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### ABSTRACT

*Self Help Groups and Microfinance are double-edged swords to uplift the socio-economic position of women especially in semi-urban areas which in turn slowly eradicate the poverty of our country. Initiatives such as the SHGs-BLP, MFIs-BLP, etc., have been progressively promoted for the constructive effect on women's socio-economic independence mainly in rural and semi-urban areas all over India. The present study aims to analyze the available literature on SHGs and the effect of SHG on the social as well as economical up-gradation of women in Sivakasi Block, Virudhunagar district of Tamilnadu. Mini research was also conducted. All the required primary data for the current study have been collected from 150 women participants selected among 30 Women SHGs operating in and around Sivakasi Block by using the Stratified (1:5) random sampling method. The data collection process was conducted during the month of September and November 2020 after the Tamilnadu Government announced COVID-19 unlock4.0 in August 2020. The findings evidenced that there is a constructive effect of SHGs on women's socio-economic independence which includes improved community awareness, income contribution to the family, saving behaviours, child's education, Standard of living & social status, repayment of loans, improved decision-making skills, etc.*


### KEYWORDS

SHG, socio-economic empowerment, micro credit, semi-urban women.

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### INTRODUCTION

 Self Help Groups and Microfinance are double-edged swords to uplift the socio-economic position of women especially in semi-urban areas which in turn slowly eradicate the poverty of our country. Initiatives such as the SHGs-BLP, MFIs-BLP, etc., have been progressively promoted for the constructive effect on women's socio-economic independence mainly in rural and semi-urban areas all over India.

Various aspects of the present study show that there exists a high degree of a positive relationship among SHG, micro credit and socio-economic up-gradation.

### OBJECTIVES OF THE STUDY

1. To analyse the demographic profile of women respondents.
2. To examine the effect of SHG on socio-economic up-gradation of women.

### SCOPE OF THE STUDY

The current study will be useful to understand and analyze the role of SHG and microcredit in the creation of awareness among women beyond the study area and the performance of the rural as well as urban women SHG in socio-economic up-gradation.

### LITERATURE REVIEW

Ramanathan & Baskar (2017) Self-help groups play a constructive role to upgrade women, especially in semi-urban areas. The study which was conducted in Tamil Nadu reveals the fact that the SHG enables the group members in transforming their economic empowerment.

Geethanjali & Prabhakar (2016) Study proves the significant influence of self-help groups on the economic status of women due to the improvement in their income generation capacity. Rural women have inculcated themselves a positive change in their social behaviour and ability to enhance them in all the way.

Pandian & Senthil Kumar (2018) To analyze the socio-economic status of SHG members and non-members who rear livestock and to assess their income and employment pattern in Tiruvannamalai Dt, Tamil Nadu. They observed that the economically poor section of the women farmers was participating more in the SHG activities. The analysis on income and employment patterns of rural women respondents clearly specify that there is a favourable impact of SHG programme on socio-economic characteristics, income, and employment dimensions among rural women members.

Singh, Y. (2015) The study carried out among various SHG in Mandi, Himachal Pradesh shows the great improvement in the income level after joining into SHG and availed microcredit facility by women members

Jadhav and Lahiya (2016) In their study on the role of SHGs in employment generation and entrepreneurship development, found that all the sample entrepreneurs were first-generation entrepreneurs, and the majority of 91% from micro-enterprises to become self-employed and to make economic gain. Before joining the SHG 4 respondents were self-employed. After joining the SHG 91% were self-employed.

Thangavel, K. (2016) The study conducted on "Evaluation of socio-economic patterns of SHG members in Kerala" reveals that the benefits reported by all SHG members were the development of self-confidence, socio-economic independence, freedom from previous debt, asset ownership, and many more. The study shows that the members who attended training achieved more economic benefits.

Rani & Dhiman (2012) This study on the role of SHGs in promoting entrepreneurial culture among the SHG members of Jakal block, district Fatehabad, Haryana. It was found that after getting into SHG activities, 16% of the member's family income increased more than Rs. 20,000 per annum, 55 %member's income increased up to Rs. 20,000 P. A in the post SHG period.

**RESEARCH METHODOLOGY**

This study focuses to find the dynamic effect of SHGs on the socio-economic up-gradation of semi-urban women. Sivakasi Block in Virudhunagar District is selected for collecting the sample. The present study is based on both primary and secondary data sources. Secondary data were collected from research reports, journals, newspapers, websites, and statistical reports of various relevant organizations. The primary data from the respondents were collected during the month of September and November 2020 using an interview schedule through a stratified (1:5) random sampling method. The sampling unit comprises 150 members from 30 different SHGs in Sivakasi Block. The statistical tools Growth Percentage Analysis and Chi-square ( $\chi^2$ ) test are used for the data analysis.

**HYPOTHESES****Hypotheses I**

H0: There exists no relationship between women empowerment and socio-economic status of women respondents in semi urban areas.

H1: There exists a relationship between women empowerment and socio-economic status of women respondents in semi urban areas.

**Hypotheses II**

H0: There is no positive relationship between financial independence and women empowerment through SHGs.

H1: There is a positive relationship between financial independence and women empowerment through SHGs.

**LIMITATION**

The present study is restricted to focus only on the women Self Help Groups of Sivakasi Block in Virudhunagar district. The data for the study has been collected only from 150 women respondents out of more than 1000 women members of various SHG functioning in Sivakasi block. However considerable efforts have been taken by the researcher to collect data and to ensure the reliability in the present work.

**DATA ANALYSIS & INTERPRETATION****1. DEMOGRAPHIC STATUS OF WOMEN RESPONDENTS**

The current study focuses on examining the demographic empowerment of women in the context of their economic status and strengths. It comprehends women's ability to develop self-confidence and decision-making capacity.

**TABLE 1: DEMOGRAPHIC STATUS OF WOMEN RESPONDENTS**

S.no	Variable	Intervals	F	%
1	Age (in years)	Below 25	04	03
		25-45	103	69
		Above 45	43	28
2	Education	Illiterate	48	32
		Below SSLC	33	22
		SSLC	36	24
		HSC	24	16
		GRADUATES	09	06
3	Marital Status	Single	09	06
		Married	125	83
		others	16	11
4	Type of Family	Nuclear	119	79
		Joint	31	21
5	Family Size	Up to 4	78	52
		4-8	47	31
		Above 8	25	17
6	Number of Income Earners	1	58	38
		2	66	44
		3	16	11
		>3	10	07
7	Occupation	Agricultural	03	02
		Non- Agricultural		
		Daily Wage Workers	34	23
		Animal Husbandry	03	02
		Salaried	12	08
		Self Employed	35	23
		Home Makers	59	38
Others	07	04		
8	Own Land	Yes	64	43
		No	86	57
9	Possession of House	Own	92	61
		Rented	51	34
		Lease	07	04

Sources: Primary data (Nov 2020)

Table No.1 shows that among 150 women respondents, 69% represents 25 to 45 years of age group. The educational status of women represents that 32% of respondents have no proper education mostly belonging to above 45 years age category. Further, the table reveals that 11% belong to the divorced or widowed category who needs strong support from all ends.

About the members in the family, 52% of them have up to 4 members. 85% of the respondents are living under a nuclear family system. Regarding an income-earning member in each family, only 38% are single income earners. Most of the respondents i.e. 38% are homemakers, 23% are running their business at small scale level and only 2% of the respondents are doing agriculture-based work. 57% have no land. 61% of them have their own house.

**2. MOTIVE OF JOINING IN SHG****TABLE 2: MOTIVE OF JOINING IN SHG**

Motive	F	%
Purpose of saving	47	31
Availing credit facilities	54	36
Social Status	24	16
Economic Self Reliance	21	14
Others	04	03

Sources: Primary data (Nov 2020)

The above table no -2 exhibits that out of 150 respondents, 31% have joined SHGs for the purpose of inculcating their saving habit, 36% have joined to avail low-interest credit facilities in order to repay their high-interest debt.

**3. YEARS OF MEMBERSHIP****TABLE 3: YEARS OF MEMBERSHIP**

Period	F	%
< 1 year	32	21
year	63	42
>3year	55	37

Sources: Primary data (Nov 2020)

It is clear that among 150 respondents, 32 says that they have joined SHG in the last year ranging from November 2019 to August 2020, 63 have been an active member and their SHG has been functioning since 2018 and 55 says that their SHG is very active beyond 3 years.

**4. ATTENDING GROUP MEETING****TABLE 4: ATTENDING GROUP MEETING**

Attendance	F	%
Weekly once	35	23
Fortnightly once	51	34
Monthly once	64	43

Sources: Primary data (Nov 2020)

Out of 150 women, only 23% are attending the meeting weekly once regularly, 34% only twice in a month and most of them (43%) meet once in a month.

**5. AMOUNT OF SAVINGS PER MEETING****TABLE 5: AMOUNT OF SAVINGS PER MEETING**

Amount of savings	F	%
<250	46	31
251-500	63	42
501-750	17	12
751-1000	23	15
>1000	01	-

Sources: Primary data (Nov 2020)

From the above table, out of 150 respondents, 31% save less than Rs.250/-, 42% of the respondents save Rs.251 – Rs.500, cumulatively 27% of respondents save between Rs.501-1000, only 1 member saves more than 1000 per meeting.

**6. LOAN TAKEN FROM SELF HELP GROUP****TABLE 6: LOAN TAKEN FROM SELF HELP GROUP**

Responses	F	%
Availed	114	76
Not Availed	36	24

Sources: Primary data (Nov 2020)

Table no.6 shows that 76% have taken loans for various purposes after joining to SHGs and 24% have not taken of any loan yet.

**7. QUANTUM OF LOAN TAKEN FROM SELF HELP GROUP****TABLE 7: AMOUNT OF LOAN**

Loan Amount	F	%
<5000	27	23
5000- 10000	59	52
>10000	28	25

Sources: Primary data (Nov 2020)

Table no.7 shows that 23% of them have taken less than 5000, 52% of respondents have taken between 5000 - 10,000 and 25% have taken more than 10000.

**8. DECISION FOR UTILIZING LOAN****TABLE 8: DECISION MAKING FOR UTILIZING LOAN**

Responses	F	%
Self	61	54
Others	17	15
Both	36	31

Sources: Primary data (Nov 2020)

Above table no.8 inferred that 54% among all 150, have improved their decision making skill, 15% depends on others like spouse, mother and sometimes the leader of SHG, and 31% are used to take decision jointly with others.

