

REGULATION OF BUSINESS IN INDIA

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1. *The Role of the State in Economic Life*

A discussion on industrial policy, if it is to avoid deteriorating into mere history or mere prejudice, has to be careful about its methodology. It becomes necessary to indicate positions on a large number of basic issues before one can discuss the problem of regulation of business in any country.

This whole section, therefore, has been devoted to a minimum review of the selected developments in the social sciences in various countries. This is necessary in order to explain why certain positions are taken regarding the role of the State in economic life. One may, at first sight, feel that this is a rather round-about way of commencing a discussion on the regulation of business in India. The tedium of the introduction would, however, prevent misunderstanding and the flaring up of controversy in later parts of the analysis. It is, of course, true that theoretical discussions provide mere starting points and at best suggest a few firm positions in discussing regulation in a concrete case. The basic economic dimensions and political and administrative compulsions of the particular case make certain parts of the theory irrelevant, while the residual relevant theories appear to be an insufficient foundation for a discussion on business regulation. Yet there is no doubt that abstract theory at least suggests what questions one should ask oneself. One can approach the data with an adequate feel for causation and an idea of consistent patterns of social action.

It is necessary to accept that personal views cannot, by themselves, legitimize valuations. What legitimizes valuations is the social process by which the norm for any valuation is determined. Values derived from voters' decisions, a constitution or even an intellectual consensus may, therefore, be regarded superior to values derived from consumers' decisions. The latter can play an important but only an auxiliary role. The above remarks suggest the extent, the limits,