

Effectiveness of Microfinance Schemes in Poverty Alleviation in select regions of Eastern Uttar Pradesh

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Abstract

Microfinance is an effective tool for reducing poverty thereby improving their socio-economic conditions. Further it is found that SHGs, direct mode of generation of microfinance are the important modes of the microfinance. The present study attempts to study the effectiveness of Microfinance schemes in reducing poverty in these regions. Self-Help Group (SHGs) is an important instrument for microfinance for the poor living in these regions. The maximum respondents are reporting that they are using this microfinance for starting new occupation and some other respondents reported that they started new occupation and purchased animals, social functions, agriculture, etc. With this microfinance farmers can easily purchase seeds, fertilizers, irrigation facility, animals and social functions such as marriage can be performed because money obtained from the NRLM, MUDRA and MSY scheme which are available throughout the year within the credit limits. This study provides a clue that out of all mode of availing the microfinance, microfinance through SHG is more efficient and preferred by most of the respondents. Further it is also noticeable that microfinance through SHGs develops a tendency of savings among its members and it provides an opportunity to work in a group which further developed the social bonding among them. The application of mean, standard deviation, ANOVA and regression was applied to analyse the effectiveness of Microfinance scheme. The analysis of data indicates that microfinance schemes in the area under study are playing better role in poverty alleviation in Shravasti and Behraich Districts of Uttar Pradesh.

Keywords: Microfinance, SHG, Poverty, NRLM, MUDRA, MSY

Introduction

Microfinance as the term itself explains has capacity of having small funding or financing activities. This financing structure is basically required by small farmers, poor, households, small businessman and cottage industries in order to carry on their day to day business activities. Microfinance refers to the whole range of financial services for the poor people, including- loan, savings, credit, money transfer, insurance, pension and other financial innovation aimed at serving the very poor. Microfinance is viewed particularly as a means of contributing to the process of poverty reducing and improving their socio-economic conditions.

The CGAP, World Bank defines “microfinance as an instrument which offers poor people to access basic financial services such as loans, saving, money transfer services and micro insurance.” In India, microfinance has spread its gamut very fastly and shown an appreciating result in depriving poverty.

Poverty is a socio-economic phenomenon in which a section of the society unable to fulfill even its basic necessities of life. In general, those who are unable to fulfill their minimum nutritional needs due to lack of income considered to be poor. The discourse on poverty largely revolves around the notion of a poverty line: a critical threshold of income, consumption, or the generally, access to goods and services below which the individuals are declared to be poor (Ray, 2002). Aggregating these monetary terms for various physical quantities of commodities, the poverty line is thereby drawn. People whose income is below poverty line are said to be poor.

Poverty in Uttar Pradesh:

Poverty is the big problem in Uttar Pradesh. Earlier poverty line was determined at the national level and same was being used for the States also. But after 1993 recommendation of Lakdawala committee, poverty line was determined for the state level. Thus, the poverty line is determined at the State for rural and urban population. If a person's monthly income/expenditure falls below this level, he will be considered to be below poverty line. In 2004-05 rural per capita monthly expenditure was Rs. 365.84 and it was Rs. 483.26 in urban Uttar Pradesh. If a person cannot afford this level, he is clubbed in the poor category. The national Sample survey organization (NSSO) provides estimates for poverty.

Factor Responsible for High Poverty Ratio in Uttar Pradesh:

- Higher population growth.
- Excessive dependence on agriculture and sluggish and poor quality of economic growth.
- High degree of inequality in the distribution of income and asset .
- Low level of investment in the economic and social infrastructure.
- Low literacy level and social deprivation.

Impact of Microfinance on Poverty:

Microfinance can remove or moderate poverty and unemployment essentially because most of the studies show that microfinance is an effective tool for poverty alleviation in developing countries. In this study, we make efforts to understand effect of the microfinance on the aforesaid problems in Saraswati and Bahraich district. During the study we found that major impact of microfinance is basically on those who use it in their main and subsidiary occupations like manufacturing of pickles, dairy, grocery shops and diversification of agricultural activities. Consequently, family income substantially increases. Apart from the economic changes, tremendous social changes in the rural area also occur due to increase in the income.

Variable of the study

- **Independent variable**
The microfinance scheme is the independent variable of the study.
- **Dependent variable**
Poverty and poverty alleviation is the dependent variable of the study.

