Chapter-II

Review Of literature

The review of literature gives a broad outlook of the various research studies made in the past. The detail of such studies throw light on the existing work pertaining to a particular issue and pave way to future studies to be made in this regard. The review of literature also helps in identifying the research gap in the existing studies. It also strengthens the theoretical base of the research study. For the present study most of the literature selected relates to micro finance and women empowerment from different parts of the world.

This chapter is divided into three sections. The first section examines microfinance as a product for poverty alleviation and employment generation. Microfinance promoted activities resulted in reducing poverty, generating employment and entrepreneurship by providing finance and support services to millions of poor people.

The second section opens by examining the role of microfinance in women empowerment and how women are contributing to the self development by increasing literacy/education, acquiring practical skills through training and having an access to health care facilities etc. Discussion then turns to the economic empowerment, social empowerment and political empowerment of women.

The last section discusses microfinance procedures, policies and financing model followed by microfinance supporting institutions. The discussion shows how banking transactions support SHGs and other Income generating activities with the help of different microfinance supporting institutions.

2.1. Review of Approaches Based on Microfinance: Poverty Alleviation and Employment Generation

Montgomery(1996), in the study, "Disciplining or Protecting the Poor? Avoiding the Social Costs of Peer Pressure in Micro-Credit Schemes" concluded that 9% of first-time female borrowers were primary managers of loan-funded while 87% described their role in terms of family partnerships. Their joint management has veiled male dominance in decision-making. The study concluded that microcredit schemes need to developed broad concept of financial services for the poor including various types of loans for consumption as well as investment and adding various forms of interest bearing saving facilities.

Cheston (1998), in the study titled, "Measuring Transformation: Assessing and Improving the Impact of Microcredit" examined the user for impact measurement tools that incorporate financial measures and indicate transformation i.e., deep rooted changes in the lives of individuals or communities among clients. The study highlighted the problems with measuring impact, including issues of financial rigidity, cost and expertise of the field. The study concluded that microfinance practitioner should measure impact in order to determine whether microcredit institutions have met their stated purpose of alleviating poverty.

Edgcomb and Barton (1998), in the study titled, "Social Intermediation and Microfinance Programs" highlighted characteristics of approaches to social intermediation as applied in microfinance programs and development. The study indicated the rationale that practitioners provide for implementing these services in the range pre-established goals. The study concluded on substantive issues confronting the field and recommends social intermediation for effective implementation of microfinance program.

Johnson (1998), in the study titled, "Programme Impact Assessment of Microfinance in the context of the Need for Analysis of

Real Markets" highlighted two schools of thought on impact assessment; one focuses on the user, i.e. "intended beneficiary" and the second one on "intermediary school" which focuses on the ability of service provider to sustain operations in the future. The study opined the need for comprehensive assessment for the functioning of financial market. The study suggested a multi-dimensional analysis for financial relationships and proposes an analytical approach for incorporating gender relations focusing on state involvement, market structure organization and social embeddedness to assess real impact of MFIs.

Fernando (1999), in the study, "Effects of Financial access on Savings by Low-Income People" highlighted the impact of increasing financial access on low-income people and savings effects on households'. The study indicates that the effect was higher for the poorest households and their saving rate increased by more than 7% and found no effect on high income households. The study opined that the lack of access to standard savings accounts could force households to save by using informal instruments and analysed net flows into informal instruments. The study concluded that the effect in general is small in terms of income and low-income people save a considerable fraction of their income when they have access to financial instruments and it is hard to rule out the possibility that a substantial fraction increase in savings represents new savings.

Sebstad and Cohen (2000), in the study titled, "Microfinance, Risk Management and Poverty" highlighted the behavior of client beyond repayment has not been a principal concern and understanding borrowers behavior. The study concluded with the basic need to develop new product and services to ensure that the terms, conditions, delivery of financial products and services correspond to the financial cycles of borrower which can further reduce the risks for both borrower and lender.

Bhatia and Bhatia (2002), in the study, "Lending to Groups: Is it worthwhile?" highlighted that recovery of SHG's is higher than other credit extended to borrowers. Moreover, involvement of SHG's had helped the bank branches in recovery of old dues. They observed that there have been perceptible changes in the living standards of the SHG's members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and income levels.

Malhotra (2000), in the study, “Access of rural women to Institutional Credit: Issues and Alternatives” with 174 women beneficiaries, in Rae Bareilly of the State of Uttar Pradesh, from formal credit agencies i.e. Commercial Banks and Regional Rural Banks revealed that less than half a per cent of female population against 3.5 percent of male population in the study area were clients of the banks. Furthermore, only 7.64 percent of the total number of cases financed and only 6.96 percent of the total quantum of credit extended by Rural Financial Interventions (RFIs) have gone to women. It was observed that 83 percent of loan cases availed by women were utilized to avail basic services.

Osman (2000), in the study titled, " Microfinance Institutions: Effective Weapon in the war against Rural Poverty" concluded that micro-finance schemes along cannot alleviate poverty. The battle for total eradication of poverty requires combining micro-finance schemes with parallel, complementary programmes addressing the social and cultural dimensions of want, poverty, impoverishment and dispossession.

Rao (2002), in the study, “Women self help groups: Profiles from Andhra Pradesh and Karnataka” observed that the genesis and development of SHGs in India reveals that the existing formal financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. The study concluded that SHGs should encourage savings and promote income generating activities through small loans to help borrower come out of vicious circle of poverty.

Morduch (2002), in the study titled, “Analysis of the effects of Microfinance on Poverty Reduction” highlighted evidence to support the positive impact of microfinance on poverty reduction in particular. There is overwhelming evidence substantiating a beneficial effect on income smoothing and increases to income. There is less evidence to support a positive impact on health, nutritional status and primary schooling attendance. The study concluded microfinance as an instrument, under the right conditions, fits the needs of a broad range of the population including the poorest living below the poverty line supported by empirical indications that the poorest can benefit from microfinance from both an economic and social well-being point-of-view, without jeopardizing the financial sustainability of MFIs.

Chavan and Kumar (2002), in the study, "Micro-credit and Rural Poverty: An analysis of Empirical Evidence" examined the role of micro-credit on poverty reduction by using comparative analysis approach. The results showed that micro credit programs and institutions have generated a positive change in the income of borrowers but this change is marginal as due to their small scale of operations it has made small impact on earnings and employment generation for the rural poor.

