



Annual Report

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NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI



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Annual Report 1996-97

I. Introduction

The National Institute of Public Finance and Policy (NIPFP) celebrated its twentieth anniversary during 1996-97. Conceived as an autonomous institution primarily in the area of public economics and finance, it followed, during 1996-97, its mandate to conduct research, give policy advice and impart training in public finance to Government officials at the Centre and the States.

The main event marking the anniversary was a two-day symposium on Fiscal Policy, Public Policy and Governance. Mr. P. Chidambaram, Union Minister of Finance, delivered the presidential speech, Dr. Vito Tanzi, Director, Fiscal Affairs Department, International Monetary Fund, the keynote address, and Dr. Raja J. Chelliah, Chairman of the Governing Body and the first Director of NIPFP, the inaugural lecture. Dr. Amaresh Bagchi, second Director and Emeritus Professor, recounted the accomplishments of NIPFP during its first twenty years. Papers were presented by economists, political scientists and legal experts at the symposium which was attended by professional researchers, academicians, government officials, and journalists. A volume covering addresses, research papers and discussant notes on the symposium topics has since been edited by Dr. Parthasarathi Shome, third Director, and published by Centax Publications.

The Union Ministry of Finance has given an endowment and capital grant of Rs. 2.3 crores to NIPFP, to be disbursed in 1996-97 and 1997-98. A fixed amount is to replenish the endowment of NIPFP. The remaining amount is for infrastructure which needs immediate refurbishing such as computer and library facilities, as well as for the construction of additional space and an auditorium. This is the largest single grant that NIPFP has received from Government and should go a long way in complementing it with the necessary support structure that has become imperative for the level of output that it produces and that is expected of it.

On the research side, NIPFP completed several research projects and provided research inputs to the preparation of reports for Government committees, task forces and expert groups. Chaired by Dr. Chelliah or Dr. Shome or convened by Dr. Bagchi, these reports include, for the Ministry of Finance, (i) a report on Stamp Duty (ii) Inter-State Sales Tax (iii) Savings (iv) Incentives under the Personal Income Tax and (v) Corporate Income Tax Reform; for the Planning Commission, a report on Tax Policy for the Ninth Plan and, for the Ministry of Environment and Forests, a report on Market-Based Instruments for Pollution Control. Projects that were completed spanned various areas including the measurement and role of Government Subsidies in India, Tax Administration, Tax Deduction at Source, Customs Administration, VAT Administration at the level of States, and Cost of Pollution Control in specific industries. Continuing research projects

included topics as varied as Issuance of Debt by Municipalities sponsored by USAID's FIRE project, Financing of Health and Health Insurance sponsored by the Ministry of Health, Public Debt and Expenditure Issues sponsored by the Ford Foundation, and Land Taxation and Administration, Property Tax Administration, Administration of State Taxes, and Information Systems of Central Taxes, sponsored by the UNDP.

Various international initiatives were undertaken. An exchange relationship was established with Hitotsubashi University, Tokyo. NIPFP undertook to conduct fiscal studies of nine States sponsored by the World Bank. Negotiations were carried forward with the Canadian International Development Agency for a wide-ranging programme focusing on fiscal federalism. International visitors from Brazil, China, and Japan came to discuss India's public finances; visits were made by officials from such agencies as the Bureau for International Fiscal Documentation based in Amsterdam, Harvard International Tax Programme based in Cambridge, Massachusetts, and multilateral organisations such as the Asian Development Bank, International Monetary Fund, and the World Bank. Staff from the International Monetary Fund as well as from foreign universities spent sabbaticals at NIPFP. As in 1995-96, international consultants from Canada, Chile and Denmark participated in various research projects, and others from Bangladesh, Indonesia and Nepal in training courses.

NIPFP activities were undertaken with professional enterprise, dedication and enthusiasm. In the previous Annual Report 1995-96, an urgent need for revamping the infrastructure, such as library, computer and building facilities had been expressed, with an indication that future performance at the established level of competence which had made NIPFP a research organisation of worldwide repute was likely to depend on the fulfilment of those needs. The acceptance of this request by the Ministry of Finance expressed through its granting of requisite financial resources to NIPFP is hereby appreciated.

Dr. P. Shome, Director, NIPFP, announced his decision to leave NIPFP (at the end of May 1997) at the Governing Body meeting held in March 1997. Dr. P. Shome relinquished the office of the Director, NIPFP on 1 June 1997. The Governing Council would like to place on record its appreciation for the services rendered by him to the development of the Institute.

During the year, Dr. D.K. Srivastava joined as Professor, and Dr. A. Sawhney as senior economist. The composition of the Governing Body changed as is required every four years. A list of Governing Body members as on 31 March 1997 appears in Annexure 1.

II. Research Activities

Research activities are organised under Units and Cells.

✧ DIRECT AND INDIRECT TAXES CELL

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

□ *The Direct Taxes Cell completed a study on "Evaluation of the System of Deduction of Income Tax at Source". The study was one among a broad range of studies on tax administration sponsored by UNDP (henceforth referred to as UNDP project). Work was also begun on Information Systems and on Transfer Pricing under the same project.*

□ *The Indirect Taxes Cell completed a report on Tariff Policy Reform and Impact on Protection, funded by the Ford Foundation. A Report on Sales Tax in Andhra Pradesh under the UNDP project as well as one on the VAT in Andhra Pradesh were also completed. In addition, a report on Customs Administration Reforms under the UNDP project was undertaken.*

□ *Committee work under the sponsorship of the Ministry of Finance was completed or was near completion in four areas : (1) Committee of State Finance Ministers on Sales Tax Reform and Monitoring the Progress of Sales Tax Reform; (2) Committee of State Finance Ministers on Stamp Duty Reforms; (3) Group of Officials and Experts to Study the Problem of Taxation of Inter-State Sales; and (4) Working Group on Saving Incentives in the Income Tax.*

□ *Committee work under the sponsorship of the Planning Commission was completed with the submission of the Report of the Working Group on Tax Policy for the Ninth Five Year Plan. With the permission of the Planning Commission, the Report was subsequently published.*

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

This study constituted a part of the UNDP project. Tax deduction at source (TDS) is an instrument designed for quick and smooth collection of tax and to enforce compliance with the tax laws. Enforcing a scheme of TDS requires evolving suitable procedures, and infrastructure for monitoring, cross-verification and quick disposal of refunds. Absence of adequate procedures or infrastructure leaves scope for misuse of the provisions of the scheme

and/or harassment of those claiming refunds. It is in this context that this study critically examines the operation of TDS.

- **Tariff Policy Reform and Impact on Protection : 1987-88 to 1993-94 (completed)**
☐ *Hasheem Saleem*

Funded by the Ford Foundation, this study assesses the extent of rationalisation of tariff and non-tariff barriers by the year 1993-94. It found that there was a decline in the dispersion and in the average rate of tariff. While the nominal and effective rates of protection also declined, they were reversed when corrected for overvaluation for the exchange rate. The study also found little relation between collection rates and the official tariff rates, indicating the strong presence of exemptions.

- **Customs Administration Reform** ☐ *Parthasarathi Shome, Sukumar Mukhopadhyay and Saumen Chattopadhyay*

The aim of this UNDP project report was to analyse customs administration and suggest appropriate improvements in procedures and policies. It covers a wide range of subjects such as importation of cargo and baggage, export, licensing policy, nexus between import and export, concept of consumer goods, restructuring of customs and excise tariffs, and downsizing of the Customs and Excise Department, to make it more efficient. The report is nearing completion.

- **Sales Tax in Andhra Pradesh (completed)** ☐ *Mahesh Purohit*

This UNDP project report describes the administration and structure of sales tax in Andhra Pradesh, emphasising the spread of rates as well as the exemptions from the tax. It makes wide ranging recommendations on both policy and administrative aspects of tax.

- **Report of the Working Group on Tax Policy of the Steering Group on Financial Resources for the Ninth Five Year Plan, Planning Commission (completed)**
☐ *Parthasarathi Shome (Chairman)*

The report identifies a wide array of tax policy and tax administration measures that would need to be identified for the purpose of additional resource mobilisation for the financing of the Ninth Plan, at the Union, State and Local Government levels. For the exercise, the Planning Commission had indicated that additional resource mobilisation of 3 per cent of GDP should be taken as the benchmark. In the process, the report points towards those areas in which fundamental tax reform needs to be carried out, in particular, with the objective of widening the tax base. (Now published by Centax Publications).

- **Report of the Group of Officials and Experts to Study the Problem of Inter-State Sales Taxation, Ministry of Finance (completed)** ☐ *Parthasarathi Shome (Chairman)*

The report has made wide-ranging recommendations on the feasibility of moving to a destination-based system from the prevailing origin-based system of inter-State sales taxation. It also makes specific recommendations for a step by step movement over three years for both net-importer and net-exporter States.

- **Report of the Working Group on Savings Incentives under the Income Tax, Ministry of Finance (completed May 1997)** ☐ *Parthasarathi Shome (Chairman)*

Focusing on the personal income tax, the report attempts a survey of international practices, describes the prevailing system of savings incentives in India, suggests wide-ranging implications both in the incentive structure as well as in the income tax structure, underlining the point that the recent reductions in the tax rates can be revenue neutral if appropriate increases are made in the number of taxpayers. The report is nearing completion.

RESERVE BANK OF INDIA UNIT

☐ *The RBI Unit completed work on the revenue additionality critically required for the third tier of governance in India to perform its assigned functions, and on quantifying the parameters and revenue implications of an asset-based MAT on the corporate sector in India. A paper on presumptive taxation and governance was presented at the 20th anniversary symposium of NIPFP in December 1996. The collaborative study with ISEC, Bangalore on a prototype calculation of a land-based presumptive tax on agriculture income is almost complete. The causes of the current industrial recession in India were explored, and important theoretical results obtained on implications of a revenue-neutral VAT for the aggregate price level. An empirical cross-sectional investigation of the relationship between external country indebtedness and private investment in a disequilibrium framework covering the period 1971 to 1992 was completed.*

- **Augmentation of Panchayat Resources (May 1996)** ☐ *Indira Rajaraman, O.P. Bohra and V.S. Renganathan*

Work started the previous year in collaboration with Drs. O.P. Bohra and V.S. Renganathan was completed and resulted in a paper in the *Economic and Political Weekly* (XXXI:18, 4 May: 1071-1083). The paper advises against a flat share of aggregate state revenues for local bodies; although an attractively simple solution and in line with the recommendations of the Tenth Finance Commission on centre-state sharing, such an approach focuses attention away from the revenue additionality that is critically required for this experiment in decentralised governance to succeed. A taxwise identification on the other hand of state-level taxes to the

proceeds of which panchayats have a natural right, whether or not that right is sanctioned under present legislation, enables a focused investigation of ways by which panchayat resources may be augmented. With the assignment to panchayats of revenues that are theirs by right, the need for fiscal equalisation handouts, and indeed the very definition of certain areas as backward, is called into question. The paper also tabulates taxes leviable by panchayats under present legislation in the major States, and suggests ways by which to improve their buoyancy. This work was supplied as an input into the Planning Commission Working Group on Decentralised Planning and Panchayati Raj for the Ninth Plan. The Report of the Working Group was finalised in November 1996.

- *A Minimum Alternative Asset-Based Corporate Tax for India (July 1996)*
□ Indira Rajaraman and T.Koshy (CMIE)

Work on quantifying an appropriate presumptive rate of return to assets for the Indian corporate sector, and on examination of the transition probabilities of companies around the presumptive rate of return was completed, and resulted in a paper in *Economic and Political Weekly* in collaboration with T.Koshy, using the CMIE corporate database (XXXI: 29, 20 July: 1941-1952). The estimates in the paper of the additional revenue possible from introduction of an asset-based MAT were quoted by the World Bank Country Economic Memorandum for 1996, which endorsed the case for an asset-based corporate MAT. These revenue estimates were supplied to the Planning Commission Working Group on Tax Policy for the Ninth Plan, and constituted Chapter 2 of the Report of the Working Group finalised in July 1996.

- *Presumptive Taxation and Governance (December 1996)* □ Indira Rajaraman

The work that has been done in the preceding two years on presumptive taxation in the RBI Unit was summarised in a paper which was presented at the 20th Anniversary Symposium at NIPFP on Fiscal Policy, Public Policy and Governance in December 1996. The paper examines the possible ways in which presumptive indicators and norms can be used to expand the tax base, and so raise the ratio of direct taxes to GDP, presently 3%, to levels reached in other developing countries which confront a sectoral structure and information vacuum similar to our own. Two sectors are examined in particular: services and agriculture, with a focus on why presumptive schemes proposed in the past for these sectors failed to find general acceptance. The paper recommends production indicators alone, as a basis for presumption; consumption indicators as a basis would make the tax system less rather than more equitable.

