

Evaluating Non-Market Services of the Households in India Through SAM

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Overview

Incorporate unpaid work (both SNA and non-SNA) into Social Accounting Matrices (SAM) to:

- ▶ Recognize economic contribution of unpaid household services.
- ▶ Move beyond wage-based valuations of labor → household capital and technology.
- ▶ Use the double-entry structure of a SAM to impose more discipline on estimates and imputations.
- ▶ Clarify linkages between unpaid and paid work in Computable General Equilibrium (CGE) models.
- ▶ Trace effects of public policy like tariffs through these linkages.

Building SAM with Non-Market Services

Conventional SAM accounts - production, factors, institutions, capital, and rest of the world.

Extended SAM accounts by:

1. **Gender** should be considered.
 - ▶ Dividing the factors as males and females.
 - ▶ Accounting for all types of work that mostly women are engaged in.
2. **Non-SNA non-market services** should be considered.
 - ▶ Appropriate methods to value non-market services - input vs. output, opportunity cost vs. replacement cost vs. quality-adjusted replacement cost.
 - ▶ Concept of working time - limited in data
 - ▶ Measures of household capital - 1) the use of consumer durables for household or leisure? 2) consumer durables as investment.

Relevance to SAM for Non-Market Services of the Households

- ▶ Non-market services (fetching water, collection of fuels, etc.)
- a role of substitution of provision of government services.
- ▶ Gender differences in the generation and distribution of income and the interactions between households and the market economy.
- ▶ International comparisons are possible only if...

Major problem: lack of data - not just time use, but household capital and consumer durables.

But Potential for India Even Without Time Use Data

- ▶ Indian National Sample Survey (NSS) - "attending domestic duties", "engaged in free collection of goods", and "begging and prostitution" - could provide an approximation of unpaid work.

Note: Wagman and Folbre (1993) and Folbre and Wagman (1996).

- ▶ Estimates of value of unpaid household work by others by econometric estimates of the elasticity of non-market work with respect to hours of paid work.
- ▶ But require time-use data for all household members → Statistical matching of individual records to create synthetic households.

Classification of Outputs of Non-Market Household Production

- ▶ Such classification necessary for a "sectoral" disaggregation - pioneered by Australian economist Duncan Ironmonger (1996, 2004).
- ▶ European System of Accounts identifies: housing, nutrition, clothing, care (children, adults, and pets), and volunteer work.

Big issue: Are "unpaid care services" the "output" or do unpaid care services contribute to a different output (human capital)?

Need to Reconsider Some Basic Macroeconomic Definitions

- ▶ Consumption = sum of market consumption and value of household services.
- ▶ Investment = sum of investment by firms AND households (in both physical and human capital).
- ▶ Household expenditures of both time and money → different forms of consumption and investment.
- ▶ Intra-household transfers - cash spending on children.
- ▶ Economies of scale.

Thank you!