

## Empowered to Choose: The Consumer Impact of Micro-finance on Women in India

Dr. Babita Lahkar\*

\*Assistant Professor, Department of Economics, L.G.B. Girls' College, Tezpur, Assam

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### Abstract

Microfinance has become a critical development instrument that seeks to empower the financial stability of the poor and low-income households by giving small loans that are collateral free and other financial services. This paper discusses the place of women in Indian economy and explores the impact of access to micro finance on empowerment of women especially in economic independence, consumer choice and domestic wellbeing. It was a descriptive and analytical research design that made use of secondary data and primary data. Semi-structured interviews were used to gather primary data involving members of the Self-Help Group (SHG) as sampled and secondary data was collected using books, journals, institutional reports, and reliable internet materials. The results show that microfinance is important in increasing the income-generating ability, monetary knowledge and negotiation power of women in the household. Women who have gained access to credit also show better decision-making skills, confidence and are able to divert their resources towards education, healthcare and other long term family requirements. The research also suggests that the results of empowerment are most eminent when women themselves remain in control of the monetary resources gained by virtue of microfinance. In general, it can be argued in support of this that microfinance is not just a financial support system but a behavioural and social change agent which can, in itself, bring significant changes to women empowerment and the economy at large.

**Key words:** Microfinance, women empowerment, women's economic activities, economic tool.



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### INTRODUCTION

Microfinance has become an essential tool of increasing the economic strength of the low-income families in developing nations like India. Microfinance is intended to ensure that small populations that are marginalized have access to a variety of financial services and loans with no collaterals to enhance livelihoods and alleviate poverty when formal banking institutions are inaccessible (Loomba, 2013). In addition to providing credit, microfinance provides formal channels of financial access, allowing low-income households to join ethical lending systems and abandon parasitic informal moneylenders who frequently impose outrageous interest rates on loans (Pushpalatha, 2016). In the Indian scenario, the microfinance system has evolved significantly with institutional support having been provided, mainly by NABARD and Self-Help Group (SHG)-Bank Linkage Programme to establish one of the largest community-based financial system in the world (State Level Bankers' Committee Karnataka, 2007). Such mechanisms have long focused on poverty reduction, bottom-up entrepreneurship, and shared savings, although their impact goes far beyond

fundamental financial intermediation. They are becoming more influential in defining household behaviour, social wellbeing, gender and the role that women play in the wider economic domain.

Over the past few years, researchers and practitioners have come to observe a paradigm shift in the role of microfinance, where it is no longer limited to a particular financial instrument but rather multidimensional empowerment mechanism that increases decision-making capacity, agency, and active participation in the market. Not only do women who get microfinance access capital but they also learn how to make independent and financial and consumption-related choices (Chaitanya India Fin Credit Pvt. Ltd., 2023). Their bargaining power at the household level increases significantly as they start dictating the spending priorities, budgetary decisions, the healthcare and educational decisions, and the asset formation (Swain and Wallentin, 2009). This change shows a transfer of economic power among families in terms of gender.

However, the empowerment process elicited by the microfinance is not simple and straightforward. Empowerment, research indicates, does not just entail the ability to act but it is also the way of negotiating social orders and household conventions. Women can gain authority over some of the areas, and at the same time, they have to negotiate family or peer relationships which is also a problem in research that considers intra-group dynamics in Indian microfinance societies (Guérin et al., 2013). Concurrently, it is demonstrated that entrepreneurship supported by microfinance can provide women with a chance to be holistically empowered, resulting in increased income security, greater professional identity, and increased status in the community, especially in such areas as the Kashmir Valley (Khan et al., 2022). These results imply that microfinance supports economic, as well as social empowerment and opens opportunities to women to engage in local markets and community development more successfully. In line with the developments, the current work seeks to discuss the role of microfinance in empowering women by transforming consumer decision-making behavior in India. In particular, the research aims to:

1. explore how access to microfinance enhances women's autonomy over household consumption choices,
2. analyze how microfinance participation influences their saving behaviour, financial management, and expenditure priorities, and
3. understand how economic empowerment translates into psychological confidence and improved decision-making capacity within families and communities.

