – Sub-Group I – subject specific Group on Tariffs, Ministry of Commerce; Sub-Group on Pricing and Tariff Reforms of Group on India Hydrocarbon Vision – 2025, Ministry of Petroleum and Natural Gas; Governing Board of NIBM, Pune; Board of Directors, IFCI, New Delhi; Reconstituted Advisory Council, India International Centre (IIC), New Delhi; Academic Committee, IEG, Delhi; Audit Advisory Board, Comptroller and Auditor General of India; Technical Advisory Committee for Social Sciences Division, ISI, Calcutta; Economic Advisory Council, Government of Andhra Pradesh; Standing Committee on GOI-UNDP Country Cooperation Framework (CCF-I) Economic Reforms Programme, Ministry of Finance; Faculty of Social Sciences, New Delhi; Core Group for Preparation of Uttar Pradesh Development Report, Planning Commission, New Delhi; Steering Committee on Assessment of Financial Resources for Formulation of the Tenth Five Year Plan (2002-07), Planning Commission, New Delhi; Advisory Group on Money and Finance under National Commission to Review the Working of the Constitution; and Cabinet Sub-Committee on Revenue Generation and Administrative Reforms, Sikkim. He is the chairman of the Public Expenditure Reforms Committee for Punjab.

The year saw him participating at a wide range of forums — as panelist, discussant, moderator, or lecturer; at the South Korea/OECD Forum on Public Sector Reform, Korea Institute of

Public Finance; the Indian Embassy at Seoul; Alumni Association, National Council of Education, Bengal and Jadavpur University; IIC, New Delhi; **India States' Reform Forum 2000**; IGIDR, Mumbai; NIPFP – IIC Public Lecture; India-EU meet on Sustainable Urban Development, New Delhi; National Academy of Audit and Accounts Shimla; ASSOCHAM, New Delhi; Shriram College of Commerce, University of Delhi; School of Social Sciences, JNU; on the Union Budget 2001-02, FICCI Mumbai; India Habitat Centre (IHC), New Delhi; National Defence College, New Delhi; and Indian Institute of Technology (IIT) Delhi.

At NIPFP, he presented an in-house seminar with colleagues on the findings of the interim report on **Gender Budget**; participated in a round table with Nicholas Stern; and lectured in training programmes on **VAT**; and **Environment**, organised by NIPFP.

• **Raja J. Chelliah**, Professor of Eminence, NIPFP, and Chairman, Madras School of Economics continued to chair for the third consecutive year, the Expert Committee on Environmental Economics Overseas Fellowship Committee set up under the World Bank Aided Programme on Environmental Economics. He also continued to serve as a consultant to the Fiscal and Financial Commission, Government of South Africa and during the course of the year submitted comments on Provincial Tax Regulation Bill (South Africa); Allocation to Sub-National Governments; Draft Chapter on Borrowing Powers of Sub-National Governments; and Property Tax—11th Draft—Local Government: Municipal Rating Bill. His paper on "State Level Reforms to Reduce Poverty" was discussed at the **India State Reform Forum, 2000**. An acclaimed expert in the area of VAT, he gave as many as eleven lectures on the subject at the Institute's training programmes held in New Delhi and other regional centres in the country. He gave a keynote address and participated in the discussion at a meeting on VAT, organised by the Ernakulam Chamber of Commerce, at Kochi. He delivered a convocation address at the Sri Venkateswara University; participated in a panel discussion on Economic Reform and Poverty organised by Alpha Arts and Science College, Chennai. He was invited to deliver a lecture at the Annual Business Convention of Usha International 2000 at Jaipur; at Government of Tamil Nadu organised workshop on **Mapping the Future—Career Awareness for the Youth**. At a seminar on **States in India: Progress in Tamil Nadu** organised by the Madras Chamber of Commerce and FICCI, he chaired a panel discussion.

Raja Chelliah continued to be a Board member of ICRA, Modi Corp., and Indbank; and Chairman, Board of Trustees, Sundram Newton Mutual Fund.

• **Amaresh Bagchi**, Professor Emeritus, served as a member of the Eleventh Finance Commission (EFC) that submitted to the Government of India its final report in July, 2000, and a supplementary report in August, 2000. He continues to be a member of the Prime Minister's

Economic Advisory Council. In December 2000, he was invited to attend a conference on **Federalism** at Ottawa, convened by the Forum of Federations, Canada, to focus on issues in the evolution of a federal system in Russia. His theme paper "Issues Before the Eleventh Finance Commission" was published in the NIPFP-Har Anand publication, *Fiscal Federalism in India: Contemporary Challenges*. He has contributed research inputs to a forthcoming publication of NIPFP, *Transfer Pricing and Regulations for India: Approvals and Alternatives*. Amaresh Bagchi also gave lectures in training programmes on VAT conducted by the Institute.

• **Om Prakash Mathur**, Principal Consultant, continued to head the Housing and Urban Economics Unit at NIPFP. His study entitled, **Approach to State Municipal Fiscal Relations: Options and Perspectives** comprising six sections was submitted by NIPFP as a report on the guidelines for the second finance commission of states. His report on **Institutions for Fiscal Devolution** formed part of the NIPFP project, **Capacity Building for Fiscal Devolution**, the final draft of which was presented to the Sri Lanka Finance Commission. This report was subsequently discussed at a workshop held in Colombo in December, 2000. His project on **India: Local Finance Data System** is being finalised to now contain a profile of a centrally sponsored scheme for putting into effect the proposed system of classification of municipal budgets. Among his other broad-based projects are **State Local Fiscal Relations**; and UNDP sponsored **Research Programmes on Municipal Finance**. As a part of the latter, studies on **Pricing of Municipal Services** and **Regulation** have been mounted.

Om Prakash Mathur has been appointed member of the Second Finance Commission of the NCT of Delhi; and Government of Punjab. He is also member of the Steering Group on Urban Development constituted by the Planning Commission for the Tenth Plan. He is the convenor of the Government of India's Standing Committee of State Secretaries on Stamp and Registration.

His research output included a lecture on "The local government structures in China and Singapore" at a workshop on **Restructuring of the Municipal Corporation of Delhi**; and another on "The Constitutional Amendment and the Finances of Municipalities" delivered at the Lal Bahadur Shastri National Academy of Administration; and the Madhya Pradesh Academy of Administration.

At the international level, he presented a paper on "India's experiment with Decentralisation: a Critique" at a seminar organised by the Asian Productivity Organisation (Tokyo) on **Effective Decentralisation**, held at Colombo. He attended two different meetings at Bangkok: a UNCHS meeting on Capacity Building for Urban Management; and an ESCAP Expert Group meeting on Regional Disparities in Asia. He served as a member on a Resource Group set up by the

UNDP to assist in developing urban governance agenda. The resource group met at UNDP, New York, in November, 2000. In New Delhi, he was a participant at a NIUA workshop for the **Chairpersons of the Finance Commissions of States**.

• **Mahesh C. Purohit**, Senior Fellow, is a participant in the NIPFP project, **Reform of Inter State Taxation in India** for the Department of Revenue, Ministry of India. His ongoing research work includes, **Procedures Manual for VAT Governance; Implementation of State VAT**; and **Electronic Commerce and Tax Administration**. His interest in the area of trade taxes led him to deliver invitation lectures on the subject at: CII, Chennai; FICCI, New Delhi; IIPA, New Delhi; HCM Rajasthan State Institute of Public Administration, Jaipur; Academic Staff College, JNU, New Delhi; Office of the Commissioner of Commercial Taxes, Bangalore; the Toy Association of India; and at the various NIPFP organised training programmes on VAT. His lectures were focused on the coverage and operation of VAT in India; in federal countries; the assessment of the existing system; and computerisation and VAT.

Some of his articles were published in reputed Indian journals and newspapers, besides an interview on a website titled, *taxfundas.com*. Mahesh Purohit actively participated or contributed papers at various conferences, seminars, and workshops such as *Centre de Sciences Humaines*, and School of International Studies, at New Delhi; Rajasthan Economic Association; Conference of Commissioners of Commercial Taxes, Trivandrum; workshop organised by Agarbathi Manufacturers' Association; **India States' Reform Forum 2000** at New Delhi; *Bombay's Chamber of Commerce and Industry, Mumbai*; and ASSOCHAM, New Delhi;

Mahesh Purohit continued to be member secretary to the Empowered Committee of State Finance Ministers to Monitor Sales Tax Reform; Committee of State Finance Secretaries; VAT Council of States; Standing Council of Commissioners. In addition, he also accepted the membership of Taxation Advisory Committee, Office of the Commissioner Sales Tax, Government of J&K; Project Management Team for Preparing Proposal for Introduction of VAT in Sikkim; Board of Studies in Economics, University of Rajasthan, Jaipur. He continued to be the UGC nominee on the Advisory Committee of the Centre of Advanced Study in Economics, Mumbai; Executive Member of International Fiscal Association – India Branch; on the Editorial Board of their Newsletter; and Member, Sales Tax Advisory Committee, Government of NCT, New Delhi.

• **Indira Rajaraman**, Senior Fellow, and Reserve Bank of India Chair Professor, continued to put out research findings on macroeconomic issues, in the fiscal and external spheres. During 2000-01, she completed three major studies: **Taxation of Agricultural Income**, a CBDT commissioned study to investigate agricultural taxation in India and the possibility of transference

of powers of taxing agricultural income from the state fiscal domain to the central government; **Time Series Properties of State Level Public Expenditure** (co-authored) for the Punjab Expenditure Commission, also produced as an NIPFP Discussion Paper; and **Management of the Capital Account: India and Malaysia** for UNCTAD, Geneva. The last was presented by her at an UNCTAD workshop at Cairo in March, 2001. She also began work on a project, **Growth Accelerating Fiscal Devolution to the Third Tier**, sponsored by the World Bank. A research paper on "Impact of Grants on Tax Effort of Local Government" was brought out by NIPFP as a Working Paper and published by *Economic and Political Weekly*.

