**Review of Literature: The Microfinance Impact on Women Empowerment**

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 **Abstract:** In India, there are several financial schemes that come into existence for women’s empowerment – microfinance is one of those. This is one of the financial schemes that aim to help those people who are not able to get loans from banks or other financial institutions. [Empowering women](https://www.chaitanyaindia.in/group-loan-for-women/) is one of the purposes of microfinance. Microfinance is an important practice of extending those small collateral-free loans or financial assistance for those underserved individuals mainly for developing those areas without getting any access to credit. We will come across various microfinance institutions that include those of financial inclusion and also non-government organizations generally target those of browsers. Microcredit offers adequate financial support for maximizing the exact value of physical capital. The main purpose of this research is mainly for evaluating the great impact of those microfinance programs primarily including complete access to microcredit and also then saving groups. It thus helps in women’s empowerment.

**Keyword: Empowerment, Women, Micro finance**

**Introduction**

Women in many developing areas play a significant role when it comes to agricultural production mainly by contributing to crop processing. But, the labor is fully non-monetized and also complimentary for rather than similar to those of man’s labor. Apart from this, those women who lack marketable education and skills and also have higher fertility rate reflect that they are fully occupied with those children. Apart from this, land and various other traditional assets are generally passed onto those of sons even without wages or savings. As far as microfinance services are concerned, these are something that includes savings, credits, insurance, remittances, loans, housing, and money. These services enable women to participate in various activities that work great when it comes to the alleviation of their patriarchal control over those assets. Thus, it fosters both economic progress and also gender equality. The major purpose of microcredit is to allow women to get financial assistance even without any collateral or any income proof. They can get microcredit in a range of sizes. You need to choose the right option for yourself depending on your needs. Women can get the flexibility to repay the loan in different installment options be it daily, weekly, or monthly. Most importantly, these types of financial assistance are offered at a nominal interest rate, especially when you compare it with those of formal institutions including banks. Microfinance works effectively in empowering women by increasing their courage and also those of self-esteem and lets you avail of the formation of different networks with those of other women in their community.  It also improves their decision-making capability in their household. Women are popular as reliable borrowers compared to men as they have higher loan repayment rates. If we talk about men, they are likely to misuse this type of financial assistance for gambling, consuming liquor, and more. Women, on the other hand, get loans and invest their money in various economic activities. It helps them get more income for their children. It helps them get economic gains in terms of higher consumption rates, good nutrition, asset accumulation, and also more enrolment in various schools. We all are aware of the fact that women’s empowerment is something that is directly related to the economic growth of any area. It reflects that many microfinance institutions (MFIs) see financial assistance like microfinance as a complete strategic tool that involves women in the development process. Though these types of financial assistance are available in women’s names, several studies already prove the fact that a loan has good control over a spouse. It indicates that women can never misuse their loan amount for any wrong purpose.

Apart from this, numerous women generally transcend those of conservative gender roles, they may be at a higher risk for domestic violence. The reason is men often try to reconfirm their position of power.

Apart from this, there are several critics of microfinance that have said that many microfinance institutions are known for having higher recovery strategies. They sometimes seize borrowers’ assets as well. Furthermore, they also push defaulter women into poverty. The main purpose of this research is mainly for evaluating the great impact of those microfinance programs primarily including complete access to microcredit and also then saving groups. It thus helps in women’s empowerment.

**Statement of the problem**

The studies on microfinance and stress have been focused on women who have taken the help of microfinance for their empowerment. Women are not getting equal opportunities as men in many fields. The number of women entrepreneurs is very less than male entrepreneurs. This huge gap is because of a lack of financial resources, income, availability of loans, and credit for women. Most of the women are busy in handling their household work, child’s education, and care. They are so busy in their houses that they are not getting any income-generating opportunities. For that purpose, they are totally dependent on men. But microfinance can remove these problems for women.

**The Literature Review**

The literature review is a major component of this conceptual framework. The purpose of literature review in research is to situate the proposed research in the context of what is already known in the field. It should be able to provide the theoretical basis for the current work on the one and helps to narrow down the proposed topic on the other hand. In this study deals with certain concept of women's empowerment and the available literature relating to women empowerment and capacity building specially about the contribution of microfinance program in women's empowerment

Irshad Ahmad Reshi1 and Dr. T. Sudha (2023) highlighted the importance of a more united and aggregate approach to women's economic empowerment that included the hindrances due to structure in full participation by women in the economy. This involved some laws and policies which have promoted equal opportunities for education, training, and participation by women in the economy.

Monika, Dr. Ramnjeet Singh, Dr. Amit Kumar (2023) emphasized that microfinance is a powerful tool for reduction in poverty and providing authority to women. They have included SHGs in their research. There are many uncertainties but SHGs are rising rapidly. In India, SHGs are new microfinance organisations. India has made various efforts for supporting the microfinance. NABARD has also played a significant role in the development of microfinance. Along with many hurdles, microfinance and SHGs have helped for poor women’s authorization.

Amechi Fabian Anoke (2023) described that MFIs provide various services like lending, savings and client training which have an important and positive effect on growth of women services like lending, savings and client training which businesses. MFIs are behind in one of the management strategies which is very important to help business in problematic situations. When women business owners will hire well qualified and experienced professionals, it will bring many positive changes like growth, efficiency improvement, new projects, and profitable opportunities.

 Bhajan Chandra Barman (2022) described that microfinance has a very strong impact on motivating women entrepreneurs to open small businesses in rural areas. Nowadays, rural poor females are not only limited to agriculture or household work, but they are also opening their small business. There is a great number of rural women involved in micro-enterprises, baking, handicrafts items, disposals making. All this contribute in improving their income, their child education, poverty reduction, growth of society and GDP. So, we can say that women entrepreneurs are bringing a positive change in the society and economy. Further, he called all this as sustainable development.

