CHAPTER 5

Microfinance as a Strategy to Curb the Global Recession

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Introduction

Global recession is a buzz phrase on this gift era. It is the principal barrier in the back of the socio-financial improvement of any financial system. It may be stated that the worldwide recession has hit remittances that's one of the crucial types of earnings for the poorest families.

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Because close to approximately 80% of remittances to beneath advanced and growing nations come from advanced or excessive earnings nations, this supply of sales is liable to financial crisis (Cali & Dell'Erba, 2009). The principal results of worldwide recession are poverty, excessive fee of unemployment, fall of common earnings, monetary crisis, inequality and better authorities borrowing etc. Here we've used poverty as a logo for the worldwide recession. Micro credit score or Microfinance have these days emerged as a crucial device to slash the threat of poverty with inside the growing nations via micro-financing the entrepreneurs. Microfinance is an approach for offering higher get right of entry to finance to the unbanked human beings of a financial system, might also additionally have effect on financial increase inside territory. In this context, microfinance can assist the financial system via way of means of its numerous affects. The affects may be defined in diverse elements or regions along with family stage, person stage, corporation stage, activity advent etc. Poverty and sustainable improvement are one of the parameters of a wholesome financial increase. Microfinance impacts on poverty via ways. Economic increase may be reached via growing monetary offerings. There are varieties of microfinance establishments. The first one is especially focused on upliftment of the terrible and the second one kind ambition at monetary sustainability (Weber, 2013). Microfinance promotes appropriate functioned monetary quarter of the financial system that's crucial for correct allocation of assets which thereby main to boom in productivity, better funding and better financial increase. From literature survey it's been determined that there exists an advantageous dating among monetary quarter and financial increase. According to researchers get right of entry to finance is the maximum crucial part. An get right of entry to finance is needed to have sustainable financial increase, in order that low-earnings families, that also represent a majority, have probabilities to break out from poverty (Alimukhamedova, 2013; Aziz & McConaghy, 2014). While analyzing the transmission channels of microfinance to financial increase, Alimukhamedova (2013) reveals that microfinance envisages the mixing of the monetary necessities of families right into a usa's monetary device and it's miles predicted to have an effect on the increase in an advantageous manner. Although it's miles notion that via decreasing earnings inequality and poverty there may be a right away impact of microfinance, however, this effect is in long-term. Several empirical evidences along with Hossain (1984); Amin et al. (2003); Irobi (2008); Johnson and Rogaly (1997) and Bakhtiari (2011) have proven that microfinance financial institution is a crucial device for poverty eradication and socio-financial improvement in some of the growing nations throughout the globe. Even the look at of Hossain (1988) in Bangladesh determined that the terrible and landless contributors of Grameen banks have common family of forty three percentage better than the ordinary landowners. It is argued that over 112 million Nigerians are presently dwelling beneath poverty stage, at the same time as the mixture wide variety of the terrible is near a billion globally (Obayagbona, 2018). Since Yunus acquired Nobel Peace Prize award in (2006), numerous investigations are occurring to look at the effect of microfinance banks on poverty remedy globally. In a study of recent part, Khanam et al. (2018) discuss the performance of microfinance institutions such as BRAC, the Association for Social Advancement ASA and PROSHIKA in relation to the poverty alleviation in the context of Bangladesh. Results show that the variables such as amount of cultivable land, amount of fixed asset, number of earning persons, number of male persons, number of female person and amount of loan, except the amount of fixed assets and the number of female family members have a significant impact on poverty alleviation in the country.

Background of the Study

The Sustainable Development Goals (SDG) is one of the programs also known as global goals adopted by UN as a universal call to action to end poverty and hunger (UN 2015).

