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Effectiveness of Microfinance in Enhancing Socio-economic Status of Rural Farmers through Entrepreneurship

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Abstract: Micro-finance refers to financial services provided to low-income individuals or groups typically excluded from traditional banking. The study's novelty was to foster entrepreneurship among rural farmers, empowering them to achieve socio-economic progress and sustainable development beyond traditional poverty alleviation. This paper examined the effectiveness of microfinance in improving the socio-economic status of farmers living in rural areas. By analysing various microfinance initiatives, this study assessed their impact on income generation and overall improvements in livelihood. The research evaluated how access to microcredit, savings, and training programs contributes to income generation, asset accumulation, and livelihood sustainability among rural households. This research utilised both qualitative and quantitative methods with a descriptive research design. Observations, interviews, and semi-structured questionnaires were employed for primary data collection, while various reports, articles, dissertations, and books were reviewed for secondary data. A purposive sampling method was used to select 200 individuals who had previously taken loans from microcredit. Data were analysed using tables, charts, and diagrams. Findings reveal that small loans provided by microfinance institutions stimulate income-generating activities among rural farmers, improving their well-being and socio-economic status. The study also found that microfinance effectively enhances the socio-economic status of rural farmers, expands income opportunities, and adopts sustainable agricultural entrepreneurship, contributing to broader rural development and poverty alleviation efforts. Microfinance loans contribute to financial empowerment, enabling farmers to make informed economic decisions, increase income stability, and nurture entrepreneurship. The study concludes that access to and utilisation of microcredit positively influences the decision-making abilities of farmers at home and within their communities, thereby elevating their socio-economic status despite some remaining challenges. The results suggest a need for government initiatives to support rural farmers through agricultural loans and microcredit schemes to promote their socio-economic development through agricultural entrepreneurship further.

Keywords: Agricultural entrepreneurship, income generation, microfinance, rural farmers, socioeconomic status.

Introduction

Microfinance is a valuable initiative that aims to provide essential financial services to low-income individuals and groups (Babar et al., 2024). These individuals, often excluded from traditional banking services, include consumers, self-employed individuals, and marginalised groups. Microfinance is a system of grassroots development finance (De Santana et al., 2023). It deals with the poor people, low-income groups, the asset-less, the marginalised, the exploited and the desperate. Micro-finance provides small loans to meet their diverse needs with simple procedures in a homely atmosphere. (Lamichhane, 2020). The primary focus of microfinance institutions is to extend credit through small working capital loans, commonly known as microloans or microcredit (Cicchiello et al., 2021). However, many of these institutions also offer insurance, money transfers, and regulated microfinance banks, even providing savings accounts (Chaitanya India, 2023; Tiwari, 2023). Microfinance aims to provide financial services to marginalised communities, farmers, women, and the rural poor who lack access to traditional banking (Ermawati et al., 2024). The objective is to empower them by offering credit, savings, insurance, and money transfer services, enabling them to become self-sufficient and improve their economic conditions (Lamichhane, 2020; Khursheed, 2022).

Microfinance is closely associated with supporting the ultra-poor, low-income farmers and micro-enterprises (Beriso, 2021; Hanson, 2017). It encompasses providing three small-scale financial services, primarily credit and savings, to enterprises engaged in various activities such as production, recycling, repairs, sales, and service provision. These services target individuals and groups locally in developing countries' rural and urban areas (Matsvai, 2024).

In Nepal, the Nepal Rastra Bank defines microfinance loans in specific terms, emphasising the mobilisation of resources to aid low-income populations. Microfinance activities in Nepal include lending and collecting savings from women, economically disadvantaged households, and small-scale entrepreneurs. Similarly, microfinance institutions distribute funds sourced from financial entities offering wholesale financial services, often on behalf of donor organisations (Dhakal, 2023).

