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Socio-economic empowerment of women in Nepal through microfinance services

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Abstract : *This research investigates the role of microfinance in empowering women economically and socially in rural Nepal. It aims to assess how access to microfinance services affects women's income, savings, asset ownership, decision-making power, and social standing.*
The study follows a descriptive research design, using structured questionnaires to collect primary data from 387 women across various rural districts of Nepal. A simple random sampling technique was applied to ensure representativeness. Statistical analysis, including descriptive statistics, correlation, and regression analysis, was performed using SPSS to examine the relationship between microfinance services and women's empowerment.The findings reveal that microfinance significantly contributes to economic empowerment, with a strong positive correlation between microfinance participation and economic outcomes such as income generation and financial control. Social empowerment also improved, though to a lesser extent. Regression analysis showed that microfinance explains 57% of the variation in economic empowerment and 39.7% in social empowerment. However, barriers like male dominance, limited financial literacy, and cultural norms still hinder full empowerment. The research contributes to the ongoing discourse on gender and financial inclusion by offering fresh empirical evidence from rural Nepal. While previous studies have highlighted microfinance's economic benefits, this study uniquely integrates both economic and social dimensions of empowerment. The findings highlight not only the positive impact of microfinance on women's financial independence but also reveal the persistent challenges, such as male dominance and limited financial literacy, that hinder full social empowerment. It provides valuable insights for policymakers, microfinance institutions, and development practitioners focused on inclusive financial development.
Keywords: Microfinance, Women Empowerment, Economic Empowerment, Social Empowerment, Nepal, Financial Inclusion, Rural Development

Introduction

Microfinance has emerged as a powerful tool for poverty alleviation and women's empowerment, particularly in developing countries like Nepal. Defined as a financial service for low-income individuals excluded from traditional banking, microfinance provides small loans, savings, and insurance to help marginalized communities, especially women, engage in income-generating activities (Kagan, 2024; Barguellil & Bettayeb, 2020).

The concept gained global recognition through Muhammad Yunus's Grameen Bank model, which began in Bangladesh in 1976 and later influenced Nepal's microfinance sector (Dhungana, 2023). Nepal's formal microfinance sector started in the 1950s but expanded significantly after the 1992 financial reforms and the 1997 Microfinance Act, with institutions like Nirdhan Utthan Bank playing a key role in rural financial inclusion (*Models of Microfinance Institutions in Nepal*).

Studies show that microfinance has helped Nepali women increase their income, gain financial independence, and improve household decision-making (Jain, 2020; Thapa & Chowdhary, 2022). Similar trends are seen in other developing nations, such as Ethiopia, where microfinance enhanced women's economic participation (Wondimu et al., 2023), and China, where it supported female entrepreneurship (Pei, 2024). However, despite these benefits, challenges such as over-indebtedness, male control over loans, and cultural barriers persist, limiting its full potential (Lamichhane & Lama, 2023; Choudhary, 2022).

While Nepal's microfinance sector has grown serving over 6 million clients with NPR 300 billion in loans (NRB, 2080) its impact on women's empowerment remains inconsistent. Research in districts like Rautahat and Kanchanpur shows that 65–78% of women experienced improved incomes and social standing after accessing microloans (Thapa & Yadav, 2024; Tiwari, 2023). Those women who access to microfinance institutions can boost confidence, decisive involvement in family and community activities, and ability to address gender injustices. Does simply having access to microfinance guarantee women's empowerment? Yet, many women still lack true financial autonomy, as male family members often control loan usage (UN Women, 2022). In Janakpur, for instance, women's economic activities increased, but decision-making power remained with older men (Choudhary, 2022).

International studies from Pakistan and India further reveal that without male involvement, microfinance can lead to debt stress and domestic conflict (Nawaz, 2019; Rajput & Rajput, 2015). These contradictions raise a critical question: How do microfinance programs affect women's empowerment in rural Nepal, particularly in terms of savings, asset ownership, financial control, independence, decision-making, and social status?

