



Centre for Training and Research in Public Finance and Policy

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Director's Desk...

I am happy to report the activities carried out between April 2016 to March 2017 at the Centre for Training and Research in Public Finance and Policy (CTRFPF). CTRFPF has now completed five years. During this period, it has produced high quality research and conducted training programs in Public Finance, Public Economics and Public Policy.

CTRFPF published its inaugural report under the series of **India Public Finance and Policy Report (IPFPR)**. The IPFPR series is conceived as a biennial report that provides detailed analysis of a specific feature of the Indian economy. It is published by Oxford University Press, India. The first volume was on 'Fiscal Issues and Macro-Economy'. In the second volume, the focus is on 'Health Sector in India'. This is expected to be published in June 2018 following a discussion of the draft report in January, 2018.

Our **Annual International Conference on Public Finance and Public Policy** was held in January 2017. Sanjeev Gupta (International Monetary Fund, Washington DC), Arindam Nandi (University of Chicago, USA) and Tarun Jain (Indian School of Business, Hyderabad) were the keynote speakers at the conference.

A **Research Retreat** was organized during 17th to 19th February 2017 in Sundarbans. CTRFPF faculty members as well as invited faculty members from other universities and institutes presented their research work on a broad array of topics.

A couple of **Academic Workshops** were also organized during this academic year. Jyotsna Jalan organized a workshop on 'Entertainment or Enlightenment? Role of Participatory Theatre in Development' (December 2016, ICCR Auditorium) to showcase her research that is partially funded by CTRFPF.

A brainstorming session on 'Choice, Constraints and Gender Dynamics of Labour Markets in West Bengal' (Nov 2016) was also hosted by CTRFPF.

CTRFPF's **Annual Training Workshop on Fiscal Issues and State Finances** was held during August 11 to August 13, 2016. Fifteen commercial tax officials from the Commercial Tax Department, Government of West Bengal participated in this training programme. Goods and Services Tax (GST) and the Value Added Tax (VAT) were the main topics discussed during the training.

Sugata Marjit
RBI Chair Professor of Industrial Economics, CSSSC
Director, Centre for Training and Research in Public Finance and Policy

News and Upcoming Events

The inaugural volume of India Public Finance and Policy Report (IPFPR) on 'Fiscal Issues and Macro-Economy' was published in September, 2016 by Oxford University Press, India.

6th Training Workshop on 'Fiscal Issues and State Finances' is scheduled to be held on December, 2017.

Annual International Conference on 'Public Finance, Public Economics and Public Policy' is scheduled to be held on 3rd & 4th January, 2018.

CTRFPF provided financial support to Shesadri Banerjee (Australasian Development Economics Workshop at Deakin University, Melbourne in June 2016) and Sandip Sarkar (Annual Growth and Development Conference at Indian Statistical Institute, Delhi in December 2016).

About us

The Centre for Training and Research in Public Finance and Policy (CTRFPF) was established in 2011 with the signing of a Memorandum of Understanding between the Centre for Studies in Social Sciences, Calcutta and the Ministry of Finance, Government of India, for promoting research and training in Public Finance and Policy.

The mandate of CTRFPF is to undertake research and training related to contemporary issues in macro and fiscal affairs, public finance and public policy. CTRFPF was conceived as a knowledge hub in public finance and policy in Eastern India. Training of commercial tax officials from Eastern India is a major activity of CTRFPF. Other activities include primary research on contemporaneous issues, holding annual international and national conferences, regular seminar series and hosting external experts from different institutes and universities as visitors. For further details please visit www.ctrfpf.ac.in or contact our Program Coordinator at: ctrfpf@ctrfpf.ac.in

Training Workshop on Fiscal Issues and State Finances

11th - 13th August 2016

The Annual Training Workshop on Fiscal Issues and State Finances for government officials of West Bengal was held during 11th-13th August, 2016 in the Patuli Campus of Centre for Studies in Social Sciences, Calcutta. This workshop is one of the regular activities of CTRPFP and organized annually. The training workshop covers both theoretical and practical issues that are relevant for the commercial tax officers. Fifteen commercial tax officials of West Bengal participated in the three day-workshop.

