

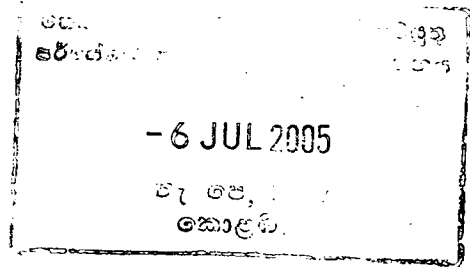
# ANNUAL REPORT

## 2000



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

HARTI Annual Report English 2000



# **ANNUAL REPORT**

## **2000**

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

## BOARD OF GOVERNORS

Mr. M.S. Wickramarachchi	Chairman, Board of Governors and Secretary Ministry of Agriculture and Lands (Since 08.10.1999)
Dr. S.G. Samarasinghe	Director, HARTI (Since 15.12.1993)
Mrs. M.B. Ekanayake	Representative, Ministry of Finance Policy Planning, Ethnic Affairs and National Integration (Since 01.06.1998)
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 & Energy (Since 01.12.2000)
Mr. G.B.H. Liyanage	Representative, Ministry of Internal and External Trade, Commerce and Food (Since 05.12.2000)
Mr. 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 & Rural Industries (Since 25.05.1999)
Dr. Anila Dias Bandaranaike	Representative, Central Bank of Sri Lanka (Since 10.11.2000)
Dr. S.D.J. Jayawardena	Director General of Agriculture (Since 25.09.1999)
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)
Mrs. R. de Silva	Secretary, Board of Governors

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

9<sup>th</sup> September 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 2000**

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 31<sup>st</sup> December 2000

- (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 2000

### 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 fold. 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 cooperation 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/training on specific issues/areas as requested by various Ministries, Departments, institutions such as Presidential Secretariat, Ministry of Agriculture and Land, Women's Bureau of Sri Lanka, Land Settlement Department
3. Conducting research as assigned by the international organization 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 this 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 Agricultural Planning and Evaluation, Agricultural Resource Management, Irrigation, Water Management and Agrarian Relations; Marketing and Food Policy, Statistics and Data Processing; and Training. As in pervious years, HARTI has undertaken a number of research studies on various agrarian issues/areas in the year 2000 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 and has initiated 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 2000, as in previous years, HARTI has undertaken number of important research on various agrarian issues/areas and training programmes as well. In this section we deal with few of them to show their beneficial effects on both the policy makers and farming community.

**Agricultural Planning and Evaluation Division** completed two important research studies during the year. The first study is an evaluation on the **Govijana Bank Agricultural Credit Scheme**. This credit study is introduced by the Government to provide farmers with agricultural credit under soft loan conditions. As revealed from this study a substantial number of farmers have been benefited from this credit programme as those loans were granted under easy terms enhancing their access to formal credit sources. Further, this credit scheme has generated positive results in enhancing farm output and income as well. The recommendations made by the researchers involved in this study have already been submitted to the Ministry Agriculture and the Department of Agrarian Services enabling them to take necessary action for improving this credit programme.

The second study is also an evaluation study undertaken on **Credit Based Women's Self-employment Programme** of the Women's Bureau of Sri Lanka. This research study was undertaken in ten administrative districts to evaluate the socio-economic impact of credit based self-employment programme, particularly on reducing poverty among rural women. As revealed from the study a substantial number of women who initiated self-employment under this programme, have been able to generate satisfactory income from those employment projects. More over self-employment projects initiated under this programme have become the main living sources for many families. Further this self employment programme has been able to produce positive results in reducing rural poverty and improving

social economic status of involved women families. Researchers have made a number of policy recommendations which would be useful for policy implementing agencies to introduce necessary changes/improvements. Hence, HARTI has taken steps to submit those findings and recommendations to Women's Bureau of Sri Lanka.

**Agricultural Resource and Management Division** paid much attention to undertake action research programmes in dry-zone districts like Anuradhapura where poverty population is very high. One such action research programme undertaken by this division is the '**Strengthening the Agricultural Delivery System for the Small farmers in Adampane in Anuradhapura District**'. This project was funded by the CIRDAP under its Integrated Rural Development Programme. Main objective of this research programme was to improve the access of small farmers to agricultural services and input supply enabling them to enhance farm productivity and incomes. Under this programme HARTI researchers closely work with farmers by providing credit, input, advisory and training facilities. As evaluated by CIRDAP official this project has produced positive impact on the farming community in the area enhancing their access to input and delivery mechanism, while enhancing their participation in development activities.

**Commercialization of Agricultural Extension, Identification of Potentials and Constrains** was another important study undertaken by the researchers in ARM Division. This study attempts to examine the possibility of commercialization of extension in the non-plantation agricultural sector in the country. As revealed from the study private sector interest to involve in extension activities is constrained due to economic nature of agriculture information, negative attitudes of the private sector towards farming community, limited financial benefits, lack of motivation from the state sector, farmers objections towards the concept of privatization etc. According to the information contained in this study report direct applicability of private extension services to non-plantation sector remains uncertain.

**Marketing and Food Policy Division** has done excellent job by providing market information to the National Food Security Committee and assisting the policy makers in the Trade Ministry. In addition it has actively engaged in disseminating commodity prices through weekly, monthly bulletins to the government, traders and producers (farmers). In addition researchers in this division positively responded by undertaking quick surveys on specific agrarian issues at the request made by the various Government Ministries. For example researchers in this division undertook a quick survey for the assessment of paddy stock situation in the country at the request made by the Finance Ministry. The findings of this survey and the recommendations made by the researchers resulted in introducing new paddy purchasing and marketing policies which in turn generate beneficial effects on the farming community. Another important service done by this division is the preparation of National Nutrition Investment Plan for Sri Lanka in collaboration with the International Food Policy Research Institute. The objective of this survey was to assess the future areas for nutrition related investment in Sri Lanka.

**Dr. S.G. Samarasinghe**  
**Director/HARTI**

**30<sup>th</sup> March 2001**  
**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.

Mrs. J.A.S.S. Gunawardena ceased to be a member on her leaving the Ministry of Irrigation Power and Energy.

Mrs. Malini Maduwegedara became a member of the Board of Governors to represent the Ministry of Irrigation Power and Energy (Since 01.12.2000)

Mr. Lalith Heengama ceased to be a member on his retirement.

