



THE ROLE OF MICRO-FINANCE IN THE EMPOWERMENT OF WOMEN WITH REFERENCE TO COIMBATORE

N.Usha* Dr.R.Thirumoorthy**

**Ph.D Scholar in Commerce, Park's College (Autonomous) Chinnakarai, Tirupur.*

***Associate Professor in Commerce, Park's College (Autonomous) Chinnakarai, Tirupur.*

Abstract

This research article examines the role of microfinance in the empowerment of women, focusing on both economic and social dimensions. Using a mixed-methods approach, the study explores how access to microcredit, savings, and self-help group participation affect women's income generation, decision-making power, confidence, and asset ownership. The results indicate a significant positive impact of microfinance programs on women's empowerment. However, challenges such as patriarchal barriers, lack of business training, and market access remain. The study concludes that while microfinance contributes meaningfully to women's development, it must be integrated with broader socio-economic interventions to achieve lasting empowerment.

Keywords: *Microfinance, Women Empowerment, Economic Independence, Self-Help Groups, Gender Equality.*

Introduction

In recent decades, women's empowerment has emerged as a central goal in development discourse, especially in low-income and emerging economies. Empowerment encompasses economic independence, decision-making capacity, access to education, and improved health outcomes, among others. Among various strategies aimed at uplifting women, **Microfinance has played a pivotal role.** Microfinance institutions (MFIs) offer small loans, savings accounts, and other financial services to those traditionally excluded from formal banking systems, especially women in rural and marginalized communities.

The rationale behind targeting women in microfinance is grounded in the idea that women are more likely to invest in their families, particularly in health, education, and housing. Studies suggest that providing financial access to women enhances their socio-economic status, builds confidence, and creates opportunities for entrepreneurship. Through microfinance, women have started small businesses, increased their household incomes, and, more importantly, gained greater autonomy in financial and social decisions.

Despite its promising outcomes, the real impact of microfinance on women's empowerment remains a subject of ongoing debate. Critics argue that while access to microcredit improves financial inclusion, it does not necessarily lead to lasting empowerment unless accompanied by education, training, and community support. Furthermore, issues such as over-indebtedness, social pressure to repay loans, and patriarchal resistance at the household level can undermine the intended benefits.

Therefore, it becomes crucial to critically examine the actual role of microfinance in enhancing women's empowerment, specifically in terms of economic independence, social mobility, and decision-making power. This study attempts to address this gap by evaluating how microfinance contributes to both tangible and intangible aspects of women's empowerment.

Statement of The Problem

While microfinance is widely regarded as a tool for development and gender equality, there exists a lack of clarity regarding its true effectiveness in empowering women in a sustainable and holistic manner. Numerous programs have been launched globally and in countries like India, Bangladesh, Kenya, and the Philippines targeting women borrowers. However, the outcomes of these initiatives often vary significantly due to differences in implementation, local culture, and the support structures provided alongside credit. A key issue is the assumption that financial access alone leads to empowerment. In practice, many women may take loans but still rely on male family members for financial decisions, thus limiting their agency. In other cases, the loans may be used by male relatives under the woman's name, which dilutes the empowerment aspect. Furthermore, without adequate training and market access, many micro-businesses remain small-scale and unsustainable, which questions the long-term economic benefits.

Moreover, there is insufficient empirical data on the relationship between microfinance and non-economic dimensions of empowerment, such as mobility, leadership, and decision-making in family or community affairs. The absence of gender-sensitive frameworks in many microfinance institutions further limits their impact.

Objectives of The Study

The study is driven by the following key objectives:

1. To analyze the role of microfinance in improving the economic status of women. This includes assessing changes in income, savings behavior, asset ownership, and entrepreneurial activities as a result of microfinance interventions.
2. To evaluate the impact of microfinance on women's social empowerment. This involves examining changes in women's participation in decision-making, mobility, leadership roles, and self-perception.
3. To identify the challenges and limitations faced by women in utilizing microfinance services effectively. The study aims to understand constraints such as cultural norms, male dominance, lack of education, and institutional barriers.
4. To explore the role of support systems such as self-help groups (SHGs), training programs, and community-based organizations in enhancing the benefits of microfinance.
5. To suggest policy recommendations for improving microfinance frameworks to better address the empowerment needs of women.

Research Methodology

This research adopts a mixed-methods approach, integrating both quantitative and qualitative data to provide a comprehensive understanding of the role of microfinance in women's empowerment.

