



## Access to Money

### Sources of financing

Money lenders

Chit funds

Agricultural Credit Co-operatives

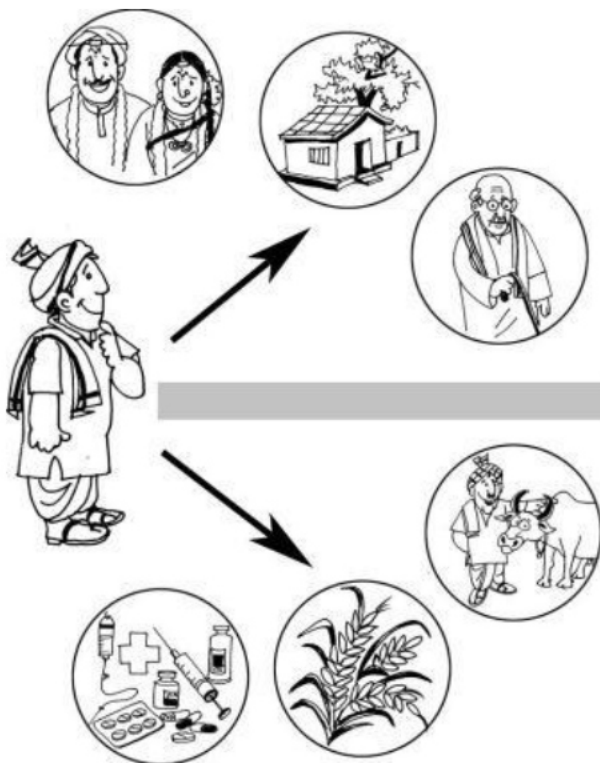
Co-operative banks

Micro finance

Regional Rural Banks (RRBs) and Local Area Banks (LABs)

Regional branches of large nationalised banks

### Benefits and cautions while borrowing



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- They would only have to pay interest if they do take a loan and more importantly, the rate of interest would be much cheaper than Moneylender charges.
- They can take loans for longer periods of time, if necessary, without worrying about having to be ashamed that they have not paid back sooner.
- Banks charge a very small penalty for paying back early as it unsets their plans for the total

...and changed a very small penalty for paying back early as it saves them plans for the extra money that they manage. Yet in many cases it may still be beneficial for the borrower to pay back early and save money in terms of interest that would have to be paid if the loan was carried forward till its term.

- They would need to understand what the bank required as a security for the loan. banks offer a lower rate of interest on loans if borrowers temporarily transferred their assets, such as land papers or other investment, to the bank. Naturally, once the loan was paid off, the asset would be returned to the borrower.

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