These aims are incorporated into the larger picture of microfinance acting as not only a support system in economics, but as a behavioural intervention. The changing status of women in the consumption process and financial decision-making of households are closely linked with their participation in SHGs and the microfinance networks (Leach and Sitaram, 2002). Empowerment does not just mean expansion of income but also greater confidence, bargaining power, mobility and choice making capabilities that influence family welfare and future results (Samanta, 2009). Available evidence also indicates that the increased financial autonomy of women is closely linked with the increase in savings behaviour, investment behaviour, and influence in the home (Mudaliar and Mathur, 2015). In this respect, the current paper explores the consumer effects of microfinance on women of India and how financial inclusion helps them become more economically autonomous, more involved in the market, and more strategic at making household decisions. Through the analysis of these behavioural and economic changes, the study also makes contributions to a subtle perception on the cross-over of microfinance, empowerment, and consumer behaviour in India.

## **2. Theoretical and Conceptual Framework**

To comprehend the influence of microfinance on the consumer preference of women, a framework that incorporates economic decision making models, empowerment and financial inclusion models is needed. The behavioural economics of credit access, gender studies, and microfinance research imparted theoretical understanding that can help elucidate how access to credit can turn women into knowledgeable and independent consumers. This part summarizes applicable models and frameworks to explain the channels in which microfinance impacts on the consumption patterns, saving behavior and power among women.

### **2.1 Consumer Decision-Making Models**

Consumer decision-making model has been used to explain the difference in evaluations that women go through when they are making purchase decisions and the allocation of household resources, which are made by women once they have access to microfinance. The classical economic theories presume rationality whereby individuals make optimum utility using the information at their disposal. Nevertheless, the agency limits information, cultural norms, and women with low income such that their behaviour is more intricate than the standard utility models anticipate (Roodman, 2010). Microfinance brings in a sense of reliable financial funds, which allows the women to make less short-term decisions/survival-based decisions and more long-term consumption choices. Research indicates a positive effect of being in microfinance institution as it empowers women to control spending in their households on education, healthcare, nutrition, and asset generation (Modi et al., 2014). These behavioural changes are supplementary to the models of household bargaining, according to which persons with a higher contribution to the economy are more influential in the allocation decision. Also, the behavioural decision-making models state that more liquidity changes the risk perceptions and makes women more likely to diversify their spending, to develop saving, and to consider entrepreneurial activity (Swain, 2007). The shift of the more informed and independent decision making is connected with the overall empowerment of women as well. It has been shown that as the size of the micro-enterprise of women expands, they can gain better knowledge of markets and customer preference and further optimize their consumption and investment decisions (Arul Paramanandam and Packirisamy, 2015). This is an indication that consumer decision making is changing along with the exposure and financial accountability of the entrepreneurs.

### **2.2 Empowerment Theory**

The effect of microfinance on the consumer behaviour of women can be explained using the empowerment theory as a holistic framework. Empowerment is a multidimensional approach that has an economic, psychological, and social dimension whose effects determine the way women are involved in making financial decisions. Economic empowerment entails the

ability to control income and assets; psychological empowerment is manifested in self-confidence and better agency; social empowerment is made apparent in better mobility, engagement in community actions, and wider social networks.

There is also a consistent body of empirical evidence indicating that the availability of microfinance enhances women sense of agency and allows them to have a larger impact on decision making in their households (Das, 2021). With women having control of financial resources, they are now more involved in prioritizing consumption, investment planning, and savings mechanisms choice. The theory of empowerment therefore shows that consumer choice is not simply a trick of economy but also a social phenomenon which entails a sense of autonomy and identity. More financially independent women are more confident in price bargaining, alternative consideration, and demand of their likes in domestic consumption (Patel and Patel, 2020). This is supported by other international evidence. Evidence of this can be found in Ghana, where microfinance has been demonstrated to empower the women economically, which in turn enhances their decision-making ability within the house and market-

related scenarios (Addai, 2017). The contextual differences do not mean that the mechanism of empowerment is similar in every setting, but the basic ones are similar.

### 2.3 Microfinance as a Driver of Consumer Autonomy

Microfinance works in a critical manner in ensuring that women that are usually the dependents in the household are transformed into independent consumers in a position to influence their financial landscapes. Based on the analyses on the national level, microfinance increases the range of access to structured financial services by women and allows them to be more active in market transactions and long-term household planning (Microfinance Institutions Network & NCAER, 2021). Availability of credit minimizes reliance on unofficial lending institutions and improved liquidity enables women to make decisions on time over consumption and investments. Microfinance is also used in exposing to financial literacy, SHG training and peer group learning of which are conducive to better money management and informed consumer behaviour. Table 1 presents the main routes on how microfinance contributes to consumer autonomy:

**Table 1: Pathways Through Which Microfinance Enhances Women's Consumer Autonomy**

Dimension	Mechanism	Outcome for Women Consumers
Economic	Access to credit, savings mechanisms	Ability to purchase assets, manage emergencies, plan expenditures
Psychological	Increased confidence and agency	Independent decision-making, improved negotiation power
Social	Participation in SHGs and community networks	Greater mobility, market participation, peer learning
Behavioural	Structured repayment cycles, financial discipline	More sustainable consumption and savings behaviour
Informational	Exposure to financial literacy and training	Improved ability to evaluate alternatives and make optimal choices

Globally in these aspects, microfinance is found to be a behavioural and structural action/ intervention that re-defines how women consume, save, invest and engage in financial ecosystems. Microfinance empowers women to have more influence over household consumption choices and by empowering them to participate freely in the formal financial markets because of enhancing their economic and psychological abilities.

## 3. MICROFINANCE LANDSCAPE IN INDIA

### 3.1 Institutional Structure

Microfinance in the rest of the world has been donor-funded NGO based, whereas India has taken a very different route. India did not rely primarily on NGO based credit programmes but implemented a relationship banking model which involved formal financial institutions particularly the state-run banks in direct partnership with Self-Help Groups (SHGs) and voluntary organizations. This three-sector alliance is the support of the Indian microfinance ecosystem (Dash et al., 2016).

The institutional microfinance system of India encompasses a large number of regulated and

unregulated institutions along these lines, including commercial banks, Regional Rural Banks (RRBs), Non-Banking Financial Companies (NBFCs), Microfinance Institutions (MFIs), Small Finance Banks and non-profit organizations. Majority of MFIs are regulated by the Reserve Bank of India though the microfinance organizations working on non-profit basis remain under their respective statutory frameworks. NGOs also enhance the establishment of SHG federation, capacity building, financial literacy and internal monitors (Swain and Wallentin, 2009). Although institutional growth has enhanced service delivery to the needy population to a large extent, academic literature warns that the empowerment potential of microfinance is context specific. As an example, according to some urban analyses, standardized microfinance practices can replicate some of the gendered constraints to restrict the agency of women in less obvious but important ways despite greater access to finance (Radhakrishnan, 2018). The observations point to the necessity to interpret microfinance as a multifaceted intervention because of its inherent nature within social structures, institutional design, and gender conventions.

### **3.2 Microfinance Lending Models**

India follows various group-as well as institutional paradigms of providing microfinance services. Most notable of them is the Self-Help Group (SHG) -Bank Linkage Programme that was initiated by NABARD and has allowed SHGs to receive formal credit according to their group savings and repayment discipline. This community-based system is based on social capital, peer monitoring and collective accountability that lowers cases of default and boost financial discipline (Berglund, 2007). The other model is the Joint Liability Group (JLG) approach, which is usually composed of 4-10 members and in this model there is mutual guarantee in repayment of the loans. JLGs mainly serve the landless labourers, tenant farmers, rural workers and micro-entrepreneurs with no collateral or credit history. When they share responsibility and risks, JLGs provide a risk environment that allows them to build trust and use credit.

In relative terms, India was inspired by the international models like the Grameen Bank, which was developed by Muhammad Yunus, to create the Regional Rural Banks (RRBs). Nonetheless, SHG-based system in India has been more sustainable particularly in organizing women and creating community-based financial inclusion (Leach and Sitaram, 2002). However, the results of the real empowerment processes may vary across nations even in the case of successful group-based models. As an example, it has been found that group lending can empower women financially, although its impact on empowerment can be determined on the basis of the household, socio-cultural norms, and the institutional support system (Rahman et al., 2017). This relative observation highlights the significance of designing programs locally in order to maximize the utility of microfinance.

### **3.3 Women's Position in the Indian Economy**

Microfinance in India is closely cut across the socio-economic positioning of women. As it has been, women in rural and semi-urban areas have had to contend with large barriers in acquiring formal credit on the basis of security, limited mobility, and even social practices of patriarchy. These structural constraints have been broken by SHG and microfinance programmes through provision of collective space where women could save, lend, and support each other (Berglund, 2007).

