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INTRODUCTION

It gives me great pleasure in introducing this publication which is the first volume in the series which the Indian Conference on Research in National Income (ICRNI) proposes to bring out from time to time. The present volume contains a selection from the papers presented at two Conferences of workers in the national income field in India, the first of which was preliminary to the formation of the National Income Conference and the second was the first formal session organized by the National Income Conference. The topics covered relate to conceptual and methodological aspects of national income estimates, national accounts and related aggregates, estimates of long term growth, and estimates of savings, investment, and capital stock. Most of the papers are necessarily of a preliminary character in view of the paucity of statistical data on the subject, and, therefore, are more in the nature of a pioneering effort in the field of national income work in India.

Research work in the field of national income in India has a longer history than in most of the Asian countries. In fact the first estimate of India's national income—albeit a very rough one—goes as far back as 1876. This was followed by several others, including the one made by Messrs. Shah and Khambata for 1921 which was based on somewhat elaborate calculations. This was followed by the publication of An Essay on India's National Income 1925-1929 (London 1939) by the writer of this introduction, which gave national income estimates for the quinquennium 1925-1929 with detailed calculations based on study of all relevant published official and unofficial data and forming more or less the culmination of the type of investigation into Indian income characteristic of publications on the subject till then. Then came the writer's more elaborate and scientific study of India's national income for the census year 1931-32 (The National Income of British India 1931-32), which made several new departures in the methodology of estimating national income in the absence of adequate data, constituted a pioneering model for national income calculations in a number of under-developed countries, and still continues as an important methodological basis for the official estimates of India's national income which have been made and published after independence.

It was only in 1949 that the importance of national income statistics was formally recognized at the official level, the Government setting up a National Income Committee, with a view to developing detailed scientific estimates of national income and related aggregates. This Committee was also expected to suggest ways and means to promote research in the field of national income. Two reports containing estimates
of national income from 1948-49 to 1950-51 have been published by this Committee. These reports also dealt in detail with the problems of national income estimation in India, the gaps in statistics which limits the preparation of satisfactory estimates, as well as the possible methods by which this lacunae in statistics could be filled up and more comprehensive and reliable estimates could be made available. The Committee expressed the hope that the publication of these two reports would create sufficient interest among scholars in universities and research institutions and stimulate independent research in national income and allied subjects, so that after some time a stage would be reached when it would be fruitful for the active workers in this field to meet and exchange their views and experience at annual conferences.

In pursuance of these ideas, the Central Statistical Organisation, in early 1957, convened a meeting of research workers in the field from universities and research institutions as well as from government departments to consider the future programme of work for promoting research in national income and also to consider whether the work on national income in India had reached a stage when conferences of active workers could be held at regular intervals. Amongst many other things, this preliminary meeting also held technical discussions of papers presented by the participants in the field of national income. Altogether sixteen papers on four broad topics, viz., savings and investment, regional income, structure of national income estimates, and growth of national income were presented at the meeting.

The Indian Conference on Research in National Income (ICRNI) was formed at this preliminary meeting, all invitees to the meeting forming the founder members. The ICRNI includes in its membership both officials and non-officials, the only qualification for membership being acknowledged work on national income or current and continuing participation in research on national income and its utilization for economic policy. The ICRNI is expected to hold either an annual session or a session once in two years, when papers presented by members and based on their personal or institutional research work will be discussed. Provision also exists for publication of selected papers from among those submitted and discussed at such sessions. There was also agreement that, for the time being, the ICRNI would confine its activities to the encouragement, and to the extent possible also the organization and coordination, of research work in national income by holding conferences, arranging seminars, and publishing papers and monographs, and not set up any institution of its own for the undertaking of research work on national income.

National income estimates in the post-independence period have mostly been of official origin, and we now have an annual publication from the Central Statistical Organisation on this subject. But these
estimates are limited to the formulation of aggregate figures and their
distribution by industrial origin, not enough attention being paid to the
many other related estimates; nor does the published official work on
the subject deal with the major subject of national income analysis
and its policy implications.

National income analysis has now acquired almost crucial
importance in the context of planning and economic development in
India, and is necessary in order to obtain detailed light on the structure
and behaviour of the economy. Thus, we must now include within the
scope of national income work studies on consumption expenditure,
savings, capital formation, distribution by size and by sector, inter-
sectoral relations etc. Such detailed estimates, and analytical work
based on the same, help to get a better understanding of the economy,
explain and forecast its behaviour, and lead to a more intelligent
and realistic application of governmental policy towards economic
development.

At the two national income conferences held so far, emphasis had
been laid on developing estimates of other important related aggregates
on which only a limited study has so far been made. Papers on various
subjects like savings, capital formation, consumption expenditure,
economic growth, etc. were invited from scholars in the field all over
India and selected papers from those discussed are published here.
In the present volume, these papers have been classified into four
broad groups and cover a number of important aspects of national
income statistics. Thus, we have estimates of capital formation of
savings and of consumption expenditure. We also have national
accounts for each of the five years of the First Five Year Plan, estimates
of distribution of national income between urban and rural areas,
estimation of capital stock of the country, besides, inter-industrial
relations for the Indian Union. Further, the volume contains studies
on the economic growth of the country, during the last half century,
seen through the national income angle and also a discussion on some
conceptual problems. Some of these papers present estimates on such
aggregates which had remained untouched so far and in the process
have brought to light the directions along which data need to be
collected for a set of estimates which would be sufficiently reliable to
justify their use in policy formulation.

I believe that this publication will give the readers some idea of the
present status of national income work in India and focus attention on
what needs to be done in the future. I also hope that it will stimulate
interest among research workers in the field and lead them on to work
on one or other of the many aspects of national income work and
analysis, which still remain to be discussed. In the process, it is also
my hope that adequate material will be forthcoming for continuing
this series of ICRNI publication on National Income Papers of which the present volume is the first issue.

I am grateful to the authors for the trouble they have taken in revising their papers for purposes of publication and to my colleagues, S. R. Sen, M. V. Divatia and Uma Datta, for the editorial work they have cheerfully undertaken in the preparation of this volume. Finally, I would also like to thank the publishers for the exceptional speed with which they have completed the printing of these papers which has made it possible for this volume to be available well in advance of the forthcoming regional meeting of the International Association for Research in Income and Wealth in Hong Kong on National Income work in Southeast Asia.

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