

**PAYMENT TO SELF HELP GROUPS THROUGH ELECTRONIC MODE – ISSUES
AND CHALLENGES TO THE CLIENTS**

**In Partial Fulfilment of the Requirements for the Degree of Master of
Business Administration in Agribusiness Management**

By

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CHAPTER - 1

1.1 INTRODUCTION

Self Help Group (SHG) is a homogeneous group of micro entrepreneurs with affinity among themselves, voluntarily formed to save whatever amount that they can conveniently save out of their earnings and mutually agree to contribute to a common fund of the group from which small loans are provided to the members for meeting their productive and emergent credit needs at such rate of interest, period of loan and other terms as the group may decide. Simple, Self Help Groups are a social design in which people participate by making themselves socially and economically accountable to each other. This gradually builds financial discipline and credit history for themselves, as the money involved in the lending operations is their own 'hard earned money' saved over time with great difficulty which is known as 'warm money.' Banks are encouraged to make loans to the Self Help Group in certain multiples of the accumulated savings of the SHGs. Banks find it easier to lend money to the groups as the members have developed a credit history. That is the 'Cold' (outside) money gets added to the owners 'warm money' in the hands of the groups. Members request loans during the group meetings and issue the loans during the group meeting (or beyond at ad hoc meetings in case of an individual emergency requirement) out from the collections during the day or they are issuing cheques on their group account with the partner bank.

1.2 STATEMENT OF THE PROBLEM

Earlier loan disbursement to the SHGs was done by NABFINS with the help of Business and Development Correspondents (B&DCs) usually NGOs. First, these B&DCs will nurture these SHGs for a minimum of 6 months, and after that they will recommend these SHGs to NABFINS for availing loan. Then NABFINS will conduct a grading procedure with which they will decide whether to finance them or not. Then the loan will be given to the B&DCs which they will disburse to the SHGs for which they will enjoy a commission of 0.5 per cent of the total loan amount. The uniqueness of NABFINS is that they provide finance to the doorsteps of the SHGs and these groups can enjoy the full benefits of the loan without any cost. In this case, the cost involved for NABFINS is high as they have to incur costs like transit cost, insurance, transportation cost, HR cost etc. There are instances when B&DCs charge some additional commission in the form of registration expenses, processing charges, etc. from the beneficiaries apart from what NABFINS pay.

As per RBI guidelines of e-transactions, financial institutions should discourage cash transactions and encourage e-transactions. Here the main difference is that the money will be

credited directly to the SHGs bank account rather than involving B&DCs. The leader of the group can withdraw the money and will divide it among them. NABFINS have started implementing e-payment since January 2015. At present, NABFINS faces high resistance from SHGs where traditional modes of payment was prevailing earlier, due to different reasons, while they are enjoying a higher level of acceptance from SHGs where they have directly implemented E-payments. In this backdrop the study attempts to analyze the extent of acceptance/resistance to e-payments, the reasons thereof, and the issues in e-payment with a view to suggest measures to overcome the resistance and face the challenges.

1.3 OBJECTIVES

1. To analyse the issues and challenges faced by NABFINS in electronic mode of payment
2. To identify the reasons for the acceptance/resistance to e-payments and to provide suggestions for the same.

1.4 METHODOLOGY

1.4.1 Sample area

The study covered 6 districts of Tamil Nadu state where NABFINS operates. The districts were selected based on the percentage of E-payments done by NABFINS i.e. districts having a high per cent, moderate per cent and low percent of E-payments.

Table 1.1 : **Sampling deisgn**

S. No.	Districts	% of E-payment	SHGs visited	No. Of respondents	BCs visited	Banks visited
1.	Erode	43	6	18	2	
2.	Nammakal	8	7	21	2	
3.	Villupuram	30	11	33	3	1
4.	Tiruvannamalai	4	11	33	2	1
5.	Chennai	100	7	21	2	
6.	Nilgiris	6	8	24	2	
Total			50	150	13	2

1.4.2 Data sources and sampling design

After collecting the available secondary data, a field level study was conducted wherein information was collected from all parties involved in the payment channel of the NABFINS. SHGs were selected using convenience sampling from B&Cs operating in that district to understand the beneficiary level issues in the district, a sample of three persons (secretary/president, treasurer and a member) was selected from each SHG by using random sampling techniques. Semi-structured interview schedules were used for collecting the data from the sample respondents. Focus group discussions were conducted between SHGs and B&DCs for collecting primary data.

1.4.3 Data Analysis

Statistical tools like Chi-square analysis for testing the association between the independent and dependent variables. Kruskal-Wallis H test was used to rank the parameters in each district on the basis of their importance. Also the tools like Percentage analysis, frequency tables and bar charts were used. The data analysis was done with the help of IBM SPSS package.

1.5 KEY OBSERVATIONS MADE

The study was based on the following observations:

1. Acceptance factors.
2. Resisting factors.

These were identified using the following parameters:

- 1.1. Perception and attitude of SHGs towards E- payment.
- 1.2. Motivating factors in the payment systems for the SHGs.
- 1.3. Infrastructure facilities.
- 1.4. Knowledge and experience of SHGs towards banking system.
- 1.5. Banking Infrastructure (time, distance, capacity, delay in payment).
- 1.6. B&DCs approach and attitude towards E-payment.
- 1.7. Satisfaction level of SHGs.

1.5 LIMITATIONS OF THE STUDY

1. Lack of fluency in the local language was a major hurdle for our study.
2. Limitation of time and Distance.

ANALYSIS
&
INTREPRETATION

KEY OBSERVATIONS MADE- ERODE DISTRICT

1. Among the 6 SHGs visited, 4 were ready to accept E-payments.
2. SHGs are maintaining their accounts with Canara Bank, IOB, Union Bank, Indian Bank and PACS. Hence banking infrastructure is good in Erode.
3. 4-5 members of each group have basic banking knowledge.
4. Banks are reluctant to disburse loans of NABFINS as they themselves offer SHG loans.
5. Canara Bank intentionally delayed payment for a period of 4 days for an SHG.
6. Travelling to banks was not an issue for groups as they are used to it.
7. Banks are also canvassing SHGs to avail loans from banks.
8. There was a special case of loan diversion, where Canara Bank automatically adjusted a husband's loan amount from the wife's NABFINS loan account where the BC (USSS) failed to spot it and bring to the DMs knowledge.

KEY OBSERVATIONS MADE- NAMAKKAL DISTRICT

1. High resistance from both BCs and SHGs in implementing e-payment.
2. BCs reported that they lost nearly 330 groups after the implementation of E-payments. NABFINS is indirectly helping commercial banks to get business from PACS.
3. BC staffs are not motivating SHGs towards implementation of E-payments.
4. ICICI, HDFC has started to lend money to SHGs without involving any complex procedures and paper works. Thus, there is a significant increase in competition.
5. Indian Bank, TMB, KVB, AXIS Bank forced SHGs to close their SHG accounts from their branches because these SHGs are depending on NABFINS for loans.
6. SHGs are finding it very difficult and risky to carry such huge amount in cash mainly due to the fear of theft. Banks are giving loan amount in denominations of Rs. 100 making it difficult for SHGs.
7. Banks are utilising the SHG accounts to meet their annual loan target by crediting loans in the SHG accounts without their knowledge.
8. District Manager of NABFINS said that they find it difficult to continuously monitor because cash disbursed through E-payment may not go to the concerned person while strict monitoring is possible in case of cash transfer.

KEY OBSERVATIONS MADE- VILLUPURAM DISTRICT

1. MFIs like L&T, Ujjain, Muthoot are operating on JLG model. They will break SHGs and form JLGs. Direct operation no intermediaries.
2. Banks are providing funds to SHGs on instalment basis i.e. 60% first and rest next two days or so. So half of the members get a loan the rest has to wait causing a rift among the SHG members as they have to pay interest. BCs are also finding it difficult to control such issues among members.
3. ICICI (14%) and HDFC (22%) are also providing loan to SHGs. ICICI has started to approach BCs for introducing SHGs to them since they charge less interest compared to NABFINS.
4. BCs feel that giving cheque to members is not good as they will lose control over group because different members may withdraw money on different time and monitoring all of them will be difficult.
5. This BC is not happy with the change in the percentage of commission to .5% during disbursement and 1.5% after collection.
6. CB earlier not providing loans to SHGs now has started to give loans up to 8, 00,000 as they feel its good business.