She delivered lectures on: "Agricultural Taxation and Minimum Alternate Tax" at the Planning Commission; "Macro Monetary and Fiscal Policies", at the IIM Bangalore; "Decentralisation: Progress and Future Directions" for a CIDA team in New Delhi; "Implications of Budget 2001-02 for the Indian Economy" at the Korean Embassy, New Delhi; and "Reforms in External, Financial and Fiscal Sectors" at the IIT, Delhi. She was interviewed extensively by the print and electronic media on macroeconomic issues of the day.

Indira Rajaraman contributed also by way of policy advice. She was member: Board of Directors, GIC; Monitoring Committee for States' Fiscal Reforms Facility; RBI Advisory Group on Short Term Liquidity Model for the Indian Economy; Working Group on Decentralised Planning and *Panchayati Raj* Institutions for the Formulation of the Tenth Five Year Plan; and of the Central Advisory Committee, Central Electricity Regulatory Commission. She was also a member of Faculty Selection Committees at the Institute of Applied Manpower Research and JNU; the National Selection Committee for Fulbright Visiting Lecturer Grants; Research Advisory Committee, ICRIER; and Academic Advisory Committee, Centre for Canadian Studies, Delhi University.

She examined M.Phil and Ph.D dissertations and refereed for professional journals and institutions. As a seminar convenor at NIPFP, she organised thirteen talks. During the course of the year she was consulted by several researchers from national and international institutions.

• **D.K. Srivastava**, Senior Fellow, had been serving as Principal Consultant to the Eleventh Finance Commission upto August 2000, until the submission of the EFC report to the Government of India. Among his completed studies were **External Assistance: Terms and Conditions of Transfers to States** for the Ministry of Finance and **Provincial Expenditure Assessment in Sri Lanka** which formed part of the NIPFP umbrella project, **Capacity Building for Fiscal Devolution in Sri Lanka**. Close to completion are his co-authored studies, **Uttar Pradesh: Study of State Finances** and **Subsidies and Environment with Special Reference to Agriculture in India**. Ongoing research of D.K. Srivastava include **Assam: State Finances and Medium Term**

Reforms; Intergovernmental Transfers for Equitable in- Country Growth and Budget Subsidies of Central and State Governments. His erstwhile report on **Central Budgetary Subsidies in India** has been accepted by NIPFP for publication. *Fiscal Federalism in India: Contemporary Challenges, Issues Before the Eleventh Finance Commission*, a multi-author volume, edited by D.K. Srivastava was also published by NIPFP in collaboration with a commercial publisher. The volume contained two of his co-authored papers on fiscal federalism. He reviewed a book on *Economic Liberalisation in South Asia*, edited by Ric Shand and another on *Fiscal Federalism in India* published by the Oxford University Press.

As in the preceding years, the media consulted him on contemporary issues, including issues related to the Union Budget. He made three presentations on "Proposals and Recommendations on Expenditure Assessment;" "Assessing Expenditures of Provincial Councils in Sri Lanka;" and "Assessment Expenditures of Provincial Councils in Sri Lanka: Health;" and "Education" in three consecutive workshops over seven days on **Capacity Building for Fiscal Devolution in Sri Lanka** at Colombo. He made a presentation on **Uttar Pradesh State Finances** at the Planning Commission; and submitted to the Advisory Group on Tax Policy and Tax Administration, Planning Commission, a paper on "Tax Revenue in a Macro Perspective: 2000-01 to 2006-07". He was a discussant at a seminar at the Delhi School of Economics; attended the **State Fiscal Reform Forum 2000**; and an ICRIER workshop at IIC.

He delivered three lectures at the NIPFP organised training programmes on **VAT**; two on the Eleventh Finance Commission at the Academic Staff College, JNU; and two on "Government Subsidies in India" at IEG, Delhi.

He continued to be member of the International Institute of Public Finance; Editorial and Advisory Board of *Journal of Fiscal Economics*; and *Indian Journal of Economics*. In addition, he accepted membership of the committees on Tax Reforms and Tax Administration; State Financial Resources, both at the Planning Commission; and Committee on Fiscal Statistics of the National Statistical Commission. At NIPFP, he was chairman, Computer Committee. He has also been engaged in a consultancy assignment with the C&AG of India.

• **Pawan K Aggarwal**, Senior Fellow, co-authored a book entitled, **Primer on Value Added Tax**; submitted a draft report on **Capacity Building for Fiscal Devolution in Sri Lanka: Tax Issues** to the UNDP, and revised his report on **Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment** for the Tariff Commission. Also, he finalised **A Database on Customs Tariff and Tariff Bindings for SAARC Countries** for the Ministry of Commerce and is currently preparing a software for this project. His other ongoing projects include, **A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Ad-**

vice on Tax Policy and Administration.

Pawan Aggarwal presented findings of his report on **Capacity Building for Fiscal Devolution in Sri Lanka: Tax Issues** at a conference organised by the Finance Commission of Sri Lanka at Kalutara, Sri Lanka. He participated in various other academic gatherings including **India CAE/CAS Consultations Synthesis** workshop organised by World Bank at New Delhi; workshop on **Design of Business Model for Automation of VAT Administration** held at New Delhi; conference of Chief Ministers of States on **Implementation of VAT**, called by the Union Finance Minister, at New Delhi; conference on **Indian States' Reform Forum 2000** organised by World Bank, at New Delhi; workshop on Expenditure Assessment in Health Sector held at Colombo; and **All India Conference of Corporate Managers and Tax Executives** organised by FICCI, at New Delhi.

He served as a member of the Advisory Group on Tax Policy and Tax Administration set up by the Planning Commission to suggest measures for resource mobilisation for the Tenth Five Year Plan. The Group submitted its interim report in January 2001, with focus on taxes at the central level. He was a member of the Committee of State Finance Secretaries set up by the Empowered Committee of State Finance Ministers to advise on the design of VAT and modalities for introducing VAT in Indian States by April, 2002. He continued to be a member of the working group on Comprehensive Computerisation in the income tax department. He was invited as a resource person at a workshop on VAT organised by the commercial tax department of Andhra Pradesh. Also, he represented NIPFP staff on their Governing Body. Several professionals from national and international quarters visited him to discuss issues related to the introduction of VAT in Indian States.

Pawan Aggarwal was actively involved in conducting several training programmes and workshops on **Value Added Tax Policy and Administration** for different levels of commercial tax officials, at NIPFP, and various regional centres such as Guwahati, Bangalore, and Pune.

Two of his articles have been published in D.K. Srivastava (ed.) *Fiscal Federalism in India: Contemporary Challenges, Issues Before the Eleventh Finance Commission*.

- **Tapas Sen**, Senior Fellow and in-charge State Finance Unit, completed three research projects during the year. He co-authored the final report on **State Surcharges on Petroleum Products** as a member of the committee set up to examine this issue, on which an interim report was submitted to the Ministry of Petroleum, Government of India, last year. He also authored the final report on **Intergovernmental Transfers in Sri Lanka**, as part of the umbrella project on **Capacity Building for Fiscal Devolution in Sri Lanka**. This report was presented and discussed in a subsequent workshop in Sri Lanka in December 2000. The third completed research

project was a study led by Tapas Sen on **Reform Programme for Rajasthan**. His on-going research projects include those on **Sales Taxation in Orissa** (final report), on **Royalty Revision of Crude Oil in India** as a member of the NIPFP team providing assistance to a committee set up by the Government of India for the purpose, and on the **Impact of Central Grants on State Level Expenditures**.

He was a member of a team of consultants from the Institute that prepared a report for the World Bank on the **Economic Consequences of the Gujarat Earthquake**. He continued to supervise the maintenance of **Public Finance Information System (PFIS)**, a data bank on state government finances in India. He attended the deliberations of the **India: States' Reform Forum, 2000** at New Delhi. Other academic activities of Tapas Sen constituted refereeing for academic journals and acting as a resource person in the state level eligibility tests for economics in Maharashtra. His publications during the year include the co-authored *State Fiscal Study: Haryana*; a co-authored theme paper of the publication, *Fiscal Federalism in India: Contemporary Challenges, Issues Before the Eleventh Finance Commission*, and a paper on "Liberalisation: Apprehensions and Precaution" included in an edited volume.

- **A.L. Nagar**, Senior Consultant, completed two co-authored research projects **Weighting Socio Economic Indicators of Human Development: (A Latent Variable Approach)**; and **Infrastructure Development Index: An Analysis for major Indian States (1990-91 to 1994-95)**. He presented the former study in a seminar at the IIC, New Delhi.

- **Rita Pandey**, Fellow, and in-charge of the Environmental Policy Cell at the Institute completed two co-authored studies namely, **Estimating Industrial Pollution in India: Implications for Effluent Charge**; and **Tradable Permits for Environmental Protection: Case Study of an Integrated Steel Plant in India**. She is at present leading the team working on a World Bank/IGIDR project **Environment and Subsidies with Special Reference to Agriculture in India**. She conducted a five-day training programme on **Environmental Economics** for the officials of the Ministry of Environment and Forests (MoEF); Central Pollution Control Board (CPCB); and State Pollution Control Board (SPCB) where she delivered two lectures. In addition, she gave three lectures at the Institute for Economic Growth.

Two of her papers have been accepted for publication in *Environment and Development Economics*; and *Environmental Economics and Policy Studies*.

She was invited to attend two international conferences during the year: one on **Environment and Development Economics** at Stockholm; and another organised by the International Society for Environment and Ecology at Canberra, Australia.

