

DISTRIBUTIVE MARGINS IN THE LARGE SCALE MANUFACTURING INDUSTRIES

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The purpose of this Paper is to evaluate the distributive costs in the large scale manufacturing industries. In Section I the importance of evaluation of distributive costs for the input-output analysis is discussed. The method of evaluation, and the results are presented in Section II.

SECTION I

In the theoretical framework of the interindustry analysis the intersectoral flows are considered in physical units. But because of the difficulties in aggregating the physical units, in practice the intersectoral flows are presented in value units rather than in physical units. The question as to how these flows are to be valued—whether at the price the purchaser pays or at the price received by the producers is important. What all the purchaser pays is not received by the producer. A part of it goes to the Government in the form of taxes, a part to the trader as his trading costs and margins, and another part goes to the transport sector as service charges for moving the commodities from the producer to the purchaser. The difference between purchaser's price and producer's price comprises of Transport charges, Traders costs such as warehousing, insurance and trader's margins, and Taxes. These are termed as distributive costs or margins.

Inter-industry tables can be constructed either in purchaser's prices or in producers prices. In India the input-output tables constructed by the Indian Statistical Institute (ISI) for the years 1953-54 and 1955-56 are at purchasers prices. The 1959 Planning Commission table and the 1960-61 ISI tables are at producers prices. The sector table constructed by the Gokhale Institute for 1963 is in purchasers prices.

* I thank Mr. A. R. Kulkarni and Mr. D. B. Unde for Computer Programming.