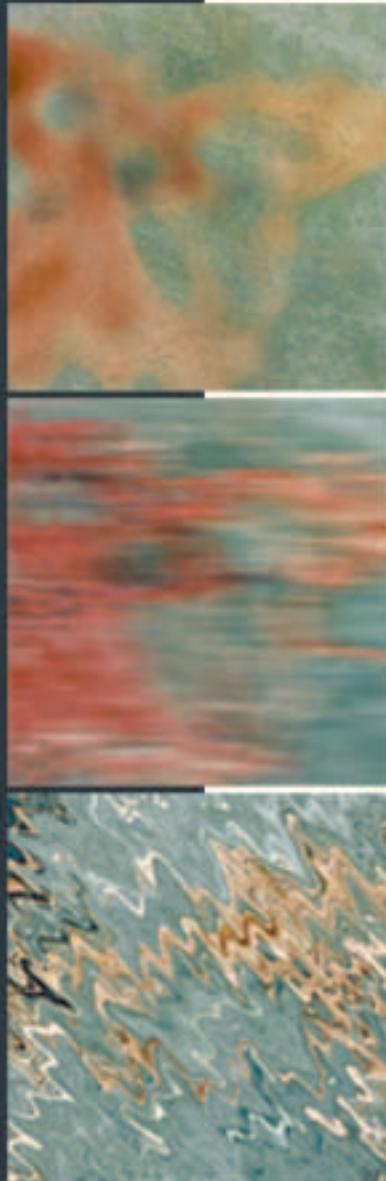


# Annual Report 2004-05



National Institute of Public  
Finance and Policy  
New Delhi



International Expert Group Meeting on Local level Gender Responsive Budget. November 1-4, 2004



NIPFP - UNDP Workshop on Public Resource Management, March 29-April 2, 2004



Workshop on State Fiscal Reforms in India, November 23, 2004

# National Institute of Public Finance & Policy

Annual Report  
2004-05



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Special Institutional Area(Near JNU)  
New Delhi 110 067

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# 1 Overview

*In its twenty-ninth year (2004-05), the National Institute of Public Finance and Policy (NIPFP) continued to build upon its mandate of contributing to research on economic policy, institutions and administration, policy advise to central, state and local governments, and build capacity by imparting training to policymakers and academics.*

*In keeping with its strong research tradition, the Institute completed 12 studies with contemporary policy relevance and another 19 are making steady progress. The rich research output was also seen in the publication of 15 working papers and this included 3 papers under the World Bank umbrella programme of **Capacity Building for Budgetary Analyses at the State Level** (complete list at Annexure I).*

*The core research focused on central, state, and local fiscal studies spanning areas such as financing human development, quantification of government subsidies, debt sustainability, restructuring of public finances, preparation of FRBM Bill, forecasting corporate and personal income tax, capacity building for fiscal policy calibration and budget, financing and regulating infrastructure provision, issue of sustainable development, and construction of databases on public finances. In addition, background studies were conducted for the Twelfth Finance Commission Report pertaining to **India's Municipal Sector**; and **Estimation of Revenue Implications for States on Introduction of VAT**. Attempts are on to set up a specialised tax research cell to undertake continuous studies on direct and indirect taxes of the central government.*

*The NIPFP faculty kept up its endeavour to provide research inputs in the preparation of reports for Finance Commission, government committees, taskforces, and expert groups. The institute collaborated with bilateral and multilateral agencies, and accepted memberships of professional bodies. Chaired by C. Rangarajan the Twelfth Finance Commission submitted its report in December, 2004. D.K. Srivastava, as a member of the Commission, and some NIPFP faculty members who were on deputation there contributed their respective expertise to the report. Subsequently, C. Rangarajan was*

*entrusted with the chairmanship of the Economic Advisory Council to the Prime Minister; as also of the Taskforce for Economic and Social Development of J &K. He was also appointed as a member of committees on Infrastructure; and Trade and Economic Relations constituted by the P.M. The Director, NIPFP, M. Govinda Rao was appointed as a member of the Economic Advisory Council to the Prime Minister; the Steering Committee for National Health Accounts, Ministry of Health; the sub-Group on State Sector Financial Reform, Govt. of UP. He was appointed as a Chairman of the Technical Expert Committee on VAT in which R. Kavita Rao was also appointed as a member. Raja Chelliah, Professor of Eminence, accepted the membership of the C&AG Steering Committee, Government Accounting Standards Advisory Board. O. P. Mathur, retained the position of Convenor, Standing Committee of State Secretaries of Stamps and Registration which has its secretariat at NIPFP. Indira Rajaraman was called upon to be a member of the Economic Policy and Reforms Council of Rajasthan; represented the country at the India-EU roundtable at London; and was the chosen nominee of the President of India on the Academic Council of TERI School of Advanced Studies. Navroz Dubash was nominated by the Planning Commission as a member of the Consultation Group on Water Resources. Govinda Rao and Indira Rajaraman were invited members at a Tax Taskforce meeting of the Initiative for Policy Dialogue at Columbia University, New York. Indira Rajaraman and Kala S. Sridhar were invited participants at the meeting of IMF Article IV Mission at New Delhi.*

*The scope of the Institute's seminars was further extended to include the capacity building of journalists under an umbrella programme, **Capacity Building for Budgetary Analyses at the State Level**, sponsored by the World Bank. The objective of the programme was to bring about better analyses and coverage of state finances in the media and to commission research papers in this area to academics from several states. Three workshops at different venues were an outcome of this programme. The World Bank also collaborated with NIPFP for a one-day seminar on **Rural Fiscal Decentralisation** to disseminate the findings of studies done on this topic in Karnataka; and Kerala. Furthermore, a half-day workshop was held at NIPFP to release the World Bank study, **State Fiscal Reforms in India: Progress and Prospects**. Parthasarthy Shome, Adviser to the Finance Minister, U. Saratchandran, Principal Secretary, Government of Orissa, and senior faculty members were invited to give their comments.*

*Under an ADB initiated programme of **Policy Research Networking to Strengthen Policy Reforms**, two technical workshops were held, one at New Delhi, and the other in association with the Administrative Staff College of India, at Hyderabad. Discussions at the workshops pertained to priorities for state fiscal consolidation.*

*Another significant activity of the year was a collaborative **International Expert Group Meeting on Local Level Gender Responsive Budgeting** of NIPFP, UNIFEM, European Commission, and IDRC. This was part of the research project on local level gender responsive budgeting in five countries : Mexico, Morocco, Philippines and South Africa, besides India. The seminar was attended by over 50 international delegates. Different country experiences of approaches and methodologies regarding local level budgeting across various developed and developing countries of Africa, Latin America, and Asian regions, besides OECD countries were discussed.*

*A seminar was held to discuss the report of the, **Taskforce on Implementation of the FRBM Act** chaired by Vijay Kelkar.*

*The Institute completed the work under a UNDP research programme with a retreat titled, **Cities in the 21<sup>st</sup> Century** for the state secretaries of urban development/municipal administration, at Goa. The retreat served as a platform for deliberating on crucial urban issues.*

*In collaboration with World Resources Institute and Prayas, Pune, the NIPFP organised a workshop to review an **Electricity Governance Indicator Toolkit**.*

*In addition, there were five in-house seminars. Eminent speakers from India and abroad presented seminars (list at Annexure III).*

*The calendar of training programmes included a course on **Public Finance and Practical Issues in Fiscal Policy** for state government officials for the British High Commission under Global Opportunities Fund – Economic Governance Programme.*

*The NIPFP was also involved in training senior government officials from Sri Lanka. As in the past, **VAT** courses continued to be on the training agenda of NIPFP. The probationers*



of Indian Audit and Accounts Service undertook a three-week course on **Fiscal Policy** at the Institute.

The computer unit and the library has been providing valuable aid in all research functions of the Institute. The existing infrastructure was augmented to cater to the growing needs of the research activity. The library also expanded its acquisitions in accordance with the research priorities of the academic staff.

During the year under review, the Governing Body of the Institute (list at Annexure II) met twice to take vital decisions and to oversee the functioning of the administration and accounts of NIPFP.

In a major initiative, the NIPFP completed and won a major consultancy project of the Asian Development Bank on **Capacity Building for Fiscal Reforms in Sikkim**; A. Premchand, a retired IMF official was retained as the team leader; N.J. Kurien, retired, Economic Advisor of the Planning Commission was appointed Principal Consultant in May, 2004; left in December, 2004 to join as Director, Council of Social Development. Ross Garnaut, Professor of Economics, Australian National University, Canberra, visited the Institute and met with the academic staff. During the year, H.K. Amarnath joined the Institute as Senior Economist, and Debdatra Majumdar and Indrani Roy Chowdhury as Economists. Sudha Saxena Assistant Library and Information Officer completed 25 years of service at NIPFP on November 1, 2004.

## 2 RESEARCH ACTIVITIES

### CENTRAL FISCAL STUDIES

The NIPFP completed twelve studies during the year 2004-05. Nineteen studies are nearing completion or in-progress. Outlines of the themes of principal projects/studies are given below.

#### COMPLETED STUDIES

- **Central Government Subsidies** (December 2004) *Surender Kumar, Tapas K. Sen, N.J. Kurien and A.K. Halen*

This study, sponsored by the Ministry of Finance, Government of India, is the latest in the series of studies on subsidies carried out at the Institute. Using essentially the same methodology that has been developed at the Institute over the years, the study first estimates the amount of subsidies – in the sense of unrecovered costs – given by the central government on various types of services provided. This is done for two years, 2002-03 (accounts data) and 2003-04 (provisional data). The subsidies are estimated for each service (by major heads in most cases) and also for three groups under Merit I, Merit II and non-Merit services. It examines three types of subsidies in some detail – on food, fertilizer, and petroleum – that account for a large part of the central subsidies, along with an assessment of a number of schemes initiated by the central government for poverty alleviation. The main focus of the detailed analyses based on available literature is on the success of these subsidies/schemes in reaching the target group of the poor and on suggesting reforms that would enhance the targeting. Using this study report as the main input, the Ministry of Finance tabled a report on the subject in the Parliament in December, 2004.\*

- **Estimation of Corporate Tax from the Manufacturing Sector of the Indian Economy** (May 2004) *A.L. Nagar, Sanjay Kumar and Rajorshi Sen Gupta*

Disaggregation of corporate tax (CT) according to the source of accrual may be useful in improving the precision of forecasts. In this paper, CT from the manufacturing sector in terms of level of profits (actual/estimated), contribution of the manufacturing sector to GDP and the upper bracket statutory corporate tax rate are estimated. In order to estimate the postulated taxable corporate profits the following are determined:

- interest payments;

\* *Central Government Subsidies in India: A Report*, Department of Economic Affairs, Ministry of Finance, Government of India, New Delhi.

- infrastructural facilities available to them;
- debt equity ratio;
- depreciation expenses; and
- contribution of manufacturing to GDP.

Using actual profits (before tax) the following conclusions are derived;

... a 1 % increase in profits would lead to 0.34% increase in CT, a 1% increase in the contribution of manufacturing to GDP would result in 0.58% increase in CT and a 1% decrease in statutory tax rate has a positive effect on CT of the order of 0.44%.

Similar results are obtained while using estimated profits.

The source of data was Centre for Monitoring Indian Economy.

• **Joint Estimation of Corporate Tax from Manufacturing, Mining, Electricity and Service Sectors of the Indian Economy (June 2004)** A.L. Nagar, Sanjay Kumar and Rajorshi Sen Gupta

The CMIE data has been used to analyse CT accruing from a panel of four sectors (manufacturing, mining, electricity, and services) for 14 years 1989-90 to 2002-03. Since the four sectors are simultaneously affected by the general economic conditions prevailing in the country and by changes in government policies, it is assured that individual sectors do not operate in isolation and independently of each other. Accordingly Seemingly Unrelated Regressions (SUR) method for estimating the system of regressions has been used.

CT has been estimated from individual sectors in terms of (i) PBT (profit before tax) both actual and estimated; and (ii) the upper bracket statutory tax rate.

For manufacturing sector PBT has been estimated in terms of:

- infrastructure
- sales
- interest payments
- debt equity ratio
- depreciation

and for other sectors in terms of :

- infrastructure
- sales
- bank rate of interest.

The different variables are used because of data constraints.

- **Projection of Quarterly Corporate and Income Tax Collections** (October 2004) A.L. Nagar, Sanjay Kumar and Dev Ashish

Sugana's model has been used to estimate quarterly tax receipts and annual tax collection at the end of each quarter for the period 1994-95 to 2003-04 for which actual tax receipts data are available.

Projections of tax receipts for 2004-05 have been made by using projected values of the ratio of effective average tax rate in 2004-05 to the actual in 2003-04.

## STATE FISCAL STUDIES

### COMPLETED STUDIES

- **Assam Governance and Public Resource Management Program** (August, 2004) M. Govinda Rao, R. Kavita Rao and P. R. Jena

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

The project was initiated by ADB in which the Institute is a principal partner with Pricewaterhouse Coopers.

- **Restructuring Public Finances of Tripura** (August 2004) Indira Rajaraman, Lekha S. Chakraborty and Deepti Jain

The worsening of fiscal indicators since 1999-00 called urgently for a fiscal reform programme, aligned with a fiscal responsibility bill. A draft *Fiscal Responsibility Bill* was designed and fully drafted, scheduled to come into operation on April 1, 2005, and ending on March 31, 2010. This was fully coterminous with the award period of the Twelfth Finance Commission and anticipated the requirement placed by the TFC on all states. Annual path limits on the revenue deficit are specified in the form of two options. The choice between these options is vested with the state government. Simulations of expenditure compression under the two options are performed to enable the choice. The report also examines the debt swap scheme of the Government of India (GoI), in which Tripura has been a participant. Since the interest bill itself accounts for only 15

percent of revenue expenditure in Tripura, fiscal restructuring efforts have to be focused largely on non-interest expenditure, and on own revenue, both of which do fall entirely within the control of the state. The report makes a number of suggestions in respect of both these imperatives. The report also evaluates the debt swap scheme of the centre; examines avenues for enhancement of own revenue; and estimates staff redundancy by department. Finally, the report examines nineteen non-departmental PSUs, and suggests reform measures for each including, but not confined to, manpower reduction.

• **Uttar Pradesh: Study of State Finances** (February 2005) *D.K. Srivastava, C. Bhujanga Rao, Mukesh Kr. Anand and Pinaki Chakraborty*

This study revolves around fiscal aspects of the UP Development Report undertaken by the Planning Commission. Uttar Pradesh was bifurcated in November, 2000 giving rise to the state of Uttaranchal. This study looks at the state finances of the reorganised Uttar Pradesh while drawing appropriate comparisons with the undivided state. Except for the mid-nineties there was a deterioration in the fiscal imbalance indicators which led to a high and unsustainable debt for the state. In 2002-03 the debt-GDP ratio was as high as 50 percent of GSDP. The rise in debt resulted from a high level of fiscal deficit, which had reached a peak of 6.3 percent of GSDP in 1999-00. Although in subsequent years there was some improvement, this study suggests a fifteen-fold reform strategy relating to four broad areas of fiscal management covering revenue augmentation, expenditure reforms, fiscal discipline and budget management, and public sector reforms.

• **A Study of Debt Sustainability at State Level in India** (October 2004) *Indira Rajaraman, Shashank Bhide and P.K. Pattnaik*

Studies on debt sustainability in India have addressed the issue at the level of the central government alone, or aggregated across centre and states, or at the aggregate level for states. Since the constituent states of the Indian union are highly heterogeneous in terms of size, level of income, and ability to raise own resources, there is a need for a state-specific assessment of debt sustainability status. After operationalising the analytics of debt sustainability for subnational governments, states are grouped and ranked by the indicators selected. The significant increase in the outstanding indebtedness and sharp increase in the average interest rate require states to carry overall primary surpluses in order to stabilise debt as a percent of GSDP. The problem is reaching crisis proportions, with states facing increasing market reluctance to absorb their securities. Fiscal correction at state level is no longer an option, but has become an imperative. The study identifies states in need of expenditure compression and improvement in own revenue collection effort, and lists other institutional changes required, such as introduction of fiscal responsibility legislation, and participation in the *Compensatory*

*Revenue Fund* and the *Guarantee Redemption Fund*, in order to gain fiscal credibility in financial markets. Legislated fiscal conduct has to explicitly prohibit budgetary malpractices, such as loss cover for non-departmental state PSUs through incremental contributions to share capital from the capital account of the budget. It can be nobody's case that states are entirely responsible for the fiscal situation in which they find themselves. In a fiscal federation, the ultimate responsibility for macroeconomic control rests with government at the national level. The provision for this is presently enshrined under Article 293(3) of the Constitution. The coverage of this is however partial, and does not extend to borrowing against small savings collections, or direct borrowing from the public through small savings schemes floated by the state government. It is only when the coverage of Article 293(3) comprehensively extends to all avenues of possible borrowing that enabling conditions for unsustainable debt paths will have been eliminated. These recommendations have been adopted in the Report of the Twelfth Finance Commission.

• **Estimation of Revenue Implications for States on Introduction of Value Added Tax** *(October, 2004) Pinaki Chakraborty and Ujjaini Datta*

The project analysed the possible revenue loss in the event of introduction of value added tax at sub-national level in India for two states, viz., Andhra Pradesh and West Bengal. The study suggested that, under the proposed implementable VAT design, the revenue loss to both the states is insignificant when the reform envisages intra-state VAT. However, when the reform includes phasing out of the Central Sales Tax, there would be revenue losses and it is necessary to find appropriate mechanism to compensate the loss.

NEARING COMPLETION

• **Capacity Building for Fiscal Reforms in Sikkim** *A. Premchand, M. Govinda Rao and P.R. Jena*

The project relates to capacity building in the state to undertake fiscal reforms. The project has been secured as a consultancy in the competitive bidding process from the Asian Development Bank. Various components of the project include enhancing the budgeting system, expenditure management and control, restructuring of the departments to enhance efficiency, reforms in the tax system, assistance to introduce value added tax (VAT), public enterprises restructuring programme and assistance in building statistical system for measurement of state income and poverty. A. Premchand is the team leader and the project is expected to be completed in July, 2005. The project also has outside consultants — N.J. Kurien, R.K. Mishra, R.P. Katyal and S.K. Sanyal.

• **Policy Research Networking to Strengthen Policy Reform** *Tapas K. Sen and Pinaki Chakraborty*

NIPFP is working as a hub institute along with Administrative Staff College of India (ASCI), Hyderabad, on the thematic cluster, “State Government Budget Constraints and Social Services” under the ADB sponsored project on **Policy Research Networking to Strengthen Policy Reform**. Under this project, the NIPFP has commissioned the following studies to experts in this field: *Non-tax Revenues; User Charges and Subsidies; Reforming the State Tax System: Transition to VAT Borrowing; Debt Management and Contingent Liabilities; Priorities for State Fiscal Consolidation*.

The Institute has already organised two expert technical workshops – on the draft papers. The final expert technical workshop was jointly organised with ASCI, at Hyderabad. The final draft of the papers has been received for further deliberations, publications, and for a policy retreat seminar.

#### ON-GOING STUDIES

• **Study for Preparation of an FRBM Bill and Restructuring of State-Local Finances for Rajasthan** *O. P. Mathur, Indira Rajaraman, Debdatta Majumdar and Sandeep Thakur*

The first task of this project was to prepare a fiscal responsibility and budget management bill for Rajasthan. This then has to be embedded in a larger study of state finances and debt, so as to enable the fiscal correction path projected in the Bill. The study is also intended to address municipal finances with a view to augmenting them for urban development and improved urban sanitation. Finally, the study is required to address ways by which to finance the State Road Fund, for construction and maintenance of new roads.

• **Uttar Pradesh: Reforming the Budgetary System** *D. K. Srivastava, C. Bhujanga Rao and Manish Gupta*

This study proposes to analyse the existing budgetary processes and suggest reforms with a view to establishing an efficient budgetary system in Uttar Pradesh broadly covering the following areas:

- outlining the budget cycle: initiation and consolidation of demands of various departments and revenue proposals;
- framework for consistency with macro and state level fiscal policy and targets;
- monitoring the quality of budget estimates;
- improving the process of appropriations and actual expenditures; and
- reforming the processes of ex-post verification and evaluation.

