

United International Journal of Multidisciplinary Research

ISSN: 3048-6726(UIJMR)Impact Factor: 6.934 (SJIF)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

www.ujmr.in Vol-3, SpecialIssue-2,2026

Performance of the Microfinance and Other Schemes for Reducing Poverty in TELANGANA State

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Abstract

Microfinance became an effective tool for poverty discount. Many research showing that the microfinance performs a critical function beyond society improvement in supporting the livelihoods of the poor. Micro financing through Self assist organizations has transferred the actual monetary strength inside the arms of poor people. Micro finance now not most effective affords economic advantage it is also offer social benefit like poverty reduction and ladies empowerment. Micro finance presents self-employment, earnings technology, residing requirements, economic increase and purchasing strength. State government of Telangana also assist the poor people by using implementing specific sort of Micro finance schemes. Banks, NGO's, social workers, Central and State governments are concentrating to control the poverty by giving unfastened hand to bring up the poor people. This paper tried to observe the poverty situation, how the microfinance assisting the poor people, how the Telangana government taking the initiation by way of presenting unique schemes and encouraging the SHG's. This paper collected the information on secondary facts to acquire the records.

Key word(s): Microfinance, SHG's, poverty, Schemes, self-employment

INTRODUCTION:

In 1947 while colonial British left India, they left 70 percentage Indians in deep poverty and a tiny elite class that managed everything. Over six a long time later in 2011-2012, poverty is all the way down to 21 percent no matter the multifold increase in populace. But, no matter the considerable progress, even 21 percentage poverty approach a massive headcount in a rustic of 1.3 billion people. Indian

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government, in any respect levels, broadcast Welfare Schemes for a go section of the society from time to time. These schemes may be both central, state particular and a joint collaboration between the Centre and the States. In this paper, I have tried to offer you an easy and most popular, fulfillment complete finance programme to the poor people to lessen their poverty and which scheme is implemented and getting fruitful results with the aid of different nations at the name Microfinance and additionally trying a number of state government schemes and their numerous factors inclusive of eligible beneficiaries, kinds of benefits, scheme info and many others. Compare with other schemes most of the growing countries usual the remarkable performance of micro finance to convey new sparks inside the eyes of terrible people. Microfinance has proven to be a powerful and effective device for poverty reduction. Like many other development gear, however, it has insufficiently penetrated the poorer strata of society. The poorest shape the good sized majority of these without get admission to number one health care and basic education; similarly, they're most people of these without get admission to microfinance. Whilst there's absolute confidence that the poorest can advantage from primary fitness care and from fundamental training, it isn't as intuitive that they also can gain from microfinance, or that microfinance is the perfect device via which to attain the Millennium dreams. Microfinance has been substantially examined during the last 10 to 15 years, and the ensuing literature is now very big. Microfinance has introduced tremendous effect to the lifestyles of clients, improve the capability of negative people to improve their conditions and others have indicated that bad people have taken benefit of extended earnings to improve their consumption level, health and construct property. These days, increasingly more microfinance is turning into a critical investment opportunity, especially in developing areas inclusive of Latin the USA and African, and all primary international group like the European Union, the United countries, the world financial institution, the Asian financial institution, and the yank development financial institution commit investment and research to microfinance.

THE OBJECTIVE OF THIS PAPER:

- ❖ to study the information about the poverty in India,
- ❖ to study the origin and current position of Micro finance, to study the Self-help Groups role as a part of micro finance,
- ❖ to obtain the schemes which are proving by the state government of Telangana.

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- ❖ To obtain these information author selected the Qualitative information from secondary data and gathered through books, publications, websites, and oral communication without questionnaire.

MICRO FINANCE AND POVERTY REDUCTION:

Bangladesh has been stated as a pioneer in the area of micro finance. DrMehmudYunus, Professor of economics in chitgaon college of Bangladesh, became initiator of an action re-seeek undertaking Grameen bank. The undertaking started in 1976 and it was officially diagnosed as a bank thru an ordinance issued by means of the government in 1983. Even then it does not have a scheduled popularity from the central financial institution of the United States the Bangladesh financial institution. The Grameen bank offers loans to the landless poor, particularly ladies to sell self-employment.

