

# **The impact of microfinance in raising women empowerment in Sri Lanka**

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## **Abstract**

Microfinance plays an important role in the development process of Sri Lanka especially in the rural sector. The provision of microfinance services is renowned all over the world Not only as a poverty alleviation tool but also as a tool that empowers women. A large number of studies have come across to extent, how far these institutions are proficient of empower women economically, socially, and politically. Yet the statement that microfinance empower women still remains controversial. The main objectives of this paper are to ascertain the impact of microfinance in raising women's empowerment economically and socially in Sri Lanka. This study is based on primary data collected from a sample of households from the villages of Udapalatha divisional secretariat. Descriptive statistic methods, chi-square test and the Cramer's V are the statistical methods used in this study. In advance, as to measure the impact of microfinance on economic and social empowerment of women, chiefly a logistic regression model is built up. The independent variable of this model derives under four categories as, the amount of the loan, duration of the loan, completed rounds of the microfinance program and the ratio of the change of savings after obtaining micro saving facilities. Economic and social empowerment under the dependent variable is measured using five indicators, and these are measured by giving the women a score to rate their satisfaction towards the indicators. The economic indicators are women's control over decision making, development of the enterprise, and increment of income and the social indicators are the development of children's education and household health. Only the rounds that women completed in microfinance programs, were nominated for the logistic model as it was the only variable that satisfied the significance level out of the four independent variables.

Key words: Microfinance, Women, Empowerment, Decision making

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