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Book Reviews

High-Value Crops and Marketing: Strategic Options for Development in Uttarakhand, Asian Development Bank, Academic Foundation, New Delhi, 2009. Pp. 132. Rs. 795.00.

High value crops and diversification of agriculture is an important area of research due to the role of such crops in enhancing farmer livelihoods in a market-oriented regime where state is increasingly withdrawing from agricultural markets even in countries like India. This phenomenon of expansion of area under and markets for high value crops is also now increasingly subject to analysis with an interesting framework called – value or commodity chain analysis. In this context, this joint work by ADB and IFPRI is very relevant as it examines the state of high value crop markets from the perspective of food value chains in the specific context of Uttarakhand state. After introducing the concept of agri-food systems and value chains in Chapter 1, and setting the context of Uttarakhand in Chapter 2, it examines the changes in food market in terms of shift towards high value products and the entry of modern food retail chains besides emerging high value export opportunities in Chapter 3. Chapter 3 highlights with data the shift towards high value foods during the 2000s compared to that during the 1990s, especially in rural areas. It establishes with NSS data that even lower expenditure groups are spending relatively higher amounts on high value crops. Even the projections based on 7 per cent growth rate of gross domestic product and the wholesale prices of high value commodities, i.e., fruits and vegetables show the increasing importance of these crops. The per capita consumption of major vegetables and fruits indicate significant increase compared to that in the 1990s. Chapter 4 examines the current state of high value agriculture in Uttarakhand in terms of opportunities and challenges. It identifies the scattered nature of the hill farmers, wild animal attacks on crops, high transactions cost in traditional market, and regulatory constraints as the major challenges.

Chapter 5 examines the prevalent wholesale markets for fruits and vegetables including their regulation. The study provides evidence on Agricultural Produce Marketing Committee (APMC) costs to the farmers and the traders which works out to be Rs.1.5 per quintal for the farmer and 6-7 per cent for the traders. Based on a survey of wholesale markets of Dehradun and Haldwani, the study finds that the farmers paid about 6 per cent of gross price as commission and 1.3 per cent as labour cost with the average commission charged being 5.8 per cent. On the other hand, the retailers incurred commission and mandi taxes of the order of 4.6 per cent. There were both brokers as well as traders operating in the APMC market and, sometimes, the same entity playing both the roles. Most of the farmers sold through auctions with as many as 7-8 buyers in each auction. There was incomplete information transmission and limited service delivery by the market agents in terms of time taken for auction, transportation, payments, and information. The farmers did not have any significant alternatives to sell their produce. The farmers preferred the brokers for reasons like better prices, large volume disposal, fast transactions, immediate payments, and assurance to sell the produce. There were input and credit linkages between farmers and brokers.

Chapter 6 analyses a few high value crop chains, i.e., horticulture, organic crops, medicinal and aromatic plants and herbs, followed by strategies and ways forward for the development of high value crops in the state in Chapter 7. The study provides case studies based analysis of apples, potatoes, tomatoes, organic produce and medicinal and herbal plants. One of the interesting findings is that the wastage at the producer level was much lower than that at the retailer level in high quality apple and tomato and that is perhaps why the retail margin in tomato was the highest across three commodities studied. Chapter 6 reports that there were large margins of retailers in all the three crops of apple, potato and tomato, especially in tomato. It also makes simulations of the interventions if wastage, margins and costs could be reduced by certain percentage and their impact on producer and consumer prices. It even makes a case for modern retail by emphasising that they offer higher price or lower cost to the producers and lower prices to the consumers which is highlighted with the help of case studies of Mother Dairy and Reliance Retail in tomato in Uttarakhand and Rajasthan respectively. The study argues for improving the competitive environment in terms of market legislation, better supply management including contract farming and policy measures for better investment climate besides provision of agricultural and market information including extension in Chapter 7. It also argues for upgrading transport, irrigation, and marketing infrastructure.

The appendices provide useful information on prices and marketing channels of high value crops studied in the supplying and the consuming markets. Commodity chain analysis of apple and potato provides dynamics of local and terminal markets and their wholesale and retail prices. In the case of tomato, it details out the retail linkage of farmers with the Delhi market as coordinated by Mother Dairy and facilitated by a local NGO. The problems in this linkage included: only quality produce purchased by Mother Dairy, no input or cash advances, and limited purchase of farmer produce which are also common problems even in most of the private modern fresh produce retail chain procurement operations found by more recent studies (Singh and Singla, 2010). Similarly, in another case study of organic produce, it details out the case of Basmati rice being procured by private companies for export and facilitated by the Uttarakhand Organic Commodity Board which involved issues of certification and giving full cycle market for organic farm after Basmati rice and had poor market. This has been an issue in many organic projects in India besides other important issues of governance of chains like control of certification, and nature of contracts which need to be addressed for leveraging new mechanisms for farmer development (Singh, 2009). It also examines an NGO coordinated chain of certified organic processed fruit and vegetable products being supplied to a major organic food retailer within India. Similarly, it provides case studies of an NGO involvement in medicinal plant processing and a private exporter involved in procurement of medicinal plant and herbs directly from farmers.

There is no doubt that the study is very exhaustive and relevant in the present policy and market context of India especially when it analyses the issues at the state level. But, there are some glaring gaps in the study which should have been plugged. For example, it provides only an overview of seed and floriculture sectors without any case studies unlike the other crops studied. Some case studies on these two sectors would have been enriching. It also fails to provide some basic contextual information like distribution of landholdings in Uttarakhand and in the study areas. Without that, one really cannot examine the inclusiveness of any new initiative like modern retail chains as generally these chains tend to involve relatively large farmers even within the smallholder context. Further, it gives details of agro processing units supported by the state only, not all of them in the state, in Table 4.3. Most of the ways forward proposed by the study are well placed but it is also important to recognise that an overwhelming majority of the smallholders will continue to depend on APMC markets (regulated or non-regulated). Therefore, it is important to improve their functioning and efficiency to lower transaction cost for farmers and improve price realisation from mandi transactions besides providing more competitive context for new mechanisms like contract farming.

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Indian Agriculture Since Independence, G.S. Bhalla, National Book Trust, New Delhi, 2007. Pp. xi + 348. Rs. 350.00.

This book is a timely publication, particularly in view of the fact that India is now at the end of the second decade of the implementation of the 'new' economic policy. The book, which is essentially a review of the impact of globalisation on agriculture, is a comprehensive starting point for this evaluation. Put at the centre of investigation is the now much neglected and often negated agrarian sector, perceived necessarily within an historical context.

The author has identified fourteen major aspects of the agrarian economy – a difficult job indeed in view of the complexities involved. This review focuses on a few central issues rather than on selected ‘chapters’. The first and probably among the most crucial is the pattern of changes in the agrarian structure. Beginning with a necessarily short background of colonial intervention followed by a critical examination of the impact of post-Independence land reforms, Bhalla presents the ‘final’ picture as it stands today – an indeed dramatic increase in the processes of marginalisation and concentration primarily of operational holdings. The small and marginal peasants account for an overwhelming four-fifths of operational holdings in the post-reform period (2002-03) compared to about two-thirds in 1981-82.

An extremely significant fact that questions the very nature of ‘marketisation’ as it operates in India’s ‘globalised’ agriculture is that today fixed cash rent – the only form of rent legally permissible – accounts for merely 29.5 per cent of tenancy area, fixed produce over one-fifth, and more than 40 per cent under the ubiquitous and exploitative crop-sharing. State-wise analysis would have been extremely illuminating, given that the ‘developed’ Gujarat and Maharashtra report only about one-tenth of their leased area under cash rent; however, understanding of the regional pattern is somewhat seriously marred by the typographical errors existing in the relevant table (see Table 3.2; p.32).

