



Unstoppable Force: How Microfinance Supercharged Women Empowerment and Drove Sustainable Development in India (2006-2024)

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Abstract

This study explores women's empowerment through microfinance by focusing on key factors such as savings with banks, access to credit, and loan repayment performance. All these factors fall under the dimension of economic empowerment. The initiative was launched by NABARD across India in 1992. The study utilizes data from the Rural Credit Innovations Department of NABARD for the period 2006-07 to 2023-24 and CPI for rural from RBI.

The findings of this study reveal that per SHG savings in real terms for women are higher than for men, with statistical significance at 6% level. The second indicator of women's empowerment, access to credit in real term, also shows that women have higher per SHG credit compared to men. This factor is highly statistically significant at 1% level. These results highlight the importance of microfinance in enhancing women's economic empowerment. The combined average percentage of outstanding loans over the years is 69.50% for women, slightly lower than 70.24% for men. This finding suggests that women's SHGs generally exhibit stronger loan repayment patterns compared to their male counterparts.

Microfinance serve as effective tools for promoting women's empowerment and sustainable development in rural India. Policymakers and stakeholders can leverage these findings to enhance the reach and efficiency of microfinance initiatives, ensuring greater economic and social inclusion for women. The study provides realistic evidence on the impact of microfinance on women's empowerment in India over an extended period, highlighting its critical role in achieving sustainable development goals.

Keywords: *Microfinance, Women's Empowerment, Savings, Access to Credit and Loan Repayment*

Introduction:

Microfinance is a financial service that provides small loans, savings, insurance, and other financial products to individuals and small businesses that lack access to traditional banking services. It is primarily aimed at helping low-income individuals, especially in developing countries, to improve their economic conditions. The declaration of micro-credit Summit in Washington, DC in 1997 defined micro-credit programs as those



“extending small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families”. There are some features of microfinance- small loan, encourages individuals to open savings accounts and save money securely, collateral free, group lending & peer support, financial training & empowerment-many microfinance programs provide financial literacy, business skills, and training to borrowers etc. Microcredit has been developed as an alternative model of non-state interventionist approach which has been popularized worldwide by Professor Yunus. But in India, it is totally opposite approach. The financial inclusion through microfinance model is broadly operated by NABARD which is called state interventionist approach.

Women empowerment is a multidimensional concept that encompasses various aspects of women's lives, enabling them to gain control over their choices, resources, and opportunities. The key dimensions of women empowerment include: 1. Economic Empowerment: Financial independence and entrepreneurship; Ownership of assets (land, property, and businesses) Participation in economic decision-making; Access to employment and equal wages; 2. Social Empowerment 3. Political Empowerment 4. Legal Empowerment 5. Psychological Empowerment: 6. Familial / Interpersonal Empowerment 7. Technological and Digital Empowerment and 8. Health Empowerment. These dimensions reflect the complex nature of women's empowerment and its impact on individual and societal development. Empowering women is not just about ensuring their rights but about improving their ability to make decisions and lead fulfilling lives. This study contributes the economic empowerment among the eight dimensions of women's empowerment.

Microfinance institutes play a crucial role in women's empowerment by providing financial resources like saving with bank, loan and repayment facilities, training, and opportunities for women, especially in underserved communities. Here's how it contributes to their empowerment: Financial Independence - microfinance gives women access to small loans, savings, and credit, allowing them to start or expand businesses. With their own income, women gain financial independence, reducing their reliance on male family members. Entrepreneurship and Employment- women can invest in small businesses, such as farming, tailoring, or retail, creating employment for themselves and others. This fosters economic growth and self-sufficiency within communities. Increased decision-making power: Having financial resources enables women to make household and business decisions. They gain greater control over family finances, children's education, and healthcare. Overall, microfinance is a powerful tool for women's empowerment, providing them with the financial means, confidence, and skills to improve their lives and contribute to society. Therefore, such empowerment is an important goal among the 17 Sustainable Development Goals (SDGs) of the United Nations (2018); it is also a significant indicator of socio-economic development (Geleta et al., 2017; Nassani et al., 2019). This study evaluates the impact of microfinance on women's empowerment, initiated by NABARD in 1992, over the period from 2006-07 to 2023-24. This paper examines women's empowerment through microfinance by focusing on key factors such as savings with banks, access to credit, and loan repayment performance.

This paper is structured as follows: the second section analyses literature review; the third section deals with objective and methodology; the fourth section discourses the discussion of the findings; the fifth section, which includes the summary and conclusions of the study.