**9. NATURE OF USES OF MICRO CREDIT FROM SHGS****TABLE 9: NATURE OF USES OF MICRO CREDIT**

Purpose	F	%
Education	17	15
Household Consumption	08	07
Procuring Assets	24	21
Self- Employment	39	34
Medical Expenses	11	10
Repayment of Old Debts	09	08
Others	06	05

Sources: Primary data (Nov 2020)

Table no.9 shows that 34% out of 114 respondents who have taken loan, used it for starting their own small scale business, 21% for procuring house hold assets, 15% of women respondents for the education of their children, 10% for medical treatment, 8% for repayment of their old debts from local money lenders.

10. EFFECT OF JOINING SELF HELP GROUP

TABLE 10: EFFECT OF JOINING SELF HELP GROUP

Impact	F	%	Rank
Increase in Income Level	54	36	1
Education of Children	15	10	4
Self-Employment	27	18	3
Improved Nutrition in Household	12	08	5
Social Awareness and Participation	32	21	2
Political Awareness and Participation	06	04	6
Others	04	03	7

Sources: Primary data (Nov 2020)

The above table clearly depicts that income level has been increased for 36% of women, 21% have achieved social awareness after joining SHGs, 18% of the respondents have started self- business activities, 10% have improved ability to educate their children, 4% & 3% have achieved political awareness and other benefits respectively.

11. INCOME LEVEL OF THE RESPONDENTS BEFORE AND AFTER JOINING IN SHG

The income of the woman SHG members before and after joining SHG is exhibited below. Before joining income between Rs.8001 to 10000 only 6.3%. The same has been increased to 12.7% after joining SHG.

TABLE 11: INCOME LEVEL BEFORE AND AFTER JOINING IN SHG

Amount	F		%	
	B	A	B	A
< 2000	12	0	7.9	0.0
2001-4000	67	19	44.4	12.7
4001-6000	43	36	28.6	23.8
6001-8000	14	69	9.5	46.0
8001-10000	10	19	6.3	12.7
> 10000	5	7	3.2	4.8
Total	150	150	100	100

Sources: Primary data (Nov 2020)

TESTING OF HYPOTHESES

HYPOTHESES 1

Null: "There is no relationship between social status, economic up-gradation, and women empowerment through SHGs".

TABLE 12: WOMEN BENEFITED BY SHG's MICRO CREDIT

Particulars	No Empowerment of women (Y)	Empowerment of women (y)	Total
Availed SHG's Micro Credit (X)	18	99	117
Not availed SHG's Micro Credit (x)	11	22	33
Total	29	121	150

Sources: Primary data (Nov 2020)

Expected frequency:

Expectation of (XY) = (X × Y) / N  
 = (117×29) / 150 = 22.62

Hypothesis 1 - Chi Square (χ<sup>2</sup>)

TABLE 13

Group	O	E	O - E	(O - E) <sup>2</sup>	(O - E) <sup>2</sup> / E
XY	18	22.62	-4.62	21.3444	0.94
xY	11	6.38	4.62	21.3444	3.35
Xy	99	94.38	4.62	21.3444	0.23
xy	22	26.62	-4.62	21.3444	0.80
Total					5.32

Degree of freedom = 1

Chi square statistic = 5.3171

p value = 0.021117 (significant at p<0.05)

With Yates correction,

Chi square statistic = 4.2285

p value = 0.039751 (significant at p<0.05)

The CVof χ<sup>2</sup> is above the table value. Hence, the null hypothesis is rejected. Accepted the alternate hypothesis "There is a relationship between social status, economic up-gradation, and women empowerment through SHGs".

HYPOTHESES 2

Null: There exists no relationship between financial independence and women empowerment.

TABLE 14: FINANCIAL INDEPENDENCY IN DECISION MAKING OF WOMEN IN SHGs

Group	No Empowerment (A)	Empowerment (B)	Total
Self-decision making (X)	12	49	61
Depending others (Y)	10	07	17
Both (Z)	14	22	36
Total	36	78	114

The expected frequency related to the no. of women experiencing financial independency in decision making for utilizing Loan :

Expectation of (XA) = (X × A) / N  
 = 61×36 / 114 = 19.26

Hypothesis 2 - Chi Square ( $\chi^2$ )

TABLE 15

Group	O	E	O - E	(O - E) <sup>2</sup>	(O - E) <sup>2</sup> / E
XA	12	19.26	-7.26	52.708	2.74
XB	49	41.74	+7.26	52.708	1.26
YA	10	5.37	+7.26	52.708	4.00
YB	07	11.63	-7.26	52.708	1.84
ZA	14	11.37	+7.26	52.708	0.61
ZB	22	24.63	-7.26	52.708	0.28
Total					10.73

Degree of freedom= 1

Chi square statistic = 10.73

p value = 0.004671 (significant at  $p < 0.05$ )

The CV of  $\chi^2(10.73)$  is above the table value. Hence, the null hypothesis is rejected. Accepted the alternate hypothesis "There exists a relationship between financial independence and women empowerment through SHG." is accepted.

## CONCLUSION AND DISCUSSIONS

The present study results have highly proved that there is a greater effect on socio-economic up-gradation of women who engaged themselves in SHG, in terms of increased social status, economic up-gradation, political awareness, increased savings, improved income level, entrepreneurial ability, repayment of high interest rated loan to local money lenders, self-deciding power etc. The poor rural and semi-urban women to get easy access to various micro-financial products and services from MFIs through their groups. The self-help group concept enabled many semi urban women to grasp social acknowledgment during the past few decades. Greater importance in providing training and awareness programme on internet banking to the members of the group will surely develop them to be more active during this pandemic as well.

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# AN IN-DEPTH STUDY ON PROBLEMS AND PROSPECTS OF SELECTED WOMEN ENTREPRENEURS OF RAJKOT DISTRICT

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## ABSTRACT

*Women development is considered as one of the primary sectors for the overall growth of the economy. The government has played its role wisely in uplifting women by introducing various policies and schemes. Moreover, they provide lots of initiatives that help women to choose business as their career. Women entrepreneurs are facing lots of problems and at the same time they enjoying various prospects in this field. This study aims to highlight various problems and the prospect of women entrepreneurs. 102 women entrepreneurs of Rajkot district are selected as a sample for this study and data is collected through a questionnaire. The questionnaire consists of four parts demographic profile, problems of women entrepreneurs, prospects of women entrepreneurs, and expectations of women entrepreneurs. The various test has been performed to analyzed data. The study exposes various problems that affect women entrepreneurs and some favorable factors too which helps them to succeed in an entrepreneurial world.*

## KEYWORDS

expectations, problems of women entrepreneurs, prospects of women entrepreneurs, women entrepreneurs.

## JEL CODE

L26

## INTRODUCTION

In the modern competitive era, entrepreneurship is growing rapidly and its contribution is important for economic growth. Women considered as a key person of a family, therefore women entrepreneurship encourage women to lead both personal and professional life. Awareness about various policies and schemes made for women entrepreneurs, which helps them to realize their rights and benefits. Numerous opportunities are available for women entrepreneurs and by grabbing those they prove themselves as a trader, exporter, manufacturer, designer, and many more to come. By entering into an entrepreneurial world an entrepreneur enjoys various benefits and on the same side, they face lots of challenges too, being a women entrepreneur they face more challenges. In post forty's they prove themselves by raise in the establishment of women enterprises and contribute to the economy at a recognized level.

## REVIEW OF LITERATURE

**Gajendra and himnish (2014)** reveal that those women who are involved in the entrepreneurial field can contribute more to economic growth and also uplift their status in society. Women have proven that they can compete in society by entering into various services and business. Women are emerging as a vibrant entrepreneur by breaking all stereotypes. **Winn (2005)** revealed that women entrepreneurs are doing business in a different manner which has changed the face of doing business. The traditional and non-traditional business has been selected by women and they are successfully doing it by setting a benchmark. **Brush (2006)** highlighted the various problem faced by women entrepreneurs, they face different kinds of problems in establishing and managing their business. Finance, lack of family support, cultural barrier, lack of confidence, access to business networks, etc. were encountered as problems for women entrepreneurs. **Parimala devi (2012)** revealed that the contribution of women entrepreneurs to the economy is unavoidable. They prove themselves by entering all the sector of business and services instead of limiting to selected sectors. **Alam & kabir (2015)** in their study highlights that high concentration, dedicative efforts, and governmental support are prominent prospects of women entrepreneurship.

## STATEMENT OF THE PROBLEMS

Earlier women were entitled to manage house hold duties, they were illiterate and restrict themselves to their family. A significant improvement was seen in women's education, which helped them to get work and build their own business. Moreover, the rise of a nuclear family, the non-availability of honest workers, and other supplementary reasons force them to initiate their own businesses. To raise the growth of women entrepreneurs, the government is also aiding them in severe situations. The government granted loans at concessional interest, subsidies, and preferred allocation of plots in industrial domains, marketing assistance, financial support, and technical help. The Government of Gujarat has introduced various schemes like plans for economic upliftment and rehabilitation, sewing classes, assistance for establishment of goat units for scheduled caste widow abandoned women beneficiary, financial assistance for the rehabilitation of destitute widows with the objective to make widows financially self-sufficient by provide training and equipment assistance. And under Gardiwada schemes government provide financial assistance to rural and urban women entrepreneurs to carry out their economic activities. Entrepreneurship amongst women positively amplifies the wealth of the house and the prosperity of the country too. Hence, this research has been conducted to investigate the different problems and prospects of women entrepreneurship.

## OBJECTIVES OF THE STUDY

Following are the objectives of the study:

1. To study the demographic profiles of women entrepreneurs.
2. To analyze various problems of women entrepreneurs.
3. To study the prospects of women entrepreneurship.
4. To find out the expectations of women entrepreneurs.

## SCOPE OF THE STUDY

The study highlights the problems and prospects of women entrepreneurs of the Rajkot district of Gujarat. The scope of the research embraces women entrepreneurs of the Rajkot district and evaluates their problems, prospects, and their expectations to resolve their problems. The study is only limited to the women entrepreneurs of Rajkot district of Gujarat only.