Prime focus of this training workshop was to highlight and provide up-to-date knowledge to participants on issues concerning tax mechanisms implemented worldwide and also on the evaluation of state finances. The topics discussed were decided in consultation with Commissioner of Commercial Taxes, Govt. of West Bengal. The following topics were covered:

- Overview and Design of Goods and Services Tax (GST) in India
- Transitional Provisions in GST
- GST versus Current Value Added Tax (VAT) Law
- International Experience on VAT

The workshop was inaugurated by Sugata Marjit, RBI Chair Professor of Industrial Economics, CSSSC. The three-day training programme included lectures, discussions and presentations of various topics. The workshop was coordinated by Tushar Nandi, CTRPFP.

The resource persons for the training course included senior bureaucrats from Government of India, Government of West Bengal and experts from various institutes. Abhirup Sarkar (Indian Statistical Institute, Kolkata), Arbind Modi (Ministry of Finance, Govt. of India), Binod Kumar (Directorate of Commercial Taxes, Govt. of West Bengal), Khalid Anwar (Directorate of Commercial Taxes, Govt. of West Bengal), Sebastian James (World Bank), Vivek Jalan (Bengal Chamber of Commerce) and Jayanta Kumar Dwivedi (B. K. C. College, Kolkata) were our resource persons.



Group photograph of participants of CTRPFP training workshop on 'Fiscal Issues and State Finances' held during 11th-13th August 2016

Using a structured response sheet, feedback from the participants were collected on different aspects of the workshop. The feedback from participants show that:

- The lecture sessions, topics of discussions and interaction with resource persons were highly appreciated
- Participants enjoyed the content, logistical support, venue and ambience of the workshop
- They suggested a module on best practices for implementing GST in India in future training workshop
- They also requested CTRPFP to organize a workshop on the impact of GST in the future
- Participants were also of the opinion that workshops like these were useful and should be held more frequently

International Conference on Public Finance and Public Policy

19th - 20th January 2017

Annual two-day International Conference was organized on Public Finance and Public Policy by CTRPFP on 19th and 20th January, 2017. The conference was well attended by faculty members, research scholars and students of various institutes and universities.

The conference was inaugurated by the Director of CTRPFP, Sugata Marjit. Sanjeev Gupta of the International Monetary Fund, Arindam Nandi of University of Chicago, and Tarun Jain of Indian School of Business, were the guest speakers of the conference. Sanjeev Gupta presented a paper on Inequality and Fiscal Policy. Arindam Nandi presented a paper on Long-term Effects of Early Childhood Nutrition on Future Cognitive and Educational Outcomes: Lessons for India. Tarun Jain gave a talk on Social Connections and Public Healthcare Utilization.

Other participants of the conference were Rittwik Chatterjee (CSSSC), Biswajit Maitra (University of Gourbanga), Sandip Sarkar (CTRPFP), Tushar K. Nandi (CTRPFP), Ram Pratap Sinha (Government College of Engineering and Leather Technology) and Samiksha Agarwal (Gokhale Institute of Politics and Economics). Abhirup Sarkar, Indian Statistical Institute, Calcutta and Sugata Marjit participated in a discussion on the Aftermath of Demonetization.



Group photograph of participants of Research Retreat at Sundarbans held during 17th - 19th February 2017

Research Retreat at Sundarbans 17th - 19th February 2017

In CTRPFP, we have a tradition to brainstorm new research ideas, methodologies and findings aligned with the units' research objectives in a *Research Retreat* organized outside the Patuli campus. It serves as a platform to exchange ideas between internal members and invited faculty members from other universities and institutes in an informal setting. A broad array of public policy relevant issues were presented in the workshop.

- Credit Constraint and Firm Size - Sugata Marjit (CTRPFP & CSSSC)
- Value Creation vs. Appropriation, and the Evolution of Property Rights - Arijit Sen (IIM, Calcutta)
- Persistence of Corruption in Red Tape - Vivekananda Mukherjee (Jadavpur University)
- Other Regarding Principal and Moral Hazard: The Single Agent Case - Swapnendu Banerjee (Jadavpur University)
- R&D in duopoly under Incomplete Information - Rittwik Chatterjee (CSSSC)
- Social Recognition and Tax Compliance: A Research Proposal - Tushar K Nandi (CTRPFP)
- Examining the Bank-based Credit Channel of Monetary Policy Transmission in India - Shesadri Banerjee (CTRPFP)
- Relative Health Performance of Indian States over last Two Decades - Koushik Kumar Hati (Deshbandhu Mahavidyalaya)
- Demonetization and Informal Credit Market - Robin Das, Jharna Panda & Arup R Poddar (CTRPFP)

Current Research Activities of CTRPFP at a Glance

Sugata Marjit (with Sandip Mitra of Indian Statistical Institute, Kolkata) is working on 'Litigation, Delayed Tax Payment and Evasion-The Role of Informal Credit Market' that looks at the interactions between informal credit markets and tax collection. Agents (the taxpaying firms) engage in false or sham litigation and defer tax payments. During the litigation period, they earn higher return on deferred taxes in the informal credit market that is usually higher than penalties imposed by the government.

