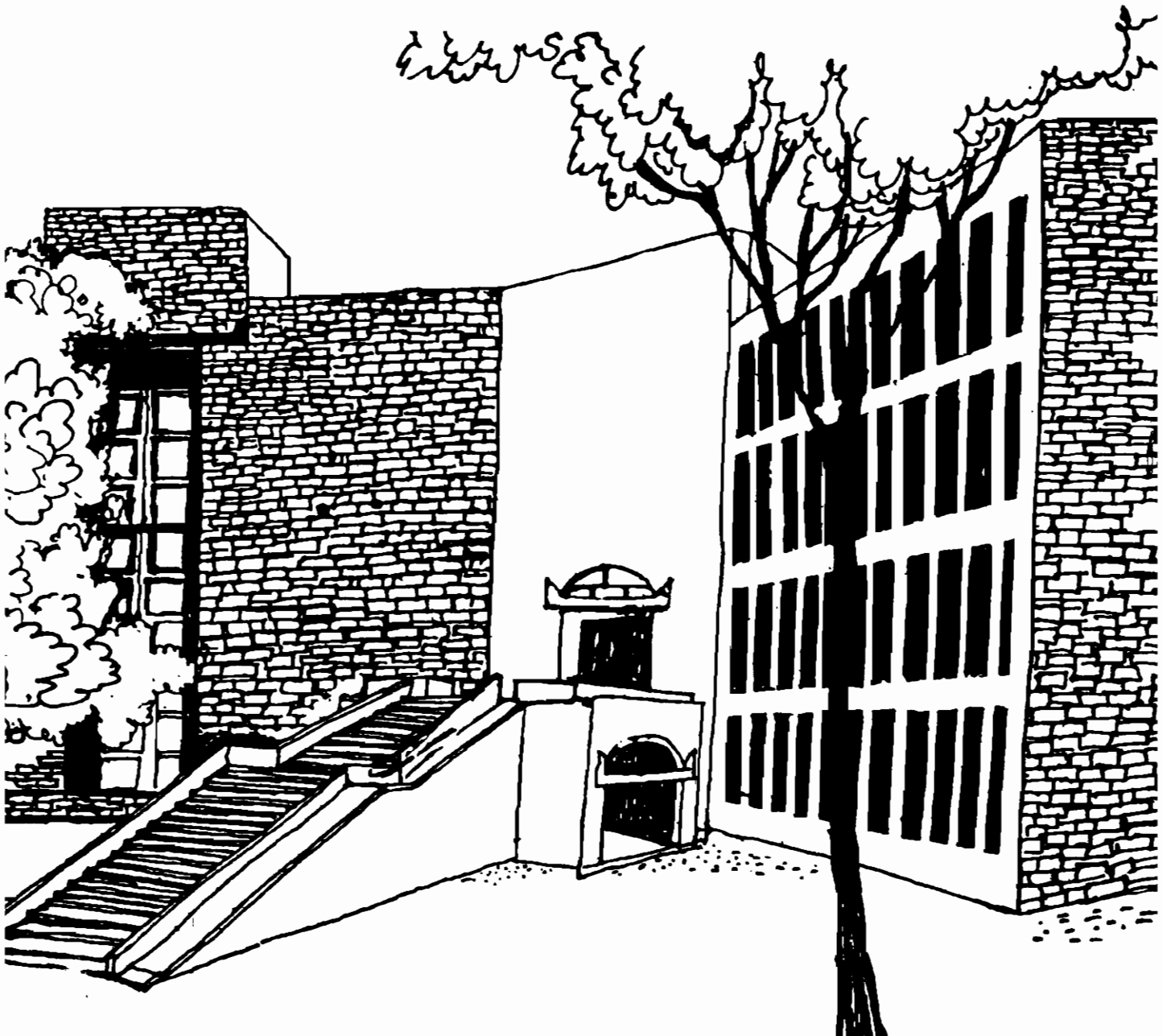




# Working Paper



**MANAGING PERSONAL AND PROFESSIONAL ROLES  
A TRAINING MODULE**

By

Indira J. Parikh

W P No.1250  
April 1995

WP1250  
MANAGING PERSONAL AND PROFESSIONAL ROLES  
WP  
1995  
(1250)

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**FUNCTIONAL DISTRIBUTION OF  
NATIONAL INCOME IN INDIAN ECONOMY**

By

Bakul H. Dholakia

W P No. 1221  
November 1994

WP1221  
**INDIAN INSTITUTE OF MANAGEMENT**  
WP  
1994  
(1221)

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## FUNCTIONAL DISTRIBUTION OF NATIONAL INCOME IN INDIAN ECONOMY

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### *Abstract*

An attempt has been made in this study to estimate the functional distribution of national income in Indian economy during the period 1960-61 to 1990-91. The study presents the estimates of the factor shares of labour, land and capital (including enterprise) not only for the economy as a whole but also for the public sector as well as the private sector within each of the broad sectoral categories of primary, secondary and tertiary sectors.

The main conclusion emerging from the analysis of functional distribution of India's national income is that the Indian experience does not corroborate the hypothesis of historical constancy of factor shares. The aggregate factor shares as well as the sector-specific factor shares have shown significant changes during the last three decades. The process of structural change in Indian economy has also contributed significantly to the observed changes in factor shares. On the whole, the share of labour has increased, while the share of land has decreased significantly and the share of capital has declined marginally during the period 1960-61 to 1990-91.

## FUNCTIONAL DISTRIBUTION OF NATIONAL INCOME IN INDIAN ECONOMY

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### I. Introduction

Classical as well as neo-classical economists have shown a keen interest in analysing the relationship between functional distribution of national income and the process of economic development by examining the behavior of the shares of national income accruing to the conventional factors of production, viz., labour, land and capital including enterprise. Thus, David Ricardo argued that, "in different stages of society the proportions of the whole produce of the earth which will be allotted to each of these (three) classes under the names of rent, profit and wages will be essentially different."<sup>1</sup> As against this, the neo-classical economists advanced the famous hypothesis of the so-called "historical constancy" of the share of wages in national income.<sup>2</sup> However, notwithstanding such long history of theoretical as well as empirical analysis, there has been no consensus of opinion regarding the behavior of factor shares and Scitovsky has in fact argued that, "the theory of income distribution is (still) in a highly unsatisfactory and controversial stage."<sup>3</sup> This has happened possibly because most of the theorising on the functional distribution of national income as well as the empirical analysis of the behavior of factor shares has focussed mainly on the experience of advanced industrialised countries. It is hardly surprising, therefore, to find that very few attempts have been made to analyse the functional distribution of national income in Indian economy and in fact whatever has been attempted in the past relates to the experience of the fifties and the sixties.<sup>4</sup>

Apart from providing valuable insights into the relationship between economic development and functional distribution of national income, estimates of factor shares in a developing country like India would serve several other useful purposes. Thus, for instance, average shares of labour, land and capital would broadly indicate the elasticities of aggregate output with respect to each of these factors of production. Hence, availability of information on factor shares would facilitate the estimation of the growth of total factor productivity and also the quantitative analysis of the sources of growth of Indian economy. Estimates of functional distribution of national income would also throw light on the macroeconomic relationship between relative factor prices and factor proportions. In this context, it would be interesting to estimate and examine the behaviour of factor shares in Indian economy. The present study makes an attempt to estimate the functional distribution of national income in Indian economy over the period 1960-61 to 1990-91. An attempt has been made to estimate the factor shares of labour, land and capital (including enterprise) not only for the economy as a whole but also for the public sector as well as the private sector within each of the broad sectoral categories of primary, secondary and tertiary sectors.