This study is significant because it goes beyond economic metrics to assess microfinance's broader socio-cultural impact on Nepali women. By identifying systemic barriers such as financial illiteracy and patriarchal norms it offers actionable insights for policymakers to design more inclusive programs (Gubhaju, 2023). Additionally, it fills a key research gap by applying empowerment theory (Forgeard, 2024) to Nepal's context, examining whether financial access translates into real agency. While past studies focus on income growth, this research explores how microfinance influences women's autonomy, social status, and household dynamics factors crucial for sustainable development (Nepal, 2023). The findings will not only advance academic discourse but also guide NGOs and microfinance institutions in creating strategies that ensure genuine, long-term empowerment for women in rural Nepal.

Literature review

A literature review is a summary of all the research and writings available on a specific topic. It looks at the key points from different sources like books and academic papers to give a clear idea of what is already known.

Microfinance, originally designed to harness small savings from impoverished individuals, particularly women, has proven to be a powerful tool for economic improvement. It effectively boosts the financial status of its beneficiaries and their families by generating additional income. This extra income enables families to purchase nutritious food, access modern healthcare, and afford education for their children, thereby enhancing their overall quality of life (Adhikari & Shrestha, 2015).

The microfinance serves as a financial service aimed at economically disadvantaged individuals, particularly those who lack access to formal banking institutions. Microfinance institutions provide small, collateral-free loans to help these individuals, often women, start or expand small businesses, thus promoting financial inclusion. The Grameen Bank model is highlighted as a successful approach in rural Nepal, where microfinance has been shown to improve economic conditions, enhance social empowerment, and contribute to better health care and education for families. The need for government and institutional support to further enhance the effectiveness of microfinance in transforming rural communities is also emphasized (Karki et al., 2021). The study looks at how microfinance programs in Nepal help create businesses and generate jobs, especially for the rural poor. These programs aim to empower people socially and economically, use local resources, raise awareness, and promote self-employment. The research found that microfinance has been effective in reducing poverty, with most loans being used for small businesses, livestock, and agriculture. Overall, microfinance has played a key role in helping people start enterprises and create employment opportunities (Pathak & Gyawali, 2012).

The study examines how microfinance initiatives in Punjab, Pakistan, influence women's empowerment by boosting their confidence, business growth, and reducing violence against women (VAW). Using data from the Women Economic & Social Well-being Survey, the study employs logit and probit models to explore the connections between microfinance, women's economic empowerment, and various socio-economic factors. The findings provide new insights for policymakers, suggesting that enhancing microfinance, female employment, and education could significantly contribute to gender equality and the reduction of VAW, particularly in urban areas (Naik et al., 2024). The study examines how microfinance institutions (MFIs) help increase financial access and boost economic growth, especially for low-income and underserved communities. Using an exploratory research design with secondary data, it aims to assess the impact of MFIs on financial inclusion, poverty reduction, and economic development. The study also explores challenges, best practices, and innovations like technology-driven approaches in microfinance. The findings are intended to inform policies and strategies for leveraging microfinance to achieve inclusive and sustainable economic growth (Sangeetha, 2023).

Women’s empowerment is crucial for socio-economic progress, as it is recognized as a key factor in driving global development efforts. Most studies find that microfinance helps women gain more social empowerment and decision-making power. However, some studies argue that these benefits are often undermined by male control over the loans. The statement shows that research on microfinance and women's empowerment has mixed results. Overall, the majority of the 54 studies reviewed suggest a positive link between microfinance and women's empowerment, although results can vary based on how empowerment is measured and the social context (Khursheed et al., 2021).

The study examines the impact of microfinance on women's empowerment across economic, social, political, and psychological dimensions. Using a quasi-experimental design with control and treatment groups, the findings reveal that microfinance has a significantly positive but moderate impact on economic, political, and psychological empowerment. However, the impact on social empowerment is smaller. Case studies support that microfinance substantially empowers women in all dimensions, with some clarification on the ambiguity surrounding social empowerment (Khan et al., 2023). The study examines the role of microfinance in empowering women economically and socially in Ghana. Using a purposive sample of 500 women from five regions, the research finds a statistically significant positive impact of microfinance on both economic and social empowerment. However, this effect varies based on marital status and education, with no influence from age. Challenges like high-interest rates hinder access to microfinance. The study suggests that enhancing microfinance programs, especially for rural women, could further boost empowerment and poverty alleviation efforts in Ghana (Addai, 2017).

