

Relationship between Microfinance, Mudra, Women Entrepreneurship, Socioeconomic Development and Women Empowerment: A Review Based Study

*¹Pushpender Kumar and ²Divya

¹Assistant professor Department of Commerce Kirori Mal College University of Delhi

²Research Assistant

ABSTRACT

Government of India has been promoting micro finance to promote entrepreneurship among women. This paper highlights the recent efforts of GOI towards introducing new financial schemes to promote entrepreneurship among women which will empower them. MUDRA has been the new initiative towards providing financial assistance to women in India without any collateral. This paper also review the micro finance scheme MUDRA in India in terms of women empowerment.

Keywords: MUDRA, Women Empowerment, Women Entrepreneurship, Socio-eco Development

Article Publication

Published Online: 14-Feb-2021

*Author's Correspondence

Pushpender Kumar

Assistant professor Department of Commerce Kirori Mal College University of Delhi

✉ [pkumar\[at\]kmc.du.ac.in](mailto:pkumar[at]kmc.du.ac.in)

© 2021The Authors. Published by *Research Review Journals*

This is an open access article under the CC BY-NC-ND license

(<https://creativecommons.org/licenses/by-nc-nd/4.0/>)

1. Introduction

Indian economy is witnessing an accelerating growth over a period of time. Success of high growth rate is attributable to rise in manufacturing industries, service sector industries and exports. However, for India to perpetually grow with a precedent rate and surpass its competitors like China considerable attention is required towards building large amount of capital, efficient utilisation of resources, increase in factor productivity, creation of more employment and most importantly building human resources(Bosworth, Collins, & Virmani, 2007).No nation can attain full economic and social development unless it recognises, taps and efficiently utilises its human resources. Human capital is a critical resource for the economic success of a nation and women comprises of half of that critical resource(Jackson, 2009).

To achieve vigorous economic growth, especially in developing countries, a well-structured program should be placed which aims to curb poverty and empower people by providing them easy access to factors of production, particularly capital. The hidden capacity of poor people to become entrepreneurs is enhanced through the facility of microfinance. The microcredit services allow poor people to involve in income generating activities which not only makes them independent but adds to their household income and contribute in wealth generation of the nation(Awojobi & Bein, 2011).Microfinance is considered as an economic tool which aims at alleviating poverty and promoting sustainable growth and development. Involvement of women in business life is viewed as extremely important for achieving the potential socioeconomic growth capacity of a nation (Cak & Degermen, 2015).

Microfinance institutions differ widely from official banking sector. Microfinance provides loan to poor people who do not have any work and do not hold any property to mortgage. As microfinance functions on the principle of forming groups of 5-6 members who pool savings and take guarantee of one another in repaying the loan amount. Such institutions play a critical role in encouraging women to take up entrepreneurial activities (Cak & Degermen, 2015). In turn, income generating activities play a crucial role in empowering women. There exists a high degree of correlation between women entrepreneurship and women empowerment. The empowerment level of women is highly dependent on the developmental activities they undertake. Women entrepreneurship is one of the important factors responsible for women empowerment (Nawaz, 2010). A large body of research work shows that there exists a positive inter-linkage between gender equality and development of countries. Several studies have highlighted that promoting gender equality leads to huge capital formation, enhances factor productivity which eventually supports economic growth and development (Jackson, 2009).

Microfinance industry acts as women's agent in India as it understands the potential of women to pursue their interest, dreams, passion despite the continuous pressure from traditional and patriarchal society. Microfinance aims to promote women's collective action, self-employment, financial autonomy by facilitating easy financial access (Guérin, Kumar, & Agier, 2013). While it is equally important to pay attention to the usage of the loan amount which is disbursed to women through microcredit program. It has been observed that easy access to credit alone cannot improve the social status of women as in many cases the loan amount is consumed by their male counterparts in owing land, purchasing productive assets which takes them away from wage employment without providing any benefit to women. Women's willingness to undertake entrepreneurial activity, purchase assets in her own name can bring a change in their social status (Garikipati, 2012). Women empowerment would remain a vision if microfinancing program is not implemented in its true sense. To empower women, it is necessary for women to take charge of the loan disbursed to them and utilize it for their betterment.

Keeping in view the advantages and challenges of micro-financing, The Government of India launched a scheme on 8th April 2015 called MUDRA to help micro and small business units to combat the financial distress. Micro unit development and refinance agency aims to fund the unfunded especially the sector which does not have easy access to any formal source of funding. MUDRA works in association with local coordinators and extend funds to "last mile financiers" of small businesses. In other words, MUDRA bank does not directly contact the needy but provide funds at lower rates to micro finance institutions, NBFCs, public/private sector banks which in turn lends to the micro enterprises (Kumar, 2017). Therefore, we aim to explore the impact of microfinance and MUDRA Yojana on women empowerment in India.

2. Objectives of the Study

The key objectives of the study are:

1. To understand the concept of microfinance, MUDRA, women entrepreneurship socioeconomic development, and women empowerment.
2. To investigate the relationship between MUDRA or microfinance, women entrepreneurship, socioeconomic development and women empowerment.

