# Chapter 9

# DATA ANALYSIS: BANKSATHIS & HAND HOLDERS

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In the preceding chapter analysis of the responses of the borrowers was carried out. This chapter presents the analysis of the responses by the banksathis and hand holders. It also presents the comparative analysis of the responses of banksathis and hand holders.

Banksathis are the SEWA bank's frontline workers. They come from the same communities as the customers and live alongside them in the same neighbourhoods. A capable banksathi can serve around 400 borrowers of the bank. The banksathi assist the applicant to take the loan and/or opening a saving account in the SEWA bank. Hand holders (bank's facilitator) monitor banksathis. Banksathis and hand holders play very important role in the loan procedure. Banksathis first assesses the loan applicant and make notes on applicant's financial and social status. Hand holders then follow up on the recommendations of banksathis and make notes on applicant's entrepreneurial skills, her financial capability and her participation in the bank's savings programmes. Banksathis were also asked to explain all the rules and regulations regarding loan and repayment procedure to the applicant. Then only the loan is sanctioned to the applicant by the Bank.[1] Thus, sanctioning the loan to the borrowers is dependent on recommendation of banksathi as well as hand holders. Accordingly, opinions of banksathis and hand holders are very important for the study.

This chapter is divided in four sections. Section 1 deals with the analysis of data collected from Banksathis while Section 2 deals with the analysis of data collected from Hand Holders. Section 3 presents the comparative analysis of the opinions of Banksathis and Hand Holders and Section 4 presents the major findings. Following paragraphs discusses the same.

## Section I    Banksathis

### 9.1    Analysis of data collected from Banksathis

Total 83 numbers of banksathis were reported from the SEWA bank but all banksathis were not found in active condition. Some of them were less active and/or inactive. Thus, for the purpose of the study only active and available banksathis were included in final sample. According to the SEWA bank 67 banksathis were active and

available. However, at the time of data collection 66 banksathis were available. Thus, all the banksathis are included for the study. The distribution of 66 banksathis was as mentioned in Table 9.1. It can be noted from the table that Behrampura had highest number of banksathis (20) and Vasna had lowest number of banksathis (5).

**Table 9.1    Branch wise data of Banksathis**

| No. | Name of Branch | Frequency | Percentage |
|-----|----------------|-----------|------------|
| 1 | Head Office | 7 | 10.61 |
| 2 | Vasna | 5 | 7.58 |
| 3 | Behrampura | 20 | 30.30 |
| 4 | Madhupura | 17 | 25.76 |
| 5 | Rakhial | 17 | 25.76 |
| | **Total** | **66** | **100** |

Source: Prepared from Responses

Total 25 questions, divided into six sections, were asked to 66 banksathis. The Questionnaire is appended at the end as *Appendix-2*.

**9.1.1   Demographic Profile**

Basic information regarding age, education and experience of the banksathis was inquired. In addition to this, the loan accounts opened by each banksathi were also inquired. Following paragraphs discuss the analysis of the same.

*Age & Education*:    Table 9.2 shows the age wise educational status of banksathis. Age of the banksathis was found in the range of 21-55. Majority of banksathis (19, 28.79%) were found between the age group of 36-40. From angle of education majority of banksathis (28, 42.42%) were observed with the secondary level education of which 9 banksathis were observed for the age group of 36-40. 15 (22.73%) banksathis were found primary level educated. Only 8 (12.12%) and 9 (13.64%) banksathis had higher secondary and graduate level education respectively. Education level is observed considerably low among banksathis, however, definitely it is better than borrowers.

**Table 9.2    Age wise Education of Banksathis**

| Age | Education | | | | | Total | % |
|-----|-----------|--|--|--|--|-------|---|
| | Primary 1-7 | Sec. 8-10 | Higher Sec. 11-12 | Graduation | NA | | |
| 21-25 | 1 | 0 | 0 | 0 | 0 | 1 | 1.52 |
| 26-30 | 0 | 3 | 2 | 1 | 0 | 6 | 9.09 |
| 31-35 | 2 | 5 | 0 | 3 | 1 | 11 | 16.67 |
| 36-40 | 4 | 9 | 3 | 1 | 2 | 19 | 28.79 |
| 41-45 | 3 | 4 | 1 | 1 | 1 | 10 | 15.15 |
| 46-50 | 4 | 6 | 0 | 1 | 0 | 11 | 16.67 |
| 51-55 | 1 | 1 | 2 | 2 | 2 | 8 | 12.12 |
| **Total** | **15** | **28** | **8** | **9** | **6** | **66** | |
| **%** | 22.73 | 42.42 | 12.12 | 13.64 | 9.09 | | |

Source: Prepared from Responses

*Age & Experience*: Table 9.3 presents the age wise working experience of banksathis. Maximum 26 banksathis were found with experience of 4 to 6 years, of which 9 banksathis were reported in the age group of 36-40. 19 banksathis were found with the experience of 10 to 12 years. Among them 5 banksathis were reported in the age group of 31-35 and 51-55 each. Only 1 (age group 36-40) banksathi was recorded with the experience of 13 to 15 years.

Table 9.3    Age wise Experience of Banksathis

| Age | Experience (In Years) | | | | | Total | % |
|---|---|---|---|---|---|---|---|
| | 1 to 3 | 4 to 6 | 7 to 9 | 10 to 12 | 13 to 15 | | |
| 21-25 | 0 | 0 | 1 | 0 | 0 | 1 | 1.52 |
| 26-30 | 0 | 4 | 2 | 0 | 0 | 6 | 9.09 |
| 31-35 | 1 | 3 | 2 | 5 | 0 | 11 | 16.67 |
| 36-40 | 2 | 9 | 5 | 2 | 1 | 19 | 28.79 |
| 41-45 | 1 | 3 | 3 | 3 | 0 | 10 | 15.15 |
| 46-50 | 0 | 6 | 1 | 4 | 0 | 11 | 16.67 |
| 51-55 | 1 | 1 | 1 | 5 | 0 | 8 | 12.12 |
| Total | 5 | 26 | 15 | 19 | 1 | 66 | |
| % | 7.58 | 39.39 | 22.73 | 28.79 | 1.52 | | |

Source: Prepared from Responses

*Number of Accounts opened*: To have an idea about the involvement of banksathis in opening accounts, the number of loan accounts opened by banksathis during 2007-08 and 2008-09 were inquired. As the primary data collection was carried out commencing from May 2009, the years selected for the question were 2007-08 and 2008-09. From the summary data presented in Table 9.4, it can be observed that during the year 2008-09 the number of banksathis opening accounts between 51-300 has gone up and between 0-50 has gone down. This necessarily implies that banksathis were more active in the year 2008-09 in comparison of the year 2007-08.

Table 9.4    Number of Loan Accounts Opened by Banksathis

| No. | No of Accounts opened | 2007-08 | 2008-09 |
|---|---|---|---|
| 1 | 0-50 | 60 | 5 |
| 2 | 51-100 | 1 | 24 |
| 3 | 101-150 | 1 | 18 |
| 4 | 151-200 | 0 | 6 |
| 5 | 201-250 | 0 | 7 |
| 6 | 251-300 | 1 | 2 |
| 7 | 301-350 | 0 | 0 |
| 8 | 351-400 | 2 | 3 |
| 9 | 401-450 | 0 | 0 |
| 10 | 451-500 | 0 | 0 |
| 11 | 501-550 | 0 | 0 |
| 12 | 551-600 | 1 | 1 |
| | Total | 66 | 66 |

Source: Prepared from Responses

## 9.1.2 Procedural

Total five questions regarding sanctioning the loan and periodicity of collection of loan instalments were asked in this section. Banksathis work in the area of customers. Customers ask them to open saving account or to take any type of loan. Then banksathis recommend that customer to the bank for sanctioning the loan and hand holder follow up the loan procedure. Banksathis get the commission on the basis of loan amount sanctioned to the customers who come to the bank for loan with the reference of banksathis. Majority of banksathis had tried to sanction the higher amount of loan to their customers with the purpose of taking higher amount of commission. It might affect directly or indirectly on the level of defaults because some times customers may not be able to repay the loan within the loan term. So opinions of banksathis, regarding loan amount for the first time and or second time loan given to the same borrower, were also collected for the purpose of the study. Majority of them had given the same opinions for all types of unsecured loans (UL) given for the first time. While for secured loans (SL), banksathis had given same opinions for the first time loan and second time loan.

*Minimum & Maximum limit of Amount for 1<sup>st</sup> Time*: Banksathis were asked to share their opinions regarding minimum and maximum limit of loan amount for all products of UL and SL loans. Some of banksathis gave different opinions for different products while some banksathis gave same opinions for all products. Thus, due to multiple responses total 119 responses were recorded from 66 banksathis (Table 9.5). Looking to the responses given to all UL products, it was observed that 56 and 51 responses indicates specific amount for minimum limit and maximum limit respectively. Among them 46 responses were observed at ₹5,000 for minimum limit while 22 responses were observed at ₹10,000 for maximum limit. For remaining responses, banksathis did not communicate any particular amount for minimum and/or maximum limit for the first time loan.

Looking to the responses given to SLs, similar opinions were observed for all type of SLs as well as for minimum and maximum limit of loan amount where no banksathi communicated any specific amount for minimum/maximum limit of loan. For Fixed Deposit, maximum 23 responses were observed for 80% of FD for minimum and maximum limit of loan amount.

*Minimum & Maximum limit of Amount for 2<sup>nd</sup> Time*: Table 9.6 shows the opinions of banksathis about minimum and maximum loan amount for the second time loan given to the same borrower. In case of all ULs, 39 responses were observed for definite amount for minimum limit of amount while 36 responses were observed for

definite amount for maximum limit of amount. 17 responses were recorded for minimum amount of ₹15,000 for all types of ULs while 9 responses were observed for the maximum amount of ₹25,000. However, 14 responses were found for maximum

**Table 9.5**    **Views about minimum and maximum amount of loan for the 1ˢᵗ time**

| No. | Loan Type | Minimum Amt | Freq | No. | Loan Type | Maximum Amt | Freq |
|---|---|---|---|---|---|---|---|
| | * Unsecured | | | | * Unsecured | | |
| 1 | Paki Bhit Loan | 5,000 | 1 | 1 | Paki Bhit Loan | 100,000 | 1 |
| 2 | All Products | 2,000 | 1 | 2 | All Products | 10,000 | 22 |
| 3 | | 3,000 | 1 | 3 | | 15,000 | 14 |
| 4 | | 5,000 | 46 | 4 | | 20,000 | 3 |
| 5 | | 7,000 | 1 | 5 | | 25,000 | 5 |
| 6 | | 10,000 | 7 | 6 | | 30,000 | 1 |
| | | | | 7 | | 50,000 | 5 |
| | | | | 8 | | 2 times of savings | 2 |
| 7 | | 2-3 times of savings | 1 | 9 | | 2-3 times of savings | 2 |
| | | | | 10 | | 3 times of savings | 3 |
| 8 | | 3-4 times of savings | 1 | 11 | | 3-4 times of savings | 1 |
| 9 | | 4 times of savings | 1 | 12 | | 4 times of savings | 2 |
| | | | | 13 | | 5 times of savings | 1 |
| 10 | | Depends upon borrower | 1 | 14 | | Depends upon borrower | 1 |
| | | | | 15 | | Depends upon savings | 1 |
| 11 | | Bank decides | 1 | 16 | | Bank decides | 1 |
| 12 | | Don't know | 4 | 17 | | Don't know | 1 |
| | * Secured | | | | * Secured | | |
| 1 | Fixed Deposit | 65% of FD | 1 | 1 | Fixed Deposit | 65% of FD | 1 |
| 2 | | 70% of FD | 3 | 2 | | 70% of FD | 3 |
| 3 | | 70-80% of FD | 4 | 3 | | 70-80% of FD | 4 |
| 4 | | 75% of FD | 1 | 4 | | 75% of FD | 1 |
| 5 | | 75-80% of FD | 1 | 5 | | 75-80% of FD | 1 |
| 6 | | 80% of FD | 23 | 6 | | 80% of FD | 23 |
| 7 | | 80-85% of FD | 3 | 7 | | 80-85% of FD | 3 |
| 8 | | 80-90% of FD | 2 | 8 | | 80-90% of FD | 2 |
| 9 | | 85% of FD | 2 | 9 | | 85% of FD | 2 |
| 10 | | 90% of FD | 1 | 10 | | 90% of FD | 1 |
| 11 | | 133% of FD | 1 | 11 | | 133% of FD | 1 |
| 12 | NSC loan | As per the term of NSC | 1 | 12 | NSC loan | As per the term of NSC | 1 |
| 13 | ODCC/OC loan | 60% of Valuation of Gold | 1 | 13 | ODCC/OC loan | 60% of Valuation of Gold | 1 |
| 14 | | 70% of Valuation of gold | 5 | 14 | | 70% of Valuation of gold | 5 |
| 15 | | 70-80% of Valuation of gold | 1 | 15 | | 70-80% of Valuation of gold | 1 |
| 16 | | 75% of Valuation of gold | 1 | 16 | | 75% of Valuation of gold | 1 |
| 17 | | 80% of Valuation of gold | 2 | 17 | | 80% of Valuation of gold | 2 |