Mcinntosh (2004), in the study titled, "How rising competition among Microfinance Institutions affects Incumbent lenders" explains the phenomena in which incumbent lender take multiple loans and further damages their repayments because of mandatory savings process and minimum saving balance to be maintained. The study explores how double-dipping clients are forced to share their scarce savings amongst the institutions from whom they borrow. The study concluded how there is competition among MFIs declining repayment rate and further suggested that it is necessary to allow proper assessment of risk under multiple loan-taking. The effect of deeper credit markets should be combined with information sharing through credit bureau for downward pressure for interest rates to benefit MFI clients.

Churchil and Guering (2004), in the study "Microfinance led strategies to Eliminate Bonded Labor" discussed that when people first hear about bonded labor, they assumed that the workers are chained and kept captive physically but the fact was instead they were held captive psychologically by their obligation to repay the advance and suggested the innovations, flexibility and handholding required to provide microfinance led services. The evidence shows that the models in making the transformation including both professional (opening a grocery, buying cattle) as well as family affairs (marriage). The study concluded that with the pay back obligation process that have succeeded in stopping the process of degradation by using their "income-generating" loan to buy food or health care services and to pay for ceremonial expenses or to consolidate other loans. These may appear to be unproductive but families successfully avoided seasonal migration and were able to continue children schooling.

Morduch and Armendariz (2004), in the study titled, "The Economics of Microfinance" tried to set solid impact evaluations by incorporating experimental designs into the program implementation to achieve more reliable estimates. The study concluded that no microfinance program lends to random citizens it is a process of carefully selected members by keeping in mind relevant variables like age, education, social status, etc. The study also referred to the impact of microfinance for brining the families out from vicious circle of poverty.

Khawari (2004), in the study titled "Microfinance: How does it hold its Promises?" opined that poverty alleviation has been the main target of developmental projects world-wide but only a few ideas have stirred so much attention in the last two decades. One of them is the provision of microfinance through specialised institutions. The study observed the establishment of microfinance institutions (MFIs) worldwide for the provision of collateral free loans to the poor through mechanisms and instruments which are not known to normal commercial banks and with these. MFIs have set new milestones in the field of financial services. The study concluded that 900 million households in the less developed countries left without any access to formal financial services and this might be the key to address market failures in the financial landscape.

Rabbani and Sulaiman (2004), in the study titled, "Financing SMEs and its effect on Employment Generation" revealed innovations in addressing the credit market failures faced by poor households through microfinance has been a major development breakthrough of recent times. The study critically analyzed the market segment to support both growth and poverty alleviation through employment generation and suggested demand and supply side changes in the traditional microfinance market. The study concluded that more than fifty percent of the new jobs are created by repeat borrowers and represent 38 percent of total number of enterprises and suggested that the first loan has a lower impact on creation of new jobs than successive ones. Thus the importance of sustained access to finance appears to be important from an employment generation perspective of SMEs.

Lapenu and Zeller (2004), in the study titled, "Towards defining Social Performance of Microfinance Institutions" tried to measure social performance of MFIs which involves evaluating principles, intentions, analyzing processes, actions and measuring outcomes. The study suggested that MFIs social performance assessment should include social dimensions like business ethics, community initiatives, environment protection, governance, human rights, workplace environment, corporate philanthropy and the social impact of product focus on core social issues. The study concluded that MFIs relation with employees, beneficiaries and communities should be taken into account as every institution has different objectives and therefore, they will follow different dimensions of social concern.

Perdana (2005), in the study titled, "Risk Management for the Poor and Vulnerable" highlighted that poor can rely on informal mechanisms which is based on the existing social networks and trust. The study concluded that poverty alleviation strategy should not focus only on reducing the headcount poverty rate, but in the longer run policy objective should be to reduce the level of vulnerability to poverty by providing mechanisms of the poor on saving, credit and insurance, and MFI not only help poor people in providing risk management but built a substituting social network for the poor. The study suggested MFIs to focus on providing credit and saving along with some insurance schemes.

Sadegh (2006), in the study titled, "Microfinance and Poverty Reduction: Some International Evidence" suggested that microfinance is not effecting straight on poverty reduction, because poverty is a complex phenomenon and have many constraints that the poor in general have to cope with substitution effect and where additional working capital acquired through loans enables family labour to be replaced by hired labour, the net effect is an increase in child labour within households. The study concluded that widespread poverty and omnipresent child labor create significant barriers to education in India and these barriers will require a re-evaluation of credit policy, ensuring that mechanisms intended to reduce poverty are not undermining themselves through inadvertently discouraging child education and expanding access to credit has been a key element of development strategies across the world and highlighted the capacity for loans to induce credit-stimulated child labor, and reveals the need for institutions to devise new strategies for human capital development through financial services.

Skees and Barnett (2006), in the study "Enhancing Microfinance using Index-based Risk Transfer Products" explores on how to enhance microfinance through linkages with IBRTPs (Index-Based Risk-Transfer Products) in low-income countries, limited access to savings, lending, and insurance institutions contributes to the existence of poverty taps. IBRTPs transfer correlated risks, are not susceptible to asymmetric information problems, and have low transaction costs. The study concluded that purchasers of IRBTPs are exposed to basis risk whereby individuals can have a loss of effort to introduce IBRTPs into rural areas of low-income countries have faced two challenges.

Devaney (2006), in the study titled, "Microsaving Programs: Assessing Demand and Impact" found evidence of demand for additional savings services and the impact on both micro finance and micro savings. The study provided social measurements to determine how savings affect the quality of life of clients and discusses the most useful and relevant variables that indicate future evaluations. The study concluded that donors (the lender) and researchers are realising the importance of studies that quantify the demand for and impact of savings services based upon new and better studies that have become available in just a decade and practitioners can design more appropriate savings products and have positive effect on the lives of the poor.

Banuri (2006) in the study titled, "Impact of Microfinance on Poverty, Income Inequality and Entrepreneurship" realised that there are still a number of problems with the design and implementation of microfinance. The study suggested a retrospective country level to control such factors and data collected over the past can explain some of the variations in the final design especially at the household level of analysis. The study concluded that loans are constantly provided to high-risk low income individuals, with unique and new methods being utilized to create re-payment incentives for them.

