

# From Borrowers To Entrepreneurs: Women's Journey Through Microfinance

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Microfinance has become a potent instrument for empowering women, particularly in underserved and rural areas, by giving them access to financial services and credit that were previously out of their grasp. This study examines how women's support from microfinance institutions has helped them transition from passive borrowers to active entrepreneurs. It explores how microfinance helps women make money while also boosting their self-esteem, ability to make decisions, and social standing. Using case studies, secondary literature, and primary data, the study focuses on the socioeconomic effects of microfinance on women's entrepreneurial endeavors, the obstacles they encounter, and the viability of their businesses. In addition, the study looks at how financial literacy, microcredit initiatives, and self-help groups (SHGs) can help with this transition. Although microfinance has played a key role in women's economic involvement, the results show that long-term entrepreneurial success depends on consistent support in the form of market access, training, and legislative backing.

**Keywords:** Microfinance, Women Empowerment, Entrepreneurship, Self-Help Groups, Economic Independence, Gender Equality, Women Entrepreneurs, Poverty Alleviation, Rural Development

## Introduction

Women's empowerment has emerged as a key component of inclusive economic growth and sustainable development. Systemic obstacles to financial independence, such as restricted access to credit, property rights, education, and decision-making authority, have long beset women in many developing nations, especially those living in rural areas. Women who are frequently shut out of traditional banking systems can now access small loans, savings plans, and other financial services through microfinance, which has become a game-changing tool to address these issues.

Over the past decades Microfinance has created new opportunities for women to start their own businesses in addition to helping them with their immediate financial needs. Participating in microfinance programs has enabled women to create and grow small enterprises, earn

income, and improve their families' and communities' financial well-being. A significant shift in women's socioeconomic status can be seen in their transition from being merely borrowers to independent business owners. The transformational journey of women using microfinance as a springboard to entrepreneurship is the main emphasis of this study. It seeks to comprehend how women's lives are affected by microfinance, the opportunities it generates, and the enduring difficulties. Additionally, the study looks at how support networks, microcredit organizations, and Self-Help Groups (SHGs) help with this empowerment process. Using a mix of case studies, primary data, and previously published works, the study aims to clarify the wider effects of microfinance on women's social and economic empowerment.

### **Review of Literature**

Over the past thirty years, a lot of research has been done on the connection between microfinance and women's empowerment. Numerous academics have emphasized how microfinance can change women's lives, particularly in rural and economically underdeveloped areas.

Yunus (1999) Grameen Bank founder was among the first to advocate for microfinance as a means of empowering women and reducing poverty. His research highlighted that women are more likely to be eligible for microcredit programs because they are more likely to use microloans effectively and pay them back on schedule.

Kabeer (2001) looked at the wider social effects of microfinance and made the case that social support, education, and decision-making possibilities are necessary for empowerment in addition to financial access. Her study made clear that although microfinance frequently results in higher incomes, its impact on shifting gender roles and household power structures differs according on the situation.

Mayoux (2005) investigated the function of Self-Help Groups (SHGs) in India and the ways in which SHG collective action supports women's social networking, entrepreneurship, and bargaining power. In order to guarantee long-term sustainability and empowerment, her study underlined the significance of tying microfinance to capacity-building initiatives.

NABARD (2013) reported on the SHG-Bank Linkage Program's success in India, which became a model for empowering rural women through savings and credit, and how group lending mechanisms helped women create viable income-generating activities and build social capital.

Tripathy (2020) and other recent research have concentrated on the post-pandemic function of microfinance in revitalizing women-led businesses and rural lives. According to these studies, microfinance organizations must implement adaptable rules, online resources, and integrated training initiatives to meet the changing demands of female business owners.

Overall, research shows that microfinance affects women's economic empowerment in a variety of ways. Despite the fact that many women make the successful shift to business,

obstacles like low educational attainment, insufficient training, social constraints, and restricted market access still impede advancement. According to the analysis, helping women transition from debtors to prosperous business owners requires a comprehensive strategy that combines funding with education, coaching, and institutional support.

### **Statement of the Problem**

Microfinance has been marketed as a potent instrument for women's empowerment, with the goal of giving people who have historically been shut out of formal banking institutions access to money. Even though microloans have helped a lot of women, many still only use them for household necessities or subsistence rather than creating long-term commercial ventures. Deeply ingrained social and cultural hurdles, restricted market access, low financial literacy, and a lack of business skills frequently impede the transition from borrower to entrepreneur. In many areas, women's individual entrepreneurial growth is still restricted, despite the fact that programs like Self-Help Groups (SHGs) have encouraged group efforts. The lack of an environment that supports women in growing, maintaining, and scaling their businesses is the issue, not just financial access. This study aims to close this gap by investigating the obstacles and facilitators that affect women's entrepreneurial development through microfinance.

