

**IMPACT OF MICRO FINANCE THROUGH SHG –BANK LINKAGE  
PROGRAMME  
–A STUDY ON KAMRUP DISTRICT OF ASSAM**

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**ABSTRACT**

*Poverty is widespread in India which indicates a condition in which a person fails to maintain a living standard adequate for a comfortable lifestyle. Therefore, it is one of the main concerns, enticing the attention of Government, sociologists and economists. Although the Indian economy has grown steadily over the last two decades, its growth has been uneven in the sense that there is a large scale poverty still prevails in India especially in rural areas. And therefore, many poverty alleviation programmes is being formulated and implemented from time to time to overcome with the problem of poverty. Micro finance movement in India is a decent stride laid forward in this direction. The researchers through this paper tried to examine the reciprocal impact of micro finance through SHG Bank linkage programme in the Kamrup district of Assam.*

*Keywords: Microfinance, SHG, Poverty*

**INTRODUCTION:**

Poverty is regarded as a main stumbling block to social development. All countries of the world openly admit the existence of poverty in them, and all have shown their commitment to eradicate it. Poverty was one of the main issues discussed at the World Summit for Social Development, held in 1995 in Copenhagen. (Choudhury, 2005)<sup>1</sup> Poverty is not only about what you need to avoid dying from starvation and cold, but the condition you need to stay healthy and participate in the society in which you need to live. Poverty is concerned with social needs as well as physical needs. (Singh, 2001)<sup>2</sup>

India lives in villages. This edge which emphasizes the agrarian character of the Indian economy and to which such pointed attention was drawn by Mahatma Gandhi, continues to be true to this day inspite of industrial development that has taken place in the last four

decades since independence. The industrialization has not made any substantial difference to the proportion of population that lives in villages, though the exodus from villages in recent years has created problems and added to the urban slums. The importance of rural development, looked at broadly as such is further intensified by the fact that poverty the alleviation of which is the supreme objective of all developmental efforts has the widest incidence, and infact its sources in rural areas. (Yadav & Gurjar, 1997)<sup>3</sup> It is well recognised that the avowed objectives of our social planners immediately after independence of our economy were the ending of poverty, ignorance and the inequality of opportunities. Of course, there has been an evolution of policy strategies, from time to time, since independence towards this direction. But ironically even after the elapse of sixty four years after independence about one-third of our total population still suffer from abject poverty and a large section of poverty afflicted people is entangled by the poverty trap i.e. they suffer from chronic poverty. The incidence as well as intensity of poverty has also been reflected in its various dimensions viz., the social, regional, occupational, ethnical etc. in both rural and urban areas of our economy albeit with some degree of variations. Interestingly the Govt. has made changes in the policy strategies towards the objective of alleviation of poverty depending on the dynamic behaviour of our macro-economic scenario during the plan period. In fact up to the early 70s we actually followed the strategy of growth mediated development policies on the basis of the expectation of the operation of the "Trickle Down Hypothesis" such that the fruits of economic growth would automatically percolate amongst all sections of people irrespective of region, religion and castes etc. But astonishingly the proportion of people lying below the poverty line remained well above 50% up to mid70s which was followed by a declining trend thereafter albeit with some degrees of fluctuation. Because of this pessimistic experience of the failure of trickle down hypothesis, our Government has made a radical shift of her policy strategy towards the direct attack on poverty by pursuing various workfare and welfare programmes viz., different employment generating programmes like IRDP, SJGSY (latter renamed as SGSY) and other social security programmes like NREG etc. so that the benefits of this programmes could reach the target group. (Ghosal, 2012)<sup>4</sup>The development of the concept of Micro Finance through SHG – Bank Linkage Programme was one of the most prominent poverty alleviation programmes.

#### **OBJECTIVES OF THE STUDY**

The objective of the present study is to examine the impact of micro finance through SHG – Bank Linkage Programme in the Kamrup district of the state of Assam.

#### **RESEARCH METHODOLOGY**

This part deals with the research methods and techniques used in conducting the present study which is designed to understand and analyze the role of NABARD in poverty alleviation through SHG. It is furnished under the following heads.

1. Locale of the study.
2. Nature and Source of data.
3. Sampling Procedure.
4. Data collection time and length of service.
5. Tools and techniques used in collection of data.
6. Statistical analysis.

**Locale of the study:**

The undivided District of Kamrup, was chosen as the locale of study since it is one of the pioneering districts in the micro finance movement of the Assam State.

