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RESEARCH PAPER

Analysis of overdues of Karnataka Vikasa Grameena Bank : Application of discriminant function

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ABSTRACT

The mounting overdue has been one of the major problems in all the credit institutions. There is need for the study on overdues and factors influencing overdues in rural financial sector. In recent years, the significance of overdues in the Regional Rural Banks has received wide discussions at the national level, in view of restructuring the Regional Rural Banking Systems in phased manner. The present study is an attempt to analyse overdues of Karnataka Vikasa Grameena Bank. Karnataka Vikasa Grameena Bank was purposively selected for this study. Primary data were collected from 80 defaulters comprising, willful defaulters and non-willful defaulters as classified by the bankers spread over in eight selected branches of the Bank. The discriminate function was applied to know whether a defaulter is likely to be a willful or non-willful defaulter on the basis of information on selected variable. Results revealed that education and income levels were the two important characteristics in discriminating the two characteristics in discriminating the two groups were found 33.27 per cent and 54.61 per cent, respectively. The possible reasons could be, due to their increased levels of education, the defaulters might have acquired the knowledge about likely changes in Government policies relating to loan waiver or interest waiver schemes and started anticipating such concessions. Thus, it is suggested mounting of overdues of Regional Rural Banks may be checked through strict supervision over the utilization of credit, undertaking recovery campaigns and adopting coercive measures against willful defaulters.

KEY WORDS : Overdues, Regional rural banks, Discriminant analysis

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