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[ No. 21304–FIN-CT2-ESTT-0041/2013/F.]

**FINANCE DEPARTMENT**

RESOLUTION

The 4th August, 2015

**Sub: Establishment of Centre of Excellence in Fiscal Policy and Taxation (CEFT) in Collaboration with Xavier University.**

Implementation of fiscal rules at the subnational level for fiscal stability and sustainability are critical to ensure a higher growth trajectory for the national economy. Hence, fiscal policy rules at the State level are important to achieve macroeconomic stability, growth and efficient allocation of resources. The Fourteenth Finance Commission recognized the States as equal fiscal partners and emphasised on co-operative federalism. In this backdrop, dedicated study and research on State finances for policy formulation and implementation has assumed importance.

2. Realising the need for research support and academic input for formulation of fiscal policy, revenue augmentation and increasing efficiency of public expenditure, the State Government decided to establish “**Centre of Excellence in Fiscal Policy and Taxation (CEFT)**” in collaboration with Xavier University, Bhubaneswar and **made an announcement in the Budget speech 2015-16. Accordingly, Rs.12.00 crores has been provided in the Budget Estimates for 2015-16.** The Centre will assist in development of a fiscal governance system that would help in optimisation of resource mobilization as well as application of resources in a rational, equitable and sustainable manner. The Centre will be the first point of reference for policy research in tune with the objectives of Fiscal Responsibility and Budget Management (FRBM) Act.

### **3. MISSION AND VISION OF THE CENTRE**

- a. The “Centre of Excellence in Fiscal Policy and Taxation (CEFT)” is to carry on research on the overall fiscal policy of the State, provide assistance to the Finance Department of the Government of Odisha for formulation of budgetary policy, and provide analytical reports on fiscal and taxation issues.

- b. CEFT will also provide inputs with a strong academic base and core competence in federal finance to the Government. CEFT will be positioning itself as the nodal point for policy research in tune with the sound principles of taxation and fiscal prudence.

#### **4. SCHEME OBJECTIVES AND TARGETS**

The objectives of “Centre of Excellence in Fiscal Policy and Taxation” (CEFT) are:

- a. To provide evidence-based and empirically sound policy inputs to the State Government on public finance, taxation, fiscal federalism, devolution, inter-governmental issues and fiscal governance.
- b. To provide Quantitative Qualitative Fiscal Reports & suggestions to decision-makers.
- c. To function as a resource Centre on public finance and taxation by networking and collaborating with outstanding academic and policy-oriented institutions in India and abroad through alliances and programme specific partnerships.
- d. To provide support to the State Government Departments and various committees at the Central and State levels in the context of State taxes and introduction of the Goods and Services Tax (GST).

#### **5. STRUCTURE OF THE CENTRE**

- a. There will be a Chair Professor in the Centre who will be the operational head of the Centre. The Chair Professor of the Centre will be appointed by the Vice-Chancellor, Xavier University.
- b. One Associate Professor and one Assistant Professor will be in place to facilitate activities of the Centre and co-ordinate the research work allotted to them by the Chair Professor. They will plan the research design and put forth the research findings before the appropriate authority and pursue the policy actions emanating from the research outcome.
- c. Two Research Associates will be involved in implementing the research plan. One Research Officer will look after field related research activities. One Academic Executive will be involved in providing academic assistance to the Centre. One Computer Executive will be in place for providing IT support.
- d. Appointment of the Resource Persons with requisite qualification and experience required to carry out the research activities of the Centre will be the sole responsibility of the Xavier University.
- e. Every year, two doctoral students will be enrolled in the Centre based on the selection criteria of the Xavier University. In addition, two officers will be nominated

by the State Government for doctoral work in the Centre. The doctoral degree will be awarded by the Xavier University after successful completion of the doctoral work. The method of selection of the Officers for the doctoral work is to be worked out by mutual consultation between the State Government in Finance Department and Xavier University.

- f. Resources Branch of the Finance Department will be the nodal point for any immediate interface with the Centre. Joint Secretary/Deputy Secretary in-charge of Resources Branch will act as the Nodal Officer.

