

## SUPRA- REGIONAL SECTORS

### Introduction

- 31.1 In the preparation of state income estimates, certain economic activities like Railways, Banking & Insurance, Communication, and Central Govt. Administration, cut across state boundaries as their economic contribution can not be assigned to any one state directly. Such activities are included in Supra-regional sectors of the economy. The estimates for these activities are compiled for the economy as a whole and allotted to the states on the basis of relevant indicators.
- 31.2 State-wise estimates of Gross/Net Domestic Product (GSDP/NSDP) and Gross Fixed capital formation (GFCF) in respect of supra-regional sectors are prepared by the Central Statistical Organization (CSO) and supplied to state Directorates of Economics and Statistics (DESS) for incorporating the same in their estimates. Presently state-wise estimates of GSDP/NSDP for supra-regional sectors are prepared at both current and constant (1999-2000) prices while GFCF estimates of Supra-regional sectors are prepared at current prices only.
- 31.4 The value added for each railway zone is distributed into two parts, namely, value added from passenger traffic and value added from goods traffic on the basis of zone-wise data on passenger and goods earnings respectively (available in the IRASS). These estimates of value added from passenger traffic/goods traffic in each zone are then re-allocated amongst the states falling within each zone on the basis of information on vehicle (four wheeler) kilometer per route per day/net tonne kilometer per route per day (available from Railway Board).
- 31.5 The GVA from private railway (Konkan Railway) is directly distributed among the three states where actually the Konkan Railway runs viz. Maharashtra, Goa and Karnataka on the basis of track length passing through these states.

### Methodology for preparing the GSDP/NSDP estimates from supra regional sectors

#### Railways

- 31.3 GSDP estimates at current prices are compiled by analysing the accounts and other relevant data available in the Annual Reports of the Railway Zones and Indian Railways Annual Statistical Statements (IRASS). The GVA estimates, in terms of Compensation of employees, interest and surplus (including rent & depreciation) are compiled at the national level. These all India GVA estimates are then distributed amongst the different zones of railways based on (i) Compensation of employees in proportion to total cost of staff excluding the cost of staff engaged in railway workshops (manufacturing) and artisans (construction); and (ii) Interest and Surplus (including rent & depreciation) in proportion to capital at charge of the respective zones. A share of wages and salaries attributed to Railway board and other offices of railways obtained from the IRASS of railway is first subtracted from the all-India wages and salaries and is distributed in the share of respective state where these railway Boards and other offices are actually located. In the absence of direct availability of Head Office (HO) share in wages and salaries, an amount of 5% salary and wages is presumed to be the share attributed to HO and subtracted from zonal salary and wages.
- 31.6 The GSDP estimates for this sector are prepared separately for (i) Commercial Banks, (ii) Non-banking financial companies /corporations, (iii) Post Office Saving Bank, (iv) Co-operative Credit Societies, (v) Life Insurance Corporation (from LIC only), (vi) Postal Life Insurance, (vii) Non-life insurance, Corporation (viii) Employees State Insurance (ix) Banking Department of Reserve Bank of India (RBI), and (x) Employees Provident Fund Organisation.
- 31.7 **Commercial Banks:** All-India estimates of wages & salaries and rent are distributed among the states in the ratio of number of employees received from RBI. Similarly All-India estimate of Director's fee is distributed in the ratio of state wise Director fees received from RBI. Surplus is distributed in the ratio of credit of scheduled commercial banks obtained from the RBI annual publication 'Banking Statistics'.
- 31.8 **Non-banking financial companies:** The all-India estimates of total GDP are allocated among states using their paid-up capital as received from Department of Company Affairs.
- 31.9 **Non-banking financial corporations:** For the Industrial Finance Corporation of India (IFCI), State Financial Corporations (SFC), Unit Trust of India (UTI), Industrial Reconstruction Bank of India (IRBI), National Bank of Agriculture and Rural Development (NABARD), Industrial Development Bank of India (IDBI), Oil Industry Development Board (OIDB), National

