From Pennies to Prosperity: Study on Microfinance Outreach, Access, and Economic Empowerment Of Women in India

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Abstract

This article provides a comprehensive overview of NABARD's performance, microfinance access, and cross-country experiences. It investigates the causation between microfinance outreach and women's empowerment, with a focus on Self-Help Groups (SHGs). The study analyzes data collected by various authors from SHG members in the SGSY program, supplemented by data from NABARD Annual Reports and other sources. It develops indices to measure microfinance dispersion and access, evaluates women's empowerment in economic and financial aspects, identifies regional variations through ANOVA, and explores the connection between microfinance and women's empowerment through regression analysis conducted by various authors.

The findings reveal a clear link between microfinance and women's empowerment, emphasizing its transformative impact on gender dynamics. The research also highlights positive effects on income, assets, and consumption, though results vary by region.

The Andhra Pradesh crisis is attributed to long-standing credit practices worsened by 1990s neoliberal reforms. The article advocates a shift from financial sector reform to microfinance reform, emphasizing the streamlining of the priority sector, monitoring mandatory microcredit, and fostering a competitive microfinance environment.

Keywords: NABARD, Micro Credit, SHG-BLP, Financial Inclusion, Women Empowerment, Credit, income, savings, economic empowerment, social empowerment.

Introduction:

"The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives."

- UN Secretary General Kofi Annan,
(29 December 2003, announcing 2005 as the International Year of Microcredit)

India's governments, since gaining independence, have consistently stressed the connection between providing financial access and reducing poverty, influencing global efforts. They established rural cooperative credit banks in the 1950s and nationalized commercial banks in 1969, leading to more rural bank branches. State-owned banks were pivotal in the 1970s and 1980s, offering low-cost loans to reduce dependence on informal moneylenders. The 1990s saw interest rate deregulation, more banking competition, and the growth of microfinance, especially through NGOs and self-help groups, known as 'SHG Bank Linkage.' Despite this, informal lenders still thrive in rural India. Expanding financial access for India's rural poor, addressing their diverse financial needs through flexible and affordable products, is a significant challenge. However, the government can foster innovation and provide opportunities in this vast and diverse country.

Microfinance within the Indian landscape caters to the financial needs of those in the low-income bracket who would otherwise be bereft of such services. It operates through two main methods: the Self Help Group–Bank Linkage Programme (SHG-BLP) and Micro Finance Institutions (MFIs). The industry encompasses five player categories: Banks, NBFC-MFIs, Small Finance Banks, NBFCs, and Non-profit MFIs, with regulatory oversight by RBI, except for Non-profit MFIs, managed under relevant Acts. NGOs also contribute by aiding SHGs in capacity building and non-financial roles.

Microfinance within the Swarnjayanti Gram Swarozgar Yojana (SGSY) & SHG Bank Link Model

The microfinance program within SGSY aims to expand the availability of small financial services primarily through Self-Help Groups (SHGs), with a particular emphasis on groups of women. The Self-Help Groups (SHGs)-Bank Linkage program was initiated by NABARD in February 1972 to address the shortcomings of the Indian government in extending financial services to the underprivileged. The core strategy of the SHG-Bank linkage program revolves around the formation of compact, unified groups among the impoverished. These groups are motivated to regularly pool their savings, which are subsequently employed to provide small, interest-bearing loans to their members. This initiative involves collaboration between NGOs and banks, with a specific focus on reaching out to the disadvantaged, particularly women, to establish these small, homogeneous groups. These groups are encouraged to convene regularly, accumulate modest savings from their members, and are educated in basic accounting methods, enabling them to efficiently manage their pooled savings and offer small loans to address immediate needs.

