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PART II
FACTOR INCOMES

CHAPTER XVII

FACTOR INCOMES

Coverage

17.1. The categories under which factor incomes are normally measured are (1) compensation of employees, (2) rent, (3) interest and (4) profits and dividends. However, in India, because of the existence of unincorporated enterprises and household industries which either do not maintain accounts or are wholly managed by self-employed workers, the factor incomes generated cannot always be separated between income from labour and other factors. It has, therefore, become necessary in such cases to introduce the additional item of 'mixed income of self employed' to take complete account of the factor incomes generated. The mixed income of self-employed covers total income of own account workers as well as the profits and dividends generated in the unincorporated enterprises. Though this is not a clear functional classification of incomes generated introduction of mixed income of self employed as a separate category for an economy like India is unavoidable.

17.2. The treatment of rent in present estimates is different from the one recommended in the SNA. Thus, the rent paid by an industry for structures, machinery and equipment and other goods is treated as a factor payment and not as a payment for a commodity-type service as recommended in the SNA. This treatment is primarily guided by the non-availability of separate data on rent received/paid on structures, machinery and equipment as distinct from those on land.

Methodology and Source Material

17.3. For purposes of estimation, the economic activities under each sector are divided into organised and unorganised according to the organisational set up of the establishments. Generally, all enterprises which are either registered or come under the purview of any one of the Acts like the Indian Factories Act, 1948, Mines and Minerals (Regulation and Development) Act, 1957, the Company Law, The Central/State Sales Tax Acts, the Shops and Establishment Acts of the State Governments are defined as part of the organised sector. Also included are all government companies, departmental enterprises as well as public sector corporations. Similarly, forestry, irrigation works, plantations, recognised educational institutions, and hospitals which are registered as non-profit making bodies are also classified as organised sector. The exact coverage of the organised sector under various economic activities are detailed under relevant sections. In the case of the organised sector, current annual data are available which facilitate preparation of

yearly estimates of various components of factor incomes. All unincorporated enterprises and household industries which are not regulated by any of the Acts of the above type and which do not maintain any annual reports presenting the profit and loss accounts and balance sheets are classified as unorganised. Current data on an annual basis are not available for these establishments and use is made of bench mark figures (available from surveys results) and indicators from different sources to prepare the annual estimates.

Method of estimation by sectors

17.4. The estimates of factor incomes are prepared by sectors. For each sector separate estimates for the sector as a whole and organised sub-sector are prepared independently and the latter is deducted from the former to obtain the corresponding estimates for the unorganised segment. This exercise is undertaken separately for each of the components of factor incomes.

Agriculture

17.5. No comprehensive data are available to provide directly the estimates for the different components of factor incomes for this sector. The estimates are therefore prepared separately for organised and unorganised segments in the case of compensation of employees, rent and interest furnishing the corresponding figures for the sector as a whole. Profits and dividends for the organised part are also estimated independently.

17.6. The organised part of the sector consists of plantations, government irrigation system and non-departmental commercial undertakings. For plantations (tea, coffee, rubber and others), the estimates are based on the results of annual RBI studies on Finances of Medium and Large Public Ltd., Companies (RBI Bulletin). For the sample plantation companies, the components of factor incomes are first determined. These estimates are then blown up with the help of the ratio of total paid up capital of all the plantation companies to that of companies covered in the RBI studies. The estimates of factor incomes from government irrigation system and the non-departmental commercial undertakings (obtained from analysis of budget data and annual reports) are then added to arrive at the factor incomes (i.e. compensation of employees, rent, interest, profits and dividends) of the organised activities.

