

CHAPTER 19

PRIVATE FINAL CONSUMPTION EXPENDITURE

Coverage

19.1 Private final consumption expenditure (PFCE) is defined here to cover the household final consumption expenditure and the final consumption expenditure of non-profit making bodies serving households. The expenditure relates to outlays on new durable as well as non-durable goods (except land) and on services. There are two concepts of household final consumption expenditure viz., the final consumption expenditure in the domestic market and final consumption expenditure of resident households. The former concept concerns the expenditure of resident and non-resident households in the domestic market. The PFCE of resident households is derived from the PFCE estimates in domestic market by adding the direct purchases from abroad by resident households and deducting the direct purchases in the domestic market by non-resident households and extra territorial bodies.

19.2 The consumption expenditure also includes the imputed gross rent of owner-occupied dwellings, consumption of own account production evaluated at producers' prices and payments in kind of wages and salaries valued at cost, e.g., provision for food, shelter and clothing to the employees.

19.3 The final consumption expenditure of non-profit bodies serving households included in the total is equivalent to the value of goods and services produced for own use on current account i.e., the value of gross output reduced by the sum of the value of their commodity and non-commodity sales. This would include transfers in kind of non-durable goods and services from government administration, industries and rest of the world. The final consumption expenditure of households and non-profit institutions serving households are estimated together and are not available separately. It is also not possible to take account of expenditure on second hand goods.

Methodology and Source material

19.4 The estimates of PFCE are obtained by following the commodity flow approach. This approach implies working of commodity balances relating to various items of consumption, taking into account (i) production, (ii) intermediate consumption in agriculture, manufacturing and other industries, (iii) net imports, (iv) stock variations, (v) consumption on government account and household and non-household final consumption. For obtaining PFCE the expenditure incurred by industries as intermediate consumption and all final consumption (including imports and exports) other than those by households and non-profit institutions are deducted from the total availability. The quantity of final consumption obtained from commodity balances is generally evaluated at market prices. For services, the estimates of final consumption expenditure is arrived at from the total output (as measured by the gross earnings) of the agencies providing these services to the consumers after netting out the expenditure of producers on these services during the year, if any. The gross earnings of any particular service during a given period is the sum total of the payments received from the consumers of these services in lieu of the services rendered to them as generally the primary utilisation in the case of social and personal services is by the final consumers.

19.5 For food items, estimation is done at two stages. Firstly, the quantity retained by the producers for their own consumption is evaluated at producer's prices which is the same as used for the domestic product and secondly, marketed part is evaluated at retail prices which are the average prices of rural and urban prices collected from NSSO and DESAg respectively. For manufacturing items, the value of output is adjusted for excise duty and trade and transport margin (TTM). The TTM'S are separately estimated for various commodities/commodity groups on the basis of price data at various levels; i.e., producers', wholesale, retail etc. Import duty is also added to the value of imports. The

TTM's for various commodities which are also used in evaluation of value added from trade etc., are given in Chapter 11 (Appendix 11.3).

19.6 The methods of estimation of change in stock of foodgrains, agricultural commodities other than foodgrains with the public, registered manufacturing sector, private corporate sector, unregistered manufacturers and NDCUs are given below:

- i.) The estimates of stocks of foodgrains with public (producers plus traders) are based on methodology used by Prof. Dandekar in his recent study*. According to this, consumption of foodgrains is subtracted from the net availability with the public to arrive at the estimates of change in stocks. This method assumes that the stocks with the public in a bad agriculture year say 1979-80 are negligible and per capita consumption of foodgrains during any two consecutive bad years is almost of the same order. The details of estimation method are given in the Table 19.1.
- ii.) In view of the discussions with the bank officials, stock of agricultural commodities other than foodgrains like cotton, oilseeds, sugarcane, fruits and vegetables etc., with the producers are assumed to be negligible.
- iii.) The estimates of change in stocks in respect of registered manufacturing sector are based on ASI. In the case of private corporate sector, industrywise estimates of change in stocks are furnished by the RBI.

An examination of the estimates of change in stocks from the ASI vis-a-vis the manufacturing enterprises under joint stock companies in the private sector, the public sector enterprises and co-operatives show wide variations. This is apparently due to the fact that while the ASI follows the establishment approach and thus captures only the stocks with the factories, the analysis undertaken in the CSO on public sector enterprises, the RBI studies on joint stock companies and the National Bank for Agriculture and Rural Development (NABARD) data on co-operatives are based on enterprise approach which covers all activities in which the enterprise is engaged. Therefore, suitable adjustment is made to take into account the stocks with trading establishments which also form a part of manufacturing enterprise.

- iv.) The estimates of stocks of manufactured goods with the unregistered manufacturers, NDCUs of the government and private traders are based on detailed analysis of annual reports of the public sector enterprises and additional data collected in connection with the Input-Output Table, 1978-79.

Sources of Data

19.7 To obtain commodity balances available for private consumption by following commodity flow approach, we need data on output, seed, feed, wastage, net imports, consumption of partly capital goods and government consumption. Basic data on output and input (seed and livestock feed used in agriculture) of various commodities are the same as used for the preparation of estimates of GDP. The wastage ratios for most of the commodities viz., Rice, Wheat, Jowar, Bajra, Mango, Potato etc., are based on the data available in the latest publications of DMI. In case of those commodities for which DMI reports are not available, wastage percentages are based on the discussions with the experts of DMI, wholesalers and retailers dealing in these commodities.