• **Uttar Pradesh: Medium Term Expenditure Policy** *D. K. Srivastava, C. Bhujanga Rao and Manish Gupta*

This study aims to determine the appropriate structure of expenditure in terms of size and composition and accordingly formulate a medium term expenditure policy for Uttar Pradesh. The study aims at outlining the dimensions of the required restructuring of expenditure in Uttar Pradesh. It will broadly cover the following areas: basic considerations in formulating medium term expenditure policy; trends and structure of expenditure in Uttar Pradesh; expenditure policy; link between expenditure and its financing; and measures to improve efficiency of government expenditure.

• **Capacity Building in Budgetary Analyses at the State Level** *Tapas K. Sen and Pinaki Chakraborty*

As the title of this programme suggests, this is essentially aimed at improving the quality of, and broadbasing the discussion on the finances of states in India. Sponsored by the World Bank, it includes both academics (from state level universities/research organisations) and media persons as target groups. For media persons, two regional workshops for the northern and eastern states on various aspects of state finances were organised in June, 2004, at Panchkula, and in March, 2005, at Bhubaneswar, respectively. Research papers in the broad area of state finances and financially supported by NIPFP were first presented in a technical workshop at NIPFP in May, 2004, and later in a joint workshop of paper writers and journalists in September, 2004. The completed papers are being edited and published as working papers of NIPFP.

• **Public Finance Information System** *Tapas K. Sen, Diwan Chand and Geeta Bhatnagar*

This data bank on state government finances has been expanded to include a larger set of variables from different sources, while limiting some of the data series to a shorter period than before, mainly to maintain authenticity of the data. The budgetary data from State Finance Accounts are now fully updated, with data maintained from the year 1987-88.

## LOCAL FISCAL STUDIES

### COMPLETED STUDIES

• **India's Municipal Sector** *(September 2004)* *O.P. Mathur and Sandeep Thakur*

This study undertaken for the Twelfth Finance Commission (TFC), examines the fiscal performance of municipalities in different states and seeks explanations for their differential performance. Additionally, it assesses the load on state finances on account of implementation of the recommendations of the Finance Commissions of States (SFCs).



It also indicates options for the TFC on how it might contribute to improving the finances and functioning of municipalities. The study points out that:

- In fiscal terms, municipal sector in India is tiny; in 2001/02, municipalities generated approximately Rs. 12,750 crore, or 3.07 percent of the total publicly-raised resources in India. It formed 0.63 percent of the country's gross domestic product (GDP).
- The performance of municipalities on the criterion of expenditure levels runs along the same track as that of own revenues. Estimated at about 0.75 percent of the GDP, municipal expenditure levels are extremely low. On average, municipal underspending in relation to *Zakaria Committee* norm is 130 percent which is one factor that explains the extremely low level of services which result in deplorable service conditions in cities and towns.
- Transfers to municipalities form 3.85 percent of the combined own resources of states. Between 1997/98 and 2001/02, these have risen by 0.54 percentage points which, in a crude way, could mean an additional strain on the finances of state governments.
- Several state governments and municipalities have set in motion initiatives for augmenting their revenue base. Property tax reforms involving a shift from annual rateable value to unit area system, substitution of cash-based to an accrual based accounting, forging a better linkage between price (tariff) and cost of services, and public-private partnerships in service provision form the core of the initiatives that have been taken in recent years. Spurred by a mix of local factors e.g., stagnating revenues, political and administrative leadership, and experimentation with alternative modes, these initiatives – important as they are in themselves – have a limited geographical coverage and application.
- The central government intervention into municipal affairs *via* the institution of the Central Finance Commission is a new feature in India's federal structure.
- The TFC has three choices for improving the finances of municipalities: (i) consider enlarging the fiscal domain of municipalities by giving them access to VAT and until such time VAT does not come in force, to other buoyant state level taxes, using the instrument of a surcharge; (ii) limiting the use of supplementary grant for one of the key municipal services, namely, sanitation, i.e., the size of the supplementary grant being so determined that it permits sanitation coverage to 95-100 percent of urban population within the tenure of its recommendation; and (iii) lending support to the recent central government's urban reform incentives which are already in place and which are being further articulated for sustainable and systemic improvement.

## NEARING COMPLETION

- **Fiscal Expenditure Norms and Octroi for Andaman and Nicobar Islands** *O.P. Mathur, Kala S. Sridhar, Astha Balwani, Akshat Vipin and Poulomee Basu*

The research team has finished one field visit to the urban areas of A&N islands in October, 2004 and was in the process of finishing the second field visit to the rural areas of the islands in December, 2004. These field visits were for purposes of obtaining primary information regarding gaps between the availability and desirability of urban services such as water supply, sanitation, sewerage, roads and street lighting, and similar rural public services, along with primary education and health care.

The scope of the study is to :

- develop norms and standards for core civic services comprising safe drinking water, sanitation, including sewerage, road maintenance and street lights for urban areas, and safe drinking water, village sanitation, rural roads, street lighting, primary education, and primary health care for rural areas;
- work out financial implications of these norms and adjust norms and standards, should that be considered necessary; and
- study the existing octroi system in the ANI and recommend specific actions for converting the volume and weight-based octroi structures into an invoice-based structure, as also explore the possibility of privatising octroi collection, if that could increase octroi revenues.

In order to undertake these tasks and make appropriate recommendations, the NIPFP shall examine the existing norms/standards of the above-mentioned services. Further, the study team would also analyse the pattern of financing these services in the ANI, for analysis of norms and standards, and the existing octroi rate schedules, receipts, and methods of levying them, as also relevant administration and implementation procedures. The study may carry out limited surveys of households and industrial units in the islands.

## ENVIRONMENT, GENDER AND HUMAN DEVELOPMENT

### COMPLETED STUDIES

- **Financing Human Development in Karnataka** *(April 2004)* *M. Govinda Rao and Mita Choudhury*

This paper analyses the problems of state finances in Karnataka and the constraints posed on financing human development in the state. The analysis shows that adequate allocation to human development expenditures in the 1990s has been seriously constrained by the steadily deteriorating fiscal health of the state. Although a high

growth rate in the state has led to an increase in per capita expenditures in the social sector and human priority areas, there has been a decline in social allocation and human priority ratios in the state in the 1990s. The declining trend in these ratios has posed a challenge to achieving the millennium development goals and targets set out for the Tenth Plan. Expenditures by local government in the state have also been segmented, inadequate, and unequally distributed. Although Karnataka is likely to meet certain human development targets in the Tenth Plan in urban areas, public expenditure needs to be focused towards rural areas, in particular towards the backward districts of the state where human development indicators are far below the targets.

• **Forestry Poverty Linkage Model for India** (*August, 2004*) *Gopinath Pradhan, Subrata Mandal and Manish Gupta*

The study analyses the relationship between forestry and poverty alleviation in a village level Social Accounting Matrix (SAM) for two contrasting ecological zones in India located in the Shivalik region of the Himalayas and the arid region of Aravalli dunes. It takes into account the flow of input and output, including monetised values of the environmental goods and externalities of all major rural activities and the accrual of income, consumption, savings, and trades of different income classes of the village. The accounting framework also includes human health cost related variables across income classes to take into account the quality of life. The study then derives accounting, fixed and mixed multipliers to explain the relationship between forestry and poverty. The study finally suggests policy recommendations for poverty alleviation through forestry programmes.

NEARING COMPLETION

• **Resource Devolution from Centre to State: Enhancing Revenue Capacity of States for Implementation of Essential Health Interventions** *M. Govinda Rao, Mita Choudhury and Mukesh Kr. Anand*

This study assesses the resource requirements for meeting certain targets of the health sector and analyses the gap between the required and the actual expenditure in 15 major states of India. It also highlights the extent of resources that can be mobilised at the state-level to meet the resource gap and estimates the residual gap that has to be met by central transfers. Estimates indicate that the additional expenditures required for meeting the specific norms/targets in health and health related sectors are substantial. However, the capability of states to meet additional resource requirements is limited. Significant central transfers are needed at the state-level to meet specific targets.

## ON-GOING STUDIES

• **Financing Human Development in Selected States** *M. Govinda Rao, Mita Choudhury, H.K. Amarnath and Anit Mukherjee*

Despite impressive gains over the years, India's standing in the comity of nations in human development remains low. India's rank among 177 countries is at 127 with Namibia above, and Boswana below. The issue is of great concern as in the heavily populated central and northern states, the situation is alarming.

The most critical issue in improving human development is to augment the flow of public resources to social sectors. However, ensuring adequate flow of public resources for financing human development is a formidable challenge in the wake of sharply deteriorating fiscal health of both central and state governments. Considering the fact that over 85 percent of the spending on education and health in the country is incurred at the state level, the severe resource crunch in the states poses a severe challenge for achieving the targets of human development set in the Tenth Five Year Plan.

It is in this context that the UNDP at New Delhi, has initiated this important research programme on financing human development in selected states in India at NIPFP. The inception report detailing the scope and methodology and the action plan for the project has been presented in the advisory committee meeting held on March 15, 2005.

• **Local Level Gender Responsive Budgeting** *M. Govinda Rao, Amaresh Bagchi, Lekha S. Chakraborty and Samik Chowdhury*

This project was initiated on August, 2004. It is a one-year project funded by UNIFEM New York, within the framework of 'Local Level Gender Responsive Budgeting' project of the European Commission (EC). The two components of the project are (i) developing a concept paper on **Fiscal Decentralization and Gender Responsive Budgeting** and convening of an international expert group meeting that gathers experts from developed and developing countries, such as, Africa, Latin America, Asia, and Arab regions, as well as some OECD countries where the various tools and approaches of local level gender responsive budgets would be exchanged; and (ii) using analytical methods and field visits, critically assess the local-level gender responsive budgets in countries like Philippines, Morocco, Andean region, South Africa, India, Uganda, and Mexico.

The first component of the project was successfully completed in November, 2004, by organising an international expert group meeting at India International Centre, New Delhi, in association with the EC-UNIFEM, New York, and IRDC, drawing participants from thirteen countries. The second component of the project began with the field visit of NIPFP team to Mexico in March, 2005, and the forthcoming scheduled visits to Morocco, South Africa, and Philippines and submission of cross country reports.

• **Gendering Microfinance in India – NIPFP-NIBM** *Lekha S. Chakraborty, Darshy Sinha and Samik Chowdhury*

The specific objectives of the project are to (i) identify the access and utilisation patterns of microfinance programme across gender; (ii) analyse the structure of interest rates, loan portfolio, pattern of collateral (if any), frequency of repayment terms, any evidence of Ponzi finance across gender; (iii) analyse whether ‘*peer monitoring*’ instead of tangible asset-based collateral ensure better welfare of women borrowers (iv) analyse the determinants of the self help group formation process and their participatory management in microfinance programme in reducing the transaction costs of both banks and borrowers; (v) analyse the feedback mechanism of microfinance and economic activity, whether microfinance is a strategic tool for income generating activities and poverty alleviation; (vi) analyse whether access to microfinance leads to economic empowerment of women through improving the bargaining power of poor women in intrahousehold and societal decision-making process; and (vii) analyse the financial implications of microfinance on bank branch business as attaining financial viability and sustainability, the two institutional challenges of microfinance programmes.

The methodology adopted is *control group methodology* through longitudinal surveys across six banking zones of India in 12 blocks (out of which 6 are control blocks) to analyse the SGSY, the largest poverty linked microfinance programme.

## ENERGY AND INFRASTRUCTURE

### NEARING COMPETITION

• **Rapid City Assessments in Support of the City Challenge Fund (Ludhiana and Rajkot) Fund** *O.P. Mathur, Navroz K. Dubash, Kala S. Sridhar*

The rapid city assessments of Ludhiana and Rajkot address the need for urban reform, any potential bottlenecks, triggers for reform, and the reform agenda. Several measures such as the growth of population and land area, service delivery and current finances including debt, suggest a need for financial as well as institutional reform in Ludhiana. The major bottlenecks to reform in Ludhiana and Rajkot are seen to be institutional, and pertain to existing arrangements for water, sewerage, and land use. Major triggers that could make the reform happen in Ludhiana pertain to changes in institutional arrangements for service delivery [privatisation in service delivery and public participation, and finances (less of a trigger)]. The study finds that the reform agenda in Ludhiana should centre around getting the institutional arrangements clear for the provision of water, sewerage services and land use. Further, management of finances is crucial once octroi is formally abolished.

In Rajkot, the study finds that the statutory and institutional structures were created on the principle of separate, distinct functional and spatial jurisdictions, with little recognition that there are important interdependencies, both functional and spatial. The study finds that there is evidently a need to revisit the statutory provisions. The finances of Rajkot Municipal Corporation are in an unsatisfactory state, despite a surplus on revenue account and its ability to finance some part of capital expenditure out of its own resources. There is little long-term thinking about the significant prospect of octroi abolition, and the related problem of ineffective property tax collection. Water accounts are most vulnerable and water pricing do not reflect the scarcity value of water, i.e., the economic cost.

Overall, it was seen that Ludhiana and Rajkot, as with other Indian cities, while growing, present potential for a number of changes in their urban management.

#### ON-GOING STUDIES

- **Long Term impacts of Overall Imposts on the Exploration and Production of Crude Oil and Natural Gas** *Surender Kumar and Tapas K. Sen*

Sponsored by the Ministry of Petroleum and Natural Gas, the objective of the study is to assess taxation policy for petroleum and natural gas with international comparison and consideration of the views of the stakeholders.

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

This project developed indicators of good governance for the electricity sector that span legislative, executive, and regulatory processes. The indicators will be tested in four Asian countries – India, Indonesia, Philippines, and Thailand and the results will be disseminated to international agencies, governments, regulators, and civil society. Elements of the indicators will also be used in a training programme for Indian electricity regulators. The project, a collaboration of NIPFP with World Resources Institute (USA) and *Prayas-Pune* is making leadway.

- **Modeling Economic Impacts of Oil Price Changes on Indian Economy – Methods and Applications** *Surender Kumar and Subrata Mandal*

The following issues are being examined:

- Estimation of demand of petroleum products for the period upto 2025. The demand estimates would take into consideration the substitution of liquid petroleum products by natural gas, CNG, etc.
- Economic size of setting up new refineries and feasibility of setting up export-oriented refineries.

- Economic rationale for providing subsidy on domestic LPG and PDS kerosene and whether it needs to be restricted to certain categories of consumers.
- Economics of using (a) piped NG or LPG (b) SKO viz. LPG
- Basis of pricing of petroleum products viz. import parity pricing, trade parity, cost plus or any other basis.
- Optimum level of taxation of petroleum products viz. customs duty, excise duty, VAT.

## STATE DEVELOPMENT REPORT

### NEARING COMPLETION

- **State Development Report of Andaman and Nicobar Islands** *Rita Pandey, M. Govinda Rao and Mukesh Kr. Anand*

The Andaman and Nicobar Islands (ANIs) State Development Report, is a study sponsored by the Planning Commission of India. The report takes stock of the prevailing economic and social conditions in the ANIs and assesses the critical bottlenecks in its development. Based on detailed sectoral analysis, it recommends policy changes and institutional mechanisms for achieving the twin objectives of growth in incomes and employment. Various experts, in their respective sectors, have contributed synergistically towards this report. They include those from the Council for Scientific and Industrial Research (CSIR), Indian Council of Agricultural Research (ICAR), Indian Council of Forestry Research and Education (ICFRE), Department of Ocean Development (DoOD) and the National Ship Design and Research Centre (NSDR). The study describes the possible options to raise revenues and induce investments towards attainment of the desirable social and economic outcomes by sustainable exploitation of the available resources that prevents any deterioration in the ethno-ecological-economic balance of the region over the next few years.

### ON-GOING STUDIES

- **State Development Report of Mizoram** *R. Kavita Rao, Gautam Naresh and Indrani Roy Chowdhury*

The Planning Commission of India assigned to the Institute the task of writing the State Development Report of Mizoram in December, 2004. The objective of the assignment is to identify avenues of development in Mizoram and to prepare a road map to act on the suggested action plan. The work is still in nascent form.

- **State Development Report of Sikkim** *Simanti Bandopadhyay, N.J. Kurien, Saumen Chattopadhyay, Mahendra Lama and Anuradha Bhasin*

The State Development Report of Sikkim aims to assess the overall development process in the state, locate the major gaps in formulation and implementation of policies and programmes and give concrete recommendations to narrow these gaps. The study is based on secondary data collected from official documents of the state during field visits there and also from data recorded in the Census of India, Planning Commission documents, and other central sources.

### 3 Workshops Seminars and Conferences

- Workshop for **Capacity Building for Budgetary Analyses**, May-June, 2004/ March 2005.

Under the umbrella programme of **Capacity Building for Budgetary Analyses at the State Level**, funded by the World Bank, four workshops were organised by NIPFP. The objective of the programme is better analyses and coverage of state budgets in the media and to commission research papers in the broad area of state finances to academics from nine states. The first technical workshop for the academics meant to discuss preliminary versions of their papers was held at NIPFP in May, 2004. The second workshop intended exclusively for media persons of north Indian states was held at Panchkula, Haryana, in June, 2004. The third brought the academics and the media persons together at IIC, New Delhi during Sept. 16-17, 2004. This workshop was inaugurated by Ashok Lahiri, Chief Economic Advisor, Ministry of Finance. Sessions on the first day of the workshop focused on major states of the country – Maharashtra, Karnataka, Kerala, Haryana, Chattisgarh, and Orissa. Sessions on the second day highlighted the importance of state budgets in reporting and were focused on Rajasthan, Uttar Pradesh, Andhra Pradesh, and Punjab. The fourth workshop however, was for journalists of the eastern region held at Bhubaneswar during March, 2005.

- Seminar on **Rural Fiscal Decentralisation**, New Delhi, June 7, 2004.

This seminar on **Fiscal Decentralisation to Rural Governments in India**, co-sponsored by NIPFP and the World Bank, included speakers from the NIPFP, Government of India, and the World Bank. M. Govinda Rao, Director, NIPFP, gave the welcome address followed by an inaugural address by C. Rangarajan, Chairman, NIPFP, and Chairman, Twelfth



Finance Commission. The seminar discussed issues pertaining to rural fiscal decentralisation in the country, and rural fiscal decentralisation in the states of Karnataka, and Kerala. The valedictory address was given by Mani Shankar Aiyer, Hon'ble Minister for Petroleum and Natural Gas and *Panchayati Raj*. A special address was delivered by Michael Carter, the Country Director of World Bank for India.

- Workshop on ***Electricity Governance in Asia: Benchmarking Best Practice and Promoting Accountability in Electricity Sector***, New Delhi, July 12-14, 2004.

The NIPFP in collaboration with World Resources Institute and *Prayas-Pune*, organised a three-day workshop to review an electricity governance indicator toolkit. The first day of the workshop included notable participants from government, regulators, academics, and civil society in India and from Indonesia, Philippines, and Thailand. The second day featured possible implementing organisations from all these countries.

- Seminar on the ***Report of the Task Force on Implementation of the FRBM Act***, New Delhi, August 24, 2004.

The introduction to this half-day workshop was given by the Director, NIPFP. Subsequently, Vijay Kelkar made a presentation of the Task Force Report. This was followed by a critical review of the Task Force Report by Govinda Rao who summarised the views of Raja Chelliah, along with his own, followed by comments by Indira Rajaraman and Amaresh Bagchi. An open discussion came up next. Vijay Kelkar responded to the various comments.

- ***Eighth Meeting of Standing Committee of State Secretaries of Stamps and Registration***, New Delhi, August 27, 2004.

The eighth meeting of the Standing Committee of State Secretaries of Stamp and Registration took place on August 27, 2004, under the chairmanship of Satish Chandra, Additional Secretary, Department of Revenue, Ministry of Finance. The Andhra Pradesh, Maharashtra, and Karnataka models on collection of stamp duty through alternative modes were discussed. The chairman sought views of the states on whether the *Indian Stamp Act, 1899*, needed to be replaced or amended. The broad consensus was that there is no need to replace the existing *Indian Stamp Act, 1899*, with a new one, only amendments must be made to the existing *Act*, as and when required.

