

**REGIONAL DEVELOPMENT BANK AND CREDIT CREATION:  
THE ROLE OF REGIONAL DEVELOPMENT BANK IN  
DEVELOPMENT OF SMALL SCALE ENTREPRENEURS IN  
BATTICALOA DISTRICT MANMUNAI WEST VAVUNATHIVU  
SECRETARIAT DIVISION**

Regional development banks play an important role in providing loan facilities to small-scale entrepreneurs. This study was conducted among the hundred small-scale entrepreneurs who get loan facilities from the regional development bank in Manmunai West Vavunathivu Secretariat Division of Batticaloa district in Sri Lanka. The main objective of this research is to find out the contribution of Vavunathivu regional development bank to developing the standard of living of small-scale entrepreneurs through its credit creation and to identify how the credit creation of RDB influences the social and financial factors of the small-scale entrepreneurs in the selected research area. Data for the research was collected through primary and secondary data sources. A questionnaire survey was the primary data collection method, while the central bank report, journals, newspapers, and reports of the Manmunai Divisional Secretariat were the secondary sources used for this study. Questionnaires were distributed among the hundred small-scale entrepreneurs by a random sampling method. Using SPSS 21.0 computer software, collected data were analyzed quantitatively and qualitatively and presented as standardized deviation, mean deviation, and proportional computation. This study found that regional development banks played a middle role in developing the standard of living of small-scale entrepreneurs by facilitating loans and taking the middle part to expand the social and financial factors such as society, new investment, finance, health, and infrastructure of the SSE in the selected research area. To expand the role of the regional bank in the selected research area, the government should have implemented a proper policy to grant vigilant regard to RDB microfinance at the local level, as well as steps to facilitate easier access to credit and grant low-interest loans to small-scale entrepreneurs.

**Keywords:** Financial institutions, Small scale entrepreneurs, Regional development, Standard of living

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