

Appendix 3

List of Experts Consulted

- 1 Dr Govinda M Rao, Director, National Institute of Public Finance and Policy (NIPFP)
- 2 Dr R. Kavita Rao, Reader, NIPFP
- 3 Dr Ameresh Bagchi, ex-Director, NIPFP
- 4 Shri Nripen Bandyopadhyay, Member, State Finance Commission, West Bengal
- 5 Prof Soumen Shikdar, Head, Economics Department, University of Calcutta
- 6 Prof Ritu Diwan, Department of Economics, Mumbai University (who referred me to her paper mentioned in the references)
- 7 Prof Abhijit Banerjee, Department of Economics, Massachusetts Institute of Technology (MIT), Cambridge, MA

Notes

- 1 Previously the Department of Women and Child under the Ministry of Human Development.
- 2 SACHETANA is a voluntary organisation for research on gender issues in the Indian context. The author is a founder member and an active researcher.
- 3 India has a long tradition of some kind of village councils generally known as *panchayets*; also there have been municipalities and municipal corporations in towns and cities for over 150 years. However, till 1994, these had been governed by specific state acts and had no constitutional status.
- 4 A block is a unit of administration roughly corresponding to the coverage of one police post. It is under the district administration and is now attached to the middle level of local government in rural areas.
- 5 Only the lowest level, the *gram panchayet*, is authorised to levy taxes. The other two levels get their resources from allocations to their area for specific measures from the state. They are also empowered to collect fees and charges for any specific service they may provide.
- 6 Revenue expenditure comprises annual recurring expenditure for items for which the government has accepted responsibility. It includes items like salaries and wages of existing staff and pensions, etc. to retired staff, costs of running offices, routine maintenance costs of public assets as well as grants that the government had to pay.
- 7 The GOI sharply increased the prices of rationed allotments of food grains and fuel to all households other than those below the poverty level. There were also some adjustments made in subsidies for fertilisers; but the Twelfth Finance Commission had noted that there were still many anomalies in those subsidy payments.
- 8 Collectors of district land revenues.
- 9 Akerlof (2005) argues that state and local governments tend to be closer to local people and are more committed to carrying out the wishes of their constituents than those elected to the distant central Parliament. They therefore find it much harder to overcome local resistance to particular tax measures.
- 10 A cess is a tax whose receipts are earmarked for a specific government function; for example, receipts from an education cess are to be spent only on a specific education policy measure of the state.
- 11 These meetings were a part of the exercise sponsored by UNIFEM for training on gender-responsive budgets for elected women in *gram panchayets*.
- 12 As mentioned before, the Constitution has given all powers to tax land and income from it to state governments.
- 13 This exemption limit and regulations are liable to change in each budget.
- 14 In the United Kingdom and the United States of America, incomes of married couples are jointly assessed with only one personal allowance between them. The lower income (usually the woman's) gets fully taxed at the marginally highest applicable rate.
- 15 In principle these too can be made tradable, as for example a medical specialist can be consulted on electronic mail or by telephone.
- 16 Admittedly, most goods attract sales taxes and now VAT at the state level. However, here the discussion is about the exclusive incidence of changes in central taxes.
- 17 Head-count ratio measures the number of people below a region's specific poverty line in relation to its total population. Poverty gap measures the deviation of the average per capita consumption level of the poor from the general average per capita consumption level.
- 18 In this context, 'productive work' is defined as work on all tasks whose products could possibly be locally sold, regardless of whether or not the products were actually marketed or wholly consumed within the household. This includes tasks like collecting fuel but leaves out tasks of cleaning, cooking and child rearing.
- 19 Provided at no stage has any producer made any losses.
- 20 The difference between exemption and zero rate is that exempted goods get no credit for the tax paid on their inputs, if any, while for zero-rated goods (which are largely meant for the export market), producers can claim a refund for taxes paid on inputs. For the rest of the goods, producers are not given a refund but can offset taxes paid at earlier stages against their own tax liability.
- 21 Medicines are taxed under a separate formula that approximates the 4 per cent rate, even if most of them are final consumption goods.
- 22 For keeping down the overheads, informal sector units often put out the work to home-based workers or compromise on working conditions.
- 23 Information about user charges at the AIIMS was obtained from the website http://www.cpiml.org/liberation/year_2006/February/user_charges_aiis.htm, which has an article based on an interview with Dr Anoop Saraya of the AIIMS.

- 24 I conducted a brief review with SACHETANA of the situation in one Kolkata Hospital. The two village meetings that were organised as part of this project also yielded some information about the situation in West Bengal's rural areas.
- 25 A cut in subsidies can be seen as a means of raising resources at the command of the government.
- 26 In an earlier paper I argue that, starting from the Second Five Year plan model, the informal sector in the Indian economy had been left out of the plan model (Banerjee, 1988).