Literature review

Defining women's empowerment is a fundamental question among scholars, with various academicians



offering diverse perspectives. These definitions highlight different dimensions of empowerment. Below, we will discuss these viewpoints one by one, exploring how each contributes to understanding the concept and its significance in promoting autonomy, agency, and equality for women in society. Defining women's empowerment is multifaceted, with various interpretations in the literature. Broadly, it involves enabling women to live with dignity, respect, self-esteem, and self-reliance, empowering them to make autonomous decisions. Scholars have explored this concept through various lenses, emphasizing its multifaceted nature in the following way.

Lorraine M Gutierrez (1990) describes empowerment as the enhancement of personal, interpersonal, or political power, enabling individuals to improve their life circumstances. Similarly, Nobel laureate A.K. Sen (1993) views empowerment through the lens of an individual's capability set, shaped by personal attributes and social structures. Both perspectives emphasize empowerment as a process of expanding opportunities, autonomy, and agency, allowing women to transform their lives and contribute meaningfully to society. Syet M Hashemi et al. (1996), for instance, measured women's empowerment using indicators such as mobility, decision-making ability for significant purchases, and political and legal awareness. L Mayoux (1998) views empowerment as a process of internal transformation, emphasizing women's capacity to make informed decisions. Similarly, Kabeer (2001) underscores the importance of enhancing women's decision-making power within households as a fundamental aspect of agency.

The United Nations' Guidelines on Women's Empowerment highlight five essential components: self-worth, the ability to make life choices, access to opportunities and resources, control over one's life, and the power to influence social change. These elements collectively serve as a comprehensive framework for fostering women's empowerment. Expanding on this, A. Malhotra, SR Schuler and C. Boender (2002) argue that empowerment is multidimensional, encompassing economic, socio-cultural, familial, legal, political, and psychological dimensions. This holistic approach highlights the interconnected nature of empowerment across various domains of life.

Economic empowerment is particularly significant, as access to credit and income-generating activities strengthens women's bargaining power within households. S Cheston and L Kuhn (2002) point out that participation in microfinance programs plays a pivotal role in this regard. By facilitating women's economic engagement, microfinance enhances their ability to make decisions and achieve greater independence. A Krishna (2003) defines empowerment as building individuals' capacity to make life choices and translating those choices into desired outcomes, a process that requires both internal growth and external opportunities.

Kabeer (2005) further describes empowerment as a process by which individuals who were previously deprived of choice gain the ability to make decisions and exercise agency. This transformation is particularly relevant for women in patriarchal societies, where structural barriers often limit their autonomy. Ranjula Bali Swain and Fan Yang Wallentin (2009) found that participation in microfinance programs enables women to challenge traditional gender norms and make independent choices. These groups foster a sense of collective solidarity, allowing women to address shared challenges and advocate for their rights.

Maheshwari M and Shobhna Goyal (2014) proposed that Self-Help Groups (SHGs) could maximize outreach and alleviate poverty among rural, disadvantaged populations. SHG-based microfinance has empowered rural women in some Indian states, acting as a catalyst for social change and income generation. By improving poor people's access to the formal banking system, microfinance fosters economic growth and sustainable



development, lifting many above the poverty line

Srirang Jha (2019) explored the transformative impact of microfinance on the socio-economic empowerment and sustainable livelihoods of the poor, emphasizing dignity and self-respect. Drawing from conceptual and empirical studies, Jha found that microfinance significantly alleviates poverty and empowers vulnerable segments in India. He recommended that SHG members gain financial independence and the ability to make decisions, enhancing their resilience with dignity. However, he noted the limited presence of microfinance institutions in urban areas, suggesting a need for expansion.

Overall, women's empowerment encompasses enhancing their agency, decision-making power, and access to resources. It is a dynamic process that enables women to lead fulfilling lives, contribute to societal development, and influence social change. By addressing barriers and creating opportunities for women's sharing in economic and social activities, empowerment fosters equality and transforms societies for the better.

Objectives

1. To investigate women's empowerment in relation to sustainable development through the bank-linked microfinance savings model across India during the period 2006-07 to 2023-24.
2. To analyze the role of yearly disbursed microfinance loans (or access to credit by SHG) in fostering women's empowerment by facilitating access to finance for production activities in India over the same timeframe.
3. To evaluate the outstanding loans and Repayment performance of women Self-Help Groups and their impact on sustainable transformation during the said period.

Methodology

This study relies on secondary sources, with data collected from the Rural Credit Innovations Department of NABARD (2006-07 to 2023-24) and CPI on rural from RBI (Base: 2012 = 100 for New CPI). The analysis covers 18 years, as systemic data before 2006-07 is unavailable.

The study examines three key indicators of women's empowerment: savings performance with banks, bank loans which depends on their savings, and repayment performance compared to men. To analyze financial trends, the average savings, loan disbursement, and outstanding amounts of Self-Help Groups are calculated in real terms using the formula: $\text{Real term} = (\text{Nominal term} \div \text{CPI}) \times 100$. The Percentage of Outstanding (P.O) is determined using the formula: $\text{P. O} = (\text{Outstanding per SHG in Real Term} \div \text{Loan per SHG in Real Term}) \times 100$ for i^{th} year.

