Part – III

INDUSTRIAL FINANCE: PERFORMANCE EVALUATION

Chapter – 5

GROWTH PATTERN OF INDUSTRIAL DEVELOPMENT AND FINANCE

5.1 Industrywise Growth Pattern of Industrial Development.

5.2 Regionwise and Statewise Growth Pattern of Industrial Development

5.3 Growth Pattern of Industrial Finance.

5.3.1 Institutionwise Industrial Assistance.

5.3.2 Industrywise Industrial Assistance

5.3.3 Statewise and Regionwise Industrial Assistance.
Chapter – 5

GROWTH PATTERN OF INDUSTRIAL DEVELOPMENT AND FINANCE

The purpose of this chapter is to undertake an in-depth enquiry into the overall growth pattern of the industrial development on the lines of the industrial policy and plans. Correspondingly, it also tries to examine the same phenomenon in the light of bottlenecks in the industrial finance. As explained in the forgoing sections, the industrial finance was disbursed by the term lending selected financial institutions to industrial units. In this context, major selected development indicators and disbursement of industrial finance or assistance are used industrywise, statewise, and regionwise to examine the growth pattern of the industrial development of the Indian manufacturing industries. In association with this, it also examines the problem of regional disparities of the industrial development in India for the period 1979-80 to 1993-94.

5.1 Industrywise Growth Pattern of Industrial Development:

The growth pattern of the industrial development is first examined in terms of major development indicators of the different manufacturing industries at the all-India level. For that purpose, the table 5.1 to 5.4 needs to be considered.

Table 5.1: The table shows the continuous compound growth rate of the Indian manufacturing industries in terms of major selected development indicators during the period 1979-80 to 1993-94. An analysis at an aggregate level (table-5.1) indicates that the Indian manufacturing industries attained a significant continuous compound growth in profit (14.89%), total inputs (14.66%) and equivalent growth in value of output (14.64%) followed by productive capital (14.43%), net value added (14.20%), outstanding loans (12.74%), net capital formation (12.19%) and emolument (11.68%). Despite the above
scenario, there was a lowest growth in industrial units, i.e. number of factories (1.48%) and employment (0.53%) during the said period in study.

The above recorded facts show a continuous compound growth rate of the Indian manufacturing industries (at the aggregate level). It was measured in terms of major selected development indicators, to see whether it followed a significant growth pattern of the different manufacturing industries. It was observed during the period 1979-80 to 1993-94.

During the period 1979-80 to 1993-94 the growth was highest remained on a very higher side in number of factories like basic chemical & chemicals products industries (6.98%). It was followed by leather products (5.41%), textile products (3.73%), non-metallic mineral products (3.70%), jute textile industries (3.40%) and electrical machinery (3.27%). While a decline in growth was registered in the cotton textiles (1.08%), beverages (-1.42%) and service industries (-1.47%).

Similarly, during the said period a net value added recorded highest growth was registered in the basic chemical & chemicals products industries (24.93%). It was followed by textile products (21.2%), leather products (18.77%), beverages-tobacco products (16.91%), other manufacturing industries (16.18%), food products (15.61%), non-metallic mineral product industries (15.38%) and electrical machinery equipment (15.13%). On the other hand, the growth of net value added in the cotton textiles and Jute textiles was very low at 7.69% and 6.12% respectively.

Further, during the period 1979-80 to 1993-94, the growth in productive capital or capital investment was highest in textile products (25.68%), ensued by basic chemical & chemicals products (23.31%), non-metallic products (19.35%), woolen textiles (18.97%), leather product industries (17.65%), other manufacturing industries (17.19%),
metal products (15.14%), electrical equipments (15.02%), basic metal & alloys products (14.82%). While on the other hand, the lowest growth was registered in the transport equipment industries (11.11%) followed by cotton textiles (10.62%) and rubber, plastic & petroleum products (7.69%).

The implementation of IPR 1980 affected growth in employment. It remained the highest in the basic chemical industries (10.87%). It was considerably higher in the textile products (6.38%), leather products (5.55%), other manufacturing industries (3.54%) and electrical equipment industries (2.29%). Whereas the rubber products, jute textiles, cotton textiles and wood products industries have recorded a decline in employment rate with 5.34%, 2.87%, 2.59%, and 1.47% respectively. Here the inference is that these industries are in the transitory phase of switching over from the traditional production method to improved technologies, upgradation and modernization.

During the same period, the outstanding loans registered growing trend. It was highest in the chemicals products industry (25.92%), followed by the non-metallic mineral products (19.32%), the basic metal & alloys products (15.56%), other manufacturing industries (14.03%) and the transport equipment industry (12.94%). However, in the rubber industry, the outstanding loans was remained very low (4.87%).

So far as, the continuous compound growth of profit during the period is concerned, the leather products industry accounted for the highest rate of 38.18%. It was followed by that of the textiles products (28.51%), the beverages and tobacco products (24.24%), the basic chemicals and chemicals products (21.42%), the food products (19.54%), other manufacturing industries (15.12%) and the electrical machinery equipment industries (15.03%). While the lowest growth was accounted in the jute textiles (1.71%) and wood products industries (-1.29%).
The total input recorded during the period registered highest growth in the other manufacturing industries (18.32%). It was followed by other service industries (17.49%), the textile products (16.97%), the non-metallic mineral products (16.43%), the leather products (15.73%), the manufacturing of machinery and equipment (15.68%) and the chemical products industries (15.34%). On the other hand, total input in the jute textiles industry was very low.

The growth of total emoluments during the period of analysis was the highest in the basic chemical & chemicals products industries (23.45%). It remained lower gradually in the textile products (16.17%), the leather product (14.11%), food products (13.85%), other manufacturing industries (13.84%), the electrical machinery and equipment industries (13.06%). While on the other hand, the growth of total emoluments recorded was the lowest in the cotton textiles (7.22%) and the rubber, plastic and petroleum products industries (3.35%).

As regards the value of output, the textile products industries recorded the highest rate of 17.83%. Then followed that in other manufacturing industries (17.75%), the chemical products (17.01%), other services (16.59%), non-metallic mineral products (16.41%), leather products (16.25%), woolen textiles (15.69%), electrical equipments (15.68%), beverages & tobacco products (15.19%) and transport equipment industries (14.86%). On the other hand, the value of output was recorded lowest in the jute textile industries (6.79%) during the said period under the present study.

If we look at the net capital formation during the period under consideration the leather products recorded the highest growth with 24.44%. The growth rate to follow it was that in other manufacturing industries (24.24%), the jute textiles (20.91%), the chemical products (16.48%), the basic metal products (15.76%), the metal products (15.11%), the non-metallic mineral products (13.62%), the electrical machinery equipment (13.59%), the rubber products (13.06%) and
transport equipment industries (11.96%). On the other hand, the lowest growth was recorded in the paper products (8.13%) and the wood products industries (7.38%). There was as well negative growth recorded in the woolen textiles, jute textiles, food products and textile products industries.

It reveals from the above analysis that in terms of selected development indicators, the period witnessed significantly higher and consistently compound growth in the basic, capital and intermediate goods manufacturing industries like basic chemical & chemicals products, non-metallic mineral products, electrical machinery & equipment products, textiles products, leather products and other manufacturing industries as compared to the growth of the durable and non-durable consumer goods industries like cotton textiles, wood products, rubber, plastic and petroleum products, jute textiles, and paper products industries. It is except in the number of factories. This is a significant desirable growth pattern of the industrial development which was recorded in pursuance of the government industrial policies and plans objectives.

During the same period, the significant and stable continuous compound growth was recorded in the basic and capital goods industries such as basic metal and alloy products, metal products, manufacturing machinery and equipment products and transport equipments and parts. This reflects that a concept of desirable growth pattern of the industrial development was not duly appropriated, despite the stated objectives and priorities of the government’s policy and planning. The continuous compound growth of the remaining industries such as food products, woolen textiles, beverages and tobacco products and services industries (except in number of factories) remained moderately significant during the period of analysis.

The analysis further shows that during the period 1979-80 to 1993-94, the basic chemical and chemical products, textile products, leather products, non metallic mineral products, other manufacturing
industries and electrical equipment industries accounted for a higher growth in productive capital against the growth in employment. It resulted into higher growth in net value added. While the industries like cotton textiles, jute textiles, wood products and rubber, plastic and petroleum products industries recorded lower growth in productive capital and decline growth in the level of employment. It resulted into lower growth in net value added. However, this is not true in case of all the industries in India. For instance, the food product industry registered higher growth in productive capital and decline growth in employment. It resulted into higher growth in net value added. Similarly, the basic metal and alloys products and metal products industries registered higher growth in both productive capital and employment, though it recorded lower growth in net value added. The paper products and machinery equipment products industries registered lower growth in capital investment and employment, which resulted into lower growth in net value added. This implies that there exists no one to one correspondence between capital intensity and net value added would be exist in most of the manufacturing industries.

Further, in order to examine the diversification of industries in industrial sector of India significant characteristics or major development indicators of manufacturing sector need to be considered. The table 5.2 explains it. It provides the industrywise data from 1979-80 to 1993-94, on significant characteristics or the major development indicators of manufacturing sector. It reveals the following important facts about the industrywise industrial development in India since 1979.

The Industrial development in India brought about a major shift in different types of industries. In this relation the table-5.2 indicates that industries like the food products, the cotton textiles, the non-metallic mineral products and the machinery & equipments manufacturing remained significant contributors during 1979-80 to 1993-94. Their contribution goes in terms of number of factories. While on the other hand, industries like the jute textiles, the leather products, the transport equipment products and other manufacturing industries
recorded a lower share in terms of number of factories during the period. The share put in by the beverages products industry declined from the 2nd rank in 1979-80 to the 11th rank in 1993-94. Similarly, during the period, the share of the woolen textiles, the wood products and the services industries too declined in terms of number of factories or units. On the other hand, the share of the textile product, the basic chemical & chemicals products, the electrical & electrical equipment products and the non-metallic mineral products industries in terms of the same respect increased significantly in throughout the period of analysis. In this context, for instance, the textile products industries that had recorded the 15th rank in 1979-80, attained the 9th rank in 1993-94. The status of chemical product industry too improved from the 13th rank in 1979-80 to the 5th rank in 1993-94. Similarly, the non-metallic mineral products industries kept up its elevation from the 6th rank to the 2nd rank. The inference as regards this trend is that the chemicals and non-metallic mineral products industries in fact took over the status of the cotton textiles industries as regards its contribution to number of factories during the period of analysis. The share of the paper products, the rubber, plastic and petroleum products, the basic metal & alloys products and metal products industries whereas note little variation that was neither sudden nor substantial in the movement as regards putting up number of factories since 1979.

When it comes to consider the share of service industries in terms of net value added, it remained the highest (1st rank) throughout the period from 1979-80 to 1993-94. It was followed by industries like the rubber plastic and petroleum product, the basic metal and alloys products and the machinery & equipment products with somewhat higher share. However, the share of the rubber plastic & petroleum product industries and the machinery & equipment products industries during the period under study declined from the 2nd rank to the 5th rank and from the 5th rank to the 8th rank respectively. The beverages & tobacco products, the jute textiles, the textile products, the wood products, the leather products, the metal products and other manufacturing industries, on the other hand, recorded a lower share.
In the cases of the chemical product industries, the net value added rose from 9th rank (4.31%) in 1979-80 to 2nd rank (15.61%) in 1993-94. Likewise, the share of the food products industry and the electricals & electrical equipment product industry kept on improving their rank position during the period. While on the other hand, the share of cotton textile industry in net value added declined continuously from 3rd rank (12.15%) in 1979-80 to 10th rank (4.01%) in 1993-94. The share of transport equipment industry as well declined marginally from 6th rank (6.73%) in 1979-80 to 7th rank (5.47%) in 1993-94. The woolen textiles, the paper products and the non-metallic mineral product industries, whereas, could maintain stability in rank and share and, thus, were unable to improve their contribution in the net value added during the said period.

An important observation that springs from the above analysis is that the contribution of manufacturing industrial sector in net value added has been co-related relatively with the share of productive capital, the total input and the value of the output managed by industries over a period of time. For instance, the food products, the basic chemical products, the basic metal & alloys products and the service industries registered a higher share of net value added and it was asserted by a higher contribution of the productive capital, the total input and the value of the output during the period of 1979-80 to 1993-94.

In terms of the productive capital, the service industry has a greater share. It is able to maintain the 1st rank over the period. However, its contribution declined from 36.25% in 1979-80 to 28.86% in 1993-94. In line with, the food product, the basic chemical & chemicals products, the rubber, plastic and petroleum product and the basic metal & alloys products industries registered a larger share in terms of the productive capital during the period 1979-80 to 1993-94, but among these industries, the share of chemical industries in the productive capital increased suddenly and continuously, i.e. from 4.31% (6th rank) in 1979-80 to 13% (3rd rank) in 1993-94. This marked
a significant change in contribution of the productive capital from that of other manufacturing industries over the period.

