

The Indian Economy: A Macroeconomic Perspective

Nilanjan Banik, SAGE Publications, 2015, 252 pages. Paperback. \$33. ISBN 978-9351500575 .

What is the book about?

This book analyses the Indian economy after the 1991 reforms. It draws a panoramic picture of the Indian economy by familiarizing the reader with macroeconomic concepts in context of India. It is an interesting read for both an amateur and an expert looking forward to reform the Indian economy. The text is divided into eight chapters, covering eight major economic challenges of India. Each chapter is further divided into subtopics which elucidate concepts in depth regarding each issue. Challenges and problems of the Indian economy are delineated, followed by a policy prescription at the end of each chapter.

Banik states that the major economic challenge in India is controlling the output gap. Indian policy-makers use demand-side management measures like fiscal and monetary policies in the short term to control the output gap. They also use supply-side management policies like skill development programs and technology development initiatives as the long term solution to control the output gap. The book also discusses the Indian trade policies, exchange rate policy, and trade agreements. The author explains the limitations of free trade agreements due to non-tariff barriers (NTBs), and how regional trade agreements (RTAs) can lead to faster liberalization compared to a multilateral route. The book concludes with suggestions for a RTA within South Asia (South Asian Free Trade Area, SAFTA) and non-agricultural market access to help India proliferate its trade. In a nutshell, the

book enables the reader to understand the Indian macroeconomic environment and thus, evaluate possible policy measures needed to solve Indian economic challenges.

Recommendations to the author for the next edition

General

Lack of chronological ordering in the book averts the reader from appreciating the historical context of certain events and policy measures. It is also important to note that due to the democratic nature of Indian political regime, politics plays a major role in deciding the policy measures; however, the book lacks a political narrative. Including history and politics in the next edition of the book would help the reader grasp the holistic framework of Indian economics.

A new edition of the book should offer a ten-point summary box at the end of each chapter. Adding a summary box helps readers reconcile and revise lengthy chapters which are divided into multiple subtopics.

Lastly, as McCloskey writes in “Economical Writing”, shorter sentences with more concrete examples shall elucidate concepts more clearly to a reader, especially those whose native language is not English (McCloskey, 2000). In the revised version, the author might simplify language and shorten the sentences to help the reader stay engaged with the book.

What is missing?

Economic Geography

To comprehend the economy as a whole, it is important to have knowledge about its geography. Trade routes, resource distribution, and geopolitical placement play a critical role in the formation of an economy of a region (Anderson, 2012;

Sanyal, 2016). I believe that the inclusion of illustrations on the economic geography of India and maps highlighting various aspects across regions in the next edition will add great value to the text. For example, interesting patterns in economic growth across different parts of the country can be understood by a spatial analysis of labour market in the light of the digital divide.

Market Analysis

The author may wish to consider including a comparative analysis of markets of India and other economies. India has a large informal labour market which drastically influences the policy paradigm in the country. Also, the Indian market has possibly a lot more small and medium sized enterprises which cater to economic needs of the society, compared to United States or European markets, e.g. grocery stores. A data analysis and causal inferences on various market phenomena would be an interesting addition to the cases in the book (Mazumdar, 1976).

Trends influencing the economy

India is going through a large-scale transition from rural areas to urban areas, which is radically changing the labour market in urban India (Mazumdar, 1976; Abbas & Varma, 2014). Thus, the economy is rapidly growing in numbers on both supply and demand side. Also, the Government is making policies and investments to assimilate the migration influx (Abbas & Varma, 2014). Adding research on these trends would draw attention to the economic evolution of India in the future.

Finally, the chapter on unemployment could be augmented with the analysis of current policy measures like 'Make in India', 'Skill India' and how increasing FDI in India will help the Indian market evolve.

Conclusion

Overall, "The Indian Economy" by Nilanjan Banik gives a macroeconomic perspective on the Indian economy, its evolution and development. The book helps readers develop macroeconomic intuition and its implication for India. The book covers theory, facts and cases about important economic is-

ssues pertaining to India such as growth, development, inflation, unemployment, and trade. The author brings together different perspectives by economic stalwarts to illustrate many topics lucidly. The case studies presented in the text complement the theory and help the reader in understanding the argument clearly. The book extends the arguments to policy suggestions for the Government to act on. Thus, the book provides a gateway for both experts and amateurs to understand the scenarios in Indian economics in breadth.

References

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Reviewed by Harsh Parikh, Duke University (student, MS in Economics and Computation). He thanks Professor Edward Tower for helping in preparing this book review.

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