

ANNUAL REPORT 2001



Hector Kobbekaduwa
Agrarian Research and Training Institute
114, Wijerama Mawatha,
Colombo 7

HARTI Annual Report. English 2001



ANNUAL REPORT

2001

Hector Kobbekaduwa
Agrarian Research and Training Institute
114, Wijerama Mawatha,
Colombo 7

BOARD OF GOVERNORS

Mr. Ananda S. Gunasekera	Chairman, Board of Governors and Secretary, Ministry of Agriculture (Since 15.10.2001)
Dr. S.G. Samarasinghe	Director, HARTI (Since 15.12.1993)
Mr. C. Maliyadda	Representative, Ministry of Finance Policy Planning, Ethnic Affairs and National Integration (Since 01.03.1999)
Mrs. Malini Maduwegedara	Representative, Ministry of Irrigation, Power and Energy (Since 01.12.2000)
Mr. G.B.H. Liyanage	Representative, Ministry of Internal and External Trade, Commerce and Food (Since 05.12.2000)
Dr. U. Vidanapathirana	Representative, Ministry of Public Administration, Home Affairs and Plantation Industries (Since 05.04.1999)
Mr. P.W. Seneviratne	Representative, Ministry of Vocational Training and Rural Industries (Since 25.05.1999)
Mr. A.M. Chandrapala	Representative, Ministry of Education and Higher Education (Since 11.02.2000)
Dr. Anila Dias Bandaranaike	Representative, Central Bank of Sri Lanka (Since 10.11.2000)
Dr. S.D.G. Jayawardena	Director General of Agriculture (Since 25.09.1995)
Prof. E.R.N. Gunawardena	Representative, Faculty of Agriculture, University of Peradeniya
Mr. S. Pussepitiya	Commissioner of Agrarian Services (Since 30.09.1997)
Mr. W.P. Jinadasa	Director General of Irrigation (Since 04.11.1999)
Mr. G.S.L. Fonseka	Commissioner of Co-operative Development (Since 18.07.2000)
Mr. Mazlan Jusoh	Representative of FAO (Since 21.12.2000)
Mrs. R. de Silva	Secretary, Board of Governors

Hector Kobbekaduwa Agrarian Research
and Training Institute
114, Wijerama Mawatha
Colombo 7.

3rd October 2002.

The Hon. Minister of Agriculture, Livestock and Samurdhi.
Ministry of Agriculture, Livestock and Samurdhi,
"Govijana Mandiraya",
80/5, Rajamalwatta Avenue,
Battaramulla.

Annual Report and Audited Accounts 2001

In terms of section 14 (2) of the Finance Act No.38 of 1971, I submit herewith on behalf of the Board of Governors, the following documents for the year ended 31st December 2001

- (1) The Annual Report
- (2) The Audited Statement of Income and Expenditure
- (3) The Audited Balance Sheet
- (4) The observations made by the Auditor General on Accounts

I remain

Yours faithfully,

Dixon Nilaweera
Chairman
Board of Governors

Annual Report - 2001

Overview

The Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) was established as a statutory body in 1972 under the Agrarian Research and Training Institute Act No.5. of 1972. It was initially assisted by the UNDP/FAO and now functions under the Ministry of Agriculture. Since its inception HARTI has continued to assist various government ministries, institutions and international organizations involved in rural and smallholder agricultural development by functioning as a social science research and resource centre for analysis of agrarian issues and training of human resources for rural development.

The institute is administered by a Board of Governors chaired by the Secretary of the Ministry of Agriculture as ex-officio chairman. The Board comprises of representatives of key agencies concerned with the development of agrarian sector in the country. The Director who functions as the Institute's Head is also a member of the Board.

The objectives mandated on the institute are several folds. As a premier research institute of the country HARTI is expected to foster, assist, encourage and cooperate in agrarian research undertaken by national and international institutions. Nevertheless, HARTI is expected to undertake its own research studies and investigations into socio-economic aspects, agrarian problems, issues etc. relating to the peasant sector with a view to providing result oriented policy recommendations which are ultimately beneficial for farming community of the country. The enhancement of co-operation among Sri Lanka and Asian countries, by conducting research relating to agrarian problems and disseminating information on agrarian problems and other development issues is also a main objective of HARTI in its effort to promote the institute as a Regional Agrarian Centre for excellence. The co-ordination of research activities undertaken by National and Regional Institutions and Agencies conducting national, regional and international seminars/workshops on various development issues and conducting national, regional training programmes etc. are other activities coming under HARTI's development objectives.

As a premier socio-economic research institution, HARTI has conducted a number of research studies on various agrarian problems and issues to assist particularly policy makers involved in development projects/programmes relating to the agrarian sector. The institute adopted a policy of identifying the research areas based on the following guidelines.

1. Conducting research on specific agrarian problems/issues identified by HARTI research staff itself.
2. Conducting research on training on specific problems/issues as requested by various Ministries, Departments, Institutions such as Presidential Secretariat, Ministry of Agriculture and Livestock & Women's Bureau of Sri Lanka, Land Settlement Department.
3. Conducting research as assigned by the international organizations like World Bank, ADB, FAO, CIRDAP etc. on given issues/problems/subject areas.

4. Conducting research on assigned problems/issues to HARTI on contract basis in response to the research proposals submitted to national/international institutions on competitive basis.

While undertaking research and training programmes within these broad guidelines, HARTI has given priority to undertake quick research studies/surveys on specific agrarian issues and submit policy recommendations at the request made by the Presidential Secretariat, and other line ministries such as the Ministry of Agriculture and Lands and the Ministry of Finance etc. Thus HARTI has been able to make a positive contribution towards agrarian development by assisting/conducting research useful for policy makers and farming community.

As described in detail in this report, HARTI has undertaken its mandatory research and training activities through its six research divisions, namely (1) Agricultural Policy and Project Evaluation (2) Agricultural and Environmental Resource Management (3) Marketing Food Policy and Agri-business (4) Irrigation Water Management and Agrarian Relations (5) Statistics and Data Processing (6) Human Resources and Institutional Development. As in previous years, HARTI has undertaken a number of research studies on various agrarian problems in the year 2001 too, with its limited human and financial resources. The findings and policy recommendations made by HARTI through those research studies have produced beneficial effects on the farming community of the country.

The HARTI has also taken steps to build up relationship with Regional and International Research and Development Organizations such as UNDP, FAO, CIRDAP, IWMI and has initiated a number of collaborative research programmes. The action research programmes conducted in Matale, Kandy and Anuradhapura districts under the Integrated Development Programme with the financial assistance of the Centre for Integrated Rural Development in Asia and Pacific (CIRDAP) is a good example for such collaborative programmes.

Highlights of Research and Training

In year 2001 as in previous years, HARTI has undertaken a number of important research on various agrarian issues/problems and training programmes as well. In this section we deal with a few of them to show their beneficial effects on both the policy makers and farming community.

Agricultural Policy and Project Evaluation Division (APPED) has completed an important study commissioned to HARTI by the Department of Land Settlement. The study report titled "Bench mark Socio-Economic Survey" has submitted to the Land Settlement Department in March 2001. This report contained the Bench mark Socio-Economic data collected relating to the beneficiaries of the World Bank funded Land Titling and Related Services Project which was being implemented in the project areas of Udapalatha in Kandy district, Divulapitiya in Gampaha District and Balangoda in Ratnapura district. The short term and long term policy recommendations made through this study report were observed to be useful for policy makers to make modifications to Land Titling Project.

The APPED published another important study report titled "Significance of Land Size on Resource Use Patterns in Irrigated Settlement Schemes". This study is a preliminary attempt to examine the resource use patterns of smallholder farmers. The funding of this study would be very useful for policy makers, implementing agencies and planners relating to land settlements.

Irrigation Water Management and Agrarian Relations Division (IWARD) has also completed an important study at the very beginning of the year which was titled "Performance Monitoring of Agro Wells". The study was conducted on the request made by the Ministry of Agriculture and Lands. The study report highlights the findings of the research study which covered the information relating to the performance of selected agro-wells in Mawathawewa and Galewela areas. The study report contains the information relating to crop production water use, water fluctuations and agricultural incomes generated through the agro wells in the study areas.

Marketing, Food Policy and Agri-Business Division (MFPAD) completed another important study on mangosteen production at the request made by the Export Development Board. The study report which was completed in April 2001 contains the detail information relating to mangosteen production, marketing and policy recommendations.

In addition to this study, Marketing and Food Policy Division has done satisfactory service by providing market information to the National Food Security Committee as in previous years. Further, this division has taken active role in disseminating market information among policy makers, traders and farmers through its weekly and monthly bulletins.

Prof. M.O.A. de Zoysa
Director/HARTI

30 March, 2002
Hector Kobbekaduwa Agrarian Research and Training Institute,
Colombo 07.

BOARD OF GOVERNORS **(Changes during the year)**

The following changes took place in the composition of the Board of Governors during the year.

Mr. M.S. Wickramarachchi ceased to be the Chairman of the Board of Governors on his relinquishing duties as Secretary, Ministry of Agriculture (from 14.10.2001)

Mr. Ananda S. Gunasekera became the Chairman, Board of Governors on assuming duties as Secretary, Ministry of Agriculture (from 15.10.2001)

Prof. E.R.N. Gunawardena became a member of the Board of Governors to represent the Faculty of Agriculture, University of Peradeniya (from 15.02.2001)

Mrs. M.B. Ekanayake ceased to be a member on completing her period of service (from 01.06.2001)

STAFF DEVELOPMENT

Post-graduate Degree Programme

The following Research Officers were engaged in Post-graduate/Diploma studies.

Mr.M.S. Gowri Shankar	-	Ph.D in Agri. Economics at the Kobe University- Japan
Mrs. W.D. Wickramasinghe	-	Ph.D in Agri.-Economics at the Glessen University - Germany
Mr. P.D. J. Ananda	-	Ph.D in Agricultural and Resource Economics at the La Trobe University - Australia
Mr. T.A. Dharmaratne	-	Ph.D in Development Economics at the Huazhong University - China

Seminars, Workshops and Training Programmes Attended in 2001

Dr. S.G. Samarasinghe - Director attended the CIRDP Technical Committee Meeting held in Dhaka, Bangladesh from 7th - 9th August 2001.

Mr. R.de S. Ariyabandu - Head/TWMAR Division attended the "10th International Rainwater Catchments Systems Conference" held in Germany from 10th - 14th September, 2001.

Mr. M.M.M. Aheeyar - Senior Research Officer attended the "10th International Rainwater Catchments Systems Conference" held in Germany from 10th - 14th September, 2001.

Mr. L.P. Rupasena - Research Fellow attended the "Asia Pacific Regional Consultation Workshop on Post- Harvest" held in Philippines from 5th - 7th December, 2001.

STAFF POSITION

The staff position of the Institute during the year was as follows.

	Position as at 31.12.2000	Termination, Resignation During the year	Appointment	Position at 31.12.2001
Director	01	-	-	01
Deputy Director (Research)	01	01	01	01
Head of Division	06	-	-	06
Research Staff	20	01	-	20
Administrative Staff	06	01	01	06
Senior Staff of Library	02	-	-	02
Data Development Unit	02	-	-	02
Computer Unit	01	-	-	01
Publication Unit	04	-	-	04
Statistical Staff	22	01	-	21
Technical Staff	03	-	-	03
Clerical, Secretarial & Parallel Grades	48	01	-	47
Operative & Allied Grades	36	-	-	36
TOTAL	152	04	02	150

AGRICULTURAL POLICY AND PROJECT EVALUATION DIVISION

Staff:

Mr. G.M. Henegedara	- Head of the Division
Mr. J.K.M.D. Chandrasiri	- Research Fellow
Mrs. S.R. Bandara	- Senior Research Officer
Mr. R.L.N. Jayatissa	- Senior Research Officer
Mr. N.N.A. de Silva	- Statistical Officer
Mrs. S. Senanayake	- Statistical Officer
Mr. M.S. Sri Gowri Shankar	- Senior Research Officer (on study leave)

COMPLETED STUDIES

1. **Benchmark Socio-Economic Survey - Land Titling and Related Services Project**

Researchers:

Dr. W.G. Jayasena	(Study Co-ordinator and Principal Researcher)
Mr. M. Henegedara	(Co-researcher)
Mr. J.K.M.D. Chandrasiri	(Co-researcher)
Mr. M. S. Senanayake	(Co-researcher)
Mr. R.L.N. Jayatissa	(Co-researcher)

Location of the Study: Divulapitiya, Gampola, Udapalatha and Balangoda Divisional Secretaries' Division

At the request made by the Land Settlement Department, the HARTI accepted to undertake this study with the following objectives:

- (a) To compile a database relating to pre-project socio-economic condition of the villagers (project beneficiaries) in the three project sites of Divulapitiya, Gampola, Udapalatha and Balangoda for the use of comparative social and economic analysis.
- (b) To gather and compile village level data relating to existing land use patterns, land ownership and tenure patterns, etc. for the use of comparative evaluation studies.
- (c) To identify positive and negative/adverse social and economic impacts of the project.
- (d) To provide objective information relating to pre-project socio-economic conditions and land management system in the pilot project areas for use in public awareness and stakeholder awareness enabling them to adjust their involvement strategies.
- (e) To provide a basis for re-survey of the pilot and control areas at the end of the full implementation of the titling project when the significant changes are likely to become more apparent.
- (f) To provide a model for replication elsewhere in Sri Lanka during the full implementation of the titling project.

- (g) To make recommendations/suggestions for necessary changes and improvements in the designed project activities based on the survey findings

Policy Recommendations

As revealed from the survey, the people in the three study areas viewed the land titling programme as a very useful one which would enhance their land ownership and tenurial rights as well as the economic use of land resources in those respective areas. However, implementing agencies should have better understanding about the project beneficiaries, their socio-economic characteristics, prevailing land ownership and tenurial problems/constraints etc. in order to implement LTRSP related activities successfully in these areas. Much of the information relating to those aspects are contained in this survey report and such information would be very useful for policy makers to understand the prevailing socio-economic scenario of these areas.

