

## **SMALL BORROWERS' INDEBTEDNESS & REPAYMENT OF LOANS IN THE DISTRICT OF DARJEELING, INDIA**

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### **ABSTRACT**

*The present study assesses the depth of indebtedness of the small borrowers and their propensity and capacity to repay the loans obtained from various formal and informal credit providers in the district of Darjeeling, West Bengal, India. The study also makes an attempt to explore the relationship between the above two factors relevant in accessing the credit by small borrowers. The study is based on primary data, collected from 189 households in the four blocks (Matigara, Naxalbari, Phansidewa, Khoribari) and 55 households of Siliguri Municipal Corporation area situated in the plains of the district of Darjeeling. These 244 households of small borrowers comprise of different social communities whose indebtedness was less than Rs. 2,00 thousand per lender were considered as small borrowers. The processed data have been presented in tabular form with comparative analysis and a correlation between the variables has also been shown. The Primary findings of the study are: i) more than 94% of total loans taken by small borrowers are repaid regularly. ii) The percentage of absolute non-repayment in case of informal loans is more than the percentage of non-repayment of formal loans. Iii) The percentage of number of defaulted loan repayment in case of formal loans is higher than the percentage of defaulted loan repayment of informal loans. It is observed that the number of non-repayments of loan and the total number of loans taken by the small borrowers is found insignificantly correlated. It is also observed that the quantum of indebtedness of small borrowers is not correlated with number of defaulted loans. The study thus provides an understanding of indebtedness of the small borrowers and their propensity to repay loans. The findings are relevant for policy making by financial providers in order to assess their asset situation and while making provisions for loans to creditworthy small borrowers.*

**Keywords:** Small borrowers, Indebtedness, Repayment of loans, Formal loans, Informal loans, Darjeeling.

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