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National Income Trends in India

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Abstract: ***National income of any country is the total amount of income that is accrued by it through various economic activates in one year national income consists of a collection of different types of goods and services of different types. National income is defined in different ways accommodating for subsidies, taxes, depreciation, exports and imports. The current study is about the trend of the national income in India over the last 70 years, in detail, The estimates of national and per capita income are taken at some constant base year prices for the purpose of comparing national Income and per capita Incomes over different years. Because the national income at current prices is influenced by both the increase in production of goods and services and the rise in prices. In order to make the national income figures comparable, these figures are deflated of constant prices just for eliminating the effect of any change in the price level of the country. This paper describes he major trends in national income in India since 1950-51. This trend in national income also reflects on the standard of living of the people in India.***

I. INTRODUCTION

National income is the money value of all the final goods and services produces by a country during a period of one year.
The national Income committee in its first report wrote," A national income estimate measures the volume of commodities and services termed out during a given period, without duplication."
"The labour and capital of a country acting on its natural resources produce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds. This is the true annual income or revenue of the country of national dividend." Dr. Alfred Marshall "National Income is that part of the objective income of the community, including of course income derived from abroad, which can be measured in Money."
Pigou

A. Concepts of National Income

1) Gross national product (GNP)
2) Net national Product (NNP)
3) National Income (NI)
4) Personal Income (PI)
5) Disposable income (DI)
6) Gross domestic product (GDP)

a) *GDP:* The total value of goods produced and services rendered with in a county during a year is its gross domestic product different constituents of GDP are wages and salaries + Rent + Interest + Undistributed profits + Mixed income + Direct taxes + Dividend + depreciation
b) *GNP:* GDP + Net factor income from abroad
c) *NNP:* (National income at market prices) GNP – Depreciation
d) *NI:* (National income or national income at factor cost)
NNP -Indirect taxes + subsidies.
e) *PI:* national income - social security contributions - corporate income taxes - undistributed corporate profits + Transfer payments
f) DI: Personal income -personal taxes Or Consumption + Saving methods of national Income

The national income of a country can be measured by three alternative methods

- Product/output method
- Income method
- Expenditure method

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B. Product Method

In this method we calculate money value of all final goods and services produced in an economy during a financial year. Final goods means those goods which are directly consumed and not used in further production process.

C. Income method

In this method national income is calculated by adding up factor incomes generated by all the producing units located within the domestic economy during a period of account. In we sum the all incomes paid to factors like rent, wage, interest and profit we get national income.

D. Expenditure Method

In this method, national income is measured as a flow of expenditure.

GNP = C + I + G + xn

C = Private final consumption expenditure

I = Gross private investment

G = Government purchases of goods and services

N = Net exports (Export - import)

In India, national income is calculated by using combined method. This is a combination of two methods - product/ output method and income method.

E. National Income Estimations in India

The first attempt to calculate national income of India was made by dadabhai naoroji in 1867-68, according to this estimate per capita income to be 20 Rs. The first scientific method was made by professor VKRV Rao in 1931-32. But was not very satisfactory. The first official attempt was made by national income committee headed by professor PC mahalanobis in 1949. The central statistical organization (1949) Now renamed as central statistical office (CSO) has been formulating national income since 1955. National income estimates are published annually by the CSO in its publication national accounts statistics. The (CSO) Central statistical office merged with national sample survey office (NSSO) to form the national statistical office (NSO) on 23rd may 2019. In this paper I took the national income 2011-12 series, the Government switched to a new base year of 2011-12 for national accounts in January 2015, replacing the previous base year of 2004-05. So the last series has changed the base to 2011-12.

II. RESEARCH METHODOLOGY

A. Secondary Data

The study is based on secondary data. Which were collected from the national statistical office (NSO), ministry of statistics and programme Implementation's estimates of national income for the financial year 2021-22 and 2011-12 series. the data also collected from Journals, books, newspaper, other publication and various websites etc.

B. Period of Study

The research study covers a period of seventy years i.e. from financial year 1950-51 to 2021-22.

