

CHAPTER - VI

GENDER DIFFERENTIALS IN NON-PERFORMING ADVANCES

6.1 BACKGROUND

The decade of the nineties brought in its wake a series of reform measures to globalise the Indian economy and make it competitive on an international scale. Waves of liberalisation swept across the external trade sector, domestic industrialisation policy as also the financial sector. The implementation of the recommendations of report of the Committee on Financial System (M Narasimham, 1991) ushered in an era of international accounting standards and prudential regulations in place of structural regulations with the ultimate aim of inducing greater productivity, efficiency and making the Indian Banking Sector globally competitive.

The prudential norms put in place by the Reserve Bank of India consequent to the implementation of the reform measures relate to that of income recognition, asset classification, provisioning and capital adequacy. All these measures put tremendous pressure on the banks' profitability and in the initial years caused many a bank to turn red. Asset classification and identification of non-performing advances became a crucial factor in the performance assessment of any bank.

WHAT ARE NON-PERFORMING ADVANCES ?

Non-performing advances are those problem accounts, wherein payment of interest/ installments are not forthcoming as per schedule or recovery of which cannot be fully effected due to erosion of securities charged following continuous application of interest and other charges irrespective of recovery. RBI had since 1985, introduced

the Health Code System in which all accounts were categorised under 8 groups depending on their state of health. Under the directives of RBI issued in 1989, banks were not allowed to charge interest on accounts falling under Health Code 5 to 8 (i.e., Recalled, Suit-filed, Decreed and Bad & Doubtful) and apply interest only selectively under Health Code 4 (i.e., sick - nonviable/ sticky accounts) subject to availability and realisability of security. However, a host of subjective considerations, varying perceptions and discretion of the managers shaped the allocation of the health codes, as a result of which banks continued to charge interest on accounts which were otherwise non-performing. This in effect camouflaged the state of health of not only the advances accounts but also the balance sheet of the banks.

The committee (Chapter V of the Report) desired that the policy of income recognition ought to be objective and must be based on record of recovery rather than on any subjective considerations. The committee, therefore, recommended that as per the international practice, an asset be treated as 'non-performing' as on the date of balance sheet if : (i) in respect of term loans, interest remains past due for a period of more than 180 days; (ii) in respect of overdraft and cash credit, accounts remain out of order for a period of more than 180 days; (iii) in respect of bills purchased and discounted, the bill remains overdue and unpaid for a period of more than 180 days; and (iv) in respect of other accounts, any amount to be received remains past due for a period of more than 180 days. An amount is considered past due when it remains outstanding 30 days beyond the due date.

Consequent to the implementation of the Narasimham Committee recommendations on financial sector reforms the banks were directed by the Reserve Bank of India to recognise income strictly on the basis of record of recovery i.e., on realisation basis instead of on accrual basis. For the purpose of provisioning, the banks were directed to classify all advances accounts into the following -4- categories :

(i). STANDARD ASSETS :

These are performing assets which do not have any problems in recovery of interest and/ or installments. Interest is booked on accrual basis and no provisions are required to be made.

(ii). SUBSTANDARD ASSETS :

These are assets that “show well defined credit weaknesses that jeopardize the liquidation of a debt and are characterised by the distinct possibility that the bank will sustain losses if deficiencies are not corrected”. A general provision of 10 per cent of the total outstanding is required to be created.

(iii). DOUBTFUL ASSETS :

A doubtful asset is one which has remained NPA for a period exceeding -2- years. The provisioning requirements are (i) 100% to the extent of which the loan account is not covered by the realisable value of security estimated on realistic basis and (ii) over and above item (i), provision to the extent of 20% to 50% of the secured portion depending upon the period for which the account has remained doubtful. The provisioning requirement is 20% on the secured portion on accounts classified as doubtful for a period upto one year, 30% in case of doubtful accounts of 1 to 3 years and 50% on accounts classified as doubtful for more than 3 years.

(iv). LOSS ASSETS :

A loss asset is one where the loss has been identified but the amount has not been written off wholly or partly. The provisioning requirement in such assets is 100% of the outstanding amount.

The success of the reform measures critically hinges on keeping the NPAs under checks, thereby minimising the provisioning requirements. NPA accounts on the one hand do not allow the banks to book income, on the other they are a drain on the profitability of the banks due to the funding costs. Further, the banks are required to

make provisions from out of their profits. At end March 1997, 18% of the total loan assets of Public Sector Banks aggregating Rs.244,214 crore was classified as NPAs (Report on Non-Performing Assets of Public Sector Banks). The high NPA levels are a matter of grave concern, keeping in view particularly, the international norm of 2-4% in banks abroad. The provisioning of Rs.18139.42 crore (31.03.97) made by public sector banks over the years on NPAs coupled with unrecognised income on the gross NPAs of Rs.43577 crore as at end March 1997 reflects clearly the magnitude of the problem (Pannir Selvam, 1998).

It is, in the context of the overall grave problem of NPAs, that attempt has been made to assess the genderwise composition of Bank 'X' in the advances granted to individuals.

