

## CONTRIBUTION OF MICROFINANCE IN WOMEN EMPOWERMENT- A CASE STUDY OF AKOLA DISTRICT

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### Abstract :

*Microfinance has emerged as a powerful tool for empowering women and combating poverty in rural India. This study examines the impact of microfinance on women's empowerment, focusing on the case of Akola District in Maharashtra. The research objectives include analyzing the socio-economic impact of microfinance on households, exploring the relationship between microfinance and women's entrepreneurial development, and identifying barriers to empowerment. The study employs a historical, descriptive, and analytical research methodology, utilizing secondary data from government sources. The case study of Akola District reveals significant progress in Self-Help Group (SHG) formation and household mobilization through the National Rural Livelihood Mission (NRLM). The SHG-Bank Linkage Program has facilitated access to credit, with a substantial increase in the number of SHGs and loan disbursements over the past five years. Additionally, the Farm Livelihood Program has empowered women through agro-ecological practices and agri-nutri garden initiatives. Key findings suggest that microfinance has enhanced women's financial literacy, decision-making power, and self-employment opportunities. However, challenges persist, including the need for improved loan utilization and addressing cultural barriers. The study highlights the policy and programmatic impact of microfinance, such as the success of the SHG-Bank Linkage Programme and skill development initiatives. The conclusion emphasizes the need for targeted interventions to enhance financial literacy, develop robust support networks, and engage community leaders in promoting gender equality. By addressing these limitations, microfinance can further catalyze women's empowerment and drive sustainable economic growth in rural India.*

**Keywords:** Microfinance, Women Empowerment, Self-Help Groups, Rural Development, Entrepreneurship, Financial Inclusion, Gender Equality

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### Introduction :

*Educate your women first and leave them to themselves; then they will tell you what reforms are necessary for them. In matters concerning them, who are you? –Swami Vivekananda* Over the past few decades, microfinance has emerged as an effective strategy for combating poverty and stimulating economic growth, especially in rural regions of developing nations. The ongoing emphasis on empowering women through specific policies and grassroots initiatives will transform rural India into a more balanced and thriving society. Throughout its 30-year evolution, microfinance has served as a channel for enhancing the lives of nearly 100



million rural households through increased income opportunities. By offering financial services to those excluded from conventional banking systems, microfinance seeks to drive economic development and enhance living conditions. One of the most notable outcomes of microfinance has been the empowerment of women, who frequently encounter systemic obstacles to financial inclusion and economic engagement. This paper assesses how women's transition from loan beneficiaries to entrepreneurs examines both transformative outcomes—like SHGs' role in grassroots leadership—and systemic challenges, including the need for crisis-responsive loan restructuring and stronger NGO-MFI partnerships. By analysing India's unique blend of scale and socio-cultural dynamics, it seeks to bridge the gap between microfinance's individual empowerment potential and its capacity to drive institutional gender equity.

### **Research Objectives :**

- To examine the impact of Microfinance on households' socio-economic conditions.
- To analyse the impact of microfinance on women's financial empowerment.
- To explore the relationship between microfinance and entrepreneurial development among women.
- To identify barriers to empowerment through microfinance.

### **Research Hypothesis :**

- Microfinance increases women's access to financial resources.
- Microfinance has led to elevated socio-economic and political standing of women, leading to positive changes.
- Microfinance positively impacts women's decision-making power within households.
- Microfinance contributes to women's empowerment at the community level.

### **Research Methodology :**

This research study employs a historical, descriptive and analytical research methodology, utilizing secondary data sources relying mainly on official data published by Government of India on Deendayal Antyodaya Yojana- National Rural Livelihood Mission (DAY-NRLM) portal. For this research paper, the case study of Akola District in Indian State of Maharashtra has been selected which comprises of 7 talukas. The secondary data collected through reports is analysed through various tools - charts and graphs.

### **Women Empowerment – Concept :**

Women's empowerment refers to the process by which women gain power, control over their lives, and the ability to make strategic choices previously denied to them. It encompasses various dimensions, including social, economic, political, and cultural aspects, aimed at achieving gender equality and enhancing women's well-being. Women's empowerment is not merely a matter of social justice; it is a critical driver of economic growth. By investing in women's education, promoting equal access to jobs, and supporting female entrepreneurship, societies can unlock significant economic potential that benefits everyone. As such, fostering women's empowerment should be a priority for policymakers aiming for sustainable and inclusive economic development.



