

BOOK REVIEW

Microfinance and Sustainable Livelihood Promotions in India

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The publication under review is an anthology of papers published for a two day seminar on the same subject at Post Graduate Department of Management Studies and Research Centre of Siddaganga Institute of Technology(SIT),Tumkur in December 2010. The theme on Microfinance is spreading across countries, to enable respective governments, for chalking out action oriented programme for poor and the downtrodden. The theme acquires temporal relevance in the context of more than 40% of people in the world below poverty line. Financial inclusion is considered to be an infrastructure state policy to make people covered under safety net. Given the capabilities and feeble power of the poor, financing them for carving out sustained livelihood assumes greater significance. While education and health care are recognized as safety nets for increasing life expectations and hastening of economic development, it's further essential to spread financial literacy amongst the poor to bring them under the process of development. The present book deals with micro finance as a theme for promoting sustainable livelihood in India.

The book has been divided into seven parts covering fifty seven chapters. The theme of micro finance has

spread across backward and forward linkages to acquire better knowledge of the situation of micro finance and its related institutions in India. The areas covered ranges from product diversification, governance, technical challenges, women's role, financial inclusion, opportunities and challenges, institutions, livelihood promotion and micro enterprises. On an average, a paper has 11 pages under seven themes. The themes are: microfinance and inclusion, Growth models of microfinance and Livelihood financing, microfinance and financial inclusion micro finance and women empowerment, micro inclusion, health, housing,water and sanitation,technical challenges and governance of micro finance and micro enterprise development. All the themes referred to the process of 'bottom up growth' realised through by Non-Government Organisations (NGOs) and Self Help Group (SHGs). Each theme has a minimum of six papers to a maximum of nineteen papers. The present review intends to cover an overall review of subject themes and findings under each part.

Microfinance and Inclusive Growth

There are six papers under this theme. All are empirical evidences covering the state of Karnataka except one

paper which has entire India as its focus. The main theme is performance of SHGs and the general reflections as drawn by the authors. Papers cover SHGs infrastructure in terms of rural credit need, linkage, investment, fiscal infrastructure, organizational structure, management and functional needs. The papers, in general, examine the status of poorest of the poor in the social structure. The papers concentrate on the impact of SHGs in Karnataka and in India. Some general conclusions have been drawn from the performance of SHGs and their impact on rural poor. The authors generally conclude inequality in lending, on the problems being faced by SHGs, purpose oriented lending and the need for extension of such a facility for the poor in rural areas. There is need for counselling for credit delivery, need for financial inclusion in funding for micro finance and concentrating on occupational lower strata not getting 'enough credit'. There are some observations as regards unevenness in deposits collected and credits by occupation, education and by gender.

Models of Microfinance and Livelihood Financing

This part has six papers concentrating on micro finance leading to livelihood financing. The area of study extends to Kerala and Karnataka. Micro financing through SHGs and NGOs have been examined across occupation. Micro finance should be studied in greater depth as a linkage to prove sustainability & livelihood by the lower strata of society. The papers generally conclude that there is a need for better linkage between savings and lending and size of credit and quality of governance. The papers record need for a federation for integrating SHGs and micro finance institution. The concept of direct financing has been enumerated well. Some grey areas of study are linkage between SHGs and Non-SHGs parametric composition of SHGs, credit flow, income, general development and transformation of people through livelihood financing have been identified. There is a need for and fund of SHGs as chain agents of alleviating poverty need be studied greater detail.

