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The impact of COVID-19 on household borrowing under credit constraints: Kerala in a comparative perspective

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The impact of COVID-19 on household borrowing under credit constraints: Kerala in a comparative perspective

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Abstract[1]

Amidst the large and persistent economic impact of the COVID-19 pandemic in India, household borrowing and its accumulation can serve as a tool to mitigate the impact by enabling people to spread their spending over time, thereby promoting economic activity. Thus, it is essential for the credit market to actively engage in such a scenario, especially at the sub-national level. To this end, this study utilizes the nationally representative CMIE-CPHS data to analyze the borrowing tendency and credit market access of households in Kerala during the pandemic and recovery stage in comparison to other states. The study found that Kerala had a high borrowing reliance pre-pandemic, which more or less continued during the crisis, driven mainly by debt repayment. The lower middle-income households, particularly in rural area, had a high incidence of borrowing and low financial resilience, while Backward communities and informal sector workers, such as small traders and wage earners, who were most affected by the pandemic, relied heavily on borrowing. The study also revealed an unprecedented and worrisome lack of support from the organized banking sector in offering loans to individuals during crises, especially when there is a drop in income due to job loss. During the pandemic, the CD ratio of the state declined steadily, despite banks thriving, and Kerala's bank dependence decreased by 25%, while bank reliance at the national level and in other states dropped by 5-6%. Despite the banks' retreat in the face of the crisis, Kerala's SHGs and cooperatives stepped forward and provided massive lending, mainly through interest-free loans, which benefitted lower-middle-income households, scheduled communities, small traders, and wage earners. Since household borrowing has not yet fully returned to pre-pandemic levels, it is essential to ensure

[1] This study draws from ICSSR sponsored research project " Role of States in Times of Pandemic and its Fiscal Consequences: Evidences from India". The author would like to express his sincere gratitude to Prof. K J Joseph and Prof. T M Thomas Isaac, for very detailed critical comments on the earlier version of the paper. Thanks are due to the faculty of GIFT for their suggestions and feedback. Needless to mention, the author is responsible for the errors that remain.

sufficient access to credit markets for households during crises as reduced household spending can have adverse effects on the state's economic recovery.

Key Words: COVID-19 Pandemic, Household Debt, Credit Market Access, Credit Growth

JEL Classification numbers: H24, O30, H20, H26, C22

1. Introduction

India experienced a large and persistent economic impact due to the COVID-19 pandemic. The unanticipated demand and supply shocks led to a significant reduction in employment and income in many Indian households (HH) across states, Kerala being no exception. This steered households towards severe financial hardship. As a result, there was a sharp decline in most household financial assets and increased borrowing reliance (RBI, 2021). In fact, household borrowing and its accumulation (i.e., debt) can play a mitigating role in such scenarios.[2] It allows people to smoothen their spending over time and thereby greases the wheels of the economy (Zubai, 2017). Therefore, borrowing is highly essential, and debt *per se* may not be bad (Samad et al., 2020; Sing et al., 2020).

Notably, India managed to escape the 2008 crisis on the back of a vibrant state-owned banking sector; particularly, the lending strategy of the banks appeared appropriate. 12 years since, when the pandemic has hit the economy hard, consumers would be expecting a similar kind of monetary policy intervention[3]. Indeed, an adequate amount of credit growth has the potential to push the economy back to the pre-pandemic level. Also, progress in terms of financial inclusion, especially by means of formalization, is a

[2] Household debt is an obligation of the household to pay interest or principal arising from borrowing money on credit (OECD).
3 Since the government now has very little fiscal room, the only leeway is to facilitate the maximum access to credit.

long-standing priority of the banking sector. Therefore, it is essential to look at whether banks and other financial institutions have been successful in creating credit during the pandemic. Were they effective in implementing the same lending strategies adopted during the 2008 crisis? Whether the credit growth has been sufficient enough to overcome this one-off shock? Or was it off the waymark?

In India, household debt has been rising much before the pandemic, particularly in the aftermath of the 2008 crisis. While some studies reported that household debt had escalated lately due to the pandemic (SBI, 2021), few have observed that the credit growth is inadequate during the pandemic, primarily due to the heightened risk aversion by the banks (Dev and Sengupta, 2020). Suppose the access to the credit market for the households is not adequate during the pandemic. In that case, the resulting reduction in household spending will adversely affect the state's economic recovery, given that the credit access and the borrowing reliance of the household are not uniform across states in India during the pandemic. They are different in terms of motives, credit access, rural-urban differences, socio-economic conditions, etc. According to the All-India Debt and Investment Survey 2019, Kerala topped the list of credit market participants even prior to the pandemic. Thus, it is safe to assert that improved credit access is vital to the state.

Against this backdrop, this study attempt to explore the debt position of the households in Kerala, compared to other High-Income States, Low-Income States, and All India average since the COVID-19 pandemic began, using the CMIE's Consumer Pyramid Household Survey (CPHS) data. In addition, it examines whether the banking sector withstands or withdraws from its prime business of lending to people, especially amidst a crisis. In the case of the latter, how has the state managed to continue the pre-pandemic level of borrowing? What are its major drivers and who are its beneficiaries?

The rest of the paper proceeds as follows: Section 2 discusses the data used in the analysis and approach. Section 3 delves into the pattern of household borrowing amidst the pandemic, the factors influencing household debt, and the prevalence of borrowing among different societal, income, and occupation groups. Section 4 outlines major sources of household credit, followed by the concluding remarks in section 5.

2. Data and approach

The study utilizes data from the nationally representative CPHS survey, which is conducted continuously on a panel of sample households. The survey is conducted in waves, with each wave representing four months and each sample household visited thrice a year. To investigate the impact of the COVID-19 pandemic on household debt and the nature of its recovery, the analysis examines data from January 2019 to August 2022, representing eleven waves (from waves 16 to 26). September to December 2019 is used as a reference period against which trends in household debt are compared to analyze the pandemic's impact and recovery. The study primarily focuses on Kerala, but to facilitate comparison, 17 states are categorized into high-income (HIS) and low-income (LIS) states based on their per capita income. States with per-capita income higher than the national average (Andhra Pradesh (AP), Gujarat (GJ), Haryana (HR), Karnataka (KA), Maharashtra (MH), Punjab (PB), Tamil Nadu (TN), and Telangana (TS)) are considered high-income states, while those with per-capita income lower than the national average (Assam (AS), Bihar (BH), Chhattisgarh (CT), Jharkhand (JH), Madya Pradesh (MP), Odisha (OD), Rajasthan (RJ), Uttar Pradesh (UP), and West Bengal (WB)) are considered low-income states.