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

The report suggests a crop-specific presumptive supplement to the land revenue, also land-based, but related on the basis of field surveys to crop yields by way of net income, and presents the results of a field survey conducted in Northern Karnataka, covering three "sunrise" crops, as a prototype of the kind of exercise necessary. From the survey results, there is *prima facie* evidence of vast differences in the surplus of total revenue over total variable cost between crops. These co-exist in equilibrium because of supply-side entry barriers in terms of the required soil and irrigation requirements, and within this, further entry barriers imposed by what can be characterised as an oligopsonistic market structure in sunrise sectors like seed propagation. When the surplus over total variable cost as a percentage of total revenue is plotted as a function of yield, there is for two of the three crops a distinct threshold yield beyond which the percentage stabilises. For those crops for which such a relationship clearly emerges, this endogenously-generated threshold yield can serve as a systematic catastrophe-exemption provision below which the cultivator will be exempt from having to pay the supplementary tax. This eliminates the risk element that land taxation introduces into net farmer income. A simple single-rate structure is recommended, not fine-tuned or even slabbed with respect to yield levels above the threshold, so that no information is required on the exact quantum of yield of each taxable cultivator, nor on the complete cropping pattern of every cultivator. The only information required is a listing of cultivators growing any of the crops in the subset selected for taxation. This, and information on whether the yield obtained by a particular cultivator falls above or below the stipulated exemption threshold, will be easily and costlessly obtainable locally, which is why levies of this type are feasible only at panchayat level. The reason why information costs are often advanced as a possible explanation of why land-based taxation of agriculture is rarely a serious revenue source despite its undoubted efficiency advantages can thus be seen to be quite simply a result of levy at the wrong level of government.

- *Emerging Recession in the Indian Economy: Identifying the Cause (September 1996)* □ Hiranya Mukhopadhyay

This paper suggests and tests an alternative hypothesis to explain the current recession in Indian industries, especially the consumer durable sector. It is argued that the growth rate in this sector witnessed a sharp decline because of deferment of consumer expenditure.

- *Private Investment and External Debt : The Debt Overhang Hypothesis Revisited* (December 1996) ☐ Hiranya Mukhopadhyay

Recent empirical papers dealing with the debt crisis and its impact on the rate of investment (especially private investment) report conflicting results. However, none of the studies account for the fact that the market for investment loans may not have been in equilibrium. This paper tries to address that issue and carries out an empirical exercise to determine the causal links between indebtedness and private investment in a disequilibrium framework over the period 1971 to 1992. The results indicate that the increase in debt stock and debt service ratios since 1982 reduced both the demand for investment and the supply of credit.

- *Cascading, Revenue Neutrality and the VAT : Some Theoretical Results* (January 1997) ☐ Hiranya Mukhopadhyay

The conventional conclusion is that, ceteris paribus, a revenue-neutral VAT would have no impact on the aggregate price level, unless it elicits a supply response due to a lower degree of distortions. This paper shows that even if we ignore supply response, a revenue-neutral VAT can lead to higher output and lower price in a demand-constrained output regime. However, price will remain unchanged in a supply-constrained output regime.

☐ HDFC UNIT & SFC CELL

HDFC Unit and SFC Cell worked jointly for operational purposes.

☐ The HDFC Unit continued its work on three studies namely, *Administration and Enforcement of Property Tax; Appraisal of Municipal Regulations; and Inter-Governmental Transfers at Sub-National Levels under the UNDP research programme of Policy Reform*. It completed in collaboration with the Madras School of Economics a major study on *Economic Instruments for Environmental Sustainability*, and submitted the same to the World Resources Institute, Washington D.C. The HDFC Unit also completed a draft of a study on *Public Expenditure on the Water Sector for the World Bank, Washington D.C.* An important activity of the HDFC Unit was to provide support to the Steering Group and Task Forces set up by the Planning Commission and the Ministry of Urban Affairs and Employment in connection with the preparation of the Ninth Five Year Plan. The State Finance Commission Cell convened two meetings of the Advisory Committee in the financial year 1996-97, and discussed alternative strategies for better using the reports of the State Finance Commissions.

- *Economic Instruments for Environmental Sustainability* ☐ Om Prakash Mathur and U. Sankar

In this study which has been conducted by NIPFP and the Madras School of Economics, attempts have been made to identify ways in which economic instruments can be put in place for enhancing environmental quality in cities. Three sectors have been studied namely, Energy, Water and Solid Wastes. The final report of this study has been submitted to the World Resources Institute, Washington D.C. It is proposed to shortly bring out a summary report of this study for wider dissemination both within India and abroad.

- *Public Expenditure on the Water Sector* ☐ Om Prakash Mathur, Sandeep Thakur and Sudeshna Ghosh

Undertaken at the instance of the World Bank, this study analyses the trends in expenditure and receipts of water sector, water comprising irrigation water, urban water supply and rural water supply. The study attempts to estimate the contribution of the water sector to the revenue deficit of four major States - namely, Andhra Pradesh, Karnataka, Maharashtra and Tamil Nadu.

- *Administration and Enforcement of Property Taxes* ☐ Om Prakash Mathur, Kamlesh Misra and Sumon K. Bhaumik

This study which is under finalisation suggests changes that need to be made in the existing procedures of administration and enforcement of property tax system in India. For making recommendations, it has used the existing property tax administration procedures in four States, namely, Ludhiana, Cuttack, Chennai and Delhi. A shorter version of this paper was presented under the title Property Tax Policy and Local Governance at the Symposium held in commemoration of 20th Anniversary of NIPFP.

- *Appraisal of Municipal Regulation* ☐ Om Prakash Mathur and M.P. Sharma

This study is designed to identify the main steps in regulating building activity in the urban areas and the problems that are faced in enforcing those steps. The study offers suggestions that would lead to simplicity and transparency in the existing system.

- *Inter-Governmental Transfers at Sub-National Levels* ☐ Om Prakash Mathur

Work on this study is in progress. Field work has been completed in one Municipal Corporation, namely, Pune Municipal Corporation.

- *A study of Municipal Debts in India* [E. Narayanan, Om Prakash Mathur and Research Associates]

Sponsored by the USAID under its FIRE Project, NIPFP has undertaken a study of municipal debts in India. The primacy focus of this study is on two questions, namely, (a) to what extent are the municipalities dependent on "debts" for financing capital infrastructure and what are the sources and profiles of these debts; and (b) to what extent are the municipalities capable of raising debts?

The State Finance Commission Cell completed a draft paper comparing the approaches employed by the State Finance Commissions in making their recommendations. This draft will be further elaborated upon when the SFC reports are put in the public domain. A meeting to discuss these approaches is planned to be held on 13-14 October 1997. The SFC Cell also prepared a brief report on the current status of the different provisions of the Constitution (Seventy-third and Seventy-fourth) Amendment Acts, 1992.

- *Other Activities*

The Housing and Urban Economics Unit of NIPFP collaborated with the National Institute of Urban Affairs in organizing two seminars: (1) *Property Tax Reform in India*. Dr. P. Shome chaired the session on National and International Experiences while Professor Mathur made a presentation on Property Tax System in Developing and Transitional Economies; and (2) *User Charges*. In this, Professor Mathur made a presentation on the Non-land Based Sources of Municipal Revenues in Asian Countries.

HDFC Unit provided substantive support to the Steering Group on Urban Development set up under the Chairmanship of Member In-charge (Dr. D. Swaminadhan), Planning Commission. Professor Mathur together with the Chairman, HUDCO, and Managing Director, HDFC prepared a paper on Approach to Urban Development in the Ninth Five Year Plan for consideration of the Steering Group. Professor Mathur also contributed a chapter to the report entitled *India: Tax Policy for the Ninth Five Year Plan on Local Taxes: Potentials and Policies*. The Unit also presented a base paper on Housing Finance in India at a Conference of State Ministers of Housing, organised by the Ministry of Urban Affairs and Employment in October 1996.

STATE FINANCES UNIT

Despite being handicapped by a crash of computer system housing the data bank on State finances, the Unit completed during the year an important study on government subsidies in India. Other works completed include a paper on projection of State tax revenues and another on relative tax effort, both for the Planning Commission. The work on installing a new package of hardware and software continues. Work on

updating the data bank is being carried out simultaneously.

- *Government Subsidies in India (March 1997)* [D.K. Srivastava, Tapas K. Sen and Hiranya Mukhopadhyay]

The main objective of this study sponsored by the Ministry of Finance, Government of India was to estimate the quantum of open and hidden subsidies given by the Union and the State governments in India. Subsidies were defined as unrecovered costs of providing various services. The estimation was done at a disaggregated level, both in terms of services and in terms of States. A three-way classification of government services into pure public goods, merit goods and non-merit goods was made and subsidies were estimated for the latter two categories. Surpluses and subsidies were estimated and reported separately. A Discussion Paper based on the findings of this report has since been brought out by the Ministry of Finance. The study on Government Subsidies in India has generated considerable interest in the subject. It received wide publicity from the media, and it is being discussed at various academic fora.

- *Projection of State Tax Revenues (June 1996)* [Tapas K. Sen]

This paper projects tax revenues of States upto the year 2001-02 for the estimation of States' resources for the Ninth Plan. Projections are made on the basis of buoyancies of individual taxes computed for the period 1984-85 to 1993-94, using tax-specific data on tax base to the extent feasible. The tax bases are then projected forward and estimates of buoyancy used to project tax revenues, which are finally summed to provide projections for aggregate own tax revenue.

- *Relative Tax Effort by Indian States (December 1996)* [Tapas K. Sen]

This paper attempts to estimate the taxable capacities for individual States using data on proxy tax bases and actual tax revenues in a disaggregated framework, using regressions to relate the two sets of variables. The estimated parameter values, applied to the proxy bases, yield estimated tax potential. Comparing the actual tax revenue to the tax potential leads to relative tax effort estimates. The paper, besides providing estimates of tax potential and effort, highlights, for each State, the taxes where revenue performance has been relatively weak.

Public Finance Information System (PFIS)

The work of the Unit suffered a temporary setback with the crash of the computer system housing the PFIS data base on government finances. The basic data were, however, gradually recovered from the backups and an entire package of new hardware and software for the data base is being acquired. Once the data are loaded into the data base software and

some application programmes written and tested, the data base should be functional again. This is expected to be achieved within the first quarter of the current year. However, despite the setback, there was no let up in the collection of data for updating PFIS; this work has progressed normally, and PFIS will become functional with the latest available data.

The work on two studies mentioned in the preceding report – one on Administration of Profession Tax and Motor Vehicle Tax sponsored by UNDP and another on Impact of Central Grants on State Expenditures – are almost completed and the draft report of the first is expected to be completed within the first quarter of the current year while that for the second should be completed by the end of 1997.

ENVIRONMENTAL POLICY CELL

The major activities of the cell during the year include completion of the report of the task force on market-based instruments (MBIs) for pollution abatement. Several members of the EPC contributed to the report which was submitted to the Ministry of Environment and Forests (MoEF) in January. The cell was also involved in dissemination of the findings and recommendations of the report, including a national workshop. Two studies (listed below) on estimation of water pollution abatement costs were also finalised and submitted to MoEF during the year. The cell also completed a study on the administration of environmental regulations and fiscal incentives for pollution abatement as part of the UNDP project mentioned earlier. Staff of the cell also participated in several conferences and training programmes.

The EPC expanded during the year with the addition of two economists (see Highlights of Faculty Activities).

Task Force to Evaluate Market Based Instruments for Industrial Pollution Abatement

The report of the task force recommends extensive changes in the current regime for industrial pollution abatement to move from a regulatory command and control (CAC) approach to one that uses MBIs such as pollution taxes and tradeable permits.

Designing Pigouvian Tax for Sugar and Distillery Industries ☐ Rita Pandey

The primary goal of these studies was to design pollution tax for these industries. The studies demonstrate a methodology of determining the pollution tax rates to effectively enforce the existing source standards for water quality. The analysis in these studies points out the loophole in the existing legislation (MINAS) and suggests that the pricing of water be rationalised.

Fiscal Instruments for Water Pollution Abatement in Pulp and Paper Industry

This study estimates the marginal pollution abatement cost function for pulp and paper industry in India. The study also analyses the scope of using pollution tax for inducing this industry to undertake adequate pollution abatement. The results of the study bring out that pollution tax has to be coupled with appropriate pricing of ground water to ensure that pollution abatement is undertaken to the desired extent.

HEALTH ECONOMICS CELL

The activities of the cell included preparation of project related studies as well as data collection relating to Health Expenditure in various States.