Empowerment refers to people's self-empowerment and professional support, which enables them to overcome their powerlessness and lack of influence and recognise and eventually use their resources and chances. Empowerment is obtaining basic opportunities for marginalised people directly by those people or through the help of non-marginalized others who share their access to these opportunities (Henegar et al., 2024). Empowerment also includes encouraging and developing the skills for self-sufficiency, focusing on eliminating the future need for charity or welfare in the group's individuals. Gender empowerment conventionally refers to women's empowerment and has become a significant topic of discussion regarding development and economics (Khan et al., 2024). It can also point to approaches regarding other marginalised genders in a particular political or social context. This approach to empowerment is partly informed by feminism and employs legal empowerment by building on international human rights (Mengstie, 2022).

Microfinance has become an essential financial tool for rural farmers in Okhaldhunga, Nepal, offering a pathway to economic improvement and resilience for communities with limited access to traditional banking services. In Siddhicharan Municipality, where agriculture forms the backbone of the local economy, microfinance institutions (MFIs) play a crucial role in enabling farmers to invest in their livelihoods. By providing small loans and savings services tailored to the needs of rural populations, these institutions support farmers in purchasing seeds, fertilisers, livestock, and other necessary inputs that can improve agricultural productivity and income (Panthi & Chalise, 2022).

For rural farmers in Siddhicharan Municipality, access to microcredit means the opportunity to initiate or expand small-scale farming activities without the burden of complex loan procedures or collateral requirements. Microfinance programs in the area also incorporate savings schemes, financial literacy training, and income diversification options, which contribute to a more sustainable economic foundation for farming households. For women farmers especially, microfinance offers a way to participate more actively in income generation and household financial decision-making, gradually improving their socio-economic status.

Despite these advantages, some challenges remain. Farmers in the Municipality often rely on seasonal income, which can create difficulties in adhering to rigid repayment schedules. There is also a need for more tailored loan products that align with the agricultural cycle, ensuring that farmers can maximise the use of credit without falling into debt cycles. Addressing these challenges would require collaboration between microfinance institutions, government agencies, and local organisations to develop more flexible financial products suited to the unique needs of rural farmers. It has positively impacted rural farmers in Okhaldhunga by providing financial resources that drive economic activity, enhance productivity, and improve livelihoods. This region's continued growth and adaptation of microfinance initiatives could further empower farmers and contribute to long-term rural development.

Microfinance empowers farmers by creating income and employment opportunities, particularly in rural areas, through agricultural entrepreneurship (Figueroa-Armijos & Berns, 2022). Its primary objective is to support rural populations, especially small farmers, by offering access to credit and encouraging them to save. By targeting rural farmers with low incomes or those living below the poverty line in rural communities, microfinance enables them to improve their financial stability and actively participate in the economic sphere. It plays a vital role in improving family income and reducing poverty levels. It provides small loans to poor women for self-empowerment projects that generate income to care for themselves and their families, leading to empowerment (Ghimire, 2022; Yadav, 2024).

Research Problem

Rural farmers in developing countries, including Nepal, face significant barriers to accessing traditional banking services, leaving them financially vulnerable and unable to invest in entrepreneurial activities. Microfinance has emerged as a key solution, offering small loans, savings options, and financial literacy programs tailored to marginalised communities. In Siddhicharan Municipality of Okhaldhunga, microfinance institutions have played a critical role in supporting rural farmers by providing resources to enhance agricultural productivity, diversify income sources, and improve livelihoods.

However, microfinance's effectiveness in transforming rural farmers' socio-economic status through entrepreneurship remains underexplored. Challenges like rigid repayment schedules, misaligned loan products with agricultural cycles, and seasonal income variations delay its impact. Furthermore, while microfinance promotes empowerment and financial inclusion of farmers, its role in enabling sustainable entrepreneurship and long-term socio-economic upliftment is unclear. This study evaluates how microfinance initiatives in Siddhicharan Municipality address these challenges and contribute to entrepreneurial development and economic stability for rural farmers.

