OFFICE MEMORANDUM

Subject: Two weeks’ Training on Fiscal Analysis and Forecasting at IMF Institute, South Asia Regional Training and Technical Assistance Centre (SARTTAC), New Delhi.

This is in continuation of this Department’s OM dated 22.2.2017 on the captioned subject. IMF Institute is organizing the programme for Government Officials at SARTTAC, Aerocity, New Delhi from 20th -31st March, 2017. The details of the course are at Annexure I.

2. As the course is highly relevant for the officers of IES, IMF is willing to include officers interested in attending the programme as per their requirement on a lecture to lecture basis. Interested officers may attend such lectures/sessions with prior permission of their Controlling Officer, with an advance intimation to the undersigned and to Dr. Mangal Goswami, Deputy Director, IMF SARTTAC (email: MGoswami@imf.org; contact no: +65 97248202).

3. It is also mentioned that the course is completely sponsored by the IMF Institute, SARTTAC and participation fee in no form has to be borne by the participants. However, TA/DA as applicable for the nominated officers is required to borne by the Ministry/Department/Organization concerned.

4. This issues with the approval of the Competent Authority.

(Sweta Satya)
Assistant Director (IES)
Ph: 011-2309-2491
Email id: sweta.satya@nic.in

Copy to:
Dr. Mangal Goswami, Deputy Director, IMF SARTTAC, New Delhi via email.
Monday, March 20

9:00 am - 9:30 am  Opening Session & Participants Introduction
  Mr. Hui He, Economist, IMF ICD
  Mr. Sukhwinder Singh, Director, IMF SARTTAC
  Mr. Mangal Goswami, Deputy Director, IMF SARTTAC

9:30 am – 10:00 am  Initial Quiz

10:00 am – 11:00 am  L1  Macroeconomic and Financial Implications of Fiscal Policy
  Mr. Hui He, Economist, IMF ICD
  • The macroeconomic framework and account
  • Economic effects of fiscal policy
  • Fiscal effects of macroeconomic developments
  • Coordinating fiscal and monetary policy

11:00 – 11:15 am  Group Photo

11:15 am – 11:30 am  Coffee Break

11:30 am – 1:00 am  L1  Macroeconomic and Financial Implications of Fiscal Policy (Contd.)
  Mr. Hui He, Economist, Institute for Capacity Development (ICD)

1:00 pm – 2:00 pm  Lunch

2:00 pm – 3:30 pm  L2  Fiscal Accounts and the Interrelations Between the Four Sectors of the Economy
  Mr. Hui He, Economist, IMF ICD
  • Linking expenditure and tax policies to real and external sectors
  • Fiscal financing flows in the monetary and external accounts
  • Public versus private components of saving, investment, and the external current account

3:30 pm – 3:45 pm  Coffee Break
3:45 pm – 5:30 pm  W1  Workshop: Introduction to the Malaysia Case Study and Preliminary Diagnosis of Fiscal Aggregates
  Mr. Mangal Goswami, Deputy Director, IMF SARTTAC
  Mr. Hui He, Economist, IMF ICD
  Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF

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<tr>
<th>Time</th>
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<th>Session</th>
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<tr>
<td>9:00 am – 11:30 am</td>
<td>L3</td>
<td>Elements of Revenue Forecasting I: Macroeconomic Assumptions and the Effective Tax Rate Approach</td>
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<td>Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF</td>
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<tr>
<td></td>
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<td>- Main assumptions underlying fiscal forecasts, from GDP to proxy tax base</td>
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<td>- Tax rate, effective tax rate</td>
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<td>11:30 am – 11:45 am</td>
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<td>Coffee Break</td>
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<td>11:45 am – 1:00 pm</td>
<td>W2</td>
<td>Revenue Forecasts I</td>
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<td>Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF</td>
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<td>Mr. Hui He, Economist, IMF ICD</td>
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<td>1:00 pm – 2:00 pm</td>
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<td>Lunch Break</td>
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<td>2:00 pm – 3:30 pm</td>
<td>W2</td>
<td>Revenue Forecasts I (Contd.)</td>
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<td>Coffee Break</td>
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<td>3:45 pm – 5:30 pm</td>
<td>W2</td>
<td>Revenue Forecasts I (Contd.)</td>
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<tr>
<td>9:00 am – 11:30 am</td>
<td>L4</td>
<td>Elements of Revenue Forecasting II: The Elasticity Approach and Projections of Revenue Components</td>
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<td>Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF</td>
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<td>- Estimation and implementation of revenue elasticities</td>
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<td>- Distinction between ‘elasticity’ and ‘buoyancy’</td>
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<td>- Adjusting for tax policies</td>
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<td>11:30 am – 11:45 am</td>
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<td>Coffee Break</td>
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### Thursday, March 23

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| 9:00 am - 11:30 am | L5    | **Expenditure Forecasting and Elements of Expenditure Policy**  
*Mr. Hui He, Economist, IMF ICD*  
- The output-gap elasticity of expenditures  
- Projections at unchanged policies: model-based projections and discretionary adjustments  
- Issues in expenditure policy |
| 11:30 am - 11:45 am |       | **Coffee Break**                             |
| 11:45 am - 1:00 pm | L5    | **Expenditure Forecasting and Elements of Expenditure Policy (Contd.)**  
*Mr. Hui He, Economist, IMF ICD* |
| 1:00 pm - 2:00 pm  |       | **Lunch Break**                              |
| 2:00 pm - 3:30 pm  | W4    | **Workshop: Expenditure Forecasts**  
*Mr. Hui He, Economist, IMF ICD  
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF* |
| 3:30 pm - 3:45 pm  |       | **Coffee Break**                             |
| 3:45 pm - 5:30 pm  | W4    | **Workshop: Expenditure Forecasts (Contd.)**  |

