III. THE INDUSTRIAL SCENE

78. The rate of increase of industrial output in the organised sector during 1971 indicates a further decline even from the rate attained in the previous year when industrial growth had been barely of the order of 4.8 per cent as against 7.1 per cent in 1969. According to the Official Index of Industrial Production available up to August 1971, industrial output was higher by only 2.0 per cent during the first eight months of the calendar year compared to the level attained in the corresponding period of 1970. Data on the production of some major industries are available upto October, 1971; estimates based on their performance suggest that the rate of growth is currently running at between 3 and 3½ per cent. If the present trends persist, the rate of growth for the financial year 1971-72 would be between 3.5 and 4 per cent. Even if necessary adjustments are made to take care of the well known deficiencies in the weighting pattern of the Official Index, no material change in the rate of industrial growth is likely to emerge. Nor can it be averred that the small-scale industrial units have performed so much better during the year than the organised ones that it would make for a substantial difference in the overall growth of the industrial sector.

TABLE V

General Index of Industrial Production

(Base: 1960=100)

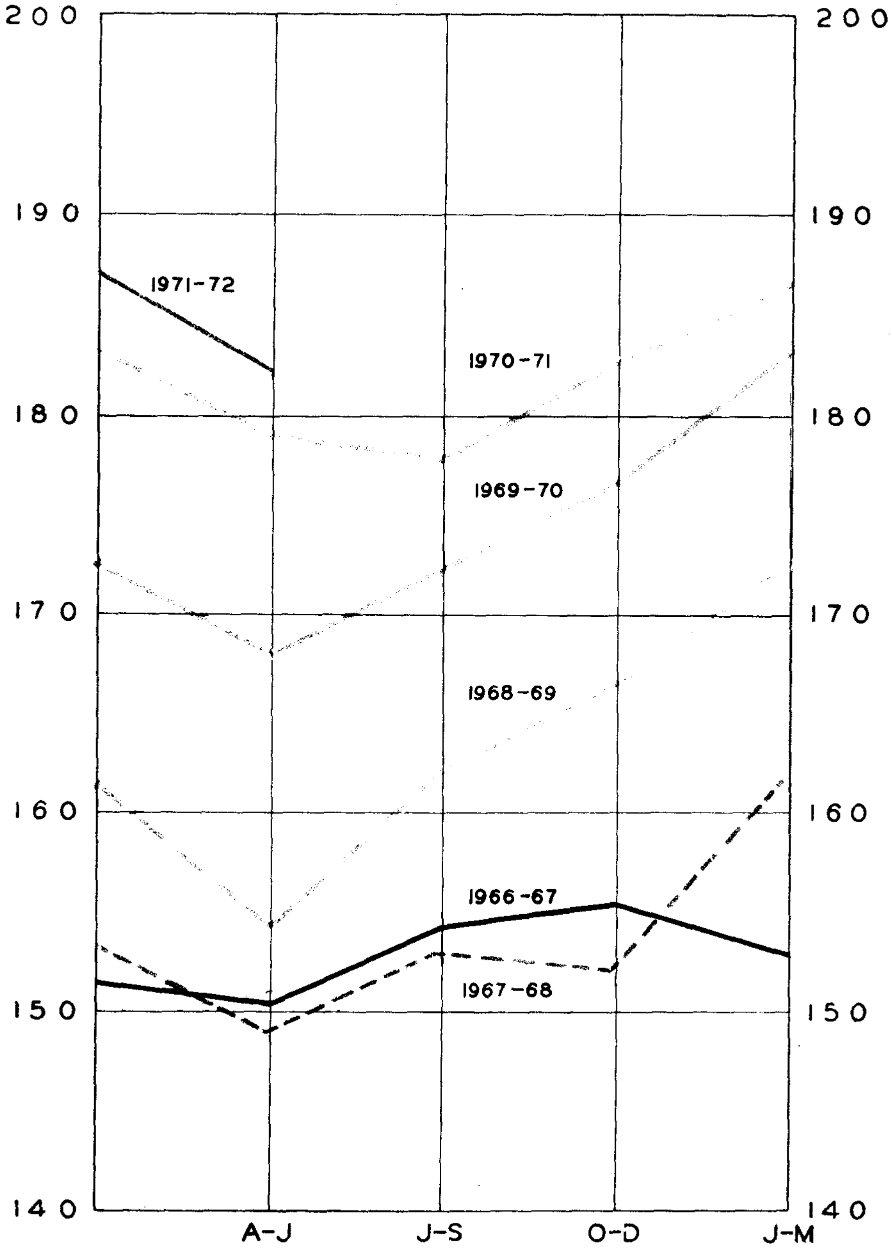
Month	Seasonally Adjusted			Crude		
	1969	1970	1971	1969	1970	1971
January . .	175·4	181·5	183·0	179·3	186·6	188·4
February . .	166·2	178·7	182·3	163·3	175·2	178·7
March . . .	168·0	180·7	184·4	175·4	188·5	192·4
April . . .	174·7	186·7	188·2	169·5	181·7	183·7
May . . .	169·1	180·9	183·2	165·6	176·8	179·0
June . . .	172·9	182·4	186·1	169·6	179·0	182·7
July . . .	173·7	178·4	184·1	175·1	180·0	185·8
August . . .	168·8	174·3	181·7	169.7	175·1	182·0
September . .	172·7	179·8		172·0	178·6	
October . .	177·4	179·5		170·9	173·0	
November . .	172·8	183·8		171·4	182·5	
December . .	177·6	182·8		187·6	192·6	
January-August (Average) . .	171·1	180·5 (+5·5)	184·1 (+2·0)	170·9	180·4 (+5·6)	184·1 (+2·1)
January-December (Average) .	172·5 (+7·1)	180·8 (+4·8)		172·5 (+7·1)	180·8 (+4·8)	