Statement of Problem

Since the inception of five year plan in 1950s the Government have focused towards the eradication of poverty but still in spite of Government policies and support the poverty still exist. The implementation

of various schemes/schemes providing financial assistance to weaker section of society has not indicate the significant results. It is in context the assessment of various schemes need evaluation in order to comprehend the reasons for it failure.

Review of Literature

Singh, P. K., & Chudasama, H. (2020). The current research uses fuzzy cognitive maps (FCMs) to illustrate causal reasoning to pinpoint the most important aspects contributing to poverty reduction in India. The study assesses the efficiency of current poverty alleviation strategies, such as community organization-based micro-financing, capacity and social security, market-based, and good governance, via FCM-based simulations. Since poverty was multifaceted, it was clear from FCM-based simulations that an integrated and multi-dimensional strategy was necessary for eradication. Policy recommendations for the alleviation of poverty were also provided.

Larantika, et al. (2017) The purpose of the descriptive qualitative study was to examine the role of diverse actors in reducing poverty through collaboration. The study interviewed members of the Poverty Alleviation Coordination Team and the key informant to get the information. The findings reveal that coordination across regional apparatus units was weak, which hindered efforts to alleviate poverty. As a result, it was necessary to cooperate even more closely than usual, beyond merely coordinating people's efforts. Partnerships between organizations can potentially be a novel approach to reducing poverty.

Panda, S. (2015) presented that the elite political takeover of public benefit programs in low income nations was common. Using a nationally-representative sample of Indian households, the study tests the hypothesis of the political connection and finds that, across national, rural, and urban settings, the likelihood of a household obtaining a below-poverty-line ration card was significantly higher for a household connected to a local political executive (someone close or as a family member) than for a household not connected.

Malik, B. B. (2019) examined the caste-based identity question and the social construction of poverty from the perspective of the homeless Dalits in eastern Uttar Pradesh. The study investigated the subject of why and how come Dalits were denied access to land. It has been noted that land was more than just a means to an end for them; it was a subject of pride.

Chandra, S. (2018) in his study opined that in post reform period, there was a significant shift in policy toward pro-poor and inclusive growth, away from trickle-down economics. The research study looked at how programs like IAY, PDS, and a pension system for UP's SC/ST residents were implemented on the ground. These initiatives efficacy was far below expectations, and huge anomalies and corruption were involved.

Iqbal, Z. et al. (2015) determined how microfinance has helped reduce poverty by improving people's ability to meet their most basic requirements, raise their standard of life, and start businesses. The study was based on survey method where primary data was collected through structured questionnaire on the effects of microfinance and poverty reduction on a wide range of outcomes, such as access to necessities, improved quality of life, and increased opportunities for self-employment. The data was analyzed through application of correlation analysis and three Linear Regression models that isolate the effects of microfinance on basic requirements, living standards, and self-employment.

Bansal, A. K., & Bansal, A. (2012) in his study stated that microfinance should be regarded as a major component of any scheme to alleviate poverty. The data analysis of the study indicated that providing the poor with access to microcredit and training them regarding the optimum utilisation of funds which

will assist them towards better management of their finances, leading to a more stable lifestyle and higher quality of life.

Research Gap

It has also been explored that poverty has been explained either by lack of income or by economic empowerment. Hence in the light of milieu mentioned above, the present research work attempts to fill up the gaps in the available literature - firstly, by integrating various dimensions of microfinance namely Perception, social, economic, a central government-sponsored microfinance scheme namely, National Rural Livelihood Mission (NRLM), Mudra Yojna (MY), and Mahila Samridhi Yojna (MSY), were studied which was operational in the sample area of study and finally, the incorporation of one mediating variable and one moderating variable in the study adds to the uniqueness of the study.

Objective of the study

- To examine the impact of microfinance schemes on the alleviation of poverty in eastern Uttar Pradesh.
- To investigate the difference between the pre-and post-microfinance initiatives on poverty alleviation.

Hypothesis of the study

H₁: There is a significant impact of microfinance schemes on the alleviation of poverty in eastern Uttar Pradesh.

H₂: There is a significant difference between the pre-and post-microfinance initiatives on poverty alleviation.

Region specific studies:

The districts selected are Shrasvati, and Behraich, These districts are the major backward district among the Eastern UP. It has been no rigorous or specific impact -evaluation study of anti-poverty programmes in the sample districts.

Sample size

The total sample size considered in the present study is 150

Sample Selection

A multistage random sampling method is used to collect the data- a convenient sampling method at the first stage and purposive judgmental sampling at the second stage.

