

CHAPTER - V

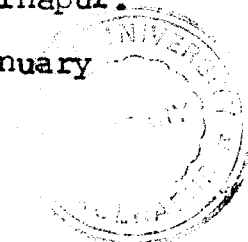
IMPACT OF LOANS SUPPLIED BY
MAHILA CO-OPERATIVE BANK ON INCOMES OF
THE BORROWERS FROM WEAKER SECTIONS.
(ANALYSIS OF SURVEY DATA).

CHAPTER - VIMPACT OF LOANS SUPPLIED BY MAHILA CO-
OPERATIVE BANK ON INCOMES OF THE BORROWERS
FROM WEAKER SECTIONS(ANALYSIS OF SURVEY DATA)Section-I

This chapter is primarily based on a sample survey. In order to ascertain impact of loans supplied by Mahila Co-operative Bank, Kolhapur on its borrowers from weaker sections of the society, a sample survey has been undertaken.

Eventhough, Mahila Co-operative Bank, Kolhapur has opened its new branch (3rd) at Haladi on 25-9-1983, nearly 96 percent of its total banking business is confined to Kolhapur city. Consequently, area of sample survey has been confined to Kolhapur city.

The relevant information and data have been collected through a questionnaire canvassed among the selected sample borrowers of the Mahila Co-operative Bank, Kolhapur. The sample survey was undertaken in the months of January and February, 1986.



Selection of Borrowers :

The Mahila Co-operative Bank, Kolhapur has started keeping separate records on loans and advances to weaker sections of the society since 1984-85. Loans and advances to female borrowers are made for following purposes :

- a) Purchase of milch cattle
- b) Purchase of sewing machines
- c) Working capital for business such as purchase and sale of vegetables, bangles etc.
- d) Working capital for retail trade in domestic articles such as foodgrains, tea-powder, biscuits, etc. and other business.

During the year 1984-85, the Mahila Co-operative Bank, Kolhapur granted loans and advances to 133 female borrowers from weaker sections for aforesaid purposes. Out of these total borrowers in the sample area, 33.33 percent or 44 borrowers were selected by simple random sample method.

The purposewise sample of borrowers was as follows :

i) Sewing Machines	6
ii) Milch cattle	8
iii) Vegetable business	6
iv) Bangle business	5
v) Trade and other business	19

Total :	44

Methodology :

We have collected the primary data relating to expenditure incurred in business and the revenue earned from the business by the selected sample borrowers. In order to ascertain impact of loans on income of sample borrowers, we have to consider -

- a) The period relevant to the analysis.
- b) The items to be considered on the cost side.
- c) The items to be considered on the revenue side.

As long as the revenue exceeds the cost, loans and advances for that business are considered to be financially feasible. The analysis relating to impact of loans on weaker section is discussed in detail in the relevant part of this chapter.

Important Definitions :

i) Weaker Sections of the Society : Weaker sections consist of the persons who are below the poverty line. A person, whose total annual income from all sources, whether in cash or in kind or partly in cash and partly in kind, does not exceed Rs. 3,600/- in rural area and Rs. 4,200/- in urban area is called a person from weaker section or below poverty line.¹

ii) Definition of short-term and medium-term loans : We have considered such loans as short-term, the period of which is 20 months² and those as medium-term, the period of which is 24 months.

Objectives :

The main objectives of this chapter based on a small sample survey of 44 borrowers are given below :

- a) To estimate cost and revenue of business such retail trade, bangle business, sewing business etc. of sample borrowers.
- b) To measure impact of loans on income of borrowers from weaker section.

Profile of selected
sample borrowers :

In order to present profile of sample borrowers, level of education, caste, size of the family, income of the family, etc., have been taken into consideration.

1) Level of education :

The level of formal education attained by individual tends to influence the extent to which he is exposed to new idea through the use of various communication channels. Education helps as means of securing new knowledge and new ideas. A level of formal education may hinder adoption of new skills and attitudes of an individual. Level of education is one of the important factors determining, efficiency attained in business. The classification of sample borrowers on the basis of level of education shows that 50 percent respondents are literate and 50 percent respondents are illiterate (Table 5.1). It is observed from the table No. 5.1 that 25 percent sample borrowers have education upto 4th standard. The sample borrowers having education from 5th standard to 7th standard form a small part of the total selected sample borrowers accounting for 13.64 percent. Similarly, 11.36 percent sample borrowers

Table 5.1Level of Education of the
Sample Borrowers

Sr. No.	Level of Education	No. of borro- wer	% of Total
1.	Illiterate	22	50.00
2.	Literate	22	50.00
3.	4th Standard	11	25.00
4.	7th Standard	6	13.64
5.	Matriculates	5	11.36
6.	Graduates	-	00.00
Total		44	100.00

have education from 8th standard to matriculate (10th standard). No one sample borrower has education above matriculate. It is needless to say that the level of education plays an important role in decision making in business.