19.8 The main sources of data relating to inter-industry consumption are the DMI reports and ASI. The data on imports and exports are available on a regular basis both in quantity and value terms, from the Monthly Statistics of the Foreign Trade of India, published by the Directorate General of Commercial Intelligence & Statistics (DGCIS). The allocation of partly capital goods to capital formation and to final consumption is done on the basis of ratios worked out for the year 1981-82. These ratios are obtained

from data on actual private consumption expenditure of the partly capital goods based on AIDIS, 1981-82.

19.9 Government consumption expenditure (net purchases of goods and services) for different years is obtained independently from the economic analysis of the budgets. The total expenditure on goods is distributed over commodities/commodity groups on the basis of the norms of the expenditure used for input-output tables 1978-79 and 1983-84. These norms are arrived at after detailed analysis of itemwise expenditure of Central, State and local government bodies budgets and getting relevant break-ups of the office expenditure and miscellaneous items appearing in the budget documents from various government offices by correspondence.

Estimates at Current Prices

19.10 For the purpose of preparing the estimates, the entire expenditure is divided into 8 groups and the estimates are prepared by 38 expenditure categories. The estimates of private final consumption expenditure by object from 1980-81 to 1985-86 (at current prices) at group level and category level are given in Table 19.2. These categories cover 68 major items under food and 93 major items under the non-food and services groups. The categorywise coverage is shown in Appendix 19.1. The commodities have also been classified by type of goods into four types viz., durable, semi-durable, non-durable and services. Typewise coverage is given in Appendix 19.2. The itemwise detailed methodology followed is given below.

Cereals & bread

19.11 The cereal items include rice, wheat, jowar, bajra, maize, barley, ragi, small millets, gram (whole) and other cereals. The data on production of cereals and 'seed and feed' are the same as those used in connection with the preparation of estimates of domestic product in the agriculture sector. The norms for estimation of marketable surplus are based on the recommendations of a sub-group set up in connection with the revision of index number of wholesale prices in India. These are already discussed in Chapter 11 on Trade, Hotels & Restaurants. The Marketable surplus ratios are also given in that chapter. The marketing reports of the DMI are used for obtaining percentage norms for wastage in the disposal of cereals between premarketing and marketing transactions. The quantity retained for own consumption is a residual of production after deduction of intermediate use viz., seed, feed, etc., and marketable surplus.

19.12 The norms for inter-industry consumption of cereals are taken from the relevant DMI reports and the quantities of cereals used as inputs in the production of various cereal products are calculated with the help of these norms.

19.13 In the marketed surplus, adjustment is made for stock, wastage, net imports, inter-industry consumption and government consumption, to work out net market supplies available for consumption. The quantity retained by the producers and net market supplies are evaluated separately. The ex-farm prices for evaluation of quantity retained by the producers are the same as used in the estimates of domestic product. The average retail prices based on rural retail prices obtained from NSSO and urban retail prices from DESAg are used, to evaluate net market supplies. The values of quantity retained and net market supplies available for consumption are added to obtain estimates of final consumption expenditure.

19.14 The value of output in respect of bread and biscuits is taken from ASI. For the unregistered manufacturing sector, GVA as available for manufacturing of food products at 2-digit level of NIC for domestic product is converted into value of output with the help of output to GVA ratio based on 29th round of NSSO survey results. The value of output thus arrived at is bifurcated into 'bread & biscuits' and 'others' with the help of working force in these industries based on 1981 census. The combined value of output from registered and unregistered sectors is marked up with TTM of these items to arrive at the value at market prices.

Pulses

19.15 The pulses (whole as well as split) for which the estimates have been prepared are arhar, moong, urd, masoor, gram (split only) and the residual. The basic data on output, as in the case of cereals are from the details available for measurement of domestic product. The production data is adjusted for seed & feed to work out marketed surplus and quantity retained by producers. The marketed surplus is further adjusted to obtain net market supplies available for consumption as discussed in paragraph 19.13. The norms for quantities utilised as 'dal' in both the cases (quantity retained and net market supplies) are based on the Marketing Report on Pulses in India, (DMI, 1958). The information on yield rates of 'dal' to the 'whole' are based on ASI reports. The quantity of whole and split pulses in case of net market supplies are evaluated at respective retail prices. In case of retention part, whole gram is evaluated at ex-farm price which is also the same as used in the estimation of domestic product whereas split pulses are evaluated at marked up prices i.e. ex-farm price of whole grain plus milling costs based on marketing reports.

Sugar & gur

19.16 The items for which estimates have been prepared are sugarcane, gur, sugar (refined) and palm gur. In case of sugarcane and gur data on production, seed and feed are the same as utilised for domestic product estimates. Data on production, change of stock, export and import of sugar are taken from 'Bulletin on Food Statistics' of Ministry of Agriculture. The price of sugar used is the weighted average price of the levy and the open market prices. Data regarding quantity of sugar distributed through public distribution system (PDS) and the corresponding ration prices are obtained from the Department of Food. The value obtained by evaluating quantity of sugar distributed through PDS by retail price and ration price differential is deducted from the final PFCE estimates of sugar. The consumption of the palm gur is taken from the annual report of Khadi & Village Industries Commission. Gur used as animal feed is also taken into account while preparing PFCE estimates of gur.