**Nature and source of data:**

The data pertaining to progress of SBLP in Kamrup District is collected from secondary source, however, to analyse the impact of SHG finance under the SHG –Bank Linkage Programme on poverty alleviation in the District of Kamrup the data is collected from primary source with the help of an interview schedule.

**Sampling Procedure:**

At the very outset, directories of SHGs are collected from the office of the DRDA of Kamrup (Metro) and Kamrup (Rural) districts from which the total number of SHGs formed in the districts is ascertained. The total number of SHGs formed upto 31-12-2011 as per the records are 12,928 SHGs.

In the second stage, the sample size of the number of SHG members is ascertained considering the population size to be unknown (since a particular SHG consists of 15 to 20 members), after considering 95% confidence level and confidence interval at 5 using online sample size calculator.

Thus, the sample size to be selected = 384 SHG members.

In the thirds stage, six blocks has been selected randomly out of the 18 blocks of the district. In the fourth stage, the number of SHG members to be considered from each block is ascertained proportionately taking into consideration total sample size of SHG members and number of SHGs of the six blocks selected for the study. Generally four members from each SHG are taken for the analysis. Those SHGs which are easily accessible and the member of which shows a positive attitude in responding are selected by judgment for the interview. The table below shows the procedure adopted and the number of SHG members selected for the analysis:

**Table 1: Number of SHGs & SHG Members Selected for Analysis**

Districts	Name of the blocks selected	Total Number of SHGs of the Selected Blocks	Number of SHG members to be selected
Kamrup (R)	Chaygaon	918	$918 \times 384 / 4,297 = 82$
	Hazo	383	$383 \times 384 / 4,297 = 34$
	Rangia	1,842	$1,842 \times 384 / 4,297 = 164$
	Rani	242	$242 \times 384 / 4,297 = 22$
Kamrup (M)	Dimoria	679	$679 \times 384 / 4,297 = 61$
	Rani	233	$233 \times 384 / 4,297 = 21$
Total		4,297	384

However, out of the 384 respondent members selected for the interview, 3 respondents' interview schedule is rejected. As because while examining the filled interview schedule it was observed that the information supplied by the respondents is contradictory inspite of the fact that each of the points of the interview schedule were explained to them thoroughly. It means that the respondents were reluctant to share information although they had shown keen interest in helping the researcher by sharing the information. And hence analysis is made against the interview schedule of 381 members.

**Data collection time and length of service:**

The primary data is collected during the period July 2012 to December 2012. Regarding the length of service of SHG, only the members of those SHG who completed at least 1 year are taken for the study. However maximum respondents (84%) are from those SHGs which have completed more than 3 years and above as performance can better be analysed if the length of service is more.

#### **Tools and techniques used in collection of data:**

The tools and techniques used for data collection and analysing of the same are described below:

Data is collected by the researcher himself with the structured interview schedule developed for the study. The interview schedule is constructed for the SHG members so as to collect information in line with the objectives of the study. The interview schedule is framed after considering the interview schedule of the various research works which was drafted in the pattern of before and after participation. The information regarding prior to SHG membership was gathered from the respondents on the basis of recall method.

#### **Statistical analysis:**

The collected primary data were statistically processed, classified and tabulated by using appropriate methods. Simple analytical tools like frequency, percentages.

Further, for analysing the impact of SHG financing 'chi-square' test is applied. For computing chi-square ( $X^2$ ) value, online contingency table is used. After calculating the chi-square value, its significance level is tested at 5%. The following hypotheses are formulated to test the statistical significance of the data collected and tabulated.

*Null Hypotheses ( $H_0$ ):* There is no significant difference in socio economic condition of SHG members before and after SHG membership.

*Alternative Hypotheses ( $H_1$ ):* There is a significant difference in socio economic condition of SHG members before and after SHG membership.

## **CONCEPT OF MICROFINANCE**

Microfinance has been widely recognized as an effective tool for empowering the poor and vulnerable section of the society. It has emerged as a powerful instrument to fight against poverty and hunger. Microfinance is the provision of loans, savings, insurance and other financial products/ services to the poor to carry out productive activities, helping them to build assets, stabilize consumption and protect themselves against risk. The main aim of microfinance is to help poor to get out of poverty. (Das & Tiwari, 2012)<sup>5</sup> In short microfinance can be described as financial services for poor and low-income clients offered by different types of service providers.