Source: Prepared from Responses

**Table 9.6    Views about minimum and maximum amount of loan for the 2nd time**

| No. | Loan Type | Minimum Amt | Freq | No. | Loan Type | Maximum Amt | Freq |
|---|---|---|---|---|---|---|---|
| | * Unsecured | | | | * Unsecured | | |
| 1 | Paki Bhit Loan | 3 times of savings | 1 | 1 | Paki Bhit Loan | 3 times of savings | 1 |
| 2 | All | 10,000 | 6 | 2 | All | 15,000 | 2 |
| 3 | | 15,000 | 17 | 3 | | 20,000 | 3 |
| 4 | | 20,000 | 6 | 4 | | 25,000 | 9 |
| 5 | | 25,000 | 7 | 5 | | 30,000 | 6 |
| 6 | | 30,000 | 1. | 6 | | 35,000 | 4 |
| 7 | | 35,000 | 1 | 7 | | 40,000 | 2 |
| 8 | | 50,000 | 1 | 8 | | 50,000 | 6 |
| | | | | 9 | | 80,000 | 1 |
| | | | | 10 | | 100,000 | 3 |
| | | | | 11 | | 2 times of savings | 1 |
| 9 | | 2-3 times of savings | 1 | 12 | | 2-3 times of savings | 2 |
| | | | | 13 | | 3 times of savings | 14 |
| 10 | | 3-4 times of savings | 1 | 14 | | 3-4 times of savings | 2 |
| 11 | | 4 times of savings | 1 | 15 | | 4 times of savings | 2 |
| | | | | 16 | | 5 times of savings | 1 |
| 12 | | Depends upon borrower | 1 | 17 | | Depends upon borrower | 1 |
| 13 | | Depends upon savings | 2 | 18 | | Depends upon savings | 4 |
| 14 | | Don't know | 19 | 19 | | Depends upon Savings & previous record | 1 |
| | * Secured | | | | * Secured | | |
| 1 | Fixed Deposit | 65% of FD | 1 | 20 | Fixed Deposit | 65% of FD | 1 |
| 2 | | 70% of FD | 3 | 21 | | 70% of FD | 3 |
| 3 | | 70-80% of FD | 4 | 22 | | 70-80% of FD | 4 |
| 4 | | 75% of FD | 1 | 23 | | 75% of FD | 1 |
| 5 | | 75-80% of FD | 1 | 24 | | 75-80% of FD | 1 |
| 6 | | 80% of FD | 23 | 25 | | 80% of FD | 23 |
| 7 | | 80-85% of FD | 3 | 26 | | 80-85% of FD | 3. |
| 8 | | 80-90% of FD | 2 | 27 | | 80-90% of FD | 2 |
| 9 | | 85% of FD | 2 | 28 | | 85% of FD | 2 |
| 10 | | 90% of FD | 1 | 29 | | 90% of FD | 1 |
| 11 | | 133% of FD | 1 | 30 | | 133% of FD | 1 |
| 12 | NSC loan | As per the term of NSC | 1 | 31 | NSC loan | As per the term of NSC | 1 |
| 13 | ODCC/OC loan | 60% of Valuation of Gold | 1 | 32 | ODCC/OC loan | 60% of Valuation of Gold | 1 |
| 14 | | 70-80% of Valuation of gold | 1 | 33 | | 70-80% of Valuation of gold | 1 |
| 15 | | 70% of Valuation of gold | 5 | 34 | | 70% of Valuation of gold | 5 |
| 16 | | 75% of Valuation of gold | 1 | 35 | | 75% of Valuation of gold | 1 |
| 17 | | 80% of Valuation of gold | 2 | 36 | | 80% of Valuation of gold | 2 |

Source: Prepared from Responses

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amount as 3 times of savings of the borrowers. 19 banksathis responded that they do not know the minimum amount limit. For SL products, all banksathis shared same opinions for minimum and maximum limit of loan amount as they shared for the first time loan.

***Preconditions for second time loan to the Same Borrower:*** When any borrower is sanctioned the loan from the SEWA bank, some preconditions are required to be fulfilled by the borrower. All banksathis were asked to give their views about preconditions (Table 9.7). This was an open ended question. 5 conditions were already prompted in the questionnaire and respondents were free to give reason other than those 5. Accordingly, 9 different types of conditions are received from banksathis. 182 responses were found from 66 banksathis because of multiple responses. Maximum 63 (34.62%) responses are received for the condition of regularity/maintenance of saving account of the borrowers. 61 (33.52%) responses are received for borrower's record of previous loan. 32 (17.58%) responses are received for borrowers' good relationship with the bank. 20 (10.99%) responses were about the government employee should be there as a guarantor.

**Table 9.7       Preconditions for Sanctioning the Second Time Loan**

| No. | Preconditions | Frequency | Percentage |
|-----|---------------|-----------|------------|
| 1 | Regularity/Maintenance of Savings | 63 | 34.62 |
| 2 | Record of previous loan | 61 | 33.52 |
| 3 | Customer's relationship with bank | 32 | 17.58 |
| 4 | Government Guarantor | 20 | 10.99 |
| 5 | Increase savings with the loan | 2 | 1.10 |
| 6 | Financial Condition and income of borrower | 1 | 0.55 |
| 7 | Link with other saving schemes | 1 | 0.55 |
| 8 | Repayment capacity of the family | 1 | 0.55 |
| 9 | Legal status of the house | 1 | 0.55 |
|   | **Total** | **182** | **100** |

Source: Prepared from Responses

***Factors to Decide Loan Amount:*** An attempt is made to know the important factors considered to decide the loan amount at the time of sanctioning. Accordingly, banksathis were asked to state those factors which are important according to them. This was an open ended question. 11 factors were already prompted in the questionnaire and respondents were free to give reason other than those 11. Accordingly, total 14 types of different factors were responded by banksathis. Thus, to understand the maximum preferred factors average rank was given to each factor. As data displayed in the Table 9.9, factors are presented in the ascending order of their average rank. Looking to the top five most preferable factors, first most preferable factor observed is borrower's regularity/maintenance of savings followed by borrower's record of previous loan.

Borrower's linkage with other saving schemes of the SEWA bank is given third rank. Repayment capacity of the borrower and borrower's family is given forth and fifth rank respectively.

### Table 9.8 Factors to Decide the Loan Amount

| No. | Factors | Ranks | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1 | Regularity/Maintenance of savings | 0 | 33 | 16 | 9 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Record of previous loan | 0 | 7 | 18 | 13 | 7 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Repayment capacity of the borrower | 0 | 14 | 8 | 6 | 5 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Repayment capacity of the family | 0 | 2 | 6 | 8 | 8 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Condition of the house | 0 | 0 | 1 | 0 | 0 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Legal ownership of the house | 0 | 1 | 0 | 0 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Nature of business income | 0 | 2 | 4 | 5 | 8 | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Household expenses | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Link with another saving schemes | 0 | 5 | 11 | 15 | 4 | 8 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Involvement in police cases | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 | Sign of any addiction | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Needs and/or purpose of the borrower for taking the loan | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Borrowers' relation with the bank | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Borrower should be determinant | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | Don't Know | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Prepared from Responses

### Table 9.9 Factors by Average Rank

| No. | Factors | Average Rank |
|---|---|---|
| 1 | Regularity/Maintenance of savings | 1 |
| 2 | Record of previous loan | 2 |
| 3 | Link with other saving schemes | 3 |
| 4 | Repayment capacity of the borrower | 4 |
| 5 | Repayment capacity of the family | 5 |
| 6 | Nature of business income | 6 |
| 7 | Legal ownership of the house | 7 |
| 8 | Condition of the house | 8 |
| 9 | Household expenses | 9 |
| 10 | Needs and/or purpose of the borrower for taking the loan | 10 |
| 11 | Involvement in police cases | 11 |
| 12 | Borrowers' relation with the bank | 12 |
| 13 | Sign of any addiction | 13.5 |
| 14 | Borrower should be determinant | 13.5 |

Source: Prepared from Responses

***Periodicity of Collection of Loan Instalments***: One of the duties of banksathis is to collect the cash of instalments from the borrower by going personally to the

borrower's place. Banksathis were asked to tell the periodicity of instalment collection from the borrowers. The data from Table 9.10 shows that 93.94% banksathis (62) had collected instalments on daily basis. 3.03% banksathis (2) had followed daily and monthly routine while other 3.03% banksathis (2) had collected on the basis of daily-weekly and monthly. Time convenience of customers was the first preference of all banksathis.

Table 9.10    Periodicity of Collection of Instalments

| No. | Periodicity | Frequency | Percentage |
|-----|-------------|-----------|------------|
| 1 | Daily | 62 | 93.94 |
| 2 | Daily-Monthly | 2 | 3.03 |
| 3 | Daily-Weekly-Monthly | 2 | 3.03 |
| | Total | 66 | 100 |

Source: Prepared from Responses

### 9.1.3   Loan Products: Not in Use

In this section banksathis were asked to inform with reasons, if any, of the loan products currently not in use. There were five different types of loan products available at the SEWA bank. From the Table 9.11, it can be observed that 64 (96.97%) banksathis informed that daily loan collection was not in use. All banksathis shared more than one reason for daily loan collection not in use. This was an open ended question. 9 reasons were already listed in the Questionnaire. Banksathis were free to give reason other than those 9.

Table 9.11    Loan Products not in Use

| No. | ➢ Loan Products | Frequency | Percentage |
|-----|-----------------|-----------|------------|
| 1 | Daily Loan Collection | 64 | 96.97 |
| 2 | Don't know | 2 | 3.03 |
| | Total | 66 | 100 |
| | ➢ Reasons....  Daily Loan Not In Use | | |
| 1 | Irregularity in daily payment | 34 | 25.00 |
| 2 | High fluctuation in daily income of borrower | 30 | 22.06 |
| 3 | Banksathi had to take responsibility as a guarantor | 18 | 13.24 |
| 4 | Mismatch of timing of banksathi and customer | 18 | 13.24 |
| 5 | ·Borrowers could not pay within the loan duration | 11 | 8.09 |
| 6 | Higher amount of instalments | 8 | 5.88 |
| 7 | Higher interest rate | 4 | 2.94 |
| 8 | Increase in number of defaults | 2 | 1.47 |
| 9 | Very difficult for banksathi to go in daily visit | 2 | 1.47 |
| 10 | Banksathis were blamed by the borrowers for not depositing cash in the bank regularly | 1 | 0.74 |
| 11 | Borrowers prefer other institutions to take daily loan other than SEWA bank | 1 | 0.74 |
| 12 | Don't Know | 7 | 5.15 |
| | Total | 136 | 100 |

Source: Prepared from Responses

Total 136 responses were recorded from 66 banksathis. Majority 34 (25%) responses indicate that borrowers were very irregular in daily payment. 30 (22.06%) responses indicate that daily income of the borrowers had highly fluctuated. 18 (13.24%) responses report that for daily loan collection banksathis had to take responsibility as a guarantor and other 13.24% responses indicate that there were mismatch of timings (for daily collection at customer's place) of banksathis and customers.

### 9.1.4 Daily Loan Collection

This section specially focused on the product daily loan collection. On inquiring whether the banksathi was member of SEWA bank at a time of commencement of daily loan collection scheme or not, it is observed that 53 (80.30%) banksathis were the member of the SEWA bank.

