

## Empowering poor through micro credit in India: issues and concerns

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Micro Credit plays an important role in the context of development of Third World Countries. If institutional finance is not extended to poor farmers and entrepreneurs their economic activities do not survive and even if they survive, they may not be able to generate reasonable income to the people engaged in them because of the fact that neither they buy the required inputs nor they go for upgrading technology which in general push up productivity.

Andhra Bank, a nationalized commercial bank has recognized the importance of Self Help Groups (SHGs) and their role in delivering micro credit to the poor particularly women beneficiaries in the country. Accordingly, it has been implementing the SHG-Bank Linkage Programme as part of its credit policy.

Keeping the importance of this scheme as far as poverty eradication is concerned in view, an attempt has been made in this paper to examine the various aspects of the scheme and its impact on Self Help Group Members in terms of employment and income generation. For this, Swapna Podupu Sangham, a SHG working in Andhra Pradesh, India has been selected and the relevant data have been obtained from its members through a specially designed questionnaire in addition to secondary data collected from various official sources.

A number of conclusions have been emerged from the study.

The study suggests on the basis of above conclusions that adequate credit is to be extended to SHGs by identifying the economic viability of activities. In other words, if credit is extended to unviable economic activities, the scheme will not yield the expected results. Further all SHGs are to be given institutional training for capacity building and technological advancements.

Finally, the study concludes that a large number of SHGs are left out from the scheme and they are to be financed. In fact SHG-Bank Linkage Scheme has made significant progress in providing loans to poor beneficiaries but it represents a very small intervention in view of the high magnitude of poverty in the country. Hence the Government and the concerned financial institutions should redesign and implement the policies to extend credit to more number of farmers and entrepreneurs in order to achieve higher rate of development by eradicating poverty and social inequalities in the country.

**Key words:** Micro credit, Development, Third world, Financial institutions, India

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