

Foundation for Public Economics and Policy Research
New Delhi-110052

Annual Report of the Year 2012-13

During the year 2012-13 the Institute has undertaken research studies, contributed to policy making through its training programmes on goods and services tax (GST) and brought out some publications. These are listed below:

A. Research Studies Completed

Reorganizing Tax Department for VAT Administration: A Study of North-Eastern States

The introduction of state-VAT has been one of the most remarkable achievements in the arena of States' tax reforms. This has helped the States to rationalize the then existing sales taxes in the States. Notwithstanding this landmark-switchover to VAT, organizational and procedural reforms of State taxes have not kept pace with it. As of now it leaves much to be desired. More importantly, both the organization for tax administration and operations of VAT has not been rationalized from the point of administrative cost of the department as well as the cost of collection of the taxpayers. Transparency in procedures and client services also leave much to be desired.

Deficiency in VAT administration is primarily due to the fact that presently the department is based on case specialization, against functional specialization. It is accordingly divided into divisions and circles, which are primarily activity units. Also, the individual officer is responsible for all activities related to a dealer. Hence, there is one-to-one link between the officer and the dealer in the system. This study presents a scheme of re-engineering of the tax department on the basis of functions.

The overall coverage of the study is confined to two of the North-Eastern States, viz. Assam and Meghalaya-- Assam, representing a better off State among the other States in the region; and Meghalaya representing a typical North-Eastern State.

The study was sponsored by the Planning Commission.

B. Training Programme conducted

One Week Advance Training in GST Policy and Administration for All the States held at New Delhi.

FPEPR has organized One-week Advance Training programme on GST Policy and Administration for the State VAT Administrators from 30th April to 4th May 2012. The programme was held at Magnolia Conference Hall, India Habitat Centre, Lodhi Road, New Delhi-110003. It was attended by 39 participants from nine States.

The course was inaugurated by Shri Ramesh Chandra, former Member-Secretary of the Empowered Committee of State Finance Ministers. The valedictory address was given by Shri P. K. Tripathi, Chief Secretary, National Capital Territory of Delhi.

C. International Seminar on Tax Reforms and Tax Administration in India

To commemorate the completion of a decade of the existence of the FPEPR an International Seminar was held at the India Habitat Centre on Saturday the 8th December 2012. It was inaugurated by Dr. C. Rangarajan, Chairman, Prime Minister's Advisory Council. More than 50 delegates from different organizations including some Finance Secretaries of the State governments, academicians from different universities, research institutes, viz. Indian Institute of Public Administration, the Institute of Chartered Accountants of India, existing and former Member-Secretary of the Empowered Committee of State Finance Ministers and officials of Central Government and World Bank attended the Seminar. This seminar brought together experts with research interests in the fields of tax policy and tax administration. It provided an opportunity to exchange ideas among practitioners, academicians and government policy makers. International perspective was added by the experts from different countries. The seminar was sponsored by M/s Image Public Relations Private Limited, Delhi.

D. Publications and Articles by the Staff Members of FPEPR

In addition to various lectures, radio talks etc given by the faculty of FPEPR, the following publications have been brought out in the year 2012-13:

Dr. Mahesh C Purohit, Director, FPEPR.

Articles in Journal, Newspaper etc.

- 1) "Inching Towards Goods and Services Tax", *Budget Track*, Vol. 8, Track 3, July 2012, pp. 5-6.
- 2) "Should Railways be Exempted from Service Tax?", *Business Standard*, July 11, 2012.
- 3) "Bumps and Road Blocks in Introducing GST: Some Policy Prescriptions", paper presented in an *International Seminar on Tax Reforms and Tax Administration in India* organized by Foundation for Public Economics and Policy Research, New Delhi on 8th December 2012.
- 4) Presentation given on *Union Budget- 2013-14* in a seminar organized by Galgotia University, Greater Noida, on 5th March 2013.
- 5) Presentation made on "*Recovery Rate in Medical and Public Health Services: A Study of Indian States*", on 7th December 2012 organized by Centre for Women Development Studies and Centre for Social Medicine and Community Health, Jawaharlal Nehru University, New Delhi.

- 6) Participated in 9th International Tax Conference organized by Assocham, New Delhi on 12th – 13th October 2012.
- 7) Lecture delivered on *Tax Reforms and the Indian Economy* on 21st March 2013 in the 53rd Course National Security and Strategic Studies to the participants (brigadiers and equivalent from the three armed forces and from a dozen foreign countries) at National Defence College, New Delhi.
- 8) Delivered lecture on *Municipal Financing in India: New Approaches* in Sixth Advance Annual Programme under Technical Cooperation Scheme of Colombo Plan, Ministry of External Affairs, Government of India, organized by the Society for Development Studies (SDS) on 24th July 2012.
- 9) Participated in a discussion on *Measures to Strengthen Indian Economy* on the News Services of All India Radio, for *Charcha ka Vishay Hey* on 8th August 2012.

Participation as Member of the Committee etc.

Worked during the year as a member of the following Committees/ Boards:

1. Governing Board of the Institute of Development Studies, Rajasthan, Jaipur;
2. Indirect Taxation Committee, PHD Chamber of Commerce and Industry, New Delhi;
3. Research Advisory Committee of the School of Social Sciences, Jaipur National University, Jaipur.
4. GST Implementation Committee, Government of Bihar, Patna.

