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WAGE STRUCTURE IN CONSUMER GOODS
AND CAPITAL GOODS INDUSTRIES IN INDIA

by

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WAGE STRUCTURE IN CONSUMER GOODS AND
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An empirical analysis of the various factors that influence the wage structure in different sectors of the economy, plays a crucial role in the formulation of national wage policy. The available statistical data on wage rates in Indian economy clearly shows that the average rates of wages vary significantly among different industries,*¹ different occupations,*² and different regions.*³ An important area of empirical investigation in the field of wage structure in India, in which several studies have already been made, has been the analysis of inter-industry wage differentials in the organised manufacturing sector.*⁴

The theoretical framework that is developed for explaining the inter-industry wage differentials consists mainly of two basic hypotheses. The first hypothesis, which may be called 'the expected ability to pay hypothesis', has been advanced by David G. Brown, who argues that "Wage level differences among manufacturing industries result primarily from industry-by-industry differences in the employers' estimates of their future abilities to pay wages".*⁵

The other hypothesis, which may be called 'the technology hypothesis', is based on the premise that the technological levels of

different industries vary considerably at any given point of time which in turn implies that the skill-mix of the working force employed in different industries would vary giving rise to inter-industry differentials in the average wage rates computed for each industry taken as a whole. In a recent study, T.S. Papola has examined the problem of inter-industry wage structure from the view-point of the technology hypothesis and argued that "technological advance requires not only a larger component of skill in the work force, but it also leads to greater degree of skill-differentiation and specificity of jobs in industries"*⁶

Pramod Verma has also argued in his recent study on occupational wage structure that "the job content --technologically determined--would be the basis for occupations rates which in turn would be reflected in the average rate of a plant or industry", which implies that, while economic factors and institutional forces affect the wage structure, "the primacy of technologically determined wage differentials as the base of wage structures still remains to be reckoned with"*⁷

The basic source of data for the empirical studies on inter-industry wage structure has been the Annual Survey of Industries (ASI) and often their scope has been confined to the factories falling under the census sector of ASI. Moreover, most of the studies define an industry at the two-digit level of aggregation, though a few studies have also examined the industries at the four digit level of aggregation.*⁸

However, almost all of these studies have examined the wage structure

covering the entire manufacturing sector. Few attempts seem to have been made to apply the above theoretical framework to compare the extent of wage differentials and its major determinants for the broad categories of consumer goods industries and capital goods industries within the organised manufacturing sector. Such a comparison would be an interesting one to make because there are fundamental differences between the consumer goods industries and the capital goods industries in regard to technology levels, scale of operation and several related characteristics which would in turn play a significant part in shaping the wage structure in these two broad categories of industries. An attempt has, therefore, been made in this paper to examine the wage structure in consumer goods industries in relation to that in capital goods industries falling under the registered manufacturing sector of the Indian economy.

The paper is divided into four parts. The first part brings out two tentative hypotheses that can be advanced in respect of the relative wage structures in the consumer goods and the capital goods industries. The second part examines the first hypothesis by analysing the extent of wage differentials observed for the two types of industries. In the third part, an attempt has been made to test the second hypothesis by assessing the relative importance of major factors influencing the wage structure in the two categories of industries. Finally, the fourth part summarizes the main findings of the study.

I

On the basis of the technology hypothesis, which states that the industry wage rates vary mainly on account of inter-industry technological differences, we should expect the average wage rate in the consumer goods industry to be lower than that in the capital goods industries and also the former to show greater degree of variation than the latter. The technological levels of a large number of consumer goods industries, most of which would have started in the pre-industrial stage of the economy, are likely to be low especially in relation to those found in the capital goods industries. By and large, the capital goods industries make use of the modern technology which requires a higher level of capital intensity and a larger component of specific skills in the working force. Moreover, in terms of both the minimum amount of investment required in machinery and equipment per person employed as well as the proportion of skilled workers required to carry out the production process, different types of capital goods industries are likely to show a relatively greater degree of similarity or homogeneity as compared to the category of consumer goods industries which cover a wide range of industries producing a variety of products.

