

## **Impact of Microloans on Poverty Alleviation Through the Samurdhi Program: With Special Reference to Samurdhi Beneficiaries in Katana Ds Division in Gampaha District**

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### **Abstract**

**Introduction:** Poverty is a global issue affecting children, the elderly, and ethnic minorities and Poverty alleviation aims to improve economic and human capacities and living standards through credit access. Microfinance Institutions (MFIs) offer financial and non-financial services to impoverished individuals, contributing economically to families and society. This study aimed to assess the impact of microloans on poverty alleviation through the Samurdhi program of the Samurdhi beneficiaries in the Katana DS Division in Gampaha District.

**Methodology:** The dependent variable is poverty alleviation, while the independent variables are loan size and repayment period. Data is gathered by distributing questionnaires to a sample of 371 Samurdhi beneficiaries in the Katana DS Division of the Gampaha District. Descriptive analysis, Correlation analysis, Multiple linear regression analysis, Normality test, Validity tests, and Reliability tests are employed to analyze the collected data using SPSS.

**Findings:** As per the results, strong positive linear relationship between loan size and poverty alleviation, with a Pearson correlation coefficient of +0.706 and repayment period also showed a positive linear relationship with poverty alleviation, with a correlation coefficient of +0.462. Furthermore, there is a significant impact of microloans on poverty alleviation through the Samurdhi program. Loan size has a positive and significant impact on poverty alleviation. The repayment period has a positive and significant impact on poverty alleviation. The model's adjusted R<sup>2</sup> of 0.621 indicates that all aspects of that loan size and repayment period, independent variables, account for 62% of the variance in poverty alleviation.

**Conclusion:** Based on the findings, the researcher can conclude that that the Samurdhi program's microloans are a better way to alleviate poverty in the Katana DS Division in Gampaha District. Samurdhi officials should enhance access to microloans for families in the Katana area of Gampaha district. They should select beneficiaries based on need and conduct investigations after granting loans. Financial education on managing loans and starting small businesses can reduce defaults and improve credit tiers.

**Keywords -** Loan size, Repayment period, Poverty Alleviation, Microloans, Samurdhi Program