Concomitant with the processes of marginalisation and concentration is that of dispossession. Bhalla reports that the proportion of cultivators has fallen from 60 per cent in 1991 to 54 per cent in 2001, that of agricultural labourers obviously rising by the identical 6 percentage points. What is illuminating is the social composition of non-land owning peasants; over two-thirds belong to scheduled castes and other backward castes, while scheduled tribes account for another 14 per cent. With the additional 15 per cent share generally allocated to minority communities, it becomes at once apparent that the on-going processes of globalisation and ‘liberalisation’ have not only severely impacted the nation’s overwhelming majority at 97 per cent of its rural residents, but have also, at the least, reinforced if not increased the extent as well as intensity of exclusion of the socially vulnerable from the perceived ‘gains’ of the last two decades. The class-caste combine thus continues to dominate throughout the feudal and now ‘internationally integrated’ economic society.

It is these so-called gains of globalisation that are brought into debate and questioned with the help of a strong database. Bhalla examines several annual growth rates pertaining to the agricultural sector in order to compare the pre-reform and post-reform scenarios, the former extending over the decade of the eighties, that is, 1980-81 to 1990-91, and the post-reform period from 1992-93 to 2003-04. The agricultural gross domestic product (GDP) fell from 3.1 per cent to 2.4 per cent; crop output from 2.9 per cent to 1.2 per cent; rice yield from 3.5 per cent to a shocking low of 0.9 per cent; the worst is cotton yields, the annual growth rate going from a positive of 4.1 per cent to a negative of – 0.7 per cent. One of the most important causes for this virtual collapse of the agricultural sector identified by the author is rightly the dramatic change in the pattern of capital formation. The total investment in agriculture as share of GDP fell by four percentage points between the two periods studied – from 10 per cent to 6 per cent. The pattern of investment too underwent a drastic change – the share of public investment fell from 39 per cent in the pre-reform period to just about one-fourth in the post-reform era.

Another major issue highlighted by Bhalla is the indebtedness of the Indian peasant. Almost half of all farmer households are indebted; the 42.3 per cent of debt from informal sources puts paid to the current mantra of 'financial inclusion', and also confirms several Reserve Bank of India reports which estimate that almost three-fourth of farm households in India have no access whatsoever to formal sources of credit, with over half having access to neither formal nor informal credit. The state-wise incidence of indebtedness among farmer households is also quite revealing in that 'developed' agriculture is positively correlated to indebtedness. For instance, 82 per cent of the farmers in Andhra Pradesh are in debt, 75 per cent in Tamil Nadu, and 66 per cent in Punjab.

The book under review is most suitable for post-graduates and also possibly undergraduate students, particularly those who have a deeper interest in the functioning of the current development paradigm in the Indian context. The bird's eye-view of a multitude of issues and operative processes provided by the author with the support of a strong and varied data-base will go far in enhancing the understanding of the nature of the impact of globalisation on Indian agriculture.

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The Unexplored Keynes and Other Essays: A Socio-Economic Miscellany, Anand Chandavarkar, Academic Foundation, New Delhi, 2009. Pp. 346. Rs. 995.00.

The book is a collection of vignettes in lines of dulcet prose. Anand Chandavarkar's economics is close to Keynes' as well. Indeed, it is difficult to locate the seam where Keynes leaves off and Anand Chandavarkar (hereafter AC) comes in. There is much in these pages but, in keeping with the spirit of the title, the reviewer will confine himself to the insights into Keynes.

For Keynes, economics, as well as philosophy, were toolboxes as well as moral sciences to be used to make the world a better place. He was neither comfortable with pure theory nor the broad sweep of history. He thought little of microeconomics because humans were fallible. The scope of the subject was modest. Keynes was a pugnacious policy man whose optimism was unbounded. His doable macroeconomics included the State devising a scheme of compulsory deferred savings under working-class control, providing universal family allowances, subsidising the consumption of necessities, and capital taxation. He supported a National Housing Board to meet the outstanding capital shortage of the day.

Keynes envisaged bringing private enterprise under increasing control of the State. In the case of India, the Civil Service was to be the vehicle of this transformation. The job description was macroeconomics and the mechanism was a bureaucracy enlightened in finance, currency, and banking. Officers would be technicians and exchange between academia and government would be brisk. Since administrative officers would not be enterprise managers, private sector incentives would not be blunted. The socialisation of investment would be the promotion of social welfare by stealth! Keynes would not have supported nationalisation. Banks and financial institutions, likewise, were public goods that would draw the attention of State overseers but were not required to be publicly owned. Indeed, it was the responsibility of the State to encourage healthy competition by reducing transactions and information frictions and correct for the imperfections in spot, forward, and futures markets.

Keynes' unpublished papers reveal his unflagging interest in India. More than any other group, he maintained links with Indian students. He cut his teeth in the art of the possible at the India Office. His radical recommendation for a current account and a capital budget for England was anticipated by his proposal for two budgets in India, one for administrative purposes, the other for capital works. Only the former was to be balanced at all times.

To Keynes we owe the expression 'fringe of unsatisfied borrowers'. In modern parlance, the banking sector is characterised by an equilibrium with credit rationing. Borrowers with impeccable credentials will not get loans because the interest rate and, by extension, the bank rate is an imperfect control mechanism. AC would extend the model to account for the urban bias and the connected rural revulsion in lending. He proposes a variation of the US Federal Community Reinvestment Act according to which banks are required to be diligent about the credit needs of local communities. Keynes' sympathies lay with the *ryots* and against the urban and exporting classes. If anything, the interest rate was a political economy variable, a line pursued by his disciple Joan Robinson, and the extortionary interest rates in the countryside was a means to keep peasants in permanent bondage. On the subject of savings in agriculture, AC recalls the following insight from Ragnar Nurkse: to the extent that the consumption of food by workers is financed by borrowing, to that extent is there no saving potential. The problem can be ameliorated by developing local productive activity, thereby reducing considerably the costs of transfer, housing, and so on out of the countryside into the town. The job is strike a balance between increasing capital formation and decreasing consumption. In a decomposition between basics and non-basics with investment goods in the first sector and investment goods in the second, the tension could be resolved.

Keynes' first publication *Indian Currency and Finance* (1913) was an early blueprint for the developmental role to be played by a Central Bank. He did not regard the Bank of England as up to the task. His model was the European state banks which provided direct credit and rediscount facilities to industry and agriculture. The

Central Bank was to offer rediscount possibilities to the maximum extent possible to eligible medium- and long-term agricultural and industrial paper to supplement the normal discounting of approved internal bills of exchange. Keynes would have welcomed central bank transparency but the sequence was clear. It was the market that had to adapt to central bank intentions and not the other way around. AC notes sardonically that the Reserve Bank of India was modeled on the Bank of England. Keynes' support of India in the international arena, likewise, was guided by his sensitivity to the poverty of nations.

Keynes recalled that the genesis of open-market operations by the Fed in 1922 was not so much the control of member banks' behaviour as the decline in the earning assets of the member banks. In the aftermath of the current financial crisis, the long-term government bond has emerged as the weapon of construction. Consequently, the support by Keynes seems prescient. While the bank rate connects with short-term interest rates, open-market operations can influence the long rate if the central bank offers long-period bonds. Yet, for unexplained reasons, the central bankers were unwilling to go long. For the future of India, AC mulls over the case for a federal RBI with, say, four branches because of the differential impacts of monetary policy on states. The industries in states vary according to the interest-elasticity of their responses, size, and financial sophistication.

Keynes was among the first to make the case for co-operation between central banks to generate economic activity. He worked out a blueprint for a supranational bank which would issue a supranational currency, the bancor. He played a prominent role at the Bretton Woods deliberations. He would have pooh-poohed rules and advocated regular attendance to monetary matters of the time. At the same time, discretion does not mean the absence of discipline. His International Clearing Union (ICU) was to be a technical body with mostly routine daily tasks. A relatively unknown, and also unaccepted gift of Keynes to international affairs, was his 1942 post-war scheme for an international General Council for Commodity Controls that would stabilise commodity prices, creating thereby, a granary for the world. The finance would be arranged by the ICU giving the world central bank a developmental duty as well. The objective was not just the mitigation of risks but the support of primary production. The base price set by the scheme should ensure a decent standard of living for the primary producers.

