AGRARIAN REFORM AND RURAL DEVELOPMENT IN SRI LANKA

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Country Review Paper

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C O N T E N T S

Page

1. *INTRODUCTION* 1

2. *SOCIO ECONOMIC BACKGROUND* 2

2.1 Physical Setting
2.2 Population
2.3 Economy
2.4 Social Conditions and Welfare

3. *AGRARIAN STRUCTURE* 9

3.1 State Sector
3.2 Plantation Sector
3.3 Peasant Sector
3.4 Semi-Feudal Sector
3.5 Problems in the Rural Sector

4. *POST INDEPENDENCE DEVELOPMENT APPROACHES* 20

5. *TENANCY REFORMS* 23

5.1 Security of Tenure
5.2 Rent Provisions
5.3 Cultivation Committees
5.4 Implications of the Paddy Lands Act

6. *THE LAND REFORM PROGRAMME* 31

6.1 Land Reform Law No. 1 of 1972
6.2 Land Reform (Amendment) of 1975
6.3 Complementary Legislation

7. *IMPLEMENTATION OF THE CEILING LEGISLATION (PHASE I)* 37

7.1 Take Over Process
7.2 Post Takeover Developments

8. *TAKEOVER OF COMPANY ESTATES (PHASE II)* 44

9. *IMMEDIATE IMPACT OF THE LAND REFORM PROGRAMME* 48

9.1 Land Redistribution
9.2 Employment
9.3 Production

Page

10. *LAND REFORM AND TARGET GROUPS* 54

10.1 Youth
10.2 Landless
10.3 Estate Workers
10.4 Tenants
10.5 Women

11. *POST REFORM INNOVATIONS* 61

11.1 Management Innovations
11.2 Estate-Village Integration
11.3 Popular Participation

12. *ASSESSMENT OF THE LAND REFORM* 71

13. *LONG TERM IMPLICATIONS* 74

13.1 Economic Implications
13.2 Social Implications
13.3 Political Implications

14. *THE INTERNATIONAL IMPLICATIONS* 79

15. *RECOMMENDATIONS* 82

APPENDIX i - xix

1. *INTRODUCTION*

A major agrarian reform was long overdue in Sri Lanka which inherited at independence an agrarian structure exhibiting diverse patterns of ownership and management, out-dated tenancy relations and uneven income distribution. The colonial legacy left behind a plantation economy which dominated the agrarian structure and tied the Island's fate to the uncontrollable fluctuations of an export market. The entire rural sector was beset with the ills of underdevelopment, with landlessness, unemployment and unviable holdings reaching extreme proportions. The Paddy Lands Act of 1958 as a tenancy reform failed to contribute significantly towards solving the problems associated with the age old system of share cropping.

The impact of the post-independence strategies fell far short of expectations. Landlessness had reached acute proportions inspite of a long history of resettlement of peasant on State lands. Unemployment among educated youth kept on increasing due to the failure of the economy to expand faster than population growth. The plantation economy entered a slump from which there were no signs of a permanent recovery. The foreign exchange crisis was further aggravated by a food import bill which demanded 40% of the total cost on imports due to the inability of the domestic sector to generate adequate surpluses of food. By the 1960s the country was already in the grip of a deepening economic crisis which made it difficult to continue all the ongoing welfare services.

The early years of this decade saw the political manifestations of this economic crisis culminating in the April 1971 insurrection. The insurrection drove the land question and the priorities of rural development to the fore-front. It was against this background that the first legal attack on the agrarian property structure took place in the form of a land reform law - which in its first phase of August 1972 sought to take over lands from individuals above a ceiling, and in 1975 in its second phase nationalised the foreign and local company-owned estates. Through this land reform and other complementary agrarian legislations which followed it, the Government proposed to find remedies to landlessness, unemployment, inequities in land ownership and also to increase production.

The reform made notable structural changes and its impact deserves recognition although it was not an attempt to radically transform the agrarian situation. It is still too early to make an assessment of the impact. A tentative evaluation, however, would be valuable for the future progress of agrarian reform and rural reconstruction.

2 :- THE SOCIO-ECONOMIC BACKGROUND

2.1 *Physical Setting*

The Island Republic of Sri Lanka occupies an area of 25,332 square miles and lies to the south of India. The island falls under three physiographic divisions- a central mountainous area with elevations ranging from 3000-7000 feet above sea leval, an upland belt of elevations ranging from 1000-3000 feet surrounding the central mountain block and a coastal plain below 1000 feet having a rolling topography.

Sri Lanka receives rainfall from both the south-west and north-east monsoons, and through thermal convection during the intermonsoonal period. Conventionally, the country is divided into three climatic zones; the wet zone, where the average rainfall varies from 100-200", an intermediate zone with a rainfall between 75-100" and a 'dry zone' with rainfall below 75". The wet zone and the intermediate zone coincide with the area covered by the two physiographic regions of the central mountainous area and the upland belt.

2.2 *Population*

The population of Sri Lanka is largely rural. Around 77.6% of the total populatiln yet live in rural areas. Sri Lanka, according to the census of 1971 had a population of 12,711,143 persons[1]. Between the first census enumeration of the island in 1871 and the latest in 1971 the Island's population has increased by 10.3 million persons or by about 429.5%. The growth of the population over the years had not been uniform. In the 75 year period between 1871 and 1946 the average annual rate of growth was about 1.3%, whereas in the 25 year period following the census enumeration of 1946, the growth rate averaged 2.6% per year.

The acceleration of population growth rates in the post 1946 period was essentially a result of a sharp decline in death rate, while the birth rate has continued to remain at a traditionally high level. Nett migration as a factor in population growth was only important in the 1871 to 1901 period, when labour was brought in from India to operate the newly opened up tea and coffee plantations in the wet zone mountain-upland regions.

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1 This population consisted of a number of ethnic groups. 71% of the population are Sinhalese, 11% Sri Lankan Tamils and 9% Indian Tamils. The rest consisted of Moors, Malays, Burghers, Eurasians and Others.

Post war improvements in living conditions, improvements in nutritional conditions, the expansion of education and health facilities and an inculcation of a public health consciousness to cover the entire island had not only contributed towards the achievement of a steady decline in morbidity and mortality conditions but have also resulted in a steady increase in the life expectancy rates. In 1971, life expectancy at birth stood at 64.2 years for males and 67.2 years for females.

Persisting high birth rates and declining death rates have resulted in making the population more youthful over the years. In 1971, 39.3% of the total population were under 15 years of age and 67.1% were under 30 years of age. The population between 15-64 years accounted for 56.3% of the total. The dependency ratio was 77.4 for 100 persons in productive ages (i.e. 15-65 years).

The wet zone accounts for 30.4% of the total land area and 67.7% of the total population of the Island. The average population density is 1161 persons per square mile. 67% of the total land area of the wet zone belongs to the mountain - upland region, which accounts for a bulk of the tea and rubber plantations of the island. This region however, accounts for only 44% of the total population of the wet zone. A bulk of the population of the wet zone is in the coastal region, which is mostly under coconut and rubber estates[1]. The average population density in the wet zone tea - rubber country is around 955 persons per square mile. In the wet zone coconut - rubber country it is around 1708 persons per square mile.

2.3 *Economy*

For over a century, (until about 1950) the economy of Sri Lanka remained as a typical dual economy with a "modern" and a "traditional" sector existing side by side in virtual isolation. The modern sector was centred mainly around commercial plantations specialising in the monoculture of tea, rubber and to some extent coconut. This sector was blessed with an array of supporting activities in the form of financial and commercial establishments (at Colombo and a few smaller towns) transportation and communication systems and the service industries. The traditional sector with its village based agriculture was confined to the cultivation of rice and other subsidiary food crops for domestic consumption, and local crafts and traditional service occupations. Both sectors differed radically from each other and there was little economic relationship between them.

1 Department of Census and Statistics : The Population of Sri Lanka (Colombo 1974) pp 55.

Successive Governments since the achievement of independence in 1948 have attempted to bridge the gap between the two sectors by increasing and diversifying food production in the domestic sector coupled with limited industrialisation. However, the economy of the country still remains essentially agricultural with a little over 30% of the gross domestic product coming directly from agriculture. Although the share of industry in the gross domestic product has increased in the last decade it still remains below 15%. Share of agriculture in employment is around 55% while that of industry (including mining) is only 11%.

Tea, rubber and coconut continue to be the chief foreign exchange earners while a great effort is being made to promote export of non-traditional commodities including gems and precious stones. The three primary products together contribute 90% of the island's foreign exchange earnings. In recent times, these products have been subject to drastic price changes due to unfavourable world market situations. The major portion of the import bill (about 40-45%) is still spent on food items including rice, wheat flour, sugar, milk products, fish and pulses.

According to the socio-economic survey of 1969/70 Sri Lanka's total labour force stood at 4,141,200 or approximately 57% of the population aged 5 years and above. Of this, approximately 40% were employed. Over 55% of the work force were engaged in agriculture and about 43% and 30% of them were engaged in paddy and tea production respectively.

Sri Lanka has a serious problem of unemployment which stands at 14%. Most of the unemployed are educated youth and are from rural areas.

Table 2.1 *THE NUMBER OF UNEMPLOYED IN SRI LANKA BY SEX AND LOCATION*

	Urban	Rural	Estate	All Island
Males	103,635	315,534	27,760	446,929
Females	85,130	235,032	25,909	346,071
Total	183,765	550,566	53,669	793,000
	(23.2)	(69.4)	(6.8)	(100)

Source : Labour force participation Survey-1973

The average household has 5.8 persons, of whom 1.7% are income receivers. More than 50% of the households in Sri Lanka have only one income receiver each. (The GNP per capita in 1975 was only US$ 150). 80% of the households receive below Rs. 400/- per month. At the national level about 60% of the income is enjoyed by the top 30% of the families. The 20% of the poorest (lowest quartile), accounts for only a small percent of the GNP, as shown below.

1960	-	5%
1970	-	7%

In the past decade, Sri Lanka's rate of economic growth averaged only 4.5 per annum. The annual rates of growth of GNP at constant prices in the period 1960-75 are given below.

1960-65	- -	3.9%
1965-70	-	5.0%
1970-75	-	2.8%

Domestic savings were also low (12-13%). These coupled with the ever worsening balance of payments have contributed to the deepening of the economic crisis compounded further by population expansion[1].

2.4 *Social Conditions & Welfare*

The rapid growth of population since the 2nd World War has resulted in " ... a sizeable proportion of the resources for investment ... to be devoted to meeting the social needs of the rising population in the way of schools, houses, sanitation systems and so on" [2].

2.4.1 *Health*

In health, considerable improvements were achieved since early 1940s. The total governmental expenditure on health services underwent over a six-fold increase from Rs. 53 Million in 1947 to Rs. 341 Million in 1956 [3]. A number of results of this

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1 The value of exports which stood at US$ 365 Million in 1960/62 declined to US$ 324 Million in 1970/72, while the terms of trade (1967 index = 100) which stood at 142 in 1962 reached the lowest point (75) in 1972 - Annual Report, Central Bank of Ceylon.

2 Government of Ceylon, The 10-Year Plan (1959) - Page 15.

3 Department of Census & Statistics, Statistical Pocket-Book of Sri Lanka (1977) Page 30.

emphasis on health are visible : major diseases like malaria, tuberculosis, small-pox and cholera have been virtually eradicated. For example, malaria accounted for only 0.2 percent and tuberculosis for 1.6 percent of the total number of deaths which occurred in 1969 [1].

Health facilities have increased over the years. In 1945 there were 2.30 hospitals, 109.4 beds and 5.7 doctors per 100,000 of the population; by 1975 it had increased to 2.50 hospitals, 286.1 beds and 15.3 doctors per 100,000 of the population.

Table 2.2 HOSPITALS, BEDS, PERSONNEL AND PATIENTS TREATED

	1945	1975
Number of hospitals	153	345
Number of beds	10,938	39,568
Number of doctors	380	2,113
Number of nurses	769	5,653
Number of patients treated	511,177	2,146,379

Sources : Statistical Abstracts of Sri Lanka

2.4.2 *Education*

The 'womb-to-tomb' welfare policy adopted by successive governments since late 1940s included a state subsidised free education from the Kindergarten to the University. The mother tongue of the population was adopted as the medium of instruction. These measures stimulated popular interest in education throughout the country and largely account for the unprecedented growth in school going population. Steps have been taken by the State towards the establishment and expansion of educational facilities in vocational and technical fields. [2]

The improvement in educational facilities led to an increase in the number of schools, school facilities and so on, leading to larger staff-student intakes. In 1963 there were 9327 schools in the island and a pupil/teacher ratio of 31:1. By 1976 the number of schools had increased to 9,649 and pupil/teacher ratio to 22:1. [3]

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1 Department of Census & Statistics, Statistical Abstract of Sri Lanka 1973 (1975) - Pages 307-309.

N.B. Malaria which was almost completely eradicated by the early 1950s has however begun to re-appear in certain Dry Zone districts in the 70s following recurrent droughts and temporary breakdowns in anti-malarial sprayings.

2 Department of Census & Statistics, The Population of Sri Lanka (1974) Pages 50-51.

3 Department of Census & Statistics, Statistical Pocket-books of Sri Lanka ; 1968 & 1978

In 1881 only 17.4 percent of the population above 10 years of age was judged to be literate. By 1946 it was 57.8 percent and by 1970 it had increased to 82.6 percent[1]. The upward trend continues.

In terms of sector-wise population distribution, the lowest literacy rates are found in the estate sector where children very early in life are drawn into the work force as wage earners. The table below illustrates this effect.

Table 2.3 POPULATION OVER 10 YEARS CLASSIFIED BY LITERACY

	All Island	Urban	Rural	Estate
Literate	82.6	88.7	84.3	61.2
Illiterate	17.4	11.3	15.7	38.8

Source : Socio-Economic Survey of Ceylon : 1960-70

As a result of the improved educational facilities the demand for higher education has dramatically increased. Although Universities and other institutions of higher learning increased from 3 in the early 1950s to 7 in the mid 1970s, a large number of students qualified for admission to these institutions have not been able to gain entry due to the lack of accommodation.[2]

The slow trend in restructuring and reorganisation of the school system to meet the challenge of a developing economy and the inability of the economy to absorb the educated manpower has led to a situation of 'educated unemployment' which is on the increase.

2.4.3 *Level of Living*[3]

Approximately 89 percent of the housing units in the rural sector were single houses. In the estate sector attached houses (line-rooms) accounted for 89 percent. In the urban sector 60 percent were single houses and 23 percent were tenements. Nearly 21 percent of the housing units in the island were one-room houses while 55 percent had 2-3 rooms. Only 5 percent had more than 5 rooms. In both urban and rural sectors the majority of the houses had 2-3 rooms; in the estate sector nearly 50 percent of the housing units were confined to only one living room.

1 Ibid : Population of Sri Lanka (1974) Table 3.19, Page 51

2 Two additional Universities are now being set up in the island. However, only 15-20 percent of the qualified are able to find entry to these institutions.

3 Data from the Socio-Economic Survey, (1969-70)

In the rural sector 88 percent of the houses depended on wells for their water supply, while in both the urban and estate sectors 60 percent and 80 percent, respectively, relied on pipe-borne water. However, in the case of the estate sector, the pipe-borne water is untreated.

In the urban sector nearly 25 percent of the houses use kerosene oil for cooking and 38 percent use electricity for lighting. In the rural and estate sectors, over 90 percent of the households use kerosene oil for lighting and firewood for cooking purposes.

In the urban sector every third household possesses a kerosene cooker, over 6 percent a refrigerator, and 37 percent a radio. In comparison, 18 percent of the rural households had radios. In general, the estate households were the least equipped of the three sectors and the living conditions were the worst.

3 : AGRARIAN STRUCTURE

On the eve of the Land Reform Programme of the 1970's the Agrarian structure of the Island reflected the impact of the superimposition of a colonial mode of production on a complex and traditional agrarian base. The agrarian structure may be broadly classified into four main categories on the basis of ownership and socio-economic considerations.

3.1 *State Sector*

By 1972 the State Sector had the largest share (55%) of a total land area of 15 million acres in the Island. On a historical dimension the legitimisation of the State ownership of the land came about through a series of Ordinances signifying State land policies.

With the transfer of jurisdiction over the Island to Britain in 1815 the Colonial administration (representing the State) emerged to a position of Trustee of the lands which belonged to "the Crown". The total extent of these lands were, however, not known. The Crown Lands Encroachment Ordinance No.12 of 1840 defined both Crown lands and private rights in land by the Crown taking over all lands that were not permanently occupied and those for which ownership could not be proved.

A subsequent Act, the Waste Lands Ordinance of 1897, set up the machinery for a systematic survey and proclamation of Government claims to any land which was presumed to belong to the Crown. Both the *de jure* and *de facto* positions of "Crown" and "private" lands were thus finalised. The State was able to allocate the Crown lands for different purposes. Through this condition emerged the sale of lands to both foreign and local financial interests for the purpose of opening up of the plantations.

A view, however, prevailed within certain elements of the Colonial administration and among the local prominants that Crown land should also directly benefit the peasant sector especially in regions seriously affected by the twin problems of landlessness and unemployment. A concrete manifestation of this view came about through the setting up of the Land Commission of 1927 which declared that "Crown land is held in trust (by the Government) for the whole community inhabiting this Island, that community which exists at present as well as generations yet unborn".[1] A few *ad hoc* attempts at colonization in the Dry Zone and village expansion using Crown lands were tried out in the period prior to 1930s but with little success.

In 1931 with the inauguration ofthe Donoughmore Constitution a more concrete State policy on agriculture and colonization was launched. It was a state policy with a difference in that the ultimate decision making on the subject of agriculture and colonization passed over from the hands of the bureaucratic machinery of the Colonial Government to the elected representatives of the people. This was achieved through the creation of an Executive Committee of

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[1] *Op. cit*, Government of Ceylon : Sessional Paper XVII of 1929, p.24.

Agriculture and Lands, a new policy-making body which guaranteed matters of policy and implementation in lands and agriculture conducted by the Department of Agriculture, Irrigation, Survey, Forests, and Land Commissioner's Department.

The recommendations of this Committee resulted in the release of approximately 14,113 acres for a total number of 1,817 allottees who were settled in a number of colonization schemes newly opened up in the dry zone.

In 1935 a Land Development Ordinance was passed by the Legislature which formalized most of the measures already taken by the Executive Committee of Agriculture and Lands. It, however, did not accelerate the development of colonization until the introduction of the "new policy" towards colonization in 1939. The "new policy" meant the provision of an increased scale of aid to the colonists in order to lessen the rigours of frontier settlement especially at the initial stage. With the "new policy", the opening up of dry zone colonization schemes accelerated.[1]

On the one hand, the Land Ordinances and Committees legitimized the position of the State as a Public Trustee of Lands which did not belong to private interests. This position was further strengthened when a portion of such lands was sold to foreign and local private concerns towards the creation of plantations and were made available towards the creation of settlement schemes. On the other hand, as the Public Trustee of lands in the Island the State was able to determine the priority uses to which land was to be placed in relation to the increasing needs for alleviating landlessness, unemployment and increasing food production.

3.2 *Plantation Sector*

Plantation Capitalism was introduced into Sri Lanka during the 19th Century by the British. The colonial objectives guided and moulded the plantation enterprises into an "Enclave Plantation Economy". "The enclave" evolved its own distinct ownership, production, management and marketing patterns and its own social structure geared to one end, namely, profit maximisation for the owners. With British capital and enterprise, cheap South Indian labour, and a heavy export orientation, the plantation system emerged as the dominant economic sector in the island relegating the peasant sector to a state of further deterioration. The advent of the plantation economy, marked the introduction of Capitalism in Sri Lanka on a significant scale. But, unlike the industrial capitalism of the western countries plantation capitalism was imposed from without on an already existing mode of production without a total internal transformation. The expansion of the plantation economy proceeded at a rapid rate until the 1930's by which time it almost reached its extensive margin.

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1 Between 1935 and 1948, 1,470 allottees were resettled in 12,624 acres of colony lands* and between 1948 and 1966, 81,730 allottees were resettled in 587,376 acres of colony lands** (refer Appendix XI).

Sources: *Government of Ceylon, "Report of the Land Utilization Committee, August 1967", Sessional Paper XI (1968), p.34.

**Government of Ceylon, "Administration Report of the Land Commissioner for 1968/69" (Department of Government Publications: March 1975) G48-G58.

By the 1930s Sri Lanka's classical colonial economy had reached its full formation. The export trade accounted for a huge share of the national income and the plantation sector came to be regarded as the mainstay of the national economy.

The development of the plantation sector was supported by the creation of State owned railways and other ancillary services. The Banking system which was a monopoly of the Europeans lent exclusively to the planters and the export-import businessmen. An uninhibited flow of European capital and enterprise, the availability of unlimited cheap labour from South India and the powers enjoyed by the Colonial Government to dispose of land at a nominal price to foreigners brought about a swift development of the plantation sector.

Table 3.1 : Position of the Plantation Sector in the National Economy

G.N.P.	(1948)	35.0	(1974)	16.5
Employment	(1946)	28.4	(1971)	25.0
Foreign Exchange Earnings	(1948)	89.7	(1974)	71.9
Government Revenue	(1950)	20.7	(1974)	13.5

Plantation crops fall into two broad categories :

(a) Small holdings
(b) Large estates

Tea, Rubber and Coconut small holdings below 10 acres in extent owned by Ceylonese fall more appropriately within the peasant sector. Estates above 10 acres in extent form a distinct plantation system. The coconut estates were mainly Ceylonese ventures both in ownership and management. The ownership of tea and rubber plantations which was almost entirely British during the colonial days had since 1948, been gradually Ceylonised by the development of proprietory interests, partnership and rupee companies[1] (see Appendix XII).

Table 3.2 : Distribution of Tea/Rubber by Size of Holdings (1968)

Holding Size	Extent: Tea (%)	Extent: Rubber(%)
Less than 10	17.0	00.4
10 - 100	11.0	17.0
100 - 500	24.0	29.0
Over 500	48.0	54.0

1 Thus, by 1970 almost all the estate superintendents were Ceylonese and the great majority of the management personnel in Colombo based Agency Houses were also Ceylonese.

