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ESTIMATION OF TAX BUOYANCY AMONG INDIAN STATES: A COMPARATIVE ANALYSIS OF PRE AND POST VAT PERIOD

Ayush Kumar¹ and Prasant Kumar Panda²

ABSTRACT

This paper examines the tax buoyancy of own tax revenue (OTR) before and after the implementation of state Value Added Tax (VAT) for 14 major Indian states. Further, an attempt is made to find the tax buoyancy of high and low income states before and after the implementation of state VAT separately. As many of the Indian states implemented state VAT in their states from the financial year 2005-06, the period after 2005 is considered as post VAT period. An annual data set for the period of 1993-94 to 2012-13 is used and a double log regression model is employed to calculate buoyancy coefficient. The estimate of own tax buoyancy coefficient are found to be positively significant and more than unity for all major states except (Bihar and West Bengal) evincing the fact that the ratio of own tax revenue to gross state domestic product is increasing with the advancement of the economy. The findings of analysis also suggest that in the post state VAT period, the tax buoyancy coefficient for high income states has slightly decreased and variability among the states has increased while in low income states tax buoyancy coefficient has increased and variability among states has decreased. So, implementation of state VAT rationalizes in tax for the states and this helps more to the low income states to exploit their base, i.e., Gross State Domestic Product (GSDP) to increase revenue collection.

Keywords – Tax Buoyancy, Tax Efforts, State VAT, Impact of State VAT and Fiscal Performance, Elasticity of Tax Revenue

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POLICY IMPACTS ON FDI IN INDIA: AN ANALYSIS AMONG THE SOUTHERN STATES

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ABSTRACT

Economic growth of the developing countries is by and large based on its investment environment, which in turn is linked to its demand pattern and consumption behaviour. India is a late starter in globalisation, as it happened only in the beginning of the 1990s. This in a way has helped to attract lot of foreign direct investment in the economy by the end of the 1990s, which in turn made India into a prominent FDI attracting country in the world in the middle of 2010s. Sectoral composition of FDI flows in India too makes big changes; predominance of manufacturing sector in the 1990s has given way to high prominence of services in the recent period. The study basically focuses on the FDI flows and sector specific development agendas that make the southern states of India in attracting FDI into each of these southern states. The is based on secondary data collected from various government sources like, UNCTAD, RBI, DIPP, and SIA for a period from the onset of globalisation. The study shows that the southern states in India like Tamil Nadu, Andhra Pradesh and Karnataka did have the desired FDI attraction in the early stages of liberalisation, but the effective thrust subsequently these states have given for infrastructure, industrial corridors and economic zones have created wonders in attracting more FDI in the recent period.

Keywords – Investment, FDI Inflows, Infrastructure, Employment, Globalisation

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REGULATORY SYSTEM IN ELECTRICAL POWER DISTRIBUTION SEGMENT: A STUDY IN THE COMBINED STATE OF AP WITH FOCUS ON SMALL SCALE INDUSTRY

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ABSTRACT

Regulation means government imposed controls on particular aspects of business activity. The old style regulation was usually done by ministry and is relatively opaque way. It often involved ad hoc controls. With growth of private participation in power sector, the new style of regulation was initiated by creation of a separate independent regulatory entity with some degree of independence, accountability, transparency and predictability, Central Electricity Regulatory Commission and state CERCs were promulgated from the year 1998.

It is almost 16 years that the electricity regulatory commissions are established, still one often hears of complaints from the consumers that the regulatory systems are not successful so far in creating and nurturing conditions under which electricity of the appropriate quality and quantity is provided to all its consumers. In this context the study on the regulatory frame work. The role of APERC (Andhra Pradesh Electricity Regulatory Commission) as a change agent, the interactions with various stakeholders, the public participation, the involvement of the organised trade bodies and SSI associations and the perceptions of the MSME (SSI Industrial Sector) w.r.t the functioning of the regulatory sector in Andhra Pradesh are studied in detail. The significant difference in the perceptions / responses of the SSI sector in the regions of coastal Andhra, Rayalaseema and Telangana against the identified constricts such as regulatory policy and restructuring, universal service obligation, accountability, efficiency and transparency of SERC, customer focus and regulatory effectiveness is measured and given in brief in this paper. The impact of the regulatory measures and the treatment of DISCOMS on small scale enterprises and the suggestions to improve the productivity of these enterprises are also focused in the study in the combined state of Andhra Pradesh.

