

## **The Differential Impact of Microfinance on Women's Economic and Social Capital: Evidence from a Quasi-Experiment in Ahmedabad**

Dr. Kamal Agal  
Associate Professor,  
GTU School of Management Studies (GSMS)  
Faculty of Management  
Gujarat Technological University, Ahmedabad, Gujarat (India)  
Email : [asso\\_kamal@gtu.edu.in](mailto:asso_kamal@gtu.edu.in)

Dr Jayendrasinh Jadav,  
Professor, S D School of Commerce, Gujarat University, Ahmedabad  
Email : [jayendrasinhj@gmail.com](mailto:jayendrasinhj@gmail.com)

Dr. Ramesh Chandra Das  
Assistant Professor of Commerce  
Bhadrak Autonomous College, Bhadrak, Odisha  
Email: [rameshchandradas99@gmail.com](mailto:rameshchandradas99@gmail.com)

Dr Dharak Patel,  
Assistant Professor  
Government Science College, Gandhinagar, Gujarat university  
Email : [dharak.dsp@gmail.com](mailto:dharak.dsp@gmail.com)

Dr Rupali Singh  
Professor  
Faculty of Business & Commerce  
Atmiya University Rajkot  
[director.lrc@atmiyauni.ac.in](mailto:director.lrc@atmiyauni.ac.in)

Dr Tushar Panchal  
Assistant Professor  
GTU School of Management Studies (GSMS)  
Faculty of Management  
Gujarat Technological University, Ahmedabad, Gujarat (India)  
Email: [ap\\_tushar@gtu.edu.in](mailto:ap_tushar@gtu.edu.in)

### **Abstract:**

This study examines the role of macro finance in empowering women in Ahmedabad focusing on the factor that driven the participation the outcome of their involvement and the challenges they face in assessing financial services the research investigate what the economic and social impacts of microfinance Programs on women's lives emphasizing their contributes to financial independence entrepreneurs development And overall wellbeing using a survey based methodology data were collected from women engage with various microphones institutions across Ahmedabad the findings reveal that the majority of respondents perceive microfinance as a positive force in improving financial stability decision making power and social status over 70 % of the participants reported enhanced economic opportunities small business of entrepreneur Activities However children's research has a lack of awareness high interest rates and documentation barriers continue to hinder accessibility and effectiveness the study highlights the importance of developing digital platform and implementing AI based credit models and strengthening partnership between microphone and citizens and local businesses it concludes that while microfinance and significantly advance human empowerment in Ahmedabad further innovations

and inclusive policies and targeted interventions are essential to ensure sustainable and equitable growth for women entrepreneur in the region

**Introduction:**

Microfinance refers to the provision of small launch and financial services to individual who lacks traditional banking system it aims to promote financial inclusion reduce poverty and support entrepreneurship among low-income groups particularly women. The concept of microfinance gains global attention through Grameen Bank model introduced Bhai Muhammad Yunus in the 1970s which inspires similar Which inspired similar incentives across the world including India

In India microfinance evolved institutions such as NABARD 1982 and the Self Help Group Movement launched at 1992 both of which played a vital role in improving women's access to credit and economic opportunity overall time microfinance has become a powerful for women Empowerment enabling them to achieve financial independence enhance their decision making capacity and improve their social status

In Ahmedabad, Serval small loan providers – such as SEWA Bank, AWAG, and the Gujarat Mahila housing SEWA trust – have significantly contributed to empowering women thought microfinance this study focuses on examining how microfinance impacts women's economic and social empowerment in Ahmedabad and explore the challenge and opportunity that arise from this financial intervention

**Review of literature:**

Satish (2005) studied the mainstreaming of Indian microfinance. The study was conducted to understand the various aspects of microfinance. It argues that to find out the level of Indian microfinance in achieving the goal of removing poverty and fulfil its role in development requires in-depth impact assessment on an ongoing basis. It also reported that the Indian approach represents a mixed model having characteristics of borrowing from models which link original groups to banks, from models which make self-regulatory village banks and models that make joint-liability borrowing group. The aim of empowerment of poor in general and of women in particular would be achieved and sustained through microfinance.

Debadutta, Hrudananda (2009) conducted a study titled “Impact of the Group based Microfinance on Rural Household Savings: Empirical Findings from India”. The study conducted in Orissa to find out the influence of group-based microfinance interferences on the savings of studied households. To collect the data a multi-stage stratified random sampling method was used and selected 800 cross-sectional samples from four districts of Orissa. The study was conducted to assess the impact of microfinance by comparing the target group and the selected control group.

