ROLE OF MICROFINANCE PRACTICES IN POVERTY ALLEVIATION: CASE STUDY OF THARPARKAR DISTRICT, SINDH, PAKISTAN

By

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ABSTRACT

Microfinance sector in Pakistan is increasing rapidly as evident with 29.5% growth observed in fiscal year 2014/15 compared to last year. Microfinance is an alternative to those who fail to approach commercial banks due to lack of bank guarantee against loan. The main beneficiaries of microfinance programs are poor people of rural areas, especially women. Accordingly, literature advocates that poverty is generally reduced through microfinance activities, but in fact multidimensional poverty in 2014/15 is 41.5% in rural areas of Sindh which is almost same in 2012/13, as reported by United Nations in 2015 in a report "Multidimensional Poverty in Pakistan".

This thesis therefore, aims to investigate the contradiction and evaluate the role of microfinance practices in poverty alleviation considering the six independent variables i.e. accessibility of microfinance loan (AMFL), efficient usage of microfinance loan (EUMFL), establishment and development of new businesses (EDNB), employment opportunities (EO), lifestyle of microfinance borrowers (LMFB) and asset accumulation (AA).Our research is explanatory in nature, therefore, we develop research hypothesis against each independent variable before data collection. A sample of 380 microfinance borrowers was randomly selected from the Tharparkar district of Sindh to fill out the five (5) point likert scale questionnaire. Primary data gathered from questionnaire was assessing through a variety of statistical tools like frequencies, descriptive statistics, correlation and multiple regression analysis.

After overall analysis, we concluded that microfinance activities have a positive and significant role in poverty alleviation of Tharparkar district but still microfinance activities in rural areas are not alone in a position to eradicate poverty altogether. To control the multidimensional poverty in rural areas of Sindh, the government should play its role to provide basic facilities to poor

people including free basic health care, free school education, public housing schemes, and easy access to water, electricity and sanitation.

Key words: Microfinance, Poverty Alleviation, Tharparkar

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