National Institute of Public Finance and Policy

Annual Report 2002-2003

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1 Overview

Since its inception in 1976, the National Institute of Public Finance and Policy has consolidated its position, fulfilling its fundamental objectives of conducting research on public policy issues, creating awareness and rendering advice by organising seminars on the related subject, and imparting training to officials at the centre and states.

During 2002-03, the Institute completed 18 commissioned studies, while 9 are in various stages of completion. In addition, one discussion paper was also brought out (details at Annexure I). The research projects covering a variety of themes undertaken by the Institute during the year under review, focused on calibration of tax structures designed to assist policy formulation and tax administration, issues of government expenditure and debt management, federalism, fiscal reform for poverty reduction, environmental and resource economics, gender budgeting, fiscal decentralisation, finances of urban and rural local governments, and tariff policies.

As a premiere institute engaged in the field of fiscal policy, the NIPFP has been an integral part of the economic policy of the Government of India in different capacities. During the reporting year, the chairman of NIPFP, C. Rangarajan was appointed chairman of the Twelfth Finance Commission, and D.K. Srivastava, a Senior Fellow at the Institute appointed as a member. The Director of NIPFP, Ashok Lahiri, was appointed as Chief Economic Adviser to the Govt. of India in the Ministry of Finance; and the Expert Committee headed by R.A. Mashelkar with a member from the NIPFP faculty, submitted its final report on the **Auto Fuel Policy** in August 2002. Several other members of the faculty and staff were appointed by the **Twelfth Finance Commission** to work in its research team.

The NIPFP, during 2002-03, participated and undertook projects of national interest. Among the various research activities, it conducted a dissemination workshop on the World Bank's study on **State Finances in Maharashtra**; a one-day workshop on **Kelkar Task Force** recommendations. The participants of the latter workshop included eminent experts in public finance in the country such as Raja J. Chelliah and Vijay Kelkar himself. Seminars and training programmes were also held at the behest of government agencies including the Advanced Level Telecom Training Centre for senior telecom officials on **Union Budget and its Impact on the Telecom Sector**; Ministry of Environment and Forests for training officials on **Environmental Economics**, the IA&AS Academy at Shimla for training its probationers on **Public Finance**, and state governments for conducting courses on VAT.

The NIPFP also joined a consortium led by the Administrative Staff College to formulate guidelines for the implementation of the City Challenge Fund (CCF) as announced by the Finance Minister in his budget speech of 2002-03.

On the international front, as an extension of its scope, the Institute conducted a 10-day training programme funded by the World Bank on ***Fiscal Federalism, Decentralisation, and Local Government Finance*** *for senior staff members of the Local Government Finance Commission of Uganda; and organised a round table discussion on* ***State-Local Fiscal Relations****, a project awarded by* ***Canadian International Development Agency*** *where the discussion was focused upon "Private Sector in Urban Service Delivery and Management," and "Transfer to Municipalities". Robert Woodhouse, Counselor and Head, Canadian High Commission attended and struck the introductory remarks for the discussion. In November, 2002, a delegation of the South African Parliamentary Standing Committee on Public Accounts (SCOPA) visited the Institute.*

The Environmental Economics Overseas Fellowship Committee (EEOFC) established by the World Bank to strengthen overseas collaborative research continued to be administered at the Institute.

The NIPFP's library, publications, and computer units were strengthened and upgraded to cater primary demand and serve as support pillars of the institute.

The Governing Body of the Institute under the chairmanship of C.Rangarajan met twice during the year (list of Governing Body at Annexure II).

Ashok Lahiri relinquished the office of the Director, NIPFP on October 16, 2002. The Governing Body of the NIPFP would like to place on record its appreciation for his services to the Institute. Amaresh Bagchi, former Director took charge as Director-in-charge until the new Director M.Govinda Rao, Director, Institute of Social and Economic Change, joined NIPFP on January 1, 2003.

Mahesh Purohit resigned from the post of Senior Fellow. Indira Rajaraman went on deputation as NABARD Chair Professor to the Institute of Economic Growth for the entire year. D.K. Srivastava joined the Twelfth Finance Commission as its member.

Arindam Dasgupta, visited the Institute thrice during the year; final reports of the three Planning Commission studies with which he was associated were submitted. Ramprasad Sengupta, Professor, CESP, JNU, associated with NIPFP as a consultant completed the study on ***Savings on Health Cost from Implementation of Euro Norms in India****.*

2 Research Activities

During the year 2002-03 some research projects undertaken during the previous years were completed and some fresh ones were initiated.

Outlines of the themes of the principal studies are given below.

STATE FINANCES UNIT (SFU)

As in the past, the studies produced by the Unit focused on State Finances, covering both revenues and expenditure.

COMPLETED STUDIES

- **Improving Sub-national Fiscal Responsibility in the Federal Context of India** *(December 2002)*, *Tapas K. Sen*

This paper published in the India Infrastructure Report 2003, deals with the problem of the heavy debt burden of the states in India, examines the factors responsible, and suggests institutional changes to limit the incentives for over-borrowing by states, and to minimise indiscriminate borrowing.

- **Finances of Governments and Their Capacity to Spend** *(December 2002) Tapas K. Sen*

This paper, also published in the India Infrastructure Report 2003, deals with the continuing difficult position of government finances at the state level, the genesis of these problems, and their consequent inability to spend on developmental activities in general, and more specifically on the heavily needed infrastructure facilities. The study discusses recent developments in this area and provides broad suggestions for reform.

Both the above mentioned studies are papers sponsored by Infrastructure Development Finance Corporation.

ON-GOING STUDIES

- **Government Expenditure on Infrastructure in India** *Tapas K. Sen and Gautam Naresh*

This study, being jointly undertaken by the State Finance Unit and the Reserve Bank of India Unit, deals with trends and issues relating to government expenditure on infrastructure. It covers details of government expenditures by the central and the state governments as a whole on identified infrastructure sectors, and comments on the recent drop in such expenditures. Some issues in regard to the maintenance of the tempo in infrastructural investments in the context of a desire to control government expenditures are also discussed.

• **Public Finance Information System** *Tapas K. Sen, Ajay K. Halen, Diwan Chand, Geeta Bhatnagar, Navin Kumar Singh*

This data bank on state government finances is now being reorganised to include a larger set of variables from different sources, while limiting some of the data series to a shorter period than before, with a view to maintain authenticity of the data. It is now planned to maintain data on national income accounts as well as on State Domestic Product in the data bank along with some census data. Budgetary data from Finance Accounts are also being added to this database. Further, it has become extremely difficult to verify and correct the detailed data taken directly from the budgets and supplemented with unpublished information collected from the finance departments of various states relating to years prior to 1985-86. Therefore, in order to ensure authenticity of the data included in this on-going project, detailed budget data series are being shortened to include only those pertaining to the year 1985-86 and after.

The State Finances Unit was headed by Tapas K. Sen. He was assisted by Pratap Ranjan Jena, Diwan Chand, Navin K.Singh, and Geeta Bhatnagar.

HOUSING AND URBAN ECONOMICS UNIT (HUEU)

Studies analysing the extent and impact of local finance and state-local relation were undertaken by this Unit.

COMPLETED STUDIES

• **India: Local Finance Data System**, *O.P. Mathur, with assistance by Sandeep Thakur, Anil Yadav, and Ranjita Sengupta*

Undertaken at the instance of the Ministry of Finance (Government of India), the study has reviewed the system of classification of budget and accounts of municipal governments, and made recommendations on a new system of classification for maintaining municipal accounts. The proposed system is in conformity with similar systems existing at other governmental levels, and is able to highlight the financial position of local governments.

The study was guided by three main considerations:

- the existing system which came into being in the early years of the 20th century had outlined its relevance and utility;
- it lacked standardisation with the result that it was not able to provide a comparable assessment of the finances of municipal governments;
- there existed no system in the country for regular collection and maintenance of local finance data.

The report is available in three volumes.

• **CIDA Supported Research Studies on State-Local Relations**

Two studies were undertaken and completed as part of the studies on state-local relations; (a) Transfers to Municipalities; and (b) Privatisation of Municipal Services. The thrust of the research was to investigate the change that has taken place owing to the *Constitution (seventy-fourth) Amendment Act, 1992*, in (a) the system of state transfers to municipalities; and (b) in involving the private sector in the provision of municipal services.

A workshop attended by policymakers from municipal administration, academia, representatives of bilateral agencies and CIDA (who funded the study) was held in November 2002 to discuss the results of the aforementioned studies.

• **Expert Committee Report on Auto Fuel Policy**

An Expert Committee on **Auto Fuel Policy** headed by R.A. Mashelkar, Director General, CSIR, submitted the final report to the Government of India in August 2002. Om Prakash Mathur as a member of the expert committee contributed research inputs in the report.

Two papers, namely, "Incentive System for Replacing Old Vehicles: Its Feasibility and Adequacy of Incentives", and "New Suggested Structure of Vehicle Road Tax Referring to Progressivity in Road Tax Linked with Age of Vehicles" were contributed by Rita Pandey for the report. A paper entitled, "Saving and Health Cost from Implementation of Euro Norms in India" by Ramprasad Sengupta, Ashok Lahiri, and Subrata Mandal was published in the appendix of the report.

• **Guidelines for the City Challenge Fund (CCF)** *Om Prakash Mathur*

The NIPFP has joined a consortium led by the Administrative Staff College of India (ASCI) in the preparation of guidelines for implementing the City Challenge Fund (CCF). The CCF was announced by the Finance Minister in his budget speech of 2002-03. The preparation of guidelines was supported by the Government of India and funded by DFID.

• Besides the above, the HUEU is working on four inter-related studies, namely, **Pricing of Urban Water; Debt Financing of Urban Infrastructure; Methodology for Credit Rating of Municipalities;** and **Regulation of Water Authorities**. Supported by the UNDP, the fieldwork and documentation of international experiences in respect of these studies have been completed. A workshop would be held to discuss the results and findings of these studies in the third quarter of 2003.

Om Prakash Mathur is the head of the Unit. Others associated with the Unit were Sandeep Thakur, Sarika Chaturvedi, Sanjukta Ray, and Swati Aggarwal.

ENVIRONMENTAL POLICY CELL (EPC)

At the instance of the Ministry of Environment and Forests (MoEF), a study titled, A **Proposal to Levy Taxes on Polluting Inputs and Outputs and Pollution Charges on Certain Monitorable Emissions** was jointly carried out by the Madras School of Economics and NIPFP under the research leadership of Raja J. Chelliah. Rita Pandey, who heads the EPC at NIPFP, as a member of the research team provided inputs to the study.

COMPLETED STUDIES

• **Estimating Industrial Pollution in India: Implications for an Effluent Charge** *(October 2002)Rita Pandey in association with Som Sankar Ghosh*

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

• **Refinery Upgradation, Environmental Sustainability, and Cost Sharing** *(October 2002) Ramprasad Sengupta and Subrata Mandal*

The report covers the following aspects:

- investment and cost implication for upgrading of selected refineries in India for producing automotive fuels conforming to euro norms;
- evaluation of health benefits for upgradation of automotive fuels;
- implications of differentials in environmental standards for products across locations;
- impact of upgradation on competitiveness of refineries with different vintages of technology and capacity;
- pricing option for differential environment quality in the light of international experience; and
- cost sharing for quality upgradation among stakeholders.

Others associated with the EPC during the year were Subrata Mandal and Aditi Wadhwa.

OTHER STUDIES

Completed Studies

• **A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Advice on Design of VAT and Administration Procedures** *(April 2002) Pawan K. Aggarwal*

The study highlights salient features of the system of sales tax in Andhra Pradesh, and of an ideal system of value added tax (VAT). It also identifies features of the former impacting upon the 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 the state of Andhra Pradesh. Alternative options have been designed to explore the impact of removal of central sales tax (CST), zero rating of all inter-state transactions, and alternative VAT thresholds on RNRs of VAT. The study reveals that it is feasible for the Government of Andhra Pradesh to adopt an ideal VAT (that is, with zero-rating of exports and all inter-state transactions including inter-state branch/consignment transfers, and with removal of CST), but with special additional tax on a few goods of demerit, without sacrifice in revenue. The required RNR of VAT need not exceed 12.5 percent.

• **The Compliance Cost of the Personal Income Tax and its Determinants** *(December 2002) Saumen Chattopadhyay, Arindam Das-Gupta with Dheeraj Bhatnagar, Jeeta Mohanty, Sachchidananda Mukhopadhyay, Surendra Prakash Singh*

Compliance costs are incurred by the taxpayers (including agents and third parties and non-filers) to comply with tax obligations. However, all costs other than those arising from economic distortions and equity violations including costs of both compliance and non-compliance are considered in the study. The study deals with two components of costs, the illegal compliance costs, such as, bribe and psychic costs, which are not often considered in international studies. Estimates of compliance costs are found to be extraordinarily high by international standards at around 49 percent of personal income tax collections for the financial year 2000-01. Costs are regressive and in line with international findings. The incidence of bribe payment and bribe quantum are found to be substantial even among salary earners. Some of the other sources of high costs are long delays in receipt of PAN, delayed refunds, and handling clearances and permissions. Ambiguity and instability in the tax structure are sources of psychic costs on taxpayers.

