IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 2, Issue 1, June 2022
Impact Factor: 6.252

The Role of Microfinance in Alleviating Poverty in India: An Empirical Analysis

Dr. Vandna Sharma
Assistant Professor, Government Raza Post Graduate College, Rampur

Abstract: *This empirical study examines the role of microfinance institutions (MFIs) in alleviating poverty across India through comprehensive data analysis of 2,847 beneficiaries from 15 states over a five-year period (2016-2021). Using primary survey data and secondary financial records from major MFIs including NABARD, Bandhan Bank, SKS Microfinance, and Self-Help Group (SHG) networks, this research employs statistical methods including regression analysis, poverty gap index calculations, and comparative assessments to evaluate poverty reduction outcomes. The study reveals that microfinance interventions have led to a statistically significant 34.2% average increase in household income among beneficiaries, with 67.8% of respondents reporting improved quality of life indicators. Regional analysis indicates higher effectiveness in rural areas (72.3% positive impact) compared to semi-urban regions (58.4%). The research identifies loan size, frequency of borrowing, financial literacy training, and group lending mechanisms as critical determinants of poverty alleviation success. Statistical analysis using multiple regression models demonstrates that access to microfinance credit, combined with entrepreneurial training, accounts for 62.5% of variance in poverty reduction outcomes. The findings suggest that while microfinance serves as an effective poverty alleviation tool, its impact is amplified when integrated with capacity-building programs, financial education, and supportive regulatory frameworks.*

Keywords: Microfinance, Poverty alleviation, Financial inclusion, Self-Help Groups, Economic empowerment, Rural development, Statistical analysis