

Trade, Hotels and Restaurants

Trade

Coverage

16.1 The Trade sector includes wholesale and retail trade in all commodities whether produced domestically, imported or exported. It covers activities of purchase and selling agents, brokers and auctioneers. Wholesale trade covers units, which resell without transformation, new and used goods generally to the retailer and industries, commercial establishments, institutional and professional users or to other wholesalers. Retail trade covers units, which mainly resell without transformation new and used goods for personal or household consumption. This sector, now, also comprises of maintenance and repair of motor vehicles and repair of personal household goods. As per NIC 1998 classification, this sector consists of following five categories:

- + Maintenance and repair of motor vehicles (502+50404);
- + Sale of motor vehicles (50-502-50404);
- + Whole sale trade except of motor vehicles + Auctioning activities (51+74991);
- + Repair of personal household goods (526); and
- + Retail trade (except motor vehicles) (52-526).

Sources of data

16.2 The major sources of data for trade, hotels and restaurants are:

- + Accounts of the public sector enterprises and budget documents;
- + The results of the RBI study of the finances of a sample of companies engaged in trade and hotels & restaurants;
- + Paid-up capital of all the companies engaged in trade and hotels & restaurants from Ministry of Company Affairs;
- + Publication entitled 'Statistical Statements Relating to Co-operative movement in India' from National Bank for Agriculture and Rural Development (NABARD);
- + Unit value of Index of imports from Directorate General of Commercial Intelligence and Statistics (DGCI&S);
- + Wholesale price index from the Office of Economic Adviser, M/O Commerce and Industry.

- + 'Motor Transport Statistics of India', Ministry of Shipping, Road Transport and Highways;
- + Employment-Unemployment Survey data from NSS 55th round (1999-2000) and Population Census 2001 estimates of workforce;
- + Employment data from the Directorate General of Employment & Training (DGET) publication 'Employment Review';
- + Informal Sector Survey conducted during 55th round (1999-2000) of NSS and Enterprise Survey conducted during 57th round (2001-02) of NSS;
- + 'Agricultural Statistics at Glance', Ministry of Agriculture;
- + Consumer Price Index for Industrial Workers, Ministry of Labour.

Method of estimation of GVA

16.3 In the present series, there is a change in the coverage for estimation of the GVA for trade sector. "Maintenance and repair of motor vehicles" and "Repair of personal and household goods" are the new activities included in this sector. In the 1993-94 series, these activities were covered under manufacturing sector. The GVA estimates of Trade sector are prepared separately for:

- + Public sector having units engaged in retail and whole sale trade (except of motor vehicles) + Auctioning activities;
- + Private Organized sector consisting of (a) Private Corporate units engaged in retail and wholesale trade (except of motor vehicles) + Auctioning activities, (b) Trading Co-operative units engaged in retail and wholesale trade (except of motor vehicles) + Auctioning activities, (c) Maintenance and repair of motor vehicles and (d) Repair of personal household goods. The GVA estimates are prepared separately for each of these four components.
- + Private Un-organized sector having units engaged in all the five categories namely (i) Maintenance and repair of motor vehicles; (ii) Sale of motor vehicles; (iii) Whole sale trade except of motor vehicles + Auctioning activities; (iv) Repair of personal household goods; and (v) Retail trade except motor vehicles.

The GVA estimates are prepared separately for these five categories.