In this section we present some policy recommendations which would be useful for policymakers in implementing project related activities in these areas in a successful manner and also in making necessary adjustments to the proposed programme.

1. Although the beneficiaries showed interest regarding Title Registration Project, the awareness they had acquired was not sufficient. They had many unclear issues regarding this project and doubts as well. Therefore, action should be taken to enhance their awareness regarding the proposed activities under the project and this would be very useful for healthy implementation of the project.
2. Substantial number of land parcels in these areas is currently under various unsettled tenurial conditions as revealed from the survey findings. Therefore, it is essential to solve the problems relating to unsettled tenurial rights effectively to achieve set land titling targets under the LTRSP.
3. The main agencies responsible for such lands with unsettled tenure are the Land Commissioner's Department, Private and State Companies located in close proximity to three areas and the LRC. Hence, assistance should be sought from those Agencies to regularize such land and also to resolve the existing problems/disputes relating to ownership and tenurial rights particularly relating to the land units alienated by those respective agencies.
4. Beneficiaries in those areas are not happy with the proposed adjudication process due to possible biases. Therefore, it has become essential to strengthen the proposed adjudication process by providing legal base. The Mediation Boards (*Samatha Mandalayas*) currently functioning in these study areas with legal base have become a legal body widely accepted by the people. Hence, assistance of those Mediation Boards should be sought to resolve ownership/tenure problems in collaboration with the proposed Adjudication Boards and this would be useful for winning the confidence of the people and their acceptance of decisions taken regarding land ownership and tenurial problems.
5. There are a large number of landholders like encroachers, labourers (both Sinhala and Tamil) of tea and coconut estates, and illegal intruders on to government reservations for cultivation and residential purposes. Those lands are still not regularized or under unsettled tenure conditions. These groups can be considered as disadvantaged groups and it is essential to solve their problems in order to achieve the land titling target of the LTRSP.

6. Substantial proportion of landholders who are managing sole owned land even do not possess legally accepted documents except longer uninterrupted use of those lands. Hence, particular attention should be paid to solve this problem through the Adjudication Boards.
7. The co-ordination among agencies responsible for implementing the Titling Programme initiated under government funding was observed to be weak according to our observations and also as reported by involved officials. Therefore, co-ordination among agencies responsible for the implementation of assigned activities under the LTRSP should be further improved.
8. It is essential to get the assistance of key officials of the Land Divisions who are well knowledgeable about the land management/tenure system in respective Divisional Secretariat areas when preparing cadastral maps and also to identify the recent land regularizations, encroachments and location of those land parcels. This may help to minimize the possible errors and discrepancies in cadastral maps.
9. As revealed from the survey, banks are reluctant to accept titles issued under the Government sponsored Land Registration Project and also to issue loans by mortgaging them as they have not been informed the legal acceptance of those titles through official channels and legally accepted manner. Hence, action should be taken to convince bank officials through legally accepted means (through a circular). The necessary instructions should be issued regarding the "search process" under new system.

Long Term Recommendations

1. The broad development objective of the LTRSP is to improve the socio-economic conditions of people through the introduction of efficient land use and management system. However, issuing of clear titles and solving of tenurial problems alone not sufficient to achieve this broad objective because productive use of land resources of the country depend on several factors such as agro-climatic, locational factors, quality of land, institutional factors and macro economic policies such as price, trade, marketing etc. Therefore, an integrated approach should be necessary to achieve the development objective of LTRSP.
2. The improvement of land market through the establishment of security of tenure has also become an important long-term objective of the LTRSP. However, it needs the removal of prevailing land related restrictions. As revealed from the survey, removal of such restrictions have not yet been materialized. Hence, removal of existing land related restrictions should be encouraged to achieve this objective.

ON-GOING STUDIES

1. Rural Credit for Small Farming Sector: Achievements, Failures and Future prospects

Researcher:

J.K.M.D. Chandrasiri

Location of the Study

Track 5 and 12 of the Rajangana Major irrigation scheme and Medawewa - Aliyavetunawewa and Kaluebbe two small irrigation schemes in the Kekirawa *Govijana Kendraya* area.

Scope and Objectives

Since 1980s various types of participatory micro-credit programmes have been implemented by the government institutions, NGOs and CBOs to provide credit needs of the people (including the farmers) by overcoming the issues faced under early credit programmes which were implemented by the banks. The purpose of this study is to examine the success of participatory micro-credit systems in solving the issues faced under early credit programmes.

The main objectives of the study are as follows:

- i. To examine the achievement levels and reasons for failure of government sponsored institutional credit systems in terms of fulfilling credit requirements of smallholder farmers in the past.
- ii. To assess the capacity of participatory micro-credit systems in fulfilling credit needs of smallholder farmers by overcoming the problems encountered under the institutional credit systems.

The following are the specific objectives of the study:

- i. To examine the extent to which participatory micro-credit systems have been able to improve the access of smallholder farmers to fulfill their credit needs from them.
- ii. To find out farmer perception and attitudes about the benefits and constraints of those credit systems
- iii. To identify problems that participatory micro-credit systems faces in expanding their activities.
- iv. To do suitable policy recommendations based on the smallholder farmers' credit problems.

Sources of Funding:

This study is being funded by HARTI.

The Methodology

The study consist of two methods. One is a literature survey and the other is a field survey which covers the farmers and micro-credit institutions in the study area. The literature survey is completely over. Under the field survey, data collection from the field is also over. At present the tabulation work as well as the writing of the report is taking place simultaneously.

Preliminary Findings

According to literature survey, there have been two types of factors caused for the failure of past institutional credit systems; one is demand side factors and the other is supply side ones. Among demand side factors, the accessibility problem of the poor farmers to benefit from banks due to non-availability of collateral required from them, difficulties in obtaining of credit in time because

of rigid rules and long procedures are important ones. High administrative cost in distributing small size of loans to smallholder farmers and weaknesses and non-availability of a proper mechanism to supervise and recover loans from grassroots level and the bad repayment and high defaults are the supply side factors.

According to the field survey, still smallholder farmers who are involved in cultivation of paddy are depending on credit to finance their cultivation activities. These credit requirements are mainly being satisfied from semi-formal and informal sources. Among the semi-formal sources, Farmer Bank, Farmer organization, SANASA, Sarvodaya Society, Samurdhi Bank, and other grassroots level community organizations such as Death Donation Society and Welfare Society are very important. All these are participatory based institutions. These institutions have shown a capacity to provide short-term cultivation loan requirements of the small farmers by overcoming credit issues mentioned earlier.

2. The Factors Affecting the Cost of Production of Rice in Sri Lanka

Researchers:

Mr. G.M. Henegedara

Mr. L.P. Rupasena

Mr. M.M. Aheeyar

The study intended to be a review of the current economic circumstances faced by paddy growers in Sri Lanka reflecting irrigated and rain fed production conditions. The study is designed with a view to capture the major trends emerging within this sector as well as to highlight the current and potential problems that would hinder the improvements in paddy farming in Sri Lanka. The study would provide a descriptive account of the key issues affecting the economy of the agricultural households in rural areas.

Sources of Funding

The study is funded by the National Science Foundation (NSF).

Objectives

The prime objective of the proposed study is to identify current social and economic factors faced in paddy farming sector in Sri Lanka. Specific objectives are:

- i. To identify and analyze the factors which influence production of rice and their costs including marketing.
- ii. To determine the average amounts and cost of inputs involved in the production of one kilo gram of rice under irrigated (major and minor irrigation) and rain fed conditions in the dry, intermediate and wet zones of Sri Lanka.
- iii. Methods of reducing costs of rice to the consumer.

Methodology

The research design was based on three data collection methods such as primary, secondary and participatory data collection techniques. A questionnaire survey was conducted to collect primary data in relation to cost of production, input supply and disposals of product, general socio-economic status of farmers and constraints and limitation for paddy cultivation.

Study Areas

The study was conducted in the following areas of Kurunegala and Kegalle districts:

Kurunegala

Nikaweratiya (major irrigation)

Hetti pola (minor irrigation)

Pannala (rainfed)

Kegalle

Dedigama (rainfed)

Rambukkana (rainfed)

Preliminary Findings

According to field observations and preliminary results of sample survey, the latest situation in relation to factors affecting the economics of paddy cultivation in Kurunegala and Kegalle districts could be summarized under three main factors.

a) Cost of Production

The cost of production of paddy in both districts has increased by more than 100% during the last ten years. The cost of Kurunegala district varies according to major irrigation, minor irrigation and rainfed areas, indicating relatively high cost in rainfed areas. The cultivation cost in minor irrigation areas is relatively lower than the cultivation cost in rainfed and major irrigation areas. Cost in Kegalle district also indicates a similar situation.

Labour constitutes the single most important production input accounting for more than 55 percent of total cost in all areas. Due to heavy reliance on labour for ploughing, the transplanting, crop production and harvesting labour costs are more prominent in rainfed areas than in major and minor irrigation areas. Farm power and fertilizer are the other important inputs and these accounted for about 12 and 10 percent respectively of the total cost. The cost of farm power (especially for tractors) has increased up to 14% in *yala* 2001 due to high cost of diesel.

b) Yields and Returns

According to survey results, the average yield per acre in irrigated areas is above 60 bushels and it is around 40 bushels in rainfed areas. Thus, yields in major irrigation areas are significantly higher than minor and rainfed areas due to better management practices and commercial cultivation practices, but yields in rainfed areas have declined mainly due to small holdings, tenant cultivation and inefficient cultivation practices.

The gross income, which is equivalent to market value of total output, is higher only in irrigated areas. The gross income in rainfed area is very low due to insufficient yield and low market prices.

c) **Profitability**

According to average yield, the farmgate prices and gross income levels in two districts, the paddy cultivation is profitable only in irrigation areas due to better management and commercial cultivation practices. But the situation in rainfed areas is unprofitable due to low yield levels and inefficient cultivation practices.

3. **The Role of Non-Farm Sector in Diversifying the Rural Economy of Sri Lanka: Potentials and Problems**

Researchers:

Mrs.S.R.Bandara

Mr. R.L.N. Jayatissa

The study aims to find out possibilities of diversifying the income and uplifting lives of small farming community through the non-farm sector production and employment activities provided by the government and non-governmental organizations in Sri Lanka.

Objectives

The overall objectives of the study are to examine the non-farm sector economic activities that produce employment opportunities and enhance the household income of the rural farming communities.

Specific objectives

- i. To assess the size of non-farm sector economy in the selected areas in terms of production types, income and employment.
- ii. To find out the constraints in terms of policy, institutional support, technology and infrastructure facilities, such as roads and communication.
- iii. To identify the factors that influences the emergence of non-farm economy in selected areas.
- iv. To formulate policy guideline to foster development of non-farm sector in rural Sri Lanka.

Methodology

The methodology is based mainly on secondary information published on the subject.

Preliminary Findings

The cultural factors and the socio-economic set-up in many developing countries have favourably accepted the non-farm economic activities to build-up the domestic economy. For an example, in Vietnam, besides agricultural production which is considered as its principal economic activity, the co-operatives organize non-farm collective side-lines, guide and help their members to extend non-farm activities in order to increase their family income. The income from collective agricultural production and other subsidiary occupations are distributed among the members according to the work done.

In effect, non-farm employment and income generating activities, and other rural social activities are planned by Vietnamese farmers through co-operatives and these are not dependent on decisions of individuals and private households in this regard. Sri Lankan experience is very little.

Many case studies in SAARC shows that the non-farm sector development can gear to increase the economy of the rural farmer and to develop the hidden-skills they owned other than agriculture farming (CIRDAP Study Series - 107).

OTHER ACTIVITIES

Work done for HARTI and Other Institutions

Mr. G. M. Henegedara, the Head of the Division participated in a workshop on "Agricultural Research Management" organized by the National Science Foundation at PG IA, Peradeniya from 3rd to 4th August 2001.

Mr. G. M. Henegedara delivered a lecture on "Democracy and Participatory Development" for SANASA district officials at SANASA district office, Kurunegala, on 9th December 2001.

Mr. J. M. K. D. Chandrasiri, Research Fellow, co-coordinated the activities related to dissemination of HARTI Information on research projects data base and participated in a training programme on "INFORM" organized by CARP at PGIA between 4th to 5th October 2001.

Mr. J. M. K. D. Chandrasiri participated in a seminar on "Participatory Rural Development Methods and Approaches: Sri Lankan Experience vis-a-vis other JICA Projects" held at Taj Samudra between 15th to 16th June 2001.

AGRICULTURAL AND ENVIRONMENTAL RESOURCE MANAGEMENT DIVISION

Staff:

Dr. W.G. Somaratne	- Head of the Division
Miss S. Dharmalingam	- Research Associate
Mr. M.S. Senanayake	- Research Associate
Mr. R.M.G.K.B. Ratnayake	- Senior Research Officer
Mr. S.M.A. Samarakoon	- Research Officer
Mrs. P.R. Weerakkody	- Research Officer
Mr. N.S.W. Nawaratne	- Statistical Officer
Mr. P.D.J. Ananda	- Senior Research Officer (on study leave)

ON-GOING STUDIES

1. **Farmer Centered Agricultural Resource Management (FARM) Programme: The Second Round Action Research in Dematawewa Village in Anuradhapura District**

Researchers:

Mr. S.M.A. Samarakoon (Co-ordinator)
Mr. R.L.N. Jayatissa (Co-researcher)

Farmer Centered Agricultural Resource Management (FARM) project is a regional programme where eight countries in the Asian Region namely China, India, Indonesia, Nepal, Philippines, Thailand, Vietnam and Sri Lanka have participated. FARM focuses on resource poor, rainfed agriculture systems to improve the livelihood of those who are engaged in such harsh agricultural systems, such as *chena* farmers.

The first experience of FARM in Sri Lanka as a demonstration was in Thirappane Divisional Secretary Division in Anuradhapura District. The interventions commenced in 1997 and continued till 1999. With the lessons from Thirappane, FARM project now attempts to replicate the experiences in Dematawewa, which is a village in Anuradhapura district to improve the agricultural production and encourage farmers' interventions in natural resource conservation.

