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ROLE OF MICROFINANCE IN SUPPORTING WOMEN ENTREPRENEURS IN EMERGING MARKETS IN COIMBATORE REGION

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Abstract—*Women frequently encounter obstacles in obtaining formal financial services due to insufficient collateral, limited income, or inadequate financial literacy. Microfinance institutions have addressed this issue by offering small loans, training, and support, particularly for women in developing areas. This research investigates various factors such as access to microfinance services, business performance following financing, revenue growth, sustainability, and the degree of empowerment experienced by women entrepreneurs in Coimbatore. A structured questionnaire was utilized to gather data from 80 women entrepreneurs across various sectors, and statistical methods including descriptive statistics, chi-square analysis, and Pearson correlation were applied to interpret the findings. The study concludes that microfinance, when paired with appropriate financial education and support systems, can serve as a significant catalyst for women's empowerment and the development of entrepreneurship. Recommendations include policy interventions, increased transparency, skill-based training, and a more adaptable approach by microfinance institutions to more effectively meet the diverse needs of women entrepreneurs.*

Keywords: *Entrepreneurs, Financial Education, Microfinance, Skill-Based Training, Sustainability.*

INTRODUCTION

Women's entrepreneurship is crucial for fostering inclusive growth and sustainable development in the rapidly evolving economy of today. In emerging markets such as India, a significant number of women are turning to entrepreneurship to support their families and bolster local economies. Nevertheless, the challenge of limited access to capital persists. Microfinance plays a pivotal role in mitigating this issue by offering small loans, savings, insurance, and financial education to individuals typically marginalized by conventional banking systems. In India, the microfinance sector has expanded swiftly through organizations like Microfinance Institutions (MFIs), Non-Governmental Organizations (NGOs), and Self-Help Groups, enabling women to enhance their living conditions and initiate income-generating ventures. The Coimbatore region, recognized for its robust entrepreneurial spirit and small-scale industries, serves as an ideal setting for examining the impact of microfinance on women entrepreneurs. Numerous women in this locality, particularly those lacking financial literacy or collateral, have reaped the benefits of microfinance to launch or grow businesses in sectors such as textiles, food processing, trading, dairy, and tailoring. This research, entitled "The Role of Microfinance in Supporting Women Entrepreneurs in Emerging Markets – A Study in the Coimbatore Region," seeks to explore how access to microfinance affects business development, sustainability, and the social empowerment of women.

This study offers specialized insights into the practical reality of women's use of microfinance by concentrating on the Coimbatore region. The results will not only advance scholarly understanding but also provide useful suggestions for decision-makers in government, business, and development. A multiplier effect can be produced by fortifying the microfinance ecosystem and making sure it is sensitive to the needs of women. This will increase household income, encourage entrepreneurship, and hasten inclusive development in emerging economies.

REVIEW OF LITERATURE

1. Economic Survey 2025: "Credit Access and Investments Empower Rural Women Entrepreneurs" Provides the Economic Survey 2025 highlights the significant impact of microfinance on rural women's entrepreneurship. It reports that 34% of surveyed women engaged in paid work, with higher participation among poorer households. Initiatives like the Startup India Seed Fund Scheme have invested ₹3,107.11 crore in 149 women-led startups, demonstrating the government's commitment to empowering women entrepreneurs through credit access and investments.

2. **Haqdarshak and DBS Bank India Survey (2025):"Financial Behaviors of Rural Women Entrepreneurs A 2025"** survey by Haqdarshak and DBS Bank India reveals that 90% of rural women entrepreneurs consistently save a portion of their monthly income. In states like Madhya Pradesh, Maharashtra, and Rajasthan, savings rates among these women are notably high, indicating strong financial discipline and the positive impact of microfinance initiatives on promoting savings habits among women entrepreneurs.

3. **Sharma, P., & Kulkarni, M. (2024). Bridging the Gender Gap in Microfinance: Evidence from Digital Lending Platforms in India.** Asian Journal of Finance & Economics, 16(2), 85–102. This study investigates how digital microfinance platforms are transforming access to credit for women entrepreneurs, especially in semi-urban and rural India. The authors find that digital tools reduce the traditional gender bias in lending by using alternative credit scoring methods. However, they also note that digital exclusion due to low smartphone ownership and digital literacy among women must be addressed. The paper advocates for blended models combining digital innovation with on-ground training and awareness programs.

