

## **IMPACT OF MICROFINANCE SECTOR IN SRI LANKA: CASE STUDY BASED ON SURIYPALUWA - EAST GRAMA NILADHARI DIVISION IN GAMPAHA DISTRICT**

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Poverty is one of the major threats to the world. Elimination of poverty is important. Microfinance is identified as the one of the powerful instruments for eliminating poverty among people who are economically active but financially poor. The term of Microfinance is defined as the “provision of financial services to low income people”. It brings credit, savings and other essential financial services to people who are too poor to be served by regular banks mainly because they are unable to offer sufficient collateral. Microfinance is expected to expand & improve income generation activities & capacities of low income earners. For the progress of this study; SANASA Thrift and Credit Society, Rural Development Bank, Samurdhi Bank and Lak Jaya as microfinance institutions in Suriyapaluwa area were utilized. The main objective of this study was to examine the uses & misuses of Microfinance Sector for the beneficiaries in Sri Lanka with special reference to Suriyapaluwa - East Grama Niladhari Division in Gampaha District. Primary data was used to gather information for this study. Structured questionnaires were distributed among 50 members in Suriyapaluwa-East Grama Niladhari Division who are beneficiating the Samurdhi relief. Finally, the findings of this study was revealed that establishing livelihood & income increase, improving housing conditions, providing credit facilities and empowering women as uses of microfinance sector as well as lack of appropriate regulations for Micro financial Institutions, weak portfolio quality, issues in the village, lack of transparency and lack of suitable human resource were considered as the misuses in Microfinance sector. Thus, it was concluded that micro finance sector has enriched beneficiaries by providing credit facilities as well as women empowerment in the economy.

**Keywords:** Microfinance, Poverty, Misuses, Empowerment, Income

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