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## EDITORIAL

We feel honoured and privileged to present the Bi-Annual Peer Reviewed Refereed Journal, ISSN (Online): 2583-5203, Volume 4, No. 01, June, 2025 among our esteemed readers and academic fraternity.

This Journal is the outcome of the contributions of insightful research-oriented papers/articles by various eminent academicians, and research scholars in a highly organized and lucid manner with a clear and detailed analysis related to the emerging areas in the fields of Social Sciences and Allied Areas.

The views expressed in the research-oriented papers/articles solely belong to the paper contributor(s). Neither the Publisher nor the Editor(s) in any way can be held responsible for any comments, views and opinions expressed by **paper contributors**. While editing, we put in a reasonable effort to ensure that no infringement of any intellectual property right is tolerated.

We also express our sincere thanks and gratitude to all the contributors to research papers/articles who have taken pain in preparing manuscripts, incorporating reviewer(s) valuable suggestions and cooperating with us in every possible way.

We also express our heartfelt gratitude to all the esteemed members of the Editorial Board, Esteemed Reviewer(s) who despite their busy schedules have given their valuable time, suggestions and comments to enrich the quality of the contributory research paper(s) in bringing to light this June issue.

Last, but not least, we revere the patronage and moral support extended by our parents and family members whose constant encouragement and cooperation made it possible for us to complete on time.

We would highly appreciate and look forward to your valuable suggestions, comments and feedback at [editorbr2022@gmail.com](mailto:editorbr2022@gmail.com)

June, 2025  
West Bengal, India

**PEMA LAMA**  
Editor-in-Chief

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## RESEARCH ARTICLE

# Non-Performing Assets with Banks : A Study on the Self-help Groups of the Eastern Region of India

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**Index Terms:** Non-Performing Asset | Self-help Group | Loan Disbursement | Outstanding Loan

## ABSTRACT

Self-help Group Bank Linkage Programme (SBLP) is the major effective approach to microfinance in recent years in India. Self-help groups are Financial Intermediaries which are formed by 12-25 members, the maximum of whom are women. Such women usually come from a similar background in society and mobilise their small savings and group savings so that the members are able to take monetary help in case of a financial emergency. These Self-help groups are informal groups and are not trained to maintain proper financial records; they also lack good financial management.

This paper attempts to delve into the recent savings by Self-help groups and the bank loans disbursed to them. The study also focuses on the non-performing assets generated in banks due to non-payment of the loan amount by the self-help groups. For the study Eastern region of India is selected, which comprises the states such as Andaman & Nicobar Islands, Bihar, Jharkhand, Odisha and West Bengal. Secondary data is collected for the study from the National Bank for Agriculture and Rural Development (NABARD).

## 1 INTRODUCTION

Self-help Groups represent that Financial Intermediary which is formed by 12 to 25 local women who come voluntarily and start to mobilise their small savings. They can take a loan from their common savings to meet any financial emergency or to fulfil their own need. These self-help group members do not possess valuable collateral to lend money from formal financial institutions (Das T., 2013). Over the decade, the microfinance institutions have grown, whose major objective is to lend money to the poorer people who do not have collateral to borrow money from other banking and financial institutions. Mainly, these microfinance institutions provide loans mainly to the small farmers,

business owners, entrepreneurs and other marginalised sections (Singh & Gupta, 2021). With the emergence of these microfinance institutions gradually the self-help group bank linkage program was gradually initiated. Till the year 2020, it became the world's largest microfinance movement, recording tremendous growth with a total number of self-help groups with an outstanding loan of ₹102.43 lakhs (Randhawa & Kaur, 2020).

Non-performing assets are a big problem for our economy. These assets are the type which does not generate any income, but the banks need to treat them as assets. Banks are now becoming very careful while lending money to any of their customers as the percentage of non-performing assets are increasing day

by day (Rao & Patel, 2015). Both the private and public sector banks have a positive impact on the growth and development of the Indian economy, however, it has been observed that banks' growth has been hindered due to the presence of non-performing assets, as a huge amount of locked money cannot generate any income. Thus, it becomes very important for the banks to adopt a strategy to reduce their Non-Performing assets (Chaitra K.S., Vasu V, 2018), which fail to earn income. (Singh, 2016).