Finally, AC's radicalism is not less than Keynes'. Thus, "But even the *Raj* did not treat agrarian protest as a law-and-order problem. Is there a moral for contemporary India?" he asks (p.319).

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Land Tenure Journal, June 2010, Food and Agriculture Organization of the United Nations, Rome, Italy. Pp. 170.

The publication under review is the inaugural issue of a new journal from Food and Agriculture Organization, Rome devoted to analytical and policy issues relating land tenure and reforms. The Journal has the objective of providing a forum at the international level to researchers and policymakers dealing with these issues. According to the editor, " The Land Tenure Journal was born out of the recognition of the need to modernise the previous (Journal) Land Reform, Land Settlement and Cooperatives…..(the Journal seeks to) bring land and natural resource tenure issues onto a common platform….It is a global forum promoting the latest knowledge in land tenure, land policy and land reform. These topics will be looked at from the technical, economic and social points of view".

The Journal is trilingual carrying articles in English, French or Spanish. There will be two issues each year. Each article has an abstract in the three languages of the Journal so that even those not knowing the language of an article would be able to get an idea about its theme The Journal comes out both in hard copy and in electronic form. A welcome feature of the Journal is that it "will be sustained through the Open Journal System (OJS) interface, easy and freely available to all." I confess that OJS is a stranger to me, but as a researcher I commend the editors for providing free access to all across the world interested in the land tenure issues. The Journal is located in the Climate, Energy and Tenure Division (NRC) of FAO. Hopefully, over time the Journal would broaden its perspective to include problems in making effective use and conservation of land resources which have linkages with other resources, externalities and societal features. The objective of the Journal to look at land tenure issues "from technical, economic and social points of view" would indeed need such a broader perspective to get a comprehensive view of the complexities in the globalising and modernising world.

The inaugural issue contains six articles covering a wide spectrum of themes. The first paper seems to be in French. The rest are in English. The following glimpses of these papers from their abstracts would be of some help in getting an idea of the ground they cover.

The first paper argues that granting property titles does not automatically lead to productivity gains. The paper presents a broader framework "to analyse links between tenure security, formalization of rights, land regulation and investment". The paper investigates the conditions needed for "the virtuous circles of tenure security and investment to function".

The theme of the second paper is sustainable land governance in Africa. The paper emphasises the need to "engage rural local governments in land administration…One method of achieving this is….to support local governments in improving governance via better communication, transparency and accountability, and by promoting citizens' rights to voice their concerns and scrutinize processes".

Reviewing the African experiences, the paper makes a strong case for "mobilising political support and sufficient resources to ensure a balanced implementation of new land policies" The new policies include those to "enhance legal protection of local land rights" and, also, those to encourage "productive use of land and….investment in land by new actors such as the business sector, which can result in the over-ruling of local rights". The paper pleads for balance between these two objectives. The goal of land policies should be "protection of marginal groups to ensure pro-poor outcomes."

The third paper deals with the economics of land use conversion. Drawing on the experiences of Germany, China and Cambodia, it makes out a strong case for "better coupling of benefits and costs." The paper finds that "The process of land use change is often actively driven by strong and well-organised beneficiaries. The costs of conversion are to a large extent externalised, e.g., to poorly organised groups or to society as a whole. If society bears a significant share of the costs of land conversion, it should also reap the benefits, e.g., via a suitable property tax on land". An interesting finding of the paper is that local governments' revenues depend heavily on changes in land use. According to the paper, "In order to turn local governments into more neutral actors in land use policy, they should not be direct beneficiaries from land use changes".

The fourth paper describes the Tanzanian model of land tenure arrangements to empower local people. The model "combines community and private ownership and also includes preparation of Village Land Use Plan (VLUP) by villagers together with professionals". The model is reported to have reduced conflicts between stakeholders. Those implementing the model claim "dramatically better environmental management in the villages". But apparently, there is a flip side. According to the paper, "the VLUP process is too slow due to a lack of government support. This has created an open access situation which has caused extensive misuse of forests and natural resources, environmental degradation and land grabbing."

A recurrent event in developing countries is the "displacement and loss of livelihood" on a vast scale caused by natural disasters. The victims are usually the most vulnerable poor groups. The fifth paper takes a look at the problem of resettlement of large numbers of such people. It finds that "Natural disasters can create circumstances where land speculation and land grabbing occur; good governance of land is critical in the emergency response and recovery phases." Based on a survey of existing literature and case studies, the paper makes recommendations on responses to land issues within the context of a Disaster Management Framework.

The sixth, and the last, paper is a study of land tenure system in Jordan. Modern Jordan was born after World War I when the Ottoman Turks were defeated and their empire dismantled. Transjordan became an emirate under the British mandate. The Department of Lands and Survey (DLS) plays a key role in operating the land tenure system. The paper finds that "DLS has achieved substantial progress in modernising land tenure to the benefit of the country's people, e.g., the digitising of all cadastral plans and registers. Nevertheless, radical reform to existing land laws and property registration procedures is still pending."

These brief glimpses are appetisers and not substitutes for papers. The latter contain many echoes of land tenure issues and problems in India. An international forum like the one provided by the Journal under review can help academics and policymakers in two ways. First, it provides a holistic view of commonalities of land tenure situations across a wide spectrum of countries rooted in societal features like inequality in land ownership, vulnerable masses of small cultivators depending on large owners for survival and processes from the larger economy and society changing the land tenure systems, relations and regulatory frameworks. Second, and equally important, the countries have their specific features reflecting their history, culture and the present phase of development. Those interested in the land tenure problems of a particular country would have to take into account both these features to derive lessons relevant for their own situation. It is in this sense that an international forum helps the analysis and policies relating to land tenure systems.

In India land reforms hardly figure now prominently in the policy agenda as they did in the past. The shift from land reforms to relief programmes like PDS and NREGS indicates the growing reluctance among both academics and policymakers to face the challenge of carrying out radical reforms in the institutions and relationships connected with ownership and cultivation of land. This is unfortunate as the situation in many developing countries is turning politically explosive due to the land hunger among the masses (Lipton, 2009; Rao, 2010). As regards India, Prime Minister Manmohan Singh has repeatedly warned in recent months about the rising threat of naxalism to the country and economy. Thus, the journals like the one under review gain relevance as a watch dog and a provider of feedback for analyses and policymaking.

The inaugural issue seems like a beta version with its content limited to six papers. One hopes that over the next few issues the Journal will acquire a more attractive look and design and include features like book reviews, short communications, news about important events etc. Regarding the abstracts, the editors may consider asking authors to prepare longish versions containing the central findings. As the readers would rely only on abstracts for articles in languages not their own, such longish versions would be more useful for them than the present short abstracts in getting a gist of the article. To conclude this review, the Journal would be welcomed by all those who want India to move beyond tinkering with land reforms.

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Transforming the Rural Non-farm Economy: Opportunities and Threats in the Developing World, Edited by Steven Haggblade, Peter B.R. Hazell and Thomas Reardon, Oxford University Press, New Delhi, 2008. Pp.xxi + 490. Rs. 895.00.

Interestingly, when a large section of development economists were considering rural non-farm sector as an intermediate stage of development that would vanish with the growth of the modern sector; International Food Policy Research Institute (IFPRI) was undertaking country-specific studies on rural non-farm sector. Many of these studies elucidating the linkage of rural non-farm sector with agriculture and urban sector of the economy appeared in reputed Journals (Hazell and Haggblade, 1991). Again IFPRI in association with the World Bank organised a conference in 1998 that brought together a distinguished group of scholars to work on issues related to rural non-farm sector. The work of these researchers evolved into the present book under review.