In developed nations, the impact of microfinance on savings and expenditure varies considerably. While some studies indicate modest benefits in terms of financial inclusion, others suggest minimal impacts on the overall financial well-being of clients. For instance, recent literature reviews suggest that the evidence on the strong positive impact of microfinance is inconclusive, often due to methodological weaknesses in studies. Moreover, the focus is gradually shifting from just financial outcomes to include social performance metrics as well, indicating a broader scope of evaluation for microfinance impacts in these regions (Ribeiro et al., 2022).

In developing countries, microfinance has been shown to significantly enhance financial access, leading to better management of savings and expenditure among low-income households. For example, the 2023 Microfinance Index Report highlights improvements in confidence and financial decision-making among borrowers, particularly women. However, the report also notes that a significant portion of clients views their loans as a financial burden, illustrating the complex impact of microfinance in these region. (FinDev Gateway Microfinance Index Report, 2023). The Asian Development Bank (ADB Report, 2012) has reported on the effective role of microfinance in supporting poor families, showing a significant increase in the number of microfinance clients and corresponding job creation. This growth in microfinance usage is attributed to the government's efforts to expand access and improve financial literacy, which has had a substantial impact on poverty reduction and economic empowerment in the country.

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Conceptual Framework

Independent variable **Dependent Variables**

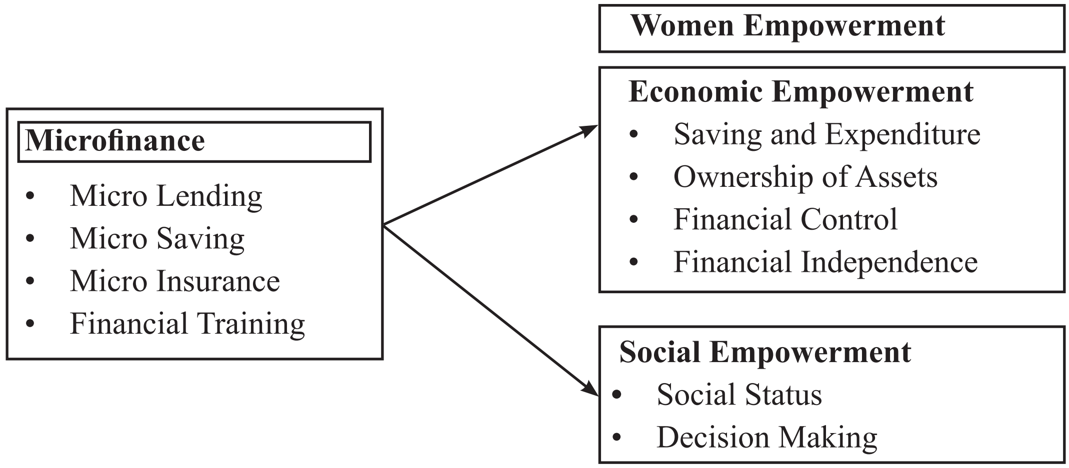

Figure 1*:* Research framework

Source:(Rappaport, 1981)

Hypotheses

- **H_1**: Microfinance significantly contributes to the economic empowerment of women.
- **H_2**: Microfinance significantly contributes to the social empowerment of women.

Research methodology

This study employed a descriptive research design to systematically examine the impact of microfinance programs on women's empowerment in rural Nepal, focusing on economic and social dimensions including savings behavior, asset ownership, financial control, decision-making autonomy, and social status.

The target population comprised all women participating in microfinance programs across Nepal's 5,073 branches, totaling approximately 6,016,073 individuals according to NRB (2023) data. Using Cochran's formula with a 95% confidence level and 5% margin of error, a representative sample size of 387 women was determined to ensure statistical reliability while accounting for population variability.