The share of industries like the beverages & tobacco products, the jute textiles, the textile products, the wood products, the leather products, the metal product & parts and other manufacturing industries in the productive capital remained at the bottom rank throughout the period of analysis. The share of the woolen textile industries in productive capital gradually increased from 1.54% (12th rank) in 1979-80 to 4.68% (6th rank) in 1993-94. While on the other hand, the share of transport equipments and parts industries that earlier recorded the 4th rank, fell to the 9th rank. Whereas the share of the cotton textiles, the paper products and the electricals & electrical equipment industries remained almost stable during the period. The non-metallic mineral product industries claimed the 11th rank in terms of its share in productive capital in 1979-80, while in 1991-92 it advanced to the 6th rank. But then in 1993-94, its share dropped to 7th rank. Similarly, the share of the machinery and equipment product industry rose from the 7th rank in 1979-80 to the 6th rank in 1985-86, but then it came down to the 11th rank in 1993-94.

From the above analysis, an important inference can be drawn that during the period of analysis, the capital investment in manufacturing industries enhanced for industrial development, because the Government decided to allow under the industrial policy resolution of 1980 and 1991, major developments in automatic expansion of industrial existing capacity, re-endorsement of capacity, broad banding of industrial licenses, delicensing, relaxation, concessions in income tax & subsidies, liberalization of rules to export oriented industries, import of technology and arrangements for financial participation by foreign interests etc. However, despite of these measures, most manufacturing industries except those like the food product, the basic chemicals, & chemical product, the non-metallic, mineral product and the basic metal & alloys recorded either a stable or a declining contribution in terms of the productive capital.
While we look at the contribution of industries in employment generation, the table-5.2 reveals the following facts. The share of food products, the cotton textiles, the basic metal and alloys industry and service industries recorded a higher share. While that of industries like the textile product, the wood product, the leather product, the metal products and other manufacturing industries recorded a lower contribution. A notable point is that the level of employment remained the highest (1st rank) in the food product industries throughout the period of analysis, while that in the cotton textiles, the services and the basic metal & alloys industries declined from 16.74% in 1981-82 to 14% in 1993-94. Similarly, the share of the cotton textiles industry in employment declined steadily from 14.75% (2nd rank) in 1979-80 to 9.55% (3rd rank) in 1993-94. Likewise, the jute textile and the rubber, plastic and petroleum products industries too accounted a decline in their contribution in employment generation during the period. The significant finding in the present analysis is that all above industries exhibited a decline in employment generation during the period of analysis. Because these industries were in a transitory phase switching over from the traditional production methods to improved technologies and modernization of the production process in general. The increased capital investment in the aforesaid industries was mainly for the upgradation of process technology during the period of analysis.

In terms of employment, the chemical industry has a significant increased in its share from 2.37% (15th rank) in 1979-80 to 7.52% (4th rank) in 1993-94. Its contribution in employment has remained higher than that of the beverages products (6.02%) and the woolen textiles (3.77%) industries in 1993-94. Whereas the share of the paper product, the non-metallic mineral product, the machinery & equipment product, the electricals & electrical equipment product and the transport equipment product industries recorded a gain in importance and remained, more or less, stable. However, it is a very low contribution as compared to other industries in terms of employment rate throughout the period of analysis.
As regards outstanding loans, the service industry has a greater share. It was able to maintain the 1st rank over a period of analysis. Similarly, the industries like the food product, the cotton textiles, the rubber, plastic and petroleum product and the basic metal & alloys industries also recorded higher shares in outstanding loans. While on the other hand, the industries like the beverages & tobacco product, the jute textiles, the textile product, the wood product, the leather product, the metal product and other manufacturing industries recorded a lower contribution.

The share of the chemicals & chemical product industries in terms of outstanding loans increased significantly from the 9th rank in 1979-80 to 3rd rank in 1993-94. While on the other hand, the contribution of the machinery and equipment product industry declined from the 6th rank to the 12th rank during the period of analysis. All other remaining industries registered a more or less stable contribution with regards to outstanding loans.

Further in terms of profit, industries like the rubber, plastic & petroleum product, the basic chemical & chemicals products and the electricals & electrical equipments recorded a higher share during the period from 1979-80 to 1993-94. However, the contribution of these industries in terms of profit could not maintain a steady position. For instance, the share of chemical products in profit declined from the 3rd rank in 1979-80 to the 6th rank in 1981-82. It suddenly shot up to the 1st rank in 1993-94. Likewise, the share of the rubber, plastic & petroleum industries in profit declined from the 1st rank (20.84%) in 1979-80 to 3rd rank (13.76%) in 1993-94. Even the share of the electrical equipment industry in profit too declined from the 4th rank in 1979-80 to the 7th rank in 1985-86. It again rose to the 3rd rank in 1991-92 and then it fell to the 5th rank in 1993-94.

Further, the share in terms of profit remained higher in cases of industries like the food products, the beverages & tobacco product, the textiles products and the services during the period of analysis. While
on the other hand, the share of the cotton textile industry of profit registered the 2nd rank in 1979-80. But it then declined sharply to the 19th rank in 1993-94. Similarly, the share of the machinery and equipment products industries in profit recorded the 5th rank in 1979-80 and it then rose to the 3rd rank in 1985-86. However, its contribution in profit suddenly dropped to the 11th rank in 1993-94.

The share of woolen textiles, and other manufacturing industries in profit was steadily improving. While that of the basic metal & alloys products, the paper products, the non-metallic mineral products, the metal product and the transport & equipment products industries fluctuated with uneven up and down. While the rest of industries, kept the bottom rank in the share of profit during the period of analysis.

The table-5.2 shows that in terms of total input industries like the food products, the basic chemical & chemicals products, the rubber, plastic and petroleum products and the basic metal & alloys products industries remained contributors on a higher side during the period from 1979-80 to 1993-94. While on the other hand, the period witnessed a lower share in the total input from industries like the beverages, the jute textiles, the textile products the wood products, the leather products, the metal products and other manufacturing industries.

The status of the transport equipments and parts products and the service industries in share of the total inputs registered an increase in its rank during the period under study. While on the other hand, the status of the cotton textile industry in share of the total inputs has declined. Whereas the status of other remaining industries retained their position as more or less stable.

In terms of total emolument, higher shares were recorded by the cotton textiles, the basic metal & alloys industries, the transport equipment and services industries. Whereas on the other hand, industries like the beverages & tobacco products, the textile product,
the wood product, the leather products, the metal products and other manufacturing industries recorded lower shares during the period of 1979-80 to 1993-94. Further, the contribution of the basic chemical & chemicals products industries in total emoluments rose significantly from 14th rank (2.71%) in 1979-80 to 2nd rank (10.73%) in 1993-94. Similarly, during the same period, the share of the food product industry rose from 7th rank to 4th rank. While on the other hand, in terms of total emoluments, the share of the rubber, plastic & petroleum products and the jute textiles industries declined. The remaining industries such as the woolen textiles, the paper products, the non-metallic mineral products and the electricals & electrical equipments etc., have maintained their position almost stable with little variation during the period of analysis. Here, an important observation can be derived from the above indicator that the contribution of all industries in terms of employment and total emoluments are positively correlated during the period of analysis.

The next indicator is value of output. The food products, the basic chemical & chemicals products, the rubber, plastic and petroleum products, the basic metal & alloys products and the service industries accounted for a higher contribution in it. While on the other hand, industries like the beverages & tobacco products, the jute textile, the textile products, the wood products, the leather products, the metal products and other manufacturing industries recorded lower contribution during the period of analysis. In case of the cotton textiles industry the share in value of output declined steadily from 4th rank (9.32%) to 8th rank (4.92%). The share of the woolen textile, the paper products, the non-metallic mineral products, the machinery and equipments products and the transport equipments products industries, whereas, maintained the level without sharing and remarkable change in the position in terms of value of output.

Lastly the table-5.2 shows that the service industry recorded a highest contribution of 35.97% in net capital formation in 1979-80. It retained its 1st rank up to 1992-93. But then in 1993-94 it recorded a
steep decline in its contribution to 19\textsuperscript{th} rank (-63.91\%). Although the share of the chemical product industry in net capital formation recorded the 4\textsuperscript{th} rank in 1979-80, it declined to 9\textsuperscript{th} rank in 1985-86. It then went up to attain the 2\textsuperscript{nd} rank in 1993-94. In the same manner, the contribution of the basic metal & alloys industries in net capital formation accounted for 14.66\% with the 3\textsuperscript{rd} rank in 1979-80 with acceleration to 37.15\% with the 1\textsuperscript{st} rank in 1993-94. The share of the rubber product industry recorded the 2\textsuperscript{nd} rank in 1979-80, but it declined to the 8\textsuperscript{th} rank in 1989-90 and again went up to the 3\textsuperscript{rd} rank in 1993-94. Similarly, the share of the cotton textiles industry claimed the 8\textsuperscript{th} rank in 1979-80, but it then dropped to the 10\textsuperscript{th} rank in 1989-90 and further rose to maintain the 4\textsuperscript{th} rank in 1993-94. The remaining industries remained at the bottom and were unable to maintain a stable contribution in net capital formation during the period. Here, an important inference drawn is that most of the Indian manufacturing industries failed to generate a steady and substantial contribution of net capital formation for the growth of industries over a period of time.

The above analysis brings one to conclude that, keeping line with the priorities and programmes of the industrial policy and plans, the industrial development in India since 1979 brought about a major shifts, or it diversified its pattern in the relatively important and different types of industries in terms of significant selected development indicators of manufacturing sector. For instance, the basic chemical & chemicals products, the basic metal & alloys industries, the rubber, plastic and petroleum products and the service industries were on a higher side to contribute. While on the other hand, during the same period, the industries like the beverages and tobacco products, the jute textiles, the textile products, the wood products, the leather products, the metal products & parts and other manufacturing industries stayed as the lower contributors at the bottom of rank to the selected development indicators of the manufacturing industries.

However, the share of the paper products, the non-metallic mineral products, the machinery & equipments products, the electricals
& electrical equipments products and the transport & equipments products industries maintained more or less a stable contribution in the major development indicators. It was despite of the stated objectives and priorities of the government's industrial policies and plans during the period of analysis.

The share of food products industry in terms of major development indicators was higher. It steadily increased against the cotton textiles and the woolen textiles industries. This trend emerged due to the promotional policies implemented by the Government of India for the upgradation of process technology and modernization and expansion of existing units. It was expected to accelerate the development of the food processing industry and modernization of consumption products in many directions during the period 1979-80 to 1993-94.

A noteworthy point is that, the industries occupied significant rank or contribution in percentage distribution with respect to all major development indicators. They did not necessarily occupy the same position in terms of continuous compound growth rate over a period of time. For instance, except basic chemical & chemicals products, the basic metal & alloys industries, those like the rubber, plastic & petroleum products, the services and the food products industries accounted significant position in terms of percentage share in selected development indicators. Whereas, the industries like the basic metal & alloys industries recorded stable growth, the rubber, plastic & petroleum products industries registered insignificant and lower growth and the food products and services industries remained moderately significant. Such a picture has been revealed while analyzing continuous compound growth rate in terms of selected development indicators of the manufacturing industries. Similarly, the industries like the textile products, leather products and other manufacturing industries recorded lower and insignificant status in terms of percentage share in selected development indicators. Whereas, they were found to be on the top of the list while analyzing continuous
compound growth rate in terms of the selected development indicators. This implies that, from time to time, plan priorities and technological innovation & invention resulted into a major shifts or it diversified its pattern in relatively important and different types of industries in India. The industries like basic metal & alloys industries and the rubber, plastic and petroleum products industries once developed on a significant stage hardly required to grow at a higher rate over a period of time. The basic chemical & chemicals products industries is the only exception to this theory. It occupied significant position in terms of both percentage distribution (i.e. its share in different selected development indicators in comparison to the other industries) and its individual overall continuous compound growth rate over a period of time.

Further, the important observations are that industries like the food products, the basic chemical & chemicals products and the basic metal & alloys industry recorded a higher or increased shares in terms of number of factories. It leads to increase in their shares. In all, it remained significant selected development indicators of the manufacturing industries. However, this is not true in case of all remaining manufacturing industries during the period. A notable point is that the industries like, the beverages & tobacco products, the cotton textiles, the jute textiles, the woolen textiles, and the wood products industries recorded either a decline in number of factories or that in employment or in both over a period of time. Here the inference drawn is that, these industries might have resorted to retrenchment of employees in view of the closure of unviable kind, or modernization of existing units, or upgradation of process technology which the Government industrial policy of 1980 promoted to make their product more competitive and cost effective.

