

- Changing pattern of crops from cereal based to commercial crops identified as one of the important reasons.
- Price fluctuations and international trade and tariffs of agricultural commodities apart from the lack of effective implementation of minimum support price for agricultural produce.
- Increased cost of cultivation includes seeds, fertilisers, pesticides and labour.
- Dependency on non-institutional source for credit support rather than failure of institutional credit mechanism has been brought out.
- Problems faced by dependents in getting assistance from the schemes of government relief and rehabilitative measures.

Similar studies have been carried out by several national and state level institutions. The study has not brought out any new knowledge and tried to explore new areas. The author tried to emphasise the endogenous factors rather than exogenous factors which have played a crucial role in making cultivation more vulnerable and unremunerative.

*Dr. K. Suman Chandra*

**Credit Risk Management for Indian Banks** by K. Vaidyanathan, SAGE Publications, New Delhi, Pages 359, Price : ₹ 595.

'Credit Risk Management for Indian Banks' is a comprehensive book on the subject of Credit Risk Management which enables managers of Indian banks to hone their skills to optimally balance the opposing forces of competition and credit risk exposures frequently faced by them. Similarly, the book discusses the causes and symptoms of credit risk in the context of financial sector liberalisation and the subsequent national policy re-engineered for both fund based and non-fund based credit products to meet the requirements of credit

managers, credit regulators, risk managers, treasury managers and investment bankers of the banking sector.

It appears that this book is one of the reference books on critical assessment of credit risk management of the banking sector in India and contains details of credit products and their risk management based on the guidelines issued by the Reserve Bank of India from time to time. Needless to add, this book is a must for those who want to delve into the risk management area in general and credit risk management in particular as it provides the analysis in a most comprehensive manner. The richness of the book lies in its diversity of perspectives, sectorial contents and breadth of issues covered with in-depth analyses. It is a rare blending of qualitative analysis with policy and action relevance inputs for the banking sector in its totality.

The book contains twelve chapters; each chapter redefines an important aspect of the credit risk management through detailed inputs. As it is not possible to present all the relevant points from all the chapters, some notable points from few chapters are illustrated below reflecting the richness of the contents and substances as illustrated in the book.

For example, in the first 'Introduction' chapter, the author clearly illustrated an example of a ship being built to sail on the high seas and earn from its voyages and not to be docked in the safety of a harbour. Likewise, a bank's dharma is to lend and earn, and in turn promote economic activities to create wealth and employment. It is, therefore, important that bankers are encouraged to assume prudent credit risk in the interest of banks themselves and overall economic development. Indeed in this introduction chapter itself, the author has paved the way on undertaking a systematic study of credit risk in the banking industry.

In Chapter II on 'Short-term Credit by Commercial Banks' the author suggested that in case of large corporate advances where working

capital credit requirements are substantial, lending banks should share the risk by providing credit through a consortium. The author strongly feels that with appropriate and faster regulatory changes, the credit risk management will be reinvented for the benefit of the bankers those who are left behind in the liberalisation process and unable to assimilate with the highly competitive field of credit dispensation.

In Chapter III on 'Long-term Credit by Commercial Banks', the author highlighted that the way to test the viability of a project is to put the relevant factors in the financial analysis under stress and then study the impact on the bottom-line of the project. Thus, instead of following a routine financial analysis, it is always better to follow the path of cushion which can guarantee a return on lending proposition.

In Chapter IV on "Non-fund-based Credit Exposure: Bank Guarantee" the author highlighted that banks perform the role of a very important catalyst in cementing the trade relationship between two contracting parties. Hence, banks should ensure not only professional delivery mechanism but also ensure accountability of its non-fund based products.

As there are twelve chapters, and each chapter contains some valuable analysis of the credit risk management, practically they have been omitted for individual attention in this review as justice cannot be done by giving scant attention to each chapter.

Finally, it can be rightly stated that this book is a reference for those who are engaged in credit risk management as well as for those who are interested to know the gamut of various provisions available for facilitating the effective management of credit risk by the banks. The author is required to be highly appreciated as the book contains list of relevant annexures which simplifies the most difficult and contentious issues in the areas of credit risk management in a most comprehensive manner.

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**International Trade Reforms & Iranian Economy** by Dr. Karim MH & Dr. Salarpour Mashallah, Serials Publications, New Delhi, Pages 205, Price : ₹ 795.

The volume has portrayed the impact of international trade reform and free trade in Iran during last one decade. The country, rich in crude oil is located in between the Persian Gulf and Caspian Sea. In spite of some odd events which happened earlier in Iran like war, inflation, nuclear energy issue etc., Iran's foreign trade has scaled up in recent years with favourable trade. Its' GDP has been growing at the rate of 5 per cent and because of trade reform non-oil export also has been enhanced. Iran is the 17<sup>th</sup> largest economy in the world in terms of purchasing power party and 26<sup>th</sup> by market value.

The book contains seven chapters with list of abbreviations, appendices, bibliography and index. The first chapter, an introductory one described issues related to access in the world market. The chapter has touched upon origin of GATT, followed by WTO, and other institutions like SAFTA, NAFTA, APEC and EFTA have been referred here. In addition, referring Uruguay Round discussion, trade related issues have been covered in this chapter.

Chapter-2 has dealt with geography and economy of Iran at length focusing on issues like population, agriculture and allied activities, service sector, foreign trade vis-à-vis war with Iraq. In addition, Iran economic situation before revolution (1973-78) and post-revolution as well as consequence of war between Iraq and Iran which continued for almost eight years have been covered in this chapter referring international trade. Moreover, development measures in different five-year plans have been analysed here.

Literature based on Computable General Equilibrium (popularly known as CGE) have been reviewed in chapter-3. In addition, academicians of Iran who did a study based on CGE model has been described here. The review has focused on trade liberalisation, consumption,