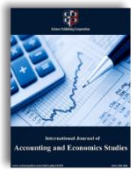
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Research paper



Impact of State Bank of India's Microfinance Schemes on Women Empowerment and Poverty Alleviation

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Abstract

Microfinance has emerged as one of the best options for women's empowerment, not only in India but throughout the world. In India, public sector banks and regional rural banks hold 45.07% share, where State Bank of India has a formidable presence and holds a substantial 20% share in the nation's microfinance industry. This study signifies the elevation of economic conditions of beneficiaries, which signifies the reduction in poverty or scarcity of economic strength of beneficiaries. Research has been conducted in Palwal District of Haryana State (India), where 8 branches of State Bank of India (SBI), serving rural and urban population alike, have been selected for investigation. Beneficiaries who have taken a loan from SBI under microfinance schemes have been selected for the purpose (N = 160). For the impact analysis of SBI schemes on participants who have taken loans under microfinance schemes of the State Bank of India, participants have been selected and investigated. The result indicates that the microfinance schemes of the State Bank of India have a greater impact on changing the standard of living of beneficiaries. Microfinance has provided support to women in strengthening their economic condition, which has ultimately resulted in a change in their living standards. Microfinance schemes of the State Bank of India have a positive impact on women's empowerment and poverty alleviation.

Keywords: *Women empowerment, microfinance, Self Help Group, SBI microfinance schemes, poverty alleviation*

1. Introduction

Women's empowerment's fundamental approach is to enable women to make choices and decisions, have equal access to resources and opportunities, and have control over their lives, which involves creating an appropriate environment to ensure women's participation in society and the economy. The goal is to create a world without discrimination, gender bias, social and political limitations, where women feel and breathe the freedom of life and equal opportunities for education, economic, political, and social participation. It can be measured or judged on various parameters and factors, but five are prominently mentioned. First, the ability to participate in economic activities on an equal footing with men, i.e., access to employment, entrepreneurship opportunities, education, training, an unbiased environment, equal pay slabs, fair wages, and access to credit and financial services for establishments. Second, Social Empowerment relates to women's freedom from violence and discrimination to fully engage in social and cultural life, which encompasses the capacity to exercise their rights and freedoms as well as access to healthcare, education, and legal services. Third, Educational empowerment, which describes women's access to education and the acquisition of knowledge and skills that allow them to achieve their objectives, make wise decisions, and benefit society, which involves chances for lifelong learning as well as access to high-quality education at all educational levels. Fourth, Political Empowerment relates to women's equal participation with males in political life and decision-making, which encompasses the right to vote, the capacity to run for office, the acquisition of leadership roles, and the ability to participate in the formulation of public policy. Fifth, Health Empowerment explains the ability of women to obtain healthcare and make decisions regarding their own health and well-being, which involves having access to resources, services, and information that support maternal health, reproductive health, and general well-being. Poverty is a very daunting reality for any nation, and for India, it poses a serious hurdle in its development and becoming a leading economy in the world. Since women constitute almost half the population of any country, their contribution to the economic development of the country is very crucial. But women's participation in economic activities throughout the world is very low in comparison to men, while it is a fact that development can be accelerated by empowering half of the population, bringing them into the mainstream.

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2. Literature Review

The women's labor force participation rate in India, as reported by the Periodic Labour Force Survey (PLFS) for 2020–2021, was 20.1%. Of this, 55.8% are regular wage/salaried employees, followed by self-employed people (37.0%) and casual laborers (7.2%) as reported by SBI Research ECOWRAP (2022-23). Figure 1 indicates that still ~80% women population in urban areas hardly participates in economic activities in an active form despite being more aware in respect to the rural population and in wider consideration, if visible economic participation is considered, this is deemed to be fit.