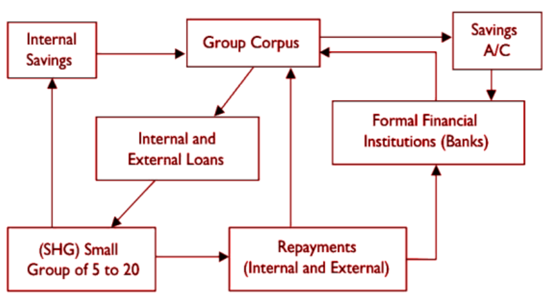


Figure 1. SHG–Bank Model

Source: Authors' own construction.

Image Source

Table 1: Growth of Savings of SHGs with Banks

Year	Cumulative Number of SHGs	Cumulative amount of savings (Rs. in Crores)	savings per SHG
2007-08	50,09,794	3,785	7,556
2008-09	61,21,147	5,546	9,060
2009-10	69,53,250	6,199	8,915
2010-11	74,61,946	7,016	9,402
2011-12	79,60,349	6,551	8,230
2012-13	73,17,551	8,217	11,228
2013-14	74,29,500	9,897	13,320
2014-15	76,97,469	11,060	14,369
2015-16	79,03,002	13,691	17,323
2016-17	85,76,875	16,114	18,787
2017-18	87,44,437	19,592	22,406
2018-19	1,00,14,243	23,324	23,291
2019-20	1,02,43,323	26,152	25,531

Source: Status of Micro Finance in India, 2007-08 to 2019-20, NABARD

Image Source

These statistics show a significant growth in savings by Self-Help Groups (SHGs) in India over the period from 2007-08 to 2019-20. The cumulative savings of SHGs have increased substantially, rising from Rs. 3,785 crores in 2007-08 to Rs. 26,152 crores in 2019-20. Furthermore, the number of SHGs linked with banks has also increased, from 50.10 lakh in 2007-08 to 102.43 lakh in 2019-20.

One notable trend is the increase in the average savings per SHG. In March 2008, the average savings per SHG were Rs. 7,556, but by March 2020, this figure had risen significantly to Rs. 23,291. This suggests that not only have more SHGs become linked with banks, but individual SHGs are also saving more money over time.

Overall, these statistics indicate a positive trend in the financial inclusion of SHGs in the formal banking sector, with a substantial increase in both total savings and average savings per SHG over the mentioned period.

IMPACT OF SHG - BANK LINKAGE PROGRAMME IN KANPUR DEHAT DISTRICT

The study[1] collected data from 220 randomly selected participants of the SHG-Bank Linkage Program in Maitha, Malasa, and Amraudha Blocks of Kanpur Dehat. These self-help groups had been linked with banks for 1½ to 5 years.

The study revealed that upon joining the Self-Help Group (SHG), members accessed loans ranging from one to five times, based on their specific requirements. A breakdown of borrowing patterns is shown in the following table. Notably, the majority (39.1%) borrowed once, 14.5% borrowed twice, 16.8% borrowed three times, 22.3% borrowed four times, and the smallest group (7.3%) borrowed five times.

Table: (5.19) Number of Loans with Group Age/Period of Membership

No. of loans	Group Age (in Years)			Total
	1 ½ to 3	3-4	4-5	
One time	40(18.18)	46(20.91)	0(0)	86(39.09)
Two time	8(3.64)	22(10)	1(0.45)	31(14.09)
Three time	0(0)	4(1.81)	34(15.45)	38(17.27)
Four time	0(0)	0(0)	49(22.27)	49(22.27)
Five time	0(0)	0(0)	16(7.27)	16(7.27)
Total	48(21.81)	72(32.72)	100(45.45)	220(100)

Image Source

H0(1) *The borrowing behavior of SHG members doesn't vary significantly at different times after joining the SHG-Bank Linkage program.*

H1(1) *A noticeable difference exists in how SHG members borrow money at various times after they join the SHG-Bank Linkage program.*

The results showed that, initially, members borrowed for basic needs, transitioning to economic activities once those needs were met. Over time, their borrowing decreased because they began earning income and investing it in their businesses.