## II. Basic Data and Methods of Estimation

Official estimates of factor incomes at current prices for individual sectors as well as for the economy as a whole, prepared by the Central Statistical Organisation (CSO), are available for the period 1960-61 to 1984-85.\* However, these estimates do not reflect the purely functional distribution of income because they include a fairly large category of unclassified income termed as "mixed income of the self-employed". In fact, the estimates of mixed income of the self-employed are generally derived as the residual that is left over from the estimated sectoral net domestic product (at factor cost) after deducting as much as possible by way of employee compensation and property income which includes rent, interest

and profits. This category does not actually represent any functional classification of NDP as it merely represents the combination of factor incomes accruing to labour, land, capital and enterprise, all of which are jointly supplied by the self employed persons. From a purely conceptual view point, the estimates of mixed income of the self-employed prepared by the CSO cannot be regarded as synonymous with the category of "income of the unincorporated enterprises" recommended by the United Nations,<sup>6</sup> or with the category of "income originating in proprietorships and partnerships" which is usually distinguished in the U.S. National Accounts.<sup>7</sup>

Basic time series data on factor incomes by three broad sectoral categories (Primary, Secondary and Tertiary sectors) provided by the CSO are presented in *Appendix Table 1*, while the implicit estimates of average shares of employee compensation, property income and mixed income of self-employed are given in *Table 1*.

It is evident from *Table 1* that, although the share of mixed income has been steadily falling with the passage of time, it still continues to be quite high, accounting for more than two-fifths of the aggregate NDP. The available data for the eighties show that, while the share of mixed income has declined to 17.3% in the secondary sector and 31% in the tertiary sector, it has remained more or less constant at around 65% in the primary sector. Thus, the main task involved in the estimation of factor shares representing the functional distribution of income in India is to decompose the mixed income of the self-employed into the respective parts attributable to labour, capital and land.

Once the break-up of mixed income is estimated, the purely functional distribution of national income by the three conventionally defined categories of labour income, capital income and land income can be easily derived from the detailed time series data provided by the CSO. According to the conventional definition, "labour income" represents the total



returns accruing to the factor of production "labour", as defined for the purposes of measuring both the labour input as well as the national income itself. It is a concept based on the functional rather than the institutional distribution of national income and it includes, besides employee compensation, that part of the income of the self-employed persons which can be, from the point of view of a purely functional classification of returns, regarded as the return to labour alone, treated as one of the

Table 1 Average Shares of Employee Compensation, Property Income and Mixed Income of Self Employed in NDP			
(Per cent)			
Period	Compensation of Employees	Property Income	Mixed Income of Self Employed
1960-61 to 69-70	25.08	9.37	65.54
1970-71 to 79-80	22.97	8.30	68.73
1980-81 to 84-85	23.54	11.52	64.93
1960-61 to 84-85	23.93	9.37	66.70
Secondary Sector			
1960-61 to 69-70	49.89	24.35	25.76
1970-71 to 79-80	54.72	25.72	19.56
1980-81 to 84-85	52.70	30.02	17.29
1960-61 to 84-85	52.38	26.03	21.59
Tertiary Sector			
1960-61 to 69-70	40.77	18.59	40.63
1970-71 to 79-80	51.77	20.18	28.06
1980-81 to 84-85	52.27	16.78	30.96
1960-61 to 84-85	47.47	18.86	33.67
All Sectors			
1960-61 to 69-70	34.57	15.04	50.39
1970-71 to 79-80	39.04	15.90	45.06
1980-81 to 84-85	41.23	17.74	41.03
1960-61 to 84-85	37.69	15.92	46.39
Source : Appendix Table 1.			

factors of production supplied by the self-employed persons themselves.

For the purpose of estimating the share of labour, we have divided the economy into three broad sectors, viz., Primary Sector, Secondary Sector and Tertiary Sector. The primary sector includes four sub-sectors, viz., agriculture, forestry, fishing and mining & quarrying; the secondary sector includes registered manufacturing, unregistered manufacturing, electricity, gas & water supply and construction; while the tertiary sector includes railways, transport by other means, communications, banking & insurance, real estate, public administration & defence, trade including hotels and other services. The labour income in each year during the period under consideration has been estimated separately for each of the 16 sub-sectors on the basis of information obtained from various sources. The methodology of estimation is briefly described in the *Appendix*.

Given the estimates of pure labour income for each sector, we have derived the corresponding estimates of property income as the difference between total income (NDP at factor cost) and labour income for each sector. Our next task is to obtain the break-up of total property income in each sector into land income and capital income, representing the contribution of land and capital, respectively, to the sectoral NDP. Following the methodology adopted by E.F. Denison, we have obtained the required break-up by allocating property income in each sector to land and capital in proportion to the estimated current value of land and capital assets in aggregate tangible assets (total of land and capital stock) in each sector. \*<sup>e</sup> The rationale of using the respective asset values to allocate total property income in each sector between its two components (land income & capital income) lies in the basic premise that the current market value of different productive assets in each sector would be proportional to the discounted value of the flow of future income they are expected to yield under the conditions of equilibrium implying uniform rate of return applicable to all types of assets productively employed.

Having obtained the estimates of functional distribution of aggregate income in each sector, we have made an attempt to derive the corresponding estimates for the public sector and the private sector within each of the three broad sectors. For this purpose we have used the basic data on factor incomes in public sector by type of institutions (viz., administrative departments, departmental enterprises and non-departmental enterprises) available from various issues of National Accounts Statistics, CSO, given in *Appendix Table 2*. From the detailed information provided by the CSO, we have obtained the estimates of factor incomes in public sector for the three broad sectoral categories of primary, secondary and tertiary sectors. While the estimates of factor incomes by broad sectors for the entire economy are presented in *Appendix Table 3.1*, the corresponding estimates for public sector are presented in *Appendix Table 3.2*. The estimates of factor incomes in the private sector by broad sectoral categories, derived as the difference between the corresponding estimates given in *Appendix Table 3.1* & *3.2* are presented in *Appendix Table 3.3*.

### III. Estimates of Relative Factor Shares

From the estimates of factor incomes given in *Appendix Tables 3.1, 3.2 & 3.3*, we can derive the estimates of relative shares of labour, land and capital in net domestic product by various sectoral categories. Our estimates of relative factor shares in Indian economy for the period 1960-61 to 1990-91 are presented in *Appendix Table 4.1* for the entire economy, in *Appendix Table 4.2* for the public sector and in *Appendix Table 4.3* for the private sector. Average levels of relative factor shares covering the entire thirty year period are shown in *Table 2*.

It is evident from *Table 2* that the average share of labour in aggregate income for the economy as a whole is 61.4%, while the corresponding shares of land and capital are 15.5% and 23.1%, respectively. The share of labour is found to be significantly

lower in the primary sector as compared to the secondary and tertiary sectors, while the share of land is found to be substantially higher in the primary sector as compared to both secondary as well as tertiary sectors.

Table 2 Estimates of Average Factor Shares In Indian Economy, 1960-61 to 1990-91			
(Figures in Per Cent)			
Sector	Labour	Land	Capital
Primary Sector	55.43	31.06	13.51
Secondary Sector	65.15	3.78	31.07
Tertiary Sector	66.26	3.33	30.41
All Sectors	61.38	15.53	23.10
Public Sector	86.57	0.85	12.58
Private Sector	57.36	18.09	24.55
Source: Appendix Tables 4.1, 4.2 & 4.3.			

Our estimate of average labour share for the economy as a whole over the period 1960-61 to 1990-91 (61.4%) indicates that 51% of the overall mixed income of self employed in entire economy represents pure labour income while the remaining 49% represents property income. It can be readily seen that even under the most liberal evaluation of the pure labour component of the income of self-employed, the share of labour income in India would still fall short of the average levels of labour share of more than three-fourths observed in the advanced Western countries." There is of course nothing particularly surprising about this, because the tendency for the share of labour in a typically less developed agrarian economy to lie at a lower level as compared to that in the advanced industrialized countries is perhaps inherent in some of the very characteristic features of a less developed country (LDC). Thus, for instance, the predominance of agriculture in terms of the net contribution in national income and even more in terms of the percentage of

total working force absorbed is itself one of the main factors accounting for the low share of labour in a country like India. The share of labour in the economy as a whole is the weighted average of shares of labour in the agricultural and the non-agricultural sectors, the weights being the relative shares of the two sectors in the national income. It follows therefore that if the share of labour in the agricultural sector is lower than that in the non-agricultural sector, other things being equal, the share of labour in the economy as a whole will vary inversely with the share of agricultural sector in the national income. Even in the advanced countries, the share of labour is found to be much lower in the agricultural sector than in the non-agricultural sector, mainly on account of the relatively high share of land in the former as compared to the latter.

