

## EFFECT OF MICROFINANCE COMPONENT OF SAMURDHI PROGRAM ON EMPOWERING THE RURAL WOMEN IN AGRICULTURE: AN EMPIRICAL ANALYSIS BASED ON THE KURUNEGALA DISTRICT

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Despite the long history and a large number of institutions involved with providing microfinance services to different segments of poor in Sri Lanka, there exists a scarcity in literature with regard to the real impact of such services targeting specifically the empowerment of women. The purpose of this study was to fill this gap, which examines empirically the extent to which the microfinance component of the major social safety net in Sri Lanka – the “Samurdhi program” on empowering rural women in agriculture. The target group comprised of 60 women microfinance recipients engaged in agriculture related activities who were selected randomly from five Grama Niladhari Divisions (i.e. Hamangalla, Ingaradula, Mohoththawa, Nalawalana and Pahala Makandura) in the Pannala Divisional Secretariat Division of the Kurunegala District. The *face-to-face* interviews supported by a structured questionnaire were used to gather information. The primary data collected were used to develop a number of specific indices to reflect various aspects of an effectiveness of a microfinance program on women entrepreneurship, including: (1) Livelihood Development Index (LDI); (2) Income Generation Index (IGI); (3) Savings Generation Index (SGI), and (4) Asset Accumulation Index (AAI). The values of these indices were then used to derive another index, namely: “Total Women Empowerment Index” (TWEI).

The outcome of analysis, which used the Multiple Regression techniques for statistical analysis, highlights that the micro credit received through respective Samurdhi Bank Societies had a positive and significant impact on the livelihood, income generation, savings and accumulation of assets of the target group. It suggests, however, that the financial services alone are not sufficient to raise the living conditions and entrepreneurship of rural women in agriculture. This study implies that the institutions involve with microfinance (in this case, Samurdhi Banks in respective areas) should aim their programs to provide “credit-plus services” in order to create sustainable livelihood and other economic activities of the rural women in agriculture. It also stresses that the amount of micro credit provided to those women in agriculture should be increased and the bank should carefully monitor and make necessary adjustments to the repayment schedules by taking into account of successes and failures of utilization of credit.

**Key words:** Agricultural entrepreneurship, Microfinance, Samurdhi program, Social safety nets, Women Empowerment