Rita Pandey was conferred membership of the sub group on Environment constituted by

the MoEF for the Tenth Five Year Plan; and the sub-group on Resource Mobilisation for New and Renewable Sources of Energy constituted by the Ministry of Non-Conventional Energy Sources (MNES) for the Tenth Five Year Plan. She continued to be member secretary of the Environmental Economics Overseas Fellowships Committee set up under the World Bank Aided Programme on Environmental Economics.

- **Hiranya Mukhopadhyay**, Fellow, worked for the Reserve Bank of India Unit at NIPFP until December 2000; in January 2001, he joined the ADB on leave. During this period, he completed a co-authored project report, **An Analysis of Tax Concessions for Charitable Contribution and Trusts/Institutions**. He was member of the team which prepared **Time Series Properties of State Level Public Expenditure** for the Punjab Expenditure Commission; later reproduced as a Discussion Paper of NIPFP.

- **R. Kavita Rao**, Fellow, is a team member of two ongoing projects, **State Fiscal Study: Maharashtra**; and **Expenditure Management: Punjab**. Other research output of hers includes the study (also Discussion Paper, NIPFP) **Time Series Properties of State-Level Public Expenditure**. She was a member of the team that undertook to complete for the World Bank, **Economic Consequences of the Gujarat Earthquake**; subsequently produced as a NIPFP Discussion Paper. Her erstwhile co-authored study *Primer on Value Added Tax* was co-published by NIPFP during the year under review.

A major part of her academic activity was focused on conducting training programmes on **VAT Policy and Administration**. She conducted as many as seven training programmes on the subject for officials of the sales tax/commercial tax departments across the major states in India. Four of these courses were held for different regions in the country. On behalf of NIPFP, she organised two workshops involving officials from state governments and experts from India and abroad for deliberating on the issues relating to the computerisation of the sales tax administration in preparation for the introduction of a VAT regime in the states.

Kavita Rao delivered three lectures at a Government of Andhra Pradesh organised training programme on **VAT**. She made a presentation on "International Experiences in VAT: Introduction and Lessons for India" at the **India States' Reform Forum 2000** at New Delhi.

She is on the committee on Value Added Tax System for Gujarat.

- **C. Bhujanga Rao**, Senior Economist, returned to the Institute in August 2000 after a more than two year deputation to the Eleventh Finance Commission. In September 2000, he alongwith other members of the research team, submitted **External Assistance: Terms and Conditions of Transfer to States** to the Ministry of Finance. Currently, he is working as a co-author of three major studies, namely, **Budget Subsidies of Central and State Governments**;

Fiscal Position of the State Government of Assam: Medium Term Fiscal Reforms; and **Uttar Pradesh: Study of State Finances**; made a presentation on the subject at the Planning Commission. He undertook to co-author a paper on "Government Subsidies in India: Issues and Approach" for a forthcoming World Bank conference on **Fiscal Policy to Accelerate Economic Growth**. Bhujanga Rao attended the following conferences: **India States Reform Forum 2000**, in New Delhi; conference in honour of Prof. K.L. Krishna at Delhi School of Economics; and **Technological Change in Small Scale Industries in India** at IEG. He assisted D.K. Srivastava in a short-term consultancy assignment at CAG.

- **Hasheem Nouroz**, Senior Economist, was away to the Institute for Social and Economic Change until mid January this year. While at ISEC, she visited Toronto under a Shastri Indo-Canadian Fellowship Programme. She is now finalising the projects initiated there, namely, **Measuring the Non-Neutralities of Sales and Exercise Taxes in Canada for the year 1976 and Incidence of Indirect Taxes and Subsidies in India: 1997-98**.

- **Gautam Naresh**, Senior Economist, worked with J.V.M. Sarma on **Taxation of Non-Fuel Mineral Sector in India**, which was submitted to the Government of India, Department of Mines, Ministry of Steels and Mines in June, 2000. He is now involved in a study entitled, **Royalty Revision of Crude Oil in India**. During the course of the year, he collaborated with J.V.M. Sarma to present a paper on: "Fiscal Analysis of Tamil Nadu and Suggested Reforms" at the 83rd Annual Conference of the Indian Economic Association, Jammu, which was published as a conference volume by the Jammu University; and, on "Reforming the Mineral Sector Taxation in India" at a conference held in honour of Prof. K.L. Krishna at the Delhi School of Economics; another paper of his "Towards an Internationally Competitive Tax Regime of the Indian Mineral Industry" with the same co-author was selected for the international conference on **Minerals, Metals and Metallurgy in the 21st Century** at New Delhi, and later published in a conference volume. At the Institute, he gave an in-house seminar on "Modeling Local Fiscal Behaviour with Politico-Bureaucratic Utility-maximization Approach: Estimates of Response Parameters". At a NIPFP-organised training programme for Sri Lankan delegates, he lectured on "Estimation of Tax Evasion in India: Issues and Methodology". Published output of Gautam Naresh also includes a chapter each on **Panchayati Raj in Chandigarh** and also on **Delhi** in *Status of Panchayati Raj in the States and Union Territories of India 2000*, and a co-authored article in an international journal, *Mineral Taxation Around the World: Trends and Issues*.

He was invited to deliver two lectures to the participants of a workshop on **Municipal Financial Resource Mobilisation and Accounting** at the UP Academy of Administration, Nainital.

He undertook co-supervision for a Ph.D. dissertation of Aligarh Muslim University and continued to be a member of the Executive Council of the Indian Econometric Society.

As in-charge of the Computer Unit, Gautam Naresh organised advanced training courses on the application of MS Office for the Institute staff; was a nominated member of NIPFP Benevolent Fund Committee, besides being chairman of Committee on Physical Verification of Assets of the Institute.

• **Saumen Chattopadhyay**, *Economist*, was promoted to Senior Economist after the submission of his Ph.D. dissertation entitled, "Macroeconomic Disequilibrium and the Black Economy in the Context of Stabilisation Policy in India". He worked as a co-author on the study **Sikkim: A Vision Document**, the final report of which was presented to the Government of Sikkim. He is currently engaged in the completion of three Planning Commission sponsored projects on **Compliance Cost of Direct Taxes in India**. He was responsible for conducting a training programme for Sri Lankan officers on **Methodology of Estimating the Hidden Economy**, where he delivered two lectures on the subject. His paper entitled, "Reformulating the Three-gap Model in the Context of the Black Economy" has been accepted for presentation at the forthcoming 37th Indian Econometric Society meet at Surat.

• **V. Selvaraju**, *Economist*, collaborated with NCAER to complete **Who Benefits from Public Health Spending in India?**, a study sponsored by the World Bank. He is also a member of the NIPFP research team working on **Reform Programme for Rajasthan**. During the year under review he delivered a lecture on "Role of Government in Financing Health Services" at the Indian Institute of Health Management Research, Jaipur; presented a research based paper "Budgetary Subsidies to Health Sector Among Selected States in India" at a workshop at IIM, Ahmedabad; and on "Health Care Expenditure in Rural India: A Micro Perspective" at an international seminar at NCAER, New Delhi. V. Selvaraju is a member of the Health Economics Consortium and Health Policy Research Consortium; and Health Policy Development Network (HELPONET).

• **Pratap Ranjan Jena**, *Economist*, is involved in the completion of the study **Reform of Sales Tax in Orissa**. He was member of the team appointed by the World Bank to study **Economic Consequences of the Gujarat Earthquake**, which was later reproduced as a Discussion Paper of NIPFP. Research output of Pratap R. Jena included a lecture on "Fiscal Federalism" at the Indian Institute of Mass Communication during April, 2000.

• **Diwan Chand**, *Economist*, continued to be associated with the development and maintenance of the data bank on government finances.

• **Subrata Mandal**, *Economist*, has been working on **Refinery Upgradation, Environmental Sustainability and Cost Sharing**. The project has been sponsored by the Indian Oil Corporation. He delivered a lecture on the same topic to the participants of a training programme in environmental economics held at NIPFP.

• **Mukesh Kumar Anand**, *Economist*, completed a study entitled, **Budgetary Subsidies in Maharashtra**. The study estimated the extent of cost under recovery in provision of social and economic services in Maharashtra. He is a member of the team finalising work on **Uttar Pradesh: Study of State Finances**; and **Study of Maharashtra's Finances**. His on going projects also include **Fiscal Position of the State Government of Assam: Medium Term Fiscal Study**; and **Government Subsidies in India**. Mukesh Anand presented his thesis entitled, "Shadow Prices for India: A Guide to Policy Reforms" at JNU; a paper on "Does Trade Liberalisation Lead to Loss of Comparative Advantage: Empirical Estimates for Indian Agricultural and Industrial Sectors" at a conference in honour of Prof. K.L. Krishna at the Delhi School of Economics; and attended the conference, **India States' Reform Forum 2000**.

Mukesh Anand published a co-authored paper, "Some Notes on Principles of Resource Transfers" in a NIPFP – Har Anand publication and is publishing one on "Revenue Sharing Criteria in Federal Fiscal Systems: Some Similarities and Differences — Comment" in a forthcoming issue of *Public Finance*.

At NIPFP he is a member of the Web-site Committee; Computer Tender Sub-Committee; and the Jokhan Maurya Memorial (for best gardener) Award Committee.

• **Pinaki Chakraborty**, joined NIPFP as an Economist in August 2000. He is currently engaged in three different projects: **Uttar Pradesh: Study of State Finances**, a component of Planning Commission's larger project, **Uttar Pradesh Development Report: Fiscal Position of the State Government of Assam: Medium Term Fiscal Reform Study**; and **Budget Subsidies of Central and State Governments**.

• **Lekha S. Chakraborty**, joined NIPFP as an Economist in August, 2000. She was a member of the research team which submitted an interim report on **India—Gender Budgeting** to the Ministry of HRD; joined the team in giving an in-house seminar at NIPFP. In the context of integrating gender into budgetary policies in India, certain parts of this report were incorporated in the *Economic Survey 2000-01*. She participated in the third annual workshop on **Applied Bayesian Method in Econometrics and Forecasting** and a national conference on **Recent Advances in Quantitative Economics** at the Indian Statistical Institute, Bangalore.

