

WHY REGIONAL INPUT-OUTPUT ANALYSIS

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In the present paper an attempt has been made to answer the following important questions:

- (a) Are input-output coefficients invariant over the regions?
- (b) Are input-output coefficients invariant over time?
- (c) Is there 'size of sector' effect on input-output coefficients?

Alternatively, in statistical parlance, the object of our analysis is to test the following three null hypotheses corresponding to (a), (b) and (c) respectively:

- (i) There is no regional effect on input-output coefficients.
- (ii) There is no temporal effect on input-output coefficients.
- (iii) There is no 'size of sector' effect on input-output coefficients.

To this end, we have used a covariance regression model. The empirics of the same have been worked out on the basis of input-output coefficients relating to the 6 industries goods sectors, obtained separately for the 6 regions of India and for 1960 and 1962 each. Broad framework of ensuing analysis is as follows. Section 1 gives a brief description of data used to obtain input-output coefficients. Section 2 spells out covariance regression model and underlying assumptions. Section 3 summarises empirical findings leading to choice of an appropriate model. Section 4 sets out the results of tests of the null hypotheses (i), (ii) and (iii). Section 5 contains resume and conclusions.

1. Data

Input-output data gleaned from Annual Survey of Industries, 1960 and 1962 form the main basis of analysis undertaken here. Data for about 200 industries are available separately for each State or a group of States. These industries have been grouped into 6 sectors

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