Health Insurance as an Alternative to Present Health Care System in India

The study sponsored by Ford Foundation examines whether the national health insurance could replace the existing system of Health Care in India. The study reviews the Indian Health Care System and identifies the factors that ail our health care system. Experiences of other developing and developed countries are reviewed and their benefits and limitations identified. The study also aims to evaluate the health care plans currently existing in India. Based on the above analysis, it is expected that alternative scheme of health care/health insurance for different sections of the society will be suggested.

Data Bank for Government expenditure in Health Sector 1985-86 to 1995-96

Sponsored by the Ford Foundation, this study aims at collecting data on financing of various health related activities by both the State Governments and Central Government. The data being collected are classified under economic classification of the following expenditure categories.

- (i) Revenue expenditure on medical and public health, family welfare, and prevention and control of diseases.
- (ii) Capital outlay on medical and public health and family welfare.

- *Subsidies in Health and Education Sectors* [2] Charu C. Garg, Harmeet Singh Maddh, Ranita Dutta.

As a part of major study 'Government Subsidies in India' done at the Institute under the Ministry of Finance Grant, the Health Economics Cell provided a draft for the section on 'Subsidies in Health and Education Sector in India'. It was basically a review of literature on (a) Nature of subsidies (b) Instruments through which subsidies can be administered (c) Incidence of subsidy and (d) Estimates in the Indian context.

- *Other*

The members of the cell were also involved in preparing the draft of 'Medical Rules for Hospitalisation' for the National Institute of Public Finance and Policy members.

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

This programme initiated in 1989 to provide opportunities to Indian scholars to visit Universities/Institutions abroad for one academic year, was first renewed by the Ford Foundation in December 1991 for four years and again in July 1995 for another 3 years beginning July 17, 1995. Under the Programme, 33 scholars in all were awarded fellowships during the period from 1989 to 1996 of which 30 have since returned after completing their tenure of fellowship and 3 are currently pursuing their research abroad. The last batch of 5 scholars selected in December 1996 is likely to start their overseas research during August 1997.

Fellows are selected by a Selection Committee consisting of five/six eminent and distinguished Indian Professors, Director NIPFP, and a Representative from the Ford Foundation, New Delhi. Besides making selections, Committee Members also provide guidance on their research proposals, selection of Universities/Institutions to secure placement through IIE, New York as also for recommending their proposals/final paper for availing of a follow-up grant upto Rs. 10,000 to pursue research, on return to India, which they had taken up during the tenure of their fellowship.

The programme first extended on the basis of unanimous recommendation of the non-official members of the Selection Committee, was further extended following a comprehensive evaluation of the operation and results of the programme done by Dr. I.G. Patel. He recommended extension for several years for the reason that the Programme was well conceived, and efficiently administered, executed and implemented. Dr. Patel also recommended inter-alia the building up of a network of both individuals and institutions who have benefited from the programme. Accordingly, the Foundation advised NIPFP to organise two Seminars each of two days' duration. The first seminar was held on November

5-6, 1995 to assess the achievements of broad goals and the impact created by the Programme. Stress was also laid on building up an effective and strong network to sustain the programme in one form or another after Foundation's support ceases in 1998. The second Seminar is proposed to be held in October-November, 1998.

IV. Training

During the year NIPFP organised a number of training programmes for senior officers of the Indian Administrative Service and for officials of the Department of Sales Tax -

- VAT Policy and Administration, July 29-August 2, 1996 at Pune, sponsored by the Government of Maharashtra
- Intergovernmental Financial Relations, September 9-13, 1996, sponsored by the Department of Training and Personnel, Government of India
- VAT Policy and Administration, September 18 to October 1, 1996, sponsored by the Department of Revenue, Ministry of Finance
- Tax Policy in India, October 7-11, 1996, sponsored by the Department of Training and Personnel, Government of India
- VAT Policy and Administration, January 6-11, 1997, sponsored by the Government of Maharashtra.

V. Library and Documentation

NEW ACQUISITIONS

The Library continued to acquire books, reports and other publications from various sources. During the year 1099 new books, reports and 250 bound volumes of Journals were added to the library. With this addition, the library has as on 31.3.97 a collection of 30182 books and reports, and 2736 bound volumes of Periodicals.

PERIODICALS

The library subscribed to 189 Journals of which 97 are foreign and 92 are Indian including a few in microfiche. In addition, the library received 71 Journals free of cost raising the total to 260.

A large number of technical reports/discussion papers/reprints in economics were received from other Institutions during the period. IMF working papers were received on a complimentary basis from International Monetary Fund, Washington.

LIBRARY SERVICES

Approximately 23,800 Publications were circulated during the period among its members. A total number of 404 external researchers, scholars and officials from India and abroad availed of the lending as well as reference facilities.

Under the Inter-Library-loan program, about 65 books were lent out to the neighbouring institutes and libraries and 40 publications were borrowed from them for use by library members.

REPROGRAPHIC SERVICES

During the period a new Modi Xerox 5334 copier machine was installed in the library for providing reprographic services. Approximately, an average of 9243 photocopies were made per month. Reprographic facilities have also been provided to researchers of other institutes.

CURRENT AWARENESS SERVICES

- (a) **Current Contents:** This is a monthly service giving the contents of the Periodicals received.
- (b) **List of Additions:** Information about documents added to the library.

DOCUMENTATION SERVICE

The following publications were brought out for providing documentation as well as dissemination services to our Users as well as outside research Institutes.

- (a) **Bulletin on Library Information Service (Fortnightly):** It consists of articles published in selected newspapers and Journals. Bibliographical information of articles on different subjects can be accessed. A total number of 24 lists have been produced for providing Documentation services.
- (b) **Monthly Literature Alert Service:** It consists of references from the latest Journal articles available in the project related subject areas. This service is provided on demand.

COMPUTERIZED BIBLIOGRAPHIC ASSISTANCE

Using UNESCO's CDS/ISIS (3.07) software package, the Library has made arrangements for providing computerized bibliographic assistance through bibliographic data bases covering information held in library.

The NLIS is a Computerised database of articles published in selected newspapers and Journals. Bibliographical information of articles on different subjects can be accessed.

The NICAT, a computer Catalogue of the library holdings which was started in 1990 is being updated regularly. Information from Accession Number 18501 can be retrieved from this data file. A CD-ROM disc containing the American Economic Association's EconLit database, an expanded Version of the Journal of Economic Lit. (JEL) bibliographic database of books, journals, and dissertations, has been procured for use in Library.

LIBRARY HOURS

Library Hours have been extended upto 8.00 P.M. on Thursday evenings and on Saturdays from 10 A.M. to 2.00 P.M.

VI. Computer Unit

ACQUISITION OF COMPUTER HARDWARE

During the year, a new server system for the Public Finance Information System with 8 port terminal card and proper backup facilities and another server system for the electronic mail along with three other terminals in a small Local Area Network environment was acquired. Further, 8 additional pentium based systems in stand alone environment and 3 printers HP LaserJet 5-P and one HP LaserJet 6-P printer, one online and 8 off-line UPS systems of .625 Kwh were also acquired. Five PC/AT-386 based systems and one small inkjet printer were received from the International Monetary Fund for use in the Institute.

ACQUISITION OF COMPUTER SOFTWARE

The Computer Department acquired SCO UNIX and Windows NT Operating Systems, INGRESS Data Base and LibSys Library Software systems, NetScape Navigator Gold and Micro Soft Explorer for connecting to Internet.

OTHER SERVICES

Further, the FAX through e-Mail services were made operational and other important data available in the Internet, World Wide Web were also downloaded and made available for Research work in the Institute.

VII. Highlights of Faculty Activities

Dr. Raja J. Chelliah, *Chairman*

Dr. Chelliah was given "FOR THE SAKE OF HONOUR AWARD" by the Rotary Club of Madras in December 1996 in recognition of his service to the society and contribution for the benefit of the nation.

He completed work as Convener, Committee of State Finance Ministers on Stamp Duty Reforms. The Report has been submitted to the Ministry of Finance in October, 1996. He has continued to work as Chairman of the Expert Group on Savings and Capital Formation. The Report was submitted to the Government in December, 1996. He is currently the Convener of the Committee of State Finance Ministers on Monitoring the Progress of Sales Tax Reform, and Chairman of the Advisory Group for overseeing research in aid of the State Finance Commissions. He is also the Chairman of the Advisory Group that has been constituted to identify and guide the research activities relating to the Constitution (Seventy-third and Seventy-fourth) Amendments.

Dr. Chelliah published a book entitled 'Towards Sustainable Growth - Essays in Fiscal and Financial Sector Reforms in India' which was brought out by the Oxford University Press. He completed a study on "A Framework for Restructuring Public Expenditure (jointly with Mr. Atri and Mr. Rangamannar).

Dr. Chelliah delivered a lecture on "Inter-State Relationship in the Context of Devolution in a Liberalized Economy" at Sri Lanka Institute of Taxation, Colombo, Sri Lanka in October, 1996 and gave an Inaugural Address at the Symposium on Fiscal Policy, Public Policy and Governance organized by NIPFP.

Dr. Chelliah participated in the Conference on Bilateral Relations between India and Australia organized by Centre for Policy Research on 23rd October, 1996. He was a guest of Honour Speaker in the Plenary Session and address on "Policy and Strategy Imperatives for Higher Growth and Efficiency" at the Seminar on Mid-Year Review of Indian Economy organized by ASSOCHAM in October, 1996. He chaired a session on Public Sector Reform: Process and Prospects (a one day Colloquium on Policy Analysis organized jointly by IRIS and NCAER in July, 1996) and a lecture on "Analysis of Interaction of Socio-Economic Forces in India-An Approach" at the Rajiv Gandhi Institute for Contemporary Studies in May, 1996. He also delivered a lecture on "Challenges for the Indian Economy" at National Defence College in March, 1997, and gave a talk on National Fiscal Reforms in India at the Institute for Social & Economic Change, Bangalore, in January, 1997.

Dr. Chelliah gave the keynote address on Liberalization Process vis-a-vis Vision 2001 at the Conference organized by the Institute of Cost & Works Accountants of India at Coimbatore, and the Valedictory Address at the Seminar on "Urban Transport-Financing

for Infrastructure" being organized by the Study Circle of Indian Railway Traffic Service in collaboration with the Asian Institute of Transport Development on 10th February, 1997 at IIC. He gave the 21st Vikram Sarabhai Memorial Lecture on "India's Economic Reforms - The Unfinished Agenda" at Dr. Vikram A. Sarabhai AMA Memorial Trust, Ahmedabad in February, 1997. He delivered a lecture on "The Rationale of Taxation Reforms - Agenda for Future Action" at Gujarat Chamber of Commerce & Industry, Ahmedabad in February, 1997. He gave a lecture on "Tax Reforms" to Group 'A' officers at National Institute of Financial Management, April, 1997. Dr. Chelliah attended the Conference on "Improving the Health of the Indian Power Sector" and chaired the Panel Discussion held in January, 1997 (organized jointly by the Ministry of Power and the German Government) and delivered the Inaugural Address at the Asian Securities Analysts Federation 1996 Conference in December, 1996.

Dr. Chelliah wrote short papers/notes on Raising the Rate of Saving, Restructuring Public Finances during the 9th Plan Period, Oil Pool Deficit, and Suggestions on Modification of the Tax Proposals.

He released a book entitled "We Will Protect the Environment" brought out by Pon Naavarasu Publication at Madras University, Madras in March, 1997.

Dr. Parthasarathi Shome, *Director*

Dr. Parthasarathi Shome undertook various research and committee activities, carried out administrative responsibilities and participated in seminars and conferences in India and abroad. He published several research papers and worked on the compilation of three books.

Among the main activities, first, reports of four national level committees that he chaired were completed. The completed reports include those on the sales taxation of interstate trade, Ministry of Finance; tax policy reform and strategy for the Ninth Five Year Plan, Planning Commission (subsequently published by Centax Publications); market-based instruments for pollution control, Ministry of Environment and Forests; and savings incentives under the personal income tax, Ministry of Finance. He also served on other committees such as the central and regional direct taxes advisory committee with the Finance Minister as chairman and, more recently, a committee on economic reform in the state of Jammu and Kashmir. He continued to serve on the governing board of the Institute of Economic Growth, New Delhi. He was named an honorary consultant to the Planning Commission. He continued to participate in value added tax (VAT) training in the states of Maharashtra and Tamil Nadu.

