REPORT

OF

THE COMMITTEE ON DISTRIBUTION OF INCOME AND LEVELS OF LIVING

PART I

DISTRIBUTION OF INCOME AND WEALTH
AND
CONCENTRATION OF ECONOMIC POWER

सत्यमेव जयते

GOVERNMENT OF INDIA

PLANNING COMMISSION

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PLANNING COMMISSION
NEW DELHI

25 February, 1964.

Dear Prime Minister,

On behalf of the Committee on the Distribution of Income and Levels of Living, I submit the first part of our report dealing with recent trends in the distribution of income and wealth and with the operation of the economic system as far as it has affected the concentration of wealth and means of production. We had hoped to submit the whole report together, which would have dealt with our remaining term of reference asking for a review of the changes in the levels of living during the First and Second Five Year Plans. The whole report has to be studied together to get the problems in correct perspective but for reasons explained in Chapter 1, paragraph 5, we have considered it desirable to submit the first part of the report at once. We hope to submit the rest of the report in a few weeks.

Yours sincerely,

P. C. MAHALANOBIS
Chairman,
Committee on Distribution of
Income and Levels of Living.

Shri Jawaharlal Nehru,
Chairman,
Planning Commission.

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CHAPTER 1

INTRODUCTION

While moving in the Lok Sabha on 22 August 1960 that the draft outline of the Third Five Year Plan be considered, the Prime Minister referred to the increase in the national income during the first and the second plan period, and stated that it would be desirable for an expert committee to enquire how this additional income has been spread in the country. The Prime Minister mentioned, 'Again it is said that the national income over the First and Second Plans has gone up by 42 per cent and the *per capita* income by 20 per cent. Now a legitimate query is made— where has this gone? It is a very legitimate query; to some extent of course, you can see where it has gone. I sometimes do address large gatherings in the villages and I can see that they are better-fed and better-clothed, they build brick houses and they are generally better. Nevertheless, that does not apply to everybody in India. Some people probably have hardly benefited. Some people may even be facing various difficulties. The fact remains, however, that this advance in our national income, in our *per capita* income has taken place and I think it is desirable that we should enquire more deeply as to where this has gone and appoint some expert committee to enquire into how exactly this additional income that has come to the country or *per capita* has spread'.

2. A committee was accordingly appointed on 13 October 1960 by the Planning Commission with the following terms of reference :—

(i) to review the changes in levels of living during the First and Second Five Year Plans;

(ii) to study recent trends in the distribution of income and wealth; and in particular,

(iii) to ascertain the extent to which the operation of the economic system has resulted in concentration of wealth and means of production.

The Committee was also to ascertain such statistical and economic data as can be gathered at present, identify the gaps in the existing information and suggest steps for removing these deficiencies in the future. On a reference from the Committee seeking clarification of its terms of reference in relation to the subject of concentration of wealth and means of production, the Planning Commission suggested that the Committee might consider such data as are available for a factual study of the problems connected with financial control of economic and industrial activity. It is thus considered that the study of concentration of economic power would also be within the terms of reference of the Committee.

3. The Committee was constituted with the following as members :—

(1)	Professor P. C. Mahalanobis	*Chairman.*
(2)	Professor V. K. R. V. Rao	*Member.*

(3) Dr. P. S. Lokanathan — *Member.*

(4) Dr. B. N. Ganguli — *Member.*

(5) Shri Vishnu Sahay — *Member.*

(6) Shri D. L. Mazumdar — *Member.*

(7) Dr. B. K. Madan — *Member.*

(8) Shri B. N. Datar — *Member.*

(9) Shri P. C. Mathew — *Member-Secretary.*

Dr. K. R. Nair, Director, CSO was appointed as Joint Secretary of the Committee in April 1963 and as Member-Secretary in October 1963. Shri Mathew continued to be a member of the Committee.

4. The Committee has so far held 11 meetings consisting of 32 sessions. The first meeting was held on 13 October 1960 and subsequent meetings on 28 February 1961; 23 March 1961; 16 August 1961; 5 and 6 April 1962; 23, 24 and 25 July 1962; 10, 11, 12 and 13 November 1962; 7 and 8 December 1962; 3 to 7 September 1963; 14 and 15 February 1964 and finally on 25 February 1964.

5. The present report deals with only a part of our terms of reference, namely, (ii) and (iii) of the terms of reference given in paragraph 2. We must state that we had approached the subject matter of our report as an integrated problem and, accordingly, our treatment and arrangement of the material followed the scheme of a single report dealing with all the terms of reference together. As it turned out, however, we found that an adequate treatment of our first term of reference required some more time as the data are extensive and complex and need further processing in the light of the queries which have been raised during the course of our final discussions. We did not find the same difficulty in regard to our draft on the second and third terms of reference. Nevertheless we would not have thought of submitting the report in two parts but for the wide concern the public have shown in the early submission of our findings. We feel, therefore, that it would not be proper to postpone any further our submission to Government of such findings and conclusions as are ready. We are aware that submission of the report in parts is not a satisfactory arrangement, but we have been impelled to follow this course in view of the considerations advising against further postponement of the submission of our report. We hope to finalise our report on the first term of reference within the next few weeks and then submit the same as the second part of the report. We must add that the two parts of the report should be treated as a whole in order to get a proper perspective on the questions referred to the Committee.

6. Part I of the Committee's report is arranged in four chapters :—

CHAPTER 1 : Introduction;

CHAPTER 2 : Terms of Reference, Basic Issues and National Income;

CHAPTER 3 : Distribution of Income and Wealth;

CHAPTER 4 : Concentration of Economic Power.

Acknowledgments

7. The Committee has drawn considerably upon the technical papers prepared, at its instance, by some of the research institutions such as Institute of Economic Growth, National Council of Applied Economic Research and the Indian Statistical Institute. The Committee gratefully acknowledges the assistance rendered by these organisations. The Committee places on record its appreciation of the help received from the Reserve Bank of India, the Department of Company Law Administration, the Department of Economic Affairs and the Central Board of Revenue.

8. The Committee would like to acknowledge with deep sense of appreciation, the valuable work done by Shri P. C. Mathew as former Member-Secretary. The Committee is grateful for the assistance rendered by a number of individual research workers who prepared working papers at the request of the Committee. Among them, we would like to place on record our special sense of appreciation of the work done by Dr. R. K. Hazari and Professor Moni Mukherjee.

9. The Committee is also conscious of the ungrudging work done by its Secretariat located in the Central Statistical Organisation in which, at the earlier stages, the brunt of the work was borne by Smt. Uma Roy Choudhry. Special mention has also to be made of Dr. K. R. Nair under whose direction the work in the CSO was carried out after Shri P. C. Mathew had ceased to supervise the Secretariat work. We would also like to place on record our appreciation of the work done by Dr. S. G. Tiwari, Shri N. S. Choudhry and Shri C. S. Pillai.

CHAPTER 2

TERMS OF REFERENCE, BASIC ISSUES AND NATIONAL INCOME

It may be recalled that the Preamble to the Constitution of India in 1950 solemnly resolved to secure to its citizens social, economic and political justice and equality of status and opportunity. Section 39 of the Constitution also mentions under Directive Principles of State Policy that—

> "The State shall, in particular, direct its policy towards securing (a) that the citizens, men and women equally, have the right to an adequate means of livelihood; (b) that ownership and control of the material resources of the community are so distributed as best to subserve the common good; and (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."

In the Third Five Year Plan the above objectives were reiterated, and it was stated—

> "......development along socialist lines will secure rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power, and creation of the values and attitudes of a free and equal society...... The tendency towards concentration of economic power has to be countered in a variety of ways—firstly, through the extension of the public sector ......secondly, through widening opportunities for new entrants and thirdly, through effective exercise of Government's powers of control and regulation and use of appropriate fiscal measures." (Chapter I, pp. 9, 13-14).

2. The broad social objectives are clear, namely, rapid economic growth, improvement in the level of living especially of the poorer people, equality of opportunities and access to facilities for education, care of health and cultural amenities; reduction of disparities in the level of living, income and wealth; and countering the tendency towards concentration of economic power.

National income as a measure of economic growth

3. To attain the above objectives it is essential to promote rapid economic growth. The rate of increase of national income is a convenient indicator of the growth of the economy. An estimate of national income is a measure of the total output of commodities and services during a given period, reckoned without duplication. The national income of India, in principle, can be thought of as having been obtained on the basis of the individual accounts of nearly 88 million private households, and a much smaller number of government and public agencies and corporate bodies of various kinds. However, it is not possible to use any direct

method of aggregation for the preparation of national accounts, as very few or practically no households keep complete accounts. The national income and other entries in national accounts have to be estimated, therefore, in an indirect way, from the value of goods produced, the earnings of various occupational groups, or the expenditure incurred by different agencies or by private households. There are many conceptual and computational difficulties, especially in a country like India where most of the production takes place in the unorganised sector and a good part of the production, especially of food, is consumed at home and never comes within the money economy of the market. In this situation it is most important to have checks and cross-checks from independent sources to assess the validity of the estimates.

4. The national income can be utilised either for current consumption or for savings. Current consumption takes place either in the form of government or public current expenditure or in the form of private consumption of persons and households and non-profit organisations. Government current expenditure consists of two parts one of which, such as expenditure on education, health services cultural amenities etc. contributes directly to the level of living of the people. The other part of government current expenditure for defence, provision of justice, general administration etc. although not contributing directly to the level of living of the people, is essential for security, preservation of essential human rights and the stability of society as a whole.

5. Savings are utilised for investment. The accumulation of capital or means of production at a sufficiently fast rate to increase the future national income is the most important way of achieving rapid economic growth. Domestic savings, which form the chief means of increasing productive investments, thus play a most significant role in the development of the national economy.

6. The level of living of the people as a whole is determined mostly by that part of the national income which is used directly for private consumption; to this should be added that part of government expenditure which is devoted to education, care of health etc. *Per capita* consumption is a convenient overall measure of the level of living.

7. The increase in the national income can be thus considered from three aspects. A part of national income goes to raise the level of private consumption and improve the level of living; a part is used to increase government consumption expenditure (a part of which, again, is redistributed to improve the level of living); and the remaining part, which is saved, supplies a general measure of possibilities of future development of the economy. The trend of national income, analysed by the basic components of private consumption, government current expenditure and savings, would therefore supply a broad idea of changes in the general level of living over the decade under review and also give some idea of what has been done to promote future growth.

[1] Loans or economic aid from abroad are, no doubt, of great help in the initial phase of industrialisation. In India foreign loans and aid formed roughly one-sixth of the total funds used for investments during the period of the first two Plans. The equivalent of these loans will, however, form a deduction from the national product when they are repaid.

The additional income of the nation

8. It would be appropriate to start with the question: what has been the additional national income between 1950-51 and 1960-61, that is, during the period of the First and Second Five Year Plans and what has happened to this additional income? Information on national income during this period, at factor cost and at 1948-49 prices, is given in Table (2·1) in the Appendix.[2] The position in 1950-51, at the beginning of the decade and in 1960-61 the last year of the decade, is shown in the following statement :—

STATEMENT (1): NATIONAL INCOME AND ITS COMPOSITION IN 1950-51 AND 1960-61

si. no.	items	symbol	national aggregates		percentage composition		1960-61 as p.c. of 1950-51
			1950-51	1960-61	1950-51	1960-61	
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	in Rs. abja (=100 crores=1000 million = one billion) at factor cost at 1948-49 prices.						
1.	national income	(a)=(d)+(e)	88·5	127·5	100·0	100·0	144
2.	government expenditure	(b)	5·2	10·3	5·9	8·1	198
3.	domestic savings	(c)	5·0	10·4	5·6	8·1	208
4.	sub-total	(d)=(b)+(c)	10·2	20·7	11·5	16·2	203
5.	private consumption	(e)	78·3	106·8	88·5	83·8	136

9. The national income increased from Rs. 88·5 abja[3] (billion) in 1950-51 to Rs. 127·5 abja (billion) in 1960-61, with a rise of about 44 per cent over the decade.[4] Government expenditure increased from Rs. 5·2 abja (billion) to Rs. 10·3 abja (billion) showing an increase of about 8 per cent. Domestic savings rose from Rs. 5·0 abja (billion) to Rs. 10·4 abja (billion), showing an increase of 108 per cent. Government expenditure and domestic savings taken together increased roughly by 103 per cent over the decade. This was brought about by curbing private consumption which had increased by only 36 per cent over the decade against a rise of 44 per cent in income.[5]

10. The description given above shows the changes in the composition of the national income and the rate of increase between the beginning and end of the decade. National income, however, was not growing at a uniform rate every year. There were ups and downs in the growth of income and also of its components. To

[2] The detailed statistical information is given in the Appendix; relevant information has been given in the form of statements in the text of the report; the word 'table' would always refer to information given in the Appendix, and the word 'statement' to information given in the report itself.

[3] abja=100 crores=1000 million=1 billion.

[4] Figures have been often rounded off when quoted in the text of the report and may therefore differ slightly from the corresponding figures given in the tables or statements.

[5] The national income figures for the years 1960-61 and 1950-51 are not strictly comparable primarily due to the non-comparability of the estimate of production of foodgrains. Adjusted for such statistical changes, the growth of the national income over the decade is estimated to be 42 per cent as mentioned in para 1 of Chapter 1.

find what was the total additional national income, it is convenient to use a consolidated account for the ten year period as a whole. Details are given with technical notes in Table (2.1). A summary statement is given below:

STATEMENT (2): CONSOLIDATED TOTAL INCREASE IN NATIONAL INCOME AND ASSOCIATED ITEMS DURING THE TEN YEAR PERIOD 1951-52 TO 1960-61

Base year 1950-51 : Population = 357·6 million, national income = Rs. 88·5 abja (billion) at factor cost

sl. no.	item	symbol	Rs. abja (billion) at 1948-49 prices	percentage
(0)	(1)	(2)	(3)	(4)
1.	total increase of national income in ten years	(a)	190·0	100·0
2.	increase in government expenditure	(b)	25·5	13·4
3.	increase in domestic savings	(c)	25·2	13·3
4.	sub-total	(d)=(b)+(c)	50·7	26·7
5.	balance available for increase in private consumption	(e)	139·3	73·3
6.	of which absorbed by increase in population	(f)	85·6	45·0
7.	net available for increase in *per capita* consumption	(g)=(e)—(f)	53·7	28·3

11. The total additional income earned during the ten year period was Rs. 190 abja (billion) of which a part, Rs. 25·5 abja (billion) was used in increasing government expenditure over the whole decade. Another part, Rs. 25·2 abja (billion), represented the additional domestic savings in ten years. These two parts taken together, namely, Rs. 50·7 abja (billion) may be considered to have been used for purposes of development and expansion of investments to promote future economic growth.

12. The balance available for increase in private consumption was Rs. 139·3 abja (billion) for the whole of the ten year period. If the population had remained the same throughout the decade then this amount would have been available to increase the *per capita* consumption of households. In actual fact the population was also growing, at the rate of about two per cent per year, or roughly by 7 or 8 million persons per year. A good part of the additional national income had to be used to provide these new additions to the population with same *per capita* consumption as in 1950-51, at the beginning of the ten year period.[6] Simple calculations show that Rs. 85·6 abja (billion) was absorbed to provide the new entrants into the population during the decade with a *per capita* consumer expenditure at the rate of 1950-51 for an appropriate number of years. Finally, the balance of Rs. 53·7 abja (billion) was

[6] It is necessary to remember that a person who came into the population at the very beginning of the ten year period and remained a part of the population throughout the decade had to be provided at the 1950-51 rate of *per capita* consumption for full ten years. A person entering the population at the beginning of the second year and remaining a part of the population until the end of the decade, had to be provided at the 1950-51 rate for 9 years and so on; a person entering the population at the beginning of the last year of the decade had to be provided for only one year. A straight-forward arithmetical calculation shows that the total provision required for the new additions to the population during the decade would be equivalent to that required for 391 million person-years, that is, the equivalent of the provision for 391 million persons for one year.

the net amount available to increase the average *per capita* consumption of the whole population. Distributing this amount over the average number of persons over the decade,[7] we get Rs. 2·5 as the share of each person per year in the increase in consumer expenditure. With Rs. 219 as the consumer expenditure per person in the base period (1950-51) the rate of increase was about 1·1 per cent per person per year.[8]

How the additional income was used

13. Corresponding percentage figures [using the total additional income of Rs. 190 abja (billion)=100, given in column (4) of statement (2)], show the position very clearly. A little over 13 per cent of the additional income had been used to increase government expenditure and another 13 per cent represented the increase in domestic savings. The two taken together, about 27 per cent was used for development activities and for building up the foundations of future progress.

14. It would be noticed that about 73 per cent of the additional income was available for increase in private consumption out of which, 45 per cent, however, was required to provide that part of the population which was added during the decade with a *per capita* consumer expenditure at the rate of 1950-51. The largest part of the additional income during the decade thus had to be used to compensate for the growth of the population during the ten year period. Any slowing down of the rate of growth of the population would help in improving the general level of living. The balance of only a little over 28 per cent or a quarter of the additional income was available for the net increase in *per capita* consumption.

The Plan outlay during the decade

15. Similar calculations, when made at current prices, would make it possible to compare our figures with the plan outlay during the ten year period (1951-52 to 1960-61). Expressed at 1948-49 prices, the aggregate government consumption expenditure and domestic savings amount respectively to Rs. 77·5 abja (billion) and Rs. 75·2 abja (billion) during the decade under review; these figures correspond respectively to Rs. 80·9 abja (billion) and Rs 78·8 abja (billion) at current prices. Taking out Rs. 56·0 abja (billion) which is ten times the 1950-51 rate of government consumption expenditure, from Rs. 80·9 abja (billion), we get Rs. 24·9 abja (billion) as the increase in government current consumption over the decade. Out of this, Rs. 13·5 abja (billion) represents current outlays included in the first two five year Plans, and Rs. 11·4 abja (billion) as the increase in the current outlays outside the Plans. As India obtained Rs. 16·8 abja (billion) as external assistance over the two plan periods, the total resources available for investment amounted to Rs. 95·6 abja

[7] Rs. 53·7 abja (Rs. 5,370 crores) was available for sharing among the whole population (3,967 million) over the whole of the ten year period. The share of each person was thus Rs. 13·5 over the ten year period. Dividing by 5·5 the average number of years for which each person was included in the decade, the average rate of increase of private consumption at factor cost was Rs. 2·5 per person per year over the ten year period.

[8] The estimated *per capita* consumer expenditure was Rs. 219 in 1950-51 and Rs. 246 in 1960-61, both at 1948-49 prices. The rate of increase computed from these two estimates Rs. 219 and Rs. 246 at the beginning and the end of the decade respectively, was about 1·2 per cent per person per year.

(billion) over the two plan periods, this figure is in broad agreement[9] with estimates of investment given in the reports of the two Five Year Plans.

16. The expenditure on various social services and community development, included in the two Plans, amounted to Rs. 13·7 abja (billion). The breakdown was as follows: education Rs. 4·2 abja (Rs. 423 crores); health Rs. 3·3 abja (Rs. 326 crores); backward classes Rs. 1·1 abja (Rs. 115 crores); welfare activities Rs. 0·4 abja (Rs. 41 crores); rehabilitation Rs. 1·6 abja (Rs. 160 crores); and community development Rs. 3·1 abja (Rs. 305 crores). Most of these expenditures can be regarded as collective consumption contributing to some improvement in the level of living of the people. In a general way, the amount of Rs. 13·7 abja (Rs. 1370 crores) represents the additional effect made in this sphere.[10]

17. The improvement in our capacity for future production, on the other hand, is indicated by the estimate of investment. This was somewhat below Rs. 100 abja (billion) according to present calculations and agrees fairly well with the estimates given in reports on the two Five Year Plans.

Expansion of strategic sectors and government activities

18. The increase in investment during the decade led to significant developments in certain strategic sectors of the economy. Information on a number of selected indicators is given in Table (2.2), and on capital stock and capital investments in the public sector in Table (2.3). The production of important industrial commodities had increased considerably during the period under review. The increase of output of machinery was 440 per cent, of aluminium 353 per cent, of electricity 206 per cent, of cement 191 per cent, of iron ore 194 per cent, of chemicals and chemical products 188 per cent, and of finished steel 131 per cent between 1950-51 and 1960-61.

19. Wages and salaries in Government had increased by 100 per cent, that is, it had doubled showing a large expansion of Government activities. Capital stock in public sector enterprises had also increased appreciably during the decade. The increase in the activities and investments of the public sector would help in building up rapidly the industrial foundations for the production of consumer goods in increasing quantities in future.

20. The Indian economy is no longer stagnant. Ten years of economic planning have initiated some important structural changes, and have led to an appreciably increased production especially in the organised sector. Whether such a process of development has led to any increase in concentration of income and wealth and of economic power has become a matter of urgent study. Viewed in this way, the terms of reference (namely, changes in the level of living, trends in the distribution of income and wealth, and the concentration of economic power) represent different aspects of the historical process of transformation through which India is passing at the present time.

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[9] subject, however, to some discrepancies arising from differences in methods of estimation used for different purposes.

[10] This estimate is in close agreement with the figure Rs. 13·5 abja (billion) given as the aggregate of current outlays included in First and Second Five Year Plans.

CHAPTER 3

DISTRIBUTION OF INCOME AND WEALTH

Introduction

The second term of reference of the Committee requires it to study recent trends in the distribution of income and wealth. The main purpose of such a study would be to examine how the increase in national income in recent years has been shared by different income and occupational groups and whether the inequality in incomes has increased or diminished over the first decade of planned economic development. Before entering into a substantive discussion of the issues involved, it would be useful to have an idea of the nature and adequacy of the statistical information which we have for examining these issues at the present time.

2. Estimates of national income for India and its distribution by industrial origin have been published by the Central Statistical Organisation since 1948-49. These estimates of national income are available at current and constant prices. Despite their very real limitations, they are the only source of information about national income and its variations. However, these data throw no light on the size-distribution of income. Thus, the required data are not available at present for a direct study of the question on income distribution referred to the Committee and no firm conclusions on the subject can be drawn.[1]

3. The Committee, however, received a number of special papers prepared by the CSO, NCAER, ISI, RBI, Ministry of Finance and independent research workers bearing on the distribution of income. In some of these papers an attempt is made to trace the changes in income distribution while others endeavour to present the pattern of income distribution obtaining at a particular point of time. The conclusions arrived at in these papers are based on data obtained either from the income-tax statistics available with the Central Board of Revenue or as a result of household sample surveys or from both sources. These data are, however, subject to rather serious limitations, the more important of which may be mentioned.

4. The Committee recognised that there are serious difficulties in using income-tax statistics. Even in 1960-61 the proportion of income recipients in the tax-paying group was less than one per cent (only about 0·74 per cent) of the total number of income recipients. Incomes in the tax statistics are derived only from non-agricultural sources; though agricultural incomes are taxed in some States, detailed information relating to such assessments is not available. Because of tax

[1] It may be noted that adequate data for a thorough study of the changes in income distribution are not available even for advanced countries having better statistical systems than in India.

evasion, the income-tax statistics do not accurately reflect the incomes of non-salary earners; the margin of error here may be fairly wide. Substantial concealment of income assessable for tax would affect not only shares of income claimed by different groups by size of income but also the distribution among groups of the number of income recipients. One of the forms in which income is understated is through 'expense accounts' maintained by a number of business and other institutions. While the importance of 'expense accounts' is likely to have increased in recent years and, possibly, relatively more so in higher income groups, the extent of variation from one income-size-group to another is not known.

5. In addition, there are conceptual difficulties. Tax statistics would depend on the legal definition of income for purposes of taxation and also on the definition of the recipient or assessee. Changes, for example, in legal exemptions, capital gains or permissible deductions, possibility of children or women having independent incomes and titles to wealth, etc. would affect the validity of comparison of the size distribution of income over time. There are also possibilities of legal manipulation in the manner in which income and wealth may be rearranged and spread over time between members of the family or wider kinship groups by means of gifts, transfers, one-man companies, family settlements, discretionary trusts etc. which tend to make it increasingly difficult to make a clear distinction between income and wealth. Changes in the demographic structure of the population in respect of age, sex, ratio of dependent to earning units, employment of children and women, age of retirement etc. would also generally influence the size-distribution of income. Taking all these factors into consideration, the distribution of taxed income by narrowly conceived recipients (who are not even persons) cannot reflect the size-distribution of income on the basis of a rational economic concept.

6 The other data, which, in some studies, have been combined with the income-tax data are the NSS data relating to consumer expenditure. However, they relate only to the distribution of total consumption *expenditure* into certain expenditure brackets and do not provide information on *incomes* as such. The NCAER has carried out sample surveys both in the urban and the rural sectors for obtaining information *inter alia* with regard to distribution of income. Such data, however, are available only for one year.

7. The validity of survey results depends on the extent the sample is representative of the population under study. There are special difficulties in a country like India where literacy is low and which has so many different languages, communities and classes. Further, survey results are subject to serious limitations due to sampling errors besides reporting and non-response errors; the magnitude of the sampling errors, again, depends on the size of the sample. Moreover, in India, high income households may not be adequately included even in fairly large scale sample surveys.[2] Also, some of the very poor people, who do not have any home, are usually excluded from the sample. Such deficiencies in coverage distort the picture of income distribution obtained from survey data.

8. With all their limitations mentioned above, the available data and estimates in the various studies on the subject relating to income distribution contained in the

[2] because of the difficulty experienced in obtaining information relating to the income or the expenditure of very rich households.

papers have been analysed to see if useful conclusions, even of a broad nature, could be drawn concerning changes in income distribution. The findings of these papers are briefly indicated in the following paragraphs.

Size-distribution of personal income

9. Utilising the NSS data and the data relating to the income of the income-tax paying group, the distribution of income by monthly *per capita* income is estimated for the year 1955-56 by Lydall for the entire population covering both the urban and rural sectors and also separately for each sector. According to these data, 86 per cent of the population had a *per capita* annual income of less than Rs. 360 and 69 per cent of the population had a *per capita* income per year of less than Rs. 240. On the assumption that persons with incomes falling between Rs. 240 and Rs. 360 are uniformally distributed over this range, it appears that approximately 72 per cent of the population in 1955-56 had an income lower than the average *per capita* national income (*viz.* Rs. 255) for that year, and their share in total personal income was of the order of 49 per cent. Thus, nearly 28 per cent of the population, having a *per capita* income higher than the average for the nation as a whole, claimed more than 50 per cent of aggregate personal income in 1955-56. The extent of inequality in income distribution is more clearly brought out by an analysis based on fractile groups; when classified by monthly *per capita* income, the top 10 per cent of population accounted for as much as 34 per cent of pre-tax income (*i.e.* personal income), the top 5 per cent for 23 per cent and the top one per cent for as much as 11 per cent of income in 1955-56, while the bottom 25 per cent of population shared under 10 per cent of income. Consideration of post-tax income (*i.e.* disposable income) does not significantly alter this picture. This is only to be expected since the tax-paying group constitutes a negligibly small proportion of total population (Tables 3.1 and 3.2).

10. In a paper by Iyengar and Mukherjee an effort is made to obtain the size-distribution of household income for the three years 1952-53, 1953-54 and 1956-57 (Tables 3.3 and 3.4) utilising, again, the NSS data relating to the size-distribution of total consumer expenditure and adding to the estimated total expenditure of each expenditure-size-group its share in aggregate saving; aggregate saving estimates worked out by the RBI are used for this purpose and the allocation of saving to different expenditure classes is done on certain assumptions. Estimates of income claimed by the top 5 and 10 per cent and the bottom 20 per cent of households when ranked by incomes are given for the above-mentioned three years. These estimates seem to suggest an increase in the share in total income received by the top 10 and the bottom 20 per cent of the households implying thereby that the middle income groups became relatively worse off over the period 1952-57.

11. The RBI study on income distribution attempts to utilise all the available data for the purpose. The absolute magnitudes of the NSS data and the income-tax data are not used but the proportions revealed in these data are applied to the households independently estimated on the basis of population data and incomes on the basis of national income estimates. The estimates, therefore, manage to avoid some of the limitations of the income-tax data and the NSS data mentioned earlier. Since the NSS data on consumer expenditure are more reliable for a

somewhat longer period than for a single year, the study uses two-year averages beginning from 1953-54. The period covered by this study is rather short—1953-54 to 1956-57; however, this is the period during which the tempo of development quickened. Thus, though it is not possible to derive the trend in income distribution over the whole decade from 1950-51 to 1960-61, the Reserve Bank of India study gives some idea of the direction of change. The main conclusions (Tables 3.5 and 3.6) of this study are: (a) income distribution in the urban sector is more unequal than that in the rural sector, and within the rural sector it is more unequal in the non-farm sector than in the farm sector; (b) the degree of inequality in overall income distribution does not seem to have changed significantly, though the degree of inequality in the urban sector appears to have increased and that in the rural sector to have declined.

12. The data on income distribution which are independently obtained utilising sample survey results are those available from the urban household saving survey and the rural household consumption survey carried out by the NCAER in 1960. The broad results of these surveys are indicated below.

13. The share of the top 10 per cent in both the rural and the urban sectors is higher than the share indicated in the Reserve Bank study, and the share of the bottom 20 per cent in both the sectors in the NCAER survey is about half of that estimated in the other studies. The size-distribution of income before tax for the urban household sector covered by the NCAER survey indicates that 75 per cent of urban households received an income which was less than the average for all urban households while a major proportion of them (or nearly 42 per cent of all households) were actually subsisting at an income level of less than Rs. 1,000. Nearly 86 per cent of households received an income of less than Rs. 3,000 which is the current exemption limit for income tax[3]; the share in aggregate income before tax of these households was 50 per cent. In other words the top 14 per cent of urban households with a pre-tax income of Rs. 3,000 or more received as much as 50 per cent of aggregate income before tax in 1960 (Table 3.7).

14. The size-distribution of disposable income (*i.e.* income after tax) in the NCAER survey was more or less similar to that of personal income *viz.* income before tax. The only difference was that as a result of direct taxes, the share of the top 5 per cent of urban households declined from 31 per cent in pre-tax total income to 28·6 per cent in total disposable income (Tables 3.7 and 3.8).