The study employs simple arithmetic calculations and illustrative diagrams to present the findings effectively. Further, we used the t-statistic to test the significance of savings per SHG and loans disbursed per SHG for both women and men in real terms. We assessed whether these factors are statistically significant for each gender. Women's SHGs, initiated by NABARD in 1992, serve as the core platform for



women's empowerment. The analysis highlights their role in improving savings, access to credit, and repayment discipline, offering valuable insights into their impact on women's financial independence.

Discussion of the findings: This section explores women's empowerment through microfinance, initiated by NABARD across India in 1992, with a focus on economic factors. We analyze three key indicators: savings with banks, loans disbursed, and outstanding loans. Savings represent future consumption and play a crucial role in economic empowerment. They enable women to make independent financial decisions, particularly for business expansion in self-employment projects like poultry farming. Access to microfinance enhances financial stability, encouraging entrepreneurial activities and improving livelihoods. By fostering economic independence, microfinance strengthens women's decision-making power, contributing to their overall empowerment and sustainable development in rural and urban communities.

i. Saving with banks

Table 1.1 provides a quantitative analysis for measure of women's empowerment, highlighting the savings per Self-Help Group (SHG) with banks in real terms. It also shows the percentage ratio of savings per SHG of women to savings per SHG of total in real terms, along with the percentage ratio of savings per SHG of men to savings per SHG of total in real terms. The data offers a comprehensive overview of women's empowerment through microfinance platform, showcasing the impact of savings in driving economic activities and self-employment.