She presented a paper entitled, "Fiscal Deficit and Interest Rate Link in India: An Econometric Analysis of Deregulated Financial Regime" at a conference in honour of Prof. K.L.

Krishna at the Delhi School of Economics. Lekha is a member of the Indian Econometric Society.

• **O.P. Bohra**, was appointed as Economist in November 2000 after a two year deputation to the Eleventh Finance Commission.

His research interests centred around local government and *Panchayati Raj* in India. He delivered a lecture on "Role of *Panchayati Raj* Institution and NGO – An Approach for the Development of Rural Economy" at a URMUL Samiti conference in Rajasthan; contributed a chapter on "Decentralisation and Fiscal Significance of Village *Panchayats*" in an edited book on *Humanising Development Trends in Public Administration*; and presented a paper on "Devolution of Resources to *Panchayats* – An Analytical Study of first generation State Finance Commissions' Reports" at the NIRD (SFC Cell) organised workshop at Hyderabad.

He was consulted by DFID India for their project, **Impact and Expenditure Review—Andhra Pradesh**, in which he contributed three chapters in the reports with the following titles: ***Panchayati Raj and Rural Development Sector; Industries and Commerce Sector; and Transport and Building Sector.***

• **T.S. Rangamannar**, Consultant, was the co-author of the study report, **External Assistance: Terms and Conditions of Transfer to States**, which was finalised and submitted to the Ministry of Finance in September, 2000. Currently, he is engaged in work related to sales tax reforms and the introduction of VAT in the states of India. He is also associated with the studies, **Uttar Pradesh: Study of State Finances**; and **Fiscal Position of the State Government of Assam: Medium Term Fiscal Reforms**. Rangamannar continued to assist Raja Chelliah and Amaresh Bagchi by providing economic indicators for their research work. After the publication of the Eleventh Finance Commission report, he brought out the statistical and analytical exercises in it for the use of researchers at NIPFP. He attended the seminar on **India States' Reform Forum 2000**, organised by the World Bank in association with NIPFP and other agencies.

• **P.N. Bhattacharyya**, Consultant, was a co-author of the study, **Reform Programme for Rajasthan** submitted to the Government of Rajasthan. He is member of the research team working on **India – Gender Budgeting** sponsored by UNIFEM; some parts of the study featured in the Government of India's *Economic Survey 2000-01*. He was a participant in a NIPFP in-house seminar on the subject. P.N. Bhattacharyya continues to update a database pertaining to the public finances of the centre and the states.

His research output included two lectures on "Constitutional Provision Regarding Budgetary Exercises"; and "Objectives of Modern Budget" at the Institute of Government Accounts and Finance, New Delhi.

• **Dev Raj Singh**, Sr. Library and Information Officer, continued to be an honorary faculty member of the Delhi Library Association, besides being on the Governing Board of MALIBNET (Management Libraries Network). He is an elected member representing union territories on the Council of Indian Library Association for April 2000-March 2002. Dev Raj Singh is associate editor of MANLIBNET REVIEW and has authored a book entitled, *Librarianship as a career: challenges and opportunities*. He co-authored two articles for the **46th All India Library Conference**, namely, "Quality Controlled Gateways: Some Selection Criteria" published in a pre-conference volume; and "ILA Conference: A Profile" published in the souvenir brought out for the occasion. Dev Raj Singh is on the panel of examiners, and visiting faculty at the Department of Library & Information Science, University of Kurukshetra.

• **Rita Wadhwa**, Editor, on behalf of NIPFP, published four books during the year: *State Fiscal Studies: Haryana*; *Fiscal Federalism in India: Contemporary Challenges*; *A Primer on VAT*; and *Control of Public Money: Fiscal Machinery in Developing Countries*. She is now editing the manuscript of a forthcoming publication, *Transfer Pricing and Regulations for India: Approvals and Alternatives*. As a member of the American Editors' Society, she attended its annual conference at Baltimore, US, in September 2000. She is a member of the Institute's website committee.

• **Navin Kumar Singh**, Systems Analyst, converted the Public Finance Information System (PFIS) database from Unix based Ingres RDBMS to Windows based Access database. He is designing the NIPFP website.

VISITING FACULTY

• **A Premchand**, retired Assistant Director, IMF, visited NIPFP for a period of one month. He was associated with two projects, namely, **Responsive - Effective Fiscal Management in Andhra Pradesh: An Operational Framework**; and **Expenditure Management: Punjab**.

• **Arindam Das-Gupta**, Professor, Gokhale Institute of Politics and Economics has been appointed Principal Consultant for three NIPFP projects, sponsored by the Planning Commission: **Estimation of Compliance Cost of Personal Income Tax in India and a study of its Determination**; **Estimation of Compliance Cost of Corporate Income Tax in India**; and **Compliance Costs and its Relationship with the Compliance Behaviour of the Taxpayers in Relation to Personal Income Tax in India**.

• **Ramprasad Sengupta**, Professor of Economics, Centre for Economic Studies and Planning, JNU has been retained as consultant by NIPFP to work on the report, **Refinery Upgradation, Environment Sustainability, and Cost Sharing**.

11 NIPFP Staff

A complete list of staff members – permanent and contractual – as on March 31, 2001, is at Annexure VI.

12 Sponsoring Members

The sponsoring, corporate, permanent, and ordinary members of the Institute, as on March 31, 2001, are listed at Annexure VII.

13 Finance and Accounts

The statement of Accounts of the Institute for the financial year 2000-2001, duly audited by the Institute's auditors *M/s Thakur Vaidyanath Aiyar and Company*, Chartered Accountants may be seen at Annexure VIII.

LIST OF STUDIES 2000-2001

Title	Sponsoring Agency/Research Unit of the Institute	Author(s) Research Team
STUDIES COMPLETED		
1. Discriminatory Tax Treatment of Domestic, vis a vis, Foreign Products: An Assessment (Revised)	Tariff Commission	Pawan K. Aggarwal V. Selvaraju
2. Time Series Properties of State Level Public Expenditure	Study prepared for Punjab Expenditure Commission	Indira Rajaraman Hiranya Mukhopadhyay R. Kavita Rao
3. Management of the Capital Account: India and Malaysia	UNCTAD Geneva	Indira Rajaraman
4. Taxation of Non Fuel Mineral Sector in India	Deptt. of Mines Govt. of India	J.V.M. Sarma Gautam Naresh with research assistance by A.K. Halen, Jacqueline Roberts Jeeta Mohanty Mitali Dasgupta
5. Approach to State Municipal Fiscal Relation: Options and Perspectives	Second Finance Commission on States	O.P. Mathur
6. Estimating Industrial Pollution in India: Implications for an Effluent Charge	MoEF	Rita Pandey in association with Som Sankar Ghosh
7. External Assistance: Terms and Conditions of Transfer to States	Ministry of Finance	D.K. Srivastava C. Bhujanga Rao T.S. Rangamannar
8. Capacity Building for Fiscal Devolution in Sri Lanka a) Institutions for Fiscal Devolution b) Some Tax Issues c) Provincial Expenditure Assessment in Sri Lanka	UNOPS	Team Leader Ashok Lahiri O.P. Mathur Pawan K. Aggarwal D.K. Srivastava

9.	State Surcharges on Petroleum Products	Ministry of Petroleum and Natural Gas	Ashok Lahiri Tapas K. Sen and Abhay Tripathi
10.	A Database on Customs Tariff and Tariff Bindings For SAARC Countries	Ministry of Commerce	Pawan K. Aggarwal V. Selvaraju Paulomi Bhattacharyya P. James Daniel Paul
11.	Taxation of Agricultural Income	CBDT Deptt. of Revenue Ministry of Finance	Indira Rajaraman
12.	Tariff Policy in Indian Hotels	Hotel Association of India	Ashok K. Lahiri Hiranya Mukhopadhyay Dipankar Purkayastha Kavita Rao <i>in association with</i> Mamta Parhi and Sudip Ranjan Basu
13.	Budgetary Subsidies in Maharashtra	Govt. of Maharashtra	Mukesh Kumar Anand
14.	Reform Programme for Rajasthan	Govt. of Rajasthan	Tapas K. Sen P.N. Bhattacharyya <i>with contributions by</i> Arnab Mukherji and V. Selvaraju
15.	Who Benefits from Public Spending in India? (in collaboration with NCAER)	World Bank	Ajay Mahal Janmejaya Singh Farzana Afridi Vikram Lamba Anil Gumber V. Selvaraju
16.	Reform of Inter-State Taxation in India	Ministry of Finance	NIPFP
17.	An Analysis of Tax Concessions for Charitable Contributions and Trusts/Institutions	CBDT Ministry of Finance	Arvind Modi Hiranya Mukhopadhyay
18.	Sikkim: Vision for the Next Millennium	Govt. of Sikkim	Ashok K. Lahiri Saumen Chattopadhyay Anuradha Bhasin <i>in association with</i> A. Premchand