The Second observation is that industries like the food products, the basic chemicals and chemical products, the basic metal & alloy products, the rubber, plastic & petroleum and the services industries recorded an increase in the share of net value added. It was asserted by a higher or increased share of the productive capital, the total inputs...
and the value of output during the period of analysis. While on the other hand, industries like the beverages & tobacco products, the jute textiles, the textiles products, the wood products, the leather products and other manufacturing industries accounted a lower share of net value added and it was asserted by a lower share of the productive capital, the total input and the value of output during the period of analysis. Further, in this context, the noteworthy result is that industries having higher net value added achieved higher share of profit, while those, except beverages and textile products, with lower net value added accounted a lower share of profit. However, this is not true in cases of all remaining manufacturing industries during the period of analysis. Thus the significant finding of the present analysis is that a higher share of net value added does not always reflect a higher share of the productive capital, the total input and the value of output and it can not be true for all industries in India.

The Third observation is that in cases of the food products, the basic chemical & chemicals products and the basic metal & alloys industries they have a higher share of the productive capital that leads to a higher share of number of factories as well as a higher level of employment during the period of 1979-80 to 1993-94. This reflects that high capital investment may imply increase in number of factories as well as in employment opportunities. Therefore, these groups of industries are important when an objective seeks to augment employment opportunities. On the other side, an opposite trend has been observed in the leather products and other manufacturing industries. Yet, it is not true for all industries in India. For instance, the share of industries like the rubber, plastic & petroleum products and the services in the capital investment remained higher during the period. It implies a decline either in their share of number of factories or in employment. While on the other hand, the share of the woolen textile industry in the capital investment increased and it affected to a decline in number of factories and an increase in number of employment during the period of analysis. Therefore, the hypothesis remains that a higher
share of productive capital does not always lead to an increase in number of factories as well as in the level of employment.

The Forth observation is that an industry with a higher share of net value added, or a high profit oriented industry implies a decline in the share of outstanding loans. It is true in cases of the beverages & tobacco products and the textile products industry. On the other hand, the food products and the basic chemical & chemicals products industries accounted a higher share of outstanding loans, though their share in profit and net value added remained higher. Likewise, the cotton textile industry recorded a higher share of outstanding loans, even though their share in profit and net value added were declined. The inference drawn on it may be that these industries may require or borrow huge amount to finance their capital investment and for diversification, renovation, modernization or expansion of existing units, or upgradation of process technology. They may also borrow large amount of finance for setting up comparatively large-sized plants. It would earn them better prospects in domestic and international competitiveness in the context of global markets. Therefore, the hypothesis remains that a higher value added and profit oriented industries may have a lower share of outstanding loans and yet it may not be true for all the industries in India.

The performance of Indian manufacturing industry may be measured in the light of factors of production. Capital and labour form two major components of the input. Hence, their intensity and productivity remain significant considerations to help to measure the performance specifically, what counts here is matters like capital intensity, capital productivity, labour productivity, debt capital ratio, profitability and wages per worker. With a view to explaining these matters in the light of reviewing the performance of Indian manufacturing industry, table 5.3 is furnished.

The table 5.3 shows that the level of capital intensity underwent considerable changes over the period of time from 1979-80 to 1993-94.
It also reveals that a higher inflow of capital per worker does not always lead to higher capital productivity for all industries in India. For instance, since 1979-80 industries like the basic metal and alloys products and the services industry have had higher capital intensity (i.e. capital per employee). It remained above the all India average with lower capital productivity throughout the period of analysis. Similarly the basic chemical and chemical products, the rubber, plastic and petroleum products industries had higher capital intensity with lower capital productivity up to 1985-86. It remained below the all India average. While with higher capital productivity it remained above the All India average since 1989. While on the other hand, all remaining industries except the woolen textiles, recorded lower capital intensity with higher capital productivity. As a result, it remained above the all India average throughout the period of analysis. The inference is that since the liberalization measures were introduced in 1985, the basic, capital and intermediate goods industries managed to bring more and more capital intensive technology for better prospects of domestic as well as international competitiveness. It may as well help to carry on projects of modernization and expansion of existing industries. Therefore, these industries have been enjoying higher share in terms of capital per employee.

Further, the table-5.3 reflects that the level of labour productivity (i.e. value added per unit of employee) of all India manufacturing industries have continuously increased over a period of time. However, since 1979-80, industries like the food products, the beverages, the cotton textiles, the jute textiles, the textile products, the wood products, the leather products and the non-metallic mineral products have had a lower share in labour productivity. It thus, remained below the all India average. While on the other hand, the industries like the woolen textiles, the basic chemicals and chemical products, the rubber, plastic and petroleum products, the basic metal & alloys products, the electrical & non-electric machinery equipments and the service industries claimed a higher share in terms of labour productivity and, thus, remained above the all India average. However, the industries
like the paper products, the metal products & parts, and the transport equipments had a higher share in value added per unit of employee. It remained above the all India average in 1979-80. But they had lower contribution in terms of labour productivity and, thus, remained below the all India average in 1993-94. Similarly in terms of labour productivity, the other manufacturing products industry recorded a higher share above the all India average in 1979-80. But in 1989-90, it had a lower share below the all India average. Again in 1993-94, it recorded a higher share above the all India average.

In the light of the above analysis, the table-5.3 implies that industries that have higher capital per employee may lead to higher labour productivity (e.g., chemicals & chemical products, basic metal & alloys products rubber, plastic and petroleum products and service industries). However, this is not true in case of all manufacturing industries in India. Because, the industries like the electricals and non-electric machinery & equipments remained below the all India average in terms of capital per employee, while in terms of capital and labour productivity they remained above the all India average.

Further, higher capital productivity does not lead to higher labour productivity. It may not be true for all the manufacturing industries in India. For instance, industries like the food products, the beverages, the cotton textiles, the jute textiles, the textile products, the paper products, the wood products and the leather products were enjoying high capital productivity despite of the low labour productivity registered by them.

Thus it infers, from the analysis above based on the table-5.3, that higher capital per employee does not mean as leading to higher capital and labour productivity in cases of all manufacturing industries in India. It also infers that higher capital productivity does not lead to higher labour productivity at all the times and in cases of all manufacturing industries in India. However, some industries are exception to this hypothesis. The industries like the woolen textiles,
the non-metallic mineral products, the paper products, the metal products & parts, the transport equipments and other manufacturing products have remained below the all India average in terms of capital per employee, while in terms of capital productivity, industries such as the woolen textiles and the non-metallic mineral products have remained above and below as well the all India average. It is despite of the fact that in terms of labour productivity the woolen textiles industry has remained above the all India average and the non-metallic mineral products industry has remained below the all India average over a period of time. In line with it, other remaining industries have remained above the all India average in terms of capital productivity. Yet they registered movement both above and below the all India average in terms of labour productivity over a period of time.

The table-5.3 reveals that the higher was the productivity of capital the higher would be the profitability of the industry (profit per total capital employed) and vice-versa. But this may or may not be true for all manufacturing industries in India over a period of time. For instance, since 1979-80 the industries like the beverages & tobacco products, the electrical & non-electric machinery equipments, the metal products & parts and other manufacturing industries registered higher capital productivity accompanied with higher profitability. They remained above the all India average. Opposite to it the basic metal & alloys and the service industries had lower capital productivity that led the industries to lower profitability. Consequently, they remained below the all India average. However, this is not true in case of all manufacturing industries in India. Because, industries like the food products, the cotton textiles, the woolen textiles, the jute textiles, the textile products, the wood products, the paper products, the leather products and the transport equipment industries had higher capital productivity and yet the fact remained that might or might not lead to higher profitability all the time or over a period of time. While on the other hand, the rubber, plastic & petroleum product industries recorded any change in capital productivity. But they did not make any change in their higher profitability. Beside, as the contribution of capital
productivity of the non-metallic mineral product industry change the
share of profitability also changed correspondingly. In case of basic
chemical & chemicals products industries, changes in capital
productivity remained uncertain. It led to change of any kind in
profitability from the period of 1979-80 to 1993-94.

Further the table-5.3 indicates that the higher was the capital per
employee, the higher would be the debt capital ratio (i.e. outstanding
loans per capital) and vice-versa. Accordingly, the service industries
recorded a higher capital intensity that led to higher debt capital. While
industries like the beverages, the paper products, the non-metallic
mineral products and the transport equipment industries recorded
almost lower capital intensity that led to lower debt capital for the
period of 1979-80 to 1993-94. However, this may or may not be true
in cases of all manufacturing industries in India. Because the industries
like the food product, the cotton textiles, the woolen textiles, the jute
textiles, the leather products, the metal products & parts, the electrical
& electrical equipment industries registered had lower capital intensity
that led to almost lower outstanding loans per capital. Along the side,
the high value added industries such as the chemical & chemical
products, the rubber, plastic & petroleum products and the basic metal
& alloys product had higher capital intensity that led to almost lower
outstanding loans per capital from the period of 1979-80 to 1993-94.
While on the other hand, the industries like the textile products, the
wood products, the machinery equipment and other manufacturing
industries had lower capital intensity that led to any changes (i.e.
higher or lower) in the Debt capital for the period.

Moreover, in relation to the above indicator, the table-5.3 also
indicates that higher profitability of the industry does not always lead to
lower debt capital or outstanding loans per capital and it may not be
true for all manufacturing industries in India. For instance, from 1979-
80, industries like the beverages, the paper products, the basic
chemical & chemicals products, the rubber, plastic and petroleum
products, the non-metallic mineral products, the machinery equipment
163
and other manufacturing industries recorded higher profitability which almost led to lower Dept capital. And it remained below the all India average. While industries like the cotton textiles, the jute textiles and the service industry had almost lower profitability that led to higher Debt capital. It remained above the All India average. However, this is not true for all times for all manufacturing industries in India. Because industries like, the woolen textiles, the metal products & parts and the electrical & electric equipment industries had almost higher profitability accompanied with higher Dept capital. Whereas the transport equipment product industries had almost lower profitability accompanied with lower Dept capital and it remained below the All India average during the period 1979-80 to 1993-94. However, the food products, the textile products, the wood products and the leather product industries recorded either higher or lower profitability that led to uncertain changes in Dept capital during the period of analysis.

Moreover, the table-5.3 indicates that the higher wages per employee (i.e. total emoluments per employee) may lead to higher labour productivity. It may be true for all manufacturing industries in India. This hypothesis is supported by the cases of industries like the basic chemical & chemicals products, the rubber, plastic and petroleum products, the basic metal & alloys products and the electrical & non-electric machinery equipment that allowed higher wages per employee. They remained above the all India average during the period of 1979-80 to 1993-94. Similarly, the other manufacturing industries, service industries and the transport equipment industry remain are almost along with the above hypothesis. But they have an exception to this hypothesis too that the ratio of wages per employee and labour productivity were inversely related to each other in the year 1989-90, 1991-92 and 1993-94 respectively. The hypothesis is again not found true in cases of the industries like the food products, the beverages, the cotton textiles, the jute textiles, the textile products, the wood products, the leather products and the non-metallic mineral products. Because they allowed, lower wages per employee (remained below the All India average) that led to lower labour productivity during the
period of analysis. While both this ratios have exhibited direct relationship between the two factors in the metal product & parts industries, and inverse relationship in the paper product industries and both types of relationship in the woolen textile industries during the period of 1979-80 to 1993-94.

The above facts can be further supported by examining the percentage changes in the share of the major important structural ratios of the manufacturing industries in India over a period of time. The important observation is that higher capital intensity may lead to higher capital productivity and labour productivity in case of manufacturing industries in India. For instance the table 5.3 shows that the percentage change in the capital intensity of industries like the tobacco product, the wood product, the non-metallic mineral product, the basic metal & alloy product and cotton textiles increased above the All India average. It led to decline in capital productivity and increase in labour productivity. In this respect, they remained below the all India average during the period 1979-80 to 1993-94. While during the same period, the percentage changes in the capital intensity in the leather product, the basic chemical & chemicals products and the rubber, plastic and petroleum products industries recorded increase below the All India average with increase in capital and labour productivity above the All India average.

The percentage change in the share of the textile industry in terms of productive capital per employee increased above the All India average. It led to increase in capital and labour productivity. While in case of the paper product industry, the percentage in capital intensity remained below the All India average that led to decline in capital productivity and increase labour productivity. It remained below the all India average over a period time.

Further the percentage change in the capital intensity in industries like the machinery equipments, the electrical and the transport equipments increased but it remained below the All India
average. It led to increase in capital and labour productivity above and below the All India average respectively. This implies that the hypothesis is not true in cases of all manufacturing industries in India. Therefore, the conclusion may be arrived at that the increase percentage change in the capital intensity of any industry does not always lead to increase in capital and labour productivity and it may not be true for all manufacturing industries in India.