NOTE—Figures in brackets indicate percentage change over the previous period.

INDEX OF INDUSTRIAL PRODUCTION

QUARTERLY AVERAGES

1960=100



MINISTRY OF FINANCE, ECONOMIC DIVISION.

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79. A study of the principal group indices for growth for the period January-August 1971 is revealing. Apart from textiles and transport equipment, where the position has been steadily worsening, the food processing industries too have contributed appreciably to the slowing down of industrial growth. The failure of the sugar industry to increase production in the same spectacular manner as in the previous year accounts for the declining trend in food processing. Textiles have shown a fall in output as much as 6.1 per cent and transport equipment of 10.9 per cent. Somewhat surprisingly, if the minor group of wood and cork manufactures is ignored, about the highest rate of growth has been recorded by metal products despite the fact that there has been a shortage of steel. The relatively satisfactory performance of engineering exports has also been supported by the increased production in this sector. Thus, the shortage of steel has not affected all industries equally, and liberal imports of particular varieties of steel products have sustained a steady and notable rise in the output of a number of steel-based industries.

80. The manufacture of electrical machinery has continued at a high level because of the increasing importance attached to rural electrification. However, recent trends are of a mixed nature, with demand for certain products falling off and resulting in low utilisation of capacity for categories such as cables and flexibles. Several types of industrial machinery (machine tools in particular) have also shown marked growth. Non-matallic mineral products, chemicals and chemical products, and rubber products have recorded fair rates of growth while moderate increases are observable in the case of electricity generation, beverages and tobacco, as well as footwear. The output of petroleum products, basic metals and paper and paper products has each expanded by less than 5 per cent, while that of non-electrical machinery has fallen marginally. The production of the minor group of leather and fur products is down by almost 15 per cent.