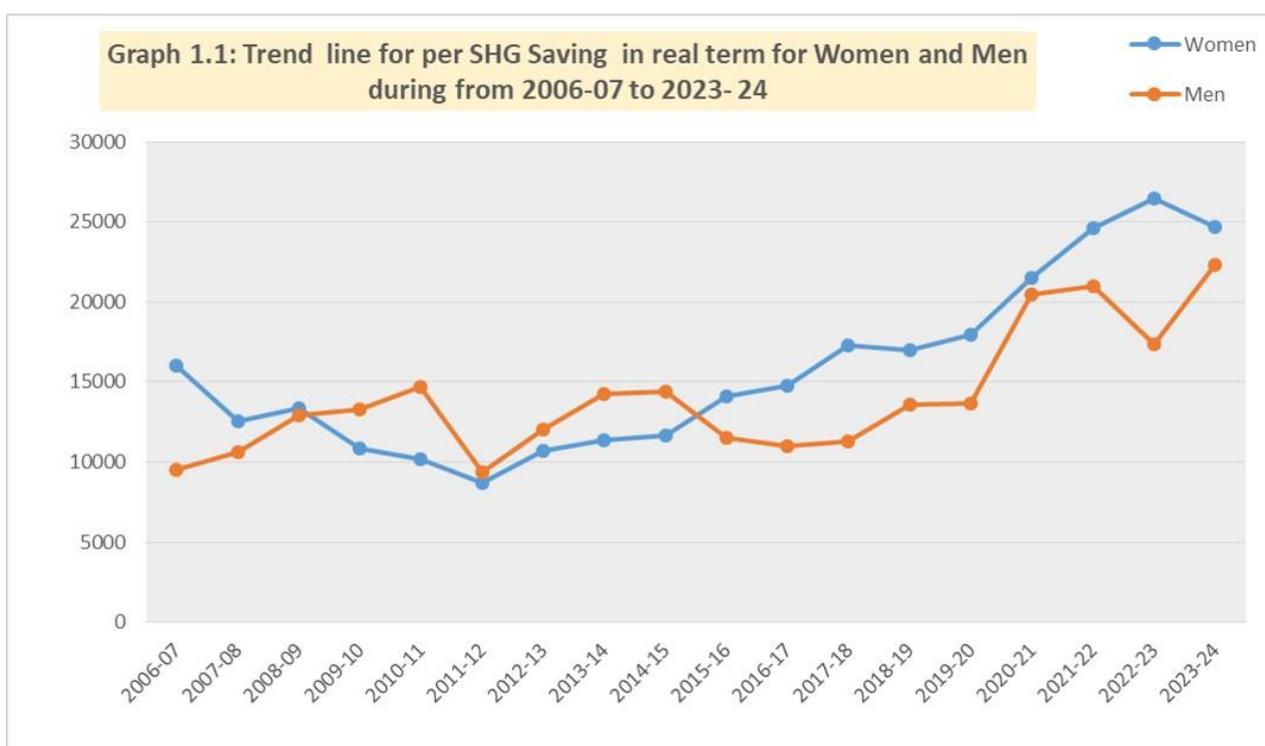
| Table 1.1 : The Distribution of Average of Saving with Banks of SHG by Women, Men and Total for during the year ended 31 March in Nominal as well as Real terms | | | | | | | | | | | | | | | |
|---|----------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|--------------|----------------------|----------------|----------------------|--------------|----------------------|--|--|
| Year | Rural | Total SHG Nos | | All Women SHGs | | All Men SHG | | Total SHG | | All Women SHGs | | All Men SHG | | % Ratio of per SHG of women to per SHG of Total in real term | % Ratio of per SHG of men to per SHG of Total in real term |
| | (Base : 2012 = 100 for New CPI) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | | |
| 2006-07 | 57.7 | 41.61 | 351271 | 32.71 | 302498 | 8.9 | 48773 | 8442 | 14627 | 9248 | 16023 | 5480 | 9495 | 109.55 | 64.91 |
| 2007-08 | 62.1 | 50.1 | 378539 | 39.86 | 310865 | 10.24 | 67674 | 7556 | 12163 | 7799 | 12555 | 6609 | 10639 | 103.22 | 87.47 |
| 2008-09 | 68.3 | 61.21 | 554562 | 48.64 | 443403 | 12.57 | 111159 | 9060 | 13256 | 9116 | 13338 | 8843 | 12939 | 100.62 | 97.61 |
| 2009-10 | 77.9 | 69.53 | 619871 | 53.1 | 449866 | 16.43 | 170005 | 8915 | 11442 | 8472 | 10873 | 10347 | 13280 | 95.03 | 116.06 |
| 2010-11 | 85.7 | 74.62 | 701630 | 60.98 | 529865 | 13.64 | 171765 | 9403 | 10977 | 8689 | 10144 | 12593 | 14701 | 92.41 | 133.93 |
| 2011-12 | 92.8 | 79.6 | 655141 | 62.99 | 510433 | 16.61 | 144708 | 8230 | 8869 | 8103 | 8732 | 8712 | 9388 | 98.46 | 105.85 |
| 2012-13 | 102.7 | 73.18 | 821725 | 59.38 | 651486 | 13.8 | 170239 | 11229 | 10934 | 10971 | 10683 | 12336 | 12012 | 97.71 | 109.86 |
| 2013-14 | 112.6 | 74.3 | 989742 | 62.52 | 801289 | 11.78 | 188453 | 13321 | 11835 | 12817 | 11387 | 15998 | 14213 | 96.21 | 120.09 |
| 2014-15 | 119.5 | 76.97 | 1105984 | 66.51 | 926484 | 10.46 | 179500 | 14369 | 12025 | 13930 | 11658 | 17161 | 14361 | 96.94 | 119.43 |
| 2015-16 | 126.1 | 79.03 | 1369139 | 67.63 | 1203578 | 11.4 | 165561 | 17324 | 13739 | 17797 | 14113 | 14523 | 11517 | 102.73 | 83.83 |
| 2016-17 | 132.4 | 85.77 | 1611423 | 73.22 | 1428342 | 12.55 | 183081 | 18788 | 14187 | 19508 | 14731 | 14588 | 11016 | 103.83 | 77.65 |
| 2017-18 | 137.2 | 87.44 | 1959212 | 73.9 | 1749786 | 13.54 | 209426 | 22406 | 16331 | 23678 | 17258 | 15467 | 11273 | 105.67 | 69.03 |
| 2018-19 | 141.3 | 100.14 | 2332448 | 85.31 | 2047355 | 14.83 | 285093 | 23292 | 16484 | 23999 | 16984 | 19224 | 13605 | 103.04 | 82.54 |
| 2019-20 | 147.3 | 102.43 | 2615205 | 88.32 | 2332055 | 14.11 | 283150 | 25532 | 17333 | 26405 | 17926 | 20067 | 13623 | 103.42 | 78.60 |
| 2020-21 | 156.1 | 112.23 | 3747761 | 97.25 | 3268608 | 14.98 | 479153 | 33394 | 21392 | 33610 | 21531 | 31986 | 20491 | 100.65 | 95.79 |
| 2021-22 | 164.5 | 118.93 | 4724048 | 104.05 | 4210477 | 14.88 | 513571 | 39721 | 24147 | 40466 | 24599 | 34514 | 20981 | 101.87 | 86.89 |
| 2022-23 | 175.8 | 134.03 | 5889268 | 112.92 | 5245548 | 21.11 | 643720 | 43940 | 24994 | 46454 | 26424 | 30494 | 17346 | 105.72 | 69.40 |
| 2023-24 | 185.6 | 144.22 | 6508915 | 120.44 | 5522768 | 23.78 | 986147 | 45132 | 24321 | 45855 | 24711 | 41470 | 22348 | 101.60 | 91.89 |
| Combined Average | | | | | | | | 20003 | 15503 | 20384 | 15759 | 17801 | 14068 | 101.65 | 90.74 |