Once the process of industrialisation and economic growth has already started, the further development of consumer goods industries take place not only along the line of expansion but equally along the lines of diversification and introduction of new products. This process of development of consumer goods industries is governed to a considerable extent by the forces of demand, and, evidently,

the pattern of demand is determined largely by the pattern of income distribution. With rapidly growing income levels, the extreme income inequalities, which might have existed even earlier, assume new dimensions when we look at them in absolute rather than relative terms. Hence, we would generally find that the broad category of consumer goods industries would consist of some industries which use high level technology to produce sophisticated luxury goods for the rich and some industries which use traditional or low level technology to produce the kind of goods that would meet the requirements of low income groups in different regions. Thus, the category consumer goods industries would show a greater degree of variation in technology levels.

On the basis of the above considerations, we can formulate the following hypotheses about the relative wage structures in the consumer goods and the capital goods industries:

1. The average wage rate observed in the consumer goods industries would show a higher degree of variation around a relatively lower mean value as compared to the capital goods industries where the average wage rate would show lower variability around a relatively higher mean value.
2. The inter-industry wage differentials within the category of capital goods industries would be determined primarily by the expected ability to pay whereas the inter-

industry wage differentials within the category of consumer goods industries would be determined by both types of factors, viz., the expected ability to pay as well as the technology differentials, taken together.

In what follows, we have made an attempt to test these two hypotheses in the case of Indian manufacturing industries falling under the two broad categories on the basis of the relevant cross-section data for the year 1975-76.

II

For measuring the extent of wage differentials in consumer goods and capital goods industries, we have used the data available from the latest report of Annual Survey of Industries which relates to the year 1975-76.⁹ We have covered both the Census sector factories as well as the Sample Sector factories reported in ASI 1975-76, we have also distinguished between industries at a somewhat disaggregated level by treating the industries reported at the three digit level of aggregation as separate industries, rather than confining to the highly aggregative two digit level classification of industries. We have, however, excluded from the purview of present analysis those of the three digit level industries which are relatively small or less developed and provide employment to less than twenty thousand persons. Our analysis is,

therefore, based on the data relating to 63 industries in the registered manufacturing sector which provide employment to more than twenty thousand employees. These 63 industries specified at the three digit level of aggregation constitute the category of relatively high employment generating industries which cover almost four-fifths of the total number of workers employed in the registered manufacturing sector in the year 1975-76. Of these 63 industries, 36 industries belong to the broad category of consumer goods industries while the remaining 27 industries fall under the category of capital goods industries.*¹⁰

Table 1

Extent Of Wage Differentials in Capital
Goods And Consumer Goods Industries, 1975-76

Type of Industry	No. of Industries covered	Mean Value of Annual Wage Rate (in Rupees)	Standard Deviation (in Rupees)	Coefficient of Variation
(1)	(2)	(3)	(4)	(5)
Capital Goods	27	6973	1886	0.2705
Consumer Goods	36	4544	2836	0.6241
Total: All Industries	63	5585	2738	0.4902

Source : Appendix Table 1

Table 1 shows the average wage rate and the extent of absolute and relative wage differential in consumer goods and capital goods

industries observed in the year 1975-76. It is evident from this table that the average value of annual wage rate for the category of capital goods industries taken together is much higher than its counterpart in the case of consumer goods industries. Similarly, the extent of absolute wage variation, as measured by the standard deviation of the industry wage rate around the mean value, turns out to be much lower in the case of capital goods industries as compared to the consumer goods industries. In fact, we find that the mean value of the industry wage rate observed in the consumer goods industries turns out to be only two-thirds of the corresponding mean value for the capital goods industries, whereas the absolute wage differential in the former is one and a half times as large as that observed in the case of the latter. Consequently, we can see from the table that the extent of relative wage differential, as measured by the coefficient of variation, can be regarded as moderate or relatively low in the case of capital goods industries, whereas it is quite high in the case of consumer goods industries.

