Chapter 8

DATA ANALYSIS:

BORROWERS

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The preceding chapter discussed about the pilot survey and data analysis for the same. It also discussed the modifications carried out in the questionnaire of pilot survey. After preparation of the final questionnaire, the survey was carried out of the borrowers. This chapter discusses the analysis of final survey of the borrowers. It shows the results reported from the information of final survey of the borrowers (section 8.1). Further, different factors affecting to the level of defaults have been identified and classified into four parts *i.e.* socio-demographic factors, economic factors, loan related factors and financial literacy of the borrowers (section 8.2). Accordingly total 34 hypotheses as mentioned in the chapter of Research Design are tested here (section 8.3 and section 8.4). Results found from testing of hypotheses are discussed in detail. By showing major findings based on primary data collection, this chapter also shows the comparison of the results between pilot survey and final survey.

8.1 Analysis of the Responses by Borrowers

Following responses are observed in the final survey. Borrowers were selected as per their categories of NPA. At the time of data collection, 20,282 borrowers were with the SEWA Bank. Among them total 484 borrowers were selected from total five branches of the SEWA bank including head office of the SEWA bank. The highest number of borrowers were interviewed from Madhupura branch [166 (34.30%)] while the lowest number of borrowers were interviewed from Vasna branch [55 (11.36%)]. Highest 123 (25.41%) numbers of borrowers were found from sub standard category followed by 117 (24.17%) borrowers from Doubtful 1 category and 106 (21.90%) borrowers from Doubtful 2 category. (See table 8.1)

Table 8.1 Category Wise Borrowers from Different Branches

No.	Category	Branch Name					Total	%
		Head Office	Vasna	Behrampura	Madhupura	Rakhial		
1	Standard A	3	0	7	10	4	24	4.96
2	Standard B	8	11	11	21	14	65	13.43
3	Sub Standard	15	15	31	40	22	123	25.41
4	Doubtful 1	18	12	29	38	20	117	24.17
5	Doubtful 2	12	10	29	38	17	106	21.90
6	Doubtful 3	9	7	7	19	7	49	10.13
	Total	65	55	114	166	84	484	
	%	13.43	11.36	23.55	34.30	17.36		

Source: Prepared from Responses

Total 21 questions, dividing into seven sections, were set in the final questionnaire *(Appendix 1)*. Section one collected personal information of the borrowers.

8.1.1 Socio Economic Information

This section deals with two parts - part A and B. Part A presents the information regarding borrower's name, age, address, religion, caste, marital status and educational status while part B presents the detail of economic activities of the borrowers and family income of the borrowers.

A **Social Factors**

Age: Maximum 275 (56.82%) numbers of borrowers are observed from the age group of 21-40 followed by 190 (39.26%) borrowers from the age group of 41-60. Total 11 borrowers were found from the age above 60. (Table 8.2)

Table 8.2   Age of the Borrowers

No.	Age	Frequency	Percentage
1	0-20	8	1.65
2	21-40	275	56.82
3	41-60	190	39.26
4	61-80	10	2.07
5	81-100	1	0.21
	Total	**484**	**100**

Source: Prepared from Responses

Figure 8.1   Age of the Borrowers
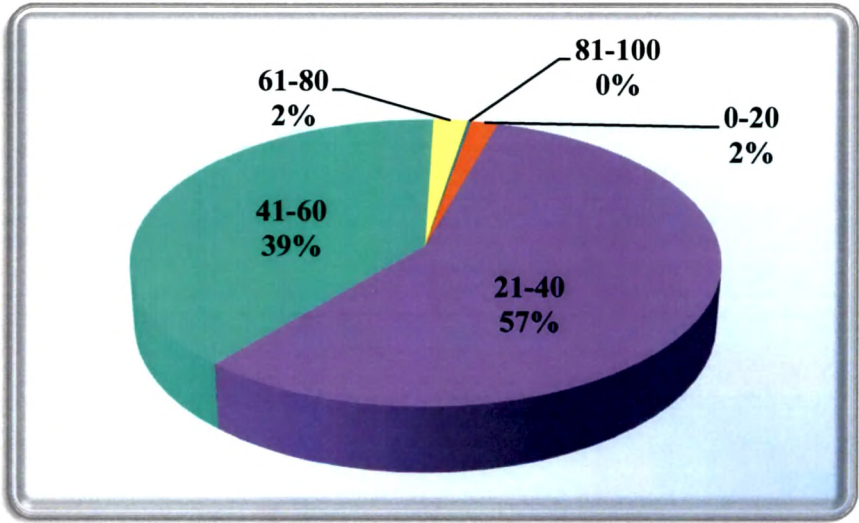
Religion & Caste: 76% (368) of borrowers were found Hindu followed by 24% (115) of Muslim borrowers. 236 (48.76%) borrowers were unaware about their caste. Out of the balance of 248 (484 - 236), 123 were from OBC caste. The proportion of the General caste was very low at 10.12% and SC/ST was 14.05%. The remaining belong to

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other caste classified as Rajput, Marathi, Bengali, Keralian, Marvadi and Sindhi as displayed in Table 8.3

Table 8.3   Religion and Caste of the Borrowers

No.	➢ Religion	Frequency	Percentage
1	Hindu	368	76.03
2	Muslim	115	23.76
3	Jain	1	0.21
	Total	**484**	**100**
	➢ **Caste**		
1	OBC	123	25.41
2	SC/ST	68	14.05
3	General	49	10.12
4	Marathi	3	0.62
5	Rajput	1	0.21
6	Bengali	1	0.21
7	Keralian	1	0.21
8	Marvadi	1	0.21
9	Sindhi	1	0.21
10	Not known	236	48.76
	Total	**484**	**100**

Source: Prepared from Responses

Figure 8.2   Religion

Figure 8.3   Caste

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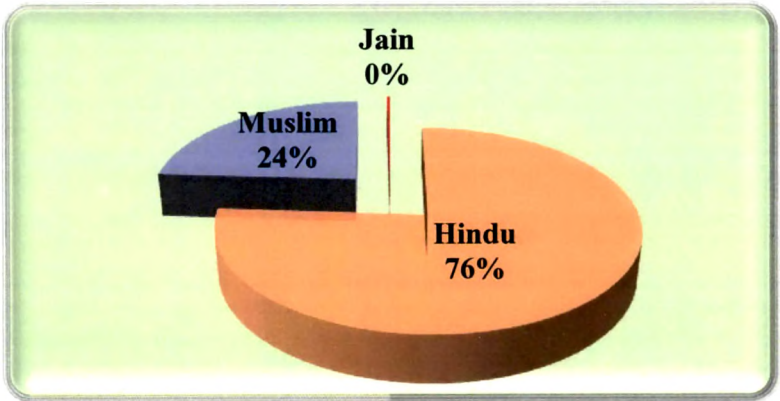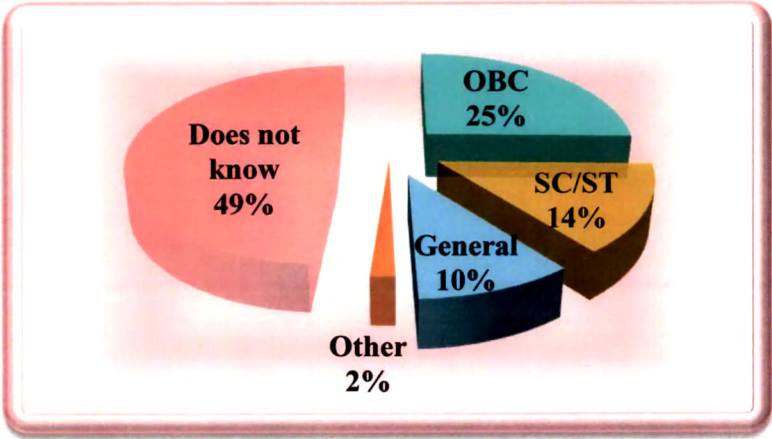
Marital Status: Table 8.4 presents that out of total 484 borrowers, 436 (90.08%) borrowers were married followed by 39 (8.06%) widow borrowers.

Table 8.4   Marital Status

No.	Marital Status	Frequency	Percentage
1	Married	436	90.08
2	Widowed	39	8.06
3	Unmarried	5	1.03
4	Deserted	3	0.62
5	Divorced	1	0.21
	Total	**484**	**100**

Source: Prepared from Responses

Figure 8.4   Marital Status
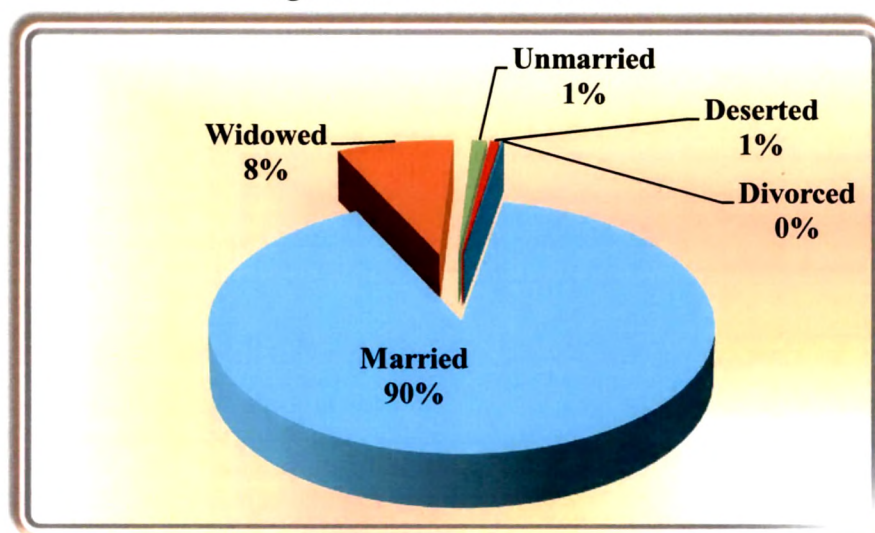
Educational Status: Collection of information regarding borrowers' education shows that 168 (34.71%) borrowers were with the primary education. 161 (33.26%) borrowers were uneducated. 124 (25.62%) borrowers were with secondary education. It indicates very low level of education among the sample borrowers. (See table 8.5).

Table 8.5   Educational Status of Borrowers

No.	Educational Attainment	Frequency	Percentage
1	Primary 1-7	168	34.71
2	Uneducated	161	33.26
3	Secondary 8-10	124	25.62
4	Higher Secondary 11-12	19	3.93
5	Graduate	9	1.86
6	Post Graduate	3	0.62
	Total	**484**	**100**

Source: Prepared from Responses

Figure 8.5   Educational Status of Borrowers
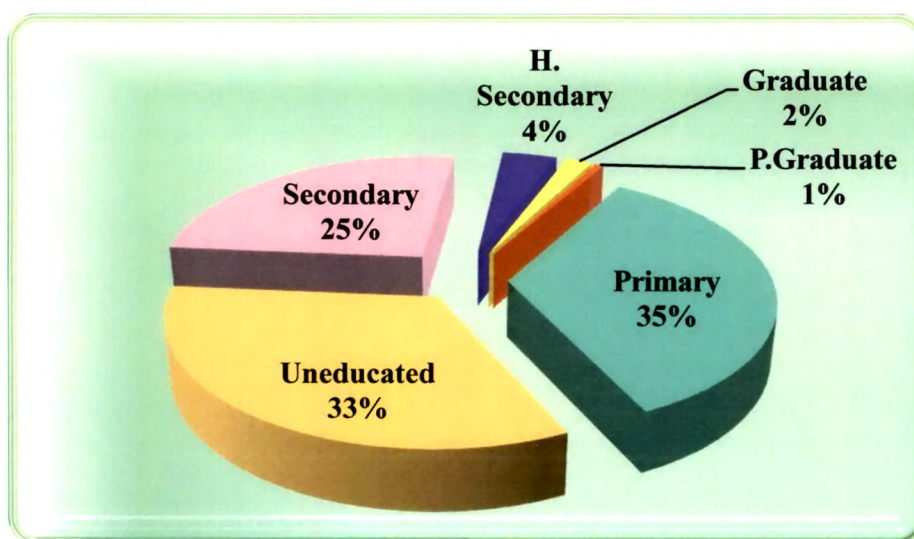
B   Economic Activities

Total three questions were asked to know the financial capability of the borrowers. Through this section the information was sought regarding total family members of the borrower, earning members of the family, economic activities of earning members and their annual income.

Total 246 types of economic activities *(Appendix 4)* were recorded from total earning family members of all 484 borrowers. Accordingly, economic activities were broadly divided into 5 different types. 484 borrowers were observed with Total 2625 family members (including borrowers themselves) where 1552 members were observed inactive followed by 589 self-employed borrowers. Looking to individual borrowers (Table 8.6), 45.87% (222) borrowers found self-employed followed by 41.12% (199) inactive borrowers. Labourers and Private Job workers were found in equal proportion (6.20%). Only 3 borrowers were Govt. employees.

Table 8.6   Types of Economic Activities

No.	Type of Activity	Frequency	Percentage
1	Self Employed	222	45.87
2	Not Active	199	41.12
3	Labour	30	6.20
4	Pvt. Job	30	6.20
5	Govt. Job	3	0.62
	Total	**484**	**100**

Source: Prepared from Responses

Figure 8.6   Types of Economic Activities
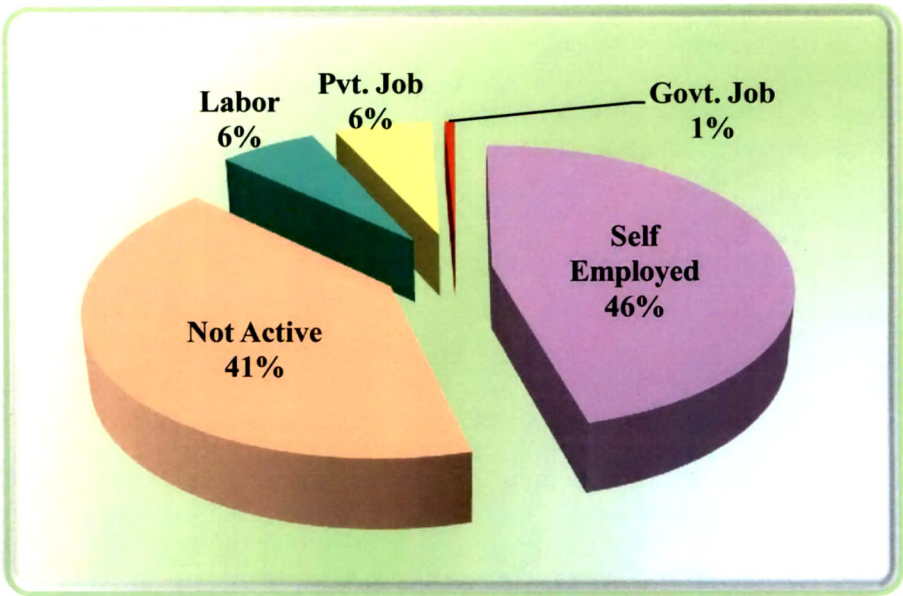
The nature of economic activity, family income and per capita income plays very vital role on the repayment capacity of the borrower. Hence, from the data collected, grouping was made regarding, TFM and TEM. 50 groups emerged out of this analysis (Table 8.7). Column (2) shows the groups as with given family members, what are the numbers of earning members. Column (3) shows the percentage of earning members in the family. Column (4) presents the frequency of the borrowers from each group members. Maximum (63) number of borrowers are found with TFM 4, TEM 2 (50% earning members). 59 borrowers were found with TFM 5, TEM 2 (40% earning members). 100% earning members were observed for 16 borrowers. 2 borrowers were found with 0% earning members in the family.

Table 8.7   Earning Members in the Borrower's Family

No of Groups (1)	TFM,TEM (2)	% of Earning Members in Family (3)	Frequency (4)
1	1,0	0.00	1
2	1,1	100.00	3
3	2,1	50.00	12
4	2,2	100.00	3
5	3,1	33.33	21
6	3,2	66.67	21
7	3,3	100.00	2
8	4,1	25.00	24
9	4,2	50.00	63
10	4,3	75.00	12
11	4,4	100.00	5
12	5,1	20.00	41
13	5,2	40.00	59
14	5,3	60.00	30

Table 8.7 Contd.

No of Groups (1)	TFM,TEM (2)	% of Earning members in Family (3)	Frequency (4)
15	5,4	80.00	3
16	5,5	100.00	3
17	6,0	0.00	1
18	6,1	16.67	14
19	6,2	33.33	29
20	6,3	50.00	14
21	6,4	66.67	7
22	6,5	83.33	5
23	7,1	14.29	11
24	7,2	28.57	19
25	7,3	42.86	12
26	7,4	57.14	5
27	7,5	71.43	2
28	7,6	85.71	1
29	8,1	12.50	5
30	8,2	25.00	6
31	8,3	37.50	4
32	8,4	50.00	7
33	8,5	62.50	2
34	9,1	11.11	2
35	9,2	22.22	3
36	9,3	33.33	5
37	9,4	44.44	6
38	9,5	55.56	1
39	10,2	20.00	1
40	10,3	30.00	5
41	10,4	40.00	3
42	10,5	50.00	1
43	11,3	27.27	3
44	11,4	36.36	1
45	11,5	45.45	1
46	12,5	41.67	1
47	13,3	23.08	1
48	14,1	7.14	1
49	14,5	35.71	1
50	17,1	5.88	1
Total			484

Source: Prepared from Responses

8.1.2 Gender and Decision Making

Decision maker controls the taking / non-taking of loan, its use and in case where loan is used for productive purpose about application of the profit.

Decision to Take the Loan: For taking the loan, basically the borrower herself has to decide. However, many a times their spouse/relatives are playing a decisive role. During the course of survey, various responses are received. Even though the highest percentage (41.12%) was attributable to the self-decision making, the borrower took

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decision in consultation of spouse in 33.26% situations. 19.01% of situations were found, wherein the spouse alone decided, should the loan be taken or not. Thus, self, self & spouse and spouse alone were major decision makers (93.37%). In very few situations decisions were taken by others (Table 8.8)

Table 8.8 Borrower's Decision to Take the Loan

No.	Responses	Frequency	Percentage
1	Self	199	41.12
2	Self & Spouse	161	33.26
3	Spouse	92	19.01
4	Son	7	1.45
5	Mother	5	1.03
6	Self, Son	4	0.83
7	Father	3	0.62
8	Mother-in-law	2	0.41
9	Brother	2	0.41
10	Self, Mother-in-law	1	0.21
11	Self, Sister-in-law	1	0.21
12	Spouse, Mother-in-law	1	0.21
13	Self & Spouse, Son	1	0.21
14	Self & Spouse, Sister-in-law	1	0.21
15	Brother-in-law	1	0.21
16	Daughter-in-law	1	0.21
17	Daughter	1	0.21
18	Sister-in-law	1	0.21
	Total	484	100

Source: Prepared from Responses

Decision to Use the Loan: Borrowers herself has to decide how to use the loan she has taken. However, habitually their spouse and/relatives plays a decisive role. Even if the highest percentage (38.02%) was attributable to the self-decision making, the borrower took decision in consultation with spouse in 33.88% situations. 21.69% of situations were found, wherein the spouse alone had decided, how the loan be used. Thus, self, self & spouse and spouse alone were major decision makers (93.59%). In very few situations, others (Table 8.9) took decisions.