The primary objective of the analysis is to assess the household borrowing trends across the waves. The borrowing question in the CPHS data is distinct from the All-India Debt & Investment Survey (AIDIS) - 2019.[4] The data captures binary responses with 'Yes' or 'No' entries, indicating whether the household has outstanding borrowing, i.e., borrowing that is yet to be fully repaid as of the date of the survey, for any purpose and from any formal or informal sources. The borrowing may also be secured against

[4] See Rajkumar et al. (2019) for the details of AIDIS observations on Incidence of indebtedness in Indian households.

collateral such as gold, real estate, or shares and may have varying repayment durations. It also provides wave-wise counts of borrowing, along with their distribution by region, social category, income, occupation, etc. The study also aims to evaluate the household's access to credit markets during the period. CPHS records household decisions to borrow from specific institutions for different purposes in a binary field with 'Yes' or 'No' entries, indicating whether the household has outstanding borrowing from various sources that is yet to be fully repaid for any purpose.

Household borrowing for various purposes that are yet to be repaid include: (1) consumption expenditure, which includes borrowing for daily provisions, rents, bills, entertainment, fuel, transport, and other regular household expenses; (2) borrowing for consumer durables, which includes borrowing for household and electronic appliances such as refrigerators, air-conditioners, television, mobile phones, etc.; (3) borrowing for buying a house or plot of land for commercial or non-commercial purposes; (4) borrowing for education, including academic fees, accommodation, admission fees, and other miscellaneous expenses; (5) borrowing for medical expenditure, covering any medical treatment; (6) borrowing for wedding ceremonies, including expenditures on venue, catering, decoration, jewellery, clothes, gifts, and other miscellaneous expenses; (7) borrowing for business purposes for starting or running a business; (8) borrowing for investments in financial instruments such as equity shares, mutual funds, national savings certificates, insurance policies, or commodities markets; (9) borrowing for repaying earlier debts; (10) borrowing for vehicles, including cars, two-wheelers, commercial vehicles, tractors, and bicycles; and (11) borrowing for other purposes that are not captured under any of the specified reasons.

In the CPHS database, sample households are grouped based on their characteristics or the characteristics of their members. This grouping helps in analysing the borrowing behaviour of different household groups. Some of the group classifications include region, social, income, and occupation groups. Region groups are categorized into rural and urban regions based on the household's location. Social categories are grouped into Upper castes including intermediate castes, Other Backward castes, Scheduled castes and Scheduled tribes, are also relevant. Income groups are determined by the household's annual income, which is the combined income of all its members from all sources over a 12-month period. CMIE has created 25 income groups, which we have re-grouped into poor (income<=100000), lower middle (income between 1lakh and6-lakh), upper middle (income between 6lakh and 12 lakh), and rich (income>1200000) households. The occupation group is based on the members' nature of occupation, distinguishing between households dominated by farmers, salaried employees, small traders, wage earners, and business persons. These 20 occupation groups is further classified into five broader groups. This classification helps understand a household's income levels, stability, and possible sources, aiding in analysing their borrowing tendency. It's important to note that a household's classification in terms of region, income, and occupation groups can change over time.

Further, the sources of household borrowing is categorized into formal and informal credit market access, which includes borrowing from various types of banks (public, private, foreign, cooperative, regional rural, and urban cooperative banks), NBFCS (registered companies providing banking services without a banking license), moneylenders (local wealthy individuals, jewellers, politicians, or strongmen who provide funds), relatives and friends (including community leaders), SHGs (groups formed by locals to pool money and lend to members or others in the same area), microfinance institutions (lending institutions that reach out to borrowers in areas where banks may not find it viable to reach), chit funds (groups that pool money to give prizes to members in a pre-determined manner), credit cards (for purchasing goods and services on credit, with overdue bills considered as borrowings), borrowing from shops (overdue payments captured as borrowing), and other sources (including soft loans from non-professional moneylenders, religious institutions, and suppliers like fertilizer/pesticide suppliers).

3. Pattern of household borrowing during the pandemic

Table 1 shows a comparative picture of the average borrowing dependency of the household in Kerala with other High-Income States, Low-Income States, and the All-India level.[5] Nearly 50 percent of the households in Kerala relied on borrowing to run the household before the pandemic. This suggests that, as reported in the AIDIS 2019, the borrowing dependency of the state was relatively high even before the pandemic. Moreover, though there was a dip in reliance during the first wave (Jan-April) of 2020 due to the lockdown and associated issues, it increased perceptibly in the second wave (May-Aug) of 2020 immediately after the lockdown relaxation. Eventually, it reached the pre-pandemic level. However, the picture differed slightly in High-Income and Low-Income States and national level, where the pandemic effect on borrowing was somewhat evident only in the first two waves of 2021.

[5] CPHS captures a binary response from households across states to the question 'whether the household has an outstanding borrowing?,' i.e., borrowing yet to be repaid fully, as of the survey date. It could be for any purpose, from any sources, against any collateral, and for any duration of time. Moreover, the loan could be taken by one or more members of the household.

Table 1: Borrowing dependency of the household in Kerala, India, HIS & LIS: % of households with Outstanding borrowing											
STATE	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
Kerala	49.88	51.81	51.48	38.37	54.31	47.82	48.82	49.07	50.07	49.21	51.38
HIS	54.06	58.41	63.13	52.80	45.83	44.75	48.94	52.52	52.95	52.63	50.20
LIS	49.53	44.87	47.38	43.16	45.44	38.95	43.93	48.27	49.90	49.97	50.08
All India	49.53	50.69	54.02	46.93	45.88	41.62	46.14	50.04	51.16	51.04	50.17
Source (Basic Data): CPHS											

The borrowing dependency in Kerala remained at the pre-pandemic level, when it was expected to have increased. It is likely that this is due either to poor credit market participation of the household or to insufficient access to the credit market. This could be either because of the credit constraints of the financial institutions or because of the high cost of borrowing. Further, this raise concerns on how the state has managed its pre-pandemic levels of borrowing. The following sections explores it.

3.1 What drives household borrowing during the pandemic?

As discussed, households entering into the debt market depends on both demand and supply factors. Lenders' decision on whether and how much to lend is on the supply side as explained in the previous section, the households' decision to borrow is on the demand side. The latter can broadly classified into four- borrowing for consumption[6], borrowing for health[7], borrowing for investment[8], and borrowing for others[9].

From Table 2, it is evident that the borrowing for consumption is not a driving factor during the pandemic in Kerala. In fact, the borrowing dependency for consumption showed a decreasing trend during the pandemic. It may be partially because of the state support in household consumption. However, borrowing for consumption is clearly visible in other categories, particularly in LIS. Interestingly, health expenditure via borrowing is not visible in any states. This implies that the policy intervention in health spending was somewhat effective. Further, the borrowing dependency on business and investment started declining during the peak of the pandemic in 2020, but reached the pre-pandemic level in the second wave in 2021. Comparatively, Kerala's credit support for running a business or investment remained poor.

