**Abstract**

Under the trickledown theory in the planning process it was expected that women will equally benefit along with men. This has been belied by actual development. The ninth plan document recognizes that inspite of development measures and constitutional legal guarantees- women have lagged behind in almost all sectors. In India, the emergence of liberalization and globalization in early 1990’s aggravated the problem of women workers in unorganized sectors from bad to worse as most of the women who were engaged in various self employment activities have lost their livelihood. Despite in tremendous contribution of women to the agriculture sector, their work is considered just an extension of household domain and remains non-monetised. Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. This paper puts forward how micro finance has received extensive recognition as a strategy for economic empowerment of women. This paper seeks to examine the impact of Micro finance with respect to poverty alleviation and socioeconomic empowerment of rural women. An effort is also made to suggest the ways to increase women empowerment