From Supply and Use Tables to Social Accounting Matrices for India: A Synthesis of Methodologies

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Author: Anuradha Venkatesh
Co-Authors: Barun Deb Pal

We contribute to India’s macroeconomic database of Input-Output Tables (IOTs) and Social Accounting Matrices (SAMs) by compiling tables for an updated base year. Our methodology is a synthesis of national and global compilation techniques. Although existing approaches conform to the System of National Accounts (SNA), a convergence has not been established in the Indian context. Revisiting these methods using a common I-O table will help establish consistency among databases and provide methodological insights. The Central Statistics Office (CSO) of the Government of India has been regularly publishing IOTs since the 1960s. The latest table was published in 2012 for the reference year 2007-08. Although a Supply and Use Table (SUT) is available for 2012-13, a corresponding IOT has not been presented thus far. Given their significance in understanding complex inter-relationships within economies, it is imperative that they are regularly made available to practitioners in the field. In this study, we synthesise methodologies described in the Eurostat Manual on Input-Output Tables and the CSO’s latest publications to construct a symmetric I-O flow matrix from supply, absorption and make matrices. A 140 x 140 commodity matrix comprises a uniquely detailed database, useful to practitioners and policy makers alike. We also compile satellite accounts, namely, an investment and labour matrix. Since the government has not published them for several years, we develop a methodology to undertake their construction. In addition, this study enriches India’s anthology of SAMs by compiling a disaggregated matrix of 140 sectors. The SAM takes into account gender, regional and skill-wise differences in labour. Further, it classifies households according to region and income deciles. Such extensive databases find important applications in a wide range of macroeconomic policy analyses, and provide the foundation for computable general equilibrium modelling.

Keywords
Input-output flow matrix, social accounting matrix, satellite accounts, supply and use tables, database creation, compilation, methodology, national accounts, macroeconomics