It is obvious that the above observations regarding the wage structure in the capital goods and consumer goods industries in India lend support to our first hypothesis which states that the wage rate in capital goods industries will tend to be, on an average, higher in its value and it will reflect less variability as compared to the wage rate in consumer goods industries which will be marked by a high degree of variability.

Moreover, it follows from this analysis that the relatively high degree of variability revealed by the industry wage rate in the organised manufacturing sector taken as a whole is due not only to the overall wage differential between the consumer goods and capital goods industries but also to the high extent of wage differentials that exist within the category of consumer goods industries.

III

To assess the relative importance of various factors which determine the extent of inter-industry wage differentials, we have to postulate a functional relationship between the industry wage rate and a set of explanatory variables which are deemed to be significant in shaping the wage structure. According to the theoretical framework developed for explaining inter-industry wage differentials, which is already outlined above, the explanatory variables that we specify should indicate either the expected ability to pay or the level of technology at which each industry operates. The main proxy variables which are generally used for measuring the expected ability to pay are average productivity of labour and average number of persons employed per factory in each industry. Similarly, the variables that can be used as a proxy for the technology levels are average levels of capital intensity and capital-output ration in each industry.*¹¹

Thus, we can postulate the following functional relationship to examine the determinants of inter-industry wage variation in

capital goods and consumer goods industries in India:

$$W = f(P, F, K, V)$$

where,

W = average annual wage rate in a given industry measured as the ratio of total wages & salaries paid during the given year to the total number of persons employed during the year;

P = average productivity of labour measured as the ratio of total value added to the total number of employees;

F = average size of factory measured as the ratio of total number of employees to total number of factories;

K = average level of capital intensity measured as the ratio of total value of fixed capital assets to total number of employees;

V = average capital-output ratio measured as the ratio of total value added to total value of capital stock employed in a given industry.

The data on these variables, derived for the consumer goods and capital goods industries from the information available from ASI 1975-76, are presented in Appendix Tables 1, 2 & 3. From this data, we have estimated the above functional relationship by using the standard multiple regression technique.

To examine the relative importance of major factors representing alternative hypotheses in explaining the inter-industry wage differentials we have estimated three alternative equations. The first

equation postulates the industry wage rate as a linear function of all the four explanatory variables. It, therefore, represents an integrated approach which treats the two major alternative hypotheses of expected ability to pay and technological differentials as complementary and combined them in explaining the wage structure in capital goods and consumer goods industries in India. The second equation treats the wage structure as determined primarily by the inter-industry differences in the expected ability to pay and hence postulates the industry wage rate, as a linear function of the first two explanatory variables, viz., average productivity of labour and average size of factory. The third equation treats the wage structure as determined primarily by the inter-industry differences in technological levels and hence postulates the industry wage rate as a linear function of the remaining two explanatory variables, viz., average degree of capital intensity and average capital-output ratio. The results of multiple regression analysis of inter-industry wage structure based on these three alternative equations, which are estimated separately for capital goods and consumer goods industries, are presented in Table 2.

It can be seen from Table 2 that Equation 1, which combines the four explanatory variables together, possesses a fairly high explanatory power in the case of both capital goods industries as well as consumer goods industries. In fact, we find that the set of four explanatory variables that we have specified above explains approxi-

Table 2

Results Of The Regression Analysis Of Inter-Industry Wage Structure In Capital Goods And Consumer Goods Industries in India, 1975-76