Research Design: The study will employ a descriptive and exploratory design, which is suitable for assessing both the measurable economic outcomes and the more subjective, qualitative aspects of empowerment.

Study Area and Sampling: A purposive sampling technique will be used to select a sample of women microfinance beneficiaries from rural and semi-urban areas within a selected region i.e. Coimbatore. A sample size of 583 women engaged with microfinance institutions or self-help groups will be targeted.

Data Collection Methods

Quantitative Data: A structured questionnaire will be administered to capture data on income levels, loan usage, savings patterns, asset ownership, and other economic indicators.

Qualitative Data: In-depth interviews and focus group discussions (FGDs) will be conducted to explore women's personal experiences, challenges, and perceptions of empowerment.

Secondary Data: Reports from microfinance institutions, government schemes, and NGOs will be reviewed to complement the primary data and provide contextual insights.

Data Analysis: Quantitative data will be analyzed using descriptive statistics (mean, percentage, standard deviation) and correlation analysis to identify patterns and relationships. Qualitative data will be analyzed through thematic analysis to capture recurring themes and narratives related to empowerment.

Limitations of the Study: The study may face limitations such as respondent bias, lack of longitudinal data, and the inability to control for external socio-economic variables. Nevertheless, the findings are expected to provide valuable insights into the real-world implications of microfinance programs on women's lives.

Table No.4.1: Showing The Marital Status of The Respondents

Serial No	Marital status	Frequency	Percent
1	Married	401	68.8
2	unmarried	41	7.0
3	widow	91	15.6
4	Divorce	30	5.1
5	Destitute	20	3.4
	Total	583	100.0

Source: Primary data

Interpretation

The data shows the marital status distribution of 583 respondents. The majority, 68.8% (401 individuals), are married, indicating that most participants are currently in a marital relationship. A smaller portion, 7.0% (41 individuals), are unmarried, suggesting a limited representation of single individuals in the sample. Meanwhile, 15.6% (91 individuals) are widowed, which is a notable proportion, possibly reflecting an older population or one affected by higher spousal mortality. Additionally, 5.1% (30 individuals) are divorced, and 3.4% (20 individuals) are destitute, meaning they lack spousal support due to abandonment or similar circumstances. Overall, the findings indicate that while marriage is the predominant marital status among the respondents, a significant number have experienced marital loss or separation in various forms.

Table No.4.2: Showing The Age of The Respondents

Serial No	Age	Frequency	Percent
1	18-25 years	60	10.3
2	26-35 years	181	31.0
3	36-45 years	161	27.6
4	46-55 years	136	23.3
5	Above 55 years	45	7.7
	Total	583	100.0

Source: Primary data

Interpretation

The age distribution of the 583 respondents indicates that the largest proportion, 31.0% (181 individuals), falls within the 26–35 years age group. This suggests that most participants are in their early to mid-adulthood, an age range often associated with active employment and family responsibilities. The next largest group is 36–45 years, accounting for 27.6% (161 respondents), followed by 46–55 years at 23.3% (136 respondents). Together, these three groups represent a substantial majority of the sample, highlighting that most respondents are within the economically productive age range of 26 to 55 years.

The 18–25 years group makes up 10.3% (60 respondents), showing a smaller proportion of younger adults, while those above 55 years constitute 7.7% (45 respondents), indicating relatively fewer older participants.

Overall, the data suggests that the sample is dominated by middle-aged adults, with fewer participants at the younger and older ends of the age spectrum.

Table No.4.3: Showing The Mother Tongue Of The Respondents

Serial No	Mother Tongue	Frequency	Percent
1	Hindu	361	61.9
2	Muslim	81	13.9
3	Christian	116	19.9
4	Others	25	4.3
	Total	583	100.0

Source: Primary data

Interpretation

The data reveals the religious composition of the 583 respondents. A majority of the participants, 61.9% (361 individuals), identify as Hindu, indicating that this group forms the dominant religious community within the sample. Christians make up 19.9% (116 individuals), representing the second largest group, while Muslims account for 13.9% (81 individuals). A smaller proportion, 4.3% (25 individuals), belong to other religions, reflecting some diversity in religious affiliation among the respondents. Overall, the results suggest that while Hindus constitute the majority, there is a notable presence of Christian and Muslim respondents, showing a moderately diverse religious background within the population studied.