TABLE VI

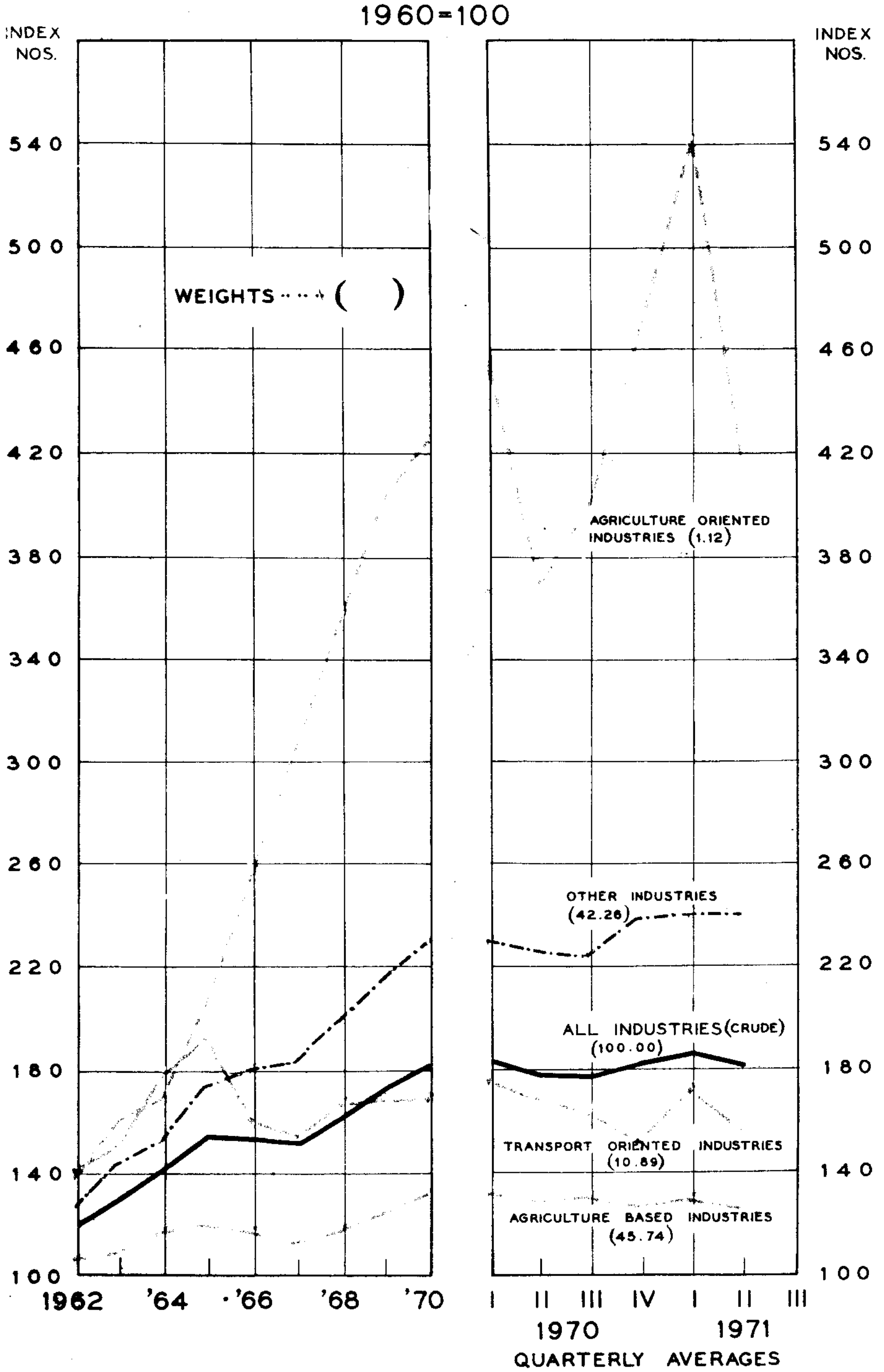
Index of Industrial Production by Principal Groups

(Base : 1960=100)