STUDIES NEARING COMPLETION

1.	India: Local Finance Data System	Ministry of Finance	Om Prakash Mathur <i>with assistance by</i> Sandeep Thakur Ranjan Sengupta Anil Kumar Yadav
2.	Disinvestment and Privatisation in India: Progress, Problems and Prospects	Ministry of Finance	Ashok K. Lahiri Rama Murali
3.	State Finances in Maharashtra	Govt. of Maharashtra	Ashok K. Lahiri R. Kavita Rao Mukesh Kumar Anand
4.	Environment and Subsidies with special reference to Agriculture in India	World Bank-IGIDR	Rita Pandey D.K. Srivastava Madhurima Mitra Sushmita Dasgupta
5.	Procedural Manual for VAT Governance (PMVG)	Ministry of Finance	Mahesh C. Purohit <i>in association with</i> R.J. Manay
6.	A Software for the Database on Tariff Bindings for SAARC Countries	Ministry of Commerce	Pawan K. Aggarwal P. James Daniel Paul Naveen Kumar Singh
7.	India— Gender Budgeting	UNIFEM Ministry of HRD	Ashok K. Lahiri Lekha S. Chakraborty Hiranya Mukhopadhyay P.N. Bhattacharyya Anuradha Bhasin
8.	Refinery Upgradation, Environmental Sustainability and Cost Sharing	Indian Oil Corporation	Ramprasad Sengupta Subrata Mandal
9.	Growth Accelerating Fiscal Devolution to the Third Tier	The World Bank	Indira Rajaraman
10.	Sales Tax in Orissa	Govt. of Orissa	Pratap R. Jena Ashok Lahiri Tapas K. Sen
11.	Weighting Socio-Economic Indicators of Human Development (A Latent Variable Approach)	Health Economics Cell	A.L. Nagar Sudip Ranjan Basu

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| 12. | Infrastructure Development Index: An Analysis for Seventeen Major Indian States (1990-91 to 1994-95) | ICSSR | A.L. Nagar
Sudip Ranjan Basu |
| 13. | Estimation of Compliance Cost of Personal Income Tax in India | Planning Commission | Arindam Das-Gupta
S.P. Singh
Dheeraj Bhatnagar
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| 14. | Estimation of Compliance Cost of Corporate Income Tax in India | Planning Commission | Arindam Das-Gupta
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| 15. | Compliance Costs and its Relationship with the Compliance Behaviour of the Taxpayers in Relation to Personal Income Tax in India | Planning Commission | Arindam Das-Gupta
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| 2. | State-local Fiscal Relations | CIDA | Om Prakash Mathur
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| 3. | Public Finance Information System | Ministry of Finance | Tapas K. Sen
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| 4. | Research Programme on Municipal Finance:
(a) Pricing of Municipal Services
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| 8. | Uttar Pradesh: Study of State Finances | Planning Commission | D.K. Srivastava
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| 11. | Expenditure Management: Punjab | Expenditure Reforms Commission
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INTERNAL SEMINAR SERIES

Sl. No.	Day and Date	Seminar Person's Name	Topics
1.	Wednesday June 14, 2000	Arindam Das-Gupta GIPE, Pune, S.P. Singh and Dheeraj Bhatnagar, CBDT, and Saumen Chattopadhyay, NIPFP, New Delhi	<i>Study of Compliance Costs of Direct Taxes in India</i>
2.	Friday June 16, 2000	Geetesh Bhardwaj, NIPFP, New Delhi	<i>Consumption Pattern, Trade and Greenhouse Gas Leakage</i>
3.	Monday July 17, 2000	Gautam Ray, Boston University	<i>A Contribution to the Theory of Economic Growth and Development</i>
4.	Thursday August 24, 2000	Gautam Naresh, NIPFP, New Delhi	<i>Modelling Local Fiscal Behaviour with Politico-Bureaucratic Utility- maximization Approach: Estimates of Response Parameters</i>
5.	Thursday September 7, 2000	Alay Tyson, Bill Grayston, DFIC, Yugandhar Reddy, Commercial Tax Deptt., Govt. of Andhra Pradesh	<i>Design of VAT for Andhra Pradesh</i>
6.	Wednesday September 20, 2000	Sidhartha Mitra, Institute of Management Technology, Ghaziabad	<i>Corruption, Pollution and the Kuznets Environment Curve</i>
7.	Wednesday September 27,	Amaresh Bagchi and D.K. Srivastava, NIPFP, New Delhi	<i>Approach and Constraints of the EFC</i>
8.	Thursday October 12, 2000	Joel Slemrod, University of Michigan	<i>Endogenous Elasticities in Optimal Tax Theory</i>
9.	Monday November 6, 2000	Robert Gillingham, IMF, Washington, D.C.	<i>Pension Reform: International Perspective and Challenges for India</i>
10.	Thursday November 16,	R. David Simpson, Resources for the Future, Washington, D.C	<i>The Cost-Effectiveness of of Conservation Payments</i>

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| 11. | Tuesday
January 30, 2001 | Mrs. Lekha S.
Chakraborty,
P.N. Bhattacharyya and
Ashok Lahiri, NIPFP,
New Delhi | <i>A Prelude to Gender
Budgeting in India</i> |
| 12. | Friday
February 23, 2001 | R.N. Pandey
CSO
New Delhi | <i>Women's Contribution to the
Economy through Unpaid House
hold Work</i> |
| 13. | Friday
March 23, 2001 | Pulapre Balakrishnan,
IIM, Calicut | <i>Research on Productivity Growth
in Indian Industry: The State of
the Art and the Fund of our
Knowledge</i> |

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- a. "Issues Before the Eleventh Finance Commission: Keynote Address", in D.K. Srivastava (ed.) *Fiscal Federalism in India: Contemporary Challenges, Issues Before the Eleventh Finance Commission*. New Delhi: NIPFP and Har-Anand Publications Pvt. Ltd. (2000).
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- a. *"Value Added Tax: Experiences of India and Other Countries"*, Delhi: Gayatri Publications, (2001).
- b. "National and Sub-National VATs: A Road Map for India", *Economic and Political Weekly*, March 3, 2001, pp 757-772.
- c. (co-authors R.J. Chelliah, Pawan K. Aggarwal, and R. Kavita Rao) *Primer on Value Added Tax*, New Delhi: NIPFP and Har-Anand Publications Pvt. Ltd. (2001).
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R. KAVITA RAO

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GAUTAM NARESH

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- b. (co-author JVM Sarma) "Fiscal Analysis of Tamil Nadu and Suggested Reforms", IEA Conference (83rd) Volume of the *Millennium Jammu 2000*, Jammu University, Jammu, pp. 335-359.
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- d. (co-author JVM Sarma) "Towards an Internationally Competitive Tax Regime of the Indian Mineral Industry" Conference volume of *International Conference on Minerals, Metals and Metallurgy in the 21st Century* (27th and 28th September 2000) organised by The Indian Institute of Metals, New Delhi.

DEV RAJ SINGH

- a. *Librarianship as a career: challenges and opportunities*, New Delhi : Independent Publishing Company (2001).
- b. "Quality Controlled Gateways: Some Selection Criterias" in pre-conference volume of 46th All India Library Conference.
- c. "ILA conference: A Profile" in souvenir of 46th All India Library Conference.

MUKESH KUMAR ANAND

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- b. "Revenue Sharing Criteria in Federal Fiscal Systems: Some Similarities and Differences – Comment", *Public Finance* (forthcoming).

ANNEXURE-VI

LIST OF STAFF MEMBERS AS ON 31.3.2001

Dr. C. Rangarajan	Chairman
Dr. Ashok K. Lahiri	Director
ACADEMIC STAFF	
1. Dr. R.J. Chelliah	Professor of Eminence
2. Dr. A. Bagchi	Emeritus Professor
3. Prof. O.P. Mathur	Principal Consultant
4. Dr. Mahesh C. Purohit	Senior Fellow
5. Dr. (Mrs.) Indira Rajaraman	Senior Fellow
6. Dr. D.K. Srivastava	Senior Fellow
7. Dr. Pawan Kumar Aggarwal	Senior Fellow
8. Dr. Tapas Kumar Sen	Senior Fellow
9. Dr. (Mrs.) Rita Pandey	Fellow
10. Dr. Hiranya Mukhopadhyay	Fellow (on leave to ADB)
11. Dr. (Ms.) R. Kavita Rao	Fellow
12. Dr. C. Bhujanga Rao	Senior Economist
13. Dr. (Ms.) Hasheem Nouroz	Senior Economist
14. Shri Saumen Chattopadhyay	Senior Economist
15. Dr. Gautam Naresh	Senior Economist
16. Shri V. Selvaraju	Economist
17. Mrs. Rita Wadhwa	Editor
18. Shri Diwan Chand	Economist
19. Dr. P.R. Jena	Economist
20. Shri Subrata Kumar Mandal	Economist
21. Dr. Mukesh Kumar Anand	Economist
22. Shri Pinaki Chakraborty	Economist
23. Mrs. Lekha Chakraborty	Economist
24. Dr. O.P. Bohra	Economist
25. Shri A.K. Halen	Junior Economist
26. Mrs. Sujata Dutta	Research Associate
27. Mrs. Gita Bhatnagar	Research Associate

ADMINISTRATIVE STAFF

1. Shri B.K. Chakravarti	Secretary
2. Ms. Sushila Panjwani	Sr. PPS to Chairman
3. Shri N. Natarajan	Sr. PPS to Director
4. Shri Naveen Bhatta	Administrative Officer
5. Mrs. H. Gautam	Accounts Officer
6. Shri Hari Shankar	Hostel Incharge
7. Shri Satish Prabhu	Estate Officer
8. Shri R. Parmeswaran	Stenographer Grade-I