17.7. The estimates for the unorganised agriculture and animal husbandry are based on results of sample survey, farm management and cost of cultivation studies. The results of farm management and cost of cultivation Studies of

the Ministry of Agriculture are used to work out the proportion of compensation of employees and rent for 'agriculture' (cultivation) sub-sector. These studies relate to a large number of crops, viz., wheat, paddy, bajra, gram, moong, ragi, jowar, maize, barley, sugar-cane, cotton, groundnut, jute, coconut and potato and cover the period 1961-62 to 1976-77. These studies have been conducted in 16 States and for each State different periods and different crops have been covered. The information available relates to per hectare (i) value of output; (ii) cost of hired labour; (iii) payment of rent of land; (iv) expenditure on different inputs etc. The results are used to determine the proportions of compensation of employees and rent to value of output at the crop level for each year. For years, for which the study reports in respect of any of the above crops are not available, the available per hectare estimates for the latest year are projected on the basis of the relevant indicators prepared for the individual states. Thus, the per hectare estimates of compensation of employees are moved with a specially prepared annual index of daily wages of agricultural field labour, on the basis of the data collected from DESAg; and per hectare estimates of rent are moved with a specially prepared indicator of rent per dwelling on the basis of data collected from municipalities in different States. Using these data in conjunction with those of area under each crop in each State, the annual estimates of value of output, compensation of employees and rent are obtained for various States in respect of the crops covered by the farm management studies. These estimates are then used to measure the proportions of factor incomes to value of output in agriculture (cultivation) sub-sector.

17.8. The proportion of compensation of employees from the 'livestock' subsector is worked out for the bench mark year (1955-56) using the data available from the *NSS Report No. 65, Tables with Notes on Animal Husbandry, 11th Round: 1956-57 (NSSO, 1962)*. Compensation of employees estimated for 1955-56 on the basis of the NSS results and are projected to other years on the basis of total 'cattle equivalence' and a specially prepared index of daily wages of 'other agricultural labour'. As no information is available on rent it is treated as nil.

17.9. The proportions of compensation of employees and rent for each year as worked out separately for agriculture and animal husbandry are combined using the estimates of value of output in the two sub-sectors as weights to get overall annual proportions for the sector. The combined proportions thus obtained are applied to obtain the corresponding estimates of compensation of employees and rent.

17.10 The estimates of interest for agriculture sector (including livestock) are prepared using the data on total cash dues outstanding in respect of farm business per rural household and the rates of interest thereof available from the

results of All-India Debt and Investment Survey, 1971-72 (AIDIS) (RBI, 1977). These benchmark estimates are adjusted to include credits from co-operative societies on the basis of data collected by AIDIS on the cooperative sector and the information on outstanding dues available independently for the primary agricultural credit societies and primary land development banks. The estimates of interest for the benchmark year are moved to other years using specially prepared index of interest on the basis of annual data on loans outstanding and interest rates charged by the primary agricultural credit societies.

17.11. The estimates of compensation of employees, rent and interest as estimated above for organised and unorganised parts are added to arrive at the corresponding factor income components for the overall sector. These components as well as profits and dividends of the organised sector are deducted from the total net value added in the sector and the residual is treated as the mixed income of self-employed.

Forestry & Logging

17.12. The estimates for this sector are based on the data available in the annual budget documents of various State governments. The budget documents provide data on receipts of State governments from forestry and their expenditure on compensation of employees, interest and purchase of goods and services. The surplus is derived by subtracting the total expenditure from the receipts. The distribution of factor incomes in the net value added derived from these data, in respect of government forests, is used to determine factor incomes from the sector as a whole.

Fishing

17.13. The activities of this sector are assumed to be mainly unorganised in character. The estimates of factor incomes are based on the data thrown up by two reports namely *Evaluation Study by PEO, 1968-69* and *Special Study of Fishing—Boat Mechanisation, 1966-67, by Prof. G. M. Gerhason (1968)*. The factor incomes are worked out using the data contained in the PEO study, with the exception of interest which is estimated from the study by Prof. Gerhason. The estimates of rent available show that such payments are insignificant and can be ignored. Mixed income of self-employed is obtained as a residual by subtracting the other factor incomes from the net value added. The estimates are first prepared for 1968-69 and moved to other years with the help of indicators. For compensation of employees, changes in the total employment and the index of earnings of fishermen constructed as a weighted average of indices of earnings of rural skilled labourers and factory workers (earning less than Rs. 400 p. m.) are used—the weights used being the number of workers engaged in fishing in rural and urban areas respectively (obtained from

the Population Census). The estimates of interest is moved to other years using an index of interest prepared on the basis of statewide annual data on loans issued for 'other purposes' and rates of interest charged by the agricultural credit societies. The entire net product from the sub-sector subsistence fishing and allied activities is treated as mixed income of self-employed.