Group	Weight	1969	1970	Jan.-August. 1970	Jan.-August. 1971	Percentage change in 1970 over 1969	Percentage change in January August 1971 over Jan.-Aug. 1970
General Index	100·00	172·5	180·8	180·4	184·1	+4·8	+2·1
I. Electricity Generated	5·37	301·1	334·1	331·1	352·4	+10·9	+6·4
II. Mining & Quarrying	9·72	147·4	149·0	150·6	151·7	+1·1	+0·7
III. Manufacturing	84·91	167·2	174·5	174·0	177·1	+4·4	+1·8
1. Food Manufacture	12·09	137·0	157·5	157·9	156·4	+15·0	—0·9
2. Beverage & Tobacco	2·22	164·0	172·3	168·3	180·0	+5·1	+7·0
3. Textile Manufacture	27·06	109·5	109·7	111·5	104·7	+0·2	—6·1
4. Footwear etc., manufacture	0·21	177·2	161·3	159·2	166·8	—9·0	+4·8
5. Wood & Cork Mfr.	0·80	256·6	196·1	183·7	237·0	—23·6	+29·0
6. Paper Products.	1·61	201·4	216·3	215·9	219·1	+7·4	+1·5
7. Leather & Fur Products	0·43	88·9	65·9	67·1	57·7	—25·9	—14·0
8. Rubber Products	2·22	215·5	215·7	208·0	224·3	+0·1	+7·8
9. Chemicals.	7·26	217·5	236·3	233·3	250·3	+8·6	+7·3
10. Petroleum Products	1·34	280·0	297·3	294·4	309·1	+5·9	+5·0
11. Non-metallic Minerals.	3·85	175·2	189·2	188·2	204·7	+8·0	+8·8
12. Basic Metals.	7·38	209·7	202·5	200·2	208·5	—3·4	+4·1
13. Metal Products	2·51	205·1	219·0	217·8	244·8	+6·8	+12·4
14. Non-electrical Machinery	3·38	349·1	369·3	364·6	361·2	+5·8	—0·9
15. Electrical Machinery	3·05	322·4	362·6	349·4	398·0	+12·5	+13·9
16. Transport Equipment	7·77	135·4	132·0	138·1	123·1	—2·5	—10·9
17. Misc. Industries.	1·23	103·3	120·1	120·1	121·4	+16·3	+1·1

PATTERN OF INDUSTRIAL PRODUCTION

1960=100



MINISTRY OF FINANCE, ECONOMIC DIVISION.

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81. The data on output for the period January-September 1971 indicate that of the major items (covering a weight about 83 per cent in the Official Index), about 38 per cent (by weight) have recorded a decline in production of more than 5 per cent. In contrast, industries with a weight of only 26 per cent have shown increases in output of above 5 per cent. Among the industries showing moderate increases in production are tea, jute textiles and automobiles covering a weight of more than 11 per cent. Finished steel (with a weight of 3.8 per cent) has barely maintained its position. The paints industry faces shortage of imported raw materials; it is also a victim of the general stagnation in the industrial sector. The output of paper (excluding newsprint) and paper board shows a small decline; this is one industry where expansion of capacity has not been taking place. Other cases of capacity constraint are provided by caustic soda, soda ash and calcium carbide. There has been some rise in the production of the former two, and utilisation is of a very high order. The output of soda ash might have increased further but for a shortage of nut coke.

82. Cotton textiles, the largest of the industries, account for a weight of over 21 per cent in the Official Index, and much of the onus for the declining rate of over-all growth rests on it. During the first nine months of 1971, the output of cotton yarn fell by 10.5 per cent and that of mill-made cloth by 7.3 per cent. This reflects not only the shortage of raw cotton but also a change in the pattern of cloth production and the inhibiting effects on demand of high prices of textiles resulting from steep increases in the prices of raw cotton. Given the general shortage of the fibre and high prices, a large number of mills specialising in the production of the coarser varieties of cloth found themselves in difficulties. The effective capacity of the industry deteriorated as a result of the closure of a number of units which were uneconomic and facing financial problems. As earlier mentioned, the output of sugar this year has been much less than in the previous year, largely due to the building up of a high level of stocks of sugar and the decline in the demand for cane by the factory sector. Between January and September, the decline in production was of the order of 15.5 per cent; production in the current season is about 6 per cent below what was attained last year because of the delay in the commencement of crushing by a large number of factories.

83. The coal industry (with a weight of 7.6 per cent) has suffered a decline in production of 6.5 per cent partly reflecting the difficulties in regard to transport especially in the eastern parts of the country. Disruption of railway traffic resulted in the piling up of stocks at pit-heads and consequent slowing down of production. Even otherwise, the coal industry has been facing an uncertain situation for the past several years because of longer-term changes in the demand for coal. Certain industrial units, particularly those at a distance from the coal fields, which were encouraged to use furnace oil instead of coal, are now seemingly either unwilling or unable to retrace their path. Also, while the increasing dieselisation of the railways has had an adverse effect on the demand for coal, the substitute demand stemming from railway electrification and the concomitant thermal generation of power has not yet been particularly strong. The troubles in the steel industry have had a further inhibiting effect on coal raisings.

