

**B-42: The high recovery rates of "ISURU" (Small Farmers and Landless Credit) Project in Matara district**

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The Small Farmers and Landless Credit Project (SFLCP) called "ISURU" which is implemented in Galle, Puttalam, Kandy and Matara districts as a pilot project, has very high recovery rates. The project offered institutional credit to the poor people living below the absolute poverty line in order to uplift their living standard. The objectives of the study were to ascertain the impact of management strategies on the high recovery rate, and to examine the achievement of socio-economic status of the project participants in Matara district.

The study was conducted in Matara, Kamburupitiya and Pasgoda Regional Secretariat Divisions in Matara district. A field survey was employed to collect primary data from 85 project participants guided by the project District Office and the Regional Rural Development Bank in Matara.

The findings of the study reveal that the recovery rate of the project is 91%. Factors affecting this high recovery rate are group-lending techniques, improved bankability, weekly discussions, training programmes, technical support and continuous follow-up by the Field Officers. The project participants have been motivated through monthly meetings and weekly discussion to repay the credit.

Wealth ranking further emphasises that the poorest beneficiaries are easily persuaded to default than others. The loans are disbursed in sufficient amounts of money considering the needs of the beneficiaries to fulfil their requirements. There was no political interference in the project. A significant improvement of socio-economic condition of the participants of the project could be clearly observed. Majority of the project beneficiaries are rural women. From the participants, almost all of them have already crossed the poverty line. Some of them have started individual savings not only for themselves but also for their children in commercial banks.