

A Study on Microfinance and its Role in Women Empowerment

Dr. S. Archana ¹, T. Aravind ², R. Ashika ³, C. Athira ⁴, Ashwath harish ⁵

¹ Assistant Professor, Department of Corporate Secretaryship, PSG College of Arts & Science, Coimbatore-641014

² III [B.Com](#) (CS), Department of Corporate Secretaryship, PSG College of Arts & Science, Coimbatore-641014

³ III [B.Com](#) (CS), Department of Corporate Secretaryship, PSG College of Arts & Science, Coimbatore-641014

⁴ III [B.Com](#) (CS), Department of Corporate Secretaryship, PSG College of Arts & Science, Coimbatore-641014

⁵ III [B.Com](#) (CS), Department of Corporate Secretaryship, PSG College of Arts & Science, Coimbatore-641014

ABSTRACT:

Microfinance is an important tool for promoting financial inclusion and women empowerment in developing countries like India. This study focuses on examining the role of microfinance in improving women's economic, social, and psychological status. It highlights how access to financial services such as micro-credit, savings, and training supports women in income generation and self-employment. The study is descriptive in nature and was conducted in Coimbatore district. Both primary and secondary data were used for the research. Primary data were collected from 197 respondents, who are women beneficiaries of microfinance, through structured questionnaires and personal interviews. Snowball sampling technique was adopted to identify the respondents. Analytical tools such as percentage analysis, ranking method, and chi-square analysis were used for data interpretation. The findings indicate that microfinance has significantly improved women's income, savings habits, and financial independence. It has also enhanced their confidence, decision-making ability, and participation in social activities. However, issues like over-indebtedness, high interest rates, and limited control over loans were observed. The study concludes that microfinance plays a vital role in empowerment but requires better support systems. Proper training, financial literacy, and policy support are essential for achieving sustainable women empowerment.

KEYWORDS: Microfinance, Women Empowerment, Financial Inclusion, Self-Help Groups (SHGs), Income Generation, Financial Independence, Entrepreneurship, Poverty

INTRODUCTION:

Microfinance is changing lives in India by giving low-income women access to small loans, savings, and training through Self-Help Groups (SHGs). By funding small businesses like tailoring or farming, these tools empower women to boost household income, gain independence, and break free from predatory lenders. Beyond money, these programs build confidence, foster leadership, and significantly improve family health and education. While challenges like debt exist, digital adoption and better regulations are paving the way for a more secure and inclusive future.

STATEMENT OF THE PROBLEM:

Microfinance is widely viewed as a key instrument for women's empowerment by improving access to credit and financial services. However, its actual impact remains limited and uneven. In many households, loans taken by women are controlled by male members, while women bear the responsibility of repayment, leading to stress and conflict. Microfinance often focuses only on credit provision and fails to address deeper structural barriers such as gender norms, low education and skills, limited market access, and confinement to low-income activities. High interest rates, multiple borrowings, and the risk of over-indebtedness further weaken its poverty-alleviation goals. As a result, microfinance does not automatically lead to genuine and sustainable women empowerment, highlighting the need to understand the conditions and support systems required for its effective implementation.

SCOPE OF THE STUDY:

The study examines the role of microfinance in promoting women's economic empowerment, including income generation, savings, and financial independence. It analyses the extent of women's control over microfinance loans and their participation in household financial decision-making. The study explores intra-household power dynamics and the social challenges faced by women borrowers. It evaluates the effectiveness of microfinance institutions in achieving empowerment beyond credit provision. The study assesses issues related to interest rates, multiple borrowings, and over-indebtedness among women. It reviews the availability and impact of non-financial support such as training, skill development, and market access. The study identifies limitations of existing microfinance programs and suggests measures for improving women-centric empowerment outcomes.

OBJECTIVES:

- To examine the impact of microfinance on women's economic empowerment, including income generation, savings and asset ownership.
 - To analyze the role of microfinance in enhancing women's self-confidence and social mobility, helping them engage more actively in community and development activities.
 - To identify challenges and limitations faced by women beneficiaries in accessing and using microfinance services effectively.
 - To suggest strategies for improving microfinance programs so they better support women's empowerment goals.
-

TOOLS AND DATE ANALYSIS:

For the purpose of analysis, there are various statistical tools such as

- Percentage analysis
 - Rank analysis
 - Chi Square Tests
-

REVIEW OF LITERATURE:

Vishal Kanodia (2025) examined microfinance as a catalyst for women's empowerment in India, highlighting the effectiveness of the SHG-Bank Linkage Programme (SHG-BLP). The study found that access to financial services enhances income generation, decision-making ability, and social status, contributing to sustainable development despite temporary disruptions like COVID-19.