Oil & oilseeds

19.17 Oilseeds for which the estimates have been prepared are sesamum, linseed, rape and mustard and other oilseeds. The oil items are vanaspati (hydrogenated oil), mustard, coconut, gingelly, groundnut, linseed, castor and the residual. The basic data on production relating to oilseeds are the same as those utilised for the estimation of domestic product. The proportion of oilseeds for use as such and for the extraction of oils are based on the information contained in the DMI Reports as also in the Bulletin on Commercial Crops Statistics (DESAg 1973, 1977). In case of oilseeds, inter-industry norms are based on DMI Reports. The quantity of oilseeds retained by the producers are evaluated at producer's prices. The production data on the edible oils is directly obtained from the Ministry of Agriculture. Utilisation of oils for vanaspati manufacturing has been arrived at on the basis of data on quantity of different raw oils used in the vanaspati industry supplied by the Directorate of Vanaspati, Vegetable Oils & Fats. The rates of utilisation of edible oils for non-edible purposes are taken from the "Bulletin on Commercial Crops Statistics", 1963-69. The evaluation is on the basis of retail prices which are average prices of rural & urban areas obtained from NSSO & DESAg respectively. The data on output and stock variation of vanaspati are based on the Monthly Abstract of Statistics (MAS) issued by the CSO.

Fruits & vegetables

19.18 Under this group items like banana, mango, grapes, citrus fruits, cashew kernel, onion, other fruits and vegetables, groundnut, fruits and vegetable products, coconut and copra are covered. Production figures for all these commodities are the same as used for the estimation of domestic product. Inter-industry consumption norms are based on respective DMI reports. Inter-industry consumption for mango, citrus fruits, and other fruits are considered for fruits and vegetable products. The wastage norms in respect of

mangoes, banana, citrus fruits, grapes, onion and vegetables are based on either DMI reports or discussions with the subject matter experts.

Potatoes and other tubers

19.19 This group covers potato, sweet potato and tapioca. The output is the same as used for the estimation of domestic product. Inter-industry consumption for potatoes is also considered for fruits and vegetable products. Wastage ratios are based on DMI reports.

Milk and milk products

19.20 The items which are included in the estimates of private consumption of milk and milk products are (i) milk consumed as such, (ii) pasteurised milk, (iii) butter, (iv) lassi and (v) other milk products. The basic data on output and prices are the same as those utilised for preparation of domestic product estimates. The value of milk products and the pasteurised milk is estimated on the basis of input-output data from ASI. Account has also been taken of the dairy products in the manufacturing sector and the relevant data is obtained from ASI. Milk production is also adjusted for wastage.

Meat, eggs and fish

19.21 For meat and poultry, the estimates are prepared in respect of beef, pork, mutton, goat meat, buffalo meat, other meat products, duck and chicken alongwith eggs. The basic data on output and prices are the same as those utilised for estimation of domestic product. While preparing private consumption estimates of fish and its products, quantity approach is followed. The quantity of fish utilised for domestic consumption viz., marine, inland and fish products is considered separately. The production estimates are duly adjusted for net imports and wastages.

Coffee ,tea and cocoa

19.22 The data in respect of production, utilisation, stock variation, net imports and prices in respect of tea and coffee are obtained from the Annual Reports, 'Tea Statistics' (Tea Board) and 'Coffee Statistics' (Coffee Board). In the case of coffee the production is available for the coffee seeds which are converted to coffee powder and instant coffee by certain ratios (80 per cent and 39 per cent respectively) supplied by the Coffee Board. Year-wise quantity of raw coffee used for instant coffee is also obtained from Coffee Board.

Spices

19.23 The estimates of spices are prepared by using the value of per capita consumption available in the various reports of NSSO consumer expenditure surveys.

Other food

19.24 This sub-group consists of salt, sugar confectionery and 'other foods'. The 'other foods' consist of items like malted food, sago, papad, multi-purpose food etc. The estimates of salt are built up on the basis of NSSO consumer expenditure survey results. The output of sugar confectionery and other foods for the registered manufacturing sector part is obtained from the ASI survey results. In case of other food, the value of output is adjusted for stocks only. No adjustment is made for net imports and stocks while preparing estimates of sugar confectionery. For the unregistered part, GVA is converted into value of output on the basis of GVA to output ratios available in the report of 29th round of NSSO. The value of output is apportioned to private consumption and others on the basis of share of working force engaged in this industry (3-digit level of NIC Code) to the total working force in manufacture of food products (2-digit level of NIC Code).

Beverages

19.25 For alcoholic and non-alcoholic beverages the value of output for registered manufacturing sector is obtained from the ASI. For the unregistered sector, the GVA is converted into value of output as indicated above against other food. Working force data at 2 and 3 digit level of NIC code is prepared on the basis of population census 1981. The value of output thus arrived at for the registered and unregistered sectors are adjusted for stocks and excise duties.

Pan and other intoxicants

19.26 This sub-group consists of pan, arecanut, other ingredients of pan (except arecanut) and opium. The estimates of pan are prepared on the basis of per capita consumption as available from the NSSO consumer expenditure survey results. Output estimates of arecanut and opium are the same as used for the domestic product. The estimates of arecanut is further adjusted for net imports. In case of opium, no adjustment is made for imports and stocks.