Objectives of the Project

The main objective of the project is to enhance the capability of the resource poor farmers in a selected village to achieve the equitable and sustainable development. In view of the issues listed above, the project would focus on the following specific areas as development interventions at micro level.

- Facilitate soil and water conservation of a selected village;
- Encourage optimal utilization of farm and natural resources available in the village;
- Provide necessary inputs and technology to increase farm productivity of low land, upland and *chena* farming;
- Encourage resource poor farmers in the village to initiate activities for market integration and thereby improve their entrepreneurial ability; and
- Improvement of farmers' economic and social well being.

The current project for the FARM programme is formulated keeping the above objectives in focus. A similar intervention has been attempted as a pilot project of FARM programme in Thirappanne. It was observed that in this site "although the current income generation through agriculture is low, FARM interventions have improved the on-farm biological capital and human capital". Following this observation, it could be rationalized that similar type of farm intervention will improve the well being of the resource poor farmers in similar localities in the rural economy.

Project Activities carried out by HARTI and other Agencies during the year 2001

- Participatory Rural Appraisal;
- Participatory assessment planning exercise (village development plan):
- Community awareness on FARM concept and strategies:
- Formal and informal training on social mobilization;
- Recruitment of local facilitator/site coordinator for peoples' participation:
- Training programme on marketing and enterprise development;
- Demonstrations of paddy and other field crops cultivation (chillies, capsicum, beetroot, cabbage, etc.);
- Distribution of improved planting materials (mango, lime, orange);
- Soil conservation programme (eg. soil bunds);
- Life saving irrigation (established - plants with pitcher irrigation);
- Beekeeping programme - 25 beekeeping boxes were distributed among farmers:
- Training programme on beekeeping, seed production, mushroom cultivation, and other field crop cultivation;
- Training programme on soil conservation and pitcher irrigation system;
- Vegetable cultivation under agro wells;
- Farmer field day;
- Kitchen development programme;
- Established a women development society and introduced group saving habits:
- Established a medicinal plant collecting committee;
- Training programme on womens' participation and group saving habits;
- Training programme on importance of medicinal plant and marketing.

2. Contract Farming in Sri Lanka: Potential and Problems in Market Integration

Researchers:

Dr. W.G. Somaratne (Co-ordinator)

Mr. R. M.G.K.B. Ratnayake (Co-researcher)

Introduction

Although the desirability of development through market-friendly approaches is accepted in most of the developing countries, recent years have witnessed a growing concern about whether constraints in micro level interventions such as contract farming or out-grower schemes will improve the development process through market integration. Within the open economic or liberalized policy framework, the partners in economic development are not only the state but also the private sector. However, it is visualized through the low rates of growth in the agricultural sector that the private sector has not utilized the sectoral potential in overall development. The reasons for under utilization of potential in this sector are mainly due to under-investment in agriculture through both the private and estate sector.

Objectives of the Study

The broad objective of this study is to analyze the potential, market opportunities and weaknesses of contract farming (ie; out-grower scheme) to identify possibilities for market integration as a strategy to develop the non-plantation agricultural sector in Sri Lanka.

The specific objectives of this study are as follows:

- Examine the future potential of contract farming as a strategy for generating employment opportunities in the rural sector;
- Analyze the problems faced and benefits generated by each partner involved in the process of contract farming;
- Identify the possibilities for replication of contract farming experiences in other tradable product sectors within non-plantation agriculture; and
- Suggest some remedial measures to encourage farmers and other private sector participants to build contractual arrangements to reduce market and price risk for tradable products in the non-plantation agriculture.

The progress made during the year 2001 is as follows:

- 10 case studies were conducted in vegetables, spices, cut flowers and cut foliage sub sectors within non-plantation agricultural sector to gather the basic information on structure, conduct and performance of the contract farming in Sri Lanka.
- The focus group discussions were conducted with the exporters, farmers and other market participants to identify the problems in market integration, and future directions for integration in agricultural product markets;
- The control group discussions were held to analyze the net effect of the contract farming projects in non-plantation agriculture; and
- 75% of data analysis was completed to identify the potential in vegetables, spices, cut flowers, and cut foliage for market integration into higher niche markets and export markets;

3. Benefit Evaluation and Monitoring of the Project (FAO/Special Program for Food Security TCP/SRL/8923(D): Water Control Component

Reseachers:

Miss Sharmini Dharmalingam (Co-ordinator)

Mr. S.M.A. Samarakoon (Co-researcher)

Mrs. P.R. Weerakkody (Co-researcher)

The objective of the Sri Lanka Special Programme for Food Security (SPFS) is to increase productivity, while protecting the environment and ensuring equity and people's participation. In November 1999, a water control component of the SPFS became operational. This project was designed to test and demonstrate selected technologies for production, with a special focus on on-farm water management. In addition, it was designed to develop and test procedures to strengthen the capacity of the local services to provide effective support to farmers to improve on-farm water management and to intensify crop production. Further through a systematic analysis of constraints and results, the programme effectiveness will be assessed and recommendations prepared as to how the pilot demonstrations can be expanded into national and regional development programmes.

The pilot project was to be in two locations *Kombuwa* and *Abakolowewa* in the Kurunggala district. The programme of work consists of:

- Baseline study at the beginning of each season
- Mid season study, and
- End of season stud)

And the work is expected to cover:

- Agronomic problems faced by small scale irrigation farmers
- Input supply problems
- Marketing problems, and
- Other problems including, access to credit, land tenure, labour, climate and organization

Some of the preliminary findings from the Interim Report for *maha* 2000/2001 and *yala* 2001 are:

- **Awareness about the Project and Selection of Beneficiaries**
Project implementers should be careful in selection procedures which otherwise lead to disunity and dissatisfaction among farmers, which should be adhered too. At the very inception of the project a very good awareness about the project objectives/benefits to farmers and community of the village is essential.
- **Farmer Participation**
Even though participatory approaches were undertaken for actual formulation of the project plan, it was a more of a top down approach.
- **Organizational Procedure**
At the initial stages the dialogue between agencies was rather weak. This had led to confusion and replication of work.
- **Top down Approach**
There is a gap between the bureaucracy and the farmers. This was evident in the disbursement of funds during the construction phase. This hindered the timeliness of activities. This top down approach hampers flexibility required in projects, which provide the use of participatory methods.
- **Promote Farmer Sharing Knowledge**
The farmers have had no exposure to other farms that are using their new technologies.
- **Training Need Assessment**
Farmers have expressed a need for further training in certain fields.
- **Bottom up Approach**
The bottom up approach is required to implement project as a national programme showing the following

Village → Division → Province → National
- **Project Co-ordinator**
At the initial stage, the activities and integration among the community and at the institutional level of the project was weak due to lack of project co-ordination. This caused a considerable delay in project implementation and had to be rectified with a change of project management.

- **Sustainability of the Project (Post-Project Evaluation)**

The sustainability of the project should be evaluated after at least another 2 years of project completion.

4. **Role of Farmer Companies in Commercializing Smallholder Farming Sector in Sri Lanka**

Researchers

Mr. M.S. Senanayake (Co-ordinator)

Dr. W.G. Jayasena (Co-researcher)

Mr. R.L.N. Jayatissa (Co-researcher)

Introduction

The Ministry of Agriculture accepted the formation and strengthening of Farmer Companies in all districts under its "Agricultural Policy" recognizing the viability of the companies in the transformation of traditional, small farm agriculture into commercialized profitable economic ventures (Ministry of Agriculture, 2000, Jayaratne, 2000). Farmer Companies are expected to form strong economic organizations of the farming community to enter into partnerships with the business community as two strong groups of the private sector are involved in commercial agriculture. These companies are also expected to address the major problems faced by farmers in the procurement of inputs, obtaining technology, and market integration.

The Ministry of Agriculture as mentioned earlier, initiated many number of Farmer Companies in various districts of the country to achieve the social and economic objectives. However, proper economic evaluation has not been undertaken to assess the realization of expected objectives and its benefits on the smallholder farming sector. In this context, undertaking an evaluation study is timely important to analyze how the farmer company programme as a strategy to encourage investments for market integration.

Objectives of the Study

The main objective is to study the performance of Farmer Companies focusing particular attention to its contribution made towards the strengthening of bargaining power of small farmers, enhancing their competitiveness and transforming subsistence small farm agriculture into a commercialized agriculture.

Research Methodology

The quantitative, qualitative data and other information required for this research study will be collected from two sources, namely:

(a) Secondary Sources

Data on allocation of funds for farmer companies, purchases of farm products, sales volume and value. Profit and losses of farmer companies are collected from the files and records maintained by the farmer companies.

(b) Formal and Informal Interviews/Discussions

It is planned to hold formal discussions with key officials and policy makers of the Ministry of Agriculture and farmer leaders and the officers of the farmer companies who are responsible for implementing the programme, to gather information required for this study.

Progress made during the Year 2001

The survey was carried out in Kurunegala, Matale, Anuradhapura, Polonnaruwa and Nuwara Eliya districts to collect required information. Out of 10 farmer companies, 8 were running well and trying to achieve their targets. The preliminary findings of the project are as follows:

- Most Farmer Companies provide major inputs for their member and non-member farmers at comparatively lower price compared to the prices at the open market in respective districts;
- Many loan schemes for purchasing inputs (seed, fertilizer), credits and livestock farming were implemented to facilitate their members.
- 60% of the Farmer Companies are successful in purchasing activities of the farm products of paddy, maize, soya bean, chillies, onion etc.
- About 20% of the Farmer Companies are profitably running well, other 60% are at break even level.

OTHER ACTIVITIES

Work done for HARTI and Other Institutions

Dr. W.G. Somaratne

- "Globalization and the Sri Lankan Agriculture", paper presented at the seminar on 'Globalization and its Impacts', organized by the Rotary Club-Metropolitan Branch, Colombo, Hilton Tower, 28th March 2001.
- "The Impact of Land Tenure on Land Degradation: The Case of Matale District", paper presented at the 'Seventh Annual Forestry and Environment Symposium - 2001', organized by the Department of Forestry and Environmental Science, University of Sri Jayawardenapura, 28th-29th December 2001 (Joint Author).
- "The Crisis in Natural Resources Management: The Case of Land Degradation-induced Off-site Effects in Sri Lanka", paper submitted to "Environment and Development Economics", Beijer Institute of Ecological Economics, Royal Institute of Academy of Sciences, Sweden, December, 2001 (Forthcoming).
- "Indo-Lanka Free Trade Agreement (FTA) and the Environmental Effects: The Case of Land Degradation in Sri Lanka", paper presented at the 'Seventh Annual Forestry and Environment' Symposium - 2001, organized by the Department of Forestry and Environmental Science, University of Sri Jayawardenapura, 28th-29th, December, 2001.
- Member, Committee on Drafting Legislation on Soil Erosion/Land Degradation, Department of Agriculture, Peradeniya

Miss Sharmini Dharmalingam and Mr. S.M.A. Samarakoon

- Workshop organized by FAO on Water Control Component of the Special Programme for Food Security, April, 2001. Read a paper titled "Monitoring and Evaluation of the Project Implementation".
- Workshop organized by FAO on Water Control Component of the Special Programme for Food Security, October, 2001 - Read a paper on "Constraint Analysis of Project Activities".

Miss Sharmini Dharmalingam

- "Secure Water - Building Sustainable Livelihoods for Poor into Demand - Responsive Approaches", organized by Overseas Development Institute in Kenya in September 2001 - Read a paper on "Secure Water in Sri Lankan Context".

Mr. M.S. Senanayake

- Participated in the country workshop on "Commercialization of Micro Finance in Sri Lanka", October, 2001, organized by the Asian Development Bank, Light House Hotel, Galle.

Mr. R.M.G.K.B. Ratnayake

- Training Programme on "Systematic Identification of Preparation of Reference Specimen of Plants", organized by the Dept. of Botany, University of Colombo, January, 2001.

IRRIGATION WATER MANAGEMENT AND AGRARIAN RELATIONS DIVISION

Staff:

Mr. R.de S. Ariyabandu	- Head of the Division
Mr. M. M. M. Aheeyar	- Senior Research Officer
Mr. D. G. Karunaratne	- Statistical Officer

OTHER ACTIVITIES

Work done for HARTI and Other Institutions

Mr. Aheeyar completed the following academic assignments during the year:

- “Sustainability of Participatory Irrigation Management: Review of Concepts and Perspectives”, paper submitted to the Sri Lanka Journal of Agrarian Studies.
- “Socio-Economic and Institutional Aspects of Small Tank Systems in Relation to Food Security”, in H.P.M. Gunasena (ed) “Food Security and Small Tank Systems in Sri Lanka”, proceeding of the workshop organized by the Working Committee on Agricultural Science, 9th September 2001, National Science Foundation, Colombo.
- “Institutional Aspects of Irrigation Management: Review of Theories and Perspectives”, proceedings of a seminar on Irrigation for the Centenary Program of the Irrigation Department of Sri Lanka, Colombo, February 15-16, 2001.
- “Beneficiary Participation, Technical and Management Factors and Quality Perception of Rainwater: Experiences from Roof Water Harvesting Programme of Sri Lanka”, proceedings of the China National Symposium and International Workshop on Rainwater Utilization, 23th- 27th July 2001, Lanzhou, China.
- “Value of Rainwater for Domestic Use in the Uphill Settlements in Sri Lanka”, proceedings of the 10th International Conference on Rainwater Catchments Systems, 10th- 14th September, 2001, Mannheim, Germany.
- “Social and Economic Aspects of Reservoir Management”, proceedings of the International Conference on the Conservation and Management of Lakes - Session 5, 11th-16th, November, 2001, Shiga, Japan.

