TABLE OF CONTENTS

ACKNOWLEDGMENTS
LIST OF TABLES
LIST OF FIGURES
LIST OF INDUSTRIES

CHAPTERS

CHAPTER - I
INTRODUCTION

1.1 INTRODUCTION

1.2 GROWTH OF PRIVATE SECTOR IN THE INDIAN ECONOMY

1.3 OBJECTIVE OF THE STUDY

1.4 SOURCES OF DATA

1.5 TOOLS OF ANALYSIS AND METHODOLOGY

1.6 PLAN OF THE STUDY

NOTES AND REFERENCES

APPENDIX FOR CHAPTER - I

CHAPTER - II
CAPITAL STOCK, INVESTMENT GROWTH AND ITS DETERMINANTS IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89

2.1 INTRODUCTION

2.2 DEFINITION OF CAPITAL AND CAPITAL FORMATION

2.3 CAPITAL ACCUMULATION AND CAPITAL - OUTPUT RATIO

2.4 THEORY OF CAPITAL

2.4.1 RICARDO'S CONTRIBUTION TO CAPITAL THEORY

2.4.2 BOHM - BAWARK

2.4.3 KNUT WICKSELL

2.4.4 CLARK, J.B.

2.4.5 JOAN ROBINSON
<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4.6. SWAN</td>
<td>14</td>
</tr>
<tr>
<td>2.4.7. SAMUALSON</td>
<td>14</td>
</tr>
<tr>
<td>2.4.8. KARL MARX</td>
<td>15</td>
</tr>
<tr>
<td>2.4.9. SRAFFA.P</td>
<td>15</td>
</tr>
<tr>
<td>2.5 ESTIMATION OF CAPITAL STOCK</td>
<td>16</td>
</tr>
<tr>
<td>2.5.1. PERPETUAL INVENTORY METHOD(PIM)</td>
<td>17</td>
</tr>
<tr>
<td>2.5.2. METHOD OF ESTIMATING CAPITAL STOCK USING(PIM)</td>
<td>17</td>
</tr>
<tr>
<td>2.6 DETERMINANTS OF INVESTMENT</td>
<td>18</td>
</tr>
<tr>
<td>2.6.1. ACCELERATOR THEORY OF INVESTMENT</td>
<td>18</td>
</tr>
<tr>
<td>2.6.2. NEO-CLASSICAL THEORY OF INVESTMENT</td>
<td>18</td>
</tr>
<tr>
<td>2.6.3. LIQUIDITY THEORY</td>
<td>19</td>
</tr>
<tr>
<td>2.6.4. THE INTERNAL TRENDS THEORY OF INVESTMENT</td>
<td>19</td>
</tr>
<tr>
<td>2.6.5. THE INFLUENCE OF FINANCIAL VARIABLES IN INVESTMENT GROWTH</td>
<td>20</td>
</tr>
<tr>
<td>2.7 A REVIEW OF SELECT STUDIES</td>
<td>21</td>
</tr>
<tr>
<td>2.8 ESTIMATES OF REAL CAPITAL STOCK FOR THE INDIAN CORPORATE SECTOR INDUSTRIES: 1969-70 TO 1988-89</td>
<td>24</td>
</tr>
<tr>
<td>2.9 DETERMINANTS OF INVESTMENT GROWTH IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89</td>
<td>28</td>
</tr>
<tr>
<td>2.10 MODEL SPECIFICATIONS</td>
<td>30</td>
</tr>
<tr>
<td>2.11 SPECIFICATION FOR THE FLEXIBLE ACCELERATOR (OR) DISTRIBUTED LAG INVESTMENT MODELS</td>
<td>31</td>
</tr>
<tr>
<td>2.12 RESULTS AND DISCUSSION</td>
<td>32</td>
</tr>
<tr>
<td>NOTES AND REFERENCES</td>
<td>42</td>
</tr>
<tr>
<td>APPENDIX FOR CHAPTER II</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER - III

