

## EXECUTIVE SUMMARY

Land settlement schemes in Sri Lanka are important in terms of socio economic development of rural population, settling people from high populated areas in low populated areas and in terms of regional development. Land had been allocated to the initial settlers with restrictions preventing sale and subdivision into parcels less than 1.5 acres in case of lowlands and 0.5 acres for highland as stated in the Land Development Act of 1935 and its subsequent amendments. However with the development of settlement schemes and population growth, original allotments have been informally sub divided among the descendants according to customary practices disregarding the legal restrictions. Therefore, there is a growing pressure from beneficiaries to amend the existing Act to legalize further fragmentation.

The main objective of this study is to assess the extent of land fragmentations that had taken place and to study related issues in irrigated settlement schemes with special focus on lowlands. The study is also aimed at eliciting opinions of the settlers about the existing Act and the proposals for amendments to the Act.

More than 85% of the farmers are aware of the restrictions imposed by the existing land Act in dividing land into parcels smaller than 1.5acres in settlement schemes. Yet, 70% of the farmers are eager to amend the law to allow them to divide their allotments according to their own wish. But about 12% of the farmers prefer to limit the subdivision up to one acre to end unlimited fragmentation. In the mean time, about 28% of the lowland plots in the study areas are informally fragmented into less than 1.5 acres in extent. In older schemes of Minneriya and Minipe stage 1, the informal land fragmentation of less than 1.5 ac has occurred among 45% and 56% of the farmers respectively. Primary reason for land fragmentation is providing a share of the settlement land to their children. Farmers mostly preferred to divide the land among all their children disregarding minimum size specified in the act. However, there is no productivity decline due to reduction in land size.

About 57% and 30% of the lowland and highland farmers respectively do not possess any legal document to prove ownership inherited from their parents or previous generations. However, statutory restriction of formal method of transferring land ownership to allotments of less than 1.5acres has neither been a critical problem nor created serious negative social and economic issues for over 60% of the settlers. Most of them prefer to transfer their land ownership legally to their children or next generation.

Formal subdivision of land into small pieces is likely to create problems in water management and irrigation system operation and maintenance (O&M) as perceived by irrigation officials, because of higher resource requirement (both physical and human) for the O&M. Increased number of legal land holdings result in higher irrigation water requirement and more drainage from each sub divided land block. Irrigation officials believe that legal transfer of small pieces of land will pave the way for

farmers to sell their allotment outside their family. This could create conflicts in managing water among different owners.

As informal land fragmentation has not been realized as a barrier by majority of farmers and has not created any serious social and economic consequences, there is no reason to amend the existing Act to allow the beneficiaries to unlimited land fragmentation.

About 20% of farmers have more than 1.5 acres of lowland without legal ownership as non transfer of lands legally by the initial settlers among their children while they were alive. Therefore after death of parents, inheritance of the land goes to the eldest son as per existing Act, though there is a possibility of dividing the land to many children without violating the Act. Therefore, some amendments for the existing act are recommended to allow the family members to fragment the land up to a minimum size of 1.5 acres in the event of death of original land owner (parents) without a nominated a successor. The amendment has to provide entitlement not only to the eldest son, but to many children of the family within the minimum size of 1.5acres. Pressure on land in the settlement schemes should be minimized by creating off-farm employment opportunities and providing priorities for new generation people of old settlement schemes in allocating land under new land alienation programmes.