

Analysis in both these works is derived from the objective of maximum Social Welfare. Social Welfare is conceived of as a weighted-sum of benefits derived by individuals. If all markets are perfectly competitive, then National Income is a good index of Social Welfare, provided that the underlying distribution of consumption is equitable. The distribution could fail to be equitable both in its treatment of contemporaries as well as its treatment of different generations. The latter problem will show up essentially as a sub-optimality of the existing level of savings. Thus, for purposes of Social Cost Benefit Analysis, the value of outputs less the value of inputs may be treated as the maximand, *provided* proper adjustments have been made in regard to (a) market imperfections (b) sub-optimality of savings and (c) inequitable income-distribution. Detailed procedures for arriving at the appropriate adjustments form the content of Cost Benefit Analysis. One may feel that the question of adjustments is better left to the final stage of appraisal, and the preceding steps could be worked out on the basis of the market value of output minus cost of production. The procedure set out in the book on hand does indeed suggest precisely, this. However, this is wrong. One cannot have one kind of ranking of alternatives when one is selecting the "optimal" technical design, and quite another-kind at the stage of final appraisal. If the unadjusted present market value of net output is used one may possibly get a ranking of alternatives quite different from the one obtained through Cost Benefit Analysis. Moreover the computation of the value of net output for Social Cost Benefit Analysis is a much more demanding task than a similar calculation from the point of view of commercial profitability. This is because for the

former the definition of net output is the difference in availability created by the project on *all* goods and services in the economy. Thus if a project produces tractors, one cannot say that the project output is tractors or even that the "primary" purpose of the project is to make available a large number of tractors. Because the project output could be used simply for import-substitution in which case the relevant output is foreign exchange.

The main distinguishing feature of the OECD Manual, in comparison with the UNIDO Guidelines, is that the latter concerns itself with calculating the impact of an individual project on Social Welfare, treating the existing policies of the Government as given constraints, whereas the former looks at project selection also as the major step in an iterative process aimed at removing irrational policy-imposed constraints. From this may be derived the well-known OECD rule of evaluating all tradeable (as against actually traded) goods at international prices. However this entire question is surprisingly left out.

To sum up, the book is helpful as a listing of many issues which should be relevant to an exercise of project choice, and may serve as a reminder to readers who have already been exposed to the subject, but is likely to prove less useful as a starting point for prospective project personnel.

Amitava Bose

Member of Faculty, Economics Area,
IIM, Calcutta

Labour Relations and Law. S. L. Agarwal.
Delhi, Macmillan. 659 p. Rs. 37.50.

Many books have been written and

published on labour laws as well as labour relations in India. Some of them mainly focus on the labour and industrial legislation, some others deal mainly with the economic, social or equity aspects of the labour relations with a minor coverage of the labour laws. Prof. Agarwal felt the need of a comprehensive volume which, under the same cover, would study and evaluate the labour relations legislations of India in the wide background of their economic context and their impact on labour relations, social and ethical norms, legal precedents, and the way the objectives of the Constitution of India, and its Directive Principles have influenced them. The book under review is his own response to this felt need. The author deserves thanks for the novel plan of his book which aims at the target audience of the lawyers and students of labour relations.

There cannot be any doubt about the fact that while planning his book, the author seriously meant to break new grounds.

The book opens with a Chapter on Labour and the Constitution. In it, the author has thoroughly discussed the meaning and emergence of labour problems. It also covers Directive Principles of the Constitution and its implications for the labour policy. The meaning of the controversial term "social Justice" is sought to be clarified with the help of different legal pronouncements, including those of the Supreme Court, Labour Appellate Tribunal and different Industrial Tribunals. It cannot be said that the author was highly successful in it, but for that no one should be excessively harsh to him, since the Supreme Court itself once recognised that social justice was a vague and indeterminate expression.

However, with respect to a few other more

concrete concepts and parameters, a careful reader has reasons to feel somewhat unhappy about the author's propensity to rely on excessive quotations and lengthy presentation of others' points of views, and the hesitation to definitely state his own views, or the choice. Again, at some places he appears to have been quite uneconomical regarding space. For example, for the study of evolution of the Labour Policy of the Government through the Plans, about 10 pages (pp.26-36) have been devoted to present the Labour Policy of the First Five Year Plan, while that could be easily covered just in two or three paragraphs. The treatment of the Labour Policies of the Second, Third and Fourth Plan, although shorter than that of the First Plan, also could be shortened further.

The treatment of some of the topics connected with the economic environment also has much scope of improvement. For example, the author has just taken for granted the losses arising out of strikes, but did not discuss anything about the ways and means of measuring them. Those who are acquainted with the recent literature on Labour Economics must be aware of significant discussions on the measurement of severity of industrial disputes. But in his Chapter on Economics of Collective Bargaining, the author preferred to remain completely silent about this important aspect of the evaluation of the effects of industrial-disputes.

When all these shortcomings are stated, the reviewer has no intention of minimising the bright aspects of the book. Dr. Agarwal has shown his deep knowledge of labour laws in discussing the labour legislations in India. He has drawn ample support from various labour-law cases for substantiating different points of view considered in the relevant

chapters. His topic-wise discussion of different labour laws having relevance for the topics concerned, would be quite useful for the practitioners as well as students. In a way, this appears to be a refreshing departure from the conventional treatment of each labour law separately, as is done in many textbooks on labour legislation in India. The book also would be very helpful for the serious students of labour relations in India, who often finds it difficult to keep his files up to date in view of the numerous changes taking place in the industrial relations scene of the country and also in labour-laws, rules, regulations and official policies at the Centre, or in the States. For all the interesting developments in this field up to the first half of 1977 and several others afterwards (till June 1978), Dr. Agarwal's book may always be safely recommended for ready reference. Particularly the "Epilogue" would be highly useful in this respect.

On the whole, Dr. Agarwal has done a good work, which would help the practitioners in labour laws, personnel managers and academics interested in labour relations in India in several ways.

Subrathesh Ghosh

Member of Faculty,

Personnel Management and
Industrial Relations Area, IIM Calcutta

Product Planning. M. Stone. London, Macmillan, 1976. 142 p. £7.95

Corporate Planning. O. Kleine and R. Kumar. Delhi, National Productivity Council, 1978. 319 p. Rs. 70.00.

Stone writes his book for the manager or the student of management to put into pers-

pective for them logical problems inherent in the product planning process without getting stuck in techniques and details. He incorporates these 'managerial variables' which, in his view, have been underrated in the writings of economists. He admits that product planning is only one element in corporate planning (p.3). But he feels the need to write this volume to provide the firm with an 'adequate framework' for integrated product planning — the latter being easier said than done (p.3). The main distinguishing feature of product planning from other elements of marketing planning is the relative inflexibility of product planning variables (p.4).

Before developing the product planning logic Stone warns that unless the firm has adopted the 'satisfying' approach to reach an explicit trade-off between its aims of profit and sales, it can make little headway in its product range change decisions (pp. 8-10). In the process of reaching a conscious decision about such trade-off, the author examines both the resource-based constraint and the market — based constraints. Both are rejected by the author because they rule out possibilities which could enhance the aims of the firm (pp. 10-15).

In the long term constraints can be relaxed in an uncostly manner so that the firm ensures its survival by participating "in markets which are not declining in real terms", and by preferring "demand areas that are growing relative to the economy as a whole" (p. 22). This is a useful practical conclusion for managerial decisions. To pursue this guideline Stone defines a multi-dimensional concept of 'advantage' which a firm has, and is capable of developing, relatively to its actual or potential competitors. Such 'advantage' will cover factors under production, purchasing and