Book Reviews

Can India Grow Without Bharat?, Edited by Shanker Acharya, Academic Foundation, New Delhi, 2007. Pp.187. Rs. 395.00.

It may be recalled that Dr. Manmohan Singh, as Finance Minister, introduced economic reforms in 1991-92 to seek the integration of the Indian economy with the world economy as part of the globalisation process. Ever since, the Indian economic reforms are a subject-matter of discussion, debate and comments by professional economists, researchers in economics and financial journalists.

Among economists there are two groups. One group firmly believes that the economic reforms are in the right direction and India is on the road to becoming an economic power in the world economy. Such a view is held by the professional economists who are very close to the Government of the day and they are, indeed, proud of the achievements of the Indian economy under the economic reforms. However, there is another group of economists and researchers in economics who believe that the achievements of the Indian economy are not impressive enough and one cannot be proud of what has been achieved so far.

Among such economists and researchers is Dr. Shanker Acharya who is, indeed, a distinguished economist with all right credentials to evaluate, criticise and comment upon India's economic policy, and particularly economic reforms. Dr. Acharya worked as Chief Economic Advisor to the Government of India (1993-2000) and as such he was deeply involved in the process of economic policy making. He was a member of the team which assisted Dr. Manmohan Singh in economic policy formulation during the era of reforms.

On his retirement from the Government of India, Dr. Acharya wrote several articles on economic policy and economic reforms, particularly in the *Business Standard.*

The book under review, is a collection of articles written by Dr. Acharya during the period between 2003 and 2006. There are 33 articles in the book grouped under nine heads. Dr. Acharya deals with, among others, the issues relating to the employment challenges, economic reforms and economic growth, infrastructural problems, budgets and tax policies.

He also deals with the issues relating to foreign trade and balance of payments, monetary and fiscal policies and foreign affairs. One must read carefully the chapter One dealing with India's economy, to understand and capture the main theme in Dr. Acharya's collection of articles.

While going through the articles, one gets the distinct impression that Dr. Acharya is not impressed much by the achievements of the economy since midnineties. As an insider Dr. Acharya understands how limited the impact of economic reforms has been, how much more needs to be done to achieve sustainable economic prosperity. According to Dr. Acharya, we should absolve ourselves with a sense of complacency.

One may or may not entirely agree with the views expressed by Dr. Acharya in his book, but one can not ignore the analytical points made by Dr. Acharya. One will, perhaps, have to agree with the view points of Dr. Acharya if one tries to understand and analyse the areas of concern in the Indian economy to-day. We have large foreign exchange reserves, but we do not know how to deal with such huge reserves. Though inflation, is said to be under control because it has come down from 7.7 to 3.5 per cent, one does not know when inflation will raise its ugly head, Dr. Acharya rightly believes that inflation can not be controlled mainly by monetary measures alone though money matters quite a lot. There has to be co-ordination between monetary and fiscal policy. The fiscal deficit and the revenue deficit are a cause of concern and they need to be regulated and controlled to sustain rapid economic growth.

Though gross domestic product (GDP) has been rising by almost to 9 per cent, in more recent years, the benefits of this growth have gone to the richer sections of the Society. This is indeed, admitted by the economists and the Government of India. Though we seek integration with the global economy, the benefits of globalisation have not reached the poor in our country. There has been a redistribution of income and wealth in favour of the rich. This is admitted even by Dr. Montek Singh Ahluwalia, Dy. Chairman, Planning Commission at one point of time. It is, indeed surprising that after Dr. Manmohan Singh resumed power, the policy of disinvestment is given a goodbye and the financial sector reforms, especially in the banking sector, have slowed down. Under the name of the compulsions of the coalition politics, the policy of economic reforms is more or less suspended.

Dr. Acharya needs to be congratulated on writing such a perceptive book with boldness and courage of conviction. This book must be read by economists as well as policy makers.

Baroda - 390 007. R.D. Pandya

Micro Credit, Poverty and Empowerment: Linking the Triad, Edited by Neera Burra, Joy Deshmukh-Ranadive and Ranjani K. Murthy, Sage Publications India Pvt. Ltd., 2005. Pp. 369. Rs. 395.00.