MARKETING, FOOD POLICY AND AGRI-BUSINESS DIVISION

Staff:

Mrs. C.P. Hathurusinghe	- Head of the Division
Dr. D Gamage	- Research Fellow
Mr. L.P. Rupasena	- Research Fellow
Dr. Mrs. P.I. Tudawe	- Research Fellow
Mr. R.M.R. Bandara	- Research Associate
Mr. T. Ravichandran	- Senior Research Officer
Mrs. W.D. Wickramasinghe	- Research Officer (On Study Leave)

COMPLETED STUDIES

1. Study of Regional Trade Promotion

Researchers:

Mr. L P Rupasena (Co-ordinator)
Mr. R M R Bandara
Mr. T Ravichandran

Funding Agency – EDB

Date of commencement: September, 2001

Date of completion: October, 2001

The major objective of the study was to provide information required for potential buyers of the products. Information included technical specification, packing, export availability, prices and regulatory conditions in relation to tea, coconut and spices. The study found that exporters presently confined to the European market but there are possibilities to expand in the ASEAN and SAARC regions. The problems are inadequacy of supply, poor quality and high bank interest. Similarly, market promotion programs such as trade fairs, and buyer-seller meetings are inadequate. The study also found that many exporters are willing to start joint ventures with foreign partners due to lack of capital and technical know-how.

2. Development of Mangosteen for Export

Researcher:

L P Rupasena (Co-ordinator)

Funding Agency: EDB

Date of commencement: February, 2000

Date of Completion : May, 2001

The principal objective was to collect and analyze the production and marketing system of mangosteen. Study found that over 33,000 trees exist in the country and production is around eleven millions fruits. Two major problems reported by farmers were containing of latex inside and

outer surface of the fruit and appearance of a yellow resin fruit causing bitterness of the fruit. The study recommended improvement of research and development on pre and post production aspects, promotion of new planting in the riversides and abandoned rubber plantations and establishment of forward and backward linkages between the innovative farmers/collectors and exporters.

3. Study of Marketing Information System for the Matale District

Researchers:

L.P. Rupascna (Co-ordinator)

R.M.R. Bandara

T. Ravichandran

Funding Agency: REAP Office, Matale

Date of Commencement: January 2001

Date of completion: March 2001

The objective of the study is to recommend an appropriate market information system for the Matale district. The major activities of the study are to conduct market information need assessment survey and to carry out a situation analysis of production and marketing systems of agricultural products. The study recommended a comprehensive action plan for setting up a market information system for the district.

ON-GOING STUDIES

The Marketing, Food Policy and Agri-business Division -MFPAD (earlier known as Marketing and Food Policy Division) was established in the Agrarian Research and Training Institute (ARTI) in 1979 by the Act of Parliament to provide market information to the Cost of Living Review Committee, which was conducted by the Ministry of Trade and Commerce and Food. Later, the committee looked into broader aspects of the food sector and it was called National Food Security Committee. This committee was conducted by the Ministry of Food and Marketing Development.

In addition to the above, another committee was formed to evaluate the food procurement by the Government Departments, Armed Forces and the CWE. One member of this committee was selected from this division.

Estimated Cost: Rs. 3.38 mn. for the Year 2001

Funding Agency: HARTI (Treasury Funds)

REGULAR WORK PROGRAMME

Market Intelligence and Food Information System

The MFPAD's main role is to provide accurate market information in time to the National Food Security Committee and to the Cabinet Appointed Tender Board for food procurement. To collect market information and relevant data, 9 retail markets in Colombo and suburbs (Pettah, Thotalanga, Dematagoda, Borella, Wellawatte, Kirulapone, Nugegoda, Kadawatta and

Kiribathgoda) and Pettah wholesale markets for each category of foods were selected. In addition, data and information were collected from 19 markets in major food producing districts and food consuming districts. To collect the above mentioned data and information, 06 Statistical Assistants and 04 Casual Investigators were used. For the data collection in outstations, six Statistical Assistants and 11 Casual Investigators were used.

The locations covered in year 2001 were Kurunegala, Nikawereatiya, Galgamuwa, Dambulla, Matale, Anuradhapura, Thambuttegama, Polonnaruwa, Kalutara, Nuwara Eliya, Kandy, Marassana, Hanguranketha, Badulla, Bandarawela, Hambantota, Tissa and Marandagahamula.

Under this project, the food commodity prices which were collected daily from Pettah, Kandy, Dambulla and Marandagahamula were disseminated daily through electronic media, to enable producers and traders to be aware of commodity prices in main wholesale markets. Both wholesale and retail prices of Colombo and outstations and also the producer prices of outstations were analysed in the Weekly Food Commodity Bulletin. This bulletin is issued on Fridays. These data and information were provided to the policy makers in time.

Funding Agency: HARTI (Treasury funds)

Progress for the Year 2001

- Weekly Food Commodities Bulletin - for the whole year.
- Weekly Food Prices were provided to the National Food Security Committee - for the whole year except for November and December
- Monthly Food Information Bulletin- This was not published due to the non availability of financial resources.
- Provided daily and weekly commodities price information to the media.
- Provided price data and other market information to the following government and private sector agencies throughout the year.

Government Sector Institutions receiving price data and market information prepared by the Division

1. The Presidential Secretariat
2. Ministry of Agriculture
3. Ministry of Internal and External Trade
4. Ministry of Food and Marketing Development
5. Co-operative Wholesale Establishment
6. Ministry of Finance
7. Central Bank of Sri Lanka
8. Bank of Ceylon and Peoples' Bank
9. Sri Lanka Broadcasting Corporation - *Lakhanda, Ruhumu Sewaya, Rajarata Sewaya* and other channels.
10. Wayamba Development Authority

Private Sector Agencies receiving price data and market information prepared by the Division

1. Private Radio Services *Sirasa, Isira (TNL radio) Tharu and Hiru F.M*
2. Private Television Services such as MTV, TNL
3. Seylan Bank
4. Elephant House
5. Sanasa
6. Private companies and individuals

OTHER ACTIVITIES

Work done for HARTI and Other Institutions

Mrs. C.P. Hathrusinghe

- Paper presented to the Food Security Committee regarding paddy procurement in Sri Lanka.
- Participated in the Food Procurement Committee meetings at the Treasury.

Dr. D. Gamage

Author, 2001, "Farming Systems under Stress: Some Issues Related to Sustainability of Two Farming Systems in the Central Highland Region of Sri Lanka". (To be published by HARTI).

Author 2001, "Implementation of National Food Based Dietary Guidelines in Sri Lanka". The country paper prepared for the Regional Expert Consultation of the Asia Pacific Network for Food and Nutrition on Reviewing Implementation of National Food Based Dietary Guidelines held in Bangkok, 20th-23rd November, 2001.

Consultant to the World Food Program (WFP) in Colombo. In this consultancy Dr. Gamage guided the baseline survey of families being settled under the Udawalawe Left Bank Extension Project of the Mahaweli Authority of Sri Lanka. The task assigned to Dr. Gamage included development of the questionnaire, training of the field investigators and supervision of data coding, tabulation and analyzes.

Dr. Gamage has completed a handbook on "Applied Research Methods: A Handbook for Development Functionaries at the Provincial and Local Levels". This is to be published by the Sri Lanka Institute for Local Governance in Sri Lanka.

Participation in seminars/workshops as illustration for work/academic interests

- High Level Forum on Poverty Reduction organized by the External Resources Department of Sri Lanka to discuss the "Country Strategy and Programme" prepared by the Asian Development Bank held at the Hotel Taj Samudra on 23 March 2001.
- Workshop on Results Based Monitoring and Evaluation System organized by the Monitoring and Progress Review Division of the Ministry of Plan Implementation on 16th February 2000.
- Participated in the "Workshop on Participatory Nutrition Improvement Project and Early Childhood Care" held at Renuka Hotel, Colombo on 05.03.2001 as the facilitator. The

workshop was organized by the Ministry of Plan Implementation and the UNICEF in Colombo.

Mr.T. Ravichandran

Research Studies

- Research study on Organization and Operation of Dambulla Dedicated Economic Center
- Research Study on Regional Trade Expansion
- Market Intelligence and Food Information System Project

Proposal

- Presented research proposal on "Analysis of Public and Private Sector Investment in Agricultural Development Strategy" in study circle seminar held in HARTI on 31st January 2001.

Training

- Participated as a resource person at training workshop on "Planning and Organization of Marketing for Agricultural Commodities with Farmer Organization for Agricultural Instructions of North Central Province", at Mahailuppallama from 26th to 28th March 2001.
- Participated in the Food Security Committee meetings.

Article

"Production and Marketing of Woodapple in Sri Lanka", Kamanalam (Tamil), March/June 2001

Mr. L.P. Rupasena

- Worked as a Consultant at the Ministry of Plan Implementation on the proposed Economic Center at Embilipitiya, June - December 2001
- Supervised two thesis's of Jaffna University Students, March -September 2001
- Delivered a lecture on analysis of big onion production, marketing and imports at the workshop on big onion organized by the Samurdi Authority on 14th June 2001.
- Delivered a lecture on role of marketing in rural development and regional development at the diploma course organized by the SLIDA on 23rd April 2001
- Submitted a report on Agri-business Development to the Ministry of Agriculture in June 2001

STATISTICS AND DATA PROCESSING DIVISION

Staff:

Dr. D. Tennakoon	- Head of the Division
Mr. K.D.S. Ariyasinghe	- Data Analyst
Mr. E.N.R. Fernando	- Data Analyst
Mr. M.D.L. Senarath	- Analyst Programmer
Mr. G.H. Karunaratne	- Librarian
Miss. Srma Katugampola	- Asst. Librarian

The Statistics and Data Processing Division (SDP) comprises of three units namely Data Development Unit, Computer Unit and the Library. This Division functions as a National Centre for Information on Agricultural Development (NACIAD) in Sri Lanka. The Centre was established in 1979 with support from USAID. The division (Centre) was planned with a broader objective of collecting and disseminating agricultural and agrarian information for the benefit of national agricultural development. Researchers, planners, policy makers, undergraduates, farmers and other interested individuals were considered as the main users of information. The Data Development Unit and the Computer Unit function jointly to collect and process numerical information while the library serves as the centre for bibliographical information.

1. Data Development Unit

Staff:

Data Analysts	2
Data Assistants	4
Casual Investigators	1

The Unit had its full cadre of 2 Data Analysts and 4 Data Assistants throughout the year 2001. Maintaining the Data Bank at the Information Centre is the main task of the Data Development Unit.

Data Bank

Development of the Data Bank is a joint responsibility of the Data Development Unit and Computer Unit (DDU & CU). Functions of DDU are twofold as follows:

The Bank of Development Indicators

The indicators are secondary statistics and derived indices produced by government and non-government agencies. Collection and processing of data continued during the year, and indicators selected for the computerized data bank were stored in the Computer Unit.

Archives of Data Sets Generated through Field Surveys

Data of research studies undertaken by the Institute were processed by computers during the year were added to the data archives at the Centre. In addition, data sets of studies are available in the forms of questionnaires and work sheets.

The Data Bank collects data from secondary and primary sources and maintains a data base for agricultural crops, livestock, demography and vital statistics. The following data series relating to agricultural crops were updated during the year 2001.

1. The extent, production and average yield of paddy, rice, cereals other than paddy, legumes, tubers, oil seeds, industrial crops, spices, vegetables and fruits
2. Cost of production and income data of paddy, other cereals, legumes, tubers and oil seeds.
3. External trade statistics and price data of paddy, rice, other cereals, legumes, spices, tubers, oil seeds, spices, livestock and livestock products and fish.
4. Consumption data of various commodities.
5. Data on fertilizer application, use of agro-chemical and method of planting in respect of paddy.

Also the labour statistics and vital statistics were collected during the reference period. 78,176 records of data were collected and 78,200 records of data were entered to the computer during the year 2001.

The following publications were referred as secondary source of information.

1. External Trade Statistics (1998-1999) - Dept. of Customs
2. Cost of Cultivation of Agricultural Crops (99 Y- 99/2000 M) - Dept. of Agriculture
3. Consumer Finance and Socio Economic Survey (1996/97) - Central Bank of Sri Lanka
4. Sri Lanka Labour Force Survey Quarterly Reports - Dept. of Census and Statistics.

Initial work in respect of the Project R 280 (Establishment of Provincial Agricultural Data Base) was also completed in the latter part of the year 2001. A questionnaire was developed to collect data at Govi Khendra levels in Sabaragamuwa Province.

Request for Data

The total number of requests made to the data bank during the year 2001 was 87. Number of requests from users within the institute and outside the institute was 34 and 53 respectively. Distribution of internal requests by Divisions is given below.

Division	No.	%
Agricultural and Environmental Resource Management	8	23.5
Market Research and Food Policy	18	52.9
Agriculture Policy Planning and Evaluation	5	14.7
Other	3	8.8
Total	34	100.0

External requests belong to following categories:

Category	No.	%
Ministries/Govt. Departments/Semi.Govt. Organisations	12	22.6
Private Companies	11	20.8
University Staff/Post graduate students/Undergraduates	17	32.1
Research Institutes	4	7.5

International Organisations	1	1.9
Banks	2	3.8
Journalists	1	1.9
Other private individuals	5	9.4
Total	53	100.0

Revenue from Supplying Data

The total revenue earned by providing information to external users in 2001 was Rs.4,347/05. Estimated costs of providing data free of charge to external users were Rs. 2,790.70. The users of various divisions within the institute were provided information at an estimated cost of Rs.2,163/17.

2. Computer Unit

Staff:

Senior Analyst Programmer	1
Analyst Programmer	1
Trainee Analyst Programmer	1
Data Entry Operators	4
Typist/Office Secretary	1

The Computer Unit (CU) of the SDP Division provides the facilities for data processing and analysis. In addition, this unit takes the joint responsibility of the data development for the Data Bank. This unit undertakes three main activities:

- i. Data processing and analysis for the Data Bank
- ii. Data analysis of studies undertaken by HARTI
- iii. System development

Data Analysis

Information of field surveys is analyzed using software facilities. Following studies were computerized during the year:

1. Promoting Household Food Security through Sustainable Rainfed Agricultural System
2. Agricultural Commodity Review- 1998
3. The Survey on Jack Trees and its Production in Gampaha District
4. Study on Benefit Monitoring and Evaluation of FAO Project in Kurunegala District

Computerized Data Base

This is an on-line storage and retrieval system developed to maintain agricultural and socio-economic data collected by approximately sixty organizations in Sri Lanka. A total of 50,000 records were appended to the computerized data bank. Nearly 70 requests were made to the computer unit by internal and external users during the year. Data Bank was able to provide information in graphical forms, and standard table formats.