*Cash Collection on Daily Basis*: Most important point about daily loan collection product was banksathis collect loan instalments daily from the borrowers. Accordingly, banksathis were asked to share their views with reasons whether daily collection was a boring task for them and/or borrowers or not. Results from the Table 9.12 shows that 46 (69.70%) banksathis informed that daily collection was not a boring task but 20 (30.30%) banksathis informed that daily collection was a boring task. Among 20 banksathis 9 banksathis believed that it was a boring task for them because

**Table 9.12    Daily Cash Collection: Boring or Not**

| No. | ➢ Responses | Frequency | Percentage |
|-----|-------------|-----------|------------|
| 1 | Yes | 20 | 30.30 |
| 2 | No | 46 | 69.70 |
|   | Total | 66 | 100 |
|   | ➢ If Yes.... To whom? | | |
| 1 | To Banksathi | 9 | 45.00 |
| 2 | To Borrowers | 8 | 40.00 |
| 3 | To Both | 3 | 15.00 |
|   | Total | 20 | 100 |
|   | ➢ To Banksathi.... Reasons | | |
| 1 | Mismatch of timing of banksathi and borrower | 9 | 100.00 |
|   | Total | 9 | 100 |
|   | ➢ To Borrowers.... Reasons | | |
| 1 | Borrowers do not like daily visit of banksathi | 6 | 66.67 |
| 2 | Mismatch of timing of banksathi and borrower | 2 | 22.22 |
| 3 | No Response | 1 | 11.11 |
|   | Total | 9 | 100 |
|   | ➢ To Both.... Reasons | | |
| 1 | Mismatch of timing of banksathi and borrower | 3 | 50.00 |
| 2 | Borrowers do not like daily visit of banksathi | 3 | 50.00 |
|   | Total | 6 | 100 |

Source: Prepared from Responses

mismatch of timings of banksathi and borrower. While 8 banksathis opined that it was boring task for borrowers because majority of borrowers did not like daily visit of banksathis at their place. 3 banksathis opined that it was a boring task for both *i.e.* banksathis and borrowers.

*Regularity of Payment of Instalment for Daily Loan Collection*: On inquiring with banksathis about regularity in payment of instalment on daily basis it was observed that 46 banksathis (69.70%) had given positive response. But 20 (30.30%) banksathis told that borrowers had not paid their instalments on daily basis regularly.

The study also tried to find out the demand for daily loans. Banksathis were asked to share their views whether daily loans were in high demand by the borrowers or not. With reference to the Table 9.13 following information were found. 48 (72.73%) banksathis informed that daily loans were in high demand while 18 (27.27%) banksathis told that daily loan was not in high demand by the borrowers. All banksathis were asked to give specific reasons for their reply.

### Table 9.13    Demand of Daily Loan Collection

| No. | ➢ Responses | Frequency | Percentage |
|-----|-------------|-----------|------------|
| 1 | Yes | 18 | 27.27 |
| 2 | No | 48 | 72.73 |
| | **Total** | **66** | **100** |
| | ➢ **If yes.... Reasons** | | |
| 1 | Daily payment in small instalments can reduce the burden of interest and debt. | 11 | 55.00 |
| 2 | No requirement of government employee as a guarantor | 6 | 30.00 |
| 3 | Bank goes to the customer to give the loan at their place | 1 | 5.00 |
| 4 | Due to small amount of interest | 1 | 5.00 |
| 5 | No response | 1 | 5.00 |
| | **Total** | **20** | **100** |
| | ➢ **If No.... Reasons** | | |
| 1 | Convenient to daily wage earners only. | 43 | 74.14 |
| 2 | Borrowers do not like banksathi to visit their place daily | 7 | 12.07 |
| 3 | Borrowers could not maintain proper record of their daily paid instalments | 5 | 8.62 |
| 4 | Bank stopped to give daily loan | 1 | 1.72 |
| 5 | Borrowers prefer to take daily loan from another banks | 1 | 1.72 |
| 6 | No response | 1 | 1.72 |
| | **Total** | **58** | **100** |
| | ➢ **Suggestions to Increase the Demand** | | |
| 1 | Banksathis do not want to increase the volume | 29 | 53.70 |
| 2 | Daily service should be given to the borrowers at their convenience | 10 | 18.52 |
| 3 | Loan should be given to daily wage earners only | 7 | 12.96 |
| 4 | Borrowers never demand | 1 | 1.85 |
| 5 | No response | 7 | 12.96 |
| | **Total** | **54** | **100** |

Source: Prepared from Responses

Accordingly, three open ended questions were asked to banksathis regarding reasons for high demand of daily loan and suggestions to increase the demand for the same. Banksathis gave multiple reasons. Thus, total 20 responses were reported from 18 banksathis (with positive reply) and total 58 responses were reported from 48 banksathis (with negative reply). Among responses from positive respondents, 11 responses indicated that daily payment in small instalments can reduce the burden of interest and debt. While among responses from negative respondents, 43 responses indicate that daily loan was convenient to daily wage earners only. Therefore, it was not in high demand. On asking for giving suggestions to increase the demand of daily loan collection, banksathis had given 5 different types of suggestions and they had selected multiple suggestions. 29 responses shows that banksathis did not want to increase the volume of daily loan collection. However, 10 responses were for daily service to be given to the customers at their convenience.

## 9.1.5   Views regarding Loan Sanction and Monitoring

This section analyses the important aspects regarding loan sanctioning to the borrower, working areas of banksathis and monitoring of the borrowers regarding regularity in repayment of the loan.

*Loan Sanctioning and Training* An attempt is made to know whether banksathis recommend borrowers for loans without giving any type of training or not. As majority of the borrowers found with low level of education, giving training is very important task for the bank. However, Table 9.14 shows that maximum 40 (61%) banksathis had informed that they recommend borrowers even if they found without training. While only 26 (39%) banksathis did not recommend borrowers for loan without training. 40 banksathis with positive reply were reported with 5 different types of reasons. As banksathis selected multiple reasons, total 65 responses were recorded from 40 banksathis. Majority 29 (45%) responses indicate that because closure of one day business is unaffordable for borrowers they do not prefer to come to the bank and take training. 22 (34%) responses indicate that training timings were inconvenient for borrowers.

26 banksathis who were of the opinion that the loan should not be recommended without training, were further asked about the type of training they prefer to give to their borrowers before recommending the loan. For total 5 different types of training, total 120 responses were received because all banksathi had chosen multiple options. Majority of banksathis informed that they prefer to give almost all type of training.

**Table 9.14     Loan Recommendation to Borrower without Training**

| No. | ➤ Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Yes | 40 | 60.61 |
| 2 | No | 26 | 39.39 |
| | Total | 66 | 100 |
| | ➤ If Yes.... Reasons | | |
| 1 | Closure of one day business is not affordable | 29 | 44.62 |
| 2 | Inconvenient training timings | 22 | 33.85 |
| 3 | Thorough knowledge regarding loan is provided by hand holders at the time of personal inquiry before loan approval. | 11 | 16.92 |
| 4 | Tired of telling but customers are not ready to come | 2 | 3.08 |
| 5 | Borrowers are ready to come but due to less number of staff training is not given in now-a-days | 1 | 1.54 |
| | Total | 65 | 100 |
| | ➤ If No.... Type of Training | | |
| 1 | Financial Counselling - Long term training | 25 | 20.83 |
| 2 | Business Counselling | 25 | 20.83 |
| 3 | Financial Counselling - Short term training | 24 | 20.00 |
| 4 | Calculation of interest | 23 | 19.17 |
| 5 | Amrut Zaranu | 23 | 19.17 |
| | Total | 120 | 100 |

Source: Prepared from Responses

*Views about Working Areas:* Working areas of each banksathis are fixed. But sometimes some banksathis had been suspended from the bank and other banksathis had been replaced in that area. Accordingly, an attempt is made to inquire the effect of new banksathis on the borrowers. Further, it was also attempted to know whether it was directly or indirectly connected to the level of defaults.

**Table 9.15     Banksathis Ever Replaced in Other's Area**

| No. | ➤ Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Yes | 16 | 24.24 |
| 2 | No | 50 | 75.76 |
| | Total | 66 | 100 |
| | ➤ If Yes.... Responses | | |
| 1 | Banksathis get positive response | 14 | 50.00 |
| 2 | Borrowers put trust on banksathis | 14 | 50.00 |
| | Total | 28 | 100 |
| | ➤ If Yes.... Product Name (Type of Loan) | | |
| 1 | Paki Bhit Loan (Unsecured) | 16 | 16.49 |
| 2 | Sanjeevani Loan (Unsecured) | 16 | 16.49 |
| 3 | Unsecured Loan (Unsecured) | 16 | 16.49 |
| 4 | Capitalization Urban Loan (Unsecured) | 16 | 16.49 |
| 5 | Fixed Deposits (Secured) | 11 | 11.34 |
| 6 | ODCC Loan (Secured) | 9 | 9.28 |
| 7 | NSC loan (Secured) | 5 | 5.15 |
| 8 | Daily Loan Collection (Unsecured) | 4 | 4.12 |
| 9 | Equitable Mortgage (Secured) | 4 | 4.12 |
| | Total | 97 | 100 |

Source: Prepared from Responses

Table 9.15 shows that only 16 banksathis had been replaced in the new area. Two reasons are indicated for the same. As almost all banksathis responded to both the reasons, the total responses received are 28 for 16 respondents. The reasons indicated are: banksathis get positive response and borrowers put trust on banksathis. Majority of banksathis had given all types of loan products in the new area. It can be interpreted that if borrowers put trust on new banksathis, there would not be any effect on repayment of instalments and indirectly on the level of defaults. However, if borrowers do not trust the new banksathis, they might not give their instalments to banksathis and indirectly borrowers make defaults.

*Steps followed by banksathis in case of default by borrower*: Collection of loan instalments from borrowers is the responsibility of banksathis. Therefore, in a situation when the borrowers are making any default, it is the responsibility of the banksathi to collect the amount. To know, what are the steps followed by banksathis in case of default the question was included in the questionnaire. According to banksathis, maximum 4 steps were required to be followed. The banksathis were required to enlist them. However, there were no such rigidly defined steps. Therefore, this resulted in to 10 such steps. Based on frequency of responses, average is derived and they are arranged in the order, in which they be followed. The details are presented in Table 9.16

**Table 9.16      Standard Sequence of Steps followed on the time of Default**

| No. | Steps to be Followed by Banksathis | Average |
|-----|-------------------------------------|---------|
| 1 | Personal visit of borrower to inquire the problems and explain them | 1.00 |
| 2 | Inform Hand holder | 1.50 |
| 3 | Personal visit of borrower with hand holder | 2.00 |
| 4 | Personal visit of guarantor with hand holder | 2.00 |
| 5 | Inform bank about the borrower | 2.50 |
| 6 | Personal visit of guarantor | 2.56 |
| 7 | Warn borrowers of possible consequences from the bank for default in repayment | 2.78 |
| 8 | Send a notice to borrower and/or guarantor on skipping of one instalment | 2.82 |
| 9 | Commencement of court proceedings | 3.80 |
| 10 | Ask bank to visit government guarantor | 4.00 |

Source: Prepared from Responses

From the data of Table 9.16 top four steps can be identified as follows. Step 1: Personal visit of customer to inquire the problems and explain them; Step 2: Inform hand holder; Step 4 Personal visit of customer with hand holder; Step 4: Personal visit of guarantor with hand holder.

*Views about Reasons of Defaults*: The study had tried to know banksathis' opinion regarding reasons of defaults. Total 312 responses were received including 14 different types of reasons due to multiple responses from banksathis.

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Table 9.17 shows reasons of defaults. Looking to top five reasons, the first reason of default in payment of loan as responded by banksathis was illness of borrowers, followed by loss of business/job of the borrowers. 29 (9.29%) responses indicate that borrowers have unwillingness to repay. This was followed by sudden expenses, social expenses and expenses in excess of income as reason of default having equal percentage of response at 8.65%. Fifth positions were loss in business and borrowers borrow money from non bankers with high rate of interest rates, having equal level of response at 7.69%.

**Table 9.17    Reasons of Defaults according to Banksathis**

| No. | Reasons for Defaults | Frequency | Percentage |
|---|---|---|---|
| 1 | Illness | 56 | 17.95 |
| 2 | Loss of business/job | 48 | 15.38 |
| 3 | Unwillingness to repay | 29 | 9.29 |
| 4 | Sudden expenses | 27 | 8.65 |
| 5 | Social expenses | 27 | 8.65 |
| 6 | Expenses in excess of income | 27 | 8.65 |
| 7 | Loss in business | 24 | 7.69 |
| 8 | Borrow money from non-bankers with higher interest rate | 24 | 7.69 |
| 9 | Death of family member(s) | 20 | 6.41 |
| 10 | Customers give away the loan to another person | 11 | 3.53 |
| 11 | Meeting with an accident | 10 | 3.21 |
| 12 | Delay in salary | 6 | 1.92 |
| 13 | Husband is not earning enough | 2 | 0.64 |
| 14 | Bought a new house | 1 | 0.32 |
| | Total | 312 | 100 |

Source: Prepared from Responses

## 9.1.6    Effects of Defaults

An attempt is made here to know the mentality of banksathis that what they think regarding how defaults affects to the bank. If banksathi knows the negative effects of defaults to the bank they always try to reduce the level of defaults. But if banksathis do not see defaults as a negative factor for the bank, they indirectly increase the level of defaults because they do not take the number of defaults seriously.

