

Preface

After nationalisation of commercial bank in 1969, in India, a supply led approach has been followed to ensure the flow of credit to all sectors which were previously un-served by the banking system. The expansion of bank branches in the unbanked regions was made to serve the un-served areas by adaptation of social banking approach. But, through the economic reforms, a direct shift has been made in the banking policy of India for improving the operating efficiency and profitability. This efficiency and profitability approach was completely neglected in the phase of social banking.

It is difficult to define the term 'small' in the 'Small Borrower' precisely (Chavan, 2014-15). According to Reserve Bank of India, presently an account which has credit limit of up to Rs. 2,00,000/- is a small borrowal account. The limit of this small borrowal account was up to Rs.25,000/- till 1998 (March) and up to Rs. 10,000/- , till June 1983 . Since 1998 April, the credit limit of small borrowal account extended to Rs.2,00,0000/-. Again, through the Master Circular on Priority Sector Lending-Target and Classification, Reserve Bank of India stated about loans to weaker section. Loans to weaker come under priority sector lending. Weaker section includes various socially and economically unprivileged sections, like small and marginal farmers, village artisans, backward social groups, individuals and women and person belonging to minority community.

Since 2005, another initiative in the name of 'financial inclusion' was undertaken for extending the banking service to the un-served sections. This ' financial inclusion' can be seen as a *'process of ensuring access to appropriate financial products and service need by all section of the society in general, and vulnerable groups in particular, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players'* (Chakraborty, 2013). But, in 2009, the report of the Task Force on Credit Related Issue of Farmers stated with a great concern that very large number of small and marginal farmers, especially tenant farmers, oral lessees, sharecroppers and among them women, continue to have difficulty in assessing agricultural credit from formal sources. The dependence of these sections on moneylenders has disturbingly been increased.

In Priority sector lending, the weaker section borrowers are small borrowers as the credit limit of this weaker sections is less than the credit limit of small borrowal account. As the time elapsed, following the efficiency and profitability approach, the banking sectors of the country started to release credit to the small borrowers very tightly and cautiously, and, almost neglect to release credit if the risk perception associated with the release of credit is high. As a result, the dependence of these sections on informal borrowers increased.

All these issues mentioned above have impact on the small borrowers of the country.

In the research work “Small Borrowers’ Need and the Credit Market: A Study of Formal and Informal Market Borrowing in the District of Darjeeling, West Bengal”, it is intended to address all the above mentioned issues along with other issues of small borrowers, like, rate interest, income generation by utilising loan amount, the repayment of loans etc., have been addressed focussing specially on the small borrowers of the district of Darjeeling.

I hope, this research work will serve its purpose.

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