2.1. REVIEW OF LITERATURE:

In order to understand the concept of micro finance and also to identify the areas already investigated, some of the important studies already undertaken and related to the objectives of the present study are mentioned below:

Exporting subsidized food to a country means importing unemployment to that country as the exporter is resisting the other country to produce that food item. Likewise, when a country supplies subsidized food to its people then it is increasing unemployment in its own country. So rather than providing food subsidy focus should be given on production which may generate employment and which can also assist the agricultural based population to secure sustainable livelihood. Moreover, if the pressure of production is shifted to food deficit country then the food surplus country can focus on improved farm practices rather than increasing production, which may improve soil and water quality. In this way it will lead towards helping in focusing on sustainable livelihood. Ensuring proper use of natural resources like land, water, forest which supports agricultural production can assure sustainability (Our Common Future, 1987).

A study carried out in Andhra Pradesh by Kumaran (1991) found that people joins self-help group with two main objectives of savings and credit. The findings of the study also showed that with the loan received by the members through interval lending within the group, they started different income generating activities.
The researcher Malcolm (1998) pointed out that the approach of microfinance has not reached to all the masses. To spread the approach of microfinance which is for assisting the poor, it must be carried on like any other businesses for getting good results. Efforts have to be made to make the products of microfinance available in the market like any other consumer products. For this purpose, the flexibility in the institutional structure have to be introduced along with good management.

Karmakar (1999) highlighted various issues pertaining to the credit delivery system in rural India. The repayment and recovery is the major problem in the entire system. These problems arises because of procedural flaws in the loan policies. Along with this, the problem of supervision and monitoring also affects it. These problems are related to internal management, while some issues like natural disasters, legal framework, government policies; sometimes adversely affects the system externally.

Puhazhendhi and Satyasai (2000) undertook a study to gauge the impact of Self-Help Group Bank Linkage Programme. It specially focus on socio-economic impact by analyzing the data related to 560 members of Self-Help Group spread across 11 states. The indicators of socio-economic changes were the pre and post savings, employment, income, consumption, skills, confidence etc. among others. The findings of the study reported that majority of members (84%) were from economically weaker section of the society and the main motive to join Self-Help Group was to improve their socio-economic status. By joining the groups the members were able to achieve the desired results.

A study commissioned by NABARD (Puhazhendhi and Satyasai, 2000) was carried out in 11 states of India covered 223 self-help groups compared the pre and post situation of joining
the group by 560 number of households. It found that there was an increase in employment by 17% and a reduction of 20% was recorded in the households after joining the group.

A study (Wright, 2000) critically analysed microfinance and put forward the argument that microfinance fails to provide the services urgently required by the poor. The researcher argued that the development practitioners also find microfinance not only inadequate but also that the funding in microfinance should be diverted towards more important sectors like education and health.

Mayoux (2000) made the observation by his study regarding poverty targeting that to empower the women, focus should not be made on targeting the poor households only, because it won’t cover disadvantaged women who may not be necessarily from a very poor background. Therefore, focus should be made on a group as a whole to introduce empowerment interventions. Moreover, the groups play a significant role for exchanging information, sharing skills and knowledge between the members. Therefore, cost effective measures have to be undertaken to collaborate the working of microfinance and empowerment intervention strategies, so as to develop the groups and empower the women by bringing financial sustainability and increasing the outreach.

Mayer (2001) carried out a study in which it was observed that microfinance have not only the capability of helping in poverty alleviation but it would also help in food security by the various products offered by it. The study showed that although the idea of microfinance has emerged as a successful tool but no strong step have been taken to make it a sustainable one. In India, microfinance sector has emphasizes only on Self-Help Group bank linkage model, but
better result can be obtained if the Micro Finance Institution experiments with other model and give due importance to other models.

A study conducted by Mishra (2001) stated the impact of self-help groups on income and employment. The study was conducted in Uttar Pradesh and the researcher found that the self-help group members were engaged in agriculture, small business, labour activity for earning income. They were facing the major problems of training, high interest rate on the loan taken etc. and the researcher suggested to involve the commercial banks, Regional Rural Banks etc. so that the poor can get loan at a lower rate of interest.