Note: No. = Number of SHGs, Amt. = Amount & Source - NABARD: Rural Credit Innovations Department and RBI: CPI



Table 1.1 reveals that the combined average savings of SHG in real terms for women are higher than those for men, with women saving an average of Rs. 15,759 compared to Rs. 14,068 for men during the period from 2006-07 to 2023-24. Similarly, the combined average percentage ratio of savings per SHG of women to the total SHG savings in real terms is also higher than that of men, with women at 101.65% and men at 90.74%. The combined average or mean of saving in real term of women and men are statistically significant at 6% level. This indicates that the women's Self-Help Groups (SHGs) benefit more in terms of saving habits, financial awareness, and economic independence. Women in SHGs demonstrate stronger financial management skills, greater awareness about their money, and an increased sense of economic empowerment compared to their male counterparts. It provides them with the opportunity to enhance their empowerment and improve their economic conditions, allowing them to gain greater control over their lives (Galie et al., 2019).

Analyzing year-wise variations, we find that the average savings in real terms for women were consistently higher than those for men in 2006-07, with women saving Rs. 16,023 compared to Rs. 9,495 for men. A similar result appears in the following two years. However, women's savings per Self-Help Group (SHG) in real terms have consistently been higher than men from 2015-16 to 2023-24. Women's savings per SHG ranged from Rs. 14,113 in 2015-16 to Rs. 24,711 in 2023-24, whereas men's savings per SHG varied from Rs. 11,517 in 2015-16 to Rs. 22,348 in 2023-24. This indicates that women have demonstrated greater financial strength in terms of savings compared to men, highlighting their stronger position based on the savings indicator over the years. As observed in Graph 1.1, women's savings in real terms have steadily increased from 2011-12 to 2022-23, rising from Rs. 8,732 in 2011-12 to Rs. 26,424 in 2022-23. In contrast, men's savings performance has shown a more fluctuating pattern over the years. This trend highlights women's stronger and more consistent saving habits, reinforcing their financial stability and economic empowerment through self-help group initiatives.





ii. Access to credit by SHGs (or loan disbursed to SHG by bank)

Access to credit refers to the ability of individuals, businesses, or organizations to obtain loans from banks or financial institutions for various purposes like personal needs or business expansion. Eligibility is based on factors such as credit history, income level, collateral (e.g. SHG) and repayment capacity. Government policies, such as financial inclusion, also play a crucial role by ensuring marginalized or low-income groups have access to credit. These policies aim to improve financial access for all, enabling economic empowerment, economic growth and supporting those who might otherwise be excluded from financial systems.

Table 1.2 : The Distribution of Average of Loan Disbursed to SHG by Women, Men and Total during the year in Nominal as well as Real terms