9. Shri R. Perianan	Stenographer Grade-I
10. Shri R.S. Tyagi	Stenographer Grade-I
11. Shri Praveen Kumar	Stenographer Grade-I
12. Shri Sharad Aggarwal	Accounts Executive
13. Shri S.C. Sharma	Accounts Executive
14. Shri Bhaskar Mukherjee	Executive Officer
15. Mrs. Indra Hassija	Assistant
16. Shri Parvinder Kapur	Stenographer Grade-II
17. Shri S.N. Sharma	Assistant
18. Shri J.S. Rawat	Assistant
19. Smt. Promila Rajvanshi	Stenographer Grade-II
20. Shri Kapil Kumar Ahuja	Steno-typist
21. Smt. Kavita Issar	Steno-typist-cum-Telephone Operator
22. Shri V.M. Budhiraja	Clerk (Accounts)
23. Shri Nand Ram	Clerk-cum-Typist
24. Shri Birender Singh Rawat	Clerk (Accounts)
25. Shri Rajinder Negi	Steno-typist
26. Shri Anurodh Sharma	Steno-typist
27. Ms. Ruchi Anand	Receptionist-cum-Telephone Operator
28. Shri P. Sreedharan	Staff Car Driver
29. Shri H.B. Pandey	Gestener Operator
30. Shri Devi Singh	Hostel Attendant
31. Shri Dhanpat	Hostel Attendant
32. Shri Raju	Photocopier Operator-cum-Driver
33. Shri Lal Bahadur	Watchman
34. Shri Kishan Singh	Messenger
35. Shri Bishamber Pandey	Messenger
36. Shri Mohan Singh	Messenger
37. Shri Shiv Bahadur	Gardener
38. Smt. Palayee	Gardener
39. Smt. Kamla Tiwari	Messenger
40. Shri Shiv Pratap	Gardener
41. Smt. Annamma George	Messenger
42. Shri Puran Singh	Messenger
43. Shri K.N. Mishra	Messenger

COMPUTER STAFF

1. Shri Jagdish Arya	Data Processing Assistant Gr.-B
2. Shri Anil Kumar Sharma	Assistant (Computer Operations)

LIBRARY STAFF

1. Dr. Dev Raj Singh	Sr. Library & Information Officer
2. Shri Dinesh Chand	Asstt. Library & Information Officer
3. Smt. Sudha Saxena	Asstt. Library & Information Officer
4. Shri P.C. Upadhyay	Sr. Library & Information Assistant
5. Shri Dharamvir	Sr. Library Attendant
6. Shri Hira Singh	Jr. Library Attendant

CONTRACTUAL ACADEMIC STAFF

1. Prof. A.L. Nagar	Hony. Visiting Fellow
2. Shri T.S. Rangamannar	Consultant
3. Shri P.N. Bhattacharya	Consultant
4. Ms. Kakoli Singh	Junior Consultant
5. Ms. Mona Grover	Junior Consultant
6. Shri Sandeep Thakur	Project Associate
7. Shri Anik Bhaduri	Project Associate
8. Shri Abhijit Pathak	Project Associate
9. Ms. Jeeta Mohanty	Project Associate
10. Shri Manoj Bhatt	Project Associate
11. Shri Arnab Mukherjee	Project Associate
12. Ms. Madhurima Mitra	Project Associate
13. Ms. Kankana Mukhopadhyay	Jr. Project Associate
14. Shri Biswajit Halder	Jr. Project Associate
15. Shri Sudip Ranjan Basu	Jr. Project Associate

CONTRACTUAL COMPUTER STAFF

1. Shri N.K. Singh	Programmer-cum-System Analyst
--------------------	-------------------------------

CONTRACTUAL LIBRARY STAFF

1. Ms. Manju	Library Assistant
2. Ms. Azad Kaur	Library Assistant

CONTRACTUAL ADMINISTRATIVE STAFF

1. C.L. Khanna	Associate (Admn. & Fin.)
2. Shri Edward Francis	Associate (Admn.)
3. Shri S.C. Hanslas	Stenographer
4. Shri S.P. Malhotra	Stenographer
5. Shri D.D. Sharma	Assistant
6. Ms. Usha Mathur	Steno-typist
7. Ms. Rekha	Steno-typist
8. Mrs. Kiran Malik	Steno-typist
9. Ms. Amita Padhiwal	Steno-typist
10. Ms. Mohini S.J.	Steno-typist
11. Ms. Mahamaya S. Chowdhury	Steno-typist
12. Shri Rup Singh	Peon

LIST OF SPONSORING, CORPORATE, PERMANENT AND ORDINARY MEMBERS
AS ON 31.3.2001

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

C. ORDINARY MEMBERS - STATES/UNION TERRITORIES

1. Haryana
2. Government of NCT of Delhi
3. Government of Tripura

OTHERS

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

Finance and Accounts

Finance and Accounts

Auditor's Report

THAKUR VAIDYANATH AIYAR & CO.
Chartered Accountants
New Delhi, Calcutta, Mumbai, Chennai,
Patna, Chandigarh and Hyderabad

212 Deen Dayal Marg,
New Delhi 110002
Tel: 3236958-60, 3237772
Fax: 3230831

To

The Members of the General Body
National Institute of Public Finance and Policy
New Delhi

We have examined the attached statement of Financial Position of National Institute of Public Finance and Policy, New Delhi as at 31st March, 2001 and have also examined the Income and Expenditure Account and Receipts and Payments 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 our information and according to the explanations given to us, the said statement, read alongwith the significant accounting policies and notes thereon, gives a true and fair view.

- (a) In the case of statement of Financial position of the state of the affairs of the Institute as at 31st March, 2001; and
- (b) In the case of the Income and Expenditure Statement, of the deficit for the year ended on that date.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

sd/-
(M.P. Thakur)
Partner

Place: New Delhi
Dated: 11th September, 2001

STATEMENT OF FINANCIAL POSITION AS ON 31.03.2001

	Schedule Referred	As at 31.03.2001 Rs.	As at 31.03.2000 Rs.
SOURCES			
Assets Fund	1	60,675,004	45,315,532
Endowment Fund	2	25,833,645	24,767,969
Earmarked Funds	3	28,165,284	26,133,021
Secured Loan	4	-	248,322
Unutilised Grants	5	7,254,227	18,165,761
Total		121,928,160	114,630,605
APPLICATION			
Fixed Assets	6	60,675,004	45,315,532
Capital work in Progress		407,235	3,330,376
Investment of Earmarked and other Funds	7	41,961,920	39,600,285
Net Current Assets	8	16,640,802	26,051,682
Deficit as per Income & Expenditure A/c		2,243,199	332,730
Total		121,928,160	114,630,605
Notes forming part of Accounts	16		

Schedules referred above form integral part of this Statement.

sd/-
Mrs. H. Gautam
Accounts Officersd/-
Mr. B.K. Chakravartti
Secretarysd/-
Dr. Ashok Lahiri
Directorsd/-
Dr. C. Rangarajan
Chairman

As per our report of even date

For THAKUR, VAIDYANATH AIYER & CO.
CHARTERED ACCOUNTANTSsd/-
(M.P. THAKUR)
PartnerPLACE : NEW DELHI
DATED: 11.09.2001

INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED 31st MARCH 2001

	Schedule	Current Year Rs.	Previous Year Rs.
INCOME			
Grants - General Support			
- Central Govt.	9	13,045,299	13,283,292
- State Govt.	10	1,220,000	1,060,000
Project Support	14	1,425,092	589,828
Endowment Chairs/Cells	15	8,078,922	7,017,426
Project Fees		15,875,470	19,074,440
Course and Programme Fees		5,070,000	5,092,743
Sale of Publications		243,245	120,096
Corporate Membership Fees		15,000	25,000
Interest		410,207	193,314
Other Receipts		1,447,171	944,836
Profit on sale of fixed Assets		465,500	-
Total		47,295,906	47,400,975
EXPENSES			
Salary and Allowances	11	16,555,989	18,373,948
Operational Expenses	12	7,928,230	7,583,153
Administrative Expenses	13	9,359,188	6,604,808
Expenses on Projects	14	1,425,092	589,828
Expenses on Endowment Chairs/Cells	15	8,078,922	7,017,426
		43,347,421	40,169,163
Depreciation		5,858,954	7,564,541
Total		49,206,375	47,733,704
Deficit for the year		1,910,469	332,730
Add: Deficit for the Previous Year		332,730	-
Total Deficit carried over to Balance Sheet		2,243,199	332,730
Schedules referred above form integral part of this Statement.			

sd/-
Mrs. H. Gautam
Accounts Officersd/-
Mr. B.K. Chakravartti
Secretarysd/-
Dr. Ashok Lahiri
Directorsd/-
Dr. C. Rangarajan
Chairman

As per our report of even date

For THAKUR, VAIDYANATH AIYER & CO.
CHARTERED ACCOUNTANTSsd/-
(M.P. THAKUR)
PartnerPLACE : NEW DELHI
DATED: 11.09.2001

SCHEDULE - 1

		As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
CAPITAL ASSETS FUNDS			
I. Capital Assets Fund			
Balance at the beginning of the year		45,315,532	41,818,127
Add: Assets added during the year			
- Transfer from Development Fund (Refer Sch 2)	2,055,877	-	
- Transfer from Int. on Endowment Fund (Refer Sch 2)	444,738	613,998	
- Transfer from Int. on Life Membership Fund (Refer Sch 2)	15,836	15,335	
- Transfer from Int. on Scientific Research Fund (Refer Sch 2)	83,507	87,556	
- Transfer from Int. on Depreciation Fund (Refer Sch 2)	2,045,246	1,150,123	
- Transfer from Int. on Government Endowment Fund (Refer Sch 2)	714,268	860,488	
- Transfer from Int. on Additional Liability Fund (Refer Sch 2)	-	256,500	
- Transfer from RBI Chair (Refer Sch 5)	-	414,405	
- Transfer from FFG - Health Economic (Refer Sch 5)	-		
- Capital Grant Ministry of Finance, Govt of India (Refer Sch 5)	10,000,000	99,000	
		15,359,472	3,497,405
TOTAL		60,675,004	45,315,532