- ***Cities in the 21st Century: A Retreat for the State Secretaries of Urban Development/Municipal Administration***, Goa, September 24-25, 2004.

Designed for state secretaries of Urban Development/Municipal Administration, this retreat, ***Cities in the 21st Century***, served as a platform for deliberating on crucial urban issues. The objectives were to discuss the following:

- What underlines responses of the cities regarding infrastructure bottlenecks?

- To what extent are the responses able to help in transforming and restructuring cities?

The cities took stock of what other developing countries have done to transform and restructure their cities, and have drawn lessons for designing a framework for India's urban agenda.

- First and Second Expert Technical ***Workshops on Policy Research Networking to Strengthen Policy Reform***, sponsored by ADB, September 29, 2004 and March 21-22, 2005

The Institute organised its first technical workshop on ***Policy Research Networking to Strengthen Policy Reform***, sponsored by ADB, under the thematic cluster on *State Government Budget Constraints and Social Services*. The welcome address was given by the Director, NIPFP, M. Govinda Rao. Introductory remarks were made by Shankar N. Acharya, Member, Twelfth Finance Commission. Speakers and discussants included faculty from NIPFP and outside. The topics of discussion pertained to priorities for state fiscal consolidation, the transition to VAT, non-tax revenues, user charges and subsidies, and borrowing, debt management, and contingent liabilities. The second workshop was held jointly with the Administrative Staff College of India at Hyderabad under the overall theme of state government budget constraints and social services.

- ***International Expert Group Meeting on Local Level Gender Responsive Budgeting***, New Delhi, November 1-4, 2004.

This was organised by NIPFP in association with UNIFEM, European Commission, and IDRC. The objective of the meeting was to share and critically evaluate cross-country experiences of existing approaches and methodologies regarding local level gender responsive budgeting across developed and developing countries in Africa, Latin America, Asia, Arab regions, and OECD countries. The meeting was inaugurated by C. Rangarajan, Chairman, NIPFP. The NIPFP Director, M. Govinda Rao gave the welcome address. The objectives and agenda of the meeting were presented by Amaresh Bagchi and Lekha S. Chakraborty. Over 50 international delegates representing various countries attended the meeting.

- ***Workshop on State Fiscal Reforms in India: Progress and Prospects***, NIPFP, New Delhi, November 23, 2004.

This was a half-day workshop. The study prepared by the World Bank, was presented at NIPFP by Marina Wes, Stephen Howes, and V. J. Ravishankar from the World Bank. The presentation was followed by comments from U. Saratchandran, Principal Secretary, Finance, Government of Orissa, Parthasarathy Shome, and M. Govinda Rao. The report was then commented upon by the audience.

*Notable speakers at regular seminars organised by the Institute during 2004-05 were Arindam Das-Gupta, from Goa Institute of Management; Keshav Varma Sector Director, Urban Development Sector Unit, East Asia and Pacific Region, The World Bank; Nirvikar Singh, University of California; and Surjit S. Bhalla, Director, Oxus Investments Pvt. Ltd., (Detailed list at Annexure III)*

## 4 Training Programmes

*As in the past, the Institute continued to impart training in fiscal policy to public servants/academics at various levels in collaboration with central, and state governments, bilateral, and international agencies. During the year 2004-05, the following training programmes were organised by NIPFP:*

- **Public Finance and Practical Issues**, was a two-week training programme held at the Institute premises in which 28 state government officials participated. The course was held during October 25-November 5, 2004. Welcome address was given by the NIPFP Director, M. Govinda Rao. Introductory remarks were made by Sir Michael Arthur, KCNG, High Commissioner, British High Commission. The inaugural address was given by Chairman, NIPFP, C. Rangarajan. Sessions were contributed by the NIPFP and outside faculty as resource persons.
- **Fiscal Policy and Development Experience in India** was held in two separate batches for the provisional chief secretaries, deputy chief secretaries and ministry secretaries of the Govt. of Sri Lanka during November 16-27; and December 13-24, 2004. The two batches accommodated 23 and 25 participants respectively. Organised at the behest of the Sri Lanka Finance Commission, the objective was to give an overview of fiscal policy in India and its development experience in the fields of education, health, small scale industry, and rural development.
- **Introduction of VAT Policy and Administration** was a week-long training programme for the officials of the sales tax department, Government of Goa. The programme held in Goa during January 10 -14, 2005 was jointly organised by NIPFP and Goa Institute of Management.
- The NIPFP conducted a three-week training programme on **Public Finance and Fiscal Policy** for the Indian Audit and Accounts Service (IA and AS) probationers. The course was conducted at the instance of the National Academy of Audit and Accounts, Shimla, and 07 participants attended the training.

- Two programmes of three day duration each on **Introduction to VAT** were organised at Sikkim for the officials of the commercial tax department of the Government of Sikkim during February 21-23, 2005; and March 2-4, 2005. Simultaneously, the resource persons organised three VAT awareness programmes for the dealer community at Singtam: February 21, 2005; Gangtok: February 22, 2005; and Jorethang: March 3, 2005.

*In addition to the above programmes, the institute provided faculty (M. Govinda Rao and Tapas K. Sen) and material for training the economists of DFID, India, on **State Finances in India** during June 2- 4, 2004. The focus of the programme was on familiarising the participants with various aspects of the finances of Indian states.*

## 5 NIPFP Publications

During the year 2004-05, the Publications Unit produced as many as 15 working papers. These papers can be downloaded from the NIPFP website <http://www.nipfp.org.in>.

A bi-annual *newsletter* which serves to focus on information about the research, training, and consultancy activities of the NIPFP faculty entered its second year.

As in the past, the annual report of NIPFP, which describes the research activities and progress of the Institute's commitment was produced. The Ministry of Finance is mandated to table this document in the Parliament during the winter session every year.

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

## 6 Library Services

### LIBRARY

The library of the Institute is rapidly growing into one of the leading research and reference centres in the country with specific focus on areas such as fiscal policy, fiscal federalism, environmental economics, and urban local bodies. Bibliographic information and catalogue of books & other documents, journals and CD-ROM databases are accessible through the specialised **LibSys** software. During the year under review, as many as 986 external

research scholars and officials visited the library to consult documents, gray literature, and databases.

### COLLECTION DEVELOPMENT

In the changing scenario of information technology, the library collection development policy is gradually experiencing a changeover from printed copies to electronic form. As a first step in this direction, the NIPFP library decided to procure Census 2001 documents in electronic form only; accordingly, 63 census 2001 CD-ROMs were produced. The library also procured the annual subscription of **Econlit** CD-ROM database. This database is covered by 2 CD-ROMs; the first CD-ROM spans from 1969 to 2000, while the second one covers the period 2000 onwards. The NIPFP library is subscribing to a **Regional Monitory Service (RMS)** package, CMIE in the CD-ROM. The **Econlit** and **RMS** packages are updated on a monthly basis. The legal database from Spectrum Business Support Ltd., is updated on a quarterly basis over the CD-ROM. Through the IMF depository scheme, the library receives the following statistical databases on a monthly basis:

- *Balance of Payment Statistics* (September 2004 onwards)
- *International Financial Statistics* (December 2004 onwards)
- *Direction of Trade Statistics* (December 2004 onwards)
- *Government Finance Statistics* (September 2004 onwards)

The library also received the electronic versions of *Global Development Finance* (2003) and *World Development Indicators* (2003) from the World Bank.

Around 1480 new documents and 419 working papers (317 from other institutions and 102 from IMF) were among the acquisitions of the library during the year 2004-05. Continuous efforts are made to collect the *State Budget Documents*, *Appropriation Accounts*, *Finance Accounts* and *Reports of the CAG* from various states. In fact, these government documents form a unique collection of the Institute's library.

### SERIAL PUBLICATIONS

The library holds around 400 journals, newsletters, and newspapers. Among these, the library subscribed to 168 journals, (103 international journals and 65 Indian), 70 serials are received on *gratis* basis.

### LIBRARY SERVICES

The library provides the following **current awareness services**:

- current contents service (monthly);

- list of new additions of books, reports, and working papers (monthly) article alert service;
- budget special (during the budget session);
- SDI service; and
- latest additions of IMF working papers (quarterly)

### REFERENCE AND RESEARCH SERVICES

The library staff lends support to the faculty and researchers who visit the library in various ways, such as, conducting literature surveys, besides preparation of subject bibliographies, reading lists, and database searches.

### INTER-LIBRARY LOAN AND RESOURCE SHARING

The NIPFP library has inter-library loan arrangements with DELNET (Developing Library Network) and other major libraries like IGIDR, IEG, NASSDOC, and ISI. During this financial year, 82 documents from various libraries were borrowed for faculty members. Similarly, the NIPFP library lent out 95 documents to various institutional libraries in Delhi.

The library is a member of DELNET, Central Secretariat Library, American Center Library, IASLIC. Photocopied journal articles are received from other libraries, mostly based on user requests.

### REPROGRAPHIC SERVICES

During the financial year 2004-05, approximately 65,282 photostat copies were produced in the library for use of NIPFP's own and visiting research community.

## 7 Computer Unit

The Computer Unit provides vital support service to core researchers as well as other functionaries of the Institute, viz. accounts, administration, auditorium, library, and publications. During the year under review, to the old system the Institute added four **HP compaq laptops**, 25 **HP compaq P4 desktop nx6100** and **D330**, two **network laserjet 2z420DN printers**, two **HP laserjet 1050 printers**, six **HP laserjet 1160 printers**, two **scanners**, one **deskjet printers**, also nine **UPS 0.625 VA elnova brand** were produced.

Computer related hardware now comprises seven **servers**, 99 **pentium – II/III/celeron/IV PCs**, 12 **laptops**, and 53 **printers** including five **heavy-duty HP laserjet 5Si** and **2420dn LAN** connected printers. The server network is being maintained by M/s *Paramarsh Systems* while the computer staff is continuously involved in the maintenance activity of the hardware.

The Institute's internet facility (nipfp.org.in) as well as its website is supported by a leased line from MTNL. The NIPFP website under the address of <http://www.nipfp.org.in> functions through the Institute's own server domain. The management of the website is being supervised by a committee consisting of Kavita Rao, Senior Fellow (chairperson); Rita Wadhwa, Editor; Siva Chidambaram, Librarian-cum-Information Officer; Surendra Kumar, Fellow; Naveen Bhalla, Administrative Officer; and Navin K Singh, EDP Manager. The website highlights the objectives and main activities of the Institute, indicates the research interests of the NIPFP faculty along with their detailed CVs, and provides lists of publications, working papers, and major reports produced by the Institute from time to time. The site is accessible through the internet at <http://www.nipfp.org.in>

Databank development is an ongoing activity at the NIPFP computer centre. Specialised softwares are used by the library and the accounts department. Technical support is given to the **LIBSYS**, and **Econolit** in the Institute's library; and the **EX accounts** and **payroll software** in the Accounts Department.

The overall policy guidance to the Computer Unit is given by another computer committee consisting of Navroz K Dubash, (Chairman); Rita Pandey; Siva Chidambaram; and S. D. Mudliar as members, and Navin K Singh as member-secretary.

## 8 Highlights of Faculty Activities

*As in the preceding years, the faculty members of NIPFP continued to participate in a broad range of academic and allied activities both in India and other countries. Their activities comprised participation in seminars, workshops, conferences, and high level meetings, delivering lectures and serving on committees set up by various governments. As members of academic or professional bodies, they rendered advisory and research services to Indian and foreign organisations. The following paragraphs summarise the notable activities of the academic staff in addition to their participation in project related research and training programmes at the Institute. Details of their published work*

are at Annexure V.

- **C. Rangarajan**, *Chairman, NIPFP* is playing pivotal role in several national level committees. He was chairman of the Twelfth Finance Commission, which submitted its report to the Government in December, 2004. Thereafter, he was appointed chairman of two high level committees namely, Economic Advisory Council to the Prime Minister; and Task Force for Economic and Social Development of J & K. He also accepted memberships of Committee on Infrastructure; and Committee on Trade and Economic Relations, both constituted by the Prime Minister of India.

During the year under review he was invited to deliver the R. S. Bhatt Memorial Lecture on “Financial Stability: Some Analytical Issues” organised by the Unit Trust of India, Mumbai; this lecture was subsequently published in the journal, *Money and Finance*; addressed the first convocation of PG Programme in Banking and Finance at the National Institute of Bank Management, Pune; besides giving convocation addresses at the Institute of Chartered Financial Analysts of India, Hyderabad; and the Arunachal University, Itanagar. The *Economic and Political Weekly* published three articles of Rangarajan, “Fiscal Transfers in Canada: Drawing Comparisons and Lessons” and “Fiscal Transfers in Australia: Review and Relevance to India” (both co-authored) and a third on “Issues Before the Twelfth Finance Commission”.

- **M.Govinda Rao**, Director and Chief Executive Officer, continued to provide overall leadership to the activities of NIPFP – academic and administrative. Along with this, he led research teams to complete, **Assam Governance and Public Resource Management Programme** in collaboration with Pricewaterhouse Coopers for the Asian Development Bank; and a background paper on **Financing for Human Development** for the *Second Karnataka Human Development Report*.

Govinda Rao is on the verge of completing a major project awarded to NIPFP by the ADB, namely, **Capacity Building for Fiscal Reforms in Sikkim** in consultation with A. Premchand and other experts. Among his on-going project activity is **Local Level Gender Responsive Budgets** commissioned to NIPFP by UNIFEM. In an advisory capacity, he was called upon to serve as member of: Economic Advisory Council to the Prime Minister; and Steering Committee for National Health Accounts, Ministry of Health and Family Welfare; Special Advisory Group of Experts and Economists, ASSOCHAM, New Delhi; sub-Group on State Sector Financial Reforms, Government of U.P.; Initiative for Policy Dialogue initiated by Joseph Stiglitz, Columbia University; and Chairman, Technical Expert Committee on VAT, Ministry of Finance, New Delhi; His short-term appointments comprised visits to: DFID, India to deliver lectures and provide notes on Indian state finances, to enhance its capacity for participation in fiscal reform programmes with



state governments in order to examine issues in state level budgets; Sir Ratan Tata Trust's Education Portfolio to present an expert's review; render consultancy at the behest of UNDP to People's Democratic Republic of Laos to analyse the fiscal decentralisation situation there; impart a module consisting of three lectures on fiscal policy to the MA/M.Phil students at IGDR, Mumbai; attend as a member the meeting of the ***Task Force on Tax Policy and Reform in Developing Countries*** under the chairmanship of Joseph Stiglitz, UNOPS, New York.

The World Bank retained Govinda Rao as a resource person to discuss two analytical studies on **Rural Fiscal Decentralisation in Karnataka; and Kerala**. He conducted a two-week training programme in collaboration with the British High Commission on ***Public Finance and Practical Issues in Fiscal Policy at the NIPFP***; as also a half-day seminar on the Kelkar report, ***Task Force on Implementation of the FRBM Act***. He was an invited participant at the 10<sup>th</sup> Year Anniversary Celebration of the Financial and Fiscal Commission Conference at Cape Town, South Africa; chaired the session of the states of A.P.; and Chattisgarh in the first workshop on ***Draft Papers of the Capacity Building for State Level Budgetary Analyses***. His presentations included: "Central Budget" at Strategic Management Group, New Delhi; "Decentralisation: Institutions and Politics in Rural India" New Delhi; "Fiscal Federalism in Planned Economies" at the University of Torino, Italy; "Changing Contours in Fiscal Federalism in India" and "Fiscal Decentralisation in Asia: Revisited" at Hitotsubashi University, Tokyo; and "Widening of Tax Base and Tax Evasion" before the Standing Committee on Finance, in the Lok Sabha, New Delhi. He made observations and comments in a half-day NIPFP-World Bank seminar to release the World Bank study, **State Fiscal Reforms in India: Progress and Prospects**.

The year saw him deliver as many as 17 research-based lectures and keynote addresses at: UNDP-NIPFP workshop on ***Public Resources Management***; roundtable on ***Economic Imperatives and Expectations from the New Governments*** at ASSOCHAM, New Delhi; Second Regional workshop on ***Budgetary Analyses***, Panchkula, Haryana; training programme on ***Public Finance and Practical Issues in Fiscal Policy*** for state government officials at NIPFP; in the two-phased NIPFP training programmes for secretaries of Government of Sri Lanka on ***Fiscal Policy and Development Experience in India***; three-week training programme for IA&AS probationers at NIPFP; fourth national professional seminar on ***Service Tax in India*** at SCOPE, New Delhi; and in a training programme on **VAT**, at Goa.

He published at least four articles focused on state finances in the *Encyclopaedia of India*; one each in *Economic and Political Weekly*; and *Publius*; three in books published by Oxford University Press, New Delhi; and MIT Press, Boston. His comments on "World Poverty: Causes and Pathways" and "Challenges of Development in Lagging Regions"

were published in the proceedings of the Annual World Bank Conference in *Development Economics* and on “India’s Trade Reform” in *India Policy Forum*.

M. Govinda Rao edited a paperback edition published by OUP, *Development, Poverty and Fiscal Policy*, and co-authored a hardbound volume, *Political Economy of Federalism in India*, also by Oxford University Press. He contributed several articles in reputed newspapers of India. His interface with media included discussions on “Budget”, “Taxation” and “Reactions of the Economic Survey.”

- **Raja J. Chelliah**, Professor of Eminence, NIPFP and Chairman, Madras School of Economics (MSE) supervised the completion of the NIPFP-MSE collaborative study, **A Proposal to Levy Taxes on Polluting Inputs and Outputs and Pollution Charges on Certain Montitorable Emissions** sponsored by the Ministry of Environment and Forests.

At MSE, he headed the project on **Tax Revenue in Tamil Nadu under the VAT System**. As of before, he was invited to deliver lectures at diverse venues : inaugural address at a symposium on **Union Budget** organised by the South India Chamber of Commerce and Industry, Chennai; address at a workshop to discuss the report **State Fiscal Reforms in India: Progress and Prospects**; special address at the Thinkers’ Association on **Union Budget 2004-2005 and its impact on Agriculture**, Commerce and Industry. Raja Chelliah was a guest speaker a in World Bank workshop on **Accelerating Growth with Equity – The Tamil Nadu Perspective**; guest of honour at the Chamber’s Day Function of Hindustan Chamber of Commerce, Chennai; discussant in the seminar on **Finances of Tamil Nadu Government – An Overview** organised by United States Consulate and Madras School of Economics; chief guest at a seminar on **Management of Change in Indian Railway**, IRAS Platinum Jubilee Celebrations, Southern Region. In addition, he lectured at the Income tax department at Chennai on “India’s Experience with Tax Reforms”; besides delivering the Ambirajan Memorial Lecture on “The Malady of Continuing Fiscal Imbalance – The Impossible Quadrangle.”

During 2004-05, he accepted membership of: CA&AG Steering Committee, Government Accounting Standards Advisory Board; Steering Committee for the Centre of Excellence in Environmental Economics at MSE; and IFA International Tax Academy; Board of Trustees, Ranganathan Centre for Information Studies. His article on “Evolution of Fiscal Distress in Southern States – Causes and Remedies” was brought out in a mimeographed form, while “The Report of the Kelkar Task Force on Implementation of the Fiscal Responsibility and Budget Management Act 2003 – A Fiscal Economist’s Evaluation” was published by the *Economic and Political Weekly*.

- **Amaresh Bagchi**, Professor Emeritus, is a member, Board of Management, IGIDR, Mumbai; and member Academic Council of JNU, New Delhi. During the year he was

member of an advisory group for a study undertaken by ICRA, for the Comptroller and Auditor General of India on **Government Budgeting System** alongwith Raja Chelliah. During the year, Amaresh Bagchi was invited by several organisations to deliver research based lectures. Notable among these were the Annual *Panchanan Chakraborty Prabhat Sarbadhkari* memorial lecture titled, “Globalisation and Future of India’s Federalism” at Jadavpur University, Kolkata; and a public lecture on the 75<sup>th</sup> Anniversary of Gokhale Institute of Politics and Economics, Pune, where he delivered a series of lectures to post graduate students of the Institute. At NIPFP, he was invited to give lectures in the various training courses organised by the Institute. Amaresh Bagchi participated in the 3<sup>rd</sup> Annual National seminar on **Income Tax and Service Tax** organised by SCOPE. His research output included publication of a volume of *Readings in Public Finance* edited by him and sponsored by Indian Economic Association Trust. The readings are being published by Oxford University Press. One of his articles was published in the *EPW*; and another in *Publius, the Journal of Federalism*. He has been writing a monthly column in the *Business Standard* for the last one year.