**RESEARCH METHODOLOGY**

The study is descriptive in nature and data is collected from primary sources. 102 women entrepreneurs of Rajkot district have been selected as a sample for this study and convenience sampling method is selected to collect data. Data is collected by conducting interviews among randomly selected women entrepreneurs through a structured questionnaire. The questionnaire consists of four parts like demographic profile of women entrepreneur, problems of women entrepreneur, prospects of women entrepreneur, and last one expectation of women entrepreneur. Different research test has been carried for the different parts of the questionnaire. Simple percentage analysis is done to analyze the demographic profile of women entrepreneurs. Friedman’s chi-square test has been performed to find out problems of women entrepreneurs, prospects of women entrepreneurs are measured through “t-test” and expectations of women entrepreneurs are analyzed through Garret score.

**RESULTS AND DISCUSSIONS**

The study analyzes several problems and prospects of women entrepreneurs of Rajkot district in different ways by using proper statistical tools.

**DEMOGRAPHIC PROFILE OF WOMEN ENTREPRENEURS**

The demographic profiles of women entrepreneurs of the Rajkot district have been categorized under characteristics like age, marital status, education qualification, nature of business, monthly income, experience.

**TABLE 1: ANALYSIS OF DEMOGRAPHIC PROFILE OF WOMEN ENTREPRENEURS**

Variables	Distribution	Frequency	Percentage
<b>Age</b>	Less than 25 years	19	18.63%
	26-35 years	32	31.37%
	36-45years	27	26.47%
	More than 45 years	24	23.53%
<b>Marital Status</b>	Unmarried	27	26.47%
	Married	72	70.58%
	Divorced	1	0.98%
	Widow	2	1.96%
<b>Education Qualification</b>	Uneducated	18	17.65%
	High secondary (12 <sup>th</sup> )	48	47.05%
	UG/Diploma	24	23.53%
	PG/Professional	12	11.76%
<b>Nature of Business</b>	Manufacturing	40	39.22%
	Trading	32	31.37%
	Services	21	20.59%
	Other	9	8.82%
<b>Monthly Income</b>	Less than 15000	20	19.61%
	15001-20000	58	56.87%
	20001-30000	20	19.61%
	More than 30000	4	3.92%
<b>Experience</b>	Less than 2 years	22	21.57%
	2-5 years	32	31.37%
	6-10 years	28	27.45%
	More than 10 years	20	19.61%

(Source: Primary data)

**Interpretation**

Table no.1 exhibits the age of the respondents that 118.63% of them are less than 25 years of age, 31.37% are between the ages of 26 – 35 years, and 226.47% are between the age of 36 – 45 years. Marital status shows that 70.58% are married and 26.47% are unmarried. The education profile of the respondents admits that 47.05% belongs to the high secondary category, 23.53% are completed their diploma, 17.65% are uneducated and the rest 111.76% are completed professional or PG degree. Nature of business reveals that 39.22% of women entrepreneurs are committed to manufacturing activities, 31.37% are involved in trading activities, and 20.59% are engaged in a service-based business. 56.87% of the women entrepreneurs’ monthly income ranges from 15,001 to 20,000. While examining the experience 31.37% of the respondents are having experience of 2–5 years in their respective field whereas 27.45% of respondents are belongs to the category of 6– 10 years of experience.

**PROBLEMS FACED BY WOMEN ENTREPRENEURS OF THE RAJKOT DISTRICT**

The Friedman chi-square test measures the null hypothesis that the ranks of the variables do not differ from the expected value. For a steady sample range, the higher the value of chi-square test, the greater is the difference among each variable rank-sum and its expected value. Place together, the chi-square value is 140.353 for these ranking, degrees of freedom are up to the number of variables less than 1, the asymptotic significance is the estimated probabilities of accomplishing factors are not significantly different. Since a chi-square result with 16 degrees of freedom is unlikely to have happened by chance, it’s concluded that the 102 women entrepreneurs which is denoted by “N” don’t have equal preference for all the variables.

**TABLE 2: PROBLEMS FACED BY WOMEN ENTREPRENEURS OF RAJKOT DISTRICT (\* Significant at 1% level)**

Problems	N	Mean Rank	Mean Score	Std. Deviation	Chi-Square
Inadequate financial facilities	102	10.71	3.148	1.57472	140.353 P value 0.00*
Low family support		9.49	2.794	1.26749	
Rigorous norms		6.69	2.505	1.67465	
Male dominance		9.48	2.281	1.29577	
Technological difficulties		7.39	3.292	1.53192	
Economic impacts		9.39	2.839	1.26128	
Lack of advance training		5.58	2.495	1.57891	
Less market knowledge		6.89	3.237	1.26356	
Low government support		7.38	3.103	1.1659	
Miserable experience		5.83	2.805	1.34138	
Absence of experience		6.45	3.039	1.58323	
Weak knowledge of business		8.31	3.181	1.33236	
Shortage of raw material		7.25	3.174	1.15348	
Substantial taxes		5.47	2.459	1.23729	
Communication dilemmas		6.33	2.173	1.52351	

(Source: Primary data)

**Interpretation**

Table no.2 reveals the problems faced by the women entrepreneur, Friedman's test is performed to know the results. It could be determined that among the different factors like Inadequate financial facilities with 10.71 is ranked first, Low family support ranked second with 9.49 than after rigorous norms ranked third with 6.69, male dominance stood fourth with 9.48, technological difficulties ranked fifth with 9.37. Moreover, economic impacts with 9.39, lack of advance training with 5.58 and less market knowledge with 6.89 are ranked sixth, seventh and eighth respectively. Hence, it can be ended that inadequate financial facilities, low family support and rigorous norms are the significant problems impacting women entrepreneurs. It notifies that women entrepreneurs are extremely affected by financial problems.

**PROSPECTS OF WOMEN ENTREPRENEURSHIP**

Women entrepreneurs have higher prospects in India. Prospects can acquire from the external business environment and the inherent abilities of the women entrepreneurs. To examine the prospects of women entrepreneurship at various levels of habitation, women living in villages are recognized as rural, and women living in semi-urban and urban are recognized as urban. As the prospects are based on the living status. All respondents are requested to rate the variables on five point scale i.e. highly agree, agree, neutral, disagree, and highly disagree with the rank of 5, 4, 3, 2, and 1 respectively. The mean scores of the variables are calculated. Under this research, 35 respondents are in rural and the rest 67 are in urban and it has done by using a t-test, which is demonstrated as follow.

**TABLE 3: PROSPECTS OF WOMEN ENTREPRENEURSHIP**

Variables	Mean Score		t-test
	Rural	Urban	
Marketing products	3.851	3.789	2.557
Attentiveness for business	3.945	3.702	2.148*
Forecasting consumers demand	4.189	4.173	0.586
Government support	3.975	3.676	-2.589
Hardworking	4.143	3.538	-2.347
Management	4.179	3.835	1.837
Communication skills	3.815	4.069	1.373
Self confidence	4.029	3.956	-2.038
Knowledge of business	3.891	4.259	-1.635*
Leadership skills	3.776	3.971	-2.601

(Source: Primary data)

\* Significant at 1% level

**Interpretation**

Table no. 3 indicates that prospects of woman entrepreneurship are distinct from each other. The major prospect favoring the rural entrepreneurs are forecasting consumers demand, management, hardworking, and self-confidence, hence their mean scores are 4.189, 4.179, 4.143 and 4.029 respectively. On the other hand amongst the urban entrepreneurs, the significant variables are knowledge of business, forecasting consumers demand, and communication skills, hence their respective mean scores are 4.259, 4.173 and 4.069 sequentially. Concerning the prospects of women entrepreneurship, almost all the variables are significant at the 5% level. Which shows that the women entrepreneurs are reinforced with the above characteristics.

**EXPECTATIONS OF WOMEN ENTREPRENEURS**

Women entrepreneurs have some expectations to solve business problems and to grow their business future. Garret score ranking analysis has been used to analyze the data where the level of expectation is marketed as not important = 1, low important = 2, moderate important = 3 and for very important = 4.

**TABLE 4: RANKING ANALYSIS**

Expectations	Mean Score	Total Score	Rank
Marketing aid	19.1	191	6 <sup>th</sup>
Less Price fluctuation	33.0	330	2 <sup>nd</sup>
Tax concessions	24.5	245	5 <sup>th</sup>
Technological support	28.5	285	4 <sup>th</sup>
Advance training	31.7	317	3 <sup>rd</sup>
Financial assistance	34.3	343	1 <sup>st</sup>
Availability of raw material	18.8	188	7 <sup>th</sup>

(Source: Primary data)

**Interpretation**

In table no. 4 financial assistance with 343 points indicates it as high expectation of women entrepreneurs to run their business and this will cut down their problems to half. Fluctuations in price also effects business activities, therefore they except low price fluctuation which ranked as 2<sup>nd</sup>. Advanced level training is also expected by them which is ranked as 3<sup>rd</sup> with 317 points. Moreover, technological support, tax concession, marketing aid and availability of raw material are ranked as 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> respectively according to their scores.

**FINDINGS**

Major findings of the study are as follow:

1. Demographic profile evidences that out of 102 respondents 31.37% are between the age of 26 to 35years. 70.58% of the women entrepreneurs are married. Out of the 102 respondents 56.87% of them are fall under range of 15001 to 20000. 49.22% of respondents are engaged in manufacture activities.
2. Inadequate financial assistance is the main problem that is faced by most women entrepreneurs of Rajkot district.
3. Most of the women entrepreneurs expect financial assistance to start their business as they need financial support at the primary stage.
4. Forecasting consumers demand, management, hardworking, and self-confidence are favorable prospective factors for rural women entrepreneurs and on the same side knowledge of business, forecasting consumers demand, and communication skills are important prospective factors for urban women entrepreneurs

**RECOMMENDATIONS**

1. Low-interest rate loans can be provided to women entrepreneurs to start a business as most of them need finance at the primary level.
2. To meet the expectations of women entrepreneurs, the government has to make few more attempts to support them financially by which they run their business and achieve organizational goals.
3. The loan should be easily available so that more and more women entrepreneurs get benefit from this.



**CONCLUSION**

Women entrepreneurs are very important for the growth of economy and business both. Women entrepreneurs are beneficial for economy as their contribution to nation is recognizable and also for the family too. Women entrepreneurs have to face lots of additional problems in society just because of her gender. It concluded that women entrepreneurs are affected by several problems and various factors are endorsing them to achieve their entrepreneurial goals.

