CHAPTER 1
INTRODUCTION

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1.1 GENERAL INTRODUCTION

It is well known that India is a classical land of villages. Villages constitute the backbone of the country. Villages continue to contribute 40% of our national income (Rao, 2010). Villages, therefore, play a vital role in the life of the nation. If villages grow and develop, the country shall automatically develop. These villages were once self-sufficient units, but with the passage of time they have become the victims of innumerable problems such as illiteracy, casteism, untouchability, conservatism, economic backwardness, and so on. The British did nothing to develop our villages. On the contrary, villages lost their autonomy, self-reliance and importance during British period. They not only mismanaged the villages but even destroyed the cottage and home industries that existed in the villages. The economic structure of the villages was shattered, their social fabric was disturbed. This resulted to the growth of poverty at an alarming rate not only in the rural areas but in the country as a whole.

Gandhiji, Vinobha Bhave, Jaya Prakash Narayan and all other frontline leaders of the nation and right thinking people reiterated that development of the country and its prosperity depends on the development of rural areas and the poor people. They also had warned that the negligence of the rural areas and the poor people would ruin the future of India.

It is only in the second half of the twentieth century that poverty and the poor have come to be matters of our concern and obligation, after a long neglect of the poor during the British rule. But since the very beginning of planning in India, the problems of Indian economy particularly related to poverty and the poor, have remained the central point in the mind of the planners while formulating the plans and setting out the objectives (Singh, 1982). Although there is a lot of high talk about India’s economic progress in the last couple of decades, specially relating to poverty alleviation with the introduction of various rural development programmes and poverty alleviation programmes like Community Development Programmes (CDP-launched in 2nd Oct.1952), Integrated Rural Development Programme (IRDP-launched in 1978), National Rural Employment Programme (NREP launched in Oct.1980) Training of Rural Youth for Self-Employment(TRYSEM launched in 15th Aug.1979) etc. but the problems of poverty continue in alarming shape and the fruits
of development have not been attained. In fact, this is due to defective planning methodology adopted and inadequate as well as unsatisfactory implementation.

As a result nearly about one-fifth of India’s population still lives below the poverty line, and 80 per cent of this, lives in rural areas (Planning Commission, 2013)\(^3\). Unequal and unjust distribution of wealth has widened the gap between the rich and the poor. Despite the growth and development of the Indian economy during the last couple of decades, poverty is, parallely, increasing in absolute terms. Poverty has been a highly sensitive subject – not only for the economists, but for politicians the world over. Many seminars, workshops and debates are frequently organized in the entire world and every time it is resolved with a great fanfare that concrete steps would be taken to eradicate poverty – but, every time, with little success.

But it should be remembered that fight against poverty has ceased to be a mere socio-economic responsibility – it is a moral responsibility too. If some new, novel ideas and programmes are rightly drafted and honestly executed, poverty-alleviation – which is now on the top of economic agenda of many countries – will not be impossible.

### 1.2 CONCEPTUAL FRAMEWORK

**Poverty Defined:**

Poor means a person having very little money with which to buy his /her basic needs necessary for survival and poverty means state of being poor. (Hornby, 1991)\(^4\). A poor person lives a wretched life as he is unable to enjoy the barest necessaries of life, which makes him morally degraded and as a result he cannot conduct himself as a human being. He is demoralized with treatment which he gets from society.

Poverty is a harsh reality; it is a great curse on humanity. The existence of poverty is as old as human civilization, it is a peculiar problem present in every countries of the world may be it a developed country or a developing country or an under developed country. Therefore the slogan “\textit{garibi hatao}” is one of the major issues in every country’s planning proposals.
The concept of poverty is not self-defining, in fact it is well suggested and analysed by various experts and academics in their own way, some of which are put forward by the researcher.

Unfortunately poverty is not an economic abstraction, it is a human condition. It is despair, grief and pain. It is despair of a father with a family of a seven (children) in a poor country when he joins the swelling ranks of unemployed with no prospects of unemployment compensation. Poverty is the longing of a young boy playing outside a village school but unable to enter because his parents lack a few rupees needed to buy text books. Poverty is the grief of a parents watching a three year old child died of a routine childhood disease because they cannot afford any medical care.” India is also a poor country. We can see easily see this picture of uneducated, hungry and poverty stricken people also in India. (Brown, 1972)

Poverty can be defined as a socio economic phenomenon in which a section of the people in the society lives without getting most of their basic necessities of life. This section of the society is deprived of the minimum levels living and continues to live at bare subsistence level, a characteristic feature found most frequently in the third world countries, although pockets of poverty exists even in the developed countries of Europe and Asia.

Poverty is a situation of ‘pronounced deprivation in well being’ and being poor as ‘to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the State and society and excluded from voice and power from those institutions. (Daimari, 2008)

Poverty is a problem in unmet physical need. That is persons and families in poverty lack the goods and services needed to sustain and support life and the income to purchase the goods and services which would meet those needs. (Edward, 1999)

Poverty is a social phenomenon in which a section of the society is unable to fulfill even its basic necessities of life. When a substantial segment of a society is deprived of minimum level of living and continues at a bare subsistence level that society is
society is said to be plagued with mass poverty. The countries of the third world exhibit invariably the existence of mass poverty, although pockets of poverty exist even in the developed countries of Europe and America. (Datt & Mahajan, 2012)\(^8\)

It is now widely accepted that poverty is a multi-dimensional phenomenon, which is at best only partially captured in data based on estimates of income or consumption expenditure. The most common definition used in developing countries refers to material consumption, and grounds the definition of a poverty line in terms of expenditure necessary for the fulfillment of a nutritional requirement of a certain minimum calorific intake. While this definition primarily takes minimum food consumption expenditure as a proxy for income, there are clearly factors other than lack of income and productive assets associated with poverty. Thus, besides hunger and malnutrition, there are features such as greater morbidity and higher mortality rates, poor access to basic sanitation or minimal health services, homelessness or inadequate housing, unhealthy or unsafe environment, lack of education, and social and political exclusion. Indeed, poverty in developing countries is a far more comprehensive state of being, which encompasses not just material want but also powerlessness and marginalization. Therefore, estimates based on income poverty alone tend to underestimate not only the lower quality of life of the really poor, but also the multifaceted nature of effective poverty among groups of people who may be living above the poverty line based simply on the food consumption norm. (Ghosh, 1998)\(^9\)

UN Definition of Poverty (as per UN Statement, June 1998 – signed by the heads of all UN agencies): Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go, not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation. (Gordon, 2005)\(^10\)
Concept of poverty as per Government of India:
Most of the developing and underdeveloped countries have a very low per capita income and income inequality (as in case in India) which has resulted in a number of evils of which the most serious and sensitive one is the poverty. The concept of poverty is associated with socially perceived deprivation with respect to basic human needs as adequate nourishment, decent clothing, proper shelter, free from avoidable disease, minimum education and mobilization for social interaction and participation in economic activity. This shows that poverty is multi faced. (Misra & Puri, 2010)\(^\text{11}\)

However the society should be made free from such evil so that a healthy development can be expected at all level. To alleviate poverty, first of all poverty should be estimated. To estimate the poverty, the first step is to define a poverty line. A poverty line divides the poor from the non-poor. Poverty line is defined as “Standard family income threshold (set by each state and revised occasionally) below which the family is officially classified as poor and entitled to welfare assistance.” (Business Dictionary)\(^\text{12}\)

Concept of poverty as per NABARD:
According to NABARAD, a family will be termed poor if it satisfies at least 05 or 06 of the following traits:
1. The family does not have agricultural land / homestead land.
2. The main earner is an agricultural labourer / manual worker / rural artisan.
3. The family has no house / possesses one room kutcha house / stays in someone else’s house.
4. There is a permanently ill / disabled member in the family.
5. The children in the family do not go to the school and / or there are illiterate elders in the family.
6. The family regularly (in certain part of the year) borrows from the money lender.
7. They eat less than two meals a day at least in some months of the year.
8. They belong to scheduled castes / scheduled tribes.
9. It is a woman headed family.
10. There is a child labour / seasonal migrants labour in the family.
Measurement of Poverty in India

Since independence various major studies had been carried out in India by various prominent economists and government organisations that were aimed at defining poverty and fixing the poverty line.

**Estimates of poverty line during 60s by various experts:**

The extent of poverty in India is also being worked out in terms of the poverty line which has been estimated by various economists and experts groups time to time on the basis of NSS data on consumption and expenditure. Some of such estimates are put forward:

The first Indian economists to estimate the extent of poverty in India was P.D. Ojha during 1960-61. He estimated the extent of poverty in terms of the per capita per day expenditure. According to him the poverty line is estimated at Rs15-18 (for rural) and Rs8-11 (for urban) monthly consumption expenditure. Accordingly he advocated that 44% of the total population lived below the poverty line. (Jhingan, 2001)\(^{14}\)

On the contrary VM Dandekar and Nilkantha Rath used a split minimum calorie intake of 2,250 calories as the desired minimum level of nutrition to measure the extent of poverty, and according to them during 1960-61 the poverty line was estimated at Rs.170 per capita per annum for rural households and Rs.271 per capita per annum for urban households, which revealed that 40% of the rural population and 50% of the urban population was below poverty line. (Dandekar and Rath, 2008)\(^{15}\)

However B.S. Minhas did not accept the split minimum concept as forwarded by Dandekar and Rath. Instead he calculated the poverty line in terms of minimum per capita expenditure of Rs240 per annum (on the basis of National Sample Survey data). Accordingly he estimated that 59.4% of the population was below the poverty line in 1960-61 which was declined to 50.6% in 1967-68. P.K. Bardhan advocated a lower standard for estimating the poverty considering Rs.15 per capita per month for...
rural poverty line and Rs.18 per capita per month for urban poverty line during 1960-61 and concluded that 38% of the people lived below the poverty line but percentage went up to 45% in 1964-65 and 54% in 1968-69. \( \text{(Dhar, 2011)}^{16} \)

**The Working Group Poverty Line (1962)**

The Planning Commission, in 1962, constituted a Working Group consisting of eminent economists, statisticians, nutritionists, among others. The Working Group deliberated on the question of what should be regarded as the nationally desirable minimum level of consumer expenditure and in July 1962 recommended the following:

(a) The national minimum for each household of 5 persons (4 adult consumption units) should not be less than Rs.100 per month in terms of 1960-61 prices or Rs.20 per capita. For urban areas, this figure will have to be raised to Rs.125 per month to cover the higher prices of the physical volume of commodities on which the national minimum is calculated.

(b) This national minimum excludes expenditure on health and education, both of which are expected to be provided by the State according to the Constitution and in the light of its other commitments.

(c) An element of subsidy in urban housing will have to be included after taking Rs.10 per month, or 10 per cent as the rent element payable from the proposed national minimum of Rs.100 per month.

**Task Force Poverty Line (1979)**

The Planning Commission on 30\textsuperscript{th} July, 1977, constituted a Task Force on Projections of Minimum Needs and Effective Consumption Demand under the Chairmanship of Dr. Y. K. Alagh. The job of the Task Force was: “to examine the existing structural studies on consumption patterns and standards of living and the minimum needs with particular reference to the poorer sections of the population for the nation as a whole, and its different regions separately by rural and urban areas; on the basis of the above studies, to forecast the national and regional structure and pattern of consumption levels and standards for the end of the Sixth Plan and subsequent perspective plan.
taking into consideration the basic minimum needs as well as effective consumption demand”.

The Task Force defined the poverty line as per capita consumption expenditure level, which meets the average per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas along with the associated quantum of expenditure on non-food items such as clothing, shelter, transport, education, health care, etc. The monetary requirements for meeting these calorie norms (2400 kcal per capita per day in rural areas and 2100 kcal per capita per day in urban areas) along with other non-food necessities as mentioned above had been designated as the poverty lines pertaining to rural and urban areas.

**Estimates of poverty line by Planning Commission:**

In 1977, Planning Commission constituted a Task Force, which submitted its report in 1979 and on the basis of a systematic study of nutritional requirements recommended poverty lines separately for rural and urban areas at national level. This poverty line is based on the Quinquennial Consumer Expenditure Surveys conducted by the National Sample Survey Organization (NSSO).