The plantation was run as an authoritarian management organisation where decision making was highly centralised. On the estates the typical management structure formed a 3-tier pyramid with the estate superintendent at the the apex having centralized control over all activities. Through a stratified middle management staff the lines of his authority extended to : (1) field workers; (2) factory workers; (3) office and medical staff. Between the estate superintendent on the one hand and the plantation companies and the proprietors on the other were the Agency Houses operating in Colombo, together with their principals in London. These Agency Houses performed the key functions in the management of the cultivation, production and marketing of plantation produce on behalf of the companies and proprietors within the Agency.

Table 3.3 : Cultivated Area : 1871-1962

	Food Crops (000 acres)	Cash Crops (000 acres)
1871	860	214
1891	686	1,158
1911	742	1,768
1931	926	2,300
1962	1,303	2,323

Source : Report of the Land Utilisation Committee (1968) and Census of Agriculture (1962)

The primary objective of profit maximization for the plantation owners was reflected in the pattern of production and resource use in the plantation sector. Plantations were basically monocultural enterprises and priorities were dictated by the production requirements of the multinational firms.

Individual units of production were organised in the form of large estates where efficiency of such units was measured primarily in terms of profit. No serious concern was paid to the improvement of labour conditions. Nor was there an appreciation of the need to conserve the environment by arresting degradation and depletion of soils, forests and catchment areas.

Virtually isolated from the rest of the society, people living and working in the plantation made up a distinct community. Between social classes there were wide disparities in wage levels, life styles, opportunities and relationships. The rigid system of social stratification was in tune with the occupational status of each group. At the base was the imported cheap unskilled labourers from South India who lived in "sub-human conditions". The labourers were paid a subsistence wage just enough to exist and were housed in barrack like labour 'line rooms' which were insanitary, overcrowded and unlit. Above them were the subordinate staff of tea makers, clerks, and supervisors who had a lower middle class status in the estates. The supreme authority on the estate was the Superintendent who was helped by Assistants. With their high levels of income they enjoyed an upper-middle class life style and received the highest earned incomes. The Company Directors and the Agency House Directors operated from Colombo and London. Their salaries and perquisites were incomparably high by local standards.[1]

There was no scope for any vertical social mobility within the estate as far as the middle and lower-rung employees were concerened. The occupational and social segregation was further reinforced by ethnic and cultural differences. The superintendents were Europeans, (later replaced by upper middle class Sri Lankans from leading schools), the middle management positions were by and large taken up by Sri Lankan nationals and the workers were predominantly low caste South Indian Tamils. The plantation society is therefore a pluralistic society in social, occupational as well as ethnic terms.

The other side of the rapid expansion of the plantation system was the progressive isolation and deterioration of the village economy in economic, social and even physical terms. The development of the plantation economy totally disregarded the peasant economy. The estate-village dichotomy was manifested in many ways in the type, scale and techniques of production and in social relations. They were two distinct social, economic and cultural entities that had little to do with each other in constructive terms. A hundred years of plantations left numerous villages hemmed in with an ever growing land hunger and unemployment while the plantations reached their points of saturation in employment with immigrant labour. While the plantation crops showed spectacular increases in acreage and steady progress in yield per acre food production stagnated. The profits from the plantations were repatriated to Europe. There was little re-investment locally, and the village as a result hardly benefited.

3.3 *Peasant Sector*

In the "dual economy" of Sri Lanka, the domestic sector or the traditional peasant sector presents great diversity in cropping systems, land tenure and social relations. Production and social relations in the peasant sector reflect an admixture of more modern systems of tenure such as lands held on grants and permits (colonisation schemes, village expansion schemes etc) with archaic forms of tenure such as share tenancies, joint ownership, and fragmented micro-holdings. The growth of population, the lack of adequate avenues of employment in the non-agricultural sector coupled with technological stagnation have lead to a growing pressure on arable land. This is mostly felt in the case of paddy lands which constitute the nucleus of the village economy.

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1 The earnings of Agency House Directors ranged between Rs3,000-Rs7,000 per month. (Agency Houses Commission Report, S.P. 12, 1974, p.179). In contrast over 60% of the estate labourers earned a monthly income of less than Rs200.

Chronic landlessness and overcrowding have been in existence in the wet zone regions for many decades. While the expansion of the plantation agriculture is partly responsible for bringing about a landless peasantry. The rapid increase of population certainly contributed to aggravate the problem. Excessive fragmentation consequent to population pressure and traditional systems of inheritance, and concentration of land in the hands of the monied groups have aggravated the problem of landlessness. The census of agriculture of 1946 showed that 26% of the agricultural families in the wet zone areas were landless, the figure rising to as much as 40% in certain Kandyan districts.[1] A survey undertaken in 1950 found that 26.3% of the agricultural families were landless.[2] The census of agriculture of 1962 indicated that 25% of the small agricultural operators in the entire country were landless.[3]

Landlessness is more acute in respect of paddy land and this is most pronounced in the wet zone areas where expansion of the paddy acreage in relation to the increase in population has been limited by topographical constraints.

Laws of inheritance affecting fragmentation to some extent was able to contain landlessness through the recognisation of joint ownership to land. Joint ownership appears in two forms, referred to as *Thattumaru* (where several co-owners rotate on the same land) and *Kattimaru* (where several co-owners rotate on several parcels of land). Though these systems helped to arrest further atomization of holdings they however, perpetuate the evils of transitory systems of cultivation where lack of interest in the land and where absence of unified management prevent permanent improvements to the land. Several recent studies have also shown that these systems of joint ownership continue to play an important role even in the case of highland.[4]

Tenancy *(Ande)* is a serious problem in the paddy sector. Around 35% of the paddy cultivators are tenants. (see table below).

Table 3.4 : *Tenure of Paddy Lands*

Type of Tenure	Operators Number	Operators Percentage
Ande Cultivators	368,511	28.2
Owner Cultivators	840,838	64.4
Owner cum Ande	82,994	6.4
Land Owners Using Only Hired Labour	13,021	1.0
TOTAL	1,305,364	100.0

1 Department of Census and Statistics, Census of Ceylon, 1946:VolumeI, Part I,

2 Department of Census and Statistics, Report of the Survey of Landlessness (1952), Sessional Paper XIII of 1952 (Colombo : Government Press).

3 Department of Census and Statistics, Census of Agriculture in 1962,

4 ARTI : Small Holdings of the Coconut Triangle (1973) - 23% of the below 10 acre coconut holdings were found to be held under joint ownership.

ARTI : FAO - ARTI Programme of Field Level Consultation (1973) - This report indicated that 22% of the households in the Kandupalatha region (Kandy district) held their highlands under joint ownership.

Incidence of tenancy is highest in the wet zone areas (30%-50% of the area under paddy in different districts) where landlessness is high and alternative sources of employment are meagre. In parts of the South Eastern and Eastern regions where more recently developed large extents of paddy exist an appreciable proportion of the land is cultivated by tenants.[1] Inspite of the operation of the paddy lands Act since 1958, insecurity and high rents (50% of the crop share) continue to prevail.

The micro character of operated holdings is another serious problem. 23% of the non-paddy holdings and 64% of the paddy holdings are below one acre in extent; 35% of the paddy holdings are below half an acre.

Table 3.5 *Size Distribution of Agricultural Holdings (1971)*

Paddy		Non-Paddy Land	
Size Class (acres)	Percentage of Cultivators	Size Class (acres)	Percentage of Cultivators
Below ½	35.0	Below 1	22.3
½ - 1	29.0	1 - 2	21.2
1 - 2	18.0	2 - 5	15.1
2 - 5	15.0	5 - 10	11.0
5 - 10	03.0	10 and above	29.9
10 and above	01.0		
TOTAL	100.0	TOTAL	100.0
(Total acreage : 1,570,799 acres)		(Total acreage : 2,708,325 acres)	

The preponderance of sub-economic holdings in the peasant sector has lead to a gross under utilisation of labour. The majority of the micro-operators are constrained by limited access to complementary inputs, as well as to additional use of the land. In addition to these disabilities, joint operators and tenants are further subject to disincentives arising from size disabilities when confronted with micro holdings. The excessive parcelization and dispersion of small holdings act as a further disincentive to the adoption of improved and unified management systems. Efforts at solving landlessness through re-settlement have certainly contributed to bring about a reduction in the rate of fragmentation, but has not totally arrested it. There is evidence to show that population pressure and unemployment have led to *de facto* fragmentation of land even in the colonisation schemes.

Though credit facilities have been made available to the rural sector through a network of rural cooperatives, rural banks etc., these institutional measures have not been able to solve the problem of indebtedness in the rural sector and more particularly to curb indebtedness to money lenders. A survey on rural credit and indebtedness carried out by the Central Bank of Ceylon, 1969 showed that non-institutional sources,

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A good part of these lands are managed by intermediaries called *'Gambarayas'* who use hired labour.

sources, like money lenders, landlords, commission agents and traders, boutiques, friends and relations and others accounted for 75% of the total amount borrowed in one year.[1]

The earnings of the majority of micro operators (tenants or owners) fall far below the subsistence requirements. This situation compels them to rely on subsidiary employment at the risk of neglecting their land holdings.

During more recent times with the increasing land and employment problems in rural areas, the class of landless labourers has been growing in size.[2]

3.4 *Semi-Feudal Landlordism*

A part of the peasant sector was long handicapped by the continued existence of semi-feudal institutions of Monastic and *Ninda* landlordism. Taken together, both types accounted for around 200,000 acres of land which belonged to the peasant sector. Lands belonging to these institutions were found mainly in the upcountry regions of the Island (See Appendix X).

Monastic landlordism was expressed in two forms : those lands which belonged to the Buddhist Temples were called *Viharagam*, and those that belonged to the Hindu Temples were called *Devalagam*. Both types were lands given to temples down the ages by kings or private individuals.

"Nindagam" were properties which belonged to semi-feudal landlords originally granted to them by kings as pre-requisites of office or as rewards.

Occupiers of the lands *(Nilakarayo)* belonging to both Monastic and *Ninda* landlords, were required to perform various services ranging from formal homage to laborious duties in return for the right to occupy the land. The services attached to *Nindagam* were mostly of a personal nature such as the cultivation of *Muttettu* lands, assisting the landlord in weddings, funerals, and other household functions of the Mansion *(Walauwe)*. The services attached to the *Viharagam* included the offering of alms to the monks, the maintenance of temple premises, the organization of temple festivals and tom-tom beating. The services attached to the *Devalagam* lands included personal attendance work to the Chief Custodian of the Temple *(Diyawadana Nilame)*, participation in temple processions and ceremonies. These services were designed towards the enhancement of the status and authority of the *Nindalord* and the temple.

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1 Central Bank of Ceylon, Report of the Survey of Rural Credit and Indebtedness (1969), (Colombo : Department of Economic Research, Central Bank of Ceylon : 1971), Table 17, p.25.

2 P. Wickramasekera, "Some Aspects of Hired Labour in Sri Lanka" Hired Labour in Rural Asia (S.Hirashim, ed.) Institute of Developing Economies, Tokyo, 1977.

ARTI, Role of Local Groups in Rural Development. Research Study No.22, 1977.

ARTI, Rainfed Highland Farming in the Dry Zone of Sri Lanka, to be published.

The occupiers of semi-feudal lands *(Nilakarayo)* suffered numerous economic and social debilities: mostly from extreme poverty, excessive fragmentation, joint ownership and so on which precluded many from earning an adequate livelihood. The land shares had no relation to the extent and the nature of the services involved. An appreciable part of the productive working time of the year was spent on performing these services. The continued performance of the services also contributed towards lowering the status of "*Nilakarayo*" in relation to freeholders while also reinforcing the caste system. Personal services to be preformed were of the most degrading type. Though these services could be theoretically commuted through a cash payment, the fact that "*Nilakarayo*" were attached to the feudal system did not enhance their social status within the rural milieu.[1]

These semi-feudal systems of land tenure survived the economic and social changes that accompanied the consolidation of British rule in the country. The abolition of compulsory service to the Crown *(Rajakariya)* in 1832 under the Colonial administration did not, however, apply to the services rendered to the *Ninda* and Monastic landlords. In fact Monastic landlordism was officially recognised, stabilized, and strengthened by colonial law enforcement agencies.[2] The motive in official recognition, however, was to bring them under the British system of taxation. At no stage did the British Government consider the abolition of service tenure as a means of removing the economic and social debilities which were attached to these semi-feudal enclaves in the peasant sector.

The Kandyan Peasantry Commission (1952) of the post-independence period by-passed the role of these semi-feudal institutions and their debilitative effects on the Kandyan peasant economy. Their main concern was on the adverse effects of the plantation economy on the Kandyan village.

A Commission appointed in 1956 to inquire into the tenure conditions of these semi-feudal institutions confirmed the existence of many disabilities suffered by the tenants of these lands. The contradiction of the semi-feudal system with the development of the non-feudal sector was highlighted. It recommended the abolition of *Nindagam* tenure without compensation for the loss of services to the owners.[3] It, however, did not recommend a similar solution in the case of tenurial conditions under *Viharagam* and *Devalagam*.

The recommendations of the Commission were concretized through an Act - the Nindagam Land Act No.30 of 1968 - 12 years after the publication of the Report of 1956. The Act was intended to "Abolish the services due from the tenants and holders of *Nindagam* lands to the proprietors thereof, to provide for the registration of such tenants and holders as absolute owners...."[4] The owners were not eligible for compensation for any loss of the land. This Act, however, was not implemented.

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1 Kandyan Peasantry Commission Report (1952) Sections, 89, 178-179, 192.

2 Evers, Hans-Deiter, "Monastic Landlordism in Ceylon : A Traditional System in a Modern Society", Journal of the Asiatic Society, 28(4) August, 1969, p.678.

3 Government of Ceylon, Sessional Paper I of 1956, Section 172.

4 Ibid Section 171.

3.5 *Problems in the Rural Sector*

The more important features of the tenurial and agrarian social relations in the peasant and plantation sectors were outlined in the previous sections. It was observed that the problems in the plantation sector resulted from its enclave nature and the emphasis on the profit motive.

In the peasant sector, however, the primary problems are related to the main features of the agrarian structure. It was noted that landlessness, excessive fragmentation, micro-holdings, joint ownership, tenancy, and even semi-feudal land tenure relations are serious problems affecting this sector. The attempts at re-settlement of peasants under colonisation and village expansion schemes and various forms of youth settlement have not resulted in bringing about a structural change in agrarian social relations in the rural sector. Ambitious programmes aimed at production intensification through improved bio-chemical technology (Green Revolution) and improvements in supporting services have failed to bring about the expected changes.

The peasant sector continues to remain in a state of low productivity. Productivity in the main paddy sector has not shown a sufficient increase to keep pace with the increasing population (see Appendix VII). The existing agrarian social relations have also been responsible for the inability of a large mass of the peasant population to adequately benefit from innovations, particularly in respect of the 'Green Revolution' technology. Various schemes of infra-structural and organisational improvement that have been introduced to boost up production have only marginally benefitted the majority of the peasants.

Unemployment and under-employment are serious problems in the rural sector. The increasing numbers of new entrants to the labour force in the absence of non-agricultural employment avenues contribute to the growth of the so-called surplus labour in agriculture : 15.4% of the rural population are unemployed and almost 70% of the total unemployed in the country are found in the rural areas. In contrast the estate sector accounts for only 10%. In the rural areas 67% of the unemployed were men, and of the total of unemployed, 77% were in the age group 15-24 years. Rural unemployment has almost doubled between 1962-1972. Most of the unemployed are educated and their preferences and aspirations are largely for white collar occupations. The spread of urban values through education and lack of security and attraction in farming as a vocation are among the major factors that have contributed to such an orientation.

Under-employment perhaps is more widespread than open unemployment. The un-economic nature of undersized holdings, seasonality in labour requirements in agriculture, and the scarcity of alternative employment opportunities are among the major causes of under-employment. Studies reveal that among the landless rural labour groups in the Island 40% worked less than 30 hours per week[1] In certain areas of the wet zone lowlands between 25%-40% of the work force had less than 24 hours of work per week.[2]

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1 Central Bank of Ceylon : The Determinants of Labour Force Participation Rates in Sri Lanka : 1973 (1974) p.198-199.

2 ARTI, Land Reform and the Development of Coconut Lands, Research Study Series No. 14 (October 1977) p.11.

The impact of land hunger, under-employment and unemployment may be discerned from the low income levels prevailing in rural areas. In 1969/1970 the average income of 46% of the rural households was less than Rs200.[1] Both rural employees and the estate workers receiving an average monthly income of less than Rs200 accounted for almost 65% of the total.

Income itself may not sufficiently explain the economic and social situation of the rural sector. Certain other indicators could further amplify this situation. Malnutrition as a problem is much more pronounced in the rural sector than in the estate sector. Among the resident labour on the estates the daily intake of food is 300-400 calories higher than what is consumed in the rural sector. The protein intake of the poorest in rural areas representing 21% of the rural population fall very much below the minimum requirement levels; the poorest 10% in this sector suffer from serious overall calorie deficiencies.

Housing in the rural sector is by no means satisfactory, although rural houses built largely of wattel-and-daub may be less congested (1.8% persons per room) than estate houses (2.5% persons per room) - where the overall conditions are far less hygienic. Besides housing, both the estate and the rural sector suffer from deficiencies in basic living amenities like toilet facilities and suitable drinking water. Though pipe borne water is available in the estate sector it is almost always obtained direct from streams or wells without any form of purification.

In summary the problems of the rural sector emanate from intrinsic systemic defects in farm size structure, tenurial heterogeneicy and disabilities, institutional incapacities and from the failure of the industrial sector to generate adequate productive employment for its unemployed and the under-employed.

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1 By 1967, 50% of the rural income receivers earned less than Rs197 per month. Central Bank : Survey of Sri Lanka's Consumer Finances : 1973 (1974) p.63.

4. POST-INDEPENDENCE DEVELOPMENT APPROACHES

For a long time Sri Lanka sought to achieve development without altering the economic structure inherited from colonisalism and the social relations fostered by it. Since Independence welfarism of varying form and degree has constituted an essential element of Sri Lanka's development strategy. The shift towards structural changes came more prominently in the current decade.

Since the granting of universal suffrage in 1931 and more particularly after gaining political independence in 1948 the policies of major parties have been influenced by a concept of a welfare State and redistributive justice. Through programmes of welfare and social service, a redistributive mechanism was introduced in Sri Lanka without affecting the economic structure and its production relations. The State by means of taxation and foreign aid was able to find resources to meet the welfare bill for some time. Apart from free education there were other facilities like free health services, subsidized food and transport. These measures were introduced and continued by Governments for socio-political reasons.

According to some, social objectives have displaced the economic in Sri Lanka's development strategies. A Sri Lankan social scientist observed : "Of the two extreme strategies - growth now, redistribution and education later redistribution and education now and growth later - Sri Lanka has op opted irrevocably for the latter .... No Asian country has gone as far as Sri Lanka in the direction of a welfare State".[1]

However, the negative side of the consumption oriented welfare policy was weighing heavily upon the country's economy as a whole. The economic growth was inadequate to meet the evergrowing welfare cost, and the failure of the economy to expand adequately led to a growth of unemployment among educated youth and a degradation in the general level of living of the people. At the time of independence Sri Lanka's foreign exchange position was quite sound due to the post-war boom in the export trade. However, this prosperity did not last long as the world market situation turned unfavourable in later years. The availability of funds to meet the welfare costs depended on the prosperity of the plantation sector. Social welfare was conceived in terms of service extended by the Government out of its revenue and borrowings to reduce or contain social and economic inequalities arising out of the "economic dualism" that characterized the colonial economy.

The conflict between "growth" and "welfare" was already unfolding in the early 1950s and since then Sri Lanka has endeavoured in various ways to strike a compromise between economic and social objectives. Sri Lanka's approach to agricultural development prior to 1972 was sectoral treating the plantation and domestic sectors separately and trying to solve the problems of each within its narrow framework.

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1 Ralph Pieris, Asian Development styles, 1977.

A solution to peasant sector problems of landlessness, unemployment, low productivity, tenurial disabilities and low levels of living was attempted through various measures such as re-settlement in the dry zone, village expansion, tenancy reform, supportive institutions for credit, marketing and extension. There was also a scheme of price incentives aimed at encouraging food production. During certain periods these measures were also backed by restriction of import of several items that may be produced locally with a view to encourage import substitution.

As a result of these measures the peasant sector of the economy showed notable progress during the post-independence period. Whereas in 1950 the domestic sector constituted only 26% of the contribution of agriculture to the GNP; by 197- it increased to 68.8%. Thus the relative importance of the domestic sector in the island's agriculture increased remarkably. There has been also an increase in the volume of employment generation within this sector. In the post-independence period the output of paddy and other subsidiary food crops showed progress. For instance, between 1952 and 1974 the paddy output increased by 166% while the area under paddy increased by 70% and the yield per acre by 45%. These developments of the domestic sector, however, were not adequate to reasonably solve the problems in the rural areas. Despite the increased contribution of the domestic sector, Sri Lanka's economic crisis has been deepening during the past two decades with temporary revivals at times.

In the plantation sector, attempts were made to raise output levels through a programme of research and by introducing generous subsidies for replanting with high-yielding varieties, for fertilizer application and for the modernization of tea factories. Solutions were attempted to the deteriorating labour conditions by introducing labour legislation, by raising wage levels and by expanding welfare facilities.

These measures had their impact on the level of production in the plantation sector. For instance between 1948 and 1974, the total tea output increased by 50%. The per acre output of tea increased from 539 to 535 lbs. in 1974. Tea and rubber output as per labour too increased during this period. The overall result was a conspicuous rise in the volume of tea and rubber exports.

On the one hand, the development strategy of the Government towards the plantation sector was constrained by the Government's own effort to regulate the plantation activity. With a view to get the plantation system fall in line with the national interests of the country, the plantation sectior was subjected to certain controls. These measures included vigorous taxation of the tea industry to finance national development, restraints on the export of capital, efforts to build up the importance of the Colombo auctions, measures to secure the employment of Sri Lankan management staff, encouragement of small-holder tea production, and attempts to solve the problem of Indian labour which had been a bone of contention in the high unemployment sphere of Sri Lanka. Legislation was also introduced making it impossible to repatriate proceeds of sales of estates.

