



M. Govinda Rao, Director, delivering the welcome address at the NIPFP-IMF conference on *Fiscal Policy in India*. Clockwise: Anne O' Krueger, Deputy Managing Director, IMF Washington D.C., Dr. C. Rangarajan Chairman, NIPFP and Chairman, Twelfth Finance Commission, and Mr. K.C. Pant, Deputy Chairman, Planning Commission.



Also at the above conference (front row) Mr. Montek Singh Ahluwalia and Professor T.N. Srinivasan.



Participants at the NIPFP-UNDP training programme on *Public Resource Management*, March 29 - April 2, 2004, New Delhi.



Participants of the seminar, *Rural Fiscal Development and the Role of Central Finance Commission* look at the book, *A Fiscal Domain for Panchayats*. Dr. Indira Rajaraman (extreme right) is the author.

National Institute of Public Finance & Policy

Annual Report
2003-2004



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1 Overview

The year 2003-04 marks the completion of twenty seven years of operation of National Institute of Public Finance and Policy (NIPFP) as a premier research organisation conducting research, advisory, and training activities in the field of public economics and fiscal policy. As in the past, several new projects were initiated at the instance of central and state governments, bilateral, and multilateral agencies. The year also witnessed a spurt in research output in terms of working papers by the faculty (Details at Annexure I). The faculty of NIPFP continued to make contributions as chairmen and members of various government committees/commissions, consultants and advisers to various national and international organisations. They participated and organised seminars and workshops on fiscal policy, and lectured and presented papers at seminars and conferences in India and abroad. The strength of the professional staff—permanent and visiting was augmented to meet the growing needs and activities at NIPFP.

During the year under review, ten studies were completed while another fourteen are in various stages of completion. Research work was focused on issues in expenditure control for poverty eradication; forecasting tax revenues; fiscal decentralisation and resource management; development reports for states; pollution levies and environmental management; rural and urban finances; background studies for the Twelfth Finance Commission; building Public Finance Information System; gender issues in micro finance; power sector reforms; and revenue implications/alternatives for VAT.

Faculty members at various levels participated in governmental committees and commissions to contribute to the analysis of growth potential of the Indian economy and in calibrating fiscal reforms at the centre, state, and local levels in the country. The Chairman of NIPFP, C. Rangarajan continued to chair the Twelfth Finance Commission (TFC) and D.K. Srivastava Senior Fellow at NIPFP as a member. Several other members of NIPFP staff were on deputation to TFC to give research inputs in their respective areas of expertise. M. Govinda Rao, Director NIPFP, was called upon to give policy advice to the Monitoring Committee on Fiscal Reforms Facility to the States set up by the Ministry of Finance, Government of India; Group to study the pension facilities of state governments, RBI; Training, Research, and Advisory Committee, Ministry of Rural Development; Committee to review the training of Indian Economic Service Officers, Ministry of Finance; and Steering Committee, National Health Accounts, Ministry of Health and Family Welfare. Raja Chelliah Professor of Eminence was Chairman, Tax Reforms and Revenue Augmentation

Overview

Commission, Government of Tamil Nadu. Amaresh Bagchi, Emeritus Professor, NIPFP was as in the past, member of the Prime Minister's Economic Advisory Council. Om Prakash Mathur, Principal Consultant, NIPFP continued to be Convenor, Standing Committee of State Secretaries of Stamp and Registration, Ministry of Finance. Indira Rajaraman, RBI Professor at NIPFP, is member of RBI's Advisory Committee on Short-term Liquidity Forecasting Model. Lekha Chakraborty, Senior Economist, NIPFP, was included as a member in a Committee on Budget Classification at the Ministry of Finance.

At the behest of the TFC, the NIPFP conducted a national seminar on **Issues Before the Twelfth Finance Commission**. Several papers pertaining to various aspects of state finances and centre-state financial relations were presented to facilitate the TFC in the preparation of its final recommendations. With the same objective, **Issues of ULBs Before the Commission** was discussed in a consultative meeting held at the Institute on the finances and functioning of municipalities. The NIPFP also organised a one-day seminar to discuss **Issues of Rural Fiscal Decentralisation and the Role of the Central Finance Commission** to seek the views of various state governments on the TFC's terms of reference.

Notable international seminars of the year included, **Federalism in a Globalising World: How can States Contribute to a Competitive Environment?** organised jointly with the Forum of Federations, Ottawa, Canada; a two-day conference on **Fiscal Policy in India** in collaboration with the Fiscal Affairs Department, IMF, Washington D.C.; World Bank workshop on **Practical Issues of Tax Policy and Tax Administration in Developing Countries**, as also an international workshop on **Public Resource Management** on behalf of UNDP.

A significant programme is being sponsored to NIPFP by the World Bank on **Capacity Building for Budgetary Analysis at the State Level**. The first of a series of workshops was conducted at Bangalore for media persons of the southern states. The Institute undertook to conduct a three-week training programme **Public Finance and Indian Financial System** for the probationers of Indian Audits and Accounts Service.

In view of the growing number of projects and seminars being undertaken by NIPFP, the strengthening of the professional ranks became inevitable. Navroz Dubash joined the Institute as IDFC Chair Professor, and Kala Seetharam Sridhar and Surender Kumar as Fellows, while Subrata Mandal and Mukesh Kumar Anand were promoted to Senior Economists. Three Economists, namely, Manish Gupta, Simanti Bandopadhyay, and Mita Choudhury joined the NIPFP during the year under review. Siva Chidambaram was appointed as Senior Library and Information Officer, and S.D. Mudliar is on deputation to the Institute as a Senior Accounts Officer.

Arindam Das-Gupta, Professor, Goa Institute of Management, visited NIPFP as Principal Consultant for over a month during September-October. Albert Breton, Emeritus Professor,

Research Activities

University of Toronto visited the Institute during February-March, 2004. Gopinath Pradhan, Professor at IGNOU is Visiting Fellow since September 5, 2003. Ujjaini Dutta from the Directorate of Commercial Taxes, West Bengal, is associated with the Institute for a year, w.e.f. August 2003.

The Governing Body of NIPFP (list at Annexure II) under the chairmanship of C. Rangarajan met twice during the year to discuss vital issues, besides the routine functioning of administration and accounts of NIPFP.

2 Research Activities

STATE FINANCES UNIT (SFU)

As in the past, the Institute completed some projects undertaken during the previous years while initiating some new ones. Themes of studies completed or underway are outlined below.

COMPLETED STUDIES

- **Public Expenditure for the Poor in Andhra Pradesh** (February 2004) Tapas K. Sen and Diwan Chand

DFID, India sponsored this study to examine the recent trends in government expenditure with respect to those directly aimed at poverty alleviation, economic growth in general, and indirect poverty alleviation and expenditures on general services. The study found no radical change in the allocation to these three types of expenditure over the four-year period 2000-2004. There was, however, some evidence of general services gradually claiming a greater share mainly at the cost of the more growth-oriented public expenditures.

ON-GOING STUDIES

- **Capacity Building in Budgetary Analyses at the State Level** Tapas K. Sen and Saumen Chattopadhyay*

This programme is essentially aimed at improving the quality of, and broadbasing the discussion on the finances of states in India. Sponsored by the World Bank, it includes both academics (from state level universities/research organisations) and media persons as target groups. For media persons, two regional workshops, one for the southern and another for the northern states on various aspects of state finances were planned, out of

* Replaced by Pinaki Chakraborty, consequent upon Saumen Chattopadhyay going on long leave.

Research Activities

which the first was held in Bangalore in collaboration with the Institute of Social and Economic Change in November, 2003. The second workshop is planned for June, 2004, in Chandigarh. Selection of proposals on papers to be written in the broad area of state finances and to be financially supported by NIPFP has also been made. The authors have started working on their respective papers. A technical workshop on the works-in-progress is to be held at NIPFP in May, 2004.

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

This data bank on state government finances has been expanded to include a larger set of variables from different sources, while limiting some of the data series to a shorter period than before, mainly to maintain authenticity of the data. Some other data pertaining to state economies are being organised to be maintained alongwith the budgetary data. The possibility of obtaining more information from external sources is also being explored.

The head and in-charge of the State Finance Unit was Tapas K. Sen. Others associated with the unit were: Sauman Chattopadhyay, Pinaki Chakraborty, Navin K. Singh, Diwan Chand, and Geeta Bhatnagar.

HOUSING AND URBAN ECONOMICS UNIT (HUEU)

The Housing and Urban Economics Unit continued to be occupied with the co-ordination and completion of studies sponsored by the UNDP research programme and the Twelfth Finance Commission.

COMPLETED STUDIES

The UNDP studies comprised:

- Urban Water Pricing: Setting the State for Reforms
- Financing Municipal Services: Reaching Out To Capital Markets
- Urban Water Supplying Entities: Getting Regulatory Frameworks To Work

Of these, the first two studies were completed and submitted to the UNDP and the Ministry of Finance. Draft of the study on Urban Water Pricing was presented at a regional workshop on **Pro-Poor and Sustainable Urban Water and Wastewater Management**, held under the joint auspices of the UNESCAP, IDFC, and NIPFP in December, 2003.

Following the completion of the studies, the UNDP endowed a grant of Rs. 30,75,000 to hold a retreat for the State Ministers of Urban Development, and workshops for the senior functionaries of state governments concerned with urban development and municipal finances. These activities are proposed to be held between June-September, 2004.

Important activities of this unit included a consultation meeting of State Secretaries on the

Research Activities

*Approach to Article 208(3)(c); and an expert group meeting on **Developing an Urban Agenda: Infrastructure Investment in Cities**. The unit also organised a book release function on behalf of 'Best Practices Foundation', Bangalore for a book entitled, **Changing Frontiers: the Peri-Urban Interface, Hubli-Dharwad, India**.*

ON-GOING STUDIES

• **Study for the Twelfth Finance Commission** (in progress) *Om Prakash Mathur*

The Twelfth Finance Commission (TFC) commissioned the NIPFP to carry out a study on two aspects of the finances of urban local bodies, viz:

- a study of the best performing states with a view to understand the factors that have contributed to their success and how far they can be replicated in other states; and
- a comparative study of the impact of the SFCs recommendations on state finances and measures needed to augment the consolidated funds accordingly.

Field work connected with this study was undertaken during the months of August-November 2003, and preliminary findings of the study were presented at a seminar organised by the TFC and the Indian Institute of Public Administration (IIPA) in December, 2003. The report of this study is expected to be submitted in April, 2004.

• **Alternatives to Octroi** (final report in progress) *Om Prakash Mathur*

Following a decision by the Government of Punjab to abolish octroi, it has entrusted to NIPFP a study on alternatives to octroi. An interim report of the study was submitted in October, 2003.

The Unit was led by Om Prakash Mathur. Research assistance was given by Ajay K. Halen, Sandeep Thakur, Sarika Chaturvedi, Aradhana Srivastava, and Aditi Wadhwa.

ENVIRONMENTAL POLICY CELL (EPC)

COMPLETED STUDIES

• **A Proposal to Levy Taxes on Polluting Inputs and Outputs and Pollution Charges on Certain Monitorable Emissions** *Raja. J. Chelliah, U. Sankar, Paul P. Appasamy, Rita Pandey*

Environmental taxes on inputs and outputs are a useful instrument in dealing with externalities in the form of social costs. The advantage of the environmental taxes/charges are that they not only help in achieving improvement in environmental quality but also generate additional revenues which could be used for environmental improvement. Issues in the design of the taxes are evaluation of the trade-off between environmental and other goals, choice of the tax base, consideration of existing distortions in prices and taxes, the basis for determination of tax rates, phasing of taxes, incentives for compliance, and earmarking of funds for environmental protection.

This research report undertakes a study of 8 industries, namely: coal, automobiles, phosphate based detergents, chlorine in paper pulp and rayon industries, pesticides, fertilisers, lead acid batteries, and plastics and proposes a tax scheme for each of these industries. Each industry chapter covers background of the industry, its environmental problems and coverage in the tax net, determination of the tax base and tax rate, the manner in which the tax is to be included in our tax system, the use of revenues, and the likely effects.

ON-GOING STUDIES

• **Integrated Natural Resource Development and Poverty Reduction Projection: Haryana** *Gopinath Pradhan, Subrata Mandal, Manish Gupta*

This study aims to construct a village level social accounting matrix (SAM) to examine the multidimensional impact of forest on poverty alleviation. It is proposed to be carried out in two villages, located in the Aravallis and Shivalik regions of Haryana that are among the sites selected by Japan Bank of International Cooperation (JBIC) for intervention to initiate forest resource development plan. The major task before the study is to focus on the social and environmental dimensions such as poverty reduction, economic impact, environment improvement, and ecological system, based on the broad data available and field survey of these villages. Moreover, it intends to have a component of capacity building training module that will help impart lessons to resource persons involved in implementation of future projects for enhancing the poverty reduction effect.

• **Planning for Sustainable Forest Management: An Environment Integrated Social Accounting Matrix Approach** *Gopinath Pradhan*

The proposed project aims at assessing the impact of village economy's direct and indirect demand on the forest resource. Thus, environmental concerns such as deforestation and land degradation caused by the economic activities in the village will be analysed in the framework of a level social accounting matrix (SAM).

At NIPFP, environment related research was carried out by Rita Pandey, Gopinath Pradhan, Surender Kumar, and Subrata Mandal.

Three papers authored by Surender Kumar, namely, "Productivity and Profitability Changes in the U.S. Electric Power Plants during SO₂ Trading Regime"; "Analysing Industrial Water Demand in India: An Input Distance Function Approach"; and "Resource Use Efficiency of US Electricity Generating Plants during the SO₂ Trading Regime: A Distance Function Approach" were brought out as Working Papers of NIPFP. The latter two have been accepted for presentation at an international conference of the International Society of Ecological Economics at Montreal, Canada.

RESERVE BANK OF INDIA (RBI) UNIT

ON-GOING STUDIES

• **Restructuring Public Finances of Tripura** *Indira Rajaraman, Lekha Chakraborty, Deepti Jain (Draft report completed: March 2004)*

The report begins with the immediate concern of Tripura, which is that of satisfying the single monitorable indicator for securing the fiscal incentive prescribed by the EFC, and suggests an alternative configuration of the criterion for the special category states, under which Tripura does qualify for the fiscal incentive for 2000-01. However, even this criterion is threatened, if the worsening of fiscal indicators in the last five years continues into the future. A fiscal reform programme (FRP) is therefore called for urgently, aligned with a fiscal responsibility bill. Fiscal reform is proposed in two phases. The first phase ends in 2004-05 (the last year of the EFC award period). The second phase of reform starts with the coming into operation of the *Fiscal Responsibility Bill* on 1 April, 2005, and ends on 31 March, 2010. The targeted indicators are RD/RR and debt/GSDP. The *Bill* targets reduction of debt/GSDP to 33 percent by the close of 2009-10. Annual path limits on the revenue deficit are specified in the form of two options. The choice between these options has to rest with the state government. The report also examines the debt swap scheme of the Government of India (GoI), in which Tripura has been a participant, which was designed to lower the interest bill of participating states, by retiring high cost debt against proceeds from additional market borrowings and loans against small savings. Only two of the parameters governing the interest gain from the debt swap scheme can be characterised as policy parameters, and both are under the control of GoI. The gain from the scheme, under the policy parameters as presently defined, are shown to be very limited. Even with a change in these policy parameters, the gain from the debt swap scheme could amount at best to around two percent of the interest bill. Since the interest bill in Tripura accounts for only 15 percent of revenue expenditure, fiscal restructuring efforts have to be focused largely on non-interest expenditure, and on own revenue, both of which do fall entirely within the control of the state. The report examines own revenue performance, and suggests ways by which the impressive gains recorded in recent years can be sustained into the future. Finally, the report examines the power sector, which is a departmental enterprise in Tripura, and nineteen other non-departmental PSUs. The accumulated losses of these PSUs aggregated to 302 crore (excluding the power sector) by 2002-03. Each PSU is examined individually and reform measures suggested including, but not confined to, manpower reduction. The practice of extending budgetary cover for PSU losses through incremental contributions to share capital from the capital account of the state budget has been explicitly banned in the *Fiscal Responsibility Bill*. All cover for PSU losses will henceforth have to be

included in revenue expenditure, and will therefore be subject to the controls on the revenue imbalance worked into the *Bill*.