| Year | Rural | Total SHG Nos | | All Women SHGs | | All Men SHG | | Total SHG | | All Women SHGs | | All Men SHG | | % Ratio of per SHG of women to per SHG of Total in real term | % Ratio of per SHG of men to per SHG of Total in real term |
|------------------|---------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|--------------|----------------------|----------------|----------------------|--------------|----------------------|--|--|
| | (Base : 2012 = 100 for New CPI) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | | |
| 2006-07 | 57.7 | 11.06 | 657039 | 9.58 | 567736 | 1.48 | 89303 | 59407 | 102931 | 59263 | 102681 | 60340 | 104548 | 99.76 | 101.57 |
| 2007-08 | 62.1 | 12.28 | 884926 | 10.41 | 747426 | 1.87 | 137500 | 72062 | 116005 | 71799 | 115581 | 73529 | 118367 | 99.63 | 102.04 |
| 2008-09 | 68.3 | 16.1 | 1225351 | 13.75 | 1052738 | 2.35 | 172613 | 76109 | 111356 | 76563 | 112021 | 73452 | 107470 | 100.60 | 96.51 |
| 2009-10 | 77.9 | 15.87 | 1445330 | 12.94 | 1242937 | 2.93 | 202393 | 91073 | 116887 | 96054 | 123279 | 69076 | 88655 | 105.47 | 75.85 |
| 2010-11 | 85.7 | 11.96 | 1454773 | 10.17 | 1262233 | 1.79 | 192540 | 121637 | 141997 | 124113 | 144888 | 107564 | 125569 | 102.04 | 88.43 |
| 2011-12 | 92.8 | 11.48 | 1653477 | 9.23 | 1413202 | 2.25 | 240275 | 144031 | 155206 | 153110 | 164989 | 106789 | 115074 | 106.30 | 74.14 |
| 2012-13 | 102.7 | 12.2 | 2058536 | 10.37 | 1785431 | 1.83 | 273105 | 168732 | 164296 | 172173 | 167646 | 149238 | 145314 | 102.04 | 88.45 |
| 2013-14 | 112.6 | 13.66 | 2401736 | 11.52 | 2103797 | 2.14 | 297939 | 175823 | 156206 | 182621 | 162246 | 139224 | 123690 | 103.87 | 79.18 |
| 2014-15 | 119.5 | 16.26 | 2758231 | 14.48 | 2441975 | 1.78 | 316256 | 169633 | 141962 | 168645 | 141135 | 177672 | 148690 | 99.42 | 104.74 |
| 2015-16 | 126.1 | 18.32 | 3728690 | 16.29 | 3441142 | 2.03 | 287548 | 203531 | 161405 | 211243 | 167520 | 141649 | 112331 | 103.79 | 69.60 |
| 2016-17 | 132.4 | 18.98 | 3878116 | 17.16 | 3610313 | 1.82 | 267803 | 204326 | 154296 | 210391 | 158876 | 147145 | 111115 | 102.97 | 72.01 |
| 2017-18 | 137.2 | 22.61 | 4718588 | 20.75 | 4455874 | 1.86 | 262714 | 208695 | 152110 | 214741 | 156517 | 141244 | 102948 | 102.90 | 67.68 |
| 2018-19 | 141.3 | 26.98 | 5831763 | 23.65 | 5325404 | 3.33 | 506359 | 216151 | 152973 | 225176 | 159360 | 152060 | 107615 | 104.17 | 70.35 |
| 2019-20 | 147.3 | 31.46 | 7765935 | 28.84 | 7329756 | 2.62 | 436179 | 246851 | 167584 | 254152 | 172541 | 166481 | 113021 | 102.96 | 67.44 |
| 2020-21 | 156.1 | 28.87 | 5807068 | 25.9 | 5442313 | 2.97 | 364755 | 201145 | 128857 | 210128 | 134611 | 122813 | 78676 | 104.47 | 61.06 |
| 2021-22 | 164.5 | 33.98 | 9972922 | 31.5 | 9381721 | 2.48 | 591201 | 293494 | 178416 | 297832 | 181053 | 238388 | 144916 | 101.48 | 81.22 |
| 2022-23 | 175.8 | 42.96 | 14520023 | 41.42 | 13931569 | 1.54 | 588454 | 337989 | 192258 | 336349 | 191325 | 382113 | 217357 | 99.51 | 113.05 |
| 2023-24 | 185.6 | 54.82 | 20928587 | 53.2 | 20271608 | 1.62 | 656979 | 381769 | 205732 | 381045 | 205341 | 405543 | 218543 | 99.81 | 106.23 |
| Combined Average | | | | | | | | 187359 | 150026 | 191411 | 153423 | 158573 | 126883 | 102.26 | 84.57 |

Note: No. = Number of SHGs, Amt. = Amount & Source - NABARD: Rural Credit Innovations Department and RBI: CPI

The second key indicator of women's financial empowerment is their access to credit, specifically through Self-Help Groups. One way to measure this is by analyzing the loan disbursed to SHGs by banks. Table 1.2 presents the distribution of the average loan disbursed to women, men and total SHGs in both nominal and real terms. The data reveals that, over the years, the average access to credit in real terms for women is higher than that for men and even exceeds the overall average. The real-term values stand at Rs. 153423 for women, Rs. 126883 for men and Rs.150026 in total. We have estimated that the difference of mean for women and men are statistically significant at 1% level.

Additionally, the percentage ratio of loan access per SHG of women to per SHG total is also greater than that of men. The figures show 102.26% for women SHGs compared to 84.57% for men SHGs. This indicates that



women SHGs have better access to credit, enhancing their ability to make financial decisions regarding their businesses and economic activities. As a result, women experience greater economic empowerment and financial independence. These findings highlight the positive role of SHGs in strengthening women's financial inclusion, ultimately leading to improved economic self-sufficiency and decision-making power. Microfinance empowers women by enhancing their access to credit, healthcare, and education while also fostering social capital, promoting entrepreneurship, and reducing poverty (Khandker, 2005; Westover, 2008).

Graph 1.2 clearly shows that the trend line of women's SHGs in real terms remains above that of men's SHGs up to the year 2022-23. This suggests that women's SHGs are more successful in managing microfinance loans than their male counterparts. The higher loan amounts in real term reflect the greater economic empowerment women experience through these initiatives. Women's limited access to credit facilities has been a significant barrier to their self-employment, highlighting the need for various development strategies and tools—such as microfinancing, education, training, and entrepreneurial programs—to address this gap (Clement et al., 2019). Among these, microfinancing is regarded as one of the most effective tools for both poverty alleviation and women's empowerment (Schuler et al., 1996).

