Scheduled Commercial Banks and Microfinance: A Comparative Analysis of Financial Performance and Outreach in Odisha

Navin Kumar Rajpal[1] and Sharmila Tamang[2]
1 Dept. of Economics, Sidho kanho Birsha, University Purulia, West Bengal
2 Department of Economics, Mizoram Central University, Aizawl, Mizoram

The financial institutions play a prominent role in financing the rural small artisans and entrepreneurs. With the motive of providing credit through formal institutions and bringing the poor into the gamut of financial system, the government actually tries to disseminate the coverage of financial institutions for reaching poor. The three tier structure of banking i.e. Commercial, RRBs and Cooperatives with the objectives of extending coverage from big cities to small villages and from big entrepreneurs to small producers has actually failed in various aspects. The major problems arise with the extension of credit facility to poor basically includes high cost of rendering services, lack of collateral security, lack of identity, knowledge and financial literacy. This paper tries to identify the position of different commercial banks in providing supports to SHGs operating in Odisha. The major focus has been made to highlight the current position of different banks in terms of SHGs financing with the level of outstanding and NPA. Further, attempts have been made to highlight the conceptual structure for growth of NPA with Commercial Banks in Odisha.

Keywords: Financial Institutions, NPA, Credit disbursement and financial linkage

The financial institutions act as an intermediary of providing financial services to SHGs in India. The apex institution of banking in India i.e. RBI has given extensive guidelines to all its stake holders including commercial, public and private sector banks, RRBs, Co-operatives and MFIs to deal microfinance services as their major business and must extend all kinds of support for the development of SHGs. As there exist differences in financial institution and financial bank both in definition and role, so their performance and outreach also restricts. The financial Institutions means "Institutions engaged in provision of microfinance loans and which is not regulated by bank" while "financial bank means a bank or financial institutions which is licensed by the banks to undertake banking business with individual, groups and micro and small enterprises in rural and urban areas" (The Banking and Financial Institutions Microfinance activities Regulation, 2014). In India, the SHG bank model and direct model have facilitated a number of clients to graduate as mainstream clients of financial institutions (Nabard, 2016). NABARD an apex institution of developing and financing the SHGs in India has initially developed three major models targeting the poor of rural and urban areas including women to opt financial support through formal financial institutions at convenient and affordable rate. After 2006, the new models have been introduced merging the initial two models i.e. SHGs – Bank linkage and SHGs – NGO model. The status of microfinance in India has gained momentum after

simplifying the models, norms and procedure, relaxation from financing agencies and support from various state and local government. Various states in India have implemented the SHG programme through particular specialized agency such as Mission Shakti in Odisha, Velugu in Andhra Pradesh, Kudumbashree in Kerala, Sanjivini in Jharkhand, Jeevika in Bihar and Mahalir Thittam in Tamilnadu. The major objectives of these organisation or department are to provide platform for group formation, development, channelizing fund and drafting regulation for effective and smooth operation of SHGs.

Microfinance initiates of NABARD through its SHG – Bank linkage have passed various phases starting from pilot testing, mainstreaming, expansion and making inroads for the resource poor regions of the country (Karmakar, Banerjee and Mohapatra, 2011). The Microfinance has extended its coverage not only horizontally but also vertically by making new sources and methods of inclusion of poor into formal financial gamut like IRVs, JLGs, JFM, Wadi approach, Grain Bank and uses of ICT. The IRVs is Individual rural volunteer who explores the possibility of involving socially committed individual volunteers from local area in the task of promotion, nurturing and linkage of SHGs while the JLGs are Joint Liability Groups are the informal group of 4 – 10 members which can be extended upto 20 who are engaged in similar economic activities and who are willing to jointly undertake to repay the loans taken by the group from the bank (NABARD, 2011). The only difference between SHGs and JLGs is that of activities and identity. The SHGs are meant for the rural and urban poor especially women who are not part of formal financial system and the activities among members may vary while JLG are a credit group of the tenant and small farmers who do not have proper title of their farm land.

In Odisha, the Self Help Groups are formed on the basis of caste, religion, relationship, financial background, literacy and family background (Rajpal, 2016). The major reasons for this concentration of members are due to lack of faith of lower caste upon upper caste, generating profit and larger loan amount through involvement of family members, creating political power for particular caste and in certain cases not good terms with other religion and availing subsidy under SGSY by involving BPL members (Tamang, 2014). Further, the developing agencies such as ICDS workers, DRDA, ITDA, Watershed department and panchayat raj institutions always tries to form large number of group to reach their own targets. Many cases have been reported by several SHGs members regarding bribe charged by developing agency or members for registration of group for availing initial amount of corpus fund i.e. Rs. 5000 provided by Govt. of Odisha (2014 survey). Further, the bankers, MFIs staff and developing agencies members charge a certain percentage for sanction of loan and subsidy amount. The Mission Shakti as an apex institution of microfinance institution in Odisha has achieved "the success beyond target" in terms of organising, developing and providing linkage facility with bank but as regard to their sustainability concern, the organising members themselves feel insecure (Rajpal, 2016). Just like target of private sector companies and organisation, the grassroot level workers in order to sustain their employment have included organised large number of groups involving double and triple membership in certain cases. Further, family members enrollment in group acts as an active criteria due to autonomy among group members for inclusion and exclusion of person.

OBJECTIVES OF THE STUDY

i. To examine the role played by formal financial system in extending financial services to SHGs in Odisha.

ii. To highlight the performance of different Commercial banks in terms of providing savings and credit linkage facility in Odisha.

iii. To examine the major reason for high outstanding and amounting NPA with SHGs highlighting conceptual framework mechanism.

METHODOLOGY

The paper tries to analyse the above objectives with the help of secondary data collected from various sources such as NABARD, Mission Shakti, Economic Survey of Odisha and extensive literature review.

Hypotheses:

i.   There exists significant

Correlation between the amount of saving and amount of non performing assets among SHGs.

ii.   The credit disbursement to SHGs is significantly affected by number of SHGs saving, amount of saving, amount of outstanding and amount of NPA.