Tobacco & its products

19.27 This sub-group consists of commodities like raw tobacco, cigarettes, bidi, snuff, cigar and cheroots and other tobacco products. The output of raw tobacco and price data are the same as utilised for estimation of domestic product. Proportion of quantity of raw tobacco retained by the producers to total output is based on DMI report. Only quantity retained by producers is evaluated for estimation of PFCE. The data on bidi production upto 1983-84 have been obtained from the annual publication entitled 'Tobacco in India' published by the Directorate of Tobacco Development (Ministry of Agriculture). From 1984-85 onwards the production of bidi has been indirectly estimated on the basis of the ratio of production of bidi to quantity of tobacco used for bidi making in 1983-84. The quantity of tobacco used for bidi is available in the above publication. In the absence of brand-wise prices of cigarette, value of ASI as available in the detailed tabulation of ASI has been moved with the help of production as available in the publication 'Tobacco in India' and the wholesale price index. To this, excise duty has been added and TTM of tobacco applied to arrive at PFCE. For tobacco products like cigar and cheroot, snuff and hukka tobacco, quantity of tobacco cleared for home consumption is taken from the same publication. Conversion ratios of raw tobacco to these products are worked out from the output and input data of ASI. After applying these ratios, quantity of different tobacco products is obtained. The retail prices of these products are based on ASI ex-factory prices marked up by TTM. Due adjustment is made for net imports and wastage.

Hotels and restaurants

19.28 In the case of hotels and restaurants, the estimates of GVA are converted into the value of output on the basis of the corresponding relationship observed for similar public limited companies. Of the total expenditure, 33 per cent is taken as private consumption.

Gross rent and water charges

19.29 The expenditure on house rent is estimated to include rented dwellings as well as those which are owner occupied and covers not only the total domestic production on this account but also the expenditure on repairs and maintenance. Water charges are computed for urban areas only at 3 per cent of the gross value added.

Fuel and power

19.30 The estimates are prepared separately for coal, soft coke, firewood, vegetable waste, dungcake, kerosene oil, charcoal, lignite, gas coke, electricity, bagasse, liquefied petroleum gas and gobar gas. The data on production and prices in the case of firewood, vegetable waste, dungcake and bagasse are the same as those used for estimation of value

of output. Stock variation is assumed to be nil for these items. The data on output of coal, soft-coke, charcoal and gas coke are obtained from the Office of the Coal Controller. The evaluation is done at the retail prices as available in the Monthly Abstract of Statistics (MAS). For the years for which relevant data are not available, the base year prices are adjusted by the wholesale price index number. Data on production of lignite are taken from the CSO publication entitled 'Monthly Production of Selected Industries'. The base year price worked out from the publication, "Basic Statistics relating to Indian Economy" (CSO) is duly marked up by trade and transport margin. The retail prices for other years are obtained by moving the base year price with the wholesale price index of lignite. Adjustments for net imports are done in the case of coal only. The share of household consumption for these items is based on the information given in the publication, 'Domestic Fuel Survey with Special Reference to Kerosene', 1978-79 (NCAER).

19.31 Data on electricity sold to domestic consumers is obtained from the Office of the Central Electricity Authority (CEA) and prices from the annual publication, "Average Electric Rates and Duties in India" by the CEA. For liquefied petroleum gas, domestic consumption as well as retail prices are taken from the annual publication, "Indian Petroleum & Petro-Chemicals Statistics" by Ministry of Petroleum and Natural Gas. For kerosene oil, quantity of consumption is taken from the same publication. For evaluation purposes a weighted average of retail prices of rural (NSSO) and urban (DESAg) with weights as per capita consumption of kerosene based on NSSO consumer expenditure surveys has been used. In case of firewood, production is the same as used for estimation of value of output in the forestry sector. Urban production is assumed to be 10 per cent of the total production and the same is evaluated at the urban retail price. The remaining production in the rural areas is evaluated at the price used for estimation of value of output. Of the total value of rural and urban areas thus estimated, 96 per cent is taken as private final consumption expenditure. Gobar gas consumption is directly taken from the annual report of the Khadi and Village Industries Commission.

Manufactured goods

19.32 The data base for the preparation of estimates for a majority of manufactured items is the same as those utilised for estimation of domestic product. Since the commoditywise details of value of products and by products for consumable goods are not available in ASI 'Summary results' for factory sector, detailed ASI results of production available for the latest year (1983-84) at commodity level are utilised to develop ratios for working out the share of items consumed by the households to the total production. Applying these ratios to the products and by products of summary results (3-digit level of NIC code) of ASI, adjusted for non-response, and available on year to year basis, the relevant values of commodity products are estimated.

19.33 For the unregistered manufacturing sector, the basic data on GVA are the same as those utilised for estimation of domestic product. These GVA are converted into value of products and by-products on the basis of input-output ratios as available from the results of 29th round of NSSO. The above value of the products available at 2-digit level of NIC are further split up at 3-digit level of NIC on the basis of working force based on 1981 census. The commodity-wise norms of the proportion of total value of products and by-products to the value of consumable goods have been arrived at on the basis of special tabulated results of the 29th round (1974-75) of NSSO for unregistered manufacturing.

19.34 The estimates of distributive margins for the manufacturing sector are built up on the basis of data on wholesale and retail prices of representative items received from the various cooperative stores/super bazaars and retail outlets. The distributive margins for certain commodities are also supplemented by collecting data for comparable specifications featuring in the wholesale price index series compiled by the Office of the Economic Adviser, Ministry of Industry and DESAg's weekly bulletin of urban retail prices of essential commodities and NSSO rural retail prices at all India level. The difference between retail price and corresponding wholesale price expressed as a percentage of the latter is taken as the distributive margin. The distributive margins so arrived at are suitably adjusted for margins between ex-factory and wholesale prices.