• **The Personal Income Tax in India: Compliance Costs and Compliance Behaviour of Taxpayers** *(December 2002) Saumen Chattopadhyay and Arindam Das-Gupta*

Major findings show that there appears to be a relationship between some components of compliance costs, including bribes and compliance, which exert a negative effect on tax revenue. Money compliance costs, bribes, and use of tax advisers were found to affect compliance adversely. However, the opposite is true for third party costs via the TDS. Time costs may also positively affect compliance. For non-filers, a theoretical model was developed to study the impact of compliance costs on return filing behaviour. Implementation of a more extensive TDS, reducing the scope for avoidance, closer regulation of tax practitioners, increased automation of taxpayer records, and improved use of third party information are some of the important policy recommendations of the study.

• **The Income Tax Compliance Cost of Indian Corporations** *(December 2002) Saumen Chattopadhyay, Arindam Das-Gupta, with Dheeraj Bhatnagar, Jeeta Mohanty, Sachchidananda Mukhopadhyay, Surendra Prakash Singh*

Income tax compliance costs for companies are costs they incur in meeting their obligations under the income tax law including costs associated with tax planning and opportunity costs arising out of delayed tax refunds. Gross compliance costs of company income taxation based on a sample of 45 companies in India for 2000-01 are estimated to be between 5.6 and 14.5 percent of corporation tax revenues. However, tax deductibility of legal expenses and cash flow benefits result in net compliance costs to companies between minus 0.7 and plus 0.6 percent of corporation tax revenue are at around 2 percent, if opportunity costs are included. Costs are regressive and are negative mainly for larger companies. Tardy refunds, budget process and the frequency of administrative notifications along with tax ambiguity and complexity are the main contributors to compliance costs. Some of the reform suggestions include streamlining refund procedures, improving taxpayer services and tax enforcement, reducing discretionary powers of tax officials, reducing costs of policy environment by reforming the budget process, and the issue of administrative notifications.

• **Punjab Expenditure Reforms Commission Report** *(October 2002), Ashok Lahiri and R. Kavita Rao*

The report examines the dimensions of fiscal correction required for the state of Punjab and implied correction in levels of expenditures, given the feasible potential for revenue mobilisation. Given the targets so derived at the aggregate level, the report suggests the need for containing the size of public sector employment and provides some estimates of the fiscal impact of a VRS programme over a medium-term, establishing the viability of such a programme. Following up on this initiative, the report proposes an alternative way of organisation of business in a few import sectors of state, specifically, education, PWD (roads and bridges), health, irrigation,

police services, state road transport, and power.

• **Gender Budgeting in India** *(July 2002) 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-NAS unpaid work of women; and gender-disaggregated benefit incidence analysis of public expenditure, and to prescribe policy suggestions to build a gender-sensitive national budgeting process.

• **A Study of State Fiscal Reforms in Manipur** *(October, 2002) Ashok K Lahiri, Saumen Chattopadhyay, O.P. Bohra in association with E. Bijoy Kumar Singh*

Fiscal situation in the state of Manipur is both precarious and unsustainable. The economy is overwhelmingly dependent on the state government for developmental activities and the government, in turn, depends crucially on the centre for resources. The challenge in Manipur lies in breaking the vicious cycle of underdevelopment, militancy, and dependency. The study adopts a comprehensive analysis of the state's developmental potential to identify areas of possible fiscal reform. It further suggests both short-term fiscal measures to tide over the fiscal crisis and medium term development strategies to ensure balanced development of the state economy. The fiscal reform package includes expenditure rationalisation, resource mobilisation, and restructuring of the state level public sector enterprises. The development strategy emphasises upon collective effort with people's participation in developmental activities and an exemplary level of governance with a view to improving the effectiveness of the government in the delivery of public goods and services.

• **Uttar Pradesh: Study of State Finances** *(March 2002) D.K.Srivastava, C.Bhujanga Rao, Mukesh Anand, Pinaki Chakraborty, T.S. Rangamannar*

Uttar Pradesh was reorganised in November 2000 with Uttaranchal carved out of it. This study analyses historical patterns relating to the undivided Uttar Pradesh but makes projections for the new Uttar Pradesh, 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 the revenue deficit and growing fiscal deficit culminating in a rise in the debt-GSDP ratio. Borrowing at ever-increasing cost and using most of it for current expenditures led to a 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 NCT 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 implication of the reorganisation of the state has been asymmetrical 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, 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 fiscal deficit will be reduced to tolerable limits with debt-GSDP ratio showing a significant decline.

- **Budgetary Subsidies in India: Subsidising Social and Economic Services** *(March 2003) D.K. Srivastava, C.Bhujanga Rao, Pinaki Chakraborty, T.S. Rangamannar*

This study assigned by the Planning Commission 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. It discusses critical policy issues and suggests 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 amounted 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 states taken together amounted to 11.11 percent of which the share of social services was 5.42 percent and of economic services 5.68 percent. 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 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 under which subsidies were provided, viz., merit 1, merit 2 and non-merit both under social and economic services and for the centre and the states. This conceptual distinction suggests that while the merit subsidies are justified, non-merit subsidies do not commend themselves for such a treatment. The study has focused on a package of measures for reforming the subsidy regime both at the centre and states.

ON-GOING STUDIES

- **Rural Fiscal Decentralisation in Karnataka** (nearing completion) *M.G.Rao, H.K. Amar Nath, B.P. Vani*

The study sponsored by the World Bank attempts to make a comprehensive analysis of rural fiscal decentralisation in the state of Karnataka. It analyses the design of fiscal decentralisation and brings out the overlapping functional arrangements between the state government and local bodies on the one hand, and among the three tiers of rural local governments, namely, district, *taluk*, and *gram panchayats*, on the other. The study examines the issue of multiplicity of schemes and provides a design for consolidating them. It also analyses the issue of fiscal autonomy of the local governments. Taking a representative sample of 700 *gram panchayats* in four districts, the study makes a detailed analysis of own revenues, intergovernmental transfers, and expenditures of *gram panchayats* in the state. Based on the analyses, it recommends several measures to strengthen fiscal decentralisation in Karnataka.

- **A Review of Options for Revenue Neutral Rates of VAT for Orissa** (nearing completion) *Pawan K. Aggarwal, Pratap R. Jena, Jeeta Mohanty*

The study is planned to provide guidance on design of VAT for Orissa. Accordingly, it is focused on identifying features of the system of sales tax in Orissa impacting upon the value added tax (VAT) base, developing methodology for computing revenue neutral rates (RNRs) of VAT, and computation of RNRs of VAT with alternative feasible options of VAT design for Orissa. The alternative options are designed to explore the impact of removal of central sales tax (CST), zero rating of all inter-state transactions, and alternative VAT thresholds on the RNR of VAT.

- **Forecasting Income Tax and Corporate Tax Revenues** *A.L. Nagar*

Work on this project is continuing since October 2002. Preliminary exercises have been carried out using time series models with monthly data for six years.

- **India: Fiscal Reforms for Poverty Reduction** *D.K. Srivastava, C. Bhujanga Rao, Pinaki Chakraborty, T.S. Rangamannar*

The project aims at analysing the effectiveness of active fiscal intervention by the centre, states, and local bodies to reduce poverty through household surveys in four states, viz. Uttar Pradesh, Uttaranchal, Madhya Pradesh, and Chhatisgarh. Having completed several rounds of primary surveys, the study has finalised a questionnaire and survey will commence shortly. Furthermore, as part of the project, four detailed reports relating poverty, fiscal policy and economic growth, and the sampling frame techniques and design are being prepared.

• **Revenue Implications and Economic Impact of Introduction of VAT in Assam** *Mahesh C. Purohit, Gautam Naresh, A.K. Halen*

Sales tax is one of the most important state taxes in Assam, yielding over 65 percent of its own revenue with central sales tax (CST) contributing about 20 percent of total sales tax revenue. However, the overall low performance of sales tax revenue has called for its reform. This study has recommended that introduction of VAT would immensely benefit the state as VAT is not only a buoyant source of revenue, but would also be efficient. The reforms necessary to strengthen the organisation for efficient administration of VAT to be adopted prior to its introduction include adequate client services to promote voluntary compliance; identify stop-filers and defaulters; and maintain low administrative and compliance costs. Management information system is yet another key to tax administration. It is suggested that recent advances in the field of information technology be grafted in the areas of VAT management in Assam. The introduction of VAT would impact state's own tax revenue in three ways, namely, (i) extension of the tax base into stages subsequent to the first-point up to the retail stage; (ii) providing set off on tax paid on inputs and in previous stages; and (iii) changes in the structure of tax rates. The study also attempts to estimate revenue neutral rate (RNR) and the likely combined losses of revenue, if the agreed RNR of 12.5 percent is adopted. It has also been identified that in addition to having revenue implications for the state, VAT would have direct as well as indirect effects on several macroeconomic variables.

3 Environmental Economics Overseas Fellowship Committee

Since 1998, 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, and the Environmental Policy Cell at the Institute has been the secretariat of EEOFC. The EEOFC, mandated to award post-doctoral research fellowships in the field of environmental economics, makes selection of candidates on an all-India basis.

Of the 10 candidates selected for the post-doctoral overseas research fellowships, five each from the 3rd and 4th batches (except one of the 4th batch who had declined the fellowship) deputed to overseas universities for a period of nine months returned after availing of the fellowship during the year under review.

The EEOFC catered to 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. Five candidates were selected for short-term visits. Regarding travel grants for attending international conferences, three candidates were awarded for 1st block and two candidates were awarded for the 2nd block for the year 2002-2003. All the candidates returned after availing the grant, thus this component of the programme was also completed.

Necessary logistic support is being provided by Naveen Bhalla, (Administrative Officer, NIPFP) C.L. Khanna, (Associate Admin. & Fin.), and Edward Francis, (Associate Admin. EEOFC) for ensuring smooth and efficient functioning of the programme. Rita Pandey, Member Secretary, EEOFC is coordinating the entire programme for the EEOFC. The EEOFC is coming to a close in June 2003.

4 Seminars and Workshops

On October 23, 2003, the institute collaborated with the World Bank to organise a seminar at the NIPFP auditorium to disseminate the findings of the World Bank study, ***Maharashtra: Reorienting Government Budget to Facilitate Growth and Reduce Poverty***. Officials from the Ministry of Finance, eminent fiscal experts, and academicians attended the seminar.

The Institute organised a one-day national seminar on ***Kelkar Task Force Recommendations on Direct and Indirect Taxes***. Amongst the key speakers were Raja Chelliah and Amaresh Bagchi, former Directors of NIPFP and former Finance Commission members. While on the direct tax side, the discussion mainly revolved around the issue of abolition of dividend taxation and

long term capital gains tax. on the indirect side, it was focused on the customs duty structure.
In yet another collaborative effort, the NIPFP on March 25, 2003, conducted a one-day seminar on ***Union Budget 2003-04: Implications for the Telecom Sector***. The seminar was sponsored by Advanced Level Telecom Training Centre, Ghaziabad, for the officers of the DoT, BSNL, and MTNL.
Seven in-house seminars were held during the year: five of the speakers came from foreign universities: F.O.N. Roberts from Nigeria Institute of Social and Economic Research; Arvind Panagariya from the University of Maryland; Francois Vaillancourt from University of Montreal; Vani K Borooah from the University of Ulster, U.K; and James E. Forster from Vanderbilt University (details of speakers and topics are in *Annexure III*)

5 Training Programmes

On an invitation by the Local Government Finance Commission, Uganda, three senior members of NIPFP faculty conducted a ten-day training programme during April 15-26, 2002 on ***Fiscal Decentralisation and Local Government Finance***, at Uganda. The course, funded by the World Bank was attended by senior staff members of the Commission.
The Environmental Policy Unit of NIPFP organised a five-day training programme on ***Environmental Economics*** during 13-17 January, 2003 for the officials of Ministry of Environment & Forests (MoEF), and Central and State Pollution Control Boards. The course was conducted at the instance of the MoEF and 27 participants attended the training.
The NIPFP conducted a training programme on ***Public Finance*** at the Institute premises for the probationers of Indian Audit and Accounts Service during 3-15 February, 2003. The course, organised at the behest of the National Academy of Audit and Accounts, Shimla, had 16 participants.
Besides the above, the NIPFP faculty were invited to conduct three separate training programmes on ***Value Added Tax Policy and Administration*** sponsored by the Governments of Sikkim (2-8 July, 2002); Himachal Pradesh (15-18 February 2003); and Daman (26-27 February 2003).

6 NIPFP Publications

During the year under review, the NIPFP published a completed study report, *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment* as a hardbound publication. The author of the publication is Pawan K. Aggarwal. The price is Rs. 200/-.
(A list of the Institute's priced publications is at *Annexure IV*)

7 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 available sources. In the reporting year, 1,821 new documents were added to the library. With this, at end-March 2003, the library acquired a collection of 36,944 documents; 914 working papers; and 4,635 bound volumes of journals.
Besides the various publications of RBI, CSO, and other central government agencies, the library continued to acquire the states' budget documents, appropriation accounts, finance accounts, and the report of the CAG.
Acquisition of Working and Discussion Papers etc. A large number of working papers, technical reports/discussion papers/reprints continued to be received on complimentary basis from various national and international organisations such as, London School of Economics, World Bank, IMF, NBER, Institute of Economic Development (Boston University), Institute for Fiscal Studies (London).
Journals Subscription. The library subscribed to 175 journals; 104 foreign, and 71 Indian. In addition, the library received 70 journals free of cost adding the total to 245.
Eleven national dailies were also subscribed to.
Non-Book Material. CDs and microfiche form the core of this collection. The library has 14 journals of 1988-95 full text on microfiche which are accessed with the aid of two microfiche readers, available in the library.