INVENTORY BEHAVIOUR AND ITS DETERMINANTS IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89

3.1. INTRODUCTION

3.2. NATURE AND IMPORTANCE OF INVENTORY INVESTMENTS

3.3. WHY FIRMS HOLD INVENTORIES?

3.4. SALES AND INVENTORY RELATIONSHIP

3.5. INVENTORY MANAGEMENT TECHNIQUES

3.5.1. ECONOMIC ORDER QUANTITY (EOQ)

3.5.2. ABC INVENTORY CONTROL METHOD

3.5.3. RE-ORDER POINT

3.5.4. SAFETY STOCK

3.6. A REVIEW OF SELECT STUDIES

3.7. COMPOSITION OF INVENTORY AND ECONOMIC SIGNIFICANCE

3.7.1. SHARE OF RAW MATERIALS INVENTORY TO TOTAL INVENTORY

3.7.2. SHARE OF SEMI-FINISHED AND FINISHED GOODS INVENTORY TO TOTAL INVENTORY

3.7.3. SHARE OF STORES AND SPARES AND 'OTHER' FORMS OF INVENTORY TO TOTAL INVENTORY

3.8. SHARE OF TOTAL INVENTORY TO WORKING CAPITAL

3.8.1. SHARE OF TOTAL INVENTORY TO WORKING CAPITAL

3.8.2. SHARE OF RAW MATERIAL INVENTORY TO WORKING CAPITAL

3.8.3. SHARE OF SEMI-FINISHED AND FINISHED GOODS INVENTORY TO WORKING CAPITAL

3.8.4. STORES AND SPARES AND 'OTHER' FORM OF INVENTORY TO WORKING CAPITAL

3.9. DETERMINANTS OF INVENTORY GROWTH

3.9.1. MODEL SPECIFICATION
3.10. RESULTS AND DISCUSSION

3.10.1. SIMPLE ACCELERATOR MODEL

3.10.2. TRANSACTIONS AND PRECAUTIONARY INVENTORY FUNCTION MODEL.

3.10.3. TRANSACTIONS AND COST MINIMISATION INVENTORY FUNCTION MODEL

3.10.4. METZLER'S ACCELERATOR MODEL WITH EXPECTATIONAL ERRORS

3.10.5. DISTRIBUTED LAG INVENTORY MODEL/FLEXIBLE ACCELERATOR MODEL

NOTES AND REFERENCES

APPENDIX FOR CHAPTER III

CHAPTER - IV

STRUCTURAL COMPOSITION OF THE COSTS OF PRODUCTION AND COST FUNCTIONS IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89

4.1. INTRODUCTION

4.2. NATURE AND BEHAVIOUR OF COST OF PRODUCTION

4.2.1. SHORT-RUN COST

4.2.2. LONG-RUN COST

4.2.2.1. COST-OUTPUT RELATIONSHIP IN THE LONG-RUN

4.3. WHY LAC'S ARE 'U' SHAPED ?

4.4. LAC CURVES AND EMPIRICAL STUDIES

4.5. NATURE OF COSTS AND SCALE OF RETURNS

4.6. ESTIMATION OF COST FUNCTION

4.6.1. ENGINEERING METHOD

4.6.2. SURVIVORSHIP METHOD

4.6.3. STATISTICAL METHOD

4.7. IMPORTANCE OF COSTS IN DECISION MAKING

4.8. A REVIEW OF SELECT STUDIES
5.2.2. THE CASH BALANCE APPROACH

5.2.3. KEYNES THEORY OF DEMAND FOR MONEY

5.2.4. FRIEDMAN'S MODERN QUANTITY THEORY

5.2.5. BAUMOL'S THEORY OF DEMAND FOR MONEY

5.2.6. TOBIN'S PORTFOLIO BALANCE APPROACH

5.3. DEMAND FOR MONEY : MICRO THEORETICAL FRAMEWORK

5.3.1. WEALTH ADJUSTMENT APPROACH

5.3.2. THE MODIFIED WEALTH ADJUSTMENT HYPOTHESIS

5.3.3. MILLER AND ORR'S MODEL

5.3.4. NADIRI'S MODEL

5.4. A SELECT REVIEW OF STUDIES

5.4.1. ECONOMY WIDE STUDIES

5.4.2. FIRM/INDUSTRY LEVEL STUDIES : A SELECT REVIEW

5.5. EMPIRICAL ESTIMATION OF CORPORATE DEMAND FUNCTION FOR MONEY

5.5.1. MODEL SPECIFICATION

5.6. LIQUIDITY STRUCTURE AND DEMAND FOR MONEY IN THE MEDIUM AND LARGE PUBLIC LIMITED COMPANIES IN INDIA : 1969-70 TO 1988-89

