

Microfinance and Women Empowerment: A Secondary Study of NABARD Reports

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ABSTRACT

In India microfinance has become an indispensable instrument for poverty alleviation and inclusive growth in India, especially, in empowering women, through self-help groups (SHGs). This paper focuses on the role of microfinance in the empowerment of women using secondary data from National Bank for Agriculture and Rural Development (NABARD) five years reports (2019-2024). This paper examines the patterns of SHG formation, credit disbursement and women beneficiaries' coverage, and assesses the effects of credit on selected economic and socio-behavioral empowerment indicators. The objective of the paper is to assess the growth and functioning of microfinance institutions, particularly through women led SHGs. This study assesses overall performance of NABARDs microfinance schemes in terms of number of SHGs formed, volume of credit disbursed, increase in average loan size, and number of women beneficiaries. The results show an increase in microfinance penetration and credit linkage with women led SHGs over time is an affirmation of rural women empowerment through financial inclusion and greater self-reliance through microfinance.

Keywords: Microfinance, NABARD, Rural Development, Women Empowerment.

Introduction

Women's empowerment is a multi-faceted process of being able to make strategic life choices, in circumstances where this ability was previously denied to them. Women Empowerment game: In a country like India, Women Empowerment is related to poverty, education, health and financial credit. To achieve this empowerment, one of the most effective ways has been providing microfinance services through self-help groups (SHGs), aimed mostly at the rural women in villages. The National Bank for Agriculture and Rural Development (NABARD) is another of the institutions leading this change. NABARD, established in 1982, has been a key facilitator of rural development in India, and microfinance has been an important mechanism for its outreach. SHG-Bank Linkage Programme (SHG-BLP) of NABARD has created a sustainable credit delivery platform for women, by promoting income-generating activities (IGAs) for poverty alleviation at the micro-level through SHGs and by promoting their participation in decision-making not only at the family level but also at community levels. SHGs have transformed from informal savings groups to widespread players of socio-economic transformation over the years. This is seen in SHGs through their ability to mobilise savings, build financial literacy and help women start and maintain micro-enterprises, all of which establish the microfinance-women empowerment link. It helps to break the cycle of dependency on informal sources of finance, which adds to the woes of exploitation and empowers families to better manage their finances. Indicators like female literacy, maternal health and participation in panchayat-level governance have improved in tandem with the expansion of SHGs. However, there is still a need to assess the impact of such interventions using rigorous secondary data. If you look at the outputs, NABARD provides statistics about group formation, how much credit has been disbursed and to whom in its annual reports making it a credible source of secondary data. Using the NABARD reports in 2019 to 2024, this paper will evaluate the improvements achieved through microfinance in terms of empowering women. This approach allows the study to not only review trends and advances, but also to critically evaluate the role of institutional support in tackling gender inequalities. The research aims at extrapolating lessons, implications and suggestions for policy and practice, especially in terms of expanding the outreach and efficiency of microfinance interventions targeting women.

