

Notes

1. In the U.S., studies relating to subsidy evaluation and control date back to the early seventies. Studies have been commissioned by the Joint Economic Committee of the U.S. Congress as also the House Committee on Agriculture. Similarly, periodic assessments of government subsidy programmes are made at an interval of two years in Germany. There are also several cross country studies such as those by Webb, Lopez and Penn (1990), and Roberts and Trapido (1991) for the United States Department of Agriculture (USDA).
2. A number of international institutions have undertaken comparative assessments of subsidy programmes across countries and economic groupings. Surveys have been undertaken by the Commission of the European Communities (CEE, 1989, 1990, 1992), the European Free Trade Association (EFTA, 1990) and Organisation for Economic Co-operation and Development (OECD, 1983, 1990) as also by the World Bank and the IMF.
3. Also see, Break (1972), Deacon (1990), Gerritse (1990), Hauser (1981), Mackenzie (1991), Hyman (1987), Musgrave (1972) and Prest (1975) for an analytical discussion of various facets of subsidies.
4. The nominal depreciation rate is calculated as the sum of the long-term inflation rate (measured over a period of 10 years preceding 1994-95) and a two per cent real depreciation rate (assuming an average life of fifty years for a capital asset). In this paper, calculation of a nominal depreciation rate follows the assumptions and methodologies used by the two earlier studies, *viz.*, Mundle and Rao (1991) and Tiwari (1996), with a view to obtaining results that may be comparable. This method, however, may not adequately address the problem of summing capital expenditures of varying vintages reflecting differing values of the rupee.
5. Other limitations may also be noted. Subsidies arising due to tax expenditures (incentives and other concessions) are not taken into account. Subsidies implicit in a market price which would be higher than the actual price for such merit goods as technical/medical education are also not covered.
6. For a general discussion on food subsidies in developing countries, see Per Pinstrip-Anderson and Alderman (1988).

7. See, Karnik and Lalvani (1996), Narayan and Gupta (1996) and Vidya Sagar (1991), for an extended discussion on fertiliser subsidies.
8. See, Kelkar (1980), NCAER (1975), Pradhan (1991), and Verghese (1978) for a discussion on export subsidies.
9. A study of subsidies in Tamil Nadu especially those pertaining to public sector enterprises was done by Guhan (1992).

Data Sources

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