Table - 1

National income (Net National product at factor cost & per capita Income in India 1950- 51 to 2021-22) 2011-12 series

Year	NNP (crore)		Per capita income (Rs.)	
	Current Prices	Constant Prices	current Prices	constant prices
1950-51	9531	448483	265	12493
1960-61	16680	694569	384	16004
1970-71	43598	1011757	806	18702
1980-81	135470	1352931	1995	19925
1990-91	513966	2292078	6126	27319
2000-01	1902148	3924698	18667	38515
2010-11	6756720	7373384	56971	62170

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2011-12	7742330	7742330	63462	63462
2012-13	8766345	8094001	70983	65538
2013-14	9897663	8578417	79118	68572
2014-15	10978238	9224343	86647	72805
2015-16	12162398	9963681	94797	77659
2016-17	13623936	10782092	104880	83003
2017-18	15140418	11508774	115224	87586
2018-19	16704645	12240380	125883	92241
2019-20	17994301	12681246	134186	94566
2020-21	17461759	11745872	128829	86659
2021-22	20573371	12861032	150326	93973

Source: Economic Survey 2021-22

Table - 1 Shows the national income of India at 2011-12 prices has grown from Rs. 448, 483 crore in 1950-51 to Rs. 2057, 3371 crore in 2021-22. This indicates a growth in seventy years. However, this growth has neither been uniform nor steady during this period and the growth is slow in recent years because of covid-19 virus.

Table - 2

Average Growth Rates of Net National Product at factor cost & per capita Income in India

(In percentages)

	NNP		Per capita Income	
Year	Current Prices	Constant Prices	current Prices	constant prices
First plan 1951-56	2.2	4.8	0.4	2.9
Second plan 1956-61	9.7	4.2	7.6	2.1
Third plan 1961-66	9.9	3.4	7.6	1.1
Three annual plans 1966-69	12	3.6	9.6	1.3
Fourth plan 1969-74	10.96	3.1	8.5	0.8
Fifth plan 1974-79	10.76	5.1	8.4	2.8
Annual plan 1979-80	9.0	-5.8	6.3	-8.1
Sixth plan 1980-85	15.1	5.4	12.7	3.1
Seventh plan 1985-90	14	5.8	11.6	3.6
Two annual plans 1990-92	15.3	2.9	18.8	0.8
eight plan 1992-97	16.3	6.5	14.04	4.4
Ninth plan 1997-02	10.6	5.4	8.5	3.4
tenth plan 2002-07	13.02	7.02	11.3	5.4
Eleventh plan 2007-12	15.4	6.06	13.5	4.3
Twelfth plan 2012-17	11.96	6.84	10.6	5.5
2017-18	11.1	6.7	9.9	5.5
2018-19	10.3	6.4	9.3	5.3
2019-20	7.7	3.6	6.6	2.5
2020-21	- 3.0	-7.4	-4.0	-8.4
2021-22	17.8	9.5	16.7	8.4

Source: Compiled from Economic Survey 2021-22

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Table - 2 Shows that during the first plan period saw a growth 5 percent while during 1979-80. the national income had a negative growth gate of -5.8 percent. overall growth in three decades, VIZ 1951-81 was around 3 percent. The sixth plan was a grand success and national income recorded a high growth rate of 5.4 percent, which was the highest achievement in any of the plans gone by and tenth plan growth was 7.02, which was highest percentages in all five years plans after the five year plan the growth rate was again negative in the financial year 2020-21 it was -7.4 because of covid-19 and the next year 2021-22 seek to achieve annual growth rate of over 9.5 percent.

III. TRENDS IN PER CAPITA INCOME

The per capita income in 1950-51 was Rs. 12,493. In India the per capita income has not grow at a pace at over the past decades. the per capita income was only increased from Rs. 12,493 in year 1950-51 to Rs. 63,462 Rs. in year 2011-12. The reason behind the slow growth in per capita income is population explosion in India during the period and the per capita income seeks to achieve in 2021-22 is Rs. 93,973.

IV. REASON BEHIND THE SLOW GROWTH OF NATIONAL INCOME IN INDIA

A. High rate of growth of population in India is retarding the growth process and is responsible for slow growth of national income.

B. The major share of national income that is usually coming from the agriculture. It's around 34 percent of the total national income. So excessive dependence on agriculture and low land-man ratio etc. are also responsible for slow growth of agricultural productivity which in turn in responsible for slow growth of national income.