6.2 GENDER ANALYSIS OF NON-PERFORMING ADVANCES AT THE ALL INDIA LEVEL

The asset classification of each of the advances account is available in BSR 1 - Part A (for accounts with credit limit of over Rs.25000/-). Similar information is, however, not available in BSR 1 - Part B (for accounts with credit limit of Rs.25000/- and less). Since the gender segregated data is available only for accounts with credit limit of over Rs.25000/-, the gender wise analysis of NPAs in the present chapter would be restricted to only accounts with limit over Rs.25000/- (M25).

The outstanding advances of the Bank 'X' under the category 'M25' (average for the year 1996 & 1997) was at Rs.14330.63 crore in about 2.90 lac accounts, comprising 92.44% of the total outstanding credit and 16.26% of the total number of accounts of the bank. Out of these 1.99 lac accounts aggregating to Rs.1759.56 crore were granted to individuals, which constituted 68.62% of the accounts and 12.28% of the outstanding amount under 'M25'.

In the present chapter, genderwise analysis in respect of NPAs, both accounts as also amount has been done in terms of (1) Male / Female NPAs as percentage Male / Female outstanding advances, and (2) Male/ Female NPAs as percentage to individual advances. The genderwise NPA position under 'M25' of Bank 'X' is as given in table 6.1.

Table 6.1 : **Genderwise Outstanding NPAs Accounts and Amount - All India.**

(Average of the outstanding for the years ended March 1996 & 1997)

Categories	Total no. of Accounts (units in lac)	Outstanding Amount (Rs. in crore)
(A) Total advances under 'M25'	2.90	14330.63
- of above NPAs	0.51	1866.95
- NPAs as per cent to 'M25'	17.59%	13.03%
(B) Advances to Individuals under 'M25'	1.99	1759.56
- of above NPAs	0.31	268.74
- NPAs as per cent to Indi. advances	15.58%	15.27%
(C) Advances to Males	1.78	1585.70
- of above NPAs	0.29	251.83
- NPAs as per cent to Male advances	16.29%	15.88%
(D) Advances to Females	0.21	173.86
- of above NPAs	0.02	16.91
- NPAs as per cent to Female advances	9.52%	9.73%

(Source : Appendix - II A)

Analysis of the incidence of NPAs under different categories, reveals that NPAs in the individual category under 'M25' was higher by about 200 basic points in terms of number of accounts but in outstanding amount the same was lower by about 200 basic points than that in total advances under 'M25'. Genderwise incidence of NPAs reflects that 16.29% of the male accounts aggregating to 15.88% of the credit granted to males were categorised as non-performing. Female NPA accounts as percentage to female accounts was at 9.52% and female NPA amount as percentage to loans granted to females stood at 9.73%.

It is clear from the above analysis that incidence of NPAs is twice as higher in case of men than in case of women. Another interpretation is that while males constituted 89.71% of the accounts and 90.12% of the amount granted to individual loanees, they comprised 93.50% of the NPA accounts and 93.71% of the NPA amount in the individual category. Women on the other hand constituted 10.29% of accounts and 9.88% of the amount granted to individuals at the all India level but comprised only 6.50% and 6.29% of the accounts and amount, respectively, in NPAs under individual category.

6.3 STATEWISE GENDER RATIOS IN RESPECT OF NPAs

The position in respect of NPA accounts and outstanding amounts for the different states across the country is given in Appendix - II A. Further, NPA amount of male/ female as percentage to the male/ female outstanding advances for the various states has been given in graph - G-5.

That there are sizable genderwise variations in the incidence of NPAs across the various states is quite apparent from the graph. Even though, NPA accounts as percentage to total accounts in respect of males for the country as a whole was 16.29%, the variations range from 63.40% in Nagaland to 5.12% in case of Kerala. The other states having male NPA accounts as percentage to total male accounts under 'M25' substantially higher than the all India ratio were : Manipur (59.82%), Meghalaya (41.38%), Orissa (35.08%), Bihar (32.60%), Assam (32.06%), U.T. of Pondicherry (30.48%), M.P. (24.57%), U.P. (21.95%), Karnataka (20.90%), Sikkim (20.00%), Jammu & Kashmir (19.03%) and Rajasthan (18.14%).

The states with ratio of male NPA account as percentage to male accounts lower than the country average were : Himachal Pradesh (15.36%), Gujarat (14.87%), Tripura (14.10%), Punjab (13.91%), West Bengal (13.59%), Haryana (13.42%), Andhra

Pradesh (13.13%), Maharashtra (10.51%), Tamilnadu (10.23%), U.T. of Chandigadh (7.41%), New Delhi (6.50%), Goa (5.86%), Kerala (5.12%) and Daman (nil).