The results of the Table 9.18 show that 62 (93.94%) banksathis opined that defaults affects negatively to the bank. Total 14 different types of reasons are received from the banksathis who opined that defaults affects negatively to the bank. As banksathis had selected multiple reasons, total 130 responses are received from 62 banksathis. Highest number of response (32) stands for constraint on bank for sanctioning higher amount of loan. Next highest response (28) indicates income of bank will decrease on account of defaults. The next in line is that in case of defaults 'Bank has to reserve an amount equivalent to amount of NPA' and 'Bank cannot pay salary".

Total 5 different types of reasons were recorded from banksathis who had believed that defaults did not affect negatively to the bank. Due to selection of multiple reasons, total 7 responses were reported from 4 banksathis. 3 (42.86%) responses indicate that bank will recover its loan at times at any cost. For other three reasons single response for each one is received, such as bank pay less interest on saving account to recover the loss; bank take compound interest on loan to recover the loss; it is a loss to banksathis not to the bank.

An attempt should be made by the SEWA bank to explain such banksathis regarding effect of defaults on bank/bank functioning/bank's profitability etc. Thus, they will become informed banksathis and they can take proper care for recovery.

### Table 9.18    Defaults Affect Negatively to the Bank

| No. | > Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Yes | 62 | 93.94 |
| 2 | No | 4 | 6.06 |
| | Total | 66 | 100 |
| | > If Yes.... Reasons | | |
| 1 | Bank cannot give higher amount of loan | 32 | 24.62 |
| 2 | Income of bank decreases | 28 | 21.54 |
| 3 | Bank has to reserve an amount equivalent to amount of NPA | 16 | 12.31 |
| 4 | Bank cannot pay salary | 16 | 12.31 |
| 5 | Wastage of travel expenses | 7 | 5.38 |
| 6 | Reputation of bank goes down | 6 | 4.62 |
| 7 | Bank would be closed one day | 5 | 3.85 |
| 8 | Capital of bank would be blocked | 5 | 3.85 |
| 9 | Bank cannot pay dividend | 4 | 3.08 |
| 10 | Bank cannot pay interest to other customers | 4 | 3.08 |
| 11 | Commission of banksathi is delayed by the bank | 3 | 2.31 |
| 12 | Wastage of stationary etc. expenses | 2 | 1.54 |
| 13 | Amount of NPA increases | 1 | 0.77 |
| 14 | Affects negatively on other borrowers of the bank | 1 | 0.77 |
| | Total | 130 | 100 |
| | > If No.... Reasons | | |
| 1 | Bank will recover its loan at times at any cost | 3 | 42.86 |
| 2 | Bank pay less interest on saving a/c to recover loss | 1 | 14.29 |
| 3 | Bank take compound interest on loan | 1 | 14.29 |
| 4 | It's a loss to banksathis not to the bank | 1 | 14.29 |
| 5 | No Response | 1 | 14.29 |
| | Total | 7 | 100 |

Source: Prepared from Responses

# Section II Hand Holders

## 9.2    Analysis of data collected from Hand Holders

Total 17 hand holders were reported to be working at SEWA bank (including all branches). Among them 16 HHs were interviewed for the final survey because one hand holder was not available at the time of final survey. Table 9.19 shows the branch wise

details of hand holders surveyed. Total 22 questions were asked in the final survey and questions were divided into five sections *(Appendix 3)*.

#### Table 9.19    Branch wise Detail of Hand holders

| No. | Branch name | Frequency | Percentage |
|-----|-------------|-----------|------------|
| 1 | Head Office | 2 | 12.50 |
| 2 | Vasna | 2 | 12.50 |
| 3 | Behrampura | 4 | 25.00 |
| 4 | Madhupura | 4 | 25.00 |
| 5 | Rakhial | 4 | 25.00 |
|   | Total | 16 | 100 |

Source: Prepared from Responses

### 9.2.1   Demographic Profile

Basic information regarding age, education, experience of the hand holders was inquired. In addition to this, the loan accounts opened by each hand holder were also inquired. Following paragraphs discuss the analysis of the same.

*Age & Education*: On inquiring about the age and education of hand holder, the matrix as presented in Table 9.20 emerged. The table reveals that 15 hand holders out of 16 surveyed are up to age of 50 years, conveying that their fitness to work must be good and with reference to education also encouraging information is received, indicating that 10 out of 11 (as 5 has not responded) are graduates or post graduates.

#### Table 9.20    Age and Education of Hand Holders

| Age | Education | | | | Total | % |
|-----|-----------|---|---|---|-------|---|
|     | Higher Secondary | Graduation | Post Graduation | No Response | | |
| 26-30 | 0 | 0 | 1 | 1 | 2 | 12.50 |
| 31-35 | 0 | 2 | 1 | 1 | 4 | 25.00 |
| 36-40 | 0 | 2 | 0 | 0 | 2 | 12.50 |
| 41-45 | 1 | 2 | 0 | 2 | 5 | 31.25 |
| 46-50 | 0 | 1 | 0 | 1 | 2 | 12.50 |
| 51-55 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 56-60 | 0 | 0 | 1 | 0 | 1 | 6.25 |
| Total | 1 | 7 | 3 | 5 | 16 | |
| % | 6.25 | 43.75 | 18.75 | 31.25 | | |

Source: Prepared from Responses

*Age & Experience*: Further Table 9.21 shows the detail of age of the hand holders with their working experience with the SEWA bank. Maximum 7 hand holders were found with the experience of 6 to 10 years. Among them 2 hand holders each were reported for the age group of 31-35 and 41-45 respectively. Only one hand holder was reported with the experience of 16 to 20 years who belongs to the age group of 41-45.

*Number of Loan Accounts Opened*: As the final survey was carried out in 2010, hand holders were asked about number of accounts they had opened during previous two years (2007-08 and 2008-09). Numbers of accounts opened by the hand holders

(including number of loans given) were found in the range of 101 to 1200. As per the Table 9.22, 3 hand holders opened the accounts in the range of 601-700. The information shows that hand holders were more active in the year 2008-09 in comparison of the year 2007-08.

### Table 9.21 Age and Working Experience of Hand Holders

| Age | Working Experience (in Years) | | | | Total | % |
|---|---|---|---|---|---|---|
| | 1 to 5 | 6 to 10 | 11 to 15 | 16 to 20 | | |
| 26-30 | 2 | 0 | 0 | 0 | 2 | 12.50 |
| 31-35 | 1 | 2 | 1 | 0 | 4 | 25.00 |
| 36-40 | 0 | 1 | 1 | 0 | 2 | 12.50 |
| 41-45 | 1 | 2 | 1 | 1 | 5 | 31.25 |
| 46-50 | 1 | 1 | 0 | 0 | 2 | 12.50 |
| 51-55 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 56-60 | 0 | 1 | 0 | 0 | 1 | 6.25 |
| Total | 5 | 7 | 3 | 1 | 16 | 100.00 |
| % | 31.25 | 43.75 | 18.75 | 6.25 | | |

Source: Prepared from Responses

### Table 9.22 Number of Accounts opened by Hand Holders

| No. | No. of Accounts | 2007-08 | 2008-09 |
|---|---|---|---|
| 1 | 101-200 | 1 | 2 |
| 2 | 201-300 | 0 | 2 |
| 3 | 301-400 | 0 | 2 |
| 4 | 401-500 | 1 | 2 |
| 5 | 501-600 | 0 | 0 |
| 6 | 601-700 | 0 | 3 |
| 7 | 701-800 | 0 | 0 |
| 8 | 801-900 | 0 | 1 |
| 9 | 901-1000 | 0 | 0 |
| 10 | 1001-1100 | 0 | 0 |
| 11 | 1101-1200 | 2 | 2 |
| 12 | No response | 12 | 2 |
| | Total | 16 | 16 |

Source: Prepared from Responses

### 9.2.2 Procedural

Three questions were asked in this section regarding the loan procedure. Banksathis recommend the customer for loan. It's the job of hand holders to make notes on financial capability and literacy of customers before making the final report of the status of the borrowers. On the basis of the report of the hand holder, the bank sanctions the loan to the customer. Amount of the loan disbursed to the customer was decided on the basis of the report of the hand holder regarding the customer.

All hand holders were asked to share their opinions regarding minimum and maximum limit of loan amount of all products of UL and SL loans. Some of hand holders gave different opinions for different products while some hand holders gave

similar opinions for all products. Thus, due to multiple responses total 42 responses are recorded from 16 hand holders. Majority of them gave the same opinions for all types of unsecured loans (UL) given for the first time. While for secured loans (SL), banksathis gave same opinions for the first time loan and second time loan.

*Minimum & Maximum limit of Amount for 1st Time*: Looking to the responses (Table 9.23) it was observed that some of hand holders opined specific amount for minimum and maximum limit of amount. In case of responses given to all UL products, it was observed that 11 and 8 responses indicates specific amount for minimum limit and maximum limit respectively. Among them 10 responses were observed at ₹5,000 for minimum limit for the 1st time loan while 3 responses were observed for ₹10,000 as well as ₹15,000 for maximum limit. Remaining responses were observed for opinions of banksathis regarding minimum and maximum limits as they did not communicate any

**Table 9.23    Views about minimum and maximum amount of loan for the 1st time**

| No. | Loan Type | Minimum Amt | Freq | No. | Loan Type | Maximum Amt | Freq |
|---|---|---|---|---|---|---|---|
| | * Unsecured | | | | * Unsecured | | |
| 1 | Paki Bhit Loan | 5,000 | 2 | 1 | Paki Bhit Loan | 10,000 | 1 |
| 2 | All products | 5,000 | 10 | 2 | | 1,00,000 | 1 |
| 3 | | 10,000 | 1 | 3 | All products | 15,000 | 3 |
| | | | | 4 | | 10,000 | 3 |
| | | | | 5 | | 20,000 | 1 |
| | | | | 6 | | 10,000-15,000 | 1 |
| 4 | | 3 times of saving a/c | 1 | 7 | | 3 times of saving a/c | 2 |
| 5 | | Depends upon saving a/c balance | 2 | 8 | | Depends upon saving a/c balance | 4 |
| | * Secured | | | | * Secured | | |
| 1 | Fixed Deposit | 70 % of FD | 2 | 1 | Fixed Deposit | 70 % of FD | 2 |
| 2 | | 80% of FD | 7 | 2 | | 80% of FD | 7 |
| 3 | | 80-85% of FD | 1 | 3 | | 80-85% of FD | 1 |
| 4 | | 80-90% of FD | 1 | 4 | | 80-90% of FD | 1 |
| 5 | | 85% of FD | 2 | 5 | | 85% of FD | 2 |
| 6 | NSC loan | 80-85% of valuation of NSC by bank | 1 | 6 | NSC loan | 80-85% of valuation of NSC by bank | 1 |
| 7 | | Bank decides | 1 | 7 | | Bank decides | 1 |
| 8 | ODCC/OC loan | As per the valuation of gold by bank | 3 | 8 | ODCC/OC loan | As per the valuation of gold by bank | 3 |
| 9 | | 70% of valuation of gold by bank | 1 | 9 | | 70% of valuation of gold by bank | 1 |
| 10 | | 75% of valuation of gold by bank | 1 | 10 | | 75% of valuation of gold by bank | 1 |
| 11 | Equitable Mortgage | Depends upon valuation of the house | 1 | 11 | Equitable Mortgage | Depends upon valuation of the house | 1 |
| 12 | | Bank decides | 2 | 12 | | Bank decides | 2 |
| 13 | All products | Bank decides | 3 | 13 | All products | Bank decides | 3 |

Source: Prepared from Responses

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particular amount for minimum/maximum limit for the first time loan. For SL product Fixed Deposit maximum 7 responses had been given to the option that minimum and/or maximum amount should be 80% of fixed deposit of the borrowers. However, for majority of remaining products responses indicate that the amount is decided by the bank only.