Acharya and Acharya (2008), in the study titled, "Sustainability of Microfinance Institution from small Farmers Perspective: A Case Study of Nepal" opined that some economic programmes and projects need to be initiated for sustainable microfinance in the remote areas. The study suggested rural industrialization as an introduction of massive commercial farm, rural market centers and preferred strategies for sustainable microfinance scheme from a small farmer's perspective. The study concluded that the demand of small entrepreneurship loans to the farmers for the introduction of local industries or factories could provide them shifts work (day and night) so that the industries could utilize the abundant (surplus) labour force at low-priced rate.

Aubuchon and Sengupta (2008), in the study titled, "Microfinance is not a Panacea for Poverty Alleviation" suggested that an innovations in the group lending with dynamic incentives can help MFIs to lend money successfully to those who are traditionally ignored by commercial banks because of their lack of collateral and credit scores. The study concluded that more and more MFIs become self-sufficient, continue to expand their client base and microfinance has become a viable solution to economic development and poverty alleviation, both in Bangladesh and around the world. Better rating standards with more transparency from institutions and the invasion of investment capital from international markets will continue to drive microfinance toward Yunus's goal of a poverty free world.

Bebczuk (2008), in the study titled "Financial Inclusion in Latin America and Caribbean" claimed that limited financial inclusion does not simply follow from unfair discrimination against the poor, but to a great deal from a low demand for financial services and scarce access to the population at large. The researcher believed that supply-side constraints have a second-order importance. While a potentially powerful tool to fight poverty, microcredit must be carefully targeted, and granted by highly specialized intermediaries under commercially-oriented criteria. The study concluded that financial inclusion also includes social matter, that private sector can provided more and better responses than the public sector and suggested that government, donors and intermediaries should make coordinated efforts to assemble micro data and encourage sound impact for the evaluations to be comparable across the countries.

Woller (2008), in the study titled, "Evaluation of Microcredit Operations in Bangladesh" observed microcredit as an effective and accepted mechanism for alleviating poverty. The study highlighted improving the economic conditions of the people in the country. Grameen Bank was pioneer in developing and establishing the micro credit system in Bangladesh and in the world, and in turn received worldwide recognition also and suggested few measures to overcome all those weaknesses for further creative and effective implementation of microcredit operations to be very successful and value making.

Robert (2008), in the study, "Microfinance meets the Market" explores to provide reliable banking services to poor customers in a commercially-viable way and analyzes the challenges and opportunities of microfinance by drawing the data from 346 leading microfinance institutions of the world and covers nearly 18 million active borrowers. The study shows that there is a remarkable success in maintaining high rates of loan repayment and suggested that profit-maximizing investors would have limited interest in most of the institutions that are focusing on the poorest customers and women. The study concluded that some institutions, as a group, charge their customers the highest fees in the sample as they have high transaction costs, due to small transaction sizes and suggest innovations to overcome the well-known problems of asymmetric information in financial markets.

Tonya (2009), in the study titled, "Microfinance and the commercial banking system" observed microfinance as a core component in the development aid programmes with non-governmental organizations (NGOs) and other development groups keeping the aim to reduce poverty, to raise the status of women and disadvantaged communities. The study discovered that central banks and the banking sectors in general can promote good and inclusive financial governance in developing countries by adopting microfinance practice by integrating pro-poor policies into their banking systems. The study focused on the case of Barbados, and examined importance of microfinance for commercial banks. The study concluded that the integration of microcredit into the banking and credit schemes of commercial banks and microfinance institutions is a key for promoting good governance.

Santen and Rieneke (2010), in the study titled, "Microfinance as a Poverty Reduction Policy" attempts critical evaluation for micro finance and analyse its effect on poverty reduction. The study defines poverty in the broader term to identify how the provision of credit is related to the lives of the poor in whichever way MFIs target. The study defines how MFIs try to boost the informal markets through their borrowers. This approach is in line with **Kimenyi's (2007)**, principles for achieving pro-poor growth when growth is higher amongst the poor then the non-poor. The study concluded that with the enormous amount of poor in the world, a distinction amongst them is necessary in order to address poverty reduction in the most efficient way, as poverty is a context-specific(political, economic and socio-cultural) and caused by core elements.

Abdulraheem *et al.* (2011), in the study "Effectiveness of Microfinance banks in Alleviating poverty in Kwara State Nigeria" explores microfinance for alleviating the problem of active poor, low income earners to access credit thereby enabling them carry on various small and medium enterprises. The study concluded that the roles of microfinance in the economy of Kwara state, which included provision of diversified, affordable and dependable financial services for the active poor in a timely and competitive manner by various microfinance banks. The financial services would enable the active poor to undertake and develop long time, sustainable entrepreneurial activities, mobilizing savings for financial intermediation, create employment opportunities and also to increase their productivity.

Mohammad (2011), In the study,"The role of Microfinance in Uplifting Income Level: A study of district Okara–Pakistan" concluded that microfinance is efficiently serving the poor by increasing their income level and stated that 85.40% of the respondents acknowledged that their income level has increased after getting microfinance facilities and improved their living standard. The study suggested that loan size should be increased enough to meet the requirements of borrowers and the people should be given more opportunities for loan attainment.

Mehnaz and Munshi (2011) in the study "Financing SMEs and its Effect on Employment Generation: A study of Brac Bank's SME lending" suggested that micro and small enterprises have been shown in several studies to be largely underserved and giving rise to the term 'missing middle'. The study further explained that this is a critical market segment to support for both growth and poverty alleviation through employment generation.

Olaoye (2012), in the study titled, "Small and Medium Scale Aquaculture Enterprises Development in Ogun State, Nigeria: The Role of Microfinance Banks", highlighted that there was no significant difference between the profit level of the microfinance banks loan users and non beneficiaries of the loan. The study concluded that microfinance banks were not even ready to give loan to fisheries because they consider this business as the most risky venture. Therefore, as a means of solving the problem, other available source of loan should be extended to small and medium scale industry with the provision of locally made infrastructure to reduce the relatively high cost of leading money.

Wydick *et al.* (2012), in the study titled, "Measuring Microfinance: Cognitive and Experimental Bias with new Evidence from Nepal" explores the impact of institutional microcredit for the improvement of household welfare of the poor in rural Nepal, and further explains the paradox between the high levels of microfinance impact reported anecdotally by practitioners and the low levels of impact reported by recent experimental studies.

