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## *Role of Microfinance in Eradication of Poverty in Guntur District: An Empirical Analysis*

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### I. INTRODUCTION

In India where poverty still remains a major problem with about 261 million people forming 28.2 per cent of the population living below the poverty line. The Government takes the number of policies and implements the programmes to reduce the poverty. In this connection the microfinance industry in India emerged in the 1970s to provide people with access to credit without resorting to the usurious interest rates fixed by informal moneylenders.

Further, the Self-Help Group - Bank Linkage Programme is the flagship service. The intervention of National Bank for Agriculture and Rural Development (NABARD) in microfinance which was launched as a pilot project on 26 February 1992 could be considered as a landmark development in the banking with the poor. The informal thrifty and credit groups of the poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on Non-Governmental Organizations (NGOs) and Self-Help Groups (SHGs), by the Reserve Bank of India in 1994, under the Chairmanship of the Managing Director of NABARD, which came out with wide ranging recommendations on internalization of the SHG concept as a potential intervention tool in the area of banking with the poor.

### II. NEED FOR THE STUDY

As the SHGs programme receives more significance towards development of poor in general and women in particular and shows the positive impact on the economic development as evidenced in some empirical studies. It is proposed to assess the impact of SHGs programme on the development of rural women in Guntur District of Andhra Pradesh.

### III. OBJECTIVE OF THE STUDY

As pointed out earlier the SHGs are designed to raise the living standard of poor people with more focus on poor women. This study tries to find out to what extent this programme has succeeded in realizing its objectives. More specifically the study has the following objectives.

1. To study the impact of SHGs on generation of additional income, additional employment mobilization of savings, investment, the creation of assets, and the repayment performance among the member households and
2. To assess the opinion of the members on the utility of the SHGs for their upliftment.

### HYPOTHESIS:

The loan availed through SHGs has helped in raising the income of the beneficiaries

1. It has helped to generate additional employment to the SHG beneficiaries
2. It has also helped to raise the saving and asset positions of the SHG beneficiaries.

3. It is helpful to repay the loan promptly.

#### IV. METHODOLOGY OF THE STUDY

The require data have been collected from both primary and secondary sources. The primary data have been collected through a pre-tested questionnaire from the respondents. The questionnaire contains details relating to age, education, training, occupation, community, savings and asset position, problems faced in the participation in the SHG meetings, and so on. The secondary data for the study have been collected from many sources like Guntur Collectors Office, District Rural Development Agency (DRDA), NABARD Office at Hyderabad, Indian Bank, Guntur district and published and unpublished sources such as books, journals, evaluation reports, etc.

#### SAMPLING PROCEDURE:

This study is undertaken in Guntur District, with major group's co-ordination the activities of the SHGs spread throughout the district under the SHG Bank Linkage Programme. Among the major groups – groups such as have been selected purposively on the basis of their control of the Self-Help Group in the three revenue divisions (Guntur, Narasaraopet & Tenali) in the study district. From these major groups on local group is selected for intensive probing. Accordingly 15 groups have been chosen Dr. Ambedkar, Netaji, Abhyudaya Mahila, Mahalakshmi, Roja, Nehru, Devi, Mahatma Gandhi, Swarna, Suvarchala, Janbhee, Sahayam, Pravasthi, Ruthu and Kotamma Self-Help Groups, all members of all these groups have been selected as respondents for this study.

#### V. DATA ANALYSIS

The selected data have been fed into the computer. To test the hypothesis besides percentage and tabular analysis the following statistical techniques have been used. Multiple regression model of the following type has been estimated.