The second observation is that the higher is the capital productivity, the higher would be the profitability of the manufacturing industry. But this might be or might not be true for all manufacturing industries in India over the period, 1979-80 to 1993-94. For instance, the percentage changes in the capital productivity in the textile, the leather, the basic chemical, the rubber products, the other manufacturing equipments and the services industries marked an increase with an increase in the profitability above the all India average. Whereas that in industries like the food products and the tobacco products marked a decline despite of the fact that it led to increase in profitability above the All India average. This implies that the hypothesis may not true for all manufacturing industries in India.

The third observation is that higher is the capital intensity and profitability the lower would be the Debt capital ratio. For instance, the percentage changes in the capital intensity and the profitability in the basic chemical product, the basic metal and alloys products and the transport equipments industries increased over the period. It led to increase in Debt capital ratio. While on the other hand, the percentage changes in the industries like the food products and the textile products increased though their percentage change in the Debt capital ratio declined over a period of time. This implies that the hypothesis may not true for all manufacturing industries in India.

Lastly, the higher percentage changes in the emoluments per employee may lead to increase in the labour productivity. It may be true in cases of all manufacturing industries in India. The food products,
the basic chemical products and other manufacturing equipments industries supported this hypothesis with their corresponding results during the period of study. While on the other hand, the percentage changes in the total emoluments per employee in the paper products, the non-metallic mineral products, the machinery and equipment products and the transport equipment product industries increased above the All India average. It led to increase in the labour productivity but remained below the All India average. This reveals that the higher is wages per employee, the higher would be the labour productivity and it may be true for all manufacturing industries over a period of time.

Further, in order to bring out more detailed picture of the growth pattern of industrialization, the coefficient of correlation among various major development indicators have been worked out in cases of All India manufacturing industries. It is done at an aggregate level in table 5.4 (A) for six different years. The results of this table indicate a significant degree of correlation for all the variables or indicators reported. They also reveal the positive association or relationship between all the variables.

The co-efficient of correlation between productive capital and employees showed a positive and significant relation during the period under the present study. The degree of association between them marked increase in the margin from 0.49158 in 1979-80 to 0.53418 in 1993-94. In its connection, the co-efficient of correlation between value added and productive capital showed a direct or positive and significant relation without any specific pattern. This indicates that there was constancy in the capital productivity in all manufacturing industries in India during the period 1979-80 to 1993-94. Although the correlation between the value added and employees also showed a positive and significant relation, the degree of association between them started declining from 0.75852 in 1979-80 to 0.43172 in 1993-94. This implies that the value added per employee (labour productivity) marked a fall over a period of time. However, this conclusion can be confirmed with the regression results of the table 5.4-(B).
Further, the correlation between number of employees and emoluments (wages) showed a positive relation over the time. It might also indicate that the average emoluments declined over the period. In line with it, the coefficient of correlation between the value added and total emoluments also showed a positive and significant relation with a specific pattern. The specific correlation pattern is that the degree of association between them declined since 1979-80 to 1993-94. However, this may be confirmed with the regression results given in the table 5.4 (B).

Lastly, there is a positive and highly significant degree of correlation between the outstanding loans and productive capital without any specific pattern. This indicates constancy in the debt capital requirement for industrial development. In brief, we observe that all the results of the table – 5.4 (A) show a positive and significant correlation among all the major development indicators of industries.

For a detailed analysis look at the table 5.4 (B), is needed. In this table, five different sets of regression equations are fitted for different time periods using cross section data. The reference years are the same that were used in the table 5.4(B).

The equation – 1 studies the relationship between productive capital and value added in which the former is an independent variable. This equation confirms the conclusion drawn on the basis of the table – 5.4 (A) that there was constancy in capital productivity over a period of time. Any increase or change by one unit in productive capital generated 0.11 units of value added in 1979-80, 0.12 units in 1991-92 and 0.16 units in of value added in 1993-94.

The equation-II explains the labour productivity of different manufacturing industries of India over a period of time. Its result reveals that a considerable improvement in terms of labour productivity is noted. It was 0.099 units in 1979-80 and 0.54 units in 1993-94 as
changes in number of employees by one unit. This is a significant rise in view of the constancy in capital productivity. Despite this, the result discards the conclusion drawn on the table 5.4(A) regarding labour productivity.

Further, the equation - III support the conclusion, because unitwise changes in total emoluments lead to more than proportionate changes in the value added. It also indicates that the labour productivity is increasing over a period of time.

The equation- IV studies the relationship between outstanding loans and productive capital in which the former is an independent variable. The equation confirms the conclusion drawn on the basis of the table 5.4 (A) that there is constancy in debt capital ratio over a period of time. There is an increase or change in outstanding loan by one unit that leads to generate sustainable proportionate change in the productive capital or investment in the manufacturing industrial sector.

The last equation shows that the total emoluments increased over a period of time. It was 0.05 units in 1979-80 and 0.22 units in 1993-94, as the number of employee by one unit changed. However, this increase in total emoluments operated in terms of money or in current price. Hence, the increase in total emoluments may not acquire significance if it would be adjusted for inflation.

Thus, at the aggregate level from the result of the tables 5.4 (A) and 5.4(B), we find a very little support to the belief that production function or the level of technology remain the same for all different manufacturing industries of India. On the contrary, we have a strong ground to expect considerable variations in the levels of technological options available in the different manufacturing industries of India. In fact, one may also determine that the higher capital intensive industry attracts higher capital productivity and good quality of labour, and thereby higher emoluments and higher labour productivity. It also reveals that the strategy of industrial policies and priorities of planned
programmes introduced by the Government of India could not maintain a balanced structure-based growth pattern of industrialization in India during the period 1979-80 to 1993-94.

5.2 Regionwise and Statewise Growth Pattern of Industrial Development:

The growth pattern of industrial development has to be even and balanced so that it assures just distribution of its benefits in all regions and states. It is essential for healthy economic as it allows equal distribution of prospects of industrial development in the form of prosperity, raising employment and overall development of regions or states. The present study, therefore, treats it a crucial issue to evaluate the performance of industrial finance to ensure industrial development in India. It considers for its purpose the growth pattern and the regional disparity as prime indicators of development of manufacturing industries in India. These indicators of the growth pattern and the regional disparity in the industrial development are examined in terms of major development indicators of the different manufacturing industries located in all the states of India. The tables 5.5 to 5.8 need to be considered for the purpose.

The Table 5.5 demonstrates the statewise and regionwise continuous compound growth rate of the major development indicators of all manufacturing industries in India during the period 1979-80 to 1993-94. At the regional level, a continuous compound rate of growth in number of factories was the highest in the South region (2.90%), followed by the North region (2.39%), while it remained the lowest growth rate in the West region (0.55%), followed by the East region (-1.03%). The rate is as compared to overall rate in all states (1.56%) during the period of 1979-80 to 1993-94. An analysis at the state level reveals that during the period the continuous compound rate of growth in number of factories was highest in the Himachal Pradesh (4.40%), followed by Tamil Nadu (3.92%), Andhra Pradesh (3.21%), Rajasthan (3.15%), Uttar Pradesh (3.12%) and Haryana (2.17%). While, it
declined with negative growth rate in Assam (-0.64%), West Bengal (-0.91%), Bihar (-1.85%) and Jammu & Kashmir (-3.20%).

Similarly, the net value added recorded the highest growth in the North region (15.48%), followed by the South region (14.67%) and the Western region (14.38%). While the lowest growth rate was recorded in the East region (12.58%) as compared to that in all states (14.36%). Accordingly, at the state level, the rate of growth in net value added was the highest in Madhya Pradesh (17.71%), followed by Orissa (16.98%), Punjab (16.44%), Uttar Pradesh (16.16%), Himachal Pradesh (15.59%), Rajasthan (15.38%), Bihar (16.15%), Tamil Nadu (15.13%), Assam (15.01%), Karnataka (14.81%) and Andhra Pradesh (14.74%). While on the other hand, the growth of net value added in the Jammu & Kashmir (12.24%) and West Bengal (9.39%) was very low as compared to that in all states (14.36%).

During the period 1979-80 to 1993-94, the growth in productive capital or capital investment remained the highest in South region (15.46%), followed by that in the Western region (14.88%) and that in the Northern region (14.69%). While it remained lower growth was recorded in the eastern region (11.40%) as compared to all states (14.27%). Considering it at the state level, the growth in productive capital was the highest in Andhra Pradesh (18.88%). It was followed by states like Orissa (17.16%), Punjab (15.47%), Himachal Pradesh (15.28%), Uttar Pradesh (15.17%), Tamil Nadu (15.12%), Gujarat (14.73%) and Haryana (14.29%). While the states like Bihar recorded lower growth with 8.37% and Jammu & Kashmir registered negative growth with -1.87% as compared to all states (14.27%) during the period.

At the regional level, the compound rate of growth in employment was largest in the South region (1.70%). It was pursued by lower growth in West region (0.12%), while negative growth was registered with -1.08% in the Eastern region and with -23.32% (simple average growth) in the Northern region in the light of all states.
During the period of analysis, the growth in employment at the state level was highest in the Himachal Pradesh with 8.04%. Subsequently, it was recorded in Punjab with 4.47%, in Haryana with 3.18%, in Orissa with 2.97%, in Tamil Nadu with 2.23%, in Madhya Pradesh with 2.15%, in Rajasthan with 2.10%, in Andhra Pradesh with 1.86% and in Karnataka with 1.15%. Whereas the employment registered a decline in growth of with 0.39% in Kerala, with 0.32% in Uttar Pradesh, with 0.01% in Gujarat and a negative growth was registered in Bihar with -0.17% followed by that in Assam with -0.27%, in Maharashtra with -0.42%, in West Bengal with -2.23% and in Jammu & Kashmir with -6.81%, as compared to all selected state of India (0.74%) over a period of analysis.

In terms of outstanding loans during the period of analysis, growth rate at the regional level, was recorded highest in the Western region with 14.12%, followed by that in the Eastern region with 12.95%, and that in the Southern region with 12.63%. While the lowest growth was recorded in the Northern region with 10.80%. Similarly, at the state level, the growth of outstanding loans was the highest in Orissa with 18.06%. It was followed by that in the Himachal Pradesh with 15.90%, that in the Andhra Pradesh with 15.73%, that in Gujarat with 15.03%, that in Madhya Pradesh with 14.33% and that in Maharashtra with 13.51%. Whereas in the states like the Uttar Pradesh, Punjab and Kerala the growth of outstanding loans were very low with 9.79%, 9.51% and 8.20% respectively during the period 1979-80 to 1993-94 as compared to all selected states of India.

The continuous compound rate of growth in profit was the highest in the Northern region with 16.34%. It was followed by that of South region with 13.95%. While the lowest growth rate was recorded in the Western region with 10.40% and then in the Eastern region with 10.21%. In the same way, at the state level, the growth in profit was the highest in Madhya Pradesh with 16.86%. It was followed by that of Tamil Nadu with 16.79%, that of Assam with 16%, that of Karnataka with 14.94%, that of Kerala with 13.84% and that of Gujarat with 172
13.51%. While on the other hand, the lowest growth rate was recorded in the Himachal Pradesh with 9.17% and in Maharashtra with 9.08% during the period of analysis.

In case of total input, the highest growth rate was recorded in the Northern region with 17.36%. It was followed by that in Southern region with 14.99% and that in Western region with 14.27%. While the growth rate of total input in the Eastern region was very lower as compared to all selected states of India. At the state level, total input registered highest growth rate in Himachal Pradesh with 23.31%. It was followed by that in Uttar Pradesh with 20.16%, that in Madhya Pradesh with 17.78%, that in Rajasthan with 17.08% and that in Andhra Pradesh with 16.88%. While on the other hand, the lowest growth rate was recorded in Punjab with 9.48% during the period of said study.

At the regional level, the compound growth rate in total emolument was the highest in the Northern region with 13.73%, followed by that in the Southern region with 12.60%. While on the other hand, the lowest growth rate was recorded in the Western region with 11.82% and the Eastern region with 9.50%, as compared to all states. Similarly at the state level, the continuous compound growth rate in total emolument was highest in the Himachal Pradesh with 19.83%. It was followed by that in Punjab with 15.16%, that in Haryana with 14.59%, that in Rajasthan with 13.48%. Whereas the lowest growth rate was recorded in Jammu & Kashmir with 4.34% during the period of analysis.

