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CHAPTER : IX

REPAYMENT OF BANK LOAN BY THE IRDP BENEFICIARIES

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In the previous chapter, we have discussed the performance of the agencies in the district of Birbhum during the 7th plan period. In this chapter, we shall analyse the repayment of bank loan by the beneficiaries of the I.R.D.P. schemes in the district of Birbhum. From the result we shall make some comments regarding the repayment of bank loans. Repayment of bank loan does not refer to the repayment of bank loan in full. For this purpose we may classify the beneficiaries into four groups, viz. (i) The beneficiaries who repaid their bank loan in full i.e. they have closed their loan accounts. (ii) The beneficiaries who repaid their bank loan regularly till the date of survey i.e. they have repaid their bank loan regularly. (iii) The beneficiaries who repaid their bank loan partly in an irregular way i.e. repayment made is irregular. (iv) The beneficiaries who did not repay anything towards bank loan. We can represent the data regarding repayment of bank loans in the form of different tables which will be helpful for analysis.

First we analyse the sectorwise repayment of bank loan by the beneficiaries. Table 9.1 shows the sectorwise repayment of bank loan by the beneficiaries included in the sample during the study period. From this result we can calculate the percentage of recovery and also the percentage of

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defaulters in this programme. We can also analyse the causes of default in repayment. We can also find out the steps to be taken by the agencies to overcome the problem of default.

TABLE 9.1

SECTORWISE CLASSIFICATION OF THE BENEFICIARIES REGARDING REPAYMENT OF THE BANK LOAN

| Sector    | Sample Size | Account Closed | Regular Repayment | Irregular Repayment | No Repayment |
|-----------|-------------|----------------|-------------------|---------------------|--------------|
| Primary   | 128         | 52 (40)        | 19 (15)           | 47 (37)             | 10 ( 8)      |
| Secondary | 108         | 48 (44)        | 16 (15)           | 37 (34)             | 7 ( 7)       |
| Tertiary  | 98          | 44 (45)        | 15 (15)           | 33 (34)             | 6 ( 6)       |
| Composite | 46          | 7 (15)         | 5 (11)            | 24 (52)             | 10 (22)      |
| Total     | 380         | 151 (40)       | 55 (14)           | 141 (37)            | 33 ( 9)      |

Source : From Field Survey.

(Figures in the parenthesis indicate the percentage in total)

From Table 9.1 it is observed that, in the primary sector, out of 128 beneficiaries 52 beneficiaries repaid their bank loans in full. They were 40 percent of the beneficiaries in the primary sector. 19 beneficiaries repaid their bank loans regularly. This means that these 19 beneficiaries repaid their bank loan instalment (as fixed by the bank branches) regularly. They were 15 percent of the total beneficiaries in this sector. 47 beneficiaries repaid their bank loan in an

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irregular way. This means that they could not pay their loan instalments in a regular way. They were 37 percent of the beneficiaries in this sector. 10 beneficiaries could not pay anything towards repayment of the bank loan. They were 8 percent of the total beneficiaries in this sector. Thus from the result it may be stated that, out of 128 selected beneficiaries 71 beneficiaries (i.e. 51 + 19) repaid their bank loan regularly and the remaining 57 (i.e. 47 + 10) beneficiaries could not pay their loan instalments regularly i.e. they were defaulters. Thus in the primary sector, 55 percent of the beneficiaries repaid their bank loans regularly and the remaining 45 percent of the beneficiaries did not repay their bank loans regularly i.e. they became defaulters.

In the secondary sector, out of 108 selected beneficiaries 48 beneficiaries repaid their bank loans in full and closed their bank loan accounts. They were 44 percent of the total beneficiaries in the secondary sector. 16 beneficiaries repaid their bank loans regularly. They were 15 percent of the beneficiaries under this sector. Thus 64 (i.e. 48 + 16) beneficiaries repaid their bank loans regularly. They were 59 percent of the total beneficiaries in this sector. 37 beneficiaries repaid part of their bank loans in an irregular way. They paid some amount towards repayment of bank loan but this payment was irregular. They were 34 percent of the beneficiaries under this sector. 7 beneficiaries could not

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pay anything towards repayment of bank loan. They were 7 percent of the beneficiaries under this sector. Thus a total of 44 beneficiaries (i.e. 37+7) could not repay their bank loans regularly. They were 41 percent of the total beneficiaries under this sector.

In the tertiary sector, out of 98 beneficiaries, 44 beneficiaries repaid their bank loans in full. They were 45 percent of the total beneficiaries under the tertiary sector. 15 beneficiaries repaid their bank loans in a regular way. This means that they could not repay their bank loans in full but they repaid their loan instalments regularly as fixed by the bank branches. They were 15 percent of the beneficiaries in the tertiary sector. 33 beneficiaries paid something towards repayment of their bank loan. This means that they paid something towards repayment of bank loan but they were not regular in payment of their bank loan instalment. They were 34 percent of the total beneficiaries under this sector. 6 beneficiaries could not pay anything towards repayment of bank loan. They were 6 percent of the total beneficiaries. Thus out of 98 beneficiaries 59 beneficiaries (i.e. 44+15) could pay their bank loan instalments in a regular way. They were regular in payment. They were 60 percent of the total beneficiaries. Similarly 39 beneficiaries (i.e. 33+6) could not repay their bank loan instalments regularly. They were treated as defaulters. They were 40 percent of the total beneficiaries.

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In the composite sector, out of 46 beneficiaries, 7 beneficiaries repaid their bank loan in full. This means that they have closed their bank loan accounts. They were 15 percent of the beneficiaries under this sector. 5 beneficiaries repaid their bank loan account in a regular way. They were 11 percent of the total beneficiaries. 24 beneficiaries paid something towards the repayment of bank loans but they could not pay the loan instalments regularly. They paid these loan instalments in an irregular way. They were 52 percent of the total beneficiaries under this sector. 10 beneficiaries could not pay anything towards repayment of bank loan. They were 22 percent of the total beneficiaries under this sector. Thus 12 beneficiaries (i.e. 7+5) could pay their loan instalment in a regular way. They were 26 percent of the total beneficiaries under this sector. Similarly 34 beneficiaries (i.e. 24+10) could not repay their bank loan instalment in a regular way. They were 74 percent of the total beneficiaries under this sector.

