

NATIONAL PER CAPITA INCOME

Estimates of total National Income and per capita income are generally used to measure national economic development. A continuous series of annual estimates of total or per capita income would reflect also the consistency of the income flow, and if the series were long enough it would suggest whether the nation tended to grow richer or poorer and how rapidly the change was taking place.

Dadabhai Naoroji had said, as early as in 1870 :

"Let there be a return in detail, correctly calculated, made every year, of the total income of all British India, per head of the population, and of the requirements of a labourer to live in working health and not as a starved beast of burden. Unless such complete and accurate information is given every year in detail, it is idle and useless to make more unfounded assertions that India is prospering"

("Development of Economic Ideas in India", P.K. Gopalakrishna, Page 43)

A study of this aspect of our economy will clearly reveal that the record of progress of India is so poor, inadequate and partial that "after more than a decade and half of planning the hope to have economic regeneration and healthy, vigorous national advance has proved to be illusory". Even the Economic Times in an editorial on February 2, 1969 commented that "in the context of a pathetic low rate of growth in national income" the claim of stability is "tantamount to an admission of stagnation".

Targets and Achievements of National Income

The first Five Year Plan gave a simple projection of model economic growth. The First Plan hopefully envisaged that the level of National Income in 1950-51 could be doubled by 1970-71 and that of per capita income by 1977-78. In the Second Plan it was suggested, in a moment of enthusiastic flush of 'Avadi Socialism', that the National Income might be doubled by 1967-68 and the per

capita income by 1973-74.

The performance of the first two plans, especially the failure of the Second Plan disabused the mind of the ruling classes. The ruling party had to admit in 1962 "that even with a sustained growth rate of 6% per annum it would be difficult to fulfil the intentions expressed in the Second Plan of doubling 1950-51 level of income per head by the middle of the Fifth Plan" i.e. even after 25 years of 'independence.' Having grown 'wise', the Planning Commission under the leadership of the 'patriotic' National Congress envisaged and proclaimed in the Third Five Year Plan that it would "secure an increase in National Income of over 5% per annum, the pattern of investment being designed also to sustain this rate of growth during the subsequent plan periods." It was estimated that the National Income should go up by about 30% and per capita income by about 17% over the next five years.

National Income is calculated as per two price structures, one at constant prices (base at that time being 1948-49), and the other at current prices. To study the growth of National Income on the basis of current prices will be like looking at one's face in a distorted mirror. This will reflect the twists and turns of the rise and fall in prices. For example, supposing we produce 100 commodities prices at Rs. 100 this year. If the prices were to increase by 15% next year, production being the same, there will be an artificial increase in National Income by 15% to Rs 115. If on the other hand, the prices fall by 10%, production being the same, an entirely different distorted picture of a fall in National Income is produced. To avoid this idiosyncrasy, a study of National Income at constant prices over a certain number of years would give a truthful rate of increase or of fall in National Income.

With the background of the moderate hopes of the rulers in mind, let us look at the actual achievements.

The following figures of National Income for the three Five Year Plans at constant prices (base 1948-49) will reveal the limping startlingly low rate of growth of our economy.

TABLE 4.1

Growth of National Income during the Three Plan Periods at Constant (1948-49) Prices

	Total National Income (Rs. crores)	Per cent Rate of Growth over Previous Year
First Plan		
1951-52	9100	2.8
1952-53	9460	3.9
1953-54	10030	6.0
1954-55	10280	2.5
1955-56	10480	1.9
Annual growth rate during First Plan		3.5
Second Plan		
1956-57	11000	4.7
1957-58	10890	- 1.0
1958-59	11650	6.6
1959-60	11860	1.8
1960-61	12730	7.3
Annual growth rate during Second Plan		3.9
Third Plan		
1961-62	13060	2.5
1962-63	13300	1.8
1963-64	13950	4.9
1964-65	14980	7.4
1965-66	14640	- 2.3
Annual growth rate during Third Plan		2.8

The tables are from the **Economic Survey**, 1969-70, published by the Government of India.

From all accounts, India is growing poorer. The greater the amount of foreign loans, the slower is the growth rate of the Indian economy. As the country progresses from one Five Year Plan to another, the position of the Indian ruling classes has become so precarious that its survival is increasingly dependent on external assistance. And, despite the external assistance the rate of growth of the Gross National Product lags far behind.