In a developing country, the share of labour in the agricultural sector is even more likely to be lower partly because of the much greater importance of land in LDCs and partly because of the low productivity of labour in a traditional and subsistence-oriented agriculture which suffers from widespread disguised unemployment and underemployment. Moreover, the expected rates of return on capital employed in agriculture are likely to be relatively high in a country like India on account of a number of factors like (i) highly imperfect market for capital in LDCs; (ii) acute scarcity of capital in relation to labour and land which often makes capital a rationed item especially in agriculture; and (iii) a relatively large element of risk associated with investment in agriculture in a country like India where the proportion of irrigated area is still low and where agriculture is still subject to the vagaries of weather. The direct consequence of all this is to push up the share of total property income (including rent) and to pull down the share of pure labour income in the agricultural sector to a much greater extent in a less developed country as compared to an advanced country with a small and well-developed agricultural sector.

Table 2 shows that the labour share in the public sector is significantly higher than that in the private sector, while the share of capital is found to be significantly higher in the private sector. This relative position of factor shares in the public sector is mainly attributable to the low profitability of public enterprises which would depress the relative share of capital and a much greater emphasis on employment orientation often resulting in excess manpower in the public sector, which would increase the relative share of labour. Moreover, the public sector involvement in many spheres of the tertiary sector (such as public administration & defence) is almost fully labour oriented and hence the labour share of public sector operation in the tertiary sector is very high.

#### IV Behavior of Factor Shares

To examine the behavior of factor shares in Indian economy across sectors and over time, we have divided the period from 1960-61 to 1990-91 into three sub-periods of the sixties (1960-61 to 1970-71), the seventies (1970-71 to 1980-81) and the eighties (1980-81 to 1990-91). Since, the factor shares are usually affected by the short term fluctuations of a purely cyclical nature, we have used decennial averages to analyse their underlying long term behavior. Trends in the average shares of labour, land and capital in public and private sectors classified by primary, secondary and tertiary sectors are brought out by the figures given in Table 3.

The following observations can be made on the behavior of factor shares in Indian economy based on the information presented in Table 3:

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Table 3 Behaviour of Average Factor Shares by broad sectors									
(Figures in Per Cent)									
Year	Public Sector			Private Sector			Entire Economy		
	Labour	Land	Capital	Labour	Land	Capital	Labour	Land	Capital
<b>Primary Sector</b>									
1960-61 to 1970-71	92.79	0.80	6.41	52.28	34.44	13.28	52.79	34.01	13.20
1970-71 to 1980-81	86.12	0.41	13.47	54.71	32.13	13.16	55.60	31.16	13.24
1980-81 to 1990-91	66.85	0.78	32.57	57.17	30.71	12.12	57.93	28.03	14.04
<b>Secondary Sector</b>									
1960-61 to 1970-71	73.32	1.96	24.72	63.98	4.77	31.26	64.43	4.62	30.95
1970-71 to 1980-81	72.21	1.80	25.99	65.49	3.74	30.76	66.19	3.54	30.27
1980-81 to 1990-91	65.10	1.97	32.94	65.17	3.39	31.44	65.10	3.15	31.76
<b>Tertiary Sector</b>									
1960-61 to 1970-71	95.59	0.44	3.97	46.28	5.83	47.89	59.16	4.43	36.42
1970-71 to 1980-81	92.24	0.61	7.14	53.76	4.53	41.70	66.10	3.28	30.63
1980-81 to 1990-91	85.33	0.97	13.70	66.73	3.05	30.22	73.66	2.27	24.07
<b>All Sectors</b>									
1960-61 to 1970-71	92.93	0.58	6.49	53.06	20.75	26.19	57.10	18.70	24.20
1970-71 to 1980-81	88.60	0.76	10.63	56.88	18.20	24.92	61.44	15.67	22.89
1980-81 to 1990-91	78.66	1.13	20.21	62.13	15.38	22.50	65.67	12.26	22.07

Source : Appendix Tables 4.1, 4.2 & 4.3

1. The aggregate factor shares for the economy as a whole show a substantial increase in the share of labour, a significant decline in the share of land and a marginal fall in the share of capital during the last three decades.
2. There is a noticeable difference in the behaviour of factor shares between the public sector and the private sector. Thus, while the labour share shows a significant decline in the public sector, it shows a sizeable increase in the private sector. Similarly, the share of capital shows a marked increase in the public sector but a marginal decline in the private sector.

3. The behaviour of factor shares shows considerable variation across the three broad sectors of the economy. While the labour share shows a near constancy in the secondary sector, it shows a clear rising trend in the primary and the tertiary sectors, considering public and private sectors together. Similarly, the share of capital shows a marginal increase in primary and secondary sectors, but a significant decline in the tertiary sector.
4. Within each of the three broad sectors, there are noticeable differences in the behaviour of factor shares between public sector & private sector. Thus, for instance, in the tertiary sector, the labour share is rising and the capital share is falling in the private sector, while an exactly opposite trend can be seen in the public sector. Similarly, in the secondary sector, there is a near constancy of all three factor shares in the private sector, while in the public sector the labour share shows a declining trend and the capital share shows a rising trend.

Since there is a considerable inter-sectoral variation in the level as well as movement of factor shares in Indian economy, it is evident that the process of structural change would affect the behaviour of aggregate factor shares for the economy as a whole. It would be interesting to analyse the actual changes in factor shares and thereby estimate the contribution of structural change. For this purpose, the observed change in the overall share of each factor can be decomposed into two components, viz., the contribution of actual changes in sector-specific factor shares and the contribution of structural change as indicated by the changing sectoral composition of NDP. This analysis is presented in *Table 4*.



Table 4			
Analysis of change in Relative Factor Shares, 1960-61 to 1990-91			
(Figures in Percentage Points)			
	Actual Change Observed (1960-61 to 1990-91)	Contribution of Change in Sectoral Shares	Contribution of Structural Change
Share of Labour	12.58	10.34	2.24
Share of Land	-9.11	-5.07	-4.04
Share of Capital	-3.47	-5.27	1.80

Source : Appendix Tables 4.1, 4.2, 4.3 & Appendix Table 5.

The analysis given in Table 4 shows that while the changes in the sector-specific factor shares account for the major part of the observed change in overall factor shares during the period 1960-61 to 1990-91, the structural changes in Indian economy also account for a significant part. Thus, the overall share of labour shows an increase of 12.58 percentage points, of which 2.24 percentage points (i.e., about 18%) are accounted for by the structural change measured in terms of changes in the sectoral as well as institutional composition of national income. Similarly, the overall share of land shows a decline of 9.11 percentage points, of which 4.04 percentage points (i.e., about 44%) are accounted for by the structural change in the economy.

In the case of overall capital share, there is an actual decline of 3.47 percentage points during the last three decades. However, the process of structural change by itself would have in fact brought about an increase of 1.80 percentage points in the capital share. The observed decline is the direct result of a significant decline in sector-specific capital share especially in the private sector component of the tertiary sector. The main reason behind the decline in the capital share in this sector-specific component seems to be the relatively slow growth of the sub-sector real estate & ownership of residential dwellings

during the last three decades (7.7% p.a. v/s 12.7% p.a. for tertiary sector as a whole) resulting in a sharp decline in the weightage of this sub-sector in the tertiary sector from around 32% in 1960-61 to around 8% in 1990-91. Since, property income accounts for more than 90% of the income originating in this sub-sector, its declining weightage has proportionately reduced the share of property income in the total income originating in the private sector component of the tertiary sector.

## **V Conclusion**

The main conclusion emerging from the above analysis of functional distribution of India's national income is that the Indian experience does not corroborate the hypothesis of historical constancy of factor shares. The aggregate factor shares as well as the sector-specific factor shares have shown significant changes during the last three decades. The process of structural change in Indian economy has also contributed significantly to the observed changes in factor shares. On the whole, the share of labour has increased, while the share of land has decreased significantly and the share of capital has declined marginally during the period 1960-61 to 1990-91.