Taking all the sectors as a whole, out of 380 beneficiaries, 151 beneficiaries closed their bank loan accounts in due time. They were 40 percent of the total beneficiaries. 55 beneficiaries repaid their bank loan instalments regularly. They were 14 percent of the total beneficiaries. 141 beneficiaries paid something towards the repayment of bank loan in an irregular basis. They were the defaulters. They were 37

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percent of the total beneficiaries. 33 beneficiaries could not repay anything towards repayment of bank loan. They were also defaulter loanees, the percentage being 9 percent of the total. Out of 380 selected beneficiaries only 206 (i.e. 151+55) beneficiaries could repay their bank loans regularly. They were 54 percent of the total beneficiaries. Similarly 174 beneficiaries became defaulters in regard to repayment of the bank loans. They were 46% of the total beneficiaries.

In this context, it may be stated that, in the tertiary sector the highest percentage of beneficiaries closed their loan accounts which was followed by the secondary and primary sectors respectively. The lowest percentage in this regard was in the composite sector. Taking all the sectors as a whole, the percentage was 40 percent. Thus it may be stated that excepting the composite sector all the three other sectors have more or less the same percentage of account closed beneficiaries. The percentage of regular repayment in the composite sector was 11% which was lower than the average. Thus irregular payment in the composite sector was the highest. In the secondary sector and in the composite sector the percentage of irregular payment was the lowest which was also lower than the average. Considering the result of 'No payment' beneficiaries it was observed that in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector it was 8 percent, 7 percent, 6 percent and 22 percent respectively. Taking all the sectors as a whole it was 9 per

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cent. Thus in the tertiary sector the percentage was the lowest which was followed by the secondary sector. The primary sector secured the third position though the percentage in all the three sectors was lower than the average. In the composite sector, the position was the worst which was much higher than the average percentage.

Thus from the recovery side it may be stated that, in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector, the percentage of recovery of bank loan was 55 percent, 59 percent, 60 percent and 26 percent respectively. Taking all the sectors as a whole it was 54 percent. Thus from the result it may be stated that the recovery position in the tertiary sector was highest which was followed by the secondary sector. The primary sector secured the third position in respect of recovery though in all the three sectors, the percentage of recovery was higher than the average. In the case of composite sector the recovery position of bank loan was the worst, which was lower than the average.

From the defaulter side, it was observed that, in the primary sector the percentage of irregular payment was 45 percent, in the secondary sector it was 41 percent, in the tertiary sector it was 40 percent and in the composite sector it was 74 percent. Taking all the sectors as a whole it was 46 percent. Thus from the result it was observed that in the composite

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sector the recovery situation was the worst of all. This was followed by the primary sector (45%), though it was better than the average (46%). In the tertiary sector the recovery position was the best (40%) which was followed by the secondary sector (41%).

Thus from the above result it may be stated that in the tertiary sector the recovery position was the best and in the composite sector it was the worst.

#### CAUSES OF DEFAULT

From the previous discussion it was observed that, out of the total beneficiaries some beneficiaries were defaulters regarding the repayment of bank loan. In this section we shall try to find out the causes of default. For this purpose beneficiaries were classified into two broad groups i.e. (i) the beneficiaries whose payment of bank loan were irregular i.e. irregular repayment and (ii) those beneficiaries who could not repay anything towards repayment of bank loan i.e., no repayment at all. In each group, the causes of default may be classified in five groups. They are : (i) wilful defaulters, i.e. those beneficiaries who did not repay their bank loans willingly, though they were in a position of repaying the bank loan. (ii) Some beneficiaries were assisted by the inadequate and unsatisfactory nature of assets so that they were unable to repay the bank loan regularly. (iii) Some of

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the beneficiaries were assisted by low project cost than the actual cost. (iv) Some of the projects required some sort of infrastructural support, but these projects suffered from such support, i.e. lack of infrastructural support. (v) Some of the beneficiaries became defaulters due to more than one causes.

#### Causes of Default due to Irregular Payment

First of all we shall discuss about the defaulters who repaid their bank loan irregularly. Then we shall discuss whether they required any further loan, if required, for what purposes, i.e. whether for the expansion of their existing venture or whether they want to diversify to other venture from their original venture or whether for both purposes, whether they were assisted with further loan etc.

The sectorwise causes of irregular repayment can be analysed with the help of the following table (Table 9.2). It may be noted that total number of beneficiaries having irregular repayment was 141. The sectorwise distribution in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 47, 37, 33 and 24 respectively. Table 9.2 shows the distribution according to the causes of irregular payment of the bank loan instalment.

In the primary sector it was observed that out of 47 irregular repayment beneficiaries, 13 beneficiaries could not repay

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TABLE 9.2

DISTRIBUTION OF CAUSES OF IRREGULAR REPAYMENT OF BANK LOAN  
INSTALMENT IN DIFFERENT SECTORS

| Sector    | Sample<br>Size | CAUSES OF IRREGULAR REPAYMENT |   |                        |   |                                |
|-----------|----------------|-------------------------------|---|------------------------|---|--------------------------------|
|           |                | Wilful<br>defaul-<br>ter      | Inadequate<br>& unsatis-<br>factory<br>assets<br>provided | Low<br>invest-<br>ment | Lack of<br>infra-<br>struc-<br>tural<br>support | More<br>than<br>one<br>reasons |
| Primary   | 47             | 13 (28)                       | 14 (30)   | 3 ( 6)                 | 12 (26)   | 5 (10)                         |
| Secondary | 37             | 17 (46)                       | 3 ( 8)  | 2 ( 5)                 | 5 (14)  | 10 (27)                        |
| Tertiary  | 33             | 12 (36)                       | 4 (12)  | 6 (19)                 | 7 (21)  | 4 (12)                         |
| Composite | 24             | 8 (33)                        | 4 (17)  | 5 (21)                 | 4 (17)  | 3 (12)                         |
| Total     | 141            | 50 (35)                       | 25 (18)   | 16 (11)                | 28 (20)   | 22 (16)                        |

Source : From field survey.

