

Sri Lanka: Debt, development and the future

Wednesday 15 June 2022, by [WEDAGEDARA Amali](#) (Date first published: 5 March 2022).

The Satyagraha initiated by the Collective of Women Affected by Microfinance on 8 March 2021 in Hingurakgoda, Polonnaruwa, narrates a particular story of development in Sri Lanka - a dystopic one where the development aspirations of women has mutated into a pile of unpayable debt.

Microfinance is a debt-driven developmental policy introduced to address gendered questions on livelihood and labour in the early 1980s. Even though it has instigated the downfall of an estimated 2.8 million women in contemporary times, microfinance has created a lucrative business for finance companies. In this regard, the Satyagraha which lasted for 55 days provides a microscopic view into a complex set of problems that are closeted behind victim-blaming practices dominant in the case of microfinance debt

Renuka Karunaratne is one of the women who participated in the Satyagraha. Expecting that land of their own would become a necessary means to their development, in 2013 Renuka and her family had migrated to Sapumalthenna, a new settlement scheme in Welioya, the L Zone in the Mahaweli scheme. However, she soon fell into a vicious cycle of debt set in motion by the finance companies which proliferated Sapumalthenna to prey on the housing grant provided by the Government to newly-settled families to construct a house.

In this interview, Renuka is narrating her story. It is a shared story of women struggling with microfinance debt. She recounts how their shared lived experiences with debt have enabled them to reimagine and recreate their futures.

Following are excerpts of the interview:

What led you all to initiate the Satyagraha on 8 March 2021?

The problem of the microfinance crisis had reached a climax at that time. Across Sri Lanka, women were suffering. One woman in Matara committed suicide. We as the Collective of Women Affected by Microfinance decided 'enough is enough' and commenced the Satyagraha.

What did you achieve out of the Satyagraha?

A lot of people, particularly in positions of power, got to know about the microfinance crisis. We could talk with a lot of people and succeed in raising awareness on the microfinance problems across Sri Lanka and also abroad.

In addition, finance companies stopped coming to our houses to collect the debt. Maybe they realised that it is harassment and a problem for women. However, they are still litigating against us.

How has your involvement in the movement against microfinance influenced you?

I have always been working with people. In my village, I participated in several societies. However,

problems related to microfinance, principally the inability to repay the debt, had destroyed my dignity altogether. My self-esteem was at zero. People looked at me as if I was a thief, a devious woman who mismanaged money. Even in my own village, people used to look at me in a weird manner.

I feel it has improved now. My work with the women victims has enabled me to rescue my self-esteem. Now, many women come looking for me when they receive a Court notice. In the beginning, there were 25 women members in our village society. Now the membership has increased by another seven or eight. A lot of people got to know about what we are doing and that it benefits everyone. Personally, I am proud of what we are doing.

Tell us more about the village society. Why did you start it? How are you continuing it? What are the developments?

When I encountered problems with microfinance – a loan borrowed from SANASA – I went to Hingurakgoda. Once a woman identified as a lawyer and a couple of others visited us and sat inside my house from 9 a.m. to 2 p.m. They had come to collect the debt. They tried to seize my household goods in place of arrears. I managed to find Rs. 20,000 to give them.

It was a very big problem. I was very worried, pained, and demoralised. When I was contemplating committing suicide with my two daughters, I got to know about some work done in Hingurakgoda. It was my first meeting with Jayathissa mama. When I went there, they were in a meeting. Lawyer Radhika Gunaratne was also there. That is where I started.

When I returned to Welioya, I was able to mobilise a couple of women. There were a number of women who attempted suicide. We began to organise so we could tell our problem to those in power. Our society is called the Small Peasant Women's Collective (Gami Govi Kantha Samuhikaya). We started with organic agriculture and have been working together for two years now.

We have debt. We have Court cases. We cannot repay these debts. We have spent every penny earned to repay debt. But we should live. We must find ways to feed ourselves. We created our society to sustain life. At that time Movement for Land and Agricultural Reforms (MONLAR) helped us by providing vegetable and paddy seeds. They also helped us harvest our land.

