

The economic impact of micro financing schemes for poverty reduction: a case study of Detagamuwa village in Kataragama DS Division in Monaragala District

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Poverty alleviation is one of the prime objectives of the government of Sri Lanka since independence. During the period the government of Sri Lanka paid special attention on this issue and played a big role involving in the prime projects. The parliament passed the Micro Finance Institutions Act according to the instruction of the Central Bank of Sri Lanka, for the benefits of rural poorest. Many projects were implemented by the government to reduce poverty in the rural sector. However, the rural poverty is recorded at a higher rate in Monaragala, Badulla and Ratnapura districts, first, second and third place respectively in recent years. According to the study, although governmental nongovernmental and private agencies in Monaragala district released huge amount of money to reduce poverty through the micro finance institutions, the rural poor peoples' life conditions have not been uplifted. The study reveals that the Detagamuwa village small groups micro financing system is functioning very satisfactorily and their life conditions, uplifted. The objectives of the study was to examine the reasons for the success of micro financing system in the village, studying what methods they apply to reduce poverty in the area and identifying new issues for human development. The methodology for the study used questionnaire survey of 50 households, interviews and focused group methods, in the Detagamuwa village. The study highlighted that the poverty in the area rapidly came down with the support of micro financing in successful practice, leadership, partnership, active participation and the unity of the villagers.

Key words: Economic impacts, Poverty, Rural economy, Micro finance, Households

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