The following figures of the utilisation of external assistance during the Five Year Plans shows the galloping speed with which India is being mortgaged even as there is stagnation in growth.

TABLE : 4.2**Utilisation of External Assistance**

	Rs. crores
Upto the end of the First Plan	202
During the Second Plan period	1430
During the Third Plan	2868
During the three years of plan holiday, 1966-67 to 1968-69	3098

Source : **Economic Survey**, 1969-70, Page 134.

Such has been the growth of utilisation of foreign assistance to achieve a rate of growth of National Income of 3.5%, 3.9% and 2.8% in the First, Second and Third Five Year Plans, respectively. Indeed, this low level of growth of National income can only help preserve the present low level of production and consumption. What is more, the low level of growth is fundamentally due to continued plunder by foreign finance capital, and unequal exchange of goods, resulting in the great drain of capital resources from the country. This is due also to the continuing semi-feudal structure of rural relations on which basis no major breakthrough can be achieved.

Per Capita Income

When the rate of growth of National Income is so low, the rate of growth of per capita income will be still worse.

It should be remembered that the First Plan envisaged that

the per capita income could be doubled by 1977-78. The Second Plan was even more optimistic, probably because generous aid and alms of new-found friends, Khrushchev and company, were added to imperialist generosity, and promised the doubling of per capita income by 1973-74. But the Third Plan, in the midst of intensely aggravated all-round crisis expressed that it would be difficult to fulfill the target of the Second Plan. The crisis comprised lack of growth of agricultural production, growing lag in industrial production, shooting up of inflation with spiralling rise in prices, Himalayan growth of the burden of debt repayments, widening gap in the balance of payments, all resulting in mounting unemployment and poverty of the largest chunk of the Indian subcontinent. Therefore, the ruling class promised a growth of only 17% of per capita income during the Third Plan, at an annual growth of about 3%.

What was the actual achievement? The following figures reveal the most astonishingly low rate of growth :

TABLE : 4.3**Per Capita Income of India at Constant Prices
(1948-49 : 100)**

Year	Per Capita Income in Rupees	Percent Rate of Increase over Previous Year
First Five Year Plan		
1950-51	274.5	----
1951-52	250.5	1.13
1952-53	255.7	2.16
1953-54	266.2	4.11
1954-55	267.8	0.60
1955-56	267.8	-
Average annual rate of growth per year during First Five Year Plan.		
		1.60

Second Five Year Plan

1956-57	275.6	2.91
1957-58	267.5	- 3.0
1958-59	230.1	4.79
1959-60	279.2	- 0.32
1960-61	293.2	5.01

Average annual rate of growth during the Second Plan 1.8

Third Five Year Plan

1961-62	294.3	0.4
1962-63	293.1	- 0.5
1963-64	300.6	3.0
1964-65	315.6	6.0
1965-66	301.4	- 6.4

Average annual rate of growth during the Third Plan 0.6

What is the conclusion that one can draw from the above figures? That the economy of our country is not growing faster than in the colonial period, and that it is poorer today in relation to the other developed countries than in 1947, the glorious year of 'grant' of independence to the Indian bourgeoisie. This is an unchallengeable conclusion after 20 years of independence and 15 years of Five Year Plans intended for the attainment of a Socialist pattern of society.

Why and how can the conclusion be drawn that India is not growing faster than in the colonial period? We have noted in previous pages that the occupational pattern in our country has not changed fundamentally in these 20 years. We have also noted that national income by industrial origin is no better than it was in the past.

Let us see whether National Income and per capita income have grown faster than in the past.

In the famous 'Meerut Conspiracy Case', the then communists accused have provided some data on the growth of

per capita income in India in the early part of this century to prove an "appallingly low" economic position of the people. Let us look at the facts and compare the growth rates of those days with the present growth rates. In their statement to the Court, they proved - on the basis of the data for 1871 of Dadabhai Naoroji, for 1832 of Barning Barbour, for 1901 the data of Lord Curzon, and that for the later period the data provided by Shah and Khambata till 1922 - that there was "a fairly constant rise over the period 1870 - 1920 at the rate of about half percent per annum."

