

CHAPTER XVI

ESTIMATES OF NATIONAL INCOME

The sectoral estimates of net output discussed in the preceding chapters have been aggregated and presented¹ in Table 16.1. The estimates of national income at current prices work out at Rs. 92.0 abja in 1955-56 and Rs. 124.3 abja in 1959-60, indicating thereby an increase of 35.1 p. c. in the value of aggregate production in the country during the period of 4 years. This increase of 35.1 p. c. is not only due to increase in physical production but also due to increase in the prices.² The relative position of the various sectors in the economy, as revealed by the national income data (at current prices) remains almost unchanged during the period 1955-56 to 1959-60.

2. Table 16.2 presents a comparison of the revised series of estimates of national income with the conventional series published in the 'Estimates of National Income 1948-49 to 1959-60' (March 1961). The broad position emerging from this table has been further summarized in Table 16.3. The downward revision in the new series is significantly smaller in the later years mainly due to the markedly higher rate of increase observed in the sectors of small enterprises and other commerce and transport during these years compared to the rates of growth implicit in the conventional series. The estimates of net output in the sectors of factory establishments, small enterprises, banks and insurance, other commerce and transport, professions and liberal arts and house property undergo significant downward revisions in the new series. There has been some upward revision in forestry, construction and domestic service. The net output of agriculture (proper) remains almost unchanged. In view of these changes the relative share of agriculture in the total national income has gone up slightly while that of the services sectors has gone down as compared to the conventional series.

3. The estimate of per capita income works out at Rs. 235.1 in 1955-56 and Rs. 292.7 in 1959-60, which gives an increase of 24.5 p.c. during the period of four years.

4. In conclusion it may be stated that the broad methodology adopted in building up these revised estimates is the same as that adopted by the NIC. Nevertheless we have attempted to make the best possible use of all the data that became

¹ As detailed accounts of Public Authorities on the revised lines have been set up only for the years 1958-59 and 1959-60 we have not attempted, for the present, to draw up the tables depicting (1) the share of government in domestic product and expenditure, (2) national economy and the rest of the world and (3) the relationship between national income and the other main aggregates (corresponding to Tables 31, 32 and 33 on pp. 109-110 of the Final Report of NIC).

² An attempt to bring out the change in physical production in isolation of price change has been made in Chapter XVII.

National Income Statistics

available since then and also to correct the weaknesses of the conventional series to the maximum extent possible. The major revisions incorporated in the present series are briefly listed below.

- (1) The estimates of working force have been revised in the light of estimated additional employment generated by the development plans.
- (2) The basis of netting (allowance for cost of production) has substantially been improved in respect of agriculture and mining.
- (3) The estimates in respect of small enterprises have been substantially improved by separately estimating for the urban and rural areas and also by trying to relate the net output of the sector to physical output of certain selected commodities which are either output of or input in this sector.
- (4) The gross output estimates of forestry and fish mining and factory establishments and certain agricultural products are based on latest and more reliable data.
- (5) The estimates relating to chit funds, nidhis and other financial intermediaries included in the 'banks and insurance' sector and the estimates of gross and net rental in the 'house property' sector are based on fresh data specially collected by the NIU.
- (6) The estimates relating to 'other commerce and transport' and 'professions and liberal arts' sectors are based on revised estimates of working force and average earnings per head with much wider coverage and duly weighted for urban-rural differentials.

Thus, apart from the absolute level, the year to year changes are also, it is believed, brought out more realistically in the new series of estimates. Despite these efforts to improve the estimates in all the sectors, the sectors of small enterprises, construction, commerce and transport, professions (including domestic service) and house property still remain comparatively weak links in our estimates of national income. However, efforts are being made continually to improve the flow of statistical information in these spheres through the organisation of the NSS as well as of administrative statistics. The present estimates may again have to be revised on receipt of such additional statistical data and particularly the detailed industrial classification of working force as revealed by the 1961 Population Census.