## APPENDIX

### Methodological Note on Estimation of Factor Shares

This appendix provides a description of the specific estimation methods that we have used to obtain the required estimates of factor incomes in Indian economy.

As already indicated in *Section II* above, the first step in the estimation procedure is to obtain from various issues of *National Accounts Statistics (CSO)*, the detailed break-up of sectoral NDP at current prices into the employee compensation, property income and mixed income of the self-employed for each of the following sixteen sectors:

- (i) Agriculture;
- (ii) Forestry & Logging;
- (iii) Fishing;
- (iv) Mining & Quarrying;
- (v) Registered Manufacturing;
- (vi) Unregistered Manufacturing;
- (vii) Electricity, Gas & Water Supply;
- (viii) Construction;
- (ix) Railways;
- (x) Transport by Other Means & Storage;
- (xi) Communication;
- (xii) Trade, Hotels & Restaurants;
- (xiii) Banking & Insurance;
- (xiv) Real Estate, Ownership of Dwellings & Business Services;
- (xv) Public Administration & Defence; and
- (xvi) Other Services.

These 16 sectors can be classified into the following three broad categories on the basis of the observed average share of mixed income in total sectoral income : (a) Category A consisting of sectors (ii), (v), (vii), (ix), (xi) & (xv) where there is no mixed income; (b) Category B consisting of sectors (iv), (viii), (x), (xiii) & (xiv) where mixed income represents a relatively small proportion of total sectoral income; and (c) Category C consisting of the remaining five sectors where mixed income represents a significant proportion of total sectoral income. It may be noted here that in the year 1990-91, Category A sectors accounted for 21% of NDP, while Category B sectors accounted for 19% of NDP and Category C sectors accounted for about 60% of NDP.

In the case of 6 sectors in Category A, the estimates of pure labour income can be obtained directly from the given CSO data. In the case of 5 sectors in Category B, we have estimated the break-up of mixed income into pure labour income and property income by applying the proportion of employee compensation in the total sectoral income excluding mixed income. This method of estimation assumes that the relative factor shares in the comparatively small unorganised part within each of the five sectors are the same as the observed factor shares in the

organised part of the respective sectors. Since mixed income represents only a small proportion of total sectoral income in these sectors, the overall estimation bias or error associated with this method is likely to be insignificant.

Among Category C sectors, estimation of factor shares in Agriculture is crucial because agriculture alone accounts for almost half of the NDP originating in these 6 sectors taken together. We have directly estimated pure labour income in agriculture for the bench-mark years 1964-65, 1974-75 and 1983-84 on the basis of information on (a) average agricultural wage rate and average annual money income per agricultural worker available from Rural Labour Enquiry<sup>10</sup>; and (b) total number of agriculture workers (consisting of agricultural labourers and self employed cultivators) for the respective years estimated from the NSS data on area-sex specific worker rates for agriculture<sup>11</sup> and the corresponding category-wise mid-year population totals. Given the estimates of pure labour income for the bench-mark years 1964-65, 1974-75 and 1983-84, we have estimated the implicit proportion of mixed income that would represent pure labour income component in agriculture for each of the respective bench-mark years. This proportion is interpolated and extrapolated linearly to generate time series of the proportion of mixed income in agriculture attributable to labour covering the period 1960-61 to 1984-85 for which CSO estimates of detailed sectoral factor incomes are available. The required time series of pure labour income in agriculture is then derived by adding the employee compensation and labour income component of mixed income for each year.

We have estimated pure labour income in Unregistered Manufacturing sector on the basis of the corresponding comparative ASI data for large and small factories<sup>12</sup>. The disaggregated ASI data available for the period 1973-74 to 1984-85 show that the ratio of labour share for small factories (plant & machinery of less than Rs.5 lakhs) to that of large factories is on an average 1.05. By applying this differential to the time series of labour share for Registered Manufacturing sector, we have obtained the required time series of labour share for the Unregistered Manufacturing sector.

In the case of the remaining three sectors, viz., Fishing, Trade and Other Services, no additional information that could throw some light on the break-up of mixed income in these sectors is readily available. Given the labour intensive nature of these activities, we have assumed that four-fifths of the mixed income of the self-employed in these sectors represents pure labour income component and accordingly derived the required time series of labour income for these sectors by adding employee compensation and labour income component of mixed income for each year.

Based on the above methodology, we have derived the time series of pure labour income and property income for each of the 16 sectors for the period 1960-61 to 1984-85. Since the required CSO data on sector-wise break-up of factor incomes are not available for post-1985 period, we have projected relative share

of labour for each sector for the period 1985-86 to 1990-91 based on the trend analysis (except for the registered and unregistered manufacturing sectors for which the estimation for the post-1985 period is based on the latest available ASI data). The estimates of factor incomes for the 16 sectors so derived for the period 1960-61 to 1990-91 are then aggregated to obtain the required time series of factor incomes for the three broad sectoral categories, viz., Primary, Secondary & Tertiary sectors.

CSO provides detailed data on factor incomes in public sector by type of institutions and also on break-up of NDP from public sector by type of institutions and sector of origin. From this information, we have obtained the required time series of factor incomes in public sector by broad sectoral categories by applying the observed relative factor shares for each institutional category of public enterprises to the corresponding estimates of sectoral NDP in public sector by type of institutions for the respective years.

Finally, the time series of factor incomes in the private sector by the three broad sectoral categories is derived as the difference between the aggregate sectoral factor incomes and the corresponding sectoral factor incomes in the public sector.

**Appendix Table 1**  
**Basic Time Series Data on Functional Distribution of Income by Broad Sectors**

(Rs. crores at current prices)

Year	Primary Sector			Secondary Sector			Tertiary Sector			All Sectors		
	Compensation of Employees	Property Income	Mixed Income of Self-Employed	Compensation of Employees	Property Income	Mixed Income of Self-Employed	Compensation of Employees	Property Income	Mixed Income of Self-Employed	Compensation of Employees	Property Income	Mixed Income of Self-Employed
1960-61	1768	619	4579	1218	635	696	1510	760	1552	4496	2014	6827
1961-62	1805	688	4709	1293	698	759	1660	836	1636	4758	2222	7104
1962-63	2060	789	4520	1421	755	830	1836	932	1757	5317	2476	7107
1963-64	2221	897	5424	1611	912	955	2036	1074	1957	5868	2883	8336
1964-65	2465	966	6979	1815	1028	1053	2333	1125	2383	6613	3119	10415
1965-66	2655	1080	6459	2090	1083	1045	2629	1213	2547	7374	3376	10051
1966-67	2967	1097	8078	2414	1145	1133	2957	1256	3031	8338	3498	12242
1967-68	3584	1162	10267	2770	1070	1295	3338	1304	3521	9692	3536	15083
1968-69	3564	1274	9798	3069	1146	1334	3665	1429	3585	10298	3849	14717
1969-70	3862	1401	10786	3429	1531	1432	3989	1510	3938	11280	4442	16156
1970-71	3905	1349	12054	3918	1572	1301	5541	2124	2757	13364	5045	16112
1971-72	4024	1516	12395	4319	1704	1440	6117	2445	2905	14460	5665	16740
1972-73	4273	1642	13836	4802	1830	1588	6729	2803	3071	15804	6275	18495
1973-74	4919	1668	19992	5258	2346	1867	7642	2876	4182	17819	6890	26041
1974-75	5328	1960	21601	6231	3269	2508	9790	3363	5685	21349	8592	29794
1975-76	6139	2349	19243	7216	3263	2699	10986	3967	6461	24341	9579	28403
1976-77	6575	2785	19033	7989	4206	2834	11900	4721	6943	26464	11712	28810
1977-78	8345	2761	21510	9190	4488	3255	13195	5566	7630	30730	12815	32395
1978-79	8991	2914	21621	9919	5344	3660	14776	6117	8136	33686	14375	33417
1979-80	9846	3428	21349	10814	6236	4089	16815	6474	9608	37475	16138	35046
1980-81	10336	3841	28492	12615	6764	4606	20079	6730	11981	43030	17335	45079
1981-82	11411	5602	30363	14054	8330	4900	23629	7927	14759	49094	21859	50022
1982-83	12096	6631	31842	16680	9441	5196	27473	9012	16119	56249	25084	53157
1983-84	14129	7110	41955	18852	10738	5870	31911	9821	18870	64892	27669	66695
1984-85	15076	8108	41990	21480	12543	6541	37446	11212	21093	74002	31863	69624