Micro finance has gained a lot of significance and momentum in the last decade. India now occupies a significant and a niche in global micro finance through promotion of self-help groups (SHGs) under SHG-Bank Linkage Programme (SBLP) and the micro finance institution model. The Indian model offers greater promise and potential to address poverty as it is focused on building social capital through access to financial services through linking with the mainstream. In its simplest term it means banking for the poor. (Mansuri, 2010)<sup>6</sup>

## **SELF HELP GROUPS (SHGS) –A BRIEF HISTORY**

The history of the SHGs (Self Help Groups) movement, a noble mission was originated in Bangladesh under the leadership of Prof. Mohammed Yunus. (*Sadyojathappa, 2011*)<sup>7</sup> However in India the concept of SHGs has been familiar to people from generations. The structure was informal (sangha), small groups of rural and urban people hand together to form savings and credit organisations. Self Help Groups mean small, socially and economically homogeneous group of rural and urban people, who assembled together for some productive purpose. In the early stages, NGOs played a pivotal role in innovating the SHG model and in implanting the model to develop the process fully. In 1987, NABARD took an initiative to serve the low-income population of the country with financial services in cost effective manner. This led to the development of a relationship between the informal Self Help Groups and the formal banking system.

SHG is “a small voluntary association of poor people preferably having the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. These groups may be registered or unregistered. The members of these groups save small amounts regularly and mutually agreeing to contribute to a common fund to meet their emergency needs on mutual help basis.” (*Vasanthakumari, 2011*)<sup>8</sup>

### **SHG –BANK LINKAGE PROGRAMME**

The initiative of NABARD with support from RBI in 1992 to make traditional and formal banks to extend financial services to deprived sections through informal SHGs has now blossomed into a monolith microfinance initiatives and now it has been recognised as a decentralised, cost effective and fastest growing microfinance initiative in the world which enabled the poor households access to a variety of sustainable financial services from the banking system. The linkage with banks has provided the members of the group the facility of not only pooling their thrift/ savings access credit from banking system but also created a platform through they would launch a number of livelihood initiatives and also facilitate the empowerment process. And as a result the SHG –Bank linkage programme of NABARD has now become a well known tool for bankers, development agencies and even for corporate houses. SHGs in many ways has now gone beyond the means of delivering the financial services as a channel and turned out to be focal point for purveying various services to the poor. This programme over a period, has therefore become the common vehicle in the development process. With a small beginning of linking 500 SHGs to banks in 1992 the programme has reached 8 million SHGs by March, 2012, out of which 4.4 million SHGs are regularly availing credit facilities from the banks. (*Status of Microfinance in India, 2011-12*)<sup>9</sup>

### **PERFORMANCE OF SHG –BANK LINKAGE PROGRAMME IN KAMRUP DISTRICTS OF ASSAM**

As mentioned in the previous chapter that Kamrup district is one of the pioneering districts in the micro finance movement of the Assam state gathered momentum only from 2001-02 with the introduction of NABARD’s SHG –Bank linkage programme and its position and growth can be analysed through the following facts are narrated below:

**Table 2: Progress under micro finance (Kamrup District)**

Year	No of SHG linked with SBLP	Bank Loan Disbursed(Rs. in lakhs )
2007-08	2026	440.639
2008-09	2325	978.815
2009-10	3288	987.370
2010-11	2764	1261.107
2011-12	2626	1460.217

Source: Official Record NABARD, Guwahati Regional Office

Table 2 shows number of SHGs linked with SBLP and bank loan disbursed to SHGs in the Kamrup District of Assam. During the year 2007-08, 2,026 SHGs were linked against which the bank disbursed a loan (including repeat loan) of Rs.440.639 lakhs, and during the year 2008-09, 2,325 SHGs were linked against which the bank disbursed a loan (including repeat loan) of Rs.978.815 lakhs thereby registering a growth at a rate of 14.75% in terms of number of SHGs linked with SBLP and 122.14% in terms of the amount of bank loan disbursed to SHGs if compared with the previous year 2007-08.

And accordingly during the year 2009-10, 3,288 SHGs were linked with SBLP against which the bank disbursed a loan (including repeat loan) of Rs.987.370 lakhs and if compared with that of the previous year 2008-09 it recorded a growth at a rate of 41.42% in terms of number of SHGs linked with SBLP and 0.87% in terms of the amount of bank loan disbursed to SHGs.

