

Impact of Micro - Credit Programs on the Performance of Household Microenterprises

(A special reference to southern province)



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ABSTRACT

Most of the household microenterprises take microfinance from microfinance institution, some household enterprises its facilities use effectively, but most of household microenterprises misuse it. When household microenterprises misuse microfinance credits, household microenterprises can't be successful. Main objective of supplying microfinance credit is to reduce poverty by increasing household microenterprises. But today's economy has not achieved this objective. Therefore, in this study an analysis of the effect of a micro credit program on the performance of household enterprises, considering the variables of micro credit lending terms, training & technologies, networking and performance of household enterprises.

Data was collected through questionnaires with 130 household microenterprises that obtain micro-credit equal to or below Rs. 50,000 from Ruhuna development bank, Sarasa bank and Samurdhi bank situated in southern province. From the estimation it may be concluded that the micro credit program is effective in generating income, saving, employment and assets for the household enterprises. Therefore, the researcher can conclude that household enterprises performance has increased. Finally, the researcher can conclude that a micro credit program (micro credit lending terms, technology & training services, networking) has a high level of impact on household enterprises performance. And also the researcher can conclude that a micro credit program (micro credit lending terms, technology & training services, networking) has a moderate positive relationship to household enterprises performance. Further, the researcher can conclude that there is a significant relationship between micro credit lending terms, technology & training services, networking and household enterprises performance in southern province.

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