Banking Structure and Lead Bank in Odisha

Banking Industry has exhibited significant improvements in areas relating to financial viability, profitability and competitiveness but as its outreach concern, they are not able to reach and bring vast segment of the population including under-privileged section of society under formal banking system (Ramanathan, 2007). The trends and progress of SHG Bank Linkage programme in India has shown uneven regional growth with maximum concentration in southern India ranging from 63.3 percent in 2008 to 61.5percentin 2012 (Rajpal and Agarwal, 2013).In Odisha, initially the State Level Bankers Committee (SLBC) responsibility was entrusted to SBI which reallocated to UCO Bank in 1982. Out of the 30 districts in Odisha, SBI acts as lead bank in 19 Districts followed by UCO Bank (7), Bank of India (2) and Andhra Bank (2).). In addition to the 35 Commercial banks with 2373 branches there exist 5 RRBs holding (885 branches), State Cooperative Banks (332 branches) and 5 Other Banks including OSACRD, OSFC etc (Statistical Abstract, 2012). The data of SHG Bank linkage was not streamlined properly before 2006. NABRAD took initiative and brought all state Organisation dealing with SHGs under oneumbrella. During the year 2007 – 08, out

oftotal saving linkage facilities provided by formal financial institutions, the 18 commercial banks (including public and private sector) contributes 46 percent followed by all 5 RRBs (38 percent) and 18 DCCBs (16 percent). The average saving made by each SHG under different financial institutions are Rs. 6470 (Commercial Banks), Rs. 7323 (RRBs) and Rs. 5494. Usually the SHGs corpus in Odisha are regulated and managed as per convenience of the group members. Further, sometimes the funding agencies/ promoting agencies also decides the frequency (weekly/fortnight/monthly) and amount of saving per member as it has been observed in case of WSHGs of Mayurbhanj in Odisha (Rajpal & Tamang, 2014). The SHGs in Odisha are promoted by government agencies such as ICDS, watershed dept, panchayatraj institutions, DRDA, schools, banks and other agencies such as NGOs,MFIs and other private institutions. The saving per group was highest in case of RRBs which

Table 1. Financial Institution and SHGs Saving Linkage in Odisha			
Year	Comm. Banks	RRBs	Co – op. Banks
2007 - 08	179957 11644.34	149090 10918.71	62493 3433.57
2008 - 09	216196 9008.84	164562 14164.95	61202 3774.92
2009 - 10	248902 10570.59	185309 18906.09	68990 6998.00
2010 - 11	243965 10522.85	199679 19794.78	77508 5037.09
2011- 12	235829 12366.26	226745 17948.25	77455 5821.89
2012 - 13	206331 18181.06	242789 19431.46	73717 4215.29
2013 - 14	178354 20596.21	263852 19169.49	75185 5968.25
2014 - 15	200232 25266.93	170916 17935.87	80920 6501.00
2015 - 16	218514 23599.7	184452 18638.31	83720 6349.71

Source: Nabard, Annual Report (Several Years)

can be due to either higher amount of saving per member or duration of membership. In 2008 – 09, the share in providing linkage facilities to SHGs has increased in case of commercial banks taking shares of RRBs and Cooperatives (by 3 percent) but as physical amount of saving concern the amount has shown negative trend in case of commercial banks while in case of RRBs and Cooperatives it has shown positive trend. This clears the situation that though the commercial bank have extended saving linkage facility but as regard to its financial viability and sustainability concern the RRBs and Cooperatives are in better position (Com – Rs.4166, RRBs – Rs. 8607 and Coop – Rs. 6167). Over the selected years the SHGs saving linkage facility has increased by 3.1 percent per annum with standard deviation of 8.8 percent.   The commercial banks have shown the average growth of 3.1 percent per annum with negative trends between 2010 - 14, RRBs of 4.1 percent with negative trend in 2014 -15 and   Co-operatives of 3.9 percent with negative trend selected years the average saving per SHG was highest in case of RRBs of Rs. 8869 (with minimum of Rs. 7323 and maximum of Rs. 10493) followed by Commercial Banks of Rs. 7579 (minimum Rs. 4166 and maximum of Rs. 12618)and Cooperatives of Rs. 7232(minimum Rs. 5494 and maximum Rs. 8033). Further, the RRBs have shown the average growth of 13 percent per annum followed by commercial banks 11 percent and cooperatives of 7.9 percent per annum (refer table 1).

Scheduled Commercial Banks and Saving Linkage Extension

Being the largest bank of India and same in Odisha, SBI with its 678 branches has extended saving facility to 102673 SHGs in rural and urban areas with an average of 151 SHG per branch. While the next largest banks of Odisha (in terms of numbers of branches and serving SHGs) i.e. UCO Bank (206 branches), Bank of India (172 Branches), UBI (119 Branches), PNB (112 branches) and IOB (109 branches)have extended saving linkage facility to 15792 SHGs (76 SHG/ branch), 10089 SHGs (58 SHG/branch), 6141 SHGs (51 SHG/branch), 10088

Sl. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
	Table 2. Scheduled Commercial Banks and SHGs Saving Linkage in Odisha			
1	Allahabad Bank	1958 44.0	9228 120.4	33904 499.2
2	Andhra Bank	1542 210.4	21390 2088.2	35673 4350
3	Bank of Baroda	1765 112.8	8260 671.7	30967 3205.1
4	Bank of India	10089 239.3	48227 1274.0	11228 16083.3
5	Canara Bank	3890 40.0	16944 173.5	22579 3250.6
6	Central Bank of India	2324 176.5	8510 1069.8	17096 2888.5
7	Corporation Bank	4 0.3	56 132.3	146 151.2
8	Dena Bank	33 4.4	773 652.8	1599 721.0
9	Indian Bank	1560 156.0	9820 1004.9	39560 6512.7
10	Indian overseas Bank	12695 711.4	95554 4297.4	142523 8547.7
11	Oriental Bank of Commerce	10 1.5	181 15.4	3191 352.2
12	Punjab National Bank	10088 730.5	42576 2763.5	102110 7501.3
13	State Bank of India	102673 3559.6	485629 16312.6	945297 56595.6
14	Syndicate Bank	1338 109.5	4161 375.0	9171 793.9
15	UCO Bank	15792 5015.1	72847 8508.2	179173 20375.9
16	Union Bank of India	3034 158.0	12814 549.0	22090 2734.8
17	United Bank of India	6141 331.7	29045 1552.1	58949 5656.2
18	HDFC	5021 41.2	22130 77.6	51979 113.2
19	Punjab & Sind Bank	- N.A.	10 0.1	12209 10.2
20	Vijaya Bank	- N.A.	476 43.6	2876 316.9

