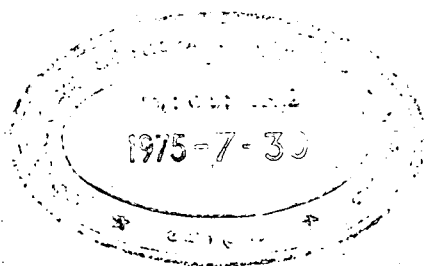


AMABALANTOTA AGRICULTURAL PRODUCTIVITY COMMITTEE

A Case Study



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## AMBALANTOTA AGRICULTURAL PRODUCTIVITY COMMITTEE

The Ambalantota Agricultural Productivity Committee was established in October 1973. Twenty one Cultivation Committees exist in the area of jurisdiction of this Committee. The Committee stocks and sells fertiliser and agro-chemicals to the farmers of the area. The Multi-Purpose Co-operative Societies in the area too handle the sale of such items. The Agricultural Productivity Committees felt that the MPCSS were not quite efficient in the handling of the sale and distribution of these inputs. It was claimed that due to non-availability of fertiliser and agro-chemicals at appropriate times the farmers had undergone much difficulties. Therefore, the APC entered the field of supply of farm inputs in the immediate interest of the farmer and for increased food production.

The APC had purchased a few sprayers for use by farmers. The Committee had about Rs.27,000 in the Bank of Ceylon by January 1975. On fertiliser sales the Committee retained a 5% commission.

The new Cultivation Committees of the area had not been constituted by January 1975. Lists of names of suitable members had been forwarded to the authorities but the appointments were pending. The APC worked with the existing Cultivation Committees, a few of which had formulated programmes which were in the process of implementation. The Vice Chairman of the APC felt that the old CC members did not give the maximum co-operation and support for the area's development effort.

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The APC was keen to involve itself in the settlement of farmers' land disputes. Reportedly, about 200 disputes were amicably settled through the intervention of the APC. It was stated that some disputes had a history of over ten years. The APC meets on the 15th of every month. Opportunity is afforded to the CC representatives to meet the APC on this day, usually in the morning. In these sessions, review of progress as well as discussion of the problems and difficulties take place. Many of the CCC did not seem to use this opportunity. It was hoped that new CCC will be more enthusiastic in their participation.

About 670 Identity Cards had been issued to farmers. The APC had requested CCC to give wide publicity on procedures for application and the receipt of farmers identity cards. The APC in addition, gave publicity on this matter through public address systems in villages. It was held that a farmer could receive the identity card one month after submitting the applications.

The Vice Chairman of the APC pointed out that the absence of an Officer from the Territorial Civil Engineering Organisation at least during two days of the week at the APC premises was causing many problems. The problems of irrigation did not lend themselves to solution

through letter writing. The farmer requires water at particular times and specific intervals, in certain quantities. When due to circumstances his field cannot receive water such problems need immediate attention and solutions. The APC felt that if the officers were unable to speedily and efficiently handle such situations it resulted in social conflict and sufferings as well as loss of production.

Occasionally, e.g. when tenants were evicted the APC decisions on the matter were conveyed to the police authorities. If their support and co-operation was forthcoming such disputes could be justly dissolved. It was stated that the police officers should be made aware of the functions and responsibilities of new organisations like the APC and CC. Training was considered to be necessary at all levels on such matters.

The people of this area were dependent primarily on paddy cultivation. Almost every farmer would produce a surplus to be disposed through the Co-operative at harvest time. Due to this situation the Co-operative Societies faced a peak activity period when the process of sorting, measuring, storing, transport, payment etc., focussed many problems. It was stated that very often farmers were seen waiting near Co-operative Societies for a number of days to sell their paddy. During such times even theft of paddy had been reported to police stations. It was claimed that there was much delay in the payment for paddy purchases. The APC felt that in order to help farmers in such distress authority should be given to the APC to purchase paddy. This would also facilitate the recovery of credit granted through the Bank of Ceylon branch at the APC. This was the view of both the Vice President of the APC and the Manager of the Bank of Ceylon.

The Agricultural Instructor worked in close collaboration with the APC. He said that the paddy acreage under the Agricultural Productivity Committee was 7,168 acres. The total area was cultivated during Maha but less was cultivated during Yala. In terms of methods of irrigation this area could be classified as follows:

Irrigation System	Acreage
Major irrigation systems	6,874
Minor irrigation systems	243
Rainfed	51
Total	7,168

Table 2 Acreage under subsidiary food crops

Crop	Acreage
Chillies	1,014
Onions	12
Sorghum	73
Maize	336
Green gram	380
Coffee	129
Ground nuts	91
Kurakkan	356
Total	2,391

Table 3 Quantity of seed paddy issued by the Department of Agriculture - 1974/75 Maha

Variety	Bushels
BG 11	440
IR 8	50
BG 34 - 7	70
BG 34 - 8	50
IR 2 - 262	20
BG 92	4
BG 94 - 1	4
	638

The average per acre production of paddy in 1973/74 Maha was 62.6 bushels. According to the AI, the farmers reduced the use of fertiliser by about 33% due to the increase in price.