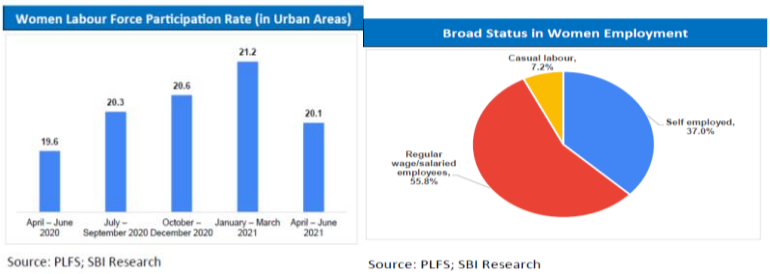


Fig. 1: Status of Women

The global microfinance revolution has revolutionized low-income communities' access to financial services. It has consequently emerged as one of the most discussed inventions in recent decades in global development. Its growth hasn't, however, been without controversy. Some denounced it as a catastrophe for the impoverished, while many celebrated it as a means of eradicating global poverty and advancing female empowerment. One of the main promises made by the sector is frequently thought to be the empowerment of women. This is partly since over 80% of its poorest clients—those who make less than $1.25 a day—are women (Jan P. 2012). Research suggests that although micro credit may serve as a valuable financial instrument for certain entrepreneurs, it has not always resulted in a significant rise in earnings. Therefore, some of the major issues facing micro credit include how to improve access to credit and reduce poverty; additionally, there are several credit product design options and screening processes that could improve the efficacy and financial sustainability of these products. According to a recent study, having access to savings products can have positive effects on people's capacity to increase their investments in their micro enterprises and smooth out their consumption by guarding against economic shocks. Making such products affordable for microfinance institutions (MFIs) and determining whether government subsidies are warranted, considering the encouraging data, presents a significant hurdle. A pioneering measure aimed at providing women with significant advantages was the launch of PMJDY (Pradhan Mantri Jan Dhan Yojana). A staggering 55% of the 45.2 crore accounts that have been opened as of 2022 are held by women. Despite making up approximately 55% of all PMJDY accounts opened to date, the utilization of these accounts lags that of men, often remaining inactive, according to 2017 Global Findex and FII studies [SBI Research ECOWRAP (2022-23)]. The accounts' inoperative status also reflects the gaps in the system that exist beneath the noise and confusion of numbers gathered over PMJDY's more than seven-year journey. This supports the idea that the change that has been brought forth is only halfway there, necessitating renewed effort and coordination from all parties involved.

The banking sector plays a crucial role in catering to microfinance services and in the implementation of the government. schemes that are meant for the welfare and economic stability of the country. Due to robust services and policy support in India, the banking sector is registering growth year by year, as evident from the growth chart depicted in Figure 2. Almost all banking sectors (Public sector, private sector, and foreign banks) have registered steady growth (from 2020 to 2022, total assets have increased). Interest income has grown for private sector and foreign banks in the 2020-22 period, while public sector banks have registered some negative interest income growth in this period. In India, public sector banks and regional rural banks hold a 45.07% share in the banking sector, where the State Bank of India has a formidable presence.

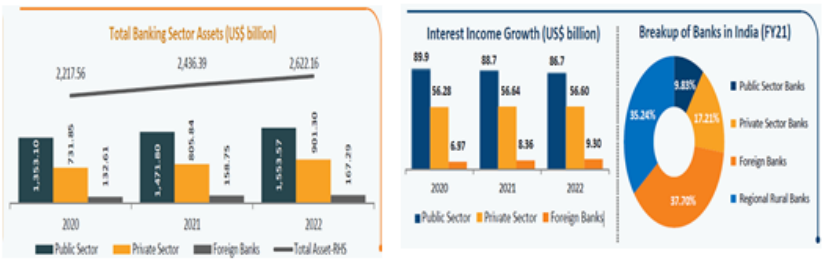


Fig. 2: Banking sector growth in India. (Source: IBEF, www.ibef.org)