The book which is an edited volume, has been authored by eminent socialists, experienced bankers with valuable grass root experience of working on the pertinent poverty and gender issues and women welfare. There are two forwards and one preface and mere browsing of these provide a complete feel of the whole book and reader’s interest. There are altogether six case studies presented in the book which were initiated by UNDP and ICICI Bank and pertain to both governmental and quasi governmental organisations. The focus of the book is on micro credit as against the broader understanding of the microfinance. The book aims at providing insight into the impact of six NGO and quasi government interventions (MFIs) in micro credit on poverty alleviation, social mobilisation and empowerment of women and all of them are fairly diverse in nature, organisational content, perspective, operation and internal functioning. There is a very informative table on pages 54 and 55, which provide the abstract of the six different organisations of micro finance operating in different parts of the country. Initiation of these studies was at a very critical time and also when there was felt need for them in the context of the debate on South Asian experiences in micro credit and impact of such interventions. The authors state that many related documents like Human Development Report have identified South Asia as one of the most deprived regions in the world. It is a mere coincidence that the book was produced during the International Year of Micro Credit, 2005. Two each of the six studies pertain to Andhra Pradesh (MFIs like SAPAP and SHARE Micro Finance Ltd) and Tamil Nadu (DHAN Foundation and ASA) and one each in Maharashtra, (SSP) and Orissa, (Lokadrusti). The book is organised into 8 chapters of which six chapters (2-7) have been devoted to six case studies, while the first and the final chapters provide Introduction and Conclusion respectively. There are a dozen boxes, most of them are in Chapter 2. They are neatly presented and well focused.

The first chapter, i.e., “Introduction: Linking the Triad, the Theoretical, Conceptual and Analytical Frame Work of Poverty” provides a good analysis with a strong base and gives a smooth lead for the other chapters that follow. According to the authors Joy-Deshmukh-Ranadive and Ranjani K. Murthy, poverty can be conceptualised as an acute paucity of entitlements in order to fulfil the basic responsibilities essential to human survival and maintenance. The authors dwell at length on the various international forums that addressed the issue of poverty and women empowerment and very categorically trace the development that follows and explain in candid terms their relevance which makes the reading of the book easily understandable and convincing. Starting with the Colombo Meet of the heads of South Asian Association for Regional Cooperation, the Chapter focuses on the World Micro Credit Summit Campaign held at Washington, D.C., U.S.A. in February 1997 which evolved four core themes. The authors themselves have agreed that these four core themes have helped them in the studies to focus both on the demand side of micro credit as well as the supply side. These core themes in fact have been tested by the authors in their case studies individually and this impression one gets only when they go through all the chapters. Further these core themes have since been updated and are used widely as guidelines by practitioners in this sector.

Poverty Redefined

The authors have rightly said that the earlier indicators of poverty like income and calorie norms are inadequate to explain poverty in real terms. Improved income does not always lead to improved well-being. The earlier attempts by government to address poverty like enhancing entitlements of poor households on the one hand and providing employment, subsidised credit on the other by lightening the burden of responsibility by subsidising food, health, education, child care, etc., have lost their sheen. Further that the states have since withdrawn their interventions slowly following globalisation, the other alternative found is community-based efforts. That is how the concepts of NGOs, SHGs Non government micro credit institutions have emerged and have helped the poor by themselves to expand entitlements and share responsibilities. Now the concept of poverty is explained in broader terms to include many factors such as infant mortality rate, infant child mortality rate, literacy, education levels, status of health, availability of food, levels of consumption and expenditures, availability of adequate rest, life expectancy, discrimination by caste, race and religion and ethnicity and many more. In fact in mid-seventies itself the CSO had initiated the concept of social indicators to judge the growth of a nation. But many states did not attempt to work out these indicators. The Human Development Report, 1998 introduced the term 'human poverty' as distinct from income poverty. The authors explain poverty as an interlocking failure's of ownership exchange and consumption entitlements and outcomes which are shaped by both the domestic and macro environment. The authors Joy-Deshmukh-Ranadive and Ranjani K. Murthy state that, 'poverty can be conceptualised as the acute paucity of entitlements essential to human survival and maintenance (pp. 38 and 39).