These distributive margins are applied to the imports also. Import duties and excise duties are added to the value of output of different commodities before applying the distributive margins.

19.35 The allocation of partly capital goods between current consumption and capital formation are linked and final consumption estimates prepared as the counterpart of the corresponding estimates of capital formation. In the AIDIS (1981-82), information was collected on expenditure incurred by the households on various types of consumer durables. These data have been utilised in the estimation of PFCE in respect of these items from 1980-81 onwards. In the absence of any other information, the norms worked out on the basis of this survey have been kept constant for other years.

19.36 The estimates for clothing are prepared under the categories of cotton fabrics, silk fabrics, woollen fabrics and miscellaneous textiles. The basic data on the value of production in respect of mill made cloth (registered manufacturing) are obtained from the ASI factory sector. For unregistered manufacturing, production data for cotton fabrics, blended fabrics and man-made fabrics have been taken from 'Indian Textile Bulletin', published quarterly by the Textile Commissioner, Ministry of Commerce. Production of khadi, woollen, woollen acrylic, polyester-woollen, pure silk and hosiery goods which are outside the purview of Textile Commissioner have been taken from the All-India Annual Survey of Textile Committee (Consumer Panel Project).

Services

19.37 The services group is classified under the following major heads (i) transport & communication, (ii) recreation, education & cultural services and (iii) miscellaneous goods and services.

Transport

19.38 Transport services have been divided into road and rail transport services, water transport, air transport, repair services and services incidental to transport. Road transport is further sub-divided into 'mechanised' and non-mechanised' while water transport is sub-divided into organised shipping (i.e., Ocean & coastal water transport operated by recognised shipping companies) and unorganised services (i.e., inland boat services plying in rivers and canals and ocean-going sailing vessels). Air transport consists wholly of services run by the two corporations viz., Air India and Indian Airlines Corporation.

19.39 The estimates of private consumption in terms of purchase of services in respect of mechanised road transport (buses and tramways, taxis and autorickshaws), rail transport, air transport and organised water transport are based on the total passenger earnings in these services. In the case of rail, air and organised shipping transport, the data on gross passenger earnings are directly obtained from Annual Reports of the Railway Board, Air India & Indian Airlines and Ports and Shipping Statistics. While 80 per cent of the gross passenger earnings is treated as PFCE in case of railways, only 5 per cent of the earnings is taken in the case of air transport. In the case of organised shipping, 75 per cent of the earnings is taken as PFCE.

19.40 As regards other modes of mechanised road transport viz., bus, tramways, taxi and autorickshaw, the gross passenger earnings are estimated as the product of average 'per vehicle earnings' and the total number of vehicles on the road. The estimates of number of vehicles are available annually in the 'Motor Transport Statistics' published by the Transport Research Division, Ministry of Surface Transport. Total earnings of bus, taxi and autorickshaw are worked out for the base year 1980-81 on the basis of earnings per vehicle and employment as available in the reports of Directory Establishment (DE) Survey, 1979-80 published by CSO and non-directory establishments (NDE) and own account enterprises 34th round of NSSO (1979-80). The earnings for bus service are suitably adjusted for the earnings of departmental and non-departmental enterprises as estimated for domestic product. These base year estimates for all the three categories are

moved with the help of number of vehicles to arrive at the estimates of other years at 1980-81 prices. To arrive at the estimates at current prices, estimates at constant price are inflated with the help of implicit price indices as used for domestic product. Share of private final consumption is taken as 50 per cent for taxis and 90 per cent for autorickshaw and buses.

19.41 Non-mechanised road transport comprises of animal drawn transport, three-wheeler, cycle rickshaws, 'palkies', etc. For these services as also for unorganised inland water transport, the output to value added ratios (taken from Directory establishment survey : 34th round of NSSO Survey) are applied to the estimates of GVA as available separately for rural and urban areas, to obtain the estimates of value of output. 95 per cent of this is taken as the private consumption expenditure. In the case of coastal & ocean-going sailing vessels, the estimates of GDP from passenger services are converted to output by using the proportion of domestic product to gross passenger earnings in organised shipping. 5 per cent of this is taken as private consumption expenditure.

19.42 Repair services and maintenance costs pertaining to owned transport, falling in the ambit of private consumption expenditure includes repairs and maintenance of motorcars, motor cycles/scooters and bicycles. The estimates of the total costs of such repairs and maintenance are worked out as the product of per vehicle average cost per year and the number of vehicles. Annual data in respect of number of cars and two wheelers other than bicycles are available from the 'Motor Transport Statistics'. The number of bicycles as available in 'Monthly Production of Selected Industries' (CSO) are taken to estimate the total bicycles on road on the assumption of average road life of ten years. The per vehicle average cost is estimated on the basis of allowance prescribed for computing the rebate on Income tax in respect of repairs and maintenance of different vehicles. The estimated per vehicle cost of repairs and maintenance is progressed by appropriate price index. The above costs are, however, exclusive of the cost of consumption of tyres and tubes for which separate estimates are prepared by commodity flow method. These estimates cover the consumption in respect of privately owned transport vehicles as well as vehicles plying for hire. Due allowance is made to estimate the part of consumption relating to privately owned vehicles also. The estimates of expenditure on consumer taxes relating to private vehicles obtained for base year have been moved with the number of vehicles.

