

Impact Of Microloans on Poverty Alleviation Through Samurdhi Program: With Special Reference to Samurdhi Beneficiaries in Madamepella Gn Division in Gampaha District

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Abstract

Introduction: The government of Sri Lanka established the "Samurdhi Programme" in 1995 as a national strategy to combat poverty in accordance with Act No. 30 of the Samurdhi Authority. Despite periodic changes in administration, the basic idea of the Samurdhi initiative has persisted, evolving under several names, and is still in use today. Microloans are widely recognized as a powerful tool for empowering individuals and promoting income-generating activities, ultimately contributing to poverty reduction. This study investigates the effectiveness of the Samurdhi Programme in alleviating poverty in Madamepella GN Division, Gampaha District, Sri Lanka.

Methodology: Data is collected from a sample of 256 Samurdhi beneficiary families and the study employs correlation and multiple linear regression analyses to examine the relationships between microloan size, repayment period, and poverty alleviation and to examine the impact of microloan size, and repayment period on poverty alleviation using SPSS.

Findings: Correlation analysis revealed significant positive correlations between each independent variable and poverty alleviation ($r = 0.599$ for loan size and $r = 0.435$ for repayment period), suggesting that larger loans contribute to greater income generation and poverty reduction. According to the regression model, both loan size and repayment period have a positive and statistically significant impact on poverty alleviation. The adjusted R-squared of the regression model is 0.566, indicating that microloan size and repayment period explain approximately 56% of the variance in poverty alleviation among Samurdhi beneficiaries.

Conclusion: These findings suggest that microloans provided through the Samurdhi Program are effective tools for poverty reduction, particularly when combined with appropriate loan sizes and repayment periods. Policymakers and microfinance institutions should have been focusing on giving Samurdhi beneficiaries larger microloans with longer repayment periods. By lowering costs and increasing access to financial services, they should also support financial growth.

Keywords - Loan size, Repayment period, Poverty Alleviation, Microloans, Samurdhi Program