Table :(5.18) Mean of the Loan Amount (in Rs.) with different No. of Borrowings

No. of borrowings	Mean (in Rs.)	Std. Deviation	F	p
One time	8141.36	6399.45	43.402	.000
Two time	8295.45	8089.90		
Three time	5433.18	6878.16		
Four time	4086.36	7255.87		
Five time	1104.54	4714.01		

Image Source

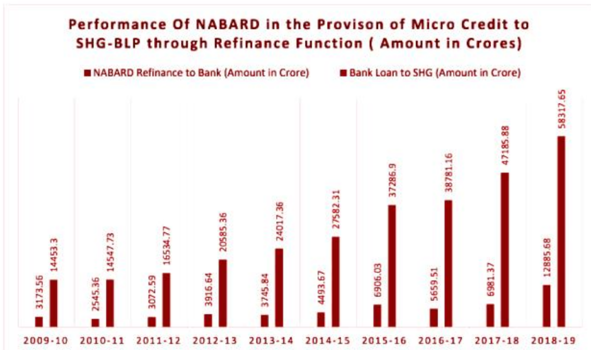
Statistical analysis, specifically an F-value of 43.402 at a significance level of .01, supported the second hypothesis, indicating a significant difference in average loan amounts borrowed at different times. Members borrowed between one to five times, with the second loan being the largest, and borrowing generally declined after the second loan as they started earning and investing in their businesses.

Performance of NABARD

NABARD's micro-credit program has evolved into a potent tool. NABARD's financial support to partner banks, who, in turn, provide direct funding to self-help groups (SHGs) in India, has

[1] http://hdl.handle.net/10603/183413 (A CASE STUDY OF SHG BANK LINKAGE PROGRAMME AND ITS ROLE IN INCOME AND EMPLOYMENT GENERATION IN KANPUR DEHAT IN UP)

been substantial. The key findings from this analysis are as follows:



***Data Source:** NABARDs Annual Reports 2009-10 to 2018-19*

Image Source

The table presents data on NABARD's refinance to banks, which, in turn, provide funds to SHGs from 2009-10 to 2018-19 in India.

1. The data demonstrates that NABARD's financial assistance for the SHG-BLP program was satisfactory from 2009-10 to 2018-19 in India.
2. There is a consistent year-on-year increase in the funds allocated by NABARD to partner banks from 2009-10 to 2018-19 in India.
3. The funding from banks to SHGs under SHG-BLP exhibited a year-on-year growth during this period.
4. Notably, the financial support extended by banks to SHGs under SHG-BLP exceeded NABARD's refinance to banks for micro-credit purposes.
5. In 2018-19, both NABARD and partner banks recorded their highest levels of funding for SHG-BLP, reflecting their strong commitment to the program.
6. It's evident that NABARD's refinance to partner banks saw significant declines in 2010-11, 2013-14, and 2016-17.

NABARD's micro-credit initiative has emerged as a powerful and consistently growing instrument, contributing significantly to financial inclusion and empowerment of SHGs in India.Several recommendations can enhance the effectiveness of NABARD's micro-credit program. Firstly, increasing the percentage of refinance provided to partner banks is advised, ensuring that these banks have the means to adequately fund self-help groups (SHGs) through the SHG-BLP program. Secondly, it is essential for NABARD to exert greater control over the finances allocated for SHG-BLP. Implementing a dedicated review system to monitor the utilization of funds, differentiating between productive and consumptive use, and preventing the misuse of loans by SHG members is crucial. Additionally, NABARD should encourage SHGs to engage in income-generating activities, promoting micro-entrepreneurship development among members for their economic betterment. Lastly, NABARD should consider appointing Micro Credit Mitras at the taluka level to provide detailed guidance and support to SHGs and their members concerning micro-enterprises, fostering a more conducive environment for microfinance activities.