Sl. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
21	Axis Bank	- N.A.	4 0.6	102 27.5
22	ICICI Bank	- N.A.	103 2.9	433 31.8
23	IDBI Bank	- N.A.	3 0.1	913 35.9
24	Yes Bank	-	0 -	39724 965.1
25	State Bank of Hyderabad	-	0 -	19 8.8
26	Bank of Maharastra	-	0 -	40 1.7
27	Federal Bank	-	0 -	12 0.5

Source: Nabard Annual Report (Various Years)

SHGs (90 SHG/branch) and 12695 SHGs (116 SHG/branch) respectively. Further, the smallest banks of Odisha (on the basis of same parameters) i.e. Dena Bank (8 Branches), Corporation Bank (14 Branches), OBC (35 branches), Syndicate Bank (62 Branches) and Indian Bank (69 Branches) have extendedsaving linkage facility to 33 SHGs (4 SHG/branch), 4 SHGs (0.3 SHG/branch), 10 SHGs (0.3 SHG/branch), 1338 SHGs (21 SHG/branch) and 1560 SHGs (23 SHG/branch) respectively. In Odisha, the public sector bank holds an average number of 123 branches per bank with a standard deviation of 151.5. All the banks constituting both largest as well as smallest have shown poor performance in terms of coverage as compared to SBI, among which the worst performer was OBC, Corporation Bank, Dena Bank, Bank of India and UBI. In 2007 – 08, the average number of SHGs per bank at state level was 10290, and only 3 banks i.e. SBI, UCO and IOB have shown saving linkage facility above it. The average saving SHG per bank was highest with UCO bank i.e. Rs. 31757 per SHG followed by OBC (Rs. 15000), Andhra Bank (Rs. 13644), Dena Bank (Rs. 13333), Indian Bank (Rs. 10000) and Syndicate Bank (Rs. 8183) while its lowest with Canara Bank (Rs. 1028) followed by Allahabad Bank (Rs. 2247), Bank of India (Rs. 2371), SBI (Rs.

3466), Union Bank (Rs. 5207) and IOB (Rs. 5603). The savings of SHGs are regarded as major instrument for getting loan as it acts as collateral against it but it has been observed that largest bank of Odisha is having lowest saving per group as compared to smallest banks. This can be viewed both in positive as well as negative sense as the major other requirements of the group members can be fulfilled via lending from group corpus and earning a designated amount of interest from them. This indirectly helps to gain the supplier as well as borrower in terms of increase in corpus amount through interest and borrower by marginal interest at any moment. But as per the guidance of NABARD, the bank should provide loan to the SHGs on the basis of the multiple of saving (maximum 5 times) made by them and this small amount of saving will not provide the members to overcome the desired objectives of the programme.

In 2010 – 11, the total of 22 scheduled commercial banks has participated in providing saving linkage facility to SHGs registering the increase of 709284 new SHGs with an average growth of 651 percent per bank. The new SHGs involvement was higher with SBI (382956) followed by Indian Overseas Bank (82859), UCO Bank (57055), Bank of India (38138) and PNB (32488) while it was lowest with Corporation Bank (52), OBC (171), Indian Bank (749) and Syndicate Bank (2823). Further, the percentage growth compared to base year shows that, the best performance rests with Dena Bank registering 2242 percent growth followed by Oriental Bank of Commerce (1710 percent), Corporation Bank (1300 percent), Andhra Bank (1287 percent) and IOB (636 percent) while its lowest with Syndicate Bank (210 percent), Central Bank of India (266 percent), PNB and Union Bank (322 percent) and Canara Bank (335 percent). The average saving SHG per bank has increased to 18.07 lakhs each branch from 5.03 lakhs registering the growth of 259 percent. The average growth in deposits made by SHGs with different commercial banks was highest with Corporation Bank (44000 percent) followed by Dena Bank (14736 percent), Oriental Bank of Commerce (926 percent), Andhra Bank (892.5 percent) and Central Bank of

India (606 percent) while lowest with UCO Bank (69 percent), Allahabad Bank (173.6 percent), Union Bank of India (247 percent) and PNB (278 percent). Further, the average saving per group was highest with Corporation Bank (Rs. 236250), Indian Bank (Rs. 84450), Central Bank of India (Rs. 12571), UCO Bank (Rs. 11679) and Indian Bank (Rs. 10233) while lowest with Vijaya Bank (Rs. 350), Allahabad Bank (Rs.1304), Canara Bank (Rs. 1023), Bank of India (Rs. 2641), IDBI (Rs. 3333) and SBI (Rs. 3359). In 2015 – 16, the average saving of SHGs with commercial bank has increased to 60.9 lakh per branch from 18.07 lakhs registering the growth of 237 percent. The SHGs higher concentration exists with SBI serving 13.2 percent of total SHG of Odisha (945297 SHGs) while its lowest with State Bank of Hyderabad, Bank of Maharashtra, Corporation Bank and Dena Bank (less than less than 0.03 percent). The Scheduled commercial Banks dealing with SHGs in Odisha have shown an average growth of 1189 percent in saving amount as compared to 2010 – 11. The average SHG saving among commercial bank was highest with Bank of India (Rs. 143242), Corporation Bank (Rs. 103561), SBH (Rs. 46315), Dena Bank (Rs.45090), Central Bank of India (Rs. 16895) and Indian Bank (Rs.16462) while lowest with Punjab and Sind Bank (Rs. 88), Allahabad Bank (Rs.1472), SBI (Rs.5987), IOB (Rs.5997), PNB (Rs.7346) and Syndicate Bank (Rs. 7346). The percentage growth in SHGs saving was highest with SBH (10100 percent), UCO Bank (3909 percent), OBC (2187 percent), Canara Bank (1773 percent) and BOI (1162 percent) while lowest with Dena Bank (10 percent), Corporation Bank (14 percent), IOB (98 percent), Andhra Bank (108 percent) and Syndicate Bank (111 percent). This clearly represents that the big players in Odisha have already in saturation point in terms of providing bank linkage facility to SHGs especially SBI and UCO, therefore the other banks are getting opportunity and extending saving facility as observed in case of Corporation Bank, Dena Bank, SBH etc. In terms of private commercial Banks the operation and extension facility is provided by 3 major players among which the membership and saving of SHGs was highest with HDFC bank followed by ICICI Bank (refer table 2).