Jyoti Sahebrao Jadhav and Sanjay Govindrao Vaidya (2025) analyzed the role of microfinance in empowering rural women in Maharashtra. Based on data from 310 respondents, the study revealed that SHGs significantly improve women’s socio-economic conditions and promote overall family development.

Somnath M. Kolhe (2025) focused on microfinance models for women empowerment in India, emphasizing the success of SHG-BLP. The study highlighted that microfinance promotes entrepreneurship, financial literacy, and social participation, thereby enhancing women’s confidence and socio-economic status.

DATA ANALYSIS AND INTERPRETATION:

TABLE 1

AGE GROUP

AGE GROUP	FREQUENCY	PERCENTAGE
Below 20 years	6	4.0
21-30 years	29	14.4
31-40 years	85	42.3
41-50 years	69	34.8
Above 50 years	8	4.5
Total	197	100

Sources: Computed from primary data

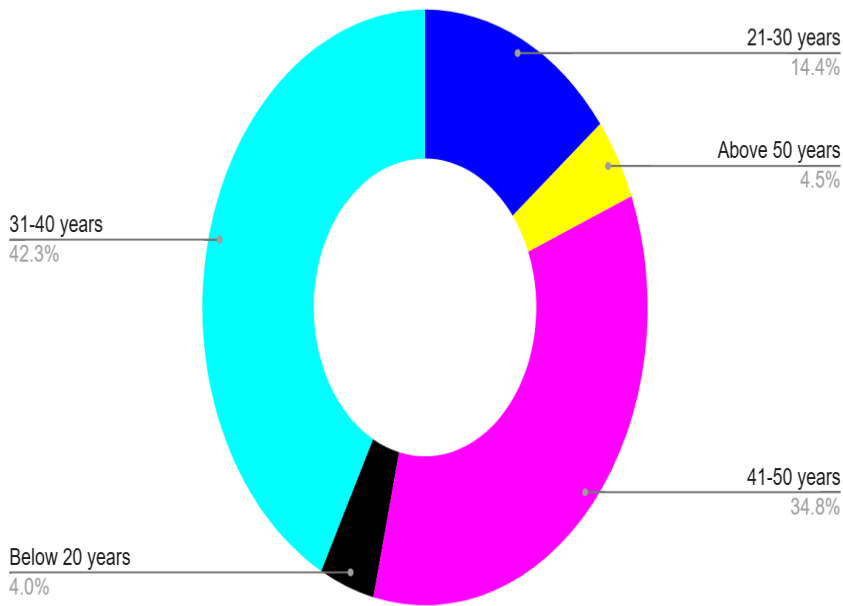
INTERPRETATION:

The table 4.1 shows the age distribution of the respondents in the study. It is found that 4.0% (6 respondents) of the respondents are below 20 years, 14.4% (29 respondents) are in the age group of 21-30 years, 42.3% (85 respondents) are in the age group of 31-40 years, 34.8% (69 respondents) are in the age group of 41-50 years, and 4.5% (8 respondents) are above 50 years.

INFERENCE:

A majority of the respondents (42.3%) belong to the 31–40 years age group, whereas a minority (4.5%) belong to above 50 years. This indicates that microfinance services are mainly utilized by women in their economically active stage, with lower participation from older age groups.

Age group



AGE GROUP AWARENESS LEVEL USING CHI SQUARE ANALYSIS

Null Hypothesis (H₀): There is no significant association between the Age Group of the respondents and Awareness Level of Microfinance Services for Women Empowerment.

Alternative Hypothesis (H₁): There is a significant association between the Age Group of the respondents and Awareness Level of Microfinance Services for Women Empowerment.