### Friday, March 24

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| 9:00 am - 11:30 am | L6    | **Analysis of Fiscal Aggregates, Adjusted Balances, and Fiscal Position**  
*Mr. Hui He, Economist, IMF ICD*  
- Fiscal balances and their economic interpretation  
- Structural and cyclically adjusted balance  
- Measuring fiscal stance and fiscal impulse |
11:30 am – 11:45 am  Coffee Break

11:45 am – 1:00 pm  L6 Analysis of Fiscal Aggregates, Adjusted Balances, and Fiscal Position (Contd.)
Mr. Hui He, Economist, IMF ICD

1:00 pm – 2:00 pm  Lunch Break

2:00 pm – 3:30 pm  W5 Workshop: Malaysia’s Fiscal Stance
Mr. Hui He, Economist, IMF ICD
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF

3:30 pm – 3:45 pm  Coffee Break

3:45 pm – 5:30 pm  W5 Workshop: Malaysia’s Fiscal Stance (Contd.)

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**Monday, March 27**

9:00 am - 11:30 am  L7 Public Debt Sustainability
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF

- The debt dynamics
- Elements of debt sustainability analysis
- Fiscal objectives and policies to stabilize or reduce the debt

11:30 am – 11:45 am  Coffee Break

11:45 am – 1:00 pm  L7 Public Debt Sustainability (Contd.)
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF

1:00 pm – 2:00 pm  Lunch Break

2:00 pm – 3:30 pm  W6 Workshop: Debt Sustainability
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF
Mr. Hui He, Economist, IMF ICD

3:30 pm – 3:45 pm  Coffee Break

3:45 pm – 5:30 pm  W6 Workshop: Debt Sustainability (Contd.)
Tuesday, March 28

9:00 am - 11:30 am  L8  Coordinating Fiscal and Monetary Policy  
Mr. Ehsan Ebrahimy, Economist, IMF ICD

- Review of fiscal and monetary policy in static Keynesian model (with graphical representation)
- Impacts of spending or revenue changes on core macroeconomic variables
- Fiscal multipliers: implications of monetary accommodation and exchange rate flexibility

11:30 am – 11:45 am  Coffee Break

11:45 am – 1:00 pm  L8  Coordinating Fiscal and Monetary Policy (Contd.)  
Mr. Ehsan Ebrahimy, Economist, IMF ICD

1:00 pm – 2:00 pm  Lunch Break

2:00 pm – 3:30 pm  L9  Fiscal Governance  
Mr. Ehsan Ebrahimy, Economist, IMF ICD

- Fiscal transparency and enhancing credibility of the fiscal authority
- The design of fiscal institutions
- Fiscal rules and anchors

3:30 pm – 3:45 pm  Coffee Break

3:45 pm – 5:30 pm  L10  Analysis of Fiscal Risks and Vulnerabilities  
Mr. Michael McMahon, Associate Professor, University of Warwick and Consultant, ICD IMF

- Sources of fiscal risk
- Tools and indicators
- Reporting on fiscal risk
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| 9:00 am - 11:30 am | L11    | **Fiscal Multipliers: Estimation and Use**  
*Mr. Ehsan Ebrahimy, Economist, IMF ICD*  
- Alternative approaches to multipliers – Keynesian vs. New Classical (utility/productivity of government expenditures)  
- Recent estimates: what have we learned about fiscal multipliers?  
- Fiscal multipliers in severe recessions/when the zero lower bound constrains |
| 11:30 am – 11:45 am |        | Coffee Break                                                            |
| 11:45 am – 1:00 pm | L12    | **Designing a Credible Fiscal Baseline**  
*Mr. Ehsan Ebrahimy, Economist, IMF ICD*  
- Setting fiscal targets: macroeconomic considerations  
- Implementing fiscal consolidation  
- Instructions for participants for final presentation. |
| 1:00 pm – 2:00 pm |        | Lunch Break                                                              |
| 2:00 pm – 3:30 pm | P1     | **Preparation of Fiscal Baseline for Malaysia**                         |
| 3:30 pm – 3:45 pm |        | Coffee Break                                                             |
| 3:45 pm – 5:30 pm | P1     | **Preparation of Fiscal Baseline for Malaysia**                         |
| 9:00 am - 5:30 pm | P1     | **Preparation of Fiscal Baseline for Malaysia**                         |
| 11:30 am – 11:45 am |        | Coffee Break                                                             |
| 1:00 pm – 2:00 pm |        | Lunch Break                                                              |
| 3:30 pm – 3:45 pm |        | Coffee Break                                                             |
| 9:00 am - 10:30 am | P2     | **Group Presentations**                                                 |
| 10:30 am – 10:45 am |        | Coffee Break                                                             |
| 10:45 am – 11:15 pm |        | Final Quiz                                                               |
| 11:15 pm – 12:45 pm |        | Course Evaluation                                                        |
| 12:45 pm – 1:00 pm |        | Closing and Presentation of Certificates                                 |
| 1:00 pm – 2:00 pm |        | Lunch Break                                                              |