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[6] Borrowing for consumption comprises of borrowing for consumption expenditure and borrowing for consumer durables.

[7] Borrowing for health covers expenditures made for any medical treatment, whether at the hospital or at home

[8] Borrowing for investments includes borrowing (i) for starting or running a business, (ii) for investing in financial instruments such as equity shares, mutual funds, national savings certificates, insurance policies or to speculate on any of these markets or the commodities markets (including gold).

[9] Borrowing for others includes (i) borrowing for housing (ii) borrowing for debt repayment (iii) borrowing for vehicles (iv) borrowing for marriage ceremonies (v) borrowing for education and (vi) borrowing for others

Interestingly, unlike All India, HIS and LIS, borrowing for other purposes shows an increasing trend in Kerala. This implies that more than 40 percent of the households borrowed money for reasons other than consumption, health and investment activities. Further, we decomposed the other purposes and reported household borrowing for debt repayment and housing as it represented as a major driving force in that category. Borrowing for debt repayment consists of money borrowed for repaying earlier debts. However, loan swapping is not classified under the same. Borrowing for housing includes money borrowed for buying a house, an apartment, or a plot of land for commercial or non commercial purposes.

Table 2: Purpose of household borrowing- General											
STATE	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
% of Households which Borrowing for Consumption Purposes											
KL	9.92	14.14	15.72	24.51	21.64	17.03	15.91	11.81	14.00	11.98	14.02
HIS	88.82	95.18	97.14	93.53	88.22	95.80	98.06	98.31	98.48	99.00	98.35
LIS	72.13	73.91	78.42	78.30	73.22	88.21	88.50	87.29	86.95	86.53	84.93
ALL	69.13	71.73	71.73	77.47	82.57	72.29	85.19	84.30	84.12	83.91	81.61
% of Households Borrowing for Medical Purposes											
KL	0.96	0.86	0.79	1.67	1.90	0.40	0.63	0.56	0.56	0.79	0.55
HIS	2.23	0.71	0.51	2.24	1.59	0.92	0.13	0.15	0.15	0.06	0.12
LIS	3.08	2.64	1.35	1.22	0.41	0.76	0.56	0.62	0.44	0.23	0.31
ALL	2.86	2.32	1.23	1.38	0.59	0.76	0.51	0.56	0.41	0.24	0.30
% of Households Borrowing for Investment Purposes											
KL	3.90	3.86	3.28	3.01	1.20	2.13	2.59	3.98	3.14	3.62	2.85
HIS	2.04	0.62	0.32	1.23	13.09	1.48	0.15	0.09	0.19	0.80	0.04
LIS	12.58	12.59	11.89	12.22	10.95	9.54	9.66	10.00	9.21	9.30	10.61
ALL	11.08	10.74	10.10	10.26	10.43	8.07	8.13	8.41	7.60	7.72	8.99
% of Households Borrowing for Other purposes											
KL	44.94	45.99	44.96	40.51	26.73	32.02	35.04	32.30	35.11	34.79	34.25
HIS	13.05	7.37	5.44	4.65	14.82	3.19	1.94	1.78	1.88	2.46	1.71
LIS	15.99	15.08	13.89	14.58	9.23	6.34	6.75	7.20	5.72	6.19	7.17
ALL	17.77	16.55	15.09	14.63	10.84	7.67	7.92	7.97	6.97	7.34	8.40
Source (Basic Data): CPHS Note: Corresponding columns do not sum up to 100 as households borrow for multiple purposes											

From Table 3, it is seen that household borrowing for debt repayment, more than than 40 percentage, records a significant increase during the pandemic. Apparently, the households have been availing the interest-free loan from SHGs and the cooperatives to repay their loans in PSBs. No wonder, during the last quarter the PSBs in the country recorded a profit of 3,30,000 crores- while the people and the economy are in distress, the banks are prospering. It is also observed that there is a significant reduction in the percentage of households borrowing for housing. This could be because credit sources discouraged such lending.

Table 3: Purpose of household borrowing-Specific											
STATE	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
% of Households Borrowing for Debt Repayment											
KL	20.27	18.51	18.44	24.37	52.20	40.20	39.70	44.30	44.86	44.70	46.36
HIS	0.16	0.12	0.04	0.10	0.00	0.05	0.07	0.03	0.03	0.00	0.00
LIS	0.28	0.23	0.19	0.75	0.11	0.83	0.62	0.42	1.11	1.51	1.33
ALL	1.67	1.55	1.40	1.92	3.67	3.36	2.94	2.92	3.61	3.86	4.19
% of Households Borrowing for Housing											
KL	33.14	31.49	31.63	26.62	13.96	15.37	15.85	18.66	16.37	16.66	16.02
HIS	2.94	1.43	1.16	1.94	5.88	1.21	0.51	0.41	0.25	0.98	0.58
LIS	8.93	8.81	7.80	4.67	2.69	3.93	5.06	3.44	4.65	4.09	3.67
ALL	10.12	9.72	8.71	5.48	3.69	4.36	5.19	3.94	4.75	4.39	4.17
% of Households Borrowing for Education											
KL	0.91	1.06	1.09	1.39	0.60	0.91	0.75	1.34	0.58	0.97	0.87
HIS	0.21	0.13	0.07	0.45	0.27	0.01	0.00	0.01	0.08	0.13	0.02
LIS	0.67	0.64	0.53	0.54	0.26	0.13	0.20	0.13	0.11	0.03	0.20
ALL	0.65	0.62	0.52	0.57	0.29	0.16	0.21	0.19	0.14	0.10	0.23
% of Households Borrowing for Vehicles											
KL	20.27	18.51	18.44	24.37	52.20	40.20	39.70	44.30	44.86	44.70	46.36
HIS	0.16	0.12	0.04	0.10	0.00	0.05	0.07	0.03	0.03	0.00	0.01
LIS	0.28	0.23	0.19	0.75	0.11	0.83	0.62	0.42	1.11	1.51	1.33
ALL	1.67	1.55	1.40	1.92	3.67	3.36	2.94	2.92	3.61	3.86	4.19
Source (Basic Data): CPHS											

3.2 Regional disparities in borrowing patterns

Type of region indicates whether a household is in a rural or an urban area. Although, the rural- urban difference is not significant in many of the household attributes in Kerala, there is a significant difference in household indebtedness. From Table 4, it is clear that borrowing dependency is more evident in rural than urban households in the state, particularly during the pandemic. Rural-urban differences in borrowing patterns are more apparent in other states and at the national level. Credit access via SHGs, cooperatives and MFIs is more pronounced in rural Kerala in comparison to other states, where money lenders, friends and relatives substitute for them.