Mining and Quarrying

17.14. The organised enterprises under this sector are assumed to include coal and non-coal major minerals covered under the Minerals Conservation and Development Rules, 1958 and the extraction of all minor minerals are considered under the category of unorganised enterprises.

17.15. The ASI reports 1968/1973-74 covered major minerals over and above manufacturing establishments and provide information on compensation of employees and value added for such enterprises. However, these surveys did not collect data on payment to supervisory staff for non-coal major minerals. The estimates of compensation of employees for 1968/1973-74 are adjusted for non-coverage on the basis of the proportion of workers and supervisory staff in the year.

17.16. The compensation of employees for minor minerals is estimated on the basis of the results of the NSS survey of self employed households on non-agricultural enterprises during the 29th round (1974-75).

17.17. Compensation of employees thus estimated for coal and non-coal major minerals are moved forward to other years on the basis of indicators reflecting the change in total earning of employees under each of these categories. For coal the employment in individual years is worked out using the index of productivity available from the Coal Bulletin of the Director General of Mines Safety and value of output at constant prices. The indices of employment available from the Labour Bureau are used for non-coal major minerals. These series of employment for coal and non-coal major minerals are used jointly with indices of earnings of workers under these two categories (available from the Labour Bureau) to build the indices of total earnings under these categories. The indicators for each of the categories are used to estimate the annual total earnings of employees. For minor minerals, the proportion of compensation of employees to value added observed in the 29th round is assumed for all the years.

17.18. The estimates of rent and interest are built separately for the public and private sector enterprises. For the public sector enterprises, these are estimated from the results of the analysis of the accounts of non-departmental undertakings and the budget documents of the Central and the State governments. For the private sector (organised and unorganised) these factor proportions are obtained from the results of the analysis of the annual accounts of large

and medium joint stock companies under this industry group. The aggregate of profits and dividends is obtained as a residual.

Registered Manufacturing

17.19. The estimates are based on the data available in the ASI reports and the analysis of the balance sheets of medium and large public and private limited companies engaged in manufacturing activities. The compensation of employees includes wages and salaries and money value of benefits available to employees. The data on wages, salaries and money value of benefits excluding employer's contribution towards provident fund and gratuity are available from the *ASI Summary Results for Factory Sector* for different years. Data on employers' contribution to provident fund and gratuity and rent are from the detailed results of ASI. These results are used to compute ratios of employers' contribution etc., to total wages and salaries and rent to net value added. For 1972-73, when ASI was not conducted, the proportions of compensation of employees and rent to net value added in 1971-72 are used.

17.20. Data on interest payments are not available from the ASI. Hence the proportion of this component obtained from the analysis of the accounts of joint stock companies is used for estimating this component. The estimates of profit and dividends is obtained as a residual using the annual estimates of net value added obtained from a product approach.

Unregistered Manufacturing

17.21. The estimates for this sector are prepared separately for household and non-household enterprises further classified by rural and urban areas.

17.22. The estimates of labour charges, rent and interest per enterprise as also the value added available in the NSS Report No. 280 Tables with Notes on Survey of Self-employed Households in Non-agricultural Enterprises — Detailed Results, 29th Round — 1974-75, (NSSO, 1978) from the basis for calculating the factor incomes in the households manufacturing enterprises. These components are in the first instance expressed as percentages of the value added, with the mixed income of the self-employed comprising the residual. In the next stage these proportions are applied to the total domestic product from the household part of the unregistered sector of manufacturing to yield the different factor incomes for the benchmark year i.e. the survey period. Similarly, the centrally sponsored scheme namely the survey of Small Scale Industries in the Unorganised Sector in Urban areas, 1970-71 (CSS) and the *All India Census of Small Scale Industrial Units, 1972* (Development Commissioner, Small Scale Industries) provide the basic material for calculating the factor incomes for the non-household sector. On the basis of these surveys the benchmark estimates of factor incomes have been prepared for the years 1970-71 and 1974-75.