Satish (2001) opined that non-governmental organizations have the capability of forming and nurturing self-help groups in a scientific way which enhances the sustainability of the self-help groups. The NGOs assist in forming the groups by comprising persons from same socio-economic background. Therefore, steps should be taken for strengthening the resource base of the NGOs.

A study done in the Solan district (Himachal Pradesh) revealed that the members of self-help groups were involved in small scale businesses like tailoring, bangle selling etc. and although the loan charged was as high as 60%, then also the recovery rate of loan was 100%. It was because of the fact that there was an improvement in the income of the members after joining the groups (Dahiya, Pandey & Karol, 2001).

The study by Gaonkar (2001) on the impact of self-help groups on women in Goa showed that the membership in self-help groups improves the income level, savings and make
the women capable of spending more for the consumption purpose. It also improves the overall quality of life. The study mad the conclusion that self-help groups have the capability of reducing poverty and unemployment.

A researcher has defined microfinance as a provision of providing different financial services including savings, remittances, insurance etc. to the people who have no access to these services. The researcher further explained the Micro credit institutions as the institutions which serves the customers generally rejected by the traditional financial institutions. The study pointed out the benefit of providing micro credit as – without having collateral the poor can access credit and the lenders also creates a credit history of the borrower as the time passes by, which instills a sense of responsibility in the mind of the borrower (Pretes, 2002).

Anand Jaya S. (2002) has studied the role played by Self-Help Group and Neighborhood Groups (NHGs) in empowering women. The select women members of these groups were interviewed to achieve the objectives of the study. The results showed that the members were highly benefitted with the thrift component as it has helped them to get rid of moneylenders. It has also helped them to cope up with other problems like seasonal unemployment. Moreover, by availing credit facility from the groups the members have undertaken various livelihood generating activities, which has further helped them in different aspects (eg- income). Along – with the income generating activities the members have also taken steps to fight against the social evils like dowry, alcoholism etc. The members agreed that Self-Help Group and NHGs has boosted their confidence to face any kind of difficulties in their lives.
A study conducted by Planning Commission (2002) in the state of Uttar Pradesh and Uttarakhand examined the impact of microfinance on women empowerment. The study showed that only self-employment cannot help the women of scheduled castes to become empowered but only if all the efforts of different institutions working at various levels are synchronized then only strong steps could be taken for their empowerment. Moreover, the programmes undertaken by these institutions should be customized as per the need of the women.

A research on self-help groups of Kanpur Dehat district affirmed that a strong relationship exist between the members of the self-help groups, basically women and their socio-economic condition and the relationship affects positively on the socio-economic status of the group members. (Ritu, Kushawaha & Srivastava, 2003)

A study by Singh (2003) opined that the government have not succeeded to achieve the positive results in the poverty alleviation programmes because of various reasons like the schemes were designed at central level, political motive behind the schemes a large amount is spent on administrative work and so on. But microfinance programmes have achieved the desired success as a tool for reducing poverty. NGOs were playing a crucial role in reducing poverty and generating employment opportunities for the poor. The microfinance started to play an important role when the other initiative like subsidy schemes of government did not succeed.

Microfinance is a system of providing collateral free loan to weaker section who have no alternate means of accessing necessary capital to start a new small business or to undertake other income generating activities. (Hossain, Paris and Bose, 2004).
Basu & Srivastava (2005) draw special attention to problems of informal finance and lack of formal financing facility in rural area. They conducted a sample survey of 6000 household residing in rural area of Uttar Pradesh and Andhra Pradesh. The results of the study showed that the banks in rural area serve only the richer section and the poor section faced difficulty in getting finance. Because of these difficulties the poor have to avail loan from informal sector where they have to pay sky high rate of interest (around 48% per annum). These loan were taken for meeting the emergency needs 29% of the respondent took loan for family emergency and 19% for social expenses related to births, marriage etc. The borrower who used their loan for productive purposes were only 13% of the respondents.

