

Assessing The Impact of Micro-Credit Facilities on Decision-Making Power Among Women in Indore District

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ABSTRACT

This study tries to understand how getting micro-credit (small loans) affects women's ability to make decisions in their homes and communities. Decision-making power is an important part of women's empowerment. The study was done in the Indore district of Madhya Pradesh, where many women from low-income families use microfinance services. For this research, data was collected from 150 women using a structured questionnaire. After collecting the data, statistical tests—especially the Chi-Square test—were used to find patterns and relationships. The results clearly showed that women who receive micro-credit have better decision-making power. They are more confident in making choices about family expenses, children's education, savings, and small business activities.

The study also shows that microfinance institutions (MFIs) play an important role in improving the lives of poor and marginalized women. By giving them financial support, MFIs help women feel stronger, more independent, and more involved in important decisions. These findings are useful for government officials, policy makers, and development workers. The study suggests that expanding microfinance services can be an effective way to promote gender equality and support inclusive economic growth. When women get financial support, not only do their personal lives improve, but their families and communities also benefit.

Keywords:- Microfinance, Women Empowerment, Decision-Making, Financial Inclusion, Indore, Micro-Credit.

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I. INTRODUCTION

The Microfinance is a system that gives small loans and other basic financial services to people who do not get help from regular banks. It has become an important tool in many developing countries. It helps people with low income—especially women—by giving them financial support to improve their lives. In India, many families still do not have access to formal banking services. For these people, microfinance becomes very useful. It offers small loans, simple savings options, and basic insurance. Women often use these loans to start small businesses, manage household expenses, or improve their standard of living.

Indore, known as the commercial capital of Madhya Pradesh, has a mix of different types of people and income groups. Even though it is a growing urban city, many areas—especially

backward urban colonies and nearby rural regions—still lack proper financial access. Women in these areas face more challenges because of social and economic limitations. To support such women, many Microfinance Institutions (MFIs) have started working actively in Indore. Their main aim is to help women become financially stronger and socially confident. Microfinance can improve a woman's income, skills, and opportunities. But one important question still needs more attention: Does microfinance actually increase a woman's power to make decisions in her home and community?

This study focuses on finding out whether women who receive micro-credit (small loans) are able to make better, more independent decisions in their daily lives. It also tries to understand whether access to microfinance helps women participate in joint decision-making within their families and society.

II. LITERATURE REVIEW

Corporate Kaur (2014) explained that microfinance services do much more than just give small loans. These services allow women to start small businesses, earn their own income, and take part in productive work. When women begin earning money themselves, they feel more confident. This confidence helps them speak up in financial matters and make better decisions about spending, saving, and investing for their families.

Thileepan and Soundararajan (2014) found that when women receive credit through microfinance, they not only gain financial support but also emotional strength. Their self-respect grows because they feel valued and capable. With this new confidence, women start participating more in community events, meetings, and social activities. They are no longer silent observers—they become active members of society.

Kundu (2016) observed that women involved in microfinance programs gain more influence inside their homes. Earlier, many women were not included in decisions related to children's education, family expenses, or household purchases. But after joining microfinance programs, they start contributing ideas and making decisions along with other family members. This shows a clear increase in their decision-making power at the household level.

Datta et al. (2018) found that when microfinance institutions use gender-sensitive approaches—meaning they design their programs specially keeping women's needs in mind—the impact is even stronger. Such models help women become more independent, improve their ability to think

for themselves, and take decisions without depending too much on others. These programs often include training, group meetings, and awareness activities that further build women's confidence.

Taken together, these studies strongly show that microfinance has a positive and meaningful impact on women's empowerment. When women get access to loans and financial services, their confidence increases, their social participation improves, and their decision-making power—both inside the home and outside in the community—grows significantly. Microfinance, therefore, becomes an important tool for improving women's lives and helping them become stronger and more independent.

