

SUSTAINABLE LIVELIHOODS OR DEBT TRAPS? FUTURE DIRECTION OF QUALITY OF LIFE OF MICROFINANCE BORROWERS IN DARJEELING AND JALPAIGURI TEA GARDENS

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Abstract *The rise of microfinance is lauded for its potential to uplift underserved communities, promising to stabilise household incomes, empower women, and broaden access to vital services. While numerous studies support its outreach to marginalised populations, concerns have emerged regarding its impact. Though intended to aid those in poverty, microfinance sometimes exposes borrowers to the risk of falling into debt traps. Our study aims to assess whether microfinance improves the Quality of Life (QoL) of borrowers and if this improvement is sustainable. Focusing on tea garden workers in Darjeeling and Jalpaiguri, we analyse data from 150 participants. While initially enhancing living standards, microfinance's effect on long-term poverty alleviation is complex, akin to a double-edged sword: it aids in escaping poverty but can also escalate debt burdens. While microfinance provides crucial credit access to the poor, the ease of access to borrowing, particularly for non-productive purposes, raises concerns about entrapment in debt cycles. Balancing its benefits and risks is vital to ensuring sustained effectiveness in poverty reduction.*

Keywords: Microfinance, Tea Garden Workers, Poverty, Living Standards, Debt Trap

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INTRODUCTION

India is the world's second-largest tea grower, producing more than 1.3 million tonnes of tea each year (Garg, 2023). Tea cultivation plays an important role in West Bengal, considerably impacting the lives of the Tarai and Dooars (North Bengal) locals. Currently, the region has over 450 tea gardens, employing over 6 lakh people and relying on the business for almost 3 million. The fate of the tea business is inextricably intertwined with the tea workers, who devote a large portion of their lives to the tea gardens (Ansari, 2023). Despite their crucial role, these workers are among the most vulnerable members of society, having experienced deplorable living conditions since the beginning of tea plantations in India. These workers have limited access to anti-poverty social security initiatives and other social welfare schemes, such as formal banking services (Dutta et al., 2021). Addressing

the formidable challenge of poverty in rural and semi-urban India is imperative, with over 230 million people grappling with economic hardships primarily due to a lack of employment opportunities. The solution lies in offering self-employment avenues, a void microfinance has successfully filled by providing modest loans and support to budding entrepreneurs. While it proves to be a potent tool for poverty alleviation, especially for women, prudent management is essential to avoid potential financial pitfalls. Microfinance, a critical tool in the fight against poverty, provides financial support tailored to meet the unique needs of vulnerable populations. The origins of this transformative approach date back to 1991, aligning with global financial shifts and the rise of commercialisation. Md Yunus's groundbreaking Grameen Bank model, which received the Nobel Prize in 2006, epitomises this change. Yunus believed that the inclusion of women would double the pace of economic independence, enabling them to

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overcome economic hardships and restrictive social systems, thereby contributing to national economic growth (Bansal & Aggarwal, 2017).

While microfinance is celebrated for its potential to uplift underserved communities, it has also generated significant debate in academic circles. Armendariz and Morduch (2010) describe a polarised view of its effects on loan clients. According to Deb (2019), proponents praise its ability to stabilise household income, empower women, and improve access to essential services. Conversely, critics, including Morduch (1999) and Dichter and Harper (2007), raise concerns about the risk of compromising basic needs, exploitative borrowing, and rising debt cycles.

The evolution of Microfinance Institutions (MFIs) reflects a dual trajectory. They attract commercial funding while facing challenges, such as high interest rates and unethical debt collection practices. Popular lending models, such as the Self-Help Group (SHG) approach, also face criticism for lacking scientific rigor, resulting in ineffective identification of eligible borrowers and inadequate assessment of their financial capabilities (Parthasarthy, 2018). Additionally, MFIs operate under various legal structures and are registered under different Acts, and the influx of new institutions has intensified competition within the sector (Mehta, 2020). The concerns outlined above highlight the necessity of extensive modifications to guarantee the efficiency and equity of microfinance institutions. The ongoing discourse underscores concerns about profitability, interest rates, and potential deviations from the primary objective. Transparent interest rates remain elusive, contributing to difficulties for borrowers who often encounter higher-than-expected interest costs after securing loans. This situation, particularly prevalent among women entrepreneurs, contributes to over-indebtedness, necessitating additional occupations to manage growing loans and perpetuating the cycle of indebtedness.