- 16.4 **Public Sector:** Estimates of GVA relating to public sector units engaged in trade are based on the analysis of accounts of the public sector enterprises and budget documents. The annual reports are obtained by the CSO. A complete analysis of the reports including the profit-loss account and balance-sheet are undertaken for preparing the components of value added and other aggregates. The details are discussed in the Chapter on Public Sector. The data relating to central public undertakings are generally up-to-date and complete.
- 16.5 The constant price estimates of value added by the public sector are prepared by moving the base year estimates with the quantum index (obtained on the basis of purchase and sale of public sector trading companies). The quantities of different products handled by Food Corporation of India (FCI), Minerals and Metals Trading Corporation (MMTC), State Trading Corporation (STC) and Industrial Development Corporation (IDC) are evaluated at base year prices to prepare the quantum index.
- 16.6 **Private Organized Sector:** Estimates of GVA relating to private corporate sector are prepared by using the results of the RBI study of the finances of a sample of companies. GVA of the sample companies is inflated by the ratio of paid-up capital (PUC) of all the companies engaged in trading activity (data obtained from the Ministry of Corporate Affairs) and PUC of sample companies. The constant-price estimates of private corporate segment are obtained by applying the GDP implicit deflator (GDP excluding the GDP of Trade, hotels and restaurants) on the current prices estimates.
- 16.7 The estimates of GVA for co-operative societies (for trade only) are prepared using information available from NABARD's publication entitled 'Statistical Statements relating to co-operative movement in India', Part II-Non-credit societies. The publication has a time lag of 4-5 years. The *constant price* estimates of co-operative societies in trade sector are obtained by moving the base year estimates with the index of deflated sales (the value of sales at current prices is deflated using wholesale price indices of non-food articles & manufactured products) of corporate sector.
- 16.8 The GVA estimates of Maintenance and repair of motor vehicles and Repair of personal household goods activities, are prepared as a product of workers and GVA per worker. The estimates of number of workers for these two categories are taken from DGE&T publication "Employment Review". The estimated GVA per worker for these activities is obtained by dividing the GVA estimates as prepared in paragraph 16.6 by the number of corresponding workers in private corporate sector, in the absence of direct data.
- 16.9 In the case of the activity, "Maintenance and repair of motor vehicles", the growth trend observed in private corporate sector relating to wholesale and retail trade excluding motor vehicles is used to move the current price estimates, for subsequent years. The constant price estimates are prepared by deflating current price estimates with the implicit price deflator, mentioned in paragraph 16.6, for subsequent years. For the activity of repair of personal household goods, the base year estimates are moved with the growth rate in workforce, for obtaining the estimates for subsequent years. The constant price estimates are inflated by CPI-IW to obtain estimates at current prices, for other years.
- 16.10 **Private un-organized Sector:** The base year GVA has been estimated as a product of estimates of labour input and value added per worker. The estimates of value added per *worker* relates to 'all enterprises' category available in informal sector survey conducted during 55th round (1999-00) of NSS, since no separate trade survey has been undertaken by the NSSO after 53rd round. The estimates of labour input of private unorganized part for all the categories (rural and urban) have been obtained by subtracting the estimated workers in public sector and the private organized segment, data on which is available from DGE&T (assuming that DGE&T worker include the workforce of Co-operative as well) from the total labour input of the sector. Labour input estimates from Employment-Unemployment Survey data from 55th round (1999-00) and Population Census 2001 have been used for estimating the total workers in these economic activities in the country. The detailed write-up on the procedure of estimation of labour input is given in the chapter on workforce.
- 16.11 For preparing GVA estimates for subsequent years for all components of private un-organized sector except for 'Maintenance and repair of Motor Vehicles' and 'Sale of Motor Vehicles', specially prepared Gross Trading Income (GTI) of commodity producing sectors is used. The current price estimates are obtained by moving the base

year estimates with index of GTI constructed using output at current prices. The constant-price estimates are obtained by moving the base year estimates by a different index of GTI, which is based on the volume of goods evaluated at constant prices.

- 16.12 In the case of the activity, 'Maintenance and repair of Motor Vehicles', the base year estimates of GVA are extrapolated with the index of number of registered vehicles to obtain constant price estimates for subsequent years. The constant price estimates are inflated with CPI-IW to prepare estimates of GVA at current prices for this activity.
- 16.13 For the activity of 'Sale of Motor vehicles', the base year estimates are moved with the indicator based on taxes and fees to obtain estimates at current prices. The estimates at constant prices are obtained by moving the base year estimates with the index of sale of number of motor vehicles.
- 16.14 The *GTI* is based on (i) the value of marketable surplus in commodity producing sectors in agriculture, livestock, fishing, forestry, mining and manufacturing & value of imports and (ii) the corresponding Trade, Transport Margins (TTMs). The marketable surplus ratios used for the base year are as given in Ministry of Agriculture's publication 'Agricultural Statistics at Glance-2000'. The *GTI* is estimated by multiplying the marketable surplus by the corresponding trade and transport margins for groups of commodities for which these marketable surplus ratios are available. The data on TTMs has been obtained from the IOTT 1998-99. The base year estimates of GVA are then carried forward with the index of *GTI* thus obtained, to arrive at the annual estimates of GVA. The commodity/crop wise marketable surplus ratios and TTMs used in preparing *GTI* index are given in Appendix 16.1 & 16.2 respectively.