Mr.G.B.H. Liyanage became a member of the Board of Governors to represent the Ministry of Internal & International Trade & Commerce (Since 05.12.2000)

Mr. A.M. Chandrapala became a member of the Board of Governors to represent the Ministry of Education & Higher Education (Since 11.02.2000).

Dr. (Mrs) Anila Dias Bandaranaike became a member of the Board of Governors to represent the Central Bank of Sri Lanka (Since 10.11.2000)

Mr. P.T. Pathiraja ceased to be a member on completing his period of service (from 01.05.2000)

Mr.S.B. Beddewela ceased to be a member on his leaving the post of Land Commissioner (29.06.2000).

Mr. P.A. Ranwatta, Commissioner of Cooperative Development ceased to be a member on his retirement. Mr. G.S.L. Fonseka who succeeded him became a member of the Board of governors (Since 18.07.2000).

Mr. Suresh R. Sharma, FAO Representative became a member of the Board of Governors from 13.01.2000 to 23.11.2000

Mr. Mazlan Jusoh, FAO Representative became a member of the Board of Governors (Since 23.11.2000).

## **STAFF DEVELOPMENT**

### **Post-graduate Degree Programme**

The following Research and Training Officers were engaged in Post-Graduate Diploma studies.

Mr. M.S. Gowri Sanker	-	Ph.D in Agri. Economics at the Kobe University - Japan.
Mrs. W.D. Wickramasinghe	-	Ph.D in Agri. Economics at the Glessen University - Germany

### **Seminars, Workshops and Training Programmes Attended in 2000**

Dr. Mrs. P.I. Tudawe - Research and Training Officer attended the "Inter Agency Working Group (IAWG) Food Insecurity vulnerability Information and Mapping Systems (FIVIMS)" Meeting held in Indonesia from 7<sup>th</sup> February to 11<sup>th</sup> February 2000.

Mr. R.de.S. Ariyabandu - Head/IAR Division attended the "Xth World Water Congress" held in Australia from 12<sup>th</sup> March to 16<sup>th</sup> March 2000.

Dr. S.G. Samarasinghe - Director attended the CIRDAP Meeting held in Bangladesh and Consultation with Ministry of Agriculture officials in Thailand held in Bangkok from 10<sup>th</sup> March to 19<sup>th</sup> March 2000.

Mr. I. R. Perera - Research and Training Officer attended the "Symposium on Integrated Local Community Development " held in Japan from 17<sup>th</sup> April to 22<sup>th</sup> April 2000.

Dr. S.G. Samarasinghe - Director led the Sri Lankan team to the "South Asian Regional Workshop for Rural Development" held in Hyderabad, India from 25<sup>th</sup> to 27<sup>th</sup> April 2000.

Mr. W.M.G.B. Giragama - Head /Training Division attended the "South Asian Regional Workshop for Rural Development" held in Hyderabad, India from 25<sup>th</sup> April to 27<sup>th</sup> April 2000.

Mr. S.M.A. Samarakoon - Research and Training Officer attended the workshop for Training Facilitators of Integrated Community Development held in Manila, Philippines from 6<sup>th</sup> July to 15<sup>th</sup> July 2000.

Mr. R.de.S. Ariyabandu - Head/IAR division attended the 10<sup>th</sup> Stockholm Water Symposium held in Sweden from 14<sup>th</sup> August to 19<sup>th</sup> August 2000.

Mr. L.P. Rupasena - Marketing Economist attended the workshop on Socio Economic Impact of Infrastructure Development on the Rural Poor held in Jakarta, Indonesia from 2<sup>nd</sup> October to 6<sup>th</sup> October 2000.

Dr. D. Gamage - Development Sociologist attended the Politics Policy Reform & Implementation Seminar held in India from 30<sup>th</sup> October to 10<sup>th</sup> November 2000.

Dr. S.G. Samarasinghe - Director attended the CIRDAP Technical Committee Meeting held in Philippines from 4<sup>th</sup> November to 12<sup>th</sup> November 2000. He was unanimously elected as the Chairperson of the meeting.

Mr. M.M.M. Aheeyar - Research and Training officer attended the 26<sup>th</sup> WEDC Conference on Water Sanitation and Hygiene held in Dhaka, Bangladesh from 5<sup>th</sup> November to 9<sup>th</sup> November 2000.

## Staff Position

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

	Position as at 31.12.1999	Termination, Resignation During the Year	Appointment	Position at 31.12.2000
Director	01	-	-	01
Deputy Director (Research)	01	01	-	01
Head of Division	06	-	-	06
Research & Training Officers	26	06	-	20
Administrative Staff	05	-	01	06
Senior Staff of Library	02	-	-	02
Data Development Unit	02	-	-	02
Computer Unit	01	-	-	01
Publication Unit	04	-	-	04
Statistical Staff	25	03	01	22
Technical Staff	03	-	-	03
Clerical Secretarial & Parallel Grades	47	-	-	48
Operative & Allied Grades	38	02	01	36
	<b>161</b>	<b>12</b>	<b>03</b>	<b>152</b>

## AGRICULTURAL PLANNING AND EVALUATION DIVISION

### Staff:

Dr. W.G. Jayasena	-	Head of the Division
Mrs. S.R. Bandara	-	R&TO
Mr. J.K.M.D. Chandrasiri	-	R&TO
Mr. M.S. Sri Gowri Sanker	-	R&TO (On study leave)
Mr. R.L.N. Jayatissa	-	R&TO
Mr. N.N.A. de Silva	-	Statistical Officer

### COMPLETED STUDIES

#### 1. Evaluation Study of Govijana Bank Agricultural Credit Scheme

Researchers : Dr. W.G. Jayasena  
Mr. M.S. Sri Gowri Sanker  
Mr. R.L.N. Jayatissa

Location of the Study: ASC areas of Elayapattuwa, Bingiriya, Walawela, Rattota, Galewela, Kimbisa, Dambulla, Beliata, Weerawila.

The study attempts to evaluate the performances of the small farmer credit programme implemented recently under the Farmer Banks. Special attention was given to identify the problems and constraints relating to the credit programme and also to identify ways and means to effect further improvements.