The RBI Unit also produced three working papers at the Institute, namely, "Fiscal Restructuring in the Context of Trade Reform"; "Revenue Incentives at the Third Tier"; and "Fiscal Developments and Outlook in India".

The Unit was headed by Indira Rajaraman. She was assisted by Deepti Jain.

OTHER STUDIES

COMPLETED STUDIES

- **Rural Fiscal Decentralisation in Karnataka State** M. Govinda Rao, H.K. Amar Nath, B.P. Vani (Draft report : April, 2003).

The project was sponsored by the World Bank and was carried out in collaboration with the Institute for Social and Economic Change, Bangalore.

A major shortcoming in Indian fiscal literature is the lack of attention to fiscal issues at local levels, particularly in rural areas. Much of the literature on fiscal decentralisation is focused on fiscal arrangements between the centre and the states. Very little is known about public finances of *Panchayati Raj* institutions and fiscal relationship between state and *Panchayati Raj* institutions at district, block, and village levels. The few studies that look at these issues are descriptive and impressionistic and are not based on reliable data.

This study is an attempt to undertake a comprehensive analysis of sub-state rural fiscal decentralisation and *Panchayat* finances in Karnataka. It critically examines the delegation of functions in terms of various schemes and recommends reform options in consolidating the schemes. The analysis also shows virtual non-existence of fiscal autonomy at district and block levels. The analysis of own revenues, expenditures and transfers at the village level, based on the primary data collected from 636 village *panchayats* brings out very interesting insights. The study makes a number of reform proposals to enhance own revenues, redesign transfers and improve efficiency of expenditures.

- **India: Fiscal Reform for Poverty Reduction** (March, 2004) D.K. Srivastava, S.K. Sanyal, C. Bhujanga Rao, Pinaki Chakraborty.

This study was sponsored by the Canadian High Commission under CIDA's Social and Economic Transformation Project. The study aimed at creating and promoting sustained reduction in poverty levels in India by improving the efficacy of fiscal policies in the provision of vital social and economic services, in terms of their impact on poverty reduction. In this study, poverty has been viewed in a comprehensive sense, involving not only income or nutritional thresholds but also issues of access to services like education, health, water, and security. With increasing globalisation of the Indian economy, and greater reliance on

market forces, fiscal intervention becomes critical for combating trends towards increasing spatial concentration of poverty. The study has examined poverty issues in India focusing on four high poverty-incidence states, viz., Uttar Pradesh, Madhya Pradesh, Uttaranchal, and Chhattisgarh, where an extensive primary survey was undertaken canvassing household level and village level questionnaires. Although the incidence of poverty in India, measured by the head count ratio, has fallen by about 30 percentage points during the last 30 years, it has become regionally more concentrated and urbanised, and in all the four states studied, more than 40 percent of the poor were found to be below 18 years of age. Gender discrimination, in terms of sex ratio and female literacy rate, is significant and in some cases rises as the incomes of the poor increase. New policy initiatives are needed to address this problem. The system of centrally sponsored schemes needs to be overhauled and involvement of *Panchayati Raj* institutions in implementing these schemes should increase substantially. The study calls for focus on employment generation schemes, better targeted fiscal intervention, and emphasis on health and education as long term antidotes to poverty.

- **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, 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 (PNRs) of VAT, and computation of PNRs 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 PNR of VAT.

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

This is a revised version (May 2004) of the paper brought out in November 2003. Revision was mainly done to include one more year (2002-03) of data (which were not available in Nov. 2003). Loglinear models for corporate tax (CT) and for income tax (IT) have been estimated. The main results are that:

- MAT (minimum alternate tax) scheme did not produce any significant effect on CT; and
- VDIS (voluntary disclosure of income scheme) did not produce significant effect on IT.

Actual and estimated values of CT and IT have been compared and simulated forecasts obtained for 2003-04 and 2004-05.

• **Revenue Implications and Economic Impact of Introduction of VAT in Assam** *M.C. Purohit, Gautam Naresh, Ajay K. Halen (June 2003)*

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 poor revenue 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 the 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 impacts on several macroeconomic variables.

• **A Study of State Fiscal Reforms in Manipur: Supplementary Report** *(September 2003)*
Saumen Chattopadhyay and E. Bijoy Kumar Singh

The supplementary report on Manipur State Finances has made specific recommendations towards improving the fiscal management in Manipur. The recommendations included, *inter alia*, formation of an aid management cell, lifting of prohibition, specific power sector reforms, and steps towards rationalisation and compression of expenditure. The perennial liquidity crunch compels the state to divert funds allocated under various central plan schemes and the schemes sponsored by the Department of Development, North-eastern Region to meet the committed expenditures. The state gets much less than the sanctioned amount as it is unable to allocate counterpart funds required for various centrally sponsored schemes and produce utilisation certificates. The report contains a detailed analysis of central transfers so as to find ways to maximise the volume of transfers and improve the utilisation rate. The state stands to gain considerably from undertaking fiscal reforms, however, the most important reform that is needed to tackle both revenue productivity and deficiency in public expenditure is that of governance.

• **Inputs towards the Memorandum to the Twelfth Finance Commission of the Government of Chhattisgarh** *Kavita Rao*

The report sought to highlight the features special to the state of Chhattisgarh, which have an adverse impact on its finance, by way of higher cost of delivery of services and/or lower realisations in the form of tax and non-tax revenue. A principal feature of the state that contributes adversely in this manner is the forest cover. The state is expected to protect and conserve the forests in the larger interest of the country. This process involves not only a direct cost of conservation, but also an indirect cost in terms of poorer resource use, lower incomes, and hence lower tax as well as non-tax realisations. On the other hand, lower density of population implies higher costs of providing basic services to the population. A basis for correction for this disability was proposed. Another interesting feature of the report is exploring alternative approaches for disbursing allocations towards calamity relief, where a case was made for increased emphasis on drought as a calamity and a re-think proposed, on the basis for allocation of this amount among the states, with greater emphasis on drought proneness, however it be measured.

ON-GOING STUDIES

• **Assam Governance and Public Resource Management Programme** *M. Govinda Rao, R. Kavita Rao, P. R. Jena*

The project was initiated in December 2003 by the Asian Development Bank in which NIPFP is a principal partner alongwith Pricewaterhouse Coopers.

The objective of the project is to prepare Assam Governance and Public Resource Management Programme to help the Government of Assam design reforms in the area of resource management and governance and strengthen its capacity to implement them. The project is focused on fiscal reforms that include improvement in resource mobilisation, public expenditure management reforms to strengthen fiscal discipline, debt management, and budgetary reforms, as also improvement in governance and public management to introduce cost-effectiveness and sustainability of reforms. Fiscal reforms are critical to accelerating growth, reducing poverty and achieve the millennium development goals of human development and gender equity.

• **State Development Report of Andaman & Nicobar Islands** *Pawan Kr. Aggarwal, Rita Pandey, Mukesh Kumar Anand*

The objectives of the report are:

- to analyse the current status of the various economic and social sectors—agriculture, industry, forestry, services, education, health—and the existing trends and issues;
- identification of key growth sectors/activities; and

- formulation of policies and programmes necessary to achieve the desired targets.
- **State Development Report: Sikkim** Saumen Chattopadhyay, Anuradha Bhasin, Simanti Bandopadhyay

The study sponsored by the Planning Commission intends to delve into all the developmental issues of the state. Secondary data will be used for the analyses. The objective of the report is to come up with constructive recommendations for further development of the state.

- **Gender Microfinance in India : NIPFP-NIBM** Lekha S. Chabrabarty

This study aims at the diagnosis of existing degree of gender-inequality in India through gender-segregation of relevant macrodata, quantification of existing non-SNA (System of National Accounts) unpaid work of women and identification of policy alternatives to formulate a gender-sensitive national budgeting process.

- **Background paper on Financing for Human Development for the Second Karnataka Human Development Report** M. Govinda Rao and Miita Choudhury

This paper will provide an overview of public investment in social sectors in the state of Karnataka and analyse the progress of human development attainments in the state in the light of the resources allocated. It will also examine the possibility of the state of Karnataka meeting the human development targets set out in the *Tenth Five Year Plan* and *Millennium Development Goals* keeping in view the resources allocated in the past. Resource gaps, if any, in meeting these national and international goals of human development would be analysed and options available for financing these gaps would be identified keeping in view the fiscal situation in the state.

- **Electricity Sector Governance** avroz K. Dubash

This project will develop indicators of good governance for the electricity sector that span legislative, executive, and regulatory processes. The indicators will be tested in four Asian countries, and the results will be disseminated to international agencies, governments, regulators, and the civil society. The project is being carried out in collaboration with the World Resources Institute (USA) and PRAYAS-Pune.

3 Seminars and Conferences

- Seminar on **Federalism in a Globalising World** organised jointly by NIPFP and the Forum of Federations, Canada, New Delhi, August 3-4, 2003.

How to get India's federalism to respond positively to the needs of a globalising world, was the theme of this conference. Besides the faculty of NIPFP, participants included Albert Breton of Canada, a leading exponent of competitive federalism, and scholars from Brazil, Germany, and Canada. There were country papers presented each on the operation of federalism in India, Canada, Brazil, and Germany. C. Rangarajan, Chairman, NIPFP and Chairman Twelfth Finance Commission (TFC), gave the inaugural address. The Indian trends in federalism under globalisation were presented by M. Govinda Rao, Director, NIPFP. It focused on the impact of globalisation on the competitive ability of sub-national governments, their response, if any, to the merging challenges, and how their action/inaction has held up the implementation of fiscal reforms started in early 1990s. The last session had a presentation by O.P. Mathur on the response of Urban Local Government (ULGs) in India to the challenges of globalisation. The focus of the presentation was an assessment on how far ULGs have been able to improve their competitive efficiency and productivity.

- Seminar on **Rural Fiscal Decentralisation and the Role of Central Finance Commission**, NIPFP, September 3, 2003.

At the behest of the Ministry of Rural Development, Government of India, a one-day seminar was organised at NIPFP on **Issues of Rural Fiscal Decentralisation and the Role of the Central Finance Commission**. The objective of the seminar was to seek the views of various state governments on the Finance Commission's terms of reference (ToR) regarding rural fiscal decentralisation. The seminar was inaugurated by M. Shankar, Secretary, Ministry of Rural Development, Government of India. M. Govinda Rao, Director, NIPFP, presented the background paper. Presentations were made by Indira Rajaraman, RBI, Chair Professor at the Institute, representatives of state governments, and NGOs. S.P. Rana, Additional Secretary, Ministry of Rural Development chaired the main session. The specific issues discussed dealt with the ToR of the Finance Commission, namely, 'the measures needed to augment the consolidated fund of a state to supplement the resources of the Panchayats in the state on the basis of the recommendations made by the Finance Commission of a state.' The discussion brought out the need for adopting a simple though an objective formula, which would provide incentives to the states to further the cause of the decentralisation process.

- Seminar on **Issues of ULBs before the Commission**, NIPFP, September 23, 2003
- This was a consultative meeting on the **Finances and Functioning of Municipalities**

regarding their issues of discussion with the TFC. After the welcome address by the Director, NIPFP, and inaugural address by the Chairman, TFC, T.R. Prasad, Member, Planning Commission spoke about the role of the TFC in addressing issues relating to ULBs. State Secretaries for Urban Development and Municipal Commissioners spoke regarding various initiatives for improving the finances, services, and management of municipalities. The seminar ended with concluding observations by O.P. Mathur.

- Seminar on **Issues Before the Twelfth Finance Commission** New Delhi, September 29-30, 2003.

Several papers were presented at the conference pertaining to various aspects of state finances and centre-state financial relations, relevant for the Twelfth Finance Commission (TFC) to consider. The welcome note came from by M. Govinda Rao, Vijay Kelkar gave the keynote address, and C. Rangarajan, Chairman, TFC, delivered the inaugural address. A large number of academic researchers and policymakers attended the conference, besides those from the Finance Commission and NIPFP faculty.

- First of a series of workshops on **Capacity Building for Budgetary Analysis at the State Level** for media persons of the Southern States, Bangalore, November 29-30, 2003.

This programme aims at better analyses and coverage of the state budgets in the media and by local researchers. To accomplish this, a series of workshops for media persons and for researchers in the state-level universities, colleges, and institutions have been planned, with the first one organised at ISEC, Bangalore. While another two regional workshops are planned for media persons (from selected states), two more are planned at Delhi for the researchers, to be attended by media persons.

- Conference on **Fiscal Policy in India** organised in collaboration with the International Monetary Fund (IMF), Washington D.C., January 16-17, 2004.

The objective of the conference was to provide persuasive arguments to why India should attach high priority to addressing its severe fiscal imbalance. The conference was inaugurated by K.C. Pant, Deputy Chairman, Planning Commission. C. Rangarajan, Chairman NIPFP and Chairman Twelfth Finance Commission presided over the opening session which focused on an introduction on issues of fiscal policy in the context of open capital market. M. Govinda Rao welcomed the participants and Anne O. Krueger, the first Deputy Managing Director of IMF gave introductory remarks. Presentations were made by experts from India and the U.S. Key participants included eminent economists and policymakers, such as Vijay Kelkar, Raja J. Chelliah, Montek Singh Ahluwalia, Teresa Ter-Minassian and representatives of the World Bank, ICICI, IDFC and members of the NIPFP and IMF faculty.

4 Training Programmes

The NIPFP conducted the following training programmes during 2003-04.

Public Finance and Indian Financial System, a training programme for the probationers of Indian Audit and Accounts Services during February, 9-27, 2004. The three-week programme was inaugurated by A.L. Ganapathy and the valedictory session was presided over by Ashok Lahiri. The course, organised in the Institute premises at the behest of the National Academy of Audit and Accounts, Shimla, had 15 participants. The objective of the programme was to train the Indian Audit and Accounts Service probationers in the specific area of public finance.

Workshop on **Practical Issues of Tax Policy and Tax Administration in Developing Countries**, organised jointly by the World Bank Public Sector Group and NIPFP, New Delhi, March 22-25, 2004.

The workshop was an attempt to build on the previous World Bank work on tax policy and administration in developing countries, and addressed key issues in tax reform, such as:

- Tax reformers face constant pressure to keep the tax system simple. What does this mean for policy design and administrative reform?
- When does a VAT work efficiently in a developing country? How can the conflict between broadening the tax base of VAT and reducing regressive elements of the tax be solved?
- How should a tax system respond to the situation on special sectors of the economy, such as agriculture and small businesses?
- How should administrative reforms complement tax policy reform?
- What are the key trends in tax administration reform?

Public Resource Management, a weeklong UNDP-NIPFP collaborated training programme was organised at the Institute during March 30-April 3, 2004. The purpose was to enable the UNDP provide guidance to governments implementing fiscal reforms and to bring about a pro-poor perspective. The resource persons for the training included faculty from NIPFP as also from the UNDP. There were 15 participants with appropriate expertise nominated by the country offices of UNDP.

Besides the above, the Institute organised nine (9) in-house seminars during the year presented by scholars and economists, from India and abroad. Notable speakers among these were: Shama Gamkhar, from the University of Texas; Andrew Sharpe from the Centre for the Study of Living Standards, Ottawa; A. Premchand, retired senior official from the IMF; and Lawrence C. Walters from Lincoln Institute of Land Policy, Cambridge, USA (Detailed list at Annexure III).

5 NIPFP Publications

In fulfillment of its objective to disseminate information on public finance and policy by undertaking publication of its research work, the NIPFP Publication Unit produced 15 working papers during 2003-04. (complete details at Annexure I).

A bi-annual newsletter of the Institute was resumed in January 2004. The newsletter focuses on the academic activities of the faculty at NIPFP. The main findings of the completed projects, and the projects initiated are also discussed (can be downloaded from NIPFP website <http://www.nipfp.org.in>).