Consequently during the year 2010-11 and 2011-12, 2,764 SHGs and 2,626 SHGs were linked with SBLP respectively against which the bank disbursed a loan of Rs.1261.107 lakhs during 2010-11 lakhs and Rs.1460.217 lakhs during 2011-12 and if compared with that of the previous years it recorded a decay at a rate of 15.93% and 4.99% respectively in terms of number of SHGs linked with SBLP and in terms of the amount of bank loan disbursed to SHGs it registered a growth rate of 27.72% and 15.79% respectively.

From this it can be rightly remarked that there is a continuous flow of SHG formation in the district and the district has also been facilitated in relation to disbursement of bank loan in regard to SHG finance.

#### **IMPACT OF SHG FINANCE IN THE KAMRUP DISTRICT OF ASSAM**

In consistence with the objectives of the study, the primary data collected from different blocks with the help of interview schedule were analysed to explore the impact of SHG finance in the Kamrup districts of Assam.

##### **Age of the SHG Members:**

Age and socio economic activities are interrelated. The middle age group people i.e. people falling under the category of 20-30 years and 30-40 years are considered young and can actively participate in the socio economic activities. Table 3 shows the age of the SHG members.

Table 3: Age in Years

Category	Frequency	Percent
Below 20 years	1	0.2617801
20-30 years	122	31.937173
30-40 years	198	52.094241
40-50 years	58	15.183246
Above 50 years	2	0.5235602
Total	381	100

*Source: Surveyed Data*

The study shows that only 0.26% of the respondent SHG members belong to the category of below 20 years, 31.93% belong to the age group of 20-30 years, 52.09% belong to the age limit of 30-40 years. 15.18% of the respondents are in the age group of 40-50 years and only 0.52% are above the age of 50 years. The study reveals that 84% of the respondents falls under the age group of 20-40 years and at this age group people are energetic, hardworking, enthusiastic etc. The aged people above 40 years have an important role in controlling and solving the problems arising in the groups due to their experience and maturity.

#### **Educational Status:**

Education and competence are positively interconnected. So the level of education has been analysed. Table 4 reveals such analysis.

**Table4: Educational Status of the SHG Members**

Category	Frequency	Percent
No Education	4	1.0471204
Primary	257	67.539267
High School	79	20.680628
Higher Education	22	5.7591623
Technical Education	19	4.973822
Total	381	100

*Source: Surveyed Data*

#### **Main Occupation of the SHG Members:**

Occupation is an activity in which a person engages himself for earning his livelihood. Occupation of a person plays a vital role in determining how well a person is maintaining his standard of living.

**Table: 5**

Main occupation of SHG member	Frequency	Percent
Self Employed in Agriculture	284	74.60733
Self Employed in No- Firm Enterprise	51	13.350785
Domestic Workers	46	12.041885
Total	381	100

*Source: Survey Data*

Diverse occupations are observed among the respondents as shown in table 5. Data collected in response to occupation shows that majority of the respondents are self employed in

agriculture covering 74.60% of the total sample size followed by self employed in non farm sector covering 13.35%.

#### Monthly income of the households:

Income is a one of the most prominent factor of the standard of living of the people. So, monthly income of the households are analysed to ascertain whether there is any improvement in the income of the family after becoming member of a Self Help Group. Table 4 shows the monthly income of the households of SHG members before and after becoming a member.

**Table 6: Monthly income of the household**

	Before		After	
	Frequency	Percent	Frequency	Percent
Less than Rs.3,000	193	50.66		
Rs.3,000 to Rs.5,000	182	47.77	5	1.31
Rs.5,000 to Rs.7,000	6	1.57	180	47.24
Rs.7,000 to Rs.9,000			165	43.31
Above Rs.9,000			31	8.14
Total	381	100	381	100

*Source: Survey Data*

**Table7: Monthly income of the household**

	N	Minimum	Maximum	Mean
Monthly income of the household before (Rs.)	381	1200.00	6000.00	2796.5879
Monthly income of the household After (Rs.)	381	4000.00	10000.00	6754.3307

*Source: Survey Data*

Table 6 shows that before becoming a member of a self help group 50.66% of the respondents' household had a monthly income of less than Rs.3,000, 47.77% had an income between Rs.3,000 to Rs.5,000 and 1.57% had an income between Rs.5,000 to Rs.7,000. No family had income above Rs.7,000. From this it can be found that the majority of the households had income below Rs.3,000.

