

Contribution of Shakath on Poverty Reduction: An Empirical Study of Role of Shakath Foundation in Maruthamunai

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ABSTRACT. Poverty reduction or alleviation is one of the most important economic aspects of Millennium Development Goals (MDG) which introduced by UNO in the Millennium Declaration at the Millennium Summit in 2000. This declaration lays out eight goals that align with the UN's main functions to be met by 2015. In order to meet these goals, poorer countries have pledged to invest in their people through health care and education while wealthier nations have vowed to support them by providing aid, debt relief, and fair trade. When developing countries were adversely affected by this bad economic condition and they began a process of development activities. Consequently, Poverty reduction has come to play a vital role in international development agenda during the last two decades. A number of developing countries have been formed to improve poverty reduction programme among the people and society.

In line with this, Sri Lanka too has attempted to improve its poverty reduction since her independence. The main objective of this study is to assess the benefits to people of engaging in poor life condition with in Maruthamunai area of South Eastern part of Sri Lanka. A comparative analysis model was used to estimate the impact of Shakath Foundation on poverty reduction from selected explanatory variables.

One of the key findings of this study is that in terms of size of the income and per capita income of the Maruthamunai has benefited immensely from Shakath Foundation programme. This study also reveals that Shakath Foundation has promoted income, wealth and self-employment to a considerable level at Maruthamunai economic way of life. It has also been found that the number of contributors has been increase occasionally meanwhile reducing a number of benefishes for applying for funds.

As Maruthamunai has been able to make significant gains from Shakath Foundation with other contributors, it is advisable that Maruthamunai reduces or eliminates all barriers simultaneously. Marthamunai could make further gains by moving into more advanced stages of institutions such as Baithulmal and Islamic Banking.

Key words: Poverty, Millennium Development Goals, Shakath Foundation, Baithulmal and Islamic Banking.

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