In conclusion, the intricate landscape surrounding microfinance necessitates a nuanced examination of its multiple effects on individuals and communities. The ongoing debate calls for a deeper understanding of its varied impacts and a concerted effort to address challenges, ensuring that microfinance continues to be a force for positive change in the upliftment of tea garden workers with low incomes in North Bengal.

THEORETICAL FRAMEWORK

Microfinance has emerged as a vital tool in promoting financial inclusion and poverty alleviation, particularly in developing economies (Morduch, 1999). While it aims to empower individuals economically, the sustainability of

its impact on the Quality of Life (QoL) among borrowers remains a subject of debate. This theoretical framework seeks to explore the factors influencing the sustainability of QoL among microfinance borrowers, integrating Financial Inclusion Theory, Asset Accumulation Theory, Social Capital Theory, Empowerment Theory, and Gender and Development Theory, aiming to provide insights into the long-term effectiveness of microfinance interventions.

According to the Financial Inclusion Theory, the primary concept of microfinance is to increase financial inclusion by providing access to credit, savings, insurance, and other financial services to individuals who are excluded from the conventional banking sector (Karlan & Valdivia, 2011). This idea asserts that by providing these services to the poor, microfinance organisations allow them to engage more fully in the market, control risks, and stabilise consumption. Asset Accumulation Theory emphasises the importance of asset ownership and accumulation in fostering long-term economic stability and improving QoL among individuals and households (Swain, 2017). By raising household income and enhancing resilience to economic shocks, this theory suggests that asset ownership can act as a means of escaping poverty. Further, Human Capital Theory states that Microfinance frequently involves financial literacy instruction, skill development, and entrepreneurial education. It also implies that investing in people's skills, knowledge, and talents increases their productivity and earning potential, thus lowering poverty over time. Microfinance also adheres to Social Capital Theory, as it functions within social networks and communities. According to this theory, strong social relationships, trust, and collaboration within communities can help people gain access to financial services and encourage collective action to reduce poverty (Coleman, 1988). Microfinance efforts can expand their reach and impact by using existing social networks.

Furthermore, Empowerment Theory focuses on enhancing individuals' agency, voice, and decision-making power, enabling them to exert control over their lives and pursue their goals (Roodman, 2009). According to this hypothesis, having access to financial resources and decision-making authority may lead to higher self-esteem, greater autonomy, and stronger engagement in household and community activities. Gender and Development Theory emphasises the importance of addressing gender disparities and promoting gender equality in development interventions, recognising the unique challenges and opportunities that women face in accessing and benefiting from microfinance services (Yunus, 2007). This integrated theoretical framework provides a comprehensive understanding of the factors influencing the sustainability of QoL among microfinance borrowers. It offers valuable guidance for designing and implementing

more effective and sustainable microfinance interventions that promote lasting improvements in QoL for marginalised populations.

LITERATURE REVIEW

Microfinance plays a pivotal role in poverty reduction by facilitating the improvement of livelihoods among people experiencing poverty. It mitigates financial vulnerability, promotes economic and social empowerment, and encourages savings. Chowdhury (2009) highlights that microfinance enhances access to financial services, increases income, provides better education, improves health, ensures superior housing, and boosts confidence and social standing for the impoverished. The strategy assists people experiencing poverty in managing financial downturns, supports education and health financing, and fosters long-term productivity.

In India, microfinance services are delivered through two primary approaches: Self-Help Groups (SHGs) and Microfinance Institutions. The southern region exhibits the highest concentration of microfinance activities, while the Northeastern areas remain underserved by formal financial institutions and have a lagging microfinance sector. Rajput (2021) emphasises that a well-functioning financial system can integrate economically and socially excluded individuals, actively contributing to development and shielding people experiencing poverty from economic shocks. Sultana et al. (2017) concluded that microfinance provides more knowledge and social empowerment than economic empowerment and has significantly boosted confidence, courage, skill development, and empowerment. Akotey and Adjasi (2016) and Dubey et al. (2021) assert that women experience improvements in income, assets, occupation, savings, access to loans, bank connections, knowledge, self-worth, and decision-making ability.