Designing of Schedule

The Schedule included segment inquiries concerning age, marital status, family type, education, occupation, religion, monthly income, monthly family income, and monthly family savings. Close-ended questions were posed to gather the data from the respondents. Five points Likert-scale was utilized to gauge the respondents' recognitions dependent on a couple of articulations to see the effect of microfinance on poverty alleviation.

Data Collection

The primary data was based on schedule which is duly structure designed in order to fulfill the objective of the research. In order to acquire primary information various strategy were applied the survey was conducted among them. The secondary data was collected from Books, periodicals, Referred journal and related websites of NABARD, SIDBI, DRDA and MFIs.

Time horizon

Related to the review of literature which is from 2002 to 2022. While second involve the collection of primary data as a research work is based on survey method the period of survey was from in which the pilot study also conducted as 25 respondent.

Statistical Technique

The study included statistical techniques, such as Mean, standard Deviation Chi Square test and ,Regression to conduct the research.

Data Analyses And Interpretation

The primary data was collected from 150 respondents which are distributed among the five sample district.

Demographic profile of Respondents

Demographic Profile of respondents	Saraswati	Bahraich
Gender		
Male	04	08
Female	60	78
Monthly Income		
Below 10000	36	64
10000- 15000	18	13
15000- 20000	06	06
20000- 25000	04	03
Educational status		
Illiterate		
Primary	24	28
High school	12	16
Intermediate	18	29
Graduation	20	13
Occupational status		
Farmer	24	32
Business	14	11
Unemployed	15	23
Labor	11	20
Caste		
General	04	05
OBC	48	61

SC	12	20
ST	-	-
Age		
18 to 25	12	16
26 to 35	38	49
36 to 45	17	18
46 to 55	04	03
56 and above	-	-
Marital Status		
Single	18	27
Married	40	44
Widowed	2	07
Divorced	6	08
Nature of Family		
Joint	43	62
Nuclear	10	09
Extended	11	15
Family size		
Less than 5	10	09
More than 5	54	77
Beneficiaries as per schemes		
NRLM	20	18
MUDRA	28	29
MSY	16	39

Source of Awareness

After the analyses of awareness of MFS it is obvious to analyse the source of awareness of MFS the various studies on MF indicates that MFS are made available through Government sponsored program, Microfinance Institutions, Gram Pradhan, Lekhpal and Social media.

District	Govtsponsored programs	MFIs agents	Gram Pradhan	Lekhpal	Social media	Total
Shravasti	19	16	11	10	8	64
Behraich	25	20	17	13	11	86
Total	34	36	28	23	19	150

From above table it is observed that Shravasti region the sample respondents were of view that the MFS were made available through the Government sponsor program and agents of MFIs, where 115 and 90 respondents indicates opinion, 80 respondents were opined that awareness of MFS was made through Gram Pradhan and 60 respondents suggested that Lekhpal was the source of awareness. In Behraich districts 116 and 108 respondents indicates that awareness of MFS is made available from Govts sponsored programs through the NABARD and SIDBI, while 90 and 72 respondents opined that awareness of MFS was made through Gram Pradhan and Lekhpal, while 14 respondents that social media is source of awareness of MFS in the regions. On further analyses of the above interpretation it is

observed that 60% of sample respondents indicates that Government sponsored programs NABARD and SIDBI Institutions along with agents of MFIs were the major source of spreading awareness of MFS, While 25% of respondents opined Gram Pradhan and Lekhpal the local representative of region were the source of MFS. It is glaring to observe that the information technology revolution has not been available to improve in spreading the awareness of MFS.

Reasons for Borrowing

S.No	Reasons	No of respondents	Percentage	Cumulative% age
1	Investment	34	22.50	22.50
2	Business	39	26.00	48.50
3	Farming	55	36.50	85.00
4	Marriage	15	10.00	95.00
5	Other Purpose	7	05.00	100.00
	Total	150		

In the evaluation of MFS for poverty alleviation it is necessary to analysis the reasons for borrowing fund from MFS among the sample beneficiaries. From the above table it is observed that 36.50% (146) beneficiaries suggested that fund being borrowed for Farming activities, while 26% (104) beneficiaries indicate Business as a reason for borrow fund, while 22.50% (90) beneficiaries were of view that fund were borrow for Investment in fixed assets like House, Waterpump and Machines for agriculture purposes. On further analysis it is interpretate that major reason for borrowed funds was for farming and agriculture activities.

Reasons for selecting Schemes

After the analyses of perception of MFS from respondents' point of view it is important to indicate the reasons for their perception towards the set of schemes.