Based on the rich experiences of researchers the book addresses some important questions in development economics like; does rural non-farm sector remain important? Does growth in RNFS always lead to dynamic rural transformation? What are the determinants of a dynamic RNFS? What kind of growth linkages between agriculture and the rural non-farm sector of the economy exists? How cities and towns are influencing the rural non-farm economy? Does rural non-farm employment always contribute to poverty reduction? Why rural transformation in some countries has been smoother than the other countries?

Above and several other issues related to the rural non-farm economy have been deliberated in the present book; it contains 17 chapters and these chapters are organised in four parts. Part I and Part IV are in the nature of introduction and conclusion of the work. Part II titled as ‘dynamics and linkages’ discusses the transformation of rural non-farm economy and its linkages with different sectors of the economy in seven chapters; whereas Part III illustrates the policies and programmes for rural non-farm sector in five chapters.

The first part consisting of three chapters provides an overview of the issues related to the rural non-farm sector. The first chapter introduces the rural non-farm sector, this chapter also illustrates the organisation of various chapters of the present book. In the second chapter Haggblade illustrates the alternate perceptions of rural non-farm economy. In the third chapter Peter Lanjouw deliberates on the issue of poverty and rural non-farm economy. He accepts that employment in rural non-farm sector not necessarily result in escape of an individual from poverty though this plays a critical role in protecting an individual from further slide into the poverty trap.

The second part of the book examines the dynamics of rural non-farm sector and its linkage with other segments of rural, regional, national and international economy. The second part of the book starts with a discussion on the role of rural non-farm sector in the overall process of structural transformation of the economy in major countries of the world (Chapter 4). The authors argue that transition from agriculture to secondary and tertiary sectors of rural non-farm economy is central to understanding the processes that drive economic growth.

The growth of rural non-farm economy at the aggregate level often masks enterprise level growth. Aggregate growth in rural non-farm economy for instance stems from a combination of net new firm creation and expansion of existing enterprises; these alternate sources of RNF growth may have different kind of implications for rural economy. Such implications are more important for a country like India where there is predominance of smaller enterprises, bulk of these enterprises are not in the formal system and workers in such enterprises have limited social security provisions. Carl Liedholm with enterprise data from six different countries in Africa explores the reasons behind expansion and closure of enterprises (Chapter 5). He found that a significant proportion of non-farm enterprises die within three years of its initiation. Ineffective linkage with larger enterprises is an important constraint for even firms of reasonable size and age.

In this background, Thomas Reardon's conclusion that globalisation has set-off a rapid change in agri-food system following which only big would survive is intimidating (Chapter 9). He argues that aggregation of small firms and farms in commercially viable supply chain with large firm is a must for survival of small; in situations otherwise, small firm may be assisted to shift their livelihood strategies. The linkage between small and large enterprise is believed to be one of the most important reasons behind smoother transition of rural non-farm economy in some of the East Asian countries.

In Chapter seven Haggblade *et al.,* Dorosh reviews a wealth of information to assess the role of agriculture in rural transformation. The authors argue that agriculture will remain the key drivers of rural non-farm activity in South Asia and rural Africa. For them rural infrastructure, such as roads, electricity, telecommunications and the basic public services necessary to sustain rural town, are important to enhance agricultural growth linkages. Some other key conditioners of agricultural growth linkages are population density, ethnicity, caste, availability of local entrepreneurship; though these factors are less amenable to policy manipulation.

Urbanisation is another important determinant of dynamic rural transformation. The urban growth poles is widely believed to cause spread of benefits of agglomeration economies from urban to rural space, instances of parasitic towns/cities wherein drawing of village resources (backwash effect) are greater than the spread of benefits from town-based enterprises, is in abundance. Mitch Renkow reviews empirical evidences on location of firm across urban and rural space and concludes that the interplay of three variables: economies of scale in production, structure of demand and transportation costs largely govern location of non-farm firms and production in rural space (Chapter 8).

It is widely recognised that structural transformation of rural economy in some of the East Asian countries has been very rapid. The book presents rural non-farm dynamics with case studies of two fast growing East Asian economies of South Korea and Taiwan (Chapter 10). In the paper Keijiro Otsuka argues that a declining trend in Z-good (heterogeneous goods produced in household sector with obsolete technology) production together with the increase in food processing mark the early stage of rural industrialisation; whereas, coordination between rural and urban enterprises have been instrumental in the second stage of industrialisation. The modern urban and export industries with a larger proportion of foreign direct investment in East Asia support rural manufacture by supplying inputs, technical know how and links to the external markets through the system of vertical sub-contracting. Personal and community ties for enforcement of contracts are the common organisational features of East Asia.

The discussions in Part Two of the book suggest that rural transformation warrants a dynamic engine of growth in one sector: agriculture, tourism and mining. Further distribution of gains of transformation requires public assets like roads, electricity, and information that enables individual to access dynamic market. Participation of individuals in the above transformation needs a variety of private assets such as education, health, capital and credit.

Traditionally Government has been providing various enabling conditions for rural transformation. Following liberalisation of trade, investment and markets onus on corporate for provision of some of the above conditions has increased. A host of civil society also attempts to influence various enabling conditions for rural transformation. Inspite of the increased participation of various non-government organisations, the role of government as a supplier of key public goods and intervening agent for correcting market failure, inequity and similar other disabling conditions for dynamic rural transformation remain important. The programmes and policies related to RNFE are conveniently presented in Part Three of the book; same is discussed in five chapters. Chapter 11 illustrates the policy and institutional environment that affect the rural non-farm economy in the developing world; this chapter also explores the institutional models that stimulate equity enhancing growth in the RNFE.

The developmental discourses in international perspective in the recent years are often dominated with the experiences of India and China. Rural non- farm policies in many developing countries have drawn inspiration from the above two countries. The present work in Chapter 13 presents a comparative account of the rural non-farm programmes and policies implemented in India and China; Mukherjee and Zhang argue that these two countries have followed different paths though they started from a similar base in the year 1980. The results on various developmental parameters especially poverty have been significantly different. One of the most significant reasons for the above difference in results is ascribed to disparity of individuals' assets in the above countries. The programmes and policies in countries other than India and China are presented in Chapter 12.

Though technology is often feared to out-compete smaller, outmoded firms in rural non farm sector, the present book eulogises the role of technology in rural transformation (Chapter 14). In this chapter, Haggblade argues that new technology is an instrument for successful transition of rural industries from traditional low labour productive to a high growth modern sector, finally accelerating growth in income and reduction of poverty in RNFE (Chapter 14). He examines a series of analytical, empirical and policy questions about supplier of technology, adoption of technology and the role of government in development and diffusion of pro-poor technology.

Products in rural non-farm sector are obtained from a network of supply channels. There can be numerous problems in supply channel ranging from inefficiency in value chains to exclusion of certain group (small) of producers. In order to diagnose the problems as that of the above, Haggblade in Chapter 15 emphasised on sub-sector analysis; the sub-sector analysis examines the policy and promotional interventions from the functional perspective of the supply channel. This can provide clues to necessary private sector partnership; this also explains as to which part of the Government policy has not worked effectively.

Discussions in Part Three of the book suggest that equitable rural non farm growth requires actions at two levels; at the first level economic engine that can sustain broad-based rural economic growth needs to be ignited; at the second level processes that enable asset and income–poor households to benefit from rural non farm opportunities needs to be strengthened.

The authors have finally synthesised the papers presented in the earlier sections of the book in two chapters; same is presented in Part IV of the book. Chapter 16 deliberates on research perspective and prospective on rural non farm economy whereas Chapter 17 discusses the strategies for stimulating equitable growth in the rural non-farm economy. These syntheses are in the sense of conclusion of the above work.

