

**EVALUATION OF EFFECTIVENESS OF SME'S LOAN
SCHEMES OF BANKS IN THE BATTICALOA DISTRICT**



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ABSTRACT

Small and Medium Enterprises (SMEs) are the catalyst for economic growth in most economies thus, the fundamental objective of this study is to investigate the effectiveness of SME's loan scheme of banks in the Batticaloa District. The purpose of this research is to evaluate the effectiveness of banks loan scheme on SMEs success. This study give an insight in identifying better and poor performance of the effectiveness on SMEs, and a clue of measurements to be taken in order to improve the effectiveness and implementation. Data were collected from primary sources which were collected from Batticaloa district bank 100 customers, for descriptive analysis of data. Simple random sampling technique was employed in selecting the 100 SMEs that constituted the sample size of the research. It is recommended that Banks should review their interest rate downwards and also share best practices with their SME customers especially on the efficient use of loans; this will boost their productivity and support SMEs in Sri Lanka. The study concluded that there is a strong relationship between bank SME's loan scheme and SMEs success. It means, if the hank increases the rate of granting SMEs loan facility, it helps to make the success of the SMEs. Then, it is recommended for the banks to increase the loan amount to SMEs for developing the SMEs to accelerate the economic growth.

Key Words: Small and Medium Enterprises, SME's loan scheme, financial contribution bank to the business.

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