



### NIPFP's Silver Anniversary



Public Lecture – *Public Finance and Policy for Development: Challenges for India* – by Nicholas H. Stern – Chief Economist and Sr. Vice President, World Bank, at New Delhi.



Chairman NIPFP presenting wristwatches bearing NIPFP logo to staff members.

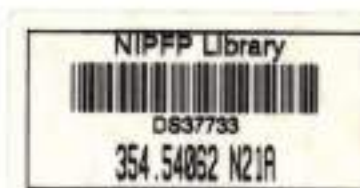


Felicitating NIPFP Founder Director, Raja J. Chelliah.



## National Institute of Public Finance and Policy

annual report 2001-2002



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# 1 Overview

The National Institute of Public Finance and Policy (NIPFP) celebrated its silver jubilee during 2001-02. As an autonomous institute for advanced applied research in public economics, it completed twenty five years in its efforts to fulfil its stated mandate to conduct research, give policy advice, and impart training in this area to government officials at the centre and the states. The NIPFP faculty continued its endeavour to provide research inputs to advisory committees, fiscal and expenditure reforms commissions set up by various states, Planning Commission for formulation of the Tenth Five Year Plan, the Parliament of India, and other academic and professional bodies. Some background work was also done for the *Mashelkar Committee* under the guidance of a senior faculty member who is a member of the government constituted expert committee to study the **Auto Fuel Policy**.

The commemoration of the Institute's silver jubilee was marked with the inauguration of the newly acquired three plots adjoining the Institute's campus by the chairman and a public lecture, "Public Finance and Policy for Development: Challenges for India" by Nicholas H. Stern, Chief Economist and Senior Vice President, World Bank on January 10, 2002. This was also an occasion to felicitate NIPFP's founder Director Raja J. Chelliah whose innovation and efforts developed and nurtured the Institute in its early years. The chairman praised the services of all staff members in general and the Directors—former and present—in particular, and honoured all by presenting wrist watches bearing the NIPFP logo. Cash awards of Rs.30,000 were given to some members of the regular staff who have rendered 25 years of continuous service at the Institute.

Urgent action is required to augment revenues in a way that minimises the internal and external imbalance which characterise the current economic crisis in the states of India. This is the organising theme of the fiscal studies undertaken for various states: Maharashtra; Assam; Manipur; Uttar Pradesh; and the NCT of Delhi. Research at the Institute also covered issues in the structure and impact of the proposed VAT, policies for macroeconomic management, urban local finances, infrastructure development, and economic programmes to curb environmental pollution. Among the ongoing research programme



is the CIDA sponsored, **India: Fiscal Reforms for Poverty Reduction**. The Institute undertook and completed 20 studies, while 16 studies are making progress. 12 Discussion Papers and 1 Reprint were reproduced (details at Annexure I). The Institute published four books of which two were NIPFP publications and two were published in collaboration with UBS Publishing House and Vikas Publications.

Close collaboration with international and bilateral agencies has been on the Institute's research and training agenda. The need for an adequate safety net for keeping the reforms on track was duly emphasised in a two day conference on **India: Fiscal Policies to Accelerate Economic Growth** organised by NIPFP in partnership with the DFID and the World Bank in consultation with the Ministry of Finance in May 2001. As many as seven papers were presented by the NIPFP faculty on the occasion. In the September of the same year, the Institute organised at its own premises a workshop, **Intergovernmental Fiscal Transfers for Equitable in-Country Growth**. The workshop brought together analytical and empirical perspectives from India, Pakistan, and the Philippines. The focus was on equalities in the level of development and in governmental provision of services in developing countries. In yet another partnership with the World Bank Institute and National Institute of Urban Affairs, the NIPFP conducted an international training course on **Urban and City Management**. The course had participants from Honduras, India, Indonesia, the Philippines, and Nicaragua. Furthermore, some economists from NIPFP were nominated to attend **Training of the Trainer's Programme on Public Expenditure Management** at the ADB Institute, Tokyo.

NIPFP continued to receive its annual grant-in-aid from the Ministry of Finance which is part of its total stabilisation-structural adjustment package. The Institute's Governing Body headed by C. Rangarajan met periodically to provide general policy direction (List of members at Annexure II). The Institute's computer unit was further strengthened; and access to internet/e-mail and on-line library database system connectivity was further strengthened and is fast nearing saturation.

Dale Whittington, Professor, University of North Carolina, visited NIPFP for a week; worked on the **Formulation of Guidelines for the Fixation of Price of Urban Water**. He is scheduled for another visit to work on the **Regulatory Framework for the Private Sector to Operate in Municipal Services**. A. Premchand, retired Assistant Director, IMF, continued to be associated with NIPFP's research output, and visited the Institute on two occasions. Arindam Das-Gupta, Professor, IGIDR, is Principal Consultant on three projects on **Compliance Costs of Direct Taxes in India**; one part of the report has been already

submitted. Ramprasad Sengupta, Professor, Centre for Economic Studies and Planning, JNU rendered consultancy on **Savings on Health Cost from Implementation of Euro Norms in India**.

## 2 Research Activities

*The main focus of NIPFP's various units and cells was on research in issues related to public finance. However, as in the past, it continued to undertake some research on developmental issues as well.*

*The following abstracts pertain to research conducted under the auspices of various grants in the context of policy advice in governmental committees, for governments — central and state, NIPFP organised seminars, and as individual academic endeavours.*

### STATE FINANCES UNIT (SFU)

*The aim of the unit is to undertake studies on various aspects of state finances. The unit is also involved in updating the revenues and expenditures of states in a database called **Public Finance Information System**. As part of its research activity, the State Finance Unit under the leadership of Tapas K. Sen finalised two studies, while another two are under preparation.*

• **Royalties on Petroleum Crude** (November 2001) Ashok Lahiri, Tapas K. Sen, Gautam Naresh, and A.K. Halen

NIPFP was retained by the Ministry of Petroleum, Government of India, 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 was required to provide analysis of an economically sound system of fixing royalty rates that are practicable and fair to the concerned parties. The report examined the extant basis of royalties and possible alternatives, and after examining the related issues made its recommendations on royalty rates. So far, the report has not been disseminated, pending finalisation of the report of the governmental committee to which it was submitted.



- **Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform** (January 2002) *Mukesh Anand, Amaresh Bagchi, and Tapas K. Sen*

This study was sponsored by the World Bank along with some other studies for the conference on *India: Fiscal Policies to Accelerate Economic Growth*, held at New Delhi during May 21-22, 2001. It considers the issue of the persistently worsening fiscal imbalance at the state level, identifies long- and short-term contributory factors and the accommodating institutional setup. Among the corrective measures, it highlights ways of keeping a check on sub-national indebtedness as an option not given adequate coverage in Indian literature. This study advocates a mix of administrative rules-based and market-based control of subnational debt, arguing that exclusive reliance on any one type of control will probably neither be feasible, nor effective.

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

The study, supported by the Ford Foundation, examines the effect of central grants on the expenditures of state governments as a whole and 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 political factors at the state level. The completed study is expected to answer some important questions in the area of Indian centre-state relations that would be of considerable practical significance for determining intergovernmental transfers. Initial results show a mix of expected and unexpected; work underway should put the results on a firmer footing.

- **Estimation of Revenue Neutral VAT Rate in Orissa** (on-going) *Pratap R. Jena, Ashok Lahiri, and Tapas K. Sen*

Though the interim report was submitted last year, work relating to estimation of revenue neutral VAT rate has been done and submitted as a separate report to the Commercial Taxes Department of the Government of Orissa. Estimation of revenue neutral VAT rate for Orissa has become essential given the fact that VAT would take off shortly in the state. The estimation of this rate required collecting information regarding the turnover details of individual dealers to build a representative sample of registered dealers of Orissa. Revenue neutral VAT rate was estimated using a suitable methodology after converting the current sales tax base to VAT base from the sample for Orissa.

- **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. By its very nature, it is a continuing activity as new data are added every year. The data series based on those reported annually by the Reserve Bank of India are fully updated, while a more detailed module on budgetary data collected from budget documents/ finance accounts of individual states (major states only), is being gradually extended backwards after a thorough check of the last five years' data that are currently available. Ten-year series of these data, going back from the latest accounts figures, will be made available in this module shortly.

#### HOUSING AND URBAN ECONOMICS UNIT (HUEU)

The Housing and Urban Cell led by Om Prakash Mathur continued to contribute relevant research studies in the field. Since the last annual report, the cell has completed and embarked on the following studies:

- **Research Studies on State-Local Fiscal Relations** (nearing completion) *Om Prakash Mathur*  
Draft reports on state-local fiscal relations which are focused on (a) state transfers to municipal governments, and (b) privatisation of municipal services, have been completed. A workshop to discuss the findings of the studies is scheduled to take place in the last week of July 2002. Final reports will be submitted to CIDA in September 2002.

- **Local Finance Data System** (nearing completion) *Om Prakash Mathur*

Local Finance Data System which is designed to provide a system of classification of municipal budgets and which was expected to have been finalised in May 2001, has been somewhat delayed on account of problems in finalising a code system for municipal revenue and expenditure heads. A code system for these heads which is compatible with the code system of state accounts with assistance from external experts is on the verge of finalisation. The expected time for submission is August 2002.

- **Research Programme on Municipal Finances** (on-going) *Om Prakash Mathur*

Supported by the UNDP, the NIPFP has completed field work in two of the three research areas, namely, (a) system of pricing urban water; and (b) existing procedures for raising local debts. An expatriate consultant, Dale Whittington, Professor, University of North Carolina has been working with NIPFP on the formulation of guidelines for the fixation of price of urban water. He spent a week at NIPFP in March 2002, and is scheduled to return here in July/ August, 2002. Work on the third research area, namely, the regulatory framework for the private sector to operate in municipal services will begin in July 2002.



### RESERVE BANK OF INDIA (RBI) UNIT

*The Reserve Bank of India Unit continued to provide active research support to economic policy making in government.*

#### • **Growth-Accelerating Fiscal Devolution to the Third Tier** (May 2001) *Indira Rajaraman*

This paper examines the design and outcomes of fiscal flows to the third tier from both centre and state governments, with an exclusive focus on the rural sector, where the third tier carries greater formal incrementality, and poses the more formidable challenge. Inter-governmental flows to the rural third tier are dwarfed by the massive direct expenditure by the central government targeted at rural areas amounting annually to between 1-2 percent of GDP. The most important issue from the developmental perspective therefore has to do with improving the low utilisation rates of this direct central expenditure on rural infrastructure and other schemes. By contrast, the intergovernmental provision by the Eleventh Finance Commission from the centre to rural local bodies for 2000-2005 amounts to well under 0.1 percent of GDP annually. State shares of the Eleventh Finance Commission provision are based on formulae carrying an overwhelming weightage for rural population, thus rewarding failure to control population growth, rather than progress towards decentralisation, contrary to what is claimed. The formal introduction of the third tier has not led to any convergence in the variation across states in local resource generation, pointing to the critical need for embodying incentives for fiscal autonomy and local resource generation in the design of fiscal devolution. There is clear scope for revenue additionality in the Indian fiscal system taken as a whole through transfer to the local fiscal domain of the power to tax agriculture, presently underexploited in the state domain. Finally, the absence of any central funding for local elections is a glaring omission in the approach to devolution in India, given the fiscal stress at state level, and the ever present threat to the quality of the local election process.

#### • **Non-Performing Loans of PSU Banks: Some Panel Results** (November 2001) *Indira Rajaraman and Garima Vasishtha*

The paper performs a panel regression on the definitionally uniform data now available for a five-year period ending in 1999-2000, on non-performing loans of commercial banks. The exercise is confined to 27 public sector banks, so as to investigate variations within a class that is homogeneous on the ownership dimension. The exercise groups banks with higher than average NPAs into those explained by poor operating efficiency, and those where the operating indicator does not suffice to explain the high level of NPAs, and

leaves an unexplained intercept shift. Two of the three weak banks identified by the Varma Committee, Indian Bank and United Bank of India, fall in this category. Recapitalisation of these banks with operational restructuring may therefore not be the solution, since there is clearly a residual problem even after controlling for operating efficiency.

#### • **Revenue Estimates for a Panchayat-level Crop-Specific Levy** (January 2002) *Indira Rajaraman and Nilabja Ghosh*

This paper calculates per hectare rates of levy for a land-based crop-specific agricultural tax on eight major field crops, based on published cost of cultivation data, now available at state-level for the nineties but with uneven coverage across states. The eight crops are paddy, wheat, groundnut, rape/mustard seed, sugarcane, cotton, potato, and onion. Clearly, any reconfiguration of input subsidies presently available to agriculture will alter the taxable surplus parameters and levy rates estimated, but the method used is of perfectly general applicability. The state-level rates of levy calculated for the year 1996-97 yield an estimated tax revenue of Rs 500 crore, around 80 percent of aggregate land revenue collected that year from agricultural land. The levy is envisaged for *panchayat* rather than state-level, with jurisdictional retention for infrastructure improvements within agriculture. District-level rates of levy, with taxable surplus parameters adjusted for crop yield variations across districts, are calculated for four selected states: Andhra Pradesh, Punjab, Rajasthan, and West Bengal. Revenue additionality at *panchayat* level as a percent of own revenue collections, aggregating across all *panchayat* tiers, ranges between 30 percent in Andhra, and 201 percent in West Bengal.

### ENVIRONMENTAL POLICY CELL

*The aim of the cell is to undertake research in environmental economics with special attention to problems of environmental pollution control. Studies completed or underway are listed below. It also conducts training programmes for government officials to strengthen expertise in the area. The cell is headed by Rita Pandey.*

#### • **Subsidies and the Environment: With Special Reference to Agriculture in India** (November 2001) *Rita Pandey, D.K. Srivastava, Madhumita Dutta, and Susmita Dasgupta*

The objective of this study is to examine the interface between subsidies and environment with a view to highlighting both the positive and perverse roles that subsidies may play in affecting the environment. The study estimates environment-related subsidies that emanate from government budgets. Main results of this analysis are: subsidies identified as having a bearing on the environment account for less than one percent of GDP (centre and states



considered together) – of these, subsidies having a clear positive impact on the environment are only a small fraction; and environment-related subsidies emanate relatively more from the state budgets. Conventional economic analysis obscures the degradation of the natural resource base that supports the economy, including the agriculture of a country – changes in the productivity and availability of natural resources simply are not taken into account. Economic research documenting the relationship between farm practices and environmental degradation is scanty. This report develops an analytical framework, which allows identifying the impact of input use on environmental quality and crop yield. The model incorporates the environmental variables directly into the farm production function. From the framework, environmentally optimal levels of input use can be identified, which also serve to derive the input price changes needed in order to move the farmers towards the social optimum.

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

The report is focused on the following aspects:

- matching engine design and fuel quality;
- differential vintages of refineries and maintaining competitiveness;
- investment and cost implications for upgrading products;
- differential pricing related to new quality standard during transition period to free market economy;
- implications of different environmental standards for products across locations; and
- the benefit valuation of upgradation and sharing of pollution abatement costs among stakeholders.

**HEALTH ECONOMICS CELL**

The Health Economics Cell updated the data on Infrastructure Development Index: An Analysis for 17 Major Indian States upto 1996-97. A paper on Budgetary Subsidies to Health Sector Among Selected States in India is expected to be published shortly.

• **Infrastructure Development Index: An Analysis for 17 Major Indian States (1990-91 to 1996-97)** (July 2001) A.L. Nagar

This paper proposes a method to compute a composite measure of infrastructure development by combining the available services of physical infrastructure. The value of the Infrastructure Development Index (IDI) for 17 major Indian states for the period 1990-91 to 1996-97 is estimated. Also obtained are the weights to be attached to different physical

infrastructural services. The telecommunication services turn out to be the most dominant among the chosen physical infrastructure services, followed by the transportation sector and availability of energy/power services. A positive relationship is seen between the IDI and per capita net state domestic product.

• **Budgetary Subsidies to Health Sector Among Selected States in India (2001)** V. Selvaraju

This paper attempts to estimate and analyse the extent of budgetary subsidies in health sector during 1985-86, 1991-92 and 1998-99 covering six major states in India. The analysis suggests that the budgetary allocations to health sector has been declining while at the same time the cost of treatments for households has been increasing as evidenced by the two surveys of the National Sample Survey Organisation (NSSO). However, the real per-capita subsidies to health sector recorded a substantial increase during 1985-86 and 1998-99. Of the total subsidies, subsidy on merit health services accounted for less than 25 per cent only, except in Maharashtra. There is no substantial evidence for the positive relationship between budgetary spending or subsidies and health status indicators. But the complementary nature of budgetary spending and the household spending on health warrants for an increasing role of the governments in health sector in order to improve the levels of health care consumption.

**OTHER STUDIES**

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

The Planning Commission has initiated development studies for some states, including Uttar Pradesh. The fiscal aspects of the study for Uttar Pradesh (UP) were assigned to the NIPFP. UP was reorganised in November 2000 with Uttaranchal carved out of it. This study analyses historical patterns relating to the *undivided* UP but makes projections for the *new* UP, taking into account some of the implications of the division of UP into two states. An important finding is that, as compared to 1987-88 when the fiscal balance of the state relative to GSDP was sound, it deteriorated drastically in 1998-99, with its revenue deficit peaking at 5.09 percent of GSDP. This deterioration is caused by a number of factors such as low tax-GSDP ratio, fall in central transfers, rise in interest payments and pensions, and decline in capital expenditures, all leading to the emergence of a revenue deficit and growing fiscal deficit culminating in a rise in the debt-GSDP ratio. Borrowing at ever-increasing costs and using most of it for current expenditures led to high and unsustainable debt of the state. UP has a high population density, large agricultural sector, narrow industrial base, and relatively low literacy rate. These factors constrain economic



development of the state, notwithstanding its proximity to the National Capital Territory of Delhi, Punjab, and Haryana. The expenditure pattern of the state is characterised by a faster growth in interest payment and pensions compared to the growth of GSDP and revenues. The fiscal implications of the reorganisation of the state have been asymmetric with UP losing most of the forest area and sources of hydel power. Taking these matters into account, the study calls for multi-dimensional reforms for which an eleven part strategy has been evolved. These include reform in tax revenues, transparent, targeted low cost subsidy regime, improvement in the performance of state level public enterprises, reformulation of state planning strategy, augmentation of capital expenditures, and improving budgetary forecasting techniques. With the proposed reforms, improvement in fiscal situation in the Tenth Plan period ending 2005-06 would be possible with revenue deficit eliminated. By 2006-07, the fiscal deficit will be reduced to tolerable limits with debt-GSDP ratio showing a significant decline.