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

6 Library Services

The library has been strengthened with the joining of Siva Chidambaram as Senior Library and Information Officer. The library has been playing a significant role in providing research support to NIPFP researchers as well as scholars and students from India and abroad who come to refer it from time to time. A total of 1,361 external research scholars and officials visited the library to consult around 37,638 documents, 1,478 working papers, and 4902 bound volumes of journals.

COLLECTION DEVELOPMENT

The library received around 700 new documents and 564 working papers, during 2003-04. Efforts are continuously being made to collect *State Budget Documents*, *Appropriation Accounts*, *Finance Accounts* and *Reports of the CAG* from various states. These government documents are, in fact, a unique collection of the NIPFP library.

Acquisition of Working Papers : Working papers carry latest developments in research at various institutions. The library received working papers from various national and international organisations, such as London School of Economics, the World Bank, IMF, NBER, Institute of Economic Development (Boston University), and Institute for Fiscal Studies (London). These have been accessed separately, and a list of working papers will henceforth be compiled on a monthly basis and distributed through e-mail.

Periodicals : The library subscribed to 164 journals. Of these, 100 journals are international, while the remaining 64 are Indian journals. In addition, the library received about 70 journals

on *gratis* basis. Ten Indian newspapers are also subscribed to.

DIGITAL RESOURCES

The library received microfiches of the 21 journals in electronic format of the volume brought out during the last 10 years. The microfiches are accessed with the 2 microfiche readers in the library. CD-ROM databases that include *Econlit* (1986-2003), *Journal of Economic Literature*, *Journal of Economic Perspectives*, *American Economic Review* were also received.

LIBRARY SERVICES

The library automation is an ongoing process carried out by using *LibSys* integrated library software. Library catalogue can be accessed through OPAC (On-line Public Access Catalogue) through LAN. Apart from this, the library provides reference service, literature service, and current awareness service electronically by e-mail as given below:

Current Content Services: This is a compilation of the *Title of Content* pages (ToC) from periodicals received in the library and published on monthly basis and disseminated through e-mail.

New Additions: This list contains bibliographic details of all documents added to the library during the month.

CURRENT INFORMATION BULLETIN:

This is a bibliography index service compiled with press clippings from various newspapers and journal articles, which are not included in the *Econlit* and specifically in the Indian journals. This is published on a monthly basis.

Budget Special: It covers articles pertaining to pre-and-post-budget analyses during the period of Budget session.

INTER LIBRARY LOAN

The library received 50 documents from various libraries for the use of NIPFP faculty and 97 documents were lent out to the various institutional libraries in Delhi. For document delivery system, the library has membership to the DELNET (Developing Library Network Delhi).

REPROGRAPHIC SERVICE

Approximately 15,000 photocopies were reproduced every month. This service was also provided to the researchers of other Institutes.

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LIBRARY COLLECTION

	TOTAL COLLECTION	PREVIOUS COLLECTION	2003-2004
Books	37638	36945	693
Working Papers	1478	914	564
Bound Journals	4902	4635	267

7 Computer Unit

The Computer Unit gave vital support service to researchers as well as other supporting functional units of the Institute, viz. accounts, administration, auditorium, library and publications. The computer system of the Institute comprise 7 servers, 89 pentium – II/III/ Celeron/IV PCs, 8 laptops, and 31 printers including 3 heavy-duty HP LaserJet 5Si LAN connected printers. The server network is being maintained by *M/s Paramarsh Systems* while the computer staff provides the maintenance of computer hardware.

The institute's internet facility (nipfp.org.in), as also its website is supported by a leased line from MTNL. The NIPFP website is under the address <http://www.nipfp.org.in> through the Institute's own server domain. The management of the website is being looked after by a committee. The website highlights the objectives and main activities of the institute, indicating research interests of the NIPFP faculty along with their detailed CVs, and provides lists of publications, working papers, and major reports produced by the Institute.

Databank development is an ongoing activity at the Institute.

Technical support is given to the Institute's library with the softwares *LIBSYS* and *Econolit* and with *EX Accounts* software to the Accounts Section.

Navin K Singh, EDP Manager, is the overall Incharge of the Computer Unit. He is assisted by Jagdish P. Arya, and Anil K. Sharma.

8 Highlights of Faculty Activities

Besides attending to their primary responsibilities at the Institute, the professional staff of NIPFP continued to participate in wide ranging activities, both in India and abroad. They rendered research and advisory services to governments, academic, and other professional bodies, delivered lectures, and participated in seminars and symposia. Highlights of the academic and related activities of individual members of the staff are noted below. Details pertaining to their publications are recorded at Annexure V.

• **C. Rangarajan**, Chairman, NIPFP, continued to serve as Chairman of the Twelfth Finance Commission (TFC). Apart from his involvement in these two professional bodies, he gave lectures at diverse venues. He delivered inaugural addresses on: "Government Accounting System and Good Governance" at an international seminar organised by the Comptroller-General of Accounts, New Delhi; "Issues Before the Twelfth Finance Commission" at the NIPFP-TFC conference with the same title; and "Fiscal Federalism: Some Current Concerns" at the international seminar organised by the Centre for Federal Studies, Hamdard University, New Delhi. In addition to these, he gave Justice Konda Madhava Reddy Memorial Lecture on "Globalisation and Challenges Before India" at Hyderabad; Kale Memorial Lecture on "Challenges for Monetary Policy" at Gokhale Institute of Politics and Economics, Pune; a convocation address at Nagarjuna University, Guntur; and a lecture at Fortune Institute of International Business at New Delhi.

C. Rangarajan's publication, *Select Essays on Indian Economy* was brought out in two volumes; he wrote several articles in journals and newspapers of repute.

• **M. Govinda Rao**, Director and Chief Executive Officer of NIPFP presented relevant reports pertaining to the administrative and academic activities of the Institute as also the achievements and targets set for its future in Governing/General Body meetings. He actively liaised with senior government officials and sent fresh proposals for studies to various agencies national and international.

During the year 2003-04, his study, **Rural Fiscal Decentralisation in Karnataka State**, initiated at ISEC, Bangalore, was completed. He is currently engaged in the study of, **Assam Governance and Public Resource Management Programme** for the Government of Assam. In terms of committee work in policy advisory capacity, he held membership of: Steering Committee of South Asia Network of Economic Research Institutes (SANEI), New Delhi; Monitoring Committee on States' Fiscal Reforms; Board of Governors, Madras School of Economics, Chennai; Revenue Reforms Commission, Government of Karnataka, Bangalore; Southern Area Local Board of RBI, Group to Study the Pension Liabilities of

State Governments, also at RBI; Training, Research and Advisory Committee, Ministry of Rural Development; Advisory Group on Economic Policy, Rajiv Gandhi Foundation Institute for Contemporary Studies; Committee to review the training of Indian Economic Service Officers, Ministry of Finance; Advisory Committee to the ADB sponsored technical Assistance Project on Policy Research Networking to strengthen policy reforms. Besides these, he was Trustee, Board of Trustees and Member, Executive Committee, Centre for Interdisciplinary Studies in Environment and Development, ISEC, Bangalore; and Advisory Editor, The (Oxford) Companion to Economics in India, OUP, New Delhi.

M.G. Rao was invited by various forums in India and abroad to deliver lectures or theme papers, make presentations or keynote addresses and to act discussant or chair seminar sessions. Notable among these included participants in: Sri Lankan delegation of Southern Provincial Counsellors at NIPFP; National Academy of Audit and Accounts; international seminar of Controller General of Accounts in association with the World Bank; NIPFP-Forum of Federations, Ottawa Conference; both at IHC, New Delhi; National Academy of Customs and Narcotics, Faridabad; Fifth Annual Conference of SANEI at Colombo; NIPFP organised seminar for Ministry of Rural Development New Delhi; Annual Bank Conference in **Development Economics** (ABCDE) at Bangalore; **World Bank Development Debates Workshop** at Addis Ababa, Ethiopia; Interactive workshop on **Cash Management** at RBI, Mumbai; NIPFP-ISEC first workshop on **Capacity Building for Budgetary Analysis at the State Level**, Bangalore; SAR meeting on **Gender Budgeting** by UNIFEM at Mumbai; NIPFP-IMF conference **Fiscal Policy in India**, at New Delhi; NIPFP-World Bank seminar on **Practical Issues of Tax Policy and Tax Administration in Developing Countries, New Delhi**; NIPFP-UNDP workshop on **Public Resources Management**; conference of **Indian Policy Reform** at NCAER, New Delhi; and NIPFP organised training programme for probationers of Audit and Accounts Service at the Institute.

Some of his papers that came up for presentation outside the country were: "Fiscal Federalism in India: Trends and Reform Issues" at **Asian Development Conference: Development and Decentralisation in Asia** at Japan; "Changing Contours of Federal Fiscal Arrangements in India" at a symposium on **Fiscal Decentralisation in Asia: Revisited** at Hitotsubashi, University, Japan; Environmental Federalism in India, in a workshop on **Environmental Policies and Governance in Decentralised Governmental System** at Cogue, Italy during 11-12 May, 2003. Besides, he presented the case study on India at a consultation meeting on **Gender Responsive Budgets Programme** at New York, U.S.

M. Govinda Rao initiated and successfully conducted on behalf of NIPFP a two-day conference on **Fiscal Policy in India** in collaboration with IMF; seminar for the World Bank (Staff in SAR and EAP regions) on **Practical Issues of Tax Policy and Tax Administration**

in Developing Countries; and a workshop on **Public Resource Management** for UNDP, all three at New Delhi.

The year saw him publish two articles in U.K based publications, in addition to one in an OUP released conference volume in India. Two of his essays were published by leading journals. He contributed several research - based articles in the newspapers of India.

• **Raja J. Chelliah**, Professor of Eminence at NIPFP and Chairman, Madras School of Economics (MSE), continued to head the Expert Committee on Environmental Economics: World Bank Aided India: Environmental Management Capacity Building Technical Assistance Project until June, 2003. He also held the chairmanship of International Tax Academy; Tax Reforms and Revenue Augmentation Commission, Govt. of Tamil Nadu; as also the membership of National Advisory Committee for the 86th Annual Convention of Indian Economic Association; and Board of Trustees, Ranganathan Centre for Information Studies.

He was the team leader of the joint NIPFP-MSE project, **A Proposal to Levy Taxes on Pollution Inputs and Outputs**, of which the final draft report has been submitted to the Ministry of Environment and Forests.

As in the past, Raja Chelliah presided and delivered keynote, inaugural, and special addresses at diverse venues: Madras Management Association, Chennai; World Bank workshop on **India: Sustaining Reform, Reducing Poverty**; National Executive Board meeting of American Chamber of Commerce in India (Tamil Nadu Chapter); and at the City Union Bank Centenary Celebrations at Chennai. He delivered a lecture on the occasion of **Swarna Jayanthi Mahotsav of the Peetarohanam** of His Holiness, Jagadguru Pujyasri Jayendra Saraswathi Sankaracharya Swamigal on March 14, 2004.

Two of his papers came up for presentation in workshops conducted by : Centre of the Study of State Finances of the Southern States, MSE; and at **Reform of the Structure and Administration of Stamp Duties and Registration in Southern States**.

Research output of Raja Chelliah included three articles in journals and newspapers, in addition to one published in a book by the World Bank and Oxford University Press. His monograph, **The Evolution of Fiscal Distress in Southern States – Causes and Remedies** will be published shortly.

• **Amaresh Bagchi**, Emeritus Professor, continued to serve as a member of the Prime Minister's Economic Advisory Council. He was also member, Board of Management, IGIDR. At NIPFP, he was Acting Chairman of the Provident Fund Trust from August 7, 2003 till March 22, 2004. His co-academic activities included participation in CA&AG seminar on **Government Assets** at Shimla; roundtable on **Sub-National Fiscal Reform** by the Ministry

of Finance, at Agra; seminar on **Property Taxation** organised by Government of West Bengal, at Kolkata; and as discussant of a paper at NIPFP-IMF seminar on **Fiscal Policy in India**. He delivered a keynote address at the annual national conference on **Service Tax** at New Delhi and co-authored a paper, "Towards a Rational System of Centre-State Revenue Transfers in India: An Exploration" for presentation at the NIPFP-TFC seminar on **Issues Before the Twelfth Finance Commission**.

Amaresh Bagchi is currently engaged in editing a volume of readings in Public Finance sponsored by the Indian Economic Association Trust. He contributed some articles in the leading daily, *Economic Times*.

• **Om Prakash Mathur**, Professor and Head, Housing and Urban Economics Unit, continued to remain occupied with research work in the area of urban finances. He led teams to complete UNDP sponsored studies, **Urban Water Pricing: Setting the Stage for Reforms; Financing Municipal Services: Reaching out to Capital Market**; and **Urban Water Supplying Entities: Getting Regulatory Frameworks to Work**. While the first two have been submitted, the third study is making steady progress. He has also undertaken a study for the Twelfth Finance Commission; and another on **Alternatives to Octroi** for the Government of Punjab.

In the course of the study for the Twelfth Finance Commission, O.P. Mathur organised a consultative meeting on the finances and functioning of municipalities to enable a discussion between state representatives. C. Rangarajan chaired the meeting along with members of the TFC who participated in the consultations.

He also co-ordinated an expert group meeting on **Developing an Urban Agenda: Infrastructure Investment in Cities**. During the period under review, he was member, Research Council, National Environmental Engineering Research Institute, Nagpur; vice-president, NIUA; trustee Urban Partnership Foundation, Manila, Philippines; and convenor, Standing Committee of State Secretaries of Stamp and Registration, Ministry of Finance.

He presented papers or addressed the following international conferences: **SAFER CITIES: Responding to Urban Insecurity, Crime and Violence at Manila**, "Impact of Globalisation and Decentralisation on Cities and City-related Policies in India", at **New Era of Globalisation, Information Technology and Sustainable Development**, Beijing, China; and "Delhi: Insights into its Management and Financial Structures" at **Challenges of the Metropolitan Management in Federalism**, Brasilia, Brazil.

Om Prakash Mathur spoke on "Urban Water Pricing: An Asian Perspective": at a regional workshop on **Pro-Poor and Sustainable Urban Water and Waste Water Management** at Phitsanulok, Thailand; also attended World Bank's Urban Research Symposium, at Washington D.C.

At the NIPFP-Forum of Federations, Canada, seminar on **Federalism in a Globalising World** his paper, "Local Government Finance and Competitive Efficiency in India" was focused on how far have urban local governments been able to improve their competitive efficiency and productivity.

• **D.K. Srivastava** is a member of the Twelfth Finance Commission since November, 2002. He however, continued to head the CIDA project, **Fiscal Reform for Poverty Reduction** entrusted to him at the Institutes. His academic activities included membership of: International Institute of Public Finance; India Econometric Society; and Advisory Board, Indian Journal of Economics. D.K. Srivastava was invited to chair a session at each of the following national level seminars: **Issues Before the Twelfth Finance Commission; Municipal Finance**; and **Panchayati Raj Finances**. He gave an inaugural address as a chief guest at the East Zone Vice-Chancellor's Conference at Chitrakoot, M.P; inaugural observations in a workshop on **India: Fiscal Reforms for Poverty Reduction** at Bhopal; and was a special guest at the conference on **Union Budget and Fiscal Challenges** at BHU, Varanasi.

He visited Canada, USA, and Australia as part of the Twelfth Finance Commission delegation to interact with experts on federal fiscal relations and to attend a meeting at the World Bank on **Issues in Fiscal Federalism**.

He contributed as many as four articles in economics publications, and one in *Book Review*.

