

**SOCIAL ACCOUNTING AND REGIONAL
INCOMES IN INDIA**

A THESIS
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PREFACE

One of the reasons for the relative lack of conclusiveness in regional economic studies has been the absence of a theory of regional development. To a great extent this is due to the absence of a general concept of a 'region'. To some extent it can also be attributed to the lag in the development of adequate regional statistics. For the purpose of this study however, the States as they are constituted in India at present are taken as regions without any qualifications. The study is not concerned, therefore, in making any contribution to the concept of region or to an examination of the various problems of regional delineation. At the policy-formulation and decision-making level, the present States in India, however, do reflect the problems of reciprocal adjustment between area and function, for purposes of planning at the sub-national level, and hence its justification.

This work aims at a study of social accounting, and State incomes in India, and is primarily concerned with the application of the social accounting technique to the estimation of State incomes and the measurement of related aggregates of output and expenditure, and to the problems of their presentation. Toward this aim it suggests a simplified framework of consolidated social accounts for the States of India, attempts to cast the available estimates of incomes of the fifteen states for a given year into such accounting

frame, and estimates the other relevant and necessary magnitudes towards the empirical fulfilment of the suggested system. The year 1958-59 has been chosen for the purpose of illustrating the statistical system of social accounts for the fifteen individual States of India.

The conceptual frameworks of regional accounts so far suggested have been developed in the advanced countries of the West. Their use in the Indian context necessitates modifications and changes in them to allow for the differences in needs and informational requirements between advanced and underdeveloped regions on the one hand and also as between the national and sub-national levels on the other. From the point of view of the possible uses of social accounts in the analysis of problems at the State level in India, certain simplifications in the framework become necessary and desirable, even if some loss in the degree of full articulation and comprehensiveness and the consequent loss of many cross-checks has to be accepted. The desirability of working with a simplified and consolidated framework is, therefore, not merely a question of utilising different statistical sources of information and data or of simply adopting alternate and possible methods of estimation. It is important to be able to strike a balance between the simplification necessitated by the lack of information on the one hand and the logical requirements of a changed structure of the accounting system to correspond to the economic reality on the other.

The topical organization of the thesis^{is}/given in the introductory chapter which also covers a short review of existing literature on the development of regional income estimation in some countries. In the course of this study I have drawn upon freely from available literature bearing directly or indirectly on the various aspects of the subject and have thus tried to be eclectic in my approach to the study of many theoretical, conceptual and general problems and issues. These remarks are particularly relevant for chapters 2 and 3 and also for chapter 4 partly. Chapters 4 to 7 are based on my original work and computations.

The study on the various aspects of regional social accounting for the States of India suggests an extension of the scope of any future enquiries in this general field into three main inter-related directions: firstly, a detailed cross-examination of the estimational procedures adopted and the sources and limitations of data used both by the State Statistical Bureaus in India in compiling the estimates of incomes for their respective states and the Central Statistical Organisation in working out the estimates of National Income of India; secondly, the preparation of simplified and consolidated systems of social accounts for the individual States of India for a consecutive series of five years or more, and lastly, an attempt to develop more detailed and comprehensive frameworks of social accounts for the States of India that are useful for purposes of regional planning and policy formula-

tion and for studying the regional dimensions of national economic growth, and in relation to this, a fuller study of the cross-section of conceptual and methodological issues and a detailed examination of the problems and needs of more adequate and reliable flow of regional or statewise data for the statistical implementation of such accounts.

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