3. Conceptual Framework

Microfinance

In simplest words, Microfinance is described as "Bank for the poor". It is a powerful instrument which effectively deals with the issues of poverty, unemployment and promotes socioeconomic development. The benefits of the microcredit program multiply manifold if it is directed towards the women of the country. In other words, it is a means to provide financial support to the underprivileged section of the society (Khandelwal, 2007). The concept of microfinance is built on disbursing small amount of loans, emphasizing on social collateral and focusing on the women clients in particular (Roy, 2018). Furthermore, microfinance is considered as a tool of women empowerment. Various academicians have put forth that combining gender related training program to the microfinancing facility can exaggerate the level of empowerment and reduce gender-based conflicts. Gaining easy access to finance has made women self-dependent and confident. It has been observed that microcredit enables women to resolve credit and hold more decision-making power in the household matters. Empowered women take good care of their families, microcredit indirectly boosts children mortality rate and reduces malnourishment (Kim et al., 2007).

MUDRA

MUDRA is one of the macroeconomic policies launched by the Government of India with the primary objective of uplifting the micro, small as well as medium enterprises. It functions as an apex financier which provide funds at low cost to small entrepreneurs and aims to penetrate deep into the Indian financial market and fill the gaps of Indian microfinance program(Roy, 2018).Financial inclusion is considered as an important monetary arrangement which leads to the growth and development of a nation. The government of India has launched the Pradhan Mantri Mudra Yojana (PMMY) intending to fulfil the credit requirement of micro and small enterprises which would ultimately help the weaker and poorer section of the society to uplift themselves to the mainstream(Agarwal & Dwivedi, 2017).

MUDRA scheme has classified its borrowers into three different categories on the basis of the loan amount disbursed to them. Three loan instruments are the key products of the MUDRA scheme(Shahid & Irshad, 2016):

1. Shishu: Maximum loan that can be obtained under this product is Rs 50,000. The borrowers seeking loan of Rs 50,000 or less are called the starters. The rate of interest charged under this category ranges between 10-12%. However, public sector banks relatively charges a lower rate of interest.
2. Kishor: This products includes the middle stage finance seekers who take loan ranging between Rs 50,000 to Rs 5 lakhs. The interest rate charged by banks is different although lies between 14-17%.
3. Tarun: This instrument deals with the loan requests of above 5 Lakhs upto 10 Lakhs. The interest rate in this case starts at 16%. People availing loan under this product are called as next level growth seekers.

Women Entrepreneurship

Women entrepreneurship may be described as a woman or a group of women willing to initiate, plan, organise, set up and run an enterprise. Women indulge in entrepreneurship to contribute in household income, gain self-confidence and respect in the society. The Government of India defines the concept of women entrepreneur as an enterprise which is owned and controlled by women having financial interest of not less than 51% of capital and providing minimum 51% employment to the women in that enterprise(Goyal & Prakash, 2011). Female entrepreneurship is recognised as an important aspect which contributes in economic development. Women perceive entrepreneurship as a journey towards equity and equality, which can pull them out of poverty and support them to lead a healthy and respectful life (Ghosh & Cheruvalath, 2007).

Socioeconomic Development

Socioeconomic development is defined as a chain of changes in the socio-economic life of a country which brings improvement in human life and leads to better organisation of process and structures that are occurring in a country(Stec, Filip, Grzebyk, & Pierscieniak, 2014). It has been emphasised that the primary step towards economic development is economic growth. Economic growth is expressed as quantitative changes in the scale of production and services which lasts for a short time period. When such quantitative advancements are combined with improvements in the qualitative aspects, such as socio-economic structure, better quality of human life then growth turns into economic development(Stec et al., 2014). The position held by individuals, households and families in a society on various dimensions such as income, wealth, education, prestige is described as socioeconomic development(Bollen, Glanville, & Stecklov, 2001).

Women Empowerment

The concept of women entrepreneurship is multidimensional as it authorises women to perceive their full identity and the power lying within themselves. Power is defined as something which is acquired and not transacted or given (Pilla,1995). Women should feel the power from within and exercise that power in controlling their wealth, assets and taking decisions. Feeling of the women that she can accomplish every task in the society that a male can do is her empowerment (Nawaz, 2010). Sahay (1998) explains women empowerment as a multi-dimensional exercise which authorises women to perceive their full identity and powers in all aspects of life. Women can be empowered by acquiring assets which may be physical, social, economic or intellectual, by attaining education either conventional, technical, vocational, by joining local, state or national level institutions or by doing white collar jobs in big companies and enhancing their personalities(Mandal, 2013).

4. Review of Literature

MUDRA

MUDRA yojana is relatively a newer concept as it is launched in 2015. Most of the studies related to MUDRA program are descriptive in nature which deals with facts and figures of how much loan has been extended so far and how well the scheme is doing in reaching the relevant class of the society. Some of the studies are undertaken by (Soni, 2016; Kumar, 2017; Annu & Kumar, 2018; Mahajan, 2018; Vijai, 2018; Shah & Mali, 2019). To develop an understanding of the MUDRA scheme, Soni (2016) undertakes an exploratory study which describes the three products of MUDRA i.e. Shishu, Kishore and Tarun and the repayment methods adopted under this scheme to ease out the repayment process for borrowers which also include MUDRA cards. The scheme is found to have so far benefited Indian economy in terms of higher GDP, employment generation and women empowerment. It is concluded on an optimistic note that MUDRA will emerge out to be a fruitful policy which would boost India's MSME sector in future.