*Minimum & Maximum limit of Amount for $2^{nd}$ Time*: The responses for this aspect are presented in Table 9.24. It can be observed that 8 responses show the specific amount for the minimum limit of amount for $2^{nd}$ time loan while for maximum limit all

Table 9.24      Views about minimum and maximum amount of loan for the $2^{nd}$ time

| No. | Loan Type | Minimum Amt | Freq | No. | Loan Type | Maximum Amt | Freq |
|---|---|---|---|---|---|---|---|
| * | Unsecured | | | | * Unsecured | | |
| 1 | Paki Bhit Loan | 10,000-15,000 | 1 | 1 | Paki Bhit Loan | 50,000 | 1 |
| 2 | | 3 times of saving a/c | 1 | 2 | | 3 times of saving a/c | 1 |
| 3 | All Products | 6,000-7,000 | 1 | 3 | All products | 15,000-20,000 | 1 |
| 4 | | 10,000 | 2 | 4 | | 20,000 | 1 |
| 5 | | 15,000 | 4 | 5 | | 25,000 | 1 |
| 6 | | 25,000 | 1 | 6 | | 35,000 | 1 |
| | | | | 7 | | 50,000 | 1 |
| | | | | 8 | | 1.5 times of saving a/c balance | 1 |
| 7 | | 3 times of saving a/c | 1 | 9 | | 3 times of saving a/c | 2 |
| 8 | | 4 times of saving a/c | 2 | 10 | | 4 times of saving a/c | 1 |
| 9 | | Depends upon saving a/c balance | 3 | 11 | | Depends upon saving a/c balance | 5 |
| * | Secured | | | | * Secured | | |
| 1 | Fixed Deposit | 70% of FD | 2 | 1 | Fixed Deposit | 70% of FD | 2 |
| 2 | | 80% of FD | 7 | 2 | | 80% of FD | 7 |
| 3 | | 80-85% of FD | 1 | 3 | | 80-85% of FD | 1 |
| 4 | | 80-90% of FD | 1 | 4 | | 80-90% of FD | 1 |
| 5 | | 85% of FD | 2 | 5 | | 85% of FD | 2 |
| 6 | NSC loan | 80-85% of valuation of NSC by Bank | 1 | 6 | NSC loan | 80-85% of valuation of NSC by Bank | 1 |
| 7 | | Bank Decides | 1 | 7 | | Bank Decides | 1 |
| 8 | ODCC/OC loan | 70% of valuation of gold by bank | 1 | 8 | ODCC/OC loan | 70% of valuation of gold by bank | 1 |
| 9 | | 75% of valuation of gold by bank | 1 | 9 | | 75% of valuation of gold by bank | 1 |
| 10 | | As per the valuation of gold by bank | 3 | 10 | | As per the valuation of gold by bank | 3 |
| 11 | Equitable Mortgage | Bank Decides | 2 | 11 | Equitable Mortgage | Bank Decides | 2 |
| 12 | | Depends upon valuation of the house | 1 | 12 | | Depends upon valuation of the house | 1 |
| 13 | All Products | Bank Decides | 3 | 13 | All Products | Bank Decides | 3 |

Source: Prepared from Responses

specific amounts received equal response. For all UL products maximum 4 responses are showing that minimum amount should be ₹15,000 while 5 responses are showing that maximum amount should be depended upon balance of borrower's saving account. For SL products, all hand holders shared same opinions for minimum and maximum limit of loan amount as they shared for the first time loan. Thus, discussion would be same for both the Table 9.23 and 9.24.

*Preconditions for second time loan to the Same Borrower*: Decision of loan amount is dependent upon some preconditions and some factors. Total 37 responses were received from 16 hand holders due to selection of multiple options. This was an open ended question. Table 9.25 presents the opinions of hand holders regarding preconditions. Six factors emerged as factors deciding loan for the second time. Out of six factors regularity/maintenance of saving (43.23% responses out of 37) and record of previous loan (40.54% responses out of 37) turned out to be major deciding factors. 8% responses were received for borrower's relationship with bank. Remaining conditions received similar proportion of responses (2.70%).

Table 9.25    Preconditions for Sanctioning the Second Time Loan

| No. | Preconditions | Frequency | Percentage |
|---|---|---|---|
| 1 | Regularity / Maintenance of saving | 16 | 43.24 |
| 2 | Record of previous loan | 15 | 40.54 |
| 3 | Borrower's relationship with bank | 3 | 8.11 |
| 4 | Opinion of banksathi regarding borrower | 1 | 2.70 |
| 5 | Willingness to repay | 1 | 2.70 |
| 6 | Make borrower ready to open more number of recurring account | 1 | 2.70 |
| | Total | 37 | 100 |

Source: Prepared from Responses

*Factors to Decide Loan Amount*: Preconditions help to decide the eligibility of the borrower for the second time loan while to decide the loan amount for the second time loan to the same borrower bank has to consider some factors. Hand holders were asked to share their opinions regarding those factors by giving ranks to each factor. This was also an open ended question. 11 factors were already prompted in the questionnaire and the respondents were free to give reason other than those 11 factors. Total 13 factors emerged based on responses. Table 9.26 presents 13 different types of factors responded by the hand holders. In view of that, on the basis of the responses, the average rank (Table 9.27) for all the factors was computed. Top five factors identified were: regularity/maintenance of savings; repayment capacity of the borrower; record of previous loan; repayment capacity of the borrower's family; and borrower's linkage with other saving schemes of SEWA.

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Table 9.26    Factors to Decide Loan Amount

| No. | Factors | Ranks | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1 | Regularity/Maintenance of savings | 8 | 3 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Record of previous loan | 2 | 6 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Repayment capacity of the borrower | 2 | 0 | 7 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Repayment capacity of the family | 1 | 0 | 3 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Condition of the house | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Legal ownership of the house | 0 | 2 | 0 | 2 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Nature of business income | 1 | 0 | 2 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Household expenses | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Link with other saving schemes | 2 | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Involvement in police cases | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 | Reputation of the borrower according to her neighbour | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Other debts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 13 | Purpose of the loan must be productive | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Prepared from Responses

Table 9.27    Factors by Average Rank

| No. | Factors | Average Rank |
|---|---|---|
| 1 | Regularity/Maintenance of savings | 1 |
| 2 | Repayment capacity of the borrower | 2 |
| 3 | Record of previous loan | 3 |
| 4 | Repayment capacity of the family | 4 |
| 5 | Link with other saving schemes | 5 |
| 6 | Nature of business income | 6 |
| 7 | Legal ownership of the house | 7 |
| 8 | Condition of the house | 8 |
| 9 | Household expenses | 9 |
| 10 | Involvement in police cases | 10 |
| 11 | Reputation of the borrower according to her neighbour | 11.5 |
| 12 | Purpose of the loan must be productive | 11.5 |
| 13 | Other debts | 13 |

Source: Prepared from Responses

## 9.2.3    Loan Products: Not in Use

An attempt was also made to know unsecured loan products in operation at the time of final survey. Table 9.28 indicates that 10 (63%) hand holders informed that daily loan collection was not in use, 2 (13%) hand holders were unaware and 4 (25%) hand holders did not give any response. 10 hand holders had been asked to assign reasons for daily loan not in use. This was an open ended question. 9 reasons were already prompted in questionnaire and hand holders were free to give reason other than those 9. Respondents have not given any reason beyond these 9 reasons. As all hand holders selected more than one reason, total 21 responses were received from 10 hand holders. 6 (22%) respondents informed that borrowers were very irregular in payment of daily instalments. 5 (19%) respondents informed that due to mismatch of timing of banksathi

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and borrowers, borrowers could not regularly pay the instalments. Remaining responses were found with less than 10% proportion.

Table 9.28    Loan Products not in Use

| No. | ➤ Product not in Use | Frequency | Percentage |
|---|---|---|---|
| 1 | Daily loan collection | 10 | 62.50 |
| 2 | Don't Know | 2 | 12.50 |
| 3 | No response | 4 | 25.00 |
| | Total | 16 | 100 |
| | ➤ Reasons... Daily not in use | | |
| 1 | Irregularity in daily payment | 6 | 22.22 |
| 2 | Mismatch of timing of banksathi and borrower | 5 | 18.52 |
| 3 | Higher interest rate | 2 | 7.41 |
| 4 | High fluctuation in daily income of borrowers | 2 | 7.41 |
| 5 | Customers could not pay within the loan duration | 2 | 7.41 |
| 6 | Banksathi had to take responsibility as a guarantor | 1 | 3.70 |
| 7 | Banksathis were blamed by the borrowers for not depositing cash in the bank regularly | 1 | 3.70 |
| 8 | Daily going is little problematic | 1 | 3.70 |
| 9 | Banksathis did not go daily | 1 | 3.70 |
| 10 | Don't Know | 6 | 22.22 |
| | Total | 27 | 100 |

Source: Prepared from Responses

### 9.2.4  Daily Loan Collection

This section is specially focused on daily loan collection because it was observed during the pilot survey that only daily loan collection was not in operation. On inquiring whether hand holders were the employee of the SEWA, when Daily loan collection was introduced, it is observed that 50% of hand holders were employees at the time of introduction (Table 9.29). On inquiring about the regularity in payment of daily instalments 9 hand holders out of 16, had negative response, 5 had positive response and 2 had indicated ignorance.

An attempt was also made to know the demand of daily loan collection from the borrower's side. It was not in use from the side of the bank but whatever was needed by the borrowers is equally important. Accordingly, three open ended questions were asked to hand holders regarding reasons regarding high demand of daily loan and suggestions to increase the demand for the same. Table 9.29 also presents the detail regarding opinions of hand holders about the demand of daily loan by borrowers with proper reasons. 9 (56.25%) hand holders informed that daily loan was not in high demand by the borrowers but 7 (43.75%) hand holders opined that it was in high demand. 9 hand holders gave 3 different reasons but selected more than one reason. Hence, 10 responses were received from them. Among them 6 (60%) responses indicated that daily loan was convenient to daily wage earners only. All 9 hand holders were asked to give their

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suggestions to increase the demand/volume of daily loan. 3 different types of suggestions were received with 8 responses. Among them 3 (30%) responses indicated that daily service should be given to the borrowers at their convenience while other 3 (30%) responses indicated that it is not possible to increase the demand/volume of daily loan. However, 2 hand holders were of the opinion that banksathis were not ready to increase the demand of daily loan.

7 hand holders were asked to share the reasons of why daily loan was in high demand by the borrowers. Hand holders were agreed with two types of reasons only. All hand holders opined that daily payment in small instalments can reduce the burden of interest and debt while one of the hand holders opined that daily loan is useful to daily wage earners for buying goods to sale.

**Table 9.29     Views about Daily Loan Collection**

| No. | ➢ Employees at the time of introduction of Daily loan | Frequency | Percentage |
|---|---|---|---|
| 1 | Yes | 8 | 50.00 |
| 2 | No | 8 | 50.00 |
|   | Total | 16 | 100 |
|   | ➢ Regularity in Payment of Daily instalments | | |
| 1 | Yes | 5 | 31.25 |
| 2 | No | 9 | 56.25 |
| 3 | Don't Know | 2 | 12.50 |
|   | Total | 16 | 100 |
|   | ➢ Demand of Daily Loan Collection | | |
| 1 | Yes | 7 | 43.75 |
| 2 | No | 9 | 56.25 |
|   | Total | 16 | 100 |
|   | → If Yes.... Reasons | | |
| 1 | Daily payment in small instalments can reduce the burden of interest and debt | 7 | 87.50 |
| 2 | Useful to Daily wage earners for buying goods to sale | 1 | 12.50 |
|   | Total | 8 | 100 |
|   | → If No.... Reasons | | |
| 1 | Convenient to daily wage earners only | 6 | 60.00 |
| 2 | Borrowers s could not maintain proper record of their daily paid instalments | 3 | 30.00 |
| 3 | Borrowers do not like banksathi to visit their place daily | 1 | 10.00 |
|   | Total | 10 | 100 |
|   | → Suggestions | | |
| 1 | Daily service should be given to the borrowers at their convenience | 3 | 30.00 |
| 2 | Not possible to increase | 3 | 30.00 |
| 3 | Banksathis do not want to increase the volume | 2 | 20.00 |
| 4 | No response | 2 | 20.00 |
|   | Total | 10 | 100 |

Source: Prepared from Responses

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### 9.2.5 Views regarding Loan Sanction and Monitoring

This section analyses the important aspects regarding loan sanctioning to the borrower, monitoring of banksathi's work and the borrowers regarding regularity in repayment of the loan.

***Loan Sanctioning and Training:*** On inquiring about hand holders' opinion about recommending loan without training, it was observed that most of the hand holders (13 out of 16), process the loan without training the borrower. Four different reasons emerged from 13 hand holders, with total 21 responses on account of multiple responses. Among them majority 8 (36%) responses related to the reason "closure of one day business is unaffordable for borrowers". 6 responses were attributed to reason "inconvenient training timings". 5 responses indicated that there is no need of training for borrowers as "thorough knowledge regarding loan is provided by hand holders at the time of personal inquiry before loan approval" (Table 9.30).