2) Castes :

Castewise distribution of sample borrowers exhibits that Maratha caste is dominant among sample borrowers accounting for nearly about 32 percent. The sample borrowers belonging to Muslims also form a considerable part of total sample borrowers as the proportion of the former to the latter accounts for 27-27 percent. Similarly 25 percent sample borrowers belong to scheduled castes (Table No. 5.2). The sample borrowers having Lingayat caste constitute small part of total sample borrowers in as much as they account for 4.55 percent.

On the contrary, Brahmins, Marwadi and Shimpi constitute a very small portion of the total number of sample borrowers for only 2.27 percent sample borrowers belong to each caste (Table No. 5.2). Only 2 sample borrowers belong to Gondhali and Joshi Samaj.

Table 5.2Castewise Distribution of
Sample Borrowers

Sr. No.	Caste	No. of borrowers	Percentage to Total
1.	Maratha	14	31.82
2.	Muslims	12	27.27
3.	Scheduled Castes	11	25.00
4.	Lingayats	2	4.55
5.	Brahmins	1	2.27
6.	Marwadi	1	2.27
7.	Shimpi Samaj	1	2.27
8.	*Others	2	4.55
Total :		44	100.00

*Others include Gondhali and
Joshi Samaj.

From above analysis, it may be concluded that the major beneficiaries of loans and advances supplied by Mahila Co-operative Bank, Kolhapur are the females from Maratha, Muslims and Scheduled Castes. They form about 84 percent of the total number of sample borrowers.

3) Family size :

Classification of the families of the sample borrowers according to size is presented in Table No. 5.3. 52.27 percent sample borrowers have families consisting of 5 to 6 members. About 16 percent sample borrowers belong to families which consisted of 4 members. Similarly another 16% sample borrowers belong to families of more than 6 members.

Only one sample borrower or 2.27 percent sample borrowers have families upto 2 members. 13.64 percent sample borrowers belong to families having 3 members each.

Briefly, 31.82 percent selected sample borrowers (i.e. 14 out of 44) belong to families comprising upto 4 members; while remaining 68.18% or (30) sample borrowers have families consisting of more than 4 members.

Table 5.3

Size-wise Classification of
Families of Sample Borrowers

Family size	No. of sample borro- wers	Percentage of Total
Upto 2 members	1	2.27
3 members	6	13.64
4 members	7	15.91
5 members	15	34.09 ✓
6 members	8	18.18
Above 6 members	7	15.91
Total :	44	100.00

Table 5.4

Classification of Families of
Sample Borrowers by Income

Visit page number

Size of Income	No. of sample Borrowers	Percentage to Total
Upto Rs. 500	22	50.00
Rs. 501 - 1000	15	34.09
Rs.1001 - 1500	6	13.64
Rs. 1501 - 2000	1	2.27
Total	44	100.00

4) Family Income :

Classification of the families of sample borrowers according to their income exhibits that the sample borrowers having family income upto Rs. 500/- form a large part of the total number of sample borrowers accounting for 50 percent. 34.08 percent sample borrowers have family income in the range of Rs. 501 to Rs. 1000 (Table 5.4). In case of 13.64 percent and 2.27 percent sample borrowers, family income accounts for respectively in the range of Rs. 1001 to Rs.1500 and in the range of Rs. 1501 to Rs. 2000 (Table 5.4).

From the aforesaid analysis, it may be concluded that in case of 85 percent sample borrowers, family income amounts to upto Rs. 1000; while family income is above Rs. 1000, in case of only 15 percent sample borrowers (Table 5.4).

Purposewise Classification of Loans supplied to Sample Borrowers :

The selected sample borrowers obtained loans and advances from Mahila Co-operative Bank for various purposes such as sewing business, purchase buffaloes, vegetable business, Bangle business etc. Purposewise distribution of

loans among sample borrowers shows that 13.64 percent sample borrowers secured loans and advances for sewing business (Table 5.5).