The foreign plantaion companies reacted by -

(a) arresting capital inflow into the plantation sector and by placing heavy reliance on local lending sources;

(b) by effecting a process of disinvestment on the plantations. At the early stages, the plantations were sold and the proceeds were repatriated out of Sri Lanka. With the introduction of the Exchange Control Regulations in 1956 and the subsequent tightening up of these regulations, plantation companies started inflating their profits at the expense of maintenance, fertilization and labour welfare measures etc. This in effect meant the transfer of a part of capital investment out of the country by paying higher dividends to owners living abroad;

(c) the multinationals made use of their vantage position of control over both the production and marketing processes to circumvent Sri Lanka's taxation measures by deflating profits at the production stage and by earning heavy profits for the companies at the marketing stage - a stage which lay beyond the control fo the Government of Sri Lanka.

The overall result of the reaction of plantation companies was the neglect of plantations and drop in production depriving the national economy of Sri Lanka of the full benefits of the plantations. The persistent deterioration of the plantation sector, in spite of all effrts by the Government to arrest this decline, raised the fundamental question whether the traditional approach to assist the plantation sector would bring about any appreciable contributions to the national economy so long as this sector was controlled by non-nationals.

As Sri Lanka entered the 1960s the economic crisis became worse due to falling prices of export products. A severe foreign exchange crisis set in and external assets dropped to the lowest level after independence.[1] While the export sector was in a crisis the domestic sector was unable to generate adequate surpluses of food grains. The economic crisis was further aggravated by the rapid growth of the population in which the youth formed the largest section. Unemployment among educated youth mostly rural assumed great proportions.

The insurrection of 1971 and other social and political developments of the 1970s compelled Governments to look at redistributive justice in terms of structural changes. The land reform and development policies of the 1970s were attempts to make certain changes in the economic structure to meet the demand of equity on a different basis. Thus in the 1970s development goals have become more clearly identified and established. It can be said that the concept of development in Sri Lanka embodies growth, equity, self-reliance and people's participation.

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1 See Sub-section on Economy.

5. TENANCY REFORMS

In the early 1950s tenancy was recognised, along with the problems of low productivity, fragmentation of holdings and rural indebtedness as a major problem in the paddy sector. The growing insecurity of tenancy and the exorbitant rents paid by the tenants were considered as being largely responsible for the state of low productivity in the paddy sector. The first attempt to regulate tenancy on paddy lands was made with the introduction of the Paddy Lands Act No.1 of 1953, which offered security of tenure to the tenants and restricted the rent recoverable from them.[1] As a measure of tenurial reform, this act was inadequate.[2]

The new Government which came into power in 1956 considered tenancy in paddy lands as a vital national problem;[3] freedom of action and security to tenants was considered an essential element in achieving a state of social and economic equity. These ideals were ingrained in the Paddy Lands Act No.1 of 1958.

The 2 fundamental objectives of the Act[4] were

(a) to provide security of tenure on a permanent and heritable basis to the tenants and

(b) to regulate the rents extracted by the landlords.[5]

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1 Government of Ceylon - Paddy Lands Act No.1 of 1953 - Page 3.

2 For example, in order to become beneficiaries of the Act, the tenants were required to obtain a prior letter of certification from landlords assuring their tenancy status in the lands belonging them. The act was operational only in two districts of Hambantota and Batticaloa. Even in these districts it was unable to provide adequate security to the tenants.

3 Government of Ceylon, Hanzard Volume 30-1957, Pages 2379-2380.

4 The Act also embodied several other objectives aimed at bringing about a more fundamental and far reaching change in the paddy sector. These provisions were aimed at:-

(a) preventing further fragmentation of paddy lands by consolidation of small sized holdings and promoting co-operative forms of farming among the peasants.

(b) regulating interest rates on loans, particularly for the hire of implements and draft animals by tenants from landlords and fixing of wage rates for agricultural labourers.

(c) establishing Cultivation Committees for the organisation and development of paddy cultivation in each local area.

5 In 12 of the 22 districts the prescribed rent for the landlord was one-fourth of produce or a fixed number of bushels ranging from 3 to 12 per acre, whichever was less. In 2 districts it was one-fifth of the yield or 4 to 8 bushels. In most of the remaining districts the rent varied from one-eighth to one-fourth of produce or 2 to 12 bushels per acre.

Povision of the Act relating to security of tenure were applied throughout the Island in 1958, and the other provisions of the act came into operation only in Colombo and Hambantota districts by ministerial decree in the same year. It was only by 1963, 5 years after the act was made law, that the entire Act came to be operative in all the Districts of the Island.

The impact of the Paddy Lands Act as a measure of agrarian reform could be examined under three broad headings:-

5.1 *Security of tenure*

The delay in making the act fully operational simultaneously over the entire island caused a wave of tenant evictions. Until 1963 the tenants in the districts outside the two which came under ministerial decree could not take legal action against evictions. The long delay involved in restoring tenancy rights through complicated legal procedures dimmed the credibility of the Act as an instrument of tenurial reform. Between 1958 and 1971, a total of 43,134 complaints of evictions were received by the Department of Agrarian Services, a department created for the implementation of the Act.

Of these complaints, by 1971, only 18% ended in restoration of tenancy through legal or concilatory procedures, and 9% still were awaiting inquiry, some of which were complaints made as far back as 1958.[1] Besides, cases of recorded evictions some tenant cultivators may have voluntarily surrendered their rights or may even have passively accepted a derogation of their status to one of agricultural labourers[2] in order to survive.

Several legal problems were encountered in implementing the security of tenure provisions. The Act was challenged in the law courts on several occasions, particularly the authority of Assistant Commissioners of the Department of Agrarian Services

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1 I.K. Weerawardena - Lessons of an Experiment; the Paddy Land Act of 1958, R.I.P.L. Division, June 1975 - Page 3.

2 Ameer Raza, Evaluation of the Paddy Lands Act, Page 10. "Several recent studies have shown that many tenants were unable to register themselves in the paddy lands register (only proof of tenancy rights) maintained by the Cultivation Committee.

See : ARTI : Agrarian Situation in Sri Lanka Series; Kandy District and Colombo District (1975)

Socio-Economic Survey of the Beminiwatte Agricultural Productivity Committee Area. (1976).

to adjudicate over complaints of evictions. This question was in dispute until it was decided in favour of the Assistant Commissioner by the Supreme Court in 1972. In addition, the Cultivation Committees which were expected to implement the provisions of the Act at the village level initially ran into several legal problems. In most cases the Cultivation Committees were dominated by landlords and other interests unfavourable to theable to the tenants.

The Paddy Lands Act was amended 5 times between 1958-1970 in order to prevent illegal evictions of tenants and to make the Cultivation Committees more viable instruments to promote the objectives of the Act.

The amendments did not basically alter the tenants' situation. Most of the evicted tenants had to wait for redress until the Agricultural Productivity Law No : 22 of 1972 and the Agricultural Lands Law No: 42 of 1973 (which later replaced the Paddy Lands Act) came into operation in 1974/75.

The Agricultural Lands Law embodied all the principles of the Paddy Lands Act, and this Law coupled with the Agricultural Productivity Law were expected to provide a greater security to the tenants. Agricultural Tribunals (set up under the Agricultrual Productivity Law) were to be the final authority for tenurial and other disputes with respect to agricultural lands in each district.[1] The new scheme was found to be more effective than the previous procedures although many procedural drags persisted which prevented a speedy settlement of all the complaints. On a general basis only around 25% of the evictions reported had resulted in the restoration of rights of the tenants evicted. Since mid 1977 the Cultivation Committees, and the Agricultural Productivity Committee (including Tribunals) were disbanded. A fresh wave of evictions has taken place since then.[2]

5.2 *Rent Provisions*

The rent stipulations of the Act were generally adhered to only in the less densely populated areas of the Island (North Eastern, Eastern and South Eastern parts of the Island) where paddy cultivation was done on a commercial scale and in relatively larger holdings than elsewhere. Paddy fields in these areas were developed only in the recent past and as a result there was an absence of strong customs governing rents. In these areas labour

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1 These were set up only in 1975

2 Provisions relating to payment of compensation to illegally evicted tenants (Rs. 5/- per year) were never exercised.

was in short supply and competition for land was much less than in wet zone areas. Tenants were in a better bargaining position than elsewhere in the Island. Several surveys conducted after 1958[1] have shown that in these areas the land owners' share of the crop averaged about 25% or less. However, in the absence of specific information on rents in the pre-reform period any conclusion drawn about the impact of the reform on rents from data on post-reform rent levels has to remain conjectural.[2] In most other areas of the Island the tenants continues to pay the traditional 50% share of the crop.[3] No concious effort was made to enforce the rent stipulations. There had not been a single instance, of the owners who demanded rents in excess of the stipulated levels were prosecuted. The changes brought about with the Agricultural Lands Law and Agricultural Productivity Law did not fundamentally change the situation.

The provisions relating to security of tenure and rent regulation are not separate issues, but are often related to each other. In most densely populated areas of the wet zone where landlessness is acute and alternative employment opportunities are absent, competition among tenants to obtain cultivation rights to even small plots of paddy land is very acute. This is further aggravated by the scarcity of paddy land in these regions. The tenant under these circumstances cannot insist on his rights as his very survival depends on the working on a piece of land under any conditions whatsoever.

Most tenants were not properly registered as cultivators in the land register maintained by the Cultivation Committee.[4] They had very little chance of getting themselves reinstated if evicted by attempting to ascertain their rights. In any case many tenants were unable to involve themselves in protracted tenancy cases due to their weaker economic and social position. An evicted tenant who failed to get himself reinstated rarely stood a chance of obtaining a piece of land from any land-owner in the village.

Experience has shown that patron-client relationships often amounting to total dependence of the tenant on the landlord have also prevented the tenant from ascertaining his rights. If he did so he was likely to cut himself off from being a receipient of other benefits.[5]

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1 Survey of Cultivation Committees, Department of Agrarian Services, 1966 and Agrarian Situation Relating to Paddy Cultivation in Sri Lanka, Hambantota district - ARTI; 1973

2 G.H. Pieris, Share tenancy and Tenurial reform in Sri Lanka, CJHS, New Series, Volume 5 No.1 1976, Pages 24 - 54.

3 ARTI Studies quoted above.

4 See under Cultivation Committees.

5 These may include free housing on the owner's land, work for family members on other lands (coconut, rubber etc.), financial assistance during times of distress etc.

Further a large number of tenants so dependent on the landlords were unable to meet their farming requirements independent of the landlord, given the inadequate institutional supporting structure. Though the Cultivation Committees were expected to look after the interests of the tenants, many of the Committees rarely did so as they were generally dominated by landed and other interests. The tenants themselves were not organised as a class to protect their own interests; nor were they given encouragement to organise themselves by the Department implementing tenurial reforms or any other organisation.[1]

5.3 *Cultivation Committees*

The setting up of the Cultivation Committees was the most significant change in agrarian development proposed by the Paddy Lands Act. These Committees occupied a key position in the strategy of the proposed reforms.

The Cultivation Committees were set up on the basis of one Committee for every 200 to 450 acres of paddy. Each Committee was to consist of 12 elected members, 9 of whom were to represent cultivators (owner-cultivators, tenants and agricultural labourers)[2] and 3 to represent non-cultivating owners. The members were to hold office for a period of one year and were eligible for re-election (the tenure of the Cultivation Committee was increased to 3 years in 1961).[3]

The Cultivation Committees were held responsible for implementing the provisions of the Paddy Lands Act and planning and developing paddy cultivation at the village level. These included (a) settling problem arising from tenurial disputes, (b) maintaining a Paddy Lands Register giving the names of cultivators, their land holdings, the tenurial arrangements in each holding etc., (c) dealing with problems relating to crop damage caused by animal trespassing, (d) maintaining and developing irrigation works and to control and regulate the distribution of irrigation water (e) fixing wages payable to farm workers and (g) helping farmers obtain loans and procure and distribute agricultural inputs.

The Cultivation Committees were, therefore, expected not only to implement the tenancy provisions of the Act, but also to foster the general improvement of paddy cultivation. The Committees were responsible for holding a meeting of all cultivators before the

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1 In 1959 - one year after the introduction of the Paddy Lands Act - several ande cultivators' associations sprang up in areas where insecurity of tenancy had been a regular feature (press supplement to commerate the first anniversary of the Paddy Lands Act - Ceylon Daily News - 2nd March, 1959). These associations did not survive long due to lack of outside support and encouragement. The United Front of Farmers (Govi Peramuna) had not been able to spearhead a movement in support of tenants.

2 The amendments introduced in 1964 excluded non-cultivating owners and agricultural labourers from the Cultivation Committees.

3 The elective principle was replaced by a system of nomination in 1973 when the Agricultural Lands Law replaced the Paddy Lands Act.

commencement of every cultivation season for planning the season's cultivation programme. In collaboration with the Agricultural Extension officers these Committees were expected to promote the use of new inputs and modern methods of farming, to mobilize the support of the peasantry and spearhead a movement towards preparing schemes for consolication of holdings and organization of collective forms of agricultural production. The Cultivation Committee was thus conceived as the point closest to the cultivator where his varied problems could be discussed and solutions found by the cultivators, themselves. The concept of the Cultivation Committee was a sequal to the recognition of the fact that no promotion of paddy cultivation was possible directly through Government intervention without taking into consideration the vital role the cultivator himself plays in paddy cultivation.

The main source of revenue of the Committees was the acreage levy charged at the rate of Rs. 6/- per acre for each crop season. They were also entitled to derive incomes from contracts undertaken for minor irrigation works, commissions in respect of crop insurance premiums etc.

Several Government officers such as the Co-operative Inspectors, Divisional Officers of the Department of Agrarian Services and the Agricultural Instructors were expected to guide the activities of the Committees and help them solve their problems.

The Cultivation Committees were confronted with several problems during the early years of the Paddy Lands Act. Many of these problems persisted inspite of several attempts made to strengthen the administrative machinery and to bring about appropriate amendments to the Act. The Committees were faced with the cumbersome and dilatory procedures that had to be followed in the election to the Committees and the questioning of the legality of the Committees that had not been fully constituted as specified in the Act. Further the activities of the Committees were hindered by the virtual non-recognition of the Committees by other Governmental agencies and the inadequacy of funds and other resources.

The anticipated assistance and participation from the state officials did not in fact take place. A large number of Cultivation Committees were unable to collect the acreage levy (main source of income) satisfacorily and the majority of the Committees had no offices or paid officials for their administrative work. Many of the functions ascribed by the Act could not be performed at all by a majority of the Committees. The implementation of the tenancy provisions was jeopardized as a large number of Committees were dominated by landlords themselves, or the relatively wealthier and educated sections of the village (professionals classes, businessmen etc.). The provisions relating to the protection of interests of agricultural labourers and those relating to the promotion of land consolidation and co-operative farming rarely materialised. Even such activities as bulk purchase and distribution of fertilizer and agro-chemicals, hiring of agricultural machinery and equipment, organisation of communal aspects of paddy cultivation, water management etc, were performed sporadically and inadequately and only by a small number of the Committees. In general the only area where some Committees have had a satisfactory record of performance was in the tasks of repair and maintenance of village irrigation works.

The fact that most Cultivation Committees came to be dominated by land owners and professional classes defeated the very objective of making the Cultivation Committee a truly representative organisation of the peasantry and more particularly of the under-privileged classes. As a result a majority of the peasants became either indifferent or passive participants in the activities of the Committees without offering their full support and co-operation.

5.2 *Implications of the Paddy Lands Act*

The Paddy Lands Act created among the peasant class for the first time a certain degree of awareness of their rights. People came to accept the fact that the old system of property relations which were considered inviolable could be changed for the better. The large number of cases filed and appeals made against evictions and litigation that followed had demonstrated the tenants' consciousness of their new rights and the determination to secure them by available legal means.

The virtual disappearance of the payment of 'Madaran'[1] from the village areas had been largely due to the impact of the operation of the Paddy Lands Act.

The most significant contribution of the Act had been the creation at the village level for the first time of a farmers'organisation, the Cultivation Committee, for planning and developing paddy cultivation by the farmers themselves. If properly guided and strengthened these Committees would have been able to make a substantial contribution to the development of the rice economy of the country.

The three broad areas in which the Act was expected to bring about improvements, namely, security of tenure, reduction of rents, and planning and developing the paddy sector by Cultivation Committees have by and large not witnessed any significant changes.

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1 Gifts in cash and kind or both made by tenants to landlords before the commencement of each cultivation season.

Among the problems which confronted the administration in implementing the Act were those that arose from loopholes and ambiguities that characterized certain sections of the Act itself. They created much administrative confusion at the crucial initial stages and provided much opportunity for evation and sabotage. Certain defects of the Act were essentially those of weak formulation and could have been avoided had greater precision and foresight being exercised at the drafting stage.[1] Several of the defects of the Act were rectified through later amendments. However, these did not bring about a fundamental change. The delays in implementation of the Act which ensued created among the prospective beneficiaries of the reform a considerable disenchantment and a general lack of confidence in the efficacy of the legislation.[2]

The Paddy Lands Act in essence was an attempt to regulate tenancy in an environment where paddy cultivation was more a way of life than a simple economic activity. The experience has shown the difficulties of formulating uniform sets of laws which in their practical application could encompass the manifold variations of a traditional tenurial system in which contractual arrangements are invariably oral and informal and patron-client relationships and pressure of conservatism are still strong.

The gravity of the above stated problems was further revealed when it was found difficult to rectify the basic issues even under the newly strengthened mechanism of Agricultural Tribunals and the Agricultural Productivity Committees/Cultivation Committees link-up. In terms of tangible cost-benefits the entire exercise of tenancy reform does seem to appear to have brought about only a marginal impact. The total expenditure on the creation of a Department of Agrarian Services with a host of officials to supervise the implementation of the Act and the cost of litigation both to the Government and to the tenants seem to have out weighed the tangible benefits the cultivators derived from the Paddy Lands Act.

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1 For example, the provision which made it mandatory for Cultivation Committees to draw one-fourth of its members from non-cultivating owners enabled such persons to sabotage the setting up of the Committees (until amending legislation was introduced in 1964) by non-participation at the elections. There were also conflicts between certain clauses of the Act and the Irrigation Ordinance of 1936, which was administered by a different Ministry. Again failing to anticipate the flood of appeals against the decisions of the officials inquiring into complaints of evictions, the Act made provisions to set up only one Board of Review for the whole country and further stultified the effective functioning of that Board by stipulating that it would sit only with its full complement of three members.

2 I.K. Weerawardena and G.H. Peiris - op.cit.

6. *THE LAND REFORM PROGRAMME*

6.1 *Land Reform Law No:1 of 1972*

The Land Reform Bill was presented to the National State Assembly by the Minister of Agriculture and Lands on 18th May, 1972 and became law on 26th August, 1972 with retrospective effect from May, 1971. The main provision of the Law was the fixation of a ceiling of 50 acres (within which a maximum of 25 acres of paddy was allowed) on lands owned by private individuals and private companies. Land owned by public companies (companies other than private companies registered under the Companies Ordinance), religious institutions and charitable trusts were exempted from the Law. All lands in excess of the ceiling were to be vested with a newly created statutory body for implementing the land reform programme - the Land Reform Commission and the process of vesting was to be completed within a period of two years.

The functions of the Commission were briefly stated in the preamble of the Law as follows : -

"......... to fix a ceiling on the extent of agricultural land that may be owned by persons, to provide for the vesting of land owned in excess of such ceiling in the Land Reform Commission and for such land to be held by the former owners on statutory lease from the Commission, to prescribe the purposes and the manner of disposition by the Commission of agricultural lands vested in the Commission so as to increase productivity and employment, to provide for the payment of compensation to persons deprived of their land under this law and for matters connected therewith or incidental thereto".

The Commission was to function directly under the control of the Minister of Agriculture and Lands who was assisted by the Cabinet sub-committee on land reforms. The Commission consisted of the Chairman and five other members who were appointed by the Minister and three ex-officio members, namely, the Land Commissioner, the Commissioner of Agrarian Services and the Director of Agriculture. At the head office the functions of the Commission were divided into five departments; each headed by a Director. These Directors were to jointly and individually assist the Chairman in the implementation of the Land Reform Law. At the district level the Commission set up a District Land Reform Authority (DLRA) for each district, headed by a District Director. The DLRA was expected to "discharge or perform any such powers, functions, duties of the Commission as my be delegated to such Authority by the Commission." (Section 50).

The Land Reform Law allowed the owners of land in excess of the ceiling to transfer excess land to their parents and also to children above 18 years, such transfer being subject to the ceiling. The discretion for the grant of such inter-family transfers was left entirely in the hands of the Land Reform Commission which was expected to act on the recommendations of the District Land Reform Authorities on such matters.

The law required the land owners of land in excess of 50 acres:

(i) To submit a declaration regarding land ownership on a prescribed form as stipulated in Section 18 of the Law.

(ii) To submit an application on a prescribed form as stipulated in Section 14 if their lands were to be considered for inter-family transfers.

(iii) To report on land transfers effected between 29th May, 1971 and August, 1972.

The law made it obligatory for the owners of land in excess of 50 acres to be responsible as statutory leases to manage such land for a period of one year subject to termination of lease by the Land Reform Commission at any time. There was, however, provision for the lease to be extended for another year.

The Law provided for adequate compensation to the land owners who had to lose their land. The compensation was to be whichever was higher of the following valuations : -

(a) An amount not exceeding fifteen times the average annual profit on such land during the previous five years as assessed by the Commissioner of Inland Revenue, or where not so assessed, as declared to the Commissioner of Inland Revenue by the person who was the previous owner of such land on the day immediately prior to the date on which such land so vested, in this Part referred to as the "former owner", if such land is not paddy land, and ten times such average annual profit if such land is paddy land.

(b) The value of such land as assessed by the Commissioner of Inland Revenue for the year of assessment ending March 31, 1971, or where not so assessed, as declared by its former owner to the Commissioner of Inland Revenue for the purpose of wealth tax.