Computer Unit also provided assistance to the other divisions to solve their software and hardware failures. Division was also instrumental in computerizing the Institute's payroll and data formats.

3. Project Unit

The Project Unit was established in the SDP Division in 1990 to design and implement surveys and studies to generate data and information based on empirical studies on agriculture resource base, support service mechanism and institutional development for agricultural and rural development in Sri Lanka.

ON-GOING STUDIES

1. Survey Project on Establishment of Agricultural Data Base

Researchers:

Dr. D. Tennakoon
Mr. G.M. Henegedara (Co-ordinator)
Mr. K.D.S. Ariyasinghe
Mr. E.N.R. Fernando

This project is aimed to fulfill the needs of policy makers and to facilitate researchers and academicians by providing agricultural information at divisional, district and provisional levels. As a pilot project the Sabaragamuwa Province was selected covering Ratnapura and Kegalle districts. The data are collected at A.S.C. level under following key sectors:

1. Population and basic information
2. Land use (inclusive of forestry)
3. Statistics relating to paddy and all other crops
4. Livestock statistics
5. Input use (seed, fertilizer etc.)
6. Irrigation facilities
7. Institution relating to Agrarian Sector
8. Marketing
9. Agricultural credit and investments
10. Agro-based industries and enterprises
11. Poverty

Prior to commencement of field work, the following data were collected from the Department of Census and Statistics and published reports.

1. Area under land use -district/Sabaragamuwa province/National level
2. Area under seasonal crops at district level
3. No. of cattle/buffaloes at district level
4. Demographic indicators at district level (population at census years, urban population, population density, sex ratio at birth, sex ratio at census year, population by ethnic groups, religion, age groups)
5. Paddy extent - assweddumised, sown and harvested by source of water and D.S. Divisions
6. Natural forest area - (National, Provincial and District level)
7. No. of timber based enterprises (National, Provincial and District level)
8. District summary of "Govijana Kendrayas" in Kegalle and Ratnapura
9. Details of farmer organizations
10. Information in respect of minor irrigation schemes.

Also, a questionnaire was prepared to collect data on above topics at Govijana Kendra levels in Kegalle and Ratnapura. District collection of data from secondary sources was initiated in May. Field work regarding this will be started in the latter part of Feb. 2002.

2. **“National Workshop” on An Integrated Programme for Strengthening of Agricultural Services and Input Delivery for Small Farmers in Asia: Case Studies and Experimentation Programmes in Sri Lanka; 05-10 Feb. 2001, HARTI, Colombo**

Coordinators:

Dr. D. Tennakoon

Mr. R.N.L. Jayathissa

Mr. Ananda Samarakoon

Participants from CIRDAP/FAO:

1. Dr. Solaiman, Director, Research/CIRDAP

2. Mr. Shafiqur Rahman Research Associate/CIRDAP

Implementation of a series of programmes on “An Integrated Programme to Strengthen the Agricultural Services and Delivery Systems for Small Farmers in Asia: Country Programmes in Sri Lanka” was commissioned to HARTI by CIRDAP/FAO in 1995. These programmes on pilot and project basis were implemented as experimentation towards institutional building for agriculture centered rural development. These action research projects were carried out in several parts of the island, ie:

1. First Round Programme in Moragolla village, Galewela.
2. Second Round Programme in Adampane village, in Anuradhapura district, and
3. Third Round Programme in Pussellawagama in Kandy district.

The overall objective of the “National Workshop” held from 05th-10th February 2001, at HARTI was to share the results of experimentation with international expertise, researchers at CIRDAP and local planners, and policy makers in Sri Lanka and to draw a national plan for implementation. The basic conclusion made by the workshop was to conduct experimentation to cover at least Govijana Kendraya command area for two years to gather more information on the applicability of the proposed AD Delivery Mechanism by the project. It was suggested to apply principles of Approach Paper CIRDAP Action Plan, 2002-2007 in this new experimentation scheduled to conduct at field level in Sri Lanka. It was suggested that attempts for institutional building must focus on CIRDAP policy guidelines proposed for CIRDAP Member Countries (CMCs) for 2002-2007. Concluding remarks of the guidelines reads as:

Central to the goal of rural development is poverty reduction. The process of poverty, however, is the outcome of a complex and interacting set of factors rooted in the board structure of the society. It involves wider aspects of deprivation which are not limited to purchasing power but also involves issues of capabilities and entitlement, participation, empowerment, vulnerability and crisis coping capacity and intra-household and gender disparities. The strategies in general must involve multi-dimensional and inter-sectoral efforts designed to improve the economic and social life of people in the rural areas. The rural development framework for the CMCs requires both policy reforms and direct targeted programmes in a number of interrelated areas:

- Pro-poor and non discriminatory policy framework for promoting overall environment for equality of opportunities among various groups and between rural and urban areas;
- Since rural production will continue to be dominated by crops, agro-forestry and livestock in most countries, productivity growth in such activities will contribute greatly to enhance the incomes of the poor households. This requires timely access to inputs, markets and better knowledge and technology.
- Access to productive employment is the most effective way of eradicating rural poverty. Rural poverty is mostly traced to different patterns of employment and to constraints which the rural people face in earning and securing a decent level of income;
- Access to land and other productive assets to ensure higher returns in rural farming and non-farming activities and in the informal sector;
- Providing access to productive livelihood options to the rural people requires effective strategies to address the specific situation of various groups including the women. The diversification of incomes through labour intensive infrastructure and basic service development activities are important for the land scarce rural poor households. Similarly, the development of the non-farm sector can provide new and expanding employment opportunities to the poor. The provision of financial resources and credit to undertake viable and productive generating activities is one way of helping the rural poor.

Under the lines of the suggestion and recommendation made by the 'National Workshop' HARTI Research Team prepared an implementation design for further experimentation in 10 Grama Niladhari Divisions in Anuradhapura District. This programme is scheduled to be implemented in a two year period of 2002-2003.

1. Library

Staff:

Librarian	1
Assistant Librarian	1
Senior Library Assistant	1
Library Assistants	2

The main objectives of the library are to collect, compile, retrieve and disseminate information related to the agrarian sector for the benefit of HARTI Research Staff and also to other interested persons and agencies. During the year, the staff borrowed 731 books and 312 issues of journals. The number of visitors to the library was limited to 21 due to security measures adopted.

Acquisition of Books, Journals and Reports

The library acquired 345 books and reports during the year, out of which 71 were direct purchases and the rest 274 items were received either on exchange or complimentary basis. A large number of periodicals, newsletters and annual reports from foreign and local institutions were also received on a complimentary or on an exchange basis. The library also subscribed to 36 foreign journals and 21 local journals during the year. Due to budget restrictions, some journal titles were dropped from the subscription list. The number of books purchased was also curtailed during the latter half of the year.

Inter Library Co-operation

The library continued to participate in the AGRINET SDCP scheme. During the year, the library has sent 236 content pages to 23 journals to other member libraries and received 254 content pages of 26 journals. In order to update the SDCP scheme, a questionnaire was distributed among the research staff of the institute. All the Research Staff responded to this questionnaire. There were 58 inter-library loan requests for books and journal articles.

During the year lending facilities were also extended to the officials of the Ministry of Agriculture and Lands on inter-library loan basis.

The library continued to provide cataloguing information on new acquisitions to the national agricultural bibliography database maintained at CARP Library. Copies of the printed and electronic versions of this database are now available in the library. The library also provided cataloguing information on organic farming to CARP. The electronic version of this bibliography is now available at CARP library. Facilities have also been continued for research staff to access TEEAL electronic library (which consists of 140 full text journals published between 1993-1997 and maintained by CARP Library) through HARTI library.

OTHER ACTIVITIES

Miss N.P. Jayanetti, a Data Assistant of the Division attended a training programme on Statistics on Human Development Index, which was organised by the Dept. of Census and Statistics.

HUMAN RESOURCE DEVELOPMENT AND INSTITUTIONAL DEVELOPMENT DIVISION

Staff:

Mr. I. Ranasinghe Perera	- Head of the Division
Mr. W. M. G. B. Giragama	- Research Associate
Mr. P. Piyarathna	- Senior Research Officer
Mr. N. S. B. Epakanda	- Statistical Officer

As the national training institute of the country in agrarian sector, the HRD & ID division functions in three different settings. Firstly, it functions in organizing and co-ordinating its own regular training programs and activities arranged on the national priorities of the country. Secondly, it caters to the emerging demands of training emanate on contemporary problems and issues. Thirdly, it provides services of training experts of the division to other government organizations in planning, conducting and evaluating of their own training programs.

The training programs of the HARTI take the form of short courses, diploma courses, workshops and seminars. Resources persons of these programs are mainly drawn from the training division and other related research divisions of the institute. Based on the requirement, resource persons are also drawn from the universities, other government institutions and agencies and from NGOs. The division also undertakes action research projects where training is an integrated component.

COMPLETED STUDIES

- **Book on *Samaja Sajeevikaranaya* ' Volume 1 (Social Mobilization)**
Writing of the boook on '*Samaja Sajeevikaranaya* ' Volume 1 authored by I. Ranasinghe Perera was completed and published as a HARTI publication. This assignment was started in year 2000 and expected to complete in 2001. The book was based on a library study and experiences gathered by the author in engaging in a variety of social mobilization exercises.

The book dealt with a number of researchable issues that are relevant to mobilize the community of Sri Lanka towards accelerated development. According to the exploration of the book, the major constraints to development of Sri Lanka were inadequate material resources, low savings or poor investments or any other material or economic constraints but avoidable human behavioral constraints. The book highlighted that if behavioral constraints to development such as lethargy, dependency, passivity, dishonesty, lying, cheating and unfaithfulness are tackled much of the socioeconomic problems of the country could be easily solved. The book ended up with identifying a new approach for understanding human behavior by introducing a human behavior function explained by three variables and four constants. Variables were explained as Knowledge, Attitudes and Practice and constants were explained as Environment, Social setting, Resources and Origin.

ON -GOING STUDIES

Book on 'Samaja Sajeevikaranaya' Volume 2 (Social Mobilization)

Volume 2 of 'Samaja Sajeevikaranaya' was being planned and Mr. Ranasinghe Perera was collecting data and information for the book. The book is to be published in year 2002. Based on the request made by the Ministry of Foreign Affairs, the division was preparing course curricula and materials for the following courses.

Diploma in Agricultural Marketing

Mr. L.P. Rupasena (Course Director), Mr. R.M.R. Bandara (Course Co-ordinator) engaged in preparation of materials.

Certificate Course on Participatory Planning and Management of Agricultural Resources

Mr. Giragama (Course Director), Mr. R.M.G.K.B. Ratnayake (Course Coordinator), Mr. J.K.M.D. Chandrasiri and Mr. M.M.M. Aheyar (Resource persons) were engaged in preparations of course materials. Dates for conduct of programs are to be scheduled by the Ministry of Foreign Affairs.

Leaf Vegetable Study

A study on socio-economic aspects of leaf vegetable farmers was planned and preliminary activities were completed. The study aimed at identifying not only the factors related to socio-economic aspects of leaf vegetable farming, but also hygienic, health, environmental and marketing aspects of cultivation. The project to be continued during the year 2002. The project is funded by HARTI.

Team of Researchers:

Mr. P. Piyarathna (co-ordinator)
Mr. M.S. Senanayake
Mr. W.M. G. B. Giragama
Dr. D. Tennakoon

OTHER ACTIVITIES

Work done for HARTI and Other Institutions

- Mr. Ransinghe Perera functioned as a member of the advisory committee of the Sri Lanka Institute for Local Governance.
- Mr. W.M.G.B. Giragama functioned as a member of the advisory committee of the National Institute of Technical Education. He also functioned as a member of advisory committee of Center for Climatic Change.
- Mr. Ranasinghe Perera presented a research paper on "Evaluation of Training" to the International Conference on Evaluation on Good Governance and Development.

- Mr. Giragama presented three research papers for the following seminars:

“A study of the variation of upper atmospheric climatic parameters along the vertical axis (pressure levels) and their relationship between inland rainfalls” - 57th Annual Session of SLASS, November 2001.

“Relationship of climatic parameters with topography at highland stations of Sri Lanka” Abstracts of during two monsoons” - Annual Congress of Postgraduate Institute of Agriculture (PGIA), Peradeniya, November, 2001.

“The effect of wind on the vegetation of the Dumbara Hills (Knuckles Range)” - Seventh Annual Forestry and Environment Symposium, December, 2001

Provision of services to other government organizations

Conducted nine training programs on Adult Training Methodology for Sri Lanka Institute for Local Governance. Resource persons: Mr. I. Ranasinghe Perera, Mr. Giragama and Mr. Bandara Rathnayaka

Conducted four training programs on Social Mobilization for Rural Development Training and Research Institute. Resource person: Mr. I. Ranasinghe Perera

Conducted three training programs on Farmer Organizations for Mahaweli Development Authority. Resource Person: Mr. I. Ranasinghe Perera.

Conducted two training programs on People's Participation for Agricultural Development Authority. Resource Person: Mr. I. Ranasinghe Perera.

Workshop on Science: Practice and Perspective, Organized by the National Science and Technology Commission. Ministry of Science and Technology, 29th November: 2001. Resource Person: Mr. Giragama.

“National Program to Prioritize Climate Change Research Needs in Sri Lanka”, organized by Ministry of Environment at Trans Asia Hotel, Colombo, 15th November 2001. Resource person: Mr. Giragama.

National workshop on “Integrated Programme for Strengthening Agricultural Services to Small-scale Farmers in Sri Lanka” at HARTI on 08-09 February 2001 - Resource Person: Mr. Giragama.