Kapoor, Kaur (2012) conducted a study titled “Is Microfinance a Model for Financial Inclusion of All?” It looks at two different datasets from different geographical locations in India. Three datasets were used: one is Spandana Baseline Survey (2005), Spandana Endline Survey (2007-08) and Loan Contract Information (LCI) dataset provided by CMF, IFMR. The baseline and endline survey of Spandana conducted in 2005 and 2007-08, respectively, make available a rich dataset to examine the impact of microfinance.

Puliyakot, Pradhan (2015) conducted a study titled “Competition, Multiple Borrowing and Over-Indebtedness in Microfinance: An Empirical Investigation”. Primary data was collected from the two towns – Kavundan Palayam and Ettimadai of Coimbatore in the state of Tamil Nadu. The two type of sample collected for the study one as treatment group from Kavundan Palayam township characterised by active competition among MFIs; another as the control group from Ettimadai township served, which had only a some SHGs proposing memberships on an limited basis. A total 100 households were interviewed from both the townships. The study reveals that borrowers with MFI loans also access more number of other sources of credit than the borrower without MFI loans. It is also found that MFI borrowers may be forced to depend on the other sources for the rigid repayment of the MFIs. A large number of borrowers had taken loan for non-income generating purposes. It was seen that almost all the MFIs reported 100 percent recoveries; this may point to a condition of repayment strictness of microfinance loans pushing clients to look for other sources of credit to keep fulfilling the microfinance loan repayment promises.

Harper (2012) conducted a study titled “Self-Help Group Vs. MFIs - Competing to Serve the Poor”. According to him, banks are good alternatives than MFIs because they can offer secure savings and other financial services, whereas MFIs have bagged a growing portion of the microfinance market due to aggressive profit-making policies, and despite of their higher interest rates, which are of not as much of importance to poor clients than quickness, accessibility and service. According to him SHGs are better than MFIs, especially for India, which has an incomparable retail banking network. People have a choice, MFIs will not be disappeared but SHGs should be “re-engineered” as SHG2, under leadership of NABARD's, in order to restate their situation as India's favoured channel for microfinance.

Hulme, Mosley (1996) conducted an inclusive study on use of microfinance to fight against poverty. They argued that poor can be helped by the well planned programmes to improve their income and pull out of poverty. They stated that there is significant positive correlation between loans to borrower and improvement in income level. Credit schemes are more likely to benefit the “middle and upper poor”.

Otero (1999) illustrates the various ways in which microfinance attacks poverty. According to her, microfinance provides the poor an opportunity to access productive capital, along with training and technical guidance, all achieved through local organisation-building and motivating people to come out of poverty. She adds that making productive capital available to a poor person boosted his or her sense of dignity and helped empower the person to participate in economic and social development

#### Research Methodology:

This study adopts a descriptive research Approach to examine the role of microfinance in empowering women in Ahmedabad the methodology focused on understanding the economic and social impact of microfinance program offered by selected small loan provides both primary and secondary data were used for the research. Primary data were collected survey and questionnaires from women beneficiaries of microfinance institution while secondary data were obtained from Journal Government reports on institutional records .

The study seeks to address key research questions such as factor motivating women to participate in microfinance program economic and social outcome of their involvement and the challenges within accessing financial It also aims to explore how microfinance influence women’s work life balance these are making power and overall wellbeing the analysis will help in identifying strategic doc that microfinance institutions NGO’S and policymakers can implement to enhance the effectiveness of microfinance in promoting suitable women empowerment in Ahmedabad

#### Objective of the research:

1. To examine the role of macro finance in promoting women’s economic and social empowerment in Ahmedabad
2. To identify the key factors and motivations that encourage women to participate in microfinance program
3. To access the economic impact of microfinance on women income employment and entrepreneurial development
4. To evaluate the social effect of microfinance on women’s self-confidence decision making ability and overall quality of life
5. To identify major challenges specified women in assessing and utilizing microfinance services and suggest measures to overcome them

#### Hypothesis of the study:

H01: The age of women doesn’t influence their ability to access macro finance of empowerment

H02: The educational level of women does not impact the effectiveness of microfinance in assuming financial independence

H03: Material status does not affect the decision making power of woman who receive microfinance

H04: The size of the microfinance loans does not impact the business growth of women entrepreneurs

H05: The challenges faced by women in Accessing microfinance do not affect their level of empowerment  
Research Design:

The research design serves of blueprint of conducting the study in a systematic and organized manner it outlines the plant structure and strategy for collecting and analysing data to achieve the research objective the present study adopt a descriptive research design as it aims to describe and analyse the role of microfinance empowering women in Ahmedabad this design is suitable for understanding existing conditions relationship and patterns related to women participation in microfinance program .