NABARD launched the pilot project of linking 500 Self Help Groups with banks in consultation with RBI, in the year 1991-92, then in 1994 a working group on NGO & Self Help Groups was formed by RBI which advised it to consider the financing of Self Help Groups as a part of lending to weaker sections. State level bankers committee and the banks should reviews such lending at regular intervals. The RBI itself has also urged the banks to make all out efforts for extending micro credit (Micro Finance) especially by forging linkage with Self Help Groups with their own efforts or by taking support of NGO’s. This credit were the part of their priority sectors lending and the banks. (RBI Bulletin, 2005)

A study on microfinance has emphasized on shifting the paradigm from micro credit to livelihood finance with much larger levels of resource allocation both from public resources as well as capital markets. Livelihood finance is a comprehensive approach to promote sustainable
livelihoods for the poor, which includes financial services such as savings, credit both short and long term, insurance, infrastructure, investment in health, education etc. (Mahajan, 2005).

The research on cash grant and micro finance conducted by researchers (Aheeyar, 2006) has stated about the distressed people in Tsunami who have lost not only their livelihood supporting assets but also become debt-ridden because of no income for repaying their loan/debt. at this point of time the cash grant and micro finance provided to them by the government, Micro Finance Institutions, donors to pay their loans and to begin with fresh to earn their livelihood has brought relief to their life. Here the researcher has also pointed out that this type of recovery assistance in post disaster period should be launched in a well-coordinated manner so that it can bring positive outcomes in the long term as well.

In a research paper the researchers (Singh and Dara, 2007) have highlighted the problem and prospects concerning micro finance. The researchers have pointed out that India has acted promptly to promote micro finance after its success in Bangladesh. Moreover, due to the existence of both formal and informal sector, it is necessary to focus more on formal sector so that the poor can be removed out of the clutches of money lenders who charges exorbitant rate of interest. Micro finance is a sustainable tool to address the problem of poverty. But due to various problems like political interference, corrupt practices etc. the facility of micro finance may not achieve desired results.

Sengupta (2007) has reported that micro finance is gathering momentum to become a major force in India. The Self-Help Group (SHG) model with bank landing to group of (often)
poor women without collateral has become an accepted part of rural finance. But there is a lot more to be achieved. Moreover, access to financial services like loans, savings, insurance and smooth consumption flows, thus expanding their asset base and reducing their vulnerability to the external shocks that plague their daily existence. The availability of financial services acts as a buffer against sudden emergencies, business risk and seasonal slumps that can push a family into destitution.

The researcher (Ramesh, 2007) has highlighted the new vibrant role of SHG to give livelihood security to the poor which is different from its earlier role of playing just as an entity for savings and borrowings. He also highlighted the different forms of Micro Finance Institutions which are operating in India in the form of societies, trust, Companies etc. The researcher found that after gaining momentum, the Self Help Group in the gang of four states namely, Tamilnadu, Karnataka, Kerela and Andhra Pradesh; the movement of growth is shifting towards the states of Orissa, West Bengal and Assam. At the beginning the SHGs were promoted mainly by banks, then the State Government also came into picture which was a welcomed initiative. In Andhra Pradesh the SHGs have played crucial role by taking-up marketing of commodities like maize, neem, soyabean, coffee etc.; by putting in place the elements of food security and by setting up a network for bulk milk procurement centers. The researcher stated SHGs as one of the pillar upon which the globalization strategy of India should be rested upon.

The study conducted by Erica and Pande (2008) argued that the world of microfinance is exactly opposite to the banking world, as in the former the repayment of loan starts instantly after the loan is disbursed. Economic theory favors the fact that a client gets more benefit when the repayment schedule is flexible. But the practitioners of microfinance argue that fiscal
discipline of fixed schedules of repayment reduced the default rate. But the study results shows that flexible repayments schedules are more beneficial for the customers as that reduces the transaction cost without increasing the default rate.