STAFF AS AT DECEMBER 2001

Director

Dr. S.G. Samarasinghe
B.A. (Hons) Ceylon, M.A. (Pennsylvania), Ph.D. (Colombo)
LL.B. (Open University), Sri Lanka

Main areas of interest:

Agricultural Sociology, Folk Lore and Anthropology Literature and Arts

Deputy Director (Research)

Dr. W.G. Jayasena
B.A. (Sri Lanka), M.A. (Sri Lanka), Ph.D (AIT) Bangkok

Main areas of interest:

Land Reform, Land Tenure and Settlement and Plantation Agriculture

AGRICULTURAL PLANNING AND EVALUATION DIVISION

Head of Division

Mr. G.M. Henegedara
B.A. (Sri Jayawardenapura), M.Sc. (AIT), Bangkok

Main areas of interest:

Agricultural Marketing and Development Planning

Research Cadre

Mr. J.K.M.D. Chandrasiri
Research Fellow
B.A. (Colombo), M.A. (Sussex)

Main areas of interest:

Community and Rural Development and Economics of Fisheries Activities

Mrs. S.R. Bandara
Senior Research Officer
B.A. (Sri Lanka), M.Sc. (P.G.I.A.)

Main area of interest:

Agricultural Economics

Mr. M.S. Gowri Shanker
Senior Research Officer
B.Sc. (Madras), M.Sc. (Madras), M.Phil (Madras)

Main areas of interest:

Applied Statistics, Computer Science and Artificial Intelligence and Market Research

Mr. R.L.N. Jayatissa
Senior Research Officer
B.A. (Kelaniya), M.A. (Reading)

Main areas of interest:

Agricultural Finance, Agricultural Marketing, Food Commodities and Price Fluctuation, Poverty, Rural Development and Community Development. Youth in Rural Development, Traditional Culture and Rural Peasants.

IRRIGATION WATER MANAGEMENT AND AGRARIAN RELATIONS DIVISION

Head of Division (Acting)

Mr. I.R. Perera
B.A. (Kelaniya), M.Sc. (Minnesota)

Main areas of interest:

Economic Aspects of Water Management Research

Research Cadre

Mr. R.de.S. Ariyabandu
Senior Research Officer
B.Sc. (Punjab), M.Sc. (AIT, Bangkok)

Main areas interest:

Water Management, Irrigation and Soil Science

Mr. M.M.M. Aheeyar
Senior Research Officer
B.Sc. (Peradeniya), M.Phil (London)

Main areas of interest:

Soil Science, Water Management and Environmental Economics

MARKETING AND FOOD POLICY DIVISION

Head of Division

Mrs. C.P. Hathurusinghe
B.Com. (Sri Jayawardenapura), M.Sc. (London)

Main area of interest:

Agricultural Marketing

Research Cadre

Mr. T. A. Dharmaratne
Senior Research Officer
B.A. (Peradeniya), M.A. (I.S.S.)
(Study Leave-abroad)

Main areas of interest:

Agricultural Marketing, Statistics, Economic Forecasting

Dr. D. Gamage
Research Associate
B.A. (Sri Lanka), B. Phil (Sri Lanka), M.S.P.D. (Queensland)
Ph.D (Wisconsin)

Main areas of interest:

Social Planning, Socio-economic Assessment (Pre project) and Evaluation of Intervention Programmes, Sociology of Tourism Social Change and Political Economy of Development.

Mr. L.P. Rupasena
Research Fellow
B.A. (Sri Lanka), M.Sc. (Malaysia)

Main areas of interest:

Agricultural Marketing, Statistics and Economic Forecasting

Mr. T. Ravichandran
Senior Research Officer
M.A. (Kiev, USSR)

Main areas of interest:

Trade Relationship between Sri Lanka and SAARC Countries

Mrs. W.D. Wickramasinghe
Research Officer
B.Sc. (Peradeniya)

Main areas of interest:

Agricultural Economics and Farm Management

Mr. R.M.R. Bandara
Research Associate
B.A. (Sri Jayawardenapura), M.Sc. (Philippines)

Main area of interest:

Agricultural Marketing.

AGRICULTURAL RESOURCE MANAGEMENT DIVISION

Head of Division

Dr. W.G. Somaratne
B.A. (Sri Jayawardenapura), M.Sc. (London), Ph.D. (La Trobe)

Main areas of interest:

Statistics and Agricultural Marketing

Research Cadre

Miss. S. Dharmalingam
Research Associate
B.Sc. (Benaras), M.Sc. (Saskatchewan)

Main areas of interest:

Rural Development

Mr. M.S. Senanayake
Research Associate
B.Com. (Ruhuna), M.M. (Los Banos)

Main areas of interest:

Agricultural Economics and Marketing

Mr. P.D.J. Ananda
Senior Research Officer
B.Sc. (Peradeniya), M.Sc. (La Trobe)

Main areas of interest:

Agricultural Marketing and Extension, Natural Resources and Environmental Economics, Farm and Irrigation Management.

Mrs. P.R. Weerakkody
Senior Research Officer
B.Sc. (Ruhuna)

Main areas of interest:

Agricultural Economics and Farm Management

Mr. R.M.G.K.B. Ratnayake
Senior Research Officer
B.Sc. (Peradeniya), M.Sc. (Netherland)

Main areas of interest:

Agricultural Economics, Agricultural Extension, Rural Development and Farming Systems Research

Mr. S.M.A. Samarakoon
Senior Research Officer
B.A. (Peradeniya)

Main areas of interest:

Rural Sociology, Agrarian Transformation and Community Development

STATISTICS AND DATA PROCESSING DIVISION

Head of Division

Dr. D. Tennakoon
B.A. (Ceylon), Post-graduate Diploma in Land Settlement and Development (Ceylon), M.A. (Reading), Ph.D. (Deakin)

Main areas of interest:

Land Settlement, Land Tenure and Rural Development

TRAINING DIVISION

Head of Division

Mr. I.R. Perera
B.A. (Kelaniya), M.Sc. (Minnesota)

Main area of interest:

Economic Aspects of Water Management Research

Research Cadre

Mr. W.M.G.B. Giragama
Research Associate
B.Sc. (Peradeniya), M.Sc. (Peradeniya)

Main areas of interest:

Climatology, Hydrology and Irrigation Research, Environmental Studies and Training, Rural Development and Upgrading of Farmers Living Standards

Mr. P. Piyaratne
Senior Research Officer
B.Sc. (Sri Jayawardenapura)

Main areas of interest:

Community Development and Training

ADMINISTRATIVE AND OTHER STAFF

Registrar

Mrs. R.de Silva
B.Sc. (Sri Lanka)
Dip. In Public Administration, SLIDA

Accountant

Mrs. Y.S. Nanayakkara
ACMA

Asst. Accountant

Miss S. Magage
ACMA

Senior Asst. Registrar (Programme)

Mrs. N.S. Abeygunawardene
B.A. (Kelaniya)

Asst. Registrar (Administration)

Mr. S.A. Jayatissa

Administrative Officer (Acting)

Mr. Gamini Prematilaka
Dip. Personal Management
(NIBM)

Librarian

Mr. G.H. Karunaratne
B.A. (Ceylon), B.Com. (Sri Lanka)
Diploma in Library and Information
Science (University of Colombo)

Library Assistant

Mrs. A.S. de Silva
Mrs. K.Y.G. Weeraratne

Head Publication Unit

Mr. K.A.S. Dayananda
B.A. (Ceylon), M.Sc. (Los Banos)

P.A. to Director

Mrs. A.I. Anula Pathirana
Dip. in Executive Secretaries
Administrative Asst.
The Polytechnic Ltd, Colombo.

Asst. Librarian

Miss. S.L. Katugampola
B.A. (Peradeniya),
Dip. In Library and Information Science,
University of Colombo.

Information and Publication Officers

Miss R.A.D.C. Ranawaka
B.A. (Hons) Sri Jayawardenapura
Mr. S. Rameswaran
Mr. R.M. Gunaratne

Statistical Officers

Mr. N.N.A. de Silva
Mrs. W.S.K Fernando
Mr. N.S.W. Nawaratne
Mr. D.G. Karunaratne

Mr. N.S.B. Epakanda
Mr. T.G. Somaratne

Statistical Assistants

Mr. S.A.C.U. Senanayake
Mr. W.A.N. Wijesuriya
Mr. L.A. Ariyaratne
Mr. M.A.K.S. Anurasiri
Mr. G.V.S. Wijeratne
Mr. U.A.S. Edussooriya
Mr. H.M.S. Jayaratne
Mr. R.W.J.C. Lionel
Miss. K.G.G.S. Wanigasinghe
Mr. B.C.S.Nillamulla

Mr. A. Rathnasiri
Mr. P.G.A. Rathnasiri
Mr. S. Epasinghe
Mr. N.S.J.K. Nissanka
Miss W.G.N. Malkanthi
Mr. M.L. Nandasiri
Mr. K.A.R. Pathmasiri
Mr. G.W. Ranatunga
Mr. K. Jayawardena
Mr. L.A.P. Liyanarachchi

Analyst Programmer

Mr. M.D.L. Senerath
B.Sc. (Sri Jayawardenapura)

Data Analysts

Mr. K.D.S. Ariyasinghe
Mr. E.N.R. Fernando

Technical Staff

Mr. R. W. Dissanayake
 Mr. D.C. Hettivitharana
 Mr. K.D. Siriwardene

Data Assistants

Mr. K.P.D.S. Pinnawala
 Mrs. N.P. Jayanetti
 Miss R.A. Padmawathie
 Mr. S.S.J. Rosa

Maintenance/Security Officer

Mr. H.B. Weerakoon

Maintenance/Security Assistant

Mr. W.D. Wimalasena

House Keeper

Mrs. S. Williams

Telephone Operator/ Receptionist

Miss P.L. Gunatunga

Clerical Staff

Mr. K.G.H. Hemapala
 Mr. P.D.P.S. Wijegunawardena
 Mr. W.L.D. Nandasiri
 Mr. D.M. Kuruwita
 Mr. J.I. Somaratne
 Mrs. S.C. Fernando
 Mr. D.K. Amaradasa Silva

Mr. M.S.M. Rafi
 Mr. A.D. Leelarathne
 Mr. H.M.D.N. Jayawardena
 Mr. S.T.G. Aravinda
 Mrs. R.W.L. Kumarihamy
 Miss C.S. Meeriyagala

Mrs. S.A.K.M. Jayalath
 Mr. H.M.A. Stephen
 Mr. M.J. Wickramaratne
 Miss B.L.C. Srimathi
 Mr. S.P.N. Gunawardena
 Mr. R.A.D.G. Kumara

Secretaries/Steno-Typists/Typists

Mrs. N.N. Bawa
 Mrs. G.C. Nanayakkara
 Mrs. W.A.I. Devendra
 Mrs. K.A.S. Geethani
 Mrs. L.T.H. Jayasinghe
 Mrs. K.G.D.K.S. Karunaratne
 Miss M.V.T. Muniratne
 Miss W.G.R. Manjula

Miss N.F.D. Miskin
 Mrs. U.P.S. Ramyalatha
 Mrs. G.M. Vijitha Padmini
 Miss M.D.S. Gunathilake
 Mrs. J.C. Swarnaseeli
 Miss. A.P.M. Thushari
 Miss W.N.P. de Silva
 Miss R.A.S.L. Ranasinghe

Mrs. D.P. Ranaweera
 Mis. S.D. Lalana Sriyani
 Mr. L.A.P. Gunaratne
 Mrs. Dilanthi Hewawitharana
 Miss R.A.D.N. Rupasinghe
 Miss P.U. Karunaratne
 Miss P.K.K. Perera

Other Supporting Staff

Mr. W. Edwin Singho
 Mr. A.M. Thilakaratne
 Mr. R.R.G. Ratnayake
 Mr. A.A. Mullegama
 Mr. M.K. Hemachandra
 Mr. G. Wijenayake

Mr. P. Wanaguru
 Mr. M.C. Perera
 Mr. K.L. Gunasena
 Mr. H.S. Peiris
 Mr. L.G. Joseph
 Mr. M.A.S. Jayatilake

Mr. B.M. Fernando
 Mr. M. Chandradasa
 Mr. W.T. Ratnayake
 Mr. N.D. Bennet
 Mr. W.A.D.A. Dharamasinghe
 Mr. S.D. Nimalaratne

Mr. M.D.S. Karunaratne
Mr. H.M.T. Herath
Mr. U.G. Gunaratne
Mr. A. Andrayas
Mr. A.P. Dayaratne
Mr. G.D. Yasapala
Mr. D.G. Dharmapala
Mr. K.B.Piyantha

Mr. G. Kodithuwakku
Mr. K.R. Gunawardene
Mr. K.G. Samarasinghe
Mr. L.D. Siripala
Mr. J. Chandrawansa
Mr. S.A.H.M. Jayasundara
Mr. H.K.S. Premalal

Mr. M.A. Perera
Mr. W. Siripala
Mr. S.M.S. Jayalal
Mr. G.M. Punchibanda
Mr. B.M. Appuhamy
Mr. H.S. Perera
Mr. T.G.S.Wickremasinghe

Accounting Policies

1.1. General Accounting Policies

The Financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principle and the accounting standards.

1.2. Fixed Assets

The cost of fixed assets is the cost of purchase or construction together with any incidental expenses thereon. The fixed assets are recorded at cost less accumulated depreciation which is provided for at the following rates.

Land	No depreciation
Buildings	2 ½ per annum
Equipment/Furniture	10% per annum
Computer	20% per annum
Welfare Equipment	10% per annum
Books	5% per annum
Vehicles	20% per annum

A full years depreciation is charged in the year of purchase.

Maintenance and repairs are expensed as incurred Major improvements are capitalised.

1.3. Debtors

Debtors are stated at the amounts which they are expected to realise. Adequate provision has been made in the accounts for bad and doubtful debts.

1.4. Gratuity

Provision has been made in Accounts for Gratuity payable under the payment of Gratuity act.

1.5. Stocks

Stocks of consumable items are valued at FIFO Method other stocks are valued at Lower of cost and net realisable value.

