

Estimation of Capital Coefficient Matrix for Organised and Unorganised Manufacturing Sectors of the Indian Economy, 1989¹

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This paper focuses on the organised and unorganised parts of the Indian manufacturing sector. It attempts to construct a thirty two sector capital coefficient matrix (the B matrix) separately for the two parts, for the year 1989. Using the B matrices so constructed, the capital requirements have been estimated for the outputs of the organised and unorganised manufacturing sectors for 2000-2001.

Capital assets of the organized sector are concentrated in the “plant and machinery”, whereas the unorganized sector leans heavily towards the sectors “building and construction”, “ownership of dwellings” and “transport equipment”. The direct and indirect capital requirements for 2000-2001 show that the organised sector makes a much higher demand for its capital requirements in the rest of the economy than the unorganized sector. It is also stimulates more number of sectors than the latter.

I Introduction

The capital coefficient matrix for the Indian economy as a whole is not brought out by any official agency regularly. It has been estimated off and on by independent researchers. In the current study we undertake to generate the capital coefficient matrix separately for the organised and unorganised manufacturing sectors of the Indian economy. The capital coefficient matrix for the organised manufacturing sector will show different types of fixed assets required by a typical unit, per unit of output. Similarly, it will show them for the unorganized

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