KEY OBSERVATIONS MADE-THIRUVANNAMALAI DISTRICT

1. Both BCs visited REEDS and RSWS highly influence the SHGs behaviour. From the meeting we understand that they are yet to educate SHGs regarding E-payment and its working. Majority BC members are also SHG members in the area. BCs good relationship with the banks helps SHGs to carry out E-payment.
2. PACS manager not happy with NABFINS giving loan to SHGs. The high interest they are charging is 13.5%, but they are not allowed to give more than 20, 000 per person. He said CBS will be installed in PACS in the near future.
3. UB, IOB, PGB are not willing to open accounts for SHGs.

KEY OBSERVATIONS MADE- CHENNAI DISTRICT

1. All the SHGs (3rd linkage) visited demanded for loan amounts up to 1, 00,000 per person. They said that they can easily repay the amount at the prescribed time given.
2. SHGs, BCs and DM NABFINS said that E-payment is more convenient for them as SHGs can withdraw money whenever they want as in case of cash it will be late for

the DM to disburse the money which is difficult for SHGs. The E - transfer is more flexible.

3. SHGs said that it will be helpful for them if NABFINS intimate the leader through a text message in Tamil saying that the loan amount will be deposited on the date mentioned so that they can intimate the banks on the same day.
4. REPCO bank is ready to give loans (Rs. 20, 000 per head) to SHGs that has only been nurtured for 10 days to one month. Interest charged on the basis of loan amount given.
5. BC members are also SHG members in the area.
6. BC said that they are struggling to collect money and said NABFINS should provide a deadline for the repayment to the SHGs. Some groups are not repaying properly.
7. Officers of Indian Bank of MKB Nagar are not treating SHGs fairly and making them roam here and there in the bank and making them wait to withdraw money.

KEY OBSERVATIONS MADE- NILGIRIS DISTRICT

1. Majority banks away from town are small banks having only limited funds with them. When SHGs visit banks for huge amounts they find it difficult to arrange fund making them wait for money. BCs are also finding it difficult due to these issues.
2. Other MFIs like Ujjain, Gramikoot, Aashirvad are providing the loan amount in cash to the SHGs without needing any proper documents like minute book, and other papers. They ask only for KYC norms and are happy to give a loan. They are charging high interest rate highest being 32%, which is not a major concern for the SHGs since they are getting cash without much fuzz.
3. SHGs said that it will be helpful for them if NABFINS intimate the leader through a text message in Tamil saying that the loan amount will be deposited on the date mentioned so that they can intimate the banks on the same day.
4. USSS BC said that Nilgiris is very different from other districts due to the harsh topography, climatic conditions. They said that apart from these MFIs and banks, Govt. Is also funding SHGs giving them a loan with subsidy. They said that they opted for NABFINS because of the cash disbursement and proper structure.
5. BCs advised NABFINS to go for more JLG related products. They also said that only 40% of the Nilgiris is sanitised and can utilise this opportunity and fund these projects.

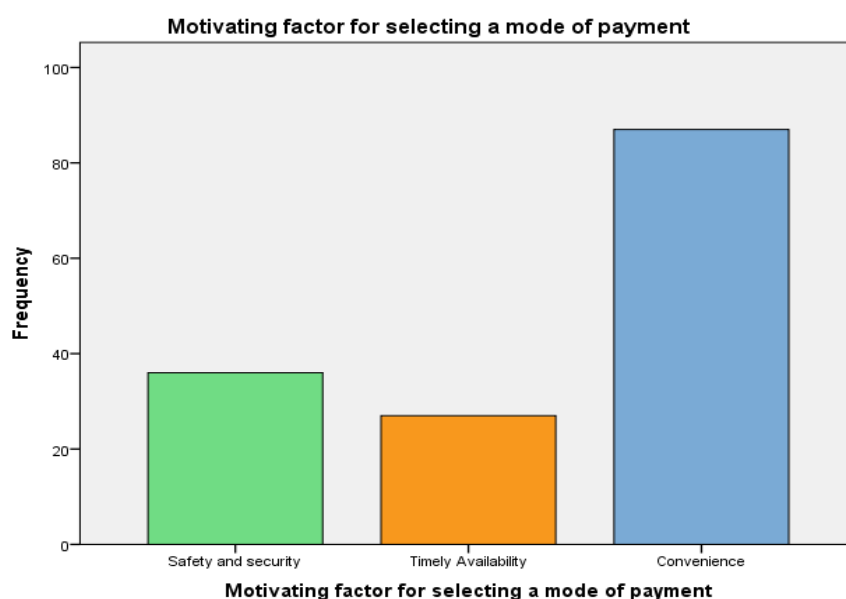
6. They said that the future looks bleak for NABFINS due to the intense competition, limited products and the Govt. is also educating SHGs not to go behind MFIs for funding.

PERCENTAGE ANALYSIS

Table 2.1 : Motivating factor for selecting a mode of payment

Variables	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Safety and security	36	24.0	24.0	24.0
Timely Availability	27	18.0	18.0	42.0
Convenience	87	58.0	58.0	100.0
Total	150	100.0	100.0	

Figure: 2.1 (Source: primary data)

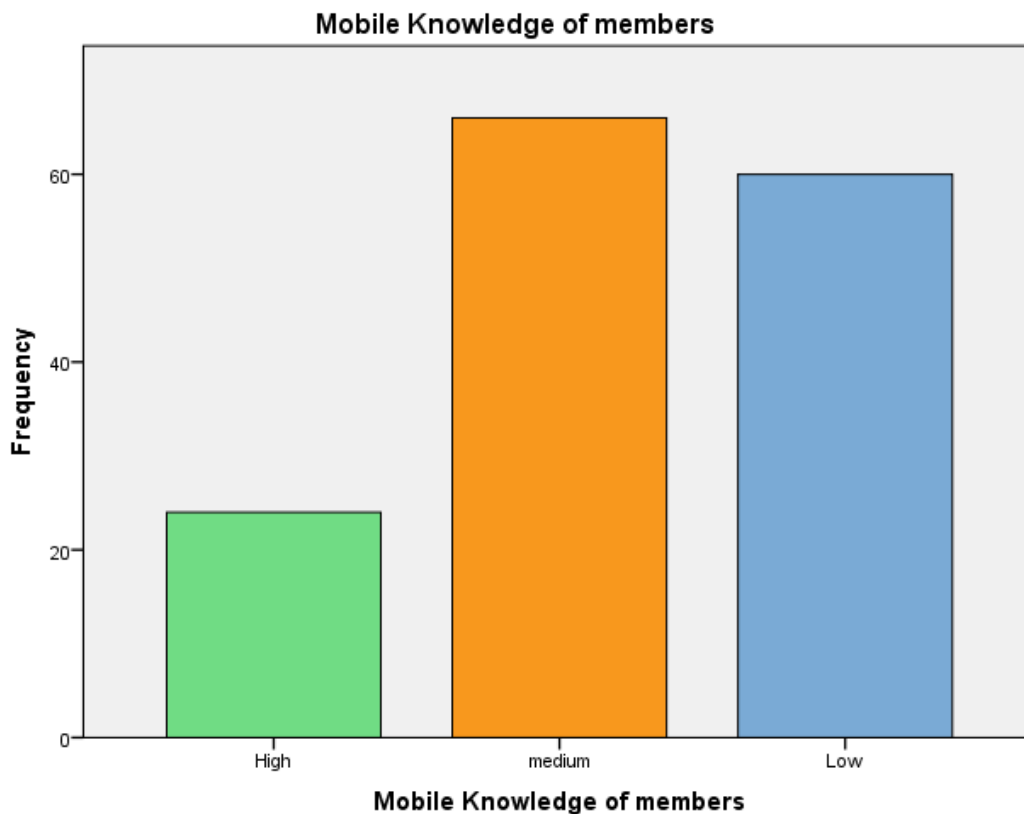


From the above frequency table it can be figured out that 58 per cent of the SHGs selected convenience as the major motivating factor for selecting a mode of payment. So it can be foreshadowed that SHGs like to get financed from institutions which provide them easy money, which is within their comfort zone. They want their money without much hue and cry as per their need. 24 per cent of the SHGs opt for safety and security as the motivating factor as they want their money to reach them safely without any risk. Timely availability was the main motivating factor for 18 per cent of the SHGs as they want the money in the right place, at the right time, so that they can use it for the intended purpose. So we can say that perception plays a major role in motivating SHGs to opt for a mode of payment.