Credit Expansion and Disbursement

The SHGs have shown outstanding performance in southern India because of concentration of 40 percent of SHGs of DWCRA, existence of UNDP promoted SHGs, excellent performance of NGOs and DRDA (Reddy and Malik, 2011). The RBI and government lend support to SHGs bank linkage programme through policy formulation and regulation while the NABARD acts as refinancing agency and facilitator (Bansal, 2003). Further, several other agencies such as watershed department, DRDA, ITDA, ICDS, NGOs etc. provides some seed money as well as interest free loans to SHGs to build financial sustainability. Commercial banks have been found more suitable for providing microfinance services in India because of its existence, wider network, condition of ownership and control, infrastructure and capital adequacy. In Odisha, out of existing 18 Scheduled Commercial Banks holding saving account of SHGs, 16 have disbursed loans in the year 2007 - 08. The credit delivery system in Odisha is as similar that at national level i.e. initially the group is formed by promoting agency and saving account is opened with particular nationalized bank/MFIs. After opening of saving account the group members are advised to make certain stipulated amount of saving (weekly/fortnight/monthly) as per their needs for six months. After gaining the confidence of banks, the members are allowed to avail loan based upon the multiple of savings made by them (Rajpal, 2016). In 2007 – 08, out of the existing 1.79 lakh SHGs only 35 percent of group have successfully availed loan from scheduled commercial banks with an average loan per SHG of Rs.63383. As that of saving linkage facility the credit linkage extension to SHGs is also highest with SBI i.e. 64 percent of total credit linkage in Odisha (43039 SHGs) followed by Canara Bank, HDFC, Bank of India and UCO Bank. As the saving – credit (number of accounts) ratio concern, the table shows that Canara Bank had extended coverage by 147 percent, which clearly means inclusion of previously linked SHGs during the current year (2007 – 08). The number of beneficiaries availing loan from scheduled commercial banks (compared to saving account) was highest with HDFC (82 percent)

followed by Corporation Bank (75 percent), SBI (44 percent), BOI (37 percent), Andhra Bank (37 percent) and BOB (25 percent) while its lowest with PNB (1 percent), IOB (5 percent), Syndicate Bank (7 percent), Allahabad Bank (7 percent) and Central bank of India (13 percent). Further, the banks like Dena and OBC have not extended any credit facility to the SHG during the current study period. The average amount of credit disbursement per SHG was highest with PNB with amount of Rs. 303787 followed by BOB (164380), Syndicate Bank (Rs. 142619), Allahabad Bank (Rs.131654), Andhra Bank (Rs.100176), HDFC (Rs. 99851) and Corporation Bank (Rs. 79000) while lowest with Canara Bank (Rs. 2551), Central Bank of India (Rs. 20000), United Bank of India (Rs. 43718) and IOB (Rs. 50968). It has been observed there are several banks such as HDFC, Corporation Bank, Andhra Bank who have perform extremely well in providing credit extension and credit amount. Further, many other banks such as Syndicate Bank, SBI and Indian Bank who have extended credit facility but less than state scheduled commercial banks average amount. Even the extension of scheduled commercial banks average credit per group was Rs. 73510 at national level while the saving –credit ratio was 26 percent which means the state level bankers have performed not well in case of Avergae loan amount (i.e.Rs. 63383) while in case of saving - credit ratio the performance is better (i.e. 35 percent).

During 2010 – 11, three new banks have entered into the business of providing microfinance services in Odisha comprising two public sector undertaking i.e. Vijaya Bank and Punjab and Sind Bank and one private sector i.e. Axis Bank. The scheduled commercial banks have shown improvement in providing credit linkage facility with an average growth of 372 percent. Further, in addition of old players certain new players have started lending activities with SHGs i.e. Dena Bank (564 SHGs), Oriental Bank of Commerce (27 SHGs), Vijaya Bank (141 SHGs), Punjab and Sind Bank (6 SHGs) and Axis Bank (1 SHG). The major contributor in providing credit facility to SHGs was SBI i.e. 140105 (63 percent of total credit linkage programme), Bank of India (40689), UCO Bank (8904) and Canara Bank (6502)

SI. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
	Table 3.Scheduled Commercial Banks and SHGs Credit Linkage in Odisha			
1	Allahabad Bank	139 183.00	997 105.12	4837 2986.05
2	Andhra Bank	566 567.00	3323 4419.45	10185 7692.17
3	Bank of Baroda	442 726.56	1566 2208.16	4004 4313.07
4	Bank of India	3717 2021.82	40689 10202.69	48178 6765.04
5	Canara Bank	5753 146.78	6502 676.98	9807 4391.81
6	Central Bank of India	300 60.00	705 612.00	3250 2529.14
7	Corporation Bank	3 2.37	27 16.76	72 45.61
8	Dena Bank	0 0	564 772.67	603 24.63
9	Indian Bank	344 224.72	3851 2961.87	6308 3594.92
10	Indian overseas Bank	612 311.93	2917 4133.93	9328 8378.71
11	Oriental Bank of Commerce	0 0	27 28.7	154 201.49
12	Punjab National Bank (PNB)	132 401.00	887 1469.7	13738 6813.28
13	State Bank of India	43039 24315.58	140105 98174.58	178856 47844.00
14	Syndicate Bank	92 136.84	346 494.42	1584 1232.34
15	UCO Bank	3091 1727.54	8904 6028.69	18824 10844.27
16	Union Bank of India	483 25.03	1932 1767.07	2674 616.44
17	United Bank of India	979 428.00	5236 3055.24	9896 3293.79
18	HDFC	4132 4125.6	4519 4417.16	4550 4446.27
19	Punjab & Sind Bank	0 0	6 1.8	11 3.41
20	Vijaya Bank	0 0	141 13.35	260 271.20

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Sl. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
21	Axis Bank	0 0	1 2.0	8 8.40
22	ICICI Bank	0 0	0 0	0 0
23	IDBI Bank	N.A. N.A.	0 0	1821 3758.52
24	Yes Bank	0 0	0 0	17617 32324.78
25	State Bank of Hyderabad	0 0	0 0	15 23.00
26	Bank of Maharastra	0 0	0 0	8 23.40
27	Federal Bank	0 0	0 0	1 51.29