Where neither of these assessments was available the Land Reform Commission had the power to make its own valuation on the advise of the Chief Valuer of the Government. The compensation was to be paid in the form of Bonds of 25 year duration at an annual interest rate of 7%. These bonds could be surrendered before maturity with the approval of the Minister of Agriculture and Lands for the following purposes : -

(i) Agriculture, Industrial or other development purposes;

(ii) Construction of residential houses or for any other purposes approved by the Minister;

(iii) Payment of Capital levy, Estate duty or Income Tax.[1]

The Land Reform Commission had the power to alienate the lands vested with it for several purposes but primarily for agricultural and animal husbandry development. Preference was to be given to landless persons, and collective or co-operative farms. Such alienation was to be on the basis of sale, exchange, rent purchase or lease with a view to eventual purchase. The law also made provision for the alienation of land to State Institutions and Corporations.

The Law specifically stated that lands alienated to individuals should be of an economically viable size capable of generating a minimum monthly income of Rs.300/-. In the distribution of land, preference was to be given to residents of the same administrative district where the land is situated. The lands alienated had to be paid for and the prices and rentals were expected to be at least equal to the amount of compensation paid to the former owners.

The Land Reform Commission had the right to lay down terms and conditions to the recipients in order to guarantee that the land alienated would be used for the purpose for which it was given.[2] Where such conditions were not adequately fulfilled the Commission had the power to cancel such alientations and to re-vest the land in the Commission.

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[1] Several problems cropped up in working out compensation:

(1) Many owners did not know the exact extents they owned and surveys on the ground differed from declarations.

(2) Government realised that if the payment of compensation was phased over a long period of time the actual sum paid would exceed double the value of property.

(3) Many owners were keen on immediate cash payments; and

(4) On account of lease rent, land owners of barren lands would find the whole exercise highly profitable.

The Land Reform Commission therefore decided in December, 1975, to negotiate with each owner new terms of compensation payable in cash thereby reduce the full and final settlement up to 50% of the agreed and valuation. The first preference was to be given to owners of land in extents less than 100 acres. For this purpose, a five member Compensation Board was set up in December, 1975.

[2] This was further strengthened by the Agricultural Productivity Law

6.2 *Land Reform (Amendment) of 1975*

An amendment to the Land Reform Law No. 1 of 1972 was presented to the National State Assembly in August, 1975 by the Minister of Agriculture and Lands. The Amendment made provision for the vesting in the Land Reform Commission of every estate land owned or possessed by a public company and made it obligatory on the part of the former management institution to continue as statutory trustees of such estates for a period of one year unless terminated earlier. However, provision was made for the extension of the statutory period for a further period of one year with the express approval of the Minister. The Statutory Trustees were held responsible for the smooth management of the estates until the final takeover.

The Statutory Trustees, themselves, were made responsible to furnish the Land Reform Commission with all details pertaining to the estates within one month of the date of vesting.

The Amendment provided for the payment of compensation to every estate land vested in the Commission. The amount of compensation was to be decided by the Chief Valuer, taking into consideration the condition of the estates on the date of vesting, the dividends and profits declared by the owner in each of the three calendar years preceeding the date of vesting, and the prices at which the estate lands were sold in the area during the three years preceeding the date of vesting. Compensation would be paid after deducting the monies due as taxes to the Department of Inland Revenue and also arrears of salary, provident fund contributions, gratuities, etc. on behalf of the employees of such estates due to the Commissioner of Labour.

The manner and mode of payment of compensation was to be determined by the Minister in consultation with the Minister of Finance and the Minister of Planning and Economic Affairs.[1]

The purposes for which the estate lands may be alienated were more or less similar to those specified in the Land Reform Law No. 1 of 1972.

The Amendment made provision for the vesting of the business undertakings of all Agency Houses and organisations that managed the company estates prior to nationalisation.

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1 Both prior to and after the nationalisation it was repeatedly stated that compensation would be paid in rupees and not in foreign exchange. However, compensation is now paid in Sterling Pounds.

6.3 *Complementary Legislation*

Complementary programmes to strengthen land redistribution and alienation under a land reform are essential to ensure the realization of the objectives of higher productivity and employment. The twin objectives of increased productivity and greater employment opportunities on lands redistributed could only be realized through the creation of a suitable institutional framework that is capable of meeting the new and increased requirements of production, expansion and intensification. The experience in several countries has shown the tragic consequences of land reform programmes that have been confined to land redistribution alone ignoring the vital role of supporting services and institutions to organize and mobilise the farmers.

The architects of the 1972 land reform programme had taken cognisance of this vital necessity. The Agricultural Productivity Law No. 2 of 1972 was tabled (in September) in the National State Assembly, immediately after the introduction of the Land Reform Law (August).

The Agricultural Productivity Law made provision for the setting up of an Agricultural Productivity Committee in each Village Council area comprising 10 members appointed from the farming community by the Minister of Agriculture. The Committee was to be responsible for the promotion, coordination and development of agriculture within its area of authority.

The Agricultural Productivity Law created an Agricultural Service Centre with a permanent building for each Productivity Committee area. This Centre was expected to serve as the focal point for the provision of virtually all the needs of the farming population. All the village level officers connected with agricultural development were to be housed in this centre.

The law sought to establish for the first time in Sri Lanka sound standards of good management of all agricultural lands. There was provision for the dispossession of lands of those who neglected them. The Agricultural Productivity Law thus brought about a change in the traditional narrow interpretation of the private ownership of land by replacing it with the concept of land for social benefit. The new Law also partially replaced the former bureaucratic structure with a new institutional set up favourable to elicit popular participation in agricultural development.

The Agricultural Productivity Law also made provision for the setting up of Agricultural Tribunals for settling disputes relating to land and agriculture.

The replacement of the Paddy Lands Act of 1958 by the Agricultural Lands Law No. 42 of 1973 which basically reiterated the main provisions of the Paddy Lands Act paved the way for the reorganisation of Cultivation Committees. The Committees appointed by the Minister were to operate as agents of the Productivity Committee at the village level for planning and developing purposes.

At the time of the introduction of the Agricultural Productivity Law the bill was characterised as sister to the Land Reform Bill by the Minister of Agriculture[1] and was hailed as giving teeth to the governments land reform policy.[2] Thus the immediate post-reform reorganisation of the institutions brought about the necessary framework to strengthen the programme of agricultural development envisaged under the land reform.

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1 Sun 6.9.1972

2 Ceylon Daily News 18.5.1972

7. IMPLEMENTATION OF THE CEILING LEGISLATION (Phase 1)

7.1 Take over process

The Land Reform Commission started its sittings from the 8th of September, 1972. The order calling owners to submit declarations was gazetted on the 15th of September, 1972. 600,000 forms were printed and sent to Kachcheries and Divisional Revenue Offices to be distributed to prospective declarants.[1] In all, the Land Reform Commission received 5,160 declarations covering a total of around one million acres in 18,000 parcels of land. The whole exercise of vesting excess land with the Land Reform Commission was completed by the 26th of August, 1974, one full month ahead of the target date.

The take over of lands was so successfully accomplished that the Commission received several bouquets from diverse sources including the national press which highly commended the Land Reform Commission on its achievements.[2] The various factors that facilitated the successful completion of the take over may be summed up as follows:-

i. The Land Reform Law did not have any legal loop-holes that could have been exploited by land owners through recourse to Court action. The law also effectively eliminated any possible action by land owners to circumvent any of its provisions by restricting the time limited for declarations of ownership of land to one month.

ii. With a land ceiling of 50 acres the number of land owners to be dealt with was within manageable proportions; the number being only 5,100. The situation would have been quite different if the ceiling was low, for example, 25 acres or less.

iii. The land ceiling was non-variable as regards quality or productivity of the land. The Land Reform Commission had only to simply apply this ceiling directly which made the exercise of take over easier as there was no need to go into the aspects of quality or productivity which are highly variable.

iv. The efficiency of the administrative machinery set up for the take over exercise contributed its share:-

(a) The establishment of a Land Reform Commission as a separate statutory body for the specific purposes of land reform and granting it the power it needed for a speedy take over of the lands above the ceiling was a major factor. The Commission was empowered to enlist the the services of any department or official of the Government by direct communication and this enabled it to cut short red tapism;

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1 The DLRAA had not come into existence at this time.

2 The Ceylon Daily Mirror, editorial : "LRC men deserve nations salaams for completion of Stage 1 of the Reform", 27th August, 1974.

(b) the organisational structure of the Land Reform Commission was simple and permitted functional differentiation without any constraint on co-ordination;

(c) The availability to the Land Reform Commission of officers with some experience in land administration contributed significantly to its effciency. The Chairman himself was an experienced adminsitrator with considerable experience in agrarian affairs. He was closely associated with the Paddy Lands Act of 1958 and its implementation, He chose as his immediate assistants a group of about 100 officers who dedictated themselves to the task of land take over. The Chairman handpicked his men from the Department of Agrarian Services and other Government Departments engaged in land settlement and related activities.

v. The exclusion of the public company estates at this first stage of Land Reform averted the implementation task from being loaded with problems involving international companies and the management of hitherto well managed large extents of plantations.

vi. There was a noticeable lack of resistance or opposition to the land reform from the affected parties. The absence of organised resistance smoothened the entire exercise of acquisition. Three major reasons may be attributed to the lack of resistance from the landed groups.

(a) In the post-insurrection period the socio-political milieu had changed almost irreversibly and the landed groups had to resign themselves to this changed reality. The Janatha Vimukthi Peramuna[1] which led the insurrection did not expressly articulate any specific demands relating to the land question. However, it was committed to bring about a total transformation in the property structure of the country as a whole. The insurgents came largely from the rural areas. The major factors that contributed to the armed uprising were landlessness and rural unemployment. When the Land Reform aw was introduced the Minister of Agriculture & Lands openly admitted in the National State Assembly that the immediate cause of the Land Reform Bill was the insurgency. It may be relevant to recall that the Paddy Lands Act of 1958 which was only a tenancy reform met with considerable opposition from landed groups. The insurgency placed the landed groups in a state of deep insecurity and helplessness. This prevented the emergence of any form of organised resistance against the land take over.

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1 "People's Liberation Front" - a predominnently youth movement responsible for the 1971 insurrection.

(b) Although the land owners wielded enormous economic power and dominated the local power structure, the state of shock resulting from the insurrection and the Government's determination to implement the land reform prevented them from mustering enough moral and political strength to resist the land reform.

(c) The law provided for adequate compensation to the land owners who had to surrender their excess land. Even by international standards the compensation offered by Sri Lanka's land reform was relatively attractive.

vii. The United Front Government which introduced the Land Reform Law enjoyed a big majority in the National State Assembly and also the support of organised sections like Trade Unions and social service movements in the country. The Parliamentary majority enjoyed by the Government enabled it to avoid delays through excessive debating etc. Pervading the entire land take over was the Minister's expressed determination to implement the law irrespective of any form of resistance the land owners might attempt to create. He made it clear that the land take over was necessary to solve the problem of landlessness and unemployment. The proclamations of the Minister also had an effect in creating hope and enthusiasm at a popular level among the rural masses.

563,411 acres were finally vested in the Land Reform Commission as a result of the implementation of the provisions pertaining to the 50 acres ceiling. The bulk of these lands were in the wet and intermediate zones in the country (84%) which is the most densely populated region where landlessness and unemployment are serious problems, 55% of the total acreage vested was located in the mid and upcountry regions (refer appendix X111).

60% of the lands vested under this phase consisted of tea (25%), rubber (15%) and coconuts (20%). The extent of paddy land vested accounted for only 3% of the total.

Accurate figures on the exact number of parcels of land vested with the Commission are not available (16732 parcels were declared by the owners to the Land Reform Commission). However, around 1232 estates accounting for nearly 400,000 acres were declared as well managed estates by the Land Reform Commission, although it is doubtful that the extent of such estates could have been that large. A fair amount of these lands were in a state of neglect at the time of take-over.[1]

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1 Even some of the supposedly well managed company estates were in a state of neglect. Refer Agency Houses Commission Report. The ARTI study "Land Reform and Development of Coconut Lands" found that a large number of coconut estates in the Class II Coconut area were in a state of neglect.

Almost 180,000 acres (32%) were declared by the Land Reform Commission as jungle, patana (grasslands), uncultivated chena and abandoned lands.

7.2 *Post-takeover Developments*

7.2.1 Policy Issues

It has been stated that the takeover phase of the land reform was conducted smoothly and speedily. As land reform entered its next stage the Government began to face a period of more complex problems, conflicts and confusion. It lacked a definite programme with clearly defined goals. After the takeover, the task before the Government was to evolve and implement a strategy to utilize the lands available to solve the problems of landlessness, and unemployment and also increase productivity. The lack of a clear identification of the possible alternatives, let alone a comprehensive post-reform development plan, at the outset, as regards the use of these lands had its inevitable consequences.

The post-takeover period could not have been left solely in the hands of the bureaucrats. The issues of land alienation, providing employment and introducing new management patterns were looming large and had very strong political implications. There is evidence to believe that the Government members of the National State Assembly were making representations to the Minister and the Prime Minister that they should be given a hand in the activities of land reform at the electoral level. The idea of popular participation in land reform and development was pushed to the limelight by Government Parliamentarians.[1] Simultaneously at the national level the Government was already taking steps to set up Political Authorities[2] in the Districts with a view to politicise the entire developmental process. These factors necessitated changes in the organisational structure of the Land Reform Commission. As it became necessary to internalise the political objectives and functions in the Land Reform operation there apparently was a debate regarding the form of re-organisation and the role of politicians at the regional and electoral level. There was no disagreement over the need to politicise land reform implementation at this stage, but there were doubts as to the extent to which politicization should proceed.

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1 Popuular participation during the take over process was confined only to mass meetings and rallies.

2 Political Authority was the district level institution created in 1974 by the Government to carry out regional development under the decentralised budget. The Political Authority consisted of the members of the National State Assembly representing the district and was headed by a Minister or a Deputy Minister from the districts.

There was also the dilemma of the need to redistribute land among the peasants on the one hand and the need to maintain large plantations intact in the interest of maintaining production levels on the other.[1]

There were also doubts on the advisability of further enlarging the small holding sector by fragmenting large estates when the existing small holder sector was itself subject to numerous problems.

7.2.2 Organisational Arrangements

As a result of the above stated factors diverse institutions and several types of land alienation for the management and development of LRC lands came into being. These included existing institutions such as the State Plantations Corporation and USAWASAMA (Up country Co-operative Estate Development Board) and the newly created Electoral Co-operatives and Janawasas. Several ad-hoc institutions were also utilised.

i. State Plantations Corporation

The State Plantations Corporation which functioned under the Ministry of Plantation Industries had by 1972 around 10,000 acres of plantations under its management. This was the only State institution which had experience in plantation management. In phase 1, around 33,500 acres of the best estates were handed over to this organisation.

ii. Usawasama

In 1971 the Ministry of Agriculture and Lands acquired 12 estates in the Kandy district for purposes of settling landless peasants and unemployed youth in co-operative enterprises. The USAWASAMA was created in guide, assist and supervise these co-operative plantation enterprises. However, the co-operative principle was initially tried out only 5 estates. As these estate co-operatives ran into serious difficulties the remaining estates were run as State farms, but at a very low level of managerial efficiency due to displacement of trained personnel and undue political interference. As the State Plantations Corporation either had no resources to manage or was unwilling to take over any additional extents of land, as much as 64,000 acres of estates coming under phase 1 had to be given over to USAWASAMA.

1 See Section on Immediate Impact.

iii. Electoral Co-operatives

On the 31st of October, 1974 the Minister of Agriculture and Lands issued Circular No: 2 setting out the organisational structure envisaged to carry out the post-takeover phase of land reform implementation. This circular was addressed to the Political Authority of each district. It stated "In order to provide for the effective participation of the people and their elected representatives in achieving the objectives of the land reform ... it has been decided ... that organisations which executed the first phase of land reform should be changed to suit the needs of a second phase of its implementation". The new organisational structure which sought to integrate, manage and supervise the activities of land reform had the following main elements:-

(a) A Special Co-operative Society in each electorate to manage LRC lands.

(b) A Land Reform Supervisory Division of the Political Authority at the district level.

(c) A Central Advisory Committee of the Land Reform Commission and the Ministry at the national level.

The Special Co-operative Society was entitled to receive land on lease from the Land Reform Commission and all persons working on the lands were entitled to become members of the Society. Management of the Society was the responsibility of a Board of Directors consisting of 7 members nominated by the Government and 4 elected by the Society. The Member of the National State Assembly was the Chairman. The functions of the Special Co-operative Society were to develop the land and maintain high standards of productivity and generate employment. It had to draw up annual programmes of development. The Land Reform Supervisory Division of the Political Authority was responsible for supervising and coordinating all activities pertaining to these Societies.

An analysis of an average Electoral Co-operative reveals that a great majority of directors came from among ex-land holders, businessmen, professionals like lawyers etc. The management personnel on the estates were selected by the member of the National State Assembly for the area who gave greater weightage to political considerations than to managerial capabilities. The Electoral Co-operatives received 178,360 acres.

iv. Janawasas (Co-operative Youth Projects)

Towards the end of 1971 the Ministry of Agriculture and Lands took steps to promote a type of joint cultivation in a limited scale with the objective of providing employment to rural youth. These projects were known as Samupakara Gammanas (Co-operative villages). In 1973 the Land Reform Commission initiated its own Co-operative youth farms known as Janawasas. The Janawasa was defined as "A settlement established on the principles of collective ownership and self-management with the objective of ensuring maximum productivity through profit sharing based on individual effort".

At the end of 1975 a separate statutory body called the Janawasa Commission was set up for the purpose of administering and providing guidance and supportive services to the Janawasas.

The internal organisation of the Janawasa, at least in theory, was based on democratic principles. The general assembly elected its office bearers and several sub-committees to be in charge of different functions. The members were paid a daily allowance of Rs. 3.50 per head in the early stages. This was increased to Rs. 5.00 in June, 1975. Subsequently, towards the end of 1975 a piece-rate wage system was introduced as an incentive for increasing output. Provision was also available for sharing of profits. By the end of 1976 there were about 200 Janawasas covering an area of over 45,000 acres with a total of around 12,000 members. 65% of the lands under the Janawasas were under coconut on which employment was to be created by intensifying land use through inter-cropping.

v. Ad-hoc Institutions

A considerable extent of land was alienated to various State and other agencies through ad-hoc arrangements. These were temporary arrangements made with the immediate object of enhancing the production of food in order to meet the acute food shortage which was looming large in the Island in the year 1972-1974. Multi-purpose Co-operative Societies, Special Co-operatives, Government Agents, Assistant Government Agents and Grama Sevakas[1] were responsible for production activities on lands alienated for the cultivation of food crops. These organisations and officers had administrative and other functions of their own and consequently the management of land placed under their responsibility received little attention. The lands yet to be alienated were placed under the care of the District Land Reform Authorities which were purely administrative institutions set up to carry out the takeover.

These ad-hoc arrangements were unproductive and the Government's decisions reflected the unplanned manner in which the post-take over phase was carried out. The alienation of LRC lands to various organisations under phase 1 is set out in Appendix XV11.

1 Village headman

8. *TAKE OVER OF COMPANY ESTATES*

(Phase II)

The amendment to the 1972 law came into operation on 16th October, 1975. The implementation was done in two stages - (1) Taking over the ownership of assets; (2) Transfer of management of estates :

(i) On 17th October 1975, nearly 1,500 Government Servants trained for the purpose were deployed on exercises of stock taking and verification of assets of the estates in the island. The verification was completed in two weeks. Fixed deposits and dividends of estates amounting to over a sum of Rs50 million were also vested in the L.R.C. Former owners of estates claimed that these monies should belong to them as they represented earnings prior to nationalisation. But the Government decided that these monies were really part of the assets of the estates.

(ii) The function of management of lands vested in the L.R.C. which was hitherto performed by the Agency Houses were not taken over by the L.R.C. immediately. The Government was obviously keen to effect the transition of management as smoothly as possible to avert any disruptions in management and production. The 418,000 acres of land taken over from the public companies were highly productive. As an interim measure the Agency Houses were made statutory trustees for the running of the estates on behalf of the L.R.C. The Agency Houses were paid a commission for such work performed by them. However, the management of estates was to be done by the Agency Houses under the overall guidelines set out by the L.R.C. Agency Houses were asked to operate on the estimates of expenditure approved for the period 17th October-31st December 1975, and to make available copies of these estimates to the L.R.C.before 15th November. The Agency Houses were not to incur any capital expenditure other than that provided for in the Annual Estimates of Expenditure for the balance period of the year without the prior approval of the L.R.C. Any unforeseen expenditure relating to urgent repairs to machinery etc., was to be incurred by the Agency Houses and the covering approval of the L.R.C. obtained. Estates were instructed to continue to employ the same accounting system as before. All estates were required to close their accounts of business on 16th October 1975. From the 17th October, the estates were to keep a new set of books. All bank accounts in the public companies and agency houses were vested in the L.R.C.

The take over of the management of the estates from the Agency Houses finally came about in February, 1976, when the Government decided to allocate the 418,000 acres nationalised in October 1975 in the following manner :

(a) 250,000 acres to be managed by a newly created body - Janatha Estate Development Board or the Janawasama.

(b) 100,000 acres to be run by the State Plantation Corporation.

(c) 50,000-60,000 acres for village expansion.

(d) 10,000 acres for small projects.

The Janawasama was established in 1976 with an initial capital of Rs 10 million under the State Agricultural Corporation Act No.11 of 1975. Its main task was to manage 250,000 acres of land vested in October, 1975. The transfer of Agency House functions regarding 250,000 acres to the Janawasama was phased out estate by estate, beginning in mid-February 1976 and ending by end of March, 1976. It was envisaged that the Janawasama functioned with its Head Office in Colombo dealing with policy matters and 7 regional offices in Matugama, Avissawella, Ratnapura, Badulla, Nuwara Eliya, Hatton and Kandy. These regional offices were to be managed by regional managers who would have the status of Deputy General Manager with wide powers to run their estates in the respective areas. The Regional Managers were charged with such work as estates supplies, administration, labour relations, training and welfare, transport,banking and accounting functions of the estates in the region. Thus, the Janawasama took over the work of the Agency Houses, but with decentralized controls and management so that regional planning and development could be implemented within the overall policy. Janawasama soon expanded its activities to handle shipments of tea and an Export Department was set up to handle insurance matters. It established its own Insurance Department, which in turn channelled insurance business through the Sri Lanka Insurance Corporation.