Table: 2.2 Mobile Knowledge of members

Values	Frequency	Per cent	Valid cent	Per cent	Cumulative Per cent
High	24	16.0	16.0		16.0
medium	66	44.0	44.0		60.0
Low	60	40.0	40.0		100.0
Total	150	100.0	100.0		

Figure: 2.2 (Source: Primary data)



The above bar diagram shows that only 16 per cent of the SHG members are having high mobile knowledge i.e. they know how to open, read and send text messages. It will be very helpful for them if NABFINS send a text message intimating them regarding the date at which the loan amount being credited to their bank account so that, they can inform prior to the bank to arrange necessary funds. 44 per cent of the members have average mobile knowledge. They know only to open and read messages. The rest 40 per cent have low mobile knowledge which implies that they know only to read messages. All the SHG members are comfortable reading Tamil messages. So by providing proper awareness it will help SHGs to keep an account on the transactions conducted by them.

Table 2.3: Preferred mode of payment

Variables	Frequency	Percent	Valid Percent	Cumulative Percent
Cash Transfer	93	62.0	62.0	62.0
E- Payment	57	38.0	38.0	100.0
Total	150	100.0	100.0	

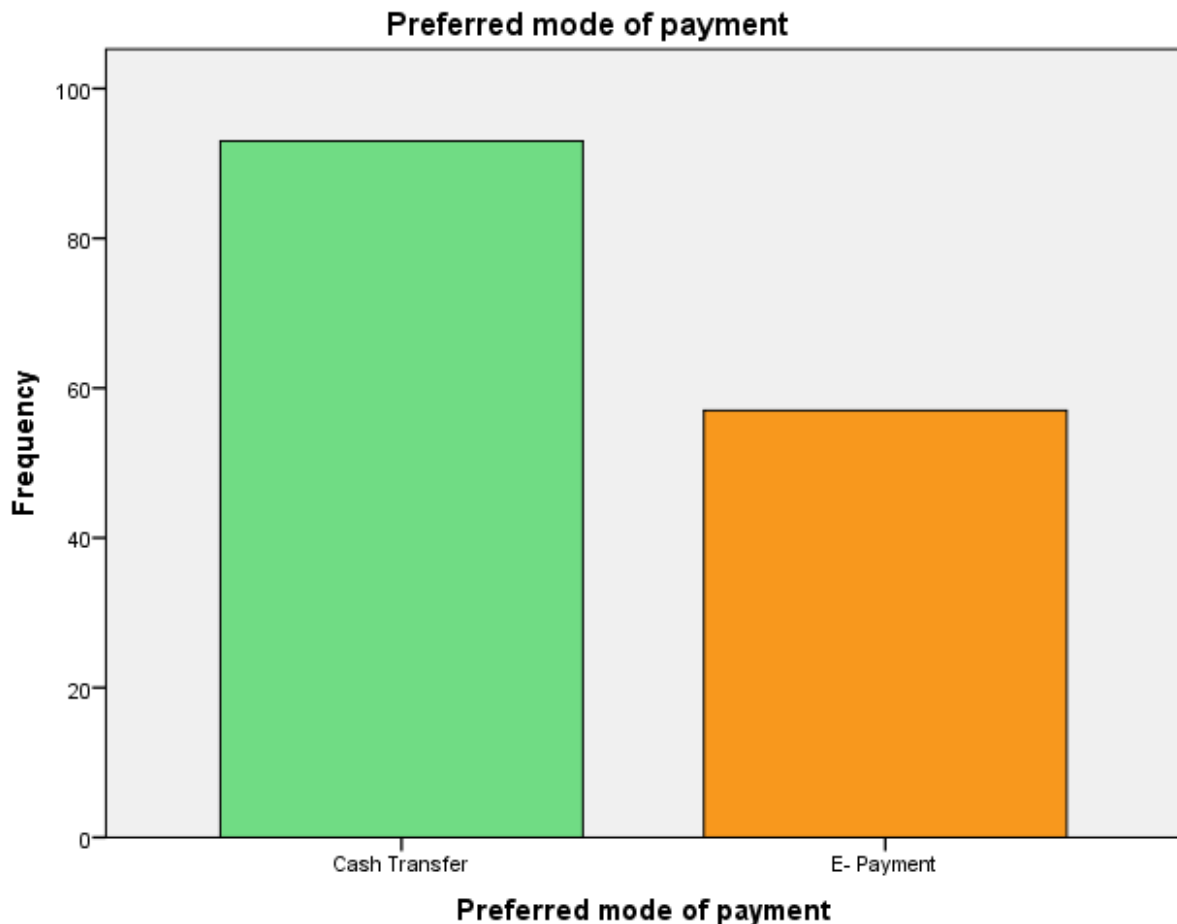


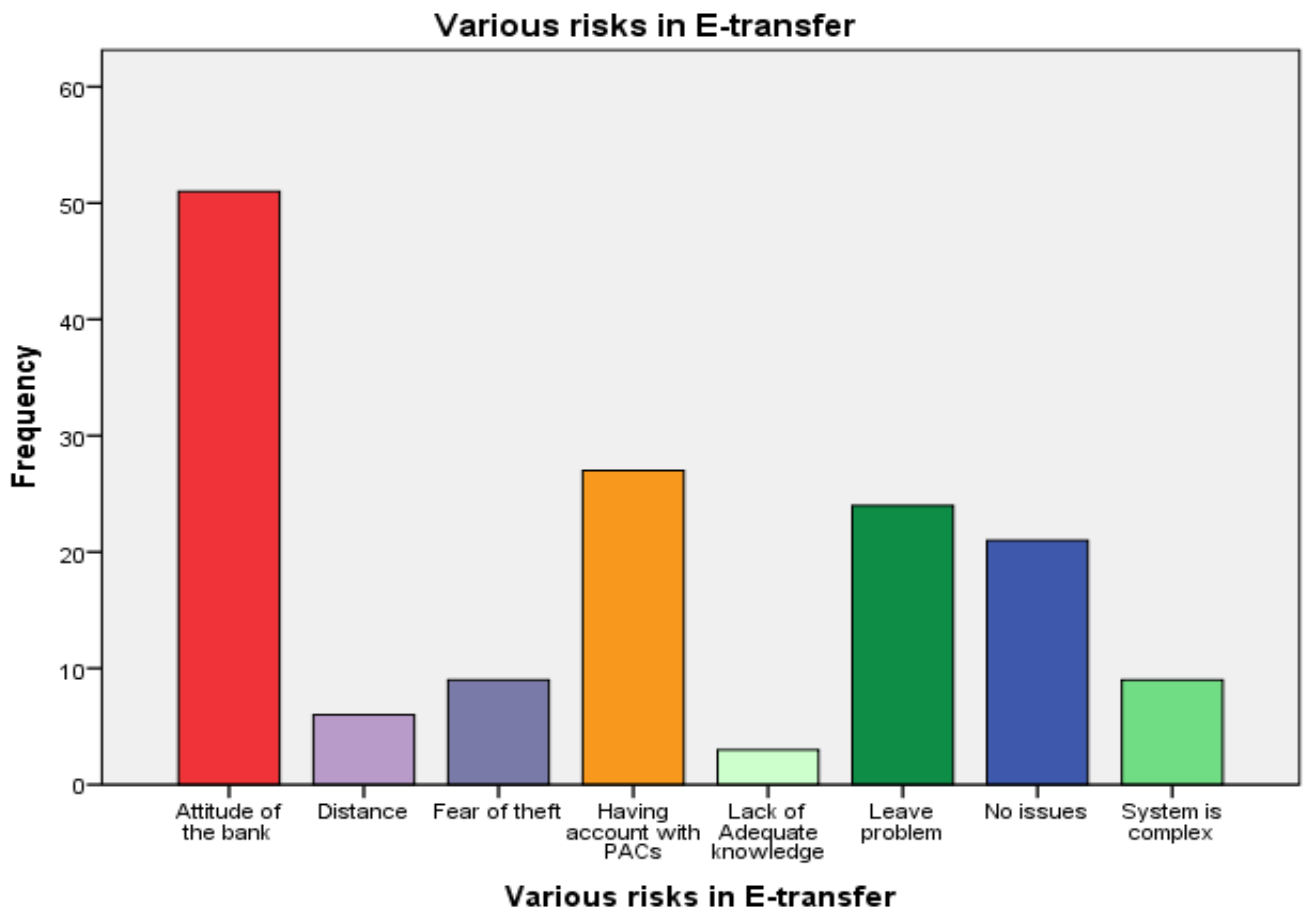
Figure: 2.3 (source: Primary data)

The above diagram implies that majority 62 per cent of the members have selected cash transfer as the most preferred mode of payment mainly due to the convenience it offers to the SHGs. The SHGs receive the money at their door steps without any problem. Meanwhile 38 per cent of the sample chose E-payment as their most preferred mode of payment mainly because it provide a great deal of freedom to SHGs as they can withdraw money as per their requirements and also the SHGs can collect the money without the intervention of BCs. So from the table we can say that the percentage of SHGs preferring E-payment is increasing over the period of time.