## 6. GOVERNING BODY OF THE CENTRE

The Governing Body of the Centre (CEFT) will set the working policies and deliverables of the centre and to provide guidance for use of resources to meet the deliverables. The Governing Body will comprise of the following:

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|----|--|---|-------------------------|
| a. | Additional Chief Secretary to Government (Finance)   | : | <b>Chairman</b>         |
| b. | Vice-Chancellor, Xavier University   | : | <b>Member</b>           |
| c. | Commissioner of Commercial Taxes   | : | <b>Member</b>           |
| d. | Secretary of an Administrative Department from the Economic Sector (on rotation basis).                                | : | <b>Member</b>           |
| e. | Secretary of an Administrative Department from the Revenue Sector (on rotation basis).                                 | : | <b>Member</b>           |
| f. | Secretary of an Administrative Department from the Social Sector (on rotation basis).                                  | : | <b>Member</b>           |
| g. | One reputed expert from National Institute of Public Finance and Policy (NIPFP) with specialisation in State Finances. | : | <b>Special Invitees</b> |
| h. | One reputed expert from the Reserve Bank of India (RBI) with specialisation in State Finances.                         | : | <b>Special Invitee</b>  |
| i. | Chair Professor of CEFT  | : | <b>Member-Secretary</b> |

The Board meeting will be held at least once in every three months to oversee the function and to provide guidance to the Centre.

## 7. LOCATION AND FACILITIES OF THE CENTRE:

The Centre (CEFT) will be located at Xavier University, Bhubaneswar. Xavier University will provide a pool of academic resources as well as physical infrastructure for the Centre.

- a. The academic resources both conventional and digital such as library facilities, data base, case studies, online Journals, computational software will be provided as per the need of the centre. A dedicated web page will be created for the Centre and research output of Centre will be made available online.
- b. The physical infrastructure including dedicated Work Station facilities to resource persons of the Centre, discussion room and other necessary facilities will be provided to the Centre.
- c. For meetings and discussion of the Centre, if necessary, a room designed to enable participatory learning and knowledge sharing with audio visual facility will be provided.
- d. A dedicated 24X7 Internet access, intra and inter-institutional networking capabilities and other computer accessories will be provided for the use of the Centre.

## **8. FINANCIAL RESOURCES OF THE CENTRE AND ITS MANAGEMENT**

- a. One-time endowment grant of Rs.12.00 crores will be provided by the State Government for creation of the Centre of Excellence in Fiscal Policy and Taxation (CEFT). The amount will be allotted by the State Government to Xavier University for creation of endowment grant fund to be maintained for five years which is refundable thereafter, if the Government desires to close the Centre.
- b. Xavier University will bear the cost of the human resources and operational expenses of the Centre from the interest income of the endowment grant fund.
- c. The Xavier University will invest the corpus in instruments of their choice for ensuring safety, liquidity and optimum return on the endowment grant fund.
- d. A separate account is to be maintained by the University for the CEFT which will be subject to audit by a Chartered Accountant.
- e. The books of Accounts of the Centre are to be kept open for inspection & audit by the Officers designated by Finance Department.
- f. The Centre should also aim at mobilizing resources through alternative sources so that the interest proceeds of the endowment grant fund do not form the only source of revenue for the Centre of Excellence in Fiscal Policy and Taxation (CEFT). It may seek funding from diverse stakeholders through external contracts/ grants for research, consulting and/ or training projects.

## **9. CONTRACTING AND PROCUREMENT**

Procurement of physical as well as intellectual properties for functioning of the Centre will be carried out by the Xavier University following standard procurement practices adopted by the University ensuring efficiency, economy and of the public funds placed at its disposal.

## 10. PERIOD OF OPERATION

The Centre will be in operation for a period for five years from FY 2015-16 to FY 2020-21. The Government may consider continuing with the collaboration depending on its relevance after completion of five years. If the State Government desires to discontinue the collaboration, the endowment grant fund will be refunded by Xavier University.

## 11. DELIVERABLES OF THE CENTRE

- a. The Annual Work Plan of the Centre which will be decided at the beginning of the financial year by the Governing Body.
- b. The Centre will schedule regular meetings with a team of officers of the stakeholder Departments and the Nodal Officer to track the progress of deliverables.
- c. The Centre will prepare quarterly reports in consultation with Finance Department
- d. The Centre will prepare contextual working papers for internal circulation.
- e. The research papers and studies will be uploaded in web page and published in academic and professional journals after obtaining the approval from Finance Department.
- f. The Centre is to bring out an Annual Report of activities at the end of each financial year. Besides, an Annual Audited Financial Statement indicating the end use of interest proceeds from the Endowment Grant Fund provided to the Centre.

## 12. MISCELLANEOUS

Doubts relating to interpretation of any term or dispute relating to functioning of the Centre have to be referred to the State Government in Finance Department and the decision of the Government in this regard shall be final and binding on all concerned. The State Government in Finance Department may modify or relax any of the provisions of this Resolution in case of difficulty in operationalizing the Centre.

### ORDER

Ordered that the Resolution be published in next Extraordinary issue of the *Odisha Gazette* and copies thereof be forwarded to all Departments of Government and all Heads of Departments.

By Order of the Governor

R. BALAKRISHNAN

Additional Chief Secretary to Government