

## **The Potential of Microenterprise Development among the Urban Poor**

**D. P. S. Chandrakumara and N. M. A. Jayasinghe**  
**Department of Economics, University of Sri Jayewardenepura**  
*chandrakumara62@gmail.com*

Microenterprises are crucial for an economy since they have a possibility to expand to large-scale enterprises over the time while serving as the livelihood of the poor at present. This paper aims at identifying the potential of (i) initiating microenterprises among the urban poor who do not presently engage in such activities and (ii) promoting the enterprises of those who have already initiated such enterprise. The study was completely based on primary data collected from a questionnaire survey conducted in a sample of underserved settlements within the Colombo city limits. The study used simple quantitative techniques based on the Statistical Package for Social Scientists. The study revealed that those who are engaged in full-time jobs do not have the opportunity to become entrepreneurs due to lack of time for extra activities. Especially, the employment of the youth in full-time minor jobs deviate them from micro entrepreneurial activities. As such, elderly and disabled people and women who do not have a good educational background and those who have no strong effective demand in the labor market as skilled or unskilled laborers significantly engage in microenterprises. Such enterprises have been mostly important in the provision of livelihood for socially marginalized people. Human capital formatted through education and training in the labor force of the urban poor seems to be not adequate for their successful engagement in self-employment. However, a small proportion of population in the underserved settlements has been capable of expanding their enterprises beyond the micro-level. Finally, it can be recommended that all these categories of people in the underserved settlements need the help of education, training and micro-financing either for maintaining their enterprises as a livelihood or expanding them beyond the micro-level.

***Key words:*** *Microenterprise, Urban poor, Underserved settlement*