

## Determinants of Income Generation From Micro-enterprises: An Empirical Study on SHG members in a Backward Developing Region

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### Abstract

Microfinance programme was undertaken in India to promote self-employment among the poor people and to decrease the dependence on exploitative local money lenders and also to increase savings. This paper examines the level of income generation of the SHG members from their micro enterprises and attempts to identify proximate determinants of the same. Regression analysis is applied in identifying factors having significant impact on income of the SHG members. It is observed that education of SHG member has statistically positive impact on income so also SHG member's savings and religion but NGO connectivity has statistically negative impact on income. To understand the Male female disparity, both male SHGs and Female SHGs are taken into consideration and it is found that the gender has also noticeable impact on income from micro enterprises. Authors observed that close monitoring of group activities and providing suitable training facility to the members is needed to improve and sustain the benefits accruing from the micro-enterprises started by Self-help Groups.

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### 1. Introduction

ONE OF THE major causes of persistent poverty in the backward regions of countries like India is that the poor people are not considered as credit worthy and as a result they have extremely limited access to the formal financial services. Micro-finance programmes are important channels for providing small credit to the rural poor in order to alleviate poverty. Micro-financing programmes through Self-Help Groups (SHGs), introduced in several parts of India, have the potential to minimize the problem of inadequate access of banking services to the poor (Rajashekhar, 2000). Many studies (Latif, 2001; Khandekar, 2000; Mahendra Varman, P, 2005) have revealed that increased availability of micro-credit to the poor through micro financing SHGs will enable rural households to develop banking habits, to take up larger productive

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