Second, Dr. Shome was invited to participate in an international panel of six members on twentyfirst century taxation by the International Fiscal Association for its fiftieth anniversary conference in Geneva. Subsequently, he was made executive member of the scientific committee for the 1997 IFA conference to be held in New Delhi and was invited to chair a session on taxation and foreign investment for that conference. He was also

invited by the Reserve Bank of India Governor to deliver the Sir Purshotamdas Thakurdas Annual Memorial Lecture of the Indian Bankers Institute of which he is president. He participated in and chaired many other conferences and delivered lectures in a wide range of seminars, at Rajiv Gandhi Institute for Contemporary Studies, Madras Institute of Development Studies, Delhi School of Economics, the Income Tax Department, and Madras Chamber of Commerce. He was also invited by the Minister of Finance for pre and post budget discussions for the 1996-97 budget presented in July 1996, as well as for the 1997-98 budget presented in February 1997.

Finally, Dr. Shome continued to pursue research outside of project work, and authored and co-authored research papers. In addition to taking responsibility for organising the symposium for the twentieth anniversary of NIPFP, he undertook to compile and edit the papers presented and speeches delivered at the Symposium. He also served as a reviewer for a manuscript on tax policy and tax administration for Oxford University Press.

Dr. Amaresh Bagchi, Emeritus Professor

Dr. Bagchi continued to pursue academic activities in various forms such as writing articles and giving lectures in the Institute's training courses and also outside, examining Ph.D theses etc. He also served as a member of two government Committees - (i) a Committee on Inter-State Sales Tax and (ii) Simplification and Rationalisation of Income Tax Law - both set up by the Ministry of Finance, Government of India. He served as a member of the panel of economists, constituted by the Securities and Exchange Board of India; member of the Board of Management of the Indira Gandhi Institute of Development Research, Mumbai; and a Member, Steering Group on Financial Resources for the Ninth Plan set up by the Planning Commission. He headed the sub-group on Non-Plan Expenditure for the Working Group on Expenditure Policy for the Ninth Plan set up by the Planning Commission. He also served as a Consultant with the World Bank on a study of Property Taxes in Karnataka.

Professor Om Prakash Mathur, HDIC Chair Professor and Senior Advisor

Professor Mathur prepared a paper on Property Tax Policy and Local Governance for the 20th Year Anniversary Colloquium of NIPFP. He also presented a paper on Housing Finance in India: A Profile of Issues at the National Conference of State Housing Ministers held in October 1996.

As a member of the N. Vaghul Committee on Urban Infrastructure set up by the Planning Commission, Professor Mathur prepared a part of the report dealing with the Urban Infrastructure Maintenance Financing. He also contributed a draft chapter on Local Taxes and Local Tax Policy for the Task Force on Resource Mobilization set up by the Planning Commission.

Professor Mathur served as a member of the Steering Group on Housing and Urban Development constituted by the Planning Commission as a part of the Ninth Plan preparatory work, and likewise of the Working Group on Poverty Alleviation, also set up in connection with the preparation of the Ninth Plan. Together with the Chairman, HUDCO and Managing Director, HDFC who were also members of the Steering Group, Professor Mathur prepared a note on Approach to Urban Development in the Ninth Five Year Plan.

Professor Mathur continues to be a member of the Madhya Pradesh Finance Commission. He also serves on the Advisory Board of the DTUDP of HUDCO and the Research Advisory Committee of the Ministry of Urban Affairs and Employment.

At the international level, Professor Mathur took part in the Habitat II Conference held in June 1996 in Istanbul. He attended in October the UNU-sponsored conference on Mega-Cities held in Hong Kong and Tokyo, and in December 1996 a meeting of the United Nations Urban Management Programme, held in Manila to launch its third phase. He also took part at the invitation of the Rajiv Gandhi Foundation, in a Conference of India and USA on 'Global Challenges', held in February 1997 in Singapore, where he presented a paper on sustaining India's Mega-cities. In May 1996, he negotiated a faculty exchange programme with the Hitotsubashi University, Tokyo. He together with Nathaniel Von Einsiedel edited the papers of a United Nations sponsored research project on Non Land Sources of Municipal Revenues, and published them as a book entitled *Increasing the Income of Cities* (1996).

Dr. Mahesh C. Purohit, Professor

Dr. Purohit finalised reports on the "Sales Tax System in Andhra Pradesh" and "VAT in Brazil".

He participated in the "Working Group on Resource Mobilisation for the Ninth Plan", and contributed a section on "Mobilizing resources for the States". He served as a member of the Review Committee of the NCR Planning Board, and the 'Chairman of the Fiscal Policy Sub-Group', of the NCR Planning Board.

His published work includes a paper on "Value Added Tax in a Federal Structure: A Case Study of Brazil", *Economic and Political Weekly*, and "Taxation of Services: Policy Imperatives for India", published in *Bulletin for International Fiscal Documentation*. He also submitted papers on Fiscal Instruments for Environmental Protection, for the International Conference held at Tel Aviv, (1996); and Mobilising Resources for the Local Governments: A Case Study of India for the International Conference held at Rome.

Dr. Indira Rajaraman, RBI Chair Professor

Dr. Rajaraman continued to work on ways by which to obtain greater fiscal autonomy for rural local government (panchayats), and on the use of presumptive methods to expand the tax base in the corporate, service and agricultural sectors of the economy. Work on

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augmentation of panchayat resources was completed in collaboration with Drs. O.P. Bohra and V.S. Renganathan and resulted in a paper in the *Economic and Political Weekly* (XXXI:18, 4 May: 1071-1083). The report of the project on the design of a land-based presumptive tax on agricultural income in collaboration with Dr. M.J. Bhende, ISEC, Bangalore is almost complete. The report suggests a crop-specific presumptive supplement to the land revenue, also land-based but related on the basis of field surveys to crop yields by way of net income, and presents the results of a field survey conducted in Northern Karnataka covering three "sunrise" crops as a prototype of the kind of exercise necessary. A paper on presumption taxation and governance was presented at the 20th Anniversary Symposium of NIPFP in December 1996.

She completed work on quantifying the parameters and revenue implications of an asset-based Minimum Alternative Tax (MAT) on the corporate sector in India, using the CMIE corporate database. The work resulted in a paper in *Economic and Political Weekly* (XXXI:29, 20 July: 1941-1952) in collaboration with T.Koshy of CMIE. The revenue estimates in the paper were cited in the World Bank Country Economic Memorandum for 1996, and used in the Report of the Working Group on Tax Policy for the Ninth Plan, chaired by Dr. Parthasarathi Shome.

She delivered research-based lectures on presumption and on rural fiscal devolution at the Lal Bahadur Shastri Academy of Administration, Jawaharlal Nehru University and IAS training programmes at NIPFP. She was extensively interviewed by print and television media and also wrote for the press by invitation on policy issues of the day. She was consulted by a number of visiting economists representing foreign portfolio investors, investment banking institutions, and the World Bank, on assorted macroeconomic matters. She was consulted by representatives of domestic non-banking financial companies on changes in RBI regulations affecting them and the U.P. State Committee for Resources. She reviewed a collection of papers on Indian reform for the *Journal of Development Economics* (forthcoming).

She served as usual on faculty selection committees, and as a member of the Northern Regional Committee of AICTE. She was appointed to the Academic Advisory Committee of the Centre for Canadian Studies of Delhi University. She chaired sessions at academic conferences.

She was invited to the pre-budget consultation of the Finance Minister with economists in January 1997; to the discussion of the 1996 Country Economic Memorandum at the World Bank, New Delhi, in August 1996; and to a consultation at the UNDP in September 1996 on their next five programme of development cooperation covering the period 1997-2001. She represented the Director, NIPFP, at meetings of the Planning Commission Steering Group on Financial Resources for the Ninth Plan.

Dr. D.K. Srivastava, Professor

Dr. D.K. Srivastava joined the Institute in May 1996 as a Senior Fellow. He was with the Institute earlier also during 1977 and 1981-82. Prior to joining NIPFP, Dr. Srivastava was a Professor of Economics at the Banaras Hindu University.

During 1996-97, Dr. Srivastava completed a study on "Government Subsidies in India" in association with other colleagues at the Institute. The discussion paper on the subject brought out by the Ministry of Finance, Government of India in May 1997 is based on this study. He presented a paper entitled "*Budget Processes and Expenditure Management in India*" at the 20th Anniversary Symposium on Public Policy and Governance organised by NIPFP. Apart from being widely cited, this paper was the subject of a full editorial in the *Economic Times*. Other papers written/published by Dr. Srivastava (in co-authorship) during the course of the year include '*Revenue-Sharing Criteria in Federal Fiscal Systems: Some Similarities and Differences*', Public Finance/Finances Publiques No. 3, 1994 (actually published in May 1996); '*On the Role of Population in Criteria-Based Revenue-Sharing in India*' (accepted for publication in the *Journal of Indian School of Political Economy*), '*Revenue-Sharing With the Linear Distance Criterion*' (accepted for publication in *Artha Vijnana*), and '*On the Disintegrative Content of Criteria-Based Fiscal Transfers With a Case Study of India*' accepted for presentation at the 1997 Conference of the International Institute of Public Finance to be held in Kyoto, Japan during August 25-28, 1997.

In October 1996, Dr. Srivastava visited Beijing, China, to participate in a 'Senior Policy Seminar on Intergovernmental Fiscal Transfer' organised jointly by the Ministry of Finance, People's Republic of China and the International Development Institute of the World Bank. He presented a paper at this seminar entitled "*Intergovernmental Fiscal Transfer in India*".

During the course of the year, Dr. Srivastava delivered lectures in training programmes/refresher courses organised at the Delhi School of Economics, Institute of Economic Growth, and the National Institute of Financial Management, apart from participating in various training courses organised by NIPFP on topics such as Analytic of the Laffer Curve, Role of Government in an Economy, Options for VAT in India, and Recommendations of the Tenth Finance Commission.

Dr. Srivastava continues to work in his main areas of interest, namely, fiscal federalism, macroeconomic modelling and forecasting, and various aspects of taxation, especially, analytics of the Laffer Curve. He is actively participating in developing a comprehensive study on Fiscal Federalism that NIPFP and the Canadian International Development Agency are planning to undertake jointly.

NIPFP

Dr. Srivastava was a member of the Working Group on States Resources for the Ninth Plan. Dr. Srivastava is the Convener of Seminars at NIPFP. He is also the Chairman of the Staff Council of NIPFP.

Dr. Pawan Aggarwal, *Fellow*

Dr. Pawan K. Aggarwal completed three major studies : (i) on the "Modified Value Added Tax (MODVAT) : Structure and Resource Mobilisation, (ii) on "The system of Tax Deduction at Source (TDS) : Coverage, Functioning and Suggestions for Reform, and (iii) on "Tax Evasion and Tax Administration : A Focus on Tax Deduction at Source". In addition, he has published five papers covering a variety of areas such as tax policy and revenue productivity, non-compliance and enforcement strategies, reform of indirect taxes, and federal finance.

He actively participated in the training programmes of the Institute as Course Director and as faculty, and participated in the deliberations of various committees set up by the Central/State government(s).

He assisted many governmental committees including the Study Group for Comprehensive Computerisation of Income Tax Department, Working Group of Experts for studying Taxation of Inter-State Sales, Group of Experts to Review Existing Incentives for Savings, and the Working Group (on Tax Policy) of the Steering Group of Financial Resources for the Ninth Five Year Plan. He took keen interest in the deliberations of various groups and contributed in the formulation of their recommendations.

He presented a paper on "Tax Evasion and Tax Administration" at the symposium on Fiscal Policy, Public Policy and Governance held at the Institute, December 5-6 1996, and another paper on the Disintegrative Content of Criteria-Based Fiscal Transfers with a Case Study of India is being presented at the 1997 Congress of the International Institute of Public Finance (IIPF) at Kyoto, Japan on August 16, 1997.

Shri K.K. Atri, *EDP Manager*

Shri Atri co-authored a study with Dr. Raja J. Chelliah on "A Framework for Restructuring Public Expenditure (1995-96 - 2002-03)" which was presented to the Ministry of Finance during September, 1996.

Shri Atri also delivered a lecture at the Indian Institute of Public Administration on the "Issues before the proposed Expenditure Commission - Expenditure Management".

Shri Atri was elected Chairman of the Nominations Committee, Computer Society of India (Delhi Chapter). Shri Atri is also a member of the Computer Committee of the

NIPFP

Institute.

Shri Atri continued to be the external faculty of the Haemocoel Produce Institute of Public Administration, Shimla and external paper setter-cum-examiner for FORTRAN Language for B.Tech, M.Tech and Ph.D courses, in Dairy Science of the National Dairy Research Institute, Karnal (a deemed University).

He organised seminars by different vendors on evaluation of different Data Base software available in the market and the UNIX operating system.

Shri Atri attended Seminars on emerging computer software and hardware technologies organised by different vendors in New Delhi during the year.