Research Questions

The research questions are designed as per the literature review in the introduction part of the article. The following are the expected questions for this research:

a. How does microfinance contribute to enhancing the socio-economic status of rural farmers through entrepreneurship in Siddhicharan Municipality?

b. How does microfinance enhance decision-making power, education, healthcare, and overall well-being of rural farmers?

Research Objectives

The general objective of this study is to assess microfinance's effectiveness in enhancing rural farmers' socio-economic status through agricultural entrepreneurship in Okhaldhunga, Nepal. To achieve this, the following specific objectives have been established:

a. To evaluate the role of microfinance in enhancing the socio-economic status of rural farmers through entrepreneurship and income-generating activities

b. To examine how microfinance improves decision-making power, education, healthcare, and overall well-being of rural farmers.

Literature Review

The literature review is a significant component of the study's conceptual framework. The objective of a literature review in research is to situate the proposed research in the context of what is already known in the field (Lamichhane, 2020). It should be able to provide the theoretical basis for the correct work on the one hand and help to narrow down the proposed topic on the other hand. This study deals with a particular concept of farmers' livelihood and the available literature relating to capacity building, especially the contribution of microfinance to farmers' livelihood in Nepal (Lamichhane et al., 2023).

Microfinance has emerged as a critical tool for socio-economic development and livelihood enhancement, particularly among rural farmers (Van den Berg, 2021). Microfinance not only uplifts impoverished communities but also supports the sustainability of financial institutions. It is widely recognised that for microfinance to achieve its full potential, continuous program adaptations are essential to address barriers to success (Sierra et al., 2024). Subsidised efforts, such as lowering interest rates for people experiencing poverty, can provide dual benefits: financial sustainability for microfinance institutions (MFIs) and a pathway for the poor to achieve self-sufficiency, reducing their reliance on external aid (Mamuye, 2021).

The contributions of micro-finance to social policy are multifaceted, addressing unemployment, poverty alleviation, and community development (Zhao et al., 2021). Private-public partnerships within microfinance have demonstrated significant outcomes, including creating wealth and opportunities for the underserved, alongside benefits like improved education, nutrition, and gender equity (Yunus, 2021). Institutions like Nirdhan Utthan Laghubitta Bittiya Sanstha Limited have been instrumental in empowering rural farmers by offering access to credit, savings, and entrepreneurial training in Nepal. These services have positively influenced the capacity building of farmers, household decision-making, and overall social well-being (Nirdhan Utthan, 2023).

It highlights issues such as limited social awareness and inadequate targeting within microfinance programs. However, he also identified significant opportunities, including increased economic growth and expanded outreach (Meki & Quinn, 2024). A study observed notable improvements in the self-confidence and autonomy of farmers, with microfinance interventions enabling rural farmers to allocate increased income to education, nutrition, and healthcare, thereby improving household well-being (Dhungana, 2023; Kafle, 2022).

As mentioned above, the literature indicates that microfinance is pivotal in fostering socio-economic development, particularly among rural farmers and marginalised people, including women and disadvantaged groups. While existing literature highlights the potential of microfinance to transform rural livelihoods, gaps remain in understanding the long-term impact of microfinance interventions on entrepreneurial success among rural farmers. There is also insufficient research on how tailored microfinance programs can address specific barriers diverse farming communities face (International Finance Corporation, 2023). This study aims to fill these gaps by exploring microfinance's effectiveness in enhancing rural farmers' socio-economic status through entrepreneurship, with a particular focus on how program design and implementation influence sustainable outcomes.

Research Methodology

General Background

The study utilised a descriptive research design, combining qualitative and quantitative methods to comprehensively analyse the effectiveness of microfinance in enhancing the socio-economic status of rural farmers.

Sample and Participants

The study employed a purposive sampling method to select 200 participants from Siddhicharan Municipality, Okhaldhunga district, all of whom had previously taken loans from microcredit institutions. Participants aged 20 to 60 included males and females, focusing on women due to their significant involvement in microfinance. They were primarily self-employed, engaged in farming, small businesses, or informal economic activities, with education levels ranging from illiterate to higher secondary. The sample targeted low to middle-income households, ensuring inclusivity and relevance.