Sugata Marjit and **Sandip Sarkar** are working on 'Distribution-Neutral Welfare Ranking: Extending Pareto Principle' where they propose an inequality-preserving or distribution neutral Pareto criterion - the Strong Pareto Superior allocation which preserves the initial distribution and makes everyone better off.

Sugata Marjit together with **Robin Das**, **Arup Ratan Poddar**, and **Jharna Panda** are preparing a book titled 'Note Bondir Upakhyan'. This project is funded by CTRPFP. The objective is to summarize real-life experiences following demonetization across different strata of society in West Bengal. Information was gathered through non-structured qualitative surveys of farmers, shop keepers, intermediaries, hawkers, agricultural labourers, industry workers, poultry owners, public transport drivers, brokers, commission agents, bank officials, doctors, advocates, self-help-group members, etc.

Jyotsna Jalan is working on a project funded by CTRPFP and the World Bank. This research examines the role of participatory theatre in changing long-established detrimental social norms. This form of theatre induces more critical thinking in the community, keeping in mind the local socio-cultural fabric. (For more details see <http://www.ctrpfp.ac.in/Flyer.pdf>). Karla Hoff of the World Bank and **Sattwik Santra** are other researchers working on this project.

Sattwik Santra and **Sandip Sarkar** extend partial approaches of polarization ordering for ordinal variables that do not share common median category. They support their theory with an empirical example from education in India that shows less polarization among females compared to males.

Sattwik Santra (with Amita Majumder of Indian Statistical Institute, Kolkata and Ranjan Ray of Monash University) have worked on the sensitivity of purchasing power parity estimates to estimation procedures and their effects on living standards comparisons.

Tushar Nandi is leading two projects. The first is on Tax policy and firms: Evidence from West Bengal funded by the Institute for Fiscal Studies, U.K. and International Growth Centre, U.K. This project investigates effect of a Value-Added-Tax (VAT) on (i) firms' compliance and production, ii) effects on overall economic efficiency of production networks, and iii) impact of a reform that lowered compliance costs for some firms in the network on revenue and production efficiency.

Tushar is also preparing the District Human Development Report for Howrah. This project is funded by Planning Board, Govt. of West Bengal.

Shesadri Banerjee has three ongoing projects. First is Role of Financial Frictions for Monetary Policy Transmission in India: A New Keynesian Analysis (with researchers Rakesh Arya, Sanjib Bardoloi, and Harendra Behera from RBI Mumbai) that examines credit and balance sheet channels of monetary transmission in presence of financial frictions. The second is Examining Real and Financial Sector Linkages in Indian Economy using Bayesian Estimation (with Jayanthi Anand, RBI Chennai). This project evaluates linkages between the real sector and different segments of the financial sector in India. The third project is titled Price Setting Behaviour of Firms: Evidence from Micro-level Data (with Rudrani Bhattacharya, National Institute of Public Finance and Policy, Delhi) that investigates patterns of micro-level pricing behaviour of firms from the Consumer Price Index data for industrial workers to understand the frequency and magnitude of price adjustment across commodities.

Seminars by Faculties and Visitors (Recent first)