Decision to Use the Profit: In case where loan is used for productive purpose, 44.63% of the borrowers took the decision about application of profit themselves. However, borrowers' spouse and/relatives also plays a decisive role. In 26.65% situations, borrowers took the decision in consultation with their spouse. 22.93% situations were observed wherein the spouse took the decision only. Accordingly, self, self & spouse and spouse alone were major decision makers (94.21%). In very few situations, others (Table 8.10) took the decisions.

Table 8.9   Borrower's Decision to Use the Loan

No.	Responses	Frequency	Percentage
1	Self	184	38.02
2	Self & Spouse	164	33.88
3	Spouse	105	21.69
4	Son	7	1.45
5	Self, Son	6	1.24
6	Mother	5	1.03
7	Father	3	0.62
8	Mother-in-law	2	0.41
9	Brother	2	0.41
10	Sister-in-law	2	0.41
11	Spouse, Mother-in-law	1	0.21
12	Self & Spouse, Son	1	0.21
13	Brother-in-law	1	0.21
14	Daughter	1	0.21
	Total	**484**	**100**

Source: Prepared from Responses

Table 8.10   Borrower's Decision to Use the Profit

No.	Responses	Frequency	Percentage
1	Self	216	44.63
2	Self & Spouse	129	26.65
3	Spouse	111	22.93
4	Self, Son	7	1.45
5	Son	5	1.03
6	Father	3	0.62
7	Mother-in-law	3	0.62
8	Spouse, Mother-in-law	2	0.41
9	Brother-in-law	2	0.41
10	Mother	2	0.41
11	Self & Spouse, Son	1	0.21
12	Son, Daughter-in-law	1	0.21
13	Daughter-in-law	1	0.21
14	Brother	1	0.21
	Total	**484**	**100**

Source: Prepared from Responses

8.1.3   Views about Savings and Training

Saving habit of the borrowers plays a very crucial role in overall economic health of the borrower. As it provides support for repayment of the loan, views about savings were inquired. Borrowers were asked to share their views about savings within the SEWA bank and other than SEWA bank. To know about the popularity of various savings scheme of SEWA bank, the information is also gathered about the same. SEWA bank provides various types of training programme. The trained borrowers are likely to use their funds properly, save regularly and repay the same regularly. Therefore, the borrowers were also asked to share their views regarding their involvement in different

types of training programmes of the SEWA bank. Hence, this section is specially set in the questionnaire to find out the effects of savings and training on the level of loan defaults.

Savings in other than SEWA Bank: Out of total 484 borrowers, 419 (87%) borrowers were found without savings while 65 (13%) borrowers were found with more than one type of savings with other than SEWA bank. Table 8.11 indicates seven different types of savings modes. However, borrowers do not save regularly. Maximum 22 (31.43%) responses were observed for *Vishi* followed by LIC with 14 (20%) responses.

Table 8.11   Borrower's Savings in other than SEWA Bank

No.	Responses	Frequency	%	Regular Savers	Total Amount p/a (in ₹)	%
1	*Vishi*	22	31.43	21	429,500	42.85
2	LIC	14	20.00	14	295,604	29.49
3	Money at home	11	15.71	9	59,825	5.97
4	Private company	10	14.29	9	138,000	13.77
5	Post office savings	8	11.43	8	45,600	4.55
6	Savings & Credit group	3	4.29	3	21,850	2.18
7	Provident Fund	1	1.43	1	12,000	1.20
8	No Response	1	1.43	0	0	0
	Total	70	100	65		

Source: Prepared from Responses

Savings within SEWA Bank: Borrowers were asked whether they know about saving schemes of SEWA bank or not. Positive respondents were further asked to state the source of information about SEWA's schemes, while negative respondents were asked to share the reasons. The purpose behind asking the source and reasons to the borrowers was to cross verify the punctuality of the staff members of the SEWA bank. If staff members of the SEWA bank do their job well and inform the borrowers properly then borrowers can save enough and it can also affect the level of default.

The Table 8.12 shows that 413 (85.33%) borrowers were found with the knowledge of SEWA bank's saving schemes. 71 (14.67%) borrowers did not know about the schemes of SEWA bank. In case of positive response (from 413 borrowers), five different types of sources were reported, and some of the borrowers had more than one source of information. Thus, frequency of sources was found to be 445 from 413 borrowers. Major source of information was banksathi (75.28%). It indicates that banksathis had done a good job in the field and provided proper information to the borrowers. In case of negative response from the 71 borrowers, 17 borrowers had not responded about the reason. This resulted in 54 responses. Totally, 5 reasons came to

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light. Major reason (49.30%) found was, borrowers were not interested in opening saving account with SEWA bank. Only 18.31% responses were found with the reason that banksathi never informed borrowers.

Table 8.12   Knowledge about Saving Schemes of SEWA Bank

No.	➤ Responses	Frequency	Percentage
1	Yes	413	85.33
2	No	71	14.67
	Total	**484**	**100**
	➤ **If Yes....Source of Information**		
1	Your banksathi	335	75.28
2	SEWA bank	75	16.85
3	Hand holder	12	2.7
4	Your banksathi & hand holder	9	2.02
5	Neighbour	9	2.02
6	No Response	5	1.12
	Total	**445**	**100**
	➤ **If No....Reasons**		
1	Are you not interested in opening account with SEWA?	35	49.30
2	Have you ever asked to your banksathi?	13	18.31
3	Have you ever inquired with bank directly?	4	5.63
4	No communication by SEWA to customers	1	1.41
5	No enough money to save	1	1.41
6	No Response	17	23.94
	Total	**71**	**100**

Source: Prepared from Responses

Further, borrowers with the knowledge of saving schemes of the SEWA bank were asked to tell type of saving scheme in which they invested. Here also borrowers reported having more than one saving scheme of the SEWA bank but among them all of them were not regular savers. This indicates that borrowers opened more than one saving account in the SEWA bank but not all of them save the money regularly. Table 8.13 shows that borrowers reported 10 different saving schemes. However, total 483 responses were reported by 413 borrowers while only 131 borrowers (out of 483) are found with regularity in saving. Maximum number of responses were reported for the *Chinta Nivaran Yojana* scheme *i.e.* 109 (22.57%) with 9 borrowers to be regular. This was followed by *Pension Scheme* where 105 (21.74%) borrowers were making savings but 42 borrowers were found to be regular. On examining the amount of saving, maximum amount of ₹7,16,970/- (76.02%) was invested in *Fixed Deposit* scheme by 50 respondents in the SEWA bank, of which only 34 were found to be regular. Second highest amount of saving was found from *Jivan Asha* scheme ₹67,370/-. 83 respondents were reported with the account of *Jivan Asha* scheme in the SEWA bank but only 11 respondents had been found regular.

Table 8.13   Savings in the SEWA Bank

No.	Saving Schemes	Frequency	%	Regular customer	Total Amount p/a (in ₹)	%
1	Chinta Nivaran Yojana	109	22.57	9	9,120	0.97
2	Pension scheme	105	21.74	42	63,400	6.72
3	Jivan Asha	83	17.18	11	67,370	7.14
4	Kishori Gold Yojana	56	11.59	14	19,320	2.05
5	Fixed Deposit	50	10.35	34	716,970	76.02
6	Mangal Prasang Yojana	36	7.45	6	14,400	1.53
7	Recurring account	17	3.52	5	24,600	2.61
8	Saving account	11	2.28	7	14,000	1.48
9	Ghar Fund Yojana	10	2.07	1	12,000	1.27
10	SEWA Vimo	6	1.24	2	2,000	0.21
	Total	**483**	**100**	**131**		

Source: Prepared from Responses

Knowledge about Training Programme: To know the effects of training on the level of borrowers' loan defaults, questions in this section were set. The researcher also tried to know the different types of training provided by the SEWA bank and how many borrowers had taken the training.

Table 8.14   Knowledge about Training Programme

No.	➤ Responses	Frequency	Percentage
1	Yes	269	44.42
2	No	215	55.58
	Total	**484**	**100**
	➤ **If yes....Source of Information**		
1	Your banksathi	212	74.39
2	SEWA bank	54	18.95
3	Your banksathi & hand holder	13	4.56
4	Neighbour	3	1.05
5	Hand holder	2	0.7
6	No Response	1	0.35
	Total	**285**	**100**
	➤ **If No....Reasons**		
1	Have you ever asked to your banksathi?	151	63.71
2	Are you not interested in training with SEWA?	59	24.89
3	Have you ever inquired with bank directly?	15	6.33
4	No communication by SEWA to customers	3	1.27
5	Have you ever asked to your Hand holder?	2	0.84
6	No Response	7	2.95
	Total	**237**	**100**

Source: Prepared from Responses

From the table 8.14 it can be observed that 269 borrowers were found with the knowledge of training programme while 215 borrowers did not know about training programme. All positive borrowers were further asked to inform the source of information. Total five different types of sources were found from 269 borrowers. But due to multiple responses found from 269 borrowers, total 284 responses were reported

for five types of sources., Major source of information was found banksathi *i.e.* 74.39%. In the case of 215 borrowers without having knowledge of training programmes, five different types of reasons were reported. But borrowers selected multiple reasons; total 230 responses were received from 215 borrowers. Major reason of not knowing about the training programme was also banksathi *i.e.* 63.71%. It means either banksathis did not inform about training programme to the borrowers or borrowers themselves never tried to ask banksathis about training. 59 responses (24.89%) were for the reason that borrowers were not interested in training programme of the SEWA bank. Here source of knowledge about training and reason for not knowing training programme was found common. It can be inferred that all banksathis are not consistent about information sharing.

Borrowers with/without Training: Having known about the training programme, taking training is very important. Table 8.15 indicates that only 161 (33.26%) borrowers had taken the training at SEWA bank. 323 (66.74%) borrowers had not undergone any type of training programme. Total five types of training programmes were reported. Many borrowers had taken multiple types of training; therefore, 245 responses are reported from 161 borrowers. Majority of the responses are found for the *short term financial counselling i.e.* 77 (31.43%). Minimum number of responses are found 28 (11.43%) from the training programme of *calculation of Interest.*

Table 8.15 Borrowers with Training

No.	➤ Responses	Frequency	Percentage
1	Yes	161	33.26
2	No	323	66.74
	Total	**484**	**100**
	➤ **If Yes....Type of Training**		
1	Financial Counselling (Short term training)	77	31.43
2	Business Counselling	58	23.67
3	Financial Counselling (Long term training)	52	21.22
4	Amrut Zaranu	30	12.24
5	Calculation of interest	28	11.43
	Total	**245**	**100**
	➤ **If No....Reasons**		
1	You are not interested	156	42.98
2	Closure of one day business is not affordable	83	22.87
3	No communication by SEWA to customers	57	15.70
4	Very inconvenient training timings	47	12.95
5	Your banksathi provide you proper knowledge	7	1.93
6	Your hand holder provide you proper knowledge	1	0.28
7	No Response	12	3.31
	Total	**363**	**100**

Source: Prepared from Responses

On inquiring about the reason for not taking any type of training at SEWA, out of 323 borrowers, responses were received from 311 borrowers, of whom few had attributed more than one reason. Six different types of reasons are recorded. Due to multiple reasons, total 351 responses are reported from 311 borrowers. Maximum 156 (42.98%) number of responses are found with the reasons that borrowers were not interested in taking training at SEWA bank. 83 (22.87%) responses are reported with the reason that closure of one day business is not affordable for the borrowers so they could go to the bank to take the training. It indicates that majority of the borrowers could not take training even if they want. SEWA bank should modify the schedule of training programme (Table 8.15).

8.1.4 Modes for Collecting Loan Instalments

Repayment mode is important from both the side *i.e.* from the borrower's side and from the bank's side. Collection of loan instalments from the borrowers' place is the responsibility of banksathis. Thus, if borrowers had to go to the bank they might not repay regularly. Loan repayment is an important task for the bank as well as borrowers.

Table 8.16   Mode of Repayment

No.	➤ Responses	Frequency	Percentage
1	Through your banksathi	409	82.13
2	Personally go to the bank	70	14.06
3	Through your hand holder	19	3.82
	Total	**498**	**100**
	➤ **If go to the bank personally....Reasons**		
1	Convenient to borrowers	34	47.22
2	Banksathi/hand holder is not trustworthy	14	19.44
3	Banksathi/hand holder do not come to you regularly	8	11.11
4	No response	16	22.22
	Total	**72**	**100**

Source: Prepared from Responses

Table 8.16 shows three different types of sources as found from 484 borrowers. Some of the borrowers have chosen more than one source. Accordingly, total 498 responses are recorded from 484 borrowers. Maximum number of responses *i.e.* 409 (82.13%) were reported for collecting loan instalments through banksathis. It can be said that banksathis are quite particular in their work and much active in the field. Only 70 (14.06%) responses were reported with the source to go personally to the bank and repay. Those 70 respondents were further asked to tell the reason to go to the bank personally, of whom only 54 responded for reason. Three different reasons are reported from them and some of the borrowers have shared more than one reason for going personally to the bank to repay. Thus, total 56 responses are recorded from 54

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respondents. Major responses *i.e.* 34 (47.22%) are found with the reason of convenience of borrowers. Only 8 (11.11%) responses are reported with the reason that banksathi/hand holder did not go to the borrower's place regularly to collect the instalments. Banksathi should try to adjust their schedule with the convenience of borrowers.

8.1.5 Involvement in Loan Facilities

This section covered very important part of the survey. It presents the details of loans taken by the borrowers. This section helps to know about the detail of different loan products, purpose of loan, amount of loan, rate of interest of loan and detail of number of defaults out of total numbers of loans. Borrowers found with both type of loans *i.e.* unsecured and secured loan. Table 8.17 presents the detail of loan products of the SEWA bank with their meaning and/or purposes. 11 types of unsecured loans and 4 types of secured loans are observed from the respondent borrowers.

Table 8.17   Description of Loan Products of the SEWA Bank

No.	Loan Products	Description	Duration of Loan	Type of Loan
1	SN	Sanjeevani Loan (For business purpose)	3 Years (1095 days)	Unsecured
2	US	Unsecured Loan (To pay old debts)	3 Years (1095 days)	Unsecured
3	PH	Paki Bhit HUDCO Loan (Housing purpose)	5 Years (1825 days)	Unsecured
4	DLC	Daily Loan Collection	1 Year (365 days)	Unsecured
5	UA	Annapurna Loan	1 Year (365 days)	Unsecured
6	CL	Capitalization Urban Loan	1 Year (365 days)	Unsecured
7	TPL	Theli Phone Loan (to buy telephone/mobile)	1 Year (365 days)	Unsecured
8	SUC	Suryoday Cash	1 Year (365 days)	Unsecured
9	SD	Salary Deduction Loan	3 Years (1095 days)	Unsecured
10	VL	Vima Loan	3 Years (1095 days)	Unsecured
11	UR	Ujala Unsecured	1 Year (365 days)	Unsecured
12	FO	Fixed Deposit (on the basis of amount of FD)	1 Year (365 days)	Secured
13	SE	Secured Loan	1 Year (365 days)	Secured
14	ODCC/OC	Ornaments (on the basis of valuation of gold)	1 Year (365 days)	Secured
15	EM	Equitable Mortgage (to buy a new house)	1 Year (365 days)	Secured

Source: Prepared from Responses

Analysis of the responses revealed that 484 respondent borrowers were disbursed 1335 loans. Among them, 1309 loans were unsecured and 26 were secured loans. Among them, 869 loans were found paid while 466 loans were found outstanding. According to the responses of the borrowers, 460 borrowers (out of 484) have informed that they had made defaults. The higher proportion of default by the borrowers is mainly attributable to the method followed for the data collection, as the study intended to focus on the loan default and NPA.

Date wise data were gathered regarding disbursement of the loan and payment of the last instalment of the loan from the borrowers. As per the loan repayment terms of

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the SEWA bank for different types of loan products (as mention in Table 8.17), the actual repayment duration for each loan was counted. From screening of each loan, 197 numbers of loans were observed to have default out of 1335. In case of 197 defaulted loans, 76 (38.58%) cases were found from paid loans while 121 (61.42%) were found from outstanding loans. 30 cases were found as multiple loans where 83.33% loans were observed for paid loans even if sanctioning of multiple loans are not allowed to the same borrower until the borrower repays the previous loan (one loan at one time). 11 (36.67%) loans were observed defaulted out of 30 multiple loans. (See table 8.18)

Table 8.18   Number of Loans with Detail Description

		Total Loans	1335	Unsecured Loans	1309	98.05%
				Secured Loans	26	1.95%
Total Loans	1335	Paid	869 (65.09%)	Unsecured Loans	845	97.24%
				Secured Loans	24	2.76%
		Outstanding	466 (34.91%)	Unsecured Loans	464	99.57%
				Secured Loans	2	0.43%
Total Loans	1335	Total Defaults	197 (14.76%)	Paid Loan	76	38.58%
				Outstanding Loan	121	61.42%
Total Loans	1335	Multiple Loans	30 (2.25%)	Paid Loan	25	83.33%
				Outstanding Loan	5	16.67%
		Multiple Loans	30	Default	11	36.67%
				No Default	19	63.33%

Source: Prepared from Responses

Amount wise Detail of Loans: As presented in Table 8.19, loan amount was found in the range of ₹1,000 to ₹2,50,000. Maximum 433 (32.43%) numbers of total loans were found in the range of ₹1,000 to ₹10,000. Among them 421 (32.16%) loans were unsecured loans and 12 (46.15%) loans were secured. Minimum 44 (3.30%) numbers of total loans were observed from the range of amount ₹51,000 and above. Among them 41 (3.13%) loans were found unsecured and only 3 loans were found secured.

Table 8.19   Amount of the Loans (Unsecured & Secured)

No.	Amount (in ₹)	Unsecured Loans	Unsecured (%)	Secured Loans	Secured (%)	Total Loans	Total Loans (%)
1	1,000-10,000	421	32.16	12	46.15	433	32.43
2	11,000-20,000	280	21.39	5	19.23	285	21.35
3	21,000-30,000	274	20.93	3	11.54	277	20.75
4	31,000-40,000	124	9.47	1	3.85	125	9.36
5	41,000-50,000	169	12.91	2	7.69	171	12.81
6	51,000 and above	41	3.13	3	11.54	44	3.3
	Total	1309	100	26	100	1335	100

Source: Prepared from Responses

Product wise Detail of Loans: Table 8.20 presents the product wise details of all 1335 loans. Looking to the unsecured loans, maximum numbers 575 (43.93%) loans were reported from *Sanjeevani Loan (SN)* with the disbursed amount of ₹14,820,000/- (47.37%). SN loans were given to the borrowers for the purpose of business by the SEWA bank. Thus, it can be said that borrowers had taken the maximum numbers of loans for productive purpose.

328 (25.06%) numbers of loans were found from the product *Unsecured Loans (US)*. SEWA bank sanctioned the US loans to the borrowers targeting the payments of borrower's old debts. Total amount disbursed was ₹8,300,200/- .

238 (18.18%) numbers of loans were recorded from the product *Paki Bhit HUDCO Loan (PH)* with the total disbursed amount of ₹6,291,000/-. PH loans are sanctioned by the SEWA bank for the housing purpose. SN, US and PH were observed as widely used loan products of the SEWA bank among borrowers of the SEWA bank as 87.17% of loans of respondents was covered by these three products.

