capitalistic, free enterprise, private entrepreneurs. Raj argues that positive variance from physical targets of public enterprise would mean efficiency, and negative variance inefficiency. Does not the author make a big assumption that these targets are always correctly pitched ? If targets are low then positive variance will occur more often than when targets are high. What will be our verdict in such situations ? Secondly, the author argues that 'a firm fulfilling its physical targets, working at its standard cost of operations, would neither report profit nor loss but would have earned all the costs inclusive of capital and depletion cost'. The most important point about this statement is standard cost at what capacity level ? A physical target at a low level of capacity utilization will have an associated high level of standard cost if the latter is computed by taking the fixed cost of the full installed capacity. Would this standard cost be an indication of efficiency ? Moreover, it is difficult, if the cost centre logic is accepted, to see how any concern with pricing of the products is then at all relevant for project evaluation for public enterprises.

In chapter 10 (pages 210 to 212) the author does well to show how cost of capital and funds beloging to the Government could be computed according to the Eckstain model, and how a six-fold classification of public sector projects could make use of this cost of capital (which the author computes to be around 8 per cent). This portion is a useful contribution. The author is also able to use Marglin's social discount rate (that is, the growth rate estimated in the five year plans). We, however, could not fail to notice in the author's example on page 213, the necessity to work with selling price, revevue income and similar variables for computing the IRR of projects. The author might well have cleared the confusion on this issue by pointing out as to whether the cost centre concept suggested by him in chapter 7 is only for established, running enterprise ; whereas the revenue concept, and therefore pricing, are relevant only for a new project.

All in all the book feeds the reader with a considerable amout of knowledge and fresh insights into the thorny area of capital expenditure budgeting in the public sector. It is worthwhile for students, as well as managers and administrators.

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Backward Area Development—Strategies & Policies : Role of Financial and Promotional Institutions. (Proceedings of a seminar). New Delhi, Management Development Institute. 303 p. Rs. 30.00

"Balanced regional development is now an accepted basic objective of economic planning in India". It is a regret that 'the results to date of various measures appear to have been hardly commensurate with the efforts and resources expended' — ... hence the proceedings of the First Seminar on BACKWARD AREA DEVELOPMENT, STRATEGIES AND POLICIES : Role of the Financial and Promotional Institutions, held at the Management Development Institute, New Delhi, from 23rd to 25th April, 1976 (credited with the participation of top executives of financial institutions and representatives of technical consultancy organisations) is of immense importance. The first impression of the book can be put in a nutshell — 'Development Operation and programme in planning in India may have produced a sustained rate of growth in national output and per capita income, but without having any impact on reducing poverty, inequality, and unemployment'. The proceedings are helpful in understanding current trends of thinking regarding the prevailing backwardness of the regions and the possible corrective measures to achieve a planned growth and development.

The proceedings of the seminar have been rightly split into two parts, namely, Part-I (Proceedings of the seminar, 41 pages) and Part-II (addresses and background papers, 262 pages). Certain identical repitative paragraphs (e.g. p 7 and p 60, ... Regional imbalances were not ...) in both parts of the book diminishes the novelty and the interest of reading the second part of the book, which provides sufficient scope for analysis and study of financial institutions and other policy planning bodies to streamline the procedures of financial assistance to backward regions.

In the light of present national debate on 'centre-state relation' which is definite to become a top priority national issue, the book is of great value since the seminar made a comprehensive analysis of the steps to be taken for backward area development with full consideration of regional imbalances.

The panel discussions on Growth Centre, Incentive and Subsidies, District Development and Linkage effect makes a very effective analysis of the crux of the problem of backward area development, while the reports of four different working groups mainly deal with the execution of the steps to be taken based on past experience. It would have been more useful and informative if the reports of the working groups had included a study on 'Industrial Infrastructure Development and its sociological impact on backward areas' for the simple reason that one cannot forget or neglect the transformation that takes place in society due to rapid conversion of agricultural labour into industrial labour.

The Second Part gives a good selection of the addresses and background papers dealing with the policies of the past and possibilities of the future. The addresses and the papers presented by leading experts give guideline for comprehensive future planning and an opportunity to correct past mistakes.

In the early part of post-independence years, the First Finance Commission itself was in charge of the duty of bearing in view the need for reducing regional disparities and imbalances in considering its scheme of grants from the centre for the states and the union territories. The successive Finance Commissions have also been entrusted with this responsibility. If one likes to know the present position and the possible corrective steps of the mistakes in performing the duty ; this book will be a right choice.

Shri B. K. Madan in his introductory address clearly outlines the basic importance of such a seminer, which is in his own words, — , 'highly useful and very much called for'.