TABLE 16.1. NATIONAL INCOME AND ITS PERCENTAGE DISTRIBUTION BY INDUSTRIAL ORIGIN—REVISED SERIES

(at current prices)

	national income (Rs. abjn)*										
	1955-56	1956-57	1957-58	1958-59	1959-60**	1955-56	1956-57	1957-58	1958-59	1959-60**	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
percentage distribution											
<i>agriculture</i>											
1. agriculture (proper and ancillary activities)	34.7	45.0	42.0	52.0	51.1	37.7	42.0	50.0	42.0	41.1	
2. animal husbandry	8.1	8.0	8.5	8.5	8.9	8.8	7.5	7.0	7.0	7.2	
3. forestry	1.3	1.5	1.3	1.7	1.8	1.4	1.4	1.5	1.4	1.4	
4. fishery	0.5	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.6	0.6	
5. total agriculture	44.6	55.6	52.5	62.9	62.5	48.5	52.0	49.1	51.9	50.3	
<i>mining, manufacturing and small enterprises</i>											
6. mining	0.8	0.9	1.1	1.1	1.2	0.6	0.8	1.0	0.9	1.0	
7. factory establishments	6.4	7.3	8.0	8.3	8.4	7.0	6.8	7.4	6.8	7.0	
8. small enterprises	6.4	7.0	7.1	7.8	7.8	7.0	6.6	6.6	6.3	6.3	
9. construction	2.7	2.8	3.3	3.9	3.4	2.9	2.6	3.1	3.0	2.7	
10. total of mining, manufacturing and small enterprises	16.3	18.0	19.5	20.6	21.0	17.7	16.8	18.1	17.0	17.6	
<i>commerce, transport and communications</i>											
11. communication	0.5	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5	
12. railways	2.2	2.5	2.6	3.0	3.2	2.4	2.3	2.6	2.5	2.6	
13. organised banking and insurance	0.7	0.8	0.9	1.0	1.0	0.8	0.8	0.8	0.8	0.8	
14. other commerce and transport	12.2	13.2	14.1	15.1	15.9	12.3	12.3	13.1	12.5	12.8	
15. total of commerce, transport and communication	15.6	17.0	18.3	19.7	20.7	17.0	16.9	17.0	16.3	16.7	
<i>other services</i>											
16. professions and liberal arts	4.0	4.8	5.0	5.2	5.4	5.0	4.5	4.8	4.3	4.4	
17. domestic service	1.7	1.7	1.8	1.8	1.9	1.8	1.8	1.7	1.5	1.6	
18. government services (admin.)	5.5	5.9	6.3	6.4	7.7	6.0	5.6	5.9	6.7	6.2	
19. house property	3.7	3.8	4.0	4.2	4.4	4.0	3.9	3.7	3.5	3.5	
20. total of other services	15.5	16.2	17.1	18.1	19.4	16.8	15.2	15.9	15.0	15.0	
21. net domestic product at factor cost	92.0	106.8	107.7	121.3	124.5	100.0	99.0	100.1	100.2	100.2	
22. net earned income from abroad	0.0	0.1	-0.1	-0.2	-0.2	0.0	0.1	-0.1	-0.2	-0.2	
23. net national output at factor cost = national income	92.0	106.9	107.6	121.1	124.3	100.0	100.0	100.0	100.0	100.0	

* abjn = 100 crores = 100

** Preliminary

Estimates of National Income

182-

TABLE 16.2. NATIONAL INCOME BY INDUSTRIAL ORIGIN--A (COMPARISON OF REVISSED AND CONVENTIONAL SERIES)

In Bo. dollars

(at current prices)

