**ABSTRACT**

Microfinance is being recognized as an effective tool to reduce poverty by providing financial services to those who do not have access. In my study I have analyzed how microfinance is being able to help the poorest of the poor to lead a better livelihood. I have selected five districts e.g. Howrah, Jalpaiguri, Murshidabad, Paschim Medinipur and South 24 Parganas as sample having based on convenience sampling. Then one block from each district has been selected by Random Sampling. From each block the largest SHG of the year 2011-12 has been chosen. 80 participants and 20 non-participants respondents have been selected on first come first serve basis. The tools like sampling method, case study, mean, standard deviation, multiple bar diagram, Pearson Chi-square test, multiple regression analysis and ANOVA are used in the analysis of primary data. In each sample district it has been seen that young-aged and middle-aged people are much aggressive to join in microfinance programme. In Paschim Medinipur and Murshidabad district a few participants are in above 60 age group. As per them, their sons and daughters do not look after them. Therefore, they have joined to earn their livelihood. The study has shown that in Howrah, Paschim Medinipur and South 24 Parganas the percentage of General category participants are high whereas in Jalpaiguri district there are more Scheduled Castes participants. As per geographical distribution of each district the occupation varies between participants and non-participants. The level of education of participants is higher than the non-participants. In the sample survey at each district a few participants have touched the certain income level whereas none of the non-participants have touched that level of income. Among the non-participants a large section use wood as fuel but in case of participants an average percentage of 20-30 use Liquefied Petroleum Gas as fuel. Due to economic upliftment a major portion of microfinance participants are availing electricity connection whereas the

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scenario is totally different in case of non-participants. The survey shows that microfinance participants are enjoying pucca houses, availing sanitation system and making a habit of savings in compare to non-participants. The sample survey shows that participants have increased their household income level after joining SHG programme in compare to their before joining SHG programme. The dwelling structure also got changed due to their economic well-being after joining SHG. Due to economic development the participants have also acquired more land after joining SHG programme period in compare to pre-SHG joining time period. The value of household assets like tv, sewing machine, cell phone, cycle etc. have also increased after joining the microfinance programme. As per interview the decision making ability wherever it is in house or in society has increased substantially after joining SHG programme. Due to their economic upliftment perceived prestige has also been upgraded. After joining microfinance programme food habit has also been changed in terms of better quality and quantity. Multiple Regression Analysis has been made to show how the household income which is prima facie important factor that depends on other variables like caste, education, land and loan size to reduce the poverty level of sample households. In all the sample districts it has been proved that on increase in income all those variables have positive influence. Therefore, it can be said that the test is statistically significant.