#### Table 9.30     Loan Recommendation without Training

| No. | ➤ Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Yes | 13 | 81.25 |
| 2 | No | 3 | 18.75 |
|  | **Total** | **16** | **100** |
|  | ➤ **If Yes.... Reasons** |  |  |
| 1 | Closure of one day business is not affordable | 8 | 36.36 |
| 2 | Inconvenient training timings | 6 | 27.27 |
| 3 | Thorough knowledge regarding loan is provided by hand holders at the time of personal inquiry before loan approval | 5 | 22.73 |
| 4 | Tired of telling but borrowers are not ready to come | 2 | 9.09 |
| 5 | No Response | 1 | 4.55 |
|  | **Total** | **22** | **100** |
|  | ➤ **If No.... Type of training** |  |  |
| 1 | Financial Counselling Short term training | 3 | 27.27 |
| 2 | Financial Counselling Long term training | 2 | 18.18 |
| 3 | Business Counselling | 2 | 18.18 |
| 4 | Calculation of interest | 2 | 18.18 |
| 5 | Amrut zaranu | 2 | 18.18 |
|  | **Total** | **11** | **100** |

Source: Prepared from Responses

***Monitoring of Banksathis as well as Loans:*** This section discusses about how hand holders keep monitoring on banksathis, steps to be followed if borrowers make default, reason of defaults, how defaults affects to the bank, and efforts to reduce the level of defaults.

Banksathis play very important role in the whole chain of loan - from recommendation of loan for a borrower to repayment of loan by the borrowers. But monitoring of banksathis is the duty of hand holders. Hand holders were asked to share

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their views about how they monitor their banksathis. Table 9.31 shows five different types of views reported from the hand holders. As they selected multiple views, total 43 responses were recorded from all hand holders. Majority 15 (34.88%) responses indicated that hand holders randomly check the slip book and cash scroll of banksathis. 14 (32.56%) responses indicated that hand holders check whether banksathis deposit cash properly in the bank or not. 11 (25.58%) responses reveal that hand holders make inquiry through personal visit of a customer's place and ask customers about regularity of banksathis and issuance of receipt on payment by customer. Remaining views were observed with less than 5% proportion.

**Table 9.31    Views about Monitoring on Banksathis**

| No. | Monitoring Views | Frequency | Percentage |
|---|---|---|---|
| 1 | Random checking of their slip book and cash scroll | 15 | 34.88 |
| 2 | Check whether they deposit cash properly or not | 14 | 32.56 |
| 3 | Inquire with borrower through personal visit about regularity of banksathi and issuance of receipt on payment by borrower. | 11 | 25.58 |
| 4 | Go with them | 2 | 4.65 |
| 5 | Inquire about the previous loan record | 1 | 2.33 |
| | Total | 43 | 100 |

Source: Prepared from Responses

*Steps followed in case of Default*:  An attempt is made to know steps followed by the hand holder in case of default by the borrower. Each hand holders were required to give 4 steps for recovery of loan in case of default. The respondents were to mention the steps. This resulted into 6 different steps. An average sequence of these steps was derived. Thus, steps to be followed in case of default were derived as presented in Table 9.32. Top four steps from the standard sequence are as follows. (1) ask banksathis first whether they visit borrower's place regularly or not; (2) personal visit of borrower to inquire the problem and explain them about risk of defaults; (3) personal visit of guarantor; (4) send notice to borrower and/or guarantor (Table 9.32).

**Table 9.32    Standard Sequence of Steps followed on the time of Default**

| No. | Steps to be followed | Average Rank |
|---|---|---|
| 1 | Ask banksathi first that whether they go to the borrower regularly or not | 1.00 |
| 2 | Personal visit of borrower to inquire the problems and explain them | 1.30 |
| 3 | Personal visit of guarantor | 2.60 |
| 4 | Send a notice to borrower and/or guarantor on skipping of one instalment | 3.00 |
| 5 | Warn borrowers of possible consequences from the bank for default in repayment | 3.25 |
| 6 | Commencement of court proceedings | 4.00 |

Source: Prepared from Responses

*Reasons for Defaults*:  Hand holders responded 12 reasons for default in repayment of loans by borrowers (Table 9.33). Total 70 responses are received from 16

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hand holders because of multiple reasons from each hand holder. Top three major reasons for default as responded by hand holders are illness (18.57%), loss of business/job (15.71%) and expenses in excess of income (11.43%). This was followed by the reasons 'loss in business'; 'social expenses'; 'borrow money from non-bankers with higher interest rate' and 'unwillingness to repay' which were observed at 8.57%.

**Table 9.33     Reasons of Defaults according to Hand Holders**

| No. | Reasons | Frequency | Percentage |
|---|---|---|---|
| 1 | Illness | 13 | 18.57 |
| 2 | Loss of business/job | 11 | 15.71 |
| 3 | Expenses in excess of income | 8 | 11.43 |
| 4 | Loss in business | 6 | 8.57 |
| 5 | Social expenses | 6 | 8.57 |
| 6 | Borrow money from non-bankers with higher interest rate | 6 | 8.57 |
| 7 | Unwillingness to repay | 6 | 8.57 |
| 8 | Sudden expenses | 5 | 7.14 |
| 9 | Death of family member(s) | 3 | 4.29 |
| 10 | Meeting with an accident | 2 | 2.86 |
| 11 | Delay in salary | 2 | 2.86 |
| 12 | Borrowers give away the loan to another person | 2 | 2.86 |
| | **Total** | **70** | **100** |

Source: Prepared from Responses

## 9.2.6    Effects of Defaults

An attempt is made to collect opinions of hand holders regarding the way in which defaults affect negatively to the bank. If hand holders consider the defaults as negative effect to the bank she always tries to control the level of defaults and ultimately the overall level of NPA can be controlled. It was observed that 100% hand holders think that defaults affects negatively to the bank.

**Table 9.34     Negative Effects of Defaults**

| No. | Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Income of bank decreases | 11 | 35.48 |
| 2 | Bank has to reserve an amount equivalent to amount of NPA | 7 | 22.58 |
| 3 | Bank cannot give higher amount of loan | 3 | 9.68 |
| 4 | Wastage of travel expenses | 3 | 9.68 |
| 5 | Bank cannot pay salary | 2 | 6.45 |
| 6 | Bank cannot pay dividend | 2 | 6.45 |
| 7 | Bank itself fall in debt | 1 | 3.23 |
| 8 | Bank's credit decreases | 1 | 3.23 |
| 9 | Don't know | 1 | 3.23 |
| | **Total** | **31** | **100** |

Source: Prepared from Responses

As presented in the Table 9.34, total 8 reasons are attributed by 30 responses from 16 hand holders on account of multiple responses. Majority 11 (35.48%) responses indicated that on account of default, income of bank decreases. 7 (22.58%) responses

29relate to requirement of reserve of an amount equivalent to amount of NPA, leading to the blockage of money for the bank. Remaining reasons were observed with less than 10% proportion. Thus, it can be concluded that all hand holders were aware about the negative effects of defaults on the bank and accordingly they all were concerned about the level of defaults. Thus, they always try to control the level of defaults which reduces the risk of NPA of the bank.

*Efforts done to Reduce the Level of Defaults*: If all hand holders are concerned about the level of defaults and NPA, they all do some efforts to control the level of defaults. Therefore, all hand holders were asked to share the views regarding type of efforts required to control and/or to reduce the level of default. Table 9.35 presents the views of hand holders. Total 14 types of responses are received, from 16 hand holders totalling to 43 responses because of multiple responses about efforts to reduce the level of defaults.

**Table 9.35      Efforts to reduce the Level of Defaults**

| No. | Responses | Frequency | Percentage |
|---|---|---|---|
| 1 | Regular monitoring after disbursement through personal visit or record checking | 13 | 30.23 |
| 2 | Proper checking regarding borrower before sanction of the loan | 7 | 16.28 |
| 3 | Initiate legal action on guarantors and borrower | 4 | 9.30 |
| 4 | Hand holder should meet the borrower on making default | 3 | 6.98 |
| 5 | Banksathi and hand holder should provide adequate knowledge to borrowers | 3 | 6.98 |
| 6 | Monthly reporting of banksathi and borrower should be done by hand holder/bank | 2 | 4.65 |
| 7 | A notice should be sent to the borrower and her guarantor | 2 | 4.65 |
| 8 | Facility of loan renewal should be given | 2 | 4.65 |
| 9 | Guarantors should be strictly pressurized | 2 | 4.65 |
| 10 | Compulsory training | 1 | 2.33 |
| 11 | Banksathi should meet the borrower on skipping one instalment | 1 | 2.33 |
| 12 | Weekly meeting of hand holders and banksathis with bank managers and loan recovery officer should be arranged | 1 | 2.33 |
| 13 | Proper checking regarding guarantor before sanction of the loan | 1 | 2.33 |
| 14 | Advanced cheque should be taken from guarantors | 1 | 2.33 |
|  | **Total** | **43** | **100** |

Source: Prepared from Responses

Out of 16, 13 (30.23%) hand holders are of the opinion that regular monitoring of the borrowers after disbursement of loan through personal visit or record checking can help to reduce the level of defaults. 7 (16.28%) responses are for proper checking about borrowers before sanctioning the loan. 4 (9.30%) responses are for initiation of legal action on guarantor and borrower, if the level of defaults went high as it would control level of default for other borrowers also. 3 (6.98%) responses each, were found for 'hand holders should meet personally on default by borrower' and 'banksathi and hand

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holder should provide adequate knowledge to borrowers regarding benefits of regular repayment as well as risk of default'. Remaining efforts are found with less than 5 % proportion. As hand holders work in the field with/without banksathis and know each borrower personally, their opinions should be considered important by the bank to reduce and/or control the level of defaults. Moreover, the level of defaults directly affects to the level of NPA and high level of NPA can damage the functions as well as profitability of the bank. Therefore, it is necessary to control the level of default.

# Section III  Comparative Analysis

## 9.3  Comparative Analysis of Opinions of Banksathis and Hand Holders

As BSs and HHs work in the field and directly deal with the borrowers, BSs and HHs were asked certain similar questions. In this section an attempt is made to compare the responses of BSs and HHs on various aspects. In most of the questions it related to certain reasons or steps to be followed etc. Hence, for the purpose of comparing responses of these 2 different groups, the frequencies were converted to rank, by assigning rank 1 to highest response and so on. Thereafter, as mentioned in Chapter 3 'Research Design', for comparison Rank Correlation Coefficient (RCC) is applied.

### 9.3.1  Opinions of Banksathis and Hand Holders: A comparison

If BSs and HHs follow same approach the variations are avoided and the task becomes smooth. An attempt is made to know the similarity between the opinions of BSs and HHs. Following paragraphs explain the same.

*Preconditions to Sanction the $2^{nd}$ time loan to the Same Borrower*:  On comparing the opinions of BSs (9 preconditions) and HHs (6 preconditions), 3 preconditions were observed comparable. It was observed that equal preference was given to those 3 preconditions by BSs and HHs both. It indicates that in case of three preconditions to sanction the loan for the $2^{nd}$ time loan to the same borrower, opinions of BSs and HHs in the same order of importance (Table 9.36). Hence, there was no need to apply RCC.

### Table 9.36     Opinions: Preconditions

| No. | Preconditions | BSs | | HHs | |
|---|---|---|---|---|---|
| | | Freq | % | Freq | % |
| 1 | Regularity/Maintenance of Savings | 63 | 34.62 | 16 | 43.24 |
| 2 | Record of previous loan | 61 | 33.52 | 15 | 40.54 |
| 3 | Borrower's relationship with bank | 32 | 17.58 | 3 | 8.11 |

Source: Prepared from Responses

*Factors to Decide Loan Amount*: BSs reported 14 different factors for deciding loan amount and HHs reported 13 factors. Among them 10 factors are found common. Average ranks given to the factors on the basis of responses of BSs and HHs were compared here. Table 9.37 shows that out of 10 factors, 5 factors were observed with similar rank.

