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MICROFINANCE FOR FINANCIAL INCLUSION AND WOMEN EMPOWERMENT

DR. C. KRISHNAN*

*Associate Professor in Economics, Government College Kodanchery,
Kozhikode – 673580, Kerala, India.

ABSTRACT

For over a decade now, the microfinance industry has been the poster child of financial inclusion in India. From being tiny non-profits at the start of the millennium, microfinance institutions have built up a base of 26 million clients and \$2.6 billion in loan outstanding currently, taking the benefit of credit to some of the country's most isolated communities untouched by four decades of nationalised banking. The sector is the new stock market darling and billions of dollars are waiting to tap into this seemingly unlimited potential. Similarly, the role of microfinance in mitigating poverty, facilitating women empowerment and above all as a tool for financial inclusion has been proved beyond doubt. The international, national and regional experiences show testimony to the correlation between microfinance and development. This study conducted in the regional context of Kerala, a State in India, examines the experiences of Kudumbashree, a State sponsored Community Based Organisation (CBO), in the saga of economic development through financial inclusion. The main objective of the study is to examine the role of microfinance in financial inclusion and women empowerment. A sample of 200 Neighbourhood Group members of the selected CBO has been chosen at random for intensive study. Kerala exposes a paradox of high level of education and low level of employment, especially among women. Microfinance has proved to be a useful tool for women empowerment and financial inclusion. The study argues that microfinance, if contrived sensibly, can be a potent tool for economic development.

KEYWORDS: *financial inclusion, Microfinance, Self Help Groups, women empowerment.*