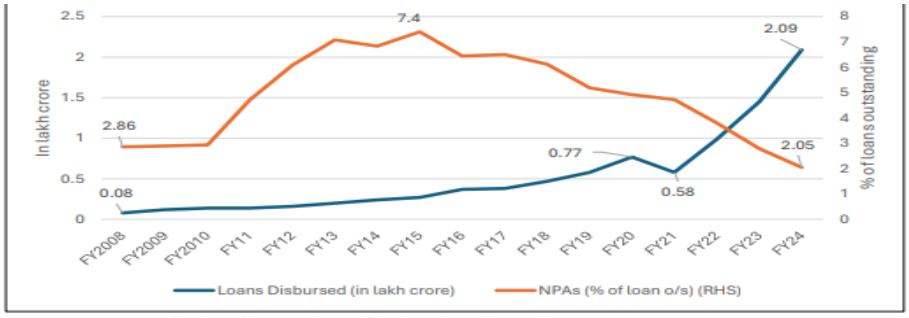
Source: RBI (2022-23) Documents, Invest India, News Articles, Indian Banks Association

Influence assessments, according to Rogerson (2006), can be used to enhance services, have a greater influence on poverty and the effectiveness of microfinance institutions, encourage strong client service and accountability, and hold donors and other external stakeholders accountable. The three categories Ledgerwood (1999) identified for the effects of microfinance are: economic, socio-political or cultural, and personal/psychological. The demographics of women and their ability to obtain loans from microfinance organizations can have an impact on women's economic empowerment Selvaraj, 2016). It is anticipated that demographics would have an impact on who can utilize micro-lending services. Women who have access to these services will be able to engage in revenue-generating activities, such as launching a new venture or expanding an existing one. Economic empowerment is the desired outcome, and it will show up as ownership of assets, greater income, savings, and the ability to make decisions (www.nabard.org).

State Bank of India (SBI) is the dominant player in the Indian banking sector, with more than 22,000 branches/ network, 62,617 ATMs, a total net profit of Rs. 9,113.53 crore (US$1.10 billion) in the fourth quarter of FY23, and is a Fortune 500 company and holds a substantial 20% share in the nation's microfinance industry. The bank has been a key player in every microfinance endeavor since the program's launch

in 1992. SBI has launched several initiatives to fulfill its mission of offering microfinance to one million Self-Help Groups. In this case, several SBI's creative efforts to increase the scope of its microloan services are covered.

As per the NABARD report, NRLP (National Rural Livelihood Project) was launched in 13 high-poverty states of India from 2011-2018, and in 2019, the Ministry of Rural Development provided credit support from the World Bank under the National Rural Economic Transformation Project (NRETP), which covered 64,000 women-led enterprises and established 5,00,000 SHG members by 2023-24. This project covered about 80% Gram Panchayats in India, covering a total of 40 million SHG members under life and accidental insurance schemes. With deposits totaling more than ₹65,000 crore, 17.8 crore families have been linked to savings through more than 1.44 crore SHGs. 77.4 lakh SHGs are credit-linked to an annual loan offtake of over ₹2.09 lakh crore, according to NABARD's 2023–24 Status of Microfinance in India report. From 2013–14 to 2023–24, a total of more than ₹8.2 lakh crore in bank loans were disbursed. The number of SHGs with credit links is highest in the Eastern area of India, which includes some of the least developed states, at 43%, followed by the Southern region at 38%. With a share of 63%, the Southern region led all other regions in credit disbursement, followed by the Eastern region (24.6%). The SHG Bank Linkage Program saved approximately Rs. 65, 08, 915 lakhs in 2023–2024. The loan disbursed was Rs. 2,09,28,587 lakh, while the outstanding loan balance was Rs. 2,59,66,372 lakh. Repayments are as high as 95–100% thanks to the connection mechanism. SHG NPAs peaked at 7.40% in 2014–15, and since then, the trend of NPAs has declined, reaching 2.05% in 2023–2024 (Chart 1).



Source: Status of Microfinance in India (various issues), NABARD

Fig. 3: NPAs in the Loan Portfolio of SHGs

As of March 31, 2022, the combined deposits and advances of all RRBs (Regional Rural Bank - bank-sponsored) were Rs. 1,13,502 Cr and Rs. 73,755 Cr, respectively. Combined, the RRBs reported a profit of Rs. 1,659.53 Cr for the fiscal year 2021–2022. The priority sector received the majority of RRB loans. As of March 31, 2022, the proportion of advances in the priority sector and in agriculture to all advances was 60.70% and 81.09%, respectively, with a benchmark of 75%. Over 9.7 crore impoverished households were served by approximately 74.30 lakh savings-linked SHGs as of March 31, 2014, according to NABARD, having a total of Rs 9897 crore in savings accounts with banks. About 42 lakh SHGs were part of the initiative that linked credit. SHGs have also been used by the Indian government to implement credit initiatives for the poor that are subsidized.

