

Microfinance and Women's Empowerment through Self-Help Groups: Evidence from Southern Tamil Nadu toward Achieving Sustainable Development Goals

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Abstract:

Purpose: Microfinance is a widely promoted progressive initiative to provide deprived women with affordable financial services for poverty alleviation. Self-Help Group (SHG) model in India are seen as socially active groups that can facilitate a government's plans towards achieving the sustainable development goals. This study explores the impact of microfinance on women's empowerment by assessing its role in improving financial independence, decision-making power, and social status. It examines key factors such as economic empowerment, increased well-being and social & political empowerment, highlighting the role of microfinance in attaining the six SDG goals.

Design/Methodology/Approach: A quantitative, cross-sectional approach was employed. Primary data was collected from women beneficiaries of SHG linked with microfinance institutions. The study was conducted across selected districts in southern TamilNadu. Data was collected using a structured questionnaire, the study was assessed using Structural Equation Modelling (SEM) to test the interconnections between micro finance access, empowerment dimensions and sustainable outcomes.

Findings: The results suggest that microfinance positively influences women's economic empowerment, also, the factors of increased well-being and the social & political empowerment by enhancing their entrepreneurial activities and participation in household financial decisions. This empowerment of women enables them to raise their living standard and leads to the attainment of SDG goals.

Policy Implications : The study emphasizes the need for targeted financial literacy programs, and improved business development services to maximize the benefits of microfinance. Strengthening regulatory frameworks

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and integrating microfinance with skill development initiatives can further enhance its impact on women's empowerment.

Originality/Value: *This study contributes empirical evidence on the role of microfinance in women's empowerment, providing insights for policymakers, financial institutions, and development organizations.*

Keywords: Microfinance, Women Empowerment, Economic Empowerment, Self-Help Group (SHG), Sustainable Development Goals (SDG).

JEL Classification: D14, G21, L26, Q01

Introduction

The microfinance programs can empower women together with creating opportunities for financial inclusion. Through microfinance people who have no access to formal banking institutions receive small-scale financial services such as credit and savings and insurance ([Social Finance Unit et al., 2000](#)). Microfinance has proved essential to poverty alleviation through its ability to help women grow their businesses along with supporting education expenditure and household development since 2020 according to ([Elsafi et al., 2019](#)). The Self-Help Group (SHG) model attracts high interest in microfinance because it helps develop collective responsibility combined with social and economic empowerment and political capabilities for women ([Kadaba et al., 2024](#)).

The economic advantages generated by microfinance programs include additional social and political power for individuals. Through participation in microfinance programs women tend to gain better decision-making abilities combined with improved financial understanding and increased involvement in community development efforts ([Khursheed et al., 2021](#)). Research has proven that microfinance creates substantial effects on household income stability while simultaneously creating better nutrition access alongside healthcare capabilities and protecting against financial shocks ([Mushtaq & Din, 2024b](#)). Microfinance initiatives allow women to gain financial independence which challenges social norms that traditionally restrict their economic activity ([Sharma et al., 2021](#)). The United Nations Sustainable Development Goals (SDGs) achieve harmony among economic development and social integration with environmental sustainability through microfinance activities as demonstrated by NABARD (2022-2023). NABARD indicates microfinance operates as a poverty reduction tool by giving women access to capital needed to launch businesses and achieve income growth as well as better their way of life. The SHG Bank Linkage Program proved successful in expanding capital resources allowing women access to explore more income generating options. The poverty line percentage of SHG members decreased from 58% to 33% after joining SHGs because their income showed an average yearly increase of 6%. The use of microfinance loans has eliminated the need for borrowing from moneylenders as members use loan cycles exclusively for business growth and operational. The delivery of credit to disadvantaged communities receives vital support from microfinance institutions who provide more than 46% of loans to families earning less than Rs. 20,000 monthly. Research indicates that Self-Help Organizations (SHOs) enable better educational chances for members' children because 80% experienced improved opportunities through these programs. The members of SHOs lead the way by campaigning for needed local schools and book distribution programs and create awareness

about educating girls. The participation of women in microfinance programs has facilitated their growing requests for improved healthcare centres and roads and sanitation facilities which has encouraged community advancement ([Srivastava et al., 2024](#)).