• **Indira Rajaraman**, Senior Fellow and RBI Chair Professor was team leader of the study, **Restructuring Public Finances of Tripura** commissioned to the Institute in December 2003; the draft report was completed and submitted in April 2004. Three of her papers, "Fiscal Restructuring in the Context of Trade Reform"; "Revenue Incentives at the Third Tier"; and "Fiscal Developments and Outlook in India" presented in various national seminars and conferences were brought out as NIPFP working papers. Her research output also includes a book and eight papers which are in various stages of publication in premier journals or publishing houses. During 2003-04, the leading daily, *Economic Times* regularly published eight articles authored by Indira Rajaraman. While on a visit to United States in May-June, 2003, she spoke on "Taxing Agriculture in a Developing Country" at an APD Seminar at IMF, Washington D.C.; and "Inter-State Variations in Utilisation of the Rural Infrastructure Development Fund", at the Economics Department, Rutgers University, New Jersey. Back home, she delivered lectures on "Forecasting Agriculture Growth Using Time Series Models", at a World Bank workshop at New Delhi; "Debt Sustainability" at CII, New Delhi; Simulations of Fiscal Responsibility Legislation Outcomes; "Public Debt"; and "Burden of Public Debt", at the NIPFP organised training course for the probationers of Indian Audit and Accounts Service; "Options for the Taxation of Agricultural Sector" at a NIPFP-World

Bank seminar; and "Fiscal Decentralisation: Design and Implementation Issues" at a NIPFP-UNDP training programme.

She presented papers at various national and international seminars and conferences: **Hard to Tax: An International Perspective**, Georgia State University, Atlanta; **Issues Before the Twelfth Finance Commission**, New Delhi; NIPFP-IMF conference, **Fiscal Policy in India**, New Delhi; **Panchayati Raj Finances** for the Twelfth Finance Commission, Hyderabad; UNDP inception workshop on **Second Karnataka Human Development Report** Bangalore. She was a discussant for a paper presented at the NCAER-Brookings **India Policy Forum 2004**, at New Delhi.

As in the preceding years, Indira Rajaraman continued to give policy advice to professional bodies, advisory councils, and working groups. During the year under review she served as member: RBI Advisory Group on Short-Term Liquidity Forecasting Model; RBI Study Team on Sustainability of State's Debt; Energy Policy Advisory Council TERI; Rajiv Gandhi Foundation Advisory Group on Economic Policy; Advisory Committee for IAMR Study on Field Based Research and Documentation of Kerala Decentralisation; M.Phil. Dissertation Committees (two), Delhi School of Economics; India-EU roundtable; Selection Committee for faculty in Economics, IIFT; Ethics Committee National Brain Research Centre; and Board of Economists, **India Today**. She represented the NIPFP staff on its governing body for most part of the year 2004. On several occasions during the year, she looked after the Institute as Professor-in-charge, in the absence of the Director.

• **Tapas Sen**, Senior Fellow and in-charge State Finance Unit, co-authored one research paper and one research project, coordinated a capacity building programme and organised two conferences and a workshop during the year. His published paper was on **The Use of Socio-Economic Criteria for Intergovernmental Transfers: The Case of India**, (co-authored with Christoff Trebesch). During the year, he led and completed work on the research project, **Public Expenditure for the Poor in Andhra Pradesh**, (with a colleague) sponsored by DFID India. Another research project to which he made contributions was **Forecasting Revenue from Direct Taxes of the Central Government**, sponsored by the Ministry of Finance, Government of India; work on this project is continuing. He organised (in collaboration with Forum of Federations, Ottawa) an international conference on **Federalism in A Globalising World** in August, 2003 and a national conference on **Issues Before the Twelfth Finance Commission** in September 2003, sponsored by the Twelfth Finance Commission. Further, he also organised a workshop for the media persons of South Indian States on **Issues in State Finances** under the umbrella programme of **Capacity Building for Budgetary Analyses at the State Level**, funded by the World Bank. A similar

* Published as Working Paper No. 10, 2004, NIPFP.

workshop for some of the Northern States is planned at Panchkula, Haryana in June 2004. Under this programme, he has also been coordinating the task of sponsoring research on state finances by commissioning research papers in this area by academics from several states. The first technical workshop on the work-in-progress for these papers is scheduled in May, 2004 at NIPFP.

Tapas Sen was also a short-term consultant (on direct taxes) to a Technical Assistance Project Evaluation Mission of the Asian Development Bank in January, 2004. He acted as resource person and delivered lectures to varying audiences including a group of visiting Sri Lankan parliamentarians, participants of training programmes held at NIPFP and elsewhere (including National Academy of Audits and Accounts, Shimla, National Institute of Educational Planning and Research and National Academy of Customs and Excise). He delivered the keynote address at a seminar organised to discuss the **Memorandum to the Twelfth Finance Commission** prepared by the Government of Gujarat at Ahmedabad in August 2003, and assisted the Government of Orissa in the preparation of their memorandum as well.

His on-going work includes coordination of the above mentioned programme of **Capacity Building for Budget Analyses at the State Level**, on **Forecasting Revenue from Direct Taxes of the Central Government** as mentioned above, and **Evaluation of Imposts on Petroleum Crude and Natural Gas**, expected to be funded by the Ministry of Petroleum and Natural Gas, Government of India.

He continues to oversee the data bank on State government finances in India titled, as **Public Finance Information System (PFIS)** and its maintenance. He acted as an alternate member (to the Director) in the study group on State-level Pension Reforms set up by the Reserve Bank of India and the Advisory Committee on Fiscal Reform Facility, set up by the Ministry of Finance, Government of India during the year under review. He was the staff representative in the Governing Body of the Institute and a member of administrative as well as finance sub-committees of the Governing Body during part of the year. He continued as the chairman of the Library Committee of NIPFP and, in the absence of the Librarian (on leave), overall in-charge of the library.

• **Navroz K. Dubash**, joined the Institute as Senior Fellow and IDFC Chair Professor of Governance and Public Policy in November, 2003. He is engaged in the design and implementation of a project on **Electricity Sector Governance** which is a collaborative effort of NIPFP, World Resources Institute, Washington D.C. and PRAYAS-Pune. He delivered research-based lectures on: "Governance and Corruption" at an NIPFP organised training programme for the probationers of Indian Audit and Accounts Services; "Power Politics: Indian Electricity at Crossroads" at JNU; and "Reform of the Power Sector in India" at a

NIPFP-ISEC workshop in Bangalore on **Capacity Building for Budgetary Analysis at the State Level**.

Navroz Dubash has participated in several forums in India and abroad: international symposium by USAID and Academy for Educational Development on **Public Participation in the Energy Sector** at Cape Town, South Africa; CII and Ministry of Power organised national workshop on **Rural Electrification Policies** at New Delhi; as discussant in a Global Development Network workshop, **Security and Development** and participant in their fifth Annual Global Development conference at IHC, New Delhi; speaker in the panel discussions during the World Social Forum in Mumbai; participant in the discussion of the brainstorming session for **Mapping Indications of Governance in India** at JNU; presenter of "Assessing Governance in the Electricity Sector: The Access Initiative Methodology" at a World Resources Institute and Thailand Environment Institute organised workshop in Bangkok. During his visit to Bangkok, he organised and participated in **an Author's workshop** for a special issue of the journal *Pacific Affairs*, for which he is a guest co-editor of a special issue on *Political Economy of Electricity Reform in Asia*.

He was invited to serve as a chapter Review Editor for the *Millennium Ecosystem Assessment*.

• **A.L. Nagar**, Visiting Fellow, is also Visiting Professor at the School of International Studies, JNU and the Indian Institute of Finance, New Delhi. At NIPFP, he completed a project on **Forecasting Tax Revenue**. In addition, he wrote the following papers: "Descriptive Analysis of Monthly/Quarterly Data on Direct Tax Receipts (April 1994 - March 2003)"; "Projections of Corporate Tax Revenue"; "Forecasts of Corporation Tax and Taxes on Income other than Corporate Income"; and "VAR Model of CT and IT".

• **Gopinath Pradhan**, Visiting Fellow, is working on two projects, **Planning for Sustainable Forest Management: An Environment Integrated Social Accounting Matrix Approach**, sponsored by South Asia Network of Economic Research Institutes, and **Integrated Natural Resource Development and Poverty Reduction Project in Haryana**, sponsored by JBIC, Japan.

• **Rita Pandey**, Fellow, Environmental Policy Unit, contributed research inputs in the final draft report, **A Proposal to Levy Taxes on Polluting Inputs**, a project undertaken by NIPFP and Madras School of Economics for the Ministry of Environment and Forests. She is at present involved in the study of **State Development Report of Andaman and Nicobar Islands**, sponsored by the Central Planning Commission.

Rita Pandey presented a paper entitled, "Industrial Pollution Control in India: Issues in Designs and Enforcement of Regulation" at **Sustainable Development Conference** at Islamabad, Pakistan; and another on "Policy Measures for Controlling Pollution from In-use

Vehicles" at **Better Air Quality 2003** conference at Manila, Philippines. She was sponsored by the ICSSR to participate in a UNU/WIDER project meeting on **Innovative Sources of Development Finance** and a conference on **Sharing Global Prosperity**, during 5-7, September, 2003 at Helsinki, Finland. She delivered a lecture in a training programme at the World Wildlife Fund, New Delhi.

She published two articles in *Environment and Development Economics* while a third is expected to be published in a forthcoming issue of a journal.

• **Kavita Rao**, Fellow, completed a project, **Inputs towards the Memorandum to Twelfth Finance Commission of the Government of Chattisgarh**. She was member of the RBI constituted working group on **Introduction of VAT** to give practical and concrete suggestions for improvement in the collection mechanism following the implementation of VAT. She was also a member of a committee involved in framing of rules under the *Fiscal Responsibility and Budget Management Act, 2003*.

Kavita Rao presented a paper, "Impact of VAT in Central and State Finances: An Assessment at " the NIPFP-Twelfth Finance Commission seminar on **Issues Before the Twelfth Finance Commission**. A co-authored article of hers, "Output in Indian Agriculture and Industry" is expected to be published in a forthcoming issue of a journal.

• **Surender Kumar**, Fellow, joined the Institute in August 2003. He has been involved in work related to Environmental Economics and produced three NIPFP working papers in this area, namely, "Productivity and Profitability Changes in US Electricity Utility Plants under the SO₂ Allowance System" (also presented at the 12th Annual Conference of the European Association of Environmental and Resource Economists, Bilbao, Spain); "Analysing Industrial Water Demand in India: An Input Distance Function Approach"; and "Resource Use Efficiency of US Electricity Generating Plants during the SO₂ Trading Regime: A Distance Function Approach". He gave a seminar on the last topic at the ISI Delhi Centre. During his participation at Bilbao, Spain, he presented another paper on "Environmental Self-Regulation: Implications for Environmental Efficiency Profitability". His presentations included a paper at the 2nd Advanced Course in *Computable General Equilibrium Modeling and the Environment* at Trieste, Italy.

Surender Kumar co-ordinated and organised on behalf of NIPFP a training course, **Public Finance and Indian Financial System** for the probationers of Indian Audit and Accounts Service, where he also delivered lecture on "The Environment: A Public Good." He also delivered lectures at other academic institutions: "Methodology for Estimation of Shadow Price of Pollution Using Distance Function Approach", at JNU; "Environmental Issues in Business" at Guru Gobind Singh I.P. University; and "Measurement of Environmentally Corrected GDP", and "Panel Data Models" at Arya Postgraduate College, Panipat.

Two of his co-authored papers were published in prominent journals. Two more papers authored by Surender Kumar have been accepted for presentation in a forthcoming conference in Montreal, Canada. He also co-authored a book, *Environmental and Economic Accounting for Industry* published by OUP.

• **Kala S. Sridhar**, joined the Institute as a *Fellow* in mid-September, 2003. She is engaged in the completion of **A Study of Alternatives to Octroi in Punjab** with another colleague at NIPFP. Two of her papers, "Impact of Growth Centres on Unemployment and Firm Location: Evidence from India"; and "Telecommunications Infrastructure and Economic Growth: Evidence from Developing Countries" were among the NIPFP working paper series of 2003-04. She delivered a lecture to the probationers of the IA & AS.

She contributed four articles, two co-authored and two under her own authorship to leading economic journals and wrote a book review for a NIEPA study, "Secondary Education: The Challenges Ahead" in their *Journal of Educational Planning and Administration*. Eight of her articles were published in leading economic newspapers of the country.

Kala Sridhar is a member of FICCI's Taskforce on Agriculture. She participated in a workshop, **Management Development in the Urban Water Sector** organised by the Administrative Staff College of India, Regional Office.

• **C. Bhujanga Rao**, Senior Economist, was member of the team that completed and submitted the CIDA sponsored study, **India: Fiscal Reforms for Poverty Reduction**. In order to invite grassroot level feedback for this project, he conducted a workshop on behalf of NIPFP in collaboration with Noronha Academy of Administration, Bhopal, and presented a paper on, "Trends and Issues in Poverty Reduction" there. Bhujanga Rao was involved in the thematic discussion on impact of economic reform on employment and poverty at the **Shastri Applied Research Project Inception workshop**. He attended nearly all seminars and conferences organised by the Institute during 2003-04 and was seminar convenor for NIPFP in-house seminars. At the end of the Institute's training programme for the probationers of IA & AS, he prepared a question paper on the basis of the lectures delivered to them, and evaluated their answer scripts. His co-authored paper, "Government Subsidies in India: Issues and Approach" was published a volume brought out by OUP.

He was member of the NIPFP Academic Committee 2003-04, as also its tender committee.

• **Gautam Naresh**, Senior Economist is on deputation to the Twelfth Finance Commission as Joint Director, since July 1, 2003. Prior to his departure, he was co-author in the project, **Revenue Implications and Economic Impact of Introduction of VAT in Assam**. He participated in a two-day seminar on **Sustainable Development of Delhi: Emerging Policy Options in the Era of Globalisation** organised by the Institute of Human Development and was called upon to be discussant of one session there. He also attended **The Golden**

Jubilee Function: Fifty Years of Finance Commission in India during April, 2003. He acted as Research Guide to two Ph.D scholars enrolled with the Department of Economics, Aligarh Muslim University. Gautam Naresh was invited to be Examiner of Comprehensive viva voce of M. Tech. examination 2003 of Department of Futuristic Studies, Devi Ahilya University, Indore.

• **Saumen Chattopadhyay**, Senior Economist, prepared a supplementary report in association with E. Bijoy Kumar Singh of an erstwhile NIPFP study, **State Fiscal Reforms in Manipur**; the findings of this report were presented before the Chief Minister of Manipur, at Imphal. He is now part of the study team working on **State Development Report: Sikkim**, sponsored by the Central Planning Commission.

During the year 2003-04, he delivered two lectures in the NIPFP organised training programme for the probationers of Indian Audit and Accounts Service.

His co-authored paper, "Fiscal Adjustment and Expenditure Management" was published in *ICFAI Journal of Public Finance* while a shorter version of the same appeared in a conference volume published by Oxford University Press.

• **Pratap R. Jena**, Senior Economist, is working on **Assam Governance and Public Resource Management Programme** with the Director of the Institute. He is also writing a paper on "Government Expenditure in Indian States and Economic Growth". He delivered two lectures, namely, "Plan Transfers", and "Taxonomy of Public Expenditure" to the probationers of the Indian Audit and Accounts Service in the training programme organised by NIPFP during February 9-27, 2004. Pratap R. Jena presented a paper in the conference, **Natural Disasters-Fiscal and Financial Risk Management** at FICCI, New Delhi.

• **Pinaki Chakraborty**, was promoted to Senior Economist in June 2003. During this, year also obtained his doctoral degree from Centre for Development Studies, Thiruvananthapuram. He was part of the team that completed the CIDA sponsored study, **India: Fiscal Reform for Poverty Reduction**. He presented the research findings of the poverty dynamics of the states of M.P. and Chhattisgarh in a joint-workshop by NIPFP and Madhya Pradesh Academy of Administration at Bhopal. His ongoing projects include, **Estimation of Revenue Implications for States on Introduction of VAT**; and **Capacity Building for Budgetary Analysis at the State Level**. He delivered as many as six lectures during the course of the year, two to the Group 'A' probationers of Indian Customs and Central Excise Service; two to the probationers of Indian Audit and Accounts Services; one to Southern Province Councilors of Sri Lanka; and another in a training course in public finance conducted by the Institute of Government Accounts and Finances for the middle level officers of selected government ministries and departments.

He co-authored a paper, "Towards a Rational System of Centre-State Revenue Transfers in India" for the seminar on **Issues Before the Twelfth Finance Commission**. Another article of Pinaki "Changing Composition of Government Sector Borrowing Requirement: Causes and Consequences" will appear in a forthcoming edited volume.