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + U$$

Where,

$Y$	=	Monthly earnings of the beneficiaries
$x_1$	=	Education
$x_2$	=	Age
$x_3$	=	Asset
$x_4$	=	Loan amount
$x_5$	=	Business (dummy variable) '1' for agriculture sectors '0' others
$x_6$	=	Training period (dummy variable)
$U$	=	Error Term

#### CHARACTERISTICS OF SAMPLE BENEFICIARIES AND SHGS:

The overview on functioning of the SHGs in the divisions of the study district includes the scenario on total number of SHGs existing and functioning and, number of availed from the banks etc. this study presents the socio-economic features of the selected beneficiaries, such as caste, age, literacy and income, expenditure, etc., following by the functioning of SHGs. An attempt has been made to present the chapter the study the results of the analysis made on the empirical data collected from the sample SHGs members one of the objectives of SHGs scheme is to enhance income generation of targeted group which will enable policy makers to enhance their standard of living. In this context, it is worth examining what are the policy parameters of the determinants of income generation of beneficiaries, which will enable us to prescribe certain policy variables for effective

implementation of Microfinance (SHGs). Hence, an attempt has been made in this section to identify the determinants of income generation of beneficiaries of SHGs. In this context, there is income generation considered as average number of days worked per month per beneficiaries. On the above background, the present study classifies into six parameters to examine the issue.

### EDUCATION:

A study the literacy level of respondents helps as to the influence of education in their participation of SHGs. This table serves or that purpose.

Table – 1: Distribution of Respondents According to their Education

S.No	Group Name	Illiterate	Read & Write	Primary	High School	Higher Secondary	Total
1.	Dr. Ambedkar	6 (4.00)	2 (1.33)	0 (0.00)	2 (1.33)	0 (0.00)	<b>10</b>
2.	Netaji	3 (2.00)	1 (0.67)	3 (2.00)	2 (1.33)	1 (0.67)	<b>10</b>
3.	Abhyudaya	4 (2.67)	4 (2.67)	2 (1.33)	0 (0.00)	1 (0.67)	<b>10</b>
4.	Mahalakshmi	8 (5.33)	2 (1.33)	0 (0.00)	0 (0.00)	0 (0.00)	<b>10</b>
5.	Roja	5 (3.33)	4 (2.67)	1 (0.67)	0 (0.00)	0 (0.00)	<b>10</b>
6.	Nehru	5 (3.33)	2 (1.33)	2 (1.33)	1 (0.67)	0 (0.00)	<b>10</b>
7.	Devi	4 (2.67)	4 (2.67)	2 (1.33)	0 (0.00)	0 (0.00)	<b>10</b>
8.	Mahatma	5 (3.33)	4 (2.67)	1 (0.67)	0 (0.00)	0 (0.00)	<b>10</b>
9.	Swarna	4 (2.67)	3 (2.00)	2 (1.33)	0 (0.00)	0 (0.00)	<b>10</b>
10.	Suvarchala	2 (1.33)	3 (2.00)	0 (0.00)	5 (3.33)	0 (0.00)	<b>10</b>
11.	Janbhee	5 (3.33)	2 (1.33)	1 (0.67)	1 (0.67)	1 (0.67)	<b>10</b>
12.	Sahayam	2 (1.33)	5 (3.33)	2 (1.33)	1 (0.67)	0 (0.00)	<b>10</b>
13.	Pravasthi	4 (2.67)	3 (2.00)	3 (2.00)	0 (0.00)	0 (0.00)	<b>10</b>
14.	Ruthu	6 (4.00)	2 (1.33)	1 (0.67)	1 (0.67)	0 (0.00)	<b>10</b>
15.	Kotamma	6 (4.00)	4 (2.67)	0 (0.00)	0 (0.00)	0 (0.00)	<b>10</b>
<b>Total</b>		<b>69 (46)</b>	<b>45 (30)</b>	<b>20 (13.33)</b>	<b>13 (8.67)</b>	<b>3 (2.00)</b>	<b>150 (100)</b>

Source: Primary data collected from the respondents.

Table-1 shows the distribution of respondents according to their Education. It reveals that the 46 percentage of respondents in Illiterate level, 30 percentage of respondents in read and write level, 13.33 percentage primary school levels, 8.7 percentage of the respondents belongs to high school level, and 2 percentage of respondents higher secondary level. It implies that majority of the respondents are illiterates and only 10 percentage of respondents have education qualification like high school and above level.