Based on observed consumer behaviour in 1973-74, it was estimated that, on an average, consumer expenditure of Rs.49.63 per capita per month was associated with a calorie intake of 2400 per capita per day in rural areas and correspondingly Rs.56.76 per capita per month with a calorie intake of 2100 per capita per day in urban areas.

**Expert Group Methodology (1993)**

The Planning Commission constituted an expert group in September, 1989 for estimating the proportion and number of poor under the chairmanship of professor D. T. Lakdawala to “look into the methodology for estimation of poverty and to re-define the poverty line, if necessary”. After nearly four years of its constitution, the expert group submitted its Report in July 1993. This was followed by another four years of deliberations and in March 1997 the Prime Minister accepted the recommendations of the expert group with minor modifications.
Some of the salient features in the report submitted by the expert group are as follows:

i. The group decided to retain the poverty line defined by the Task force.

ii. The group recommended that the Task Force poverty line (which is expressed as monthly per capita consumption expenditure of Rs. 49.09 in rural areas and Rs. 56.64 in urban areas, both at 1973-74 prices) should be adopted as the base line.

iii. The group disaggregated the national level rural and urban poverty lines as defined by the Task Force into state-specific poverty lines. (Bandyopadhyay, 2010)

And accordingly, Planning Commission estimated poverty lines separately for rural and urban areas over the period from 1973-74 to 2004-05 are presented in Table 2. The Head Count Ratio (HCR) estimated on this basis became the key indicator of level of poverty in the country. The poverty line for 2004-05 is Rs.356.30 per capita per month for rural and Rs.538.60 per capita per month for urban areas (Table 2).

Table 1.1: Poverty Line for India (Rs. Per capita per month, in current prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural (Rs. Per capita per month, in current prices)</th>
<th>Urban (Rs. Per capita per month, in current prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-1974</td>
<td>49.63</td>
<td>56.76</td>
</tr>
<tr>
<td>1977-1978</td>
<td>56.84</td>
<td>70.33</td>
</tr>
<tr>
<td>1983</td>
<td>89.5</td>
<td>115.65</td>
</tr>
<tr>
<td>1987-1988</td>
<td>115.2</td>
<td>162.16</td>
</tr>
<tr>
<td>1993-1994</td>
<td>205.84</td>
<td>281.35</td>
</tr>
<tr>
<td>1999-2000</td>
<td>327.56</td>
<td>454.11</td>
</tr>
<tr>
<td>2004-05</td>
<td>356.30</td>
<td>538.60</td>
</tr>
</tbody>
</table>


Poverty Estimates Based on 61st Round of the NSSO:

The 61st Round of the NSSO (National Sample Survey Organisation) of the Ministry of Statistics and Programme Implementation provides estimated poverty for the year 2004-05 using the Consumer Price Index of Agricultural Labourers (CPIAL) for rural
poverty lines and Consumer Price Index for Industrial Workers (CPIIW) for urban poverty lines on the basis of two methods:

(1) URP (Uniform Recall Period), and
(2) MRP (Mixed Recall Period).

In case of URP the consumption data is collected using 30-day recall period (also known as reference period) for all the items. Whereas, in case of MRP, the consumer expenditure data is collected using 365-day recall period for five infrequently purchased non-food items, namely, clothing, footwear, durable goods, education and institutional medical expenses and 30-day recall period for the remaining items.\(\text{(Misra & Puri, 2011)}^{18}\)

The Planning Commission, using the Expert Group methodology has estimated poverty in 2004-05 using both the distributions. Data on the basis of both these method is presented in Table below:

<table>
<thead>
<tr>
<th>Reference Period</th>
<th>All India</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniform Recall Period (URP)</td>
<td>27.5</td>
<td>28.3</td>
<td>25.7</td>
</tr>
<tr>
<td>Mixed Recall Period (MRP)</td>
<td>21.8</td>
<td>21.8</td>
<td>21.7</td>
</tr>
</tbody>
</table>

*Source: Government of India, Economic Survey, 2007-08*

From the above Table it can be analysed that poverty ratio for rural India is considerably high than the poverty ratio for urban India on the basis of URP while it is almost the same on the basis of MRP.

The Planning Commission in December, 2005 constituted an Expert Group to examine the issues in entirety due to confusion generated by various claims regarding the incidence of poverty in India and on whether poverty has been declining or not and thereby suggest a new poverty line and estimates. The Committee was chaired by Professor Suresh D. Tendulkar, the then Member of the Prime Minister’s Economic Advisory Council (EAC) and later Chairman of the National Statistical Commission and also Chairman, EAC. Tendulkar Committee submitted its report in November,
2009. The Committee reviewed various arguments advanced in favour of redefining the poverty line and came to the conclusion that some changes are necessary. However, it has not recommended a new basis for defining poverty in terms of calories, or any other minimum basic needs norm. Instead, it has concluded that magnitude of the estimates of all-India urban poverty that emerged from the traditional methodology was broadly acceptable.

The Committee pointed out three major criticisms of the existing official poverty lines:
Firstly, the consumption pattern underlying the rural and urban poverty line baskets remained tied down to those observed more than three decades ago in 1973-74 and hence become outdated. Thus they have failed to take into account the changes in the consumption pattern of the poor over time.

Secondly, crude price adjustment for prices was leading to implausible results such as proportion of total urban population below line being higher than its rural counterpart in certain major states.

Thirdly, the earlier poverty lines assumed that the basic social services of health and education would be supplied by the State and hence, although private expenditure in education and health was covered in the base year 1973-74, no account was taken of either the increase in the proportion of these in total expenditure over time or of their proper representation in available indices. *(Economic Survey, 2009-10)*

**Poverty Estimates for 2009-10:**
The Planning Commission released the poverty estimates for 2009-10 which is based on the latest NSS Household Consumer Expenditure Survey. These estimates are based on updating the Tendulkar poverty line for 2004-05 to 2009-10, as per the methodology suggested by the Tendulkar Committee for updating of poverty line.

The Tendulkar poverty line is defined in terms of per capita consumption expenditure on a monthly basis. It can be also converted into a corresponding consumer budget
per month for a family of five. On this basis the family based poverty lines per month for the country as a whole are as follows:

**Table 1.3: Poverty Line per month for Rural & Urban India**

<table>
<thead>
<tr>
<th>Year of NSS Survey</th>
<th>Rural (In Rs.)</th>
<th>Urban (In Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>2,234</td>
<td>2,894</td>
</tr>
<tr>
<td>2009-10</td>
<td>3,364</td>
<td>4,298</td>
</tr>
</tbody>
</table>

*Source: Planning Commission Report (2009-10)*

*Note: At prices prevailing in 2004-05 and 2009-10 respectively.*

The main point that emerges from the latest estimates is that the rate of reduction in poverty, using the Tendulkar poverty line, has accelerated considerably after 2004-05 and the rate of reduction in the five years between 2004-05 and 2009-10 is about 1.5 percentage points per year. This is twice as fast as the rate of reduction in the previous eleven years, i.e., 1993-94 to 2004-05. The comparative position for the reduction of poverty in urban and rural areas on an annual basis in the two periods is given below:

**Table 1.4: Comparative Analysis for Poverty Reduction**

<table>
<thead>
<tr>
<th>Year of NSS Survey</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>50.1</td>
<td>31.8</td>
<td>45.3</td>
</tr>
<tr>
<td>2004-05</td>
<td>41.8</td>
<td>25.7</td>
<td>37.2</td>
</tr>
<tr>
<td>2009-10</td>
<td>33.8</td>
<td>20.9</td>
<td>29.8</td>
</tr>
<tr>
<td>Rate of reduction between 1993-94 to 2004-05 (per year)</td>
<td>0.8</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Rate of reduction between 2004-05 to 2009-10 (per year)</td>
<td>1.6</td>
<td>1.0</td>
<td>1.5</td>
</tr>
</tbody>
</table>


The Tendulkar poverty line has been criticized on the grounds that it is too low, and therefore, under-estimates the scale of the population that needs special assistance. Any poverty line is essentially arbitrary and the Planning Commission has only accepted the line recommended by the Tendulkar Committee. We have also indicated that the line will be revised from time to time based on the recommendations of experts.
It is important to emphasise that the Government has already stated that entitlements for food subsidy benefits will not be linked to the number of persons estimated to be below the official poverty line. For the purpose of food security the size of the beneficiary population will be much larger and will be determined as per entitlements stated in the food security bill.

The real purpose of estimating a population below a fixed poverty line is to judge whether progress is being made over time. For this purpose, the poverty line must be the same over time and updated to reflect price changes on the basis of an established methodology. If a higher poverty line is used, the absolute number of people below the line will obviously be larger. However, the results regarding trends in poverty will not be altered. (*Press Note on Poverty Estimates, 2012*)

### 1.3 POVERTY ALLEVIATION & POVERTY ALLEVIATION PROGRAMMES IN INDIA

Widespread poverty is a stable crisis and poverty alleviation has been a key component in development plan. Poverty is a complex set of problems, and that poverty alleviation can only be accomplished by a portfolio of policies and programs customized to explicit aspects of the problem. It recognizes that poverty alleviation efforts must reflect the best practices in public management, including the specification of concrete goals, the assessment of the strategies and the ability to learn and improve. (*Ministry of Women and Child Development*)

In fact poverty alleviation is often used as a short-hand for promoting economic growth that will permanently lift as many people as possible over a poverty line. (*Barder, 2009*)

Poverty is a condition in which income is insufficient to meet substantial needs. Thus, the level of living may be considerably lower than what is deemed to be the adequate standard of living. In some cases, poverty is the inability of a family to have the following: basic needs like food, water, shelter etc.; at least basic education, health services and minimum income. Poverty alleviation usually refers to efforts aimed at
Reducing the magnitude of "poverty" defined in terms of the proportion of the population living below the poverty line. (Ekwuruke, 2005)\textsuperscript{23}

Poverty alleviation is any process which seeks to reduce the level of poverty in a community, or amongst a group of people or countries. Poverty reduction programs may be aimed at economic or non-economic poverty. Some of the popular methods used are education, economic development, and income redistribution. Poverty reduction efforts may also be aimed at removing social and legal barriers to income growth among the poor. (Wikipedia)\textsuperscript{24}

Poverty alleviation programmes have to be viewed in the wider perspective of socio economic transformation of the country. While the present status on direct attack on poverty through specific poverty alleviation programmes is justified on account of insufficient percolation of benefits to the poor from overall economic growth, it should be appreciated that the strategy of direct attacks on poverty cannot be sustained and would not yield the desired results. If the overall growth of the economy itself is slow and the benefits of such growth are inequitably distributed. For one thing, the resources and the capabilities needed for running such programmes cannot be generated in the system unless the economy itself is buoyant and there is a sustained increase in output. Secondly the demand for goods and services produced by the poorer household enterprises rises significantly in response to overall increase in incomes in the country so that the viability of these household enterprises depends critically on the sustained increase in national income. Further it is necessary to ensure that the pattern of overall economic growth itself is such as to generate adequate incomes for the poorer section through its greater impact on employment generation and on the development of less developed regions. The programmes for poverty alleviation should thus be regarded as the supplementing the basic plan for overall economic growth in terms of generating productive assets and skills as well as incomes for the poor. The economic betterment of the poorer section cannot be achieved without social transformation involving structural changes, educational development, and growth in awareness and change in outlook, motivation and attitudes. The social framework should be such as to provide opportunities for the poorer sections to display initiatives and to stand on their legs. Moreover, such a framework can ensure that the benefits of the poverty alleviation programmes really
reach the poor and are not frittered away through various leakages. Strict enforcement of land reforms and revamping of credit institutions can provide the necessary access to assets and resources for the poor as well as promote a more equitable social structure. Greater participation through the elected institutions at the grass root levels as well as through their own organizations is another means to achieve social change. Improvement of literacy and education both through formal and non-formal means and the imaginative use of various mass media for communicating useful information and knowledge as well as for changing the outlook of the people by instilling in them the egalitarian spirit the urge for a confidence in achievement of self-betterment through cooperative endeavor are essential for speeding up the process of socio economic transformation resulting in the alleviation of poverty to a great extent. (Singh & Nayak, 1997)