In Nigeria, the version of microfinance isn't always idiot evidence of a success version like in different nations like Bangladesh. With recognize to poverty remedy and microfinance banks nexus, several researches found within side the empirical literature as to how microfinance banks may be correctly used to limit the poverty stage in nations throughout the globe. For instance, the look at of Jegede et al. (2011) empirically tested the impact of microfinance credit score on poverty discount in Nigeria. Oladejo (2013) examines the effect of the usage of credit score and different precise microfinance financial institution's associated variables on decided on SMEs positioned in Osun State of Nigeria. Using the descriptive facts on number one and secondary records, the empirical evaluation shows giant advantageous effect of microcredit transport offerings on SMEs performance. In every other associated look at, Okezie et al. (2013) tested the efficiency of microfinance financial institution in removing poverty in Nigeria, the usage of descriptive facts on number one records regarding 382 respondents for three Senatorial districts in Imo state. The empirical outcomes discovered that excessive earnings magnificence has the capacity to shop the terrible dwelling with inside the rural regions. Akosile and Ajayi (2014) take a look at the impact of microfinance financial institution's credit score centers on micro small and medium firms in decreasing poverty stage and reaching speedy financial increase in Nigeria. Employing the survey and descriptive studies designs on 5 microfinance banks and three (CICSs) with inside the rural, semi-city and concrete centers, the empirical outcomes discovered a robust advantageous effect of microfinance credit and monetary offerings on poverty discount or low-earnings institution in addition to micro, small and medium scale firms in Nigeria. Kasali et al. (2015) look at microfinance financial institution and poverty discount nexus with inside the South-West Zone of Nigeria. The look at of Kamel and Jalel-Eddine (2015) examines the impact of microfinance on poverty discount for approximately 596 microfinance banks in fifty seven rising economies for the length 2005 to 2011. Employing the panel records evaluation, the empirical findings discovered that a financial system with better microfinance establishments' gross mortgage portfolio according to capita has a tendency to lessen poverty stage the various human beings. Thus, this shows that microfinance banks have the capacity to correctly alleviate poverty in those nations. Financial improvement via microfinance takes place in 4 ways. Firstly, financially sustainable MFIs can sell marketplace deepening that during flip advances monetary improvement. Secondly, microfinance as a effective device in nations with terrible developmental applications. Thirdly, microfinance may want to facilitate monetary marketplace adulthood in each advanced and growing nations. Finally, microfinance can assist to guide home monetary reforms via way of means of breaking down constraining elements. On the opposite hand, Adonsou and Sylwester (2015) argue that the boom in intermediation via way of means of microfinance establishments comes at a value to the borrower. Empirically, Adonsou and Sylwester (2015) reveal that the boom in microfinance loans has an advantageous and giant impact on financial increase and general issue productivity. Buera et al. (2012) say that microfinance may have appropriate results on output, capital, wages, hobby charges and general issue productivity. Ahlin and Jiang (2008) and Yusupov (2012) determined that microfinance has appropriate macroeconomic results. Microfinance incorporates each monetary and social tools. Microcredit is part of microfinance which presents micro-loans for a specific tenure. The compensation time is ready as weekly and monthly. About seventy percent and thirty percent microfinance institutions out of 707 microfinance institutions are working in rural and urban sectors respectively in Bangladesh (MRA, 2018). Overall MFIs have less than twenty percent city debtors who're the slum dwellers (CDF, 2016a, b). Urban surroundings have a few dangers elements almost about credit score disbursements. From 2011 to 2017 periods, the wide variety of city microfinance contributors grew via way of means of 45.61%, which changed into better than the corresponding rural wide variety of 11.82% (CDF, 2017). In the recent past 2017, the entire disbursement of city microfinance mortgage loan was into USD 2.2 billion and the financial savings of the contributors reached USD 0.47 billion. Moreover, the common wide variety of contributors according to MFI with inside the city grew greater than the corresponding wide variety of rural regions (Hossain & Wadood, 2020). Every year common increase of quantity of city microfinance changed into additionally better than that of the primary sector (CDF, 2016a, b). Equal distribution of earnings among populace can result in uniform earnings upward push and as a consequence will result in financial increase (Berthélémy & Varoudakis, 1998; De Grégori & Guidotti, 1995; King & Levine, 1993). It has been cited that if monetary offerings are geared toward terrible, earnings inequality will decline with inside the populace (Beck et al., 2007; Bigsten & Levin, 2000; Bourguignon, 2004; Datt & Ravallion, 1992; McKenzie & Woodruff, 2008; Ravallion, 2001). The cap potential useful merchandise from microfinance ends in development in get right of entry to health, schooling which can be once more the parameters of appropriate financial health. Microfinance may be the important thing to a progressed financial situation and social welfare because it enables to slash inflation, extended meals' costs thereby stabilizing the buying electricity of the terrible (Littlefield et al., 2003). In the phrases of Clarke et al. (2006) and Beck et al. (2007), inequality in regard to terrible's get right of entry to offerings associated with finance in society is especially because of marketplace imperfections. It is in which microfinance performs a crucial function with inside the discount of inequality with inside the society. Thus, microfinance and sustainability are noticeably connected. The monetary sustainability of a micro-monetary organization is depending on whether or not the organization is capable of keeping enterprise with guide from donors. The non-economic dreams like upliftment of terrible and empowering them also are ascertained.

