# Book Review

**P. R. Brahmananda, Productivity in the Indian Economy: Rising Inputs for Falling Output,** Himalaya publishing house, Bombay, November. 1982, pages 280, price Rs. 80/- IC. Tables, Index and Appendices.

The book **Productivity in the Indian Economy** is an important recent addition to the existing literature on 'synthesis of Indian economic problems; The dilemma of how to strike a balance between the growth of population and output has been a subject for inquiry for many Indian intellectuals and even outsiders, and prof. Brahmananda is one of the-insiders.

The book is split up into five parts: each of which includes various chapters on highly useful and important topics.

P. R. Brahmananda starts with the existing dilemma that the curtailment of consumption as one of the ingredients of growth in the Indian context is very costlier, for majority of the people is living below the poverty line. In this paradoxical situation, i, e., growth v. s. welfare, he advocates in favour of poor children and suggests measures for correcting the existing mechanisms which determine the efficiency of the economy; without pressing hard on subsistence which is already at the margin. His scheme of work tries to satisfy many of the readers inclusive of policy-makers and decision-takers. In the process he reviews the whole performance of the Indian economic growth in terms of factor productivity between 1950/51 to 1980/81, by using indices and other plausible methods and assesses the relative contribution of different factors of production to the national productivity growth.

The book follows the structural and institutional approach in its analysis and measures the productivity of the Indian economy in terms of the rate of change in the productive efficieey. For the latter purpose, the author uses five or more approaches, Single Factor Produc　tvity (SFP), Total Factor Productivity (TFP), net output consumption output to gross Input (NOGI/COGL), Gross output to Gross input (GOGI), Surplus to capital /Total surplus to capital (S/K/ TSK), for example. The author camputes the indexes of surplus to capital ratio Rate of profit, Net Domestic Product, Labour and capital, Wage Bill, Wage Rate e.t.c., to derive the genesis of academic exercises. His attempt to verify the structural hypotheses with the use of correlation and regression techniques is highly commendable. He gets controversial issues solved with the consistent and logical results and compares the Indian productivity growth and factors contributing to it with these of other selected countries of the world. Some of these countries are USA, UK, Japan, China, Germany and others. His conclusions present a combination of hope and diappointemant, both. While the gradual operation of the Law of Diminishing Returns and the growing population pressure constetute the cause for disappointment the height of the economy that touches the level of west in productivity growth is a source of hope.

While examining the productivity problem in India the author uses both disaggregative and aggregative techniques to draw the total picture by interconnceting individual sectors into a whole complex. The major findings of his empirical research are (a) the rate of growth of NDP is slightly slowing down and the rate of employment growth in comparison to expanding population is smaller even though capital is expanding (p. 142, (b) The GOGI ratio is decining through time, within three decades, it has come down to 8 % and the extent of fall during the third decade has deen rather steep and diminishing returns seem to be in operation (p. 147), (c) the degree of round aboutness is going up at a rate of 1.46 percent per annum (p.147), (d) the rate of change of produtivity as a positive function of the rate of change of input may not be valid in India (p. 128), (e) Ninety one percent of NDP is explained by labour and capital alone (p, 129), (f) there seems to de no statistical relationship between total factor quantity and surplus ratio (p. 11), (g) there is a strong negative relation ship between the surplus ratio and capital labour ratio (p. 132).

Of all the observations made by the author, one may find some of the arguements put in parts Four and Five very interesting. It appears from his analysis that the misappropriation mismanagement and corruption in public enterprises and the survival of the parallel economy in India have all been well institutionalised. To quote the author, "The public enterprises do not seem to be aware that they are built out of the sweat, toil and abstinence of the general community and most of them think that government alone is their master" (p. 177). Similarly he blames the political process in India that it has made the existence and the survival of the parallez economy possible (p. 244). In this connection, he has made a detailed assessment of the factors governing the productivity growth inclusive of structural, administrative, technological institutional and several other forces.

Although in totality the study is quite illuminating, it suffers from certain pitfalls. His analysis is based on structural and institutional sources of productivity change and is less concerned with the monetary and or financial factors which also play a role in the process. He refers only to the asset effect of money supply on consumption function working through the change in prices. But one should not forget the arguments put forth very recently that the stock of money is a component of the net wealth of the economy". That is why money 'now' considered as an element in the production function, may be included as substitute for or complement to other factors. Furthermore, it also affects the efficiency of the economy by providing lubrication to the system leading towards specialization and division of labour the two interconnected requirements for growth and development. Also that "money represents a stream of net income and as the medium of exchange yields a flow of services" has to be kept in mind while dealing with the economic process and change. In Samuelson's technocratic system money heads us towards the better world, and, therefore, we should not make a mistake by leaving money outside the system. Of courses, we cannot remain outside the main stream and the economic structure, which is more fragmented, as that of India should be a bit sensitive to this problem.

Another pitfall of the study is that the author examines in most cases what it is, and not the question of why, when and where in his analysis of the estimated paremater-relationships. It would have been much better had he also explained the reasons for the weaker, and/or stronger relationships. Although he has made general observations in this connection, specifices of the general observations is also equally important.

One very peculiar ressult that his study reveals is that 91 percent of the NDP in India is explained by labour and capital. This raises a very interestiug question how the institutional and organizational forces operate in the tradtional Hindu-Muslim India. This fact even if not construted to invalidate the empirical justification, makes any attempt to study the an atomy of the emerging Indian very difficult, for the change in the tradition outlook is a timely process.

On the whole, keeping a few of issues apart, such as minor printing mistakes in some tables where some of the figyres do not tally with figures in the text, the author, however deserves high appereciation for applying a judicious combination of traditional and more recent theories well supported with empirical verifications in analosing the productivity change in the Indian economy.

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