The outstanding NPA amount as percentage to total amount in respect of males for the country as a whole was 15.88%. Among the states, Manipur was at the top with the ratio of male NPA amount as per cent to credit granted to them at 54.70%, while Kerala had the lowest incidence of male NPAs at 3.36%. Apart from Manipur the other states with incidence of NPAs higher than the all India average in respect of men were Meghalaya (44.82%), Bihar (33.75%), Orissa (32.87%), Assam (27.26%), J & K (25.68%), U.P. (21.87%), Pondicherry (21.52%), M.P. (21.48%), Rajasthan (19.02%), Nagaland (18.89%), Karnataka (18.09%), Sikkim (17.84%), Andhra Pradesh (17.08%) and Himachal Pradesh (16.43%). As many as -12- states/ U.T. out of -27- had the ratio of male NPA amount as percentage to male amount lower than the country average, viz., : New Delhi (14.08%), West Bengal (13.99%), Gujarat (13.96%), Haryana (12.58%), Tamilnadu (11.36%), Punjab (10.90%), Maharashtra (10.66%), Tripura (10.00%), Goa (7.38%) Kerala (3.36%), Chandigadh (2.84%) and Daman (nil).

In case of females, NPA accounts as percentage to total accounts for the country as a whole was 9.87%. While the state of Nagaland had a high ratio of female NPAs as per cent to female advances at 70.31%, the lowest NPA ratio is observed in Goa (2.49%). Since Daman had nil financing to women, NPAs was also nil. States, other than Nagaland, having female NPAs as per cent to female advances sizably higher than the all India average in respect of females were : Manipur (60.75%), Pondicherry (35.04%), Orissa (27.81%), Meghalaya (27.27%), M.P. (24.67%), Assam (24.60%), Bihar (22.95%), Sikkim (16.67%), U.P. (15.32%), Chandigadh (10.87%), Tripura (10.81%) and Karnataka (10.61%).

The states with ratio of female NPA accounts as percentage to female accounts lower than the country average were : West Bengal (9.61%), Andhra Pradesh (9.53%),

Rajasthan (9.53%) Gujarat (9.17%), Punjab (7.15%), Tamilnadu (6.71%), Haryana (5.68%), Maharashtra (5.63%), J&K (5.41%), Himachal Pradesh (4.00%), Kerala (3.30%), New Delhi (3.12%) and Goa (2.49%).

The outstanding NPA amount as percentage to total amount in respect of females for the country as a whole was 9.73%. Among the states Nagaland was at the top with the ratio at 77.28% and Sikkim at 2.57% had the least percentage of NPA amount in the total outstanding credit to women. Apart from Nagaland, the other states with female NPAs as per cent to female advances considerably higher than the all India level were : Manipur (57.63%), Orissa (30.86%), Meghalaya (26.72%), Bihar (26.40%), Pondicherry (25.87%), M.P. (22.02%), Assam (19.33%), U.P. (15.71%), Andhra Pradesh (14.02%), Rajasthan (11.33%) and West Bengal (10.47%). -14- states out of -26- (Daman excluded) had the ratio of female NPA amount as percentage to female amount lower than the country average. These were : Tripura (9.10%), Gujarat (8.77%), Tamilnadu (8.73%), Goa (7.81%), Haryana (6.58%), Karnataka (6.57%), Chandigadh (5.21%), Himachal Pradesh (4.64%), Maharashtra (4.59%), Punjab (3.96%), Kerala (3.76%), J&K (3.74%), New Delhi (2.94%) and Sikkim (2.57%).

An analysis of genderwise incidence of NPAs within each of the states also throws up some interesting observations. In large majority of the cases the percentage share of female NPAs (accounts as also outstanding amount) was observed to be considerably lower than that in case of male accounts. There were, nonetheless, a few states where NPAs as percentage to advances was higher in case of females than the males. The five states showing NPA accounts as percentage to total accounts higher in case of females than males were : Manipur (male : 59.82%, female : 60.75%), Pondicherry (male : 30.48%, female : 35.04%), Madhya Pradesh (male : 24.57%, female : 24.67%), Chandigadh (male : 7.41%, female : 10.87%) and Nagaland (male : 63.40%, female : 70.31%). There were seven states where female NPA amount as percentage to the outstanding advances to females was observed to be higher than that of males, these being : Manipur (male : 54.70%, female : 57.63%), Goa (male :

7.38%, female : 7.81%), Pondicherry (male : 21.52%, female : 25.87%), Kerala (male : 3.36%, female : 3.76%), Madhya Pradesh (male : 21.48%, female : 22.02%), Chandigadh (male : 2.84%, female : 5.21%) and Nagaland (male : 18.89%, female : 77.28%). In all, in five states, viz., Manipur, Pondicherry, Madhya Pradesh, Chandigadh and Nagaland, female NPAs as percentage to the advances granted to them was observed to be higher than that of males both in the number of accounts as also outstanding amount.

AVERAGE OUTSTANDING AMOUNT PER NPA ACCOUNT ACROSS THE STATES :

The average outstanding amount per NPA account of Bank 'X' in the category 'M25' was Rs.3.63 lac as compared to Rs.4.92 lac in case of total advances with credit limit over Rs.25000/-. In case of loans granted to individuals, the average outstanding amount per NPA account was Rs.86530/-. The all India figures in respect of average outstanding amount per NPA account in case of males was Rs.86720/- and in case of females, the same was Rs.83760/-.