C. Occupational Structure

D. low level of Technology and its poor adoption

E. Poor industrial development and poor development of infrastructure facilities etc.

V. CONCLUSION

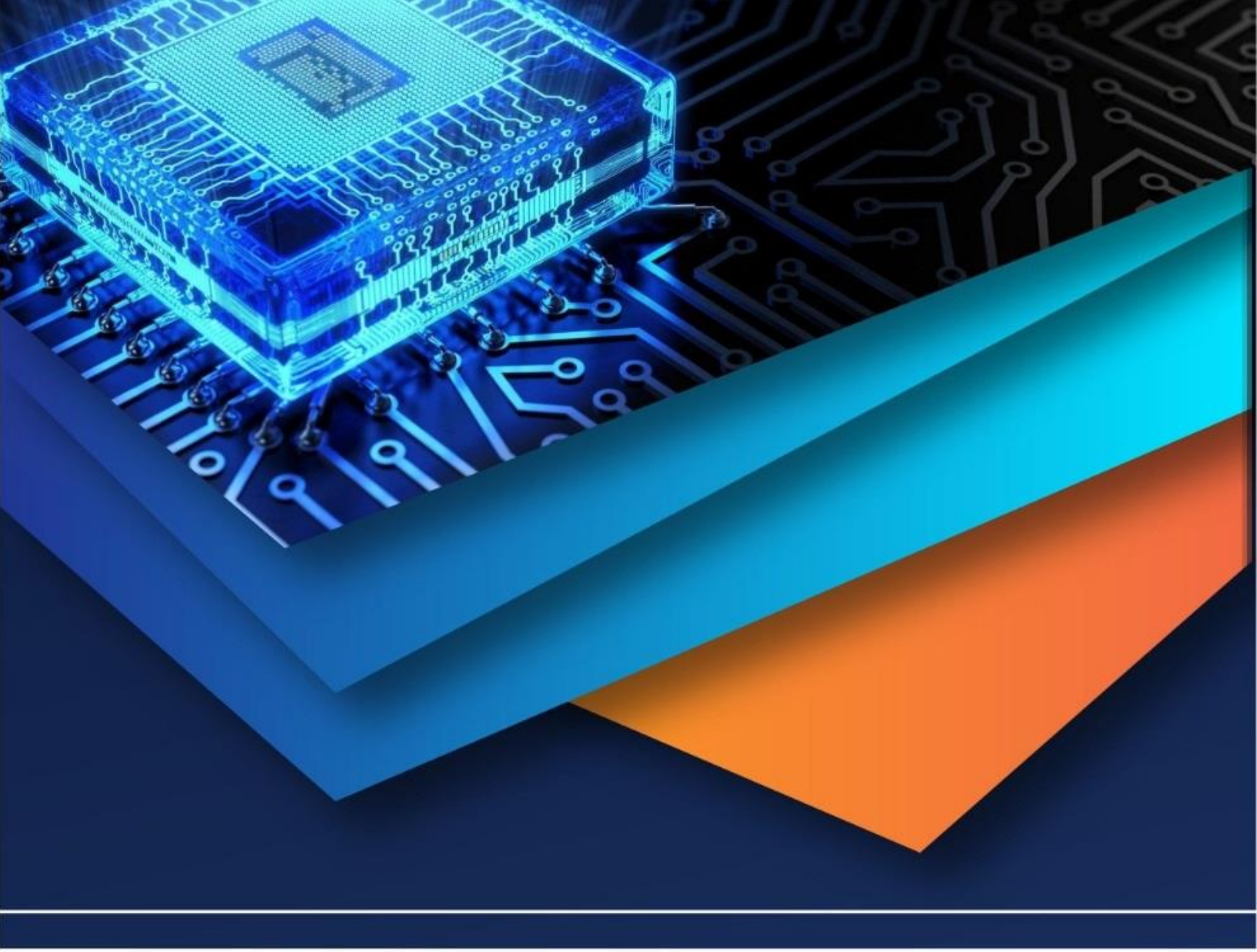
National income is one of the general indicators of the level of nations economic development. In this paper we have analyzed the data of national income & per capita income. The national income growth rate was not stable over the years. sometimes it's grows and some time it's downs. So every year the national income growth rate was fluctuating and in the recent years the national income influenced by the corona virus. so due to the corona virus the national income growth is negative in the financial year 2020-21 (-7.4 percentage). and the per capita income also negative in this financial year (-8.4 percentage). In the five years plan period the maximum growth was in the sixth plan. It increased from -5.8 to 5.4 percent. The last five year plan was twelfth plan (2012-17). after the twelfth plan the government replaced the planning commission (1950) to Niti Aayog in 2015. So in next year's the growth rate I took annually because there is no more five years plan in Niti Aayog.

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