Similar research is undertaken by Kumar (2017) on MUDRA yojana which lays emphasis on the role of MUDRA in supporting small businesses in India so that employment could be generated on a large scale and more people can get self-employed. This scheme benefits small artisans in both rural as well as urban areas, retailers and small shopkeepers, fruits and vegetables vendors, truck operators, salons etc which have maximum fund requirement of Rs 10,00,000. The statistics show that till December 2016, the amount of funds disbursed under Shishu product is much larger than the amount of loans disbursed Kishore and Tarun product. In total, the amount of loan disbursed in 2016 has increased by 28% in comparison to the amount of loan disbursed in 2015. He concludes that small business contributes largely in the economic growth and development of a country and the government's move in this regard to strengthen and improve the situation of small enterprises by launching MUDRA scheme is found to be very effective. The scheme will assist in improving the social well-being of the individuals involved in small scale businesses which will result in positive progress of the economy. Mahajan (2018) has also made an effort to understand the MUDRA yojana, its objective, role and importance towards the small business units. The study finds that public sector banks SBI, Canara bank and private sector bank like HDFC and ICICI banks are the top leading bank under PMMY scheme. Public sector banks are in top of the list for disbursement of loan to women followed by private sector bank, regional rural bank, NBFC – MFI and non NBFC – MFI. The author concludes that the scheme is doing its best to improve the status of women and other backward classes of the society especially uneducated and unskilled workforce.

Vijai (2018) states that MUDRA yojana offers variety of products to create employment and support growth of GDP in India. Several sector specific schemes for instance, Mahila Uddyami Scheme, Missing Middle Credit Scheme, Refinancing Scheme for Regional Rural Banks are launched in addition to the three essential products of MUDRA i.e. Shishu, Kishor and Tarun. Another area of responsibility of MUDRA bank is to register and ensure proper regulation of MFIs. Using secondary data, the author concludes that In Tamil Nadu, Shishu product has the maximum share in terms of number of accounts sanctioned and amount disbursed while the number of account sanctioned increased in case of Kishor and Tarun but amount disbursed did not show any growth in either of the two rather it declined in case of Tarun from 2015-16 to 2016-17. On the other hand, Annu & Kumar (2018) examine the contribution of MUDRA in cultivating new entrepreneurs especially women entrepreneurs. It states that In financial year 2016-17, around 2.91 crores accounts are opened of women entrepreneurs and Tamil Nadu is the state which has highest number of women entrepreneurs benefited under this scheme in 2016-17. As MUDRA is at its initial stage, there are several challenges in proper implementation of the scheme and there is a need to spread awareness among the underprivileged people.

The study conducted by Shah & Mali (2019) conclude that the benefits derived out of PMMY is reflected through the maximum growth observed in Bihar, Kerala, Rajasthan, Karnataka, Tamil Nadu and West Bengal while least growth is recorded in Lakshadweep, Daman & Diu, Andaman & Nicobar islands, Dadra & Nagar Haveli. Reasons for least growth could be the poor implementation of the policy or minimum attention of the Government towards these states. It further states that the Mudra policy has extended a helping hand to those who are willing to run business but have minimum or no funds to support their venture. India is highly optimistic towards this policy and it is expected that this policy could be a game changer policy for our economy in the near future. While an article projects that ever since the implementation of the Pradhan Mantri Mudra Yojana, around 1.12 crores of jobs have been created till December 2017. The number of jobs created in relation to the amount of loan sanctioned was less than 10% in past 33 months. On dividing the total sum of loan disbursed by the number of additional jobs generated, it is concluded that on an average, Rs 5.1 lakh in Mudra loan is extended for creating each additional job (Express, 2019).