The research paper written by Sikidar (June 2009) reveals that micro finance refers to the provision of financial services to low income clients, including consumers and self-employed. It also refers to the practice of sustainable delivering of those services. More broadly, it refers to a movement that envisions a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services including not just credit but also savings, insurance and fund transfer to those who promote micro finance to pull poor people out of poverty.

The study by Rutherford (2009) highlighted the difference between micro-credit and micro finance. According to it micro credit is a narrower term in comparison to microfinance which refers to the small amount of loan given to the poor people and microfinance is a broader term which covers the efforts of collecting savings, providing loan including micro credit for various purposes along with insurances. Microfinance encompassed a wide range of services for fulfilling the requirements of the poor people. Microfinance protects the poor people from shocks and help them to generate livelihood.

Bhagat (2009) has written in his research paper that with a small start by Muhammad Yunus, micro finance has spread worldwide. It is the financial lending with the participation of group of people (SHG), which act as a forum which unites and organises the people to learn from
the peers and help the peer. Based on the field experience, the researcher has explored that empowerment and leadership means in context of poor women and SHGs.

Srinivasa Rao (2009) has stated that agriculture is a matter of livelihood and food security with nearly 60% of the population depending on it. At the same time, to withstand the global competition enhanced productivity and sustainability of the agriculture sector has become imperative. The implementation of micro credit with the help of banks, for fulfilling the credit requirements of the rural poor has helped in achieving inclusive growth. Further to provide adequate and timely credit support from the banking system to the farmers for their cultivation needs and to improve farmer’s accessibility to bank credit for production purposes, various services like Kisancredit Card Scheme (KCC), Grameen Credit Card, Bhumiheen credit card has been introduced by banks.

The research paper of Dipanita Deb (2009) reveals that the term micro finance is an alternative source of credit for the rural poor which include financial services to them in small amounts which enables them to sustain in different dimensions. Micro finance is of immense benefit as it helped many poor in their upliftment which has enabled them to take up livelihood generating activities.

The report of task force on credit related issues on farmers (June, 2010) has revealed that though the credit has doubled over the past few years, very large numbers of small and marginal farmers, especially the women continue to have difficulty in accessing agricultural credit from formal sources. This dependence on moneylender has disturbingly been on increase.
The report of task force on supportive policy and regulatory framework for microfinance in India (June, 2010) has reported that despite having a wide network of rural bank branches in the country and implementation of many credit linked poverty alleviation programmes, a large number of very poor continue to remain outside the fold of the formal banking system. Experience of many organisations has shown that the key to success lies in the evolution and participation of community based organisations at the grassroots level.

The guidance note on recovery: Livelihood (2010) was developed as collaboration between the International Recovery Platform (IRP) and United Nation Development Programme India (UNDP-India) has pointed out the livelihood assets which supports livelihood generation as follows:

Table 2.1: Different Livelihood Assets

| Human capital: | Skills, knowledge, health and ability to work |
| Social capital: | Social resources, including informal networks, membership of formalized groups and relationships of trust that facilitate co-operation and economic opportunities |
| Natural capital: | Natural resources such as land, soil, water, forests, fisheries, trees etc. |
| Physical capital: | Basic infrastructure, such as roads, water & sanitation, schools, ICT; bicycle, livestock, equipment etc. |
| Financial capital: | Financial resources including savings, credit, and income from employment, trade and remittances |

Source: UNDP-India (guidance note on recovery)
In the article ‘Microfinance and Sustainable Livelihood: A Conceptual Linkage of Microfinancing Approaches towards Sustainable Livelihood’ the researchers (Bhuiyan, Siwar, Ismail and Islam, 2012) have discussed about the conceptual explanation of microcredit and sustainable livelihood. Moreover, this study also described about conceptual linkages of microcredit towards a sustainable livelihood framework. The study found that the providing accesses of micro finance is potentially working in the way of ensuring sustainable livelihood of the poor in the world. The study recommended alternative model for poverty alleviation and ensuring sustainable livelihood on the basis of spiritual values.