The involvement of women in microfinance has also changed significantly the role of women in the household economies. With increased access to credit, savings, and income-generating activities, women influence and increase their bargaining power in regard to major consumption decisions, such as spending on education, nutrition, health, assets of the household. Those behavioural shifts represent a shift between dependency and autonomy, and the women are no longer viewed as a source of income but as a knowledgeable consumer capable of providing a household level of economic decision-making. Gender empowerment has increased because of the growth of microfinance in

various ways such as reinforcing financial autonomy, increasing psychological confidence, and amplifying social mobility. Nevertheless, researchers also warn that empowerment cannot be a straight action; it is affected by agency, community standards, and institutionalized practices of individuals (Radhakrishnan, 2018). Combined, microfinance has become a key policy and development instrument, which brings together gender empowerment, consumer behaviour and inclusive economic development in India.

## **4. METHODOLOGY**

The current study takes a descriptive and analytical research design, to examine how microfinance affects consumer behaviour, financial autonomy and empowerment of women in India. The descriptive approach will be appropriate in the description of the nature and the lived experiences of SHG participants, and the analytical aspect will enable the interpretation of the social, economic, and behavioural changes brought about by microfinance participation to deeper levels. These methods can be used together to determine the nature as well as the causes of changes being experienced among the women borrowers.

### **4.1 Research Design**

The descriptive research design was used in order to record the patterns and trends that are realized once women are able to access the microfinance services. The design will allow the study to provide a systematic form of presentation on the current condition of women financial and consumer choices in SHGs. At the same time, the analytical aspect is a strength of the research since it analyses how microfinance has led to behavioural change, better decision-making skills and more power of the household. Through a mixture of these two aspects, the studies not only describe the transformations that take place but also the reasons and the processes by which they take place.

### **4.2 Primary Data Collection**

This study used semi-structured interviews on women in the selected Self-Help Groups (SHGs) in rural and semi-urban areas as the primary data. Interview was selected because it provides a way of obtaining detailed stories, whereby the respondent can explain his or her personal experience with microfinance using personal words. These discussions enabled the research to collect data on the financial behaviour of women, how they make decisions at home as well as how they feel empowered having taken credit. The interviews were rich qualitative informational sources on the role of microfinance in changing the dynamics of consumption, savings and financial responsibility among families. The semi-structured interview was also interactive, which also enabled the researcher to delve into certain experiences, clarify answers, and address issues concerning agency, confidence, and autonomy.

### **4.3 Secondary Data Collection**

The secondary data were obtained by using the wide spectrum of scholarly and institutional resources to



corroborate the primary findings. These were peer-reviewed journal articles, academic books, empirical reports and official documents dealing with the operations of microfinance, SHG functioning and financial inclusion policies in India. Credible online materials and reports of microfinance institutions were also examined to secure the most current information on the sectoral trends and the changing regulatory position. The secondary data helped to give the theoretical background and historical context of the experiences with the comparative information, using which the study could locate individual experiences in the context of overall academic and policy debate.

#### 4.4 Data Analysis Approach

Thematic analysis method has been applied to analyze the data obtained by the interviews. Interview transcripts were thoroughly examined in order to draw the common themes on how consumers make decisions, financial management tools, experiences of empowerment, and changes in household dynamics. Data themes were then grouped together in order to create reasonable stories of analysis. These stories were also analyzed in connection to the available theoretical approaches to empowerment and consumer behaviour, which made the study be able to make significant conclusions about the correlations between the lived experiences of the respondents and the known academic frameworks. This analytical exercise has made the findings to be both empirical and theoretically relevant.

#### 4.5 Ethical Considerations

The research maintained critical ethical principles in carrying out the study. Before conducting the interviews, the participants were informed of the research aim and they volunteered. They were informed in their verbal consent, so the participation was not taken against their knowledge. Anonymity and confidentiality of the

respondents were highly observed and no information about these respondents has been revealed in the analysis. Cultural sensitivity and respect of personal boundaries was also noted especially when addressing the household roles and financial choices of women. These ethical measures were put in place to guarantee the dignity and privacy of the participants throughout the study.

### 5. RESULTS AND ANALYSIS

#### 5.1 Role of Women in the Indian Economy

The role of women in India within the socio-economic system is complex with women having a part to play in both productive and reproductive endeavors. They have traditionally been engaged in agriculture, informal trade, small scale business, and various home based activities which have mustered the rural and urban economies. As illustrated in Table 2, women engage in a variety of these critical activities that have great implications on the welfare of households and development of the community.

The problem is that before receiving microfinance, the economic input of women was not valued well, and their income was viewed and an added value and not a necessity. Their possibilities to be financially independent were also constrained by traditional norms and labour market discrimination. Women often had no control in the consumption of products and finances in the household, even though their workloads were significant. However, the launching of microfinance started to change such dynamics. Women who have been exposed to savings and credit indicated that they have increased independence in making consumption related choices and controlling household budgets. This financial confidence gave them the ability to juggle their two lives much more effectively and gain more influence in their homes.