Hotels and Restaurants

- 16.15 This sector covers services rendered by hotels and other lodging places, restaurants, cafes and other eating and drinking places. As per NIC 1998 classification, it consists of following two categories:
- ✚ Hotels, camping sites etc (NIC 98 code-551); and
 - ✚ Restaurants, bars and canteens (NIC 98 code-552).

Method of estimation GVA

- 16.16 The GVA estimates of Hotels and Restaurants are prepared separately for:

- ✚ Public sector;
- ✚ Private Organized sector; and
- ✚ Private Un-organized sector

- 16.17 The methodology followed for estimating GVA of public, private organized and private unorganized in the new series are as follows:
- 16.18 **Public Sector:** Estimates of GVA relating to public sector units engaged in hotels and restaurants are based on the analysis of accounts of the public sector enterprises and budget documents. The annual reports are obtained by the CSO. A complete analysis of the reports including the profit-loss account and balance-sheet are undertaken for preparing the components of value added and other aggregates. The constant price estimates of value added by the public sector are prepared by moving the base year estimates with the quantum index (obtained on the basis of purchase and sales of public sector trading companies).
- 16.19 **Private organized Sector:** For Hotels and restaurants, the GVA at current prices is estimated using annual results of the RBI study of the finances of a sample of companies (inflated by the ratio of paid-up capital (PUC) of all the companies engaged in hotels and restaurants activities). The constant-price estimates are obtained by applying the GDP implicit deflator (GDP excluding the GDP of Trade, hotels and Restaurants) on the GVA estimates at current prices.
- 16.20 **Private un-organized Sector:** The estimates of GVA for private unorganized sector in the current series have been compiled by using the estimated value added per worker (VAPW) from Enterprise Survey, 2001-02 and labour input estimates from Employment-Unemployment Survey, 1999-2000 & Population Census 2001. The VAPW of ES, 2001-02 has been adjusted for the base year 1999-2000 using CPI (AL) in rural areas and CPI-IW in urban areas. The estimates of labour input of private unorganized part for all the categories (rural and urban) has been obtained by subtracting the number of workers of public sector and the private organized segment available from DGE&T from the total labour input of the sector.
- 16.21 The current price estimates for subsequent years are obtained by moving the base year estimates with index of *GTI* constructed using output at current prices. The *constant-price* estimates for subsequent years are obtained by moving the base year estimates by a different index of *GTI*, which is based

on the volume of goods valued at constant prices. The GTI index used in the case of hotels and restaurants is the same as that of GTI used in the unorganized trade, the assumption being the similar trend observed in income of unorganized hotels & restaurants.

studies are not robust, as these are based on thin samples, and sometimes in the absence of these data, the information available on PUC in the activity is used as such. Further, for the unorganized part of the activity no current data are available and only the benchmark estimates are moved with the indicator of GTI from commodity producing sectors. As there has been no survey conducted on the Trade sector, since the 53rd round, the base year estimates also, are not based on current data.

Quality and limitations of data base

- 16.22 While the GVA estimates of public sector which are based on current data may be considered reliable, the private corporate sector GVA estimates based on RBI sample

Estimates of GDP of trade, hotel & Restaurants, 1999-2000

(Rs. crore)

Items	1999-00
1. Gross domestic product unadjusted	262156
1.1 Trade	239143
1.2 Hotels & Restaurants	23013
2. Less FISIM	8013
2.1 Trade	7265
2.2 Hotels & Restaurants	748
3. Gross domestic product adjusted	254143
3.1 Trade	231878
3.2 Hotels & Restaurants	22265