• **Capacity Building on Fiscal Devolution in Sri Lanka: Some Tax Issues** (*Final Report: July 2001*) Pawan K. Aggarwal

The study reviews the current system of taxation in Sri Lanka, with a view to suggest measures for capacity building on fiscal devolution in Sri Lanka. Directions for reform of national as well as provincial taxes are given. Reform measures which can be implemented within the existing constitution and those requiring amendment of the constitution are mentioned separately. An attempt is also made to estimate revenue potential of the major taxes, with the suggested reforms.

• **A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh** (*nearing completion*) Pawan K. Aggarwal

The study identifies salient features of the current system of sales tax in Andhra Pradesh impacting upon the value added tax (VAT) base, specifies methodology for computing revenue neutral rates (RNRs) of VAT, and works out RNRs of VAT with alternative feasible options of VAT design for Andhra Pradesh. It reveals that it is feasible for Andhra Pradesh to adopt an ideal VAT with special additional tax on a few non-merit goods. For switching over to such an ideal VAT (that is, with zero-rating of inter-state branch/consignment transfers and without central sales tax) with no sacrifice in revenue, the required RNR of VAT need not exceed 12.5 percent.

• **Study of Sales Tax System of Indian States and Preparations for Introduction of Value Added Tax** (*completed*) Mahesh C. Purohit

The study covered an in-depth analysis of structure and administration of sales tax in

Indian states. The coverage included an analysis of rates, base, and exemptions of sales tax system in each state in India. It analysed the weaknesses of the existing sales tax systems and recommended reforms required to introduce VAT in Indian states. The existing system of taxation of inter-state trade i.e. *Central Sales Tax Act* has also been analysed. The analysis covered assessment of the existing system and recommendation of various options for making CST a destination based tax. Further, the coverage included organisation and operation of sales tax as well as management information system for sales tax administration. The study finally makes recommendations for reform in organisation and operation of the existing sales tax system when the same is converted into a system of state VAT. The work has subsequently been published as a book titled, *Sales Tax and Value Added Tax in India*.

• **Study on VAT in Assam** (on-going) Mahesh C. Purohit

Sponsored by the Government of Assam, the study aims at analysing the existing structure of sales tax and highlighting the changes required for the introduction of VAT in structure, administration, and operation of the tax system. It would also suggest revenue neutral rates for Assam and point out the effects on their economy. For an integrated tax system, it would also recommend requisite management information system for tax administration.

• **Assam: Study of State Finances** (*February 2002*) D.K. Srivastava, C. Bhujanga Rao, Mukesh Kumar Anand, Pinaki Chakraborty, and T.S. Rangamannar

The development of Assam is critical for the development of India's northeast. Assam alongwith other north-eastern states shares the problems of remoteness, and hilly terrain with associated high transportation costs. Assam's finances are vulnerable to the interplay between inherent weaknesses in the economy and critical exogenously driven fiscal shocks. Assam has already experimented certain fiscal reforms which had partially succeeded upto 1998-99. Subsequently, with growing expenditures, the state has landed in an unprecedented fiscal crisis. Fiscal deficit as a proportion to GSDP was as large as 7.25 percent of fiscal deficit for current expenditures.

This study provides two sets of projections. The first set indicates the implication of continuation of the existing trends. Without reforms, the debt to GSDP ratio rises to about 52 percent and fiscal deficit becomes as large as 8.5 percent, highlighting the need for urgent reforms. In the second set, the study suggests an eleven fold reform package covering areas ranging from taxation, improving recoveries in non-tax revenue, salary and pension reform, reforms in subsidy with better targeting, reforming planning strategy, debt



management and control, augmentation of capital expenditure relative to GSDP, restructuring public enterprises, target based control of revenue and fiscal deficits, besides budgeting reforms.

The reform scenario shows that the debt to GSDP ratio could be contained to a level of 30 percent by 2006-07. Revenue deficit can be eliminated by 2005-06, and gradually the structure of expenditure can be made to move away from interest payments and pensions, creating space for more attention to important social services like health and education.

• **A Review of Options for Revenue Neutral Rates (RNRs) of VAT for Orissa and A vice on Tax Policy and Tax Administration** (on going) Pawan K. Aggarwal, Pratap R. Jena, and Jeeta Mohanty

The objective of this study is to (i) identify salient features of the current system of sales tax in Orissa impacting the VAT base; (ii) specify methodology for computing RNRs of VAT for Orissa; (iii) work out RNRs of VAT with alternative feasible options of VAT design for Orissa; (iv) provide overall national perspective in the implementation of VAT; and (v) give necessary advice on VAT policy, administration, and legislation.

• **Budgetary Subsidies In India: Subsidising Social and Economic Services** (nearing completion) D.K. Srivastava, C. Bhujanga Rao, Pinaki Chakraborty, T.S. Rangamannar, and K. Swati

Assigned to the NIPFP by the Planning Commission, this study revisits the issue of budgetary subsidies in India and provides an estimate of the implicit budgetary subsidies in 1998-99 both for the centre and each of the 25 states, and also combined estimates for the centre and the states. This study has discussed the critical policy issues and suggested a reform framework. For the centre, the subsidies were estimated at Rs. 79,828 crore amounting to 4.59 percent of GDP (at current market prices) and constituting 53 percent of the net revenue receipts. Of this, social service subsidies were estimated at Rs. 14,908 crore and economic service subsidies at Rs. 64,920 crore. While subsidies are shown for each state separately, the subsidies for all the states taken together amount to Rs. 1,55,923 crore. Of this, social services accounted for 48.9 percent or Rs. 76,135 crore, and economic services for 51.1 percent or Rs. 79,789 crore. As percentage of combined GSDP of all states, the subsidies of the states amounted to 11.11 percent, with 5.42 percentage points going to social services and 5.68 percentage points going to economic services.

Subsidies for the country as a whole (excluding inter-governmental adjustments) work out to Rs. 2,35,752 crore or 13.54 percent of GDP. The share of social services was 5.23

percent of GDP and of economic services 8.31 percent. This study has made a refinement about the categorisation of the subsidies according to the nature of the head on which subsidies were provided, viz., merit I, merit II and non-merit both under social and economic services and for the centre and the states. This conceptual distinction suggests that the merit subsidies are justified while non-merit subsidies do not commend themselves to such a treatment. The study focuses on a package of measures for reforming the subsidy regime both at the centre and at the states.

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

This study aims to measure the costs of complying with the income tax obligations in India by the taxpayers—personal as well as corporate. It is a first study of its kind in a developing country like India to cover bribe/harassment costs and the second study (after Spain) to measure the psychological costs associated with complying with tax payments. The study will look into issues such as high compliance costs that encourage non-compliance, and therefore tax evasion and compliance costs that have negative equity effects. The other objective is to arrive at an estimate of the true cost of collecting income tax in India. The study will identify "hot spot" tax provisions and tax administration procedures with the greatest burden, and identify which taxpayer groups are most in need of service improvements and suggest reforms based on this analysis.

• **Manipur Fiscal Reforms Commission Report** (nearing completion) Ashok Lahiri, Saumen Chattopadhyay, and O.P. Bohra

The study reviews the state's past fiscal trends to suggest ways and means to reform the fiscal affairs of the state. It adopts a comprehensive analysis of the state's developmental potential to identify areas of possible fiscal reform, particularly in the realm of resource mobilisation, expenditure rationalisation, and restructuring of the state level public sector enterprises. Both short-term fiscal measures and medium term development strategies are suggested.

• **Gender-Budgeting in India** (December 2001) Ashok Lahiri and Lekha Chakraborty

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-National Accounting System (NAS) unpaid work of women; and some gender-disaggregated benefit incidence analysis of public expenditure. It prescribes policy suggestions to build in a gender-sensitive national budgeting process.



### 3 Ford Foundation

#### *Post-Doctoral Research Fellowship Programme in Economics*

The NIPFP-Ford Foundation post-doctoral research fellowship programme in economics initiated in 1989, was designed to help establish a basis for long term relationship with overseas counterparts, especially for Indian Ph.D. scholars of less than forty years of age who had not had an opportunity to be trained abroad. The objective was to minimise the risk of brain drain, and to develop a self sustaining body of Indian scholars as the next generation of world class Indian economists.

The programme was renewed from time to time by the Ford Foundation for three rounds on the recommendation of the selection panel members who suggested that the programme had indeed provided the much needed opportunity to promising scholars to strengthen their capacities in different areas of economics. The programme finally came to a close on May 31, 2001.

In the course of the nine rounds of selection, 38 scholars were granted fellowship. All of them returned to their respective sponsoring institutions after completing a yearlong fellowship at reputed universities in USA and UK. The selection criteria was focused 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 was very well attended, acknowledged that the programme was successful in shaping a group of Indian economists as young world class Indian economists. The programme was successfully concluded with the publication of a reference manual entitled, *Trade and Industry: Essays by NIPFP Ford Foundation Fellows*. The volume comprising eight papers on the subject gives an analytical insight into economic thought of young Indian academia. The introductory chapter by the three editors, Ashok Guha, K.L. Krishna and Ashok Lahiri draws a cohesive linkage within the framework of the theme. The

publication contains a message from Gowher Rizvi, Representative, Ford Foundation expressing the Foundation's gratitude to NIPFP for making the programme successful in India.

With a view to develop a networking mechanism, a directory providing information and details of the status of the fellows, was also brought out by NIPFP.

### 4 Environmental Economics Overseas Fellowship Committee

Under the aegis of the World Bank aided Environmental Management Capacity Building in Environmental Economics Programme, a sub-committee, namely, 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 fellowship in the field of environmental economics. Selection of candidates is done on an all-India basis.

Of the 5 candidates selected for the fellowships for the II<sup>nd</sup> batch, one was sponsored for research in Sweden; 3 in USA; and 1 in UK.

Ten candidates, five each of III<sup>rd</sup> and IV<sup>th</sup> batches (except one of the IV<sup>th</sup> batch who had declined the fellowship) have been deputed to overseas universities for nine months of research.

The EEOFC caters for 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. Four candidates were selected under the latter.



## 5 Conferences, Seminars, and Workshops

A major activity undertaken by NIPFP during 2001-02 was a national conference, *Fiscal Policies to Accelerate Economic Growth*. The conference was organised in association with Department for International Development (UK), and the World Bank in consultation with the Ministry of Finance. The list of dignitaries included C. Rangarajan, Governor, Andhra Pradesh, and Chairman, NIPFP; Bimal Jalan, Governor, Reserve Bank of India; Chandrababu Naidu, Chief Minister, Andhra Pradesh; Rajnath Singh, Chief Minister, Uttar Pradesh; and Digvijay Singh, Chief Minister, Madhya Pradesh. The large audience base comprised government officials (both from the centre and state), politicians, journalists, academics and non-government organisations. The urgency for keeping the reforms on track, adjustment of the internal and external imbalances which characterise the current economic situation and augmenting revenues in a way that minimises the adverse effects on efficiency or income distribution was duly emphasised in this conference.

The NIPFP also held a workshop in cooperation with Asian Development Bank, Manila on *Inter governmental Fiscal Transfers for Equitable In-Country Growth* on September 5-6, 2001 at the NIPFP Auditorium. The focus of the workshop was on inequalities in the level of development and in governmental provision of services in developing countries. Analytical and empirical perspectives were drawn from India, Pakistan and the Philippines as also a cross country comparative study to reassess the rationale for fiscal transfers and to suggest country specific approaches to determine state level fiscal needs and transfer mechanism. The technical reports were prepared by such international experts as Paul Smoke, New York University, New York, at the behest of the ADB. The workshop was inaugurated by K.C. Pant, Deputy Chairman, Planning Commission, Government of India. Participants included leading economists and policy makers, representatives of ADB and other international organisations and members of the NIPFP faculty and ADB staff.

The Institute held a special seminar on *Municipal Water Pricing: Getting Started on Tariff Reforms* by Dale Whittington, Professor, University of North Carolina. Notable speakers in the other six in-house seminars were James E. Foster of Vanderbilt University who spoke on *Poverty or Inequality? A Taxonomy with Applications to Health and Growth*;

and Mohsin Khan, Director, IMF Institute, Washington whose talk was on *Financial Development and Growth* (list at Annexure III).

## 6 Training Programmes

During January 14-24, 2002 the NIPFP joined a group of organisations comprising the World Bank Institute, the National Institute of Urban Affairs and Infrastructure Development Finance Company Ltd. to organise the *Second Urban and City Management Course* at Jaipur (India). The objective of the course was to enhance the participants' knowledge of the broad range of urban issues confronting them. The participants, 31 in all, were senior city managers, major policymakers and directors of leading training institutions from cities in Honduras, India, Indonesia, the Philippines and Nicaragua. As in the past, the NIPFP continued to impart training at national/international levels, independently or in collaboration with other research organisations. Training material was prepared from diverse sources and expertise drawn from internal and external faculty members.

At the behest of the Indian Institute of Petroleum Management, Gurgaon, the NIPFP organised a two day training programme during October 12-13, 2002 on *Key Economic Issues on VAT, WTO, EVA/MVA* for about 50 senior officers of the Indian Oil Corporation. The NIPFP also organised one course on *Environmental Economics* for the officers of Ministry of Environment and Forests, Central Pollution Control Board, and the State Pollution Control Boards. As many as 21 participants attended the course sponsored by the MoEF under the World Bank Aided: India Environmental Management Capacity Building Technical Assistance Project.

In addition, a one-week training programme on *VAT*, sponsored by the state government of Jammu & Kashmir was held during November 17-22, 2001 at Jammu. The participants, 40 in number, were senior and middle level officers from the commercial tax department of Jammu & Kashmir.

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## 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:

1. Title : *Central Budgetary Subsidies in India* (hardbound) (2001)  
 ISBN : 81-900518-9-X PP: 87  
 Authors : D.K. Srivastava and H.K. Amar Nath  
 Price : Rs.170/-
2. Title : *Approach to State-Municipal Fiscal Relations: Options and Perspectives* (hardbound) (2001)  
 ISBN : 81-88035-00-9 PP: 105  
 Author : Om Prakash Mathur  
 Price : Rs.200/-
3. Title : *TRADE AND INDUSTRY: ESSAYS by NIPFP Ford Foundation Fellows* (hardbound)  
 Co-Publisher: (Vikas Publishing House)  
 ISBN : 81-259-1155-3 PP: 320  
 Editors : Ashok Guha, K.L. Krishna, and Ashok K. Lahiri  
 Price : Rs.450/-
4. Title : *Transfer Pricing and Regulations for India: Approvals and Alternatives* (hardbound) (2002)  
 Co-Publisher: (UBS Publishers' Distributors Pvt. Ltd.)  
 ISBN : 81-7476-395-3 PP: 240  
 Author : S.P. Singh, Amaresh Bagchi with contributions by R.K. Bajaj  
 Price : Rs.395/-

### FORTHCOMING

1. Title : *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment* (hardbound) (2002)  
 ISBN : 81-88035-00-9  
 Author : Pawan K. Aggarwal and V. Selvaraju  
 Price : Rs.200/-

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

## 8 Library Services

### 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 sources. The year saw 1,666 new documents added to the library. The library had, at end-March 2002, a collection of 36,164 documents, 280 working papers, and 4,228 bound volumes comprising journals.

In addition to the various publications of RBI, CSO, and other agencies of the central government, the library continued to acquire the States Budget documents, Appropriation Accounts, Finance Accounts and Reports of the Comptroller and 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, the International Monetary Fund, National Bureau of Economic Research (NBER), Institute of Economic Development (Boston University), and Institute for Fiscal Studies (London).

**Journals Subscription.** The library subscribed to 174 journals; 101 foreign, and 73 Indian. In addition, the library received 70 journals free of cost, adding the total to 244. Eleven national dailies were also subscribed to.



**Non-Book Material.** CDs and microfiche form the core of this collection. The library has 14 journals from 1988-95 full text on microfiche which are accessed with the help of the two *Microfiche Readers* available in the library.

#### INSTITUTIONAL MEMBERSHIP

The library continued to hold its membership to International Bureau of Fiscal Documentation, the Netherlands. Several publications received against memberships provided cross-country perspectives on tax system, procedure, and laws. In an effort to maximise sharing of resources with other libraries, the library has continued its membership to DELNET.

#### STOCK VERIFICATION

The stock verification of the Library was conducted by a committee of two members assisted by other staff. Accession register was taken as the basis to verify the documents available in the library.

The committee ascertained a loss of 29 documents since the last verification in 1996. Citing the reference of circular letter no. F23(9) E.11(4)/83 dated February 7, 1984, which is an amendment to rules 99 & 116 of GFR 1963, 3<sup>rd</sup> edition, the committee noticed that the Ministry of Finance (Department of Expenditure) has prescribed a permissible limit of some losses. The limit mentioned in the circular was 3 books per one thousand books issued/consulted per annum, or 0.30 percent. The loss of 29 books at 0.08 percent during 1996-2001 was within the limit.

#### LIBRARY AUTOMATION

The library automation is an ongoing process carried on using LIBSYS—an integrated library software. The library kept updating its three computerised library catalogue database of books, articles (journals and newspapers) and journal holdings. These databases remained accessible to 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.