In article ‘Fresh Inclusive Growth Models for Microfinance Institutions’ researcher (Urkude, Mittal and Sen, 2011) has mentioned that microfinance for the poor/ people below poverty line (BPL) is a niche industry that requires special market and operational Knowledge. Presently Micro Finance Institutions (MFIs) are facing various Internal and External problems e.g. poor administration, lack of innovativeness, lack of awareness in the institute and even to needy, lack of entrepreneurial support from the banks and rich business houses due to less profitability, etc. Hence, reaching out to the poorest and gaining financial stability are the biggest challenges the MFIs have to overcome. In view of long-term objective a new 8-factor model is suggested which is based on customer engagement dialogue and collaboration. The factors include: vision, raising capital, product, delivery and distribution mechanism, repayment mechanism, investment, promotion, and monitoring progress. With such models adopted judiciously, future of MFIs may look brighter than ever.
In module 4 of micro finance and disaster management: volume 1-trainer’s manual, focus has given upon the restoration of livelihood of disaster-affected people by providing micro finance through micro finance institutions working in those areas. This relief through micro finance is designed in such a way that the affected-people can acquire some income generating assets and this relief contributes positively to restoration of livelihood, without creating dependency and without undermining efforts to provide market based financial services on a sustainable basis over the long term.

Financial sectors are expanding in terms of growth in assets and these assets are concentrated in the hands of a few. The inclusive growth as an strategy of economic development reserved attention owing to a rising concern that the benefits of economic growth have not been equitably shared. Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. Livelihood is an area that is vitally important to SHG’s through micro finance. The loans that SHG’s members receive are intended to improve their livelihoods so that can receive greater steadier cash flows. In rural areas, LH range from agriculture, farming, animal husbandry, dairy, and various other goods and services activities, unless micro finance is tuned with in production, manufacturing and service sectors, it would not be able to deliver anything (Rao and Kumar 2011).

In a case study the researchers (Arputhamani and Prasannakumari, 2011) has found that the beneficiaries of Micro Finance has given immense benefit in the form of economic and social security by accessing Micro Finance services. Micro Finance is very important tool which can help in the development of the poor section. The empirical study also analyzed the result of the changes in savings, income and expenditure possession of valuable asset patterns of the
members of Self Help Groups which shows positive outcome. The researchers have also mentioned about the potential benefit of Micro finance which the weaker section of society can avail.

In a research paper the researcher (Lama and Saha, 2011) have reported that India has one of most extensive banking infrastructure in the world where almost 70% population in the rural areas, with little or no access to main stream financing options like savings and credit. Micro finance has evolved as a development approach to bring the rural population closer to reaching a better lifestyle and reducing their stress by helping them with small credit amount such as loans, savings, money transfer services and insurance that they may acquire with minimum or no collaterals. India hosts the maximum number of Micro finance models which emerged in their respective fields owing to its geographical size, a wide range of social and cultural groups, the existence of different economic classes and a strong NGO movement. Such models of a Micro finance are – the self-help group model, Grameen Bank Model, Cooperative Model, Partnership Model, Business Facilitator and Correspondence Model.

MFI provide loans and saving services through a variety of lending models, while micro entrepreneurs use these services. The theory is that if the poor have access to these services, their financial lives will be more stable, predictable and secure, allowing them to plan and improve livelihoods through education, healthcare and empowerment. In other words, micro finance converts poverty into an economic opportunity that evades the idea of exploitation. (Sankar, 2011)

Micro finance is provision of having access to a small amount of credit by the poor, not having assets for collateral, no financial records and credit history as well. This credit is used by
them specifically for Income Generating Activities (IGAs) so as to alleviate poverty and ensure livelihood development through improving good health, access of children's education, acquiring new or harnessing existing skills, acquiring assets, take part in social activities etc. (Abul Bashar et. al, 2011).