84. The decline in the output and consumption of coal is particularly disturbing at a time when petroleum-based fuels are becoming more and more expensive. In October, 1970 the Government set up a Fuel Policy Committee in order to undertake a survey of the fuel resources of the country and the regional pattern of their distribution, with a view to estimating the perspective demand for fuels by sectors and by regions. The Committee is to formulate a long-term national policy which would promote the optimal use of the available resources. The Committee is expected to submit an interim report in the near future.

85. Apart from the impact on coal, the failure of the economy to increase its rate of growth is reflected in the lack of demand for railway wagons, the output of which has suffered a decline of 14.6 per cent from the level reached in the previous year, which itself was quite low. Some of the other industries which have done badly in 1971 are leather cloth and linoleum, tanned hides, rubber footwear, cycle tyres and tubes, vat dyes, matches, razor blades, hurricane lanterns, vehicular diesel engines, power driven pumps, air and gas compressors, electric motors and bicycles. In some of these production has been affected by industrial unrest, for example, in linoleum, rubber footwear, cycle tyres and tubes, razor blades, and bicycles. It is particularly unfortunate that the rubber consuming industries should suffer from industrial disturbance when there is a glut of raw rubber. Raw material and/or component shortages would apear to have affected the production of hurricane lanterns and vehicular diesel engines; the latter has also been hit by the industrial unrest in a group of companies, leading to a low output of commercial vehicles in one of the country's automobiles units. The levelling off of demand would appear to have been largely responsible for lagging output in respect of power-driven pumps, air and gas compressors and electric motors. The effects of declining demand would be evident from the lower level of capacity utilisation in these industries and particularly in the case of air and gas compressors; however, the fall in the rate of utilisation of capacity in the case of the latter is partly statistical stemming from a change in the product-mix, one of the lacunae in the official index of industrial production being that the output in terms of numbers or other measures of physical quantity does not fully reflect the output of complex items.

86. Among the industries which have shown a significant increase in production (above 15 per cent) during January-September 1971 compared to the corresponding period of the previous year are coffee, vanaspati. automobile tubes, tractor tyres and tubes, fertilisers (both nitrogenous and phosphatic), oxygen gas, naphthols, grinding wheels and abrasives, electrical steel sheets, aluminium, bolts, nuts and rivets, crown corks, stationary diesel engines, machine tools, room air conditioners, dry cells, aluminium conductors, and cables and flexibles. There has also been a sharp rise in the production of sewing machines and electric fans; this rise, however, partly reflects a recovery of output, which was affected in 1970 by a strike in a major unit producing these items.

87. In most of the above cases, capacity utilisation has been of a high order and has shown an improvement in 1971. Utilisation has, however, not improved in the case of nitrogenous fertilisers and vanaspati. In the latter, substantial additions to capacity have coincided with shortage in edible oils. The production of nitrogenous fertilisers has been affected by plant breakdowns, and shortage of inputs resulting from the poor perform-

ance of the steel plants. The high rate of increase in the case of phosphatic fertilisers represents a recovery in the demand for this item. By and large, however, production in the fertiliser industry is still considerably below the rated capacity. The uncertainties in the country's external accounts would underline the need for a much faster rate of utilisation of capacity in this industry, immediately leading to a conservation of foreign exchange.

88. The steel-using industries have generally recorded better capacity utilisation. Steel files and wire-ropes are catering to the export market, but there is considerable excess capacity in the case of the latter because of lack of demand from the coal mining industry. The demand for machine tools appears to be a fluctuating one, which explains the fact of higher production with generally low utilisation of capacity. Much the same could be said of stationary diesel engines, of which there has been over-production in the recent past. However, this product, along with pump sets, is also increasingly entering the export market.

89. The electrical group of industries, on the whole, have continued to do well. Demand for radio receivers seems to have revived, but there has been a falling off in production as well as capacity utilisation in the case of electric motors. This may have some connection with the slower rate of increase in power generation observable from about the middle of 1970.

90. The industrial sector of the economy would thus appear to have suffered from some of the strains and imbalances which came into existence during the period of the recession, and soon after. Capacity expansion has taken place in a few industries which are affected by the shortage of raw materials, while progress in others is held up by difficulties in regard to equipment etc.

