

Resource Mobilisation In The Private Corporate Sector

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The Private Corporate Sector occupies an important position in the industrial economy of the country. If the industrial sector has to grow in the country, the need for the mobilisation of adequate resources by the corporate sector, which plays the leading role in industry, becomes crucial. In this connection, one would like to know what have been the trends in resource mobilisation in the private corporate sector, how fast it has grown in relation to the needs for investment, and what have been the major avenues for mobilising the resources, and how the mobilised resources have been utilised.

The study presents a detailed assessment of the resource mobilisation effort in the large-scale segment of the Indian private corporate sector, engaged in manufacturing activities. The study covers the period 1962-63 to 1975-76, but the analysis of the major trends has been extended upto 1979-80. The study contains an analysis of trends in the mobilisation of gross resources (inclusive of depreciation), an assessment of the composition of resources mobilised and an econometric exercise on the determinants of gross resources mobilised. While the econometric exercises are related to aggregate data, the analysis of the trends and structural composition of mobilised resources is made both for the corporate sector as a whole and for different categories of companies classified according to the size of their total assets, their age and level of efficiency. An important contribution of the study consists of the empirical evaluation of the impact of government policies (in particular, fiscal and monetary policies) on the ratio of equity to debt finance and the composition of owned funds. Some policy implications are drawn on the basis of the empirical evidence, keeping in perspective the qualitative assessments by the leaders of industry, financial institutions and the government on the problems of resource mobilisation in the private corporate sector.

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