

PURCHASERS' PRICES, PRODUCERS' PRICES AND 'MARGINS' IN THE ORGANISED INDUSTRIES IN INDIA—1959

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1. One of the important considerations in the compilation of an inter-industry current-flow matrix is, whether the inter-sector flows should be valued at producers' prices or purchasers' prices. Between the two sets of prices lie the following items: (i) transportation costs (ii) indirect taxes and (iii) trade (wholesale and retail) margins.
2. A transaction table constructed at either level of valuation will have certain properties. In the table at purchasers' prices all the inter-sector transactions as well as the entries in the final demand vectors will be at market prices. Further in this table the distributive costs are charged to the producers of the product. As a result such costs become part of its input structure. In the case of a table at producers' prices or ex-factory prices the distributive costs are charged to the purchasers of the relevant commodity. This would necessitate our treating specially the trade and transport sector.
3. Whether to charge the services of trade and transport to the seller or to the buyer constitutes the main question. In the first case producers are supposed to sell their products to consumers at purchasers' prices. The whole cost of delivery of products from the gate of the factory to the industries or the private individuals includes cost of transportation and costs of trade and warehousing. Such a treatment inevitably means that each product appears as sold at different prices according to different kinds of buyers; that part of it which is sold to industries will appear at wholesale prices while final output sold to individuals will appear at retail prices. Such variations in the prices within the same row should be avoided.
4. It may be mentioned that the tables prepared by the Indian Statistical Institute (I.S.I.) for the Indian economy for the years 1953-54 and 1955-56 present the current flows at market prices. The inter-industry matrix prepared by the Inter-Industry Study Group of the Planning Commission for the year 1959 (included in this