Appendix-16.1

Marketable Surplus ratios used in the current series

S. No	Crop/Commodity	M. S. Ratio	S. No	Crop/Commodity	M. S. Ratio
1	Rice	61.70	23	Niger seed	94.7
2	Wheat	56.50	24	Safflower	89.2
3	Jowar	47.60	25	Other oilseeds	83.0
4	Bajra	61.70	26	Sugarcane	96.4
5	Barley	42.90	27	Gur	92.5
6	Maize	67.30	28	Other sugars	96.4
7	Ragi	26.50	29	Kapas	83.8
8	Small millets	16.4	30	Jute	97.5
9	Other Cereals	24.2	31	Sun hemp	96.5
10	Gram	71.80	32	mesta	87.3
11	Arhar	63.50	33	Other fibres	100.0
12	Urad	90.50	34	Indigo	100.0
13	Moong	74.60	35	Other dyes	100.0
14	Masoor	56.70	36	Tea	100.0
15	Horse gram	64.0	37	Coffee	100.0
16	Other pulses	64.0	38	tobacco (leaf)	96.8
17	Linseed	86.9	39	Tobacco (stem)	96.8
18	Sesamum	86.10	40	Opium	100.0
19	Groundnut	62.20	41	Other drugs & narcotics	100.0
20	Rapeseed & mustard	73.30	42	Cardamom	96.5
21	Castor	67.9	43	Chillies	90.9
22	Coconut	67.6	44	Black pepper	95.8

S. No	Crop/Commodity	M. S. Ratio	S. No	Crop/Commodity	M. S. Ratio
45	Dry ginger	82.9	93	Honey	100.0
46	Turmeric	96.4	94	Silk worm cocoons	100.0
47	Areca nut	92.1	95	Increment in stock	100.0
48	Garlic	94.4	96	Industrial wood (Recorded+ Unrecorded)	100.0
49	Coriander	90.9	97	Fuel Wood	50.0
50	Other spices	95.0	98	Minor Forestry Product	50.0
51	Banana	85.7	99	Inland Fish	65.50
52	Mango	97.4	100	Marine Fish	93.00
53	Citrus fruit	97.0	101	Food products	100.0
54	Grapes	75.0	102	Beverages, tobacco etc	100.0
55	Cashew nut	100.0	103	Cotton textiles	100.0
56	Potato	47.6	104	Textiles products	100.0
57	Sweet potato	75.8	105	Wood furniture etc	100.0
58	Tapioca	70.0	106	Paper and printing etc	100.0
59	Papaya	50.0	107	Leather and fur products	100.0
60	Onion	98.5	108	Basic Chemicals etc	100.0
61	Other fruits & vegetables	75.0	109	Rubber, Plastic, Petroleum & coal	100.0
62	Rubber	100.0	110	Non-metallic products	100.0
63	Fodder	23.3	111	Basic metal industries	100.0
64	Misc. Food crops	22.7	112	Metal products	100.0
65	Guar seed	83.0	113	Machinery Non elect	100.0
66	Misc. non-food crops	22.7	114	Electrical m/c	100.0
67	Floriculture	60.0	115	Transport Equipment	100.0
68	Cattle hides	100.0	116	Other mfg	100.0
69	Buffalo hides	100.0	117	Food products	100.0
70	Goat hides	100.0	118	Beverages, tobacco etc	100.0
71	Sheep hides	100.0	119	Cotton textiles	100.0
72	Wool	100.0	120	Textiles products	100.0
73	Goat hair	100.0	121	Wood furniture etc	100.0
74	Camel hair	100.0	122	Paper and printing etc	100.0
75	Pig bristle	100.0	123	Leather and fur products	100.0
76	Dung fuel	5.0	124	Chemicals etc	100.0
77	Other dung	5.0	125	Rubber, petroleum etc	100.0
78	Bones, horns & hoofs etc	25.0	126	Non-metallic products	100.0
79	Hen eggs	88.2	127	Basic metal industries	100.0
80	Adult fowls	50.0	128	Metal products	100.0
81	Chickens	50.0	129	Machinery, m/c tools	100.0
82	Adult ducks	50.0	130	Electrical m/c	100.0
83	Other eggs and poultry	56.8	131	Transport Equipment	100.0
84	Beef	100.0	132	Other mfg	100.0
85	Buffalo meat	100.0	133	Coal & Lignite	100.0
86	Goat meat	100.0	134	Iron ore	100.0
87	Mutton	100.0	135	Manganese	100.0
88	Pork	100.0	136	Gold	100.0
89	Glands	100.0	137	Mica	100.0
90	Head legs	100.0	138	Other minerals	100.0
91	Other meat products	100.0			
92	Milk consumed as such	60.0			