Table 2.4: Various risks in E-payment

Variables	Frequency	Percent	ValidPercent	Cumulative Percent
Attitude of the bank	51	34.0	34.0	34.0
Distance	6	4.0	4.0	38.0
Fear of theft	9	6.0	6.0	44.0
Having account with PACs	27	18.0	18.0	62.0
Lack of Adequate knowledge	3	2.0	2.0	64.0
Leave problem	24	16.0	16.0	80.0
No issues	21	14.0	14.0	94.0
System is complex	9	6.0	6.0	100.0
Total	150	100.0	100.0	

Figure : 2.4 (Source: Primary data)



From the table it can be observed that 34 per cent of the sample stated attitude of the banks is the major risk in implementing in E-payment mainly because of the pessimistic attitude of the

bankers towards SHGs, intentional delay in withdrawing loan amount, complex lending procedures, loan adjustments etc. Also 18 per cent of the SHG accounts are with PACS, which are yet to implement CBS acting as a major hurdle in resisting E-payment. 16 per cent of the samples are facing difficulty to take leave as per the loan disbursement procedure followed by NABFINS. 14 per cent of the samples face risks like face of theft, lack of adequate knowledge and complexity in the system. 14 per cent of the SHGs do not face any issues with regard to E-payment. So majority SHGs are being affected by some factors outside the purview of NABFINS. So the success of E-payment depends on how well they can be contained.

INTERPRETATIONS BASED ON CHI-SQUARE ANALYSIS

Table 2.5: Level of satisfaction on E-payment * Distance to the bank

Crosstab

(Source: Primary data)

Variables		Distance to the bank			Total
		0 to 5	6 to 15	Above 15	
Level of satisfaction on E-payment	Satisfactory	39	3	3	45
	Unsatisfactory	54	36	15	105
Total		93	39	18	150

Table 2.6: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.074 ^a	2	.000
Likelihood Ratio	19.391	2	.000
Linear-by-Linear Association	11.729	1	.001
N of Valid Cases	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.40.

The parameters, i.e. the level of satisfaction on E-payments and the distance to the banks were cross tabulated and the chi-square value of 0.00 was obtained and following inference was made that is, there a significant relationship between these two parameters. From the table it can be seen that 58 per cent of the SHGs are unsatisfied with E-payment, although they are less than 5km to their banks. This is mainly due to the fear of SHGs to go to the banks and perform transactions generally due to the poor attitude of the bank managers. Moreover, 92 percent of the SHGs are also unsatisfied with E-payment where SHGs need to travel 6-15km. The fear of carrying cash from banks is a major issue resisting E-payment and 17 per cent of the SHGs are satisfied with E-payment where they need to travel more than 15km to reach the banks. So from the table it can be inferred that distance is not a major factor resisting E-payment since 58 per cent of the sample are not satisfied with E-payment although they need to travel below 5km to reach the banks.

Table 2.7: Level of satisfaction on E-payment * Basic infrastructure

Crosstab

(Source: Primary data)

Variables	Basic infrastructure		Total
	Yes	No	
Level of satisfaction on E- payment			
Satisfactory	42	3	45
Unsatisfactory	66	39	105
Total	108	42	150

Table 2.8: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	14.512 ^a	1	.000		
Continuity Correction ^b	13.040	1	.000		
Likelihood Ratio	17.303	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	14.416	1	.000		
N of Valid Cases	150				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.60.

From the above table it can be inferred that with a chi-square value of 0.000 there exists a significant relationship between the basic infrastructure facilities available in that area and the satisfaction on E-payment. From the cross tabulation done, we can say that 61.1 per cent of the SHGs are unsatisfied with the E-payment although they are satisfied with the basic infrastructure. Moreover, 92 percent are not satisfied with the E-payment in areas where basic infrastructure is poor. So we can conclude that majority i.e. 72 per cent of the sample is not satisfied, although they have basic infrastructure facilities in the area mainly because of external factors which are outside the control of NABFINS. Sometimes it can also happen due to the psychological mindset of the SHGs as they were used to a specific system earlier in the form of cash disbursement which is more convenient to them. So to get used to this new system, it will take some time for the SHGs.

Table 2.9: Level of satisfaction on E-payment * Adequate banking Infrastructure

Crosstab

(Source: Primary data)

Variables	Adequate banking Infrastructure			Total
	High	medium	Low	
Level of satisfaction on E- Satisfactory	24	15	6	45
payment Unsatisfactory	15	69	21	105
Total	39	84	27	150

Table 2.10: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.148 ^a	2	.000
Likelihood Ratio	23.856	2	.000
Linear-by-Linear Association	15.081	1	.000
N of Valid Cases	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.10.

From the chi-square computed by cross tabulating level of satisfaction on E-payment and the banking infrastructure available in the region which gave a value 0.000 implies that both the parameters are related to one another in a very significant manner. From the table it can be inferred that 61 per cent of the SHGs are very satisfied with the E-payment where banking infrastructure is very high. Meanwhile 82 per cent of the SHGs are unsatisfied with E-payment where banking infrastructure is medium largely because risk they face by carrying huge amount of cash from the banks which will be often situated more than 5km. There can be other reasons like lack of funds available etc. and 77 per cent of the SHGs were dissatisfied with the implementation of E-payment where banking infrastructure is very low. Hence it is crystal clear in the town outskirts where banking infrastructure is low and SHGS need to travel to town for conducting transactions immensely affects the perception of SHGs towards E-payments.

Table 2.11: Level of satisfaction on E-payment * Banking knowledge of members

Crosstab

(Source: Primary data)

	Banking knowledge of members			Total
	High	Medium	Low	
Level of satisfaction on E- Satisfactory	21	15	9	45
payment Unsatisfactory	21	54	30	105
Total	42	69	39	150

Table 2.12: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.132 ^a	2	.004
Likelihood Ratio	10.644	2	.005
Linear-by-Linear Association	7.200	1	.007
N of Valid Cases	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.70.

From the cross tabulation worked out between the level of satisfaction on E-payments * the banking knowledge of the members which produced a chi-square value of 0.004 and it can be understood that 50 per cent of the members are not satisfied with the E-payment although the members have high banking knowledge mainly due to the bankers attitude towards the SHGs. They are not ready to step into the bank due to the fear of facing the bank manager. Similarly 78 per cent is unsatisfied where members have average banking knowledge and only 24 per cent are satisfied where members have poor banking knowledge. This clearly shows that as the level of banking knowledge is low the satisfaction level of the members also decreases. Groups where members have poor banking knowledge the leaders have to bear an extra burden as they should help them out to conduct these transactions. So in order to solve this class must be given to all the members so that they became self-sufficient to conduct banking transactions without depending on anyone.

Table 2.13: Level of satisfaction on E-payment * Satisfaction level on bankers attitude Crosstab

(Source: Primary data)

	Satisfaction level on bankers attitude		Total	
	Satisfactory	Unsatisfactory		
Level of satisfaction on E- payment	Satisfactory	42	3	45
	Unsatisfactory	39	66	105
Total		81	69	150

Table 2.14: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	40.039 ^a	1	.000		
Continuity Correction ^b	37.809	1	.000		
Likelihood Ratio	46.400	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	39.772	1	.000		
N of Valid Cases	150				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.70.

