

Role of Microfinance in Women Empowerment

*Jyoti Sahebrao Jadhav, ** Prof. (Dr.) Sanjay Govindrao Vaidya

*Ph.D. Research Student, Department of Economics, R. B. Narayanrao Borawake College, Shrirampur,
Affiliated to Savitribai Phule Pune University, Pune-411007 (Maharashtra), India

**Research Guide & Head Department of Economics, R. B. Narayanrao Borawake College, Shrirampur,
Affiliated to Savitribai Phule Pune University, Pune-411007 (Maharashtra), India

Abstract

Microfinance with SHG is playing an important role in the family, social, economic, cultural, and educational development of women in rural areas. Therefore, there is an urgent need for self-help groups for the all-around development of women as well as women's empowerment. The main objective of microcredit is to enable women to get financial assistance without any collateral or proof of income. In the present study, the 310 respondents were selected in the Ahmednagar District, Maharashtra State. The sample size was selected by using a purposive sampling method. For the present study, primary data were collected with the help of pre-planned interviews and a well-structured questionnaire from the respondents. The main objectives of the present study are: To study the socio-economic status of women in Ahmednagar District and to assess the role of microfinance in women empowerment. After the study, we found there is a need for microfinance and self-help groups for women's empowerment because it is necessary to empower women and bring them into the stream of empowerment, as it is said that if women develop, the whole family will develop. Self-help groups and microfinance are playing an important role in women's empowerment.

Key Words: Microfinance and Women Empowerment

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I. Introduction:

In 1994, the Government of Maharashtra announced the first policy for women. The second women's policy was decided in 2001, and the third in 2014, with adjustments made over time. All these policies primarily focus on addressing the oppression of women, violence against women, women's rights, improving their economic status, the role of the media, participation by voluntary organizations, and the development of schemes centered on women, including Self-Help Savings Groups and Mudra Yojana. Women get 30 percent reservation in jobs in government and semi-government systems and 50 percent in local bodies. Through the Mahila Economic Development Corporation, the Maharashtra State Rural Development Mission provides opportunities for education and training to women.

Women Empowerment:

Women empowerment is a process whereby women become able to organize themselves, to increase their self-reliance, to assert their independent right to make choices, and to control resources, which will assist in challenging and eliminating their subordination. In this study, it refers to the empowerment of women, especially the women below the poverty line category residing in rural and urban areas, by various dimensions - economic, political, and social.

Historical Background of Micro-Finance

The concept of microfinance originated in Bangladesh. Nobel Prize winner Mohammad Yunus proposed and implemented this concept. Mohammad Yunus is the founder of Grameen Bank in Bangladesh. He was honored with the Nobel Prize in the year 2006. He has written the book "Banker to the Poor". Mohammad Yunus and Grameen Bank Mohammad Yunus have done very important work regarding Grameen Bank. In 1976, Mohammad Yunus saw people making goods from bamboo taking loans from private moneylenders to buy bamboo, and the profit went to the moneylender. He closely observed the financial exploitation by moneylenders. He realized that a small loan can make a big difference in people's lives. Conventional lending institutions, i.e., banks, do not provide loans to the poor because the poor do not have the required collateral. Also, banks do not provide small loans. He realized that the poor need opportunity more than sympathy, and this gave rise to the

concept of microfinance. He opined that the poor and small businessmen can also take loans and repay them, but they should be provided with proper opportunities.

According to him, small loans should be given to the poor. Banks should help the poor who cannot provide adequate collateral. Poor and small borrowers can also repay the loan on time. But he opined that they should be given a fair chance. Microfinance systems should be developed to provide finance to individuals from low-income groups. Consumers, self-employed persons, small businessmen, etc., are not adequately served by the banking sector. They need to be provided with facilities like savings, insurance, and transfer of funds, along with credit. For this, he suggested providing microfinance easily to the poor and common people.

Micro-Finance

NABARD has defined micro-finance as “provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels, and to improve living standards.”

II. Review of Research

Mayoux (1999) stated that microfinance programs have contributed to some changes in gender roles. Where women who earlier had no access to income set up economic activities, and mostly where they are involved in marketing, this may lead to significant changes in women’s mobility and knowledge of the world outside the household. **Sijders and Dijstera (2009)** also indicate that micro-credit has been unsuccessful in affecting the political position of women, and hence, overall empowerment was not observed. Similarly, **Samanta (2009)** propounded that women have no control over credit which is the failure of microfinance to empower women.

