

Government and Business. M.L. Trivedi. Bombay, Multi-Tech Publishing Co., 1979. 750 p. Rs. 80.00.

Increasing role of government in industrial development, growing complexities of industry and business in terms of technology, environment and competition, and need for balancing between various sectoral growth have led to greater importance of government business relationship in recent years. The government through multitudes of statutes, regulations and rules have been trying to provide specific direction to growth in the industrial sector. In this process, the statutes, regulations and rules have grown in number as well as complexity. The present book by Trivedi seeks to bring together these laws, rules and provisions and shows the sumtotal of governmental views on development and growth of the industrial sector.

In analysing the Governmental side of the picture, the author has classified the governmental role into five categories — the statutory role in accordance with Industrial Policy statements and major business laws; the regulatory role like industrial licensing, monopolistic and restrictive trade practices activities and monitoring and control of foreign investment and collaboration; the promotional role in the form of incentives and assistances, and finally, the participative role as evident from nationalisation, pricing etc. The author also provides a theoretical backdrop in the areas of national income determination, economic planning and growth theories which help in understanding the context in which India's laws and regulations have come into being.

The book covers six hundred pages of text and 140 pages of appendices. The text has

been divided into seven sections, out of which the first two sections deal with the concepts and theories, and the last five with the five specific roles that the government plays. The appendices provide supplementary texts and reference readings, covering industrial policy resolutions, industrial policy statements, and a host of specimen forms relating to industrial licensing, and foreign exchange indent.

The first two sections of the book, which present a critical summary of macro-economic theories, appear to be conceptually the best part of the book. It presents in simple and succinct manner the relationship among the commodity market and factor market (through household sector and producer sector) and shows how complexities of social economies lead to modifications in the model. Obviously, understanding of these phenomena helps one in appreciating at macro level, the decision areas such as, what to produce and consume, where to produce, how to have full employment and so on. Also, the author explains several concepts, including that of linkage between micro and macro systems through process of aggregation, national income estimation based on factor costs and market prices and problems involved in such estimation.

In these sections, the author also describes comparative economic systems such as free market economy, socialism and communism along with their effect on different production systems as well as on the economy in respect of productivity, income distribution and employment. The case for a mixed economy approach has been developed through examination of the experiences of India and Yugoslavia.

As indicated earlier, the last five sections have been devoted to discussion of five

different roles of the government. The first category of roles, that is, statutory, has been examined through various laws and recommendations such as the Capital Issues Act, 1947, Foreign Exchange Regulations Act, Industrial Policy Resolutions, Companies Act 1956, Report of the Monopolies Enquiry Commission, Reports of the Hazari Committee and Dutta Committee, MRTP Act, 1969, and Industrial Licensing Policy, 1970. The roles to be played by private sector, public sector and cooperatives have been defined. The author also outlines a ten-point basic objective of industrial policy in India.

The regulatory role of government consists of the administrative controls over business through control over licensing, prevention of monopolistic and restrictive trade practices, and control over foreign exchange. The objective of regulatory role is to ensure industrial development according to plan priorities, reduction in regional disparities, adoption of economic sizes and modern processes, prevention of concentration of economic power and ownership of production facilities and proper allocation of foreign exchange resources.

The author distinguishes statutory and regulatory roles from promotive and participative roles in the sense that while in the former categories, the major emphasis is restrictive in the case of the latter it is positive. The promotive role involves providing incentives—direct and indirect. The direct incentives consist of tax incentives for development of backward areas and incentives to small scale as well as ancillary sectors. Indirect incentives consist of environmental and infrastructural facilities provided at concessional terms. The author's treatment of the promotive activities has been quite

exhaustive. The book also provides a good list of different organisations or bodies through which such incentives are channelised and monitored.

In the participative role, the author discusses primarily the role played by the government in creating public sector and joint sector, and in exercising control over them. The coverage and exposure of the topics in this area has been well balanced.

In the author's opinion the government has been playing the stabilising role primarily through pricing mechanism and through monetary and fiscal policies. The description of the agricultural pricing policy and role of implementing agency has been excellent. Similarly, the role of monetary and fiscal policies on business has been explained very clearly particularly for a student without sufficient background in economics.

While from the coverage point of view, the book gives a comprehensive view of the government — business relationships, it is certainly not without blemishes. Reading through the pages one gets the feeling of going through preambles and statutes. The background on which such statutes have come into being have not been explained by the author. Similarly, the absence of an interpretation of the statutes, provisions and facts has been another glaring omission. It seems that from Chapter-4, to Chapter-22, the rigourousness of analysis is missing and the text appears like compilations.

While going through the preface one gets the impression that the text can be used by students in India and in other developing countries. One, however, on going through the contents, changes his opinion about such wider use. The book's high bias in favour of Indian cases and examples accompanied by

low degree of conceptualisation accentuates such a change of opinion.

In a book of this type, one expects to read about the role of state governments in development of industry and business. Similarly, one also expects some coverage on the roles of major agencies such as the Parliamentary Committee on Public Sector Undertakings, Bureau of Public Enterprises etc. These are some of the important omissions in the book.

In spite of the above omissions, the book is one of the first of its kind. It can be used as text book for a course on business and government, and also as a handbook for the new entrepreneurs. From this point of view, the author has done an excellent job and he deserves a praise.

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