Roodman (2012), in the study titled, "Due Diligence: an Impertinent Inquiry into Microfinance" revealed that microfinance has promoted activities that resulted in reducing poverty and empowering women. The study observed that microfinance is adding dynamic industries which are inherently useful for services to millions of poor people. The study discouraged the efforts of microfinance to lend to the poorest who don't want to improve. The study concluded with the need of extended support for deposit-taking, insurance, and money transfers, which involve management, training, regulation and policies.

2.2 **Review of Approaches Based on Microfinance: Women Empowerment:**

Olajide (1980), in the study titled, "Financing enterprises in Nigeria through Cooperative" identified two sources of credits for entrepreneurs and classified them as internal and external. The study observed that the internal funds arise from net flow as a result of entrepreneurial activities and the external funds arise from loans extended by micro finance providers. The study concluded that mentioning microfinance banks as a company accredited to carry on the business for providing microfinance services such as collection of savings, loans provision, insurance money transfer services and other non financial services that are needed by the poor women as well as the microenterprise.

Batliwala (1994), in the study titled, "The Meaning of Women's Empowerment: New concepts from Action" observed that they seek to change other women's consciousness by altering their self-image and their beliefs about their rights and capabilities; creating awareness for gender discrimination, socio-economic and political forces acting on them. The study challenged the sense of inferiority that has been imprinted on them since birth and recognizing the true value of their labour and contributions to the family, society, and economy. The study concluded that an outside agency or NGO can perform definite role in self-help groups by acting as a facilitator, mainly in the early stages of group formation and by giving support to the leaders and members to work out its role and modalities. Social mobilization is necessary for organizing women into SHGs, bringing banks-SHG linkage and organizing training programmes especially with local staff.

Ackerly (1995), in the study titled, "Testing the tools of Development: Credit Programmes, loan Involvement and Women's Empowerment" opined that underpinning most credit interventions in Bangladesh was an implicit model of the empowered woman. The study concluded that women involvement in marketing activities and accounting activities are the primary route for their empowerment and the knowledge which comes through market access guide against the likelihood of overwork, fatigue and malnutrition.

Chen and Mahmud (1995), in the study, "Assessing change in Women's Lives: A conceptual Framework" explores distinguished dimensions of empowerment: material, cognitive, perceptual and relational. The study examined material empowerment on the basis of positive change which adds to women's improved position and greater bargaining power through the expansion in the material resource base of women. Cognitive empowerment occurs with women's recognition for their own abilities and skills, indicated by greater self esteem and confidence. Perceptual empowerment occurs through changes in how others perceive them, indicated by increased social prestige and value. Relational empowerment takes place through changes in gender relations within the family and in the broader sense in the society. The study concluded with some life events that cause empowerment like schooling, paid work and participation in development programmes by secular life events like marriage, birth of children, setting up of separate household, marriage of children, divorce or widowhood can cause empowerment.

Rahman (1999),in the study titled, "Women and Micro-Credit in Rural Bangladesh: An Anthropological Study of Grameen Bank Lending" observed number of issues while studying Grameen Bank operations that "Out of 120 women borrowers, 18% claim a decrease and 70% emphasize an increase in violence and aggressive behavior in the household because of their involvement with the Bank." **Schuler *et al.* (1996),** suggests that group-based credit programs can reduce men's violence against women by making women's lives more public. The problem of men's violence against women is deeply rooted, and the study argued the requirement of extensive interventions to see the significant change and listed negative Impacts of microfinance i.e. Increased workload, higher social pressure to ensure loan repayment, women often employ daughters/ daughters-in-law as unpaid employees thereby increasing their workload, participation in credit schemes can lead to indebtedness that is unmanageable and simply because they are not into sufficiently profitable income-earning activities. In such a situation, women may end up being even more dependent that they were before.

Hashemi *et al.* (1996), in the study titled,"Rural Credit Programs and Women's Empowerment in Bangladesh" explores an impact of credit on a number of indicators of empowerment, women's economic contribution; their mobility in the public domain; their ability to make large and small purchases; their ownership of productive assets, including house or homestead land and cash savings. The study observed an involvement of women in major decision making such as purchasing land and livestock for income earning purposes. The study also refers to freedom from family domination, including the ability to make choices concerning how their money was used, the ability to visit their native home when desired and a say in decisions relating to the sale of their jewellery or land or to taking up outside work: Political awareness such as knowledge of key national and political figures and the law of inheritance and political participation are the empowerment indicators. The study concluded that women's access to credit was a significant determinant for economic contributions by women and an increase in asset holdings in their own names, an increase in their purchasing power and their political and legal awareness add to their composite empowerment index.

Mayoux (1998), in the study titled "Participatory learning for Women's Empowerment in Micro-finance programmes: Negotiation complexity, conflict and change" explores micro-finance programmes for women empowerment concerns into ongoing programme learning which would itself be a contribution to empowerment, and discusses some of the problems faced by policy, outlines principles, methods and elements of a participatory programmed learning approach and propose a framework for analyzing interrelationships between different aspects of empowerment and policy. The study highlighted the fact that programme evaluation cannot be an 'exact science' where definitive conclusions about unambiguous impacts on empowerment of particular policies can be proved which are valid for all time in all contexts for all women, even within the same programme.

Mayoux (2000), in the study, "Microfinance and the Empowerment of Women: A review of the Key Issues" reveals empowerment more directly with power, as "*a* multidimensional and interlinked process of change in power relations" and points out -'Power within', enabling women to articulate their own aspirations and strategies for change; 'Power to', enabling women to develop the necessary skills and access the necessary resources to achieve their aspirations; 'Power with', enabling women to examine and articulate their collective interests, to organize, to achieve them and to link with other women and men's organizations for change; and 'Power over', changing the underlying inequalities in power and resources that constrain women's aspirations and their ability to achieve them. The study concluded that all these power relations operate in different spheres of life i.e. economic, social and political at different levels such as individual, household, community, market and institutional level.

Mayoux (2000), in a subsequent study titled, "Microfinance and the Empowerment of Women" suggested that women empowerment needs to be an integral part of policies and empowerment cannot be assumed as an automatic outcome of micro-finance programmes. The study concluded that complementary services will not be effective if empowerment is not considered as integral part of the planning process, for the rapid expansion of micro-finance.