SCHEDULE - 2

		As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
ENDOWMENT FUNDS			
a. Initial Endowment Fund	3,915,000	3,915,000	3,915,000
b. Endowment Fund	6,177,924	6,177,924	6,177,924
c. Government Endowment Fund	10,000,000	10,000,000	10,000,000
d. Scientific Research Fund	727,407	727,407	727,407
e. Life Membership Fund	120,000	120,000	
- Recd during the year	300,000	-	
		420,000	120,000
f. Bimla Bagchi Award Fund	30,000	30,000	
	20,000	50,000	30,000
g. Additional Liability Fund			
- Opening Balance	2,675,612	431,561	
i. Employee Liability Fund			
- Transfer from Project Fees	1,867,702	2,244,051	
		4,543,314	2,675,612
ii. Development Fund			
- Opening Balance	1,122,026	-	
- Transfer from Project Fees	933,851	1,122,026	
	2,055,877	1,122,026	
Less: Transfer to Capital Assets Fund	2,055,877	-	
			1,122,026
TOTAL		25,833,645	24,767,969

SCHEDULE - 3

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
EARMARKED FUNDS		
1. a. <u>Depreciation Fund</u>		
- Balance at the beginning of the year	22,731,511	15,166,970
Add: Depreciation during the year	5,858,954	7,564,541
	28,590,465	22,731,511
Less: Accumulated depreciation on deletion	4,963,091	-
	23,627,374	22,731,511
b. <u>Interest on Depreciation Fund</u>		
- Balance at the beginning of the year		
Add: Interest earned during the year	2,045,246	1,150,123
Less: Transferred to Capital Assets Fund	2,045,246	1,150,123
2. a. <u>Ford Foundation Fund</u>		
Interest accumulation		
- Balance at the beginning of the year	2,778,128	2,999,944
Add: Interest earned during the year	473,324	324,996
	3,251,452	3,324,940
Less: Expenditure during the year	353,559	546,812
	2,897,893	2,778,128
b. <u>Interest on Initial Endowment Fund</u>		
- Balance at the beginning of the year		
Add: Interest earned during the year	444,738	613,998
Less: Transferred to Capital Assets Fund	444,738	613,998
c. <u>Interest on Scientific Research Fund</u>		
- Balance at the beginning of the year		
Add: Interest earned during the year	83,507	87,556
Less: Transferred to Capital Assets Fund	83,507	87,556
d. <u>Interest on Life Membership Fund</u>		
- Balance at the beginning of the year		
Add: Interest earned during the year	15,836	15,335
Less: Transferred to Capital Assets Fund	15,836	15,335
e. <u>Government Grant Endowment Fund</u>		
Interest accumulation	615,149	-
Add: Interest earned during the year	1,292,106	1,475,638
	1,907,255	1,475,638
Less: Transferred to Capital Fund	714,268	860,488
	1,192,987	615,150

f. <u>Interest on Additional Liability Fund</u>		
Interest accumulation		
Add: Interest earned during the year	252,282	256,500
Less: Transferred to Capital Assets Fund	-	256,500
	252,282	-
g. <u>Bimla Bagchi Award Fund</u>		
Interest accumulation		
- Balance at the beginning of the year	8,232	10,129
Add: Interest earned during the year	4,050	4,103
	12,282	14,232
Less: Awards distributed during the year	-	6,000
	12,282	8,232
h. <u>Building Fund</u>		
Interest accumulation		
Add: Interest earned during the year	182,466	-
	182,466	-
TOTAL	28,165,284	26,133,021

SCHEDULE - 4

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
SECURED LOAN		
Loan from Housing Development Finance Corporation	248,322	550,008
Less: Repayment of loan for the year	248,322	301,686
TOTAL	-	248,322

SCHEDULE - 5

UNUTILISED GRANT

Source	Balance as on 31.3.2000 Unutilised	Fresh Receipts/ Interest	TOTAL	Assets Purchased	Other Expenses	Refund	TOTAL	Balance as on 31.03.2001 Unutilised	Receivable
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. Grant from Governments									
a. Central Government									
Opening Balance									
Recurring Grant	2,716,708		17,416,708				1,500,000	3,154,701	
Pay provision difference	10,000,000		10,000,000				14,262,000		
Grant for Acquisition of Land	12,716,708		28,916,708				10,000,000	3,154,701	
TOTAL (A)									
B. 1. Grants from Ford Foundation									
a. Industrial Policy Research	1,239		1,239					1,239	
b. Post Doctoral Research Fellowship	46,082		6,11,682				328,231	283,450	
c. Health Economics & Financing in India	49,549		49,549						
d. Fiscal Policy - London School	1,460,680		1,460,680				160,566	1,300,115	
e. World Bank - Water Global	869,039		869,039					869,039	
f. Asian Development Bank	11,752		11,752					11,752	
g. Indo Canadian	88,360		88,360					88,360	
h. UNDP	823,721		823,721				50,735	772,986	
i. IRDS	789,450		789,450					106,265	
j. WBI	106,265		106,265					156,317	
k. CIDA	136,317		136,317				885,560	114,440	
TOTAL (B)									
C. Endowment Chairs/Cells									
a. HDRC Chair	117,097		687,439				766,792		79,353
b. Cell on Data Bank	40,498		40,498					40,498	
c. State Finance Cell	133,099		155,099					155,099	
d. (i) RBI Chair	37,289		872,307				796,403		11,116
(ii) RBI Contingency							92,100		
(iii) EEOFC							6,225,710		98,314
(iv) EEOFC (Books)							197,917		92,083
TOTAL (C)									
TOTAL (A+B+C)									

SCHEDULE - 6

FIXED ASSETS AS AT 31ST MARCH 2000

S.No	Description	As At 1.4.2000	Gross Block at Cost Additions	Salvage/ Adjust-ments	Total	Upto 31.3.2000	Depreciation For the Year	Salvage/ Adjust-ments	Total	Written Down Value As At 31.3.2001	As At 31.3.2000
1	2	3	4	5	6	7	8	9	10	11	12
1.	Leasehold Land	638,753	12,481,389		13,120,142					13,120,142	638,753
2.	Building	18,406,484	881,903		19,288,386	3,306,642	399,344		3,706,186	15,582,200	15,099,043
3.	Data Processing Equipment	15,262,618	1,200,158	4,963,091	11,499,683	11,170,367	2,886,888	4,963,091	9,094,164	2,405,521	4,092,252
4.	Office Equipment	4,118,434	11,525		4,131,959	3,023,694	739,487		3,763,181	368,770	1,094,740
5.	Furniture and Fixture	1,462,867	760,662		2,243,529	1,369,629	176,224		1,545,853	697,676	113,238
6.	Hotel, Library, Computer & Services Room Furniture	213,596	3,233,103		3,446,699	664,909	378,431		1,243,340	2,205,159	48,687
7.	Air Conditioner and Water Coolers	3,143,779	636,637		3,782,616	1,707,814	879,831		2,587,645	1,194,971	1,435,965
8.	Electric Installations	779,513	1,110,907		1,890,500	745,738	185,165		930,903	959,597	33,775
9.	Vehicles	695,338			695,338	695,336			695,336		2
10.	Horticulture Equipment	74,150			74,150	47,382	13,384		60,766	13,384	26,760
Total		45,315,532	20,322,563	4,963,091	60,675,004	22,731,511	5,858,954	4,963,091	23,627,374	17,047,630	22,584,022
11.	Building work in Progress									407,234	3,330,275
Grand Total		45,315,532	20,322,563	4,963,091	60,675,004	22,731,511	5,858,954	4,963,091	23,627,374	37,454,864	25,914,397
Previous Year		41,818,127	3,497,406		45,315,533	15,166,970	7,364,541		22,731,511	25,914,397	

SCHEDULE - 7

INVESTMENT

Nature of the Investment	As at 31.03.2001 Rs.	As at 31.3.2000 Rs.
A. Public Sector Banks		
a. Term Deposits	3,888,000	6,707,365
B. Public Sector Financial Institution		
i. Deposits	14,839,920	7,728,920
ii. Bonds/Debentures	8,965,000	5,365,000
C. Public Sector- Companies Deposits	14,269,000	19,799,000
TOTAL	41,961,920	39,600,285

SCHEDULE - 8

	As at 31.03.2001 Rs.	As at 31.3.2000 Rs.
NET CURRENT ASSETS		
A. CURRENT ASSETS		
1. Interest Accrued	1,075,191	2,529,979
2. Tax deducted at source	150,000	-
3. Stock of Publications	225,166	214,039
4. Cash and Bank Balances		
- Cash and Postage Imprest	6,023	11,343
In Scheduled Banks		
- Cheques in transit	1,400,000	10,000,000
- Current and Savings Accounts	9,155,003	8,979,809
- Term Deposits	262,806	165,564
	10,823,832	-
5. Recoverable		
- Project Fees Accrued	12,887,202	11,801,941
- Fees and Others (Sch 5)	90,669	175,976
- Grants Receivable	200,000	-
	13,177,871	-
5. Advances and Deposits	278,032	348,212
Sub Total (A)	25,730,092	34,226,863
B. CURRENT LIABILITIES		
1. Project Fees received in advance	2,597,344	544,253
2. Creditors and Payables	5,836,946	7,171,389
3. Deposits refundable	655,000	435,500
4. Staff Welfare Fund	-	24,039
Sub Total (B)	9,089,290	81,175,181
NET CURRENT ASSETS (A-B)	16,640,802	26,051,682

SCHEDULE - 9

GENERAL SUPPORT GRANTS

A. Grant from Government of India:

- Recurring Grant
- Pay Revision Difference

Current Year Rs.	Previous Year Rs.
1,500,000	1,500,000
11,545,299	11,783,292
<u>13,045,299</u>	<u>13,283,292</u>

SCHEDULE - 10

RECEIVED FROM STATE GOVERNMENTS

- Govt. of Karnataka	150,000	150,000
- Govt. of Gujarat	50,000	50,000
- Govt. of West Bengal	100,000	100,000
- Govt. of Meghalaya	35,000	35,000
- Govt. of Kerala	75,000	75,000
- Govt. of Orissa	150,000	150,000
- Govt. of Maharashtra	100,000	100,000
- Govt. of Uttar Pradesh	100,000	100,000
- Govt. of Punjab	100,000	100,000
- Govt. of Tamil Nadu	100,000	100,000
- Govt. of Assam	1,60,000	-
- Govt. of Nagaland		

