Microfinance is an asset to the developing and transition countries. The services they provide are tailored to meet the needs and aspirations of the local inhabitants and emphases are towards the poor. The products and services put forth to the members are not by itself a solution to the numerous problems affecting the poor. These problems range from business skills, lack of financial intermediation services, and the lack of markets, technology etc. This financial intermediation services will only provide a platform for those who are considered not fit to meet the obligations of the banks to be a client. SMEs are very much affected by these constraints and these MFIs are towards bridging the gap between formal and informal financial services. It should be noted that microfinance does not serve or solve all the problems of the poor but it serves as a means of helping them to boost their economic activities or augmenting their status. According to Hulme et al (1996), microfinance schemes often are of paramount importance when the targeted problem is in its initial stage and not when it has emanated. Microfinance is only a portion of what is needed to boost an enterprise activity in the rural areas and who are incapable of getting the necessary assistance from a commercial bank. It develops new markets, increases income, creates and accumulates assets and promotes a culture of entrepreneurship. The products and services and also the convenience of the microfinance is noted to be one of the driving forces behind its success. Despite the high interest rate charged sometimes, their products and services are still demanded but at times they are subsidized by the government or NGOs. The main underlying factor here is that commercial banks do not serve poor clients with small
loans located in the rural areas. Policy-makers in India would like to promote an image of the country as being both fast developing and humane. The one major stumbling block in their project is the vast and persistent problem of poverty, especially rural poverty. The microfinance nurtures economic activities for as long as three years so as to ensure that the poor do rise above the poverty line. While the aim was admirable, the way devised for doing so has left a lot to be desired. It has been observed in our present study of the Rohilkhand region that few people of the selected district really understood the funding pattern. For example, at least in some places, the subsidy part of the money given for the revolving fund is being treated as a non-refundable one-time gift to the participants. However, the guidelines have mentioned that the subsidy is to the group as a whole, the individuals who borrow from the revolving fund, must return the entire borrowed amount to the group. They are merely exempt from paying interest on the part represented by the subsidy. However, in the districts we visited we came across instances when the beneficiaries were not required to return even the full principle. Similarly, the banks have been interpreting the provision for "back-ended subsidy" in ways that make their operations completely risk-free. The other agencies have not understood this fully. Even if they had, they would have no authority to challenge the banks. The funding pattern is not just not transparent; it simultaneously involves several agencies without any chain of authority between them. Almost all projects for helping the poor at the grassroots have become tied with the BPL lists. Whether it is giving ration cards for subsidized food, or providing training and credit for self employment- every facility is reserved for those on the BPL list. As a result, inclusion in this list has become the most important criterion for being eligible for whatever largesse that is made available for distribution at the grassroots. In our study defects in the BPL lists clearly
showed poverty alleviation, proved the role of microfinance effective. As such, its politicization was only to be expected. On the other hand a household is poor or not is supposed to be based on the money value of its monthly per capita consumption expenditure and on the basis of an amalgam of several criteria such as amount of land owned by a household, whether it’s dwelling is pucca or not, whether members possess a bicycle, a watch, etc. The criteria are sufficiently helpful to get the socio-economic status of the beneficiary and non-beneficiary. It is found that in all the selected districts the socio-economic status of the beneficiary is increased.

Another purpose behind the idea of revamping poor people's activities was to reduce the enormous workload and employment generation. After the implementation of the microfinance activities in the beneficiary, they are sufficiently productive to earn better incomes with less physical labour. Instead, in our interviews with the beneficiaries, it was repeatedly pointed out by the women how joining the SHGs had decreased their workload and increase income.

**RECOMMENDATIONS**

It is observed that Federations are engaged in undertaking socially meaningful tasks. They are essentially serving the un-served and meeting the credit needs of some of the most vulnerable sections of population. Considering this facet of their work, their operations may need to be financially supported / subsidized in the short or even the medium term.