Data Collection Techniques and Instruments

Primary data were collected through direct observation and interviews using semi-structured questionnaires, which captured both structured and unstructured responses regarding participants' experiences with microfinance. Secondary data were gathered from reports, academic articles, dissertations, and books on microfinance and its impact. Systematic data collection was facilitated through observation checklists, semi-structured questionnaires, and interview guides.

Data Analysis

Quantitative data were analysed and presented using tables, charts, and diagrams to illustrate trends and relationships. Qualitative insights were synthesised to complement the quantitative findings, providing a deeper and more nuanced understanding of the study outcomes.

Data Analysis

Siddhicharan Municipality, located in the Okhaldhunga district of Koshi Pradesh, comprises 12 wards with a population of 27,977. Most residents are engaged in agriculture, focusing on crop production and animal husbandry. The microfinance sector in the municipality plays a pivotal role in driving economic growth and promoting self-sufficiency among small farmers and low-income communities. Prominent microfinance institutions active in Siddhicharan include Aarambha, Womi, Nirdhan Utthan, NMB, Mirmire, Himalayan, Chhimiki and CYC Nepal (Siddhicharan Municipality, n.d.).

Aarambha Chautari, Chhmiki, and Himalayan Microfinance provide accessible loans and financial literacy training, benefiting women and small-scale farmers involved in agriculture and business. Women and Mirmire Microfinance support local women farmers by financing small-scale projects like poultry farming, vegetable cultivation, and handicrafts, helping to improve household incomes and social status. Nirdhan Utthan Microfinance Ltd, one of the largest service providers, offers savings, credit, and insurance services, enabling low-income families to participate in income-generating activities and achieve financial stability (Centre for Self-help Development, 2023). Similarly, NMB Microfinance Ltd addresses rural financial needs with low-interest loans for agriculture and livestock, helping farmers enhance productivity and navigate financial challenges. CYC Nepal Microfinance Ltd promotes community development through group loans, savings, and business support programs, strengthening cooperatives and nurturing entrepreneurship (Nepal Rastra Bank, 2023). These microfinance institutions promote financial inclusion, stimulate local businesses, and generate employment opportunities, uplifting the socio-economic landscape of Siddhicharan and empowering rural livelihoods.

Results

Descriptive statistics, frequency distributions, and other statistical tests are applied to examine the relationships among the different variables. This quantitative and qualitative analysis includes a small sample size and is arranged systematically, making the results straightforward to interpret. This descriptive approach ensures a comprehensive assessment, supporting the study's objectives and evaluating the impact of microfinance on the socio-economic status of rural farmers.

Loan Users Pattern and Category of Financial Institution

This study focuses on enhancing the livelihoods of rural farmers through microcredit, with a sample of 200 informants, all of whom are small farmers, including women farmers. Data were collected through interviews and observations with farmers in Siddhicharan Municipality, Okhaldhunga. The table below presents a comparative analysis of the loan user patterns across Banks, Cooperatives, and Microfinance institutions in support of agriculture-based entrepreneurship development.

Table 1

Loan Users Pattern

Category of Financial Institution	Number of Respondents	Percentage (%)
Banks	30	15
Cooperatives	20	10
Micro-finances	100	75
Total	200	100

Source: Field survey (2024).

Table 1 illustrates the distribution of loan users across different categories of financial institutions. Microfinance institutions are the primary source of loans for the respondents, with 100 users representing a substantial 75% of the total. Banks are the second most common financial institution for loan access, with 30 respondents accounting for 15%. Cooperatives, while accessible, represent the smallest portion of users, with only 20 respondents or 10%. This distribution highlights the significant role of microfinance institutions in providing financial support to small-scale rural farmers within the community of Siddhicharan Municipality.