Using Mutual Guarantees to Improve Financial Access: Joint Liability Groups as Alternatives to Collateral

Approaches like Self Help Groups (SHGs) and Joint Liability Groups (JLGs) have shown that providing loans without the need for traditional collateral doesn't mean there's no security. It has actually proven that social collateral, the trust and commitment within a group, is a strong alternative. However, it's essential not to overlook the importance of establishing strong social collateral. There are four fundamental principles for effective credit delivery: having a reliable system for gathering information, a way to monitor loans, providing incentives, and enforcing repayment. It's crucial to understand that all these elements come with costs for the lending institution, and a good lender doesn't cut corners. These products have demonstrated that an effective information-gathering system is vital for building trust in the credit system. A cost-effective credit delivery approach aims to minimize costs while meeting these essential requirements. Establishing an understanding and responsive group lending system may require some initial effort from the lender, but it ultimately leads to more efficient operations by fostering stronger cooperation among borrowers.

A Case Study: Kinkiny Joint Liability Group

The Kinkiny Joint Liability Group (JLG) was formed by members who couldn't get a loan for dairy farming from the local bank. They organized this group because the local bank showed little interest and offered high-interest rates (10-11% per year), which discouraged them. This JLG consists of six members: Parmeswaran, Kunju Ayyapan, Dhanaseelan, Shoba, Grijia, and Sathidevi.

Since the area was suitable for dairy farming with access to veterinary services, fodder, and a local milk society, the group decided to start dairy farming. They also joined the local milk society. With each member receiving a loan of Rs. 50,000, they now own 2-4 cross-bred milch cows, each producing an average of 10 liters of milk per day. They sell the milk to the local milk society and earn approximately Rs. 1,000 as net income from each milch cow every month. The group is diligent in repaying their loans, and their account has no non-performing assets (NPA). JLG financing has not only boosted their family incomes but also improved their overall standard of living.

Role Of Technology

As per Dr. Alok Mishra, who serves as the CEO of MFIN today[2], the established microfinance model delivers services at people's doorsteps, keeping costs low by integrating digital technology while remaining focused on customer needs. With supportive regulations, the Joint Liability Group (JLG) lending has grown significantly in the last decade. The Gross Loan Portfolio (GLP) for JLG lending increased

[2] NABARD Status of Microfinance in India report 2022-23

over 15 times from March 2012 to March 2022, serving more than 6 crore unique borrowers.

In 2010, microfinance leaders initiated the formalization of collecting and using client credit data for sound underwriting. When credit bureaus initially showed little interest, the microfinance industry established a separate bureau for microfinance clients. Currently, there are about 11 crore microfinance client records across four credit bureaus, with 6 crore active clients.

The growth of the microfinance sector is closely tied to developments in India's broader economy, including increased mobile phone penetration, improved communication through apps and social media, and the Jan Dhan scheme, which opened over 46 crore basic savings accounts. The introduction of the Unified Payments Interface (UPI) also transformed digital payments.

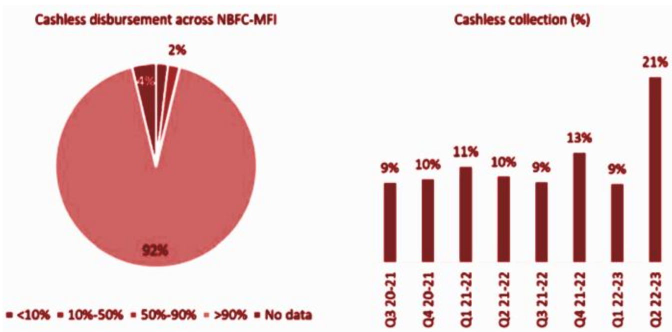
Microfinance institutions (MFIs) adapted to these changes by aligning their digital efforts with the financial literacy levels of their borrowers. They combine technology and personal interactions, using API integration with credit bureaus for real-time credit checks and field-based solutions to expedite loan applications and address customer issues. Nearly all microfinance loans are now digitally disbursed into borrowers' bank accounts, and efforts have increased digital repayments.

