

# IMPACT ASSESSMENT OF MICROFINANCE ON WOMEN EMPOWERMENT THROUGH SUSTAINABLE DEVELOPMENT GOALS

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## **Abstract**

Social change is the process of development. It is more than just a collection of laws and initiatives put in place to achieve specific goals. Achieving equitable and sustainable development continues to be the biggest obstacle facing humanity today. A nation's development path is determined by its citizens' level of awareness. The empowerment of women is a modern concern to bring about sustainable development, regardless of the constituency. Policymakers view women's issues and sustainable development as closely related.

Therefore, among the many strategies to achieve the Sustainable Development Goals (SDGs), women's empowerment may be a careful approach. If a woman has attained any of the three fundamental aspects of economic empowerment, familial, and personal empowerment with their many metrics—she is considered empowered.

In addition to emphasizing the importance those women's empowerment plays in achieving sustainable development goals, the study sheds light on the ways in which microfinance programmes support women's empowerment. According to the survey, women in the study area have greater influence on familial matters than on economic or personal ones. One of the main factors influencing women's empowerment is microfinance, and starting their own business strengthens this relationship even further. It has been discovered that women's empowerment and participation in microfinance activities significantly contribute to the accomplishment of the SDG targets. The study recommends that authorities priorities women's empowerment in order to achieve sustainable development goals. The Independent t-test is one of the many tools and methods utilised in the study for data analysis. Using 200 samples from Allahabad, one of the most populous districts in Uttar Pradesh, a structured questionnaire was used to collect the data for this multidisciplinary empirical study. The study finds that women who participate in microfinance activities have a higher likelihood of being empowered in all spheres of empowerment compared to those who do not.

**Keywords:** Women Empowerment, Sustainable Development Goals, Microfinance, Social change.

## Introduction

Development is a human process that involves societal change rather than merely a collection of laws and initiatives put in place to achieve specific goals. Similar to humans, development is driven by the vigor and desire of those who seek it, who in turn shape the mental processes that propel progress. Material factors do not fuel development. The nation's population awareness determines the course of development. Sustainable development seeks to strike a balance between our social, economic, and environmental needs in order to promote prosperity for both the now and the future. The empowerment of women is a modern concern to bring about sustainable development, regardless of the nation.

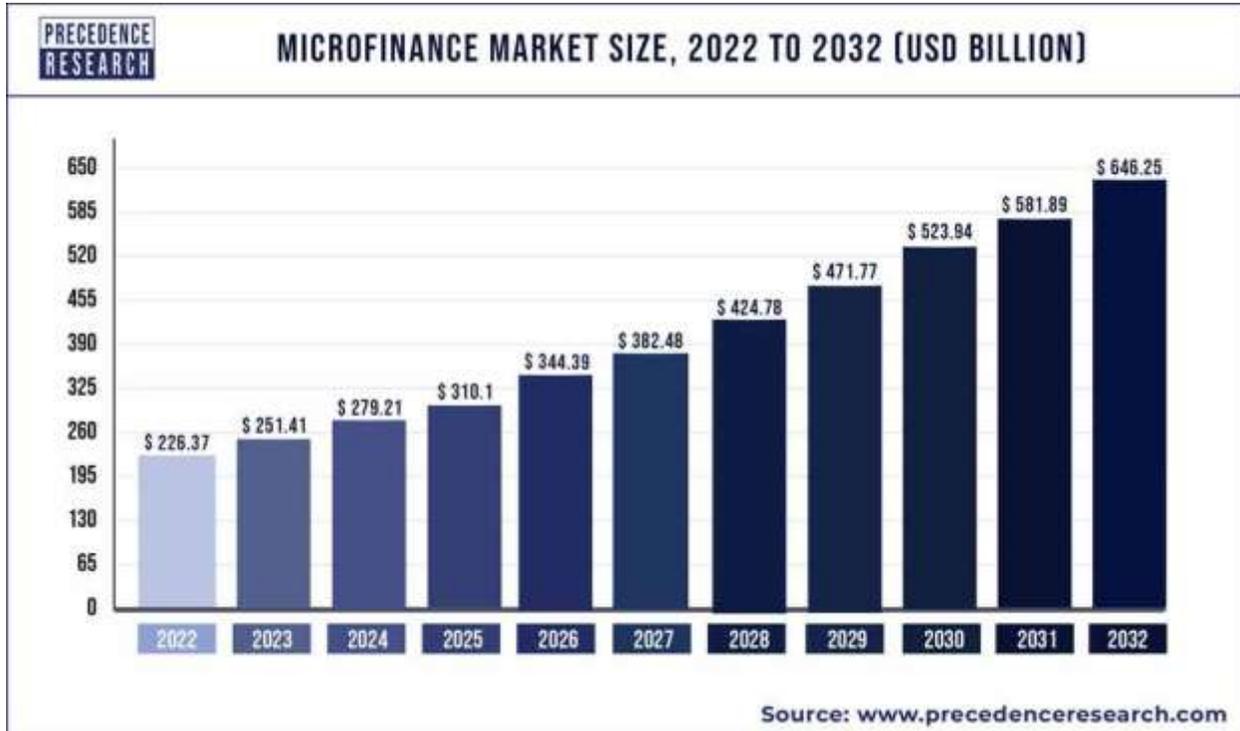
Among the many strategies to achieve the SDGs, women's empowerment is a careful approach. It has been discovered that SHGs and microfinance have the potential to make major contributions to women's empowerment and gender equality. According to Momin & Kalita (2015), microfinance is increasingly being used as a mainstream development intervention for poverty alleviation and impoverished people's empowerment. It also has the potential to improve the socioeconomic development of marginalized and vulnerable groups, particularly women globally.