Micro Finance and Micro Credit

There is always a confusion in the minds of people about Micro Finance (MF) as to whether it is a separate entity of any financial institution like banks, non-banking financial corporations etc. Likewise what is micro credit? Is it a kind of an instrument of credit? These are explained but not distinctly in the first chapter. Further when one gets through the book, they will understand that MF is a broader term and likewise MFI can be anything like a Bank (SEWA) or an NBFC like SHARE Micro Finance or an NGO(with SHGs) or a governmental organisation. The concept of micro credit, how it was viewed earlier (subsidised credit or debt), its drawbacks like excess supply can lead to improvement of borrowers are also touched upon. Micro credit as is being perceived currently circumvents the drawbacks of both formal and informal credit delivery as micro credit is viewed as a poverty reducing institution which pays for itself. Some MFIs under the study have mooted informal banks for themselves like Mahila Bank by SAPAP, Community (Kalangiam) Banking Programme of DHAN Foundation, Samajik Bank by Lokadrusti who apart from mobilising savings and giving credit have networked with formal institutions. Thus the book aims at providing insights into the impacts of six intervening institutions in micro credit on poverty alleviation and the empowerment of women. The researchers have adopted different methods in their respective case studies to explore the empowerment and poverty outputs of micro credit. Further, the book studies and evaluates women's empowerment at individual, collective (group) and wider (social) levels. Individual issues like access and control, and at collective level, issues of control over political spaces, collective strength, recognition of women's groups and at wider level, the framework suggested in the studies points to the need to track changes in the micro economic framework and in poverty profiles of village community level institution.

Each intervening institution has different aims and objectives in realising poverty reduction and women empowerment. For e.g. in SAPAP study, empowerment has been seen as a process of exposing the oppressive power of existing gender relations. This study attempted to capture poverty impact at two levels i.e., dimension and causes and further gender and caste specific aspects to each. The authors Ranjani *et al.* have inferred that SAPAP has immensely strengthened the struggles of poor women members and it has also performed better than the similar main programme of the government of Andhra Pradesh.

As can be seen from Table 1.1 savings and credit are the major activities of all the six MFIs. Education, health and watershed are also included in SAPAP and Lokadrusti, while disaster rehabilitation is included in SSP may be because of the Latur Earthquake of 1993. Social security for members like insurance is in ASA and DHAN. Skill development is in SML and DHAN. Watershed is in SAPAP, Lokadrusti and DHAN because their coverage area is highly drought prone. The target group is women in all MFIs whereas SAPAP, Lokadrusti, ASA and DHAN have even men. Anti-poverty is the common rationale for all the six MFIs. The study on SAPAP project used a structured questionnaire differently for different findings. Others like, DHAN and SML relied heavily on item wise field investigation and direct observation and the constraint many authors explained here was the cost and time factors. While some MFIs deliver services, DHAN Foundation supports the poor to articulate and realise their crises through building interest and capacity. The authors observe that the strategy of DHAN Foundation is also different as it introduces a theme in the community, supports it and moves on to the next theme. It also has a good MIS for its day to day management. The history of SSP is different as its transformation has come out of a crisis, earthquake of 1993; its main objective being to collect share capital, membership fees and external credit to finance loans for livelihoods of members. While women are provided the support, the issues of societal practices and private sphere of family violence remains largely unaddressed except at the level of legal inference. Lokadrusti is based in one of the poorest regions in the country in Khariar in Nuapada district of Orissa. It has a long history as it underwent many administrative changes in its political arena until 1993 and hence remained the most neglected MFI. Its focus centres around three mainstreams. Muthi Chawal (grain banks), the SHGs or savings and credit groups and the Mahila Samiti or advocacy group. Activists for Social Action (ASA) the last case study based in Tiruchirapalli in Tamil Nadu is a well known strong stable MFI and is a member of New Entity for Social Action involved in empowerment of dalits and tribals and the

Indian Network of Micro Credit Practitioners (INDNET) - involved in training of members of NGOs. It is the oldest MFI (1986). It has an interesting objective, i.e., primarily for upliftment of dalits and addressing child labour, whether greater incomes for poor households translates into a situation where children are withdrawn from work and put into schools. Two MFIs out of six taken in the study are based on Grameena model of Bangladesh and ASA is one. Here one must mention about the observation in the Book in the context of collectives and collective action in the process of empowerment that is the superiority of Self Employed Women's Association (SEWA) over Grameena Bank of Bangladesh essentially because women came together first over a series of issues and then built up the institution, where as in the latter it is the other way.