In terms of value of output at the regional level, the growth rate was registered the highest in the Northern region with 16.81%. It was followed by that in the Southern region with 15.03%. While the lowest growth rate was recorded in the Western region with 14.34% and subsequently in the Eastern region with 12.13%, as compared to all states with 14.65%. Accordingly at the state level, the growth rate in value of output was recorded the highest in the Himachal Pradesh with
19.59%. It was followed by that in the Uttar Pradesh with 17.60%, in the Madhya Pradesh with 17.28%, in Orissa with 16.77% and in Rajasthan with 16.69%. While on the other hand, the lowest growth rate was recorded in the West Bengal with 10.23% during the period of analysis.

Lastly, looking towards the continuous compound growth rate of net capital formation, the highest was recorded in the Southern region with 15.88% followed by that in the Eastern region with 13.91%, that in the Northern region with 13.83% and that in the Western region with 13.75%, as compared to all selected states in India with 12.14%. In line, at the state level the highest growth rate of net capital formation was recorded in Himachal Pradesh with 19.29%, followed by that in Tamil Nadu with 17.53%, that in Andhra Pradesh with 16.81%, that in the West Bengal with 15.61% and that in Gujarat with 15.48%. Whereas the rate of growth was registered the lowest in Assam with 0.71% during the period of analysis.

From the above analysis one may conclude that in terms of major development indicators of the manufacturing industries at the regional level, Southern and Northern regions have recorded significant continuous compound growth during the period 1979-80 to 1993-94. While on the other hand, during the same period, insignificant continuous compound rate of growth was accounted by the Eastern Region. However, the Western region registered moderately significant growth over a period of time.

At the state level, in terms of major development indicators of the industries, the states like the Himachal Pradesh, the Andhra Pradesh, the Madhya Pradesh, the Uttar Pradesh and Orissa recorded significant continuous compound growth as compared to the growth rate of Haryana, Punjab, Rajasthan, Kerala, and Karnataka during the period of 1979-80 to 1993-94. While during the same period, states like Jammu and Kashmir, Bihar and Assam recorded insignificant continuous
compound growth rate, eventhough the Government of India implemented promotional dispersal policies from time to time.

The states like, Gujarat, Maharashtra and Tamil Nadu that are industrially affluent registered a moderate significant continuous compound growth, whereas the West Bengal recorded poor industrial growth during the period of analysis. This reveals that at the regional and state levels, the desirable growth pattern of the industrial development in the different states was alter disappointment, despite of the stated objectives of the government industrial dispersal policy and plans to reduce regional disparity in the industrial development in India. This reflects that the Government policy of industrial dispersal has failed to counter barriers inherited in industrially lagging regions. With it, industrial dispersal programmes and corresponding incentive schemes such as concessional finance investment, subsidy, transport subsidy, sales tax concessions and infrastructural development etc., proved ineffective.

Further, the analysis shows that during the period 1979-80 to 1993-94, the states like Andhra Pradesh, Himachal Pradesh, Orissa, Punjab, Tamil Nadu and Uttar Pradesh registered higher growth in productive capital against the level of employments that would lead to higher growth in net value added of the industries. While the states like Assam and Bihar recorded lower growth in productive capital and decline growth in level of employment that resulted into higher growth in net value added of the industries.

The industrially affluent states like Gujarat and Maharashtra recorded higher growth in productive capital and lower growth in employment. This led to lower growth in net value added. While the West Bengal registered lower growth in productive capital and decline in growth in the level of employment. It resulted into lower growth in net value added of the industries. This reflects that functional relationship between capital intensity and net value added which was not noticed in all states of India.
Further, in order to examine the diversification of industries in different states and regions in terms of major development indicators of the manufacturing industries, the table-5.6 needs to be considered.

The table-5.6 exhibits that at the regional level, the Western and the Southern regions were bigger contributors in terms of all major development indicators of the manufacturing industries during the period 1979-80 to 1993-94. While on the other hand, during the same period the lower share was recorded by the Eastern region. Whereas the Northern region registered more or less a stable and moderate contribution in terms of major development indicators of the manufacturing industries during the period of analysis.

The analysis conducted at the state level, shows that states like Maharashtra, Andhra Pradesh, Gujarat, Tamil Nadu, Uttar Pradesh and West Bengal were among affluent states who enjoyed higher share in terms of number of factories. However, the status like West Bengal had a lower share and as it declined from the 6th rank in 1979-80 to the 8th rank in 1993-94. On the other hand, the states like, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir and Orissa recorded lower share in terms of number of factories during the period of analysis. Whereas the remaining states were able to maintain more or less stable ranks throughout the period of analysis.

Similarly, in terms of all major development indicators such as net value added, productive capital, number of employee, outstanding loans, profit, total inputs, total emoluments, value of output and net capital formation states like Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh, West Bengal, Andhra Pradesh and Madhya Pradesh recorded greater shares, as compared to the all other states of India during the period of analysis.

Except Andhra Pradesh, Madhya Pradesh and Uttar Pradesh, the rest of other states of India are industrially affluent states. However, the position of West Bengal had been declining in terms of net value
added i.e. from the 2nd rank in 1979-80 to 7th rank in 1993-94. Whereas Madhya Pradesh showed a little improvement from 9th rank in 1979-80 to 6th rank in 1993-94. Andhra Pradesh remained in strong position among the industrially affluent states in terms of net value added, productive capital, employment, outstanding loans, total input and value of output. It was able to maintain a stable rank in terms of total emolument and net capital formation despite it was unable to maintain its rank in terms of profit i.e., it declined from 4th rank in 1979-80 to 14th rank in 1993-94. Similarly, the Uttar Pradesh too recorded a substantial position in terms of net value added, productive capital, employment, profit, total input, total emolument, value of output and net capital formation, however, it was unable to maintain its rank in terms of outstanding loans. The West Bengal on the other hand exhibited a bit weak position among the industrially affluent states in terms of net value added, employment, productive capital, total input, and value of output.

During the analysis period, the poor industrial development was observed in case of states like Jammu & Kashmir, Himachal Pradesh, Assam, Orissa, Haryana, Rajasthan and Kerala. Because, the position of all these states have remained at the bottom of the rank list in terms of selected development indicators of the manufacturing industries over a period of time. Out of these states, Assam, Rajasthan, Jammu & Kashmir and Himachal Pradesh were declared industrially backward states in 1970. They were eligible for central and state governments incentives and concession schemes devised by the planning commission, Government of India. Hence since 1979, the positions of the Himachal Pradesh and Rajasthan have recorded little improvement. The moderate rank position in industrial development was observed in cases of Punjab, Karnataka and Bihar with little variations. They maintained neither poor status, nor industrially well developed one. Because no sudden or substantial movement was noted in terms of all major development indicators during the period of 1979-80 to 1993-94. Except in the case of Bihar, however, a significant change was noted.
Its status in terms of profit increased from the 15th rank in 1979-80 to the 3rd rank in 1993-94.

The above analysis brings to conclude that, since 1979, the different industrial dispersal programme and corresponding incentive schemes brought about a little variation or diversification in the pattern of industrial development in the different states and regions of India in terms of major development indicators. For instance, industrially affluent regions like the Southern and the Western Region enjoyed a higher share in terms of major development indicators throughout the period of analysis. It was in pursuance of the government industrial dispersal programme and corresponding different concessional schemes that were implemented by the government from time to time. The North region accounted a gradual and substantial contribution in terms of major development indicators of industries. Whereas the status of industrially lagging region in the east remained weak and deteriorating throughout the period of analysis.

Accordingly at the state level, the industrially affluent states like Maharashtra, Gujarat, Tamil Nadu and West Bengal enjoyed a higher share in terms of major development indicators. Yet, the status of the West Bengal remained deteriorating. Whereas, industrially lagging states like Jammu and Kashmir, Haryana, Orissa, Rajasthan, Kerala, Assam and Himachal Pradesh exhibited poor industrial development, despite of the financial and fiscal incentives and the concessions offered by the government for promoting balanced industrialization in India.

The real beneficiaries of the industrial dispersal scheme were states like the Andhra Pradesh, the Uttar Pradesh and the Madhya Pradesh which recorded a higher share in terms of major development indicators. It was as compared to that of Punjab, Bihar and Karnataka that remained stable during the period of 1979-80 to 1993-94.

A notable point is that, the states or regions occupied significant rank or contribution in percentage distribution with respect to all major
development indicators or characteristics. They did not necessarily occupy the same position in terms of continuous compound growth rate over a period of time. For instance, at the regional level, except Southern and Eastern regions, the regions like the Western region occupied significant position and the Northern region accounted a gradual and substantial contribution in terms of percentage share in the selected development indicators of industries. Whereas, the Western region recorded a moderate growth and the Northern region registered a significant growth while analyzing continuous compound growth rate in terms of the selected development indicators of industries.

Accordingly, at the state level, except Andhara Pradesh, the Madhya Pradesh and Uttar Pradesh, the states like the Himachal Pradesh and Orissa recorded poor position and the states like Gujarat, Maharashtra and Tamil Nadu occupied significant position in terms of percentage share in selected development indicators of industries. Whereas, the Himachal Pradesh and the Orissa recorded significant growth and Gujarat, Maharashtra and Tamil Nadu accounted a moderate growth. Such a picture has been revealed while analyzing continuous compound growth rate in terms of the selected development indicators of industries. This implies that, from time to time, the government of India introduced or announced different industrial dispersal programme and corresponding incentive schemes brought about a little variation or diversification in the pattern of industrial development in the different states and regions of India. The industrially affluent states like Maharashtra, Gujarat and Tamil Nadu once developed on a significant stage hardly required to grow at a higher rate over a period of time. Only the states like, Andhra Pradesh, Madhya Pradesh and Uttar Pradesh are the exception to the theory. They occupied significant position in terms of both analyses. Percentage distribution (i.e. their share in different major development indicators in comparison to the other states) and their individual overall continuous compound growth rate over a period of time.
The important observations are that the states like Gujarat, Tamil Nadu and Maharashtra recorded higher contributions in terms of number of factories. It led to account for a higher share in their all remaining significant selected development indicators of the manufacturing industries during the period of 1979-80 to 1993-94. On the other hand, the share of the Madhya Pradesh in number of factories declined marginally, though its share in all remaining major development indicators increased. This implies that an increase in number of factories does not always mean an increase in all remaining major development indicators of industries of all states of India.

The states like Uttar Pradesh, Gujarat, Tamil Nadu and Maharashtra recorded a higher share of net value added. It was asserted by a higher share of productive capital, total input and value of output during the period of analysis. However, this is not true in cases of all other states of India. For instance, the share of Bihar in terms of net value added increased and it was asserted by decline share of productive capital, total input and value of output over a period of time. In line with the above, another significant finding is that the states like Gujarat, Madhya Pradesh, Tamil Nadu and Uttar Pradesh recorded a higher share of net value added that led to increase their share in profit. While states like Andhra Pradesh and Haryana had a higher share in net value added that led to a decline in their share in profit. The hypothesis may be derived that the states with high net value added claimed higher share of profit. However, the above analysis reflects that it would not be true in cases of all the states of India.

Further, the states like Andhra Pradesh and Tamil Nadu had higher share of productive capital that led to increase in their share of number of factories as well as level of employment. On the other hand the share of Gujarat and Maharashtra declined in terms of number of factories and as well as in employment, though their shares in the productive capital increased over a period of time. The decline in shares in number of factories as well as employment in cases of Gujarat and
Maharashtra was affected by factors like modernization and upgradation process of technology used for rapid industrialization in the states of India. This reflects that the observation would not be true for all states of India.

The hypothesis is that the high value added and high profit oriented states may have lower share of outstanding loans. This was true in the case of the Uttar Pradesh. While on the other hand, it was not true in cases of Gujarat, Tamil Nadu and Madhya Pradesh. They had increased share of outstanding loans even though their share in net value added and profit increased. Whereas in the case of Maharashtra, the share of both value added and profit declined in margin, despite of the fact that their share in outstanding loan remained high over a period of analysis. However, the share of outstanding loans in the states like Andhra Pradesh and Himachal Pradesh increased, though their shares in net value added increased and that in profit declined. The inference is that these states might have borrowed huge amount of finance for capital investment to modernize or expand existing industries or for upgradation of process technology and setting of comparatively large size plant to reduce industrial disparity in industrial development in India. Hence, states with the high value added and profit oriented would not always mean as having a lower share of outstanding loans.

Performance of various regions and states in terms of major structural ratios of all manufacturing industries acquires significance as regards overall performance of the Indian industry. The tables-5.7(A) &5.7(B) throw due light in this regards to project its status since 1979.

The table-5.7(A) presents that, higher inflow of capital per employee at the regional level did not always lead to higher capital and labour productivity equally for all regions in India. For instance, since 1979-80, the Western region had higher capital intensity accompanied by higher capital and labour productivity. It remained above the All Regions average. While on the other hand, the Northern region had
higher capital intensity with lower capital and labour productivity. Whereas the Southern region had lower capital intensity that might have led to higher capital and labour productivity during the period 1979-80 to 1993-94. The remaining Eastern region too worked on the above established hypothesis during the period of analysis.