Cooperative Development Corporation (NCDC), Export & Import Bank of India (EXIM), Export Credit & Guaranteeing Corporation (ECGC), National Housing Bank (NHB) the allocation is done as follows:

- i. **IFCI:** The all-India estimates of wages & salaries, rent and surplus are allocated on the basis of state wise wages & salaries, rent & taxes, and loan outstanding received from IFCI.
  - ii. **SFC:** The GSDP is compiled state-wise.
  - iii. **UTI:** The all-India estimates of compensation of employees are allocated on the basis of wages and salaries of UTI staff in each state and surplus is distributed in the ratio of financial disbursement of states obtained from UTI. In some cases, UTI provides the financial disbursement in respect of a group of states instead of individual states. In such situations, the surplus of the group of states is distributed among the states on the basis of number of employees in each state in the group.
  - iv. **IRBI, NABARD & IDBI:** The total GVA is allocated on the basis of state wise disbursement available in their annual report.
  - v. **OIDB:** The total GVA is allocated on the basis of state-wise loan outstanding.
  - vi. **NCDC:** The total GVA is allocated on the basis state wise loan released for central and corporation sponsored schemes.
  - vii. **EXIM & ECGC:** The total GVA is allocated on the basis of state wise value of export and re-export obtained from DGCIS, Calcutta.
  - viii. **NHB:** The total GVA is allocated on the basis of the share of each state in total for all the above seven categories.
- 31.10 **Post Office savings Bank:** The total GVA is allocated in the ratio of state wise Gross collections under small saving schemes obtained from M/o Finance.
- 31.11 **Co-operative Credit Societies:** All India factor incomes (namely: wages & salaries, rent, depreciation & profit) are allocated in the ratio of state wise wages & salaries, rent, profit and depreciation received from Registrar, Co-operative Societies.
- 31.12 **Life Insurance Corporation (LIC):** All India wages & salaries and rent are distributed in the ratio of state-wise number of employees and surplus and commission to agents are distributed in the proportion of state wise net premium income.
- 31.13 **Postal Life Insurance (PLI):** The total GVA is distributed in the proportion of wages & salaries of PLI staff.
- 31.14 **Non-life Insurance:** The estimation is subdivided as under:
- **Fire Insurance:** The total GVA is distributed in the ratio of state wise income from business and property assessed to income tax as obtained from the Income Tax Department. However, this information is not available since 1991, as such the old ratios are being used currently.
  - **Marine Insurance:** The total GVA is distributed in the ratio of value of export and re-export.
  - **Deposit Insurance:** The total GVA is allocated on the basis of state wise deposits of scheduled commercial bank.
  - **Misc. Insurance:** The total GVA is allocated on the basis of state wise number of registered vehicles obtained from the Ministry Shipping, Road Transport and Highways.
- 31.15 **Employees State Insurance Corporation (ESIC):** All India wages & salaries are allocated among states in the proportion of state-wise wages & salaries of ESIC and all-India operating surplus is distributed among the states in the ratio of state-wise revenue expenditure excluding wages & salaries as supplied by ESIC.
- 31.16 **Banking Department of RBI and Employees Provident Fund Organisation (EPF):** The total GVA of Banking Department of RBI and EPF are allocated on the basis of share of each state in the total for all above categories.
- Public Communication**
- 31.17 GSDP estimates for public communication sector are compiled separately on the basis of data received from Department of Posts, Department of Telecom, Mahanagar Telephone Nigam Limited (NTNL) and Videsh Sanchar Nigam Limited (VSNL). All-India estimates at current prices for post, Telecom, MTNL and VSNL distributed in the form of compensation of employees, interest, rent and surplus (profit & depreciation) are further distributed/allocated to different states and UTs based on certain indicators. After privatization of VSNL in the year 2002-03, this activity now forms part of the private

communication sector. The estimates of GVA for private communication are prepared by the states on the basis of labour input and GVAPW methodology.