III. RESEARCH OBJECTIVE

To examine the association between access to micro-credit facilities and the decision-making power of women in the Indore district.

IV. HYPOTHESIS

Null Hypothesis (H_0): There is no significant association between Micro-Credit Facilities and Decision Making as a component of Women Empowerment.

Alternative Hypothesis (H_1): There is a significant association between Micro-Credit Facilities and Decision Making as a component of Women Empowerment.

V. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design, incorporating quantitative methods to explore the association between micro-credit facilities and women's empowerment in Indore.

Sampling Technique: Convenient sampling was used to select 150 women who have availed microfinance services from various MFIs operating in both rural and backward urban areas of Indore.

Sample Size: 150 respondents.

Data Collection Tools: A structured questionnaire was used with closed-ended Likert-scale questions to measure decision-making, income use, and micro-credit access.

Data Analysis Tools:

- **Chi-Square Test:** To examine the relationship between micro-credit access and decision-making.

- **Reliability Check:** Cronbach's Alpha was used to ensure consistency (>0.90).

VI. DEMOGRAPHIC ANALYSIS

Demographic Variable	Category	Frequency	Percentage (%)
Age	18–25 Years	32	21.3
	26–35 Years	45	30.0
	36–45 Years	38	25.3
	46 Years & Above	35	23.4
Education Level	Illiterate	11	7.3
	Primary	44	29.3
	Secondary	64	42.7
	Graduate & Above	31	20.7
Occupation	Homemaker	50	33.3
	Self-employed	40	26.7
	Daily wage worker	53	35.3
	Salaried Employee	7	4.7
Marital Status	Married	132	88.0
	Unmarried	12	8.0
	Widowed/Separated	6	4.0

6.1 Age Distribution

The majority of respondents (27.6%) were in the 25–35 age group, followed closely by 27.2% in the 35–45 age group. Women aged 18–25 made up 22.9%, indicating strong participation by

younger women. Only 6.6% of the respondents were aged 55 and above, reflecting lesser engagement in later life stages.

6.2 Social Category

A majority of respondents (50.7%) belonged to the OBC (Non-Creamy Layer) category, followed by 31.3% from SC, 15.3% from the General category, and 2.7% from ST. This distribution shows that microfinance primarily serves marginalized social groups.

6.3 Education Level

Most women had secondary education (48.9%), followed by 32.8% with primary education. Only 11% had higher education (graduate or postgraduate), and 7.2% were illiterate. This reflects microfinance's role in reaching women with low to moderate education.

6.4 Occupation

Daily wage laborers formed the largest group at 45.8%, followed by homemakers (34.2%) and self-employed women (18.4%). Salaried employees represented only 1.6%, indicating that women in informal sectors rely more on microfinance.

6.5 Marital Status

A significant majority (90.3%) were married, suggesting that microfinance is predominantly used by women responsible for managing household expenses. Unmarried women accounted for 6.4%, and 3.3% were widowed or separated.

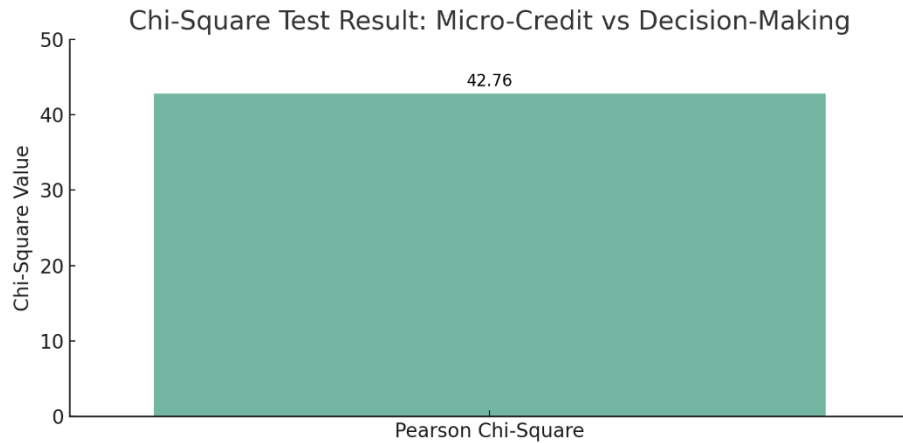
VII. CHI-SQUARE ANALYSIS

H₀: There is no significant association between micro-credit access and women's decision-making power.