### OCCUPATION:

During the early stage the Indian caste system was divided based on their occupation and till today the occupation plays a major part in their life and paves the way to take part in their social and self-help activities, so the table is framed considerations occupation as a base.

Table – 2: Distribution of Respondents According to their Occupation

S.No	Group Name	Agriculture Sector	Industrial Sector	Service Sector	House Wife	Total
1.	Dr. Ambedkar	3 (2.00)	0 (0.00)	4 (2.67)	3 (2.00)	<b>10</b>
2.	Netaji	3 (2.00)	1 (0.67)	4 (2.67)	2 (1.33)	<b>10</b>
3.	Abhyudaya	5 (3.33)	2 (1.33)	0 (0.00)	3 (2.00)	<b>10</b>
4.	Mahalakshmi	4 (2.67)	1 (0.67)	4 (2.67)	1 (0.67)	<b>10</b>
5.	Roja	2 (1.33)	2 (1.33)	3 (2.00)	3 (2.00)	<b>10</b>
6.	Nehru	6 (4.00)	2 (1.33)	1 (0.67)	1 (0.67)	<b>10</b>
7.	Devi	5 (3.33)	2 (1.33)	1 (0.67)	2 (1.33)	<b>10</b>
8.	Mahatma	6 (4.00)	0 (0.00)	2 (1.33)	2 (1.33)	<b>10</b>
9.	Swarna	8 (5.33)	1 (0.67)	0 (0.00)	1 (0.67)	<b>10</b>
10.	Suvarchala	5 (3.33)	3 (2.00)	1 (0.67)	1 (0.67)	<b>10</b>
11.	Janbhee	3 (2.00)	3 (2.00)	3 (2.00)	1 (0.67)	<b>10</b>
12.	Sahayam	6 (4.00)	0 (0.00)	2 (1.33)	2 (1.33)	<b>10</b>

13.	Pravasthi	5 (3.33)	2 (1.33)	0 (0.00)	3 (2.00)	<b>10</b>
14.	Ruthu	3 (2.00)	1 (0.67)	2 (1.33)	4 (2.67)	<b>10</b>
15.	Kotamma	5 (3.33)	3 (2.00)	0 (0.00)	2 (1.33)	<b>10</b>
<b>Total</b>		<b>69 (46)</b>	<b>23 (15.33)</b>	<b>27 (18)</b>	<b>31 (20.67)</b>	<b>150 (100)</b>

Source: Primary data collected from the respondents.

Table-2 shows the distribution of respondents according to their occupation. It is clear that 46 percentages of the respondents in Agriculture sector, 20.7 percentages of the respondents belongs to House Wife, 18 percentages of the respondents in Service Sector and 15 percentage of the respondents' Industrial Sector. It implies that majority of the respondents in Agriculture Sector.

#### AGE:

The mental ability, wants, desires, likes and dislike etc, differ according to their level. The willingness to take part in an activities like Self-Help Group (SHGs) is also depend on the age group, so age wise classification in considered to be one of the factor.

Table – 3: Distribution of Respondents According to their Age

S.No	Group Name	21-30	31-40	41-50	Total
1.	Dr. Ambedkar	0 (0.00)	7 (4.67)	3 (2.00)	<b>10</b>
2.	Netaji	0 (0.00)	3 (2.00)	7 (4.67)	<b>10</b>
3.	Abhyudaya	0 (0.00)	8 (5.33)	2 (1.33)	<b>10</b>
4.	Mahalakshmi	4 (2.67)	6 (4.00)	5 (0.00)	<b>10</b>
5.	Roja	3 (2.00)	2 (1.33)	5 (3.33)	<b>10</b>
6.	Nehru	2 (1.33)	3 (2.00)	5 (3.33)	<b>10</b>
7.	Devi	4 (2.67)	3 (2.00)	3 (2.00)	<b>10</b>
8.	Mahatma	3 (2.00)	7 (4.67)	0 (0.00)	<b>10</b>
9.	Swarna	2 (1.33)	2 (1.33)	6 (4.00)	<b>10</b>
10.	Suvarchala	5 (3.33)	3 (2.00)	2 (1.33)	<b>10</b>
11.	Janbhee	5 (3.33)	5 (3.33)	0 (0.00)	<b>10</b>
12.	Sahayam	1 (0.67)	2 (1.33)	7 (4.67)	<b>10</b>
13.	Pravasthi	1 (0.67)	3 (2.00)	6 (4.00)	<b>10</b>
14.	Ruthu	5 (3.33)	3 (2.00)	2 (1.33)	<b>10</b>
15.	Kotamma	5 (3.33)	1 (0.67)	4 (2.67)	<b>10</b>
<b>Total</b>		<b>40 (26.67)</b>	<b>58 (38.67)</b>	<b>52 (34.67)</b>	<b>150 (100)</b>