("Communists Challenge Imperialism from the Dock", Page 79)

The per capita growth rate as per the Government's data for the First, Second and Third Five Year Plans, after 1950, is 1.6%, 1.8% and 0.6% respectively. The position is clear. We are now almost in the same 'honourable' place as in 1922.

Where did we stand in comparison to other countries then and what is the position now?

The Simon Commission had said in its report that, "the average income of India per head in 1922 was equivalent, at the prevailing rate of exchange, to less than £ 95" - Great Britain's per capita income was 12 times more than India's in 1922.

That "the underdeveloped countries will show no improvement in per capita income relatively to the developed countries", and that "disparities in fact tend to grow rather than diminish", was the conclusion that was arrived at in a report of the Corporation for Economic and Industrial Research ("World-wise and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States") published by the Senate Foreign Relations Committee of the United States in 1960.

"Per capita gross national product in the developing countries rose much slower than in industrial countries. In the economically backward countries it rose from \$ 107 in 1950 to \$ 124.6 in 1957, or by 16% and in industrial countries from \$ 1113.5 to \$ 11345.4, or by 20%. While in 1960 the ratio between the per capita national product was 1 : 10.4 in favour of developed countries, in 1957 it was 1 : 10.8. No essential change in this respect has occurred since then."

("The Dollar and Asia", by R.A. Ulyanovsky, Pages 8 and 9)

Can one expect the position of India to be any better than this generalisation on the growth rates of developing countries compared to those of the developed countries? There cannot be. On the other hand, India's position is still worse.

Soviet economist, Ulyanovsky, who has tried to prettify Indian economic growth to the extent possible in order to proclaim the progressive character of the Indian ruling class has the following to say :

"Let us turn to the facts and figures pertaining to the most advanced of the developing Asian countries - India, which has registered the biggest economic progress. During the operation of the First Five Year Plan (1951-52 to 1955-56), her National Income rose by 15% while that of Great Britain grew by 42% and that of the United States by 25% It is clear that as regards per capita income, India, far from overtaking the advanced capitalist countries is increasingly falling behind them. Nor has this tendency been radically altered during the Second Five Year Plan (1956-57 to 1960-61).

"If we take a period of 12 years (1948-49 to 1959-60) the picture is about the same : in 1948-49, the average per capita income in India was Rs. 246.9, while in Britain it was 14 times greater. In 1959-60, it amounted to Rs. 291.6 an increase of 18% but in Britain it was 15.5 times heigher".

("The Dollar and Asia", Pages 9 and 10)

Economic Times of November 5, 1965, reporduced from a U.N. publication, figures of per capita income of some countries in 1963 which throw further light on the retrogressive progress of India. The per capita income of Britain in 1960 was higher by 20.2 times than that of India. Economic Times further noted that *"the year book of National Accounts and Statistics, 1964, published by the U.N. Statistical Office gives roughly comparable data on the per capita gross domestic product of 70 countries for 1963. Among these 70 countries, India ranked 67th."*

Furthermore, by 1965, our position in relation to other countries became still worse. The year book of National Accounts

and Statistics 1966 which gave figures of per capita income of 82 countries showed India's to be extremely consistent rearward progress. India's place among the 82 countries in 1965 was further behind, to be more precise 69th ("Problems of Economic Transition", Page 102).

What a glorious task the ruling class has been fulfilling in its eagerness to place India in the forefront - in the first place from behind. Since we cannot achieve the front task in the forefront, to achieve the first place from behind is certainly a creditable achievement, of Himalayan dimensions, in the glorious march towards Ram Rajya, in the great patriotic progress forward towards building a "Socialist Pattern of Society" under the guidance and leadership of the non-violent, truth-seeking messiahs of the Gandhi-Nehru era.

Greater deception has never been practiced on the innocent minds of the common men than by these 'traitors' posing as 'Patriots'.

Even after 100 years of rule of these self-styled patriots, can India, hope to reach the present level of income of the developed countries ?

Yojana, the Journal of the Planning Commission, in its issue of April 17, 1966, revealed that in a report on the economic situation in Asia presented to the E.C.A.F.E. conference, held in the first quarter of 1966 in New Delhi, the dramatic statement was made that *"at the current rate of growth in the per capita income, India will take another 135 years to reach the present Japanese level of income."*

Growing Poverty :

"A 14 year old scheduled caste girl, belonging to Gopalpara district in Assam, was mortgaged by her father for a loan of five maunds of paddy" was a shocking reply to a question in Lok Sabha : in the first week of February, 1970."