The states having higher average outstanding amount per female NPA account than the all India average of Rs.83760/- were Andhra Pradesh (Rs.1.21 lac), Bihar (Rs.0.94 lac), Goa (Rs.3.07 lac), Haryana (Rs.0.99 lac), Himachal Pradesh (Rs.0.93 lac), Meghalaya (Rs.0.89 lac), Nagaland (Rs.0.85 lac), Rajasthan (Rs.0.91 lac), Tamilnadu (Rs.1.18 lac), Uttar Pradesh (Rs.0.85 lac) and West Bengal (Rs.0.94 lac).

While in majority of the states the average amount per female NPA account was lower than the average amount per account under 'M25', a few states deviating from this rule were Andhra Pradesh, Bihar, Goa, Haryana, Himachal Pradesh, Nagaland, Orissa, Rajasthan, Tamilnadu, Uttar Pradesh and West Bengal.

Another aspect in the genderwise analysis of NPAs is the average amount per male vis-à-vis the female NPA account in the various states. In majority of the states/ union territories, the average amount per NPA accounts in case of male accounts was observed to be higher than that in female accounts. There were nonetheless, a few states where average amount per female account was higher than the average amount per male account. These states were Goa, Haryana, Himachal Pradesh, Kerala, Tamilnadu and U.P.

6.4 GENDER ANALYSIS OF NON-PERFORMING ADVANCES IN GUJARAT STATE

The outstanding advances of the Bank 'X' under the category 'M25' in the state of Gujarat (average for the year 1996 & 1997) was Rs.2856.66 crore in 77993 accounts. Out of these, 11817 accounts aggregating to Rs.338.38 crore were classified as NPAs. In percentage terms 15.15% of accounts and 11.85% of the outstanding amount under the credit category 'M25' were classified as non-performing advances. The loans to individuals constituted 72.80% of the accounts and 17.41% of the amount under the category 'M25'. In table 6.2 below the genderwise NPA position in the state of Gujarat is given.

Table 6.2 : **Genderwise NPA Levels and Ratios - Gujarat State**

(Average of the outstanding for the years ended March 1996 & 1997)

Categories	Total number of Accounts (Actual)	Outstanding Amount (Rs. in crore)
(A) Total advances under 'M25'	77993	2856.66
- of above NPAs	11818	338.38
- NPAs as per cent to 'M25'	15.15%	11.85%
(B) Advances to Individuals under 'M25'	56781	497.29
- of above NPAs	8177	67.45
- NPAs as per cent to Indi. advances	14.40%	13.56%

Table 6.2 cont.

(C) Advances to Males	52147	459.23
- of above NPAs	7752	64.12
- NPAs as per cent to Male advances	14.87%	13.96%
(D) Advances to Females	4634	38.06
- of above NPAs	425	3.33
- NPAs as per cent to Female advances	9.17%	8.77%

(Source : Appendix - II B)

As in case of bank as a whole, NPAs in the individual category in Gujarat state was higher than that in total advances with credit limit above Rs.25000/- by over 200 basic points. The incidence of NPA in credit granted to individuals in Gujarat state, however, was observed to be lower than that at all India level. NPA as percentage to loans granted to individuals was 14.40% in case of accounts and 13.56% in case of the outstanding amount in Gujarat state as against 15.63% and 15.27% respectively, observed at all India level. The lower incidence of NPA in Gujarat vis-à-vis the all India position is noticed in both male as also female accounts. As against 14.87% of male accounts corresponding to 13.96% of the outstanding advances categorised as NPA in Gujarat, the all India ratios of NPAs in male accounts were 16.29% and 15.88% in accounts and amount respectively. In case of females, NPAs as percentage to total credit granted to them was 9.17% in accounts and 8.77% in the outstanding amount in Gujarat against the all India ratio of 9.87% and 9.73% respectively.

The gender differential in respect of NPAs in Gujarat reveals that the incidence of NPAs in the credit granted to men was 500 basic points more than that granted to females in both accounts as also outstanding amount. Another aspect in the gender analysis of NPAs is that while males constituted 91.84% of the accounts and 92.35% of the amount granted to individual account holders, they comprised 94.80% of the

NPA accounts and 95.05% of the NPA amount in the individual category. Women on the other hand constituted 8.16% of accounts and 7.65% of the amount granted to individuals but comprised only 5.20% and 4.95% of the account and amount, respectively, in NPAs under individual category.

INCIDENCE OF NPAs IN METRO/ URBAN VIS-À-VIS SEMI-URBAN/ RURAL AREAS :

With a view to assess variation in the incidence of NPAs across the different areas of Gujarat state, data on outstanding account as also amount was obtained for metro/urban and semi-urban/rural areas. Important genderwise ratios in respect of NPAs in M/U and SU/R areas in Gujarat is given in table 6.3 below :

Table 6.3 : Genderwise/ Areawise Ratios in respect of NPAs in Gujarat State

(figures in per cent)

