

A Social Accounting Matrix for India, 2007-2008

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The paper attempts to build a Social Accounting Matrix (SAM) for India for 2007–2008. It consists of 78 sectors and nine categories of households which are based on occupation and location (i.e., rural and urban). The gross value added has been divided into three factors of production, i.e., labour, capital and land. Further, labour has been divided into three types, i.e., unskilled, semi-skilled and skilled. The main data sources used in the construction of SAM are CSO's I-O table 2007-2008, NSSO's 66th round of survey on consumer expenditure and NCAER's Income-Expenditure Survey, 2004-2005.

I Introduction

A Social Accounting Matrix (SAM) is a single entry accounting system that represents all transactions and transfers among different sectors of production, factors of production and institutions of the economy in a single matrix format. The framework of a SAM is a square matrix where each row represents the receipts and each column stands for the expenditure of the respective account. The SAM framework extends the input-output model¹ by including information on income distribution and final demand. An I-O table has information on payment of incomes to factors of production by sectors, but not by institutions. Therefore, there is a lack of information on the distribution of income among owners of these factors. A SAM contains information both on the distribution of income among factor owners and also on their payments from other sources such as transfer payments from government and remittances from abroad. In addition, a SAM has information on direct taxes while an I-O table has information on indirect taxes only.

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¹The input-output table, developed by Wassily Leontief, is a matrix representation of accounting for an economy, which depicts interdependencies among different sectors of the economy. An I-O table shows the flow of goods and services from each sector of an economy over a specific period. Its origin may be traced to Quesnay's Tableau Economique.