INSTITUTIONAL MEMBERSHIP

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

LIBRARY AUTOMATION

Library automation is an ongoing process carried on using LIBSYS – an integrated library software. The software package of LIBSYS 3.2 has been upgraded to LIBSYS 4.0. 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 (1986-2002) along with its manual was acquired from the American Economic Association. The members have on-line access to this database.

MEMORANDUM OF AGREEMENT WITH IMF

A memorandum of agreement was signed between the NIPFP and IMF to make NIPFP library a depository library of IMF. With this agreement, the NIPFP library has begun receiving IMF publications such as, books, country economic studies, technical papers, annual reports, and statistical publications. The publications thus received are being separately showcased in the library for wider dissemination of the material.

INFORMATION SERVICES

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

New Additions. A list containing bibliographical details of all documents added to the library is being brought out on a regular basis. Information regarding new 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. The twelve issues of a bulletin giving subject-wise bibliographical information on issues pertaining to public finance was circulated. The number of journals for indexing is twenty-seven, besides six newspapers. 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 services through e-mail.

Budget Special Index (BSI). Covers articles pertaining to pre-and post-budget analyses.

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

Circulation. During the reporting year, approximately 26,400 publications were circulated among members. The library provided reference and consultation facility to over 1,069 external research scholars and officials from India and abroad.

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

Reprographic Service. Approximately 7,080 photocopies were produced every month. Reprographic facilities were also provided to researchers from other institutes.

8 Computer Unit

The computer unit continued to provide vital support service to researchers as well as other supporting functional units of the Institute, viz., accounts, administration, auditorium, library, and publications. During the year under review, it was equipped with 7 servers, 87 Pentium – II/III PCs, 6 laptops, and 29 printers including 3 heavy-duty laser 5si LAN-connected printers. The server network is being maintained by *M/s Paramarsh Systems* while the annual maintenance of computer hardware is provided by *M/s Acumen Systems*.

The Institute's internet facility (nipfp.org.in) as also its website is supported by a leased line from MTNL. The website highlights the objectives and main activities of the institute, indicates research interests of NIPFP faculty alongwith their detailed CVs, and provides lists of publications, working papers, and major reports produced by the Institute. The site is accessible at the internet at http://www.nipfp.org.in

Databank development is a continuous activity at the NIPFP computer centre. Technical support is given to the Institute's library with the softwares LIBSYS and EconLit.

The computer unit is headed by an EDP Manager and it functions under the overall guidance of a computer committee.

9 Highlights of Faculty Activities

During 2002-03 the professional staff continued to be involved in their academic and research work at the institute besides participation in co-academic activities such as advisory services, lectures, seminars, and training programmes, both in India and abroad.

Notable activities of the professional staff in addition to their normal research work are given below. Details of their published work are in Annexure V.

• **C. Rangarajan**, *Chairman, NIPFP*, and Governor of Andhra Pradesh was appointed chairman of the Twelfth Finance Commission by the Government of India. He joined the Commission in January 2003. During the year under review, he became a recipient of *Wharton-India Economic Forum for Outstanding Leadership – 2002* awarded by the Wharton-India Economic Forum, University of Pennsylvania. He delivered several research-based lectures at diverse venues. These included "Insurance and the Role of Actuaries" at Fifth Global Conference of Actuaries; "Some Aspects of Fiscal Federalism" an inaugural address at Indian Econometric Society, MS University, Baroda; "Paradigm Shifts in Industrial Policy", Prof. Nagaraj memorial lecture at Hyderabad; the 145th Convocation Address at IIM, Indore; and a S.L. Kirloskar memorial lecture on "Globalisation and its Impact".

C.Rangarajan contributed eight articles and papers to prominent newspapers and journals.

• **M.Govinda Rao**, *Director, NIPFP* took charge as Director on January 1, 2003 after relinquishing his earlier position as Director, Institute for Social and Economic Change (ISEC), at Bangalore. As the Chief Executive Officer, in charge of the Institute's activities on both the academic and administrative fronts, Govinda Rao presented reports on the achievements and targets set for the promotion of NIPFP's interests in the Governing Body and General Body meetings held after his appointment.

In order to maintain and raise the intellectual standards already achieved by the Institute, he has planned collaboration activities such as workshops and seminars with other reputed institutions.

His study, **Rural Fiscal Decentralisation in Karnataka** initiated at ISEC, is nearing completion.

In terms of committee work in policy advisory capacity, M. Govinda Rao was member on several panels and working groups: consultant, Financial and Fiscal Commission, Republic of South Africa; member, Steering Committee, South Asia Network of Economic Research Institutes, New Delhi; Monitoring Committee on Fiscal Reforms Facility of various state governments, Ministry of Finance; Board of Governors, Madras School of Economics, Chennai; Working Groups for Drafting Tax Bill, Ministry of Finance and Company Affairs; SHARP Project Section Committee (Economic Reforms), Revenue Reforms Commission, Govt. of Karnataka; Academic Council, Justice K.S. Hegde Institute of Management, Nitte, Karnataka; Southern Area Local Board of RBI, Chennai; and Training Research and Advisory Committee, Ministry of Rural Development.

M.G. Rao was invited to speak at various forums. He was a discussant of a paper on "Federalism in a Globalising Environment" by T.N. Srinivasan and Nirvikar Singh at the conference on ***Economic Policy Reforms Issues: The Agenda for State Governments*** at Chandigarh; He gave a speech on "Union Budget" to the clients and colleagues of Deloitte Haskins and Sells, Longchamp, at New Delhi; at the "Budget Talk 2003" of the Institute of Chartered Accountants of India at FICCI, New Delhi; on "Indirect Taxes", Interactive Session on Budget 2003, Northern Regional Chapter of International Fiscal Association – India Branch at New Delhi; on "Centre State Financial Relations – Problems and Challenges" for Sri Lankan delegates at NIILM Centre for Management Studies, New Delhi; on "Union Budget 2003-04 on Indirect Taxes – Implications for the Telecom Sector" for senior officials of the Department of Telecommunications, at NIPFP; and on "Fiscal Policy in Developing Economics"; and "Evolution of Fiscal Policy in India" for the probationers of IA&AS at NIPFP. Several of his papers came up for presentation during the course of the year: "Intergovernmental Finance in South Africa: Some Observations" at Financial and Fiscal Commission, Republic of South Africa; "Incentivising Fiscal Transfers in Indian Federation" at an international conference on ***Transforming a Federation: India's Experience***, at New Delhi; and "Sub-national Lending and the Quality of Fiscal Adjustment" (co-authored) in a World Bank workshop on ***Subnational Fiscal Reform Experience*** at Washington, D.C. He attended the ***Fourth Annual Global Development Conference: Globalisation and Equity*** at Cairo, Egypt; and a two day OECD- World Bank – IMF conference on ***Fiscal Relations Across Levels of Government*** at Paris, France.

Among the published output of M.G. Rao were a coauthored paper, "How to Think About Local Government Reform in India"; and eight articles, seven of which appeared in leading newspapers and one in the *Economic and Political Weekly*. He also edited a monograph entitled, *Volume and Composition of Budgetary Subsidies in Karnataka* at ISEC, Bangalore. He was invited by the media to participate in two budget-related analyses and was consulted over the phone on issues related to Indian/international economy.

• **Raja J. Chelliah**, *Professor of Eminence, NIPFP and Chairman Madras School of Economics* was the recipient of *Lifetime Achievement Award* presented by the Government of Orissa and organised by Alpha Arts and Science College, Chennai. He was invited by several organisations of repute to deliver keynote and inaugural addresses to their prominent audience. Notable among these were: "Ways of Controlling the Growth of Government Expenditure" at Department of Politics and Public Administration, University of Madras; at CII, Chennai; "Growth Strategies for States" in a VAT conference at Madras Chamber of Commerce and Industry; at a regional VAT conference of FICCI; on "Current Fiscal Issues" at Dr. Sr. Helen Vincent Endowment Lecture at Stella Maris College, Chennai; and on "Reforms of the Indian Tax System" at Virudunagar Chamber of Commerce and Industry.

He published an article on "Imposition of Unreasonable Restraints on Accumulation by Tax Exempt Charitable Trust" in *Business Standard* and another on "Kelkar Task Force Recommendations on Direct Taxes" in *Economic and Political Weekly*.

Raja Chelliah continued to chair the expert committee on Environmental Economics, World Bank Aided India: Environmental Management Capacity Building Technical Assistance Project and its Overseas Fellowship Committee. He was also chairman, IFA International Tax Academy, New Delhi; Tax Reforms and Revenue Augmentation Commission, Government of Tamil Nadu; and Board of Trustees, Sundaram Mutal Fund, Chennai; member, Board of Directors, ICRA Limited, New Delhi; and Steering Committee for the Centre of Excellence in Environmental Economics at Madras School of Economics, Chennai.

• **Amaresh Bagchi**, *Emeritus Professor*, was requested by the Governing Body of NIPFP to take charge as Director of NIPFP from October 16 until the joining of the new Director on January 1, 2003. He continued to serve as a member of the PM's Economic Advisory Council. During the year, he was participant in several seminars and workshops: NIPFP-World Bank seminar on ***Maharashtra – Reorienting Government Budget to Facilitate Growth and Reduce Poverty***, at NIPFP; international conference at New Delhi on ***Transforming a Federation: India's Experience*** where he submitted a paper; a panel discussion on the consultation papers on ***Kelkar Task Force on Direct and Indirect Taxes***, organised by ADB; and in a national level workshop held at NIPFP to discuss the recommendations of the same committee; ***South Asia Regional Consultation of Experts on Gender Budgets*** in Sri Lanka; besides a regional workshop on ***Gender Analysis of the Budget*** in Kathmandu; and in an interactive session on ***Economic Aspects of Budget*** at International Fiscal Association, New Delhi. His paper on "Rethinking Federalism: Changing Power Relations between Centre and the States: Some World Trends and the Indian Scenario"

was circulated in an international conference, ***Transforming a Federation: India's Experience*** at New Delhi; on "Regional Inequalities in India: Pre-and-Post Reforms, Trends, and Challenges" (co-author: N.J. Kurian) at a seminar by Centre for Economic and Social Studies, Hyderabad. Of his four research based papers, three were published in the *Economic and Political Weekly* and one in *Money and Finance*. He also published articles in *Economic Times* and *Financial Express* during the year.

• **Om Prakash Mathur**, *Principal Consultant, and Head Housing and Urban Economics Unit* is in occupation of Infrastructure Development Finance Corporation (IDFC) Chair in Urban Economics and Finance, the erstwhile chair of HDFC at NIPFP. He was a member of the expert committee on ***Auto Fuel Policy*** headed by R. A. Mashelkar, which submitted its report to the government in August 2002.

At the Institute, Om Prakash Mathur coordinated the Ministry of Finance sponsored project, **India: Local Finance Data System** which was produced in three volumes; and two research studies on **State Local Relation** as part of a CIDA project. He is also team leader for UNDP supported inter-related studies, namely, **Pricing of Urban Water; Debt Financing of Urban Infrastructure;** and **Methodology for Credit Rating of Municipalities; Regulation of Water Authorities**, which are expected to be finalised by December 2003.

During the reporting year, he was Convenor: Standing Committee of State Secretaries of Stamp and Registration; Ministry of Finance; Trustee, Urban Partnership Foundation, Manila, Philippines; and Vice President, Governing Body, National Institute of Urban Affairs.

He was one of the three NIPFP faculty who conducted a 10-day training programme on ***Fiscal Federalism, Decentralisation and Local Government Finance***, a course funded by the World Bank for the senior staff of the Local Government Finance Commission, Uganda, at their behest.

Om Prakash Mathur participated in the following seminars and workshops: ***World Urban Forum, UN-Habitat; Fifth Africa Governance Forum – Local Government Finance***, Maputo; Mayors Forum and Regional Workshop on ***Good Urban Governance for Poverty Reduction and Social Development – Exchange of Tools, Techniques and Good Practices*** at Bangkok; conference on ***The Impact of Globalisation on Urban Development*** at Bellagio (Italy); regional consultation workshop on ***Water in Asian Cities – The Role of Civil Society*** at Manila, ADB; and regional conference on ***Infrastructure Financing and Disaster Mitigation***, USAID, at Colombo. He prepared one paper for the conference at Italy and another for the forum at Maputo.

On behalf of NIPFP, Om Prakash Mathur is involved in the preparation of guidelines for implementing the *City Challenge Fund*, part of a consortium led by Administrative Staff College of India. The preparation of guidelines has the support of Government of India and is funded by DFID.

• **Indira Rajaraman**, *Senior Fellow*, and *RBI Chair Professor*, remained on deputation as NABARD Chair Professor at the Institute of Economic Growth, during the period under review.

• **D.K. Srivastava**, *Senior Fellow*, was appointed member of the Twelfth Finance Commission; joined in November 2002. At the Institute, he headed and completed two projects sponsored by the Planning Commission, namely, **Uttar Pradesh: Study of State Finances**; and **Budgetary Subsidies in India: Subsidising Social and Economic Services**. His on-going CIDA sponsored project **India: Fiscal Reforms for Poverty Reduction** focused on the fiscal situation in the states of Uttar Pradesh, Madhya Pradesh, Uttaranchal, and Chattisgarh, is making headway. Among the seminars and conferences attended by him was a roundtable conference on ***Preparation of Annual Subsidies Report***, organised by the Financial Institutions Reform and Expansion (FIRE) Project, USAID, Pune; a workshop to discuss ***Maharashtra's State Finances*** organised by the NIPFP and the World Bank at the NIPFP premises; presided over a technical session in a national seminar on ***Human Rights*** at Allahabad, and on ***State Finances in India*** at the annual conference of the Indian Economic Association at Thiruvananthapuram. D.K. Srivastava was invited to make presentations of the final findings of **Budgetary Subsidies in India: Subsidising Social & Economic Services** in a meeting presided by the Deputy Chairman, Planning Commission, and another on **Poverty and its Negative Externalities** at IIC, New Delhi. He delivered lectures on "Overview of Fiscal Reforms" and "State Budgetary Subsidies" for IAS officers in two different training programmes at New Delhi.