There are many regions including the Rohilkhand region in the country where Banks are still reluctant to give loans to SHGs and due to this, the SHG Bank Linkage programme is suffering. A study may be conducted to estimate average amount of bank loan given to SHGs in each district of the country.
country and where ever this amount is less than 25% of national average, NABARD may consider providing bulk loan to SHG Federation for onward lending to SHGs. Alternatively, NABARD may encourage NABFINS (a NABARD promoted MFI) to actively provide financial assistance to SHG federations in these regions. To enable SHG Federations to gain financial sustainability, they need to offer different saving, loan and insurance products and non-financial products and support services aimed at strengthening the performance of its members on a fee- for- service basis in order to sustain the federation. SHG federations need to be encouraged to undertake the role of either a Business Facilitator or Business Correspondent of a bank to provide last mile connectively to banks in providing a full range of banking services. NABARD may provide following types of support to federations;

- Capacity building support to Federations (Board members as well as professional working in Federations)
- Support may be extended to the Federation by way of grant for training, capacity building, and exposure visits of SHG members, etc., as also under all the NABARD’s existing promotional schemes.
- Support from Microfinance Development & Equity Fund (MFDEF) may be increasingly made available to deserving SHG Federations both in the form of Revolving Fund Assistance as well as Capital / Equity Support.
- The Capital / Equity Support may be made available to Federations in the form of soft loan (at low interest rate of around 3% and reasonably long repayment period of around 5-7 years).
- The membership fee for new applicants should be reduced so as to incorporate the very poor into the system. This will enable them get
access to the products and services that those just below or just above the poverty line enjoy.

• More use of simple cash grants and Conditional Cash Transfers (CCTs), which have been shown to reduce the worst excesses of income poverty.

• The mode of repayment should be revised so that the poorest can borrow without collateral. This should be done in a way that will increase the frequency of repayments and this is known to reduce the risk of non payments.

• Group-based lending should be encouraged. This will serve as a means to increase its depth since some poor men and women cannot have access to these products and services. But with the formation of a group, members of that group may apply for the services and members in the group act as guarantors for the others.

• An urgent refocuses on the promotion of local micro-savings, rather than microcredit, as the first step in the local accumulation of capital.

• Robust financial sector regulations to ensure that local financial institutions act in a manner conducive to sustainable local economic development and to building and retaining local social capital.

• The promotion of genuine community-owned and controlled financial institutions in the studied region, such as credit unions, building societies and savings banks, to underpin local capital accumulation.

The study concludes that Federations are engaged in undertaking socially meaningful tasks. They are essentially serving the un-served and meeting the credit needs of some of the most vulnerable sections of population.
Considering this facet of their work, their operations may need to be financially supported in the short or even the medium term. Hence, the low level of financial sustainability brought out by this study need not be too much cause for worry. On the contrary, it is a case for every federation to achieve operating sustainability as quickly as possible. This essentially amounts to ensuring that all the direct expenses associated with the microfinance and other operations of a federation are met out of the revenue it generates.
SUMMARY

Micro finance is considered a tool for socio-economic development. Micro finance refers to small savings, credit and insurance services extended to socially and economically disadvantaged segments of the society for enabling them to raise their income levels and improve their standard of living. The main aim of micro finance is to provide small loans to the poor people or who are not able to borrow loan from other sources and to make their standard of living better. Micro finance is a financial innovation that is generally considered to provide financial services to low income people including consumers and self employed who traditionally lack access to formal banking and other related services. It has successfully enabled the poor people to engage in self employment activities that allow them to generate an income and begin to build wealth and exit poverty. Micro finance is increasingly gaining credibility in the main stream of finance industry and many traditional large finance organisations are contemplating micro finance projects as a source of their future growth. The ultimate goal of micro finance is to provide financial services to low income people for an opportunity to become self sufficient through engaging in productive activities or to start their very small business. This programme was formally started in 1992 by NABARD in the India and now this programme is operational in almost all of the Indian states. In this programme, a small group of poor people known as self-help group (SHG) is formed and a bank loan is given to this group at specified rate of interest but without any collateral. The group may use this loan to start any income generating activity or to fulfill some other individual needs. The group gets next loan only after the repayment of previous loan. The peer
In India, there are broadly two different models for the delivery of microfinance, i.e., SHG-bank linkage model and microfinance institution (MFI) model. In the Rohilkhand region, microfinance is provided only through SHG-bank linkage model and there is limited role of MFIs. The main objective of the study is to find the impact of microfinance programme on poverty alleviation, employment generation and socio-economic development of the programme beneficiary. The study is based on the hypotheses that microfinance programme generates employment, reduces poverty, empowers women and development of the programme beneficiary. Besides, it is also hypothesized that extremely poor people get more benefits of the programme than the moderate poor; and the members of old SHGs are better-off than the members of new SHGs.