The State Plantation Corporation which by early 1976 had already 100,000 acres under its management (including 38,000 acres vested in it under the 1972 Land Reform) doubled its acreage with the addition of 100,000 acres allotated to it in February 1976 and the private company lands taken over in October, 1975. To meet the new situation the State Plantation Corporation underwent certain structural changes. It decentralized its establishment with Regional Offices (each under a Regional Manager) at Deniyaya, Kalutara, Ratnapura, Haputale and Nuwara Eliya. The State Plantation Corporation has also arranged to handle shipments to London of teas produced in State Plantation Corporation estates.

In building their own organisations both the Janawasama and the State Plantation Corporation continued to draw on the resources of the Agency Houses. Thus for the handling and storage of teas for export, the facilities of the Agency Houses were enlisted as an interim step on the payment of a fee for such facilities. Both the Janawasama and the S.P.C. opened their doors to the employees of the defunct Agency Houses - from the top executive grades down to the ordinary worker. There were about 800 of them, almost all Sri Lankans. The measure was envisaged to avoid the Agency House Employees losing their livelihood and also to ensure that the Janawasama and the S.P.C. obtained the skill and experience of these employees, which could be of immense use to the two institutions given the need for a smooth transfer of functions and the paucity of such experienced personnel in the island. The terms and conditions of such employees who opted to join the Janawasama were to continue as they were from the year 1976. They were to be informed of the new terms and conditions of employment which were to be effective from 1st January,1977.

Phase II was accomplished with a high degree of smoothness. The Land Reform Commission's experience in Phase I and the availability of time to prepare for Phase II contributed greatly towards this. Another important reason for the smoothness was the absence of resistance from the companies, the reasons for which have been discussed under another section. It may be added here that the companies which were alive to the national political climate of the past decade or so did anticipate a nationalisation. Moreover, Phase II was essentially a transfer of ownership from private hands to the State which acted with caution avoiding serious disruption.

Under the Phase II of the Land Reform Programme, 417,951 acres were vested with the Land Reform Commission. Almost all these lands were located in the wet and intermediate zones, and the largest proportion (82%) was found in the mid and upcountry regions.

The crop-wise distribution of the lands vested as shown in the table indicates the importance of tea.

As mentioned earlier, all the lands taken over at this stage belonged to public companies totalling 232 of which 87 were foreign companies and the rest local rupee companies. The total extent vested belonged to 395 estates. The following table summarises the acreage under different crops and the number of companies and estates taken over belonging to sterling and rupee companies.

Table 8.1 : Public Company Lands Vested with the Land Reform Commission (1975)

	Extent (Acres) Sterling Companies	Rupee Companies
Tea	130,474	197,118
Rubber	23,404	71,431
Coconut	3,695	2,711
Others	37,571	41,553
Total	195,144	222,813
No. of Companies	87	145
No. of Estates	166	229

Source : Land Reform Commission

These were the largest and the best managed estates in the island. The size of a Sterling Company estate averaged around 1,750 acres, while the size of a Rupee Company estate was 973 acres. All these estates employed large numbers of resident Indian labour. The total extent of tea and rubber lands vested under this phase was higher than that of the first phase.

The alienation programme associated with the Phase II of the land reform was more carefully planned and executed, as it involved the largest and the most productive lands of the plantation sector. Sufficient experience gained from the alienation programme of the earlier phase about the management difficulties and inadequacies were useful in planning the alienation programme of the Phase II. In this phase, the Usawasama and Electoral Land Reform Cooperatives were left out because of their proved managerial deficiencies. 95% of the total extent taken over under the Phase II were thus handed over to Janawasama and the State Plantations Corporation.

Alienation of lands under this phase to different institutions is given below.

Table 8.2 : Institution and Cropwise distribution of Land - Phase II of the Land Reform Programme

Institution	Tea	Rubber	Coconut	Others	Total
Janawasama	145,287	35,772	6,271	46,743	234,073
State Plantation Corporation	81,968	52,545	71	28,400	162,984
Te Research Institute	3,027	-	-	963	3,990
Rubber Research Institute	-	5,538	3	372	5,913
Usawasama	2,310	-	-	338	2,648
District Land Reform Authorities	470	50	-	677	1,197
Janawasa	835	-	-	-	835
Land Reform Cooperatives	3,695	930	61	1,631	6,317
Total	237,592	94,835	6,406	79,214	417,957

Source : Land Reform Commission

9. *IMMEDIATE IMPACT OF THE LAND REFORM PROGRAMME*

A tentative assessment of the immediate impact of the land reform may be attempted on the basis of the immediate goals set by the Government, viz :

(i) to distribute land to the landless;

(ii) to solve the unemployment problem ;

(iii) to increase agricultural output.

9.1 Land Redistribution

At the outset of Land Reform the first objective was widely publicised by the Government. It made the Land Reform programme popular among the masses and also raised much expectation among the landless who believed that Land Reform would eliminate their longstanding disability and transform them into a land-holding peasantry.

The problem of landlessness is so acute that a resolute effort to face the problem would involve a large scale redistribution of land among landless peasants. But the possibility of such a large scale redistribution was constrained by several economic factors.

(i) The priority of maintaining the production levels of the export products and quality control of tea and issues of economies of scale as regards infrastructure of estates precluded almost all the productive plantations from any kind of breakup into small holdings. Further most estates particularly, tea and rubber, had resident labour which could not have been overlooked in any circumstances.

(ii) This meant that only the marginal and undeveloped lands and some small scattered blocks of productive lands were available for redistribution among the landless.

(iii) The marginal and undeveloped lands required heavy capital investment for development and any attempt to meet the problem of landlessness on a sufficiently large scale and in an effective manner with this type of land would have involved a heavy strain on the State's financial resources.

(iv) The problem of landlessness among the peasantry by and large was identified with the lack of paddy land and the extent of paddy land vested with the Land Reform Commission was only around 20,000 acres.

In the context of these constraints a large scale redistribution program would have added to the already alarming problem of land fragmentation. As a result of the above limitations by the end of 1977 only about 10% of the total land vested was given to landless villagers. Qualitatively, this hardly made a dent in the problem of landlessness. The 20,000 acres of paddy land vested with the Land Reform Commission could not be brought under any program of redistribution due to inconsistencies between the Land Reform Law and the Paddy Lands Act. Tenancy rights of the Paddy Lands Act were guaranteed by Section 9 of the Land Reform Act. As a result large holdings cultivated by tenants(using hired labour) which were taken over by the Land Reform Commission in certain districts such as Hambantota, Moneragala, Batticaloa etc., could not be redistributed among the landless in small units. By the end of 1977 even the tenants of Nindagam lands particularly in the Ratnapura District could not benefit by a process of redistribution. The absence of a well though out alienation programme was particularly responsible for this situation.

Another factor that hindered the rational alienation of land in sparsely populated areas where land was available in large extents to people from land scarce high density areas was the concern of the member of the constituency for keeping his supporters within his electorate and his dislike for bringing in outsiders.

By 1976 only 52,000 acres were redistributed. Even the limited redistribution programme failed to serve as a means of creating a class of peasants possessing economically viable holdings as a majority of the recipients were granted only a fraction of an acre each. Moreover, the recipients were not given a secure title nor were they given the basic facilities to develop the land. Consequently a considerable part of these small units remained uncultivated and in certain other cases the lands were practically abandoned.[1] The entire redistribution programme compared unfavourably with even the much criticized dry zone colonization schemes where peasants received lands of better quality in economically viable units free of cost and with a substantial amount of initial "take-off" facilities.

Mainly due to the constraints of implementing a large scale redistribution programme attempts were made to meet the problem of landlessness and unemployment by a form of collective settlement through such projects than as an attempt at solving landlessness. Here again the number of individuals who benefitted was relatively small. As mentioned elsewhere, the attempt in itself was experimental in nature and the lands granted for the purpose were in many cases, of poor quality.

The Land Reform Commission, has now planned for the redistribution of around 50,000 acres. The programmes envisage the redistribution of land in one acre allotments. The lands thus redistributed would be developed jointly as 100 acre units by the recipients under the supervision of a Board of Management. Technical personnel would play an important role during the initial phase of three years until the land is fully developed.

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1 Land reform and the development of coconut lands, Research Study Series No. 14, ARTI, 1977.

9.2 *Employment*

In attempting to tackle the unemployment problem, the Government adopted a two-fold strategy. On the one hand it hoped to provide new employment opportunities by developing the undeveloped land vested with LRC. On the other hand, it also hoped to generate employment by improving, intensifying and diversifying the already developed lands.

An immediate systematic approach on these lines was, however, seriously circumscribed by several factors.

(i) A greater part of the highly developed land had by mid '70s reached the point of saturation in their labour requirements. The problem of unemployment and under-employment were beginning to appear in some of these plantations. Employment generation on such plantations was possible by -

(a) accelerated repatriation of the Indian estate workers; and

(b) by improving and diversifying economic activities.

Both these processes were time-consuming and therefore there was little possibility of realising immediate additional employment generation.

(ii) In the case of undeveloped lands, employment-oriented development would have required heavy capital investment for land improvement as well as for the provision of infrastructure facilities. The L.R.C. lacked necessary finances for this purpose.

(iii) Any programme of employment generation had to be linked with production intensification and diversification of the acquired land. But the job aspirations of the unemployed, particularly of the educated youth who constitute the largest segment of the unemployed persons, was in favour of white collar jobs. This tendency was partly explained by the high drop out rate from the Janawasas and the clamour to obtain white collar jobs.

(iv) There were also political constraints to a national strategy because of the desire of National State Assembly members to satisfy the aspirations of the political supporters within their electorates. This prevented the transfer of landless and the unemployed from high density to sparsely populated areas where excess lands were available.

Within the framework circumscribed by the above constraints there was a certain degree of employment generation resulting from the land reform exercise :

(i) The creation of the new plantation management institutions (USAWASAMA, JANAWASAMA, JANAWASA Commission), and the expansion of the State Plantations Corporation together with the creation of Electoral Land Reform Cooperatives generated new avenues of employment. But the nett increase in job opportunities in these areas could not have been substantial because -

(a) the posts were by and large filled from among administrative personnel who were already employed in State institutions, former Agency Houses and former plantation sectors;

and

(b) a certain number of administrative personnel working under the old estate system were displaced due to the land reform exercise, especially in the first phase.[1]

(ii) The redistribution programme resulted in the alienation of around 52,000 acres by the end of 1976 to landless villagers. Given the deficiencies of the programme it had failed to provide the recipients and their families with productive employment.

(iii) Although 12,000 persons were reported to have found employment under the Janawasa Commission, the nett increase in employment on these settlements would have been only around 6,000-7,000 youths because most Janawasas had to accommodate the workers already attached to these lands under the old estate system. Whether the numbers involved were in fact related to the production capacity of the land is another question, particularly because the members were paid a daily allowance by the L.R.C. and most of the Janawasas were not self-sustaining enterprises.

(iv) The coconut estates which offered substantial employment potential through diversification were not well organised under any development programmes. Due to the management deficiencies of the lands maintained by Usawasama and Electoral Land Reform Cooperatives, there was in fact a reduction in the number of persons employed. Where a large number of manual jobs was found, it was generally on lands given to *ad hoc* organisations for food production. It is however difficult to gauge the extent to which such lands generated manual jobs, for -

(a) there was already some displacement of labour due to drop in production and the neglect of estates, especially during the period of statutory leases;

and

(b) a large number of jobs were of a temporary nature.

Due to unplanned expenditure and lack of forward planning, most of the workers on such lands had to be discontinued after a few seasons.[2]

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1 The Annual Report of the Central Bank of 1976 reports of an increase of 55,000 employed persons in semi-government institutions for that year. But this represented only a mere shift of employees from private sector to the semi-government sector (page 16).

2 Land Reform and the Development of Coconut Lands, ARTI, 1977.

On the whole, it could be said that, there was no significant immediate achievement by way of a substantial nett increase in productive and permanent jobs. This perhaps would have been unavoidable due to the fact that the evolving of a post-land reform development programme was by necessity time-consuming. The land reform has nevertheless opened up a great potential for increased employment opportunities. This vast employment potential could be realised only through a comprehensive employment-oriented development plan.

9.3 *Production*

One of the important objectives of the land reform was to increase productivity and production levels of the lands taken over. Employment generation itself rested largely on this. Increased production was expected through developing undeveloped lands and through diversification and production intensification of the estates.

The realisation of the above depended largely on the post-take over management forms. The structure and organisation of the different management methods were discussed earlier in the study. What is proposed below is to briefly evaluate the production consequences of the L.R.C. lands which came under different management forms.

Any discussion on production should take into account the nature of the land reform exercise itself. In implementing a land reform of this nature, a certain degree of dislocation in management was bound to occur, resulting in a drop in out-put in the short run. This would have been inevitable as the immediate objective of the whole exercise was to take over the land speedily and smoothly.

Up to the end of 1974, during the period of statutory lease, most estates suffered some neglect (due to a reduction in fertilizer application, non-weeding etc.) and in some cases considerable damage of the crops due to slaughter-tapping of rubber and heavy coarse-plucking of tea. The precautionary measures laid down in the Law to prevent neglect of the land (the value of any damage done to the land was to be deducted from the compensation payable to the owner) had little impact.

The plantations managed by the State Plantations Corporation and the Janawasama, which took over almost the entirety of well managed company estates did not suffer a large scale drop in production. The State Plantations Corporation was by then fairly well organised to handle the estates taken over. The Janawasama which took over the Agency House functions together with all the management and technical expertise and the supporting facilities was soon adjusted to take over the management functions without much disruption.

The drop in production was largely noticed in the remaining lands that were placed under Village Councils, Multi-Purpose Cooperative Societies, Special Cooperatives and Divisional Revenue Officers. The *ad hoc* organisations, especially the administrative organisations were only involved in looking after the estate on a routine basis. Others were interested in making the maximum out of the lands as they were holding them for short periods of time.

After the termination of the statutory lease, as much as 178,000 acres of land were given over to the Electoral Land Reform Cooperatives. Due to serious deficiencies in the programme the estates that came under these cooperatives suffered serious production disruption.

A large extent of land was placed under the Usawasama but it had neither the experience nor the expertise to manage these estates on a sound basis. Most of the personnel in higher and middle management cadre of the estates handed over to Usawasama were removed and the vacancies were filled with persons selected on purely political merit. In most of the Usawasama estates there was a general disruption in the management and as a result an overall drop in output.

The unplanned and *ad hoc* nature of the redistribution programme was also responsible for some drop in production in the land redistributed to peasants.

The fear of a drop in production was expressed at the time of the introduction of the Land Reform Law. By 1974, there were some signs of a drop in production in the three major export crops. Land reform was held as being largely responsible for this production decline.[1] This drop in production was a temporary phenomenon and in the years 1977/78, under the reorganised management, the plantation sector has entered a period of stability in its production levels. Today, there are clear signs of an arrest in the drop in output and production levels have begun to show improvement.[2]

It is difficult to quantify the role of land reform in the 1972/74 drop in output. The latter was not just a post-reform phenomenon; it had been going on continuously since 1965. Neither was the intensity of the drop conspicuously sharp compared to the 1965/72 down-trend (see Appendix VIII).

Factors unconnected with land reform such as lack of adequate capital resources for development purposes, wide-spread drought in plantation areas in early 1970s, fertilizer shortage consequent to the world energy crisis and the outbreak of a coconut pest in 1972 had their own adverse effects.

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1 Annual Report of the Central Bank for 1974.

2 Statement made by the Minister of Plantation Industries in the National State Assembly - NSA debates - 24th February 1978, pp.91-100.

10. *LAND REFORM AND TARGET GROUPS*

10.1 *Youth*

The youth as a particular beneficiary group in the national programme of employment and production was identified mainly in the mid-1960s. At that time, of a total number of approximately 200,000 unemployed youths of 19-25 age group, 40% were found to be educated upto the 10th grade.[1] The need to ameliorate their conditions crystallized in the formation of a Youth Scheme Programme in 1966 by which colonization schemes especially meant for the youth were established.[2] This programme envisaged the settlement of 23,500 youths in 235 youth schemes. However, upto 1973 only about 3,200 youth were finally settled in 41 of such schemes.[3] In most of these schemes only a moderate success was achieved. The intention behind the establishment of these schemes, which was to provide maximum employment in the shortest possible time, overlooked social objectives like integration of youth schemes, with surrounding villages. These schemes failed to hold out sufficient incentives so as to draw in a greater number of educated unemployed youth towards agricultural employment.

The interest of the State towards evolving a better strategy to help the youth increased with the outbreak of the insurgency of 1971. A decision was taken by the State in May 1971 to open up Cooperative Agricultural Projects in order to provide employment, and to make agriculture more attractive to unemployed youth. As a result of this growth interest between 1971 and 1973, 65 cooperative farms covering a total extent of 14,581 acres were approved; by 1973 work was in progress on 43 of the farms. The number of farms increased to 52 by 1974. Fifty one percent (3,183 youth) of the expected cadre of 6,193 youth were found employment on these farms.[4]

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1 Ellman A.O., Ratnaweera, De S., New Settlement Schemes in Sri Lanka (ARTI: August 1974), p. 8.

2 Government of Ceylon, Handbook on Agricultural Youth Settlements (Colombo: Ministry of Land, Irrigation and Power: November 1966).

3 Ellman and Ratnaweera (August 1974), pp. 8, 14.

4 Ellman and Ratnaweera (August 1974), p. 65.

Until the introduction of the Land Reform Programme in 1972, attempts to provide employment to youth in the agricultural sector were *ad hoc* and experimental in nature. They did not form a part of a well thought out programme of enlisting youth in agricultural development within an overall framework of agrarian reconstruction.

The urgent need to provide employment opportunities to the educated unemployed youth loomed large in the national political scene immediately following the 1971 insurrection. It had its bearing on the decisions made in the post-1972 era concerning the uses for which land reform lands were to be placed. Certain portions of the LRC lands were specially earmarked for youth employment. The bulk of these lands were expected to be developed by the youth on cooperative lines.

Between January-December 1973, 18 *Janawasas* covering a total extent of 5,240 acres and enlisting 1,161 members were established. Most of the members were youth of both sexes drawn from among the unemployed youth in the villages. The success achieved in the initial phases of the Janawasa experiment spurred on the sponsors to replicate it on a wider scale. As a result, by the end of 1976, around 200 Janawasas were established covering a total extent of approximately 50,000 acres. The total membership was around 13,000. Of the total membership, 55% consisted of youth. The balance constituted of former workers who were also absorbed into the *Janawasas* either as full-fledged members or as wage labourers - if they were non-citizens.

As a means of employment creation for youth the contribution made by Janawasas has been marginal in that it provided additional employment to only about 7,000-8,000 youth - a small fraction of the total educated unemployed youth population in the country. Although the idea of opening up of special youth projects to create employment for youth was not unjustifiable in itself, the lack of proper planning and identification of the future directions of such projects and the over-riding influence of sectarian political interests negated the very purpose for which the Janawasas were created.

Many Janawasas were also found to be economically non-viable as a result of allocation of lands of marginal and less productive nature to them. Many of the members of the Janawasas did not envisage agricultural employment as an occupational aim. Since most of them were well educated, they aspired for white collar occupations. Janawasas, however, did not provide sufficient incentives from within them to redirect these aspirations towards seeking agricultural employment. In many of the Janawasas the members were also quite uncertain about their future. Even before the General Elections of 1977, the Janawasa youth reflected a feeling of insecurity about their future in the event of a political change.

With many farms needing investment capital to achieve higher productivity little profit was available in the Janawasas for distribution among its members according to the ideals envisaged by its promoters. Low levels of incomes achieved by Janawasa youth (averaging Rs 150 per mensem), the inability of many of the members to adapt themselves to a new social environment and to observe the norms of cooperative labour and management resulted in a high drop-out rate in these Janawasas.

Janawasa was the only experiment in social innovation attempted by the land reform implementing authorities to attract youth to farming as a vocation and a way of life. The youth because of their higher educational standards and involvement in national politics had acquired a certain degree of social awareness and knowledge which could have been harnessed for economic development in a more efficient manner. However, from this premise the concept of Janawasa as visualized by its promoters extended into a realm of idealism dominated by the romantic idea of "Agricultural communes" and became more or less an impractical proposition. The concept of self-management was to all intents and purposes not clearly understood by most members and even by many of the management cadres themselves.

With the change of Government in mid-1977, the Janawasa programme has undergone certain structural changes in management. The idea of self-management has now been supplemented by an approach which gives greater emphasis on production directed towards increasing the efficiency of the Janawasa and the income levels of its members. In order to retain the existing membership and to draw in new recruits greater economic incentives and social welfare facilities are being introduced. Plans are under way for recruiting an additional cadre of 8000 youth to these Janawasas.

Where employment opportunities were available in middle and lower management cadres in the organisations entrusted with the management of LRC lands (Electoral Cooperatives, State Plantations Corporation, USAWASAMA, etc)., educated youth from rural areas were accorded preferential treatment. Although accurate statistics are not available, several thousand youths were recruited to clerical and supervisory grades.

10.2 *Landless*

At both phases of the land reform it was announced that the landless will be the main beneficiaries. Though a total extent of 111,802 acres of LRC lands were scheduled to be alienated among landless the actual extent distributed upto July 1976 was only 52,215 acres or 10% of the total extent taken over by the first phase of the land reform[5].

The limitations of a large scale land redistribution programme and the marginal nature of the impact of redistribution both in quantitative and qualitative terms have been discussed in Section 9.1. Given the dimension of the problems of landlessness in Sri Lanka even a large scale redistribution programme may not prove an adequate solution. Under such circumstances a more rational approach would be to evolve a strategy of greater employment generation on the available land. Unfortunately, the post reform employment programme lacked such a broad perspective.