Age Distribution of Informants

Age is a personal characteristic that significantly impacts rural farmers' socio-economic status, including women. In Nepal, especially in rural areas, every individual and community has different roles, responsibilities, and social standings, which are often influenced by age. Table 2 shows the age distribution of informants.

Table 2

Age Distribution of Informants

Age	Frequency	Percentage (%)
21-40	70	35
41- 60	80	40
61- 80	40	20
Above 80	10	5
Total	200	100

Source: Field survey (2024).

Table 2 shows the age distribution of informants participating in the microfinance loan scheme. The 41-60 age group represents the highest proportion at 40%, followed by the 21-40 age group at 35%. These two age categories collectively account for most participants in the loan scheme, indicating a strong engagement among individuals in their productive years. In contrast, the older age groups (61-80 and above 80) participate less in the microfinance loan process, with 20% and 5% representation, respectively.

Distribution of Education Level of Informants

Siddhicharan Municipality is the only municipality in Okhaldhunga District and serves as a district headquarters, offering various district-level administrative services to the people over the district. People around the municipality are engaged in business, farming, small industries, and agro-based occupations. The educational level of the population is moderate. The following table represents a sample of the educational levels of people living in the municipality:

Table 3

Distribution of Education Level of Informants

Education Status	Frequency	Percentage (%)
Illiterate	30	15
Literate	70	35
SEE	60	30
Bachelors	30	15
Masters and above	10	5
Total	200	100

Source: Field survey (2024).

Table 3 presents the education levels of rural farmers who are microfinance loan users engaged in agriculture development. Among the respondents, the majority are literate (35%), followed by those with an education level up to the Secondary Education Examination (SEE), who constitute 30% of the sample. Illiterate respondents comprise 15%, while 15% have attained a bachelor's degree. At 5%, the smallest group includes those with a master's degree or higher. This distribution suggests that while many loan users possess basic literacy or secondary education, a smaller proportion of highly educated individuals are involved in agriculture through microfinance.

Factors Enhancing the Entrepreneurship of Rural Farmers

This study examines microfinance's effectiveness in enhancing rural farmers' socioeconomic status by focusing on four main variables: 1) Enhancement of Rural Farmers, 2) Improve Living Standards through Entrepreneurship, 3) Socio-Economic Status, and 4) Effectiveness of Microfinance. These variables capture the dependent and independent factors contributing to understanding how microfinance influences the socio-economic empowerment of rural farmers. Table 6 presents the mean and standard deviation for each variable.

Table 4

Factors Enhancing Rural Farmers' Entrepreneurship

Variables	Mean	Standard Deviation
Enhancement rural farmers	3.5120	0.71
Improve living standards through entrepreneurship	3.5999	0.75
Socio-economic status	4.1111	0.73

Effectiveness of microfinance	3.6789	0.75

Source: Field survey (2024).

According to Table 4, the highest mean score for Socio-Economic Status (4.1111) indicates a substantial improvement in the socioeconomic conditions of rural farmers, suggesting that microfinance significantly boosts income, resource access, and living standards. The *Effectiveness of Microfinance* (mean 3.6789) reflects a strong influence on the capacity of farmers for entrepreneurship and sustained financial growth. Likewise, improving living standards *through Agricultural Entrepreneurship* (mean 3.5999) highlights that microcredit has enabled farmers to improve housing, nutrition, and essential service access. Finally, the enhancement of *rural farmers* (mean 3.5120) demonstrates that microfinance empowers farmers, enhancing their financial decision-making and engagement in local economies. Together, the results show the effectiveness of microfinance in uplifting the socio-economic status of rural farmers, promoting financial autonomy, and nurturing sustainable agricultural entrepreneurship in rural areas.

Utilisation of Loan from Microfinance

The utilisation of microfinance loans significantly impacts the socio-economic enhancement of rural farmers, allowing them to balance income-generating activities with their household responsibilities effectively. Many rural farmers engage in tasks close to home, enabling them to manage their economic activities and domestic duties. To promote equal opportunities in decision-making regarding loan utilisation, it is crucial to ensure that additional empowering initiatives support increased access to microcredit.