**Table 9.37    Opinions: Factors to Decide Loan Amount**

| No. | Factors | BSs | HHs |
|---|---|---|---|
| 1 | Regularity/Maintenance of savings | 1 | 1 |
| 2 | Record of previous loan | 2 | 3 |
| 3 | Link with other saving schemes | 3 | 5 |
| 4 | Repayment capacity of the borrower | 4 | 2 |
| 5 | Repayment capacity of the family | 5 | 4 |
| 6 | Nature of business income | 6 | 6 |
| 7 | Legal ownership of the house | 7 | 7 |
| 8 | Condition of the house | 8 | 8 |
| 9 | Household expenses | 9 | 9 |
| 10 | Involvement in police cases | 11 | 10 |

Source: Prepared from Responses

*Reasons for Daily Loan not in Use*: 11 reasons were reported by BSs and 10 reasons were reported by HHs for reasons of daily loan not in use. Among them 8 reasons are found common between BSs and HHs. As data presented in Table 9.38, irregularity in daily payment was observed with highest proportion for BSs and HHs.

**Table 9.38    Opinions: Reasons for Daily Loan not in Use**

| No. | Reasons | Banksathis | | Hand Holders | |
|---|---|---|---|---|---|
| | | Freq | % | Freq | % |
| 1 | Irregularity in daily payment | 34 | 25 | 6 | 22.22 |
| 2 | High fluctuation in daily income of borrower | 30 | 22.06 | 2 | 7.41 |
| 3 | Banksathi had to take responsibility as a guarantor | 18 | 13.24 | 1 | 3.70 |
| 4 | Mismatch of timing of banksathi and borrower | 18 | 13.24 | 5 | 18.52 |
| 5 | borrowers could not pay within the loan duration | 11 | 8.09 | 2 | 7.41 |
| 6 | Higher amount of instalments | 8 | 5.88 | 0 | 0.00 |
| 7 | Higher interest rate | 4 | 2.94 | 2 | 7.41 |
| 8 | Banksathis were blamed by the borrowers for not depositing cash in the bank regularly | 1 | 0.74 | 1 | 3.70 |

Source: Prepared from Responses

*Demand of Daily Loan Collection among Borrowers*: BSs and HHs were asked to share the views about whether the daily loan collection was in high demand by the borrowers or not. Total 5 (BSs) and 4 (HHs) different types of reasons were recorded from positive respondents. Among them only one reason was found comparable. While total 6 (BSs) and 3 (HHs) different types of reasons had been recorded from negative respondents. Among them three opinions were found similar. Negative respondents reported different types of suggestions *viz.* 5 from BSs and 4 from HHs. But only 2

suggestions were found common (Table 9.39). Because of this type of response structure RCC could not be applied.

### Table 9.39    Opinions: Demand of Daily Loan Collection

| No. | ➤ Reasons: Daily Loan in High demand | BSs | | HHs | |
|---|---|---|---|---|---|
| | | Freq | % | Freq | % |
| 1 | Daily payment in small instalments can reduce the burden of interest and debt. | 11 | 55.00 | 7 | 87.50 |
| | ➤ Reasons: Daily Loan not in High demand | | | | |
| 1 | Convenient to daily wage earners only. | 43 | 74.14 | 6 | 60.00 |
| 2 | Borrowers do not like banksathi to visit their place daily | 7 | 12.07 | 1 | 10.00 |
| 3 | Borrowers could not maintain proper record of their daily paid instalments | 5 | 8.62 | 3 | 30.00 |
| | ➤ Suggestions to Increase the Demand of Daily Loan | | | | |
| 1 | ˊ Banksathis do not want to increase the volume | 29 | 53.70 | 2 | 20.00 |
| 2 | Daily service should be given to the borrowers at their convenience | 10 | 18.52 | 3 | 30.00 |

Source: Prepared from Responses

***Recommendation of Loan with/without Training***: Views about sanctioning of the loan to the borrowers, with/without training, were received from BSs and HHs. BSs and HHs who recommend the borrower for loan without training were found with different types of 4 reasons. All 4 reasons were observed with similar proportion.

### Table 9.40    Opinions: Loan with/without Training

| No. | Reasons: Recommending the Loan Without Training | BSs | | HHs | |
|---|---|---|---|---|---|
| | | Freq | % | Freq | % |
| 1 | Inconvenient training timings | 22. | 33.85 | 6 | 27.27. |
| 2 | Closure of one day business is not affordable | 29 | 44.62 | 8 | 36.36. |
| 3 | Tired of telling but borrowers are not ready to come | 2 | 3.08 | 2 | 9.09 |
| 4 | Thorough knowledge regarding loan is provided by hand holders at the time of personal inquiry before loan approval. | 11 | 16.92 | 5 | 22.73 |
| No. | ➤ If No.... Type of Training | | | | |
| 1 | Financial Counselling - Long term training | 25 | 20.83 | 2 | 18.18 |
| 2 | Financial Counselling - Short term training | 24 | 20.00 | 3 | 27.27 |
| 3 | Business Counselling | 25 | 20.83 | 2 | 18.18 |
| 4 | Calculation of interest | 23 | 19.17 | 2 | 18.18 |
| 5 | Amrut Zaranu | 23 | 19.17 | 2 | 18.18 |

Source: Prepared from Responses

However, for BSs and HHs of the opinion that they do not recommend the borrower for sanctioning the loan without training, it is observed that all BSs and HHs were of the opinion that they preferred to give all 5 types of training. For total 5 types of training programmes, opinions were also found in similar proportion. Hence, RCC could not apply here. (Table 9.40)

***Steps followed in case of Default***: To compare the similarity between steps followed by BSs and HHs in case of default, the standard sequence of steps for BS and HHs was compared. BSs were reported with 10 steps while HHs were reported with 6

steps. Among them 5 steps were found similar. Out of 5, 3 steps were observed with similar ranks. (Table 9.41)

**Table 9.41    Opinions: Steps to be followed to Cover Defaults**

| No. | Steps to be Followed | BSs | HHs |
|-----|----------------------|-----|-----|
| 1 | Personal visit of borrower to inquire the problems and explain them | 1.00 | 1.30 |
| 2 | Personal visit of guarantor | 2.56 | 2.60 |
| 3 | Warn borrowers of possible consequences from the bank for default in repayment | 2.78 | 3.25 |
| 4 | Send a notice to borrower and/or guarantor on skipping of one instalment | 2.82 | 3.00 |
| 5 | Commencement of court proceedings | 3.80 | 4.00 |

Source: Prepared from Responses

***Reasons of Defaults***: Major reasons of defaults were gathered not only from BSs and HHs but also from borrowers (BRWRs). Hence, major reasons for defaults were compared for BSs, HHs and BRWRs. BSs reported 14 reasons and HHs reported 12 reasons while BRWRs reported 23 reasons. Among them 10 reasons were found to be common between BSs and HHs and BRWRs. As per Table 9.42, illness among borrowers was found with highest proportion for BSs, HHs and BRWRs.

**Table 9.42    Opinions: Reasons of Defaults**

| No. | Reasons | BSs | | HHs | | BRWRs | |
|-----|---------|-----|-----|-----|-----|-----|-----|
| | | Freq | % | Freq | % | Freq | % |
| 1 | Illness | 56 | 17.95 | 13 | 18.57 | 188 | 13.26 |
| 2 | Loss of business/job | 48 | 15.38 | 11 | 15.71 | 104 | 7.33 |
| 3 | Unwillingness to repay | 29 | 9.29 | 6 | 8.57 | 5 | 0.35 |
| 4 | Sudden expenses | 27 | 8.65 | 5 | 7.14 | 165 | 11.64 |
| 5 | Social expenses | 27 | 8.65 | 6 | 8.57 | 92 | 6.49 |
| 6 | Expenses in excess of income | 27 | 8.65 | 8 | 11.43 | 114 | 8.04 |
| 7 | Loss in business | 24 | 7.69 | 6 | 8.57 | 48 | 3.39 |
| 8 | Borrow money from non-bankers with higher interest rate | 24 | 7.69 | 6 | 8.57 | 141 | 9.94 |
| 9 | Death of family member(s) | 20 | 6.41 | 3 | 4.29 | 48 | 3.39 |
| 10 | Borrowers give away the loan to another person | 11 | 3.53 | 2 | 2.86 | 2 | 0.14 |

Source: Prepared from Responses

***Effects of Defaults***: BSs and HHs were asked to share the views about whether defaults affect negatively to the bank or not. BSs responded 14 effects of defaults to the bank while HHs responded 9 reasons. Among them 8 reasons are common (Table 9.43). BSs also reported 5 different types of reasons indicating that defaults do not affect negatively on the bank while no HHs agreed that defaults do not affect negatively on the bank. Thus, no comparison could be carried out for BSs and HHs for the reasons of defaults that do not affect negatively on the bank.

**Table 9.43    Opinions: Negative Effects of Defaults on the Bank**

| No. | Reasons | BSs | | HHs | |
|---|---|---|---|---|---|
| | | Freq | % | Freq | % |
| 1 | Bank cannot give higher amount of loan | 32 | 24.62 | 3 | 9.68 |
| 2 | Income of bank decreases | 28 | 21.54 | 11 | 35.48 |
| 3 | Bank has to reserve an amount equivalent to amount of NPA | 16 | 12.31 | 7 | 22.58 |
| 4 | Bank cannot pay salary | 16 | 12.31 | 2 | 6.45 |
| 5 | Wastage of travel expenses | 7 | 5.38 | 3 | 9.68 |
| 6 | Bank cannot pay dividend | 4 | 3.08 | 2 | 6.45 |
| 7 | Reputation of bank goes down/Bank's credit decreases | 6 | 4.62 | 1 | 3.23 |
| 8 | Bank would be closed one day/Bank itself fall in debt | 5 | 3.85 | 1 | 3.23 |

Source: Prepared from Responses

### 9.3.2    Testing of Hypotheses

In case of 8 situations, opinions of BSs and HHs were found to be comparable. Accordingly, to know the extent of relationship between the opinions of BSs and HHs Rank Correlation Coefficients are computed. Seven hypotheses were framed as mentioned in the Chapter 3 'Research Design'.

For testing of hypotheses Spearman's Rank Correlation Coefficient was applied followed by $t$-test. Table 9.44 presents the values of Rank Correlation Coefficients and values of $t$ with the results of hypotheses testing.

**Table 9.44    Results of Testing of Hypotheses**

| No. | Compared Aspects | Value of RCC | Calculated Value of $t$ | Table Value of $t$ | Result of null hypotheses |
|---|---|---|---|---|---|
| $H_{01}$ | Factors to decide loan amount | 0.94 | 7.79* | 3.36 | Rejected |
| $H_{02}$ | Reasons: daily loan not in use | 0.61 | 1.89 | 2.45 | Accepted |
| $H_{03}$ | Steps: if borrower's make default | 0.90 | 3.58** | 3.18 | Rejected |
| $H_{04}$ | Reasons of defaults: BS v/s HH | 0.83 | 4.21* | 3.36 | Rejected |
| $H_{05}$ | Reasons of defaults: HH v/s BRWR | 0.56 | 1.91 | 2.31 | Accepted |
| $H_{06}$ | Reasons of defaults: BS v/s BRWR | 0.52 | 1.72 | 2.31 | Accepted |
| $H_{07}$ | Effects of defaults on the bank | 0.70 | 2.40 | 2.45 | Accepted |

\* Significant @ 1% level of significance          \*\* Significant @ 5% level of significance

**$H_{01}$    There is no similarity of opinions between BSs and HHs regarding factors to decide loan amount.**

On applying rank correlation, it was observed that opinions of BSs and HHs were strongly positively correlated. On running $t$-test, it was observed that calculated value of $t$ was higher than the table value of $t$ at 1% level of significance. Hence, *null hypothesis* of having no similarity was *rejected*.

**$H_{02}$    There is no similarity of opinions between BSs and HHs regarding reasons for daily loan collection not in use.**

On computing rank correlation, the value of RCC indicates positive correlation between the opinions. On applying $t$-test, the calculated value of $t$ was found lower than

29the table value of $t$ at 5% level of significance. Thus, *null hypothesis* of having no similarity between the opinions was *accepted.*

**H$_{03}$** **There is no similarity of opinions between BSs and HHs regarding steps to be followed in case of default.**

Rank correlation was applied on average ranks given to the different steps to be followed in case of default. As a result, positive correlation was found. On running $t$-test, it was observed that calculated value of $t$ was higher than the table value of $t$ at 5% level of significance. Hence, the *null hypothesis* of having no similarity is *rejected* and alternate hypothesis of having similarity between opinions of BSs and HHs was accepted.

**H$_{04}$** **There is no similarity of opinions between BSs and HHs regarding reasons of defaults.**

On computing rank correlation, strong positive correlation was found between the opinions. On running $t$-test, it was observed that calculated value of $t$ was higher than the table value of $t$ at 1% level of significant. Thus, *null hypothesis* of having no similarity was *rejected*, indicating that opinion about reasons of default between BSs and HHs go hand in hand.