• **Lekha Chakraborty**, promoted to Senior Economist, was one of the team that submitted the draft report of **Restructuring of Public Finances of Tripura** in March, 2004. She is at present engaged in a NIPFP-NIBM project on **Gendering Microfinance in India**. She was a member of an expert group on classification system of government transactions (mentioned in Union Budget speech 2004-05) on a ToR related to gender budgeting at the Ministry of Finance, Government of India. Her expertise in the area of gender budgeting led her to be invited by the upper house of Parliament to deliver a lecture on "Gender Budgeting in India". At NIPFP, she lectured on "Public Expenditure and Human Development" at a NIPFP organised training programme for the probationers of IA & AS. The year witnessed her receiving two fellowships: one funded by Department of Foreign Affairs and International Trade, Government of Canada for research at Carleton University, Ottawa; and the other to attend a course on **Knowledge Networking and Capacity Building on Engendering Macroeconomics and International Economics** of Utah University, Salt Lake City, US (with Ford foundation).

Lekha Chakraborty either presented papers or was invited to attend the following: "Public Expenditure and Human Development: An Empirical Investigation" presented at Helsinki, WIDER conference, Finland; a revised version of the same came up for presentation at The Indian Econometric Society conference, ISEC, Bangalore; UNCTAD international conference on **Trade, Globalisation and Gender**, at New Delhi; **Twelfth Finance Commission** seminar organised by Institute of Development Studies, Lucknow; **Human Development in EU Accession Countries**, international conference at Riga, Latvia; "Gendering Microfinance in India," paper presented at NIBM workshop at Pune; Fourth UN regional meeting for **Gender Budgeting** at Mumbai; and as South Asia expert at UN Beijing Plus Meeting on **Gender** at Paru, Bhutan.

Her published output included two mimeographed papers, and a book on *Gender Budgeting in India*, published by UNIFEM and NIPFP.

• **Mukesh Kumar Anand**, was promoted to Senior Economist in January 2004. He is one of the team involved in the completion of **State Development Report: Andaman and Nicobar Islands**. This is part of the Central Planning Commission's umbrella project commissioned to five other agencies to look into various aspects for the development of the state. In a seminar conducted at Port Blair to discuss the draft report, Mukesh Anand presented chapters on **Development of Scheduled Tribes** and **Tourism** in the state.

He attended: A review meeting on **Pension Reforms Options Simulation Toolkit** at the Office of the Comptroller General of Accounts at New Delhi; seminar on **Development in Pensioner Mortality in the UK**, by Invest Indian Economic Foundation, New Delhi; and a workshop on **State-Level Pension System Issues in Measurement and Reform** at the World Bank, New Delhi. His paper on "Just And Fair Reforms of Indirect Taxes in India" is making progress.

At NIPFP, he delivered a lecture on "Equity and Efficiency in Public Expenditure-Expenditure Targeting, Who Benefits and How Much" in the training course for the probationers of the IA and AS.

• **Subrata Mandal**, was promoted as Senior Economist in January, 2004. His area of interest has mainly centred around ecological economics. His current on-going project at the Institute is **Integrated Natural Resource Development and Poverty Reduction Project in Haryana**. During the year under review, he presented papers in this area in various forums outside India: "Wellbeing from Exhaustible Resource Use: Case Study of the Oil Sector of an Economy" at the International Centre for Theoretical Physics, Trieste Italy; "Overlapping Fiscal Domains and Effectiveness of Environmental Policy in India" (co-authored) in a research programme on Decentralised Governance at Sardinia, Italy; "Integrated Watershed Development Models: Case Study from the Indian Himalayas" at a Mountain Summit at Banff Centre, Alberta, Canada; and "Optimal Land Use and Water Requirement in Mountain Ecosystem: Case Study of Watershed in the Indian Himalayas" at the Twelfth Annual Conference of the European Association of Environmental and Resource Economists, at Bilbao, Spain.

• **Ujjani Datta** from the Directorate of Commercial Taxes, West Bengal is associated with NIPFP for a year. She is a member of the team engaged in the, **Estimation of Revenue Implications for States on Introduction of Value Added Tax** for the Twelfth Finance Commission. She is analysing the present sales tax structure in the state of West Bengal, in particular. She attended the NIPFP organised seminar on **Issues Before the Twelfth Finance Commission**; and the NIPFP-World Bank seminar on **Practical Issues of Tax Policy and Administration in Developing Countries**.

• **Anuradha Bhasin**, Senior Consultant, is currently working on **Sikkim State Development Report** sponsored by the Central Planning Commission.

• **Diwan Chand**, Economist, was co-author in the DFID study, **Public Expenditure for the Poor in Andhra Pradesh**. He continues to update the **Public Finance Information System**, an ongoing project at NIPFP.

• **Ajay Kumar Halen**, Junior Economist, worked on the following two studies commissioned by the Twelfth Finance Commission: a Study of the best performing states with a view to

understand the factors that have contributed to their success and how far they have been replicated in other states; and a comparative study of the impact of the SFCs recommendations on state finances and measures needed to augment the consolidated funds accordingly. He visited the states of Bihar, Jharkhand, Gujarat, Karnataka, Kerala and Tamil Nadu for compilation of the requisite data.

• **Mita Choudhury**, Economist, joined NIPFP in March, 2004. She is associated with the Director of the Institute to prepare a **Background paper on Financing for Human Development for the Second Karnataka Human Development Report**. The study has been commissioned to NIPFP by the UNDP and the Government of Karnataka.

• **Rita Wadhwa**, Editor and Publication-in-charge wrote and compiled the Annual Report for 2002-03. She undertook the designing and production of the Institute's *Newsletter* resumed in January 2004. She brought out as many as 15 working papers on behalf of NIPFP during the year under review. She is a member of NIPFP's Website Committee.

9 NIPFP Staff

A complete list of staff members – permanent and contractual – as on March 31, 2004, is at *Annexure VI*.

10 Sponsoring Members

The sponsoring, corporate, permanent, and ordinary members of the Institute, as on March 31, 2004, are listed at *Annexure VII*.

11 Finance and Accounts

The statement of *Accounts* of the Institute for the financial year 2003-2004, duly audited by the Institute's auditors *M/s Ajay K. Sud and Associates*, Chartered Accountants, may be seen at *Annexure VIII*.

ANNEXURE-I

LIST OF STUDIES 2003-2004

Title	Sponsoring Agency/Research Unit of the Institute	Author(s) Research Team
STUDIES COMPLETED		
1. Rural Fiscal Decentralisation In Karnataka State	World Bank	M. Govinda Rao H.K. Amar Nath B. P. Vani
2. i. Urban Water Pricing: Setting the State for Reforms ii. Financing Municipal Services: Reaching Out to Capital Markets iii. Urban Water Supplying Entities: Getting Regulatory Framework to Work	UNDP	O. P Mathur
3. India: Fiscal Reform for Poverty Reduction	CIDA	D.K. Srivastava S. K. Sanyal C. Bhujanga Rao Pinaki Chakraborty
4. Public Expenditure for the Poor In Andhra Pradesh	DFID	Tapas K. Sen Diwan Chand
5. A Proposal to Levy Taxes on Polluting Inputs and Outputs Charges on Certain Monitorable Emissions	MoEF	Raja J. Chelliah U. Sankar Paul P. Appasamy Rita Pandey
6. A Review of Options for Revenue Neutral Rates of VAT for Orissa	DFID	Pawan K. Aggarwal Pratap R. Jena Jeeta Mohanty
7. Forecasting Income Tax and Corporate Tax Revenues	CBDT/MoF	A. L. Nagar
8. Revenue Implications and Economic Impact of Introduction of VAT In Assam	Govt. of Assam	M.C. Purohit Gautam Naresh Ajay K. Halen
9. Inputs towards the Memorandum to the Twelfth Finance Commission of the Government of Chhattisgarh	Govt. of Chhattisgarh	R. Kavita Rao

STUDIES NEARING COMPLETION

- | | | |
|---|---------------------|---|
| 1. Study for the Twelfth Finance Commission | CIDA | O.P. Mathur |
| 2. A Study of State Fiscal Reforms In Manipur (Suppl. Report) | Govt. of Manipur | Saumen Chattopadhyay
E. Bijoy Kumar Singh |
| 3. State Development Report Of Andaman & Nicobar Islands | Planning Commission | Pawan Kr. Aggarwal
Rita Pandey
M. Govinda Rao
Mukesh Kr. Anand |

ON-GOING STUDIES

- | | | |
|---|----------------------------|--|
| 1. Assam Governance and Public Resource Management Programme | ADB | M. Govinda Rao
R. Kavita Rao
P.R. Jena |
| 2. State Development Report: Sikkim | Planning Commission | Saumen Chattopadhyay
Anuradha Bhasin |
| 3. Estimation of Revenue Implications for States on Introduction of Value Added Tax | Twelfth Finance Commission | Pinaki Chakraborty |
| 4. Capacity Building for Budgetary Analysis at the State Level | World Bank | Tapas K. Sen
Saumen Chattopadhyay
Pinaki Chakraborty |
| 5. Public Finance Information System | SFU | Tapas K. Sen
Ajay K. Halen
Diwan Chand
Geeta Bhatnagar
Navin Kumar Singh |
| 6. Restructuring of Public Finances Finances of Tripura | Govt. of Tripura | Indira Rajaraman
Lekha S Chakraborty
Deepti Jain |
| 7. Gendering Microfinance in India: NIPFP-NIBM | Min. of Rural Development | Lekha S Chakraborty |
| 8. Integrated Natural Resource Development and Poverty Reduction Project in Haryana | JBIC, Japan | Gopinath Pradhan
Subrata Mandal |

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|--|--|----------------------------------|
| 9. Planning for Sustainable Forest Management: An Environment Integrated Social Accounting Matrix Approach | SANEI | Gopinath Pradhan |
| 10. A Study of Alternatives to Octroi In Punjab | Govt. of Punjab | O.P. Mathur
Kala S. Sridhar |
| 11. Background paper on Financing for Human Development for the Second Karnataka Human Development Report | UNDP and Karnataka Govt. | M. Govinda Rao
Mita Choudhury |
| 12. Electricity Sector Governance | NIPFP and World Resources Institute (USA) and PRAYAS-Pune. | Navroz K. Dubash |

WORKING PAPER SERIES

- | | |
|---|---------------------------------|
| 1. Intergovernmental Finance in South Africa : Some Observations (Working Paper No. 1) (May 2003) | M. Govinda Rao |
| 2. Fifty Years of Fiscal Federalism in India: An Appraisal (Working Paper No. 2) (August 2003) | Amaresh Bagchi |
| 3. Productivity and Profitability Changes in The U.S. Electric Power Plants during SO ₂ Trading Regime (Working Paper No. 3) (December 2003) | Surender Kumar |
| 4. Impact of Growth Centre on Unemployment and Firm Location : Evidence from India (Working Paper No. 4) (January 2004) | Kala Seetharam Sridhar |
| 5. Tax Compliance Costs and Non-filing Behaviour (Working Paper No. 5) (January 2004) | Arindam Das-Gupta |
| 6. Asymmetric Federalism in India (Working Paper No. 6) (February 2004) | M. Govinda Rao & Nirvikar Singh |

- | | |
|---|---|
| 7. Fiscal Restructuring in the Context of Trade Reform (Working Paper No. 7) (February 2004) | Indira Rajaraman |
| 8. The Income Tax Compliance Cost of Corporations in India, 2000-01 (Working Paper No. 8) (March 2004) | Arindam Das-Gupta |
| 9. The Compliance Cost of the Personal Income Tax in India, 2000-01: Preliminary Estimates (Working Paper No. 9) (March 2004) | Arindam Das-Gupta |
| 10. The Use of Socio-Economic Criteria for Intergovernmental Transfers: The Case of India (Working Paper No. 10) (March 2004) | Tapas K. Sen & Christoph Trebesch |
| 11. Revenue Incentives at the Third Tier (Working Paper No. 11) (March 2004) | Indira Rajaraman |
| 12. Analysing Industrial Water Demand in India: An Input Distance Function Approach (Working Paper No. 12) (March 2004) | Surender Kumar |
| 13. The Economic Theory of Tax Compliance with Special Reference to Tax Compliance Cost (Working Paper No. 13) (March 2004) | Arindam Das-Gupta |
| 14. Telecommunications Infrastructure and Economic Growth: Evidence from Developing Countries (Working Paper No. 14) (March 2004) | Kala Seetharam Sridhar & Varadharajan Sridhar |
| 15. Fiscal Development and Outlook in India (Working Paper No. 15) (March 2004) | Indira Rajaraman |

ANNEXURE-II

GOVERNING BODY AS ON 31.3.2004

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

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

- | | |
|---|--------|
| 2. Mr. D. C. Gupta
Finance Secretary
Ministry of Finance
North Block
New Delhi-110 001 | Member |
| 3. Mrs. Vineeta Rai
Secretary (Revenue)
Ministry of Finance
North Block
New Delhi-110 001 | Member |

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

- | | |
|--|--------|
| 4. Dr. A. Vasudevan
Hon'y. Adviser
Reserve Bank of India
New Central Office Building
Shaheed Bhagat Singh Marg
Mumbai-400 023 | Member |
|--|--------|

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

- | | |
|---|--------|
| 5. Shri Rajeeva Ratan Shah
Secretary
Planning Commission
Yojana Bhawan
Parliament Street
New Delhi-110 001 | Member |
|---|--------|

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

- | | | |
|----|---|--------|
| 6. | Shri B.K. Das
Additional Chief Secretary
Finance Department
Government of Karnataka
Vidhana Soudha
Bangalore - 560 001 | Member |
| 7. | Shri Samar Ghosh IAS
Principal Secretary (Finance)
Government of West Bengal
Writers' Building
Kolkata - 700 001 | Member |
| 8. | Shri V.S. Sampat
Principal Secretary (Finance)
Government of Andhra Pradesh
Secretariat Building
Hyderabad - 500 022 | Member |

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

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

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

- | | | |
|-----|---|--------|
| 10. | Shri Mahendra K. Sanghi
President
Associated Chambers of Commerce
and Industry of India
147-B Gautam Nagar
New Delhi-110 049 | Member |
| 11. | Shri Y. K. Modi
President | Member |

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. Vitthal
House No. 116, Avenue 1,
Banjara Hills
Hyderabad-500 034 | Member |
| 13. | Prof. Pulin B. Nayak
Delhi School of Economics
University of Delhi
Sudhir Bose Marg
Delhi-110 007 | Member |
| 14. | Dr. Rakesh Mohan
Deputy Governor
Reserve Bank of India
Central Office
Shaheed Bhagat Singh Road
Mumbai 400 001 | Member |

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

- | | | |
|-----|--|--------|
| 15. | Dr. Suman Bery
Director General
NCAER,
11, Parisila Bhawan
I.P. Estate, Ring Road
New Delhi-110 002 | Member |
| 16. | Dr. S. K. Rao
Principal
Administrative Staff College of India
Bella Vista
Hyderabad-500 082 | Member |
| 17. | Dr. R. Radhakrishnan
Director
Indira Gandhi Institute of
Development Research
Gen. A.K. Vaidya Marg, Santosh Nagar | Member |

Goregaon (East)
Mumbai-400 065

Under rule 7(b)(x)

One member to be co-opted by Governing Body:

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

Under rule 7(b)(xi)

Director of the Institute (ex-officio)

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

Under rule 7(b)(xii)

One Senior Fellow of the Institute by rotation:

- | | | |
|-----|--|--------|
| 20. | Dr. (Mrs.) Indira Rajaraman
Senior Fellow, NIPFP
New Delhi-110 067 | Member |
|-----|--|--------|

Special Invitees

- | | | |
|-----|---|--|
| 21. | Dr. Ashok Lahiri
Chief Economic Advisor
Ministry of Finance
North Block
New Delhi-110 001 | |
| 22. | Shri P. L. Singh
Chairman, CBDT
Ministry of Finance
North Block
New Delhi-110 001 | |
| 23. | Shri A. K. Singh
Chairman, CBEC
Ministry of Finance
North Block
New Delhi 110 001 | |