The sampling process utilized Simple Random Sampling (SRS) technique to eliminate selection bias, where potential respondents were selected through random number generation from complete MFI client lists, guaranteeing each woman an equal probability of inclusion.

Primary data collection involved structured questionnaires using 5-point Likert scales, adapted from established studies, with a pilot test conducted on 5-10% of the sample (n=39) to validate instrument clarity and feasibility. Statistical analysis employed SPSS software, incorporating both descriptive statistics and inferential methods including t-tests and chi-square analyses.

The study framework operationalized two simple regression models to quantify relationships: $Y_1 = \beta_0 + \beta_1X_1 + \epsilon$ for economic empowerment and $Y_2 = \beta_0 + \beta_1X_1 + \epsilon$ for social empowerment, where X_1 represented microfinance interventions, β coefficients indicated effect magnitudes, and ϵ accounted for error terms. This comprehensive methodology ensured rigorous examination of microfinance's multidimensional impacts while maintaining ethical standards through informed consent, confidentiality protocols, and institutional review board approval.

Results and discussion

Demographic characteristics of participants

The demographic characteristics of participants in this study include factors such as age, education level, marital status, and income sources from sample 387, which play a crucial role in understanding the socioeconomic empowerment of women through microfinance services in Nepal.

Age of participants

The analysis of age distribution among the participants reveals that the majority (27.4%) fall within the 18–24 years age category, followed closely by 23.5% in the 25–34 years age group. The 35–44 years category accounts for 21.7%, while 18.3% of respondents are between 45–54 years. The smallest representation comes from individuals aged 55 years and above (9.0%).

Table 1 Age of participants

	N	%
18-24 years	106	27.4%
25-34 years	91	23.5%
35-44 years	84	21.7%
45-54 years	71	18.3%
55 years and above	35	9.0%

Source: SPSS 30

Education level of participants

The educational background of participants indicates that a significant proportion (38.8%) have attained at least a bachelor's degree or higher, whereas 21.4% have completed higher secondary education and 15.8% have completed lower secondary level education. However, a notable 9.6% of the respondents lack formal education, which highlights the necessity for financial literacy programs to enhance the effectiveness of microfinance initiatives.

Table 2 Education level of participants

	N	%
No formal education	37	9.6%
Primary education	61	15.8%
Secondary education	56	14.5%
Higher secondary education	83	21.4%
Bachelor's degree or higher	150	38.8%

Source: SPSS 30

Marital status of participants

In terms of marital status, more than half (54.8%) of the respondents are married, while 33.1% identify as single. The remaining participants are either widowed (6.7%) or divorced/ separated (5.4%). This distribution suggests that microfinance institutions cater to a diverse group of women, with a significant portion consisting of married individuals who may seek financial support to enhance household stability and entrepreneurial activities.

Table 3 Marital status of participants

	N	%
Single	128	33.1%
Married	212	54.8%
Widowed	26	6.7%
Divorced/ Separated	21	5.4%

Source: SPSS 30

Employment status of participants

The employment analysis reveals that a large proportion (40.6%) of participants are unemployed, underscoring the critical role microfinance plays in promoting self-employment. Among employed respondents, 27.4% work in the private sector, 22.7% are self-employed, and 9.3% hold government sector jobs. The high unemployment rate highlights the need for financial interventions that empower women economically and foster entrepreneurial ventures.

Table 4 Employment status of participants

	N	%
Employed (Government sector)	36	9.3%
Employed (Private sector)	106	27.4%
Self-employed	88	22.7%
Unemployed	157	40.6%

Source: SPSS 30

Monthly income levels of participants

A majority (51.9%) of the participants report earning less than NPR 20,000 per month, while 32.0% fall within the NPR 20,000–50,000 income bracket. A smaller percentage (13.7%) earn between NPR 50,000–100,000, and only 2.3% exceed NPR 100,000 per month. This income distribution suggests that microfinance predominantly serves lower-income women who seek financial resources to enhance their economic conditions.

