

## ON THE VALIDITY OF NSS ESTIMATES OF CONSUMPTION EXPENDITURE

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1. We propose to examine here the NSS estimate of consumption expenditure as a measure of the aggregate private consumption expenditure. Private consumption expenditure, today, is of the order of 80 per cent of the net national product (NNP) at market prices. The estimate of NNP in India does not depend on survey consumption data, and is based largely on information on output. A substantial part of the aggregate NNP in a particular year is based on projections and surmises and does not depend on direct information pertaining to the year. Consequently, corroboration of a sizable part of it by a completely independent survey estimate will be welcome provided we are satisfied about its validity and accuracy.

2. We propose to examine here only the aggregates obtained by the NSS and not the composition of the aggregates. An examination of the composition is one method of assessing validity of an aggregate. We, however, do not propose to take this up in this paper. It is well-known that the pattern exhibited by the NSS estimates of consumption expenditure is, by and large, consistent in the sense that it does not change widely from one round to another, though certain shares change systematically. On the other hand, the NSS pattern is different from the one based on product flow estimates of consumption expenditure, showing a higher share for foodgrains and a lower share for services. Since the empirical basis of the product flow estimate is even weaker than that of the components of NNP, in view of the application of relatively arbitrary allocation ratios and distributive margins on the values of output as produced, this discordance does not unequivocally establish that the survey estimates are at fault in view of their stable pattern and systematic change. Also, when the detailed pattern is considered, the survey, being limited in size, is naturally less accurate for the components of expenditure depending on a fraction of the sample than for the aggregate. Thus