3. Methodology

This empirical investigation used both descriptive and exploratory research approaches, thus utilizing a qualitative and quantitative approach. To demonstrate the relationship between women's economic empowerment and microfinance services, a conceptual framework was established. The study is based on both primary and secondary data sources. District Palwal (Haryana State, India) was selected as the primary data source to gather data from women participants associated with the State Bank of India's schemes for microfinance to women. Since the beneficiaries were women from both rural and urban backgrounds, extensive field visits and personal meetings with participants were conducted to collect the data with caution. Questionnaires, along with observation and authentication from reliable sources, have been applied to ensure the correctness of participants' responses to questions. In this study, two main observations have been considered: first, the change in the living standard of participants, and second, the impact of SBI microfinance schemes on women's empowerment. The second observation has two questions: 1. How much SBI loans helped women to empower them in decision-making, and 2. How much has the SBI microfinance scheme empowered women in gaining opportunities, participation in household decision-making, and resource access. Scores were recorded on a Likert Scale. Secondary data was taken from Annual reports and studies by NABARD, a premier organization looking after the microfinance in India, a unit of the government of India. A total of 8 branches of the State Bank of India (SBI), serving rural and urban populations alike, were selected from Palwal District. From each branch, 20 beneficiaries have been selected (N-160) who have been direct beneficiaries of SBI schemes. The study aimed to evaluate the effectiveness of SBI Microfinance schemes on women's empowerment and poverty alleviation.

4. Results

To assess Women's empowerment, the study was more focused on SBI loan schemes and their impact on women's empowerment in the context to poverty alleviation. Poverty alleviation or eradication of poverty can be directly linked to the standard of living, which signifies the alleviation of economic conditions of beneficiaries, and thus poverty reduction. Table 1 depicts descriptive statistics for the impact of SBI microfinance schemes.

Table 1. Descriptive Statistics

	Mean	Std. Deviation	N
Impact of SBI loan on women empowerment	4.89	1.62	160
Change in Living standard	2.54	1.109	160

A. On Change in Living Standard

Descriptive statistics in Table 2 show the data collected from the participants on the Likert scale for the change in living standards of the participants. The respondents were categorized into four groups: "Low or No change", "Moderate Change", "Change detected", and "Total change". As per the response of participants the descriptive statistics shows that 23.2% participants have reported that they have experienced no change in their life style or standard of living, 25 % participants have responded in the category of moderate change, 26.2 % participants have reported they have experienced change in their life style or standard of living while 25.6 % participants have said that their life style has completely changed after being entrepreneur. Means 51.8% participants have a significant change in their lives after being associated with SBI microfinance schemes, while 48.2 % participants have failed to materialize the SBI microfinance schemes. Fig. 3 shows frequency depiction, while Fig. 4 shows percentage segregation of participants (Change in living standard (51.8%) and no change in living standard (48.2%))

Table 2. Change in Living standard

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Observation	160	100	100	100
Low or No Change	37	23.2	23.2	23.2
Moderate Change	40	25	25	48.2
Change detected	42	26.2	26.2	74.4
Total Change	41	25.6	25.6	100
Total	160	100	100	

