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**An Analytical Evaluation of Micro-Lending as a Catalyst for Female Economic Agency: A Case Study of Rural Agra**

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**Abstract**

Limited access to formal financial services continues to affect many women in rural areas. Low income, lack of collateral, and weak banking infrastructure often restrict their ability to obtain institutional credit. Microfinance programs have emerged as an important approach to address this gap. These initiatives provide small loans, savings options, and group-based financial support to people who are often excluded from traditional banking systems.

This study examines how microfinance contributes to improving the economic conditions of rural women. The analysis uses secondary data obtained from national institutions such as the National Bank for Agriculture and Rural Development, the Reserve Bank of India, and the National Rural Livelihoods Mission. These sources provide information on the expansion of microfinance activities and the participation of women in these programs.

The study focuses on several indicators, including the growth of Self-Help Groups, the rise in women's membership, and the amount of bank credit linked to these groups. The data show that the number of SHGs and women participants has increased over time. This indicates wider access to financial services among rural households.

The expansion of bank credit has also allowed many women to start income-generating activities. These include small businesses, livestock rearing, handicrafts, and agricultural work. Such activities help increase household income and improve economic stability.

Overall, the findings suggest that microfinance programs play a meaningful role in expanding financial access and supporting economic participation among rural women. Strengthening financial literacy, improving credit delivery, and maintaining policy support can further enhance the benefits of microfinance in rural areas.

Keywords: Microfinance, Financial Inclusions, Economic Empowerment, Rural Development

**Introduction**

Many rural women still face difficulty in accessing formal financial services. Limited income, lack of collateral, and weak banking access are common barriers. Because of these challenges, small-scale financial programs have gained attention in recent years. These programs aim to provide basic financial support to people who are usually outside the formal credit system.

This study examines the role of microfinance in improving the economic situation of women in rural areas. The analysis relies on secondary information collected from national institutional reports. Key sources include publications from the National Bank for Agriculture and Rural Development, the Reserve Bank of India, and the National Rural Livelihoods Mission.

The study reviews several indicators related to microfinance outreach. These include the number of Self-Help Groups, the level of women's participation, and the amount of credit linked to these groups through banks. The available data show steady growth in the number of groups and members over time. This trend suggests that more rural households are gaining access to organized financial services.

Access to credit has also supported women's livelihood activities. Many participants use loans to run small businesses, support farming, raise livestock, or produce handicrafts. These activities help increase income and strengthen household financial stability.

The results indicate that improvements in banking access and financial services have supported the expansion of microfinance initiatives. Wider availability of financial services allows women to save, borrow, and participate in local economic activities more effectively. Overall, microfinance appears to support greater financial participation and economic engagement among rural women. Continued institutional support and financial awareness programs may further strengthen these outcomes.

### **Literature Review**

The intersection of micro-lending and female empowerment, particularly within emerging markets, has been a focal point of extensive academic inquiry. Pioneering empirical research by Pitt and Khandker (1998) established a foundational link between microcredit availability and the elevation of household welfare, specifically noting improvements in asset accumulation and consumption patterns. Their analysis suggested that engaging with microfinance frameworks serves as a primary driver for bolstering the financial status of female borrowers.

Extending beyond basic welfare, scholars have emphasized how these programs redefine domestic power dynamics. Kabeer (2005) posited that the acquisition of financial resources acts as a catalyst, allowing women to exert more profound influence over economic choices and enhancing their negotiation capacity within the family unit. Within the Indian paradigm, the Self-Help Group (SHG) model has emerged as the primary vehicle for this transformation. Swain and Wallentin (2009) documented that SHG involvement directly correlates with heightened fiscal autonomy and increased agency in domestic decision-making. Corroborating this, Aruna and Jyothirmayi (2011) identified that the SHG-Bank Linkage model in Andhra Pradesh significantly boosted both economic involvement and individual self-assurance among participants.

The literature also underscores the role of micro-capital in fostering grassroots entrepreneurship. Kapila (2016) observed that access to modest credit lines empowers rural women to launch micro-enterprises, thereby diversifying their revenue streams. This is supported by Saravanan (2017), whose analysis of Indian state-level data indicated a strong correlation between the proliferation of SHGs and improved employment metrics for women. More contemporary evidence from Patel (2020) highlights that SHG members in Gujarat demonstrated marked progress in fiscal discipline, saving habits, and active economic engagement. Similarly, Lahkar (2025) noted that such participation not only stabilizes financial standing but also widens the spectrum of consumer choices available to women.