Microfinance and Financial Inclusion

This section has fourteen papers, the largest number amongst the theme parts. The concept of financial inclusion has been studied across linkages of banks

with SHGs, Small Industries Development Bank of India (SIDBI). The role of SHGs with commercial banks and strategies for financial inclusion have been peripherally examined. Most of the papers concentrate on Karnataka state while the two papers cover Uttar Pradesh(UP) and India respectively. The entire gamut of papers link up women issues with SHGs and tribal issues with SHGs and banks. The papers discuss on need for financial inclusion and asset creation. Since there is a change being experienced in social sphere, papers enumerate on finance for tribals based on their food habits, reduction in income, marginal effects of finance and change in socio economic fabric. The arguments, that loans are for meeting domestic needs and credits for livelihood, deserve further attention. Activity linked credit, community based credit have been stressed in the paper presented in SHGs as instrument of building up social capital. The concept of wealth creation has been through access, reach & availability for alleviating poverty. Two papers on financial literacy make their influence on the need for education to be imparted by banking institutions—NABARD and RBI- programmes that may help in reducing regional disparity.

Microfinance and Women Empowerment

Women issues have acquired global significance. The concept of SHGs and development oriented NGOs are moving towards empowering women by provision of credit and making them participate in the process of development. There are several success stories recorded in India(LIJJAT case is an example). Women are to be socially empowered by women centric approach in institution building. Women empowerment becomes a socio economic reality when it is spread across all cross sections of women under social fabric. Thus women empowerment, concentrated funding, broadening the credit base for tribal women and mobilizing people for purpose based credit are to be taken up by redefining situation-specific SHGs. Total financial inclusion is still a dark reality as 256 districts out of 650 districts in India are out of coverage. The studies indicate variations in reach, quality and performance of micro finance institutions. SHGs and NGOs should make empowerment a tool by broadening the activity of the institutions. It is generally perceived that loan defaults

are at the lowest level where ever women have been managing SHGs. The studies are based on opinions & as such results cannot be generalized for the entire country wherein women are yet to socialize for sorting out intra-family issues.

Product Diversification: Micro Insurance, Health, Housing, Water and Sanitation

Micro Finance for insurance, health, housing, water and sanitation, in general, rural infrastructure development is yet to acquire a seminal position in the realm of finance research. The product diversification for health & education in rural areas is beset with problems of reach, identification of the target group, production of social products and individual Vs group viability. Micro institutions in rural areas are yet to be taken up as a unit for the programme. The product such as 'Sampoorna Suraksha'(complete protection) if implemented the country may lead to unbelievable change in the health status of rural people and hence reduction in risk of rural mortality of people, cattle live stock, poultry, fishing and species. No such scheme is put into action for caring the ecological assets. Micro rural institutions are beset with problem of leading entrepreneurs in the area of rural development. The papers donot succeed in highlighting scope, variety & size of the market for solving the problems in the above areas. Non-availability of micro finance for rural housing, however, has been documented. Yashaswini programme for health care in Karnataka is a success story under cooperative sector could have been enumerated for fullscale research.

Governance and Technological Challenges in Microfinance

All the six papers in this theme are concept papers except one which deals with initiative of an institution. The concepts of innovation, empowerment,

accountability and availability respectively have to be linked to governance of SHGs. An intent survey has to be drafted for an efficient linkage & adaptation. Banks & development institutions have to be in the domain group performance. These concepts have to be evaluated under Input-Output- Outcome (I-O-O) paradigm. The papers lack social outlook in analysing themes identified for research.

Microfinance and Microenterprise Development

SHGs and other microfinance institutions are yet to acquire an outlook of a micro enterprise. An enterprise activity should look into resources such as people, input, process, output, asset creation & sustenance. Micro enterprises are a niche in its functioning with a strong family orientation in India. The concept of a group enterprise is yet to acquire solidification. Group enterprise will combine in itself volume, size, spread & logistics. More important is the coverage of risks of various kinds by practicing well conceived social objectives. The concept of group entrepreneurship should be lead to NGOs for rural economy and social transformation. There is a need to redefine NGOs for society.

The reviewer acquired knowledge of micro finance by reading all the 57 papers. The concept of micro finance has an influence on livelihood promotion has been explicated in the context of financial institutions and NGOs in the book. The authors and editors commend praise for their strenuous efforts. The review, however, felt that the editorial skills could have been sharper. The book is a resource material for planners and researchers. The value of the book could have been enhanced with a critical review of all the papers as a backdrop.