

Data Gaps in Indian Input-Output (I-O) Tables

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An Input-Output (I-O) Table shows the flows of goods and services from each sector of the economy to the other sectors over a specified period of time, especially within a year. It, therefore, captures inter-dependencies among different economic sectors of the economy. However, I-O approach encounters some problems. This note article, thus, tries to identify the limitations relating to the basic I-O technique and the I-O tables provided by Central Statistics Office (CSO). In addition, it recommends alternative ways as well as other data sources such that the problems can be overcome for Indian economy.

I Input-Output Table for Inter-Industry Structure or Inter-Sectoral Relations and their Interdependence

An Input-Output (I-O) Table shows the flows of goods and services from each sector of the economy to other sectors over a specified period of time, usually a year (Pradhan, *et. al.* 2006), thus exhibiting inter-dependence among the sectors, both through demand as well as supply side. While one is through the demand side, another is through the supply side. For instance, to produce a given level of output in any sector of the economy, there is demand for different types of raw materials, capital equipments along with labour, and other factors of production, thus creating a certain level of demand driven interrelationship among different sectors. Similarly, the produced output in any sector may be distributed either for intermediate use (i.e., used as an input in the production process of goods and services by other sectors as well as by the own sector) and/or for final use (direct utilization of the output by the final consumers, i.e., private or government consumption, capital formation, exports, imports, etc) which, in turn, creates a supply-led interdependence among the sectors (Kaur, *et. al.* 2009). An Input-Output table, therefore, can nicely capture such interdependencies among several sectors and thus provide the inter-industrial structure of an economy. Also Given the importance of inter-sectoral dependence across the sectors, it is understandable that Input-Output (I-O) tables and I-O analysis are extensively used by countries across the world including India and its states and union territories over. This is true for India and its states and union territories. However Despite this, there are some limitations certain limitations that exist regarding the use of I-O table provided by Central Statistics Office (CSO), Government of India.

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