Global perspectives further validate these findings. Abebe and Kegne (2023) argued that a dual approach—combining credit access with savings mechanisms—is vital for the sustainability of female-led businesses. Mengstie (2022) echoed this, reporting positive shifts in income thresholds, asset building, and systematic saving behaviors. The collective nature of these models is also a recurring theme; Suprabha (2014) maintained that group-based lending fosters sustainable business development, while Guérin (2010) emphasized that the social capital generated within these groups strengthens mutual cooperation and communal empowerment.

Beyond purely fiscal metrics, researchers have explored the holistic dimensions of empowerment. Parveen (2005) suggested that microfinance serves as a gateway to broader social networks, educational opportunities, and institutional backing. Kato and Kratzer (2013) further linked these programs to the ownership of productive assets and expanded vocational prospects. Recent scholarship, such as Loomba (2017), continues to frame micro-lending as a

critical tool for poverty alleviation through deepened financial inclusion. Archana (2024) recently observed that the integration of financial literacy and training with micro-loans significantly optimizes livelihood outcomes for the rural female workforce.

However, the academic discourse is not without its critiques. Rizvi et al. (2014) cautioned that external macroeconomic pressures, including inflationary trends and fiscal volatility, can jeopardize the operational viability of microfinance providers. To counter such challenges, Jain et al. (2018) advocated for the adoption of fintech innovations and digital interfaces to enhance the transparency and scalability of these programs.

In synthesis, while the prevailing body of literature affirms that microfinance is instrumental in advancing women's economic independence, the degree of success is often contingent upon regional variables and socio-economic contexts. This underscores the necessity for localized empirical investigations to understand the specific dynamics at play in diverse geographical areas.

### **Objectives of the Study**

1. To examine the growth and outreach of microfinance activities among women in rural areas of Agra district.
2. To examine the impact of microfinance on enhancing the economic conditions of rural women
3. To assess the correlation between microfinance involvement and women's income-generating endeavors.

### **Research Questions**

1. How has microfinance expanded among rural women in Agra district in recent years?
2. In what ways does microfinance contribute to improving the economic well-being of rural women?
3. Does participation in microfinance programs influence women's engagement in income-generating activities?

### **Research Methodology**

This study uses a quantitative approach to examine the relationship between microfinance programs and the economic conditions of rural women. The design combines descriptive and analytical methods. The descriptive part reviews the growth of microfinance activities over time. The analytical part examines how these changes relate to women's economic participation and financial independence.

The research is based entirely on secondary data. Information was collected from official institutional sources to ensure reliability. The main source is the annual report of the National Bank for Agriculture and Rural Development on the Self-Help Group–Bank Linkage Programme. These reports provide detailed statistics on the formation and performance of Self-Help Groups. Additional information was obtained from publications of the Reserve Bank of

India and documents of the National Rural Livelihoods Mission. Various government statistical reports on rural development and financial inclusion were also used.

The geographical focus of the study is Agra district in Uttar Pradesh. The district has a large rural population and a growing presence of Self-Help Groups and microfinance programs. This makes it suitable for examining how financial support programs influence women's livelihood activities.

The study covers the period from 2015 to 2024. This time frame helps capture recent changes in microfinance expansion and access to institutional credit in rural areas.

Several indicators are used to examine the economic role of microfinance. These include the number of active Self-Help Groups, the savings mobilized by these groups, the volume of bank credit linked to SHGs, and the number of women beneficiaries.

The collected data are analyzed using basic quantitative methods. Percentage change and trend analysis are used to observe growth patterns during the study period. The results are presented through tables and graphs to make interpretation easier.

National reports also show the large scale of SHG expansion in India. According to information from the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission, nearly nine million Self-Help Groups had been formed by 2023. These groups include around one hundred million women across the country. This makes the SHG network one of the largest women-focused financial systems in the world.

Data from the Reserve Bank of India indicate that improvements in banking services and digital financial systems have increased access to formal credit in rural areas. Based on these trends, the analysis in this study focuses on four main indicators: the growth of Self-Help Groups, the increase in women's participation, the expansion of bank credit to SHGs, and broader changes in financial inclusion.

