

ABSTRACT

This thesis is concerned with the need of the small borrowers. It has been attempted to describe the actual need of the small borrowers after analysing the available secondary and primary data and an attempt has been made to bring out the actual need of the small borrowers in the District of Darjeeling, West Bengal.

According to the Reserve Bank of India, an account that has a sanction limit of Rs. 2,00,000/- is a small borrowal account (Sriram, 2016). Prior to this the limit of this small borrowal account in India was Rs. 10,000/- up to June, 1983, Rs. 25,000/- during 1983 to March, 1998, and after March 1998, the limit of this account stand still at Rs. 2,00,000. The percentage of small borrowal account to all account, during 1975 to 2000, reached to more than 97%, but, a steady declining trend observed after the year of 2000. The same scenario was also observed for the percentage of amount outstanding in small borrowal account (RBI Bulletins), though, through the branch expansion of scheduled commercial bank, the number of bank branches reached to 1,38,059 in 2017, from 24,802 in 1977 (RBI, Sept 2017). The difference of the rate of interest between large borrowers and small borrowers are not only marginalised (except certain cases) but also small borrowers had to pay more average rate of interest than the large borrowers (RBI Bulletin, May 2011).

The small borrowers were in priority sector since 1969 and were enjoying various schemes of commercial banks and other lending institutions before the reform of banking policy. As the time elapsed, the banking sector started extending loan to small borrowers vary cautiously and tightly, and almost neglect the release of loan if they assumed that the risk is a bit high. The reverse scenario was observed in case of large borrowers, non-governmental organisation, NBFCs etc. The result of refusal of getting loans from formal sector by the small borrower insists them to knock the door of informal moneylenders, and, the share of non-institutional agencies (including moneylenders) rise up to 44% in 2012 from 36% (Pradhan, 2013).

All these issues have impact on the small borrowers which have been tried to address in this research. A brief overview of the chapters of this thesis is given below.

The first chapter introduces the research topic; statement of the problem; objective of research; research questions and hypothesis; and states the research methodology.

The second chapter is based on review of available literature relevant to the study. It is intended to discuss the issues relating to non-institutional and institutional credit.

The third chapter is intended to describe the position of small borrowers in the formal credit market of India.

The fourth chapter is also based on secondary data and discussed the issues of small borrowers in the informal credit market of India.

The fifth chapter describes and outlines the issues of small borrowers in the credit market of West Bengal from the relevant literature. Both the formal and informal credit markets of small borrowers have been discussed. The outreach of microfinance in West Bengal has also been discussed in the chapter.

The sixth chapter states the socio-economic condition of small borrowers in the district of Darjeeling. This chapter is based on primary data. The data was collected through a survey of 244 households in the blocks of Matigara, Naxalbari, Khoribari, Phansidewa and in the wards of Siliguri Municipal Corporation. The samples of this study are the small borrowers of above mentioned blocks and wards.

The seventh chapter assessed the major issues of small borrowers like rate of interest, Generation of income, the preference of source of loan, Preference shifting of source of loan etc. This chapter is also based on primary data collected through survey.

The final chapter (eighth) summarizes the specific findings of the chapters (one to seventh) of the thesis.