

Book Review

Interventionary Instruments for Cluster Development: A Handbook by Padmanand, V. and Mukesh, G., Hyderabad: Allied Publishers, 2006, 295 pp.

Industrialization has occupied central focus in the work of development economists over the last hundred and fifty years, though, both policy and the active promotion of it dates back to 1485 when Henry VII unintentionally imposed export taxes, which helped start a process that made Britain the globe's premier garment manufacturing nation by the 18th century. Various different types of promotional and interventionist instruments have since been introduced by governments seeking to stimulate industrialization. Although active intervention have been recognized as the spearhead of all rapid industrializers much of the focus on manufacturing growth in the developing economies has been directed at misguided import-substitution in gazetted industrial zones as well as export-orientation in export-processing zones. Presented in seventeen chapters this book discusses a critical dimension of industrial development in India – clustering – that helps map the interactions between policy, networks, action plans and cluster development agents (CDA) to raise competitiveness of small and medium scale industries.

Chapters one until three discuss the issues, concepts and the mechanisms to address the important basic structure and components that are essential to examine cluster competitiveness. Chapter one outlines the approach and scope of the book and discusses how governments, in coordination with CDA can raise the competitiveness of small and medium scale firms by prioritizing interventions to resolve the critical issues related to finance, markets, utilities, infrastructure, inputs and technology. Using concrete examples, Chapter two explains how business networks and special purpose vehicles (SPV) can be used to resolve collective action problems and at the same time achieve stakeholders' interests. Chapter three discusses input purchase networks with a detailed account of how inputs are identified, sources of funding, and the structure of negotiations with suppliers and financiers.

Chapters' four until twelve examine advanced promotional institutional roles to drive cluster competitiveness associated with integrating with global markets. Chapter four builds a case for generic cluster brands, which takes account of the nature of proprietary rights associated with geographical indication. Chapter five provides a detailed account of how the funding needs of micro enterprises can be organized. Chapters six and seven discuss instruments that promote efficient greening and energy utilization and

marketing in clusters. Chapter eight discusses how global sourcing for inputs can be carried out efficiently. Chapters ten and eleven are devoted to discuss the role of industry associations. The authors provide a dynamic account of how industry associations can be strengthened to raise cluster synergies by assuming an advocacy role. Chapter twelve identifies and argues for the development of a knowledge base within clusters.

Chapters' thirteen until seventeen discuss the institutional framework relevant to examine and promote linkages, diffusion of knowledge synergies and governance mechanisms. Chapter thirteen examines industry-institution linkages for testing and skills upgrading. Chapter fourteen discusses special purpose vehicles such as common facility centres such as for training, designing, marketing platforms and pollution treatment plants that are characterized by collective action problems. Chapters fifteen and sixteen discuss important elements in the development of cluster infrastructure as well as its expansion. Chapter seventeen provides a profile of the institutional framework of existing cluster schemes in India.

Perhaps the only gap that could be identified in the volume is the lack of a clear definition and a historical account of clusters and how the term is viewed in the book in relation to its explication by Alfred Marshall, Michael Porter, Michael Best and Rajah Rasiah. In addition to locating the interventions and promotions theoretically and methodologically such an attempt can also assist the authors to inject further dynamism in their attempts to extend the handbook's relevance to the rest of the world.

Overall, this is a very useful book. Having myself undertaken research on clustering in over thirty countries I should say that this is a rare book that provides significant details, connectors, examples and a logical framework to understand how interventions flows through an ecology of instruments, firms and intermediary organizations to drive industrial dynamism. Hence, it is a must read handbook that cluster specialists, and commerce and government officials must keep on their tables. Unlike most academic books this is a practical handbook presented in simple and clear language by two experienced experts who have put together a guide that policymakers will find extremely handy in promoting regional industrialization.

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