The altogether results of financial, environmental and societal also are ascertained to recognize the efficiency of microfinance and sustainability.

In this chapter, we are trying to analyze microfinance as an effective instrument to curb the impact of global recession or crisis. Here to address the issue of global recession, we have taken poverty as an allegory for global recession. We have selected three different countries namely India, Bangladesh and Nigeria to analyze the entire chapter.

Objective of the Study

Our major objective of the chapter is to find out the impact of activities of microfinance on poverty through the per capita expenditure of the households.

Hypothesis of the Study

It has been assumed that a positive and significant relationship exists between poverty (Per Capita expenditure of households) and activities of microfinance (i.e., loans from microfinance institutions and deposit in the microfinance institutions).

Database and Methodology

To bring about the concerned objectives of our study, we have collected per capita expenditure of households (as a proxy of poverty), loan from microfinance institutions and deposit in the microfinance institutions as secondary data from NABARD, IMF and Microcredit Regulatory Authority (MRA) of Bangladesh, Central Bank of Nigeria (CBN) and World Bank data for three different countries such as India, Bangladesh and Nigeria to analyze the chapter.

Important statistical techniques have been used to analyze and interpret the data. The various tools such as compound annual growth rate, regression analysis have been used.

Regression

To examine the factor relationship of dependent and explanatory (independent) variables, regression analysis is used wherever it is necessary. Regression analysis is the most important way to estimate the exact relationship between dependent variable and explanatory (independent) variables. Now, an equation of the linear regression line can be written as, $Y = (a + bX)$; here Y is the dependent variable and X is the explanatory variable. The adjusted R^2 and F of the estimated regression equation of this model are such that the relevant regression model is fitted to the data set.

The Compound Annual Growth Rate (CAGR)

The compound annual growth rates (CAGR) of different heads of value such as, microfinance institution (MFL), deposit of the microfinance institution (MFD) for the selected countries and also investment from microfinance institutions or microfinance bank (INVMF) for Nigeria have been calculated with the help of log linear equation as follows:

$\ln Y = \alpha + \beta t$, where α and β are the regression coefficients.

The slope coefficient β of 't' in the above growth model gives the instantaneous rate of growth. The compound annual growth rate (CAGR) can be found by taking the antilog of regression coefficients i.e., β, subtracting unity (1) from it and multiplying the difference by 100.

Status of Activities of Microfinance

The microfinance industry has tremendously increased its intermediation activities over the last decade, particularly in developing countries.

According to Microfinance Outlook 2015, the global microfinance market achieved growth of 15–20% in 2015. Asia displayed the strongest growth momentum. According to the International Monetary Fund (IMF), the growth rate in the micro financed countries will be double than that of the rate of developed countries (Etzensperger, 2014).