In the policy discourse rural non-farm sector was often referred as a forgotten sector; the above work presents the pivotal position of the non-farm sector in rural transformation of developing countries. The book shows that in few of the developing countries the role of non-farm earnings for poor households in rural sector has actually increased.

The heterogeneity of rural non-farm economy, its complicated linkages with several sub-sectors of the economy often resulted in myths related to rural non-farm economy. At times this confuses the policy makers. The present work attempts to elucidate several such myths with information from countries across the developing world. The complicated linkage of rural non farm economy restricts straight answers to several questions related to the rural non-farm sector. The work therefore presents case studies from developing world that delineates different kind of counterfactual relations between different factors of rural non farm economy.

Traditional debates of development economics are often caught in the abstract dichotomy of 'market failures' versus 'government failures'; the book escapes the extreme positions this rather suggests pragmatic approaches towards institution, mechanism, incentives, linkage and actors involved in accelerating the process of dynamic rural transformation. The work also delved into the popular perception that RNFS is an institutional orphan.

The present reviewer feels that conclusion for a country as diverse as India requires some caution. Few of India specific conclusions, in variance with the reviewer's perception, are illustrated below. The authors repeatedly argue that policies in developing country like India focused on agriculture and manufacturing sector and ignored commerce and services; yet the latter sectors have emerged as the most dynamic element of the rural non-farm economy. The latter part of the conclusion seems to be correct in the sense that services in the recent decade have led to the growth of income and employment in the country. While in the urban sector new services like finance, insurance, real estate, communication and business services have led growth of income and employment, in the rural sector these are transport and trade especially retail trade. The present reviewer has serious doubt on the ability of these sectors (retail trade, transport) to lead dynamic rural transformation in the country. Chapter VI of the present book also argues that agriculture, mining, tourism are the engines of growth of RNFE; growth in these sectors would generate second round of growth in other sectors of the economy that also include trade and services.

The growth in the above sectors may have different kind of implications for different socio-economic classes of society. Limited investigation of the present reviewer with the Indian data suggests that agriculture as compared to other industries has led to more equitable growth and better transformation of the rural non-farm economy. The learned authors insight into such questions would have further enriched the present work.

While highlighting the role of cities, towns on rural non-farm economy, Mitch Renkow accepts that there are enough evidences of cities/towns emerging as parasitic (rather generative) wherein backwash effects are greater than the spread effects of city over the rural vicinity. Deliberation on some of the possible conditions of agglomeration economies to work equitably across space would have been of immense significance for the developing countries like India. Such expectations from studies have emerged out of rich content of papers in the book.

In brief, the book under review is a well documented analysis of rural non-farm sector of the developing countries. More than 1100 references (approximate 1123) in the bibliography manifest wealth of the book. The work based on rich research experiences of the distinguished authors is possibly one of the most comprehensive books that the present author has ever come across on the subject of RNFE. This is a must read for students of development economics and an essential for those interested in promotion of balanced development and building of just society.

Institute of Economic Growth, Brajesh Jha
New Delhi – 110 007.

Speeding Financial Inclusion, Sameer Kochhar, Academic Foundation, New Delhi. Pp. 168. Rs. 695.00.

The term financial inclusion, financial exclusion, sustainable growth, sustainable development, and inclusive growth are extensively and widely used in recent years by central bankers, commercial bankers, economists, research scholars, university students of economics and by media persons. The literature on financial inclusion is growing in India and we find the literature in the form of books, articles, reports of committees, reports of surveys and reports on seminars on financial inclusion.

Mr. Sameer Kochhar is President, Skotch Development Foundation, has recently come out with an excellent, brilliant, thoughtful and thought provoking book on the theme of "Speeding Financial Inclusion". First, it is necessary to understand what financial inclusion is. One aspect of inclusive growth is financial inclusion. The process of financial inclusion is an attempt to bring within the ambit of the organised financial system the weaker and poorer sections of the society. Financial inclusion can be defined as a delivery of credit and financial services at an affordable cost to the vast sections of low income groups. In fact the banks were nationalised in 1969 to extend credit and other financial services to the poorer sections of the society in the rural areas and interior parts of the country. The nationalisation of banks is a step towards financial inclusion. But unfortunately, the nationalisation of banks has not helped much.

It is estimated by the National Sample Survey (NSS) that 45.91 million farmer households in the country do not have access to credit either from institutions or non-institutional sources. Nearly 51 per cent do not have access to any credit, formal or informal. Most of the people in the rural areas borrow from informal sources including money lenders. This shows that there is a lot of scope for spreading and speeding financial inclusion in the country. The question is how to do this. The book under review has analysed the various dimensions of financial inclusion to indicate how best to speed up financial inclusion in the country.

According to Mr. Kochhar, providing access to finance for the India's rural poor is indeed a formidable developmental challenge in a country as vast and varied as India. It was in this context that Skotch Developmental Foundation undertook the first ever nation-wise multi stakeholder study on speeding financial inclusion. His study seeks to collect primary research based on our grassroot experiences from several projects sites and field visits. This is also based on the views of all stakeholders so as to make inverventions and intermediation to speed up the process of financial inclusion and thereby, poverty eradication. This book also provides key recommendations in the form of a road map to speed up the process of financial inclusion. It also seeks to determine the viability and cost effectiveness of the business correspondent model and has identified several options to make the business model viable. The importance of the book can be judged from the fact that Dr. C. Rangarajan, Chairman Economic Advisory Council to the Honorable Prime Minister has written a very comprehensive preface to the book in the context of economic development in the country since 1991-92.

Dr. Rangarajan fully appreciates and endorses the recommendations made in the book for speeding financial inclusion. According to him, the critical question is the cost of the intermediation through business correspondent and the question is who should bear this cost. If this cost is not covered, the viability of the system of business correspondent itself will be questioned.

Dr. K.C. Chakrabarty, Deputy Governor, Reserve Bank of India in his introduction to the book writes that it is an out of the box approach which has provided critical insight in the study. The author is committed to a cause of financial inclusion and recommendations made in the book are focused on speeding the process. The recommendations deserve to be considered and implemented.

It should be remembered that financial inclusion by itself cannot remove poverty. Poverty can be eradicated through the process of economic growth. What is important is not absolute economic growth but distribution of growth in favour of the socially disadvantaged and poorer sections of the society. The main recommendations for speeding financial inclusion are included in Chapter 7. These recommendations are in addition to the recommendations made by the Committee on Financial inclusion, chaired by Dr. C. Rangarajan which recommended mainly the evolution of new models for effective financial inclusion based on technology. There should also be improvements within the existing formal credit delivery mechanism. The main recommendations made by Mr. Kochhar are as follows: (i) Financial inclusion should be declared a national priority. (ii) There should be a review of business correspondent model by widening the definition of business correspondent by including telecommunication, Panchayat Raj Institutions, PCO operators, etc. (iii) Efforts should be made towards greater financial literacy through education campaigns. (iv) Overcome regional imbalances. (v) There should be innovations in products and (vi) Revamp RRBs and co-operative banks and promote and encourage research.

If these recommendations are implemented, there would be expansion of financial inclusion in the country. A lot has been done towards financial inclusion yet a lot remains to be done towards financial inclusion. One must conclude, as Dr. C. Rangarajan says in the Preface “Financial inclusion has an important role to play in any strategy of development”. Economic growth and social development should be the basis for any strategy for long term developmental growth. Social developments and economic growth must be integrated together to produce a coherent pattern of growth. Financial inclusion, therefore has an important role to play in this pattern of growth. It must be remembered that financial inclusion is no longer an option but a compulsion.

This book deserves to be read by the central bankers, commercial bankers, economists and research scholars to understand the various dimensions of financial inclusion and speed up financial inclusion in the country to help the socially disadvantaged and poorer sections of the Society.