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## SECTORAL INTERDEPENDENCE AND TWIN BALANCE SHEET CRISIS: AN EVIDENCE FROM INDIA

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**ABSTRACT**

The paper states about the twin balance sheet problem in India. The problem of twin balance sheets is a problem that occurs when there is a stress in one sector's balance sheet due to the other business, such as growing NPAs in banks due to the inability of infrastructure companies to repay loans. Banking sector and industrial sector of any economy plays a crucial role in its development. It is necessary to broadly study these two sectors. It is important to look after the proper functioning of these sectors by looking at their balance sheets in order to minimize non-performing assets and bad loans. It was also mentioned in the report of economic survey, in 2015-16, that "twin balance sheet problem is the biggest issue in Indian economy". According to the RBI's financial stability report, 2018, gross non-performing assets ratio has been increasing continuously, it hasn't reduced. Measures have been taken by the government to solve the twin balance sheet crisis. India has been trying to solve this problem of twin balance sheet by putting bank in charge for restructuring decisions. Public Sector Asset Rehabilitation Agency (PARA) has been setup in order to take politically tough decisions and to address the tough decisions.

**KEYWORDS**

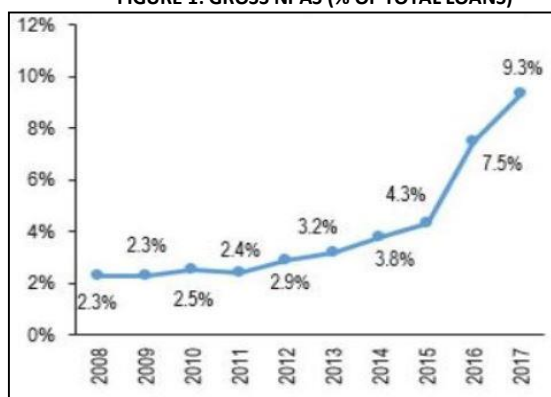
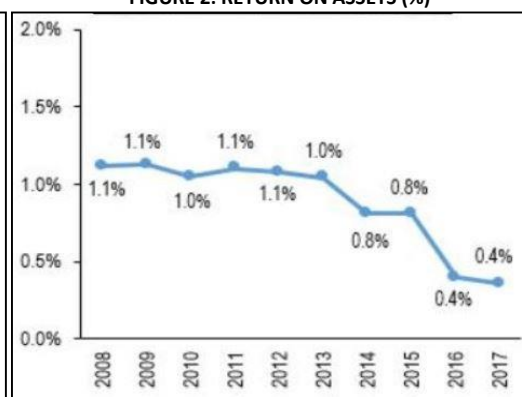
twin balance sheet (TBS), loans, investment, non-performing assets (NPAs), public sector asset rehabilitation agency (PARA)

**JEL CODES**

G30, G32, G33.

**1. INTRODUCTION**

**T**win balance sheet problem refers to "the stress on balance sheets of banks due to non-performing assets (NPAs) or bad loans on the one hand, and heavily indebted corporates on the other." It deals with overleveraged companies and bad loan encumbered banks. When a company have too much debt as in comparison to its cash flows and equity, it is called as overleveraged company. When a loan becomes irrecoverable to the creditors and becomes worthless, it is called as bad loans. Twin balance sheet problem arises when the companies have too much debt in their balance sheet and does not have sufficient funds to repay them. When an economy grows continuously, companies plan a lot of investment and they tend to overestimate the profits because of such rapid growth. And when the growth slows down companies struggle to make those estimated profits and thus they struggle in repayment of the loans. The bank's main source of profits is the interest income which they receive on the loans given by them. When the company fails to pay the interest, bank loses their profits and the money it gave out as loans.

**FIGURE 1: GROSS NPAs (% OF TOTAL LOANS)****FIGURE 2: RETURN ON ASSETS (%)**

From the figure1 it can be seen that Gross NPAs are increasing on a continuous basis from 2008 – 2017. In figure2 it can be seen that the return on assets of banks is declining for the same period which is a matter of concern for the banks. During the period of 2000's Indian corporate profitability was amongst the highest in the world which encouraged firm to hire more and more labors as a result of which there was an unexpected rise in the level of wages. Corporates started launching new projects worth of lakhs of crores. The main industries were infrastructure related areas such as telecom, steel and power. As a result, the investment GDP ratio also soared by 11% within a period of just four years and reached over 38% by 2007-08. This time, the debt of non-financial companies grew. Public sector banks continued to lend and robust growth was experienced by the easily accessible credit corporate sector, especially by infra-companies. An extraordinarily surprising credit boom, the biggest in the nation's history, funded this investment.

From 2004-05 to 2007-08, the amount of bank credit doubled. There were capital inflows as well apart from the bank credit. All of this resulted in an extraordinary increase in debt of the corporates. Companies started taking more and more risk and as a result costs started rising above the budgeted level. Getting permission such as land and environmental clearances took longer than expected, growth rate of the projects became half of what was planned. Adding to this financing cost also increased and the firms which had borrowed from abroad were hit very hard as the rupee depreciated. Due to the increased costs, decreased revenues and greater financing costs, cash flows of the corporates started decreasing leading to the debt servicing problem thus making it difficult for the borrowers to repay the loan.

**INDIA'S TWIN BALANCE SHEET PROBLEM?**

India also had increased borrowing leading to overleveraged and debt servicing problem like other countries. What was different in India's twin balance sheet problem was its outcome. Twin balance sheet problem did not lead to stagnation. On the other hand, it existed along with strong aggregate domestic demand, as reflected in high levels of growth despite very weak exports and moderate, at times high, levels of inflation. This problem was called as "Balance Sheet Syndrome with Indian Characteristics". The problem of rising debt and losses were also faced by many other advanced countries. But in India this problem has some unique features which is why it is called as "Balance Sheet Syndrome with Indian Characteristics".

There are three reasons which distinguish this problem with the problem in other countries:

- Indian was not suffering from any recession.
- There was no weak macro - economic demand.
- Indian balance sheet problem was partly because of private investment in infrastructure because public sector banks were reluctant to intervene in infrastructure projects.

There are five reasons of "Balance Sheet Syndrome with Indian Characteristics":

- Weak profitability and high debt of private sector.
- Inadequate bankruptcy procedures and stalled investments.
- Failed Public Private Partnership models which has contributed to private sector losses.
- Public Sector Banks have financed many infrastructure projects and the projects which are not making progress or had stopped has resulted in stressed assets in banks.
- Now Public Sector Banks are not ready to lend money to the corporates due to rising NPAs further stalling the projects by the corporate.

**2. BACKGROUND OF THE STUDY**

The banking sector of any country plays a crucial role in that economy's economic growth and is the dominant part of the financial sector. It helps to keep the money flowing in the economy by linking those with excess funds to those who need funds. But one of the problems facing the banking industry today is the rising NPAs, and these rising NPAs contribute to the issue of twin balance sheets. Banking industry in India is afflicted with relatively high rate of non-performing assets. Corporate borrowers play a significant role in this high rate of non-performing assets. However, these non-performing assets are unavoidable in the loan portfolio and it is not an event. The excessive delay in the recovery of loans results in increasing NPAs, leading to a rise in the cost of financial intermediation, as banks have to turn to comparatively higher costs for additional borrowings.

Major contributors of NPAs of banks are the corporate borrowers. NPAs in banks have several bad effects on the banks and the economy as a whole. Deposits by the general public are used by the banks for lending loans. Now these loans sometimes do not generate interest income for the banks and the principal amount is not repaid as per the loan repayment schedule. As a result of this, there is decline in the bank's interest income, profits. It also locks up the funds with the borrower and affects the bank's ability to recycle credit. Increasing NPAs require higher provisioning as well.

According to the economic survey, the issue of weakening of balance sheet was seen first time in 2015-16. Some major corporate also faced this problem during the same period. This was seen as the economy's most important short-term issues and a hindrance to economic growth as it was also a hindrance to private investment. The concern about the issue of twin balance sheets was that private sector gross fixed capital formation declined to 27 percent by 2016-17, which was an indication of stalled investment in the economy. Major amount of NPAs was recorded in public sector banks. During the year 2016, public sector banks reported soared NPAs to the extent that provisioning had buried down the operating earnings. As a result of which net income turned into losses. Generally, NPAs soar when there is an economic crisis which results in widespread bankruptcies. But there was no economic crisis in India. On the other hand, GDP was growing at a good rate. The NPAs, however, continued to increase and, meanwhile, Credit Suisse reported that 40 percent of the companies monitored by it were owed to companies with an interest coverage ratio of less than 1. As it started to become evident, it became clear that India was suffering from the problem of twin balance sheets, where there was stress on the balance sheets of both the banking and corporate sectors.