(Figures in the parenthesis indicate the percentage in total)

their loan instalment regularly because they were wilful defaulters. They were 28 percent of the total irregular beneficiaries. Similarly 14 beneficiaries could not repay their loan instalments due to inadequate and unsatisfactory nature of the assets provided. This means that they were not satisfied regarding the assets provided to them. They were 30 percent of the total irregular beneficiaries. 3 beneficiaries could not repay their bank loan instalment due to low investment. Low investment refers to the low project cost which resulted in low income generation. They were 6 percent of the

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total irregular repayment beneficiaries. 12 beneficiaries could not repay their bank loan instalment due to lack of infrastructural support. Lack of infrastructural support means there exists no regular market for selling their salable product. They were 26 percent of the total irregular repayment beneficiaries. 5 beneficiaries could not repay their bank loans for more than one of the above reasons. They were 10 percent of the total irregular repayment beneficiaries in the primary sector.

In the secondary sector out of 37 irregular repayment beneficiaries, 17 beneficiaries did not repay their bank loans instalment willingly i.e. they were wilful defaulters. They were 46 percent of the irregular repayment beneficiaries in the secondary sector. 3 beneficiaries could not repay their bank loan instalments due to inadequate and unsatisfactory nature of assets provided. They were 8 percent of the irregular beneficiaries in this sector, 2 beneficiaries could not repay their bank loan instalment regularly due to low investment in the assisted project. They were 5 percent of the irregular repayment beneficiaries in this sector. 5 beneficiaries could not repay their bank loan due to lack of infrastructural support. They were 14 percent of irregular repayment beneficiaries in this sector. 10 beneficiaries could not repay their bank loan instalment due to more than one of the above reasons. They were 27 percent of the irregular beneficiaries under this sector.

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In the tertiary sector, out of 33 irregular repayment beneficiaries, 12 beneficiaries did not repay their bank loan instalment willingly i.e. they were wilful defaulters. They were 36 percent of the irregular repayment beneficiaries in the tertiary sector. 4 beneficiaries could not repay their bank loan instalments due to inadequate and unsatisfactory nature of assets provided to them. They were 12 percent of the irregular beneficiaries under this sector. 6 beneficiaries could not repay their bank loan instalments due to low investment in the projects provided to them. They were 19 percent of the total irregular repayment beneficiaries under this sector. 7 beneficiaries could not repay their bank loan instalments due to lack of infrastructural support. They were 21 percent of the total irregular repayment beneficiaries under this sector. 4 beneficiaries could not repay their bank loan instalment due to more than one of the above reasons. They were 12 percent of the irregular repayment beneficiaries in this sector.

In the composite sector, out of 24 irregular repayment beneficiaries, 8 beneficiaries did not repay their bank loan instalment willingly i.e., they were wilful defaulters. They were 33 percent of the irregular repayment beneficiaries under this sector. 4 beneficiaries could not repay their bank loan instalment due to inadequate and unsatisfactory nature of assets provided. They were 17 percent of the irregular

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repayment beneficiaries in this sector. 5 beneficiaries could not repay their bank loan instalment regularly due to low investment i.e. low project cost. They were 21 percent of the irregular payment beneficiaries in this sector. 4 beneficiaries could not repay their bank loan instalments due to lack of infrastructural support. They were 17 percent of the irregular repayment beneficiaries in this sector. 3 beneficiaries could not repay their bank loan instalments due to more than one of the above reasons. They were 12 percent of the irregular payment beneficiaries in this sector.

Taking all the sectors as a whole it was observed that out of 141 irregular repayment beneficiaries, 50 beneficiaries were willful defaulters. They were 35 percent of the total irregular repayment beneficiaries. 25 beneficiaries could not repay their bank loan instalments due to inadequate and unsatisfactory nature of assets provided. They were 18 percent of the total irregular repayment beneficiaries. 16 beneficiaries could not repay their loan instalments due to low project cost which resulted in low income generation. They were 11 percent of the total irregular beneficiaries. 28 beneficiaries could not repay their bank loan instalments due to lack of infrastructural support. They were 20 percent of the irregular beneficiaries, 22 beneficiaries could not repay their bank loans due to more than one of the above causes. They were sixteen percent of the total irregular beneficiaries.

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Clearly speaking the percentages which were calculated above could not give a clear picture about the size of defaulters in relation to total number of beneficiaries in the different sectors. If the percentages in different sectors are calculated with reference to the total number of beneficiaries in different sectors, the results will be as follows :

In the primary sector, out of 128 beneficiaries 47 beneficiaries could not repay their bank loan instalment regularly. Out of them 13 beneficiaries were willful defaulters. They were therefore 10 percent of the beneficiaries in the primary sector (i.e. 13 beneficiaries out of 128 beneficiaries). 14 beneficiaries could not repay their bank loan instalments regularly due to inadequate and unsatisfactory nature of the assets provided. They were 11 percent of the total beneficiaries in the primary sector. 3 beneficiaries could not repay their bank loan instalments due to low investment. They were 2 percent of the total beneficiaries in the primary sector. 12 beneficiaries could not repay their bank loan instalments regularly due to lack of infrastructural support. They were 10 percent of the total beneficiaries in the primary sector. 5 beneficiaries could not repay their bank loan instalments due to more than one reasons. They were 4 percent of the total beneficiaries in the primary sector. Thus the total percentage of irregular beneficiaries in the primary sector was 37 percent (i.e. 47 out of 128).

