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

Anupama Uppal (Punjabi University, India)
presented and discussed by Jooyeoun Suh (Center for Time Use Research, University of Oxford)

IARIW 34th Conference in Dresden, Germany
Session 4B: Dealing with Non-Market Services
August 23, 2016
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.


- 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

- 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!