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**CERTIFICATE NO : ICRESTMH /2024/C0824864****A Review Study on The Contribution of Microfinance to The  
Empowerment of Women with Special Reference To  
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**ABSTRACT**

The empowerment of women in Paschim Bardhaman can be achieved through the provision of microfinance in a number of different ways. These include the provision of economic independence, the enhancement of decision-making capacity, the building of confidence, and the improvement of socio-economic well-being through loans through Self-Help Groups (SHGs). Through participation in these initiatives, women are provided with the chance to initiate or expand micro-businesses, reduce their need on financial support, and play a more active role in the life of their households and communities. Nevertheless, challenges such as a lack of financial literacy and socio-cultural barriers continue to persist. As a result, it is vital to provide support and create programs that are focused in order to make the maximum possible impact. There are a substantial number of women who do not have the level of financial literacy that is necessary to take advantage of the opportunities that are made available by microfinance loans. When women have access to microcredit, they are able to start or expand microbusinesses in a variety of industries, including commerce, textiles, and food services, among others. Because of this, they are able to maintain a steady income and lessen their reliance on members of their family who are of the same gender.

**Keywords:** Self-help groups, microfinance, empowerment, rural, flexibility, etc**1. INTRODUCTION**

One of the most important issues that has to be addressed in nations that are still in the process of developing is the empowerment of women. Women are able to achieve progress and self-realization through the process of empowerment, which ultimately results in an increase in their standard of living. Empowerment is a comprehensive process that helps women achieve these goals. In terms of the degree to which they are empowered, there is a very low level of empowerment in rural areas.

They have the ability to make modest purchases, the flexibility to move about freely, and the opportunity to participate in the decision-making process about economic and financial matters. These are all perks that they enjoy. Despite the fact that women is a vital part of society, she is typically regarded in a manner that is inferior to that of males. Through its engagement in economic



activities, microfinance offers a substantial contribution to the enhancement of women's decision-making. This contribution is made possible by the fact that microfinance empowers women.

Microfinance refers to a specific range of financial services that are designed to cater to the needs of people and small enterprises that have limited or no access to traditional banking and its associated services. Microfinance encompasses a range of financial services, such as microcredit, which involves the supply of modest loans to those with little financial resources. Additionally, it covers the facilitation of savings and checking accounts, microinsurance, payment systems, and several other related services. Microfinance services are specifically developed to cater to those who have been excluded from traditional financial systems, often those belonging to lower socioeconomic sectors, perhaps facing social marginalization or residing in remote areas. The primary objective of these services is to facilitate their journey towards achieving self-sufficiency. ID Ghana serves as a paradigmatic illustration of a microfinance organization.

The foundation of the concept of microcredit was the notion that talented individuals living outside of established banking and monetary systems in developing nations may enter an economy with the help of a small loan. The recipients of this kind of microcredit could reside in barter economies where real money is not traded.

Most people credit economist Muhammad Yunus with developing the Grameen Bank model, which is the basis for modern microcredit. In order to fund their own modest companies, a group of women in Bangladesh began this scheme in 1976 by borrowing \$27. After repaying the money, the women were able to continue running the company.

## 2. REVIEW OF LITERATURE

**Belay Mengstie (2022)** the goal of women's economic empowerment is to increase their participation in decision-making, their income, and their ownership of assets. Researching how microfinance has contributed to women's economic independence is the primary goal of the study. A total of 346 female microfinance clients filled out the survey that provided the data. The study employed paired sampling t-test and multiple regression to analyze the data. There is a substantial relationship between women's economic empowerment and age, marital status, education level, credit amount, and number of trainings, according to multiple linear regression data. On the other hand, women's economic empowerment was unaffected by prior business expertise. Income, assets, and savings all showed statistically significant changes between the pre- and post-microfinance service periods, according to a paired sampling t-test. By raising women's levels of asset possession, enhancing their monthly savings amount, and boosting their independent income, microfinance has a substantial positive impact on women's economic empowerment. Additionally, the study demonstrated that microfinance enhances women's exposure to business and fosters their entrepreneurial development.