Vadodara – 390 007. R.D. Pandya

Socio-Economic Surveys of Three Villages in Andhra Pradesh: A Study of Agrarian Relations, V.K. Ramachandran, Vikas Rawal and Madhura Swaminanthan, Tulica Books, New Delhi, 2010. Pp. xxii +230. Rs. 295.00.

The term agrarian relations admits of a wide variety of interpretations. In a narrow technical sense, it includes the study of tenancy relations like magnitude and terms of tenancy, in particular share tenancy. However, in a broader sense the term encompasses many more interconnected agrarian issues like structure and pattern of land ownership, functioning of lease market in terms of incidence and types of tenancy, functioning of labour market in terms of level and mode of wage payment, inter-linkages of land-labour and land-labour-credit markets, functioning of credit market including indebtedness, and so on. Most of the available studies on agrarian relations take a narrow view of the term and have largely focused on land distribution patterns and tenancy relations. Again, most of the available studies have used published data emanating from NSS reports on landholdings and agricultural census. However, while studies on land ownership patterns based on published data do capture to a large extent the magnitude of inequalities in the distribution of ownership and operational holdings in rural India, those on tenancy relations and wage levels seldom bring out the true dimensions of different aspects of the functioning of land lease and labour markets. As a matter of fact, studies of agrarian relations based on aggregate published data conceal more than what they actually reveal. It is against this background that the empirical studies of agrarian relations using detailed micro/village level survey data assume importance and are essential to understand the diverse aspects of agrarian realities. The present volume, an outcome of the implementation of Project on Agrarian Relations in India, is based on the detailed household survey of three villages, one each from South Coastal Andhra, North Telengana and Rayalaseema regions of Andhra Pradesh. It throws up valuable insights on the important interconnected agrarian issues and their effect on the livelihoods of different sections of the rural population. The volume is organised in ten chapters along with a detailed statistical appendix. The topics covered include inequality in land, asset and property, tenancy relations, household incomes, profitability of agriculture, employment of manual workers, rural indebtedness, literacy and schooling and selected household amenities. The information on these topics is disaggregated and discussed by caste and class groups.

Given the fact that land reforms have been poorly implemented in most of the states and that there is a general lack of non-farm employment opportunities, rural India is characterised by extreme inequality in the distribution of land, assets and income and, in the ultimate analysis, high incidence of poverty and destitution. Among different social groups, the incidence of poverty is particularly high among socially disadvantaged groups like scheduled caste and scheduled tribe. The extent of inequality and the actual incidence of poverty may, however, vary from village to village depending upon the resource availability. For example, it may be marginally or even significantly lower in those villages which have better access to irrigation and means of transport and communication compared to those which do not have easy access to these facilities. A number of empirical studies have highlighted these features. The detailed empirical evidence provided in different chapters of the book under review is yet another testimony to these phenomena. The data show a very high proportion of landless households across sample villages which varies from 15 per cent to as high as 65 per cent; extremely high inequality in the distribution of land and other assets across different classes and castes and low level of household and per capita incomes in all the three villages. The distribution of household and per capita incomes was extremely unequal with values of Gini coefficient across villages varying from 0.58 to 0.66. Further, among the three sample villages, while the proportion of population having per capita income below the official consumption poverty line varied from 32.3 per cent to 44 per cent, the proportion of income accounted for by top ten per cent of the households varied from 42.9 per cent to 51.8 per cent. Among different classes, big capitalist farmers/rich peasants had very high level of per capita income which fell sharply as one moved down the ladder to classes like poor peasants and manual workers and up along the caste ladder from other castes to backward caste, adivasi and dalit. The very low levels of household income of poor peasants, hired manual workers and artisans most of whom belonged to low caste directly impacted their access to basic amenities like housing, lavatories, electricity, drinking water and schooling and literacy.

The functioning of the lease market in one of the villages for which comparable data for the year 1974 was available brings out a number of interesting features (Chapter 4). The data show that there was a huge increase in the incidence of landlessness and extent of inequality in distribution of ownership of land. This lead to a sharp increase in the incidence of tenancy both in terms of lessors and lessees and the proportion of land leased-in and leased-out. In so far as terms of tenancy were concerned, while the practice of paying rent in kind continued to be widespread, the incidence of cash rent tenancy also emerged. Further, among tenants those leasing-in land for the cultivation of paddy and maize and paying rent in kind primarily belonged to poor and lower middle class peasantry whereas those paying cash rent came from different peasant classes and social groups. There were also some cases of reverse tenancy as capitalist farmers and rich peasants leased-in land on cash rent for the cultivation of cash crops. Over time, the tenancy relations had become more exploitative in terms of a substantial increase in the rent which became negotiable following increased competition in the lease market. Consequently, most of the increase in average yield of paddy and gross value of output was appropriated by the landlords causing decrease in the real income of the tenant households. The landless tenant households who paid rent in kind incurred an average loss (over cost A2) of Rs. 2,286 from crop production. More importantly, however, the landless households who leased-in land earned a significant amount of income from animal resources compared to their counterparts who did not lease-in any land inasmuch as the tenants were allowed to keep all straw from paddy crop. The exploitative nature of tenancy relations also gets manifested in low rent paid to low caste poor households who leased-out land to rich capitalist farmers and rich peasants. However, there is no discussion on the functioning of the lease market in the other two sample villages. Since, one of the sample villages (Bukkacherla) had relatively more backward agriculture and the other (Kothapalle) had relatively higher access to non-farm employment opportunities because of its location near to Mandal headquarter and also relatively higher area under irrigation, it would have been instructive to see how these features impacted on different aspects of tenancy relations. The micro studies available in the literature report significant differences in the functioning of lease market among villages at different levels of agricultural development.

The discussion on profitability of agriculture shows how agrarian relations, in particular exploitative tenancy relations, impinge upon the net incomes of poor peasants who lease-in land. The data presented in Chapter 6 show that while there was no significant difference in the gross incomes per hectare from major crops like paddy and maize among different classes of households, the net income of poor peasants, lower and middle peasants was significantly lower than capitalist farmers/rich peasants/upper class peasants. In fact, in one of the villages despite not much difference in the gross value of productivity of paddy across different classes of households, the net income of poor peasants was negative. This happened because there were systematic differences in the cost of cultivation among different classes of households; poor and lower middle peasants and predominantly tenant cultivators incurred significantly higher costs because of very high rental payments compared to the landlord and capitalist farmers. Thus exorbitant rent payments by poor and lower middle peasants and predominantly tenant cultivators resulted in very low net incomes for them. In fact, the income from crop production in the sample villages was so low that 29 per cent to 36 per cent of the cultivating households actually incurred losses and the per capita income from agriculture of more than 80 per cent of these households was lower than official consumption poverty line. A comparison of the estimates of rental payments in paddy cultivation between survey data and those reported by CACP data shows a huge difference. For example, while in CACP data the rental payments are estimated to be Rs. 369 per hectare, these payments in the survey data across three villages vary from Rs. 875 per hectare to as high as Rs.9447 per hectare. The difference arises, *inter alia*, because CACP data excludes tenant cultivation. It has been, therefore, rightly pointed out that the CACP data may be a good proxy for the income of the big landlords and capitalist farmers but they are misleading in so far as income of peasants, especially tenant cultivators is concerned.

The functioning of labour market for hired manual labour in the sample villages was characterised by features such as low level of employment days available which varied from 90 to 104 days across villages, agriculture as the dominant sector with crops like paddy, maize and groundnut intercropped with pulses providing most of the employment, daily rated contracts in two villages and both daily rated and piece rated contracts in other village, very low wage rates which were generally lower than official minimum wage rate, complete monetisation of wage contracts in one village and an amalgam of cash and kind wages in other two villages and significantly lower wage of female labour compared to male labour whose ratio across villages varied from 47 per cent to 70 per cent (Chapter 7).