Dr. Charu C. Garg, *Fellow*

During the initial part of the year, Dr. Garg was involved in the follow-up on the project on 'Fiscal Incentives and Concessions to Small Scale Industries : Impact on Growth and Structure', which was submitted to DCSSI, Ministry of Industry, Government of India in March-April 1996. The main findings of the project were presented to a large team comprising senior officers from the Government and Presidents and the members of the various Small Scale Industries Associations. Based on the above study, Dr. Garg brought out a NIPFP working paper on 'Growth of Small Scale Industries in India : Some Policy Issues'. Dr. Garg presented a paper on 'Small Scale Industries and Large Industries : An Assessment of their Relative Performance', in a Seminar at the Institute. She also delivered a lecture at a training course for the Senior IAS officers on 'Evaluating Fiscal Policy for Small Scale Industries'.

As in-charge of the Health Economics Cell since June 1996, Dr. Garg is co-ordinating two on-going projects on 'Health Insurance : An Alternative to Health Care System in India' and 'Health Expenditure by the Government in India'. Further, she also drafted a section on 'Subsidies in Health and Education Sector in India' for the NIPFP project on 'Government Subsidies in India'.

Dr. Garg organised and participated in several seminars in health economics. She is a member of the discussion group of the Health Policy Consortium, organised by the National Institute of Health and Family Welfare (NIHFW). She also participated in the training workshop on Health Policy jointly organised by NIHFW and Nuffield Institute for Health, U.K. She is a member of The Indian Econometric Society and Indian Society for Health Economics.

During the year, Dr. Garg visited the London School of Economics, U.K. and Singapore National University, Singapore and had discussions with the faculty there. She has been selected under the Ford Foundation fellowship program to do her post-doctoral research in health economics at Harvard University, U.S.A. from September 1997.

Dr. Shreekant Gupta, *Fellow*

Dr. Gupta proceeded on leave to join the Delhi School of Economics, University of Delhi as Reader (Associate Professor) in January 1997. He wrote the report of the task force on market-based instruments for industrial pollution abatement, which was submitted to the Ministry of Environment and Forests in January 1997. He also coordinated the inputs of other members of the task force and organised hearings of the task force in various cities in the country. In addition, he supervised the UNDP-funded study on the administration of environmental regulations and taxes in India.

Research activities of Dr. Gupta include a paper on environmental federalism in India which was included as an invited paper at a national seminar on environmental regulations at the Institute of Economic Growth, Delhi. Other research output includes a pre-budget note on taxes for enforcing vehicle emission standards. Dr. Gupta was invited to deliver lectures in environmental economics at the Rockefeller Foundation funded LEAD (Leadership for Environment and Development) program. He was also invited by the Tata Energy Research Institute (TERI) as an expert for the ADB-TERI workshop on environmental valuation. During the year he served as a referee for the Indian Economic Review, the International Journal of Environment and Pollution, and for Macmillan India Limited.

Dr. Gupta continued as NIPFP nominee on the Ministry of Environment's Steering Committee and the Technology and Finance Standing Committee which have been set up to implement the Montreal Protocol for phasing out ozone depleting substances.

He also served as Chair of the Computer Committee and a member of the Tender Committee.

Dr. Rita Pandey, *Fellow*

During the year, Dr. Pandey worked on a major four industry study on Fiscal Instruments for the Control of Water Pollution in India. She completed the reports on two industries while a report on the third industry is in the draft stage.

Other research activities of Dr. Pandey included two co-authored papers which are forthcoming in the Habitat International and the Economic and Political Weekly. Dr. Pandey presented a paper on Designing Pigouvian Tax for Pollution Abatement in Sugar Industry at the 33rd Indian Econometric Society Conference at Hyderabad. Other research output includes a co-authored paper on Fiscal Instruments for Industrial Pollution Abatement: A Programming Approach which has been accepted for presentation at the 1997 Congress of the International Institute of Public Finance to be held in August 1997 at Kyoto, Japan.

Dr. Pandey provided background analytical work for the task force to evaluate economic instruments for pollution abatement, set up by the Ministry of Environment and Forests. She is also the NIPFP nominee on the Ministry of Environment's Technology and

Finance standing committee which has been set up to implement the Montreal Protocol for phasing out ozone depleting substances. Dr. Pandey represented NIPFP at the South and Central Asian Workshop on Economic Evaluation and Environmental Economics organised by the Asian Development Bank and also in the workshop on commonsense environmental regulation jointly organised by the USAID and CPCB. She has been nominated by NIPFP for the PEERS Programme being organised jointly by TERI and United Nations University, Japan.

Dr. Tapas K. Sen, *Fellow*

Dr. Sen continued to be In-charge, State Finances Unit of the Institute and also continued to look after the Public Finance Information System (PFIS), a data base on government finances in India. His research during the year included a co-authored study of "Government Subsidies in India", a report submitted to the Ministry of Finance, Government of India. He also prepared a paper on "Relative Tax Effort by Indian States" for the Planning Commission and another on "Projection of State Tax Revenues upto 2001-2002" for the Working Group on States' Resources for the Ninth Plan, Planning Commission, of which he was a Member. Another short paper entitled "Government Expenditure Management: A Note on Policy" was prepared for and submitted to the Sub-Group on Expenditure Control, Ministry of Finance, Government of India, while being a member of the Sub-Group. Other research output of Dr. Sen included a paper on "Government Expenditure in Uttar Pradesh" submitted to the Committee on Tax Reform and Resource Mobilisation, Government of Uttar Pradesh, to which he was a short-term consultant, and two other papers on "Revenue Receipts of Orissa" and "Tax Revenues in Karnataka" to the World Bank as a short-term consultant.

Besides the seminars and conferences organised at NIPFP, Dr. Sen attended conferences on "Value Added and Other Taxes in Orissa" (September 1996, Bhubaneswar), on "Restructuring of Bihar State Finances" (December 1996, New Delhi) and on "Fifty Years of Indian Economic Development and Regional Imbalances" (March 1997, Calcutta). His participation in the first also included presentations of property taxation in Orissa and a proposed profession tax for Orissa, while that in the Calcutta conference, he presented a revised version of the abovementioned paper on relative tax effort. At the Institute, he was Course Director for a one-week training course on "Intergovernmental Financial Relations" during September 1996 sponsored by the Department of Personnel and Training, Government of India for officers in the Indian Administrative Service. He also jointly organised a training course on "Value Added Tax" for the officials of the sales tax department, Government of Maharashtra in July-August 1996. He also made a presentation on the "Tax Structure in India" to a visiting Chinese delegation in Indian Institute of Foreign Trade, and delivered lectures to the participants of two training courses at National Institute of Financial Management, Faridabad.

His ongoing work includes studies on the administration of profession tax and motor vehicle tax (to be completed shortly), on the impact of Central grants on State level government expenditures (co-authored, to be completed by end-1997) and on indebtedness

and interest liability of States in India (co-authored, to be completed by end-1997).

Dr. Hiranya Mukhopadhyay, Senior Economist

Dr. Hiranya Mukhopadhyay worked as a co-convenor of the Working Group on Tax Policy for the Ninth Five Year Plan under the chairmanship of Dr. Parthasarathi Shome. The report was submitted in June 1996. This report identifies various tax policy measures that would need to be implemented for the purpose of additional resource mobilisation for the financing of the Ninth Five Year Plan. For the major taxes, revenue projections were made on the basis of their respective buoyancies. This report also dealt with the idea of a minimum tax for corporate incomes. State taxes, local taxes and revenue mobilisation through environment taxes have also been covered in the report.

Dr. Mukhopadhyay also made contributions to a study on Government Subsidies in India. This report examines economic rationale of various government subsidies. An attempt has also been made to estimate implicit or hidden subsidies provided by the Central government and State governments.

Dr. Mukhopadhyay also completed two papers and two short notes. The titles of the papers are 'Emerging Recession in the Indian Economy : Identifying the Cause, and 'Cascading Revenue Neutrality and the VAT : Some Theoretical Results'. The second paper was presented in a seminar at the Institute.

First short note was prepared to examine the state of State Finances in India, and the second note was a comment on a theoretical paper on the value added tax by Badal Mukherji, V. Pandit and K. Sundaram (EPW, July 1, 1995). His comments were also published in EPW (December 28, 1996).

Dr. Mukhopadhyay presented a paper entitled 'Private Investment and External Debt: The Debt Overhang Hypothesis Revisited' at a seminar held at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, February, 1997. The first draft of the paper was prepared when he was at Boston University as a visiting scholar (1994-95).

Dr. Mukhopadhyay has also been a referee of an international journal.

Dr. Aparna Sawhney, Senior Economist

Dr. Aparna Sawhney worked on the Taskforce Report for MoEF examining the feasibility of economic instruments for industrial pollution abatement in India. In particular, she prepared a background paper for the Report, reviewing country experiences with market-based instruments and its relevance for India entitled : "A Review of Market Based Instruments for Pollution Control : Implications for India", this has since been published as a NIPFP Working Paper.

Her article entitled "Internationalizing the Role of Domestic Pollution Permit Markets", was published in the *Eastern Economic Journal*, Volume 22, Number 4, 1996. Currently, she is working on an article on "Development and Environment" for the *Encyclopedia of Political Economy*.

During 1997, she taught a graduate course of *Environmental Economics*, at the Department of International Trade and Development, School of International Studies, Jawaharlal Nehru University, New Delhi, (Spring Semester). She was also invited to deliver lectures for the *Centre for Professional Development in Higher Education, Delhi University*, and spoke on "Economic approach to pollution abatement", on April 2nd, 1997.

Dr. Sawhney is continuing her work at the Environmental Policy Cell of the Institute and is presently working on the *Administration of Environmental Regulations and Tax Incentives in India* under the UNDP project.

Shri Saumen Chattopadhyay, Economist

Saumen Chattopadhyay worked with Mr. Sukumar Mukhopadhyay, Senior Consultant, on the preparation of the Report on Reforms of Customs Law and Procedure, which is a part of a larger research project under the sponsorship of UNDP. He was also involved in the preparation of a Report on Sales Tax (tentative title authored by Dr. Parthasarathi Shome and Dr. Pawan K. Aggarwal).

He attended the Summer School on Advanced Econometric Technique and their Applications conducted by Indian Statistical Institute, Calcutta from 24 June to 12 July, 1996. He attended the training programme on VAT conducted by NIPFP from 6 January to 10 January, 1997.

His area of interest relates to the macroeconomic implications of the burgeoning black economy in India. He is currently working in this area.

Dr. C. Bhujanga Rao, Economist

Dr. C. Bhujanga Rao was involved with other faculty members of NIPFP in the preparation of a paper on "Government Subsidies in India" for the Ministry of Finance. Currently he is working on "Growth in Inter-State Tax and Non-Tax Revenue Receipts over the period 1980-81 through 1995-96".

Dr. Rao published two papers during the year. (i) "Trade Credit to Agricultural Commodities : An Overview" in the *Indian Journal of Economics*, April 1996; (ii) "Credit Controls in India with Special Reference to Agricultural Commodity Prices" in *Artha Vijnana*, December 1996.

Dr. Rao also prepared two papers entitled (i) "Agricultural Taxation in India : The

Issues"; (ii) "Agricultural Subsidies in India: A Review" which was presented at a seminar on Agricultural Development Perspective at Indian Institute of Management, Ahmedabad, June 13-15, 1996.

In addition, another paper titled "Nature of Specification of Agricultural Sub Models in Select Recent Macro Econometric Models for India and Present Data Base" (Co-authored) was published as part of *Macroeconometric Modelling for India*, Institute of Economic Growth and Delhi School of Economics Research Team, May 1996, Volume II: Sectoral Studies.

Dr. Rao participated in the International Conference on "Globalisation, Food Security and Sustainable Agriculture", 30-31 July, 1996, organised by Research Foundation for Science, Technology and Natural Resource Policy, New Delhi. He also took part in the workshop on "Agricultural Development in India: Issues, Policies and Prospects" held on 13 February, 1997 at the Rajiv Gandhi Institute for Contemporary Studies, New Delhi.

Shri V.S. Renganathan, *Economist*

Under the Ford Foundation Grant, a study on "Economic Reforms and R&D Expenditure in Industrial Firms in India" (co-author Dr. B.N. Goldar) was completed, and brought out as the Institute's Working paper with the same title, in January 1997.

Work on a study entitled Comparative study of the Performance of the Foreign and Local Firms in India. (Dr. B.N. Goldar, I.E.G. is the co-author) is in progress.