India needs a comprehensive social insurance system especially, health insurance to lower the health related risks of the rural poor whose earnings and livelihood mainly depend on their physical strengths and wellbeing. In India, social assistant for the poor is inadequate, fragmentary and limited. One of the main reasons for poverty is the ill-health, which drain the poor man’s earning and put him in jeopardy. Hence, any poverty reduction programme should essentially have an element of risk coverage for the poor, which includes insurance for his huts, tools, implements, crops, livestock and life of the poor community. India with a diversified population across the country who mainly depend on agriculture for their livelihood needs a comprehensive and well-formulated schemes and a serious effort by both the government and non-government organizations. Though this sounds heavy and complicated, this may be achieved through micro insurance policies meant for poorest of the poor (Sreekanth, Bharatish and Trivedi, 2011).

In the research work carried out by researchers (Ahmed, Siwar, Idris and Begum, 2011), have stated that the rural women in Bangladesh have limited access to income generating activities and consequently less opportunity to improve the livelihood status. After joining micro finance programs carried out by Grameen Bank they were able to take-up diversified income generating activities and hence positive changes were recorded by the researchers regarding the livelihood status of the rural women. The researchers calculated the Economic and Social Status
Index based upon the primary data collected from 200 samples, which have shown a positive result.

In a study by Surender, Kumari & Sherawat (2011), the researchers focused on the issue of employment generation through Self-Help Groups and various aspects related to it. The study reported that Self-Help Groups plays a significant role in generating employment and these groups have the capacity of removing the problem of unemployment from the world. Further, it could help in developing a country.

Devaraja (2011) studied the role of microfinance as a tool for reducing poverty. The study opined the microfinance has reached to deliver services in the area where formal institutions has not reached. Since, there is no proper regulatory authority to govern this sector; so the government should take steps to protect the borrowers of microfinance sector and government should also play the role as a development authority for enhancing the outreach of microfinance sector. The study also point out the importance of microfinance sector in achieving the Millennium Development Goals.

In a study the researchers (Trivedi, Bharathish and Rao, 2012) has stated that Microfinance is the practice of providing small loans to individual borrowers, who have lacked access to credit, is one of the antipoverty strategies in the world. The loans are provided without collateral. The borrowers often women organize in groups guarantee the loans. Now the Microfinance Institute has grown from a small non-government organization into a big business on the flipside it has exposed to controversy. Microfinance Institutes borrow funds from commercial
banks at the rate of 11% per annum or so. They add another 10% as administrative costs. Any interest rate they charge above this from their borrowers was clean profit. His works out to 21%. No Micro finance Institute charges less than 25% interest. Recently this Andhra Pradesh micro financing institutions were in news for charging exorbitant rate of interest and making profits and thus leading to suicides by many of the beneficiaries of microcredit who could not repay their outstanding.

A study on “Role of self-help groups in promoting micro enterprises through micro-credit showed that the self-help groups promoted by banks and non-governmental organizations were doing better than the self-help groups formed by the District Rural Development Authority. The common feature of the group formed by different authority was high involvement of the members in the monthly meeting conducted by the groups and the discussions on credit, internal lending, repayment schedules and livelihood generating activities (Dadetya, 2012).

Mohanty, Mohapatra&Khuntia (2013) highlighted that 10 percent of Indian population possesses a lion’s share of the wealth of India. It showed how a huge gap exist between the poor persons and rich person. Various steps have been taken to reduce the poverty level by creating employment opportunities. Microfinance has played an effective role by helping in creating job opportunity. The idea of microfinance has gained recognition to fight poverty and raising the standard of life of poor.

Nasir (2013) in his study opined that in India, there exist a gap in the service delivery of Micro Finance Institutions and demand of the clients. The Micro Finance Institutions suffers from various issues like lack of diversification in their product line, higher rate of interest, their
credit delivery mechanism related issues etc. Despite of the problems the Micro Finance Institutions were able to give positive results in improving the condition of weaker section of the society and in eradicating poverty. The study suggested that if the deficiency of Micro Finance Institutions could be removed then that would result in more positive outcomes.