Table 4: Borrowing dependency of the household by region												
STATE	Region	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
KL	Rural	54.35	54.65	54.34	64.56	49.96	57.24	56.94	53.62	53.93	54.83	54.09
	Urban	45.65	45.35	45.66	35.44	50.04	42.76	43.06	46.38	46.07	45.17	45.91
HIS	Rural	54.92	61.61	65.92	66.41	53.89	60.04	62.83	59.29	59.95	59.96	57.10
	Urban	45.08	38.39	34.08	33.59	46.11	39.96	37.17	40.71	40.05	40.04	42.90
LIS	Rural	78.94	77.40	77.80	78.60	81.51	84.47	84.84	82.98	82.85	82.79	82.54
	Urban	21.06	22.60	22.20	21.40	18.49	15.53	15.16	17.02	17.15	17.21	17.46
ALL	Rural	75.19	74.14	74.98	76.22	77.35	79.71	80.59	78.29	77.95	77.78	77.97
	Urban	24.81	25.86	25.02	23.78	22.65	20.29	19.41	21.71	22.05	22.22	22.03
Source (Basic Data): CPHS												

3.3 Borrowing dependency of household among various social groups

Caste influences both the institution's decision to approve the loan and household's decision to apply for loan from a particular loan source (Mitra and Venkatachalam, 2018). To capture the incidence of borrowing, we categorize the household into three social groups- General, Other Backward Community (OBC), Scheduled castes, and Scheduled Tribes (SC-ST). Table 5 shows the borrowing dependency among various social groups. It is observed that the incidence of borrowing was higher amongs OBCs during the pandemic in Kerala. Notably, during the peak of the pandemic, borrowing dependency showed opposite trends with SC-STs and the other two social groups in the state. It increased for the former, when the lending activities of SHGs and Cooperatives peaked in the state.

Table 5: % of household borrowing among various social groups (%)												
ST	Category	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May - Aug	2021 Sep-Dec	2022 Jan-Apr	2022 May - Aug
KL	General	8.50	8.44	8.22	8.26	5.88	6.20	6.59	6.81	6.68	6.04	7.01
	OBC	72.78	71.90	75.00	72.37	64.88	75.73	74.01	73.11	73.89	74.66	73.77
	SC-ST	18.72	19.66	16.78	19.38	29.23	18.07	19.40	20.08	19.43	19.31	19.22
HIS	General	21.67	22.68	22.54	26.96	22.84	20.67	23.62	23.53	24.98	23.63	26.18
	OBC	47.73	47.60	46.62	47.41	51.10	46.09	45.16	46.34	48.26	46.40	43.87
	SC-ST	30.60	29.72	30.84	25.63	26.07	33.24	31.22	30.13	26.76	29.98	29.95
LIS	General	26.74	26.89	27.39	25.47	23.75	22.54	23.49	23.71	23.87	22.49	24.52
	OBC	37.59	37.07	37.65	40.06	39.01	40.33	40.84	42.45	42.27	42.78	43.77
	SC-ST	35.67	36.04	34.97	34.47	37.24	37.14	35.67	33.84	33.86	34.72	31.71
ALL	General	25.04	25.12	25.59	24.75	22.46	21.22	22.48	22.71	22.98	21.68	23.53
	OBC	40.91	40.67	41.09	42.76	41.66	43.38	43.36	44.72	45.01	45.21	45.78
	SC-ST	34.05	34.21	33.32	32.48	35.88	35.40	34.16	32.58	32.01	33.11	30.69
Source (Basic Data): CPHS												

3.4 Borrowing dependency of the household among various income groups

In order to capture the incidence of borrowing, Households are classified into four income groups, based on their annual income. The annual income of a household is the income of all its members from all sources. Since the annual income of a household could change from one wave to another, its classification into an income group could also change over time. If the annual income is below 1 lakh, they are classified as poor. Lower middle-income groups have an income between 1 lakh and 6 lakhs, while upper middle-income groups record an income between 6 to 12 lakhs. Those with an income more than 12 lakhs are classified as rich. Table 6 shows the borrowing dependency of households among these income groups.

Unlike in other states and at the national level, in Kerala, the borrowing dependency among poor households remained remarkably low despite increasing during the pandemic's peak (May-August 2020). Presumably, banks and similar institutions have less incentives to serve the poor. For them, lending out to economically poor households adds to "high risk" and "high cost" customers in their portfolios. Interestingly, the lower middle group, a sizeable section of the populace, registered a higher borrowing dependence in Kerala, but to a lower degree among other states and at the national level. Once again, the presence of SHGs and Cooperatives acts as a major driving force for the households.

Table 6: % of Household borrowing among various income groups (%)

STA	Category	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May - Aug	2021 Sep-Dec	2022 Jan-Apr	2022 May - Aug
KL	Poor	1.03	1.48	0.58	0.03	3.08	1.28	1.32	1.03	0.92	0.71	0.41
	L.Middle	86.77	86.49	86.30	88.66	93.46	95.46	95.64	95.68	95.79	95.29	94.60
	U.Middle	12.09	11.80	12.87	11.15	3.21	3.26	3.03	3.26	3.28	3.99	4.88
	Rich	0.10	0.22	0.25	0.17	0.25	0.00	0.00	0.02	0.01	0.01	0.11
HIS	Poor	11.51	14.57	13.75	10.20	16.14	16.04	12.41	10.00	8.39	7.83	5.85
	L.Middle	85.49	81.53	81.30	84.80	82.34	82.73	82.60	86.35	86.98	88.61	89.90
	U.Middle	2.96	3.88	4.86	4.93	1.44	1.22	4.97	3.62	4.62	3.55	4.25
	Rich	0.04	0.02	0.08	0.08	0.09	0.01	0.02	0.03	0.01	0.01	0.00
LIS	Poor	21.76	17.96	12.24	10.52	22.88	24.92	22.24	17.11	12.68	8.44	4.66
	L.Middle	75.73	79.02	84.63	86.81	76.02	74.19	76.87	81.93	86.11	90.17	93.49
	U.Middle	2.37	2.87	3.00	2.60	1.07	0.86	0.89	0.94	1.20	1.33	1.79
	Rich	0.13	0.15	0.14	0.07	0.04	0.02	0.01	0.02	0.02	0.06	0.05
AI	Poor	19.44	16.41	11.61	9.92	21.04	22.28	19.82	15.29	11.38	7.89	4.50
	L.Middle	77.33	79.82	84.39	86.64	77.67	76.64	78.67	83.28	86.81	90.24	93.19
	U.Middle	3.10	3.62	3.85	3.37	1.24	1.07	1.49	1.41	1.79	1.81	2.26
	Rich	0.12	0.14	0.14	0.08	0.05	0.02	0.01	0.02	0.02	0.05	0.05