Equation Number	Regression Coefficients					Coefficient of Determination (R ²)	F-Ratio
	Constant Term	Average Productivity (P)	Average Size of Factory (F)	Capital Intensity (K)	Capital-Output Ratio (V)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CAPITAL GOODS INDUSTRIES:							
1	1569.84 (1.5981)	0.3328* (7.2712)	1.6595* (3.5823)	-0.0137 (0.8329)	280.884 (0.8444)	0.8083	23.19
2	2279.24* (4.5024)	0.3236* (9.7896)	1.6609* (3.7108)	-	-	0.8019	48.57
3	6132.94* (4.4588)	-	-	0.0291 (1.0685)	17.2015 (0.0290)	0.3232	5.73
CONSUMER GOODS INDUSTRIES:							
1	2272.74* (3.3082)	0.2168* (5.4290)	0.7281 (1.8354)	0.0597** (2.2201)	-364.945 (1.3902)	0.8128	33.66
2	1430.65* (3.8348)	0.2853* (10.8993)	0.6915 (1.6717)	-	-	0.7829	59.49
3	4631.17* (6.1553)	-	-	0.1699* (7.3146)	-904.792** (2.7223)	0.6193	26.84

* Statistically significant at 1% level of significance.

** Statistically significant at 5% level of significance.

Note: Figures in parentheses indicate the computed t-ratios.

Source: Appendix Tables 1, 2 and 3

mately the same proportion (about 81 per cent), of the inter-industry wage variation in each of the two categories of industries taken separately. However, the structure of Equation 1 shows a significant difference between the two categories. Average productivity of labour and average size of factories are the only two factors which turn out to be statistically significant at 1% level of significance in Equation 1 estimated for capital goods industries, whereas the average productivity of labour and capital intensity are the two factors which are found to be statistically significant in Equation 1 estimated for consumer goods industries. This is an important difference because it implies that, the major determinants of inter-industry wage structure in capital goods industries are the two variables that measure the expected ability to pay, whereas in the case of consumer goods industries, one of the major determinants of wage structure is the variable that indicates the expected ability to pay and the other one indicates the differences in technological levels.

Thus, the estimates of Equation 1 suggest that the expected ability to pay plays a significant role whereas the differences in technological levels turn out to be insignificant in shaping the wage structure in capital goods industries. As against this, both types of factors appear to be significant in determining the wage structure in consumer goods industries. This broad conclusion gets further corroborated when we examine the estimates of Equations 2 and 3.

It is evident from Table 2, that in the case of capital goods industries if we consider only the two factors related to expected ability to pay (Equation 2), they explain about 80 per cent of the wage differentials, with both of them being statistically significant. As against this, if we consider only the two factors related to technological differences (Equation 3), we find that they fail to account for even one-third of the observed wage differentials in capital goods industries, with both of them being statistically insignificant. In the case of consumer goods industries, however, the situation is entirely different. There, we find that Equation 3 also possesses a satisfactory explanatory power, with the two proxy variables for technological levels, viz. capital intensity and capital-output ratio explaining about 62 per cent of the inter-industry wage variation in consumer goods industries. It should be noted, however, that Equation 2 reveals a higher degree of explanatory power even in the case of consumer goods industries.

It is evident that the findings of above analysis lend support to the second hypothesis regarding the determinants of inter-industry wage structure in the two broad categories of industries that we have suggested in the first part of this paper.

IV

Finally, we may summarize the major findings of our study. The main conclusions that can be drawn from the above analysis are as follows:

1. In an underdeveloped country which is undergoing the process of industrialisation, the inter-industry wage structure will show significant differences between the capital goods industries and the consumer goods industries, as in the case of Indian economy.
2. On an average, the wage rate in the consumer goods industries is lower than the wage rate in the capital goods industries in India and the former shows a much greater degree of both absolute as well as relative wage differentials as compared to the latter.
3. The inter-industry wage structure in capital goods industries in India is explained primarily by the corresponding inter-industry differences in the expected ability to pay and the inter-industry differences in technological levels do not influence the wage structure to a significant extent.
4. The inter-industry wage structure in consumer goods industries in India is determined by the existing inter-industry differences in both the ability to pay as well as the general level of technology.

