Qn.1 Could you explain again the steps of compiling Use table at basic Prices?

Ans: Use table at basic prices is compiled by using the following equation:

\[
\text{Use table at basic prices} = \text{Use table at Purchasers’ prices} - \text{use table of trade and transport margins} - \text{use table of taxes less subsidies on products}
\]

The use table of trade and transport margins and the use table of taxes less subsidies on products are compiled by estimating the values of trade and transport margins and the taxes less subsidies on products, embedded in each cell value in the use table at purchasers’ prices.

The procedures to compile these matrices are explained in the Session 4 presentation. Also, please see the excel example linked to this presentation in which how these matrices can be compiled has been demonstrated. The example used the proportional allocation method, just to show the steps involved, but the compilers should try to collect or use the available information on trade and transport margins and taxes and subsidies on products as much as possible to compile these valuation matrices.

Qu.2. What is the reason to compile the USE table at basic prices?

For balancing Supply=Use. We can do the balancing when both are calculated using the same valuation, either at basic prices or at purchaser’s prices. If one chooses to balance the SUT at basic prices then the use table should be valued at basic prices.

If countries are planning to compile an Input Output Table (IOT), then having the use table at basic prices is necessary as intermediate consumption and other final uses are valued at basic prices in the IOT.

Qu 3. Why do we have to compute wholesale and retail margin separately?

When direct information is not available on trade margins then information can be collected on a small sample of establishments. As the margin rate is quite different for wholesale and retail traders it is useful to collect data on the margins separately for wholesalers and retailers.