## 2 LITERATURE REVIEW

Das (2014) examined in his paper the non-performing assets of banks relating to self-help groups mainly in the North-Eastern Region of India, and also pointed out the recovery performance of the self-help group bank linkage programme. The researcher used the data from the National Bank for Agriculture and Rural Development (NABARD) and concluded that over the last 10 years, the SHG-BLP has taken important initiatives in encouraging savings and higher repayment by the self-help group members. The paper also noted that from the viewpoint of savings and loan disbursement, the Southern region is experiencing more than the North-eastern region, but the ratio of NPAs with total loans outstanding is higher in North North-eastern region, and also the recovery is lower in the North-eastern region. Finally, the researcher put a question about the failure of SHG-BLP in the North-Eastern Region, whether it is due to the higher amount of NPA or lower recovery rates. NPA has now become a serious concern for the banks which are giving loans to SHG-BLP.

Das. S.K. (2015) Public sector commercial banks have played an important role in the self-help group bank linkage programme of the state of Odisha and empowered the members with banking knowledge, and helped the members to build self-confidence so that they can work independently. Arora & Singh (2015) commented that both the public & private sector banks in India were experiencing increased non-performing assets under the self-help group bank linkage programme. They concluded the same after a thorough research on self-help group members linked to the bank

in all other regions of India and applied some statistical tests like ANOVA to establish their conclusion. Rao & Patel (2015) have conducted a comparative analysis on the public Sector, private Sector and foreign banks to compare their NPA management from the year 2009 to 2013. Various Non-performing assets-related ratios are also discussed in this study. This paper takes the help of the least squares method for the calculation of Gross NPA. In order to find out any significant difference between the ratio of gross NPA and gross advances, the researchers applied the ANOVA test. From the study, it is revealed that the public sector banks have having increased gross NPA to gross advance ratio. Singh & Singh (2017) analysed various key areas where the growth of Non-Performing Assets is significant, and the reasons for this were also identified. In this study, the authors consider the state of Bihar and identify the trend in the growth of NPAs in the microfinance institutions of Bihar and also find some rectifying measures.

On the other hand, BIRD (2019) identified various reasons due to which the NPAs of Self-help group members are increasing. Some specific reasons among them are poor economic condition, lack of credit data, negative peer pressure, lack of follow-up by institutions, etc. It also highlighted various factors affecting the NPAs of self-help groups and the risk associated with them for future credit. Sharma & Singh (2020) have stated some major reasons for defaulting on repayment of SHGs in the state of Uttar Pradesh. One of these is the size of the loan; if the loan size is small, the savings of the member also become small, and there may be less peer pressure for the repayment of the loan from the members. From the institutional point of view, there might be less monitoring for any small-sized loan. In the same context, Randhawa & Kaur (2020) highlighted various reasons why the non-performing assets of a bank are increasing and also suggested some measures which can reduce the non-performing assets of banks so that they can increase their profitability and become financially stronger. The researchers analysed the position of non-performing assets by SHG-BLP in the six regions of India where various public, private or regional rural banks provide loans. Proper mentoring

to the group members, exclusion of the involvement of the political party and proper grading of SHGs can increase the loan repayment ability of the self-help group members.

Singh & Gupta (2021) have conducted an empirical study considering the state of Uttar Pradesh to determine the repayment ability of the self-help groups of that state, considering a few important factors. For the study, primary data is collected from 300 members from a total of 100 self-help groups from the rural areas of two districts of Uttar Pradesh (Sultanpur and Faizabad). The researchers have used very fundamental factors to conclude. These factors are like loans taken by the households, size of the households, literacy rate of the household members of a self-help group, the age of the self-help group, etc. The study concluded that old SHGs can get loans more frequently than the new group, and in most cases, the new groups are using the loan amount for consumption purposes. So, no income-generating activity is coming mostly from their loan. Finally, the study suggested that if the loan is properly allocated to the groups and a proper monitoring and grading system is implemented, then the repayment performance of the group may be improved.