One of the biggest challenges faced by female entrepreneurs is loan availability. According to estimates from the International Finance Corporation, there is a USD 1.5 trillion credit gap that affects women-led firms worldwide. Their enterprises are frequently informal, home-based, and modest in scope, and concentrated in the industries typically associated with women as a result of their inability to obtain finance. Micro businesses are typically owned by women; these businesses are typically too large for microfinance organizations (whose loan requirements exceed INR 50,000) and too small for banks (whose loan requirements fall below INR 10 lakh). As a result, just 10% of the gross loan portfolio of the majority of financial service providers is made up of women-owned small enterprises.

A loan application usually involves several phases. Since women are twice as likely as males to be turned down for a loan, prejudices could always creep in when lending to them. Because they own less assets in their names and are still subject to the negative effects of cultural norms and historical beliefs, women lack collateral security. Because of this, bank credit is rejected to women-owned firms more frequently, which discourages them from applying, makes them less dependent on it, and results in worse terms for loans that are approved. Women are more likely to be "thin file" clients-that is, to have no official credit history or score-which is another reason why loans are denied. For women, these credit product requirements might not be feasible. Although it may not be a sufficient prerequisite, women's empowerment is thought to be an essential condition for the development process to stabilize and ultimately be sustainable. Because women always feel a little more responsibility for their families, empowering women can be important for both the overall growth of the family and the eradication of poverty. It is consistently seen that women invest a greater amount of their time, energy, and attention towards the well-being of their families. Brigham Young is also credited for saying it well: "You educate

a man; you educate a man." A lady you educate, you teach a generation. As a result, the Sustainable Development Goals and development are centred on the empowerment of women.

### Microfinance and women's economic empowerment



Microfinance institutions are seen as part of a society-based plan to provide various financial resources to the underprivileged and impoverished in order to enhance the quality of life for its clientele. The microfinance industry is essential to helping the community make the transition from building peace to developing the nation. By offering the necessary financial and non-financial services for small business development, the microfinance industry promotes local economic development. Kamberidou (2013) asserts that women are inherently adept at leveraging both material and immaterial resources to forge lasting bonds and foster a collaborative culture. Certain scholars view microfinance as a means of surviving natural disasters and promoting long-term peace.

The provision of self-employment opportunities, increased labour productivity, and higher wage rates are some of the ways that microfinance institution services benefit women economically (UN, 2011). The primary metrics used to quantify the impact of microfinance are sustained variations in household spending, employment rate, and independent income. The impact of microfinance institutions' services can also be directly determined by taking into account increases in indicators like housing patterns, fertility rates, and literacy rates. The community as a whole benefits from changes in enterprise owners' income and opportunities for self-employment.

## Six Dimensions of Women Empowerment Index



Women's voice are powerful forces for progress and change in the pursuit of sustainable development goals. The Women Economic Empowerment (WEE) Index is an effort of Samhita-CGF that aims to measure and promote women's economic empowerment. Taking into account their critical role in promoting economic growth and social change, this all-inclusive tool is made to track and evaluate the achievements of women entrepreneurs in India's vibrant semi-formal and informal sectors.

### Objective of the study

- To determine the elements influencing the respondent's readiness to take part in microfinance activities.
- To examine how women's empowerment and participation in microfinance activities relate to the related SDGs.
- To identify and recommend strategies for achieving the SDGs more effectively through women's empowerment.