The proportion of the sample borrowers obtaining loans for the purchase of buffaloes to the total number of sample borrowers accounted for 18.18 percent. Table No.5.5 reveals that 13.64 percent and 11.36 percent sample borrower obtained loans and advances from Mahila Co-operative Bank respectively for vegetable business and bangle business. The sample borrowers obtaining loans for retail trades such as foodgrains, skin of animals, tea powder, biscuits, chilli, household utensils etc., constituted a larger portion of total number of the sample borrowers in as much as the proportion of the former to the latter accounted for more than 40 percent.

From aforementioned analysis, it may be concluded that a large part of the total sample borrowers accounting for 43.18 percent secured loans for retail trade; while 13.64%, 18.18%, 13.64% and 11.36% sample borrowers obtained loans respectively for sewing business, purchase of buffaloes, vegetable business and bangle business.

Table 5.5

Classification of sample borrower
according to purposes for which
loans are obtained

Purpose	No. of Borrowers	Percentage to Total
1) Sewing Business	6	13.64
2) Purchase of Buffaloes	8	18.18
3) Vegetable Business	6	13.64
4) Bangle Business	5	11.36
5) Retail trade of foodgrains, chilli, tea-powder, biscuits, fruits, skin of animals, utensils, etc.	19	43.18
Total	44	100.00

It is observed that the procedure for the sanction of loans and advances is quite complex and time consuming owing to the valuation of mortgage offered, etc. Nevertheless, delays beyond a certain time limit cannot be justified. Here, the time period between the actual date of the submission of the loan application and the actual date of the disbursement of the loan is called the time required for the loan.

From the scrutiny of the Table No.5.6, it appears that nearly 80 percent sample borrowers could obtain loans and advances from Mahila Co-operative Bank within a period of one month. In fact, about 27 percent sample borrowers could be able to secure loans and advances within a period of two weeks. A considerable portion of the total sample borrowers accounting for 45.45 (20 out of 44) could secure loans within a period ranging from 2 weeks to 3 weeks.

A period of more than one month was required in case of 20.45 percent sample borrowers.

In short, only 13.64 percent sample borrowers could obtain loans within a period of less than one week; whereas 20.45 percent sample borrowers could secure loans within a period of more than one month. The periods required in case

Table 5.6

Period Intervening between date of loan application and date of actual disbursement of Loan(All sample Borrowers)

Period required in weeks	No. of applicants obtaining loans	Percentage to Total applicants
Below 1 week	6	13.64
1 week to 2 weeks	6	13.64
2 weeks to 3 weeks	20	45.45 ✓
3 weeks to 4 weeks	3	6.82
Above 4 weeks	9	20.45 ✓
Total	44	100.00

of 13.64%, 45.45% and 6.42% sample borrowers ranged respectively from 1 week to 2 weeks, from 2 weeks to 3 weeks and from 3 weeks to 4 weeks.

Amountwise Distribution
of Loans :

The sample borrowers obtaining loans and advances upto Rs. 1000 formed comparatively a larger part of the total number of the sample borrowers accounting for 43.13 percent (Table 5.7), 15.91 percent sample borrowers secured loans and advances between Rs. 1001 and Rs. 2000. In case of 36.36 percent sample borrowers, amounts of loans and advances ranged between Rs. 2001 and Rs. 3000. None of them obtained loans in the range of Rs. 3001 to Rs. 4000. However, only 4.54 percent (or 2) sample borrowers got loans and advances in the range of Rs. 4001 to Rs. 5000 (Table 5.7).

Above analysis reveals that about 95 percent sample borrowers obtained loans and advances upto Rs. 3000 and remaining 5 percent obtained loans above Rs. 3000.

Table 5.7Amountwise Classification of Loans
obtained by sample Borrowers

Amount of Loans in Rs.	No. of sample Borrowers	Percent- age to Total
Upto 1000	19	43.18
1001 - 2000	7	15.91
2001 - 3000	16	36.36
3001 - 4000	-	-
4001 - 5000	2	4.54
Total :	44	100.00

Section-II

In this section, the impact of loans and advances supplied by Mahila Co-operative Bank, Kolhapur on the incomes of selected sample female borrowers belonging to weaker sections is discussed. In order to measure impact, cost-structure and revenue composition of the business, for which loans and advances have been utilised, have been taken into consideration.

