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**PART VI**  
**QUICK ESTIMATES OF NATIONAL PRODUCT AND RELATED**  
**AGGREGATES**

CHAPTER XXIII

QUICK ESTIMATES OF NATIONAL PRODUCT AND RELATED AGGREGATES

23.1. The quick estimates of national products, final consumption expenditure, saving, capital formation and performance of public sector are prepared following essentially the same methodology as used for the preparation of regular estimates—details of which have already been covered. However, at the time of preparation of quick estimates detailed requisite data are not always available. As a result suitable indicators based on latest available information and trends observed over the past years have essentially to be used for the preparation of quick estimates for some of the subaggregates. The estimates thus prepared on the basis of the incomplete source material are tentative in nature and subject to revision where relevant details become available.

National Product

23.2. *Agriculture & Livestock.*—For most of the principal crops the final forecast of production becomes available from DESAg. In respect of some principal crops such as tobacco, potato, coconut, arecanut, banana, tapioca etc. the area estimates are only available from the First/Second forecasts issued by DESAg. The estimates of production in such cases are prepared by projecting the previous year's estimates on the basis of changes in the area estimates. In respect of minor & unspecified crops no data on either area or production are available at the time of preparation of quick estimates. For these crops estimates are prepared by moving forward the latest available estimates by the trends observed in the estimates of related principal crops. The usual method is followed for the measurement of quantum of livestock products.

23.3. In the absence of detailed price data from the State Governments, the previous years' prices of the principal crops have been carried forward using the change observed in the State level prices collected from DESAg. In the case of the crops for which such prices also are not available and in the case of livestock products the trend observed in the EA's index number of wholesale prices is used to estimate the current prices. For the estimation of the value of increment in livestock, the prices of different categories of livestock are worked out on the basis of past trend.

23.4. The provisional data in respect of the inputs like fertilisers, electricity, pesticides, irrigation charges and diesel oil generally become available in time. The estimates of inputs like seed, livestock feed and market charges are prepared on the basis of the latest available data following the usual methodology.

23.5. *Forestry & Logging.*—The data on output and prices generally, do not become available for most of the States. As such the estimates are prepared by carrying forward the estimates for the preceding year on the basis of the trend observed in the government revenue available from State budget documents. The adjustment on account of price changes is made by using the specially prepared index of prices of timber obtained from the National Buildings Organisation.

23.6. *Fishing.*—The data on output and prices become available only for a few States. For the States for which data are not available, the estimates of output are prepared using the trend observed in the provisional estimates of production obtained from the Ministry of Agriculture (Fisheries Deptt.). The prices separately of marine/inland fish are worked out by moving the previous year's prices with the help of EA's index number of wholesale prices of fish.

23.7. *Mining and Quarrying.*—The estimates are based on the available data which are often partial. No attempt is made to prepare the estimates at State levels. To the extent annual output data for major minerals are available from IBM these are utilised. Generally, for minor minerals no data are available at the time of preparation of quick estimates and the estimates for the previous years are therefore repeated. The same method is also followed for such of the major minerals, for which data do not become available. The latest available deductible rates are applied to the value of output figures to arrive at the estimates of gross/net value added.

23.8. *Registered Manufacturing.*—To obtain quick estimates the current price estimates for the latest year based on ASI data are adjusted for the production and price effect with the help of indices of industrial production and wholesale prices, at two digit level of NIC-70. Similarly, for estimates at constant prices the corresponding estimates for the previous year are moved forward with appropriate adjustment for production changes. The index of industrial production at two digit level of NIC-70, is used for the purpose.

23.9. *Unregistered Manufacturing.*—The quick estimates both at constant and current prices are generally based on partial data for the year following broadly the same methodology as used for preparing the provisional estimates. The data on the major components usually become available and in the case of non-availability of data, the trend in the latest available data is used.

23.10. *Construction*.—Quick estimates are prepared following the usual methodology except for the following minor modification due to non-availability of data. Thus, the value of domestically produced iron and steel goods used in construction is estimated by moving forward the corresponding value for the previous year with the help of the production estimate of finished steel and E.A.'s index numbers of wholesale prices of iron and steel structurals, plates and sheets, bars and rods, rails and sleeper bars. In the case of timber and roundwood, similarly current value of output of forestry is used to move forward the earlier estimate.

23.11. *Electricity, Gas and Water Supply*.—At the time of the preparation of quick estimates, the annual accounts of the electricity undertakings are generally not available. As such, the estimates are prepared by moving the estimates for the previous year with the help of index numbers of production and wholesale price of electricity generated. For water supply, the estimates at current and constant prices are obtained by using the past trend.