Source: NABARD Annual Report

while lowest with Axis Bank (1), Punjab and Sind Bank (6), OBC (27), Corporation Bank (27), Vijaya Bank (141) and Syndicate Bank (346). The average growth in providing credit linkage facility to SHGs comparing to previous year was highest with Indian Bank (1019 percent), Bank of India (994 percent), Corporation Bank (800 percent), Allahabad Bank (617 percent), PNB (572 percent) and Andhra Bank (487 percent) while lowest with HDFC (9 percent), Canara Bank (13 percent), CBI (135 percent), UCO Bank (188 percent) and SBI (225 percent). The average amount of credit per group in Odisha was Rs. 61432 with a decrease of 3 percent compared to 2007 - 08. HDFC acting as the highest loan disbursing facilitator (Rs. 200000) followed by PNB (Rs. 165693), Syndicate Bank (Rs.142896), IOB (Rs. 141718), BOB (Rs. 141006), Dena Bank (Rs.136998), and Andhra Bank (Rs. 132995) while lowest contributors were Vijaya Bank (Rs.9468), BOI (Rs.25074), Punjab and Sind Bank (Rs. 30000), United Bank of India (Rs. 58350) and UCO Bank (Rs. 67707). Comprehensive comparison of different Banks with different credit - saving ratio shows that the average credit – saving ratio was 27 percent (comparing of credit to total saving account) among which the highest percentage of SHGs got credit facility was with BOI (84 percent), Dena Bank (73 percent), Punjab and Sind Bank (60 percent), Corporation Bank (48

percent) and Indian Bank (39 percent) while lowest with PNB (2 percent), IOB (3 percent), Central Bank of India (8 percent), Syndicate Bank (8 percent) and Allahabad Bank (10 percent).

In 2015 -16, the SHGs credit linkage in Odisha has increased to 346589 with an amount of Rs. 304954.06 lakhs registering the growth rate of 55 percent and 790 percent respectively (compared to 2010 – 11). Federal Bank has change the scenario of SHG financing in Odisha with providing the loan of rupees 51.29 lakh to the single SHG. But the major constraint to be taken for consideration is that even after having large network of 26 branches spread over 16 districts of Odisha the performance in providing linkage facility is extremely poor. The average loan per SHG has increased to Rs. 82289 from Rs. 61432 registering an increase by 34 percent compared to 2010 - 11. The average loan per group was highest with Federal Bank (Rs. 51.29 lakhs), Bank of Maharastra (Rs. 292500), IDBI (Rs. 206398), Yes Bank (Rs. 183486), BOB (Rs. 162867), SBH (Rs. 153333), OBC (Rs. 149474), IOB (Rs. 134140) and Dena Bank (Rs. 132222) while lowest with Bank of India (Rs. 35218), Punjab and Sind Bank (Rs. 47363), Canara Bank (Rs. 51685), PNB (Rs. 60292), Allahabad Bank (Rs. 63923) and United Bank of India (Rs. 64157). The growth in providing average credit linkage (amount) facility to each SHGs compared to 2007 – 08 was highest with Canara Bank (1925 percent), Central Bank of India (383 percent), IOB (163 percent) and UCO Bank (60 percent) while negative with HDFC (- 99 percent), PNB (- 80 percent), Allahabad Bank (- 51 percent), Bank of India (- 35 percent) and Syndicate Bank (- 24 percent). SHGs credit linkage programme in Odisha has shown wide disparity both in linkage as well as credit amount disbursement. Out of the total SHG programme, the credit – saving ratio was 19.6 percent (which means out of the existing 100 saving group only 20 groups have availed loan) and loan amount is equal to 2 times of saving while in case of national level it is 21 percent (saving credit SHGs) and loan amount equal to 2.5 times of savings, which means there is no significant differences in operation of SHG financing in Odisha and national level. The indepth analysis shows that IDBI (104 times),

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Federal Bank (102 times), Yes Bank (33 times), Bank of Maharashtra (13 times) and Allahabad Bank (6 times) have given loan excess in multiple of saving amount as compared to national and state level while rest 22 banks have provided loan less than 3 times of saving and 17 banks have provided loan less than 2 times. The position of SHGs under different financial institutions was better with Bank of India i.e. 423 percent which means that every SHG under IDBI have availed loans approximately four times during the period under study followed by IDBI (199 percent), State Bank of Hyderabad (79 percent), Corporation Bank (49 percent), Yes Bank (44 percent) and Canara Bank (43 percent) while lowest with ICICI bank (0 linkage), Punjab and Sind Bank (0.1 percent), OBC (5 percent), IOB (6 percent) and Axis Bank (7 percent). Further, ICICI bank has not shown any interest in disbursement of credit facility in Odisha even after having 433 SHGs and holding saving amount of 33 lakhs (refer table 3).

Loan Outstanding and Non-Performing Assets with SHGs

The loan outstanding with SHGs acts as a parameter of measuring the accessibility and operational progress of microfinance programme. The amount outstanding is actually the fund which the SHGs have to retrrun to the linked institution in continuous interval i.e. the loan amount plus stipulated rate of interest. The linked institutions in Odisha observe every Thursday of week as SHG day and entertain all issues and problems of groups (Lead Bank Manager, Mayurbhanj). The SHGs have been provided with the flexibility in repayment and rewithdrawl of saving amount according to their needs by the funding agency. In the year 2007 – 08, the totals of 141907 SHGs were having loan outstanding constituting 79 percent of total saving account. This means the number of SHGs financed during the said period is lower (35 percent) remaining beneficiaries have already availed loan and hold certain outstanding amount. The addition of current SHGs allotted credit with the outstanding shows the share of 114 percent compared to SHGs saving accounts which means during previous period some SHGs have availed repeated finance.

The amount outstanding with each SHG during the period was Rs. 49805 constituting 8 times of total saving made by each SHG. In 2010 – 11, the financial institutions ware having outstanding loan with 690920 SHGs with an average outstanding loan per SHG of Rs. 50048 against the average saving amount of Rs. 4685 (10.6 times of average saving) andout-standing per bank of Rs. 15717.81 lakhsagainst the saving of Rs. 1892.65 lakhs each bank (8.3 times of average saving per bank). The outstanding average loan amount with SHGs was highest among Axis Bank (Rs. 216400), IDBI (Rs. 194823), Vijaya Bank (Rs. 133471), Syndicate Bank (Rs. 120166), BOB (Rs. 114433) and Allahabad Bank (Rs.113803) while lowest with Union Bank of India (Rs. 19067), Bank of India (Rs. 21555), PNB (Rs. 23962), ICICI bank (Rs.42001) and Punjab and Sind Bank and UCO Bank (Rs. 49000 and Rs. 49049). The average out-standing per bank per SHG was Rs. 82065 which is higher than 2007 – 08 (Rs. 64730). This clearly means that SHGs financing by banks and holding of loan amount by SHGs have increased over the years with increase in their duration of existence. In 2015 – 16, the outstanding loan with SHGs has increased to 1200252 from 690920 registering the growth of 74 percent compared to 2010 – 11 and 745 percent compared to 2007 – 2008. The outstanding loan account as compared to saving account was highest with Bank of India (1380 percent),ICICI Bank (554 percent), Dena Bank (252 percent), IDBI (204 percent), SBH (131 percent), Union Bank (119 percent) and Axis Bank (108 percent) while lowest with Punjab and Sind Bank (0 percent), OBC (12 percent), IOB (20 percent), HDFC (27 percent), Canara Bank (37 percent) and Indian Bank (38 percent). This clearly defining that the commercial Banks among which outstanding - saving amount ratio was higher during the period of study represent repetitive financing by the financing agency while lower status represent the longer recovery period and duration of financing. During the same period, the average amount of outstanding (on basis of state average i.e. Rs. 86447) was above average with 12 commercial banks lead by IDBI (194823), Bank of Maharashtra (Rs. 194733), SBH (Rs. 167920), Vijaya Bank (Rs. 127392), Yes Bank (Rs.