15. The size-distribution of income based on the NCAER rural consumption survey data reveals that while the average income for all rural households covered by the study for 1960 was Rs. 1,126, roughly 61 per cent of rural households had an income of less than Rs. 1,000 in that year. Another 25 per cent of households received an income between Rs. 1,000—Rs. 1,999 while there were some 7 to 8 per cent of households in the next income bracket *i.e.* Rs. 2,000—2,999. Thus, approximately 94 per cent of rural households had incomes under Rs. 3,000 in 1960 compared to 86 per cent of urban households in the same income bracket in the same

[3] It may be noted that all the households receiving an income of Rs. 3,000 or more need not necessarily pay income tax since the income may be shared by more than one earner in the household.

year. A comparison of the share in total income of the households with incomes under Rs. 3,000 among the urban and rural sectors indicates that incomes are much less unequally distributed among the rural households than among the urban; bottom 86 per cent urban households with incomes under Rs. 3,000 shared 50 per cent of aggregate income before tax (or 52 per cent of income after tax) whereas the bottom 94 per cent rural households with incomes under Rs. 3,000 accounted for more than 77 per cent of aggregate rural income (Tables 3.7 and 3.9). The Reserve Bank study shows a similar result.

16. The fact that the distribution of income among the rural households is less concentrated than among the urban is further confirmed by studying the shares in incomes accruing to different fractile groups in each of these sectors. Each fractile group among the rural sector seems to account for a greater share in aggregate income than the corresponding fractile group among the urban sector with the exception of the top and the bottom 10 per cent of households. The top 10 per cent of households in the urban sector seems to account for a significantly higher proportion of aggregate income (42 per cent) than the corresponding group in the rural sector (34 per cent). However, it is also true that the share in income of the bottom 20 per cent of households in the urban sector is the same as the share in income of the corresponding group in the rural sector (Tables 3.8 and 3.10).

17. None of the estimates of distribution of personal income discussed here covers the entire period 1950-51 to 1960-61. Further, since there are methodological differences between the estimates, they are not comparable. As a result, it is not possible to draw any valid conclusions regarding the trends in income distribution over the whole period. However, between them these estimates provide a broad picture of the state of income distribution in India which is summarised in the following statment.

STATEMENT (1) : STATE OF PERSONAL INCOME DISTRIBUTION : DIFFERENT PERIODS

sl. no.	fractile group (p.c. of households)	1952-53	1953-54	1955-56	1956-57	1953-54 to 1956-57			1960	
						total	rural	urban	rural	urban
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	95—100 . .	14·0	14·0	23·0	17·5	20·0	17·0	26·0	..	31·0
2.	90—100 . .	24·0	23·0	34·0	25·0	28·0	25·0	37·0	33·6	42·4
3.	50—90 . .	..	..	41·0	..	44·0	44·0	38·0	45·7	40·6
4.	0—20 . .	7·5	8·0	9·5	8·5	8·0	9·0	7·0	4·0	4 0

NOTES :—1. Figures in columns (2), (3) and (5) are based on 'A note on the derivation of size-distribution of personal household income from a size-distribution of consumer expenditure' by N. S. Iyengar and M. Mukherjee presented at the Second Econometric Conference in June 1961.

2. Figures in column (4) are based on 'The inequality of Indian incomes' by H. F. Lydall, Economic Weekly Special Number, June 1960. Lydall's figure in the last line relates to bottom 25 per cent and not bottom 20 per cent.

3 Figures in columns (6), (7) and (8) are based on the study 'Distribution of income in the Indian economy; 1953-54 to 1956-57' Reserve Bank of India Bulletin, September 1962.

4. Figures in column (9) are based on unpublished data collected by NCAER while those in column (10) are based on NCAER's publication 'Urban Income and Saving'.

18. To sum up, it appears from the estimates made by the Reserve Bank and Iyengar and Mukherjee that the top 10 per cent of the households account for 23 to 28 per cent of income, while the bottom 20 per cent for 7·5 to 8·5 per cent. According to the estimates of Lydall and the NCAER, the top 10 per cent of the households account for more than 30 per cent of income. The share of the bottom 20 per cent of households in terms of Lydall's estimates seems to be more or less the same as indicated in the estimates of the Reserve Bank and Iyengar and Mukherjee, while in terms of the NCAER estimates their share is about half that indicated by the other estimates.

19. Further, the estimates of the NCAER as well as the Reserve Bank suggest that the distribution of income in the rural sector seems to be less unequal than that in the urban sector. From the Reserve Bank study, it appears that the income distribution in the non-farm rural sector is more unequal than that in the farm rural sector. The same study indicates that there has been probably no significant change in the degree of concentration in the overall income distribution though it may well be true that the degree of concentration in the urban sector may have increased somewhat. Again, the rate of increase in the direct taxes does not seem to have kept pace with the rate of increase in the incomes of the non-salary earner group, indicating the extent of tax evasion.

Share in aggregate income of tax-paying and non-tax-paying groups

20. One method of approach to the problem of income distribution is to consider how the increase in income resulting from planned economic development has been shared by the population belonging to the upper and the lower strata representing the income-tax paying and non-tax-paying groups of income recipients. The data provided in Table (3.11) show the share of aggregate disposable (post-tax) income received by each of these groups in relation to the number of income recipients in each group for the years 1950-51, 1955-56 and 1960-61. It is assumed that the number of income recipients for the country as a whole is equal to the number of persons in the working force as estimated by the CSO. Tax-paying income recipients include all individual assessees, Hindu undivided families and unregistered firms. It is assumed that on an average a Hindu undivided family or an unregistered firm contains three income recipients assessable for tax. A study of income shares in relation to the proportion of persons or households *supported* by each of these groups would have been more useful but this could not be attempted due to lack of data.

21. In 1950-51 the tax-paying income recipients constituted 0·6 per cent of all income recipients and had 4·7 per cent of total disposable income.[4] In 1955-56, despite lowering the minimum taxable income limit to Rs. 3,000 from Rs. 4,200, the proportion of income recipients assessed to tax declined to 0·5 per cent reflecting the uncertain incidence of administrative factors; the share in disposable income claimed by this group registered an increase from 4·7 per cent in 1950-51 to 5·2 per cent in 1955-56. Relative to the year 1955-56 there was a significant rise in the proportion of income recipients assessed to tax for the year 1960-61 to 0·7 per cent,

[4] The 1950-51 income of the tax-paying group is exclusive of the earned income and other allowances deductible from total income for the purpose of estimating taxable income.

but the share in total disposable income of this group registered only an increase to 6·4 per cent over this period.

22. The inconclusive nature of the change observed in the distribution of income referring to particular years suggests the inadequacy of any attempt to derive any trends from a comparison of figures for individual years at intervals, as these are likely to be affected by peculiar factors. We have, therefore, made an effort to study the changes in income distribution referring to a longer accounting period than one year so as to smoothen out any abnormal effects pertaining to single years.

23. The distribution of disposable income between the tax-paying and the non-tax-paying income recipients is shown in Table (3.12) using a three-year reference period. The year 1950-51 has been omitted because of incomplete coverage of the incomes of the tax-paying group in that year. The nine years from 1951-52 to 1959-60 are grouped into three periods, 1951—54, 1954—57 and 1957—60. Judged by the share in income received in relation to the proportions of income recipients receiving that share, it appears that there was a small change in income distribution in favour of the tax-paying group in the middle period, *viz.* 1954—57 as compared to the first period, *viz.* 1951—54. However, in the last period, *viz.* 1957—60 the proportion of tax-paying income recipients increased considerably more than the proportion of income claimed by this group; in other words, the tax-paying group taken as a whole appears to have became worse off over this period.

Such deterioration in the average income was, however, purely arithmetical, having arisen through the entry of a large number of persons of low income into the tax-paying group, and has no bearing on the size-distribution of income of the population.

24. Of course, these conclusions are subject to a number of limitations mentioned earlier, apart from the assumptions made to estimate the number of income recipients in the whole population as well as in the tax-paying group. Some of these limitations would have the effect of shifting income distribution in favour of the tax-paying group and some against it; it is not possible to work out the net effect of all these limitations on income distribution due to non-availability of the required data.

Distribution of income within the tax-paying group

25. Changes in the distribution of income within the tax-paying class have been studied in a number of papers submitted to the Committee by the CSO, the Ministry of Finance and the NCAER.

26. These studies indicate a slight fall in concentration of income among the individual[5] income-tax assessees taken as a whole over the period 1953-54 to 1959-60 (Table 3.13). The same conclusion appears to emerge, on the basis of similar studies, for various sub-groups[6] among the tax-paying group except for

[5] Only individual assessees are considered, and Hindu undivided families and unregistered firms are omitted from the study.

[6] The sub-groups are pure salary earners, salary earners with other sources and non-salary earners.

pure salary earners[7]. These conclusions are supported by other studies based on fractile group analysis (Tables 3.14, 3.15 and 3.16) as well as an analysis of changes in income distribution of a sample of common tax-payers (Table 3 17). It may be noted in this connection that there are reasons to believe that the income-tax statistics relating to salary incomes would be more accurate than those for non-salary incomes.

27. For a proper appraisal of the changes which occurred in the distribution of income it is necessary to study the changes in income distribution of specific population groups whose composition remains the same over the period under study, thereby permitting us to follow the trends over time in the incomes of the same population grouped by income at the beginning of the period.

28. The NCAER has carried out a special study of the changes in income distribution of a sample of common tax-payers over the period 1951—59 utilising the CBR income-tax data[8].

29. Table (3.17) shows the share in income[9] received by different fractile groups of common assessees for the three years 1951-52, 1955-56 and 1958-59 and for the three periods 1951—54, 1954—57 and 1957—59. These data indicate some reduction in the degree of inequality in income distribution among common assessees over the period 1951—59 whether the analysis is based on yearly income data or the income data referring to a longer accounting period. There was a decrease in the share in income received by the top 10 per cent of assessees, when ranked by income of each year (or period of time), while there was a slight increase in the share in income taken by the bottom 10 per cent but virtually no change for the bottom 30 per cent. The middle and upper middle class among the tax-payers seem to have slightly improved their comparative position over the period 1951—59. Owing to technical and conceptual difficulties inherent in the notion of "taxed income" which have been explained earlier, it is however not possible to infer whether there was any change in the inequality of distribution of income according to any rational economic concept.

30. As regards the income distribution among the tax-paying salary earners, these data[10] indicate that either there was virtually no change in the distribution of income or a very small increase in the concentration of income among the top 10 per cent and the middle and lower middle income groups over the period 1951—59.

31. In Table (3.18) the share in income received by different fractile groups is shown for different years and period of time for all common assessees and separately for salary earners among them on the basis of the ranking of assessees by their average income during the initial period 1951—54 instead of by their

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[7] For the study carried out by the Ministry of Finance, pure salary earners who need not submit a formal tax return are not taken into account.

[8] For this study only tax-paying *individuals* excluding pure salary earners who need not formally submit a tax-return are considered. Hindu undivided families and unregistered firms are omitted from this study.

[9] Income shares are for pre-tax incomes.

[10] For this analysis the income (before tax) of this group from all sources (*i.e.* including non-salary income, if any) is taken into account.

changing income in each of the years and period to which the data on income relate. These data show a marked reduction in the degree of inequality in incomes among all tax-paying assessees and a slight reduction among the tax-paying salaried group—a result somewhat different from what was found in the fractile group analysis based on incomes relating to each year or period under study (Table 3.17). In other words, when individuals or families are ranked by their initial income position so that the same persons can be followed over time, there is evidence of a clear tendency towards less concentration of income, while such tendency is not pronounced when persons are ranked by income in various years over this period and the relative shares of the high, medium and low incomes in each of these periods are compared. Thus, the richer persons in the earlier part of the period are *relatively* not so rich in the later part but, as a result of the rise of other persons in the income scale, there was little difference in the result over the period, in the relative share of the upper income groups.

32. The incomes of tax-payers can be analysed by their occupation to find out how the different occupation groups fared over the period 1951—59. Table (3.19) shows the relative trends on this basis. It turns out that contractors as a group greatly improved their position. Self-employed people engaged in manufacturing, transport and financial business also fared well though not to the same extent as contractors. Tax-paying salaried employees also did well. The rise in income of professionals was much lower than the rise in *per capita* income for the country as a whole. Finally, persons who derive their income from property experienced a marked decline in their incomes over the period 1951—59. It is necessary to reiterate that the comparability of these trends is seriously vitiated by the highly varying extent of tax-evasion among different occupational groups, in particular as between salaried and non-salaried income earners.

Trends in wages and salaries for selected occupation groups

33. So far we have examined the available estimates relating to income distribution based on sample survey data or income-tax data and found that they could provide no definite conclusions concerning the changes in income distribution over the last decade. Another method of appraising the trends in income distribution is to study the relative growth in incomes of different occupation groups. However, for drawing valid conclusions from a study of this type it would be necessary to examine the growth in income of a large number of homogeneous occupation groups.

34. We do not have the necessary data for this type of study. All the information available at present relates to trends in incomes received by not more than a dozen occupation groups—and very heterogeneous ones. Nevertheless, we give a summary (Tables 3.20 and 3.21) of what the available statistics on the growth in incomes of different occupation groups indicate.

35. We shall first review the wage rates at current prices which prevailed in 1951. As should be expected such rates varied widely. The annual earnings of agricultural labourers were as low as Rs. 300. The position of skilled rural workers was relatively better and on the average they earned between Rs. 600 and Rs. 750.

Workers engaged in mining activity were more or less of the same income status as rural skilled workers. School teachers earned as much as rural skilled workers though they were at a lower income level than blue collar workers (factory employees). The blue collar workers were certainly better off compared to the other four wage earning occupation groups described above as well as school teachers.

36. Compared to the year 1950-51, mining workers in general and those working in coal mines in particular, seem to have made the greatest advance in their incomes, the index number of average earnings for this group having roughly doubled over the last decade. Next in order come factory workers drawing less than Rs. 200 per month who had an increase in their average income by 44 per cent over the period 1950-60. Central Government employees had an increase in their average income by 27 per cent over the last decade; the railway employees group among them experienced a much higher increase (about 37 per cent). The incomes of rural skilled workers increased by 23 per cent during 1950-60. The growth in income of all four groups, thus, seems to have kept pace with or kept ahead of the growth in average income per employed person for the country as a whole over the last decade.

37. Wage statistics covering the full decade 1950-51 to 1960-61 are not available for other occupation groups. The available data, however, seem to indicate that the rate of growth in the salary incomes of school teachers and professors was ahead of the rate of growth in the average income per employed person at least up to the beginning of the Second Five Year Plan. It also appears from available data that the plantation workers also experienced an increase in their relative income over the period 1953-60. The only group which does not seem to have made any advance in its income position is agricultural labourers.

38. Changes in the distribution of money income alone do not necessarily indicate the real changes in the economic position of different groups of population. We, however, do not have price indices of commodities purchased by different income groups; it is not possible, therefore, to compare in a rigorous way the trends in the distribution of real income separately for different income groups of the population. However, as the distributions by size of income have been considered in this report mostly at current prices, a study of changes in wage and salary at current prices is relevant.

Social services and income distribution

39. The entire increase in *real* income of various groups of population is not reflected in the data and estimates relating to the pattern of income distribution. Real incomes particularly of the low income groups are increasingly affected by the provision of various types of services by the State, which do not get reflected in the income data. Some of the services like low-cost housing, health, free primary education and social welfare services improve the relative real income position of the low-income groups and thus tend to reduce concentration in the distribution of *real* income.

Distribution of wealth

40. It is generally difficult in any country to collect comprehensive information on asset holdings of different groups of the population as the households do

not keep regular accounts and those that do would not normally reveal them. It is not surprising, therefore, that most countries do not have the required data for a systematic study of the annual or periodical changes in the distribution of asset holdings among the personal or household sector.

41. At present we have only some rough estimates of aggregate wealth (value of reproducible tangible assets) by type of asset, owned individually (*i.e.* by households and single persons), jointly (*i.e.* by the limited and unlimited liability companies including partnerships) and publicly (*i.e.* by the Central and State Governments including local authorities) as at the end of March 1950 and March 1961. According to these estimates, the total value of reproducible wealth at the end of March 1950 and at the end of March 1961 was of the order of Rs. 17,086 crores and Rs. 32,164 crores, respectively (Table 3.22).

42. The distribution of some items of reproducible tangible wealth among the three sectors—households, organised private business sector and government sector—is not accurately estimated but this does not seem to affect the broad picture significantly. A rough grouping of data in the aforesaid three categories indicates that the household sector accounted for 71 per cent of tangible wealth in 1950, while the shares of the organised private sector and government sector were 12 per cent and 17 per cent respectively. In 1961, the share of the household sector declined to 60 per cent, while the shares of the other two sectors increased. The government sector's share increased substantially to 25 per cent, while the share of the organised business private sector rose to 15 per cent.

43. The substantial increase in the share of the government sector is significant from the point of view of concentration in wealth distribution in the private sector. It provides an offset to the tendency towards concentration in the private sector. Further, it indicates the increasing proportion of goods and services generally in the nature of basic facilities provided to the economy by the government; for example, the progressive development of transport and communication as well as power and irrigation enables the relatively under-developed regions to grow and thus acts as a catalytic factor for generating a higher rate of development.

44. From the available data, it is not possible to quantify either the degree of concentration in the private sector or the offsetting and dynamic effects on concentration in wealth distribution of the growing share of the government sector.

45. However, some indication with regard to wealth distribution in the private sector is provided by the data on land holdings, owner-occupied houses and the distribution of dividend income.

Distribution of land holdings

46. Information on distribution of landholdings in India in 1953-54 and 1959-60 has been given in Table (3.23). In general, our finding is that both ownership and operational holdings are very highly concentrated. Also, there was no appreciable reduction in inequality between 1953-54 and 1959-60, in spite of the fact that a good deal of land reform measures had been enacted during the period. In 1953-54 the top 1 per cent of the households owned 17 per cent, the top 5 per cent owned 41

per cent and the top 10 per cent of the households owned 58 per cent of the ownership holdings of the households; in 1959-60 these proportions were 16 per cent, 40 per cent and 56 per cent respectively. The bottom 20 per cent of the households did not own any land in either of these two years.

47. From the NSS data (8th round) referring to the year 1953-54, Table (3.24) has been prepared for various population zones by omitting holdings of size less than 0·005 acre. It appears that the degree of concentration in land distribution is much greater in urban sector than in the rural. The top 5 per cent of urban households own 52 per cent of the total land belonging to households in the urban sector (and operate nearly 75 per cent of land) as against about 37 per cent share in terms of ownership as well as operational holdings of the top 5 per cent of households in the rural sector in the same year. The top 20 per cent of households in the urban sector own 93 per cent of land and operate practically the entire land belonging to urban households. The bottom 20 per cent of households in the urban sector own or operate practically no land at all.

48. In the rural sector the greatest concentration in land ownership (and operational holdings) is in South India while in urban sector the concentration is greatest in the Eastern part of the country in terms of ownership of land and North and North-West urban India in terms of operational holdings.

Distribution of wealth in the form of owner-occupied houses

49. Statistics regarding home ownership and current market value of houses are available only for the urban household sector for the year 1960. These data were collected by the NCAER in the course of the study of urban income and saving referred to earlier. According to these data about 40 per cent of the households in urban India live in own houses, 51 per cent in rented accommodation and the rest in houses for which no rent is paid.

50. The data obtained in the above study are utilised for fractile group analysis of wealth held in the form of owner-occupied houses in the urban sector (non-home-owning households have been excluded from this study). This indicates that the top 10 per cent of home-owning households in the urban sector account for 57 per cent of the total wealth held in the form of owner-occupied houses, the top 20 per cent for 73 per cent while the bottom 10 per cent account for less than one per cent. The average current market value of a house is about Rs. 110 and Rs. 28,600 respectively for the bottom and the top fractile groups (Table 3.25).

Distribution of other assets

51. No data, not even scattered bits of information, are available for a direct study of the distribution of personal wealth held in other forms such as bank deposits, shares, securities and commercial property, even at a particular point of time. Nevertheless, in so far as wealth is related to the income it yields, some information regarding wealth distribution can be deduced for the tax-paying individuals from the available income-tax data. In view of the many severe limitations to which the income-tax data are subject, we shall confine our attention to studying the distribution of only one type of income from wealth, namely, dividend income

and examine on this basis the implications of the holding of wealth in this form by the household sector as a whole.

52. The top 10 per cent of income-tax assessees, when they are ranked according to their dividend income, shared about 55 per cent of total dividend income received by all tax-paying households in 1955-56, while the bottom 10 per cent of assessees accounted for only about 2 per cent of dividend income. In 1959-60 the share in total dividend income of the top 10 per cent of assessees was 52 per cent while that of the bottom 10 per cent was 2·5 per cent (Table 3.26).

53. If the share in dividend income can give a fairly good indication of wealth held in the form of company share holdings, the above statistics, derived on the basis of the CBR income-tax data, imply that more than 50 per cent of shares are held by the top 10 per cent of income-tax assessees, when ranked according to dividend income. Since the income-tax assessees, even if each of them is counted as a household, constitute no more than one per cent of all households, it is clear that the top one-tenth of one per cent of households when ranked by dividend income, own more than half of the total personal wealth in the form of shares. It would thus appear that ownership of shares is much more concentrated than the ownership of land holdings or residential house property.

54. The above conclusion rests on two assumptions: (a) neither the population receiving dividend income but not submitting income-tax returns for whatever reasons, nor the total dividend income received by such persons, is significant and (b) there are no *benami* shareholders. If the latter assumption is violated, it implies a greater concentration of share holdings than that observed here. It is difficult to assess precisely the effect on the distribution of dividend income if these assumptions did not hold good. However, it is not possible to say to what extent the observed slight decline of 3 percentage points in the share of dividend income received by the top 10 per cent of tax-payers can be taken to indicate some reduction in the degree of inequality in dividend income distribution, and consequently, in the ownership of share holdings.

Concluding observations

55. (1) The most important conclusion which emerges from this study is that we do not have the required data for drawing valid conclusions concerning the changes in income distribution which might have taken place over the two plan periods.

(2) The available estimates and data relating to size-distribution of income seem to suggest that the degree of inequality in income distribution is not higher in India than in some other developed or under-developed countries; the distribution of income in the urban sector is more unequal, as in the other countries, than that in the rural sector.

(3) The analysis of the available income-tax data suggests some reduction in inequality of income among the tax-paying group as a whole and also for some of the sub-groups of this population over the period under study except for pure salary earners where the picture is mixed. However, in view of the deficiencies to which these data are subject, it is not possible to place much confidence in this

conclusion or to make any generalisation on this basis. Also changes, if any, in the distribution of taxed income would not generally have any relation to the size-distribution of income in its economic sense.

(4) Available estimates and data suggest no significant change in the overall distribution of incomes, though they do indicate a slight probable increase in inequality in the urban sector and some reduction in inequality in the rural sector. Again in view of the inadequacies of the data used for comparison purposes, it is not possible to be definite about this conclusion.

(5) Trends in wages and salaries received by selected occupation groups over the decade 1950-51 to 1960-61 indicate that, with the notable exception of agricultural labourers, the growth in income of employees has generally kept pace with the growth in average income per employed person for the country as a whole. In particular there is evidence that the growth in incomes of the mining and the factory workers has kept ahead of the rate of growth in average income per employed person. Agricultural labourers as a group do not seem to have shared in the increase of incomes.

(6) Analysis of the income-tax data based on the occupation of common assessees reveals that over the period 1951-59 the average incomes received by contractors have registered the highest increase; the rise in income of this group has been very much higher than the rise in the income per employed person for the country as a whole. Self-employed persons engaged in business (manufacturing, trade, transport and financial business) and the salaried class among the tax-payers also have increased their incomes but in their case the rate of growth in income seems to have just kept pace with the rate at which average income per employed person has grown.

(7) It should be noted that there is a general feeling, though the Committee could not collect the required data to support it, that an average person whether in urban or rural areas is better-fed, better-clothed and even better-housed in the 1960's than in the 1950's and that the working conditions have also improved generally over this period. On the other hand, since there is also some evidence that the rate of growth in income for certain high income groups has been as high as or higher than the rate of growth in income per employed person for the country as a whole, it has not been possible for the Committee to pronounce a definite judgment, even of a broad nature, on the changes in income distribution. However, it can be stated that there is no clear indication of a significant change in income distribution over the plan decade.

(8) Much less information is available on the distribution of wealth, among different groups in the population than on the distribution of income.

(9) Some scattered data obtained through household sample surveys indicate that there is a fair degree of concentration of personal wealth held in the form of land both among the rural and urban sectors. The distribution of personal wealth held in the form of owner-occupied houses is known only for the urban sector which indicates that there is less concentration of wealth in this form than in the form of land holdings.

(10) The available income-tax data relating to dividend incomes indicate that there is a greater degree of concentration in personal wealth held in the form of company shares than in the form of land or owner-occupied houses.

(11) Available fragmentary data relating to distribution of important items of wealth indicate that the degree of inequality in wealth distribution is higher than that in income distribution; wealth distribution seems to be more unequal than income distribution as in some other countries.

(12) If the question of income distribution is to be answered satisfactorily, there is a clear need for the Government to organise the collection of the required data; the earlier we start on this job the better. The available data on the distribution of income and wealth are too meagre to draw any firm conclusions on the issues referred to the Committee.

CHAPTER 4

CONCENTRATION OF ECONOMIC POWER

Introduction

We were required, by our third term of reference, to ascertain the extent to which the operation of the economic system has resulted in the concentration of wealth and means of production. In a subsequent letter from the Planning Commission, it was also suggested that "the Committee might consider such data as are available for a factual study of the problems connected with financial control of industrial and economic activity". Concentration of wealth and means of production or of financial control, are only means to an end which is the concentration of economic power. We, therefore, agreed that our study should be directed to this wider phenomenon.

2. We are aware that in studying the extent to which the operation of the economic system has led to concentration, it would have been useful to have had statistical data running over the entire period of the first two Five Year Plans. Unfortunately, such data are not available, for the most part, in regard to concentration; and even when available, as in the case of income-tax and allied data, it is difficult to use them without qualification. Moreover, it appears that no trends as such could be identified in terms of either bettering or worsening of the situation in respect of the broad pattern of distribution. Under the circumstances, we have confined ourselves in the main to an analysis of the situation as it prevailed at the end of the two plan periods, with of course, due attention to the extent to which the operation of the economic system has resulted in facilitating the process and increasing the degree of concentration. Where possible however, we have also made use of data extending over the period.

Concentration : basic concepts and issues

3. Concentration can be treated as a technical concept dealing merely with concentration ratios giving the share of the largest few firms in respect of some specific characteristics. In such a case, the measure of concentration may refer to "the share of the total gross output, net output or employment in a particular industry controlled by a given number (say three) of the largest units in that industry. 'Unit' would mean a single firm or aggregate of firms owned or controlled by a single parent company, control being defined as ownership of more than half of the capital (or voting power) of each firm".[1] The term 'concentration' could also be used in a

[1] "Concentration in British Industry" by R. Evely and I. M. D. Little

wider sense of a small number of individuals or groups having in their control significant volumes of economic power in terms of capital or income or employment or media of communication which, though not constituting a large percentage share of the national aggregate in each case, nevertheless sets them so much higher than any other individual or group in the relevant context that it gives them a disproportionately large influence and enables them to exercise economic power not measurable statistically by the mere ratios of concentration. Apparently what the Planning Commission and the public in general have in mind is the latter rather than the former, though an analysis of concentration ratios is also relevant even from the point of view of a study of the wider aspects of concentration of economic power.

4. This concentration might exist in the form of either ownership, or management or even in more indirect forms of operational control. Though majority ownership generally implies operational control, a minority ownership can and very often is sufficient to achieve such control. Similarly the operation of the managing agency system as well as other forms of management, *e.g.* Secretaries, Treasurers etc. within the corporate sector might lead to considerable centralised control. So would interlocking of directors between different branches of activity or even between units within the same industry or activity when such interlocking does not follow from centralised ownership or management.

5. Economic power may be concentrated in a few hands within one particular sector such as 'industry' or 'agriculture' or within one particular group of production, *e.g.* 'engineering', 'steel' or 'chemicals' or may be exercised over a number of economic activities simultaneously. Thus, for example, Tatas, one of the most prominent business groups in the country, have their main interest in steel, engineering and power, but also have interests in many other industries like cement, cotton, chemicals, vegetable oils, as well as in activities like insurance, investment and trade. Similarly, Birlas, another most important industrial group, are engaged in not only all varieties of industrial production other than steel and power but also control one of the largest banks in India and have a considerable interest in investment and trade. The study of concentration cannot, therefore, be confined to individual sectors of production or economic activity though this aspect of the study is also of importance.

Generalised forms of concentration

6 We may begin our study with the more generalised forms of concentration of economic power. We have dealt in the previous chapter with the changes that have taken place in the distribution of income and property during the first ten years of planning and drawn attention to the inadequacy of the relevant statistical data needed for drawing firm conclusions on this subject. We have also expressed the opinion that in the main there have not taken place such changes in the distribution of income and property as would indicate any significant trends in either direction. In this chapter, we may appropriately deal with the distribution position as it prevailed at the close of the first two plan periods with a view to determining whether it reveals the existence of any degree of concentration of economic power and if so, to what extent.