17.23. The estimates of factor incomes for the year 1970-71 and 1974-75 are moved to other years using relevant indicators specially constructed for the purpose. Thus compensation of employees per worker is moved by the index of wages of rural skilled workers for rural areas and the index of earning per worker of employees in manufacturing industries (earning less than Rs. 400 per month) for urban areas. The overall index of earnings per worker prepared using the above indices of compensation of employees and the trend in working force are used to determine the total annual payments to employees. Rent for rural and urban areas are moved on the basis of the indicators of rent per dwelling for the two areas. Estimates of interest payments are obtained using the index of change in interest rate and the index of change in outstanding loans using annual data on the rates of interest and amount of outstanding loans with the Central Co-operative Banks issued for industrial purposes.

Construction

17.24. The estimates are prepared separately for the organised sector comprising public and private corporate sectors and the unorganised sector consisting of residual institutions and households. The factor income distribution of value added by construction activity in the organised sector is on the basis of the relevant average proportions for construction companies in the public and private corporate sectors. These proportions are determined by detailed analysis of the annual accounts of all non-departmental undertakings engaged in construction activity and selected construction companies in the private sector. The results of the analysis of private sector companies are adjusted for undercoverage with the help of paid up capital each year before working out average proportions for public and private sector companies.

17.25. Since construction activity connected with new plantations of tea, coffee and rubber and land improvements etc., in connection with the same are mainly of labour intensive nature the value added from such construction activities is taken as compensation of employees.

17.26. The factor incomes in the unorganised construction activity are estimated in terms of compensation of employees, mixed income of self-employed and interest. In the absence of any data, rent payments in such construction activity have been assumed to be negligible. The construction activity (new construction and current repairs and maintenance) in the unorganised sector has been divided into (i) rural residential buildings; (ii) urban residential buildings; (iii) rural/urban non-residential buildings and other construction works covered in the commodity—flow approach and (iv) rural/urban non-residential buildings and other construction works not covered in the commodity-flow approach. Report No. 187, *Pilot Enquiry on Building Constructions—Some Results*, 22nd Round : 1967-68 (NSSO, 1970) furnishes data on expenditure on urban building

construction financed by borrowings. The proportion of borrowing to total expenditure as observed in this report is adopted for both rural and urban areas to arrive at the estimate of total borrowing for each type of construction activity in the unorganised sector. The average rate of interest charged by primary non-agricultural credit societies and primary land development banks for 'other purposes' is applied each year to estimate the total interest payments. Value added (net of interest payments) is distributed between compensation of employees and mixed income of self employed on the basis of the ratios obtained from the NSS Report No. 97, *Tables with Notes on Capital Formation (Rural)*, 15th Round : 1959-60 (NSSO, 1965) and NSS Report No. 136 : *Tables with Notes on Capital Formation (Urban)*, 16th Round : 1960-61 (NSSO, 1969).

Electricity, Gas and Water Supply

17.27. All activities covered under this sector are organised in nature.

17.28. The estimates of factor incomes of electricity sub-sector are based on the results of the analysis of annual accounts of various electricity undertakings, (state, municipal, departmental, non-departmental and private) Damodar Valley Corporation and Neyveli Lignite Corporation.

17.29. The estimates of factor incomes for coal gas are based on the accounts of the two gas companies : Bombay Gas Company and Oriental Gas Company. The entire output of LPG, a by-product of petroleum refineries, has been treated as profit.