- **Om Prakash Mathur**, Principal Consultant, continued to pursue research in his area of interest, namely, urban economics. He completed a study on **India’s Municipal Sector** for the Twelfth Finance Commission alongwith other colleagues at the Institute. As a conclusion of his erstwhile UNDP project, **Capacity Building for Economic Reform**, he organised a retreat entitled, **Cities in the 21<sup>st</sup> Century: A Retreat for the State Secretaries of Urban Development/Municipal Administration**, at Goa. At present, he is involved in co-authoring two projects, **Rapid City Assessment in Support of the City Challenge Fund (Ludhiana and Rajkot)**; and **Fiscal Expenditure Norms and Octroi for Andaman and Nicobar Islands**. O.P. Mathur is also analysing the **Finances of Municipalities in Rajasthan**, to provide inputs for the preparation of fiscal responsibility and budget management bill and restructuring of state-local finances of the Government of Rajasthan.

As in preceding years, he was invited to deliver lectures at reputed forums: keynote address on World Environment Day at National Environmental Engineering Research Institute, Nagpur; also to attend a meeting of their Research Council two months later; Ninth Annual – Asian Real Estate Society international conference on **The Challenge of City Finances: Thinking Beyond the Municipal Income-Expenditure Gaps: Some Perspectives from Asia** at World Urban Forum, Barcelona, Spain; and on “Cost Recovery in Urban Infrastructure Provision” at a World Bank conference at Jaipur.

As convenor of the Standing Committee of State Secretaries of Stamps and Registration, he convened its eighth meeting at New Delhi; participated in the conference, **Cities in**

**the 21<sup>st</sup> Century: A Retreat for the State Secretaries of Urban Development/Municipal Administration**; as member of the advisory group of experts on Decentralisation (AGRED) UN-HABITAT, attended its second meeting at Barcelona, Spain; and also as member attended the first meeting of the Advisory Board of UN Global Research Network on Human Settlements in Nairobi, Kenya. O.P. Mathur spoke on “Municipal Finance Systems in South Asian Economics: Some Reflections” at an international workshop in Dhaka. He was a participant at a consultation meeting in **Ageing and Migration in India** at New Delhi.

- **D.K. Srivastava**, Senior Fellow, returned to the Institute in January, 2005, after submitting the report of the Twelfth Finance Commission where he was on deputation, as a member.

Back at NIPFP, D.K. Srivastava, alongwith two other members of his team updated the **Uttar Pradesh: Study of State Finances** and submitted it to NCAER, to be merged with the rest of the Development Report. D.K. Srivastava was often invited to deliver lectures in the various training programmes organised by NIPFP. He delivered two lectures on “Finance Commission: Constitutional Provision and Mandate” and “Changing Federal Fiscal Transfers in the Context of Economic Reforms” in the two-phased training courses for the secretaries of Government of Sri Lanka besides three lectures on “Public and Private Goods” “Approach to Public Expenditure Analysis” and “Twelfth Finance Commission” to the probationers of IA & AS. D.K. Srivastava also lectured on “Fiscal Federalism in India: Emerging Challenges” at G.B. Pant Institute of Social Sciences, Allahabad; and talked on “Union Budget 2005-06” at the Ludhiana Management Association. He attended a roundtable in Brazil organised by Forum of Federations, Canada, where he made a presentation on “Fiscal Equalisation in India”.

He was co-author with C. Rangarajan for two papers on “Fiscal Transfers in Canada: Drawing Comparisons and Lessons”; and “Fiscal Transfers in Australia: Review and Relevance to India” which were brought out by NIPFP under the working paper series, and subsequently published by EPW.

He held the membership of the Editorial Board, *Journal of Quantitative Economics*; and Advisory Board *Indian Journal of Economics*.

- **Indira Rajaraman**, Senior Fellow and RBI Professor, as team leader finalised and presented to the Chief Minister of Tripura, the principal findings of her study, **Restructuring Public Finances of Tripura**. She also completed **A Study of Debt Sustainability at State Level in India** (with Shashank Bhide and R.K. Pattnaik) and made a presentation of this study before a committee of finance secretaries at RBI, Mumbai. Currently, she is heading a **Study for Preparation of a Fiscal Responsibility and Budget Management Bill and**

### **Restructuring of State Local Finances for Rajasthan.**

Indira Rajaraman was a Visiting Scholar at the Fiscal Affairs Department, IMF, Washington D.C in June, 2004, where she delivered a talk on “Fiscal Constraints to Trade Reform”. She lectured on “Public Debt: Debt Burden and Restructuring” “Fiscal Rules – State Level Fiscal Responsibility and Budget Management Act: Issues and Outcomes” in an NIPFP organised training programme for state level officials. In another training course for the probationers of IA&AS, held at the Institute, she delivered a lecture on “Public Debt Sustainability” in two phases. In yet another training programme at NIPFP for the secretaries of the Government of Sri Lanka, she lectured on “Fiscal Responsibility Legislation and Outcomes” and “*Panchayati Raj* Institutions in India”. In addition to the above, she gave two more lectures, one at the Academic Staff College, JNU; and another to senior officers of NABARD at Institute of Economic Growth, Delhi.

She was an invited discussant at the NIPFP workshop on ***Report of the Task Force on Implementation of the Fiscal Responsibility and Budget Management Act***; also at the first technical workshop on draft papers on ***Policy Research Networking to Strengthen Policy Reform*** at New Delhi; and at an IFPRI-World Bank-RGICS workshop on ***Re-energising Agriculture in India***. She met with the IMF Article IV Mission; and was invited to give a presentation on “Mobilising Resources and Strengthening Incentives: Lessons from India” at an IMF conference on ***Growth and Poverty Reduction – Lessons from Africa, China and India***, at Nairobi. She spoke on “Coins: Some Persistence Issues” at a JNU workshop on ***Power and Communication: Coins as Political and Cultural Documents*** and on ***Pricing of Irrigation Water: A Case Study of Karnataka*** at the Tata Energy Research Institute.

Her activities were as much involved in policy advice. She was invited to join the Initiative for Policy Dialogue (IPD) Task Force on Tax Policy which met at Columbia University, New York, in March, 2005. She was a member: Economic Policy and Reforms Council of Rajasthan; Committee of Experts for Award of Excellence in Finance Management Programme. She was the external examiner for M.Phil dissertations at the Delhi School of Economics; was an external expert for faculty promotions, N-E Hill University, Shillong; on the Board of Economists, *India Today*; external guide for the Punjab Fiscal Report under the World Bank Capacity Building Project; referee for *Economic Development and Cultural Change: Economic and Political Weekly*, Oxford University Press; and participant at the India-EU roundtable at London. She was the President’s nominee on the Academic Council of TERI School of Advanced Studies.

Indira Rajaraman made substantial contributions by way of published work: she contributed chapters in books brought out by Elsevier; Oxford University Press; and in a volume

published by National Institute of Rural Development. She published three articles in reputed journals, such as, *Economic and Political Weekly*; *Journal of Quantitative Economics*; and *India Policy Forum, 2004*. Six of her articles appeared in well-known financial newspapers.

- **Tapas Sen**, Senior Fellow, co-authored one research report and led one research project, coordinated a capacity building programme, and organised four workshops and one training programme during the year. The completed research project was a co-authored study on **Subsidies of the Central Government**, sponsored by the Ministry of Finance, Government of India. This study report formed the basis of a subsequent discussion paper on subsidies brought out by the ministry and tabled in the Parliament. The other research study on **Taxation of Petroleum Crude and Natural Gas** is ongoing. He also wrote a paper on “Reforming State Finances: An Agenda” sponsored under the ADB initiated programme of Policy Research Networking to Strengthen Policy Reforms. Successive drafts of this paper were presented at two technical workshops in Delhi (September 2004); and Hyderabad (March 2005).

He organised a workshop for media persons of northern Indian states on *Issues in State Finances* under the umbrella programme of **Capacity Building for Budgetary Analyses at the State Level**, funded by the World Bank, at Panchkula, Haryana, in June 2004. Under this programme, he has also been coordinating the task of sponsoring research on state finances by commissioning research papers in this area to academics from several states. The first technical workshop on the work-in-progress for these papers was held in May, 2004, at NIPFP. In September 2004, the journalists that had attended the two workshops held in Bangalore and Panchkula and the writers of the sponsored papers were brought together in a workshop in Delhi, where the revised papers were presented. In March, 2005, another workshop was conducted at Bhubaneswar for journalists of the eastern region. He also organised a three-day training programme for the economists of DFID, India on state finances in India and provided faculty inputs along with the Director, Govinda Rao.

Tapas Sen was a short-term consultant to the State Partnership Program of the European Commission in Chhattisgarh, providing written inputs on “An Assessment of Public Expenditure in Chhattisgarh” during October-December 2004. He acted as a resource person and delivered lectures to varying audiences including a group of UNDP officials from various countries; participants of training programmes held at NIPFP; and elsewhere (including National Institute of Educational Planning and Administration; and Academic Staff College, Jawaharlal Nehru University). He spoke on a suggested approach for the Chhattisgarh Finance Commission at a workshop for government officials of that state

in February, 2005.

His on-going work includes editing completed papers submitted under the above-mentioned programme of **Capacity Building for Budget Analyses at the State Level**, on **Suggested Approach to Selected Aspects of Chhattisgarh State Finances**, and on **Evaluation of Imposts on Petroleum Crude and Natural Gas**, funded by the Ministry of Petroleum and Natural Gas, Government of India.

He continues to oversee the updation and maintenance of a data bank on state government finances in India named as the **Public Finance Information System (PFIS)**. He was appointed an expert member of the Third Punjab State Finance Commission. He also acted as an external examiner of one Ph.D. and one M.Phil dissertation during the year. He acted as an alternate member (to the Director) in the Advisory Committee on Fiscal Reform Facility, set up by the Ministry of Finance, Government of India, during the year under report. He was the staff representative in the Governing Body of the Institute and a member of administrative as well as finance sub-committees of the Governing Body for part of the year. He continued as chairman of the library committee of NIPFP.

- **Navroz K. Dubash**, Senior Fellow and IDFC Chair Professor focused his research in the area of energy and urban governance. His co-authored project, **Rapid Urban Appraisal of Ludhiana and Rajkot** sponsored by the Water and Sanitation Program, World Bank, is nearing completion. Currently, he is working on **Electricity Sector Governance** in collaboration with World Resources Institute (USA) and *Prayas-Pune*. As part of this project, he organised a two-day workshop called, **Electricity Governance Toolkit Review Workshop** in July 2004, with the same objective as its title, Navroz was a keynote speaker on “Accountability, Legitimacy and Authority: General Society Networks and the Struggle Over Resources” at an international conference at University of Cologne, Germany. He delivered a lecture on “The Role of Civil Society in Global Governance: An Exploration of Legitimacy and Accountability” in World Commission on **Dams** at JNU; and another on “Governance” in a three-week NIPFP training programme for IA&AS probationers.

His conference papers included, “The Electricity-Groundwater Conundrum: The Case for Political Solution to a Political Problem” and “Electrifying Rural Areas: The Search for a Viable and Sustainable Approach” presented in a research meet at Anand, Gujarat; and a silver jubilee symposium and workshop, also at Anand. Other activities pertaining to conferences were: co-organising and participation in a workshop organised by the Foundation of Indonesian Institute for Energy Economics; participation as a session facilitator in a workshop on **Developing Institutions for Public Accountability in Urban Services**; presentations on “Asian Experience with Electricity Reform” ; and on “Politics



of Free Power to Farmers” in two different workshops organised by *Prayas*, Pune. The latter was also presented in a policy dialogue at Patancheru, Hyderabad. His participation included a half-day review workshop on ***Voice and Client Power Program*** at the World Bank, New Delhi; and in a launch campaign titled, ***Peoples’ Power to Promote Cleaner Fuel and Technologies and Energy Efficiency in India Power Sector*** at World Wide Fund for Nature-India at New Delhi; two day workshop on ***Electricity Reforms in India: Fuel Choices, Emerging Markets and Externalities*** sponsored by USAID at New Delhi; one day programme to discuss on ***Electricity Act 2003 – The Year After: Progress Made and Challenges Ahead*** at CII, New Delhi; seminar on ***Ground Water Governance in India*** at New Delhi; workshop on ***Electricity Price Reforms and Agriculture*** at IRADe, New Delhi; roundtable on ***Challenges in the Energy Sector: Priorities for Research***, also at New Delhi. He served as a session discussant and participant in a two-day workshop on ***Stakeholder Fora, Implementation of Regulation and Competition in Urban Water and Electricity Sector: The French Experience in a European Perspective and Lessons for India*** organised by NCAER, New Delhi, and CERNA, Paris, at New Delhi; and served as session facilitator in a collaborative workshop, ***Developing Institutions for Public Accountability in Urban Services***, at New Delhi.

He attended the inauguration of ORF Centre for Resources Management and a roundtable in ***Challenges in the Energy Sector: Priorities for Research*** at ORF Institute of Economic Development, New Delhi.

The year saw him accept the following positions: member, Editorial Board, Utilities Policy; Consultative Group on Water Resources to obtain non-governmental inputs into the process of mid-term appraisal of the Tenth-Five Year-Plan; guest co-editor for a special issue of *Pacific Affairs* on Political Economy of Electricity Reform in Asia; and Chapter Review Editor for the Millennium Ecosystem Assessment.

Published output of Navroz Dubash comprised an article in the *Encyclopedia of Energy* by Elsevier Press; another in an edited volume by Routledge, besides two co-authored chapters in *Pacific Affairs*.

- **Rita Pandey**, Senior Fellow, is leading the research team involved in the completion of **State Development Report of Andaman and Nicobar Islands**, sponsored by the Planning Commission. She was invited to present a paper in an international conference on ***Better Air Quality 2004***, at Agra. The paper was titled, “MBIs to Achieve Environmental Policy Goals: A Case of Cess on Coal”.

Other research output of Rita Pandey included publication of two papers in international journals out of which one is co-authored. She also published an article on “Industrial Pollution Control in India: Issues in Design and Enforcement of Regulation” in an edited



volume by OUP.

- **R. Kavita Rao**, Senior Fellow, continued to be engaged in research pertaining to VAT and reform of sales tax. She is a member of the Technical Expert Committee on VAT, formed by the Ministry of Finance, to provide technical inputs for smooth implementation of VAT and for its transition with the new regime. Currently she is working on **Sales Tax System of Punjab**; and **Mizoram State Development Report**.

Kavita Rao organised three training programmes on VAT: a week-long programme in collaboration with the Goa Institute of Management, Goa, for the officials of the commercial tax department of Goa; and two, three-day programmes for the sales tax officials of Sikkim. In Sikkim, she was a resource person to conduct three one-day awareness programmes for the dealer community of Singtam; Gangtok; and Jorethang.

She delivered three lectures on VAT for officials of budget departments; and representatives of trade and industry. At the mid-year review of the economy organised by the India International Centre, New Delhi, she was invited to be a discussant.

- **A.L.Nagar**, Visiting Fellow, wrote three papers, “Estimate of Corporate Tax from the Manufacturing Sector of the Indian Economy”; “Joint Estimation of Corporate Tax from Manufacturing, Mining, Electricity and Service Sectors of the Indian Economy”; and “Projection of Quarterly Tax Collection” (co-authored). The last one, also brought out as a working paper of NIPFP (No. 24) was presented by him at the Indian Econometric conference held at Jadavpur University, Kolkata.

A.L. Nagar gave a keynote address, “Structural Modelling in Economics” at the *Xth Spring Meeting of Young Economists* at Geneva, Switzerland. He has been retained by the School of International Studies, JNU, to deliver lectures to the M. A. Economics (International) students twice a week.

- **Surender Kumar**, Fellow, was member of the study team that completed, **Central Government Subsidies in India**, which also formed the basis of the Discussion Paper on **Central Government Subsidies in India: A Report**, tabled in the Parliament by the Ministry of Finance on December 23, 2004. At present, Surender Kumar is involved in the completion of **Long Term Impacts of Overall Imposts on the Exploration and Production of Crude Oil** with a senior colleague. His ongoing project is titled, **Modeling Economic Impacts of Oil Price Changes on Indian Economy: Methods and Applications**. The year saw him deliver eleven lectures to students at PG, M.Phil level and probationers/ participants of training courses organised by the NIPFP and the Institute of Economic Growth. Notable among these were “Environmental Efficiency of Industries”; “Industrial Demand for Water” and “Distance Function and its Applications in the Valuation of non-Marketed Resources and Measurement of Efficiency of Polluting Industries”.

The NIPFP included two of his co-authored papers in its working papers series. The titles were: “Measurement of Environmental Efficiency and Productivity: A Cross Country Analysis”; and “Resource Use Efficiency of US Electricity Generating Plants during the SO<sub>2</sub> Trading Regime”. He presented a paper on “Measurement of Environmental Efficiency and Productivity: A Cross Country Analysis” in an international conference at JNU. Four articles of Surender Kumar have been accepted for publication in forthcoming issues of *International Journal of Productivity and Performance Management*; *Ecological Economics*; *Water Policy*; and *Journal of Environmental Management*.

- **Kala S. Sridhar**, Fellow, along with other colleagues in the Urban Economics Unit submitted the draft final report, **Rapid City Assessments of Ludhiana and Rajkot in Support of the City Challenge Fund** to the Water and Sanitation Program, World Bank. She is at present working on **Developing of Basic Infrastructure Services and Octroi in Andaman and Nicobar Islands** for Andaman and Nicobar Administration along with O.P. Mathur. Other academic activities of Kala Sridhar comprised a lecture on “Principles and Approaches to Public Finance” in a NIPFP organised training programme for the officers of IA & AS; and on “Fiscal Policy: Growth and Poverty Reduction in the States” in another training course on fiscal policy for state level officials.

Her research output included two articles in the *Economic and Political Weekly*. Two other papers of Kala Sridhar “Impact of the Enterprises Zone”; and “Cities with Suburbs: Evidence from India” were produced by NIPFP as working papers. She contributed several articles in national level financial newspapers. She gave a seminar on “Growth Centres as a Tool of Regional Development: Evidence from India”, at ISEC, Bangalore. She was an invited member at a panel discussion on Indian Economy at the All India Radio; and met with IMF as part of Article IV consultations held at New Delhi.

- **C. Bhujanga Rao**, Senior Economist, was part of the team which revised and submitted to the coordinating agency, NCAER, the study on **Uttar Pradesh: Study of State Finances**. His on-going studies such as, **Uttar Pradesh: Reforming the Budgetary System**; and **Uttar Pradesh: Medium Term Expenditure Policy** are also focused on the fiscal situation of Uttar Pradesh.

He delivered a lecture on “Government Subsidies” to the probationers of the three week long IA&AS training course coordinated by him at NIPFP. He was also responsible for coordinating two programmes of two-week duration each for the secretaries of Government of Sri Lanka, sponsored by the Sri Lankan Finance Commission at NIPFP. He participated in several workshops and expert group meetings organised by NIPFP at New Delhi.

He continues to be a member of the tender committee and convenor of seminars at the Institute.

- **Gautam Naresh**, Senior Economist, joined the Institute in August after a little over one-year spell at the Twelfth Finance Commission. At present, he is a member of the study team involved in preparing the **State Development Report of Mizoram**. He is a member of the Hardship and Anomaly Committee on Property Tax in the Municipal Corporation of Delhi. He was invited by the UGC Academic Staff College to deliver two lectures in a refresher course meant for the teaching staff of various universities at Aligarh Muslim University. He inaugurated the course and also took a full session focused on “Centre State Financial Relations” and “Role of Finance Commissions” in a training programme for government officials on **Public Finance Management** at the Institute of Management in Government, Thiruvananthapuram. He presented a paper, “Fiscal Correction Efforts in Uttar Pradesh: Reality or Myth” at the 87<sup>th</sup> Annual Conference of the Indian Economic Association, organised by BHU at Varanasi, which was subsequently published by the University. Gautam Naresh was nominated as an observer in a Twelfth Finance Commission sponsored workshop on **Management of Solid Waste and Cost of Provision of Sewerage, Waste Water Treatment and Drainage in Urban Centres in India**, held at New Delhi. Other academic work of Gautam Naresh included working as a co-supervisor of two Ph.D. students from Aligarh Muslim University, out of which one has already submitted her dissertation. He contributed a chapter each on “Property Taxation in India” and “Where Do We Stand in State Level Fiscal Reforms in India” in two edited volumes, one published in the US, and the other in India.