7. Income tax statistics do not help in giving an idea of the overall national picture, not only because of their non-reliability due to avoidance and evasion of unknown magnitudes but also because they exclude from their purview agricultural income which accounts for half the national income as also the aggregate income of more than 70 per cent of the labour force. There are also the other statistical limitations to which we have made reference in the previous chapter. We have therefore to fall back upon two indicators of distribution, one based on NSS expenditure data of the 15th round covering the period July 1959 to June 1960, and the other based on the NCAER sample surveys of urban and rural households for 1960.[2] Relevant figures are given in the following statements:

STATEMENT (1) : PERCENTAGE SHARE OF TOTAL CONSUMPTION EXPENDITURE BY FRACTILE GROUPS—NSS 15TH ROUND, JULY 1959 TO JUNE 1960

(percentages)

sl. no.	fractile group	share in consumption	
		urban	rural
(0)	(1)	(2)	(3)
1.	0—10	3·33	3·40
2.	10—20	4·66	4·94
3.	20—30	5·67	5·82
4.	30—40	6·34	6·69
5.	40—50	7·44	7·68
6.	50—60	8·30	8·61
7.	60—70	10·21	9.93
8.	70—80	12·17	11·74
9.	80—90	15·88	14·42
10.	90—100	26.00	26·77

STATEMENT (2) : PERCENTAGE SHARE OF HOUSEHOLD INCOMES IN THE AGGREGATE INCOME OF DIFFERENT PRE-TAX INCOME TENTHS, 1960

(percentages)

sl. no.	fractile group	share in the aggregate income before tax	
		urban	rural
(0)	(1)	(2)	(3)
1.	0—10	1·3	0·7
2.	10—20	2 7	3·3
3.	20—30	3 6	4 5
4.	30—40	4 5	5·6
5.	40—50	5 4	6·6
6.	50—60	6 5	7·7
7.	60—70	8·1	9·5
8.	70—80	10·3	12·1
9.	80—90	15·2	16·4
10	90—100	42.4	33·6

[2] subject to limitations explained in para 7 of Chapter 3

8. NSS data show that the top 10 per cent of the rural households accounted for 26·8 per cent of total expenditure, while the bottom 10 per cent accounted for only 3·4 per cent. NCAER figures show that the top 10 per cent of the rural households claimed 33·6 per cent of total income, while the bottom 10 per cent accounted for only 0·7 per cent. Corresponding figures given by NSS for urban areas are 26·00 per cent and 3·33 per cent respectively, while those given by NCAER are 42·4 per cent and 1·3 per cent respectively. The NCAER figures present a grimmer picture partly because they pertain to income while the NSS data relate to expenditure. The wide range of variation that one finds between the top and the bottom tenths of the population clearly reveals the existence of concentration of economic power in the country in its most generalised form. That the imposition of taxation has not made much difference to the range of variation and therefore to the presence of concentration is clearly revealed by the following statement based on NCAER data of percentage shares in the post-tax or disposable income by income tenths:

STATEMENT (3) : SHARE OF HOUSEHOLD INCOMES IN AGGREGATE INCOME BY DIFFERENT POST-TAX INCOME TENTHS (URBAN ONLY), 1960

(percentage)

sl. no.	fractile group	share in the aggregate income after tax
(0)	(1)	(2)
1.	0—10	1·3
2.	10—20	2·8
3.	20—30	3·7
4.	30—40	4·7
5.	40—50	5·6
6.	50—60	6·7
7.	60—70	8·3
8.	70—80	10·7
9.	80—90	15·8
10.	90—100	40·4

9. The conclusion seems justified that even after ten years of planning and despite fairly heavy schemes of taxation on the upper incomes, there is a considerable measure of concentration in urban incomes. This would also hold for rural incomes, as in their case, even the burden of taxation is not heavy on the higher ranges of incomes. It must be added that to a large extent the phenomenon of economic concentration in the Indian economy is the result, at one end, of unemployment and under-employment and consequent low productivity per unit of labour, that is to say, of inadequate economic development rather than merely structural inequalities of a distributional character, and at the other end, mainly of deficiencies in tax compliance or of tax evasion and avoidance rather than of an insufficiently progressive tax system. If this analysis is correct, it would seem to call for rethinking of the overall strategy of development adopted during this period in relation to the social goals. Since we are not required by our terms of reference to consider such issues, it is not necessary to pursue the matter further.

10. The data available on the distribution of wealth indicate that there is an even more marked degree of concentration than we have found in the case of income and expenditure.[3] Thus, the distribution by size of holdings of agricultural land is extremely unequal. From the NSS data collected in the 8th round (July 1954 to March 1955) and the 16th round (July 1960 to June 1961) on land holdings in the rural sector, it appears that though there was a mild trend towards redistribution of land holdings between 1953-54 and 1959-60, there was a high degree of concentration with regard to land distribution. In 1953-54 the top one per cent of the households owned 17 per cent, the top five per cent owned 41 per cent and the top 10 per cent of households owned 58 per cent of all lands belonging to households; in 1959-60, these proportions were 16 per cent, 40 per cent and 56 per cent, respectively. The bottom 20 per cent of households did not own any land in either of these two years.

11. For owner-occupied houses in urban areas, the NCAER survey for urban India in 1960 showed that the bottom 20 per cent of households claimed a share of only 0·9 per cent in the aggregate market value of the owner-occupied houses, while the share of the top 20 per cent was 73·1 per cent, the top 10 per cent accounting for as much as 57·0 per cent.

12. As regards companies, which perhaps constitute economically the most significant form of property, no complete data are available regarding distribution by ownership of share capital. Income-tax statistics do not cover the entire shareholding population, as quite a number of shareholders have incomes below the income-tax limit (Table 4.1). A study made by the CBR for 1954-55 took into account not only assessees who received dividends but also refundees; and it showed that of the estimated number of 101,033 shareholders—itself an infinitesimal part of the total population, 1·4 per cent accounted for 31·5 per cent of the dividend income, while 50·3 per cent could claim only 10·8 per cent of that income. A more detailed study carried out by the Reserve Bank of India in March 1960 covered 70 companies with paid-up capital of Rs. 212 crores with a market value of Rs. 417 crores; and it showed that 0·5 per cent of the total number of shareholders (without making allowance for duplication in the sense of some holders having shares in different companies, but including company shareholders) had holdings of Rs. 50,000 and above, accounting for 56·5 per cent of the total value of the shares covered by the enquiry. If allowance is made for multiple shareholding by individuals and also for the fact that some of the holdings are by companies, there can be no doubt there is a high degree of concentration in the wealth represented by shares of joint-stock companies. This is also shown by the income-tax statistics on dividend income by ranges according to which 1·5 per cent of dividend receivers accounted for 34·6 per cent of total dividend income assessed to tax in 1959-60.

13. The data given above do not indicate any trends in concentration. What they do reveal, however, is the existence at the end of ten years of planning of a considerable degree of inequality in the distribution of economic assets and consequent concentration of economic power in the hands of a numerically small section of the population. It is true that a considerable measure of inequality in the distribution of income and wealth also exists in several other developed and developing

[3] Also see Table (4.2) for a comparative picture within taxable limit

countries. There also, it is causing concern. But in the context of the Indian situation it should be of even greater concern, as ours is a planned economy and we are pledged to follow policies that will further the twin objectives of lessening economic inequalities and promoting economic growth. To the extent therefore that there has been no appreciable reduction in the concentration in economic power during the last ten years, this fact may be taken, as we have already stated earlier, as some evidence of the inadequacy of our current strategy of economic development in one of its important aspects.

Concentration in private corporate sector

14. We may now pass on to consider the problem of distributive inequality and concentration of economic power in the significant part of the economy formed by the private corporate industrial sector which has a crucial place in planned development under Indian conditions. Industrial production in the private sector accounts for 16 per cent of the net national product and about a half of this production is organised in corporate form. But the corporate sector is the most dynamic element of our developing economy and must claim special attention in any study of concentration of economic power. A study of joint-stock companies in India shows that while the number of companies is large, a small number of companies accounts for a large portion of their paid-up capital. Thus, in 1960-61 the total number of companies having a paid-up capital of less than Rs. 5 lakhs each constituted 86 per cent of the total number of companies at work during that year, but their share of the total paid-up capital was only 14·6 per cent; as against this, the companies having a paid-up capital of Rs. 50 lakhs and above constituted only 1·6 per cent of the total number of companies but claimed 53 per cent of the total paid-up capital (Table 4.3). Though the increasing size of companies is by itself not necessarily an index of growing concentration in *ownership* of companies—and there is some evidence of an increasing dispersal of ownership as such—the phenomenon is conducive to greater concentration of *control* and economic power and as we shall presently see, it has facilitated the process.

15. It is also evident that the working of the planned economy has contributed to this growth of big companies in Indian industry. The growth of the private sector in industry and especially of the big companies has been facilitated by the financial assistance rendered by public institutions like the Industrial Finance Corporation (IFC), the National Industrial Development Corporation (NIDC) etc. Thus, as on 30th June, 1963, loans had been approved by the IFC for a total sum of Rs. 127·7 crores. The number of concerns[4] to which loans had been sanctioned was 244; 143 of these concerns were given loans of less than Rs. 50 lakhs each, the total amounting to Rs. 32·7 crores, while 101 concerns were given loans exceeding Rs. 50 lakhs, the total being Rs. 94·9 crores. Loans exceeding Rs. 1 crore each were given to 22 concerns and accounted for Rs. 34·8 crores, while loans below Rs. 10 lakhs were given to 32 concerns, the total amounting to Rs. 1·8

[4] These concerns include cooperatives. IFC sanctioned loans of less than Rs. 50 lakhs each to 12 cooperatives, the total amounting to Rs. 4·6 crores; and of more than Rs. 50 lakhs each to 42 cooperatives the aggregate coming to Rs. 32·2 crores. Cooperatives did not receive any loan exceeding Rs. 1 crore or below Rs. 10 lakhs

crores.[5] Lending by NIDC which totalled Rs. 3 crores up to March 1963 would also generally be to bigger companies.

16. Similar details are not available for the loans sanctioned by the State Financial Corporations, which totalled Rs. 49·8 crores upto 31st March, 1962. However, loans given by the State Financial Corporations all fell in the category below Rs. 10 lakhs and would have generally assisted medium and small industry. The amount of loans which could be classified as having been made to small industry in terms of a unit with fixed assets (including capitalised value of rental premises) of equal to or less than Rs. 5 lakhs was somewhat over a quarter of the total loans, the rest being given presumably to medium-small and medium-sized enterprises.[6]

17. One noteworthy feature of some of these loans has been pointed out by the Third Annual Report on the Working and Administration of the Companies Act of 1956, which we quote below in view of its relevance to the subject of concentration of economic power:

> "Cases have come to notice where companies with large reserves have invested heavy amounts in shares of other companies in the same group while borrowing heavily from the Government and quasi-Government institutions. While these companies appeared to be financially sound and could have apparently met their needs for expansion or modernisation of their plant and machinery by converting their investments into cash, they have preferred to borrow from outside bodies. Presumably companies have, on balance, decided to keep their voting power intact in the companies in which shares were held by them or possibly, in some marginal cases, the realisation of the investments might have resulted in losses. In some cases, however, the investments in industrial holdings have been found to be of the order of half a crore of rupees matched by an over-draft from State Bank of India for a like amount."

18. Government policy during the plan period has been responsible in other ways as well for the growth of the private sector and in the process specially of big companies. In addition to affording a protected market and the necessary overhead facilities and maintaining a budget policy with a mildly inflationary situation favourable to industry, the Government have been promoting the growth of private industry by extensive tax incentives. Under Section 150 of the Income-Tax Act, new ventures are given a tax holiday for five years and profits up to 6 per cent of the capital employed are exempted from both income-tax and super-tax. Under Section 10(2) (vi) of the Act, new companies set up after 31st March, 1954

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[5] This analysis of the loan assistance given by the IFC is with reference to total assistance given to the concerns, many of which received more than one loan in course of time; this is more relevant from our point of view than the analysis of loan assistance by applications or individual loans sanctioned. The latter is of interest, however as indicating the process by which the loan assistance given by the IFC tends to become more concentrated with time. Thus, as on 30 June 1963, in respect of the total amount of loans extended of Rs. 127·7 crores, the number of individual loans for amounts not exceeding Rs. 50 lakhs was 350 (60 being to cooperatives) and the total of such loans amounted to Rs. 68·7 crores (of which Rs. 14·5 crores was to cooperatives) while only 69 loans for amount in excess of Rs. 50 lakhs had been given for a total amount of Rs. 58·9 crores (including Rs. 22·3 crores for cooperative societies). As the number of concerns receiving more than one loan increases, the proportion of concerns in the lower size category of loan recipients declines and that in the higher size category increases. The fact, therefore, remains that the loan assistance given wy the IFC has assisted the growth of bigger companies more than that of the smaller companies. Figures relating to lending to cooperatives have been made available by the IFC.

[6] Para nos. 15 and 16 are based on information supplied by the Reserve Bank of India

are allowed to deduct 25 per cent of the actual investment towards depreciation of plant and machinery.[7] Under Section 56-A of the Income-Tax Act, dividends received from companies engaged in certain specified industries are exempted from super-tax; for inter-corporate investment in these industries, this concession together with the provision for income-tax credit which already existed, meant that such dividends were totally exempted from taxes. There is no indication of the total tax rebate given to industries in this manner but the amount should be quite considerable. While these tax concessions and rebates promoted a climate favourable to investment by both small and big enterprises, it is evident that the latter were in a better position to take advantage of the same.

19. In commenting upon the growth of capital formation in the corporate sector, it is important to indicate the extent to which this has been financed by funds other than those obtained from shareholders either by way of new issues or bonus issues or by ploughed-back profits. The overall pattern of sources of finance of capital raised by non-government companies is indicated by the records of the Controller of Capital Issues where the distribution of consents and details of subscribed and paid-up capital by types of issues (*viz.* initial, further, bonus, debenture and loan) are available for each of the industries. Such data over the period 1955-60 have been collected and analysed by the CSO[8] separately for government and non-government companies. Total long-term capital raised during 1955-60 by non-government companies amounted to Rs. 468 crores. The share of capital raised through debentures was Rs. 44·7 crores (9·5 per cent) while that through loans (from World Bank, Governments, LIC, IFC and SFCs) was Rs. 160·7 crores (34·4 per cent). Total increase in debt thus formed about 44 per cent of total long-term capital raised, while capital raised through issue of shares formed 56 per cent. The following figures give the general pattern of financing of industrial expansion:

STATEMENT (4) : CAPITAL RAISED BY NON-GOVERNMENT COMPANIES DURING 1955-60

	(Rs. crores)	(percentage of total)
Total capital raised	467·5	100 0
(1) of which increase in debt (a + b)	205·4	43·9
(a) debentures	44·7	9·5
(b) loans[1]	160·7	34·4
(2) of which share capital (a + b)	262·1	56·1
(a) bonus	33·5	7·2
(b) ordinary and preference shares	228·6	48·9

[1]include (*i*) loans from the World Bank

(*ii*) loans from the Central and State Govts. against the creation of company's fixed or liquid assets

(*iii*) advances from the LIC on mortgaged property, and

(*iv*) loans granted by others (other than banks).

[7] This development rebate was reduced to 20 per cent by an amendment to the Act passed in 1961.

[8] 'Capital Issues in the government and non-government companies,' 1955-1960 (mimeographed) CSO

20. Bank credit has also played an impressive role in financing the growth of industry during the last seven or eight years. The Reserve Bank's studies of company balance sheets have shown that the proportion of bank borrowings to total sources of funds for all public limited companies was 14 per cent during 1959-60. For small companies this was 20 per cent while for medium and large companies it was only 13 per cent. The absolute figures for the latter were, of course, very much larger.

21. The dependence of private industry on banks for financing its expansion is confirmed by a purpose-wise analysis of advances by scheduled banks (Tables 4.4 and 4.5). Thus, industry which accounted for 36 per cent of scheduled bank advances at the end of 1951, increased its share to 52 per cent by the end of 1961 and this from a total that was nearly double that in 1951. Of the total increase in bank loans of Rs. 722 crores between 1951 and 1961, Rs. 477 crores or 66 per cent was accounted for by industry, over half of the increase being shared by cotton textiles, sugar, engineering, iron and steel, and cement. The Reserve Bank of India has recently conducted a survey for ascertaining the extent of finance provided by banks in the form of 'term credit' to industries as at the end of April, 1962. The results of the survey revealed that the total 'term credit' outstanding amounted to Rs. 103·6 crores and formed 7·7 per cent of the total credit of these banks and 15·8 per cent of their industrial advances. Approximately, one-half of the 'term credit' granted was in the form of medium-term loans with a maturity of over one year; the other half represented rolled-over credit consisting mainly of overdrafts and cash credits with a specific understanding that the credit would be renewed.

22. Analysis of the bank credit thus made increasingly available for the financing of industrial expansion during the last few years shows that the main beneficiaries have been the big and medium enterprises. Financial assistance provided by the commercial banks to small scale industries (with assets less than Rs. 5 lakhs) was insignificant, amounting to only Rs. 28 crores or barely 5 per cent of their total advances to industries in 1960. The meagre absolute amount of credit extended to small industry is, however, to be considered against the very smallness of this sector; as Table (4.6) indicates, the paid-up capital of small public limited companies, below Rs. 5 lakhs each, formed barely 3 per cent of that of all companies. At the same time, there is no doubt that part of the explanation for the practically insignificant share of small industries in bank advances is the lacuna in the structure in industrial financing in terms of which the credit requirements of small industry in the unorganised sector were left to be met by non-institutional sources. It is only in the last few years that some attention has been given to this problem and the share of small industry[9] in bank advances has increased, fairly rapidly, from Rs. 20·7 crores in the first half of 1960 to Rs. 39·4 crores by the end of 1962. This has been partly stimulated by the guarantee scheme for small loans operated since July 1960 by the Reserve Bank as an agent of the Government; the total amount of guarantees issued under the scheme amounted to Rs. 18·8 crores in respect of 5098 applications by 30th June, 1963. We have still to go a long way however, before reaching the stage when bank advances to small industry can be regarded as

[9] This is defined to include units with fixed assets, including capitalised value of rental premises, of Rs. 5 lakhs or below unlike the definition adopted by the Bank's earlier survey for 1960 based on total assets less than Rs. 5 lakhs.

satisfactory either in terms of their absolute requirements (including their large non-corporate sector) or in comparison with the position of the big and medium enterprises.

23. In the light of the above general picture, it is interesting also to look at the sources of finance for the top 'Complexes' analysed by R. K. Hazari, in terms both of changes over the period 1951-58 and the share of loans in the total liabilities for these Complexes.[10] These are presented in Tables (4.7), (4.8) and (4.9) in the appendix. Thus, the increase during the period in loans was 34·8 per cent for the ten Complexes and 35·8 per cent for the four top-most Complexes. In terms of absolute figures, the increase in loans amounted to as much as Rs. 154 crores for the four top-most Complexes out of a total increase in gross liabilities of companies controlled by the Complexes of Rs. 430·75 crores. The share of loans as a proportion of total liabilities also increased substantially from 19 per cent in 1951 to 30 per cent in 1958 for the ten Complexes and within the Complexes this share which for one group was already high at 31·8 per cent in 1951 increased to as much as 40·3 per cent in 1958.

24. The following statement brings out the considerable increase in the role of borrowing (loans) in the financing structure of companies and the *relatively greater* increase in reliance on borrowed funds by the twenty Complexes covered in Dr. Hazari's study as compared to the 1001 companies in the Reserve Bank study :

STATEMENT (5) : STRUCTURE OF COMBINED BALANCE SHEET OF PUBLIC COMPANIES

(percentages)

sl. no.	liabilities	1951		1958	
		20 complexes [1]	R.B.I. sample	20 complexes [1]	R.B.I. sample
(0)	(1)	(2)	(3)	(4)	(5)
1.	share capital . . .	35	35	28	29
2.	reserves	22	19	16	18
3.	loans	20	21	30	28
4.	other liabilities . . .	23	25	26	25

[1]excluding banking and insurance but including finance companies.

SOURCE : Hazari. R. K. "The Structure of the Corporate Private Sector", Bombay, 1963, p. 257

[10] Ownership and control of companies—1951 and 1958 with special reference to changes in concentration of economic power' by R. K. Hazari.

25. Moreover, the commercial banks also increase their own holdings of shares in joint-stock companies, as the size of the companies increases. The Life Insurance Corporation (LIC) which is a nationalised concern, also supports big business in private industry by its holdings of stock exchange securities, its total investments in this sector amounting to Rs. 92 crores as on 31 December, 1960[11]." The large companies and bigger enterprises have an easier access to the capital market, and banks, life insurance companies and trusts besides individuals have a preference for investing in shares of large companies. Thus, the operation of the economic system, with its criteria of credit-worthiness and security for lending and investment, tends to support the large and established enterprise against the small and struggling entrepreneur. There is, however, a compensatory element to the extent that the procedure followed in supporting the larger enterprises enables a more continuous scrutiny on their operations by the lending interests. In any case, if the pattern of growth in a mixed economy has to be a simultaneous development of both large scale and small scale enterprises, the regulatory measures should not take the form of withholding finance to the larger units. It is necessary, however, to eliminate unhealthy competition between large and small enterprises, and ensure easy flow of finance to the latter.

26. It must be pointed out, however, that the growth of big business as such, though indicating the presence of economic concentration does not necessarily mean the deliberate adoption of an anti-social policy. There is such a thing as the economy of scale which works in favour of big business, on purely economic grounds; and economic considerations are certainly relevant especially in the context of our scarce resources and the imperative need for our making the most economic utilisation of these resources. In many industries, the size of the domestic market is small in relation to the size of the plant at which maximum average costs begin to obtain; and any attempt to reduce the degree of concentration by breaking down economic-size units into a large number of uneconomic-size plants would only lead to economic waste. At the same time, there is no doubt that localised concentration of industry, even if unavoidable on economic grounds, must necessarily result in the accrual and possible exercise of monopolistic power. What is needed in such a case is not the break-up of large units as the adoption of a policy of regulation, continuous scrutiny and possibly, nationalisation which will help to prevent the emergence of anti-social consequences from the otherwise economically justifiable localised concentration in the form of big units in one industry or another.

27. As localised industrial concentration is an important aspect of concentration of economic power, it is necessary to examine the extent to which such concentration has emerged in Indian industry at the end of ten years of planned economic development.

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[11] Annual Report of the LIC for the year 1960

The following statement gives relevant data on producer concentration in selected industries:

STATEMENT (6): PRODUCER CONCENTRATION IN SELECTED INDUSTRIES

sl. no.	industry	year	percentage share of top-most unit/group in total production/ capacity	percentage share of top-few units/groups in total production/ capacity	no. of units/ groups under column (4)
(0)	(1)	(2)	(3)	(4)	(5)
1.	finished steel	1958	63·70	93·36	2 groups
2.	pig iron	1958	54·63	90·08	2 groups
3.	electric lamps	1960	40·00	88·70	14 units
4.	sewing machines	1960	88·00	88·00	1 unit
5.	soda ash	1958	52·25	84·68	2 groups
6.	electric fans	1961	51·00	82·00	4 units
7.	paper and paper board	1958	23·50	77·90	5 groups with 8 units
8.	bicycles	1959	20·20	72·72	4 units
9.	cement	1960	45·00	71·90	3 groups
10.	soap	1957	30·75	69·11	4 groups with 8 units
11.	superphosphate	1958	14·76	53·04	5 groups
12.	hydrogenated oil	1958	14·01	47·09	6 units
13.	paints and varnishes	1957	11·40	45·90	6 units
14.	ceramics	1957	17·29	39·72	4 groups with 6 units
15.	jute textiles[1]	1958	12·29	37·61	4 groups
16.	matches	1960	60·00	60·00	1 group with 5 units
17.	caustic soda	1958	14·76	28·51	2 groups
18.	coal	1958	11·09	24·70	3 groups
19.	sulphuric acid	1958	16·89	23·72	2 groups
20.	cotton textiles[1]	1958	4·10	11·49	3 groups
21.	sugar	1958-59	2·36	4·56	2 units

[1] percentage of looms installed

SOURCE: 'A note on industrial concentration' by NCAER, April 1962 (mimeographed)

28. It will be seen from the above statement that in the case of 12 out of the 21 industries listed above, the top units claimed a share of more than 50 per cent of production. In 4 of these cases, one unit claimed more than 50 per cent of production. It is true that in the case of steel and pig iron, there is now substantial production in the public sector, which reduces to a significant extent the share of the top units as also of the top unit in production. Also, the monopoly or semi-monopoly position enjoyed by a few concerns earlier has been considerably reduced as a result of a steady expansion of the industrial sector during the last decade or so. Thus, for example, the ACC in 1951 controlled 64 per cent of the total output of cement; by 1960, its share had declined to 39 per cent, and is expected to decline further to 25 per cent by 1965-66. In match industry, WIMCO was more or less the sole producer of matches in 1951, as a result of differential excise and encouragement of A, B, C and D class of units, the share of WIMCO in total output of match industry has been reduced to 60 per cent by 1960. The share of Titaghur Paper in the total output of paper declined from 25 per cent in 1951 to 15 per cent in 1960. The Metal Box Company in 1951 enjoyed almost a monopoly in the matter of containers; in 1960 its share has been reduced to 20 per cent. Hind Cycles accounted for 90 per

cent of the output of bicycles in 1951; its share in 1960 declined to about 15 per cent. Soap and vanaspati, electric cable manufacturing, aluminium industries, soda ash and other chemicals and several other areas of industry furnish instances of a declining trend in localised industrial concentration with new entrants in various fields of industry. An appreciable measure of such concentration in the private industrial sector, however, still remains. Even in the case of pig iron and finished steel, the fact of concentration remains as far as the private sector is concerned.[12]

29. How far the position revealed by this study has justification in terms of economies of scale and what policy measures are required to safeguard the public interest are questions which need detailed study in the case of each industry; what agency should undertake this task, whether departmental or otherwise, is a matter for consideration by Government.

30. More important than the existence of localised industrial concentration—for which perhaps there could be found some justification in terms of the economies of scale—is the more generalised concentration of economic power to which reference has been made earlier in this chapter. In the Indian context, it is the concentration of control in the industrial sector as a whole rather than in any one or other particular industry that presents the more menacing aspect of concentration of economic power. It has been pointed out already that shares in joint-stock companies are held by an extremely small percentage of the population and that this represents a concentration of economic power that is significant enough to command attention. But more important than ownership is operational control. The normal behaviour of the large majority of share-holders whose individual holdings are quite small, does not indicate on their part any real interest in exercising the control that goes with ownership; and the growing importance of impersonal holders like banks, trusts, companies and the like has increasingly tended to divorce individual ownership from control. As it is control which is significant from the point of view of economic power, a study has to be made of concentration of control by selected business groups within the corporate sector.

31. It is extremely difficult to obtain light on the concentration of control in the corporate sector without a full and detailed inquiry into the operations of individual companies such as only a full-time agency with powers to call for books and examine accounts could undertake. In the absence of such an inquiry, one has to fall back upon such evidence as can be gathered by an analysis of the composition of Boards of Directors and their interlocking, the number and resources of companies operated by managing agencies, inter-corporate investments and subsidiary companies, and such identification as one can make from indirect data of the presence of units of control sprawling over companies within the same industry and over many industries. We have been assisted in our work by a study undertaken by Dr. R. K. Hazari of the structure of the corporate private sector as also by working papers prepared by the Central Statistical Organisation and by the Reserve Bank of India. While the data either collected or used by us for determining the concentration of economic power in the private corporate sector through concentration of control is by no means as complete as we would have liked, it enables us to formulate some considered views on the subject.

[12] Para No. 28 is based on information supplied by the Reserve Bank of India.

32. Dr. Hazari's study is particularly notable for the light that it throws on the subject of concentration of control in the structure of the private corporate sector. He has attempted to identify groups in the corporate sector which exercise effective control over corporate decisions, even though they may have no separate legally-identifiable existence. A corporate group of this kind or a controlling interest is defined as consisting of units which are subject to the decision-making power of a common authority. It takes policy decision on prices, profits, investments, production, purchases and sales on behalf of a number of companies and determines responses to particular economic and political developments. It functions as a single organisation, though each of the companies it controls is a separate legal entity apparently independent of the others with which it is linked by this Controlling Interest. It is not necessary for the Controlling Interest, for the purpose of acquiring such control, to own the majority of shares in every company in the group. By a process of inter-corporate investment it is possible for it to acquire control over a number of companies with comparatively little investment; in the simplest of cases, a Controlling Interest which owns the majority of shares in a comparatively small concern A may gain control over the affairs of a larger concern B in which A holds the majority of shares, a second still larger concern C in which B holds the majority of shares, and so on; even in the original concern A, the Controlling Interest's investment may be partly financed by borrowings from banks on the security of that investment itself. The picture could be made complicated by spreading the investment of each company among several companies of the group and by changing the pattern of investments over time. The control acquired by inter-corporate investment is supplemented by powers obtained under managing agency agreements and by the buying and selling of shares by Investment Companies belonging to the group.

33. The study divides the concerns subject to the decision-making authority of a single Controlling Interest into Inner Circle concerns and Outer Circle concerns. The Inner Circle constitutes the group proper and consists of sole control and majority companies, while the Outer Circle consists of fifty-fifty, minority, and under-management companies in which the decision-making authority of the group has a material influence but not the controlling voice. The two Circles together are referred to as the Complex.

34. Twenty leading groups have been selected for study on the basis of various criteria to yield a cross-section of the corporate private sector. Among the criteria used are not only size of physical assets, but also age, occupation, corporate structure and pattern of financing, distribution of ownership, relative size of controlling blocks, and techniques of control. Caste and provincial origin have also been pressed into service in making the selection. Altogether they present a fair picture of the corporate sector in respect of concentration of economic power. Though the Complex is brought in to give a comprehensive idea of the importance of the groups in the total corporate private sector, measurement of concentration is based primarily upon the size of the Inner Circle. Indeed, as Dr. Hazari observes: "The presence of control over the disposition of resources, in terms of which economic power has been defined, ends at the boundaries of the group, *i.e.*, the Inner Circle.... To some extent, the interests even overlap between the groups studied. Consequently, the measurement of concentration has to be based primarily upon the size

of each Inner Circle.[13] The study covers the period 1951-58, and gives details for both the years 1951 and 1958.

35. The twenty groups studied have an interest of one kind or other in 983 companies with a share capital of Rs. 236 crores in 1951 and 1073 companies with a share capital of Rs. 352 crores in 1958 (excluding government companies). These companies accounted for 29·2 and 32·4 per cent of the share capital of non-government companies in 1951 and 1958 respectively. The statements below give details of share capital and physical assets for these twenty groups, as also for the thirteen largest amongst them. Details for each of these twenty groups are given in Tables (4.10), (4.11), (4.12) and (4.13) in the appendix.