17.30. The value added of water supply activity is arrived at by estimating separately the compensation of employees and operating surplus. The latter needs to be broken up further into rent, interest and profits and dividends for the present purpose. Estimates of rent are available from ASI reports which cover water supply as well. Information on interest is not available from this source. However, ASI gives data on outstanding loans for water supply for the period 1966-67 to 1969-70 and total capital employed in the industry for all the years. The average of the proportions of outstanding loans to total capital for 1966-67 to 1969-70 is used to determine the outstanding loans for other years. The rate of interest for loans issued for 'other purposes' in case of non-agricultural credit societies as available from RBI is used in conjunction with estimated outstanding loans to obtain the amounts of interest payments. Profits and dividends is then obtained as a residual.

Transport and Communication

17.31. *Railways*.—The activities of this sector are considered as organised in character and current data are available annually. Data on compensation of employees, profit and dividends for government railway transport

(excluding railway workshops and manufacturing establishments) are available annually from the *Annual Reports of Indian Railways* and the *Budget Documents of the Central Government*. The total value of interest for the entire railway sector (available in the budgets) is bifurcated into transportation and manufacturing (including workshops), on the basis of the details of capital-at-charge in various railway units, published annually in *Explanatory Memorandum on the Railway Budget*. Because of the small magnitude of the amounts it is assumed that payments of rent are negligible. The estimates of compensation of employees and profit and dividends for non-government railways are based on the data available annually in the supplement to the *Report by Railway Board on Indian Railways*. The estimates of compensation of employees are computed on the assumption that the share of compensation of employees in the working expenses would be the same as for government railways and estimates of profits and dividends are taken as such from the report.

17.32. *Communication*.—The activities of this sector are organised and current data are available on an annual basis. The estimates of value added as the sum of factor incomes are obtained directly from the annual accounts. No estimates of rent are presented as the estimated amount is negligible.

17.33. *Transport by Other Means and Storage*.—The organised part of this sub-sector consists of passenger transport by tramways and buses, freight transport by road in public sector; sea transport by shipping companies, port trusts, ports and pilotage, light houses and lightships; air transportation, flying and gliding clubs, and airports; warehousing corporations; and cold storage. For this part, current data on components of factor incomes are available from the budget documents for public sector departmental enterprises and from the annual reports and accounts of public sector non-departmental and private sector enterprises. In respect of cold storage, the estimates are based on ASI data.

17.34. In respect of unorganised mechanised road transport comprising trucks, taxis, autorickshaws and other motor vehicles, the factor incomes are estimated annually on the basis of the combined results of studies of value added per worker in private road transport conducted every year by Punjab and Kerala State governments. For non-mechanised road transport and inland water transport, the estimates for 1959-60 are based on the NSS Report No. 105, *Tables with Notes on Household Non-mechanised Transport and Utilisation of Working Animals*, 15th Round: 1959-60 (NSSO, 1966). The report provides data on value added for non-mechanised transport and also of components of compensation of employees and rent. No information is, however, available on interest. In the absence of any reliable data, the component of interest is

assumed to be nil. Mixed income of self employed is obtained as a residual from independent estimates of net value added. The estimates of factor incomes for 1959-60 are projected to later years by means of appropriate indicators. The indicator for compensation of employees and mixed income of the self-employed is the product of index of working force and index of wages of rural skilled workers for rural areas and the product of index of working force and index of consumer prices for urban non-manual employees for urban areas. Rent is moved forward with the combined index of employment and rent per dwelling separately for rural and urban areas.

17.35. The components of factor incomes for services incidental to transport are arrived at using the proportions based on the analysis of annual accounts of responding travel agencies.

17.36. In the case of warehousing in the private sector and storages not elsewhere classified, the factor incomes are obtained by using the proportions of compensation of employees, rent and interest as observed in the case of public warehousing corporations. The component of mixed income of self-employed is obtained as a residual using the estimates of net value added.