We have come a long way. In the beginning, we started a seettu of Rs. 50. We used it to buy monthly supplies of soap for a household. We could also save some amount as the society's fund. With the income generated by selling vegetables and coolie labour, we started another seettu six months ago. One woman used that money to obtain an electricity connection. Another one got a water pump. Another one started a grocery store. Another woman constructed a toilet. Everyone has used the money meaningfully. We are poor. There are many things we lack in our households. We do labour. I bought a necklace for my youngest daughter using seettu money. I'm happy that none of us had to get into debt to do these things.

During the last meeting, we decided to go beyond the soap seettu. We collect Rs. 100 on every meeting day. We meet four times a month. We divide the collection among members on a rotating basis. Some members said they do not have a hot water bottle or a knife or cups or glasses in their homes, which are essential household goods.

I feel we women can do anything if we get together. We had stopped meeting due to the Covid-19 pandemic and recommenced meetings recently. There are many things we are planning to do in the future. We are also thinking of a mechanism to support the daily grocery needs of the members. Members came up with many ideas. We need help. We need knowledge. There are financial

deficiencies as well. We are still using an exercise book to record transactions. But we are accountable and our work is transparent.

When we met with the Governor of the Central Bank of Sri Lanka last year, he asked what they should do to resolve the microfinance problem. I explained the nature of the problem. Unpayable debt. Court cases. Debt audit we are pushing for. The need to abolish microfinance debt. Extreme interest rates. I also shared information on initiatives we have taken and about our village society. The Governor said if we create more societies, they could help them. He commended our work, for taking the initiative ourselves without waiting for help from the Government.

Do you think alternative models like the one you have initiated could work in an environment where people are still borrowing from finance companies? How sustainable would the alternatives be in a society where people are deeply in debt?

We borrowed large amounts. We borrowed in lakhs. In the end, we are left with big problems we did not even anticipate. We have borrowed at very high interest rates. If we miss a repayment one week, a punitive interest rate is added. What I have learnt from my experiences is that we must start small. If we collect Rs. 5 daily among 25 of our members, we can raise sufficient funds within a month that could be used to fulfil the needs of a member. Our society can mobilise our collective strength. We need to focus on small-scale activities like that. I would like to share it with everyone. We are women. We can do anything.

Even though we were settled in Mahaweli L Zone, there are no irrigation mechanisms. If we use bathing water to nourish a chilli plant, eggplant, or tomato plant, we could use the harvest to exchange among our society members. Even some of the big businessmen started small.

There are clever women in our society. There is one making nutrient coir that could be used to cultivate flowers. Another is stitching carpets. We asked her to bring them to the society. If we buy at least one, it will help her. Another woman is preparing murukku. We want to learn. Many women have this realised now. We are more united.

When we have weekly meetings, mothers do not want to leave their children at home. They fear that their children might meet with some accident, be bitten by a snake, or fall into a well, so they bring their children along. Children run around. We sought help to create a library. Now 66 children are using it. Recently an official from the Divisional Secretariat office visited us to propose an amalgamation of the children's library with another already in existence. Some people like the idea but some do not. Children are using the library now. My eldest daughter sometimes narrates English stories to them. Children without parents who have been isolated have immensely benefited from the library.

Microfinance companies claim that they disburse small loans. What do you think?

They tell us that loans are small. But small loans have a big interest rate. We pay more money as interest than the loan amount. I explained it to others. If we borrow Rs. 30,000, we are paying back Rs. 35,000 as the interest rate. A loan amount of Rs. 30,000 has Rs. 35,000 as interest.

If we raise funds among ourselves with at least Rs. 5, we could retain money leaked out of the village. We could invest that money in various things. Finance companies claim that they are small loans. We only feel the size of the loan when we find it difficult to repay. We might repay somehow, but when we get stuck, we feel the weight of the interest rate.

An estimated 2.8 million women in Sri Lanka are embroiled in the microfinance debt problem. Each

of those women is strong in some sense. There are some women in our society who say that they cannot speak in public or they cannot take leadership. I don't even have much experience in public speaking. I think speaking is the ability to communicate about our problems. I think women grappling with the microfinance problem must restart. They can begin again. Women work more than men. In Sri Lanka, women are smart.

Amali Wedagedara

[*Click here*](#) to subscribe to ESSF newsletters in English and/or French.

P.S.

The Sunday Morning

<https://www.themorning.lk/debt-development-and-the-future/>