

Exploring the Effectiveness of Microfinance in Promoting Microenterprises Growth – Special Reference with Gampaha District

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ABSTRACT

Introduction: Access to microfinance is necessary to create an economic environment that enables Micro-Enterprises to grow and prosper. Therefore, the researcher wants to find out the factors that would contribute to this. This research study explores the effectiveness of microfinance in promoting microenterprises growth from the Gampaha District evidence.

Design/Methodology/Approach: The researcher has purposively selected four microfinance institutions in Gampaha, and data were gathered based on the twelve in-depth interviews through a semi-structured questionnaire.

Findings: The findings reveal that Microfinance Institutions (MFIs) provide microcredit to existing businesses rather than start-ups. Further, they provide mainly financial services overlooking non-financial services. Moreover, they prefer to use individual lending over group lending. MFIs use business expansions, income and profitability, employability and asset growth as the yardsticks to measure the effectiveness of microfinance programmes.

Conclusion: The findings will help the development of microfinance institutions and achieve microenterprises owners' objectives

Keywords: *Microfinance, Micro-Enterprises, Microfinance Institutions, Micro-credit, Lower-income people, in-depth interviews*