1.6 The cost of the transformer is written off over 5 years commencing from 1998.

Balance Sheet as at 31st December 2001

2000	EQUITY CAPITAL				
Rs.					
76,855,900.00	Government Grant-Capital	(Note 1.1)		77,855,900.00	
<u>1,102,372.79</u>	Contribution from savings			<u>1,102,372.79</u>	78,958,272.79
77,958,272.79					
	RESERVES				
14,086,992.99	Project Capital Fund	(Note 1.2)		14,327,395.09	
3,242,284.40	Capital Reserve	(Note 1.3)		3,242,284.40	
10,414,480.03	Project General Reserve	(Note 1.4)		9,914,480.03	
137,061.91	Incentive Fund			137,061.91	
<u>396,261.91</u>	Training Fund			<u>396,261.91</u>	
28,277,081.24				28,017,483.34	
<u>34,932,093.23</u>	LESS : Net Deficit brought forward	(Note 1.5)		<u>40,560,212.54</u>	<u>(12,542,729.20)</u>
71,303,260.80					66,415,543.59
	CAPITAL EMPLOYED				
26,468,505.42	Fixed Assets	(Note 2)			24,130,997.47
5,531,971.12	Investments - Fixed Deposits	(Note 3)			7,462,585.97
2,705,099.90	Treasury Bills				3,050,000.00
<u>17,460,874.14</u>	Staff Development	(Note 4)			<u>17,412,188.53</u>
52,166,450.58					52,055,771.97
	CURRENT ASSETS				
1,621,262.12	Stocks	(Note 5.1)		1,601,545.31	
31,031,194.80	Debtors	(Note 5.2)		28,589,237.15	
1,106,045.27	Sundry Deposits	(Note 5.3)		1,023,970.27	
2,292,348.12	Prepayments & Accounts Receivable	(Note 5.4)		1,368,505.57	
790,465.85	Advance	(Note 5.5)		771,524.38	
8,961,052.24	Cash at Bank	(Note 5.6)		7,263,788.53	
<u>10,000.00</u>	Cash in Hand			<u>10,000.00</u>	
45,812,368.40				40,628,571.21	
	LESS : CURRENT LIABILITIES				
9,587,302.67	Creditors	(Note 6.1)	10,812,566.13		
<u>4,206,832.19</u>	Accrued Expenses		<u>1,868,093.46</u>	<u>12,680,659.59</u>	
13,794,134.86	Net Current Assets			27,947,911.62	
	LESS : LONG-TERM LIABILITIES				
12,881,423.32	Gratuity Provision			<u>13,588,140.00</u>	14,359,771.62
<u>71,303,260.80</u>					<u>66,415,543.59</u>

(Signed)
Chairman

(Signed)
Director

(Signed)
Accountant

Income & Expenditure Account for the year ended 31st December 2001

2000	INCOME			
Rs.				
42,000,000.00	Government Grant - Recurrent			38,400,000.00
	Contributiond from Project savings			500,000.00
64,562.50	Hostel charges and Conference facilities (Note7.1)			145,870.00
148,210.55	Sale of Publications			72,860.25
513,160.47	Interest on Investment			712,341.73
741,049.77	Interest on Staff Loans			579,240.61
-	Administrative charges from projects			
<u>102,418.21</u>	Miscellaneous Income (Note 7.2)			<u>111,226.85</u>
43,569,401.50				40,521,539.44
	LESS : EXPENDITURE			
	Programme 01 - General Administration			
8,815,759.94	Project 01 Administration	8,047,919.05		
2,178,971.31	02 Finance	2,322,819.16		
1,255,599.31	03 Security	1,688,682.23		
<u>4,634,294.96</u>	04 Transport	<u>3,914,179.28</u>	15,973,599.72	
16,884,625.52				
	Programme 02 - Research			
2,269,497.22	Project 01 A.P.E.	3,060,469.81		
3,960,647.99	02 A.R.M.	3,826,434.08		
1,754,094.68	03 I.A.R.	1,577,934.89		
<u>8,047,042.58</u>	04 M.F.P.	<u>7,225,602.83</u>	15,690,441.61	
16,031,282.47				
	Programme 03 - Training			
2,437,074.86	Project 01 Training	1,932,555.91		
<u>3,491,740.40</u>	02 Publications	<u>3,048,463.96</u>	4,981,019.87	
5,928,815.26				
	Programme 04 - Research Resources			
1,472,949.17	Project 01 Library Services	1,626,267.16		
976,076.36	02 Computer	768,899.45		
<u>1,872,092.31</u>	03 Data Development	<u>2,083,630.19</u>	4,478,796.80	
4,321,117.84				
	Programme 05 - Welfare			
540,798.34	Project 01 Welfare Facilities	<u>742,822.58</u>	742,822.58	
	Programme 06 - Maintenance Services			
4,500,120.79	Project 01 Maintenance Services	<u>3,604,718.42</u>	3,604,718.42	
	Programme 07 - Ancillary Services (Hostel)			
<u>658,983.74</u>	Project 01 Ancillary Services	<u>678,259.75</u>	<u>678,259.75</u>	<u>46,149,658.75</u>
<u>5,296,342.46</u>	Expenditure over Income			<u>(5,628,119.31)</u>
=====				=====

(Signed)
Chairman

(Signed)
Director

(Signed)
Accountant

Notes to the Accounts

1. Equity Capital	<u>Rs.</u>
1.1. <u>Govt. Grant Capital</u>	
Balance as at 31.12.2000	76,855,900.00
<u>Add : Capital Contributed during the year</u> Consolidated fund	<u>1,000,000.00</u> <u>77,855,900.00</u>
1.1a <u>Capital contribution from savings</u>	
Balance as per last Balance Sheet	<u>1,102,372.79</u>
1.2. <u>Project Capital Fund</u>	
Balance as at 31.12.2000	14,086,992.99
Additions during 2001	<u>240,402.10</u> <u>14,327,395.09</u>
1.3. <u>Capital Reserve</u>	
Balance as per last Balance sheet	<u>3,242,284.40</u>
1.4. <u>Project General Reserve</u>	
Balance as per last Balance sheet	<u>10,414,480.03</u>

1.5. **Income & Expenditure Account**

Balance as at 31.12.2000	34,932,093.23
<u>Add</u> : Adjustment in respect of previous year	<u>-</u>
Expenditure over Income for the year ended 31.12.2000	<u>6,128,119.31</u>
Balance as at 31.12.2001	<u><u>41,060,212.54</u></u>

Schedule of Depreciation of Assets - 2001

Net Value as at 31.12.00	Particulars	Cost as at 31.12.00	Additions/ (Disposals) during the year 2001 Rs.	Total Cost as at 31.12.01 Rs.	Acc./Dep as at 31.12.00 Rs.	Dep.for the year 2001 Rs.	Accu/Dep. ended 2001 Rs.	Net Value 31.12.00 Rs.
1,716,667.00	Land	1,716,667.00	-	1,716,667.00			-	1,716,667.00
10,974,230.00	Buildings	14,379,605.28	409,307.57	14,788,912.85	5,626,480.43	369,722.00	5,996,202.43	8,792,710.42
8,848,633.00	Equipment/Furniture*	22,361,518.22	431,860.53 (3,135.00)	22,790,243.75	13,931,809.48	1,463,186.00	15,394,995.48	7,395,248.27
2,974,665.00	Computer Installation	10,930,756.75	275,057.72 (26,437.50)	11,179,376.97	8,479,229.49	1,191,504.00	9,670,733.49	1,508,643.48
24.00	Motor Vehicles	8,489,355.88	-	8,489,355.88	7,049,331.88	480,000.00	7,529,331.88	960,024.00
3,048,756.00	Books*	5,206,754.16	358,554.98 (352.00)	5,564,957.14	1,529,301.59	278,247.00	1,807,548.59	3,757,408.55
1.00	Welfare Equipments	3,734.55	-	3,734.55	3,733.55		3,733.55	1.00
27,562,976.00		63,088,391.84	1,444,856.30	64,533,248.14	36,619,886.42	3,782,659.00	40,402,250.67	24,130,997.47

3. **HARTI Investments - Fixed Deposits**

	<u>Rs.</u>
Investment in Treasury Bills	3,050,000.00
Fixed Deposits at State Mortgage & Investment Bank	3,500,000.00
Fixed Deposits at State Mortgage & Investment Bank (Housing Loan Scheme)	1,962,585.97
Call Deposits	<u>2,000,000.00</u>
	<u>10,512,585.97</u>

4. **Staff Development**

Balance as per last Balance sheet	17,169,802.28
<u>Less</u> : Adjustments to the opening balance	-
Additions during 2000	<u>242,386.25</u>
Balance as at 31.12.2001	<u>17,412,188.53</u>

5. **Current Assets**

5.1. **Closing Stock as at 31.12.2001**

Stationery & other consumable goods	612,011.51
Publications and Journals	495,703.79
Sales Centre	491,188.91
Motor Vehicle spare parts	<u>2,641.10</u>
	<u>1,601,545.31</u>

5.2. Project Debtors as at 31.12.2001

Project Name

	Balance 01.01.2001 Rs.	Expenditure during 2001 Rs.	Receipts during 2001 Rs.	Balance 31.12.2001 Rs.
Training Manual on Farmers Organisation R-232	26,801.54			26,801.54
Action Research Project for Developing Vegetables R-140	3,737.00			3,737.00
Analysis of Marketing & Vegetables in Sri Lanka R - 176	159,975.15			159,975.15
Assessment of Turn Over Prog. in N.I.R.P. Schemes R-199	179,229.29			179,229.29
CIGPs fro Rural Poverty Alleviation in Anuradapura R-239	51,016.47			51,016.47
Agricultural Markeing Project R - 191	1,510.50			1,510.50
Buffalo Information & Documentation Project R- 194	8,444.79			8,444.79
Current Production of Labour Admn. In Agriculture R.A. 9	709.38			709.38
Community Livestock Care and Production Prog. R-154	316,594.90			316,594.90
Consultancy on the Establishment of Cold Storage Unit Complex in Sri Lanka R-183	24,328.81			24,328.81
Developing M & E in Mechanism for Agrarian Reform R- 146	41,947.56			41,947.56
Farm size & Efficiency Under Mahaweli System H R-118	66,268.32			66,268.32
Fellow up Action on Livestock as a Component of Rural Development R - 175	10,062.64			10,062.64
Formulation of an Integrated Prog. to Strengthen the The Agri. Delivery System R-186	424,697.07	1,614.35		426,311.42
Inland Fisheries R-97	116,910.99			116,910.99
Informal Land Transaction in Irrigated Settlement R-126	4,114.12			4,114.12
Kelegama Small Tank Irrigation Project R-158	453,890.08			453,890.08
Kitul Study	1,187.50			1,187.50
N.W.P. Water Resources Development Project R-171	48,872.32			48,872.32
Non Plantation Crop Sector Improvement Study Of Domestic Agricultural Marketing	54.40			54.40
Research Involvement in CIDA/MLLD Lower Uwa Project R - 112	61,779.85			61,779.85
				-

Rural Industries Employment for the Working R-129	27,089.34			27,089.34
R 186/1	(41,265.24)	71,571.50		30,306.26
Study on factors affecting cost of production on Rice in Sri Lanka (R - 285)		171,950.14	155,000.00	16,950.14
Rainvesting the the A'pura Agro-well Programme R-229	3,570.00			3,570.00
R - 272	(122,755.06)	162,802.36		40,047.30
Socio Economic Study on Resources & Communities In Puttalam Lagoon R 157	1,406.25			1,406.25
T-109	1,409.39			1,409.39
T-111	50,153.68			50,153.68
T-112	95,816.87			95,816.87
T-115	57,665.84			57,665.84
T-127	9,699.56			9,699.56
T-135	25,699.61			25,699.61
T-143	12,744.15			12,744.15
T-146	15,071.12			15,071.12
T-147	19,336.40			19,336.40
T-148	151,318.39			151,318.39
T-151	56,771.14			56,771.14
T-162	4,419.53			4,419.53
T -171	2,571.88			2,571.88
T-175	23,258.63			23,258.63
T-180	7,560.59			7,560.59
T-185	41,003.11			41,003.11
T-186	5,454.60			5,454.60
T-172	33.06			33.06
T-194	104,461.90			104,461.90
R-256	32,575.34			32,575.34
Bench Mark Social Assessment Survey R-273	39,872.30	39,091.78		78,964.08
R-264	799.25			799.25
R-270	64,985.10			64,985.10
Total	2,692,859.41	447,030.13	155,000.00	2,984,889.54

Staff Debtors

Rs.

Housing Loan	1,536,653.98	
Consolidated Loan	17,520,360.00	
Festival Advance	111,615.02	
Special Advance (Books)	8,650.00	
Due from displace persons	6,723.32	
Special Advance (Salary)	1,700.00	
Special Advance (Flood)	3,740.36	
Suwa Sampatha	89,162.82	
Salary Advance	75,600.00	
Scholarship Debtors	<u>14,955,496.08</u>	34,309,701.58

Other Debtors

Sales Centre	126,761.85	
Hostel & Auditorium/Conference	239,635.00	
Welfare Society	31,081.61	
Suspence A/C	4,446.20	
Miscellaneous Debtors	<u>821,871.23</u>	<u>1,223,795.89</u>
		38,518,387.01

<u>Less</u> : Provision for Bad & doubtful debtors	1,348,143.55	
Provision for debtors (bonds)	<u>8,581,006.31</u>	<u>9,929,149.86</u>
		<u>28,589,237.15</u>

5.3. Sundry Deposits

5.3.1. Fixed - Caterer	20,000.00	
- Cashier	<u>1,500.00</u>	21,500.00
Sundry - M.G. Saman & Sons	40,000.00	
Sri Lanka Telecom	3,125.00	
(Internet facility)		
Post Master General	24,945.00	
Colombo Gas & Water Co.	4,750.00	
Water supply & Drainage Board	500.00	
Celltel Lanka	3,500.00	
Ceylon Electricity Board	<u>406,250.00</u>	483,070.00
Ceylon Electricity Board	1,007,725.27	
(Transformer)		
Less : amount written off	<u>488,325.00</u>	<u>519,400.27</u>
		<u>1,023,970.27</u>

5.4. **Prepayments and Amounts Receivable**

Rs.