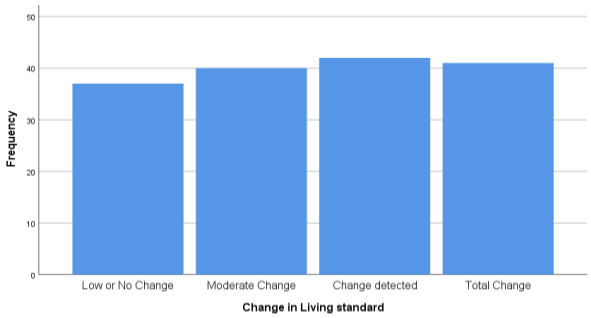


Fig. 4: Change in living standard

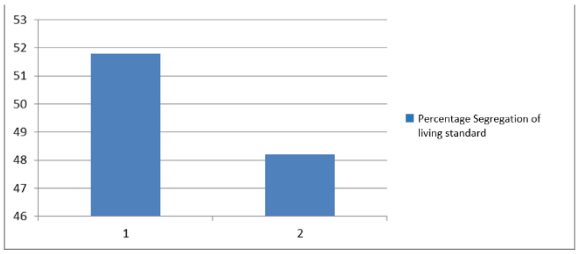


Fig. 5: Percentage Segregation of living standard

4.1 Impact of SBI microfinance on Women's Empowerment

Descriptive statistics shown in Table 3 indicate the Likert score of participants for the impact of the SBI loan or scheme on women's empowerment. Low marks indicate less impact, while higher marks indicate high impact of SBI loan or micro-finance schemes on women's empowerment. To get qualified to come under the empowered category, participants would have scored a minimum of 5 marks. Frequency table 3 analysis shows frequency of scores 5 and 6 is very high (22.5 % each), 16.3 % participants have scored a high value, while 38.8 % participants have scored below the qualifying marks. The cumulative percentage of qualified marks by participants amounts to 61.2% which shows a high percentage of observations indicating the impact of the SBI micro-financing scheme on women empowerment, as the shaded area of Figure 5 visualizes the impact.

Table 3. Impact of SBI loan on Women empowerment

Likert Score	Frequency	Percent	Valid Percent	Cumulative Percent
2	12	7.5	7.5	7.5
3	27	16.9	16.9	24.4
4	23	14.4	14.4	38.8
5	36	22.5	22.5	61.3
6	36	22.5	22.5	83.8
7	18	11.3	11.3	95
8	8	5	5	100
Total	160	100	100	

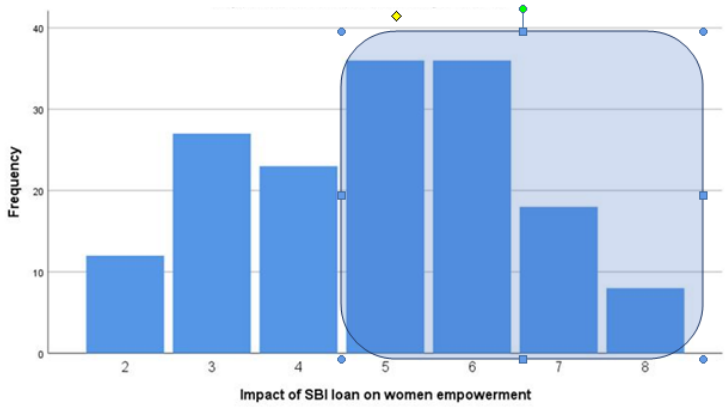


Fig. 6: Impact of SBI loan on women's empowerment

5. Discussion

A bidirectional relationship between women's empowerment and economic development, which can be defined as improvement in the ability of women to access the constituents of development, in particular health, education, earning opportunities, etc., with a thrust to equal representation across multiple pivots. As per the PLFS 2023, the labour participation rate is 20.1% of which 55.8% are waged/salaried employees, followed by 37.0% self-employed and 7.2% casual labour. Out of the 37.0 % of 20.1 % self-employed labour participants, women associated with SBI microfinance schemes were also included. Study indicates that the SBI micro-finance scheme has significantly changed the living standard of its beneficiaries, as 51.8% beneficiaries have responded to their changed living standard to a substantial extent, while 48.2 % have failed to materialize the SBI microfinance schemes. 61.2% SBI micro-finance scheme beneficiaries responded that they have been empowered through the scheme, while 38.8 % participants failed to materialize the opportunity. 61.2% empowered women have responded that they have a better position in their family now in comparison to earlier situations. they believe they can make decisions, they have said in household decisions, they have better access to resources and services, and they are participating in family affairs more strongly now, which is a trend indicating empowerment and strengthening the economic condition of women. Sharp increase in cumulative percentage in the living standard of participants shows that a change has been triggered by SBI micro financing schemes for women. As seen in Figure 6, the sharp upward movement of balls turning red to green indicates that the change has started from the second stage, i.e., at a moderate change in living standard itself, although the change was not significant, but it cannot be denied that the scheme has not affected the livelihood of participants. Cumulative percentage impact of SBI micro-financing scheme on women empowerment also shows a sharp increase in the middle, although at the top it is inclining, indicating micro-financing schemes have impacted women empowerment on average, but not too much. This also indicates that micro-financing schemes have triggered change, which is marching towards its peak slowly but steadily.

