

**DOES MICROFINANCE REALLY ALLEVIATE POVERTY IN
THIRAIMADU AREA OF BATTICALOA**



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ABSTRACT

Poverty is a condition in which a person or community is deprived of, or lacks the essentials for a minimum standard of well-being and briefly a life of having little or no money. Microfinance services in Sri Lanka have a wide geographical outreach of private operators including NGOs and Commercial Banks in rural areas is limited. Most of poor people prefer the Micro Finance Institutions rather than the banks. It is a formal but an effective way of savings and capital accumulation.

Microfinance is one of the solutions for poverty and providing financial services to poor households enable them to become micro entrepreneurs, accumulate savings, improve their income. In this context, there are only few research is carried out to study whether microfinance is really alleviate the poverty. Therefore, this study mainly focuses on to find out whether microfinance really alleviates poverty in Thiraimadu Area of Batticaloa.

To achieve above research objectives, sample were selected from 100 micro finance beneficiaries who were received loans from BRAC, Nation Lanka, LOLC, Commercial Credit and Bimputh finance, in Thiraimadu area of batticaloa. This is a survey based research and primary data is collected for this study through structured questionnaire that comprising various aspects of micro finance. Collected data were analyzed by using descriptive, correlation and regression analysis.

The finding shows that the mean value of poverty alleviation is high level, on the other hand relationship between microfinance and poverty alleviation indicates strong positive correlation. As whole, the study found that microfinance is significantly alleviating poverty in Thiraimadu area of Batticaloa. It can be conclude that poor people can get employment, increased income, develop their houses, improve their savings, and improve human capital investment by using the financial services of Micro Finance Institutions to reduce their poverty level. Based on the survey, study recommended that it is advisable to improve knowledge of micro finance beneficiaries to utilize loan amount effectively and also better to provide credit according to capital requirement of customers.

Key words: *Microfinance, Poverty Alleviation, Household Employment, Household Income, Household Savings*

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