Study of the per capita income, even though useful for a

general understanding of the 'average' growth of economy, and to an understanding of the 'average' poverty of the country, does not provide the real state of poverty in India, since the national income is not distributed equally among all the people.

In case the average annual income is in fact equally distributed to every Indian, "a reasonably balanced diet would be available to all Indians today", provided that they :

"Consent to go naked, live out of doors all the year round, have no amusements or recreation, and have nothing else except raw food. But if they want some fuel to get their food cooked and require some clothing however coarse it may be; some house - room however wretched; some distraction however primitive; and want to fulfil some of their essential wants, they will have to cut their expenditure on the consumption of their food at least by half."

"Even this minimum, which cannot be considered sufficient for civilised human existence, is possible only when the whole national income is distributed [equally] amongst all the people, which is not the case. A sizeable portion of the income is distributed amongst a small percentage of the people, while the majority has to remain content with a smaller portion. This wide disparity in the income of the people further tends to reduce even that minimum which has been considered insufficient for civilised human existence." ("The Food Problem in India" by N.C. Agarwal, quoted by Ronald Segal, in "The Crisis in India", Page. 181)

Therefore, it is clear that "there is simply not enough food, or enough money to buy enough food, for all the Indians there are". Such is the abhorrent state of affairs today. All this means undernourishment and malnutrition, amounting to a starvation diet for the majority of the people in India.

The depth of the poverty and its hazardous effect on life is illustrated by the consumption of Kesari Dal, excessive consumption of which can cause paralysis. It has been pointed out by one writer that millions of poverty-stricken persons -

"do not really eke out a living but die a slow death

through malnutrition and through taking 'food items' which are not fit for animal, let alone human, consumption. In Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, and West Bengal, an important 'food item' entering the diet of landless labourers is a pulse called Kesari Dal, excessive consumption of which can cause Paralysis to (called Lathyrism in Medical Journals) particularly young adults The well-to-do was free from this disease. It was found that labourers employed by the landowners and big cultivators are paid Lathyrus Sativus (Kesari Dal) in lieu of wages". Quoted in 'Problems of Economic Transition' by Ranjit Das Gupta in Economic and Political Weekly).

In India, human labour is valueless. "Kindness to animals" and "cow protection" societies are abundant.

Economic Times of October 14, 1970, in an article covers an exceedingly dismal theme 'Progress of Poverty' in India.

It concludes, on the basis of the following table, based on National Sample Surveys, that the per capita expenditure of the masses whether rural or urban, has not experienced any improvement over the 12 years ending 1963 :

TABLE : 4.4

NNS Round	Period Roughly Referred to	Per Capita Expenditure in Rs.	
		Rural	Urban
3rd Round	1951-52	23.09	31.72
9th Round	1955-56	15.20	23.69
16th Round	1960-61	20.03	27.51
18th Round	1963	22.41	32.81

"It is obvious that there has been no change of significance in the levels of consumer expenditure either in rural or urban areas, while the wholesale prices index moved up from 125 to 127 during the period."

As a matter of fact, if the consumer expenditure is calculated on the basis of 1951-52 prices for the year 1963, the position in 1963 has actually become worse.

It may be pointed out, at this stage, that all these indicators of average consumption refer only to availability of consumption if all of them receive that much of income, rather than to actual level. This method of trying to show how people are living and consuming is not appropriate because of the wide disparities in incomes in the country. An increase in the average per capita consumption in the country as a whole may be brought about by a large increase in the consumer expenditure of a comparatively small part of the population of say about 10%, while there is no change, or there is even a fall, in the consumer expenditure of the rest of the population. All the same, these average indicators are a pointer to the fact that the Indian economy as a whole has "miles to go not only to reach world standards of living but even to fulfil the promises made" years ago.

The following table gives the average consumption of various important types of food consumed in India in comparison with certain other developed and underdeveloped countries. Food consumption is in turn measured most appropriately by the average daily calorie intake and protein intake per person. As in other respects, it is no wonder that India occupies a prominent position in the rear of the countries.