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In the secondary sector, out of 108 beneficiaries, 37 beneficiaries were defaulters due to irregular repayment of bank loan instalment. They were 34 percent of the total beneficiaries in this sector. Out of these beneficiaries, 17 beneficiaries were willful defaulter. They were 15 percent of the total beneficiaries in this sector. 3 beneficiaries could not repay their bank loan instalment due to inadequate and unsatisfactory & nature of the assets provided. They were only 3 percent of the total beneficiaries in this sector. 2 beneficiaries could not repay their bank loan instalments due to low investment. They were two percent of the total beneficiaries in this sector. 5 beneficiaries could not repay their bank loan instalment due to lack of infrastructural support. They were 5 percent of the total beneficiaries in this sector. 10 beneficiaries could not repay their bank loan instalment due to more than one of the above stated reasons. They were 9 percent of the total beneficiaries in this sector.

In the tertiary sector, out of 98 beneficiaries, 33 beneficiaries were defaulters due to irregular repayment of bank loan instalment. They were 34 percent of the total beneficiaries in this sector. Out of these beneficiaries 12 beneficiaries were willful defaulters. They were 13 percent of the total beneficiaries in this sector. 4 beneficiaries could not repay their bank loan instalments regularly due to inadequate and unsatisfactory nature of the assets provided. They were

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4 percent of the total beneficiaries in this sector. 6 beneficiaries could not repay their bank loan instalments due to low project cost which resulted in low income generation. They were 6 percent of the total beneficiaries in this sector. 7 beneficiaries could not repay their bank loan instalments due to lack of infrastructural support. They were 7 percent of the total beneficiaries in this sector. 4 beneficiaries could not repay their bank loan instalments due to more than one of the above stated reasons. They were 4 percent of the total beneficiaries in this sector.

In the composite sector, out of 46 beneficiaries, 24 beneficiaries could not repay their bank loan instalments regularly. They were 52 percent of the total beneficiaries under this sector. Out of these beneficiaries, 8 beneficiaries were willful defaulter. They were 17 percent of the total beneficiaries under this sector. 4 beneficiaries could not repay their bank loan instalments due to inadequate and unsatisfactory nature of assets provided. They were 9 percent of the total beneficiaries under this sector. 5 beneficiaries could not repay their bank loan instalments due to low investment in the projects which were provided to them. They were 11 percent of the total beneficiaries under this sector. 4 beneficiaries could not repay their bank loan instalments due to lack of infrastructural support. They were 9 percent of the total beneficiaries under this sector. 3 beneficiaries could

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not repay their bank loan instalments due to more than one of the above stated reasons. They were only 6 percent of the total beneficiaries under this sector.

Taking all the sectors as a whole, out of 380 beneficiaries, 141 beneficiaries could not repay their bank loan instalments regularly. They were 37 percent of the total beneficiaries. Out of these beneficiaries 50 beneficiaries were wilful defaulter. They were 13 percent of the total beneficiaries. 25 beneficiaries could not repay their bank loan instalment due to inadequate and unsatisfactory nature of the assets provided. They were 7 percent of the total beneficiaries. 16 beneficiaries could not repay their bank loan instalments due to low investment. They were 4 percent of the total beneficiaries. 28 beneficiaries could not repay their bank loan instalment due to lack of infrastructural support. They were 7 percent of the total beneficiaries. 22 beneficiaries could not repay their bank loan instalments regularly due to more than one reasons. They were 6 percent of the total beneficiaries under this sector.

Thus in irregular payment the percentage of willful defaulters in the primary sector, in the secondary sector, in the tertiary sector, in the composite sector were, 10 percent, 15 percent, 13 percent and 17 percent respectively. Taking all the sectors as a whole it was 13 percent. From the above discussion it was observed that the percentage of willful

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defaulters in composite sector was the highest which was followed by the secondary sector. The percentage of willful defaulters in primary sector was the lowest which was followed by the tertiary sector. The percentage of irregular repayment due to inadequate and unsatisfactory nature of assets provided in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector, were 11 percent, 3 percent, 4 percent and 9 percent respectively. Taking all the sectors as a whole it was 7 percent. Thus the percentage of irregular repayment due to inadequate and unsatisfactory nature of assets provided was the highest in the primary sector which was followed by the composite sector. In the secondary sector it was the lowest which was followed by the tertiary sector. The percentage of irregular repayment due to low investment in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 2 percent, 2 percent, 6 percent and 11 percent respectively. Taking all the sectors as a whole it was 4 percent. Thus it was observed that in the composite sector the percentage was the highest, which was followed by the tertiary sector. The percentage was the lowest in the secondary and in the primary sector. The percentage of irregular payment due to lack of infrastructural support in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 10 percent, 5 percent, 7 percent and 9 percent respectively. Taking all the sectors as a whole it was

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7 percent. Thus it was observed that the percentage was the highest in the primary sector which was followed by the composite sector. The percentage was the lowest in the secondary sector which was followed by the tertiary sector.

The percentage of irregular payment due to more than one of the above reasons, in the primary sector, in the secondary sector, in the tertiary sector, in the composite sector, were 4 percent, 9 percent, 4 percent and 6 percent respectively. Taking all the sectors as a whole it was 6 percent. Thus it was observed that the percentage was the highest in the secondary sector which was followed by the composite sector. The percentage was the lowest in the primary and in the tertiary sector.

In the previous discussion we have discussed about the causes of irregular payment. We shall now discuss about the irregular repayment beneficiaries whether the beneficiaries opting for further loan to repay the bank loan. For this purpose a table is required. Table 9.3 shows the requirement of further loan for repayment of the bank loan by the irregular beneficiaries. With the help of this table we may discuss about the further uses of this loan. This means that whether the beneficiaries required further loan for expansion of their existing venture or want to diversify to other venture from their original venture or they want to use the loans for both purposes.

