

# SOME FACTORS RELATING TO CONCENTRATION IN INDIAN INDUSTRIES—A STATISTICAL ANALYSIS

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MONOPOLY power in industries is a phenomenon in every free enterprise economy engaged in the modern capitalistic system of production. As it is usually thought to be against public interest by economists as well as the general public, the government desires to curb it or its use. Many governments have therefore set up anti-monopoly bodies and passed anti-monopoly legislation. In India also, a Monopolies and Restrictive Trade Practices Bill has recently been passed and a permanent Monopolies and Restrictive Trade Practices Commission has been set up. In this context, it becomes necessary for us to analyse the forces operating towards monopoly power, so that a suitable public policy to control it may be designed. A few valuable studies<sup>1</sup> relating to some advanced countries have been made in this regard, and some important variables have been found to be related to monopoly power. The purpose of this paper is to attempt a similar investigation into the monopoly power in the manufacturing industries of India which is an under-developed country, to compare these findings with those in the advanced countries, and to infer a few policy implications from them.

## I *Variables and Methodology*

The degree of monopoly power in an industry has been measured as usual in terms of the concentration-ratio (C) defined as the percentage of total industry employment accounted for by the four largest firms. The variables whose relationship with concentration-ratio is to be investigated are :

<sup>1</sup> See, for example, Richard Evely and I.M.D. Little, *Concentration in British Industry*, (Cambridge, 1960), pp. 100-14; Gideon Rosenbluth, *Concentration in Canadian Manufacturing Industries*, NBER (Princeton, 1957), pp. 28-54; W.F. Crowder, *The Concentration of Production in Manufacturing*, (U.S.A.) in Temporary National Economic Committee, Monograph No. 27, (Washington, 1941), p. 409. The present study was mainly inspired by Evely and Little's work mentioned above.