Microfinance is the provision of economic offerings to low-income customers, along with customers and the self-hired, who traditionally lack get right of entry to to banking and related offerings. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other crucial financial services within the attain of thousands and thousands of people who are too poor to be served with the aid of ordinary banks, in most instances due to the fact they're unable to provide enough collateral. In preferred, banks are for people with cash, not for people without.” in the end, the aim of microfinance is to present low earnings human beings an possibility to become self-sufficient by way of providing a way of saving cash, borrowing cash and coverage. The main purpose of microfinance is to empower girls. Girls make up a big percentage of microfinance beneficiaries. Traditionally, ladies (in particular those in underdeveloped countries) were not able to effectively participate in economic hobby. Microfinance affords ladies with the economic backing they want to start business ventures and actively participate within the financial system. It gives them self-assurance, improves their popularity and makes them greater active in choice-making, as a result encouraging gender equality. According to CGAP, long-status MFIs even document a decline in violence towards girls since the inception of microfinance.

Sushilkumar Mehta, Harigovind Mishra (2011) of their have a look at recommended that SHG – bank Linkage software has notably stepped forward the get right of entry to to monetary offerings for the agricultural bad and has giant fantastic effect at the socioeconomic conditions and the discount of poverty of SHG participants and their families.Ghosh (2001) pointed out that preventing poverty cannot be controlled by means of the authorities by myself. There are numerous

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areas wherein authorities wishes collaboration and cooperation from NGOs specially in developing opportunity facilitating empowerment and presenting safety to the terrible. The pressure of the donor companies on the recipient government to work through NGOs in development programme is also a dominant aspect in growing the function of NGOs to fight in opposition to poverty. Nedumaran et al. (2001) studied the overall performance and the socio financial impact of SHGs in Tamil Nadu, determined that there was an growth of 23 in step with cent inside the net earnings within the submit SHG state of affairs, compared to the pre-SHG situation. Social situations of the contributors also substantially progressed after becoming a member of the Self-help organization Many NGOs has given capacity constructing education to SHGs which has helped to pick income technology sports, purchasing raw substances and advertising of the produce to enhance their entrepreneurial ability. Micro credit score intervention programme provides an possibility to rural terrible girls to meet their intake needs and invest the surplus money on any monetary activities like cottage industries, food processing gadgets vegetable vending, Tailoring and many others.

FEATURES OF MICROFINANCE:

1.Loan given without safety, 2. Loans to the ones folks that live underneath the poverty line, 3. Members of SHGs may advantage from micro finance, 4. Maximum restrict of mortgage underneath micro finance Rs.25,000/-, 5. Terms and situations offered to terrible people are determined by way of NGOs, 6. Microfinance isn't like Microcredit- under the latter, small loans are given to the borrower but underneath microfinance alongside many different financial offerings such as savings money owed and coverage. Consequently, microfinance has a wider concept than microcredit.

SELF HELP GROUPS AND OTHER SCHEMES IN TELANGANA:

The new State of Telangana, with a geographical area of 1,14,840 sq. kilometres and having a population of 3,51,93,978 (2011 census), is the twelfth largest State in terms of both area and the size of population in the country. The population of the State is predominantly rural with 61.33% of people residing in rural areas and the remaining 38.67% of people residing in urban areas. Currently, SERP (Society for Elimination of Rural Poverty) noticed Nearly 90 percent of the poor households in the State are members of these community institutions. Currently 47,41,891 women have formed 4,16,811, Self Help Groups (SHGs) at the Village / Habitation levels. The SHGs have federated at the village level to form village organizations (VO) and VOs have federated at Mandal level to form Mandal MahilaSamakhya (MMS).

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Currently there are 17,811 VOs and 438 MMS. These Mandal MahilaSamakhyas federated at District Level to form 9 ZillaSamakhyas MEPMA (Mission for elimination of poverty in Municipal Area) also stated that in urban level Around 12.66 lakh women members formed into 1.26 lakh Women Self Help Groups (SHGs). A total of 4177 Slum Level Federations (SLF) and 97 Town Level Federations (TLF) have been formed up to December 2014. Around 19,900 persons with disabilities are also organized into 3,980 exclusive SHGs. 57 Town VikalanguSamakhyas (TVSs) and 55 Parents Associations of Persons with Mental Rehabilitation were formed in the State. SHGs Bank Linkage worth Rs.517.00 crore have been provided to 18,193