Table 5 Monthly income level of participants

	N	%
Less than NPR 20,000	201	51.9%
20,000 - NPR 50,000	124	32.0%

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50,000 - NPR 100,000	53	13.7%
More than NPR 100,000	9	2.3%

Source: SPSS 30

Ethnic composition of participants

The ethnic distribution among participants indicates that the majority (49.1%) belong to the Brahmin/Chhetri community, followed by Janajati (20.2%), Dalit (10.9%), Madhesi (8.5%), and Other (11.4%) groups. These findings suggest that while microfinance programs are reaching diverse ethnic communities, additional efforts may be required to ensure equitable financial access to historically marginalized groups.

Table 6 Ethnicity of participants

	N	%
Brahmin/ Chhetri	190	49.1%
Janajati	78	20.2%
Madhesi	33	8.5%
Dalit	42	10.9%
Other	44	11.4%

Source: SPSS 30

Descriptive statistics

The descriptive statistical analysis of the key variables provides a comprehensive overview of microfinance participation and its impact on economic and social empowerment.

Table 7 Statistics

		MF	EE	SE
N	Valid	387	387	387
	Missing	0	0	0
Mean		2.5788	2.5214	2.3750
Median		2.5000	2.4286	2.3333
Std. Deviation		.73374	.82543	.92508
Minimum		1.00	1.00	1.00
Maximum		5.00	4.71	4.78

Source: SPSS 30

The mean analysis shows moderate microfinance participation (MF=2.58) with slightly stronger economic impacts (EE=2.52) than social benefits (SE=2.38), indicating microfinance contributes more to financial stability than social empowerment among participants.

The median values for the variables MF (2.5000), EE (2.4286), and SE (2.3333) confirm that the data distribution is relatively balanced, with most responses clustered around the average values.

Standard deviations show moderate response variability, with social empowerment (0.925) displaying the widest variation - indicating unequal impacts across participants. Microfinance participation (0.734) shows the most consistent engagement levels.

The minimum and maximum values for the variables provide insight into the range of responses. For all three variables, the minimum value is 1.00, indicating that at least some participants reported the lowest level of microfinance involvement, economic empowerment, and social empowerment. Conversely, the maximum values for MF (5.00), EE (4.71), and SE (4.78) demonstrate that some participants reported the highest possible levels of these factors.

Inferential statistics

Inferential statistics is the branch of statistics that focuses on drawing conclusions about populations based on data collected from samples. Tools like hypothesis testing, confidence intervals, regression analysis, and correlation are central to inferential statistics.

Reliability and validity

Table 8 Reliability statistics

Variables	Sub-variable	Alpha (α)	Reliability Level
Microfinance	MLS	0.841	Good
	MSS	0.865	Good
	MIS	0.901	Excellent
	MFT	0.897	Good
Economic Empowerment	EESE	0.863	Good
	EEOA	0.827	Good
	EEFC	0.855	Good
	EEFI	0.885	Good
Social Empowerment	SEDM	0.894	Good
	SESS	0.921	Excellent
Overall Reliability	-	0.961	Excellent

Source: SPSS 30

The reliability analysis confirms that all survey sections demonstrate strong internal consistency, meaning the questions within each group reliably measure the same underlying concept. For the microfinance dimension, all four subscales showed good-to-excellent reliability (α = 0.841-0.901). The microfinance insurance service (MIS, α=0.901) emerged as the most consistent component in this category.

The economic empowerment measures also performed well, with Cronbach's alpha values ranging from 0.827 (EEOA) to 0.885 (EEFI). While all subscales met reliability standards, the Financial Independence (EEFI) proved particularly robust. Notably, the social empowerment dimension achieved the highest reliability scores overall. The social status (SESS, α=0.921) stood out as the most reliable measure across the entire instrument.

The overall reliability coefficient of 0.961 for all items indicates exceptional consistency throughout the complete survey instrument. This high score suggests respondents interpreted questions as intended and responded coherently across all sections.