**Table 2. Key Economic Roles of Women in Rural India**

Economic Role	Description	Historical Limitation
Agricultural Work	Labour in farming, harvesting, and allied activities	Low wages, restricted ownership
Informal Enterprise	Petty trade, handicrafts, food processing	Limited access to capital and markets
Household Financial Management	Budgeting, rationing, expenditure allocation	No formal financial autonomy
Reproductive Care Work	Childcare, domestic tasks	Unpaid and undervalued labour

#### 5.2 Microfinance as a Catalyst for Empowerment

Microfinance has significant influence on the socio-economic status of women. Microfinance institutions offer diverse services: savings, credit, remittances, insurance and flexible loan repayment schemes that help women to start an economic activity, resource management and fulfill household needs in a more effective way. Formal credit access also decreases reliance on the informal lenders and enhances the financial security of women.

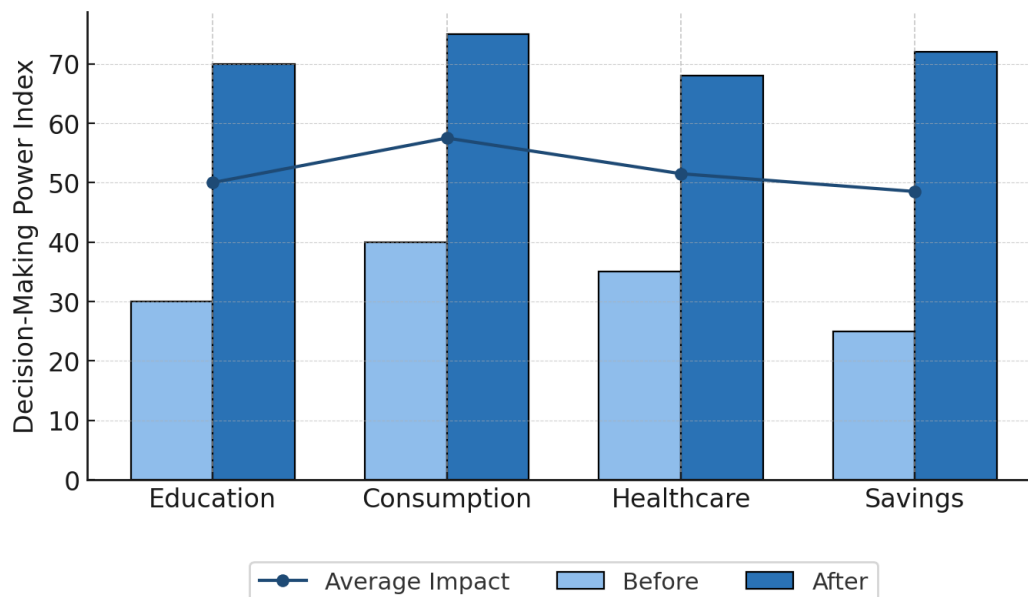
Women are becoming more engaged in financial transacting activities and when this happens, they become more confident and this brings about a sense of empowerment. This empowerment manifests itself in the better decision-making on the education, health care, daily consumption and household investments on children. The favorable change in the areas of empowerment is summed up in Table 3, which demonstrates the economic, psychological, social, and household-level changes.

**Table 3. Empowerment Outcomes Observed Among Microfinance Participants**

Empowerment Dimension	Observed Outcome
Economic Empowerment	Increased income generation and diversified livelihoods
Psychological Empowerment	Higher self-esteem, confidence, and agency

Social Empowerment	Greater community participation and mobility
Household Empowerment	Enhanced voice in major family decisions

The impact of microfinance on empowerment may be also pictorialized with the help of Figure 1 that demonstrates a conceptual increase in the autonomy of women in major decision-making spheres following the use of microfinance.