Source: Primary data collected from the respondents.

Table-3 shows the distribution of respondents according to their age. It reveals that 38.67 percentages of the respondents are in the age group of 31-40 age, 34.67 percentages of the respondents are in the age group of 41-50 age group and 26.67 percentages of the respondents are in the age group of 21-30 age group. It implies the majority of the respondents belong to (31-40) middle age group. So they can actively participate and try to improve their income level in the families.

#### TRAINING:

In the modern world there is a need to make their work glow. To have perfection in their work and to face the competitors training and development provide necessary skills, improving and updating knowledge.

Table – 4: Distribution of Respondents According to their Training

S.No	Group Name	Yes	No	Total
1.	Dr. Ambedkar	8 (5.33)	2 (1.33)	<b>10</b>
2.	Netaji	4 (2.67)	6 (4.00)	<b>10</b>
3.	Abhyudaya	5 (3.33)	5 (3.33)	<b>10</b>
4.	Mahalakshmi	5 (3.33)	5 (3.33)	<b>10</b>
5.	Roja	6 (4.00)	4 (2.67)	<b>10</b>
6.	Nehru	8 (5.33)	2 (1.33)	<b>10</b>
7.	Devi	5 (3.33)	5 (3.33)	<b>10</b>
8.	Mahatma	6 (4.00)	4 (2.67)	<b>10</b>
9.	Swarna	7 (4.67)	3 (2.00)	<b>10</b>

10.	Suvarchala	7 (4.67)	3 (2.00)	<b>10</b>
11.	Janbhee	6 (4.00)	4 (2.67)	<b>10</b>
12.	Sahayam	3 (2.00)	7 (4.67)	<b>10</b>
13.	Pravasthi	3 (2.00)	7 (4.67)	<b>10</b>
14.	Ruthu	7 (4.67)	3 (2.00)	<b>10</b>
15.	Kotamma	7 (4.67)	3 (2.00)	<b>10</b>
<b>Total</b>		<b>87 (58.00)</b>	<b>63 (42.00)</b>	<b>150 (100)</b>

Source: Primary data collected from the respondents.

Table-4 shows the distribution of respondents according to their Training details of SHGs. Of the 150 sample respondents, 58 percentage beneficiaries have attended and undergone training, while the remaining 42 percentage of the respondents have no training. It implies that the majority of the respondents there had some form of training.

#### INCOME:

In the present world the money plays a significant role in measuring the standard of individual income level is considered to be one of the major factors. Hence the main Income and subsidiary income of the respondents before and after the Self-Help Group is portrayed in the table-5.