4. **Emerald Insight Study (2023): "Determinants of Financial Inclusion among Women- Owned Enterprises**" This study explores the factors influencing financial inclusion among women-owned enterprises in India's informal sector. It finds that education levels, household consumption expenditure, and land holdings positively affect access to institutional finance. However, women from socially disadvantaged castes face challenges in accessing such finance, underscoring the need for inclusive financial policies.

5. **Kasi, S., & Praveena, K. (2020)**. "Women Empowerment through Self-Help Group in Tamil Nadu". The Microfinance Review, 12(1), 57-65. Analyzing Self-Help Groups (SHGs) in Tirunelveli District, Tamil Nadu, this research finds that microcredit access significantly enhances women's participation in household decision-making and asset acquisition. The authors recommend establishing regulatory authorities to oversee SHG activities, ensuring responsible borrowing and lending practices.

SIGNIFICANT OF THE STUDY

This research is significant as it demonstrates how microfinance aids women entrepreneurs in expanding their businesses and enhancing their lives, particularly in the Coimbatore area. Numerous women encounter challenges such as limited access to bank loans, insufficient financial literacy, and societal obstacles. Microfinance institutions provide assistance through small loans, training, and support. This study contributes to the understanding of how these services empower women, making them more confident, independent, and successful in their business endeavours. Additionally, it highlights the on-going challenges women face, including high interest rates and short repayment periods. The results will be beneficial for policymakers and financial institutions in developing microfinance programs that are more supportive and effective in promoting women's empowerment and economic development.

STATEMENT OF THE PROBLEM

Women entrepreneurs in the Coimbatore region face several challenges in accessing and benefiting from microfinance services. Many are unaware of available schemes or find the application procedures complicated, which limits their access to financial support. Even when loans are obtained, high interest rates, short repayment periods, and lack of follow-up or training make it difficult for women to fully utilize the benefits of microfinance. Moreover, there is limited information on how microfinance actually affects business growth, income generation, and women's empowerment in this region. The sustainability of businesses started with microfinance support is also uncertain, as many face financial or operational struggles over time. Additionally, the role of microfinance in improving women's confidence, decision-making abilities, and social status has not been clearly established. Therefore, this study aims to explore these issues and assess the real impact of microfinance on women entrepreneurs in the Coimbatore region.

OBJECTIVES OF THE STUDY

- To examine women entrepreneurs' access to microfinance in Coimbatore.

- To assess microfinance impact on business growth and sustainability.
- To identify key challenges in using microfinance for business.
- To evaluate microfinance in empowering women economically and socially.
- To suggest ways to improve microfinance support for women entrepreneurs.

SCOPE OF THE STUDY

This study aims to explore the significance of microfinance in aiding women entrepreneurs within the Coimbatore region. It examines how microfinance offerings, including small loans, savings options, training, and financial advice, assist women in initiating or growing their businesses. The research encompasses women entrepreneurs from various sectors who have utilized microfinance services. It assesses the effects of these services on their income, business success, and overall empowerment. Additionally, the study investigates the obstacles encountered by women in accessing microfinance, such as elevated interest rates, challenges in repayment, and insufficient financial literacy. The findings are confined to the Coimbatore area and are derived from feedback provided by 80 women entrepreneurs. Nevertheless, the outcomes can offer valuable insights for microfinance institutions, policymakers, and NGOs to enhance their support frameworks and foster women's entrepreneurship in comparable regions.

LIMITATIONS OF THE STUDY

- The research focuses solely on entry-level female entrepreneurs in Coimbatore, which means the findings may not be relevant to other areas or levels of business.
- The sample size of 80 is relatively small, potentially affecting the precision of certain results.
- The use of purposive sampling could introduce some bias, as participants were selected based on predetermined criteria. Data was gathered through self-reported responses, which may contain inaccuracies or personal biases.
- Time constraints hindered the ability to conduct a long-term study to assess the enduring impacts of microfinance.
- External influences such as economic conditions and government policies were not controlled for, which may have influenced the results.