Women Entrepreneurship

Microcredit institutions support entrepreneurial activities by extending funds to poor people who are willing to start an enterprise. The agenda behind microfinance practice is to alleviate poverty and promote socioeconomic development of the country at large (Cak & Degermen, 2015). The study conducted by Cak & Degermen, (2015) focuses on the impact of microfinance on the level of women entrepreneurship in Turkey. It aims to measure improvement in the economic level and social status of beneficiaries i.e. women. Questions related to improvement in consumption level, purchasing power, household income, economic status of the family, decision making authority of women on family planning, children's education, freedom to spend her income are included in the questionnaire which is circulated among 250 women of Kocaeli and Sakarya for data collection. Findings of the research indicates that out of the total women taking credit, 93.5% have been successful in starting their income generating activities such as bakery, hairdressing, dowry, souvenir, poultry raising, goat and sheep farming and agriculture. In addition, women have become self-confident, gain respect from their families and enjoy increase in their family income and a better standard of living. Mahmood (2011) undertakes similar study on urban and rural areas in Punjab, Pakistan. The research targets the women borrowers of microfinance in Punjab. 37 responses are collected to draw conclusion on the impact of microcredit on the entrepreneurship among women. Demographic analysis indicates that approximately 49% of loan seeking women are 30-39 years of age. Majority of the women who seek microfinance are married and belong to male dominant family where husband is the head of the family. Around 62% women utilise loan amount either in setting up or running their existing business. Rural women are usually engaged in income generating activities such as raising animals, embroidery, tailoring and breeding livestock. After obtaining loan for running a business, women feel that they have gained freedom in expressing their opinion in the family, take decision on matters related to children's education and day to day purchases and expenditures. On the contrary, they are not allowed to spend that money on their own education. Women in Punjab are still not convinced whether they are eligible for taking credit for commercial purposes. One of the drawbacks of micro funding program identified in the study is that despite extending loans to women to take up entrepreneurial activities, women are not given any business specific training to feel confident about running an enterprise. Hence, majority of them end up taking loans to support their existing family business while less than half of the total loan seeking women are dedicated to set up their own business.

A similar research is undertaken in Bangladesh to draw relationship between women entrepreneurship and women empowerment by Nawaz (2010). The research is based on theoretical grounds and supported by case studies in Bangladesh. Thorough analysis of case studies has highlighted that women's attitude and behaviour undergo positive change after they are involved in developmental activities. Active participation of women in income generating activities has boosted their self-confidence, increased their decision-making capacity, power to spend money, freedom to interact with marketing systems, women command more respect in the family and society. Microcredit enables them to initiate their business ventures as a result they are no longer financially dependent on their husband's income. They contribute financially in the family matters whenever the need arises. Thus, it is concluded that there is nexus between women entrepreneurship and women empowerment. Although, women are empowered by initiating entrepreneurial activities but their presence in the field of politics is found to be extremely low. Political autonomy is also one of dimensions of women empowerment which is not evidently visible among women of Bangladesh.

On the other hand, Olu (2009) studies the interlinkage between microcredit and entrepreneurship development in Nigeria. This country is classified among the poorest countries with alarming rate of unemployment. For countries like Nigeria, small scale businesses are very crucial for the economic development. Entrepreneurship is viewed as a medium to reduce unemployment, alleviate poverty and support economic growth and development. Microfinance has assumed the primary responsibility of promoting entrepreneurial activities as it has the ability to reach the poor and the vulnerable section of the society. To gauge the inter-relationship, data is collected by distributing questionnaire to 60 enterprises in Lagos state of Nigeria. Results of Chi-square, ANOVA and regression technique indicate that there exists significant difference in the number of enterprises who resort to microcredit. The activities of microfinance institutions can be held liable for predicting entrepreneurial productivity, but it does not help in predicting the development level of enterprises. Many firms have reached out to microfinance institutions for pumping money in their businesses. Hence, it is concluded that microfinancing institutions positively impact entrepreneurship development and industrialisation process in Nigeria.

Socioeconomic Development

Many researchers have made an attempt to unveil the contribution made by microcredit in socioeconomic development of a country. A study by Annim, Awusabo-asare, & Asare-mintah (2008) aims to examine the socio-economic dimensions of clients of microfinance institutions in Ghana because it is believed that microfinance primarily deals with wealth creation and poverty

alleviation. Hence, it is important to find out the profile of the clients who seek microfinance in Ghana to conclude whether microfinance has been successful in fulfilling its objectives. One of the major challenges in this study is identifying the poor who needs financial assistance. For the purpose of collecting data, the entire country is divided into three parts i.e. northern zone, middle zone and the coastal zone which is further divided into subcategories. In a particular geographical region, background related data is collected from both clients and non-clients of microfinance to facilitate comparison between the background profile of microfinance client and non-microfinance client. Microfinance Poverty Assessment Tool (MPAT) is used to analyse the data which is based on principal component analysis. Results reveal that out of the total 1628 client respondents, it has been observed that there are more female clients than male who are on an average older than male clients. In addition, it is discovered that majority of MFI clients are well off or wealthier than non-clients. From the top it appears that MFIs are targeting poor people and working towards the upliftment of weaker section but within zones it is found that on an average, the MFI client is well off than people who are not seeking any finance help from these institutions. Hence, it is concluded that MFIs are not successful in meeting their objectives. Efforts should be made to target the people belonging to lower quintiles for poverty alleviation from the society.

The study which evaluates the role of microfinance in the socioeconomic development of females in Mpigi Town Council, Uganda is undertaken by Luyirika (2010). In-depth interviews, focus groups, observations and discussion with the women availing microfinance services are conducted to understand the psychology and behaviour of women. Data is collected through questionnaire which is a part of quantitative technique. Coding, Tabulation and Establishing themes are the techniques used to analyse the data. Analysis of the data collected from fifty respondents including direct beneficiaries of microfinance, loan officials of microfinance institutions and civil servants of the town and respective district of Uganda reveal that married women, majorly more than forty years old are the main players in microfinance market. It is discovered that beneficiaries feel more confident about themselves, they have started income generating activities, have opened bank accounts, mobilise savings, they find themselves capable enough to take up leadership roles, they have sent their children back to school, have been able to buy household assets such as furniture, solar etc. Women who have participated in micro-credit activities have earned the status of opinion leaders, advisors and are considered as role model in the community. However, women often face challenge in procuring loan from these institutions. For instance, higher interest rates, small profit on investment, short repayment periods, short grace periods, actual amount of loan is never disbursed etc have developed a negative attitude towards microfinance among the people of this community. Overall, micro-credit facility has helped in the socioeconomic development of the women.