- Economics of Interdependence and Recent Developments in the Application of Leontief's Input-Output Theory: Ramprasad Sengupta, ICSSR Mahatma Gandhi Research Fellow (27th March 2017)
- Contests with Foot-Soldiers: Bharat Goel, Indian Institute of Management, Calcutta (20th March 2017)
- The Spillover Effects of Affirmative Action on Competitiveness and Unethical Behaviour: Nabanita Datta Gupta, Aarhus University (15th February, 2017)
- Global Spillover Effects of US Uncertainty: Arpita Chatterjee, University of New South Wales, Australia (13th February, 2017)
- Market Capitalization and Growth in a New-Keynesian Framework: Agnirup Sarkar, Indian Statistical Institute, Calcutta (6th February, 2017)
- Taxation, Firms and Informality - Evidence from West Bengal: Lucie Gadenne, University of Warwick and Institute for Fiscal Studies, U.K. (9th January, 2017)
- Inferring Structural Ordering: How does the UK Economy respond to International Shocks? : Arnab Bhattacharjee, Heriot-Watt University, U.K. (5th January, 2017)
- Redistributive Innovation Policy, Inequality and Growth: Parantap Basu, University of Durham, U.K. (22nd Dec, 2016)
- Gender Differences in the Giving and Taking Variants of the Dictator Game & Eye image in Experiments: Social Cue or Experimenter Demand Effect?: Subhasish M. Chowdhury, University of East Anglia, U.K. (20th December, 2016)
- International Sanctions and the Duration of Civil Conflicts: Sajal Lahiri, Southern Illinois University, U.S.A. Carbondale (8th December, 2016)
- Cost Channel, Interest Rate Pass-Through and Optimal Policy under Zero Lower Bound: Siddhartha Chattopadhyay, IIT Kharagpur (21st November, 2016)
- Estimating VAT Pass Through: Michael Keen, International Monetary Fund, U.S.A. (27th September, 2016)
- On Rethinking and Extending Pareto Criterion - Example from Trade Theory: Sugata Marjit, Centre for Studies in Social Sciences, Calcutta (9th September, 2016)
- Culture and the Formation of (in)efficient Conventions: Experimental Evidence from India: Karla Hoff, World Bank, U.S.A. (18th July, 2016)
- Sectoral Composition of Foreign Capital Inflows and Skilled-Unskilled Wage Gap: A Theoretical Model: Rashmi Ahuja, University of Delhi (5th April, 2016)

CTRPFP Working Papers for 2016-2017 (Recent first)

- **Malay Ghosh and Tushar K Nandi:** From Sales Tax to GST: The Journey of West Bengal in 75 years
- **Shesadri Banerjee and Parantap Basu:** Technology Shocks and Business Cycles in India
- **Parantap Basu and Yoseph Getachew:** Redistributive Innovation Policy, Inequality and Growth
- **Sweta Lahiri and Tushar K. Nandi:** Like Father, Like Son: Intergenerational Occupational Persistence among Youth in India
- **Sandip Sarkar and Sattwik Santra:** Extending the Approaches to Inequality Ordering of Ordinal Variables
- **Sugata Marjit and Sandip Sarkar:** Distribution-Neutral Welfare Ranking-Extending Pareto Principle
- **Sugata Marjit:** Anti-Trade Agitation and Distribution-Neutral Tax Policy-An Elementary Framework
- **Sugata Marjit, André Seidel and Marcel Thum:** Tax Evasion, Corruption and Tax Loopholes
- **Rashmi Ahuja:** Sequencing of External Sector Reforms and Wage Inequality

Papers can be downloaded from <http://www.ctrpfp.ac.in/wp.htm>

Workshop on "Entertainment or Enlightenment? Role of Participatory Theatre in Development" on 12th December 2016

A workshop on the role of Participatory Theatre in Development was organized by CTRPFP on 12th December 2016 at the ICCR Auditorium. The objective of workshop was to showcase the research undertaken by Prof. Jyotsna Jalan on the role of participatory theatre in changing social norms by inducing critical thinking. This research has been partially funded by CTRPFP along with funds from the research department of the World Bank in Washington DC.

Workshop on "Choice, Constraints and Gender Dynamics of Labour Markets in West Bengal" on 7th November 2016

An inception workshop on project entitled with "Choice, Constraints and Gender Dynamics of Labour Markets in West Bengal" was organized by CTRPFP in collaboration with Centre for Development Economics, Delhi School of Economics (DSE) and the London School of Economics (LSE). The workshop participants were Jyotsna Jalan (CSSSC), Aswini Deshpande (DSE), Naila Kabeer (LSE), Abhijit Sen (JNU), Renana Jhabvala, (SEWA), Nirmala Banerjee, Deepita Chakravarty (Viswa Bharati University) Samita Sen (Jadavpur University).

Visitors to CTRPFP (Recent first)

People, who have visited CTRPFP between April 2016 to March 2017 are as follows:

- Sanjeev Gupta, International Monetary Fund, U.S.A.
- Arindam Nandi, University of Chicago, U.S.A.
- Tarun Jain, Indian School of Business, Hyderabad
- Lucie Gadenne, University of Warwick and Institute for Fiscal Studies, U.K.
- Parantap Basu, University of Durham, U.K.
- Sajal Lahiri, Southern Illinois University, U.S.A.
- Michael Keen, International Monetary Fund, U.S.A.
- Karla Hoff, The World Bank, U.S.A.

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