31.18 **Post and Tele-communication:** Data on indicators for Post and Tele-communication is taken from the Annual Publication "Book of Information" of Department of Posts and Department of Telecommunication. The all India estimates of compensation of employees for post and telecom are distributed amongst the postal circles on the basis of disbursement of wages and salaries of P & T staff and other cost of operations for telecom respectively. The interest is allocated in proportion to the circle wise cumulative capital expenditure. Rent is allocated in proportion to state wise total number of post offices. The circle wise total revenue receipts net of expenditure (difference of gross receipt and gross expenditure) are used as an indicator to allocate the gross profit. Generally, the postal circles are co-terminus with the state boundaries. In those cases where the circle covers more than one state, allocation to the states is done on the basis of the number of workers within each state.

31.19 **MTNL and VSNL:** Data on indicators for distribution of GVA components (compensation of employees, interest, rent and surplus) for both MTNL & VSNL is obtained from their head offices in Delhi and Mumbai respectively. These components are distributed among states in the ratio of wages and salaries, capital expenditure, rent and difference of gross receipt and gross expenditure. The GVA estimates from VSNL are included in private communication from the year 2002-03 onwards.

#### **Central Government Administration**

31.20 Estimates of Net Value Added (NVA) for Central Government Administration are prepared using the income approach, the compensation of employees being the only factor income. For current price estimates, the salary & wages of (i) Defence employees, (ii) Offices abroad (iii) Para Military Forces (iv) UT covered under Home Ministry Budget (v) Issue Department of RBI and (vi) Atomic Energy are subtracted from the total salary & wages of Central Government Administration for all-India and the balance is distributed among the states & UT in the ratio of state-wise number of Central Government employees. To these estimates, salary & wages in respect of Issue Department of RBI and Atomic Energy as available state wise from RBI & Budget Documents of Atomic Energy Department are added to get the state wise estimates of salary & wages for Central

Govt. Administration. The estimates of Gross Value added are obtained by adding the CFC estimates for Central Government Administration. The CFC estimates for Central Government Administration at all India level is distributed to different states in the same ratio as net estimates.

31.21 The CFC estimates for Central Govt. Administration are obtained from the CFC of Public Administration & Defence by applying the same ratio as the all India NSDP of Central Govt. Administration to the NDP of Public Administration & Defence. This process is used for preparing estimates at current prices as well as at constant prices.

#### **GSDP estimates at Constant (1999-2000) Prices**

31.22 The total GVA for Railways, Banking & Insurance, Communication and Central Government administration at constant prices are allocated amongst the states according to their share in current price estimates.

#### **Methodology for preparation of state wise estimates of Gross Fixed Capital Formation for supra-regional sector**

##### **Railways**

31.23 This sector covers the activities of the railways including railway workshops and factories and also construction including major repairs undertaken by the railways. The capital expenditure during the year are derived as the difference in the outlays expected up to the end of the current and preceding years given in the publication of Railway Board "Works, Machinery and Rolling Stock Programme of Railways (Detailed Programme)". The estimates of state-wise GFCF are prepared for (a) buildings, (b) constructions, including construction of new lines, doubling of lines, track renewals, cables route, electrification and (c) Machinery & Equipment including expenditure on computerization, signaling and telecommunication works and other electrical installations. As per the recommendation of the Committee on Regional Accounts (RAC), the rolling stock of the railways is not allocated to the states.

31.24 The expenditure on buildings, construction and machinery & equipment is distributed among various states on the basis of the location of projects mentioned in the source documents. However, the expenditure on new lines, track renewals and other items of machinery is allocated to different states on the basis of section-wise data given in the source documents. If a section covers more than one state, the allocation to different states is done on the basis of new lines, track

renewal and other items of machinery falling within the concerned states. This is done on the basis of railway map of India. The difference between the national level GFCF and the estimates prepared by the above method is allocated on the pro-rata basis.

