

**PRODUCTION AND OTHER AGGREGATE:
A RE-EXAMINATION OF THE CONCEPTS FROM A
DEVELOPING COUNTRY'S POINT OF VIEW—A NOTE**

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1. The purpose of this note is to examine the contention that the concepts of production and other aggregates used in the revised U.N. System of National Accounts (S.N.A.) are not very suitable for developing countries. Rather, the concepts prevailing in the literature on economic theory provide the second best alternative in the absence of the most appropriate ones.

2. The National Income Committee of India in its first report enlisted some problems which it faced while applying the concept (s) of national income and concluded, "A great deal of analytical work remains to be done on questions of definition and classifications in regard to the problems of measurability in the national income estimates of India. . . Concepts and classifications can be tested as to their usefulness and effectively reformulated only if they rest upon a cogent view of the operation of the economy which is the subject of economic analysis" (ref. 1, p. 13).

3. Going through the annals one finds a similar expression in the famous work of Prof. A. Marshall. Pointing out the inapplicability of the national income concept he writes, "In a primitive community each family is nearly self-sufficing and provides most of his own food and clothing and even household furniture. Only a very small part of the income, or comings in, of the family is in the form of money; when one thinks of their income at all, one reckons in the benefits which they get from their cooking utensils, just as much as those which they get from their plough : one draws no distinction between their capital and the rest of their accumulated stock, to which the cooking utensils and the plough alike belong.*

* This and similar facts have led some people to suppose that some parts of the modern analysis and distribution and exchange are inapplicable to a primitive community; which is true : but also that there are no important parts of it that are applicable; which is not true. This is striking instance of dangers that arise from allowing ourselves to become servants of words avoiding hard work that is required for discovering unity of substance underlying variety of form (ref. 2, p. 60).