**3. REVIEW OF LITERATURE**

James R. Barth, ChenLin, PingLin, Song M. Song (2009) studies the effects of borrowers and lender competition and the information shared via credit bureaus/registries on the corruption in bank lending. The analysis shows that greater competition in banking helps curtail corruption in bank lending. Also information sharing helps in reducing corruption in bank lending, directly and indirectly. It is also seen that better law enforcements and objective courts tend to reduce corruption in lending. Samaresh Bardhan, Vivekananda Mukherjee (2013). This paper deals with the effects of wilful defaults in a developing country's banking system. The paper specifically deals with implications of wilful default loan decision making process of the banks and profitability. The study shows that if limited liability condition holds and if the condition of wilful default is satisfied, the bank will extend loans to its capacity which is exogenously fixed. Also as the loan capacity of the banks increases, wilful defaults also increases. It is found that the regulators face the trade-off between high wilful defaults and level of profits of the banks because regulators will choose lower level of loan capacity in order to control the level of NPAs due to defaults. Samaresh Bardhan, Vivekananda Mukherjee (2013). This paper deals with the effects of wilful defaults in a developing country's banking system. The paper specifically deals with implications of wilful default loan decision making process of the banks and profitability. The study shows that if limited liability condition holds and if the condition of wilful default is satisfied, the bank will extend loans to its capacity which is exogenously fixed. Also as the loan capacity of the banks increases, wilful defaults also increases. It is found that the regulators face the trade-off between high wilful defaults and level of profits of the banks because regulators will choose lower level of loan capacity in order to control the level of NPAs due to defaults. Inchara P. M Gowda, Dr. K. R. Manjunatha (2017) in this paper talk about the twin balance sheet problem. In the balance sheet of corporate debtors, the employment of borrowed capital by companies on properties or in ventures that do not produce sufficient returns results in NPAs. This failure also results in non-payment to the lending banks of the interest on the borrowed money. In order to address the issue of twin balance sheet, the Government of India and the Reserve Bank of India have formulated few schemes and Acts. About a dozen schemes designed and implemented by the authorities to resolve the problem of TBS did not succeed in producing the desired result due to the ineffective implementation. Mr. Manash Kumar Sahu, Mr. Narayana Maharana, Dr. Suman Kalyan Chaudhury (2017). NPAs are one of the major reasons of draining the capital of banks and weakening their financial strengths. In order to improve the efficiency as well as the profitability of the banks, the NPAs need to be controlled and reduced. This study emphasis on the growing concern of mounting NPA in Indian banking sector and impact of corporate governance practices on Non-Performing Assets (NPA) Management. This study also highlights the correlation between weighted corporate governance score and net NPA ratio of public and private sector banks in India. In order to reduce the level of NPAs, comprehensive preventive monitoring mechanism to explore and maintain sound and healthy loan portfolio has to be developed and adopted. The approach to NPA management by the banks has to be multipronged, necessitating varied strategies suited to different stages of the passage of credit, every commercial bank has to embark upon strategic plan to prevent or control the occurrence of the NPAs. As per the analysis it will not be correct to say that good corporate governance practices results are lower net NPAs. Prabhakar Pudari, (2017). The author states in this paper about the twin balance sheet problem and its impact. India has tried to solve this problem where banks have been put in charge of the restructuring decisions. Decisive resolutions of the loans, concentrated in the large companies, have avoided successive attempts at reform. Twin balance sheet problem is characterized by overleveraged companies and bad loans with banks. It is a situation where banking and corporate sectors are under stress. The problem has continued to increase. NPAs keep growing, while the credit and investments keep on declining. Over leveraged companies are unable to pay back the debts and invest more. The bad loan encumbered banks are unable to lend more and struggles to keep up their business. The reason for twin balance sheet problem in the year 2000 was high growth rate of the economy which caused to increase the debt of the companies. To resolve the problem stressed assets of banks and NPAs of banking, financial institutions and corporate borrower should address with all the seriousness and without political interference. Jaslene Kaur Bawa, Vinay Goyal, S.K. Mitra, Sankarshan Basu (2018). This paper examines the data of 46 India banks with specific financial ratios for a period of eight years. These ratios tell about the operating capability, liquidity, solvency, profitability,

capital adequacy and business development capacity aspects of Indian banks that affect NPAs. Through operational, liquidity and solvency indicators, functional level of banks was captured while the banks' business growth strategy (in terms of asset growth) at the corporate level was captured using business development capacity as a proxy. It is found that if banks follow aggressive growth strategy they would witness higher NPAs. It is also seen that a significant intermediation cost ratio helps bank agents spend more time and effort to monitor bank asset quality and lower default probability faced by the banks. S.K. Chaudhury, Devi Prasad Misra (2019). The study focuses on the Corporate Governance aspect as an appropriate tool to bring down the mounting NPAs in Indian banks. For this purpose, the statistical tools such as correlation and regression analysis are used to i) ascertain whether there exists the correlation between corporate governance measures and NPA ratio of public and private sector banks in India and ii) to determine the impact of corporate governance practices on NPAs in Indian public and private sector banks. The analysis revealed that corporate governance steps did not bring any significant result in controlling NPAs in Indian commercial banks. To reduce the level of NPAs in the loan portfolio, comprehensive preventive monitoring mechanism has to be explored. There should also be a mechanism to maintain sound and healthy loan portfolio. Jayadev M, Padma N (2020). The paper analyse the wilful defaulter's quarterly data disclosed by the Credit Information of Bureau of India Limited. A significant number of wilful defaulters include unlisted and private companies which are financed largely by government owned banks and are concentrated in specific regions. Borrowers of funds turn into wilful defaulters by exploiting the weak governance structure such as ineffective functioning of the economic, legal and political institutions of the country. The analysis shows that the amount of loans due from wilful defaulters is growing substantially. Majority of these defaulters are unlisted and private companies which clearly indicates inadequate governance and control systems prevailing in these companies.

**4. RESEARCH METHODOLOGY**

This study is intended to find the relationship between performance of borrower firms and lending banks and verify the long run impact of borrower firm's performance on bank NPA. It also attempts to determine the bank specific and borrower firm performance influence on bank NPA. Explanatory research also known as casual research is conducted to identify the extent and nature of cause and effect relationships. It is conducted to evaluate impact of specific changes on existing norms, various processes etc. Data collected for the purpose of this study is secondary data. Secondary data for private sector banks and public sector banks has been collected from official website of Reserve Bank of India. Data relating to companies has been collected from moneycontrol.com. Data has been collected for a period of ten years starting from 2007-08 till 2016-17. Since the data collected for the study is time series as well as cross section data, panel data analysis has been used in this study. Panel data series modeling centers around addressing the likely dependence across data observations within the same group. There are two types of test that are run to choose between the model. These tests are: Breusch-Pagan LM test, Hausman test. The above tests help to choose the model for regression analysis.

$$RNPAA_{it} = \alpha + \beta NPM_{it} + \beta NSGR_{it} + \epsilon_{it} \dots \dots \dots (1)$$

$$CDR_{it} = \alpha + \beta NPM_{it} + \beta NSGR_{it} + \epsilon_{it} \dots \dots \dots (2)$$

$$RNPAA_{it} = \alpha + \beta NPM_{it} + \beta NSGR_{it} + \epsilon_{it} \dots \dots \dots (3)$$

$$RNPAA_{it} = \alpha + \beta CAR_{it} + \beta CDR_{it} + \beta NIM_{it} + \beta NPM_{it} + \beta NSGR_{it} + \beta ROA_{it} + \beta ROE_{it} + \beta ROPT_{it} + \epsilon_{it} \dots \dots \dots (4)$$

**4.1 Hypothesis**

- For analysing the effect of borrower firm's performance on Bank NPA
- H<sub>0</sub>: There is no impact of net profit margin and net sales growth rate on ratio of net NPA to net advances.
- H<sub>1</sub>: There is impact of net profit margin and net sales growth rate on ratio of net NPA to net advances.
- For analysing the effect of borrower firm's performance and Bank Credit - Deposit Ratio
- H<sub>0</sub>: There is no impact of net profit margin and net sales growth rate on credit – deposit ratio.
- H<sub>1</sub>: There is impact of net profit margin and net sales growth rate on credit – deposit ratio.
- For analysing the Long run effect of borrower firms performance on Bank NPA
- H<sub>0</sub>: There is no impact of net profit margin and net sales growth rate on ratio of net NPA to net advances in long run.
- H<sub>1</sub>: There is impact of net profit margin and net sales growth rate on ratio of net NPA to net advances in long run.
- To determine the Bank specific and borrower firm performance influence on Bank NPA.
- H<sub>0</sub>: There is no impact of capital adequacy ratio, credit – deposit ratio, net interest margin, net profit margin, net sales growth rate, return on assets, return on equity, return of operating profits to total assets on ratio of net NPA to net advances.
- H<sub>1</sub>: There is impact of capital adequacy ratio, credit – deposit ratio, net interest margin, net profit margin, net sales growth rate, return on assets, return on equity, return of operating profits to total assets on ratio of net NPA to net advances.

**5. EMPIRICAL RESULTS AND DISCUSSION**

Panel data regression is used to analyze the impact of bank specific variables and company specific variables on non – performing assets of the selected banks.

**TABLE 1: SHOWING THE EFFECT OF BORROWER FIRM'S PERFORMANCE ON BANK NPA**

Dependent Variable: RNPAA				
Method: Panel EGLS (Cross-section random effects)				
Date: 01/07/21 Time: 20:22				
Sample: 2008 2017				
Periods included: 10				
Cross-sections included: 20				
Total panel (balanced) observations: 200				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPM	-0.000175	6.42E-05	-2.733352	0.0068
NSGR	-2.221945	0.357985	-6.206817	0.0000
C	2.351374	0.251383	9.353764	0.0000

The probability value for cross section random effects test is less than 0.05 for both the independent variables. Therefore, it is concluded that both net profit margin and net sales growth rate of borrower firms have an impact on ratio of net NPA to net advances of the respective banks. This implies that a fall in the sales growth of the borrowers or fall in their operating profits will have a direct impact on their loan repayment capacity and there will be high chances of them defaulting on their loans.

TABLE 2: SHOWING THE EFFECT OF BORROWER FIRMS PERFORMANCE AND BANK CREDIT - DEPOSIT RATIO

Dependent Variable: CDR				
Method: Panel EGLS (Cross-section random effects)				
Date: 01/07/21 Time: 20:36				
Sample: 2008 2017				
Periods included: 10				
Cross-sections included: 20				
Total panel (balanced) observations: 200				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPM	-8.36E-05	0.000176	-0.474037	0.6360
NSGR	-0.758795	0.973269	-0.779636	0.4365
C	77.13780	1.802427	42.79663	0.0000

The probability value for cross section random effects test is more than 0.05 for both the independent variables. Therefore, it can be concluded that both net profit margin and net sales growth rate of borrower firms have no impact on credit deposit ratio of the respective banks. Therefore, the credit deposit ratio of the banks is not affected by the performance of its borrowers. Rather it is affected by the bank's own performance. Credit deposit ratio of the lender banks is independent of any increase or decrease in the sales growth rate or net profit margin of their corporate borrowers.

TABLE 3: SHOWING THE LONG RUN EFFECT OF BORROWER FIRMS PERFORMANCE ON BANK NPA

Dependent Variable: RNPAA				
Method: Panel Fully Modified Least Squares (FMOLS)				
Date: 01/07/21 Time: 20:44				
Sample (adjusted): 2009 2017				
Periods included: 9				
Cross-sections included: 20				
Total panel (balanced) observations: 180				
Panel method: Pooled estimation				
Cointegrating equation deterministics: C				
Coefficient covariance computed using default method				
Long-run covariance estimates (Bartlett kernel, Newey-West fixed bandwidth)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NSGR	-3.645239	0.563385	-6.470247	0.0000
NPM	-0.000147	8.37E-05	-1.760706	0.0802
R-squared	0.367032	Mean dependent var	2.479389	
Adjusted R-squared	0.282903	S.D. dependent var	2.694886	
S.E. of regression	2.282072	Sum squared resid	822.8408	
Long-run variance	6.688767			

Since the probability value for cross section random effects test is less than 0.05 for net sales growth rate of the borrower firm. Therefore, it is concluded that that net sales growth rate of borrower firms has an impact on ratio of net NPA to net advances of the respective banks in the long run. This implies that the corporate borrowers having higher gestation period or those borrowers for whom the cash inflows will start in long run will impact the non – performing assets of their lender banks in case they default on their repayments. However, the probability value for cross section random effects test is more than 0.05 for net profit margin therefore net profit margin has no impact on net NPA to net advances of the respective banks in the long run.