23.12. *Transport by Other Means and Storage*.—For the preparation of quick estimates at current and constant prices where complete current data are not available, trends observed from partial available series and similar information for previous years are utilised. Thus, for example, in the case of water transport data from responding public and private shipping companies and gross registered tonnage are used to carry forward the previous year's current prices estimates. The estimates at constant prices are prepared using data on cargo carried by shipping companies, sailing vessels and cargo handled at major ports. For air transport, partial data (usually for eight to ten months) on passenger and freight km/Tonne flown are used for the preparation of estimates at constant prices and current price estimates are based on total revenue earned. In the absence of any fresh data for mechanised road transport past trend is used to project previous year's estimates. Estimates of services incidental to transport are prepared using proportions of value added in railways, air and water transport (shipping companies) to value added in this subsector.

23.13. *Trade Hotels and Restaurants*.—Following the usual methodology the estimates are prepared by using the estimates of value of output in commodity producing sectors and trade margins.

23.14. *Banking and Insurance*.—Generally, complete data are not available for any of the constituent sub-sectors. Partial data are available for Banking Department of the RBI., commercial banks, life insurance and public sector non-banking financial corporations. The factor incomes in these sub-sectors are estimated making use of the currently available partial data and the data of preceding years. In the case of non-banking financial companies, co-operative credit societies, postal life insurance and non-life

insurance companies the data in general do not become available at the time of preparation of quick estimates. The estimates of value added at current and constant prices are obtained in each of these sub-sectors by using the growth rates for the previous year.

23.15. *Real Estate, Ownership of Dwellings and Business Services*.—The data on rent etc. from municipalities do not become available for preparing the quick estimates. The average rental per census dwelling in rural and urban areas and the number of urban dwellings are estimated using the change observed during the preceding year. For real estate, the estimates of value added are obtained on the basis of the change in the preceding year. In the case of business services, the profits and dividends of the previous year are repeated.

23.16. *Public Administration and Defence*.—The estimates for the central government and all the major States and union territories are based on an actual analysis of revised estimates data available in the budget documents. However, in the case of a few of the States/union territories and local bodies for which the actual analysis of revised estimates is not feasible, estimates for the previous year are generally repeated. The estimates at constant prices are prepared following the methodology for the detailed estimates normally published in NAS.

23.17. *Other Services*.—The estimates are prepared separately for the categories of education, medical & health services, sanitary services and the rest. Estimates for education and medical and health services at constant prices are prepared using partial (for two quarters) data on employment in these services available from DGET. In the absence of actual data on wages and salaries in education and medical health services the current price estimates of these sub-sectors have been moved using the growth rate observed in budgeted expenditure under these categories. In the absence of any current data on sanitary services estimates for this sub-sector at current and constant prices are prepared using the past trend. In the case of remaining services the method of preparing quick estimates is the same as for the estimates published in NAS. Per head earnings in urban and rural areas for these services are estimated using the index number of consumer prices of urban non-manual employees and wages of rural skilled workers respectively.

#### Private Consumption Expenditure

23.18. In the absence of current information on imports, exports and changes in stock, the method followed consists of projecting the preceding year's estimate of private consumption expenditure using the observed trend in the output, product of the relevant items. Thus, for agricultural commodities, the ratio of values of production in the current year and the preceding year is used for moving the estimate of the previous year. The value of production is taken

at the respective current prices while computing the quick estimates at current prices, and at constant (base year) prices while computing the quick estimates at constant prices. In the case of manufactured articles, the estimate at current prices for the preceding year is moved in proportion to the combined trend in the relevant indices of production and wholesale prices to obtain the quick estimates at current prices. The constant price estimates for the preceding year is moved in proportion to the trend in the production index. In the case of services the consumption expenditure is equated to gross output of these services. Gross output is estimated using constant input-output ratio and gross value added by these services. These ratios are based on estimates of earnings and gross value added per worker, available from NSS and other sources. Thus, quick estimates of private consumption expenditure for these items are directly derived from the corresponding quick estimates of domestic product in these sectors.

### Saving

23.19. The quick estimates of saving are prepared generally following the detailed methodology. Where actual data are not available, the estimates have been prepared on the basis of trends observed in the related items.

#### Household Saving

23.20. *Currency*.—Currency with the households is derived deducting the cash holdings of non-household sectors from the total money supply with the public. The data on total money supply as on last Friday of the year are used for the purpose. As regards the currency holding of non-households sectors, the cash holdings of railways and insurance usually become available. For the rest of the sub-sectors, the currency holding has been estimated on the basis of past trend.