Table 5

Utilisation of Loan from Microfinance

Utilisation of Loan from Microfinance	Frequency	Percentage (%)
Kitchen Garden and vegetable farming	30	15
Beauty Parlor	2	1
Dairy Farm	4	2
Commercial Crops Farming	50	25
Animal Keeping	45	22.5
Bee Hiving	6	3
Grocery	6	3
Tailoring Shop	4	2
Tea Shop	6	3
Toys Making	1	0.5
Fruits Farming	40	20
Vegetable Shop	2	1
Poultry Farming	4	2
Total	200	100

Source: Field survey (2024).

Table 5 shows how rural farmers utilise loans from microfinance to enhance their socio-economic status through small and cottage industries. The data shows that a significant % of farmers, 25%, invest their loans in commercial crop farming, which reflects a strategic choice to maximise their income generation and improve living standards. Following this, 22.5% of respondents engage in animal keeping, showcasing the importance of livestock as a vital source of income and nutrition in rural settings. Similarly, 20% of farmers allocate funds to fruit farming, further diversifying their agricultural activities. Kitchen gardens and vegetable farming account for 15%, emphasising the role of microfinance in supporting subsistence and small-scale food production, which is essential for household consumption and additional income. Likewise, grocery stores (3%), beauty parlours (1%), and tailoring shops (2%) represent smaller percentages but illustrate the diversification of income sources made possible by microfinance. Bee hiving and poultry farming also appear to indicate the willingness of farmers to explore various entrepreneurial avenues, thereby enhancing their socio-economic conditions and contributing to sustainable rural development.

Microfinance has provided loans for income-generating activities like trade, business, farming, manufacturing, etc. This proves that microcredits are used productively to generate new income sources for rural farmers.

Key Findings

The study shows that the effectiveness of microfinance on the socioeconomic status of rural farmers in the study area is very decisive. Microfinance institutions appear as the primary source of loans for 75% of farmers, showcasing their critical role in providing accessible financing for small farmers with limited financial options. The demographic analysis discloses that most loan users fall within the 41-60 age range (40%), followed closely by the 21-40 age group (35%), indicating active involvement among individuals in their productive years. In terms of education, most loan users have basic literacy or secondary education, with a smaller portion reaching higher educational levels, suggesting that microfinance appeals to and supports a broad demographic spectrum within the community.

Loans are predominantly used for agriculture-related activities, with 25% invested in commercial crops, 22.5% in animal keeping, and 20% in fruit farming. This pattern underscores the role of microfinance in facilitating income diversification and enhancing livelihoods. The study also finds a noteworthy improvement in socio-economic indicators, as evidenced by high mean scores in variables related to living standards, income, and resource access. Microfinance loans contribute to financial empowerment, enabling farmers to make informed economic decisions, increase income stability, and nurture entrepreneurship. It promotes sustainable rural development by encouraging small-scale industries and agricultural enterprises, strengthening economic elasticity and supporting financial independence among rural farmers.

The study concludes that microfinance effectively enhances the socio-economic status of rural farmers, expands income opportunities, and adopts sustainable agricultural entrepreneurship, contributing to broader rural development and poverty alleviation efforts.

Discussion

The findings of this study affirm the pivotal role of microfinance in enhancing the socio-economic status of rural farmers through entrepreneurship development, aligning with existing literature that highlights its transformative impact on rural livelihoods (Kafle, 2022; Yunus, 2021). Microfinance institutions emerged as the dominant source of financial support, catering to 75% of loan users. This trend is consistent with their well-documented role in empowering marginalised communities by providing accessible financial resources (Karki & Sharma, 2023; Lamichhane, 2020). Particularly, individuals in their productive years (41–60 age group) were the most active loan users, reflecting their capacity to engage in innovative activities—a finding justified by prior research on rural economic engagement (Mamuye, 2021).