NOTES AND REFERENCES

- *1 Cf. Bakul H. Dholakia: "Determinants Of Inter-Industry Wage Structure in India", Indian Journal of Industrial Relations, Vol.11, No.4, April 1976
- *2 Cf. Pramod Verma: "Occupational Wage Structure in India", Working Paper No. 182, Indian Institute of Management, Ahmedabad, October 1977.
- *3 Cf. Bakul H. Dholakia and Sudha B. Dholakia: "Regional Wage Differentials in Indian Manufacturing Sector", Economic Times, November 10, 1976.
- *4 An illustrative list of empirical studies on inter-industry wage structure in India would include: (i) C.K. Johri and N.C. Agarwal: "Inter-Industry Wage Structure in India, 1950-61—An Analysis", Indian Journal Of Industrial Relations, Vol. I, No.4, April 1976;
- (ii) P.K. Sawhney: "Inter-Industry Wage Differentials in India", Indian Economic Journal, Vol. 17, No.1, July-September 1969;
- (iii) Pramod C. Verma; "Inter-Industry Wage Structure in India—Further Evidence", Indian Journal of Industrial Relations", Vol. 6, No.3, January 1971;
- (iv) T.S. Papola; "Inter-Industry Wage Structure—Technology Hypothesis", Anvesak, Vol. 2, No.1, June 1972;
- (v) Bakul H. Dholakia: "Determinants of Inter-Industry Wage Structure in India", Indian Journal of Industrial Relations, Vol.11, No. 4, April 1976
- *5 David G Brown: "Expected Ability to Pay and Inter-Industry Wage Structure in Manufacturing", Industrial and Labour Relations Review, Vol. 16, No.1, October 1962
- *6 T.S. Papola: "Inter Industry Wage Structure -- Technology Hypothesis", Op.cit.
- *7 Pramod Verma: "Occupational Wage Structure in India", Op. cit.
- *8 For instance, Pramod Verma's study presents the results of a detailed analysis of 209 four digit level industries for the year 1964.
Cf. Pramod C. Verma: "Inter-Industry Wage Structure in India—Further Evidence", Op. Cit.

Notes and References (Contd.)

*9

Annual Survey of Industries 1975-76, Summary Results for Factory Sector, Central Statistical Organisation, Government of India, 1978

*10

We have classified 63 major three digit level industries into the capital goods industries (27) and the consumer goods industries (36) by using the same system of classification which is adopted by the Central Statistical Organisation, Government of India for preparing the revised series of Index Numbers of Industrial Production by broad industry groups. Accordingly, the broad category of capital goods industries includes all basic industries and the industries producing capital goods such as machinery, equipment, tools and implements of various types. Similarly, the broad category of consumer goods industries includes, besides the industries producing durable and non-durable consumer goods, the industries producing intermediate goods also. The description of the specific industries (employing more than 20,000 persons) falling under the two categories in the year 1975-75 is given in Appendix Table 1 along with the observed annual wage rate in each of these industries. For further details regarding the classification of industries into different categories, see Reserve Bank of India: Report on Currency and Finance 1976-77.

*11

It may be noted here that the skill-mix of working force can also be used a proxy variable for indicating differences in technological levels. However, we have not used this variable in the present study due to non-availability of detailed information on this variable especially for the year 1975-76. Moreover, the two variables, viz., K and V, that we have included in our analysis can be regarded as fairly good indicators of the inter-industry differences in technological levels.

APPENDIX TABLE 1

Average Annual Wage Rates in Major Consumer Goods and
Capital Goods Industries, 1975-76

Serial No.	Industry Code No.	Description of Industry	Average Annual Wage Rate (in Rupees)
(1)	(2)	(3)	(4)
<u>CONSUMER GOODS INDUSTRIES:</u>			
1	201	Manufacture of dairy products	4935
2	204	Grain mill products	1307
3	206	Manufacture and refining of sugar (Vacuum pan Sugar factories)	2975
4	207	Production of indigenous sugar, Boora, khandsari, gur, etc. from sugar-cane and palm juice	787
5	208	Production of common salt	1590
6	211	Manufacture of other edible oils and fats (mustard oil, groundnut oil, till oil etc.)	1747
7	212	Tea processing	2385
8	214	Cashewnut processing like drying, shelling, roasting, salting etc.	1284
9	219	Manufacture of food products not elsewhere classified	2306
10	225	Tobacco stemming, redrying and related operations	956
11	226	Manufacture of bidi	1324
12	230	Cotton ginning, cleaning and balding	855
13	231	Cotton spinning, weaving, shrinking, sanforizing, mercerising and finishing of cotton textiles in mills	6336
14	232	Printing, dyeing and bleaching of cotton textiles	4468
15	241	Wool spinning, weaving and finishing in mills	4866
16	247	Spinning, weaving and finishing of other textiles--synthetic fibres, rayons, nylons, etc.	6475

