

**38th Summer Seminar on Population, Development and Policy:
The Economic Payoffs of Population Changes
East-West Centre, Honolulu, Hawaii**

**CONSTRUCTION OF NATIONAL TRANSFER
ACCOUNTS FOR INDIA, 1999-00**

**Presentation of on-going research
works and initial results**

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6 June 2007

Current status of India's NTA

- Construction of NTA is new for India - Started by the end of 2005 - Funded by NUPRI (Tokyo) – National Seminar on 10 August 2007
- NTA is important for design and implementation of India's policies for dynamic economic growth, and inter-generational equity in response to age structure transition - Estimates of age structure changes are available in UN World Population Ageing 2077 - Importance of demographic dividends are emphasised in India's draft approach to the 11th Five Year Plan (2007-08 to 2011-2012) and results of NTA are of national policy importance
- Up to now, construction of NTA is focused on estimation of Flow Account for 1999-00
- Initial results are available for: (a) Life Cycle Deficit, (b) Public sector reallocations by assets and transfers, and © Private transfers: Intra-household transfer
- Estimation of other private sector reallocations by assets and transfers is on-going

Estimated Life Cycle Deficit for India, 1999-00
Rs. In million at current prices

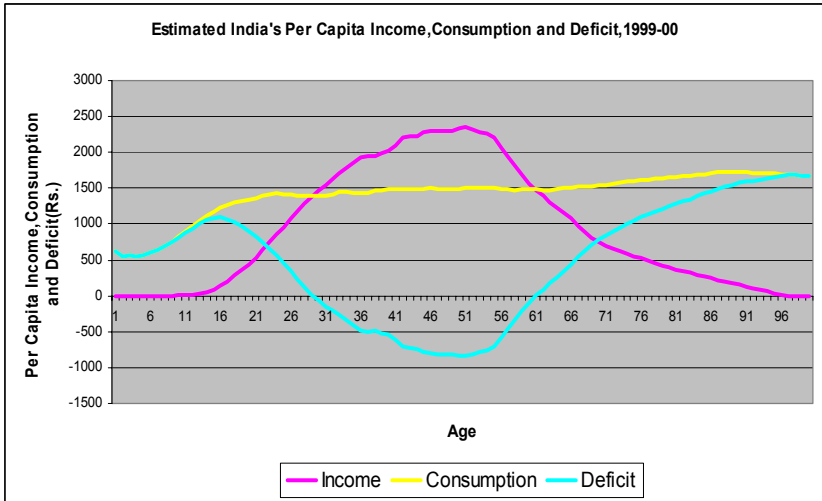
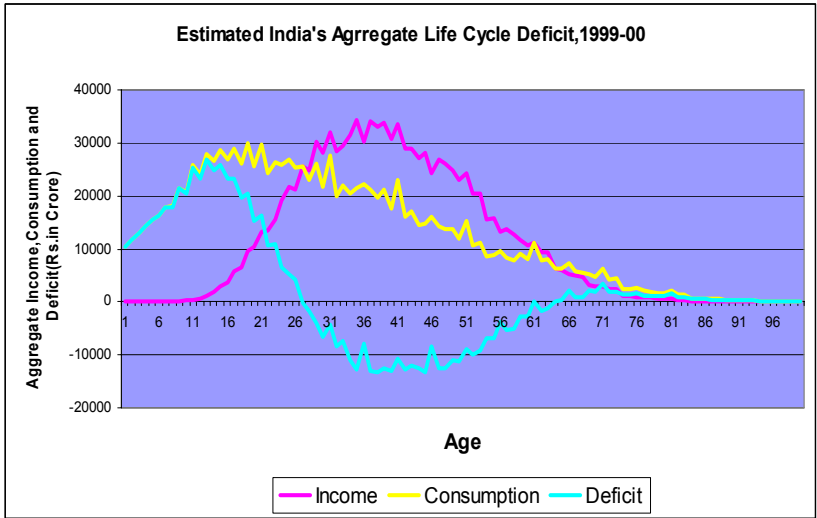
LCD indicators	Age groups of population (years)					
	Total	0-19	20-29	30-49	50-64	65+
LCD	1760840	3862550	417990	-2204990	-639530	324810
Consumption	12583750	4294190	2546070	3684850	1366880	691770
• Private	10585680	3277380	2211030	3274740	1212030	610500
• Public	1998080	1016820	335030	410110	154850	81270
Less: Labour income	10822910	431640	2128080	5889840	2006400	366960

Summary of main results of LCD estimations

First, the LCD is evident for all age groups except for working population in the age group of 30-49 years and 50-64 years.