STATEMENT (7) : SHARE CAPITAL AND PHYSICAL ASSETS OF 20 GROUPS (PUBLIC COMPANIES ONLY)

(Rs. crores)

sl. no.	circle	share capital		net fixed assets		net capital stock		gross capital stock	
		1951	1958	1951	1958	1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	inner	165·2	254·6	139·0	404·1	258·1	636·8	375·8	862·2
2.	outer	65·0	112·4	58·5	153·9	98·0	244·4	141·3	337·2
3.	complexes (gross) . . .	230·2	367·0	197·5	558·0	356·0	881·2	517·1	1199·4
4.	less overlap	27·5	56·7	22.0	79·2	38·6	121·8	54·5	165·6
5.	complexes (net) . . .	202·7	310·3	175·5	478·8	317·5	759·4	462·6	1033·8
6.	all non-govt. public companies	591·0	765.0	464·0	1200·0	976·0	1956·0	1396·0	2675·0

STATEMENT (8) : SHARE OF THE TWENTY GROUPS IN THE SHARE CAPITAL AND PHYSICAL ASSETS OF ALL NON-GOVT. PUBLIC COMPANIES

(percentages)

sl. no.	groups	share capital		net fixed assets		net capital stock		gross capital stock	
		1951	1958	1951	1958	1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	20 groups :								
2.	inner	27·95	33·28	29·95	33·67	26·44	32·56	26·92	32·23
3.	complex (gross) . . .	38·97	47·96	42·56	46·50	36·48	45·05	37·05	44·85
4.	complex (net) . . .	34·30	40·56	37·81	39·90	32·53	38·83	33·14	38·65
5.	13 largest groups . . .								
6.	inner	26·78	31·67	28·64	32·40	25·25	30·89	25·78	30·52
6.	complex (gross) . . .	33·44	40·50	36·64	40·62	31·61	38·45	32·28	38·26
8.	complex (net) . . .	33·09	38·41	36·31	38·13	31·17	36·66	31·69	36·35
9.	all non-govt. public companies	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00

NOTE : 'Complex (gross)' figures are the simple aggregates in respect of all companies comprising the Inner and Outer Circles of each of the Complexes considered. In the process of aggregation of several Complexes, it often happens that some companies are counted more than once. 'Complex (net)' figures have been arrived at after making necessary adjustments for such double counting.

[13] Hazari, R. K. "The structure of the corporate private sector", Bombay, 1963, p. 13.

STATEMENT (9): SHARE OF THE TWENTY GROUPS IN CORPORATE PRIVATE CAPITAL (PUBLIC AND PRIVATE COMPANIES)

sl. no	group		share capital		net fixed assets	net capital stock	gross capital stock
			1951	1958	1958	1958	1958
(0)	(1)		(2)	(3)	(4)	(5)	(6)
1.	all non-govt. companies .	(Rs. crores)	810·00	1036·00	1353·00	2349·00	3204·00
2.	percentage		100·00	100·00	100·00	100·00	100·00
3.	20 groups: inner	(Rs. crores)	192·01	283·54	416·17	664·90	895·62
4.	percentage		23.70	26·11	30·76	28·31	27·95
5.	complexes (gross) . .	(Rs. crores)	265·57	414·48	584·30	947·60	1279.74
6.	percentage		32·79	38·17	43·19	40.34	39·94
7.	complexes (net) . . .	(Rs. crores)	236·19	352·27	501.04	813·86	1102.06
8.	percentage		29·16	32·44	37.03	34·65	34·33
9.	13 largest groups inner	(Rs. crores)	183·49	268·70	398·66	623·38	840·01
10.	percentage		22·65	24·74	29·46	26·54	26·22
11.	complexes (gross) . .	(Rs. crores)	228·19	349·12	508·55	795·26	1078·16
12.	percentage		28·17	32·15	37·59	33·86	33·65
13.	complexes (net) . . .	(Rs. crores)	225·89	331·95	476·53	757·24	1023·45
14.	percentage		27·89	30·57	35·22	32·24	31·94

36. The twenty selected groups have increased their share of all corporate private capital, including both public and private companies, from 29·2 per cent to 32·4 per cent, during the eight years ending with 1958. The share capital of the companies controlled by the twenty groups in 1958 stood at Rs. 352 crores, net physical assets at Rs. 501 crores, net capital stock at Rs. 814 crores, and gross capital stock at Rs. 1102 crores. Their share of net physical assets was 37 per cent, of net capital stock 34·7 per cent and of gross capital stock 34·3 per cent. The figures reveal an impressive picture of concentration of economic power in the entire corporate private sector. The picture makes an even more massive impact if one considers the share of the largest 13 of these twenty groups. Their share of the share capital of the entire corporate private sector increased from 27·9 per cent in 1951 to 30·6 per cent in 1958. Their share of net fixed assets stood at 35·2 per cent in 1958, of net capital stock at 32·2 per cent and of gross capital stock at 31·9 per cent.

37. The picture of economic concentration that has been presented above gains added significance when one makes a further break-up of the 13 largest groups that have been dealt with. Thus ten groups had an interest of one kind or other in 876 companies with a share capital of Rs. 205 crores in 1951 and 929 companies with a share capital of Rs. 297 crores in 1958. They accounted for more than 25 per cent and 27 per cent of the share capital of non-government companies in 1951 and 1958 respectively. Among these ten groups, the top four showed a still higher degree of concentration, the companies controlled by these Complexes accounting for a share capital of Rs. 147 crores in 1951 and Rs. 225 crores in 1958 or 18·2 per cent and 20·8 per cent respectively, of the share capital of entire corporate private sector. The

top-most group controlled a share capital of Rs. 66·8 crores in 1951 and Rs. 108·2 crores in 1958 or 8·3 per cent and 10 per cent respectively of the share capital of the entire corporate private sector.

38. Measurement of changes in concentration has to take into account physical assets, but this is possible, as pointed out earlier, only for public joint-stock companies. The following statement[14] gives the percentage share of the total for all non-government public companies in share capital, net capital stock, and gross physical stock for the twenty Complexes taken together. 13 largest of these, ten largest and four top Complexes.

STATEMENT (10) : SHARE OF TWENTY GROUPS IN SHARE CAPITAL, NET CAPITAL STOCK AND GROSS PHYSICAL STOCK OF ALL NON-GOVERNMENT PUBLIC COMPANIES (PUBLIC COMPANIES ONLY)

(percentages)

sl. no.	groups	share capital		net capital stock		gross capital stock		difference in percentage share between 1951 and 1958		
		1951	1958	1951	1958	1951	1958	share capital	net capital stock	gross capital stock
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	total non-government companies :	100·00	100·00	100·00	100·00	100·00	100·00			
2.	20 complexes (gross)	38·97	47·96	36·48	45·05	37·05	44·85	8·99	8·57	7·80
3.	13 „	33·44	40·50	31·61	38·45	32·28	38·26	7·06	6·84	5·98
4.	10 „	29·35	34·53	26·99	32·62	27·21	31·83	5·18	5·63	4·62
5.	4 „	22·13	26·75	20·55	26·60	21·20	25·20	4·62	6·05	4·00
6.	1 „	9·35	12·29	9·60	14·28	10·86	13·86	2·94	4·68	3·00

The data given above make it quite clear that concentration of economic power exists to a significant extent in the public non-government corporate sector and also that it has increased significantly between 1951 and 1958.

39. We have already seen that non-government public companies financed the greater part of their substantial expansion during the Plan periods from external resources. In the case of these twenty Complexes, about 32 per cent of the gross total funds raised during the period came from loans and another 24 per cent from short-term liabilities, making a total of 56 per cent for borrowings. About 9 per cent came from reserves and 19 per cent from depreciation. Only 16 per cent came

[14] The presentation here is in terms of Complexes (gross). Since this involves some double counting in view of the fact that one company may be shown as falling within two or more Complexes, an obvious refinement would be to present figures in respect of Complexes (net). We have preferred presentation on the simpler basis of gross Complexes because the alternative presentation would not materially change the broad tendencies noticed. A more important point relates to the exclusion of private companies from our table. This exclusion introduces a distortion because some large private companies were converted into public companies between 1951 and 1958 and as such any view of concentration restricted to public companies alone would overstate the trend in concentration to some extent. We have not attempted doing this because the variety of information available in respect of private companies is very limited and the scope of the table had to be restricted considerably in case we desired to present the table for both public and private companies.

from additional share capital. If one analyses the controlling blocks—and this is feasible only for Inner Circles and not for the entire Complexes—one finds that the proportion of controlling block to Inner Circle equity share capital declined from 48 per cent in 1951 to 43 per cent in 1958, while the corresponding figures for preference shares were 23 per cent and 17 per cent respectively. Details for the twenty Complexes are given below, as they show a great deal of variation from one another which have little to do with the size of each individual group.

STATEMENT (11): CONTROLLING BLOCKS IN PUBLIC COMPANIES OF TWENTY INNER CIRCLES

(percentages of share capital)

sl. no.	group	ordinary		preference	
		1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)
1.	Tata	19·5	18·0	4·5	2·2
2.	Birla	61·0	61·1	55·4	28·0
3.	Martin Burn	25·9	23·7	7·4	3·1
4.	Dalmia-Sahu-Jain	65.2	54.8	36·3	24·2
5.	Bird Heilger	34·7	40·5	10·6	8·2
6.	Andrew Yule	43.3	45.7	43·0	43·1
7.	Bangur	79·8	68·8	46·5	25·4
8.	Thapar	57·6	61·1	11·8	23·7
9.	J.K.	72·8	74·7	46·0	36·4
10.	Shri Ram	46·3	43·9	58·2	26·9
11.	Shapoorji	72·3	35·5[1]	—	99·2
12.	Khatau	67·2	68·6	16·4	17·7
13.	Walchand	69·8	67·0	17·1	6·3
14.	Mafatlal	68·5	69·5	2·7	7·4
15.	Kasturbhai	23·4	20·1	36·2	34·3
16.	Seshasayee	8·7	6·1	4·9	2·7
17.	Ramakrishna	26·5	24·4	18·3	11·9
18.	Indra Singh	62·6	40·6	—	41·0
19.	Mahindra	8·0	37·8[2]	22·5	5·3
20.	Kirloskar	27·9	27·9	—	1·7
21.	total	48·0	43·1	22·7	17·3

[1] Decline due to acquisition of Brady Group in 1958.

[2] Increase mainly due to the conversion of the principal company from private to public.

40. Inter-corporate investment is the main instrument, and an increasingly important one, for the control of companies. Roughly two thirds of the controlling blocks were held by companies, with investment and industrial companies as the principal corporate holders. Of the additional share capital raised between 1951 and 1958 by Inner Circle companies, the controlling interest contributed only 37 per cent. About 83 per cent of this contribution came from companies mainly investment and industrial, 12 per cent from trusts, and only 5 per cent from individuals. The individuals who constitute the ultimate Controlling Interests provided only Rs. 1 crore out of the Rs. 38 crores contributed by individuals in general towards the expansion of the total share capital of the Inner Circle companies during this

period. Dr. Hazari compares the technique of holding controlling investments to a chain breeding process.

He observes:

> "The controlling families in most cases make some relatively small investments in a principal company or companies which initiate a breeding process—in some groups an inbreeding process—that takes care of nearly all subsequent controlling investments of significance, without calling forth further substantial investments from the families. All Complexes except Martin Burn, Shri Ram, Kasturbhai, Seshasayee and Kirloskar, have a large number of subsidiaries and joint subsidiaries. In 1958 the Tata Complex had 73 subsidiaries and joint subsidiaries, Birla had 105, Dalmia-Sahu-Jain 30, Bird Heilger 44, Andrew Yule 20, Bangur 47, Thapar 31, J. K. 27, Shapoorji 15, Khatau 14, Walchand 16, and Mafatlal 13. Even among the smaller groups Ramakrishna had 3, Indra Singh 4 and Mahindra 5 subsidiaries and joint subsidiaries. In the aggregate, net of multiple counting, there were 163 subsidiaries and 266 joint subsidiaries out of the 1079 sample companies in 1958. In most of the remaining companies, also, inter-corporate investment played a key role but individuals and trusts too were important holders."

Company Law Administration does attempt to control inter-corporate investments but within somewhat restricted limits; whether the Administration could deal more effectively with such investments with suitable modifications in the existing laws is a question of policy which has to be left to the appropriate authorities.

41. We have not been able to assess whether and how far the undoubtedly larger *area* of concentration in industry was balanced to any extent by a dilution of the *intensity* of control associated with a decline in the ratio of share capital of the controlled sector owned by the Controlling Interest. Indeed, the procedures and processes of decision-making in the groups, and their significance for concentration of economic power would seem to be worth some further exploration for a fuller assessment of the problem. The groups in Indian industry differ in their structure and internal organisation, ranging from the rather loose to the closely knit organisation of the patriarchal type and with varying degrees of customary or formal devolution of powers. Some regard to these factors seems necessary when making use of Dr. Hazari's ratios of concentration. These qualifications would, however, apply more to the Outer Circles and the Complexes (gross) and do not substantially affect the conclusions regarding the extent of control based on Inner Circles.

42. There can be no denying the social significance of the concentration of economic power that exists and has grown ever the Plan periods in the hands of a comparatively few individuals; and it has become possible because ownership and investment of personal funds is not required for acquiring operational control over large segments of the non-governmental corporate sector. How far this concentration can claim economic justification in terms of optimum use of scarce entrepreneurial talent, to what extent the manner in which the concentration is obtained leads to anti-social consequences, what precisely its implications are in the operation of our democracy, the implementation of the constitutional directives on economic policy and on economic development, and what remedial measures are

required, are all important problems that need answering. But this can be done only after a thorough and comprehensive inquiry by a full-time organisation created solely for the purpose of inquiring into the concentration of economic power in the non-governmental corporate private sector. We shall revert to this suggestion towards the end of this chapter, but it is relevant to draw attention at this stage to the recently published report of the Commission of Inquiry on the administration of Dalmia-Jain companies, and the lessons that flow from it in regard to the possibilities of the anti-social consequences that can follow from both the attempts to build up concentration of economic power as also from an exercise of this power.

43. So far we have dealt with the concentration of economic power that rests in the hands of certain groups of Complexes who by ownership, inter-corporate investment and other means have acquired control over a significant volume of non-governmental corporate sector activity. But control need not be exercised only through the Controlling Interests' relative share in the assets of the companies either through ownership or inter-corporate investment. It can also be exercised through managing agents, common directors and similar other forms which enable the controlling group or authority to participate actively in the day to day business of such undertakings.

44. The growth of joint-stock companies managed by managing agents has been studied in a paper[15] prepared by the Reserve Bank of India. A sample of 1001 public limited companies was selected for the purpose. The study showed a decline in the number of managing agents from 407 in 1955 to 355 in 1959, with the number of companies they managed falling from 715 to 597. Their control declined from 73·3 per cent to 65·7 per cent in terms of net worth and from 72·3 per cent to 66 per cent in terms of total assets. The number of managing agents managing smaller units with net worth or total assets of less than Rs. 50 lakhs declined substantially in 1959 as compared to 1955, whereas the number of managing agents managing bigger units *viz.* with net worth or assets exceeding Rs. 5 crores increased somewhat during the period. The managing agents controlling units with net worth exceeding Rs. 20 crores controlled 23·0 per cent of net worth of 1001 companies in 1959 as compared to 15 per cent in 1955. In respect of total assets the managing agents in the corresponding class controlled 31·8 per cent of total assets of 1001 companies in 1959 and 28·2 per cent in 1955. Of the ten most important managing agents studied in the paper, Tata Industries (P) Ltd., Martin Burn Ltd., and Birla Brothers (P) Ltd., were the first three leading managing agents measured both in terms of net worth and total assets. These three managing agents managed 25 companies in 1959 which accounted for 20 per cent in terms of total assets of 1001 companies, while in 1955, these three units controlled 31 companies which accounted for nearly 16 per cent of the total assets of 1001 companies. Although the number of companies managed by these three groups has decreased, the control both in terms of net worth and total assets has increased. Thus, while the reform of Company Law has reduced the role of the managing agent in corporate affairs, within the reduced number of managing agents, the tendency is clearly visible of a strengthening of the influence of the bigger managing agents

[15] 'Economic control in corporate industrial sector; a study of managing groups' by Reserve Bank of India (mimeographed)

and consequently of concentration of economic power through the exercise of managing agency functions.[16]

45. Besides managing agencies, common directors or inter-locking directorates constitute another method for bringing about concentration of economic power. Some light on the presence of this phenomenon in India is thrown by a special study of directorships in 331 companies with paid-up capital exceeding Rs. 50 lakhs each that has been made by the Company Law Administration. In terms of paid-up capital, these companies account for 60 per cent of the total paid-up capital of all companies at work in the country in 1956-57. The total number of directorships in the 331 companies selected for the study comes to 2,419 held by 1,502 persons acting as directors. However, these 1,502 persons have been found to be holding 7,366 other directorships besides the 2,419 directorships in 331 companies studied. The average number of directorships held by a person thus came to 6·5. Of the 1,502 persons, 26·6 per cent held single directorships, 53·2 per cent held two to ten directorships, 14·4 per cent eleven to twenty directorships and 5·8 per cent more than 20 directorships. In other words, 73·4 per cent of the persons acting as directors held multiple directorships and the total number of the directorships held by the directors holding single directorships accounted for about 4 per cent of the total of 9,785 directorships held by the 1,502 persons (Table 4·16).

46. The Central Statistical Organisation has also undertaken a similar study of common directorships among 282 large-sized public non-government industrial undertakings but for a later year, namely 1959-60 Table (4.17). The total number of directors of all these concerns put together was nearly 1800 indicating an average of 6 directors per unit. But several of these directors were found to be associated with more than one company. After making adjustments for repetition of names, the number was found to have come down to 1158. Distribution of these persons according to the number of directorships held, showed that 3 directors held 11 or more directorships, 11 directors held 8 to 10 directorships each and 37 directors 5 to 7 directorships each. Of the rest, 215 held 2 to 4 directorships each and 892 directors held single directorships. Thus compared to 1956-57, the prevalence of multiple directorships showed a decline from the point of view of heavy concentration of directorships amongst a few directors, but inter-locking still continues to be an important feature.

47. As regards directors' holdings in share capital this is only available for the earlier study and also only for 883 directors belonging to 121 companies, out of the 2,419 directors (inclusive of duplication) serving in the 331 companies covered in the study. The study[17] reveals that these 883 directors of the 121 companies held among themselves directly in their own names, 6 per cent of the total paid-up capital of the companies of which they were directors. The percentage holdings of the directors in the companies managed by their managing agencies work out to around 3 per cent, whereas those of the directors of the companies which are managed directly by their boards of directors work out to around 9 per cent. The financial stake of directors in the case of companies operated by managing agencies

[16] See also tables (4·14 and 4·15) for details of 25 leading business houses in 1960-61

[17] By Company Law Administration

is low, because control in such companies is retained by the managing agency firm and not by the board of directors. As against this, the holdings of directors in the companies managed by boards of directors is higher, as control and management of the companies are retained by the directors. From the point of view of control, the figure of 9 per cent appears to be very low; however, it is likely that the directors, directly or indirectly, probably control a fairly high proportion of the capital of the companies through their *benamidar* relatives, friends, financial institutions and companies. Further, due to dispersal of share holdings over a large number of persons, a majority of whom do not take active interest in corporate decisions, it is not necessary to have a majority of voting rights to get or retain control of a company, even a block of 10 to 20 per cent of the voting rights being enough sometimes to acquire control. In addition, substantial holdings of share capital by disinterested financial institutions also encourage such control. Thus, without even a significant share of ownership, inter-locking of directors may lead to operational control of a number of big-sized industrial undertakings by one industrial house.

48. In this context, it is of interest to study the inter-locking between directorships of banks and non-government industrial undertakings within the economy. For the purpose, an analysis has been undertaken in the Central Statistical Organisation of the existing inter-locking between directors and managing directors of fourteen selected leading banks and the 296 large-sized non-government public companies with a paid-up capital of Rs. 50 lakhs or more in 1959-60. The total number of directors of the 14 banks was found to be 148. Out of these, 73 were not associated with any major industrial undertaking; 24 were directors of one industrial house each; 37 were directors of 2 to 4 undertakings each and the rest *i.e.* 14 were directors of more than 6 industrial houses each. The distribution of directors by banks is as shown below:

STATEMENT (12): FREQUENCY DISTRIBUTION OF DIRECTORS OF 14 MAJOR BANKS ACCORDING TO THEIR COMMON DIRECTORSHIPS IN INDUSTRIAL HOUSES, AND THE PERCENTAGE OF INDUSTRIAL DIRECTORS TO TOTAL, 1959-60

sl. no.	bank	nil	only one industry	2-4 industries	5 industries and more	total number of directors	p.c. of industrial directors to total
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Bank of India	1	2	6	2	11	91
2.	Central Bank of India	2	—	7	1	10	80
3.	Punjab National Bank	3	1	4	1	9	66
4.	United Commercial Bank	3	5	5	—	13	77
5.	Bank of Baroda	2	2	4	4	12	83
6.	Allahabad Bank	2	1	1	1	5	60
7.	Indian Overseas Bank	1	4	1	—	6	83
8.	United Bank of India	4	2	4	1	11	64
9.	sub-total	18	17	32	10	77	77

contd.

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
10.	State Bank of India	11	5	1	4	21	48
11.	Indian Bank	10	1	1	—	12	17
12.	Canara Bank	8	—	—	—	8	—
13.	Union Bank of India	5	1	3	—	9	44
14.	Canara Industrial and Banking Syndicate	10	—	—	—	10	—
15.	Bank of Maharashtra	11	—	—	—	11	—
16.	grand total	73	24	37	14	148	51

49. The dominance of industrial directors on the boards of commercial banks is seen to be much greater in the case of the first eight banks, in whose case they numbered 59 out of 77 or nearly 77 per cent of the total. It is evident from the above that there is a significant link in the form of common directors between the leading banks and the large-sized industrial undertakings.

50. Bank advances to concerns in which the directors of the banks concerned are interested, accounted for Rs. 184 crores in 1962. This constituted 12·4 per cent of the advances given by all scheduled banks. For the top 15 banks, the proportion was 14·1 per cent. It is significant that this proportion is the highest for the State Bank of India. Details are given in the following Statement:

STATEMENT (13): ADVANCES TO COMPANIES OR FIRMS IN WHICH THE DIRECTORS OF THE BANK ARE INTERESTED AS DIRECTORS, PARTNERS OR MANAGING AGENTS, OR IN THE CASE OF PRIVATE COMPANIES, AS MEMBERS, 1962

sl. no.	bank	advances (Rs. crores)	percentage to total advances
(0)	(1)	(2)	(3)
1.	State Bank of India	72·8	26·9
2.	Allahabad Bank	1·6	4·1
3.	Bank of Baroda	17·6	20·8
4.	Bank of India	31·2	24·5
5.	Canara Bank	0·8	3·0
6.	Central Bank of India	9·9	5·6
7.	Chartered Bank	5·5	10·8
8.	Devkaran Nanjee Banking Co.	0·5	1·7
9.	Indian Bank	2·1	6·8
10.	Indian Overseas Bank	1·6	6·6
11.	National & Grindlays Bank	7·9	6·6
12.	Punjab National Bank	2·9	2·9
13.	Union Bank of India	1·7	7·2
14.	United Bank of India	3·4	7·8
15.	United Commercial Bank	12·3	17·3
16.	total for 15 banks	171·8	14·1
17.	all scheduled banks	183·5	12·4

NOTE : Individual banks' figures are taken from the balance sheets for 1962. Figures relating to all scheduled banks have been taken from the " Statistical Tables Relating to Banks in India, for 1951 and 1962 ", Reserve Bank of India.

51. The banking sector itself presents a picture of high degree of concentration. The aggregate share of the 15 top banks having deposits of Rs. 25 crores and over in total deposits of 363 Indian joint-stock banks during the year 1959 was 78 per cent. If the Government-owned State Bank is excluded—and looking to the composition of its Board of Directors there is really no adequate reason for doing so—the percentage comes to 60. In stating this, we do not wish to suggest the continuance of unsound banking units merely because they are small in size. The present situation of a highly concentrated system, however, points to the need of effective steps to direct the resources of the system especially into the service of small and medium industries and business. We have already seen that the growth of the large Complexes, which represent concentration of economic power, is due largely to bank loans and that small industries get a very small share of bank finance. We have also seen the extent to which there is inter-locking between industrial houses and joint-stock banks through common directors. While it is not possible for the Committee to come to any categorical conclusions on this subject, the presumption seems strongly to be in favour of the thesis that there is an intimate relation between the growth of big banks and the growth of big business in the country during the Plan periods. How far this can claim justification on economic grounds and to what extent, if any, it represents a departure from the Constitutional directives and the Plan objectives for a reduction in the concentration of economic power are questions that can be answered only as a result of a much more comprehensive inquiry and by a full-time agency having much larger powers to obtain data than has been the case with our Committee.

52. In this connection, the Committee thinks it worthwhile quoting the following observation which was made by the Governor of the Reserve Bank of India in August, 1960:

> "One of the structural features of Indian banking is this concentration of power which, in some cases, is enormous in relation to the capital actually employed. From time to time, we come across cases in which a family or group has a controlling interest in a bank and it has become a major task of inspection to prevent the exercise of this interest in undesirable ways".

In view of the prevalence of mutual understanding among the big industrial Complexes, banks might give assistance not only to industrial concerns in which their own directors have a major interest, but also to other industrial houses which might in turn reciprocate through the banks on which they have strong representation. By its very nature this is a very difficult field for investigation. The organisation referred to by us at the end of this chapter should be able to make some advance in the study of this phenomenon. It may be noted that the ratio of capital and reserves to the aggregate deposits of the top banks in 1960 was only 3 per cent.

53. Case studies on the extent of inter-locking of company directorshops in seven selected typical companies belonging to seven leading Indian and foreign business groups have also been attempted to obtain some broad idea regarding inter-locking between competing companies and inter-connection between manufacturing and financial companies. The study of the seven companies (Andhra Valley Power Company Ltd. in Tata Group; Century Spinning and Weaving Company Ltd. in Birla Group, Standard Mills Ltd. in Mafatlal Group, Mcleod and Company Ltd. in Surajmull Nagarmull Group, Kamarhatti Ltd. in Jardine

Henderson Group and Bengal Coal Company Ltd. in Andrew Yule Group) reveals wide prevalence of inter-locking of directorships in companies belonging to long-established and reputed houses. However, the effect on the policies of the two companies with common director or directors would, to a certain extent, depend upon the personality of such common directors and the influence they wield on the strength of their associations with business houses etc. Subject to this limitation, it is seen that there is association of the seven companies studied, with financial companies, particularly banks and investment etc. through common directors. Further, the inter-locking of directorships of these seven companies with companies carrying on similar trade or manufacturing activity connotes horizontal integration which often results in common price and distribution and related policies which are of mutual benefit. The exact extent of such uniformity in business policy is, however, difficult to determine. The seven companies studied are often linked with non-profit making associations and even Government companies through their directors.

54. To explore further the inter-locking of directorship between distribution and industrial undertakings, the Department of Company Law Administration has undertaken a study which covers seventy-four marketing companies with paid-up capital of Rs. 5 lakhs and above. These companies are connected with 1111 companies[18] through 233 directors out of a total of 341 directors of 74 marketing companies. Out of 1111 companies inter-linked with marketing companies, 414 are manufacturing companies, 382 trading companies, 113 banking and financial companies, 19 electricity companies and 183 companies belonging to miscellaneous industrial groups.

55. Forty-one out of seventy-four companies studied here are having a board of three to five directors. 18 companies have a board of six to eight directors. Four companies are managed by boards consisting of nine to ten directors. Only eleven companies have two-director boards. Thus, compared to the all-India average size of the boards of seven directors in the case of companies with paid-up capital of Rs. 50 lakhs and above, the average size of the board of directors of the marketing companies is comparatively small with only 4·6 directors.

56. The number of companies, three-fourths or more of whose directors are interested as directors in other companies, come to thirty-eight. In case of ten companies 50 per cent to 75 per cent of the directors hold directorships in other companies. In other twelve companies, only 25 per cent to 50 per cent directors have directorship interest in other companies. In the case of five companies less than one-fourth of the directors hold directorships in other companies. On the whole, it can be said that most of the directors of marketing companies are having multiple interests which are not confined to only marketing companies.

57. Out of 74 marketing companies, only nine companies do not have their directors common with any other companies. In respect of remaining 65, eight companies are connected with 40 companies or more, twenty-four companies are connected to 11 to 39 companies through common directorships, and 33 companies

[18] Duplications of inter-linked companies as between directors of the same marketing company have been removed but not as between marketing companies.

have forged inter-locking of directorships with companies numbering ten or less than ten. Thus, most of the marketing companies are inter-locked with other companies through common directorships. It is, however, interesting to note that inter-locking of marketing companies does not depend much upon their size. Statement 14 gives the distribution of 74 marketing companies according to their size and their inter-locking with other companies and shows that on an average the marketing companies are connected with 10 other companies through their directors.

STATEMENT (14) : SIZE AND INTER-LOCKING OF MARKETING COMPANIES

sl. no.	no. of inter-locked companies	number of marketing companies				
		number of directors				total
		2	3—5	6—8	9—10	
(0)	(1)	(2)	(3)	(4)	(5)	(6)
1.	0	3	6	—	—	9
2.	1— 5	5	9	2	2	18
3.	6—10	2	6	6	1	15
4.	11—15	1	8	1	—	10
5.	16—20	—	3	1	—	4
6.	21—30	—	4	3	—	7
7.	31—39	—	2	—	1	3
8.	40 and above	—	3	5	—	8
9.	total	11	41	18	4	74

58. One of the factors accounting for an increase in economic power of the large groups in recent years would appear to be the larger flow of foreign investment and technical know-how through joint ventures in Indian industry in collaboration with foreign interests. Established large industrial groups in India are in a much more advantageous position to obtain foreign capital and technical services. This itself may partly explain the increased concentration of control in the top business houses in recent years.

59. Last but not least in importance in the study of operational control is the inter-linking of directorship between private corporate undertakings and Government companies. This acquires special significance in view of rapid expansion of the public sector in the form of active participation in production and distribution activities. A study has been made by the Department of Company Law Administration of the inter-locking of Directorships between Central Government companies and non-Government companies. State Government companies have been excluded from this study because of their relative smallness from the point of view of the investment therein. The number of Central Government companies covered by this study is 49 and includes companies jointly owned by Central Government and the State Governments, as they are administered by the Central Government. The paid-up capital investment of the aforesaid 49 Central Government companies is Rs. 620 crores, forming 95 per cent of the total paid-up capital investment of all Central and State Government companies.