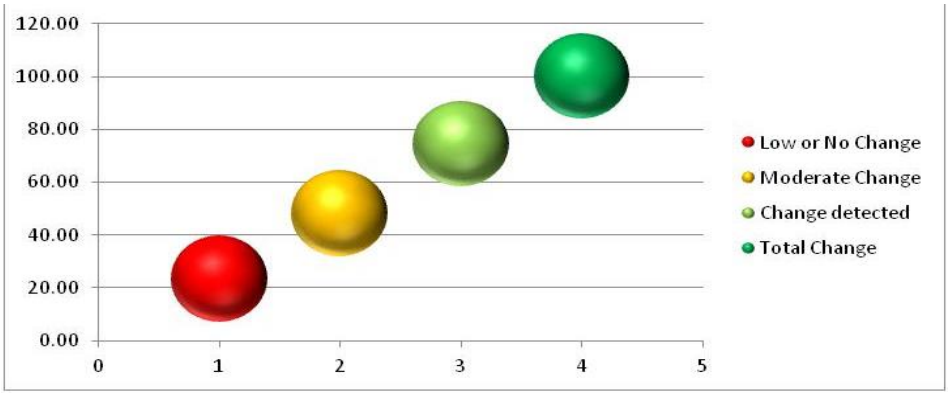


Fig. 7: Cumulative percentage change in living standard of participants during observation.

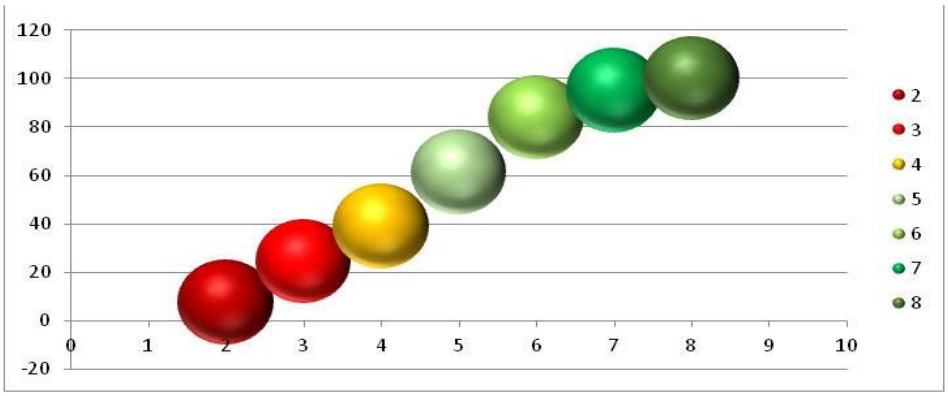
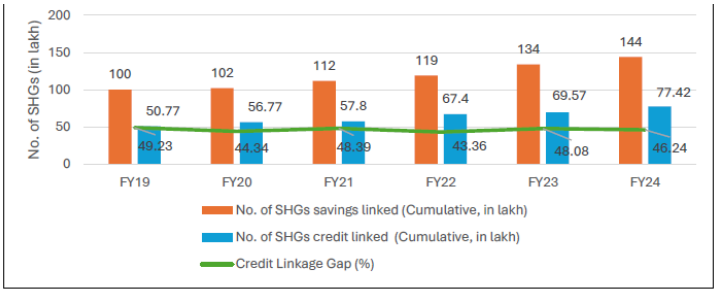


Fig. 8: Cumulative percentage impact of the SBI microfinance scheme on Women Empowerment.

