

## **A Role of Microfinance in Woman Empowerment: A Case Study on Microfinance in Galle District in Sri Lanka**

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Microfinance has an international recognition as an important instrument for empowerment of vulnerable groups in developing countries. Majority of microfinance programs (MFP) have focused women with a view to empower them through various dimensions such as economic, social and political to ensure gender equality.

This paper is to investigate the impact of microfinance on empowerment of women in rural areas with the focus on Galle district. Economic empowerment was measured using income, savings, new income generated activities (IGA) and expanding of existing IGA. Total social empowerment was measured using five dimensions; managerial, social, leadership, knowledge and spiritual using a Likert scale.

The sample of 100 beneficiaries was selected using both stratified purposive and snowball sampling methods. Correlation coefficient, paired t-test, one sample t-test, cross tabulation and percentage analysis were used to analyze data and to test hypothesis of pre- post effects of MFP SPSS version 18.0

The study concludes that the impact of microfinance is more effective on social empowerment than economic empowerment of women in rural areas. It has not only helped the poor people to come over the poverty line, but also helped them empower themselves and a group lending methodology has empowered the living standards and social wellbeing of the women too. 42% of the beneficiaries have used micro loans for starting a new business and 36% for expanding the existing business. The paired sample statistics,  $t(99) = 21.4$ ,  $p = 0.000 < 0.05$  provides evidence that the mean monthly income of women after joining MFP is significantly higher than the mean income before joining MFP and the monthly average savings has increased by Rs.2675.00 after joining microfinance program. The reason behind this increase is the compulsory savings performed in every month. There is a positive relationship (correlation value 0.510) between increased income and increased savings. By providing opportunities for self-employment, microfinance programs have significantly improved women's security, autonomy, selfconfidence and status within the household. However, it can be argued that the women's role in the specific areas should be taken into consideration when designing MEP to enhance sustainable empowerment of women.

**Key words:** *Empowerment, Group lending, Microfinance, Poverty*