Trade, Hotels & Restaurants

17.37. The base year estimates of factor income of registered and unregistered trade are based on the data contained in the following distributive trade survey reports of 8 States (1) *Survey on Distributive Trade, 1971-72*—A. P. (SSB 1977); (2) *Report on the Pilot Survey of Distributive Trade, 1969-70—Delhi*, (SSB, 1972); (3) *A Report on Survey of Distributive Trade in Haryana 1969-70* (SSB, 1974); (4) *Pilot Survey of Distributive Trade 1968-69* (Mimeographed)—Maharashtra (SSB, 1970); (5) *A Report on Pilot Study of Distributive Trade in Baroda and Padra Centres of Gujarat State, 1968* (SSB, 1968); (6) *Aggragami Vanijya Surveykshan, 1971 Lucknow Janpad* (SSB, 1971); (7) *A Survey on Distributive Trade in T. N. 1964-65* (SSB, 1969) and (8) *Distributive Trade in Orissa, 1969-70* (A Survey Report), which covered wholesale and retail trade and hotels and restaurants coming within the purview of Sales Tax Acts, and the NSS Report No. 207, *Tables with Notes on Some features of Household Non-registered*, 24th Round: 1969-70 (NSSO, 1975). As these results relate to different years of reference, the estimates of components of factor income per worker obtained from these surveys are brought to 1970-71 by using appropriate indicators.

17.38. The weighted average of factor incomes per worker of 8 States (for which distributive trade surveys have been conducted) has been arrived at using Statewise 1971 Census working force as weights. This weighted average is used at all-India level in respect of registered trade. By making use of estimates of factor incomes per worker in registered and unregistered

trade and the corresponding working force in registered and unregistered trade in 1970-71 the estimates in respect of compensation of employees, rent and interest are prepared for the year 1970-71. The residual obtained by subtracting these components from estimates of net value added of organised and unorganised part gives the sum of profit and dividends in the case of the former and mixed income of self-employed in the case of the latter.

17.39. The factor income of hotels and restaurants in the registered sector have been estimated for 1970-71 based on the same source material and following the same procedure as for registered trade. In the case of unregistered sector, the factor incomes for 1970-71 is estimated assuming the same factor distribution of value added as observed in unregistered trade.

17.40. For unregistered trade, compensation of employees per worker is moved with the index of wages of rural skilled workers for rural areas and index of consumer prices of urban non-manual employees for urban areas to obtain the estimates for other years. Similarly rent and interest per worker in rural and urban areas are moved with corresponding indices of rent per dwelling and indices of interest respectively. In the case of registered trade, the compensation of employees per worker has been moved with the index number of consumer prices of urban non-manual employees. The rent and interest have been moved with index of rent per urban dwelling and index of interest pertaining to urban areas respectively.

17.41. For subsequent years for the sub-sectors of overall trade (organised and unorganised), hotels and restaurants the base year estimates of compensation of employees are then carried forward by the combined indicators of index of employment and the index of wages of rural skilled workers for rural areas and the index number of consumer prices of urban non-manual employees for urban areas. Similarly, rent and interest are carried forward by the combined indicator of index of employment and index of rent per dwelling and index of interest respectively. Having obtained the overall annual estimates for the activity, the annual estimates of factor incomes in the organised part (comprising corporate sector and co-operatives) are prepared independently analysing their annual accounts. Factor incomes in the unorganised part are then obtained as residuals by subtracting the corresponding factor components of the organised part from the corresponding totals.

Banking and Insurance

17.42. Most of the activities covered under this sector are organised in character. The unorganised activities relate mainly to money lenders and pawn brokers. Most of the information on the different components of factor incomes other than rent in the organised activities are readily available in annual reports. Information on rent is collected directly from the individual banks

and corporations. For non-banking financial companies rent is estimated assuming the same ratio of rent to other expenses as for corporations. The published data on co-operative credit societies are supplemented by information on gross income, net profits, consumption of fixed capital and rent collected by RBI through special returns. Factor income estimates for post office savings bank are prepared assuming the operating surplus to be nil and using the ratios of other components to total management expenses in the case of commercial banks, as no relevant details are available. Entire income generated by activities of money-lenders etc., included in this industry group and treated as unorganised is taken to be mixed income of self-employed.

