DETERMINANTS OF INDUSTRIAL PROFITABILITY BEFORE AND AFTER LIBERALIZATION IN TAMIL NADU - AN APPLICATION OF DISCRIMINANT FUNCTION

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ABSTRACT
In this paper an attempt is made to analyse the major determinants of profitability in the aggregate manufacturing sector of Tamil Nadu between the pre-liberalization period (1978-80 to 1990-91) and post-liberalization period (1991-92 to 2011-2012). This study was based on ASI data. The major findings of the study were that excepting lagged labour productivity, the other variables such as lagged profit level and number of workers were capable to distinguish pre and post liberalization period profit level. The variable lagged capital productivity having negative sign implied that this variable acted as a suppressed variable. Lagged labour productivity was the first dominant factor to determine profit level of both the periods. It is conclude that in order to improve the profit level of the manufacturing sector of the state of Tamil Nadu in future, it can rely more on the previous year labour productivity.

KEY WORDS: Major determinants of profitability, manufacturing sector of Tamil Nadu, ASI data.