10.3 *Estate Workers*

The land reforms in its two phases involved mainly the plantation sector. The conditions of living of the estate workers became a matter of great concern in the pre-reform period. There was considerable international publicity given to the appalling conditions of the estate lines in which "captive" labour was kept over the years. The proclaimed goals of land reform did not contain any explicit promise to the estate workers except that repeated assurances were given by politicians of the ruling party that there would be no discrimination against them. The land reform did raise hopes among the estate workers that nationalisation would lead to better working and living conditions. The two left-wing parties - Lanka Sama Samaja Party and the Communist Party - which espoused the cause of the plantation workers for a long time in the past were also constituent members of the Government that introduced the land reform. Under these circumstances one would have expected the plantation workers to benefit in terms of social and economic security and welfare in the post-reform period. However, the take over of plantations in several instances was followed by eviction of workers from their estates. Discrimination against workers of Indian origin was also reported on several acquired estates. The deprivations suffered by the affected workers were requently reported in the press, and several religious and social service organisations took the matter up with the authorities concerned. Appeals were made by these bodies to the Government to mete out a fair treatment to the plantation workers of Indian origin.

The inter-ethnic differences between the plantation workers of Indian origin and the Sinhalese peasants surfaced in the post take over period. Trade union organisations of plantation workers expressed the view that ethnic and political factors were preventing the Government from extending the benefits of the reform to the workers. The presence of the two left wing parties in the Government did not make an adequate impact on the authorities responsible for land reform. It may be stated that the plantation workers are yet to gain the full benefits that are due to them as a result of nationalisation.

In more recent times with the post reform development programmes having been more rationally planned, the economic and social life in most estates have been getting stabilised. The workers now enjoy greater economic security with higher wages and more regular employment. Improvement of the living conditions of the plantation workers occupies a priority place in the development programmes now envisaged for the plantation sector.

10.4 *Tenants*

Beginning with the Paddy Lands Act of 1958 attempts were made to provide greater security and reasonable rent terms to this group. The Agricultural Lands Law of 1973 which succeeded the Paddy Lands Act, the Agricultural Productivity Law of 1972 (which set up Agricultural Tribunals for settling tenancy disputes) and the Land Reform Law of 1972 reaffirmed these provisions. However, the tenants were not able to benefit sufficiently from these measures largely due to the inadequacies of the law, imperfect implementation and the absence of any move to organise the tenants to assert their rights. Though farmer organisations like the Agricultural Productivity Committees and the Cultivation Committees existed during the land reform implementation period and were to play a more dynamic role in protecting tenants, they were ineffective in safeguarding the interests of the tenants. Had these rural organisations been so constituted as to be truly representative of the farming community and more particularly the under-privileged, they would have become the ideal instruments for protecting the rights of the tenants. Since the inception of the Cultivation Committees, in the late 1950s, no genuine attempts have been made by the authorities to make these organisations viable enough to serve the needs of the poorer sections. With the disbanding of the Agricultural Productivity Committees and the Cultivation Committees, what little opportunity that remained for the tenants to voice their grievances through an organisation has been removed. Land owners now use this opportunity very much to their advantage.[1]

10.5 *Women*

Women were not considered as a special target group in land reform implementation. In the Janawasas women were however given opportunities for participation. In principle there was no discrimination against women in the recruitment procedure adopted in Janawasas for the selection of members. In several Janawasas females even out-numbered males and held positions of leadership and management.[2]

Even though women's organisations existed at the national, regional and sub-regional levels,[3] they did not show much enthusiasm in the land reform programme. They were mostly concerned with the training of rural women workers, setting up of nursery schools and village based industries such as weaving for women. In agriculture their main concern was to encourage rural women to take to home gardening. As a result of this orientation the few requests they have made to the Government Agents, Political Authorities and District Land Reform Authorities were for micro extents of land to set up their offices and to initiate home gardening demonstration projects.

In general women's organisations in the island did not offer specific proposals for involving women in land reform implementation; nor did the various agencies created in the implementation phase such as the Electoral Land Reform Cooperatives envisaged the drawing in of women as a specific group for the development of the lands taken over or redistributed.

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1 This problem has been recently voiced in the National State Assembly by its Members (Proceedings of the National State Assembly, 20-4-1978).

2 A certain number of the colonisation schemes for the youth initiated by the State in the mid-1960s were entirely managed by women. Some of them at present exist as very successful agricultural ventures.

3 Lanka Mahila Samithi, Kantha Samithi, Young Women's Christian Association and Young Women's Buddhist Association are among the leading womens organisations in Sri Lanka.

The land reform programme as a whole hardly made any attempt to involve various women's organisations in the rural areas. Most of these organisations were themselves non-functional or were weak. The prominent women's organisations in the country rarely functioned with vigour at the rural level. Even where they functioned, their orientation prevented them from actively involving in national issues or larger developmental programmes. Their mother institutions were urban based and represented basically middle class interests. Hence they had no vision regarding the needs and problems of rural areas from a broader perspective. These organisations therefore had little to offer to involve women in the land reform programme.

11. POST REFORM INNOVATIONS

11.1 Management Innovations

With the Land Reform the State became the biggest estate owner of the country. Land Reform has therefore enabled centralised control of the plantation economy. The State Plantations Corporation and the JANAWASAMA, the two major State organisations, are entrusted with the management of the largest acreage of some of the best plantations in the Island. This on the other hand has enabled to bring about a certain degree of decentralisation in plantation management and has opened up the possibility of regional planning and development of utilising the expertise, facilities and other resources of the estate for overall development of the estate-village complex. As regards the management within the individual estates, there is still a strong tendency to retain the pre-Land Reform three-tier management structure with :

(i) the estate Superintendent at the apex having centralised control;

(ii) the middle management staff; and

(iii) the field and factory workers.

A major shift in management would not have been possible without disrupting the plantation economy. In any case no suitable alternative management system was available.

However, certain new tendencies have emerged on the estate management scene. A concerted effort is being made to remould the attitude and approach to management of the higher and middle management personnel by way of training and reorientation courses designed to equip them with better management techniques. The "new Manager" is expected to play a role different from what he played under the old estate system - where the Superintendent was pre-occupied solely with the narrow motive of maximisation of profits for the estate companies. He is now expected to play a dynamic and a more complex role in national development embracing such activities as diversifying estate agriculture, providing greater welfare to the workers, getting involved in worker participation in management, devicing ways and means of integrating the estate with the neighbouring villages. In recruiting personnel for trainee management positions, attempts have also been made to draw on educated village talent, unlike in the past when estate management was considered a preserve for the recruits from the upper-middle classes. Both the State Plantations Corporation and the JANAWASAMA have accepted in principle the need to provide for greater vertical mobility between different management cadres to replace the former highly rigid hierarchical system.

The concept of granting greater worker participation in management and decision-making processes has also been accepted in principle. So far little headway has been made in this regard in the plantation sector. The Workers Councils[1] through which the concept has already found practical expression in the industrial sector may serve as a model to introduce the principle into the plantation sector as well.

In the now defunct USAWASAMA and the Electoral Land Reform Cooperatives, the anticipated management innovations hardly materialised. In the case of the USAWASAMA, estates were to be organised on a cooperative basis. The experiment was tried out only in five estates but without much success. The experiment was therefore not extended to the other acquired estates. In these latter estates the old plantation management structure was retained with the only addition of a high degree of political interference and over bureaucratization.

The ostensible motive in setting up the Electoral Cooperative network was to provide for effective participation of the people (through the elected representatives) in achieving the objectives of Land Reform. Most of these cooperatives became enmeshed with management inefficiency due to excessive political interference. The estates themselves were not organised on any form of cooperative idea. If a scheme was properly worked out, this was an area where the realisation of the concept of popular participating management in fact had a very high potential. On the whole, the high expectations of the Electoral Cooperative system in soliciting the participation of the people in management were not realised.

One of the main objectives of the JANAWASA programme was to evolve an agricultural production organisation in which members worked and managed the enterprise on a collective basis and shared the profits. Self-management was to be the basis of social and economic organisation of a JANAWASA. However, serious doubts were expressed from time to time regarding the viability of cooperative farming. The concept

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Workers Councils are elected bodies from among workers which advice management on issues related to the functioning of the enterprise.

of self-management was not properly understood by the members. The extent of cooperation called for from the members at the initial stages was too advanced. Dispersed pockets of especially favoured Janawasas became an incongrous feature in an environment dominated by individual holdings and individualistic values and aspirations. Throughout, there was some fear of insecurity about the future of the Janawasas. This prevented the members from being fully committed to the Janawasa which was so essential to realise the objectives of collective management.

11.2 *Estate-Village Integration*

Integration of estates and villages was considered a central theme in the land reform exercise and was given much publicity. A proper integration would refer to the processes of bringing together the resources of the estates and the villages around them for total development of the rural economy on a sound economic and social framework.

It should be appreciated that the century old estate-village diachotomy cannot be broken in a matter of a few years. Integration has to form a part of the long process of the total agrarian social reconstruction of the country. Integration should, therefore, form an important component of the entire post-land reform development programme. This has now been launched, following the stabilisation of the post-land reform development activities, having overcome the initial disruptions and fears.

Up to now, however, little integration has taken place even in those areas which offered openings for such a possibility.

The Janawasa was one of the organisations that made certain conscious efforts to achieve some degree of integration between the estate and the village by recruiting rural youth to the Janawasas, by organising "shramadana"[1] movements with a view to enlisting the support of the villagers, by marketing Janawasa produce to the villagers and at times by organsing social and religious activities for the villagers and the Janawasa members. However, the Janawasas have had little impact in bringing about any kind of economic integration, which should have formed the basis for establishing other forms of inter-relationships. It offered little or no incentives to

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1 Voluntary self-help schemes.

the villages to establish economic links with the Janawasa, and in most cases, the Janawasas appeared to have become privileged islands with a whole network of infrastructure facilities which the villagers had very little access to. There had been many instances of conflicts between the Janawasas and the villages which led even to the outbreak of violence against some Janawasas.

The Electoral Cooperatives made very little attempt to bring the estate into contact with the village on a sound basis. Those responsible for the management of the Electoral Co-operatives do not seem to have understood and appreciated the importance of integration. The kind of integration that was attempted was a heavily politicised one which often created much discontent and antagonism from the village. In most instances, particularly in the coconut area, the villagers had lost their fringe benefits such as grazing of cattle, picking a few nuts and fronds and even gaining access to surrounding villages through estate footpaths.[1] This in fact could be one of the reasons why the people around plundered some Land Reform Cooperative estates.

In the estates managed by the USAWASAMA, too, there was little or no attempt at integration with the villages. This was again due to the highly politicised nature of the organisational arrangements and the management inadequacies of the organisation which brought about neglect and even disruption of the agricultural activities of these estates.

Lack of any attempt at integration was most noticeable in the case of lands that were redistributed among the landless persons in individual holdings. There were many instances where the neighbouring villages were overlooked in distributing land to the people. In such instances, when lands were given in distant areas, the recipients were caught up in different and somewhat strange surroundings. In such cases, no attempts were made to enlist the cooperation of the villagers or the village organisations in the immediate area. The entire programme of redistribution paid little attention to the need for integration. It can be viewed more as a politically motivated relief measure than an attempt to achieve overall development and integration.

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1 Land Reform and the Development of Class II Coconut Lands, ARTI, op. cit.

The need for estate-village integration in the main plantation areas is now being fully appreciated and the problem is being seriously discussed. This is partly due to the consolidation of the post-land reform programme within a much clearer framework. Several programmes of integration are now being attempted in the major plantation areas.[1] Efforts are also being made to strengthen the village economy by providing the village with the expertise and facilities available in the estate, especially in such areas as technical advice, supply of fertilizer, spraying equipment and seedlings. Several estates have also commenced buying the leaf produced in small tea gardens of the adjoining villages.

The Plantation Ministry is now adopting a conscious policy towards achieving the goal of integration. The Superintendents and Managers have also been entrusted with the task of helping to improve the village economy. At the electoral level, the Members of the National State Assembly have also established a closer dialogue with the planters in order to work out programmes related to estate-village development. Positive steps are also being taken by the two major plantation institutions to provide as many employment opportunities as possible to the people from adjacent villages. The Governments programme to increase the work force in tea plantations may result in substantively relieving the unemployment and under-employment problems in the villages. This could act as a major breakthrough in creating a solid base for integrating the estate and the village.

11.3 *Popular Participation in Land Reform*

"Popular Participation" as a tenet of Land Reform in essence aims at generating a sense of responsibility, dedication and active involvement of the people who are ultimately its beneficiaries. On the eve of the land reform of the 1970's a number of organisations existed both at the village and sub-regional level which represented and served the people. In most of them the Committees were elected by their general membership, according to a prescribed procedure.

(i) The Cultivation Committee and the Agricultural Productivity Committee

The Cultivation Committee which operated at the village level was mainly concerned with servicing the paddy sector. By

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[1] See Section under "Long-term Implications".

1970, there were 4,179 Cultivation Committees operating in the Island,[1] approximately 1 per every 358 acres of paddy land. Prior to 1972, the members of this organisation were elected from among the owners and tenant cultivators.

The Agricultural Productivity Committees which were set up in 1972 were a new and a more powerful instrument of policy implementation. The Agricultural Lands Law No. 43 of 1973 brought in the Cultivation Committees under the direct authority of the Agricultural Productivity Committees. Through the same Act the Cultivation Committees received a greater authority than before, and functioned as the agent of the Agricultural Productivity Committee at the village level.

The new Committees were responsible for the promotion, coordination and development of agriculture within their areas of authority, which included Land Reform Commission lands as well. One of the most important objectives behind the setting up of these organisations was that they were to serve as instruments of mobilisation of people for agricultural development. Several circulars issued by the Land Reform Commission itself reiterated this position concerning the development of LRC lands.[2]

Whereas the earlier Cultivation Committees were elective in nature, the new Cultivation Committees and the Agricultural Productivity Committees were based on a nominative principle. The members of these Committees were appointed by the Minister of Agriculture and Lands on the recommendations of the area politicians. The appointment process did not preclude the representation of cultivators in the Committees. But more often than not it paved the way for the infiltration of political interests of the ruling party which made the new organisations highly politicised owing their allegiance to the politicians rather than to the people themselves. This very allegiance to sectarian political interests made them incapable of commanding the support of the wide mass of people in their activities.

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Silva, A.T.M., Role of Rural Organisations in Rural Development in Sri Lanka, 1950-1975 (ARTI: September 1977), p. 29.

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Circulars No. 12, 16 and 33 issued by the Land Reform Commission.

(ii) Cooperatives

Cooperatives as an organisation show a record of activities as far back as 1911 when the first Cooperative Credit Societies Ordinance was enacted. The tremendous success achieved in the distribution of scarce food items during the Second World War firmly established this organisation. The Multi-purpose Cooperatives were established in 1958 with one society per village. By 1970 there were 4835 Cooperative Societies in the Island.

Prior to 1970, the committees of these organisations were elected from among their members. They played a vital role in serving the agricultural sector through making available agro-inputs and consumer articles. Since 1970 the cooperatives have undergone a reorganisation which resulted in a certain proportion of its committees being appointed by the Commissioner of Cooperatives on the recommendation of the area politicians.

Though the reorganised set up of the cooperatives included a stronger involvement of the cooperatives in the implementation of national agricultural programmes, in fact the pre-occupation of this organisation with the service functions (i.e. the provision of agro-inputs and consumables) made it ineffective as an organisation which could have got actively involved in the land reform programme. Further the infileration of political interests and the divesting of responsibility of this organisation from its membership gradually reduced its capabilities as a vehicle of popular participation in rural areas.

(iii) Rural Development Societies

Rural Development Societies came to be established in the rural mileu as a popular organisation involved in community development work in the late 1940s. The organisation was involved in a wide variety of activities ranging from matters dealing with public health, cultural and social aspects of village life to construction of village level infrastructural facilities such as roads, bridges and culverts. These activities were conducted more on a self-help basis with minimum financial or material aid from the Government. However, weak financial viability of these societies, the micro orientation of their programmes, and the informal nature of popular participation in their activities did not make them viable organisations. Though by 1971, there were

6671 Rural Development Societies all over the Island[1] they were overlooked as a popular village based organisation which could be involved in the land reform programme, because of its inherent structural weakness.

(iv) Village Councils

This organisation operated at a sub-regional level. Generally a village council covered an area of approximately 45 square miles and included about 18,000 people.[2]

This organisation is involved in a number of service-cum-administrative functions ranging from the levy of land taxes to the maintenance of public health and sanitary services. A Village Council is only marginally involved in agricultural development in its area of authority.

The popular participatory nature of this organisation came through the procedure adopted in the choice of members to the Village Council. The members are elected by the people of the Village Council area on the basis of adult franchise exercised in the same manner as in the election of members to the national legislature. This organisation has its roots in the *gam sabhawa* (council of villages) - an organisation which existed in Sri Lanka for many centuries.

The dissolution of many Village Councils in the Island during the 1970/77 period, and placing them under the jurisdiction of Assistant Commissioners of Local Government seriously affected the position of this organisation as a vehicle of popular participation. On the eve of land reform this organisation had entered a period of dormancy in its activities and was therefore not in a position to have actively got involved in the land reform programme.

(v) People's Committees (Janatha Kamitu)

Through the People's Committee Act No. 16 of 1971, provisions were made for the establishment of People's Committees at the

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1 Rural Development Training and Research Institute, The Role of Rural Development Societies in Sri Lanka (Colombo: December 1976). Table I, p. 5.

2 Mendis, M.W.J.G., Local Government in Sri Lanka (Colombo: The Colombo Apothecaries Co. Ltd.: 1976) App. III(j), p. 116.

village level. The Committee was to consist of 11 persons appointed by the Minister, 3 of whom were to be between 18-25 years of age and one of whom to be a Village Council member. The main objective of the Committee was to act as a vigilence organisation, to scrutinise activities of Government Departments as well as those of other village organisations like the Cultivation Committee, the Cooperative and the Agricultural Productivity Committee. They were expected to assist the people of the area to make representation individually or collectively to proper authorities for redress of grievances. In the implementation of land reform, People's Committees played an important, yet unobtrusive role at the village level in drawing up lists of the landless who were eligible for land reform lands. This inevitably led to political biases in selection of potential recipients of land reform lands.

All the above stated organisations were, in the main overlooked in the implementation of the land reform programme. No serious attempt was made by the authorities to strengthen and reorient the Agricultural Productivity Committee/ Cultivation Committee system, so that it could have made popular participation in land reform a reality.

The land reform authorities were thus compelled to create new organisations which could undertaken not only the development of land reform lands, but also could serve as vehicles of popular participation in land reform. Two such organisations which had an element of popular participation in them were the Electoral Land Reform Cooperatives and the Janawasas.

One of the principal objectives behind the creation of Electoral Land Reform Cooperatives was "to provide for the effective participation of the people and their elected representatives"[1] in the land reform programme, particularly in the second stage of its implementation, that is in the redistribution and development of LRC lands.

Popular participation is a politically inspired and a politically guided process. With the creation of the Electoral Land Reform Cooperatives the Members of the National State Assembly by virtue of their positions as elected representatives became the leaders and guides of peoples' participation.

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1 Ministry of Agriculture and Lands, Circular No. 2, 31-10-1974.

However, the ruling parties lacked disciplined and dedicated cadres to dynamize the landless, unemployed and the plantation workers to achieve the goal of popular participation. The Member of the National State Assembly who was the Chairman of the Cooperative of his electorate, depended on a group of his personal followers who through him gained access to the Cooperative for their own interest. In most instances popular participation was confined to participation by the Member of NSA and his followers. The electoral politicians had converted, in many instances, the democratic concept of popular participation into a means to fulfil their self-centred desires, precluding the people from any meaningful participation.

The first stage of the take over was a purely bureaucratic process. The second stage which required political participation would have borne better results if those responsible for the implementation had at their disposal a set of disciplined and dedicated political cadres, which was lacking.

In comparison the Janawasa as an organisation was an attempt to bridge the gap between the need to maintain and even increase productivity of the lands taken over and the need to provide opportunities for participation of the wider rural population, particularly youth. Members of the Janawasa were not relegated to the position of estate workers. To a great extent they served as partners in the management aspects of the Janawasa. Further, this organisation did not create a bias in favour of a particular sex, age or socio-economic class. Youth, women, landless and the poor alike were provided equal opportunities for employment and participation in management.

On the whole, though a great desire existed among the people especially the neglected groups to become beneficiaries and to be involved in the implementation aspects of land reform, in fact very little opportunities for popular participation did materialise. The little that was achieved in participation came in the form of participation of sectarian interests, especially political interests. These sectarian interests completely dominated organisations like the Electoral Cooperatives and even permeated the Janawasas though the latter organisation allowed for a wider representation of economic and social interests of the rural community.

12. *ASSESSMENT OF THE LAND REFORM*

Sri Lanka's land reform is historic in that it was the first attempt through legal means to alter the property structure on a significant scale. Restriction on private landlordism by imposing a ceiling and a total transfer of ownership of the local and foreign company estates to the State are noteworthy structural changes.

The land reform had broadened the future scope of agrarian reconstruction. An over all assessment of the reform should weigh the merits and demerits of each major step in the entire process

The Land Reform Law as a piece of legislation was essentially free of loopholes and ambiguities that could have been exploited by affected parties to interfere with its implementation. There was hardly any attempt on the part of the losers of lands to challenge the validity of any of the provisions of the Law. It can be said that the Law was well designed to prevent such detractions and with a clarity of purpose. In fact the Law itself embodied a provision immunising it from being challenged in a Court of Law.

The establishment of a separate statutory body (Land Reform Commission) with wide powers for the implementation was a positive feature of the programme.

The conception, formulation and implementation (particularly the takeover process) of the reform were realized by exclusively relying on local expertise. The entire exercise has already given a wealth of experience and competence to the country which should prove to be of good stead in bringing about further agrarian reforms.