#### MEMORANDUM OF AGREEMENT WITH IMF

NIPFP library was selected by the IMF as its depository library. A memorandum of agreement was signed between the two for the purpose.

Under this agreement, the NIPFP library would receive IMF publications such as books, country economic studies, technical papers, annual reports, and statistical publications. The publications received under this agreement would be kept separately and the library would take necessary measures for bibliographical control.

#### INFORMATION SERVICES

**Current Contents.** A monthly compilation of the content page of periodicals received in the library was circulated among the faculty of NIPFP 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 and newspapers. 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 6 to 27; newspapers from 4 to 6. Circulation of articles published in journals and newspapers was replaced by electronic mode of information dissemination. The library continued to provide journal and newspaper articles indexing service through e-mail.

#### BUDGET SPECIAL INDEX (BSI)

Covers articles pertaining to pre-and-post budget analyses.

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

**Circulation.** During the year, approximately 25,950 publications were circulated among the members. The library provided reference and consultation facility to over 2,097 external research scholars and officials from India and abroad.

Under the inter-library loan programme, about 109 books were lent out to various institutes and libraries, while 24 publications were borrowed from them for the use of NIPFP faculty.

**Reprographic Service.** Approximately 9,060 photocopies were produced every month. Reprographic facilities were also provided to researchers of other institutes.



## 9 Computer Unit

The computer unit continued to serve vital support needs of researchers. During the year under review, it was equipped with 6 servers, viz., exchange server, proxy server, print server, library server, x-mail server, and accounts server to provide adequate efficiency to the Institute's work. At the desk level, there were 77 Pentium-II/III grade PCs, to work as workstations. In addition, three heavy-duty laser 55i LAN-connected printers on each floor and one 4Si laser printer on the ground floor were provided.

Deadly viruses became abundant in November 2001, affecting the e-mail system. To cope with this crisis, the NIPFP awarded a short-term contract to *M/s BIPNET Infotech Limited* to look after the management of the microsoft exchange server, microsoft proxy server and local area network services for the users. Furthermore, the Institute has plans to contract out server management and website development and maintenance as a permanent solution. Open tenders have been invited and the selection process is in progress.

The Institute procured updated and versatile anti-virus solutions, Norton anti virus (corporate) edition, which is used for servers and workstations, and a multi-user McAfee TVD anti-virus solution.

Databank development is a continuous activity at the NIPFP computer centre. Technical support to the Institute's library with LIBSYS software and EconLit international library databases on-line library catalogue information is availed.

The Computer Unit is functioning under the overall policy guidance of a computer committee.

## 10 Highlights of Faculty Activities

*The NIPFP faculty continued to be involved in policy advice to governments at the central, state and local levels. The paragraphs below summarise the activities of individual academic staff in addition to their normal research and training activity at the Institute. Details of their publications are in Annexure V.*

• **C. Rangarajan**, Chairman, NIPFP, and Governor of Andhra Pradesh, made contributions to economic research through various articles in national journals and newspapers. He was invited to deliver lectures at diverse venues. Notable among these were: "Economic Reforms: An Assessment" at Dr. Babasaheb Ambedkar Oration, at the University of Mumbai; "India in the New Millennium", Sree Chithira Thirumal Memorial Lecture at Thiruvananthapuram; and "Monetary Policy in a Developing Economy — The Indian Experience" at K.R. Narayanan Oration at the Australian National University, Canberra, Australia. C. Rangarajan inaugurated the three plots acquired by NIPFP on its silver anniversary celebration and presented mementos and awards to members of the staff. He felicitated the Founder Director Raja J. Chelliah on the occasion.

• **Ashok Lahiri**, as the *Chief Executive Officer* presented progress reports and targets set for the future to the Governing Body in its periodic meetings. To commemorate the silver anniversary of NIPFP, he organised a lecture by Nicholas Stern, Chief Economist and Senior Vice President, World Bank at the IIC on January 10, 2002.

Ashok Lahiri was associated with seven projects of the Institute either completed or nearing completion. These are **Sikkim : A Vision Document**; **Capacity Building for Fiscal Development in Sri Lanka**; **New Royalty Scheme on Crude Oil in India**; **State Finances in Maharashtra**; **Gender Budgeting in India**; **Post Budget Assessment Report**; **Savings on Health Cost on Account of Shift to Euro II and Euro III Emission Norms**; and **Gender Diagnosis and Budgeting in India: A Draft Report to Provide Input for Economic Survey of India 2001-02**. Apart from looking after the administrative and academic activities of NIPFP, Ashok Lahiri was engaged in rendering consultancy to various advisory panels and working groups of central and state governments. He was member: Advisory Committee on International Trade – Sub Group I – Subject Group on Tariffs, Ministry of Commerce; Governing Board of NIBM, Pune; Board of Directors, IFCI, New Delhi; Planning Board of Goa; Editorial Advisory Board of Foreign Trade Review, IIFT, New Delhi;



Reconstituted Advisory Committee IIC, New Delhi; Academic Committee, IEG; Audit Advisory Board, CAG of India; Technical Advisory Committee for Social Services Division of ISI, Calcutta; Economic Advisory Committee, Government of Andhra Pradesh; Standing Committee on GoI-UNDP Country Cooperation Framework (CCF-I); Economic Reforms Programme, Ministry of Finance, Government of India; Faculty of Social Services, University of 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; Cabinet Sub-committee on Revenue Generation and Administrative Reforms, Government of Sikkim; Economic Advisory Council to PM, Government of India; State Planning Commission, Government of Sikkim; Southern Area Local Board of RBI, Chennai; Aga Khan Foundation in India, New Delhi; Steering Committee, South Asia Network of Economic Research Institutes; High Level Committee for EXIM Policy 2002-07 Ministry of Commerce and Industry, Government of India; Special Committee of the Centre for the Study of Law and Governance of JNU, New Delhi; and Statistical Advisory Group of Human Development Report, UNDP, New Delhi. He is also serving as Chairman of Public Expenditure Reforms Commission for Punjab, Government of Punjab.

Ashok Lahiri was invited to be among the jury for selection of candidates for the Aditya Birla Scholarship Scheme from among IITs, BITS and IIMs. On television, he participated in the election programme as psephologist for the state assembly of Uttar Pradesh, Punjab, Manipur and Uttaranchal and was the main expert on the Union Budget 2002-2003. He was Visiting Professor at Cornell University, US during May-June 2001. As of before, he continued to participate in several discussions and meetings held at IIC; the FM's office; National Defence College; Institute of Social Sciences; and FICCI. He delivered welcome and introductory remarks at a national workshop on *State Municipal Fiscal Relations*; ADB-NIPFP workshop, *Intergovernmental Fiscal Transfers for Equitable In-Country Growth* at NIPFP and chaired the session on Pakistan; also chaired session on Governance at JNU; attended the 3<sup>rd</sup> NBER-NCAER conference on the *State of the Indian and the US Economy* at Neemrana; addressed the participants of a seminar on Petroleum Subsidies at New Delhi; was a discussant in a seminar on *Problems of Fiscal Federalism – A Cross Country Foundation* at New Delhi, besides attending a two day seminar on *State Fiscal Reforms* at ISEC, Bangalore. He also delivered key note addresses and research based lectures at Indian School of Business, Hyderabad; at a seminar by Sri Ram College of Commerce at IIC; Daulat Ram College; and Indian Institute of Mass Communication. His

project on Gender Budgeting led him to participate in a second meeting on the subject at Kathmandu; in a seminar at Jadavpur University Campus, Kolkata, at a Parliamentarians' meeting; and All India Women's Conference at New Delhi. He presented several papers during the year: on "India's Fiscal Deficits and their Sustainability in Perspective" at the NIPFP-DFID-World Bank Conference in New Delhi (also published as NIPFP Discussion Paper); "Free flow of financial information: The importance of making the budgetary process transparent" at ACDG-CII workshop; "Indian Economic Outlook" at ADB, Manila. He commented on the "Draft Fiscal Responsibility Bill for Karnataka State". He conducted a two week training course on *Financial Programming* for the staff of the Central Bank of Sri Lanka at Colombo.

Published work output of Ashok Lahiri during the year included three articles in *Business Standard* and one each in *Telegraph*; and *Economic and Political Weekly*. His co-edited volume *Trade and Industry: Essays by NIPFP-Ford Foundation Fellows* was conjointly brought out by NIPFP and Vikas Publications.

• **Raja J. Chelliah**, Professor of Eminence, NIPFP, and Chairman, Madras School of Economics, continued to pursue academic activities in various forms. His paper on "Rational Way of Increasing Tax Revenues in India" came up for presentation at the NIPFP-ADB conference on *Intergovernmental Fiscal Transfers for Equitable in-Country Growth*. He presented another paper titled "Trends in Tax Revenue and Rational Ways to Increase Revenue" at the NIPFP-DFID-World Bank conference *India: Fiscal Policies to Accelerate Economic Growth* at New Delhi. He published three articles during the year: "Tax Policy as Revealed in the Budget for 2002-2003" (*Economic and Political Weekly*); "Taxation of Charitable Trusts" (*Economic and Political Weekly*); and "The Nature of the Fiscal Crisis in the Indian Federation and Calibrating Fiscal Policy" (*Money and Finance*). His research output included six keynote, inaugural and special addresses at diverse venues at Chennai: seminar on *WTO Agreements and Implications*; seminar on *WTO Regime: Impact on Indian Industry*; 17<sup>th</sup> Programme on Monetary and Fiscal Management, RBI staff college; workshop on *Sustainable Development: Principles into Economy-Wide Policy and Planning*, sponsored by UNDP and the Ministry of Finance and Planning, Sri Lanka and MSE; workshop on *Economics of Environmental Management for Indian Industry* at MSE; *Training Programme on VAT* at South India Chamber of Commerce & Industry. He was also invited to deliver a keynote address at a national seminar on *Agricultural, Environmental Scenario and Tax Reforms in India* organised by the Madurai Kamaraj University; and gave a special address at the Vellore Institute of Technology. He delivered the Sarvatma Natarajan



First Memorial Lecture on "Liberals' Liberalization" at Chennai.

Raja Chelliah was given a warm felicitation by the NIPFP as its Founder Director on the occasion of its silver anniversary celebrations. The presentation was made by Chairman NIPFP, C. Rangarajan.

• **Amaresh Bagchi**, Professor Emeritus, NIPFP, delivered the Kale Memorial lecture for the year 2002 at Gokhale Institute of Politics and Economics, Pune in December. The title of the lecture was "Fifty Years of Fiscal Federalism in India: An Appraisal." He continued to serve as a Member of the Prime Minister's Advisory Council and also participated in several seminars of national importance and presented papers. Notable ones included a seminar on *Financing for District Level Development* organised by Singamma Sreenivasan Foundation and UNIFEM in Bangalore; and NIPFP-DEID-World Bank conference, *India: Fiscal Policies to Accelerate Economic Growth* at New Delhi, where he submitted a paper, "Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform" co-authored with two others. At a national seminar on *Public Finance in Indian States: The Emerging Scenario*, he presented a paper on "Moving Towards VAT: Miles to Go"; also delivered the keynote address at a seminar by International Fiscal Association, New Delhi on *Transfer Pricing*; participated in ADB-NIPFP seminar on *Intergovernmental Fiscal Transfers for Equitable In-Country Growth* at NIPFP; was guest speaker at a CII organised national conference on *VAT* at New Delhi; presented a paper at a national seminar on *Property Tax* at Bangalore; besides participating in another on *Gender Issues in Budgeting* at Kolkata.

Amaresh Bagchi jointly with S.P. Singh completed the study on "Transfer Pricing and Regulations for India" which has subsequently been published.

• **Om Prakash Mathur**, Principal Consultant, and head of the Housing and Urban Economics Unit, produced several studies related to municipal finance. Among his completed research during the year was a study on *State-Local Fiscal Relations*, while an ongoing project pertains to *Research Programme on Municipal Finances*. Om Prakash Mathur with his team of researchers is working on this UNDP sponsored project in association with an expatriate consultant, Dale Whittington, Professor, University of North Carolina, who gave inputs to the *Formulation of Guidelines for the Fixation of Price of Urban Water*. Dale Whittington also gave a special seminar on *Municipal Water-Pricing: Getting Started on Tariff Reforms* at NIPFP. A critique of the paper was presented by Om Prakash Mathur at a seminar organised by the World Bank *Water and Sanitation Programme* at Mumbai. At the NIPFP-ADB seminar on *Intergovernmental Transfers for Equitable in-Country*

*Growth*, he was a discussant for the country study on Philippines; at a CII conference on *Urban Sector Reforms*, he chaired the session on "Urban Water Supply Pricing." Research output of Om Prakash Mathur included several lectures: "Urban Governance;" "Critical Issues in Municipal Finance" and "Urban Poverty: Perspectives and Approaches" at the World Bank Institute sponsored training programme at Bhutan; "Inclusive Society: Perspectives on Urban Poverty" and "Theory of the City" at the University of Rome; "Decentralisation and Municipal Finance" and "Property Taxation" at a training course on Urban and City Management at Jaipur; "New Paradigms in Local Government Finance" for the DFID staff; and "Auto Fuel Policy for India" at NIPFP. He presented a paper on "Coming to Grips with Issues of Pricing Urban Water and Intra City Bus Transport" at the NIPFP-World Bank conference on *Fiscal Policies to Accelerate Economic Growth*.

During the year under review, he served as member of: the expert committee on Auto Fuel Policy, also known as Mashelkar Committee; the Governing Body of NIUA as Vice President; Urban Partnership Foundation, Manila as trustee; and the Delhi Finance Commission and the Planning Board for the NCT of Delhi; and Convenor of the Standing Committee of State Secretaries of Stamp and Registration, constituted by the Ministry of Finance.

On behalf of NIPFP and in collaboration with the World Bank Institute and the National Institute of Urban Affairs, he organised an international training course on *Urban and City Management*, attended by participants from Honduras, India, Indonesia, Philippines, and Nicaragua.

• **Maresh C. Purohit**, Senior Fellow, continued to pursue research mainly in his area of interest, i.e. VAT. In his capacity as member-secretary of the empowered committee of State Finance Ministers to Monitor Sales Tax Reforms, he assisted the state governments in the *Implementation of State VAT*. At his own initiative, he also studied *Sales Tax System of Indian States and Preparation for Introduction of VAT*. The study has subsequently been published as a book titled, *Sales Tax and Value Added Tax in India* (2001). He also completed work on *Fiscal Policy for the NCR* for a larger study being conducted by the NCR Planning Board. Nearing completion is his project, *Procedure Manual for VAT Governance*, while his ongoing projects include *E-Commerce and Tax Administration*; and *Study on VAT in Assam*. He held membership of several committees and working groups: UGC nominee on Advisory Committee of the Centre for Advanced Study in Economics, University of Mumbai; Sales Tax Advisory Committee, Office of the Commissioner Sales Tax, Government of Jammu & Kashmir; Mizoram Fiscal Reforms Committee, Aizawl; Expert Committee on VAT, Government of Goa; Expert Committee on



VAT, Government of Pondicherry; Advisory Committee for the Special Assistance Programme, University of Rajasthan; Economic Affairs Committee 2001-2001 CII, New Delhi; Task force for Management of Finances, Government of Rajasthan; Indirect Taxes Committee, PHD Chamber of Commerce & Industry; and Indirect Taxes Committee, ASSOCHAM, New Delhi.

He delivered as many as fourteen public lectures and talks on reform of commercial taxes in India with special reference to VAT and its administration at the programmes organised by: University of Mumbai; National Academy of Audit and Accounts, Simla; training course on VAT organised by NIPFP at Jammu; University of Rajasthan; Sikkim Chamber of Commerce and Confederation of Industries of Sikkim; office of the Commissioner of Commercial Taxes, Government of Pondicherry; Indian Institute of Public Administration; and Mahatma Gandhi State Institute of Public Administration, Chandigarh. He also delivered a general lecture on "Fiscal Reforms" at a IIPA organised training programme for IAS officers; and one on "Fiscal Harmonisation in a Federation" in a training programme for officers of the Colombo Plan member countries organised by IIPA.

Mahesh Purohit's research output includes a publication entitled, **Sales Tax and Value Added Tax in India**; nine articles in the *Economic Times*, and two in the *Financial Express*. He also contributed an article "Simple Tools for Evaluating Revenue Performance of a Developing Country" to a publication of the World Bank; on "Fiscal Reforms in ASEAN - Lessons for India" in a collaborative publication of *Centre de Sciences Humaines*, New Delhi, and School of International Studies, New Delhi. His paper "Harmonising Taxation of Inter State Trade under a Subnational VAT" is expected to be published in a forthcoming seminar volume. He was a roundtable discussant at *National Capital Region (NCR) Focus: Industry and Trade Perspective*; submitted a paper to the XVIII AICS international conference on *Canadian Studies: Recent Trends and Future Directions*; was panel speaker at the 43<sup>rd</sup> *National Convention of Cost and Management Accountant*; addressed a plenary session in a National Conference on *Value Added Tax*; delivered a talk at *Globoil India 2001*; presented a paper at the 57<sup>th</sup> Congress of International Institute of Public Finance University of Linz, Austria; also discussant for a paper there; delivered a keynote address at an interactive session on "Destination VAT: How Far Are We?" gave a seminar on *VAT and its Implications on the Automobile Industry*. In addition to these, he participated in few other seminars, on VAT; *Regional Plan-2021 for NCR*; *Public Finance in Indian States: The Emerging Scenario*; and a workshop on *Intergovernmental Fiscal Transfers for Equitable In-Country Growth*.

He visited *Maison Des Sciences De L'Homme* for a fortnight in June 2001.