### Scope of the study

This research only looks at an individual's personal, familial, and economic empowerment. Due to the respondent's lack of interest in providing accurate information about these issues, other empowerment elements; political and social, which may have a greater impact on an individual's level of empowerment; are not taken into consideration in detail. Since the term "women empowerment" is qualitative, its meaning differs widely across different regions. It does not, therefore, have a universally applicable fixed value.

## Literature Review

In order to gauge the degree of women's empowerment, Dash, M. K. (2022) used an index called "Household Decision Making (HHDM)." Her indications included their ability to choose their own reproductive path, women's decision-making in the home, their use of healthcare resources for themselves and their families, and their voting behaviour.

A composite index of eleven all-inclusive measures of women's empowerment in three stages was established by Najaf, D. E. (2017). to gauge the degree of women's empowerment in the context of Bangladesh. First, a single indicator's empowerment index was created using a variety of sub-indicators with both equal and unequal weights. Next, composite indices, or overall empowerment indices, were created by dividing various variables into equal and unequal weight categories. The empowerment index is distinct since it is stated as a percentage and does not rely on a measuring scale.

A complete empowerment measure, where empowerment is seen as capability enhancement, was attempted to be provided by Melkamu, G. (2023). The Empowerment Index was estimated using the Health, Knowledge, and Autonomy capability scores as constituents. To highlight the impact of each capability score in creating the latent Empowerment Index, a structural equation model known as the "Multiple Indicator Multiple Cause model" was employed.

The impact of microcredit on women's empowerment in Punjab State's rural areas was measured by Kapila et al. (2016) using a women empowerment index. The respondents' responses to a range of carefully chosen indicators of women's empowerment were ranked from 1 to 5 in order to create the women empowerment index. After that, an aggregate index was created by adding the values of all the indicators. It was determined that a person with a high empowerment index score was more powerful than a person with a low overall score.

Samineni, S., & Ramesh, K. (2023), there are five broad dimensions that may be used to measure women's empowerment on an individual basis: the "activity domain," "knowledge domain," "health domain," "domestic autonomy," and "social interaction." The study divides the five chosen domains into "input domain" and "output domain." Indicators that can be used to quantify the degree of empowerment at the person level are then chosen under each category in order to gauge the impact of each one. Each indicator's attached weights are taken to be equal and add up to one.

Abbas, G. (2022). developed an empowerment index to gauge the influence of Self-Help Groups (SHGs) on the empowerment of women. To create the empowerment index, the weighted indices were utilised. The scores associated with answers to all of the variables chosen for the study were added, and the resultant added score was divided by the maximum number of potential added scores to create the empowerment index.

Niaz, M. U. (2022), the Bandhan microfinance scheme is significantly contributing to the social and economic advancement of economically exploited and socially disadvantaged women in the Gorakhpur region by offering and encouraging entrepreneurship opportunities. It has been discovered that women's empowerment through entrepreneurship is significantly impacted by Bandhan Microfinance loans and their productive use.

Mengstie, B. (2022). Authors sought to evaluate how women's empowerment in the Paschim Medinipur area of West Bengal is impacted by microfinance institutions and numerous aspects related to them. They discovered that MFIs play a significant supportive role in the social, economic, and psychological empowerment of women borrowers in the West Bengal district that was chosen.

Datta, S., & Sahu, T. N. (2017). Calculates the effect of Self Help Groups (SHGs) on women's empowerment by utilising information gathered from primary and secondary sources in West Bengal's Murshidabad District. The study's findings show that women's empowerment significantly increases when they participate in microfinance activities as members of Self-Help Groups. The outcome also revealed that, in comparison to non-participants, SHG participants clearly demonstrated a considerable and higher level of empowerment.

Razak, D. A. (2020)., the numerous microfinance initiatives, such as self-help groups (SHGs), are encouraged and supported due to their substantial financial benefits for the economic empowerment of women. The research results from the districts of Nadia and Murshidabad in West Bengal suggest that increased availability of microfinance credit has an adverse effect on economic empowerment—that is, choices about credit and spending.

### **Research Methodology**

The first step in this research's technique is setting up the process for gathering a significant amount of trustworthy and solid data. The specific steps taken to investigate the research problem, gather and analyze data through the development of hypotheses, and conduct an analysis are then covered in detail. Finding and choosing the operational definition of research variables is a challenging step in this process because it entails analyzing an individual's traits, characteristics, or other measurable factors with varying values that affect the phenomenon of interest to the individuals.