The two parameters, Level of satisfaction on E-payment * Satisfaction level on bankers attitude were cross tabulated and the chi-square was computed. The value was 0.000 invariably we can say that there is a quantum of dependency between these two variables. So from the table, we can see that 51 per cent of the members who were satisfied with banker's attitude were satisfied with the E - transfer. Meanwhile 48 per cent of the SHGs who were happy with banker's attitude are not satisfied with E-payment implemented mainly because of the lack of interest from the SHG members to opt E-payment. The table shows that 95 per cent of the SHGs who were not happy with the banker's attitude were not satisfied with E-payments. This shows the significance of E-payments with regard to the satisfaction level of the SHGs in choosing E-payment. So the satisfaction level of the banker's side as measured by the beneficiaries is a very pivotal factor. So the banker's attitude must be improved. One cannot teach these things but can only request the bankers to provide a level platform to progress. Naturally in this level platform itself the bankers provide a good service for them.

INTREPRETATION BASED ON KRUSKAL WALLIS

A Kruskal-Wallis test was conducted on each of the 6 districts to rank the districts to understand the significance of various parameters and its effect on E-payment.

Table 2.15: Districts and code

District	Code
Erode	1
Namakkal	2
Villupuram	3
Thiruvannamalai	4
Chennai	5
Nilgiris	6

(Source: Primary data)

Table 2.16: KRUSKAL-WALLIS TEST- DISTANCE TO THE BANK**Ranks**

	District code	N	Mean Rank
Distance to the bank	1	18	62.75
	2	21	75.29
	3	33	93.36
	4	33	71.00
	5	21	47.00
	6	24	91.81
	Total	150	

(Source: Primary data)

The effect of distance to banks in various districts and E-payment was performed using the above mentioned test. As per the data obtained it is clear that Villupuram with a score of 93.36 is the place where distance to banks plays a major role among SHGs in resisting E-payment. The average distance to bank here is around 11 km which is not a great distance. But the psychological mindset of SHGs with regard to the fear of facing the bank manager because of his pessimistic approach play a major role in the SHGs mind ultimately making distance as a major problem. The second problematic area is Niligiris with a score of 91.81. Here the topography is a major concern, adding to it is the poor basic infrastructure like roads, commutative difficulties and harsh climatic conditions. Chennai is the least with a score of 47.00 mainly because it is an urban area having high banking infrastructure.

Table 2.17: KRUSKAL-WALLIS TEST- BASIC INFRASTRUCTURE**Ranks (Source: Primary data)**

	District code	N	Mean Rank
Basic infrastructure	1	18	67.00
	2	21	65.21
	3	33	88.59
	4	33	61.32
	5	21	54.50
	6	24	110.75
	Total	150	

From the above table it can be implied that the basic infrastructure is the worst in Nilgiris after scoring a mean rank of 110.75 which is the highest when compared with other districts mainly due to hilly geographical construct of that area. Following Nilgiris are Villupuram with a rank of 88.59 due to the distance that SHGs need to travel to reach the bank causing them major inconvenience. Chennai is the best district when compared with all others with a score of 54.5 since it's a metro city. So it is more evident that the area is developed higher will be the acceptance of E-payment among the SHGs.

Table 2.18:

KRUSKAL-WALLIS TEST- ADEQUATE BANKING INFRASTRUCTURE

Ranks

	District code	N	Mean Rank
Adequate banking Infrastructure	1	18	81.50
	2	21	63.93
	3	33	89.95
	4	33	86.00
	5	21	20.00
	6	24	95.38
	Total	150	

(Source: Primary data)

Banking infrastructure as per the analysis is very low in the Nilgiris district with a score of 95.38. The SHGs here find it very difficult to reach the banks largely due to the rigid geographical conditions. Moreover the banks in the areas are very small having limited funds. So SHGs will have to wait for 2 days to get such huge amount making them wait for the money causing discomfort. Such an issue negatively affects the perception of the SHGs to opt for E-payments. Villupuram was the second with a score of 89.95 where SHGs need to come to the town for conducting banking transactions causing inconvenience and Chennai is the least with 20.00. So we can conclude that an area where banking infrastructure is very high and bank managers are good E-payment is successful.

Table 2.19: KRUSKAL-WALLIS TEST- BANKING KNOWLEDGE OF MEMBERS

(Source: Primary data)

	District code	N	Mean Rank
Banking knowledge of members	1	18	103.75
	2	21	84.50
	3	33	66.77
	4	33	91.59
	5	21	29.43
	6	24	76.63
	Total		150

Banking knowledge of the SHGs is acting as a major hindrance to opt E-payment in the Erode District with a mean score of 103.75. This is happening because majority SHG members here are people having very low education level and also do not have the urge to learn new things mainly due to their lack of interest. So in this case the leaders must bear the extra burden of those members who do not have an understanding of basic banking knowledge making these SHGs resist E-payment. Followed by Thiruvannamalai 91.59 where SHG members are old people who don't have any urge to learn new things. So they do not have the confidence to go to the bank and perform these transactions. Chennai is the lowest ranked district with a score of 29.43 since all the members know the basic transactions that have to be performed. So high is the knowledge level of the SHG members larger will be the satisfaction level of E-payment.

Table 2.20: KRUSKAL-WALLIS TEST- SATISFACTION LEVEL ON BANKERS ATTITUDE

Ranks

	District code	N	Mean Rank
Satisfaction level on bankers attitude	1	18	123.50
	2	21	88.57
	3	33	53.86
	4	33	92.00
	5	21	52.45
	6	24	56.00
	Total	150	

(Source: Primary data)

The SHGs of Erode were the most dissatisfied with the attitude of the bankers with a score of 123.50. This dissatisfaction is of different reasons like the pessimistic attitude of the manger towards them, lack of availability of funds on time and making SHGs wait to withdraw money, etc. this acts as the major problem to resist E-payments among the SHGs. Followed by Thiruvannamalai with a score of 92.00 and the Chennai SHG members with a score of 52.45 were the most satisfied of the 6 districts where the bank managers gave them full support to get financed by NABFINS without creating any hue and cry.

Table 2.21: KRUSKAL-WALLIS TEST- LEVEL OF COMPETITION

Ranks (Source: Primary data)

	District code	N	Mean Rank
Level of competition	1	18	44.00
	2	21	71.00
	3	33	101.27
	4	33	55.45
	5	21	62.00
	6	24	128.00
	Total	150	

Nilgiris with a score of 128.00 was the most competitive area for NABFINS to operate. The presence of other major players like Aashirvad, Grammenkoot, L&T, etc. are also financing the SHGs that too in cash which is more convenient for them. The Govt. is also financing SHG with subsidised loan amount. Followed by Villupuram securing 101.27 where NABFINS faces competition from the banks where the managers are canvassing the SHGs to take up a loan from the banks at a lower rate of interest. Erode district with a score 44.00 is where NABFINS face the lowest competition. All the SHGS are highly satisfied with the NAFINS service, whether it is cash or E-payment.

Table 2.22: KRUSKAL-WALLIS TEST- LEVEL OF SATISFACTION ON E-PAYMENT

Ranks (Source: Primary data)