He was chairman of the committee on physical verification of the assets of NIPFP; and continued to hold membership of the benevolent committee of the Institute.

- **Pratap R. Jena**, Senior Economist, was one of the three members of the team which completed and submitted **Assam Governance and Public Resource Management Programme** to the Government of Assam. He is now working on a ADB funded project, **Capacity Building for Fiscal Reforms in Sikkim** as a deputy team leader. P.R.Jena co-ordinated a training course on **Public Finance and Practical Issues in Fiscal Policy** at NIPFP for the state government official. He delivered two lectures in this course, “Taxonomy and Growth of Public Expenditure in States”; and “Exercise in Forecasting Revenue and Expenditure at the State Level: Baseline and Reforms”.

He published an article “Public Expenditure and Growth: A Decomposed Expenditure Analysis for States in India” in the *Asian Economic Review*.

- **Pinaki Chakraborty**, Senior Economist, in association with Ujjaini Datta completed a study titled, **Revenue Implications of Introducing VAT at State Level** commissioned to the Institute by the Twelfth Finance Commission. He was jointly responsible for coordinating three major capacity building workshops undertaken by NIPFP as part of the umbrella

project, **Capacity Building for Budgetary Analyses at the State Level**, sponsored by the World Bank. He is also the programme coordinator of the project titled, **Policy Research Networking to Strengthen Policy Reforms**, initiated by ADB. Currently, he is developing an advanced course structure in public economics for a refresher course to be organised by the Institute for college and university teachers. Pinaki Chakraborty is also coordinating with a colleague for the western region capacity building workshop on state level fiscal and budgetary policy issues.

He has delivered several lectures in various training programmes organised by the Institute or as invited faculty to other institutes, JNU and Centre for Development Studies. The topics of the lectures are as follows: “Centre State Financial Relations” at JNU, New Delhi; “Fiscal Devolution Experience in India,” and “Fiscal Policy and Planning,” in a NIPFP organised course for the secretaries of the Government of Sri Lanka; “Central Transfers to States,” “Exercise in Forecasting Revenues and Expenditures at the State Level: Baseline and Reform”, in the Institute’s training programme held for state government officials; and “Debt Management and Interest Rate Policy” at NIFM, Faridabad. He was one of the resource persons who delivered lectures (5) in the training programmes on **VAT** held for officials at Sikkim. He has also delivered lectures on **VAT** organised by NIPFP for the officials of CAG at New Delhi.

Pinaki Chakraborty was invited as a guest faculty and was on deputation from the institute to Centre for Development Studies, Thiruvananthapuram affiliated to JNU to teach the module on Public Finance for the M.Phil course in applied economics.

His erstwhile co-authored working paper of NIPFP “Towards a Rational System of Centre State Revenue Transfers” was published by EPW in July, 2004. His paper titled, “Debt Swap in Low Interest Rate Regime: Unequal Gains and Future Worries” is forthcoming in EPW.

- **Lekha S. Chakraborty**, Senior Economist, was a member of the team that completed and submitted the study report, **Restructuring Public Finances of Tripura**. At present, she is involved in two other projects, namely, **Local Level Gender Responsive Budgeting**, sponsored by UNIFEM-European Commission; and **Gendering Microfinance in India: NIPFP-NIBM Project** sponsored by the Ministry of Rural Development and lead banks. Her interest in the area of gender budgeting led her to deliver lectures on the subject at: a national programme at IIPA; in a NIPFP-British High Commission training programme at the Institute; and at NIFM, Faridabad.

Lekha Chakraborty was invited to present papers in important forums: “Fiscal Deficit and Rate of Interest Link in India: An Asymmetric VAR modeling of Financially Deregulated

Regime” at Australian National University, Canberra; “Fiscal Policy Stance and Gender Development: An Empirical Investigation”, IAFFE Conference, Oxford, UK; “Fiscal Marksmanship of Gender-related Expenditure in India: A Test of Rational Expectations” (co-authored) at IAFFE, American University, Washington D.C; and “Fiscal Decentralisation and Gender Responsive Budgeting: An Empirical Investigation” (co-authored) at an international expert group meeting of NIPFP-UNIFEM at IIC, New Delhi of which a conference volume has been prepared and submitted to UNIFEM for publication. She was selected as ‘Fellow’ to attend the course on **Knowledge Networking and Capacity Building on Gender Macroeconomics and International Economics** at the University of Utah, Salt Lake City, US. Her paper, “Budgetary Forecasts in India: An Analysis of Error Components” also (mimeographed) was presented by her co-author at the Indian Econometric Conference, Kolkata. In a national workshop organised by CSO, CFDA and UNIFEM at Thiruvanthapuram, Lekha presented, “Gender and Public Finance: Conceptual Issues in Tax and Benefit Incidence” while her paper on “Public Policy Stance and Human Development: A Panel Analysis” has been accepted for publication in the forthcoming 2004 Econometric Society conference volume. She also published two articles in financial newspapers. During the year under review, Lekha received her doctoral degree from JNU; the title of her thesis was, “Macroeconomic Impact of Fiscal Deficit in India: An Intertemporal Analysis of Selected Macrovariables”.

- **Mukesh Kumar Anand**, Senior Economist, contributed the chapters on “Development of Scheduled Tribes” and “Tourism in Andaman and Nicobar Islands” among the nine chapters of **Andaman and Nicobar Islands State Development Report** commissioned to NIPFP by the Planning Commission. He also completed a study on **Resource Devolution from Centre to States and Enhancing Capacity of States for Implementation of the Essential Health Interventions** commissioned to NIPFP by the National Commission on Macroeconomics and Health, Ministry of Health and Family Welfare, Government of India.

Mukesh Anand was also involved in two short term projects: for providing background information on a regional pension paper for India, to the World Bank; and to render consultancy to the DFID on the budget of Madhya Pradesh. The latter work has been carried out in collaboration with a colleague at NIPFP. He delivered a lecture, “Equity and Efficiency in Public Expenditure - Expenditure Targeting, Who Benefits and How Much” in a NIPFP training programme for the probationers of the IA & AS; and “Reform of the Pension System”, on **Public Finance and Practical Issues in Fiscal Policy** for state level officials. His interest in the area of pensions led him to attend two seminars on the subject at Invest India Foundation, New Delhi. During the course of the year, he published two co-authored articles in two different issues of *Economic and Political Weekly*.

- **Subrata Mandal**, Senior Economist, completed, **Forestry Poverty Linkage Model for India** with other colleagues. Currently, he is working on **Modeling Economic Impacts of Oil Price Changes on Indian Economy – Methods and Applications**, sponsored by the Petroleum Planning and Analysis Cell, Government of India. During the year, he co-authored a working paper with M. Govinda Rao, “Overlapping Fiscal Domains and effectiveness of Environmental Policy in India”.

- **H.K. Amarnath**, Senior Economist, joined the Institute in November, 2004. Since then, he is associated with a UNDP sponsored project, **Financing of Human Development in Indian States** with three other members in the research team. He published a co-authored book on *Water Resources a Millennium Study* in a series of volumes brought out by the Ministry of Agriculture; and wrote an article (also co-authored), “Fiscal Decentralisation in India”, in a publication edited by Geetha Sethi and published by the OUP and World Bank.

- **Diwan Chand**, Economist, is associated with the data upgradation work of the **Public Finance Information System**, being maintained in spreadsheet format by NIPFP on a continuous basis.

- **O. P. Bohra**, Economist, resumed charge at the Institute in February, 2005, after completion of his term of deputation and submission of the report by the Twelfth Finance Commission (TFC). He was associated with the Economic Adviser of TFC in the preparation of chapter 7 of the report focused on “Sharing of Union Tax Revenues”.

- **Mita Choudhury**, Economist, worked in association with the Director, NIPFP, to complete the UNDP sponsored background paper, **Financing Human Development in Karnataka** for the *Second Karnataka Human Development Report*. At present, she is engaged in the completion of **Resource Devolution from Centre to States: Enhancing Revenue Capacity of States for Implementation of Essential Health Intervention** with a research team also headed by M. Govinda Rao. Her ongoing project is focused on **Financing Human Development in India**, being funded by UNDP.

She presented a paper “Equity Holding by Development Financial Institutions in India: Motives and Effects on Firm Performance” at a conference organised by Goa Institute of Management, at Goa.

- **Manish Gupta**, Economist, completed a research project, **Forestry Poverty Linkage Model for India** funded by Japan Bank for International Cooperation in collaboration with two other authors. His on going work revolves around **Uttar Pradesh: Reforming the Budgetary System**; and **Uttar Pradesh: Medium Term Expenditure Policy**. He was a participant in a three-week *Faculty Upgradation Programme in Environmental Economics* organised by the Institute of Economic Growth where he presented a paper entitled,

“Macroeconomic Implications of Restructuring Greenhouse Gas Emission in India” He was awarded a Ph.D degree by the Jawaharlal Nehru University, New Delhi, in October 2004.

- **Indrani Roy Chowdhury**, Economist, is working on **Mizoram State Development Report** along with other colleagues. She has presented the paper, “Revisiting Porter Hypothesis” in an international conference on *Environment and Development: Developing Countries Perspective* at JNU, New Delhi. One of her research papers, “Joint Venture, Pollution and Environmental Policy” is forthcoming in NIPFP working paper series.

- **Debdatta Majumdar**, joined the Institute as an Economist in November, 2004. She is associated with Indira Rajaraman to complete the **Study for Preparation of a Fiscal Responsibility and Budget Management Bill and Restructuring of State Local Finances of Rajasthan**. She attended an international conference on *Environment and Development: Developing Countries Perspective* at JNU; and a seminar on *Rural non-Farm Employment: Comparison of the Indian and the Chinese Experience* at NIPFP. She has been a visiting lecturer at JNU for part of the year.

- **Simanti Bandyopadhyay**, Economist, is working on **Sikkim State Development Report** with other members of the research team. During the year under review, she gave a seminar on *An Assessment of Industrial Pollution in India: A Unit-Level Analysis* at JNU.

- **Ajay K Halen**, Junior Economist, assisted in the project, **Central Government Subsidies in India** pertaining to the period 2002-03 and 2003-04. This project was sponsored by the Ministry of Finance.

- **Ujjaini Datta**, on study leave from the commercial tax department of West Bengal, is associated with NIPFP. She is working on **Rationalisation of Sales Tax System in West Bengal and Revenue Implications of Introducing VAT in the State** with Pinaki Chakraborty. She assisted the member-secretary of the empowered committee of state finance ministers (VAT) and attended the various meetings and discussions held by the committee.

- **Rita Wadhwa**, Editor and incharge Publications, wrote and compiled the Annual Report for 2003-04. She was responsible for designing the annual report as also the biannual *Newsletter* of NIPFP. She edited and published as many as 15 working papers on behalf of the Institute. She continued to be a member of the website committee of the Institute.

## 9 NIPFP Staff

A complete list of staff members – permanent and contractual – as on March 31, 2005, is at *Annexure VI*.

## 10 Sponsoring Members

The sponsoring, corporate, permanent, and ordinary members of the Institute, as on March 31, 2005, are listed at *Annexure VII*.

## 11 Finance and Accounts

The statement of *Accounts* of the Institute for the financial year 2004-2005, duly audited by the Institute's auditors *M/s Ajay K. Sud and Associates*, Chartered Accountants, may be seen at *Annexure VIII*.



## ANNEXURE-I

## LIST OF STUDIES 2004-2005

Title	Sponsoring Agency/Research Unit of the Institute	Author(s) Research Team
<b>STUDIES COMPLETED</b>		
1. Central Government Subsidies	Ministry of Finance	Surender Kumar Tapas K. Sen N.J. Kurien A.K. Halen
2. Estimation of Corporate Tax from the Manufacturing Sector of the Indian Economy	Ministry of Finance	A. L. Nagar Sanjay Kumar Rajorshi Sen Gupta
3. Joint Estimation of Corporate Tax from Manufacturing, Mining, Electricity and Service Sectors of the Indian Economy	Ministry of Finance	A. L. Nagar Sanjay Kumar Rajorshi Sen Gupta
4. Projection of Quarterly Corporate and Income Tax Collections	Ministry of Finance	A. L. Nagar Sanjay Kumar Dev Ashish
5. Assam Governance and Public Resource Management Program	Govt. of Assam	M. Govinda Rao R. Kavita Rao P. R. Jena
6. Restructuring Public Finances	Govt. of Tripura	Indira Rajaraman Lekha S. Chakraborty Deepti Jain
7. Uttar Pradesh: Study of State Finances	Planning Commission	D.K. Srivastava C. Bhujanga Rao Mukesh Kr. Anand Pinaki Chakraborty

8. A Study of Debt Sustainability at State Level in India	Reserve Bank of India	Indira Rajaraman Shashank Bhide R.K. Pattnaik
9. Estimation of Revenue Implications for States on Introduction of Value Added Tax	Twelfth Finance Commission	Pinaki Chakraborty Ujjaini Datta
10. India's Municipal Sector	Twelfth Finance Commission	O. P. Mathur Sandeep Thakur
11. Financing Human Development in Karnataka	UNDP and Govt. of Karnataka	M. Govinda Rao Mita Choudhury
12. Forestry Poverty Linkage Model for India	JBIC	Gopinath Pradhan Subrata Mandal Manish Gupta

### STUDIES NEARING COMPLETION

1. Capacity Building for Fiscal Reforms in Sikkim	ADB	A. Premchand M. Govinda Rao P. R. Jena
2. Policy Research Networking to Strengthen Policy Reform	ADB	Tapas K. Sen Pinaki Chakraborty
3. Fiscal Expenditure Norms and Octroi for Andaman & Nicobar Islands	Andaman and Nicobar Administration	O.P. Mathur Kala S. Sridhar Astha Balwani Akshat Vipin Poulomee Basu
4. Resource Devolution from Centre to State: Enhancing Revenue Capacity of States for Implementation of Essential Health Interventions	Ministry of Health and Family Welfare	M. Govinda Rao Mita Choudhury Mukesh Kr. Anand

5. Rapid City Assessments in Support of the City Challenge Fund (Ludhiana and Rajkot)	WSP World Bank	O. P. Mathur Navroz K. Dubash Kala S. Sridhar
6. State Development Report of Andaman & Nicobar Islands	Planning Commission	Rita Pandey M. Govinda Rao Mukesh Kr. Anand

### ON-GOING STUDIES

1. Study for Preparation of an FRBM Bill and Restructuring of State-Local Finances for Rajasthan	Govt. of Rajasthan	O. P. Mathur Indira Rajaraman Debdatta Majumdar Sandeep Thakur
2. Uttar Pradesh: Reforming the Budgetary System	Resource and Expenditure Commission Uttar Pradesh	D.K. Srivastava C. Bhujanga Rao Manish Gupta
3. Uttar Pradesh: Medium term Expenditure Policy	Resource and Expenditure Commission Uttar Pradesh	D.K. Srivastava C. Bhujanga Rao Manish Gupta
4. Capacity Building in Budgetary Analyses at the State Level	World Bank	Tapas K. Sen Pinaki Chakraborty
5. Public Finance Information System	SFU	Tapas K. Sen Diwan Chand Geeta Bhatnagar
6. Financing Human Development In Selected States	UNDP	M. Govinda Rao Mita Choudhury H.K. Amarnath Anit Mukherjee
7. Local Level Gender Responsive Budgeting	UNIFEM-European Commission	M. Govinda Rao Amaresh Bagchi Lekha S. Chakraborty Samik Chowdhury

8. Gendering Microfinance in India: NIPFP-NIBM	Min. of Rural Development	Lekha S. Chakraborty Darshy Sinha Samik Chowdhury
9. Long Term Impacts of Overall Imposts on the Exploration and Production of Crude Oil and Natural Gas	Ministry of Petroleum and Natural Gas	Surender Kumar Tapas K. Sen
10. Electricity Sector Governance	NIPFP and World Resources Institute (USA) & PRAYAS-Pune	Navroz K. Dubash
11. Modeling Economic Impact of Oil Price Changes on Indian Economy – Methods and Applications	Petroleum Planning and Analysis Cell, Gol	Surender Kumar Subrata Mandal
12. State Development Report of Mizoram	Planning Commission	R. Kavita Rao Gautam Naresh Indrani Roy Chowdhury
13. State Development Report of Sikkim	Planning Commission	Simanti Bandyopadhyay N.J. Kurien Saumen Chattopadhyay Mahendra Lama Anuradha Bhasin

### WORKING PAPER SERIES

- |  |  |
|--|--|
| 1. Towards a Rational System of Centre-State Revenue Transfers in India: An Exploration (Working Paper No. 16) (April 2004)  | Amaresh Bagchi &<br>Pinaki Chakraborty |
| 2. Resource Use Efficiency of US Electricity Generating Plants during the SO <sub>2</sub> Trading Regime: A Distance Function Approach (Working Paper No. 17) (May 2004) | Surender Kumar &<br>Shreekant Gupta    |

- |  |   |
|--|---|
| 3. Fiscal Transfers in Canada: Drawing Comparisons and Lessons<br>(Working Paper No. 18) (May 2004)  | C. Rangarajan &<br>D.K. Srivastava        |
| 4. Impact of the Enterprise Zone<br>(Working Paper No. 19) (June 2004)   | Kala Seetharam Sridhar                    |
| 5. Fiscal Transfers in Australia: Review and Relevance to India (Working Paper No. 20)<br>(July 2004)  | C. Rangarajan &<br>D.K. Srivastava        |
| 6. The VAT Versus The Turnover Tax With Non-Competitive Firms (Working Paper No. 21)(July 2004)  | Arindam Das-Gupta                         |
| 7. A Decomposition of Total Factor Productivity Growth: A Regional Analysis of Indian Industrial Manufacturing Growth<br>(Working Paper No. 22) (December 2004)                    | Surender Kumar                            |
| 8. Cities with Suburbs: Evidence from India<br>(Working Paper No. 23) (December 2004)  | Kala Seetharam Sridhar                    |
| 9. Protection of Quarterly Corporate and Income Tax Collections<br>(Working Paper No. 24) (December 2004)  | A. L. Nagar<br>Sanjay Kumar<br>Dev Ashish |
| 10. Overlapping Fiscal Domains and Effectiveness of Environmental Policy in India (Working Paper No. 25) (January 2005)  | Subrata Mandal &<br>M. Govinda Rao        |
| 11. Fiscal Reforms at the Sub-National Level: The Case of Punjab<br>(Working Paper No. 26) (February 2005)   | Upinder Sawhney                           |
| 12. Estimation of Marginal Abatement Costs for Undesirable Outputs in India's Power Generation Sector: An Output Distance Function Approach (Working Paper No. 27)<br>(March 2005) | Manish Gupta                              |

- |   |                                  |
|---|----------------------------------|
| 13. Fiscal Situation in Maharashtra<br>An Assessment, A Critique, and Some Policy<br>Suggestions (Working Paper No. 28)<br>(March 2005) | Abhay Pethe &<br>Mala Lalvani    |
| 14. Measurement of Environmental Efficiency and<br>Productivity: A Cross Country Analysis<br>(Working Paper No. 29) (March 2005)        | Surender Kumar &<br>Madhu Khanna |
| 15. Budgetary Constraints and Growth Scenario<br>in Uttar Pradesh (Working Paper No. 30)<br>(March 2005)                                | Manoj Kumar Agarwal              |

## ANNEXURE-II

**GOVERNING BODY AS ON 31.3.2005**

- |    |  |          |
|----|--|----------|
| 1. | Dr. C. Rangarajan<br>Chairman (NIPFP)<br>Chairman<br>Economic Advisory Council to<br>the Prime Minister<br>Vigyan Bhawan Annexe<br>New Delhi | Chairman |
|----|--|----------|