• **Indira Rajaraman**, Senior Fellow, and Reserve Bank of India Chair Professor, examined the design and outcomes of fiscal flows to the third tier of the government in her project, **Growth Accelerating Fiscal Devolution to the Third Tier**. This was also a presented paper at the World Bank conference on *India: Fiscal Policies to Accelerate Economic Growth*, subsequently brought out as a NIPFP Discussion Paper. She was the main author of two other studies, **Non Performing Loans of PSU Banks: Some Panel Results**; and **Revenue Estimates for a Panchayat Level Crop-Specific Levy**, which were also produced as Discussion Papers of NIPFP. Both were published by *Economic and Political Weekly* in December and March respectively. She also wrote a paper on "Fiscal Transparency" which was published in *Economic and Political Weekly* in December 2001. The paper on "Non Performing Loans of PSU Banks: Some Panel Results" was the subject of her lecture at Centre for Policy Research, New Delhi in February. She also delivered lectures on "Prospects of Poverty Reduction through *Panchayati Raj* Institutions" at the NCAER; "Prospects of Poverty Reducing Growth Through India's *Panchayats*" at the Academic Staff College, JNU; "Fiscal Federalism and Tenth Five-Year Plan" at the Institute of Social Sciences, New Delhi; "Debt Sustainability" at IIPA, New Delhi; and "Fiscal Devolution to the Third Tier" at the Planning Commission.

Indira Rajaraman presented several papers during the year: "Time Series Properties of State Level Public Expenditure" at Cornell University; "Non-Performing Loans of PSU Banks: Some Panel Results" at the fourth annual conference on *Money and Finance* at IGIDR, Mumbai; where she was also a discussant for a paper titled, "Implications of Quasi-fiscal Operations on the Financial System and Policies"; "Capital Account Regimes in India and Malaysia" at the G-24 Technical Group Meeting, Beirut; and "Fiscal Domain of Local Bodies" at the national level consultation on Finance of Urban Local Bodies and PRIs and the Role of State Finance Commissions, Lucknow. Her research output included as many as thirteen articles in the *Economic Times*; three papers in *Economic and Political Weekly*; a review of "The National Income of India in the Twentieth Century" in the *Book Review*; and a paper "Fiscal Constraints to Trade Reform" (co-authored) at NIPFP. An erstwhile study of Indira Rajaraman, **Management of the Capital Account: A Study of India and Malaysia** is expected to be published in an UNCTAD volume. Her professional activity was also focused on advice to committees, working groups and professional bodies. During the year under review she was member of: the Monitoring Committee for States' Fiscal Reforms Facility; Working Group on Assessment of Central Resources for the Tenth



Five Year Plan; Working Groups on Decentralised Planning and *Panchayati Raj* Institutions for the Formulation of the Tenth Five Year Plan; Research Fellowship Committee, IIFT; Project Steering Committee for the Centre for Infrastructure and Regulation, NCAER; Research Advisory Committee, Centre for Canadian Studies, New Delhi; and Human Ethics Committee, National Brain Research Centre. She was invited to present her views on the Fiscal Responsibility Bill to the Lok Sabha Standing Committee on Finance; at the second Expert Committee to Review the System of Administered Interest Rates and other related issues at RBI, Mumbai; submitted a memorandum on *Panchayat* Finances to Standing Committee on Urban and Rural Development, Lok Sabha; attended the pre-budget consultation of Finance Minister with economists; besides a round table debate for pre-budget issue of *India Today*. She was consulted on macroeconomic issues by leading researchers, policymakers, and academicians from time to time.

• **D.K. Srivastava**, Senior Fellow, completed a study on **Intergovernmental Fiscal Transfers for Equitable in-Country Growth** sponsored by the ADB, Manila and organised a workshop on the subject at the NIPFP auditorium in September 2001. In the workshop he presented the paper on "Case Study of India." During the year, he finalised and submitted reports entitled, **Positive and Perverse Subsidies and the Environment**; and **Assam: Study of State Finances** with other colleagues at NIPFP. Currently he is heading projects entitled, **Uttar Pradesh: Study of State Finances**, which are to be incorporated in the Uttar Pradesh Development Report of the Planning Commission; and **Budgetary Subsidies in India**. The main findings of the study on **Budgetary Subsidies in India: Subsiding Social and Economic Services** were later presented in a Planning Commission meeting presided by their Deputy Chairman. He is leading a CIDA sponsored project, **India: Fiscal Reforms for Poverty Reduction**.

He reviewed two books: a paperback, *Development Theory: Deconstructions/ Reconstructions*; and a hardcover, *Depoliticizing Development, The World Bank and Social Capital*. Both reviews were published in the journal, *The Book Review*. His expertise in analysing government subsidies led to the publication of his study, *Central Budgetary Subsidies in India* by NIPFP. The paper presented by him at the NIPFP-DFID-World Bank Conference **Fiscal Policies to Accelerate Economic Growth** also pertained to "Government Subsidies in India: Issues and Approach" (also NIPFP Discussion Paper). Furthermore, he presented a paper on "Analysing the Market for Engineering Education in India" at NPIU, Noida. He delivered as many as four lectures at diverse venues, such as the University of Allahabad; Jabalpur; the JNU; Indian Institute of Public Administration, and Sri Lanka. He talked on "Eleventh

Finance Commission and the States" at Bhopal in April 2001.

D.K. Srivastava is a member of: the High Level Group on External Assistance, Ministry of Finance; Advisory Group on Tax Policy and Tax Administration, Planning Commission; Working Group on States' Resources for the Tenth Plan, Planning Commission and chairman of a sub working group on States' Revenues and Expenditures; Fiscal Reforms Implementation Committee, Government of Andhra Pradesh; Policy Planning Committee, Government of Uttar Pradesh; International Institute of Public Finance; Advisory Board, Indian Journal of Economics; coordination committee for centenary celebrations in honour of Professor J.K. Mehta. His activities included frequent interface with media on contemporary issues including the Union Budget.

• **Pawan K Aggarwal**, Senior Fellow, completed two studies, namely, **Capacity Building on Fiscal Devolution in Sri Lanka: Some Tax Issues** (sponsored by UNDP) and **A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Advice on Tax Policy and Administration** (sponsored by DFID). He is conducting another DFID sponsored study for Orissa, similar to the latter one. His project on *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products*, sponsored by the Tariff Commission, Ministry of Finance, is being published by NIPFP. Also he published an article in Consolidated Commercial Digest (VAT Special) on "A Critical Evaluation of the System of Sales Tax and Directions for Reform."

During the year 2001-02, he was invited on three occasions by the National Institute of Financial Management, Faridabad, to deliver lectures in their training programmes for officers of Indian Army; officers in the civil services; and officials/academicians from South Asian Countries. These lectures focused on the "Policy Framework for Fiscal Policy Reforms"; "Inter-Governmental Fiscal transfers: Role of Finance Commission"; and "State of Public Finances in India". He actively participated in conducting a training programme on VAT for the sales tax officials of Jammu & Kashmir and gave as many as seven lectures there. Thereafter, he had a full-fledged discussion on the subject with representatives of trade and industry at Jammu. His expertise on VAT and its administration led him to participate, make presentations and be invited as a resource person to several conferences and workshops organised by: Commercial Tax Department, Hyderabad A.P.; CII, New Delhi, Ludhiana, and Chandigarh; Madras Chamber of Commerce, Chennai; Department of Commercial Taxes, Tamil Nadu, Chennai; PHD Chamber of Commerce & Industry; Ghaziabad Tax Bar Association, Ghaziabad. He was also a participant at the ADB-NIPFP workshop on **Inter-Governmental Fiscal Transfers for Equitable in-Country Growth**, the



10<sup>th</sup> All India Conference on *Taxation and Corporate Law Reform* by ASSOCHAM, and the 29<sup>th</sup> *All India Conference of Corporate Managers and Tax Incentives* by FICCI at New Delhi. He presented a paper on "A Critical Evaluation of the Draft VAT Acts of Punjab and Haryana" at a conference on VAT held at Chandigarh.

He served as member to 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; Fiscal Reforms Committee of Andhra Pradesh; and working group on Comprehensive Computerisation in the IT Department. Pawan Aggarwal represented the Institute staff on its Governing Body during 2001-02. He was visited by many national and international professionals to discuss issues relating to introduction of VAT in the Indian states and computerisation of sales tax administration.

• **Tapas Sen**, Senior Fellow, and in-charge State Finance Unit, completed two research projects during the year. He co-authored a report on **Royalties for Petroleum Crude** as a member of the NIPFP team providing assistance to a Committee set up by the Government of India for the purpose. He also co-authored a study entitled, **Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform**, and presented this at the conference on **India: Fiscal Policies to Accelerate Economic Growth**, organised jointly by NIPFP, DFID and the World Bank at New Delhi during May 21-22, 2001. The paper, also brought out as a Discussion Paper of NIPFP, has since been revised for publication in an edited forthcoming conference volume.

His on-going research on the **Impact of Central Grants on State Level Expenditures** is nearly complete and a draft paper based on this study will be made ready shortly. Tapas Sen's on-going research includes a co-authored paper on **Parliamentary Control on Government Expenditure** and contributions to the forthcoming, **India Infrastructure Report, 2003**.

He continued to co-ordinate the maintenance of **Public Finance Information System (PFIS)**, a data bank on state government finances in India. He participated in a seminar on "Public Finance in Indian States: Emerging Scenario", 11<sup>th</sup> and 12<sup>th</sup> July 2001 at Bangalore and gave a presentation on reforms in motor vehicles taxes and stamp duty. A workshop on "The Indian Parliament: A Comparative Perspective", 25-27 March, 2002 included a presentation based on a paper on "Parliamentary Control of Government Expenditure" co-authored by him; the final version of the paper is likely to be published in an edited volume. He attended a Training-of-Trainers programme on **Public Expenditure Management** at the ADB Institute, Tokyo, during May 27 – June 5, 2001.

Other academic activities of Tapas Sen comprised lectures at training programmes at National Institute of Financial Management, Faridabad, and acting as a referee for academic journals.

He is at present the staff representative in the Governing Body of NIPFP, and also member of the administrative committee and the finance committee appointed by the Governing Body. He continues to be a member of the computer committee of the Institute and is also the chairman of the library committee and convenor of the academic committee.

• **A.L. Nagar**, Consultant, continued to provide inputs in the health economics related research at the Institute. He wrote two papers: "Infrastructure Development Index: An Analysis for 17 Major Indian States" which has been published on the website of *Journal of Policy Modelling*; and "Statistical Properties of a Composite Index as Estimator of a Single Latent Variable". He published a co-authored paper, "Weighting Socio Economic Indicators of Human Development (A Latent Variable Approach)" in *Applied Econometrics and Statistical Inference*.

A.L. Nagar wrote a NCERT sponsored text book, *Introduction to Statistics* for students of Class XI.

• **Rita Pandey**, Fellow, and in-charge of the Environmental Policy Cell, completed her co-authored study, **Environment and Subsidies with Special Reference to Agriculture in India** and another on **Incentive System for Replacing Old Vehicles: Its Feasibility and Adequacy of Incentives**. Among her on going project is **Eco-Taxes for Environmental Pollution Control**. She visited the University of Yale on a World Bank fellowship during May-July 2001. Rita Pandey conducted a five-day training programme on **Environmental Economics** for the officers of Ministry of Environment and Forests, Central Pollution Control Board and State Pollution Control Boards at the NIPFP premises in the month of January 2002 in which she delivered two lectures. She was invited to deliver two lectures at the Institute of Economic Growth under the faculty upgradation programme, and one at World Wild Life Fund.

Rita Pandey published her paper "A Case Study of Distilleries in India" in *Environmental Economics and Policy Studies* during the year.

• **R. Kavita Rao**, Fellow, continued to be a member of the Expenditure Reforms Commission engaged in preparing a report entitled, **Expenditure Management: Punjab**. She is being consulted by the Government of Bihar for introduction of VAT in the state. Kavita Rao was also member in the Gujarat Committee for introduction of VAT, which has already submitted its recommendations to the government. The state has also released its *Draft*



Act for comments from the public. On behalf of NIPFP, she organised a training programme on *VAT Policy and Administration* for the commercial tax officials of Jammu & Kashmir, in November 2001. She was also responsible for organising a training course at the Indian Institute of Petroleum Management on *Key Economic Issues on VAT, WTO and EVA/MVA*. She was a participant at the Training of Trainers programme on *Public Expenditure Management* at ADB Institute, Tokyo.

Kavita Rao's research output included three research based lectures on VAT at a training programme organised by the Commercial Tax Department, Tamil Nadu; another on *Incidence of Indirect Taxes-Sales Tax vs. VAT* for IAS probationers at Lal Bahadur Shastri National Academy of Administration, Mussoorie; and a half day seminar on VAT for members followed by an interactive meeting with the managing committee, organised by Federation of Gujarat Industries, at Vadodara. Among her co-authored presentations was her paper on "Time Series Properties of State-Level Public Expenditure" came up for presentation at a Cornell-ISPE conference; "Rational Ways of Increasing Tax Revenues in India" at the NIPFP-DFID-World Bank conference on *India: Fiscal Policies to Accelerate Economic Growth* (also NIPFP Discussion Paper); and "Base for VAT: Do all Exempt Sectors Represent Additional Revenue?" at a conference on *Public Finance in Indian States: The Emerging Scenario* at Bangalore. Her earlier co-authored paper, "Economic Consequences of the Gujarat Earthquake" was published in *Economic and Political Weekly*.

• **C. Bhujanga Rao**, Senior Economist, was a member of the research team for the study, *Assam: Study of State Finances* sponsored by the Government of Assam and *Uttar Pradesh: Study of State Finances* which would form part of the Uttar Pradesh Development Report (UPDR) initiated by the Planning Commission. He is also a co-author of a study entitled *Budgetary Subsidies in India: Subsidising Social and Economic Services*, also sponsored by the Planning Commission. He is now involved in a CIDA sponsored project, *India: Fiscal Reforms for Poverty Reduction*.

He was co-author of the paper, "Government Subsidies in India: Issues and Approach" presented at the NIPFP-DFID-World Bank conference, *Fiscal Policies to Accelerate Economic Growth* at New Delhi. The paper has since been brought out as a Discussion Paper of NIPFP and would be published in a forthcoming conference volume. Earlier, he presented the findings of the study at a seminar in the Planning Commission. Bhujanga Rao also co-authored a paper on "Analysing the Market for Engineering Education in India", for the National Project Implementation Unit (A Government of India Unit for World Bank assisted Project for Technical Education). He was a participant at the ADB-NIPFP seminar

on *Intergovernmental Fiscal Transfers for Equitable in-Country Growth*. Bhujanga Rao attended several meetings of the high level group on External Assistance to India, at the Planning Commission. He is a member of an expert group set up by the NCERT for *School Education Finance-A Pilot Study*. At NIPFP, he is a member of the tender committee.

• **Gautam Naresh**, Senior Economist, co-authored the study, *New Royalty Scheme on Crude Oil in India*. During the year under review, he presented several papers at diverse venues: "Trends of Fiscal Primary and Revenue Deficits at All-State-Level and Punjab: Suggested Reform Measures" (with Ashok Mittal) at a meeting to discuss Fiscal and Financial Position of Punjab from 1990-91 to 2001-02 and Projections up to 2007; "Trends of Fiscal Decentralisation in India with Special Reference to State Local Fiscal Devolution in India" at a seminar on *Fiscal Decentralisation and Innovative Urban Management*; both were organised by CRRID, Chandigarh; "Performance of Public Sector Undertakings in Tamil Nadu"; and "A Recursive Macro Fiscal Adjustment Model for Tamil Nadu" (with JVM Sarma) at the *84<sup>th</sup> annual conference* of the Indian Economic Association at Vellore; "State-Level Fiscal Analysis and Reforms in India" (with Ashok Mittal) at a national conference on *The Second Generation Reforms in India*, at Aligarh Muslim University; "Fiscal Behaviour of a Municipal Government" at the *57<sup>th</sup> Congress Conference* of the International Institute of Public Finance at Johannes Kepler University of Linz, Austria, where he was also invited to be discussant for the paper, "Budgetary Transfer Processes: Equity, Efficiency, and the Role of Political Economy"; In addition, two of his papers were accepted for presentation: "A Local Fiscal Behaviour Model: Politico-Bureaucratic Utility-Maximization Approach" at the *Annual Conference of the Econometric Australasia Society Meeting* at Auckland, New Zealand; where he was invited to chair a session; Fiscal Behaviour Model of Municipal Government at the *52<sup>nd</sup> annual conference of The International Advances in Economic Research* at Philadelphia, US. He was a participant at the ADB-NIPFP workshop on *Inter-governmental Fiscal Transfers for Equitable In-Country Growth*; and the *37<sup>th</sup> Annual Conference of the Indian Econometric Society* (TIES).

He was member of Economic Affairs Sub-Committee of Northern Region of CII, and participated in several meetings. During the year, Gautam Naresh published a chapter on "Fiscal Analysis of Tamil Nadu and Suggested Reforms" in an edited volume, *Second Generation Economic Reforms in India*. He was co-supervisor of a Ph.D research scholar at the Aligarh Muslim University. As incharge of the computer unit, NIPFP, he coordinated with a software company to impart advanced training course on "Application of MS



office" to the staff of NIPFP in three different batches. He was chairman, committee on physical verification of assets at the institute.

• **Saumen Chattopadhyay**, Senior Economist, is co-authoring three Planning Commission sponsored projects relating to **Compliance Cost of Direct Taxes in India**. One part, namely, **Estimation of Compliance Cost of Personal Income Tax in India: Study of its Determinants** was submitted to the sponsors in end-March. The other two studies, **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** are nearing completion. Saumen Chattopadhyay is also a member of the **Manipur Fiscal Reform Commission**, to study possible areas of fiscal reform in Manipur and recommend a strategy to take the state economy on a higher growth path.