Poverty alleviation is one of the primary goals of microfinance schemes launched by the government. of India to empower women in the country includes PMJDY, Mudra, PMUY, SUI (Stand-Up India Scheme), etc. State Bank of India has partnered with the government. initiatives to improve further traction towards women's social, cultural, and economic empowerment, bettering policy-level intentions. To date, a total of 45.2 crore accounts under PMJDY have been opened, with a 55% share of women account holders. This initiative was introduced to improve the economic condition of women in the country, thus to enhance the chance of poverty eradication. SBI has been a leading service provider for the government. indicatives and launch schemes for the women. Since 2013–14, a total of more than ₹8.2 lakh crore in bank loans have been disbursed under micro-financing schemes. It is important to note that states that have historically lagged in financial inclusion have been the main drivers of this growth. There are 43% more SHGs credit-linked in the Eastern states of India, which include some of the least developed states, than in the Southern zone (38%). With a share of 63%, the Southern Indian region led all other regions in credit disbursement, followed by the Eastern region (24.6%). The success of the micro-financing scheme has been judged by repayment, and repayments are as high as 95–100% as reported by NABARD. SHG NPAs peaked at 7.40% in 2014–15, and since then, the trend of NPAs has declined, reaching 2.05% in 2023–2024 as depicted in Chart 1. It can further be noted that as the NPA declines, the rate of loan disbursement under micro-finance is increasing. The first decline in NPA rate is an indicator of empowerment and well-being, along with economic growth and enterprise success, which has a positive impact on empowerment, as our results indicate. Data analysis shows positive traits towards women's empowerment, although many studies have shown the negative impact of micro-financing, as Karim (2011) criticized its negative impact. Similarly, Rahman (1999) has also criticized micro-financing, citing a fear of embarrassment due to nonpayment and arm-twisting events. But NABARD, Govt. India and partner banks have studied a lot of women's problems at all levels and have done course correction to achieve their goal.



Source: Author's calculation using data from the Status of Microfinance in India Report (various issues), NABARD

Fig. 9: Credit Linkage Gap (%)

Chart 2 indicates that the awareness level in women is increasing as SHGs' saving linkages have increased since 2019, as it has been reported to be 144 lakhs in the year 2024. The number of SHGs credit-linked has also risen to 77.42 lakh in year 2024, increasing credit linkage gap to 46.24%, i.e., 66.50 lakh SHGs were not credit-linked by 2024. Credit linkage data coincide with the findings of this research that micro-financing schemes has a positive impact on women empowerment, hence it can be said that SBI micro-finance has a positive impact on women empowerment throughout its implementation, as it has greatly impacted the study domain, as results indicates, and its coinciding with universal data released by its implementing agency (NABARD) confirms it.

6. Conclusion

Economic development needs collective efforts by the whole population, but India faces several hurdles, including gender parity, discrimination, and very little contribution from almost half of its population. Women's participation in economic activities throughout the world is very low in comparison to men while it is a facts that development can be accelerated by empowering half of the population, bringing into the mainstream. The women's labor force participation rate in India, as reported by the Periodic Labour Force Survey (PLFS) for 2020–2021, is just 20.1%, which means almost 80% women's population hardly participate in economic activities. Indian public sector banks and regional rural banks hold 45.07% where State Bank of India has a formidable presence and holds a substantial 20% share in the nation's microfinance industry. The microfinance scheme of State Bank of India has a greater impact in changing the standard of living of its beneficiaries, which has provided support to women in strengthening their economic condition, which has ultimately resulted in empowerment and poverty eradication. Study finding indicates that the microfinance scheme of State Bank of India has a positive impact on women empowerment and poverty alleviation, which coincides with the universal data released by the implementing agency, NABARD in India. It can be said that micro-finance schemes being implemented by SBI have been effective in changing the standard of living of women, strengthening their economic condition and empowering them, thus making them capable of taking decisions, accessing resources, participating in social and political activities and elevating their position in the family.

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