Table – 5: Distribution of Respondents According to their Income

S.No	Group Name	Main Income		Subsidiary Income		Total Income	
		Before (Rs.)	After (Rs.)	Before (Rs.)	After (Rs.)	Before (Rs.)	After (Rs.)
1.	Dr. Ambedkar	1,11,600 (89.03)	1,38,000 (89.90)	13,750 (10.97)	15,500 (10.10)	1,25,350 (100)	1,53,500 (100)
2.	Netaji	85,500 (86.71)	1,07,400 (87.98)	13,100 (13.29)	14,680 (12.02)	98,600 (100)	1,22,080 (100)
3.	Abhyudaya	1,16,000 (90.48)	1,32,000 (89.80)	12,200 (9.52)	15,000 (10.20)	1,28,200 (100)	1,47,000 (100)
4.	Mahalakshmi	86,800 (87.85)	1,06,500 (86.94)	12,000 (12.15)	16,000 (13.06)	98,800 (100)	1,22,500 (100)
5.	Roja	1,06,500 (87.55)	1,21,300 (88.62)	15,150 (12.45)	15,580 (11.38)	1,21,650 (100)	1,36,880 (100)
6.	Nehru	1,04,500 (85.34)	1,17,450 (85.86)	17,950 (14.66)	19,350 (14.14)	1,22,450 (100)	1,36,800 (100)
7.	Devi	1,16,600 (88.91)	1,30,300 (88.28)	14,550 (11.09)	17,300 (11.72)	1,31,150 (100)	1,47,600 (100)
8.	Mahatma	78,100 (86.59)	93,720 (87.82)	12,100 (13.41)	13,000 (12.18)	90,200 (100)	1,06,720 (100)
9.	Swarna	1,15,800 (88.19)	1,20,000 (88.07)	15,500 (11.81)	16,250 (11.93)	1,31,300 (100)	1,36,250 (100)
10.	Suvarchala	1,20,500 (86.69)	1,37,400 (87.02)	18,500 (13.31)	20,500 (12.98)	1,39,000 (100)	1,57,900 (100)
11.	Janbhee	1,12,000 (87.40)	1,27,550 (87.04)	16,150 (12.60)	19,000 (12.96)	1,28,150 (100)	1,46,550 (100)
12.	Sahayam	81,000 (87.95)	8,50,000 (87.04)	11,100 (12.05)	12,970 (1.50)	92,100 (100)	8,62,970 (100)
13.	Pravasthi	1,15,100 (87.95)	1,31,200 (89.12)	14,000 (10.84)	16,020 (10.88)	1,29,100 (100)	1,47,220 (100)
14.	Ruthu	1,83,600 (92.91)	2,30,000 (93.43)	14,000 (7.09)	16,170 (6.57)	1,97,600 (100)	2,46,170 (100)
15.	Kotamma	1,25,500 (88.85)	1,40,700 (88.94)	15,750 (11.15)	17,500 (11.06)	1,41,250 (100)	1,58,200 (100)
<b>Total</b>		<b>16,59,100</b>	<b>26,83,520</b>	<b>2,15,800</b>	<b>2,44,820</b>	<b>18,74,900</b>	<b>29,28,340</b>

Source: Primary data collected from the respondents.

Table-5 shows the distribution of respondents according to their income before and after income level. We can interpret that in all groups. The self help group beneficiaries earning in high level income of main and earn low-level income of subsidiary income. The beneficiaries earning in before income is least amount. But the respondents after joining SHGs are

earning in the more income category. So, the respondents are improving in all ways. It implies high income earning in respondents in after joining the Self Help Group.

#### ASSETS:

The dignity and status of a person are mostly decided by their wealth. Their intention to make investment and the decision they had taken to in other social activities also based on the asset they owned.