ANNEXURE-III

INTERNAL SEMINAR SERIES

Sl. No.	Day and Date	Seminar	Topics
1.	Friday May 30, 2003	Rajesh Chadha NCAER	<i>India's Trade During the 1990's General Equilibrium Analysis</i>
2.	Monday July 7, 2003	Prabhakar Singh Centre for Monitoring Indian Economy	<i>Database Products from CMIE</i>
3.	Thursday July 10, 2003	Shama Gamkhar University of Texas	<i>Asymmetries in the Response to Increases and Decreases in Intergovernmental Grants: The Case of US Federal Highway Grants</i>
4.	Wednesday September 3, 2003	NIPFP	<i>Issues on Rural Fiscal Decentralisation and the Role of the Central Finance Commission</i>
5.	Monday December 15, 2003	Andrew Sharpe Centre for the Study for The Living Standards Ottawa	<i>Human Well-being and Economic Well-being: What Values are Implicit in Current Indices</i>
6.	Thursday January 1, 2004	A. Premchand Retired Official of IMF	<i>Public Expenditure Management: Current Status and Issues</i>
7.	Friday January 2, 2004	A. Premchand Retired Official of IMF	<i>Public Expenditure Management Future Directions</i>
8.	Tuesday February 3, 2004	Lawrence C. Walters Lincoln Institute of Land Policy, Cambridge, USA	<i>Property Tax System: International Experience</i>
9.	Monday March 22-25, 2004	World Bank and NIPFP	<i>Issues of Tax Policy and Tax Policy and Tax Administration in Developing Countries</i>

ANNEXURE-IV

LIST OF PRICED PUBLICATIONS

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

20. **Stimulative Effects of Tax Incentive for Charitable Contributions: A Study of Indian Corporate Sector** Pawan K. Aggarwal (1989) Rs 100.
21. **Pricing of Postal Services in India** Raghendra Jha, M.N. Murty & Satya Paul (1990) Rs 100.
22. **Domestic Savings in India - Trends and Issues#** Uma Datta Roy Chaudhury & Amaresh Bagchi (ed.) (1990) Rs 240.
23. **Sales Taxation in Madhya Pradesh#** M. Govinda Rao, K.N. Balasubramanian and V.B. Tulasidhar (Vikas Publishing House) (1991) Rs 125.
24. **The Operation of MODVAT#** A.V.L. Narayana, Amaresh Bagchi and R.C. Gupta, (Vikas Publishing House) (1991) Rs 250.
25. **Fiscal Incentives and Balanced Regional Development: An Evaluation of Section 80 HH#** Pawan K. Aggarwal and H.K. Sondhi (Vikas Publishing House) (1991) Rs 195.
26. **Direct Taxes in Selected Countries : A Profile** (Vol. I & II) Rs 100.
27. **Effective Incentives for Aluminium Industry in India** Monograph Series - I Bishwanath Goldar (1991) Rs. 100.
28. **Survey of Research on Fiscal Federalism in India** Monograph Series - II M. Govinda Rao and R.J. Chelliah (1991) Rs. 100.
29. **Revenue and Expenditure Projections: Evaluation and Methodology#** V.G. Rao, Revised and Edited by Atul Sarma (Vikas Publishing House) (1992) Rs. 195.
30. **Sales Tax Systems in India: A Profile** 1991 Rs 150.
31. **State Finances in India#** Amaresh Bagchi, J.L. Bajaj and William A. Byrd (eds.) (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 (eds.) (1994) (Oxford University Press) Rs. 435.

39. **Reform of Domestic Trade Taxes in India: Issues and Options** Study Team (1994) Rs.250.
40. **Private Corporate Sector: Generation and Regeneration of Wealth#** Uma Datta Roy Chaudhury (Vikas Publishing House) (1996) Rs.395.
41. **Controlling Pollution: Incentives and Regulations** Shekhar Mehta, Sudipto Mundle and U. Sankar (Sage Publications) (1997) Rs.250.
42. **India: Tax Policy for the Ninth Five Year Plan (1997-98 to 2001-02)#** (Report of the Working Group on Tax Policy of the Steering Group on Financial Resources - Chairman Parthasarathi Shome) (Centax Publications Pvt. Ltd.) (1997) Rs.350.
43. **Value Added Tax in India: A Progress Report#** Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs.250.
44. **Fiscal Policy Public Policy & Governance#** Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs.400.
45. **Government Subsidies in India** D.K. Srivastava and Tapas K. Sen (1997) Rs.265.
46. **Economic Instruments for Environment Sustainability** U. Sankar and Om Prakash Mathur (1998) Rs.150.
47. **India: The Challenge of Urban Governance** Om Prakash Mathur (ed.) (1999) Rs.400.
48. **State Fiscal Studies - Assam** D.K. Srivastava, Saumen Chattopadhyay and T.S. Rangamannar (1999) Rs.200.
49. **State Fiscal Studies - Punjab** Indira Rajaraman, H. Mukhopadhyay and H.K. Amarnath (1999) Rs.200.
50. **State Fiscal Studies - Kerala** D.K. Srivastava, Saumen Chattopadhyay and Prarap Ranjan Jena (1999) Rs.200.
51. **Delhi Fiscal Study** Om Prakash Mathur and T.S. Rangamannar (2000) Rs.250.
52. **Fiscal Federalism in India Contemporary Challenges Issues Before the Eleventh Finance Commission#** D.K. Srivastava (ed.) (Har-Anand Publications Pvt. Ltd.) (2000) Rs.695.
53. **State Fiscal Studies - Haryana** Tapas K. Sen, R. Kavita Rao (2000) Rs.200.
54. **Control of Public Money: The Fiscal Machinery in Developing Countries*** A. Premchand (Oxford University Press) (2000) Rs.745.
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 (eds.) (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. 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. *Select Essays on Indian Economy*, in two Volumes. New Delhi: Academic Foundation (2004).
- b. "Fiscal Federalism: Some Current Concerns", *Hindu – Survey of Indian Industry*, 2004.
- c. (co-author: D.K. Srivastava) "Dynamic of Debt Accumulation in India", *Economic and Political Weekly*, November 15, 2003. This article has been reproduced in (eds.) Raj Kapila and Uma Kapila, *Economic Developments in India*, Vol. 73, 2004.
- d. "State Finances in India", *Economic Bulletin of ADB India*, 1(3) September, 2003.

M. GOVINDA RAO

- a. "Fiscal Decentralization in Transitional Countries", in (eds.) Jorge Martinez and James Alm, *Public Finance in Developing Countries: Essays in Honor of Richard Bird*. Cheltenham, UK: Edward Elgar.
- b. (co-author: Nirvikar Singh) "How to Think About Local Government Reform in India" in (eds.) Kaliappa Kalirajan and Ulganathan Sankar, *Economic Reform and the Liberalisation of the Indian Economy: Essays in honour of Richard T. Shand*. Cheltenham, UK: Edwards Elgar (2003).
- c. "Fiscal Decentralisation in China and India: A Comparative Perspective", *Asia-Pacific Development Journal*, 10(1), June 2003.
- d. (co-author: V.N. Misra) "Trade Policy, Agricultural Growth and Rural Poor: Indian Experience, 1978-79 to 1999-2000" *Economic and Political Weekly*, 38(43), October 25-31, 2003.
- e. "Taxing Services: Strategy and Challenges in (eds.) Edgardo Favaro and Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press; 60-79 (2003).

RAJA J. CHELLIAH

- a. "Reducing Poverty through State-Level Reforms", in *State-Level Reforms in India: Towards More Effective Government*. New Delhi: Oxford University Press (2003).
- b. "Analytical and Policy Studies in Macroeconomics" *A Review Article on 2002* (ed.), Montek S. Ahluwalia, Y.V. Reddy and S.S. Tarapore, **Macroeconomics and Monetary Policy: Issues for a Reforming Economy**, in *Money and Finance*, June, 2003.
- c. "A Social Scientific Approach to the Processes and Possibility of Conflict Resolution – The Case of Kashmir Dispute", *Asian Age*, September 4 and 5, 2003.
- d. "Economic Reforms and Centre-States Relations" – *Encyclopedia of India*.

AMARESH BAGCHI

- a. (forthcoming) Volume on Readings in Public Finance, sponsored by Indian Economic Association Trust to be published by Oxford University Press.

D.K. SRIVASTAVA

- a. (co-author: C. Rangarajan) "Dynamics of Debt Accumulation in India: Impact of Primary Deficit, Growth and Interest Rate", *Economic and Political Weekly*, 38(46), November 15, 2003. This article has been reproduced in (eds.) Raj Kapila and Uma Kapila *Economic Development in India*, Vol. 73, 2004.
- b. (co-author: C. Bhujanga Rao) "Government Subsidies in India" in (eds.) Edgardo Favaro and

Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press (2004).

- c. "Combating Poverty: Regional Concentration and Fiscal Reforms" in (ed.) Misra, S.N. *Indian Economy and Socio-Economic Transformation: Essays in honor of Prof. Baidya Nath Misra*. New Delhi: Deep and Deep Publishers, (2004).
- d. "The Sum of Q and Q", Book Review of (ed.) Ravi Kanbur **Q-Squared: Quantitative and Quantitative Methods of Poverty Appraisal** in *The Book Review* (2004).

INDIRA RAJARAMAN

- a. (co-author: Arindam Datta) "Univariate Forecasting of State-Level Agricultural Production" *Economic and Political Weekly* 38 (18), 3 May, 2003; 1800-1803.
- b. "Inter-State Variations in Utilisation of the Rural Infrastructure Development Fund" *Institute of Economic Growth Working Paper No. E/235/2003*, May, 2003.
- c. "Taxing Agriculture in a Developing Country: A Possible Approach", paper presented at a conference on the **Hard to Tax: An International Perspective**, Andrew Young School of Policy Studies, Georgia State University, Atlanta; 15-16 May 2003; forthcoming in conference volume by Elsevier.
- d. *A Fiscal Domain For Panchayats*. New Delhi: Oxford University Press (2003).
- e. "Management of the Capital Account: A Study of India and Malaysia", in (ed.) UNCTAD, *Management of Capital Flows: Comparative Experiences and Implications for Africa*. Geneva: UNCTAD; 109-183 (2003).
- f. "Financing Rural Infrastructure in Irrigation: Fiscal Recovery Issues" *IAMR Working Paper, WP16/CPPG/2003*, June, 2003.
- g. "Growth-Accelerating Fiscal Devolution to the Third Tier", in (ed.) Edgardo Favaro and Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press; 102-123 (2004).
- h. "Fiscal Restructuring in the Context of Trade Reform", paper presented at a conference on **Issues Before the Twelfth Finance Commission**, 29-30 September 2003; NIPFP Working Paper 7, February, 2004.
- i. "Revenue Incentives at the Third Tier" paper presented at a national seminar on **Panchayati Raj Finances for the Twelfth Finance Commission**, Hyderabad, January 23, 2004; NIPFP Working Paper 11, March, 2004.
- j. "Fiscal Developments and Outlook in India", paper presented at an IMF-NIPFP conference on **Fiscal Policy in India**, New Delhi, January 16-17, 2004; NIPFP Working Paper 15, March 2004 (forthcoming in conference volume).
- k. (co-author: Abhiroop Mukhopadhyay) "Sustainability of Public Debt" (mimeo, August 2003); in (ed.) Amareesh Bagchi, *Readings in Public Finance* (Oxford University Press); forthcoming.
- l. (co-author: Abhiroop Mukhopadhyay) "Univariate Time Series Analysis of Public Debt", *Journal of Quantitative Economics* (forthcoming).
- m. 8 articles in *Economic Times*.

NAVROZ K DUBASH

- a. "Electric Power Reform: Social and Environmental Issues" *Encyclopedia of Energy*, Vol. 2, Elsevier Press; 255-266.
- b. (co-author: Albert H. Cho) "Will Investment Rules Shrink Policy Space for Sustainable Development? Evidence from the Electricity Sector" South Centre Working Paper, 16, December 2003.

- c. Revisiting Electricity Reform: The Case for a Sustainable Development Approach, *Utilities Policy* (11): 143-154.

RITA PANDEY

- a. "Comparing the Cost Effectiveness of Using a Market Based Instrument such as Tradable Permits Versus Regulation: the Case Study on an Integrated Steel Plant in India, *Environment and Development Economics*, 9 (1); Cambridge University Press (2004).
- b. "Economic Policy Instruments for Controlling Vehicular Air Pollution," *Environment and Development Economics*, Vol. 9 (1), 2004.
- c. "Estimating Sectoral and Geographical Industrial Pollution: Implications for Using Effluent Charge Versus Regulation," *The Journal of Development Studies* (forthcoming).

R. KAVITA RAO

- a. (co-author Kausik Chaudhuri) "Output Fluctuations in Indian Agriculture and Industry: A Re-examination", *Journal of Policy Modeling* (forthcoming)

SURENDER KUMAR

- a. (co-author : M.N. Murty) *Environmental and Economic Accounting for Industry*. New Delhi: Oxford University Press (2004).
- b. (co-author: D.N. Rao) "Environmental Regulation and Production Efficiency: A Case Study of Thermal Power Sector in India," *Journal of Energy and Development*, 23 (1) 2003: 81-94.
- c. (co-author : M.N. Murty) "Win-Win Opportunities and Environmental Regulation: Testing the Porter Hypothesis for Indian Manufacturing Industries," *Journal of Environmental Management*, 67(2), 2003; 139-144.

KALA S. SRIDHAR

- a. (co-author V. Sridhar) "The Effect of Telecommuting on Suburbanisation: Empirical Evidence, *Journal of Regional Analysis and Policy*, 33 (1), 2003; 1-25.
- b. "Firm Location Decision and Impact on Local Economies," *Economic and Political Weekly*, 38(39), September 27, 2003; 4121-30.
- c. (co-author Don Haurin) "The Impact of Local Unemployment Rates on Reservation Wages and the Duration of Search for a Job," *Applied Economics*, 35(13), 2003; 1469-76.
- d. "Growth Models and India's Policies," *Indian Journal of Public Administration*, 49(2) April-June, 2003; 147-156.
- e. Book Review of (eds.) Mukhopadhyay Marmar & Manju Narula, (2002), in **Secondary Education: The Challenges Ahead**, *Journal of Educational Planning and Administration*, 17(3) July, 2003; 423-8.
- f. 6 articles in *Business Standard*, 2 articles in *Business Line*, and 1 in *Economic Times*.

C. BHUJANGA RAO

- a. (co-author: D. K. Srivastava "Government Subsidies in India: Issues and Approach" in (eds.) Edgardo Favaro and Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press (2003).

SAUMEN CHATTOPADHYAY

- a. (co-author A. Premchand) "Fiscal Adjustment and Expenditure Management" *ICFAI Journal of Public Finance*, Vol. 1, November 2003. A shorter version of the paper has been included in (ed.) Edgardo Favaro and Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press (2003).

PINAKI CHAKRABORTY

- a. 2003. (eds.) Bhattacharyya S., M.K. Pal and P.S. Das, "Changing Composition of Government Sector Borrowing Requirement," in *Development Alternatives: Theories and Evidence*. New Delhi: Allied Publisher (forthcoming).

LEKHA S. CHAKRABORTY

- a. (co-authors: Ashok Lahiri and P.N. Bhattacharyya) *Gender Budgeting in India*, UNIFEM/Ministry of Human Resource Development, Government of India, November, 2003.
- b. "Gender Based Analysis in Canada: Lessons for India," Canadian Studies Faculty Fellowship, of DFAIT-SICI in Canada. (mimeo).
- c. Public Expenditure and Human Development: An Empirical Investigation, WIDER Helsinki, May 30-31, 2003. (mimeo).

MUKESH KUMAR ANAND

- a. "Some Issues in Central Resource Transfers for the Twelfth Finance Commission" (communicated).
- b. (co-author: Rajeev Ahuja) "Central Government Pensions in India" (forthcoming).