91. Industrial relations in 1971 have been characterised, at least in the second half of the year, by disputes over the issue of bonus payments, which have prevented recovery to the extent earlier hoped for. Industrial disputes, even when localised, can result in dislocation in industries to which supplies of raw materials and components are cut off (e.g., diesel engines for commercial vehicles). According to available information, the number of man-days lost during the first three quarters of 1971 in a number of important industries was higher than in the corresponding period of the previous year. In the coal mining industry, for example, the number of man-days lost till September aggregated to 603,786 as compared to only 346,674 during the corresponding period of 1970. Of course, the difficulties in this industry were not exclusively—or even primarily—related to industrial relations, but mainly related to managerial, financial and transport problems. In view of the mounting difficulties, the Government decided to take over the management of all coking coal mines in October, 1971, pending nationalisation of such mines at a later date.

92. All things considered, the performance of the industrial sector is likely to continue to cause concern for some time to come. No doubt the investment climate is, on the whole, healthy, and applications for industrial licences are on the increase. Nevertheless, several factors have combined to create difficulties in the way of a rapid and accelerated rate of industrial

growth. A number of cases of expansion have been held up because of possible tie-ups with the larger industrial houses. Newer entrepreneurs have still to find their feet, and in any case, the period of gestation of new investments is likely to be greater than for expansion of capacity. Short-term stress and strains are now likely to raise their head with the growing uncertainties on external accounts, and add to the problems of expanding as well as making optimum use of industrial capacity.

93. About a third of the registered establishments coming under the Companies Act are located in West Bengal; on a rough reckoning, close to a quarter of the aggregate industrial output of the country emanates from the eastern States. The continued state of uncertainty in West Bengal, in particular, and in the eastern region in general, therefore, calls for special examination. The acute inter-dependence among the major industries located in the eastern States, for example, between steel, heavy engineering, coal mining and transport equipment, which taken together account for a sizeable weightage in the official index of industrial production, indicates that the malaise is of deeper import for the economy as a whole. The underlying issues holding up progress in the eastern States encompass much more than industrial unrest or law and order, industrial investment and pricing policies pursued in the past would also need to be reviewed. There is evidence of serious neglect of normal replacement let alone modernisation, and of questionable financial management over a wide area of industry, and the factors contributing to such developments in the past need to be analysed so that corrective steps can be taken. The hypothesis that industrial unrest and similar other disturbances in the eastern region are as much a cause as a symptom of a crisis which has been developing over the years perhaps deserves to be studied with some care.

94. The interdependence in economic relationships alluded to above can be illustrated by a number of developments during the past year. The shortage of coal arising out of managerial and organisational problems considerably affected the performance of industries such as cement, power generation, refractories, chemicals, metals, etc. On the other hand, interruptions in railway traffic—in part resulting from a shortage, temporary or otherwise, in the availability of wagons—hampered the movement of bulk goods including coal, iron ore and limestone to the factories and the movement of finished goods from them. Bottlenecks in transport were particularly felt by the cement and coal industries, which, for want of wagons, had to suspend production on a number of occasions. At the same time, the slow growth of traffic and the worsening financial position made the Railways hesitant to expand investments, including investments in wagon capacity.

95. There is also probably a general factor at the root of the subdued rate of growth in industry during the year. With successive years of good harvest and an aggregate increase of national income by more than 10 per cent over the preceding two years, it was reasonable to expect a buoyancy in the demand for a wide range of consumer products. Such a denouement has not fully come about. Even though per capita income has increased significantly during recent years, the income elasticities of expenditure for such items as pulses, oils, sugar, tea, etc. seem to be so high that

a large part of the increase in incomes is being siphoned off by these items, with little left for pushing up the demand for manufactured products. This has been compounded, at least, to an extent, by a certain levelling off of industrial savings because of the shift in the terms of trade between agriculture and industry in favour of the former during the last few years.

Investment Trends

96. The recent deceleration in the rate of industrial output and the general feeling of relative stagnancy is in contrast with the rising trends in private industrial investment. Data on registrations of new companies, industrial licences issued, licences granted for the import of capital goods, the volume of capital issues, the credit advanced to the private corporate sector by the term-lending institutions, jointly and severally indicate a rising tempo of private investment in the industrial field.