In order to study the impact of microfinance programme, the beneficiaries are compared with the non-beneficiary. Those people are termed as beneficiary, who have been the members of SHGs and are availing the bank loans for more than two years at the time of field survey. Whereas those people are termed as non-beneficiary who are the members of microfinance programme but their entry to the SHGs is new. These non-beneficiaries have not availed bank loans up to the time of field survey. For the purpose of this study, primary data of different households is collected from 525 beneficiaries and an equal number of non-beneficiaries, 75 members and non-member of each district from Bareilly, Pilibhit, Badaun, Shahjahanpur, Rampur, Moradabad, and Bijnore of the Rohilkhand region. The review of various research studies carried out in the field of microfinance in different countries provides that the programme is successful in generating employment and alleviating poverty among the programme beneficiary. On the other hand,
some other studies challenge these findings and explain that the micro-loans provided under the programme are mainly utilized for unproductive purposes; therefore, it has a limited impact on employment and income generation. These studies also pointed out that the poor people justified such loans are not covered under the programme. Many studies show that the beneficiaries are more empowered in economic, social and political aspects as compared to the non-beneficiary. However, some of the studies found that the women members have limited control over the use of group loans and the male members in their families utilize the loans, thus, the programme results in limited empowerment of women beneficiary. In this way, it is found that the literature available on microfinance does not provide a clear idea about the impact and success of microfinance programme. Hence, there is a need to further conduct impact assessment studies to evaluate the functioning of the programme and removing the shortcomings and problems in its way. A number of studies have been conducted in southern region of India but there is a dearth of studies in northern region. In the Rohilkhand region, the programme was started from 1998-99, and no comprehensive study, by any researcher or government organisation, is available so far, which assessed the impact of microfinance programme in this region. The present research work is an attempt to study the role of microfinance programme in development of the Rohilkhand region.

The trends in the growth of microfinance programme in India and the Rohilkhand region are observed with the help of secondary data (prepared by researcher survey). It has been found from the survey of secondary data that the programme has expanded rapidly in India and now it is the largest microfinance programme of the world in terms of its client outreach. The SHG-bank linkage model developed by NABARD is widely prevalent
throughout the country and it covers more than 75 per cent of total microfinance clients in the country. In this model, loans are provided to SHGs through the network of various public and private commercial banks, regional rural banks and co-operative banks. The total share in terms of number of SHGs financed in India by these commercial, regional rural and cooperative banks is 55, 31 and 14 per cent respectively. On the other hand, MFI model is used by the various profit making and non-profit making private companies to provide loans to the individuals or to the groups. These banks and MFIs get funds from various government and private apex financial institutions. The average loan size per member in India varies from Rs. 3,500 to Rs. 5,000.

