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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Microfinance among Women Entrepreneurs

Ms. Hari Vadhani C.R<sup>1</sup>, Harsha R<sup>2</sup>

Assistant Professor, Department of B. Com A&F / M. Com (IB), Sri Krishna Arts and Science College, Coimbatore,  
Coimbatore, Tamil Nadu, India<sup>1</sup>

UG Student, Department of B. Com A&F / M. Com (IB), Sri Krishna Arts and Science College, Coimbatore,  
Coimbatore, Tamil Nadu, India<sup>2</sup>

**ABSTRACT:** Microfinance has emerged as a significant financial tool for promoting women entrepreneurship and economic empowerment, particularly in developing economies like India. This study examines the impact of microfinance on women entrepreneurs' business performance, financial independence, and socio-economic empowerment. The research is based on primary data collected from 300 women entrepreneurs through structured questionnaires. Statistical tools such as percentage analysis, Chi-square test, and ANOVA were employed to analyze the data. The findings reveal that microfinance significantly contributes to increased business turnover, savings, and financial decision-making ability. However, challenges such as repayment pressure, high interest rates, and limited awareness persist. The study concludes that while microfinance serves as an effective empowerment mechanism, improved outreach, customized loan products, and enhanced financial literacy programs are essential for sustainable entrepreneurial growth among women.

**KEYWORDS:** Microfinance, Women Entrepreneurship, Financial Empowerment, Business Growth, Financial Inclusion

## I. INTRODUCTION

Microfinance refers to the provision of small-scale financial services such as loans, savings, and training to low-income individuals who lack access to formal banking systems. It gained global recognition through the pioneering efforts of Muhammad Yunus and the Grameen Bank. Over time, microfinance has evolved as a tool for poverty reduction and women empowerment.

In India, women entrepreneurs face barriers such as lack of collateral, limited financial literacy, and socio-cultural restrictions. Microfinance institutions (MFIs) and Self-Help Groups (SHGs) aim to bridge this gap by providing accessible credit and support services. Beyond financial assistance, microfinance enhances women's participation in decision-making, increases savings, and strengthens their social status. Despite its potential, concerns such as over-indebtedness, inadequate training, and uneven outreach remain significant. Therefore, evaluating the effectiveness of microfinance among women entrepreneurs is essential for inclusive economic development.

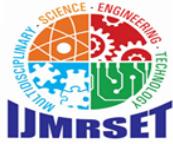
## II. OBJECTIVES OF THE STUDY

1. To analyze the impact of microfinance on women entrepreneurs' business performance.
2. To examine the influence of microfinance on financial independence and savings behavior.
3. To evaluate the socio-economic empowerment achieved through microfinance.
4. To identify challenges faced by women entrepreneurs in accessing and utilizing microfinance services.

## III. REVIEW OF LITERATURE (APA FORMAT)

Several studies have explored the relationship between microfinance and women empowerment.

**Naila Kabeer (2005)** argued that microfinance enhances women's decision-making power but cautioned against viewing it as a universal solution. Syed M. Hashemi, Schuler, and Riley (1996) found that access to rural credit programs significantly improved women's mobility and economic participation.



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Shahidur R. Khandker (2005) demonstrated moderate welfare improvements among microfinance participants using panel data from Bangladesh. Abhijit Banerjee et al. (2015) reported mixed results regarding long-term business profitability, indicating that microfinance increases business activity but does not always guarantee substantial profit growth.

Jonathan Morduch (1999) emphasized the outreach limitations of microfinance, while Muhammad Yunus (2007) highlighted its transformative potential in poverty reduction. Similarly, Mark Pitt and Shahidur R. Khandker (1998) observed increased labor supply and enterprise participation among women borrowers.

Although previous research largely focuses on empowerment indicators, limited studies integrate business performance metrics with socio-economic outcomes, particularly at the regional level in India. This study attempts to bridge that gap.

### IV. RESEARCH METHODOLOGY

#### Research Design

The study adopts descriptive, analytical, exploratory, and comparative research designs.

#### Sample Size

300 women entrepreneurs.

#### Sampling Method

Stratified random sampling based on location and business type.

#### Sources of Data

- **Primary Data:** Structured questionnaires.
- **Secondary Data:** Journals, government reports, books, and institutional publications.

#### Statistical Tools Used

- Percentage Analysis
- Chi-Square Test
- ANOVA (Analysis of Variance)

### V. DATA ANALYSIS

#### Percentage Analysis

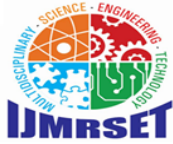
- 31.67% respondents belong to the 26–35 age group.
- 60% are aware of microfinance services.
- 57.67% have availed microfinance loans.
- 68.33% would recommend microfinance to others.
- Majority operate in trading (31.67%) and service sectors (29.67%).

#### Chi-Square Test

- No significant association between age and repayment difficulties ( $p > 0.05$ ).
- No significant relationship between education and increased savings ( $p > 0.05$ ).
- Training participation is not significantly related to business type ( $p > 0.05$ ).

#### ANOVA Results

- Age significantly influences frequency of accessing microfinance ( $p < 0.05$ ).
- Educational qualification significantly influences loan amount received ( $p < 0.05$ ).
- Marital status does not significantly affect financial decision-making ( $p > 0.05$ ).



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- Age significantly affects perception of overall benefits ( $p < 0.05$ ).

### VI. FINDINGS

1. Microfinance participation is highest among women aged 26–45.
2. Majority reported increased savings and business turnover.
3. Positive perception of microfinance is reflected in recommendation rates.
4. Educational level influences loan size accessed.
5. Age influences perception and utilization frequency.
6. Repayment difficulties are common across all age groups.
7. Awareness gaps still exist among 40% of respondents.

### VII. SUGGESTIONS

1. Conduct awareness campaigns in rural and semi-urban areas.
2. Introduce flexible repayment schedules.
3. Provide sector-specific business training.
4. Promote digital financial literacy programs.
5. Design customized loan products based on business type and experience.
6. Encourage youth participation through targeted schemes.

### VIII. CONCLUSION

The study concludes that microfinance significantly contributes to women's entrepreneurial development and financial empowerment. Statistical evidence indicates that while demographic factors such as age and education influence access patterns, microfinance benefits are broadly distributed across groups. Despite its positive impact, limitations such as repayment pressure and awareness gaps persist. Strengthening financial literacy, customizing loan products, and enhancing institutional support can improve sustainability. Microfinance, therefore, remains a vital instrument for promoting inclusive growth and gender equality in India.

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