60. There were in all 428 directorships in these 49 Central Government companies and they were held by 311 persons of whom 86 were 'non-official' (Tables 4.18 and 4.19). Of the 49 companies, 13 have no 'non-official' directors on their boards. In eight companies the 'non-official' directors held no directorships in non-Government companies. In the case of one company a representative of foreign collaborator is on its board. Forty-two of the 86 'non-official' directors did not hold directorships in any non-Government company. The remaining 44 'non-official' directors held 50 directorships in 27 Government companies and 334 directorships in 308 non-Government companies. The number of directorships in non-Government companies held by these 44 'non-official' directors has been studied further and results of the analysis are as follows:

STATEMENT (15): DIRECTORSHIPS HELD IN NON-GOVERNMENT COMPANIES BY 'NON-OFFICIAL' DIRECTORS IN GOVERNMENT COMPANIES

sl. no.	number of non-Government companies in which the 'non-official' director of a Government company is a director	number of 'non-official' directors
(0)	(1)	(2)
1.	below 5 companies	20
2.	5 to 10 companies	10
3.	10 to 15 companies	5
4.	15 to 20 companies	5
5.	20 companies and above	4
6.	total	44

61. It is not possible to draw conclusions regarding the economic and social consequences of this inter-linking between government companies and directors of non-Government companies without a careful examination of the growth and working of the Government companies *vis-a-vis* the private undertakings where such common directorships exist. How far this helps the public sector by enabling it to obtain business expertise and how far it helps to increase the concentration of economic power in the hands of selected individuals in big business are questions that are pertinent but that we are not in a position to answer. Perhaps these constitute a part of the puzzle that characterises a mixed economy such as the country is building through its planned development.

62. Economic power is exercised not only through control over production, investment, employment, purchases, sales and prices but also through control over mass media of communication. Of these, newspapers are the most important and constitute a powerful ancillary to sectoral and group interests. It is not, therefore, a matter for surprise that there is so much inter-linking between newspapers and big business in this country, with newspapers controlled to a substantial extent by selected industrial houses directly through ownership as well as indirectly through membership of their boards of directors. In addition, of course, there is the indirect control exercised through expenditure on advertisement which has been growing apace during the Plan periods. In a study of concentration of economic power in India, one must take into account this link between industry and newspapers which

exists in our country to a much larger extent than is found in any of the other democratic countries in the world.

63. An analysis of the ownership of newspapers in relation to their circulation shows that there was some increase during 1960 in the concentration of newspapers under common ownership as represented by Chains, Groups and Multiple Units and the circulation commanded by them. For the study of ownership of newspapers, with special reference to trends in the direction of common ownership, all papers (dailies as well as periodicals) coming under common ownership are divided into three categories, *viz.,*

(1) *Chains*: Publication of more than one newspaper under common ownership from more than one centre.
(2) *Groups*: Publication of more than one newspaper under common ownership from the same centre.
(3) *Multiple Units*: Publication of more than one newspaper of the same title, language and periodicity, under common ownership, from different centres.

64. According to figures available from the Annual Report of the Registrar of Newspapers for India, for the year 1960, as much as 67·5 per cent of the total circulation of dailies in India came under the ownership of Chains, Groups and Multiple Units. Out of a total circulation of 46·10 lakhs of dailies in different languages in the country, the share of those forming part of 17 Chains, 115 Groups and 27 Multiple Units was 31·10 lakhs. According to the same source, there were ten owners representing five Chains (Express Newspapers, Times of India Publications, Hindustan Times and Allied Publications, Amrita Bazar Patrika and Jugantar, and Ananda Bazar Patrika), three Groups (Malayala Manorama, Free Press Journal and Hindu) and two Multiple Units (Thanthi and Statesman) which published 37 dailies with a circulation of 18·11 lakhs and thus controlled 39·3 per cent of the total circulation of daily newspapers in the country. Taking the three categories separately, dailies forming part of Chains commanded 34·7 per cent of the total circulation of dailies, those belonging to Groups 23·8 per cent, and those coming under Multiple Units 9 per cent. In 1960, there was an increase in number of Chains from 14 to 17 and in Groups from 99 to 115 while the number of Multiple Units remained the same, *viz.*, 23 In addition to 17 Chains mentioned above, the Communist Party of India is publishing a chain of 34 papers having a total circulation of 101,810.

65. The following statement shows the number of Chains, Groups and Multiple Units in 1959 and 1960 and the number of papers controlled by them.

STATEMENT (16): CHAINS, GROUPS AND MULTIPLE UNITS IN NEWSPAPERS

sl. no.	year	Chains		Groups		Multiple Units	
		no.	newspapers	no.	newspapers	no.	newspapers
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1959	14	101	36	99	23	63
2	1960	17	103	42	115	23	60

The list of first five Chains, Groups and Multiple Units (ranked in order of total circulation commanded) as on December 31, 1960 together with the total circulation of each is included in Table (4.20) in the appendix for further details.

66. While the data given above clearly establish the fact of concentration in our newspaper industry, it has not been possible for the Committee to examine its inter-connection with industry and with the Complexes and Inner Circles that control so much of economic power in Indian industry. Not only is this a time-consuming task involving full-time work but also it requires larger powers of calling for data, scrutinising it and going into ramifications of accounts that only a full time agency can undertake. A study of concentration of economic power cannot, however, be complete without such an inquiry; and such inquiry could deal not only with the details of concentration within the newspaper industry but go further and examine the inter-connection that exists between newspapers and industrial Complexes and Inner Circles with a view to assessing its consequences on the concentration of economic power in the country. It would be specially necessary to examine the connection, if any, between the top units in industry proper and the top units in the newspaper industry.

67. The data we have given in the previous paragraphs do indicate the presence of concentration of economic power within the economy in terms of income, property and especially of control over the non-Governmental corporate sector. There can also be no doubt that, in part at least, the working of our planned economy has encouraged this process of concentration by facilitating and aiding the growth of big business in India. How far this is an inevitable part of the process of economic development, how far it can be justified in terms of economy of scale and full utilisation of scarce managerial and entrepreneurial resources, how far it is consistent or is in conflict with the declared objectives of our Constitution and our planned economy, and how far the growth which has taken place is unhealthy and anti-social in its consequences—all these are questions that we can only pose for further and detailed inquiry. It is true that except for the Complexes, statistics do not show any definite and significant trend in concentration ratios during the first ten years of planning. It is also relevant to note that during this period, Government has sought to limit unhealthy growth through a series of counter vailing measures such as company law reform, licensing of industrial units, control over capital issues, increasing scrutiny by the Reserve Bank, and other allied measures. They have also sought to create countervailing power by public investment, deliberate expansion of the public sector in industry, encouragement of new-comers in the private sector in industry, special facilities and aid for small industry, and promotion of co-operative organisation in industry and marketing.

68. Inasmuch as a major line of attack on the problem of concentration of economic power would lie in intensifying the countervailing action, it is useful to explain in somewhat greater detail the measures which have so far been taken in this direction.

69. Among the foremost of these is a *relative* expansion of the public sector in industry. As compared to 1950-51, by the end of the Third Plan, the contribution of the public sector was expected to increase from less than 2 per cent to nearly a fourth in organised manufacturing industries and from less than a tenth to over a

third in mineral production. During the Third Plan period public sector investment in industry and minerals is expected to be Rs. 1530 crores as against only Rs. 1050 crores in the private sector. These figures imply that the relative place of private sector industry in the total industrial Complex of the country will continue to shrink. In particular, the public sector is responsible for the development of the major key industries, which, if left to the private sector, would have increased concentration; and once the growing investments in these industries fructify, concentration of economic power is likely to diminish.

70. Moreover, important industries which are in private hands are subject to State regulation in a number of ways, *e.g.* through control of production, prices and distribution. Besides, industrial licensing seeks to regulate the expansion of new capacity and, to the extent possible, encourages entry of new medium-sized firms in competition with existing large enterprises. The licensing provisions seek to ensure, however imperfectly, a degree of regional and other diversification of industry and to prevent the emergence of industrial monopolies, though this objective has to be constantly balanced against the equally imperative need of promoting efficiency and productivity. Legislation governing the operation of companies attempts to eliminate abuses and malpractices and avoid excessive inter-company investment.

71. For encouraging the growth of new entrepreneurs and small industry, various institutions have been developed with a view to providing technical assistance, marketing facilities and credit. The setting-up of the National Small Industries Corporation, Small Industries Service Institutes, various Boards for different cottage and handicrafts industries, for Governmental, technical, financial and marketing assistance, establishment of State Financial Corporations, institution of the State Bank of India schemes of lending and the Credit Guarantee scheme for encouragement of commercial banks' lending to small industries are a few of the measures to broadbase the process of industrial development and combat the undoubted advantages enjoyed by large enterprises. In the same category falls the substantial assistance extended by Government to cottage and small industries through the setting-up of a large number of industrial estates to provide an appropriate framework of basic facilities. These incentives and facilities granted to the new entrepreneurs are encouraging their emergence in increasing number. This is likely to have a salutary impact on economic concentration in Indian industry in the years to come.

72. The fiscal instrument has, furthermore, been pressed into service to lessen inequalities in income distribution through a sharply progressive tax system. The main task in this sector remains that of more effective enforcement of the tax levies, which is a function of improvement in tax administration.

73. Despite all the countervailing measures taken which have been recounted above, concentration of economic power in the private sector is more than what could be justified as necessary on functional grounds, and it exists both in generalised and in the specific forms. It is not within our terms of reference to suggest what should be done to remedy the situation and combine economic development with a steady diminution of the concentration of economic power. Undoubtedly,

an extension of the scope and intensity of countervailing measures to alleviate the incidence and offset the effect of economic concentration indicates the general direction of attack on the problem. At the same time, for devising adequate corrective measures in consonance with the economic growth objectives, more comprehensive and detailed information regarding the many aspects and ramifications of economic power and controls in the private sector is required than has been available to us. Such information could be collected only by a full-time agency as suggested in para 31, if it is set up with both the necessary legal authority and competent full-time staff to enable it to carry out its task. The task is not easy. The country has a mixed economy; and the private sector has an important role to play in its planned economic development. Industrialisation has its own logic, and neither the economies of scale nor that of full utilisation of scarce talent can be ignored with impunity. Economic development within a democratic framework remains a paramount objective of national policy. At the same time, the country is pledged to the realisation of a socialist pattern of society; and diminution and eventual elimination of concentration of economic power in private hands is a part of that society. The task has to be attempted in terms of harmonious progress towards these goals; and the sooner the Government sets up the necessary machinery for collection, examination and analysis of all relevant data on the subject, the easier it would be for it eventually to formulate the necessary policy that will combine industrialisation with social justice and economic development with dispersal of economic power.

P. C. MAHALANOBIS,
Chairman

V. K. R. V. RAO,
Member

P. S. LOKANATHAN,
Member

B. N. GANGULI,
Member

VISHNU SAHAY,
Member

D. L. MAZUMDAR,
Member

B. K. MADAN,
Member

B. N. DATAR,
Member

P. C. MATHEW,
Member

K. R. NAIR,
Member-Secretary
25 *February* 1964.

APPENDIX

List of Statistical Tables

Chapter 4

TABLE (2·1) : GROWTH OF NATIONAL INCOME AND ITS COMPONENTS BETWEEN 1950-51 AND 1960-61 AT 1948-49 FACTOR COST

sl. no.		at current prices in Rs. abja				national income deflator 1948-49 =100	at 1948-49 prices in Rs. abja				population in million	Rs. *per capita* at 1948-49 prices			
		national income	govt. consumption	domestic savings	private consumption		national income	govt. consumption	domestic savings	private consumption		national income	govt. consumption	domestic savings	private consumption
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1.	1950-51	95·3	5·6	5·4	84·3	107·3	88·5	5·2	5·0	78·3	357·6	247·5	14·5	14·0	219·0
2.	1951-52	99·7	5·8	6·4	87·5	109·6	91·0	5·3	5·8	79·9	363·6	250·3	14·6	16·0	219·7
3.	1952-53	98·2	6·0	5·0	87·2	103·8	94·6	5·8	4·8	84·0	370·0	255·7	15·7	13·0	227·0
4.	1953-54	104·8	6·4	4·5	93·9	104·5	100·3	6·1	4·3	89·9	376·8	266·2	16·2	11·4	238·6
5.	1954-55	96·1	6·7	6·1	83·3	93·5	102·8	7·2	6·5	89·1	383·9	267·8	18·8	16·9	232·1
6.	1955-56	99·8	7·2	8·1	84·5	95.2	104·8	7·6	8·5	88·7	391·4	267·8	19·4	21·7	226·7
7.	1956-57	113·1	7·9	10·0	95·2	102·8	110·0	7·7	9·7	92·6	399·2	275·6	19·3	24·3	232·0
8.	1957-58	113·9	9·2	9·1	95·6	104·6	108·9	8·8	8·7	91·4	407·4	267·3	21·6	21·4	224·3
9.	1958-59	126·0	9·9	7·6	108·5	108·2	116·5	9·2	7·0	100·3	415·9	280·1	22·1	16·8	241·2
10.	1959-60	129·5	10·4	10·4	108.7	109·2	118·6	9·5	9·5	99·6	424·8	279·2	22·4	22·4	234·4
11.	1960-61	141·6	11·4	11·6	118·6	111·1	127·5	10·3	10·4	106·8	434·1	293·7	23·7	24·0	246·0
12.	actual total for 10-year-period	1122·7	80·9	78·8	963·0		1075·0	77·5	75·2	922·3	3967·1				
13.	total for 10 years at 1950-51 level						885·0	52·0	50·0	783·0	3576·0				
14.	difference=increase in 10 years						190·0	25·5	25·2	139·3	391·1				
15.	amount required for increase in population						96·8	5.7	5·5	85·6					
16.	net increase over 10-year period.						93·2	19·8	19.7	53·7					

contd.

TABLE (2.1)—*concld.*

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
17.	consolidated increase : total period											23·5	5·0	5·0	13·5
18.	consolidated increase : per person per year											4·3	0·9	0·9	2·5
19.	consolidated increase : rate per person per year (per cent) . .											1·74	6·2	6·4	1·14
20.	total interval rate of increase . .						44·1	98·1	104·0	36·4		18.7	63·4	71·4	12·3
21.	interval rate of increase per year .						3.7	7·1	7·4	3·1		1·7	5·1	5·5	1·2

NOTES: 1. abja=100 crores.

2. Please see next page for explanatory note

Notes for Table 2.1

1. The consolidated national income accounts are given in Table (2.1) in the Appendix, all estimates being at factor cost. Cols. (2), (3) (4) and (5) are meant for national income, government current expenditure, domestic savings and private consumption respectively in Rs. abja or billion (=100 crores=thousand million) at current prices. Col. (6) gives the national income deflator, and cols. (7), (8), (9) and (10) give respectively the same estimates expressed at constant 1948-49 prices. Col. (11) gives the population and cols. (12), (13), (14) and (15) stand respectively for the *per capita* income, government current expenditure, domestic savings and private consumption all expressed in rupees. Strictly speaking all estimates of expenditure *viz.* government current expenditure, domestic savings and private consumption expenditure should be expressed at market prices. However, in view of the difficulties of deflating the figures of indirect taxes (net of subsidies) for price changes and their apportionment among the various components, it is assumed that by far the largest share of the indirect taxes would relate to private consumption expenditure which is, therefore, expressed at factor cost.

2. Rows (1) to (11) in col. (1) give figures for individual years from 1950-51 to 1960-61. The figures in row (12) are obtained by adding estimates of national income, government consumption, savings and private consumption for ten years, 1951-52 to 1960-61. The respective aggregates at current prices are given in cols. (2)—(5) in this row, while the corresponding estimates at constant prices are given in cols. (7)—(10). The total national income was Rs. 88·5 abja in 1950-51 at 1948-49 prices. If it had remained constant then in ten years the total would have come to Rs. 885 abja (row 13); subtracting this from Rs. 1075·0 abja, one gets the additional income of Rs. 190·0 abja (Rs. 19,000 crores) earned over the ten year period (row 14).

3. The population of India had increased fairly rapidly from 357·6 million in 1950-51 to 434·1 million in 1960-61 or at an arithmetic rate of slightly over two per cent per year. If the population had remained constant at 357·6 million as in 1950-51, the total number of persons to be taken care of would have been 3576 million over the ten year period. Adding the population for each of the ten years, the total comes to 3967·1 million; subtracting 3576 million, one gets 391·1 million as the number of new entrants in the population over the whole ten year period as shown in row (14), col. (11). If the new comers have to be given, on an average the same national *per capita* income of Rs. 247·5 as in 1950-51, the total amount required would be Rs. 96·8 abja. Subtracting Rs. 96·8 abja from Rs. 190·0 abja, the increase in the national income over the ten year period available for sharing among the whole population (3967·1 million) amounted to Rs. 93·2 abja (Rs. 9320 crores) as given in row (16), col. (7). The share of each person was Rs. 23·5 over the ten year period. To find the average increase per year it is necessary to divide (not by 10 years but) by the average number of years for which each person was included in the decade. The average value can be obtained by adding 1, 2, 3...........up to 10 years and then dividing by 10. The total is 55 years which divided by 10 gives 5·5 years as the average period. Finally, dividing Rs. 23·5 by 5·5 years, one gets Rs. 4·3 per person per year as the average rate of increase from the consolidated accounts for 10 years. With Rs. 247·5 as the *per capita* national income in the base

year 1950-51, the consolidated rate of increase was 1·74 per cent per year as shown in row (19), col. (12).

4. Private consumption was Rs. 78·3 abja (Rs. 7830 crores) in 1950-51 at 1948-49 prices. At this rate, the total over the ten year period would have been Rs. 783 abja; the total private consumption, in fact, amounted to Rs. 922·3 abja over the ten year period; the actual increase in private consumption was thus Rs. 139·3 abja (or Rs. 13,930 crores) over the ten year period as given in row (14), col. (10). The *per capita* private consumption was Rs. 219 in 1950-51. To provide private consumption at the same rate (Rs. 219) to all the persons actually added to the population over the ten year period would have required Rs. 85·6 abja; deducting this amount from Rs. 139·3 abja, the increase in the private consumption was thus Rs. 53·7 abja (Rs. 5370 crores) available for sharing among the whole population (3967·1 million) over the whole of the ten year period. The share of each person was Rs. 13·5 over the ten year period; dividing by 5·5 years (the average number of years for which each person was included in the decade) the average rate of increase of private consumption at factor cost was Rs. 2·5 per person per year over the ten year period. With Rs. 219 as the *per capita* consumption in the base year 1950-51, the rate of increase of consumption comes out as 1·1 per cent or about one per cent per person per year, as shown in row (19), col. (15).

5. The Government's current expenditure in 1950-51 was Rs. 5·2 abja (Rs. 520 crores); had it remained at the same level, the total would have come to Rs. 52 abja in ten years. But Government's current expenditure was also increasing every year (partly to expand facilities for education, health, scientific research, social services, cultural amenities, etc., and partly for general security and administrative purposes). The total Government's expenditure over the ten year period was Rs. 77·5 abja (Rs. 7750 crores); deducting Rs. 52 abja, the actual increase in Government expenditure over the ten year period comes out as Rs. 25·5 abja (Rs. 2550 crores), as given in row (14), col. (8).

6. A similar calculation can be made in respect of domestic savings. The amount in 1950-51 was Rs. 5 abja (Rs. 500 crores). At this rate, that is, if there had been no increase, the total saving over the ten year period would have been Rs. 50 abja (Rs. 5000 crores). The total amount of savings over the ten year period was Rs. 75·2 abja (Rs. 7520 crores); there was thus quite a large increase of Rs. 25·2 abja (Rs. 2520 crores) in savings over the ten year period, as shown in row (14), col. (9).

7. The rates calculated from the two terminal years 1950-51 and 1960-61 are given respectively in rows (20) and (21), row (20) giving the percentage increase over the ten year period and row (21) the geometric rate per year. These rates are given in respect of aggregates of national income, government consumption, domestic savings and private consumption respectively in cols. (7) to (10), the corresponding rates based on the *per capita* figures occurring respectively in cols. (12) to (15). The rates based on terminal points are, however, not very reliable because they get affected when any one of the terminal figures is abnormal.

8. Caution must be exercised in the use of the figures of components, as the deflator used is common and has not been differentiated for Government consumption, domestic savings and private consumption.

TABLE (2.2): PERCENTAGE INCREASE OF SELECTED INDICATORS DURING THE FIRST PLAN (1950-51 TO 1955-56) AND SECOND PLAN (1955-56 TO 1960-61)

sl. no.	item	percentage increase 1955-56 over 1950-51	1960-61 over 1955-56	1960-61 over[1] 1950-51
(0)	(1)	(2)	(3)	(4)
	national income at constant prices (1948-49)			
1.	total	18	22	44
2.	*per capita*	8	9	19
3.	government administration	50	33	100
	organised industries and mining			
4.	iron ore[2]	16	152	194
5.	finished steel	24	86	131
6.	aluminium (virgin metal)	84	146	353
7.	machinery (including electrical and transport)	92	181	440
8.	chemicals and chemical products	79	61	188
9.	cement	71	71	191
10.	paper and paper products	64	84	202
11.	cotton textiles	28	3	32
12.	sugar	63	56	155
13.	electricity generation[3]	64	87	206
14.	coal	19	42	69

[1] The percentage increase over the whole ten-year period (1950-51 to 1960-61) is shown for each item in col. (4); and the corresponding percentage increase over the First Plan period (1950-51 to 1955-56) in col. (2) and the Second Plan period (1955-56 to 1960-61) in col. (3). It would be noticed that for most items the expansion during the Second Plan period was comparatively much larger.

[2] Base year 1951.

[3] Refers to base year 1950 and year 1955.

SOURCE: 'Basic Statistics Relating to Indian Economy 1950-51 to 1961-62', Statistics and Surveys Division Planning Commission, New Delhi (October 1962)

TABLE (2·3) : CAPITAL STOCK, INVESTMENT AND PAID-UP CAPITAL IN THE PUBLIC SECTOR

(in million rupees)

sl. no.	year	capital at charge			investment								government companies paid-up capital
		railways	posts, telegraphs & telephones	power	power	irrigation	multi-purpose projects	railways	roads	ports and harbours	civil aviation	broad-casting	
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	1950-51 . .	8,27,0	51,0	69,6	—	—	—	—	—	—	—	—	26,0
2.	1951-52 . .	8,55,3	58,7	82,2	22,3	25,7	35,3	40,9	15,5	1,2	2,4	3	46,0
3.	1952-53 . .	8,62,3	65,0	1,01,1	24,9	31,4	41,4	30,2	20,0	1,4	2,2	1	..
4.	1953-54 . .	8,74,2	72,3	1,11,8	28,5	31,8	51,2	34,2	25,6	5,5	5,6	5	..
5.	1954-55 . .	9,06,5	81,4	1,61,3	29,7	45,9	55,9	66,2	28,8	8,6	10,3	5	..
6.	1955-56 . .	9,71,4	89,3	2,11,9	43,4	62,6	52,8	88,5	40,9	10,1	7,9	1,2	66,0
7.	1951-56 . .	—	—	—	1,48,8	1,97,4	2,36,6	2,60,0	1,30,8	26,8	28,4	2,6	—
8.	1956-57 . .	10,74,2	98,8	3,94,0	80,2	82,3	..	1,33,3	42,2	8,3	9,9	1,2	73,0
9.	1957-58 . .	12,24,8	1,09,6	3,74,1	79,2	81,8	..	2,05,2	41,6	6,5	10,1	1,1	2,57,0
10.	1958-59 . .	13,59,0	1,20,2	5,12,8	83,9	80,8	..	1,99,3	42,3	6,4	11,7	8	4,29,0
11.	1959-60 . .	14,34,7	1,28,7	n.a.	94,1	82,5	..	1,40,8	47,4	5,2	14,7	5	4,77,0
12.	1960-61 . .	15,23,7	n.a.	n.a.	1,08,1	92,8	..	1,81,5	50,1	7,0	10,1	1,1	5,26,0
13.	1956-61 . .	—	—	—	4,45,5	4,20,2	..	8,60,1	2,23,6	33,4	56,5	4,7	—
14.	1951-61 . .	—	—	—	5,94,3	6,17,6	..	11,20,1	3,54,4	60,2	84,9	7,3	—

NOTES : 1. No adjustments for price change or depreciation have been made in capital at charge, cols. (2)—(4)
2. Investment in multipurpose projects has been distributed between 'irrigation' and 'power' in Second Plan (1956-57 to 1960-61)
3. n. a. : not available

SOURCE : (1) Annual Reports by the Railway Board (2) Third Five Year Plan (3) Public Electricity Supply : All-India Statistics
(4) Statistical Abstract, 1961 (5) Unpublished data from the Department of Company Law Administration
(6) Quarterly Blue Book on Joint-Stock Companies, July—September 1962

TABLE (3·1): ESTIMATED DISTRIBUTION OF PRE-TAX INCOME (AND PERSONS) IN INDIA 1955-56

sl. no.	monthly pre-tax income per head (Rs.)	percentage of total population	percentage of total income	estimated percentage of persons	
				urban	rural
(0)	(1)	(2)	(3)	(4)	(5)
1.	under—10	25·0	9·5	12·0	27·8
2.	10—19	44·0	31·5	40·8	45·3
3.	20—29	17·0	19·4	21·5	15·2
4.	30—39	6·0	9·7	10·1	5·3
5.	40—49	3·0	6·3	5·0	2·4
6.	50—74	2·7	8·0	7·6	3·1
7.	75—99	1·0	3·7		
8.	100—199	1·0	6·1	3·0	0·9
9.	200 and above	0·3	5·8		
		100·0	100·0	100·0	100·0

SOURCE: (1) 'The inequality of Indian incomes' by H.F. Lydall, Economic Weekly Special Number, (June 1960)

(2) 'An exercise in forecasting consumer demand and taxation yields in 1965-66' by H.F. Lydall and M. Ahmed (mimeographed)

TABLE (3·2): SHARE OF INCOME RECEIVED BY VARIOUS GROUPS OF POPULATION, 1955-56

sl. no.	population group	pre-tax income	post-tax income
(0)	(1)	(2)	(3)
1.	top 1 p.c.	11	10
2.	top 5 p.c.	23	22
3.	top 10 p.c.	34	33
4.	top 20 p.c.	47	46
5.	top 50 p.c.	75	74

SOURCE: as in Table (3·1)

TABLE (3·3): DISTRIBUTION OF HOUSEHOLDS BY SIZE-CLASSES OF PERSONAL INCOME AT CURRENT PRICES

sl. no.	annual household income (Rs.)	percentage of					
		1952-53		1953-54		1956-57	
		house-holds	income	house-holds	income	house-holds	income
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	0—500 . .	8·2	2·6	8·6	3·5	9·3	3·8
2.	500—1000 . .	31·4	16·9	31·9	18·5	38·0	23·6
3.	1000—1500 . .	27·6	25·2	30·7	28·0	30·0	28·9
4.	1500—2000 . .	13·9	17·8	15·0	21·5	13·6	19·7
5.	2000—2500 . .	12·2	18·5	7·2	11·7	4·1	6·9
6.	2500 and above . .	6·7	19·0	6·6	16·8	5·0	17·1
		100·0	100·0	100·0	100·0	100·0	100·0

SOURCE: 'A note on the derivation of size-distribution of personal household income from a given size-distribution of consumer expenditure' by N.S. Iyengar and M. Mukherjee (presented at Second Econometric Conference, June 1961)

TABLE (3.4): RELATIVE SHARE OF TOTAL INCOME POSSESSED BY GROUPS OF HOUSE-HOLDS

sl. no.	percentage of households	percentage of income		
		1952-53	1953-54	1956-57
(0)	(1)	(2)	(3)	(4)
1.	top 5	14·0	14·0	17·5
2.	top 10	24.0	23·0	25·0
3.	bottom 20	7·5	8·0	8·5

SOURCE: 'A note on the derivation of size-distribution of personal household income from a given size-distribution of consumer expenditure' by N.S. Iyengar and M. Mukherjee (presented at Second, Econometric Conference, June 1961)

TABLE (3·5): INCOME DISTRIBUTION BY BROAD GROUPS OF HOUSEHOLDS, 1953-54 TO 1956-57

(at current prices)

sl. no.	groups	households: number (000)	households: per cent	total income: personal: Rs. crores	total income: personal: per cent	total income: disposable: Rs. crores	total income: disposable: per cent	income per household: personal: Rs.	income per household: disposable: Rs.
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	low income	77,074	95·3	8,294	80·4	8,230	81·2	1,076	1,068
2.	high income	3,842	4·7	2,024	19·6	1,908	18·8	5,268	4,966
3.	total/average	80,916	100·0	10,318	100·0	10,138	100·0	1,275	1,253
4.	farm households	54,115	66·9	4,800	46·5	4,722	46·6	887	873
5.	non-farm households	26,801	33·1	5,518	53·5	5,416	53·4	2,059	2,021
6.	total/average	80,916	100·0	10,318	100·0	10,183	100·0	1,275	1,253
7.	rural households	64,065	79·2	7,368	71·4	7,271	71·7	1,150	1,135
8.	urban households	16,851	20·8	2,950	28·6	2,867	28·3	1,751	1,701
9.	total/average	80,916	100·0	10,318	100·0	10,138	100·0	1,275	1,253

SOURCE: Reserve Bank of India Bulletin (September, 1962)

TABLE (3·6) : INCOME DISTRIBUTION BY DETAILED GROUPS OF HOUSEHOLDS, 1953-54 TO 1956-57

(at current prices)

sl. no.	groups	households		total income				income per household	
				personal		disposable		personal	disposable
		number (000)	per cent	Rs. crores	per cent	Rs. crores	per cent.	Rs	Rs.
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	*high income group*								
2.	farm households	1,634	42·5	567	28·0	553	29·0	3,470	[illegible]
3.	salary earners	227	5·9	228	11·3	198	10·4	10,044	8,722
4.	non-salary earners	1,981	51·6	1,229	60.7	1,157	60·6	6,204	5,840
5.	total/average	3,842	100·0	2,024	100·0	1,908	100·0	5,268	4,966
6.	*high income salary earner group*								
7.	Rs. 3,001—25,000	214	94·3	166	72·8	158	79·8	7,757	7,383
8.	Rs. 25,001 and above	13	5·7	62	27·2	40	20·2	47,692	30,769
9.	total/average	227	100·0	228	100·0	198	100·0	10,044	8,722
10.	*high income non-salary earner group*								
11.	Rs. 3,001—25,000	1,829	92.3	787	64·0	773	66·8	4,303	4,226
12.	Rs. 25,001 and above	152	7·7	442	36·0	384	33·2	29,079	25,263
13.	total/average	1,981	100·0	1,229	100·0	1,157	100·0	6,204	5,840
14.	*farm households*								
15.	low income group	52,481	97.0	4,233	88·2	4,169	88·3	807	794
16.	high income group	1,634	3·0	567	11·8	553	11·7	3,470	3,384
17.	total/average	54,115	100·0	4,800	100·0	4,722	100·0	887	873

contd.