Source (Basic Data): CPHS

3.5 Borrowing dependency of the household among various occupational groups

The occupation group of a household is based on the distribution of members of a household by the nature of their occupation. The idea is to distinguish between households that are, for example, largely say, farmer-dominated, compared to those that are dominated by say, salaried employees. While there are 20 occupation groups, these can be clubbed into five broader groups – (i) business persons (ii) farmers (iii) salaried employees (iv) small traders and daily wage earners and (v) miscellaneous. Table 9 shows the incidence of borrowing across various occupation groups. It is shown that the incidence of borrowing is high in the case of small traders and wage earners during the pandemic. The presence of SHGs and Cooperatives is visible in this case too. When sources of income disappear as a result of employment loss, especially for those connected to the informal sector, i.e., small traders and daily wage earners, repayment of loans becomes a burden and are forced to rely on additional borrowing.

Table 7: % of household borrowing among various occupation groups (%).

STATE	Category	2019 Jan-Apr	2019 May-Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May-Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep-Dec	2022 Jan-Apr	2022 May-Aug
KL	Business persons	33.77	33.18	35.46	31.97	25.24	30.28	27.69	29.55	29.96	28.40	28.71
	Farmers	2.37	2.30	1.99	1.85	2.06	1.94	1.39	1.45	1.03	0.98	1.35
	Miscellaneous	11.17	12.38	12.89	11.32	7.05	9.36	8.65	7.42	8.04	9.18	9.19
	Salaried employees	21.01	20.97	19.87	19.90	14.89	18.56	19.72	19.69	19.22	20.36	19.03
	Small traders &wage earners	31.69	31.18	29.80	34.96	50.76	39.87	42.56	41.90	41.75	41.09	41.72
HIS	Business persons	15.31	12.87	13.77	12.42	14.04	16.82	12.36	12.89	12.94	13.75	14.08
	Farmers	20.59	27.96	29.48	35.07	22.35	24.83	30.45	26.59	28.07	27.75	22.81
	Miscellaneous	3.84	5.17	5.08	4.67	4.46	4.95	5.77	5.01	5.36	5.85	7.53
	Salaried employees	29.53	24.38	22.74	21.27	26.67	23.38	23.34	25.11	23.93	24.90	27.71
	Small traders &wage earners	0.73	29.61	28.93	26.56	32.48	30.02	28.09	30.39	29.71	27.76	27.87
LIS	Business persons	18.1	18.25	18.5	17.22	15.77	15.41	15.14	16.05	17.16	17.54	19.66
	Farmers	26.15	25.69	24.95	25.64	31.76	29	28.83	29.05	28.33	26.77	25.15
	Miscellaneous	5.49	6.05	5.91	6.89	4.83	5.4	5.36	5.63	6.66	7.81	7.46
	Salaried employees	16.75	16.87	16.8	15.52	13.19	12.35	12.79	13.12	13.08	13.05	13.25
	Small traders &wage earners	33.51	33.13	33.83	34.73	34.44	37.85	37.88	36.15	34.77	34.83	34.48
ALL	Business persons	18.96	18.8	19.15	17.36	16.3	16.57	15.58	16.44	17.36	17.63	19.68
	Farmers	24.02	24.22	23.88	25.63	29.04	26.69	27.34	27.14	26.64	25.38	23.32
	Miscellaneous	5.74	6.42	6.29	6.83	4.95	5.61	5.61	5.66	6.56	7.6	7.58
	Salaried employees	18.13	17.93	17.63	16.52	14.29	14.09	14.44	15.01	14.95	15.21	15.15
	Small traders &wage earners	33.15	32.63	33.05	33.65	35.42	37.04	37.03	35.76	34.5	34.17	34.27

Source (Basic Data): CPHS

4. Credit market access of the household

The credit market arrangements can be broadly classified into formal and informal. The former comprises of organized, institutional and regulated arrangements while the latter is unorganized and non-institutionalized. Developing countries are characterized by their co-existence, and the success of both is essential for the economy's progress (Rana & Viswanathan, 2019). . In India, it is seen that formal organizations limit their credit availability. Consequently, households are forced to rely on the alternate. Even though the ease of credit acquirement is higher in such cases, they are characterised with very high interest rates. On the other hand, formal agreements have a pretty high transaction cost but lower reach. However, during earlier crises such as the one in 2008, banks exert their influence much further to ensure the economy's recovery. The composition of formal, informal and the combined sources of borrowing is detailed in the appendix.

4.1 Borrowing from formal Sources

Borrowing from a formal institution includes: (i) borrowing from a bank,[10] (ii) borrowing from Non-Banking Financial Companies

[10] Banks include all kinds of banks. Correspondent banking is also included along with banks.

(NBFC)[11], (iii) borrowing from Self Help Groups (SHGs)[12] (iv) borrowing from Micro Finance Institutions (MFI)[13], (v) borrowing from credit cards[14], and (vi) borrowing from the employer[15]. However, CPHS does not provide any exclusive picture on the intervention of cooperatives.

From Table 8, it is evident that the percentage of borrowings from banks has decreased perceptably in Kerala during the pandemic. The borrowing dependency on banks declined from close to 70 percentage in 2019 to 45 per cent in 2021 (second wave), hitting a low of 30 per cent at the peak of the pandemic (May-August 2020). This indicates significant withdrawal of the banks from the credit market in the state. A similar trend is observed among other states and the All-India level, albeit to a lesser degree of withdrawal.

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[11] An NBFC includes registered companies engaged in loans and advances, insurance or chit business. They provide certain banking services but do not hold a banking license.

[12] SHGs are groups that are formed by people who pool in money and then use it for lending to either members of the group or others in the same locality. Banks or micro-finance institutions also use SHGs to channelize their lending programs.

[13] MFIs are lending institutions that usually reach out to borrowers in regions where typically, a bank does not find it viable to reach.

[14] All unpaid credit card bills overdue by more than 2 months are captured as borrowings from credit cards. Usually, this is a costly source of getting money as the interest rates are very high. Any cash withdrawal using a credit card is considered as borrowing from credit cards.

[15] Borrowing from employer includes loan facilities taken from the company. It also includes informal borrowings from employers, for example, a house help taking a loan from his/her employer, which may or may not be interest-free. The loan repayment is often through a direct cut from the salary.

Interestingly, Kerala has managed its pre pandemic levels of borrowing.