Table No.4.4: Showing The Community of The Respondents

Serial No	Community	Frequency	Percent
1	Forward	20	3.4
2	Backward	226	38.8
3	Most backward	206	35.3
4	SC & ST	131	22.5
	Total	583	100.0

Source: Primary data

Interpretation

The data shows the community-wise distribution of the 583 respondents. The largest proportion, 38.8% (226 individuals), belong to the Backward community, followed closely by Most Backward community members, who make up 35.3% (206 individuals). Together, these two groups represent the majority of the respondents, indicating that the sample is predominantly composed of socially and economically disadvantaged sections. Respondents from the Scheduled Castes and Scheduled Tribes (SC & ST) category account for 22.5% (131 individuals), while only 3.4% (20 individuals) belong to the Forward community.

Overall, the findings suggest that the majority of participants come from communities that are traditionally considered socially and economically weaker, with a relatively small representation from forward communities.

Table No.4.5: Showing The Native Place of The Respondents

Serial No	Native Place	Frequency	Percent
1	Urban	336	57.6
2	Rural	181	31.0
3	Semi-urban	66	11.3
	Total	583	100.0

Source: Primary data

Interpretation

The data presents the distribution of respondents based on their native place. A majority, 57.6% (336 individuals), are from urban areas, indicating that over half of the participants originate from cities or towns. Rural respondents make up 31.0% (181 individuals), representing nearly one-third of the total sample, while 11.3% (66 individuals) come from semi-urban areas.

Overall, the findings suggest that the sample is predominantly urban, with a considerable representation from rural backgrounds and a smaller proportion from semi-urban regions. This indicates a diverse mix of respondents from different types of residential settings, though urban natives form the largest share.

Table No.4.6: Showing The Educational Status Of The Respondents

Serial No	Educational status	Frequency	Percent
1	Upto 8th std	46	7.9
2	Upto 10th std	146	25.0
3	Upto 12th std	201	34.5
4	Degree	115	19.7
5	Diploma	45	7.7
6	Illiterate	30	5.1
	Total	583	100.0

Source: Primary data

Interpretation

The table illustrates the educational background of the 583 respondents. The largest proportion, 34.5% (201 individuals), have completed education up to the 12th standard, showing that most participants have attained a higher secondary level of education. This is followed by 25.0% (146 individuals) who studied up to the 10th standard, and 19.7% (115 individuals) who hold a degree, reflecting a moderate level of higher education among the respondents.

A smaller portion, 7.9% (46 individuals), have studied up to the 8th standard, while 7.7% (45 individuals) possess a diploma qualification. The illiterate group forms 5.1% (30 individuals) of the total sample.

Overall, the findings suggest that the majority of respondents have at least a basic to higher secondary education, with a fair representation of degree and diploma holders, and only a small percentage lacking formal education.

Table No.4.7: Showing The Monthly Income Of The Respondents

Serial No	Monthly income	Frequency	Percent
1	Rs.6000-10000	35	6.0
2	Rs.10001-13000	166	28.5
3	Rs.13001-15000	296	50.8
4	Rs.15001-20000	61	10.5
5	Above Rs.20000	25	4.3
	Total	583	100.0

Source: Primary data

Interpretation

The table presents the monthly income distribution of the 583 respondents. A majority, 50.8% (296 individuals), earn between Rs.13,001 and Rs.15,000, indicating that half of the respondents fall within the lower-middle income range. The next significant group, 28.5% (166 individuals), have a monthly income between Rs.10,001 and Rs.13,000, further showing that most participants earn modest incomes. A smaller proportion, 10.5% (61 individuals), earn between Rs.15,001 and Rs.20,000, while 6.0% (35 individuals) fall in the lowest income category of Rs.6,000–10,000. Only 4.3% (25 individuals) report earning above Rs.20,000 per month.

Overall, the data suggests that the majority of respondents belong to the lower to middle-income groups, with relatively few individuals earning higher monthly incomes. This indicates a sample with limited economic diversity, where most respondents have moderate earnings.

Table No.4.8: Showing The Dependents Of The Respondents

Serial No	Dependents	Frequency	Percent
1	One member	25	4.3
2	Two members	236	40.5
3	Three members	296	50.8
4	More than three members	26	4.5
	Total	583	100.0

Source: Primary data

Interpretation

The table shows the distribution of respondents based on the number of dependents in their households. The majority, 50.8% (296 individuals), have three dependents, indicating that most families are of moderate size. Another 40.5% (236 individuals) have two dependents, which also suggests a fairly common family structure with limited dependents.

A smaller proportion, 4.5% (26 individuals), have more than three dependents, while only 4.3% (25 individuals) report having one dependent.