The weaknesses of the reform came to the fore in the post-take over period. A major drawback in this period was the absence of a clearly defined development plan, although a period of two years was available to evolve such a plan. The Land Reform Programme was faced with a series of problems in respect of the post-takeover developments. Most of the post-takeover activities were *ad hoc* in nature. Even a set of carefully worked out short term programmes were not available for a large number of estates that were taken over under Phase I. Since the introduction of the Land Reform Law of 1972, the nationalisation of the foreign company estates was more or less imminent. By 1974, it became clear that this would be done before the end of the term of the Government. Even with a knowledge that nationalisation of the company estates would be carried out soon, very little thought was given to plan for a future programme of development of the estates to be taken over. Much could have been achieved by a series of development plans for the entire plantation sector conceived from a national, regional and even from the individual estate point of view, both from a short and a long-term perspective.

One of the major shortcomings of the Land Reform Programme was that in the post-takeover activities the available planning, technical and other skills of the country were not properly and fully utilized. Expertise available with the Research Institutes, Universities, etc., were not mobilised adequately for this purpose.

The post-takeover porgrammes, particularly in Phase I, suffered considerably from financial inadequacies as the land reform was expected to be a self-financing exercise. It should be noted here that given the economic conditions in the less developed countries no land reform could be expected to be self-financing. Much capital investment was required for the development of the large extents of undeveloped lands vested with the Land Reform Commission under Phase I. Large amounts of capital would also have been required for the diversification and intensification of production on other lands, most of which had been neglected over a period of several years. It was only through such investment that additional employment opportunities, which was a major goal of the land reform, could have been created. The financial problems were mostly felt during the early stages of the post-takeover period and these were felt largely by the electoral cooperatives until alternative arrangements for financing were made through the Banks.

The post-takeover implementation programme has definitely shown that political considerations have had an overriding influence over others in deciding the future of a large portion of the lands that came under the Land Reform Commission. That the Land Reform Programmes cannot and should not be a purely bureaucratic exercise was accepted in principle and discussed at the initial stages. The need for the popularly elected representatives of the people to play a major role in land reform implementation was recognised by the ruling party. This was largely concretized through the creation of the Land Reform Electoral Cooperatives in each electorate with the Member of Parliament as the Chairman. In addition to the lands held under these cooperatives, the Members of the National State Assembly in general, also played an important role in land alienation, recruitment of workers to estates, recruitment to managerial positions, etc. In many cases the Members of the National State Assembly themselves assumed the responsibility of indirectly managing Land Reform Commission lands particularly relying on their political supporters. The concept of politicization of the Land Reform took a completely perverse turn under this organisational set up. Popular participation was reduced to mere participation by the Member of the National State Assembly and his supporters. On the whole the entire exercise led to widespread corruption and a general degeneration of the management of Land Reform Commission estates. To a somewhat lesser extent this w was also true in the estates vested with the Usawasama and in some Janawasas.

Had careful thought been given to the concept of politicization and popular participation the post-takeover phase would have given a high potential for their realisation.

The absence of an organisation and a suitable mechanism to continuously monitor the progress and performance of the post-takeover implementation process was a major defect. The Ministry of Agriculture and Lands and the Land Reform Commission had no arrangements to carry out this vital exercise. This prevented the evaluation of the programme at every crucial stage on a rational and scientific basis and precluded the adoption of corrective measures to overcome the problems. The progress and performance of the new organisations created with the Land Reform Programme, Usawasama, Electoral Land Reform Cooperatives, the Janawasas, etc., were never subject to a rigorous evaluation at any time after their creation even when doubts were expressed both within and outside the Government circles regarding the efficiency and viability of these organisations. the entire post take over implementation programme (Phase I) was not even partially reviewed at any point of time.

Some critirisms of the post-takeover activities did come from the scientific community and concerned people; but it failed to make an impact on the policy makers.

The entire Land Reform exercise was marked by the absence of a systematic programme of mass educational campaigns aimed at increasing the awareness of the people with regard to the goals of land reform. The large number of mass political rallies held to popularise the land reform very often created a distorted picture of peoples' participation in land reform.

The Sri Lanka Land Reform Programme also failed to mobilize the popular organisations that were available at the village level to play an active role in the implementation phase. It is true that most of these organisations were in a state of dormancy and others were characterised by sectarian political interests or were not representatives of the people in general. Many of them were also perhaps not directly interested and involved in agricultural development. However, the wave of enthusiasm created by the Land Reform Programme could perhaps have been utilized to encourage and activate these institutions by getting them to play an important role in the Land Reform Programme. As noted elsewhere, even Agricultural Productivity Committees and Cultivation Committees which were created exclusively for planning and developing agriculture at the rural level were not sufficiently utilized.

13. LONG TERM IMPLICATIONS

While the immediate purpose and objectives of the land reform were explicitly stated by the Government, its long-term aims were not clearly identified. The possible implications of this reform on the national economy and society from a long-term perspective need to be ascertained especially because the land reform is only a particular stage in the long process of economic rehabilitation and development. Land reform has opened up a range of possibilities for reorganising the agricultural sector and thereby the entire national economy. These may be discussed under three broad headings :

Economic implications
Social implications
Political implications

13.1 *Economic Implications*

The State has been able, through the land reform programme, to bring under its control a large area of the productive national agricultural resources which constitute the mainstay of Sri Lanka's economy. By virtue of its control, the State is today in a better position to plan out a strategy to manage national resources with a view to attain the long-felt needs of development.[1]

It is now possible to launch a conservation oriented development strategy to replace the traditional plantation monoculture which had been, over the years, responsible for serious environmental degradation through soil erosion, depletion of forest resources, destruction of catchment areas, etc. It should now be possible to launch a programme of rational land use planning from a local, regional and national point of view, giving due recognition to the demands of national resource conservation.

The possibility is now open for undertaking long-term programmes for a more rational diversification of the plantation sector. This may be achieved through planned reallocation of land and other resources in order to :

(i) Intensify the cultivation of major plantation crops in locations that are best suited for that purpose. Such a programme should place heavy emphasis on improving the production efficiency of these crops. It has been demonstrated that intensification through modern bio-chemical innovations could increase labour absorption, especially in tea lands.

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1 Such a long-term programme has been envisaged for the development of the tea industry with Canadian aid. The proposed Maskeliya-Dikoya project (with World Bank assistance) aims at modernizing 50,000 acres of tea estates (NSA Debates: 24th February 1978).

(ii) Produce a variety of high export value crops as a means of diversifying the exports of the country. Such a step is necessary in order to reduce the dependence on the three major export crops, which makes the economy vulnerable to the fluctuations of the world market situation.

The Land Reform has made available considerable extents of land for purposes of diversification. About 200-250,000 acres of abandoned and undeveloped lands in the main tea and rubber growing areas are now available for diversification. a further 120,000 acres of coconut lands also offer considerable potential for diversification, including livestock production.

An ambitious programme in this direction is already underway in the mid-country wet zone (Kandy and Kegalle districts) involving an extent of 26,000 acres in three catchment areas. In this project, the programme of crop diversification includes cardamom, nutmeg, cloves, pepper and livestock production. Development of animal husbandry in the main coconut growing areas is already receiving priority attention.

(iii) Promote agro-industrial development in certain areas by introducing crops and enterprises that could pave the way for agro-based industries. Prospects exist for the expansion of sericulture, fruit canning (pineapple, passion fruit, etc., in the coconut areas), sugar production, etc.

Land reform also has now made possible the realisation of a greater intersectoral integration. This could be achieved in two main areas :

(i) Within Agriculture :

The economic dualism manifested in farm size structure, production techniques, production relations and market orientation of produce between the peasant and the plantation sectors could certainly be minimised by establishing more effective linkages between the village and the estate sector.

From an economic point of view the village has always remained at a disadvantageous position, vis-a-vis the estate. It has now become possible to evolve a strategy to bring about an end to this disparity. Such a common strategy may include uniform channelling of administrative, health, educational extension and other services to the estate and the villages alike aimed at eradicating the duality.

Since mid 1977 a beginning has been made in this direction. With the consolidation of the post land reform programme, specific measures aimed at integration are now going attempted in the main plantation areas. These involve the following :

(a) The provision of uniform State facilities such as education, health, administrative, local government and community development services to the estate and the village alike;

(b) Attempts are also being made to strengthen the village with expertise and facilities available on the estate;

(c) With the objective of providing greater opportunities to the village unemployed, the State plantations have been instructed to increase their labour units from the present ratio of 1-1.2 to 1.5 per acre.

(ii) Between agriculture and non-agriculture :

The field is now open for a planned diversification of agriculture to create greater linkages with industry. Since the bulk of the large estates are now owned by the State it is possible for the State to go into secondary and tertiary activities (blending and packaging of tea for instance) and also expand ancillary linkages such as warehousing and shipping associated with the marketing aspects of the products. By extending into these areas employment avenues and earnings can be significantly enhanced.

More significantly, it is now possible to plan agricultural development in the plantation areas to meet the current and potential needs of the country in terms of higher productivity and a greater distribution of income and employment opportunities. Programmes of diversification, inter-sectoral integration and linkages could now be controlled and guided towards the solution of the serious question of unemployment. With the repatriation programme in progress, with almost 60,000 persons of Indian origin leaving the country each year for the next 5 years or so, more employment avenues will be available to the villages. The problem of non-productive and unplanned migration to the cities may be effectively thwarted by creating attractive conditions within the estate sector to draw in the village unemployed and underemployed.

13.2 *Social Implications*

A carefully planned economic strategy may itself provide the basis for achieving a greater degree of economic integration between the estate and the village and through it the beginning of a stronger social cohesion between the two sectors. Historical isolation of the two sectors on the basis of the treatment of the plantation sector by its management as a closed system perpetuated ethnic differences. This has transformed the two sectors into an incongrous position in relation to the rest of the rural areas of the island. The differences are so deeply rooted that an economic strategy alone may not prove adequate enough to bring about social integration. Social disparities and inequities associated with enclaved existence within estates can now be alleviated through specific programmes of social development that could be designed by the State itself from a long-term national perspective. Equalisation of facilities between the estate and the village in basic needs of education, health, and food could now be attempted on a planned basis. Specific measures would include the extension of the national education system to the estate medical services to cater to the estate and village alike, replacing the 'line system'[1] in the estates with village type cottages, and making available common social welfare facilities to the estate and the village. The estate and the village together could now be represented in various organisations as the Village councils, Rural Development Societies etc. The normal welfare facility services as cooperatives will also serve both sectors. Already moves are underway to implement plans based on some of these considerations. A word of caution, however, is necessary. It would be wrong to construe that estate-village integration could offer a complete solution to the problems in the rural sector. In fact the final success of estate-village integration and the upliftment of the rural sector will depend on a simultaneous growth of the industrial sector.

13.3 *Political Implications*

There is a strong political motivation to any land reform and Sri Lanka's land reform was no exception. The problems of landlessness, unemployment, and the rural power structures dominated by the landed elite that existed in the country for decades were perhaps the most important factors that contributed to the 1971 insurrection. There was an urgent need to tackle these problems at the rural level in order to achieve political stability. Land reform in itself may not be capable of achieving this in the long term, but it has provided an opportunity to bring about a more balanced economic and social development which in turn could contribute towards the achievement of a greater political stability in the country.

The ethnic problems within the rural/plantation sector have also been a perennial source of political strife. Through a broad based programme of economic and social integration between the two sectors the conditions which escalate such situations could be contained.

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1 Housing improvement, provision of electricity, improvement of creches, etc., are included as essential components of the proposed Maskeliya-Dikoya Project (NSA Debates : 24th February 1978.).

An improvement in the national political image of the country as a result of the land reform may well be expected. The exertion of full control over its plantation resources would enable Sri Lanka to be less dependent and associated less directly with a particular power block.

Ultimately, achievement of the long-term goals of land reform will rest on several factors such as internal political and economic development and on the successful adoption of a well conceived series of short-term development programmes which are dovetailed into a trend towards the achievement of the long-term objective of equity oriented growth.

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14. *THE INTERNATIONAL ISSUES*

The foreign ownership of large extents of plantations, their export specialisation and Sri Lanka's heavy dependence on the plantation sector placed the country in a potentially vulnerable position to international repercussions in the event of nationalisation. In fact, the fears arising out of this vulnerability had prevented previous Governments from resorting to nationalisation though it was quite a popular slogan for a long time. In 1975, the Government took pains to make provisions to prevent any likely reprisal. There was no serious unfavourable international reaction specifically directed against nationalisation. Several factors have contributed to this.

The power wielded by the multinationals in the world market over the prices of tea, rubber and coconut products of Sri Lanka was, and is, enormous. Some of these multinationals owned the best tea estates in Sri Lanka. According to the British National Board for Prices and Incomes four giant multinationals dominate the tea market, viz. Brooke Bond - 43%; Typoo - 12%; Lyons - 12%; CTS[1] - 12%. The multinationals further strengthened their control over the tea industry by interlocking directorates and through it the national economy. Such a strangle hold by the multinationals and the fears of reprisal it created in the minds of the Government did contribute to a delay in nationalisation. In 1975, when nationalisation became imminent due to internal and international causes, the Government sought to prevent international repercussions by volunteering to pay compensation to the foreign owners. It went even further and agreed to pay the compensation in foreign exchange, although the country was already undergoing an acute foreign exchange crisis.

Another factor that contributed to an atmosphere favourable to nationalisation was the more diversified external trade structure in the period after early 1960s. Sri Lanka's trading partners increased from a few, of which Britain was the biggest, to many with other Third World countries becoming the major partners and Britain losing its positions as the biggest partner. Such a diversified external trade structure enhanced Sri Lanka's independence in foreign trade.

By the 1970's the Third World countries had irreversibly opted [illegible] more rapid decolonisation and economic independence with the over-whelming blessings of the United Nations. Such a change of international climate in which the dependant countries were becoming more aware of their own rights and enjoying international support served as a political and moral force neutralising any possible resistance from the foreign owners and retaliation by concerned Governments.

Co-operative Tea Society (U.K.)

At the time of Sri Lanka's land reform, the World Bank had already announced its change of heart as regards land reform. In fact, the World Bank as a major foreign aid agency more or less prescribed redistributive land reform as a prime need to attain a balanced economic growth with equity in the developing countries.

Successive Governments of Sri Lanka, by virtue of their foreign policies, were able to widen the sources of aid and loans. Countries of almost all political and economic blocks (socialist countries, U.S.A., Western Europe, Japan etc)., have granted aids and loans to Sri Lanka. It can be said that by the land reform, Sri Lanka's position as regards foreign aid has not been jeopardised. On the other hand, it would seem to have improved.

Nationalisation, however, has not improved Sri Lanka's bargaining position in the world market. Multinationals still continue to exert monopolistic control over the prices of tea in the London auctions. Further, the demand of the traditional buyers of Sri Lanka tea, countries like Britain, Australia and New Zealand, is for bulk tea which means that further processing, blending and packeting are done outside Sri Lanka. There is a clear reluctance on the part of these countries to let these processes be done in Sri Lanka. In the event of Sri Lanka being able to export packeted tea, there would be greater scope for development and employment within the country. However, the present international trade relations do not seem to favour such a change.

The immigration of Indian labour in large numbers brought about by the British had far reaching political and social consequences and the so-called Indo-Sri Lanka problem "has remained the most contentious and complicated issue in Indo-Ceylon relations".[1] Several agreements were reached between the two sides since 1940. However, a final solution did not materialise. The latest agreement known as the Sirima-Shasthri Pact of 1964 had certain concrete proposals of settlement. Under this Pact out of a total of 975,000 people of Indian origin, the Indian Government agreed to received 525,000 persons phased out over a period of 15 years and the Sri Lanka Government agreed to grant citizenship to 300,000. The future of the remaining 150,000 persons was decided only in 1974. India agreed to accept 50% of this number while Sri Lanka agreed to grant citizenship to the rest.

S.U. Kodikara - Indo-Ceylon relations since Independence, 1965, p. 101.

The issues of citizenship, repatriation etc., on which already a certain understanding has been reached between the two countries, were outside the purview of the Land Reform Law. Although there had been reports that workers of Indian origin in certain areas suffered from unfair treatment during Phase I of the Land Reform, the Indo-Sri Lanka relations were not particularly affected by this Land Reform. On the other hand, nationalisation has facilitated a speedier implementation of the Pact since the State is now in a better position to handle the problem of repatriation. This, along with the current and future programmes of integration should contribute positvely towards a final solution of this problem.

The international implication of the land reform on the transfer of technology is perhaps a more complicated issue than the others. One fundamental national shortcoming is the non-existence of a definite policy on the international transfer of technology that suits the well-proclaimed ideals of maximising man-power utilisation by the use of local resources and the standardisation of techniques of production. One important feature of the technology transfer debate has been that discussions and interests have been centred round technology transfer in industries, while the agricultural sector, inspite of its undisputed importance, has been generally overlooked. The pre-land reform agrarian structure by its heterogenity in farm size, ownership and management patterns no doubt hindered the evolution of an integrated policy of technology transfer. Research and development pertaining to agriculture has been dispersed in different Government Departments and Institutions which work without proper coordination. As a result, there has been an unplanned transfer of technology. The country is highly dependant on imported mechanical technology originating from diverse sources, which has created a serious problem in maintenance and standardisation of techniques. It should, however, be mentioned that in the sphere of biological innovations, Sri Lanka has been practising a highly "self-reliance-oriented" research and development policy. The local achievements in plant breeding of new high yielding varieties of food crops are remarkable. However, such a spirit is absent in the other spheres of technology development.

15. RECOMMENDATIONS

1. Legislation needs to be introduced to abolish the remaining semi-feudal vestiges of land tenure considering the social and economic debilities suffered by the peasants under it and its anachronistic nature in a modern democratic society. The lands belonging to these institutions should be brought under the Land Ceiling Law.

2. Twenty years of experience in the implementation of tenancy reform has definitely demonstrated that the only answer to the tenancy question lies in a well-designed land-to-the tiller programme.

2.1 In formulating such a programme, the complexities associated with land and social relations in the paddy growing sector need to be carefully assessed in order to weigh its economic, social and political costs.[1] In this connection the following lines of action are suggested.

(i) In-depth analysis of the agrarian social relations in the paddy sector taking into consideration the regional variations.

(ii) In-depth analysis of the implementation of past tenancy reforms and the reasons for their failure.

(iii) The commencement of a programme for the registration of titles to the land as most paddy lands in this country lack proper title deeds.

2.2 Since under Sri Lankan paddy growing conditions the 25-acre ceiling imposed by the Land Reform Law No. 1 of 1972 is certainly too high, a need exists to reduce this ceiling in introducing a land-to-the-tiller programme.

2.3 In the event of a land-to-the tiller programme being introduced, necessary precautions should be taken to avoid the usual problems that would arise with the creation of a large mass of uneconomic individual holdings. It is recommended that arrangements be made to introduce more efficient forms of production organisations such as group farming within a system of individual holdings. Such a system of production organisation may well prove to be the only solution to the problem of low productivity in the small farm sector.[2]

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1 The number of land owners who lease out their land is considerable. Many of them own only small holdings and belong to the lower-middle class and as such in the event of a transfer of land the owners should be adequately compensated.

2 Several experiments conducted in this country definitely demonstrated the potential and the acceptability of this form of production organization to the farming population. (See W. Gooneratne et al Group Production : A Case Study - ARTI, May 1977).

3. To prevent a further deterioration of Land Reform lands already distributed in individual holdings immediate action needs to be taken to evolve a programme of settlement and development of these lands. Several lines of action could be recommended.

(i) Offering of greater security of title to the recipients while taking necessary precautions to prevent the land from being mortgaged or sold.

(ii) Organising the individual recipients under a system of group farming in order to develop the land, increase agricultural production, market the produce and promote the development of a well-knit settlement.

(iii) Involving the surrounding villages in an effort to integrate new settlements with the surrounding areas.

Future redistribution programmes should look into the following :

(i) Alienation of a viable unit that would enable the recipient to obtain a satisfactory minimum level of income and provide employment to the members of the recipient's family.

(ii) As far as possible, potential recipients of lands should be drawn from villages adjacent to the estates earmarked for redistribution.

(iii) The process of selection of recipients should as far as possible be done on the basis of their eligibility for land than on their political affiliations.

(iv) Such a redistribution programme should be planned in advance in order to meet the specific requirements of different areas.

4. (i) In the large estates now managed by the State Plantation Organisations an attempt should be made to remould and re-orient the higher management personnel (Managers and Superintendents) so that they will be better equipped to undertake the new demands created as a result of the Land Reform - viz: the task of promoting estate-village integration, providing employment to the villagers, encouraging worker participation in management, and assisting in the more fundamental task of regional development.

(ii) The system of paternalism and coercion exercised in estate labour management should now be replaced by a more democratic system which will hold out material incentives, easy vertical job mobility and greater welfare facilities to the workers. The 'captive' and near 'bonded' character of labour should give way to a greater appreciation of personal and social freedom.

5. The living conditions of the estate workers should be given immediate attention. While it will be necessary to gradually replace the line system with better types of housing, the workers' quarters need also to be provided with electricity, clean water and better sanitary facilities. Facilities for recreation which at present are grossly lacking in the estates should also be provided.

6. The villages in the main plantation areas should receive a better deal. Programmes involving greater employment opportunities coupled with settlement of village folk in the adjoining estates should receive greater attention of the State. Expertice and facilities available with the estate should also be made available to the village in a genuine effort at improving its lot.

7. Estate-village integration, though essential, is an area that needs careful examination and planning particularly in view of the complexities arising from ethnic and cultural differences between the estate and the village, the aspirations of the village, the anxieties of the plantation workers, and the techno-economic implications. Before launching any major programmes of integration the actual situation in the estate-village complex need to be studied in sufficient detail on a regional basis. It is suggested that a few pilot projects be launched to assess the potentials and problems of estate-village integration.

8. Short term and long term programmes for diversification and intensification of production in land reform lands need to be worked out. Immediate potential available within the coconut lands and the abandoned and marginal tea and rubber lands should be expanded. With the introduction of alternative export oriented crops under a programme of diversification, the future world market demands for such products should be assessed from both long and short term perspectives.