In Kerala, unlike in other states and at the All India level, the presence of NBFCs and MFIs is evident during the pandemic. Households' dependency on them rose from 6 percentage (2019) prior to the pandemic to 12 percentage after it (2021), hitting a high of 22 percent at the peak of the pandemic (Jan-Apr 2020). This implies that institutions like Muthoot, Manappuram and other small banking financial institutions finds a market in the state during the pandemic.

Remarkably, the lion's share of formal household borrowing are from SHGs. The pandemic witnessed a three fold increase in the percentage of households dependent on SHGs for credit, from close to 15 per cent prior to it. The same can not be said in the case of other states or at the national level. During the pandemic, access to formal credit sources has been elusive in the state. Unlike what other studies may suggest, the so-called claim of formalization is not happening in Kerala through banks but through SHGs and MFIs, who play an intermediate role having some attributes of the informal network in the state.

Table 8: Formal sources of household borrowing											
STATE	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
% of Household Borrowing from Banks											
KL	68.55	67.38	68.48	48.77	28.82	43.81	44.51	45.51	40.98	44.68	45.10
HIS	29.01	27.42	25.38	23.68	18.71	18.32	20.88	20.46	20.59	20.78	25.58
LIS	21.89	21.15	19.40	18.79	20.13	16.09	17.42	17.58	18.92	20.53	20.96
ALL	26.58	25.62	23.75	21.78	19.86	18.06	19.81	19.67	20.29	21.35	23.61
% of Household Borrowing from NBFC & MFI											
KL	6.29	6.17	6.84	21.80	13.65	14.79	13.33	10.05	14.52	10.13	10.91
HIS	10.00	10.43	7.91	8.73	11.96	14.56	14.22	14.60	13.76	10.51	10.31
LIS	2.62	3.07	2.41	4.27	3.15	2.36	1.40	2.00	2.19	2.40	2.38
ALL	6.07	6.68	5.20	6.77	7.17	8.21	7.39	7.68	7.49	6.06	5.90
% of Household Borrowing from SHG											
KL	8.80	17.36	14.22	17.43	57.75	41.07	41.53	43.94	45.49	50.29	49.51
HIS	20.80	16.44	12.79	15.07	21.57	17.60	15.85	17.76	20.40	19.45	20.52
LIS	4.16	4.51	3.68	4.26	4.95	5.22	4.53	2.78	3.34	2.28	2.63
ALL	11.83	10.61	8.39	9.60	13.74	11.99	10.68	10.50	11.87	10.97	11.45

Source (Basic Data): CPHS
Note: Corresponding columns do not sum up to 100 as households borrow from multiple sources.

4.2 Cooperative Credit in Kerala during the Pandemic

The increasing demand for financial services has led to significant changes in cooperative societies, impacting various disciplines such as finance, economics, and social science. In response, local and international organizations have been exploring the most effective ways to apply the cooperative concept to meet the economic needs of individuals in both urban and rural areas (Oluyombo, 2013). Since formal financial institutions often do not serve several categories of people, including rural inhabitants, poor people, semi-formal financial providers such as cooperatives have become major sources of financial services (Adjei & Arun, 2009). Therefore, this study aims to assess the role of cooperative societies' loan services in household borrowing among participants in Kerala, where formal financial providers are withdrawn from the credit market during pandemic.

Kerala is known for co-operative movements in the country. It is well-regarded that the idea of cooperatives inspired by cooperative movements has played a critical role in the state's socio-economic development over the years. As several avenues are directly or indirectly covered under cooperative networks, it has been contributing in various ways to the state's overall progress. Therefore, its signature can be seen in all sectors of the state. Notably, 16112 co-operative Societies are functioning in the state, of which 12265 societies are working. The list includes Apex, Federal, Central Societies (23), Credit Co-operatives (3743), Marketing Co-operatives (579), Consumer Co-operatives (4632), Processing Co-operatives (34), Housing Co-operatives (396), SC/ST Co-operatives (833), Health Co-operatives (199), Women Co-operatives (1238), Youth Co-operatives (30) and Other Co-operatives (4435). With decades of success stories behind them, most are ground-level organizations led by localites.

Remarkably, the credit cooperatives in the state have an extensive network. With the formation of Kerala Bank in 2019, the credit co-operative societies have received the greatest attention. As of now 3382 co-operative societies are working in the state, of which 1644 are primary agricultural credit societies (PACS). Through the empowerment of PACS with modern banking facilities, many rural people of the state benefited from it. However, the COVID-19 pandemic has altered the situation drastically. The situation demanded a revival by means of enormous credit creation. Hence, the co-operative credit societies, especially the PACS, grabbed the role. Eventually, it has become an increasingly important source of credit in the state. Table 6.3 exhibits the performance of Selected Indicators of the Credit Operation of the Primary Agricultural Credit Societies (PACS) during the pandemic. See box 6.1 for details of Mannarcaud cooperative society

During the pandemic, the PACS loan disbursement has significantly increased from Rs. 89,153.03 crores to Rs 1,08,816.15 crores in 2020-21, implying a 22 percent growth in credit creation (Table 6.3). Among the total loan disbursements, the long-term loan registered the highest growth of 69.3 percent, while the short-term loan registered a mere growth of 11.3 percent. In addition, a few PACS disbursed an interest-free loan of Rs 9.2 lakh per farmer to promote their economic activity and livelihood opportunities during the pandemic. In 2020-21, the outstanding loan amount recorded a 25 percent growth, despite a 42 percent growth in loan overdue. This implies that, unlike the Scheduled commercial banks, which have followed a risk aversion strategy of not lending during the pandemic, the co-operative banks actively disbursed the loans.

To meet the demand of the household during the pandemic, 4500 additional SHs are formed by the PACs through which Rs. 1736.70 lakhs credit is disbursed. Overall, it is evident that PACSs in Kerala played a proactive role in credit disbursement when the commercial bank shied away from providing loans despite the RBI's liquidity measures to promote credit growth. From the forgoing discussion it is evident that during the pandemic the cooperative sector, with its long tradition of being with people at grassroots and help addressing their local specific requirements, rose to the occasion. However, it is important at this juncture to note that the remarkable role that the cooperative sector has been historically playing in Kerala is yet to receive the academic and policy attention that it deserves. Such an enquiry is specially needed when the "one size fits all" type policies are being imposed from the centre which is likely to adversely affect the firm roots of the cooperative in Kerala.