On the other hand, Muduli and Sharma (2022) identified in their study that the Central, Northern and North Eastern regions of India have experienced a high percentage of the ratio of non-performing assets to total advances, which sometimes becomes more than 15%. This study analysed the various factors (state-specific, self-help group-specific factors) that are responsible for this high repayment ratio in those regions. As the banks are experiencing a high percentage of NPAs so their future lending strategy may change. So the study also identified whether the banks will issue fresh loans to the self-help groups that are making a high amount of NPA. The study focused on the fact whether the rising balances of NPAs due to the advances given to the self-help group members are geographically clustered or not, and the analysis found that they are geographically clustered. The study also concluded that the self-help groups with lower outstanding loans and savings are defaulting more. Also, the self-help groups

located in a state with lower economic development and lower self-help group density make more default rate in repayment. Patel & Jalota (2023) identified that the National Bank for Agriculture and Rural Development has taken various initiatives for the self-help group members in order to make them strong and capacity in repayment of repaying loans in time. Various training programmes are introduced by NABARD to help and reduce the amount of NPAs in banks, which is created by self-help group members. The researchers collected the secondary data from the six different regions of India. The collected data were analysed by using the fixed effect model and the random effect model using E-views statistical software. The researchers concluded that the initiatives or training programs conducted by the Government of India have a significant impact on the Non-Performing Assets of banks.

From the literature, it can be concluded that the banking sector is facing difficulties with its non-performing assets. The banks which provide loans to the self-help group members, for them, the problem of non-performing assets felt much higher as the recovery of loans in those cases becomes much more challenging. Given literature can suggest the overall non-performing assets under self-help groups of all regions of India and the reasons for their occurrence. So, there is a requirement to study the non-performing assets under self-help group members of the Eastern Region of India that is strongly felt. The present study was conducted to know the Eastern Region's position of non-performing assets by its self-help group members.

### 3 OBJECTIVES OF THE STUDY

The objectives of the study are as follows -

- To identify the position of self-help groups during the period 2013-2014 to 2022-2023 in India.
- To analyse the eastern region's performance in savings, getting loans from banks for their development and repayment strategy.
- To assess the non-performing assets of the banks by providing loans to Self-help groups of the Eastern region of India.



To highlight the relationship between gross NPA and loan outstanding in the eastern region of India.

#### 4 RESEARCH METHODOLOGY

The research work is based on secondary data, mainly collected from the National Bank for Agriculture and Rural Development. Apart from that, the researchers have collected data from various research papers, articles, various reports, articles published in the newspaper, etc.

The secondary data is collected between 2013 and 2014 to 2022-2023, and the collected data is analysed by use of various statistical tools like Bar Charts, Diagrams, etc., and also correlations among various factors are determined and inferences drawn from there.

#### 5 DATA ANALYSIS AND FINDINGS

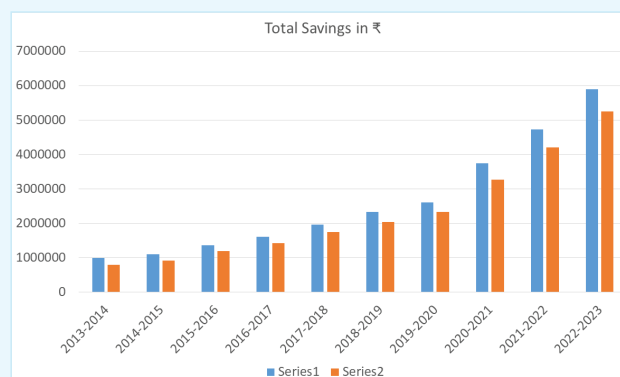
**Table 1**  
**NUMBER OF SELF-HELP GROUPS IN INDIA (₹ IN LAKHS)**

Years	Number of Self-help Groups	Women Self-help Groups
2013-2014	74.30	62.52
2014-2015	76.97	66.52
2015-2016	79.03	67.63
2016-2017	85.77	66.51
2017-2018	87.44	73.90
2018-2019	100.14	85.31
2019-2020	102.43	88.32
2020-2021	112.23	97.25
2021-2022	118.93	104.00
2022-2023	134.03	112.92

Source: NABARD (2022-2023)

Table 1 shows a significant growth of self-help groups from the year 2013-2014 to the year 2022-2023. From the above table, it can also be said that the number of self-help groups increased from 74.3 lakhs in the year 2013-2014 to 134.03 lakhs in the year 2022-2023, out of which a significant number of self-help groups are formed by women.

**Figure 1**  
**TOTAL SAVINGS BY SHG MEMBERS (₹)**



Source: NABARD (2022-2023)

Most of the Self-help groups are linked to the banks, from the study it can be clearly said that the total amount of savings by the Self-help groups during those years are increasing and the banks disbursed loan to the members of Self-help groups have significant impact on their members, the amount of loan encourages the members in their group activity and also encourage more savings from the group.