Sector	revised series							conventional series**			
	1948-50	1949-51	1957-58	1958-59	1959-60*	1960-61	1961-62	1960-61	1961-62	1962-63	1963-64
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<i>agriculture</i>											
1. agriculture and animal husbandry	42.8	53.5	50.5	40.5	60.0	43.9	53.8	51.3	60.8	60.8	40.3
2. forestry	1.3	1.5	1.8	1.7	1.9	0.7	0.8	0.8	0.9	0.9	1.0
3. fishery	0.5	0.6	0.7	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.6
4. total of agriculture	44.6	55.6	52.8	42.8	62.6	45.2	55.2	52.8	62.4	62.4	41.8
<i>mining, manufacturing and small enterprises</i>											
5. mining	0.8	0.9	1.1	1.1	1.2	1.0	1.3	1.4	1.4	1.4	1.4
6. factory establishments	6.4	7.3	8.0	8.0	9.4	7.8	9.0	9.8	10.0	10.0	11.2
7. small enterprises	6.4	7.0	7.1	7.6	7.9	7.5	7.6	7.5	7.7	7.7	7.7
8. construction	2.7	2.8	3.3	3.6	3.4	2.2	2.3	2.5	2.6	2.6	2.7
9. total of mining, manufacturing and small enterprises	16.3	18.0	19.5	20.6	21.9	18.5	20.0	21.2	21.7	21.7	23.0
<i>commerce, transport and communication</i>											
10. communication	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6
11. railways	2.2	2.5	2.8	3.0	3.2	2.5	2.8	3.2	3.3	3.3	3.3
12. organized banking and insurance	0.7	0.8	0.9	1.0	1.0	0.9	1.1	1.2	1.3	1.3	1.4
13. other commerce and transport	12.2	13.2	14.1	15.1	15.9	14.9	15.2	15.8	16.3	16.3	16.5
14. total of commerce, transport and communication	15.6	17.0	18.3	19.7	20.7	18.8	19.6	20.7	21.5	21.5	21.8
<i>other services</i>											
15. professions and liberal arts	4.6	4.8	5.0	5.2	5.4	5.6	5.8	6.2	6.6	6.6	6.9
16. domestic services	1.7	1.7	1.8	1.8	1.9	1.4	1.5	1.6	1.7	1.7	1.8
17. government services (administration)	6.5	5.0	6.3	6.9	7.7	5.7	6.1	6.6	7.3	7.3	8.1
18. house property	3.7	3.8	4.0	4.2	4.4	4.0	4.8	4.9	5.0	5.0	5.2
19. total of other services	15.5	16.2	17.1	18.1	19.4	17.3	18.2	19.3	20.6	20.6	22.0
20. net domestic product at factor cost	92.0	106.8	107.7	121.3	124.5	99.8	113.0	114.0	130.2	128.6	128.6
21. net earned income from abroad	0.0	0.1	-0.1	-0.2	-0.2	0.0	0.1	-0.1	-0.2	-0.2	-0.2
22. net national output at factor cost -	92.0	106.9	107.6	121.1	124.3	99.8	113.1	113.9	129.9	128.4	128.4

Table = 100 crores = 10*

*Taken from 'Estimates of National Income: 1948-49 to 1959-60' (March, 1961)

**Preliminary

National Income Statistics

Estimates of National Income

TABLE 16.3. NATIONAL INCOME AND PER CAPITA INCOME—A COMPARISON OF REVISED AND CONVENTIONAL SERIES

(at current prices)

year	national income (in Rs. abja)*		popula- tion*** (millions)	per capita income (Rs.)		index numbers with 1955-56 = 100			
	revised series	conven- tional series**		revised series	conven- tional series	national income		per capita income	
						revised series	conven- tional series	revised series	conven- tional series
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1955-56	92.0	99.8	391.3	235.1	255.6	100.0	100.0	100.0	100.0
1956-57	106.9	113.1	399.1	267.9	283.4	116.2	113.3	114.0	111.1
1957-58	107.6	113.9	407.3	264.2	279.6	117.0	114.1	112.4	109.6
1958-59	121.1	126.0	415.8	291.2	303.0	131.6	126.3	123.9	118.8
1959-60*	124.3	128.4	424.7	292.7	302.3	135.1	128.7	124.5	118.5

*abja = 100 crores = 10⁸

*Preliminary

**Taken from 'Estimates of National Income: 1948-49 to 1959-60' (March, 1960).

***Mid-financial year estimates, based on population censuses 1941, 1951 and 1961.