Table 9: Select indicators of cooperative sectors of Kerala

Indicators	Unit	2019-20	2020-21	Growth
No. of societies	Numbers	1643	1644	0.06
Total loans Issued Of which;	Rs in crore	89153.03	108816.15	22.06
Short-term loans Issued		51490.79	57306.71	11.30
Medium-term Loan issued		29210.96	37200.62	27.35
Long-term Loan issued		8451.28	14308.81	69.31
Deposits	Rs in crore	111100.19	173816.22	56.45
Loan Overdue	Rs in crore	16250.36	23158.31	42.51
SHGs Formed by PACS	Numbers	61358	65891	7.39
State Contribution to SHGs through PACS Credit	Rs. In Lakhs	1347.41	1736.79	28.90

Average loan per member	Rs.	28212.98	31177.22	10.51
Source (basic data) : Office of the Registrar of Co-operative societies				

4.2.1 Household debt and cooperatives- A case

Cooperative banks in Kerala played a vital role in the credit market participation of the household during the pandemic. They rescued many local people facing financial hardship due to the pandemic. However, the CPHS survey doesn't show any exclusive evidence in this regard as the cooperative sector is active only in a few states in India. The very motto of cooperatives i.e., "each for all and all for each" amply describes their role. We observe the credit growth of the cooperatives taking the case of Mannarkkad rural SCB. Between March 2020 and April 2021, a total 38,355 loans were issued, amounting to 322.2 crores, including 1947 additional COVID Special Scheme Loans amounting to 17.8 crores through Special Liquidity Facility Loans, Chief Ministers Helping Hand Loan Scheme (CMHLS), CoWin Trade Loans, Special Gold Loans, Self Help Group Vidyatharangini Individual Loans, Vidyatharangini loans, CoWin Pravasi Gold Loans, CoWin100 Gold Loan, and Special Liquidity Facility Gold Loan. The number of loans issued to SHGs increased sharply, from 244 loans (14.4 crores) before the pandemic (March 2019 to April 2020) to 213 loans in the subsequent year, and an additional 169 since (March-December 2021). 211 (16.8 crores) of them were agricultural purposes while 84 of them were Vidyatharangini individual loans, a part of the COVID Special Scheme Loans. Appendix Table 2 details the loan disbursement of Mannarkkad rural SCB during the pandemic. While the banks withdrew at the event of a crisis, the SHGs and Cooperatives came forward with massive lending mostly through interest free lending. Going by the available evidence, the cooperative sector lending was around Rs. 60,000 crores of which a substantial part was interest-free lending.

4.3: Borrowing from informal Sources

Borrowing from informal sources includes (i) borrowing from money-lenders16 (ii) borrowing from relatives or friends17, (iii) borrowing from other sources18. Such loans are usually used to meet urgent needs or shortfalls. From Table 3, it is observed that Households' borrowing dependency from money lenders increased only marginally. In contrast, households' borrowing

[16] A Moneylender is usually a rich person in the locality, a local jeweller who takes gold or jewels as collateral for providing the loan, a local politician or a local strongman who settles disputes, provides funds, and arranges other facilities.

[17] Loans from relatives and friends are counted even if they may be unconditional, interest-free and without limitations on repayment schedules.

[18] Others sources includes borrowing from chit funds, borrowing from shops and others. Chit fund is a scheme wherein unorganized or organized groups agree that all the persons in the group shall pay a certain amount of money in instalments such that each person in the group will be entitled to a prize amount in a pre-determined manner. If payments made to shops is overdue by two months or more it is captured as borrowing. Others include soft loans taken from a non-professional money-lender, religious institutions, and missionaries that provide loans without interest.

dependency on friends and relatives spiked sharply during the peak of each wave (May- Aug 2020 and 2021 respectively). This implies a lack of alternate options for credit for many of the households during the lockdown. Almost a similar trend is observed in other states and at the national level.

Table 6.3: Informal sources of household borrowing

STATE	2019 Jan-Apr	2019 May - Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May - Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May-Aug	2021 Sep - Dec	2022 Jan-Apr	2022 May - Aug
% of Households Borrowing from Money Lenders											
KL	8.04	3.58	3.49	3.65	5.88	5.48	4.43	2.63	5.61	2.43	2.64
HIS	8.29	8.58	7.20	7.69	3.87	2.41	2.04	2.37	2.02	1.98	3.02
LIS	6.58	6.12	4.80	4.33	4.67	2.99	3.05	2.54	3.07	2.79	3.13
ALL	7.39	7.21	5.92	5.87	4.39	2.82	2.65	2.46	2.70	2.43	3.07
% of Households Borrowing from Relatives and Friends											
KL	7.85	4.28	5.11	6.79	20.34	6.01	2.99	14.52	20.36	16.55	13.09
HIS	17.24	17.21	16.11	16.11	26.00	12.61	15.69	14.64	17.95	23.58	19.09
LIS	16.01	12.73	5.11	11.26	20.84	8.84	7.97	12.94	11.30	7.96	6.52
ALL	16.31	14.60	13.56	13.41	22.95	10.41	11.18	13.72	14.40	14.83	11.89
% of Households Borrowing from Shops											
KL	5.64	9.67	10.78	14.67	7.31	4.68	5.76	3.86	2.84	2.18	2.41
HIS	38.14	42.52	48.82	50.58	40.14	53.79	51.03	49.72	45.64	46.36	34.85
LIS	60.31	62.85	70.56	71.84	70.04	74.16	76.37	74.22	75.91	79.42	79.06
ALL	48.57	51.46	58.28	60.58	55.41	62.65	62.99	61.51	60.83	63.13	58.49

Source (Basic Data): CPHS
Note: Corresponding columns do not sum up to 100 as households borrow from multiple sources.

5. Concluding remarks

Debt greases the wheels of the economy, especially when a pandemic hit a country hard. If the credit market access of the households is not adequate during the pandemic, the resulting reduction in household spending will adversely affect the economic recovery. Using CPHS data, this chapter observed some facts and figures on the patterns of household borrowing, household access to credit, drivers of borrowing and incidence of borrowing among various categories during the pandemic. It is observed that despite maintaining its pre-pandemic level of household borrowing, with more than half in reliance, its credit market participation during the pandemic is way off the mark for recovery. This is because access to formal credit sources is elusive during the pandemic. Being formal Arrangements, Self Help Groups (SHGs), and some of the Microfinance institutions (MFI) played a critical intermediate role having some attributes of the informal network in Kerala. In other words, when the banks withdrew in a crisis, the SHGs and Cooperatives came forward with massive lending.

Notably, households' decision to borrow was driven by non-consumption, non-health, and non-investment factors. Instead, the main motives for borrowing among households in Kerala are repaying the old debt. As scheduled communities, low income groups and small traders and wage earners face financial hardship during the pandemic the most, the intermediate role played by SHGs and Cooperatives helped them to avail credit. Also, the credit availability of the rural households in Kerala was reported high, as borrowing access through SHGs, Cooperatives, and MFIs is comparatively more viable in rural than urban areas. Overall, there is a significant shift from banks to SHGs in availing of credit.