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

- |    |  |        |
|----|--|--------|
| 2. | Finance Secretary<br>Ministry of Finance<br>North Block<br>New Delhi-110 001                             | Member |
| 3. | Mr. K.M. Chandrasekhar<br>Secretary (Revenue)<br>Ministry of Finance<br>North Block<br>New Delhi-110 001 | Member |

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

- |    |   |        |
|----|---|--------|
| 4. | Dr. Narendra Jadhav<br>Principal Adviser and Chief Economist<br>Reserve Bank of India<br>New Central Office Building<br>Shaheed Bhagat Singh Marg<br>Mumbai-400 023 | Member |
|----|---|--------|

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

- |    |                                     |        |
|----|-------------------------------------|--------|
| 5. | Mr. Rajeeva Ratan Shah<br>Secretary | Member |
|----|-------------------------------------|--------|

Planning Commission  
Yojana Bhawan  
Parliament Street  
New Delhi-110 001

***Under rule 7(b)(iv)***

***Three nominees of sponsoring State Governments:***

- |    |   |        |
|----|---|--------|
| 6. | Mr. K. Jose Cyriac<br>Principal Secretary (Finance)<br>Finance (PUB) Department<br>Government of Kerala<br>Government Secretariat<br>Thiruvananthapuram | Member |
| 7. | Mr. O.P. Gahrotra<br>Additional Chief Secretary (Finance)<br>Finance Department<br>Government of Maharashtra<br>Mantralaya<br>Mumbai – 400 032          | Member |
| 8. | Mr. H. S. Das<br>Commissioner and Secretary Finance<br>Finance Department<br>Government of Assam<br>Assam Sachivalaya<br>Dispur, Guwahati               | Member |

***Under rule 7(b)(v)***

***One nominee of a Municipal Corporation:***

***Under rule 7(b)(vi)***

***One nominee of the ICICI:***

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



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

- |   |        |
|---|--------|
| 10. Mr. Mahendra K. Sanghi<br>President<br>Associated Chambers of Commerce<br>and Industry of India<br>147-B Gautam Nagar, New Delhi-110 049            | Member |
| 11. Mr. Onkar S. Kanwar<br>President<br>Federation of Indian Chambers of<br>Commerce and Industry<br>Federation House, Tansen Marg<br>New Delhi-110 001 | Member |

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

- |   |        |
|---|--------|
| 12. Mr. Sunder Ramaswamy<br>Director<br>Madras School of Economics<br>(Behind Govt. Data Centre)<br>Gandhi Mandapam Raod<br>Chennai – 600 025           | Member |
| 13. Prof. Pulin B. Nayak<br>Delhi School of Economics<br>University of Delhi<br>Sudhir Bose Marg<br>Delhi-110 007                                       | Member |
| 14. Dr. Shankar N. Acharya<br>RBI Chair Professor<br>ICRIER<br>India Habitat Centre, Core 6A, 4 <sup>th</sup> Floor<br>Lodi Estate<br>New Delhi 110 003 | Member |

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

- |   |        |
|---|--------|
| 15. Dr. Suman Bery<br>Director General<br>NCAER,<br>11, Parisila Bhawan<br>I.P. Estate, Ring Road<br>New Delhi-110 002  | Member |
| 16. Dr. S. K. Rao<br>Principal<br>Administrative Staff College of India<br>Bella Vista<br>Hyderabad-500 082   | Member |
| 17. Dr. R. Radhakrishna<br>Director<br>Indira Gandhi Institute of Development Research<br>Gen. A.K. Vaidya Marg, Santosh Nagar<br>Goregaon (East), Mumbai-400 065 | Member |

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

- |  |        |
|--|--------|
| 18. Mr. Yezdi Hirji Malegam<br>S.B. Billimoria & Company<br>Meher Chambers, R. Kamani Road<br>Ballard Estate, Mumbai-400 001 | Member |
|--|--------|

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

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

***Under rule 7(b)(xii)******One Senior Fellow of the Institute by rotation:***

- |  |        |
|--|--------|
| 20. Dr. Tapas Sen<br>Senior Fellow, NIPFP<br>New Delhi-110 067 | Member |
|--|--------|

***Special Invitees***

21. Dr. Ashok Lahiri  
Chief Economic Advisor  
Ministry of Finance, North Block  
New Delhi-110 001
  
22. Ms. Shobha Mazumdar  
Chairperson  
Central Board of Direct Taxes  
Ministry of Finance, North Block  
New Delhi-110 001
  
23. Mr. A. K. Singh  
Chairman  
Central Board of Excise and Customs  
Ministry of Finance, North Block  
New Delhi 110 001

## ANNEXURE-III

**INTERNAL SEMINAR SERIES**

<b>Day and Date</b>	<b>Seminar</b>	<b>Topics</b>
1. Monday June 7, 2004	NIPFP and World Bank	<i>Rural Fiscal Decentralisation</i>
2. Friday August 6, 2004	Arindam Das-Gupta Goa Institute of Management	<i>Implications of Tax Administration for Tax Design</i>
3. Tuesday September 21, 2004	Tapas K Sen NIPFP	<i>Food Subsidies</i>
4. Tuesday October 5, 2004	Keshav Varma Urban Development Sector Unit, East Asia and Pacific Region, The World Bank	<i>Urban Dynamics in East and South-East Asia</i>
5. Thursday February 3, 2005	Nirvikar Singh University of California USA	<i>The Idea of South Asia: Evolution and Expectations</i>
6. Monday February 7, 2005	Surjit S. Bhalla Oxus Investments Pvt. Ltd., New Delhi	<i>Reform of Personal Income Taxation in India: The Art of Catching Mice</i>
7. Thursday March 24, 2005	Anit Nath Mukherjee IFPRI Washington D.C.	<i>Trends in Rural Development and Poverty Reduction in China and India</i>

## ANNEXURE-IV

## LIST OF PRICED PUBLICATIONS

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

15. *Inflation Accounting and Corporate Taxation* Tapas Kumar Sen (1987) Rs 90.
16. *Sales Tax System in West Bengal* A. Bagchi & S.K. Dass (1987) Rs 90.
17. *Rural Development Allowance (Section 35CC of the Income-Tax Act, 1961): A Review* H.K. Sondhi & J.V.M. Sarma (1988) Rs 40.
18. *Sales Tax System in Delhi* R.J. Chelliah & K.N. Reddy (1988) Rs 240.
19. *Investment Allowance (Section 32A of the Income Tax Act, 1961): A Study* J.V.M. Sarma & H.K. Sondhi (1989) Rs 75 paperback; Rs 100 hardcover.
20. *Stimulative Effects of Tax Incentive for Charitable Contributions: A Study of Indian Corporate Sector* Pawan K. Aggarwal (1989) Rs 100.
21. *Pricing of Postal Services in India* Raghbendra Jha, M.N. Murty & Satya Paul (1990) Rs 100.
22. *Domestic Savings in India - Trends and Issues*<sup>#</sup> Uma Datta Roy Chaudhury & Amaresh Bagchi (ed.) (1990) Rs 240.
23. *Sales Taxation in Madhya Pradesh*<sup>#</sup> M. Govinda Rao, K.N. Balasubramanian and V.B. Tulasidhar (Vikas Publishing House) (1991) Rs 125.
24. *The Operation of MODVAT*<sup>#</sup> 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*<sup>#</sup> 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*<sup>#</sup> 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*<sup>#</sup> Amaresh Bagchi, J.L. Bajaj and William A. Byrd (eds.) (Vikas Publishing House) (1992) Rs 450.

32. ***Fiscal Policy for the National Capital Region***<sup>#</sup> Mahesh C. Purohit, C. Sai Kumar, Gopinath Pradhan and O.P. Bohra (Vikas Publishing House) (1992) Rs. 225.
33. ***Import Substitution in the Manufacturing Sector*** Monograph Series III, Hasheem N. Saleem (1992) Rs 150.
34. ***Sales Tax Systems in India: A Profile***, 1993 Rs. 150.
35. ***The Ninth Finance Commission: Issues and Recommendations*** (a selection of papers) (1993) Rs.490.
36. ***Direct Taxes in Selected Countries: A Profile*** (Vol. III) compiled by K. Kannan and Mamta Shankar (1993) Rs.80.
37. ***Inter-State and Intra-State Variations in Economic Development and Standard of Living*** (Monograph Series IV) (1993) Uma Datta Roy Choudhury Rs.200.
38. ***Tax Policy and Planning in Developing Countries***<sup>\*</sup> Amaresh Bagchi and Nicholas Stern (eds.) (1994) (Oxford University Press) Rs.435.
39. ***Reform of Domestic Trade Taxes in India: Issues and Options*** Study Team (1994) Rs.250.
40. ***Private Corporate Sector: Generation and Regeneration of Wealth***<sup>#</sup> Uma Datta Roy Chaudhury (Vikas Publishing House) (1996) Rs.395.
41. ***Controlling Pollution: Incentives and Regulations*** Shekhar Mehta, Sudipto Mundle and U. Sankar (Sage Publications) (1997) Rs.250.
42. ***India: Tax Policy for the Ninth Five Year Plan (1997-98 to 2001-02)***<sup>#</sup> (Report of the Working Group on Tax Policy of the Steering Group on Financial Resources - Chairman Parthasarathi Shome) (Centax Publications Pvt. Ltd.) (1997) Rs.350.
43. ***Value Added Tax in India: A Progress Report***<sup>#</sup> Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs.250.
44. ***Fiscal Policy Public Policy & Governance***<sup>#</sup> Parthasarathi Shome (ed.) (Centax Publications Pvt. Ltd.) (1997) Rs.400.
45. ***Government Subsidies in India*** D.K. Srivastava and Tapas K. Sen (1997) Rs.285.
46. ***Economic Instruments for Environment Sustainability*** U. Sankar and Om Prakash Mathur (1998) Rs. 150.
47. ***India: The Challenge of Urban Governance*** Om Prakash Mathur (ed.) (1999) Rs.400.

48. ***State Fiscal Studies - Assam*** D.K. Srivastava, Saumen Chattopadhyay and T.S. Rangamannar (1999) Rs.200.
49. ***State Fiscal Studies - Punjab*** Indira Rajaraman, H. Mukhopadhyay and H.K. Amarnath (1999) Rs.200.
50. ***State Fiscal Studies - Kerala*** D.K. Srivastava, Saumen Chattopadhyay and Pratap Ranjan Jena (1999) Rs.200.
51. ***Delhi Fiscal Study*** Om Prakash Mathur and T.S. Rangamannar (2000) Rs.250.
52. ***Fiscal Federalism in India Contemporary Challenges Issues Before the Eleventh Finance Commission***<sup>#</sup> D.K. Srivastava (*ed.*) (Har-Anand Publications Pvt. Ltd.) (2000) Rs.695.
53. ***State Fiscal Studies - Haryana*** Tapas K. Sen, R. Kavita Rao (2000) Rs.200.
54. ***Control of Public Money: The Fiscal Machinery in Developing Countries***<sup>\*</sup> A. Premchand (Oxford University Press) (2000) Rs.745.
55. ***Primer on Value Added Tax***<sup>#</sup> R.J. Chelliah, Pawan K. Aggarwal, Mahesh C. Purohit and R. Kavita Rao (Har-Anand Publications Pvt. Ltd.) (2001) Rs.195.
56. ***Central Budgetary Subsidies in India*** D.K. Srivastava and H.K. Amar Nath (2001) Rs.170.
57. ***Approach to State-Municipal Fiscal Relations: Options and Perspectives*** Om Prakash Mathur (2001) Rs.200.
58. ***Trade and Industry: Essays by NIPFP-Ford Foundation Fellows*** Ashok Guha, K.L. Krishna and Ashok K. Lahiri (*ed.*) (Vikas Publishing House Pvt. Ltd.) (2001) Rs.450.
59. ***Transfer Pricing and Regulations for India: Approvals and Alternatives*** S.P. Singh, Amaresh Bagchi with contributions by R.K. Bajaj (UBS Publishers' Distributors Pvt. Ltd.) (2002) Rs.395.
60. ***Discriminatory Tax Treatment of Domestic vis-à-vis Foreign Products: An Assessment*** Pawan K. Aggarwal and V. Selvaraju (2002) Rs.200.

\* Available with respective publishers.

# Co-published/available with NIPFP.

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

**Note : Publications at Sl. No. 1 to 34, 36-38, 41 and 54 are not available for sale now; only record copies.**



## ANNEXURE-V

## PUBLISHED MATERIAL OF NIPFP FACULTY

## C. RANGARAJAN

- a. "Financial Stability: Some Analytical Issues", *Money and Finance*, April – June, 2004.
- b. (co-author: D.K. Srivastava) "Fiscal Transfers in Canada: Drawing Comparisons and Lessons", *Economic and Political Weekly*, 39(19), May 8, 2004. Also NIPFP working paper No. 18, May 2004.
- c. "Issues Before the Twelfth Finance Commission", *Economic and Political Weekly*, June 26, 2004.
- d. (co-author: D.K. Srivastava) "Fiscal Transfers in Australia: Review and Relevance to India", *Economic and Political Weekly*, 39(33) August 14, 2004. Also NIPFP working paper No. 20, July 2004.

## M. GOVINDA RAO

- a. (co-author: Nirvikar Singh) *Political Economy of Federalism in India*. New Delhi: Oxford University Press (2005).
- b. (ed.) *Development, Poverty and Fiscal Policy*. New Delhi: Oxford University Press (2004).
- c. "Linking Central Transfers to Fiscal Performance of States", *Economic and Political Weekly*, May 1, 2004; 1820-1825.
- d. "Incentivising Fiscal Transfers in India Federation", *Publius*: 33(4), Fall 2003; 43-62.
- e. "World Poverty: Causes and Pathways" and "Challenges of Development in Lagging Regions" in (eds.) Partha Dasgupta, Justin Yifu Lin and Mingxing Liu, *Accelerating Development*, Annual World Bank Conference on Development Economics, 2004.
- f. (co-author: Amaresh Bagchi) "Changing Contours of Federal Fiscal Arrangement in India", in (ed.) Amaresh Bagchi, *Readings in Public Finance*. New Delhi: Oxford University Press.
- g. "Taxing Services: Strategy and Challenges", in (eds.) Edgardo M. Favaro and Ashok Lahiri, *Fiscal Policies and Sustainable Growth in India*. New Delhi: Oxford University Press (2005).
- h. Comments on "India's Trade Reform" by Arvind Panagariya *India Policy Forum*, Vol. 1, 2004.
- i. "State Finances in India" in (ed.) Kaushik Basu *India's Emerging Economy; Performance and Prospects in the 1990s and Beyond*. Boston: MIT Press.
- j. "State Finances in India"; "States' Indebtedness in India"; "Federal Fiscal Transfers in India"; and "Public Debt in India: Problems and Prospects" *Encyclopaedia of India*.
- k. (co-author Subrata Mandal) "Overlapping Fiscal Domains and Effectiveness of Environmental Policy in India, NIPFP Working Paper No. 25, January 2005.
- l. 5 articles in *Business Standard*; 1 article in *Economic Times*; and 1 article in *Indian Express*.

**RAJA J. CHELLIAH**

- a. "The Report of the Kelkar Task Force on Implementation of the Fiscal Responsibility and Budget Management Act 2003 – A Fiscal Economist's Evaluation" *Economic and Political Weekly*, 39(36), September 4, 2004; 2971-3975.
- b. "The Evolution of Fiscal Distress in Southern States – Causes and Remedies" (mimeo).

**AMARESH BAGCHI**

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- b. "Taxing Services – The Way Forward", *Economic and Political Weekly*, May 8, 2004
- c. "Rethinking Federalism – Changing Power Relations between Centre and States" *Publius, The Journal of Federalism*, Fall 2003.
- d. (co-author: Pinaki Chakraborty) "Towards a Rational System of Centre State Revenue Transfers", *Economic and Political Weekly*, 39(26) July 2, 2004; 2737-47. Also NIPFP working paper No. 16, April 2004.
- e. 5 articles in *Business Standard*; 2 articles in *Financial Express*; and 1 in *Hindu*.

**D.K. SRIVASTAVA**

- a. (co-author: C. Rangarajan) "Fiscal Transfers in Canada: Drawing Comparisons and Lessons", *Economic and Political Weekly*, 39(19), May 8, 2004. Also NIPFP working paper No. 18, May 2004.
- b. (co-author: C. Rangarajan) "Fiscal Transfers in Australia: Review and Relevance to India", *Economic and Political Weekly*, 39(33) August 14, 2004. Also NIPFP working paper No. 20, July 2004.

**INDIRA RAJARAMAN**

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- b. (co-author Abhiroop Mukhopadhyay) Sustainability of Public Debt", in (ed.) Amaresh Bagchi *Readings in Public Finance*. New Delhi: Oxford University Press (2005); 320-338.
- c. "Revenue Incentives at the Third Tier" in National Institute of Rural Development, *Panchayati Raj Finance: Role of the Twelfth Finance Commission*, NIRD: December 2004; 12-30.
- d. "Fiscal Restructuring in the Context of Trade Reform" *Economic and Political Weekly*; 39 (26), 2004; 2787-2794 (June).
- e. (co-author: Abhiroop Mukhopadhyay) "Univariate Time Series Analysis of Public Debt" *Journal of Quantitative Economics*; 2(2) (new series); 122-134 (July).
- f. "India's Experience with the Implementation of a Pegged Exchange Rate", *India Policy Forum*, 2004 (Brooking and NCAER); 223-224.

- g. 4 articles in *Economic Times*; and 2 in *Financial Express*.

#### **NAVROZ K DUBASH**

- a. "Electric Power Reform: Social and Environmental Issues" *Encyclopedia of Energy*, Vol. 2, Elsevier Press; 255-266.
- b. "Water, Market and Embedded Institutions in Western India". In (eds.) Richard Peet and Michael Watts, *Liberation Ecologies: Environment, Development, Social Movements*. London: Routledge.
- c. [co-author James Williams] "Asian Electricity Reform in Historical Perspective", *Pacific Affairs*, 77(3); 2004.
- d. [co-editor James William] "Political Economy of Electricity Reform in Asia", Special Issue of *Pacific Affairs*, 77(3); 2004.

#### **RITA PANDEY**

- a. "Industrial Pollution Control in India: Issues in Design and Enforcement of Regulation in (ed.) Gul Khattak, *Sustainable Development: Bridging the Research/Policy Gaps in Southern Contexts*. New Delhi: Oxford University Press (2005).
- b. [co-authors: Raja J. Chelliah and U. Sankar] "Pricing Coal Ash for Environmental Protection", *The Journal of Energy and Development*, 30(2), 2005.
- c. "Estimating Sectoral and Geographical Industrial Pollution: Implications for Using Effluent Charge Versus Regulation," *The Journal of Development Studies*, 41(1), 2005.

#### **R. KAVITA RAO**

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- b. "Reform in Andhra Pradesh: Is Mid Course Correction Called for?", *Economic and Political Weekly*, September 25, 2005.

#### **A L NAGAR**

- a. [co-authors: Sanjay Kumar and Dev Ashish] "Projection of Quarterly Corporate and Income Tax Collection", NIPFP working paper No. 24, December 2004.

#### **SURENDER KUMAR**

- a. "Environmentally Sensitive Productivity Growth: A Global Analysis Using Malmquist-Luenberger Index", *Ecological Economics (forthcoming)*.
- b. "Analysing Industrial Water Demand in India: An Input Distance Function Approach", *Water Policy (forthcoming)*.

- c. (co-authors M.N. Murty and Mahua Paul) "Environmental Regulation, Productivity Efficiency and Cost of Pollution Abatement: A Case Study of Sugar Industry in India", *Journal of Environmental Management (forthcoming)*.
- d. A Decomposition of Total Factor Productivity Growth: A Regional Analysis of Indian Industrial Manufacturing Growth", *International Journal of Productivity and Performance Management (forthcoming)*. Also NIPFP working paper No. 22, December 2004.
- e. (co-author: Shreekant Gupta) "Resource Use Efficiency of US Electricity Generating Plants during the SO<sub>2</sub> Trading Regime: A Distance Function Approach, NIPFP working paper, No. 17, May 2004.
- f. (co-author: Madhu Khanna) "Measurement of Environmental Efficiency and Productivity: A Cross Country Analysis, NIPFP working paper, No. 29, March 2005.