97. The number of new companies registered in 1970-71 was higher by 27.6 per cent and their proposed share capital by 22.0 per cent than in the previous year. The number of new registrations, at 1,927 in 1970-71, was higher by 85 per cent than what it was in 1967-68; their authorised capital at Rs. 333·1 crores was higher by 87 per cent. The following table brings out the steady build-up of proposals for private investment over the past few years.

TABLE VII

Number of New Companies Registered

Year	New companies registered	Authorised share capital (Rs. crores)	Percentage increase in authorised share capital
1967-68	1,044	178·4	..
1968-69	1,115	249·9	40·1
1969-70	1,510	273·0	9·2
1970-71	1,927	333·1	22·0

98. Data as regards trends in the actual paid-up capital of non-Government companies, however, provide the impression of a somewhat slower order of growth, although judging from the data on consents of capital issues, there has been a markedly quickening pace of investment during 1971-72.

TABLE VIII

Total Paid-up Capital of Private Sector Companies.

(Rs. crores)

	1968-69	1969-70	1970-71
Paid-up capital of			
(a) non-Government private companies. . .	422	435	450
(b) non-Government public companies. . .	1,500	1,529	1,563
TOTAL	1,922	1,964	2,013

Consents/Sanctions of Capital issues Granted

(Rs. crores)

	1968-69	1969-70	January-December	
			1970	1971
Bonus	31	39	41	41
Others	98	108	72	141
TOTAL	129	147	113	182

99. The number of letters of intent and industrial licences issued have also been rising gradually since 1968. In 1969, the number of industrial licences issued was 221; in 1970, it increased to 363. During January-September, 1971 industrial licences issued rose to 495, an increase by as much as 260 over the number issued in the corresponding period of the previous year. The value of licences issued for the import of capital goods increased from Rs. 73 crores in 1969-70 to Rs. 127 crores in 1970-71; during April-September 1971, it amounted to Rs. 120 crores as compared to Rs. 63 crores during the corresponding period of 1970.

TABLE IX

Number of Industrial Licences Issued during 1970 and 1971 under the Industries (Development and Regulation) Act.

Month	Industrial licences issued.	
	1970	1971
January	21	86
February	19	51
March	19	63
April	29	83
May	14	47
June	39	48
July	47	32
August	21	39
September	26	46
October	21	35
November	38	45
December	69	36
TOTAL	363	611

100. Another important indicator of industrial activity in the private corporate sector is the volume of capital raised in the market through new issues. Such of the companies as approach the capital market for the purpose have to do so by issuing a prospectus which inter-alia has to mention the total investment visualised and the proposed mode of financing. Of course, public limited companies whose shares are not quoted, or which do not wish to approach the market for raising capital, are not required to issue prospectuses. Thus the programmes of expansion or new investment and the financial schemes indicated in the prospectuses issued would not reflect the entire activity in the industrial field. This fact notwithstanding, the trends in proposed outlays, total capital issued to the public and the latter's response, provide valuable barometers to the state of industrial progress. In 1968-69, 65 companies issued prospectuses for raising capital totalling Rs. 133 crores, in the following year, the number of companies issuing prospectuses were lower at 47, but the outlays involved in respect of their expansion programmes were higher at Rs. 137 crores. Similarly in 1970-71, the expansion envisaged was of the order of Rs. 147.7 crores and the number of companies involved in raising this amount was 57. While the bulk of the proposed outlays were to be financed by loans from the term-lending institutions, Indian as well as foreign, to an extent past accumulations held in reserves were also to be drawn upon. But private corporate savings from within have contributed only marginally to this expansion.

101. The amounts sanctioned by the term-lending institutions have been rising very fast in the more recent years; the rate of increase in disbursements is also being maintained. For example, loans disbursed during 1970-71 registered an increase of 25·6 per cent over what was disbursed in 1969-70. During the six months April-September 1971, sanctions were higher by 33 per cent than during the corresponding period of the previous year; disbursements were higher by nearly 11 per cent.

