



Sri Lankan Indigenous Community struggles in the face of the Microfinance Credit Crisis

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The Centre for Policy Alternatives (CPA) is a non-partisan, independent organization primarily dedicated to strengthening institutions and building capacity for good governance and conflict transformation in Sri Lanka. The CPA is committed to conducting research and advocacy programs that critically evaluate public policies, identify alternative solutions, and promote an improved political culture and social environment.

The indigenous community, also known as the Vedda community, constitutes a group of citizens in Sri Lanka with a distinct identity and should be treated with dignity, enjoying full entitlement to all rights and privileges. Nevertheless, today, indigenous communities across the island face a multitude of challenges, with the micro-finance credit crisis emerging as a significant concern.

We do not oppose the provision of micro-finance loans and the institutions that offer them; in fact, we view it as a positive opportunity, especially for low-income communities. However, it is evident that citizens who have taken micro-finance loans are facing mounting issues related to informal loan disbursement, recovery, interest rates, and more, compounded by the unregulated nature of these practices, along with questionable and illegal conditions. The Indigenous community is particularly affected due to these situations.

The indigenous community is characterised by its unique linguistic identity. Although they communicate using the 'Vedi language,' their written language is Sinhala. Many are not literate in reading or writing in Sinhala. Similarly, Marine Indigenous groups living in Vaharai and Muttur use their own distinct Tamil dialect and are not well-versed in standard Tamil.

Considering these linguistic barriers, the agreements and contracts exchanged between these communities and relevant institutions during micro-finance loan transactions are often in languages they do not understand or comprehend. While a few organisations do issue documents in both Sinhala and Tamil, these indigenous communities still struggle to understand the contents. As a result, they sign these agreements without a full understanding of the content and consequently find themselves entrapped in the legal ramifications.

These communities are primarily located in the Uva, Eastern, and North Central provinces, residing in places like Dambana, Rathugala, Pollebedda, Dalukana, Dimbulagala, Vahari, and Muttur. They have lost their habitats in the forests and have integrated into mainstream

society. They are now confronted with various economic, social, and cultural difficulties and complications.

Currently, the regional Vedda Leaders lead by vedda chief Uruwarige Wannila Aththo, have corresponded with the President, and the Governor of the Central Bank, highlighting the severe financial debt problem faced by their community. Their primary request is to provide relief from this debt crisis and to establish a more streamlined system for loan disbursement and collection.

We have attached relevant articles along with a video clip featuring Vedda Chief Uruwarige Wannila Aththo's position on this issue. We kindly request your assistance in sharing this information through your media institution and promoting a social dialogue aimed at finding solutions to the microcredit crisis confronting the indigenous community in our country.

**On behalf of the Indigenous Community
Centre for Policy Alternatives**