**Kamath, Duttasharma & Ramanathan (2013)** highlighted the impact of Micro Finance Institution loans on the daily household cash flows. The results showed that the household uses the loans of Micro Finance Institutions either for fulfilling their consumption requirements or for repaying their earlier debts. The study highlighted the issue of multiple loan i.e. how burden of multiple loan from different Micro Finance Institutions have brought crisis in the lives of poor households.

**Okwoli (2013)** carried out a study on the role played by microfinance banks in rural development of Nigeria, which brought the facts into focus that the rural folks in the country have not only weaker institutional capacity but they were also not economically empowered. Microfinance initiatives could play an important role in improving the condition of rural poor if due consideration is given to it.

**Thileepan and Soundararajan (2014)** opined in their study that self-help group’s plays crucial role by availing microfinance in developing micro-enterprises with the help of different stakeholders like government, non-governmental organisations etc. The success of the groups mainly depends on understanding the grass root level problems of the beneficiaries.

A study in West Bengal affirmed that self-help groups encouraged its members to save and borrow fund among them. The assistance from the group helped them to take-up income generating activities which empowered them economically. Their income again played an
important role in their expenditure on the important things like health, education etc. (Chatterjee, 2014).

Nirmala &Yepthomi (2014) in their study assessed the impact of Self-Help Groups in eradicating poverty and improving the condition of the masses in Nagaland, India. The study reported a positive outcome- it showed that micro financing through Self-Help Groups have not only empowered the participants but it has also improved their economic status and resulted in well-being of the group members. The research suggested to focus on giving training to these participants for enhancing their competitiveness.

A study by Teshome (2014) showed that although the iddirs (informal insurance arrangement) have the capacity to serve as a bank for weaker section but they were not able to provide the requisite services to the rural poor, as reported by the participants of the study. The study was carried out basically to understand the importance of Self-Help Groups in social development through community participation. This study suggested that the government intervention was necessary to collaborate the efforts of various formal and informal institutions working in Ethiopia.

A study (Sunitha, 2014) has viewed microfinance as a development tool in India which would alleviate poverty and enhance growth of the country through financial inclusion. Out of 6 lakh villages in India, only approximately 50,000 have access to finance. More than subsidies poor need access to credit. Absence of formal employment make them non ‘bankable’. This forces them to borrow from local moneylenders at exorbitant interest rates.
In the impact assessment study the researcher (Roy, 2015) studied the impact of small loans on the business level capital of 250 clients (sample size) OF Micro Finance Institutions. The respondent who were primarily engaged in livestock farming, dairy business, grocery or stationary shops, tailoring and petty trading have given the feedback that there was an increase in their business asset after availing micro finance. Further, although the clients who took loan for the purpose of business; 18% of them were honest to admit that they utilized that it for fulfilling their consumption and other needs. The study concluded that there was a significant change in the overall status of business of the 25.9% respondents and other stated that although slight changes have taken but there was no significant change.

The researchers (Mohapatro and Sahoo, 2016) in their study have attempted to examine the determinants of participation in a SHG based upon the individual, household and environmental characteristics. Their study found that the Micro finance programmes have not been able reach the poorest of the poor. Their study have got some practical and social implication which states that micro finance is a catalyst to bring positive change in the life of women , especially in the region which are not yet been developed. Further, the SHG can also play an important role in improving the status of micro women by reducing the discrimination faced by them.

2.2. RESEARCH GAP IDENTIFIED:

Although an extensive literature exists to understand micro finance in an elaborate way and pertaining to the various issues related to micro finance but it has been reckoned that the
researches has not focused on studying micro finance and livelihood generation which could enable the weaker section of the society to promote and protect their livelihood, particularly in Sonitpur district of Assam.

The review of literature has shown that micro finance has helped the weaker section of the society in availing finance from the organized sector and has the scope to act as an accessible input in taking up various livelihood generating activities,

From the literature reviews it has been observed that there is a gap in between existing literatures and the proposed study. Therefore, the researcher ought to take this study, so that it can help in focusing on the various issues related to awareness of micro finance, diversified livelihood activities that can be supported by micro finance and the government initiatives for enhancing livelihood through micro finance.