Saumen Chattopadhyay presented as many as three papers in the course of the year: "The Dynamics of Income Growth in the Presence of Tax Evasion" at the International Institute of Public Finance, University of Linz, Austria; "Fiscal Adjustment and Expenditure Management" with A. Premchand at a NIPFP-DFID-World Bank conference on **Fiscal Policies to Accelerate Economic Growth**; and "Reformulating the Three-Gap Model in the Context of the Black Economy" at the **31<sup>st</sup> Annual Conference of the Indian Econometric Society** at Surat. His paper on "Fiscal Adjustment and Expenditure Management", also published as a Discussion Paper of NIPFP has since been revised for publication in an edited forthcoming volume. He attended **Training of the Trainers Programme on Public Expenditure Management** at the ADB Institute, Tokyo.

He delivered two lectures for different audience, one on "Strengthening Performance in Public Expenditure Management" to the participants of **Public Finance Management** sponsored by the Colombo Plan Secretariat; and "Black Economy: Issues and Estimation" in a similar course sponsored by the National Academy of Audit and Accounts, Shimla, both at IIPA, New Delhi.

• **V. Selvaraju**, Economist, continued to concentrate his research activities in the area of health economics. He made two presentations on "Public Financing of Family Welfare Programmes" at a symposium organised by the Department of Family Welfare and European Commission; and a co-authored paper on "Public Financing for Health Security in India: Issues and Trends" at a National Consultation on Health Security at New Delhi. V. Selvaraju was a participant in a Health Summit organised by the Administrative Staff College of India and the World Bank at New Delhi. He co-authored a NCAER research

paper, "Who Benefits from Public Spending on Health in India: for the World Bank. His earlier paper on "Budgetary Subsidies to Health Sector Among Selected States in India" has been accepted for publication in the *Journal of Health Management*.

He remained a member of the Health Economics Consortium and Health Policy Research Development Network (HELPONET).

• **Pratap Ranjan Jena**, Economist, has completed a co-authored project, **Estimation of Revenue Neutral VAT Rate in Orissa** which is an extension of his erstwhile completed project, **Reform of Sales Tax in Orissa**. He is at present engaged in the preparation of **A Review of Options for Revenue Neutral Rates of VAT for Orissa**. He delivered a lecture on "Expenditure Forecasting Techniques" at the Institute of Government Accounts and Finance at New Delhi.

P.R. Jena published two papers during the year: "Economic Consequences of Gujarat Earthquake" (co-authored) *EPW*, of April 2001 and "Revenue Mobilisation in Orissa State: An Inadequate Effort" in an edited volume brought out by Atlantic Publishers. He is a member of the library committee, NIPFP.

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

• **Subrata Mandal**, Economist, has nearly completed his work on **Refinery Upgradation, Environment Sustainability and Cost Sharing** in association with a senior consultant. He wrote a paper "Estimates of Savings on Health Costs from Implementation of Euro Norms in India" for inclusion in the Expert Committee Report on Auto Fuel Policy. He was the rapporteur for two workshops on **Introduction of Market Based Instruments for Pollution Prevention and Control in India**, organised by the World Bank, Ministry of Environment and Forests and Confederation of Indian Industries. He attended a seminar on **Market Mechanism for Air Pollution Control: Exploring Application in the Indian Power Sector**, organised by United States Environment Protection Agency, United States Aid for International Development, and Confederation of Indian Industries, at New Delhi. Subrata Mandal delivered three research based lectures—two of them in the training programmes related to **Environmental Economics** organised by NIPFP; and another in a training programme organised by Indian Oil Corporation for their senior managers.

• **Mukesh Kumar Anand**, Economist, was a team member in three completed projects of NIPFP: **Study of Maharashtra's Finances** submitted in January 2002; and **Assam: Study of State Finances** submitted in February 2002; and **Impact of the New Pension Scheme on Government Budget** which he handled independently for a high level expert group



on pensions in the Department of Administrative Reforms and Public Grievances. A detailed follow up of the study is underway. He is also a member of the team working on **Uttar Pradesh: A Study of State Finances**. He collaborated with Amaresh Bagchi and Tapas Sen to present a paper "Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform" at the NIPFP-DFID-World Bank conference, **India: Fiscal Policies to Accelerate Economic Growth**, which would be published in a forthcoming conference volume. His paper "Revenue Sharing Criteria in Federal Fiscal Systems: Some Similarities and Differences" has been accepted for publication in the journal, *Public Finance*. He is at present writing a paper on "Indian Budgetary Subsidies and its Fiscal Deficit."

Mukesh Anand participated in a two-day conference on *Perspectives on the Indian Economy and An Evaluation of Economic Reforms in India* at the ISI, Delhi. He is a member of the NIPFP website committee.

• **Pinaki Chakraborty**, Economist, has been involved in four projects at NIPFP: **Uttar Pradesh: Study of State Finances**; **Assam: Study of State Finances**; **Budgetary Subsidies in India: Subsidising Social and Economic Services**; and **Study of Poverty in Selected States in India**, a project sponsored by CIDA. He submitted his Ph.D thesis titled, "Domestic Debt Accumulation in India: An Analysis of the Central Government Experience" at the Centre for Development Studies, Thiruvananthapuram, this year. Pinaki Chakraborty presented a paper, "Fiscal Stance and Macroeconomic Activity: An Empirical Investigation" at the 35<sup>th</sup> Annual Meeting of the Canadian Economic Association at McGill University, Montreal.

• **Lekha S. Chakraborty**, Economist, focused her research related activities on gender budgeting. At NIPFP, she is currently engaged in a study (nearing completion) sponsored by the UNIFEM/Ministry of HRD on **Gender Budgeting in India**. Her interest in the subject led her to be invited to several national and international seminars, conferences, and workshops on the subject as resource person, participant or to present papers: at UNIFEM meeting in collaboration with the Parliamentary Committee for the Empowerment of Women at Parliament House, New Delhi; World Bank conference on *Engendering Tenth Five Year Plan*; UNIFEM workshop on *Budgets and Gender Neutrality* at Jadavpur University campus, Kolkata; national workshops on *Gender Analysis of State Budgets*; and *Gender Budgeting and Gender Indicators: Issues and Challenges* at Vigyan Bhavan, New Delhi.

She also attended the National workshop on *Women in Forestry Sector* at Indira Gandhi National Forest Academy (IGNFA), Dehradun, Government of India in collaboration with

Lal Bahadur Shastri National Academy of Administration, Mussoorie; National level training programme on *Gender Issues* (an adopted course of IDS, UK) of Department of Personnel and Training (DoPT), GoI; brainstorming session on *Development of Gender Development Index (GDI) and Gender Empowerment Measures (GEM)* at IIC, New Delhi; talk on "Gender Issues in the Budget" at All India Women's Conference, New Delhi; presented a paper, "Public Expenditure and Gender Development: A Cross-Country Analysis" at Centre for Canadian Studies, New Delhi and participated in the conference *Towards Sustainable Development: Recent Research and Findings* organized by Shastri Indo-Canadian Institute. She presented as many as seven papers at the above venues. In addition, her paper, "Fiscal Deficit, Seigniorage and the Conduct of Monetary Policy in India: An Empirical Investigation of Deregulated Financial Regime" has been accepted for presentation at the Indian Econometric Society (IES) conference at Chennai, of which she is a life member.

At the international level, several of her papers have been recognised for acceptance and presentation: "Does Public Investment Crowd Out Private Investment in India: An Empirical Investigation" at the *HPF 2002* conference at Helsinki, as also at the York's Annual Meeting on Econometrics, United Kingdom; "Gender Budgeting in India" at the Second UN regional meeting on *Gender Budgeting* at Kathmandu; "Fiscal Deficit and Rate of Interest Link in India: An Econometric Analysis of Deregulated Financial Regime" and "Fiscal Policy Stance and Macroeconomic Activity in India: An Empirical Investigation" (co-authored) presented at the Canadian Economic Association 35<sup>th</sup> Annual Meeting, McGill University, Montreal; also accepted at 2001 Australasian Meeting of World Econometric Society, Auckland. The paper "Fiscal Deficit and Rate of Interest Link in India: An Econometric Analysis of Deregulated Financial Regime" won her the *best paper award* given by INFOSYS at the National Doctoral Students Consortium in Management Research, IISc, Bangalore, and was later published in *Economic and Political Weekly*. She delivered a lecture on "Gender Budgeting" to senior officials of the Ministry of Health and Family Welfare at a UNFPA workshop.

Lekha Chakraborty's research work included two articles in *Economic and Political Weekly*; and two co-authored reports to UNIFEM/Ministry of Human Resource Development.

• **O.P. Bohra**, Economist, rejoined the Institute in November 2000 after a two year deputation to the Eleventh Finance Commission. He is at present working in the project, **Fiscal Reform Commission: Manipur**. Elected as an executive member of the Rajasthan Economic Association, he contributed a paper on "Macroeconomic Aspects and Fiscal



Decentralisation" at the 23<sup>rd</sup> economic conference at Bikaner. He was also invited to present a paper at a national seminar on Union Budget 2002-03 organised by the Institute of Development Studies, University of Lucknow. At this seminar, he also chaired a session on Economic Reform and Decentralisation.

The year saw him delivering a lecture on "Fiscal Decentralisation – National and State Perspectives" to college teachers in a refresher course at Maharishi Dayanand University, Ajmer. He was also among the group of experts involved in finalising a NCERT book on *Indian Economic Development* for Class XI.

• **T.S. Rangamannar**, Consultant, co-authored two state fiscal study reports, viz., **Assam: Study of State Finances**, sponsored by the Government of Assam; and **Uttar Pradesh: Study of State Finances** which is part of a larger research project of the Planning Commission, Uttar Pradesh Development Report (UPDR). He is also involved as a co-author in the preparation of **Budgetary Subsidies in India: Subsidising Social and Economic Services**; and **Fiscal Measures for Poverty Reduction**, a CIDA sponsored project.

T.S. Rangamannar participated in the NIPFP-DFID-World Bank conference on *Fiscal Policies to Accelerate Economic Growth* and ADB-NIPFP seminar on *Inter-Governmental Fiscal Transfers for Equitable in-country Development*, both at New Delhi. He compiled and collated the data relating to "Long Term Fiscal Trends in India-A Conspectus from 1950-51 to 2001-02".

• **Dev Raj Singh**, Sr. Library and Information Officer, continued to be an honorary faculty member of the Delhi Library Association, as also on the Governing Board of MALIBNET (Management Libraries Network). He is the convenor of "Bibliographic Database Management" group constituted by DELNET. He represented the Indian Library Association as its elected member. Dev Raj Singh is an associate editor of *Manlibnet Review* and has also acted as Co-rapporteur General to the **Raja Ram Mohan Rai Library Foundation Seminar** held during February 3-4, 2002 at Pragati Maidan, New Delhi.

• **Rita Wadhwa**, Editor, and Incharge Publications, published four books on behalf of the Institute: *Central Budgetary Subsidies in India*; *Trade and Industry: Essays by NIPFP Ford Foundation Fellows*; *Approach to State Municipal Fiscal Relations: Options and Perspectives*; and *Transfer Pricing and Regulations for India: Approvals and Alternatives*. She is currently engaged in editing and production of a forthcoming NIPFP publication, *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment*. She continued to be member of American Editors Society, and NIPFP's website committee.

• **Navin Kumar Singh**, System Analyst-cum-Programmer, continued to be associated with the development and maintenance of NIPFP database, called **Public Finance Information System**. He also modified the database on **Custom Tariff Binding** prepared under the leadership of Pawan K. Aggarwal. He is a member of the website committee, NIPFP.

#### VISITING FACULTY

• **Premchand**, retired Assistant Director, IMF, rendered his public finance expertise to **Fiscal Reform Commission: Manipur**; and **Expenditure Reform Commission: Punjab**. He visited the NIPFP twice during 2001-02.

• **Dale Whittington**, Professor, University of North Carolina is working with the Institute as an expatriate consultant. He visited the Institute for a week in March 2002 for consultation on the **Formulation of Guidelines for Fixation of Price of Urban Water**.

• **Arindam Das-Gupta**, Professor, Indira Gandhi Institute for Development Research, is continuing as Principal Consultant for the three Planning Commission projects pertaining to **Compliance Costs of Direct Taxes in India**.

• **Ramprasad Sengupta**, Professor of Economics, Centre for Economic Studies and Planning, JNU continued his association with NIPFP for completion of the project, **Refinery Upgradation, Environment Sustainability and Cost Sharing**.



## 11 NIPFP Staff

A complete list of staff members – permanent and contractual – as on March 31, 2002, is at Annexure VI.

## 12 Sponsoring Members

The sponsoring, corporate, permanent, and ordinary members of the Institute, as on March 31, 2002, are listed at Annexure VII.

## 13 Finance and Accounts

The statement of *Accounts* of the Institute for the financial year 2001-2002, duly audited by the Institute's auditors *M/s Thakur Vaidyanath Aiyar and Company*, Chartered Accountants may be seen at Annexure VIII.

## ANNEXURE-I

### LIST OF STUDIES 2001-2002

Title	Sponsoring Agency/Research Unit of the Institute	Author(s) Research Team
<b>STUDIES COMPLETED</b>		
1. New Royalty Scheme on Crude Oil in India	Ministry of Petroleum and Natural Gas	Ashok Lahiri G. Naresh Tapas K. Sen
2. Growth-Accelerating Fiscal Devolution to the Third Tier	World Bank	Indira Rajaraman
3. Non-Performing Loans of PSU Banks: Some Panel Results	RBI Unit, NIPFP	Indira Rajaraman Garima Vasishtha
4. Revenue Estimates for a Panchayat-level Crop-Specific Levy	RBI Unit, NIPFP	Indira Rajaraman Nilabja Ghosh
5. Study of Sales Tax System of Indian States and Preparation for Introduction of VAT	NIPFP	Mahesh C. Purohit
6. Assam: Study of State Finances	Government of Assam	D.K. Srivastava C. Bhujanga Rao Mukesh Anand Pinaki Chakraborty T.S. Rangamannar
7. Intergovernmental Fiscal Transfers for Equitable In-Country Growth	Asian Development Bank	D.K. Srivastava
8. A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh	DFID, India	Pawan K. Aggarwal
9. Estimation of Compliance Cost of Personal Income Tax in India and Study of its Determinants	Planning Commission	Arindam Das-Gupta Saumen Chattopadhyay Dheeraj Bhatnagar S.P. Singh
10. Infrastructure Development Index: An Analysis for 17 Major Indian States (1990-91 to 1996-97)	ICSSR	A.L. Nagar



11.	Budgetary Subsidies to Health Sector Among Selected States in India	NIIEP	V. Selvaraju
12.	Environment and Subsidies with Special Reference to Agriculture in India	World Bank/IGIDR	Rita Pandey D.K. Srivastava Madhurima Dutta Susmita Dasgupta
13.	Incentive System for Replacing Old Vehicles: Its Feasibility and Adequacy of Incentives	Ministry of Petroleum and Natural Gas	Rita Pandey
14.	Impact of the New Pension Scheme on Government Budget	Ministry of Personnel, Public Grievances and Pensions	Mukesh Kumar Anand
15.	Study of Maharashtra's Finances	Government of Maharashtra	Ashok Lahiri R. Kavita Rao Mukesh Kumar Anand
16.	Gender-Budgeting in India: Post-budget Assessment Report	UNIFEM/Ministry of Human Resource Development	Ashok K. Lahiri Lekha S. Chakraborty
17.	Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform	World Bank	Mukesh Anand Amaresh Bagchi Tapas K. Sen
18.	Capacity Building on Fiscal Devolution in Sri Lanka: a) Institutions for Fiscal Devolution b) Some Tax Issues c) Provincial Expenditure Assessment in Sri Lanka	UNDP	Team Leader Ashok Lahiri O.P. Mathur  Pawan K. Aggarwal D.K. Srivastava
19.	Gender Diagnosis and Budgeting in India		Ashok K. Lahiri Lekha Chakraborty P.N. Bhattacharyya
20.	Estimates of Savings on Health Costs from Implementation of Euro Norms in India	Ministry of Petroleum and Natural Gas	R.P. Sengupta Ashok Lahiri Subrata Mandal

#### STUDIES NEARING COMPLETION

1.	Uttar Pradesh: Study of State Finances	Planning Commission	D.K. Srivastava C. Bhujanga Rao Mukesh Kumar Anand Pinaki Chakraborty T.S. Rangamannar
2.	Budgetary Subsidies in India: Subsidising Social and Economic Services	Planning Commission	D.K. Srivastava C. Bhujanga Rao Pinaki Chakraborty T.S. Rangamannar K. Swati
3.	State Local Fiscal Relations	CIDA	Om Prakash Mathur
4.	Estimation of Compliance Cost of Corporate Income Tax in India	Planning Commission	Arindam Das-Gupta S.P. Singh Dheeraj Bhatnagar Saumen Chattopadhyay
5.	Compliance Cost and its Relationship with the Compliance Behaviour of the Taxpayers in Relation to Personal Income Tax in India	Planning Commission	Arindam Das-Gupta S.P. Singh Dheeraj Bhatnagar Saumen Chattopadhyay
6.	Manipur Fiscal Reforms Commission	Govt. of Manipur	Chairman: Ashok K. Lahiri Saumen Chattopadhyay O.P. Bohra
7.	Refinery Upgradation, Environmental Sustainability and Cost Sharing	Indian Oil Corporation	Ramprasad Sengupta Subrata Mandal

#### ON-GOING STUDIES

1.	Study on VAT in Assam	Government of Assam	Mahesh C. Purohit Mukesh Kumar Anand
2.	India: Fiscal Reforms for Poverty Reduction	CIDA	D.K. Srivastava C. Bhujanga Rao Pinaki Chakraborty T.S. Rangamannar K. Swati
3.	A Review of Options for Revenue Neutral Rates of VAT for Orissa and Advice On Tax Policy and Tax Administration	DFID	Pawan K. Aggarwal Pratap R. Jena Jeeta Mohanty



