

Forces Behind Structural Changes : A Quantitative Analysis of Indian Corporate Sector

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This paper attempts to analyse quantitatively the pattern of structural changes in Indian Corporate sector during the post-independence era. A priori, the process of structural change may be ascribed to two factors, namely the internal dynamism of the Indian industrial sector itself, and the factors external to the process and the observed pattern of structural change may be brought about by the mutual effect of these two factors. The primary objective of the present paper is to estimate the relative importance of these two factors in bringing about the observed pattern of changes in the industrial structure. The analysis is based on the data available in the Calcutta Stock Exchange Blue Books over the years 1951 to 1980. The results of the categorical data analysis technique used for the purpose of the present analysis indicate that there has been a definite structural tilt toward new modern industries from the old traditional industries and this structural metamorphosis is largely due to the external policy intervention.

Introduction

It has generally been observed that during the post-independent period Indian industry has undergone a qualitative change with a modern technologically advanced sector replacing the traditional industries. The history of Indian industrial change reveals that at the time of independence India's industrial venture was limited to a few fields of production such as Plantation, Mining and quarrying, Cotton and Jute textiles and to a limited extent heavy industries like Iron and Steel. As is well-known whatever impetus for industrialisation was there in India during the pre-independent period that was largely on the basis of the British technology with financial supports as and when necessary from the indigenous money bags (Dutta, 1970; Bagchi, 1975; Gadgil, 1979). Actually Indian private corporate sector of that period was dominated by native commercial interest which turned into industrialists. After independence these native industrialists were accorded a dominant role in the industrial development in the country in terms of the different industrial resolutions of 1948 and 1956, and therefore, they were encouraged to spread their activities in the so called 'Technologically modern sector'. But the spread like the genesis was not on the basis of internal development of new technology (Kidron, 1964; Bettelheim, 1968; Desai, 1985). It was instead largely due to transfer of technology. In other words, as it normally occurs within the capitalist system where technological change is largely