III. Research Methodology

Objectives of the Study

The main objectives of the present study are:

1. To study the socio-economic status of women in Ahmednagar District.
2. To assess the role of microfinance in women empowerment.

Hypothesis of the Study

The main hypothesis of the present study is:

- Microfinance has benefited the women in the Ahmednagar district

Sample

The 310 respondents were selected in the Ahmednagar District, Maharashtra State. The sample size was selected by using a purposive sampling method. For the present study, primary data were collected with the help of pre-planned interviews and a well-structured questionnaire from the respondents.

Sample Size

Sr. No.	Talukas	Total No. of SHGs	Business Started SHGs	Sample
1	Nagar	2094	857	25
2	Newasa	1277	164	23
3	Karjat	995	287	20
4	Jamkhed	966	256	20
5	Pathardi	1185	347	22
6	Shevgaon	1194	330	22
7	Shrigonda	1122	273	22
8	Parner	1384	312	23
9	Sangamner	1267	324	22
10	Akole	1158	371	22
11	Rahata	1390	450	22
12	Kopargaon	1157	412	22
13	Shrirampur	1471	368	23
14	Rahuri	1264	432	22

Total	17924	5183	310
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Source: Primary Data

Statistical Analysis and Interpretation

Classification of current micro enterprises of the Respondents.

Micro-enterprises are important because they play a vital role in the economy of local communities. They provide employment and generate profits that bring outside money into the local economy. The income opportunities they provide help improve the quality of life for low-income groups. Micro enterprises aim to create large-scale employment in the economy, apart from the formal sector. And they can achieve this goal with very limited finances and investment. Another objective is to spread industry and trade in economically backward areas. It helps in the overall development of the economy.

Self-help groups (SHGs) are an important mechanism for poverty alleviation among rural women. Apart from the availability of credit, SHGs also provide opportunities for micro entrepreneurship through which SHG members can utilize their entrepreneurial talent and create SHG-based micro enterprises. The classification of respondents' micro enterprises is given in the following table.

Table No.1: Classification of current micro enterprises of the Respondents

	Micro enterprises	Frequency	Percent	Cumulative Percent
Valid	Bakery Product	29	9.35	9.35
	Beauty Parlor	5	1.61	10.96
	Flour Mill	7	2.25	13.22
	Garments Shop	7	2.25	15.48
	Goat Rearing	36	11.61	27.09
	Grocery Store	30	9.67	36.77
	Making and selling papad and pickles	38	12.25	49.03
	Making and selling spices	12	3.87	52.9
	Making candles, incense sticks, patravalis, drones	16	5.16	58.06
	Milk dairy	13	4.19	62.25
	Milk production	33	10.64	72.9
	Poultry farming	34	10.96	83.87
	Production and sale of agricultural seeds	6	1.93	85.8
	Reshim udyog	1	0.32	86.12
	Running a restaurant	16	5.16	91.29
	Sewing works	27	8.70	100
	Total	310	100	

The above table shows data that reveals that, among the total sample, above half of the women have started agriculture-related businesses. All micro enterprises are running successfully. It's playing an important role in women's empowerment.

Monthly Income of the Respondents

If you are the breadwinner of your family, your income is the steering wheel that keeps the family vehicle in motion. It pays your rent, EMIs, monthly expenses, utility bills, educational expenses, commuting expenses, and also your luxuries. The information regarding monthly income is important to study since it shows the economic status of women after getting linked to the SHGs.

The classification of respondents according to their monthly income is given in the following table.

Table No. 02: The classification of respondents according to their monthly income

	Monthly Income	Frequency	Percent	Cumulative Percent
Valid	5000-10000	48	15.48	15.48
	10000-20000	103	33.22	48.7
	20000-30000	83	26.77	75.47
	30000-40000	40	12.90	88.37
	Above 40000	36	11.61	100.0
	Total	310	100	

Source: Primary Data

The above table shows data that the highest percent of people earn a monthly income of 10000- 20000, and the lowest percent of respondents earn a monthly income of more than 40,000. A positive impact on monthly income after starting a business is seen, which is a significant factor in women's empowerment.