Keywords – Regulatory Governance, Regulatory Substance, SSI (Small Scale Industries), LT (Low Tension), ARR (Aggregated Revenue Requirements), MSME (Ministry of Small and Medium Enterprises)

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THE IMPACT OF MACROECONOMIC FACTORS ON THE PERFORMANCE: A STUDY OF SELECTED EQUITY ORIENTED MUTUAL FUNDS IN INDIA

Chette Srinivas Yadav¹, A. Sudhakar² and Sumit Kumar³

ABSTRACT

Mutual fund is a collective investment vehicle which pools money from the investors and invests in various asset classes. The concept of mutual fund dates back to nineteenth century Europe in Great Britain, where Robert Fleming set up the first investment trust called "Foreign and Colonial Investment Trust". Mutual Funds entered India in 1964 and from then on it has attracted the attention of various investors and research groups.

The present study has made an attempt to do an empirical study of the performance of equity oriented open-ended growth mutual fund schemes in India. For the purpose of the study, 80 mutual schemes were selected which were active during the period June 2005 - June 2015. The study analyzed through regression of performance of the schemes based on the returns and macroeconomic variables on the performance of the funds. The various macroeconomic variables which were studied are CPI, gold prices, oil prices, exchange rate, foreign exchange reserves and interest rates. The study also concluded that some of the fund attributes and macroeconomic factors affected the performance of the mutual funds. The hypothesis tested at 95% level of confidence.

Keywords – Performance, Mutual Funds, Macroeconomic Variables

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IMPACT OF INFLATION ON FINANCIAL DEVELOPMENT: EVIDENCE FROM INDIA

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ABSTRACT

Financial development is considered an important driver of economic growth, but high level of inflation impedes the ability of the financial sector to allocate resources effectively. This paper examines the impact of inflation on financial development in Indian economy for the period of 1970-2012. To test for stationarity, the study uses Ng- Perron unit root tests. The long- and short-run dynamics are obtained by using auto-regressive distributed lag (ARDL) approach to co-integration and Granger causality is used to examine the direction of the causal link among the variables. The empirical evidence indicates that there is a significant, and negative relationship between inflation and both banking sector development indicator both in the short and long run. The empirical findings reveal that high trends of inflation impede the performance of financial markets. The degree of trade openness promotes development of the financial sector.

Keywords – Financial Development, Inflation, Auto Regressive Distributed Lag (ARDL), India, Trade Openness

Introduction

There seems to be a strong consensus that a high rate of inflation aggravates economic performances of an economy. In this study we try to explain how price instability

adversely affects financial market performance in Indian economy. Existing models tried to find out the mechanism linking inflation and financial development. It is now well-established proposition that

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MONETARY POLICY IN INDIA: A METHOD IN THE MADNESS?

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ABSTRACT

The study investigates the conduct of monetary policy by the Reserve Bank of India during the period 2003-04 to 2013-14, in order to discern whether its revealed preferences correspond to the Taylor Rule for conducting monetary policy. It further deduces the relative weights that RBI attached to the different objectives: control over inflation, support to economic growth and exchange rates, during the period. The analysis finds out that the rate-setting behaviour of the Reserve Bank of India has been motivated primarily by the objective of controlling inflation; economic growth and foreign exchange play far less of a role in these decisions.

Keywords – Inflation, Monetary Policy, Taylor Rule

Introduction

The US Federal Reserve hinted at the gradual winding up of its extraordinary monetary measure, the \$85-billion-per-month purchases of bonds to support the economy following the Global Financial Crisis, in mid-2013. This mere hint, labelled “taper talk”, led to large-scale sell-off of emerging market securities, particularly bonds, by foreign portfolio investors. When the foreign investors proceeded

to repatriate their funds by selling local currencies in exchange for the US dollar, it led to dizzying fall in the currencies of the emerging market economies.

With its large current account and fiscal deficits, India was particularly hard hit. By mid-July, the situation in the currency market had become so serious as to impel the Reserve Bank of India (RBI) to announce a slew of measures, including a steep 300 basis points increase in the Marginal

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CHRONIC POVERTY AMONG THE SCHEDULED CASTES IN RURAL UTTAR PRADESH: A CASE STUDY IN MAU DISTRICT

Subhash Chandra¹ and Naresh Kumar Sharma²

ABSTRACT

This paper is a partial account of a study conducted in 2012. It probes socio-economic factors associated with poverty among SCs and STs in rural parts of Mau District (population: 2.2 million in 2011; 77% of the people are rural; 23% are SC, less than 1% ST), and seeks to analyze the impact of government programmes on this poverty. As per the Planning Commission methodology of 2011, a rural household is reckoned as poor if its daily per capita consumption-expenditure is no more than Rs. 26.