		Crosstab					
Count		To what extent do high interest rates affect your repayment ability?					Total
		Not at all	Slightly	Moderately	Significant	Very significant	
Marital status	Married	9	41	63	44	7	164
	Unmarried	2	11	14	9	0	36
Total		11	52	77	53	7	200

Chi Square Tests

	Chi-Square Tests			
	Value	Df	Table Value	Result
Pearson Chi- Square	1.926	4	9.488	H ₀ (Supported)

Source: Computed from Primary Data

$$\text{DEGREE OF FREEDOM} = (\text{Rows} - 1) \times (\text{Columns} - 1)$$

$$= (21) * (51)$$

$$= 1 * 4$$

$$\text{DF} = 4$$

$$\text{TABLE VALUE} = 9.488$$

$$\text{CALCULATED VALUE} = 1.926$$

INTERPRETATION:

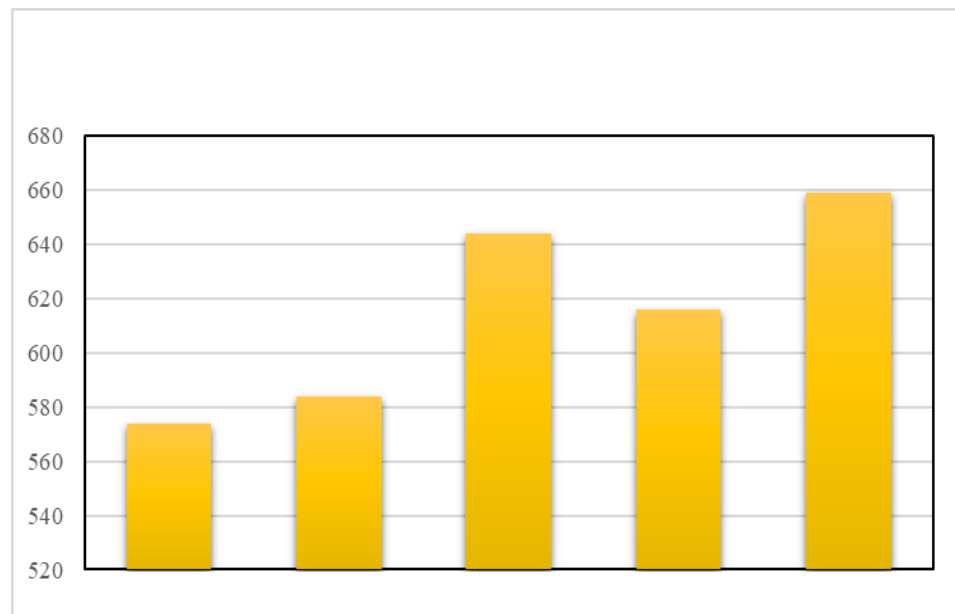
Since the calculated value (1.926) is less than the table value (9.488), the null hypothesis is accepted. There is no significant association between the age group of respondents and their awareness level of microfinance services for women empowerment. This indicates that awareness about microfinance and its role in empowering women is similar across different age groups.

RANK ANALYSIS

	1	2	3	4	5	TOTAL	AVERAGE	RANK
Self help groups	28	40	55	31	47	574	2.86	5
Social media	32	41	43	46	39	584	2.91	4
Advertisement/ Poster	46	37	54	40	24	644	3.20	2
Friends/Relatives	28	50	56	41	26	616	3.06	3
Newspaper/Magazine	37	52	59	36	17	659	3.28	1

BAR DIAGRAM SHOWING RANK ANALYSIS OF SOURCES OF AWARENESS

ABOUT MICROFINANCE AMONG WOMEN RESPONDENTS



Khng

INTERPRETATION:

Print media (newspapers/magazines) is the most effective source of microfinance awareness among women, followed by advertisements. Personal contacts and social media have moderate impact, while Self-Help Groups are the least effective. Overall, traditional media plays a stronger role than modern or group-based channels.

FINDINGS:

- Age Distribution: A majority (42.3%) of the respondents belong to the 31–40 years age group, representing women in their most economically active stage.
- Chi-Square Analysis: There is no significant association between the age group of respondents and their awareness level of microfinance services. The calculated Chi-Square value (1.926) was found to be less than the table value (9.488).
- Awareness Channels: According to the Rank Analysis, print media (Newspapers/Magazines) is ranked 1st as the most effective source of awareness for microfinance among women.
- Economic Impact: The study indicates that microfinance has significantly improved women's income, savings habits, and financial independence.
- Social and Psychological Impact: Participation in microfinance has enhanced women's confidence, decision-making ability, and participation in social activities.