**Figure 1: Increase in women's decision-making power after microfinance.**

### 5.3 Changes in Consumption, Savings, and Financial Behaviour

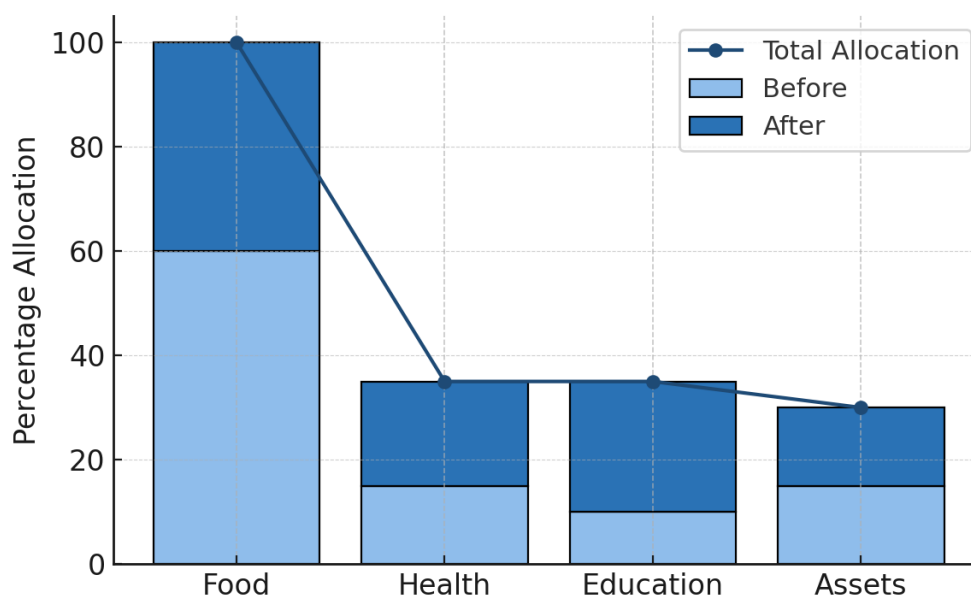
Among the most glaring results of the study, it is possible to note the change in women consumption and savings behaviour after their participation in microfinance. Below is a table of the outcomes of most of the women in SHGs or MFIs before they joined these groups and even after that time: most women had irregular savings and reduced participation in major

household purchases. Once they accessed micro finance, they became more organized in their finances and goal focused. Women started to focus on long-term developmental demands in the form of healthcare, nutrition, education, and the accumulation of assets (see Table 3). This behavioural transformation is not merely an indication of better access to finances but also has to do with group-based financial literacy and peer education.

**Table 3. Financial Behavioural Changes After Microfinance Participation**

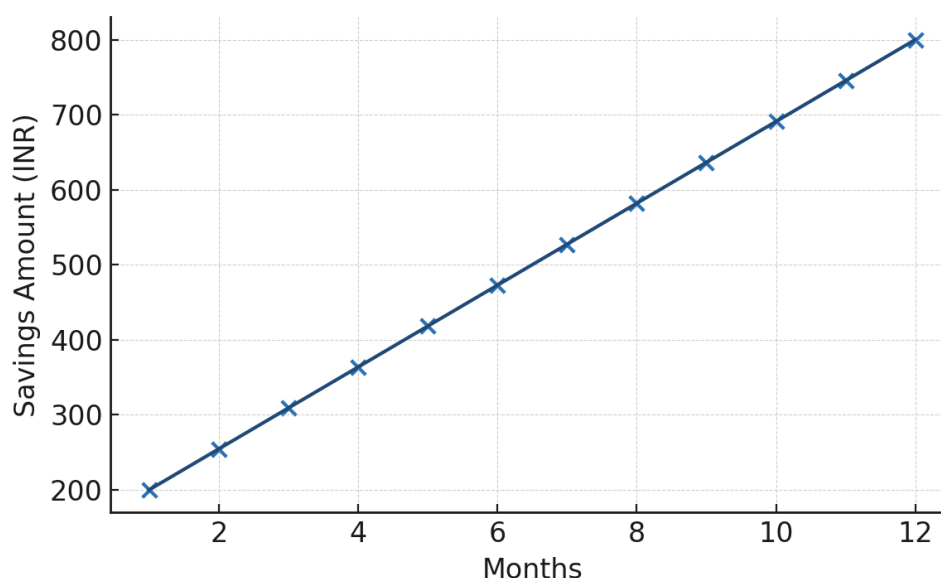
Behavioural Aspect	Before Microfinance	After Microfinance
Savings Behaviour	Irregular, limited amounts	Regular and disciplined
Spending Priorities	Short-term daily needs	Education, health, assets
Borrowing Sources	Informal lenders	SHGs/MFIs with better terms
Consumption Choices	Narrow, necessity-driven	More planned and diversified

These behaviour modifications are further explained in Figure 2 that illustrates conceptual disparities in pre and post-microfinance spending patterns.