Real Estate, Ownership of Dwellings & Business Services

17.43. *Real Estate.*—Organised activities here originate in public and private joint stock companies. The estimates in this case are based on the results of analysis of profit and loss accounts of real estate companies obtained directly by the CSO. These estimates are blown up by the ratio of the total paid up capital of all real estate companies to the paid up capital of the companies covered under the analysis to arrive at the corresponding estimates for the activity as a whole. Unorganised activities comprise all firms with unlimited liability and house agents. No reliable basic data are available to apportion the corresponding net value added into the various factor income components. The estimates of compensation of employees, rent and interest are obtained using the proportions of these to the value added in the organised part. The mixed income of self employed is then obtained as a residual.

17.44. *Ownership of Dwellings.*—The activities covered under this sector is considered to be unorganised in nature. Total net product in respect of ownership of dwellings is treated as factor income in the form of rent.

17.45. *Business Services.*—Factor incomes for the organised subsector consists of only the profits and dividends of joint stock companies engaged in business services. The methodology followed for unorganised sector is the same as for 'other services'.

Public Administration & Defence

17.46. The net value added of this sector comprise compensation of employees only and as no data on rent is available, it is treated as nil. The estimates are obtained from annual budget documents and relevant administrative reports of public authorities.

Other Services

17.47. The estimates of factor incomes are prepared separately for organised and unorganised activities. The organised activities consist of recognised educational institutions, public sector medical and health services, sanitary services,

research and scientific services and joint stock companies. The unorganised activities consist of unrecognised educational institutions, secondary occupation in educational services, medical and health services in the private sector and the remaining services included in this sector.

17.48. For the organised activities of educational and medical & health services and research & scientific services, the net value added consists of compensation of employees only. In sanitary services compensation of employees is estimated following the same method as for other unorganised services. In this case since the break-up of interest, rent and profits are not available, the combined item is shown under profits and dividends. The profits and dividends of joint stock companies in this sector are included under profits.

17.49. For the unorganised activities the main source for estimating factor incomes is the NSS Report No. 130, *Tables with Notes on Professions and Liberal Arts*, 18th Round: 1963-64 (NSSO, 1968). The estimates of earnings, rent and interest per worker are obtained for different service groups. Estimates of compensation of employees, rent and interest for 1963-64 are obtained by using these results along with the estimated number of workers in the respective service groups in 1963-64 which are obtained by extrapolating the corresponding figures in 1961 population census using the rate of change between 1951 and 1961 censuses. Mixed income of the self-employed is obtained as residual from the net value added by subtracting the above factor incomes. These benchmark estimates of factor incomes are moved to other years with the help of suitable indicators. The indicator for compensation of employees and mixed income of self-employed is the product of index of working force and index of wages of rural skilled workers for rural areas and product of index of working force

and the index of consumer prices for urban non-manual employees for urban areas. The rent is moved with the index of rent per dwelling compiled by CSO separately for rural and urban areas. The indicator for interest is based on index of interest accrued on loans issued for 'other purposes' to primary agricultural credit societies in rural areas and to primary non-agricultural credit societies for urban areas (both compiled by CSO).

Reliability, Objectivity and Current Status of Data

17.50. For the organised activities, the factor incomes are estimated on the basis of the details available from annual reports or otherwise and presented regularly by various government departments, departmental and non-departmental enterprises, RBI and corporate sector agencies. The coverage and reliability of these estimates are therefore satisfactory. The data base for these economic activities can be considered comprehensive and mostly up-to-date. However, there are appreciable timelags in the availability of the annual reports in some of the cases, making it necessary to work out provisional estimates based on indicators.

17.51. For the unorganised sector, however, the factor income estimates are based on the results of sample surveys which refer to individual points of time. The benchmark estimates prepared on the basis of such data for the various industries within the unorganised sector, therefore, have their own limitations. Besides, the indicators used for carrying forward and backward, the bench-mark estimates are based on information which are not always appropriate. This is particularly true of estimates of rent paid on hired capital. Components of factor incomes that would become available from the follow-up surveys of the Economic Census at regular intervals will considerably strengthen the data base of the estimate for the unorganised sector.