The success of SHG through microfinance approaches to empower women remains certain but multiple hurdles continue to arise. Microfinance programs fail to reach their maximum potential because limited financial literacy and restricted digital banking access along with socio-cultural barriers ([Survase & Gohil, 2024](#)). Stable financial development faces three main obstacles including excessive interest rates combined with insufficient post-borrowing support and unoptimized entrepreneurship training ([Manko & Watkins, 2021](#)). Microfinance serves as an effective approach to eliminate gender gaps and create economic stability thus becoming a fundamental method for sustainable development according to ([Offiong et al., 2024](#)). The successful growth of Sustainable Household Groups requires additional governmental and financial institution cooperation with NGOs to build financial literacy programs and supply affordable credit and train SHO members ([Mohapatra & Sahoo, 2016](#)).

Unlike previous research that studied specific areas and Single Sustainable Development Goals (SDGs), this project examines the effects of microfinance on various SDGs among diverse SHO women. The investigation of microfinance empowerment theory together with women's empowerment model and status withdrawal theory examines microfinance effects on women's social and economic and political influence. This study employs combination research design to analyze microfinance's ability to support sustainable development and improve female well-being ([Basak & Chowdhury, 2024b](#)). The following are the objectives that the research focuses on:

1. To examine how microfinance directly influences women's economic, social, and political empowerment, as well as their overall well-being.
2. To evaluate the effect of microfinance on enhancing women's empowerment.
3. To assess the contribution of microfinance in attaining the six Sustainable Development Goals (SDGs).

This research reveals important findings about microfinance which can benefit both women as well as financial institutions together with development organizations. The enhancement of microfinance frameworks alongside expanded financial literacy curricula and digital banking development will optimize the influence of microfinance on women empowerment and sustainable development results

Literature Review

Microfinance and economic empowerment

The world has seen microfinance evolve into a powerful means that supports female economic empowerment in developing economies. Bidprof rating reveals extensive evidence about financial independence alongside entrepreneurship creation and changes in household decision-making. Research shows that microfinance delivers two related effects on economic development by advancing sustainability and female empowerment. In his analysis ([Dominelli, 2018](#)) investigates the worldwide structure of microfinance which he doubts benefits borrowers through sustainable economic growth or creates endless debt loops. The research points out that marginalized societies obtain financial opportunities through microfinance programs yet their actual empowerment

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depends on how they utilize their funds alongside available institutional backing systems. An analysis presented by ([Chhay, 2011](#)) proves that women in Cambodia achieved better business ventures through credit access programs which also raised their income levels. Financial literacy along with responsible loan investment remains essential for achieving lasting economic empowerment according to this research.

The analysis by ([Gnawali & Tribhuvan University, 2018](#)) examined how Nepalese microfinance institutions assist women in their increased economic participation through credit provision. Women beneficiaries of microfinance organizations demonstrate effective investment choices which increases their sources of income to secure their financial security. A Research conducted by ([Shaheen et al., 2018](#)) investigated women in Lahore Pakistan who received Akhuwat support to show how microfinance fosters economic strength by increasing income opportunities while limiting family reliance on male financial support. The scientific community has established that microfinance leads to entrepreneurial milestones aimed at helping women. Microfinance recipients turn their funding into new business creation along with existing business expansion thus creating new employment opportunities and economic development ([Khalaf & Saqfalhait, 2020](#)). The small microfinance loans enable women to invest in business strengthening assets including inventory purchase along with production operations and manufacturing tools ([Tariq & Sangmi, 2020](#)). The receipt of microfinance services by women leads to enhanced saving practices as mentioned by ([Mengstie & Singh, 2020](#)) which allows them to invest in business growth and financial planning.

