Microfinance is gradually emerging as one of the most effective strategies to promote entrepreneurship. It can effectively generate employment and sustain the income of the households by giving them opportunities of work. During the past 25 years, the microfinance movement has challenged the conventional financial sector. Today the microfinance is very much in the agenda of public policy and it has been increasingly used as a vehicle to reach entrepreneurial goals. Microfinance in India is represented by Self Help Group(SHGs) which are linked to banks mainly women as its members. Microfinance is the provision that provides access to various financial services such as credit, savings, micro insurance, remittances, leasing to low-income clients including consumers and the self employed, who traditionally lack access to banking and related services. This paper examines the growth and role of microfinance in developing the entrepreneurship.