Further, the table-5.7 (A) also implies that the higher capital productivity did not always lead to higher labour productivity in case of all regions. Except for the Western region, the other regions established this hypothesis through their status. In case of profitability, the Western region had higher capital productivity since 1979 that led to higher profitability putting it above the All Region average, however except in 1991-92. On the other hand, the Northern the Southern and the Eastern regions had either higher or lower capital productivity that might led to any change in the profitability during the period of 1979-80 to 1993-94. This exhibits that the higher capital productivity does not always lead to higher profitability in all regions. The table-5.7 (A) reveals that the Northern and Western regions had higher capital intensity, but it did not always lead to higher Debt capital, while the Southern region had lower capital intensity that led to higher Debt capital ratio from 1979-80 to 1985-86 and lower Debt capital ratio from 1989-90 to 1993-94. It implies that the high capital intensity does not always mean high Debt capital ratio in manufacturing industries of all regions. Similarly, the table-5.7 (A), revels the study that the Western and the Southern regions had higher profitability but it did not always lead to lower Debt capital ratio. While on the other hand, the Northern and the Eastern regions had lower profitability that did not always lead to higher debt capital ratio during the period of analysis.

Looking at the ratio of wages per employee, the table-5.7 (A) exhibits that high wages were paid per employee in the Eastern region, eventhough their share in Labour productivity was low. While in the Western region, high wages were paid per employee and that led to high Labour productivity. In other regions such as the Northern and the Southern, low wages per employee were paid that led to lower Labour
productivity during the period of analysis. This observation establishes that higher wages per employee may lead to higher Labour productivity in industries in all regions or it may not do so. The above analysis can further be supported by examining the changes in percentage of the share of the major structural ratios in all the regions of India during the period of 1979-80 to 1993-94.

One important finding is that the higher share of capital intensity may lead to higher capital productivity and labour productivity and it may be true for all for regions in India. For instance, the changes of percentage of the capital intensity in the Western region accounted a higher share. It led to a decline in the capital productivity and an increase in the labour productivity. It remained above the all regions’ average. While on the other hand, the Eastern region recorded a lower capital intensity and yet it led to a higher capital productivity and labour productivity over a period of time. This implies that this fact was not true in cases of rest of regions in India, and the Eastern region remained an exception to the above finding.

The second fact is that the higher was the capital productivity, the higher would be the profitability. This may or may not be true for all regions in India. For instance, the change in percentage of the capital productivity in the Eastern region recorded a higher share. It led to an increase in the profitability that was above the all regions’ average. While on the other hand, that in all other remaining regions recorded a decline in the share in the capital productivity and it further led to varied results with a decline in the share of profitability in the Northern region and in the Southern and in the Western regions below the all regions’ average.

The third fact is that the higher was the capital intensity and the profitability, the lower would be the Debt capital ratio. For instance, the change in percentage of the capital intensity and profitability in the Southern region recorded lower share, and it led to a decline in the Debt capital ratio. While in case of the Western region, the change in
percentage of the share of capital intensity that remained higher and the share of profitability was lower. That condition led to a decline in the Debt capital ratio that remained above the all the regions' average. Whereas, the change in percentage of the capital intensity in the Eastern region recorded a lower share and in its share of profitability was higher. That condition led to an increase in the share of the Debt capital ratio above the all regions’ average over a period of time. This reflects that the hypothesis that we derived may not be true for all the regions of India.

Lastly, the change in percentage of the emoluments per employee on the higher side may lead to increase in the labour productivity. It may be true in cases of all regions in India. This hypothesis has been supported by results in the western region. While the Northern and the southern regions exhibit different pictures. The changes in the percentage of total emoluments per employee in the Northern region accounted a higher share yet its output was a lower labour productivity. Whereas in case of the Southern region, a lower percentage of emolument per employee led to a lower labour productivity below the all regions average. This indicates that the observation derived is not true in case of the Eastern region and for other regions of India.

In view of the state level development, the table-5.7 (B) indicates that, the flow of capital intensity in all the manufacturing industries of all the states have been increasing continuously from 1979-80 to 1993-94. For instance, it was rose from 49.47% in 1979-80 to 361.54% in 1993-94. However, the fact remains the higher inflow of capital per employee does not always lead to higher capital productivity. For instance, the states like Karnataka, Kerala and Tamil Nadu recorded lower capital intensity since 1979. The output was higher capital productivity that remained above the all States’ average. Whereas the states like Uttar Pradesh, Bihar, Orissa, Rajasthan and Madhya Pradesh put in higher capital intensities and the output was lower capital productivity that remained below the all States’ average.
This is mainly because of the mining industry located in Bihar, which demands higher capital intensity. Whereas its productivity depends heavily upon the stock of minerals. Industrially lagging states like Bihar, Madhya Pradesh, Orissa and Rajasthan continued to account for a higher capital per worker chiefly due to the collieries, steel plants and deposits of other natural resources. All such projects require huge capital and, therefore, majority of central public enterprises are located in Bihar, Madhya Pradesh, etc. The states like Jammu & Kashmir, Andhra Pradesh, Assam and West Bengal have lower capital intensity. It may lead to either higher or lower capital productivity and would remain above or below the all States’ average during the period of analysis. While on the other hand, the states like Haryana, Himachal Pradesh and Punjab have both higher or lower capital intensity that may lead to higher or lower capital productivity and would remain above or below the All States average.

The first phase of liberalization was introduced in 1985. The second phase of liberalization commenced and widely implemented since 1991. These two events attracted more and more capital intensive multinational companies in the industrially affluent states like Maharashtra and Gujarat. Therefore, both Maharashtra and Gujarat have been enjoying higher share in terms of capital per worker since 1985 and 1991 respectively. It was then accompanied by higher capital productivity that remained above the all states’ average.

The table-5.7 (B) also reveals that, the states like Himachal Pradesh, Bihar and Madhya Pradesh had higher capital intensity accompanied by higher labour productivity and they remained above the all states’ average during the period 1979-80 to 1993-94. However, this hypothesis is not true in cases of all the states in India. For instance, since 1979, Punjab, Rajasthan, Uttar Pradesh and Orissa had just about higher share in capital per employee that led to lower labour productivity and remained below the all states average. This implies that higher capital intensity does not always lead to higher labour productivity for all the time and in cases of all states of India.

185
Further, higher capital productivity does not lead to higher labour productivity in case of all the states in India. For instance, the states like Tamil Nadu, Kerala, Karnataka and west Bengal enjoyed high capital productivity till 1985 in spite of low labour productivity.

From the above analysis of the table-5.7 (B), it may be inferred that higher capital per employee does not always mean higher capital and labour productivity in cases of all states in India. It also indicates that higher capital productivity does not lead to higher labour productivity at all times and in cases of all states in India. However, states like Gujarat and Maharashtra that are almost traditionally industrially developed are exceptions to this hypothesis. Both these states remain above the all States’ average in terms of capital and labour productivity. Whereas states like Tamil Nadu, Karnataka and Kerala although have performed well in terms of capital productivity, have proved poor in terms of labour productivity.

From the study of the table-5.7 (B), it may be inferred that higher capital productivity does not always lead to higher profitability in case of all the states of India. For instance, during the period 1979-80 to 1993-94 the states except Maharashtra, Karnataka, Tamil Nadu, Gujarat and Kerala, had either higher or lower rate of change in the share of capital productivity that led to any changes, higher or lower, in profitability.

Further the table-5.7 (B) reflects that the higher inflow of capital per employee in all manufacturing industries of all the states would not always lead to higher Debt capital ratio. For instance, since 1979, the states like Andhra Pradesh, Karnataka, Kerala and West Bengal had lower inflow of capital per employee and it led to higher Debt capital ratio that remained above the all states’ average. While the states like Himachal Pradesh, Rajasthan, Uttar Pradesh, Maharashtra, Madhya Pradesh had higher level of capital intensity and it might lead to higher share in outstanding loans per unit of capital. It remained above or below the all States’ average. Similarly, the states like Tamil Nadu,
Jammu & Kashmir and Assam had lower share in terms of capital per employee. It led to have almost lower Debt capital ratio. While on the other hand, the states like Bihar and Orissa had higher capital intensity that led to lower Debt capital ratio during the period 1979-80 to 1993-94. Moreover, the table-5.7 (B) also indicates that higher the contribution of profitability of all manufacturing industries of all states might not have always led to lower Debt capital ratio in case of All the states of India, during the period 1979-80 to 1993-94. In this context other states, except Tamil Nadu, Rajasthan & West Bengal, like Karnataka, Kerala and Gujarat had higher share in terms of profitability and it led to almost higher Debt capital ratio that remained above the All States’ average. While on the other hand, the states like Madhya Pradesh, Maharashtra, Assam and Himachal Pradesh had higher profitability together with both higher or lower rate in terms of outstanding loans per unit of capital. It remained above or below the All States’ average during the period of analysis. In case of Haryana, which had high Debt capital ratio, the capital intensity and profitability remained almost low throughout the period of analysis, despite its contribution.

Lastly the table-5.7 (B) shows that high wages per employee does not always lead to higher labour productivity in case of all the states of India. In this relation, the observation is that during the period of analysis, high wages per employee were paid in Bihar, Orissa, West Bengal, Maharashtra and also in Madhya Pradesh. Out of these states, Bihar, Madhya Pradesh and Maharashtra support the hypothesis that higher wages per employee may lead to higher labour productivity, while the states like Orissa and West Bengal do not comply with the hypothesis. In this line the states like Himachal Pradesh and Gujarat are mere exception to this hypothesis. In their cases, lower wages per employee led to almost higher labour productivity during the period of analysis.

To support the above analysis, the percentage changes in major development structural ratio have been worked out. According to it, the
fact remains that states with higher capital intensive claimed higher share in capital and labour productivity. This is true in case of Uttar Pradesh. However, it is not true in cases of Gujarat, Maharashtra and Andhra Pradesh. These states have lower share in capital productivity and higher share in labour productivity though they were highly capital intensive. Whereas the high capital intensive state like the West Bengal had a lower share in capital productivity and lower share in labour productivity over a period of time. This reflects that our hypothesis is not true in cases of all the remaining states of India.

The second observation is that “higher capital productivity accompanies higher profitability for all the states of India”. For instance, the change in percentage in the capital productivity in cases of states like Jammu & Kashmir, Tamil Nadu, Bihar and Madhya Pradesh had higher share with higher share of profitability and it remained above the all states’ average. While on the other hand the states like Haryana, Himachal Pradesh and Rajasthan had higher share in terms of capital productivity that led to decline in profitability over a period of time. Whereas the industrially affluent states like Andhra Pradesh, West Bengal, Gujarat and Maharashtra had a declining share in capital productivity that led to a decline in profitability in Andhra Pradesh, higher share in profitability in West Bengal as well as in Gujarat and lower share in profitability in Maharashtra. It was below the all states’ average during the period 1979-80 to 1993-94. This reveals that our hypothesis is not true for all the states of India.

Further, the change in percentage of the capital intensity and profitability in case of Gujarat resulted into a higher share yet it led to decline in the share of Debt capital ratio. Likewise, West Bengal had higher share of the same that led to higher share of Debt capital ratio above the All states’ average over a period of time. This indicates that our hypothesis, that states with high capital intensity and oriented to high profitability recorded a decline in shares of Debt capital ratio is not true for all the states of India.
The changes in percentage of the emoluments per employee in cases of the states like Madhya Pradesh, Maharashtra, Gujarat, Bihar, Andhra Pradesh and Uttar Pradesh had higher shares that led to increase in their shares of labour productivity above the All states’ average over a period of time. However, this is not true in cases of the remaining states of India. For instance, the states like Haryana, Himachal Pradesh and Rajasthan had lower share in terms of labour productivity, though they had paid higher emoluments per employee over a period of time. While, on the other hand, the change in percentage of the emoluments per employee in case of Jammu and Kashmir had a lower share that led to increase in its labour productivity above the All states’ average over a period of time.

In order to evolve a more detailed picture, coefficient of correlation among various major development indicators have been worked out in relation to all states of India. The table 5.8 (A) presents the working for six different years. The results of this table indicate a significant degree of correlation for all the variables or indicators reported. It also reveals the positive association or relationship between all the variables.

