

Inter Industry Transactions in a District

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Input-output analysis is widely used for understanding the structure of the economy and provide a basis for planning models. An extensive literature has evolved with improvements in terms of the number of sectors considered and the technique has been extended for different states.¹ In the light of the recent emphasis on district planning, there is a need for extending this analysis to the district level. Such an attempt will at least provide the macro picture of the district economy.

Construction of an input-output table and its use for policy prescriptions at a district level create formidable problems. For instance, district, being a small geographical unit, is more open than a state and hence any policy impact analysis may have to take into account interactions with outside region. However, it helps to understand the inter-industry linkages in the district and also to examine the income and employment linkages consequent to the import of inputs from outside areas. This paper develops a methodology to construct an input-output table for a district with the available secondary data supplemented with sample survey data. Even though the estimates are only rough approximations, the table helps to understand the broad structural features of the economy. The major focus is on examining the inter-industry imports on the district economy which helps us to understand the pattern of industrialisation, which can minimise the leakages caused by inter-industry imports. It should be noted that the term 'imports' refers to flow of commodities into the district from areas outside the district. It does not stand for imports from other nations.

The study is confined to East Godavari district in Andhra Pradesh and only sectors relating to agriculture and industry are considered. The organisation of the paper is as follows. The next section deals with the basic structure of the input-output table. The methodology adopted in its construction is presented in Section III. The structural features of the economy as revealed from it are discussed in Section IV. Some policy issues emerging from the analysis are discussed in Section V.