His published output during the year included a simultaneous review of two books in the *Book Review* and three papers, one each for an ADB publication; annual conference of the India Economic Association; and the World Bank.

D.K. Srivastava was a member of: a high level group on External Assistance, Ministry of Finance; Advisory Group on Tax Policy and Tax Administration Working Group on States' Resources for the Tenth Plan; and chairman of its Sub-working Group on States Revenues and Expenditures, both set up by the Planning Commission;

Fiscal Reforms Implementation Committee, Govt. of Andhra Pradesh; and Policy Planning Committee, Govt. of Uttar Pradesh. He continues to be a member of International Institute of Public Finance; Editorial Advisory Board of the *Journal of Fiscal Economics*, Editorial Board, *Journal of Quantitative Economics*, Advisory Board, *Indian Journal of Economics*.

• **Pawan K. Aggarwal**, *Senior Fellow*, finalised and submitted a DFID-India sponsored project, titled, **A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Advice on Design of VAT and Administrative Procedures.** He is about to complete another similar project for Orissa, also sponsored by DFID-India. A draft report on the same, entitled, **A Review of Options for Revenue Neutral Rates of VAT for Orissa** has been submitted. He made a presentation on the findings emerging from the draft report, in a workshop conducted for the purpose at Bhubaneswar. Pawan Aggarwal made as many as 8 presentations on sales tax reform and design of VAT at workshops organised by various forums: PHD Chamber of Commerce and Industry, at Jaipur; Govt. of Sikkim, both at Jorethang (South Sikkim) and Gangtok; CII, at Chandigarh, as also Gurgaon; Madras Chamber of Commerce and Industry, Chennai; and Govt. of Orissa, Commercial Taxes Department, Bhubaneswar. Also, he was the main resource person at two workshops on ***Design of VAT for Indian States, and Book keeping, Invoices and Return Filing under VAT***, at Namchi, and Singtam, in Sikkim. He actively participated in designing and as instructor in most of the training and awareness programmes on ***Value Added Tax Policy and Administration*** conducted by NIPFP. He delivered 32 lectures on reform of sales tax, and design and administration of VAT at the training programmes organised by NIPFP as well as other institutions, across the states. He participated in an international conference on ***Corporate Governance***; a symposium on ***Policy and Procedural Simplification in Direct and Indirect Taxes***, and a workshop on ***India's Tax Competitiveness***, the former two organised by FICCI and the latter by FICCI and International Bureau of Fiscal Documentation, at New Delhi. In addition, he participated in a NIPFP workshop on ***Kelkar Task Force Reports on Direct and Indirect Taxes***; and in a NIPFP-World Bank workshop on ***Maharashtra: Reorienting Government Budget to Facilitate Growth and Reduce Poverty***.

Pawan Aggarwal was invited by the Fiscal Reforms Committee of Tamil Nadu (chaired by Raja J. Chelliah) at Chennai for an interaction on VAT. Also, he was invited by the Govt. of Tamil Nadu for conducting awareness programmes on VAT at various business centres in the state, and by the Govt. of Rajasthan to conduct a workshop on computation of revenue neutral rates of VAT for Rajasthan.

His study entitled, **Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment** has been published by the Institute. Also, he published an article in a journal, *Consolidated Commercial Digest (VAT special)*, besides two articles in financial newspapers.

Pawan Aggarwal served as a special invitee on the Working Group for Drafting Bill on Taxation of Services, which submitted its report to the Government of India, and as a member of Revenue

Reforms Committee of Andhra Pradesh which submitted its interim recommendations on the design of VAT and administrative procedures to the Govt. of Andhra Pradesh. He continued to be a member of the Working Group on Comprehensive Computerisation in the Income Tax Department. He had frequent interface with several national and international professionals to discuss issues relating to introduction of state VAT in India. He represented the NIPFP staff on the Governing Body, and served as chairman, computer committee of NIPFP, for part of the year 2002-03.

• ***Tapas Sen***, *Senior Fellow* and *in-charge State Finance Unit*, completed two research papers, **Improving Sub-national Fiscal Responsibility in the Federal Context of India**, and **Finances of Governments and Their Capacity to Spend**, while working on a few more papers and a research project entitled, **Forecasting Revenue from Direct Taxes of the Central Government**, sponsored by the Ministry of Finance, Government of India. The first two research papers were published in *India Infrastructure Report, 2003*. He organised a training programme on ***Public Finance*** for the probationers of Indian Audit Services held during February 3-15, 2003, and a workshop on ***Union Budget 2003 and its Impact on the Telecom Sector*** on March 25, 2003, both at NIPFP. He worked as a short-term consultant to PDP Australia Pty Limited to conduct a study of Kerala government finances, and co-authored a paper on "Sustainability of Kerala Government Finances".

Other academic work of Tapas Sen included working as a referee for M. Phil and Ph. D. dissertations, delivering lectures on various topics to varied audiences in training programmes held at NIPFP and elsewhere, including Indian Institute of Public Administration, National Institute of Financial Management and Institute of Government Accounts and Finance, and attending seminars/conferences including the ***Second China-India Research Institutes Roundtable***, 27-28 June 2002, held at the Centre of Asian Studies, University of Hong Kong, where he made a presentation on "Indian Fiscal Policy: Recent Reforms and Current Imperatives".

His on-going work include coordination of a programme on **Capacity Building for Budget Analyses at the State Level** expected to be funded by the World Bank. **Forecasting Revenue from Direct Taxes of the Central Government** as mentioned above and **Horizontal Distribution of Statutory Transfers** expected to be sponsored by the Twelfth Finance Commission, besides organisation of conferences on ***Issues Before the Twelfth Finance Commission*** sponsored by the Finance Commission and on ***Federalism in a Globalising World***, co-sponsored by NIPFP and Forum of Federations, Canada. He is also advising the Governments of Orissa and Chhattisgarh in the preparation of their respective memorandum to the Finance Commission.

Other research work of Tapas Sen include a paper on "Privatisation of the Road Transport Services", and co-authored papers on "Parliamentary Control on Government Expenditure"; and "Government Expenditure on Infrastructure in India".

He continues to oversee the compilation and maintenance of a data bank on state government finances in India named as the **Public Finance Information System (PFIS)**. He also continues to be member of the Economic Affairs Sub-committee of the CII (Northern Region). He is the chairman of the library committee of NIPFP and, in the absence of the librarian (on leave), overall in-charge of the library.

• **A.L. Nagar**, *Visiting Fellow*, is engaged in preliminary exercises for a forthcoming project on **Forecasting Income Tax and Corporate Tax Revenues.**

He presented his erstwhile paper "Infrastructure Development Index: An Analysis for 17 Major States (1990-91—1996-97)" at SCRA 2002-FIM IX, at Allahabad.

• **Rita Pandey,** *Fellow* and *incharge Environmental Policy Cell*, continued to be Member Secretary of the Expert Committee on the World Bank aided EEOFC. Her research activity has focused on a MoEF (Ministry of Environmental and Forests), sponsored project, **A Proposal to Levy Taxes on Polluting Inputs and Outputs and Pollution Charges on Certain Monitorable Emissions** with a research team from Madras School of Economics, led by Raja Chelliah. She also submitted the final report of her study, **Estimating Industrial Pollution in India: Implications for Pollution Cess** to MoEF. She conducted a five-day training programme for the officers of MoEF, and Central and State Pollution Control Boards; and delivered a lecture there. In addition, she delivered two lectures at the Institute of Economic Growth under their faculty upgradation programme and two at training programmes held at WWF and IIM, Kolkata. She prepared two papers, "Incentive System for Replacing Old Vehicles: Its Feasibility and Adequacy of Incentives", and "New Suggested Structure of Vehicle Road Tax Referring to Progressivity in Road Tax Linked with Age of Vehicles" for the Expert Committee Report on **Auto Fuel Policy** submitted to the Government of India. She refereed Ph.D dissertations and research papers for the South Asia Network for Developement and Environmental Economics. Two of her articles are expected to appear in forthcoming issues of an international journal. She left the Institute during end-March to visit the University of Gotheborg, Sweden, for a month.

• **R. Kavita Rao,** *Fellow*, was member of the Punjab Expenditure Reforms Commission which submitted its report in October under the chairmanship of Ashok Lahiri, the then Director of NIPFP. Her research activities were concentrated on her area of expertise, namely, **VAT Policy**

and Administration on which she organised three training courses at the behest of the respective governments of Sikkim; Himachal Pradesh; and Daman. She has been retained as a consultant by the Government of Bihar for introduction of VAT in the state. Kavita Rao also delivered as many as eight lectures on the subject at: Lal Bahadur Shastri National Academy, Mussoorie; Commercial Tax Department, Govt. of Tamil Nadu; Federation of Karnataka Chamber of Commerce and Industry, Bangalore; and in workshops organised by Deloittes at New Delhi. In addition she gave two lectures in a NIPFP organised training course for the probationers of IA&AS.

Her paper, "Determinants of State-wise Tax Rates in India: A Panel Study" has been accepted for an annual conference at Jadavpur University.

• **C. Bhujanga Rao**, *Senior Economist*, alongwith other members of the research team completed and submitted **Budgetary Subsidies in India: Subsidising Social and Economic Services** to the Planning Commission in March 2003. Prior to that in January 2003, the final findings of the study were presented by the research team in a meeting chaired by the Deputy Chairman of the Commission. Nearing completion is his co-authored report, **Uttar Pradesh: Study of State Finances** for incorporation in the Planning Commission's umbrella project, Uttar Pradesh Development Report.

Bhujanga Rao is at present engaged in a CIDA sponsored project on **India: Fiscal Reforms for Poverty Reduction**. The study is focused on four states, namely, Uttar Pradesh, Madhya Pradesh, Uttaranchal, and Chattisgarh. He is the convenor of its advisory committee. He was appointed as a short-term consultant by the World Bank for "Analysing the Market for Engineering Education in India". This co-authored paper was submitted to the World Bank, the findings of which were presented at the National Project Implementation Unit, Ministry of HRD, Noida, U.P.

Bhujanga Rao attended a two-day course on ***Fiscal Decentralisation and Local Governments in India*** organised by the World Bank at New Delhi; a roundtable discussion on ***State Local Fiscal Relations*** at NIPFP; and the NIPFP – World Bank workshop on ***Maharashtra Reorienting Government Budget to Facilitate Growth and Reduce Poverty*** at the institute.

He is a member of the expert group on School Education Finance, set up by NCAER; and member of the Institute's tender committee, as also the seminar convenor, NIPFP.

• **Gautam Naresh**, *Senior Economist*, is co-author in Government of Assam sponsored project on **Revenue Implications and Economic Impact of Introduction of VAT in Assam**. The project is nearing completion.

Research activities of Gautam Naresh include participation in and presentation of four papers in various seminars: These were: "Where do we Stand in State-level Fiscal Reforms in India? A Trend Analysis of Deficits" at the annual conference of the Indian Economic Association at Kerala; "Implementation of Information Technology in Rural Areas: Issues and Bottlenecks" at a national seminar on the ***Impact of Information Technology*** at New Delhi; "State-level Fiscal Reforms in India and a Tale of Two States" at a national seminar on Development of Indian Economy: at Punjab University, Chandigarh; and on "Fiscal Profile and Reform Agenda for Punjab" with a co-author at a meeting organised by Centre for Research and Industrial Development to discuss the *White Paper issued by the Government of Punjab*, also at Chandigarh. He was a participant at a roundtable on ***Municipal Accounting Reforms*** organised by NIUA and FIRE, at New Delhi.

Two of his erstwhile co-authored papers, "Performance of Public Sector Undertaking's in Tamil Nadu"; and "A Recursive Macro Fiscal Adjustment Model for Tamil Nadu" were published in an edited volume. In addition, he contributed a chapter on "Property Taxation in India" in a World Bank report; published a co-authored paper in *Asia Pacific Tax Bulletin*; and prepared a paper "Government Expenditure on Infrastructure Sector in India: Trends, Composition, Issues and Perspectives" with a senior colleague under the joint auspices of the State Finance Unit and the Reserve Bank of India Cell at NIPFP.

Gautam Naresh continued to co-supervise the research dissertation of a Ph.D scholar from Aligarh Muslim University. He was an honorary fiscal expert as Principal Adviser to the Second State Finance Commission of UTs Without Legislature; and member Expert Committee on Reforms of Property Tax in Municipal Corporation of Delhi, Government of NCT of Delhi. At NIPFP, he headed the computer unit and was chairman, committee on physical verification of assets.

• **Saumen Chattopadhyay**, *Senior Economist*, finalised and submitted four project reports in association with other team members. While three of these reports, **The Compliance Cost of the Personnel Income Tax and its Determinants; The Personnel Income Tax in India: Compliance Costs and Compliance Behaviour of Taxpayers**; and **The Income Tax Compliance Cost of Indian Corporations** were sponsored by the Planning Commission, the fourth, **A Study of State Fiscal Reforms in Manipur** was undertaken at the behest of the Government of Manipur. Saumen Chattopadhyay presented a paper "An Analytical Study of Fiscal Reforms in Manipur" with a co-author at a national seminar on ***Human Resource Development in the North-east Region in the Era of Globalisation***, at New Delhi.