The coefficient of correlation between productive capital and employee shows a positive and significant relation. The degree of association between them increased from 0.8600 in 1979-80 to 0.9355 in 1991-92. It then declined to 0.8335 in 1993-94. The coefficient of correlation between value added and productive capital shows a positive and significant relation without any specific pattern. This implies that there is constancy in capital productivity in all the states of India during the period 1979-80 to 1993-94. Whereas although the correlation between value added and employee also shows a positive and significant relation, the degree of association between them declined from 0.9270 in 1979-80 to 0.8641 in 1993-94. This implies that the value added per employee i.e. labour productivity, has been declining over a period of time. However, this conclusion can be confirmed from the regression results of the table 5.8 (B).
Further, the correlation between number of employees and the emoluments (wages) shows a positive and significant relation. It may also indicate that the average emolument declines marginally over a period of time. In this context, the coefficient of correlation between value added and total emoluments also shows a positive and significant relation with continuous stable pattern. It reflects that the degree of association between them has remained almost stable since 1979-80 to 1993-94. However, it may be confirmed from the regression results given in the table 5.8 (B).

Finally, there is a positive and high significant degree of correlation, between the outstanding loans and productive capital without any specific pattern during the period except in 1993-94. This indicates constancy in capital requirement for industrial development in different states of India. However, in 1993-94, the degree of association between the outstanding loans and productive capital declined. This trend was the outcome of the new economic reforms that were introduced in the financial sector. These reforms would enable the private sector to enhance industrial investment from the current capital market. As a result, during 1993-94, the share of outstanding loans or borrowings of the industries declined which, in turn, decreased the share of productive capital. However, this may be confirmed from the regression results given in the table 5.8 (B). In brief, we have observed that all the results of table 5.8 (A) show a positive and significant correlation between all the major development indicators in cases of the all states of India.

For detailed analysis the table 5.8 (B) needs to be studied. In this table, five different sets of regression equations are worked out for different time periods using cross section data. The same reference years are used in the table 5.8 (B).

(I) The equation-1 studies the relationship between productive capital and value added where the productive capital is an
independent variable. It confirms the conclusion drawn on the basis of the table 5.8 (A) that there is constancy in a capital productivity over a period of time. Increase or change by one unit in productive capital generates 0.34 units of value added in 1979-80, 0.35 units in 1989-90 and 0.28 units of value added in 1993-94.

(II) The equation-II explains the labour productivity of different states of India over a period of time. The result reveals that a considerable improvement in terms of labour productivity is noted. It was 0.16 units in 1979-80 and 1.19 units in 1993-94 as number of employees changed by one unit. This is a significant rise in view of the constancy in capital productivity. Nevertheless, this result discards the conclusion drawn on labour productivity from the table 5.8 (A) that labour productivity has been declining over a period of time.

(III) The equation-III as well supports the conclusion. A change per unit in emolument leads to more than proportionate change in the value added. This is also an indication of increasing labour productivity of all states of India over a period of time.

(IV) The equation-IV studies the relationship between outstanding loans and productive capital. In it, the former is an independent variable. This equation confirms the conclusion drawn on the basis of the table 5.8 (A) that there is constancy in Debt capital ratio of all states of India over a period of time. Except in 1993-94, there is an increase or change in outstanding loans by one unit, which leads to generate considerable proportionate change in the productive capital or investment in all states of India. In 1993-94, a noteworthy movement occurred that change per unit in the outstanding loans led to less than proportionate change in the productive capital (i.e. 0.55) as compared to previous years. This result confirms the conclusion of the table 5.8 (A).
The last equation indicates that total emoluments increased in all the states of India over a period of time. It was 0.08 units in 1979-80 and 0.37 units in 1993-94 as change in the number of employee by one unit. However, this increased total emoluments in terms of money or in current price. Therefore, an increase in total emoluments might not have any significance if it was adjusted for inflation.

Thus, from the above results of the tables 5.8 (A) and 5.8 (B), we find at the aggregate level very little support to the credence that production function or the level of technology are the same for different states of India. The results actually show the opposite picture that there is a considerable variation in the levels of technological options available in the different states of India. This reflects that the Government Industrial Policy and its plans strategies have not generated adequate environment for balanced regional industrial development. They also remained failed or remained incapable to counter inherent structural drawbacks that hampered industrial development in the backward states of India.

5.3 Growth Pattern of Industrial Finance:

Industrial finance and industrial development are the phenomena mutually related in the form of cause-effect value. As they are closely associated mutually, growth pattern in case of the former lays a deep impact on that of the latter. The guiding force for both these two is supplied by the priorities and programmes of industrialization that the Government of India envisaged in its policies and plans. An instrument to operate the guiding force is a financial institution that operates to support industries by disbursing various terms lending finance. Hence, examination and assessment of these operations in view of the targets and goals laid down is the essentiality to allow one to have a true picture of the growth pattern of industrial finance with either efficiency or efficacy on its part. The table 5.9 to 5.15 allows one to have a time picture. These tables detail on the total industrial assistance disbursed
(at the aggregate level) by the various financial institutions such as the IDBI, the SIDBI, the IFCI, the ICICI, the IRBI, the SFCs and the SIDCs. It is explained with a review in terms of institution wise, statewise, region wise and industrywise pictures during the period 1979-80 to 1993-94. These tables reveal following analytical facts.

5.3.1 Institution wise Industrial Assistance:

When financial institutions were set up in India, it was envisaged that as official outlets to distribute finance to industries, they would give a right epoch to the policy viewpoints and priorities of the Government of India. It was expected of them that they would contribute rightly through their efficient operations to ensure a balance industrial development in India. Hence, an analysis of their performance at the right point in time is the requirement to have true evaluation of their performance.

As an analysis at the aggregate level, the table 5.9 shows that, the financial institutions such as the IDBI, the SIDBI, the IFCI, the ICICI, the IRBI, the SFCs and the SIDCs attained a significant continuous compound growth rate of 18.87% in the disbursement of industrial finance during the period 1979-80 to 1993-94. Among them the IFCI recorded a higher and significantly continuous compound growth rate of 23.67% in the total industrial assistance disbursed. It was followed by the ICICI with 23.15% and the IIBI with 19.48% that were above the growth of total disbursement of industrial finance by all selected financial institutions. While all other financial institutions such as the IDBI, the SFCs, the SIDCs and the SIDBI recorded lower continuous compound growth rate of 15.75%, 15.47%, 14.02% and 8.61% respectively that remained below the growth rate of total disbursement of industrial finance during the period 1979-80 to 1993-94.

Further, it is also observed from the table 5.10 that the selected financial institutions disbursed industrial assistance to industries with
varying amounts in different years. It increased continuously and underwent significant changes over the years. At the aggregate level, the industrial assistance disbursed by them increased from Rs.1233.60 crore (1.17%) in 1979-80 to Rs.19130.10 crore (18.19%) in 1993-94. It shows an increase of 15.5 times over the 1979-80 level of disbursement of industrial assistance.

The IDBI is the apex body in the field of industrial finance. Among the selected financial institutions it has remained the largest source of funds to the industrial sector. Hence, for the purpose of analysis, it is considered the first with the highest disbursements of industrial loans or assistance until 1993-94. The IDBI infect remains at the top of all term-lending institutions in the country in catering to the financial requirement of the industrial sector. However, its contribution in terms of disbursement of industrial assistance declined from 58.70% in 1979-80 to 36.17% in 1990-91. But then it increased to 40.70% in 1993-94. The declining trend was recorded in 1990-91, as in 1990, the SIDBI, was established by the IDBI as fully owned stock broking subsidiary financial institutions that provided assistance to the small scale sector. Therefore since 1990, as a subsidiary of the IDBI, the share of the SIDBI in terms of disbursement of industrial assistance accounted 16.61% (2nd rank) in 1990-91 and yet its contribution declined to 12.10% (3rd rank) in 1993-94.

While in terms of disbursement of industrial loans or assistance, the share of the IFCI increased significantly from 7.38% (4th rank) in 1979-80 to 14.86% (3rd rank) in 1990-91. But then its share declined to 11.31% (4th rank) in 1993-94. Similarly, the share of the SFCs attained the 2nd rank consistently from 1979-80 to 1989-90, but its contribution declined from 13.80% (2nd rank) in 1989-90 to 8.17% (5th rank) in 1993-94.

The contribution of the ICICI in terms of disbursement of industrial loans registered a declining trend with 11.01% (3rd rank) in 1979-80 to 9.08% (4th rank) in 1985-86. However, since 1989-90, its
share in industrial assistance showed significantly improvement from 10.89% (4th rank) in 1989-90 to 23.07% (2nd rank) in 1993-94. While on the other hand, the IIBI and the SIDCs continued to remain at the bottom of rank list of the selected financial institutions with lower share in disbursement of industrial assistance. Despite of the fact that they had some share in the total industrial finance, they were able more or less, to maintain their stable rank. They were unable to improve their contribution in the disbursements of industrial loans during the period 1979-80 to 1993-94. These institutions accounted a lower flow of finance to industries due to their limited scope of financing industries in the industrial sector. For instance, the IIBI was set up to provide assistance for rehabilitation and reconstruction to industrial units that were sick or had closed down. Likewise, the SIDCs were set up to promote the development of medium and large scale industrial units undertaken by state governments in their respective states.

From the above analysis, we may contend that the IDBI, being the apex body, contributed the largest share in the total disbursement of industrial assistance by all selected financial institutions. It played a leading role in financing industries. However, the IDBI recorded lower growth rate due to the establishment of the SIDBI as a subsidiary of the IDBI in 1990. Like the IDBI, the ICICI also played a significant role in financing to industries at the national level. While at the state level, the SFCs accounted for more significant positions than the SIDCs in financing industries during the period of analysis. From 1989-90, the share of the IDBI, the IFCI, the IIBI, the SFCs and the SIDCs in terms of disbursement of industrial finance declined due to the rapid growth in an alternate source of investible funds to the industrial sector. It emerged in the capital market.

5.3.2 Industrywise Industrial Assistance:

While finance is distributed, the second major consideration to attach priority may be formed on different industries and the contribution that they would impart in an overall and balanced growth
of industries in India. In this light, it is essential to have a view of industrial finance as distributed industrywise. This view helps us to get a picture of the priority patterns as adopted while finance is distributed to industries in India.

To assess the industrywise continuous compound growth rate of industrial assistance that all selected financial institutions disbursed at the aggregate level, the table 5.11 calls for due attention. It shows the industrywise industrial assistance disbursed by the all selected financial institutions that accounted a significant continuous compound growth rate of 18.87% during the period 1979-80 to 1993-94.

Among all the industries, the electrical and electronic equipments manufacturing industries recorded the highest significant continuous compound growth rate of 24.60%. It was followed by industries like the basic metals with 23.96%, the fertilizer with 23.13%, the electricity generation with 22.07%, the transport equipment with 20.50%, the food products with 20.01%, the chemical and chemical products with 19.54% and the rubber and rubber products with 19.43%. All of them remained above the growth rate of total disbursement of industrial finance of all selected financial institutions during the period 1979-80 to 1993-94. While on the other hand, the industries like the metal products, the cement, the textiles, the machinery and the paper & paper products accounted the lowest growth rate below the growth rate of total disbursement of industrial assistant of all selected financial institutions during the period. The continuous compound growth rate of the services and others industries, whereas, accounted 18.80% and 18.43% respectively. They were to some extent, substantially equal to the growth rate of total disbursement of industrial assistance during the period of analysis.

Since the inception of the planning commission of India in 1951, selected financial institutions adopted gradually and consciously a strategy to provide industrial assistance to the industries in accordance with the government’s industrial policies and plans. As a result of it,
Institutional assistance spreaded over a wide spectrum of industries ranging from the basic and the capital goods industries to the consumer goods and the services industries. The table 5.12 shows that the industrial assistance disbursed by the selected financial institutions to different industries varied from year to year and from industry to industry during the period 1979-80 to 1993-94. At the aggregate level, the selected financial institutions disbursed industrial assistance industrywise. It marked a significant increase from 1.17% in 1979-80 to 18.19% in 1993-94.

An important feature of all selected financial institutions is that the major share in the industrial assistance has preferably gone to the basic and the capital goods industries, or non-traditional and growth oriented industries like the chemical and chemical products, the fertilizer, cement, the basic metals & metal products, the machinery, the electrical and electronic equipments, the transport equipments and the electricity generation. These industries collectively recorded a share of 41% to 56% of the total industrial assistance disbursed by the all selected financial institutions during the period. On the other hand, the share of consumer goods industries like the food products, the textile, the paper & paper products, the rubber and rubber products and the services industries accounted collectively 31% to 43% of the total industrial assistance disbursed by the all selected financial institutions during the period. The remaining 13% to 16% share was distributed among different miscellaneous industries over a period of analysis.