Data Collection Instrument and Sources:

For this study both primer and secondary data sources have been utilized to ensure the accuracy and reliability of findings.

Primary data:

Primary data has collected thought a structural questioner which survey is the main data collection instrument the questionnaire includes a set of predefined standardizer cautions designed to collect response from women participants associated with microfinance institution in Ahmedabad.

Secondary Data:

Secondary data has been obtained from authentic and credible sources such as research paper journals reports govt publication articles documents of previous research and relevant website & blogs.

Sample Design:

The sample design reports to the process of selecting respondent for this study the research is based on primary data collected from 250 women's respondents associated with various microfinance institution and self-help groups in Ahmedabad.

Data analysis:

So collected data has been analysed using descriptive statistical tools such as percentages, averages, and graphical representation to interpret the findings effectively. The analysis focus on understanding the economic and social impact of microfinance of on women empowerment in Ahmedabad.

Frequency Analysis:

age (years)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	70	28	28	28
	26-40	100	40	40	68
	41-59	60	24	24	92
	60 and above	20	8	8	100
	Total	250	100.0	100.0	

The data in table 1 reveals that the majority of respondents (40%)fall in the 26-40 years' age **group**, **followed** by 28% in the 18-25years categories around 24% belong to the 41-59 years **group**, and only 8% are aged 60 years and above. This

distribution shows that microfinance Incentives in Ahmedabad **primarily attract** young and middle aged women indicating their higher level of participation and interest in entrepreneur and economic activities.

**Higher level education wise classification of respondents:**

		Frequency	Percent	Valid Percent	Cumulative Percent
	No formal education	10	4	4	4
Valid	Primary education	20	8	8	12
	Secondary education	50	20	20	32
	Higher secondary education	70	28	28	60
	Bachelor's degree	60	24	24	84
	Master's degree	30	12	12	96
	PhD or equivalent	10	4	4	100
	Total	250	100.0	100.0	

The data shows the most respondents 28% have completed higher secondary education rollout by 24% with a bachelor degree only four 4% of women had no formal education this indicates that the majority of women involved in microfinance activities in Ahmedabad possesses at least a secondary or higher level of education which may enhance their ability to manage financial resources **effectively**.

**Are you involved any small business activity?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	180	72	72	72
	N0	70	28	28	100
	TOTAL	250	100	100	

The data indicates that 72 %of respondents are involved in small business or entrepreneur activities while 28% are not this shows that significant proportion of women in Ahmedabad have utilized microfinance opportunities to start or expand their entrepreneur ventures deflecting a positive impact of a microfinance on women's economic participation.

**What challenges do you think woman face when accessing microfinance services?**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Lack of awareness about available services</b>	<b>90</b>	<b>36</b>	<b>36</b>	<b>36</b>
	<b>Insufficient documentation</b>	<b>60</b>	<b>24</b>	<b>24</b>	<b>60</b>
	<b>High-interest rates</b>	<b>50</b>	<b>20</b>	<b>20</b>	<b>80</b>
	<b>Cultural or social barriers</b>	<b>40</b>	<b>16</b>	<b>16</b>	<b>96</b>
	<b>Other</b>	<b>10</b>	<b>4</b>	<b>4</b>	<b>100</b>
	<b>TOTAL</b>	<b>250</b>	<b>100</b>	<b>100</b>	

The statistical analysis indicates that 36% of respondents identified a lack of awareness about available microfinance services as the primary challenges representing the most significant barrier to access approximately 24 % reported insufficient documentation as contrast while 20% face high interest rate cultural and social barriers were cited by 16%respondents and only 4% mention other minor factors overall the data suggested that informational and procedural barriers extract the strongest negative influence on women’s abilities to access microphone and services in Ahmedabad.

**what innovative approaches could improve the effectiveness of microfinance for women in Ahmedabad?**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Digital financial services</b>	<b>80</b>	<b>32</b>	<b>32</b>	<b>32</b>
	<b>Partnerships with local businesses</b>	<b>60</b>	<b>24</b>	<b>24</b>	<b>56</b>
	<b>Educational programs on financial literacy</b>	<b>70</b>	<b>28</b>	<b>28</b>	<b>84</b>
	<b>Government support and subsidies</b>	<b>30</b>	<b>12</b>	<b>12</b>	<b>96</b>
	<b>Other</b>	<b>10</b>	<b>4</b>	<b>4</b>	<b>100</b>
	<b>TOTAL</b>	<b>250</b>	<b>100</b>	<b>100</b>	