The digitalization of MFIs has boosted operational efficiency, improved underwriting models, and reduced costs while maintaining customer focus. Digitalization efforts have considered the rapid spread of smartphones and the growing comfort of borrowers with digital transactions. This has enhanced the quality of data submitted to credit bureaus, leading to better underwriting and faster loan processing.

The availability of bank accounts and the adoption of digital transactions have created transaction histories for microfinance borrowers, supporting the development of new lending products. The formalization of small and microenterprises through initiatives like the Udyam Registration number further promotes these efforts.

The adoption of innovation typically follows an S-curve, with a small number of early adopters, gradually increasing adoption, and then rapid uptake. Today, most aspects of microfinance, from onboarding clients to loan processing and repayment, are digitized. Future initiatives, such as scoring models for underwriting and financial statement access through the Account Aggregator framework, will become more widespread, deepening microfinance.

To raise client awareness, MFIs and MFIN are conducting extensive on-field literacy programs. Collaboration with the RBI and HSBC is driving technology literacy training across India. The microfinance sector is well-prepared to use evolving technologies to offer better products and efficient customer service to its borrowers.



[3]Figure: Cashless disbursements and collections
Image Source

SHARED SERVICES CENTRES

Outsourcing is a concept that has been used since the early days of manufacturing's transition to mass production. Businesses have embraced this idea due to sound business reasoning. As companies mature and enter their high-growth phases, it becomes crucial to distinguish between their core and non-core activities for survival.

In the past, manufacturing companies handled all aspects required for their core operations, such as generating power and building transmission networks. However, as they grew, the inefficiency of managing non-core tasks became evident. This led to the concept of turning these non-core activities into common utilities, like power generation and transmission services.

In the context of microfinance, outsourcing technology is a similar non-core activity that demands significant investment from microfinance institutions (MFIs). By adopting technology as a utility, MFIs can access advanced solutions cost-effectively, which can also enhance the delivery of microfinancial services.

This outsourced technology system, designed specifically for the microfinance sector, offers top-notch data management and hosting facilities, accessible through the internet with various connectivity options. This shared system reduces costs by pooling resources and does not claim any legal ownership of data and transactions. Many successful companies employ this strategy to ensure reliability.

Rather than following a lengthy evolutionary path, field-level systems can leverage the expertise of commercial banks to create a cost-effective solution. An example in the urban context involves consolidating various financial services onto a single card issued by a utility company. This approach simplifies operations and reduces the need for multiple cards, repeated documentation, and proprietary infrastructure.

In this alternative scenario, various financial products can be loaded onto a single card that is available for use by different entities, including

[3] Based on data collected from MFIN members

banks, financial institutions (FIs), and MFIs. This consolidated approach streamlines transaction settlement and operations, leading to a more efficient and cleaner environment. The single shared channel operates as a utility, improving overall accessibility and cost-effectiveness.

PROJECT E-SHAKTI

The Indian government initiated the "Digital India" program to modernize the country digitally. In line with this, NABARD launched Project EShakti in 2015, which digitized data of Self Help Groups (SHGs) in various districts, making it easier for banks to interact with these groups. The project has expanded to 130 districts, promoting financial inclusion and transparency. Project EShakti was recognized for its outstanding contribution to financial inclusion in 2019 and is mentioned in the 'BRICS Digital Financial Inclusion Report, India, 2021.' This initiative streamlined SHG operations, improved transparency, and facilitated easier access to credit.

Andhra Pradesh Crises

In late 2010, a tragic series of borrower suicides in Andhra Pradesh, India, exposed profound problems in the microfinance sector. Concerns about increasing default rates and aggressive tactics by microfinance institutions (MFIs) for loan recoveries had already emerged by August 2010. Disturbing indications of real default rates much higher than officially reported were evident as early as June 2010, concealed by MFIs through "loan rollovers" replacing non-performing loans with new ones marked as "performing."