Empirical evidence indicates that the availability and effective utilisation of microfinance loans significantly contribute to women's empowerment, leading to enhanced living standards for themselves and their families. Contrary to these positive findings, several studies suggest that microfinance's has a negative or inconsequential impact on poverty, welfare, and inequality. Gaiha and Nandhi (2007) observed unsatisfactory targeting performance in microfinance, Kundu (2013) found limited improvement in savings among microfinance participants, and Bateman and Chang (2012) argued that microfinance may create a "poverty trap." Additionally, Coleman (1999) suggested that microcredit can fail as a development instrument, as high-interest loans are often used for non-productive purposes, exacerbating borrowers' financial vulnerability. Adams and

Von Pischke (1992) further posited that microfinance may not effectively move impoverished households out of poverty; instead, it could worsen their situation. Studies by Diagne and Zeller (2001) show no significant link between microfinance and household welfare, with minimal influence on per capita income, food security, and nutritional status. Uddin and Uddin (2021) discovered that informal money lenders tend to exploit households when they are heavily leveraged. Interestingly, they discovered a new phenomenon known as "borrowing for others," where households borrow from MFIs to lend money to others. It has also been observed that most households lack financial literacy and borrow primarily for consumption smoothing. Furthermore, loan sharks were expected to be excluded from the financial system as microfinance develops, but in reality, they become even more exploitative and powerful as debt spirals. In Summary, the literature review underscores critical conditions for effective poverty eradication through microfinance. It emphasises that households' must utilise microloans for successful activities that yield returns surpassing interest payments. Furthermore, obtaining loans from trustworthy banks at reasonable interest rates is crucial to prevent borrowers from falling into a "Debt Trap." The ability to leverage microfinance for poverty reduction is contingent upon prudent borrowing and investment decisions.

OBJECTIVE OF THE STUDY

Based on the above discussion there are two primary objectives of the study.

- The first primary objective of the study is to assess whether there is any improvement in the QoL of microfinance borrowers post-borrowing. To assess the QoL two aspects have been considered: (a) Level of Expenses and (b) Level of Savings. The change in expenses has been considered to assess the change in the QoL. Further, microfinance borrowers may resort to savings for the improvement of their QoL in the future. Thus, there are two secondary objectives of the study:
 - (i) To assess the impact of microfinance loans on the change in the level of expenses of tea garden labourers,
 - (ii) To assess the impact of microfinance loans on the change in the level of savings of the tea garden labourers.
- If there is an improvement in the QoL of microfinance borrowers, then the second objective is to assess whether the positive change in their QoL is sustainable or not.

METHODOLOGY

The approach used in this study focuses on the collection and analysis of primary data acquired from tea gardens in the Darjeeling and Jalpaiguri Districts of West Bengal, India. The study uses a sample size of 150 participants to assess the impact of MFIs on livelihoods and the potential occurrence of debt traps in these specific geographical contexts. Descriptive statistics, the normality tests, the Wilcoxon signed rank test, the Tobit Regression, and the Robust Least Square analysis are used to draw the conclusion of the study. This comprehensive methodology allows for a nuanced understanding of the multiple linkages between MFIs, livelihoods, and financial purpose alignment in the tea gardens' particular socioeconomic and geographical environment, adding significant insights to the current literature on microfinance impacts.

$$\text{Model 1: } y_i^* = \alpha + \beta_1 \text{age}_i + \beta_2 \text{GEN}_i + \beta_3 \text{Assets}_i + \beta_4 \text{NF}_i + \beta_5 \text{MI}_i + \beta_6 \text{NL}_i + \beta_7 \text{SL}_i + u_i$$

$$\text{SA}_i = y_i^*, \text{ if } y_i^* > 0 \text{ Savings}_i = 0, \text{ if } y_i^* \leq 0$$

Where Savings = Savings amount for the i^{th} individual, age = age of the respondent, GEN = gender (male/female), MS = Marital Status, MI = Monthly Income, NF = number of family members, NL = Number of Loans taken at a time, SL = Living Standards.

