



Comments on
“Informality and Beyond-
What We really Know”
by R.L.O. Ramos

Sugata Marjit

Centre for Training and Research in Public Finance and Policy
(Centre for Studies in Social Sciences, Calcutta, India)

Fourth IMF Statistical Forum

Nov 17, 2016

- ❑ The paper deals with critical issues regarding the measurement of GDP in the informal sector, major problems and remedies if any.
- ❑ Informal activities are classified in various ways, but basically unrecorded, un-registered activities, sometimes in terms of labor union activities, absence of regulated wages.
- ❑ *Let me try to pick up some specific issues:*
 1. IT HAS BEEN CORRECTLY SUGGESTED THAT DETAILED SAMPLING OF ACTIVITIES IS NEEDED . NATIONAL SAMPLE SURVEY ORGANIZATION IN INDIA DOES ROUNDS OF COLLECTION OF LARGE DATA SET ON UNORGANIZED MANUFACTURING.

- 1.
2. IT IS NOT A PANEL DATA AS FIRMS ENTER AND EXIT FREQUENTLY, BUT IT'S A LARGE DATA SET.
3. WE MUST REMEMBER THAT BETTER METHODS FOR TAX COLLECTION, SUCH AS TRANSPARENT & LOW TAX REGULATORY REGIMES SHOULD LEAD TO REVELATION OF INFORMATION. THUS FISCAL ISSUE AND GDP MEASUREMENT ARE NICELY RELATED.
4. TWO SIDED DATA FROM INTERNATIONAL TRADE STATISTICS FROM EXPORTING AND IMPORTING COUTRIES, USE THE DISCREPANCY AS A PROXY ESTIMATE. THAT GAP DOES MOVE WITH POLICIES.

5. INFORMAL TRADING ACTIVITIES SUCH AS STREET VENDORS, IS VERY IMPORTANT TO UNDERSTAND THE ECONOMIC CONTRIBUTION OF THE POOR. PROBLEM IS PARTLY POLITICAL AS IT IS A SPOT FOR DISTRIBUTING POLITICAL FAVOR, NOW DISCUSSED IN THE LITERATURE.
6. ALSO POLITICAL COMPULSION OF NON-ENFORCEMENT OF PROPERTY RIGHTS TO ALLOW THE POOR TO ENGAGE IN TAX FREE ACTIVITIES. INTERSTING MODEL IN AFRICA , I GUESS GHANA. ITS AN EXAMPLE OF A REGULATORY MEASURE.
7. ON LINE REGISTRATION, TAX COLLECTION, VAT TYPE ARRANGEMENTS AND INTERNATIONAL TRADE OPPORTUNITIES, MORE DIRECT ENGAGEMENT WITH COUNTRIES THAT RELY ON FORMAL DOCUMENTATION.

8. INFORMAL CREDIT MARKET, FALSE TAX LITIGATION AND LOSS OF TAX REVENUE.
9. TWO POINTS ON AGGREGATE DATA AND HOUSEHOLD ACTIVITY.
 - TYPICALLY AGGREGATE GDP IS MEASURED BY AGGREGATE LABOR AND CAPITAL INCOME. HENCE IF WE CAN MEASURE CAPITAL, LABOR, WAGE AND INTERST, IT WILL SERVE THE PURPOSE. OFTEN UNREPORTED OR HIDEEN TRANSACTIONS WOULD SOMEHOW GET REFLECTED IN AGGREGATE LABOR AND CAPITAL INCOME BECAUSE IT IS DIFFICULT TO HIDE PROPSPERITY. ASSET ESTIMATES OF THE POOR, INDIRECT ESTIMATES CAN BE WONDERFUL (*example*)

- HOUSEHOLD ACTIVITY - THE TRAVEL BOOKING EXAMPLE, THERE ARE WAYS TO DETERMINE THE REAL VALUE.
- SUPPOSE 100 \$ AIR TICKET PURCHASED FROM A TRAVEL AGENCY WITH A COMMISSION FEE OF 10\$ IS NOW REPLACED BECAUSE I DO THE BOOKING. FIRST THE TRUE COST TO ME HAS TO BE LESS THAN 10\$. ALSO THERE SHOULD BE WAYS TO MEASURE THE VALUE GENERATED. SIMILARLY FOR DOMESTIC SERVICES BY FAMILY MEMBERS, WE NEED TO FORMALIZE THIS PROPERLY.

The background of the slide is a dark, deep blue. On the left side, there are several vertical, glowing blue light trails that appear to be composed of many thin, parallel lines. These lines are slightly curved and have a soft, ethereal glow, with some brighter spots that look like small stars or light sources. The overall effect is reminiscent of fiber optic cables or digital data streams.

Thank you