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TABLE 9.3

REQUIREMENTS OF FURTHER LOANS BY THE IRREGULAR REPAYMENT  
BENEFICIARIES AND THEIR USES (EXPECTED)

| Sector    | Sample Size | Requirement of further loan |        | Expected Uses |                 |              |
|-----------|-------------|-----------------------------|--------|---------------|-----------------|--------------|
|           |             | Yes                         | No     | Expansion     | Diversification | Both purpose |
| Primary   | 47          | 46 ( 98)                    | 1 ( 2) | 1 ( 2)        | 40 (85)         | 5(11)        |
| Secondary | 37          | 37 (100)                    | -      | 2 ( 5)        | 29 (79)         | 6(16)        |
| Tertiary  | 33          | 32 ( 97)                    | 1 ( 3) | 2 ( 6)        | 14 (42)         | 16(46)       |
| Composite | 24          | 19 ( 79)                    | 5 (21) | 4 (17)        | 14 (37)         | 1( 4)        |
| Total     | 141         | 134 ( 95)                   | 7 ( 5) | 9 ( 6)        | 97 (69)         | 28(20)       |

Source : From Field Survey

(Figures in the parenthesis indicate the percentage in total)

From Table 9.3 it is observed that in the primary sector, out of 47 irregular payment beneficiaries, 46 beneficiaries opted for requirement of further bank loan for repayment of bank loan. They were 98 percent of the total beneficiaries under this sector. 1 beneficiary did not opt for further loan. It was 2 percent of the total beneficiaries. Out of these 46 beneficiaries, one beneficiary opted to expand his own venture. It was 2 percent of the total beneficiaries of this sector. 40 beneficiaries opted to diversify their original

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venture to other ventures. They were 85 percent of the total beneficiaries under this sector. 5 beneficiaries opted for the requirement of their loans for both purposes. They were 11 percent of the total beneficiaries under this sector.

In the secondary sector, out of 37 irregular repayment beneficiaries, all the beneficiaries opted for further loan to repay their bank loan instalment. They were cent percent of the total beneficiaries. Out of these 37 beneficiaries 2 beneficiaries opted to expand their original venture. They were 5 percent of the total beneficiaries under this sector. 29 beneficiaries opted for their requirement to diversify their original venture to other ventures. They were 79 percent of the total beneficiaries under this sector. 6 beneficiaries opted for the requirement of bank loan for both purposes. They were 16 percent of the total beneficiaries under this sector.

In the tertiary sector out of 33 irregular repayment beneficiaries 32 beneficiaries opted for requirement of further loan. They were 97 percent of the total beneficiaries under this sector, and the remaining 1 beneficiary did not opt for further loan. It was 3 percent of the total beneficiaries in this sector. Out of these 32 beneficiaries under this sector who opted for further loan, 2 beneficiaries requested for expansion of their existing venture. They were 6 percent of the total beneficiaries, 14 beneficiaries opted for diversification of their venture to other venture from their original

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one. They were 42 percent of the total beneficiaries under this sector. Remaining 16 beneficiaries opted for both purposes i.e. expansion and diversify. They were 46 percent of the total beneficiaries under this sector.

In the composite sector out of 24 irregular repayment beneficiaries, 19 beneficiaries opted for requirement of further loan. They were 79 percent of the total beneficiaries in this sector. Remaining 5 beneficiaries opted for no requirement of further loan. They were 21 percent of the total beneficiaries under this sector. Out of these 19 beneficiaries under this sector 4 beneficiaries opted for further loan for the expansion of their existing ventures. They were 17 percent of the total beneficiaries under this sector. 14 beneficiaries opted for further loan for diversification of their original venture to other ventures. They were 37 percent of the total beneficiaries under this sector. One beneficiary opted further requirement loans for both purposes, i.e. for expansion of the existing venture and also for diversification of their original venture to other ventures. It was 4 percent of the total beneficiaries under this sector.

Taking all the sectors as a whole, out of 141 irregular payment beneficiaries, 134 beneficiaries opted for requirement of further loan. They were 95 percent of the total beneficiaries under this sector. 7 beneficiaries opted for no requirement of further loans. They were 5 percent of the total

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beneficiaries under this sector. Out of these 134 beneficiaries who opted for the requirement of further loan, 9 beneficiaries opted for the requirement of loans for expansion of their existing venture. They were 6 percent of the total. 97 beneficiaries opted for requirement of further loans for diversification of their original ventures to other ventures. They were 69 percent of the total. 28 beneficiaries opted for the requirement of bank loans for both purposes i.e. for expansion of their existing ventures and for diversification to other ventures from their original ventures. They were 26 percent of the total beneficiaries under this section.

Thus from the above discussion it was observed that most of the irregular repayment beneficiaries opted for requirement of further loans. The percentage of requirement of further loans was the highest in secondary sector (100%) which was followed by the primary sector (98%). In the composite sector it was the lowest (79%) which was followed by the tertiary sector (97%). Taking all the sectors as a whole it was 97%. Out of these 134 beneficiaries who opted for requirement of further loan, some of them wanted to expand their existing ventures, some of them wanted to diversify their original ventures to other ventures and some of them wanted to use the funds for both the purposes. The percentage of requirement of further loans for expansion of their existing venture was the highest in the composite sector (17%) which was followed by the tertiary sector (6%). It was the lowest in the

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primary sector (2%) which was followed by the secondary sector (5%). Taking all the sectors as a whole it was 6% of the total. The percentage of the beneficiaries who opted to diversify their original venture to other venture was the highest in the primary sector (85%) which was followed by the secondary sector (79%). The percentage was the lowest in the composite sector (37%) which was followed by the tertiary sector (42%). Taking all the sectors as a whole it was 69% of the total. The percentage of the beneficiaries under this section who opted to use the loans for both purposes was the highest in the tertiary sector (46%) which was followed by the secondary sector (16%). The percentage was the lowest in the composite sector (4%) which was followed by the primary sector (11%). Taking all the sectors as a whole it was 20% of the total. Thus from the above discussion it was observed that in the primary sector and in the secondary sector most of the beneficiaries opted to diversify their original ventures to other ventures. In the tertiary sector most of them opted for the requirement of further loan for both the purposes. Only in the composite sector highest percentage of beneficiaries opted for expansion of their existing ventures.