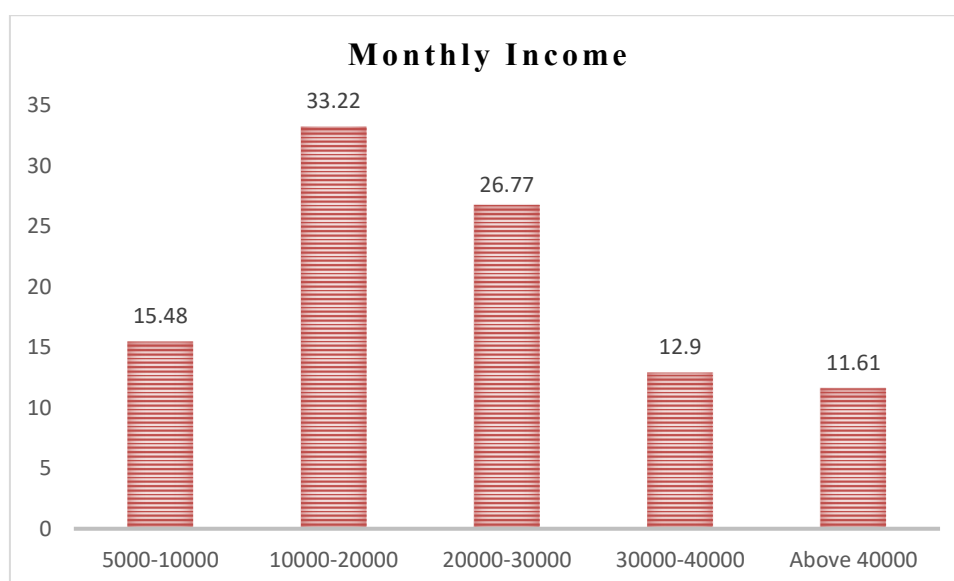


Figure No. 01: Details of Monthly Income of the Respondents

Monthly Expenditure of the Respondents

Monthly income includes the amount paid for food used within the home, utilities paid, and other costs. The sum of all the expenses is then divided by the number of family members residing in the house in order to find each member's share of the total expense.

The monthly expenditure of women shows the earning capacity of women and their spending power to meet their consumption needs and run their entrepreneurial activities. Although women could not sufficiently cover their family expenses alone from their work activity, income earned by them through entrepreneurial activity has significantly contributed to their upliftment. The classification of respondent according to their monthly income is given in the following table.

Table No. 02: Monthly Expenditure of the Respondents

Monthly Expenditure		Frequency	Percent	Cumulative Percent
Valid	1000-5000	95	30.64	30.64
	5000-7000	168	54.19	84.83
	8000-10000	37	11.93	96.76
	Above 10000	10	3.22	100.0
	Total	310	100	

Source: Primary Data

The above table shows data that the highest numbers of respondents have their expenditure between 5000-7000 rupees, and the lowest numbers of respondents have their expenditure above 10000. After starting the business positive impact on the monthly income is a notable factor among women's empowerment.

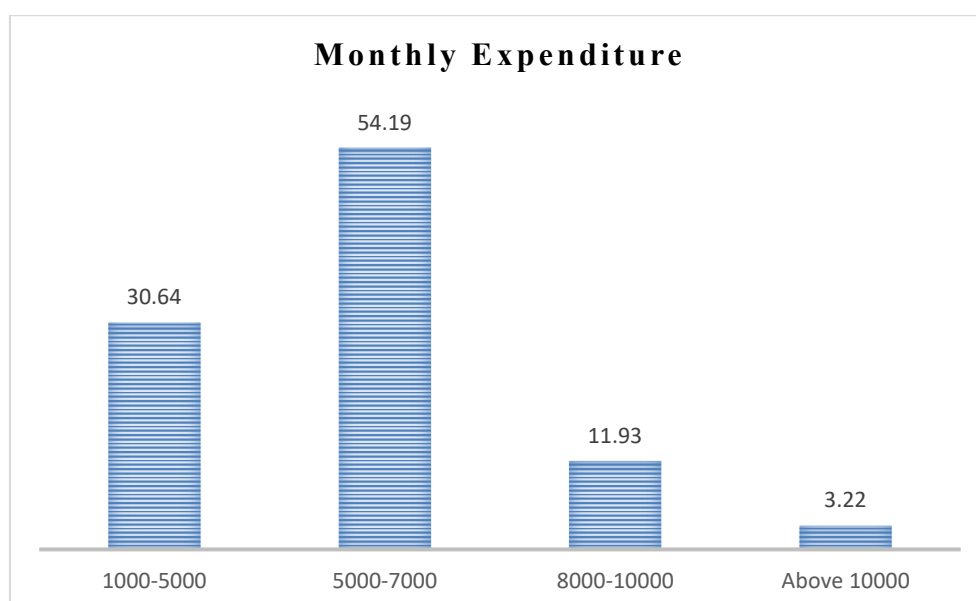


Figure No. 2: Monthly Expenditure of the Respondents

Monthly Savings of the Respondents

Most members agreed that savings was a discipline and had led them to be more understanding of their financial needs. They first realized that small continuous savings can lead to the achievement of their “dream goals.” Generally, women in SHGs were more likely to save regularly, resulting in economic empowerment, while working towards a better future for the next generation.