Data on assets and liabilities of microfinance Banks/Institute has been collected from 2008 to 2017 for the countries like Nigeria, India and Bangladesh. The establishment of Microfinance banks because of the inability of the informal microfinance institutions to satisfy the needs of small business operators. Microfinance banks made available, credit to low income earners and rural areas and also financially empower those areas. Now the status of microfinance of the selected countries can be explained one after another.

Nigeria

The data of Nigeria shows that in 2008 the amount of loans and advances Nmillion 42,753.06, which is recorded Nmillion 58,215.66 in 2009. Hence there was an increase in loans and advancement (15,462 Nmillion) but then for the next two years (2010 and 2011) there was a significant drop in the amount of loans and advancement made by the microfinance institutes of the country. In 2012 the lending amount increased significantly from 50,928.30 Nmillion dollars in 2011 to 90,422.25 Nmillion dollars (Central Bank of Nigeria). Thereafter a continuous growth in the lending amount was seen till 2016 after which a slight decrease in the amount of loans and advancement was noticed in 2017 from 196,194.99 Nmillion dollars in 2016 to 194,024.94 Nmillion dollars (Central Bank of Nigeria). The significant compound annual growth rate (CAGR) of disbursement of loans was 8.4% in our study periods. There is a steady rise in the amount of total investment done by the microfinance institutes of the country throughout the years (2008–2017). The significant compound annual growth rate (CAGR) of investment from the microfinance institutes was 6.3% in the study periods. There was a significant rise in the deposit amounts of these institutes in the first two years of the study (2008 and 2009). There was a slight decrease in the deposits next year in 2010 after which there was a dramatic fall in the number of deposits in the year 2011. The deposit amount with the microfinance bank in 2008 was 61,568.10 Nmillion dollars which has increased to 76,662 Nmillion dollars but fell to 59,375.90 Nmillion dollars in the year 2011 (Central Bank of Nigeria). Thereafter there was a continuous growth in the number of deposits with the microfinance institutes of the country which was around 159,453.52 Nmillion dollars in 2015. The amount fell in 2016 to 149,798.38 Nmillion dollars. In 2017, the deposits with the microfinance institute jumped to 186,405.86 Nmillion dollars (Central Bank of Nigeria). The significant compound annual growth rate (CAGR) of savings or deposits was 5.5% in our study periods.

India

During this time the amount of lending by microfinance institutions in India has increased more than ever before. It is recorded that average loan size per customer has raised from 10,364 rupees in 2014 to 16,394 rupees in 2016 (NABARD, IMF Report). Indian Microfinance is mainly a rural-focused sector. At present, MFIs are also interested about urban areas. In urban sector, their customers are increasing. Large MFIs are already started to provide the loans in urban sectors.

It is seen that loans disbursement by MFIs shows a positive trend since 2012–13. In 2015–16, the amount increased to 72,345 crore, but in 2016–17 due to demonetization the amount declined. It can be seen from the data, the lending amount by the microfinance institutions has increased over the years from 2008 to 2017. The asset and liabilities were around 3732.33 crores in 2008 which increased continuously every year and was seen to be 47,185.88 crores in 2017 (NABARD, IMF Report). The deposits with the MFIs increased from 5545.62 crores in 2008 to 7016.30 crores in 2010, then it fell slightly in the year 2011 (NABARD, IMF Report). The compound annual growth rates (CAGR) of Savings and disbursement of loans are 6.3% and 11.3% respectively of India in our study periods. Both are statistically significant.