In order to gather primary data—that is, to examine how SDGs has contributed to microfinance activities of women in the Allahabad district—random sampling was used to ensure that the sample was clearly representative of the population and that the study's goal of measuring variables distributed in a population would be met. Since an inductive technique is used, the results of a sample study can be applied to the entire population. To find out all the pertinent information for this, a thorough investigation and analysis were carried out; essentially, primary data was gathered and examined.

### **Sources of data**

Primary and secondary sources are the two categories of data sources. Data is gathered for the current investigation from both sources. Individuals are surveyed to obtain primary data. It has been discovered that gathering data in-person with the aid of a questionnaire is more effective and provides sufficient data with less distortion.

The academic database, open journals, books, and relevant departmental annual reports—such as those from the Department of Planning and Statistics, the Department of Women & Child Development and Social Welfare, AMFI-WB, Bandhan Financial Services Pvt. Ltd., and

others—are the sources of secondary data used in this study. The majority of secondary data is gathered from scholarly databases in order to guarantee data dependability. The National Bank for Agriculture and Rural Development (NABARD) provided information that led to the discovery of studies and websites about microfinance; the study also makes use of the SDGs. The analysis of earlier studies and the references to other publications released by the federal and state governments also make up the secondary data.

### **Tools Used:**

The survey that was performed on 200 respondents, representing a range of age groups, yearly incomes, job statuses, and risk tolerance levels, was the primary data collection method. Thirty-five open-ended questions made up the questionnaire. Personal interviews were used to gather survey responses, necessitating a great deal of fieldwork, in-depth questionnaires, and repeated trips to Allahabad's villages.

### **Geographical Layout:**

One of the most populous states in India is Uttar Pradesh, which includes Allahabad District. Varanasi District is to the east, Chitrakoot and Kasambi District is to the west, Pratapgarh and Jaunpur District is to the north, Rewa District in the state of Madhya Pradesh is to the south, and Mirzapur District is to the southeast of Uttar Pradesh. Breadth is 109 km from north to south and length is 117 km from east to west. The district of Allahabad is estimated to be 5437.2 square kilometres in size.

### **Results & Discussion:**

One of the most populous districts in the state of Uttar Pradesh, Allahabad has a high percentage of people living below the poverty line. Despite recent indications of improvement, such as the elimination of poverty in a number of fiscal and non-fiscal areas and an improvement in the security and well-being of all rural and urban poor, the Allahabad district continues to face formidable obstacles. The vulnerable are a diverse group that includes the impoverished in material terms, those with low human development, and those who live in unstable and dangerous environments where women and members of scheduled castes are ostracized. Poor levels of possessions and no assets with poor or unpredictable returns (public goods and services, private and social capital) are the root causes of poverty. Increasing economic opportunities, determining whether those living below the poverty line can benefit from newly expanded opportunities in the modern era, and providing a safety net to reduce vulnerability and protect the extremely poor and destitute are the three main challenges Allahabad district faces in its efforts to eradicate poverty.

### **Variables related to Sustainable Development Goals**

The Sustainable Development Goals, sometimes referred to as the Global Goals, are an international effort to eradicate poverty and safeguard the environment in order to guarantee that everyone lives in harmony and prosperity.

The SDGs are the successor of the Millennium Development Goals (MDGs), an international initiative that was started in 2000 to address the degrading effects of poverty. The 17 Sustainable Development Goals are interrelated, meaning that achieving one affects achieving the others. To

put it briefly, this is our best chance to improve the quality of life for coming generations. The SDGs are unique in that they address challenges that affect all of us. According to the study's goal, it will be determined whether or not empowered women can make a major contribution to the achievement of particular Sustainable Development Goals.

### **Empowerment Indicators and its variables**

The process of empowerment is complex and includes a number of elements that give women more control over their life. The idea of women's empowerment is comprehensive. It is believed that a woman has reached full empowerment when she is financially independent, enjoys positive connections with her family and friends, and is in good psychological health.

Women's empowerment is influenced by various socio-demographic factors. This phrase is qualitative. It covers a wide range of topics, including raising awareness, expanding access to resources, organising women into organisations, mobilising them, and more.