23.21. *Net Deposits with Corporate Sector*.—In the case of the commercial banks the aggregate deposits and advances of all commercial banks are worked out on the basis of the trend observed in the case of scheduled commercial banks (available in RBI Bulletins). The household components of deposits and advances are estimated using the latest available proportions based on detailed data. Household deposits with non-banking companies are estimated on the basis of the past trend. In the absence of the detailed data, net deposits of the households, with the co-operative societies are built up on the basis of the indicator of the growth of deposits of the co-operative banks maintaining accounts with RBI. In the absence of data on finances of private joint stock companies, the estimates of the trade debt (net) are worked on the basis of past trend.

23.22. *Shares and Debentures*.—The investment of households in shares and debentures is estimated following the usual residual approach. The current information on total shares and debentures is collected from the Controller of Capital Issues. In the case of non-household

sector, the information on investments by the LIC and State Governments are available. For the rest of the non-household sector, the ratio of their holdings to the total share and debentures in the previous year is used. The investment of the households in the shares and debentures of co-operative societies is arrived at using past trend. The investment of household in Unit Trust of India is estimated on the basis of current data available in its annual report.

23.23. *Net Claims on Government*.—The current data relating to Central and State government securities are taken from the annual publication *An Economic and Functional Classification of the Central Government Budget (M/Finance)* and the *Report on Currency and Finance (RBI)*. Current data also become available for investment in government securities by LIC, provident funds, RBI and commercial banks. The figures of investments by the remaining institutions which are of small magnitude are usually repeated. The requisite details on small saving, compulsory deposits and net borrowing of households are also available.

23.24. *Provident Fund and Life Fund*.—The information on provident fund contribution for most of the institutions are available. In the case of life fund, the data on postal insurance and State insurance are collected from Post and Telegraph Department and State Government budget documents. For life insurance, the estimates are prepared on the basis of trend observed in life fund of LIC.

#### Saving of Private Corporate Sector

23.25. For the non-government non-financial enterprises the RBI analysis of large public limited companies are generally used. In the case of non-availability of the results of this RBI study, the estimates are prepared on the basis of other available information on the subject including studies undertaken by private institutions/organisations. In the case of the non-government financial enterprises, the saving of private sector commercial banks are prepared on the basis of trend of profits of private sector banks as revealed in the *RBI Annual Report*. The savings of private financial and investment companies and co-operative societies are estimated on the basis of past trends.

#### Public Sector Savings

23.26. The estimates of saving relating to the administration and departmental enterprises are obtained following the usual methodology using revised estimate data available in the central and State government budget documents. The saving of non-departmental enterprises are based on the analysis of profits and loss account and balance sheet of selected important enterprises.

#### Domestic Capital Formation

23.27. Though the quick estimates are prepared following broadly the same methodology as for the provisional estimates, due to the non-availability of detailed data, gross capital formation by industry of use are prepared only for a

few selected industries, viz., agriculture, registered manufacturing, railways, communication and public administration and defence. From the total estimate of the total gross capital formation obtained by type of assets (adjusted for errors and omissions), the estimates for the above industries are deducted to obtain the total for the other industries. Minor modifications in the methodology, which are necessitated due to time lag in the availability of data are discussed below.

#### *Fixed Capital Formation by Type Assets*

23.28. The departures for the preparation of quick estimates of capital formation in construction have already been discussed.<sup>78</sup> As regards capital formation in machinery and equipment, in the absence of ASI data, the ex-factory value of output of machinery and equipment comprising capital formation for the previous year, is carried forward with the help of the index of industrial production at two digit level of NIC 70 and EA's index of wholesale prices for (i) non-electrical machinery, (ii) electrical machinery, (iii) transport equipment, and (iv) machinery and transport equipment. While the indices for the first three categories are used to superimpose the price change on production in the corresponding groups, the Index for 'machinery and transport equipment' is used in the case of equipment produced in all the remaining industry groups. The estimates of imports, exports and re-exports of machinery and equipment are pre-

pared using available partial data and past trends. Import duties and excise duties are estimated using trends in imports and domestic production of machinery and equipment respectively.

#### *Fixed Capital Formation by Industry of Use*

23.29. In the absence of current ASI data, the estimates of fixed capital formation in registered manufacturing sector are obtained using the growth observed in the value of machinery & equipment constituting capital formation.

#### *Change in Stocks*

23.30. The estimates of change in stocks of coal and iron ore in mining industry are prepared on the basis of data available from Coal Controller and Iron and Steel Controller respectively. In the case of other minerals, the estimates for the previous year are repeated. The estimates of stocks for the registered manufacturing sector are prepared by moving the stocks of the earlier year with the help of index of industrial production and EA's index of wholesale prices of all commodities. In the absence of any other details, the previous year's estimates for private corporate sector trading establishments are repeated. In the case of foodgrains, marketable surplus is estimated by moving the estimates for the previous year using the growth in production as indicator. The estimates in respect of other industries are prepared using partial available data on production and prices and past trends.

<sup>78</sup>. See Chapter VII on estimation of value added from construction activity.