It is significant to study the amount of savings that women make after joining SHG because it shows how successful the group is in working and the benefits women are earning through these groups. The classification of respondents according to their savings done after joining SHG is given in the following table.

Table No. 03: The classification of respondents according to their savings after joining SHG.

Saving Amount		Frequency	Percent	Cumulative Percent
Valid	1000-2000	210	67.74	67.74
	2000-5000	60	19.35	87.09
	5000-7000	30	9.67	96.76
	7000-10000	10	3.22	100.0
	Total	310	100	

Source: Primary Data

The above table shows data that the highest percentage of respondents (67.74%) have done a saving less than 2000, and the lowest percentage of respondents (3.22 %) have a saving above 7000. After starting a business, there is a significant increase in savings along with monthly expenses, which is a significant factor in women empowerment and family financial empowerment.

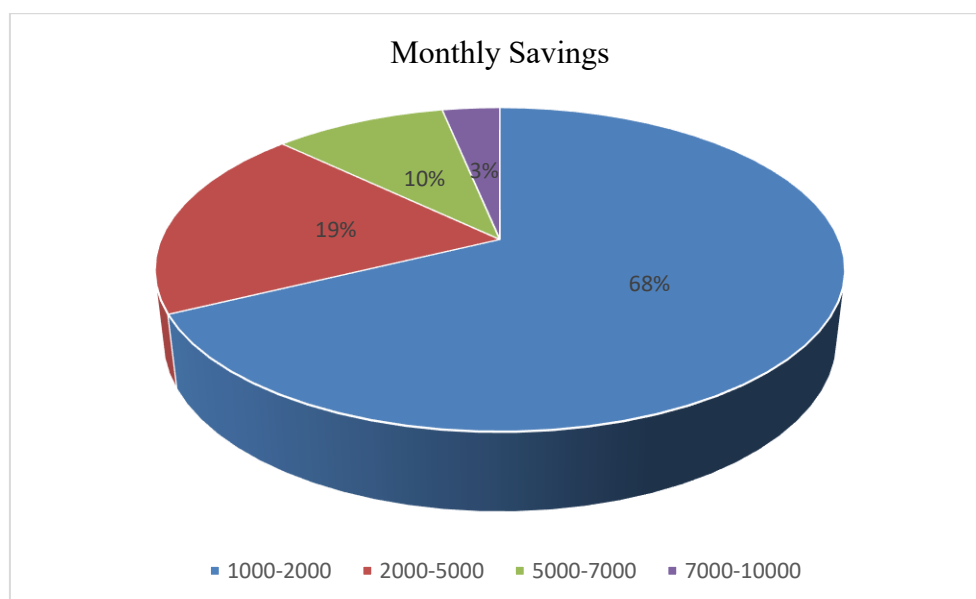


Figure No. 03: The classification of respondents according to their savings after joining SHG.

IV. Findings of the Study

1. Among the total sample, above half of the women have started agriculture-related businesses. All micro enterprises are running successfully. It's playing an important role in women's empowerment.
2. The highest percent of people earn a monthly income of 10000- 20000, and the lowest percent of respondents earn a monthly income of more than 40,000. A positive impact on monthly income after starting a business is seen, which is a significant factor in women's empowerment.
3. The highest number of respondents have their expenditure between 5000-7000 rupees, and the lowest number of respondents have their expenditure above 10000. After starting the business positive impact on the monthly income is a notable factor among women's empowerment.
4. The highest percentage of respondents (67.74) have done a saving less than 2000, and the lowest percentage of respondents (3.22) have a saving above 7000. After starting a business, there is a significant increase in savings along with monthly expenses, which is a significant factor in women empowerment and family financial empowerment.
5. The highest percentage (96.45) of the respondents who found good business opportunities after joining SHGs, and a very small percentage (3.54) of women are unsatisfied with business opportunities.

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