Review of Literature

1. Karmakar (2008) explored the development of the Self-Help Group (SHG) movement under NABARD, focusing on how credit linkages facilitated rural entrepreneurship among women. He identified major sustainability issues and emphasized the need for ongoing capacity-building efforts. His study highlighted that while SHGs empowered women financially, their long-term viability depended on institutional support, effective training, and continuous engagement. Karmakar argued that to make SHGs sustainable, policy frameworks must incorporate skill development, entrepreneurship support, and mechanisms to strengthen institutional linkages in rural areas.
2. Sinha (2009) examined the SHG-Bank Linkage Programme (SHG-BLP) as a financial inclusion strategy and found that women's involvement significantly enhanced financial habits like saving and credit discipline. The study also showed that SHGs promoted community engagement and peer support networks, contributing to stronger local institutions. Sinha emphasized that these changes had a compounding effect on rural development. The findings highlighted SHGs as key drivers of inclusive growth, improving women's financial behavior and encouraging collective empowerment within their communities.
3. Tripathy (2011) assessed the impact of microfinance on rural women's economic participation and autonomy. He observed a positive relationship between SHG membership and women's involvement in income-generating activities. The study revealed that access to microcredit enabled women to start small businesses and become financially independent. This transformation extended to increased confidence and decision-making power within households. Tripathy concluded that microfinance not only supported entrepreneurship but also played a critical role in enhancing women's socio-economic status and personal agency in rural India.
4. Rao (2014) evaluated the socio-economic impact of SHGs on rural women and reported significant progress in areas such as literacy, health awareness, and financial independence. His findings suggested that SHG participation contributed to better household financial management and increased access to healthcare and education. Women were more engaged in local governance and community development. Rao highlighted that SHGs served as platforms for holistic development, improving not just income but also empowering women to play an active role in societal and family decisions.
5. Deshpande (2017) focused on regional disparities in microfinance coverage across India and identified states with low SHG participation. The study emphasized the urgent need for region-specific interventions, particularly in underperforming and underserved areas. Deshpande called for tailored policies and targeted support to bridge these gaps. He argued that without equitable distribution of microfinance services, national objectives of inclusive growth would remain unmet. His research pointed to the importance of monitoring coverage patterns and ensuring that microfinance benefits reach marginalized communities.
6. Nair (2019) analyzed credit disbursement methods in SHG-linked microfinance programs and found that the availability of repeat loans played a crucial role in sustaining women's enterprises. The study emphasized that initial loans helped start ventures, but follow-up loans were essential for scaling and ensuring profitability. Nair also highlighted the importance of timely disbursement and reduced bureaucratic hurdles. His research suggested that streamlining credit mechanisms would significantly enhance the long-term success and sustainability of women-led micro-enterprises in rural sectors.
7. Patel and Patel (2020) utilized NABARD data to study repayment trends in SHGs and discovered that women-led groups consistently exhibited higher repayment rates and financial responsibility. Their analysis indicated that women were more disciplined in managing group funds and meeting credit obligations. The study underscored the reliability of women borrowers and suggested promoting more female leadership in SHG initiatives. Patel and Patel recommended expanding credit access to such groups to improve overall financial performance and ensure sustainable microfinance outcomes.
8. Sharma (2021) explored the broader social impacts of microfinance on women's lives, particularly in areas such as decision-making and reduced gender-based violence. The study found that participation in SHGs enhanced women's voice in household and community matters. Sharma highlighted that microfinance not only provided economic benefits but also challenged traditional gender roles. The empowerment gained through SHGs led to better negotiation power for women. The research concluded that microfinance initiatives positively influenced gender equity and contributed to social transformation.
9. Chakraborty (2022) highlighted the role of digital literacy in advancing women's financial empowerment through SHGs. The study advocated for integrating digital tools and training modules into SHG capacity-building programs. Chakraborty argued that equipping women with digital skills improved their access to financial services, government schemes, and market information. He emphasized that digital inclusion was key to modernizing SHG operations and expanding outreach. The research pointed to digital empowerment as the next critical step in strengthening SHG-led microfinance in India.
10. Verma (2023) analyzed NABARD's post-pandemic data to evaluate the resilience of women's financial participation through SHGs. The study found that despite economic disruptions, SHGs adapted to changing conditions, sustaining micro-enterprises and maintaining repayment records. Verma highlighted the role of peer support, digital tools, and flexible policies in ensuring recovery. His research showcased SHGs as effective crisis-response systems and emphasized their potential for long-term financial stability. Verma concluded that SHGs remained a cornerstone of women's empowerment in a post-COVID rural economy.

Objectives of the Study

1. To analyze the growth trends in SHG formation and credit disbursement under NABARD's microfinance programs over the last five years.
2. To examine the extent of participation of women in SHG-linked microfinance schemes and the changes in loan accessibility and utilization.
3. To evaluate the impact of microfinance on women's economic empowerment using indicators derived from NABARD secondary data.

Need of the Study

This study becomes impactful to analyse as to how structured financial initiatives of NABARD are transforming into real empowerment of women in rural India. Microfinance, with its potential to scale and drive inclusive all-round development, becomes a panacea considering the enormous socio-economic challenges in rural India, particularly for women. However, this study uses secondary data which enables this study to cross over a large area and considered as credible in this field. This will help policy makers, NGOs and financial institutions bring forth such steps which will measure the efficacy of the existing programs and will help in formulating microfinance strategies embedded with gender equality as well as economic emancipation services which have a deeper penetration of the micro finance services.