Source: National Accounts Statistics, Central Statistical Organisation, Government of India (Oct 1976 and Jan 1987)

Note: Disaggregated Sectoral Break-up for Primary, Secondary & Tertiary Sectors is available from the same Source

**Appendix Table 2**  
**Factor Incomes in Public Sector**

(Rs. crores at current prices)

Year	Admn. Dept. Employee Compensation	Departmental Enterprise		Non-Departmental Enterprise		Total Public Sector	
		Employee Compn.	Property Income	Employee Compn.	Property Income	Emp. Compn.	Property Income
1960-61	735	335	187	98	67	1168	254
1961-62	825	353	229	120	75	1298	304
1962-63	923	388	249	158	118	1469	367
1963-64	1063	422	309	183	156	1668	465
1964-65	1208	495	285	219	174	1922	459
1965-66	1367	567	323	266	220	2200	543
1966-67	1546	617	342	328	235	2491	577
1967-68	1780	684	326	397	278	2861	604
1968-69	1970	746	410	462	351	3178	761
1969-70	2193	807	430	603	438	3603	868
1970-71	2401	873	457	773	503	4047	960
1971-72	2697	945	513	890	576	4532	1089
1972-73	2931	1036	499	1092	656	5059	1155
1973-74	3305	1160	399	1559	805	6024	1204
1974-75	4133	1469	496	2201	1227	7803	1723
1975-76	4720	1722	645	2618	1669	9060	2314
1976-77	5173	1834	1006	2871	2495	9878	3501
1977-78	5587	1902	1203	3314	2524	10803	3727
1978-79	6194	2085	1180	3779	2901	12058	4081
1979-80	6972	2429	1176	4434	3478	13835	4654
1980-81	8256	2985	-517	5524	3028	16765	2511
1981-82	9545	3267	-382	6576	4993	19388	4611
1982-83	11404	3940	-260	7488	6688	22832	6428
1983-84	13260	4664	-375	9012	7624	26936	7249
1984-85	15332	5413	-587	10706	8875	31451	8288
1985-86	17930	6169	88	12582	10169	36681	10257
1986-87	20765	7186	135	14432	13420	42383	13555
1987-88	25040	8823	322	16382	13984	50245	14306
1988-89	29438	9613	902	19458	17407	58509	18309
1989-90	34569	10735	914	22190	19686	67494	20600

Source: *National Accounts Statistics*, Central Statistical Organisation, Government of India (Oct.1976, Jan.1987, 1991 & 1992)

Note : Time Series Data for the period 1960-61 to 1979-80 relate to the while the time series data from 1980-81 onwards relate to the revised series of NDP. Hence, the absolute figures for the two periods are not strictly comparable, though the implicit factor shares in relative terms can be regarded as broadly comparable.

**Appendix Table 3.1**  
**Estimates of Factor Incomes by Broad Sectors : Entire Economy**

(Rs. crores at current prices)

Year	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	3556	2405	899	1693	155	919
1961-62	3659	2490	938	1813	168	1025
1962-63	3852	2460	934	2023	176	1099
1963-64	4470	2947	1127	2257	201	1289
1964-65	5408	3631	1400	2557	215	1414
1965-66	5489	3536	1373	2851	213	1444
1966-67	6425	4076	1594	3246	217	1505
1967-68	8132	5063	1995	3782	199	1418
1968-69	8302	5245	2082	4147	206	1513
1969-70	9125	5681	2272	4475	264	1998
1970-71	9476	5776	2327	5012	258	2009
1971-72	9648	5872	2384	5610	271	2180
1972-73	10613	6417	2635	6225	289	2356
1973-74	14006	8465	3517	6915	366	3032
1974-75	15334	9266	3894	8073	497	4174
1975-76	15584	8877	3774	9244	460	3927
1976-77	15974	8990	3866	9986	584	5061
1977-78	19598	10164	4422	11823	613	5393
1978-79	20369	10157	4470	12786	726	6494
1979-80	21167	10333	4599	13832	816	7418
1980-81	26129	13403	6033	16350	883	8148
1981-82	29443	16020	7292	18077	1084	10169
1982-83	31452	17061	7959	20697	1153	11024
1983-84	38480	19801	9465	24450	1341	13057
1984-85	41262	20704	10139	30054	1314	13042
1985-86	44824	21502	10785	32890	1552	15705
1986-87	47976	22601	11610	38126	1595	16452
1987-88	53865	24743	13014	43132	1868	19660
1988-89	67121	30015	16161	48386	2300	24708
1989-90	74968	32713	18027	57846	2483	27225
1990-91	90611	38348	21627	66804	2818	31546

*Appendix Table 3.1 contd..*



*Appendix Table 3.1 Conmd.*

Year	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	2586	236	1783	7835	2796	3601
1961-62	2779	240	1843	8251	2898	3806
1962-63	3035	269	2104	8910	2905	4137
1963-64	3356	291	2315	10083	3439	4731
1964-65	3927	312	2526	11892	4158	5340
1965-66	4319	329	2717	12659	4078	5534
1966-67	4972	347	2913	14643	4640	6012
1967-68	5688	374	3204	17602	5636	6617
1968-69	6089	394	3437	18538	5845	7032
1969-70	6628	413	3674	20228	6358	7944
1970-71	7459	430	3899	21947	6464	8235
1971-72	8116	468	4325	23374	6611	8889
1972-73	8825	518	4806	25663	7224	9797
1973-74	10503	559	5203	31424	9390	11752
1974-75	13681	635	5931	37088	10398	13999
1975-76	15440	721	6759	40268	10058	14460
1976-77	16779	807	7594	42739	10381	16521
1977-78	18486	900	8505	49907	11677	18320
1978-79	20319	963	9127	53474	11846	20091
1979-80	23275	1020	9701	58274	12169	21718
1980-81	27903	1089	10402	70382	15375	24583
1981-82	33397	1254	12021	80917	18358	29482
1982-83	38351	1369	13443	90500	19583	32426
1983-84	44757	1458	14685	107687	22600	37207
1984-85	52015	1580	16332	123331	23598	39513
1985-86	58978	1837	19489	136692	24891	45979
1986-87	68166	1991	21690	154268	26187	49752
1987-88	78736	2164	24242	175733	28775	56916
1988-89	92605	2452	28240	208112	34767	69109
1989-90	107063	2777	32921	239877	37973	78173
1990-91	127000	3162	38606	284415	44328	91779

Source : See the Text

**Appendix Table 3.2**  
**Estimates of Factor Incomes by Broad Sectors : Public Sector**

(Rs.crores at current prices)

Year	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	66	1	1	77	1	17
1961-62	74	1	4	88	2	22
1962-63	85	1	9	109	3	33
1963-64	95	1	14	135	5	59
1964-65	105	1	3	164	5	64
1965-66	134	1	8	179	5	67
1966-67	156	1	11	204	6	69
1967-68	182	1	7	255	6	81
1968-69	197	1	17	309	9	111
1969-70	206	1	20	382	11	150
1970-71	229	1	16	446	12	160
1971-72	259	1	19	456	11	151
1972-73	333	1	13	520	12	161
1973-74	530	1	35	688	12	165
1974-75	685	2	65	1000	20	283
1975-76	829	3	138	987	22	318
1976-77	845	7	270	1166	39	575
1977-78	899	7	261	1363	42	626
1978-79	1046	7	267	1617	49	742
1979-80	1322	10	378	1989	54	821
1980-81	2036	8	314	2552	56	867
1981-82	2716	27	990	2558	86	1338
1982-83	3315	45	1681	3015	111	1762
1983-84	3918	50	1937	3652	129	2087
1984-85	4637	57	2253	4558	143	2348
1985-86	4747	60	2452	6480	181	3036
1986-87	5433	76	3189	7507	240	4094
1987-88	6058	78	3381	8821	241	4181
1988-89	7049	95	4282	10435	315	5554
1989-90	7689	99	4593	11431	332	5961
1990-91	8316	103	4972	12403	354	6475