Selection of period for analysis :

For the purpose of analysis, a period of one month is taken into consideration owing to two reasons :

- 1) All sample borrowers obtained short-term loans and medium-term loans for a period of either 20 months or 24 months. Moreover, these loans were utilised in such types of business which immediately started yielding revenue for them. Therefore, a period of month is selected to analyse cost, revenue and net income of the sample borrowers.

2) All sample borrowers are required to repay loans and advances in regular monthly instalments. As each installment in case of repayment of loan is related to a period of one month. We have selected a period of one month for the purpose of analysis.

All sample borrowers have not utilised their loans in the same business. On the contrary, they have started different types of business with the help of loans and advances supplied by Mahila Bank, Kolhapur. For example, 6 sample borrowers started sewing business, 8 borrowers purchased buffaloes for milking business, 6 borrowers started buying and selling business of vegetables, 5 borrowers have Bangle stall and 19 borrowers started retail trade of food-grains, chilli, tea powder, household utensils etc. Therefore, sample borrowers have been classified according to their business for the purpose measuring impact of loans on their income.

Broadly, five types of business have been taken into consideration :

1. Sewing business
2. Milking business

3. Vegetable business
4. Bangle business
5. Retail trade.

1) Impact of loans on incomes of borrowers
engaging in sewing business :

In order to measure income from the business started with the help of loans and advances, cost structure and revenue composition have been analysed. The total cost comprises fixed cost and variable cost. The fixed cost in the context of sewing business may be defined as that cost which is incurred on investment in sewing machines. However, this definition is not useful for analysis as fixed cost is related to a longer period. Therefore, imputed fixed cost has been used for the purpose of analysis. The imputed fixed cost comprises (i) depreciation on value of sewing machine and (ii) interest on value of sewing machine.

While estimating depreciation on sewing machine, two factors have been taken into consideration :

- i) Usable period of sewing machines.
- ii) Value of investment in sewing machines.

Table 5.3

Monthly Cost Structure in Sewing Business
of 6 Sample borrowers

Item	Monthly amount in Rs.	Percentage to Total
A) Fixed Cost	487.50	23.16
1. Depreciation on value of sewing machine	56.50	2.68
2. Interest on value of sewing machine	431.00	20.48
B) Operational cost or variable cost	1617.00	76.84
1. Shop Rent	560.00	26.61
2. Electricity bill	53.00	2.52
3. Reel charges	783.00	37.21
4. Button charges	172.00	8.17
5. Miscellaneous	49.00	2.33
Total maintenance cost or Total Cost (A+B)	2104.50	100.00
Average Cost per sample borrower	350.75	-

In case of sewing machines, usable period is assumed to be 10 years. On the basis of 10 years usable period of machines, monthly depreciation on their values is estimated. Cost structure of sewing business is presented in table No.5.8. Per month fixed cost of sewing business started by 6 sample borrowers amounted to Rs. 487.50 accounting for 23.16 percent of total cost. Whereas variable cost formed a sizeable portion of total cost accounting for 76.84 percent. Variable cost includes shop rent, electricity bill, reel charges, button charges etc. in as much as these items are related to a period of one month. Shop rent and reel charges formed a considerable part of total cost accounting for respectively 26.61 percent and 37.21 percent. Similarly button charges formed 8.17 percent of total cost. Other variable cost were insignificant.

Table No. 5.8 reveals that per-month total cost of sewing business undertaken by 6 sample borrowers amounted to Rs. 2104.5. On an average, monthly total cost of sewing business per borrower worked out to be Rs. 350.75.

Gross Revenue of Sewing Business :

There are two sources of revenue : (i) revenue from sewing new dresses and (ii) revenue from repairing old dresses.

Revenue from sewing new dresses formed a major portion of gross revenue accounting for about 75 percent. Revenue from repairing old dresses constituted about 25% of gross revenue. Monthly gross revenue of sewing business undertaken by 6 sample borrowers amounted to Rs. 3516. Monthly average revenue per borrower worked out to be Rs. 586 (Table 5.9).

Table 5.9

Monthly Gross Revenue and its
Composition of sample borrowers
in Sewing Business

Item	Monthly amount in Rs.	Percentage to Total
A) Revenue from Sewing new dresses	2616.00	74.40
B) Revenue from repairing old dresses	900.00	25.60
Gross Revenue	3516.00	100.00
Average Revenue per borrower	586.00	-

Net income per borrower from sewing business is presented in table No. 5.10.