TABLE 4: TO DETERMINE THE BANK SPECIFIC AND BORROWER FIRM PERFORMANCE INFLUENCE ON BANK NPA

Dependent Variable: RNPAA				
Method: Panel EGLS (Cross-section random effects)				
Date: 01/07/21 Time: 20:54				
Sample: 2008 2017				
Periods included: 10				
Cross-sections included: 20				
Total panel (balanced) observations: 200				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAR	-0.002880	0.060032	-0.047979	0.9618
CDR	-0.030402	0.010816	-2.810953	0.0055
NIM	-0.269338	0.187670	-1.435167	0.1529
NPM	-8.08E-05	2.88E-05	-2.810612	0.0055
NSGR	-0.312724	0.182713	-1.711562	0.0886
ROA	-1.452866	0.354101	-4.102974	0.0001
ROE	-0.172107	0.018336	-9.386407	0.0000
ROPT	1.274800	0.272558	4.677168	0.0000
C	5.917576	0.935023	6.328801	0.0000

Probability value for cross section random effects test is less than 0.05 for net profit margin of the borrower firm, credit deposit ratio, return on assets, return on equity and return of operating profits to total assets of the banks and therefore it is concluded that net profit margin of borrower firms credit deposit ratio, return on assets, return on equity and return of operating profits to total assets of the banks have an impact on their ratio of net NPA to net advances. However, for net sales growth rate of borrowers companies, capital adequacy ratio and net interest margin of banks probability value of for cross section random effects test is less than 0.05 and hence it is concluded that these variables have no impact on their ratio of net NPA to net advances.

Panel regression provides an idea of how the bank specific variables and company specific variables affect the Net Non-Performing Assets (NPAs) to net advances ratio.

### 5.1 Corporate Specific Variables

For capturing the performance of the corporate sector financial indicators such as net sales growth rate and net profit margin are considered in the study. Higher the net sales growth rate and net profit margin, higher the cash flows. This results in increase in capacity of loan repayment. From the analysis it is observed that net sales growth rate and net profit margin of corporate borrowers affect the ratio of net NPA to net advances. But when we see the long run, it is observed that only net sales growth rate has an impact on the ratio of net NPA to net advances while net profit margin does not affect the ratio of net NPA to net advances. For example, for infrastructure companies, gestation period is long. Their cash inflows start after certain number of years depending upon their projects. If their forecast of cash flows and for the costs goes wrong or does not match the standards they it will affect their sales and in turn their capacity to repay loan.

It is also seen that net sales growth rate and net profit margin of the borrowers affect the ratio of net NPA to net advances but these variables have no impact on the credit deposit ratio of the banks. Credit deposit ratio of banks is not affected by net profit margin and net sales growth rate of their borrowers.

### 5.2 Bank Specific Variables

These are the variables that are internal to the banks. These variables also affect the performance of the banks and also affect each other. From the analysis it is observed that variables such as credit – deposit ratio, return on assets, return on equity and return of operating profits to total assets has an impact on the non – performing assets. But net interest margin and capital adequacy ratio does not affect the NPAs of the banks.

## 6. CONCLUSIONS

It is seen in the past that banks have lent money to the companies based on their forecasted financial statements and viability of the projects. Later on these borrowers have defaulted on these loans as they were not able to generate the cash flows as forecasted thus resulting in default in payments on interest and repayment of principal amount. A decentralized approach was adopted in order to solve this problem of twin balance sheet but it didn't succeed. According to the economic survey of 2015-16, stressed asset problem would need 4R's: Reform, Recognition, Recapitalization and Resolution. On the basis of various measures and schemes designed and implemented to solve this problem, NPAs and stressed assets of the financial institutions, banks and corporate borrowers should address this problem with seriousness. To give boost to the private investment and encourage lending it becomes of utmost importance that the balance sheet of the public sectors banks is cleaned up. India is now moving towards triple balance sheet and four balance sheet problem. NBFCs became big lenders when banks refrained from lending in the midst of their struggle to contain NPAs. Not only did this credit flow improve spending, but so did private consumption. But in September 2018, the fall of IL&FS sent shockwaves across the entire financial system. The shadow lender's inability to repay debt contributed to a ripple effect, further constraining banks' ability to push credit. After the IL&FS crisis, the markets began to take notice of the larger problems plaguing the shadow banking industry. Most of the lending from the NBFC was channeled to one specific field, real estate. And that sector was in a precarious position itself. NBFCs have been a significant player in funding the development of the real estate industry. Triple balance sheet issue that now involves stress in NBFC's balance sheets has further choked credit system. The four balance sheet problem includes banks, infrastructure companies, non - banking financial institutions and real estate companies. Under this situation usual remedies are no longer available.

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**STUDY ON MICROFINANCE MUDRA SCHEME WITH REFERENCE TO ANDHRA BANK AND ICICI BANKS**

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**ABSTRACT**

*In our country there are 70% of population lives in Rural areas and 60% depends on Agriculture and its allied exercises (According to world Bank reports), Micro-finance can assume a vital role in offering financial types of assistance to poor and low income people (or) little ventures who are not connect with the formal financial institutions. This present study focuses on the different delivery models of the Microfinance institute through which one can access to loans. Additionally, about Mudra loan which is one among the different projects drove by government of India in Microfinance as a plan. In this study I have looked at the issues of Mudra loan based on number of Account, sanction amount and amount Disburse for specific years in Public sector bank and private sector banks.*

**KEYWORDS**

Mudra scheme, Andhra Bank, ICICI Bank, microfinance.

**JEL CODES**

G11, G21.

**INTRODUCTION**

Microfinance refers arrangement of micro loan to the poor entrepreneurs and small business lacking admittance to banking and related services. The two fundamental mechanisms for the conveyance of financial administrations to such clients were Relationship-based banking for singular entrepreneurs and independent business; and Group-based models, where a few entrepreneurs meet up to apply for loans and other services as a group.

Microfinance is a general category of administrations, which incorporates micro-credit. Microcredit is just about arrangement of credit services to poor clients; just one of the parts of (microfinance) and the two are often confounded. critics often highlight a portion of the ills of micro – credit that can make obligation. Because of different settings in which microfinance works, and the broad scope of microfinance services, it is neither conceivable not wise to have a generalized perspective on impacts. Defenders often guarantee that microfinance lifts individuals out of poverty, yet the proof is blended. What it does, however, is to upgrade financial inclusion.

**OBJECTIVES OF THE STUDY**

1. To understand the concept and delivery model of Micro finance in India.
2. To study and analyse the structure of Mudra Loan.
3. To evaluate the performance of ICICI Bank and Andhra Bank in providing MUDRA Loan.

**NEED AND IMPORTANCE OF THE STUDY**

To know about the Delivery models of Microfinance and Mudra scheme from its Initiation stage in selected banks. To identify the best among two top banks (Andhra bank and ICICI bank) in providing Mudra loans.

**SCOPE OF THE STUDY**

1. The present study is confined to selected banks.
2. The areas covered under the study is Mudra loans i.e., (Shishu, Kishore, Tarun)

**RESEARCH METHODOLOGY**

The research is purely based on secondary data. It is an attempt to understand the Models of Microfinance, Mudra and to analyse the performance of ANDHRA and ICICI banks in providing Microfinance through Mudra loan for last three years. The secondary data for the study is collected from sources like Annual Report of PMMY, Websites and Journals.

**LIMITATIONS**

1. This study is based on limited information provided by banks official reports.
2. The period of the study is considered only for 3 years.

**REVIEW LITERATURE**

**Mohammad Mohiunddin (2018)** Microfinance administrations have arisen as a viable instrument for financing micro-business visionaries to mitigate poverty. Since the 1970s, development theorists have thought about non-legislative microfinance institutions (MFIs) as the main specialists of manageable development through financing micro-pioneering exercises. The outcomes demonstrate that the micro-loans have a measurably huge positive impact on the poverty mitigation file and subsequently improve the expectation for everyday comforts of borrowers by expanding their degree of income.

**Chintamani Parsad Patnaik (2012)** has analysed that microfinance appears to have produced a view that microfinance development could give a response to the issues of rural financial market development. It is imagined that self-improvement gathering will assume a fundamental part in such technique. However, there is a requirement for auxiliary direction of the gathering to suit the necessities of new business. Microcredit development must be seen from a drawn out point of view under SHG framework, which underlines the requirement for an intentional strategy suggestion for affirmation regarding innovation back-up, item market and human asset development.

**R. Prabhavathy (2012)** Has inspected that collective strategies past micro-credit to build the blessing of poor people/women upgrade their trade result the family, market, state and network, and socio-social and political spaces and needed for both poverty decrease and women empowerment and poverty easing, there are

a few concerns. Third the degree of positive outcomes shifts across family unit headship, standing and religion and fourth the guideline of both public and private foundation with regards to LPG to continue the advantages of social specialist organizations.

**Crabb P. (2008)** has inspected the connection between the accomplishment of microfinance institution and the level of economic freedom in their host nations. Numerous microfinance institutions are at present not self-supporting and exploration recommends that the economic climate where the institution works is a significant factor in the capacity of the institution to arrive at this objective, encouraging its central goal of effort to segment of institution and nations.

**INDUSTRY PROFILE**

Although neither of the terms microcredit or microfinance were utilized in the scholarly writing nor by development help specialists before the 1980s or 1990s, individually, the idea of offering monetary types of assistance to low income individuals is a lot more seasoned. While the development of casual monetary institutions in Nigeria goes back to the fifteenth century, they were first settled in Europe during the eighteenth century as a reaction to the colossal expansion in neediness since the finish of the all-inclusive European wars (1618 - 1648). In 1720 the principal loan fund focusing on needy individuals was established in Ireland by the creator Jonathan Swift. After an exceptional law was passed in 1823, which permitted good cause institutions to become formal money related middle people a boycott fund board was set up in 1836 and a major blast was started. Their effort topped not long before the administration presented a capital on loan costs in 1843.

