

Book Reviews

The Last Mile - India's Experiment with Rural Finance, R.N. Dash, Konark Publishers, New Delhi, 2018. Pp. xxii + 186. Rs. 650.00.

The author of the book under review belongs to the Reserve Bank fraternity.

Shri R.N. Dash was the Regional Director of Reserve Bank of India for Andhra Pradesh and Telangana. He has immense experience in the field of rural finance having held charge of rural and priority sector credit. He was closely associated with policy formulation related to Priority Sector Lending by banks. He was a member of the RBI Internal Group on Priority Sector Lending by Banks. He was associated with the National Institute of Rural Development and Panchayati Raj as Consultant.

Agriculture has become more of a gamble than before due to policy enabled risks such as unreliable quality of seeds, fertiliser, power and water. The prices for farmers' products are subject to policy changes either in the interest of the consumer or external sector balance. The difference in the rate of growth of rural and urban areas, in particular agricultural and non-agricultural areas is glaring.

It has been observed that financial services to the rural sector, especially the poor, in India have seen a series of experiments over the past, and the process of experimentation still continues. Institutions have emerged, policies have evolved, products and services have been designed to cope with the special needs of the sector, and, most importantly, technology has entered the space to alter the profile of financial services as never before. The field is so vast that there is room for all experiments and all innovations to co-exist, from the traditional moneylender to sophisticated technology-driven institutions. While much development has taken place, there is need and scope for more. This is a field where the last word is yet to be told.

The rural sector has been increasingly viewed as a vast market waiting to be tapped. The peculiarities of demand in the rural economy have been studied to design appropriate products and services for the rural market to take advantage of the fortune at the bottom of the pyramid. In continuously experimenting we have noticed diverse methods of financing the rural sector. While financial services have played a great role, financial inclusion and financial education have assumed paramount importance. Developments in the field of banking and finance have impacted on organisations in the rural sector.

Commercial banks played an important part after the conversion of the Imperial Bank of India into the State Bank of India. Credit was enhanced with the nationalisation of 14 major banks. The inauguration of NABARD boosted the flow of credit to the rural sector. The Lead Bank Scheme and Local Area Banks also proved

beneficial. The SHG-Bank linkage has changed the face of rural banking. MFIs also contributed to growth of rural finance. An important event was the inauguration of the Pradhan Mantri Jan Dhan Yojana.

One entire chapter is dedicated to the Demand factor. Demand has always exceeded supply and lacks structure. The author has dealt with this exhaustively and compares it with the Supply side issues. The gap between demand and supply continues to pose huge problems and the author makes valid and valuable suggestions to tackle it.

The author covers several relevant topics as financial literacy, institutional credit, financial inclusion, etc. One chapter is devoted to technology and innovations. Continued innovation in products and business models are required to reach more people with a broader range of products at lower costs. And there is an imperative need to concentrate more and more on the demand side dynamics.

The author offers a note of caution. We have to guard against too much supply side pressure. The steps taken need to be woven into the ecosystem and they must respond to the person's needs on a continuing basis. Provision of financial services or the financial inclusion efforts which are economically more developed which have the potential for some economic activity need to be undertaken.

The book is a valuable addition to the exiguous literature on the state of rural finance and the road ahead. It adopts an integrated view of technology, policy and financial services.

There is an illuminating and valuable Foreword by the former Governor of RBI - Dr. Y.V. Reddy. The volume will be useful for bankers, students of agricultural credit and planners.

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