H₁: There is a significant association between micro-credit access and women's decision-making power.

Chi-Square Test Summary:

Statistic	Value	df	p-value	Result
Pearson Chi-Square	42.764	1	0.000	Significant (Reject H ₀)



Interpretation: The p-value (.000) is less than 0.05, indicating a statistically significant association between access to micro-credit and increased decision-making power among women. Hence, the null hypothesis is rejected.

VIII. FINDINGS AND SUGGESTIONS

Findings

- Access to micro-credit significantly enhances women's participation in household decision-making processes.
- Empowerment outcomes were most prominent among women aged 25–45 with secondary-level education.
- A large proportion of users came from Other Backward Classes (OBC), Scheduled Castes (SC), and informal employment sectors such as daily wage labour and self-employment.

Suggestions

Microfinance Institutions (MFIs) should offer regular training for women. This training should not only teach them how to use money wisely but also help them learn how to make good decisions for their business and household. The training should be easy to understand and specially designed for women who may have limited education.

Government departments and NGOs should work harder to reach more women, especially those living in rural areas or those who cannot read or write well. They should spread awareness about microfinance services, explain how small loans work, and guide women on how to apply. This will help more women access these useful financial opportunities.

There should be stronger rules to watch how loans are given. Proper monitoring will ensure that borrowers do not take too many loans from different places, which can cause heavy debt. Strong regulations will also make sure that MFIs follow fair and honest lending practices. This way, women borrowers will be protected from misuse, cheating, or financial pressure.

IX. LIMITATIONS

The First limitation of the study includes only 150 respondents from one district. This means the findings are based on information collected only from women in the Indore district. Because the sample size is small and limited to a single area, the results may not fully represent the situation in other districts, states, or regions of India.

The Second is it does not use qualitative data and long-term follow-up. The research is based only on survey data. It does not include in-depth conversations with women that could provide deeper insights into their experiences. Also, there is no long-term study to see how women's decision-making power changes over several years. As a result, the study may miss some important emotional, social, and long-term changes that microfinance brings.

X. SCOPE FOR FUTURE STUDIES

Future research can study the long-term effects of microfinance on women's decision-making abilities. Instead of looking at results at one point in time, future studies can follow the same women for several years to see how their confidence, independence, and decision-making power change over time. Researchers can also include psychological factors such as self-efficacy, which means a person's belief in their own ability to succeed. Understanding how microfinance affects a woman's confidence, motivation, and inner strength can provide a deeper picture of empowerment. Another useful direction would be to compare women from urban and rural areas. This can help identify how access to microfinance, social conditions, and cultural expectations create different empowerment outcomes in different settings. In addition, more qualitative research—such as interviews, group discussions, and personal stories—can give a richer and more emotional understanding of how microfinance changes women's lives. These real-life experiences can highlight challenges, successes, and personal transformations that numbers alone cannot show.

XI. CONCLUSION

The study clearly shows that micro-credit facilities have a positive effect on women's decision-making power in Indore. When women get access to small loans, they gain more control over

their finances and feel more confident in making decisions for themselves and their families. This means microfinance is an effective tool that helps women become more independent and supports overall community development.

However, for microfinance to continue creating long-term benefits, certain steps are necessary. There should be strong government policies that support these programs, microfinance institutions must follow ethical and fair lending practices, and women should receive regular training so they can use the loans wisely. Only with these combined efforts can microfinance truly help achieve inclusive and sustainable growth.

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