(contd.)

Appendix Table 1 (continued)

Serial No.	Industry Code No.	Description of Industry	Average Annual Wage Rate (in Rupees)
(1)	(2)	(3)	(4)
17	251	Jute and Mesta Spinning and Weaving	5016
18	264	Manufacture of all types of textiles, garments including wearing apparel	3583
19	271	Sewing and Planning of wood (other than plywood)	1610
20	284	Manufacture of Pulp, paper and paper board including newsprint	6444
21	284	Printing and Publishing of Newspapers	7393
22	285	Printing and Publishing of periodicals, books etc.	5421
23	289	Printing and Publishing and allied activities not elsewhere classified	4688
24	290	Tanning, curing, finishing, embossing and japanning of leather	4084
25	300	Tyre and tube industries	10164
26	302	Manufacture of rubber products not elsewhere classified	5508
27	303	Manufacture of plastic products not elsewhere classified (Except house furnishing)	3777
28	312	Manufacture of paints, varnishes and liquors	8968
29	313	Manufacture of drugs and medicines	9175
30	314	Manufacture of perfumes, cosmetics, lotions, hair dressing, toothpastes, soaps and other toilet preparations	8691
31	316	Manufacture of turpentine, synthetic resins, plastic materials and synthetic fibres like nylon, terylene except glass	11465
32	317	Manufacture of matches	2772
33	319	Manufacture of chemical products not elsewhere classified (including photo-chemicals)	7077

(contd.)

Appendix Table 1 (continued)

Serial No.	Industry Code No.	Description of Industry	Average Annual Wage Rate (in Rupees)
(1)	(2)	(3)	(4)
34	340	Manufacture of fabricated metal products	5201
35	345	Manufacture of metal utensils, cutlery and kitchenware	3229
36	376	Manufacture of bicycles and cycle-rickshaws and parts	4712

CAPITAL GOODS INDUSTRIES:

37	310	Manufacture of basic industrial organic and inorganic chemicals	7486
38	311	Manufacture of fertilizers and pesticides	10307
39	320	Manufacture of structural clay products	2930
40	321	Manufacture of glass and glass products	3749
41	323	Manufacture of chinaware and porcelainware	3556
42	324	Manufacture of cement, lime and plaster	7800
43	330	Iron and Steel Industries	9845
44	331	Foundries for casting and forging iron and steel	5915
45	335	Aluminium manufacturing	9067
46	343	Manufacture of hand tools and general hardware	5606
47	350	Manufacture of agricultural machinery and equipment and parts	5228
48	351	Manufacture and repair of drills, coal cutting machines, earth moving and other heavy machinery and equipment used by construction and mining industries	7036
49	352	Manufacture of prime movers, boilers and steam generating plants such as diesel engines, and parts	7240

(continued)

Appendix Table 1 (Concluded)