S.No		No of respondent	Percentage	Cumulative %
1	Amount of loan	72	48	48
2	Flexibility in loan repayment	38	25	73
3	Low interest rate	18	12	85
4	Easy disbursement of loan	10	7	92
5	Less paper work	5	3	95
6	No middle man	07	5	100
Total		150		

From the above table it is observed that 48% respondents suggested that amount of loan sanctioned was major feature for selection the various MFS, while 124% respondents indicates low rate of interest as attractive feature for selection the various MFS. 25% respondents were of view that flexibility in loan repayment attracted toward selection of MFS and 7% respondents opined that easy disbursement of loan was major feature of selection of MFS. Only 3% respondents indicate that distribution involved in easy paper work

Microfinance perception

perception of Microfinance Schemes Towards Members	Mean	Std Dev	Median
MFS are attractive for borrowers	3.545	2.284	14
Process of disbursement of Loan in MFS is quick	3.605	2.301	12.5
Repayment amount of MFS is Flexible	3.625	1.306	10
Promotes rural Development	3.14	2.292	20.5
Promotion of MFS is for Poverty Alleviation	3.26	3.074	14.5

As far as MFS being attractive for borrower the weighted means 3.54 with Standard Deviation and Median value of 3.28 & 14.Regarding the process of disbursement of loan in MFS being quick, the computed weighted mean 3.60 having the S.D of 3.30 with Median value of 12.50.In context of promotion of MFS for rural development the statistical analysis reveals that the weighted mean was 3.14 having S.D 2.92 and median value of 20.50.

Economic perception of Members towards MFS

Economic Perception of Members towards MFS	Mean	Mean	Std Dev	Median
Asset generation has increased after MFS	3.01	11.315	2.881	14
savings has increased after MFS	3.4	13.17	2.125	13.5
Investment can be made possible after MFS	3.265	12.61	2.056	19
Agriculture productivity has increased after MFS	3.305	12.805	2.082	10
Sustainability of Economic activities is possible through MFS	2.922	10.557	1.763	15.5
Financial management has improved after MFS	3.192	12.212	3.003	20.5

Interpretation

Regarding the increase in assets generation after the implementation of MFS, the collected mean value was 3.01 with S.D of 2.881 and median value of 14. On further analysis it is observed that data percentage of beneficiaries in the sample region were of the opinion that assets generation has increased due to the benefits of MFS.In the analysis of economic perception of beneficiaries saving occupied the important parameter on the statistical analysis it is observed that the mean value was computed 3.4 with S.D of 3.125 and Median of 13.50 which indicate that the percentage of beneficiaries which stated that

saving have increased after the implementation of MFS was more than the beneficiaries who oppose the subject.

In context of investment being possible through the benefits of MFS, the analysis demonstrated that the mean value was 3.2 with S.D 3.05 and median value of 19. which on further analysis reveals that major of sample beneficiaries suggested that investment was possible after the benefits of MFS were achieved. Agriculture being the major occupation among the sample beneficiaries in the area of study, hence the increase in agriculture productivity due to the benefits of MFS has statistical inference which depicts that computed mean was 3.30 with S.D 3.08 and median value was 10. On further enquiry it was analyzed that a large percentage of beneficiaries have negative opinion in context of sustainability in economic activities through MFS. In context of improvement in financial management of sample respondents, the statistical analysis indicate that the mean 3.19 with S.D 3.0 and median value of 20.50. On further analysis it is interpretation that more than 50% sample beneficiaries opined that there was improvement in financial management in context of Investment Decisions, Profit Maximization and value of money.

Perception of beneficiaries towards MFS towards poverty alleviation

H₀: MFS have no significant on poverty alleviation among the sample beneficiaries.

H₁: MFS have significant on poverty alleviation among the sample beneficiaries.

S.No	Schemes	SA	A	N	D	SD	Total
1	NRLM	6	17	3	6	6	38
2	MUDRA	6	22	3	15	11	57
3	MSY	12	2	3	8	30	55
	Total	24	41	9	29	47	150

The analysis of chi-square test reveals that the tabulated value at 12% degree of freedom and at 5% level of significance was 15.507, while calculated value 38.14. Since the calculated value is more than the tabulated value at 5% level of significance the Null is rejected .It can be interpreted that MFS have significant influence on poverty alleviation among the sample beneficiaries.