Graph 1.2: Trend line per SHG Access Credit in real term for Women and for the period from 2006-07 to 2023-24



iii. Repayment performance or Less Outstanding amount

In this section we examine the third indicator for women's empowerment is known as repayment performance or less outstanding amount. Good repayment performance benefits both borrowers and lenders, ensuring financial sustainability and access to future credit. There are different measures to improve loan repayment performance: financial education and awareness programs, flexible repayment schedules, monitoring and timely intervention by lenders and encouraging income-generating activities for borrowers.



All these facilities are covered by microfinance institutes.

Table 1.3 shows the distribution of the average outstanding loan for SHGs by women, men, and the total for the year ending 31 March, presented in both nominal and real terms. The repayment performance of SHGs depends on the access to credit and the outstanding loan amount during a specific year, which cannot be evaluated in absolute terms or per SHG in real term. To better assess repayment performance, it is necessary to calculate the percentage of outstanding loans. This is done by dividing the total outstanding loan amount by the total credit amount in real terms and then multiplying by 100. The estimated percentage values are provided in the last two columns of Table 1.3.

| Year | Rural | Total SHG Nos | | All Women SHGs | | All Men SHG | | Total SHG | | All Women SHGs | | All Men SHG | | % of outstanding for Women | % outstanding for Male |
|------------------|---------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|--------------|----------------------|----------------|----------------------|--------------|----------------------|----------------------------|------------------------|
| | (Base : 2012 = 100 for New CPI) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | No. (in lakh) | Amt. (in lakh) | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | Per SHG (Rs) | Per SHG in Real term | | |
| 2006-07 | 57.7 | 28.95 | 1236649 | 23.89 | 1013739 | 5.06 | 222910 | 42717 | 74013 | 42434 | 73522 | 44053 | 76329 | 71.60 | 73.01 |
| 2007-08 | 62.1 | 36.26 | 1699910 | 29.17 | 1333561 | 7.09 | 366349 | 46881 | 75469 | 45717 | 73595 | 51671 | 83180 | 63.67 | 70.27 |
| 2008-09 | 68.3 | 42.24 | 2267984 | 32.77 | 1858354 | 9.47 | 409630 | 53693 | 78559 | 56709 | 82972 | 43256 | 63288 | 74.07 | 58.89 |
| 2009-10 | 77.9 | 48.51 | 2803828 | 38.98 | 2303036 | 9.53 | 500792 | 57799 | 74182 | 59083 | 75829 | 52549 | 67444 | 61.51 | 76.07 |
| 2010-11 | 85.7 | 47.87 | 3122117 | 39.84 | 2612375 | 8.03 | 509742 | 65221 | 76138 | 65572 | 76547 | 63480 | 74105 | 52.83 | 59.02 |
| 2011-12 | 92.8 | 43.54 | 3634000 | 36.49 | 3046528 | 7.05 | 587472 | 83463 | 89939 | 83489 | 89967 | 83329 | 89795 | 54.53 | 78.03 |
| 2012-13 | 102.7 | 44.51 | 3937530 | 37.57 | 3284004 | 6.94 | 653526 | 88464 | 86138 | 87410 | 85112 | 94168 | 91692 | 50.77 | 63.10 |
| 2013-14 | 112.6 | 41.97 | 4292752 | 34.06 | 3615158 | 7.91 | 677594 | 102281 | 90870 | 106141 | 94299 | 85663 | 76105 | 58.12 | 61.53 |
| 2014-15 | 119.5 | 44.68 | 5154546 | 38.58 | 4590100 | 6.1 | 564446 | 115366 | 96547 | 118976 | 99569 | 92532 | 77438 | 70.55 | 52.08 |
| 2015-16 | 126.1 | 46.73 | 5711923 | 40.36 | 5142891 | 6.37 | 569032 | 122232 | 96933 | 127425 | 101051 | 89330 | 70841 | 60.32 | 63.06 |
| 2016-17 | 132.4 | 48.48 | 6158130 | 42.84 | 5644424 | 5.64 | 513706 | 127024 | 95922 | 131756 | 99495 | 91083 | 68781 | 62.62 | 61.90 |
| 2017-18 | 137.2 | 50.2 | 7559845 | 45.49 | 7040173 | 4.71 | 519672 | 150595 | 109763 | 154763 | 112801 | 110334 | 80418 | 72.07 | 78.12 |
| 2018-19 | 141.3 | 50.77 | 8709815 | 44.61 | 7923198 | 6.16 | 786617 | 171554 | 121411 | 177610 | 125697 | 127698 | 90373 | 78.88 | 83.98 |
| 2019-20 | 147.3 | 56.77 | 10807507 | 51.12 | 10062071 | 5.65 | 745436 | 190374 | 129242 | 196832 | 133627 | 131936 | 89569 | 77.45 | 79.25 |
| 2020-21 | 156.1 | 57.8 | 10328971 | 53.11 | 9659660 | 4.69 | 669311 | 178702 | 114479 | 181880 | 116515 | 142710 | 91422 | 86.56 | 116.20 |
| 2021-22 | 164.5 | 67.4 | 15105130 | 62.65 | 14228861 | 4.75 | 876269 | 224112 | 136238 | 227117 | 138065 | 184478 | 112144 | 76.26 | 77.39 |
| 2022-23 | 175.8 | 69.57 | 18807880 | 65.15 | 17946842 | 4.42 | 861038 | 270345 | 153780 | 275470 | 156695 | 194805 | 110811 | 81.90 | 50.98 |
| 2023-24 | 185.6 | 77.42 | 25966730 | 72.29 | 24689532 | 5.13 | 1277198 | 335401 | 180744 | 341535 | 184050 | 248966 | 134166 | 89.63 | 61.39 |
| Combined Average | | | | | | | | 134790 | 104465 | 137773 | 106634 | 107336 | 85995 | 69.50 | 70.24 |