In response to escalating violence between borrowers and MFIs, the Andhra Pradesh government enacted an ordinance in October 2010 to protect borrowers from MFI harassment, citing 30 suicides in 45 days. The ordinance imposed strict regulations on MFIs, demanded transparency in interest rates, and forbade coercive practices, temporarily halting microfinance operations. Following this, some MFIs reduced interest rates, highlighting excessive charges and their unwillingness to offer lower rates. The crisis revealed deep-seated industry issues, causing severe harm to borrowers and severe damage to the industry's reputation.

Learnings from Andhra Pradesh Crisis (2010)

Impact on Loan Portfolios

Between 2010 and 2011, the overall loan portfolio of microfinance institutions (MFIs) in India decreased from \$5.4 billion to \$4.3 billion. The number of borrowers declined significantly, dropping from 32.5 million to 26.4 million during the same period. Larger MFIs faced substantial reductions in loan exposure, with examples like SKS Microfinance seeing loans reduced to 20.7% of their peak volume and Spandana Sphoorty declining to 67.5%.

Loan Delinquency

Loan delinquency, measured by "**Portfolio at risk**" (PaR), increased sharply.

PaR, especially for MFIs heavily present in Andhra Pradesh, indicated an alarming percentage of non-performing loans, nearly 100% in the state.

MFIs operating in other states were less affected, showing lower PaR figures.

Impact on Borrowers

The exact impact on borrowers is challenging to assess.

Concerns persisted regarding intimidating tactics, issues like Self-Help Group (SHG) poaching, and deceptive interest rates.

Predictions and the Road Ahead

The crisis implied that MFIs might need to rely more on foreign equity capital.

Operating at temporarily reduced interest rates could make the sector less attractive for investors. Larger MFIs might benefit while smaller ones could suffer.

Defaults in Andhra Pradesh could lead to more vigorous expansion in other states, potentially resulting in similar patterns as in Andhra Pradesh.

Lessons Learned

The crisis had primarily home-made causes, with the government's intervention playing a limited enabling role. Warning signs of over-indebtedness in the microfinance industry were ignored.

The crisis served as a reminder that deep-seated social problems could not be resolved with increased debt. Industries based on unsustainable debt-driven models are prone to failure.

There is a global need for better microfinance regulation, as the Andhra crisis is not an isolated event.

Government Intervention

The government's intervention was prompted by reports of violence, abuse, and over-indebtedness among the poorest citizens.

While the intervention may have been clumsy, it was necessary.

The AP ordinance aimed to balance relations between economic agents but offered the microfinance industry a convenient culprit.

The Andhra Pradesh crisis highlighted the consequences of unchecked debt-based social policies and unsustainable expansion in the microfinance sector.The crisis, characterized by extensive over-indebtedness, raised questions about microfinance regulation globally.It emphasized the importance of addressing deeper social issues rather than relying on debt as a solution.

Microfinance Outreach and Women Empowerment

"Women are playing an increasingly important role in providing impetus to rural economy. Banks have extended financial help to the tune of ₹65,000 crore to more than 28 lakh Self-Help Groups in 2021-22. This is four times the amount extended in 2014-15. The government has also provided training to thousands of

members of the women self-help groups and made them partners as 'Banking Sakhi'. These women are delivering banking services to rural households at the doorsteps".

~Excerpt from the speech delivered by the Hon'ble Former President of India Shri Ram Nath Kovind in his address to the joint sitting of the two houses of Parliament (New Delhi on 31 January 2022)

A strong conceptual connection exists between the outreach of microfinance and the empowerment of women, often facilitated through Self-Help Groups (SHGs). SHGs serve as platforms for women to engage in social issues relevant to their daily lives, contributing to their financial and social empowerment, especially in rural areas. Over the past 26 years, SHGs have become symbolic of empowering impoverished women.