The elimination of poverty is a key concern of all those interested in the development of poor countries, and now provides the main justification for promoting economic growth and development. The central objective of the Millennium Goals, agreed by 149 countries at the UN Millennium Summit in New York, is the halving of poverty by 2015. In official discourse – for example, by the World Bank and major donors – almost every policy is currently assessed in relation to its impact on poverty, ranging from debt relief to macro-economic stabilisation. Ironically while the objective of poverty reduction currently has overwhelming support, particularly among the donor community, there is increasing debate about what this objective means. (Ruggeri, et al, 2003)

The attention on the problem of poverty and thrust for the alleviation of poverty was focused in the Fifth Plan. The Prime Minister’s “Garibhi Hatao” became popular during that period. This objective is then being continued in every plan. It is also given as the most important point in 20 point programme. (Jain, 1997)

**Poverty Alleviation Programmes in India:**

It is a well-known fact that a vast section of Indian population lives in the heaven of poverty and hence development of such poor people is a prerequisite for the development of India. And for such development various poverty alleviation or rural
development programmes have been initiated and implemented from time to time by
the Government of India. Some of such prominent programmes are put forward:

1. During 1950s: Community Development Programme (CDP)
2. During 1960s: Intensive Agriculture Development Programme (IADP)
3. During 1970s and 1980s:
   - Integrated Rural Development Programme (IRDP)
   - Training of Rural Youth for Self-Employment (TRYSEM)
   - Development of Women And Children in Rural Areas (DWCRA)
   - The National Rural Employment Guarantee Programme (NREGP)
   - Rural Landless Employment Guarantee Programme (RLEGP)
   - Jawahar Rozgar Yojana (JRY)
4. During 1990s:
   - Employment Assurance Scheme (EAS)
   - Indira Awas Yojana (IAY)
   - National Social Assistance Programme (NSAP)
   - Swarnjayanti Gram Swarozgar Yojana (SGSY)
5. During 2000s:
   - National Rural Employment Guarantee Act (NREGA)
   - National Rural Livelihood Mission (NRLM)

**Community Development Programme (CDP)**

After Independence, the Government enunciated a number of programmes to break
the stagnation in the rural agricultural sector. The ambitious Community
Development Programme was launched to initiate the process of transformation of
social and economic life of Indian villages through a change in the outlook and
methods of production of the rural population. The programme designed to bring
about an overall improvement in rural life, included activities pertaining to
agricultural production, minor irrigation, health, education, drinking water, road
construction and village industries. It was conceived as peoples programme with
objectives of harnessing local resources and energies of the masses for socio-
economic upliftment of all. It was first time that a nation-wide development
administration from center to down the village was evolved linking all the developmental ministries and departments within a coordinated framework.

The progress of CDP during the First Plan was encouraging. One of the major contributions of the First Plan was the introduction of Integrated Rural Development through C.D.P. and National Extension Service. Most of the difficulties and bottlenecks administrative and technical encountered in the course of subsequent implementations in next plan periods were overcome in the light of experience.

Inspite of the best efforts and intentions, however, the C.D.P. failed to generate community efforts and unite the some with the efforts of the Governments to bring about self-sustaining growth of the rural economy.

The community development programme was launched on a pilot basis in 1952 to provide for a substantial increase in the country’s agricultural programme, and for improvements in systems of communication, in rural health and hygiene, and in rural education and also to initiate and direct a process of integrated culture change aimed at transforming the social and economic life of villagers. The community development programme was rapidly implemented. In 1956, by the end of the first five-year plan period, there were 248 blocks, covering around a fifth of the population in the country. By the end the second five-year plan period, there were 3,000 blocks covering 70 per cent of the rural population. By 1964, the entire country was covered. (Garvin, 1995)\textsuperscript{28}

\textbf{Intensive Agriculture Development Programme (IADP)}

Intensive Agricultural Development Program, popularly known as IADP, was undertaken by India in cooperation with the Ford Foundation in 1960. It was designed for participation by all farmers in selected districts. Assistance in adoption of a locally adapted "package" of improved technology was to be combined with adequate supplies of fertilizer and other inputs, credit to buy them, and assurance of remunerative prices. The program was only partially implemented and many unforeseen problems were encountered, but considerable progress was made before the advent of higher yielding seeds. The program has led in adoption of new research results, including the new seeds. (Malone, et al, 1971)\textsuperscript{29}
Intensive Agriculture Development program (IADP) was the first major experiment of Indian government in the field of agriculture and it was also known as a "package programme" as it was based upon the package approach. The core philosophy was to provide loan for seeds and fertilizers to farmers. It was launched as pilot basis in one district of 7 states at that time. These 7 districts were:

1. Thanjavur (Tamil Nadu)
2. West Godavari (Andhra Pradesh)
3. Shahabad (Bihar)
4. Raipur (Madhya Pradesh)
5. Aligarh (Uttar Pradesh)
6. Ludhiana (Punjab)
7. Pali (Rajasthan)

The BDOs (Block Development Officers) and VLWs (Village Level Workers) were made double in number and "Agriculture Extension Officers" were appointed. The package which consisted of economic, institutional and technical innovations was having loans to farmers as the key part of this programme. The programme was expanded later.

The major difference between the CDP and IADP was that CDP was a generalized development programme while the IADP was a "sectoral development programme". However, when this programme was expanded to rest of the country, the staff of BDOs and VLWs was reduced, to compromise on economic backend. This withdrawal was also due to overstaffing in some districts. The success and failures of the IADP are as follows:

1. Production of wheat as well rice increased. India produced 23.5 Lakh tons of wheat in 1964-65 compared to 17 Lakh tons in 1961.
2. Some parts of the country tasted the "efforts of the Independent country's responsible government" for the development.
3. Only some parts benefitted and farmers of those parts became rich, other parts failed to do good.
4. The success was due to increased area rather than the increased productivity.
5. The overstaffing created problems for the government.
The IADP was expanded and later a new Intensive Agriculture Area programme (IAAP) was launched to develop special harvest in agriculture area. *(General Knowledge Today, 2010)*

**Integrated Rural Development Programme (IRDP)**

IRDP is one of the major poverty alleviation programmes in India launched in April 1976 with a view to provide self-employment opportunities to the people living below poverty line by providing them permanent income generating assets, bank loan and the subsidy depending upon the category of beneficiary. Initially the programme was launched in 2300 selected blocks across the country and then was extended to 5011 blocks covering 5.64 lakh villages by October, 1980.

The programme involves the identification of thousands of families of the target group in each block, preparation of plan for assisting these families, arranging credit support for financing the plans, monitoring the progress of implementation of the scheme and follow up action to ensure that the beneficiary derive truly lasting benefits whereby they cross the poverty line.

Under IRDP the priority was to be given to the women heads of the households, subject to their qualifying under the programme. It was also to ensure that the benefits in the form of loans and subsidies are directed towards women members of the households even where they are not heads of the households.

The Government of India sponsors the programme, the Centre and the State do the contribution of resources on 50:50 basis.

There is perhaps no other single programme introduced in India with a view to uplifting the poorest among the poor as has been the Integrated Rural Development Programme. The causes which constrain the working of IRDP in rural areas have been investigated and the impact of IRDP assistance on income generation capacity of the beneficiary households and their ability to cross the poverty line highlighted in the book. Different studies conducted at the national and regional levels have also been reviewed. *(Singh, 1996)*
Training of Rural Youth for Self-Employment (TRYSEM)

TRYSEM is perhaps the largest scheme launched by the Government of India to address the problem of training the rural youth for employment. Training was imparted through formal institutions, including industrial and servicing units, commercial and business establishments and through master craftsmen. The duration of a course did not exceed six months. The trainees were eligible for loans from the banks under the integrated rural development program, being implemented in all the districts of the country. The states bear 50 percent of the expenditure on the scheme, with the central government covering the rest. (In the union territories, the central government covers the entire expenditure). The government covers the recurring costs towards the stipend paid to the trainees, the honoraria for the trainers, etc.; and also assists the training institutions to develop the requisite infrastructure in the form of building, equipment, and training aids. The trainees are supplied free tool-kits during their training. The tool-kits are supplied to help the trainees to gain the practical experience in the use of their tools. TRYSEM is merged with a new self-employment program called Swarna Jayanthi Gram Swarojgar Yojana (SGSY) with effect from 1-4-99.

Rural youth aged 18-35 are eligible; age is relaxed to 16 for inmates of orphanages in rural areas and up to 45 in the case of widows, freed bonded labourers, freed convicts, persons displaced from large development projects, and cured leprosy patients. The programme is expected to cover a minimum of 50 percent of the youth from the scheduled caste and tribe communities and a minimum of 3 percent from the ranks of the physically handicapped. (Prasad, 1998)^32

Development of Women and Children in Rural Areas (DWCRA)

The Development of Women and children in rural areas (DWCRA) programme was launched as a sub-component of IRDP and a centrally sponsored scheme of the Department of Rural Development with UNICEF cooperation to strengthen the women’s component of poverty alleviation programmes. It is directed at raising the income levels of women of poor households so as to enable their organized participation in social development towards economic self-reliance. The DWCRA’s primary thrust is on the formation of groups of 15 to 20 women form poor household
at the village level for delivery of services like credit and skill training, cash and infrastructural support for self-employment. Through the strategy of group formation, the programme aims to improve women’s access to basic services of health, education, child care, nutrition and sanitation. It is merged with S.G.S.Y. (Swarnajayanti Grama Swarojagar Yojana) since 01.04.1999.

1. The special scheme of Development of Women and Children in Rural Areas (DWCRA) aims at strengthening the gender component of IRDP.

2. It was started in the year 1982-83, on a pilot basis, in 50 districts and has now been extended to all the districts of the country.

3. DWCRA is directed at improving the living conditions of women and, thereby, of children through the provision of opportunities for self-employment and access to basic social service. (Farooq & Pandeya, 1990)\(^{33}\)

**National Rural Employment Programme (NREP)**

National Rural Employment Programme (NREP) was launched in October 1980 by restructuring Food for Work Programme with the objective of generation of opportunity for wage employment, creation of durable community assets and improvement of the nutritional status of rural poor. The programme operates all over the country specially in the backward regions and areas having larger incidences of unemployment. The target was to provide 300 to 400 million mandays of employment every year. As per of the wages, workers employed under the programme are given the food grains at subsidized rates lower than the normal distribution price.

The programme is centrally sponsored and the Centre and the state will share the cost on 50:50 basis. The Central Government will provide its share in the form of food grains to the extent of surplus food grains available and rest in the form of cash. To improve the effectiveness of NREP it was combined with Rural Landless Employment Guarantee Programme (RLEGP) in 1989 and renamed as Jwahar Rojgar Yojna (JRY).
Rural Landless Employment Guarantee Programme (RLEGP)

Rural Landless Employment Guarantee Programme (RLEGP) was launched in the year 1983 with the objective to improve and expand employment opportunities for the rural landless and to create durable assets for strengthening the rural infrastructure which will lead to rapid growth of rural economy.

Area of operation of the programme is the whole country covering the backward areas having predominant population of unemployed landless labourer and the areas with low wage pockets.

The Programme is funded entirely by the Central Government however the implementation of the programme is the responsibility of the State Governments. The programme was to achieve the 3600 lakh mandays of employment with the provision of resources of Rs.600 crore during the last 2 years of VI Five Year Plan i.e., 1983-85. The programme could achieve 72% of the target by providing 2600 lakh man-days of employment. The programme was renamed as Jawahar Rozgar Yojna in 1989.