H1: Microfinance has a positive impact on women's economic empowerment by increasing financial independence, enhancing entrepreneurial opportunities, and improving overall economic well-being.

Microfinance and increased well- being

Microfinance has contributed to the improvement in the well-being of women through improved healthcare, nutrition, education, and social stability. A number of studies have been conducted to determine the impact of participation in microfinance programs, particularly Self-Help Groups (SHGs), resulting in improved quality of life, mental well-being, and healthier outcomes. While economic benefits have dominated the spotlight, the non-monetary impacts of microfinance like improved self-esteem, reduced stress, and greater household security have gained popularity in recent years. ([Swain & Wallentin, 2009](#)) assess the impact of microfinance on women's well-being and conclude that membership in SHGs leads to improved household management of money, improved self-esteem, and improved social status. Their results support previous work by ([Swain & Wallentin, 2009b](#)), which emphasizes that microfinance is not just offering financial independence but also has an important role to play in enhancing women's capacity to make choices about healthcare, family nutrition, and education. Likewise, ([Brody et al., 2015](#)) provide a systematic review of economic Self-Help Groups and affirm that microfinance membership is associated with better psychological well-being, stress reduction, and coping against financial adversity.

Effect of integrating health programs with microfinance-based SHGs and find that the members have enhanced health behaviour, increased access to medical care, and improved maternal health (Saha et al., 2015). In their study, it is found that when microfinance is integrated with social programs, it significantly enhances women's ability to embrace preventive health practices and make rational medical decisions. (Mohindra et al., 2008) look at the relationship between microfinance and women's health, and they show that financial independence means that women are in a place where they can purchase better health care, with resulting reductions in maternal mortality and healthier children. (Khalaf & Saqfalhait, 2020) note that microfinance initiatives empower women with the possibility of saving for long-term stability by investing in basic needs such as health, insurance, and social security, which directly impact their overall well-being.

H₂: Microfinance has a positive impact on women's well-being by improving healthcare access, enhancing psychological stability, strengthening social support networks, and elevating overall living standards.

Microfinance and social& political empowerment

Microfinance has also been the most important catalyst of women's social and political empowerment, helping them to contribute more actively in decision-making both at the community and household levels. In addition to economic empowerment, microfinance promotes confidence, leadership, and social mobility that are needed for the attainment of gender equality and the advancement of women's status in society. Women's participation in Self-Help Group (SHGs) linked to microfinance has been shown to enhance their participation in household issues, community development, and even local government. (Khan et al., 2020) investigate the effect of microfinance on social and political empowerment in Kashmir Valley, India, and conclude that women belonging to SHOs gain more agency in household decision-making, community life, and public life. (Reddy C.S., & Manak, S.,2021) assert that SHGs not only enhance access to finance but also act as a keystone for enabling women in the process of social security as well as bargaining. (Brody et al., 2016) perform a systematic review of SHG programs and determine that SHG groups are the driving force for increasing women's social networks, solidarity, and collective action towards social transformation.(Reddy, C. S., & Manak, S., 2021) observe that microfinance programs enhance women's social standing and attendance due to the respect and authority they enjoy at home. (Khan et al., 2020) support this with evidence on how microfinance enables women to engage with bank, state and NGO representatives, and thereby increase their visibility in the society.

H₃: Microfinance plays a positive role in the political and social empowerment of women by enhancing leadership, decision-making involvement at the local level, and more influence at the societal level.

Impact of empowerment to attain the six SDG goals

Microfinance has become a major instrument for women's empowerment, leading to economic, well-being, social, and political development and contributing to the overall Sustainable Development Goals (SDGs). There has been extensive research that has proven microfinance to be a force for change in enhancing financial security, social mobility, leadership skills, and overall health. The

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effect of such empowerment builds the economy, society, and politics together that adds to the achievement of six SDGs, i.e., SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth). ([Gatto & Sadik-Zada, 2022](#)) confined on the microfinance contribution of poverty resilience as well as contributions to SDG through improved access to finance within vulnerable groups. ([Celestin et al., 2016](#)) also claimed that microfinance is a huge driver in sustainable development and in alleviating poverty through income security of households as well as fostering entrepreneurship. Similarly, ([Niaz & Iqbal, 2019](#)) provide Pakistan evidence that microfinance enhances financial inclusion, facilitates self-reliance, and enhances the independence of money for women, all of which are essential in achieving SDG 1.