Validity: To ensure the survey's accuracy and reliability, three validation methods were used. First, expert reviews were conducted to verify question clarity and alignment with study objectives. Second, the survey was cross-checked with previous studies to confirm adherence to established research standards. Finally, a pilot test was conducted with 30 participants (a representative subset of the main study sample) to evaluate question comprehension and effectiveness. Results demonstrated strong reliability, with a Cronbach's Alpha exceeding 0.70**,** indicating consistent measurement of the intended concepts. This comprehensive validation process helped refine the survey instrument prior to full-scale implementation.

Correlation analysis

Table 9 Correlations

	MF	EE	SE
MF	1		
EE	.755**	1	
SE	.630**	.740**	1
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: SPSS 30

Microfinance (MF) and Economic Empowerment (EE) have a strong positive correlation ($r = 0.755$, $p < 0.001$), indicating that women engaged in microfinance tend to experience increased economic empowerment. Microfinance (MF) and Social Empowerment (SE) also have a positive correlation ($r = 0.630$, $p < 0.001$), meaning that as women participate in microfinance, their societal influence and decision-making power improve. Economic Empowerment (EE) and Social Empowerment (SE) show a strong correlation ($r = 0.740$, $p < 0.001$), implying that financially empowered women are more likely to gain social empowerment as well.

Regression analysis

Regression analysis of microfinance service on economic empowerment

The regression analysis examining the impact of microfinance on economic empowerment reveals a strong and statistically significant relationship between the two variables.

Table 10 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755[a]	.570	.569	.54221
a. Predictors: (Constant), MF				

Source: SPSS 30

The regression model indicates a strong positive relationship (R = 0.755) between Microfinance (MF) and Economic Empowerment (EE), suggesting that increased participation in microfinance leads to greater financial independence. The R^2 value of 0.570 reveals that 57% of the variation in economic empowerment is explained by microfinance, emphasizing its significant role in improving financial stability. Additionally, the Adjusted R^2 of 0.569 confirms the model's reliability, indicating that even with adjustments, the explanatory power remains strong. The standard error of the estimate (0.54221) suggests a reasonably accurate model fit, reinforcing the effectiveness of microfinance in enhancing women's economic empowerment.

Table 11 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	149.811	1	149.811	509.581	<.001[b]
Residual						
113.185						
385						
.294						
	Total	262.996	386			
a. Dependent Variable: EE						
b. Predictors: (Constant), MF						

Source: SPSS 30

The ANOVA table focused on model significance and fit. The study reveals that the regression model is statistically significant ($F(1, 385) = 509.581$, $p < .001$), indicating that the predictor variable (MF) significantly explains variance in the dependent variable (EE). The large F-value (509.581) and the extremely low p-value ($p < .001$) suggest that the model fits the data well and that MF has a substantial impact on EE.

The regression sum of squares (149.811) demonstrates that a significant portion of the total variance in EE (262.996) is accounted for by the model, while the residual sum of squares (113.185) represents unexplained variability. These results confirm that the regression model is valid and that MF is a meaningful predictor of EE.

Table 12 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1	(Constant)	.332	.101		3.291	.001
	MF	.849	.038	.755	22.574	<.001
a. Dependent Variable: EE						

Source: SPSS 30

The coefficient table explains the direction, strength, and statistical relevance of the predictor. The study provides further insight into the relationship between MF and EE. The unstandardized coefficient for MF (B = 0.849, $p < .001$) indicates that for every one-unit increase in MF, EE increases by 0.849 units, holding all other factors constant.

The standardized coefficient (Beta = 0.755) suggests a strong positive effect, meaning MF has a substantial influence on EE. Additionally, the intercept (constant = 0.332, p = .001) represents the expected value of EE when MF is zero.

The high t-value (22.574) and extremely low p-value ($p < .001$) for MF reinforce its statistical significance as a predictor. These findings confirm that MF is not only a significant determinant of EE but also has a strong, positive relationship with it.