19.43 The estimates of private consumption expenditure for services incidental to transport are based on gross agency earnings which are also available from the same sources from where gross earnings of the various transport services are obtained. 5 per cent of the agency earnings are ascribed to private consumption expenditure.

Communication

19.44 The items to be considered for consumption are those constituting the expenditure of households and private non-profit bodies on postal, telephone and telegraph services. The basic data are culled out from the Annual Report of the Posts & Telegraphs Department. On the basis of analysis of communication data, 40 per cent of the total earnings from postal articles, money orders, telephone and telegraph is assumed to be the share of PFCE.

Recreation, educational and cultural services

19.45 For recreation and entertainment, the estimates of consumption expenditure are built up on the basis of rates of entertainment taxes and revenues of State governments. The estimates under educational services are prepared for such services as purchased by the households. The estimates of recurring expenditure by recognised educational institutions are obtained from Ministry of Human Resource Development and 4.5 per cent of this is assumed to be the expenditure by unrecognised institutions. Expenditure on private tuition is estimated on the basis of consumer expenditure survey results of NSSO. Government expenditure on education obtained through purpose classification of

expenditure contained in general government budgets have been deducted to arrive at the PFCE on education. Depreciation of private education has been added to PFCE.

Medicalcare & health services

19.46 In the case of expenditure on medical care and health services, household expenditure on medicine and services is estimated on the basis of value of per capita consumption expenditure available in various reports of NSSO consumer expenditure surveys. To this, one third of expenditure on services is added for incidental expenditure on items like medical appliances. The receipts by Central government on account of Central Government Health Scheme compiled from the Central government budget is also taken as an item of household consumption.

Miscellaneous goods and services

19.47 This group covers two categories of services viz., (i) personal care and effect (barber and beauty shops, religious services, other personal and sanitary services,) (ii) other miscellaneous services (Banking charges, legal, business and insurance services) and (iii) personal goods n.e.c. (Jewellery, watches and clocks, leather products, non-metallic mineral products and toilet products). Estimates of gross value added in respect of services except banking and insurance services are converted into value of output on the basis of estimates of total earnings and gross value added as available in the 'Report on Services Sector of Enterprise Survey', 1983-84 by CSO.

19.48 The estimates for religious and other community services and other personal services like domestic services, laundry, barber and beauty shops and sanitary services are domestic product based. The total output in the case of religious and domestic services is treated as household consumption while for laundry services and barber & beauty shops 90 per cent and 98 per cent respectively, of output are taken. For business services, 10 per cent of output is assumed to be household expenditure while for legal services it is 75 per cent. For sanitary and other personal services the share for household consumption is 50 per cent while for services n.e.c. it is 30 per cent.

19.49 The private consumption expenditure on banking and insurance charges is estimated as imputed charges. In the case of insurance sub-sector life insurance, insurance on motor vehicles and general insurance are estimated separately. These estimates are the same as used for domestic product estimates. In the case of personal goods, the methodology followed is the same as for manufacturing items.

Estimates at Constant Prices

19.50 In the case of all the food items for which the output estimates are available in quantity terms, the estimates of private final consumption for each of the years have been evaluated at the prices in the base year i.e., 1980-81, in order to obtain estimates at constant prices. In the case of items like other cereals, other meat products, milk and milk products, other oilseeds, other fruits and vegetables, fruits and vegetable products, sugar confectionery, other food, beverages, cigarettes and tobacco products, where production is in terms of value, the current price estimates are deflated with the wholesale price indices. For all items under manufacturing group where production figures are in value terms only, deflation by appropriate price index of wholesale prices is resorted to for getting the corresponding estimates at constant prices. In the case of services items, the implicit deflator as used while preparing the estimates of gross value added at current and constant prices is used for deflating the current PFCE estimates to obtain the corresponding constant price estimates.

Quality and limitations of Data base

19.51 The basic data on output and prices are mostly the same as those utilised for the preparation of GDP estimates and as such shortcomings in the GDP estimates would be inherent in the measurement of private consumption as well. The wastage ratios for most of the commodities are based on DMI reports which are sometimes very old. In case of those commodities for which DMI reports are not available, unpublished percentages on the basis of discussion with the experts of DMI, wholesalers and retailers are used. The TTMs used for various commodities are based on data obtained from the co-operative stores/super bazaars/retail outlets. The data on retail prices are based on the weekly bulletin of urban retail prices issued by DESAg and rural retail prices data based on NSSO surveys. The shortcomings in wastage ratios, TTMs and retail prices would also be inherent in the estimates of private final consumption expenditures.