Economic empowerment through microfinance has been thoroughly recorded to achieve SDG 8. ([Khan et al., 2020](#)) find that membership in self-help organizations improves the ability of women to undertake income-generating activities to a great extent, leading to better employment opportunities and higher household income. ([Shoma & Oecotrophologie, 2019b](#)) identifies the way microfinance enables women's access to entrepreneurial activities, securing financial stability and minimizing economic risk. ([Reddy, C. S., & Manak, S., 2021](#)) state that microfinance-supported SHOs allow women to overcome financial dependence and play an active role in economic development. ([Lee & Huruta, 2022b](#)) build on this by demonstrating that economic success among women in microfinance schemes is determined by financial literacy, further establishing the importance of knowledge and skill acquisition in sustainable economic empowerment.

H4: Economic empowerment has the positive impact on the attainment of six SDG goals

Social empowerment which is enabled by microfinance, has been strongly associated with SDG 2 (Zero Hunger) and SDG 3 (Good Health and Well-Being). ([Swain & Wallentin, 2009](#)) show that participation in SHOs results in improved decision-making on food security and health, hence household nutrition and malnutrition rates. ([Saha et al., 2015](#)) review the convergence of health programs and microfinance and conclude that there is improved access to healthcare centers, maternal well-being, and lower child mortality among SHO members. ([Wondimu et al., 2023](#)) emphasize that microfinance in empowering women with resources that can be utilized to invest in improved health and thus reinforcing the connection between economic access and wellbeing.

H5: Increased well-being of women from Self-Help Organization has the positive significance on the attainment of six SDG goals

H6: Social & Political empowerment has the positive impact on the attainment of six SDG goals.

The conceptual framework of the study with the hypothesis identification are given in Fig. 1 below.

Conceptual Framework

The present research combines Amartya Sen's Capability Approach (CA) and Social Capital Theory to theorize how microfinance facilitates the empowerment of women ft other diverse global development goals, such as the Sustainable Development Goal (SDG). The Capability

Approach serves as a ground for considering empowerment as an expansion of real freedoms and capabilities which empower women to make their own economic and social decisions. The access to microfinance enhances their capacity to start businesses, earn livelihood and uplift quality of life, through education, health and better living. In addition to this, Social Capital Theory draws attention to the relevance of networking and community participation in Self-Help Organizations (SHOs). Through collaborative trust and cooperation, SHOs build social and political capital which provides pathways leading women to power, community voice, and decision-making roles. Both of these positions combine to show that empowerment is personal as well as communal.