**Rashmi Pathak and Ashok Kumar Mishra (2022)** asserted that women make up 48.15 percent of India's population and that, for various reasons (including social, cultural, educational, political, and economic ones), the country has failed to fully tap into women's potential. As a result, women in India lag behind men in a wide range of metrics, such as political influence, wage control, education, self-esteem, economic autonomy, social safety nets, wealth, familial relationships, harassment, discrimination, and so on. The empowerment of women is crucial if we are to solve the difficulties that women face. Consequently, women have grown into an important part of the economy and society in countries like India and others that are still in the process of growing, and the idea of women's empowerment has been more popular in recent years. One definition of empowering women is "creating power within" and another is "enabling" them to have a good influence in their homes, neighbourhoods, and nation. Empowering women allows them to reach their full potential in all areas of society and life. A number of benefits accrue to "women" when they are empowered, including financial stability, ownership of assets, increased worth, and security. The purpose of this article is to provide a comprehensive overview of the literature on self-help groups (SHGs), exploring their effects on women's economic, social, and political empowerment as well as the role of microfinance in improving the socioeconomic status of SHG members.

**Kalyani Raghunathan et al. (2022)** said that in many developing nations, microfinance organizations constitute a major source of small-scale rural loans. Based on small-scale initiatives, the data on the influence of the now-commonplace women-only savings and credit self-help groups (SHGs) on family spending and asset accumulation in India is equivocal. Furthermore, the durability of consequences at scale remains largely unknown. To evaluate the effect of SHG participation on household consumption and asset ownership, we utilize panel data on over 2500 families from five states in India. We find modest but substantial effects of SHG participation on household spending and livestock ownership over a four-year period. The effect of membership length is marginal and suggests that the early effects could diminish as the program grows, but our ability to make conclusions is limited by small sample numbers. The supporting data on routes is strong; related research demonstrates that membership in SHGs enhances access to entitlements, empowerment, and knowledge. Even while the rural poor may not be able to fully benefit from SHG participation due to limitations in their access to credit, the advantages of these organizations may be amplified by effects along these other paths.

**Emmanuel John Kaka (2022)** claimed that microloans are largely dispersed by women in Nigeria. Their cultural marginalization, lack of decision-making authority, and economic vulnerability all contribute to their precarious status in society. However, there is evidence from studies conducted in Nigeria and elsewhere that microfinance has significantly raised women's status. The objective of this research is to determine how microfinance has contributed to the emancipation of women in Nigeria. Personal, in-depth interviews provided the qualitative data utilized in this study. Ten participant samples were selected using a purposive sampling technique. Microfinance has a good impact on group unity and continuity in microfinance, decision making, business income, improved



asset possession, children's education, and women's expenditure, according to the study.

**Sobha et al (2021)** asserted that empowering women essentially means elevating the economic, social, and political standing of historically oppressed women in society. Safeguarding children from various forms of abuse is part of it. One aspect of women's empowerment is working to create a political and social environment free of the oppression, exploitation, fear, discrimination, and overall pervasive oppression that women experience when they are part of a traditionally male-dominated institution. There are far fewer women than males in India, despite the fact that women make up about half of the global population. When compared to men, they do not enjoy the same social status in certain areas. Across the board, women in Western countries have equal rights and status to males. But gender bias and sexism are still problems in India today. The role of women in Indian society will thus serve as the central focus of this essay.

**Neelam Kaushal et al. (2021)** They emphasized that microfinance is a potent new tool for women's empowerment, especially in rural areas. It helps the economically disadvantaged get their small businesses off the ground by lending them a little money. Microfinance Institutions (MFIs) and Women's Empowerment are the subjects of this call for papers, the purpose of which is to identify important figures, areas of current research, refinements, and proponents of new directions for the sector. In order to assess the research that has taken place on this topic, 395 documents were retrieved from the Scopus database and subjected to bibliometrics and network analysis (NA). This study will lay the groundwork for future research on microfinance institutions (MFIs) and women's empowerment by illuminating the concept, its implications, and the current state of the field from a variety of angles, including bibliometric analysis, network analysis, and initial data structures. This study differs from others in that it mapped out the entire area of research by combining bibliometrics with network analysis to decipher the IS.

**Khursheed, Ambreen et al. (2021)** declared that expanding global development projects relies heavily on empowering women, which is essential for both social and economic progress. Prior studies have demonstrated that there is some disagreement over how microfinance affects women's empowerment. Microfinance, according to several studies, helps women increase their income, which provides them greater agency to deal with cultural disparities. Some claim that the fact that most micro-loans go to men rather than women is a gross devaluation of women. To find the best articles on microfinance's effects on women's autonomy and social empowerment, we conducted a word cloud search. From the 54 publications that made it into this report, the vast majority found that microfinance helped women gain independence. Because of gender and sociopolitical differences in the empowerment metrics utilized, some studies came to conflicting conclusions. The literature review on microfinance and women's empowerment is a distinctive feature of this study.