It has been found that there are some problems associated with this programme in India. These problems restrict the impact of microfinance in various ways. One major problem is the inadequate outreach of the programme. Microfinance has covered approximately 60 million people in India but these are only 22 per cent of the total poor in the country. Another major problem related to microfinance in India is the non-uniform spread of the microfinance programme. The spread of the programme is regionally partial and it has flourished mainly in the states of southern India. Approximately, 50 per cent of the total microfinance programme beneficiaries in India belong to four south Indian states, i.e., Andhra Pradesh, Tamil Nadu, Karnataka and Kerala. Another problem relating to the programme indicates that the expansion of programme is less in the poorer states as compared to relatively prosperous states. The seven Indian states, i.e., Orissa, Bihar, Chhattisgarh, Jharkhand, Uttarakhand, Madhya Pradesh and Uttar Pradesh hold approximately 54.5 per cent of the total poor but these states have only 23.60 per cent of the total microfinance clients in India. On the other hand, the number of poor people in three states, i.e., Andhra Pradesh,
Tamil Nadu and Karnataka, is only 13.61 per cent of the total poor of the country. But 45.78 per cent of the total microfinance outreach in the country is concentrated in these three states. This study also analyses the progress of microfinance programme in the Rohilkhand region with reference to India. It has also been found that large number of MFIs are involved in delivering microfinance but most of these institutions are not regulated by law and charge high interest rates from the poor borrowers. Some of these are even charging interest more than 24 per cent per annum. Besides this, current microfinance programme in India is just focused on regular savings and micro-credit. The provision of insurance service is very less. These problems indicate that there are broader prospects for the expansion of programme by covering the unreached regions; including the deserving poor people; supporting and regulating the MFIs etc.

Results and Discussion of the Study:

For the purpose of this study, primary data is collected from the microfinance programme beneficiary and non-beneficiary. The impact of microfinance programme on poverty, employment and socio-economic development is measured by an analysis of this primary data. The major findings are follows:

The socio-economic profile of the surveyed respondents shows that most of the beneficiary and non-beneficiary are in the age group of 26 to 40 years. Most of the respondents are literate and belong to scheduled caste categories. The residential status of the respondents shows that almost all of them have their own houses. Most of the respondents have drainage facility at their houses but almost 50 per cent do not have toilet facility. Most of the beneficiary and non-beneficiary do not possess any agricultural land. The general characteristics of SHGs in the study area show that most of the groups
are 2 to 8 years old. The size of the groups in the study area ranges from 8 to 20 members, and there are on an average 14 members in each group. All the group members save and contribute an average amount of Rs. 100 per month to the group savings fund. Loans are provided mainly by the commercial banks and these loans are generally divided by the group members according to their individual requirements. It is found that only 42.2 per cent of the total group loans in the sample surveyed are utilized for productive purposes, while the major part of the loans is utilized for other purposes like consumption, construction, marriage, purchasing household consumer durables etc.

Impact of Microfinance on Poverty alleviation:

