

Household Sector Accounts - Experiences and Challenges in the Case of India

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In the Indian National Accounts, the household sector encompasses all resident households, all non-government, non-corporate enterprises like sole proprietorships and partnerships owned and/or controlled by individuals and non-profit institutions which provide educational, health, cultural, recreational and other social and community services to the households (NPISHs). Household income is estimated by using data available from various enterprise surveys, labour force surveys & ancillary sources for the bench mark year and carried forward to other years using various quantity and price indicators. Sequence of accounts as per recommendations of SNA are also compiled by the Central Statistical Office of India using data from enterprise surveys, Labour force surveys and Flow of Funds data.

This paper presents broadly the methodology adopted in compiling household sector accounts. Due to the limitations of Household consumption survey data, household consumption expenditure is estimated through commodity flow method as a residual. This aspect is also discussed briefly in the paper. Also due to the absence of wealth surveys, household wealth in the form of non-financial assets or capital stock is estimated using data on gross fixed capital formation in the past combined with estimates of the rate at which the efficiency of fixed assets declined over their service lives. Gross fixed capital formation for Household sector is estimated by using the expenditure approach on the basis of data available from Debt and Investment surveys of NSSO (AIDIS), enterprise surveys and other sources using appropriate indicators/ratios/norms, etc., or by capital output ratio. Another estimate of capital formation in the household sector is also available from commodity flow method wherein Household sector estimates are derived as a residual. The industry-wise household sector GFCF estimates are adjusted on pro-rata basis with the estimates of household sector coming from the commodity flow method. This is being done keeping in view the quality of AIDIS and Enterprise Surveys' data on GFCF, and the large divergence that is increasing every year between the two sets of estimates for the household sector. Thus, in the absence of direct data on capital expenditures made by the household sector estimates of GFCF for the household sector are taken as a residual from the overall estimates of GFCF compiled through the commodity-flow approach. This paper finally concludes with limitations of various survey data for use in compilation of Household sector accounts at present and the requirement of annual economy-wide non-manufacturing enterprise surveys, annual labour force surveys, income-expenditure surveys of households, data on non-profit institutions serving households and a broad based business register as a way ahead for robust estimation of household sector aggregates in the framework of SNA 2008.