TABLE (3·6)—*concld.*

(at current prices)

sl. no.	groups	households		total income				income per household	
				personal		disposable		personal	disposable
		number (000)	per cent	Rs. crores	per cent	Rs. crores	per cent	Rs.	Rs.
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
18.	*non-farm households*								
19.	low income group . . .	24,593	91·8	4,061	73·6	4,061	75·0	1,651	1,651
20.	high income group . . .	2,208	8·2	1,457	26·4	1,355	25·0	6,599	6,137
21.	total/average	26,801	100·0	5,518	100·0	5,416	100·0	2,059	2,021
22.	*rural sector*								
23.	low income group . . .	62,126	97·0	6,483	88·0	6,419	88·3	1,044	1,033
24.	high income group . . .	1,939	3·0	885	12·0	852	11·7	4,564	4,394
25.	total/average	64,065	100·0	7,368	100·0	7,271	100·0	1,150	1,135
26.	*urban sector*								
27.	low income group . . .	14,948	88.7	1,811	61.4	1,811	63·2	1,212	1,212
28.	high income group . . .	1,903	11·3	1,139	38·6	1,056	36·8	5,985	5,549
29.	total/average	16,851	100·0	2,950	100·0	2,867	100·0	1,751	1,701

SOURCE : Reserve Bank of India Bulletin (September, 1962).

TABLE (3·7): INCOME PER HOUSEHOLD PER EARNER AND SHARE IN THE AGGREGATE INCOME OF DIFFERENT INCOME CLASSES (URBAN INDIA, 1960)

sl. no.	income class (income before tax) (Rs.)	weighted per cent. of house-holds[1]	average number of earners per household	average income per household before tax (Rs.)	average income per earner before tax (Rs.)	average disposable income per household (Rs.)	percentage share in the aggregate income before tax of each income class	percentage share in the aggregate disposable income of different income classes	average size of household	number of inter-views[2]
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	under 500	13·6	1·1	300	273	300	2·1	2·2	3·0	466
2.	500—999	28·9	1·4	753	538	753	11·3	11·7	4·2	1,028
3.	1,000—1,999	32·5	1·5	1,390	927	1,390	23·3	24·3	5·1	1,194
4.	2,000—2,999	10·6	1·7	2,387	1,404	2,387	13·1	13.7	6·3	473
5.	3,000—3,999	5·6	1·7	3,469	2,051	3,476	10·1	10·7	6·6	273
6.	4,000—4,999	3.1	1.6	4,474	2,796	4,487	7·1	7·3	6·4	196
7.	5,000—5,999	1.7	1.9	5,436	2,861	5,438	4·7	4.8	7.7	141
8.	6,000—7,999	1·7	1·9	6,732	3,543	6,706	5·7	5.8	7.3	173
9.	8,000—9,999	0·7	1.9	8,881	4,674	8,848	3·3	3·7	7·3	95
10.	10,000—14,999	0.8	2.0	12,208	6,104	12,292	5·0	5.3	7.8	155
11.	15,000—24,999	0·5	2·0	18,660	9,330	18,867	5·1	5.2	8.4	100
12.	25,000 or over	0·3	1·7	51,519	30,305	40,452	9·2	5.3	7.2	87
13.	all classes	100·0	1·5	1,935	1,290	1,862	100·0	100·0	5·0	4,381

[1]denotes the estimated per cent of households in urban India covered by the survey. It may be noted that the survey covered households (and household population) in towns with a population of 10,000 or more according to the 1951 Census, excluding Delhi. The non-household population in these towns such as institutional population, beggars and pavement-dwellers was omitted from the purview of the study. The survey results are estimated to be representative of 12·1 million urban households.

[2]denotes the number of interviews on which estimates are based.

SOURCE: "Urban Income and Saving", National Council of Applied Economic Research, Delhi (1962)

TABLE (3·8): INCOME PER HOUSEHOLD AND SHARE IN THE AGGREGATE INCOME OF DIFFERENT PRE-TAX INCOME AND DISPOSABLE INCOME TENTHS (URBAN INDIA, 1960)

sl. no.	fractile groups of income tenths	average income per household before tax (Rs.)	share in the aggregate income before tax of each income tenth	average income per household after tax (Rs.)	share in the aggregate income after tax of each income tenth	number of interviews
(0)	(1)	(2)	(3)	(4)	(5)	(6)
1.	0—10	243	1·3	243	1·3	335
2.	10—20	523	2·7	523	2·8	363
3.	20—30	703	3·6	703	3·7	364
4.	30—40	872	4·5	871	4·7	337
5.	40—50	1,041	5·4	1,040	5·6	346
6.	50—60	1,245	6·5	1,243	6·7	381
7.	60—70	1,555	8·1	1,552	8·3	372
8.	70—80	2,004	10·3	2,000	10·7	402
9.	80—90	2,945	15·2	2,933	15·8	475
10.	90—95	4,430	11·4	4,380	11·8	316
11.	95—100	12,143	31·0	10,612	28·6	690
12.	all classes	1,935	100·0	1,862	100·0	4,381

NOTES:—1. Pre-tax income means income before tax. All the households are grouped into ten classes of equal frequency after being ranked by their income.

2. The top ten per cent of households are grouped into two groups of equal frequency after being ranked by their income before tax.

SOURCE: "Urban Income and Saving," op. cit.

TABLE (3·9) : SIZE DISTRIBUTION OF INCOME (RURAL INDIA, 1960)

sl. no.	pre-tax income classes (Rs.)	proportion of households	average income before tax per household (Rs.)
(0)	(1)	(2)	(3)
1.	under 500	23·1	263
2.	500—999	38·3	718
3.	1,000—1,999	25·5	1,366
4.	2,000—2,999	7·5	2,367
5.	3,000—3,999	2·9	3,430
6.	4,000—4,999	1·3	4,392
7.	5,000—5,999	0·5	5,302
8.	6,000—7,999	0·3	6,867
9.	8,000—9,999	0·4	8,823
10	10,000 and above	0·2	16,540
11.	all classes	100·0	1,126

NOTE : The estimates are based on a probability sample of 1,200 rural households. The concept of income adopted does not include imputed rental income of owner-occupied houses and accrued but unrealized income such as employers' contributions to provident funds and interest on National Saving Certificates.

SOURCE : NCAER Household Consumption Survey (1960)

TABLE (3·10) : INCOME PER HOUSEHOLD AND SHARE IN AGGREGATE INCOME OF DIFFERENT PRE-TAX INCOME TENTHS (RURAL INDIA, 1960)

sl. no.	fractile groups of pre-tax income tenths	average income per household before tax (Rs.)	share in the aggregate income before tax of each income tenth
(0)	(1)	(2)	(3)
1.	0—10	85	0.7
2.	10—20	376	3.3
3.	20—30	508	4.5
4.	30—40	618	5.6
5.	40—50	743	6.6
6.	50—60	870	7.7
7.	60—70	1,076	9·5
8.	70—80	1,350	12·1
9.	80—90	1,841	16·4
10.	90—100	3,764	33·6
11.	all classes	1,126	100·0

NOTE : Households are grouped into ten classes of equal frequency after being ranked by their income before tax (i.e., pre-tax income).

SOURCE : NCAER Household Consumption Survey (1960)

TABLE (3·11) : SHARE IN AGGREGATE PERSONAL AND DISPOSABLE INCOME OF TAX-PAYING AND NON-TAX-PAYING INCOME RECIPIENTS

sl. no.	type of income recipient	personal income (Rs. billion)	disposable income (Rs. billion)	income recipients (million)
(0)	(1)	(2)	(3)	(4)
			1950-1951	
1.	assessed to tax . .	5·8 (6·1)	4·4 (4·7)	0·8 (0·6)
2.	not assessed to tax . .	89·5 (93·9)	89·5 (95·3)	142·4 (99·4)
3.	total	95·3 (100·0)	93·9 (100·0)	143·2 (100·0)
			1955-56	
4.	assessed to tax . .	6·5 (6·5)	5·1 (5·2)	0·7 (0·5)
5.	not assessed to tax . .	93·9 (93·5)	93·9 (94·8)	154·1 (99·5)
6.	total	100·4 (100·0)	99·0 (100·0)	154·8 (100 0)
			1960-61	
7.	assessed to tax	10·2 (7·2)	9·1 (6·4)	1.2 (0·7)
8.	not assessed to tax . .	132·0 (92·8)	132·0 (93·6)	166·7 (99·3)
9.	total	142·2 (100·0)	141·1 (100·0)	167·9 (100·0)

NOTES : 1. Figures in brackets indicate percentages.

2. Total number of income recipients is taken to be equal to the number of persons in the working force as estimated by the CSO. The estimates are subject to revision.

3. Estimates of personal income, disposable income and tax are obtained from the CSO.

4. Income assessed and number of assessees are taken from the CBR 'Income-tax Statistics'.

5. Tax-paying group consists of individuals, Hindu undivided families and unregistered firms. The number of income recipients among this group is estimated by assuming that a Hindu undivided family or an unregistered firm contains on an average three persons assessable for tax.

6. The number of individuals, Hindu undivided families and unregistered firms assessed to tax and the income of this group for the income year 1950-51 are taken to be the corresponding figures relating to the assessment year 1951-52. Similar procedure is adopted for obtaining the income ard assessees for other years.

TABLE (3·12) : SHARE IN AGGREGATE PERSONAL DISPOSABLE INCOME OF TAX-PAYING GROUP, 1951-1960

sl. no.	year	personal income (Rs. abja)	personal dispensable income (Rs. abja)	personal income of tax-paying group (Rs. abja)	personal disposable income of tax-paying group (Rs. abja)	number of income recipients in the whole population (million)	number of income recipients in the tax-paying group (million)	col. 5 as percentage of col. 3.	col. 7 as percentage of col. 6
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	1950-51	95.3	93·4	5·8	4·4	143·2	0·81	4·7	0·57
2.	1951-52	99·3	97·3	5·1	3·7	145·4	0·65	3·7	0·45
3.	1952-53	98·7	96·7	5·6	4·2	147·7	0·61	4·3	0·41
4.	1953-54	105·3	103·3	5·6	4·3	149·9	0·61	4·2	0·41
5.	1954-55	96·3	94·3	6·0	4·7	152·4	0·64	5·0	0·42
6.	1955-56	100·4	98·2	6·5	5·1	154·8	0·69	5·2	0·45
7.	1956-57	113·6	111·2	7·2	5·6	157·3	0·82	5·0	0·52
8.	1957-58	114·9	112·2	8·2	6·4	159·5	1·02	5·7	0·64
9.	1958-59	126·9	124·1	8·7	6·7	162·4	1·06	5·8	0·65
10.	1959-60	130·0	127·4	9·0	7·2	165·2	1·12	5·7	0·68
11.	1960-61	142·2	139·4	10·2	9·1	167·9	1·25	6·5	0·74
	average for								
12.	1951—54	101·1	99·1	5·7	4·0	147·7	0·62	4·3	0·42
13.	1954—57	103·4	101·2	6·6	5·1	154·8	0·72	6·0	0·47
14.	1957—60	123·9	121·2	8·6	6·8	162·4	1·07	5·5	0·66

NOTES : 1. Personal income=National income less income from domestic product accruing to government+national debt interest+transfer payments+net private donations from abroad less undistributed corporate profits less corporation tax. The relevant data are obtained from "Estimates of National Income 1948-49 to 1960-61" issued by the CSO. Undistributed corporate profits are however taken from R.B.I. Bulletin Aug. 1961, pp. 1203 for the years 1950-51 to 1958-59 ; for 1959-60 the estimate is provided by the CSO.

2. Personal disposable income=personal income less taxes on income. Estimates of taxes on income are taken from the "Estimates of National Income" issued by the CSO.

3. Personal income of tax payers = Total income assessed for tax for each income year according to CBR Statistics.

4. Personal disposable income of the tax payers = Income assessed to tax according to the CBR less taxes on income as given under the head "Other income taxes" in the "Estimates of National Income" issued by the CSO.

5. For an explanation of column heads 6 and 7, refer to foot-notes to Table (3·11)

TABLE (3·13): COEFFICIENTS OF CONCENTRATION OF INCOMES OF INDIVIDUALS

sl. no.	category of assessees	pre-tax incomes: scope of incomes different[1] 1950-51	pre-tax incomes: scope of incomes different[1] 1958-59	pre-tax incomes: comparable series of incomes 1953-54	pre-tax incomes: comparable series of incomes 1959-60	post-tax incomes 1953-54	post-tax incomes 1959-60
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	all individuals	0·451	0·398	0·439	0·386	0·346	0·299
2.	pure salary earners	0·295	0·320	0·316	0·342	0·262	0·290
3.	salary earners without other incomes	0·486	0·446	0·474	0·411	0·387	0·317
4.	non-salary earners	0·486	0·400	0·452	0·389	0·366	0·314

[1]For 1950-51, figures relate to income net of earned income allowance.

SOURCE: (1) For 1950-51 and 1958-59: 'The pattern of distribution of income assessed to tax, 1950-51 to 1958-59' by CSO

(2) For 1953-54 and 1959-60: 'Shifts in income distribution among individuals assessed to income tax', Economic Review, Ministry of Finance (August 28, 1961)

TABLE (3·14): DISTRIBUTION OF INDIVIDUAL ASSESSEES BY FRACTILE GROUPS FOR PRE-TAX INCOMES, 1950-51 AND 1958-59

sl. no.	proportion of assessees (p.c.)		for categories of individual assessees: percentage of annual income (pre-tax) 1950-51	for categories of individual assessees: percentage of annual income (pre-tax) 1958-59
(0)	(1)		(2)	(3)
1.	*all individuals*			
2.	bottom	70	35·9	39·8
3.	middle	20	23 4	24·8
4.	top	10	40·7	35·4
5.	*pure salary earners*			
6.	bottom	70	47·4	45·2
7.	middle	20	25·6	24·4
8.	top	10	27·0	30·4
9.	*salary earners with other incomes*			
10.	bottom	70	32·9	36·4
11.	middle	20	24·2	24·8
12.	top	10	42·9	38·8
13.	*non-salary earners*			
14.	bottom	70	33 5	39·1
15.	middle	20	23·0	25·0
16.	top	10	43·5	35·9

NOTE: The figures given in cols. (2) and (3) have been obtained by simple interpolation

SOURCE: 'The pattern of distribution of income assessed to tax, 1950-51 to 1958-59' op. cit.

TABLE (3·15) : DISTRIBUTION OF INDIVIDUAL ASSESSEES BY FRACTILE GROUPS FOR THE PRE-TAX INCOMES, 1953-54 AND 1959-60

sl. no.	proportion of assessees (p.c.)		share of pre-tax income assessed (per cent) 1953-54	1959-60
(0)	(1)		(2)	(3)
1.	top	1	13	10
2.		2	18	14
3.		5	28	24
4.		10	39	35
5.		15	45	42
6.		20	52	50
7.		25	57	55
8.		30	61	59
9.		40	70	68
10.		50	76	74
11.	bottom	40	18	19
12.		30	14	14

SOURCE: 'A note on the trends in the distribution of income in recent years in India' by NCAER

TABLE (3·16) : SHARES OF PRE-TAX AND POST-TAX INCOMES, 1953-54 AND 1960-61

(percentages)

sl. no.	proportion of assessees (p.c.)		pre-tax 1953-54	pre-tax 1960-61	pre-tax change	post-tax 1953-54	post-tax 1960-61	post-tax change
(0)	(1)		(2)	(3)	(4)	(5)	(6)	(7)
1.	*all individuals*							
2.	lower	70	37·0	41·5	4·5	44·0	47·5	3·5
3.	middle	20	23·5	24·5	1·0	26·0	26·5	0·5
4.	upper	10	39·5	34·0	(—)5·5	30·0	26·0	(—)4·0
5.	*purely salary earners*							
6.	lower	70	47·0	45·0	(—)2·0	50·0	48·5	(—)1·5
7.	middle	20	24·5	24·5	—	25·0	25·5	0·5
8.	upper	10	28·5	30·5	2·0	25·0	26·0	1·0
9.	*salary earners with other incomes*							
10.	lower	70	34·0	38·0	4·0	42·0	45·5	3·5
11.	middle	20	25·0	25·0	—	28·0	27·5	(—)0·5
12.	upper	10	41·0	37·0	(—)4·0	30·0	27·0	(—)3·0
13.	*non-salary earners*							
14.	lower	70	34·5	40·5	6·0	42·0	46·0	4·0
15.	middle	20	23·5	26·0	2·5	27·5	28·0	0·5
16.	upper	10	42·0	33·5	(—)8·5	30·5	26·0	(—)4·5

SOURCE : 'Shifts in income distribution among individuals assessed to income-tax', Economic Review, Ministry of Finance (October 15, 1962)

TABLE (3·17) : SHARE IN INCOME OF COMMON ASSESSEES (RANKED BY INITIAL INCOME IN DIFFERENT YEARS AND PERIODS DURING 1951-59

sl. no.	decile groups of common assessees ranked by income	share in income 1951-52	1955-56	1958-59	average income for 1951-52, 1952-53 and 1953-54	average income for 1954-55, 1955-56 and 1956-57	average income for 1957-58 and 1958-59
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	A. *all common assessees*						
1.	90—100	41·5	40·5	38·5	41·8	39·0	37·9
2.	80—90	14·6	13·7	14·9	13·6	14·1	14·5
3.	70—80	10·2	10·1	10·3	9·7	10·4	10·5
4.	60—70	7·9	8·2	8·3	7·7	8·2	8·5
5.	50—60	6·6	6·8	7·1	6·6	6·8	7·2
6.	40—50	5·6	5·9	5·9	5·8	6·0	6·1
7.	30—40	4·6	5·1	5·1	5·0	5·3	5·2
8.	20—30	3·9	4·3	4·2	4·3	4·5	4·3
9.	10—20	3·3	3·6	3·3	3·6	3·6	3·4
10.	0—10	1·8	1·8	2·4	1·9	2·2	2·4
11.	number of assessees	779	779	779	779	779	779
	B. *only salary earners among common assessees*						
1.	90—100	26·8	27·4	28·2	27·2	27·4	28·7
2.	80—90	14·9	13·4	12·6	14·6	13·3	12·4
3.	70—80	11·0	10·7	10·5	10·8	10·8	10·4
4.	60—70	9·7	9·4	9·6	9·4	9·4	9·6
5.	50—60	8·3	8·4	8·8	8·4	8·4	8·6
6.	40—50	7·5	7·6	7·7	7·5	7·5	7·6
7.	30—40	6·5	7·0	7·0	6·7	7·0	7·0
8.	20—30	5·8	6·5	6·6	5·7	6·5	6·5
9.	10—20	5·1	5·5	5·4	5·2	5·5	5·5
10.	0—10	4·4	4·1	3·6	4·5	4·1	3·7
11	number of assessees	188	188	188	188	188	188

SOURCE : This table has been prepared by the NCAER utilising the CBR income-tax data relating to a sample of 779 common assessees during 1951-59. The concept of income used for this analysis is exclusive of capital gains and losses and the shares in income are worked out on the basis of income before tax.

TABLE (3·18) : SHARE IN INCOME OF COMMON ASSESSEES[1] (RANKED BY AVERAGE INCOME) IN DIFFERENT YEARS AND PERIODS DURING 1951-59

sl. no.	decile groups of common assessees ranked by average income during 1951-52 to 1953-54	share in income 1951-52	1955-56	1958-59	1951-52, 1952-53 and 1953-54	1954-55, 1955-56 and 1956-57	1957-58 and 1958-59
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	A. *all common assessees*						
1.	90—100	39·9	38·1	31·3	41·8	36·9	31·8
2.	80—90	14·5	12·9	13·4	13·6	13·2	13·2
3.	70—80	9·7	9·4	10·4	9·7	9·2	10·1
4.	60—70	7·9	7·8	9·3	7·7	8·1	9·2
5.	50—60	6·6	7·7	7·6	6·6	7·4	7·7

contd

TABLE (3·18)—*concld.*

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
6.	40—50	5·8	6·0	6·5	5·8	6·3	6·5
7.	30—40	5·1	5·4	5·7	5·0	5·4	5·9
8.	20—30	4·0	5·1	6·2	4·3	5·3	6·2
9.	10—20	3·3	4·2	4·9	3·6	4·4	5·1
10.	0—10	3·2	3·4	4·7	1·9	3·8	4·3
11.	number of assessees .	779	779	779	779	779	779
			B. *salary earners among common assessees*				
1.	90—100	25·7	26·8	24·2	27·0	26·4	25·8
2.	80—90	15·8	13·0	11·9	14·6	12·5	11·6
3.	70—80	11·0	10·8	10·6	10·9	10·8	10·5
4.	60—70	9·7	9·3	9·2	9·4	9·4	9·2
5.	50—60	8·1	8·6	8·3	8·4	8·4	8·2
6.	40—50	7·5	7·6	8·2	7·5	7·8	8·1
7.	30—40	6·6	7·2	7·6	6·7	7·2	7·4
8.	20—30	6·6	6·3	9·0	5·7	6·9	8·5
9.	10—20	4·4	5·6	6·1	5·3	5·7	5·9
10.	0—10	4·6	4·9	4·9	4·5	4·9	4·8
11.	number of assessees .	187	187	187	187	187	187

[1]Refer to footnotest ʒ·12)

TABLE (3·19) : AVERAGE PER CAPITA INCOME[1] OF ALL COMMON ASSESSEES[2] CLASSIFIED ACCORDING TO THEIR OCCUPATION: 1950-53, 1953-56 AND 1956-59

(Rs. per annum)

sl. no.	occupational classes	total No. of sample assessees	period I 1950-51 to 1952-53	period II 1953-54 to 1955-56	period III 1956-57 to 1958-59
(0)	(1)	(2)	(3)	(4)	(5)
1.	I salaried employees	224	9736	10914 (11)	12436 (27)
2.	II self-employed [(i)+(ii)+(iii)]	601	12598	12273 (—4)	16000 (27)
3.	(i) business [(a)+(b)+(c)]	474	12542	12233 (—3)	16425 (31)
4.	(a) manufacturing and trading	405	12668	12189 (—4)	16683 (32)
5.	(b) transrport	16	10563	10472 (—1)	13176 (25)
6.	(c) financial business	53	12181	13092 (7)	15427 (27)
7.	(ii) contractors	29	8986	9804 (9)	13362 (49)
8.	(iii) professions	98	13935	13197 (—5)	14728 (6)
9.	III ownership of property	41	34064	31110 (—9)	31003 (—9)
10.	all classes (I+II+III)	866	12874	12825 (—negl.)	15788 (23)

NOTE : Figures in brackets indicate the percentage increase (+) or decrease (—) in *per capita* income over the base period 1950-53

[1]Relates to income accruing, arising or received from or deemed to have accrued, arisen or been received from different sources excluding capital gains (or losses) in the taxable territories of the Indian Union. The estimates are before adjustments for losses of earlier years set off and/or earned income allowance

[2]Relates to all sample assessees assessed to tax during the assessment years 1951-52 to 1959-60

SOURCE : 'An analysis of the growth of incomes of common tax payers assessed to income-tax during the period 1950-51 to 1958-59' by NCAER

TABLE (3·20): AVERAGE ANNUAL EARNINGS IN VARIOUS OCCUPATIONS, 1950-51

sl. no.	occupation	annual earnings (Rs.)
(0)	(1)	(2)
1.	*agricultural wage rate*[1]	
2.	field labour	300
3.	other agricultural labour	306
4.	agri. operations	302
5.	*rural skilled labourers*[1]	
6.	carpenters	765
7.	blacksmiths	722
8.	mochies	596
9.	*mining labourers*[1]	
10.	coal	634[2]
11.	non-coal	522[2]
12.	industrial workers (drawing less than Rs. 200 per month)	967[2]
13.	teachers	769

[1]Annual earnings have been obtained from daily earnings as available in the sources.
[2]Figures relate to the year 1951.

SOURCE : (1) sl. nos. 1 to 8: "Agricultural Wages in India", Ministry of Food and Agriculture
(2) sl. nos. 9 to 12: "Statistical Abstract 1959-60", CSO
(3) sl. no. 13: "Education in India", Ministry of Education

TABLE (3·21) : INDEX NUMBERS OF EARNINGS BY OCCUPATIONS AT CURRENT PRICES (1950-51=100)

sl. no.	year	factory employees drawing up to Rs. 200/- per month	mines			railways	Central Govt. including railways	education		plantation Assam Valley [2] (men only)	rural skilled worker	agr. labour (men only)	net output per occupied person
			coal	non-coal	all			teachers	professors				
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	1951-52	108·0	104·3	108·0	105·4	106·9	103·7	109	108	..	106·9	..	103·1
2.	1952-53	116·0	112·0	110·0	111·4	109·7	104·4	114	114	..	107·1	..	100·0
3.	1953-54	115·9	112·1	109·7	111·3	110·9	108·2	113	113	100·0	104·5	..	105·0
4.	1954-55	115·9	114·4	111·3	113·4	117·7	108·2	115	111	115.9	103·2	..	94·9
5.	1955-56	122·4	117·0	113·3	115·8	113·5	108·1	119	112	131·2	108·1	85·1	97·0
6.	1956-57	123·8	165·5	119·5	151·3	116·2	108·9	125	114	135·0	109·7	89·8	108·1
7.	1957-58	128·7	186·5	128·0	168·5	122·7	113·7	..	..	140·1	114·5	93·7	107·2
8.	1958-59	130·5	202·5	130·6	179·8	125·7	116·0	..	..	129·3	117·7	..	116·7
9.	1959-60	134·8	219·3	134·0	192·9	128·2	120·2	..	..	141·3	123·0	..	117·9
10.	1960-61	143·5	224·1	144·9	199·7	137·0	126·9	..	..	144·5	..	..	126·8
11.	average earnings[1] (Rs.)	1376·0	..	..	..	1624·0	1692·0	868	3607	609	..	..	843·0

[1]In 1960-61 or the latest available year.
[2]Index with 1953-54=100.

SOURCE : (1) Digest of Indian Labour Statistics, 1960, Indian Labour Year books and Indian Labour journals, Ministry of Labour & Employment
(2) Reports of the Chief Inspector of Mines in India
(3) Reports of the Railway Board, volumes I and II
(4) Report on Census of Central Government Employees, CSO and DGET
(5) Agricultural Wages in India, Ministry of Food and Agriculture
(6) Education in India, Ministry of Education
(7) Monthly Abstracts of Statistics and unpublished compilations by CSO

TABLE (3·22) : REPRODUCIBLE TANGIBLE WEALTH IN INDIA, 1949-50 AND 1960-61

(Rs. crores)

sl. no.	sectors	1949-50	per cent of total	1960-61	per cen of total
(0)	(1)	(2)	(3)	(4)	(5)
1.	*agriculture, animal husbandry and allied activities*				
2.	agricultural improvements including tractors	363	2·1	860	2·7
3.	livestock used in farms	2428	14·2	2702	8·4
4.	sheds, barns, etc.	880	5·2	1366	4·3
5.	improvement of land and irrigation works	1533	9·0	3780	11·8
6.	plantation other than tea plantation, etc.	20	0·1	35	0·1
7.	forestry and fishery	12	0·1	40	0·1
8.	*mining and manufacturing (large-scale)*				
9.	mining	110	0·6	183	0·6
10.	electricity generation and transmission	240	1·4	1174	3·7
11.	tea plantations	133	0·8	282	0·9
12.	other factory establishments	1333	7·8	4003	12·5
13.	*small enterprises*	763	4·5	1200	3·7
14.	*transport and communication*				
15.	railways	1574	9·2	2746	8·5
16.	communications	93	0·5	198	0·6
17.	vehicles	281	1·6	639	2·0
18.	transport animals	356	2·1	394	1·2
19.	shipping and navigation companies	18	0·1	135	0·4
20.	airways companies	17	0·1	42	0·1
21.	other transport companies	48	0·3	64	0·2
22.	*capital outlay in Government administration*[1]	707	4·1	1810	5·6
23.	*trade and commerce*				
24.	wholesale and retail trade	1704	10·0	3260	10·1
25.	banks, cooperatives and insurance companies etc.	68	0·4	138	0·4
26.	*house property*				
27.	urban	2644	15·5	4381	13·6
28.	rural	1761	10·3	2732	8·5
	total	17086	100·0	32164	100·0

[1]Total of estimates for "roads and bridges", "public and semi-public capital in ports, docks, light houses etc.", "public capital in aerodromes and aerodrome equipments" and "public home property".