Two different methods have been used to determine the change in income. In the first method, the income of beneficiary after joining the microfinance programme (post-SHG) is compared with the income of same beneficiary before joining the programme (pre-SHG). In the second method, the income of beneficiary after joining the microfinance programme is compared with that of non-beneficiary. It is found that after joining the microfinance programme the income of the programme beneficiary has increased by 2.5 times. A comparison between beneficiary and non-beneficiary provides that the average income of the beneficiary is 2.7 times more than the average income of non-beneficiary. In this way, the microfinance programme has helped its beneficiary to increase their contribution to the household income. Thus, after joining the microfinance programme the household income in the Rohilkhand region has increased. The comparison further provides that the income of beneficiary households is 32 per cent higher than the income of non-beneficiary households. Thus, the microfinance programme has led to an increase in the individual as well as household income of the programme beneficiary. In order to measure the impact of maturity of the group on the
income of beneficiary, the SHGs are divided into three categories based on the age of the group. These three categories are named as young groups (less than 3 years old), middle age groups (3 to 6 years old) and mature groups (more than 6 years old). The average increase in income in post-SHG as compared to pre-SHG is found to be Rs. 1815 per month for young groups, Rs. 1890 per month for middle-age group and Rs. 2,060 per month for mature group beneficiary. Thus, it is found that as the group attains maturity in years, the addition in income increases. Analysis of variance technique shows that these differences are significant at one per cent level of significance. The increase in income is mainly due to the fact that the members belonging to a mature group establish themselves in the income generating activities by availing repeat loans. The impact of microfinance programme has been assessed separately for the BPL households. The absolute poverty line which is fixed at Rs. 2,500 per month per household by the Government of India has been used to identify the BPL households. It is found that at the time of forming the SHGs, very less number of beneficiaries from the BPL households are selected. In the Rohilkhand region, only 22 per cent beneficiary households are BPL, while the remaining 78 per cent households are above poverty line, according to the poverty line definition. After getting the benefits of the programme all BPL households could not cross the poverty line and it is observed that 10 per cent of the total households still remained BPL. The study shows that the increase in income of these poor is just 13 per cent and they have utilized just 12 per cent of their loans for productive purposes. This may be due to the reason that the income of these poor was very less, and they used the loans for consumption purpose and to fulfill other urgent and immediate needs. The remaining ten per cent of the BPL households utilized 66 per cent of loans for productive purposes and crossed
the poverty line with 63 per cent increase in their income after joining the
programme. These poor households are the largest beneficiaries of the
microfinance programme. Thus, it is found that extremely poor households
whose income was much below the poverty line were not able to cross the
poverty line. The absolutely defined poverty line is also used to calculate the
headcount index, poverty gap indexes for the beneficiary and non-beneficiary
households. The calculated values of these indexes show that the depth of
poverty is high for the non-beneficiary as compared to the programme
beneficiary. Poor people are very much vulnerable to the unexpected
economic shocks faced by them, such as death of an earning family member,
health expenditure, loss of property and business failure. They are also
vulnerable to some predictable and unavoidable expenses such as repair of
house or marriage expenses. The present study finds out the role of
microfinance programme in helping the beneficiary to face these economic
shocks. The field data provides that 37 per cent of the beneficiary and 44 per
cent of the non-beneficiary faced these economic shocks during the past two
years from the time of the survey. About 50 per cent of the beneficiary faced
their economic crisis by utilizing group loans and their own savings but the
non-beneficiary mainly remained dependent on the money-lenders who
charged exorbitant interest rates. Therefore, microfinance programme has
resulted in reducing household vulnerability and the beneficiary households
are comparatively more able to face the financial crisis without falling into a
debt trap. A composite poverty index has been prepared by combining ten
monetary and non-monetary indicators relating to poverty. The index shows
that a negligible percentage of both beneficiary and non-beneficiary
households are in the ‘extreme poor’ category. It indicates that bottom poor
people have not been included under the microfinance programme. However,
it has been found that microfinance programme has benefited the moderate poor and they have shifted to the non-poor categories. A multiple linear regression technique is applied on the values of this poverty index; and it is found that group maturity, household income and the highest level of education in the household are the variables which have reduced poverty drastically. It has also been found that the households with large family size are poorer than the households with smaller family size.