Shri S. Mukhopadhyay, *Senior Consultant*

Shri Mukhopadhyay continued to work on customs administration, covering a wide range of subjects such as importation of cargo and baggage, export, licensing policy, nexus between import and export, concept of consumer goods, restructuring of customs and excise tariffs. The report also covers some aspects of central excise policy matters regarding definition of manufacture and some changes that have to be brought out in the Interpretative Rules in Central Excise. Some administrative aspects have been covered which include such subjects as downsizing the customs and excise department to make it more efficient, and making the rulings by the Central Board of Customs and Excise (CBEC) binding on all officers subordinate to the CBEC.

Dr. Narayanan Edadan, *Senior Consultant*

Dr. Narayanan is currently engaged on a Municipal Debt Financing in India, contracted to NIPFP, under the USAID Financial Institutions Restructuring Expansion (F.I.R.E) project. Little is known about the incidence and practices of debt financing, debt profile and the linkages between fiscal stress and debt stress, debt servicing capacities of municipal bodies and the implication of debt servicing on the "frictional effects of taxation and service

pricing". Since municipal market borrowing is conditioned by the legal statutes of Municipal Corporation Acts and the State statutes on market borrowing, the issue of local debt liability remains nebulous. This study is intended to throw some light on these research and policy concerns. Dr. Narayanan, published during the year three papers: (i) State Finance Commissions and Resource Devolution Strategies, (ii) Real Estate Industry Development Perspectives, and (iii) A Review of Privatization Strategies and Economic Imperatives in the Developing World.

Shri T.S. Rangamannar, *Consultant*

T.S. Rangamannar was associated as a co-author with Dr. Raja J. Chelliah and Shri K.K. Atri on a study entitled: A Framework for Restructuring Public Expenditure for 1994-95 to 2002-03: for the Ministry of Finance. Shri Rangamannar assisted Dr. Raja J. Chelliah in the completion and publication of the book entitled "Towards Sustainable Growth, Essays in Fiscal and Financial Sector Reforms in India", published by the Oxford University Press, New Delhi.

Shri Rangamannar was included in the team of the NIPFP conducting a study on 'Government Subsidies in India' for the Ministry of Finance.

Shri Rangamannar assisted Dr. Raja J. Chelliah, Dr. Amaresh Bagchi and Dr. D.K. Srivastava in the preparation of research papers which were presented at the time of the 20th Anniversary Celebrations of the Institute. Shri Rangamannar also rendered assistance to Dr. Raja J. Chelliah and Dr. Amaresh Bagchi in the preparation of Research Articles for the Festschrift volume of Dr. Manmohan Singh.

Shri Rangamannar keeps track of the changes occurring in the economic indicators from time to time which have a bearing on growth of the economy arising out of the Central Government's policy initiatives.

Shri Amar Nath H.K., *Research Associate*

Amar Nath has been working together with other researchers on maintaining the Data Bank on State Finances. During the reporting year, Amar Nath was associated with studies on The Estimation of Government Subsidies in India. He also provided assistance to Dr. Tapas Sen on the preparation of a paper on Tax Effort. He is currently working on a paper on States' Indebtedness.

Mrs. Geeta Bhatnagar, *Research Associate*

Geeta Bhatnagar continued to be associated with the development and maintenance of the Data Bank on Government Finances. She was a member of the research team which worked on the study on The Estimation of Government Subsidies in India.

Dr. O.P. Bohra, Research Associate

Dr. Bohra was associated with Prof. Raja J. Chelliah on the Committee of State Finance Ministers on Stamp Duty Reforms. The Report was submitted in October 1996. Currently he is associated with Prof. Chelliah in the Committee of State Finance Ministers on Monitoring of Sales Tax Reforms.

Dr. Bohra delivered lectures on (i) "Functions of Panchayati Raj Institutions in India" and (ii) Finances of Panchayati Raj Institutions in India, to the participants of Training Programme organised by Asian Centre for Organisation Research and Development (ACORD) at International Youth Centre, New Delhi on July 2-3, 1996. He also delivered a lecture on the "Powers and Functions of Panchayati Raj Institutions in India (Special reference to Madhya Pradesh) at Training of Trainers (TOT) programme conducted by India Gandhi National Open University (IGNOU) at Jamia Humdard, on August 14, 1996, and a lecture on "Economics of Stamp Duty and Registration Fees and Economic Reform" at the Sardar Patel Institute of Public Administration, Ahmedabad. He also delivered a lecture on "Economic Reforms and Informal Finances (Chit Fund) in India" on December 16, 1996, at the Federation of All India Chit Fund Association, held at Banquet Hall, Pragati Maidan New Delhi.

Dr. Bohra contributed two papers (i) "Financial Resources of Panchayats in India" and (ii) Devolution of Powers and Functions to Panchayati Raj Institutions" at two Conferences viz; (i) National Conference on "Emerging Trends in State-Local Fiscal Relations in India and (ii) National Conference on "Emerging Trends in Local Government Finance" held at the National Institute of Rural Development Hyderabad and Konrad Adanaeur Foundation New Delhi, on December 18-19, and October 23-24, 1996.

Dr. Bohra published a paper on "Augmentation of Panchayati Resources" (jointly with Prof. Indira Rajaraman and Dr. V.S Ranganathan), in *Economic and Political Weekly*. Dr. Bohra also published a paper on "Financial Assignments to Panchayati Raj Institutions" in *Kurukshetra*, Special Issue on Panchayat Exchequer, April 1996.

Mrs. Sujata Dutta, Research Associate

Mrs. Sujata Dutta assisted Dr. Amaresh Bagchi (Emeritus Professor) in various areas of research. She participated in the international conference on 'Globalisation and Developing Countries' held in New Delhi. She prepared 'a select bibliography' for the forthcoming volume on Fiscal Policies in India, being published by the Oxford University Press.

Shri Harmeet Singh Maddh, Junior Project Associate

Shri Harmeet Singh Maddh has been associated with the Health Economics Cell. During the year 1996-97 Shri Maddh was involved in the research activities of the two ongoing projects titled "Health Insurance as an Alternative to Present Health Care System in India" and "Health Expenditure in India".

Shri Maddh also rendered research assistance for the NIPFP working paper titled "Growth of Small Scale Industries in India : Some Policy Issues" and "Subsidies in Health and Education Sectors" which was part of a major study titled "Government Subsidies in India".

Shri Maddh also attended a Training Workshop on Health Policy and Management at National Institute of Health and Family Welfare (NIHFW) organised in collaboration with Nuffield Institute for Health, University of Leeds, U.K. from 6th to 10th January 1997.

VIII. Finance and Accounts

The statement of Accounts of the Institute for the financial year 1996-97, duly audited by the Institute's auditors M/s. Thakur Vaidyanath Aiyar and Company, Chartered Accountants can be seen in Annexure VIII.

GOVERNING BODY AS ON 31.3.1997

- | | | |
|----|---|----------|
| 1. | Dr. R.J. Chelliah
NIPFP
New Delhi | Chairman |
|----|---|----------|

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

- | | | |
|----|---|--------|
| 2. | Dr. Montek Singh Ahluwalia
Finance Secretary
Ministry of Finance
North Block
New Delhi-110001 | Member |
|----|---|--------|

- | | | |
|----|--|--------|
| 3. | Shri N.K. Singh
Revenue Secretary
Ministry of Finance
North Block
New Delhi-110001 | Member |
|----|--|--------|

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

- | | | |
|----|--|--------|
| 4. | Dr. A. Vasudevan
Executive Director
Reserve Bank of India
Shahid Bhagat Singh Marg
Mumbai-400023 | Member |
|----|--|--------|

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

- | | | |
|----|--|--------|
| 5. | Dr. Bimal Jalan
Member-Secretary
Planning Commission
Yojana Bhawan
Parliament Street
New Delhi-110001 | Member |
|----|--|--------|

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

- | | | |
|----|--|--------|
| 6. | Shri S. Varadachary
Principal Secretary
Finance Department
Government of Kerala
Trivandrum | Member |
|----|--|--------|

7. Shri Vankat Chary
Additional Chief Secretary
Finance Department
Government of Maharashtra
Mantralaya
Mumbai

Member

8. Shri S.C. Das
Commissioner and Secretary
Finance Department
Government of Assam
Dispur, Gauhati

Member

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

9. Smt. Lalita D. Gupte
Deputy Managing Director
Industrial Credit & Investment Corp. of India
163, Backbay Reclamation
Mumbai

Member

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

10. Shri H.L. Somany
President
Associated Chambers of Commerce and Industry of India
Allahabad Bank Building
Parliament Street
New Delhi 110 001

Member

11. Shri A.S. Kasliwal
President
Federation of Indian Chambers of Commerce and Industry
Federation House
Tansen Marg
New Delhi 110 001

Member

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

12. Prof. Isher Judge Ahluwalia
Centre for Policy Research
Chanakyaपुरी
New Delhi 110 021

Member

13. Prof. Vikas Chitre
Professor of Economics
Gokhale Institute of Politics and Economics
Pune

Member

14. Dr. Pravin Visaria
Director
Institute of Economic Growth
University of Delhi
Delhi 110 007

Member

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

15. Prof. M.K. Rakshit
Indian Statistical Institute
203 Barrackpore Trunk Road
Calcutta

Member

16. Prof. T.L. Shankar
Administrative Staff College
Bella Vista
Hyderabad

Member

17. Prof. Suresh Tendulkar
Director
Delhi School of Economics
University of Delhi
Delhi 110 007

Member

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

18. Shri Y.H. Malegam
Director
Central Board of Directors
Reserve Bank of India
Mumbai

Member

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

19. Dr. P. Shome
Director, NIPFP

Member-Secretary

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

20. Dr. D.K. Srivastava
Senior Fellow, NIPFP

Member

Special Invitees:

1. Dr. Shankar N. Acharya
Chief Economic Adviser
Ministry of Finance
North Block
New Delhi 110 001
2. Shri S.N. Shende
Chairman
Central Board of Direct Taxes
Ministry of Finance
North Block
New Delhi 110 001
3. Shri S.D. Mohilay
Chairman
Central Board of Excise and Customs
Ministry of Finance
North Block
New Delhi 110 001

Annexure-II

LIST OF STUDIES, 1996-97

Title	Sponsoring Agency/ Research Unit of the Institute	Author(s)/Research team
Studies completed		
1. Fiscal Incentives and concessions to Small Scale Industry	Ministry of Industry	Charu Garg ✓
2. Government Subsidies in India	Ministry of Finance	D.K. Srivastava ✓ Tapas K. Sen H. Mukhopadhyay
3. Evaluation of the System of Deduction of Income Tax at Source	UNDP	P. Shome P.K. Aggarwal ✓ Kanwarjit Singh
4. Tariff Policy Reform and Impact on Protection	Ford Foundation	Hasheem Saleem ✓
5. Sales Tax in Andhra Pradesh	UNDP	Mahesh C. Purohit ✓
6. VAT in Brazil	Ford Foundation (Endowment Fund)	Mahesh C. Purohit ✓
7. Economic Instruments for Environmental Sustainability	World Resources Unit	Om Prakash Mathur ✓ U. Sankar
8. Task Force to Evaluate Market Based Instruments for Industrial Pollution Abatement	Min. of Environment & Forests/ Environment Policy Cell	Shreekant Gupta Aparna Sawhney
9. Designing Pigouvian Tax for Sugar and Distillery Industries	Min. of Environment & Forests/ Environmental Policy Cell	Rita Pandey
10. Fiscal Instruments for Water Pollution Abatement in Pulp and Paper Industry	Environmental Policy Cell	Rita Pandey
11. Data Bank for Government Expenditure in Health Sector: 1985-86 to 1995-96	Ford Foundation/ Health Economics Cell	Charu Garg

- | | | |
|---|---------------------|--|
| 12. Modified Value Added Tax (MODVAT): Structure and Resource Mobilisation | Ministry of Finance | P. Shome
P.K. Aggarwal
Mahesh C. Purohit |
| 13. A Framework for Restructuring Public Expenditure for 1994-95 to 2002-03 | Ministry of Finance | R.J. Chelliah
K.K. Atri
T.S. Rangamannar |
| 14. Tariff Policy Reform and Impact on Protection | UNDP | S. Mukhopadhyay
Hasheem Saleem |
| 15. VAT in Andhra Pradesh | UNDP | Mahesh C. Purohit |