The low profitability of agriculture primarily because of exorbitant rent and low level of wage paid employment coupled with very low wage resulted in low level of household income obliging majority of the households, particularly poor peasants, lower and middle peasants, hired manual workers and artisans to borrow. The results presented in Chapter 8 show that the proportion of indebted households across sample villages varied from 67 per cent to as high as 88 per cent. The average outstanding debt across villages varied from Rs. 25,310 to as high as Rs. 61,162. More than two-thirds of the average debt was owed to informal sources like landlord/rich peasants, moneylenders and traders and businessmen. And except for hired manual workers, a very high proportion of the amount of debt was incurred for productive purposes by upper middle, lower middle and poor peasants in all three villages. It may, however, be pointed out that the average amount of debt is not a true indication of the distress among households of all classes. For example, average outstanding debt was very high among capitalist farmer/rich peasant households, landlord/big capitalist households and upper-middle peasant households in all the three sample villages. Therefore, the average burden of the middle peasant, poor peasant, hired manual labour and artisans would have been a more appropriate indicator of agrarian distress prevailing in the countryside. Further, while high incidence of debt among poor, lower and middle and peasants was expected, the study should have explained as to why the average debt is high among capitalist/rich farmers, landlords and upper and middle peasants? Also while a very high proportion of debt from informal sources in case of poor peasants, middle peasants, hired manual labour and artisans is understandable, the question is why capitalist/rich farmers, landlords and upper peasants also borrow a very high proportion of their debt from informal sources? Likewise, it should have been explained as to why the landlords/rich capitalist farmers, upper middle peasants borrowed at a very high rate of interest as did households of other classes. As a matter of fact, while data and evidences presented on different aspects of agrarian relations in different chapters of the book are as the scholars working on rural economy would have expected, the real contribution of this type of study lies in providing explanations to the hitherto least understood phenomena and bringing out new emerging patterns in agrarian relations.

On the whole, the book makes an interesting reading and is a valuable source of information disaggregated by caste and class on different aspects of agrarian relations prevailing in the country side. This is a welcome addition to the available literature on agrarian relations and is a must reading for scholars, policy makers, NGOs and all others who are interested in understanding agrarian realities at the grassroots level.

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Back to the Future: Roots of Commodity Trade in India, A Study of Archaeological, Literary, and Inscriptional Sources (circa 7000 BCE to 1800 CE), Jignesh Shah and Biswajeet Rath, Takshashila Academia of Economic Research, Mumbai, 2009. Pp.143. Rs. 999.00.

Commodity futures trading with an annual turnover of Rs. 70. 90 lakh crore in 2009 is a major component of the markets in neo-liberalised India in the first decade of the 21st century. Revival of this trade after keeping it sidelined and in limbo for a better part of the mid-20th century has formed an integral part of the ideology of completing the neo-liberalisation of the Indian economy. It is a part of the commitment of the present day Indian political dispensation that is often expressed in so many words. In simple terms, futures trade is supposed to be a step towards the completion of the marketisation process. That this revival seems to have been entirely to the liking of a segment of the Indian economy is visible in the big way the futures markets have expanded, both in terms of the number of commodities and their turnover over the last six to seven years. These traits underline the prominent place and growing niche of the futures and derivatives trade in the fast changing shape, size and structure of the India economy. True, this change is a result of deliberate state initiative and forms a part of the process of completing the process of marketisation of the Indian economy on par with the rich, mainly Western market economies.

However, it apparently also had a good deal of latent demand as the practice of formal and informal (kerb) forward trading has remained a well established tradition with both its positive and negative features. It is this demand that fructified in 2003 leading to the permission for exchange-based futures and derivatives trade in a wide range of products going beyond physical commodities. Thus it is clear that its rapid growth during the first decade of the present century sits well with the emerging balance of forces in the fast globalising and financialising Indian economy just as it may be considered an outcome of the shift of the policy preferences towards favouring activities considered contributory to wealth creation by capital accumulation, speculation, financialisation and so on.

In this context, the present study forming a part of an area of enquiry that is yet to attract much work, especially work focused on social issues and concerns, surely deserves attention, particularly because it has adopted a historical, inter-disciplinary approach and non-jargon-ridden style of writing. It seems the purpose of the study is to establish the legitimacy of commodity futures trading on the basis of establishing the antiquity of commodity trade in general and certain forms of trading considered by the authors akin to modern futures in particular. In addition to the particular agenda with respect to futures, there is a larger general agenda to use the historical antecedents of modern trade to refute the criticisms of futures and the financial sector. The Preamble by the first author goes on to assert that "For all its occasional failings, *Back to the Future* clearly evidences that there is no better system for rapid and sustainable economic growth and development than properly regulated market capitalism" (p.13). While it is true that the historical evidence presented in the book clearly brings out the prevalence of close interplay between the markets and the state, one would look in vain for any analysis to establish the superiority of "market capitalism, for growth and development, even when it is properly regulated". Nothing of what is presented by the authors regarding trade in ancient and medieval India can bear out the proposition advanced above. Actually, a mistaken view to treat the markets and trade as synonymous with or exclusive to "market capitalism" may possibly have led to the above formulation. In the bulk of theoretical and historical writings it is a clearly established position that markets pre-date capitalism, that capitalism relies upon many a mechanism in addition to market mechanism and that a variety of markets structures and forms are associated with capitalism and no unique market structure and system can claim this privilege. Gradual evolution of market forms and structures at various stages of capitalist development is a complex phenomenon and the direction of causation is rarely unidirectional from the markets to economic growth and least of all to development.

The basic point of departure chosen for establishing the antiquity of futures trade in the present study appears to be the mention found in some literary sources of what the authors believe to be references to futures trade: first in the work of Kautilya's Athashastra (3-2 BCE) and thereafter from the 16th century onwards to the dadni system "which was extensively used and refined, and has actually shaped forward trading as we know it today" (p.47). Thus the authors see in the past of markets some elements of proto-futures trade. Coming to the specifics, the antiquity of futures trade in India, according to this study, hinges primarily on the mention of the principles relevant for price fixation of the commodities "distant in place and time" (p.47. emphasis ours). This point seems to have led the first author to say that "Kautilya's Arthashastra...... talked of futures or forward trading" (p.13). His subsequent inference that it "vividly brings out the role of the government in regulating diverse trade and marketing practices" (Idem) surely stands on solid evidence from the text of Arthashastra. But his treatment of trade in commodities distant in place and time cannot in any sense be treated as reference to either futures or forward trade. How can one treat long distance trade linking distant places and given the transport technology of Kautilya's period involving a good deal of time as futures or forward is far from clear or logical.

The prevalence of *dadni* system during the closing years of the Moghul empire and its continuance during the subsequent era when the Western monopoly trading firms came to play a large role in India's expanding trade are based on credible evidence. What is however not clear is the elements of commonality between trade in commodities distant in time and place and the dadni system. Even if for a moment one grants some analytical similarity between the two kinds of trading arrangements, the time gap between the two periods makes one wonder what why is it that the authors could not find any references to such trade during the long intervening period. This time gap too requires an explanation as it tends to obscure the link the authors are trying to set up. The reviewer could not see any such link or explanation in the well-illustrated and documented volume abounding in great deal of historical details about commodity trading and its links with the growth of the economy, urbanisation, introduction of a variety of commodities, prevalence of long distance foreign trade, growth of trade routes, and other paraphernalia necessary for or associated with trade. Also one finds in the book a quick survey of various trading practices, the currency and monetary and proto-banking system and instruments during different phases of the Indian history spread over some seven millennia.

The point is simply that the book seems to provide implied justification for the revival and flourishing prevalence of the present 21st century futures trade by referring to its antiquity. From this it may appear as though the futures trading has had a natural origin way back in the past and is a natural complement of commodity trade in general as it came to prevail even when the economy was in its embryonic stages of growth.