Sruthymol Joseph (2023) said that financial institutions have an important role in the economic development. In India, there are various financial institutions but their functioning is not satisfactory. Micro business owners and rural people are dependent on microfinance. In developing countries like India, microfinance is very important because it helps in reduction of poverty with the help of improvement in social and economic aspects. The economic growth of any country is dependent on the financial services. This will improve their standard of living. Central Bank and Government should take various steps to improve microfinance in India.

Bhardwaj KR and Gebrehiwot K (2012) analyzed the socioeconomic characteristics of participants of NABARD models II, III, SHGs, and SGSY (Swarnajayanti Gramme Swarojgar Yojana). It was discovered that they outperformed their counterparts in SHGs under SGSY in terms of socioeconomic factors, as they obtained greater loan amounts and borrowed more for agricultural reasons. The findings revealed that after joining SHGs, women members' decision-making power/ability in terms of loan availability, asset development, income and money spent rose. Their engagement in political and social activities has also grown. The SGSY model had the highest proportion of women members engaging in Panchayati Raj Institutions, whereas the NABARD model II and III had a larger involvement of women members in academic and technical activities.

An impact research designed to provide insight into the function of microfinance in empowering women indicates that microfinance has a significant beneficial influence on respondents' self-confidence and bravery, although self-esteem and wealth creation require attention. The study recommends that the microfinance sector should reach out to impoverished women who require a comprehensive spectrum of financial services, including financial literacy (B Revathy and M. Kailash 2012).

Sara Noreen (2011) researched women's empowerment using five indicators: kid health, schooling, child spouse selection, basic items purchase, and loan choice. The findings indicate that age, husband's education, father's inherited assets, marital status, number of living sons, and father's inherited assets all have a significant impact on female empowerment. Furthermore, this study decomposes data based on male and female loan utilization, leading to the conclusion that females who utilized loans on their own performed better than male family members. Finally, it was found that while microfinance was the primary explanatory variable in this study, it had some beneficial impact in empowerment, although not as much as was predicted.

Debadutta Kumar Panda (2009) evaluated the impact of microfinance participation in three Indian states: Orissa, Jharkhand, and Chhattisgarh. The study found that self-help group-based microfinance interventions have a beneficial influence on income, asset position, savings, employment, literacy, consumption, and migration decrease. Household savings had the greatest influence, followed by literacy, migration decrease, employment days, household consumables, education, assets, income, and food spending. Migration was reduced due to increased employment demand from groupinitiated micro-enterprises. Employment days grew as a result of increasing demand from microenterprises and family members' employability.

Nathalie Holvoet (2005) found that decision-making patterns were not homogeneous across different sectors of decision-making. Data from her South Indian study indicate that how direct bank-borrower minimum credit enters the home has little influence on decision-making habits. Women acquire a greater stake in things immediately linked to loan utilization, but they are unable to transfer this into greater participation in other areas of family decision-making.

Kamal Gupta and P Princy Yesudian (2006) employed four indices established by the data set based on the DHS survey98-99 on women's empowerment to assess regional, socioeconomic, and cultural differences in India. The study reveals considerable differences in these indices of women's empowerment across states and socioeconomic and cultural environments in India. Women's education level has emerged as the most important predictor of all aspects of women's empowerment, whereas media and age have appeared as major predictors of some elements of women's empowerment.

 Jyotish Prakash Basu (2006) investigated how a woman's predisposition to invest in safer investment projects is related to her desire to increase her bargaining power in the Hooghly area of West Bengal. The study's empowerment elements included economic decision-making, purchasing power, control over loans, control over income and savings, and family planning. The findings indicated that women's empowerment was developed in a poor form utilizing the variables listed above. It also claims that empowerment is dependent on the choice of investment project and that choosing a safe project leads to greater empowerment for women.

**Conclusion**

Microfinance is doing a wonderful task when it comes to improving the lives of women and helping them invest their money properly. Women can easily avail of microfinance loan assistance and can start their business ventures to change their life forever.

Empowering women has direct effects on poverty reduction. The broader effect on societal values may well be far more significant. There are various influencing factors of women social and economic life structure such as financial resources and level of awareness. Limited access of women to land, housing, collective bargaining power, infrastructure, water, transportation, electricity, family decision, education and unsecure workplace, early marriage, deprived of the right to decide pregnancy and low level of participation in community activities are main obstacle of women empowerment. The growth of microfinance which specifically target to low income individual as potentially useful for the promotion of financial inclusion and addressing some women poverty related issues. Microfinance program have been playing a vital role in the social, psychological as well as economic empowerment of women. It is considered as an entry point or powerful vehicle towards empowering women. Members of MFIs have more control over saving and income generated from the business, the greater role in family decision, greater freedom from family control, participation in social and political activities and increased activities outside activities.

Microfinance is one of the important and strong pillar of economic creation. It also as known as an important engine/vehicle for economic transformation and social change and economic empowerment of rural women's. It becomes catalyst for social change and women's empowerment. Microfinance is a powerful tool for women empowerment. Higher the income, the better the asset position of the borrower. It is essentially the promotion of self-employment. This study proposes a synergetic conceptual framework on the general relationship between microfinance program and women empowerment. This study is based on the theoretical lenses, past literature, the logical explanation and best practices and my work experience. The next step is to test if the proposed conceptual framework and the propositions are academically legit and empirically supported.

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