**Long Bui Thanh (2021)** stated that in recent years, most microfinance programs have focused on gender issues with significant support given to poor female clients with the goal of facilitating their access to capital. An interesting fact to be considered is that women are regarded as wonderful



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TECHNOLOGY, MANAGEMENT AND HUMANITIES (ICRESTMH – 2024)

25<sup>TH</sup> AUGUST, 2024

clients, as they appear to engage in a more efficient manner in the saving process and the repayment of microloans when compared to men. In low-income households, women are disproportionately expected to take charge of household finances, according to the available literature. One of the most important ways that microfinance institutions in Vietnam are working to empower women, reduce poverty, and increase financial inclusion is by partnering with women's unions. Microfinance services have been made available to members of Vietnamese women's unions through partnerships with both official banks and non-governmental organizations (NGOs). Political and social change in Vietnam is so greatly influenced by women's unions. Poor women can have access to formal micro-credit lending facilities through the collective guarantee enabled by the WU as part of their membership. On the other hand, microfinance institutions also provide financial services as women's unions provide non-financial services such as guarantees, training in business, health and legal advice; to which are also allied the services of managing and supporting the effectiveness of microfinance performance along combined targets of economic growth, gender equity, and sustainable development. The four research papers that make up this study focus on the following four areas: i) Vietnamese Microfinance Notes ii) Can Microfinance Tools Lift Low-Income Women Out of Poverty ? iii) Microfinance's Impact on Women's Empowerment: A Global Perspective on Sustainable Practices in Vietnam iv) Vietnamese Microfinance as a Tool for Gender Equality. This study employs a mixed-method approach to examine the effects of microfinance on women's empowerment in Vietnam. While the study found that microfinance services had a negative effect on women's empowerment, it did find that women could become more empowered once they had been members of the women's union for a while.

**Al-shami, S.A. et al. (2021)** stated that microcredit funding is widely regarded as a development strategy for empowering women and reducing poverty. However, research on the effects of microfinance has shown conflicting results, with some finding no impact at all and others finding detrimental outcomes. Therefore, the purpose of this study was to examine the effects of microcredit from Al-Amal Bank on the economic independence of Yemeni women. Yemen is one of the poorest Middle Eastern countries. Household surveys, propensity score matching, and a panel dataset were used to limit the potential influence of intangible variables. Microcredit significantly increased both monthly household earnings and total asset values, according to the empirical results. Microcredit helped women start businesses and earn more money, which boosted household income and spending. However, it had no effect on women's agency or choice under the patriarchal structure that is prevalent in Yemen and other Arabian countries. The results of the study add to what is already known in three ways, both conceptually and practically. To begin, new evidence of the impact of microcredit interactions on several aspects of women's empowerment in Yemen was found. In addition to adding to our understanding of empowerment theory, this study sheds light on how microcredit affects many aspects of women's economic and social empowerment. Finally, the effects of microcredit on women's empowerment were mirrored in the ways in which societal and familial traditions impacted women's characteristics and ways of life. Rather than depending on government





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TECHNOLOGY, MANAGEMENT AND HUMANITIES (ICRESTMH – 2024)

25<sup>TH</sup> AUGUST, 2024

and foreign agencies, this study advises Yemeni and other nations' policymakers to provide financial services for self-development in order to alleviate poverty and empower women.

**Kumari et al. (2020)** in their paper discussed about Women Empowerment. Women's empowerment is a requirement for both sustainable development and the achievement of the Millennium Development Goals (MDG), according to the World Bank. A key component of women's empowerment in literature has been identified as economic empowerment. Women's economic empowerment would increase their participation in the labour force, which would be a key component of the nation's inclusive growth. Increased economic empowerment has a direct impact on women's increased ability to make decisions and on their financial security. This essay's major goal is to offer a comprehensive analysis of the causes and effects of women's economic empowerment. For future studies and policy makers, a thorough analysis of women's economic empowerment is presenting as a crucial subject. Based on the prior literature, a comprehensive summary table and an integrated framework are offered. The study's findings led to the identification of five key factors that influence women's economic empowerment, including decision-making ability, control over how money is spent and earned, leadership in the community, control over time management, and financial security. Among all of the effects, inclusive growth stood out as the primary effect. Policymakers can use the compilation of factors that influence women's economic empowerment to help them decide which factors are most important in advancing this empowerment and to create new economic plans that will help them achieve inclusive growth, which is one of the main effects of women's economic empowerment. This study offers a relevant overview and an integrative framework of existing research on women's economic empowerment and, its antecedents and implications. As new vistas open for advancing economic empowerment leading to inclusive growth. This work makes a contribution to the field of economics by combining a large body of research on a crucial economics topic and by providing a wide range of study directions. Women's economic empowerment, decision-making, control over how money is spent and used, community leadership, time management, and financial security are some of the terms used.