RESEARCH METHODOLOGY

The study is both **descriptive and analytical** in nature. It describes the background of women entrepreneurs in the Coimbatore region, their access to microfinance, and how it supports their businesses. The analytical part examines how microfinance services such as loans, savings, and financial literacy help in the growth and sustainability of women-led businesses. The study used a **purposive sampling method** to select women entrepreneurs who have used microfinance services. Out of a total population of 120 entry-level women entrepreneurs, a sample of **80 respondents** was chosen using **Yamane's formula**. A **structured questionnaire** was used to collect data on personal details, access to microfinance, challenges faced, and suggestions for improvement. Both **primary and secondary data** were collected — primary data through questionnaires and secondary data from books, journals, reports, and websites. The collected data was analyzed using **SPSS software** with tools such as percentage analysis, descriptive statistics, chi-square test, and correlation analysis. The results helped to understand how microfinance improves the income, confidence, and growth of women entrepreneurs in the Coimbatore region.

HYPOTHESIS

To examine the relationship between two categorical variables (**Access to Microfinance Services and Revenue Growth Post-Finance)**, a Chi-Square test of independence was conducted.

Hypotheses:

Null Hypothesis (H_0): There is no significant association between access to microfinance services and revenue growth after receiving microfinance.

Alternative Hypothesis (H_1): There is a significant association between access to microfinance services and revenue growth after receiving microfinance

DATA ANALYSIS AND INTERPRETATIONS

TABLE NO: 1

MODE OF APPLYING THE MICROFINANCE SERVICES

S.No	Particulars	No. of Respondents	Percentage (%)
1	Online application	10	12.5
2	Through NGO	25	31.25
3	Direct Bank Visit	35	43.75
4	Through SHG	8	10
5	Assisted by Agent	2	2.5
	Total	80	100

Sources: Primary Data

Interpretation:

From the above table it shows that, out of 80 respondents, 43.75% of the respondents they applied their microfinance loan through Direct bank visit, 31.25% of the respondents applied their microfinance loan through NGO, 12.5% of the respondents applied their microfinance loan through Online application, 10% of the respondents applied their microfinance loan through SHG. 2.5% of the respondents applied their microfinance loan through Assisted by agents.

CHART NO: 1 MODE OF APPLICATION FOR MICROFINANCE SERVICES

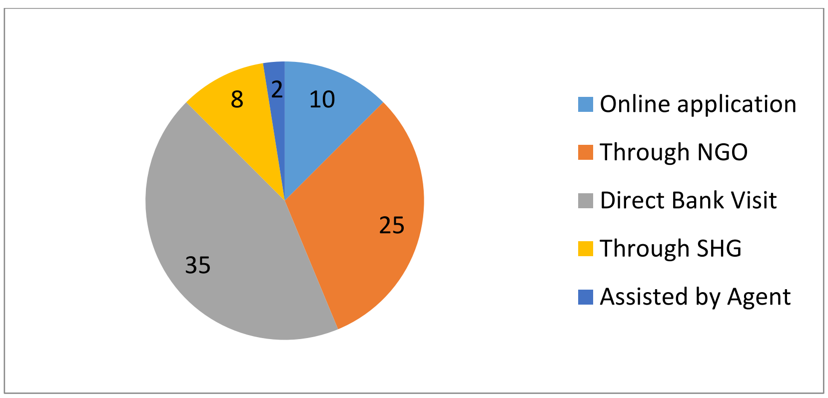

TABLE NO: 2

SATISFIED OF REPAYMENT SCHEDULE

S.No	Particulars	No. of Respondents	Percentage (%)
1	Highly Satisfied	23	28.75
2	Satisfied	35	43.75
3	Neutral	17	21.25
4	Dissatisfied	4	5
5	Highly Dissatisfied	1	1.25

	Total	80	100

Sources: Primary Data

INTERPRETATION:

From the above table it shows that, out of 80 respondents, 43.75% of the respondents are satisfied with their repayments, 28.75% of the respondents are highly satisfied with their repayment, 21.25% of the respondents are neutral, 5% of the respondents are dissatisfied with their repayment, and 1.25% of the respondents are highly dissatisfied with their repayment.