Poverty Reduction and Women Empowerment

All institutions have essentially focused on poverty reduction only, while SSP focused on women empowerment only. On the other hand ASA in addition to poverty reduction has dalit empowerment also as its objective and 25 per cent of its members happen to be dalits. Likewise the target group is also women in all and in some men are also included. All the authors of the book unanimously point out that in their studies there is evidence of feminisation of poverty despite debates on this. As mentioned in Chapter 8, the case studies support the view that reducing poverty entails addressing certain failures like failure of ownership exchange, entitlements etc.. One will agree with Ranjani *et al*. that the impact of intervention on reducing poverty is better when an attempt has been made to all kinds of families, e.g., ASA, Lokadrusti, SSP and SAPAP. These organisations have had a greater impact than those that have focused only on micro credit. One also will agree when the authors observe that a combination of two strategies is required for effective poverty reduction- development and struggle, e.g., ASA which has not only initiated credit programmes for the poor in its project area but also supported their struggle for land and wage rights. The comparative study of all the six MFIs makes the authors to conclude that the impact upon poverty of ASA is perhaps higher than those organisations that provide only development support (p.323). They also point out that poverty reduction programmes need not only enhance access to basic needs and means to meet it but also arrest expenditure leakages - social evils (alcohol, beedi, dowry rites and ceremonies etc.) and diseconomies of small-scale and scattered consumption which no case study has sought to address. As for reaching the poorest of poor, almost all case studies showed that they are mostly dalits, elderly and differently abled persons often fall outside the ambit of such programmes, causes being self-exclusion, difficulty and cost in identifying and reaching, etc. The authors have also touched upon gender-specific poverty and point to the fact that poverty affects men and women differently. Women slip into poverty in gender specific ways (see DHAN study).

Women Empowerment

It has been rightly pointed out in the book that empowerment cannot be given to anyone but it is a process that takes place whereby inequalities move towards becoming equality. Here you come across the concept of "space", which allows a person the place/freedom margin to do what she/he intends to do. Space is different from capability and it includes both tangible and intangible categories- physical space, economic space, social-cultural space, political space and the quality of space culminating into mental space. The authors also talk about stubborn and difficult spaces to get like socio-cultural environment and political space. Some of the intervening institutions do not have women empowerment as their primary objective. SHARE (SML) believes that it is the secondary outcomes of poverty reduction and will happen on its own through the strategy that SML adopts. For DHAN Foundation also women empowerment is not its formal objective. It assumes that the access to economic resources and institution building search aforce automatically unfold, e.g., establishment of women managed MFI, which has provided exemplary services to the poor and women empowerment is reflected in their plan to put up candidates for contesting panchayat elections. In addition, a leader from DHAN foundation has received a prestigious Stree Shakthi Puraskar from the prime minister of India. However all intervening MFIs have placed more emphasis on intervening in the macro environment than directly in the domestic. All the organisations irrespective of their objective approach, strategy and methodology have reported positive results in all spheres of women empowerment in their area of coverage.

As the outcome of these research projects, the authors have expressed certain concerns and problems and offered some suggestions. Many of them suggest a more thorough study on issues like gender ratio, infant mortality, improved education. Still problems like money lenders, lack of awareness, child labour, early girl marriage and child birth, dowry system, female infanticides, desertion, illegal arrack distillation and opium cultivation, male alcoholism, gambling, women harassment, obstructions by men, son preferences, isolation by women themselves - all these need to be addressed. Family fights are seen not as a structural problem but attitude of women due to illiteracy and lack of exposure. Women have not acquired organisational management skills of any significance. SML also felt the same way where women do not improve the existing activity and they continue to do what they know. Further, the authors mentioned that in many cases there is under- representation of women below 25 and further in terms of space, most women do not have control over immovable assets. SHGs not being monitored, ignorance of women, leaders and managers not equipped with necessary skills and systems, mismanagement of funds are all commonly observed in the Lokadrusti case. In fact as per the authors observation, even the commercial bank managers seem to have contributed to these drawbacks. Banks felt that self help is not what motivates them, instead it is the expectation of a larger loan. Neither the women nor the government official have a clear long term vision on SHGs. This is an important point. The banks further felt that women could have contributed to discourse on SHGs but had interacted with the banks and government officials primarily to access external loans. Another disturbing revelation coming out of this study was "…… Also the government has given indications that it does not expect its loan back….. we do not think them as repayable (p.273)". Here the book in a few studies touch upon sustainability of MFIs, e.g., SML where the repayment is 100 per cent, DHAN focuses on monitoring, quality checks and MIS of groups, and also floated insurance. Some lay strong emphasis on training and skill development (SAPAP, SML, DHAN and ASA). A noteworthy aspect in micro credit was the diminishing role of moneylenders but in some cases they have prevented people to join groups and the banks to extend loans to MFIs. Further the book does not touch upon the reasons for such high interest rates charged for the members and why the establishment cost of most of the MFIs are much larger leaving a wide margin between income and expenditure. Though this is a balance sheet analysis, it is relevant as it is a cost to the members. DHAN Foundation study refers to high insurance premium and the need to reduce it. Elsewhere in ASA study the authors found out that 12 per cent of its members are rich to very rich. They felt that this is an impossible task for any project to uplift poor people to this category in such a short time. So they have suggested for better targeting. They also expressed concerns that 47 per cent of the poorest are not covered due to race, caste/racial discrimination. This needs to be addressed.