#### **KALA S. SRIDHAR**

- a. Generating Employment: How Will Schemes Be Financed?" *Economic and Political Weekly* 39(34): August 21, 2004;3781-2.
- b. "Jobs: The Great Indian Dream", *Economic and Political Weekly*, July 10, 2004;3090-91.
- c. "Impact of the Enterprise Zone" , NIPFP working paper No. 19, June 2004.
- d. "Cities with Suburbs: Evidence from India", NIPFP working paper, No. 23, December 2004.
- e. 4 articles in *Business Standard*; 2 in *Economic Times*; 1 article in *The Hindu Business Line*; and 1 in *Financial Express*.

#### **PRATAP RANJAN JENA**

- a. "Public Expenditure and Growth: A Decomposed Expenditure Analysis for States in India", *The Asian Economic Review*, 46(2); August 2004.

#### **GAUTAM NARESH**

- a. "Fiscal Correction Efforts in Uttar Pradesh: Reality or Myth in (ed.) Madhuri Srivastava *Economy of Uttar Pradesh: Emerging Challenges*. Varanasi : Banaras Hindu University.(December 2004)
- b. "Property Taxation in India in (eds.) Richard M. Bird and Enid Slack, *International Handbook of Land and Property Taxation*. Northampton, MA, USA: Edward Elgar; 129-158 (2004).
- c. "Where Do We Stand in State-Level Fiscal Reforms in India: A Tale of Two States in (eds.) Ravishankar K Singh, *Economic Reforms in India*. Delhi: Abhijeet Publications (2004); 233-299.

**PINAKI CHAKRABORTY**

- a. (co-author: Amaresh Bagchi) "Towards a Rational System of Centre State Revenue Transfers", *Economic and Political Weekly*, 39(26), July 2, 2004; 2737-47. Also NIPFP working paper No. 16, April 2004.

**LEKHA S. CHAKRABORTY**

- a. "Public Policy Stance and Human Development: A Panel Analysis", in *Econometric Society Conference Volume*, 2003 (forthcoming).
- b. (co-authors: A. Bagchi, Samik Chowdhury, and Darshy Sinha) "Fiscal Decentralisation and Gender Responsive Budgeting: An Empirical Investigation" (mimeo).
- c. (co-author: Samik Chowdhury) "Fiscal Marksmanship of Gender-related Expenditure in India: A Test of Rational Expectations" *IAFFE Paper, American University, Washington DC* (mimeo).
- d. co-author: Darshy Sinha) "Budgetary Forecasts in India: An Analysis of Error Components", 2005 *Indian Econometric Society Conference paper* (mimeo).
- e. (co-authors: M. Govinda Rao, A. Bagchi, Samik Chowdhury and Darshy Sinha) Local Level Gender Responsive Budgeting: International Expert Group Meeting Volume, *UNIFEM*, February, 2004 (forthcoming).
- f. 1 article in *Financial Express*; and 1 in *Economic Times*.

**MUKESH KUMAR ANAND**

- a. (co-author: Rajeev Ahuja) "Government Pensions: Liability Estimates and Assumptions", *Economic and Political Weekly*, 39(25) June 19, 2004; 2569-76.
- b. (co-author: Raghbendra Jha) "Budgetary Subsidies and Fiscal Deficit: Case of Maharashtra", *Economic and Political Weekly*, 39(34) August 21, 2004; 3827-34.

**SUBRATA MANDAL**

- a. (co-author: M. Govinda Rao) "Overlapping Fiscal Domains and Effectiveness of Environmental Policy in India", NIPFP working paper No. 25, January 2005.

**H.K. AMARNATH**

- a. (co-authors: K.V. Raju, A Narayanamoorthy, and Govind Gopakumar) "Water Resources, State of the Indian Farmer – A Millennium Study", Vol. 3 of 27 volumes, New Delhi: Ministry of Agriculture, Government of India and Academic Foundation.
- b. (co-authors: M. Govinda, and B. P. Vani) Fiscal Decentralisation in Karnataka – A Study of Rural Local Bodies in (ed.) Geeta Sethi, *Fiscal Decentralisation in India*. New Delhi: Oxford University Press and World Bank (2004).

**INDRANI ROY CHOWDHURY**

- a. "Joint Ventures, Pollution and Environmental Policy", NIPFP working paper (forthcoming).

**MANISH GUPTA**

- a. "Estimation of Marginal Abatement Costs for Undesirable Outputs in India's Power Generation Sector: An Output Distance Function Approach", NIPFP working paper No. 27, March 2005.

## ANNEXURE-VI

**LIST OF STAFF MEMBERS AS ON 31.03.2005**

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

**ACADEMIC STAFF**

1. Dr. Raja J. Chelliah	Professor of Eminence
2. Dr. A. Bagchi	Emeritus Professor
3. Prof. O.P. Mathur	Principal Consultant
4. Dr. (Mrs.) Indira Rajaraman	Senior Fellow
5. Dr. D.K. Srivastava	Senior Fellow
7. Dr. Tapas Kumar Sen	Senior Fellow
8. Dr. Navroz K. Dubash	Senior Fellow
9. Dr. (Mrs.) Rita Pandey	Senior Fellow
10. Dr. (Ms.) R. Kavita Rao	Senior Fellow
11. Dr. Surender Kumar	Fellow
12. Dr. (Mrs.) Kala S. Sridhar	Fellow
13. Dr. C. Bhujanga Rao	Senior Economist
14. Dr Saumen Chattopadhyay	Senior Economist (relieved on 31.03.2005)
15. Dr. Gautam Naresh	Senior Economist
16. Dr. Pinaki Chakraborty	Senior Economist
17. Dr. Lekha Chakraborty	Senior Economist
18. Dr. P.R. Jena	Senior Economist
19. Dr. Subrata Kumar Mandal	Senior Economist
20. Dr. Mukesh Kumar Anand	Senior Economist
21. Dr. H.K. Amarnath	Senior Economist (joined on 08.11.2004)
22. Mr. Diwan Chand	Economist
23. Dr. O.P. Bohra	Economist
24. Dr. Manish Gupta	Economist
25. Ms. Simanti Bandopadhyay	Economist
26. Mrs. Mita Choudhury	Economist
27. Dr. Indrani Roy Chowdhury	Economist (joined on 01.12.2004)
28. Mrs. Debdatta Majumdar	Economist (joined on 01.11.2004)
29. Mr. A.K. Halen	Junior Economist
30. Mrs. Gita Bhatnagar	Research Associate
31. Mrs. Rita Wadhwa	Editor

**ADMINISTRATIVE STAFF**

1. Mr. B.K. Chakravartti	Secretary
2. Mr. S.D. Mudliar	Senior Accounts Officer (on deputation)
3. Ms. Sushila Panjwani	Sr. PPS to Chairman (on deputation)
4. Mr. N. Natarajan	Sr. PPS to Director
5. Mr. Naveen Bhalla	Administrative Officer
6. Mrs. H. Gautam	Accounts Officer
7. Mr. Hari Shankar	Hostel Incharge
8. Mr. Satish Prabhu	Estate Officer
9. Mr. R. Parameswaran	Private Secretary
10. Mr. R. Periannan	Private Secretary
11. Mr. R.S. Tyagi	Stenographer Grade-I
12. Mr. Praveen Kumar	Stenographer Grade-I
13. Mr. Sharad Aggarwal	Accounts Executive [under suspension]
14. Mr. S.C. Sharma	Accounts Executive
15. Mr. Bhaskar Mukherjee	Executive Officer
16. Mrs. Indra Hassija	Assistant
17. Mr. Parvinder Kapur	Stenographer Grade-II
18. Mr. S.N. Sharma	Assistant
19. Mr. J.S. Rawat	Assistant
20. Mrs. Promila Rajvanshi	Stenographer Grade-II
21. Mr. Kapil Kumar Ahuja	Steno-typist
22. Mrs. Kavita Issar	Steno-typist-cum-Telephone Operator
23. Mr. V.M. Budhiraja	Clerk (Accounts)
24. Mr. Nand Ram	Clerk-cum-Typist
25. Mr. Birender Singh Rawat	Clerk (Accounts)
26. Mr. Anurodh Sharma	Steno-typist
27. Ms. Ruchi Anand	Receptionist-cum-Telephone Operator
28. Mr. H.B. Pandey	Gestener Operator
29. Mr. Devi Singh	Hostel Attendant
30. Mr. Dhanpat	Hostel Attendant
31. Mr. Raju	Driver
32. Mr. Kishan Singh	Watchman
33. Mr. Bishamber Pandey	Messenger
34. Mr. Mohan Singh	Messenger
35. Mr. Shiv Bahadur	Gardener
36. Mrs. Palayee	Gardener
37. Mrs. Kamla Tiwari	Messenger
38. Mr. Shiv Pratap	Gardener



39. Mrs. Annamma George	Messenger
40. Mr. Puran Singh	Messenger
41. Mr. K.N. Mishra	Watchman

#### COMPUTER UNIT

1. Mr. N.K. Singh	EDP Manager
2. Mr. Jagdish Arya	Data Processing Assistant Gr.-B
3. Mr. Anil Kumar Sharma	Assistant (Computer Operations)

#### LIBRARY STAFF

1. Mr. Siva Chidambaram	Sr. Library and Information Officer
2. Mr. Dinesh Chand	Asstt.. Library & Information Officer
3. Mrs. Sudha Saxena	Asstt.. Library & Information Officer
4. Mr. P.C. Upadhyay	Sr. Library & Information Assistant
5. Mr. Dharamvir	Sr. Library Attendant
6. Mr. Hira Singh	Jr. Library Attendant

#### CONTRACTUAL ACADEMIC STAFF

1. Prof. A.L. Nagar	Hony. Visiting Fellow
2. Dr. Gopinath Pradhan	Visiting Fellow (relieved on 04.09.2004)
3. Mr. Sandeep Thakur	Project Associate
4. Ms. Darshy Sinha	Project Associate
5. Ms. Anuradha Bhasin	Consultant
6. Mr. Sayantan Bera	Junior Project Associate (relieved on 31.05.2004)
7. Mr. Akshat Vipin	Jr. Consultant
8. Ms. P. Basu	Jr. Consultant
9. Ms. Astha Balwani	Jr. Consultant
10 Ms. Anindita Pujari	Consultant
11. Mr. Samik Choudhary	Project Associate
12. Mr. Soryapratim Sarkar	Project Associate (relieved on 05.04.2004)
13. Mr. Rajorshi Sen Gupta	Project Associate (relieved on 28.04.2004)
14. Ms. Vijaya Gulati	Project Associate (relieved on 13.07.2004)
15. Mr. Arindam Banerjee	Project Associate (relieved on 30.06.2004)
16. Mr. A.R. Choudhury	Project Associate (relieved on 16.05.2004)
17. Mr. Manjeet Singh	Data Feeder (relieved on 20.09.2004)
18. Mr. Sandeep Sharma	Project Associate (relieved on 31.07.2004)
19. Dr. Sheker Mallick	Project Associate (relieved on 30.09.2004)
20. Ms. Pragya Atri	Summer Trainee (relieved on 09.07.2004)

21. Mr. S.N. Banerjee	Summer Trainee (relieved on 09.07.2004)
22. Ms. Swati Aggarwal	Summer Trainee (relieved on 09.07.2004)
23. Dr. Jyotsna Mohan	Project Associate (relieved on 03.06.2004)
24. Mr. Dev Ashish	Project Associate (relieved on 22.02.2005)
25. Ms. Bodapati Srujana	Project Associate (relieved on 31.05.2005)
26. Ms. Sarika Chaturvedi	Junior Consultant (relieved on 12.06.2004)
27. Ms. Aradhana Srivastava	Junior Consultant (relieved on 30.11.2004)
28. Ms. Deepti Jain	Junior Consultant (relieved on 16.07.2004)
29. Dr. Ravindra Gavali	Junior Consultant (relieved on 16.07.2004)
30. Mr. Surender Khuswaha	Project Associate (relieved on 17.09.2004)
31. Mr. M.R. Dohare	Consultant
32. Mr. Kaushik Ganguly	Junior Research Associate
33. Mr. Ashwini Kumar Swain	Junior Project Associate

#### **LIBRARY**

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

#### **ADMINISTRATION**

1 Mrs. Usha Mathur	Steno-typist
2. Ms. Rekha	Steno-typist
3. Ms. Amita Padhwal	Steno-typist
4. Mrs. Sushma Malhotra	Steno-typist
5. Mr. Jivesh Kumar Thakur	Assistant (Accounts)

## ANNEXURE-VII

**LIST OF SPONSORING, CORPORATE, PERMANENT AND  
ORDINARY MEMBERS AS ON 31.3.2005**

**A. SPONSORING MEMBERS**

## States

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

**OTHERS**

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

**B. PERMANENT MEMBERS –STATES/UNION TERRITORIES**

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

**C. ORDINARY MEMBERS – STATES/UNION TERRITORIES**

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

**OTHERS**

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

# **Finance**

## **&**

# **Accounts**

**AJAY K. SUD & ASSOCIATES**

Chartered Accountants

B-4, Greater Kailash Enclave Part-II, New Delhi-110 048

Tel. No. 2922 0616, 2921 5581 : Fax No. 2921 6879: E-mail : aksaca@vsnl.net

**AUDITORS' REPORT**

To the Members of the General Body of

**NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY**

We have audited the attached Statement of Financial Position of National Institute of Public Finance and Policy, New Delhi, a society registered under the Societies Registration Act, 1860, as on March 31, 2004 and also the Income and Expenses Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Institute. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Institute so far as appears from our examination of the books;
- (iii) The Statement of Financial Position and the Income and Expenses Statement dealt with by this report are in agreement with the books of accounts;
- (iv) The Statement of Financial Position and Income & Expenses Statement dealt with by this report are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.
- (v) In our opinion and to the best of our information and according to the explanations given to us, the said statements give a true and fair view :
  - a) in the case of Statement of Financial Position of the state of affairs of the Institute as on March 31, 2005, and
  - b) in the case of Income and Expenses Statement, of the surplus for the year ended on that date.

For Ajay K. Sud & Associates  
Chartered Accountants

*sd/-*

(Krishna Kumar Singh)

Partner

Place : New Delhi

Date : August 25, 2005

## STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2005

Particulars	Schedule	As On 31-Mar-05 Rs.	As On 31-Mar-04 Rs.
	#		
<b>SOURCES</b>			
Capital Assets Fund	1	66,654,614.00	67,220,206.00
Endowment Funds	2	41,896,593.00	41,896,593.00
Earmarked Funds	3	44,590,826.67	39,469,651.00
Unutilised Grants (Restricted Funds)	4	4,764,812.30	4,797,166.00
Reserves & Surplus		1,973,689.74	-
<b>TOTAL</b>		<b>159,880,535.71</b>	<b>153,383,616.00</b>
<b>APPLICATIONS</b>			
Fixed Assets	5	70,132,841.00	67,220,204.00
Investment of Endowment and Other Funds	6	77,556,990.00	63,159,206.00
Net Current Assets	7	12,190,704.71	13,454,682.00
Accumulated Deficit		-	9,549,524.00
<b>TOTAL</b>		<b>159,880,535.71</b>	<b>153,383,616.00</b>
Notes on Accounts	16		

Schedules 1 to 16 form integral part of this Statement

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

for Ajay K. Sud & Associates  
Chartered Accountants

sd/-  
(Krishna Kumar Singh)  
Partner

Place : New Delhi

Dated : August 25, 2005

## INCOME AND EXPENSES STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

Particulars	Schedule #	Year Ended 31-Mar-05 Rs.	Year Ended 31-Mar-04 Rs.
<b>INCOME</b>			
Grants - General Support			
Central Government	8	18,284,355.00	15,770,422.00
State Governments	9	965,000.00	1,190,000.00
Foreign Contribution Grants	13	-	5,417,739.00
Chairs / Cells / Other Grants	14	1,771,419.00	761,933.00
Project Fees		32,859,624.20	10,872,854.00
Int. on Govt. Endowment Fund		941,197.85	855,970.00
Int. on Ford Foundation Fund		440,393.00	351,404.00
Int. on RBI Endowment Fund		921,071.00	727,492.00
Course and Programme Fees		4,626,251.37	5,757,807.00
Sale of Publications		63,154.00	29,383.00
Corporate Membership Fees		40,000.00	15,000.00
Interest		2,060,898.13	2,144,159.00
Other Receipts		3,140,658.32	1,709,246.00
Profit on Disposal of Fixed Assets		38,850.00	9,270.00
<b>TOTAL</b>		<u>66,152,871.87</u>	<u>45,612,679.00</u>
<b>EXPENSES</b>			
Salaries and Allowances	10	20,991,260.50	15,897,155.00
Operational Expenses	11	19,420,750.01	7,273,667.00
Administrative Expenses	12	6,454,922.84	8,029,026.00
Utilisation of Foreign Contribution Grants	13	-	5,417,739.00
Utilisation of Chairs / Cells / Other Grants	14	1,771,419.00	761,933.00
Utilisation of Int. on Ford Foundation Fund		440,393.00	351,404.00
Utilisation of Int. on RBI Endowment Fund		921,071.00	727,492.00
Utilisation of Int. on Govt. Endowment Fund		941,197.85	855,970.00
		50,941,014.20	39,314,386.00
Depreciation for the year		1,571,457.82	1,745,781.00
<b>TOTAL</b>		<u>52,512,472.02</u>	<u>41,060,167.00</u>

Surplus / (Deficit) before Prior Period and Exceptional Items		13,640,399.85	4,552,512.00
Prior Period and Exceptional Items	<b>15</b>	2,117,185.83	3,066,443.00
Surplus / (Deficit) for the year		11,523,214.02	1,486,069.00
Surplus / (Deficit) for the Previous Years		<u>(9,549,524.28)</u>	<u>(11,035,593.00)</u>
Surplus / (Deficit) carried forward to Balance Sheet		<u>1,973,689.74</u>	<u>(9,549,524.00)</u>
Notes on Accounts	<b>16</b>		
Schedules 1 to 16 form integral part of this Statement			

sd/-  
(S. D. Mudliar)  
Senior Accounts Officer

sd/-  
(B. K. Chakravartti)  
Secretary

sd/-  
(M. Govinda Rao)  
Director

sd/-  
(C. Rangarajan)  
Chairman

As per our report of even date

for Ajay K. Sud & Associates  
Chartered Accountants

sd/-  
(Krishna Kumar Singh)  
Partner

Place : New Delhi

Dated : August 25, 2005



Schedule - 1	As On 31-Mar-05		As On 31-Mar-04	
	Rs.	Rs.	Rs.	Rs.
<b>CAPITAL ASSETS FUND</b>				
Balance at the beginning of the year		67,220,206.00		66,999,819.00
Add: Assets added during the year				
Transfer from Int. on Endowment Fund		-	304,409.00	
				304,409.00
Less : Transfer to Depreciation Fund		565,592.00		-
Less: Cost of Assets Disposed Off		-		84,022.00
<b>TOTAL</b>		<u>66,654,614.00</u>		<u>67,220,206.00</u>

Schedule - 2	As On 31-Mar-05		As On 31-Mar-04	
	Rs.	Rs.	Rs.	Rs.
<b>ENDOWMENT FUNDS</b>				
a. Initial Endowment Fund	3,915,000.00		3,915,000.00	
b. Ford Foundation Endowment Fund	6,177,924.00		6,177,924.00	
c. Government Endowment Fund	10,000,000.00		10,000,000.00	
d. RBI Endowment Fund	15,000,000.00		15,000,000.00	
e. Scientific Research Fund	727,406.00		727,406.00	
f. Life Membership Fund	420,000.00		420,000.00	
g. Bimla Bagchi Award Fund	50,000.00		50,000.00	
h. Additional Liability Fund	5,576,963.00		5,576,963.00	
i. Jokhan Maurya Award Fund	29,300.00		29,300.00	
<b>TOTAL</b>	<u>41,896,593.00</u>		<u>41,896,593.00</u>	