Kapur (2001), in the study, "Empowering the Indian Women" tried to discuss, analyse and answer the challenging questions as to why despite all the efforts and progress made, there continues to be so much of gender discrimination and what strategies, actions and measures are to be undertaken to achieve the expected goal of empowerment. She opined that women's empowerment is much more likely to be achieved if women have total control over their own organisations, which they can sustain both financially and managerially without direct dependence on others.

Christopher (2001), in the study titled, "Building better lives: A study of Sustainable Integration of Microfinance" evaluated that with education, health, family planning and HIV/AIDS prevention for poorest entrepreneurs, microfinance practitioners are often motivated to provide non-financial services to their clients, because they recognize the need and hear the demand for non financial services. The study suggested that non-financial service organizations can provide these add-ons for the same clients. The study concluded that good, non-formal adult education techniques can be used effectively at the regular meetings to promote changes in personal behavior, child-care practices, promote awareness of whatever good-quality health services which are available locally and educational technologies can also improve business skills that enable clients to put their loans to more productive use and generate more profit and savings.

Kabeer (2001), in the study, "Conflicts over Credit: Re-evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh" reveals that a distinction has to be made about the type of choice, and the focus necessarily has to be on strategic life choices i.e. choices that shape livelihoods or are 'critical for people to live the lives they want'. The study suggested that the range of potential choices available to women includes inter-related dimensions that are inseparable in determining an indicator and hence its validity as a measure of empowerment. The study concluded with the dimensions contributing to the availability of recourses that are coordinating between agencies and sharing achievements.

Hunt and kasynathan (2002), in the study titled, "Reflections on Microfinance and Women's Empowerment" opines that the poor women and men in the developing world need access to microfinance and donors should continue to facilitate. The study recommended microfinance should be re-assessed in the light of evidence that the poorest families and the poorest women are not able to access credit and added that the range of microfinance packages is required to meet the needs of the poorest both women and men. Financial sustainability must be balanced against the need to ensure that some credit packages should be made accessible to the poorest.

Cheston and Kuhu (2002), in the study titled, "Empowering Women through Microfinance" opined access to credit may be the only input needed to start women on the road to empowerment. Women often value the non-economic benefits of a group-lending program more than the credit. The study concluded some of the most valuable benefits that include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members.

Littlefield *et al.* (2003), in the study titled, "Is Microfinance an Effective Strategy to reach the Millennium Development Goals?" examined the microfinance and the impact it produces beyond business loans. The study suggested a range of services including loans, insurance, transfer payments and even micro-pensions. The study collected evidence from the millions of microfinance clients around the world that demonstrates access to financial services enables poor people to increase their household incomes, build assets, and reduce their vulnerability to the crisis that is a part of their daily lives. The study concluded that now women clients are more confident, assertive, and able to confront gender inequities with the intervention of microfinance that can deliver these social benefits on an ongoing, permanent basis. Many well managed microfinance institutions throughout the world provide financial services in a sustainable way, free of donor support.

Mohindra (2003), in the study titled, "A Report on Women Self Help Groups (SHGs) in Kerala State, India: A Public Health Perspective" examined that existing poverty requires not only raising income levels, but also achieving good health. The study suggested the need of comprehensive strategies to improve the well-being of poor communities. The study concluded that both quantitative and qualitative methods should be used in order to capture both health achievements (e.g. standard quality of life indicators) and impacts on capabilities (e.g. increased choices to achieve good health) while taking into account women's needs and values by evaluating a poverty-alleviation intervention in terms of health and social justice.

Center for Micro-finance in Nepal CMF (2003), in the study on microfinance revealed that the diversity of regulatory acts shows the necessity for catering to all MFIs under one act for licensing, regulating and supervising. Microfinance seems to be having a large participation of the private sector managed MFIs and were better off than government-owned MFIs. The study recommended that the role of government, NRB and micro-financer should be defined as early as possible so that a smooth working can be managed.

Pattanaik (2003), in the study, "Empowerment through SHG: A case study of Gajapati District" reveals that SHGs are continuously striving for a better future for tribal women as participants, decision-makers and beneficiaries in the domestic, economic, social and cultural spheres of life.

Malhotra (2004), in the book titled, "Empowerment of Women" examined how women entrepreneurs affect the global economy, why women start business, how women's business associations promote entrepreneurs, and to what extent women contribute to international trade. The study explores potential of micro-finance programmes for empowering and employing women and also discusses the opportunities and challenges of using micro-finance to tackle the feminisation of poverty. According to study, the micro-finance programmes are aimed to increase women's income levels and control over income leading to greater levels of economic independence. They enable women's access to networks and markets, access to information and possibilities for development of other social and political roles. They also enhance perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare.

Manimekalai (2004), in the study, "Economic Empowerment of Women through Self-Help Groups" commented that to run the income generating activities successfully the SHGs must get the help of NGOs. The bank officials should counsel and guide women in selecting and implementing profitable income generating activities. The study opined that the formation of SHGs have boosted the self-image and confidence of rural women.

Nagaranjan and McNulty (2004), in the study titled "Microfinance Amid Conflict: Taking Stock of Available Literature" conducted a detailed search in February 2004 of available literature on microfinance in conflict area. The study directly addressed the issues related to mitigating and managing conflicts using microfinance as a tool, and existing views on the role of microfinance in conflict areas conditions from initiation of microfinance, microfinance products and services suitable for various conflict setting and special population groups such as returnees, refugees, demobilized soldiers, widows and youth institutional for risk management and coping mechanisms used by clients and special challenges for operating in conflict areas versus the stable areas. The study discussed the existing gaps that require further examination through the future research to help successful working of microfinance in conflict areas.

Brau and Woller (2004), in the study titled "Microfinance: A Comprehensive Review of Existing Literature", provided a comprehensive review of MFI sustainability, products and services, management practices, clientele targeting, regulation and policy.

Sahu and Tripathy (2005), in the book titled, "Self-Help Groups and Women Empowerment" views that 70 per cent of world's poor are women. Women access to banking services is important not only for poverty alleviation but also for optimising women contribution to the growth of regional as well as the national economy. Self Help Groups (SHGs) have emerged as the most vital instrument in the process of participatory development and women empowerment. The rural women are the marginalized groups in the society because of socio-economic constraints. They remain backward and lower position of the social hierarchical ladder. The conclusion drawn is that women can lift themselves from the morass of poverty and stagnation through micro finance and with the formation of Self-Help Groups.