This table clearly shows that, of the selected 19 countries including such underdeveloped countries as Brazil, Israel, Pakistan, and Ceylon, India occupies the last place in the matter of protein content, calorie content, meat content, and sugar content, in the people's intake of food. Even in the matter of cereals and flour, the intake of the average Indian is very much lower than that of Yugoslavia, Arab Republic, Italy, Mexico, Pakistan and Ceylon.

TABLE : 4.5

Net Food Supplies Per Capita (in grams per day)

	Cereals Flour	Sugar	Meat	Milk	Calories	Proteins	Year
1. United Kingdom	206	136	201	598	3220	89	1966-67

2. U. S. A.	177	133	294	665	3200	96	- do -
3. Canada	184	137	244	646	3180	96	- do -
4. Switzerland	280	124	183	661	3170	88	- do -
5. Yugoslavia	526	65	81	293	3160	93	1965
6. France	235	91	240	578	3150	102	1966-67
7. Australia	219	144	238	618	3120	92	- do -
8. U. A. R.	586	46	36	124	2930	84	1963-64
9. Argentina	268	90	309	338	2920	88	1966
10. Sweden	176	120	142	745	2900	80	1966-67
11. Netherlands	195	133	157	682	2900	83	- do -
12. West Germany	194	91	185	557	2870	80	- do -
13. Italy	360	72	106	418	2860	87	- do -
14. Brazil	304	111	73	209	2860	71	1965
15. Israel	275	108	141	371	2850	88	1965-66
16. Mexico	368	104	65	339	2780	74	1965
17. Pakistan	453	60	11	195	2290	52	1965-66
18. Ceylon	370	50	6	52	2180	50	1966
19. India	346	50	4	110	1810	48	1965-66

The daily energy requirements of an adult of either sex, living an ordinary life without manual labour has been estimated at 2,400 calories, and those who are engaged in heavy manual work require about 2,800 to 3,000. In 1941, Dr. Aykroyd, the Director of the Nutrition Research Laboratories, reported that the average Indian diet consisted of only 1,750 calories of insufficient and unbalanced diet.

The Research Bureau of The Economic Times comments, on the basis of the above, that in India, the average per capita consumption of calories was only 1,810 in 1955-56 against the requirement of 2,500 calories. This shows that a large proportion of population in India suffers from undernutrition.

"Protein intake is even further below at only 45 grams per day compared to 102, 96 and 90 grams in France, U.S.A. and Yugoslavia, respectively, and as high as 88 grams in Israel and Argentina."

"Worse still, cereals, starchy roots constitutes more than two-thirds of the average diet, whereas in developed countries the relative share of carbohydrates in the total calories supply is only 25%."

"Countries with high per capita income, in general consume more proteins than countries with low per capita income. Because of economic inequalities in India, a substantial portion of population receives even less than the low average."

(Economic Times, November 20, 1970)

There can be no better indictment of the ruling class which is leading millions of people on the road to 'slow death', unobtrusively, silently, and by the most non-violent method.

The Reserve Bank of India, in its *Bulletin* of January 1970, has studied the indices of poverty for 1960-61 and 1967-68, on the basis of which it is clear that rural poverty is growing into extraordinarily unimaginable dimensions. The data produced by the *Reserve Bank Bulletin* for 1960-61 showed that "Of the rural population of 355 millions, 184 millions (about 52%) may be considered absolutely poor". The data for 1967-68 clearly show that, as compared to only 52% of the rural population in 1960-61, 70% of the rural population in 1967-68 was found to be at poverty level, consuming very much less than the minimum nutritional norm of 518 grams of foodgrains per capita per day. This minimum, on the basis of which the *Reserve Bank Bulletin* computes the poverty level, is very much less than the jail norm which is 700 grams of foodgrains for hard labour, and 600 grams for non-labour, as per the Andhra Pradesh Jail Rules of 1971, excluding pulses of which the jail standard is 100 grams.

"A National Sample Survey a few years back revealed that 5% of the population or nearly 20 million live on less than Rs. 3.2 per month, 10% or more than 38 million live on Rs. 6.2 per month and 50% or half the population, nearly 200 million live on Rs. 14.6 per month or less than half a rupee per day. Only about 10 or 11 per cent of the population of India can spend more than one rupee a day". (P.C. Mahalanobis in *Sankhya*, September 1958, as reported by Ranjit Das Gupta in *Problems of Economic Transition*, Page 102).