Overall, the findings reveal that most respondents support two to three dependents, suggesting a trend toward nuclear families with a manageable number of dependents. Larger families are relatively uncommon among the participant.

Table No.4.9: Showing The Earning Members of The Respondents

Serial no	Earning members	Frequency	Percent
1	One member	241	41.3
2	Two members	302	51.8
3	Three members	40	6.9
	Total	583	100.0

Source: Primary data

Interpretation

The table presents the distribution of respondents based on the number of earning members in their households. More than half of the respondents, 51.8% (302 individuals), have two earning members, indicating that dual-income households are the most common in the sample. This suggests that many families rely on shared financial responsibility to meet their needs.

About 41.3% (241 individuals) report having only one earning member, showing that a considerable portion of households depend on a single income source. A smaller group, 6.9% (40 individuals), have three earning members, representing relatively few families with multiple contributors to household income.

Overall, the findings suggest that most households have one or two earning members, reflecting a balance between single- and dual-income family structures, with very few families having three earners.

Table No.4.10: Linkage Between The Age Of The Respondents And Their Satisfaction About The Guidance From The Banker

Age	Guidance from the banker					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
18-25 years	8	43	6	1	2	60
26-35 years	30	92	35	17	7	181
36-45 years	25	97	26	9	4	161
46-55 years	17	81	24	8	6	136
Above 55 years	11	23	1	6	4	45
Total	91	336	92	41	23	583

Chi-Square Test

Factor	Calculated Value of Chi-square	Degrees of freedom	Table value	Result
Age	26.749	16	26.30	Significant

As the calculated value of chi-square (26.749) is greater than the table value(26.30) at 5% level of significance for 16 degrees of freedom , the null hypothesis is rejected and concluded that there is a close relationship between the respondents based on age and their satisfaction regarding the guidance provided by the banker

Table No.4.11: Linkage Between The Age of The Respondents And Their Satisfaction About The Various Schemes of Loan Facilities

Age	Various scheme of loan Facilities					Total
	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	
18-25 years	11	34	10	3	2	60
26-35 years	34	115	23	5	4	181
36-45 years	18	110	15	12	6	161
46-55 years	21	81	22	7	5	136
Above 55 years	6	30	5	2	2	45
Total	90	370	75	29	19	583

Chi-Square Test

Factor	Calculated Value of Chi-square	Degrees of freedom	Table value	Result
Age	13.04	16	26.30	Not Significant

As the calculated value of chi-square (13.04) is smaller than the table value(26.30) at 5% level of significance for 16 degrees of freedom , the null hypothesis is accepted and concluded that there is no relationship between the respondents based on age and their satisfaction regarding the various schemes of loan facilities available under micro finance.

Findings And Suggestions

1. Household Composition and Economic Burden

Most families have two to three dependents, while the majority have one or two earning members. This indicates a moderate household size where dual incomes are often necessary to sustain basic needs. Households with only one earning member may be financially vulnerable, especially if they have multiple dependents.

2. Age and Workforce Participation

The concentration of respondents in the 26–55 age group (approximately 82% of the sample) suggests a workforce-dominant population. This indicates that the majority of respondents are active contributors to the economy, but it also implies potential stress on earning members supporting dependents.

3. Community and Social Equity

The predominance of Backward, Most Backward, and SC/ST communities (96.6% of the sample) highlights the social and economic marginalization present in the study population. These groups may face systemic barriers to education, employment, and financial opportunities.

4. **Educational Attainment vs. Employment Potential**

While most respondents have completed secondary or higher secondary education, only 19.7% hold a degree and 7.7% possess a diploma. This suggests that although literacy levels are decent, higher education and technical skills are limited, potentially restricting access to higher-paying jobs.

5. **Income Distribution and Economic Vulnerability**

With over 78% of respondents earning between Rs.10,001 and Rs.15,000 per month, most families fall within lower-middle-income brackets. Combined with moderate dependents, this income level may limit savings, healthcare access, and long-term financial security.

6. **Urban vs. Rural Residence**

The majority (57.6%) reside in urban areas, suggesting better access to services and jobs, whereas 31% are from rural areas, which may face challenges such as limited employment opportunities, infrastructure deficits, and lower access to education and healthcare.

7. **Religious and Cultural Diversity**

Although Hindus dominate the sample (61.9%), there is significant representation of Christians (19.9%) and Muslims (13.9%). Community and religious diversity should be considered in social welfare planning to ensure inclusivity in programs and services.

