

An Evaluation of the DFCC Sericulture Development Credit Scheme

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The sericulture industry includes a number of activities such as, mulberry cultivation, silkworm rearing, cocoon production and the process of weaving silk. It is a labour intensive industry and has a tremendous employment potential, specially for the rural sector. In the past, there have been many programmes to develop the industry.

The Development Finance Corporation of Ceylon (DFCC) launched a pilot project in 1988 to develop sericulture activities with the objective of upgrading the level of living of rural farmers. Credit facilities were provided to 180 farmers selected from Kandy and Nuwara Eliya Districts and Extension Services were provided to them with the assistance of Silk and Allied products Development Authority. At present only 74 farmers are actively engaged in Sericulture, while 1006 farmers have completely given up the vocation and defaulted credit.

A study was undertaken in an attempt to find out the factors that are associated with outcomes of the DFCC Sericulture Project, and repayment habits of farmers.

From the secondary sources of information available, socio-economic and demographic characteristics of farmers were analyzed using chi-square test to see whether there has been any significant relationship between the success of farmers and repayment of credit.

As these activities are labour intensive, availability of family labour proved to be associated with the success of farmers and repayment of credit.

Of the male farmers, a higher percentage is in default, while a higher percentage of female farmers are active in sericulture. Other characteristics

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of farmers tested were caste, race, religion, income, quality of housing, availability of subsidy funds and literacy of farmers; and they did not prove to have any significant relationship with repayment habits.

A detailed examination of selected case studies was followed to supplement the information inferred from the first stage of analysis. Six successful farmers and six defaulters were selected for this analysis; and they were interviewed using a questionnaire.

In the first stage of analysis it was proved that availability of family labour is associated with success. This relationship is further established in case studies. Gender proved to have a significant relation to success in the first stage of analysis and also in the case studies. Silkworm rearing is an activity that women can do in their gardens. It involves careful handling of worms; and adopting hygienic rearing practices to avoid diseases, minimizing losses. Thus, women have shown the ability to handle these activities and can make it a success.

Income from other sources proved to have a relationship with defaulting credit. When the income from vegetable growing and other sources had been high, then farmers had given up sericulture activities.

From the case studies, it was revealed that success of farmers has been associated with the availability of family labour, hard working habits and adopting hygienic rearing practices. Non availability of family labour to work in Mulberry plantations and threats from wild animals, such as, deer and wild boar proved to have an association with failure of Sericulture activities and defaulting of credit.

A further study is necessary to examine the impact of the project, and to see to what extent the objectives of the project have been achieved.