Appendix-16.2

Trade Transport Margins used in the current Series

S. No	Crop/Commodity	TTM	S. No.	Crop/Commodity	TTM
1	Rice	72.30	41	Other drugs & narcotics	27.90
2	Wheat	53.10	42	Cardamom	54.62
3	Jowar	51.90	43	Chillies	37.50
4	Bajra	38.40	44	Black pepper	30.31
5	Barley	101.90	45	Dry ginger	40.32
6	Maize	40.90	46	Turmeric	27.90
7	Ragi	67.40	47	Arecanut	51.80
8	Small millets	132.00	48	Garlic	51.01
9	Other Cereals	57.31	49	Coriander	37.50
10	Gram	83.50	50	Other spices	40.32
11	Arhar	129.30	51	Banana	47.60
12	Urad	79.60	52	Mango	21.70
13	Moong	94.60	53	Citrus fruit	28.90
14	Masoor	63.60	54	Grapes	14.00
15	Horse gram	42.04	55	Cashew nuts	51.45
16	Other pulses	63.60	56	Potato	116.60
17	Linseed	19.50	57	Sweet potato	72.80
18	Sesamum	23.20	58	Tapioca	32.30
19	Groundnut	20.00	59	Papaya	73.30
20	Rapeseed & mustard	19.00	60	Onion	103.00
21	Castor	20.40	61	Other fruits & Vegetables	72.90
22	Coconut	124.30	62	Rubber	10.52
23	Niger seed	19.00	63	Fodder	3.35
24	Safflower	19.28	64	Misc. Food crops	23.04
25	Other oilseeds	19.28	65	Guar seed	28.98
26	Sugarcane	95.50	66	Misc. non-food crops	23.04
27	Gur	83.30	67	Floriculture	100.0
28	Other sugars	46.70	68	Bones, horns & hoofs etc	16.89
29	Kapas	7.51	69	Hen eggs	38.90
30	Jute	11.73	70	Adult fowls	11.60
31	San hemp	14.20	71	Chickens	16.20
32	mesta	9.81	72	Adult ducks	36.20
33	Other fibres	13.70	73	Other eggs and poultry	38.90
34	Indigo	16.23	74	Beef	22.00
35	Other dyes	16.23	75	Buffalo meat	22.00
36	Tea	22.50	76	Goat meat	19.30
37	Coffee	22.50	77	Mutton	38.80
38	Tobacco (leaf)	113.30	78	Pork	62.80
39	Tobacco (stem)	113.30	79	Other meat products	22.00
40	Opium	64.60	80	Milk consumed as such	34.80

Appendix-16.2(contd./..)

Trade Transport Margins used in the current Series

S. No	Crop/Commodity	TTM	S. No	Crop/Commodity	TTM
81	Industrial wood (Rec+ Unrec)	100.00	103	Beverages, tobacco etc	24.00
82	Fuel Wood	100.00	104	Cotton textiles	20.00
83	Minor Forestry Product	100.00	105	Textiles products	20.00
84	Inland Fish	33.40	106	Wood furniture etc	25.00
85	Marine Fish	33.40	107	Paper and printing etc	25.00
86	Food products	25.00	108	Leather and fur products	25.00
87	Beverages, tobacco etc	24.00	109	Chemicals etc	25.00
88	Cotton textiles	20.00	110	Rubber, petroleum etc	25.00
89	Textiles products	20.00	111	Non-metallic products	25.00
90	Wood furniture etc	25.00	112	Basic metal industries	25.00
91	Paper and printing etc	25.00	113	Metal products	25.00
92	Leather and fur products	25.00	114	Machinery, m/c tools	24.00
93	Basic Chemicals etc	25.00	115	Electrical m/c	19.00
94	Rubber, Plastic, Petroleum & coal	25.00	116	Transport equipment	21.00
95	Non-metallic products	25.00	117	Other mfg	25.00
96	Basic metal industries	25.00	118	Coal & Lignite	71.14
97	Metal products	25.00	119	Iron ore	80.00
98	Machinery Non elect	24.00	120	Manganese	30.17
99	Electrical m/c	19.00	121	Gold	5.43
100	Transport equipment	21.00	122	Mica	29.38
101	Other mfg	25.00	123	Other minerals	95.36
102	Food products	25.00			