Jawahar Rozgar Yojna (JRY)

By merging the two erstwhile wage employment programme – National Rural Employment programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) the Jawahar Rozgar Yojana (JRY) was started with effect from April, 1, 1989 on 80:20 cost sharing basis between the Centre and the States. The main objective of the yojana was additional gainful employment for the unemployed and under-employed persons in rural areas. The other objective was the creation of sustained employment by strengthening rural economic infrastructure and assets in favour of rural poor for their direct and continuing benefits. Though the people below the poverty line were the target group for employment, the preference was to be given to the Scheduled Castes, Scheduled Tribes and freed bonded labourers. Thirty percent of the employment opportunities were to be reserved for women in rural areas. Gram Panchayats were to be involved in the planning and implementation of the programme.
At the instance of the Planning Commission, the Programme Evaluation Organisation (PEO) undertook a quick study of the JRY with a view to assess the extent to which the Yojana helped in providing employment to the target group; analyse the type of assets created under the yojana including their quality and usefulness; comprehend the arrangements for the maintenance of assets created; and study the problems encountered in the implementation of the Yojana.

Jawahar Rojgar Yojna (JRY) is a poverty alleviation scheme, which falls under the category of works program for creation of supplementary employment opportunities. JRY was formed in 1st April 1989 by amalgamating two wage employment programs viz., National Rural Employment Program (NREP) and Rural Employee Guarantee Program (RLEGP). JRY includes two sub-schemes, viz., Indira Awas Yojana (IAY), a housing program and the Million Wells Scheme (MWS). (Sarkar, 1993)

**Employment Assurance Scheme (EAS)**

The severity of underemployment has been high in rural areas. Considering the severity of the rural unemployment problem, various special employment programmes have been introduced by the Government of India to provide employment opportunities through the creation and strengthening of rural infrastructure. And accordingly Employment Assurance Scheme was launched on 2nd October, 1993 for implementation in 1778 identified backward blocks of different States. The blocks selected were in the drought prone areas, desert areas, tribal areas and hilly areas. Later, the scheme was extended to the remaining blocks of the country in phased manner. At present, the scheme is being implemented in all the rural blocks of the country. The programme has been restructured from 1.4.99.

The primary objective of the EAS is to provide gainful employment during the lean agricultural season in manual work to all able bodied adults in rural areas who are in need and desirous of work, but cannot find it. The work may be either on farm or on other allied operations or on the normal plan/non-plan works during such a period. The secondary objective is the creation of community, social and economic assets for sustained employment and development.
The EAS would be open to all adult rural poor who are in need of wage employment. A maximum of two adults per family (the generally expected number of adults in a family) would be provided wage employment, when there is demand during lean agricultural season, subject to availability of funds. \((\text{Lalnilawma, 2009})^{35}\)

**Indira Awaas Yojana (IAY)**

Indira Awaas Yojana is a Government of India social welfare programme to provide housing for the rural poor in India. The differentiation is made between rural poor and urban poor for a separate set of schemes operate for the urban poor (like the Basic Services for Urban Poor). It is one of the major flagship programs of the Rural Development Ministry to construct houses for BPL population in the villages. Under the scheme, financial assistance worth Rs. 70000/- in plain areas and Rs. 75000/- in difficult areas (high land area) is provided for construction of houses. The houses are allotted in the name of the woman or jointly between husband and wife. The construction of the houses is the sole responsibility of the beneficiary and engagement of contractors is strictly prohibited. Sanitary latrine and smokeless chullah are required to be constructed along with each IAY house for which additional financial assistance is provided from Total Sanitation Campaign and Rajiv Gandhi Grameen Vidyutikaran Yojana respectively. This scheme, operating since 1985, provides subsidies and cash-assistance to people in villages to construct their houses, themselves. \((\text{Press Information Bureau, 2013})^{36}\)

**National Social Assistance Programme (NSAP)**

The National Social Assistance Programme (NSAP) a centrally sponsored scheme launched with effect from 15th August 1995 is a welfare programme being administered by the Ministry of Rural Development. This programme is being implemented in rural areas as well as urban areas. NSAP represents a significant step towards the fulfillment of the Directive Principles of State Policy enshrined in the Constitution of India which enjoin upon the State to undertake within its means a number of welfare measures. These are intended to secure for the citizens adequate means of livelihood, raise the standard of living, improve public health, provide free and compulsory education for
children etc. For getting benefits under NSAP the applicant must belong to a Below Poverty Line (BPL) family according to the criteria prescribed by the Govt. of India. These programmes were aimed to ensure minimum national standards in addition to the benefits that the States were then providing or would provide in future.

At present, NSAP comprises of the following five schemes which includes

1. **Indira Gandhi National Old Age Pension Scheme (IGNOAPS):** Pension is provided to BPL persons aged 60 years or above under the scheme.

2. **Indira Gandhi National Widow Pension Scheme (IGNWPS):** Pension is provided to BPL widows in the age group of 40-59 years under the scheme.

3. **Indira Gandhi National Disability Pension Scheme (IGNDPS):** Pension is provided to BPL persons in the age group of 18-59 years with severe and multiple disabilities under the scheme.

4. **National Family Benefit Scheme (NFBS):** Where a BPL household is entitled to lump sum amount of money on the death of primary breadwinner aged between 18 and 64 years. The amount of assistance is Rs.10,000/-. The amount of assistance is Rs.10,000/-. The Hon'ble Finance Minister in the budget speech for the year 2012-13 has announced for increase in amount of pension under IGNWPS and IGNDPS from Rs.200/- p.m. to Rs.300/- p.m. and enhancement of grant under NFBS from Rs.10,000/- to Rs.20,000/-. States have been requested to contribute at least an equal amount from their own resources under all the pension schemes. The amount of pension received by a beneficiary varies from Rs.200/- to Rs.1,500/- depending upon the State contribution. 

5. **Annapurna:** Where, 10 kg of food grains per month are provided free of cost to those destitute senior citizens who, though eligible, are not receiving old age pension.

A central assistance of Rs.200/- per month per beneficiary is provided under all the three pension schemes of NSAP. For the IGNOAPS beneficiaries of age 80 years and above central assistance of Rs.500/- p.m. are provided. The Hon'ble Finance Minister in the budget speech for the year 2012-13 has announced for increase in amount of pension under IGNWPS and IGNDPS from Rs.200/- p.m. to Rs.300/-p.m. and enhancement of grant under NFBS from Rs.10,000/- to Rs.20,000/-. States have been requested to contribute at least an equal amount from their own resources under all the pension schemes. The amount of pension received by a beneficiary varies from Rs.200/- to Rs.1,500/- depending upon the State contribution. 

[Ministry of Rural Development]
Swarnjayanti Gram Swarozgar Yojana (SGSY):

In accordance to the recommendations of Hashim Committee, the Ministry of Rural Development reorganized all the Rural Development and Poverty Alleviation programmes such as IRDP (Integrated Rural Development Programme), TRYSEM (Training of Rural Youth for Self-Employment), DWCRA (Development Of Women And Children In Rural Areas), SITRA (Supply of Improved Toolkits to Rural Artisans), GKY (Ganga Kalyan Yojana), MWS (Million Wells Scheme) with a view to improving the effectiveness of programmes. All these Schemes were merged into a single self-employment programme known as Swarnjayanti Gram Swarozgar Yojana (SGSY). It was approved by the CCEA (Cabinet Committee on Economic Affairs) in its meeting held on 16th March, 1999 and was launched on 1st April, 1999. The SGSY aims at providing self-employment to villagers through the establishment of Self-help groups.

Poor families living below the poverty line were organised into Self-help groups (SHGs) established with a mixture of government subsidy and credit from investment banks. The main aim of these SHGs was to bring these poor families above the poverty line and concentrate on income generation through combined effort. The scheme recommended the establishment of activity clusters or clusters of villagers grouped together based on their skills and abilities. Each of these activity clusters worked on a specific activity chosen based on the aptitude and skill of the people, availability of resources and market potentiality.

The SHGs are aided, supported and trained by NGOs, CBOs, individuals, banks and self-help promoting institutions. Government-run District Level Development Agencies (DRDA) and the respective State governments also provided training and financial aid. The programme focuses on establishing microenterprises in rural areas. (Rajasekhar et al, 2007)\textsuperscript{38}

1.4 STATEMENT OF THE PROBLEM:

All over the world, micro finance is being recognised as an instrument of poverty alleviation. About 30 years ago the concept of micro credit was unknown. Since then its role in poverty alleviation has gained recognition in many countries. Today it is
active in more than 100 countries and is said to have more than 100 million people to take steps to reduce poverty. (*Saleem, 2010*)

Although developments are seen in fields like telecommunications and information and technology which have contributed to shrinking our world into a so called global village, but few positive steps are taken in the field of poverty alleviation. Therefore, it has become imperative that poverty reduction must be one of the most prominent parameter to be achieved mainly in developing countries. (*Easter, 2005*)

In this context it can be rightly commented that charity is not the response against poverty. It only helps poverty to persist. It creates dependency and takes individual’s initiative to break through the wall of poverty.

In Indian context, one of the major objectives of policymakers is to remove poverty from India. Many programmes and policies were started at the grass root level but results were not encouraging. After liberalization, India’s GDP growth witnessed an encouraging change. It was hoped that it will be solution for the problem. But due to some basic reasons at grass root level results were not very overwhelming. It has also been realized by the policy makers that increase in GDP alone is not the solution of deep rooted problem of poverty. Growth is necessary but not sufficient for poverty eradication. And therefore, during 1990s Government of India started many programmes which were specially made for enhancing the income level of the poor masses. (*Sarma, et al, 2011*)

Consequently the need for strengthening the institutional arrangements for credit to the rural masses has been felt. The necessity for augmenting the flow of rural credit and giving it proper direction became all the more imperative to achieve success in rural development. And accordingly the Government of India and RBI have made concerted effort to provide the poor with access to credit. Despite the phenomenal increase in physical outreach of formal credit institutions, the rural poor continue to depend on informal sources of credit. Institutions have also faced difficulties in dealing effectively with a large number of small borrowers, whose credit needs are small and frequent and their ability to offer collateral is limited. Besides, cumbersome
procedures and risk perceptions of the bank left a gap in serving the credit needs to the rural poor. This led to a search for alternative policies, systems and procedures, savings and loan products, other complementary services and new delivery mechanisms that would fulfill the requirements of the poor. It is in this context that micro credit has emerged as the most suitable and practical alternative to the conventional banking in reaching the hitherto unreached poor population. The micro credit programme was formally heralded with a modest pilot project “SHG –Bank Linkage programme” launched in 1992 as a flagship programme by NABARD. This programme provides financial system in India with valuable insights for addressing the massive task of mainstreaming the very poor and underprivileged with formal banking system.

Self Help Groups (SHGs) are mostly informal groups (of 15 to 20 members) where members pool savings and re-lent in the groups on a rational basis. The groups have a common perception of need and improvise towards collective action. Many such groups formed around specific production activities, promote savings among members and use the pooled resources to meet various credit needs of members (especially consumption needs). Where fund generation is low in the initial phases due to low saving capacities, this is supplemented by external resources collected as loans / donated by NGOs. Thus SHGs have been able to provide primitive banking services to its members that are not cost effective, flexible and without defaults.

The SHG –Bank Linkage programme introduced by NABARD in the year 1992 which is considered as a pilot project is one of the largest micro finance initiatives in the world today. In the said linkage scheme of NABARD the programme is focused mainly on

- Developing delivery mechanisms for improving the access of the very poor to the existing banking network.
- Reaching micro finance services to the poor through an organised and systematic use of homogeneous groups as base level units.
- Grooming the groups to be cohesive and participative.
- Enabling the members to pool their thrift regularly.
- Enthusing the members to make interest bearing small loans to one another.
As these groups aimed at self-reliance, they are called self-help groups (SHGs). (Micro Credit Innovations Department, NABARD, 2008)\textsuperscript{42}

Forming SHGs in large numbers and grooming them to successfully handled thrift and credit activities is the bull work of the programme. This is viewed by NABARD as an investment in human capital. In order to form, nurture and promote the SHGs, it is necessary to have a large number of institutions which take up this work. They are called Self Help Promoting Institutions (SHPIS). NABARD assists various types of such institutions engaged in this work. NGOs engaged in social sector intermediation are one such institution which is providing their helping hands to the NABARD on poverty alleviation programmes.