Dr. KBL Mathur, Honorary Professor, FPEPR

In addition to delivering a series of lectures on macroeconomics for the PGDM students at the ACCMAN Institute, Greater Noida, Dr. KBL Mathur presented the following papers and chaired sessions as follows:

1. Key note address at a National Seminar on "Cross Border Investments- Evolving Regulatory and Tax Imperatives ' organized by 'ACHROMIC POINT' for Chartered Accountants' Forum in New Delhi, on May 25 , 2012.
2. Chaired a Panel Discussion on 'Perspectives on Indian Economy', held at ACCMAN Institute of Management on Dec, 24, 2012.
3. Chaired a Panel Discussion on 'Demystifying the Union Budget-2013-14' organized by ACCMAN Institute on March 4, 2013.
4. Chief Guest, Chairperson of a Session ,and presenter of a paper at a National Seminar on "Interrogating The Paralysis in The Manufacturing Sector In India" organized by JIMS Institute of Management New Delhi, on March 25, 2013.

Dr Gautam Naresh, Honorary Professor, FPEPR

Dr Gautam Naresh, joined FPEPR as Honorary Professor on December 1, 2012. Prior to this, he was Public Financial Management Advisor to the PricewaterhouseCoopers (Pvt) Ltd India. Since then his academic activities are below:

1. Participated and presented a paper on “Property Tax Reforms and Capacity Building: A Case Study of Sixth Schedule States” in an International Seminar on “Tax Reforms and Tax Administration in India: The Road Ahead” on December 8, 2012, organized by The Foundation for Public Economics and Policy Research (FPEPR), New Delhi.
2. Participated in the 49th Annual Conference of The Indian Econometric Society (TIES), 2013 held at Patna University, Patna on January 9-11, 2013. Chaired the Technical Session on “Public Finance” on January 11, 2013.
3. Published Chapter 10: “*Impact of Hindu Rituals, Festivals, and Pilgrimages on Socioeconomic Well-being in India*” in Handbook of Hindu Economics and Business. Edited by H. D. Vinod (2013). Amazon Company. Publication date March 27, 2013. <https://www.createspace.com/4224711>.
4. Appointed Member, Project Advisory Committee (PAC), the Ministry of Panchayati Raj (MoPR), Govt. of India to guide and coordinate its nationwide study entitled “Study to Assess the Actual Status of Devolution to PRIs.” The PAC would be responsible for preparing the design of the study, the tools and the national level report.

Dr. D. N Rao, Honorary Professor, FPEPR

Served as Member, Editorial Committee, International Journal of Education, Economics and Development (IJEED), Inderscience. Visit www.inderscience.com/ijeed

Dr. (Mrs) Vishnu Kanta Purohit, Additional Director, FPEPR

Articles in Presented at an International Seminar.

“Bumps and Road Blocks in Introducing GST: Some Policy Prescriptions”, paper presented in an *International Seminar on Tax Reforms and Tax Administration in India* organized by Foundation for Public Economics and Policy Research, New Delhi on 8th December 2012.

Training Programme:

Dr. Mrs Purohit worked as Honorary Director of Training Programmes of the FPEPR during the year under review. She organised the Advance Training in GST Policy and Administration held at Magnolia Conference Hall, India Habitat Centre, Lodi Road, New Delhi-110003 from 9th to 13th May 2011.

E. Working Paper Series of the FPEPR

1. “Bumps and Road Blocks in Introducing GST: Some Policy Prescriptions”, by Purohit, Mahesh C and V.K. Purohit, was brought out as a FPEPR working paper no. 1/2013.

F. On Going Research Studies

FPEPR is currently engaged in conducting research on the following studies:

1) Revamping State Excise Duty: Issues in Policy and Governance

This study aims at analyzing revenue productivity, rationality in structure, and administrative expediency of the tax. Also, it presents policy imperatives for reforms. With a view to analyzing the issues in governance of the tax in greater details, the study covers a sample of two States, viz. Maharashtra and Rajasthan. Maharashtra is selected as one among the few better performed States in terms of introducing reforms in policies and administration. Rajasthan is drawn from the group of States that need to carry out further reforms. The study is sponsored by the ICSSR.

2) Preparation of Fourteenth Finance Commission Memorandum for the Government of Meghalaya

This study is an attempt to bring together all the aspects of public finance in the State of Meghalaya. This is to prepare a State Memorandum giving all the details of tax, non-tax, expenditure, debt etc for the past, current and projected period of the to be submitted to the Fourteenth Finance Commission. The study is sponsored by the Government of Meghalaya.

3) ICT, Economic Development and Poverty Alleviation

The study presents an analysis of the role of ICT in economic development and poverty alleviation. It delves upon the earlier work done on the study of E-commerce and Economic Development– sponsored by South Asia Network of Economic Research Institutes (SANEI), and encompasses the role of ICT in areas such as agriculture, rural development, industry, health, governance, digital divide, etc. in addition to e-commerce. The study aims at presenting case studies in areas exhibiting variations in economic development in India. The study is sponsored by the FPEPR, New Delhi.

G. Grant-in-Aid from Ministry of Finance, Government of India

Honorable members are aware that the Department of Economic Affairs, Ministry of Finance, Government of India has given us a non-recurring grant-in-aid to support a Chair in Fiscal Policy for the 2012-13. We hope to get the same grant for this year too.

H. Future Programme

Training Programmes on GST Policy and Administration

Honorable members were informed during the last meeting that the zeal for the introduction of GST has dampened down considerably during recent months.

Hence, it is proposed to drop the training programme on GST for a while. Hence, no training programme was planned this year. However, the decision to hold the programme would be reviewed soon depending upon the progress on the GST front.

Publication Plans

The FPEPR proposes to bring out the following publications during the year subject to availability of resources and time:

- a. Road User Taxes in India: Issues in Policy and Governance. The FPEPR has received the consent for publishing the study from the Planning Commission.
- b. One of the studies of the FPEPR titled *Tax Reforms in India*, which was completed last year, has been accepted for publication by Oxford University Press, New Delhi. It is being brought out by them as *Handbook of Tax System in India* possibly during this calendar year.