APPENDIX 19.1: Major items covered under Private Final Consumption Expenditure

I. FOOD

Cereals & Bread

1. Rice
2. Wheat
3. Jowar
4. Bajra
5. Maize
6. Ragi
7. Barley
8. Small millets
9. Gram whole
10. Other cereals
11. Bread
12. Biscuits

Pulses

13. Arhar
14. Moong
15. Urad
16. Masoor
17. Gram products
18. Other pulses

Sugar and Gur

19. Sugarcane
20. Gur
21. Sugar (refined)
22. Palm gur

Oil & Oilseeds

23. Vanaspati
24. Mustard oil
25. Coconut oil
26. Gingelly oil
27. Groundnut oil
28. Linseed oil
29. Castor oil
30. Other edible oils
31. Sesamum seed
32. Linseed
33. Rape & mustard
34. Other oilseeds
35. Imported oils

Fruits & Vegetables

36. Banana
37. Mango
38. Grapes
39. Citrus fruits
40. Cashew kernel
41. Onion
42. other fruits & vegetables

43. Groundnut
44. Fruits & vegetable products
45. Coconut
46. Copra

Potatoes & Other Tubers

47. Potato
48. Sweet potato
49. Tapioca

Milk and Milk Products

Meat, Eggs & Fish

51. Beef
52. Pork
53. Mutton
54. Goat meat
55. Buffalo meat
56. Other meat products
57. Duck
58. Fowl
59. Chicken
60. Eggs
61. Fish & fish products

Coffee, Tea & Cocoa

62. Coffee
63. Tea
64. Cocoa

Spices

Other Food

66. Salt
67. Sugar confectionery
68. Other food

Beverages

69. Non-Alcoholic beverages
70. Alcoholic beverages

Pan & Other Intoxicants

71. Pan
72. Arecanut
73. Other ingredients of pan
74. Opium

Tobacco & its Products

75. Tobacco raw
76. Cigarettes
77. Bidi
78. Snuff
79. Cigar & cheroots
80. Other tobacco products

Hotels & restaurants

Continued..

II. CLOTHING & FOOTWEAR

Clothing

- 82. Cotton textiles
- 83. Silk textiles
- 84. Woolen textiles
- 85. Misc. textiles
- 86. Footwear

III. GROSS RENT, FUEL & POWER

Services

- 87. Gross rent and water charges

Fuel & power

SERVICES

- 88. Electricity
- 89. Liquefied petroleum gas
- 90. Kerosene oil

Other Fuel

- 91. Coal
- 92. Soft coke
- 93. Firewood
- 94. Vegetable waste
- 95. Dungcake
- 96. Lignite
- 97. Gas coke
- 98. Bagasse
- 99. Charcoal
- 100. Gobar gas

IV. FURNITURE, FURNISHINGS, APPLIANCES & SERVICES

Furniture, furnishings & repairs

- 101. Carpet
- 102. Coir products
- 103. Wooden furniture
- 104. Steel furniture

Refrigerator, cooking, washing appliances etc.

- 105. Non-electrical machinery
- 106. electrical appliances
- 107. Refrigerators & air-conditioners

Glassware, tableware & utensils

- 108. Glass & glass products
- 109. Earthenware & china pottery

- 110. Metal utensils
- 111. Other metal utensils

Other goods

- 112. Matches
- 113. Misc. personal goods
- 114. Plastic products
- 115. Rubber products
- 116. Dry and wet batteries
- 117. Domestic services
- 118. Laundry, cleaning and dyeing
- 119. Insurance

V. MEDICAL CARE AND HEALTH

- 120. Medical care & health services

VI. TRANSPORT & COMMUNICATION

Personal transport equipment

- 121. Motor vehicles & parts
- 122. Motor cycles, scooters and bicycles

Operation of personal transport equipment

- 123. Tyres and tubes
- 124. Petrol and diesel
- 125. Repair charges including insurance
- 126. Road tax

Purchase of Transport services

- 127. Rail
- 128. Air
- 129. Bus including tramways
- 130. Taxi
- 131. Auto rickshaws
- 132. Non-mechanised road transport
- 133. Organised water transport
- 134. Unorganised river and canal transport
- 135. Unorganised sea/ocean transport
- 136. Services incidental to transport
- 137. Communication

Continued

VII. RECREATION, EDUCATION & CULTURAL SERVICES

Equipment, paper & stationery

Personal goods n.e.c.

- 138. TV & Radio
- 139. Musical instruments
- 140. Photographic goods
- 141. Typewriters
- 142. Sports and athletic goods
- 143. Newspapers, books and magazines
- 144. Stationery articles
- 145. Fireworks

Recreation & cultural services

- 146. Recreation & amusement
- 147. Education

VIII. MISCELLANEOUS GOODS AND SERVICES

Personal care and effects

- 148. Barber & beauty shops
- 149. Religious services
- 150. Other personal services
- 151. Sanitary services
- 152. Services n.e.c.
- 153. Jewellery
- 154. Watches & clocks
- 155. Leather products (bags etc.)
- 156. Non-metallic mineral products
- 157. Toilet products

Other miscellaneous services

- 158. Banking charges
- 159. Legal services
- 160. Business services
- 161. Life insurance

APPENDIX 19.2: Items classified by type of goods

Durable Goods

- 1. Furniture, fixtures, carpets
- 2. Heating & cooking appliances, refrigerator & air conditioners
- 3. Personal transport equipment
- 4. Radio, TV etc.
- 5. Musical instruments
- 6. Typewriters
- 7. Jewellery, ornaments
- 8. Photographic goods

Semi Durable Goods

- 1. Clothing and footwear
- 2. Glassware, tableware, household utensils
- 3. Miscellaneous personal goods
- 4. Rubber products
- 5. Plastic products
- 6. Coir products
- 7. Tyres and tubes
- 8. Sports goods, toys
- 9. Pen, nib, pencil, stationery etc.
- 10. Watches and clocks
- 11. Non-metallic mineral products
- 12. Leather products