SUGGESTIONS:

- Financial Literacy and Training: Since issues like over-indebtedness and high interest rates were observed, implementing structured financial literacy programs and proper training is essential for sustainable empowerment.
- Strengthening Support Systems: Beyond providing credit, microfinance institutions should offer better non-financial support systems, such as skill development and improved market access, to address structural barriers.
- Improving Awareness Channels: While traditional print media is currently the most effective, there is a need to strengthen modern

and group-based channels, such as Self-Help Groups (SHGs) and social media, which currently show lower effectiveness.

- **Interest Rate Regulation:** To prevent financial stress, policies should focus on regulating interest rates and monitoring multiple borrowings to protect women from debt traps.

CONCLUSION:

The study concludes that microfinance plays a vital role in the economic and social empowerment of women in the Coimbatore district. It has successfully moved many women toward financial independence and improved their decision-making roles within the household. However, the awareness level remains uniform across age groups, and traditional media remains the primary source of information.

Despite these successes, the effectiveness of microfinance is partially hindered by high interest rates, technical issues, and a lack of direct control over loans in some cases. To achieve genuine and sustainable empowerment, microfinance must evolve beyond simple credit provision. By integrating digital adoption, enhancing financial literacy, and simplifying support procedures, microfinance institutions can bridge existing gaps and deliver a more effective, woman-centric service experience.

References:

1. Archana, S., & Rahul, R. Financial Prudence Among Part Time Working Students: A Study on Mutual Fund Investment Awareness and Behaviour. *CHART*, 1, 1.
2. Archana, S., & Kannan, P. S. A Study on Employee Training & Development Strategy Used in Motilal Oswal Financial Services with Reference to Coimbatore City.
3. Archana, S., & Sharmika, S. A Study on Unravelling the Complexities of Group Dynamics in Human Resource Management with Reference to AMPO Valves India Private Limited.
4. Archana, S., & Tamilmani, S. (2025). Consumer Awareness and Perception Towards Quick Commerce: A Study on Emerging Urban Retail Trends. *Consumer Awareness and Perception Towards Quick Commerce: A Study on Emerging Urban Retail Trends*, 4(7), 1-6.
5. Tamilmani, S., & Archana, S. (2025). Evolution of Consumer Rights and Awareness in India: 1986–2025.
6. Saikrishnan, S., & Archana, S. (2025). Consumer Perception and Awareness of Eco-Friendly FMCG Products. *International Journal of Research and Analytical Reviews (IJRAR)*, 12(1), 524-529.
7. Tamilmani, S., & Archana, S. (2025). Legal Protection for Consumers in E-Commerce Transactions: A Study under the Consumer Protection Act, 2019.
8. Tamilmani, S., & Archana, S. (2025). Consumer Awareness about Online Subscription Traps and Hidden Charges.
9. Tamilmani, S., & Archana, S. (2025). Impact of Dark Patterns in E-Commerce on Consumer Rights.
10. Kanagaraj, A. R., & Archana, S. ACADEMIC WRITING SKILLS AND PLAGIARISM EMPOWERING DOCTORAL STUDENTS FOR ETHICAL RESEARCH—AN OUTLOOK.
11. Ramya, S. S., S. Sumathi, S. Kamalakannan, S. Saikrishnan, S. Archana, and S. Tamilmani. "Consumer Behaviour Insights Using Data Mining Techniques for Improved Product Strategy and Innovation." In *2025 International Conference on Future Technologies (ICFT)*, pp. 1-6. IEEE, 2025.
12. Saikrishnan, S., and S. Archana. "Consumer Perception and Awareness of Eco-Friendly FMCG Products." *International Journal of Research and Analytical Reviews (IJRAR)* 12, no. 1 (2025): 524-529.
13. Tamilmani, S. Of Corporate Secretaryship, PSG College Of Arts & Science, Coimbatore.
14. Tamilmani, S. (2024). Transforming Rural India: MGNREGA as a Catalyst for Social and Economic Change.
15. Saikrishnan, S., & Tamilmani, S. (2022). A study on the impact of selected macro-economic factors on share price movement of certain vital sectors. *IJAR*, 8(10), 115-118.