Table 8.20 Product wise Detail of Loans

No.	Products	Frequency	%	Amount Disbursed (in ₹)	Amt. (in %)
	➢ Unsecured				
1	SN	575	43.93	14,820,000	47.37
2	US	328	25.06	8,300,200	26.53
3	PH	238	18.18	6,291,000	20.11
4	DLC	126	9.63	1,144,000	3.66
5	CL	13	0.99	535,000	1.71
6	UA	11	0.84	36,000	0.12
7	SUC	8	0.61	12,000	0.04
8	SD	4	0.31	120,000	0.38
9	TPL	3	0.23	15,000	0.05
10	VL	2	0.15	4,600	0.01
11	UR	1	0.08	7,000	0.02
	Total	**1309**	**100**	**31,284,800**	**100**
	➢ Secured				
1	FO	12	46.15	324,900	42.62
3	ODCC/OC	7	26.92	102,000	13.38
2	SE	6	23.08	85,500	11.21
4	EM	1	3.85	250,000	32.79
	Total	**26**	**100**	**762,400**	**100**
Total		**1,335**		**32,047,200**	

Source: Prepared from Responses

Looking to the secured loans, maximum 12 (46.15%) numbers of loans were found for *Fixed Deposit (FO)* followed by 7 (26.92%) loans found for ODCC. FO loan was sanctioned on the basis of the amount of their fixed deposit in the SEWA bank while ODCC loan was sanctioned on the basis of the valuation of gold.

Purpose wise Detail of Loans: 12 different types of purposes were observed for unsecured loans while 3 different purposes were observed for secured loans. Data in Table 8.21 shows that for 306 (23.38%) unsecured loans and 22 secured loans, no purpose was communicated. However, total amount disbursed to those loans were ₹6,617,800 (21.15%) and ₹4,40,700 (57.80%) respectively.

Out of remaining 76.62% of unsecured loans, 67.61% proportion was observed for the purposes of business, housing and repay debt. 574 (43.85%) loans were taken for business purpose followed by 183 (13.98%) loans taken for housing purpose and 128 (9.78%) loans taken for repayment of old debt. Loans taken for the productive/business purpose were disbursed maximum amount ₹14,192,000/-. However, looking to the secured loans, only 2 (7.69%) loans with disbursement of ₹70,000/- were taken for productive/business purpose, out of 15.38% of loans for which purpose was communicated.

Table 8.21 Purpose wise Detail of Loans

No.	Purposes	Frequency	%	Amount Disbursed (in ₹)	Amt. (in %)
	➢ **Unsecured**				
1	Business	574	43.85	14,192,000	45.36
2	Housing	183	13.98	4,721,000	15.09
3	Pay Debt	128	9.78	3,148,000	10.06
4	Social Expense	64	4.89	1,679,000	5.37
5	Medical Expense	25	1.91	549,000	1.75
6	Educational Expense	8	0.61	135,000	0.43
7	Grains	8	0.61	16,000	0.05
8	Household Expense	6	0.46	97,000	0.31
9	Buy Telephone	2	0.15	10,000	0.03
10	Shop Repairing	2	0.15	45,000	0.14
11	To go Abroad	2	0.15	50,000	0.16
12	Social Work	1	0.08	25,000	0.08
13	No Response	306	23.38	6,617,800	21.15
	Total	**1309**	**100**	**31,284,800**	**100**
	➢ **Secured**				
1	Business	2	7.69	70,000	9.18
2	Social Expense	1	3.85	1,700	0.22
3	Buy new house	1	3.85	250,000	32.79
4	No Response	22	84.62	440,700	57.80
	Total	**26**	**100**	**762,400**	**100**
Total		**1,335**		**32,047,200**	

Source: Prepared from Responses

On examining *Awareness about Rates of Interest* (Table 8.22) the borrowers responded 7 different rates. For 863 (65.93%) unsecured loans out of 1309 loans it was responded that rates are not known to them and for 22 (84.62%) secured loans out of 26 loans it was responded that the interest rates are not known to them. Thus, it was inferred that the level of awareness is very poor. Tiwari, Khandelwal, and Ramji (2008)

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have also found that microfinance clients in India think about their loans in terms of how much they owe on a weekly basis but know very little about their interest rate or total interest expenses.[1]

Out of remaining 34.07% (1309-863) of unsecured loans, for 291 (22.23%) loans it was responded that the rate is 1.5% p/m while for 29 (2.22%) loans it was responded that the rate is 18% p.a. According to the terms of the SEWA bank, both the rates *viz.* 1.5 % p.m. and 18% p.a. are correct. Hence, it can be recognized that in 24% cases (out of 34.07%) the respondents were perfectly aware about rates of interest. However, looking to 69 (5.27%) loans it was responded that no need to know the rates because they trusted the SEWA bank and whatever the rates are charged by them is correct. Looking to the 15.38% of secured loans (26-22) who responded to the rates of interest for 2 (7.69%) loans correct interest rate was responded at 1.5% p.m.

Table 8.22   Awareness of Rates of Interest

No.	Interest Rates	Frequency	Percentage
	➤ Unsecured		
1	1.5% p/m	291	22.23
2	Trust	69	5.27
3	2% p/m	35	2.67
4	18% p/a	29	2.22
5	1% p/m	14	1.07
6	1.75% p/m	4	0.31
7	3% p/m Compound	4	0.31
8	Don't know	863	65.93
	Total	**1309**	**100**
	➤ Secured		
1	1.5% p/m	2	7.69
2	13% Approx	1	3.85
3	1% p/m	1	3.85
4	Don't know	22	84.62
	Total	**26**	**100**
Total		**1335**	

Source: Prepared from Responses

8.1.6   Reasons of Defaults in Loan Repayment

This section presents very important information for the purpose of the study. Borrowers were asked whether they had made any default in loan repayment or not. According to the Table 8.23, 460 (95.04%) borrowers had made defaults while only 24 (4.96%) borrowers found without making any default. Borrowers were asked to share the reasons for making defaults and borrowers without any defaults were asked to inform how they manage to repay. Total 23 different reasons were reported from defaulted borrowers and total 8 different reasons were reported from regular borrowers. As majority of borrowers assigned more than one reason for default in loan repayment, 1418

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responses were received from 460 defaulted borrowers while total 89 responses were received from 24 regular borrowers. Thus, defaulted borrowers are more.

Table 8.23   Borrowers with Reasons of Defaults

No.	➢ Responses	Frequency	Percentage
1	Yes	460	95.04
2	No	24	4.96
	Total	**484**	**100**
	➢ **If Yes.... Reasons**		
1	High fluctuation in income	216	15.23
2	Illness	188	13.26
3	Sudden expenses	165	11.64
4	Borrow money from non-bankers with high interest rate	141	9.94
5	Expenses in excess of income	114	8.04
6	Social expenses	92	6.49
7	Heavy debt	73	5.15
8	Son/Husband is not earning	69	4.87
9	Loss of business	54	3.81
10	Paying another loan other than from SEWA	51	3.60
11	Loss of job	50	3.53
12	Death of family member(s)	48	3.39
13	Loss in business	48	3.39
14	Educational expenses	41	2.89
15	Not satisfied with bank & its services	21	1.48
16	Expenses of children	10	0.71
17	Bought a new house	9	0.63
18	Out of town for some days	7	0.49
19	Loan had been given to other person to use	7	0.49
20	Loan had been given to other in the family	6	0.42
21	Unwillingness to repay	5	0.35
22	Gave away loan to another person	2	0.14
23	Father is not earning	1	0.07
	Total	**1418**	**100**
	➢ **If No.... Reasons**		
1	Regular saving	21	23.60
2	Regular income	18	20.22
3	Economize their spending	16	17.98
4	All family members are earning	14	15.73
5	Pay loan instalment first from salary	11	12.36
6	Regularity of banksathi in collection of cash	4	4.49
7	Member of all saving schemes of SEWA	3	3.37
8	Proper knowledge is being provided by banksathi/hand holder	2	2.25
	Total	**89**	**100**

Source: Prepared from Responses

By analyzing the views from defaulted borrowers (Table 8.23), it can be noted that major reason for defaulting the loan was high fluctuation in income of the borrowers, as the highest number (216 – 15.23%) of responses are observed for this reason. 188 (13.26%) responses are attributed to the reason illness among the borrowers. 165 (11.64%) responses were found with the reason of unexpected (sudden) expenses.

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141 (9.94%) responses were attributed to the reason that they had borrowed money from non-bankers with high interest rate. Thus, to repay the loans with high interest rate first, borrowers had made default in the loan of the SEWA bank. 92 (6.49%) responses were observed for the reason social expenses. 73 (5.15%) responses are for default due to heavy debt. They could not repay SEWA bank's loan as they were already suffering from the condition of heavy debt. Hence, by covering 69.75% of the total proportion, following reasons can be considered as major reasons of defaults *viz.* high fluctuation in income, illness, unexpected (sudden) expenses, borrowed from non-bankers, expenses in excess of income, social expenses and heavy debt. Reddy K[2] also pointed out that because of unexpected incidences such as illness, accident and death of member or earning members in the households, the SHG members made defaults.

Regular borrowers had also shared their ideas how they managed to repay on time regularly. 21 (23.60%) responded that on account of regular saving they could repay. 18 (20.22%) responses were found with the reason of regular income of the borrowers. Borrowers had believed in economizing their spending. Thus, 16 (17.98%) responses were attributed to this reason. 14 (15.73%) responses were reported with the reason that all family members were earning. Therefore, borrowers could repay easily. 11 (12.36%) responses were attributed to priority of payment of loan instalment from the salary to avoid any default. Above six reasons emerged as very important reasons explaining 89.89% of reasons for regularity in repayment of loan.

8.1.7 Frequency of borrowing and Loan Category

One of the important purposes of the study is to find out the causes of defaults made by the borrowers. For that purpose, various factors are indentified. To begin with 484 respondent borrowers are grouped by their frequency of borrowings (unsecured loan and secured loan both). Thus, the data regarding one time borrowers to ten time borrowers are classified.

Looking to the response data, for unsecured loans, the information for 8th time borrowers were not found while for secured loans, the information for 4, 5, 7, 8, and 9th time borrowers were not observed. Numbers of defaults are counted for each loan. Accordingly, borrowers with total number of unsecured and secured loan with total number of defaults are derived.

Table 8.24   Category wise Total Borrowers with Total Number of Loans and Defaults

➤ **Unsecured Loans**

Frequency of Borrowings by Borrowers		NPA Categories						Total
		Standard A	Standard B	Sub Standard	Doubtful 1	Doubtful 2	Doubtful 3	
0 time	TB	1	0	0	0	0	0	1
	TL	0	0	0	0	0	0	0
	DFL	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0
1 time	TB	0	12	21	26	28	19	106
	TL	0	12	21	26	28	19	106
	DFL	0	0	6	9	11	7	33
	%	0	0	28.57	34.62	39.29	36.84	31.13
2 time	TB	2	20	29	37	38	20	146
	TL	4	40	58	74	76	40	292
	DFL	0	5	7	9	20	12	53
	%	0	12.50	12.07	12.16	26.32	30.00	18.15
3 time	TB	8	13	31	31	25	5	113
	TL	24	39	93	93	75	15	339
	DFL	1	2	5	16	16	4	44
	%	4.17	5.13	5.38	17.2	21.33	26.67	12.98
4 time	TB	5	7	19	14	10	5	60
	TL	20	28	76	56	40	20	240
	DFL	3	1	11	8	10	3	36
	%	15.00	3.57	14.47	14.29	25.00	15.00	15.00
5 time	TB	3	6	13	6	4	0	32
	TL	15	30	65	30	20	0	160
	DFL	0	0	3	3	3	0	9
	%	0	0	4.62	10.00	15.00	0	5.63
6 time	TB	4	5	6	1	1	0	17
	TL	24	30	36	6	6	0	102
	DFL	0	2	3	0	0	0	5
	%	0	6.67	8.33	0	0	0	4.90
7 time	TB	0	2	2	2	0	0	6
	TL	0	14	14	14	0	0	42
	DFL	0	0	0	1	0	0	1
	%	0	0	0	7.14	0	0	2.38
8 time	TB	NIL						
	TL							
	DFL							
	%							
9 time	TB	0	0	2	0	0	0	2
	TL	0	0	18	0	0	0	18
	DFL	0	0	2	0	0	0	2
	%	0	0	11.11	0	0	0	11.11
10 time	TB	1	0	0	0	0	0	1
	TL	10	0	0	0	0	0	10
	DFL	1	0	0	0	0	0	1
	%	10.00	0	0	0	0	0	10
Total	TB	24	65	123	117	106	49	484
	TL	97	193	381	299	245	94	1309
	DFL	5	10	37	46	60	26	184
	%	5.15	5.18	9.71	15.38	24.49	27.66	14.06

Table 8.24   Contd.

➢ Secured Loans							
Frequency of Borrowings by Borrowers		**NPA Categories**						**Total**
		Standard A	**Standard B**	**Sub Standard**	**Doubtful 1**	**Doubtful 2**	**Doubtful 3**	
0 time	TB	21	63	120	115	105	46	470
	TL	0	0	0	0	0	0	0
	DFL	0	0	0	0	0	0	0
	%	0	0	0	0	0	0	0
1 time	TB	2	1	2	2	0	1	8
	TL	2	1	2	2	0	1	8
	DFL	0	0	2	2	0	0	4
	%	0	0	100.00	100.00	0	0	50.00
2 time	TB	0	1	1	0	1	0	3
	TL	0	2	2	0	2	0	6
	DFL	0	1	0	0	1	0	2
	%	0	50.00	0	0	50.00	0	33.33
3 time	TB	1	0	0	0	0	1	2
	TL	3	0	0	0	0	3	6
	DFL	0	0	0	0	0	2	2
	%	0	0	0	0	0	66.67	33.33
4 & 5 time	TB	NIL						
	TL							
	DFL							
	%							
6 time	TB	0	0	0	0	0	1	1
	TL	0	0	0	0	0	6	6
	DFL	0	0	0	0	0	5	5
	%	0	0	0	0	0	83.33	83.33
7,8,9 & 10 time	TB	NIL						
	TL							
	DFL							
	%							
Total	TB	24	65	123	117	106	49	484
	TL	5	3	4	2	2	10	26
	DFL	0	1	2	2	1	7	13
	%	0	33.33	50.00	100.00	50.00	70.00	50.00

Source: Prepared from Responses

Table 8.24 shows the category wise detail of all 484 borrowers with 1335 loans and number of defaults for each type of loan. Out of 1309 unsecured loans, 184 loans were observed with default. 26 secured loans are found with 13 (50%) numbers of default. It can be seen that proportion of default is higher in case of secured loans in comparison to unsecured loans.

In case of unsecured loans, 381 loans (out of total 1309) were found for sub standard category with 37 (9.71%) number of defaults. Naturally, maximum proportion of defaults was observed at 28% for doubtful 3 category *i.e.* 26 defaults out of 94 loans. However, among doubtful 3 category, major proportion of defaults was found at 37% (7 defaults out of 19 loans) for 1-time borrowers. Standard A category observed at 5.15%

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(5 defaults out of 97 loans) defaults. Among them, 15% (3 defaults out of 20 loans) defaults were observed for 5-time borrowers.

In case of unsecured loans, looking to the frequency of borrowings, major proportion (31.13%) of defaults was observed for 1st time borrowers followed by 18.15% (2 time borrowers) and 15% (4 time borrowers). Minimum proportion of defaults was observed at 2% for 7th time borrowers. The table indicates that borrowers made more defaults in the initial stage of borrowings. As the frequency of borrowings increased the number of defaults decreased.

In case of secured loans, 10 loans (out of total 26) were found for doubtful 3 category with 70% (7 defaults out of 10 loans) of defaults. 100% (2 defaults out of 2 loans) of defaults was observed for doubtful 1 category. Minimum proportion was observed at 0% (0 defaults out of 5 loans) defaults for standard A category.

In case of secured loans, looking to the frequency of borrowings, maximum proportion i.e. 83% of defaults were observed for 6th time borrowers (category doubtful 3) i.e. 5 defaults out of 6 loans followed by 50% defaults for 1st time borrowers. Among 1st time borrowers, sub standard and doubtful 1 categories was observed for 100% defaults. Minimum number of defaults observed at 33% for 2 time and 3 time borrowers each.

8.2 Factors Affecting to Loan Default

As one of the important aspects of the study is to identify and understand the reasons for loan defaults, the factors are divided mainly into 4 groups viz. socio-demographic factors, economic factors, loan related factors, and financial literacy.[3] After that taking various factors, an attempt is made to examine the status of default with reference to various factors and the frequency of borrowing. Following para presents discussion on the same.

8.2.1 Socio-Demographic Factors

This group deals with the following factors of the borrowers such as age, religion, caste, marital status, education level, gender and decision making and borrowers' household situation. An attempt is made to classify the social factors and frequency of borrowings and loan defaults.

A.   Age of the Borrowers: According to the Table 8.1, 10 borrowers were found from the age group of 61-80. Maximum (28.57%) share of DFL for UL was observed for the age group of 61-80 where 37.5% DFL was found from 2nd time borrowers. 25% DFL was observed for the group of 81-100 from 4th time borrowers. It can be seen that

Table 8.25   Age of the Borrowers and Defaults

Frequency of Borrowings by Borrowers		Age Group																	
		0-20			21-40			41-60			61-80			81-100			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	2	2	100.00	69	25	36.23	33	4	12.12	2	2	0	0	0	0	106	33	31.13
	SL	0	0	0	4	2	50.00	4	2	50.00	0	0	0	0	0	0	8	4	50.00
2 time	UL	8	0	0	168	25	14.88	108	25	23.15	8	3	37.50	0	0	0	292	53	18.15
	SL	0	0	0	2	0	0	4	2	50.00	0	0	0	0	0	0	6	2	33.33
3 time	UL	3	1	33.33	198	21	10.61	138	22	15.94	0	0	0	0	0	0	339	44	12.98
	SL	0	0	0	6	2	33.33	0	0	0	0	0	0	0	0	0	6	2	33.33
4 time	UL	0	0	0	124	19	15.32	100	13	13.00	12	3	25.00	4	1	25.00	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	0	0	0	50	2	4.00	110	7	6.36	0	0	0	0	0	0	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	0	0	0	54	2	3.70	42	3	7.14	6	0	0	0	0	0	102	5	4.90
	SL	0	0	0	6	5	83.33	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	7	0	0	28	1	3.57	7	0	0	0	0	0	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL							NIL											
	SL																		
9 time	UL	0	0	0	0	0	0	18	2	11.11	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	10	1	10.00	0	0	0	0	0	0	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	20	3	15.00	701	96	13.69	556	76	13.67	28	8	28.57	4	1	25.00	1309	184	14.06
	SL	0	0	0	18	9	50.00	8	4	50.00	0	0	0	0	0	0	26	13	50.00

Source: Prepared from Responses

borrowers above the age of 60 made more number of defaults. Looking to the age group of 21-40 and 41-60, share of DFL of UL and SL both was observed almost same *i.e.* 13.67% (13.69%) and 50% respectively. However, highest TL was found 701 (UL) and 18 (SL) for the age group of 21-40 where total number of borrowers were. 275 (Table 8.1). For the age group of 21-40, maximum 36.23% of DFL (UL) was found from 1st time borrower while for the age group of 41-60, maximum 23.15% of DFL (UL) was found from 2nd time borrowers. It can be inferred that borrowers with the age below 60 took more numbers of loans and made less numbers of defaults on the other hand they made highest number of defaults in initial stages of loans.