TABLE X

Institutional Term Loans

(Rs. crores)

Year	Sanctions	Percentage increase over the previous year	Disbursement	Percentage increase over the previous year
1	2	3	4	5
1968-69	142.6	..	96.4	..
1969-70	163.7	14.8	124.5	29.1
1970-71	247.8	51.4	156.9	25.6
April-Sept. 1970	90.0	..	71.6	..
April-Sept. 1971	120.2	33.6	79.3	10.8

102. Public investment as such in the industrial sector, on the other hand, has been generally sluggish. As referred to elsewhere in this Survey, in relation to the Plan outlays proposed for 1969-70 and 1970-71, large shortfalls in investments have taken place in the public sector, especially in Railways, heavy engineering, iron and steel, and mines and metals. For 1971-72, a substantial increase in public outlays was proposed; developments in the economy during the year have, however, cast doubt on how far this is going to be realised. In the case of the Railways the actual expenditure in 1970-71, at about Rs. 153 crores, is lower by Rs. 27 crores—or by 15 per cent—than the target for the year. The chances of an enlargement in the scale of capital outlays on Rail transport do not appear to be encouraging in the present circumstances. The realised freight traffic in 1970-71 turned out to be only 199 million tonnes as against the Plan target of 217 million tonnes, and was even lower than that reached in 1968-69. The target for 1971-72, placed at 208 million tonnes, is more or less equal to the level reached in 1969-70.

Industrial Policy

103. There has been throughout the year deeply felt concern over the pace of industrial growth. Discussion has centred round the feasibility of accelerating the rate through adjustments in industrial policy and procedures without, however, affecting adversely the basic socio-economic tenets. The Industrial Licensing Policy, announced in February 1970, has been subsequently further relaxed for the benefit of smaller entrepreneurs. It was originally provided that industrial undertakings with fixed assets in land, buildings, and machinery of less than Rs. 1 crore in value could be establish-

ed without any licence. This dispensation was, however, subject to certain conditions, one being that the undertakings would not require foreign exchange for the import of capital goods of more than Rs. 10 lakhs, or 10 per cent of the value of the fixed assets to be added, whichever is less, nor would they need imported raw materials except marginally. The provision regarding capital goods has been further liberalised in the interests of smaller units by raising the limit of exemption in respect of import of capital goods to Rs. 5 lakhs, or 10 per cent of the additional fixed assets, whichever is more. Besides, undertakings which do not need imported components and raw materials exceeding 5 per cent of the ex-factory value of annual production, subject to a maximum of Rs. 5 lakhs, will no longer be required to obtain an industrial licence.

104. The Industrial Licensing Policy was substantially modified once more in January 1972. For the fuller utilisation of installed capacity, it was decided that in respect of 54 important industries, including agricultural tractors and machinery, fertilisers, basic metals, iron and steel, machine tools, cement, pulp, paper and newsprint, organic and inorganic chemicals (heavy and fine chemicals), tyres and tubes, drugs, jute textiles, sugar, cotton textiles etc., additional production would be allowed subject to the following conditions.

(a) Wherever the licence-issued to a party has mentioned a certain capacity specifically on the basis of one—or two—shift working, the party would be allowed an increase in its licensed capacity on the basis of maximum utilisation of plant and machinery;

(b) In other cases, the present facility of additional production of upto 25 per cent of the licensed capacity would be enhanced to 100 per cent.

The relaxations are, however, not to apply to the production of goods reserved exclusively for the small sector. Nor will they apply automatically to the companies in which foreigners own a majority of the equity or to those belonging to the larger industrial houses. Companies belonging to these categories can apply for being allowed an increase in production; such applications are to be processed expeditiously keeping in view the requirements of the Monopolies and Restrictive Trade Practices Act. The principle of allocation of additional scarce raw materials for the enhanced capacity will, however, remain subject to the conditions obtaining earlier.

105. Other modalities for hastening the pace of industrial growth are being continuously discussed. It is however being increasingly felt that what is seriously impeding industrial growth is neither procedural difficulties nor policy restraints but the general dearth of savings. Such aspects as harmonious industrial relations or managerial efficiency cannot also be ignored, but the major determinant of growth is the availability or otherwise of investible funds. Since investments in the public sector have been pivotal for generating momentum elsewhere in the economic system, it is the paucity of public savings which, more than anything else, is frustrating current attempts at a large-scale industrial breakthrough. The vital issues even for the industrial sector are thus those which concern the processes of investible surplus in the economy.