

**“The impact of microfinance banks on poverty alleviation in the small  
medium enterprises of Pakistan”**



**By:**

***Name Muhammad Aleem Tayyab Enrolment #01-221151-007***

**MBA**

**Supervisor:**

**Sir Osman Bin Saif**

***Department of Management Sciences***

**Bahria University Islamabad**

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## ***2 Abstract***

The basic purpose of studying this thesis is to revile the impact of Micro finance banks on poverty alleviation and how poverty eradication that include basic life style,basic necessity and entrepreneurship shall be enhanced in Pakistan. Different sources have been used to gather relevant information in order to understand the concept deeply. Literature has been reviewed from many researchers all around the world to get a global point of view andthere have been consensus in the making of literature that poor people have limited access to financial schemes especially from commercial banks. This was because the sector commercial financial bank charge high interest rate and there was also the element of collateral. Therefore, it has been viewed that through the help of microfinance institution, the poverty alleviation was achieved and the lives of poor people continuous improved. Microfinance schemes has expected to eradicate the poverty as well improved the income of whole household. Income of poor household raised just because the alleviation of certain elements which they faced during the formal commercial banks such as high interest rate, element of collateral, complicated agreement and other difficult procedure. From the invention of microfinance schemes, poor people enable to start their own venture and make their life style more luxury and pleasure. It was also revived that microfinance schemes empower the women especially those who were living in rural area. From the past literature it was also revived that microfinance schemes produced no difference in the life of poor people. While other literature argued that microfinance scheme has the positive impact on poverty alleviation, life style and entrepreneurship. This thesis seek to improve to that result. It did this through the help of deep investigation as well as the study of the impact of microfinance bank on poverty alleviation in SME sector of Pakistan.

The research method used for this was positivistic, deductive, survey, mono method and cross section questionnaire. It was also make sure that the data will be accurate, credible and valid. Result were found by using the SPSS tool. All this source of information is to provide a unique opportunity that (1) to reanalyze all the previous literature (2) go beyond what was been done in previous literature and to detect and understand the cause behind the poverty alleviation in Pakistan and (3) to find out the better solution of how the poverty will be alleviate in Pakistan.

The problem of poverty element exist in almost in every country especially in the developing and under developing nation and sometimes this element may lead to create wars and terrorism

among the nations. It has the element that affect not only the social status of poor people but also have the negative affect on the whole economy of nations. It has the capacity to slow down the social as well economic status of poor and the poor have no choice what so ever in life. Since Pakistan was one of the serious victim of poverty, so I will conducting my research with poverty alleviation in Pakistan as a subject matter. I will hope to make some difference at the end of the research.