MAJOR CONCLUSIONS OF THE STUDY

On the basis of this study carried out through eleven chapters of the thesis, the major conclusions can be summarised as under:

The labour productivity for the industrial sector of Gujarat State reflects an increasing trend as compared to the same for India as a whole, both at current as well as at constant prices. However, the capital productivity measure reflects a declining trend for the industrial sector of Gujarat State as compared to all India.

The wage rate in the industrial sector has not been substantially increased for both the industrial sectors, but the real earnings per man day have not increased substantially either at state or at national level to cope up with the explosive inflationary trends.

TFP for the industrial sector in Gujarat State can be considered to be relatively declining as compared to the industrial sector of India as a whole, which suggests that the activities in the industrial sector of Gujarat State can further be accelerated to promote the growth and development in the industrial sector of the economy.

The productivity index has relatively higher importance in explaining the variations in the money earning of the employees for both the industrial sectors.
The cost of living index also follows almost similar pattern. A major variation in money earning for both the industrial sectors is explained by the indices of productivity and the consumer price. The money earning index is not highly correlated with the capital-output ratio and it is positively correlated with the employment. The variation observed in the money earning is found to be almost negligible with the degree of unionism.

On the basis of the total sensitivity measure carried out from the fitted Cobb-Douglas production function model for both the industrial sectors, it may be worthwhile to conclude that the pattern of variation for both the industrial sectors changes at constant prices. A change in the partial elasticity of capital and labour has almost no significant effect upon the optimum values of the decision variables. A change in the wage rate brings almost an inverse change in the Optimum Value of the labour employed. Similarly, a change in the capital-intensity brings about a subsequent change in the optimum value in the decision variables. However, its effectiveness upon the optimum value added is not quite significantly marked down.

It may further be concluded that both the industrial sectors can be considered to be labour intensive. Thus the employment potentials may be increased with an
objective of increasing production for both the industrial sectors of the economy as a whole. The technological progress becomes much more effective for the industrial innovations which in turn can induce the growth of the output in the industrial sectors. An increase in wage rate and capital intensity under the effect of neutral technical progress can also be considered to be responsible for raising the labour productivity trends in the industrial sectors.

From the fitted production function models at constant prices for both the industrial sectors, it appears that the elasticity of substitution has more variation in the case of Gujarat State whereas, it has small variation for the industrial sector of India as a whole. Thus CES and VES production functions may be considered to be more suitable for both the industrial sectors. However, it may be worthwhile to conclude that for a smaller span period, CES production function model may be applicable for both the industrial sectors, whereas considering a time-series for a longer span period, VES production function model may be considered to be more accurate for both the industrial sectors.