Sinha (2005), in the study, "Access, Use and Contribution of Micro-Finance in India: Findings from a National Study" observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. The study suggested the main use of micro-credit is for direct investment depending on household credit requirements at the time of loan disbursement. Some studies reveal that micro-finance programmes have had positive as well as negative impact on women, and have questioned how far micro-finance benefits women.

Survey (2005), under the title, "Gender Inequality and Women's Empowerment" observed that women are seriously disadvantaged and the findings for women indicated significantly higher illiteracy rate, lower proportion with primary or secondary and above education, lower proportion not working to earn, low or non-existent media access and far younger age at first marriage. The study explored that women are more interested to limit their number of children than men and there is a widely prevalent attitude in the society, particularly in rural areas that of early marriage and assuming household responsibilities are the primary roles of women because girls are forced to discontinue their education for household workload in case of married women and young girls. The study concluded that common and root cause is the deep-rooted patriarchy culture that ascribes a low status to women in all dimensions, the power is maintained by the society and accepted even by many women.

Kollen and Parikh (2005), in the study, "A Reflection of the Indian Women in Entrepreneurial World" slides from the era of fifties to the twenty-first century and shows how transformation has occurred in the role of women. The study referred to the barriers faced by women entrepreneurs are lack of confidence in their own capabilities and don't have much faith in women possessing the capabilities of decision making, lack of working capital and having limited access of capital from external sources of funds or having the right over the property of their own. The study opined that the biggest barrier is the socio-cultural role. Women have to play multiple roles irrespective of their career as an entrepreneur and concluded that with the spread of education and awareness, women have shifted from the kitchen to handicrafts, traditional cottage industries to non-traditional higher levels of activities. Even the government has laid special emphasis on the need for conducting special entrepreneurial training programs to enable them to start their own venture. Financial institutions and banks have also set up special cells to assist woman entrepreneurs.

Basu (2006), in the study titled "Microfinance and Women Empowerment: An Empirical Study with Special Reference to West Bengal" examines two basic research points i.e. woman tries to be in safer investment projects linked to her desire to raise her bargaining position in the household and the other point that women empowerment is examined with respect to control of saving, control over loans, control over purchasing capacity and family planning. The study concluded that the safe choice for investment in project lead to empowerment of women than the choice of uncertain projects.

Javed *et al.* (2006), in the study titled, "Impact of Micro-credit scheme of National Rural Support Program (NRSP) on the Socio-economic conditions of female community in district Rawalakot, Azad Jammu and Kashmir, Pakistan" observed that Micro-credit scheme of NRSP was served as a better tool for empowering female. The study concluded that the better implementation of microcredit schemes helps in uplifting living standard of female community with financial security, better confidence level and improved living standard.

Swain and Wallentin (2007), in the study, "Can Microfinance Empower women self-help groups in India", investigated the status of women with respect to the control of resources, changes in behavior and the decision-making. The study concluded that SHGs, where a majority of groups are linked with the help of NGOs that provide support as financial service and specialised training, have a great ability to make a positive impact on women empowerment and empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and long lasting empowerment.

Sharma (2007), in the study, "Micro-finance and Women Empowerment" examined that empowerment is an indicator to built broadly in eight criteria's, i.e. mobility, economic security, ability to make small and large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns. The study used seven criteria for women empowerment excluding the indicator of large purchases since most of MFIs loan sizes were operating at small scale despite some shortcomings in women empowerment. The study concluded that the micro-finance industry promotes the dual objectives of sustainability of services and outreach to the women and poor when deciding to fund specific MFI donors and other social investors in the sector consider both objectives, but their relative importance varies among funders.

Kim *et al.* (2007), in the study titled "Understanding the Impact of the Microfinance-Based Intervention on Women's Empowerment and the Reduction of Intimate partner violence in South Africa" stated quantitative indicators of empowerment were developed, making perceived contribution to the house hold, communication within the household relationship with partner, social group membership, and participation in collective action. The Study suggested that in some situations, empowering women through interventions such as microfinance may initially exacerbate the risk of violence, although there is evidence to suggest that the risk may diminish over time as women spend more time in microfinance programs, as the programs themselves become more visible and normative within communities, and as broader cultural norms begin to shift.

Bekele and Worku (2008), in the study in the titled, "Women Entrepreneurship in Micro, Small and Medium Enterprises. The Case of Ethiopia", explains the need of a favorable macroeconomic policy aimed at creating an enabled business environment for growth and expansion of small enterprises operated by women for economic empowerment of women in enterprises sector. The study highlighted that women face gender-related challenges, they suffer from the unfair denial of operating licenses, severe tax assessment, and lack of access to finance, shortage of skills and lack of training opportunities. The Study suggested that national government should alleviate these challenges by introducing an enabling macroeconomic environment and by using legislative tools, awareness campaigns and education with a view to remove chronic barriers to economic growth and to minimize the incidence of gender related discrimination against women and the educations system should give attention to skills-based training for enhancing self-employment in the MSME section. Moreover the job training opportunities are critically important for the survival of businesses operated by women and globalization has brought about both opportunities and threats to small businesses and enterprises currently operating in Ethiopia. The study concluded that goal can be achieved by improving the degree of participation of impoverished and disadvantaged women in the economy and financial sectors should be encouraged and non-governmental organizations should be allowed to enter the money lending business

Westover (2008), in the study titled, "The record of Microfinance: the effectiveness/ineffectiveness of Microfinance programmes as a means of Alleviating Poverty", explains great strengths and positive impacts of such programs for the means of alleviating poverty despite the popularization of microfinance impact studies, there are also many studies that report some negative impacts of such programs and fail to find a direct link between microfinance program involvement and poverty reduction. The study suggested that NGO leaders and government policy makers must exercise caution and restraint in applying the microfinance approach universally as a means of alleviating poverty and continue to conduct rigorous research.