SOURCE : (1) 'An Estimate of Tangible Wealth in India' by M. Mukherjee and N.S.R. Sastry, Income and Wealth Series VIII

(2) 'Estimates of Tangible Wealth in India', Reserve Bank of India Bulletin (Jan., 1963)

TABLE (3·23) : CUMULATIVE PERCENTAGE DISTRIBUTION OF HOUSEHOLDS RANKED IN ASCENDING ORDER OF THE SIZE OF HOUSEHOLD OWNERSHIP HOLDING FOR 8TH AND 16TH ROUNDS OF THE NATIONAL SAMPLE SURVEY

(all-India, rural)

sl. no.	upper limit of percentage of estimated population	8th round (July 1954-March 1955)	16th round (July 1960-June 1961)
(0)	(1)	(2)	(3)
1.	up to 10 p. c.	0·00	0·00
2.	20 p. c.	0·00	0·03
3.	30 p. c.	0·03	0·09
4.	40 p. c.	0·37	0·67
5.	50 p. c.	2·11	2·75
6.	60 p. c.	5·91	6·91
7.	70 p. c.	12·54	13·83
8.	80 p. c.	23·46	24·81
9.	90 p. c.	42·21	43·77
10.	100 p. c.	100·00	100·00

SOURCE : National Sample Survey, 8th and 16th rounds

TABLE (3·24) : DISTRIBUTION OF AREA OF LAND HOLDINGS OWNED/OPERATED BY SELECTED FRACTILE GROUPS OF HOUSEHOLDS BY POPULATION ZONES, 1953-54

(percentages)

sl. no.	population zone	bottom 20 p. c.		top 20 p. c.		top 5 p. c.	
		owned	operated	owned	operated	owned	operated
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				A. *rural sector*			
1.	North India	1·42	1·35	61·97	60·65	29·13	28·22
2.	East India	1·64	1·43	66·04	64·99	32·11	30·43
3.	South India	1·22	1·03	71·93	72·74	40·39	39·45
4.	West India	0·85	0·47	62·64	62·78	28·11	26·74
5.	Central India	0·34	0·26	65·46	66·98	31·83	31·30
6.	North-West India	1·19	1·08	64·61	62·90	32·93	30·25
7.	all-India rural	0·87	0·72	69·97	70·42	37·24	36·97
				B. *urban sector*			
8.	North and North-West India	0·42	0·48	88·17	96·98	51·91	69·89
9.	East India	0·25	0·87	86·05	91·52	61·76	58·36
10.	Central India	0·04	0·09	98·51	99·28	36·48	51·56
11.	South and West India	0·12	0·22	86·60	96·99	36·11	60·79
12.	all-India urban	0·12	0·24	93·15	97·80	52·18	75·46

NOTES : 1. Population zones are as defined in NSS report on landholdings No. 74
2. The figures have been obtained by omitting holdings of size less than 0·005 acre

SOURCE : A. *Rural Sector* : "Inequalities in the distribution of landholdings in rural India" by V. N. Murty, K. M. Bashir and T. R. Gupta, Monthly Abstract of Statistics (July, 1961)

B. *Urban Sector* : Central Statistical Organisation—worked out by linear interpolation

TABLE (3.25) : DISTRIBUTION OF WEALTH HELD IN THE FORM OF OWNER-OCCUPIED HOUSES (URBAN INDIA, 1960)

sl. no.	decile groups of households arranged on market value of owned houses	average current market value of owner-occupied houses (Rs.)	share in aggregate market value of all owner-occupied houses
(0)	(1)	(2)	(3)
1.	0—10	111	0.2
2.	10—20	329	0.7
3.	20—30	597	1.2
4.	30—40	926	1.8
5.	40—50	1,348	2.7
6.	50—60	2,112	4.2
7.	60—70	3,155	6.3
8.	70—80	4,935	9.8
9.	80—90	8,105	16.1
10.	90—100	28,634	57.0
11.	all classes	5,030	100.0

NOTE : This table has been prepared on the basis of the NCAER Urban Saving Survey data. It is based on 1768 home-owning sample households out of a total sample of 4,381 households. It is estimated that approximately 40 per cent of urban households live in owned houses.

TABLE (3.26) : DISTRIBUTION OF HOUSEHOLDS BY FRACTILE GROUPS FOR DIVIDEND INCOMES, 1955-56 AND 1959-60

sl. no.	proportion of households taxed by ranges		percentage of total taxed income shared	
			1955-56	1959-60
(0)	(1)		(2)	(3)
1.	top	1 p.c.	21.82	20.01
2.	top	2 p.c.	29.76	27.90
3.	top	5 p.c.	43.83	40.27
4.	top	10 p.c.	55.36	51.56
5.	top	25 p.c.	72.38	68.67
6.	bottom	75 p.c.	27.62	31.33
7.	bottom	50 p.c.	13.66	16.20
8.	bottom	25 p.c.	5.60	6.73
9.	bottom	10 p.c.	2.05	2.53

NOTE : The figures in columns 2 and 3 have been obtained by linear interpolation.

SOURCE : 'Pattern of distribution of income earned from different forms of wealth assessed to tax 1955-56 to 1959-60' by Central Statistical Organisation

TABLE (4.1) : SHARE OF DIVIDEND INCOME TAXED, 1960-61

sl. no.	item	estimates
1.	number of shareholders assessed to tax	1,01,051
2.	shareholding refundees (income being exempted or below taxable limit)	63,526
3.	total shareholders (1+2)	1,64,577
4.	dividend income assessed to tax (Rs. crores)	63.78
5.	dividend income refundable (Rs. crores)	6.54
6.	total dividend income (4+5) (Rs. crores)—Estimate I	70.32
7.	average p.c. of dividend to paid-up capital	8.5
8.	total paid-up capital of non-government joint-stock companies (Rs. crores)	1198.90
9.	total dividend income (Rs. crores)—Estimate II	101.91
10.	taxable dividend income as p.c. of total dividend income—Estimate II	62.6

NOTES : 1. Item 7 is based on the analysis of balance sheets of joint-stock companies conducted by the Reserve Bank of India.

2. Estimate of item 9 is merely 8.5 p.c. of item 8

SOURCE : " All-India Income-tax Revenue Statistics for the year 1960-61 ", Central Board of Revenue

TABLE (4·2) : PERCENTAGE COMPOSITION OF ASSESSED INCOME OF INDIVIDUALS (WITH INCOME ABOVE RS. 5,000) BY RANGES OF TOTAL INCOME, 1955-56 AND 1960-61

sl. no.	range of income (Rs.)	1955-56: income from investment and property: dividend	1955-56: income from investment and property: interest	1955-56: income from investment and property: property income	1955-56: income from investment and property: total	1955-56: salaries	1955-56: business professions & others	1955-56: total	1960-61: income from investment and property: dividend	1960-61: income from investment and property: interest	1960-61: income from investment and property: property income	1960-61: income from investment and property: capital gains	1960-61: income from investment and property: total	1960-61: salaries	1960-61: business professions & others	1960-61: total
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1.	5,001—10,000 . .	1·84	0·34	3·85	6·03	51·31	42·66	100·00	1·86	0·26	3·28	0·12	5·52	43·25	51·23	100·00
2.	10,001—15,000 . .	2·84	0·41	4·28	7·53	46·02	46·45	100·00	2·68	0·33	3·50	0·21	6·72	38·78	54·50	100·00
3.	15,001—25,000 . .	4·32	0·62	4·77	9·71	36·45	53·84	100·00	4·13	0·45	3·71	0·21	8·50	29·32	62·18	100·00
4.	25,001—40,000 . .	6·09	0·69	4·79	11·57	38·28	50·15	100·00	5·90	0·58	3·80	0·27	10·55	29·91	59·54	100·00
5.	40,001—70,000 . .	9·37	0·89	4·57	14·83	37·87	47·30	100·00	9·01	0·79	3·70	0·43	13·93	31·12	54·95	100·00
6.	70,001—1,00,000 .	13·56	1·16	5·08	19·80	29·13	51·07	100·00	13·37	0·81	3·69	1·53	19·40	30·03	50·57	100·00
7.	1,00,001—2,00,000 .	16·55	1·21	4·94	22·70	20·01	57·29	100·00	18·53	0·91	3·44	1·14	24·02	24·81	51·17	100·00
8.	2,00,001—3,00,000 .	21·38	1·22	6·04	28·64	12·68	58·68	100·00	21·32	0·82	3·42	4·04	29·60	14·11	56·29	100·00
9.	3,00,001—4,00,000 .	27·11	0·84	3·98	31·93	4·82	63·25	100·00	21·42	1·68	3·55	1·95	28·60	15·00	56·40	100·00
10.	4,00,001—5,00,000 .	16·94	1.50	4·97	23·41	3·68	72·91	100·00	23·95	0·55	3·74	1·60	29·84	7·63	62·53	100·00
11.	5,00,001 & over .	16·02	1·45	2·44	19·91	1·99	78·10	100·00	22·94	0·89	2·29	1·03	27·15	5·99	66·86	100·00
12.	total . .	5·80	0·62	4·34	10·76	40·21	49·03	100·00	5·14	0·46	3·51	0·35	9·46	35·15	55·39	100·00

SOURCE : (1) 'A note on the trends in the distribution of income in recent years in India' by NCAER
(2) "All-India Income-tax Revenue Statistics for the year 1960-61", Central Board of Revenue

TABLE (4·3): NUMBER AND AMOUNT OF PAID-UP CAPITAL OF NON-GOVERNMENT COMPANIES AT WORK BY SIZE CLASSES OF PAID-UP CAPITAL, 1951-52 AND 1960-61

sl. no.	size class of paid-up capital (Rs. lakhs)	companies				paid-up capital			
		number		p.c. of total		amount (Rs. crores)		p.c. of total	
		1951-52	1960-61	1951-52	1960-61	1951-52	1960-61	1951-52	1960-61
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	below 5	26,785	22,363	91.8	86·0	202·0	185·1	25·0	14·6
2.	5—50	2,170	3,222	7·4	12.4	337·2	409.7	41·6	32·3
3.	50—100 . . .	148	239	0·5	0·9	107·6	157·9	13·3	12·4
4.	100 and above . .	80	185	0·3	0·7	162·6	517·0	20·1	40·7
	all classes . .	29,183	26,009	100·0	100·0	809·4	1269·7	100·0	100·0

SOURCE: Department of Company Law Administration (unpublished)

TABLE (4·4): DISTRIBUTION OF SCHEDULED BANK ADVANCES BY SECTORS, 1951-1961

sl. no.	sector	amount of bank advances						change (±) of bank advances in 1961 over 1951	
		(Rs. crores)			percentage of total amount				
		1951	1955	1961	1951	1955	1961	amount (Rs. crores)	percentage of total increase
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	industry . .	208·6	241·2	685·6	36	38	52	477·0	66·0
2.	commerce .	294·5	292·3	475·5	50	46	36	181·0	25·1
3.	agriculture .	15·9	12·5	7·6	3	2	1	(—)8·3	(—)1·1
4.	personal and professional .	39·6	54·8	98·9	7	9	8	59·3	8·2
5.	others . .	25·6	34·6	38·5	4	5	3	12·9	1·8
6.	total . . .	584·2	635·4	1306·1	100	100	100	721·9	100·0

SOURCE: (1) "Some Aspects of Industrial Finance in India" by George Rosen
(2) Reserve Bank of India Bulletin (October, 1961)

TABLE (4· 5) : DISTRIBUTION OF BANK ADVANCES BY SUB-SECTORS OF INDUSTRIAL SECTOR, 1951—1961

sl. no.	sub-sector	amount of bank advances (Rs. crores) 1951	1955	1961	p.c. of total amount 1951	1955	1961	change (±) of bank advances in 1961 over 1951: amount (Rs. crores)	p.c. of total increase
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	cotton processing	55.8	68·7	145·1	27	29	21	89·4	18·7
2.	jute	31·2	10·7	32·1	15	4	4	0·9	0·2
3.	other textiles	15·1	16·1	20·0	7	7	3	4·9	1·0
4.	iron and steel	5·9	5·7	33·9	3	2	5	28·0	5·9
5.	coal and other mining	3·6	5·0	12·6	2	2	2	9·0	1·9
6.	engineering	11·9	24·1	109·6	6	10	16	97·7	20·5
7.	sugar	29·0	45·8	100·8	14	19	15	71·8	15·1
8.	cement	0·7	2·0	18·5	—	1	3	17·8	3·7
9.	public utilities	3·0	7·1	26·6	1	3	4	23.6	5·0
10.	vegetable oils	—	9·8	27·4	—	4	4	27·4	5·7
11.	chemicals	52·5	8·1	33·0	25	3	5	(—)19·5	(—)4·1
12.	others	—	38·2	126·0	—	16	18	126·0	26·4
13.	total of industrial sector	208·6	241·2	685·6	100	100	100	477·0	100·0

SOURCE : (1) "Some Aspects of Industrial Finance in India" by George Rosen

(2) Reserve Bank of India Bulletin (October, 1961)

TABLE (4·6) : CAPITAL AND LIABILITIES OF PUBLIC AND SELECTED PRIVATE LIMITED COMPANIES WITH SPECIAL REFERENCE TO BORROWINGS FROM BANKS, 1960

sl. no.	size class of paid-up capital (Rs. lakhs)	number of companies	total paid-up capital (Rs. lakhs)	reserves and surplus (Rs. lakhs)	taxation provision (Rs. lakhs)	trade dues and other current and non-current liabilities (Rs. lakhs)	total borrowings (Rs. lakhs)	borrowings from banks (Rs. lakhs)	total capital and liabilities (Rs. lakhs)	percentage of borrowings from banks to total borrowings	percentage of total capital and liabilities: borrowings from banks	percentage of total capital and liabilities: total borrowings
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	public limited companies											
1.	less than 5	1017	2167	712	463	1842	2502	919	7686	36·7	12·0	32·6
2.	5—10	339	2627	2112	884	2369	2851	1453	10844	51·0	13·4	26·3
3.	10—25	450	7512	4625	2065	7180	9933	6033	31313	60·7	19·3	31·7
4.	25—50	260	9505	6621	2470	8380	12091	7770	39069	64·3	19·9	30·9
5.	50—100	166	12212	7959	3021	10033	12553	8307	45780	66·2	18·1	27·4
6.	above 100 . . .	118	40070	27212	7451	23780	35695	13972	134208	39·1	10·4	26·6
7.	above 5	1333	71926	48531	15891	51744	73121	37535	261213	51·3	14·4	28·0
8.	all classes . . .	2350	74093	49243	16354	53586	75623	34299	245077	45·4	14·0	30·9
	selected private limited companies											
9.	above 5	333	7566	4147	2747	8955	8249	4754	31663	57·6	15·0	26·1

NOTES : 1. Companies included close their annual accounts from July of that year to June of next year

2. In some cases totals do not tally due to rounding differences

SOURCE : 'Financing of limited companies', Reserve Bank of India Bulletins (June, 1963 and October and December, 1962)

TABLE (4·7) : SOURCES OF FINANCE AND USE OF FUNDS—TEN COMPLEXES—CHANGE BETWEEN 1951 AND 1958 (Rs. LAKHS) PUBLIC COMPANIES EXCLUDING BANKS AND INSURANCE

sl. no.	complexes (public companies excluding banks and insurance)	sources						uses						
		paid-up share capital	free reserves	depre-ciation	loans	other liabilities	gross total liabilities	net fixed assets	depre-ciation	invest-ments	inven-tory	receiv-ables and cash	other assets	gross total assets
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Andrew Yule	—14	—19	207	—103	—145	—74	75	207	64	—218	—109	—93	—74
2.	Bangur	1077	367	1521	1440	1138	5543	1617	1521	322	1147	777	158	5543
3.	Bird Heilger	26	168	97	241	143	675	595	97	23	72	—6	—110	675
4.	Birla	2711	700	2456	2234	1356	9457	4036	2456	84	2253	511	116	9457
5.	Dalmia-Sahu-Jain	519	70	914	1093	987	3583	2514	914	170	722	—755	17	3583
6.	J. K.	403	224	580	436	575	2220	536	580	22	502	266	314	2220
7.	Martin Burn	547	1656	—292	2207	2746	6865	3092	—292	117	1529	2293	127	6865
8.	Shri Ram	170	195	593	605	253	1817	357	593	37	513	315	3	1817
9.	Tata	3735	1403	2795	9879	5359	23170	14089	2795	295	4160	1758	75	23170
10.	Thapar	337	67	553	763	639	2359	560	553	210	453	462	121	2359
	ten complexes													
11.	gross total : Rs. lakhs	9511	4831	9426	18795	13052	55614	27471	9426	1349	11134	5512	724	55614
12.	gross total : percentage	17·1	8·7	16·9	33·8	23·5	100·0	49·4	17·0	2·4	20·0	9·9	1·3	100·0
13.	net total : Rs. lakhs [1]	9210	4576	8743	18665	12601	53794	26928	8743	1334	10933	5160	697	53794
14.	net total: percentage [1]	17·1	8·5	16·2	34·8	23·4	100·0	50·1	16·2	2·5	20·3	9·6	1·3	100·0
	top four complexes [2]													
15.	gross total : Rs. lakh	7512	3829	5873	15413	10448	43075	23731	5873	666	8664	3807	335	43075
16.	gross total: percentage	17·4	8·9	13·6	35·8	24·3	100·0	55·1	13·6	1·5	20·1	8·8	0·8	100·0

[1] Net of companies counted more than once

[2] Tata, Birla, Martin Burn, Dalmia Sahu Jain

NOTE : Slight differences in totals are due to roundings

SOURCE : 'Ownership and control of companies 1951 and 1958 with special reference to changes in concentration of economic power' (third interim report) and supplementary data (mimeographed), R. K. Hazari

TABLE (4·8) : STRUCTURE OF LIABILITIES FOR TEN SELECTED COMPLEXES IN 1951 AND 1958 (PUBLIC COMPANIES EXCLUDING BANKS AND INSURANCE)

(percentages)

sl. no.	complexes	paid-up share capital		free reserves		loans		other liabilities		total net liabilities	
		1951	1958	1951	1958	1951	1958	1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Andrew Yule	34·5	37·2	28·1	30·1	10·8	8·4	26·6	24·3	100·0	100·0
2.	Bangur	36·5	29·8	34·3	16·9	21·8	31·5	7·4	21·9	100·0	100·0
3.	Bird Heilger	30·2	26·5	17·7	19·3	13·8	17·8	38·3	36·4	100·0	100·0
4.	Birla	35·2	36·6	26·4	19·6	16·4	22·8	22·0	20·9	100·0	100·0
5.	Dalmia-Sahu-Jain	34·2	29·2	14·8	10·6	34·7	36·8	16·3	23·4	100·0	100·0
6.	J. K.	36·7	30·0	13·5	13·6	39·2	32·2	10·6	24·2	100·0	100·0
7.	Martin Burn	34·6	17·6	13·1	19·4	20·2	26·9	32·1	36·0	100·0	100·0
8.	Shri Ram	32·1	23·3	13·7	14·8	31·8	40·3	22·4	21·6	100·0	100·0
9.	Tata	38·9	26·8	20·9	12·7	14·5	34·4	25·6	26·0	100·0	100·0
10.	Thapar	33·9	25·7	10·5	6·9	27·6	35·4	28·0	31·9	100·0	100·0
11.	gross total of ten complexes . .	35·7	28·2	20·7	15·6	19·3	29·9	24·3	26·3	100·0	100·0
12.	net total of ten complexes . . .	35·8	28·1	20·6	15·4	19·3	30·3	24·3	26·1	100·0	100·0

SOURCE : as in Table (4·7)

TABLE (4·9) : STRUCTURE OF ASSETS FOR TEN SELECTED COMPLEXES IN 1951 AND 1958
(PUBLIC COMPANIES EXCLUDING BANKS AND INSURANCE)

(percentages)

sl. no.	complexes	net fixed assets		investments		inventory		receivables and cash		other assets		total net assets	
		1951	1958	1951	1958	1951	1958	1951	1958	1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	Andrew Yule .	30·2	35·5	12·2	15·4	28·2	23·6	26·3	25·1	3·2	0·4	100·0	100·0
2.	Bangur . .	19·4	33·8	24·4	13·1	21·1	26·2	33·7	23·7	1·4	3·2	100·0	100·0
3.	Bird Heilger .	23·1	34·5	11·6	10·7	23·2	21·6	26·9	22·9	15·2	10·3	100·0	100·0
4.	Birla . . .	23·2	37·5	21·5	13·1	27·5	29·4	24·5	17·4	3·3	2·6	100·0	100·0
5.	Dalmia-Sahu-Jain	22·4	46·9	12·7	10·6	17·1	20·5	45·4	20·1	2·4	1·8	100·0	100·0
6.	J. K. . .	23·8	28·7	29·4	13·8	26·9	28·9	18·3	17·2	1·5	11·3	100·0	100·0
7.	Martin Burn .	42·7	43·0	8·1	4·0	23·3	22·1	24·5	29·3	1·4	1·6	100·0	100·0
8.	Shri Ram . .	38·3	33·9	0·4	1·7	46·2	44·1	14·1	19·7	0·9	0·6	100·0	100·0
9.	Tata . . .	39·0	56·6	8·8	4·5	28·9	23·9	21·8	14·1	1·5	0·8	100·0	100·0
10.	Thapar . .	27·1	29·2	13·4	12·5	20·4	22·9	34·1	29·5	5·0	5·9	100·0	100·0
11.	gross total of ten complexes .	30·7	45·0	13·5	8·2	26·1	25·1	26·5	19·2	3·2	2·4	100·0	100·0
12.	net total of ten complexes .	30·7	45·1	13·6	8·3	25·9	25·1	26·5	19·0	3·2	2·4	100·0	100·0

SOURCE: as in Table (4·7)

TABLE (4·10) : SHARE OF TWENTY GROUPS IN CORPORATE PRIVATE CAPITAL (PUBLIC AND PRIVATE COMPANIES)

(Rs. crores)

sl. no.	group	inner circle of the group					complex circle of the group				
		share capital		net fixed assets	net capital stock	gross capital stock	share capital		net fixed assets	net capital stock	gross capital stock
		1951	1958	1958	1958	1958	1951	1958	1958	1958	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Andrew Yule	13·34	10·92	10·71	16·60	29·21	14·64	12·37	11·22	18·57	31·67
2.	Bangur	7·91	15·57	14·48	26·54	34·53	8·67	19·69	20·50	36·13	53·13
3.	Bird Heilger	11·85	12·07	13·59	22·53	36·81	12·23	12·96	14·25	23·50	38·38
4.	Birla	39·07	65·45	63·76	112·87	149·91	40·10	68·53[1]	66·41[1]	118·49[1]	157·63[1]
5.	Dalmia-Sahu-Jain	23·71	27·67	38·63	55·11	72·84	25·29	28·51	39·81	57·48	75·67
6.	Indra Singh	1·94	1·80	2·39	4·41	7·77	1·94	1·97	2·54	4·70	8·16
7.	J. K.	7·76	10·05	9·06	16·80	23·93	9·13	11·80	10·90	21·32	30·71
8.	Kasturbhai	2·75	4·99	7·43	13·06	19·81	2·80	7·03	9 05	14·98	21·91
9.	Khatau	1·07	1·41	1·02	2·82	5·25	16·50	26·10	28·20	57·79	76·45
10.	Kirloskar	0·84	1·36	1·41	3·93	5·46	0·85	1·67	1·67	6·56	8·11
11.	Mafatlal	4·55	6·05	6·20	11·46	19·85	6·55	21·54	34·90	46·23	66·38
12.	Mahindra	0·80	2·83	2·13	6·74	7·44	0·80	3·17	2·20	7·72	8·43
13.	Martin Burn	14·50	19·42	48·29	72·95	89·90	14·88	20·05	48·81	74·38	91·87
14.	Ramakrishna	1·05	1·86	5·39	8·19	9·55	1·20	2·18	6·00	9·13	10·74
15.	Seshasayee	1·65	2·67	2·67	4·25	6·63	2·49[1]	2·67[1]	2·67[1]	4·25[1]	6·63[1]
16.	Shapoorji	1·17	2·91	2·50	11·18	13·51	13·60	27·60	32·47	62·19	83·06
17.	Shri Ram	4·29	6·21	8·50	19·82	28·79	4·68	6·45	8·76	20·49	29·69
18.	Tata	42·90	74·56	163·81	223·41	290·81	66·83[1]	108·23	201·13	292·93	388·72
19.	Thapar	6·04	10·81	10·47	19·60	27·25	6·63[1]	12·08	11·67	22·37	30·74
20.	Walchand	4·82	4·93	3·73	12·63	16·37	15·76	19·88[1]	31·14[1]	48·39[1]	61·66[1]
21.	total of twenty groups	192·01	283·54	416·17	664·90	895·62	265·57	414·48	584·30	947·60	1279·74
22.	,, : less overlap						29·38	62·21	83·26	133·74	179·68
23.	,, : complexes-net						236·19	352·27	501·04	813·86	1102·06
24.	total of thirteen largest groups	183·49	268·70	398·66	623·38	840·01	228·19	349·12	508·55	795·26	1078·16
25.	,, : less overlap						2·30	17·17	32·02	38·02	54·71
26.	,, : complexes-net						225·89	331·95	476·53	757·24	1023·45
27.	all non-government companies	810·00	1086·00	1353·00	2349·00	3204·00	810·00	1086·00	1353·00	2349·00	3204·00

[1] Excluding government companies.

SOURCE: "The Structure of the Corporate Private Sector-A study of Concentration, Ownership and Control" Report to the Government of India, Research Programmes Committee, Planning Commission, by Dr. R. K. Hazari, assisted by Shri A. N. Oza and others (1963)

TABLE (4·11): SHARE OF TWENTY GROUPS IN CORPORATE PRIVATE CAPITAL (PUBLIC AND PRIVATE COMPANIES)

(percentages)

sl. no.	group	inner circle of the group: share capital 1951	inner circle: share capital 1958	inner circle: net fixed assets 1958	inner circle: net capital stock 1958	inner circle: gross capital stock 1958	complex circle of the group: share capital 1958	complex circle: share capital 1958	complex circle: net fixed assets 1958	complex circle: net capital stock 1958	complex circle: gross capital stock 1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Andrew Yule	1·65	1·00	0·79	0·71	0·91	1·81	1·14	0·83	0·79	0·99
2.	Bangur	0·98	1·43	1·07	1·13	1·08	1·07	1·81	1·52	1·54	1·66
3.	Bird Heilger	1·46	1·11	1·00	0·96	1·15	1·51	1·19	1·05	1·00	1·20
4.	Birla	4·82	6·03	4·71	4·81	4·68	4·95	6·31[1]	4·91[1]	5·04[1]	4·92[1]
5.	Dalmia-Sahu-Jain	2·93	2·55	2·86	2·35	2·27	3·12	2·63	2·94	2·45	2·36
6.	Indra Singh	0·24	0·17	0·18	0·19	0·24	0·24	0·18	0·19	0·20	0·25
7.	J. K.	0·96	0·93	0·67	0·72	0·75	1·13	1·09	0·81	0·91	0·96
8.	Kasturbhai	0·34	0·46	0·55	0·56	0·62	0·35	0·65	0·67	0·64	0·68
9.	Khatau	0·13	0·13	0·08	0·12	0·16	2·04	2·40	2·08	2·46	2·39
10.	Kirloskar	0·10	0·13	0·10	0·17	0·17	0·10	0·15	0·12	0·28	0·25
11.	Mafatlal	0·56	0·56	0·46	0·49	0·62	0·81	1·98	2·58	1·97	2·07
12.	Mahindra	0·10	0·26	0·16	0·29	0·23	0·10	0·29	0·16	0·33	0·26
13.	Martin Burn	1·79	1·79	3·56	3·11	2·81	1·84	1·85	3·61	3·17	2·87
14.	Ramakrishna	0·13	0·17	0·40	0·35	0·30	0·15	0·20	0·44	0·39	0·34
15.	Seshasayee	0·20	0·25	0·20	0·18	0·21	0·31[1]	0·25[1]	0·20[1]	0·18[1]	0·21[1]
16.	Shapoorji	0.14	0·27	0·18	0·48	0·42	1·68	2·54	2·40	2·65	2·59
17.	Shri Ram	0·53	0·57	0·63	0·84	0·90	0·58	0·59	0·65	0·87	0·93
18.	Tata	5·30	6·87	12·11	9·51	9·08	8·25[1]	9·97	14·87	12·47	12·13
19.	Thapar	0·75	1·00	0.77	0·83	0·85	0·82[1]	1·11	0·86	0·95	0·96
20.	Walchand	0·60	0·45	0·28	0.54	0·51	1·95	1·83[1]	2·30[1]	2·06[1]	1·92[1]
21.	total of twenty groups	23·70	26·11	30·76	28·31	27·95	32·79	38·17	43·19	40·34	39·94
22.	„ : less overlap						3·63	5·73	6·15	5·69	5·52
23.	„ : complexes—net						29·16	32·44	37·03	34·65	34·33
24.	total of thirteen largest groups	22.65	24·74	29·46	26·54	26·22	28·17	32·15	37·59	33·86	33·65
25.	„ : less overlap						0·28	1.58	2·37	1·62	1·71
26.	„ : complexes—net						27·89	30·57	35·22	32·24	31·94
27.	all non-government companies	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00

[1]Excluding government companies

SOURCE: "The Structure of the Corporate Private Sector—A Study of Concentration, Ownership and Control", Report to the Government of India. Research Programmes Committee, Planning Commission, by Dr. R. K. Hazari, assisted by Shri A. N. Oza and others (1963)

TABLE (4·12): SHARE CAPITAL AND PHYSICAL ASSETS (RS. CRORES) OF TWENTY GROUPS (PUBLIC COMPANIES ONLY)

sl. no.	group	circle	share capital 1951	share capital 1958	net fixed assets 1951	net fixed assets 1958	net capital stock 1951	net capital stock 1958	gross capital stock 1951	gross capital stock 1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Andrew Yule	inner	10·38	9·96	8·81	10·29	15·45	15·97	24·13	28·53
2.		outer	1·15	1·45	1·22	0·51	3·91	1·97	6·21	2·46
3.		complex	11·53	11·41	10·03	10·80	19·36	17·94	30·34	30·99
4.	Bangur	inner	6·46	13·82	2·94	14·08	6·64	25·75	8·24	33·66
5.		outer	0·34	3·73	0·59	5·56	0·68	9·13	0·82	18·14
6.		complex	6·80	17·55	3·53	19·64	7·32	34·88	9·06	51·80
7.	Bird Heilger	inner	10·36	10·38	7·91	13·47	15·82	21·91	29·42	35·95
8.		outer	0·15	0·29	0·05	0·45	0·14	0·72	0·19	1·30
9.		complex	10·51	10·67	7·96	13·92	15·96	22·63	29·61	37·25
10.	Birla	inner	36·75	61·26	23·28	61·15	49·34	107·41	62·55	143·44
11.		outer	0·99	3·01[1]	0·95	2·64[1]	2·07	5·51[1]	2·70	7·63[1]
12.		complex	37·74	64·27	24·23	63·79	51·41	112·92	65·25	151·07
13.	Dalmia-Sahu-Jain	inner	20·14	24·58	13·77	38·13	22.21	54·11	29·70	71·58
14.		outer	1·51	0·63	0·55	1·00	0·89	1·58	1·48	1·78
15.		complex	21·65	25·21	14·32	39·13	23·10	55·69	31·18	73·36
16.	Indra Singh	inner	1·55	1·39	1·38	2·21	2·22	4·13	3·66	7·30
17.		outer	—	0·17	—	0·15	—	0·29	—	0·39
18.		complex	1·55	1·56	1·38	2·36	2·22	4·42	3·66	7·69
19.	J. K.	inner	6·28	8·98	3·88	7·43	7·46	14·04	9·55	20·05
20.		outer	0·77	1·35	0·45	1·32	0·53	3·33	0·59	5·11
21.		complex	7·05	10·33	4·33	8·75	7·99	17·37	10·14	25·16
22.	Kasturbhai	inner	2·73	4·97	2·95	7·43	7·41	13·05	10·04	19·79
23.		outer	0·05	0·03	—	0·02	—	0·02	—	0·02
24.		complex	2·78	5·00	2·95	7·45	7·41	13·07	10·04	19·81
25.	Khatau	inner	0·70	0·90	0·43	0·93	2·31	2·65	3·69	5·05
26.		outer	13·87	21·96	11·01	25·80	18·85	48·24	26·05	63·33
27.		complex	14·57	22·86	11·44	26·73	21·16	50·89	29·74	68·38
28.	Kirloskar	inner	0·81	1·30	0·64	1·38	1·62	3·86	2·26	5·35
29.		outer	0·01	0·01	negl.	0·01	0·01	0·01	0·01	0·01
30.		complex	0·82	1·31	0·64	1·39	1·63	3·87	2·27	5·36

contd.