*Appendix Table 3.2 contd..*

*Appendix Table 3.2 Contd.*

	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	1031	4	28	1174	6	46
1961-62	1136	5	44	1298	8	70
1962-63	1281	7	57	1475	11	99
1963-64	1428	10	82	1658	16	155
1964-65	1623	7	64	1892	13	131
1965-66	1841	9	80	2154	15	155
1966-67	2073	8	75	2433	15	155
1967-68	2358	7	70	2795	14	158
1968-69	2625	11	112	3131	21	240
1969-70	2973	14	139	3561	26	309
1970-71	3323	16	171	3998	29	347
1971-72	3751	19	215	4466	31	385
1972-73	4095	19	210	4948	32	384
1973-74	4678	17	196	5896	30	396
1974-75	5878	23	260	7563	45	608
1975-76	6989	40	459	8805	65	915
1976-77	7790	77	906	9801	123	1751
1977-78	8456	84	997	10718	133	1884
1978-79	9254	87	1036	11917	143	2045
1979-80	10265	91	1109	13576	155	2308
1980-81	12177	95	1171	16765	159	2352
1981-82	14114	162	2008	19388	275	4336
1982-83	16502	205	2624	22832	361	6067
1983-84	19367	215	2830	26937	394	6854
1984-85	22256	240	3247	31451	440	7848
1985-86	25454	303	4225	36681	544	9713
1986-87	29442	387	5570	42382	703	12853
1987-88	35365	405	6021	50244	724	13583
1988-89	41025	493	7570	58509	903	17406
1989-90	48375	569	9045	67495	1000	19599
1990-91	57043	649	10684	77762	1106	22131
Source : See the Text						

**Appendix Table 3.3**  
**Estimates of Factor Incomes by Broad Sectors : Private Sector**

Year	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	3490	2404	898	1616	154	902
1961-62	3585	2489	934	1725	166	1003
1962-63	3767	2459	925	1914	173	1066
1963-64	4375	2946	1113	2122	196	1230
1964-65	5303	3630	1397	2393	210	1350
1965-66	5355	3535	1365	2672	208	1377
1966-67	6269	4075	1583	3042	211	1436
1967-68	7950	5062	1988	3527	193	1337
1968-69	8105	5244	2065	3838	197	1402
1969-70	8919	5680	2252	4093	253	1848
1970-71	9247	5775	2311	4566	246	1849
1971-72	9389	5871	2365	5154	260	2029
1972-73	10280	6416	2622	5705	277	2195
1973-74	13476	8464	3482	6227	354	2867
1974-75	14649	9264	3829	7073	477	3891
1975-76	14755	8874	3636	8257	438	3609
1976-77	15129	8983	3596	8820	545	4486
1977-78	18699	10157	4161	10460	571	4767
1978-79	19323	10150	4203	11169	677	5752
1979-80	19845	10323	4221	11843	762	6597
1980-81	24093	13395	5719	13798	827	7281
1981-82	26727	15993	6302	15519	998	8831
1982-83	28137	17016	6278	17682	1042	9262
1983-84	34562	19751	7528	20798	1212	10970
1984-85	36625	20647	7886	25496	1171	10694
1985-86	40077	21442	8333	26410	1371	12669
1986-87	42543	22525	8421	30619	1355	12358
1987-88	47807	24665	9633	34311	1627	15479
1988-89	60072	29920	11879	37951	1985	19154
1989-90	67279	32614	13434	46415	2151	21264
1990-91	82295	38245	16655	54401	2464	25071

*Appendix Table 3.3 Contd..*

Appendix Table 3.3 Contd.

Year	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	1555	232	1755	6661	2790	3555
1961-62	1643	235	1799	6953	2890	3736
1962-63	1754	262	2047	7435	2894	4038
1963-64	1928	281	2233	8425	3423	4576
1964-65	2304	305	2462	10000	4145	5209
1965-66	2478	320	2637	10505	4063	5379
1966-67	2899	339	2838	12210	4625	5857
1967-68	3330	367	3134	14807	5622	6459
1968-69	3464	383	3325	15407	5824	6792
1969-70	3655	399	3535	16667	6332	7635
1970-71	4136	414	3728	17949	6435	7888
1971-72	4365	449	4110	18908	6580	8504
1972-73	4730	499	4596	20715	7192	9413
1973-74	5825	542	5007	25528	9360	11356
1974-75	7803	612	5671	29525	10353	13391
1975-76	8451	681	6300	31463	9993	13545
1976-77	8989	730	6688	32938	10258	14770
1977-78	10030	816	7508	39189	11544	16436
1978-79	11065	876	8091	41557	11703	18046
1979-80	13010	929	8592	44698	12014	19410
1980-81	15726	994	9231	53617	15216	22231
1981-82	19283	1092	10013	61529	18083	25146
1982-83	21849	1164	10819	67668	19222	26359
1983-84	25390	1243	11855	80750	22206	30353
1984-85	29759	1340	13085	91880	23158	31665
1985-86	33524	1534	15264	100011	24347	36266
1986-87	38724	1604	16120	111886	25484	36899
1987-88	43371	1759	18221	125489	28051	43333
1988-89	51580	1959	20670	149603	33864	51703
1989-90	58688	2208	23876	172382	36973	58574
1990-91	69957	2513	27922	206653	43222	69648

Source : See the Text

**Appendix Table 4.1**  
**Trends in Relative Factor Shares : Entire Economy**

(Figures in Per Cent)

Year	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	51.84	35.06	13.10	61.19	5.60	33.21
1961-62	51.63	35.13	13.24	60.31	5.59	34.10
1962-63	53.16	33.95	12.89	61.34	5.34	33.32
1963-64	52.32	34.49	13.19	60.23	5.36	34.40
1964-65	51.81	34.78	13.41	61.08	5.14	33.78
1965-66	52.79	34.01	13.20	63.24	4.72	32.03
1966-67	53.12	33.70	13.18	65.34	4.37	30.29
1967-68	53.54	33.33	13.13	70.05	3.69	26.26
1968-69	53.12	33.56	13.32	70.70	3.51	25.79
1969-70	53.43	33.27	13.30	66.42	3.92	29.66
1970-71	53.91	32.86	13.24	68.86	3.54	27.60
1971-72	53.89	32.80	13.32	69.59	3.36	27.04
1972-73	53.97	32.63	13.40	70.18	3.26	26.56
1973-74	53.89	32.57	13.53	67.05	3.55	29.40
1974-75	53.81	32.52	13.67	63.35	3.90	32.75
1975-76	55.19	31.44	13.37	67.82	3.37	28.81
1976-77	55.41	31.18	13.41	63.89	3.74	32.38
1977-78	57.33	29.73	12.94	66.31	3.44	30.25
1978-79	58.20	29.02	12.77	63.91	3.63	32.46
1979-80	58.64	28.62	12.74	62.68	3.70	33.62
1980-81	57.34	29.42	13.24	64.42	3.48	32.10
1981-82	55.81	30.37	13.82	61.63	3.70	34.67
1982-83	55.69	30.21	14.09	62.96	3.51	33.53
1983-84	56.80	29.23	13.97	62.94	3.45	33.61
1984-85	57.22	28.71	14.06	67.67	2.96	29.37
1985-86	58.13	27.88	13.99	65.59	3.09	31.32
1986-87	58.37	27.50	14.13	67.87	2.84	29.29
1987-88	58.79	27.01	14.20	66.71	2.89	30.41
1988-89	59.24	26.49	14.26	64.18	3.05	32.77
1989-90	59.64	26.02	14.34	66.07	2.84	31.10
1990-91	60.17	25.47	14.36	66.03	2.79	31.18

*Appendix Table 4.1 Contd..*

Appendix Table 4.1 Contd.