There are several studies which examine the role played by microfinance in the socioeconomic development of India (Reji, 2009; Parwez, Patel, & Shekar, 2018). Reji (2009) evaluates the impact of microfinance programmes of NHGs (neighbourhood groups), which assist the savings mobilisation and credit disbursement on the socioeconomic living of its beneficiaries, especially women, in Nilambur district of Kerala. The study involves a comparative analysis of the living conditions of the members of the NHG groups before and after becoming a part of the group. Survey revealed there is a tremendous change in the living style of women post membership. Majority of member women started saving money after associating with NHG group. Ease in availing loan by becoming a member of NHG has enabled women to own more of household assets for fulfilling their needs and desires. Livestock, sewing machines, implements are among the various household assets which are held by NHG women. It is further observed that maximum loan is used for the construction of washrooms, house repairs etc. Women have also started taking up income generating activities such as poultry, dairying and tailoring etc. It is witnessed that members have become self-confident as they contribute in household decision making activities, they have gained respect in the family after associating with the group. Women have expressed their control on financial resources of the family. They take decision related to savings and withdrawals. In total, there is a visible positive impact of self-help groups on the socioeconomic upliftment of the women.

In addition, Parwez, Patel, & Shekar (2018) review the socioeconomic development of Gujarat with the growth of microfinance in India. Gujarat is found to have adopted bank linked SHGs program which prescribes commercial banks to lend to SHGs as part of their rural credit policy. SHGs act as intermediation between poor people and banks which also reduces transportation cost for both rural clients and banks. The study aims to evaluate the impact of microfinance on SHGs members. Data is collected using a semi-structured questionnaire from 225 members of SHGs using systematic sampling. Chi-square is applied to find any existing discrepancy between expected and observed frequencies. Regression test and variance analysis reveal that there exists a positive impact of microfinance on livelihood development and poverty alleviation in rural areas of Gujarat. In other words, microfinance leads to socioeconomic development in Gujarat via women led SHGs. They also emphasise that there is a need to support SHG-bank linkages for providing credit in rural areas and for the upliftment of the society in total.

Women Empowerment

Women empowerment is one of the critical aspects of economic development for all the countries especially developing countries. Numerous studies have been conducted to analyse the impact of micro-financing program on women empowerment (Balk, 1994; Hashemi, Schuler, & Riley, 1996; Amin, Becker, & Bayes, 1998; Handy, Kassam, & July, 2004; Pitt, Khandker, & Cartwright, 2006; Swain & Wallentin, 2009; Li, Gan & Hu, 2011). Research conducted by Balk (1994) aims to measure the social status of women using mobility index, leniency index, attitude index and authority index. Freedom to come outside the house, travel outside the village, visit your paternal family members, visit to the doctor, taking child to the hospital, greeting any unknown male guests, authority to take decision related to purchases, household expenses, children's education and marriage, working to increase family income, owning assets are some of the key dimensions of four indices to evaluate the social status of a woman. Survey conducted among local women highlights that older women are more likely to be mobile, higher inter-spouse age difference reduces leniency although increases the authority level of women. Results of OLS regression have further discovered that status of women living with their in-laws is lower than the ones who live independently. In terms of education and household wealth, there exists a significantly positive correlation among all four dimensions, except mobility in terms of education. On the other hand, amount as well as size of the landholdings along with family's dwelling unit has negative impact on four indices of women's social status.

An ethnographic research is undertaken in six villages of Bangladesh for the period of 4 years i.e. from 1991-1994 by Hashemi et al. (1996). The study employs a combination of eight indicators such as ability to make small as well as large purchases, mobility, involvement in family decisions, economic security, legal and political awareness, comparative freedom from the family domination, participation level in political campaigns and protests to measure the empowerment level of women. Structured questions, informal interviews and participant observations are used to collect data from six villages subdivided into villages which have Grameen Bank, villages where BRAC is operational and villages which have no access to any microcredit institutions. Logistic regression is run to examine the impact of women's credit on eight empowerment indicators. Responses from 1200 household reflect that lack of paid job opportunities is restricting women's active economic participation which considerably affect the level of women empowerment in Bangladesh. Microcredit facility of Grameen and BRAC banks has increased mobility, women have become in-charge of their lives. Despite having lower earnings due to limited employment opportunities, women have total control on their earnings. They are able to buy household things by themselves, have gained respect in the family. It has also been identified that family violence on women has reduced due to micro lending programs.