- |    |  |                      |   |
|----|--|----------------------|---|
| 4. | Eco-Taxes for Environmental Pollution Control  | MoEF                 | MSE and NIPFP   |
| 5. | Impact of Central Grants on State Expenditures | Ford Foundation      | Tapas K. Sen<br>Ian Preston   |
| 6. | Reform of Sales Tax in Orissa                  | Government of Orissa | Ashok Lahiri<br>Tapas K. Sen<br>Pratap R. Jena  |
| 7. | Public Finance Information System              | Ministry of Finance  | Tapas K. Sen<br>Diwan Chand<br>Geeta Bhatnagar<br>Navin Kumar Singh                                     |
| 8. | Research Programme on Municipal Finances       | UNDP                 | Om Prakash Mathur   |
| 9. | India: Local Finance Data System               | Ministry of Finance  | Om Prakash Mathur<br><i>with assistance by</i><br>Sandeep Thakur<br>Ranjan Sengupta<br>Anil Kumar Yadav |

#### WORKING PAPERS/DISCUSSION PAPERS/REPRINTS

- |    |  |   |
|----|--|---|
| 1. | Economic Consequences of the Gujarat Earthquake (Discussion Paper No. 1) (April 2001)                                  | Ashok K. Lahiri<br>Tapas K. Sen<br>R. Kavita Rao<br>P.R. Jena |
| 2. | Women's Contributions to the Economy through their Unpaid Household work (Discussion Paper No. 2) (May 2001)           | R.N. Pandey   |
| 3. | Road Map for National and Sub-National VATs in India (Discussion Paper No. 3) (May 2001)                               | Mahesh C. Purohit   |
| 4. | Non-Performing Loans of PSU Banks: Some Panel Results (Discussion Paper No. 4) (November 2001)                         | Indira Rajaraman<br>Garima Vasishtha                          |
| 5. | Coming to Grip with Issues of Pricing Urban Water and Intra-City Bus Transport (Discussion Paper No. 5) (January 2001) | Om Prakash Mathur   |
| 6. | Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform (Discussion Paper No. 1) (January 2002)  | Mukesh Kumar Anand<br>Amresh Bagchi<br>Tapas K. Sen           |

- |     |   |                                      |
|-----|---|--------------------------------------|
| 7.  | Growth Accelerating Fiscal Devolution to the Third-Tier (Discussion Paper No. 2) (January 2002)         | Indira Rajaraman                     |
| 8.  | Fiscal Adjustment and Expenditure Management (Discussion Paper No. 3) (January 2002)                    | A. Premchand<br>Saumen Chattopadhyay |
| 9.  | Rational Ways of Increasing Tax Revenues in India (Discussion Paper No. 4) (January 2002)               | Raja J. Chelliah<br>R. Kavita Rao    |
| 10. | India's Fiscal Deficits and their Sustainability in Perspective (Discussion Paper No. 5) (January 2002) | Ashok K. Lahiri<br>R. Kannan         |
| 11. | Government Subsidies in India: Issues and Approach (Discussion Paper No. 6) (January 2002)              | D.K. Srivastava<br>C. Bhujanga Rao   |
| 12. | Revenue Estimates for a Crop-Specific Agricultural Tax (Discussion Paper No. 7) (March 2002)            | Indira Rajaraman<br>Nilabja Ghosh    |
| 13. | Structure and Administration of VAT in Canada: Lessons for India (Reprint Paper No. 1) (March 2002)     | Mahesh C. Purohit                    |



# ANNEXURE-II

## GOVERNING BODY AS ON 31.3.2002

1. Dr. C. Rangarajan  
Chairman (NIPFP)  
Governor of Andhra Pradesh  
Raj Bhawan  
Hyderabad-500041  
Chairman

### Two nominees of the Ministry of Finance:

2. Shri C.M. Vasudev  
Secretary (Economic Affairs)  
Ministry of Finance  
North Block  
New Delhi-110001  
Member
3. Dr. S. Narayan  
Revenue Secretary  
Department of Revenue  
Ministry of Finance  
North Block  
New Delhi-110001  
Member

### One nominee of the RBI:

4. Dr. A. Vasudevan  
Hon'y. Adviser  
Reserve Bank of India  
New Central Office Building  
Shaheed Bhagat Singh Marg  
Mumbai-400023  
Member

### One nominee of the Planning Commission:

5. Shri Ajit Kumar  
Secretary  
Planning Commission  
Yojana Bhawan  
Parliament Street  
New Delhi-110001  
Member

### Three nominees of sponsoring State Governments:

6. Shri V.K. Mittal  
Principal Secretary (Finance)  
Government of Uttar Pradesh  
60, Naveen Bhawan  
Lucknow-226 001  
Member

7. Shri K.R. Lakhanpal  
Principal Secretary (Finance)  
Government of Punjab  
Punjab Civil Secretariat  
Chandigarh-160 001  
Member

8. Shri M.D. Kurani  
Finance Secretary  
Government of Rajasthan  
Rajasthan Secretariat  
Jaipur-302 001  
Member

### One nominee of the ICICI:

9. Dr. V.V. Desai  
Adviser  
Industrial Credit and Investment  
Corporation of India Ltd.  
ICICI Towers  
C-23, G-Block  
Bandra-Kurla Complex  
Mumbai-400 051  
Member

### Two nominees of Sponsoring Institutions:

10. Shri K.K. Nohria  
President  
Associated Chambers of Commerce  
and Industry of India  
11 Community Centre  
Zamrudpur  
New Delhi-110048  
Member
11. Shri R.H. Lodha  
President  
Federation of Indian Chambers of  
Commerce and Industry  
Federation House  
Tansen Marg  
New Delhi-110001  
Member

### Three eminent economists:

12. Shri B.P.R. Vithal  
House No. 8-2-701/1  
Road 12, Banjara Hills  
Hyderabad-500 034  
Member
13. Dr. Rakesh Mohan  
Adviser to the Finance Minister  
Ministry of Finance,  
North Block  
New Delhi  
Member



14. Prof. Pulin B. Nayak  
Delhi School of Economics  
University of Delhi  
Sudhir Bose Marg  
Delhi-110 007
- Member

*Three representatives of collaborating institutions:*

15. Prof. Isher J. Ahluwalia  
Director and Chief Executive  
Indian Council for Research on  
International Economic Relations  
India Habitat Centre  
Core 6A, 4th floor, Lodhi Road  
New Delhi-110003
- Member

16. Prof. E.A.S. Sarma  
Principal  
Administrative Staff College of India  
Bella Vista  
Hyderabad-500 082
- Member

17. Dr. R. Radhakrishnan  
Director  
Indira Gandhi Institute of Development Research  
Gen. Vaidya Marg  
Goregaon (East)  
Mumbai-400 065
- Member

*One member to be co-opted by Governing Body:*

18. Shri Yezdi Hirji Malegam  
S.B. Billimoria & Company  
Meher Chambers  
R. Kamani Road  
Ballard Estate  
Mumbai-400001
- Member

*Director of the Institute (ex-officio)*

19. Dr. Ashok Lahiri  
Director  
NIPFP  
New Delhi
- Member-Secretary

*One senior fellow of the Institute by rotation:*

20. Dr. Tapas K. Sen  
Senior Fellow, NIPFP  
New Delhi-110067
- Member

*Special Invitees*

21. Shri O.P. Srivastav  
Chairman  
Central Board of Direct Taxes  
Ministry of Finance  
North Block  
New Delhi-110001
22. Shri K.L. Verma  
Chairman  
Central Board of Excise & Customs  
Ministry of Finance  
North Block  
New Delhi-110001



## ANNEXURE-III

## INTERNAL SEMINAR SERIES

Sl. No.	Day and Date	Seminar Person's Name	Topic
1.	Wednesday April 18, 2001	Dheeraj Bhatnagar, CBDT, Saumen Chattopadhyay, NIPFP, Arindam Das-Gupta, GIPE	<i>Compliance Cost Project: Preliminary Findings</i>
2.	Wednesday August 1, 2001	James E. Foster, Vanderbilt University	<i>Poverty or Inequality? A Taxonomy with Applications to Health and Growth</i>
3.	Monday August 27, 2001	Mohsin Khan, Director, IMF Institute, Washington	<i>Financial Development and Growth</i>
4.	Wednesday September 26, 2001	H. Ramachandran, Director, IAMR, New Delhi	<i>Unemployment Problem in Border Areas</i>
5.	Thursday October 18, 2001	Partha Mukhopadhyay, Policy Advisory Group, IDFC	<i>Do We Need Guarantees for Infrastructure?</i>
6.	Tuesday February 26, 2002	C. Veeramani, CDS, Trivandrum	<i>Intra-Industry Trade of India: Trends and Country- Specific Factors</i>
7.	Wednesday March 20, 2002	Dale Whittington, University of North Carolina	<i>Municipal Water Pricing: Getting Started on Tariff Reforms</i>

## ANNEXURE-IV

## LIST OF PRICED PUBLICATIONS

1. *Incidence of Indirect Taxation in India 1973-74* R.J. Chelliah & R.N. Lal (1978) Rs 10.
2. *Incidence of Indirect Taxation in India 1973-74* R.J. Chelliah & R.N. Lal (Hindi Version) (1981) Rs 20.
3. *Trends and Issues in Indian Federal Finance\** R.J. Chelliah & Associates (Allied Publishers) (1981) Rs 60.
4. *Sales Tax System in Bihar\** R.J. Chelliah & M.C. Purohit (Somaiya Publications) (1981) Rs 80.
5. *Measurement of Tax Effort of State Governments 1973-76\** R.J. Chelliah & N. Sinha (Somaiya Publications) (1982) Rs 60.
6. *Impact of the Personal Income Tax* Anupam Gupta & Pawan K. Aggarwal (1982) Rs 35.
7. *Resource Mobilisation in the Private Corporate Sector* Vinay D. Lall, Srinivas Madhur & K.K. Atri (1982) Rs 50.
8. *Fiscal Incentives and Corporate Tax Saving* Vinay D. Lall (1983) Rs 40.
9. *Tax Treatment of Private Trusts* K. Srinivasan (1983) Rs 140.
10. *Central Government Expenditure: Growth, Structure and Impact (1950-51 to 1978-79)* K.N. Reddy, J.V.M. Sarma & N. Sinha (1984) Rs 80.
11. *Entry Tax As An Alternative to Octroi* M.G. Rao (1984) Rs 40 paperback Rs 80 hardcover.
12. *Information System and Evasion of Sales Tax in Tamil Nadu* R.J. Chelliah & M.C. Purohit (1984) Rs 50.
13. *Evasion of Excise Duties in India: Studies of Copper, Plastics and Cotton Textile Fabrics (1986)* A. Bagchi et. al. (1986) Rs 180.
14. *Aspects of the Black Economy in India* (also known as "Black Money Report") Shankar N. Acharya & Associates, with contributions by R.J. Chelliah (1986) Reprint Edition Rs 270.
15. *Inflation Accounting and Corporate Taxation* Tapas Kumar Sen (1987) Rs 90.
16. *Sales Tax System in West Bengal* A. Bagchi & S.K. Dass (1987) Rs 90.
17. *Rural Development Allowance (Section 35CC of the Income-Tax Act, 1961): A Review* H.K. Sondhi & J.V.M. Sarma (1988) Rs 40.
18. *Sales Tax System in Delhi* R.J. Chelliah & K.N. Reddy (1988) Rs 240.
19. *Investment Allowance (Section 32A of the Income Tax Act, 1961): A Study* J.V.M. Sarma and H.K. Sondhi (1989) Rs 75 paperback. Rs 100 hardcover.



20. *Stimulative Effects of Tax Incentive for Charitable Contributions: A Study of Indian Corporate Sector* Pawan K. Aggarwal (1989) Rs. 100.
21. *Pricing of Postal Services in India* Raghendra Jha, M.N. Murty & Satya Paul (1990) Rs. 100.
22. *Domestic Savings in India - Trends and Issues\** Uma Datta Roy Chaudhury & Amaresh Bagchi (ed.) (1990) Rs. 240.
23. *Sales Taxation in Madhya Pradesh\** M. Govinda Rao, K.N. Balasubramanian and V.B. Tulasidhar (Vikas Publishing House) (1991) Rs. 125.
24. *The Operation of MODVAT\** A.V.L. Narayana, Amaresh Bagchi and R.C. Gupta, (Vikas Publishing House) (1991) Rs. 250.
25. *Fiscal Incentives and Balanced Regional Development: An Evaluation of Section 80 HHP* Pawan K. Aggarwal and H.K. Sondhi (Vikas Publishing House) (1991) Rs. 195.
26. *Direct Taxes in Selected Countries : A Profile* (Vol. I & II) Rs. 100.
27. *Effective Incentives for Aluminium Industry in India* Monograph Series - I Bishwanath Goldar (1991) Rs. 100.
28. *Survey of Research on Fiscal Federalism in India* Monograph Series - II M. Govinda Rao and R.J. Chelliah (1991) Rs. 100.
29. *Revenue and Expenditure Projections: Evaluation and Methodology\** V.G. Rao, Revised and Edited by Atul Sarma (Vikas Publishing House) (1992) Rs. 195.
30. *Sales Tax Systems in India: A Profile* 1991 Rs. 150.
31. *State Finances in India\** Amaresh Bagchi, J.L. Bajaj and William A. Byrd (ed.) (Vikas Publishing House) (1992) Rs. 450.
32. *Fiscal Policy for the National Capital Region\** Mahesh C. Purohit, C. Sai Kumar, Gopinath Pradhan and O.P. Bohra (Vikas Publishing House) (1992) Rs. 225.
33. *Import Substitution in the Manufacturing Sector* Monograph Series III, Hasheem N. Saleem (1992) Rs. 150.
34. *Sales Tax Systems in India: A Profile*, 1993 Rs. 150.
35. *The Ninth Finance Commission: Issues and Recommendations* (a selection of papers) (1993) Rs. 490.
36. *Direct Taxes in Selected Countries: A Profile* (Vol. III) compiled by K. Kannan and Mamta Shankar (1993) Rs. 80.
37. *Inter-State and Intra-State Variations in Economic Development and Standard of Living* (Monograph Series IV) (1993) Uma Datta Roy Choudhury Rs. 200.
38. *Tax Policy and Planning in Developing Countries\** Amaresh Bagchi and Nicholas Stern (ed.) (1994) (Oxford University Press) Rs. 435.

39. *Reform of Domestic Trade Taxes in India: Issues and Options* Study Team (1994) Rs. 250.
40. *Private Corporate Sector: Generation and Regeneration of Wealth\** Uma Datta Roy Chaudhury (Vikas Publishing House) (1996) Rs. 395.
41. *Controlling Pollution: Incentives and Regulations* Shekhar Mehta, Sudipto Mundle and U. Sankar (Sage Publications) (1997) Rs. 250.
42. *India: Tax Policy for the Ninth Five Year Plan (1997-98 to 2001-02)\** (Report of the Working Group on Tax Policy of the Steering Group on Financial Resources—Chairman Parthasarathi Shome) (Centax Publications Pvt. Ltd.) (1997) Rs. 350.
43. *Value Added Tax in India: A Progress Report\** Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs. 250.
44. *Fiscal Policy Public Policy & Governance\** Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs. 400.
45. *Government Subsidies in India* D.K. Srivastava and Tapas K. Sen (1997) Rs. 285.
46. *Economic Instruments for Environment Sustainability* U. Sankar and Om Prakash Mathur (1998) Rs. 150.
47. *India: The Challenge of Urban Governance* Om Prakash Mathur (ed.) (1999) Rs. 400.
48. *State Fiscal Studies - Assam* D.K. Srivastava, Saumen Chattopadhyay and T.S. Rangamannar (1999) Rs. 200.
49. *State Fiscal Studies - Punjab* Indira Rajaraman, H. Mukhopadhyay and H.K. Amarnath (1999) Rs. 200.
50. *State Fiscal Studies - Kerala* D.K. Srivastava, Saumen Chattopadhyay and Prarap Ranjan Jena (1999) Rs. 200.
51. *Delhi Fiscal Study* Om Prakash Mathur and T.S. Rangamannar (2000) Rs. 250.
52. *Fiscal Federalism in India Contemporary Challenges Issues Before the Eleventh Finance Commission\** D.K. Srivastava (ed.) (Har-Anand Publications Pvt. Ltd.) (2000) Rs. 695.
53. *State Fiscal Studies - Haryana* Tapas K. Sen, R. Kavita Rao (2000) Rs. 200.
54. *Control of Public Money: The Fiscal Machinery in Developing Countries\** A. Premchand (Oxford University Press) (2000) Rs. 745.
54. *Primer on Value Added Tax\** R.J. Chelliah, Pawan K. Aggarwal, Mahesh C. Purohit and R. Kavita Rao (Har-Anand Publications Pvt. Ltd.) (2001) Rs. 195.
55. *Central Budgetary Subsidies in India* D.K. Srivastava and H.K. Amar Nath (2001) Rs. 170.
56. *Approach to State-Municipal Fiscal Relations: Options and Perspectives* Om Prakash Mathur (2001) Rs. 200.



57. *Trade and Industry: Essays by NIPFP-Ford Foundation Fellows* Ashok Guha, K.L. Krishna and Ashok K. Lahiri (ed.) (Vikas Publishing House Pvt. Ltd.) (2001) Rs.450.

58. *Transfer Pricing and Regulations for India: Approvals and Alternatives* S.P. Singh, Amaresh Bagchi with contributions by R.K. Bajaj (UBS Publishers' Distributors Pvt. Ltd.) (2002) Rs.395.

59. *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment* Pawan K. Aggarwal and V. Selvaraju (2002) Rs.200.

\* Available with respective publishers.

\* Co-published/available with NIPFP.

Publications sent against draft/pay order. Postage Rs 30 per copy.

Note : Publications at Sl. No. 1 to 22, 26, 30, 31, 34, 38 and 41 are not available for sale now.