B. **Religion of the Borrowers**: Maximum numbers of borrowers, 368 (out of 484), were observed for Hindu religion. Accordingly, highest 975 ULs and 18 SLs were taken by the 368 Hindu borrowers. 14.46% of DFL (UL) and 55.56% of DFL (SL) were also observed from Hindu borrowers where 32.56% DFL (UL) was found from 1st time borrowers. Muslim borrowers (115 out of 484) were found at 12.95% of DFL (UL) where 25% of DFL was found from 1st time borrowers. Highest proportion of defaults was observed from initial stage of loan taken by the borrowers. (See table 8.26)

Table 8.26   Religion of Borrowers and Defaults

Frequency of Borrowings by Borrowers		Religion											
		Hindu			Muslim			Jain			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	86	28	32.56	20	5	25.00	0	0	0	106	33	31.13
	SL	5	2	40.00	3	2	66.67	0	0	0	8	4	50.00
2 time	UL	222	42	18.92	68	11	16.18	2	0	0	292	53	18.15
	SL	4	1	25.00	2	1	50.00	0	0	0	6	2	33.33
3 time	UL	249	35	14.06	90	9	10.00	0	0	0	339	44	12.98
	SL	3	2	66.67	3	0	0	0	0	0	6	2	33.33
4 time	UL	180	25	13.89	60	11	18.33	0	0	0	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	115	6	5.22	45	3	6.67	0	0	0	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	84	3	3.57	18	2	11.11	0	0	0	102	5	4.90
	SL	6	5	83.33	0	0	0	0	0	0	6	5	83.33
7 time	UL	21	0	0	21	1	4.76	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL	NIL											
	SL												
9 time	UL	18	2	11.11	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	10	1	10.00	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	975	141	14.46	332	43	12.95	2	0	0	1309	184	14.06
	SL	18	10	55.56	8	3	37.50	0	0	0	26	13	50.00

Source: Prepared from Responses

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C.   Caste of the Borrowers: Table 8.27 shows that highest number of defaults was observed for other caste. Total 8 borrowers (out of 484) were found with 21 ULs where DFLs are observed 5 (23.81%). Among them 66.67% of DFL was observed from 1st time borrowers. 14.74% of UL defaults were observed for borrowers who do not know their caste. Total 236 (out of 484) borrowers were found with 624 ULs and 13 SLs, where 26% of defaults of ULs were found from 1st time borrowers. Looking to the SLs, out of total 61.54% of defaults, 83% DFLs were found from 6th time borrowers.

D.   Marital Status of the Borrowers: Table 8.28 reveals that maximum share (21.82%) of UL defaults was observed for widow borrowers. Total 39 (out of 484) widow borrowers were found with 110 ULs and 2 SLs. Among them 37.50% UL defaults was found from 1st time borrowers while 50% of SL defaults was found from 2nd time borrowers. Out of 484 respondent borrowers, 90% (436) borrowers were married. Therefore, naturally highest 1170 ULs and 24 SLs were observed for married borrowers. However, 13.42% of UL defaults and 50% of SL defaults were found from married borrowers. Among them 30.93% of UL defaults was found from 1st time borrowers while 83.33% SL defaults was found from 6th time borrowers.

E.   Education Level of the Borrowers: Reference to the Table 8.5, indicates that out of 484 borrowers 161 (33.26%) and 168 (34.71%) belong to category of uneducated and primary education. However, Table 8.29 reveals that, highest 18.34% (73) of UL defaults were made by the uneducated borrowers where total 398 ULs were observed. Among them 32.61% of UL defaults was found from 1st time borrowers. Primary educated borrowers were observed with highest number of ULs (467) and SLs (8) where UL defaults was observed at 14.13% (33% were 1st time borrowers) and SL defaults was observed at 87.50% (83% were 6th time borrowers). It can be inferred that borrowers with low level of education made more number of defaults.

F.   Gender and Decision Making: Decision making power of women borrowers regarding three financial situations had been checked in the survey. First situation was decision to take the loan, Second situation was decision to use the loan and third situation was decision to use the profit. Following lines discusses the same.

Decision to Take the Loan: From the Table 8.8 it can be observed that out of 484 borrowers 199 (41.12%) borrowers were observed self-decision makers. According to the Table 8.30, naturally, highest 561 ULs and 14 SLs were observed for self decision makers with 16.04% UL defaults and 71.43% SL defaults. Looking to the UL defaults, 31.25% defaults was found from 1st time borrowers while 83.33% SL defaults was found from 6th time borrowers. Only 32 (out of 484) borrowers were observed with 76 ULs

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Table 8.27   Caste of the Borrowers and Defaults

Frequency of Borrowings by Borrowers		General			SC/ST			OBC			Other			Don't Know			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	13	3	23.08	13	5	38.46	27	10	37.04	3	2	66.67	50	13	26.00	106	33	31.13
	SL	0	0	0	2	1	50.00	3	1	33.33	0	0	0	3	2	66.67	8	4	50.00
2 time	UL	32	6	18.75	36	7	19.44	64	15	23.44	4	0	0	156	25	16.03	292	53	18.15
	SL	0	0	0	0	0	0	0	0	0	2	1	50.00	4	1	25.00	6	2	33.33
3 time	UL	30	3	10.00	51	5	9.80	87	10	11.49	3	1	33.33	168	25	14.88	339	44	12.98
	SL	3	0	0	0	0	0	3	2	66.67	0	0	0	0	0	0.00	6	2	33.33
4 time	UL	16	3	18.75	36	4	11.11	80	10	12.50	0	0	0	108	19	17.59	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	20	0	0	25	1	4.00	40	3	7.50	5	0	0	70	5	7.14	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	6	0	0	30	0	0	18	0	0	6	2	33.33	42	3	7.14	102	5	4.90
	SL	0	0	0	0	0	0	0	0	0	0	0	0	6	5	83.33	6	5	83.33
7 time	UL	0	0	0	7	0	0	14	0	0	0	0	0	21	1	4.76	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL										NIL								
	SL																		
9 time	UL	0	0	0	0	0	0	9	1	11.11	0	0	0	9	1	11.11	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	10	1	10.00	0	0	0	0	0	0	0	0	0	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	127	16	12.60	198	22	11.11	339	49	14.45	21	5	23.81	624	92	14.74	1309	184	14.06
	SL	3	0	0	2	1	50.00	6	3	50.00	2	1	50.00	13	8	61.54	26	13	50.00

Source: Prepared from Responses

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Table 8.28 Marital status of the Borrowers and Defaults

Frequency of Borrowings by Borrowers		Marital Status																		
		Unmarried			Married			Divorced			Deserted			Widowed			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	0	0	0	97	30	30.93	0	0	0	1	0	0	8	3	37.50	106	33	31.13
	SL	0	0	0	8	4	50.00	0	0	0	0	0	0	0	0	0	8	4	50.00
2 time	UL	2	1	50.00	266	46	17.29	2	0	0	2	1	50.00	20	5	25.00	292	53	18.15
	SL	0	0	0	4	1	25.00	0	0	0	0	0	0	2	1	50.00	6	2	33.33
3 time	UL	3	0	0	312	39	12.50	0	0	0	0	0	0	24	5	20.83	339	44	12.98
	SL	0	0	0	6	2	33.33	0	0	0	0	0	0	0	0	0	6	2	33.33
4 time	UL	8	1	12.50	200	28	14.00	0	0	0	0	0	0	32	7	21.88	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	0	0	0	135	5	3.70	0	0	0	5	0	0	20	4	20.00	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	6	0	0	90	5	5.56	0	0	0	0	0	0	6	0	0	102	5	4.90
	SL	0	0	0	6	5	83.33	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	0	0	0	42	1	2.38	0	0	0	0	0	0	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL								NIL										
	SL																		
9 time	UL	0	0	0	18	2	11.11	0	0	0	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	10	1	10.00	0	0	0	0	0	0	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	19	2	10.53	1170	157	13.42	2	0	0	8	1	12.50	110	24	21.82	1309	184	14.06
	SL	0	0	0	24	12	50.00	0	0	0	0	0	0	2	1	50.00	26	13	50.00

Source: Prepared from Responses

Table 8.29   Education Level of Borrowers and Defaults

Educational Attainment

Frequency of Borrowings by Borrowers		Uneducated TL	DFL	%	Primary TL	DFL	%	Secondary TL	DFL	%	H. Secondary TL	DFL	%	Graduate TL	DFL	%	Post Graduate TL	DFL	%	Total TL	DFL	%
1 time	UL	46	15	32.61	30	10	33.33	25	7	28.00	4	1	25.00	0	0	0	1	0	0	106	33	31.13
	SL	2	1	50.00	2	2	100.00	4	1	25.00	0	0	0	0	0	0	0	0	0	8	4	50.00
2 time	UL	94	21	22.34	106	20	18.87	74	11	14.86	4	0	0	12	1	8.33	2	0	0	292	53	18.15
	SL	4	1	25.00	0	0	0	2	1	50.00	0	0	0	0	0	0	0	0	0	6	2	33.33
3 time	UL	105	19	18.10	120	15	12.50	93	7	7.53	15	2	13.33	3	1	33.33	3	0	0	339	44	12.98
	SL	0	0	0	0	0	0	6	2	33.33	0	0	0	0	0	0	0	0	0	6	2	33.33
4 time	UL	76	11	14.47	104	15	14.42	52	10	19.23	4	0	0	4	0	0	0	0	0	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	30	2	6.67	55	4	7.27	55	2	3.64	15	1	6.67	5	0	0	0	0	0	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	24	3	12.50	36	1	2.78	30	1	3.33	12	0	0	0	0	0	0	0	0	102	5	4.90
	SL	0	0	0	6	5	83.33	0	0	0	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	14	1	7.14	7	0	0	7	0	0	14	0	0	0	0	0	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL									NIL												
	SL																						
9 time	UL	9	1	11.11	9	1	11.11	0	0	0	0	0	0	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	0	0	0	10	1	10.00	0	0	0	0	0	0	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	398	73	18.34	467	66	14.13	346	39	11.27	68	4	5.88	24	2	8.33	6	0	0	1309	184	14.06
	SL	6	2	33.33	8	7	87.50	12	4	33.33	0	0	0	0	0	0	0	0	0	26	13	50.00

Source: Prepared from Responses

and 12 SLs from the category of decision makers consulting other than self and/or spouse. However, 15.79% (27% were 2nd time borrowers) of UL defaults and 66.67% (3rd time borrowers) SL defaults were observed for the same category of borrowers. Looking to the situation where the decision is taken by spouse only total UL defaults was noticed at 14.41% (26.09% were 1st time borrowers) while situation where decision was taken by consulting the spouse the UL defaults was noticed decreased at 11.06% (42.86% were 1st time borrowers).

The data indicates that if decision was taken by borrowers themselves only, the numbers of defaults are high but if borrowers made decision by consulting their spouse the number of defaults decreased as borrower's spouse also felt equal responsibility to repay the loan (See Table 8.30).

Table 8.30   Decision to Take the Loan and Defaults

Frequency of Borrowings by Borrowers		Person Making Decision to Take the Loan													
		Self			Spouse			Self & Spouse			Other than Self &/or Spouse			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	48	15	31.25	23	6	26.09	28	12	42.86	7	0	0	106	33	31.13
	SL	4	3	75.00	3	1	33.33	1	0	0	0	0	0	8	4	50.00
2 time	UL	98	23	23.47	62	14	22.58	110	10	9.09	22	6	27.27	292	53	18.15
	SL	4	2	50.00	0	0	0	2	0	0	0	0	0	6	2	33.33
3 time	UL	138	22	15.94	60	5	8.33	114	13	11.40	27	4	14.81	339	44	12.98
	SL	0	0	0	0	0	0	3	0	0	3	2	66.67	6	2	0
4 time	UL	100	18	18.00	36	5	13.89	84	11	13.10	20	2	10.00	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	85	6	7.06	15	2	13.33	60	1	1.67	0	0	0	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	60	4	6.67	12	1	8.33	30	0	0	0	0	0	102	5	4.90
	SL	6	5	83.33	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	14	0	0	21	0	0	7	1	14.29	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL	NIL														
	SL															
9 time	UL	18	2	11.11	0	0	0	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	0	0	0	10	1	0	0	0	0	10	1	0
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	561	90	16.04	229	33	14.41	443	49	11.06	76	12	15.79	1309	184	14.06
	SL	14	10	71.43	3	1	33.33	6	0	0	3	2	66.67	26	13	50.00

Source: Prepared from Responses

Decision to Use the Loan: Decision to take the loan is not only important but decision to use the loan is equally important. Where to invest the loan amount is very important as that affects the level of defaults. If the amount of loan is not used properly, it will not give proper return to the borrower and borrower will make default. Here Table 8.31 shows the similar results as per the previous Table (8.30). With reference to the Table 8.9, out of 484 borrowers highest 184 (38.02%) borrowers were observed self-decision makers. Table 8.31 reveals unsurprisingly that highest 523 ULs and 14 SLs

were observed for self decision makers with 16.44% UL defaults and 71.43% SL defaults. Looking to the UL defaults, 30.95% defaults was found from 1st time borrowers while 83.33% SL defaults was found from 6th time borrowers. Only 31 (out of 484) borrowers were observed with 75 ULs and 3 SLs from the category of decision makers consulting other than self and/or spouse. However, 16% (27% were 2nd time borrowers) of UL defaults and 66.67% (3rd time borrowers) SL defaults were observed for the same category of borrowers. Looking to the situation where the decision is taken by spouse only total UL defaults was noticed at 15.02% (30% were 1st time borrowers) while in situation where decision was taken by consulting the spouse the UL defaults was noticed decreased at 10.48% (39.29% were 1st time borrowers).

Table 8.31   Decision to Use the Loan and Defaults

Frequency of Borrowings by Borrowers		Person Making Decision to Use the Loan													
		Self			Spouse			Self & Spouse			Other than Self &/or Spouse			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	42	13	30.95	30	9	30.00	28	11	39.29	6	0	0	106	33	31.13
	SL	4	3	75.00	2	1	50.00	2	0	0	0	0	0	8	4	50.00
2 time	UL	92	21	22.83	70	14	20.00	108	12	11.11	22	6	27.27	292	53	18.15
	SL	4	2	50.00	0	0	0	2	0	0.00	0	0	0	6	2	33.33
3 time	UL	132	23	17.42	69	6	8.70	111	11	9.91	27	4	14.81	339	44	12.98
	SL	0	0	0	0	0	0	3	0	0	3	2	66.67	6	2	33.33
4 time	UL	96	18	18.75	36	6	16.67	88	10	11.36	20	2	10.00	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	75	6	8.00	15	2	13.33	70	1	1.43	0	0	0	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
6 time	UL	54	3	5.56	12	1	8.33	36	1	2.78	0	0	0	102	5	4.90
	SL	6	5	83.33	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	14	0	0	21	0	0	7	1	14.29	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL	NIL														
	SL															
9 time	UL	18	2	11.11	0	0	0	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	0	0	0	10	1	10.00	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	523	86	16.44	253	38	15.02	458	48	10.48	75	12	16.00	1309	184	14.06
	SL	14	10	71.43	2	1	50.00	7	0	0	3	2	66.67	26	13	50.00

Source: Prepared from Responses

Decision to Use the Profit: Borrowers were asked to share their views about decision maker for the application of profit (of the business for which loan is taken). Borrowers can pay their loan instalments from the amount of profit. Thus, use of profit can also affects the level of defaults. Table 8.10 indicates that 28 decision makers consult other than spouse. However, according to the Table 8.32, those borrowers were found with 74 ULs and 7 SLs having 16.22% (27% were 2nd time borrowers) UL defaults. Maximum 604 (from 216 borrowers) ULs and 17 SLs were observed from self decision makers with 15.40% UL defaults and 70.59% SL defaults. Among them 26.53% UL

227

defaults were found from 1st time borrowers while 83.33% SL defaults were found from 6th time borrowers.

Looking to the situation where decision was taken by spouse alone the UL defaults were found at 13.38% followed by 11.88% (decision was taken by consulting the spouse). Results from the Tables 8.30, 8.31 and 8.32 reveal that consulting spouse increases the chances of better repayment and reduces the chances of default. Thus, it can be recommended that borrower should not act upon, the decision taken by third party, *i.e.* other than self and/or spouse.

Table 8.32   Decision to Use Profit and Defaults

Frequency of Borrowings by Borrowers		Person Making Decision to Use the Loan													
		Self			Spouse			Self & Spouse			Other than Self &/or Spouse			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	49	13	26.53	29	9	31.03	25	11	44.00	3	0	0	106	33	31.13
	SL	4	3	75.00	2	1	50.00	0	0	0	2	0	0	8	4	50.00
2 time	UL	120	24	20.00	76	14	18.42	74	9	12.16	22	6	27.27	292	53	18.15
	SL	4	2	50.00	0	0	0	0	0	0	2	0	0	6	2	33.33
3 time	UL	144	25	17.36	81	5	6.17	90	11	12.22	24	3	12.50	339	44	12.98
	SL	3	2	66.67	0	0	0	0	0	0	3	0	0	6	2	33.33
4 time	UL	104	20	19.23	40	6	15.00	76	8	10.53	20	2	10.00	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	95	6	6.32	10	1	10.00	50	1	2.00	5	1	20.00	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	60	3	5.00	12	1	8.33	30	1	3.33	0	0	0	102	5	4.90
	SL	6	5	83.33	0	0	0	0	0	0	0	0	0	6	5	83.33
7 time	UL	14	0	0	21	0	0	7	1	14.29	0	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL	NIL														
	SL															
9 time	UL	18	2	11.11	0	0	0	0	0	0	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
10 time	UL	0	0	0	0	0	0	10	1	10.00	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	604	93	15.40	269	36	13.38	362	43	11.88	74	12	16.22	1309	184	14.06
	SL	17	12	70.59	2	1	50.00	0	0	0	7	0	0	26	13	50.00

Source: Prepared from Responses

G.   Borrower's Family and Earning Members: Borrower's family and earning members play a vital role to understand the repayment capacity of the borrower. More number of earning members in the borrower's family can reduce the risk of defaults. To understand the same, borrower's total family members (TFM) and total earning members in the family (TEM) are identified and 50 groups of (TFM, TEM) emerged as total family members and earning members with number of defaults in each group (Table 8.7). Table 8.33 shows that in case of ULs, 100% default (2 defaults out of 2 loans) was observed for the group (14,1) followed by the group (14,5) with 50% default (1 default out of 2 loans). The group (8,2) was observed at 36.36% default (4 defaults out of 11 loans) followed by the groups (9,5) and (8,5) with default at 33.33% .