Another study to investigate impact of microcredit on the level of women empowerment in the rural areas of Bangladesh is undertaken by Amin, Becker, & Bayes (1998). The study deals with the role of micro-credit finance programmes offered by NGO on the women empowerment in rural areas of Bangladesh. The study examines the relationship between women participation in microcredit programs in rural areas and their level of empowerment. It involves both quantitative and qualitative techniques to draw relationships. Data is collected from sample of women who seek loan from five NGOs in rural Bangladesh. The data so collected is compared with non-members from a non-NGO program area so as to see if there exist any impacts of NGO credit facilities on women empowerment. Women empowerment is measured through three indices namely inter-spouse consultation index, authority index and autonomy index. The analysis reveals that there exists a significantly positive association between the women empowerment indices and NGO micro-financing programs which usually stem from active participation of poor women in NGO funding programs.

The women empowerment index constructed by Amin, Becker, & Bayes (1998) encompasses Inter-spouse consultation index which includes indicators to measure the extent to which husband consult their wives in household related matters, Authority index which measures the decision making power of women which generally lies with the male member of the family and Autonomy index which includes the freedom of women in terms of physical movement in the village or in the society, in the matters of savings and spending. Intra-Index correlation is calculated and found to be less than 0.31 and reliability of the index is measured using Cronbach's alpha coefficient. The index has been referred by several researchers in undertaking research on women empowerment.

Handy, Kassam, & July (2004) examine the role played by Chinmaya Rural Training Centre (CRTC) NGO located in foothills of Himalaya in empowering women, including the employees and the clients, living in traditional and patriarchal societies. The objective of the study is to identify whether the employees of the NGO are themselves empowered as they take the responsibility to empower their clients. For measuring women empowerment, Amin, Becker, & Bayes (1998) index is referred with an addition of another component called political autonomy index. To document the extent of women empowerment, data is obtained from the employees of NGO such as supervisors and particularly fieldworkers, who directly work with the clients of the NGO. 25 local ladies

are also interviewed who have been served by the CRTC. Scheffe Post Hoc test and regression test are run on the data collected. It is found that employees, both supervisors and fieldworkers, significantly differ with the beneficiary women in terms of education, family income. Regression test has revealed that empowerment depends on the education level and tenure at the job of the women while age, income level and family structure are found to be insignificant. Analysis of the data concludes that women who are working in the NGO were the clients of the same and today they rank considerably high on the empowerment level hence they work to empower other women in the village. The overall experience of the NGO suggest that the employees are chosen from the clientele, nurtured, prepared and trained to assume the responsibility of empowering others.

There is another study which estimates the effect of microfinance program on empowerment of women in Bangladesh. Pitt, Khandker, & Cartwright (2006) analyse the effect of participation of men and women in microfinance program on the empowerment level of women in Bangladesh. It evaluates the impact by gathering responses on the questions which deal with women autonomy, relationship with husband and other family members. The study uses variety of indicators which serve as a proxy for measuring women empowerment such as her independence, her participation in household decision making, economic decision making and power to make purchases. Data is obtained from a household survey conducted by BIDS and world bank in 1998-99. Techniques applied in the analysis involve item response measurement model, latent variable Bayes prediction model and OLS fixed effect model. Several aspects of women empowerment are identified such as ability to purchase, control over financial resources, networks and freedom to visit places, status within family and society, awareness of legal as well as political issues, say in family planning, husband's attitude towards wives and women's attitude towards empowerment. Result of the analysis point towards a positive impact of women's participation in microcredit program on women empowerment. While the impact of male participation in microcredit is found to have a negative impact on women empowerment. Women seeking credit is found to have greater control over financial resources, upper hand in family related matter and also children are found to be in better position in terms of food and clothing when women take the charge of finance in the family. Hence, it is concluded that there does not exist equal credit impact of gender participation in micro funding program on women empowerment.

Swain & Wallentin (2009) emphasis that behavioural reactions of women in situations, which reflect their social well-being, can be helpful in measuring the level of women empowerment. In addition, women empowerment can be measured by estimating their participation in labour market or their level of economic independence. Primary research is undertaken to find the impact of micro finance on women empowerment in India. Structural model including latent women empowerment is developed and robust likelihood method is employed to gauge the effect of SHG on women empowerment. Analysis of the responses indicates that there is an increased level of women empowerment among the members of SHG. Although, there is no clear evidence that the women who joined SHG were not empowered earlier and gained self-confidence and independence only after joining it. There could be possibility that some of the members of the SHG groups were empowered even before being a part of self-help groups. Largely it has been observed that the level of empowerment has increased over a period of time among the members of self-help groups.

On the other hand, Li, Gan, & Hu (2011) study the impact of micro-finance credit on women empowerment in context of China. The research uses self-constructed women empowerment indicators which are developed by circulating a questionnaire among women in rural areas involving questions related to major dimensions, for instance, mobility, personal characteristics, ability to make their own purchases, decision making power, control over financial resources etc. Logit regression model is run on 24 empowerment indicators, dependent variable, with amount of loan as independent variable including control variables such as personal and household specific characteristics. The empirical findings suggest that micro finance has enabled women to exercise greater control over financial resources such as savings. It has further strengthened her say in familial matters and decision-making process. They also state that the level of empowerment increases with the increase in cumulative loan size.