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Table 4. Scheduled Commercial Banks and SHGs Outstanding in Odisha			
Sl. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
1	Allahabad Bank	785 554.00	6892 7945.74	22026 22075.52
2	Andhra Bank	1947 1619.00	19932 19764.02	31436 32092.35
3	Bank of Baroda	712 863.11	4415 5052.24	16006 17988.09
4	Bank of India	8896 999.23	115638 24925.77	155045 40017.39
5	Canara Bank	1040 587.86	4399 3052.60	8516 7652.44
6	Central Bank of India	1647 513.00	3794 2305.00	8984 6920.42
7	Corporation Bank	4 2.58	34 17.44	100 74.90
8	Dena Bank	10 6.00	2046 2097.03	4035 2509.54
9	Indian Bank	1340 1106.76	8097 5602.28	15166 12988.79
10	Indian overseas Bank	2813 2092.60	14351 12895.60	29042 28037.35
11	Oriental Bank of Commerce	2 1.55	52 49.22	395 423.13
12	Punjab National Bank	8919 2402.62	36051 8638.65	72187 24286.20
13	State Bank of India	91128 47658.62	339163 189463.62	549095 362955.62
14	Syndicate Bank	394 418.26	2003 2406.93	5214 5571.74
15	UCO Bank	11781 547.45	72572 35596.33	158596 99546.95
16	Union Bank of India	1154 1037.17	21247 4051.22	26381 8288.60
17	United Bank of India	4314 1154.07	21050 7466.82	43947 20361.28
18	HDFC	5021 4182.00	14088 9072.28	14117 9090.82
19	Punjab & Sind Bank	0 0	8 3.92	15 9.03
20	Vijaya Bank	0 0	543 724.75	1239 1578.39
21	Axis Bank	0 0	5 10.82	111 84.56
22	ICICI Bank	0 0	2401 1008.45	2401 1008.45
23	IDBI Bank	0 0	0 0	1869 3641.25
24	Yes Bank	0 0	0 0	34289 43033.87
25	State Bank of Hyderabad	0 0	0 0	25 41.98
26	Bank of Maharastra	0 0	0 0	15 29.21
27	Federal Bank	0 0	0 0	0 0

Source: NABARD Annual Report (Several Years)

125503), BOB (Rs. 112383), OBC (Rs. 107121) and Syndicate Bank (Rs. 106861) while below the average with 15 commercial banks lead by Bank of India (Rs. 25810), Union Bank (Rs. 31418), PNB (Rs. 33643), ICICI Bank (Rs. 42001) and UBI (Rs. 46331). The Federal bank during the study period has no outstanding with SHGs both in terms of outstanding linkage as well amount even after holding 12 SHGs and Rs. 50000 saving amount of poor. During 2015 – 16, the average outstanding – saving amount ratio was 14 times which means all commercial banks in operation with SHGs have outstanding amount 14 times higher than their saving with respective bank. Out of the existing 27 scheduled commercial banks in operation 5 have shown outstanding – saving ratio above the state average lead by IDBI (101 times), Yes Bank (45 times), Allahabad Bank (44 times), ICICI Bank (31 times) and Bank of Maharashtra (17 times). IDBI Bank outstanding has increased only after 2014 before which the outstanding and credit (both linkage and amount) was nil (refer table 4).

The non-performing Assets are usually measured with respect to outstanding amount including interest for the said duration. In 2007 – 08, the NPA among SHGs were mainly concentrated with the largest service providers i.e. SBI (Rs. 504.24 lakhs) and UCO Bank (Rs. 181.34 lakhs) thereby sharing

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1.05 percent and 33.1 percent respectively. Though it has been observed though table 5 that the physical amount of NPA was higher with SBI but as regard to its comparison with outstanding concern the share is higher with UCO bank and Canara Bank (10 percent). The NPA saving amount ratio shows the questionable position of Canara Bank (as the saving NPA ratio is 1:1.6) followed by SBI holding NPA (14 percent) of saving of SHGs, Syndicate (9 percent), BOB (7 percent) and UCO (3.4 percent) while rest participating commercial banks have shown 0 NPA. The point here to be noted that, the scheduled commercial banks are playing safe game in Odisha thereby by not including of poorest of the poor into the gamut of SHG membership to avoid NPA and bad loans (delay in repayment or rebate in interest). Even the promoting agencies are smart enough while arranging the group by including the members who are capable of paying membership fee (for generating corpus fund) in higher amount. As this adds credit to their personality and promotion (getting awarded) at panchayat and block level meeting (held every month about updating performance of SHGs). Even several cases have been reported where the promoting agencies either charge bribe for inclusion of poor members in SHG programme by providing false commitment with an intense selfish desire for wealth share and target achievement (loan or subsidy amount). The SHGs are availing finance facility in Odisha directly or indirectly through several agencies i.e. stake holders and others (Rajpal, 2016). The programme was designed to meet the genuine requirements of poor at regulated rate of interest but as regard to its execution in grassroot concern, several stake holders are trying to meet their target of extending interest free loan (as a part of cooperative or CSR). As a result the SHGs are over burden with loan amount in excess of their capacity for repayment, which have to paid in equal installment (over and above bank loan). As a result the members are defaulting the bank loan amount as its easier on their part as compared to loan from other sources. Further, several rumors such as repayment not mandatory, payment will be done by government, cases of defaulting and no action news from other villages