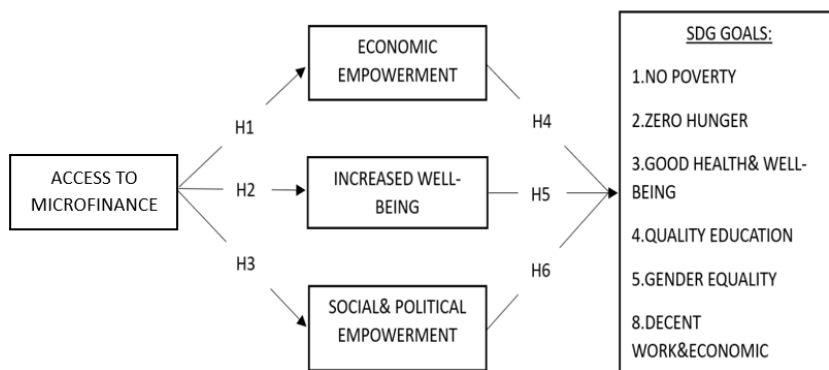


Fig. 1. Conceptual Model of the study

Methods and Measures

This study employs an exploratory and descriptive research. Cross-sectional study was utilized, where data were gathered through a structured survey method. A sample of 117 women members of SHG were involved for the survey. Data was collected through standardized questionnaire. Data collection was done between January 2025 and April 2025, adhering to ethical principles of confidentiality, informed consent, and voluntariness. The data gathered was analyzed with statistical software to extract meaningful information. Self-administered questionnaires were adopted for data collection, which were previously tested and used so that the data could be considered reliable and valid. The instrument is comprised of three sections: section one includes demographic information, section two measures economic empowerment, increased well- being and social& political empowerment adopted from empowerment theory. Section three measures attainment of SDG goals. PLS-SEM software is used for data analysis as it is a combination of different statistical techniques which measure the relationship of observed and latent variables. PLS-SEM software is used for data analysis as it is a combination of different statistical techniques which measure the relationship of observed and latent variables.

Results and Findings

Descriptive statistics:

This study researched women from Self- Help Organization, so all the respondents were women. Table 1 shows the demographic characteristics of the respondents, where 45.30 percent of the female were of 31-40 years of age, 25.64 percent were from the 41-50 age group, 21.37 percent were from 20-30 years of age, 7.69 percent were of above 50 years old. Moreover, 14.53% of these respondents had no formal education, and 23.08% mentioned that they had completed primary level education. Whereas 42.74% said they had completed their secondary level education, 19.66% of respondents completed higher secondary level, and none of the women have gone/completed their university education. Of our total respondents, 23.08% women are labour, 42.74% were into agriculture, and 30.77% mentioned they were entrepreneurs and running their small-scale businesses, whereas 3.42% were engaged in other occupations. 18.80% of the respondents mentioned their family's monthly income as below 15000 rupees, 12.82% of the respondents mentioned as more than 25000 rupees. Most of the families (61.54%) include 4-6 members in the family.

Table 1. Demographic Results

Factor	Category	Frequency	Percentage%
Age	20-30 years	25	22
	31-40 years	53	44
	41-50 years	30	26
	Above 50 years	9	8
Education	Primary level	27	23
	Secondary level	50	43
	HSC level	23	19
	No formal Education	17	15
	Under graduation	0	0
Occupation	Labour	27	23
	Agriculture	50	43
	Business	36	31
	Others	4	3
Marital status	Married	91	78
	Unmarried	11	9
	Widow	12	10
	Divorced	3	3
Family size	Less than 3	33	28
	4-6	72	62
	More than 6	12	10

Number of years of participation in SHO	Less than 5 yrs	60	51
	5-10 yrs	49	42
	More than 10 yrs	8	7
Monthly income of the family	Less than 15000	22	18
	15000-20000	43	37
	20000-25000	37	32
	More than 25000	15	13

Reliability, validity, and measurement model tests

Following data filtering, we first analysed the face and convergent validity. As Table 2 clearly shows that the values of factor loadings were within the threshold of 0.70 (Henseler et al., 2014), and the Cronbach's alpha (α), CR, and AVE values all were within the threshold as recommended by (Richter et al., 2015).

Table 2. Factor Loadings, Cronbach alpha, Composite reliability, R-square

Constructs	Item	Factor Loading	Cronbach Alpha	Composite reliability	Average variance extracted (AVE)	R- square
Microfinance	MF1	0.934	0.872	0.912	0.536	
	MF2	0.763				
	MF3	0.782				
	MF4	0.645				
Economic empowerment	EE1	0.891	0.899	0.932	0.716	0.794
	EE2	0.511				
	EE3	0.635				
	EE4	0.956				
	EE5	0.960				
	EE6	0.993				
	EE7	0.764				
	EE8	0.929				
Increased Well-Being	IWB1	0.801	0.867	0.901	0.625	0.569
	IWB2	0.904				
	IWB3	0.906				
	IWB4	0.904				
	IWB5	0.665				
	IWB6	0.802				
	IWB7	0.511				
	IWB8	0.748				
Social and political empowerment	SPE1	0.713	0.831	0.867	0.675	0.601
	SPE2	0.842				
	SPE3	0.649				
	SPE4	0.993				