5.6.1. CASH ON HAND TO TOTAL LIQUID ASSETS

5.6.2. FIXED DEPOSITS TO TOTAL LIQUID ASSETS

5.6.3. 'OTHER' BANK BALANCES TO TOTAL LIQUID ASSETS

5.7. DETERMINANTS OF CORPORATE DEMAND FOR MONEY : RESULTS AND DISCUSSION

5.7.1. TRANSACTION DEMAND FOR MONEY

5.7.2. TRANSACTION AND WEALTH DEMAND FUNCTION FOR MONEY

5.7.3. TRANSACTION AND INTEREST ELASTICITY DEMAND FUNCTION FOR MONEY

5.7.4. TRANSACTION AND TOTAL BANK LOANS DEMAND FUNCTION FOR MONEY

5.7.5. GENERALISED DEMAND FUNCTION FOR MONEY
CHAPTER VI
PROFITABILITY TRENDS, SHARING OF INCOME AND DETERMINANTS OF
PROFITABILITY IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89

6.1. INTRODUCTION 149
6.2. TWO SCHOOLS OF THOUGHT 149
6.3. THE CONCEPT OF VALUE ADDED: MEANING AND SIGNIFICANCE 151
6.4. A REVIEW OF SELECT STUDIES 154
6.5. TRENDS IN PROFITABILITY AND SHARING OF INCOME IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89. 157
  6.5.1. BASIC GOODS SECTOR INDUSTRIES 158
  6.5.2. CAPITAL GOODS SECTOR INDUSTRIES 161
  6.5.3. INTERMEDIATE GOODS SECTOR INDUSTRIES 165
  6.5.4. PLANTATION INDUSTRIES 168
  6.5.5 CONSUMER GOODS INDUSTRIES 171
  6.5.6. SERVICE SECTOR INDUSTRIES 179
6.6. DETERMINANTS OF PROFITABILITY IN THE INDIAN CORPORATE SECTOR DURING 1969-70 TO 1988-89 182
  6.6.1. MODEL SPECIFICATION 183
6.7. RESULTS AND DISCUSSION 185
  6.7.1. PROFITABILITY FUNCTION - (1) 185
  6.7.2. PROFITABILITY FUNCTION - (2) 186
  6.7.3. PROFITABILITY FUNCTION - (3) 188

NOTES AND REFERENCES 190
APPENDIX FOR CHAPTER VI
CHAPTER VII

SUMMARY, FINDINGS AND CONCLUSIONS OF THE STUDY

7.1. SUMMARY OF THE DISCUSSIONS 192

7.2. CAPITAL STOCK, INVESTMENT GROWTH AND ITS DETERMINANTS 192
   7.2.1. ESTIMATES OF REAL CAPITAL STOCK 192
   7.2.2. DETERMINANTS OF INVESTMENT GROWTH IN REAL CAPITAL ASSETS 194

7.3 INVENTORY BEHAVIOUR AND ITS DETERMINANTS 198
   7.3.1. STRUCTURAL COMPOSITION OF INVENTORY 198
   7.3.2. SHARE OF INVENTORY STOCKS TO WORKING CAPITAL 199
   7.3.3 DETERMINATION OF INVENTORY GROWTH 201
      7.3.3.1. SIMPLE ACCELERATOR MODEL 201
      7.3.3.2. TRANSACTIONS AND PRECAUTIONARY INVENTORY MODEL 201
      7.3.3.3. TRANSACTION AND COST MINIMISATION INVENTORY MODEL 202
      7.3.3.4. METZLER'S ACCELERATOR MODEL WITH EXPECTATIONAL ERRORS 202
      7.3.3.5 DISTRIBUTED LAG / FLEXIBLE ACCELERATOR INVENTORY MODEL 203

7.4. STRUCTURAL COMPOSITION OF THE COSTS OF PRODUCTION AND COST FUNCTIONS 204
   7.4.1. STRUCTURAL COMPOSITION OF THE COST OF PRODUCTION 204
      7.4.1.1. MATERIALS COST TO TOTAL COST 204
      7.4.1.2. POWER AND FUEL COSTS TO TOTAL COST 205
      7.4.1.3. WAGE COST TO TOTAL COST 205
      7.4.1.4. REPAIRS ON BUILDINGS AND MACHINERY TO TOTAL COST 206
      7.4.1.5. SELLING COMMISSION TO TOTAL COST 206
      7.4.1.6. CAPITAL DEPRECIATION COST TO TOTAL COST 206
      7.4.1.7 'OTHER' MANUFACTURING EXPENSES TO TOTAL COST 207