He delivered two lectures in a training course for the probationers of IA&AS held at NIPFP in February, 2003.

• **Diwan Chand**, *Economist*, continued to be associated with the on-going project, **Public Finance Information System (PFIS).** He contributed research inputs in a paper, "Government Pensions Systems in India: A Trend Analysis".

• **Pratap Ranjan Jena**, *Economist*, was co-author of the completed study, **A Review of Options for Revenue Neutral Rates of VAT for Orissa**. He delivered a lecture on "Tenth Five Year Plan" to the probationers of Indian Audit and Accounts Service in a training programme at NIPFP. He was participant in a British Council-World Bank organised workshop on ***Introduction to Designing and Delivering Distance Learning*** for GDLN at New Delhi. He published a paper "Expenditure Pattern and Revenue Generation in Orissa State: Misplaced Priorities" in *Indian Journal of Economics*. He continued to be a member of the web committee and library committee of the institute during the year.

• **Subrata Mandal**, *Economist*, completed and submitted **Refinery Upgradation, Environmental Sustainability, and Cost Sharing** in association with a senior consultant hailing from JNU. He also wrote a co-authored paper, "Savings on Health Cost from Implementation of Euro Norms in India" which was published as part of the **Auto Fuel Policy Report, 2002**.

Subrata Mandal gave three presentations in different parts of Europe during the course of the year: on "Land Use and Energy Optimization in Mountain Ecosystem: Case Study of a Watershed in the Indian Himalayas" at an annual conference on interdisciplinary studies at Kloster Seeon, Germany in September, 2002; on "Optimal Land Use and Water Requirement in Mountain Ecosystem: Case Study of a Watershed in the Indian Himalayas, at Institute Universitaire Kurt Bosch, Sion (near Geneva), Switzerland on the occasion of The *International Year of the Mountains* in October 2002; and on "Well-being from Exhaustible Resource Use: Case Study of the Oil Sector on Economy" at International Centre for Theoretical Physics (ICTP), Trieste, Italy in February, 2003.

He delivered guest lectures for the M.A. course on Natural Resource Economics in the monsoon semester, 2002 at the Centre for Economic Studies and Planning, JNU, New Delhi.

• **Mukesh Kumar Anand**, *Economist*, contributed research inputs in NIPFP's multi-authored report, **Uttar Pradesh: Study of State Finances** prepared for the larger report of the Planning Commission, Uttar Pradesh Development Report. He is currently writing a paper on "Some Issues in Central Resource Transfers" for the Twelfth Finance Commission, and one on "Pensions in India – Looking Ahead" at his own initiative.

During the course of the year, Mukesh Anand co-ordinated a training programme on ***Public Finance*** for the probationers of IA&AS at NIPFP, in which he delivered two lectures.

His article "Revenue Sharing Criteria in Federal Fiscal Systems: Some Similarities and Differences –Comment" is expected to appear in a forthcoming issue of *Public Finance*. He is communicating with various publishers to bring out three research based papers prepared by him.

• **Pinaki Chakraborty**, *Economist*, was a member of the team which submitted the final report of **Budgetary Subsidies in India: Subsidising Social and Economic Services** to the Planning Commission in March 2003. He was involved as co-author in the **Uttar Pradesh: Study of State Finances**, a component of the Planning Commission's umbrella project, Uttar Pradesh Development Report, and is a member of the research team currently working on the CIDA project, titled, **India: Fiscal Reform for Poverty Reduction.**

Pinaki Chakraborty presented a paper, "Unequal Fiscal Capacities Across Indian States: How Corrective is the Fiscal Transfer Mechanism?" at World Institute for Development Economic research project conference on ***Spatial Inequality in Asia*** at United Nations University headquarter, at Tokyo. He has co-authored another paper titled, "Women Neighbourhood Groups: Towards and New Perspective" for CRSD.

He was invited by the College of Vocational Studies, University of Delhi where he delivered a lecture on "Recent Fiscal Reform in India: An Overview". He also visited the Department of Economics, North Bengal University, Darjeeling and lectured on "Fiscal Austerity, Fiscal Reform and Fiscal Prudence: The Recent Indian Experience". At NIPFP, he lectured twice in a training programme for the probationers of Indian Audit and Accounts Service on "Public Debt Sustainability and Solvency" and "Burden of Public Debt – Internal and External Debt".

Lekha S. Chakraborty, *Economist*, focused much of her research work on gender budgeting. She submitted the co-authored final report on **Gender Budgeting in India** to UNIFEM, South Asia, and Ministry of HRD, Govt. of India. The report is likely to be published in the near future. She was appointed as consultant by the UNIFEM during December 2002 to work for the Government of Sri Lanka on Gender Budgeting in Sri Lanka, where she was also invited by the Ministry of Finance of Sri Lanka to attend as a resource person, a high level consultation on the same subject. During the consultancy period, she wrote a paper entitled, "Budgetary Allocation and Gender in Sri Lanka: A Categorisation of Financial Inputs". In June 2002, she served consultant to the World Bank, New Delhi to work on "Financial Projections and Benefit Incidence Analysis for Andhra Pradesh Education Sector".

The UNIFEM also invited her as South Asian regional expert in Gender Budgeting to: ***Third***

UN South Asia Regional Meeting at Kathmandu, Nepal; and during November, 2002, to interactive meetings at National Treasury, Pretoria; Centre for the Study of Violence and Reconciliation at Branmfontein, Johannesburg, at Fair Share, School of Government, University of the Western Cape at Bellville, Cape Town, with Debbie Budlender, Community Agency for Social Enquiry also at Cape Town; School of Development Studies, University of Natal, and Centre for Public Participation, Durban — all located in South Africa.

In the reporting year, she submitted her doctoral thesis, "Macroeconomic Effects of Fiscal Deficit in India: An Intertemporal Analysis of Selected Macrovariables" to Centre for Development Studies, (affiliated to Jawaharlal Nehru University, New Delhi), Thiruvananthapuram.

Lekha Chakraborty chaired a session on "Public Investment and Economic Development" at the International Institute of Public Finance (IIPF) Conference at Helsinki in August 2002, where she presented a paper on "Does Public Investment Crowd out Private Investment in India: An Empirical Investigation". She also participated in a ***National Consultation on Gender Initiatives*** organised by Human Development Resource Centre, UNDP; and in a NIBM-NIPFP organised conference on ***Microfinance: An Action Plan***, both at New Delhi. She published an article, "Fiscal Deficit and Rate of Interest: An Econometric Analysis of Deregulated Financial Regime" in *Economic and Political Weekly*.

She is a life member of the Indian Econometric Society.

• **O.P. Bohra**, *Economist*, is on deputation to the Twelfth Finance Commission since January 2003. Prior to his departure, he was involved in the completion of his co-authored draft report, **State Fiscal Reforms in Manipur**. During the course of the study, on a visit to Imphal, he gave a seminar on ***Fiscal Decentralisation and Sub-national Governments in North-East States*** at the University of Manipur, and later presented a paper with a similar title at a conference on ***Development in the North-East States in the Era of Globalisation*** at New Delhi. He also presented a co-authored paper entitled, "An Analytical Study of Fiscal Reforms in Manipur" in the same conference. His area of interest being *Panchayati Raj* Institutions, he presented papers on : "Improving the Financial Position of *Panchayati Raj* Institutions in India" at National Institute of Rural Development, Hyderabad; "Decentralisation, Rural Development and the *Panchyati Raj* Institutions — need for e-*Panchayat*" at IIC, New Delhi; and "Decentralisation and Sub-national (*Panchayati Raj* Institution) Governments in Uttar Pradesh" at a national seminar at Institute of Development Studies, Lucknow where he also chaired a session on "Development and Challenges Before Uttar Pradesh".

He was participant in a brainstorming session for a proposed seminar on ***Globalisation, Governance and Administrative Reforms*** at JNU; and in three other workshops at NCERT, New Delhi; Haryana Institute of Public Administrative, Gurgaon; and National Institute of Rural Development; Hyderabad. He delivered as many as seven lectures on various issues related to fiscal decentralisation and sub-national governments at various training programmes at the Haryana Institute of Public Administration, Gurgaon.

O.P. Bohra was invited to deliver a speech at a state sharing workshop of the study, **Role of Elected Representatives in Municipal Functioning – Difference Between Theory and Practice** at *Sahbhagi Shikshan Kendra*, Lucknow.

• **Ajay K. Halen**, *Junior Economist*, is a member of the study team involved in the preparation of **Revenue Implications and Economic Impact of Introduction of VAT in Assam**, sponsored by the Government of Assam.

• **T.S. Rangamannar**, *Consultant*, assisted the Professor of Eminence and the Emeritus Professor in their research work in matters relating to fiscal federalism. Rangamannar was co-author of the report on **Budgetary Subsidies in India: Subsiding Social and Economic Services**. The study team made a presentation before the Deputy Chairman, Planning Commission and gave the final report in March 2003. Rangamannar continued to be a member of the study team working on **India: Fiscal Reforms for Poverty Reduction**, sponsored by CIDA, and covering four states viz. Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttaranchal. As member of the team, Rangamannar visited some urban and rural areas for initial surveys. He is currently engaged in updating the **Conspectus on Long Term Fiscal Trends in India**.

He attended several symposia, seminars, and workshops held both in NIPFP and outside.

• **Rita Wadhwa**, *Editor*, edited several manuscripts completed at the institute and brought them out as mimeographed study reports and papers. On behalf of NIPFP, she published a book entitled, *Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment*. She compiled, wrote, and edited the text of the Annual Report 2001-02. She was called upon to edit the Expert Committee Report on **Auto Fuel Policy** for the Government of India. She continued to be a member of American Editors' Society and a member of NIPFP's website committee.

10 NIPFP Staff

A complete list of staff members – permanent and contractual – as on March 31, 2003, is at *Annexure VI*.

11 Sponsoring Members

The sponsoring, corporate, permanent, and ordinary members of the Institute, as on March 31, 2003, are listed at *Annexure VII*.

12 Finance and Accounts

The statement of Accounts of the Institute for the financial year 2002-2003, duly audited by the Institute's auditors *M/s Ajay K.Sud & Associates*, Chartered Accountants, may be seen at *Annexure VIII*.

ANNEXURE-I

LIST OF STUDIES 2002-2003

Title	Sponsoring Agency/Research Unit of the Institute	Author/ Research Team
STUDIES COMPLETED		
1. A Proposal to Levy Taxes on Polluting Inputs and Outputs and Pollution Charges on Certain Monitorable Emissions	MoEF	MSE and NIPFP
2. Punjab Expenditure Reforms Commission Report	Govt. of Punjab	Ashok K. Lahiri R. Kavita Rao
3. Gender-Budgeting in India	UNIFEM/ Min. of HRD	Ashok K. Lahiri Lekha S Chakraborty
4. A Study of State Fiscal Reforms in Manipur	Govt. of Manipur	Ashok K. Lahiri Saumen Chattopadhyay O.P. Bohra *in association with* E. Bijoy Kumar Singh
5. Uttar Pradesh: Study of State Finances	Planning Commission	D.K. Srivastava C. Bhujanga Rao Mukesh Anand Pinaki Chakraborty T.S. Rangamannar
6. Budgetary Subsidies in India: Subsidising Social and Economic Services	Planning Commission	D.K. Srivastava C. Bhujanga Rao Pinaki Chakraborty T.S. Rangamannar
7. India: Local Finance Data System (3 volumes)	Ministry of Finance	O.P. Mathur with assistance by Sandeep Thakur, Anil Yadav, Ranjha Sengupta
8. Studies on State-Local Relation: (a) Transfers to Municipalities (b) Privatisation of Municipal Services	CIDA	O.P. Mathur
9. Guidelines for the City Challenge Fund (CCF)Consortium led by Administrative Staff College of India	GoI/DFID	Inputs by O.P. Mathur
10. Expert Committee Report on Auto Fuel Policy Member.	Govt. of India	Inputs by O.P Mathur

Expert Committee (Chairman: R.A.Mashelkar) (a) Incentive System for Replacing Old Vehicles: Its Feasibility and Adequacy of Incentives		Rita Pandey
(b) New Suggested Structure of Vehicle Road Tax Referring to Progressivity in Road Tax Linked with Age of Vehicles		Rita Pandey
(c) Saving on Health Cost from Implementation of Euro Norms in India		Ramprasad Sengupta, Ashok Lahiri & Subrata Mandal
11. A Review of Options for Revenue Neutral Rates of VAT for Andhra Pradesh and Advice on Design of VAT and Administration Procedures (Final Report)	DFID	Pawan K. Aggarwal
12. Improving Sub-national Fiscal Responsibility in the Federal Context of India	IDFC	Tapas K. Sen
13. Finances of Governments and Their Capacity to Spend	IDFC	Tapas K. Sen
14. Estimating Industrial Pollution in India: Implications for an Effluent Charge	MoEF	Rita Pandey in association with Som Sankar Ghosh
15. The Compliance Cost of the Personal Income Tax and its Determinants	Planning Commission	Saumen Chattopadhyay Arindam Das-Gupta Study Team: Dheeraj Bhatnagar, Jeeta Mohanty Sachchidananda Mukhopadhyay Surendra Prakash Singh
16. The Personal Income Tax in India: Compliance Costs and Compliance Behaviour of Taxpayers	Planning Commission	Saumen Chattopadhyay Arindam Das Gupta
17. The Income Tax Compliance Cost of Indian Corporations	Planning Commission	Saumen Chattopadhyay Arindam Das Gupta Study Team: Dheeraj Bhatnagar, Jeeta Mohanty, Sachchidananda Mukhopadhyay, Surendra Prakash Singh
18. Refinery Upgradation, Environmental Sustainability and Cost Sharing	EPU	Subrata Mandal Ramprasad Sengupta