## Data Analysis

The collected data were analyzed using descriptive statistical techniques, including comparison of growth trends and percentage increases across time. Tables were used to summarize numerical changes, while graphical illustrations were used to highlight trends in microfinance outreach.

### Growth of Self-Help Groups and Women Members

The data indicate substantial expansion in SHG networks across India.

**Table 1: Growth of SHGs, Women Members in India and loan disbursed to SHG (Source: NABARD and other publically available data)**

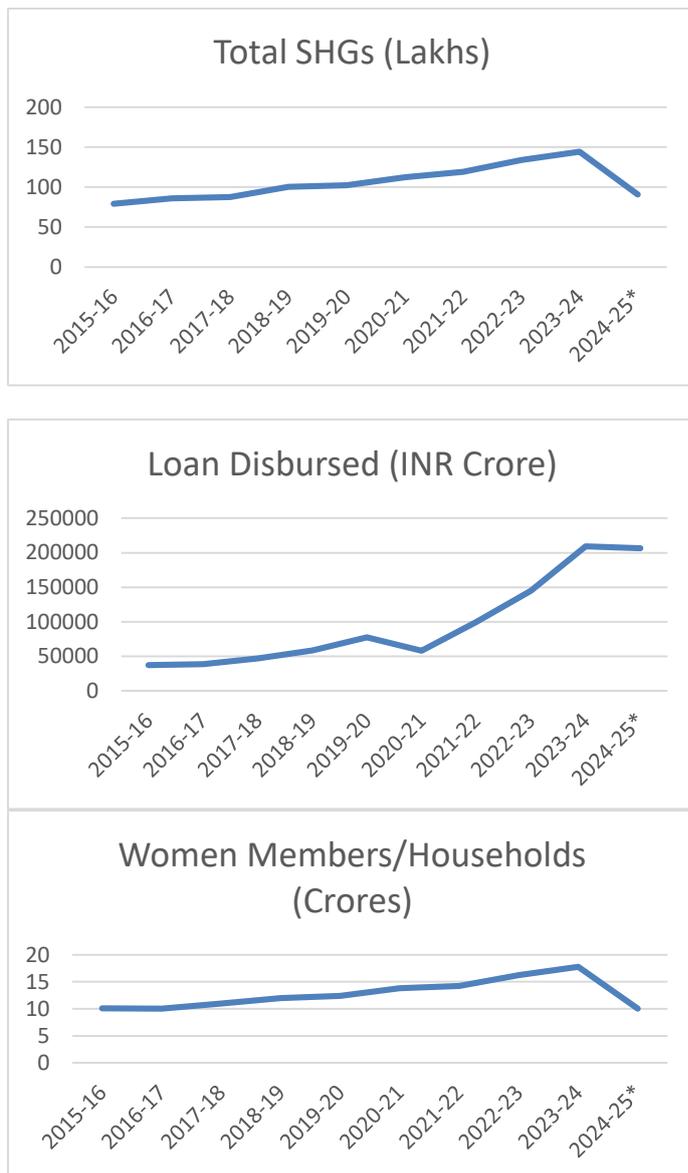
Financial Year	Total (Lakhs)	SHGs	Women (Crores)	Members/Households	Loan Disbursed (INR Crore)
2015-16	79.03		10.1		37287
2016-17	85.77		10		38781

2017-18	87.44	11	47186
2018-19	100.14	12	58318
2019-20	102.43	12.4	77659
2020-21	112.23	13.8	58071
2021-22	118.93	14.2	99729
2022-23	134.03	16.23	145200
2023-24	144.22	17.8	209286
2024-25*	90.91	10.05	206563

The number of SHGs increased by nearly 2.2 million groups between 2015 and 2023, representing significant institutional expansion. During the same period, women membership increased by approximately 24 million, indicating deeper penetration of microfinance programs among rural households. This growth reflects the success of government-supported livelihood missions and the rising participation of women in collective financial activities.

### **Expansion of Bank Credit to SHGs**

Bank linkage plays a critical role in enabling SHGs to access formal credit for productive activities. The volume of bank loans disbursed to SHGs increased nearly four times within three years. This sharp rise indicates improved credit accessibility for rural women through formal banking channels. Increased credit flow enables SHG members to invest in agriculture, livestock, handicrafts, and small enterprises, thereby improving household income and economic resilience.



**Figure 1: Data showing trends of SHG growth, Women participation and Loan disbursement(Data compiled by author)**

### Financial Inclusion Progress

Financial inclusion creates an enabling environment for microfinance to operate effectively. RBI statistics indicate continuous improvement in access to financial services nationwide.