The frequency of basic literacy and secondary education among participants underscores the inclusivity of microfinance. This observation aligns with McVay et al. (2023), who highlight how microfinance facilitates financial inclusion by empowering individuals with diverse educational backgrounds, including those with minimal formal education, to participate in entrepreneurial ventures. Statistical analyses further demonstrate significant improvements in socioeconomic status, with investments in commercial crop farming, livestock rearing, and fruit farming driving economic growth and sustainability (Erstu & Tilahun, 2022; Kagan, 2024). Similarly, diversified entrepreneurial activities such as tailoring and small-scale manufacturing underscore the adaptability of microfinance in fostering innovation and economic independence. These findings are consistent with those of Mapanje et al. (2023) and Yunus (2021), who emphasise the role of microfinance in creating sustainable economic opportunities.

This study situates its results within the broader context of the existing literature, confirming that microfinance catalyses socio-economic empowerment. By enhancing financial stability, improving living standards, and promoting sustainable rural development, microfinance contributes significantly to the holistic well-being of rural communities. However, as Matsvai (2024) notes, addressing challenges such as limited social awareness and improving program targeting could further strengthen the benefits of microfinance, enabling more effective outreach and impact.

Conclusions

This paper assesses the effectiveness of microfinance in improving the socio-economic status of farmers of Siddhicharan Municipality, Okhaldhunga. By analysing various microfinance initiatives, the study examines their impact on income generation, asset accumulation, and livelihood sustainability among 200 purposively selected informants. Using both qualitative and quantitative approaches, data was gathered through discussions, interviews, and observations to understand how access to microcredit, savings, and training programs contributes to the economic empowerment of rural households.

The study finds that small loans from microfinance institutions effectively stimulate income-generating activities, enhancing farmers' well-being and socio-economic status. Microfinance access positively influences the decision-making abilities of farmers, both at home and within their communities, promoting financial empowerment and economic resilience. Loans are primarily directed towards agriculture-related activities, facilitating income diversification and improving living standards.

The study concludes that microfinance is vital for rural development and poverty alleviation, mainly benefiting women farmers by empowering them to participate in the economy and uplift their social status. To maximise the impact of microfinance, government initiatives and simplified loan processes are recommended to support rural farmers in agricultural entrepreneurship and sustainable development, contributing to long-term socio-economic growth in rural areas.

Recommendations

Based on the findings, it is recommended to expand microfinance accessibility to remote areas, lower interest rates, and offer flexible repayment schedules aligned with agricultural and entrepreneurial cycles. Training, market linkages, grants, and awareness programs should support rural farmers in establishing and managing enterprises, adopting modern farming techniques, and improving financial literacy.

Collaboration among farmers, microfinance institutions (MFIs), and local governments should be strengthened to encourage eco-friendly businesses, leverage digital technology, and facilitate experience sharing. Targeted programs for women entrepreneurs and gender sensitisation initiatives are essential to empower women in entrepreneurial activities. These measures aim to enhance agricultural entrepreneurship and sustainable development, fostering long-term socio-economic growth in rural areas.

Suggestions for Future Research

Future research should examine microfinance's long-term impacts on rural farmers' socio-economic status, focusing on generational shifts in entrepreneurship and financial independence. Investigating the role of digital financial inclusion in improving access, transparency, and efficiency is essential. Comparative studies across diverse socio-economic contexts could offer insights into the scalability of microfinance models.

Likewise, exploring the integration of microfinance with environmental sustainability and eco-friendly agricultural practices could be valuable. Research should also assess the effects of gender-specific programs in empowering women entrepreneurs and their broader contributions to community development. Behavioural and psychological factors, such as risk-taking and financial decision-making, could further enrich the understanding of microfinance's effectiveness.

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Conflict of Interest

The Author declare that there is no conflict of interest regarding the publication of this paper.

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