Let us try to find whether the beneficiaries who opted for requirement of further loan were assisted further or not. For this purpose a table (Table 9.4) will be helpful. This table shows further loan sanctioned to the beneficiaries as second dose loan.

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TABLE 9.4DISTRIBUTION OF THE BENEFICIARIES TO WHOM FURTHER LOAN WAS  
SANCTIONED AND DISBURSED

| Sector    | No. of beneficiaries<br>opting for further<br>loan | No. of beneficiaries<br>sanctioned further<br>loan |
|-----------|--|--|
| Primary   | 46   | - (0)  |
| Secondary | 37   | 2 (5)  |
| Tertiary  | 32   | - (0)  |
| Composite | 19   | - (0)  |
| Total     | 134  | 2 (1.5)  |

Source : From Field Survey.

(Figures in the parenthesis indicate percentage in total)

From Table 9.4 it is observed that except the secondary sector, no loans had been sanctioned to other sectors. In the secondary sector, out of 37 beneficiaries who opted for further loans, only two beneficiaries had been assisted further. They were only 5 percent of the total beneficiaries under this sector. Taking all the sectors as a whole, out of 134 beneficiaries who opted for further loan only two beneficiaries were assisted further. They were 1.5 percent of the

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total under this sector.

Causes of non-repayment : In the previous section we have discussed about the causes of irregular payment of loan instalments. In this section we shall discuss the causes of non repayment of bank loan instalments. For this purpose we have classified the causes of no repayment in five different groups. They are : (i) willful defaulter i.e., the beneficiaries who did not repay the bank loan instalment willingly. (ii) Inadequate and unsatisfactory nature of the assets provided to the beneficiaries. (iii) Low investment causing low income generation. (iv) Lack of infrastructural support and (v) more than one of the above stated causes. The sectorwise causes of non repayment may be analysed by the following table (Table 9.5). The table 9.5 shows the sectorwise distribution of the causes of non-repayment of the bank loan by the beneficiaries.

From table 9.5 it is observed that, in the primary sector, out of 10 beneficiaries who did not pay anything towards repayment of bank loan instalment, 7 beneficiaries did this willingly. This means these 7 beneficiaries were willful defaulters. They were 70 percent of the beneficiaries under this section. 2 beneficiaries could not repay anything towards repayment of bank loan instalment due to inadequate and unsatisfactory nature of assets provided to them. They were only 20 percent of the beneficiaries under this section. One

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TABLE 9.5

DISTRIBUTION OF THE CAUSES OF NON-REPAYMENT OF BANK LOAN BY THE BENEFICIARIES IN DIFFERENT SECTOR

| Sector    | Sample Size | Causes of Non-repayment |                             |                |                                 | More than one reasons |
|-----------|-------------|-------------------------|-----------------------------|----------------|---------------------------------|-----------------------|
|           |             | Willful                 | Inadequate & Unsatisfactory | Low investment | Lack of infrastructural support |                       |
| Primary   | 10          | 7 (70)                  | 2 (20)                      | 1 (10)         | 0 (-)                           | 0 (-)                 |
| Secondary | 7           | 2 (29)                  | 1 (14)                      | 2 (29)         | 1 (14)                          | 1 (14)                |
| Tertiary  | 6           | 2 (33)                  | 3 (50)                      | 0 (-)          | 0 (-)                           | 1 (17)                |
| Composite | 10          | 6 (60)                  | 0 (-)                       | 0 (-)          | 0 (-)                           | 4 (40)                |

Source : From Field Survey

(Figures in the parenthesis indicate the percentage in total)

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beneficiary could not repay anything towards repayment of bank loan instalment due to low project cost i.e. low investment which caused low income generation. It was only 10 percent of the total beneficiaries under this section. None represented in the group lack of infrastructural support or more than one causes group.

In the secondary sector, out of 7 beneficiaries who could not repay anything towards repayment of bank loan, 2 beneficiaries were willful defaulters who did not repay the bank loan instalment willingly. They were 29 percent of the total beneficiaries under this section. One beneficiary could not repay anything towards bank loan instalment due to inadequate and unsatisfactory nature of assets provided to him. It was 14 percent of the total under this section. 2 beneficiaries could not repay anything towards bank loan instalment due to low investment. They were 29 percent of the total beneficiaries under this section. One beneficiary could not repay anything towards bank loan instalment due to lack of infrastructural support. It was 14 percent of the total beneficiaries under this section. One beneficiary could not repay anything toward repayment of bank loan instalment due to more than one causes. It was 14 percent of the total beneficiaries under this section.

In the tertiary sector, out of 6 beneficiaries who could not repay anything towards repayment of bank loan instalment, 2

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beneficiaries were willful defaulters. They were 33 percent of the total beneficiaries under this section. 3 beneficiaries could not repay anything toward repayment of bank loan instalment due to inadequate and unsatisfactory nature of assets provided. They were 50 percent of the total beneficiaries under this section. One beneficiary could not repay anything towards repayment of bank loan instalment due to more than one reasons. It was 17 percent of the total beneficiaries under this section. None represented in the groups of low investment and lack of infrastructural support.

In the composite sector, out of 10 beneficiaries who could not repay anything towards repayment of bank loan instalment, 6 beneficiaries were willful defaulters. They were 60 percent of the total beneficiaries under this section. 4 beneficiaries could not repay anything towards repayment of bank loan instalment due to more than one causes. They were 40 percent of the total beneficiaries under this section. None could be represented in the groups inadequate and unsatisfactory nature of assets provided, low investment and lack of infrastructural support.