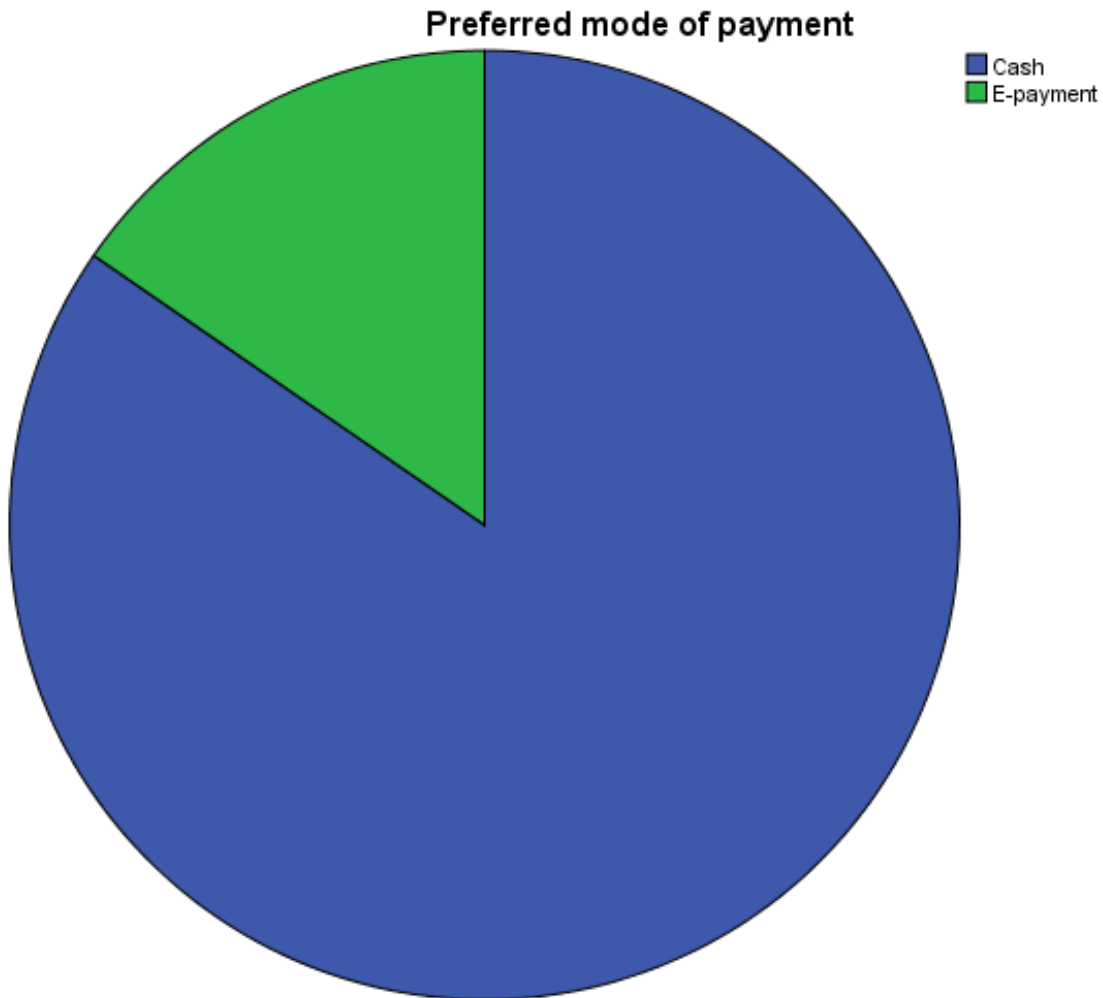
	District code	N	Mean Rank
Level of satisfaction on E-payment	1	18	61.75
	2	21	69.71
	3	33	51.71
	4	33	106.86
	5	21	45.23
	6	24	110.19
	Total	150	

SHG members of Nilgiris with a mean rank of 110.19 are the lowest most satisfied customers with regard to E-payment not that they don't want it but the external forces prevent them from getting satisfied. Also, they are forced to resist E-payments because, majority of the SHG members is estate workers and the company is not allowing them to take leave for more than two days. Followed by Thiruvannamalai with a score of 106.86 where majority SHGs are having accounts with PACS where CBS is not implemented and they are hesitant to change it to nationalised bank accounts. SHGs are highly satisfied with the E-payment in Chennai districts where the bank managers are supportive; members are having high banking knowledge, good infrastructure facilities, etc.

Table 2.23: Preferred mode of payment for BC

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Cash	11	84.6	84.6	84.6
E-payment	2	15.4	15.4	100.0
Total	13	100.0	100.0	

Figure: 2.5 (Source: Primary data)

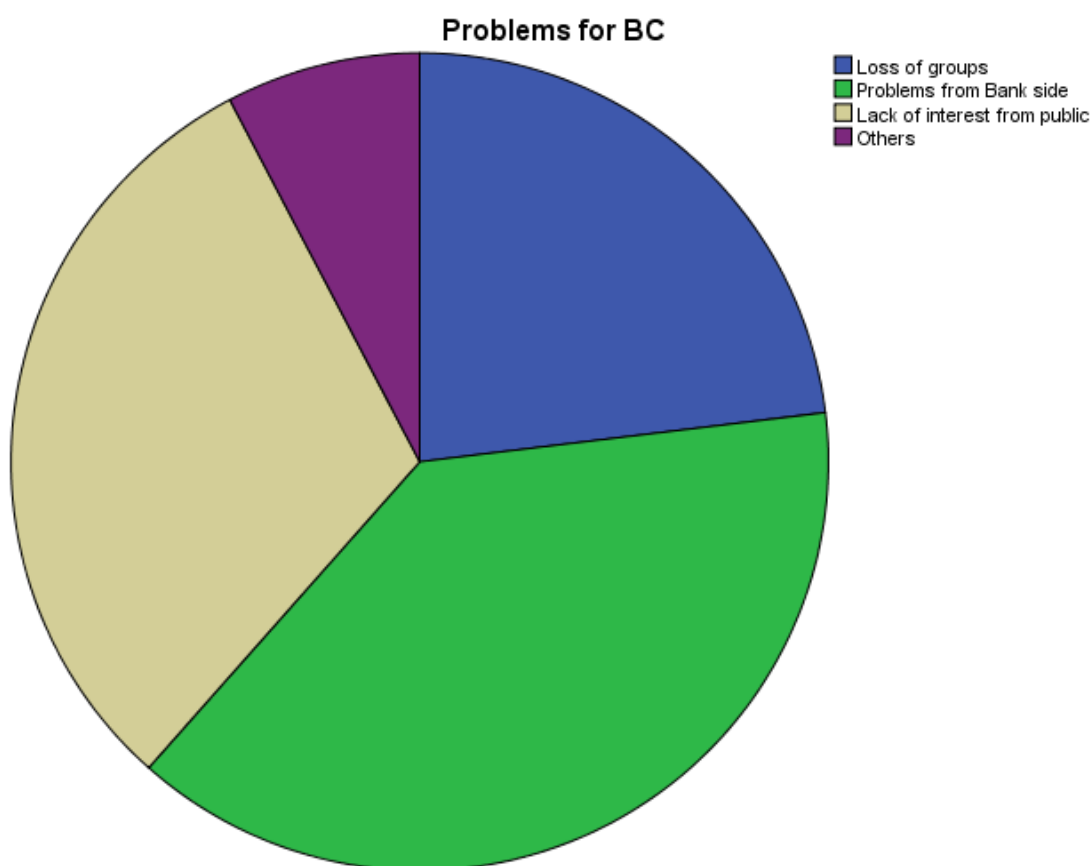


From the above pie chart it can be said that 85 per cent of the BCs prefer cash transfer rather than E-payment. BCs feel that they NABFINS have made the loan disbursement procedure complicated by implementing E-payment. BC's after implementing E-payment have to bear extra burden, by going to the banks each time SHGs find it difficult to draw the amount in order to solve the issue. This preference for cash transfer also influences SHGs to choose cash transfer over E-payment.

Table 2.24: Problems for BC

	Frequency	Percent	Valid Percent	Cumulative Percent
Loss of groups	3	23.1	23.1	23.1
Problems from Banks	5	38.5	38.5	61.5
Lack of interest from SHGs	4	30.8	30.8	92.3
Others	1	7.7	7.7	100.0
Total	13	100.0	100.0	

Figure: 2.6 (Source: Primary data)



The above table implies that 39 per cent of the BCs selected problem from the banks as the major issue they are facing after the implementation of E-payment. BCs must to go to the bank and talk with the manager to solve the problems on behalf of NABFINS each to ensure smooth functioning of E-payment where such a case is not there in cash disbursement. 30 per cent of the BCs said that the SHGs are not interested to implement E-payment as they

comfortable with cash transfer. 23 per cent of the BCs selected loss of groups as the main problem that they are facing after implementation of E-payment. So it can be inferred that BCs are also not interested to go for E-payment as they face many issues when compared to cash transfer.

SWOC ANALYSIS OF EACH DISTRICT

SWOC OF ERODE DISTRICT

I. Strength

1. SHGs are highly satisfied with E-payments.
2. SHGs feel E-payment is more safe and secure.
3. Good banking infrastructure.
4. Low competition.