### **Policy Recommendations**

- i. Inadequate funds for the purchase of seeds has become a major constraint faced by many Govijana Banks in expanding their agricultural loan scheme to satisfy the existing demand. Therefore, more funds should be provided to the Govijana Banks which face the problem of insufficient funds for the purchase of seeds through the Trust Fund of the Ministry of Agriculture enabling those banks to provide more loans.
- ii. One or two Govi Niyamakas who possess satisfactory education level should be assigned to undertake loan management activities/clerical work relating to farmer loans issued by the Govijana Banks under the supervision of DOs, of the respective Govijana Kendrayas to solve the prevailing man power shortage of the Govijana bank. Such services should be included into the Govi Niyamakas duty list, to ensure their contribution to this important task.
- iii. Adequate training should be provided, particularly to the accounts clerk of the respective Govijana Kendrayas and Govi Niyamakas who are currently handling loan-related accounts and ledger books of the Govijana Banks.
- iv. It is necessary to provide high quality inputs, particularly paddy seeds and many other crop seed varieties to farmers under the Govijana Bank loan scheme to assure high productivity and minimize the possible crop failures as experienced by some of the farmer groups who suffered crop losses due to low quality seed material provided by this loan scheme.
- v. Steps should be taken to tie up Govijana bank loan scheme with a crop insurance scheme to minimize the risk of recovering loans when income losses are incurred by farmers due to unexpected weather conditions or marketing problems.
- vi. Action should be taken to establish Govijana banks as separate functional units in the respective Govijana Kendrayas to create an ideology among farming community and to generate positive feelings about the bank established by them for their own benefit.
- vii. Steps should be taken expedite the timely issuing of loans which would enable farmers to invest them efficiently and in a useful manner. In this context it is essential to ensure timely allocation of capital funds to district level authorities and also to Divisional Officers (DOs).
- viii. Funds of the Govijana Banks should be utilized to establish marketing facilities enabling farmers to sell their commodities (paddy, subsidiary food crops and other commercial crops etc.) at a competitive price by utilizing their own institutions like Govijana Kendrayas and Farmer Organizations and Farmer Companies. Such marketing arrangements would ensure the timely recovery of loans given to

farmers and also the continuity of the loan scheme. However, farmer focused national marketing policies are essential to achieve positive results from such local level marketing arrangements.

- ix. Actual size of the loans granted to farmers under the Govijana Bank loan scheme is very small and insufficient to cover the cost when compared to the current cost of production incurred by the paddy and other field crop producing farmers. Therefore, the amount granted as a loan to farmers under this loan scheme should be able to cover a satisfactory proportion of the actual cost of production incurred by them.
- x. Low farmgate prices of commodities produced by small farmers and resultant low farm income has become one of the major reasons for the poor repayment of loans by the farmers who obtained loans from Govijana banks during last several cultivation seasons. Hence, government intervention in introducing crop marketing facilities should be strengthened by way of introducing protective import policies and creating competitive marketing channels in major crop producing areas to enable the farmers to obtain a satisfactory farmgate price and higher farm income. Such income increases may result in encouraging defaulters to repay their loans timely and ensure the sustainable implementation of the Govijana Bank Credit Scheme.

## **2. Evaluation Study of the Revolving Fund Based Women's Self-employment Programme**

Researcher : Dr. W.G. Jayasena

Location of the Study: Badulla, Kalutara, Kegalle, Kandy, Kurunegala, Polonnaruwa, Anuradhapura, Monaragala, Puttalam and Gampaha districts.

This study was undertaken by the Institute following a request made by the Women's Bureau of Sri Lanka. Main objectives of the study were to evaluate the impact of the revolving fund based self-employment loan scheme introduced by the Women's Bureau and to identify the problems and constraints relating to the implementation and management activities. An interim report based on the preliminary findings of the study has been submitted to the Women's Bureau.

### **Preliminary Findings**

According to the findings of the survey the majority of women (86.5%) who initiated self employment activities under the revolving fund loan scheme have continued their activities while the balance beneficiaries have abandoned their employments due to various reasons. It was also found that 60% of women had invested their loans on existing income generating activities which had been started by them. Thus only 40% of women had started new income generating activities by investing their loans.

Survey findings further indicated that the women beneficiaries have been able to generate an additional income through self-employment and contributed about 40% to the total household incomes of these families. As a result, they have been able to enhance their living standards which can be considered as a positive impact of the revolving fund based loan scheme.

Furthermore, this loan scheme has been able to generate employment opportunities for unemployed and underemployed women in the rural areas.

### **Policy Recommendations**

- i. Majority of ADs (planning) in the study area failed to implement revolving fund based self-employment programme in a satisfactory manner due to several reasons. Therefore, it is recommended to appoint district level officers directly attached to the Women's Bureau to assist ADs in implementing this programme in their respective Divisions. In addition, they should be given monitoring, supervisory and advisory responsibilities regarding the self-employment programme. However, one such officer may not be able to cover the self-employment programmes implemented by several DS divisions belong to a particular district. Therefore, attention should be paid to appoint officers directly attached to the Women's Bureau for each DS division in the long-run. Service of those officers will be used to expand women activities in those areas in addition to the implementation of self-employment programme.
- ii. The Women's Bureau should make arrangements to enhance relationship between Women's Bureau officials, particularly District Co-ordinators, and Divisional level officers like Divisional Secretaries, DDs, and ADs, who are involved in field level implementation activities relating to the revolving fund. Particular attention should be paid to educate Divisional Secretaries regarding this programme and get their cooperation and active participation. Moreover, problems and constraints faced by those officers and beneficiaries should be identified through discussions.
- iii. Support of the Divisional Secretaries should be sought to monitor the progress of women's self-employment programmes implemented in respective DS divisions. Such a monitoring mechanism can be introduced by including the Revolving fund based self-employment programme into the Agenda of the Divisional Co-ordination Committee Meeting which is functioning as a progress review meeting on monthly basis.
- iv. Communication between the Women's Bureau and field level implementing officers should be strengthened and accelerated to minimize the existing gap in this respect.
- v. Satisfactory arrangements should be made to minimize/prevent political influence in selecting beneficiaries.
- vi. The loan approval procedure which is in practice is very cumbersome. Hence, authority for approving loans should be given to Divisional Secretaries in view of minimizing unnecessary delays.
- vii. It has become necessary to provide the opportunity to disburse loans among general members of Women's Societies by preventing the mal-distribution of loans among office bearers of Women's Societies.
- viii. Arrangements should be made to provide loans at low interest rates by correcting the prevailing misunderstanding of office bearers of the Women Societies. Decisions which have already been taken regarding the interest rates should be communicated to field level implementing officers and Women Societies.

