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 it facilities use effectively, but most of household microenterprises it misuse. When household microenterprises misuse microfinance credits, household microenterprises can't successful. Main objective of supplying microfinance credit is should be reduced poverty in increasing household microenterprises. But today economy has not achieved this objective. Therefore, in this study was conducted to an analysis of the effect of micro credit program on 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 or below Rs. 50,000 from Ruhuna development bank, Sanasa bank and Samurdhi bank situated in southern province. From the estimation it may be able to conclude that the micro credit program is effective in generating income, saving, employment and assets for the household enterprises. Therefore Researcher can conclude that household enterprises performance has increased. Finally, researcher can conclude that micro credit program(micro credit lending terms, technology & training services, networking) have high level impact to household enterprises performance. And also researcher can conclude that micro credit program(micro credit lending terms, technology & training services, networking) have moderate positive relationship to household enterprises performance. Further researcher can conclude that there is significant relationship between micro credit lending terms, technology & training services, networking and household enterprises performance in southern province.

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