Policy intervention is much warranted at this juncture. If policy tools (monetary and fiscal) fail to respond to the demand and supply shocks, it will hinder the economic recovery. As far as the state of Kerala is concerned, the fiscal policy responses to the economic impacts of the COVID-19 pandemic were effective, to some extent, through various welfare schemes, covid relief packages, medical aids, etc. However, since the government now has no additional room for fiscal expansion, the only leeway is to facilitate maximum access to credit through monetary channels.

Nevertheless, the monetary policy support was off the way mark. Low credit access due to the risk aversion by the financial institutions will jeopardize the recovery process. Ideally, Banks and similar institutions should have announced measures to offer various credit assistance to affected consumers, compromising the household's income status, social status, occupation status, regional differences, etc. Otherwise, when the crisis unfolds, it will further hamper economic growth. Suppose the household credit growth, has been supported by favourable macroeconomic conditions- lower interest rates, low inflation and robust economic growth. In that case, borrowing will become more attractive and affordable for all sections. Therefore, credit constraints need to be eased during the pandemic, and debt literacy should reach consumers who find it difficult to withstand financial shocks.

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Appendix

Appendix Table 1: Source of household borrowing								
STATE	2019 Jan-Apr	2019 May -Aug	2019 Sep-Dec	2020 Jan-Apr	2020 May -Aug	2020 Sep-Dec	2021 Jan-Apr	2021 May -Aug
Borrowing from Only Formal Sources								
Kerala (KL)	6.98	13.43	11.46	12.11	30.85	27.94	30.43	27.24
High Income States (HIS)	10.61	6.63	5.83	7.91	11.98	8.82	8.36	9.46
Low Income States (LIS)	2.36	2.89	2.02	2.82	2.80	2.84	2.50	1.62
All India	6.03	4.90	4.04	5.28	7.42	6.34	5.92	5.65
Borrowing from Only Informal Sources								
Kerala (KL)	5.69	2.46	2.35	3.05	2.18	1.53	1.69	1.26
High Income States (HIS)	4.48	3.98	3.02	3.99	1.35	0.89	1.18	1.43
Low Income States (LIS)	4.97	4.22	3.56	2.69	2.33	2.77	1.58	1.02
All India	4.78	4.06	3.28	3.27	1.94	1.92	1.41	1.20
Borrowing from Formal and Informal Sources								
Kerala (KL)	87.33	84.11	86.19	84.84	66.97	70.53	67.88	71.50
High Income States (HIS)	84.91	89.39	91.15	88.10	86.67	90.29	90.46	89.11
Low Income States (LIS)	92.67	92.90	94.42	94.50	94.88	94.38	95.93	97.35
All India	89.19	91.05	92.68	91.45	90.64	91.75	92.67	93.15
Source (Basic Data): CPHS								

Appendix Table 2: Loan disbursement of Mannarkkad rural SCB during the pandemic. Loans Issued 01/04/2020 to 31/03/2021			
Sl No	**Loan Type**	**No.of Loans**	**Amount**
1	Gold Loan Ordinary	33063	1,06,51,56,047.00
2	NAMT (Non Agricultural Medium Term)	1122	62,45,27,000.00
3	Gold Loan Agricultural Purpose	**770**	**11,23,01,700.00**
4	NAST (Non Agricultural Short Term)	468	2,40,12,500.00
5	Fixed Deposit Loan	250	6,76,65,807.00
6	Kissan Credit Card	201	3,04,02,000.00
7	Self Help Group Loan	170	13,63,20,000.00
8	Muttathe Mulla Cash Credit	94	24,66,45,184.00
9	Self Help Group Loan Agricultural Purpose	89	7,38,50,000.00
10	NALT Loan (Non Agricultural Long Term)	58	26,74,50,000.00
11	Day Deposit Loan	37	11,36,890.00
12	Staff Over draft	32	3,96,07,895.50
13	Members Over draft	21	4,34,10,238.80
14	Member's Mutual Benefit Scheme Loan	20	63,60,000.00
15	Provident Fund Loan	4	5,89,000.00
16	Employees Housing Loan	3	35,00,000.00
17	SLMT (Schematic Loan Medium Term)	2	1,50,000.00
18	Loan to Kerala Social Security Pension Consortium	2	30,05,00,000.00
19	SLMT (Schematic Loan Medium Term) Cow	1	5,00,000.00
20	Housing Loan to members	1	50,000.00
	Total	**36408**	**3,04,41,34,262.30**
<u>Covid Special Scheme Loans During Pandemic Period</u>			
Sl No	Loan Type	**No.of Loans**	**Amount**
1	Special Liquidity Facility Loan	673	12,64,02,000.00
2	CMHLS(Chief Ministers Helping Hand Loan Scheme)	467	1,24,35,000.00
3	Co Win Trade Loan	314	2,99,00,000.00
4	Special Gold Loan	297	33,97,325.00
5	Self Help Group *Vidyatharangini* Individual Loan	84	30,80,000.00
6	*Vidyatharangini*	64	6,40,000.00
7	CoWin Pravasi Gold Loan	24	9,99,500.00
8	CoWin100 Gold Loan	21	4,31,500.00
9	Special Liquidity Facility Gold Loan	3	6,00,000.00
	Total	**1947**	**17,78,85,325.00**
	Grand Total	**38355**	**3,22,20,19,587.30**
Loans Issued 01/04/2021 to 31/12/2021			
1	Gold Loan Agricultural Purpose	370	52441900.0
2	*Kissan* Credit Card	**72**	11827000.0
3	Self Help Group Loan	**47**	6750000.0

4	Self Help Group Loan Agricultural Purpose	**122**	94377500.0
5	Day Deposit Loan	31	1176202.0
6	Employees Housing Loan	4	3800000.0
7	Fixed Deposit Loan	**104**	40657887.0
8	Member's Mutual Benefit Scheme Loan	**10**	7105000.0
9	NAMT (Non Agricultural Medium Term)	**42**	360144000.0
10	NAST (Non Agricultural Short Term)	159	9756000.0
11	Members Over draft	26	25297536.6
12	Staff Over draft	29	38061903.0
13	NALT Loan (Non Agricultural Long Term)	**12**	**4,87,75,000.00**
14	Provident Fund Loan	**1**	**1,10,000.00**
15	*Muttathe Mulla* Cash Credit	**104**	**19,43,71,132.00**
16	Gold Loan Ordinary	21530	69,59,51,229.00
17	VEHICLE LOAN FOR STAFF	1	5,00,000.00
	Total	**22664**	**1,59,11,02,289.60**

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