- ix. An agreed incentive payment should be made to ADs who are entrusted with the responsibility of implementing this self-employment programme. Majority of them were unhappy about the method of implementing the previous incentive system by the Women's Bureau.
- x. Lack of marketing facilities for the products produced by income generating enterprises have become a major problem faced by women beneficiaries. Therefore, particular attention should be paid to assist such women beneficiaries by providing/expanding marketing opportunities for their products.
- xi. According to responses give by women beneficiaries, entrepreneurship training provided by the Women's Bureau under the entrepreneurship training scheme is not sufficient to enhance their skills on specific income generating activities initiated by the loan recipients. Therefore, it is essential to expand training opportunities for enhancing skills of women beneficiaries.

## **ON-GOING 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.M.K.D. Chandrasiri	(Co-researcher)
	Mr. M.S. Senanayake	(Co-researcher)
	Mr. R.L.N. Jayatissa	(Co-researcher)

Location of the Study: Divulapitiya, Udapalatha, and Balangoda.

This study was commissioned to HARTI by the Land Settlement Department. The study seeks to achieve the following objectives.

- i. To compile a database relating to pre-project Socio-Economic condition of the villagers (project beneficiaries) in the three project sites for the use of comparative social and economic analysis.
- ii. 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.
- iii. To identify positive and negative/adverse social and economic impacts of the project.
- iv. 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.
- v. 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.

- vi. To provide a model for replication elsewhere in Sri Lanka during the full implementation of the titling project.
- vii. To make recommendations for necessary changes and improvements in the designed projects activities based on the survey findings.

Field survey relating to this Study was undertaken in three Divisional Secretary Areas of Divulapitiya in Gampaha District and Udapalatha in Kandy District as these three areas have been identified as pilot areas of the Land Titling Project. The Study is expected to be completed April 2001.

Total Budget: Rs.4,04,685/- (This amount has been provided by the Land Settlement Department under the IDA funded Land Titling Project).

## **OTHER ACTIVITIES**

### **Work done for HARTI & Other Institutions**

Mr. J.M.K.D. Chandrasiri Co-ordinated a Training Programme on Participatory and Rapid Rural Appraisal (PRA/RRA) held for Divisional Officers and Farmers in Nuwara-Eliya District between 1<sup>st</sup> to 5<sup>th</sup> August 2000.

Dr. Jayasena served as a Resource Person for the training programme organized to train Assistant Land Use Planning Officers attached to the Land Use Division of the Ministry of Agriculture and Land, held on 23<sup>rd</sup> March 1999.

Mrs. S.R. Bandara worked as an Assistant Coordinator on the Symposium on Environmental Education and Training for Sustainable Agricultural Development held in HARTI on 21-22 September, 2000.

## **AGRICULTURAL RESOURCE MANAGEMENT DIVISION**

### **Staff**

Dr. D. Tennakoon	Head of Division
Dr. W.G. Somaratne	Research and Training Officer
Miss S. Dharmalingham	Research and Training Officer
Mr. M.S. Senanayake	Research and Training Officer
Mr. R.M.G.K.B. Ratnayake	Research and Training Officer
Mr. S.M.A. Samarakoon	Research and Training Officer
Mrs. P.R. Weerakkody	Research and Training Officer
Mr. P.D.J. Ananda	Research and Training Officer (On Study Leave)

## COMPLETED STUDIES

### 1. Integrated Programme to Strengthen the Agricultural Delivery Systems for Small Farmers - Round 1 - Moragolla Programme (An action Research Project; 1995-2000)

Researchers: Dr. D. Tennakoon - Co-ordinator  
Mr. R.L.N. Jayatissa

This action research project was implemented during 1995-2000 in the Moragolla and Nilagama Grama Niladhari Ranges in the Galewela Agrarian Service Command area in Matale District, under the financial and technical support of the "Centre for Integrated Rural Development for Asia and Pacific" (FAO/CIRDAP), in Bangladesh. The focal action and experimental component of the project was to strengthen the agricultural services and input delivery systems in the selected areas on an experimental basis. This research project was an attempt made by FAO, CIRDAP and other link institutions to identify the linkages between low agricultural productivity, poverty and food insecurity in the related developing countries. The action research focused on experimentation of institutional building through a case study in Sri Lanka for formation of an integrated programme to strengthen the agricultural delivery systems for small farmers, in order to increase productivity, profitability and farm household incomes in the small-holder sector.

The major hypothetical issues, based on the previous research, which have been identified as constraints faced by the small farmers were as follows:

Restricted, or otherwise limited access for small farmers to agricultural services and inputs, Highly centralized agricultural rural services at all levels, and limited or restricted participation of small farmers in rural development, particularly in decision making, resulting in their needs not being considered

Inadequate education, training and co-ordination and poor working conditions of divisional/village level field agents and grass-root level officials and leaders of the organizations,

Lack of or non existence of co-ordination between researchers, district level officials, middle level agents, and rural/village level officials and agents, as well as levels of the institutions performing functions, such as education, extension, training, supply of farm credit and other inputs and marketing and storage.

The Scope and the objectives of the project, which were considered to be the guide lines in preparation and development of indicators for the post-assessments of the action research were as follows:

Establishment and experimentation of a local level institutional-base in order to improve the small farmers access to agricultural services and inputs.

Support for the decentralization of agricultural and rural services by linking them to farmers.

Undertaking appropriate programmes for empowerment, capacity building and organization at village level to enable participation of farmers in decision-making so that the needs of the farmers are met through the agricultural services.

Improve the training and working conditions of the field agents.

Strengthen the co-ordination between institutions performing functions such as extensions, education, training, credit supply, marketing, post-harvest processing and storage as well as between the researchers and field agents in the area.

The periodical assessment reports were submitted to the funding agency, "The Centre on Integrated Rural Development in Asian and the Pacific" (CIRDAP), in 1999 for their observations and further guidance for continuation of the programme. The final evaluation and documentation activities were carried out during June-May 1999, and the final research paper was submitted to the funding agency (CIRDAP) in March, 2000. The final International workshop is scheduled to be conducted in February 2001.

## **2. Commercialization of Agricultural Extension: Identification of Potentials and Constraints**

Researchers :       Mrs. Renuka Weerakkody       -       Co-ordinator  
                          Miss Shamini Dharmalingam  
                          Mr. Gamini Ratnayake

This is a fact finding survey in which the main focus was on the identification of potentials and constraints for commercialization of extension in the non-plantation agriculture sector in the country. The study was based on the data and information collected from the potential contributors to the private extension and the farming community. The project commenced in October 1999, and was completed by December 2000.