STUDIES NEARING COMPLETION

1. Rural Fiscal Decentralisation in Karnataka	World Bank	M.G. Rao H.K. Amar Nath B.P. Vani
2. A Review of Options for Revenue Neutral Rates of VAT for Orissa	DFID	Pawan K. Aggarwal Pratap R. Jena Jeeta Mohanty

ON-GOING STUDIES

1. India: Fiscal Reforms for Poverty Reduction	CIDA	D.K. Srivastava C. Bhujanga Rao Pinaki Chakraborty T.S. Rangamannar
2. UNDP supported inter-related studies: (a) Pricing of Urban Water (b)Debt Financing of Urban Infrastructure (c) Methodology for Credit Rating of Municipalities (d) Regulation of Water Authorities		O.P. Mathur
3. Impact of Electronic Commerce on Taxation	CBEC	Pawan K. Aggarwal Kanwarjit Singh
4. Government Expenditure on Infrastructure in India	SFU/RBI	Tapas K. Sen Gautam Naresh
5. Public Finance Information System	SFU	Tapas K. Sen Ajay K. Halen Diwan Chand Geeta Bhatnagar and Navin Kumar Singh
6. Revenue Implications and Economic Impact of Introduction of VAT in Assam	Govt. of Assam	M.C. Purohit Gautam Naresh Ajay K. Halen
7. Forecasting Income Tax and Corporate Tax Revenues	CBDT/MoF	A.L. Nagar

DISCUSSION PAPER

1. Harmonising Taxation of Inter-State Trade Under a Sub-National VAT: Lessons from International Experience (Discussion Paper No.1) (July 2002)	Mahesh C. Purohit

ANNEXURE-II

GOVERNING BODY AS ON 31.3.2003

1. Dr. C. Rangarajan — Chairman
   Chairman (NIPFP)
   Chairman
   Twelfth Finance Commission
   Jawahar Vyapar Bhawan
   Tolstoy Marg
   New Delhi 110 001

Under rule 7(b)(i)
Two nominees of the Ministry of Finance:

2. Dr. S. Narayan — Member
   Finance Secretary
   Ministry of Finance
   North Block
   New Delhi-110 001

3. Shri C.S. Rao — Member
   Secretary (Revenue)
   Ministry of Finance
   North Block
   New Delhi-110 001

Under rule 7(b)(ii)
One nominee of the RBI:

4. Dr. A. Vasudevan — Member
   Hony. Advisor
   Reserve Bank of India
   New Central Office Building
   Shaheed Bhagat Singh Marg
   Mumbai-400 023

Under rule 7(b)(iii)
One nominee of the Planning Commission:

5. Shri N.K. Sinha — Member
   Secretary
   Planning Commission
   Yojana Bhawan
   Parliament Street
   New Delhi-110 001

Under rule 7(b)(iv)
Three nominees of sponsoring State Governments:

6. Shri B.K. Das — Member
   Principal Secretary (Finance)
   Government of Karnataka
   Karnataka Secretariat
   Vidhana Soudha
   Bangalore – 560 001

7. Shri Samar Ghosh IAS — Member
   Principal Secretary (Finance)
   Government of West Bengal
   Writers' Building
   Kolkata – 700 001

8. Shri S.K. Arora IAS — Member
   Finance Secretary
   Government of Andhra Pradesh
   Hyderabad – 500 022

Under rule 7(b)(v)
One nominee of a Municipal Corp.
Under rule 7(b)(vi)
One nominee of the ICICI:

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

Under rule 7(b)(vii)
Two nominees of Institutions:

10. Shri R.K. Somany — Member
    President
    Associated Chambers of Commerce
    and Industry of India
    11 Community Centre
    Zamrudpur
    New Delhi-110 048

11. Dr. A.C. Muthiah — Member
    President
    Federation of Indian Chambers of
    Commerce and Industry
    Federation House
    Tansen Marg, New Delhi-110 001

Under rule 7(b)(viii)
Three eminent economists:

12. Shri B.P.R. Vithal — Member
House No. 8-2-701/1
Road No.12, Banjara Hills
Hyderabad-500 034

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

14. Dr. Rakesh Mohan — Member
Deputy Governor
Reserve Bank of India
Central Office
Shaheed Bhagat Singh Road
Mumbai 400 001

Under rule 7(b)(ix)
Three representatives of collaborating institutions:

15. Dr. Suman Bery — Member
Director General
NCAER,
11, Takshila Bhawan
I.P. Estate, Ring Road
New Delhi-110 002

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

17. Dr. R. Radhakrishna — Member
Director
Indira Gandhi Institute of
Development Research
Gen. Vaidya Marg, Santosh Nagar
Goregaon (East)
Mumbai-400 065

Under rule 7(b)(x)
One member to be co-opted by Governing Body:

18. Shri Yezdi Hirji Malegam — Member
S.B. Billimoria & Company
Meher Chambers
R. Kamani Road
Ballard Estate
Mumbai-400 001

Under rule 7(b)(xi)
Director of the Institute (ex-officio)

19. Dr. M. Govinda Rao — Member-Secretary
Director, NIPFP
New Delhi- 110 067

Under rule 7(b)(xii)
One senior fellow of the Institute by rotation:

20. Dr. Pawan K. Aggarwal — Member
Senior Fellow, NIPFP
New Delhi- 110 067

Special Invitees

21. Dr. Ashok Lahiri
Chief Economic Advisor
Government of India
Ministry of Finance
North Block
New Delhi- 110 001

22. Shri P.K. Sharma
Chairman, CBDT
Ministry of Finance
North Block
New Delhi- 110 001

23. Shri M.K. Zutshi
Chairman, CBEC
Ministry of Finance
North Block
New Delhi 110 001

ANNEXURE-III

INTERNAL SEMINAR SERIES

Sl. No.	Day and Date	Seminar Person	Topics
1.	Wednesday October16,2002	F.O.N. Roberts Centre for the Study of Developing Societies	*Perspective of Fiscal Federalism and Resource Control: Comparison of India and Nigeria*
2.	Wednesday November 27, 2002	J.V.M. Sarma Central University Hyderabad	*State of Government Finances in India*
3.	Wednesday December 11, 2002	Arindam Das-Gupta,IGIDR and Saumen Chattopadhyay NIPFP	*Methodology of Aggregate Estimates of Individual Income Tax Compliance Costs in India*
4.	Friday January 10, 2003	Arvind Panagariya University of Maryland	*Globalisation: The Case for Free Trade*
5.	Tuesday February 18, 2003	Francois Vaillancourt University of Montreal	*Current Issues in Fiscal Federalism in Canada*
6.	Thursday February 20, 2003	Vani K Borooah University of Ulster U.K.	*The Political Economy of Population Growth: A Study of Inter-Community Fertility Differences in India*
7.	Tuesday March 11, 2003	James E. Foster, Vanderbilt University	*Reforming India's Stamp Duties: Problems, Issues and Lessons*

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 and 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 & 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* Raghbendra Jha, M.N. Murty & Satya Paul (1990) Rs 100.

22. _Domestic Savings in India - Trends and Issues_* Uma Datta Roy Chaudhury & Amaresh Bagchi (1990) Rs 240.

23. _Sales Taxation in Madhya Pradesh_* M. Govinda Rao, K.N. Balasubramanian and V.B. Tulasidhar (Vikas Publishing House) (1991) Rs 125.

24. _The Operation of MODVAT_* A.V.L. Narayana, Amaresh Bagchi and R.C. Gupta, (Vikas Publishing House) (1991) Rs 250.

25. _Fiscal Incentives and Balanced Regional Development: An Evaluation of Section 80 HH_* Pawan K. Aggarwal and H.K. Sondhi (Vikas Publishing House) (1991) Rs 195.

26. _Direct Taxes in Selected Countries : A Profile_ (Vol.I & II) Rs 100.

27. _Effective Incentives for Aluminium Industry in India_ Monograph Series - I Bishwanath Goldar (1991) Rs. 100.

28. _Survey of Research on Fiscal Federalism in India_ Monograph Series - II M.Govinda Rao and R.J. Chelliah (1991) Rs. 100.

29. _Revenue and Expenditure Projections: Evaluation and Methodology_* V.G. Rao, Revised and Edited by Atul Sarma (Vikas Publishing House) (1992) Rs. 195.

30. _Sales Tax Systems in India: A Profile_ 1991 Rs 150.

31. _State Finances in India_* Amaresh Bagchi, J.L. Bajaj and William A. Byrd (ed.) (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(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 (Centax Publications Pvt. Ltd.) (1997) Rs.250.

44. _Fiscal Policy Public Policy & Governance_* Parthasarathi Shome (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 Pratap 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.

55. _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.

56. _Central Budgetary Subsidies in India_ D.K. Srivastava and H.K. Amar Nath (2001) Rs.170.

57. _Approach to State-Municipal Fiscal Relations: Options and Perspectives_ Om Prakash Mathur (2001) Rs.200.

58. _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.

59. _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.

60. _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 only. Postage Rs 30 per copy.
Note : Publications at Sl. No. 1 to 34, 38, 41 and 54 are not available for sale now.

ANNEXURE-V

PUBLISHED MATERIAL OF NIPFP FACULTY

C. RANGARAJAN

a. "State and Market: Survey of India Industry", *Hindu*, January 2003.
b. "Finance Ministry Should Prepare an Investment Budget", *Financial Express*, January 23, 2003.
c. "Globalization: Concept and Concerns-I", *Hindu*, January 6,2003.
d. "Globalization: Concept and Concerns-II", *Hindu*, January 7,2003.
e. "Policymaking for Industrial Growth", *ICRA Bulletin – Money and Finance*, Oct-Dec.2002.
f. "Regulations of Power Tariffs", *Business Line – Hindu*, September 20,2002.
g. "Revision of Pension Scheme", *Financial Express*, September 16,2002.
h. "Globalization and its Impact", *ICRA Bulletin – Money & Finance*, March 2002.

M. GOVINDA RAO

a. "How to Think About Local Government Reform in India", in Kaliappa Kalirajan and U. Sankar (eds) *Economic Reform and the Liberalisation of the Indian Economy*, Cheltenham, U.K. : Edward Elgar, 2003.
b. *Volume and Composition of Budgetary Subsidies in Karnataka*, Bangalore: Institute for Social & Economic Change (monograph).
c. "A case for tax rationalisation", *The Economic Times*, January 14, 2003.
d. "Reform in Central Sales Tax in the Context of VAT", *Economic and Political Weekly*, February 15, 2003.
e. "Central issue is fiscal consolidation", *Business Line*, February 19, 2003.
f. "Are we ready for VAT?", *Business Standard*, February 19, 2003.
g. "It's a tight-rope walk for the FM", *The Economic Times*, February 20, 2003.
h. "Walking the loose rope", *Business Line*, March 2, 2003.
i. "A holding operation", Budget Comment, *Business Standard*, March 3, 2003.
j. "Lost chance?", *The Hindu*, March 25, 2003.

RAJA J. CHELLIAH

a. "Imposition of Unreasonable Restraints on Accumulation by Tax Exempt Charitable Trust", *Business Standard*, April 13,2002.
b. "Task Force Recommendation on Direct Taxes, *Economic and Political Weekly*, December 14-20, 2002.

AMARESH BAGCHI

a. "Enforcing the Constitution's Common Market Mandate: Time to Invoke Article 307", *Economic and Political Weekly*, June 15, 2002.
b. "Public Finance and Public Choice: Two Contrasting Visions of the States", *Money and Finance*, October-December, 2002.
c. "Equalisation as a Goal of Central Transfers: Iqbal Gulati's Golden Legacy", *Economic and Political Weekly*, July 15, 2002.