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	SPE5	0.999				
	SPE6	0.984				
	SPE7	0.578				
	SPE8	0.689				
SDG goals (No poverty, zero hunger, Good Health & Well-Being, Quality Education, Gender Equality, Decent Work & Economic Growth)	NP1	0.978	0.897	0.915	0.920	0.850
	NP2	0.985				
	NP3	0.913				
	ZH1	0.834				
	ZH2	0.724				
	ZH3	0.623				
	GH1	0.906				
	GH2	0.783				
	GH3	0.724				
	QE1	0.843				
	QE2	0.975				
	QE3	0.934				
	GE1	0.805				
	GE2	0.937				
	GE3	0.938				
DW1	0.936					
DW2	0.710					
DW3	0.823					

The construct validity and reliability test show strong measurement properties. All items are loaded at more than 0.5, indicating good individual item reliability. Cronbach's Alpha is between 0.831 and 0.899, providing good internal consistency, while Composite Reliability (CR) from 0.867 to 0.932 also provides construct reliability. Average Variance Extracted (AVE) for all the constructs is more than 0.5, providing strong convergent validity. R-square values capture the explanatory capability of the independent variables, with SDG objectives having the largest R-square value (0.843), which suggests that political, economic, and social empowerment and well-being are key drivers of their attainment. These outcomes relate to the measurement model's reliability and suitability for further structural analyses.

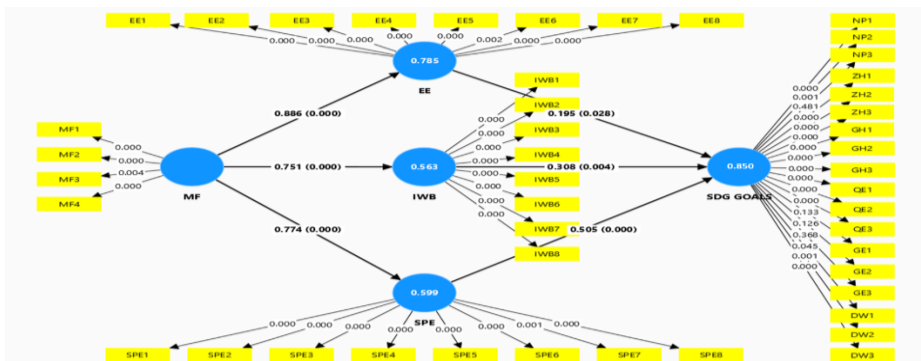


Fig. 2. SEM results of direct effects (Source: PLS-SEM 4.0)

Discriminant validity

Discriminant validity provides evidence for determining whether the model's constructs differ enough from each other. Within this research, discriminant validity is examined under the Fornell-Larcker criterion under which the average variance extracted for every construct squared (diagonal values) would be larger compared to its correlations with other constructs (off-diagonal values). The discriminant validity was then examined, and it was determined to be established and the results are shown in Table 3. The highest AVE square root is of SDG Goals (0.959), confirming its uniqueness from Microfinance (0.394), Economic Empowerment (0.218), Increased Well-Being (0.258), and Social and Political Empowerment (0.418). The AVE values are larger than their respective construct correlations, the model is satisfying the Fornell-Larcker criterion, which asserts that Microfinance, Economic Empowerment, Increased Well-Being, and Social and Political Empowerment all load onto their respective scale in the direction of achieving SDG goals, justifying the structural model.