The field investigation was done in the more commercially oriented two farming systems; the dry zone b'onion based cash crop system and the upcountry potato based vegetable farming system. The findings of the final report are given below:

The main focus of this study was on the identification of potentials and constraints for extension privatization in the non plantation agriculture sector in Sri Lanka. The study was based on both primary and secondary data and information collected from the potential contributors to the private extension supply, farming community, and the personnel involved in extension activities from management level to field level. Literature survey provided an important contribution in the search for other country experiences in the field of extension privatization.

### **Major Highlights of Study**

Current extension setup is characterized by the co-existence of both private and public sector sources of extension resulting in a diversity in extension provision while providing clients a greater choice of information. A variety of communication methods appears to be in use including individual farmer contacts through extension informants, farmer training programs and demonstration fields, and use of mass media. It was evident that both the private sector selective role in their product promotion and the public sector major emphasis on research driven technology transfer have caused to less demand for extension. Private sector interest to involve in extension provision is constrained due to economic nature of agricultural information, negative attitudes of the private sector towards farming community, the extent of financial benefits from agricultural enterprises, lack of motivation from the state sector, lack of reserve of information and less interest to investing in technology generation, farmers objection towards the concept of privatization and farmers poor affordability. However,

literature survey revealed that both developed and developing countries have had experience on extension privatization though the direct applicability of these methods are uncertain.

### **Problems and issues identified:**

Lack of co-ordination among different sources of extension  
Problems of farmers choice of the best solutions to their farming situations  
Less competence of and limited involvement by extension informants  
Less attention to general farmer education  
Poor access to mass media by the farmers  
Less attention paid to farmers views and their solutions to the problem  
Low interest at the private sector to involve in extension provision  
Problems of direct applicability of other country experiences.

Therefore coordination among different sources of extension through a technology processing centre, effective farmer education policy to educate all farmers, a trained field staff, field coordination through GSNs, improved mass media coverage, measures to motivate private sector coverage, increased attention to address specific categories and needs of farmers, tax relief and public sector support for capital intensive research, improved research extension linkage, trial based implementation of cost recovery systems that ensure public led complementary private sector involvement are proposed.

### **3. An Action Research Programme on Poverty Alleviation in Sri Lanka: Credit Based Income Generation Project in Mahawilachchiya and Madyama Nuwaragam Palatha in Anuradhapura District.**

Researchers: Dr. D. Tennakoon - Co-ordinator  
Mr. M.S. Sri Gowri Sanker  
Mr. R.L.N. Jayatissa  
Mr. S.M.A. Samarakoon

This programme of action research was commenced in July, 1998 and it was decided to discontinue the programme due mainly to the impervious circumstances retarding the regular access to the field investigation during 1999. The plan of field investigations was organized in three states: (I) Preliminary investigations (July- December, 1998), (ii) Identification of income generation activities and sources of credit and (iii) Assessment of credit based income generation activities as heuristic strategy of reducing poverty. However, the researchers were requested to prepare a report on implementation during 1998 and 1999. The compilation of the field data and information collected was done during January - March 2000.

Most of the district based implemented projects followed the traditional approach of rural development based on a "Regional Framework" which necessarily ignored the underprivileged segments of the population. The study programme would generate knowledge in respect of poverty targeting, and experience of this study will help in planning and implementation of such projects.

The proposed project is being implemented in one of the old Colonization Schemes in the northern part of the country called Mahawilachchiya Colonization Scheme, where the problem of the second generation is acute and diversification of overall economy of the settlement

seems to be realistic and imperative. Poverty targeting is necessarily a participatory approach, which is aimed at increasing the awareness of beneficiaries of local resources, skills and institutional reforms.

Finding of recent studies have proved that the poors are credit worthy and many Credit based income Generating Programmes (CIGPs) have proved to be successful and cost effective. The poverty alleviation strategy implied by the present CIGPs which would enhance household incomes by self-employment, by working for others or by adding to personal resources through investment consist of package of complementary activities which would result in an immediate and sustainable increase in the income. The package would guarantee the access to credit know-how of using credit, liaisoning of farmers' demand for services and facilities provided by the service delivery systems. The special feature of the CIGPs is that, though sustainability can never be guaranteed the project components would significantly increase the probability of achieving anticipated benefits and success. This is because of the fact, that the project is based on the reality of the continuity of rural poverty and the envisaged components are given below:

Credit and liaisoning of delivery mechanism with beneficiaries is identified as single and more powerful tool in the project implementation and includes more complementary components that would increase the productivity among the poorest of the poor of the poverty pyramid;

Institutional innovations proposed to harness self-reliance and interest among beneficiaries and the discipline of competition for success;

Increasing the access to participation and significant rewards for talents and successes; and developing a participatory approach for impact assessment and monitoring and attention to relieve the poor households form immediate problems.

The action programme of the research project was commenced in 1999, and phase one was implemented during the first quarter of 2000. An interim Report of project implantation was submitted in November 2000.

#### **4. Strengthening the Agricultural Delivery System for the Small Farmers- Second Round Programme in Adampane, Anuradhapura District**

Researchers: Dr. D. Tennakoon - Co-ordinator  
Mr. R.L.N. Jayatissa

A series of "Action Research Programmes" on the captioned subject for Sri Lanka was formulated by the CIRDAP and commissioned to the HARTI for implementation at Grama Niladhari *Wasama* (a series of village level micro-programmes) on experimental basis in order to formulate an integrated programme at the national level for strengthening the agricultural delivery system for small farmers in CIRDAP member countries. The "Work Plan" of the present action research project was designed by the CIRDAP and the researchers at the HARTI were trained by the CIRDAP in 1997. The first round of the programme in Moragolla - Galewela was implemented between 1995 to 1998. On CIRDAP recommendations, based on the experience of First Round implementation in Moragolla village, the Second Round was initiated in May 1998 in the Adampane village (in Ranorawa Govijana Kendraya range of the Nochchiyagama Divisional Secretary's Command Area) of Anuradhapura district. The overall objective of the action research was to strengthen the

agricultural services and input delivery to improve the access of small farmers to agricultural services and input supply in order to enhance the entrepreneurship in the smallholder sector.

A series of action programmes were formulated and implemented on integrated farming systems with the assistance of the regional research stations, for year 2000, which helped the farmers to develop a more appropriate combination of systems adaptable to their farm environment. The final research report was submitted to CIRDAP in November 2000. The National Workshop based on the case studies undertaken in Sri Lanka is scheduled to be held in February 2001, at HARTI.