CHART NO: 2 SATISFIED OF REPAYMENT SCHEDULE

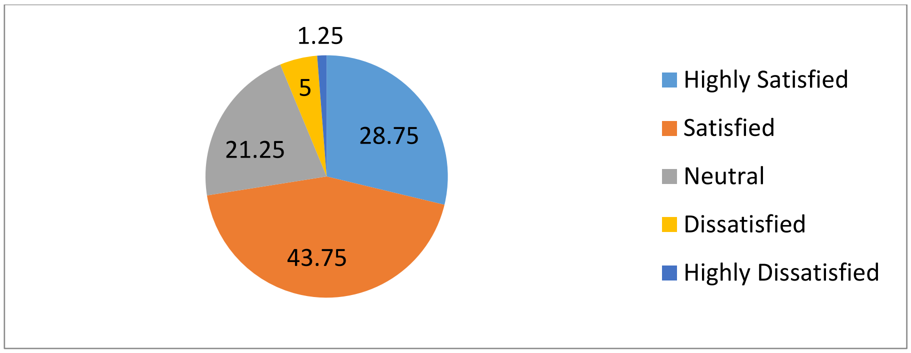

TABLE NO: 3

CHALLENGES IN MICROFINANCE USAGE

S.No	Particulars	No. of Respondents	Percentage (%)	Rank
1	High Interest Rates	37	46.25	1
2	Limited Loan Amount	14	17.5	3
3	Short Repayment Period	17	21.25	2
4	Delayed Disbursal	9	11.25	4
5	Complex Documentation	3	3.75	5
	Total	80	100	

Sources: Primary Data

INTERPRETATION:

The table shows the major problems faced by women entrepreneurs in obtaining microfinance. Among the respondents, the **most common problem** identified is **high interest rates**, ranked first with **46.25%** of responses. This indicates that the cost of borrowing is a major concern for most women entrepreneurs. The **second major issue** is the **short repayment period** (21.25%), suggesting that entrepreneurs find it difficult to repay loans within a limited time frame. The **limited loan amount** ranks third (17.5%), showing that the funds provided are often insufficient to meet business needs. **Delayed disbursal of loans** (11.25%) and **complex documentation procedures** (3.75%) are comparatively less serious issues, ranking fourth and fifth respectively.

CHART NO: 3 CHALLENGES IN MICROFINANCE USAGE

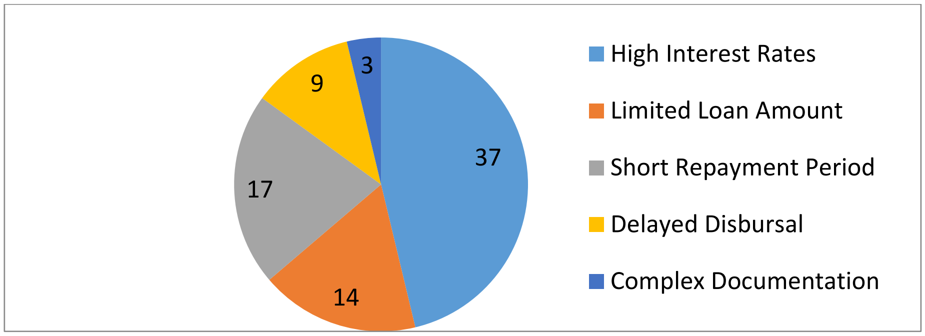

TABLE NO: 4

DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
Age	80	1.00	4.00	2.3696	.56873
Marital Status	80	1.00	3.00	1.6087	.75530
What is your highest level of education?	80	1.00	4.00	2.8370	.71525
What type of Business do you run?	80	1.00	4.00	2.4022	.94995
How long have you been running your business?	80	1.00	4.00	2.5761	.78773
Production turnover per month?	80	1.00	4.00	2.5109	.89559
What is your Monthly business income?	80	1.00	4.00	2.7174	.76065
What has been your revenue growth post- finance?	80	1.00	5.00	3.4457	1.19857
Indicate the degree to which microfinance helped in building your self-confidence.	80	1.00	5.00	3.5652	1.16075
Valid N (list wise)	80				

