

AN ESSAY ON
INDIA'S NATIONAL INCOME

1925-1929

by

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PH.D. (CANTAB.)

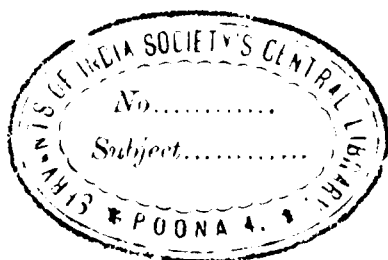
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WITH A PREFACE BY

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INTRODUCTION

THE calculation of India's National Income has always been a subject of absorbing interest to Indian economists; and when the trustees of the Dadabhai Naoroji Memorial Prize Essay Fund invited me to write an essay on this subject in 1933 I readily accepted their invitation, though I knew full well the difficulties attending the task and the comparatively unsatisfactory results it would lead to. I could not take up the writing of the essay till the July of 1934, though I did do some preliminary work in Cambridge side by side with my studies for the Economics Tripos of that University. The essay was completed in February of 1935 and awarded the Dadabhai Naoroji Prize early in the beginning of 1936. It now finds publication in more or less its original form as submitted to the Trustees; and the author hopes it will receive an indulgent criticism from the public.

It is, however, necessary to explain in this preface that the author's researches into Indian Income did not stop with the writing of this essay. In fact, this essay may be said to have begun that research rather than ended it. As will be perceived by those who have the patience to read the following pages, the calculations of the national income embodied therein are based on a study of such official and unofficial data as have been published but not on personal investigation. In a sense, therefore, this study may be said to be a culmination of the type of investigation into Indian Income characteristic of existing publications on the subject,

beginning with Dr. Naoroji's and ending with that of Messrs. Shah and Khambhata. But it also revealed to the author, more clearly perhaps than any abstract thinking on the subject would have done, the need for *ad hoc* studies to supplement published data, the desirability of making the calculations for a census year rather than for an inter-censal period, and above all the necessity for calculating the margin of error in the estimates and using care and caution in stating one's statistical results. The author's interest in the subject, thus aroused by the writing of this essay, led him to select India's National Income in the year 1931-32 as the subject for his research for the Ph.D. degree in Economics of the University of Cambridge; and he worked on that subject for 27 months, from June 1934 to August 1937, under the supervision of Mr. Colin Clark, Lecturer in statistics at the University of Cambridge. The author was awarded the Adam Smith Prize in Political Economy by the University of Cambridge in January 1936 on an essay based on the results of this research; in November 1936 he was awarded the Ph.D. degree by the same University. This thesis will be published in due course, and the author would like to point out that these two studies of the Indian Income, one for the period 1925-29 dealt with in this essay and the other for the year 1931-32 dealt with in the author's doctorate thesis, are both independent studies, based on different methods, and, taken together, serve to throw fresh light on the subject of Indian Income.

I am indebted to my friend, Dr. P. M. Joshi, Librarian, University of Bombay, for compiling the Index.

V. K. R. V. RAO.

AHMEDABAD, 11th Jan. 1938.

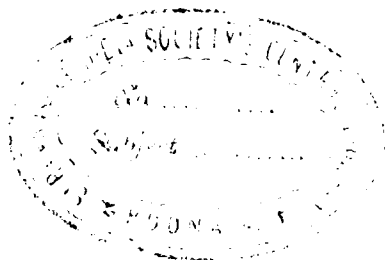
PREFACE

SOON after the death of Dr. Dadabhai Naoroji, a public meeting of the citizens of Bombay was held to mourn his death, and it was decided at that meeting to start a Memorial Fund for the purpose of perpetuating the memory of this distinguished and revered Indian patriot. The proceeds of the Fund were utilised for erecting a Statue; the balance was formed into a Trust Fund known as the Dadabhai Naoroji Memorial Prize Fund for the purpose of a prize to be awarded annually or from time to time to any person who "in the opinion of the Trustees shall have done most to advance the educational, social and economic or other interests of India, or to any person whom the Trustees may select for doing any research work and writing a thesis on any subject connected with the educational, social and economic or other interests of India." Accordingly, the Trustees invited Principal V. K. R. V. Rao to write an Essay on "India's National Income," that Essay is now published by them in book form. The Trustees hope that Dr. Rao's efforts will stimulate further interest in this important subject.

KRISHNALAL M. JHAVERI,

*Chairman, Board of Trustees,
Dadabhai Naoroji Memorial Prize Fund.*

BOMBAY, October 1938.



CONTENTS

CHAPTER	PAGE
I PREVIOUS ESTIMATES	9
II STATISTICS AND METHOD	46
III THE NUMBER OF INCOMES	58
IV INCOME FROM EXPLOITATION OF ANI- MALS AND VEGETATION: AGRICUL- TURE	64
V INCOME FROM EXPLOITATION OF ANI- MALS AND VEGETATION: LIVESTOCK	91
VI INCOME FROM EXPLOITATION OF ANI- MALS AND VEGETATION: FORESTS .	107
VII EXPLOITATION OF MINERALS	110
VIII INDUSTRY	120
IX TRANSPORT AND TRADE	139
X PUBLIC ADMINISTRATION, PROFESSIONS AND LIBERAL ARTS, AND DOMESTIC SERVANTS	145
XI DEDUCTIONS	149
XII CONCLUSION	154
APPENDIX TO CHAPTER I: "PREVIOUS ESTIMATES"	164
INDEX	171