After becoming a member of SHG, the percentage of households having monthly income below Rs.3,000 had become nil and household having income between Rs.3,000 to Rs.5,000 had decreased to 1.31%. 47.24% had income between Rs.5,000 to Rs.7,000, 43.31% had income within the range of Rs.7,000 to Rs.9,000 and 8.14% of the household had a monthly income above Rs.9,000. From this it can inferred that majority of the households had an earning above Rs.5,000.

Again table 7 shows that the average monthly income of the household of the respondents before becoming a member of an SHG is Rs.2,796.59 and no household had a monthly income of more than Rs.6,000. After becoming a member of the group the average monthly income of the household of the respondents is increased to Rs.6754.33 and no household has a monthly income of less than Rs.4,000.



**Table 8: Chi-square Test for Monthly Income of the Households**

Characteristics	Degrees of Freedom	Table Value	Calculated Chi square Value	Remarks
Monthly income of the households.	4	9.488	719.13	Reject $H_0$ Accept $H_1$

It is evident from Table 8 that the calculated value of the Chi-Square for monthly income of the households of the sample members before and after SHG membership is more than the table value at 5 per cent level of significance. Therefore the null hypothesis is rejected. Hence, it could be inferred that there is significant difference in the monthly income of the households of the sample members before and after SHG membership.

#### Monthly Expenditure of the Household:

The increase in the income of the household of the members after joining SHGs would automatically enhance the family expenditure and also improve the welfare of the members and their families.

Table 9 shows the impact on monthly household consumption expenditure after becoming the member of a SHG.

**Table 9: Monthly household consumption expenditure**

	Before		After	
	Frequency	Percent	Frequency	Percent
Upto Rs.2,000	125	32.81		
Rs.2,001 to Rs.4,000	249	65.35	99	25.98
Rs.4,001 to Rs.6,000	07	1.84	269	70.60
More than Rs.6,000	--		13	3.42
Total	381	100	381	100

*Source: Survey Data*

**Table 10: Monthly household consumption expenditure**

	N	Minimum	Maximum	Mean
Monthly household consumption expenditure before (Rs.)	381	1200.00	5000.00	2689.50
Monthly household consumption expenditure After (Rs.)	381	3000.00	7000.00	4748.29

*Source: Survey Data*

From the above table 9 and 10 it can be revealed that the average monthly household consumption expenditure of those SHG members under analysis before becoming SHG members is Rs.2689.50 which increased to Rs.4748.29 after becoming SHG members considering a handsome growth rate of 76.54%.

**Table 11: Chi-square Test for Monthly household consumption expenditure**

Characteristics	Degrees of Freedom	Table Value	Calculated Chi square Value	Remarks
Monthly household consumption expenditure.	3	7.815	451.37	Reject $H_0$ Accept $H_1$

It is evident from Table 11 that the calculated value of the Chi-Square for monthly household consumption expenditure of the sample members before and after SHG membership is more than the table value at 5 per cent level of significance. Therefore the null hypothesis is rejected. Hence, it could be inferred that there is significant difference in the monthly household consumption expenditure of the sample members before and after SHG membership.

#### Level of savings of the households:

So long, all around the world, households have saved as insurance against emergencies, for religious and social obligations, for investment and for future consumption. Likewise savings is an essential service for the poor also. But for a variety of reasons, most informal mechanisms fail to meet the needs of the poor in a convenient, cost-effective and secure manner. However, the emergence of the concept of 'Self Help Group' has come to recognise the need to inculcate savings habit among the poor.

The table 12 below describes about the savings pattern were inculcated among the respondent members.

**Table 12: Savings per month**

	N	Minimum	Maximum	Mean
Saving per month before (Rs.)	0	00	00	00
Saving per month after (Rs.)	381	500.00	2000.00	1351.18

*Source: Survey Data*

From the above table it can be said that savings per month of the respondent's household before SHG membership is nil, however after SHG membership the average savings of the respondents' household is Rs.1,351 per month with a minimum amount of Rs.500 per month.

#### Ownership of house

**Table 13: Ownership of house before and after**

	Before		After	
	Frequency	Percent	Frequency	Percent
Rented	40	10.471204	18	4.7120419
Own	341	89.528796	363	95.287958
Total	381	100	381	100

*Source: Survey Data*

Table 13 reveals the ownership of house of the respondents. The situation before SHG membership speaks that 10.47% were residing in rented house and 89.52% had their own house. However, the situation after SHG membership says that 4.71% were residing in rented house and 95.28% had their own house.

