

TABLE OF CONTENTS

Inner pages	I
Declaration	II
Recommendation of the supervisors	III
Abbreviations	IV
Acknowledgement	V
Table of contents	VIII-XIII
List of tables	XIV-XVI
List of figures	XVII-XVIII
Abstract	XVII- XVIII

CHAPTER ONE - INTRODUCTION

1.1 Background of the study	01
1.2 Problem statement	04
1.3 Significance of the study	06
1.4 Objectives of the study	07
1.5 Research questions of the study	08
1.6 Conceptual framework	08
1.7 Research methodology	09
1.7.1 Definitions:	09
(a) Impact	
(b) Control group	
(c) Source of data	
(d) Population of the study	
(e) Sample of the study	
(f) Research tools	
(g) Location and distribution of the sample	
(h) Data Presentation and analysis	
1.8 Organization of the Research	11

CHAPTER TWO - REVIEW OF LITERATURE

2.1 Introduction	13
2.2 Multi dimensions of poverty	13
2.2.1 What is poverty?	13
2.2.2 Absolute and relative poverty	18
2.2.3 Causes of poverty	19
2.3 Microfinance	20
2.3.1 What is Microfinance?	20
2.3.2 The History of Microfinance	23
2.3.3 Theoretical View of Microfinance	27
2.3.4 Microfinance poverty reduction nexus	33
2.3.5 Main Microfinance Products for Poverty Reduction	34
2.3.5.1 Microcredit	34
2.3.5.2 Micro-savings	34
2.3.5.3 Micro-insurance	35
2.3.5.4 Micro-leasing	36
2.3.5.5 Remittance transfers	36
2.3.6 Characteristics of Microfinance	37
2.3.7 Advantages of Microfinance institutions	37
2.3.8 Mechanism of Microfinance	39
2.3.8.1 Principle 1	40
2.3.8.2 Principle 2	40
2.3.8.3 Principle 3	41
2.3.8.4 Principle 4	41
2.4 Empirical Studies	42
2.4.1 Positive impact of Microfinance	44
2.4.2 Core ideas of Microfinance	58
2.4.3 Negative impact of Microfinance	64
2.4.4 Sri Lankan studies of Microfinance	74
2.5 Chapter Summary	77

**CHAPTER THREE - EVALUATION OF POVERTY
ALLEVIATION PROGRAMMES AND MICROFINANCE
INSTITUTIONS IN SRI LANKA**

3.1 Introduction	78
3.2 Poverty Alleviation	78
3.3 Poverty Alleviation Programmes in Sri Lanka	78
3.3.1 Food Subsidies and Food Stamps	79
3.3.2 Public Expenditure on Education	79
3.3.3 Expenditure on Health	79
3.3.4 Janasaviya Programme	80
3.3.5 Samurdhi Programme	81
3.3.6 Randora Programme	82
3.3.7 Maga Neguma	82
3.3.8 Gemidiriya	82
3.3.9 Other Rural Infrastructure Development Projects	83
3.3.10 Information Infrastructure Development Programmes	83
3.3.10.1 Nenasala	83
3.3.10.2 Lanka Gate	83
3.3.10.3 Lanka Government Network (LGN)	84
3.3.11 Diwi Naguma	84
3.4 Background of Microfinance in Sri Lanka	84
3.4.1 Categories of MFIs	85
3.4.1.1 Formal Financial Institutions	86
3.4.1.2 Semi-Formal Financial Institutions	86
3.4.1.3 Informal Financial Sector	86
3.5 Micro Finance providers in Sri Lanka	86
3.6 Performance of selected Microfinance Institutions	91
3.6.1 Thrift and Credit Cooperative Societies – [TCCSs or SANASA]	91
3.6.1.1 Structure of SANASA Movement	93
3.6.1.2 District Unions	94
3.6.1.3 SANASA Development Bank Limited – SDBL	95