Table 8.33   Earning Family Members and Defaults

No.	TEM/TEM	Earnings in %		1 time		2 time		3 time		4 time		5 time		6 time		7 time		8 time		9 time		10 time		Total	
				UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL
1	1,0	0	TL	1	0	0	0	0	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	1	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
2	1,1	100	TL	1	0	0	0	3	0	0	0	5	0	0	0	0	0	NIL		0	0	0	0	9	0
			DFL	0	0	0	0	0	0	0	0	2	0	0	0	0	0			0	0	0	0	2	0
			%	0	0	0	0	0	0	0	0	40	0	0	0	0	0			0	0	0	0	22.22	0
3	2,1	50	TL	3	0	4	2	3	0	24	0	0	0	0	0	0	0	NIL		0	0	0	0	34	2
			DFL	1	0	0	1	1	0	5	0	0	0	0	0	0	0			0	0	0	0	7	1
			%	33	0	0	50	33	0	21	0	0	0	0	0	0	0			0	0	0	0	20.59	50.00
4	2,2	100	TL	1	0	2	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	7	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
5	3,1	33.33	TL	3	0	18	0	12	0	12	0	10	0	0	0	0	0	NIL		0	0	0	0	55	0
			DFL	0	0	1	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	6	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1.82	0
6	3,2	66.67	TL	3	1	18	0	15	0	0	0	10	0	0	0	7	0	NIL		9	0	0	0	62	1
			DFL	1	1	6	0	2	0	0	0	1	0	0	0	0	0			1	0	0	0	11	1
			%	33	100	33	0	13	0	0	0	10	0	0	0	0	0			11	0	0	0	17.74	100.00
7	3,3	100	TL	0	0	4	0	0	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	4	0
			DFL	0	0	1	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	25	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	25.00	0
8	4,1	25	TL	6	0	16	0	21	0	8	0	0	0	0	0	7	0	NIL		0	0	0	0	58	0
			DFL	1	0	2	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	4	0
			%	17	0	13	0	0	0	13	0	0	0	0	0	0	0			0	0	0	0	6.90	0
9	4,2	50	TL	9	0	42	0	45	0	24	0	35	0	24	0	7	0	NIL		0	0	0	0	186	1
			DFL	4	0	2	0	2	0	4	0	2	0	1	0	1	0			0	0	0	0	16	0
			%	44	0	5	0	4	0	17	0	6	0	4	0	14	0			0	0	0	0	8.60	0
10	4,3	75	TL	2	0	10	0	9	0	4	0	5	0	0	0	0	0	NIL		0	0	0	0	30	0
			DFL	0	0	4	0	1	0	1	0	1	0	0	0	0	0			0	0	0	0	7	0
			%	0	0	40	0	11	0	25	0	20	0	0	0	0	0			0	0	0	0	23.33	0

Source: Prepared from Responses

Table 8.33   Contd.

No.	TEM.TEM	Earnings in %		1 time UL	1 time SL	2 time UL	2 time SL	3 time UL	3 time SL	4 time UL	4 time SL	5 time UL	5 time SL	6 time UL	6 time SL	7 time UL	7 time SL	8 time UL	8 time SL	9 time UL	9 time SL	10 time UL	10 time SL	Total UL	Total SL
11	4.4	100	TL	0	0	8	0	0	0	0	0	5	0	0	0	0	0			0	0	0	0	13	0
			DFL	0	0	1	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	13	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	7.69	0
12	5.1	20	TL	8	0	32	0	33	0	12	0	15	0	0	0	0	0			0	0	0	0	100	0
			DFL	3	0	5	0	3	0	3	0	1	0	0	0	0	0			0	0	0	0	15	0
			%	38	0	16	0	9	0	25	0	7	0	0	0	0	0			0	0	0	0	15.00	0
13	5.2	40	TL	20	3	22	0	42	0	36	0	10	0	12	0	0	0			0	0	0	0	142	3
			DFL	9	1	3	0	9	0	4	0	1	0	0	0	0	0			0	0	0	0	26	1
			%	45	33	14	0	21	0	11	0	10	0	0	0	0	0			0	0	0	0	18.31	33.33
14	5.3	60	TL	6	0	18	0	15	0	20	0	10	0	6	0	7	0			9	0	0	0	91	0
			DFL	0	0	2	0	1	0	4	0	0	0	0	0	0	0			1	0	0	0	8	0
			%	0	0	11	0	7	0	20	0	0	0	0	0	0	0			11	0	0	0	8.79	0
15	5.4	80	TL	1	0	0	0	0	0	4	0	5	0	0	0	0	0			0	0	0	0	10	0
			DFL	1	0	0	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	2	0
			%	100	0	0	0	0	0	25	0	0	0	0	0	0	0			0	0	0	0	20.00	0
16	5.5	100	TL	0	0	0	0	6	0	0	0	0	0	0	0	7	0			0	0	0	0	13	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
17	6.0	0	TL	1	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
18	6.1	16.67	TL	9	0	4	0	0	0	8	0	0	0	6	0	0	0			0	0	0	0	27	0
			DFL	3	0	0	0	0	0	0	0	0	0	1	0	0	0			0	0	0	0	4	0
			%	33	0	0	0	0	0	20	0	0	0	17	0	0	0			0	0	0	0	14.81	0
19	6.2	33.33	TL	7	0	14	2	21	3	20	0	5	0	6	0	0	0			0	0	10	0	83	5
			DFL	4	0	5	0	3	0	4	0	0	0	0	0	0	0			0	0	1	0	17	0
			%	57	0	36	0	14	0	20	0	0	0	0	0	0	0			0	0	10	0	20.48	0
20	6.3	50	TL	2	1	8	0	12	0	8	0	10	0	0	0	0	0			0	0	0	0	40	1
			DFL	0	1	1	0	1	0	0	0	0	0	0	0	0	0			0	0	0	0	2	1
			%	0	100	13	0	8	0	0	0	0	0	0	0	0	0			0	0	0	0	5.00	100.00

(8 time: NIL)

Table 8.33   Contd.

No.	TFM/TEM	Earnings in %		1 time		2 time		3 time		4 time		5 time		6 time		7 time		8 time		9 time		10 time		Total	
				UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL
21	6.4	66.67	TL	1	0	6	2	3	0	0	0	5	0	6	0	0	0			0	0	0	0	21	2
			DFL	1	0	2	1	1	0	0	0	0	0	0	0	0	0			0	0	0	0	4	1
			%	100	0	33	50	33	0	0	0	20	0	0	0	0	0			0	0	0	0	19.05	50.00
22	6.5	83.33	TL	0	0	2	0	6	0	4	0	5	0	0	0	0	0			0	0	0	0	17	0
			DFL	0	0	0	0	2	0	0	0	0	0	0	0	0	0			0	0	0	0	2	0
			%	0	0	0	0	33	0	0	0	0	0	0	0	0	0			0	0	0	0	11.76	0
23	7.1	14.29	TL	2	0	8	0	6	3	4	0	5	0	6	0	0	0			0	0	0	0	31	3
			DFL	1	0	3	0	1	2	1	0	1	0	0	0	0	0			0	0	0	0	7	2
			%	50	0	38	0	17	67	25	0	20	0	0	0	0	0			0	0	0	0	22.58	66.67
24	7.2	28.57	TL	4	1	16	0	12	0	4	0	0	0	6	0	7	0			0	0	0	0	49	1
			DFL	1	0	3	0	3	0	1	0	0	0	1	0	0	0			0	0	0	0	9	0
			%	25	0	19	0	25	0	25	0	0	0	17	0	0	0			0	0	0	0	18.37	0
25	7.3	42.86	TL	4	0	4	0	15	0	0	0	5	0	0	0	0	0			0	0	0	0	28	0
			DFL	1	0	1	0	3	0	0	0	0	0	0	0	0	0			0	0	0	0	5	0
			%	25	0	25	0	20	0	0	0	0	0	0	0	0	0			0	0	0	0	17.86	0
26	7.4	57.14	TL	1	0	4	0	0	0	4	0	0	0	6	0	0	0			0	0	0	0	15	0
			DFL	1	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	100	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	6.67	0
27	7.5	71.43	TL	0	0	2	0	0	0	0	0	0	0	6	0	0	0			0	0	0	0	8	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
28	7.6	85.71	TL	0	0	2	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	2	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
29	8.1	12.5	TL	2	0	0	0	3	0	8	0	0	0	0	0	0	0			0	0	0	0	13	0
			DFL	1	0	0	0	1	0	2	0	0	0	0	0	0	0			0	0	0	0	4	0
			%	50	0	0	0	33	0	25	0	0	0	0	0	0	0			0	0	0	0	30.77	0
30	8.2	25	TL	2	0	6	0	3	0	0	0	0	0	0	0	0	0			0	0	0	0	11	0
			DFL	0	0	3	0	1	0	0	0	0	0	0	0	0	0			0	0	0	0	4	0
			%	0	0	50	0	33	0	0	0	0	0	0	0	0	0			0	0	0	0	36.36	0

(8 time: NIL)

Table 8.33   Contd.

No.	TFM,TEM	Earnings in %		1 time		2 time		3 time		4 time		5 time		6 time		7 time		8 time		9 time		10 time		Total	
				UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL	UL	SL
31	8.3	37.5	TL	2	0	4	0	0	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	6	0
			DFL	0	0	1	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	25	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	16.67	0
32	8.4	50	TL	0	0	2	0	9	0	4	0	5	0	6	0	0	0	NIL		0	0	0	0	26	0
			DFL	0	0	0	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	0	0	0	0	25	0	0	0	0	0	0	0			0	0	0	0	3.85	0
33	8.5	62.5	TL	0	0	2	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	6	0
			DFL	0	0	2	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	2	0
			%	0	0	100	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	33.33	0
34	9.1	11.11	TL	1	0	0	0	3	0	0	0	0	0	0	6	0	0	NIL		0	0	0	0	4	6
			DFL	0	0	0	0	1	0	0	0	0	0	0	5	0	0			0	0	0	0	1	5
			%	0	0	0	0	33	0	0	0	0	0	0	83	0	0			0	0	0	0	25.00	83.33
35	9.2	22.22	TL	1	0	2	0	3	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	6	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
36	9.3	33.33	TL	0	0	2	0	12	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	14	0
			DFL	0	0	1	0	3	0	0	0	0	0	0	0	0	0			0	0	0	0	4	0
			%	0	0	50	0	25	0	0	0	0	0	0	0	0	0			0	0	0	0	28.57	0
37	9.4	44.44	TL	2	0	2	0	3	0	4	0	0	0	6	0	0	0	NIL		0	0	0	0	17	1
			DFL	0	1	0	0	1	0	0	0	0	0	2	0	0	0			0	0	0	0	3	1
			%	0	100	0	0	33	0	0	0	0	0	33	0	0	0			0	0	0	0	17.65	100.00
38	9.5	55.56	TL	0	0	0	0	3	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	3	0
			DFL	0	0	0	0	1	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	0	0	33	0	0	0	0	0	0	0	0	0			0	0	0	0	33.33	0
39	10.2	20	TL	0	0	0	0	3	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	3	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
40	10.3	30	TL	1	0	4	0	3	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	12	0
			DFL	0	0	1	0	1	0	1	0	0	0	0	0	0	0			0	0	0	0	3	0
			%	0	0	25	0	33	0	25	0	0	0	0	0	0	0			0	0	0	0	25.00	0

Table 8.33   Contd.

No.	TFM.TEM	Earnings in %		1 time UL	1 time SL	2 time UL	2 time SL	3 time UL	3 time SL	4 time UL	4 time SL	5 time UL	5 time SL	6 time UL	6 time SL	7 time UL	7 time SL	8 time UL	8 time SL	9 time UL	9 time SL	10 time UL	10 time SL	Total UL	Total SL
41	10.4	40	TL	0	0	0	0	3	0	0	0	10	0	0	0	0	0	NIL		0	0	0	0	13	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
42	10.5	50	TL	0	0	0	0	0	0	0	0	0	0	6	0	0	0	NIL		0	0	0	0	6	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
43	11.3	27.27	TL	0	0	0	0	9	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	9	0
			DFL	0	0	0	0	2	0	0	0	0	0	0	0	0	0			0	0	0	0	2	0
			%	0	0	0	0	22	0	0	0	0	0	0	0	0	0			0	0	0	0	22.22	0
44	11.4	36.36	TL	0	0	0	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	4	0
			DFL	0	0	0	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	0	0	0	0	25	0	0	0	0	0	0	0			0	0	0	0	25.00	0
45	11.5	45.45	TL	0	0	0	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	4	0
			DFL	0	0	0	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	0	0	0	0	25	0	0	0	0	0	0	0			0	0	0	0	25.00	0
46	12.5	41.67	TL	0	0	0	0	3	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	3	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
47	13.3	23.08	TL	0	0	0	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	4	0
			DFL	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
			%	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0	0
48	14.1	7.14	TL	0	0	2	0	0	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	2	0
			DFL	0	0	2	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	2	0
			%	0	0	100	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	100.00	0
49	14.5	35.71	TL	0	0	2	0	0	0	0	0	0	0	0	0	0	0	NIL		0	0	0	0	2	0
			DFL	0	0	1	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	50	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	50.00	0
50	17.1	5.88	TL	0	0	0	0	0	0	4	0	0	0	0	0	0	0	NIL		0	0	0	0	4	0
			DFL	0	0	0	0	0	0	1	0	0	0	0	0	0	0			0	0	0	0	1	0
			%	0	0	0	0	0	0	25	0	0	0	0	0	0	0			0	0	0	0	25.00	0
	Total		TL	106	8	292	6	339	6	240	0	160	0	102	6	42	0	NIL		18	0	10	0	1309	26
			DFL	33	4	53	2	44	2	36	0	9	0	5	5	1	0			2	0	1	0	184	13
			%	31.13	50.00	18.15	33.33	12.98	33.33	15.00	0	5.63	0	4.90	83.33	2.38	0			11.11	0	10.00	0	14.06	50.00

The group (8,1) was found at 30.77% default (4 defaults out of 13 loans). Maximum numbers (186) of ULs were taken by the group (4,2) with 8.60% default followed by the groups (5,2) and (5,1) with 142 and 100 ULs where defaults were observed at 18.31% and 15% respectively. 91 ULs were observed for the group (5,3) with default at 8.79% followed by 83 ULs (by group 6,2) with 20.48% default. In addition to that numbers of ULs up to 50, three groups *viz.* (3,2), (4,1) and (3,1) were observed with 62, 58 and 55 ULs respectively wherein defaults were observed at 17.74%; 6.90% and 1.82%. The above data shows more numbers of defaults in case of less number of earning members in the borrower's family.

Looking to the SLs, 100% default (1 default out of 1 loan) was observed for three groups *viz.* (3,2), (6,3), and (9,4) where only one loan was taken by each group and had not repaid timely. 6 SLs were taken by the group (9,1) with 83.33% default followed by 3 SLs taken by the group (7,1) with 66.67% default. 50% default was observed for two groups *viz.* (2,2) and (6,4) where 2 SLs were taken.

Based on this it can be inferred that high proportion of earning member to family members can increase the repayment capacity of the borrower and also help to reduce the chances of default.

8.2.2 Economic Factors

Borrower's annual per capita income, uncertainty of income and habit of regular savings are three main factors considered here.

A.   Per Capita Income of Borrowers: Annual per capita income of the borrowers is collected and divided into three parts *viz.* low level of income, medium level of income and high level of income. Accordingly, income and number of defaults are indentified and the following results are found. For respondent borrowers, the highest level of annual income observed is ₹1,50,000/-. Hence, income in between ₹0 to ₹50,000 is considered as low level of income. Income between ₹50,001 to ₹1,00,000 is considered as medium level of income and income of ₹1,00,001 to ₹1,50,000 is considered as high level of income. Table 8.34 reveals that 454 numbers of ULs were sanctioned to the income group of ₹10,001 to ₹20,000 followed by 260 ULs for the income group of ₹0 to ₹10,000. However, defaults were observed highest at 18.46% for the group ₹0 to ₹10,000 followed by 16.7% for the group of ₹10,001 to ₹20,000. 241 ULs with 11.62% defaults were observed for income group of ₹20,001 to ₹30,000 while 164 ULs and 9.15% defaults were observed for income group of ₹30,001 to ₹40,000. For the income group of ₹40,001 to ₹50,000, 82 ULs with 9.76% defaults were observed. It can be easily observed that low income borrowers are the major borrowers as they are found

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Table 8.34 Per Capita Income of Borrowers and Defaults

Per Capita Income of Borrowers (in ₹)

Frequency of Borrowings by Borrowers		0-10,000			10,001-20,000			20,001-30,000			30,001-40,000			40,001-50,000			50,001-60,000			60,001-70,000			70,001-80,000		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	37	16	43.24	40	9	22.5	17	6	35.3	8	1	12.5	2	0	0	1	0	0	0	0	0	0	0	0
	SL	2	2	100.00	1	0	0	2	1	50	2	0	0	0	0	0	1	1	100	0	0	0	0	0	0
2 time	UL	64	12	18.75	100	23	23	70	11	15.7	28	3	10.7	12	2	16.7	2	0	0	6	1	16.7	8	1	12.5
	SL	2	0	0.00	2	1	50	0	0	0	0	0	0	0	0	0	0	0	0	2	1	50	0	0	0
3 time	UL	72	9	12.50	102	19	18.6	81	6	7.41	39	5	12.8	12	2	16.7	12	2	16.67	12	0	0	0	0	0
	SL	0	0	0.00	3	2	66.7	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 time	UL	48	9	18.75	100	17	17	44	4	9.09	16	1	6.25	16	3	18.8	8	0	0	4	1	25	0	0	0
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	20	2	10.00	45	3	6.67	5	0	0	50	3	6	20	1	5	10	0	0	5	0	0	5	0	0
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	12	0	0.00	42	3	7.14	24	1	4.17	6	0	0	6	0	0	6	1	16.67	0	0	0	0	0	0
	SL	6	5	83.33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 time	UL	7	0	0.00	7	0	0	0	0	0	7	1	14.3	14	0	0	0	0	0	0	0	0	7	0	0
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL										NIL														
	SL																								
9 time	UL	0	0	0.00	18	2	11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0.00	0	0	0	0	0	0	10	1	10	0	0	0	0	0	0	0	0	0	0	0	0
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	260	48	18.46	454	76	16.74	241	28	11.62	164	15	9.15	82	8	9.76	39	3	7.69	27	2	7.41	20	1	5.00
	SL	10	7	70.00	6	3	50.00	2	1	50.00	5	0	0	0	0	0	1	1	100.00	2	1	50.00	0	0	0

Table 8.34   Contd.

Frequency of Borrowings by Borrowers		Per Capita Income of Borrowers (in ₹)																						
		80,001-90,000			90,001-1,00,000			1,00,001-1,10,000			1,10,001-1,20,000			1,20,001-1,30,000			1,30,001-1,40,000			1,40,001-1,50,000			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	1	1	100.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	106	33	31.1
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	4	50
2 time	UL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	292	53	18.2
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	2	33.3
3 time	UL	6	1	16.67	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	339	44	13
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	2	33.3
4 time	UL	0	0	0.00	4	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	240	36	15
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 time	UL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	160	9	5.63
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 time	UL	6	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	102	5	4.9
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	5	83.3
7 time	UL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	42	1	2.38
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 time	UL										NIL														
	SL																								
9 time	UL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	2	11.1
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	1	10
	SL	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	13	2	15.38	4	1	25.00	0	0	0	3	0	0	0	0	0	0	0	0	2	0	0	1309	184	14.06
	SL	0	0	0	0	0	25.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26	13	50.00

Source: Prepared from Responses

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with 92% (1201 ULs out of 1309) proportion of total ULs. Additionally, it can also been observed that as income increases the defaults decreases. This is because with rise in level of income, the repayment capacity improves. Medium income borrowers were observed with 7.87% proportion of ULs while high-income borrowers were found with 0.38% proportion of ULs. High-income group borrowers were found with 0% defaults for both UL and SL.

