



Impact on informal money market activities for the sustainable rural economy

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Abstract

The Sri Lankan financial system is dualized as the formal financial market and informal (unorganized) financial market. The informal financial market provides very important service in meeting the financial needs of units who do not deal with the process of formal financial markets, especially in rural areas. The most common informal financial market activities are professional money lenders, part-time money lenders such as estate owners, traders, smallholders, farmers, relations and friends etc. This study examines the impact on informal money market activities for a Sustainable rural economy. Primary data as well as secondary data used for this study. Secondary data are extracted from the documentary sources. Primary data are gathered through questionnaire and interview conduct with a purposive sample of 50 people. This sample is selected from randomly selected Galukagame Grama Niladari divisions of the Kuruwita Divisional Secretariat area. The study reveals that most rural people suffering from professional money lenders, because of their high-interest rates, insecurity feeling about their money which deposit in the home etc. On the other hand, rural people easily can get money for an urgent incident of their economy, without conditions, guarantors, don't waste time, improving saving abilities from the slate club, people can get much money at the same time from the drawing etc. So, this research benefited the rural people who transact with the informal money market without knowing about the true color of informal money market activities.

Keyword; rural economy, rural people, informal money market, informal money market