Categories	Metro/Urban area	Semi-urban/Rural area	Gujarat State
ADVANCES UNDER 'M25'			
- NPA a/cs as % to a/cs under M25	11.60	17.14	15.15
- NPA amt. as % to amt. under M25	9.12	16.24	11.85
ADVANCES TO INDIVIDUALS			
- NPA a/cs as % to IND. a/cs	8.73	16.73	14.40
- NPA amt. as % to IND. amt.	8.05	15.95	13.56
ADVANCES TO MALES			
- NPA a/cs as % to male a/cs	9.36	16.99	14.87
- NPA amt. as % to male amt.	8.64	16.15	13.96
ADVANCES TO FEMALES			
- NPA a/cs as % to female a/cs	4.14	13.00	9.17
- NPA amt. as % to female amt.	3.16	12.88	8.77

(Source : Appendix - II B)

The above data on areawise NPAs for the State of Gujarat reveals that the incidence of NPAs is far higher in semi-urban/ rural areas as compared to metro/ urban areas under all categories of advances. While the incidence of NPAs in male accounts in semi-urban/ rural areas is twice as high as that observed in metro/ urban areas, in case of females the incidence of NPAs in semi-urban/ rural areas is three times higher than that observed in metro/ urban areas. Not only was the incidence of NPA observed to be higher in the semi-urban/ rural areas in respect of NPA as per cent to the credit outstanding in the particular area but also in terms of the share of SU/R area for every 100 account/ Rs.100/- that is classified as NPA in case of all groups. Table 6.4 below gives the genderwise break-up of per 100 account/ Rs.100/- classified as NPAs in M/U and SU/R areas.

Table 6.4 : **Genderwise/ Areawise break-up of NPAs Per 100 Account. and Per Rs.100/- classified as NPAs - Gujarat State**
(in per cent)

Particulars	Metro/ Urban	Semi-urban/ Rural	Total State
Total NPA accounts under M25	27	73	100
Total NPA amount under M25	47.60	52.40	100
Total Male NPA a/cs under M25	18	82	100
Total Male NPA amt. under M25	18.07	81.93	100
Total Female NPA a/cs under M25	20	80	100
Total Female NPA amt. under M25	15.27	84.73	100

(Source : Appendix - II B)

Notwithstanding the higher incidence of NPAs in the semi-urban/ rural areas, the average amount per NPA account is higher at metro-urban centres than at semi-urban/rural centres under all categories except that of females as can be observed from the table 6.5.

Table 6.5 : **Genderwise/ Areawise Average Amount Per NPA Account**

- Gujarat State

(Rs. in '000)

Categories	Metro/ Urban area	Semi-urban/ rural area	Gujarat state
Avg. amt. per a/c under M25	630.63	218.28	366.27
Avg. amt. per NPA a/c under M25	495.92	206.90	286.34
Avg. amt. per a/c under IND. a/c	90.72	86.29	87.58
Avg. amt. per NPA a/c under IND. a/c	83.67	82.24	82.49
Avg. amt. per Male a/c	92.13	86.49	88.06
Avg. amt. per Male NPA a/c	85.03	82.22	82.71
Avg. amt. per Female a/c	80.47	83.39	82.13
Avg. amt. per Female NPA a/c	61.39	82.65	78.50

(Source : Appendix - II B)

It can be observed from the above table that in case of females, the amount per NPA account was lower at M/U centres (Rs.0.61 lac) than at SU/R centres (Rs.0.83 lac).

6.5 INTER-DISTRICT COMPARISON OF GENDER RATIOS IN NPAs IN GUJARAT STATE

Gender analysis of NPA ratios in the -19- districts of Gujarat state reveals considerable variations across the districts. The state average in respect of male NPA accounts as percentage to male accounts was 14.87. However, the variations across the districts ranged from a high of 26.68% in Surat district and to 5.63% in Surendranagar district. In -6- districts viz., Surat (26.68%), Dangs (20.36%), Bulsar (19.39%), Amreli (16.99%), Baroda (16.60%) and Bharuch (15.06%), the ratio of male NPA accounts as percentage to male accounts was found to be adverse as compared to the state average. The districts with the ratio of male NPA accounts as

percentage to male accounts lower than the state average were : Kutch (14.58%), Sabarkantha (14.30%), Junagadh (14.13%), Jamnagar (13.72%), Panchmahals ((13.54%), Kheda (10.24%), Bhavnagar (9.29%), Banaskantha (9.09%), Gandhinagar (8.70%), Mehsana (8.58%), Rajkot (7.98%), Ahmedabad (6.20%) and Surendranagar (5.63%).

Male NPA amount as percentage to the outstanding credit to males was the highest in Dangs district (28.80%) and lowest in Mehsana district (6.09%). The districts with higher ratio of NPA amount in male accounts than the state average of 13.96% were - 8-, viz., Dangs (28.80%), Surat (23.46%), Amreli (21.47%), Bulsar (20.35%), Junagadh (16.17%), Panchmahals (15.48%), Bharuch (14.63%) and Kutch (14.50%). The -11- districts with male NPA amount as percentage to male outstanding amount were : Baroda (13.38%), Gandhinagar (11.92%), Sabarkantha (10.60%), Jamnagar (10.52%), Bhavnagar (9.93%), Kheda (9.30%), Banaskantha (7.51%), Surendranagar (7.31%), Ahmedabad (6.68%), Rajkot (6.32%) and Mehsana (6.09%).