**Impact of Microfinance on Employment generation:**

Microfinance programme generates self-employment opportunities in rural areas. The programme beneficiaries utilize bank loans to start small business activities and generate income. The study shows that microfinance programme has helped beneficiary to increase their level of employment. Before joining the microfinance programme, 46 per cent of the total beneficiaries were employed and 54 per cent were unemployed. But after joining the microfinance programme the beneficiary received loans and utilized these loans to start economic activities. As a result, 83 per cent of the beneficiaries were employed in post-SHG situation. Further, the beneficiaries are compared with the non-beneficiaries. It is found that only 43 per cent of the non-beneficiaries are employed as compared to the 80 per cent of beneficiaries. Employment of the respondents is measured in number of employment days per annum. It is found those beneficiaries were employed for 80 person days per annum before joining the microfinance programme. But after receiving the benefits of the programme the beneficiary are employed for average 162 days. Therefore, microfinance programme has generated 82 additional days of employment per annum for the programme beneficiary. It is found that the non-beneficiaries are employed for just 78 days per annum as compared to 162 days for the beneficiary. In this way, the
microfinance programme has not only helped in increasing the number of persons employed but also increased their employment days per annum. In addition to this, it was also found that most of the non-beneficiaries are engaged in activities in which they are paid low salary against their hard work such as domestic labour for example football sewing etc. On the other hand, many of the beneficiary have started manufacturing/small business activities like petty shops, dairy, garland making, rope making, surf making etc. But the entire beneficiary could not start these types of nontraditional activities due to lack of skill training and marketing support to sell the products. In order to measure the impact of training on the level of employment, the employment status of trained and untrained beneficiary is compared and it is found that the skill development training has a significant influence in employment generation. Most of the trained beneficiaries are employed and moreover, they are employed for large number of days per annum as compared to the untrained beneficiary. It is found that just 38 per cent of the beneficiaries are provided with some skill development training to start some income generating activities. The impact of group maturity on the level of employment of the programme beneficiary has also been discussed. Some beneficiary who were employed at the time of joining the microfinance programme utilized whole or a part of group loans to expand or diversify their existing economic activities. As a result microfinance programme increased their level of employment and income. But some of these beneficiaries did not utilize loans for productive purposes. Their level of employment and income remained the same as in their pre-SHG situation. There are some others who were unemployed at the time of joining microfinance programme but they invested the group loans for self-employment purposes. The study measures the impact of microfinance programme in generating employment and income
for these different types of beneficiaries. It is found that the beneficiaries who have expanded or diversified their business are employed for more number of days as compared to other beneficiary. But the addition in employment generated is the highest for newly employed beneficiary. The study also finds the average income generated per month for these different microfinance beneficiaries. It is found that addition in income is higher for the beneficiary who expanded their business using the microfinance loans as compared to the addition in income of the newly employed beneficiary. Thus, comparing both the results it is found that the addition in income is more for the beneficiary who expanded their businesses, while the addition in employment is more for the newly employed beneficiary. It is also found that the already employed beneficiaries are generating more income by working for lesser number of hours as compared to the newly employed beneficiary. It may be due to their work experience.

A multiple regression technique is applied to determine the factors influencing the employment generation after joining the microfinance programme. The regression results provide that group maturity; group loans used for productive purposes; employment in pre-SHG situation and household income are significantly increasing the level of employment. It is also found that age and education level of the beneficiary are negatively related to the level of employment.

**Impact of Microfinance on Women Empowerment**

Women empowerment is a process which gives power or authority to challenge submissive social condition or status of the women. It is a multi-dimensional progressive process. The unique feature of microfinance programme is that it focuses on women for development. The programme
beneficiaries get financial assistance for starting business activities in order to earn an independent income which subsequently helps them to contribute towards their households. This economic independence empowers the women beneficiary of the programme with greater self-respect and self-confidence. Women empowerment improves their status and abilities which enable them to live their lives independently.

**Policy Implications**

On the basis of the study, the following policy implications can be drawn:

It is evident that the success of microfinance programme largely depends upon the quality of groups. Therefore, the staff involved in the SHGs formation must be trained to form quality SHGs. The services of various NGOs can also be availed in order to achieve the programme objectives. After reviewing the primary data of microfinance group, the penetration of microfinance in the Uttar Pradesh is very less than those of some other south Indian states. So, efforts should be made to reduce the regional imbalance and some special measures should be taken to enhance the coverage of microfinance programme in the states with low microfinance outreach. The study brings out that microfinance in the Rohilkhand region is provided only through the SHG-bank linkage model, and there is very limited role of NGOs and MFIs in delivering the microfinance. The MFIs may play an important role to reach the poor people especially in those areas where bank branch network has not reached. Therefore, government should provide a supportive environment to encourage NGOs and MFIs to participate in delivering microfinance in the Rohilkhand region. Under the microfinance programme collateral free micro-loans are provided to the poor people through the financial institutions like banks and MFIs. But, it is found that these financial
institutions charge high rate of interest from the poor borrowers. The secondary data provides that the banks charge 9 to 10 percent interest rate per annum, whereas the MFIs generally charge 11 to 24 percent per annum. It is evident that the affordability of loan is equally important to the easy access of financial services. This high rate of interest reduces the borrowing capacity of the poor and it may further weaken their economic condition. Therefore, the poor people must be provided loans at low rate of interest in order to improve their economic condition. The MFIs must be controlled and regulated to prevent them for charging high interest rates. The top financial institutes should provide concessional loans to the retail level financial institutions for the purpose of microfinance. This will help the retail level institutions to provide micro-loans to the poor borrowers at lower interest rates.