Shri Baldev Pasricha's key-note address is informative and deals with the basic general items related with backward area development while highlighting the need for Specialised Organisation (p 69). He could have touched upon the role professional, financial and technical consultants can play for such specialised services.

The veledictory address of Shri G.V.K. Rao is equally illuminating and three basic points emphasized by him are worth mentioning... (i) Development of social infra-structure facilities (ii) change in structure of financial and developmental institutions, (iii) Longer tenure of top executives of these organisations.

The discussion on financial incentives by Shri C. V. Baxi is very valuable. The annexures give a clear picture regarding backward area (selected to qualify the Central Subsidy Scheme) and the amount of subsidy reimbersed to these states, the assistance given by IDBI, IFCI, ICICI etc. One has to agree to the fact that the Central Subsidy Scheme has not been utilised in any significant manner in less developed states. Communication gap and lack of motivation could be the reasons for it.

In a country like India, while considering the various financial incentives —' the economic consequences of different options' should always be given proper weightage. In this connection it is worth recalling Shri Dan Usher's statement (Journal of Development Economics, Vol 4, No. 2, June 1977) regarding three main questions for evaluating tax incentives — (i) How selectively might incentives be granted, (ii) In what form it may be granted, (iii) Is there a way of telling how much extra investment is actually generated by an incentive programme?

Shri T. P. Issar's experience at Karnataka State Financial Investment Corporations in relation to Backward area can provide a good guide line for other states also.

Shri S. V. S. Sharma's approach regarding linkage effects of large scale projects is quite interesting. The presentation has been very straight and to the point.

'The need for new policy incentives on regional development' by Shri M. N. V. Nair, V. Shrinivasan and S. P. Kumar gives severe distortions of the pattern of industrialisation resulting from identification of entrepreneurs and product-mix, while Shri J. C. Rao's 'Elements of a New Strategy' makes us aware of the grave fact that some of the Industrial Development Corporations have assumed the role of purely financial institutions rather than that of an entrepreneur imbued with social obligation and objectives Several salient points have been mentioned for planned industrial development of backward regions.

Shri S. V. Kambadkone's paper reminds us of the basic point that 'locational planning of industries becomes meaningful and stable only when agriculture is defined in a comprehensive manner and its associated industries are first fully explored and exploited so that it could form the income-base upon which industrial structure can be built'. This approach proved successful in some socialist countries and can also be tried in India with necessary modification in detailed planning and execution.

In the end it must be said, the last chapter, the 'Report of The Committee to Evolve a

Strategy for Development Programme for Small Scale Industries in Backward Areas", should get top priority. The growth centre approach has been heavily emphasized with the expectation that within a time span of 5 years some concrete results may be achieved.

The complete proceedings of the seminar centres mainly around financial consideration in a rather isolated way. A little more stress on the planned growth of industrial infra-structure and related problems of executions of project in relation to small and ancilliary industries could have made the proceedings more interesting. While the success of backward area development at Kalol in Gujarat State (p. 229) is well described one would like to know the reasons of failures at certain places with specific data.

Such a compilation of opinions of experts most of whom are directly responsible for policy planning make the book an unparallel publication in the field of backward area development. Complete credit should go to the Management Development Institute, New Delhi, for arranging such a seminar — "in an informal and quasi-autonomous setting". Everyone concerned with backward area development will definitely wish that such seminars will be regularly held followed by similar publications with a feed back system to analyse the earlier recommendation and evolve a flexible approach for the development of backward areas.

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Report on a Study of the Debt-Equity Ratio Norms. B. K. Madan. New Delhi, Management Development Institute, 1978. Rs. 40.00.

As the title suggests, this book brings into public the findings of a study carried out by the Management Development Institute (MDI), New Delhi, on the subject of Debt-Equity ratio norms. MDI were commissioned by Department of Economic Affairs, Ministry of Finance during end 1976 to conduct this study in response to representations made to the Central Government by the State Government and others such as Association of Industries, for relaxing the existing debt : equity norms of 2 : 1. The brief of the study envisaged "a detailed study .....on the debt-equity ratio norms and the criteria for and extent of relaxations of the norms in different conditions and for various categories of industries".

The study has been carried out at two levels. The first is through analysing published data from RBI and other financial institutions, the other is through analysing the data obtained through a questionnaire survey among various All India Financial Institutions and State Financial Institutions. While doing this, Mr. Madan has also critically examined some of the definitional issues relating to debt and equity and has pointed out some of the inconsistencies that are prevailing in the definitions of debt and equity among various Governmental agencies such as controller Capital Issue IDBI and other financial institutions. Understandably, the study puts forward the views and experiences of the financial institutions regarding the debt-equity norm, but this book is perhaps the first of its kind