On-going Studies

- | | | |
|---|------------------------------|---|
| 1. Study of Municipal Debt | NIUA/USAID FIRE Project | E. Narayanan
Om Prakash Mathur and Research Associates |
| 2. Public Expenditure on the Water Sector | The World Bank | Om Prakash Mathur
Sandeep Thakur
Sudeshna Ghosh |
| 3. Transfer Pricing | UNDP | A. Bagchi |
| 4. Customs Administration Reform | UNDP | P. Shome
S. Mukhopadhyay
Saumen Chattopadhyay |
| 5. A Prototype Calculation of a Land-Based Presumptive Tax on Agricultural Income | RBI Unit and ISEC, Bangalore | Indira Rajaraman
M.J. Bhende |
| 6. Administration and Enforcement of Property Taxes | UNDP/HDFC Unit | Om Prakash Mathur
Kamlesh Misra
Sumon K. Bhaumik |
| 7. Appraisal of Municipal Regulations | UNDP/HDFC Unit | Om Prakash Mathur
M.P. Sharma |
| 8. Inter-governmental Transfers at Sub-National Level | UNDP/HDFC Unit | Om Prakash Mathur |
| 9. Administration of Profession Tax and Motor Vehicle Tax | UNDP/SFU | Tapas Sen |
| 10. Impact of Central Grants on State Expenditures | Ford Foundation/SFU | Tapas Sen |

- | | | |
|---|---------------------------------------|------------|
| 11. Health Expenditure by the Government in India | Health Economics Cell | Charu Garg |
| 12. Health Insurance as an Alternative to present health care system in India | Ford Foundation/Health Economics Cell | Charu Garg |

Working Papers

- | | |
|--|--|
| 1. Fiscal and other Determinants of the Indian Inflation Rate (W.P. No. 7/96) (June 1996) | Sheetal K. Chand |
| 2. Public Expenditure Policy and Management in India : A Consideration of the Issues (W.P. No. 8/96) (June 1996) | Parthasarathi Shome
Tapas K. Sen
S. Gopalakrishnan |
| 3. Harmonizing Sales Taxes in a Federation Case Studies : India and Canada (W.P. No. 9/96) (September 1996) | Amaresh Bagchi |
| 4. Growth of Small Scale Industries in India : Some Policy Issues (W.P. No. 10/96) (October 1996) | Charu C. Garg |
| 5. Brazil : Fiscal Federalism and Value Added Tax Reform (W.P. No. 11/96) (October 1996) | Parthasarathi Shome
Paul Bernd Spahn |

N.B. :	UNDP	:	United Nations Development Programme
	NIUA	:	National Institute of Urban Affairs
	USAID	:	United States Agency for International Development
	ISEC	:	Institute for Social and Economic Change
	RBI	:	Reserve Bank of India
	HDFC	:	Housing Development Finance Corporation
	SFU	:	State Finance Unit

LIST OF PRICED PUBLICATIONS

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

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

33. **Import Substitution in the Manufacturing Sector, Monograph Series III,** Hasheem N. Saleem (1992) Rs 150.
34. **Sales Tax Systems in India : A Profile,** 1993 Rs 150.
35. **The Ninth Finance Commission : Issues and Recommendations (a selection of papers)** (1993) Rs 490.
36. **Direct Taxes in Selected Countries : A Profile (Vol. III)** compiled by K. Kannan and Mamta Shankar (1993) Rs 80.
37. **Inter-State and Intra-State Variations in Economic Development and Standard of Living (Monograph Series IV)** (1993) Uma Datta Roy Chaudhury Rs 200.
38. **Tax Policy and Planning in Developing Countries** Amaresh Bagchi and Nicholas Stren (Ed.) (1994) (Oxford University Press) Rs 435.
39. **Reform of Domestic Trade Taxes in India : Issues and Options** Study Team (1994) Rs. 250.
40. **Private Corporate Sector : Generation and Regeneration of Wealth** Uma Datta Roy Chaudhury (Vikas Publishing House) (1996) Rs 395.
41. **Controlling Pollution : Incentives and Regulations** Shekhar Mehta, Sudipto Mundle and U. Sankar (Sage Publications) (1997) Rs 250.

INTERNAL SEMINAR SERIES

Sl. No.	Day and Date	Seminar Person's Name	Topic
1.	Monday 17.6.1996	Prof. Hiromitsu Ishi, Hitotsubashi University, Tokyo	VAT in Japan
2.	Monday 15.7.1996	Dr. Raja J. Chelliah, N.I.P.F.P.	A Framework for Restructuring Public Expenditure (1994-95 - 2002-03)
3.	Wednesday 11.9.1996	Dr. K. Pushpangadan and Dr. G. Murugan, CDS	Equitable User Rates for Sustainable Rural Water Supply: An Indian Case Study
4.	Friday 20.9.1996	Dr. Charu C. Garg, N.I.P.F.P.	SSIs, Large Industries, and Traditional Industries: An Assessment of Relative Performance
5.	Thursday 26.9.1996	Dr. Narayanan Edadan	Economic Imperatives of Privatization
6.	Tuesday 1.10.1996	Dr. Aparna Guha, NIPFP	Transborder Pollution and Trade Barriers
7.	Thursday 24.10.1996	Dr. Jayashree Roy, Deptt. of Economics, Jadavpur University	Evaluation of Water Pollution Abatement Policies for Paper Industry in India: Standard Vs. Tax
8.	Thursday 7.11.1996	Dr. Kausik Chaudhuri, The World Bank	Long-Run Equilibrium Real Exchange Rates and Oil Prices
9.	Tuesday 19.11.1996	Dr. Surendra Kaushik, Pace University	International Financial Markets and India
10.	Friday 29.11.1996	The Liberty Institute, Pushp Vihar, New Delhi	Are We Scaring Ourselves to Death
11.	Wednesday 18.12.1996	Dr. H. Mukhopadhyay, N.I.P.F.P.	Cascading, Revenue Neutrality and the VAT: Some Theoretical Results
12.	Thursday 19.12.1996	Prof. Randall P. Ellis, Boston University	Health Insurance in India: Prognosis and Prospectus

13.	Monday 6.1.1997	Prof. Domenico Amirante, University of Naples, Italy	Environment and Development in Europe: From Regulation to Market Related Instruments
14.	Friday 10.1.1997	Mrs. Teresa Ter- Minassian, Fiscal Affairs Department, IMF, USA	Control of Borrowing by Sub- National Government
15.	Friday 17.1.1997	Dr. Madhu Khanna, University of Illinois at Urbana-Champaign	Technology Adoption and Reduction of Carbon Emissions: A Disaggregated Policy Analysis
16.	Wednesday 12.3.1997	Dr. Sheetal K. Chand, Fiscal Affairs Department, IMF, USA	Poverty Alleviation in a Programming Context: An Indian Application

LIST OF STAFF MEMBERS AS ON 31.03.97

Academic Staff

1.	Dr. Parthasarathi Shome	Director
2.	Prof. Om Prakash Mathur	HDFC Professor and Senior Adviser
3.	Dr. Mahesh C. Purohit	Senior Fellow (on leave)
4.	Dr. M.G. Rao	Senior Fellow (on leave)
5.	Dr. Indira Rajaraman	Senior Fellow
6.	Dr. D.K. Srivastava	Senior Fellow
7.	Dr. Pawan Kr. Aggarwal	Fellow (on leave)
8.	Dr. Shreekanth Gupta	Fellow (on leave)
9.	Dr. Tapas Sen	Fellow
10.	Dr. Rita Pandey	Fellow
11.	Dr. Charu C. Garg	Fellow
12.	Dr. Kamlesh Misra	Fellow (left on 31.7.96)
13.	Dr. Hiranya Mukhopadhyay	Senior Economist
14.	Dr. R. Kavita Rao	Senior Economist (on study leave)
15.	Dr. Aparna Sawhney	Senior Economist
16.	Dr. V.S. Renganathan	Economist (retired on 31.12.96)
17.	Dr. A. Gopalakrishnan	Economist (expired 13.09.96)
18.	Mrs. Hasheem N. Saleem	Economist (on study leave)
19.	Shri Soumen Chatopadhyay	Economist
20.	Dr. C. Bhujanga Rao	Economist
21.	Dr. Gautam Naresh	Economist (on deputation)
22.	Shri V. Selvaraju	Economist
23.	Mrs. Sujata Dutta	Research Associate
24.	Dr. O.P. Bohra	Research Associate
25.	Shri Diwan Chand	Research Associate (on deputation)
26.	Mrs. Gita Bhatnagar	Research Associate
27.	Shri M.M. Ghosh	Research Associate (on leave)
28.	Shri H.K. Amarnath	Research Associate

Contractual Staff:

29.	Dr. B.C. Barah	Senior Consultant (left on 20.5.96)
30.	Shri S. Mukhopadhyay	Senior Consultant
31.	Dr. E. Narayanan	Senior Consultant
32.	Dr. Saumen Bhaumik	Senior Consultant (left on 27.3.97)
33.	Shri T.S. Rangamannar	Consultant
34.	Shri Sandeep Thakur	Project Associate
35.	Shri Sunil Ashra	Project Associate
36.	Shri Anil Kumar Yadav	Project Associate
37.	Ms. Ranita Dutta	Project Associate
38.	Ms. Ishita Sengupta	Project Associate

39. Shri Soumen Bagchi
40. Shri Harmeet Singh Maddh
41. Ms. G. Aparna
42. Ms. Sudeshna Ghosh
43. Smt. Alokparna Mitra
44. Shri Krishna Kumar
45. Shri Ranjay Ghosh
46. Shri Saubhik Deb

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

Administrative Staff

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

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

38. Shri Mohan Singh
39. Shri Shiv Bahadur
40. Smt. Palayee
41. Smt. Kamla Tiwari
42. Shri Shiv Pratap
43. Smt. Annamma George

Messenger
Gardener
Gardener
Messenger
Gardener
Messenger

Contractual Staff:

44. Shri C.L. Khanna
45. Shri S.C. Hanslas
46. Shri S.P. Malhotra
47. Shri D.D. Sharma
48. Ms. Jyotsna Misra
49. Ms. Archana Chawla
50. Ms. Asha Rawat
51. Ms. Bharti Sharma
52. Ms. Usha Mathur
53. Shri V. Karketta
54. Shri Rup Singh
55. Shri Sajith Kumar

Associate (Admin & Fin)
Stenographer
Stenographer
Assistant
Receptionist-cum-Secretary
Steno-typist
Steno-typist
Stenographer
Steno-typist
Peon
Peon
Clerk (Accounts)

Computer Staff

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

EDP Manager
Programmer
Data Processing Asstt. Grade B
Assistant (Computer Operations)

Contractual Staff:

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

Programme-cum-System Analyst
Programming Assistant

Library Staff

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

Librarian (left on 1.11.96)
Assistant Librarian
Assistant Librarian
Sr. Library Assistant
Library Assistant
Sr. Library Attendant

Contractual Staff:

7. Ms. Manju

Library Assistant

List of Research Studies Negotiated or Under Negotiation After 1 April 1997

1. State Fiscal Studies of 9 States namely : Tamil Nadu, Maharashtra, Bihar, Assam, Himachal Pradesh, Kerala, Punjab, Arunachal Pradesh, and West Bengal

Sponsor : The World Bank
 Commencement Date : 15 July 1997
 Total Funds : Rs 1.17 Crores (2 years)

2. Expenditure Management in Higher Education

Sponsor : Ministry of Human Resources
 Department of Education
 Commencement Date : 15 June 1997
 Total Funds : Rs 10 Lakhs (2 years)

3. Local Finance Data System

Proposed : Ministry of Finance
 Department of Economic Affairs
 Likely commencement date : September 1997
 Total Funds Requested : Rs 92.5 Lakhs (3 years)
 (The proposal has been agreed to be in principle)

4. Preparation of a VAT Manual comprising a VAT Act Accompanying Procedures

Proposed : Ministry of Finance
 Department of Revenue
 Commencement Date : As soon as approval is received
 Total Funds : Rs 14.55 Lakhs (Six months)

5. Fiscal Federalism

Proposed : Canadian International Development Agency
 Likely commencement date : January 1988
 Total Funds requested : C \$ 3.64 million (5 years)

**LIST OF SPONSORING, CORPORATE, PERMANENT AND
ORDINARY MEMBERS AS ON 31.3.1997**

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

C. Ordinary Members*States/Union Territories*

1. Haryana
2. Delhi Administration

Others

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

ANNUAL ACCOUNTS

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

STATEMENT OF FINANCIAL POSITION AS ON 31.03.97

	SCHEDULE REF	As at 31.03.97 Rs.	As at 31.03.96 Rs.
SOURCES			
Assets & Endowment Fund	1	41082839	27818893
Other Earmarked Funds	2	12312422	10086516
Loan Funds	3	1050075	1256440
Unutilised Project Grants	4	3547180	3043465
		57992516	42205314
APPLICATION			
Fixed Assets	5	22341490	19364419
Investment of Earmarked and other Funds	6	29677420	17333625
Net Current Assets	7	5493896	5259262
Accumulated Deficit	8	479710	248008
Total		57992516	42205314
Notes forming part of Accounts	15		