Serial No.	Industry Code No.	Description of Industry	Average Annual Wage Rate (in Rupees)
(1)	(2)	(3)	(4)
50	353	Industrial machinery for food and textile industries	6020
51	354	Industrial Machinery for other than Food and Textiles Industries	8261
52	356	Manufacture alteration and repair of general items of non-electrical machinery not elsewhere classified	7572
53	357	Manufacture of Machine Tools, their parts and accessories	7060
54	359	Manufacture and repair of non-electrical machinery, equipment, components and accessories not elsewhere classified	4544
55	360	Manufacture of electrical industrial machinery and apparatus and parts	9138
56	361	Manufacture of insulated wires and cables	7970
57	363	Manufacture of electrical apparatus, appliances and their parts	5797
58	364	Manufacture of radio and television transmitting and receiving sets	8300
59	370	Ship building and repairing	8412
60	371	Manufacture of locomotives and parts	6866
61	372	Manufacture of Railway wagons and coaches and parts	7512
62	374	Manufacture of motor vehicles and parts	8668
63	380	Manufacture of medical, surgical and scientific equipment	6375

Source: Annual Survey of Industries 1975-76, Summary Results for Factory Sector, C.S.O., 1978.

APPENDIX TABLE 2

Explanatory Variables For Consumer Goods Industries, 1975-76

Industry	Average Productivity of Labour (in Rupees)	Average Size of Factory	Capital Intensity (in Rupees)	Capital- Output Ratio
(1)	(2)	(3)	(4)	(5)
201	9198	172	20916	3.84
204	2764	24	4405	3.97
206	4465	1241	9232	5.71
207	1428	81	2181	2.15
208	2372	95	1710	1.65
211	5551	26	4839	2.60
212	8485	106	5912	2.25
214	1547	294	273	1.13
219	6908	33	6719	2.09
225	1969	154	729	3.39
226	2071	42	248	1.20
230	1512	54	2119	2.28
231	7412	824	6476	2.04
232	7448	64	6254	1.59
241	10352	100	7718	2.29
247	14812	68	14938	2.21
251	6178	3187	2603	1.15
264	5847	57	3621	1.60
271	3813	13	2711	1.64
280	19132	181	31945	2.55
284	12585	97	10728	1.33
285	6604	64	6080	1.50
289	7648	30	5483	1.25
290	8598	44	7226	3.08

Appendix Table 2 (continued)

Industry Code Number	Average Productivity of Labour (in Rupees)	Average Size of Factory	Capital Intensity (in Rupees)	Capital- Output Ratio
(1)	(2)	(3)	(4)	(5)
300	21872	117	26774	2.72
302	11676	51	8639	1.53
303	8291	25	11987	2.86
312	26981	68	22756	2.08
313	24934	107	17067	1.71
314	39382	70	19974	1.54
316	27551	181	66758	3.83
317	6264	101	2794	0.99
319	22535	50	56187	3.84
340	9495	34	8544	2.23
345	7920	22	5876	2.36
376	7973	44	7221	2.11

Source: Annual Survey Of Industries 1975-76. Summary Results For
Factory Sector, C.S.O., 1978

APPENDIX TABLE 3

Explanatory Variables For Capital Goods Industries, 1975-76

Industry Code	Average productivity of Labour (in Rs.)	Average size of Factory	Capital Intensity (in Rupees)	Capital-Output Ratio
(1)	(2)	(3)	(4)	(5)
310	20384	90	44988	3.34
311	24347	158	168883	9.09
320	4829	58	5508	1.98
321	5452	134	7834	2.67
323	5999	76	10623	3.00
324	15480	223	39127	3.91
330	17312	219	64540	5.79
331	10142	69	16918	3.28
335	21431	103	110168	7.44
343	10806	37	9446	1.98
350	13258	38	17686	2.90
351	14199	105	11865	2.60
352	16423	73	15683	3.22
353	11469	62	9275	2.41
354	16213	93	23719	4.29
356	16739	90	16261	2.57
357	12833	55	16507	2.78
359	7873	28	14552	3.88
360	21524	131	19976	3.25
361	19977	118	22617	2.84
363	9051	59	11591	2.84
364	14207	166	10720	2.27
370	12980	294	12248	3.43
371	6299	2001	10620	3.25
372	8380	937	4030	1.35
374	15916	129	17966	2.58
380	9327	59	11064	2.64

Source: Annual Survey of Industries 1975-76, Summary Results For Factory Sector, C.S.O., 1978