Table – 6: Distribution of Respondents According to their Assets

S.No	Group Name	Land Owned (Ace.)	Value of Land (Rs.)	Other Property (Rs.)	Value of Other Durables (Rs.)
1.	Dr. Ambedkar	18	10,28,000 (11.82)	1,45,000 (5.01)	1,33,000 (7.92)
2.	Netaji	15	8,44,500 (9.71)	1,34,000 (4.63)	92,700 (4.63)
3.	Abhyudaya	15.7	5,71,000 (6.56)	1,74,600 (6.04)	1,89,100 (11.26)
4.	Mahalakshmi	18	4,67,000 (5.37)	1,67,000 (5.77)	2,29,000 (13.64)
5.	Roja	12.5	2,95,000 (3.39)	2,80,000 (9.68)	1,58,500 (9.44)
6.	Nehru	7.4	2,83,500 (3.26)	1,18,700 (4.10)	91,600 (5.46)
7.	Devi	17	9,38,000 (10.78)	2,04,000 (7.05)	1,28,500 (7.65)
8.	Mahatma	14.5	3,81,000 (4.38)	2,18,000 (7.54)	70,000 (4.17)
9.	Swarna	18	6,94,500 (7.98)	1,92,500 (6.65)	1,24,500 (7.41)
10.	Suvarchala	10	3,56,000 (4.09)	1,22,600 (4.24)	58,200 (3.47)
11.	Janbhee	13.2	5,44,000 (6.25)	1,33,200 (4.60)	91,000 (5.42)
12.	Sahayam	8	2,20,000 (2.53)	86,000 (2.97)	45,500 (2.71)
13.	Pravasthi	10	2,89,000 (3.32)	5,47,500 (18.93)	91,500 (5.45)
14.	Ruthu	21	11,83,000 (13.60)	2,75,000 (9.51)	1,14,500 (6.82)
15.	Kotamma	14.2	6,03,500 (6.94)	94,500 (3.27)	61,500 (3.66)
<b>Total</b>		<b>212.5</b>	<b>86,98,000 (100.00)</b>	<b>28,92,600 (100.00)</b>	<b>16,79,100 (100.00)</b>

Source: Primary data collected from the respondents.

Table-6 shows the distribution of respondents according their asset particulars. That the group Ruthu occupies the major portion of 14 per cent, Dr. Ambedkar 11.82 per cent comes in second, Devi self help group 10.78 percent and Netaji 9.71 per cent in the value of land. Other property value Pravasthi occupies 18 per cent, and second place occupies group Roja's 9.68 per cent.

#### DETERMINANTS OF INCOME GENERATION OF MICROFINANCE BENEFICIARIES:

Now, let us examine the determinants of income generation of the beneficiaries for which the Multiple Linear Regression analysis was carried out and it is presented below:

To test the hypothesis besides percentage and tabular analysis the following statistical techniques have been used Multiple regression model is of the following type:

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + U$$

Where,

$Y$	=	Monthly earnings of the beneficiaries
$x_1$	=	Education
$x_2$	=	Age
$x_3$	=	Asset
$x_4$	=	Loan amount
$x_5$	=	Business (dummy variable) '1' for agriculture sectors '0' others
$x_6$	=	Training period (dummy variable)
$U$	=	Error Term

Correlation matrix was worked out to identify the possible association between the determinants of income generation and income among the determinants. This will enable us to identify the possible factors, which can be considered as a determinant variable in running regression analysis and chances of reducing the multi-co-linearity problem. The result of correlation matrix is presented in Table-7. By and large, the income generation and its determinants variables satisfy the expected relationship and the possible multi-co-linearity problem among the determinants are not strong. However, we employed step-wise regression analysis to identify the best set of regression of income generation.

Variable such as years of education, experience in years, occupation, loan, age assets, training period and quantum of Microfinance loan, self investment, and total assets are positively influencing income generation of the microfinance beneficiaries. Besides, when we move from agricultural sector to industrial sector, the income generation of the SHGs beneficiaries declined.

Table – 7: Correlation Matrix for the Determinants of Income of the Microfinance (SHGs) Scheme

Variable	Annual Income	Education	Age	Total Value Asset	Loan Amount	Occupation	Training Period
Annual income	1.000						
Education	+0.48	1.000					
Age	+0.34	.151	1.000				
Total Assets value	.716	-.129	-.056	1.000			
Loan	+.604	-.027	-.050	.156	1.000		
Occupation	.045	-.119	-.126	.027	.017	1.000	
Training Period	-.61	.016	-.23	.048	-.033	-.005	1.000

The correlation matrix shown in Table-7 reveals the interrelation of the variables. It can be seen the correlation matrix, except few values other values are less than positive or negative, which shows that where exist a very moderate amount of collinearity between the variables. The positive correlation between education and assets yearly income shows that higher their education better than assets and income.

