

## BOOK REVIEWS

**Microfinance India, State of the Sector Report 2012**, Editor : Venugopalan Puhazhendhi, Sage Publications, Price : ₹ 850, Pages : 184.

The Microfinance India - State of the Sector Report 2012 is an authentic source of presentation of growth and development of the microfinance sector in India in its entirety. This report provides an independent and scholarly view of the state of microfinance on an annual basis, which is widely quoted in most circles and specifically those who have serious stake in the microcredit issues. As it collects information from authentic sources and field reports, it helps in identifying the knowledge and practice gaps that require further research and study.

For the last few years, this report has become the best reference material on the annual trends and progress of the Indian microfinance sector and is a must for every researcher to access the performance of the microfinance sector as a whole. The richness of the report lies in its diversity of perspectives, sectorial contents and breadth of issues covered as well as the depth of analyses. It is a rare blending of statistical rigour with policy and action relevance inputs in totality.

The report started with an 'Overview of the Microfinance Sector' and ended with 'the Future – Forward Looking' aspect of the Microfinance Sector. There are eight other relevant chapters, each redefining an important aspect. Some notable points from each chapter are illustrated below reflecting the richness of the report.

For example, in Chapter-II, entitled 'SHG Bank Linkage Programme – Revisit in Progress', the report has stated that the SHG Bank linkage

programme implemented during the last two decades has significantly contributed in terms of outreach of financial services to unreached people so far. As per the report, the review of the performance of the programme reveals that there has been a significant improvement in terms of socio-economic empowerment of rural poor, particularly of women across states in India.

In Chapter-III on 'Microfinance Institutions – Signs of Recovery', the report suggested that MFIs need to actively engage themselves as partners in the financial inclusion programme and integrate their vision and mission with the state and central government to achieve a prosperous future for the customers.

In Chapter-IV on 'Financial Inclusion – Process and Progress', the report aptly pointed out that microfinance being a sector that serves a very large number of small clients distributed over a wide geographical area could be a highly cost-intensive proposition. The adoption of appropriate technological solutions both in hardware and software platforms will ensure that the cost remains within reasonable limits. This will also enhance the value proposition for banks, BCs and above all, the customers.

In Chapter-V on 'Microfinance – Beyond Credit', the report highlights that despite crisis in the sector, many institutions innovated products which are designed within the regulatory ambit such as enterprise loans, asset creation loans, sanitation loans and several non-financial services. While many of the products showed success for replication, still there are several unresolved issues which need to be appropriately considered while upscaling these innovations.

In Chapter-VI on 'Policy Environment and Regulation – Sign of Reign,' the author has stressed that there is a need for close interaction between banks and MFIs. Banks need to realise their social obligation and choose all channels available to fulfill their obligations, which include lending to MFIs for on-lending to marginalised sections of society. The enforcement of new regulations and the concerted efforts of MFIs in complying with the regulatory and client protection norms and bank continued patronage will go a long way for sustainable growth of the microfinance sector.

In Chapter-VII on 'National Rural Livelihood Mission,' the author has highlighted that NRLM seeks to promote inclusive growth by mobilising the rural poor and enabling them to save, build productive assets and enterprises, access financial livelihood, educational, health and nutrition services and entitlements, negotiate better terms for their products and services and provide rural youth with skills and opportunities to secure jobs in mainstream economy.

In Chapter-VIII on 'Investment Climate – Faltering, but Hope Remains,' the author is hopeful to state that with the positive responses from the sector in terms of an improved regulatory environment and responsible financing by the MFIs, the equity flow is expected to be encouraging for all and more particularly to smaller and medium sized MFIs, hence hope remains, despite flattering performances. Even MFIs have turned their attention with new found rigour to new forms of capital flows including securitisations, NCDs and qualified institutional placements.

In Chapter-IX on 'Global Trends in Microfinance,' the author agreed that the global scenario is not promising for the MFI industry, though some economies have booked better portfolio. The author has suggested that a number of initiatives like values of

responsibility, corporate ethics and social performance management are to be addressed to face the key challenges of this sector. Indeed, MFIs have to adopt new strategies to bring back their clients as well as to reduce their operating and administrative expenses.

The tenth and the final chapter on 'Future – Forward Looking,' reminded that as long as ultimate focus of microfinance initiatives are towards the poor and their livelihood improvement, microfinance will survive, sustain and grow. The only relevant expectation is that it should strive to meet the requirement of the vulnerable customers.

The report is a comprehensive reference for those who want to review the performance of the microfinance sector as well as interested to know the status of various policy decisions taken by the Government of India and other agencies in facilitating the growth and development of microcredit in backward regions of India. The author should be highly appreciated as the report handles difficult and contentious issues in a most comprehensive manner and highlights the microfinance sector in a most fascinating manner. Finally, a small remark that though some critical aspects like the 'Repayment Crisis in the Microfinance Sector' has been given scant attention in the report, that does not drag attention from the broad contents and database as vividly presented in the report.

– Dr. B.K. Swain

**Dynamics of Rural Poverty in Bihar: Determinants and Strategies** by Dr. Rashmi Prasad, Janaki Prakashan Publishers, Patna 2012, Price : ₹ 995.

The book on "Dynamics of Rural Poverty in Bihar : Determinants and Strategies" seeks to explore the link between growth and poverty, between agricultural growth and