The total amount of loan disbursed in the year 2022-2023 was ₹145,20,023.33 lakhs compared to ₹24,01,735.85 lakhs in the year 2013-2014, whereas savings increased to ₹5889267.56 from 989741.54 lakhs. The correlation of the total amount of savings and the total amount of loan disbursement is calculated for this 10-year period of time, which results in 0.999, i.e. a strong positive correlation is found between the total savings and total loan disbursed.

**Table 2**  
**LOAN DISBURSEMENT AND LOAN OUTSTANDING OF THE EASTERN REGION OF INDIA**

Year	Loan Disbursed	Loan Outstanding
2013-2014	2401735.85	4292752.4
2014-2015	2758231.06	5154546.14
2015-2016	3728690.09	5711923.47
2016-2017	3878115.64	6158130.36
2017-2018	4718587.61	7559845.12
2018-2019	5831762.88	8709815.43
2019-2020	7765934.84	10807507.24
2020-2021	5807067.81	10328970.83

2021-2022	9972922.5	15105129.61
2022-2023	14520023.33	18807879.77

Source: NABARD (2022-2023)

The above data is the total amount of loans disbursed to the self-help groups from the period of 2012-2013 to 2022-2023. Loan disbursement to the self-help group is showing an increasing trend. The disbursement of loans has increased to 504.5637% in the year 2023 compared to the year 2013-2014. The amount of outstanding loans is also increasing year after year. From the data, we found a correlation between the loan disbursement and the outstanding loan. There is a strong positive correlation between loan disbursement and outstanding loans of the eastern region of India (0.992352).

**Table 3**  
**NON-PERFORMING ASSETS OF BANK**  
**AGAINST LOANS OUTSTANDING**

Year	Total NPA	% of NPAs to Total Loans Outstanding
2013-2014	293266.51	6.83
2014-2015	381470.65	7.40
2015-2016	368622.9	6.45
2016-2017	400218.81	6.50
2017-2018	462805.51	6.12
2018-2019	452401.05	5.19
2019-2020	532170.42	4.92

2020-2021	488921.34	4.73
2021-2022	574371.42	3.80
2022-2023	524933.81	2.79

Source: NABARD (2022-2023)

From the collected data, it can be said that, except for the years 2015-2016 and 2022-2023, the total amount of non-performing assets is increasing with the increase in the total amount of loans outstanding. The correlation between the loan outstanding and the amount of total NPA is showing 0.8482, which indicates a high positive correlation between the loan outstanding and the non-performing assets of self-help groups of India. Non-performing assets of the country were ₹2,93,266.51 lakhs in the year 2013-2014, which became 5,24,933.81 lakhs in the year 2022-2023, which indicates an increase of 79% compared to the year 2013-2014.

Through this study, we also analysed the position of self-help groups in the Eastern region of India. This region comprises of Andaman & Nicobar Islands, West Bengal, Bihar, Odisha and Jharkhand. Average savings of the state of West Bengal are the highest among all other states from the year 2013-2014 to the year 2022-23, which is ₹3,01,602.171 lakhs. The average savings of all the states together also show an increasing trend. The savings made by all the states in the Eastern Region are shown in Table 4.

**Table 4**  
**SAVINGS OF SHGS WITH BANK IN EASTERN REGION (₹ IN LAKHS)**

Year	Andaman & Nicobar	Bihar	Jharkhand	Odissa	West Bengal	Mean
31.3.2014	115.58	16466.57	8932.95	43733.95	81406.51	30131.11
31.3.2015	125.27	29666.98	8492.52	49703.80	127347.93	43067.30
31.3.2016	660.49	36006.37	9558.45	48587.72	153538.75	49670.36
31.3.2017	872.82	62658.38	14991.55	62745.06	195270.76	67307.71
31.3.2018	1020.74	98375.42	44874.87	92478.21	205053.94	88360.64
31.3.2019	1173.55	150859.71	29719.27	137502.71	281899.64	120230.98
31.3.2020	1520.20	123025.06	28285.41	181137.20	330364.86	132866.55
31.3.2021	1611.35	149788.45	38577.12	186176.80	398758.64	154982.47
31.3.2022	1922.83	219287.97	58845.79	559659.76	518878.75	271719.02
31.3.2023	2265.85	307387.89	77769.95	631573.62	723501.93	348499.85

Source: NABARD (2022-2023)