### Banking & Insurance

31.25 The state wise estimates of GFCF from Banking and Insurance sector are discussed below:-

(a) **Public & Private Sector Banks:** State wise data on construction and machinery & equipment of public banks are collected from these banks through correspondence. In order to complete the coverage, the fixed capital expenditure of private banks and the non-responding public banks has been distributed on the prorata basis of state wise data of the public responding banks.

(b) **Financial Investment Companies:** All India estimates are distributed in the proportion of state wise data on paid up capital received from Department of Company Affairs, Ministry of Finance.

(c) **Central/State Finance Companies:** The state wise estimates on construction and Machinery & Equipment of central finance companies are added to state finance companies data to obtain the consolidated state wise estimates.

(d) **State Financial Corporation:** Estimates of GFCF from State Financial Corporation are being compiled from annual reports of these corporations.

(e) **Other Sub-Sectors:** These sub-sectors include Banking Department of RBI, Regional Rural Banks, Cooperative credit societies (including Co-operative banks, Grain Banks, etc), Insurance Corporations and Central Financial corporations. Data in respect of Regional Rural Banks and cooperative credit societies are supplied by NABARD. For others, the estimates are based on the state wise data on construction and Machinery & Equipment made available by the respective institutions.

### Communication (Public Sector)

31.26 This sector covers the activities of Post & Telecommunication. The source of data for Posts is Department of Posts and for telecommunication –Department of Telecommunication / BSNL, MTNL & VSNL. For posts, circle-wise data on capital expenditure in respect of building, construction and machinery & equipment

during the year is obtained from Department of Post. Postal circles are generally co-terminus with the states. Where circle comprises of more than one state, capital expenditure is allocated among different States/UTs using the number of Post offices in different States/UTs within that circle. The All-India capital expenditure for post is distributed among states in the ratio of capital expenditure among states as compiled above. For Telecom/BSNL, circle wise data for capital expenditure is obtained separately for construction and machinery from Department of Telecommunication/ BSNL, New Delhi. All India capital expenditure of Telecom/BSNL is distributed among circles in the ratio of circle-wise capital expenditure. Where circle comprises of more than one state, capital expenditure is allocated among different States/UTs within that circle in the ratio of Telecom/BSNL Plan Investment. For VSNL & MTNL, total GFCF is allocated in states in the proportion of actual state wise capital expenditure obtained from MTNL, New Delhi and VSNL, Mumbai. The GFCF estimates from VSNL are included in private communication from the year 2002-03 onwards.

### Central Government Administration

31.27 The state/UT wise fixed capital expenditure for different type of assets is extracted from 'Demands for Grants' documents received from all Central Govt. Ministries/Departments for each financial year. In the "Works Annexures" of these documents, the probable capital expenditure of the projects costing Rs. 50 lakhs and above, by type of assets and location, for the previous year are given. However, in case of some of the Ministries/Departments, the details are available only for the probable capital expenditure costing Rs. 5 crores and above. Besides, in these Annexures, a large amount of money is earmarked under the category 'collective all other works', the identification of which by type of assets and location are not available from these documents.

31.28 In addition to this, (i) the data for capital formation in respect of 'Border Roads Development Boards' meant for North-Eastern States are distributed among North Eastern States viz., Arunachal Pradesh, Assam, Meghalaya, Nagaland, Mizoram, Manipur and Tripura in proportion to their NVA compiled from the respective State Govt. Budgets; (ii) the additional capital formation data for Union Territories is also obtained from Home Ministry's Demands for Grants, and (iii) the data relating to Coast Guard Ships/Vessels. Defence Wireless, Machinery for Para Military Forces, Ocean Development, Satellites etc. is un-allocable data and remains undistributed among the states. The remaining amount of

fixed capital formation for central government administration [i.e. Total – (i) – (ii) – (iii)] has been distributed among all States/UTs in the ratios of the state wise amount of fixed

capital formation extracted from the available Works Annexure of all Ministries/Departments as detailed in previous paragraph.

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