

INTRODUCTION

The estimates of national income prepared by the National Income Unit and published annually in the Estimates of National Income are broadly based on the concepts, methodology and the source material described in detail in the Final Report of the National Income Committee (NIC), (February, 1954). The methodology adopted was governed more by the availability of data than by conceptual considerations. The main objective of the Committee was to suggest measures for improving the quality of data and to prepare the estimates of the level of national income rather than laying down a procedure for the measurement of year to year changes. Since 1954 the basic data used by the NIC have become out-dated and they hardly provide an adequate basis for preparing the level estimates, not to speak of their providing indicators for sensitive changes in the aggregate national income or its components. The use of the decennial rate of growth in the working force based on the 1941 (2% sample) and 1951 Census economic data for post-1951 period serves as an illustration particularly in the context of economic planning in India in which purposive efforts are being made to effect structural changes in the economy.

2. In view of the fact that the current national income estimates do not measure accurately the changes in the level of economic performance for the economy as a whole and for the major sectors in it, it was necessary to organise the work of collection of all the data, both published and unpublished, available with the Central and State government agencies, Universities and Research Institutions with a view to securing relatively firmer empirical basis for measuring more sensitively sectorwise growth of national income. This is what has been attempted in these papers.

3. The main improvements in the industrywise estimates relate to (a) agriculture, where use has been made of the latest available data on production of major crops (based on index numbers of agricultural production), value of minor and unspecified crops and by-products, wider empirical base for data on prices and some fresh survey material on cost deductions; (b) animal husbandry where latest data on various products have become available from the Directorate of Marketing and Inspection (DMI) and improved material on prices; (c) fishery sector where the latest available data on the revised estimates of catch of inland fish as also comprehensive data on prices have been incorporated; (d) mining where more reliable data on netting have been obtained; (e) large enterprises where actual data on the Sample Survey of Manufacturing Industries (SSMI) have been utilised with certain conceptual refinements in the erstwhile method of estimation and (f) unorganised sectors like small enterprises, other commerce and transport, professions and liberal arts and domestic services where a large mass of observations on earning have been collected from latest available socio-economic and other *ad hoc* studies, revision of estimates of working force on the basis of additional employment generated by plan investment and adoption of more appropriate physical indicators for measuring changes in real output. In the case of 'organised banks and insurance' it has been

National Income Statistics

possible to revise the estimates of net income for the non-banking financial companies on the basis of analysis of their balance sheets and also by using certain physical indicators for estimation of real output. Similarly certain methodological improvements have been possible in respect of estimation of income from government services (administration) both at current and at constant prices. For the house property sector data have independently been collected on urban and rural rentals from municipalities and panchayats so as to prepare fresh bench-mark estimates for a more recent time period.

4. For the constant price series, the year 1958-59 has been chosen as the base year as that is the more recent bench-mark year, for which maximum data are available and is, therefore, preferable to 1948-49 which is the basis of the 'conventional series'.

5. The whole study has been divided into seventeen chapters. Chapter I deals with the revision of estimates of working force. In Chapters II to XV detailed sectorwise estimates of national income have been presented; each chapter deals with the current method of estimation and its limitations, additional source materials available and suggested for use, presentation of revised estimates with methodological details and a comparison between the revised estimates and the hitherto published (conventional) estimates with suitable explanations for the differences noticed. Chapter XVI sets out aggregates of the sectorwise estimates at current prices for the revised series and the conventional series and Chapter XVII gives sectorwise estimates of national income at constant prices.