**COMPANY PROFILE**

ICICI Bank is India’s largest private sector bank by consolidated assets. The banks consolidated total assets stood at Rs 12.50 trillion at June 30 2019. The bank and their subsidiaries offer a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, Working capital finance, insurance, venture capital a private equity, investment banking, broking and treasury products and services.

Andhra Bank (AB) was established by the prominent political dissident and a multifaceted genius Dr. Bhogaraju Pattabhi Sitaramayya. The Bank was enrolled in twentieth November 1923 and started its business in 28<sup>th</sup> November 1923. The bank offers inventive and need based financial items and services utilizing condition of – the workmanship innovation. As on 31 March 2019 the bank had 6687 Delivery Channels comprising of 2885 Branches 4 Extension Counters and 3798 ATMs including BNAs/CRs spread more than 26 States and 3 Union Territories? The bank has 44 Specialized Branches obliging the requirements of the particular sections of customer base.

**DATA ANALYSIS AND INTERPRETATION**

**Microfinance delivery Model in India**

The non-availability of credit and banking offices to poor people and underprivileged sections of the general public has consistently been a major concern in India. The Government and the Reserve Bank have taken a few activities, occasionally, for example, nationalization of banks, prescription of need sector loaning standards and concessional financing cost for the more vulnerable segment of society. In light of this prerequisite, the Micro money movement began in India with the presentation of SHG bank linkage program (SBLP) in the mid-1990s. As of now, there are predominantly four models for conveyance of Microfinance in India.

**MICROFINANCE DELIVERY MODELS**

**1. SHG -Bank Linkage Programme (SBLP)**

A SHG is a small group of around 10-20 people from a homogeneous class of country and metropolitan helpless which advanced savings among members and utilized these resources for meeting their credit needs The group is justly shaped and chooses its own chiefs. The essential highlights of SHGs are it comprises of members having a place with a similar community or society and having basic financial objective.

**2. Micro Finance Institutions (MFI)**

The MFI model has additionally picked up energy in India in the ongoing past. MFI model is discovered worldwide while the SHG-BLM model is an Indian model. In MFI model MFIs acquire huge measure of assets from the summit financial establishments, contributors and banks for on-loaning to the people or gatherings. These MFIs offer financial types of assistance to the people or to the gatherings like SHGs.

**3. Grameen Model:** Grameen Model is famous in the microfinance sector since this is focused to poor, gives entryway step administration, conveys collateral less loans, has great reimbursement rate, centres around women, is overseen by banking proficient and has great effect on minimized gatherings.

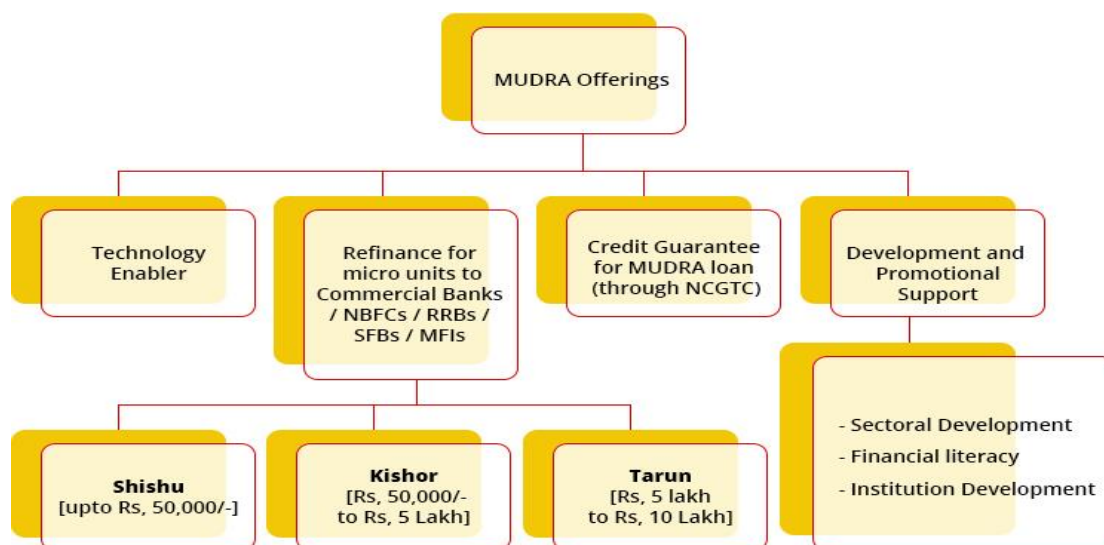
**4. Individual Lending:** It permits MFIs to decrease transaction costs and, at any rate in the underlying loan cycles, diminish hazard through joint-obligation and guarantee plans inside the gatherings. Though bunch loaning has a gathering guarantee, singular loans may just require a couple of underwriters or, by and large, pledged collateral.

**Structure of Mudra**

**Offering of Mudra**

Micro Units Development and Refinance Agency Ltd. [MUDRA] is a NBF development of micro supporting enterprises sector in the nation. MUDRA gives refinance support to Banks MFI's/NBFCs for loaning to micro units having loan prerequisite up to 10 lakhs. MUDRA gives refinance support to Micro business under this scheme of Pradhan Mantri MUDRA Yojana.

**FIGURE 1: MUDRA OFFERINGS**



Source: www.mudra.org.in



Under the aegis of Pradhan Mantri Mudra Yojana (PMMY), MUDRA has made items/plans. The intercessions have been named 'Shishu', 'Kishore' and 'Tarun' to imply the phase of development/development and financing needs of the recipient micro unit/business person and furthermore give a reference highlight the following period of graduation/development to anticipate:

- 1) Shishu: covering loans up to 50,000/-
- 2) Kishore: covering loans over 50,000/- and up to 5 lakh.
- 3) Tarun: covering loans over 5 lakh and up to 10 lakh.

**Micro credit scheme**

Micro Credit Scheme is offered basically through Micro Finance Institutions (MFIs), who convey the credit up to 1 lakh, for different micro venture/independent company activities. Despite the fact that the model of conveyance might be through SHGs/JLGs/Individuals, the loans are given by the Mills to singular entrepreneurs for explicit income generating micro endeavour/independent company activities.

**Refinance Scheme for banks**

Various banks like Commercial Banks, Regional Rural Banks, Small Finance Banks and NBFCs are qualified to benefit of renegotiate support from MUDRA for financing micro venture activities. The renegotiate is accessible for term loan and working capital loan up to a measure of 10 lakh for every unit. The qualified banks/NBFC, which goes along to the necessities as told, can profit of renegotiate from MUDRA for the loans given by them for qualified MUDRA agreeable activities under Shishu, Kishore and Tarun classifications.

**Eligibility criteria for partner institution**

Micro Units Development and Refinance Agency Limited (MUDRA) has embraced the qualification standards in regard of the accomplice loaning institutions to benefit renegotiate from MUDRA for on-lending to micro units in assembling, trading and service areas in rural and urban regions.

**Evaluating the Performance of ICICI Bank and Andhra Bank in providing Mudra loan**

**ICICI BANK MUDRA LOAN:** ICICI Bank is one of the leading banks in India that offers numerous financial services including advances to MSME area through ICICI Bank Mudra Loan plot. The Loan can be profited by MSME businesses that are occupied with administration, trade and manufacturing area including non-farm based agricultural activities. Customers may get an advance sum up to Rs. 10 lakhs to begin a business or grow it.

**TABLE 1: ICICI BANK MUDRA LOAN INTEREST RATE**

ICICI BANK MUDRA LOAN 2020	
Maximum Loan Amount	Up to Rs.10.00 Lakh
Collateral or Security	Not Required
Interest Rate	Depends on Business Profile

Source: ICICI official website

**ANDHRA BANK MUDRA LOAN**

Andhra Bank offers Mudra loans to the Micro, Small and Medium Enterprises (MSMEs) which are occupied with service, trade, or manufacturing sectors. The Andhra Bank Mudra Loan scheme was explicitly intended to offer budgetary guide to independent ventures. This advance sum can be utilized for business-related activities, for example, meeting capital prerequisites, modernization, etc.

**TABLE 2: ANDHRA BANK MUDRA LOAN -2020**

Andhra Bank Mudra loan – 2020	
Maximum Loan Amount	Rs. 10.00 Lakh
Interest Rate	8.20% onwards
Tenure	3 years to a max. of 5 Years

Source: www.andhrabank.in

**TABLE 3: ANALYSIS OF MUDRA LOAN UNDER TWO BANKS FOR THREE CONSECUTIVE YEARS**

Banks	Shishu Amount in cr's			Kishore Amount in cr's			Tarun Amount in cr's			Total Amount in cr's		
	No.of ac- counts	Sanction amount	Disbursed amount	No. Of account	Sanction amount	Disbursed amount	No. of account	Sanction amount	Disbursed amount	No.of ac- count	Sanction amount	Disbursed amount
Andhra bank	53100	119.07	176.69	51121	1068.91	963.56	6040	514.21	471.52	110261	1782.18	1611.7
<b>2016-2017</b>												
ICICI Bank	337109	963.66	950.15	46774	1558.29	1558.13	37085	2646.38	2644.23	420968	5168.33	5152.5
Andhra bank	158748	440.11	426.53	100514	2003.32	1776.41	11255	945.53	880.89	270517	3388.97	3083.82
<b>2017-2018</b>												
ICICI Bank	255304	782.72	756.31	59893	1892.91	1892.77	39502	2843.23	2841.14	354699	5518.85	5490.22
Andhra bank	88525	90.56	74.73	76940	1755.93	1558.19	14130	1161.12	1107.76	179595	3007.62	2740.67
<b>2018-2019</b>												
ICICI bank	243431	755.11	707.45	86809	2404.57	2404.57	46701	3419.73	3419.73	376941	6579.41	6531.74

