



## **Scopes for increasing saving opportunities in rural low-income households; with special reference to Kalahagala Grama Niladari Division**

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### **Abstract**

Sri Lanka is a developing country for a long time and now it has become a lower-middle-income country. In the development process, human resource contributes a lot and household plays a major role. Their income and expenditure levels decide the household savings. The significant number of rural households still can be categorized as low-income households. Therefore the savings rate of rural areas is significantly low. There are 82% of the total population of Sri Lanka live in rural areas. Therefore it is essential to increase the savings of rural low-income households. The main purpose of this study is to study the barriers to improve the savings of rural low-income households in Sri Lanka and find the scopes for increasing savings in rural lower-income families. In this research, Kalahagala Grama Niladari Division of Thamankaduwa Divisional Secretariat Division in Polonnaruwa District was selected as the study region. Both primary and secondary data were collected. Especially the primary data were collected by questionnaires, interviews and site observations mixed methods. Secondary data were collected from the books, research reports, Samurdhi bank reports and journal articles on websites. The study reveals that the barriers of the money savings of the rural low-income households were new trending of people to apply for loans from micro-financial institutions and people expanding money without a farsighted plan. Consequently, these loan processes have increased the rural indebtedness unprecedentedly. Therefor new scientific understanding of investments and entrepreneurship should be provided to the rural lower-income families.

*Keywords: Rural, low-income households, savings*

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