Industrial findings indicates that a digital financial services 32 %are perceived as the most effective innovation to enhance microfinance accessibility and efficiency for women in Ahmedabad this is followed by educational programs on financial literacy 28% and partnership with local business 24% suggesting a growing need for technology integration and skills enhancement in financial management a smaller proportion 12 % emphasize the importance of government support and subsidies while four percentage suggested other approaches overall the result highlight the digital inclusion and financial literacy are key determinants for us strengthen the impact of microfinance incentives

**Discussion:**

The study highlights a significant role of micro financing advising women's empowerment in Ahmedabad the analysis demonstrates that microfinance not only enhance women's financial independence but also contribute to their social and personal development a majority of respondents were aware of microfinance institution and many had utilized these services to start or expand small business.

However , the discussion also reveals that survival constants such as a limited awareness inadequate documentation and high interest rates continue to restrict women's participation the findings such as that while access to credit has improved dairy remains a gap in financial literacy institutional support and program writ the increasing preference for digital financial services in tickets a positive shift towards modernization reflecting women's radiance to adapt technology best solution for financial growth .

Overall , the study highlights that while macro finance has made commendable programs in uplifting women's economically and socially its full potential remains untapped force sustained empowerment there is a need to strengthen institutional time work simplify access procedures and promote continuous financial literacy program a collaborative efforts between microfinance institutions government bodies and NGOs can ensure that women's not only gain financial support but also long term confidence stability and self-reliance .

**Findings:**

The study found that microfinance plays a vital role in enhancing women's empowerment in Ahmedabad by improving their access to financial resources encouraging entrepreneurship and promoting self-resilience a majority of women participants particularly in the 26-40 age where found to be actively involved in small business or entrepreneurial activities thought mega finance support educational attainment also emerged As a key factor as a woman with higher education levels show a greater ability to utilize microfinance effectively and manage their finances efficiently However the study also reflects significant barriers such as a lack of awareness about available services insufficient documentation and high interest Rate Which continue to limit the breach of microfinance moreover cultural and social constraints Remind an underlying challenges affecting women's confidence and participation in financial decision making The date of further indicator the woman who received consistent support and running from MFIs demonstrated Better Business growth and improved work life balance these findings underscore And financial assistant alone is not enough capacity building continuous guidance and community level support are essential for achieving sustainable empowerment.

**Conclusion:**

This research concludes that microfinance has been a transformative tool in promoting women's empowerment in Ahmedabad both economically and socially by offering small loans and financial services microfinance institutions have enabled women's to engage in productive activities gain income Stability and enhance their role within the family and society Yet despite this achievement challenge such as inadequate awareness procedural barriers and social limitations hinder the complete realization of its potential the effectiveness of microfinance largely depends on the integration of financial literacy capacity buildings programs and digital access there are four policy makers NGOs and MFIs must collaborated to design inclusive and innovative strategy that address existing gaps and ensure broader participation of women simplifying procedures and offering continuous mentoring can make microfinance are more powerful engine for a long term social economic transformation ultimately empowering women thought financial independence not only improves their personnel wellbeing but also contributes significantly two community development and inclusive economic growth

References:

1. Armendáriz, B., & Morduch, J. (2010). *The economics of microfinance* (2nd ed.). MIT Press.
2. Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The miracle of microfinance? *American Economic Journal: Applied Economics*, 7(1), 22–53. <https://doi.org/10.1257/app.20130533>
3. Pitt, M. M., & Khandker, S. R. (1998). The impact of group-based credit programs on poor households in Bangladesh: Does the gender of participants matter? *Journal of Political Economy*, 106(5), 958–996. <https://doi.org/10.1086/250037>
4. Khandker, S. R. (2005). Micro-finance and poverty: Evidence using panel data from Bangladesh. *The World Bank Economic Review*, 19(2), 263–286. <https://doi.org/10.1093/wber/lhi008>
5. Kabeer, N. (2001). Conflicts over credit: Re-evaluating the empowerment potential of loans to women in rural Bangladesh. *World Development*, 29(1), 63–84. [https://doi.org/10.1016/S0305-750X\(00\)00081-4](https://doi.org/10.1016/S0305-750X(00)00081-4)
6. Mayoux, L. (1999). Questioning virtuous spirals: Micro-finance and women's empowerment in Africa. *Journal of International Development*, 11(7), 957–984.
7. Ledgerwood, J. (1999). *Microfinance handbook: An institutional and financial perspective*. World Bank.
8. Hulme, D., & Mosley, P. (1996). *Finance against poverty* (Vols. 1–2). Manchester University Press.
9. Roodman, D. (2012). *Due diligence: An impertinent inquiry into microfinance*. Center for Global Development.
10. 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. <https://doi.org/10.1080/02692170903007540>
11. Swain, R. B., & Varghese, A. (2013). Delivery mechanisms and impact of microfinance training in Indian SHGs. *Journal of International Development*, 25(1), 11–21.
12. Lavoori, V. (2014). Microfinance impact on women's decision making: A case study from Andhra Pradesh. *Journal of Global Entrepreneurship Research*. <https://doi.org/10.1186/s40497-014-0011-6>
13. Dhanya, M. B. (2010). Women empowerment and micro finance: A case study from Kerala. *MPRA Paper No. 25337*. University Library of Munich.
14. Kuriakose, A. T., & Singh, S. (2012). Self-help groups and women's social capital in India: Evidence and policy implications. *Development Policy Review*, 30(4), 473–495.
15. Ghosh, J., & Ray, S. (2013). Microfinance, indebtedness and women: Indian evidence. *Economic and Political Weekly*, 48(11), 51–59.
16. Goetz, A. M., & Gupta, R. S. (1996). Who takes the credit? Gender, power, and control over loan use in rural credit programs in Bangladesh. *World Development*, 24(1), 45–63. [https://doi.org/10.1016/0305-750X\(95\)00121-9](https://doi.org/10.1016/0305-750X(95)00121-9)
17. Hashemi, S. M., Schuler, S. R., & Riley, A. P. (1996). Rural credit programs and women's empowerment in Bangladesh. *World Development*, 24(4), 635–653. [https://doi.org/10.1016/0305-750X\(95\)00159-X](https://doi.org/10.1016/0305-750X(95)00159-X)
18. Chakravarty, S., & Pal, S. (2016). Microfinance and women empowerment: Evidence from West Bengal SHGs. *Indian Journal of Economics and Development*, 12(2), 287–295.
19. Gupta, S., & Singhal, S. (2017). Impact of self-help group participation on women empowerment in Rajasthan. *Indian Journal of Human Development*, 11(1), 82–98.
20. Mishra, A. K., & Kumar, A. (2018). Evaluating social and economic outcomes of microfinance participation in Uttar Pradesh. *International Journal of Rural Management*, 14(1), 21–38.
21. Rao, N. (2019). Social capital formation through women's SHGs in India. *Indian Journal of Social Work*, 80(3), 329–350.
22. Kundu, A., & Roy, S. (2020). Microfinance, social capital and women's agency: Evidence from West Bengal. *Asian Economic and Financial Review*, 10(5), 554–568.
23. Das, P. K., & Bhowmik, S. K. (2018). Microfinance and economic empowerment of rural women in Odisha. *South Asian Journal of Management*, 25(4), 68–86.
24. World Bank. (2014). *Global financial inclusion and microfinance: Lessons and policy approaches*. World Bank Policy Research Report.



25. Robinson, M. S. (2001). *The microfinance revolution: Sustainable finance for the poor*. World Bank / Open Society Institute.
26. Morduch, J., & Haley, B. (2002). Analysis of the effects of microfinance on poverty reduction. *Studies in Comparative International Development*, 38(4), 3–28.
27. Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2009). Microfinance meets the market. *Journal of Economic Perspectives*, 23(1), 167–192. <https://doi.org/10.1257/jep.23.1.167>
28. Giné, X., & Karlan, D. (2014). Group lending, social collateral, and the role of groups in enforcement: A review. *Annual Review of Economics*, 6(1), 485–512.
29. Carpenter, J., & Shah, M. (2019). Social networks, trust, and microfinance outcomes in India. *Journal of Development Studies*, 55(8), 1712–1730.
30. Jones, S., & Srinivasan, N. (2018). Quasi-experimental impact evaluation methods for microfinance interventions: A practical guide. *J-PAL South Asia Working Paper*.
31. Sen, A. (1999). *Development as freedom*. Oxford University Press.
32. Banerjee, A., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. PublicAffairs.
33. Guérin, I. (2010). Microfinance and women's empowerment: Lessons from rural southern India. *Development in Practice*, 20(7), 843–857.
34. Sahu, G. B., & Tripathy, S. (2021). Microfinance and women's livelihood resilience in post-COVID India. *Indian Journal of Economics and Business*, 20(2), 101–118.
35. Dutta, P., & Banerjee, S. (2022). Assessing differential impacts of microfinance on women's social and economic outcomes in Gujarat. *Journal of Rural Development*, 41(3), 345–366.