#### **5. Farmer-centered Agricultural Resource Management (FARM) Programme: First Round. An Action - Research Project Implemented in Tirappane, Anuradhapura District**

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

The captioned piece of action research project is of inter disciplinary in nature, and was co-ordinated by the Project division of the Ministry of Agriculture. Undertaking of an action programme for social mobilization of project beneficiaries was commissioned to HARTI. The overall objective of the FARM programme was to build the capacity of resource-poor farmers for equitable and sustainable use and management of agricultural and natural resources in rain-fed areas through participatory approaches. The First Round Action Research Programme was implemented during 1995-1999 in Tirappane, in Anuradhapura District, and data analysis and documentation and presentation of experience of the action project was completed by May 2000.

The "Executing Agencies" involved area as follows:

HARTI, (Social Mobilization and Monitoring components)

The Department of Agriculture (including the Natural Resource Management Centre, Socio-economic Planning Centre, Field Crop Research Centre, Seed Certification and Plant Protection Centre).

The Department of Animal Production and Health,

The Forest Department and the North Central Provincial Agricultural Department

Above given are the main implementing agencies (Government organizations) and each of which had its own role to perform. The role of HARTI was to carry out participatory planning, and social mobilization through local organizations, and to provide training on participatory approaches.

The overall programme continued during 1995-2000. HARTI research team completed the following activities during the period of implementation of the action components:

Formation of small farmer groups

Training on entrepreneurship skills and small farmer group strengthening

Participatory training on group marketing and capacity building among the farmers

Periodical monitoring of implementation of action components

Publishing FARM NEWS and FARM PUWATH newsletters in English and Sinhala respectively to disseminate rain-fed agricultural technologies and FARM experience to a wider audience.

Production of a Video documentary based on the FARM intervention

Much progress has been made during the period of implementation (1995-2000), especially in the area establishing small farmer groups. Small farmer groups on dairy cow management, goat management, sales stall, agro-wells, nursery management were established using participatory methods. The project facilitated the selected beneficiary farms to construct agro-wells and commercial farming. The plant nursery management groups were formed and several nurseries were established using participatory methods. It is observed that an effective institutional environment at the grassroots level and significant economic incentives for farmers are needed for successful implementation of FARM approach in the future.

The implementation of the First Round programme was completed by December 1999, and the final documentation of experience of the action programme was completed in July 2000.

## **ON - GOING STUDIES**

### **1. Action Research on Agribusiness Promotion and Agricultural Produce Marketing Through Farmer Organizations in Kurunegala and Matale Districts**

Researchers : Mr. M.S. Senanayake  
Mr. P. Piyarathna

A series of action research programmes on agribusiness promotion and agricultural produce marketing through farmers organizations have been attempted by HARTI since 1996. The first round of implementation of the programme was undertaken in 1996 and completed in 1998, in Puttalam and Moneragala districts. It was decided, on the experience of the first round implementation, to replicate this action research project in other relevant districts. On this basis, the second round of the action programme was initiated in selected ASCs in Kurunegala and Matale Districts, in May 1998. The same methodological framework used in the previous study was adopted for the second round programme. The farmers are adhered to typical *Yala* and *Maha* conventional farming system, and the marketing of a massive harvest of food crops, including grains and vegetables at a reasonable price is identified as a constraint faced by the farmers. It has been often reported that low farm-gate price was a serious problem encountered by the small farmers in Sri Lanka. Lack of organizations amongst the farming communities to undertake marketing activities such as collection of produce, grading, storing, etc is a major factor contributing to the low price received by the small farmers.

The main objective of the project is to promote existing various agribusiness activities and build trading links between farmers groups and partners.

The specific objectives of the project are,

to observe the existing agribusiness and agricultural marketing environment in the study areas and to promote innovative ideas for agribusiness.

To encourage small farmers organizations to do possible agribusiness and marketing activities (such as collection, storing, processing, packing, grading etc)

To improve the links between supportive service agencies, and farmer organizations.

To establish an active marketing committee with skilled entrepreneurs selected from farmer organizations to implement the project and

To monitor the implementation activities up to end of the project period.

The present action research project is being implemented in three study locations namely Ambanpola Divisional Secretaries Division in Kurunegala District, Laggalla- Pallegama and Hettipola - Wilgomuwa Divisional Secretaries divisions in Matale District.

The project includes two components;

Action programme

Research programme

The action component of the project has been completed within the Period of May to December, 2000. With regard to the action programme of this project, the research team implemented the following activities in accordance with the project objectives.

#### **Formation of Marketing Committees**

In the initial stage of the project, three marketing committees were formed in Ambanpola ASC Command area, (in Kurunegala district) and Laggala - Pallegama and Hettipola - Wilgomuwa ASC Command areas (in Matale district).

#### **Training of Members of Marketing Committees**

Senior Research & Training Officers have to conducted basic marketing training programmes for the members of three marketing committees.

#### **Trade link building activities**

The marketing committees have been linked with the Dambulla Economic Centre, Dambulla Farmers Company, private Export Companies and Financial Organizations with the assistance of HARTI. Farmers have started their marketing activities with those organizations.

#### **Agribusiness promotion and training**

A number of training programmes have been planned with the collaboration of various state and private organizations. Some funding organizations have already agreed to provide facilities for those training programmes. In addition, some organizations such as the Cathie Rich Food Processing Training Centre in Embilipitiya, In Service Training Centre - Bindunuwewa, Export Development Board, Mushroom Development Project and Anamaduwa Farmer Company have agreed to provide technical training facilities for the members of the Marketing Committees which have been established in the above study locations.

## **Link Institutions of the Project**

Agrarian Service Department  
Matale Regional Economic Advancement Project (REAP)  
Up-country Rural Rehabilitation Department  
Divisional Secretaries Offices  
Dambulla Economic Centre  
University of Sri Jayawardhanapura - Students' Swadee Pani Programme  
Up-country Development Bank

## **Action Programmes of the Project**

The agricultural produce marketing activities of three project areas have already been implemented by the marketing committees with the help of the Dambulla Economic Centre for the marketing committees.

Some infrastructure facilities for the development of agriculture marketing activities in the project areas have also been planned to provide more facilities for the above Marketing Committees. Two drip irrigation systems will be provided by REAP project and Up-country Rural Rehabilitation Department to establish in the project area. They have already started the basic research activities in the area. Development of an agricultural road and building of two marketing centers are in progress.