II. Weaknesses

1. BC not satisfied with E-payment.
2. Poor banking knowledge of members.

III. Opportunities

1. SHGs facing difficulties only from the bank managers, rest they are all satisfied with the E - transfer.

IV. Challenges

1. Bank manager's attitude towards SHGs is very bad.
2. Banks not satisfied by NABFINS giving loan to SHGs.

SWOC OF NAMMAKAL DISTRICT

I. Strength

1. High banking infrastructure.

II. Weaknesses

1. BCs supporting cash transfer.
2. Average banking knowledge among members.
3. High resistance of SHGs towards E-payment.

III. Opportunities

1. BCs continuously educating SHGs with regard to E-payment.

IV. Challenges

1. Very poor attitude from the bankers.
2. Lose of groups for BCs.
3. Fear of theft.

SWOC OF VILLUPURAM DISTRICT

I. Strengths

1. High banking infrastructure.
2. SHGs and BCs highly satisfied with NABFINS service.
3. BC supports the loan disbursement procedure as it brings a discipline to the system which is not present in other MFIs.

II. Weaknesses

1. 30% of the SHGs accounts are with PACS as per the district office.
2. SHGs not happy with the loan disbursement procedure.
3. Poor banking knowledge.

III. Opportunities

1. BCs provide classes to educate SHGs to promote E-payment.
2. No issues in E-payments where the bank manager supports NABFINS service.

IV. Challenges

1. BCs have lost groups after implementing E-payments.
2. Banker's attitude towards SHGs availing loan from NABFINS is bad.
3. High competition from other MFIs.

SWOC OF THIRUVANNAMALAI DISTRICT

I. Strengths

1. High banking infrastructure.
2. Acceptance level of SHGs is high towards E-payment where E-payment is implemented.
3. BCs strong relationship with both banks and SHGs.

II. Weaknesses

1. Poor knowledge in mobile banking system.
2. SHGs feel the disbursement procedure is complex in E-payment.
3. BCs not educating SHGs on E-payments.

4. 70% of SHG accounts in PACS as per district office records.
5. Poor banking knowledge.

III. Opportunities

1. Implementation of Core Banking system in PACS in the near future.
2. SHGs willingness to change their accounts to Nationalised banks.
3. Low competition.

IV. Challenges

1. Lack of core banking technology in PACS banks.
2. Majority SHGs maintain their account with PACS.
3. PACS banks providing loans to SHGs at a much lower rate of interest.

SWOC OF CHENNAI DISTRICT

I. Strengths

1. High banking knowledge.
2. High level of satisfaction for E-payments among SHGs.
3. Banks managers supporting E-payments.
4. NABFINS providing higher loan amount to SHGs compared to banks that too more easily.

II. Weakness

1. Lack of proficiency with mobile banking system.
2. Loan disbursement procedure too complex when compared with other MFIs.

III. Opportunities

1. No issues with the implementation of E-payment among SHGs.
2. No concerns with interest rate as they are ready to repay any amount.
3. Demanding loan amount up to 1, 00,000 per member.

IV. Challenges

1. Cut throat competition prevailing in the area from other MFIs and banks.

SWOC OF NILGIRIS DISTRICT

1. Strengths

1. BCs rapport with the SHGs.
2. High satisfaction level of SHGs with NABFINS service.

I. Weakness

1. Poor banking knowledge among SHGs.
2. Mobile banking knowledge is also low.
3. Concern with regard to carrying cash.

II. Opportunities

1. Demanding loan amount up to 1, 00,000 per member.
2. No issues with rate of interest.

III. Challenges

1. High competition from other MFIs.
2. SHGs inability to take leave as they work in tea estates.
3. Poor banking infrastructure.
4. Different topography and extreme climatic conditions.

FINDINGS, SUGGETIONS
&
CONCLUSION

MAJOR FINDINGS OF THE STUDY (SHGs)

1. 62 per cent of SHGs need to travel roughly 0-5 km to the banks for carrying on proceedings. Around 26 per cent of the SHGs have to travel 6-15 km, and only 12 per cent of the sample have to travel more than 15km to their respective banks, the farthest being 25km. So distance is not an issue for majority of the SHGs.
2. Banking infrastructure in 56 per cent of the sample area is average, which implies that the SHGs have to travel 6-15 km to reach the money boxes. Meanwhile 26 per cent of the area has high banking infrastructure, i.e. with 0-5 km and the rest 18 per cent have the low banking infrastructure, here SHGs need to travel more than 15 km to conduct banking transactions. This shows that longer the SHGs need to travel towards banks higher will be the danger of transporting hard currencies for the SHGs.
3. 72 per cent of the sample area has very good basic infrastructure and connectivity. The rest of the samples mainly suffer from poor roads and conveyance problems. So it can be said that areas where the infrastructure is poor the SHGs find it very difficult to reach banks situated distantly. This act as a major resisting factor for SHGs to prefer E-payment.
4. Out of the total sample, 46 percent of the SHGs members have average banking knowledge, this implies that in a group only 4-6 members are aware of the basic banking procedures that have to performed while in bank to withdraw and deposit money while 28 percent of the group members have high banking knowledge which implies that more than 8 members know banking procedures and the rest 26 per cent members have very poor banking knowledge, here only the leaders know to perform banking transactions. So this will act as a major hurdle for NABFINS in implementing E-payments since members having poor banking knowledge cannot go to the bank alone so the leader or the BC representative must accompany them. This will cause difficulty for them.

5. The majority of the sample 52 percent 3 of the leaders of the group is going to the bank to withdraw money. 18 per cent of the sample more than 10 members went to the bank to withdraw money, mainly because the bank manager insisted that every member should be present. So the attitude of the bank managers in insisting unwanted rules is causing a major inconvenience for the SHGs to accept E-payment.
6. Convenience is the major motivating factor 58 per cent of the SHGs. This shows that the SHGs are going to institutions that provide easy and useful amount as per their needs and wants. Safety and security were the main motivating factor for 24 per cent of the SHGs. This implies that people want their money safely given to them without any trouble from anyone. 18 per cent of the SHGs opted for timely availability of money so that they can use it for the intended purpose.
7. Only 16 per cent of the SHGs are having high mobile knowledge. They use normal phones and know how to read, write and send text messages. 44 per cent of the SHGs have only medium mobile knowledge i.e. they know how to open them, the rest 40 per cent have very poor mobile knowledge. They don't know how to even read the messages. So implementing mobile banking will not be a suitable option for NABFINS.
8. 62 per cent of the SHGs still prefer cash transfer over E-payment mainly because of convenience provided by cash transfer, the rest 38 per cent prefer E-payment mainly it provides more freedom for members to withdraw money. It is the hardened nature of SHGs to oppose change since they are accustomed to the earlier mode of payment which they found fitting.
9. 40 per cent of the SHGs rated NABFINS loan disbursement procedure as highly complex when compared with other MFIs and causes little discomfort for the members. 46 per cent of the SHGs rated it as somewhat complex and the rest 14 per cent rated it as low complex and they are comfortable with it. So the probability of SHGs depending on other MFIs are very high.

10. 46 per cent of the SHGs were dissatisfied with the bankers' attitude toward them. This is a major resistance factor for the SHGs. While 54 per cent SHGs were happy with the bankers attitude towards them as they helped SHGs to perform the transactions without any problem. So the better the attitude of the managers higher is the satisfaction level of SHGs towards E-payment.
11. 58 per cent of the SHGs said that the competition is very high in their area as they are approached by other MFIs providing them loan. 26 per cent of the SHGs rated the competition level as a medium and the rest 16 per cent as low. SHGs have now become a major portfolio for all financing institutions.
12. 82 per cent of the SHGs had no problems from their BC. They were helping and motivating them to accept E-payment while the rest 18 per cent of the SHGs faced some issues in the sense that BC is not providing them any classes with regard to E-payment. BCs play a very important role in making SHGs resist/accept E-payment.
13. 70 per cent of the SHGs said that they are not satisfied with the E-payment as they are facing many inconveniences in the process. 30 per cent of the SHGs are highly satisfied with the E-payment. the comfort level that cash disbursement provide to the SHGs is not met by E-payment causing SHGs to choose cash over E-payment as the most satisfied level of payment.
14. It is observed that 34 per cent of the sample stated attitude of the banks is the major problem in E-payment mainly because of the pessimistic attitude of the bankers towards SHGs, intentional delay in withdrawing loan amount, complex lending procedures, loan adjustments etc. Also 18 per cent of the SHG accounts are with PACS, which are yet to implement CBS acting as a major hurdle in resisting E-payment. 16 per cent of the samples are facing difficulty to take leave as per the loan disbursement procedure followed by NABFINS. 14 per cent of the samples face risks like face of theft, lack of adequate knowledge and complexity in the system. 14 per cent of the SHGs do not face any issues with regard to E-payment.