As for women empowerment there is time for non-economic intervention, sharing burden and responsibility. Establishment of women managed financial institutions at multiple levels, and more explicit strategy to widen the scope of women's empowerment like awareness building. As regards DHAN Foundation, the authors' observe that many of the gains in the women's empowerment were more visible in semi-urban areas than rural areas and among houses which are female headed. There are limitations to the extent and spears of women's empowerment that can be expected to take place out of an exclusive MFI intervention. Further, men need to be sensitised on gender concerns.

In the concluding chapter Ranjani K. Murthy and Joy Deshmukh-Ranadive feel that poverty indicators need to capture both whether access to basic needs has increased, as well as whether means to overcome poverty has been strengthened for both women and men, equally important is the need to involve women members in arriving at indicators for monitoring, and actually tracking changes. DHAN has started such a process. The indicators used by women themselves might be different from those used by staff drawn from the middle class. Furthermore, such indicators may also change with time. Therefore, there is no linear link between micro-credit, poverty reduction and women's empowerment. Collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes vis-à-vis the family, state, markets and community, and expand socio-cultural and political spaces (in both the domestic and macro environment) are required for poverty reduction and women's empowerment. Mental spaces of both women and men need to expand to enhance such a process.

Finally the book has a wealth of information and facts which are useful for all the practitioners, policy makers and researchers and Government. In fact the two chapters viz., Chapters 1 and 8 speak about the entire book, facts are well analysed, presented crisply. Nevertheless one comes to this conclusion only after a religious reading of all the chapters. Therefore scholars and researchers and others interested are advised to go through the whole book. But after reading the book one question arises that if MFIs are the only solution for reducing real/human poverty then why this objective is not being purviewed on the ground?.

Bangalore – 560 085. R.M. Vasanthakumari

The Economics of Biodiversity Conservation: Valuation in Tropical Forest Ecosystems, K.N. Ninan with S. Jyothis, P. Babu and V. Ramachandrappa, Earthscan Publications, London, U.K., 2007. Pp. 264. £65.00. Rs. 895.00.

From a global point of view, it has been long recognised that tropical forests need to be protected, not only to keep global warming under check, but also to conserve biodiversity. Agreed! But does it help the locals where the forests are located? Do they have a stake in biodiversity conservation? It is to this important question that this book is addressed. The findings come as a matter of great relief to environmentalists, because the book shows with painstaking research and documentation that the locals do benefit, they are aware of the stake they have, and that they are willing to protect their forests.

The authors, however, have not ignored the costs borne by the locals. Their study is scientific and objective enough to take into account the opportunity costs of biodiversity conservation, which the locals have to bear. But the net benefits are positive and significant enough to give them a stake in forest conservation.

As Ninan observes in the Preface, rigorous empirical work on computation of costs and benefits of conservation is lacking, although the need for biodiversity conservation has received considerable attention. The book fills this gap with admirable patience for details and scientific effort. Otherwise, any campaign for biodiversity conservation would have lacked credibility. The book thus provides strong academic backing for environmentalists' efforts.

The study is based on fieldwork in the Western Ghats, selecting a coffee growing village in Kodagu district, two agricultural-cum-pastoral villages in Uttara Kannada district (one within and the other on the periphery of Dandeli Wildlife Sanctuary), and a cluster of villages/hamlets within and on the periphery of Nagarhole National Park – all within Karnataka. The fieldwork thus tries to capture a diversity of situations to represent the Western Ghats. The significance of the Western Ghats lies in the fact that they have one of the eight hottest biodiversity hotspots in the world in terms of five crucial factors. The factors include the number of endemic plants and vertebrates, and their ratio vis-a-vis area, as also the remaining primary vegetation as proportion of its original extent (p.10). By all accounts, the Western Ghats are one of the most environmentally sensitive areas, and the authors have done well to select such an area, compelling attention.

