

This thesis analyzes the role of microfinance in poverty alleviation and improving the living standard of poor households. A survey of 400 active clients of the Khushhali Bank (a Microfinance Bank) in Dera Ghazi Khan and Layyah districts of the Punjab (Pakistan) has been undertaken for this purpose. Statistical and econometric techniques are used to explore the impact of the microfinance. It is found that microfinance credit positively affects income generation and consumption level of poor; and the impact on productive activities is higher than the consumption