| Sl. No.	Name of Bank	2007 - 08	2010 - 11	2015 - 16
	Table 5. Scheduled Commercial Banks and SHGs and NPA in Odisha			
1	Allahabad Bank	0	24.66	1074.54
2	Andhra Bank	2.44	422.48	6400.40
3	Bank of Baroda	8.40	368.77	1208.21
4	Bank of India	0	1280.4	2801.17
5	Canara Bank	64.39	120.45	255.66
6	Central Bank of India	0	49.96	342.39
7	Corporation Bank	0	0	12.14
8	Dena Bank	0	38.44	46.71
9	Indian Bank	0	68.99	967.6
10	Indian overseas Bank	0	159.00	3045.93
11	Oriental Bank of Commerce	0	5.22	31.10
12	Punjab National Bank (PNB)	0	92.11	1795.17
13	State Bank of India	504.24	6944.24	72221.24
14	Syndicate Bank	10.75	3527.89	4381.46
15	UCO Bank	181.34	536.66	11402.64
16	Union Bank of India	0	71.8	1202.43
17	United Bank of India	0	108.02	1119.14
18	HDFC	0	1175.43	1175.43
19	Punjab & Sind Bank	0	0	0
20	Vijaya Bank	0	46.83	430.33
21	Axis Bank	0	0	21.84
22	ICICI Bank	0	0	0
23	IDBI Bank	0	0	0
24	Yes Bank	0	0	10.59
25	State Bank of Hyderabad	0	0	2.00
26	Bank of Maharastra	0	0	1.36
27	Federal Bank	0	0	0

Source: NABARD Annual Report (Several Years)

and towns and mouth words of other members about nil benefits have created the platform for NPA.

In 2010 – 11, out of existing 23 commercial banks in operation 18 banks have shown NPA in absolute

terms with SBI (Rs. 21692 lakhs) followed by Syndicate bank (Rs. 3661.95), Bank of India (Rs. 1517.55), Andhra Bank (Rs. 1319.08), HDFC (1175.43) and UCO Bank (Rs. 634.66) thereby sharing 46

SHGs Fundamental Structure and Reasons for NPA
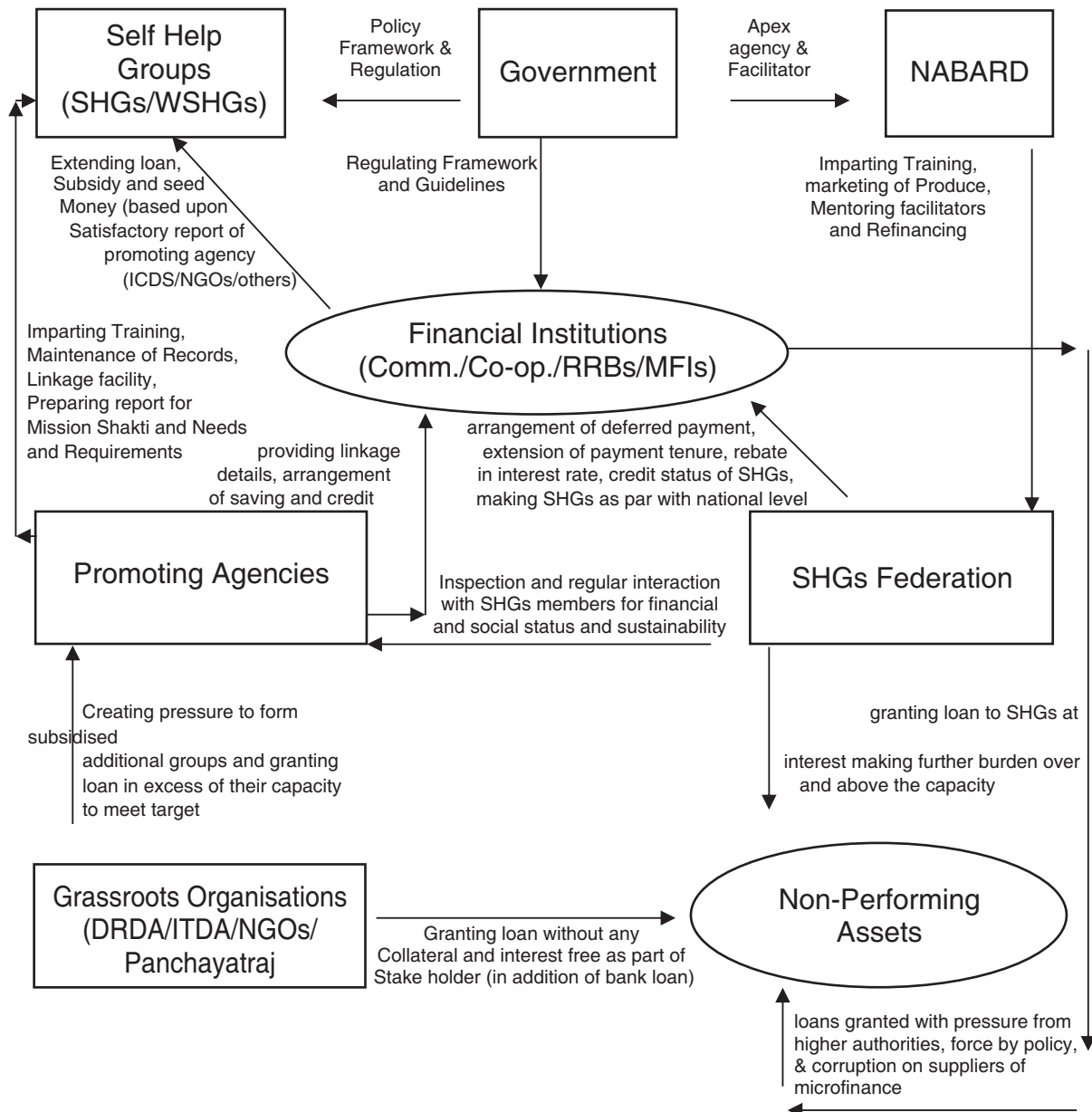
**Computation made through analysis of several literature review, Secondary and Primary data collected during survey of Ph.D thesis in Odisha and interaction with local grassroots organisation, SHG members, MFIs and Federations.

percent (SBI), 23 percent (Syndicate Bank) and BOI (8.5 percent) of total NPA. The NPA – saving ratio ranges between 0 to 1514 percent of saving amount among 17 scheduled commercial banks. The highest NPA saving ratio has been observed highest with HDFC bank (1514 percent), Syndicate bank (940 percent), Allahabad Bank (204 percent), Vijaya Bank (107 percent) and BOI (100 percent) while lowest with Corporation Bank (0 percent), Indian Bank (2 percent), United Bank (3.5 percent), IOB (3.8 percent), Union Bank (4 percent) and Dena Bank (4.9 percent). This may acts as a major reason by various banks for not expanding credit facility to SHGs.In 2015 – 16, the NPA- saving ratio has increased by an average of 99 percent by each commercial banks operating in Odisha, this clearly means that the SHGs saving with banks are worthwhile only to

cover NPA. The highest NPA saving ratio was with HDFC (1038 percent), Syndicate Bank (551 percent), Allahabad Bank (215 percent), Andhra Bank (147 percent) and SBI (127 percent) while the 14 commercial banks having NPA saving ratio less than 25 percent (refer table 5).