TABLE (4·12)—*concld.*

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
31.	Mafatlal	inner	3·07	3·89	2·75	4·92	6·93	9·35	11·02	16·63
32.		outer	1·95	14·27	1·23	26·54	4·06	32·15	5.75	43·38
33.		complex	5·02	18·16	3·98	31·46	10·99	41·50	16·77	60·01
34.	Mahindra	inner	0·57	2·68	0·86	2·06	0·97	6·54	1·05	7·19
35.		outer	—	0·13	—	0·06	—	0·17	—	0·17
36.		complex	0·57	2·81	0·86	2·12	0·97	6·71	1·05	7·36
37.	Martin Burn	inner	4·09	19·42	17·22	48·29	26·97	72·95	39·25	89·90
38.		outer	0.38	0·52	0·65	0·50	0·67	0·91	0·92	1·38
39.		complex	14·47	19·94	17·87	48·79	27·64	73·86	40·17	91·28
40.	Ramakrishna	inner	0·98	1·69	0·97	5·19	2·01	7·92	2·34	9·27
41.		outer	0·10	0·30	0·02	0·60	0·11	0·93	0·11	1·17
42.		complex	1·08	1·99	0·99	5·79	2·12	8·85	2·45	10·44
43.	Seshasayee	inner	1·42	2·41	1·79	2·48	2·32	4·01	2·83	6·36
44.		outer	0·52	—	0·42	—	1·14	—	1·85	—
45.		complex	1·94	2·41	2·21	2·48	3·46	4·01	4·68	6·36
46.	Shapoorji	inner	0·28	2·01	0·03	1·09	0·03	3·38	0·03	5·49
47.		outer	11·81	22·14	9·88	28·72	15·97	47·22	22·56	64·81
48.		complex	12·09	24·15	9·91	29·81	16·00	50·60	22·59	70·30
49.	Shri Ram	inner	3·79	5·63	4·02	8·29	9·85	19·02	13·02	27·98
50.		outer	0·39	0·24	0·96	0·26	1·13	0·66	1·24	0·90
51.		complex	4·18	5·87	4·98	8·55	10·98	19·68	14·26	28·88
52.	Tata	inner	34·88	65·60	39·24	161·60	64·95	220·47	105·23	287·22
53.		outer	20·38[1]	28·42	15·07	34·56	28·77[1]	58·86	46·37[1]	83·50
54.		complex	55·26	94·02	54·31	196·16	93·72	279·33	151·60	370·72
55.	Thapar	inner	5·32	9·06	3·50	9·94	6·68	17·68	8·60	25·15
56.		outer	0·02[1]	—	0·02[1]	—	0·03[1]	—	0·03[1]	—
57.		complex	5·34	9·06	3·52	9·94	6·71	17·68	8·63	25·15
58.	Walchand	inner	4·63	4·67	2·59	3·70	6·87	12·60	9·14	16·32
59.		outer	10·65[1]	13·78	15·42[1]	25·21	19·02[1]	32·71	24·45[1]	41·68
60.		complex	15·28	18·45	18·01	28·91	25·89	45·31	33·59	58·00
61.	total	inner	165·19	254·60	138·96	404·06	258·06	636·80	375·75	862·21
62.		outer	65·04	112·43	58·49	153·91	97·98	244·41	141·33	337·16
63.		complex (gross)	230·23	367·03	197·45	557·97	356·04	881·21	517·08	1199·37
64.	less overlap		27·54	56·74	21·99	79·15	38·58	121·76	54·51	165·55
65.	total	complex (net)	202·69	310·29	175·46	478·82	317·46	759·45	462·57	1033·82

[1]Excluding Government companies.

SOURCE: "The Structure of the Corporate Private Sector—A study of Consentration, Ownership and Control", Report to the Government of India, Research Programmes Committee, Planning Commission, by Dr. R. K. Hazari, assisted by A. N. Oza and others (1963)

TABLE (4·13) : SHARE OF TWENTY GROUPS IN CORPORATE PRIVATE CAPITAL (PUBLIC COMPANIES ONLY)

(percentages)

sl. no.	group	circle	share capital		net fixed assets		net capital stock		gross capital stock	
			1951	1958	1951	1958	1951	1958	1951	1958
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Andrew Yule	inner	1·76	1·30	1.90	0·86	1·58	0·82	1·73	1·07
2.		complex	1·95	1·49	2·16	0·90	1·98	0·92	2·17	1·16
3.	Bangur	inner	1·09	1·81	0·63	1·17	0·68	1·32	0·60	1·26
4.		complex	1·15	2·29	0·76	1·64	0·75	1·78	0·65	1·94
5.	Bird Heilger	inner	1·75	1·36	1·70	1·12	1·62	1·12	2·11	1·34
6.		complex	1·78	1·39	1·72	1·16	1·64	1·16	2·12	1·39
7.	Birla	inner	6·22	8·01	5·02	5·10	5·06	5·49	4·48	5·36
8.		complex	6·39	8·40	5·22	5·32	5·27	5·77	4·67	5·65
9.	Dalmia-Sahu-Jain	inner	3·41	3·21	2·97	3·18	2·28	2·77	2·12	2·68
10.		complex	3·66	3.30	3·09	3·26	2·37	2·85	2·23	2·74
11.	Indra Singh	inner	0·26	0·18	0·30	0·18	0·23	0·21	0·26	0·27
12.		complex	0·26	0·20	0·30	0·20	0·23	0·23	0·26	0·29
13.	J. K.	inner	1·06	1·17	0·84	0·62	0·76	0·72	0·68	0·75
14.		complex	1·19	1·35	0·93	0·73	0·82	0·89	0·73	0·94
15.	Kasturbhai	inner	0·46	0·65	0 64	0·62	0·76	0·67	0·72	0·74
16.		complex	0·47	0·65	0·64	0·62	0·76	0·67	0·72	0·74
17.	Khatau	inner	0·12	0·12	0·09	0·08	0·23	0·14	0·26	0·19
18.		complex	2·47	2·99	2·47	2·23	2·17	2·60	2·13	2·56
19.	Kirloskar	inner	0·14	0·17	0·14	0·12	0·17	0·20	0·16	0·20
20.		complex	0·14	0·17	0·14	0·12	0·17	0·20	0·16	0·20
21.	Mafatlal	inner	0·52	0·51	0·59	0·41	0·71	0·48	0·79	0·62
22.		complex	0·85	2·37	0·86	2·62	1·13	2·12	1·20	2·24
23.	Mahindra	inner	0·10	0·35	0·18	0·17	0·10	0·33	0·08	0·27
24.		complex	0·10	0·37	0·18	0·18	0·10	0·34	0·08	0·28
25.	Martin Burn	inner	2·38	2·54	3·71	4·02	2·76	3·72	2·81	3·36
26.		complex	2·45	2·61	3·85	4·07	2·83	3·78	2·88	3·41

contd.

TABLE (4·13)—*concld.*

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
27.	Ramakrishna . . .	inner	0·17	0·22	0·21	0·43	0·21	0·40	0·17	0·35
28.		complex	0·18	0·26	0·21	0·48	0·22	0·45	0·18	0·39
29.	Seshasayee . . .	inner	0·24	0·31	0·39	0·21	0·23	0·21	0·20	0·24
30.		complex	0·33	0·31	0·48	0·21	0·35	0·21	0·34	0·24
31.	Shapoorji	inner	0·05	0·26	negl.	0·09	negl.	0·17	negl.	0·21
32.		complex	2·05	3·16	2·14	2·48	1·64	2·59	1·62	2·63
33.	Shri Ram	inner	0·64	0·74	0·87	0·69	1·01	0·97	0·93	1·05
34.		complex	0·71	0·77	1·07	0·71	1·12	1·01	1·02	1·08
35.	Tata	inner	5·90	8·58	8·46	13·47	6·65	11·27	7·54	10·74
36.		complex	9·35	12·29	11·70	16·35	9·60	14·28	10·86	13·86
37.	Thapar	inner	0·90	1·18	0·75	0·83	0·68	0·90	0·62	0·94
38.		complex	0·90	1·18	0·76	0·83	0·69	0·90	0·62	0·94
39.	Walchand	inner	0·78	0·61	0·56	0·31	0·70	0·64	0·65	0·61
40.		complex	2·59	2·41	3·88	2·41	2·65	2·32	2·41	2·17
41.	twenty groups : total . .	inner	27·95	33·28	29·95	33·67	26.44	32.56	26.92	32·23
42.		complex (gross) . . .	38·97	47·96	42·56	46·50	36·48	45.05	37.05	44·85
43.	less overlap	. . . .	4·67	7·40	4·75	6·60	3·95	6·22	3·91	6·20
44.	. . . .	complex (net)	34·30	40·56	37·81	39·90	32·53	38·83	33·14	38·65
45.	thirteen largest groups : .	inner	26·78	31·67	28·64	32·40	25·25	30·89	25·78	30·52
46.	total	complex (gross) . . .	33·44	40·50	36·64	40·62	31·61	38·45	32·28	38·26
47.	less overlap		0·35	2·09	0·33	2·49	0·44	1·79	0·59	1·91
48.	. . . .	complex (net)	33·09	38·41	36·31	38·13	31·17	36·66	31·69	36·35
49.	all non-govt. public companies	p.c.	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00
50.	all non-government public companies.	Rs. crores	591	765	464	1200	976	1956	1396	2675

SOURCE : "Structure of the Corporate Private Sector—A Study of Concentration, Ownership and Control", Report to the Government of India, Research Programmes Committee, Planning Commission by Dr. R. K. Hazari, assisted by Shri A. N. Oza and others (1963)

TABLE (4·14) : NUMBER OF MANAGING AGENTS, MANAGED COMPANIES AND SUBSIDIARY/HOLDING COMPANIES AND PAID-UP CAPITAL THEREOF (Rs. LAKHS) FOR TWENTY FIVE LEADING BUSINESS HOUSES, 1960-61

sl. no.	name of business house	managing agents/secretaries and treasurers		managed companies		subsidiary/holding companies		total	
		no.	paid-up capital (Rs. lakhs)	no.	paid-up capital (Rs. lakhs)	no.	paid-up capital (Rs. lakhs)	no.	paid-up capital (Rs. lakhs)
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Tata	5	454	22	7146	15	846	42	8446
2	Birla	5	140	45	5531	21	244	71	5915
3	Martin Burn	1	207	20	1944	—	—	21	2151
4	Killick	1	100	7	1349	4	19	12	1468
5	Sahu-Jain	1	5	7	1343	—	—	8	1348
6	Bangur-Somani	6	125	17	738	6	359	29	1222
7	Andrew Yule	1	180	28	770	4	234	33	1184
8	Walchand	2	21	9	1112	3	5	14	1138
9	Bird Heilger	2	110	22	899	29	43	53	1052
10	Thapar	2	258	24	695	1	27	27	980
11	Goenka (Ramdutt Ramkrisendas, Duncan and Octavias)	3	195	39	677	3	19	45	891
12	Mafatlal	5	6	6	579	4	183	15	768
13	Imperial Chemical Industries	—	—	—	—	3	741	3	741
14	Chinai	2	6	2	734	—	—	4	740
15	Dalmia (Jaydayal)	3	5	5	733	—	—	8	738
16	Macneill and Barry	1	250	26	378	8	106	35	734
17	Surajmull Nagurmull	5	143	39	575	2	8	46	726
18	Jardine Henderson	1	250	10	355	6	94	17	699
19	Shri Ram	5	50	5	575	—	—	10	625
20	B. T. C.	1	406	6	173	2	40	9	619
21	Juggilal Kamlapat (J. K.)	4	33	11	567	1	2	16	602
22	Nowrosjee Wadia & W. H. Brady	2	75	11	484	—	—	13	559
23	Kasturbhai Lalbhai	8	—	9	524	2	2	19	526
24	Sheshasayee	4	5	8	454	—	—	12	459
25	Shaw Wallace	2	150	11	246	8	58	21	454
26	total	72	3174	389	28581	122	3030	583	34785

NOTE : Paid-up capital taken from Annual Accounts with closing dates July 1960 and 30 June 1961

SOURCE : Department of Company Law Administration

TABLE(4·15) : DISTRIBUTION OF NUMBER OF LEADING BUSINESS HOUSES BY PAID-UP CAPITAL AND BY NUMBER OF MANAGED COMPANIES[1] 1960-61

sl. no.	classes in no. of managed companies	classes in paid-up capital (Rs. crores) of managed companies: less than 1	1—2	2—5	5—10	10—15	15—25	25—40	40—55	55—75	total no. of business houses	names of the business-houses managing more than 26 companies
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	up to 5 . .	—	—	—	3	—	—	—	—	—	3	
2.	6—10 . .	—	1	2	2	3	—	—	—	—	8	
3.	11—15 . .	—	—	2	1	—	—	—	—	—	3	
4.	16—20 . .	—	—	—	1	—	1	—	—	—	2	
5.	21—25 . .	—	—	—	2	—	—	—	—	1	3	
6.	26—30 . .	—	—	1	1	—	—	—	—	—	2	(i) Macneill & Barry (ii) Andrew Yule
7.	31—35 . .	—	—	—	—	—	—	—	—	—	—	
8.	36—40 . .	—	—	—	2	—	—	—	—	—	2	(i) Surajmull Nagurmull (ii) Goenka (Ramdutt Ramkrisendas Duncan & Octavias)
9.	41—45 . .	—	—	—	—	—	—	—	—	1	1	(i) Birla
10.	total . .	—	1	5	12	3	1	—	—	2	24	

[1]Excluding subsidiaries and holdings

SOURCE : Department of Company Law Administration

TABLE (4·16): DISTRIBUTION OF DIRECTORS BY NUMBER OF DIRECTORSHIPS HELD IN 1956-57

sl. no.	number of directorships held by a director	persons holding the directorships		total directorships held	
		number	percentage of total number	number	percentage of total number
(0)	(1)	(2)	(3)	(4)	(5)
1.	1 . .	399	26.6	399	4.0
2.	2 . .	168	11.2	336	3.4
3.	3 . .	139	9.2	417	4.3
4.	4 . .	108	7.2	432	4.4
5.	5 . .	80	5.3	400	4.1
6.	6 . .	71	4.7	426	4.4
7.	7 . .	65	4.3	455	4.6
8.	8 . .	67	4.5	536	5.5
9.	9 . .	49	3.3	441	4.5
10.	10 . .	52	3.5	520	5.3
11.	11 . .	33	2.2	363	3.7
12.	12 . .	32	2.1	384	3.9
13.	13 . .	26	1.7	338	3.5
14.	14 . .	23	1.5	322	3.3
15.	15 . .	19	1.3	285	2.9
16.	16 . .	21	1.4	336	3.4
17.	17 . .	17	1.1	289	3.0
18.	18 . .	13	0.9	234	2.4
19.	19 . .	15	1.0	285	2.9
20.	20 . .	18	1.2	360	3.7
21.	21 to 40	87	5.8	2227	22.8
22.	total .	1502	100.0	9785	100 0

NOTE : All-India covering 331 big companies having paid up capital of Rs. 50 lakhs or above each.

SOURCE : 'All India survey of company directorships pertaining to big-sized companies' by R. K. Nigam and N. D. Joshi (mimeographed)

TABLE (4.17): COMMON DIRECTORSHIPS AMONG 282 LARGE-SIZED PUBLIC NON-GOVERNMENT COMPANIES, 1959-60

sl. no.	number of directorships	number of directors holding directorship[1]
(0)	(1)	(2)
1.	1 industrial house	892
2.	2—4 industrial houses	215
3.	5—7 industrial houses	37
4.	8—10 industrial houses	11
5.	11 or more industrial houses	3
6.	total	1,158

[1]Before adjustment for repetition of individual directors

SOURCE : Paper prepared by Central Statistical Organisation (unpublished)

TABLE (4·18): LIST OF GOVERNMENT COMPANIES HAVING NON-OFFICIALS ON THE BOARD AND NUMBER OF DIRECTORS BY TYPE, 1961

sl. no.	name of company	number of directors: official	non-official: total	non-official: with directorships in non-govt. companies	non-official: without directorships in non-govt. companies	total
(0)	(1)	(2)	(3)	(4)	(5)	(6)
1.	Export Risks Insurance Corporation	5	4	4	—	9
2.	Fertilizer Corporation of India	7	3	2	1	10
3.	Film Finance Corporation	4	4	1	3	8
4.	Garden Reach Workshops	7	2	1	1	9
5.	Hindustan Antibiotics	8	3	—	3	11
6.	Hindustan Cables	9	1	—	1	10
7.	Hindustan Insecticides	6	5	1	4	11
8.	Hindustan Machine Tools	7	1	—	1	18
9.	Hindustan Photo Films Manufacturing Co.	7	3	2	1	10
10.	Hindustan Salts	3	3	2	1	6
11.	Hindustan Shipyard	5	3	..	..	8
12.	Hindustan Steel	10	1	1	—	11
13.	Indian Drugs and Pharmaceuticals	9	5	3	2	14
14.	Indian Oil Company	7	3	1	2	10
15.	Indian Refineries	7	1	—	1	8
16.	Mazagon Dock	9	1	1	—	10
17.	Nahan Foundry	8	3	2	1	11
18.	National Coal Development Corporation	6	2	1	1	8
19.	National Industrial Development Corporation	7	8	6	2	15
20.	National Instruments	7	4	2	2	11
21.	National Mineral Development Corporation	8	1	—	1	9
22.	National Research Development Corporation of India,	7	4	4	—	11
23.	National Small Industries Corporation	6	1	—	1	7
24.	Neyveli Lignite Corporation	7	2	1	1	9
25.	Rehabilitation Industries Corporation	8	1	1	—	9
26.	Shipping Corporation of India	10	2	—	2	12
27.	Handicrafts and Handlooms Corporation of India	3	3	—	3	6
28.	Pyrites and Chemicals Development Co.	8	3	3	—	11
29.	Indian Rare Earths	7	1	1	—	8[1]
30.	National Projects Construction Corporation	12	1	..	..	13
31.	Ashoka Hotels	4	5	2	3	9
32.	Mogul Line	5	5	2	3	10
33.	Indian Telephone Industries	5	3[1]	2	1	8[1]
34.	National Newsprint & Paper Mills	8	3	2	1	11
35.	Praga Tools Corporation	5	2	1	1	7
36.	Hindustan Organic Chemicals	8	1[1]	1[1]	—	9[1]
37.	total	249	98	..	..	347

[1]Includnig one representative of foreign director and excluding alternate director

SOURCE: Department of Company Law Administration

TABLE (419) : LIST OF GOVERNMENT COMPANIES HAVING OFFICIAL DIRECTORS ONLY AND THE NUMBER OF DIRECTORS, 1961

sl. no.	name of the company	number of directors		
		total	with directorships in non-govt. companies	without directorships in non-govt. companies
(0)	(1)	(2)	(3)	(4)
1.	Bharat Electronics	9	—	9
2.	Heavy Electricals (India) . . .	6	1	5
3.	Heavy Engineering Corporation .	9	2	7
4.	Hindustan Housing Factosy . .	6	—	6
5.	Hindustan Teleprinters . . .	4	—	4
6.	National Buildings Construction Corporation	4	—	4
7.	Sirmur Land Produce Syndicate .	2	—	2
8.	State Trading Corporation of India .	11	3	8
9.	Hindustan Aircraft	9	1	8
10.	Travancore Minerals . . .	5	3	2
11.	Rehabilitation Housing Corporation	5	5	—
12.	Singareni Collieries . . .	7	2	5
13.	Kulu Valley Transports . . .	5	—	5
14.	total	82	17	65

SOURCE : Department of Company Law Administration

TABLE (4.20) : LIST OF FIRST FIVE CHAINS, GROUPS AND MULTIPLE UNITS IN NEWSPAPERS FOR THE YEAR 1961 (AS ON 31ST DECEMBER)

(I) CHAINS :

I. *Express Newspapers* (Total circulation 862,205)

(*a*) Express Newspapers Limited, Delhi

Chairman : Board of Directors—Ram Nath Goenka

Directors: Bhagwan Das Goenka, Pannalal Phumbha and A. N Sivaraman

Papers :

(*i*) Indian Express, Delhi (1953)
(*ii*) Sunday Standard, Delhi (1951)

(*b*) Indian Express Newspapers (Bombay) Limited

Chairman : Board of Directors—Shriyans Prasad Jain

Director : S. Rajagopalan

Papers :

(*i*) Indian Express, Bombay (1953)
(*ii*) Loksatta, Bombay (1948)
(*iii*) Sunday Standard, Bombay (1936)
(*iv*) Screen, Bombay (1950)
(*v*) Screen, Vijayawada 1959)
(*vi*) Screen, Madurai (1959)
(*vii*) Financial Express, Bombay (1961)
(*viii*) Screen, Chittoor (1961)

(*c*) Indian Express (Madurai) Limited

Chairman : Board of Directors—Ram Nath Goenka

Director : V. S. Thyagaraja Mudaliar

Papers :

(*i*) Indian Express, Madurai (1957)
(*ii*) Indian Express, Vijayawada (1959)
(*iii*) Sunday Standard, Madurai (1957)
(*iv*) Sunday Standard, Vijayawada (1959)
(*v*) Dinamani, Madurai (1951)
(*vi*) Indian Express, Chittoor (1960)
(*vii*) Sunday Standard, Chittoor (1960)
(*viii*) Dinamani, Chittoor (1960)

(*d*) Andhra Prabha Limited

Chairman : Board of Directors—Bhagwan Das Goenka

Director : R. S. Jhaver

Papers :

(*i*) Andhra Prabha, Vijayawada (1959)
(*ii*) Andhra Prabha Illustrated Weekly, Chittoor (1959)
(*iii*) Andhra Prabha, Chittoor (1960)

II. *Bennett Coleman & Co. Limited* (Total circulation—689,055)

Chairman : Board of Directors—Shanti Prasad Jain

Directors : Shriyans Prasad Jain and Shital Prasad Jain

contd.

TABLE (4 20)—*contd.*

Papers :

(*i*) Times of India, Delhi (1950)
(*ii*) Times of India, Bombay (1838)
(*iii*) Evening News of India, Bombay (1838)
(*iv*) Navbharat Times, Delhi (1950)
(*v*) Navbharat Times, Bombay (1950)
(*vi*) Illustrated Weekly of India, Bombay (1929)
(*vii*) Dharamyug, Bombay (1950)
(*viii*) Filmfare, Bombay (1952)
(*ix*) Femina, Bombay (1959)
(*x*) Parag, Bombay (1958)
(*xi*) Economic Times, Bombay (1961)
(*xii*) Sarika, Bombay (1960)

III. *Hindustan Times and Allied Publications* (Total circulation—262,319)

(*a*) Hindustan Times Limited

Shareholders : (With more than one p.c. of capital)

(*i*) Birla Bros. (P) Limited
(*ii*) Birla Jute Manufacturing Company Limited
(*iii*) United Commercial Bank Limited
(*iv*) Late Pandit Madan Mohan Malaviya

Papers :

(*i*) Hindustan Times, Delhi (1924)
(*ii*) Hindustan Times Evening News, Delhi (1944)
(*iii*) Hindustan Times, Kanpur Supplement (1950)
(*iv*) Hindustan, Delhi (1936)
(*v*) Saptahik Hindustan, Delhi (1950)
(*vi*) Overseas Hindustan Times, Delhi (1950)
(*vii*) Kadambini, Delhi (1960)

(*b*) Newspapers Limited

Shareholders : (With more than one p.c. of capital)

(*i*) Sutlej Cotton Mills Limited
(*ii*) Kesoram Cotton Mills Limited
(*iii*) Birla Cotton Spinning and Weaving Mills Limited
(*iv*) Birla Jute Manufacturing Company Limited
(*v*) M/S Pilani Investment Corporation

Papers :

(*i*) Leader, Allahabad (1909)
(*ii*) Bharat, Allahabad (1928)

(*c*) Bihar Journals, Limited

Shareholders : (With more than one p.c. of capital)

(*i*) New India Sugar Mills Limited
(*ii*) Bharat Sugar Mills Limited
(*iii*) New Swadeshi Sugar Mills Limited
(*iv*) Birla Bros. (P) Limited
(*v*) Oudh Sugar Mills

contd.

TABLE 4·20—*contd.*

Papers :

(*i*) Searchlight, Patna (1919)
(*ii*) Pradeep, Patna (1947)

(*d*) Eastern Economist Limited

Shareholders : (With more than one p.c. of capital)

(*i*) Birla Cotton Spinning and Weaving Mills Limited
(*ii*) Kesoram Cotton Mills Limited
(*iii*) Birla Jute Manufacturing Co. Limited
(*iv*) M/S Pilani Investment Corporation Limited
(*v*) Sutlej Cotton Mills Limited
(*vi*) G. D. Birla
(*vii*) M. D. Dalmia
(*viii*) R. N. Agarwala
(*ix*) B. D. Goenka

Paper :

(*i*) Eastern Economist, Delhi (1943)

IV. *Amrita Bazar Patrika and Jugantar* (Total circulation—209,046)

(*a*) Amrita Bazar Patrika (P) Limited

Chairman : T. K. Ghosh.
Directors : S. V. Rai Chaudhuri; Anil Kanti Ghosh and others

Papers :

(*i*) Amrit Bazar Patrika, Calcutta (1868)
(*ii*) Amrita, Calcutta (1961)

(*b*) Jugantar (P) Limited

Chairman : T. K. Ghosh
Directors : S. V. Rai Chaudhuri; Sookamal Ghosh and others

Paper :

(*i*) Jugantar, Calcutta (1937)

(*c*) Allahabad Patrika (P) Limited

Chairman : (Ex-officio) S. V. Rai Chaudhuri
Directors : S. R. Dutta; N. M. Ghosh

Paper :

(*i*) Northern India Patrika, Allahabad (1959)

V. Ananda Bazar Patrika (P) Limited (Total circulation—188,910)

Ananda Bazar Patrika (P) Limited

Directors : Asoka Kumar Sarkar; Smt. Nirjharini Sarkar; Late Suresh Chander Majumdar

Papers :

(*i*) Hindustan Standard, Calcutta (1937)
(*ii*) Ananda Bazar Patrika (daily), Calcutta (1922)
(*iii*) Ananda Bazar Patrika (bi-weekly), Calcutta (1922)
(*iv*) Desh, Calcutta (1933)

contd.

TABLE (4.20)—*concld.*

(2) GROUPS :

I. Kasturi and Sons Limited (Total circulation—297,341)

Chairman : Board of Directors—G. Narasimhan

Papers :

(*i*) Hindu, Madras (1878).
(*ii*) Hindu Weekly Review, Madras (1953)
(*iii*) Sports and Pastime, Madras (1947)
(*iv*) Hindu, Survey of Indian Industry, Madras (1961)

II. Malayala Manorma Limited (Total circulation—265,256)

Managing Director : K. M. Cherian

Papers :

(*i*) Malayala Manorma (dally), Kottayam (1938)
(*ii*) Malayala Manorama (weekly), Kottayam (1956)

III. Indian National Press (P) Limited (Total circulation—197,236)

Chairman : Board of Directors—A. B. Nair

Papers :

(*i*) Free Press Journal, Bombay (1930)
(*ii*) Free Press Bulletin, Bombay (1947)
(*iii*) Janashakti, Bombay (1950)
(*iv*) Navashakti, Bombay (1932)
(*v*) Bharat Jyoti, Bombay (1938)

IV. Mathrubhumi Printing and Publishing Co. Limited. (Total circulation—159, 719).

Managing Director : V. M. Nair.

Papers :

(*i*) Mathrubhumi, Kozhikode (1923).
(*ii*) Mathrubhumi Illustrated, Kozhikode (1932)
(*iii*) Kerala Law Journal, Kozhikode (1956)
(*iv*) Yugaprabhat, Kozhikode (1956)

V. Nageshwara Rao Estates (P) Limited (Total circulation—135,213)

Director : S. Sambhu Prasad

Papers :

(*i*) Andhra Patrika, Madras (1914)
(*ii*) Andhra Sachitra Vara Patrika, Madras (1918)
(*iii*) Bharati, Madras (1924)

(3) *MULTIPLE UNITS* :

(*i*) Indian Express (Delhi, Madurai, Vijayawada, Chittoor, Bombay)	(Total circulation	227,999)
(*ii*) Thanthi (Madras, Madurai, Thiruchirapally	(Total circulation	189,379)
(*iii*) Times of India (Bombay, Delhi)	(Total circulation	165,401)
(*iv*) Navbharat Times (Bombay, Delhi)	(Total circulation	119,055)
(*v*) Statesman (Calcutta, Delhi)	(Total circulation	115,768)

NOTE :—Circulation of items (i), (iii) and (iv) under Multiple Units already included under Chains and Groups.

SOURCE : " Annual Report of the Registrar of Newspapers for India ", Ministry of Information and Broadcasting (1962).

GLOSSARY OF ABBREVIATIONS

ACC	Associated Cement Companies, Ltd.
CBR	Central Board of Revenue
CSO	Central Statistical Organisation
DGET	Directorate General of Employment and Training
IFC	Industrial Finance Corporation
ISI	Indian Statistical Institute
LIC	Life Insurance Corporation of India
NCAER	National Council of Applied Economic Research
NIDC	National Industrial Development Corporation
RBI	Reserve Bank of India
SFC	State Financial Corporation
WIMCO	Western India Match Company, Ltd
..	Not available
—	Nil or not applicable

GMGIPND—TSS—76 PC (6250)—4-5-1964—2,500