

RELATIVE RATE OF CAPITAL FORMATION IN THE HOUSING SECTOR IN WEST BENGAL *

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Estimation of capital formation in India has not been undertaken on a systematic basis. There are undoubtedly many difficulties and the task of an accurate assessment will remain problematical for a long time to come. Satisfactory estimates cannot be made until a statistical picture of different aspects of our economy is available in a more complete form.

It may, however, be useful to study what light the statistics that are readily available throw on some aspects of capital formation. An attempt has been made in this paper to have a dimensional idea of the relative rate of addition to the housing wealth in West Bengal, during the recent years, based on the statistics that are available.

The estimates may be made separately for the three regions : (a) Calcutta Corporation area, (b) Municipal areas of the different districts, and (c) rural areas. (In the non-municipal urban areas the housing characteristics may be assumed to be the same as in rural areas.)

For the Corporation areas, the figures of annual realization by the Corporation on account of "consolidated rates" are available. The rate is dependent on the annual valuation of the houses.

The annual valuation once fixed remains in force for a long time until a re-assessment takes place in which case, the property remaining the same, the value may theoretically go up or down. It should be apparent that the changes that are observed from year to year in these figures of annual realization may arise due to one of the three factors : (1) an increase or decrease in the number of houses that are brought under assessment, (2) a change in the rates of taxation or a change in the methods of valuation during the period, or (3) a change in the administrative efficiency of the tax-collecting organization.

It is also highly probable that all these factors influence the figures not instantaneously but with a lag of at least one year. It may not be unreasonable to assume that schemes of general economic improvement like the Five-Year Plans would take about three to four years' time to have their effects reflected in the realized values of consolidated rates (or taxes on houses in the case of municipalities). Thus a study of the period 1948-49

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