**Figure 2: Changes in household spending priorities before and after microfinance.**

Further, the tendency towards the development of savings discipline can also be shown in Figure 3, which displays a notion that the level of regular monthly savings of SHG members has been conceptually positive.



**Figure 3: Growth in regular savings among SHG women over 12 months.**

#### 5.4 Psychological Empowerment and Decision-Making Confidence

Besides financial and behavioural gains, microfinance also improves the psychological empowerment of women. Interviews taken towards the research indicated that there were positive changes of self-confidence, negotiation skills, and personal agency. Women also reported that they felt more secure, respected and capable of making key decisions in the household. A large number of participants also indicated that they were more willing to attend community meetings, engage in entrepreneurship and participate in collective decision-making forums. This increase in empowerment of the psychology also reinforces the overall identity of women as active economic players and not passive

consumers. Their renewed confidence directly translates into better consumer behaviour which allows them to weigh options, bargain, allocate resources and focus on expenditure.

#### DISCUSSION

The results of this research show that microfinance does not merely supply low-income female populations with collateral-free loans but in the process, engages in actively remaking their consumption, savings behaviour and decision making power within the household. Women involved in SHGs and other microfinance arrangements witnessed an evident change of expenditure to survive mode to a more strategic mode of spending in education, health services, food and

acquisition of assets. This shift is an indicator of a long-term welfare planning rather than the short-term subsistence implying that microfinance can serve as a buffer to income fluctuations as well as an engine of behavioural change in economic decision-making. The qualitative data of the interviews show that women are gradually starting to see themselves as economic participants and decision-makers, not as dependent ones, as it can be predicted by the theoretical assumption according to which, with the increase in financial resources, the bargaining power and consumer autonomy also increase.

The outcomes are consistent with the previous empirical studies that have reported the impact of microfinance on improving women economic and social status in rural India. As an example, the SHGs studies in the Pondicherry region revealed that the participation in microfinance resulted in significant changes in the women with respect to self confidence, mobility and influence in the household decision making process, which proves that financial inclusion can be an effective empowerment platform when integrated within group-based formations (Sarumathi and Mohan, 2011). Present research builds up these observations by specifically targeting consumer behaviour: not only do women make more money and have access to credit, but they also have a more pronounced control over the manner in which money is utilised, saved, and invested. The witnessed rise in the degree to which women participate in the decision making process of children in terms of their education, the quality of what they consume and health care is an indication that empowerment is manifested in concrete terms by consumption decisions which favor the family in entirety. On a larger scale, the findings are echoed in multi-country and multi-method studies that posit that the effects of microfinance on empowerment are context and institutionally sensitive and are also influenced by the way programmes are implemented. It has been demonstrated through macro-level evaluations that the Indian microfinance sector holds substantial promise to become part of inclusive growth, provided it is supported by outreach coupled with responsible lending and favourable regulatory environments (Microfinance Institutions Network and National Council of Applied Economic Research, 2021). The findings of the current research are micro-level substantiation of this point of view: when they give credit in the form of a structured and group-oriented environment and are accompanied by training and peer networks, women are more prone to the conversion of access to finance into significant effects in consumption, savings, and household well-being.

The interpretation of microfinance as a behavioural and structural intervention is also consistent with critical reflections on what microfinance actually does in practice. The conceptual debate has pointed out that, microfinance should not be perceived merely as small loans to the poor but as a complicated chain of financial links that may facilitate consumption, redistribute risk, and alter the interaction between poor households and

markets (Roodman, 2010). Microfinance in the current environment seems to alter the mentalities of women towards risk, planning, and responsibility, causing them to act in a disciplined manner to save, and make more conscious buying choices. The behaviour change helps prove the thesis that microfinance may change not only the financial outcomes that are noticeable but also the financial attitudes.

Comparing the findings with the broader empirical research on microfinance and women empowerment, it is evident that microfinance is most likely to lead to the most empowerment effects when it is integrated into the larger support systems, including training, social intermediation, and institutional continuity. The analytic literature on microfinance and women empowerment reveals that credit will seldom be adequate, and empowerment only occurs when the group processes are of high quality, social norms and the presence of other supporting services like financial literacy and market connections (Sinha et al., 2019). The current research supports this stereotype and demonstrates that the greatest shifts in consumer behaviour and decision-making take place among the women who are actively engaged in SHG meetings, who can contact their peers on a regular basis, and who are advised on how to use credit and savings. Microfinance is both a social and a financial technology in such an environment.