ANNEXURE-VI

LIST OF STAFF MEMBERS AS ON 31.3.2004

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

ACADEMIC STAFF

1.	Dr. R.J. Chelliah	Professor of Eminence
2.	Dr. A. Bagchi	Emeritus Professor
3.	Prof. O.P. Mathur	Principal Consultant
4.	Dr. (Mrs.) Indra Rajaraman	Senior Fellow
5.	Dr. D.K. Srivastava	Senior Fellow (on deputation to TFC)
6.	Dr. Pawan Kumar Aggarwal	Senior Fellow (relieved on 10.2.2004)
7.	Dr. Tapas Kumar Sen	Senior Fellow
8.	Dr. Navroz K. Dubash	Senior Fellow
9.	Dr. (Mrs.) Rita Pandey	Fellow
10.	Dr. (Mrs.) R. Kavita Rao	Fellow
11.	Dr. Surender Kumar	Fellow
12.	Dr. (Mrs.) Kala S. Sridhar	Fellow
13.	Dr. C. Bhujanga Rao	Senior Economist
14.	Dr. Gautam Naresh	Senior Economist (on deputation to TFC)
15.	Dr. Saumen Chattopadhyay	Senior Economist (on deputation to JNU)
16.	Shri Diwan Chand	Economist
17.	Dr. P.R. Jena	Economist
18.	Shri 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 to TFC)
23.	Mr. Manish Gupta	Economist
24.	Mrs. Mita Choudhury	Economist
25.	Ms. Simanti Bandopadhyay	Economist
26.	Shri A.K. Halen	Junior Economist
27.	Mrs. Gita Bhatnagar	Research Associate

ADMINISTRATIVE STAFF

1.	Shri B.K. Chakravarti	Secretary
2.	Ms. Sushila Panjwani	Sr. PPS to Chairman (on deputation to TFC)
3.	Shri N. Natarajan	Sr. PPS to Director
4.	Shri S.D. Mudliar	Sr. Accounts Officer
5.	Shri Naveen Bhalla	Administrative Officer
6.	Mrs. H. Gautam	Accounts Officer
7.	Mrs. Rita Wadhwa	Editor
8.	Shri Hari Shankar	Hostel Incharge
9.	Shri Satish Prabhu	Estate Officer

12.	Shri R.S. Tyagi	Stenographer Grade-I
13.	Shri Praveen Kumar	Stenographer Grade-I
14.	Shri Sharad Aggarwal	Accounts Executive (under suspension)
15.	Shri S.C. Sharma	Accounts Executive
16.	Shri Bhaskar Mukherjee	Executive Officer
17.	Mrs. Indra Hassija	Assistant
18.	Shri Parvinder Kapur	Stenographer Grade-II
19.	Shri S.N. Sharma	Assistant
20.	Shri J.S. Rawat	Assistant
21.	Mrs. Promila Rajvanshi	Stenographer Grade-II
22.	Shri Kapil Kumar Ahuja	Steno-typist
23.	Mrs. Kavita Issar	Steno-typist-cum-Telephone Operator
24.	Shri V.M. Budhiraja	Clerk (Accounts)
25.	Shri Nand Ram	Clerk-cum-Typist
26.	Shri Birender Singh Rawat	Clerk (Accounts)
27.	Shri Anurodh Sharma	Steno-typist
28.	Mrs. Ruchi Anand	Receptionist-cum-Telephone Operator
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 Navin Kumar Singh	EDP Manager
2.	Shri Jagdish Arya	Data Processing Assistant Gr.-B
3.	Shri Anil Kumar Sharma	Assistant (Computer Operations)

LIBRARY STAFF

1.	Dr. Dev Raj Singh	Sr. Library & Information Officer (relieved on 30.6.2003)
2.	Shri Siva Chidambaram	Sr. Library & Information Officer (joined on 02.04.2004)
3.	Shri Dinesh Chand	Asstt. Library & Information Officer
4.	Mrs. Sudha Saxena	Asstt. Library & Information Officer
5.	Shri P.C. Upadhyay	Sr. Library & Information Assistant

- | | | |
|----|-----------------|-----------------------|
| 6. | Shri Dharamvir | Sr. Library Attendant |
| 7. | Shri Hira Singh | Jr. Library Attendant |

CONTRACTUAL ACADEMIC STAFF

- | | | |
|-----|-------------------------|--|
| 1. | Prof. A.L. Nagar | Hony. Visiting Fellow |
| 2. | Dr. Gopinath Pradhan | Visiting Fellow |
| 3. | Mr. S.K. Sanyal | Consultant |
| 4. | Mr. Sandeep Thakur | Junior Consultant |
| 5. | Mrs. Sanjukta Ray | Junior Consultant (relieved on 30.6.2003) |
| 6. | Ms. Sarika Chaturvedi | Junior Consultant |
| 7. | Ms. Swati Gupta | Junior Consultant (relieved on 1.8.2003) |
| 8. | Ms. Aradana Srivastava | Junior Consultant |
| 9. | Ms. Deepti Jain | Junior Consultant |
| 10. | Mr. Ravindra Gavali | Junior Consultant |
| 11. | Ms. Swati Aggarwal | Project Associate (relieved on 28.7.2003) |
| 12. | Mrs. Ashu Nawani | Project Associate (relieved on 24.2.2004) |
| 13. | Ms. Sushmita Sahu | Project Associate (relieved on 22.8.2003) |
| 14. | Ms. Kirti Singh | Project Associate (relieved on 23.2.2004) |
| 15. | Ms. Darshy Sinha | Project Associate |
| 16. | Ms. Urvashi Singh | Project Associate (relieved on 21.7.2003) |
| 17. | Mr. Bibhu Prasad Nayak | Project Associate (relieved on 31.1.2004) |
| 18. | Mr. Rajorshi Seni Gupta | Project Associate (relieved on 12.2.2004) |
| 19. | Ms. Vijaya Gulati | Project Associate |
| 20. | Mr. Arindam Banerjee | Project Associate |
| 21. | Mr. Soryapratim Sarkar | Project Associate |
| 22. | Mr. Arup Guha | Junior Project Associate (relieved on 18.7.2003) |
| 23. | Ms. Aditi Wadhwa | Junior Project Associate (relieved on 31.3.2004) |
| 24. | Mr. Shouvik Chakraborty | Junior Project Associate (relieved on 23.3.2004) |

CONTRACTUAL LIBRARY STAFF

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

CONTRACTUAL ADMINISTRATIVE STAFF

- | | | |
|----|----------------------|--------------|
| 1. | Mrs. Usha Mathur | Steno-typist |
| 2. | Ms. Rekha | Steno-typist |
| 3. | Ms. Amita Padhwal | Steno-typist |
| 4. | Mrs. Sushma Malhotra | Steno-typist |

ANNEXURE-VII**LIST OF SPONSORING, CORPORATE, PERMANENT AND ORDINARY MEMBERS AS ON 31.3.2004****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 : aksaca@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, 2004 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 purposes 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, 2004 and
 - b) in the case of Income and Expenses Statement, of the surplus for the year ended on that date.

For Ajay K. Sud & Associates
Chartered Accountants
sd/-
(Krishna Kumar Singh)
Partner

Place : New Delhi
Date : August 18, 2004

STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2004

Particulars	Schedule #	As On 31-Mar-04 Rs.	As On 31-Mar-03 Rs.
SOURCES			
Capital Assets Fund	1	67,220,206.00	66,999,819.30
Endowment Funds	2	41,896,593.00	41,896,594.75
Earmarked Funds	3	39,469,651.00	37,281,969.82
Unutilised Grants	4	4,797,166.00	5,984,681.22
TOTAL		153,383,616.00	152,163,065.09
APPLICATIONS			
Fixed Assets	5	67,220,204.00	66,999,819.18
Investment of Endowment and other Funds	6	63,159,206.00	63,336,117.29
Net Current Assets	7	13,454,682.00	10,791,535.16
Accumulated Deficit		9,549,524.00	11,035,593.46
TOTAL		153,383,616.00	152,163,065.09
Notes on Accounts	16		

Schedules 1 to 16 form integral part of this Statement.

sd/- (S. D. Mudliar) Senior Accounts Officer	sd/- (B. K. Chakravarti) Secretary	sd/- (Dr. M. Govinda Rao) Director	sd/- (Dr. C. Rangarajan) Chairman
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As per our report of even date

for Ajay K. Sud & Associates
Chartered Accountants
sd/-
(Krishna Kumar Singh)
Partner

Place : New Delhi

Dated : August 18, 2004

INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

Particulars	Schedule #	Year Ended 31-Mar-04 Rs.	31-Mar-03 Rs.
INCOME			
Grants - General Support			
Central Government	8	15,770,422.00	14,575,081.00
State Governments	9	1,190,000.00	1,065,000.00
Project Support	13	5,417,739.00	3,553,922.00
Chairs / Cells / Other Grants	14	761,933.00	5,232,274.80
Project Fees		10,872,854.00	4,851,370.93
Utilisation of Int. on Govt. Endowment Fund		855,970.00	704,285.71
Utilisation of Int. on Ford Foundation Fund		351,404.00	703,170.20
Utilisation of Int. on RBI Endowment Fund		727,492.00	-
Course and Programme Fees		5,757,807.00	1,673,677.00
Sale of Publications		29,383.00	127,411.00
Corporate Membership Fees		15,000.00	15,000.00
Interest		2,144,159.00	2,247,794.00
Other Receipts		1,709,246.00	1,565,301.34
Profit on Disposal of Fixed Assets		9,270.00	5,676.00
Transferred from Additional Liability Fund		-	191,066.00
TOTAL		45,612,679.00	36,511,029.98
EXPENSES			
Salary and Allowances	10	15,897,155.00	14,676,761.50
Operational Expenses	11	7,272,917.00	5,863,193.35
Administrative Expenses	12	8,029,776.00	8,112,477.41
Expenses on Sponsored Projects	13	5,417,739.00	3,553,922.00
Utilisation of Chairs / Cells / Other Grants	14	761,933.00	5,232,274.80
Utilisation of Int. on Ford Foundation Fund		351,404.00	457,650.20
Utilisation of Int. on RBI Endowment Fund		727,492.00	-
Utilisation of Int. on Govt. Endowment Fund		855,970.00	-
		39,314,386.00	37,896,279.26
Depreciation for the year		1,745,781.00	3,222,453.00
TOTAL		41,060,167.00	41,118,732.26

Surplus/ (Deficit) before Prior Period and Exceptional Items		4,552,512.00	(4,607,702.28)
Prior Period and Exceptional Items	15	3,066,443.00	2,926,011.42
Surplus for the year		1,486,069.00	(7,533,713.70)
Deficit for the Previous Year		<u>11,035,593.00</u>	<u>3,501,879.76</u>
Deficit carried forward to Balance Sheet		<u>(9,549,524.00)</u>	<u>(11,035,593.46)</u>

Notes on Accounts 16
Schedules 1 to 16 form integral part of this Statement.

sd/- (S. D. Mudliar) Senior Accounts Officer	sd/- (B. K. Chakravarti) Secretary	sd/- (Dr. M. Govinda Rao) Director	sd/- (Dr. C. Rangarajan) Chairman
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As per our report of even date

for Ajay K. Sud & Associates
Chartered Accountants

sd/-
(Krishna Kumar Singh)
Partner

Place : New Delhi

Dated : August 18, 2004

Schedule - 1

	As On 31-Mar-04		As On 31-Mar-03	
	Rs.	Rs.	Rs.	Rs.
CAPITAL ASSETS FUND				
Balance at the beginning of the year		66,999,819.00		66,480,216.30
Add: Assets added during the year				
Transfer from Int. on Endowment Fund	(Refer Sch. 3)	304,409.00		437,115.94
Transfer from Int. on Life Membership Fund	"	-	-	39,744.00
Transfer from Int. on Scientific Research Fund	"	-	-	81,585.00
Transfer from Int. on Govt. Endowment Fund	"	-	-	147,818.06
		<u>304,409.00</u>		<u>706,263.00</u>
Less: Cost of Assets Disposed Off		84,022.00		186,660.00
TOTAL		<u>67,220,206.00</u>		<u>66,999,819.30</u>

Schedule - 2	As On 31-Mar-04		As On 31-Mar-03	
	Rs.	Rs.	Rs.	Rs.
ENDOWMENT FUNDS				
a. Initial Endowment Fund		3,915,000.00		3,915,000.00
b. Ford Foundation Endowment Fund		6,177,924.00		6,177,924.00
c. Government Endowment Fund		10,000,000.00		10,000,000.00
d. RBI Endowment Fund	15,000,000.00		7,500,000.00	
Add: Received during the year		-	7,500,000.00	
		15,000,000.00		15,000,000.00
e. Scientific Research Fund		727,406.00		727,406.80
f. Life Membership Fund		420,000.00		420,000.00
g. Bimla Bagchi Award Fund		50,000.00		50,000.00
h. Additional Liability Fund				
Employees Liability Fund				
Opening Balance	5,576,963.00		6,092,280.00	
Transfer to Income & Expenses Statement		-	191,066.00	
	5,576,963.00		5,901,214.00	
Less: Unrealised Project Fees written off for the Year 2001-02	-		135,000.00	
Less: Unrealised Project Fees written off for the Year 2002-03	-		189,250.05	
		5,576,963.00		5,576,963.95
i. Jokhan Maurya Award Fund		29,300.00		29,300.00
TOTAL		41,896,593.00		41,896,594.75

Schedule - 3

Schedule - 3	As On 31-Mar-04		As On 31-Mar-03	
	Rs.	Rs.	Rs.	Rs.
EARMARKED FUNDS				
1. <u>Depreciation Fund</u>				
Balance at the beginning of the year	30,952,780.00		26,547,902.11	
Add: Depreciation for the year	1,745,781.00		3,222,453.00	
Add: Depreciation for prior period	-		1,369,085.50	
	32,698,561.00		31,139,440.61	
Less: Depreciation written back on assets disposed off	84,022.00		186,660.00	
		32,614,539.00		30,952,780.61
2. a. <u>Ford Foundation Fund (Interest Accumulation)</u>				
Balance at the beginning of the year	4,579,843.00		4,837,798.13	
Add: Interest earned during the year	495,136.00		445,215.00	
	5,074,979.00		5,283,013.13	
Less: Expenditure during the year	351,404.00		457,650.20	
Less: Diminution in Value of Investments	-		245,520.00	
		4,723,575.00		4,579,842.93
b. <u>Interest on Initial Endowment Fund (Interest Accumulation)</u>				
Balance at the beginning of the year	-		-	
Add: Interest earned during the year	343,295.00		437,115.94	
Less: Transferred to Capital Assets Fund	304,409.00		437,115.94	
		38,886.00		-
c. <u>Interest on Scientific Research Fund (Interest Accumulation)</u>				
Balance at the beginning of the year	-		-	
Add: Interest earned during the year	78,792.00		81,585.00	
Less: Transferred to Capital Assets Fund	-		81,585.00	
		78,792.00		-
d. <u>Interest on Life Membership Fund (Interest Accumulation)</u>				
Balance at the beginning of the year	-		-	
Add: Interest earned during the year	67,144.00		39,744.00	
Less: Transferred to Capital Assets Fund	-		39,744.00	
		67,144.00		-
e. <u>Government Endowment Fund (Interest Accumulation)</u>				
Balance at the beginning of the year	94,480.23		-	
Add: Interest earned during the year	855,969.77		946,584.00	
	950,450.00		946,584.00	
Less: Expenditure during the year	855,970.00		147,818.06	
Less: Diminution in Value of Investments	-		704,285.71	
		94,480.00		94,480.23

f. Interest on Additional Liability Fund (Interest Accumulation)	712,900.00		712,900.05
g. Bimla Bagchi Award (Interest Accumulation)			
Balance at the beginning of the year	15,966.00	12,381.00	
Add: Interest earned during the year	2,044.00	3,585.00	
	18,010.00	15,966.00	
Less: Awards distributed during the year	-	-	
	18,010.00		15,966.00
h. Jodhan Maurya Award Fund (Interest Accumulation)			
Balance at the beginning of the year	4,635.00	1,935.00	
Add: Interest earned during the year	2,025.00	2,700.00	
	6,660.00	4,635.00	
Less: Awards distributed during the year	-	-	
	6,660.00		4,635.00
i. RBI Endowment Fund (Interest Accumulation)			
Balance at the beginning of the year	921,365.00	-	
Add: Interest earned during the year	920,792.00	921,365.00	
	1,842,157.00	921,365.00	
Less: Expenditure during the year	727,492.00	-	
	1,114,665.00		921,365.00
TOTAL	39,469,651.00		37,281,969.82