Income and implementation of MFS

H₀= There is no significant impact on income through implementation of MFS

H₁= There is significant impact on income through implementation of MFS

S.No	Income	Poor	Good	Total
1	Less than 10000	43	35	78
2	10000 to 15000	9	30	39
3	15000 to 20000	7	12	19
4	20000 to 25000	4	10	14
5	More than 25000	-		-
Total		63	87	150

In order to analyse the impact on income of sample beneficiaries though the implementation of MFS in sample regions the application of Chi square test is being applied On the analysis ii is observed that the computed value of is 43.94 at 45 dof and at 5% level of significance while the tabulated value is 9.488. Since the calculated value is greater than the tabulated value the Null Hypothesis formulated is

rejected and Alternate hypothesis is accepted. Thus it can be interpreted that there is significant impact on income through implementation of MFS

Impact of MFS on Poverty Alleviation in Sample Districts

H₀: There is no significant impact of MFS on Poverty Alleviation in sample region

H₁: There is significant impact of MFS on Poverty Alleviation in sample region

ANOVA

	Sum of Square	Degree of freedom	Mean of Square	F	Level of Significance
Mfs	30.8	5-1=4	30.5/4=7.62	7.62/2237=0.0034	0.0000
Error	46977.2	25-4=21	46977.2/21=2237		
Total	47008	25			

The application of ANOVA test was applied, the calculated value of F is 0.0034 at 5% level of significance and 4% degree of freedom. Since the calculated value is less than the tabulated value, the Null hypothesis is accepted and Alternate hypothesis is rejected. On further analysis it can be interpretate that there is no significant impact of MFS in sample region. Since the calculated value 0.0034 is less than the tabulated value at 4 degree of freedom and 5% level of significance the null hypothesis is accepted and alternate hypothesis is rejected. Hence there is no significant impact of MFS on the sample beneficiaries in the area under study.

Impact of MFS on the Dimension of Poverty Alleviation

H₀: Impact of MFS on the social aspect of MFS is beneficiaries in the sample region

Model	R	R ²	Adjusted R ²	Standard Error of Estimates
1	0.185	0.034	0.033	0.75056

The above table reveals that the value of R² is 0.034 which depicts that 3.4% variation in social issues of MFS beneficiaries’ .This means that 96.6% variation in social aspect cannot be explained by MFS. Hence it is transparent that some other variable influence the social aspect of MFS in sample regions and could not be included in the study.

ANOVA

Model	Sum of Square	Degree of freedom	Mean of Square	F	Significance
Regression	15.965	1	15.965	28..340	0.000
Residual	452.93	149	0.563		
Total	468.89	150			
Dependant	Social issues				

Findings Suggestion & Conclusion

in order to comprehend the relevance of scheme in the specific region. 50% (200) beneficiaries indicated that their preference NRLM and 25% (100) beneficiaries prefer MUDRA Yojana, 7% .

Regarding the major reason for borrowing funds through MFS it is observed that 36.50%) beneficiaries borrowed for Farming activities, while 26% beneficiaries indicate Business 22.50% beneficiaries were

of view that fund were borrow for Investment in fixed assets like House, Waterpump and Machines for agriculture purposes.

Regarding the level of awareness of MFS among the sample respondents the data indicates that 91% of respondent opined that they were fully aware of MFS in the area of resident.

As far as the source of awareness regarding MFS is concerned 60% of sample respondents indicates that Government sponsored programs NABARD and SIDBI Institutions along with agents of MFIs were the major source of spreading awareness of MFS, While 25% of respondents opined Gram Pradhan and Lekhpal the local representative of region were the source of MFS.

As far as the features of MFS which attracted the sample beneficiaries towards the MFS 32% respondents suggested that amount of loan sanctioned was major feature for selection the various MFS, while 24% respondents indicates low rate of interest as attractive feature for selection the various MFS. 16% respondents were of view that flexibility in loan repayment attracted toward selection of MFS

Regarding the perception of beneficiaries in context of MFS the analysis of data indicates that the variables like attractiveness, easy accessibility flexibility in loan repayment and gender the mean and standard deviation were in the range of 3.5 and 3.79 indicate that the perception of majority of sample beneficiaries towards MFS is positive and the overall mean value is 3.500.

As far as the reduction in Poverty Level of Sample Beneficiaries is concerned that chi square test was conducted which revealed that the calculated value of chi-square 47.71, while the tabulated value at 4% degree of freedom and 5% level of significance was 5.991. The Null hypothesis is rejected and Alternate hypothesis is accepted. Thus it can be interpreted that there is significant influence of MFS in reduction the poverty level among the sample beneficiaries.