The programme has come a long way from the pilot stage of financing 500 SHGs across the country. Of the total SHGs formed upto March, 2006, more than 1.6 million have been linked with 35,294 bank branches of 560 banks 563 districts across 30 states of the country. About 33 million poor households have gained access to the formal banking system through the programme.

With respect to the state of Assam, the SHG –Bank linkage programme gathered momentum only from 2001 -02 and as on 30 November 2006, a total of 1,23,021 SHGs have been promoted and of those 63,901 SHGs have been credit linked with banks (State Focus Paper, Assam 2007-08)\textsuperscript{43}. The present research study is attempted to throw light on the role of NABARD in poverty alleviation through SHGs with special reference to Kamrup district of Assam.

1.5 REVIEW OF LITERATURE

Micro-Finance has, in recent times, come to be recognized and accepted as one of the new development paradigms, which widens the financial service delivery system by linking the large rural population with formal financial institutions through SHGs for alleviating poverty. Experiences of different anti-poverty and other welfare programmes within the country and elsewhere are studied, have clearly established that microfinance programmes contribute to the achievement of several aspects of the
Millennium Development Goals (MDGs). In this section, we present a review of a number of studies that has gone into the various socio economic issues related to poverty and various poverty alleviating programmes.

Sarma, (1987)\textsuperscript{44}: Poverty in India is neither a new phenomenon nor has it suddenly appeared, but there has been much awareness of the problems within and outside the country. The gradual realization that a large percentage of population in developing countries bypassed by economic growth led to the awareness that growth by itself is not a reliable indicator of improvements in economic wellbeing. It is now realized that maximization of gross national product per capita is too narrow an objective and aims related to the reduction in poverty also needs to be emphasized, such as improving employment opportunities and fulfilling basic needs.

Mishra, (1988)\textsuperscript{45}: To Gandhi, man is supreme consideration and life is more than money. It is cheaper to kill our aged parents who can do no work and who are a drag on our slander resources. It is also cheaper to kill our children who have to maintain without getting anything.

The concept of poverty has been elaborately discussed and analysed. This is the structural problem of the Indian Economy and poverty can be visualized from naked eyes anywhere whether big cities or country side. Many factors are responsible for object poverty but socio-economic structure is the single most important factor. Concentration of wealth and income does contribute substantially. Therefore Gandhian assertion of decentralization of both the economic and political power accompanied by decentralized economy and dispersal of industrial base is relevant.

In this respect, indigenous technology may be very helpful for the removal of poverty as it labour intensive and capital sparing, hence, employment generating. Unless people are provided with gainful and productive job opportunities on a sustained basis, problem of poverty cannot be solved and that is happening in India despite the implementation of several five year plans and anti-poverty measures and programmes launched by the Government. Gandhian philosophy of self-sufficiency and decentralised production along with production by masses as distinguished from mass production is the solution of present melodies.
Sharma, (1989)\textsuperscript{46}: Poverty is an extremely complex phenomenon. It cannot be explained in terms of simple cause and effect relationship or even by a combination of these relationships. Conventionally poverty has been ascribed to inadequate natural resources, lack of skills, inadequate technology and capitals for development of resources, lack of motivation, deprivation of fruits of labour, exploitation such like.

Karmakar, (1999)\textsuperscript{47}: The pilot project of linking SHGs with bank credit is an innovative programme that aims at banking with bank credit is an innovative programme that aims at banking with those who are considered unbankable so far. The essence of the programme as pointed by bankers and NGOs alike is its flexibility in structure and operational guidelines, creation of awareness prior to the provision of credit, conscious efforts at group creation and economic empowerment through group effort as well as individual effort.

Sinha et al, (2000)\textsuperscript{48}: The experience from India provides some evidence that working with SHGs allow the MFIs to increase outreach and to approach viability and sustainability. Minimalist MFIs working with SHGs that manage their own group funds have been more successful in keeping their operating cost low and in approaching financial self-sufficiency. As SHGs increasingly take over the motivational work and service delivery functions of the MFIs, the latter’s capability to cover more clients’ increases. Federating village level savings and credit groups has the effect of reducing the MFI’s unit cost of servicing clients and also strengthening the capacity of SHGs to handle service delivery functions at the grassroots level.

Another advantage of working with SHGs is that it facilitates the generation of internal resources through mobilization of savings. By encouraging SHGs to attract savings into their revolving funds, the MFI helps the poor develop their own financial intermediation system. Whether such grassroots financial system should be established into a bank or maintained as an informal system but linked with formal financial system is an issue that should be left to the MFI to decide. With the support of the NABARD’s Linkage Bank Programme, the NGO-MFIs of India find it more attractive to take the SHG route rather than to establish a bank that exclusively caters to the poor.
**Gaur, (2001)**: Since poverty still continues to be the most important problems confronting the Indian economy, a rural poverty is its major facets, a more substantial debate on the strategy and design of anti-poverty programmes is essential. Rather than blaming poor implementation or weak administration, a fuller understanding of the social and physical environment including its organisational aspects of the managements roles required at different levels and a clear conception of the purpose of each programme should be developed so that it may make a dent on the poverty in India.

**Saxena & Farrington, (2003)**: Poverty is an extremely complex phenomenon, which manifests itself in a range of overlapping and interwoven economic, political and social deprivations. These include lack of assets, low income levels, hunger, poor health, insecurity, physical and psychological hardship, social exclusion, degradation and discrimination, and political powerlessness and disarticulation. Interviews with the poor have suggested that the aspirations of the poor are in fact for survival, based on stable subsistence; security, based on assets and rights; and self-respect, based on independence and choice. Therefore, policy instruments should be designed to address not only the low income and consumption aspect of poverty, but also the complex social dimensions.

**Rajasekhar, (2004)**: An analysis of poverty alleviation interventions by NGOs reveals that the main programmes undertaken by them were related to starting economic programmes and microfinance to enable the poor to access credit for income generation and also use the strength of the organization (namely SHGs) to obtain political and social empowerment. SHGs were started to cover a larger proportion of poor. Since they were formed indications are that there is cohesiveness within the groups, leadership is emerging and groups are managed by members themselves. Savings are contributed regularly, and this amount provides confidence and security.

**Joshi, (2004)**: In our country India, there have been continued efforts in uplifting the rural poor, and for that a number of programmes have been taken up during the
plan periods. But most of the programmes could not succeed in achieving the desired goals.

Tamuli and Kaye, (2005): The overall position of RRBs in India is not so encouraging. The poor credit deposit ratio and growing NPA are still making dent on the functioning of RRBs. Since the RRB is a bank for poor people, its presence on all the states of the country especially in underdeveloped states and UTs is strongly felt. The Government should spread the branches of RRBs in grass root level to provide banking services to the needy rural people.

Dwivedi, (2005): We have achieved good success in various fields like IT industry, telecommunication, transport, satellite launch, private education and health care etc. We have world level scientists, economists, entrepreneurs, doctors, engineers and students. We have abundant talent and resources. Our countryside has changed a lot at many places. The success in various fields has not been distributed evenly. All that success cannot mitigate the pains of the millions of hungry stomachs and homeless heads.

There is no one answer or formulae for eradication of poverty. The monster of poverty has to be attacked from all the sides. Once the people come out of their absolute poverty, the relative poverty is to be eradicated. And this is possible only from overall development of the country. GDP and per capita income has to be increased. People have to be provided with more and more income generating assets. Strengthening of the local self-governments institutions will also play a big role in development.

Rath, et al (2005): The concept of SHG can be a major driving force in taking the village economy towards self-sustaining progress. It has a good potential to augment the employment opportunities in the rural non- farm sector. The scheme can prove to be a very good way of bringing social justice or equity in terms of income, caste and sex. The scheme if properly implemented with focus on regional requirements, can lead to a better Human Development Index. Even though the scheme has a good potential for the upliftment of the rural sector, the way it can be successfully
implemented varies and depends on many factors from place to place. The success is heavily dependent on the crucial role of all the stakeholders. There is a challenge for the government in terms of ensuring a service motive among its officials in motivating the NGOs and in enlusing the officials of banks to play a crucial role in this endeavor.

*Sundaram, (2007)*: Credit is a crucial input contributing to the economic viability of programmes. Hence for the success of any anti-poverty programmes, access to institutional credit for the poor is very important. Adequate and timely credit for the poor, along with other supporting services, can easily lift them to above the poverty line. India’s strategies in this direction have changed over a period of time.

*Diop, et al (2007)*: Poverty alleviation and microfinance are generally referred to in the same breath by microfinance institutions (MFIs) and by the organizations supporting them at the international level, through multilateral or bilateral cooperation or through large private foundations, or nationally. In national strategic poverty reductions plans, microfinance is the preferred means of achieving the Millennium Development Goals. It is usually presented as a package of financial services for poor people that aims chiefly to enable those people substantially to improve their lot in life. Of the various poverty alleviation instruments, microfinance is considered one of the most promising; in particular it can be used on an unprecedented scale thanks to its supposed capacity rapidly to become self-sustaining.

*Sarma, (2007)*: Though there is still large unmet demand, the growth of SHGs has been phenomenal in the recent years. However, the reach of SHGs / MFIs is not uniform across the country. As against national figure of 1,50,000 SHGs and Rs.1,500 millions, NABARD’s bank linkage, the share of Assam has been 140 SHGs dealing a volume of credit of Rs.1.56 million.

*Fouillet and Augsburg, (2007)*: The spread of number of SHGs did not evolve evenly over time within the districts and states of India.
Somasekhar, (2007)\textsuperscript{60}: The poverty in India is a problem with some grave dimensions. It is, on the one hand, quantitatively a very big problem as the number of poor (or those below the poverty line) is indeed a massive one. Another aspect is that it is a problem of very low productivity of the poor. These people are resource poor in terms of assets, skills, credit availability etc. This makes their earnings to be dismally small. Equally serious is the fact that the poor belonging as they do mostly to the socially deprived or weaker section of the society, have no means, political or social, to uplift themselves on their own.

Yunus, (2007)\textsuperscript{61}: Poverty does not belong to civilized human society. Its proper place is in a museum. That’s where it will be. When school children go with their teachers and tour the poverty museums, they will be horrified to see the misery and indignity of human beings. They will blame their forefathers for tolerating this inhuman condition and for allowing it to continue for such a large part of the population until the early part of the twenty-first century. Eliminating poverty from the world is a matter of will, rather than of finding ways and means. Even today we don’t pay serious attention to the issue of poverty, because we ourselves are not personally involved in it. We are not poor. We distance ourselves from the issue by saying that if poor worked harder they would not be poor. When we want to help the poor, we usually offer them charity. Most often we use charity to avoid recognizing the problem and finding a solution for it. Charity becomes a way to shrug off our responsibility.

Charity is no solution to poverty. Charity only perpetuates poverty by taking the initiative away from the poor. Charity allows us to go ahead with our own lives without worrying about those of other people. Our conscience is adequately appeased by charity. But the real issue is creating a level playing field for everybody, giving every human being a fair and equal chance.

Sinha, (2007)\textsuperscript{62}: India is brimming with SHGs – groups of about 15 who come together with the guidance of NGOs, or (increasingly) government agencies or staff of regional rural banks, to start small regular savings. NABARD, since the early 1990s actively promoted the SHG bank linkage programme. NABARD sees this model not
only as financial intermediations (i.e., means to provide financial services to the poor in a sustainable manner) but also as an opportunity for women’s empowerment, since 90% of the SHG members are women. In their groups, women can pick up new skills, gain mobility and visibility and begin to play a role in village community affairs. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit that banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social or community issues like schools, water supply, roads, issues of social justice, alcohol sale, the dowry system etc.

_Daimari, (2008)_\(^{63}\): The causes of poverty in Assam are deep-rooted in the exploitative economic, social and political system of the state. There is poverty because of the concentration of economic, social and political powers in the hands of upper income strata of society. Therefore in order to eliminate poverty from the society, first step should be to remove the inequality in economic, social and political power from the society thereby removing the inequality in income and wealth and then be followed by acceleration of economic growth.

