

ON THE CONSTRUCTION AND USE OF INTERINDUSTRY TRANSACTIONS TABLES IN INDIA*

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I. *Introduction*

1. There is a close relation between the concepts used in inter-industry accounting and in national income accounting. Generally, in inter-industry analysis, the main emphasis is on the two way part of the table which is usually given with detailed sectoral breakdowns. The main emphasis in national income accounting is with the values added in the various sectors, their intermediate distribution by factor shares, etc. and their final uses in consumption and capital formation. All these occur in the case of inter-industry analysis in the margins of the two way table.

2. Coming to the procedure of obtaining national income estimates and input output tables, it is clear that both should depend on the same type of primary data and similar kind of treatment of the material. In India, for example, the estimate of national income is largely obtained from production data by making adjustments for the cost of production. If the cost in each sector can be disaggregated and shown as components coming from various industrial sectors, then we obtain an inter-industry transactions table for the country. And in fact, this method has been largely used for obtaining the Indian inter-industry transactions tables. Since the process involves more careful examination of the elements of cost in a sector, it should be possible to improve the procedure of netting for national income estimation, in case it is done simultaneously with the construction of an input-output table. However, the number of sectors distinguished for input-output tables are usually larger than those used for purposes of national income estimation. So long as such disaggregation is permitted by available data, the process should lead to an improvement in national income statistics. But sometimes, when more sectors are taken than warranted by available information, the whole

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