

## Book Reviews

M. Suresh Babu, *Hastening Slowly India's Industrial Growth in the Era of Economic Reforms*, Orient Black Swan, Hyderabad, 2018, pp. 237, Price ₹ 975/-.

There has been a spate of books on the industrial growth of India since the beginning of economic reforms. But this book has something new to offer to its reader. As the title shows, industrial growth has been hastening and yet the change has been rather slow and the author has attempted to account for it.

After a brief introduction, he analyses the industrial performance. He lists the policy reforms since the 1880s. He rightly points out that broadbanding was the first major step towards easing restrictions on entry in the industrial sector. Then he looks at the extent of competition and changes in it. He departs from the existing studies on computing mark-ups to calculate the price-marginal cost ratio. Econometric estimation of mark-up at the aggregate-industry level points to the existence of market power in the manufacturing sector. In certain industries mark-up declined in the post-reform era. This indicates an increase in competition.

Then he takes up an analysis of the entry barriers. He ranks industries according to the major barriers. They included advertising, R&D and risk element. He points out that the previous studies have omitted the empirical quantification of barriers. The rate of growth of entry has fluctuated or declined after a period of fast growth immediately 1991. He says, "Since the end of the license raj, firms have been able to indulge in entry-blocking strategies fuelled by the working of market forces. The dilution and dismantling of commands and controls intended to ease entry thus paved way for the erection and strengthening of market barriers, which have grown over time" (p. 101). He produces evidence on productivity in manufacturing industries from various studies. He thinks that productivity growth has welfare enhancement and growth effects and discusses total factor productivity growth. He makes a somewhat startling statement, "... this study found no evidence for an improvement in TFPG since the 1980s. In fact, there was a decline in TFPG since the mid-1980s coinciding with the era of economic reforms." (pp. 131-132).

With respect to the unorganized manufacturing sector, he thinks that textiles and food products have merged as major industries in most states. In all the states dominant industries have a strong rural orientation, the highest being 98 per cent for beverages in Orissa. Equally importantly, family enterprises dominate the major industries in all the states.

Next he discusses the trends in regional industrial growth. He agrees with some other scholars that targeted public investment in infrastructure that favours the convergence of industrial productivity constitutes an important element of a strategy of balanced regional growth. Organised manufacturing activity is

concentrated in a few states. There is a slight dispersal of activities in the unorganized segment. New forms of organization of production promoted industrial growth in it. But regions dominating the organized sector were able to increase their share in value added in the unorganized segment also.

While talking about the industrial performance, he raises the issue of missing dynamism. He argues, “after a long period of hibernation, the recent show of dynamism in terms of growth in the Indian economy has raised expectations about the percolation of this growth more evenly across the population.” (P. 179). He deals with the rational and consequences of globalization via trade liberalisation. He believes that in terms of both output and employment, there has been growth. But existing units had to employ modern labour-replacing and capital augmenting technology to achieve efficiency in their scales of operations. While openness of the economy has increased, the role of trade as an engine of growth has yet to be realized. Besides, the fundamental features of the oligopolistic structure have not changed with the coming of the reforms.

His conclusion is that the industrial policy has witnessed major policy changes since the mid-1980s. There are disparate trends in it. There is a kind of duality in it. He writes, “The overall trend in industrial performance in India has shown sluggish growth combined with ‘mini-boons’, which has had an overwhelming influence on the trend rate of industrial growth since the 1990s.” (P. 196).

Broadly speaking, these are the contents of this book. It can be read with interest both by academicians as well as policy-makers.