## CONCLUDING OBSERVATIONS

On the basis of the present study we can make certain observations. In India electricity industry, as a public utility, is one of the fastest growing industries, with an annual rate of growth of around 12%.

As compared to other parameters of an economic system, like population, national income, urbanisation and industrialisation, electricity industry has been growing at a much faster rate in India. On account of this high rate of growth, electricity utility may be subject to the vacuum effect.

Judged by the criterion of potential production, indicated by installed plant capacity and length of transmission lines, electricity industry continues to grow at an increasing rate. However, if one judges the growth of electricity utility by the criterion of present production, indicated by kwh generated and sold, one observes a retardation in the rate of growth.

The growth of output of an industry depends on the rate at which the productivity of its inputs is increasing. Thus, undertaking the analysis of partial productivity, we

observe that all the three inputs viz., labour, fuel and capital show an increasing trend in their productivity. The rate at which the productivity of labour and capital, taken separately, increases shows no signs of retardation. As against this, the fuel productivity does show signs of retardation in its rate of growth.

The analysis of partial productivity cannot give us an idea about the relative contribution of inputs in the growth of the output. Therefore, it becomes essential to undertake the analysis of joint productivity. Here, the rate of technical progress, as estimated by the residual method, comes to be around 4%. Whereas, the rate of technical progress, as estimated by the modified version of the Cobb--Douglas Production Function, comes to be around 8%. This difference in the rate of technical progress may be due to the possibility of technical progress capturing the economies of scale and better plant utilisation in electricity industry. The relative share of capital in the first model is the observed share. As against this the share of capital in the fitted production function is an estimated share. Thus, the second model seems to underestimate the contribution of capital on the one hand and overestimate the contribution of

technical progress on the other. All the same, we can say that the technical progress does play an important role in the progress of electricity industry in India.

Analysing the pricing of electricity in India, we feel the absence of a scientific pricing policy for electricity. In India the consumers of electricity are subject to price discrimination. Some of the consumers pay a much higher price, even after making an allowance for a higher cost of supplying electricity to them, as compared to others. Further, looking to the scarcity of electricity as an input, one is surprised at the relatively low price of electricity prevalent in India.

However, looking to the per capita consumption of electricity in India, given by the World Bank, World Tables 1976, to be only 111 kwh in 1970-71, one is convinced of the fact that electricity industry is bound to assume more and more importance with the passage of time.

As against this, the per capita consumption of electricity in U.S.A. was 8015 kwh in 1970-71. Taking the adjusted group average of the countries having per capita income of $ 1001 and above, the per capita consumption of electricity

comes to be 3142 kwh. Thus, the per capita consumption of electricity is far way behind the consumption of electricity in developed countries.

Taking a more comparable view, we compare the per capita electricity consumption in India with the group of countries having per capita income of $201-$375; a group to which India would belong in the near future. The adjusted group average of these countries gives us the per capita consumption of electricity to be 217 kwh. Thus, as compared to these countries, also, the per capita consumption of electricity is very low. Therefore, we feel that the electricity industry in India has a tremendous potentiality for growth.