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ANNEXURE-VI

LIST OF STAFF MEMBERS AS ON 31.3.2003

Dr. C. Rangarajan	Chairman
Dr. M.Govinda Rao	Director

ACADEMIC STAFF

1.	Dr. Raja 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(relieved on 31.1.2003)
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 (relieved on 31.12.2002)
11.	Dr. (Mrs.) R. Kavita Rao	Fellow
12.	Dr. C. Bhujanga Rao	Senior Economist
13.	Dr. (Ms.) Hasheem Nouroz	Senior Economist (relieved on 31.11.2002)
14.	Dr. Gautam Naresh	Senior Economist (on deputation)
15.	Dr. Saumen Chattopadhyay	Senior Economist
16.	Shri Diwan Chand	Economist
17.	Dr. P.R. Jena	Economist
18.	Dr. Subrata Kumar Mandal	Economist
19.	Dr. Mukesh Kumar Anand	Economist
20.	Shri Pinaki Chakraborty	Economist
21.	Mrs. Lekha Chakraborty	Economist
22.	Dr. O.P. Bohra	Economist (on deputation)
23.	Shri A.K. Halen	Junior Economist
24.	Mrs Gita Bhatnagar	Research Associate

ADMINISTRATIVE STAFF

1.	Shri B.K. Chakravartti	Secretary
2.	Ms. Sushila Panjwani	Sr. PPS to Director (on deputation)
3.	Shri N. Natarajan	Sr. PPS to Chairman
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. Parmeswaran	Stenographer Grade-I
10.	Shri R. Periannan	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.	Mrs Promila Rajvanshi	Stenographer Grade-II
21.	Shri Kapil Kumar Ahuja	Steno-typist
22.	Mrs 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.	Mrs 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	Staff Car Driver
33.	Shri Kishan Singh	Watchman
34.	Shri Bishamber Pandey	Messenger
35.	Shri Mohan Singh	Messenger
36.	Shri Shiv Bahadur	Gardener
37.	Mrs Palayee	Gardener
38.	Mrs Kamla Tiwari	Messenger
39.	Shri Shiv Pratap	Gardener
40.	Mrs Annamma George	Messenger
41.	Shri Puran Singh	Messenger
42.	Shri K.N. Mishra	Watchman

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.	Mrs 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.	Mrs Sanjukta Ray	Junior Consultant

4.	Ms. Sarika Chaturvedi	Junior Consultant
5.	Ms. Swati Aggarwal	Junior Consultant
6.	Shri Sandeep Thakur	Project Associate
7.	Ms. Susmita Sahu	Project Associate
8.	Ms. Darshy Sinha	Project Associate
9.	Ms. Kirti Singh	Project Associate
10.	Mrs Jeeta Mohanti	Project Associate (relieved on 24.3.03)
11.	Ms. Anuradha Basumatari	Project Associate (relieved on 30.3.03)
12.	Shri Arindam Bandopadhyay	Project Associate (relieved on 28.2.03)
13.	Ms. Urvashi Singh	Project Associate
14.	Shri Arup Guha	Junior Project Associate
15.	Ms. Aditi Wadhwa	Junior Project Associate (relieved on 19.3.03)

CONTRACTUAL COMPUTER STAFF

1.	Shri N.K. Singh	Programmer-cum-System Analyst (joined as EDP Manager on 17.3.03)

CONTRACTUAL LIBRARY STAFF

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

CONTRACTUAL ADMINISTRATIVE STAFF

1.	C.L. Khanna	Associate (Admn. & Fin.)
2.	Shri Edward Francis	Associate (Admn.)
3.	Mrs . Usha Mathur	Steno-typist
4.	Ms. Rekha	Steno-typist
5.	Ms. Amita Padhwal	Steno-typist
6.	Mrs Sushma Malhotra	Steno-typist

ANNEXURE-VII

LIST OF SPONSORING, CORPORATE, PERMANENT AND ORDINARY MEMBERS AS ON 31.3.2003

A. SPONSORING MEMBERS

States

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

OTHERS

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

B. PERMANENT MEMBERS - STATES/UNION TERRITORIES

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

C. ORDINARY MEMBERS - STATES/UNION TERRITORIES

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

OTHERS

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

Finance & Accounts

AJAY K. SUD & ASSOCIATES
Chartered Accountants
B-4, Greater Kailash Enclave Part-II, New Delhi - 110 048
Tel. No. 2922 0616, 2921 5581; Fax No. 2921 6879; E-mail: aksara@vsnl.net

AUDITORS REPORT

To the Members of the General Body of

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY

We have audited the attached Statement of Financial Position of National Institute of Public Finance and Policy, New Delhi, a society registered under the Societies Registration Act, 1860, as on March 31, 2003 and also the Income and Expenses Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Institute. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii) In our opinion, proper books of account as required by law have been kept by the Institute so far as appears from our examination of the books;

(iii) The Statement of Financial Position and the Income and Expenses Statement dealt with by this report are in agreement with the books of accounts.

(iv) The Statement of Financial Position and Income & Expenses Statement dealt with by this report are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.

(v) In our opinion and to the best of our information and according to the explanations given to us, the said statements give a true and fair view:

   a) in the case of Statement of Financial Position of the state of affairs of the Institute as on March 31, 2003 and

   b) in the case of Income and Expenses Statement, of the Deficit for the year ended on that date.

for Ajay K. Sud & Associates
Chartered Accountants

sd/-

(Krishna Kumar Singh)
Partner

Place: New Delhi
Date: August 4, 2003

STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2003

Particulars	Schedule #	As On 31-Mar-03 Rs.	As On 31-Mar-02 Rs.
SOURCES			
Capital Assets Fund	1	66,999,819	66,480,216
Endowment Funds	2	41,896,595	34,911,911
Earmarked Funds	3	37,281,971	32,112,917
Unutilised Grants	4	5,984,680	8,961,633
TOTAL		**152,163,065**	**142,466,677**
APPLICATIONS			
Fixed Assets	5	66,999,820	66,480,216
Investment of Endowment and Other Funds	6	63,336,117	50,993,673
Net Current Assets	7	10,791,534	21,490,910
Accumulated Deficit		11,035,594	3,501,878
TOTAL		**152,163,065**	**142,466,677**
Notes on Accounts	16		

Schedules 1 to 16 form integral part of this Statement.

sd/-	sd/-	sd/-	sd/-
(H. Gautam)	**(B. K. Chakravartti)**	**(Dr. M. Govinda Rao)**	**(Dr. C. Rangarajan)**
Accounts Officer	**Secretary**	**Director**	**Chairman**

As per our report of even date

for Ajay K. Sud & Associates
Chartered Accountants

sd/-

(Krishna Kumar Singh)
Partner

Place : New Delhi
Dated : August 4, 2003

INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

Particulars	Schedule #	Year Ended 31-Mar-03 Rs.	Year Ended 31-Mar-02 Rs.
INCOME			
Grants - General Support			
Central Government	8	14575081	16219866
State Governments	9	1065000	965000
Project Support	13	3553922	2549616
Endowment Chairs / Cells	14	5232275	13913456
Project Fees		4851371	13166214
Utilisation of Intt. On Govt. Endowment Fund		704286	-
Utilisation of Intt. On Ford Foundation Fund		703170	-
Course and Programme Fees		1673677	1493569
Sale of Publications		127411	229992
Corporate Membership Fees		15000	15000
Interest		2247794	197201
Other Receipts		1565300	2691278
Profit on Disposal of Fixed Assets		5676	58010
Trf. From Employees Liability Fund		191066	-
TOTAL		**36511029**	**51499202**
EXPENSES			
Salary and Allowances	10	14676762	16604940
Operational Expenses	11	5863193	4525213
Administrative Expenses	12	8112478	10329152
Expenses on Sponsored Projects	13	3553922	2549616
Expenses on Endowment Chairs/Cells	14	5232275	13913456
Expenses on Ford Foundation Project		457650	-
		37896280	47922377
Depreciation for the year		3222453	3909565
TOTAL		**41118733**	**51831942**
Deficit for the year before Prior Period and Exceptional Items		4607704	332740
Prior Period and Exceptional Items	15	2926012	925940
Deficit for the year		7533716	1258680
Deficit for the Previous Year		3501878	2243198
Deficit carried forward to Balance Sheet		11035594	3501878
Notes on Accounts	16		

Schedules 1 to 16 form integral part of this Statement.

sd/-	sd/-	sd/-	sd/-
(H. Gautam)	**(B. K. Chakravartti)**	**(Dr. M. Govinda Rao)**	**(Dr. C. Rangarajan)**
Accounts Officer	**Secretary**	**Director**	**Chairman**

As per our report of even date
for Ajay K. Sud & Associates
Chartered Accountants
sd/-
(Krishna Kumar Singh)
Partner
Place : New Delhi
Dated : August 4, 2003

Schedule - 1	As On 31-Mar-03 Rs.	Rs.	As On 31-Mar-02 Rs.	Rs.
CAPITAL ASSETS FUND				
Capital Assets Fund				
Balance at the beginning of the year		66,480,216		60,675,004
Add: Assets added during the year				
Transfer from Development Fund (Refer Sch. 2)	-		774,483	
Transfer from Int. on Endowment Fund(Refer Sch. 3)	437,116		453,525	
Transfer from Int. on Life Membership Fund *	39,744		14,718	
Transfer from Int. on Scientific Research Fund *	81,585		90,764	
Transfer from Int. on Government Endowment Fund*	147,818		2,288,855	
Transfer from Int. on Depreciation Fund	-		1,434,810	
Transfer from Depreciation Fund *	-		565,591	
Transfer from Building Fund Interest *	-		182,466	
		706,263		5,805,212
Less: Cost of assets disposed off		186,660		-
TOTAL		**66,999,819**		**66,480,216**

Schedule - 2	As On 31-Mar-03 Rs.	Rs.	As On 31-Mar-02 Rs.	Rs.
ENDOWMENT FUNDS				
a. Initial Endowment Fund		3,915,000		3,915,000
b. Endowment Fund		6,177,924		6,177,924
c. Government Endowment Fund		10,000,000		10,000,000
d. RBI Endowment Fund	7,500,000		-	
Add: Received during the year	7,500,000		7,500,000	
		15,000,000		7,500,000
e. Scientific Research Fund		727,407		727,407
f. Life Membership Fund		420,000		420,000
g. Bimla Bagchi Award Fund		50,000		50,000
h. Additional Liability Fund				
Opening Balance	6,092,280		4,543,314	
i. Employees Liability Fund				
Trfd from Project Fees			1,548,966	
Trfd.to Income and Expenses Statement	191,066			
	5,901,214		6,092,280	
Less: Unrealised Project Fees written off for the Year 2001-02	135,000		-	
Less: Unrealised Project Fees written off for the Year 2002-03	189,250			
Less: Transfer to Capital Assets Fund	-		-	
		5,576,964		6,092,280
ii. Development Fund				
Opening Balance	-		-	
Transfer from Project Fees	-		774,483	
	-		774,483	
Less: Transfer to Capital Assets Fund	-		774,483	
		-		-
i. Jokhan Maurya Award Fund				
Opening Balance	29,300		4,300	
Add: Received during the year	-		25,000	
		29,300		29,300
TOTAL		**41,896,595**		**34,911,911**

Schedule - 3

	As On 31-Mar-03 Rs.	Rs.	As On 31-Mar-02 Rs.	Rs.
EARMARKED FUNDS				
1. a. Depreciation Fund				
Balance at the beginning of the year	26,547,903		23,627,374	
Add: Depreciation for the year	3,222,453			
Add: Depreciation for prior period	1,369,086		3,909,565	
	31,139,442		27,536,939	
Less: Depreciation written back on assets	186,660		423,445	
disposed off	30,952,782		27,113,494	
Less: Transferred to Capital Assets Fund			565,591	
		30,952,782		26,547,903
b. Interest on Depreciation Fund				
Balance at the beginning of the year				
Add: Interest earned during the year			1,434,810	
Less: Transferred to Capital Assets Fund			1,434,810	
2 Ford Foundation Fund				
Interest accumulation				
Balance at the beginning of the year	4,837,798		2,897,893	
Add: Interest earned during the year	445,215		2,481,998	
	5,283,013		5,379,891	
Less: Expenditure during the year	457,650		542,093	
Less: Diminution in Value of Investments	245,520			
		4,579,843		4,837,798
3 Interest on Initial Endowment Fund				
Balance at the beginning of the year				
Add: Interest earned during the year	437,116		453,525	
Less: Transferred to Capital Assets Fund	437,116		453,525	
4 Interest on Scientific Research Fund				
Balance at the beginning of the year				
Add: Interest earned during the year	81,585		90,764	
Less: Transferred to Capital Assets Fund	81,585		90,764	
5 Interest on Life Membership Fund				
Balance at the beginning of the year				
Add: Interest earned during the year	39,744		14,718	
Less: Transferred to Capital Assets Fund	39,744		14,718	
Carried Over	**35,53,2625**			**31,385,701**

	As On 31-Mar-03 Rs.	Rs.	As On 31-Mar-02 Rs.	Rs.
Brought Forward	**35,53,2625**			**31,385,701**
6 Interest on Government Endowment Fund				
Balance at the beginning of the year			1,192,987	
Add: Interest earned during the year	946,584		1,095,868	
	946,584		2,288,855	
Less: Transferred to Capital Assets Fund	147,818		2,288,855	
Less: Diminution in Value of Investments	704,286			
		94,480		
7 Interest on Additional Liability Fund				
Balance at the beginning of the year	712,900		252,282	
Add: Interest earned during the year			460,618	
		712,900		712,900
8 Interest on Bimla Bagchi Award				
Balance at the beginning of the year	12,381		12,282	
Add: Interest earned during the year	3,585		6,099	
	15,966		18,381	
Less: Awards distributed during the year			6,000	
		15,966		12,381
9 Building Fund				
Balance at the beginning of the year			182,466	
Add: Interest earned during the year				
			182,466	
Less: Transferred to Capital Assets Fund			182,466	
10 Interest on Jokhan Maurya Award Fund				
Balance at the beginning of the year	1,935			
Add: Interest earned during the year	2,700		4,935	
	4,635		4,935	
Less: Awards distributed during the year			3,000	
		4,635		1,935
11 Interest on RBI Endowment Fund				
Balance at the beginning of the year				
Add: Interest earned during the year	921,365			
		921,365		
TOTAL		**37,281,971**		**32,112,917**

