

Impact of the Micro Finance on Poverty Alleviation in Sri Lanka

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Poverty is a condition in which a person or community is deprived of, or lacks the essentials for a minimum standard of well-being and briefly a life of having little or no money and few or no material possessions. Poverty is mainly rural phenomenon in Sri Lanka. However, there are four sectors of poverty prevailed in Sri Lanka i.e., rural, costal, urban and plantation. The history of poverty alleviation program goes back to the post liberalization period. But Samurdhi program was the National program for poverty alleviation which began its operations in August 1994.

Micro finance sector has been expanded in Sri Lanka within the last two decades with the growing importance of protecting and promoting the poor, among the micro finance institutions operating in Sri Lanka. Samurdhi bank societies were established under the Samurdhi program in 1996. It is the largest government sponsored micro finance program in Sri Lanka. It was seen as one of the important strategy of poverty alleviation and community empowerment. Micro finance refers to the provision of small- scale financial services, which included savings, credit and other financial services such as insurance.

This paper analyses the impact of micro finance on alleviating poverty in Sri Lanka with objective assess the impact of Samurdhi saving and credit programme for the upliftment of living condition of poor by income, production and welfare as well as programme outreach in providing those social benefits to its clients. Based on the information collected from five Samurdhi bank and 20 Samurdhi holders were randomly selected from Kegalle district in Sri Lanka. Secondary data from various sources. The Samurdhi savings groups and bank societies are fulfilling an important protectional role for the poor people as well as performing a demonstrative role for people who have not been exposed to such saving group system before. The following are the finding of the survey. Samurdhi credit scheme seems to assist people mainly in sustaining their current survives, The majority of the clients have graduated to higher loans for the development of their projects, some additional employment opportunities have been created by the credit scheme, Some youth have been attractive to the scheme, The saving habit developed by the bank, The impact of the programme for the improvement of the living condition, higher women participation has a link with the living stand of the households. In other hand those promoting factors, the field has found some measures that should be improved for better outreach of the programme. The bank has clearly had a significant outreach in rural areas than sub-urban areas, nevertheless the member ability to cope with uncertainty is questionable as some of them still depend on moneylenders for emergency situation, poor management skills.

Key words: *poverty alleviation, micro finance, credit scheme ,moneylenders*