PRESS RELEASE

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Reserve Bank of India releases Summer 2007 Issue of Its Occasional Papers

The Reserve Bank of India today released the Summer 2007 issue of its Reserve Bank of India Occasional Papers. The Reserve Bank of India Occasional Papers is a research journal of the Reserve Bank and contains contributions of the Bank's staff and reflects the views of the authors. This issue is woven around some important themes which are at the forefront of policy discussion. It contains articles, special notes and book reviews.

The first paper entitled, 'Regulation of Informal Financial Institutions: A Study of Money Lenders in Kerala' by the late P.D. Jeromi attempts to analyse the working of money lenders in Kerala. Based on a sample survey, the paper has estimated the volume of deposits and credits extended by money lenders in Kerala and has brought out the undesirable aspects of their working and their impact on society. It finds that the existing legal provisions and regulatory and supervisory mechanisms relating to money lenders are inadequate to protect the interests of both, depositors and creditors. The paper calls for strengthening of the Kerala Money Lenders Act for the protection of depositors and creating a separate wing for their registration, monitoring and supervision by the State Government. It concludes that in the long-term, the strategy for financial inclusion, strengthening of co-operatives and promotion of self-help groups would help.

The second paper, 'Competitiveness of India's Manufacturing Sector: An Assessment of Related Issues' by L. Lakshmanan, S. Chinngaihlian and Raj Rajesh, provides an analysis of the various parameters of manufacturing competitiveness of the Indian economy. The paper notes that India is one of the leading producers and exporters of a number of commodities and enjoys significant advantages in terms of lower labour costs as compared to other emerging economies. It, however, points out that India's competitiveness is lost on account of lower labour productivity and higher input and material costs. It suggests that in order to improve the competivitveness of the Indian manufacturing goods, issues, such as, further diversification of export basket, upgradation of export quality, improvement in productivity, increased technology intensity in production, enhanced R & D activity, encouraging business environment, less cumbersome regulatory environment, flexible labour laws, removal of infrastructural bottlenecks and SME related issues need attention.

In the section on special notes, a paper entitled, 'Current Issues in Agriculture Credit in India: an Assessment' by Ramesh Golait reveals that credit delivery to agriculture sector continues to be unsatisfactory, particularly to small and marginal farmers. the paper calls for concerted efforts to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes. It suggests that facilitating credit through processors, input dealers NGOs, etc., that are vertically integrated with the farmers, including through contract farming, for providing them critical inputs or processing their produce, could significantly increase the credit flow to agriculture. the second paper in this section, 'A Comparative Study on Private Consumption Expenditure Estimates in India' by Joice John, undertakes an exploration into the group level differences among the estimates of private consumption expenditure generated in India by two agencies, viz. Central Statistical Organisation (CSO) and National Sample Survey Organisation (NSSO) and their contribution to the overall differences in the years 1972-73, 1977-78, 1983-84 and 1993-94, based on the earlier conducted studies. It notes that the important factors, which lead to the divergence, include the differential implicit prices of the consumer goods, varied reference periods, differences in the classification schemes, differences in the estimation procedure followed by two agencies, inclusion of notional elements in the CSO's National Accounts Statistics (NAS) estimate and possible discrepancy in the official and directly reported information.

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