Table 5.10

Cost, Revenue and Net Income
from Sewing Business

Borrowers	Total cost in Rs.	Gross Revenue in Rs.	Net Income in Rs.
All Borrowers	2104.50	3516.00	1411.50
Per Borrower	350.75	586.00	235.25

The sample borrowers, undertaking sewing business obtained net income of Rs. 1411.50. Monthly net income per borrower from sewing business amounted to Rs. 235.25. Average monthly instalment in repaying the amount of loan worked out be Rs. 71.83 since monthly net income exceeds average instalment, the loans and advances supplied by Mahila Co-operative Bank to weaker sections for sewing business are financially feasible. Moreover, with the help of such loans, female borrowers could create additional source of income for their families.

From above analysis, it may be concluded that loans and advances to weaker sections for sewing business are financially feasible and these loans produced the positive impact on their incomes.

2) Impact of Loans on Incomes of Borrowers engaging in Milking Business :

In order to measure income from milch animals purchased by sample borrowers with the help of loans, cost structure of milch animals and gross revenue obtained from such business have been taken into consideration. Depreciation on value of animals and shed has been estimated in following way. While depreciation on value of milch animals is estimated on the basis of average 10 years milch life of animals; depreciation on value of shed is calculated on the basis of average 5 years life of shed.

Similarly interest on value of investment in animals and shed have been estimated on the basis of 14 percent interest rate per annum.

Monthly cost structure of milch business undertaken by 8 sample borrowers is presented in table No. 4.11.

Table 5.11

Monthly Cost Structure of Milch Buffaloes
in the case of 8 Sample Borrowers

Item	Monthly amount of cost in Rs.	Percentage to Total
A) Fixed Cost	413.00	11.78
1. Depreciation on value of animal and shed	175.00	4.99
2. Interest on value of animal and shed.	238.00	6.79
B) Operational Cost or Variable cost	3093.00	88.22
1. Feed	1470.00	41.93
2. Green and dry fodder	1440.00	47.07
3. Veterinary medicines	183.00	5.22
4. Labour charges	-	-
Total (A + B)	3506.00	100.00
Per Borrower	438.25	-

Imputed fixed cost in case of 8 sample borrowers amounted to Rs. 413 per month accounting for merely 11.78 percent of the total cost. Depreciation on value of animals and shed formed 4.99 percent of the total cost. Similarly interest on value of investment in animals and shed constituted a small portion of the total cost accounting for merely 6.79 percent.

Operational or variable cost formed a major part of the total cost accounting for more than 88 percent (Table 5.11). Feed charges as well as green and dry fodder charges formed a considerable portion of total cost accounting for respectively 41.93 percent and 41.07 percent. On the contrary, veterinary charges formed merely 5.22 percent of total cost.

In sum, variable cost formed more than 88 percent of total cost, whereas fixed cost constituted only 11.78 percent of the total cost. Monthly total cost of milch business undertaken by 8 sample borrowers amounted to Rs. 3506. Average monthly cost of milk business per borrower was Rs. 438.25.

Gross Revenue of Milch Business :

Gross revenue comprises revenue from milk, revenue from young stock and revenue from dung. Milk was the major source of obtaining revenue. Revenue from milk formed about 92 percent of gross revenue. Revenues from young stock and dung constituted respectively 6.14 percent and 1.96 percent of the gross revenue (Table 5.12).

Table 5.12

Monthly Gross Revenue and its Composition of sample Borrowers from Buffaloes

Item	Monthly amount of income in Rs.	Percentage to Total
1) Milk	5820	91.90
2) Young stock	389	6.14
3) Dung	124	1.96
Gross Revenue (1+2+3)	6333.00	100.00
Per Borrower revenue	791.62	-

Monthly gross revenue of milk business undertaken by 8 sample borrowers amounted to Rs. 6,333.00. Per borrower monthly gross revenue, on an average worked out to be Rs. 791.62 (Table 5.12).

Net income per-borrower from milk business is presented in Table No. 5.13.

Table 5.13

Cost Revenue and Net Income from Milk Business

Borrowers	Total cost in Rs.	Gross revenue in Rs.	Net income in Rs.
All borrowers	3506.00	6333.00	2827.00
Per borrower	438.25	791.62	353.37

The sample borrowers undertaking milk business obtained monthly net income to the extent of Rs. 2827.00 (Table 5.13). Monthly net income per borrower from milk business amounted to Rs. 353.37.