Schedule - 4	As On		Fresh Receipts/ Interest	Total	Assets		Utilisation		Total	As On		
	1-Apr-03				Purchased	Other Expenses	Refund / Written Off	31-Mar-04				
	Unutilised	Recoverable	Rs.	Rs.				Rs.	Rs.	Unutilised	Recoverable	
UNUTILISED GRANT												
A. Grant from Central Government												
Recurring Grant	-	-	2,300,000.00	2,300,000.00	-	-	2,300,000.00	-	-	-	-	
Pay Grant	1,877,169.00	-	15,150,000.00	17,027,169.00	-	-	13,470,422.00	1,877,169.00	15,347,591.00	1,679,578.00	-	
TOTAL (A)	1,877,169.00	-	17,450,000.00	19,327,169.00	-	-	15,770,422.00	1,877,169.00	17,647,591.00	1,679,578.00	-	
B. Foreign Contribution Grants												
1. Grants from Ford Foundation												
a. Industrial Policy Research	1,238.76	-	-	1,238.76	-	-	-	1,238.76	1,238.76	-	-	
b. Post-Doctoral Research Fellowship	251,205.47	-	-	251,205.47	-	-	-	251,205.47	251,205.47	-	-	
c. Health Economics & Financing in India	49,549.06	-	-	49,549.06	-	-	-	49,549.06	49,549.06	-	-	
2. Fiscal Policy- London School												
3. World Bank - Water Global	869,059.00	-	-	869,059.00	-	-	-	-	-	869,059.00	-	
4. Asian Development Bank	11,752.10	-	-	11,752.10	-	-	-	11,752.10	11,752.10	-	-	
5. Indo Canadian	88,360.00	-	-	88,360.00	-	-	-	88,360.00	88,360.00	-	-	
6. UNDP	842,648.00	-	31,273.00	873,921.00	-	-	-	-	-	873,921.00	-	
7. IRLS	106,265.00	-	-	106,265.00	-	-	-	106,265.00	106,265.00	-	-	
8. WRI	156,317.31	-	-	156,317.31	-	-	-	156,317.31	156,317.31	-	-	
9. CIDA - Reforms State Local Fiscal Relation	-	15,012.00	250,000.00	265,012.00	-	-	-	234,988.00	-	-	-	
9.a. CIDA - Poverty Reduction	625,046.00	-	4,852,500.00	5,477,546.00	-	-	-	5,182,751.00	-	294,795.00	-	
10. World Bank - Jaipur Course	-	118,968.00	-	-	-	-	-	-	-	-	118,968.00	
TOTAL (B)	3,192,782.98	133,980.00	5,133,773.00	8,311,543.98	-	-	5,417,739.00	855,989.98	6,273,728.98	2,037,815.00	118,968.00	

Contd.

C. Chairs / Cells / Other Grants

a. HDFC Chair	-	281,005.00	-	-	-	-	-	-	-	-	-	281,005.00
b. Cell on Data Bank	40,497.00	-	-	-	-	-	-	-	-	-	40,497.00	-
c. State Finance Cell	155,099.00	-	-	-	-	-	-	-	-	-	155,099.00	-
d. RBI Chair	-	204,515.00	-	-	-	-	-	-	-	-	-	204,515.00
e. HDFC Chair	293,066.00	-	935,000.00	1,228,066.00	-	-	593,889.00	-	593,889.00	634,177.00	-	-
F. i. EEOFC	346,990.00	-	-	346,990.00	-	-	88,969.00	258,021.00	88,969.00	346,990.00	-	-
F. ii. EEOFC (Books)	79,075.00	-	-	79,075.00	-	-	79,075.00	-	79,075.00	-	-	-
F. ADB Grant	-	-	250,000.00	250,000.00	-	-	-	-	-	250,000.00	-	-
TOTAL (C)	914,727.00	485,520.00	1,185,000.00	2,099,727.00	-	-	761,933.00	258,021.00	1,019,954.00	1,079,773.00	485,520.00	-
GRAND TOTAL (A+B+C)	598,4678.98	619,500.00	23,768,773.00	29,738,439.98	-	-	21,950,094.00	2,991,179.98	24,941,273.98	4,797,166.00	604,488.00	-

Schedule - 5	Gross Block (at cost)				Depreciation				Written Down Value			
	As On		Sales /		For the		Upto		As On		As On	
	1-Apr-03	31-Mar-04	Rs.	Rs.	Year	Rs.	31-Mar-04	Rs.	31-Mar-04	Rs.	31-Mar-03	Rs.
FIXED ASSETS												
1. Leasehold Land	18,197,718.75	-	-	0.75	18,197,718.00	-	-	-	18,197,718.00	-	18,197,718.75	-
2. Building	20,145,840.93	-	-	0.93	20,145,840.00	4,517,895.00	390,699.00	-	4,908,594.00	15,237,246.00	15,627,945.93	-
3. Data Processing Equipments	12,247,787.00	272,248.00	-	-	12,520,035.00	11,640,499.00	347,575.00	-	11,982,074.00	531,961.00	607,288.00	-
4. Office Equipment	4,124,162.00	23,559.00	22,800.00	22,800.00	4,124,921.00	4,118,500.00	10,974.00	22,800.00	4,106,674.00	18,247.00	5,662.00	-
5. Furniture and Fixtures	2,276,148.00	-	8,977.00	8,977.00	2,267,171.00	2,111,239.00	146,178.00	8,977.00	2,248,440.00	18,751.00	164,909.00	-
6. Hostel, Library, Computer & Seminar Room Furniture	3,669,752.50	-	28,714.50	28,714.50	3,641,038.00	3,330,568.50	539,184.00	28,714.50	3,661,038.00	-	539,184.00	-
7. Air Conditioner and Water Coolers	3,683,662.00	-	-	-	3,683,662.00	3,532,923.00	121,739.00	-	3,654,662.00	29,000.00	150,739.00	-
8. Electric Installations	1,885,260.00	8,602.00	23,531.00	23,531.00	1,870,331.00	1,697,262.00	189,432.00	23,531.00	1,863,163.00	7,168.00	187,998.00	-
9. Vehicles	695,338.00	-	-	-	695,338.00	695,336.00	-	-	695,336.00	2.00	2.00	-
10. Horticulture Equipment	74,150.00	-	-	-	74,150.00	74,150.00	-	-	74,150.00	-	-	-
TOTAL	66,999,819.18	304,409.00	84,024.18	84,024.18	67,220,204.00	31,518,372.50	1,745,781.00	84,022.50	33,180,131.00	34,040,073.00	35,481,446.68	-
PREVIOUS YEAR	66,480,216.18	706,263.00	186,660.00	186,660.00	66,999,819.18	27,113,494.00	4,591,538.50	186,660.00	31,518,372.50	35,481,446.68	-	-

Schedule - 6	As On 31-Mar-04 Rs.	As On 31-Mar-03 Rs.
INVESTMENTS		
A. Public Sector Banks Term Deposits	5,685,556.00	5,261,753.00
B. Public Sector Financial Institutions		
i. Deposits	-	1,350,000.00
ii. Bonds / Debentures	32,354,650.00	28,695,364.29
C. Public Sector Companies - Deposits	25,119,000.00	28,029,000.00
TOTAL	63,159,206.00	63,336,117.29

Schedule - 7	As On 31-Mar-04 Rs.	As On 31-Mar-03 Rs.
NET CURRENT ASSETS		
A. CURRENT ASSETS		
1. Interest Accrued	1,737,987.00	1,793,467.69
2. Tax Deducted at Source	884,190.00	533,917.00
3. Stock of Publications	273,430.00	235,152.95
4. Cash and Bank Balances		
Cash and Postage Imprest	2,478.00	6,487.00
In Scheduled Banks Current and Savings Accounts	11,557,238.00	6,255,502.48
	11,559,716.00	6,261,989.48
5. Recoverables		
Project Fees Accrued	5,954,731.00	7,547,633.00
Fees and Others (Sch. 4)	604,488.00	619,500.13
Grant, Course and Programme Fees	913,657.00	201,795.00
	7,472,876.00	8,368,928.13
6. Debtors, Advances and Deposits	3,235,502.00	689,170.43
TOTAL (A)	25,163,701.00	17,882,625.68
B. CURRENT LIABILITIES		
1. Project Fees received in advance	3,148,000.00	300,000.00
2. Grant from RBI received in advance	300,000.00	300,000.00
3. Creditors and Payables	7,951,519.00	6,018,090.52
4. Refundable Deposits	309,500.00	473,000.00
TOTAL (B)	11,709,019.00	7,091,090.52
NET CURRENT ASSETS (A-B)	13,454,682.00	10,791,535.16

Schedule - 8	Year Ended 31-Mar-04 Rs.	Year Ended 31-Mar-03 Rs.
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GRANTS FROM CENTRAL GOVERNMENT

General Support Grants

Grant from Government of India:

Recurring Grant	2,300,000.00	1,500,000.00
Pay Grant	13,470,422.00	13,075,081.00
TOTAL	15,770,422.00	14,575,081.00

Schedule - 9

GRANTS FROM STATE GOVERNMENTS

General Support Grants

Government of Karnataka	150,000.00	150,000.00
Government of Gujarat	-	50,000.00
Government of West Bengal	100,000.00	100,000.00
Government of Meghalaya	35,000.00	35,000.00
Government of Orissa	150,000.00	150,000.00
Government of Maharashtra	100,000.00	100,000.00
Government of Uttar Pradesh	100,000.00	100,000.00
Government of Punjab	100,000.00	100,000.00
Government of Tamil Nadu	100,000.00	100,000.00
Government of Assam	-	100,000.00
Government of Uttaranchal	150,000.00	-
Government of Nagaland	80,000.00	80,000.00
Government of Mizoram	50,000.00	-
Government of Kerala	75,000.00	-
TOTAL	1,190,000.00	1,065,000.00

Schedule - 10

SALARIES AND ALLOWANCES

Salaries and Allowances	12,661,226.00	12,009,218.50
Contribution to PF and Other Funds	2,101,953.00	1,572,641.00
Staff Benefits and Welfare	1,046,500.00	1,017,647.00
EDLI & Admin. Charges	87,476.00	77,255.00
TOTAL	15,897,155.00	14,676,761.50

Schedule - 11	Year Ended 31-Mar-04 Rs.	Year Ended 31-Mar-03 Rs.
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OPERATIONAL EXPENSES

Books and Periodicals	1,666,492.00	1,485,089.00
Cost of Publications	280,723.00	103,463.00
Course and Programme Expenses	3,106,314.00	1,120,992.00
Meeting and Seminar	172,565.00	82,612.00
Project Expenses (Other than Sponsored)	2,046,823.00	3,071,037.35
TOTAL	7,272,917.00	5,863,193.35

Schedule - 12

ADMINISTRATIVE EXPENSES

Travelling and Conveyance	498,460.00	425,960.00
Rates and Taxes	1,022,467.00	714,270.81
Water and Electricity	2,229,009.00	1,622,938.00
Printing and Stationery	489,863.00	576,511.00
Telephone and Postage	704,593.00	775,755.82
Repairs and Maintenance	1,902,740.00	2,319,137.69
Car Expenses	175,337.00	320,537.00
Audit Fees	27,750.00	27,875.00
Audit Fees - Provident Fund Trust	116,640.00	-
Miscellaneous Expenses	215,887.00	324,685.09
Legal Expenses	384,770.00	520,652.00
Advertisement Expenses	142,260.00	424,155.00
Expenses on 25th Anniversary	120,000.00	60,000.00
TOTAL	8,029,776.00	8,112,477.41

Schedule - 13	Year Ended 31-Mar-04 Rs.	Year Ended 31-Mar-03 Rs.
EXPENSES ON SPONSORED PROJECTS		
i. CIDA - State / Local Fiscal Reforms	234,988.00	726,776.00
ii. CIDA - Poverty Reduction	5,182,751.00	2,827,146.00
TOTAL	5,417,739.00	3,553,922.00

Schedule - 14

EXPENSES ON CHAIRS / CELLS / OTHER GRANTS

RBI Chair	-	1,425.00
IDFC Chair	593,889.00	556,934.00
EEOFC - Expenses	88,969.00	4,370,845.80
EEOFC - Books	79,075.00	303,070.00
TOTAL	761,933.00	5,232,274.80

Schedule - 15

PRIOR PERIOD & EXCEPTIONAL ITEMS

Depreciation for prior period	-	1,369,085.50
Depreciation written back on assets disposed off	(84,022.00)	(186,660.00)
Accrued project fees written off	1,998,182.00	1,072,416.95
Project fees for prior period	-	(207,856.00)
Royalty income on publication	-	(19,379.53)
Hostel & publication debtors written off	-	22,691.00
Sundry creditors written off	-	(5,179.00)
Additional Liability Fund written back	-	(135,000.00)
Development Fund written back	-	949,805.71
Other prior period expenses	12,682.00	67,252.00
Other prior period incomes	(63,422.00)	(1,165.21)
Shortfall in Interest - NIPFP PF Trust	1,203,023.00	-
TOTAL	3,066,443.00	2,926,011.42

Schedule - 16

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Accounting Policies

- Accounts are drawn up generally on accrual basis unless otherwise stated. Corporate Membership Fees and Interest on investment of Ford Foundation Grants are accounted for on cash basis.
- 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.
- The capital Assets Fund has been generated largely out of grants received from various organisations for purchase of Capital Assets and interest accrued thereon. 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.
- Additional Liability Fund is created out of the Project Income and Surplus Funds, if any, 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.
- Fixed Assets are stated at cost.
- 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. Depreciation on Building is charged at the rate of 2.5% p.a. on written down value basis. Amounts written off as depreciation are funded instead of being shown as deduction from gross value of assets.
- Long term investments are stated at cost less permanent diminution in value of investments.
- 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.
- Books and Periodicals are charged off to revenue in the year of expenditure.
- All foreign currency transactions have been duly accounted for in the books of accounts at the exchange rate prevailing on the date of transaction.
- Grants received from donor agencies are initially accounted for as liability and charged to capital or revenue as per utilisation.

B. Notes on Accounts

- Contingent Liabilities
 - Liability in respect of court cases instituted against the Institute and by the Institute amount is not ascertainable.
 - Maximum compensation which may be payable to National Institute of Public Finance and Policy Provident Fund Trust (NIPFP PF Trust) against loss to the NIPFP PF Trust consequent to embezzlement of Trust money is Rs. 1,07,22,121/-. The loss to NIPFP PF Trust will be compensated by the Institute to the extent it can not be recovered by the NIPFP PF Trust from the persons who are responsible for the embezzlement.
- Leasehold land includes land premia Rs. 1,21,76,966/- and relocation charges Rs. 53,82,000/- (refer schedule 5) paid to DDA for allotment of land measuring 2800 sq. mts. located adjacent to the existing NIPFP Compound in terms of allotment letter dated 27.04.2000. 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. 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. During the year under review ten percent of the additional liability amounts to Rs. 7,85,286/- and has been paid out of the project income during the year under review. During the year under review, no amount has been transferred to the Additional Liability Fund in view of brought forward deficit from earlier years.
4. Account balance under sundry debtors, advances, project fees receivables, sundry creditors and gratuity payable are subject to confirmation, reconciliation and consequential adjustments.
5. Debtors, Advances and Deposits of Rs. 32,35,502/- includes Rs. 20,00,000/- paid as advance to NIPFP PF Trust.
6. Previously 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/- (S.D. Mudliar) Senior Accounts Officer	sd/- (B.K. Chakravarti) Secretary	sd/- (Dr. M. Govinda Rao) Director	sd/- Dr. C. Rangarajan Chairman
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As per our report of even date

For Ajay K Sud & Associates
Chartered Accountants

sd/-
(Krishna Kumar Singh)
Partner

Place : New Delhi
Date : August 18, 2004