Table – 8: Regression Co-efficient Determinants of Income of SHGs Beneficiaries

Variables/equation	Equation 1	Equation 2	Equation 3
Constant	11662.11 (1.98)**	11607.67 (3.819)*	11381.91 (5.361)*
Education	+101.768 (1.93)	+103.651 (1.92)	+106.322 (1.26)
Age	+1.316 (2.26)	-.013 (2.02)	
Total Assets	.216 (1.92)	.72 (1.96)**	94 (2.57)*
SHGs Loan	+.050 (1.95)	+.072 (2.56)*	+.064 (1.96)**
Occupation 'I' for Agriculture Sectors	181.151 (2.41)*	182.472 (2.56)*	192.618 (1.95)
Occupation '0' other sectors	2.56 (0.43)	17.89 (0.92)	8.26 (1.16)
Training period	-801.707 (1.34)	-800.778 (1.40)	

R2	0.46	0.52	0.47
Adjusted R2	0.45	0.45	0.43
F	7.24	5.26**	8.42*

Note: Parenthesis shows 't' value.

\* - significant at one per cent level,

\*\* -significant at five per cent level and

\*\*\* -significant at ten per cent level.

Table-8 this study made on attempt to identify in fact of SHGs on income generation. For which the study employed step-wise multiple regression to examine the objective. The table reveals that the three equations are in acceptable magnitude, which is clearly seen in R2 and adjusted R2. Further, the overall significant are found to be significant at 1 per cent level.

In General, the result observe that the loan obtain through SHGs are significant improve the level of income generation of the respondent. Regarding the occupation of the respondent, all the equation clearly shows that women are mostly involved in agricultural sector than the other activities. This may be due to the fact that, most of the women are them agricultural background, where majority of them using the loan for both non-economic and economic activities.

Since various develop men programmers well as anti-poverty programmes, implemented over four decades have not yielded any desired result in poverty alleviation in general and women development in particular, an innovative approach called "Self Help Group" (SHGs) with lot of promises for attacking poor as well as for developing women has surfaced in area of development and received attention of policy of makers and the government. Realizing the potential of SHGs, formation of SHGs is made compulsory for availing the benefits under the NGOs programme in rural areas. This study examines the effectiveness of the implementation of Self Help Groups Bank Linkage Programme in Guntur District.

## VI. FINDING

1. The majorties of the respondent are backward caste 56 per cent and scheduled caste 26 per cent only.
2. The majority of the respondents live in the nuclear families.
3. The majority of the respondents 46 per cent have up to Illiterate.
4. The majority of the respondents are agricultural laborers and self employed.
5. It implies that the majority of the respondents are in the age group of 31 to 41.
6. It implies that the respondents have got more income in after joining the SHGs. So the impact of income level of the respondents.
7. It implies that high level of the amount spent for food items of the respondent before and after joining the SHG of expenditure level.

Most of the groups are performing well under this SHGs Bank Linkage Programme. There was no problem on the part of activities they are doing. The group member's standards of living have been increased. All these groups are functioning very well.

## VII. PROBLEMS

1. There are irregularities in the conduct of meeting of members in SHGs and also there is irregular attendance of the member in the scheduled meetings. These irregularities affect the smooth collection of group savings periodically.
2. Many beneficiary women in SHGs are illiterate. The books of accounts are not properly maintained.
3. There is a lack of awareness on insurance to the asset and life of the members.



## VIII. RECOMMENDATIONS

1. As a new concept shows promising result for the development of poor women in rural areas the microfinance (SHGs) may try to constitute federation of SHGs and joining the SHGs under their control, so that the SHG federation may have more financial strength to facilitate more members for availing loan for income generation activities without depending on any financial institutions and government.
2. Since some of the members are illiterate, the officials from DRDA, NGOs and Banks periodically visit the group for giving training an accounts keeping and conducting awareness programme on latest schemes and development.
3. For encouraging more diversity activities in the non-form sector the group members may be advised by Government and NGO to undertake income generating besides are suitable to women beneficiaries.

## IX. CONCLUSION

On the whole, the SHG is a new development concept which appears to be most powerful tool for the empowerment of the poor in general and women in particular. It is extended intensively in all the nooks and corner in through out the country to make a dent in the Indian poverty canvas and more particularly to empower the poor to become self-sufficient and self-reliant in the near future.

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