This study[4] is a comprehensive cross-sectional analysis conducted across all 29 states and 7 union territories in India. It relies on data from sources such as NABARD (2015–2018) and the 2011 Census to measure various variables related to microfinance and women's empowerment. The research aims to create a holistic measure of microfinance outreach, considering factors like dispersion, access, and the empowerment of women through credit. The analysis involves multiple indices, including MD1 and MD2, which represent the dispersion and access of microfinance. The study explores the relationship between these indices and their impact on women's empowerment. Regression analysis was used to quantify this impact, and the results indicate that microfinance dispersion (MD1) significantly influences women's empowerment (WEU1), whereas microfinance access (MD2) does not. It highlights the need for improving women's skills and providing suitable livelihood opportunities alongside fund availability to promote their economic empowerment and financial inclusion.

This study employs two indices, MD1 and MD2, to measure microfinance dispersion and access. Economic empowerment of women involves enhancing their power and financial well-being. The study focuses on two dimensions: unleashing women's economic power (WEU1) and financial power (WFU2) by assessing factors like credit access and bank accounts. The study illustrates the vital link between microfinance and women's economic empowerment, emphasizing the positive impact on women's autonomy, family well-being, and human development.

[4]Samineni, S., & Ramesh, K. (2023). Measuring the Impact of Microfinance on Economic Enhancement of Women: Analysis with Special Reference to India. Global Business Review, 24(5), 1076-1091. https://doi.org/10.1177/0972150920923108

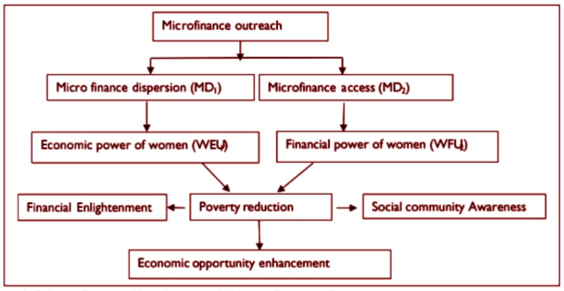


Figure 1. Relation Between Microfinance and Women Economic Empowerment

Source: The authors.

Image Source

The SHG-Bank Linkage Program (SHG-BLP) has become synonymous with empowering rural women financially and socially in India. As of March 31, 2018, millions of SHGs were linked to banks for savings and loans, indicating substantial success. However, the growth of non-performing assets (NPAs) in various banks suggests that the microfinance program mainly focuses on savings and credit, lacking the development of entrepreneurial skills within SHGs. There is a wide interstate disparity in microfinance outreach, with the southern region leading in dispersion and access. Some states perform better in women's economic empowerment, but overall progress falls short of expectations. Financial empowerment is linked to market-related activities and access to bank accounts. The results show regional variations, with the southern and eastern regions excelling in microfinance dispersion and women's empowerment. ANOVA analysis confirms significant differences between regions in terms of microfinance effectiveness, women's economic empowerment, and financial empowerment, but dispersion of funds remains ineffective in some regions across India.

ANOVA ANALYSIS

Table 3. Showing the Regional Mean Results during the Assessment period 2015–2018

Region	Observations	MD_1	MD_2	WEU_1	WFU_2
1. Central	16	0.551069	2.11060473	0.565033	0.811731
2. East	20	1.152839	0.52829076	1.105525	0.780101
3. North East	32	0.842804	0.27259541	0.709515	0.634627
4. North	28	0.278621	0.41402563	0.308617	1.748456
5. South	28	1.585917	1.23238016	0.933902	0.700768
6. West	20	0.542409	0.27036124	0.503485	1.487806

Source: The authors.