_Lokhande, (2008)_\(^{64}\): Micro finance program is the most promising strategic weapon for attacking poverty by way of providing development funds to the poorest of the poor target groups. If poor people are given opportunities to undertake entrepreneurial activities supported by proper access to credit, it will certainly enable them to come out of poverty trap. Development of micro finance strengthens not only the rural sector but also the financial system of the country as a whole. There is increased potentiality for profitability of the rural areas for banks and financial institutions through higher deposit mobilization credit off take with the help of Self Help Groups. SHGs are instrumental for socio economic development of the poor people in rural India. SHGs programme is seen as a strategic programme for eradication of poverty. NABARD and other agencies have undertaken a number of research studies and their findings indicate that SHGs have been instrumental in improving the economic and social condition of poor members of the groups through collecting savings, lending
the fund to the needy members, evolving banking habits and the most important encouraging collective entrepreneurship.

**Ramakrishna & Haberberger (2008)**: Micro finance is generally understood as providing financial services to poor people. There are certain stereotyped beliefs that the poor are too poor to save and therefore do not need savings services, and the poor cannot repay loans and therefore there is a serious default risk. Last but not the least, small loans have a high cost of dispensation with large number of micro borrowers and a relatively small volume. Therefore small loans are more expensive than large loans.

In India, the NABARD led SHG Bank Linkage Programme has to a large extent, dispelled this widely believed myths about the credit and savings behaviour pattern of the poor. SHGs generally have a advantage in reaching out to the poor because of proximity, trust, commitment, flexibility, and the fact that they know each other. The concept acknowledges that establishing financial services to the poor on a commercially viable basis contributes to the sustainability of the financial service delivery. NABARD was able to build the Linkage Banking Programme upon an existing network of banks and NGOs.

**Ghate, (2009)**: Indian microfinance has continued growing rapidly towards the main objective of financial inclusion extending outreach to a growing share of poor household which has yet to be reached directly by the banks. The SHG Bank linkage programme covered about 14 million poor household in March 2006 and provided indirect access to the banking system to another 14 million including the borderline poor.

**Saraswathy et al, (2009)**: Globally, Micro Finance (MF) has been recognized as a powerful instrument to address poverty. Beyond the direct link with poverty reduction, it is an indirect link to address the issues of health, education, gender. The task force would like to emphasis in its definition that MF will cover not only consumption & production loans, but will also include other credit needs such as housing & shelter improvement; while other financial services like savings and
insurance are also included under it. It may be left to the MFIs (Micro Finance Institutions) to identify the poor. Thus, MFI is an organization that provides financial services to the poor. “Provisions of thrift, credit & other financial services & products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels & improving living standards”.

Chandrashekar & Lokesh, (2009)\textsuperscript{68}: The SHGs have the power to create a socio-economic revolution in the country. Self Help Groups have paved the way to bring the rural people in the main stream of social and economic progress of the society. The SHG can contribute to changes in economic conditions; social status, decision making and increases women in out-door activities. These SHGs play a very important role in social change. SHG not only changes the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. In other words it also applies to change the material aspects of life as well as in the ideas, values and attitudes of the people.

Venkataraman & Bhasin, (2009)\textsuperscript{69}: The objectives of the SHG program are to alleviate poverty, increase sustainability, reduce vulnerability, improve capacity building and help the weaker sections build assets. Increased education, better standard of living, reduced child mortality and child labor, emancipation cum empowerment of women, and communal cum religious harmony are value adding benefits to the country. Through the membership in a homogeneous team, women area able to engage in active production, embed their skills in a network for potential synergistic opportunities, become aware of numerous government and non-government programs, and also overcome social limitations.

Hazarika, (2010)\textsuperscript{70}: Today the concept of Self Help Groups is catching up as the most viable means of mobilizing credit support for the poor at the grassroots. The concept of SHGs is not new in our country. Our country has a long tradition of people coming together voluntary for performing various socio cultural and economic activities collectively. Most of the employment and income generation programmes of the government are routed through the SHGs. The major objective of SHG is socio
economic empowerment of poor through group initiatives of training production and marketing. It is a well fact that the goal of poverty alleviation cannot be achieved without the full and active participation of people, in fact the concept of SHGs can be used as a tool to root out poverty and bring prosperity. The SHGs could trigger the development impulses to blossom among the downtrodden.

Saleem, (2010)\textsuperscript{71}: Eradication of poverty in India can only be a long term goal. Poverty alleviation is expected to make a better progress in the next 50 years than in the past, as a trickle-down effect of the growing middle class. Increasing stress on education, reservations of seats in the government jobs, and the increasing empowerment of women and the economically weaker sections of the society, are also expected to contribute to alleviation of poverty. It is incorrect to say that all poverty reduction programmes have failed. The growth of the middle class (which was virtually non-existent when India became a free nation in August 1947) indicates that economic prosperity has, indeed, been very impressive in India, but the distribution of wealth is not at all even.

After the liberalization process and moving away from the socialist model, India is adding 60 million to 70 million people to its middle class every year. Analyst such as, the founder of “Forecasting International”, Marvin J. Cetron writes that an estimated 390 million Indians now belong to the middle class where one-third of them have emerged from poverty in the last 10 years. At the current rate of growth, a majority of Indians will be middle class by 2025. Literacy rates have risen from 52\% to 62\% during the initial decade of liberalization (1991-2001).

Nyasulu Gerald, (2010)\textsuperscript{72}: Capturing the true meaning of poverty is important because it is the “what”, that explains the “why”, which informs the “how”. Sustainable poverty eradication initiatives and sustainable development depend on treating the root cause of poverty, and not the current approach of deflowering and plucking off the fruits of poverty in every fruit season. Poverty is a violation of human rights and it is by redressing these violations that poverty could be sustainably eradicated. Any attempts to provide handouts and articulate development programs, on behalf of the disadvantaged groups, are a fruitless effort that is leading to
frustrations on both sides. Therefore, sustainable poverty eradication could only be achieved, firstly, with the recognition that poverty is a violation of human rights and, secondly, by empowering disadvantaged groups to change their own circumstances.

**Garg, (2011)**: Providing minimum basic needs, reduction of poverty and achieving minimum standard of living for all, have always been stressed in the five year plans of independent India. Poverty is one of the most serious problem from which the country is suffering, since the very beginning of the present century. This problem has aggravated from the middle of the present century due to rapid rise in population and growing inequality in income distribution. It is only since the last quarter of the present century, some serious attempts have been made to reduce the incidence of poverty in the economy of the country.

**Bhole & Mahakud, (2011)**: The SHG linkage programme has grown in India to help poor people and make them self-dependent. In this context, the bank finance has increased by manifolds. The specialized institutions like NABARD have played a significant role to increase this activity. Even though the SHG–Bank Linkage programme has achieved a phenomenal growth over the years but there is still a larger segment of society that is denied access to financial services. An estimate suggests that only 20% of the low income group population gas access to financial services. Therefore, there is an urgent need to widen the scope and scale of financial services to cover the unreached population.

**Vasanthakumari, (2011)**: SHGs are playing a crucial role of harmonizing the society and strengthening the rural economy. SHGs are recognised as one of the major programmes of poverty alleviation in India with full participation from the formal banking system. However, considering the magnitude of poverty, the outreach of the programme needs to be strengthened and enhanced. The concept of group activity is gradually catching up. Beyond financial intermediation, SHGs can bring about dynamic changes in the lives of the poor. It has been clearly established that delivery credit alone may not produce the desired results. Supporting services and structures through which credit is delivered, ranging from group formation and training to awareness and a wide range of other supporting measures are critical to make the
impact of group activity strong and sustainable. The Government Welfare Departments, NGOs, Banks, Financial Institutions and Centre for Entrepreneurial Development Programmes may help the members of SHGs, by educating them in all ways and providing them more opportunities, to come up effectively and efficiently.

*Feroze & Chauhan, (2011)*\(^\text{76}\): SHG is an effort to free the poor from this vicious circle of complexity. It is considered a better platform for the poor and vulnerable sections of the society to organize themselves around regular savings and lending behavior as well as get engaged in some income generating activities. The poor are now able to generate their own savings at reasonable rate of interest by initiating a self-saving mechanism within the group. A sense of responsibility grows amongst the members, especially women, as they handle their own incomes and take decision on expenditures. The homogeneous nature of the group members allow to develop soliditary amongst them in case of urgency and come out strong in the event of any community crisis.

*Lalitha & Nagarajan, (2011)*\(^\text{77}\): The SHG Bank Linkage programmes known as Bank Linkage project was expected to be advantageous to the banking sector from the angles of both fulfillment of its social gains like reaching out to the poor and achieving operational efficiency by externalizing part of the transaction cost. The project’s success in building a link between the banks and the poor led to its industrialization in 1996 by the RBI as a normal lending activity of banks under priority sector and Service Area Approach. The Bank SHG linkage scheme mounted at a time when there was widespread rethinking about anti-poverty policies focusing on participation of poor in income generating activities. The paradigm of development which emerged out of these experiments has roots in self-reliance, self-sufficiency and self-help. During the budget speech of 1999-2000 the Finance Minister stressed that NABARD and SIDBI have to redouble their efforts in the direction of promoting SHGs and ensure coverage of atleast 50,000 groups during 1999-2000 and the target has been raised to 1 lakh during 2000-2001. NABARD has been functioning as a catalyst in providing the necessary impetus for accelerating the growth of the SHG-linkage with the policy support from the Government of India and Reserve Bank of India.
Bhide, (2011)\textsuperscript{78}: Another strategy that heightens the impact of poverty reduction programs is the active involvement of beneficiary groups. This ensures their empowerment and access to the benefits of programs. Indeed, Self-help groups (SHGs) have revolutionized the manner in which formal credit can be made available to the poor and other individuals who cannot access credit from formal institutions such as banks, by making the process of saving and borrowing more transparent than ever before. SHGs point to the possibility of mobilizing social capital to harness the collective strengths of the poor for their development and in the process, providing an important safety net for them.

Shirima, (2011)\textsuperscript{79}: Poverty is multi-dimensional; it affects the society in various ways, robs people of their dignity and limits their ability to improve their lives. It means not having access to basic needs—such as food and clean water. Despite the great amount of economic funding that has been invested in counteracting the world poverty crisis, global poverty rates remain high, this is the evidence of ineffectiveness of the top down government funding as a strategy to reduce global poverty. Other solutions to ending global poverty have relied on grass roots and humanitarian efforts all of which are predominantly aid based initiatives.

Sadyojathappa, (2011)\textsuperscript{80}: Microfinance has emerged as a vital approach to meet the heterogeneous needs of the poor. In India, microfinance in the formal sector has assumed the form of SHG-bank linkage program. Through this program, the Reserve Bank of India and NABARD has tried to promote relationship banking, i.e., “improving the existing relationship between the poor and the bankers with the social intermediation of the NGOs.” The SHG-bank linkage program in India is rapidly expanding its outreach under the pioneering initiative of NABARD, the monitoring and supervision of RBI, and the promotional policies of the government of India. At the grass root level the program is being implemented by the commercial banks, cooperatives, and regional rural banks, with government agencies. Pro-activeness of the rural folk and artisans is need of the hour.

Surendar et al, (2011)\textsuperscript{81}: Microfinance though SHGs has become a ladder for the poor to bring them up not only economically but also socially, mentally and
attitudinally. Linked with micro finance approach, the SHG movement has now been accepted as an effective intervention strategy for poverty alleviation, generating income, empowering the poor and reducing unemployment. SHG linked micro finance includes such credits which are provided to the rural poor on easy terms and conditions and give access to several income generation activities.