In Model 2, Expenditure_i is the observed dependent variable, y_i^* is the latent variable, and u_i is the error term, which is

$$\begin{aligned} \text{Model 2: } y_i^* = & \alpha + \beta_1 \text{GEN}_i + \beta_2 \text{Assets}_i + \beta_3 \text{AGE}_i + \beta_4 \text{MFS}_i + \beta_5 \text{MI}_i + \beta_6 \text{NF}_i \\ & + \beta_7 \text{NL}_i + \beta_8 \text{SL}_i + u_i \end{aligned}$$

$$\text{SL}_i = y_i^*, \text{ if } y_i^* > 0 \text{ Expenditure}_i = 0, \text{ if } y_i^* \leq 0$$

Where, GEN = Gender of the respondent, AGE = Age of the respondent, MFS = Satisfaction with MFIs, MI = Monthly

Empirical Specification

The Tobit model, also known as a censored regression model, is intended to estimate linear relationships between variables when the dependent variable has left- or right-censoring (also known as censoring from below and above, respectively). In our case, it is assumed that the savings cannot fall below zero, which is one kind of censorship. In Model 1, Savings_i is the observed dependent variable y_i^* , is the latent variable, and u_i is the error term (normally distributed). The Tobit structure is implemented to account for the potential censorship of savings at zero. Interpreting the coefficients in this model entails considering their influence on the latent variable y_i^* while acknowledging that the observed savings (Savings_i) are censored at zero.

assumed to be normally distributed. The Tobit structure is implemented to account for the potential censoring of the expenditure at zero (i.e., the expenditure has neither increased nor reduced, and is taken as zero). Interpreting the coefficients in this model entails considering their influence on the latent variable y_i^* while considering that the observed Expenditure_i is censored at zero.

Income, NL = Number of Loans taken at a time, NF = Number of Family members.

RESULTS AND FINDINGS

Table 1: Descriptive Statistics

Variable	Parameters	Percentage (%)	Frequency
Gender	Male	29.33	44
	Female	70.67	106
Age	18-30	20.67	31
	30-50	72.67	109
	Above 50	6.66	10
Marital Status	Married	79.2	119
	Unmarried	8.9	13
	Divorced/ Widow	11.9	18
Educational Status	Illiterate	42	63
	Up to class 8	33.33	50
	Above class 8	24.67	37

Variable	Parameters	Percentage (%)	Frequency
Monthly Income	Below 5000	2	03
	5000-10000	85.33	128
	Above 10000	12.67	19
Amount of Loan Taken	Below 20000	12	18
	20000-50000	36.67	55
	50000-80000	14	21
	Above 80000	4	6
No. of Loan Taken at a Time	1	50.67	76
	More than 1	49.33	74
Purpose Behind Taking the Microfinance Loan	Productive/ Business Purpose	34.7	52
	Education of Children	9.3	13
	Consumptive	2.9	4
	Construction of Houses/ Households	38.1	57
	Repay of Previous Loan	15	22

Regarding demographic features, Table 1 reveals that 70.67% of respondents were female, and 29.33% were male. The fact that most respondents were women attests to the reality that most microfinance beneficiaries are female, as the researcher chose the respondents randomly without bias. Since gender discrimination is one of the leading causes of poverty, slower economic growth, poor governance, and lower standards of living, as well as the fact that women are more disadvantaged than males, there are ample reasons why several microfinance programs target women. On the other hand, women contribute far more to their families' well-being than males (Alamirew Alemu, 2007). Approximately 79.2% of borrowers are married and between the ages of 30 to 50. The educational status of the borrowers reveals that 42% are illiterate, 33.33% have completed class 8, and only 24.67% have studied above class 8. This allows us to determine the borrowers' financial understanding and degree of literacy. Being tea garden labourers, most of the respondents (85.33%) fall in the monthly income range of Rs. 5000–10000, and 12.66% have a monthly income of above Rs. 10,000. Most respondents took out loans ranging from Rs. 20,000 to Rs. 50,000. A total of 49.33% of individuals have taken more than one loan at a time, and a significant portion

(65.3%) of these loans has been utilised for non-productive reasons. When funds are allocated towards activities that do not generate income or sustainable returns, it reduces the borrowers' capacity to repay the loans.