Looking to the SLs, major (88%) proportion of TLs was observed for the group of low-income borrowers where defaults are also found in decreasing trend *viz.* 70% (₹0 to ₹10,000), 50% (₹10,001 to ₹20,000), 50% (₹20,001 to ₹30,000) and 0% (₹30,001 to ₹40,000). The data clearly indicates that with low level of income numbers of defaults are high and with high level of income numbers of defaults are very low.

B. **Uncertainty of Borrower's Income:** Borrowers were found with the varieties of economic activities (Refer Table 8.6). At attempt is made here to examine the level of default with reference to each broad group of economic activities. Their activities are broadly classified as certain and uncertain income. Inactive and self-employed workers are considered with uncertain level of income while job workers are considered as certain level of income. With reference to the Table 8.6, out of 484 borrowers 222 were

Table 8.35   Uncertainty of Income of Borrowers and Defaults

Frequency of Borrowings by Borrowers		Type of Economic Activity										
		Not Active			Self Employed			Job Workers			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%	TL	DFL	%
1	UL	53	13	24.53	49	19	38.78	4	1	25.00	106	33	31.13
time	SL	2	1	50.00	6	3	50.00	0	0	0	8	4	50.00
2	UL	118	20	16.95	148	29	19.59	26	4	15.38	292	53	18.15
time	SL	2	1	50.00	4	1	25.00	0	0	0	6	2	33.33
3	UL	147	17	11.56	171	24	14.04	21	3	14.29	339	44	12.98
time	SL	6	2	33.33	0	0	0	0	0	0	6	2	33.33
4	UL	92	12	13.04	124	21	16.94	24	3	12.50	240	36	15.00
time	SL	0	0	0	0	0	0	0	0	0	0	0	0
5	UL	40	3	7.50	110	6	5.45	10	0	0	160	9	5.63
time	SL	0	0	0	0	0	0	0	0	0	0	0	0
6	UL	24	2	8.33	72	3	4.17	6	0	0	102	5	4.90
time	SL	0	0	0	6	5	83.33	0	0	0	6	5	83.33
7	UL	14	0	0	28	1	3.57	0	0	0	42	1	2.38
time	SL	0	0	0	0	0	0	0	0	0	0	0	0
8	UL	NIL											
time	SL												
9	UL	0	0	0	18	2	11.11	0	0	0	18	2	11.11
time	SL	0	0	0	0	0	0	0	0	0	0	0	0
10	UL	10	1	10.00	0	0	0	0	0	0	10	1	10.00
time	SL	0	0	0	0	0	0	0	0	0	0	0	0
Total	UL	498	68	13.65	720	105	14.58	91	11	12.09	1309	184	14.06
	SL	10	4	40.00	16	9	56.25	0	0	0	26	13	50.00

Source: Prepared from Responses

found self-employed and 199 were found inactive. As per the Table 8.35, the self-employed borrowers (222) took 720 ULs and 16 SLs where defaults were also observed highest at 14.58% and 56.25% respectively. 498 ULs and 10 SLs were found for non active borrowers (199) with 13.65% and 40% defaults respectively. Job workers were observed with 91 ULs and default was at 12.09%. On comparing two groups of borrowers *viz.* uncertain source income (not active & self employed) and certain source of income (job workers) it can be easily observed that borrowers with certain source of income made low level of defaults.

C.   **Habit of Regular Savings:** To understand, whether the habit of regular savings and defaults are related or not, data are classified accordingly. Savings are divided into two parts *i.e.* savings-other than SEWA bank and savings-with SEWA bank.

The data displayed in Table 8.36, presents the detail of savings (other than SEWA bank). Maximum numbers of ULs (1125) and SLs (25) were observed for non-savers. However, borrowers with no habit of savings were found with 14.84% (32.99% were 1st time borrowers) of UL defaults and 48% (83.33% were 6th time borrowers) of SL defaults. In case of regular savers, 184 ULs were observed with 9.24% (18.75% were 4th time borrowers) defaults.

Table 8.36   Habit of Savings (in other than SEWA Bank) and Defaults

Frequency of Borrowings by Borrowers		Savings not in SEWA Bank								
		Yes			No			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	9	1	11.11	97	32	32.99	106	33	31.13
	SL	1	1	100.00	7	3	42.86	8	4	50.00
2 time	UL	36	5	13.89	256	48	18.75	292	53	18.15
	SL	0	0	0	6	2	33.33	6	2	33.33
3 time	UL	36	4	11.11	303	40	13.20	339	44	12.98
	SL	0	0	0	6	2	33.33	6	2	33.33
4 time	UL	32	6	18.75	208	30	14.42	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0
5 time	UL	35	1	2.86	125	8	6.40	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0
6 time	UL	36	0	0	66	5	7.58	102	5	4.90
	SL	0	0	0	6	5	83.33	6	5	83.33
7 time	UL	0	0	0	42	1	2.38	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0
8 time	UL	NIL								
	SL									
9 time	UL	0	0	0	18	2	11.11	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0
10 time	UL	0	0	0	10	1	10.00	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0
Total	UL	184	17	9.24	1125	167	14.84	1309	184	14.06
	SL	1	1	100.00	25	12	48.00	26	13	50.00

Source: Prepared from Responses

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Looking to the borrowers (Table 8.37) having savings with SEWA Bank, 1037 ULs and 18 SLs were observed for non-savers of the SEWA bank. However, 16.68% of UL defaults and 66.67% of SL defaults were found from the same borrowers. In case of borrowers with habit of regular savings, 272 ULs and 8 SLs were observed where UL default was found at 4.04% while SL default was found at 12.50%.

Table 8.37 Habit of Savings (in SEWA Bank) and Defaults

Frequency of Borrowings by Borrowers		Savings in SEWA bank								
		Yes			No			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	11	2	18.18	95	31	32.63	106	33	31.13
	SL	3	1	33.33	5	3	60.00	8	4	50.00
2 time	UL	32	3	9.38	260	50	19.23	292	53	18.15
	SL	2	0	0	4	2	50.00	6	2	33.33
3 time	UL	54	2	3.70	285	42	14.74	339	44	12.98
	SL	3	0	0	3	2	66.67	6	2	33.33
4 time	UL	36	3	8.33	204	33	16.18	240	36	15.00
	SL	0	0	0	0	0	0	0	0	0
5 time	UL	55	0	0	105	9	8.57	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0
6 time	UL	60	0	0	42	5	11.90	102	5	4.90
	SL	0	0	0	6	5	83.33	6	5	83.33
7 time	UL	14	0	0	28	1	3.57	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0
8 time	UL	NIL								
	SL									
9 time	UL	0	0	0	18	2	11.11	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0
10 time	UL	10	1	10.00	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0
Total	UL	272	11	4.04	1037	173	16.68	1309	184	14.06
	SL	8	1	12.50	18	12	66.67	26	13	50.00

Source: Prepared from Responses

On comparing results of both the Tables (8.36 & 8.37), the data clearly indicate that if borrowers save money regularly the number of defaults decreases. It also shows that habit of regular savings can help to reduce the risk of defaults.

8.2.3 Loan Related Factors

The loan related factors are divided into three different parts viz. amount of the loan, purpose of the loan and loan taking frequency.

A. Amount of the Loan: The survey revealed that the loan amount ranged, between ₹1,000 to ₹2,50,000/-. An attempt is made to understand the relation between loan amount and loan defaults. The data from the Table 8.38 revealed that loan amount does not have a remarkable effect on the proportion of defaults. In case of ULs, maximum numbers of (421) defaults were observed for the loan amount of ₹1,000 –

₹10,000 with defaults at 14.01% followed by 13.21% (₹11,000 – ₹20,000) defaults with 280 loans. However, 16.42% defaults (274 loans) and 16.13% defaults (124 loans) were observed for the amount of ₹21-000 – ₹30,000 and ₹31,000 – ₹40,000 respectively. The data shows that the proportion of defaults increases with the increase in loan amount even though marginally.

Looking to the SLs, the rates of defaults found consistently increasing with the higher amount of loan. Minimum proportion (58.33% with 12 loans) of defaults was observed for loan amount of ₹1,000 – ₹10,000 while maximum proportion (100% with 1 loan) was observed for amount of ₹31,000 – ₹40,000.

Table 8.38   Amount of Loan and Defaults

No.	Amount (in ₹)	Unsecured			Secured			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1	1,000-10,000	421	59	14.01	12	7	58.33	433	66	15.24
2	11,000-20,000	280	37	13.21	5	3	60.00	285	40	14.04
3	21,000-30,000	274	45	16.42	3	2	66.67	277	47	16.97
4	31,000-40,000	124	20	16.13	1	1	100.00	125	21	16.80
5	41,000-50,000	169	23	13.61	2	0	0	171	23	13.45
6	51,000 and above	41	0	0	3	0	0	44	0	0
	Total	1309	184	14.06	26	13	50.00	1335	197	14.76

Source: Prepared from Responses

B.   Purpose of the Loan: Borrowers may take more than one loan for varied purposes. Purpose of the loan is very important from the repayment point of view. If loan does not generate income for the borrower, the borrower cannot repay the loan easily. Purposes of the loan were divided into three major parts viz. consumption, debt/loan repayment and production. Table 8.39 presents the same.

When the loans were taken for production purpose, as unsecured loan out of 574 loans default was observed for 80 loans, i.e. for 13.94% which was marginally lower in case of consumption loans. In situations where loans were taken for repayment of loan, the rate of default is found to be little higher at 18.75%. The data indicates that loans taken for the productive purpose can help to reduce the proportion of defaults. However, it totally depends upon the borrower how they use the loan and how they repay.

Table 8.39   Purpose of the Loan and Defaults

No.	Purposes	Unsecured			Secured			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1	Production	574	80	13.94	2	0	0.00	576	80	13.89
2	Consumption	302	41	13.58	2	0	0.00	304	41	13.49
3	Debt/Loan Repayment	128	24	18.75	0	0	0.00	128	24	18.75
4	No Responses	305	39	12.79	22	13	59.09	327	52	15.90
	Total	1309	184	14.06	26	13	50.00	1335	197	14.76

Source: Prepared from Responses

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C. **Frequency of Borrowings of the Borrowers:** Frequency of borrowings means how many number of times loans are taken by one borrower. If the borrower had taken only one loan she is considered as 1 time borrower. Borrowers were observed up to 10 time borrowings. An attempt is made here to examine, the effect of times of borrowing on the default in repayment of loan.

Reference to the Table 8.40, 95% (1239 loans out of 1309) proportion of total ULs and 100% share of SLs were found for the borrowers up to 6th time borrowing. On examining the rates of UL defaults, the rates were observed in opposite trend. Lower the frequency of borrowing higher the rate of default. Maximum rate of default was found at 31.13% (106 loans) for 1st time borrowers followed by 18.15% with 292 loans (2nd time borrowers) and 12.98% with 339 loans (3rd time borrowers). In case of 4th time borrowers the default rate was observed at 15% but the rate was found with sudden fall at 5.63% for 5th time borrowers and 4.90% for 6th time borrowers. Looking to SLs, highest default was observed 83.33% for 6th time borrowers with 6 loans, followed by 50% (8 loans) default rate for 1st time borrowers and 33.33% (6 loans) for 2nd time borrowers and 3rd time borrowers both. The data indicate the higher level of defaults from the borrowers in the initial stage of borrowing.

Table 8.40   Frequency of Borrowings of the Borrowers and Defaults

Frequency of Borrowings	Unsecured Loans			Secured Loans			Total		
	TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	106	33	31.13	8	4	50.00	114	37	32.46
2 time	292	53	18.15	6	2	33.33	298	55	18.46
3 time	339	44	12.98	6	2	33.33	345	46	13.33
4 time	240	36	15.00	0	0	NA	240	36	15.00
5 time	160	9	5.63	0	0	NA	160	9	5.63
6 time	102	5	4.90	6	5	83.33	108	10	9.26
7 time	42	1	2.38	0	0	NA	42	1	2.38
8 time	NIL								
9 time	18	2	11.11	0	0	NA	18	2	11.11
10 time	10	1	10.00	0	0	NA	10	1	10.00
Total	1309	184	14.06	26	13	50.00	1335	197	14.76

Source: Prepared from Responses

8.2.4   Financial Literacy of the Borrowers

For knowing borrower's financial literacy, two aspects are considered viz. (i) obtaining proper financial training and (ii) awareness about the rate of interest charged on loan taken by them. An attempt is made here to understand the status of proportion of defaults with reference to financial literacy.

A.   **Training:** Table 8.15 indicated that 161 borrowers had undergone the training of the SEWA bank out of 484 respondent borrowers. Data displayed in the Table 8.41

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shows that total 520 ULs and 8 SLs were taken by the 161 (with training) borrowers. Borrowers without training were observed with high rate of defaults for both types of loans *viz.* 15.08% (ULs) and 61.11% (SLs). This was found at 12.50% for ULs and 25% for SLs for borrowers with training. The data clearly indicates that trained borrowers made low level of defaults as compared to the borrowers without training.

Table 8.41   Training of the Borrowers and Defaults

Frequency of Borrowings by Borrowers		Training Taken by the Borrowers								
		Yes			No			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	19	8	42.11	87	25	28.74	106	33	31.13
	SL	5	2	40.00	3	2	66.67	8	4	50.00
2 time	UL	86	15	17.44	206	38	18.45	292	53	18.15
	SL	0	0	0	6	2	33.33	6	2	33.33
3 time	UL	120	16	13.33	219	28	12.79	339	44	12.98
	SL	3	0	0	3	2	66.67	6	2	33.33
4 time	UL	104	15	14.42	136	21	15.44	240	36	15.00
	SL	0	0	0	0	0	0.00	0	0	0
5 time	UL	80	4	5.00	80	5	6.25	160	9	5.63
	SL	0	0	0	0	0	0	0	0	0
6 time	UL	48	3	6.25	54	2	3.70	102	5	4.90
	SL	0	0	0	6	5	83.33	6	5	83.33
7 time	UL	35	1	2.86	7	0	0	42	1	2.38
	SL	0	0	0	0	0	0	0	0	0
8 time	UL	NIL								
	SL									
9 time	UL	18	2	11.11	0	0	0	18	2	11.11
	SL	0	0	0	0	0	0	0	0	0
10 time	UL	10	1	10.00	0	0	0	10	1	10.00
	SL	0	0	0	0	0	0	0	0	0
Total	UL	520	65	12.50	789	119	15.08	1309	184	14.06
	SL	8	2	25.00	18	11	61.11	26	13	50.00

Source: Prepared from Responses

B.   Awareness of Rate of Interest: Borrowers should know about the exact rates of interest they pay on the loans. With proper knowledge of interest rates borrowers can manage to repay. Awareness about interest rates shows the transparency regarding terms of the loan of the SEWA Bank towards the borrowers and it is also an important aspect from the point of repayment. Table 8.22 indicated that 24% (320 out of 1309) borrowers of UL were aware about the rates while in case of SLs only two borrowers were found to be aware about the rate of interest.

According to the Table 8.42, total 321 ULs and 3 SL borrowers were aware about the rate of interest. The rates of defaults were found at 10.59% for ULs and 66.67% for SLs. Among them 33.33% (UL) and 66.67% (SL) proportion of defaults were observed for 1st time borrowers. Looking to the situation where borrowers were not aware about

the interest rates, for 988 ULs (15.18%) default was found. It can be easily identified that borrowers without awareness of the interest rate made defaults at a higher rate as compared to borrowers with awareness of rates in case of unsecured loan.

Table 8.42   Awareness of Rates of Interest and Defaults

Frequency of Borrowings by Borrowers		Awareness of Interest Rates								
		Yes			No			Total		
		TL	DFL	%	TL	DFL	%	TL	DFL	%
1 time	UL	15	5	33.33	91	28	30.77	106	33	31.13
	SL	3	2	66.67	5	2	40.00	8	4	50.00
2 time	UL	48	7	14.58	244	46	18.85	292	53	18.15
	SL	0	0	0.00	6	2	33.33	6	2	33.33
3 time	UL	96	12	12.50	243	32	13.17	339	44	12.98
	SL	0	0	0.00	6	2	33.33	6	2	33.33
4 time	UL	68	6	8.82	172	30	17.44	240	36	15.00
	SL	0	0	0.00	0	0	0.00	0	0	0.00
5 time	UL	50	3	6.00	110	6	5.45	160	9	5.63
	SL	0	0	0.00	0	0	0.00	0	0	0.00
6 time	UL	30	1	3.33	72	4	5.56	102	5	4.90
	SL	0	0	0.00	6	5	83.33	6	5	83.33
7 time	UL	14	0	0.00	28	1	3.57	42	1	2.38
	SL	0	0	0.00	0	0	0.00	0	0	0.00
8 time	UL	NIL								
	SL									
9 time	UL	0	0	0.00	18	2	11.11	18	2	11.11
	SL	0	0	0.00	0	0	0.00	0	0	0.00
10 time	UL	0	0	0.00	10	1	10.00	10	1	10.00
	SL	0	0	0.00	0	0	0.00	0	0	0.00
Total	UL	321	34	10.59	988	150	15.18	1309	184	14.06
	SL	3	2	66.67	23	11	47.83	26	13	50.00

Source: Prepared from Responses

Results of both the Tables (8.41 & 8.42) reveal that borrowers with proper financial literacy can help them to reduce the risk of defaults, as they can understand the circumstances of defaults. Financially literate borrowers can easily understand the burden of interest of the loan. Accordingly, it can be said that financial literacy among the borrowers can help to reduce the level of defaults.

8.3   Testing of Hypotheses (Chi-Square Test)

Testing of hypotheses had also been done in the four parts *viz.* socio-demographic factors, economic factors, loan related factors and financial literacy. Socio demographic factors, economic factors and financial literacy are related with total numbers of borrowers (484). Accordingly, chi square test has been run on the data of defaults per borrowers. Borrowers are classified as defaulters and no defaulters. Loan related factors are related with total numbers (1335) of loan reported from total borrowers. Thus while

calculating chi square test, total numbers of defaults per total numbers of loans has been considered. By using chi square test total 17 hypotheses have been tested. 8 hypotheses are tested in the group of 'socio demographic factors', 4 hypotheses are tested in the group 'economic factors', and in the 'loan related factors' also 3 hypotheses are tested. For examining association between 'financial literacy' and 'defaults', 2 hypotheses are tested. Table 8.43 presents the details of factors with the value of chi square and it also shows the significance of the various hypotheses.

