

CORPORATE INVESTMENT, SAVING, AND BORROWING IN INDIA 1959-60*

L. C. GUPTA

THIS PAPER presents a flow-of-funds analysis of the non-government non-financial corporations. The main object of the analysis is to present estimates of corporate investment and the various channels of financing such investment during recent years in order to indicate the important over-all magnitudes and financial relationships. The analysis in this paper is concentrated on the period 1956 to 1960, for which relatively complete data were available. This is the concern of section I. Section II offers some comments on the results of the flow-of-funds analysis presented in the first section.

I. *A Flow-of-funds Analysis of the Corporate Sector*

The analysis in this section is based on the annual surveys of the finances of non-government non-financial companies carried out by the Reserve Bank of India. The Reserve Bank conducts separate surveys for three classes of these companies: (1) "large" public limited companies, having a paid-up capital over Rs. 5 lakhs each; (2) "small" public limited companies, having a paid-up capital up to Rs. 5 lakhs each; and (3) private limited companies. In order to construct a flow-of-funds table for the entire non-government non-financial corporate sector, it was first necessary to prepare separate estimates for the three classes of companies. The Reserve Bank data cover large "samples"¹ of companies drawn from the three classes mentioned above. Estimates for each class were arrived at from the sample data on the basis of the paid-up-capital coverage of each class by the sample data (see Appendix). These estimates were then com-

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¹ The samples are not based on any random-sampling method but attempt to attain maximum possible coverage of the corporate sector in terms of paid-up capital.