Average monthly instalment in repaying the amount of loans worked out to be Rs. 148.00.

Since average monthly net income exceeds average monthly instalment in repaying the loans, the loans and advances supplied by Mahila Co-operative Bank to weaker sections for dairy animals are financially feasible. Moreover, female borrowers generated an additional source of income for their families with the help of such loans and advances.

From the aforesaid analysis, it may be concluded that (i) loans and advances to weaker sections for purchase of dairy animals are financially feasible and (ii) impact of such loans on incomes of borrowers was, by and large, positive.

3) Impact of Loans on Incomes of Borrowers Engaging in Vegetable Business ;

The cost structure of vegetable business undertaken by 6 sample borrowers and gross revenue obtained from it is taken into consideration in order to estimate net income and financial feasibility of loans. In case of vegetable business, only investments in weights and measures and baskets are fixed costs. Therefore, for estimating depreciation on

the value of the measures and baskets, 5 year usable period and 1 year usable period have been considered in the case of respectively measures and baskets.

The cost structure of vegetable business undertaken by 6 sample borrowers is presented in table No. 5.14.

Table No. 5.14

Monthly cost structure in Vegetable Business
of 6 sample borrowers

Item	Amount of monthly cost in Rs.	Percentage to Total
1. Rent of open space in Bazaar	60.00	0.09
2. Weights and Measures*	1.00	0.00
3. Baskets*	1.25	0.00
4. Electricity Bill	0.00	0.00
5. Business Tax	60.00	0.09
6. Value of purchased Vegetables	6 46 87.50	98.42
7. Transport	914.00	1.39
Total Cost :	6 57 23.75	100.00
Per. sample borrower cost :	10953.96	-

*Indicates depreciation on respective value.

These 6 sample borrowers engaged in buying and selling business of vegetables comprising flower, tomato, brinjal, lady fingers etc. They incurred costs on various items such as rent on open space in bazaar, weights and measures, business tax, purchase of vegetables, transport, etc. The monthly cost structure in case of 6 sample borrowers exhibits that the cost of purchased vegetables formed a major part of the total cost accounting for more than 98 percent. Transport cost formed only 1.39 percent of the total cost. All other costs were insignificant in as much as each formed less than 0.1 percent of the total cost.

Briefly, cost of purchased vegetables formed more than 98 percent of the total cost, while other costs were insignificant as each constituted less than 0.1 percent of the total cost. Monthly total cost of vegetables business undertaken by 6 sample borrowers amounted to Rs. 65,723.75. Similarly, average monthly cost of vegetable business per borrower was Rs. 10,953.96.

Gross Revenue of Vegetable Business :

The revenue from selling vegetables is the only source of gross revenue in this business. Monthly gross revenue of vegetable business in case of 6 sample borrowers amounted to

Rs. 74,946. Per-borrower monthly gross revenue worked out to be Rs. 12,451.

Monthly net income per borrower from vegetable business is shown in Table No. 5.15.

Table 5. 15

Cost, Revenue and net income from
Vegetable Business

Borrowers	Total cost in Rs.	Gross Revenue in Rs.	Net Income in Rs.
All borrowers	65723.75	74946.00	9222.25
Per borrowers	10953.96	12451.00	1497.04

The sample borrowers engaging in vegetable business obtained monthly net income of Rs. 9222.25 whereas, monthly net income per-borrower from this business amounted to Rs. 1497.04 (Table 5.15.).

Average monthly instalment is repaying loans and advance was Rs. 60.66. In case of vegetable business, average

monthly net income per borrower was for more greater than the average monthly instalment. Therefore, the loans and advances supplied by Mahila Co-operative Bank to weaker sections for vegetable business are undoubtedly, financially feasible. Moreover, such loans produced strong positive impact on incomes of the borrowers.