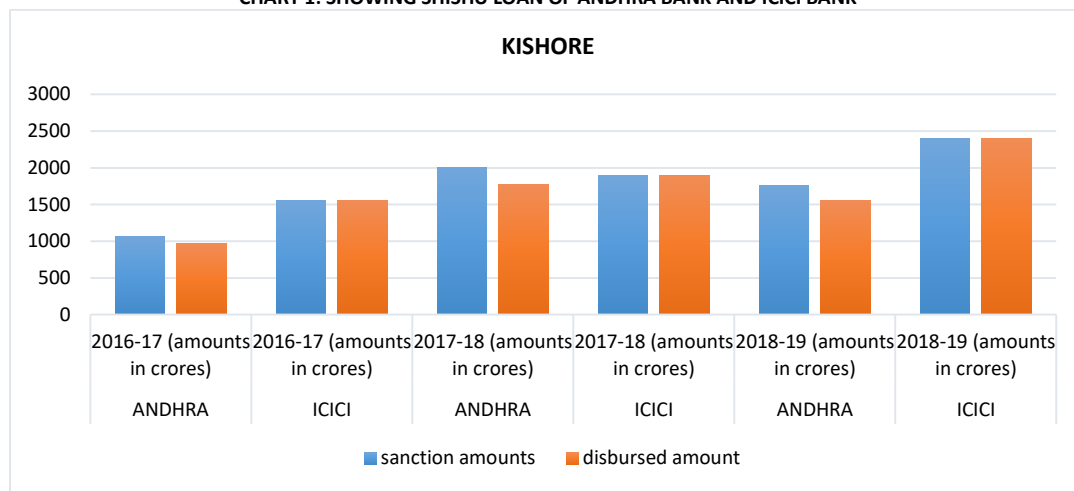
Source: The above data is collected for official website of Andhra and ICICI Banks

**TABLE 4: TABLE SHOWING SHISHU LOAN OF ANDHRA BANK AND ICICI BANK**

Shishu	ANDHRA	ICICI	ANDHRA	ICICI	ANDHRA	ICICI
	2016-17 (amounts in crores)	2016-17 (amounts in crores)	2017-18 (amounts in crores)	2017-18 (amounts in crores)	2018-19 (amounts in crores)	2018-19 (amounts in crores)
No of ac- counts	53100	337109	158748	255304	88525	243431
sanction amounts	119.07	963.66	440.11	782.72	90.56	755.11
disbursed amount	176.69	950.15	426.53	756.31	74.73	707.45

Source: www.mudra.org.in

CHART 1: SHOWING SHISHU LOAN OF ANDHRA BANK AND ICICI BANK



Source: Official website of Mudra loan

**INTERPRETATION**

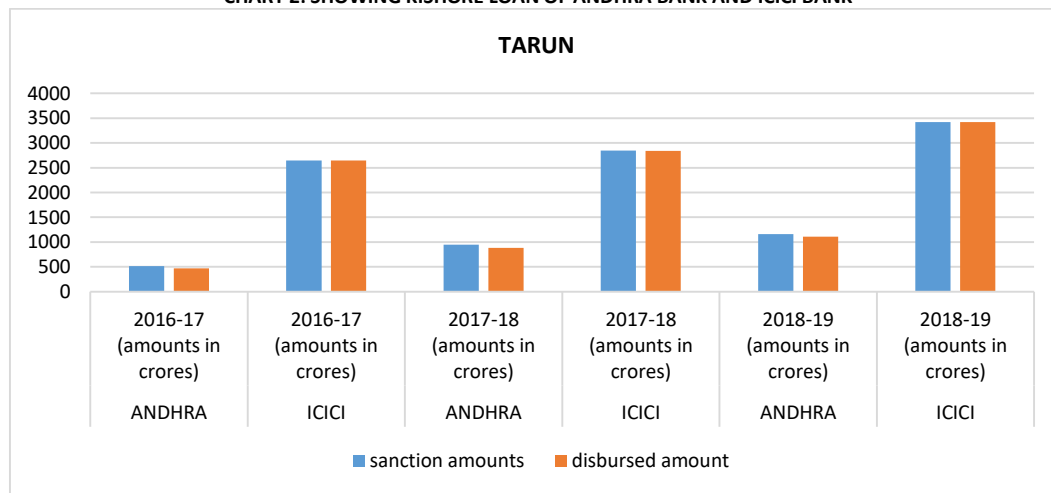
From the graph 1, the Bar diagram of Amount Sanction and Amount Disbursed of Mudra loan i.e., Shishu loan in Andhra Bank and ICICI Bank. Since 2016-17 it reveals that as the Sanction amount is less in the Andhra bank Amount Disbursed is also less in comparative with ICICI bank. It also reveals that Andhra bank register the highest sanction amount and Disbursed amount in 2017-18 compare to its other years. Whereas ICICI bank's sanction amount and disbursed amount is continuously decline since 2016-17.

TABLE 5: SHOWING KISHORE LOAN OF ANDHRA BANK AND ICICI BANK

KISHORE	ANDHRA	ICICI	ANDHRA	ICICI	ANDHRA	ICICI
	2016-17 (amounts in crores)	2016-17 (amounts in crores)	2017-18 (amounts in crores)	2017-18 (amounts in crores)	2018-19 (amounts in crores)	2018-19 (amounts in crores)
No of ac- counts	51121	46774	51121	46774	76940	86809
sanction amounts	1068.91	1558.29	2003.32	1892.91	1755.93	2404.57
disbursed amount	963.56	1558.13	1776.41	1892.77	1558.19	2404.57

Source: www.mudra.org.in

CHART 2: SHOWING KISHORE LOAN OF ANDHRA BANK AND ICICI BANK



Source: Official website of Mudra loan

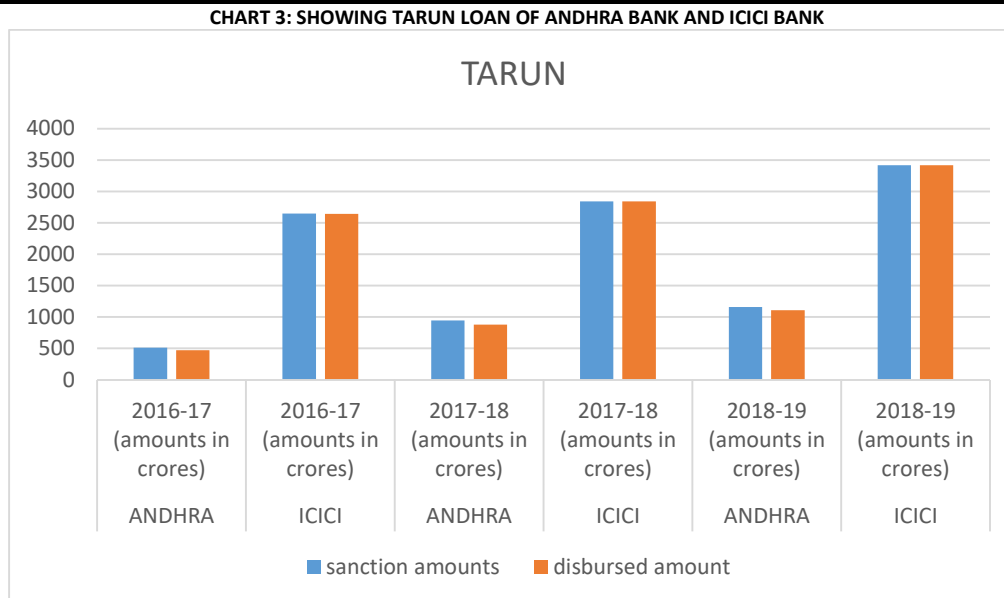
**INTERPRETATION**

From the graph 2, we can analyse that it represents the Amount Sanction and Amount disbursed of MUDRA loan i.e. Kishore loan in Andhra bank and ICICI bank. Since 2016-17 ICICI bank is showing a raise in their Sanction and Disbursed amount whereas in Andhra bank we can see the fluctuations in their Sanctioning and Disbursement of amount. Andhra bank is having comparatively less Amount Sanction and Amount Disbursed in Kishore loan than in ICICI bank.

TABLE 6: SHOWING TARUN LOAN OF ANDHRA BANK AND ICICI BANK

TARUN	ANDHRA	ICICI	ANDHRA	ICICI	ANDHRA	ICICI
	2016-17 (amounts in crores)	2016-17 (amounts in crores)	2017-18 (amounts in crores)	2017-18 (amounts in crores)	2018-19 (amounts in crores)	2018-19 (amounts in crores)
No of ac- counts	6040	37085	11255	39502	14130	46701
sanction amounts	514.21	2646.38	945.53	2843.23	1161.12	3419.73
disbursed amount	471.52	2644.23	880.89	2841.14	1107.76	3419.73

Source: www.mudra.org.in



Source: Official website of Mudra loan

#### INTERPRETATION

From the Graph 3, reveals the amount Sanction and amount Disburse of Mudra loan i.e. Tarun loan in Andhra bank and ICICI bank. Since 2016-17 it reveals that Andhra bank enhancing its Sanction amount and disbursed amount till date in an Increasing rate comparatively it has more amount of Sanction and disbursement than ICICI bank.

#### FINDINGS

1. Microfinance plays an important role in providing loans up to 10lakhs to small enterprises with its various delivery models.
2. Mudra loan turned out a great employment providing scheme under which more 10 Crore peoples.
3. In the year 2018-19 which register the least Sanction amount and Disburse amount in Andhra Bank is due to instance of fraud accounts.
4. Public sector banks i.e. Andhra Bank is having comparatively less issue of sanction amount and Disbursed amount in Shishu Kishore and Tarun loans and these are processed faster in private than in public sector bank.

#### SUGGESTIONS

1. Although Microfinance in India was started in late 90's many individuals in the country are unaware of the Concept of microfinance. So apart from Government programs we the people should take responsibility in creating awareness programme for the betterment of the society.
2. Public sector banks like Andhra bank should work effectively as the private sector banks like ICICI Bank does to reach their targets.
3. A regulatory body should organise a well-trained/experienced staff which leads to avoid manipulation or fraud in accounts. Regulatory bodies should impose a strict rules and regulations against the flaw.
4. Interest rate can be decrease to some extent. Because the present interest rates varies between 9% to 13%. Which is more or same as the Interest of other loan e.g.: personal loan, car loan, Home loan etc.

#### CONCLUSION

Microfinance came into existence with the primary objective of developing micro enterprises through financial support with its various Microfinance delivery models (institutions) and schemes. According to Government of India Mudra loan will provides the refinance support. To achieve the goal of funding the unfunded. According to my study private banks i.e., ICICI Bank is more efficient in providing Shishu Kishore and Tarun loan as compare to Andhra bank because they have less loan approval time and Customer convenience.

Finally, we can say that effective implementation of Microfinance can be used as best weapons against poverty which is not constraint only in India but also across the Globe.

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