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

	MF	EE	IWB	SPE	SDG
Microfinance	0.732				
Economic Empowerment	0.347	0.846			
Increased Well-Being	0.245	0.357	0.791		
Social and Political empowerment	0.481	0.165	0.391	0.822	
SDG goals	0.394	0.218	0.258	0.418	0.959

Hypothesis testing

The first hypothesis is that microfinance is positively related to women's economic empowerment, with the estimated values indicating a positive relationship. The second hypothesis is that microfinance positively affects higher well-being, and the results confirm this positive relationship. The third direct hypothesis establishes a relationship between microfinance and social and political empowerment, with a high positive association. The fourth, fifth and sixth hypothesis proposes that economic empowerment, well-being, and social and political empowerment collectively make contributions in attaining SDG goals, which is affirmed by the findings. These hypotheses propose that women's empowerment, by economic, social, and political means, has a positive effect on the achievement of SDG goals, which proves a very high positive correlation. The results are shown in the table 4.

Table 4. Direct path effect coefficients

Hypothesis	Relationship	Std. Beta	SD	T- value	P- value	Decision
H ₁	Microfinance→ Economic empowerment	0.886	0.098	36.80	0.000	Supported
H ₂	Microfinance→ Increased well-being	0.751	0.107	14.48	0.000	Supported

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H ₃	Microfinance → Social & Political empowerment	0.774	0.100	14.95	0.000	Supported
H ₄	Economic empowerment → SDG goals	0.195	0.090	4.640	0.028	Supported
H ₅	Increased well-being → SDG goals	0.308	0.193	12.60	0.004	Supported
H ₆	Social & Political Empowerment → SDG goals	0.505	0.120	7.540	0.000	Supported

The hypothesis test results validate that microfinance positively affects women empowerment and SDG target achievement. H₁ validates that microfinance positively affects economic empowerment ($\beta = 0.886$, T-value = 36.80, $p = 0.000$), indicating that financial support enables women to establish their own businesses and gain monetary independence. Increased access to finance enhances well-being, health, and education because well-being and microfinance are significantly and positively correlated ($\beta = 0.751$, T-value = 14.48, $p = 0.000$) (H₂). Financial independence comes from social and political empowerment as revealed in H₃ with very high correlation ($\beta = 0.774$, T-value = 14.95, $p = 0.000$) between microfinance and social and political empowerment.

The results also support the role of different factors of empowerment in attaining SDG goals. H₄ holds that economic empowerment has a considerable contribution toward the attainment of SDG ($\beta = 0.195$, T-value = 4.640, $p = 0.028$), i.e., money dependent women invest in sustainable development activities. H₅ also shows that increased well-being is moderately to correspond with SDG targets ($\beta = 0.308$, T-value = 12.60, $p = 0.004$), showing the middle point of improving the living standards in an attempt to accelerate sustainable progress. Lastly, H₆ shows that political and social empowerment has a significant and direct effect on SDG goals ($\beta = 0.505$, T-value = 7.540, $p = 0.000$), attributing the significance of women's participation in decision-making and governance towards sustainable development. Since all the hypotheses have p-values < 0.05, they are statistical and hence prove that microfinance has a positive impact on women's empowerment, which has a positive impact on the attainment of the SDG goals.

Discussion and Conclusion

The study confirm that microfinance significantly impacts the life of women by empowering them economically, socially, and politically, and in turn enhancing their overall well-being and towards the fulfilment of six Sustainable Development Goals (SDGs). The findings confirm the belief that microfinance positively impacts women's empowerment in terms of financial independence, greater access to education and health care, and increased participation in decision-making at household and community levels. These results support earlier studies identifying microfinance as a key intervention for poverty reduction and gender equity (Gatto & Sadik-Zada, 2022). Microfinance has a strong positive impact on economic empowerment ($\beta = 0.886$, T-value = 36.80, $p = 0.000$). Microfinance users tend to have more chances to begin business, raise household income, and decline financial dependence on male

family members. This coincides with the existing research that determines microfinance to be a stimulus for business start-ups and economic development on sustainable terms ([Mengstie, 2022](#)). The gains nevertheless, the use of microfinance in its full capability by some women continues to face barriers in form of financial unawareness, restricted access to markets, and high prices ([Survase & Gohil, 2024](#)). The barriers must be overcome if long-term effectiveness in microfinance programs is to be improved.