Female NPA accounts as percentage to total female accounts which was at 9.17% for the state as a whole, ranged from 23.51% in Surat district at the top to 1.65% in Ahmedabad. The -5- districts with the ratio adverse as compared to the state average were : Surat (23.51%), Amreli (17.07%), Dangs (16.67%), Bharuch (11.78%) and Banaskantha (10.00%). The districts with lower percentage of female NPA accounts than the district average were : Baroda (9.08%), Kheda (8.99%), Kutch (8.67%), Sabarkantha (8.42%), Bulsar (7.51%), Jamnagar (6.21%), Bhavnagar (5.62%), Panchmahals (5.58%), Junagadh (5.45%), Rajkot (3.99%), Surendranagar (3.57%), Mehsana (2.33%), Gandhinagar (2.15%) and Ahmedabad (1.65%).

Female NPA amount as percentage to the outstanding credit to females was observed to be the highest in Surat district (25.60%) and lowest in Ahmedabad district (2.12%). As compared to the state average of 8.77%, the districts with higher ratio of NPA amount in female accounts were -5-, viz., Surat (25.60%), Amreli (13.94%),

Bharuch (11.10%), Dangs (9.58%) and Baroda (8.83%). The districts with favourable ratio as compared to the state average were : Banaskantha (6.88%), Sabarkantha (6.83%), Kheda (6.73%), Bulsar (6.36%), Jamnagar (5.90%), Kutch (5.86%), Junagadh (4.76%), Surendranagar (4.31%), Bhavnagar (3.76%), Gandhinagar (3.36%), Rajkot (3.31%), Panchmahals (3.28%), Mehsana (2.31%) and Ahmedabad (2.12%).

The above genderwise analysis of NPAs in the districts of Gujarat reflects that the problem of non-performing advances is endemic to certain regions, i.e., districts which show high ratio of NPAs to total advances in case of males also show high ratios in case of females. Districts like Surat, Dangs, Amreli and Bharuch show high ratio of NPAs to total advances, account as also amount, in case of both men as also women. Likewise, the districts of Ahmedabad, Surendranagar, Rajkot and Mehsana reflect low level of NPAs to total advances, in case of both men as also women.

Just as has been observed in the NPA ratios across the various states, in most of the districts NPAs as percentage to total advances granted to females was considerably lower than that observed in males. In case of accounts, the only -2- exception to this rule were : Amreli (male : 16.99%, female : 21.47%) and Banaskantha (male : 9.09%, female : 10.00%). Likewise, in respect of the ratios of outstanding NPAs to total credit, barring Surat district (male : 23.46%, female : 25.60%), in all other districts the gender differentials were observed to be considerably high, in some districts the male NPA ratio was observed to be three to four times higher than females.

AVERAGE OUTSTANDING PER NPA ACCOUNT - VARIATION ACROSS DISTRICTS AND AREAS :

The average outstanding per male NPA account in the category 'M25' for Gujarat state as a whole was Rs.0.83 lac, while that in case of female accounts the same was

Rs.0.79 lac. The districts with higher amount per NPA account than the state average in respect of females were Ahmedabad (Rs.0.96 lac), Baroda (Rs.0.80 lac), Gandhinagar (Rs.0.86 lac), Junagadh (Rs.1.33 lac), Kutch (Rs.1.24 lac), Mehsana (Rs.0.99 lac), Surat (Rs.0.86 lac) and Surendranagar (Rs.0.97 lac).

CONCLUSION

There is a myth implicit even in the meagre loans given to women in developing countries that women are higher credit risk. However, the empirical evidence as detailed above conclusively belie the assumption and go to prove the hypothesis that women are better credit risk with a far better record in repayment of loans. The incidence of non-performing advances in accounts 'with credit limit above Rs.25000/-' at the all India level was observed to be far higher in case of men than in case of women. This aspect is evident both in macro data for the country as a whole of bank 'X' as also micro data at the district level.

The study reveals that at the all India level, 16.29% of accounts corresponding to 15.88% of the outstanding credit granted to males were classified as NPAs. In case of females, on the other hand, the NPA ratios were 9.87% under number of accounts and 9.73% under outstanding amount. The data of the 26 states/ UTs taken in this study shows that outstanding NPA amount as percentage to the credit granted to the respective gender was sizeably higher in case of men, in all but -7- states, (these states were Nagaland, Manipur, Pondicherry, Madhya Pradesh, Goa, Chandigadh and Kerala). However, even in the aforesaid states, with the exception of Nagaland, in all others female NPA ratios were only marginally higher than the male NPA ratios.

The data for Gujarat state also confirms the findings at the all India level. As against 14.87% of the accounts and 13.96% of the outstanding amount granted to men categorised as non-performing advances, the NPA ratio in case of women was 9.17% and 8.77% under accounts and amount, respectively. Likewise, the district level data

reveals that with the sole exception of Surat district, in all the other 18 districts of Gujarat state, the NPA amount as percentage to outstanding was lower for women than men.