Taking all the sectors as a whole, out of 33 beneficiaries who could not repay anything towards repayment of bank loan instalment, 17 beneficiaries were willful defaulters. They were 52 percent of the total beneficiaries under this section. 6 beneficiaries could not repay anything towards

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repayment of bank loan instalment due to inadequate and unsatisfactory nature of the assets provided. They were 18 percent of the total beneficiaries who could not pay anything towards bank loan instalment. 3 beneficiaries could not repay anything towards repayment of bank loan instalment due to low investment. They were 9 percent of the total beneficiaries who could not repay anything towards bank loan instalment. One beneficiary could not repay anything towards bank loan instalment due to lack of infrastructural support. They were 3 percent of the total beneficiaries who could not pay anything towards bank loan instalment. 6 beneficiaries could not repay anything towards bank loan instalment due to more than one causes. They were 18 percent of the total beneficiaries who could not pay anything towards bank loan instalment.

Thus from the above discussion it was observed the percentage of beneficiaries who could not repay anything willingly in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were, 70 percent, 29 percent, 33 percent and 60 percent respectively. Taking all the sectors as a whole it was 52 percent. Thus in the primary sector the percentage was the highest which was followed by the composite sector. The percentage was the lowest in the secondary sector which was followed by the tertiary sector. The percentage of the beneficiaries who could not repay anything due to inadequate and unsatisfactory nature of the assets provided in the primary sector, in the secondary

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sector, in the tertiary sector and in the composite sector were 20 percent, 14 percent, 50 percent and '0' percent respectively. Taking all the sectors as a whole it was 18 percent. Thus the percentage was the highest in the tertiary sector which was followed by the primary sector. It was the lowest in the secondary sector whereas composite sector represented nothing. The percentage of the beneficiaries who could not repay anything due to low investment in the primary sector, in the secondary sector were 10 percent and 29 percent respectively. Taking all the sectors as a whole it was 9 percent. The other two sectors represented nil. Thus it was the highest in the secondary sector which was followed by the primary sector. The percentage of the beneficiaries who could not repay anything toward bank loan instalment due to lack of infrastructural support were nil in three sectors other than the secondary sector, where it was 14 percent. Taking all the sectors as a whole it was 3 percent. The percentage of the beneficiaries who could not repay anything towards repayment of bank loan due to more than one reasons in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were '0', 14 percent, 17 percent and 40 percent respectively. Taking all the sectors as a whole it was 18 percent. Thus in the composite sector it was the highest which was followed by the tertiary sector. It was the lowest in the primary sector which was followed by the secondary sector.

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Clearly speaking the percentage of the beneficiaries who could not repay anything towards repayment of bank loan instalment willingly in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 5 percent, (i.e. 7 out of 128) 2 percent (i.e. 2 out of 108) 2 percent (i.e. 2 out of 98) and 13 percent (i.e. 6 out of 46) respectively. Taking all the sectors as a whole it was 4 percent (i.e. 17 out of 380). The percentage of beneficiaries who could not repay anything towards repayment of bank loan due to inadequate and unsatisfactory nature of assets provided in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 1.5 percent (2 out of 128), 1 percent (1 out of 108) 3 percent (3 out of 98) and '0' percent only. Taking all the sectors as a whole it was 1.6 percent.

The percentages of beneficiaries who could not repay anything towards repayment of bank loan due to low investment in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were 0.8 percent, (1 out of 128) 2 percent, (2 out of 108) '0' percent and '0' percent respectively. Taking all the sectors as a whole it was 0.8 percent only. The percentages of the beneficiaries who could not repay anything towards repayment of bank loan instalment due to lack of infrastructural support, in the primary sector, in the secondary sector, in the tertiary sector and in the composite sector were '0' percent, 1 percent

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(1 out of 108) '0' percent, and '0' percent respectively. Taking all the sectors as a whole it was 0.3 percent (1 out of 380). The percentages of beneficiaries who could not repay bank loan instalment at all due to more than one causes, in the primary sector, in the secondary sector, in the tertiary sector, and in the composite sector were '0' percent, 1 percent (1 out of 108), 1 percent (1 out of 98) and 9 percent (4 out of 46) respectively. Taking all the sectors as a whole it was 1.6 percent (6 out of 380).

We have observed the different causes of non repayment of bank loan instalment. Let us now discuss whether the beneficiaries opted for requirement of further loans and if opted for requirement of further loans, how they wanted to utilise the loans. They may use it for the purpose of expansion of their existing venture or they may diversify their venture to other venture from their original venture or they may use the funds for both purposes. Regarding these information we can tabulate the data in a suitable table and then we can analyse the data. The following table (Table 9.6) shows the sectorwise requirement of further loans and the opinion of the beneficiaries regarding utilisation of the funds.

From table 9.6 it was observed that in the primary sector, out of 10 beneficiaries who could not repay anything towards bank loan instalment, 10 beneficiaries opted for requirement of further bank loan. They were cent percent of the total.

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TABLE 9.6

REQUIREMENTS OF FURTHER LOANS BY THE BENEFICIARIES WHO COULD NOT REPAY ANYTHING TOWARDS BANK LOAN AND THEIR EXPECTED USES

| Sector    | Sample Size | Requirement of further loan |        |                    | Expected uses      |          |  |
|-----------|-------------|-----------------------------|--------|--------------------|--------------------|----------|--|
|           |             | Yes                         | No     | For Ex-<br>pansion | For Di-<br>versify | For both |  |
| Primary   | 10          | 10 (100)                    | -( 0)  | - ( 0)             | 10 (100)           | -(0)     |  |
| Secondary | 7           | 6 (85)                      | 1 (15) | - ( 0)             | 6 (85)             | -(0)     |  |
| Tertiary  | 6           | 6 (100)                     | -( 0)  | 1 (17)             | 5 (83)             | -(0)     |  |
| Composite | 10          | 8 (80)                      | 2 (20) | - ( 0)             | 8 (80)             | -(0)     |  |
| Total     | 33          | 30 (91)                     | 3 ( 9) | 1 ( 3)             | 29 (88)            | -(0)     |  |

Source : From Field Survey

(Figures in parenthesis indicate percentage in total)

Out of these beneficiaries, 10 beneficiaries opted for requirement of bank loans for diversification of their original venture to other ventures. They were cent percent of the total beneficiaries.