Umar *et al.* (2008), in the study titled, "The Experience of Microfinance banks operation in their operational Location" observed improvement in the condition of women through the provision of skills acquisition and adult literacy spread by microfinance banks. This is done through building capacities for wealth creation among enterprising poor people and promoting sustainable livelihood by strengthening rural responsive banking methodology and the introduction of simple cost-benefit analysis in the conduct of businesses. The study concluded that in most cases a profit sharing agreement is entered between a bank and an entrepreneur and new methods and innovations are passed to the prospective entrepreneur by the banking professionals, while at the end of the production period the proceed is being shared and the entrepreneur can continue on his own after the necessary skills and production techniques are acquired.

Sethuraman (2008), in the study titled, "The role of Women's Empowerment and Domestic Violence in child growth and Under Nutrition in a tribal and rural community in South India" found that the influence of gender inequality extends to future child nutrition outcomes and further on the nexus between women's empowerment, and domestic violence. The study concluded that addressing these gender constraints could lead to better-designed nutrition programmes and improved programme effectiveness for a greater and more sustainable impact on reducing under nutrition.

Douglas (2009), in the study "The Impact of Microfinance on schooling Decision: the evidence from Hyderabad", suggested India's overwhelmingly young population has the potential to become its greatest strength and education plays a crucial role in providing children with the tools necessary to escape cyclic poverty traps and in promoting long-term development of the country. The study added that the prevalence and popularity of lending activities in India make the need for reliable, convenient, and flexible financial services especially important to poor households across the country. The study concluded that when loans are used to fund household enterprises, microcredit may have a devastating effect on human capital investment and indicated that the scope of Spandana and other MFIs is still limited and the fact that only 5 percent of loans were issued by micro lenders indicates the need for further research on the broader implications of microfinance, especially in urban India, and requires caution in overestimating the negative implications of microfinance.

Jerinabi and Kanniammal (2009), in the study titled, "Microfinance and Empowerment of Muslim Women : A Case Study of SHGs in Coimbatore city of Tamil Nadu" examined large number of parameters in the study like mobility, recognition in the family, credit sources, asset building and involvement at different levels of decision-making. The study recommends that planning for women self-employment needs a multi-pronged strategy, procedures for credit access to women should be more easy and simple and further there is a need to evolve new products by the banks which help in long-term sustainability. The study simply demonstrates that SHGs among muslim women have created conducive environment for growth and development of micro enterprises meeting out the credit needs of its members in terms of improved socio-economic status, income earnings, mobility and confidence building to sustain and manage business on their own.

Agier *et al.* (2010), in the study titled, "Microfinance and Women's Empowerment: Do relationships between Women Matter? lessons from Rural Southern India" reported that over the past decade the idea of "female empowerment" has become extremely popular in development agendas which has resulted in multiple and often contradictory discourses on gender and development and highlighted the need to go beyond the basic opposition between powers defined as domination versus agency, and to analyze in more detail how these two dimensions of power interact. The study concluded that discourses on women emphasis a conception of power as agency and yet insofar as women's status is dependent on their husband's position and on women's relative standing in relation to other women, both because of cultural ideologies and material constraints. In other words, in some cases women's empowerment might translate into the disempowerment of others.

Planning commission (2011), report on "Microfinance and Empowerment of Scheduled Caste Women: An Impact study of SHGs in Uttar Pradesh and Uttaranchal" explains that micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor. The study concludes that after accumulating a reasonable amount of resources, the group starts lending to its members for pretty consumption needs. If the bank is satisfied with the group in terms of genuineness of demand for credit, credit handling and capacity of the members, repayment behavior within the groups and the accounting system and maintenance of the records, it extends a term loan of smaller amount to the group. Thus after financing through SHG's effects quite a few benefits which includes the savings mobilized by the poor access to the required amount of appropriate credit by the poor, meeting the demand and supply of credit structure and opening of new market for financing institutions, reduction in transaction cost for both lenders and borrowers, tremendous improvement in recovery, heralding a new realization of subsidy-less and corruption-less credit and in remarkable empowerment of poor women.

Yahaya *et al.* (2011), in the study titled," Effectiveness of Microfinance banks in Alleviating poverty in Kwara State Nigeria", opined microfinance can be seen as a supply of loans, savings and other financial services to the poor. It is the practice of delivering those services in a sustainable manner so that poor households should have access to financial services so that they can build sustainable microenterprise. The study however added the importance of microcredit in rural areas in response to the need of the less privileged entrepreneurs with limited capital base. The study concluded that in Nigeria access to formal credit is a major problem facing the small and medium scale entrepreneurs due to the prevalence of some factors such as delays in loan disbursement on the part of the financial institutions and payment defaults on the part of the beneficiaries

Mohanty (2011), in the study, "Economic Empowerment of the Rural Poor through Microfinance –A case study in Satya Badi block of Puri district" reveals that microfinance institutions have been providing funds and opportunities to the rural poor to have a better life and has not only increased the saving habit but also helped reducing intensity of poverty. The Study suggested that banks should provide services at the door steps of the poor.

Jackson *et al.* (2012), in the study titled, "The Diffusion of Microfinance" opined that taking an advantage variations in social network and estimation requires some stronger identification assumptions. The study added different models of information transmission with which data appears to be well-characterized by a model where participants pass information with much higher likely hood than non-participants. The study concluded that the initial injection points are a major predictor of diffusion in our setting suggests that more attention should be paid to find the differences in the role of pure information versus endorsement effects in this setting so that the same information is transmitted and will be useful to develop richer models of peer effects with the role of non-participants in diffusion.

Fetzer *et al.* (2012), In the study titled "Microfinance Social Capital, and for-profit lending" highlighted that what happens if lenders are not competitive or non-profits and have market power in the context of microfinance and focused on the choice between standard lending contracts and those with a joint liability clause in borrowing groups of size 2 and suggested the role that social capital plays, and also looked at the social capital with respect to investments by borrowers or the lender. **Besley and Coate (1995),** raised this issue, and explored its consequences in detail in showing that this is the key context where informal insurance without joint liability or "implicit joint liability", can generate welfare improvements.

Marr (2012), in the study titled, "An Empirical study of Microfinance Social Performance", opined that older MFIs as well as regulated ones tend to perform less socially, as compared to younger and non-regulated MFIs. The study concluded that MFIs with more assets and higher ratios for loans per loan officer have the tendency of performing more socially and MFIs in various regions exhibit similar trends with regards to Social Performance except in the case of Eastern Europe and Central Asia and MFIs in low income countries also exhibit similar trends like MFIs in upper middle income countries.