Table 8.43   Results of Testing of Hypotheses (Chi-square Test)

Hypotheses	Factors	Calculated values of χ^2	Table values of χ^2	Decision for Null Hypotheses
Socio-Demographic Factors				
H_{01}	Age	7.30^{**}	5.99	Rejected
H_{02}	Religion	0.01	3.84	Accepted
H_{03}	Marital status	5.58	5.99	Accepted
H_{04}	Education level	6.93^{**}	5.99	Rejected
H_{05}	Household situation	13.26^{**}	9.49	Rejected
H_{06}	Decision to take loan	7.73	7.82	Accepted
H_{07}	Decision to use loan	10.04^{**}	7.82	Rejected
H_{08}	Decision to use profit	5.30	7.82	Accepted
Economic Factors				
H_{09}	Uncertainty of Income	3.65	5.99	Accepted
H_{010}	Per Capita Income	6.77	12.59	Accepted
H_{011}	Regularity of Savings (not in SEWA bank)	2.05	3.84	Accepted
H_{012}	Regularity of Savings (in SEWA bank)	16.17^{*}	6.64	Rejected
Loan Related Factors				
H_{013}	Amount of loan	533.02^{*}	9.21	Rejected
H_{014}	Purpose of loan	2.29	5.99	Accepted
H_{015}	Frequency of Borrowings	49.53^{*}	15.09	Rejected
Financial Literacy				
H_{016}	Lack of Training	0.03	3.84	Accepted
H_{017}	Lack of Awareness of rates of Interest	0.72	3.84	Accepted

* Significant at 1% level of significance;   ** Significant at 5% level of significance

8.3.1   Socio Demographic Factors

Total 8 hypotheses are tested here. All socio demographic factors except caste of the borrowers are tested. 236 borrowers did not know their caste. Thus, for the purpose of finding the relation of caste with defaults it was not considered appropriate to apply the chi-square.

H_{01} There is no relationship between borrower's age and number of defaults.

For the purpose of the calculation of chi square borrowers age had been divided in three groups only *i.e.* below 40, 40-60 and above 60. For each age group defaults and no defaults are taken. On computation of chi-square, the value of chi-square is found to

be higher than the table value of chi-square at 5% level of significance. Thus, *null hypothesis* of having no relationship is *rejected.* Thus, it indicated that age and level of defaults are related.

H₀₂ **There is no relationship between borrower's religion and number of defaults.**

For the application of chi-square, religion was divided into two parts *viz.* Hindu and Muslim. On computation of chi-square, the value of chi-square is found lower than the table value of chi-square at 5% level of significance. Hence, *null hypothesis* of having no relationship is *accepted.*

H₀₃ **There is no relationship between borrower's marital status and number of defaults.**

Looking to the response data, the marital status is divided in 3 parts for application of chi-square, married, unmarried and married but single. On running chi-square test, it is observed that computed value of chi-square is lower than the table value of chi-square at 5% level of significance. Hence, the *null hypothesis* of having no relationship is *accepted.*

H₀₄ **There is no relationship between the level of education and the number of defaults.**

Looking to the responses, the education level is divided in 3 parts for application of chi-square, uneducated, primary level and above primary level. On applying the chi-square test, it is observed that calculated value of chi-square is higher than the table value of chi-square at 5% level of significance. Thus, the *null hypothesis* of having no relationship is *rejected.* Thus, level of education and number of defaults are found to be related with each other.

H₀₅ **There is no relationship between the varying proportion of earning members in the borrower's family and the number of defaults.**

Chi-square is applied on the basis of percentage of earning members in the family. Percentages of earning members of the family are classified into five groups (with class interval of 20%). On running the chi-square test, the computed value is observed higher than the table value of chi-square at 5% level of significance. Thus, the *null hypothesis* of having no relationship is *rejected.* Thus, the proportion of earning members in the borrower's family and number of defaults are related.

H$_{06}$ There is no relationship between person making decision to take the loan and the number of defaults.

With reference to the response data, persons making decisions are divided in 4 parts for application of chi-square, self, spouse, self & spouse, other than self &/or spouse. On applying chi-square test, it is observed that computed value of chi-square is lower than the table value of chi-square at 5% level of significance. Hence, the *null hypothesis* of having no relationship is *accepted*.

H$_{07}$ There is no relationship between person making decision to use the loan and the number of defaults.

Looking to the response data, persons making decisions are divided in 4 parts for application of chi-square, self, spouse, self & spouse, other than self &/or spouse. On running chi-square test, it is observed that computed value of chi-square is higher than the table value of chi-square at 5% level of significance. Hence, the *null hypothesis* of having no relationship is *rejected*. Thus, person making decision to use the loan and number of defaults are related.

H$_{08}$ There is no relationship between person making decision to use the profit and the number of defaults.

According to the response data, persons making decisions are divided in 4 parts for application of chi-square, self, spouse, self & spouse, other than self &/or spouse. While applying chi-square test, it is observed that calculated value of chi-square is lower than the table value of chi-square at 5% level of significance. Therefore, the *null hypothesis* of having no relationship is *accepted*.

8.3.2 Economic Factors

Under this head three factors are tested with number of defaults *viz.* uncertainty of borrower's income, annual per capita income of the borrowers and borrower's habit of regular savings.

H$_{09}$ There is no relationship between level of certainty of income and number of defaults.

Looking to the response data, for calculating chi-square, economic activities of the borrowers are classified as not active borrowers, self employed borrowers, and job workers. On running chi-square test, the calculated value of chi-square is found lower than the table value of chi-square at 5% level of significance. Thus, the *null hypothesis* of having no relationship is *accepted*.

H_{010} **There is no relationship between borrower's level of income and number of defaults.**

With reference to the response data, the annual per capita income of the borrower is classified into 7 classes with class interval of 10,000 up to ₹50,000; ₹50,001 – ₹1,00,00 and ₹1,00,001 and above. While running chi-square test, it is observed that the computed value of chi-square is lower than the table value of chi-square at 5% level of significance. Hence, the *null hypothesis* of having no relationship between per capita income and number of default is *accepted*.

H_{011} **There is no relationship between borrower's habit of regular saving (not in SEWA Bank) and number of defaults.**

For applying chi-square test, borrowers are divided in two group *viz.* regular savers and non-savers. After applying chi-square test, the computed value of chi-square is observed lower than table value of chi-square at 5% level of significance. Thus, the *null hypothesis* of having no relationship is *accepted*.

H_{012} **There is no relationship between borrower's habit of regular saving (in SEWA Bank) and number of defaults.**

Looking to the response data, for applying chi-square test, borrowers are divided in two parts *viz.* regular savers and non-savers. On running the chi-square test, it is observed that calculated value of chi-square is higher than table value of chi square at 1% level of significance. Hence, the *null hypothesis* of having no relationship is *rejected*. Thus, the habit of regular savings (in SEWA bank) and number of defaults are related.

8.3.3 Loan Related Factors

Under this section three factors are tested to know the relationship with the number of defaults such as amount of the loan, purpose of the loan and frequency of borrowing by the borrowers. As total 1335 numbers of loans are reported by 484 borrowers, the value of chi-square is calculated by indentifying total defaulted loans and non defaulted loans out of total 1335 loans. The numbers of unsecured loans are higher than secured loans. The testing is carried out on the basis of total number of loans.

H_{013} **There is no relationship between the amount of loan and number of defaults.**

Looking to the response data, to run the chi-square test, the loan amount is divided in three parts *viz.* Rs. 1,000 to 20,000; Rs. 21,000 to 40,000 and above 40,000. On running chi-square test it is found that computed value of chi-square is higher than the table value of chi-square at 1% level of significance. Hence, the *null hypothesis* of

having no relationship is *rejected*. Thus, the loan amount and number of defaults are related.

H$_{014}$ **There is no relationship between purposes for which loan is taken and number of defaults.**

Looking to the responses for 327 loans, purpose of loan was not communicated. Thus, while applying chi-square test 1008 (1335-327) loans were considered with three parts of the purposes *viz.* production, consumption and debt/loan repayment.   On applying chi-square test, calculated value of chi-square is found lower than the table value of chi-square at 5 % level of significance.   Accordingly, the *null hypothesis* of having no relationship is *accepted*.

H$_{015}$ **There is no relationship between frequency of borrowings by the borrowers and number of defaults.**

Looking to the response data, the frequency of the borrowings by the borrowers is divided in six parts *i.e.* up to more than 5 time of borrowing.   While running chi-square test, it is observed that computed value of chi-square is higher than the table value of chi-square at 1% level of significance.   Hence, the *null hypothesis* of having no relationship is *rejected*. Thus, frequency of borrowings and number of defaults are related.

8.3.4   Financial Literacy of the Borrowers

Two factors *viz.* borrowers with proper training and borrowers with the awareness about rates of interest are tested in this section with the number of defaults.

H$_{016}$ **There is no relationship between borrower's training and number of defaults.**

For the application of chi-square, borrowers with training and without training are classified.   On applying chi-square test it is observed that the calculated value of chi-square is lower than the table value of chi-square at 5% level of significance.   Thus, the *null hypothesis* of having no relationship is *accepted*.

H$_{017}$ **There is no relationship between borrower's awareness of rates of interest and number of defaults.**

Looking to the response data, for running chi-square test, the data are divided in two parts *viz.* perfect awareness and unawareness.   On running chi-square test it is observed that the computed value of chi-square is lower than the table value of chi-square at 5% level of significance.   Hence, the *null hypothesis* of having no relationship is *accepted*.

8.4 Testing of Hypotheses (Difference between Proportions)

To study the difference in proportions of defaults between various groups, z test is applied. 17 hypotheses are tested under four major factors *viz.* 'socio-demographic factors', 'economic factors', 'loan related factors' and 'financial literacy of the borrowers'. z test was run on two proportions of defaults out of total number of loans (1335) for each major factor. As 98% (1309) of total loans were observed unsecured, z test was applied on total numbers of loans. As the attempt here is to examine difference in proportion of default, each variable is divided into more than one group. Here for 17 variable 74 groups are made. Out of total 74 groups for 28 groups significant difference in proportion was observed rejecting null hypotheses. Table 8.44 presents the details about the value of calculated z for each group and shows the results of hypotheses testing.

Table 8.44 Results of Testing of Hypotheses (z test)

Hypothesis	Factors	Calculated value of z	Decision regarding Null Hypotheses
	Socio demographic Factors		
H_{018}	Age		
(a)	Below 40 years *v/s* Above 40 years	0.16	Accepted
H_{019}	Religion		
(a)	Hindu *v/s* Muslim	0.81	Accepted
H_{020}	Marital Status		
(a)	Unmarried *v/s* Married	0.51	Accepted
(b)	Unmarried *v/s* Married but Single	1.35	Accepted
(c)	Married *v/s* Married but Single	1.86	Accepted
H_{021}	Education Level		
(a)	Uneducated *v/s* Primary	1.25	Accepted
(b)	Uneducated *v/s* Above Primary	3.23[*]	**Rejected**
(c)	Primary *v/s* Above Primary	2.10[**]	**Rejected**
H_{022}	Household Situation/Proportion of Earning Members of Family		
(a)	0% to 20% *v/s* 21% to 40%	1.64	Accepted
(b)	0% to 20% *v/s* 41% to 60%	3.25[*]	**Rejected**
(c)	0% to 20% *v/s* 61% to 80%	0.23	Accepted
(d)	0% to 20% *v/s* 81% to 100%	2.55[**]	**Rejected**
(e)	21% to 40% *v/s* 41% to 60%	2.30[**]	**Rejected**
(f)	21% to 40% *v/s* 61% to 80%	1.19	Accepted
(g)	21% to 40% *v/s* 81% to 100%	1.59	Accepted
(h)	41% to 60% *v/s* 61% to 80%	2.59[*]	**Rejected**
(i)	41% to 60% *v/s* 81% to 100%	0.32	Accepted
(j)	61% to 80% *v/s* 81% to 100%	2.18[**]	**Rejected**
H_{023}	Decision to Take Loan		
(a)	Self *v/s* Spouse	0.97	Accepted
(b)	Self *v/s* Self & Spouse	3.00[*]	**Rejected**

Table 8.44   Contd.

Hypothesis	Factors	Calculated value of z	Decision regarding Null Hypotheses
(c)	Self v/s Other than Self &/or Spouse	0.07	Accepted
(d)	Spouse v/s Self & Spouse	1.36	Accepted
(e)	Spouse v/s Other than Self &/or Spouse	0.63	Accepted
(f)	Self & Spouse v/s Other than Self &/or Spouse	1.50	Accepted
H_{024}	Decision to Use Loan		
(a)	Self v/s Spouse	1.15	Accepted
(b)	Self v/s Self & Spouse	3.48[*]	**Rejected**
(c)	Self v/s Other than Self &/or Spouse	0.02	Accepted
(d)	Spouse v/s Self & Spouse	1.87	Accepted
(e)	Spouse v/s Other than Self &/or Spouse	0.54	Accepted
(f)	Self & Spouse v/s Other than Self &/or Spouse	1.67	Accepted
H_{025}	Decision to Use Profit		
(a)	Self v/s Spouse	1.27	Accepted
(b)	Self v/s Self & Spouse	2.22[**]	**Rejected**
(c)	Self v/s Other than Self &/or Spouse	0.50	Accepted
(d)	Spouse v/s Self & Spouse	0.66	Accepted
(e)	Spouse v/s Other than Self &/or Spouse	0.26	Accepted
(f)	Self & Spouse v/s Other than Self &/or Spouse	0.68	Accepted
	Economic Factors		
H_{026}	Uncertainty of Income		
(a)	Not Active v/s Self Employed	0.65	Accepted
(b)	Not Active v/s Job Workers	0.55	Accepted
(c)	Self Employed v/s Job Workers	0.93	Accepted
H_{027}	Per Capita Income		
(a)	₹0-₹10,000 v/s ₹10,001-₹20,000	1.06	Accepted
(b)	₹0-₹10,000 v/s ₹20,001-₹30,000	3.26[*]	**Rejected**
(c)	₹0-₹10,000 v/s ₹30,001-₹40,000	3.50[*]	**Rejected**
(d)	₹0-₹10,000 v/s ₹40,001-₹50,000	2.59[*]	**Rejected**
(e)	₹0-₹10,000 v/s Above ₹50,000	2.79[*]	**Rejected**
(f)	₹10,001-₹20,000 v/s ₹20,001-₹30,000	2.69[*]	**Rejected**
(g)	₹10,001-₹20,000 v/s ₹30,001-₹40,000	2.95[*]	**Rejected**
(h)	₹10,001-₹20,000 v/s ₹40,001-₹50,000	1.99[**]	**Rejected**
(i)	₹10,001-₹20,000 v/s Above ₹50,000	2.17[**]	**Rejected**
(j)	₹20,001-₹30,000 v/s ₹30,001-₹40,000	1.30	Accepted
(k)	₹20,001-₹30,000 v/s ₹40,001-₹50,000	0.64	Accepted
(l)	₹20,001-₹30,000 v/s Above ₹50,000	0.68	Accepted
(m)	₹30,001-₹40,000 v/s ₹40,001-₹50,000	0.20	Accepted
(n)	₹30,001-₹40,000 v/s Above ₹50,000	0.29	Accepted
(o)	₹40,001-50,000 v/s Above ₹50,000	0.03	Accepted
H_{028}	Savings (Other than SEWA Bank)		
(a)	Regular Savers v/s Irregular Savers	2.40[**]	**Rejected**
H_{029}	Savings (In SEWA Bank)		
(a)	Regular Savers v/s Irregular Savers	4.68[*]	**Rejected**
	Loan Related Factors		
H_{030}	Amount of Loan		
(a)	₹1,000 to ₹20,000 v/s ₹21,000 to ₹40,000	0.94	Accepted
(b)	₹1,000 to ₹20,000 v/s Above ₹40,000	1.92	Accepted

Table 8.44 - Contd.

Hypothesis	Factors	Calculated value of z	Decision regarding Null Hypotheses
(c)	₹21,000 to ₹40,000 v/s Above ₹40,000	2.95*	Rejected
H031	**Purpose of Loan**		
(a)	Production v/s Consumption	0.05	Accepted
(b)	Production v/s Debt Loan Repayment	0.96	Accepted
(c)	Consumption v/s Debt/Loan Repayment	1.30	Accepted
H032	**Frequency of Borrowings**		
(a)	1 time v/s 2 time	2.84*	Rejected
(b)	1 time v/s 3 time	2.74*	Rejected
(c)	1 time v/s 4 time	3.53*	Rejected
(d)	1 time v/s 5 time & above	5.59*	Rejected
(e)	2 time v/s 3 time	1.78	Accepted
(f)	2 time v/s 4 time	1.07	Accepted
(g)	2 time v/s 5 time & above	4.23*	Rejected
(h)	3 time v/s 4 time	0.57	Accepted
(i)	3 time v/s 5 time & above	1.25	Accepted
(j)	4 time v/s 5 time & above	3.06*	Rejected
	Financial Literacy		
H033	**Lack of Training**		
(a)	Trained v/s Non-Trained	1.76	Accepted
H034	**Lack of Awareness of Rates of Interest**		
(a)	Aware v/s Non-Aware	2.30**	Rejected

* $z = 2.58$ 'a 1% level of significance;   ** $z = 1.96$ 'a 5% level of significance

8.4.1 Socio Demographic Factors

This section considers the factors such as age, religion, marital status, education level, household situation, decision to take loan, decision to use loan, and decision to use profit. 8 hypotheses are tested. Maximum numbers (637) of loans were taken by the borrowers who did not know their caste and naturally the proportion of defaults were also found high. Hence, the z test was not applied for caste. For all the remaining aspects z-test is applied. The results are discussed in the following lines.

H018   There is no significant difference in the proportion of default between various age groups.

For the purpose of calculation of z the borrowers are divided into two age groups viz. loans by borrowers having age below 40 and age above 40. On computation of z, the value of z was found to be lower than the table value at 5% level of significance. Thus, the *null hypothesis* of having no significant difference in the proportions of default between these two age groups was *accepted*.

H$_{019}$ There is no significant difference in the proportion of default between borrowers following different religions.

On computation of z-value, it was found to be lower than the table value at 5% level of significance. Hence, the *null hypothesis* of having no significant difference in the proportions of default between Hindus and Muslims was *accepted*.

H$_{020}$ There is no significant difference in the proportion of default between various marital statuses of borrowers.

To examine the difference in proportion on the above aspect 3 groups were formed. Accordingly, for the purpose of comparison, 3 groups were compared (Table 8.44). On computing z-value, it was observed to be lower than the table value at 5% level of significance for each group. Therefore, the *null hypothesis* of having no significant difference between the proportions of defaults was *accepted*.

H$_{021}$ There is no significant difference in the proportion of default between various education levels.

To examine the difference if any, in proportions of defaults in the loans taken by borrowers having different level of education, here also z-test is applied. For the purpose of analysis, loans of various borrowers are divided in 3 groups. Thus, for the purpose of comparison, it resulted in 3 comparisons (Table 8.44). On computation of z, the value of z was found to be higher than the table value at 1% level of significance in case of group (b) and z-value was found to be higher than the table value at 5% level of significance in case of group (c). Thus, *null hypothesis* for those two groups was *rejected* and alternate hypothesis of having significant difference between proportions of defaults was accepted. This indicates that the level of education does affect to the proportion of default.

H$_{022}$ There is no significant difference in the proportion of default between varying proportions of earning members in the borrowers' family.