## ANNEXURE-V

### PUBLISHED MATERIAL OF NIPFP FACULTY

#### C. RANGARAJAN

- "Financial Sector Reforms and Emerging Issues", *The Hindu*, April 19, 2001
- "Some Critical Issues in Monetary Policy", *Economic and Political Weekly*, June 16, 2001
- "State and Market Working Out An Optimal Mix", *The Times of India*, June 25, 2001
- "Better Expenditure Management will Accelerate Growth", *The Hindu*, June 28, 2001
- "BoP Crisis of 1990-91: Overcoming the Forex Constraint", *The Financial Express*, July 2, 2001
- "Economic Reforms: An Assessment", *The Indian Economic Journal*, July-September, 2001
- "National Statistical Commission: An Overview of the Recommendations", *Economic and Political Weekly*, October 20, 2001
- "Industrial Policy Saga of Paradigm Shifts", *The Hindu - Survey of Indian Industry 2001*

#### ASHOK K. LAHIRI

- "Economic Consequences of Gujarat Earthquake", *Economic and Political Weekly*, April 21, 2001
- "India's Fiscal Deficits and their Sustainability in Perspective", prepared for NIPFP-DFID-World Bank conference on India: *Fiscal Policies to Accelerate Economic Growth*; NIPFP Discussion Paper, No.5, January 2002
- "Budgeting in Confusing Times", *Business Standard*, February 25, 2002
- "Reform the Budget Presentation", *Business Standard*, March 8, 2002
- "Balancing the Budget", *Telegraph*, March 8, 2002
- "The Magic and Dangers of ARCs", *Business Standard*, March 28, 2002
- "Sikkim: The People's Vision", Delhi: Indus Publishing Company (2001)
- "Gender Bias in South Asia" review article of *Human Development Report in South Asia 2000: The Gender Question* by Mahbub ul Haq, Human Development Centre, Oxford University Press in *Economic and Political Weekly*, October 20-26, 2001
- (co-authors Lekha Chakraborty and P.N. Bhattacharyya) "Gender Diagnosis and Budgeting in India: A Draft Report" to provide inputs for Economic Survey of India, 2001-2002" submitted to UNIFEM/Ministry of Human Resource Development
- (co-authors Lekha Chakraborty and P.N. Bhattacharyya) "Gender Budgeting in India: Post Budget Assessment Report" submitted to UNIFEM/Ministry of Human Resource Development

#### RAJA J. CHELLIAH

- "The Nature of the Fiscal Crisis in the Indian Federation and Calibrating Fiscal Policy", *Money & Finance*, January-June
- "Taxation of Charitable Trusts", *Economic and Political Weekly*, December 29, 2001-January 2002
- "Rational Ways of Increasing Tax Revenues in India", prepared for NIPFP-DFID-World Bank conference on India: *Fiscal Policies to Accelerate Economic Growth*; NIPFP Discussion Paper, No.4, January 2002
- "Tax Policy as Revealed in the Budget for 2002-03", *Economic and Political Weekly*, March 2002

#### AMARESH BAGCHI

- (co-authors Mukesh Kumar Anand and Tapas K. Sen) "Fiscal Discipline at the State Level: Perverse Incentives and Paths to Reform", prepared for NIPFP-DFID-World Bank conference on *Fiscal Policies to Accelerate Economic Growth*; NIPFP Discussion Paper No. 1, January 2002



#### OM PRAKASH MATHUR

- a. "Coming to Grips with Issues of Pricing Urban Water and Intra-City Bus Transport", prepared for NIPFP-DFID-World Bank conference on India: *Fiscal Policies to Accelerate Economic Growth*; NIPFP Discussion Paper, No. 5, December 2001

#### MAHESH C. PUROHIT

- a. "Simple Tools for Evaluating Revenue Performance of a Developing Country", in A. Shah (ed.) *Ensuring Accountability When There is no Bottom Line*, Washington D.C.: World Bank (2002)
- b. "VAT's the Way to go", *The Economic Times*, April 15, 2001
- c. "Should Perks be Taxed?", *The Economic Times*, May 1, 2001
- d. "2G Reforms and Textiles", *The Economic Times*, May 4, 2001
- e. "Road Map for National and Sub-National VATs in India", NIPFP Discussion Paper No. 3, May 2001
- f. "For a Sub-National VAT", *The Economic Times*, June 23, 2001
- g. "A Distorted State VAT", *The Economic Times*, December 1, 2001
- h. "Will VAT Raise Prices?", *The Economic Times*, December 11, 2001
- i. "Structure and Administration of VAT in Canada - Lessons for India", *International VAT Monitor*, November/December 2001, pp. 311-323
- j. "Fiscal Reforms in ASEAN - Lessons for India" in Grafe, Frederic and A. Mattoo, *Proceedings of the Workshop on India-ASEAN Economic Relations*, Centre de Sciences Humaines, New Delhi and School of International Studies, New Delhi (2002)
- k. "Should MAT be Abolished?", *The Economic Times*, January 22, 2002
- l. "Procrastinating on VAT" *The Financial Express*, February 2, 2002
- m. "Great Expectations, Modest Outcome", *The Financial Express*, March 2, 2002
- n. "Is the Budget Hyped?", *The Economic Times*, March 5, 2002
- o. "Retrograde Proposals", *The Economic Times*, March 23, 2002
- p. "Sales Tax and Value Added Tax in India", Delhi: Gayatri Publications (2001)

#### INDIRA RAJARAMAN

- a. "Management of the Capital Account: A Study of India and Malaysia" UNCTAD Volume (forthcoming)
- b. "An Asian Consensus" *Economic Times*, 12 April, 2001
- c. "Expenditure Reform" *Economic Times*, 10 May, 2001
- d. "Incentivise Population Control" *Economic Times*, 14 June, 2001
- e. "Income Tax Exemptions" *Economic Times*, 12 July, 2001
- f. "Tax Exemptions Revisited" *Economic Times*, 9 August, 2001
- g. "Tax Buoyancies and the Tenth Plan" *Economic Times*, 14 September, 2001
- h. "Running the Cover" *Economic Times*, 11 October, 2001
- i. "Debate on Small Savings" *Economic Times*, 16 October, 2001
- j. "Review of the National Income of India in the Twentieth Century" by S. Sivasubramanian, New Delhi: OUP, 2002: Book Review October 2001
- k. "Literacy for All" *Economic Times*, 16 November, 2001
- l. "The Victors at Doha" *Economic Times* 13 December, 2001
- m. "Fiscal Transparency", *Economic and Political Weekly* XXXVI:52 (29 December 2001); 4881-4886
- n. (co-author Gita Bhatnagar) "Fiscal Constraints to Trade Reform", NIPFP Mimeo, January 2002
- o. "Institutions and Markets" *Economic Times* 10 January 2002
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#### D.K. SRIVASTAVA

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#### PAWAN K. AGGARWAL

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#### TAPAS K. SEN

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#### A.L. NAGAR

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#### RITA PANDEY

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#### R. KAVITA RAO

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### C. BHUJANGA RAO

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### SAUMEN CHATTOPADHYAY

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### GAUTAM NARESH

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### V. SELVARAJU

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### ANNEXURE-VI

#### LIST OF STAFF MEMBERS AS ON 31.3.2002

Dr. C. Rangarajan  
Dr. Ashok K. Lahiri

Chairman  
Director

#### ACADEMIC STAFF

1.	Dr. R.J. Chelliah	Professor of Eminence
2.	Dr. A. Bagchi	Professor Emeritus
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 (on leave to Health Canada)
14.	Shri Saumen Chattopadhyay	Senior Economist
15.	Dr. Gautam Naresh	Senior Economist
16.	Shri V. Selvaraju	Economist
17.	Shri Diwan Chand	Economist
18.	Dr. P.R. Jena	Economist
19.	Shri Subrata Kumar Mandal	Economist
20.	Dr. Mukesh Kumar Anand	Economist
21.	Shri Pinaki Chakraborty	Economist
22.	Mrs. Lekha Chakraborty	Economist
23.	Dr. O.P. Bohra	Economist
24.	Shri A.K. Halen	Junior Economist
25.	Mrs. Gita Bhatnagar	Research Associate

#### ADMINISTRATIVE STAFF

1.	Ms. Sushila Panjwani	Sr. PPS to Chairman
2.	Shri N. Natarajan	Sr. PPS to Director
3.	Shri B.K. Chakravarti	Secretary
4.	Shri Naveen Bhalla	Administrative Officer
5.	Mrs. H. Gautam	Accounts Officer
6.	Mrs. Rita Wadhwa	Editor
7.	Shri Hari Shankar	Hostel Incharge
8.	Shri Satish Prabhu	Estate Officer
9.	Shri R. Parameswaran	Stenographer Grade-I
10.	Shri R. Perianan	Stenographer Grade-I
11.	Shri R.S. Tyagi	Stenographer Grade-I
12.	Shri Praveen Kumar	Stenographer Grade-I
13.	Shri Sharad Aggarwal	Accounts Executive
14.	Shri S.C. Sharma	Accounts Executive



15.	Shri Bhaskar Mukherjee	Executive Officer
16.	Mrs. Indra Hassija	Assistant
17.	Shri Parvinder Kapur	Stenographer Grade-II
18.	Shri S.N. Sharma	Assistant
19.	Shri J.S. Rawat	Assistant
20.	Smt. Promila Rajvanshi	Stenographer Grade-II
21.	Shri Kapil Kumar Ahuja	Steno-typist
22.	Smt. Kavita Issar	Steno-typist-cum-Telephone Operator
23.	Shri V.M. Budhiraja	Clerk (Accounts)
24.	Shri Nand Ram	Clerk-cum-Typist
25.	Shri Birender Singh Rawat	Clerk (Accounts)
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 Kishan Singh	Messenger
34.	Shri Bishamber Pandey	Messenger
35.	Shri Mohan Singh	Messenger
36.	Shri Shiv Bahadur	Gardener
37.	Smt. Palayee	Gardener
38.	Smt. Kamla Tiwari	Messenger
39.	Shri Shiv Pratap	Gardener
40.	Smt. Annamma George	Messenger
41.	Shri Puran Singh	Messenger
42.	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.	Ms. Sanjukta Ray	Junior Consultant
4.	Shri Sandeep Thakur	Project Associate
5.	Ms. Susmita Sahu	Project Associate
6.	Ms. Darshy Sinha	Project Associate
7.	Ms. Kirti Singh	Project Associate

8.	Ms. Anadhana Srivastava	Project Associate
9.	Ms. Anuradha Basumatari	Project Associate
10.	Shri Sachchidananda Mukherjee	Project Associate
11.	Shri Srijit Mukherjee	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 D.D. Sharma	Assistant
5.	Ms. Usha Mathur	Steno-typist
6.	Ms. Rekha	Steno-typist
7.	Mrs. Kiran Malik	Steno-typist
8.	Ms. Amita Padhwol	Steno-typist
9.	Ms. Mahamaya S. Chowdhury	Steno-typist
10.	Shri Rup Singh	Peon



# ANNEXURE-VII

## LIST OF SPONSORING, CORPORATE, PERMANENT, AND ORDINARY MEMBERS AS ON 31.3.2002

### 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. 20<sup>th</sup> Century Finance Corporation
3. M/s. Gujarat Ambuja Cement Ltd.
4. M/s. ICRA Limited

# ANNEXURE-VIII

*Finance & Accounts*



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

212 Deen Dayal Marg,  
New Delhi 110002  
Tel: 3236958-60, 3237772  
Fax: 3230831  
Email: tva@nda.vsnl.net.in

September 25, 2002

The Members of General Body  
National Institute of Public Finance and Policy  
18/2, Satsang Vihar  
New Delhi - 110 067

Sir,

**Ref:** Audit of Books of Accounts of NIPFP, for the year ended 31st March, 2002

We have carried out the audit of the Books of Account of the Institute for the year ended 31st March 2002. Our observations are as under:

#### 1.0 Working Results

1.1 The Income and Expenditure Accounts of the Institute shows a deficit of Rs. 12,58,680 for the year 2001-02 as compared to the previous year's deficit of Rs. 19,10,469.

During the year under review there had been an increase of expenses under Repairs and Maintenance Expenses - others by of Rs. 5.05 lacs (i.e from Rs. 20.59 lacs to Rs. 25.64 lacs) and Building Repairs Rs. 8.16 Lacs (P/Y Nil), unrecoverable balance of Project fee written off Rs. 9 lacs (P/Y Rs. 6.47 lacs). In addition, amount of property tax paid to MCD & debited to expenditure comes to Rs. 9.36 Lacs (Total paid Rs. 21.06 Lacs less provision made in accounts from 1995-96 till 31.3.2001 Rs. 11.7 lacs total).

#### 2.0 Project Fees Written Off

Project Fees of Rs. 9,00,000 unrecovered from Govt. of Orissa - Study of Sales Tax Reforms, completed in June 2000, has been written off during the year for which Governing Board's approval has been sought.

#### 3.0 Earmarked Funds

Following are the differences between the Endowment Funds/Earmarked Funds and the Investments there against as at 31st March 2002.

	(In Rs.)		
	<b>Funds</b>	<b>Investments</b>	<b>Difference</b>
	<b>Balance as on</b>	<b>As on</b>	
	<b>31.3.2002</b>	<b>31.3.2002</b>	
1. Additional Liability Fund	60,92,280	38,00,000	22,92,280
Employees' Liability Fund			
2. Depreciation Fund	2,65,47,903	1,23,10,000	1,42,37,903
<b>Total</b>	<b>3,26,40,183</b>	<b>1,61,10,000</b>	<b>1,65,30,183</b>



It is suggested that efforts be made for investments against these funds in the current year.

#### 4.0 Unutilised Grants

4.1 A debit balance of Rs. 1,84,425 is lying in Indo Candian Receivable Account. There is an unutilised grant of Rs. 88,360. This should be adjusted after obtaining the necessary approval from the granting authority as well as from the Governing Board of the Institute.

Recovery action for Rs. 96065/- be taken or if the amount is not recoverable, the same may be written off with the approval of the Governing Board.

4.2 There are unutilised balances of Grants since last seven years in respect of the following:

Grants	Balance
1. Industrial Policy Research	1,239
2. Health Economics & Financing India	49,549
3. World Bank Water Global	8,69,059
4. Asian Development Bank	11,752
5. IRIS	1,06,265
6. WRI	1,56,317
<b>Endowment Chair</b>	
7. Cell on Data Bank	40,498
8. State Finance Cell	1,55,099
<b>Total</b>	<b>13,90,996</b>

The Approval for use of these amount for other purposes such as purchase of assets be obtained or the same should be refunded.

#### 5.0 Conclusion

We would like to place on record our sincere thanks for co-operation extended to us by the staff/officials of the Institute during the course of audit.

Thanking you,

Yours faithfully,

For Thakur, Vaidyanath Aiyar & Co.  
Chartered Accountants

sd/-  
(M.P. Thakur)  
Partner

Place: New Delhi  
Dated: 08 Oct. 2002

#### STATEMENT OF FINANCIAL POSITION AS ON 31.03.2002

	Schedule No.	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
<b>SOURCES</b>			
Capital Assets Fund	1	66,480,216	60,675,004
Endowment Fund	2	34,911,911	25,833,645
Earmarked Funds	3	32,112,917	28,165,284
Unutilised Grants	5	9,499,869	7,254,227
<b>Total</b>		<b>143,004,913</b>	<b>121,928,160</b>
<b>APPLICATION</b>			
Fixed Assets	5	66,480,216	60,675,004
Capital work in Progress		-	407,235
Investment of Earmarked and other Funds	6	50,993,673	41,961,920
Net Current Assets	7	22,029,146	16,640,802
Accumulated Deficit		3,501,878	2,243,199
<b>Total</b>		<b>143,004,913</b>	<b>121,928,160</b>
Accounting Policies and Notes forming part of Accounts	15		

Schedules referred above form integral part of this Statement.

sd/-  
H. Gautam  
Accounts Officer

sd/-  
B.K. Chakravarti  
Secretary

sd/-  
Ashok Lahiri  
Director

sd/-  
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: 08 Oct. 2002



# INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED 31st MARCH 2002

	Schedule No.	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Grants - General Support			
- Central Govt.	8	16,219,866	13,045,299
- State Govt.	9	965,000	1,220,000
Project Support	13	2,549,616	1,425,092
Endowment Chairs/Cells	14	13,913,456	8,078,922
Project Fees		13,166,214	15,875,470
Course and Programme Fees		1,493,569	5,070,000
Sale of Publications		229,992	243,245
Corporate Membership Fees		15,000	15,000
Interest		197,201	410,207
Other Receipts		2,691,278	1,447,171
Profit on sale of Fixed Assets		58,010	465,500
<b>Total</b>		<b>51,499,202</b>	<b>47,295,906</b>
<b>EXPENSES</b>			
Salary and Allowances	10	16,604,940	16,555,989
Operational Expenses	11	4,525,213	7,928,230
Administrative Expenses	12	11,255,092	9,359,188
Expenses on Sponsored Projects	13	2,549,616	1,425,092
Expenses on Endowment Chairs/Cells	14	13,913,456	8,078,922
		48,848,318	43,347,421
Depreciation		3,909,564	5,858,954
<b>Total</b>		<b>52,757,882</b>	<b>49,206,375</b>
Surplus (Deficit) for the year		(1,258,680)	(1,910,469)
Add: Deficit b/f from the Previous Years		(2,243,198)	(332,730)
Net Deficit carried over to Balance Sheet		(3,501,878)	(2,243,199)

Schedules referred above form integral part of this Statement.