### **Microfinance Initiatives :**

Since its emergence in the 1980s, microfinance in India has undergone substantial development. The concept gained momentum through programs like the Self-Employed Women's Association (SEWA), established in 1974, which sought to offer financial services to women in the informal sector. Two main models have shaped India's microfinance landscape are Self-Help Group-Bank Linkage Programme (SHG-BLP) launched by NABARD in 1992 and MFIs, including NBFC-MFIs. The SHG-BLP remains a symbol of empowerment and socio-economic change in rural India. For three decades, it has successfully engaged millions of rural women at the grassroots level, encouraging their participation in financial inclusion and empowerment. NABARD takes pride in the SHG-BLP, the world's largest microfinance program, which currently reaches 17.8 crore households through over 144.22 lakh SHGs, with deposits exceeding Rs. 65,089 crores, as of 2023-2024. The NABARD Report on Status of Microfinance in 2023-2024 indicates that Maharashtra leads in the number of savings-linked SHGs (16.31 lakh) and accounts for 28% of credit-linked SHGs. Also, NBFC-MFIs maintained their market dominance with a 40.4% portfolio share, followed by banks at 32.5% and small finance banks at 17.2% (MFIN, 2023). By March 2022, the number of microfinance loans in Maharashtra increased from 82.89 lakh to 91.66 lakh.

### **Contribution of Microfinance in Women Empowerment :**

Microfinance has become a powerful instrument for empowering women, especially in developing nations such as India. The concept of women's empowerment is complex, encompassing financial autonomy, greater influence in decision-making, and improved social standing. Microfinance initiatives primarily focus on women, striving to provide them with financial resources that can promote their empowerment. Studies show that microfinance contributes to empowerment at personal, familial, and societal levels by improving women's access to financial services, boosting their economic activities, and enhancing their knowledge and abilities. The availability of microcredit enables women to initiate or grow small enterprises, resulting in higher income and asset accumulation. Research indicates that women participating in microfinance programs report greater levels of independent earnings and economic engagement compared to non-participants. For example, microfinance has been associated with improved financial literacy among women, enabling them to manage their finances more effectively and make well-informed decisions about investments and savings. Furthermore, evidence suggests that microfinance increases women's control over household resources. In addition to economic advantages, microfinance plays a vital role in promoting social empowerment among women. Involvement in Self-Help Groups (SHGs) or similar community-based organizations allows women to establish support networks, exchange experiences, and cultivate leadership skills. Studies show that empowered women often assume leadership positions within their communities, advocating for social change and engaging in local governance. Despite the positive effects of microfinance on women's empowerment, several obstacles remain. Critics contend that while microfinance can enhance women's financial independence, it does not necessarily lead to broader empowerment if underlying socio-cultural barriers persist. Additionally, some studies suggest that the emphasis on financial outcomes may overshadow other crucial aspects of empowerment. Nevertheless, addressing the challenges women face in accessing and utilizing microfinance is essential for maximizing



its benefits. Future research should concentrate on developing integrated approaches that combine financial services with capacity-building initiatives to ensure sustainable empowerment for women. This analysis highlights the importance of understanding the complex relationship between microfinance and women's empowerment while acknowledging the need for ongoing evaluation of program effectiveness in achieving broader socio-economic objectives. This research holds significance due to its potential to inform policymakers, practitioners, and researchers about the strengths and limitations of microfinance initiatives. Understanding these dynamics is crucial for designing more effective programs that not only enhance individual livelihoods but also contribute to the overall development of rural communities.

### Case Study of Akola District :

Akola district is situated in the middle east of Maharashtra state. It consists of 7 talukas. Microfinance initiatives carried out in Akola district are under three categories.

#### 1) Progress under National Rural Livelihood Mission (NRLM-EAP) or State Projects.

- Geographical Coverage under NRLM
  - i) Number of Blocks where intensive implementation has started – 7
  - ii) Number of Gram Panchayats – 548
  - iii) Number of Villages – 875

Progress in Intensive Blocks	Akola	Akot	Balapur	Barshitakli	Murtijapur	Patur	Telhara	Akola District
Households mobilised into SHGs	26214	22698	21746	18242	19131	15694	20058	143783
SHGs Promoted	2604	2284	2096	1841	1817	1540	1969	14151
Village Organisations Promoted	5066	4114	3876	3264	3978	2652	3604	781
No. of SHGs provided Revolving Fund	2352	2070	2060	1759	1596	1336	1726	12883
Amount of Revolving Fund disbursed to SHGs (in Lakhs)	352.4	310.4	306.9	261.9	236.6	200.9	264.9	1932.1
No. of SHGs provided Community Investment Fund (CIF)	1313	1273	1946	1225	1616	1538	1320	10231
Amount of Community Investment Fund disbursed to SHGs (in Lakhs)	790.4	777.8	1065	723.6	975	1024.2	786.2	6142.2
Community Resource Person developed	7378	5780	9418	5882	7310	4386	3162	1269