**Table 14: Chi-square Test for Ownership of the house**

Characteristics	Degrees of Freedom	Table Value	Calculated Chi square Value	Remarks
Ownership of house.	1	3.841	8.23	Reject $H_0$ Accept $H_1$

It is evident from Table 14 that the calculated value of the Chi-Square for ownership of house of the sample members before and after SHG membership is more than the table value at 5 per cent level of significance. Therefore the null hypothesis is rejected. Hence, it could be inferred that there is significant difference in the ownership of house of the sample members before and after SHG membership.

**Social Participation:**

SHGs are not merely savings and lending groups. Access to credit primarily enables members to increase their incomes but much broader objectives is to bring about awareness on social activities and to encourage them to participate in it. The broader objective of increased awareness and active participation in the social sphere can be analysed through the table 62 given below.

**Table 15: Level of participation in social action before and after**

	Before		After	
	Frequency	Percent	Frequency	Percent
No participation	109	28.534031	16	4.1884817
Low level participation	194	51.04712	225	59.162304
Very attractive participation	78	20.418848	140	36.649215
Total	381	100	381	100

Source: Survey Data

Table 15 reveals that before SHG membership 28.53% of the respondents did not participated in any social activities, 51.04% had very low level of participation and 20.41% had very attractive participation. However, after SHG membership there is a sharp change in the situation. After SHG membership 4.19% of the respondents did not participated in any social activities, 59.16% had very low level of participation and 36.64% had very attractive participation.

**Table 16: Chi-square Test for Level of participation in social action**

Characteristics	Degrees of Freedom	Table Value	Calculated Chi square Value	Remarks
Level of participation in social action.	2	5.991	89.12	Reject $H_0$ Accept $H_1$

It is evident from Table 16 that the calculated value of the Chi-Square for level of participation in social action of the sample members before and after SHG membership is

more than the table value at 5 per cent level of significance. Therefore the null hypothesis is rejected. Hence, it could be inferred that there is significant difference in the level of participation in social action of the sample members before and after SHG membership.

#### **Conclusions:**

The microfinance through SHG –Bank Linkage Programme has now been considered as one of the most powerful tool for upliftment of the poorer section of the society. The scheme of microfinance may not be a magic bullet, but has brought a sea change in the lives of many. After the SHG membership it is been observed that there is an improvement in living condition of the respondent members with respect to monthly income of the respondent members' households, monthly household consumption expenditure, ownership of the house and level of participation in social action. Regarding monthly income of the household of the respondents' members, there is an improvement in it after SHG membership. Majority of the respondent's households had monthly income below Rs.3,000 before SHG membership with an average income of Rs.2,796.58 per households. After SHG membership, majority of the respondents households had a monthly income above Rs.5,000 with an average of Rs.6,754.33 per households. Further the majority of the respondents are self-employed in agriculture followed by self-employed in non-farm sector which includes weaving, poultry, duckery, fisheries, dairy, goatery, horticulture, piggery etc. At the same time chi-square test reveals that there is a significant difference with respect to monthly income of the household of the respondents' members after SHG membership.

The data collected in response to average monthly household consumption expenditure of those SHG members under analysis after becoming SHG members, shows a handsome growth rate of 76.54%, which means that there is a considerable change in the expenditure of members, before and after becoming a member of the group. This is an indication of increase in the standard of living of the families of members of SHG. At the same time chi-square test reveals that there is a significant difference with respect to monthly household consumption expenditure of the respondents' members after SHG membership.

About 89% of the respondent members reported of staying in their own before SHG membership and after SHG membership it is now about 95%, rest staying in rented house. At the same time chi-square test reveals that there is a significant difference with respect ownership of the house after SHG membership.

Again, about 96% of the respondent members are now participating in various social activities and welfare programmes after SHG membership as against 72% before SHG membership which means that there is an increased awareness among the respondent members regarding social responsibility. Further result of chi-square test reveals that such development in the level of participation in social activities after SHG membership is significant.

Hence, it could be concluded that micro finance through SHG –Bank Linkage Programme have substantiated that they could serve as an alternative instrument of financial intermediation for the poorer section of the society.

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