

**IMPACT OF MICRO - CREDIT ON POVERTY ALLEVIATION: A
STUDY BASED ON KORALAIATTU WEST, ODDAMAVADI
DIVISIONAL SECRETARIAT**

Poverty is an important problem in most developing countries. As a result of this, people are at a low level of standard of living. Micro-credit is a loan system that is expected to expand the income-generation activities of low-income people and improve small and medium enterprises. This study aims to analyze the impact of micro-credit on poverty alleviation in the Koralaipattu West, Oddamavadi Divisional Secretariat area. The sub-objective of this study is to compare the beneficiaries and non-beneficiaries of micro-credit, examine the standard of living of the beneficiaries after receiving the micro-credit, identify the problems faced by the micro-credit recipients, and propose solutions to microcredit problems. Primary data was collected by structured questionnaire from the 150 beneficiaries. This study performed a descriptive analysis, multiple regression analysis, and logistics model to analyze the data by using MS Excel and SPSS software. This study found that there is a positive and significant correlation between microcredit and income. As well, the total number of non-beneficiaries is higher than the total number of beneficiaries. Further, this study found that there were no changes in the standard of living of the beneficiaries after receiving the microcredit. Hence, this study concluded that microcredit has a low level of positive impact on poverty alleviation. Finally, this study suggested that interest rates should be maintained at a low level to reduce poverty. Microcredit beneficiaries should use their loan in useful ways. And also, poverty can be reduced through structural changes and savings and investments.

Keywords: Micro-credit, Poverty alleviation, Standard of living, Interest rates

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REGISTRATION NO: SEU/IS/16/AT/282