To examine the significant difference if any, between varying proportion of earning members in the borrowers' family, various range of the percentage of the earning members of the borrowers' family were formed (in 10 groups) and for each such range proportion of default to the total loan was found. Based on this the z value is computed. It was observed that the values of z were found to be higher than table value of z at 5% level of significance for five groups *viz.* (d), (e), and (j) while the value of z was observed to be higher than the table value of z at 1% level of significance for two groups *viz.* (b) and (h). Hence, *null hypothesis* for these five groups was *rejected* indicating significant difference in the proportions of default between certain groups. It indicates

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that the proportion of default can be reduced with more number of earning members in the borrowers' family.

H_{023} **There is no significant difference in the proportion of default between various groups of persons making decision to take loan.**

To examine the difference in proportion of person making decision to take the loan on the rates of default 4 groups were framed. For the purpose of computation, thus it resulted in 6 comparative groups (Table 8.44). On computation of z value for each group, the value of z was found to be higher than the table value of z at 1% level of significance for one group only *i.e.* (b) indicating that the proportion of default reduces when decision to take loan is taken by self in consultation with spouse.

H_{024} **There is no significant difference in the proportion of default between various groups of persons making decision to use loan.**

To examine the difference in proportion of default on account of frequency of loan, 4 groups were framed. For the purpose of computation, thus it resulted in 6 comparative groups (Table 8.44). On applying z test for each group, the value of z was found to be higher than the table value of z at 1% level of significant for one group only *i.e.* (b) indicating that the proportion of default reduces when decision to use loan is taken by self in consultation with spouse.

H_{025} **There is no significant difference in the proportion of default between various groups of persons making decision to use profit.**

For the purpose of examining the difference in proportion on the above aspects, 4 groups were framed. For the purpose of computation, thus it resulted in 6 comparative groups (Table 8.44). On calculating z for each group, the value of z was found to be higher than the table value of z at 5% level of significant for one group only *i.e.* (b). It indicates that the proportion of default reduces when decision to use profit is taken by self in consultation with spouse.

8.4.2 Economic Factors

This part deals with three different factors *viz.* uncertainty of income of the borrowers, annual per capita income of the borrowers and borrowers' habit of regular savings. Following four hypotheses were tested.

H_{026} **There is no significant difference in the proportion of default in the loans taken by borrowers pursuing different economic activities.**

For the purpose of examining difference in proportion on the above aspects, 3 groups were framed. For the purpose of comparison, thus it resulted in 3 comparisons (Table 8.44). On examining the z value for each group, the values of z were found to be

lower than the table value of z at 5% level of significance in case of each grouping. Thus, *null hypothesis* of having no significant difference in the proportions of defaults was *accepted* for each group. It indicates that borrowers' economic activities do not have any effect on the proportion of defaults.

H_{027} **There is no significant difference in the proportion of default in loans taken by borrowers at various levels of annual per capita income.**

To study the difference in the proportions of defaults on account of level of per capita income 6 groups were framed. For the purpose of comparison, thus it resulted in 15 comparisons (Table 8.44). On computation of z-value, it was found to be higher than the table value at 1% level of significance in case of 8 groups *viz.* (b), (c), (d), (e), (f) and (g). Moreover, for the groups (h) and (j) the values of z were found to be higher than the table value at 5% level of significance. Therefore, the *null hypothesis* for those groups was *rejected*. It indicates that the proportion of default reduces with the high level of per capita income of the borrowers.

H_{028} **There is no significant difference in the proportion of default between groups of regular and irregular savers (other than SEWA bank).**

To study the difference in proportion of default on account of saving habit, 2 groups (regular savers and irregular savers) were compared. On computing z, the value of z was found to be higher than the table value at 5% level of significance. Thus, the *null hypothesis* was *rejected*. Thus, it is inferred that regular saving at other than SEWA bank, leads to reduction in proportion of default.

H_{029} **There is no significant difference in the proportion of default between groups of regular and irregular savers (in SEWA bank).**

For the purpose of examining difference in proportion of default on account of saving habit, 2 groups (regular savers and irregular savers) were compared. On computation of z, it was observed that the calculated value of z was higher than the table value of z at 1% level of significance. Thus, the *null hypothesis* was *rejected* indicating that the proportion of default reduces in case of the regular savers of the SEWA bank. Thus, regular saving in the SEWA bank, leads to reduction in proportion of default.

8.4.3 Loan Related Factors

This section presents the hypotheses tested for three factors such as amount of loan, purpose of loan and frequency of borrowings by the borrowers. Following three hypotheses were tested.

H$_{030}$ **There is no significant difference in the proportion of default between various levels of amount of loan.**

To study the difference in proportion on the above aspects, 3 groups were framed. For the purpose of comparisons, thus it resulted in 3 comparisons (Table 8.44). On examining the z value, it was observed to be higher than the table value of z at 1% level of significance for one group *i.e.* (c). Therefore, the *null hypothesis* for that one group was *rejected* indicating that the amount of loan does matter for proportion of default. It indicates that as the amount of loan decreases, the proportion of default loan increases.

H$_{031}$ **There is no significant difference in the proportion of default between various purposes of loan.**

For the purpose of examining the difference in proportion on the above aspects, 3 groups were framed which resulted in 3 comparisons (Table 8.44). On examining the value of z, the calculated values of z were found to be lower than the table value (at 5% level of significance) of z in case of all groups. Thus, *null hypothesis* of having no significant difference in the proportion of default was *accepted* for each group. It shows that purpose of the loan do not have any effect on the proportion of default.

H$_{032}$ **There is no significant difference in the proportion of default between various levels of frequency of borrowing by the borrowers.**

To study the difference in proportions of default on account of frequency of loan, 5 groups were formed. For the purpose of comparison, thus it resulted in 10 comparisons (Table 8.44). On computation the z value, it was found to be higher than the table value of z at 1% level of significance in case of six groups *viz.* (a), (b), (c), (d), (g) and (j),. Hence, the *null hypothesis* was *rejected* for these six groups. This necessarily indicates that more the number of times, the borrower is granted loan, the chances of default in loan repayment reduces.

8.4.4 Financial Literacy of the Borrowers

In this section, factors regarding financial literacy of the borrowers were examined *viz.* lack of training and lack of awareness of rates of interest. Following two hypotheses were tested.

H$_{033}$ **There is no significant difference in the proportion of default between groups of trained and non-trained borrowers.**

To understand the difference in proportions on the above aspects, 2 groups were formed. On applying z test, it was observed that the calculated value of z was lower than the table value of z at 5% level of significance. Therefore, the *null hypothesis* of having

no significant difference in proportion of default was *accepted* indicating that giving training to the borrowers does not have any effect on the proportion of default.

H_{034} **There is no significant difference in the proportion of default between groups of aware and non-aware borrowers about the rates of interest.**

To study the difference in proportion on the above aspect, 2 groups were formed with the objective of comparison. On computation of z-value, it was found to be higher than the table value of z at 5% level of significant. Thus, the *null hypothesis* was *rejected.* It indicates that awareness of the borrowers regarding rates of interest can reduce the level of default.

8.5   Major Findings

Total 484 borrowers, from all five branches (including head office) of the SEWA bank, were selected as sample. Responses of the sample are analyzed by applying two type of tests *i.e.* chi-square test and z-test. Hence, following major findings are observed.

8.5.1   Based on Chi-square test

1. 56.82% (275 out of 484) borrowers were found from the age group of 21-40 with maximum numbers of loans (719 loans out of 1335). However, maximum 28.57% default was observed for the age group of 61-80. It is observed that borrowers above the age 60 made more numbers of defaults. Significant relationship was found between the age of the borrowers and number of defaults (H_{01}).

2. Hindu borrowers were observed at 76.03% (368 out of 484) of the total borrowers. Looking to the caste, 48.76% (236) borrowers were not aware about their caste while 25.41% (123) borrowers were found for OBC caste. Share of defaults was at 15.21% (UL-14.46% & SL-55.56%) for Hindu borrowers. Though the major proportion of loans (993 out of 1335) as well as defaults was observed for Hindu borrowers, no significant relationship was found between religion of the borrower and number of default (H_{02}).

3. Maximum 436 (90.08%) borrowers (out of 484) were found married with maximum numbers (1194 out of 1335) of loans. However, maximum proportion of defaults was observed at 22.32% (UL-21.82% & SL 50%) for widowed borrowers. No significant relationship could be observed between the marital status of the borrower and number of defaults (H_{03}).

4. Borrowers were found with low level of education as 34.71% borrowers were observed having primary level education followed by uneducated borrowers with

33.26% share. Highest numbers of loans are observed for borrowers with primary education (475 out of 1335) followed by uneducated borrowers (404 out of 1335). However, highest share of default was observed at 18.56% (UL-18.34% & SL-33.33%) for uneducated borrowers followed by primary level educated borrowers at 15.37% (UL-14.13% & 87.50%). The rates of defaults were observed in down ward trend in relation to high level of education. Significant association is observed between education level of the borrower and number of default (H_{04}). It indicates that high level of education can help to reduce the number of defaults.

5. Out of 484 borrowers, 184 (38.02%) borrowers were observed with 21 - 40% earning members in their family. It was observed that borrowers with more numbers of earning members in their family can help to reduce the level of defaults. Accordingly, significant relationship was found between number of earning members in the borrower's family and number of defaults (H_{05}).

6. In most of the situations (decision to take the loan, decision to use the loan and decision to use the profit) decisions were taken by borrowers themselves. 41.12% (199 out of 484) borrowers were observed taking decision to take the loan while 38.02% (184 out of 484) borrowers were found taking decision to use the loan. In the situation to decide the usage of profit, 44.63% (216 out of 484) borrowers were observed. On examining the rate of defaults for all situations, for taking the decision to take the loan (17.72%) and use the loan (17.95%), the highest rates of default were observed for the borrowers taking decisions by consulting other than self &/or spouse. But in the situation of taking decision to use the profit, the highest default was observed at 16.91% for the self decision takers. The data shows that in the situations where borrowers took the decisions alone or by consulting other than self and/or spouse, the numbers of defaults are high. No significant relationship is observed between person making decision to take the loan and to use profit and number of default (H_{06} & H_{08}), while significant relationship is found between the person making decision to use the loan and number of defaults (H_{07}).

7. 484 borrowers were observed with 2625 family members where 1552 family members were economically inactive and 589 were self employed. Looking to the individual borrowers, out of 484 borrowers, 45.87% (222) were observed self employed followed by 41.12% inactive borrowers. Highest numbers (736 out of 1335) of loans were taken by the self-employed borrowers with 15.49% (UL-

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14.58% & SL-56.25%) share of defaults. Borrowers with uncertain income were observed with marginally high level of defaults. However, no significant relationship is found between level of uncertainty of income and number of default (H_{09}).

8. Out of 484 borrowers, 63 borrowers were found with 50% earning members (TFM 4, TEM 2) in the family. Maximum 454 (out of 1335) numbers of loans were taken by the borrowers with the per capita income of ₹10,001-20,000 and defaults was observed at 16.74%. No significant association was observed between borrower's per capita income and numbers of defaults (H_{010}).

9. Saving habit of the borrowers were gathered in two parts *viz.* borrower's savings in other than SEWA bank and borrower's savings in the SEWA bank. Out of 484 borrowers, 60 were observed regular savers in other than SEWA bank while 79 were observed regular savers in SEWA bank. 31.43% (22 responses out of 70) responses were received for the source of savings in other than SEWA bank is *Vishis* while 22.57% (109 responses out of 483) responses received for the source of savings in the SEWA bank is *Chinta Nivaran Yojana*. However, highest numbers of loans (out of total 1335 loans) were taken by the borrowers without habit of regular savings in both the parts *viz.* 1150 for savings in other than SEWA and 1055 for savings in SEWA bank. Highest share of defaults was also observed at 15.57% (UL–14.84% & SL–48%) and 17.54% (UL–16.68% & SL–66.67%) respectively. The data shows that habit of regular savings can help to reduce the number of defaults. In case of savings in other than SEWA bank, no significant relationship is found between regular savings and number of defaults (H_{011}). But significant relationship is found between regular savings by borrowers in SEWA bank and number of default (H_{012}).

10. Total 1335 (1309 ULs & 26 SLs) numbers of loans were recorded as disbursed to the 484 borrowers. 421 ULs and 12 SLs were found with the amount in range of ₹1,000 to ₹10,000. 41 ULs and 3 SLs had been found having amounted of ₹51,000 and above. Highest level of defaults were observed for the loan amount ranging from ₹1,000 to ₹20,000. Significant relationship was observed between the amount of loan and number of defaults (H_{013}).

11. Out of 1335 loans, 43.15% (576) loans were taken for productive purposes. Among them 574 loans were unsecured and 2 were secured. For 327 loans (24.49%) the purpose was not communicated by the borrowers where 305 loans were unsecured and 22 were secured. Only 9.59% proportion of total loans

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(1335) were observed for the purpose of debt/loan repayment but the rate of default was observed highest at 18.75%. The data shows that more number of defaults for the loan taken for non-productive purposes but no significant relationship was found between purpose of the loan and number of default (H_{014}).

12. On examining the frequency of the borrowings by the borrowers, majority 95% (1265 out of 1335) of the total proportion of loans were observed for the borrowers up to 6 time borrowings. The number of defaults were observed in decreasing trend towards the increasing number of frequency of borrowings. Highest proportion of default was observed at 32.46% (UL-31.13% & SL-50%) for 1st time borrowers. Significant relationship was observed between frequency of borrowings by the borrowers and number of default (H_{015}).

13. Majority of the borrowers (66.74% i.e. 323 out of 484) had not undergone through any type of training programme of the SEWA bank. For 42.98% (out of 363 responses) of responses, it was observed that borrowers were not interested in taking training at SEWA bank. However, out of remaining responses, 22.87% responses were observed that borrowers cloud not take training, as closure of one day business was not affordable for them. The borrowers took maximum numbers of loans (807 out of 1335) without having training. Accordingly, 16.11% (UL-15.08% & SL-61.11%) default was observed for the same borrowers. Even if high level of default was observed for the borrowers without training, no significant relationship was found between having training and number of default (H_{016}).

14. Out of 484 borrowers, only 105 borrowers were having correct awareness about the rate of interest they are charged for taking the loan. 379 borrowers were found unaware. However, majority numbers (1011 out of 1335) of loans were taken by the unaware borrowers and share of default was found to be 15.92% (UL-15.18% & SL-47.83%). On examining relationship if any between awareness of rate of interest and rate of default, it was found to be absent (H_{017}).

15. Out of total 1335 loans, 869 (65.09%) loans were observed fully repaid while 466 (34.91%) loans were found outstanding of repayment. Out of 1335, 197 (14.76%) loans were found defaulted. Among them 76 (38.58%) loans were observed in case of paid loans while 121 (83.33%) were observed in case of outstanding loans. 30 cases, out of 1335 loans, were observed in case of multiple loans, among them 11 (36.67%) loans were found defaulted.

16. On examining the causes of defaults, 1418 responses were received from 460 (95.04% out of 484) borrowers who informed about their default. Out of 1418 responses, majority of the loans had not been repaid on time because of high fluctuation of income of the borrowers (15.23% responses), illness (13.26% responses) among the borrowers and sudden expenses (11.64% responses) of the borrowers. Some borrowers were found with other borrowings (9.94% responses) from private money lenders with high rate of interests. Other major reasons found were: Expenses in excess of income (8.04% responses), social expenses (6.49% responses), heavy debt (5.15% responses) and son/husband not earning enough (4.87% responses).

17. Total 89 responses were received from 24 (4.96% out of 484) borrowers who did not make any default. Out of 89 responses, major reasons of loans repaid regularly, includes regular savings of the borrowers (23.60% responses), regular income of the borrowers (20.22% responses), habit of economizing the spending (17.98% responses) among the borrowers and all family members are earning (15.73% responses).

8.5.2   Based on z test – Difference between Proportions

1. No significant difference was found between proportions of defaults between the age groups of below 40 and above 40 (H_{018}). No significant difference was observed between proportion in defaults of two religion groups $i.e.$ Hindus and Muslims (H_{019}). No significant difference was observed in proportion of any group of marital status of the borrowers and the proportion of default. (H_{020}). No significant difference was found for the group of uneducated borrowers and primary level educated borrowers. However, significant difference was observed for two groups $viz.$ (b) uneducated v/s above primary and (c) primary v/s above primary (H_{021}). Thus, with granting loan to educated borrowers, the risk of default reduces.

2. When, the difference between groups was examined, for proportion of default and proportion of earning members in the family, significant difference was observed for 5 groups $viz.$ (b) 0% to 20% v/s 41% to 60%; (d) 0% to 20% v/s 81% to 100%; (e) 21% to 40% v/s 41% to 60%; (h) 41% to 60% v/s 61% to 80% and (j) 61% to 80% v/s 81% to 100% (H_{022}). Thus, with rising proportion of earning members in the family, the proportion of default reduces.

3. Difference between proportions of defaults for person making decision to take the loan, decision to use the loan and decision to use profit was found to be

significant for one group only *i.e.* (b) self *v/s* self & spouse (H_{023}, H_{024}, H_{025}). Thus, the proportion of default reduces when the decision is taken by borrower in consultation with spouse.

4. No significant difference was observed for the various groups of economic activities (H_{026}). On observing per capita income of the borrowers' and defaults, significant difference was found in case of 8 various levels of annual per capita income of borrowers such as (b) ₹0-₹10,000 *v/s* ₹20,001-₹30,000; (c) ₹0-₹10,000 *v/s* ₹30,001-₹40,000; (d) ₹0-₹10,000 *v/s* ₹40,001-₹50,000; (e) ₹0-₹10,000 *v/s* above ₹50,000; (f) ₹10,001-₹20,000 *v/s* ₹20,001-₹30,000; (g) ₹10,001-₹20,000 *v/s* ₹30,001-₹40,000; (h) ₹10,001-₹20,000 *v/s* ₹40,001-₹50,000; and (i) ₹10,001-₹20,000 *v/s* above ₹50,000 (H_{027}). Thus, with the rising proportion of per capita income of the borrower, the proportion of default reduces.

5. Significant difference was found for the groups of regular savers *v/s* irregular savers in both the cases *i.e.* savings other than SEWA bank (H_{028}) and savings in the SEWA bank (H_{029}). Regular savings of the borrower, leads to reduction in proportion of default.

6. On comparing various levels of amount of loan with proportion of default, significant difference was found for the group (c) ₹21,000 to ₹40,000 *v/s* above ₹40,000 (H_{030}). However, on comparing purposes of the loans and proportion of default no significant difference was observed for any group of purposes of the loan (H_{031}). Moreover, in case of comparison of frequency of borrowings with proportion of default, significant difference in proportion of defaults was observed for the following six groups *viz.* (a) 1 time *v/s* 2 time; (b) 1 time *v/s* 3 time; (c) 1time *v/s* 4 time; (d) 1 time *v/s* 5 time & above; (g)2 time *v/s* 5 time & above; and (j) 4 time *v/s* 5 time & above (H_{032}). More the number of times, the borrower is granted loan, the chances of default in loan repayment reduces.

7. Even though the training had not helped in reducing the level of default (H_{033}), the awareness about the interest rate has helped in reducing the proportion of default (H_{034}).

The next chapter presents the analysis of responses received from banksathis, hand holders and comparative analysis for the responses of the common questions.

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