In 1967-68, as per an article in Reserve Bank of India Bulletin of January 1970, 20.6 million lived on a bare 34 Naya Paisa per day, another 41.3 million on 81 Naya Paisa, and 82.6 million on 103 Naya Paisa- a total of 20 crores and 64 lakhs of population survive precariously with a rupee and less per day in the highly inflated economy of sky-rocketing prices, eking out their precarious

existence much below the 'poverty level'.

The Government's Planning Commission was reported, late in January 1963, to have been busy investigating how long it would take, at current rates of economic growth and population increase, before every Indian had at least enough to eat. The Commission's examination revealed that 60% of the population lived below Rs. 22 per month. And, in view of the nutritional experts, a minimum of Rs. 23 were to be spent on food alone, if minimum standards of health were to be maintained. All these calculations were made at the current prices operating at the period of enquiry.

The Planning Commission dismally concluded that, at the present pace of progress, something like a - third of the Indian people would be living below the bread-line by the year 2000. It assumed that anyone enjoying a monthly income of Rs. 25 a month in the year 2000 AD would have enough to eat. It ignored the fast-rising prices in the intervening period. It dismissed altogether the cost of clothing, fuel, and the most primitive other necessities of life. "It seems a desperate enough prospect". It is in fact wildly optimistic. All the same, even the optimistic estimate admits that a - third of the population under the present policies and programmes will be below the poverty line even in the year 2000 A.D.

The Dutch Economist N.M.J.M. Brockmeijer, in his little book "Fiction and Truth about the Development Decade", summarised the truth of the marvellous development of backward countries as 'the widening gap between industrialised countries and the developing countries alarming growth of crisis in the balance of payments of the under-developed countries, and the growing hunger in many of these countries'. "He insists that there is no sense in lulling the people of developing countries into a state of complacency. We do not help them with the fairy tales of 'Decade of Development'. Many decades, if not at least a century are required to guide them to prosperity". (Blitz, August 14, 1971).

Is it any surprise then that the country is in the midst of extensive and deep convulsions, leading to sudden and sharp economic and political struggles ?

APPENDIX :

National Income and Per Capita Income

(Rs crores)

Year	Gross Domestic Product (at current prices)	GDP at 1980-81	Per Capita Income 1980-81
1950-51	8,979	42,871	1,127
1960-61	15,254 (6.9)	62,904 (4.6)	1,350 (1.9)
1970-71	39,708 (16.0)	90,426 (4.4)	1,520 (1.3)
1980-81	1,22,226 (20.8)	1,22,226 (3.5)	1,627 (0.7)
1982-83	1,58,851 (15.0)	1,33,469 (4.5)	1,682 (1.6)
1983-84	1,85,991 (17.1)	1,44,310 (8.1)	1,780 (5.8)
1984-85	2,07,869 (11.8)	1,49,966 (4.0)	1,804 (1.5)
1985-86	2,34,159 (12.6)	1,57,348 (4.9)	1,852 (2.7)
1986-87	2,60,442 (11.2)	1,63,924 (4.0)	1,881 (1.6)
1987-88	2,94,408 (13.0)	1,70,716 (3.6)	1,910 (1.5)
1988-89	3,43,896 (18.5)	1,88,481 (10.0)	2,086 (9.0)

Source : Economic Survey, 1989-90

Growth of Illiteracy

National Per Capita Income

	1951	1961	1971	1981
Number of Illiterates				
in crores				
Males	13.39	14.84	17.20	19.43
Females	15.87	18.54	21.47	24.93
Total	29.84	33.38	38.67	44.36
Percentage rise of				
Illiteracy				
Males	-	6.2	16.0	12.9
Females	-	16.8	15.8	16.1
Total	-	11.8	15.8	14.7

Growth of Unemployment

Year	Applicants on live register (in crores)	Percentage of change over past year
1978	1.26	16.1
1979	1.43	13.1
1980	1.62	13.0
1981	1.78	9.8
1982	1.97	10.7
1983	2.19	11.2
1984	2.35	12.4
1985	2.62	11.5
1986	3.01	14.9
1987	3.02	0.3
1988	3.05	1.0
1989	3.27	7.2