The results further establish a strong correlation between women's empowerment and fulfilment of SDGs. Economic empowerment positively impacts SDGs, $\beta = 0.195$, T-value = 4.640, $p = 0.028$, substantiating that economically empowered women lead to local economy contributions, businesses investment, and financing community development ([Lee & Huruta, 2022b](#)). Higher well-being has a significant impact on SDG achievement ($\beta = 0.308$, T-value = 12.60, $p = 0.004$), reinforcing the idea that improved healthcare, education, and living standards are key towards sustainable long-term success ([Celestin et al., 2016](#)). Lastly, political and social empowerment contributes a lot towards the attainment of SDG ($\beta = 0.505$, T-value = 7.540, $p = 0.000$), indicating that when women are involved in governance and decision-making, they have more inclusive and quality policies ([Usman & Tasmin, 2016](#)).

This research converges with NABARD's report by putting special significance to self-help organizations (SHGs) towards gaining financial inclusion as well as improving socio-economic levels among women. This study validates NABARD's findings by confirming that microfinance not only provides economic support but also promotes general social and political empowerment and hence can be a vital instrument in achieving SDGs ([Manko & Watkins, 2021](#)). Moreover, poor access to digital banking facilities hinders women living in rural areas from exploring financial resources to their potential ([Offiong et al., 2024](#)). To achieve the full potential of microfinance, policymakers need to emphasize financial literacy education, lowering interest rates on loans, and increasing digital financial inclusion to cover marginalized groups.

Although microfinance has historically centered on economic empowerment (EE), the results propose that combining social and personal empowerment (SPE) with individual well-being (IWB) can provide a more comprehensive avenue to attaining SDGs. The strong correlations in the model confirm that purely financial interventions are not enough; instead, an integrated approach is needed. By overcoming social barriers, increasing decision-making capacity, and enhancing overall well-being, microfinance institutions can play a greater role in sustainable and inclusive development, supporting global SDG goals. In conclusion, this study highlights microfinance as a powerful tool for empowering women and sustainable development. Through providing financial access, improving well-being, and facilitating political engagement, microfinance is a key enabler of achieving SDGs. The study reaffirms NABARD's perception of the transformational role of microfinance in pushing financial inclusion, poverty alleviation, and community resilience. However, for sustainability of these achievements, policymakers and financial institutions must join hands to remove current barriers, enhance institutional support, and harmonize microfinance with overall development plans. The future studies can determine the long-term effects of microfinance projects and assess the methods for making them more effective in supporting gender equality and economic sustainability.

Implications

The research findings are of theoretical and practical significance. Theoretically, the current study enriches microfinance and women's empowerment literature with evidence that economic, increased well-being, social, and political empowerment worked synergistically to promote sustainable development. Practically, the research urges policymakers, financial institutions, and development organizations to promote access to microfinance, accelerate financial and literacy programs, and mainstream microfinance programs with health, education, and leadership training. Strengthening microfinance institutions and adopting inclusive policies will be able to harness the best potential of microfinance in achieving women's empowerment and SDG attainment.

Limitations and Future Research

While its contribution, the study is based on a few limitations of the current research. First, it is a cross-sectional study that gathers information at a single moment and therefore may fail to capture the long-term patterns of women's empowerment. Long-term longitudinal studies in the future need to determine the enduring effects of microfinance over time. Second, the research is narrowly centered on women at SHO members and only generalizable to other categories of women who can be helped through microfinance, e.g., informal sector workers. Future studies would need to confirm the effectiveness of microfinance in populations and industries. Finally, while this study establishes strong relationships between microfinance, empowerment, and SDGs, qualitative studies could be designed to uncover more insights into the lived experience of women who engage in microfinance programs. Case studies and in-depth interviews could also add richness in terms of how microfinance influences women beyond purely economic measures.

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