5.4.1. Prepayments 138,851.17

5.4.2. **Amounts Receivable**

Canteen Receivable 18,393.23

Medical facilities receivable 23,702.38

Investment Income receivable 1,187,558.79

1,229,654.40

5.5. **Advances**

Advance for purchases 424,049.96

Advances for circuits & others 347,474.42

771,524.38

5.6. **Cash at Bank**

A/c No. 1 4530801034 3,729,718.33

A/c No. 2 4530801026 3,437,264.49

A/c No. 3 4530801883 39,417.24

A/c No. 4 4530801808 57,388.47

7,263,788.53

6 Current Liabilities

6.1. Creditors

6.1.1. Advance Against Projects 31.12.2001

	Balance 01.01.2001	Expenditure during 2001	Receipts during 2001	Balance 31.12.2001
P.N.I.P. Evaluation R - 261	(39,723.11)		484,168.00	444,444.89
Commercialization of Small Farm Agriculture Pilot Project R-230	243,045.82			243,045.82
Impact of Trade Agreement of Agriculture R-182/1	555,272.98	242,132.15		313,140.83
Market Intelligence and Food Information Project R - 182	10,231.95			10,231.95
CIRDAP	10,180.51			10,180.51
Farmer Cenered Agriculture Resource Management R-197	99,634.03	22,181.68		77,452.35
Nutrition Investment Plan R-265	384,994.00	1,266.05	716,660.00	1,100,387.95
Participatory Planning in Irrigation R-254	77,789.36			77,789.36
Poverty Monitory Project R-255	80,279.92			80,279.92
Promoting House hold Food Security R-266	234,422.42			234,422.42
Rural Development Communication Network R-257	201,915.20	35,007.50		166,907.70
Study of Agricultural Markets R-231	137,124.62			137,124.62
Social Causes of Land Degradation in the upper Mahaweli Watershed of Sri Lanka R -233	416,486.84			416,486.84
				-
Study on Production and Marketing R-253	175,296.40			175,296.40
Regional economic advancement project - R 274		232,093.51	250,000.00	17,906.49
Book on Rice Production	2,609,976.00			2,609,976.00
IIMI/ARTI Joint Project M & E Part III R-172	379,749.65			379,749.65
Impact of Increasing Household Income on the Status an activities of Rural Women within the Household R-195	52,180.99			52,180.99
				-
KOISP Impact Assessment R-173	728,490.27			728,490.27

Process Documentation Research Study for the SCOR	50,186.71			50,186.71
Project R-187				-
R.A. Small Project	109,684.97			109,684.97
Socio Economic Survey R.A. - 7	108,995.56			108,995.56
2nd Agricultural Project R-217	34,022.17			34,022.17
T - 128	1,254,633.39			1,254,633.39
T - 179	28,690.95			28,690.95
T - 181	21,940.02			21,940.02
T - 182	52,318.50			52,318.50
T - 187	10,977.43			10,977.43
T - 193	21,945.03			21,945.03
T - 195	20,918.50			20,918.50
T - 196	13,178.75			13,178.75
Ambuluwawa	27,008.45	260,525.00	235,943.50	2,426.95
50th Commemeration Volume	153,840.00			153,840.00
Evaluation study of revolving fund based self employment Prog.R - 260	73,834.25			73,834.25
Mangustin - a review of present situation R - 268	36,714.27	18,651.37		18,062.90
Asian - SMES . Pilot Programme for infra regional trade R- 286		22,298.11	60,000.00	37,701.89
Study of paulty development R- 287		24,518.69	570,000.00	545,481.31
Total	8,376,236.80	858,674.06	2,316,771.50	9,834,334.24

6.1.2. Other Creditors

Stamp fees payable	4,720.00
Other Creditors	472,306.90
Tender deposits refundable	56,698.20
Unpaid Expenditure	241,395.54
Provision for Audit fees	125,682.00
Employees & Restaurant deposits	13,084.50
Retention	<u>64,344.75</u>
	<u>978,231.89</u>

7. Annex to the Income and Expenditure for the year ended 31.12.2001

7.1. **Auditorium & Conference Facilities & Hostel Income**

Auditorium & Conference facilities	77,720.00
Hostel Income	<u>68,150.00</u>
	<u>145,870.00</u>

7.2. **Miscellaneous Income**

Bungalow fees & Room rent	56,319.46
Computer Income	4,550.55
Tender fees	-
Other Income	<u>50,356.84</u>
	<u>111,226.85</u>

AUDITOR-GENERAL'S DEPARTMENT

LS/D/HARTI/2001

04 September 2002

The Chairman

Hector Kobbekaduwa Agrarian Research and Training Institute.

Report of the Auditor General on the Accounts of the Hector Kobbekaduwa Agrarian Research and Training Institute for the year ended 31 December 2001 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of accounts of the Hector Kobbekaduwa Agrarian Research and Training Institute for the year ended 31 December 2001 was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971. My observations which I consider should be published with the annual report of the Institute in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Institute on 02 July 2002.

1:2 Scope of Audit

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain a reasonable assurance as to whether the financial statements are free of material misstatements. The audit included the examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. Sub-sections (3) and (4) of Section 13 of the Finance Act No.38 of 1971 gives discretionary powers to the Auditor General to determine the scope and the extent of the audit.

2 Accounts

2:1 Audit Opinion

In view of the observations appearing in this report, I am unable to express an opinion on the accounts presented. Deficiencies observed in this connection are given below.

Deficiencies	Reference to paragraph in thi report
(a) Accounting Policies	2:3:1
(b) Accounting Deficiencies	2:3:2
(c) Unreconciled Control Accounts	2:3:3
(d) Suspense Account	2:3:4
(e) Lack of Evidence for Audit	2:3:5
(f) Accounts Receivable and Payable	2:3:6
(g) Non-compliance with Laws, Rules, Regulations and Management Decisions	2:3:7
(h) Systems and Controls	4

2:2 Financial Results

According to the accounts presented, the financial results for the year under review was a deficit of Rs.44,028,119 before taking into account the Government contribution for recurrent expenditure as compared with the corresponding deficit of Rs. 47,296,342 for the preceding year. After taking into account the Government contribution of Rs.38,400,000 for the year under review, the deficit was reduced to Rs.5,628,119. After taking into account the Government contribution of Rs.42,000,000 for the preceding year, the deficit for that year was reduced to Rs.5,296,342.

2:3 Comments on Accounts

2:3:1 Accounting Policies

Non-compliance with accounting policies observed in audit are given below.

- (a) Although the fixed assets should be separately identified and depreciated, all the assets excluding vehicles had been depreciated considering as one item.
- (b) Book balance of stocks had been shown instead of the value of physically verified balances.

2:3:2 Accounting Deficiencies

Accounting deficiencies observed in audit are given below.

- (a) Current assets had been overstated by Rs.88,315 as the value of physical stock balances had not been brought to account. This had also resulted in understating the accumulated deficit by Rs.88,315.

- (b) The following overstatements amounting to Rs.210,667 and omissions amounting to Rs.556,799 were observed in the accounts for the year under review.

Accounts	Overstatements Rs.	Omissions Rs.
(i) Debtors - Hostel and Auditorium / Conference Hall	4,855	-
(ii) Deficit for the year	205,812	-
(iii) Books received from Foreign Grants	-	102,115
(iv) Fine for unsettled advances	-	454,684
	<u>210,667</u>	<u>556,799</u>

2:3:3 Unreconciled Control Accounts

Balances in 09 accounts as at the end of the year under review totalled Rs. 25,743,377 whilst the balance in the corresponding subsidiary records amounted to Rs. 26,601,316 thus showing an unreconciled difference of Rs.1,511,444.

2:3:4 Suspense Accounts

No action had been taken to clear the suspense account and debtor's account balances amounting to Rs. 5,446.

2:3:5 Lack of Evidence for Audit

The following instances where evidence for audit was not furnished were observed.

- (a) 07 items in the accounts valued at Rs.55,031,920 as at the end of the year under review could not be satisfactorily vouched or accepted in audit due to the non availability of evidence such as detailed schedules, receipts, source documents, supporting documents etc.
- (b) Confirmations from the parties concerned in respect of balances as at the end of the year under review amounting to Rs.20,616,674 in 243 accounts under 07 items of debtors and Rs. 593,335 in 51 accounts under 03 items of creditors.
- (c) Physical verification reports had not been furnished in respect of books and journals valued at Rs. 495,704.

2:3:6 Accounts Receivable and Payable

(a) Accounts Receivable

Type of Debtor	Value as at balance sheet date
Sales center	126,762
Hostel and Auditorium	239,635
Miscellaneous	821,871
Purchase advances	424,050
Projects	2,984,890
	<hr/>
	4,597,208
	<hr/>

Deficiencies observed in audit are given below.

- (i) Balances in 5 accounts receivable as at the end of the year under review totalled Rs.4,597,208 out of which balances amounting to Rs.3,015,420 had remained outstanding for over 4 years.
- (ii) There was no evidence of any effective action taken for the recovery of the above balances by the Institute.
- (iii) Although debtors' balances which were over 4 years old totalled Rs.3,015,420 the provision for bad debts amounted to Rs. 1,348,144. thus the provision appeared to be inadequate.

(b) Accounts Payable

Out of advances against projects amounting to Rs. 9,834,334 included 27 items under current liabilities aggregating Rs. 7,110,421 represented balances brought forward from the previous year and carried forward in the accounts as unchanged. There was no evidence of effective action taken for the settlement of such balances.

2:3:7 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance observed it audit are given below.

Reference to Laws, Rules, Regulations etc.

Particulars

- (a) **Agrarian Research and Training Institute Act.No.05 of 1971**
Section 03

Expenditure amounting to Rs. 28,038 on "Sansadaya" which did not fall within the objectives of the Institute.

- (b) **Finance Act No.38 of 1971**
(i) Section 05

Treasury approval had not been obtained for the Staff Housing Loan Scheme with the State Mortgage and Investment Bank.

- (ii) Section 08(1) Approved budget for the year 2001 had not been furnished.
- (iii) Section 11 A total sum of Rs.8,550,000 had been invested in Banks without the requisite approvals.
- (iv) Section 13(5)(d) Minimum internal audit programme had not been settled with the Auditor General.
- (v) Section 14(1) Draft annual reports had not been furnished to the Auditor General from 1998.
- (vi) Section 14(3) Annual reports together with the Auditor General's reports had not been tabled in Parliament from the year 1997.
- (vii) Section 14(4) Annual reports from the year 1997 had not been printed.
- (c) Sri Lanka Accounting and Auditing Standards Act No.15 of 1995**
- (i) Sri Lanka Accounting Standard. Nos.03 &18. Fully depreciated fixed assets had not been revalued.
- Detailed schedules had not been furnished with the final accounts for the fixed assets and current assets.
- (ii) Sri Lanka Accounting Standard. No.09 A cash flow statement had not been furnished with the accounts.
- (iii) Sri Lanka Accounting Standard No. 15 Excess recoveries made from members of the staff for festival advance amounting to Rs. 4050 had been set-off against debtors.
- (d) Treasury Circulars**
- (i) Public Enterprises Circular, No.116 of 24 January 1997 A sum of Rs. 19,231 representing overtime and travelling expenses relating to the Ministry, had been paid by the Institute.
- (ii) Public Finance Circulars, No. PF/PE 03 of 19 November 1999. Institute had not deployed Audit and Management Committee as an effective tool of management control.

**(e) Guidelines on Government
Tender Procedure**
Chapter 109 Section 03

Goods amounting to Rs.239,037 had been purchased in 05 instances without considering the lowest price and the recommendation of the Technical Evaluation Committee.

3 Financial and Operating Review

3.1 Financial Results

According to the accounts presented, the operation of the Institute for the year under review had resulted in a net deficit of Rs. 5,628,119 as compared with the corresponding net deficit of Rs. 5,296,342 for the preceding year thus showing a deterioration of Rs.331,776 in the financial result. This can be analyzed as follows.

	Variance		Rs.
	Favourable	Adverse	
	Rs.	Rs.	Rs.
Income			
Decrease in the Government contribution for recurrent expenditure	-	3,100,000	
Interest income	37,372	-	
Other income	14,766	-	
	<u>52,138</u>	<u>3,100,000</u>	(3,047,862)
Expenditure			
Administration expenses	911,026	-	
Research and Training expenses	1,288,637	-	
Other expenses	516,423	-	
	<u>2,716,086</u>	<u>-</u>	2,716,086
Net deterioration in financial results			<u>(331,776)</u>

3:2 Performances

Data relating to the progress on the contract researches are given in the following table.

	2001
Number at the beginning of the year	08
Add	
Number awarded during the year	11
	—
	19
Less	
Number completed during the year	03
Number permanently suspended during the year	01
Number temporarily suspended due to financial limitations during the year	06
	—
Number to be completed as at the end of the year	09
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Following observations are made in this connection.

- (a) Although according to the research budget, 16 researches amounting to Rs. 8,165,000 had been scheduled to be completed during the year under review, only 03 research projects had been completed as at 31 December 2001. Progress of the research projects was around 19%.
- (b) 06 research projects amounting to Rs. 1,765,000 scheduled to be completed during the year under review had been temporarily suspended due to financial problems
- (c) According to the progress report as at 31 December 2001, financial progress of 08 research projects were below 12% whilst there was no financial progress in respect of 03 projects.
- (d) Two projects valued at Rs.610,635 had been delayed for periods from five months to one year.

3:3 Idle and Under-utilized Assets

Stores items valued at Rs.91,182 were observed to have remained unused in the stores for over one to six years.

3:4 Identified Losses

- (a) The Institute had incurred an expenditure of Rs.678,260 as against the income of the Rs.145,870 in relation to Conference Hall and Hostels resulting in an excess of expenditure over income amounting to Rs. 532,390.

- (b) Interest income amounting to Rs. 13,552 had been lost owing to non operation of 02 bank accounts.

3:5 Budgetary Control

Budget for 2001 had not been approved by the Board. Therefore, it was observed that the Budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Board by my detailed report issued to the Chairman on 02 July 2002 in terms of Section 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

- (a) Advances
- (b) Purchases
- (c) Projects
- (d) Stock control
- (e) Fixed Assets
- (h) Compliance with Rules and Regulations

(signed)

(S.C. MAYADUNNE)

AUDITOR GENERAL