Year	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	56.16	5.12	38.72	55.05	19.65	25.30
1961-62	57.16	4.94	37.91	55.17	19.38	25.45
1962-63	56.12	4.97	38.91	55.86	18.21	25.93
1963-64	56.29	4.88	38.83	55.24	18.84	25.92
1964-65	58.05	4.61	37.34	55.60	19.44	24.96
1965-66	58.64	4.47	36.89	56.84	18.31	24.85
1966-67	60.40	4.22	35.39	57.89	18.34	23.77
1967-68	61.39	4.04	34.58	58.96	18.88	22.78
1968-69	61.38	3.97	34.65	59.01	18.61	22.38
1969-70	61.86	3.85	34.29	58.58	18.41	23.01
1970-71	63.28	3.65	33.08	59.89	17.64	22.47
1971-72	62.87	3.63	33.50	60.13	17.01	22.87
1972-73	62.37	3.66	33.97	60.12	16.92	22.95
1973-74	64.57	3.44	31.99	59.78	17.86	22.36
1974-75	67.57	3.14	29.29	60.32	16.91	22.77
1975-76	67.36	3.15	29.49	62.16	15.52	22.32
1976-77	66.64	3.2	30.16	61.37	14.91	23.72
1977-78	66.28	3.23	30.49	62.46	14.61	22.93
1978-79	66.82	3.17	30.01	62.61	13.87	23.52
1979-80	68.46	3.00	28.54	63.23	13.20	23.57
1980-81	70.83	2.76	26.41	63.79	13.93	22.28
1981-82	71.56	2.69	25.76	62.84	14.26	22.90
1982-83	72.14	2.58	25.29	63.50	13.74	22.75
1983-84	73.49	2.39	24.11	64.29	13.49	22.21
1984-85	74.38	2.26	23.36	66.15	12.66	21.19
1985-86	73.44	2.29	24.27	65.86	11.99	22.15
1986-87	74.22	2.17	23.62	67.01	11.38	21.61
1987-88	74.89	2.06	23.06	67.22	11.01	21.77
1988-89	75.11	1.99	22.90	66.71	11.14	22.15
1989-90	74.99	1.95	23.06	67.38	10.67	21.96
1990-91	75.25	1.87	22.88	67.63	10.54	21.83

Source : Appendix Table 3.1

**Appendix Table 4.2**  
**Trends in Relative Factor Shares : Public Sector**

(Figures in Per Cent)

	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	97.06	1.47	1.47	81.05	1.05	17.89
1961-62	93.67	5.06	1.27	78.57	1.79	19.64
1962-63	89.47	9.47	1.05	75.17	2.07	22.76
1963-64	86.36	12.73	0.91	67.84	2.51	29.65
1964-65	96.33	2.75	0.92	70.39	2.15	27.47
1965-66	93.71	5.59	0.70	71.31	1.99	26.69
1966-67	92.86	6.55	0.60	73.12	2.15	24.73
1967-68	95.79	3.68	0.53	74.56	1.75	23.68
1968-69	91.63	7.91	0.47	72.03	2.1	25.87
1969-70	90.75	8.81	0.44	70.35	2.03	27.62
1970-71	93.09	6.5	0.41	72.17	1.94	25.89
1971-72	92.83	6.81	0.36	73.79	1.78	24.43
1972-73	95.97	3.75	0.29	75.04	1.73	23.23
1973-74	93.64	6.18	0.18	79.54	1.39	19.08
1974-75	91.09	8.64	0.27	76.75	1.53	21.72
1975-76	85.46	14.23	0.31	74.38	1.66	23.96
1976-77	75.31	24.06	0.62	65.51	2.19	32.3
1977-78	77.04	22.37	0.60	67.11	2.07	30.82
1978-79	79.24	20.23	0.53	67.15	2.03	30.81
1979-80	77.31	22.11	0.58	69.45	1.89	28.67
1980-81	86.34	13.32	0.34	73.44	1.61	24.95
1981-82	72.76	26.52	0.72	64.24	2.16	33.6
1982-83	65.76	33.35	0.89	61.68	2.27	36.05
1983-84	66.35	32.80	0.85	62.24	2.2	35.57
1984-85	66.75	32.43	0.82	64.66	2.03	33.31
1985-86	65.39	33.78	0.83	66.82	1.87	31.31
1986-87	62.46	36.66	0.87	63.40	2.03	34.57
1987-88	63.65	35.53	0.82	66.61	1.82	31.57
1988-89	61.69	37.48	0.83	64.00	1.93	34.07
1989-90	62.10	37.10	0.80	64.49	1.87	33.63
1990-91	62.10	37.13	0.77	64.49	1.84	33.67

*Appendix Table 4.2 Contd.*



*Appendix Table 4.2 Contd.*

	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	96.99	0.38	2.63	95.76	0.49	3.75
1961-62	95.86	0.42	3.71	94.33	0.58	5.09
1962-63	95.24	0.52	4.24	93.06	0.69	6.25
1963-64	93.95	0.66	5.39	90.65	0.87	8.47
1964-65	95.81	0.41	3.78	92.93	0.64	6.43
1965-66	95.39	0.47	4.15	92.69	0.65	6.67
1966-67	96.15	0.37	3.48	93.47	0.58	5.95
1967-68	96.84	0.29	2.87	94.20	0.47	5.33
1968-69	95.52	0.40	4.08	92.31	0.62	7.08
1969-70	95.11	0.45	4.45	91.40	0.67	7.93
1970-71	94.67	0.46	4.87	91.40	0.66	7.93
1971-72	94.13	0.48	5.40	91.48	0.63	7.89
1972-73	94.70	0.44	4.86	92.24	0.6	7.16
1973-74	95.65	0.35	4.01	93.26	0.47	6.26
1974-75	95.41	0.37	4.22	92.05	0.55	7.4
1975-76	93.34	0.53	6.13	89.98	0.66	9.35
1976-77	88.80	0.88	10.33	83.95	1.05	15
1977-78	88.67	0.88	10.45	84.16	1.04	14.79
1978-79	89.18	0.84	9.98	84.49	1.01	14.5
1979-80	89.53	0.79	9.67	84.64	0.97	14.39
1980-81	90.58	0.71	8.71	86.97	0.82	12.2
1981-82	86.67	0.99	12.33	80.79	1.15	18.07
1982-83	85.37	1.06	13.57	78.03	1.23	20.73
1983-84	86.41	0.96	12.63	78.80	1.15	20.05
1984-85	86.45	0.93	12.61	79.14	1.11	19.75
1985-86	84.90	1.01	14.09	78.15	1.16	20.69
1986-87	83.17	1.09	15.73	75.77	1.26	22.98
1987-88	84.62	0.97	14.41	77.84	1.12	21.04
1988-89	83.57	1.00	15.42	76.17	1.18	22.66
1989-90	83.42	0.98	15.60	76.62	1.14	22.25
1990-91	83.43	0.95	15.63	76.99	1.1	21.91

Source : *Appendix Table 3.2*

**Appendix Table 4.3**  
**Trends in Relative Factor Shares : Private Sector**

(Figures in Per Cent)