Non-Durable Goods

- 1. Food, beverages and tobacco
- 2. Water charges
- 3. Fuel and power
- 4. Drugs and medicines
- 5. Newspaper, books and magazines
- 6. Toilet products
- 7. Dry and wet batteries
- 8. Petrol and diesel
- 9. Fireworks
- 10. Matches

Services - Household only

- 1. Rent less water charges
- 2. Domestic and laundry services
- 3. Medical services (excluding drugs & medicines)
- 4. Purchased transport and communication
- 5. Repair charges including insurance
- 6. Road tax
- 7. Entertainment and recreational services
- 8. Educational charges
- 9. Personal care and effects
- 10. Other misc. services
- 11. Hotels and restaurants

**TABLE 19.1 : Estimates of change in stock of food-grains with the public
(producer + private trader)**

(Qty. in million tonnes)							
Year	Gross (Kg.)	Seed, feed & wastage	Net availability @ (2-3)	Average per capita Net availability	Population (Million)	Total Consumption (5x6)	Change in stock (4-7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1980-81	130.493	9.540	120.953		679	119.344	1.609
1981-82	133.546	9.462	124.084	175.764**	694	121.980	2.104
1982-83 (bad year)	130.926	10.023	120.903		709	124.616	(-)3.713

Note: 1979-80 was bad year for agricultural production

* - Gross availability = Gross Production + Net imports + change in government stocks

@ - Availability for human consumption.

** - The average per capita net availability as shown in col.5 has been arrived at by dividing the total of Net availability (col.4) for the years 1980-81 to 1982-83 by the total population (col.6) for three years.

TABLE 19.2: Private Final Consumption Expenditure by object, 1980-81 to 1985-86

Item	(at current prices)					(Rs.crore)
	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
1. Food, beverages & tobacco	59400	68419	73864	88222	97068	102530
1.1 Food	53939	62126	67303	80535	88442	93316
1.1.1 Cereals & bread	20149	22403	24983	28657	28633	30908
1.1.2 Pulses	2768	2785	2895	3731	4108	4388
1.1.3 Sugar & gur	5324	5321	5223	6451	7393	8354
1.1.4 Oils & oilseeds	4754	6137	5793	7671	8864	7317
1.1.5 Fruits & vegetables	6419	7622	8318	10260	11543	12380
1.1.6 Potatoes & other tubers	1260	1201	1457	1983	1677	2006
1.1.7 Milk & milk products	8325	10456	11663	13500	15988	17303
1.1.8 Meat, egg & fish	2741	3426	3957	4638	5405	6139
1.1.9 Coffee, tea & cocoa	810	911	941	1389	1688	1467
1.1.10 Spices	1094	1555	1741	1899	2724	2586
1.1.11 Other food	295	309	332	356	419	468
1.2 Beverages, pan & intoxicants	2071	2433	2403	3014	3568	3951
1.2.1 Beverages	1367	1694	1697	2257	2491	2648
1.2.2 Pan & other intoxicants	704	739	706	757	1077	1303
1.3 Tobacco & its products	2518	2797	2961	3297	3473	3504
1.4 Hotels and restaurants	872	1063	1197	1376	1585	1759
2. Clothing & footwear	11626	12547	14276	16170	17621	19888
2.1 Clothing	10700	11539	13235	15030	16337	18283
2.2 Footwear	926	1008	1041	1140	1284	1605
3. Gross rent, fuel & power	11529	12885	14383	15420	16745	18498
3.1 Gross rent & water charges	7498	8202	9045	9974	11120	12311
3.2 Fuel & power	4031	4683	5338	5446	5625	6187
3.2.1 Electricity	398	486	588	665	790	919
3.2.2 Liquefied petroleum gas	92	135	175	214	305	491
3.2.3 Kerosene oil	702	867	1133	1292	1417	1622
3.2.4 Other fuel	2839	3195	3442	3275	3113	3155
4. Furniture, furnishing, appliances & services	2839	3378	3953	4307	4524	5039
4.1 Furniture furnishing & repairs	371	421	441	502	508	646
4.2 Refrigerator, cooking, washing appliances etc.	157	180	211	237	223	275
4.3 Glassware, table- ware & utensils	1355	1608	2011	2282	2358	2478
4.4 Other goods	523	717	802	770	839	947
4.5 Services	433	452	488	516	596	693
5. Medical care & health services	2114	2451	2798	3173	3285	3458
6. Transport and communication	5111	6380	7784	9443	11047	13409
6.1 Personal transport equipment	274	326	376	507	612	672
6.2 Operation of personal transport equipment	1115	1486	1773	2072	2391	3079
6.3 Purchase of transport services	3358	4140	5119	6279	7390	8943
6.4 Communication	364	428	516	585	654	715
7. Recreation, education& cultural services	2997	3392	3871	4059	4568	5269
7.1 Equipment, paper& stationary	533	625	790	873	1023	1225
7.2 Recreation and cultural services	739	851	972	963	1139	1271
7.3 Education	1725	1916	2109	2223	2406	2773
8. Miscellaneous goods& services	3467	4107	4527	4819	5466	6288
8.1 Personal care & effects	1142	1226	1341	1486	1644	1783
8.2 Personal goods n.e.c.	1621	2044	2209	2140	2412	2843
8.3 Other miscellaneous services	704	837	977	1193	1410	1662
9. Private final consumption expenditure in domestic market	99083	113559	125456	145613	160324	174379