Normality Test

Table 2 presents the outcomes of the Kolmogorov-Smirnov and Shapiro-Wilk tests conducted on all the variables under examination. Given the characteristics of our dataset, we chose to utilise the Shapiro-Wilk test over the Kolmogorov-Smirnov test in our analysis. While the Kolmogorov-Smirnov test is well-suited for larger datasets, the Shapiro-Wilk test better aligns with the specific attributes and requirements of our data, allowing for more accurate and reliable results. The results of the Shapiro-Wilk test indicate that the significance values for all variables are below 0.05. This implies the rejection of the null hypothesis, suggesting that our data deviates from normality. Consequently, the use of parametric tests is deemed inappropriate for this dataset. Thus, we must opt for a suitable alternative non-parametric test for the analysis.

Table 2: Test of Normality

Null Hypothesis: Data follows normality.

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Savings Before MF	0.242	150	0.000	0.833	80	0.000**
Savings After MF	0.268	150	0.000	0.839	80	0.000**
Ability to Save Before MF	0.540	150	0.000	0.226	80	0.000**
Ability to save after MF	0.532	150	0.000	0.089	80	0.000**
Frequency of savings before MF	0.258	150	0.000	0.860	80	0.000**
Frequency of savings after MF	0.314	150	0.000	0.761	80	0.000**

Note: ** Represents significance at 0.05

Wilcoxon Signed Rank Test

The Wilcoxon signed-rank test is particularly useful when the data do not meet the assumptions of a normal distribution required for parametric tests like the paired t-test. It is employed to assess whether there is a significant difference between paired observations within a sample. This non-parametric test evaluates whether the distribution of the differences between paired observations is symmetrically centered around zero. The Wilcoxon signed-rank test provides a robust method for comparing related samples by ranking the absolute differences and considering their signs.

It is applied in various fields where non-normally distributed data are common or where sample sizes are small.

The test results in Table 3 indicate no notable disparity in the savings ability among workers. 145 respondents out of 150 said that their savings ability remained the same pre- and post-access to microfinance. This implies that workers saved some of their earnings before and after the Microfinance initiative. However, a significant contrast is observed in savings frequency, with is positive frequency for 120 respondents before and after the microfinance, along with a substantial difference in the amounts saved (98 positives and 9 negatives while 43 are neutral).

Table 3: Ranks

Pairs	Ranks	N	Mean Rank	Sum of Ranks
Pair 1. Ability to Save Before MF – After MF	Positive ^a	1	4.00	4.00
	Negative ^b	4	2.75	11.00
	Ties ^c	145		
	Total	150		
Pair 2. Freq. of Saving Before MF – After MF	Positive ^p	120	63.23	7588.00
	Negative ^q	4	40.50	162.00
	Ties ^r	26		
	Total	150		
Pair 3. Savings Amount Before MF – After MF	Positive ^x	98	55.74	5463.00
	Negative ^y	9	35.00	315.00
	Ties ^z	43		
	Total	150		

Note: a. Ability to Save After < Ability to Save Before; b. Ability to Save After > Ability to Save Before; c. Ability to Save After = Ability to Save Before

p. Freq. of Savings After < Freq. of Savings Before; q. Freq. of Savings After > Freq. of Savings Before; r. Freq. of Savings After = Freq. of Savings Before

x. Savings Amount After < Savings Amount Before; y. Savings Amount After > Savings Amount Before; z. Savings Amount After = Savings Amount Before;

Table 4 demonstrates a P-value > 5% for Savings ability, while P-values are < 5% for both Savings Frequency and Savings Amount. This implies there is no significant difference between saving ability before and after the

microfinance reach. However, there is a substantial difference in their savings interval and savings amount pre- and post-microfinance initiative.

Table 4: Test Statistics

	Ability to Save After - Before MF	Freq. of Saving After - Before MF	Savings Amount After - Before MF
Z	-.966	-9.597	-8.294
Asymp. Sig. (2-tailed)	.344	0.000**	0.000**

Note: ** represents significance at 0.05.