3.6.1.4 Federation	95
3.6.1.5 Financial Products	96
3.6.1.6 Strengths and Challenges	97
3.6.2 Samurdhi Banking Societies-SBSs	98
3.6.2.1 Institutional Structure	100
3.6.2.2 The main objectives of Samurdhi Banks	101
3.6.2.3 Financial Products	101
3.6.2.4 Strengths and Challenges	104
3.6.3 Sarvodaya Economic Enterprises Development Services [SEEDS]	104
3.6.3.1 Institutional Structure	105
3.6.3.2 Financial Products	106
3.6.3.3 Strengths and Challenges	108
3.6.4 Janashakthi Banking Societies	109
3.6.4.1 Financial Products	111
3.6.4.2 Strengths and Challenges	112
3.6.5 Cooperative Rural Banks (CRBs)	112
3.6.5.1 Financial Products	114
3.6.5.2 Strengths and Challenges	115
3.7 Chapter summary	115

CHAPTER FOUR - RESEARCH METHODOLOGY

4.1 Introduction	116
4.2 Conceptual Framework	116
4.3 Sources of Data	119
4.4 Pilot Study	119
4.5 Sampling	119
4.5.1 Population	119
4.5.2 Location and distribution of the Sample	120
4.6 Research Tools	124
4.6.1 Method of Data collection	124
4.6.2 Sampling Method	126
4.7 Data Presentation and Analysis	126
4.8 Data Analysis Methods	127

4.9 Variable Descriptions	131
4.10 Chapter Summary	131
CHAPTER FIVE- DATA PRESENTATION PART I	
MICROFINANCDE SECTOR IN HAMBANTOTA DISTRICT	
5.1 Introduction	135
5.2 Data presentation	135
5.2.1 Demographic, Socio, Economic profile of the responders in the Sample	135
5.2.2 Overview of Microfinance in Hambantota District	145
DATA PRESENTATION AND ANALYSIS PART II	
5.3 Introduction	156
5.4 Economic Empowerment and Microfinance	156
5.4.1 Microfinance and Monthly Total Income of Households	156
5.4.2 Impact of Microfinance on Savings	159
5.4.3 Microfinance and Occupational/Business Development	161
5.4.4 Impact of Microfinance on Diversification of income sources	163
5.4.5 Impact of Microfinance on Employability of Respondents	165
5.4.6 Impact of Microfinance on Self Confidence about the Future	167
5.4.7 Satisfaction on the size of Loan through Microfinance	169
5.4.8 Impact of Microfinance on Ability to face external shocks	170
5.4.9 Impact of Training Programme of Microfinance on the development of new income sources	172
5.4.10 Impact of Training Programme of Microfinance provided to develop Skills of the responders	174
5.4.11 Effect of Microfinance on Physical Capital and quality of Material styles of the responders	175
5.5 Social Empowerment and Microfinance	177
5.5.1 Effect of Counseling Programmes of Microfinance on Positive changes of Life condition of the responders	177
5.5.2 Effect of Microfinance on Leadership and Collective actions of the responders	179
5.5.3 Effect of Microfinance on Development of Social Harmony of respondents	180

5.5.4 Effect of Microfinance on improving the house conditions of respondents	182
5.5.5 Effect of Microfinance on improvement of Education of responders family	183
5.5.6 The impact of microfinance on improvement of the family health condition	185
5.5.7 The Impact of microfinance on working experience of officials	186
5.6 Microfinance and poverty alleviation	187
5.6.1 Effect of Microfinance on Poverty alleviation	187
5.6.2 Impact of Microfinance on the Successful living condition	193
5.7 Chapter Summary	194
CHAPTER SIX – SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	
6.1 Introduction	196
6.2 Summary	196
6.3 Conclusions	200
6.4 Recommendations	200
6.5 Further Research	203
6.6 Chapter Summary	205
LIST OF REFERENCES	206
APPENDIXES	232