Second, the highest LCD is evident for young age dependents (age group 0-19 years) rather than for old age dependents (age group 65+ years). In fact, the LCD in age group 0-19 years is about 12 times higher than for the old age group (65+ years).

Third, estimated total LCD is about 10 percent of India's national income in 1999-00.



Age reallocations in India's NTA, 1999-00

1. Public sector reallocations

- Public sector asset reallocation
- Public transfers

- **Private sector reallocation**

- ❖ Private sector asset reallocation
- ❖ Private transfers – **Intra-household transfers**
- ❖ Bequests

Public sector and macro economy of India

Indicators	Public sector			General government		
	1993-94	1999-00	2003-04	1993-94	1999-00	2003-04
1. Percent to GDP	25.9	25.6	23.2	8.7	10.6	9.6
2. Percent to gross domestic capital formation	38.8	29.3	24.2	8.6	8	9.6
3. Percent of gross savings	2.8	-4.3	-1.2	-13.4	-20.6	-15.3

Distribution of final consumption expenditure by Government and private sectors

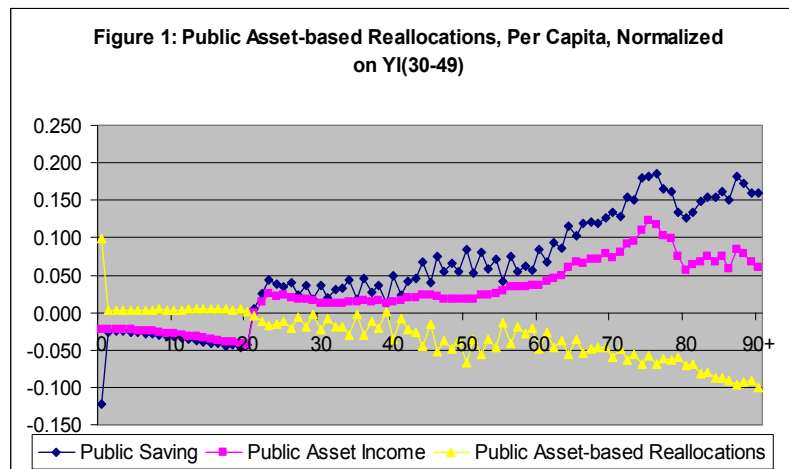
Indicators	General Government sector		
	1993-94	1999-00	2002-03
1. Percent to total (public+private) consumption expenditure	11.77	13.58	11.34
2. Percent to total health expenditure	20.22	13.06	9.77
3. Percent of total education expenditure	53.00	54.83	53.61

Distribution of final Government consumption expenditure by major components

Indicators	General Government consumption			Private consumption		
	1993-94	1999-00	2002-03	1993-94	1999-00	2002-03
1. Percent of health expenditure	6.43	6.34	6.15	3.38	6.63	7.27
2. Percent to education expenditure	14.85	16.40	16.09	1.76	2.12	1.78
3. Percent of consumption others	78.72	77.26	77.76	94.86	91.24	90.95

Estimates of asset based reallocations for India's public sector, 1999-00: Rs. In million at current prices

	Total-D	Domestic by age					Foreign	
		0-19	20-29	30-49	50-64	65+	Foreign	Total with F
Public asset-based reallocations	-210859.0	100760.8	-43308.8	-124542.8	-83539.5	-60228.6	-28105.9	-238964.9
Income on public assets	-35336.7	-319192.2	42375.2	86276.7	69144.5	86059.2	31914.7	-3422.0
Income, public capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income, public credit	-35336.7	-319192.2	42375.2	86276.7	69144.5	86059.2	31914.7	-3422.0
Income, public credit, taxpayers	-1072822.7	-319192.2	-201943.7	-354771.2	-141320.7	-55595.0	-13206.1	-1086028.8
Income, public credit, investors	1037486.0	0.0	244318.8	441047.9	210465.2	141654.1	45120.8	1082606.8
Less: Public saving	175522.3	-419952.9	85684.0	210819.5	152684.0	146287.8	60020.6	235542.9
Public investment	222849.4	66303.4	41948.2	73693.9	29355.5	11548.3	2743.2	225592.6
Public lending	-49143.6	-384977.3	49572.3	101284.7	82071.6	102905.1	62315.9	13172.3
Public lending, taxpayers	-1293930.0	-384977.3	-243564.0	-427889.1	-170446.7	-67053.0	-21993.8	-1315923.8
Public lending, investors	1244786.4	0.0	293136.3	529173.8	252518.3	169958.1	84309.7	1329096.1
Public bequests, net	1816.5	-101279.1	-5836.5	35840.8	41256.9	31834.4	-5038.5	-3222.0