Figure 1: Data related to SHG Progress in 7 Blocks of Akola District

The above data shows the progress of SHG in 7 blocks of Akola District through various parameters such as households mobilised, SHGs promoted, Funds availed through means of Revolving Fund and Community Investment Fund and Community Resource person developed.

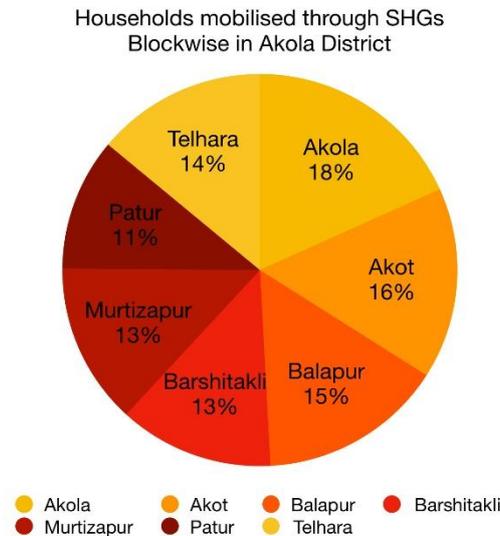


Figure 2: Households mobilized through NRLM SHG

However, the impact of these SHGs is seen through the Households mobilised in Akola District. The above pie-chart shows that the maximum households are mobilised in Akola block, whereas the other blocks shows more or less uniform distribution. Total households mobilised in the district are 1,43,783.

## 2) Progress under SHG-Bank Linkage Program

- Number of SHGs having bank loan outstanding – 15436
- Outstanding loan amount – 15436 crores
- Progress during current 2024-2025
- Number of SHG availed loan amount – 4298
- Amount Disbursed –128.36 crores

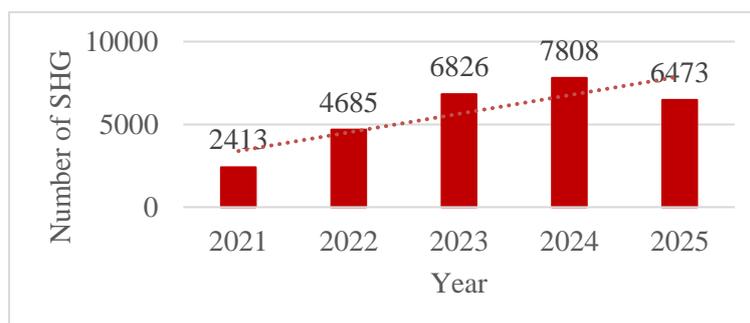


Figure 3: Year wise growth of SHG under Bank Linkage Program

The above chart shows the number of SHGs in Akola District over the period of five year from 2020 to 2025. The target achieved SHGs Promoted in Akola District is mostly 100% over the period of five year. For these SHGs, under Bank Linkage, total loan amount disbursed and outstanding loan amount is shown in the chart below.