Hypotheses Testing

The study tries to identify the below hypotheses in light of current objectives and performance. The first hypotheses stating significant correlation between the amount of savings and amount of non-performing assets among SHGs through bivariate Pearson correlation method. The study found that (table 6) there exist positive correlation between the amount of saving and amount of NPA (.938) which is significant at 0.01 percent level.

Theoretical framework also shows significant relationship between NPA and amount of saving. As the amount of saving increases, the linked financial institutions are required to advance loan as per the regulation of NABARD and GOI, which in turns forces the SHG members to withdraw loan amount to utilize for productive activities. After saturation of investment in productive activities, the members tries to utilize the allotted funds (including other members amount) to meet other expenditure in

Table 6. Pearson Correlation Analysis			
		Saving Amount	NPA
Saving Amount	Pearson Correlation Sig. (2 Tailed) N	1 27	.938** .000 27
NPA	Pearson Correlation Sig. (2 Tailed) N	.938** .000 27	1 27

** Correlation is significant at 0.01 percent level (2-tailed)

Table 7. Model Summary					
Model	R	R^2	Adjusted R square	Std. Error of the Estimate	Durbin Watson
1	.967	.936	.920	399666411.1	1.596

ANOVA					
Model	Sum of squares	df	Mean Squares	F	Sig.
1 Regression	2.736E+19	5	5.473E+18	60.943	.000
Residual	1.886E+18	21	8.980E+16		
Total	2.925E+19	26			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	80058491.15	7005570.97		1.143	.266
Saving num	3938.537	2185.975	.674	1.802	.086
Saving amt	-1.291	.222	-1.395	-5.806	.000
Credit num	29435.082	7956.372	.962	3.700	.001
Outstanding	.462	.065	3.059	7.056	.000
NPA	-1.897	.310	-2.478	-6.130	.000

above of their required needs. This creates space for growth of NPA (Lenka and Rajpal,2013).

The second hypotheses states the credit disbursement to SHGs is significantly affected by number of SHGs saving accounts, amount of saving, number of credit account, amount of outstanding and NPA. The regression analysis shows that the adjusted R^2 is 0.92 with the R^2 of 0.936 which means the linear regression explains 93.6 percent of the variance in the data. The Durbin - Watson d is 1.59, which is between the two critical values of $1.5 < d < 2.5$ and therefore we can assume that there is no first order linear auto correlation in our multiple regression analysis (Table 7). The ANOVA table shows the linear regression F test which signifies the linear relationship between the variables with F value 60.943 at .01 percent significant level. The coefficient analysis states that Rs. 1 increase in saving leads to decrease in credit amount by Rs. 1.291 and similarly increase in NPA by Rs 1 leads to decline in credit amount by Rs. 1.897. All independent factors except number of saving accounts affect significantly the credit disbursement to SHGs in Odisha.

CONCLUSION AND RECOMMENDATIONS

The scheduled commercial banks in India are forcibly guided by political and administrative authorities from top to bottom. The major crisis arises when these demands of administrator and political authorities exercise over the guidelines and policies of banking sector. The SHG members of Odisha are engaged in small individual entrepreneurial activities which are smaller in size (may not be defined under MSME) and their fixed and circulating capital requirements are least. The primary occupations of these members are different from the SHG based entrepreneurial activities. Even some of them who undertake SHG based entrepreneurship as primary activity were uncertain about the maximum demand and quality requirements of their products. The factors creates gap for utilization of resources in productive activities and thus provides a channel for leakage. The NPA of various commercial banks have increased may be due to the manipulation in credit allocation and extension. As the commercial bank branches in order to show positive/good performance tries to cover up NPA by restructuring unpaid loan into new loan. In order to overcome the issues and challenges the commercial banks should

i.   identify the feasibility of projects of SHGs thoroughly before allocating any loan,

ii. make regular visit for inspection and operation of enterprises,

iii. Bank Branch should not operate under any political and administrative pressure,

iv. Involving NGOs/CSR for imparting better operation and training.

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BRIEF PROFILE OF THE AUTHORS

Navin Kumar Rajpal, PhD. is Assistant Professor in Economics Department at Sidho Kanho Birsha University, Purulia West Bengal. He has done Ph.D on "Microfinance and Women Empowerment : A case study of Mayurbhanj district of Odisha" from Department of Economics, Mizoram Central University, Mizoram University. He did his Master degree in Analytical and Applied Economics from Utkal University, Bhubaneswar and Bachelor Degree from Fakir Mohan (Autonomous) College, Balasore Odisha India. He has about five years of teaching experience in several reputed institute like National Institute of Technology (NIT), Tiruchirappalli, Malaviya National Institute of Technology (MNIT) Jaipur and Lovely Professional University Punjab. His research Paper have been published in reputed journals like Arthasastra, ICFAI journal of Entrepreneurship development, Indian Journal of Economics and Development, Varta, etc. His research interests are in the area of Microfinance, financial inclusion, women entrepreneurship and empowerment.

Sharmila Tamang is a registered Ph.D scholar under Department of Economics, Mizoram (Central) University Aizawl Mizoram. She has completed M. Phil. in Economics on topic "Role of SHGs in the development of entrepreneurship among rural women in Balasore district of Odisha".She completed M.A. from department of Analytical and Applied Economics, Utkal University and B.A. (Economics) from Ramadevi Women's University Bhubaneswar. Her research papers have been published in several reputed UGC enlisted, Emerging Source of Citation Index (Thomson Reuters) and ICI indexed journals. She has presented papers in reputed institutions like Mizoram University, Allahabad University, Central University of Karnataka and ISEC Bangalore. Her areas of research are entrepreneurship development, Mid-day meal and Microfinance.