Table 4. ANOVA Results

		Sum of Squares	Degrees of Freedom	Mean Square	F-value	p-Value
MD_1	Between groups	29.46148	5	5.892296	15.27044	6.23E-12
	Within groups	53.24908	138	0.385863		
	Total	82.71056	143			
MD_2	Between groups	52.09139	5	10.41828	1.985619	0.084498
	Within groups	724.0675	138	5.246866		
	Total	776.1589	143			
WEU_1	Between groups	10.14651	5	2.029301	10.19515	2.5E-08
	Within groups	27.46832	138	0.199046		
	Total	37.61482	143			
WFU_2	Between groups	28.68501	5	5.737002	28.73513	6.85E-20
	Within groups	27.55186	138	0.199651		
	Total	56.23687	143			

Source: The authors.

Image Source

The ANOVA analysis indicates a significant difference between various regions in India in terms of MD1 (microfinance dispersion) with a p-value of 6.23E–12, which is less than the significance level of 0.05. This suggests that MD1 is effective across all regions. Similarly, there is a significant difference in WEU1 (women's economic empowerment) and WFU2 (women's financial empowerment), meaning that women are effectively utilizing microfinance interventions in all regions for economic and financial empowerment. However, MD2 (dispersion of funds) does not show significant regional differences, implying that fund dispersion is not uniformly effective across regions in India.

REGRESSION RESULTS

Table 5. Regression Results

Variables	Coefficients	Standard Error	*t*-Statistic	*p*-Value
(Constant)	0.168	0.028	6.1	0
MD_1	0.611	0.024	25.289	0
MD_2	0.001	0.008	0.118	0.906
R: 0.906				
R square: 0.821				
Adjuster *R* square: 819				
F-value: 323.962 (*p*-value = .000)				

Source: The authors.

Image Source

In this study, a regression analysis was conducted to examine the relationship between microfinance and women's empowerment. The results are presented in Table 5. Women's empowerment (WEU1) was treated as the dependent variable, while MD1 and MD2 were independent variables. The adjusted R-squared value of 0.819 indicates that the independent variables accounted for 81.9% of the variance in women's empowerment, making the regression model reliable. The F-value of 323.962 (with a significant p-value of 1%) rejected the null hypothesis, indicating that the independent variables together explain the variation in women's empowerment. Specifically, MD1 had a significant and positive impact on women's empowerment, suggesting that an increase in microfinance dispersion positively affects women's empowerment. However, MD2 had no influence, emphasizing the importance of expanding economic activities and providing skill development and market access to truly empower women.

Promoting women's opportunities is a crucial aspect of achieving the 2030 Sustainable Development Goals (SDGs). However, even 70 years after India's independence, it's time to remember the nation's call for 'Total Independence' (Purna Swaraj). This can be realized by fostering social infrastructure and economic independence at the grassroots level. NABARD's microfinance initiative can play a vital role in fostering vibrant growth in both rural and urban areas, empowering individuals for self-sustenance and livelihood improvement. Education is a key tool for women's empowerment, and investment in entrepreneurship education and skill development is essential. Promoting entrepreneurship is a cultural and educational endeavor that bridges gaps and fosters community achievement and progress, bringing women on par with men and contributing to various development goals.

CONCLUSION

In conclusion, the journey of microfinance in India, as explored in this article, represents a multifaceted narrative of financial inclusion, empowerment, challenges, and opportunities. Microfinance, primarily through Self-Help Groups (SHGs) and innovative approaches, has made significant strides in expanding access to financial services, especially among women in rural areas. The growth of SHGs linked with banks and the evolution of NABARD's micro-credit program underscore the positive impact of microfinance, fostering economic betterment at the grassroots level.

However, challenges persist, exemplified by the Andhra Pradesh crisis, emphasizing the need for ethical practices and sustainable growth in the microfinance sector. Furthermore, the research highlights that effective microfinance dispersion, rather than mere access, is pivotal for enhancing women's economic empowerment.

As we reflect on this journey, it is clear that microfinance has immense potential to drive positive change in India. To fully realize this potential, it is imperative to focus on skill development, entrepreneurship education, and a holistic approach to empower women, contributing to their economic independence, community development, and India's quest for 'Total Independence'.

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