There are a few limitations in this study which are worth mentioning despite its contributions. First, the study design is essentially one-dimensional in its approach, which is qualitative and descriptive, basing on interviews of a few SHG participants. Although the methodology has deep and detailed information about what women go through, it cannot be generalized on the experience of all regions or microfinance models in India. The sample is selected in particular rural and semi-urban environments and the results might be different in other areas like slums in urban and areas with weaker SHG networks. Secondly, the paper fails to use longitudinal data as it would need to reflect how the empowerment and consumer behaviour change over time as women engage in various cycles of the loans. A time-series viewpoint is required in order to separate short-term adjustment and long-term structural change in full. Third, the data is self-reported and it can be affected by social desirability bias; the respondents can exaggerate their levels of autonomy or deny the current constraints. Lastly, the research fails to offer a systematic comparison of outcomes of various institutional models, such as SHG-bank connection and MFI-led models, despite the fact that such comparisons might help to understand what forms of intervention are most conducive to sustainable empowerment and consumer agency.

These limitations offer valuable guidelines to further studies. It is necessary to have mixed-method studies that take the combination of massive survey data with a detailed qualitative interview to comprehend more the variety of experience of all the women in different



geographical areas, social categories, and institutional models. This could be done by longitudinal research designs that would follow women through repeated cycles of taking out loans to distinguish between temporary increases in empowerment and lasting changes in the balance of power in households and consumption patterns. Also, inter-state or cross-country comparative research may help us understand how policy frameworks, interest rate regimes and regulatory practices precondition the relationship between microfinance, empowerment, and consumer behaviour. It could also be investigated by researchers to understand how the digital microfinance, mobile banking and fintech innovations transform the financial practices of women and whether such new modalities reinforce or undermine the group-based solidarity, which has traditionally formed the basis of SHG models. The study has important implications on practitioners, policymakers, and microfinance institutions. To practitioners and MFIs, the findings show the need to combine credit with capacity-building interventions which specifically refer to financial literacy, budgeting, and consumer awareness. Women are prepared to be trained on interest rates, repayment terms and opportunity cost and this will enable them to use loans productively and prevent over-indebtedness. Microfinance programmes have to be built therefore not as lending systems but as platforms to build long term consumer capacity. The findings can offer a policy implication to policymakers because they highlight the importance of regulation in making microfinance pro-poor and gender-sensitive. Women borrowers can be taken care of, by means of policies that favour clear pricing, responsible lending, and redress mechanisms, in order to make them feel more confident about formal financial systems. Moreover, the connection of microfinance activities with social sector programmes in health, education and nutrition can help in increasing the influence of microfinance efforts on household welfare by balancing financial empowerment with human developments agenda. Theoretically, the research is a contribution to an up-and-coming realization of microfinance as an intermediate between financial inclusion and consumer empowerment. It argues that empowerment ought to be measured not only regarding income or enterprise performance but also regarding the manner in which women choose consumption, savings as well as investments in the household. This understanding can be enhanced by future conceptual research which incorporates the theory of consumer behaviour, feminist economics and development finance to develop more sophisticated methods of evaluating the outcomes of empowerment. All in all, the pieces of evidence provided herein indicate that, properly designed and enabled, microfinance can improve agency of women as consumers and decision-makers, as well as lead to other inclusive growth and social equity goals.

## CONCLUSION

The result of this study is the development of microfinance as an influential instrument in improving the economic stability of women, consumer freedom and

decision-making in the household setting in India. Through the provision of affordable credit, organized saving systems, and facilitating networks that support each other, microfinance allows women to get out of subsistence-oriented financial behaviours, and adopt more strategic and welfare-maximizing consumption decisions. The fact that SHGs make women more financially literate and stronger in budgetary matters is a crucial component as it promotes psychological empowerment that enables the women to set priorities within the household, have input on spending, and play a valuable role in long-term family well-being. The results mean that microfinance is both financial and behavioural intervention, which influences the attitudes towards savings, investment, and risk management. Although it has different effects in the different socio-cultural backgrounds, microfinance always expands the ability of women to become informed consumers and economic agents. At the community level, these changes encourage increased social engagement and enhance the economic growth at the local level. In a bid to make the most out of these advantages, institutional outreach, responsible lending, and financial services combined with training and market support are critical. Altogether, microfinance has a significant potential of influencing women empowerment and inclusive development, which implies that it will remain relevant as the part of the poverty reduction plans and gender-related development policies.

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