Further, a comparative study of the industrywise distribution of the industrial assistance reveals some significant changes in the shares of different industries during the period of analysis. Accordingly, the miscellaneous industries recorded in 1979-80 the largest share of 16.08% of the total disbursements of industrial assistance. But then its share declined to 13.21% in 1993-94. Similarly, the share of services industries recorded the second largest share of 15.40% in 1979-80, except in 1989-90. But then its share in the total industrial assistance declined to 10.01% (4th rank) in 1993-94.
In line with, a significant feature of services industries and consumer goods industries like the textiles, the paper and paper products and the rubber and rubber product industries recorded a declining shares in the total industrial assistance disbursed by the selected financial institutions over a period of analysis. Among consumer goods industries, the share of textile industry in terms of total industrial assistance disbursed declined from 14.59% in 1979-80 to 11.67% in 1993-94, except in 1981-82. Likewise, the share of the food products declined from 6th rank to 8th rank (except in 1989-90) and the paper and paper products declined from 5.24% (8th rank) to 2.61% (14th rank) during the same period. Whereas, the rubber & rubber products industry remained at the bottom rank with stability over period of analysis.

The basic and capital goods industries on the other hand, accounted almost larger and increasing shares of the total industrial assistance disbursed by the selected financial institutions over a period of analysis. For instance, the share of the chemical and chemical product industries in terms of total disbursement of industrial assistance increased significantly and continuously from 9.11% (4th rank) in 1979-80 to 13.85% (2nd rank) in 1991-92. Then in 1993-94, its share declined by 4.46%. Similarly, the share of the basic metal and metal products industries increased from 7.06% in 1979-80 to 14.51% in 1993-94 and the share of the electricity generation industry, increased significantly from 2.95% (13th rank) to 9.13% (6th rank). The electrical and electronic equipment industries too recorded an increased share from 3.30% to 6.45% during the period 1979-80 to 1993-94. This is a significant and desirable change addressing rightly to the government's policies and plans. The reason is that these industries marked the pre-requisite to ensure rapid industrial development in the country.

The above noteworthy development of industries was countered with remaining basic and capital goods industries like the machinery, the cement, the fertilizer and the transport equipment industries that
accounted lower and declining shares in the total disbursement of industrial assistance. No significant improvement was exhibited by them in claiming the share of industrial assistance until 1993-94. For instance, the share of the machinery industry declined from 7.15% (5th rank) in 1979-80 to 3.68% (11th rank) in 1993-94. The industries like the cement and the fertilizer marked, however, no significant improvement during the period of analysis. Whereas the share of the transport equipments manufacturing industry remained almost stable over a period of analysis. The disappointing feature of these industries reflects that inspite of stated objectives and priorities of the government's policies and plans, the selected financial institutions failed to provide substantial industrial assistance to these industries, even if these industries were essential for rapid industrial development in India.

To conclude in brief from the above analysis, it may be said that at the aggregate level, a greater proportion of the industrial assistance has gone to basic and capital goods industries and other industries including to consumer goods and services industries were deprived of their adequate shares, the reason being anything. However, it remains a significant desirable trend or pattern of industrial assistance for industrial development. This notable trend of industrial assistance reflects that the selected financial institutions paid greater attention to the development of basic and capital goods industries, excluding the consumer goods industries from its scope, so that a strong industrial base can be erected for rapid industrialization in the country.

A notable point is that, the industries occupied significant contribution in percentage distributions with respect to total disbursement of industrial assistance. They did not necessarily occupy the same position in terms of continuous compound growth rate over a period of time. For instance, except the basic chemical & chemicals products, the electrical and electronic equipments, the basic metals and electricity generation, the industries like the food products, the rubber and rubber products, the fertilizer and the transport equipment
industries deprived status in terms of percentage share in total disbursement of industrial assistance. Whereas, they are on the higher significant level while analyzing continuous compound growth rate in terms of total disbursement of industrial assistance. This implies that, the financial institutions have enlarged their industrial assistance and also changed their structural composition of financing industries with the passage of time that brought about some significant changes in the growth pattern of industrial development in India. (e.g. the basic chemical & chemicals products, electrical and electronic equipments, basic metals and electricity generation accounted significant positions in terms of both analysis.)

5.3.3 Statewise & Regionwise Industrial Assistance:

States are political entities within a nation. They remain under the state government for general operations and growth. Industrial development in a state is therefore, partly entrusted to the state governments. They carry out the responsibilities by putting up financial institutions in a state through which finance may be distributed to foster industrial growth. Hence, the growth pattern of the statewise industrial assistance remains a vital area of consideration to evaluate the finance performance in the light of balanced industrial growth in states.

The table-5.13 reveals the statewise industrial assistance, in total or aggregates, as disbursed by all selected financial institutions. All of them registered 18.85% that is a significant continuous compound growth in all states and regions of India during the period of 1979-80 to 1993-94.

Among all the states, Madhya Pradesh recorded a higher significant continuous compound growth rate of 23.20% in the total industrial assistance disbursed. It was followed by Assam with 21.46%, Haryana with 21.21%, Himachal Pradesh with 20.66%, Maharashtra with 20.08%, Gujarat with 19.95% and Uttar Pradesh with 19.28%.
They were above the growth rate of total disbursement of industrial assistance of the all selected financial institutions. On the other hand, the states like Punjab with 17.87%, Karnataka with 17.81%, Rajasthan with 17.30%, Orissa with 16.73%, Kerala with 16.26%, Bihar with 15.70% and West Bengal with 15.09% recorded a lower growth rates below the growth rate of total disbursement of industrial assistance of the all selected financial institutions during the period.

In terms of total disbursement of industrial assistance, the growth rates of remaining states like Tamil Nadu and Andhra Pradesh recorded 18.20% and 18.54% respectively. They were to some extent coincident with the growth rate of total disbursement of industrial assistance of all the states in India. While Jammu & Kashmir attained only 5.92% that was lowest growth rate in industrial assistance disbursed during the period 1979-80 to 1993-94.

An attempt has been made through the priorities and programme of five year plans and policies to eliminate the interstate imbalances with an appropriate package of developmental policies and measures suited to the specific conditions. But they stay far away from the reality as the table 5.14 explains.

The table presents a statewise scenario of the industrial assistance disbursed by all selected financial institutions. Substantial industrial assistance was provided to industrial projects that are located in all different states of the country. All selected financial institutions disbursed statewise industrial assistance. It increased continuously from 1.18% in 1979-80 to 18.27% in 1993-94. But a substantial share of industrial assistance of these institutions is concentrated in states like Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh, Andhra Pradesh, Karnataka, Madhya Pradesh and West Bengal. These eight states together accounted for 74% to 79% of the total industrial assistance disbursed by all selected financial institutions during the period 1979-80 to 1993-94. Of these eight states only three states Andhra Pradesh, Uttar Pradesh and Madhya Pradesh remained relatively backward states.
that secured about 20% to 29% of the total disbursements of industrial assistance. However, after 1981 and more effectively since 1985, these states started commanding to some extent more industrial assistance from selected financial institutions. While the remaining five states, were relatively developed and industrially affluent states, with shares of 48% to 59% respectively of the total disbursement of industrial assistance. Thus, about half of the above total industrial assistance of all selected financial institutions was concentrated to five industrially developed states.

On the other hand, states like Assam, Himachal Pradesh, Jammu & Kashmir, Bihar, Haryana, Orissa etc., remained at the bottom of list of the beneficiaries. All of them together accounted for nearly 9% to 13% of the total disbursements of industrial finance during the period 1979-80 to 1993-94. Other states except Haryana were traditionally industrially backward and they were unable to secure higher share of industrial finance. While on the other hand, Haryana accounted for 2.25% with the 14th rank of the total disbursements of industrial assistance in 1979-80. It increased to 3.22% with 11th rank in 1993-94. The status of rest of the state including Rajasthan and Punjab remained almost the similar. They together accounted for 7% to 11% of the total disbursement of industrial assistance during the period. The position of Kerala as well started degrading since 1980 and no further improvement was noted till 1993-94. The share of Kerala in the total industrial assistance declined from 11th rank in 1979-80 to 13th rank in 1993-94, and accounted for hardly 1% to 3% share in the total disbursements of industrial assistance during the period of analysis.

One worth-nothing feature is that some significant changes were witnessed in the shares of different states in the total industrial assistance disbursed by selected financial institutions. Accordingly, the contribution of industrially affluent states like Maharashtra accounted the largest share maintaining the 1st rank over a period of analysis. Then followed states like Gujarat, Tamil Nadu, and Karnataka that accounted still larger shares then the contribution of remaining states.
However, these states were not able to maintain consistently increasing share in the total disbursements of industrial assistance over the period of analysis. While an industrially affluent state like the West Bengal registered a share falling from 6.83% in 1979-80 to 4.71% in 1993-94.

Further, states like Madhya Pradesh, Uttar Pradesh and Andhra Pradesh to secured higher contribution in the industrial assistance since 1981. Of these states, Madhya Pradesh had a share increasing from 3.30% with 10th rank in 1979-80 to 6.78% with 6th rank in 1993-94. On the other hand, industrially poor states like Assam, Bihar, Himachal Pradesh, Jammu & Kashmir and Orissa etc., continued to remain at the bottom level in their share of industrial assistance disbursed by selected financial institutions.

The above analysis may be summed with a point that a greater proportion of the industrial assistance went to industrially affluent states during the period. As a result, the industrially poor states and those still in a developing stage were deprived of their due share. This reflects that despite of the stated objectives and policies all selected financial institutions failed to divert financial resources from industrially affluent and developed states to those that were still developing and lagging behind industrially. This is not a trend that one would desire or welcome in the interest of balanced regional industrial development in India.

A notable point is that, the states or regions occupied significant contribution in percentage distribution with respect to total disbursement of industrial assistance. They did not necessarily occupy the same position in term of continuous compound growth rate over a period of time. For instance, at the state level, except Maharashtra and Gujarat, the states like Assam, Haryana and Himachal Pradesh recorded poor position and the states like Madhya Pradesh and Uttar Pradesh accounted a gradual and substantially improved status in terms of percentage share in total disbursement of industrial assistance. Whereas, the states like Assam, Haryana, Himachal
Pradesh, Madhya Pradesh and Uttar Pradesh recorded significant growth while analyzing continuous compound growth rate in terms of total disbursement of industrial assistance. This implies that, the financial institutions have introduced concessional and various financial incentive schemes in the light of the different industrial dispersal programme that brought about some significant changes in the growth pattern of industrial development in the different states of India. (e.g. Andhra Pradesh, Madhya Pradesh and Uttar Pradesh occupied improved position in terms of both analysis. While industrially affluent state Tamil Nadu once developed on a significant stage hardly required to grow at a higher rate over a period of time).

Regionwise Industrial Assistance:

Regional divisions of a country are natural ones going with the directions, locations, landscapes and the like. Industrial development is a significant component of human progress today. Since human population puts up inhabitations in different regions, equal distribution of industrial development across different regions is the prerequisite for just distribution of wealth and benefits of the industrial development. Hence, industrial finance has to be reviewed in the light of its equal distribution among regions.

Hence, in line with the above statewise analysis, the table 5.15 shows how industrial assistance at the aggregate level was disbursed among regions by selected financial institutions. Among all regions, the western region accounted for the highest and significantly continuous compound growth rate of 20.43%. Then followed the Northern Region with 18.66%, the Southern Region with 18.02% and the Eastern Region with 16.07% in the total disbursement of industrial assistance by selected financial institutions during the period of 1979-80 to 1993-94.

Further, in pursuance of government's policies and plans, all selected financial institutions made conscious and deliberate efforts to initiate a sustained process of balanced regional development in the

204
different regions of the country. But their results did not see due realizations. The table 15.15 explains it.

The table presents a regionwise disbursement of industrial assistance. Accordingly, over a period of analysis, the western region accounted the largest share with 1st rank in the total disbursement of industrial assistance. However, its contribution later declined from 35.32% in 1979-80 to 32.81% in 1989-90. It then increased to 43.76% in 1993-94. On the other hand, the southern region maintained the second rank. Its share in the total disbursement of industrial assistance increased from 29.15% in 1979-80 to 30.49% in 1989-90. But then it declined to 26.37% in 1993-94. In terms of total disbursement of industrial assistance, the shares of remaining regions like the Northern region and the Eastern region recorded the 3rd and the 4th rank respectively.

By dilating the analysis, it can be observed that a substantial share of the industrial assistance was concentrated in the Western region. It was followed by the Southern region. On the other hand, the Northern and Eastern regions remained at the bottom in borrowing industrial assistance during the period 1379-80 to 1993-94. The Eastern region particularly accounted a relatively negligible or modest share of industrial assistance. Thus, from the above analysis, it may be concluded that both the statewise and the regionwise disbursement of industrial finance almost reflect similar pictures. It is inspite of the stated objectives and policies that all selected financial institutions could not divert the financial resources to all states and regions equally and in just way in the interest of balanced industrial development in India.