Tobit and Robust Least Square Results

Table 5 (Model 1) illustrates the outcomes derived from both Tobit regression and Robust least square analyses. These results reveal that various factors influence the savings of tea garden labourers. Specifically, the negative coefficients associated with gender (Gen) suggest that

female microfinance borrowers are more effective in saving money compared to their male counterparts, and the individuals taking more than one loan concurrently (NL) may face challenges in saving, as multiple loans at a time have a negative impact on the amount saved. On the other hand, the coefficients related to the Standard of Living (SL) and Monthly Income (MI) indicate that higher

monthly incomes contribute to increased savings, which in turn improves the standard of living for microcredit borrowers in the tea gardens of North Bengal. To ensure robustness in the results, we employed a robust least square regression. The results align closely with the Tobit model,

where the significantly negative variables are gender and the number of loans taken at one time, while the positive significantly positive variables are monthly income and standard of living.

Table 5: Model 1

Dependent Variable – Savings

Variable	Tobit (Censored)		Robust Least Square	
	Coefficient	Prob.	Coefficient	Prob.
C	0.084934	0.7825	0.292172	0.1882
Age	0.005201	0.3365	-0.158192	0.2497
GEN	-0.441243	0.0001 **	-0.500543	0.0001 **
Assets	0.255381	0.0429 **	0.091065	0.1208
NF	0.037682	0.2110	1.621377	0.2776
MI	1.29E-05	0.0516 *	-0.298267	0.1131
NL	-0.347213	0.0000 **	-0.593928	0.0000 **
SL	1.087428	0.00000 **	0.248595	0.0000 **

Note: ** represents significance at 5%, and * represents significance at 10%.

Table 6 (Model 2) demonstrates the primary factors impacting expenditure among microcredit recipients who are tea garden labourers in North Bengal. The Tobit analysis reveals that the negative coefficients associated with gender (Gen) suggest that female microfinance borrowers spend more money compared to their male counterparts; the simultaneous presence of Multiple Loans (NL) indicates that it has a dampening impact on expenditure, this might be because of the large repayment installments leads to a reduction in the domestic expenditures. Satisfaction with Microfinance Services (MFS) exerts a significantly positive influence on the expenditure of tea garden labourers. To ensure robustness in the results, we employed robust least

square regression. The results align closely with the Tobit model. These findings underscore the multifaceted nature of the variables that play pivotal roles in enhancing the well-being of microcredit borrowers who are tea garden labourers in North Bengal. These findings collectively suggest that higher savings, multiple loan obligations, and contentment with microfinance services tend to drive up expenditure, potentially indicating a propensity for a debt trap scenario. This insight underscores the importance of understanding the intricate dynamics between microcredit, savings behaviour, and expenditure patterns to mitigate the risks of falling into a debt trap for vulnerable populations like tea garden labourers.

Table 6: Model 2

Dependent Variable – Expenditure

Variable	Tobit (Censored)		Robust Least Square	
	Coefficient	Prob.	Coefficient	Prob.
C	-0.036972	0.9458	359114	0.3064
GEN	-0.371879	0.0431 **	-0.209246	0.0742 *
Assets	0.149153	0.4824	0.093143	0.5109
AGE	0.008721	0.3276	0.005072	0.3898
MFS	0.391232	0.0341 **	0.239105	0.0435 **
MI	-1.15E-05	0.4418	-5.44E-06	0.4786
NF	0.023939	0.6294	0.013122	0.6883
NL	-0.177371	0.0713 *	-0.105873	0.0934 *
SL	-0.004998	0.9846	-0.002507	0.3064

Note: ** represents significance at 5%, and * represents significance at 10%.