Table 5.16

Monthly Cost structure of Bangle (Bangadi)
Business undertaken by 5 sample borrowers

Item	Monthly amount of cost in Rs.	Per- centage to Total
1. ShopRent	30.00	0.80
2. Depreciation on value of furniture and bangle cupboard.	1.76	0.04
3. Transport	87.00	2.33
4. Electricity	9.00	0.23
5. Business Tax	45.00	1.15
6. Value of Bangles purchased	3737.00	95.58
Total Cost :	3909.76	100.00
Per Borrower :	781.95	-

4) Impact of Loans on Incomes of Borrowers engaging in Bangle Business :

In order to ascertain net income of the sample borrowers engaging in Bangle business, total cost and gross revenue are considered. The cost of bangles purchased for the purpose of selling them formed more than 95 percent of the total cost. While other costs were insignificant as each formed less than 3 percent of the total cost. Monthly total cost of bangles business undertaken by 5 sample borrowers amounted to Rs. 3909.76 (Table No. 5.16). Similarly, per-borrower average monthly cost of bangle business was to the extent of Rs. 781.95.

Monthly gross revenue of bangle business in case of 5 borrowers amounted to Rs. 6967. Per-borrower monthly gross revenue amounted to Rs. 1393.40.

Monthly net-income per borrower from bangle business is shown in Table No. 5.17.

Table 5.17Cost, Revenue and Net-income from
Bangle Business

Borrower	Total Cost in Rs.	Gross revenue in Rs.	Net Income in Rs.
All Borrowers	3909.76	6967.00	3057.24
Per borrower	781.95	1393.40	611.45

The sample borrowers engaging in bangle business obtained monthly net income of Rs. 3057.24; while monthly net income per borrower from this business accounted for Rs. 611.45 (Table 5.17).

Average monthly instalment in repaying loans and advances in case of bangle business was Rs. 73.20 only. In case of bangle business, average monthly net income per sample borrower exceeded the average monthly instalment. Therefore, the loans and advances for such business are financially feasible. Moreover, bangle business undertaken by female sample borrowers generated additional source of income of their families. In case of bangle business, impact of loans on income is, by and large, positive.

5) Impact of Loans on Incomes of
Borrowers engaging in Retail Trade :

19 sample borrowers obtained loans and advances for retail trade of the following articles : Foodgrain, chilli, onion and garlic, tea powder, fruits, bananas, household utensils, confection, ball pen refills etc. in order to work out net income of sample borrowers, total cost and gross revenue are taken into consideration. The value of articles purchased for retail trade constituted nearly a single largest portion of total cost accounting for 99.35 percent (Table No. 5.18), while other costs were insignificant as each formed less than 0.2 percent of the total cost. Monthly total cost of retail trade undertaken by 19 sample borrowers amounted to Rs. 2,72,648.50 (Table 5.18). Average monthly cost per borrower was Rs. 14,349.92.

Monthly gross revenue of retail trade undertaken by 19 sample borrowers amounted to Rs. 2,91,903.00. Monthly gross revenue per borrower was estimated to be Rs. 15,363.31.

Table 5.18

Monthly cost structure in the case of retail trade business of 19 sample borrowers

Item	Monthly Cost in Rs.	Percentage to Total
1) Shop Rent	450.00	0.16
2) Transport	800.00	0.29
3) Labour Charges	150.00	0.05
4) Electricity	204.00	0.08
5) Business Tax	158.00	0.05
6) Depreciation on Furniture	5.50	0.00
7) Depreciation on value of weights and measures	3.00	0.00
8) Value of articles purchased	270878.00	99.35
Total Cost :	272648.50	100.00
Per Borrower	14349.92	-

Monthly net-income per borrower from retail trade is presented in Table 5.19.

Table 5.19

Cost, Revenue and Net-Income from
Retail Trade

Borrower	Total Cost in Rs.	Gross Revenue in Rs.	Net Income in Rs.
All Borrowers	272648.50	291903.00	19254.50
Per borrower	14349.92	15363.31	1013.39

The sample borrowers having retail trade of different articles obtained monthly net-income to the extent of Rs. 19254.50 (Table 5.19). Monthly net-income per borrower from retail trade amounted to Rs. 1013.39.

Average monthly instalment in repaying loans and advances in case retail trade was Rs. 129.94. Since, average monthly net-income per sample borrower exceeded the average monthly instalment, the loans and advances for retail trade are financially feasible. Moreover, retail trade undertaken

by women sample borrowers created an additional source of income for their families. This implies that impact of loans and advance supplied by Mahila Co-operative Bank on incomes of sample borrowers belonging to weaker sections of the society was positive.

REFERENCES

- 1) Order of Deputy Secretary to Government of Maharashtra, Agriculture and Co-operative Department, Bombay dated 10-1-1984.

- 2) These definitions are adopted by Mahila Co-operative Bank Ltd., Kolhapur.