The study is based mainly on primary data, though secondary data are also used to provide the necessary context. Primary data are collected through an in-depth sample survey of 303 households spread over the selected villages. Contingent Valuation Method has been used to estimate the use- and non-use values of tropical forests. The dichotomous or discrete method is preferred to other methods like the open-ended method to minimise limitation of CVM. Both Willingness to Pay (WTP) (for benefits received) and Willingness to Accept (WTA) (compensation for costs borne such due to relocation) are estimated.

Apart from the general finding that the net benefits from conservation are positive for the locals, there are other interesting findings too. For example, the WTA varies positively and significantly with the size of holdings, which is not surprising. But WTP does not behave that way as strongly as WTA. Though opportunity costs of conservation are high, it does not necessarily indicate a negative attitude to conservation on the part of locals. For example, they appreciated the value of elephant conservation in terms of existence value and aesthetic value apart from their economic value.

It is fortunate that the studies like this often come out with findings which favour conservation. What if they do not? But even where the findings favour conservation, a question arises if the locals do not need to be compensated for the costs borne by them, on the ground that the benefits outweigh costs to them. Obviously, there would be a need to compensate them even in such a case, particularly if costs are borne by one group while the benefits go to another. In the cases where the estimates of existence and aesthetic values for locals are lower and opportunity costs for them are higher than those found in the present study, the need for compensating the locals becomes even more urgent. After all, the net benefits from conservation need not always be expected to be positive for the locals. There could often be a divergence between the valuation of costs and benefits at the local level from those at the global level. This does not of course belittle the need for studies focused at the local level such as the present one, as they help in indicating the scale of compensation required for the locals to give them a stake in conservation.

The picture becomes even more complicated if we include the opportunity costs borne by the larger (national) economy in terms of benefits from electricity generation or mining foregone which would have added to national income. This means that not only the local economy but also the national economy too needs to be compensated, at least to the extent of net costs (after deducting the benefits). In so far as benefits of conservation go to national economy too, and not just to the global economy, the extent of compensation to the national economy could be reduced.

After all, the national economy too is a part of the global economy. But if compensation has to be paid to the national economy, it would be necessary for environmental economists to estimate which costs have to be compensated for, separately at the local and national levels, and see if these costs are additive or involve trade-offs. For example, if forest areas are cleared for the sake of mining, it is clearly the national economy which has to compensate the locals. But if the national economy foregoes mining for the sake of conservation, does it then mean only the national economy need to be compensated and not the local? The locals too would need to be compensated, since it is they who bear the brunt of conservation. Then who are the locals? How do we identify the beneficiaries and how do we decide the compensation amount at the individual level?

The authors do not raise such issues, but they do suggest a participatory and decentralised mode of conservation management as more effective than alternatives. No study can be complete in itself raising all connected issues. Within the task set, the present study is very well executed, and compels not only attention but also admiration.

Bangalore. M.V. Nadkarni

Rural Banking and Poverty Alleviation: A Case Study of West Bengal, Bhaktapada Sinha Roy, Abhijeet Publications, Delhi, 2007. Pp. 163. Rs. 450.00.

The book is divided into two parts. The first part deals with structure and problems of rural West Bengal, and the genesis of rural banking, besides introducing theme of the book. The second part discusses rural formal credit scenario, each of the seven Regional Rural Banks (RRBs) in West Bengal, their comparative performance, interest rate and loaning policies governing them, and reflections on their structural and operational problems before providing its summary and conclusions.

The strengths of Part I lie in discussing (1) rural environment in which rural banking must be situated, (2) land tenure system and policy interventions to change it though the more recent policy of “Operation Barga’ is cursorily covered which could have been avoided by reviewing literature, and (3) the required concept of rural banking should be multi-functional encompassing just not the services of supplying credit but also (farm) inputs, assets and procurement and processing of produce as also mobilising financial surpluses and participation in equity and management from local populace; this concept of rural banking was recommended by the All-India Rural Credit Survey Committee of 1951-52 as well as Banking Commission of 1969.