Note: No. = Number of SHGs, Amt. = Amount & Source - NABARD: Rural Credit Innovations Department and RBI: CPI

The combined average percentage of outstanding loans over the years is 69.50% for women, slightly lower than 70.24% for men, indicating better repayment performance among women. As seen in Graph 1.3, the trend line for women's percentage outstanding remains below that of men until 2021-22, except for the two years 2022-23 and 2023-24, where it surpasses men's. This suggests that women's SHGs generally exhibit stronger loan repayment patterns compared to their male counterparts. Microfinance programs focused on empowerment primarily target women, as they are often seen as more trustworthy and have a greater social impact (Tsiboe et al., 2018). These benefits are evident in the loan repayment rates, with female borrowers typically demonstrating better repayment histories than their male counterparts (Rosenberg et al., 2009).



Graph 1.3: Trend line for percentage of Outstanding for Women and Men for the period from 2006-07 to 2023-24



When women gain access to financial resources through microfinance programs, they become economically empowered, which has far-reaching effects. An economically empowered woman is more likely to take important decisions regarding her family, such as investing in her children's education, improving their healthcare, and addressing other vital household needs. By taking control of household finances, women improve the well-being of their families and contribute to the broader economic development of their communities.

Summary and conclusion: Over an eighteen-year period, spanning from 2006-07 to 2023-24, this study examines women's empowerment through microfinance with a focus on economic empowerment which is a crucial dimension of overall empowerment. The research measures progress using three key indicators: savings held in banks, access to credit, and repayment performance. Each indicator is evaluated in real terms, considering the performance per Self Help Group. By assessing these variables, the study highlights the role of financial services in enhancing women's autonomy, enabling them to secure financial stability and make informed decisions. This approach provides insights into the impact of microfinance on women's economic empowerment.

Access to credit is vital for economic empowerment, particularly for women, as it allows them to engage in business and improve their financial independence. Self-Help Groups play a key role in enhancing women's access to credit, with loan disbursement figures showing that women's SHGs receive higher average loans (Rs. 153423) in real terms compared to men's (Rs. 126883). The findings highlight the importance of SHGs in fostering women's financial inclusion and empowerment. By enhancing access to credit, SHGs allow women to manage businesses and make decisions that contribute to their economic independence. The success of



women’s SHGs in securing larger loans in real terms suggests that microfinance is a powerful tool for poverty alleviation and women’s empowerment. Continued support for women-focused microfinance initiatives is essential for reducing barriers to self-employment and promoting long-term economic growth and equality.

Table 1.4: Statistical tools for mean difference to test for per SHG of Women and per SHG of Men in real term

| | Variable | Mean | Mean diff. | t-value | level of significance |
|-----------------------|------------------|----------|------------|---------|-----------------------|
| Saving of SHG | Per SHG of Women | 15759.44 | 1691.222 | 1.9616 | 6% |
| | Per SHG of men | 14068.22 | | | |
| Loan disbursed to SHG | Per SHG of Women | 153423 | 26539.51 | 4.0465 | 1% |
| | Per SHG of men | 126883 | | | |

Repayment performance is a crucial indicator of women’s empowerment, as it ensures both financial sustainability for lenders and continued access to credit for borrowers. Microfinance institutions provide various measures to improve repayment, including financial education, flexible schedules, and income-generating support. Women’s average outstanding loan percentage is 69.50%, slightly lower than men’s 70.24%, indicating marginally better repayment performance among women. Women’s SHGs demonstrate better loan repayment performance, which is linked to their economic empowerment through microfinance programs. Empowered women are more likely to make positive financial decisions, improving their families’ well-being and contributing to community development. Continued support for women-focused microfinance programs is essential for sustaining these positive outcomes.

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