Schedule - 3	As On 31-Mar-05		As On 31-Mar-04	
	Rs.	Rs.	Rs.	Rs.
<b>EARMARKED FUNDS</b>				
<b>1. Depreciation Fund</b>				
Balance at the beginning of the year	32,614,539.00		30,952,780.00	
Add: Depreciation for the year	1,571,457.82		1,745,781.00	
Add: Transfer from Capital Assets Fund	565,592.00		-	
	<u>34,751,588.82</u>		<u>32,698,561.00</u>	
Less: Depreciation written back on assets disposed off	307,455.00		84,022.00	
		34,444,133.82		32,614,539.00
<b>2. a. Ford Foundation Fund (Interest Accumulation)</b>				
Balance at the beginning of the year	4,723,574.93		4,579,843.00	
Add: Interest earned during the year	3,104,101.52		495,136.00	
	<u>7,827,676.45</u>		<u>5,074,979.00</u>	
Less: Expenditure during the year	440,393.00		351,404.00	
		7,387,283.45		4,723,575.00
<b>b. Interest on Initial Endowment Fund (Interest Accumulation)</b>				
Balance at the beginning of the year	38,886.00		-	
Add: Interest earned during the year	336,779.77		343,295.00	
	<u>375,665.77</u>		<u>343,295.00</u>	
Less: Transferred to Capital Assets Fund	-		304,409.00	
		375,665.77		38,886.00
<b>c. Interest on Scientific Research Fund (Interest Accumulation)</b>				
Balance at the beginning of the year	78,792.00		-	
Add: Interest earned during the year	74,173.06		78,792.00	
	<u>152,965.06</u>		<u>78,792.00</u>	
		152,965.06		78,792.00
<b>d. Interest on Life Membership Fund (Interest Accumulation)</b>				
Balance at the beginning of the year	67,144.00		-	
Add: Interest earned during the year	57,276.62		67,144.00	
	<u>124,420.62</u>		<u>67,144.00</u>	
		124,420.62		67,144.00
<b>e. Government Endowment Fund (Interest Accumulation)</b>				
Balance at the beginning of the year	94,480.00		94,480.23	
Add: Interest earned during the year	846,717.85		855,969.77	
	<u>941,197.85</u>		<u>950,450.00</u>	
Less: Expenditure during the year	941,197.85		855,970.00	
		-		94,480.00

<b>f. Interest on Additional Liability Fund</b>			
<b>(Interest Accumulation)</b>		712,900.00	712,900.00
g. Bimla Bagchi Award (Interest Accumulation)			
Balance at the beginning of the year	18,010.00		15,966.00
Add: Interest earned during the year	<u>4,303.65</u>		<u>2,044.00</u>
	22,313.65		18,010.00
Less: Awards distributed during the year	<u>-</u>		<u>-</u>
		22,313.65	18,010.00
<b>h. Jokhan Maurya Award Fund</b>			
<b>(Interest Accumulation)</b>			
Balance at the beginning of the year	6,660.00		4,635.00
Add: Interest earned during the year	<u>1,877.80</u>		<u>2,025.00</u>
	8,537.80		6,660.00
Less: Awards distributed during the year	<u>-</u>		<u>-</u>
		8,537.80	6,660.00
<b>i. RBI Endowment Fund</b>			
<b>(Interest Accumulation)</b>			
Balance at the beginning of the year	1,114,665.00		921,365.00
Add: Interest earned during the year	<u>1,169,012.50</u>		<u>920,792.00</u>
	2,283,677.50		1,842,157.00
Less: Expenditure during the year	<u>921,071.00</u>		<u>727,492.00</u>
		1,362,606.50	1,114,665.00
<b>TOTAL</b>		<u>44,590,826.67</u>	<u>39,469,651.00</u>

Schedule - 4	As On		Fresh Receipts/ Interest	Total	Utilisation		Refund / Written Off	Total	As On	
	1-Apr-04				Assets Purchased	Other Expenses			31-Mar-05	
	Unutilised Rs.	Recoverable Rs.							Unutilised Rs.	Recoverable Rs.
<b>UNUTILISED GRANT ( RESTRICTED FUNDS )</b>										
<b>A. Grant from Central Government</b>										
Recurring Grant	-	-	1,500,000.00	1,500,000.00	-	1,500,000.00	-	1,500,000.00	-	-
Pay Grant	1,679,578.00	-	18,050,000.00	19,729,578.00	-	16,784,355.00	1,679,578.00	18,463,933.00	1,265,645.00	-
<b>TOTAL (A)</b>	1,679,578.00	-	19,550,000.00	21,229,578.00	-	18,284,355.00	1,679,578.00	19,963,933.00	1,265,645.00	-
<b>B. Foreign Contribution Grants</b>										
1 World Bank - Water Global	869,059.00	-	-	869,059.00	-	-	-	-	-	869,059.00
2 UNDP	873,961.00	-	77,355.30	951,316.30	-	-	-	-	-	951,316.30
3 CIDA - Poverty Reduction	294,795.00	-	-	294,795.00	-	-	-	-	-	294,795.00
4 World Bank - Jaipur Course	-	118,968.00	-	-	-	-	-	-	-	118,968.00
<b>TOTAL (B)</b>	2,037,815.00	118,968.00	77,355.30	2,115,170.30	-	-	-	-	-	2,115,170.30
<b>C. Chairs / Cells / Other Grants</b>										
a. HDFC Chair	-	281,005.00	-	-	-	-	281,005.00	281,005.00	-	-
b. Cell on Data Bank	40,497.00	-	-	40,497.00	-	-	-	-	40,497.00	-
c. State Finance Cell	155,099.00	-	-	155,099.00	-	-	-	-	155,099.00	-
d. RBI Chair	-	204,515.00	-	-	-	-	-	-	-	204,515.00
e. IDFC Chair	634,177.00	-	1,000,000.00	1,634,177.00	-	786,699.00	-	786,699.00	847,478.00	-
f. ADB Grant	250,000.00	-	500,000.00	750,000.00	-	655,366.00	-	655,366.00	94,634.00	-
g. Planning Commission - State Finances	-	-	200,000.00	200,000.00	-	205,443.00	-	205,443.00	-	5,443.00
h. Sir Ratan Tata Trust	-	-	370,200.00	370,200.00	-	123,911.00	-	123,911.00	246,289.00	-
<b>TOTAL (C)</b>	1,079,773.00	485,520.00	2,070,200.00	3,149,973.00	-	1,771,419.00	281,005.00	2,052,424.00	1,383,997.00	209,958.00
<b>GRAND TOTAL (A+B+C)</b>	4,797,166.00	604,488.00	21,697,555.30	26,494,721.30	-	20,055,774.00	1,960,583.00	22,016,357.00	4,764,812.30	328,926.00

	Gross Block (at cost)				Depreciation				Written Down Value				
	As On	Additions	Sales /	As On	Upto	For the	Sales /	As On	As On	As On	As On	As On	
	01-Apr-04	Rs.	Rs.	31-Mar-05	01-Apr-04	Year	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>FIXED ASSETS</b>													
1. Leasehold Land	18,197,718.00	-	-	18,197,718.00	-	-	-	-	-	-	18,197,718.00	18,197,718.00	
2. Building	20,145,840.00	-	-	20,145,840.00	4,908,594.00	380,931.15	-	5,289,525.15	14,856,314.85	15,237,246.00			
3. Data Processing Equipment	12,520,035.00	1,165,038.00	-	13,685,073.00	11,988,074.00	518,907.34	-	12,506,981.34	1,178,091.66	531,961.00			
4. Office Equipment	4,124,921.00	36,095.00	-	4,161,016.00	4,106,674.00	14,951.17	-	4,121,625.17	39,390.83	18,247.00			
5. Furniture and Fixtures	2,267,171.00	63,294.00	-	2,330,465.00	2,248,440.00	26,287.16	-	2,274,727.16	55,737.84	18,731.00			
6. Hostel, Library, Computer & Seminar Room Furniture	3,641,038.00	-	-	3,641,038.00	3,641,038.00	-	-	3,641,038.00	-	-			
7. Air Conditioner and Water Coolers	3,683,662.00	111,828.00	-	3,795,490.00	3,654,662.00	56,609.00	-	3,711,271.00	84,219.00	29,000.00			
8. Electric Installations	1,870,331.00	1,309,962.00	-	3,180,293.00	1,863,163.00	395,812.67	-	2,258,975.67	921,317.33	7,168.00			
9. Vehicles	695,338.00	514,098.00	307,455.00	901,981.00	695,336.00	171,367.00	307,455.00	559,248.00	342,733.00	2.00			
10. Horticulture Equipment	74,150.00	19,777.00	-	93,927.00	74,150.00	6,592.33	-	80,742.33	13,184.67	-			
<b>TOTAL</b>	67,220,204.00	3,220,092.00	307,455.00	70,132,841.00	33,180,131.00	1,571,457.82	307,455.00	34,444,133.82	35,688,707.18	34,040,073.00			
<b>PREVIOUS YEAR</b>	66,999,819.18	304,409.00	84,024.18	67,220,204.00	31,518,372.50	1,745,781.00	84,022.50	33,180,131.00	34,040,073.00				

Schedule - 6	As On 31-Mar-05 Rs.	As On 31-Mar-04 Rs.
<b>INVESTMENT OF ENDOWMENT AND OTHER FUNDS</b>		
A. Public Sector Banks		
Term Deposits	10,926,340.00	5,685,556.00
B. Public Sector Financial Institutions		
Bonds / Debentures	51,405,650.00	32,354,650.00
C. Public Sector Companies - Deposits	15,225,000.00	25,119,000.00
<b>TOTAL</b>	77,556,990.00	63,159,206.00

Schedule - 7	As On 31-Mar-05		As On 31-Mar-04	
	Rs.	Rs.	Rs.	Rs.
<b>NET CURRENT ASSETS</b>				
<b>A. CURRENT ASSETS</b>				
1. Interest Accrued		1,726,830.80		1,737,987.00
2. Tax Deducted at Source		1,195,951.00		884,190.00
3. Stock of Publications		222,620.09		273,430.00
4. Cash and Bank Balances				
Cash and Postage Imprest	8,835.00		2,478.00	
Cheques in Hand	4,625,000.00		-	
In Scheduled Banks				
Current and Savings Accounts	<u>2,492,706.57</u>		<u>11,557,238.00</u>	
		7,126,541.57		11,559,716.00
5. Recoverables				
Project Fees Accrued	8,803,450.00		5,954,731.00	
Fees and Others (Sch. 4)	328,926.00		604,488.00	
Grant, Course and Programme Fees	<u>191,600.00</u>		<u>913,657.00</u>	
		9,323,976.00		7,472,876.00
6. Debtors, Advances and Deposits		11,167,440.00		3,289,121.00
		<u>30,763,359.46</u>		<u>25,217,320.00</u>
TOTAL (A)				
<b>B. CURRENT LIABILITIES</b>				
1. Project Fees received in advance		9,929,838.75		3,148,000.00
2. Grant from RBI received in advance		300,000.00		300,000.00
3. Creditors and Payables		7,969,923.00		8,005,138.00
4. Refundable Deposits		<u>372,893.00</u>		<u>309,500.00</u>
TOTAL (B)		<u>18,572,654.75</u>		<u>11,762,638.00</u>
<b>NET CURRENT ASSETS (A-B)</b>		<u>12,190,704.71</u>		<u>13,454,682.00</u>



Schedule - 8	Year Ended 31-Mar-05 Rs.	Year Ended 31-Mar-04 Rs.
<b>GRANTS FROM CENTRAL GOVERNMENT</b>		
<b>General Support Grants</b>		
Grant from Government of India:		
Recurring Grant	1,500,000.00	2,300,000.00
Pay Grant	16,784,355.00	13,470,422.00
<b>TOTAL</b>	<b>18,284,355.00</b>	<b>15,770,422.00</b>

**Schedule - 9****GRANTS FROM STATE GOVERNMENTS**

<b>General Support Grants</b>		
Government of Karnataka	-	150,000.00
Government of West Bengal	100,000.00	100,000.00
Government of Meghalaya	35,000.00	35,000.00
Government of Orissa	150,000.00	150,000.00
Government of Maharashtra	100,000.00	100,000.00
Government of Uttar Pradesh	100,000.00	100,000.00
Government of Punjab	100,000.00	100,000.00
Government of Tamil Nadu	100,000.00	100,000.00
Government of Uttaranchal	150,000.00	150,000.00
Government of Nagaland	80,000.00	80,000.00
Government of Mizoram	50,000.00	50,000.00
Government of Kerala	-	75,000.00
<b>TOTAL</b>	<b>965,000.00</b>	<b>1,190,000.00</b>

**Schedule - 10****SALARIES AND ALLOWANCES**

Salaries and Allowances	17,082,244.50	12,661,226.00
Contribution to PF and Other Funds	2,789,470.00	2,101,953.00
Staff Benefits and Welfare	1,017,338.00	1,046,500.00
EDLI & Admin. Charges	102,208.00	87,476.00
<b>TOTAL</b>	<b>20,991,260.50</b>	<b>15,897,155.00</b>

<b>Schedule - 11</b>	<b>Year Ended 31-Mar-05 Rs.</b>	<b>Year Ended 31-Mar-04 Rs.</b>
<b>OPERATIONAL EXPENSES</b>		
Books and Periodicals	2,599,682.00	1,666,492.00
Cost of Publications	230,501.00	280,723.00
Course and Programme Expenses	5,072,393.75	3,106,314.00
Meeting and Seminar	58,399.00	172,565.00
Project Expenses (Other than Sponsored)	11,459,774.26	2,047,573.00
<b>TOTAL</b>	<b>19,420,750.01</b>	<b>7,273,667.00</b>

**Schedule - 12****ADMINISTRATIVE EXPENSES**

Travelling and Conveyance	557,835.00	498,460.00
Rates and Taxes	321,103.80	1,022,467.00
Water and Electricity	1,617,122.00	2,229,009.00
Printing and Stationery	563,313.00	489,863.00
Telephone and Postage	997,931.00	704,593.00
Repairs and Maintenance	1,362,104.15	1,902,740.00
Car Expenses	164,694.00	175,337.00
Audit Fees	33,060.00	27,750.00
Audit Fees - Provident Fund Trust	-	116,640.00
Miscellaneous Expenses	377,324.89	215,137.00
Legal Expenses	285,285.00	384,770.00
Advertisement Expenses	115,150.00	142,260.00
Expenses on 25th Anniversary	60,000.00	120,000.00
<b>TOTAL</b>	<b>6,454,922.84</b>	<b>8,029,026.00</b>

Schedule - 13	Year Ended 31-Mar-05 Rs.	Year Ended 31-Mar-04 Rs.
<b>UTILISATION OF FOREIGN CONTRIBUTION GRANTS</b>		
i. CIDA - Poverty Reduction	-	5,182,751.00
ii. CIDA - State / Local Fiscal Reforms	-	234,988.00
<b>TOTAL</b>	-	5,417,739.00

**Schedule - 14**

<b>UTILISATION OF CHAIRS / CELLS / OTHER GRANTS</b>		
Planning Commission - State Finances	205,443.00	-
IDFC Chair	786,699.00	593,889.00
ADB Grant	655,366.00	-
Sir Ratan Tata Trust	123,911.00	-
EEOFC - Expenses	-	88,969.00
EEOFC - Books	-	79,075.00
<b>TOTAL</b>	1,771,419.00	761,933.00

**Schedule - 15**

<b>PRIOR PERIOD &amp; EXCEPTIONAL ITEMS</b>		
Depreciation Written Back on Assets Disposed Off	-	(84,022.00)
Accrued Project Fees Written Off	900,000.00	1,998,182.00
Travelling and Conveyance	70,829.00	-
Liability for Rates and Taxes Written Off	(21,414.00)	-
Repairs and Maintenance	61,857.00	-
Course and Programme Expenses	15,000.00	-
Other Recoverables Written Off	331,218.00	-
Retention for Defect - Liability Written Off	(109,758.00)	-
Other Prior Period Expenses	-	12,682.00
Other Prior Period Incomes	-	(63,422.00)
Shortfall in Interest - NIPFP PF Trust	869,453.83	1,203,023.00
<b>TOTAL</b>	2,117,185.83	3,066,443.00

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. Accounting Policies**

1. Accounts are drawn up generally on accrual basis unless otherwise stated. Corporate Membership Fees and Interest on Investments of Ford Foundation Grants are accounted for on cash basis.
2. Endowment Funds reflect grants received from various organisations for specific purposes. Interest accrued on Endowment Funds is used for specific purposes. Balance of un-utilised interest on Endowment Funds is kept in respective earmarked funds.
3. The Capital Assets Fund has been generated largely out of grants received from various organisations for purchase of Capital Assets and interest accrued thereon. Some augmentation of the fund has also been done out of the Institute's own resources.
4. Additional Liability Fund is created out of the Project Income and Surplus Funds, if any, in light of the Ministry of Finance asking the Institute to meet ten percent of the additional liability arising on account of pay revision following the recommendations of the Fifth Pay Commission.
5. Fixed Assets are stated at cost.
6. Depreciation on all assets except Leasehold Land and Building is charged on a straight-line basis over a period of three years. Depreciation on Leasehold Land is charged at NIL rate. Depreciation on Building is charged at the rate of 2.5% p.a. on written down value basis. Amounts written off as depreciation are funded instead of being shown as deduction from gross value of assets.
7. Long term investments are stated at cost less permanent diminution in the value of investments.
8. Provident Fund and Gratuity Liability is being funded by means of contribution to separate Trust. Provision for Gratuity is made on actuarial basis. However, no such provision is made for Leave Encashment.
9. Books and Periodicals are charged off to revenue in the year of expenditure.
10. All foreign currency transactions have been duly accounted for in the books of account at the exchange rate prevailing on the date of transaction.
11. Grants received from donor agencies are initially accounted for as liability and charged to capital or revenue as per utilisation.

**B. Notes on Accounts**

1. Contingent Liabilities
  - a. Liability in respect of court cases instituted against the Institute and by the Institute- amount is not ascertainable.
  - b. Maximum compensation which may be payable to National Institute of Public Finance and Policy Provident Fund Trust (NIPFP PF Trust) against loss to the NIPFP PF Trust consequent to embezzlement of Trust money is Rs. 1,07,22,121/-. The loss to NIPFP PF Trust will be compensated by the Institute to the extent it can not be recovered by the NIPFP PF Trust from

the persons who are responsible for the embezzlement. However, the Institute has already paid Rs. 1,07,22,121/- as advance to the NIPFP PF Trust, which may be adjusted against the loss to the NIPFP PF Trust after settlement of court cases in this regard.

2. Leasehold land includes land premia Rs. 1,21,76,966/- and relocation charges Rs. 53,82,000/- (refer schedule 5) paid to DDA for allotment of land measuring 2800 sq. mts. located adjacent to the existing NIPFP Compound in terms of allotment letter dated 27.04.2000. DDA has handed over the possession of the land to NIPFP on 11.09.2001, however execution of lease deed is pending due to fixation of land rates by the Central Government.
3. Additional Liability Fund has been created out of the Project Income to meet ten percent of the additional liability arising on account of pay revision following the recommendations of the Fifth Pay Commission. During the year under review ten percent of the additional liability amounts to Rs.10,16,198/- and has been paid out of the project income of the year under review.
4. Account balance under sundry debtors, advances, project fees receivables, sundry creditors and gratuity payable are subject to confirmation, reconciliation and consequential adjustments.
5. Debtors, Advances and Deposits of Rs. 1,11,67,440/- includes Rs. 1,07,22,121/- paid as advance to NIPFP PF Trust.
6. Previous year figures have been rearranged/ regrouped wherever considered necessary to make them comparable with the current year's figures.

Signatories to schedule to 1 to 16.

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

**For Ajay K Sud & Associates**  
Chartered Accountants

sd/-  
(Krishna Kumar Singh)  
Partner

Place : New Delhi

Date : August 25, 2005



Report of the Task Force Implementation of the Fiscal Responsibility and Budget Management Act, 2003; chaired by Vijay Kelkar, August 24, 2004



Capacity Building for Budgetary Analysis at the State Level, September 16-17, 2004



**National Institute of Public Finance and Policy**  
18/2 Satsang Vihar, Special Institutional Area(Near JNU)  
New Delhi 110067