In the last one and half decade, the higher repayment record of females has been extensively documented. In a study of nationalised banks conducted by Elavia & Chellani (1995) in Gujarat state, recovery as percentage of outstanding loans was 17 per cent for men as against 39 per cent for women. Sunder (1983) also recorded higher repayment rates in case of female accounts. SEWA, Ahmedabad and WWF, Madras, two of the most recognisable institutions working for the upliftment of economically deprived women, have 90 to 95 per cent repayment record. Chavan (1998) in a case study of Vadodara district seeking to establish linkages between Banks and NGOs found that the Central Cooperative Bank, Vadodara had about 90 per cent recovery in case of the Mahila Mandals financed through NGOs.

Internationally also, studies of women focussed credit programmes have thrown up substantial evidence of women having higher credit-worthiness. Hossain & Afsar (1989) in their study of women's credit in Bangladesh, found that women focussed programmes had higher repayment rates than traditional credit schemes. At the Grameen Bank, with a record of 84 per cent female membership and 98 per cent recovery, managers confess that they deliberately target women because they are more disciplined and careful with capital (Hossain & Afsar op. cited). Indonesia's highly successful Badan Kredit Kecamatan programme, after 10 years of operation and with 2.7 million beneficiaries, of which females constitute over 60 per cent of its membership strength, had only 19 per cent loan funds in arrears (year of reference 1982). Foundation for Promotion and Development of Microenterprises (PRODEM), Bolivia has 70 per cent female membership and 99 per cent recovery (Holt and Ribe, 1991).

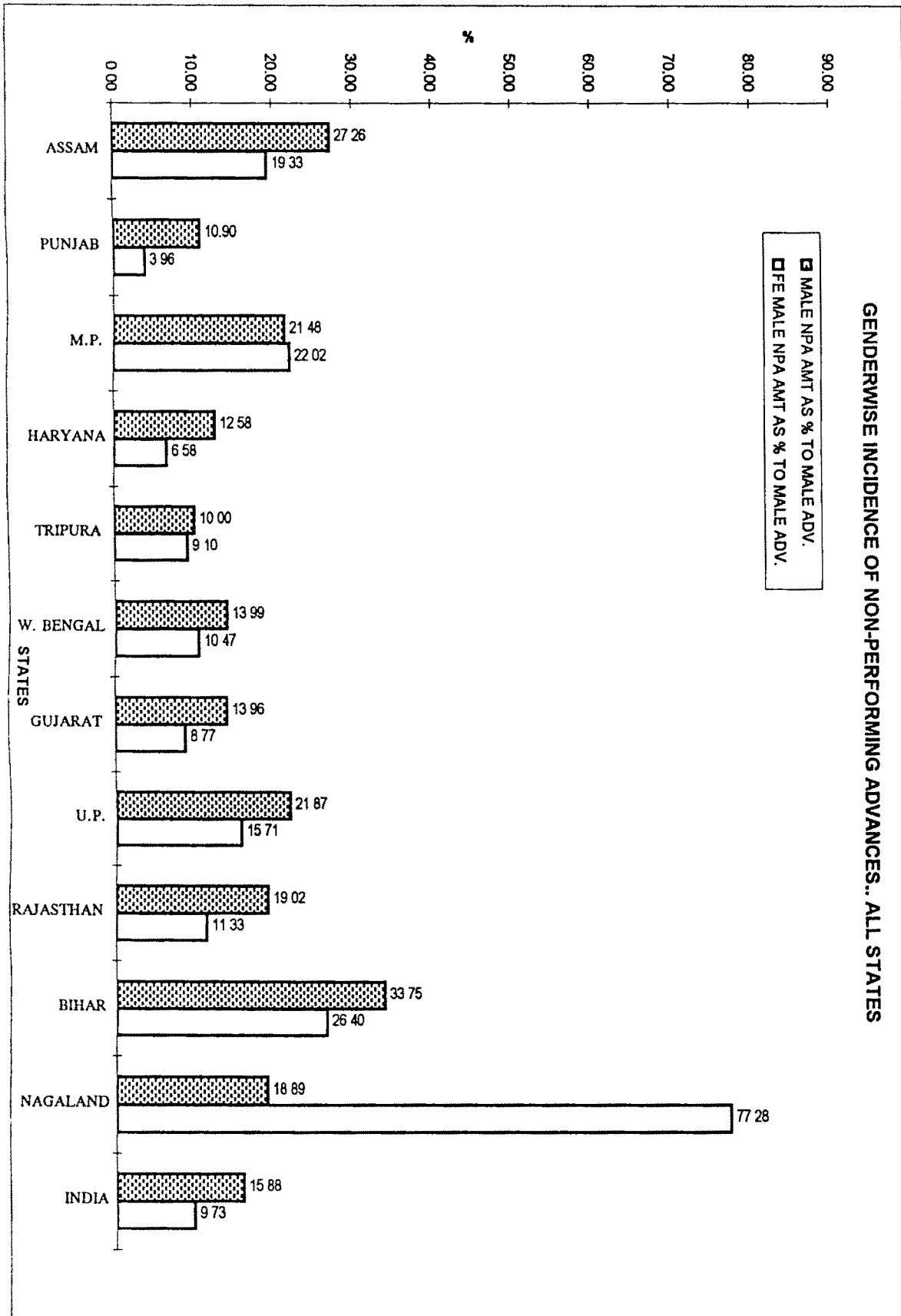
The findings in this study has important implications for banks. Firstly, given the rapid dis-intermediation process, whereby large corporate houses and blue chip companies are increasingly accessing various modes of financing other than traditional bank credit, banks would now have to focus on small & medium borrowers, individual entrepreneurs, petty traders etc., for their credit expansion. In this category of borrowers, the constituency that has largely been neglected is that of women. Given the existing low level of participation of women in bank finance, despite their significant contribution in the overall economy, there is clearly a vast area as yet untapped that can be assiduously cultivated for credit expansion.