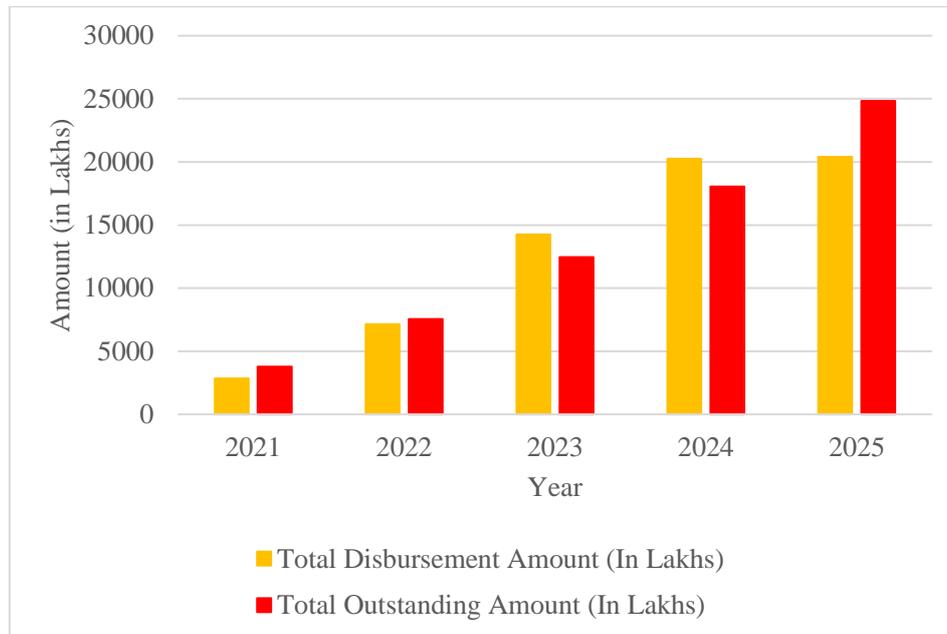


Figure 4: Data on Loans Related to SHG-BLP

### 3) Progress under Farm Livelihood :

Farm Livelihood Progress - No. of Mahila Kisans	Akola	Akot	Balapur	Barshitakli	Murtijapur	Patur	Telhara	Akola District
Covered under Agro Ecological Practice Interventions	3255	3058	3262	3022	3072	3595	2918	22182
Households having Agri Nutri Garden	231	437	449	388	440	399	362	2706
Organised into Farmer Producer Organisations	120	0	0	0	0	0	0	120

The above chart shows the number of Mahila Kisans covered under Farm Livelihood Program of NRLM through SHGs which includes Agro Ecological Practice Interventions, Agri Nutri Gardens and Farmer Producer Organizations in Akola District.

### Key Findings :

- 1) Scale and reach of SHGs has been increased as seen through the membership growth over the last five years.
- 2) From the data related to Households mobilised through SHGs, it can be concluded that the Household income and savings experienced upward mobility, driven by diversified income sources and reduced reliance on informal loans.
- 3) SHGs have facilitated growth in Self-employment seen through progress in farm Livelihood activities as the number of Mahila Kisans under various Agro Ecological Practices and Agri Nutri Garden Initiatives has been increased. This has led to economic empowerment of women.

- 4) SHGs improved women's financial literacy and familiarity with money management, which empowered women to take decisions regarding spending of money.
- 5) Federated SHGs (linked to village organizations) enhanced women's confidence in interacting with local leaders and government officials, particularly among educated members.
- 6) Over 4 lakh SHG women members are trained as Community Resource Persons (e.g., Krishi Sakhi, Bank Sakhi) to lead grassroots initiatives.
- 7) **Challenges and Limitations :**
  - Loan Utilization: Over 48% of SHG loans were used for consumption (e.g., household expenses), while only 19% supported income-generating activities, indicating gaps in financial discipline.
  - Cultural Barriers: Patriarchal norms and caste dynamics continue to restrict women's autonomy in some regions, despite SHG interventions.
- 8) **Policy and Programmatic Impact :**
  - Financial Inclusion: The SHG-Bank Linkage Programme (SHG-BLP) became the world's largest microfinance initiative, covering 16.19 crore households and reducing NPAs to 1.6%.
  - Skill Development: NABARD's Micro Enterprise Development Programme (MEDP) trained SHG members in non-farm sectors, with initiatives like Mahila Kisan Sashaktikaran Pariyojana (MKSP) empowering 1.77 crore women farmers.

### **Conclusion and Suggestion :**

In conclusion, the data on the contribution of Self-Help Groups (SHGs) under the National Rural Livelihoods Mission (NRLM) over the past five years highlights significant strides in women's empowerment across India. With nearly 9.89 crore women mobilized into SHGs, there has been a marked increase in financial inclusion, income generation, and social participation. The initiatives have not only enhanced women's economic independence but also fostered leadership roles and community engagement. However, challenges remain, particularly regarding the utilization of loans for productive purposes and the impact of cultural norms on women's autonomy. However, there is a silver lining where we could enhance financial literacy through targeted financial literacy programs, developing a robust support networks for SHGs that include mentorship from successful entrepreneurs, access to markets, and linkages with government schemes to enhance business viability, focus on Skill Development and engaging community leaders and stakeholders in awareness campaigns that challenge patriarchal norms and promote gender equality, fostering an environment conducive to women's empowerment. By addressing these limitations and implementing strategic measures, SHGs can further enhance their role as catalysts for women's empowerment in India, driving sustainable economic growth and social change.

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