#### Bank of Ceylon Branch

In October, 1973 the Bank of Ceylon branch was opened at the Agricultural Productivity Committee. The details of agricultural lending and recovery over three seasons from the time of establishment of the bank are given below.

Table 4 Agricultural lending and recovery by the Bank of Ceylon branch at the Agricultural Productivity Committee

Season	No. of farmers who took loans	Amounts given on credit Rs.	Amounts recovered by the bank 31/12/1974	Balance to be recovered 31/12/1974
1973/74 Maha	80	87,075	78,319	8,756
1974 Yala	60	113,106	102,941	10,165
1974/75 Maha	-	402,591	-	-

The amount of agricultural credit given during the second season was 30% more than what was given in the first season. The credit given to the farmers during 1974/75 Maha was over four times that given in 1973/74 Maha. The outstanding balance from the loans given in the first two seasons was about Rs.19,000, i.e. 9% of the total loan. The breakdown of agricultural loans over the last season (74/75 Maha) is as follows.

Table 5 Analysis of the agricultural credit - 1974/75 Maha

Crop	Loan Rs.
Paddy	326,499
Chillies	49,452
Onions	10,655
Other crops	6,565
Agricultural machinery	9,420
	total 402,591

The loan application forms received by this branch were forwarded usually to the parent branch at Tangalle for approval. On payments made by cheque for fertilizer, agro-chemicals, these cheques were signed at Tangalle branch of the bank.

The APC had given publicity on the Bank of Ceylon Agricultural Credit Programme. A neighbouring APC, Wirawila had also given publicity on this programme among farmers of Wirawila. The farmers obtaining credit from the Bank of Ceylon branch at the APC had also to obtain their requirements of agro-chemicals from the APC for which they had to pay slightly more than what they paid elsewhere. No arrangement had been made for a system of Bank of Ceylon loan recoveries at the point of paddy purchase by Co-operative Societies. It was claimed that if authority was given to the APC to purchase paddy that would promote a higher rate of recovery. This branch of the Bank of Ceylon suffered a loss of Rs.11,000 during the last year but from the current season the branch is making profits.

It is clear that the branch faced some problems in the recovery of agricultural loans. It was said that many farmers who sold paddy to the Co-operative Societies deposited part of their cash in the Bank. It is very rarely that a farmer deposited a large sum of money in the bank account. Very often, most of the farmers were supposed to spend lavishly after each harvest. On the agricultural loans issued by the rural banks attached to the Co-operative Societies the following particulars were obtained.

Table 6 Agricultural credit issued by the Rural Bank, Ambalantota

Season	Agricultural loan given	No. of farmers	Repayments
1974/75 Maha	1,163,959.05	991	-
74 Yala	873,809.92	897	823,657.26
1973/74 Maha	154,931.50	335	41,741.90
	840,588.12)	-	-
1973 Yala	141,216.83)	-	838,061.42

The rate of interest on these loans was 9% for the first 7 months and 12% thereafter. There is a payment of interest of 6% on the balance in favour of farmers in their Savings Account.

Several farmers stated that there were delays in the process of obtaining loans from the Rural Bank and the Co-operative Societies. One farmer said:

"... The officers of our Society deliberately delay the issue of agricultural loans. There are advantages to them and their friends in doing this. The Managers of Co-operative Societies and their kith and kin belong to the richer class in the village. They delay the process of issuing agricultural loans, make the farmer helpless and then some of them personally give credit to the farmers. For private credit thus given they obtain payment in kind and the measurement of paddy is with an extra large 'kurini'. They pay a lesser amount of money than government pays per bushel of paddy. The farmer who receives a bushel of paddy or its equivalent in cash has to return 1½ bushels at the end of the season ...".

Several farmers stated that many Co-operative Societies of the area fell into this category. Some farmers said that due to procedural delays associated with the lending schemes of the Rural Banks farmers were in difficulty.

Some farmers stated that under the present price structure agriculture was not a paying proposition. One farmer said "... although the government increased the Guaranteed Price for paddy by a small amount we are compelled to spend much more on agriculture today. The wage rates for labour are high. The cost of a meal has gone up. Tractor hire as well as fertiliser and agro-chemicals cost the farmer a tidy sum. Under these conditions the income we get is insufficient ...".

1. In terms of the information supplied by the Case Study suggest the manner in which the APC could help further development of agriculture.
2. Examine the service given by the Bank of Ceylon Branch to the farmers and state how the Bank could involve itself further in promoting development.

