## CONTENTS

<table>
<thead>
<tr>
<th>ACKNOWLEDGEMENT</th>
<th>LIST OF TABLES</th>
<th>Page No.</th>
</tr>
</thead>
</table>

### CHAPTER I

**INTRODUCTION**

1.1 Introduction \[1\]

1.2 Need For Study \[3\]

1.3 Statement Of The Problem \[5\]

1.4 Research Questions Raised \[6\]

1.5 Objectives \[6\]

1.6 Methodology \[7\]

1.6.1 Scope \[7\]

1.6.2 Data Collection \[8\]

1.6.3 Data Analysis \[8\]

1.7 Limitations Of The Study \[10\]

1.8 Chapter Scheme \[11\]

### CHAPTER II

**REVIEW OF LITERATURE**

2.1 Introduction \[13\]

2.2 Studies on Growth and Productivity of SSIs \[13\]

2.3 Studies on Technology and Technical Progress \[21\]

2.4 Earlier Studies Related to Factor Substitution \[24\]

2.5 Studies on Economic Efficiency \[26\]

2.6 Studies on Policy Shift in industrial sector \[35\]

### CHAPTER III

**ECONOMIC REFORMS AND ECONOMIC EFFICIENCY – A CONCEPTUAL FRAMEWORK**

3.1 Introduction \[44\]

3.2 Theoretical perspective on Economic Reforms and Productivity \[44\]

3.3 Theoretical issues relating to Technology, Technical Change and Technical progress \[45\]

3.4 Disembodied and Embodied Technical change \[48\]
CHAPTER IV
3.4.1 Disembodied Technical change 48
3.4.2 Embodied Technical change – Vintage Approach 49
3.4.3 Assumptions 50

3.5 Economic Efficiency 51
3.5.1 Manufacturing efficiency 51
3.5.2 Organisational Efficiency 56
3.5.3 Allocative Efficiency 57
3.5.4 Technical Efficiency 63

3.6 Conclusion 65

TECHNOLOGY AND TECHNICAL PROGRESS DURING PRE AND POST LIBERALISATION PERIOD

4.1 Introduction 66

4.2 Meaning and Significance of Technical Progress 66

4.3 Types of Technological Change 67
  4.3.1 Neutral Technical Change 67
  4.3.2 Non-neutral Technical Change 67
  4.3.3 Disembodied Technical Change 68
  4.3.4 Embodied Technical Change 68

4.4 Measurement of Technical Progress Based on MRS 68
  4.4.1 Capital Deepening Technical Progress 68
  4.4.2 Labour Deepening Technical Progress 68

4.5 Parameters of Technical Progress during
Pre-liberalisation period 70
  4.5.1 Marginal Productivity of Capital (MPK) 70
  4.5.2 Marginal Productivity of Labour (MPL) 73
  4.5.3 Marginal rate of substitution (MRS_{1,K}) 76
  4.5.4 Capital-labour ratio (K/L) 79
  4.5.5 Adjusted MRS for Constant K/L 81
  4.5.6 Adjusted MPK for constant K/L ratio 83
  4.5.7 Adjusted MPL for Constant K/L ratio 84
  4.5.8 Comparative analysis of Inter Product Group Technology Parameters during pre-liberalisation 86
4.6 Parameters of Technical Progress during Post-liberalisation period

4.6.1 Marginal Productivity of Capital (MPK) 88
4.6.2 Marginal Productivity of Labour (MPL) 90
4.6.3 Marginal Rate of Substitution (MRS_{L,K}) 92
4.6.4 Capital-Labour ratios (K/L) 94
4.6.5 Adjusted MRS_{L,K} 96
4.6.6 Adjusted MPK and MPL for constant K/L 98
4.6.7 Comparative analysis of Inter Product Group Technology Parameters during post-liberalisation 101

4.7 Comparative analysis of technology parameters: Pre Vs Post liberalisation period 104
4.8 Conclusion 105

CHAPTER V
FACTOR SUBSTITUTION DURING PRE AND POST LIBERALISATION PERIOD

5.1 Introduction 106
5.2 Elasticity of Substitution 106
5.3 Determinants of Elasticity of Substitution 107
5.4 Parameters of Factor substitution during Pre-liberalisation period 108
5.4.1 Marginal rate of substitution (MRS_{L,K}) 108
5.4.2 Change in MRS 110
5.4.3 The rate of change in MRS 112
5.4.4 Capital-labour ratio (K/L) 114
5.4.5 Changes in K/L 116
5.4.6 The rate of Change in K/L ratio 118
5.4.7 Elasticity of substitution 120
5.4.8 Comparative Analysis of Inter-Product Group Substitution parameters during pre-liberalisation period 122

5.5 Parameters of Factor substitution during Post-liberalisation period 124
5.5.1 Marginal rate of substitution (MRS_{L,K}) 124
5.5.2 Change in MRS 126
5.5.3 The ratio of change in MRS to MRS 128
CHAPTER VI  ECONOMIC EFFICIENCY DURING PRE AND POST LIBERALISATION PERIOD

6.1 Introduction 139
6.2 Definition of productivity 139
6.3 Significance of productivity measurement 140
6.4 Types Of Productivity 140
  6.4.1 Partial Factor Productivity 140
  6.4.2 Total factor productivity 141
  6.4.3 Total Factor Productivity during Pre Liberalisation period 145
  6.4.4 Total Factor Productivity during Post Liberalisation period 146
  6.4.5 Comparative analysis of growth rates: Pre Vs Post liberalisation period 148

6.5 Estimation Of Production Function 149
  6.5.1 Conceptual frame work 149
  6.5.2 The model 149
  6.5.3 Data Management 150
  6.5.4 Mathematical Formulation 150
  6.5.5 Estimation of Production function during Pre-liberalisation period 151
  6.5.6 Estimation of Production function during Post-liberalisation period 154
  6.5.7 Comparative analysis of returns to scale during Pre and Post liberalisation period 156
6.6 Technical Efficiency During Pre And Post Liberalisation Period

6.6.1 Measurement of the efficiency levels 157
6.6.2 Variables considered in the analysis 157
6.6.3 Technical Efficiency in a Frontier Model 158
6.6.4 The Model 159
6.6.5 Average technical efficiency index during pre and post liberalisation period 162
6.6.6 Efficiency at the aggregate industry level 164
6.6.7 Firm's specific efficiency index 165
6.6.8 Comparative analysis of Efficiency range during pre and post liberalisation period 169

6.7 Conclusion 169

CHAPTER VII SUMMARY, CONCLUSIONS, SUGGESTIONS, RECOMMENDATIONS AND DIRECTIONS FOR FUTURE RESEARCH

7.1 Introduction 170
7.2 Objectives 170
7.3 Research questions raised 170
7.4 Highlights of the study 171
7.4.1 Technology and Technical Progress during Pre and Post Liberalisation period 171
7.4.2 Factor Substitution during Pre and Post liberalisation period 172
7.4.3 Total Factor Productivity Growth 173
7.4.4 Estimation of Production function 174
7.4.5 Technical Efficiency 175
7.5 Major Highlights of The Study 176
7.6 Suggestions And Recommendations 177
7.7 Directions For Future Research 178