**Shiralashetti & Kulkarni, (2011)**: The country has witnessed a rapid growth of self-help groups (SHGs) in the last one decade or so. The SHG growth which has almost assumed the form of a movement represents a massive grass roots level mobilization of poor rural specially women into small informal associations capable of forgoing links with formal systems to help access financial and other services needed for their socio-economic advancement. Basically SHGs are being promoted as a part of the microfinance interventions aimed at helping the poor to obtain easily financial services like savings, credit and insurance. The promotion of SHGs in India began more formally in 1992 with the launch of the SHG bank linkage by National Agricultural and Rural Development (NABARD). The purpose of this programme is to improve rural poor access to formal credit system in a cost effective and sustainable manner by making use of SHGs. India has obtained prominent position through the promotion of SHG and bank linkage. Prof Muhummad Yunus a Nobel laureate says “social entrepreneurs” is a weapon to fight against the problems of humanity. If the dream of former president A. P. J. Abdul Kalam is to be realized, Micro finance is considered as tool for alleviating poverty. In alleviation of such poverty, people’s involvement is needed. The SHG movement is considered as ray rope for India.

**Singh et al, (2011)**: Self Help Group (SHGs) plays a significant role in poverty alternation. So we should create a large number of Self Help Groups to help poor. The Self Help Groups are not only a poverty reduction programme, but it also develops the entrepreneurship skill and increase co-operation among poor people (SHGs members). So, Self Help Groups are need of time. In India the Self Help Groups, in term of number and amount of micro loan have significantly increased during the recent period. And further it was found that Commercial bank plays a vital role in creating of Self Help Group and providing micro finance. In other words it can said that commercial banks emerge as a leader in creating Self Help Groups. But there is a
significant difference between the spreading of Self Help Groups in different regions in India. Behind this situation several reasons are following, awareness about Self Help Group programme, lack of presenting NGOs in north eastern region, lack of education in women, and finally non-cooperative behave of bankers. To create large no. of NGOs we should start a big advt. programme for creating awareness and benefit of Self Help Groups, properly check the performance of Self Help Groups and finally start entrepreneurship skill development programme and continue search business opportunity by bank and NGOs for Self Help Group's members.

Chakraborty & Bhattacharjee (2011): Microfinance remains a powerful tool for development. It may not be a panacea, but it has brought a sea of change in the lives of many. Only spreading the outreach of Microfinance will bring down the cost of capital and the operating costs and strengthening the bonding between Microfinance and the Formal Financial System. For a sustainable development of the poor and rural economy, focus must be on development of rural infrastructure and the rural economy, so as to ensure that there exist activities that require finance. Microfinance cannot be treated as an act of charity if there is to remain any hope for it to sustain in the long run. Apart from the public sector banks that have been mandated by the government to apportion a certain amount of credit for the purposes of micro lending and a few private sector banks like ICICI BANK and HDFC BANK, other financial institutions have simply not entered the arena. Therefore, it is required to ensure that a direct linkage with the end consumer is established not only with the commercial banks (both public and private) but also with other financial institutions as well. With high level of commitment, right advice, and appropriate policies, the SHG-Bank Linkage Programme is expected to touch newer heights of success.

Das & Tiwari, (2012): Micro finance has come a long way since its start in India. It has become a buzzword due to its uniqueness to meet the financial needs of the poor. The process of development of micro finance is largely through the formation of self help groups (SHGs) and most of the development programmes are extended through this SHGs. SHG –Bank Linkage Programme was introduced by NABARD in 1992 synthesising formal financial system and informal sector. SBLP has taken the form of a movement throughout the nation. It is regarded as the largest micro finance
programme in the world in terms of outreach and many other countries are interested to adopt these models. This programme is being carried out by a large number of self-help promoting institutions (SHPIs), all the banking agencies and micro finance institutions for bringing the poor and marginalized to the main stream of the society. Further RBI also recognized it as an important driver for the growth and development of the marginalized section of the society and has attached due importance to the programme. It has linked micro finance to the priority sector advances and within the purview of normal banking business. It has removed the interest rate cap for the ultimate beneficiaries under micro finance investment. The SBLP is one of the important contributories towards financial inclusion in the nation.

**Datt & Mahajan, (2012)**: The general lesson of successful economies is that governments are wise to stick mainly to general kinds of investments – schools, clinics, roads and, basic research – and to leave highly specialized business investments to the private sector. If the government is able to successfully discharge its general functions, it seta a process in motion which shall lead to elimination of poverty. Basically what is needed is a commitment to end poverty within our life time. Human forces, if sets in motion, by leaders who show gigantic will, are destined to transform human society. All that is required is to make poverty the central objective and all measures should be designed to end it. Poverty reduction requires a pro-poor strategy of growth which implies creation of more and more productive employment opportunities in those sectors which help the poor to raise their level of income.

**Ram M.V, (2012)**: Formation of Self Help Groups benefited who were suffering from poverty for a long time. This initiative has come as a boom to the poor families. Their confidence has been low so far and they have exhibited such a sense of helplessness as if they are incapable of changing their lives in their life time. Normally there is no concept of savings among poor. They tend to spend whatever they earn or make loan whenever there is a need. They were not in a position to look beyond today or at most tomorrow. The formation of Self Help Groups motivated them to save small amounts in a group that slowly grew into a sizeable amount, which provided immense confidence and enthusiasm to the members of the groups and the
families who were initially reluctant and doubtful of the initiative. Through the help from Government and bank, these group members started getting assistance from acquiring income generating assets.

**Jha, (2012)**: There has been a massive mobilization of women taking place as a result of the SHG movement. The growth of SHGs incidentally has occurred during the period of economic reforms. The SHG movement has a good potential to serve both as a human face of the economic reforms as well as contribute towards women emancipation. There is a major onus on all actors involved in SHG promotion and development to further intensify their efforts in enabling SHGs to reach a mature stage. There is a need of major investment in capacity building of SHGs and pro-active policies to help overcome the constraints by SHGs to integrate rural poor and women fully into developmental programmes aimed at empowerment of rural poor particularly the women.

**Bhairamkar & Patil, (2012)**: Global integration is creating opportunities for new strategies for rural development that revalue the contribution of traditional production strategies. These new strategies involve the redevelopment of peasant communities, carving out political spaces to allow them to exercise their autonomy and defining ways in which their organisations will guide production for themselves and for commerce with the rest of the society.

In recent years, SHG have become significant institutions for rural development. It is now being increasingly realized that instead of targeting the individuals in the process of development, it would be more useful to adopt the approach makes the collective wisdom and combined resources for any risk.

The success and achievement of SHGs depend upon the extent to which the nature and functioning of the activities address the problems and needs of the participants, the extent to which the people have been mobilized and organized in group, the extent to which the improvement can be made in the strategies for effective group mobilization and to extend the personal and socio-physiological characteristics of individual member influence the group effectiveness.
The concept of micro credit, promoted by NABARD for financing the poor through formal institutions and non-formal institutions which made beginning in 1991-92 by linking SHGs with formal credit agencies, has made significant progress.

**Roy, (2012)**: SHG programme has lightened the burden of life for the average members of a SHG in many ways. There have been perceptible and wholesome changes in the living standards of the SHG members in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and in income levels. SHGs develop saving habit and bring people closer to the banking system by helping in getting loans easily and frequently. Looking at the successful model of SHGs in India, it is worldwide accepted that SHG movement can add a new dimension to the fight against poverty.

**Prabhavathy, (2012)**: Collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes vis-à-vis the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can alone reach the ultra poor, third the extent of positive results varies across household headship, caste and religion and fourth the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

**Prakash & Chandarsekar, (2012)**: Poverty eradication and women empowerment are the widely discussed topic all over the world. It has been acknowledged in enumerable studies that the social and economic empowerment of women have a significant positive impact on the poverty eradication and economic development of the country. Therefore the government of India has implemented various schemes to reduce poverty, for empowering poor women and to promote gainful employment. In fact this showed the way to SHGs (Self Help Groups) movement in India.
Vanishree, (2012): Through SHG-Bank Linkage program, the RBI and NABARD have tried to promote relationship between the poor and the bankers. The programme has brought about a positive social and economic impact on the livelihood of the people in rural areas. It has increased the social empowerment of women. With the collective effort from banks, regulators, government, SHGs and voluntary sector, more of the rural poor can be brought within the ambit of financial inclusion. SHG Bank Linkage Programme and its impact can be made sustainable with sincere interventions by banks in the areas of awareness building, skill development, training and continuous counseling.

Ghosh, (2012): The programme has grown at a tremendous pace during last two decades and emerged as the most prominent means of delivering micro-finance services to the poor forging a bridge between the financially deprived and the formal financial services in India. Commercial banks, regional rural banks, cooperative banks and NGOs have contributed significantly towards the rapid spread of the programme. Though the regional spread of the programme has been highly skewed with highest concentration in the southern region, it has started picking up pace in other regions.

The SHG-Bank linkage programme has significantly improved the rural poor’s access to formal financial services and has had a positive impact on the socio-economic conditions of SHG households. The results show that the average annual net income, assets and savings of the households increased significantly in post-SHG situation. The average amount of loans and the regularity in repayment increased, and the dependence on moneylenders decreased remarkably during post-SHG period. The percentage of loans used for productive purposes and employment per household increased, and the incidence of poverty among SHG households declined significantly after the linkage programme. It has also improved the social empowerment of women members over a period after their joining SHGs.

Vadde, (2012): The Self Help Group (SHG)-Bank Linkage Programme, in the recent past, has become a well-known tool for bankers, developmental agencies and even for corporate houses. SHGs, in many ways, have 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. The programme, over a period, has become the common vehicle in the development process, converging important development programmes.

**Sreedhar, (2012)**: In this twenty-first century, the society must take an active people centered and growth oriented poverty alleviation strategy. The self-help groups will play a vital role in such strategy. The system of SHG facilitates its members to improve their financial position. The government should take effective steps in increasing the pace of development through SHG. The SHG-Bank Linkages are a benchmark in the empowerment and socio-economic development of rural people. SHGs contributed significantly to the development of small entrepreneurs and also for overall development of the economy.

**Manju & Shanmugam, (2013)**: Microfinance program is one of the most important programs in India as developing countries are facing initial capital problem to investment that is why Micro Finance system is providing financial facility through SHGs. The programs are growing through Commercial Banks, Co-operative Banks and Regional Rural Banks with the help of NABARD. Commercial Banks are playing vital role in providing loan facilities to SHGs through SHG-Bank Linkage Programs in India. But unfortunately, majority of SHG members are using loans to unproductive purpose this leads to indebtedness. So that the members should use loans to productive purpose, in order to improve and empower the economic conditions of the women in India.

**Chakraborty & Dey, (2013)**: The impact of entrepreneurship development through microfinance has proved to be much successful. As a matter of fact it can rightly be pointed out that the pilot project of NABARD’s SHG –Bank Linkage programme not only promoted financial aid but also had promoted entrepreneurial skill for the members of SHG which facilitated the SHG members in utilizing the financial aid received by them in an efficient way. This step ultimately has helped them in overcoming their pangs of poverty. Therefore it can rightly be assumed that entrepreneurship development through micro finance might bring a synergic effect for
alleviating the problem of poverty from the society and will guide the society towards a healthy economic life.

Desai Vasant (n. d)\textsuperscript{99}: The SHG Bank Linkage Programme being propagated by NABARD for providing access to microfinance services to the rural poor attained new heights. The programme envisages organizing rural poor especially women, into small informal affinity groups called self help groups, training the group members to learn the art of thrift and credit management, facilitating door-step saving facilities to the members, meeting emergent and small credit needs and then providing access to large resources in the form of bank loans. Besides providing and enabling environment to the poor for a meaningful participation in economic activities, the programme, which is already a mass movement in several states, has succeeded in socio economic empowerment of large number of poor people especially women.

Daniel & Neelambar (n. d)\textsuperscript{100}: Adam Smith has quite a lot of interesting thoughts and ideas regarding poverty, in fact he is very much alive and kicking and that he was very knowledgeable regarding poverty. His view on poverty does not represent the view of a laissez-faire liberal. He is aware that poverty can be both absolute and relative. The absolute poverty is a scourge, which if necessary should lead to government intervention in the form of poor relief, while poor relief is a short term measure against absolute poverty, economic growth is a long term measure. By promoting economic growth more people will be better off.