In the secondary sector, out of 7 beneficiaries who could not repay anything towards bank loan instalments, 6 beneficiaries opted for requirement of further loans to repay the outstanding loans. They were 85 percent of the total. Remaining one beneficiary could not opt for requirement of further bank

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loan. It was 15 percent of the total. Out of these 6 beneficiaries who opted for requirement of further bank loans, 6 beneficiaries opted for diversification of their original venture to other ventures. They were 85 percent of the total.

In the tertiary sector, out of 6 beneficiaries who could not repay anything towards repayment of bank loan instalment, 6 beneficiaries opted for further bank loans for repayment of outstanding bank loans. They were cent percent of the total. Out of these 6 beneficiaries 5 beneficiaries opted for requirement of further bank loans for diversification of their original venture to other ventures. They were 83 percent of the total. One beneficiary opted for the expansion of his original venture. It was 17 percent of the total.

In the composite sector, out of 10 beneficiaries who could not repay anything towards bank loan instalment, 8 beneficiaries opted for requirement of further bank loan for the repayment of the outstanding bank loans. They were 80 percent of the total. Remaining 2 beneficiaries opted for no requirement of further loans. They were 20 percent of the total. Out of these 8 beneficiaries who opted for further loans all of them opted for requirement of further bank loan for diversification of their original venture to other venture. They were 80 percent of the total.

Taking all the sectors as a whole, out of 33 beneficiaries,

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who could not repay anything towards repayment of bank loans, 30 beneficiaries opted for requirement of further loans. They were 91 percent of the total. 3 beneficiaries opted for no requirement of further loans. They were 9 percent of the total. Out of these 30 beneficiaries, one beneficiary opted for expansion of his original venture. It was 3 percent of the total. 29 beneficiaries opted the requirement of further loans for diversification of their original venture to other ventures. They were 88 percent of the total.

Let us try to find out how many beneficiaries were re-assisted in this section. For this purpose table 9.7 will be helpful. Table 9.7 shows the distribution of beneficiaries to whom further loans have been sanctioned and disbursed in different sectors.

From the above discussion it was observed that out of 380 beneficiaries, 206 beneficiaries repaid their bank loan in regular instalments. They were 54 percent of the total beneficiaries. Remaining 174 beneficiaries could not repay their loan instalments regularly. They were 46 percent of the total beneficiaries. Relevant reasons behind the low repayment and non-repayment were also stated earlier.

The beneficiaries expressed their opinion behind their inability to repay the due amount. They reported many reasons for low repayment as well as for non-repayment of the due

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TABLE 9.7SECTORWISE DISTRIBUTION OF THE BENEFICIARIES TO WHOM FURTHER  
LOANS HAVE BEEN SANCTIONED AND DISBURSED

| Sector    | Sample Size | Further loans sanctioned |          |
|-----------|-------------|--------------------------|----------|
|           |             | Yes                      | No       |
| Primary   | 10          | -                        | 10 (100) |
| Secondary | 6           | -                        | 6 (100)  |
| Tertiary  | 6           | -                        | 6 (100)  |
| Composite | 8           | -                        | 8 (100)  |
| Total     | 30          | -                        | 30 (100) |

Source : From Field Survey

(Figures in the parenthesis indicate percentage in total)

From Table 9.7 it was observed that no beneficiaries in any sector were reassisted by granting further loans.

amount of loans. The most dominant and proximate cause appeared to be their unwillingness to repay. 17.6 percent of the beneficiaries who failed to repay their loan instalments were willful defaulters. Such recalcitrant borrowers were supported and/or sheltered by the local political parties. They did not think at all the necessity of repayment of loan. From our field survey it was observed that most of these recalcitrant borrowers were in position to repay their dues. Some of the

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beneficiaries opined that the loan would be waived. Some of the members of political parties spread out the rumour of condonation of loans. To overcome these difficulties, more motivation would be required for making the beneficiaries understand the necessity of repayment of the bank loans. The jobs for motivation be done by the local panchayets and by the bank officials.

The second cause for non repayment/low repayment of bank loan was inadequate and unsatisfactory nature of assets provided to the beneficiaries by the agencies. Out of 380 beneficiaries 31 beneficiaries could not repay their bank loan instalment due to inadequate and unsatisfactory nature of assets provided to them. They were 8.1 percent of the total beneficiaries. To overcome these problems more extensive inspection before providing the assistance be done. In some cases it was observed from field survey that the schemes were allotted to the beneficiaries haphazardly without proper interview. To overcome these problems, the inspection before assistance should be done in such a way that the beneficiary expresses his willingness regarding the schemes.

The third cause for non repayment of bank loan instalment was due to low investment i.e. beneficiaries assisted by the inadequate amount of loan. Out of 380 beneficiaries 19 beneficiaries reported that they were assisted by low project cost. They were 5 percent of the total beneficiaries. To

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overcome this problem, the agencies should keep their eyes on the project cost of the schemes so provided. To quantum of loan amount be increased by the bank branches if they feel that the quantum of loan granted actually is lower than the requisite amount.

Another cause for low repayment or non repayment was lack of infrastructural support. In our field survey it was observed that out of 380 beneficiaries 29 beneficiaries reported that they could not repay their loan instalments due to lack of infrastructural support. They felt the lack of marketability of their products. They were 7.6 percent of the total beneficiaries. These problems can be overcome if the agency takes some necessary steps for providing marketing facilities of the products produced such as chilling centres for collection of milk, co-operative markets for rural artisans' product etc.

Out of 380 beneficiaries, 28 beneficiaries reported that they could not repay their loan instalments due to more than one of the above stated causes. They were 7.4 percent of the total beneficiaries. This problem can be overcome by taking the above stated remedies.

To recover the loan instalment more recovery drive should be made by the bank branches. Frequent inspection motivates the beneficiaries to repay the bank loan in due time. Post-

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assistance inspection inspires the beneficiaries. They can  
solved their problems. So the post-assistance inspection be  
increased which will facilitate higher recovery.

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