Microfinance programme is meant to reach the poor people, who actually are considered non-bankable by the formal financial institutions due to their irregular income and lack of collateral. But the study shows that just 22 percent of the beneficiaries were below poverty line when they were selected for SHGs, and the remaining 78 percent of the selected SHG beneficiary were above poverty line. Composite poverty index also shows that only one percent of the beneficiary and non-beneficiary are extremely poor. So, efforts must be made to reach the deserving poor people. There should be clear framework of guidelines to include people from BPL households at the time of forming SHGs. There is a need to eliminate the reasons which hinder the inclusion of bottom poor in the programme. Poor people are vulnerable to financial exigencies. A small disturbance in their earning pattern due to natural calamities, health problems, sudden death of an earning member etc. can push them to penniless. So, a provision of insurance under the microfinance programme is quite essential to help the poor to cross the
poverty line. There is a provision for insurance under the microfinance programme but in reality the current microfinance programme is just focused on regular saving and micro-credit, and the insurance which is an integral part of the microfinance programme remains still neglected. The study shows that occupational training contributes positively to the employment and income generation. It is found that most of the trained beneficiaries are engaged in income generating activities. The study also shows that they are employed for more number of person days as compared to the untrained beneficiary. But there are limited efforts made to provide such training to beneficiary. The present study shows that only 38 per cent of the total beneficiaries are provided with training to start nontraditional and profitable activities. Therefore, there is a need to make job-related training an integral part of microfinance programme. It has also been observed that beneficiary could not start non-traditional profitable activities such as mushroom growing, bee-keeping, soap/surf making, garland, chalk and rope making etc. due to the lack of product marketing facility. Discussions with the beneficiary provided that they prefer to produce such products which they can easily sell in their village itself. It was also found that more number of beneficiaries can start such profitable activities if they are provided some surety for the sale of their products. Thus, the provision of product marketing facilities may boost the productivity of micro-loans which may further enhance the impact of microfinance programme. The determinants of women empowerment show that the level of education of the programme beneficiary influences their level of empowerment very significantly. It is found that, as the level of education increases, the level of empowerment also increases. Therefore, in addition to the financial assistance, education may also be provided to the women beneficiary, under the microfinance programme. Along with various other
benefits, the education will improve the level of empowerment in the programme beneficiary. The study further shows that loans used for productive purposes directly influence the level of income, employment and women empowerment. It is found that the beneficiaries who utilize more amounts of group loans for productive purposes are generating more income and have shifted above the poverty line. Therefore, the programme beneficiary must be motivated and assisted to utilise the group loans for productive purposes only. Some supervision on the loan utilisation pattern of the programme beneficiary may also be introduced. This will make the impact of the programme more effective. It is found that the maturity of the SHGs is quite significantly contributing to the reduction of poverty, generating employment and empowering the women beneficiary. The mature group beneficiary are availing the benefits of the programme continuously from the past many years. So their income and employment is significantly higher than that of the non-beneficiary. The mature group beneficiaries are more strong as compared to the young group beneficiary. Therefore, keeping the long-term objectives in mind, efforts should be made for the stabilization and sustainability of the group members. The problems faced by the members must be listened and resolved so that they can continue as group member for a longer period of time.