Adam Smith also considers the feeling of social inferiority which is related to relative poverty is because of our corrupted moral sentiments. Implicitly, Smith seems to regard social inequalities as something positive, since feeling socially inferior will make us work harder to improve our material and social aspirations, to create a fortune and being a person other person actually admires. Thus feeling of social inferiority is an important aspect in itself to mitigate poverty.

He further added that poverty can only be understood when the socio economic context is taken into account since socio economic context will decide who is poor.
Amartya Sen has a core of absolute poverty in his concept of poverty, which is supplemented by relative deprivation and relative poverty. To make this synthesis work has to operate at a very abstract level. The strength of Sen’s concept of poverty lies in the fact that it goes beyond the traditional concept of poverty and is able to grasp the complexity of poverty. At the same time, the strength of Sen’s concept of poverty is also its weakness. It also includes parts of the traditional concept of poverty. This causes ambiguities. A good example of this Sen’s view on income as a means of measuring poverty. Income does not tell us much about poverty according to the capability deprivation approach, since poverty is more than being short of money or about income inequalities. However income plays an important role in achieving capabilities, it is the capability sets of different persons that should be compared with each other to what real opportunities different persons actually have.

Poverty is not only about being short of money, but also about lack of real opportunities to get out of poverty. We have to bear in mind that Sen’s capability approach is not solely applicable for the conditions in the third world. It is just as valid for analyzing poverty in the western countries. Not many countries in the west offer their capability-deprived population any choice but being poor. Indeed Sen’s approach to poverty has much to offer everyone interested in the study of poverty its causes and solution.

1.6 OBJECTIVES OF THE STUDY

This study has been concentrated within the district of Kamrup, Assam, with the following desired objectives:

I. To examine the effectiveness of NABARD in poverty alleviation in Assam.
II. To examine the role of NABARD in poverty alleviation through SHGs in the Kamrup District of Assam.
III. To study the impact of SHG finance under the SHG –Bank linkage programme on poverty alleviation in the Kamrup District of Assam.
1.7 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.
3. Sampling procedure.
4. Data collection time and length of service.
5. Tools and techniques used in collection of data.

Locale of the Study:

The District of Kamrup, of the State of Assam, was chosen as the locale of study. Kamrup District is one of the pioneering districts in the micro finance movement of the Assam state. From 2003, Kamrup District was divided between two districts i.e., Kamrup (Rural) and Kamrup (Metro), however data for these two districts in many cases are not available separately and therefore, for the present study undivided Kamrup District was chosen as the locale of study. Out of 18 blocks in Kamrup District, six blocks, viz., two from Kamrup (Metro) i.e., Rani (Metro) & Dimoria and four from Kamrup (Rural) i.e., Rani (Rural), Hazo, Chaygaon & Rangia have been chosen for the study.

Nature and Source of Data:

The data pertaining to various aspects under study are collected from both primary and secondary sources. The secondary data has been collected to study the performance of NABARD in poverty alleviation through SHGs which covers a block of 7 (seven) years i.e. from 2006-07 to 2012-13. The secondary data is collected from various reports and journals published by NABARD, Directorate of Economics and Statistics, Government of Assam. However for the purpose of analyzing the impact of SHG finance under the SHG –Bank Linkage Programme on poverty alleviation in the
district of Kamrup the data has been collected from primary source with the help of an interview schedule which are pre tested.

**Sampling Procedure:**

Keeping in view of the objectives of the study, the procedure adopted for the selection of the SHG members for analysis is narrated below:

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 third 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 1.5: Number of SHGs & SHG Members Selected for Analysis

<table>
<thead>
<tr>
<th>Districts</th>
<th>Name of the blocks selected</th>
<th>Total Number of SHGs of the Selected Blocks</th>
<th>Number of SHG members to be selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamrup (R)</td>
<td>Chaygaon</td>
<td>918</td>
<td>918 X 384/4,297 = 82</td>
</tr>
<tr>
<td></td>
<td>Hazo</td>
<td>383</td>
<td>383 X 384/4,297 = 34</td>
</tr>
<tr>
<td></td>
<td>Rangia</td>
<td>1,842</td>
<td>1,842 X 384/4,297 = 164</td>
</tr>
<tr>
<td></td>
<td>Rani</td>
<td>242</td>
<td>242 X 384/4,297 = 22</td>
</tr>
<tr>
<td>Kamrup (M)</td>
<td>Dimoria</td>
<td>679</td>
<td>679 X 384/4,297 = 61</td>
</tr>
<tr>
<td></td>
<td>Rani</td>
<td>233</td>
<td>233 X 384/4,297 = 21</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,297</td>
<td>384</td>
</tr>
</tbody>
</table>

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 has been collected during April 2012 to October 2012. Regarding the length of service of SHGs, only the members of those SHGs which have completed more than 3 years and above are taken for the study since performance can better be analysed if the length of service is more. However in some cases (i.e. 16%) SHGs with less than 3 years are also taken but have completed a minimum period of 1 year.

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 work specially the doctoral research conducted by Dr. M. S. Bhairamkar (under the guidance of Dr. V. G. Patil) on ‘Self Help Group for Rural Poor’ the interview schedule of which was drafted in the pattern of before and after participation, the study of which was forwarded by Dr. K.D. Kokate, Deputy Director General (Agricultural Extension), Indian Council of Agricultural Research (ICAR). At the same time most of the parameters are taken also after consulting the poverty indicator parameters as per handbook entitled ‘Microfinance Poverty Assessment Tool’ authored by Carla Henry, Manohar Sharma, Cecile Lapenu & Manfred Zeller of the International Food Policy Research Institute edited by CGAP (Consultative Group to Assist the Poor) of the World Bank.

The interview schedule is composed of two main parts. In the first part, question related to general information of the SHG members are designed, while in the second part, technical information of various dimensions is gathered. The second part is further sub divided into seven parts. To determine the performance, the information related to technical matters is taken for two periods of time, viz. prior to becoming SHG members and after post SHG membership. The information regarding prior to SHG membership was gathered from the respondents on the basis of recall method.

Before starting an interview, the researcher introduced himself and explained the purpose behind for holding the interview to the respondent. During the course of interview, questions were asked serially to the respondents. Whenever necessary, questions were explained to them to ensure proper understanding. This helped in getting appropriate responses. Each completed interview schedule was examined immediately after the closure of an interview for its completion in all respects.

**Statistical Analysis:**

The collected primary data were statistically processed, classified and tabulated by using appropriate methods. Simple analytical tools like frequency, percentages, mean
are used for analysis. For applying such statistical tools MS Excel and SPSS (Statistical Package for Social Science) software programmes are used.

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, the results are tested at 5% level of significance.

\[
\text{Chi-square } (X^2) = \sum \frac{(O-E)^2}{E}
\]

where,
\[O = \text{Observed Frequency},\]
\[E = \text{Expected Frequency}\]

The null hypothesis is framed for each parameter separately and tested. Following hypotheses and sub hypotheses are formulated to test the statistical significance of the data collected and tabulated:

**Hypothesis No. A: Income**

*Null Hypotheses*

$H_{0A}$: There is no significant difference in monthly income before and after SHG membership.

i) $H_{0A1}$: There is no significant difference in monthly income of the households before and after SHG membership.

ii) $H_{0A2}$: There is no significant difference in monthly income of the SHG members before and after SHG membership.

**Hypothesis No. B: Monthly Expenditure.**

*Null Hypotheses:*

$H_{0B}$: There is no significant difference in household’s monthly expenditure before and after SHG membership.

i) $H_{0B1}$: There is no significant difference in monthly household consumption expenditure before and after SHG membership.
ii) \( H_{oB2} \): There is no significant difference in monthly household food expenditure before and after SHG membership.

iii) \( H_{oB3} \): There is no significant difference in monthly household non-food expenditure before and after SHG membership.

**Hypothesis No. C: Food.**

*Null Hypotheses:*

\( H_{oC} \): There is no significant difference in food habit before and after SHG membership.

i) \( H_{oC1} \): There is no significant difference in number of meals a day before and after SHG membership.

ii) \( H_{oC2} \): There is no significant difference in intake of meat, fish or other luxury food before and after SHG membership.

iii) \( H_{oC3} \): There is no significant difference in number of days for which the meal consists of inferior foods only (in last 7 days) before and after SHG membership.

iv) \( H_{oC4} \): There is no significant difference in number of days for which the household does not have enough to eat everyday (in last 30 days) before and after SHG membership.

v) \( H_{oC5} \): There is no significant difference in number of months for which household have at least one day without enough to eat before and after SHG membership.

vi) \( H_{oC6} \): There is no significant difference in number of weeks for which the household have a stock of local staple food before and after SHG membership.

vii) \( H_{oC7} \): There is no significant difference in type of cooking fuel source primarily used before and after SHG membership.

**Hypothesis No. D: Health & Hygiene**

*Null Hypotheses:*

\( H_{oD} \): There is no significant difference in health & hygiene before and after SHG membership.

i) \( H_{oD1} \): There is no significant difference in attending hospital/ health centers/ doctors for medical treatment before and after SHG membership.
ii)  \( H_{D2} \): There is no significant difference in affordability to buy medicines in emergencies before and after SHG membership.

iii)  \( H_{D3} \): There is no significant difference in women in household attending hospitals/health centers before and after SHG membership.

iv)  \( H_{D4} \): There is no significant difference in immunization of children in time before and after SHG membership.

v)  \( H_{D5} \): There is no significant difference in malnourishment of children in household before and after SHG membership.

vi)  \( H_{D6} \): There is no significant difference in sources of drinking water before and after SHG membership.

vii)  \( H_{D7} \): There is no significant difference in type of toilet facility available before and after SHG membership.

**Hypothesis No. E: Land Holding Status and Housing**

*Null Hypotheses:*

\( H_{E} \): There is no significant difference in land holding status and housing before and after SHG membership.

i)  \( H_{E1} \): There is no significant difference in land holding status before and after SHG membership.

ii)  \( H_{E2} \): There is no significant difference in ownership of house before and after SHG membership.

iii)  \( H_{E3} \): There is no significant difference in type of roofing material used before and after SHG membership.

iv)  \( H_{E4} \): There is no significant difference in type of external walls before and after SHG membership.

v)  \( H_{E5} \): There is no significant difference in type of flooring before and after SHG membership.

vi)  \( H_{E6} \): There is no significant difference in structural condition of the main dwelling before and after SHG membership.

vii)  \( H_{E7} \): There is no significant difference in type of electricity supply before and after SHG membership.

viii)  \( H_{E8} \): There is no significant difference in type of house before and after SHG membership.
ix) \( H_{Ex} \): There is no significant difference in number of dwelling rooms before and after SHG membership.

x) \( H_{Ey} \): There is no significant difference in availability of separate rooms for kitchen before and after SHG membership.

**Hypothesis No. F: Others:**

*Null Hypotheses*

i) \( H_{Fx1} \): There is no significant difference in level of participation in social action before and after SHG membership.

ii) \( H_{Fx2} \): There is no significant difference in accessibility of local elites before and after SHG membership.

1.8 CHAPTERISATION PLAN:

The study is presented in six chapters narrated below:

Chapter 1: Introduction.

Chapter 2: Role of NABARD in Poverty Alleviation through SHG.

Chapter 3: NABARD in Assam –Policies and Performance under SHG Bank Linkage Programme.

Chapter 4: SHG Financing in Kamrup District of Assam.

Chapter 5: Impact of SHG Finance in Kamrup District of Assam.

Chapter 6: Summary of Findings, Suggestions and Conclusion.

1.9 LIMITATIONS OF THE STUDY:

The researcher was constrained with limited time, and had to conduct the study and other resources at the disposal of poverty and poor education level of the respondents, which posed difficulties in getting accurate information. Study relied heavily on respondent’s memory to gather information pertaining to certain variables under study. Though the researcher had taken utmost care while collecting data, possibility of some errors creeping in cannot be ruled out.
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