of acquiring technology - whether by developing it indigenously or getting it from abroad, handling the absorption of technology among users and dealing with the problem of economic restructuring. Virmani and Kala Rao have dealt with precisely this issue in their book.

The work has been divided into four parts. Part one provides a general discussion of the issue and concentrates on the concerns, objectives and implications of policies at the national level. This is followed by a detailed look at the policies adopted in three South-East Asian countries, viz., Malaysia, Singapore and Thailand, and India. Part three contains four organisational case studies dealing with technology transfer for enterprises in India. The writers have ended by summarising the information available from the country-based studies and case studies and have provided some directions towards a healthy technology transfer policy.

The objectives of writing this book are undoubtedly laudable and a lot of useful information has certainly been provided. However, the feeling remains that they have bitten off more than they can chew. Given the breadth of their concerns, it is sometimes not possible to go beyond the most general statements. In terms of policy initiatives, their main stand seems to be that the policy of import substitution, which has only very reluctantly been abandoned of late, was the primary culprit responsible for the sorry state of development in India when compared with South-East Asian countries and that adopting investment-friendly policies along with a good system of education and infrastructure would go a long way towards solving our economic problems; a conclusion hardly worth plodding through 300 pages to come to!

The country-based studies give information on the detailed policy initiatives and procedures adopted by various South-East Asian countries in this area. This could provide useful information for policy makers in India. However, no study is provided on the efficacy of these measures and the niggling doubt remains that it is not so much the detailed procedure as the overall outlook towards investment that matters. The two case studies on enterprises in Malaysia also do not contribute much since they provide little information on how they have been affected by government policies. The detailed organisation-based case studies, unfortunately, deal only with Indian firms. It comes as no surprise that a public sector enterprise performed the worst, mainly due to government intervention and that private sector firms did fairly well.

The strength of this book lies in the last section which summarises the preceding material. The last chapter has made a careful analysis of the issues that need to be looked into. This last section and the analysis in the second chapter are of value, as also other relevant information, which unfortunately, seems carefully hidden among a mass of irrelevant material throughout the book. A detailed study of how the government could facilitate technology transfer by providing information on appropriate technology and by performing technology audits would have been interesting. The same would be true of an organisation-based study of assessment of needs and negotiation of a successful technology transfer. Such studies, one suspects, well within the reach of the authors, would have a lot more focus than the present effort, which even though valuable, can hardly be recommended for an over-worked executive.

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Financial Institutions and Markets

By Meir Kohn

Tata McGraw Hill, 1996; pp 868; Price: Not mentioned

This book, as the title suggests, is about financial institutions and the markets that constitute a financial system. In recent years the rate of change in the financial system the world over has been so rapid that it takes a continuous effort to keep up with the latest developments. Barriers and restrictions to the flow of funds are coming down and there is a marked increase in foreign investments. Recent years have seen a greater integration of different domestic markets contributing to the phenomena of globalisation of markets. In this context, Meir Kohn has done a commendable job in keeping track of these developments and has presented it in a lucid form.

The major themes of the book are the principles of the financial system, prices in the financial markets namely interest rates and exchange rates; the financial intermediaries and the markets that they operate in, and lastly, the stability of the system and the role of the central bank in promoting the smooth functioning of the financial system. Kohn, in approaching the financial system, has followed the economic functions perspective rather than a purely institutional perspective. In an economic functions approach, the key question that is asked is what are the different economic functions of the financial system and how are these functions met. In contrast, an institutional perspective would mainly focus on the institutions operating in the system. The advantage of the functional perspective is that the functions of the financial system change less than the institutions that perform those functions. This is in keeping with the recent developments in research and also in the industry, where different institutions are offering similar products. This is true, even in India, with the distinction between development financial institutions and commercial banks getting increasingly blurred. Further, there have been some instances where markets are gradually taking over from institutions in fulfilling a particular function. Kohn looks at the different functions of the financial system such as providing a means of making payments, transfer of resources from savers to borrowers and investors and reducing the costs and risks associated with financial intermediation. In doing this, the book also offers a historical perspective of how the financial system has evolved over time.

The financial institutions and markets are a highly regulated branch of economic activity because of the domino effect of a failure of a financial institution and the externalities this imposes on the rest of the economy. The question whether banks should be allowed into non-bank activities such as securities underwriting, mutual funds and insurance, has also been discussed, although it is an issue only in the US, since in most other countries this is permitted. However a related issue of the different organisation structures under which non-bank activities should be permitted, i.e., whether these activities should be organised under a bank holding company or as separate divisions of a bank, has not been discussed, though it would have been desirable, since issues such as safety, soundness, economies of scale and scope arising from universal banking depend partly on the organisational structure that is adopted.

The scope of the book is very wide as a result of which it contains an enormous amount of information. This book is more about the financial system and less about the management of the financial institutions. It has been exceedingly well researched and reading this book is a good investment for those who are interested in keeping up with the developments in the financial institutions and markets. Although much of the discussion is based on the developments in the US, there are examples and comparative information from the UK, Germany and Japan. It would be an excellent text for a course on the markets and institutions that constitute the financial system.

- Ashok Thampy

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