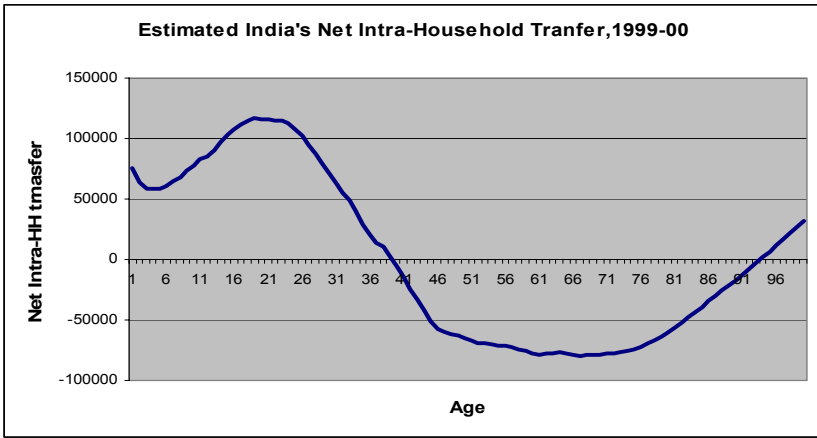
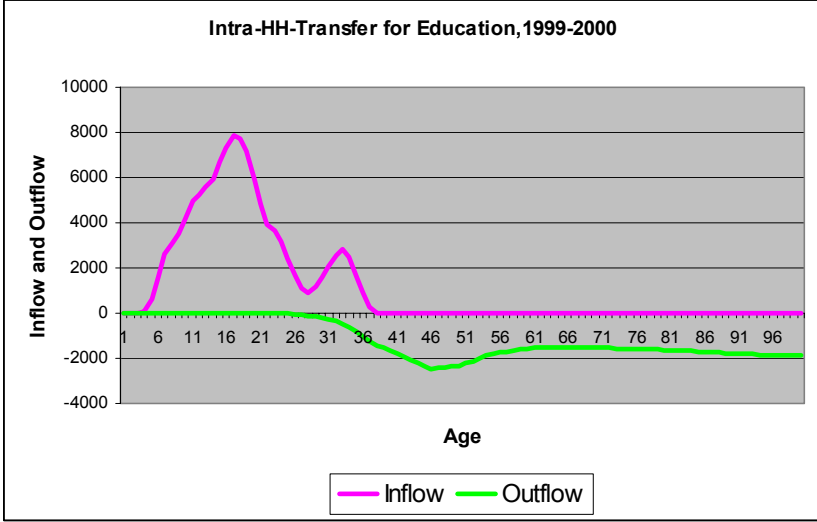


**Estimation of India's public transfers, 1999-00:
Rs. In crore (=10 million)**

Variables	Age distribution					Total
	0-19	20-29	30-49	50-64	65+	
Total inflows	101722	34291	44936	31623	27114	239687
Total outflows (explicit taxes)	68556	54949	99374	36388	15305	274573
Budget deficits (inflows - outflows)	33166	-20658	-54438	-4765	11809	-34886
Savings (outflows - inflows)	-33166	20658	54438	4765	-11809	34886
Basic data						
Cash transfers	40	788	3925	16138	18987	39879
In-kind transfers	101682	33503	41011	15485	8127	199808
Total inflows	101722	34291	44936	31623	27114	239687
Direct taxes	2207	11292	33056	11917	2382	60854
Indirect taxes	66350	43657	66318	24471	12924	213719
Total outflows	68556	54949	99374	36388	15305	274573

**Estimated public sector age reallocations for India,
1999-00**

Indicators	Age groups of population (years)					
	Total	0-19	20-29	30-49	50-64	65+
1. Asset based reallocations as a percent of LCD	-11.7	2.6	-10.4	5.7	13.1	-18.5
2. Public transfers as a percent of LCD						
2.1. With explicit taxes only	-19.8	8.6	-49.4	24.7	7.5	36.4
2.2. With explicit taxes and non-tax revenues	-47.6	5.4	-72.8	32.7	17.6	27.9
2.3. With explicit taxes, implicit taxes, and non-tax revenues	-151.7	-16.0	-146.9	52.8	43.2	1.0



THANK YOU