**H$_{05}$** **There is no similarity of opinions between HHs and BRWRs regarding reasons of defaults.**

On applying rank correlation, it was observed that opinions of hand holders and borrowers were positively correlated. On running $t$-test, calculated value of $t$ was found lower than the table value of $t$ at 5% level of significance. Hence, null *hypothesis* of having no similarity between opinions was *accepted.*

**H$_{06}$** **There is no similarity of opinions between BSs and BRWRs regarding reasons of defaults.**

While computing rank correlation between opinions of banksathis and borrowers, opinions are found positively related. On applying $t$-test, it was observed that computed value of $t$ was lower than table value of $t$ at 5% level of significance. Thus, *null hypothesis* of having no similarity was *accepted.*

**H$_{07}$** **There is no similarity of opinions between BSs and HHs regarding negative effects of defaults to the bank.**

Here, the opinions of banksathis and hand holders were found positively correlated. On running $t$-test, it was observed that computed value of $t$-test was lower than the table value of $t$ at 5% level of significance. Hence, the *null hypothesis* of having no similarity between opinions was *accepted.*

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# Section IV  Major Findings

## 9.4  Major Findings

From the analysis carried out in this chapter, following major findings are observed.  The findings are presented here in three sub parts *viz.* banksathis; hand holders; comparison of banksathis and hand holders.

### 9.4.1  Banksathis

The major findings based on the analysis of responses of 66 banksathis are summarized as follows:

1.    19 (28.79% out of 66) banksathis are found from the age group of 36-40.  28 (42.42%) banksathis out of 66 were observed having undergone of secondary level education.  39.39% banksathis (26 out of 66) were found with the working experience of 4 to 6 years. Banksathis are found to be more active during the year 2008-09 in comparison to the year 2007-08 as more numbers of loans accounts are opened in the year 2008-09 as 24 (out of 66) responses were received for 51 to 100 numbers of accounts and 18 responses were found for number of accounts 101 -150.

2.    For unsecured loans, for the first time, majority of the banksathis had opined that the minimum amount should be ₹5,000 and maximum amount should be ₹10,000.  For unsecured loans, for the second time, majority of them had believed that minimum amount should be ₹15,000 and maximum amount should depend upon the balance of saving account of the borrower.   While for secured loans majority of banksathis had informed that the amount was decided by the bank only.

3.    For preconditions to sanction the second time loan, majority of banksathis had given the preference to regularity/maintenance of savings of the borrowers (34.62% responses out of 182) while sanctioning the loan for second time to the same borrower.  Same factor had been given the first preference (1st rank out of 14 factors) to decide the loan amount at the time of loan sanction to the borrower.

4.    Cash collection seems to be the responsibility of banksathis.  Majority of banksathis preferred to collect instalments from borrowers on daily basis (93.94% out of 66).  Loan instalments were collected by banksathis at the convenient time of borrowers.

5.    Looking to the responses, only daily loan collection was found inactive (96.97% out of 66).  With reason to that, majority of banksathis informed that borrowers

were very irregular in payment of daily loan collection (25% responses out of 136 responses) and the daily income of the borrowers was highly fluctuating (22.06% responses out of 136). Majority of banksathis (72.73%) opined that daily loan collection was not in high demand because it was convenient to daily wage earners only, while 11 responses out of 20 responses indicated that daily loan was in high demand because daily payment of small instalments can reduce the burden of interest and debt. On asking to give suggestion to increase the demand/volume of daily loan, maximum banksathis (29 responses out of 54) had informed that they do not want to increase the volume because ultimately daily loans create burden on banksathis, as banksathis have to take responsibility as a guarantor (for daily loan collection) of the borrower.

6.    Regarding loan recommendation, 60.61% banksathis recommended the borrower for the loan even if they had not undergone any type of training. The reason attributable was, closure of one day business was not affordable for borrowers. Hence, they do not prefer to come to the bank for training.

7.    Proper follow up was required in case of default. Most preferable steps followed by banksathis in case of defaults are as follows: 1) Personal visit of borrower to inquire the problems and explain them to pay the instalment as early as possible; 2) Inform hand holder; 3) Personal visit of borrower with hand holder; 4) Personal visit of guarantor of the borrower along with hand holder.

8.    As per the opinions of banksathis, major reasons of default (out of 312 responses) were identified. According to them 5 major reasons for defaults are as follows: (1) illness among the borrower (17.95%); (2) loss of borrower's business/job (15.38%); (3) unwillingness to repay the loan (9.29%); (4) sudden expenses, social expenses, expenses in excess of income (8.65%); (5) loss in business (7.69%).

9.    The negative effect of defaults on the bank responded are as follows: (1) bank cannot give higher amount of loan because of no recovery of previous loans (24.62% responses); (2) income of bank decreases (21.54% responses); (3) bank has to reserve an amount equivalent to amount of NPA (12.31% responses). It will create blockage of money of the bank; and bank cannot pay salary (12.31% responses); (5) wastage of travel expenses (5.38% responses).

### 9.4.2 Hand Holders

Based on responses of 16 hand holders following conclusion can be drawn:

1.  Maximum 5 (31.25%) of hand holders were from the age group of 41-45. 7 (43.75%) hand holders were graduated. 43.75% (7) hand holders have the working experience of 6 to 10 years. Hand holders are found more active during the year 2008-09 in comparison to the year 2007-08 as more numbers of loans accounts are opened in the year 2008-09.

2.  Minimum amount of the unsecured loan to be given for the first time was informed ₹5,000 (10 responses out of 42) and maximum amount was informed to be dependent on the balance of saving account of the borrower (4 responses). For second time unsecured loan, majority responses (4 responses) were for ₹15,000 and maximum limit was to depend on the balance of savings of the borrowers (5 responses). For secured loans, majority of the responses indicted that either for the first time or for the second time loan the minimum and maximum limit should be decided by the bank only. However, for secured loans on fixed deposit, minimum and maximum limit should be 80% of fixed deposit of the borrower (7 responses).

3.  For sanctioning the loan to the borrower for 2$^{nd}$ time, most preferable preconditions were observed as follows: Regularity/maintenance of savings by the borrowers (43.24% responses out of 37) and record of previous loan (40.54%). Looking to the factors to decide the loan amount, most important factors (by rank) were observed as follows: regularity/maintenance of savings by the borrower, repayment capacity of the borrower, record of previous loan and repayment capacity of the family.

4.  Looking to the responses, only daily loan collection (unsecured loan product) was found inactive at the time of data collection (62.5% out of 16 hand holders). Major reason (22.22% responses out of 27) was found irregularity of borrowers in daily payment. Maximum hand holders agreed that borrowers had not paid loan instalments daily regularly. Maximum hand holders (56.25%) informed that daily loan was not in high demand among the borrowers as daily loan was convenient to daily wage earners only (60% responses out of 10). On inquiring suggestions to increase demand of daily loan, out of 10 responses, 30% respondents suggested that daily service should be given to the borrowers at their convenience, but other 30% respondents informed that it is impossible to increase the demand of daily loan collection.

5. For the views of recommendation of loan to the borrower without training, 81.25% (13 out of 16) hand holders were in favour of recommending the borrower for loan without training because closure of one day business was not affordable for borrowers who earns on daily basis (36.36% responses out of 22).

6. For the purpose of monitoring banksathis, hand holders were carrying out random checking of banksathi's slip book and cash scroll (34.88%) followed by checking whether banksathis deposit cash (loan instalment) properly or not (32.56%).

7. The most preferred sequence of steps to recover the loan in case of defaults according to HHs was: 1) Ask banksathi first that whether they visit the borrower's place regularly or not; 2) Personal visit of customer to inquire the problems and explain them to pay the instalments as early as possible to avoid the burden of interest; 3) personal visit of guarantor; 4) send a notice to customer and/or guarantor.

8. On inquiring the reasons for defaults, hand holders gave 12 different reasons. Among them top three reasons (above 10% proportion) are: (1) illness among the borrowers (18.57%); (2) loss of business/job (15.71%); (3) Expenses in access of income (11.43%).

9. All 16 hand holders were of the opinion that defaults affect negatively to the bank. The negative impacts of default as pointed out by hand holders (total 31 responses) were: (1) income of bank decreases (35.48%); (2) bank has to create reserve of an amount equivalent to amount of NPA (22.58%); (3) bank cannot give higher amount of loan and wastage of travel expenses (9.68% each).

### 9.4.3 Comparison of Banksathis and Hand Holders

As mentioned in para 9.3, the comparative analysis between the opinion and approaches of banksathis and hand holders is carried out, to know about consistency. The major findings of this comparative analysis are summarized below.

1. On comparing the age, maximum (28.79%) banksathis are found between the age group of 36-40 while maximum (31.25%) hand holders are found from the age group of 41-45. It shows that major group of banksathis are younger than the group of hand holders. Education level was found higher for the hand holders. Majority (42.42%) of banksathis were educated upto secondary level while hand holders (43.75%) were up to graduate level. Working experience is also found higher for the hand holders (43.75%) as 6 to 8 years while banksathis (39.39%) are found with experience of 4 to 6 years. Banksathis and hand holders both were found to be more active during the year 2008-09.

2. According to the both minimum amount of unsecured loans should be ₹5,000. While as per banksathis maximum amount should be ₹10,000 while hand holders believed it should be dependent on the balance of saving account of the borrowers. Banksathis had informed that minimum amount should be ₹15,000 for the second time unsecured loan to the same borrower. In case of maximum limit of unsecured loan both of them opined that the amount should be dependent on the balance of savings of the borrower. In case of secured loans both of them were of the opinion that loan amount should be decided by the bank only.

3. Regularity/maintenance of savings and record of borrower's previous loan were found with equal preference as the preconditions to sanction the loan and also as factors to decide the loan amount. On applying rank correlation on opinions regarding factors to decide the loan amount strong positive correlation was observed at 5% of significance $(H_{01})$.

4. According to both (BSs and HHs), only daily loan collection (a loan product) was not in use. Major reason found was borrowers were irregular in payment of daily instalments. Positive relation was observed between opinions of both even though insignificant $(H_{02})$.

5. With reference to opinions of both, it can be seen that daily loan was not in high demand among the borrowers because it was convenient to daily wage earners only. Banksathis had informed that they do not want to increase the demand/volume of the daily loans while hand holders had believed that if daily service is provided to the borrower's place the demand/volume could be increased.

6. Both of them had informed that they recommend the borrower for the loan even if borrower had not taken any type of training because closure of one day business was not affordable for borrowers. As majority of borrowers were daily wage earners, they would not prefer to come to the bank even for one day for having training.

7. Top five steps have been recorded to recover the default. Among them common steps according to both noted down as follows: 1) Personal visit of borrower to inquire the problems and explain them to pay the instalments as early as possible to avoid the burden of compound interest; 2) personal visit of guarantor. Strong positive correlation was observed and significant relationship was found between the opinions of both $(H_{03})$.

8.  As per the opinions of both *i.e.* banksathis & hand holders, most common reasons of defaults out of top five reasons are found as follows: 1) Illness among the borrowers; 2) loss of borrower's business/job; 3) expenses of income; 4) social expenses; 5) loss in business. The opinions are found significantly correlated with strong positive correlation $(H_{04})$. On comparing the opinions of "hand holders *v/s* borrowers" and "banksathis *v/s* borrowers" regarding major reasons of defaults, no significant relationship was observed $(H_{05}, H_{06})$. For $H_{05}$ and $H_{06}$, it can be inferred that, even though the relation is found, but it is not significant. This is likely to be on account of the fact that the borrower is the party concerned for default and the BSs and HHs are on the other hand, monitoring the loan. Hence, there is likely to be difference in perception or the degree of perception. Therefore, even though this is not a significant relationship, but at least there is no negative RCC, should be considered favourable for the purpose of proper follow up and monitoring by BSs and HHs.

1.  If defaults affect negatively to the bank, some of the impacts found common in between the opinions of banksathis and hand holders. If top five major reasons are compared, following common reasons have been recorded. 1) Bank cannot give higher amount of loan because of no recovery of previous loans; 2) income of bank decreases; 3) bank has to reserve an amount equivalent to amount of NPA. Positive correlation was observed between opinions of both, even though insignificant $(H_{07})$.

It can be concluded that opinions of banksathis and hand holders differ for some of the questions. However, in case of major reasons of defaults and steps to be followed when any borrower make default, opinions of banksathis and hand holders are found to be similar and have also shown significant rank correlation. It helps the bank to control and/or reduce the level of defaults and NPA as proper care is taken regarding recovery of loan by hand holders and banksathis.

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## REFERENCES

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