Bangladesh

In Bangladesh, microfinance Loans are well targeted in the sense that their ultimate objective is to gradually alleviate the poverty from the society. Of the total microcredit and microenterprise loan disbursed in 2017–18 was 1,201.91 billion BDT which was in excess 14.91% (Microcredit Regulatory Authority (MRA) of Bangladesh) than the previous years. The number of borrowers rose to 25.40 million and 93% of them is women. It covers 15.88% of the total population of Bangladesh. Other large micro-credit programs in Bangladesh include Grameen Bank which disburses 207.85 billion BDT, BRDB 13.96 billion BDT and Jubo Unnayan Adhi-doptor 1.44 billion BDT (Microcredit Regulatory Authority (MRA) of Bangladesh). This microcredit especially microenterprise directly affects people as a benefit for the source of working capital. There are different types of loan in this sector including general microcredit, ultra poor loan, microenterprise loan, house loan etc. In 2013–14, all the MFIs totally disbursed BDT 432.28 billion which was BDT 217.06 billion in 2008–09. In 2015–16, total loan disbursement was BDT 634 billion (Microcredit Regulatory Authority (MRA) of Bangladesh). Total amount of savings also been increasing for last 8 years in a smooth trend from BDT 47.38 billion to BDT 135.41 billion in 2015 and over the years loan disbursement was BDT 634 billion in 2015 which was 217.06 in 2008 (Microcredit Regulatory Authority (MRA) of Bangladesh). The amount was more than doubled by 8 years. The significant compound annual growth rate of savings and disbursement of loans are 7.03 and 6.33 of

Bangladesh respectively in our study periods 2008 to 2015. Microfinance is a strategy for providing better access to finance to the unbanked people of an economy, may have impact on economic growth within territory as evidenced for Bangladesh (Sultan et al., 2016).

Microfinance as an Instrument of Alleviation of Poverty

Global Financial Crisis as a worldwide economic slump. It is a time of general turn down in economic activity characterized by general fall in income, expenditure, savings, investment, conditions of different types of business declines and mass unemployment (Bernanke, 1995). Hence, poverty is one of the major consequences of global recession. Here we have used poverty as a metaphor for the global recession. To deal with by any effective program related to sustainable development poverty alleviation plays a vital role (Chokor, 2004; Duraiappah, 1998).

Roughly, one fifth of the world population lives in severe and extreme poverty (Hermes & Lensink, 2007b) and since 1990s, (Develtere & Huybrecht, 2005), eradication of poverty is one of the top priorities for worldwide economic development. Livelihood of about 2.5 billion people is on less than $2 a day (Bruton et al., 2011). Enhanced access to finance is needed for the low-income households to escape from poverty and to ensure sustainable economic growth. (Alimukhamedova, 2013; Aziz & McConaghy, 2014). Access to financial services of regulated financial organizations is yet to arrive at more than half of the world's working-age adults (Fouillet et al., 2013). Because of this reason there is dependence on informal moneylenders for getting loans for maintaining a microenterprise. To lift more than hundred million customers out of poverty credits are provided to them by more than three thousand microfinance institutions globally. (Cull et al., 2011; Epstein & Yuthas, 2011; Hartarska & Nadolnyak, 2007). Few effective policies to tackle the problem of poverty alleviation by financing small, collateral free loans to micro-entrepreneurs are promising (Baklouti, 2013). To eradicate poverty, microfinance services have now become an efficient means by financing micro-entrepreneurs. Thus, since the 1970s, development theorists believe non-governmental microfinance institutions (MFIs) as the most vital runners of achieving sustainable development by financing micro-entrepreneurial activities (Muhumuza, 2005).

The Model

To analyze microfinance is a useful tool to poverty alleviation, we can use regression model. Here we have taken per capita consumption expenditure of households (as a proxy of poverty) (PCCE) as dependent variable and loan disbursement from microfinance bank and institutions (MFL), deposits in microfinance bank and institutions (MFD) as explanatory variables for the selected countries India, Bangladesh and Nigeria.

In this model, we have got the data from several periods due to unavailability of the essential data. Thus, for India, Bangladesh and Nigeria, the study periods are 2008 to 2017, 2008 to 2015 and 1997 to 2017 respectively.