TOTAL

<u>1,220,000</u>	<u>1,060,000</u>
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SCHEDULE - 11

SALARIES AND ALLOWANCES

	Current Year Rs.	Previous Year Rs.
- Salaries and Allowances	12,953,226	13,524,227
- Contribution of PF and Other Funds	2,395,301	3,844,154
- Staff Benefits and Welfare	1,127,969	924,693
- EDLI & Admn. Charges	79,493	80,874
TOTAL	<u>16,555,989</u>	<u>18,373,948</u>

SCHEDULE - 12

OPERATIONAL EXPENSES

- Books and Periodicals	1,488,828	1,631,849
- Cost of Publications	103,268	3,859
- Course and Programme Expenses	2,901,596	1,672,841
- Meeting and Seminar	97,941	86,156
- Project Expenses (other than Sponsored)	3,336,597	4,188,448
TOTAL	<u>7,928,230</u>	<u>7,583,153</u>

SCHEDULE - 13

	Current Year Rs.	Previous Year Rs.
ADMINISTRATIVE EXPENSES		
- Travelling and Conveyance	369,010	441,705
- Rent, Rates and Taxes	530,932	143,561
- Water and Electricity	1,831,680	1,635,958
- Printing and Stationery	802,996	816,719
- Telephone and Postage	1,005,766	965,980
- Repair and Maintenance - Library	559,417	-
- Repairs and Maintenance - Other	2,059,452	1,678,080
- Car Expenses	381,639	261,046
- Audit Fees	29,400	24,150
- Provident Fund Audit Fee for earlier year	-	56,700
- Miscellaneous Expenses	156,600	252,080
- Interest on Housing Loan to HDFC	33,666	74,298
- Legal Expenses	274,135	142,111
- Project Fees Receivable Written off	647,782	-
- Advertisement Expenses	676,713	112,420
TOTAL	9,359,188	6,604,808

SCHEDULE - 14

EXPENSES ON PROJECTS

a. Ford Foundation Grant	328,231	143,775
- Post Doctoral Research Fellowship	-	102,420
- Study on Health Economy	328,231	246,195
b. Expenses on UNDP Project	50,735	-
c. London School of Economics - Fiscal Policies	160,566	343,633
d. CIDA	885,560	-
TOTAL	1,425,092	589,828

SCHEDULE - 15

	Current Year Rs.	Previous Year Rs.
EXPENSES ON ENDOWMENT CHAIRS/CELLS		
1. Expenses on Chairs		
- RBI Chair	803,403	316,968
- RBI Contingency	85,100	500,000
- HDFC Chair	766,792	780,973
- EEOFC	6,423,627	5,419,485
TOTAL	8,078,922	7,017,426

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. ACCOUNTING POLICIES

1. Accounts are drawn up generally on accrual basis except Corporate Membership Fees and Interest on Investments of Ford Foundation Grants, which are accounted for on cash basis. Interest on specific funds is accrued to specific funds only.
2. The word 'Fund' has been used to denote the intention to keep the balances invested ultimately.
3. Endowment Funds reflect grants received from various organisations for specific purposes. Interest accrued on Endowment Funds is used for specific purposes. Balance of unutilized interest is kept in the respective Earmarked Funds, except interest on Depreciation Fund.
4. The Capital Assets Fund has been generated largely out of grants received from various organisations and interest accrued thereon for purchase of Capital Assets. Some augmentation of the fund has also been done out of the Institute's own resources. Capital Assets Funds, thus, is equal to cost of Fixed Assets.
5. Additional Liability Fund is created out of the Project Income and Surplus Funds, in light of the Ministry of Finance asking the Institute to meet ten percent of the additional liability arising on account of pay revision following the recommendations of the Fifth Pay Commission.

In view of the expanding work of the Institute, the need for infrastructure facilities including computer and library is also increasing at a fast pace, but the Grants are not increasing accordingly. Thus, it was considered necessary that the Institute builds up a Development Fund and a Contingency Fund as well.

The Additional Liability Fund now consists of the following three components:-

- | | |
|------------------------------|----------------------------|
| 1. Employee's Liability Fund | 10 percent of project fees |
| 2. Development Fund | 5 percent of project fees |
| 3. Contingency Fund | Out of the surplus fund |
6. Fixed Assets are stated at cost.
 7. Depreciation on all assets except Leasehold Land and Building is charged on a straight-line basis over a period of three years. Depreciation on Leasehold Land and Building is NIL and 2.5% respectively. Amounts written off as depreciation are funded instead of being shown as deduction from gross value of assets.
 8. Investments are stated at cost.
 9. Provident Fund and Gratuity Liability is being funded by means of contribution to separate Trust.
Provision for gratuity is made on actuarial basis.
 10. Books are charged off to revenue in the year of purchase.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities

- (a) Property Tax in respect of newly constructed residential flats of the Institute, the ratable value of which is yet to be assessed by the Municipal Corporation of Delhi (amounts not ascertainable).
 - (b) Liability in respect of cases of staff members pending in various courts (amounts not ascertainable).
2. The addition to land for Rs. 1,24,81,389/- (refer schedule 6) represents amount paid to purchase of land measuring 2800 sq. mtrs. located adjacent to existing NIPFP compound. The execution of Lease deed and possession is pending.
 3. i) Investments include Rs 4,00,000 pledged with Scheduled Banks.
ii) Fixed Deposit receipts for Rs. 6,50,000/- and certificate for bonds worth Rs. 26,70,000/- invested by Institute till 31.03.2001, against various Funds have not been received till date.
 4. Interest received on Endowment Fund, Scientific Research Fund and Life Membership Fund is shown as accretion to the Earmarked Funds in Schedule 2. Upon the entire amount being utilised to acquire fixed assets, a corresponding amount has been transferred to Capital Assets Funds.
 5. All grants to the extent utilised were reflected as income hitherto. During the current year, Capital Grants are excluded and this along with its utilisation is reflected in Schedule 2.
 6. Previous year's figures have been rearranged wherever considered necessary to make them comparable with the current year's figures.

Schedules referred above form integral part of this Statement.

sd/-
Mrs. H. Gautam
Accounts Officer

sd/-
Mr. B.K. Chakravarti
Secretary

sd/-
Dr. Ashok Lahiri
Director

sd/-
Dr. C. Rangarajan
Chairman

As per our report of even date

For THAKUR, VAIDYANATH AIYER & CO.
CHARTERED ACCOUNTANTS

sd/-
(M.P. THAKUR)
Partner

PLACE : NEW DELHI
DATED: 11.09.2001

**STATEMENT OF RECEIPTS AND PAYMENTS ACCOUNT
FOR THE FINANCIAL YEAR 2000-2001**

Receipts/Credits	Amount (Rs.)
Opening Balance	
i) Cash and Bank Balance	
- Canara Bank S.B.A/c	3413898
- Canara Bank C.A.A/c	57415
- SBI - Current A/c	829189
- SBI - SBI Chair A/c	28
- SBI - NDFC A/c	3463312
- SBI - NYFC A/c	1066
- SBI - UNDP A/c	822331
- Canara Bank-UNOPS A/c	96700
- Canara Bank \$ A/c	139200
- ABN Amro Bank (Sri Lanka)	156670
ii) Cash in Hand	3641
Postage imprest	7702
	8991152
Deposits	
Public Sector Undertaking/Banks/Financial Inst.	39765849
Receipts	
Government Grant in Aid	
- Central Government	26200000
- State Government	1020000
	27220000
Ford Foundation Grant	46082
UNDP	34271
Project Fees	18847070
Corporate Membership Fees	15000
Course and Programme Fees	3670000
Interest	5690188
Hostel & other Receipts	285217
Sale of Publication	231698
Miscellaneous Income	575010
Security Deposits (Receipts)	372000
Life Membership Fee	300000
RBI Chair	839898
HDFC Chair	569542
EEOFC	6750000
Total Receipts	114202977

Payments/Utilisation	Amount (Rs.)
Staff Salary and Other Benefits	15083063
Expenses on Ford Foundation Grant	1374357
Expenses on UNDP Account	50735
Expenses on Course and Programme	4623831
Cost of Fixed Assets Purchases	19849563
Project Expenses other than Sponsored	3336597
Project Expenses -sponsored	8078922
Audit Fees	27300
Library Books and Periodicals	1488828
Rent, Rates and Taxes	263062
Water and Electricity	1831680
Printing and Stationery	802996
Repairs and Maintenance	2618869
Postage, Telegramme and Telephone	1005766
Car Running Expenses	367442
Printing and Cost of Publication	103268
Miscellaneous Expenses	1107448
Travelling Expenses	369010
HDFC Loan Instalment	248322
HDFC Loan Interest	33666
Security Deposits	152500
i) Cash and Bank Balance	
Canara Bank S.B.A/c	3758892
Canara Bank C.A.A/c	77290
-SBI - Current A/c	21454
-SBI - SBI Chair A/c	28
-SBI - NDFC A/c	3533638
-SBI - NYFC A/c	6271
-SBI - UNDP A/c	806601
-Canara Bank - UNOPS A/c	902849
-Canara Bank - (\$A/c)	4600
-ABN AMRO Bank - (Sri Lanka)	43380
ii) Cash in Hand	3689
Postage imprest	2334
Deposits	
Public sector Undertaking/ Banks/Financial Inst	9161026
	42224726
	114202977

sd/-
Mrs H. Gautam
Accounts Officer

sd/-
Mr B.K.Chakravarti
Secretary

sd/-
Dr. Ashok Lahiri
Director

In terms of our report of even date
For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

sd/-
(M.P. Thakur)
Partner

Place: New Delhi
Date: 11.09.2001