Key financial inclusion developments include:

- Continuous rise in national financial inclusion index
- Rapid expansion of basic savings bank accounts
- Increased participation of rural households in formal banking

Enhanced accessibility to banking services supports SHG operations by facilitating savings mobilization, direct benefit transfers, and credit access. Wider financial inclusion strengthens the efficacy of microfinance initiatives in empowering women economically.

The national level data shows that microfinance initiatives in India has experienced rapid growth during the past decade. We can see that a lot of women are joining self-help groups and this means that many people in areas are getting involved in community activities and using financial services. At the time financial institutions are issuing an increased number of loans., which shows that people are getting the financial help they need to start businesses and earn money.

The increased accessibility of banking services to a larger population and other financial help is a sign that the systems and policies in place are working well to support microfinance. All these things together show that microfinance programs are really helping women in India by giving them access to money teaching them to save and assisting them in discovering novel methods to earn a living. Microfinance initiatives are making a difference in the lives of women in India. Microfinance programs are helping women, in India to improve their situation.

### **Findings of the Study**

This analysis explores the role of microfinance in improving the economic position of rural women in India. The discussion focuses on four key indicators. These include the growth of Self-Help Groups, the level of women's participation, the amount of bank-linked credit, and the spread of financial services.

The evidence shows a steady rise in the number of Self-Help Groups across the country. During the study period, these groups expanded in many rural regions. Their spread reflects the growing presence of community-based financial programs. Public initiatives have supported this expansion. In particular, the National Rural Livelihoods Mission has helped organize rural women into collective financial groups. These groups encourage saving, small borrowing, and shared financial management.

Participation of women in SHGs has also increased over time. A large number of rural women have joined these collectives. Through group activities, members learn basic financial practices. They begin to save regularly and gain experience in using small loans. The group structure also promotes cooperation among members. It builds trust, responsibility, and mutual support within the community. Such interaction often strengthens women's confidence in handling financial matters.

The role of banks has also become stronger in recent years. Financial institutions now provide greater credit support to SHGs. Bank linkage programs allow groups to access formal loans. These funds are often used for small livelihood activities. Many women invest in farming improvements, livestock care, tailoring, handicrafts, or local trading. Such activities generate additional income for households. They also reduce financial vulnerability in rural families.

Progress in financial inclusion has further strengthened these developments. Access to banking services has improved in rural areas. More households now maintain bank accounts. Digital payment options and mobile banking services are also expanding. These changes make financial transactions easier and faster for SHG members. Women can receive government transfers directly. They can save money securely and repay loans more efficiently.

Taken together, the findings suggest that microfinance programs support the economic participation of rural women. Access to savings and credit helps them engage in productive activities. Income opportunities expand through small enterprises and local businesses. The combined effect of group-based finance and wider banking access improves financial stability for many rural households. As a result, women are able to participate more actively in local economic life and decision-making.

### **Conclusion**

This study examines how micro-loans act as a primary engine for female independence in rural India. By digging into data from NABARD and the RBI, we can see a clear trend: more women are finally joining the formal economy. Over the last ten years, this shift has moved from a slow crawl to a massive wave.

The Self-Help Group (SHG) model is the backbone of this change. It lowers the bar for women who were previously locked out of banks. By pooling their small savings, these women build a collective safety net. This allows them to secure bank-linked credit that was once impossible to get. Consequently, they start small ventures like livestock farming or local trade. These businesses do more than just pay bills. They change the "power map" inside the home. When a woman earns, she gains a stronger vote in how her family spends and saves.

The jump in bank credit also signals the end of "loan shark" dominance. In the past, rural families often fell into debt traps with informal lenders. Now, they are moving toward regulated, fair banking. This transition makes their income more stable and predictable. Modern tools have sped this up even more. Mobile banking and new local branches have cut the red tape. Now, getting a loan is a quick process rather than a logistical nightmare.

While micro-finance isn't a "fix-all" for every social hurdle, it is a vital tool for self-reliance. It provides the initial spark needed for long-term growth. To keep this momentum, we need a joined-up effort from the state and NGOs. The next big step is teaching deep financial literacy. It isn't enough to just give out loans; we must ensure women have the skills to manage them. Boosting credit for startups will turn these small projects into lasting, sustainable companies.

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