DISCUSSION

The findings presented in Table 3 suggest that there is no significant disparity in savings ability among tea garden labourers, as indicated by a non-significant P-value ($> 5\%$) for savings ability. Most respondents reported that their savings ability remained consistent before and after accessing microfinance, emphasising the resilience of their savings practices. However, a closer examination reveals a substantial contrast in savings frequency and amounts. While savings ability may not vary significantly, how individuals save—both in frequency and amounts—undergo notable changes post-microfinance intervention. The identified differences in savings behaviours are further explored through statistical models. Model 1 reveals that various factors influence the savings of tea garden workers. Gender emerges as a significant factor, with female microfinance borrowers demonstrating a more effective ability to save than their male counterparts. Additionally, individuals taking multiple loans simultaneously face challenges in saving, suggesting a potential negative impact on savings amounts. On a positive note, higher monthly incomes and an improved standard of living contribute to increased savings among microfinance borrowers in the tea gardens of North Bengal. The robustness of the results is confirmed by employing both Tobit regression and robust least squares analyses, which yield consistent outcomes. The findings underscore the complexity of variables influencing savings behaviour, highlighting the need for a nuanced approach to microfinance initiatives.

Individuals may incur debt beyond their means to comply with cultural conventions and preserve a respectable image within society. As a result, individuals may find themselves in a financial bind, unable to repay the borrowed money. The debt load might compound current financial issues for tea garden workers in the setting of tea gardens in North Bengal, where economic conditions are already severe. Loan repayment becomes difficult, perhaps leading to a cycle of borrowing to satisfy continuing costs and repayments. Taking out many microloans simultaneously, especially for non-productive objectives such as house construction, education, child marriage, and loan repayment, might lead to a debt trap scenario. Table 1 indicates that 49.33% of individuals have taken more than one loan at the same time, and a significant portion (47.9%) of these loans is utilised for non-productive reasons. When money is dedicated to activities that do not create revenue or long-term returns, the ability to repay debts is reduced. In this environment, housing, building, schooling, and loan repayments, while required, may not immediately contribute to revenue production. As a result, borrowers find themselves in a loop in which a considerable percentage

of the borrowed sum is channeled towards non-productive usage, causing difficulty fulfilling repayment requirements and, eventually, leading to a debt trap. This debt trap impacts the financial security of individuals and families, as well as the general socioeconomic landscape of the tea garden community. Addressing this issue necessitates a thorough understanding of the socioeconomic dynamics and measures to provide financial literacy and support systems to prevent individuals from falling into unsustainable debt cycles.

CONCLUSION

Finally, this research provides insight into the complex dynamics of savings behaviour and the impact of microfinance on the lives of tea garden labourers in North Bengal. As shown in Table 3, the data indicate that, while there is no significant difference in overall savings ability among tea garden labourers, the frequency and quantity of saves alter significantly following microfinance intervention. The robustness of savings behaviours is emphasised, although a closer look reveals significant differences in savings patterns. The findings of statistical models, as shown in Model 1 and Model 2, indicate the multidimensional nature of factors affecting savings and expenditures. Gender, the number of loans taken out concurrently, monthly income, level of living, and satisfaction with microfinance services all emerge as important drivers. This situation frequently compels female microfinance borrowers to establish new businesses with minimal initial capital to seek extra jobs to pay loan commitments (Singh & Singh, 2023) and save more effectively, whereas multiple loans make saving difficult. Higher income and higher living standards both contribute positively to savings. The study also reveals a troubling aspect of debt accumulation and its consequences. The incidence of people taking out multiple loans, especially for non-productive purposes, suggests a debt trap scenario. The cycle of borrowing to cover non-productive expenditures and repayments can have a negative impact on tea garden labourers' and their families' financial stability. Notably, tackling this issue necessitates a thorough understanding of the socioeconomic processes involved and the deployment of financial literacy and support system enhancement initiatives. Finally, this study emphasises the multifaceted nature of microfinance impacts and the significance of adapting interventions to the unique needs and constraints encountered by tea plantation labourers. It calls for a comprehensive approach that goes beyond financial assistance, integrating initiatives to reduce the risk of debt traps and encourage sustainable financial behaviours in the community.

Limitations of the Study

The current study has certain limitations that open the path for further investigation. Because the study was restricted to a few tea plantations in West Bengal's Jalpaiguri and Darjeeling regions, the outcomes may have more significant implications for specific tea garden labourers. As a result, broadening the geographical scope of future studies would provide a more thorough understanding of the issue.

Conflict of Interest

The authors declare that they do not have any conflicts of interest.

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