The progress monitoring and consultation activities are done by HARTI research team.

The first component of this project is the action programme already implemented in the area and it has been decided to terminate this action programme by end of December, 2000. As the second part of this project, we have planned to start progress monitoring and evaluation of marketing development activities in the area.

The project activities are continuously being implemented by the research team, and the programmes are supported and monitored by the District level and Divisional level officials, i.e., Divisional Secretaries, D.Os in the Agrarian Service Centers, planning officials at the Divisional Councils and field agents of the link NGOs in Kurunegala and Matale districts.

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

Researchers : S.M.A. Samarakoon  
R.L.N. Jayatissa

Farmer Centered Agricultural Resource Management (FARM) programme is a regional programme where eight countries in the Asian Region namely China, India, Indonesia, Nepal, Philippine, Thailand, Vietnam and Sri Lanka have participated. FARM focuses on resource poor, rain-fed 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 programme now attempts to intervene in Dematawewa, which is a village in Anuradhapura district to improve the agriculture production and foster natural resource conservation.

### **Rationale of the Action Research Project**

Dry zone agriculture contributes considerably to the national food production. A large part of paddy, other cereal and legumes are produced in the dry zones. Thus, the status and sustainability of food security in the country depends to a very large extent on the performance of the dry zone agriculture. A majority of the farmers in the dry zone villages face the following problems, which directly affect the performance of the agriculture sector.

Improper conservation of soil and water;

Sub-optimal utilization of natural resources;

Wide gap between the potential production of many types of cereal and legumes, and the actual production observed in the farms;

Lack of farm entrepreneurship, and lack of enthusiasm to create new opportunities and capitalize the maximum potential of available resource in the villages.

A notable external intervention is necessary to facilitate these problems.

### **The Project Objectives**

The aim of the project is to enhance the capability of the resource poor farmers in the selected village for equitable and sustainable development. In view of the problems listed above, the project would focus on the following issues as development interventions.

Facilitate soil and water conservation of the 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 commercial activities and thereby improving their entrepreneurial ability; and

Final improvement of farmer 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 Thirappane. It was observed in this site that "although current income generation through agriculture is low, FARM interventions have improved the on-farm biological capital and human capital in the site". Following this observation it could be rationalized that similar type of farm intervention will increase the well being of the resource poor farms in similar environment.

### **Project Area Selected for the Second Round Implementation**

The dry zone village named Dematawewa is the project area. Dematawewa is in Dematawewa GS division, Sivalakulama ASC division, and Thirappane AGA division which is in Anuradhapura District of the North Central Province. It is situated about 50 km away from Mahalluppallama Research Station.

There are about 84 families in the village and about 20 families have members working in the armed forces and other type of employment. There are about 160 acres of paddy under the three tanks. The village has three tanks namely Dematawewa, which is the largest, Katukeliyawa wewa and Ihalainguru wewa. There are no projects or special development programmes operating in this village.

### **Project Period**

The project commenced in Maha season of 2000. According to the financial resource available at present, the total project is limited for two years and thus the project will end in December 2001. However, depending on the success of the current intervention, improved version of the project will be presented to a donor and enhanced funding will be sorted. In the event of such an extension, the project will be in operation for further 2-4 days.

### **Project Activities**

The project has a holistic approach and thus its activities have an overall farm development orientation. The specific major project activities are:

Low-land productivity improvement;

Up-land, including chena lands, productivity improvement;

Livestock development focusing on goat, dairy, and poultry farming;

Village infrastructure development including irrigation and road development;

Soil and water conservation;

Mobilization and training; and

Monitoring and evaluation of the development activities

Overall analysis of the RRA directed the project formulation team to focus on these activities. Attempt has been made to entertain all the issues and problems addressed by the community within these activities. These activities are allocated among several implementing agencies. The main implementing agencies are the following.

Provincial Department of Agriculture (PDOA)

Provincial Department of Animal Health and Production (PDAPH)

Natural Resource Management Centre (NRMC) of the Department of Agriculture

Agrarian Research and Training Institute (ARTI)

Field Crop Research and Development Institute (FCRI)

Socio-Economic Planning Centre (SEPC) of the Department of Agriculture

### **3. Notion of an Integrated Programme for Strengthening of Agricultural Services and Inputs Supply Mechanism (AD System) for Small Farmers in Asia: Case Studies in Sri Lanka.**

**Third Round Implementation in Pusselewagama Programme in Delpitiya Govijana Kendraya Command Area in Kandy District**

Researchers : R.L.N. Jayatissa  
Dr. D. Tennakoon

On recommendation made by the visiting experts of the Centre for Integrated Rural Development for Asia and Pacific (CIRDAP), the action research project which was implemented in Moragolla and Adampane villages have been extended to undertake another experimental effort in the Pusselawagama village (in Delpitiya Agrarian Service Command area in Gampola) in the Kandy District. According to the project objectives, a Participatory Rural Appraisal (PRA) programme was conducted in May-June 2000 to identify the major components for implementation. A brief rural survey was adopted to record the major socio-economic features and the farming systems in the study area.

The Pusselawagama Village development Council (VDC) was established and the Pussellawagama Agricultural Service and Technical Assistance Committee (ASTAC) was formed representing field officials of the Government and Non-Government institutions concerned with agricultural development in the area.

The programmes identified for implementation under the experimental components are as follows:

Implementation of small farmer credit programme under the "Revolving Fund" of Pussellawagama VDC.

Livestock development programme

Infrastructure development programme

Integrated pest management programme

Export agriculture development programme

Plant nursery and seed production programme

Homegardening development programme

Non-agricultural income generation programme

During the implementation of the above programmes, a team of trained investigators will monitor and keep recordings of the performance of beneficiary farmers. Experimentation of the functions and performance of the VDC, the Revolving Fund and ASTAC will be the focal task of the action research component. The programme will be completed by December 2001.

## **ON-GOING STUDIES**

### **1. 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

#### **Introduction**

Although the desirability of development through market-friendly approaches is accepted in most 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 market 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 over all 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) as a strategy to market integration in the Sri Lankan tradable non-plantation agricultural sector.

The specific objectives of this study are as follows:

- Examine the future potential of contract farming as a strategy for generating employment opportunities in line with the export promotion scenario;
- Analyze the problems faced and benefits achieved 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 participants to build contractual arrangements to reduce market and price risk in tradable products in the non-plantation agriculture.