<b>Indicators</b>	<b>Variables</b>
Autonomy and Mobility	<ul style="list-style-type: none"> <li>• Duration of recreational activities.</li> <li>• Help received for daily household chores.</li> <li>• Capable of doing banking tasks.</li> </ul>
Standard of living	<ul style="list-style-type: none"> <li>• Spending on electronic devices and lighting.</li> <li>• Spending as a charitable contribution on social events.</li> </ul>
Gender Equality	<ul style="list-style-type: none"> <li>• Involved in determining how family income is allocated to cover household expenses.</li> <li>• Participating in the choice of family planning.</li> </ul>

### **Women engaged in microfinance activities**

<b>Economically empowered women engaged in microfinance activities</b>	<b>Frequency</b>	<b>Percent</b>
Not engaging in any entrepreneurial endeavours	80	40
Engaging in business ventures	120	60
<b>Total</b>	200	100

**Demographic profile of the Study****Age wise Classification of Respondent**

Age	Number of Women Participants Based on Age group	Percentage
21-25	62	30.25
25-30	58	46.23
31-35	56	9.52
35 and Above	18	14.00
Total	200	100.00

**Qualification wise Distribution of the respondent.**

Qualification	Number of Women Respondent	Percentage
HSC	60	15.43
Bachelors Degree	90	64.81
Masters Degree	20	6.17
Professional Degree	20	6.17
Other	10	5.56
Total	200	100.00

**Hypothesis of the Study**

1. The degree of economic empowerment attained by women involved in microfinance.
2. The degree of personal empowerment among women involved in microfinance.

## Data Analysis and Interpretation

### H1. The degree of economic empowerment attained by women involved in microfinance

Particulars	N	Mean	Standard Deviation	t-test for Equality of means (Equal variances assumed)		
				t- value	df	Sig.
Not-engaged in microfinance activities	100	0.2315	0.10976	-6.703	198	0.000
Engaged in microfinance activities	100	0.3421	0.10142			

At the 5% level of significance, it is noticed that the mean EEI value of the females who were involved in microfinance activities was greater (0.3421) than that of the women who were not involved in microfinance activities (0.2315). Accordingly, women who participate in microfinance activities have a considerably higher level of economic empowerment than those who do not ( $t = -6.703$ ).

### Discussion

In the research area, women's economic empowerment is not determined to be at a suitable level. According to the study mentioned above, women who participate in microfinance operations have greater economic clout. In the study sample, the woman with the greatest EEI is not involved in microfinance activities. When examining this data in terms of the proportion of economically empowered women in each group—that is, women who participate in microfinance and women who do not—it may be deemed an anomaly. Additionally, it is discovered that the proportion of economically empowered women in the group of women who participate in microfinance activities is nearly twice that of the similarly situated group of women who do not.

### H 2. The degree of personal empowerment among women involved in microfinance

Particulars	N	Mean	Standard Deviation	t-test for Equality of means (Equal variances assumed)		
				t- value	df	Sig.
Not-engaged in microfinance activities	100	0.2478	0.13421	-2.472	198	0.000
Engaged in microfinance activities	100	0.3289	0.1273			

At the 5% level of significance, it is found that the mean PEI value of the females who were involved in microfinance activities was greater (0.3289) than that of the women who were not involved in microfinance activities (0.2478). Accordingly, women who participate in microfinance activities have a significantly higher level of personal empowerment than those who do not ( $t = -2.472$ ).

### **Discussion**

Women who participate in microfinance initiatives feel more empowered personally. Women who participate in microfinance activities become more self-reliant and self-assured since they have to leave their homes to attend group meetings, visit banks to obtain loans, and perform numerous other related tasks. When necessary, they can go alone and with confidence. They become more knowledgeable and aware of the range of financial activities and products accessible to them through social gatherings with other group members and, occasionally, meetings with bank officials and representatives of non-governmental organisations. Instead of limiting themselves to household chores, they are actively participating in various local political activities and expanding their exposure to the outside world.

### **Conclusion**

Research indicates that microfinance enhances women's financial autonomy and empowerment in rural regions. It is giving women more chances to start their own businesses. When obtained microcredit is used for income-generating activities rather than consumption, it has been observed that microfinance significantly strengthens the impoverished women members in their fight against poverty. Due to the low percentage of self-employed women in the research region, it is discovered that the microfinance program's primary objective of assisting the individual in engaging in income-generating activities is overlooked.

The process of development promotes advancement and constructive alterations in the physical, environmental, social, economic, and demographic domains. The goal of every development process is to improve population quality of life while avoiding harm to the environment. The process of development takes time. It's a continuous procedure. Although gender-related issues are complicated, the Sustainable Development Goals can only be expedited if these difficulties can be effectively handled. The entire society will inevitably be impacted by development if it can be implemented at the micro level. Thus, the contribution of women to reaching the SDGs on an individual basis was the main emphasis of this study.

Women in the study region do not currently have a suitable level of economic empowerment, so it needs to be raised. Women who participate in microfinance activities have been reported to have more economic empowerment. As a result of having to pay back a portion of the microcredit they received from the group on a weekly or monthly basis, women who participate in microfinance activities have the opportunity to become financially independent and are also encouraged to develop a savings habit.

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