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

INCOME STATEMENT FOR THE YEAR ENDED 31st MARCH 1997

	SCHEDULE	As at 31.03.97 Rs.	As at 31.03.96 Rs.
INCOME			
Grants – General Support	9	10007305	7189989
Project Support		4329296	3854163
Endowment Chairs/Cells		978436	1540229
Project Fees		3918821	2746525
Course and Programme Fees		1052141	686910
Corporate Membership fees		30000	30000
Interest on Investment		825368	826022
Other Receipts		529370	980745
Total		21670737	17854583
EXPENSES			
Research Activities			
Salary and Allowances	10	6771795	6147440
Operational Expenses	11	1527298	987775
Administrative Expenses	12	4641928	3670065
Expenses on Projects	13	4329296	3854163
		17270317	14659443
Expenses on Endowment Chairs/Cells	14	978436	1540229
Cost of assets acquired during the year		2251096	708360
Depreciation		1431168	1032217
Total		21931017	17940249
Deficit for the year		260280	85666

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

Schedule – 1

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
ASSETS AND ENDOWMENT FUNDS		
1. Assets Fund		
– LibraiBalance as at 1.4.1996	16878562	15568234
– Pay FAdd: Assets added during the year	3124371	1065270
Add: Imputed rent credit to Assets F	286875	245058
	20289808	16878562
Less: Assets Disposed	147300	–
	20142508	16878562
2. Endowment Fund		
a. Ford Foundation	6177924	6177924
Add: during the year	–	–
	6177924	6177924
b. Endowment Fund	3915000	3915000
Add: during the year	–	–
	3915000	3915000
c. Scientific Research Fund	727407	727407
Add: during the year	–	–
	727407	727407
d. Life Membership Fund	120000	120000
Add: during the year	–	–
	120000	120000
e. Government Grant	10000000	–
	10000000	–
Total	41082839	27818893

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

Schedule - 2

		As at 31.3.97 Rs.	As at 31.3.98 Rs.
OTHER EARMARKED FUNDS			
1.	Depreciation Fund		
	- Balance as on 1.4.1996	8860340	7455138
	Add: Depreciation during the year	1431168	1032218
		-----	-----
		10291508	8487356
	Add: Interest earned - during the ye	499226	372985
		-----	-----
		10790734	8860341
	Less: Accumulated depreciation on deletion	115801	-
		-----	-----
		10674933	
	Less: Assets Purchased	460000	-
		-----	-----
		10214933	8860341
2.	Ford Foundation Fund		
	Interest accumulation		
	- Balance as on 1.4.1996	1193175	992915
	Add: Interest earned during the year	1703721	777688
		-----	-----
		2896896	1770603
	Less: Expenditure during the year	833483	577428
		-----	-----
		2063414	1193175
3.	Bimla Bagchi Award Fund	30000	33000
	Add: Interest earned during the year	4075	
	Total	-----	-----
		34075	
		-----	-----
		12312422	10086516
		-----	-----

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

Schedule - 3

	As at 31.3.97 Rs.	As at 31.3.98 Rs.
Loan from Housing Development Finance Corporation	1256440	1438259
Less: Repayment of loan for the year	206365	181819
	-----	-----
Total	1050075	1256440
	-----	-----

SCHEDULE - 4

UNUTILISED PROJECT GRANTS

Source	Balance as on 31.03.1996		TOTAL	Utilisation	Transferred to Income		Balance as on 31.03.1997	
	Unutilised	Recoverable			Other Expenses	Total	Unutilised	Recoverable
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Grant from Governments								
a. Central Government	245011	-	8895011	1500000	7142316	8642316	252885	-
b. Tax Reform Committee	15371	-	15371	-	15371	15371	-	-
2. Grants from Ford Foundation								
a. Industrial Policy Research	1239	-	1239	-	-	-	1239	-
b. Post-Doctoral Research Fellowship	583752	-	1162417	275275	412381	687656	474752	-
c. Health Economics and Financing in India	114587	-	1234016	-	446923	446923	787093	-
d. Fiscal Policies	818832	-	880036	-	383520	383520	496516	-
3. Asian Development Bank	11752	-	11752	-	-	-	11752	-
4. Indo Canadian	101660	-	101660	-	13300	13300	88360	-
5. UNDP	884948	-	1716868	-	1944345	1944345	-	227477
6. Endowment Chairs/Cells								
a. HDPC Chair	119550	-	790095	-	211753	211753	578343	-
b. Cell on Data Bank	40498	-	40498	-	-	-	40498	-
c. State Finance Cell	-	655166	1100000	138000	405622	544622	555378	-
d. RBI Chair	-	121657	287343	-	222062	222062	65282	-
7. IRIS	106265	-	106265	-	-	-	106265	-
8. WRI	-	67308	109059	-	20071	20071	88998	-
TOTAL (1 to 8)	3043405	875131	16451639	1913275	11216661	13131936	5547180	227477

SCHEDULE - 5

FIXED ASSETS

Name of the Assets	Balance As on 01.04.96 Rs.	Additions During the Year		Sale/ Adjustment during the Year Rs.	Balance As on 31.3.97 Rs.
		Acquired From Grants Rs.	Other Sources Rs.		
1. Land Leasehold	638753	-	-	-	638753
2. Building					
a. Administrative	5587342	-	-	-	5587342
b. Residential	4139412	-	-	-	4139412
3. EDP & Office Equipment	5966919	1545775	1002102	147000	8367796
4. Furniture & Fixture					
a. Office	1301769	367500	188937	-	1858206
b. Others	532920	-	-	-	532920
5. Other Equipment	720897	-	19357	-	740254
6. Vehicles	476406	-	700	300	476806
TOTAL	19364419	1913275	1211096	147300	22341490

SCHEDULE - 6

INVESTMENT

Nature of the Investment	Ford Foundation Rs.	Other Endowment Funds Rs.	Earmarked Funds		TOTAL	
			Depreciation Fund Rs.	Other than Depreciation Rs.	As on 31.3.97 Rs.	As on 31.3.96 Rs.
A. Public Sector Banks						
a. Term Deposits	2028000	11100000	-	592500	13720500	3795705
B. Public Sector Financial Institution						
a. Deposits	-	185000	-	-	185000	185000
b. Bonds/Debentures	2249920	-	2409000	-	4658920	4658920
C. Public Sector - Companies Deposits	5271000	2750000	2962000	130000	11113000	8694000
TOTAL	9548920	14035000	5371000	722500	29677420	17333625
Previous year	8309920	4035000	2901000	692500	15938420	

Schedule - 7

CURRENT ASSETS

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Interest Accrued	535856	454653
Stock of Publication	168402	170463
Cash and Bank Balances		
- Cash and Postage Imprest	3169	9068
- Current Savings Account	3678801	2678604
- Term Deposits	2525000	2125000
	6206970	4812672
Recoverables		
- Project Fees Accrued	1778286	1582890
- Grants, Fees and Others	628312	1221830
	2406598	2804720
Advances and Deposits	633178	421516
Sub Total (A)	9951004	8664024

LESS: CURRENT LIABILITIES

Project Fees received in advance	387416	476190
Creditors and Payables	3871658	2797691
Deposits refundable	200795	119795
Staff Welfare Fund und	17239	11086
Sub Total (B)	4457108	3404762
NET CURRENT ASSETS (A-B)	5493896	5259263

Schedule - 8

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Accumulated Deficit Balance as on 1.4.1996	248008	181995
Add: Deficit for the year	260280	85665
	<u>508288</u>	<u>267660</u>
Less: Adjustment of Assets Sold	147300	-
	<u>360988</u>	<u>19652</u>
Add: Adjustment relating to previous year	118722	
Total deficit carried over to Balance Sheet	<u>479710</u>	<u>248007</u>

Schedule - 9

GENERAL SUPPORT GRANT

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Grant from Government of India:		
- Recurring Grant	1500000	1500000
- Library Grant	250000	250000
- Pay Revision Difference	* 5400000	4550000
- Capital Grant	1500000	-
	<u>8650000</u>	<u>6300000</u>
Amt utilised during the year	8397305	6054989
Less: Unutilised amount transferred to Balance Sheet	<u>252695</u>	<u>245011</u>
Received from State Governments:		
Govt. of Karnataka	300000	150000
Govt. of Gujarat	50000	50000
Govt. of West Bengal	100000	200000
Govt. of Meghalaya	35000	-
Govt. of Kerala	75000	75000
Govt. of Orissa	150000	150000
Govt. of Tamil Nadu	100000	100000
Govt. of Maharashtra	100000	100000
Govt. of Mizoram	50000	60000
Govt. of Andhra Pradesh	-	100000
Govt. of Uttar Pradesh	200000	-
Govt. of Punjab	100000	100000
Govt. of Manipur	50000	50000
Govt. of Nagaland	100000	-
Govt. of Assam	200000	-
	<u>1610000</u>	<u>1135000</u>
TOTAL	<u>10007305</u>	<u>7189989</u>

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Schedule - 10		
SALARIES AND ALLOWANCES		
- Salaries and Allowances	5440878	5067103
- Imputed Grant for Residential Quarters	105256	103103
- Contribution of PF and Other Funds	506345	594194
- Staff Benefits and Welfare	433682	194128
- Consultancy Fees	256886	12858
- Other Related Expenses	28748	58
TOTAL	6771795	6147103

Schedule - 11

OPERATIONAL EXPENSES

- Books and Periodicals	250946	252103
- Cost of Publications	19750	59103
- Course and Programme Expenses	617653	535103
- Meeting and Seminar	61209	29103
- Decretion in Stock of Publication	2061	23103
- Project Expenses	575679	86103
Total	1527298	987103

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY
NEW DELHI

	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Schedule - 12		
ADMINISTRATIVE EXPENSES		
Travelling and Conveyance	380687	459566
Rent, Rates and Taxes	469102	97956
Water and Electricity	453289	417334
Printing and Stationery	577008	526511
Telephone and Postage	845769	530038
Repairs and Maintenance	1393580	1107265
Car Expenses	150742	99301
Audit Fees	12000	12000
Miscellaneous Expenses	190132	209676
Interest on Housing Loan to HDFC	169619	194165
Adjustment relating to previous year		16253
Total	4641928	3670065

Schedule - 13

EXPENSES ON PROJECTS

Ford Foundation Grant	-	39368
Industrial Policy Research	-	554138
Post Doctoral Research Fellowship*	687655	571472
Endowment Fund Interest	833483	584770
Study on Health Economy	446923	
Expenses on Canadian Project	1968061	1749748
Expenses on UNDP Project	13300	347548
London School of Economics - Fiscal Policies	1944344	991240
World Resource Institute	383520	447221
	20071	318406
Total	4329296	3854163

(includes Rs. 275275/- towards cost of Assets)

As at 31.3.97
Rs.

As at 31.3.
Rs.

Schedule - 14

EXPENSES ON ENDOWMENT CHAIRS/CELLS

1. Expenses on Chairs

- RBI Chair
- HDFC Chair

222061
211753

265814
345500

433814

611

2. Expenses on Cells

- State Finance*

544622

544622

928915

928

TOTAL

978436

1540

* (Includes Rs. 1.38 lakhs towards cost of Assets)

THAKUR, VAIDYANATH AIYAR & CO.

Schedule 15

Significant Accounting Policies & Notes

A. Accounting Policy

- Accounts are drawn up generally on accrual basis except corporate membership fees and Interest on Investment of Ford Foundation Grants which are accounted for on cash receipt basis.
- The fund has been used to denote the intention to keep the balances invested ultimately.
- Amounts written off as depreciation are funded instead of being shown as deduction from the gross value of assets.
- Accretion to building fund represents the expected house rent of the residential premises allotted to employees.
- Interest earned out of earmarked funds other than scientific research are credited back to the respective funds. Interest on endowment, scientific research and other earmarked funds are credited to revenue.
- Depreciation is provided on written down value method at rates prescribed as per Income Tax Act.
- Provident Fund & Gratuity Liability is being funded by means of contribution to a separate Trust.



B. Notes

Contingent Liability

- i. Property tax in respect of newly constructed residential flats of the Institute, the rateable value of which is yet to be assessed by the Municipal Corporation of Delhi.
- ii. Liability in respect of cases of staff members pending in various courts (amount not ascertained).
- iii. The closing stock of publication has been valued as under depending upon the number of years the books have been lying in stock:

a. Upto 5 years	:	At cost
b. 5 to 10 years	:	At cost
a. Upto 50 copies	:	At cost
b. Balance copies	:	At 50% of cost
c. More than 10 years old	:	Nil
- iv. Previous years figures have been rearranged wherever considered necessary to make them comparable with the current figures.

Schedules referred to above form integral part of this statement.