In the present independent study of households, primary data from questionnaires has been integrated analytically with data from the Indian Census, NSS, Planning Commission etc. Analytical techniques have included cross-tabulation, regression and correlation. The study focused on family size, age and gender composition, monthly per-capita consumption expenditure, assets, main sources of income or earnings, employment, level of formal education, amenities, quality of available health care facilities, and mitigations of poverty due to government programmes. There is special focus on the problem of "misidentification" of the poor (i.e. households falsely tagged as poor). 12% of the households had been "misidentified" as poor and so were wrongly getting central and state government advantages intended ostensibly for poor people. This percentage was significantly higher in areas farther away from the main town of the district (Mau). There has been significantly pervasive corruption in implementation of schemes for the poor. 40% of people seeking IAY housing allocations, 30% of those seeking PDS goods, and nearly 20% of those seeking employment under MNREGA had to pay bribes.

Nearly 30% of the people surveyed in this study were found to be illiterate (a portion not significantly different from the overall average for the district). Only 10% of the others had graduated from secondary school. However, nearly all the children were attending school—a hopeful sign. Among the poor, 69% of them were found to be in chronically poor households, that is, with poverty having persisted from one generation to the next, as ascertained by detailed questioning of the household heads. More than 40% of the adults did not have gainful employment. Of those who did have it, nearly 85% were agricultural workers. Finally, it is found that 75% of the respondents to the questionnaires reported that adequate medical facilities were unavailable anywhere near their village.

Keywords – Chronic poverty, Exclusion, Uttar Pradesh, Entitlement, Misidentification

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INTER-STATE DISPARITIES IN NET STATE DOMESTIC PRODUCT IN INDIA: A POST-REFORM PERIOD ANALYSIS

Supreet Kaur¹ and Kawaljeet Kaur²

ABSTRACT

This paper is an attempt to analyse the growth of 27 Indian states and 4 UTs in terms of their per capita Net State Domestic Product (NSDP) during the post-reforms period (i.e., from 1993-94 to 2013-14). To capture the pattern of regional development, average annual compound growth rates, sigma and beta convergence analysis has been applied. On the basis of beta convergence analysis, the study found no evidence of convergence or divergence in the growth of per capita NSDP, as β coefficient was not significantly different from zero. But, the study observed the sigma divergence (as measured by the standard deviation or coefficient of variation of regional per capita incomes), which implies that poor states are not catching up with rich ones in terms of real per capita incomes during post-reforms period. These divergences in the growth of per capita NSDP are a major challenge for policy makers and planners, as it may pose a serious threat to the socio-political harmony in an economy.

Keywords – Regional Disparities, Convergence, Divergence, Economic Growth, Economic Reforms

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ENVIRONMENTAL IMPLICATIONS OF CONTRACT FARMING: THE CASE OF COTTON CULTIVATION IN ODISHA

Narayan Sethi¹, Sanhita Sucharita² and Hemanta Kumar Pradhan³

ABSTRACT

The agribusiness firms started promoting high value crops like cotton that needs more chemicals which has both direct and indirect impacts on environment as well as on economy. The present paper examines the problems and benefits of contract farming in cotton and paddy cultivation in Odisha with special reference to analyse the environmental impact of contract farming i.e. on ground water and land quality. The paper also examine the impact of contract farming on use of ground water and land quality in Odisha, whereas, the water scarcity becomes a major constraint for non-contract farmers in cotton cultivation. In contract farming system, sometimes the production declines due to the company or the contract agency tries to shift their production relation to other farmers as well as to other regions. On the other hand, there is an excess use of agrochemicals for the contract crop compared to non-contract crop which raises the question of sustainability.

Keywords – Contract Farming (CF), Sustainability, Agrochemicals, Agribusiness, Grading, Monoculture, Odisha

Introduction

The agricultural sector is at heart of economies of the Least Developed Countries (LDCs) like India. It accounts large share of gross domestic product (GDP), ranging

from 20 percent to 60 percent and employs a large proportion of labour force from 40 percent to as much as 90 percent in most of countries. It represents a major source of foreign exchange reserve from 25 percent

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