sd/-  
H. Gautam  
Accounts Officer

sd/-  
B.K. Chakravarti  
Secretary

sd/-  
Ashok Lahiri  
Director

sd/-  
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: 08 Oct. 2002

## SCHEDULE - 1

	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
<b>CAPITAL ASSETS FUNDS</b>		
1. Capital Assets Fund		
Balance at the beginning of the year	60,675,004	45,315,532
Add: Assets added during the year		
- Transfer from Development Fund (Refer Sch 2)	774,483	2,055,877
- Transfer from Int. on Endowment Fund (Refer Sch 3)	453,525	444,738
- Transfer from Int. on Life Membership Fund (Refer Sch 3)	14,718	15,836
- Transfer from Int. on Scientific Research Fund (Refer Sch 3)	90,764	83,507
- Transfer from Int. on Government Endowment Fund (Refer Sch 3)	2,288,855	714,268
- Transfer from Int. on Depreciation Fund (Refer Sch 3)	1,434,810	2,045,246
- Transfer from Depreciation Fund (Refer Sch 3)	565,591	-
- Transfer from Building Fund Interest (Refer Sch 3)	182,466	-
- Capital Grant Ministry of Finance, Govt of India	-	10,000,000
	5,805,212	15,359,472
<b>TOTAL</b>	<b>66,480,216</b>	<b>60,675,004</b>



# SCHEDULE - 2

	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
<b>ENDOWMENT FUNDS</b>		
a. Initial Endowment Fund		
- Opening Balance	3,915,000	3,915,000
b. Endowment Fund		
- Opening Balance	6,177,924	6,177,924
c. Government Endowment Fund		
- Opening Balance	10,000,000	10,000,000
d. RBI Endowment Fund		
- Recd during the year	7,500,000	
e. Scientific Research Fund		
- Opening Balance	727,407	727,407
f. Life Membership Fund		
- Opening Balance	420,000	120,000
- Recd during the year	-	300,000
g. Bimla Bagchi Award Fund		
- Opening Balance	50,000	30,000
- Recd during the year	-	20,000
h. Additional Liability Fund		
i. Employee Liability Fund		
- Opening Balance	4,543,314	2,675,612
- Transfer from Project Fees	1,548,966	1,867,702
	6,092,280	4,543,314
ii. Development Fund		
- Opening Balance	-	1,122,026
- Transfer from Project Fees	774,483	933,851
	774,483	2,055,877
Less: Transfer to Capital Assets Fund	774,483	2,055,877
	-	-
i. Jekhan Maurya Award Fund		
- Opening Balance	4,300	4,300
- Recd during the year	25,000	29,300
	29,300	4,300
<b>TOTAL</b>	<b>34,911,911</b>	<b>25,837,945</b>

# SCHEDULE - 3

	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
<b>EARMARKED FUNDS</b>		
1. a. Depreciation Fund		
- Balance at the beginning of the year	23,627,374	22,731,511
Add: Depreciation during the year	3,909,565	5,858,954
	27,536,939	28,590,465
Less: Accumulated depreciation on deletion	423,445	4,963,091
	27,113,494	
Less: transferred to Capital Assets Fund	565,591	26,547,903
	-	23,627,374
b. Interest on Depreciation Fund		
- Balance at the beginning of the year		
Add: Interest earned during the year	1,434,810	2,045,246
Less: Transferred to Capital Assets Fund	1,434,810	2,045,246
	-	-
2. a. Ford Foundation Fund		
Interest accumulation		
- Balance at the beginning of the year	2,897,893	2,778,128
Add: Interest earned during the year	2,481,998	473,324
	5,379,891	3,251,452
Less: Expenditure during the year	542,093	4,837,798
	4,837,798	353,559
2,897,893		
b. Interest on Initial Endowment Fund		
- Balance at the beginning of the year	-	
Add: Interest earned during the year	453,525	444,738
Less: Transferred to Capital Assets Fund	453,525	444,738
	-	-
c. Interest on Scientific Research Fund		
- Balance at the beginning of the year	-	
Add: Interest earned during the year	90,764	83,507
Less: Transferred to Capital Assets Fund	90,764	83,507
	-	-
d. Interest on Life Membership Fund		
- Balance at the beginning of the year		
Add: Interest earned during the year	14,718	15,836
Less: Transferred to Capital Assets Fund	14,718	15,836
	-	-
Carried Over	31,385,701	26,525,267



	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
Brought Forward	31,385,701	26,525,267
e. Government Grant Endowment Fund		
Interest accumulation		615,149
- Balance at the beginning of the year	1,192,987	-
Add: Interest earned during the year	1,095,868	1,292,106
	2,288,855	1,907,255
Less: Transferred to Capital Fund	2,288,855	714,268
		1,192,987
f. Interest on Additional Liability Fund		
- Balance at the beginning of the year	252,282	-
Add: Interest earned during the year	460,618	252,282
	712,900	252,282
g. Bimla Bagchi Award		
Interest accumulation		
- Balance at the beginning of the year	12,282	8,232
Add: Interest earned during the year	6,099	4,050
	18,381	12,282
Less: Awards distributed during the year	6,000	-
	12,381	12,282
h. Building Fund		
Interest accumulation		
- Balance at the beginning of the year	182,466	-
Add: Interest earned during the year	-	182,466
	182,466	182,466
Less: transferred to Capital Assets Fund	182,466	-
	-	-
i. Jekhan Maurya Award Fund		
Interest accumulation		
- Balance at the beginning of the year	-	-
Add: Interest earned during the year	4,935	-
Less: Awards distributed during the year	3,000	1,935
	1,935	-
<b>Total</b>	<b>32,112,917</b>	<b>28,165,284</b>

#### SCHEDULE - 4

#### UNUTILISED GRANT

Source	Balance as on 31.03.2002 Unutilised	Recoverable	TOTAL	Utilisation	TOTAL	Fresh Receipts/ Interest	Balance as on 31.03.2001 Unutilised	Recoverable	TOTAL	Assets Purchased	Other Expenses	Refund	TOTAL	Balance as on 31.03.2002 Unutilised	Recoverable
A. Grant from Governments															
a. Central Government															
Opening Balance															
Recurring Grant															
Pay revision difference	3,154,701		3,154,701											221,134	
<b>TOTAL (A)</b>	<b>3,154,701</b>		<b>3,154,701</b>											<b>221,134</b>	
B.1. Grants from Ford Foundation															
a. Industrial Policy Research	1,239		1,239											1,239	
b. Post-Doctoral Research Fellowship 201,450	4,653		4,653											251,205	
c. Health Economics & Financing in India	49,549		49,549											49,549	
2. Fiscal Policy- London School	1,300,115		1,300,115											191,302	
3. World Bank - Water Global	869,059		869,059											869,059	
4. Asian Development Bank	11,752		11,752											11,752	
5. India Canadian	88,360		88,360											88,360	
6. UNDP	772,986		772,986											805,917	
7. IRI	106,265		106,265											106,265	
8. WRI	136,317		136,317											156,317	
9. CIDA - Reform State Local Fiscal Role	114,440		114,440											470,219	
9.a CIDA - Poverty Reduction														1,400,308	
10. World Bank - Jaipur Course														238,362	
<b>TOTAL (B)</b>	<b>3,753,532</b>		<b>3,753,532</b>											<b>3,753,532</b>	
C. Endowment Chairs/Cells															
a. HDPC Chair															
b. Cell on Data Bank	40,498		40,498											40,498	
c. State Finance Cell	155,099		155,099											155,099	
d. (i) RBI Chair															
(ii) RBI Contingency	98,314		98,314											1,167,836	
e. (i) EOPFC	52,053		52,053											182,145	
(ii) EOPFC (Books)															
<b>TOTAL (C)</b>	<b>345,994</b>		<b>345,994</b>											<b>345,994</b>	
<b>TOTAL (A+B+C)</b>	<b>7,254,227</b>		<b>7,254,227</b>											<b>7,254,227</b>	



## SCHEDULE - 5

## FIXED ASSETS

S.No	Description	Gross Block at Cost				Depreciation				Written Down Value											
		As At 1.4.2001		Total		Upto 31.3.2001		For the Year		Total		As At 31.3.2001									
		Rs.	2	Rs.	3	Rs.	4	Rs.	5	Rs.	6	Rs.	7	Rs.	8	Rs.	9	Rs.	10	Rs.	11
1																					
1.	Leasehold Land	13,120,142		5,382,000	304,423*	18,197,719															
2.	Building	19,288,366		857,434		20,145,840	± 8%	1,706,166		410,892		4,117,178		16,028,662		15,584,200					
3.	Data Processing Equipment	11,499,685		248,015	106,103	11,641,597		9,094,164		934,989		106,103		9,923,050		8,718,547		2,405,521			
4.	Office Equipment	4,111,959		12,500		4,144,459		3,763,383		25,775		3,788,956		355,503		368,778					
5.	Furniture and Fixture	2,243,520		24,611	21,667	2,246,473		1,545,853		304,132		21,667		1,828,338		418,135		697,676			
6.	Hostel, Library, Computer & Seminar Room Furniture	3,948,699			173,491	3,775,208		1,243,340		1,078,368		173,491		2,148,217		1,626,991		2,705,359			
7.	Air Conditioner and Water Coolers	3,783,616			108,444	3,674,172		2,387,645		764,387		108,444		3,243,788		430,384		1,394,971			
8.	Electric Installations	1,090,500		8,500	13,740	1,803,260		938,903		377,118		13,740		1,294,481		500,779		959,597			
9.	Vehicles	695,338				695,338		695,336						695,336		2		2			
10.	Horticulture Equipment	74,150				74,150		60,766		13,384				34,350		13,384					
<b>Total</b>		<b>60,675,004</b>	<b>6,533,080</b>	<b>727,868</b>	<b>66,480,216</b>	<b>23,627,374</b>		<b>3,909,565</b>		<b>423,445</b>	<b>27,113,494</b>	<b>39,366,722</b>	<b>37,047,629</b>								
11.	Capital work in Progress																				
<b>Previous Year</b>		<b>60,675,004</b>	<b>6,533,080</b>	<b>727,868</b>	<b>66,480,216</b>	<b>21,627,374</b>		<b>3,909,565</b>		<b>423,445</b>	<b>27,113,494</b>	<b>39,366,722</b>	<b>37,454,863</b>								
		<b>43,315,532</b>	<b>20,322,563</b>	<b>4,963,091</b>	<b>60,675,004</b>	<b>22,731,511</b>		<b>5,858,954</b>		<b>4,963,091</b>	<b>23,627,374</b>	<b>37,454,864</b>	<b>25,914,397</b>								

\*Represents amount of ground rent transferred/charged to revenue.

## SCHEDULE - 6

INVESTMENTS  
(At Cost)

Nature of the Investment	As at 31.03.2002 Rs.	As at 31.3.2001 Rs.
A. Public Sector Banks a. Term Deposits	8,030,947	3,888,000
B. Public Sector Financial Institution i. Deposits ii. Bonds/Debentures	12,555,000 7,795,000	14,839,920 8,965,000
C. Public Sector- Companies Deposits	22,612,726	14,269,000
<b>TOTAL</b>	<b>50,993,673</b>	<b>41,961,920</b>



# SCHEDULE - 7

	As at 31.03.2002 Rs.	As at 31.3.2001 Rs.
<b>NET CURRENT ASSETS</b>		
<b>A. CURRENT ASSETS</b>		
1. Interest Accrued	2,354,545	1,075,191
2. Tax deducted at source	206,630	150,000
3. Stock of Publications	310,147	225,166
4. Cash and Bank Balances:		
- Cash and Postage Imprest	10,993	6,023
- In Scheduled Banks		
- Cheques in transit	-	1,400,000
- Current and Savings Accounts	11,988,781	9,155,003
- Term Deposits	-	262,806
	11,999,774	10,823,832
5. Recoverable		
- Project Fees Accrued	11,865,749	12,887,202
- Fees and Others (Sch 4)	1,141,300	90,669
- Grants Receivable	-	200,000
	13,007,049	13,177,871
6. Advances and Deposits	775,880	278,032
Sub Total (A)	28,654,025	25,730,092
<b>B. CURRENT LIABILITIES</b>		
1. Project Fees received in advance	-	2,597,344
2. Grant from RBI received in Advance	300,000	-
3. Creditors and Payables	5,806,879	5,836,946
4. Deposits refundable	518,000	655,000
Sub Total (B)	6,624,879	9,089,290
<b>NET CURRENT ASSETS (A-B)</b>	<b>22,029,146</b>	<b>16,640,802</b>

# SCHEDULE - 8

## GENERAL SUPPORT GRANTS

	Current Year Rs.	Previous Year Rs.
A. Grant from Government of India:		
- Recurring Grant	1,500,000	1,500,000
- Pay Revision Difference	14,719,866	11,545,299
	<b>16,219,866</b>	<b>13,045,299</b>

# SCHEDULE - 9

## 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
- 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	-	100,000
- Govt. of Nagaland	80,000	1,60,000
<b>TOTAL</b>	<b>965,000</b>	<b>1,220,000</b>



**SCHEDULE - 10****SALARIES AND ALLOWANCES**

	Current Year Rs.	Previous Year Rs.
- Salaries and Allowances	12,908,251	12,953,226
- Contribution of PF and Other Funds	2,652,132	2,395,301
- Staff Benefits and Welfare	9,69,999	1,127,969
- EDLI & Admn. Charges	24,558	79,493
<b>TOTAL</b>	<b>16,604,940</b>	<b>16,555,989</b>

**SCHEDULE - 11****OPERATIONAL EXPENSES**

- Books and Periodicals	1,748,032	1,488,828
- Cost of Publications	172,943	103,268
- Course and Programme Expenses	892,187	2,901,596
- Meeting and Seminar	77,077	97,941
- Project Expenses (Other than Sponsored)	1,634,974	3,336,597
<b>TOTAL</b>	<b>4,525,213</b>	<b>7,928,230</b>

**SCHEDULE - 12****ADMINISTRATIVE EXPENSES**

	Current Year Rs.	Previous Year Rs.
- Travelling and Conveyance	449,592	369,010
- Rates and Taxes	1,377,694	530,932
- Water and Electricity	1,983,442	1,831,680
- Printing and Stationery	548,178	802,996
- Telephone and Postage	1,127,766	1,005,766
- Repair and Maintenance - Library	-	559,417
- Repairs and Maintenance - Other	2,563,887	2,059,452
- Repairs and Maintenance - Building	815,771	-
- Car Expenses	409,320	381,639
- Audit Fees	29,925	29,400
- Miscellaneous Expenses	198,433	156,600
- Interest on Housing Loan to HDFC	-	33,666
- Legal Expenses	385,577	274,135
- Project Fees Receivable Written off	900,000	647,782
- Advertisement Expenses	91,800	676,713
- Expenses on 25th Anniversary	373,707	-
<b>TOTAL</b>	<b>11,255,092</b>	<b>9,359,188</b>

**SCHEDULE - 13****EXPENSES ON SPONSORED PROJECTS**

a. Ford Foundation Grant		
- Post Doctoral Research Fellowship	36,900	328,231
b. Expenses on UNDP Project	-	50,735
c. London School of Economics - Fiscal Policies	459,731	160,566
d. I. CIDA - State-Local Fiscal Reforms	652,676	885,560
II. CIDA - Poverty Reduction	1,400,309	-
<b>TOTAL</b>	<b>2,549,616</b>	<b>1,425,092</b>



#### SCHEDULE - 14

	Current Year Rs.	Previous Year Rs.
<b>EXPENSES ON ENDOWMENT CHAIRS/CELLS</b>		
1. Expenses on Chairs		
- RBI Chair	711,388	803,403
- RBI Contingency	-	85,100
- HDFC Chair	701,552	766,792
- EEOFC - Expenses	12,430,478	6,225,710
- EEOFC - Books	69,938	197,917
<b>TOTAL</b>	<b>13,913,456</b>	<b>8,078,922</b>

#### Schedule 15

#### 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 building 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

Liability in respect of cases of staff members pending in various courts (amounts not ascertainable).

- Leasehold land includes land premia Rs. 1,21,76,966 and relocation charges Rs. 53,82,000/- (refer schedule 5) paid to DDA for purchase of land measuring 2800 sq mts. located adjacent to the existing NIPFP compound in terms of allotment letter dated 24.04.2000. DDA has handed over the possession of the land to NIPFP on 11.09.2001, however execution of lease deed is pending due to fixation of land rates by the Central Government.
- The Institute has paid the Property Tax as claimed by the Municipality even though it is still pursuing the matter of obtaining the benefit available under section 115(4) of the DMC Act.
- Investments include Rs 2,00,000/- pledged with State Bank of India, JNU Branch.
- Interest received on Endowment Fund, Scientific Research Fund and Life Membership Fund is shown as accretion to the Earmarked Funds in Schedule 3. Upon the entire amount being utilised to acquire fixed assets, a corresponding amount has been transferred to Capital Assets Funds.
- All grants to the extent utilised were re-elected as income hitherto in Schedule 2.
- Project fees is net of transfers of Rs 15,48,966/- towards Employee Liability Fund and Rs 7,74,483/- towards Development Fund.
- 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/-  
H. Gautam  
Accounts Officer

sd/-  
B.K. Chakravarti  
Secretary

sd/-  
Ashok Lahiri  
Director

sd/-  
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: 08 Oct. 2002

## STATEMENT OF RECEIPTS AND PAYMENTS ACCOUNT FOR THE FINANCIAL YEAR 2001-2002

Receipts/Credits	Amount (Rs.)
<b>Opening Balance</b>	
<b>i) Cash and Bank Balance</b>	
- 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
- Cash in Hand	3689
- Postage imprest	2334
	9161026
<b>ii) Deposits</b>	
Public Sector Undertaking/Banks/Financial Inst.	42224726
<b>Receipts</b>	
Government Grant in Aid	
- Central Government	16941000
- State Government	965000
Ford Foundation Grant	6362473
UNDP	32932
Project Fees	13002772
Corporate Membership Fees	15000
Course and Programme Fees	1493569
Interest	5891276
Hostel & other Receipts	3203192
Sale of Publication	229992
Miscellaneous Income	237497
Security Deposits (Receipts)	498000
RBI Chair	519614
HDFC Chair	500000
EEOFC	13700000
<b>Total Receipts</b>	<b>114978069</b>