FINDINGS BASED ON KRUSKAL WALLIS TEST

1. As per the Kruskal-Wallis value Nilgiris district are the worst in terms of basic infrastructure (110.75), banking infrastructure (95.38) and the area is highly competitive (128.00) and the least satisfied with E-payment with a score of 110.19, as a result we can say that implementing E-payment in the area will be not successful.
2. Villupuram is where distance plays a major role in implementing E-payment with a score of 93.36. Here SHGs need to travel long to reach their respective banks. We can say that the risk of carrying liquid cash for such a long distance is a serious concern for SHGs resisting E-payment.
3. Erode is the where banking knowledge (103.75) and attitude of the bankers (123.50) act as a major problem in implementing E-payment. The SHGs here are supporting E-payment. So we can conclude that E-payment will be a success here if proper training is given to SHGs with regard to banking and requesting bankers to improve their attitude.
4. Chennai is the best place for implementing E-payment as it was ranked as the best district in terms of distance to banks, banking infrastructure, basic infrastructure, attitude of the bankers, banking knowledge, etc. So we can say that the E-payment is a good way to disburse loan amount to SHGs provided, both internal and external factors is satisfactory.
5. In Thiruvannamalai district bankers attitude and satisfaction level on E-payments are comparatively low when compared with all other districts except Erode and Nilgiris with a score of 92 and 106.86. While Nammakal on the other hand secures an average position in terms of all parameters. So in these districts it is possible to implement E-payment provided extra efforts must be put by the DMs, BC staffs in solving all these issues and must educate and motivate SHGs to take up E-payment.

FINDINGS BASED ON CHI-SQUARE ANALYSYS

1. From the chi-square analysis performed to see the tie between the sovereign and the dependent variables, we were able to reason out that independent factors like distance to the bank, basic infrastructure, banking knowledge, banking infrastructure and bankers attitude are showing a substantial degree of tie with the satisfaction level on E-payment which was the dependent variable for our field. Thus we can infer that the success of E-payment will depend upon how well these independent variables do.

MAJOR FINDINGS (BCs)

1. 84.6 per cent of the BC selected cash disbursement as the most preferred mode of payment mainly because the procedure is simple while E-payment pose different problems to the SHGs for which BCs should help them. The rest 15.6 per cent said E-payment is good as it reduces the risk and burden on BCs as SHGs themselves go to the bank and collect money as per their convenience.
2. 38.5 per cent of the BC said that problems from the bank side were the major problem that they are facing. Every time SHGs face the difficulties they inform their BC whose representative should go and talk with the bank manager to solve the issue, followed by the lack of interest from the SHGs to implement E-payment said by 30.8 percent BC and 23.1 per cent said the loss of groups as the major issue.
3. 38.5 per cent of the BC helps SHGs to solve the issues with regard to banking, 30.5 per cent accompany SHGs during withdrawing money from banks for their safety, and 15.4 per cent helped SHGs to educate them with regard to banking procedures. So all the BCs are helping SHGs to solve different problems in one way or the other.

SUGGESTIONS

1. Provide insurance coverage for SHGs having to travel a distance of more than 15km to banks in order to cover the risk of theft. So that the SHGs who are travelling with huge cash from banks feel a sense of safety and security.
2. Nilgiris is the place where basic infrastructure plays major issues. Limited bus service on the outskirts of town and hilly terrain is a serious problem faced by the SHGs. So here it is very challenging to sustain E-payment as other MFIs are dealing with cash transactions. So for the sustainability of NABFINS in the area, it is better if the company continues cash disbursement.
3. Disbursements can be done through the NABFINS district office for the SHGs facing difficulties from the bank side that are within a radius of 15km so that they need not go to the bank and face the bank manager.
4. A one day workshop should be conducted to all the SHG members of the a NABFINS official and the BC head regarding the basic banking transaction that have to conduct by the SHG members so that they all get educated regarding the banking service and this will motivate them to accept E-payments. Classes must also be given to BC staffs in how to solve issues with regard to banks and other problems. So that they can help SHGs.
5. To conduct an official meeting by NABFINS authority with those bank managers insisting unwanted rules like, all members must be present for withdrawing money etc. And raise the issues to arrive at a consensus.
6. The banks are in a transient state. The profit out of the overall resources utilized and the manpower spent on facilitating these transactions are futile, had it been there on the mode of financing they would have got a profit. The profit maximization for banks is on the negative side. So they are not satisfied. So the organization should conduct an open discussion with the officials to solve this problem.

7. Major inconvenience for the SHGs resisting E-payment is from the bank's negative attitude towards them. IB is a main problematic bank in each district. NABFINS authorities must raise these issues to them and arrive at a conclusion. NABFINS can ask for NABARDs intervention in these crucial matters.
8. It is very difficult for NABFINS to use mobile wallets to send cash since more than 90 per cent of the SHGs do not have access to smart phones and do not have enough knowledge of these new technologies. So the possibility of using mobile banking system will not be feasible for the company.
9. NABFINS can send an SMS to the leaders of the SHGs intimating the date at which the money will be disbursed. This will be helpful for the SHGs to inform the bank prior when they will be withdrawing the money from the bank.
10. The main problem that SHG is facing from the bank side is the delay in payment. It is highly resisting SHGs to accept E-payment because they have to pay interest from the next day whether SHGs get money or not. So it will be good if NAFINS start to charge interest only after the SHG members get that loan amount. This information can be done by the FSO through a field visit.
11. Cutthroat competition is also a major issue for NABFINS. The competitors are still giving loan as cash in many districts. So NABFINS must start to provide higher loan amounts per member so that we can retain these SHGs and also try to introduce different products like JLG loans, loans for sanitation purpose in the Nilgiris and other products to ensure sustainability of NABFINS.
12. The majority of the BC have opted for cash disbursement as the most preferred mode of payment. This acts as a major reason for SHGs rejecting E-payment. NABFINS officials must provide a training program to the BCs on the role of BC in promoting E-payment among SHGs.
13. NABFINS can send a letter authorization for withdrawing money from banks to the concerned bank manager so that problems for banks can be solved.

14. NABFINS must conduct a Participatory Rural Appraisal meeting and interaction with the banks on the treasury bench to arrive at a unanimous decision favouring all parties involved in E-payment.

CONCLUSION

The word 'change' is the only thing that is not changing, rest everything is changing. Change is an inevitable process in every organisation. It is the inbound nature of the beneficiaries to oppose change as they have already become acclimated toward the existing system. The study titled "payment to SHGs through electronic mode – issues and challenges to the clients" broadcasted the practical difficulties the SHGs are facing with regard to E-payment. As a whole we were able to conclude that an immediate and complete change from cash disbursement to E-payment has produced varying results depending on various external factors like attitude of bankers, geographical characteristics, infrastructure facilities etc and internal factors like SHGs knowledge level with regard to banking, interest of SHGs towards E-payments, perception of SHGs etc.

As per the current scenario it will better for NABFINS to continue cash disbursement in the Nilgiris by considering it as a special case as both internal and external factors considerably affects the acceptance level of SHGs to choose E-payment.

As far as Thiruvannamalai district is considered it is good to continue cash disbursement to SHGs who have account in PACS and wait for CBS to be implemented there which as per the PACS manager will be installed shortly. New SHGs can be financed through E-payments as the acceptance level of SHGs is high towards E-payment where E-payment has been implemented. BCs can play a major role in convincing SHGs to transfer their accounts to nationalised bank but it will take some time. If this can be done it will provide a good level platform to implement E-payment in the district.

The implementation of E-payment in Chennai district is highly successful. So the company can continue the loan disbursement through banks accounts.

Branch managers attitude of some banks are the major hindrance in preventing SHGs to take up E-payment in Erode, Villupuram and Nammakal. Moreover in Nammakal BCs are influencing SHGs to resist E-payment. by taking necessary measures to solve these issues NABFINS can placidly implement E-payment in these districts. Thus the concept of E-transfer is good but the organisation has to make necessary adjustments accordingly.