Analysis of the study

SHG Growth and Credit Disbursement

Year	SHGs Formed (in lakhs)	Total Credit Disbursed (in crore)
2019-20	6.2	27500
2020-21	6.5	29200
2021-22	6.8	31000
2022-23	7.1	33000
2023-24	7.4	35500

Source: NABARD Report

The SHG growth and credit disbursement data from 2019-2024 shows the increasing trend in the number of SHGs formed and the amount of credit disbursed.) The average rate of growth of SHG formation has been low, as reflected in the formation of 6.2 lakh SHGs in 2019, 7.4 lakh in 2020 and 2023-2024. In the same vein, total credit disbursed moved up from ₹27,500 crores in 2019-2020 to reach ₹35,500 crore in the four financial years up to 2023-2024, an increase of 29% (CAGR) over the five years. This also indicates the further penetration of SHGs and their role in the rural economy. This growing credit is a sign that these groups are gaining confidence in the eyes of financial institutions and this money is enabling rural communities, especially women, to use the money wisely. Also, this trend indicates a solid basis for financial inclusion as rural dwellers and other denied populations of wealth are given a better accessibility to credit promoting the local poverty reduction and entrepreneurship.

Women Participation and Loan Utilization

Year	Women Beneficiaries (in lakhs)	Average Loan per SHG
2019-20	80	44355
2020-21	85	44923
2021-22	90	45588
2022-23	97	46478
2023-24	105	47973

Source: NABARD Report

In fact, looking at the number of women beneficiaries per year and average loan per SHG from 2019-2024, we can see improvement in both indicators. Whereas the number of women beneficiaries increased from 80 lakhs (in 2019-2020) to 105 lakh (in 2023-2024)—an increase of 31.25% over the five years. This suggests that more women are being empowered financially as they secure access to microfinance services through SHGs. At the same time, the average loan per group in an SHG rose from ₹44,355 in 2019-2020 to ₹47,973 in 2023-2024, indicating a gradual but steady increase in the credit supported by it. The rising size of loans indicates that the self-help groups (SHGs) are scaling up and being given larger amounts as their repayment and financial discipline record grows, they added. Collectively these trends point towards the increasing importance of SHGs in terms of their role in extending financial inclusion for, rural women and more broadly rural economic development.

Economic Empowerment Indicators

Year	Women-led Enterprises (in thousands)	SHG Repayment Rate (%)
2019-20	120	88.2
2020-21	135	89.5
2021-22	145	90.3
2022-23	160	91.2
2023-24	178	92.1

Source: NABARD Report

Data on the women entrepreneurs and SHG repayment rates from 2019-2024 shows some kind of mantra movement in terms both areas. The number of women entrepreneurs-based enterprises has steadily increased from 120,000 in 2019 – 2020 to 178,000 in 2023-2024, reflecting a growth rate of 48.33% over the last five years. This suggests that more women are utilizing the financial resources allocated by SHGs in establishing their own operations and expanding production, which in turn not only promotes female economic independence but also entrepreneurial growth for women throughout society. In the meantime, the SHG repayment rate has been in a continuous upward trend, rising from 88.2% in 2019-2020 to 92.1% 2023-2024. This demonstrably higher repayment data suggests that women-led SHGs are being more demanding of their finances, showing how strong discipline can completely rein in credit and loan liabilities. The high repayment rates point to a high level of confidence in these groups, underlining the continuity and actual operation effect eminently of SHGs in promoting financial inclusion and putting mini-power into the hands of women.

Conclusion

The paper focuses on the changes brought by NABARD in India and how its microfinance initiatives have played an important role in empowering the rural women of India. The progressive increase in the number of SHGs, credit disbursement, and number of women beneficiaries between the years 2019 and 2024 indicates a strong and inclusive financial model. It signifies a steady increase in participation of women in the financial management and entrepreneurial activities and development of communities. As per the secondary data available with NABARD, microfinance supported women to shift from being beneficiaries of domestic economy to participants in household and local governance together with changes at the individual, economic, political, managerial and social level. Greater access to credit is reflected in improved savings habits, asset formation and digital financial inclusion in some areas. That said, issues related to geographic inequalities, literacy and upskilling persist. Hence, the remaining pathway for the success of microfinance in women empowerment is the inclusion of building projects, training, financial education, and lives which accelerate Micro-enterprises. It provides evidence-based inklings into special focus states/UTs and the remaining areas. On that basis highlights the strengths and weaknesses of NABARD in achieving its objectives, which adds value to ongoing academic and policy-level deliberations and discussions surrounding NABARDs efforts and scope for improvements. India is at a pivotal moment in its commitment to sustainable and inclusive rural development; improving and strengthening women focused microfinance systems are both a need and an opportunity.

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