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**Impact of Foreign Aid on Economic Growth and Poverty Alleviation in India**

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**Abstract**

This paper empirically investigates the impact of foreign aid on economic growth and poverty alleviation in India using annual data over the period 1975/76 to 2016/17. We employ the Autoregressive Distributed Lag (ARDL) approach advocated by Pesaran et al (2001), which is more appropriate for studies with small samples and the variables are fractionally integrated. Empirical evidence validates that foreign aid has a significant positive impact on economic growth in the short-run and not in the long-run. Results further confirm that aid does not have significant impact on poverty alleviation both in the shortrun and long-run. Therefore, the study concludes that foreign aid is a notable factor of economic growth in the short-run, while in the long-run, it has negligible effect. Moreover, the aid does not exert any significant effect on alleviation of poverty in India during the study period.

**Keywords:**

Foreign aid, Economic growth, Poverty Alleviation, ARDL Approach

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