

# Mix Co-efficients in Input-Output Systems

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## 1. INPUT-OUTPUT TABLES IN PRODUCERS AND PURCHASERS PRICES

The Input-Output coefficient matrices can be constructed either in Purchasers Prices or in Producers Prices. The difference between the two prices is due to trade, transport and taxes, etc. which together are usually referred to as distributive margins. It is well known that coefficients evaluated at Producers Prices are more stable as they are based on technology while those evaluated at Purchaser Prices are subject to more frequent changes due to changes in tax policy, etc. (P. Venkatramaiah (1969) p.200ff.) For this reason the Input-Output coefficient matrices are usually constructed in Producers Prices yielding a much more accurate representation of the technical requirements of production and also ensuring that the estimate of the technical coefficients, except those relating to distributive margins, are unaffected by the changes in the goods distribution pattern of the system which is more institutional than technical.

### *Balancing relations*

Whether one constructs the tables in Producers Prices or Purchasers Prices it is necessary to evaluate the margins as the input data are usually available in Purchasers Prices while the output data are in Producers Prices. If the outputs and inputs are in different prices, the balancing relations, from which the fundamental relation

$$X = (I-A)^{-1} F$$

is derived, cannot be formulated.

### *Matrix of Margins and Data Base*

For a commodity the Purchasers Price differs according to the sector in which it is consumed, and hence it is necessary to work out a whole matrix of margins to derive input coefficients in Producers Prices from the given data where inputs and outputs are in Purchasers Prices and