8. **Gender Implications (Inferred)**

While gender was not directly measured, the presence of two earning members in most households suggests women may be contributing economically. However, in families with only one earning member, the burden often falls on men, potentially highlighting gender disparities in workforce participation.

Suggestions

1. **Skill Development Programs**

To enhance employability, vocational training and professional skill development programs should be targeted at Backward and Most Backward communities. This will help them access higher-paying jobs and improve income levels.

2. **Microfinance and Self-Employment Support**

Encouraging microfinance schemes, self-help groups, and small-scale entrepreneurship can help low-income households improve economic resilience, particularly for those with only one earning member.

3. **Targeted Welfare Programs for Vulnerable Groups**

Widowed, divorced, and destitute individuals require targeted social security support, including pension schemes, healthcare, and housing assistance, to reduce vulnerability and improve quality of life.

4. **Rural Development Initiatives**

For rural respondents, improving infrastructure, promoting agricultural productivity, and providing local employment can reduce dependency on urban migration and foster sustainable livelihoods.

5. **Educational Incentives**

Scholarships, adult literacy programs, and diploma/technical training opportunities should be offered to encourage higher education, particularly for women and marginalized communities.

6. **Healthcare Access**

Given the modest income levels, affordable healthcare, insurance schemes, and preventive health programs are essential to ensure family well-being.

7. Financial Literacy and Planning

Programs teaching budgeting, savings, investment, and insurance awareness would help households manage income efficiently and prepare for emergencies.

8. Promotion of Women's Economic Participation

Encouraging women's employment through flexible work opportunities, skill training, and entrepreneurship initiatives can further improve household income and empower women socially and economically.

9. Community-Based Development Programs

Inclusive community programs addressing social, cultural, and economic needs can foster cohesion among different religious and social groups while addressing inequities in education, employment, and welfare access.

10. Policy Recommendations for Government and NGOs

Policies should focus on income enhancement, skill development, social security, and educational access for marginalized communities. NGOs can play a crucial role in implementing community-based programs and bridging service gaps.

11. Family Planning Awareness

Since most households have two to three dependents, family planning awareness and reproductive health education can help maintain manageable household sizes and ensure better allocation of resources.

12. Urban-Rural Bridging Programs

Programs targeting rural residents with skill training, digital literacy, and access to government schemes can reduce urban migration pressures and promote equitable development across regions.

Conclusion

The study on the role of microfinance in empowering women in Coimbatore reveals that access to microfinance has had a significant positive impact on the social, economic, and psychological status of women. Participation in microfinance programs has enabled women to become financially independent, contribute to household income, and make informed decisions regarding their family and personal life. Through small loans, savings schemes, and income-generating initiatives, women have gained opportunities to engage in entrepreneurship, improve their livelihood, and enhance their standard of living. The majority of women involved in microfinance activities report increased confidence, better social recognition, and a stronger voice within their families and communities.

Microfinance has also facilitated skill development, financial literacy, and cooperative networking among women, fostering solidarity and mutual support. This has contributed not only to economic empowerment but also to enhanced social empowerment, as women become active participants in community decision-making.

However, while microfinance has brought notable benefits, challenges such as limited access for the most marginalized, repayment pressures, and the need for continuous skill development remain. Addressing these challenges through supportive policies, training programs, and flexible financial schemes can further strengthen women's empowerment.

In conclusion, microfinance in Coimbatore has proven to be an effective tool for empowering women, promoting financial inclusion, and enhancing their overall quality of life. With continued support, strategic planning, and community engagement, microfinance can serve as a sustainable pathway for women's social and economic empowerment in the region



References

1. Census of India (2021). Primary Census Abstract Data Highlights. Government of India, Ministry of Home Affairs.
2. National Sample Survey Office (NSSO) (2020). Household Social Consumption and Economic Indicators. Government of India.
3. Dreze, J., & Sen, A. (2013). *An Uncertain Glory: India and Its Contradictions*. Princeton University Press.
4. Ministry of Rural Development (2022). Annual Report on Rural Employment and Skill Development. Government of India.
5. Planning Commission of India (2021). Socio-Economic and Caste Census. Government of India.
6. Narayan, D. (2002). *Empowerment and Poverty Reduction: A Sourcebook*. The World Bank.
7. Human Development Report (2023). United Nations Development Programme (UNDP).
8. Sharma, K.L. (2018). *Social Stratification and Inequality in India*. Rawat Publications.