

Factoring Inter-state Trade in Regional Input-Output Tables of States of India

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India's internal trade amounts to less than 15 per cent of GDP, but still due to its population, India has one of the biggest markets within its own boundaries. However, there is a lack of reliable, comprehensive data on the quantity and value of products exported from a State to other Indian States or to other countries, and therefore, policy makers have found it difficult to clearly identify solutions or accurately evaluate the impact that policies are having on internal trade flows. The issue of lack of adequate data poses a problem in the compilation of Regional Input Output Tables, which could help in making policy suggestions for the States to build upon their comparative advantages.

In this paper, an attempt has been made to evolve a methodology to quantify the trade component for each state using two micro-level datasets - (1) the State Movement/Flows of Goods and (2) the Foreign Trade Statistics for India. Together, they detail good-specific trade flows bilaterally between Indian states and internationally between each Indian state and the world. On the export side, it includes the state of origin, the destination for cross-state trade, and the port of exit for international trade. For imports, it includes the state of origin in the case of cross-state trade and the port of entry for international trade. However, the interstate trade data, which is available in volumes and not in values, is "un-priced" to make it suitable for use in the Regional Input Output Table. The derived estimates are discussed for two major States of India, which have a strong production base of agriculture and manufacturing.