Let us come to the *dadni* system as this is presented as the crux of the matter in so far as the antiquity of futures is made to hinge on it. The authors find references to it in the literary sources from 16th century onwards. The question is: how far and in what ways it can be considered akin to or precursor of commodity futures of the kind that has been extended from 2003 onwards to about a hundred both physical and non-physical commodities; the latter include shares, foreign exchange, interest rates, carbon credit coupons so on. Incidentally, it is the derivatives trade in these latter kind of instruments that is increasingly overshadowing the futures trade in physical commodities in terms of the volume of trade in the exchanges.

Let us further examine a little more closely how Shah and Rath go about tracing the roots of futures trade to nearly three thousand years old writing of Kautilya. They quote Kautilya who mentioned several elements that enter the fixation of the prices of "commodities distant in place and time" by the expert (p.57). While various expenses incurred in the process of production and trade find specific mention in this connection (p.57) there is no mention of the compensation/consideration for the risk and uncertainty associated with production and trade of the commodities entering long-distance trade. It is understandable in so far as the scope for such price volatility is unlikely to be a serious problem in a system of price fixation by a public service expert. It is well-known that production of and trade in commodities distant in time and place do involve a relatively high degree of risk and uncertainty. But non-price risks cannot be dealt with by futures or forward trading. The authors cite the Penguin version of Arthashastra that says, "Prices shall be fixed taking in to account the investment, the quantity to be delivered, duty, interest, rent, and other expenses" (p.58). One does not see any reference to the costs involved on account of risks and uncertainties and any method of taking care of such expenses. Evidently the word futures does not seem to have been found in Kautilya's work and the reference to the temporal aspect along with the spatial aspect seems to refer to the time and cost involved in long distance trade and the need to defray this cost. Hence it seems to be a leap of faith to see even some embryonic elements of futures trade in Kautilya.

The evidence from the literary sources cited by the authors also shows how there was intermingling of the market and state processes and agencies in trading activities in India during the ancient times with a certain regular and institutionalised role of the state agencies. That is to say neither the suppliers nor the buyers seem to have been given an autonomous role in their trading activities. The conditions for the suitability of a commodity for futures as specified, for instance, by a document produced by the UNCTAD clearly states that any commodity involving regularly on-going public regulation is not suitable for futures trade (See Report of the Review Committee). Hence futures trade similar to modern futures could not have emerged during Kautilya's time.

Then can one say that the *dadni* system as it prevailed during and after the Moghul period, as pointed out by Shah and Rath, can be regarded as some kind of futures (or, say some kind of proto-futures).? If so it would at least provide some relatively recent historical antecedent to the modern practice of futures trade. The authors point out that the word *dadni* literally means advance. As Shah and Rath explain, "Most of the procurement for long distance trade during Moghul times was done through this system, particularly from the 1650s. In fact this system was widely used by the English East India Company right through the 18th century. The company used to engage local merchants to procure goods from the market on its behalf. They were called *dadni* merchants because they received advances from the company for delivering goods under stipulated terms. Money was advanced to them so that they could go in to the local markets and transfer the advance, if necessary, to the actual manufacturer for delivery of goods according to a stipulated time and specifications. *Dadni* merchants passed the *dadan* to actual manufacturers, either directly or through second degree intermediaries called *dalals (agents) or paikars* (local stockists)” (p.114, emphasis added).

This long quotation makes clear the nature and role of the *dadni* system. Even though the term *dadni* is not used now-a-days for any large scale and regularly on-going procurement operations either of finished products or of raw materials, it is a system widely prevalent even to this day. That a group of foreign companies in distant alien lands use such an arrangement of procurement of their stock in trade, be it a regularly used raw material or a tradable commodity in order to overcome their many inherent limitations for effective operations in an alien land is quite natural and is essentially a procurement arrangement by means of agents and sub-agents. Simply because the deliveries have to be made at future dates but on a regularly on-going basis and not for a particular contract and money is advanced to the agents who apparently work on the basis of a certain rate of commission does not make the arrangement even a forward market transaction, let alone give it the character of futures and derivatives trade. One may scan various expert committees appointed by the government of India to review forward and futures trade to show that the *dadni* system is not a species of forward or futures trade. Forward trade contract is a specific transaction for a particular contract in an Exchange while under the dadni system regular physical deliveries of the contracted one or more commodities forms the essence of the arrangement (it is not a trading *transaction* but a trading *arrangement*), while in the futures such physical deliveries are essentially a formal, non-obligatory stipulation only. The essential point of forward trade (not distinguished by the authors from the futures in this volume) is to reduce the risks arising from price volatility and may or may not result in actual deliveries to close the deal. Derivatives of various descriptions are essentially financial market, often times speculative, transactions representing a high point of speculation as the presence of a good number of speculators is an essential condition for enhancing the liquidity of the markets. In sum, it is far from clear how the prevalence of trading practices other than over the counter trade in India's past can be treated as a sign of the antiquity of futures trade. True, one has to establish the legitimacy and social utility, especially a non-partisan and fair practice based justification of futures and derivatives since they deploy such a massive part of the national resources (in present day India the annual turnover of these trades the country's annual gross domestic product). But the use of the historical information adduced by Shah and Rath do not seem to meet the requirements.

Actually the review would be incomplete unless attention is invited to the dramatically metamorphosed present day context of the economy, unbelievable technological transformation, changes in the system of embedding the economy in its larger social milieu (including polity and culture) that have changed the complexion of trade and production and their global linkages as a part of the process of and as a result of all that has happened during the last five or six cataclysmic centuries in order to show how unrealistic it would be to expect the presence of futures and derivatives type of transactions and trade in the past. There were unlikely to have been requirements and needs or the resources and expertise for instituting forward and derivatives trade during those distant days. India has a long tradition of such trade informally and on an organised basis at several commodity exchanges at various centres during the 19th and 20th centuries covering various commodities. A historical account of those trades, their practices and outcomes are surely essential in order to understand the working of the real economy forces and processes and their interface with the financial sector that have been inching up the hierarchy of economic activities as the nature of global capitalism gets transformed and we begin to live in the midst of an environment that has at least some elements of a global village dominated by the financial markets. Another major factor that needs to be factored in is the changes in the nature of the fiduciary relationships the financial instruments embody and become an influence of futures and derivatives trade. In one word, these markets show how the financial sector has eclipsed the salience of the real economy. In the past of even capitalism it was the real economy that called the shots but that seems to be something that is fading out. These factors bring out the larger truth that the economic activities are always a part and parcel of the contemporary conjuncture and past cannot provide antecedents for everything that we see and experience today, and certainly not in the nitty-gritty sans the essentials.

One is not sure whether the present review has adopted an approach that is in keeping with the nature and purpose of the present volume. It appears to me that it would perhaps not be unfair to characterise the volume as one that combines elements of a coffee table book, a bed side reading as also a study that displays fairly explicit elements of an academic study. Therefore I did not join the issue with some obiter dicta which form a part of the ideological baggage packed in the book. A typical example may well be quoted. It claims that markets by creating wealth have led to a situation of "a dramatic increase in wealth and growing prosperity in both the developed and developing economies. Poverty has reduced significantly in not only the emerging economies in Asia and South America, but also in the backward tracts of Africa" (p.11). It is the prevalence of such a belief system of looking at the world through some specially designed lenses that permit cornering of a large part of the national income by a small number of expert financial wizards capable of mobilising/commanding huge financial resources playing the futures and derivatives games (having some unmistakable elements of casino capitalism) that do not contribute even a blade of grass to the real economy but divert a good part of the wherewithal needed by the poor masses to satisfy the whims and fancies of those who play in the financial markets and combine a lot of luck and dexterity.

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