In order to analyse the Impact of MFS on income generation the calculated value of chi-square was 2.08, while the tabulated value at 16% degree of freedom and at 5% level of significance is 26.29. The Null hypothesis is accepted and alternate hypothesis is rejected. Hence it can be interpreted that there is no significant impact of MFS on income generation among sample beneficiaries.

The Impact of MFS on Poverty Alleviation in Sample Districts was analysed by the application of ANOVA test was applied, the calculated value of F is 0.0034 at 5% level of significance and 4% degree of freedom. the Null hypothesis is accepted and Alternate hypothesis is rejected. On further analysis it can be interpreted that there is no significant impact of MFS in sample region.

Impact of MFS on the Dimension of Poverty Alleviation was analysed by Regression analysis where the coefficient of Regression of R^2 is 0.034 which depicts that 96.6% variation in social aspect cannot be explained by MFS. Hence it is transparent that some other variable influence the social aspect of MFS in sample regions and could not be included in the study

Suggestions

The policy focus should be on encouraging free, compulsory, and quality education at the primary level, and skill-embedded vocational education at the secondary level in the rural regions of Eastern UP.

SHGs through Microfinance institutions, banks, or NGOs should develop an association with agriculture, horticulture department, or dairy or poultry research centers to know the latest technology and skills so that micro entrepreneurs can adopt in their activities which will help to increase their productivity.

It is also found that households having some sorts of exposure to poverty alleviation programs are less likely to be in multi-dimensional poverty. Therefore, there is a need for holistic and sustainable anti-

poverty programs that aware and empowers rural people to come out of the grips of poverty. The proper implementation of the anti-poverty programs, together with quality education, training, and awareness at the grass-root level, will undoubtedly ensure the socio-economic empowerment of rural households. Finally, SHGs need to compose gatherings with an unmistakable arrangement and a specific spotlight on growing new social and financial exercises all the more much of the time. Part participation should be made mandatory, and the gathering minutes should be sufficiently recorded and preserved to encourage the following of exercises and choices.

Creating Awareness among SHG's :

Ensuring NGOs participation in encouraging the beneficiaries: NGOs dealing with microfinance activities can be entrusted the responsibility of motivating the SHG members for performing income generating microfinance activities by the bank. The monitoring responsibility can also be entrusted on NGOs for better performance of economic activities.

Increase in the amount of financial assistance: During the study it has been found in the study area that the financial assistance provided to the beneficiaries in term of loan and subsidy was insufficient to run an economic activity. Further it has been also narrated by the beneficiaries that few banks of the study district kept the subsidy amount with the bank as the security of the loan which creates problems to them. This unfair practice of the banks should be stopped for performing economic activities by the beneficiaries and also amount of financial assistance should be increased as per the cost of establishment of economic activity (small enterprises).

So far as these micro finance aid schemes are concerned, researcher feels that there is an immediate need to change the mindset of the officials of the implementing agencies to motivate rural who too have the right to avail the benefits of these programmes like well-off people in the same area who instead enjoy benefits of these schemes. The officials of various implementing agencies of micro finance should adopt a sympathetic approach towards these neglected section of the society. The officials of these agencies even should be given incentive or extra over & above the salary as they have to stay & work in the hard areas/remote villages where no basic facilities are available even on date.

Incentive schemes:- Incentive schemes should be introduced for the officials of the implementing agencies like banks and other financial institutions & line departments in order so that they effectively & motivationally perform their duties in better ways. It is therefore suggested that proper cash rewards, special increments & special tour schemes should be extended to those officials who perform better.

Conclusion

To sum up it may be concluded that microfinance schemes which should otherwise have brought about a formidable change on the socio-economic front in the far flung areas of the country has not gone well for lack of effective implementation and ethical approaches to carry out the implementation of these programmes. In fact it has been the tragedy of our system that the microfinance schemes which have been well conceived of & aimed to bring about qualitative changes in the life of rural masses but unfortunately poor implementation and then inappropriate utilisation of the microfinance schemes failed to yield the desired results.

To ensure the effectiveness of the trickle down mechanism, the microfinance providers should monitor effectively & judiciously to involve the rural people in such programmes without any wait which otherwise only raise doubts in the minds of beneficiaries for whom the schemes have been launched. It is

hoped that this study will help to create required response among the microfinance providers for proper implementation of the schemes which will definitely go a long way in bringing about socio-economic transformation of the poor people of this hilly area of the state.

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