INTERPRETATION

The descriptive statistics provide a summary of the demographic and business characteristics of 80 women entrepreneurs from the Coimbatore area. The average age score of 2.35 indicates that the majority of respondents fall within the middle-age category, while the average marital status score of 1.60 reveals that most are married. In terms of educational attainment, the average score of 2.80 implies that a significant number of respondents have completed either secondary or undergraduate education. The average score for the type of business, which stands at 2.38, indicates that many are involved in service-oriented or small-scale enterprises. With respect to experience, the average value of 2.55 suggests that most women have been operating their businesses for a moderate duration of 2 to 4 years. The average monthly production turnover, recorded at 2.50, along with the monthly business income score of 2.70, indicates that most are functioning at a small to medium business level. The average score of 3.42 for revenue growth following the receipt of microfinance support signifies a favorable enhancement in business performance. Likewise, the average score of 3.55 for self-confidence indicates that microfinance has substantially aided in boosting the confidence and empowerment of women entrepreneurs. In summary, the results underscore that microfinance has been instrumental in enhancing both the economic standing and self-assurance of women entrepreneurs in the Coimbatore region, thereby assisting them in fortifying and maintaining their small-scale businesses.

FINDINGS OF THE STUDY

The research indicated that the majority of women entrepreneurs in the Coimbatore area are middle-aged and married, operating small or service-oriented businesses. Many have attained secondary or undergraduate education, which enhances their ability to utilize microfinance effectively. Most have been engaged in business for a duration of two to four years, demonstrating that microfinance aids newcomers in expanding their enterprises. The findings reveal that microfinance has contributed to women's business growth, income enhancement, and self-assurance, thereby fostering greater independence and empowerment. Nevertheless, obstacles such as elevated interest rates, brief repayment terms, restricted loan amounts, and delays in loan disbursement persist. The research further emphasizes the significance of financial literacy initiatives to assist women in better managing their finances. Group-based lending frameworks, such as Self-Help Groups, were identified as promoting collaboration and improving repayment rates. In summary, microfinance has positively influenced women entrepreneurs by enhancing their income and living conditions, although additional measures are required to render microfinance more accessible and affordable.

SUGGESTIONS / RECOMMENDATIONS OF THE STUDY

To enhance the effectiveness of microfinance for women entrepreneurs, several straightforward measures can be implemented. Regular training sessions ought to be organized to boost financial literacy, enabling women to manage their finances more effectively and make informed decisions regarding loans and investments. The loan application process should be simplified by minimizing paperwork and offering assistance to applicants throughout the procedure. Increased awareness initiatives should be carried out via local gatherings, social media platforms, and media campaigns to educate women about the advantages of microfinance. Flexible repayment plans should be introduced to align with the income cycles of women entrepreneurs, particularly those operating seasonal businesses. Group-based lending models, such as Self-Help Groups, should be promoted to foster collaboration, support, and improved repayment rates. It is also crucial to monitor the utilization of loans to ensure that the funds are directed towards business activities and to provide assistance when necessary. Furthermore, microfinance institutions should offer additional support, including mentoring, marketing guidance, and skills training, to facilitate the growth of women-owned businesses. Establishing a robust relationship between microfinance institutions and borrowers through consistent communication will enhance trust, satisfaction, and long-term success.

CONCLUSIONS

This research underscores the crucial role that microfinance plays in assisting entry-level women entrepreneurs in the Coimbatore area. Access to microfinance has empowered numerous women to initiate and expand their businesses, thereby enhancing their economic independence and improving their quality of life. Nevertheless, obstacles such as insufficient financial literacy, complicated loan processes, and repayment pressures persist as challenges that must be overcome. The results highlight the necessity for focused financial education, streamlined procedures, and supportive services to fully leverage the advantages of microfinance. In summary, microfinance is an essential instrument for promoting entrepreneurship among women, fostering inclusive growth, and aiding regional development. Ongoing efforts from financial institutions, policymakers, and community organizations will be vital to further reinforce this support system.

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