5. Conclusion

The available literature point towards the existence of microfinance from a long period of time. The aim of microfinance is to reach poor families especially women who might face difficulties in arranging loans from banks. Small amount of loan is extended to make big investments which helps in socioeconomic development of poor women and their respective families. To reach the underprivileged mass and boost the growth of micro, small and medium enterprises in India, Government of India has launched a lending scheme called MUDRA which aims to fund the unfunded. Mudra extends loan within the range of Rs 50,000 to Rs 10 Lakhs enabling people to establish their own enterprises by providing them seed financing or enhancing their existing operations by injecting more capital in them. Microfinance and MUDRA yojana both have been directed towards encouraging women to take up

entrepreneurial activities. When the loan taken by women is utilised for fulfilling her own dreams and passion such as initiating income generating activities, the benefits reaped by the activities is much larger than earnings. Women acquire self-confidence, feel independent, actively engage in decision making matters, move freely in the village, are able to educate their children including girls, have full control over their income as well as other financial resources, they are able to buy property or other financial assets in their own name. Thus, it can be said that women who actively participate in microfinancing activities feel empowered.

In total, it can be concluded that there exists a strong interlinkage between microfinance, socioeconomic development, women entrepreneurship and women empowerment. Microfinance allows women to seek financial assistance without complicated rules and procedures. Extending huge amount of loans to women is a means to encourage women entrepreneurship which would lead to socioeconomic development and eventually result in women empowerment. However, no empirical work has been undertaken to evaluate the impact of MUDRA yojana on women empowerment.

6. Scope for Future Research

This study is an attempt to assimilate literature available on microfinance and its role in empowering women. Researchers, academicians and other practitioners can refer this study to earn a broader perspective on this topic. However, this study can serve as a base paper for estimating the impact of MUDRA yojana on socioeconomic development, women entrepreneurship and women empowerment which is not yet examined.

References

1. Agarwal, M., & Dwivedi, R. (2017). Pradhan Mantri Mudra Yojna:A Critical Review. *Parikalpana: KIIT Journal of Management*, 13(2), 97. Retrieved from <https://doi.org/10.23862/kiit-parikalpana/2017/v13/i2/164524>
2. Amin, R., Becker, S., & Bayes, A. (1998). NGO-promoted microcredit programs and women's empowerment in rural Bangladesh: quantitative and qualitative evidence. *Journal of Developing Areas*, 32(2), 221–236.
3. Annim, S. K., Awusabo-asare, K., & Asare-mintah, D. (2008). Spatial and socio-economic dimensions of clients of microfinance institutions in Ghana. *Journal of Geography and Regional Planning*, 1(5), 85–96.
4. Annu, & Kumar, M. (2018). MUDRA: A Catalyst for Women Entrepreneurs and New Entrepreneurs in India. *International Journal of Multidisciplinary*, 3(10), 32–38.
5. Awojobi, O., & Bein, M. A. (2011). Microfinancing for poverty reduction and economic Development; a Case for Nigeria. *International Research Journal of Finance and Economics*, 72(72), 159–168.
6. Balk, D. (1994). Individual and community aspects of women's status and fertility in rural Bangladesh. *Population Studies*, 48(1), 21–45. Retrieved from <https://doi.org/10.1080/0032472031000147456>
7. Bollen, K. a, Glanville, J. L., & Stecklov, G. (2001). Socioeconomic Status and Class in Studies of Fertility and Health in Developing Countries. *Annu. Rev. Sociol.*, 27, 153–185.
8. Bosworth, B., Collins, S. M., & Virmani, A. (2007). *Sources of Growth in the Indian Economy*(No. 12901). National Bureau of Economic Research. Massachusetts. Retrieved from <http://www.nber.org/papers/w12901>
9. Cak, D., & Degermen, A. (2015). Women Entrepreneurship and Microfinance in Turkey. *Eurasian Business & Economics Journal*, 2, 93–105.
10. Express, F. (2019). Mudra loan reality check: Each job costs Rs 5.1 lakh; only 20 percent borrowers started new business. *Financial Express*.
11. Garikipati, S. (2012). Microcredit and Women's Empowerment: Through the Lens of Time-Use Data from Rural India. *Development and Change*, 43(3), 719–750. Retrieved from <https://doi.org/10.1111/j.1467-7660.2012.01780.x>
12. Ghosh, P., & Cheruvalath, R. (2007). Indian Female Entrepreneurs as Catalysts for Economic Growth and Development. *The*