In our analysis we can write the regression model as,

$$\text{PCCE} = \beta_0 + \beta_1\,\text{MFL} + \beta_2\,\text{MFD} + e$$

(β_0 is the constant & β_1, β_2 are the coefficients of the variables loan disbursement from microfinance bank and institutions (MFL) and deposits in microfinance bank and institutions (MFD) respectively). Above equation is estimated by Ordinary Least Squad (OLS) method. The estimated results of the regression model for the countries India, Bangladesh and Nigeria are presented in Tables 5.1, 5.2 and 5.3 respectively.

India

The Regression equation concerning per capita consumption expenditure of households (PCCE) as dependent variable and loans from microfinance institution (MFL) deposit of the microfinance institution (MFD) as independent variables shows that the variation in per capita consumption expenditure of households (PCCE) is significantly explained by the value of loans from microfinance institution (MFL) and deposit of the microfinance institution (MFD) to the extent of 98% this means that the model has a very high predictive ability. It is also observed that coefficient of the variables value of loans from microfinance institution (MFL) and deposit of the microfinance institution (MFD) are significant at 1% and 10% level of significance for the nation India respectively. The whole model's significance level is at 1% level of significance. Hence it can be stated that, the combined effects of the value of loans from microfinance

Table 5.1 Regression equation between per capita consumption expenditure of households (PCCE) (proxy of poverty) as dependent variable and loan disbursement (MFL), deposits in microfinance bank and institutions (MFD) as explanatory variables for the selected country India (2008–2017)

Regression equation	R^2	$AdjR^2$	F
$\text{PCCE} = \underset{(4.64)}{0.007\,\text{MFL}**} + \underset{(1.84)}{0.009\,\text{MFD}*} + 598.75$	99%	98%	343.98**

**Indicates significant at 1% level, *Indicates significant at 10% level. The values of parentheses are 't' Values. *Sources* Data From NABARD, World Bank open data sources and IMF
Source Author's own computation of results

institution (MFL) and deposit of the microfinance institution (MFD) are in the model have significant effects on poverty alleviation in India in our study period (Table 5.1).

Bangladesh

The Regression equations concerning per capita consumption expenditure of households (PCCE) as dependent variable and loans from microfinance institution (MFL) deposit of the microfinance institution (MFD) as independent variables show that the variation in per capita consumption expenditure of households (PCCE) is explained by the value of loans from microfinance institution (MFL) and deposit of the microfinance institution (MFD) to the extent of 93% this means that the model has a very high predictive ability. It is also observed that coefficient of the variable, deposit of the microfinance institution (MFD) is significant at 10% level of significance. Another coefficient of the variable value of loans from microfinance institution (MFL) is not significant but positively related to the dependent variable. The whole model's significance level is at 1% level of significance for both the cases in Bangladesh. Hence it can be stated that, both the variables in the model are explaining poverty alleviation significantly in Bangladesh in our study period (Table 5.2).

Table 5.2 Regression equation between per capita consumption expenditure of households (PCCE) (proxy of poverty) as dependent variable and loan disbursement (MFL), deposits in microfinance bank and institutions (MFD) as explanatory variables for the selected country Bangladesh (2008–2015)

Regression equation	R^2	$AdjR^2$	F
$\text{PCCE} = \underset{(0.5)}{0.102\,\text{MFL}} + \underset{(2.3)}{1.23\,\text{MFD}*} + 484.5$	95%	93%	49.65**

**Indicates significant at 1% level, *Indicates significant at 10% level. The values of parentheses are 't' Values. *Sources* Data MRA-MIS Database, 2014 & 2018 of Bangladesh for Bangladesh, & World Bank open data sources
Source Author's own computation of results