Year	Primary Sector			Secondary Sector		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	51.38	35.39	13.22	60.48	5.76	33.76
1961-62	51.16	35.52	13.33	59.61	5.74	34.66
1962-63	52.68	34.39	12.94	60.70	5.49	33.81
1963-64	51.87	34.93	13.20	59.81	5.52	34.67
1964-65	51.34	35.14	13.52	60.54	5.31	34.15
1965-66	52.22	34.47	13.31	62.77	4.89	32.35
1966-67	52.56	34.17	13.27	64.88	4.5	30.62
1967-68	53.00	33.75	13.25	69.74	3.82	26.44
1968-69	52.58	34.02	13.40	70.59	3.62	25.79
1969-70	52.93	33.71	13.36	66.08	4.08	29.84
1970-71	53.35	33.32	13.33	68.55	3.69	27.76
1971-72	53.27	33.31	13.42	69.25	3.49	27.26
1972-73	53.21	33.21	13.57	69.77	3.39	26.84
1973-74	53.01	33.29	13.70	65.91	3.75	30.35
1974-75	52.80	33.39	13.80	61.82	4.17	34.01
1975-76	54.12	32.55	13.34	67.11	3.56	29.33
1976-77	54.60	32.42	12.98	63.68	3.93	32.39
1977-78	56.63	30.76	12.60	66.21	3.61	30.17
1978-79	57.38	30.14	12.48	63.47	3.85	32.69
1979-80	57.71	30.02	12.27	61.68	3.97	34.36
1980-81	55.76	31.00	13.24	62.99	3.78	33.24
1981-82	54.52	32.62	12.86	61.22	3.94	34.84
1982-83	54.71	33.09	12.21	63.18	3.72	33.1
1983-84	55.89	31.94	12.17	63.06	3.67	33.26
1984-85	56.21	31.69	12.10	68.24	3.13	28.62
1985-86	57.37	30.70	11.93	65.29	3.39	31.32
1986-87	57.89	30.65	11.46	69.07	3.06	27.88
1987-88	58.23	30.04	11.73	66.73	3.16	30.1
1988-89	58.97	29.37	11.66	64.23	3.36	32.41
1989-90	59.37	28.78	11.85	66.47	3.08	30.45
1990-91	59.98	27.88	12.14	66.39	3.01	30.6

*Appendix Table 4.3 Contd.*

*Appendix Table 4.3 Contd.*

	Tertiary Sector			All Sectors		
	Labour Income	Land Income	Capital Income	Labour Income	Land Income	Capital Income
1960-61	43.90	6.55	49.55	51.21	21.45	27.33
1961-62	44.68	6.39	48.93	51.20	21.28	27.51
1962-63	43.17	6.45	50.38	51.75	20.14	28.11
1963-64	43.40	6.33	50.27	51.30	20.84	27.86
1964-65	45.43	6.01	48.55	51.67	21.42	26.91
1965-66	45.59	5.89	48.52	52.66	20.37	26.97
1966-67	47.71	5.58	46.71	53.81	20.38	25.81
1967-68	48.75	5.37	45.88	55.07	20.91	24.02
1968-69	48.30	5.34	46.36	54.98	20.78	24.24
1969-70	48.16	5.26	46.58	54.41	20.67	24.92
1970-71	49.96	5.00	45.04	55.62	19.94	24.44
1971-72	48.91	5.03	46.06	55.62	19.36	25.02
1972-73	48.14	5.08	46.78	55.51	19.27	25.22
1973-74	51.21	4.77	44.02	55.20	20.24	24.56
1974-75	55.40	4.34	40.26	55.43	19.44	25.14
1975-76	54.76	4.41	40.82	57.20	18.17	24.63
1976-77	54.79	4.45	40.76	56.82	17.70	25.48
1977-78	54.65	4.45	40.91	58.34	17.19	24.47
1978-79	55.24	4.37	40.39	58.28	16.41	25.31
1979-80	57.74	4.12	38.13	58.72	15.78	25.50
1980-81	60.60	3.83	35.57	58.88	16.71	24.41
1981-82	63.46	3.59	32.95	58.73	17.26	24.00
1982-83	64.58	3.44	31.98	59.75	16.97	23.28
1983-84	65.97	3.23	30.80	60.57	16.66	22.77
1984-85	67.35	3.03	29.61	62.63	15.79	21.58
1985-86	66.62	3.05	30.33	62.26	15.16	22.58
1986-87	68.60	2.84	28.56	64.20	14.62	21.17
1987-88	68.46	2.78	28.76	63.74	14.25	22.01
1988-89	69.51	2.64	27.85	63.61	14.40	21.99
1989-90	69.23	2.60	28.16	64.34	13.80	21.86
1990-91	69.68	2.50	27.81	64.68	13.53	21.80

Source : *Appendix Table 3.3.*

**Appendix Table 5**  
**Estimates of Relative Factor Shares under Constant Structure**  
**(Entire Economy)**

Year	Labour	Land	Capital
1960-61	55.05	19.65	25.30
1961-62	54.85	19.67	25.48
1962-63	55.32	19.11	25.57
1963-64	54.67	19.35	25.98
1964-65	55.26	19.31	25.43
1965-66	56.10	18.89	25.01
1966-67	57.25	18.59	24.16
1967-68	58.71	18.20	23.09
1968-69	58.42	18.29	23.29
1969-70	57.66	18.21	24.13
1970-71	58.76	17.89	23.35
1971-72	58.56	17.85	23.59
1972-73	58.51	17.80	23.69
1973-74	58.54	17.81	23.65
1974-75	58.67	17.84	23.49
1975-76	59.93	17.35	22.72
1976-77	59.08	17.40	23.52
1977-78	60.50	16.55	22.95
1978-79	60.54	16.27	23.19
1979-80	61.01	16.17	22.82
1980-81	61.19	16.52	22.29
1981-82	60.56	17.29	22.15
1982-83	61.15	17.44	21.41
1983-84	62.12	16.83	21.05
1984-85	63.61	16.55	19.84
1985-86	63.32	16.14	20.54
1986-87	64.60	16.01	19.39
1987-88	64.42	15.71	19.87
1988-89	64.46	15.40	20.14
1989-90	65.00	15.05	19.95
1990-91	65.39	14.58	20.03

Source : *Appendix Tables 3.1, 3.2 & 3.3 and Appendix Tables 4.1, 4.2 & 4.3*

## Notes and References

- \*1. Cf. P. Sraffa (ed): *Works & Correspondence of David Ricardo* Vol. I, "On the Principles of Political Economy and Taxation," (Cambridge, England, 1951); p.5.
- \*2. Cf. Nicholas Kaldor: "Alternative Theories of Distribution", *Review of Economic Studies*, Vol. 23, 1955-56, p.83.
- \*3. Cf. Tibor Scitovsky: "A survey of Some Theories of Income Distribution", *The Behavior of Income Shares, Studies in Income and Wealth*, Vol.27, NBER (Princeton University Press, Princeton, 1964), p.15.
- \*4. Cf. Bakul H. Dholakia: "Behaviour of Income Shares in a Developing Economy - The Indian Experience", *The Indian Economic Journal*, Vol. 23 (4), 1976.

For a comprehensive and critical review of all available estimates of distributive shares in India especially for the pre-1961 period, see M. Mukherjee: *National Income of India - Trends and Structure*, (Statistical Publishing Society, Calcutta), 1969; pp.227-290. See also, Bakul H. Dholakia : *The Sources of Economic Growth in India*, (Good Companions, Baroda, 1974); Ch.2.

- \*5. CSO has discontinued the estimation of factor incomes for the economy as a whole since 1988. Hence, the 1987 issue of National Accounts Statistics is the last issue that carries the estimates of factor incomes for the entire economy. However, the official estimates of factor incomes in the public sector are available for the subsequent years also.
- \*6. Cf. *A System of National Accounts and Supporting Tables*, United Nations Studies on Methods Tables, United Nations Series F., No.2, Rev.1, 1960.
- \*7. Cf. E.F. Denison: *The Sources of Economic Growth in the United States and the Alternatives Before US* (New York : Committee for Economic Development, 1962) p.26. The Distinction between the total income and proprietors' income on the other duly noted by Denison is particularly important in the case of the estimates of "the income of self-employed" available for India, which are more likely to correspond to the latter than to the former category.
- \*8. Cf. E.F. Denison : *The Sources of Economic Growth in the United States*, Op. cit., pp. 27-29.
- \*9. The average share of labour is estimated to be around 79% in the United States and 76% for the North-West European countries. For details, see E.F. Denison : *Why Growth Rates Differ*, Op. cit., p.38.

- \*10. Cf. Rural Labour Enquiry (1974-75), Labour Bureau, Ministry of Labour, 1983. See also, the summary results of Rural Labour Enquiry 1983-84 presented in *Indian Labour Year Book 1990*, Labour Bureau, Ministry of Labour, 1992.
- \*11. Cf. Key Results of Employment & Unemployment Survey, NSS 43rd round, Special Report No.1, January 1990.
- \*12. Annual Survey of Industries - Summary Results for Factory Sector (Various issues), Central Statistical Organisation, Government of India.

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