

ABSTRACT

The major aim of the research paper was to explore the impact of micro finance on poverty alleviation in Batticaloa district. The research question developed for this study was what is the impact of microfinance on poverty alleviation of Samurdhi beneficiaries in Batticaloa district? There are many microfinance institutions, banks and other institutions which are providing loans to improve the standard of living and to alleviate the poverty level. But, the actual impact of those loans and microfinance activities was not known. To find the actual impact, the above research question was developed.

Primary data were collected from people who were Samurdhi beneficiaries and got loan from microfinance institutions or banks or other institutions from Eravurpattu, Koralaipattu North, Koralaipattu South, Manmunai Southwest and Porativupattu Divisional Secretariat (DS) Divisions in Batticaloa District. Proportionate random sampling method was used to obtain 300 responses from the population. Completed questionnaires were analysed using SPSS tool package and the collected data were used to test the model using univariate and multiple regression analysis.

The result revealed that development of microfinance, performance of microfinance and strategies employed by microfinance significantly impact on poverty alleviation in Batticaloa district. Among them strategies employed by the microfinance institutions had the high impact on poverty alleviation. Altogether 64.8% variation was explained by the regression model. In addition to that it was implied that microfinance activities are at high level in selected five DS divisions in Batticaloa district. However, the level of poverty alleviation in terms of shelter, disposal of wastages, and health were at moderate level while other aspects were at high level.

Further, it was concluded that by focusing on and improving the three selected dimensions of microfinance, the microfinance institutions, banks and other institutions can increase the level of poverty alleviation. More prominence has to be given to increase the strategies employed by microfinance.

Keywords: Microfinance, Development of microfinance, Performance of microfinance, Strategies employed by microfinance, and Poverty alleviation