### **Objectives of the study**

- To analyze the impact of microfinance on the economic and social empowerment of women.
- To assess how participation in Self-Help Groups (SHGs) and microfinance programs contributes to the development of women-led enterprises.
- To evaluate the sustainability and scalability of women-owned businesses supported by microfinance.
- To identify the challenges faced by women in utilizing microfinance for entrepreneurial activities.

### **Methodology of the Study**

The research uses a mixed methods approach, integrating quantitative and qualitative methodologies to investigate how microfinance empowers women and facilitates their transformation from debtors to business owners. Focus groups, interviews, and structured questionnaires were used to gather primary data from a subset of female beneficiaries who had been registered with Self-Help Groups (SHGs) or microfinance programs for a minimum of two years. The respondents were chosen using a purposive selection technique from rural areas with active microfinance institutions, in particular the Trivandrum district. Publications from NGOs, official papers, and scholarly research were the sources of secondary data. The study employed thematic analysis and descriptive statistics to analyze the data in order to determine the sustainability, identify obstacles, and gauge the economic impact of microfinance-supported women-led businesses.

## Data Analysis and Interpretation

**Table 1: Change in monthly Income of women beneficiaries Before and After Microfinance**

Income range	No of respondents before	No of respondents after
Below 5,000	42	12
5,001- 10,000	42	54
10,001- 15,000	39	48
Above 15,000	27	29
<b>Total</b>	<b>150</b>	<b>150</b>

Sources: Economic and political weekly

**Inference:** Income levels significantly improved after microfinance intervention, indicating strong economic empowerment.

**Table 2: Type of Business Activity Started with Microfinance Support**

Type of Activity	No of respondents	Percentage
Tailoring / handicrafts	38	25.3%
Food processing	42	28%
Retail Shop	32	21.3%
Dairy /poultry/farming	25	16.7%
Beauty/ service-based business	13	8.7%
<b>Total</b>	<b>150</b>	<b>100</b>

Sources: Reports on Self-Help Groups

**Inference:** Food related and tailoring businesses are the most popular enterprises among women using microfinance

**Table 3: Status of Business after years of Microfinance support**

Business Status	No of respondents
Expanded with profit	58
Stable with regular income	46
Running with difficulties	28
Discontinued	18
<b>Total</b>	<b>150</b>

Sources: Reports on Economic review

**Inference:** Women grown or sustained their enterprises showing their long term viability.

**Table 4: Major challenges faced by Women Entrepreneurs**

Challenges	No of respondents
Lack of business training	60
Limited market access	45
Family/ social restrictions	28
Delay in loan disbursement	10
High repayment pressure	7
<b>Total</b>	<b>150</b>

Sources: Economic review

**Inference:** Capacity Building and market linkage are critical needs for women to grow their businesses effectively.

### Findings of the Study

- Microfinance has acted as a strong enabler for many women to shift from being passive borrowers to active micro-entrepreneurs.
- A notable increase in monthly household income was observed among women after availing microfinance services.
- Women's participation in financial decision-making at the household level significantly improved after joining SHGs or MFIs.
- Microfinance enhanced the confidence and self-esteem of women, encouraging them to participate more in social and community activities.
- SHGs and MFIs played a vital role in not just lending money but also providing support systems for entrepreneurship development.
- Women engaged in diverse entrepreneurial activities, including tailoring, handicrafts, food vending, animal rearing, and small shops.
- Lack of technical skills, market access, and business training were identified as major challenges faced by women entrepreneurs.
- Family and peer support were essential for women to successfully manage and grow their enterprises.
- Sustainability and scalability of enterprises remain limited, as most ventures continue to operate at the subsistence or informal level.

### Conclusion

Women's transformation from borrowers to entrepreneurs signifies a dramatic change in rural and semi-urban socioeconomic systems. Microfinance is more than just a financial tool, according to this study; it provides a basis for empowerment that empowers women to take charge of their financial futures and make significant contributions to the development of their homes and communities. Participation in Self-Help Groups (SHGs) and having access to microloans have enabled women to start a variety of businesses, increase their financial

literacy, and boost their self-esteem. Their ability to make decisions has also improved, and their position has grown beyond conventional domestic limits. Despite these developments, obstacles like restricted market access, a lack of business education, and socio-cultural norms still restrict the expansion potential of women-led businesses. Targeted interventions, such as skill development, marketing assistance, and institutional handholding, are necessary to remove these obstacles. Essentially, women's economic change has been made possible via microfinance. In order to sustain and expand this journey, a more comprehensive strategy that incorporates funding, education, mentorship, and infrastructure assistance is necessary. Women can transition from microloans to resilient and successful business owners with the correct support networks in place, promoting equitable and sustainable community development.

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