One important reason why canvassing of women for credit expansion should be encouraged by the banks, apart from the equity, efficiency as also to some extent the welfare argument (given the sufficiently well documented women and poverty nexus), is that women are better credit risk and have better repayment performance. The issue of non-performing advances has gained tremendous importance in the wake of financial sector reforms. Given the relatively lower incidence of NPAs in female accounts, this group needs to be brought into the banking fold to improve the bottom-lines of the banking sector.

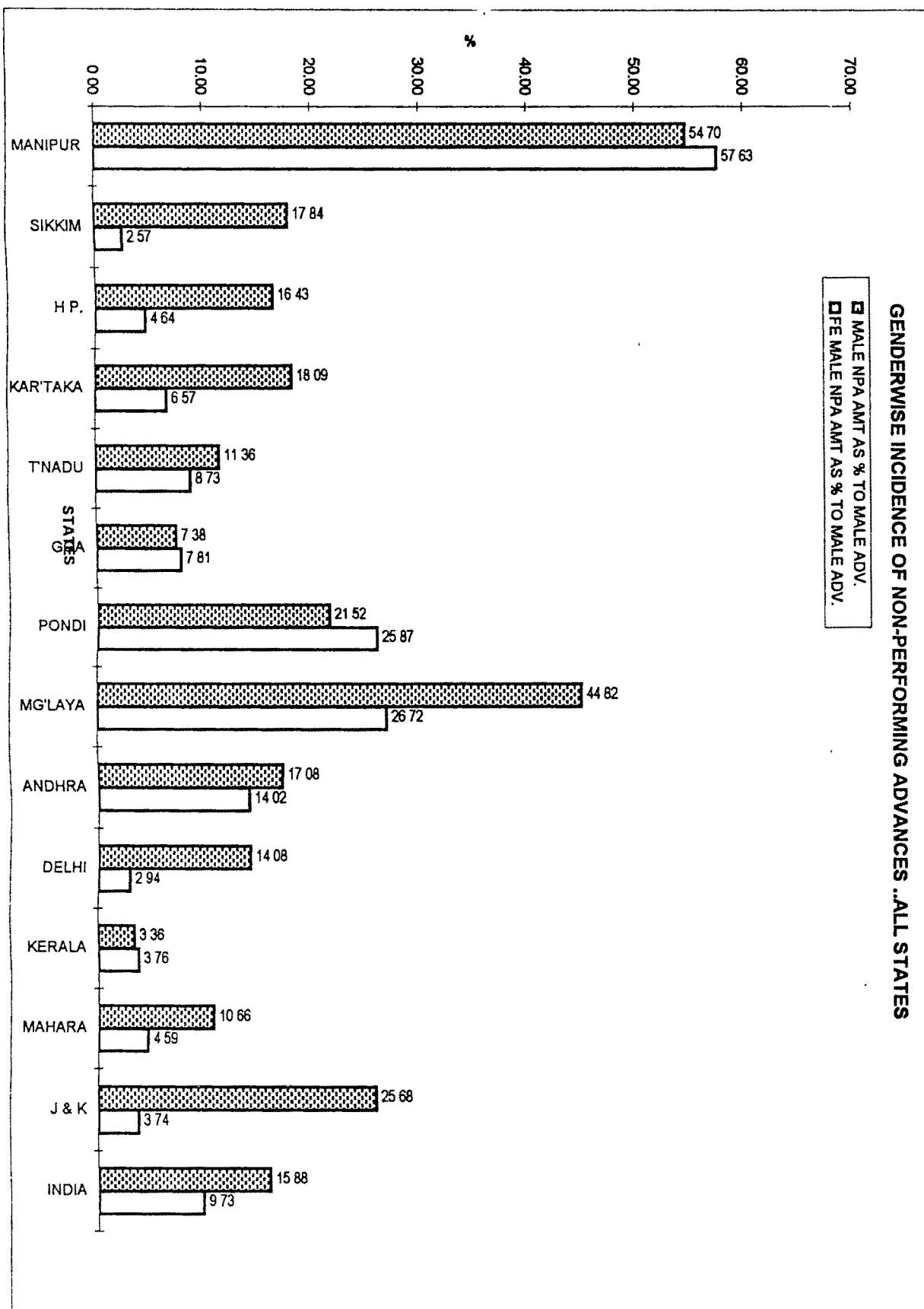
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GRAPH : G-5



GRAPH : G-5 (cont.)



GRAPH : G-6