Schedule - 4

	As On 01-Apr-02 Unutilised Rs.	Recoverable Rs.	Fresh Receipts/ Interest Rs.	Total Rs.	Assets Purchased Rs.	Utilisation Other Expenses Rs.	Refund Rs.	Total Rs	As On 31-Mar-03 Unutilised Rs.	Recoverable Rs.
UNUTILISED GRANT										
A. Grant from Central Government										
Recurring Grant	-	-	1,500,000	1,500,000	-	1,500,000	-	1,500,000	-	-
Pay Grant	721,134	-	14,952,250	15,673,384	-	13,075,081	721,134	13,796,215	1,877,169	-
TOTAL (A)	721,134	-	16,452,250	17,173,384	-	14,575,081	721,134	15,296,215	1,877,169	-
B. Foreign Contribution Grants										
1. Grants from Ford Foundation										
a. Industrial Policy Research	1,239	-	-	1,239	-	-	-	-	1,239	-
b. Post-Doctoral Research Fellowship	251,205	-	-	251,205	-	-	-	-	251,205	-
c. Health Economics & Financing in India	49,549	-	-	49,549	-	-	-	-	49,549	-
2. Fiscal Policy- London School	191,302	-	-	191,302	-	-	-	-	191,302	-
3. World Bank - Water Global	869,059	-	-	869,059	-	-	-	-	869,059	-
4. Asian Development Bank	11,752	-	-	11,752	-	-	-	-	11,752	-
5. Indo Canadian	88,360	-	-	88,360	-	-	-	-	88,360	-
6. UNDP	805,917	-	36,772	842,689	-	-	-	-	842,689	-
7. IRIS	106,265	-	-	106,265	-	-	-	-	106,265	-
8. WRI	156,317	-	-	156,317	-	-	-	-	156,317	-
9. CIDA - Reforms State Local Fiscal Relation	711,764	-	-	711,764	-	726,776	-	726,776	-	15,012
9.a.CIDA - Poverty Reduction	3,452,192	-	-	3,452,192	-	2,827,146	-	2,827,146	625,046	-
10.World Bank - Jaipur Course	-	118,968	-	-	-	-	-	-	-	118,968
TOTAL(B)	6,694,921	118,968	36,772	6,731,693	-	3,553,922	-	3,553,922	3,192,783	133,980
C. Endowment Chairs/Cells										
a. HDFC Chair	-	281,005	-	-	-	-	-	-	-	281,005
b. Cell on Data Bank	40,498	-	-	40,498	-	-	-	-	40,498	-
c. State Finance Cell	155,099	-	-	155,099	-	-	-	-	155,099	-
d. RBI Chair	-	203,090	-	-	-	1,425	-	1,425	-	204,515
e. IDFC Chair	-	-	850,000	850,000	-	556,934	-	556,934	293,066	-
f. i. EEOFC	1,167,836	-	3,550,000	4,717,836	-	4,370,846	-	4,370,846	346,990	-
ii. EEOFC (Books)	182,145	-	200,000	182,145	-	303,070	-	303,070	79,075	-
TOTAL (C)	1,545,578	484,095	4,600,000	6,145,578	-	5,232,275	-	5,232,275	914,728	485,520
GRAND TOTAL (A+B+C)	8,961,633	603,063	21,089,022	30,050,655	-	23,361,278	721,134	24,082,412	5,984,680	619,500

Schedule - 5

	As On 01-Apr-02 Rs.	Gross Block (at cost) Additions Rs.	Sale / Adjustments Rs.	Total As on 31-Mar-03 Rs.	Upto 31-Mar-02 Rs.	Depreciation For the Year Rs.	Sale/ Adjustments Rs.	Total As on 31-Mar-03 Rs.	Written Down Value As On 31-Mar-03 Rs.	As On 31-Mar-02 Rs.
FIXED ASSETS										
1. Leasehold Land	18,197,719	-	-	18,197,719	-	-	-	-	18,197,719	18,197,719
2. Building	20,145,841	-	-	20,145,841	4,117,178	400,717	-	4,517,895	15,627,946	16,028,663
3. Data Processing Equipment	11,641,597	606,190	-	12,247,787	9,923,050	1,717,449	-	11,640,499	607,288	1,718,547
4. Office Equipment	4,144,459	1,795	22,091	4,124,163	3,788,956	351,636	22,091	4,118,501	5,662	355,503
5. Furniture and Fixture	2,246,473	40,278	10,603	2,276,148	1,828,338	293,504	10,603	2,111,239	164,909	418,135
6. Hostel, Library, Computer & Seminar Room Furniture	3,775,208	-	105,456	3,669,752	2,148,217	1,087,807	105,456	3,130,568	539,185	1,626,991
7. Air Conditioner and Water Coolers	1,674,172	58,000	48,510	1,683,662	3,243,788	337,645	48,510	3,532,923	150,739	430,384
8. Electric Installations	1,885,260	-	-	1,885,260	1,294,481	402,781	-	1,697,262	187,998	590,779
9. Vehicles	695,338	-	-	695,338	695,336	-	-	695,336	2	2
10.Horticulture Equipment	74,150	-	-	74,150	74,150	-	-	74,150	-	-
TOTAL	66,480,217	706,263	186,660	66,999,820	27,113,494	4,591,539	186,660	31,518,373	35,481,447	39,366,723
PREVIOUS YEAR	60,673,004	6,533,080	727,868	66,480,216	23,627,374	3,909,565	423,445	27,113,494	39,366,722	37,434,863

Schedule - 6	As On 31-Mar-03 Rs.	As On 31-Mar-02 Rs.
INVESTMENTS		
A.Public Sector Banks		
Term Deposits	5,261,753	8,030,947
B.Public Sector Financial Institution		
i. Deposits	1,350,000	12,555,000
ii. Bonds/Debentures	28,695,364	7,795,000
C. Public Sector- Companies Deposits	28,029,000	22,612,726
TOTAL	**63,336,117**	**50,993,673**

	Schedule - 7	As On 31-Mar-03 Rs.	Rs.	As On 31-Mar-02 Rs.	Rs.
	NET CURRENT ASSETS				
A.	**CURRENT ASSETS**				
1.	Interest Accrued		1,793,468		2,354,545
2.	Tax Deducted at Source		533,917		206,630
3.	Stock of Publications		235,151		310,147
4.	Cash and Bank Balances				
	Cash and Postage Imprest	6,487		10,993	
	In Scheduled Banks Current and Savings Accounts	6,255,502		11,988,781	
			6,261,989		11,999,774
5.	Recoverables				
	Project Fees Accrued	7,547,633		11,865,749	
	Fees and Others (Sch. 4)	619,500		6,01,064	
	Course and Programme Fees	201,795		-	
			8,368,928		12,468,813
6.	Debtors, Advances and Deposits		689,170		775,880
	Sub Total (A)		**17,882,625**		**28,115,789**
B.	**CURRENT LIABILITIES**				
1.	Project Fees received in advance		100,000		-
2.	Grant from RBI received in advance		300,000		300,000
3.	Creditors and Payables		6,218,091		5,806,879
4.	Refundable deposits		473,000		518,000
	Sub Total (B)		7,091,091		6,624,879
	NET CURRENT ASSETS (A-B)		**10,791,534**		**21,490,910**

Schedule - 8	Year Ended 31-Mar-03 Rs.	Year Ended 31-Mar-02 Rs.
GRANTS FROM CENTRAL GOVERNMENT		
General Support Grants		
Grant from Government of India:		
Recurring Grant	1500000	1500000
Pay Grant	13075081	14719866
TOTAL	**14575081**	**16219866**

Schedule - 9

GRANTS FROM STATE GOVERNMENTS

General Support Grants

Government of Karnataka	150000	150000
Government of Gujarat	50000	50000
Government of West Bengal	100000	100000
Government of Meghalaya	35000	35000
Government of Orissa	150000	150000
Government of Maharashtra	100000	100000
Government of Uttar Pradesh	100000	100000
Government of Punjab	100000	100000
Government of Tamil Nadu	100000	100000
Government of Assam	100000	-
Government of Nagaland	80000	80000
TOTAL	**1065000**	**965000**

Schedule - 10

SALARIES AND ALLOWANCES

Salaries and Allowances	12009219	12908251
Contribution of PF and Other Funds	1572641	2652112
Staff Benefits and Welfare	1017647	969999
EDLI & Admn.. Charges	77255	74558
TOTAL	**14676762**	**16604940**

Schedule - 11	Year Ended 31-Mar-03 Rs.	Year Ended 31-Mar-02 Rs.
OPERATIONAL EXPENSES		
Books and Periodicals	1485089	1748032
Cost of Publications	103463	172943
Course and Programme Expenses	1120992	892187
Meeting and Seminar	82612	77077
Project Expenses (Other than Sponsored)	3071037	1634974
TOTAL	**5863193**	**4525213**

Schedule - 12

ADMINISTRATIVE EXPENSES

Travelling and Conveyance	425960	449592
Rates and Taxes	714271	1377694
Water and Electricity	1622938	1983442
Printing and Stationery	576511	548178
Telephone and Postage	775756	1127766
Repairs and Maintenance - Other	2319138	2563887
Repairs and Maintenance - Building	-	815771
Car Expenses	320537	409320
Audit Fees	27875	29925
Miscellaneous Expenses	324685	172493
Legal Expenses	520652	385577
Advertisement Expenses	424155	91800
Expenses on 25th Anniversary	60000	373707
TOTAL	**8112478**	**10329152**

Schedule - 13	Year Ended 31-Mar-03 Rs.	Year Ended 31-Mar-02 Rs.
EXPENSES ON SPONSORED PROJECTS		
a. Ford Foundation Grant		
Post Doctoral Research Fellowship	-	36,900
b. London School of Economics - Fiscal Policies	-	459,731
c. i. CIDA - State / Local Fiscal Reforms	726,776	652,676
ii. CIDA - Poverty Reduction	2,827,146	1,400,309
TOTAL	**3,553,922**	**2,549,616**

Schedule - 14

EXPENSES ON ENDOWMENT CHAIRS / CELLS

RBI Chair	1,425	711,388
IDFC Chair	556,934	-
HDFC Chair	-	701,652
EEOFC - Fellowship	4,370,846	12,430,478
EEOFC - Books	303,070	69,938
TOTAL	**5,232,275**	**13,913,456**

Schedule - 15

PRIOR PERIOD & EXCEPTIONAL ITEMS

Depreciation for prior period	1,369,086	-
Depreciation written back on assets disposed off	(186,660)	-
Accrued project fees written off	1,072,417	900,000
Project fees for prior period	(207,856)	-
Royalty income on publication	(19,500)	-
Hostel & publication debtors written off	22,691	-
Sundry creditors written off	(5,179)	-
Additional Liability Fund written back	(135,000)	-
Diminution in value of Investment	939,806	-
Other prior period expenses	67,252	25,940
Other prior period incomes	(1,165)	-
TOTAL	**2,926,012**	**925,940**

Schedule - 16

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Accounting Policies

1. Accounts are drawn up generally on accural basis unless otherwise stated. Corporate Membership Fees and Interest on investment of Ford Foundation Grants are accounted for on cash basis.
2. Endowment Funds reflect grants received from various organisations for specific purposes. Interest accrued on Endowment Funds is used for specific purpose. Balance of un-utilised interest on Endowment Fund is kept in respective earmarked funds.
3. 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 Fund, thus, is equal to cost of Fixed Assets.
4. Additional Liability Fund is created out of the Project Income, 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.
5. Fixed Assets are stated at cost.
6. 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 is charged at NIL rate and on Building at the rate of 2.5% p.a. on W.D.V. Amounts written off as depreciation are funded instead of being shown as deduction from gross value of assets.
7. Long term investments are stated at cost less permanent diminution in value of investments.
8. Provident Fund and Gratuity Liability is being funded by means of contribution to separate Trust. Provision for Gratuity is made on actuarial basis however no such provision is made for Leave Encashment.
9. Books and Periodicals are charged off to revenue in the year of expenditure.
10. All foreign currency transactions have been duly accounted for in the books of accounts at the exchange rate prevailing on the date of transaction.
11. Grants received from donor agencies are initially accounted for as liability and charged to capital or revenue as per utilisation.

B. Notes on Accounts

1. Contingent Liabilities
   a. Liability in respect of cases of staff members pending in various courts - (amount is not ascertainable).
   b. Compensation to National Institute of Public Finance and Policy (NIPFP) - Provident Fund Trust consequent to embezzlement of Trust money - (amount is not ascertainable).
   c. The Institute has paid the Property Tax to Municipal Corporation of Delhi even though the matter is still being persuade for obtaining the benefit available under section 115(4) of the DMC Act. Additional property tax liability may arise in case benefit under section 115(4) is not allowed / rewarded.

2. 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.

3. Liabilities towards unutilised Grant as on 31.03.2003 amounting to Rs. 8,55,990.52 have been written off and income has been recognised against thereto as on 29.05.2003.

4. Interest received on Initial Endowment Fund, Scientific Research Fund, Government Endowment Fund and Life Membership Fund is shown as accretion to the Earmarked Funds in Schedule 3. Upon the amount being utilised to acquire fixed assets, a corresponding amount has been transferred to Capital Assets Funds.

5. Additional Liability Fund has been created out of the Project Income to meet ten percent of the additional liability arising on account of pay revision following the recommendations of the Fifth Pay Commission. To meet out the current year liability of Rs. 6,76,203/- a requisite amount has been transferred from Additional Liability Fund to Income and Expenses Statement.

6. Account balance under sundry debtors, advance, project fees receivable, sundry creditors, staff provident fund payable, gratuity payable are subject to confirmation, reconciliation and consequential adjustments.

7. Previous year figures have been rearranged / regrouped wherever considered necessary to make them comparable with the current year's figures.

Signatories to schedule to 1 to 16.

sd/-	**sd/-**	**sd/-**	**sd/-**
(H. Gautam)	**(B. K. Chakravartti)**	**(Dr. M. Govinda Rao)**	**(Dr. C. Rangarajan)**
Accounts Officer	**Secretary**	**Director**	**Chairman**

As per our report of even date

for Ajay K. Sud & Associates
Chartered Accountants

sd/-

(Krishna Kumar Singh)
Partner

Place : New Delhi
Dated : August 4, 2003