However, the major weaknesses of Part I are that (1) it has no conceptual framework showing ‘how’ efficiency-led growth of agriculture and village industries accelerates overall economic growth, besides poverty alleviation, by contributing consumer goods, raw materials, labour, capital and demand for products to the economy, (2) the discussion on agriculture and village industries merely gives description rather than analytical insights, (3) it uses data that are too old for 2007 publication, (4) it does not analyse why the recommended concept of rural banking which the author endorses did not get acceptance/results that were expected, and (5) the author shares Narasimham Committee's view that rural banking by the public sector commercial banks is 'high cost'. But this is untenable, both conceptually and empirically. Conceptually, it is so because Theory of Costs suggests that average (unit) cost [AC, i.e., cost per Rs. 100 of business volume (VOB)-Deposits+Advances/ Liabilities+Assets excluding contra items] can be 'high' both on right and left hand sides of its U-shape; if it is former, it implies it is on the downward sloping side of the AC curve, and if it is latter, it suggests it is on the upward sloping side of this curve. The author misses this issue which has important policy implications. He even fails to collate empirical evidence from his case studies as well as by not reviewing past literature on whether AC is declining/rising/constant. Both these show that all the three types of rural financial institutions (RFIs)' AC is declining/constant, i.e., they have scale economies.

The strengths of Part II are (1) it discusses the density of institutional infrastructure, trend of working capital of the co-operative credit institutions, and that of both agricultural and non-agricultural rural credit by co-operatives and the public sector commercial banks, (2) it moreover emphasises accelerating spread of Green Revolution requires rural credit not just from the co-operatives and the public sector commercial banks but also from the RRBs whose clientele is only the rural poor, (3) it rightly advocates that this credit must be for growing crops, developing irrigation, soil conservation, land reclamation, farm implements and machinery, allied farm activities of dairying and fisheries , besides village and small scale industries, (4) it then scans areas of operations in which RRBs must situate their services though this discussion reads monotonous, (5) it moreover deals with planning, execution, and governance of this RFI in creating its institutional, financial, and manpower resources with critical comments on RBI's policy of branch expansion being devoid of not considering the existence of basic infrastructure, financial resources being not enhanced through appropriate macro policies, and intra-organisational structure that has neither the technical human resources nor a technical cell to design sound loan products covering their entire cycle from appraisal to disbursement to monitoring to recovery, (6) this is followed by a description of this RFI's operations of loaning and deposit mobilisation, besides its profitability from them, (7) it has an illuminating analysis of this business per branch by year of its inception which expectedly shows an increasing trend with the age of the branch for most of the seven RRBs, (8) it convincingly shows that rural deposits supply is interest rate inelastic though whether or not demand for rural credit that is interest rate sensitive, is not probed which could have been done by reviewing more recent literature, (9) RBI's interest rates policy till 1991 though 'administered' in nature it was 'flexible' to account for changes in macro monetary conditions, (10) loan terms and conditions including the method of determining location-specific quantum of short term and term loans are well covered,

(11) the author suggests achieving ‘convergence’ of ‘objectives and roles’ of complementary agencies like the Sponsored Banks, NABARD, SIDBI, RBI, DRDA, and the State Government with those of the RRBs, and (12) likewise his advocacy to adopt the recommendations of Talwar, Brahmaprakash, and Baldev Singh Committees is in the right direction.

While some weaknesses of Part II are highlighted in the preceding para, some of its other major weaknesses are (1) the discussion of ‘indirect’ rural credit omits an important portfolio of advances to farm input dealers, produce procurement and processing agencies, etc.; it is this type of credit which enables RFI, being a bank, to more fully explore ‘how’ to achieve the concept of rural banking noted earlier, (2) measurement of loan recovery performance of various RRBs is not uniform, besides data are outdated as in Part I, (3) study of determinants of profit/loss of RRBs considers only the interest margin while ignoring the importance of VOB, turnover of funds by better loan recovery, and scale economies in transaction (establishment) and interest costs, especially in the author’s empirical analysis, (4) he also overlooks the concept of ‘core’ working capital loan that is required for efficient use of fixed asset loan, and (5) though it is true that RRBs served rural poor like marginal farmers, small farmers, agricultural labourers, artisans, etc., the study does not quantify ‘alleviation’ of their poverty; in this context analytical and methodological framework for the book’s title is unsatisfactory.

Nonetheless, the book is a welcome addition to the literature on RRBs as it is scant and also because macro policy towards them is still misdirected, incomplete and uncertain for their rejuvenation. The book would be useful to academia, bankers and the macro policy makers if they decipher its strengths and weaknesses for their respective tasks needed to achieve this goal.

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