9. Programmes should be worked out to establish greater agro-industrial linkages through -

(i) the setting up of industries using the major raw materials of the plantation sector. For instance, packing of tea and dessicated coconut, setting up of rubber-based industries could be undertaken;

(ii) standardization of intermediate technology applied on a wider scale to strengthen industrial linkages with agriculture through an increased demand for locally produced farm equipment and tools. This would also enhance the demand for fertilizer and agro-chemicals which may be manufactured locally; and

(iii) the inclusion of industrial crops that can create greater linkages with industries through processing and other activities. Crops like sugar-cane, cotton and fruits are examples.

Development of animal husbandry will also lead to an increase in demand for animal feed which may be produced locally and help industrial development by providing the raw materials for the manufacture and processing of animal products. A substantial portion of the Land Reform lands could now be released for this purpose.

10. Greater care should be given to mobilize the local expertice available with the Universities, Research Institutes and other organisations in elaborating current and future programmes of development in the land reform sector and in the formulation and implementation of future Land Reform Programmes.

11. The need to involve the rural people in agricultural development within the framework of a far reaching land reform programme should receive more careful attention. Though people's participation in agrarian reform implementation was a widely accepted objective, the organizational framework which was available was not utilized fully and effectively. It would be necessary to evaluate the present rural organisations with respect to this particular goal and evolve, if necessary, more suitable organizational forms to facilitate people's participation in a wider and a more meaningful manner.

12. In order to maximise the benefits of nationalization, Sri Lanka needs to achieve a greater collaboration with countries which produce similar export products to gain price standardization, production regulation and market promotion.

STATISTICAL APPENDIX

APPENDIX I : POPULATION OF SRI LANKA (1871 - 1971)

Census Year	Enumerated Population	Inter-Censal Increase	Percentage Increase	Average Annual Rate of Increas
1871	2,400,380	-	-	-
1881	2,759,738	359,358	15.0	1.4
1891	3,007,789	248,051	9.0	0.9
1901	3,565,954	558,165	18.6	1.7
1911	4,106,350	540,396	15.2	1.4
1921	4,498,605	392,255	9.6	0.9
1931	5,306,871	808,266	18.0	1.7
1946	6,657,339	1,350,468	25.4	1.5
1953	8,097,895	1,440,556	21.6	2.8
1963	10,582,064	2,484,169	30.7	2.7
1971	12,711,143	2,129,079	20.1	2.3

Source : Census Reports of Ceylon

APPENDIX II : POPULATION DENSITY ON LAND

Zone	Total Land Area*	Area Within Agricultural Holdings	% of 2 to 1	Density of Population per Acre of Land Area	Per-Capita Agricultural Land
Wet Zone	5,335,000	3,109,400	58(42)	1,49	0,39
Dry Zone	10,663,000	1,557,100	15(85)	0,26	9,56
Sri Lanka	15,998,000	4,666,500	29(71)	0,66	0,44

*Excludes area occupied by large inland waters.

Source : *Census of Agriculture - 1962*

APPENDIX III : POPULATION (5 YEARS AND OVER) BY LEVEL OF EDUCATION

Level of Education	All Sectors	Urban Sector	Rural Sector	Estate Sector
No Schooling	17.5	11.4	15.8	38.9
Primary	44.6	37.8	45.4	51.0
Middle School	30.4	37.9	31.7	8.8
Passed G.C.E. (OL)	6.6	11.0	6.3	1.3
Passed G.C.E. (AL) and over	0.9	1.9	0.8	0.0

Source : *Preliminary Report of the Socio-Economic Survey (1969-70)*, Department of Census and Statistics

APPENDIX IV : UNEMPLOYMENT RATE BY EDUCATIONAL LEVEL AS PERCENTAGE OF LABOUR FORCE

Educational Level	1963	1973
No Schooling	12.0	15.2
Primary	10.5	14.1
Secondary	23.0	37.1
Passed G.C.E. (OL)	39.3	47.4
Passed G.C.E. (AL)		44.4
Passed Degree		16.2

Source : *Census of Population (1963) and Labour Force Participation Rates Survey - (1973)* - Central Bank of Ceylon.

APPENDIX V : SECTORAL COMPOSITION OF GROSS NATIONAL PRODUCT AT CONSTANT (1959) FACTOR COST PRICES

	Sectors	1959		1974		1975	
		Amount (Rs.Mn)	Percentage	Amount (Rs.Mn)	Percentage	Amount (Rs.Mn)	Percentage
1.	Agriculture (including forestry, hunting and fishing)	2,302	39.1	3,558	33.1	3,602	32.4
2.	Mining and Quarrying	31	0.5	191	1.8	248	2.2
3.	Manufacturing	682	11.6	1,359	12.6	1,462	13.2
4.	Construction	283	4.8	553	5.1	503	4.5
5.	Electricity, Gas, Water and Sanitary Services	10	0.2	32	0.3	33	0.3
6.	Transport, Storage, and Communication	541	9.2	1,054	9.8	1,100	9.9
7.	Wholesale and Retail Trade	801	13.6	1,450	13.5	1,501	13.5
8.	Banking, Insurance and Real Estate	51	0.9	165	1.5	184	1.7
9.	Ownership of Dwellings	201	3.4	344	3.2	350	3.1
10.	Public Administration and Defence	301	5.1	609	5.7	646	5.8
11.	Services	728	12.3	1,441	13.4	1,513	13.6
12.	Gross Domestic Product	5,930	-	10,755	-	11,142	-
13.	Net Factor Income from Abroad	-37	-0.6	-24.9	-0.2	-26.9	-0.2
14.	Gross National Product	5,893	100.0	10,731	100.0	11,115	100.0

Source : Central Bank of Ceylon, *Review of the Economy (1976)*

APPENDIX VI : SECTORAL DIFFERENCES IN INCOMES OF HOUSEHOLDS EARNING BELOW RS 400 PER MONTH - (1969-1970)

Households Earning	Urban Sector				Rural Sector			
	Number of Households	Percent	Total Incomes (Rs1,000)	Percent	Number of Households	Percent	Total Incomes (Rs 1,000)	Percent
Total	349,030	100.0	158,175.0	100.0	1,511,450	100.0	399,405	100.0
Below Rs 400	212,230	60.8	50.058.7	31.7	1,255,900	83.1	247,078	61.9
Below Rs 100	12,160	3.5	904.6	0.6	142,500	9.4	10.671	2.7
Rs100 - 199	61,940	17.7	9,497.5	6.0	554,800	36.7	82.138	20.6
Rs200 - 399	138,130	39.6	39,656.6	25.1	558,600	37.0	154,269	38.6
Average income per household of those earning less than Rs400 per month	Rs 236.00				Rs 197.00			
Average income per household of total house-holds	Rs 453.00				Rs 264.00			

Source : *Socio-Economic Survey (1969-70)*
Department of Census and Statistics

APPENDIX VII : POPULATION, PADDY EXTENT, PRODUCTION AND YIELDS OF RICE AND WHEAT IMPORTS

Year	Population	Paddy extent 000 ac.	Production Mi/bu	Yield bu/acre	Rice imports 000 tons	Wheat imports 000 tons
1964	11.0	1,249	50.54	38.69	547	225
1965	11.2	1,273	36.25	34.32	642	312
1966	11.4	1,323	45.79	35.62	485	264
1967	11.7	1,331	54.91	41.27	375	517
1968	12.0	1,349	64.59	46.49	344	359
1969	12.3	1,385	65.86	50.33	260	388
1970	12.6	1,408	76.45	51.30	526	369
1971	12.8	1,419	66.90	45.91	334	331
1972	13.2	1,449	62.72	46.81	262	324
1973	13.5	1,440	62.90	44.58	338	365
1974	13.7	1,498	76.79	45.65	297	442
1975	13.9	1,536	55.31	44.30	452	445

* 1 bushel of paddy is equal to 30 lbs. of rice.

Sources : Department of Census and Statistics, and
Department of Food Controller.

APPENDIX VIII : PRODUCTION QUANTITIES OF PRINCIPAL EXPORT CROPS (1965/76)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Tea (Million lbs)	503	490	487	496	484	468	480	471	466	450	471	433
Rubber (Million lbs)	261	289	316	328	333	351	312	309	340	291	328	335
Coconut (Million nuts)	2676	2461	2416	2601	2440	2510	2610	2963	1935	2031	2447	2093

Source : *Annual Reports* - Central Bank of Ceylon

APPENDIX IX : DISTRIBUTION OF LAND USE

Land Use	Acres	Percent
Total	16,228,230	100.0
1. Settlements and associated non-agricultural lands	48,270	0.3
2. Horticulture	1,418,800	9.0
3. Tree and other perennial crops:		
(a) Tea	636,230	3.9
(b) Rubber	561,850	3.5
(c) Coconut	618,910	3.8
(d) Others	133,510	0.7
4. Cropland :		
(a) Paddy	1,261,910	7.8
(b) Land under development	107,290	0.7
(c) Other	2,495,030	15.3
5. Improved permanent pasture	6,160	-
6. Grassland and scrubland	1,052,010	6.4
7. Woodland	7,164,710	44.2
8. Swamp and marsh	81,020	0.5
9. Unused land	106,620	0.7
10. Inland waters including salterns	505,910	3.2

Source : Aerial Survey based on Canada - Colombo Plan Project - (1961)

APPENDIX X : DISTRIBUTION OF LANDS BELONGING TO SEMI-FEUDAL INSTITUTIONS (IN AMUNAS)

Districts	Nindagam		Viharagam		Devalagam	
	No.	Extent	No.	Extent	No.	Extent
Kandy	9	36	226	1,817	58	989
Matale	69	443	54	1,830	9	276
Nuwara Eliya	1	18	9	157	23	476
Badulla	90	1,303	29	179	144	1,325
Ratnapura	127	7,457	12	1,361	46	4,378
Kegalle	93	2,376	35	714	80	2,296
Kurunegala	4	292	132	8,235	152	2,970
Anuradhapura	118	409	46	229	5	16
Polonnaruwa	-	-	2	70	-	-
Matara	-	-	1	55	-	-
	511	12,334	546	14,647	517	12,726
						(41,281)

Conversion : Paddy = 1 Amuna = 2 acres
Highland & Chena = 1 Amuna = 5 acres
Only Harakkan chena = 1 Amuna = 18-40 acres

Source: *Report on the Commission of Inquiry into the Tenure of Viharagam, Devalagam and Nindagam (1968)*

APPENDIX XI : LAND ALIENATED UNDER LAND DEVELOPMENT SCHEMES : 1936 - 1966

Type	Land Area (Thousand Acres)	No. of Allottees (1,000)
Major Colonization	287	59.7
(Paddy Land)	(182)	
(Highland)	(105)	
Highland Colonization	31	8.8
Middle Class Schemes	147	11.6
Youth Settlement (Started in 1965)	7	2.9
Special Leases (Started in 1965)	58	0.2
Marginal Land (Started in 1968)	70	-
Total Agricultural Settlement	600	83.2
Village Expansion Schemes (Mainly for Residential purposes)	664	504.2
Total Land Alienated	1,864	670.6

Source : Government of Ceylon, "Report of the Land Utilisation Committee", August 1967, *Sessional Paper No.XI*, (1968), p.34

APPENDIX XII : OWNERSHIP OF TEA AND RUBBER LANDS
(THOUSAND ACRES)

	Tea			Rubber		
	1934	1958	1970	1934	1958	1970
Sterling Companies	200	202	182	145	91	96
Other Estates	355	294	286	336	384	286
Small Holdings (-10 acres)	20	74	103	140	187	185
	575	570	571	621	662	567

Sources : N. Ramachandran, *Foreign Plantation Investment in Ceylon, (1889-1958)*, Central Bank of Ceylon, 1963 and A.T.M. Silva, *Rural Employment in Sri Lanka, ILO, 1975.*

APPENDIX XIII : CROP-WISE CLASSIFICATION OF LANDS TAKEN OVER UNDER LAND REFORM LAW NO.I OF 1972

Crops	Wet and Intermediate Zones Mid/Up Country	Low Country	Dry Zone	Total
Tea	120,646	18,313	395	139,354
Rubber	38,710	38,131	5,722	82,563
Coconut	3,960	73,353	35,210	112,523
Paddy	3,947	6,480	7,980	18,407
Cocoa	1,524	220	-	1,744
Cardomom	10,142	140	475	10,757
Mixed	12,912	3,475	668	17,055
Jungle, Patna and Uncultivated Lands	118,905	22,184	35,427	176,516
Cinamon	67	655	25	747
Chena Cultivation	728	255	900	1,883
Abandoned Lands (Tea, Rubber)	-	1,057	805	1,862
Total	311,541	164,263	87,607	563,411

Source: Land Reform Commission

APPENDIX XI[illegible] : PUBLIC COMPANY ESTATES VESTED IN THE LRC UNDER THE LAND REFORM (AMENDMENT) LAW NO.39 OF 1975

	Zone	STERLING COMPANIES No. of Estates	Tea (Ac.)	Rubber (Ac.)	Coconut (Ac.)	Others (Ac.)	Total (Ac.)	RUPEE COMPANIES No. of Estates	Tea (Ac.)	Rubber (Ac.)	Coconut (Ac.)	Others (Ac.)	Total (Ac.)
Wet and Intermediate	Mid/Up Country	145	127,474	10,454	1,178	35,096	174,202	176	97,095	37,233	881	33,584	168,793
	Low Country	20	2,415	12,950	2,517	2,351	20,233	49	9,700	32,762	919	6,954	50,335
	Dry Zone	01	585	-	-	124	709	04	323	1,436	911	1,015	3,685
	TOTAL	166	130,474	23,404	3,695	37,571	195,144	229	107,118	71,431	2,711	41,553	222,813

Source : Land Reform Commission

APPENDIX XV : INSTITUTION AND REGIONWISE DISTRIBUTION OF LANDS TAKEN OVER IN STAGE II OF LAND REFORM (AS AT END OF 1976)

	Zones	Janawasama	S.P.C.	Land Reform Coop. Soc.	R.R.I.	T.R.I.	Usawasama	D.L.R.AA.	Janawasama	Total
Wet and Intermediate	Mid/Up Country	220,245	110,104	4,811	-	3,990	2,648	1,197	-	342,995
	Low Country	10,130	52,880	810	5,913	-	-	-	885	70,618
	Dry Zone	3,698	-	696	-	-	-	-	-	4,394
	TOTAL	234,073	162,984	6,317	5,913	3,990	2,648	1,197	885	418,007

Source : Land Reform Commission

APPENDIX XVI : EXTENT UNDER ELECTORAL LAND REFORM COOPERATIVE SOCIETIES (AS AT 31.12.1975)

	Zone	District	Extent (Ac.)
Wet and Intermediate	Mid/Up Country	Kegalle	33,704
		Badulla	15,932
		Kandy	28,156
		Ratnapura	16,256
		Sub-Total	94,048
	Low Country	Colombo	10,263
		Kalutara	16,160
		Galle	3,632
		Kurunegala	15,746
		Matara	8,239
		Sub-Total	54,040
	Dry Zone	Moneragala	4,259
		Puttalam	25,006
		Hambantota	1,007
		Sub-Total	30,272
		GRAND TOTAL	178,360

Source : Land Reform Commission

APPENDIX XVII : INSTITUTION-WISE CLASSIFICATION OF LANDS TAKEN OVER UNDER LAND REFORM - (EARLY 1977)

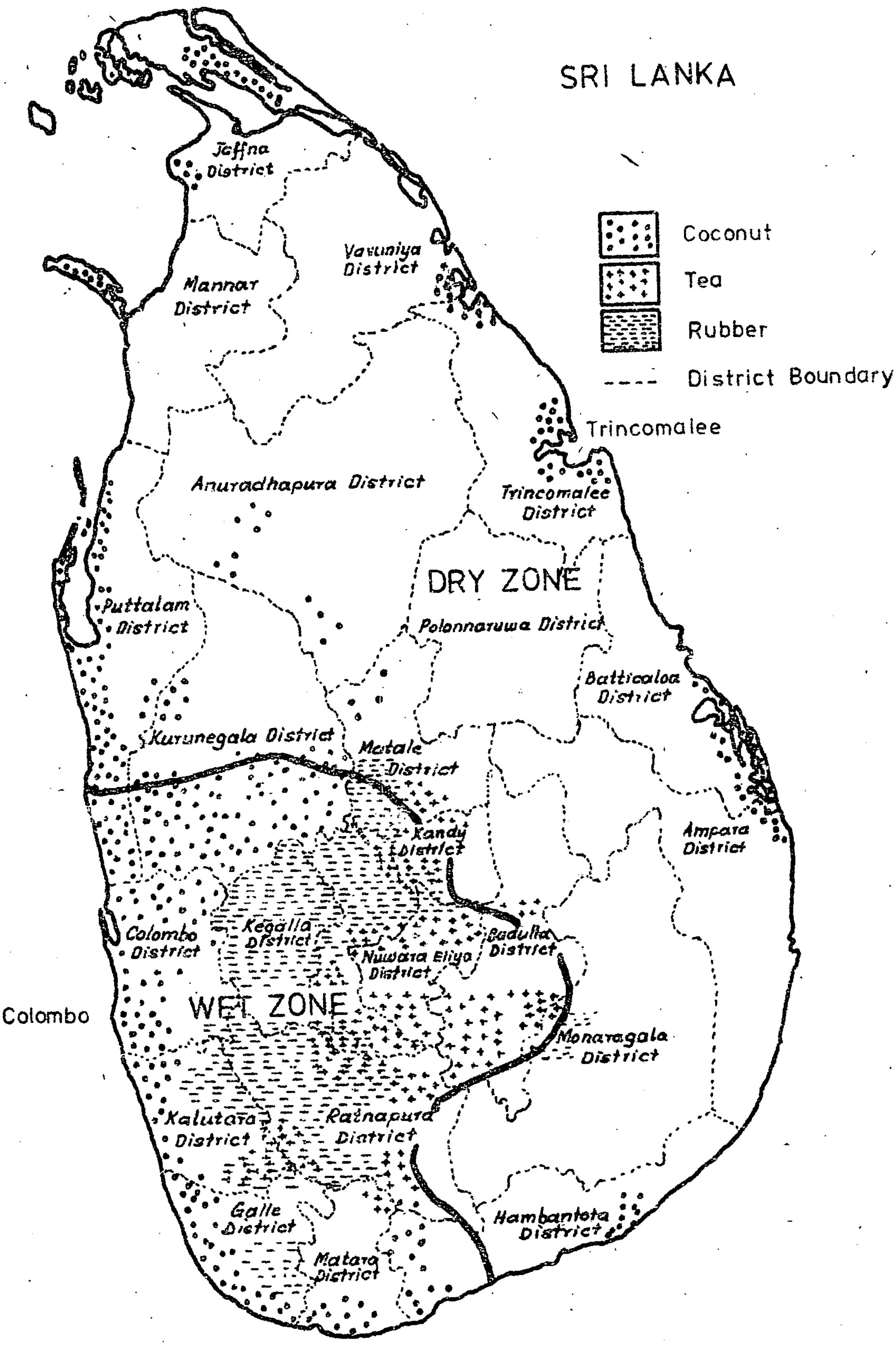
	Phase I	Phase II
S.P.C.	33,547	162,984
Usawasama	64,900	2,648
Janawasama	-	234,073
Samupakara Janawasa	48,816	835
Land Commissioner's Department	70,722	-
Managed by D.L.R.A.	27,700	1,197
Livestock Development Board	7,673	-
Coconut, Rubber and Tea Research Institutes	2,100	9,903
Coconut Cultivation Board	2,261	-
Under G.A. (A.G.A., D.R.O., G.S.)	29,913	-
Conservator of Forests	1,364	-
Productivity Committees	4,208	-
Sri Lanka Cashew Corporation	165	-
Sugar Corporation	2,829	-
Multi-Purpose Cooperative Societies	2,735	-
Special Cooperative Organisations	1,878	-
District Development Projects	1,025	-
Distributed among villagers	52,215	-
Any other methods of dispesal	31,000	-
Extent yet to be taken over	-	-
Electorate Level Land Reform Cooperatives	178,360	6,317
TOTAL	563,411 (Ac.)	417,957 (Ac.)

Source : Land Reform Commission

APPENDIX XVIII : TABLE OF EVENTS RELATED TO LAND REFORM (Since 1950)

YEAR		EVENT
1953	-	Paddy Lands Act No. 1
1956	-	Announcement of the Possibility of Estate Nationalisation
1958	-	Paddy Lands Act No. 1
	-	Control of Fragmentation (Tea and Rubber Estates) Act
	-	Creation of the State Plantations Corporation
1968	-	Nindagama Lands Act No. 30
1970	-	Paddy Lands (Special Provisions) Act No. 2
1971	-	Creation of Usawasama
	-	Creation of Youth Settlement Schemes (Samupakara Gammana)
	-	Appointment of the Agency Houses Commission
	-	People's Committee Act No. 16
1972	-	Estates (Control of Transfer and Acquisition) Act No. 2
	-	Land Reform Law No. 1
	-	(Establishment of the Land Reform Commission)
	-	Agricultural Productivity Law No. 2 (Provision made for the Creation of Agricultural Tribunals)
	-	State Agricultural Cooperation Act No. 2
1973	-	Agricultural Lands Law No. 42 (Reorganisation of the Cultivation Committees)
	-	Establishment of Janawasas on a trial basis
1974	-	Companies Special (Provision) Law No. 19 (Prohibited Companies from owning property or carrying on any undertaking in Sri Lanka after a specified date unless they were incorporated under the Companies Ordinance).

YEAR		EVENT
1974	-	Completion of the takeover process (Stage I of Land Reform)
	-	Creation of Electoral Land Reform Cooperatives
	-	Publication of the Agency Houses Commission Report
1975	-	Land Reform (Amendment) Law No. 39 (Takeover of Sterling and Rupee Company Estates)
	-	Setting up of Agricultural Tribunals
1976	-	Janawasa Law No. 25 (Creation of the Janawasa Commission)
1977-Since July	-	Dissolution of the Usawasama and the Electoral Land Reform Cooperatives and handing over the estates to Janawasama and the State Plantation Corporation.
	-	Dissolution of the Agricultural Productivity Committees and Cultivation Committees.
1978	-	Setting up of the Agricultural Development Authority.



DISTRIBUTION OF PLANTATION CROPS