Zhou *et al*. (2012), in the study titled, "The application of Catastrophe theory in the Credit Risk Assessment of famers Microfinance" suggested that China being a huge country has a massive number of poor rural populations and its rural economy is not developing well. The study concluded that, the farmers' microfinance is facing a large credit default risk and suggested that the assessment of credit risk of farmers is particularly important and catastrophe evaluation method doesn't need to consider the weight of the index, and avoids the subjectivity brought by the artificial weight.

Dorothe *et al.* (2012), in the study titled, "Financing businesses in Africa -the role of Microfinance" reviewed the evidence from the literature and individual-level surveys in order to develop a better informed perspective on the pros and cons of microfinance for setting up and expanding businesses. The study concluded that microcredit is primarily useful as a consumption-smoothing and risk-management tool, micro savings potentially has a greater role to play in wealth creation. World's poor desperately need financial innovations that help them save, borrow and lend and an environment that helps them do so securely. The study suggested that neither savings nor credit would be able to do much by way of anything in an environment that does not inspire public confidence.

2.3 Review of Approaches Based on Models of Microfinance and Microfinance supporting Institutes

An association is formed by the poor in their community to offer microfinance services to them. The associations which can form on the basis of gender religion or political cultural orientation of its members then gather capital and intermediates between banks, MFI, and its member. Self help group under SHG bank linkage program has been recognized as one of the most successful microfinance models to meet the promise to financial inclusion in India.

Greenwood and Jovanovic (1990), in the study titled, "Financial development, growth, and the distribution of Income" addressed two important issues in economic growth theories in a single model: Relationship between economic growth and inequality and relation between financial structures and economic development. On the other hand economic development also provides means to financial development with ROSCAS.

Kempson (1998), in the study titled, "Savings and low income and ethnic minority households" argued that possibility of financial exclusion is more likely to occur in the lower income section of society than amongst others. Beside this, income inequalities are also important factors in determining financial inclusion of a country and observed SHG internal borrowing helpful in achieving desired objectives.

Goodwin et al. (2000), in the study, "Debt, Money management and access to financial services: Evidence from the 1999 PSE Survey of Britain," emphasized the role of level of employment of a country as another important factor of financial inclusion. Access to affordable financial services especially credit and insurance - enlarges livelihood opportunities and empowers the poor to take charge of their lives. Such empowerment aids social and political stability. Financial inclusion provides access with co-operative model for the payment system and for savings safety net like deposit insurance. Hence it is considered to be critical for achieving inclusive growth, which itself is required for ensuring overall sustainable overall growth in the country.

Beck *et al.* (2000), in the study titled, "Finance and the Sources of Growth" tried to evaluate empirically the relationship between level of financial intermediary development and economic growth. They observed a positive impact of financial intermediary development on the growth of total factor productivity which will lead to economic development.

Chavan and Kumar (2002), in their study titled, "Micro-Credit and Rural Poverty : An Analysis of empirical evidence" compared NGO led micro credit programme of various countries with state led poverty alleviation scheme and observed marginal improvement in member's income as a result of micro credit programme.

Puhazhendi and Satyasai (2002), in the study titled, "Micro-finance for Rural People: An Impact Evaluation", observed significant improvements in the savings of SHG members during post SHG situations. The programme also improves the borrowing pattern of SHG member households in terms of strengthening credit widening and credit deepening with SHG bank linkage model.

Dasgupta (2005), in the study, "Microfinance in India: Empirical Evidence, Alternative Models and Policy Imperatives" commented that a paradigm shift is required from "financial sector reform" to "micro-finance reform". While the priority sector needs to be made lean, mandatory micro credit must be monitored rigorously. The study concluded space and scope have to be properly designed for providing competitive environment to micro-finance services.

Sangwan (2008), in his study titled "Financial Inclusion and self help groups" studied the extent financial inclusion across various states. The study examined the role of SHG bank linkage programme in achieving financial inclusion. The study suggested a significant role of SHG led programme in achieving financial inclusion. Beside this, the study tried to examine the role of other factors like banking density, financial literacy and per capita income in achieving financial inclusion.

Bekaert *et al.* (2005), in their study titled, “Does Financial Liberalization spur growth?" examined a positive impact of equity market liberalization on real economic growth. Further, they also observed the positive impact of capital account liberalization and quality of financial institutions i.e. NGO on economic growth.

Sharma (2007), in the study, “Index of Financial Inclusion” through cross country empirical study examined a close relationship between financial inclusion and development. Further, the study found a positive relation between financial inclusion and different socio-economic variables like income, inequality, literacy, physical infrastructures.

Sahoo *et al.* (2008), in the study, “Financial Inclusion-An Overview” had attempted to develop index of financial inclusion to examine the progress of financial inclusion and various determinants of financial inclusion using secondary data from various sources. In their study, they observed a MFI’s services positive impact on infrastructure development, education; self help group formation on financial inclusion both from financial widening and deepening perspectives.

Review of literature provides us with a structured observation guide, including the factors of compliance in groups. Different cases of group lending in different cultures are analyzed. These include, in chronological order, traditional self-help associations based on rotating savings and credit (ROSCA); solidarity group lending schemes without legal joint liability. The present study is conducted to fill the gap between microfinance supporting institutes policies, procedures and products can contribute to women beneficiaries.

The studies simply demonstrate that microfinance is playing a vital role in extending financial help to the rural poor women. The functioning of SHG's has been based on participatory mechanism and therefore the impact of SHG's on its members in terms of empowerment, accessibility to credit, socio-economic change, political participation need to be evaluated. Though there are a number of studies which are related to functioning and micro-finance, only a few studies have been taken so far to assess the impact of Women Self Help Groups working on the socioeconomic empowerment. But no worthwhile research has been conducted in Punjab to study the microfinance impact evaluation.

The present study is conducted to assess the impact of Microfinance and Women Empowerment in terms of socio-cultural empowerment, economic empowerment and political empowerment in the state of Punjab. The findings may be useful for policy imperatives and smooth functioning of Microfinance. Additional benefits of microfinance may be obtained through proper functioning of SHGs groups and extending micro-finance to develop and promote micro-enterprises. However, there is no study of resource literature regarding the impact of SHG's on their socio-economic empowerment. Against the background to fill the gap, present study has been carried out in the state of Punjab to assess the impact of micro-finance for empowerment of women.