Nigeria

The Regression equation concerning per capita consumption expenditure of households (PCCE) as dependent variable and loans from microfinance institution (MFL) deposit of the microfinance institution (MFD) as independent variables shows the following that the variation in per capita consumption expenditure of households (PCCE) is significantly explained by the value of loans from microfinance institution (MFL) and deposit of the microfinance institution (MFD) to the extent of 57% this means that the model has a high predictive ability. It is also observed that coefficient of the variable value of deposit of the microfinance institution (MFD) is significant at 1% level of significance. On the other hand, the explanatory variable loans from microfinance institution (MFL) does not hold the expected positive signs. The coefficient of loans from microfinance institution (MFL) is negatively signed. But it is significant at 5% level of significance. This means that, in the determination of the overall poverty rate, this variable, i.e., loan from microfinance institution (MFL) is an important factor to be considered. However, the negative sign is an indication that either the borrowers are not utilizing the amount of loans for their betterment or the borrowers are not under poverty conditions.

The whole model's significance level is at 1% level of significance. Hence it can be stated that, the combined effects of the value of loans from microfinance institution (MFL) and deposit of the microfinance institution (MFD) are in the model have significant effects on poverty alleviation in Nigeria in our study period (Table 5.3).

Table 5.3 Regression equation between per capita consumption expenditure of households (PCCE) (proxy of poverty) as dependent variable and loan disbursement (MFL), deposits in microfinance bank and institutions (MFD) as explanatory variables for the selected country Nigeria

Regression equation	R^2	$AdjR^2$	F
$\text{PCCE} = \underset{(3.56)}{0.012\,\text{MFD}**} - \underset{(-2.53)}{0.007\,\text{MFL}*} + 980.43$	61%	57%	14.2**

**Indicates significant at 1% level , *Indicates significant at 5% level . The values of parentheses are 't' Values. *Sources* Data From CBN (1997–2017) for Nigeria & World Bank open data sources
Source Author's own computation of results

According to the results, the diagnostic indicators are very much notable. These above findings agree in all respect with our hypothesis and those of (Jegede et al., 2011; Kamel & Jalel-Eddine, 2015; Kasali et al., 2015; Oladejo, 2013) who variously submitted that microfinance banks or microfinance institutions have significant impact on poverty reduction or alleviation of poverty. Hence activities of microfinance can combat the global recession.

Conclusion

The study empirically investigates how much the microfinance system is effective to curb the global recession. Here we have used poverty as an allegory for the global recession. According to the estimation of United Nation, the worldwide recession has pushed 100 million more people below the poverty line (UN, 2009). Hence poverty is one of the major consequences of global recession. To investigate the effectiveness of microfinance we have analyzed the impact of microfinance institutions or microfinance banks on poverty alleviation in India, Bangladesh and Nigeria. Poverty alleviation is one of the most important factors of Sustainable development goal (SDG) of United Nation (UN). Financing of micro-entrepreneurs for creation of job and other income generating activities shows some success in many developing countries. The compound annual growth rate of loans from microfinance or microfinance banks deposits in microfinance Institutions or banks is positive and significant. The explanatory variables of the model i.e., loans from microfinance institutions and deposits in the microfinance institutions are very much effective for poverty alleviation. There is positive and significant impact of financial activities of microfinance institutions (i.e., loans from microfinance institutions and deposit in the microfinance institutions) on poverty alleviation for the selected nations except Nigeria. The negative result of microfinance loans clearly supports the view of Dr. Yunus regarding microfinance in Nigeria that the nature of Nigerian microfinance is contrary to that espoused in Bangladesh. An expansion of gross loans by microfinance institutions leads to higher youth unemployment as loans are provided to the wrong persons.

Thus, our findings agree in all respect with our hypothesis, i.e., the impacts of microfinance activities are effective to curb poverty condition which is one of the major impacts of global recession. Hence, we can combat the poverty which is a metaphor of global recession through microfinance activities.

There's no doubt that microfinance institutes have a positive impact on poverty alleviation but without proper monitoring of these institutions our objective will get blurred out eventually. Hence to use microfinance as an instrument to boost the socio-economic development of a nation and to alleviate poverty condition as well as to restrict or curb the global recession in the economy we need to take care of the proper and efficient functioning of microfinance institutions.

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