Self Stategovernment Schemes are helpful to the poor: Financial scarcity, credit loan awareness and lack collateral support major problem to poor people in Telangana state. Telangana Government, Commercial banks and NGO's are putting sleep less efforts to pull out rural and urban people those who are living under poverty line. By the support of Central Government, Banks and financial Institutions, Government introduced various Schemes to give financial and moral support to poor people. Under the Roof of Microfinance institutions, self help groups (SHG) are also playing a major role to promote the small entrepreneurs, skilled workers in to the national and internal markets with their innovative cultural talent. Potential Schemes for poor people Under District Rural Development Agency (DRDA) and Indira KranthiPathakam(IKP) Telangana government introduced and continuing various Schemes to poor people the basic objective of the Telangana Government, The disadvantaged communities shall be empowered to overcome all social, economic, cultural and psychological barriers through self-managed organizations. They will attain higher productivity with improved skills and asset base and utilize resources to full potential and gainful access to services. Our missions is to enable the disadvantaged communities perceive possibilities for change and bring about desired change by exercising informed choices through collective action. Fulfill the vision of Telangana Government some Potential schemes are serving effectively is as follows.

STHREE NIDHI: To address the issues of inadequate finance and to ensure timely availability of credit for meeting emergent and other needs, there is a need to supplement credit aside what is being accessed from banking sector. StreeNidhi is specifically created to meet these needs of women with the following objectives. The above circumstances led to emergence of StreeNidhi Credit Cooperative Federation Limited (StreeNidhi). The Govt. of Telangana in association with

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Mandal Samakhyas (MS), and Town Level Federations (TLF) promoted StreeNidhi by contributing Share Capital. StreeNidhi was registered under Telangana Cooperative Societies Act 1964 on 7th September 2011 and commenced lending operations from 6th October 2011

INSTITUTION BUILDING: Promoting and strengthening member owned, member managed, self-reliant and financially sustainable institutions of the poor and the poorest in all the village of the villages of the state for enhancing the quality of life of the members and securing sustainable livelihood

BANK LINKAGE/(VaddiLeniRunalu):The broad vision of the program is to enable the poor households in accessing adequate formal credit at their doorsteps through their membership in SHGs.

VLR (VaddiLeni Runalu-100% interest subsidy): The Government of Telangana was converted PavalaVaddi scheme into VaddiLenirunalu from 1st January, 2012 which total interest reimbursement is being made by the Government to further strengthen the viability of rural enterprises.

LOAN INSURANCE: In the light of bank linkage program with VADDILENI RUNNALU, a huge amount of money is transacted by the SHG members in the name of total financial inclusion covering even the swapping of old debts. It is proud to inform that Govt. of AP leads in SHG Bank Linkage Program with 40% of all bank loans given to SHGs in India. The bankers are comfortable and testifying that the recovery rate is 99%. In this back drop, SHG women evince great interest in insuring the loans taken by the members from the Commercial Banks or from their own federations as a safety net against financial risks in the event of natural and accidental mishaps, to protect their children, family members from debt traps. Hence, the scheme shall be scaled up to cover each and every SHG member. Increase the size of loans to SHG members, by creating confidence among the Bankers. The Insurance amount is Rs.0.40 paisa per hundred per Annum. This activity is being implemented through ZillaMahilaSamakhya of the concerned district.

PENSION-CUM-INSURANCE SCHEME: This is a co-contributory pension cum insurance scheme visualized by the State Government for the benefit of SHG women over and above the age of 18 years in urban areas to provide social security after the age of 60 years. 56,276 women have been renewed during 2013-14, of which 5,852, who crossed the age of 60 years were given a pension of Rs.500 every month.

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NATIONAL RURAL LIVELIHOOD MISSION: National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MORD), Government of India in June 2011. It is a centrally sponsored ongoing scheme funded by the Government of India and the State Government in the ratio of 75:25. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment

CONCLUSION:

Microfinance has generated mixed views. On the one hand, there are strong supporters, who think that microfinance can bring tremendous change in the lives of poor along with rise in their standard of living. On the other hand, are the sceptics who claim the concept of microfinance as exaggerated? The analysis offered in this paper indicates that microfinance does have a significant impact, although it is difficult to quantify the precise impact of microfinance and get the immediate result. Before the presence of a Microfinance institution, it was very difficult for certain strata of the population to finance the skills and/or resources required to pull themselves out of an impoverished existence. The influence of microfinance through SHG's is widespread to both actual income generation and social effects. In a nutshell, microfinance has proved to be significantly responsible for alleviating poverty within the rural areas where it has been established. Government schemes also giving supporting hand to develop the poor people in all aspects.

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www.ujmr.in Vol-3, SpecialIssue-2,2026

Pondicherry region rural SHG's) S.Sarumathi¹ and Dr.K.Mohan² Journal of Management and Science Vol.1, No.1 (Sep'2011) ISSN: 2249-1260

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