**Folayan et al. (2020)** in their paper attempted to ascertain whether there were correlations between indicators of processes, outputs, and outcomes of women's empowerment and the prevalence of early childhood caries (ECC) in light of the relationship between early childhood caries (ECC) and maternal social risk factors. Indicators assessing the explanatory variables, economic empowerment, decision-making, and violence against women, were chosen for this ecological study from the WHO database and the Integrated Results and Resources Framework of the UN-Women Strategic Plan 2018-2021. From a published literature, indicators measuring the outcome variables—the prevalence of ECC in children between the ages of 0 and 2 years and 3 and 5 years—were taken. The general linear models that were used to find the relationship between the result and explanatory variables were modified to account for the economic development of the various nations. A partial eta squared (2), 95% confidence intervals, and regression estimates (B) were calculated.



### 3. CONTRIBUTION OF MICROFINANCE TO THE EMPOWERMENT OF WOMEN IN PASCHIM BARDHAMAN DISTRICT

Microfinance enables women to achieve empowerment by granting them financial independence through the revenue production of micro-enterprises, enhancing household decision-making and social standing, and increasing self-confidence. Although particular data for Paschim Bardhaman is limited, overall trends indicate that microfinance, which is frequently funnelled through Self-Help Groups (SHGs), empowers women to engage in companies, participate more actively in communal affairs, and achieve psychological growth. On the other hand, issues like as elevated interest rates, a limited understanding of financial literacy, and sociocultural restrictions might serve as obstacles to its efficacy, highlighting the necessity of supporting policies and integrated support systems in the region.

Microfinance gives women the money they need to start enterprises in industries including trading, food services, and textiles, which increases their income and helps them become financially independent. Higher microenterprise revenue helps improve children's education, health, and nutrition in the home, raising everyone's standard of living. Women who take part in Self-Help Groups (SHGs) linked to microfinance programs are able to learn from one another, exchange ideas, and create peer support networks.

### 4. CONCLUSION

In the context of women's development, empowerment can be defined as the process by which a woman takes charge of her life and the things happening around her by recognizing, facing, and eventually conquering challenges. This dynamic and multi-faceted method aims to empower women to embrace their true selves and excel in all aspect of life. The rural poor have shown they can form self-help groups and gain economic and financial stability with the help of non-governmental organizations and microfinance institutions. A number of studies have shown that women's empowerment is affected by the availability of credit.

Consistent increases in thrift show that group members' confidence is rising, making it a crucial measure of a group's success. The SHGs mostly engage in the collecting of thrift items. Extremely high-interest loans from professional moneylenders and others are a common way for the impoverished to cover unexpected expenses like food, clothing, and transportation. The rural poor have benefited greatly from SHGs, which have helped them develop the habit of saving and have mobilized their savings for the common good. It is imperative that both the government and NGOs adopt a 'credit with social development' strategy that goes beyond simply providing credit. Better outcomes in alleviating poverty and empowering women can be achieved by carefully crafting policy implications and program features.

Offering small loans to low-income individuals is known as micro-credit. The term refers to the practice of lending modest sums of money to individuals or groups without requiring collateral in



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TECHNOLOGY, MANAGEMENT AND HUMANITIES (ICRESTMH – 2024)

25<sup>TH</sup> AUGUST, 2024

order to fund their self-employment or revenue production endeavours. Women are now significantly less dependent on men for financial matters because to a new microfinancing plan and self-help groups (SHGs). The economic independence of women and their empowerment have been aided by this. Evidence from a number of Self-Help Groups (SHGs) shows that low-income rural residents are adept at handling money and credit. In place of financial subsidies, their ability to engage in economic activity depends on the availability of sufficient credit in a timely manner.

Finally, the microfinance industry has shown resilience and flexibility by overcoming pandemic obstacles and adapting to new laws in the past few years. Despite promising tendencies in PAR reduction, NPA improvement, and portfolio expansion, ongoing monitoring is necessary to ensure sectoral stability. A complex pricing system is required by the RBI.

To ensure that government programs are benefiting the intended recipients, it is essential to monitor their implementation. The government may address many of the issues faced by microfinance institutions and small businesses. Among these, you can find measures to build up the required infrastructure, train employees better, and make sure everyone follows the rules. If the government is serious about achieving inclusive and sustainable economic growth, it must remove these barriers and create conditions so small businesses and the microfinance sector may thrive. Researchers in the field of microfinance will find this study useful for planning future studies.

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