**Table 5**  
**DISBURSEMENT OF LOANS TO THE SELF-HELP GROUPS BY BANKS**  
**(RRBs, SCBs and Corporate Banks) in the Eastern Region (₹ in lakhs)**

Year	Andaman & Nicobar	Bihar	Jharkhand	Odissa	West Bengal	Mean
31.3.2014	202.96	28400.00	3462.16	50485.83	68516.24	30213.44
31.3.2015	357.32	47100.54	3750.89	127888.29	150504.66	65920.34
31.3.2016	400.92	61056.39	6621.17	86031.97	195378.62	69897.81
31.3.2017	811.25	132306.35	10374.35	96099.49	233580.55	94634.40
31.03.2018	668.40	234361.35	33877.27	151669.61	488373.28	181789.98
31.03.2019	842.46	305582.23	27609.69	167467.92	695576.79	239415.82
31.03.2020	572.86	483697.75	50570.37	236334.16	1013900.00	357015.03
31.03.2021	318.10	415237.11	57846.37	262525.38	751623.65	297510.12
31.03.2022	538.11	677964.09	325963.07	462496.39	1102015.94	513795.52
31.03.2023	461.56	1083466.78	251632.93	542889.98	1459882.20	667666.69

*Source: NABARD (2022-2023)*

With the help of Table 5, we can easily get the information on the disbursement of loans to the self-help group members in the eastern region. The profile of loan disbursement is also showing an increasing trend, except for a few cases where the loan disbursement has reduced in the year 2021. In most cases this year, the amount of loan disbursement was reduced, and the reason for this can be the spread of coronavirus all over the world. The average loan disbursement to the self-help groups is highest in West Bengal, and the reason may be the highest number of Self-help groups in this state.

A significant increase in the disbursement of loans from the year 2013-2014 to the year 2022-2023 is seen. Except for the state of Andaman & Nicobar Islands, all the other Eastern Region states are showing the highest correlation between the disbursement of loans and the amount of loans outstanding. With the increase in the amount of loan disbursement, the amount of outstanding loans has increased. Except Andaman & Nicobar Islands, the correlation between these two factors is approximately within the range of 0.97 to 0.98.

**Table 6**  
**PERCENTAGE OF GROSS NON-PERFORMING ASSETS ON**  
**OUTSTANDING LOANS OF THE EASTERN REGION (IN %)**

Year	Andaman & Nicobar Island	Bihar	Jharkhand	Odissa	West Bengal
2013-2014	2.69	7.86	12.82	18.91	6.63
2014-2015	10.01	6.94	25.57	15.60	7.70
2015-2016	14.48	13.25	13.84	24.93	6.16
2017-2018	12.48	13.06	17.61	14.08	4.77
2018-2019	7.85	7.60	15.13	14.35	3.67
2019-2020	6.98	4.74	12.26	13.28	2.78
2020-2021	8.13	4.28	6.56	10.40	2.47
2021-2022	7.26	4.43	5.60	8.65	3.00
2022-2023	4.58	3.78	2.36	6.11	2.28

*Source: NABARD (2022-2023)*

Odisha and Jharkhand are showing the maximum percentage of non-performing assets on outstanding loans, which simply classifies the poor payment of self-help group members in those states.

6

## RELATION BETWEEN GROSS NON-PERFORMING ASSETS AND LOAN OUTSTANDING

In this paper, we calculated the correlation coefficient between the provided loan outstanding and gross non-performing assets of the eastern region.

**Table 7**

### CORRELATION COEFFICIENT BETWEEN OUTSTANDING LOAN AND GROSS NPA OF EASTERN REGION

Eastern region	Co-relation coefficient
Andaman & Nicobar Island	0.459050424
Bihar	0.728520539
Jharkhand	0.39726675
Odisha	-0.19543
West Bengal	0.885897