Regression analysis of microfinance service on social empowerment

Table 13 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630[a]	.397	.396	.71923
a. Predictors: (Constant), MF				

Source: SPSS 30

The regression analysis examining the relationship between microfinance services (MF) and social empowerment (SE) yielded statistically significant results. The model summary indicates a moderate positive correlation (R = 0.630), with the predictor variable accounting for approximately 39.7% of the variance in social empowerment ($R^2 = 0.397$). The adjusted R^2 value of 0.396 suggests minimal overfitting, while the standard error of estimate (0.719) demonstrates reasonable predictive accuracy.

Table 14 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	131.173	1	131.173	253.578	<.001[b]
Residual						
199.156						
385						
.517						
	Total	330.329	386			
a. Dependent Variable: SE						
b. Predictors: (Constant), MF						

Source: SPSS 30

The ANOVA results confirm the overall model's statistical significance ($F(1, 385) = 253.578$, $p < .001$). The regression sum of squares (131.173) relative to the total sum of squares (330.329) indicates that the model explains a substantial portion of the variability in social empowerment. The residual sum of squares (199.156) represents the unexplained variance, suggesting other factors may influence SE beyond microfinance services.

Table 15 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B		Std. Error	Beta			
1	(Constant)	.326	.134		2.438	.015
	MF	.794	.050	.630	15.924	<.001
a. Dependent Variable: SE						

Source: SPSS 30

The coefficients analysis reveals both the constant and predictor variable are statistically significant. The intercept term ($B = 0.326$, $p = .015$) provides the baseline level of social empowerment when microfinance services equal zero. More importantly, the unstandardized coefficient for MF ($B = 0.794$, $p < .001$) indicates that each unit increase in microfinance services corresponds to a 0.794 unit increase in social empowerment. The standardized beta coefficient ($\beta = 0.630$) confirms a moderately strong positive relationship between these variables.

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Table 16 Result of the hypothesis

Hypothesis	t-value	Test Statistic	p-value	Decision
H1: Microfinance has a significant impact on Economic Empowerment (EE)	22.574	Two-tailed t-test	< 0.001	Accepted (Significant)
H2: Microfinance has a significant impact on Social Empowerment (SE)	15.924	Two-tailed t-test	< 0.001	Accepted (Significant)

The results show that microfinance has a strong positive effect on women empowerment. The t-test results gave a t-value of 22.574 for economic empowerment and 15.924 for social empowerment, with p-values less than 0.001. The t-test results confirm that women who use microfinance services experience better financial stability and more confidence in decision-making. Since the p-values are very small (less than 0.001), the results are considered statistically significant. This means we can trust that microfinance truly helps women become more independent, both financially and socially.

Summary, Conclusion, and Implications of the Study

This study examined how microfinance contributes to the socio-economic empowerment of rural women in Nepal. Despite microfinance's role in poverty reduction, its impact on women's financial control, asset ownership, decision-making, and social status remained uncertain. Data from 387 diverse women participants revealed that microfinance significantly enhances economic empowerment (savings, expenditure management, asset ownership, and financial independence) and, to a lesser extent, social empowerment (decision-making autonomy and social respect). However, male dominance and cultural norms limited full empowerment for some women.

Microfinance has substantially improved rural women's economic conditions, enabling savings, business ventures, and asset ownership, which boosted their confidence and household influence. Socially, it enhanced women's decision-making and community standing. Yet, persistent gender inequalities and loan control by male relatives hindered universal empowerment. For lasting impact, microfinance must be paired with education, gender-sensitive policies, and community engagement.

This research shows that giving women loans isn't enough they also need financial training to manage money and grow businesses. We must include all women, especially those often left out, like poorer or lower-caste communities. Families, especially husbands and fathers, need to support women's financial freedom instead of controlling their loans. Finally, banks and NGOs should track real empowerment like whether women actually control their money and decisions not just whether loans are repaid. True change happens when women get both financial help and the skills, support, and freedom to use it. In conclusion, this study shows that microfinance has the potential to empower women, but its success depends on the broader environment in which it operates.

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