- International Journal of Entrepreneurship and Innovation*, 8(2), 139–147. Retrieved from <https://doi.org/10.5367/000000007780808048>
13. Goyal, M., & Prakash, J. (2011). Women Entrepreneurship in India-Problems and Prospects. *International Journal of Multidisciplinary Research*, 1(5).
 14. Guérin, I., Kumar, S., & Agier, I. (2013). Women's Empowerment: Power to Act or Power over Other Women? Lessons from Indian Microfinance. *Oxford Development Studies*, 41(SUPPL 1), 37–41. Retrieved from <https://doi.org/10.1080/13600818.2013.781147>
 15. Handy, F., Kassam, M., & July, T. C. (2004). Women's empowerment in rural India. *ISTR Conference*, 4(3), 1–39.
 16. Hashemi, S., Schuler, R. S., & Riley, A. P. (1996). Rural Credit Programs and Women's Empowerment in Bangladesh. *World Development*, 24(4), 635–653.
 17. Jackson, L. W. (2009). Educate the Women and You Change the World: Investing in the Education of Women Is the Best Investment in a Country's Growth and Development. *Forum on Public Policy Online*, 2009(2), 1–28.
 18. Khandelwal, A. K. (2007). Microfinance development strategy for India. *Economic and Political Weekly*, 42(13), 1127–1135.
 19. Kim, J. C., Watts, C. H., Hargreaves, J. R., Ndhlovu, L. X., Phetla, G., Morison, L. A., Pronyk, P. (2007). Understanding the impact of a microfinance-based intervention on women's empowerment and the reduction of intimate partner violence in South Africa. *American Journal of Public Health*, 97(10), 1794–1802. Retrieved from <https://doi.org/10.2105/AJPH.2006.095521>
 20. Kumar, S. (2017). Impact of Mudra Yojana on Financial Inclusion. *Icrtesm*, 861–865.
 21. Li, X., Gan, C., & Hu, B. (2011). The impact of microcredit on women's empowerment: evidence from China. *Journal of Chinese Economic and Business Studies*, 9(3), 239–261.
 22. Luyirika, N. M. *The role of Microfinance in the Socio-Economic Development of Women in a community : A case study of Mpigi Town Council in Uganda*, (2010). Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.880.4402&rep=rep1&type=pdf>
 23. Mahajan, A. (2018). An analysis of performance and impact of MUDRA Yojna under PMMY in the year 2016. *Research Journal of Management Sciences*, 7(3), 1–5.
 24. Mahmood, S. (2011). Microfinance and women entrepreneurs in Pakistan. *International Journal of Gender and Entrepreneurship*, 3(3), 265–274. Retrieved from <https://doi.org/10.1108/17566261111169340>
 25. Mandal, K. C. (2013). Concept and Types of Women Empowerment. *International Forum of Teaching and Studies*, 9(2), 17–30. Retrieved from <http://www.joe.org/joe/1999october/comm1.php>
 26. Nawaz, F. (2010). Nexus between women entrepreneurship development and empowerment: Bangladesh context. *Nepalese Journal of Public Policy and Governance*, 24(3), 62–74. Retrieved from <http://pactu.edu.np/contents/njpg/june2010/5-faraha-nawaz-nexus-between-women-entrepreneurship-development-and-empowerment--bangladesh-context.pdf>
 27. Olu, Oj. (2009). Impact of Microfinance on Entrepreneurial Development: The case of Nigeria. *The International Conference on Administration and Business*, 536–545.
 28. Parwez, S., Patel, R., & Shekar, K. C. (2018). A Review of Microfinance-Led Development: Evidence from Gujarat. *Global Social Welfare*, 5(4), 199–210. Retrieved from <https://doi.org/10.1007/s40609-017-0095-3>
 29. Pitt, M. M., Khandker, S. R., & Cartwright, J. (2006). Empowering women with micro finance: Evidence from Bangladesh. *Economic Development and Cultural Change*, 54(4), 791–831. Retrieved from <https://doi.org/10.1086/503580>
 30. Reji, E. M. (2009). Socio-economic impact of microfinance: A study of neighbourhood groups (NHGs) in nilambur block of

- Malappuram District, Kerala. *Indian Journal of Agricultural Economics*, 64(2), 246–258.
31. Roy, M. (2018). Advances in Finance & Applied Economics. *Advances in Finance & Applied Economics*. Retrived from <https://doi.org/10.1007/978-981-13-1696-8>
 32. Sahay, S. (1998). Women and empowerment: Approaches and strategies. Discovery Publishing House, New Delhi.
 33. Shahid, M., & Irshad, M. (2016). a Descriptive Study on Pradhan Manthri Mudra Yojana (Pmmy). *International Journal of Latest Trends in Engineering and Technology Special Issue*, (March), 121–125. Retrieved from <https://www.researchgate.net/publication/323829595>
 34. Soni, A. (2016). MUDRA: MICRO UNITS DEVELOPMENT AND REFINANCE AGENCY. *International Journal of Economic and Business Review*, 4(9), 33–36.
 35. Stec, M., Filip, P., Grzebyk, M., & Pierscieniak, A. (2014). Socio-economic development in the eu member states – Concept and classification. *Engineering Economics*, 25(5), 504–512. Retrieved from <https://doi.org/10.5755/j01.ee.25.5.6413>
 36. Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics*, 23(5), 541–556. Retrieved from <https://doi.org/10.1080/02692170903007540>
 37. Vijai, C. (2018). A Study on the Performance of Mudra Yojana in Tamilnadu. *Journal of Banking, Finance and Insurance Managemnt*, 1(2), 1–9.