*Source: Author's self-calculation from the data available from NABARD*

**Table 8**

### NON-PERFORMING ASSETS OF THE EASTERN REGION OF INDIA

Year	Andaman & Nicobar		Bihar		Jharkhand		Odissa		West Bengal	
31st March	Gross NPA	% of NPA on outstanding loan	Gross NPA	% of outstanding loan	Gross NPA	% of outstanding loan	Gross NPA	% of outstanding loan	Gross NPA	% of outstanding loan
2014	24.38	2.69	7057.56	7.86	4047.54	12.82	29179.24	18.91	14433.47	6.63
2015	59.51	10.01	7130.35	6.94	9627.16	25.57	29596.24	15.60	22059.18	7.70
2016	79.70	14.48	13280.12	13.25	5444.61	13.84	46959.00	24.93	23277.92	6.16
2017	166.32	12.48	20700.21	13.06	5616.90	17.61	29955.49	14.08	23098.05	4.77
2018	80.94	7.85	24119.04	7.60	5513.79	15.13	32471.97	14.35	32471.97	3.67
2019	95.10	6.98	23802.11	4.74	5819.92	12.26	32206.85	13.28	23862.03	2.78
2020	117.66	8.13	29771.41	4.28	5360.73	6.56	38454.75	10.40	27790.73	2.47
2021	97.79	7.26	35056.75	4.43	5929.19	5.60	36549.00	8.65	38256.07	3.00
2022	53.17	4.58	37240.30	3.78	9660.62	2.36	36058.56	6.11	35280.01	2.28
2023	167.76	15.78	22683.67	1.80	4125.05	1.70	23533.91	3.63	49499.88	2.69

*Source: NABARD (2022-2023)*

From the above table, it can be seen that there is a high positive correlation between gross non-performing assets and loan outstanding in the states of Bihar and West Bengal. The state of Odisha is showing a negative correlation between outstanding loans and Non-performing assets. It indicates that for the state of Odisha, there is no significant relationship between its NPA and gross outstanding loans.

Except for the states of West Bengal and Andaman & Nicobar Islands, in all other states, the non-performing assets in the year 2023 have decreased compared to the year 2022. We calculated the percentage of non-performing assets to their respective outstanding loan of each state of West Bengal and found out their proportion to the total non-performing assets of the state.

**Table 9**  
**PERCENTAGE OF NON-PERFORMING ASSETS OF THE EASTERN REGION TO THE TOTAL NON-PERFORMING ASSETS OF THE COUNTRY**

Year	Total NPA of Eastern Region	Total NPA of SHGs of India	Eastern region NPA as a Percentage of Total NPA
31.3.2014	54742.19	293266.51	18.67
31.3.2015	68472.44	381470.65	17.95
31.3.2016	89041.35	368622.90	24.16
31.3.2017	79536.97	400218.81	19.87
31.3.2018	94657.71	462805.51	20.45
31.3.2019	85786.01	452401.05	18.96
31.3.2020	101495.28	532170.42	19.07
31.3.2021	115888.80	488921.34	23.00
31.3.2022	118292.66	574371.42	20.60
31.3.2023	100010.27	524933.81	19.05

Source: Percentage calculated by authors from the data available from NABARD

From Table 9 above, it is clear that the percentage of non-performing assets of the eastern region to the total non-performing assets of India lies between 18% to 24%, which can be managed by better strategic planning by the self-help group members of the state of West Bengal.

## 7 CONCLUSION AND RECOMMENDATION

Non-Performing Assets are really a threat to banking institutions. When the loan is provided to any self-help group, the probability of the increment of non-non-performing assets becomes obvious. From this study, it is found that the self-help group members of the eastern region of India can save, and this also shows an increasing trend over the period from 2013-2014 to 2022-2023. The loans provided to them by the banking sector are also increasing. Non-performing assets of the eastern region states have not reached more than 25% of the total non-performing assets of the country from

the year 2013-2014 to the year 2022-2023. The state of Odisha is showing no relation with the increasing outstanding loans and the amount of non-performing assets.

The self-help group members of Odisha were passing through major economic problems during lockdown and were unable to earn anything so that they could repay their loan (The New Indian Express, 6th July 2020). COVID-19 and the related lockdown have affected the lives of self-help group members tremendously in the state of Odisha. The unavailability of the current data regarding the non-performing assets of the eastern region does not permit us to state anything on Odisha's current status of loan payment. From the study, it can be said that West Bengal can able to reduce its percentage of Non-Performing assets significantly. Jharkhand also shows a very low percentage of NPA in the year 2022-2023. These self-help group members are required to be encouraged by various schemes of the central government on making savings and also to utilise their loan money for some effective work, so that they can make the repayment timely to the banks.

## 8 LIMITATIONS OF THE STUDY

The major limitation of the study is the unavailability of the data related to the financial year 2023-2024. In this study, the other regions of India are not considered; the focus is given on the eastern region of India.

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