The progress made during the year 2000 is as follows:

- The comprehensive literature review on the subject was completed;
- Arrangements have been made with the private sector investors, super marketers, farmers, users and other participants;
- The preliminary discussions were conducted with exporters to identify the potential in agricultural products.

## **2. Water Control Component of the Special Programme for Food Security : Proposal for Carrying out Field Studies**

Researchers: Ms. S. Dharmalingam - Coordinator  
Mrs. P.R. Weerakkody  
Mr. S.M.A. Samarakoon

The issue of food security in Sri Lanka has gathered renewed interest due to the concerns voiced regarding the Free Trade Agreement and the projected global water scarcity, which could affect our agriculture. Both at the national and household level food security is of paramount interest as half of the country's households are rural and poor households a maximization of available resources is required to increase agricultural production.

The Water Control Component of the Special Programme for Food Security in Sri Lanka is aimed at removing the constraints in the present cropping systems, by maximizing the utilization of water, and increasing the technical knowledge of the farmers. This is to be initiated as a pilot project in two locations Kombuwa and Abakolawewa in the Kurunegala district. It is proposed to improve the onfarm water management and water control of the chosen sites (20 in number) so as to maximise its utilization and thereby increase productivity of the paddy and the other field crops. In addition it is proposed to monitor and assess the program so as to expand the pilot demonstration at the national and regional developments programs.

The implementing agency the Department of Agriculture has requested the Hector Kobbekaduwa Agrarian Research and Training Institute to conduct a programme of work, which will constitute of three studies. A baseline study at the beginning of the season, a mid season study and end of season study. This will be continued for three seasons beginning with Maha 2000/2001 and following into Yala 2001 and Maha 2001/2002.

Constrain analysis in project implementation through PRA, RRA and the socio-economic baseline survey has been completed for the year 2000.

## **OTHER ACTIVITIES**

Dr. D. Tennakoon, Head of Agriculture Resource Management Division/HARTI prepared a country paper on "Strategies and Programmes for Reducing Poverty in Sri Lanka" and submitted to the Seminar organized by the Centre on Integrated Rural Development in Bangladesh and the National Institute of Rural Development in Hyderabad, India on "Regional Workshop on Strategies and Programmes for Reducing Poverty in CIRDAP Member Countries" which was held from 20-23 November 2000, in NIRD, Hyderabad, India.

Dr. W. G. Somaratne works as a member of the "working group on Micro-Financing" National Planning Department, the General Treasury, Ministry of Finance and Planning Colombo since December 1999.

### **Dr. W. G. Somaratne**

Effects of South Asian Preferential Trading Arrangement (ASPTA) on the Non-Plantation Agriculture in Sri Lanka, in SAPTA and its Implications on the Food Crop Sector, Proceedings of a Workshop held at the SLASS, Colombo on 31<sup>st</sup> May 1999, the Centre for Agricultural Research Policy (CARP), Colombo, April, 2000;

Chapter on 'Environment Valuation in Environmental Economics and Management'. Department of Social Studies, Open University of Sri Lanka, Nawala, 2000;

Chapter on "Methods of Environmental Valuation - Indirect Approaches in Environmental Economics and Management", Department of Social Studies, Open University of Sri Lanka, Nawala, 2000;

Chapter on "Methods of Environmental Valuation<sup>+</sup> - Approaches in Environmental Economics and Management", Department of Social Studies, Open University of Sri Lanka, Nawala, 2000;

Chapter on Environmental Cost-Benefit Analysis (ECBA) in Environmental Economics and Management', Department of Social Studies, Open University of Sri Lanka, Nawala, 2000;

Chapter on "Environmental and Natural Resource Account" in Environmental Economics, Environmental Management Division, Open University of Sri Lanka, Nawala, 2000.

Greening the Sri Lanka Trade; Tariff Policy Liberalization in Non-Plantation Agriculture and Agro-Environment'. Sri Lankan Journal of Agricultural Economics, Vol.3, No 1, The Sri Lankan Agricultural Economics Association, Post-Graduate Institute of Agriculture, University of Peradeniya, Sri Lanka 2000;

Non-Plantation Agricultural Economy of Sri Lanka: Trends, issues and Prospects of Journal of Agricultural Economics, Vol.3 No 1, The Sri Lankan Agricultural Economics

Association, Post-Graduate institute of Agriculture, University of Peradeniya, Sri Lanka, 2000 (joint author).

Trade Policy and Environment: The Case of Land Degradation in Sri Lanka, Paper presented at the Research Seminar Organized by the Beijer Institute, The International Institute of Ecological Economics, The Royal Swedish Academy of Sciences, Dhulikel Montain Resort, Katmandu, Nepal, 18-21 September, 2000.

'The Role of Incentives and Disincentives on Conservation Bio diversity', Paper presented at the seminar held on 'Conservation of Bio-Diversity in ICUCN (World Conservation Union), Karachi, Pakistan, 29<sup>th</sup> November, 2000;

'Agro-Environmental Management in Sri Lanka: Potential for Micro Level Environmental Policy option', Paper presented at the Workshop on 'Forestry and Environment', Organized by the department of Forestry and Environmental Sciences, University of Sri Jayawardenapura, in collaboration with Ministry of Forestry and Environment, Le Kandyan Hotel, Kandy, Sri Lanka, 29-30 December 2000;

## **IRRIGATION WATER MANAGEMENT AND AGRARIAN RELATIONS DIVISION**

### **Staff:**

Mr. R.De.S. Ariyabandu	-	Head of the Division
Mr. M.M.M. Aheeyar	-	Research and Training Officer
Mr. D.G. Karunaratne	-	Statistical Officer

### **ON-GOING STUDIES**

#### **1. Monitoring of the National Agro Well Programme**

Researchers :	Mr. R.De.S. Ariyabandu	-	Co-ordinator
	Mr. M.M.M. Aheeyar		

This is a three season study which commenced in July 1998. During the year 2000 a sample of 90 agro well farmers using micro irrigation facility for cultivation was surveyed. The survey was conducted in Anuradhapura district covering all the micro irrigation users who received the facility from the department of Social Services. Besides the field activity, much of the time was spent on analyzing and reporting the findings from the 1999 Yala survey of agro wells in Mawathawawe and Galewela. During the same time nearly 5200 questionnaires from the Kurunegala agro well census were also tabulated and analyzed.

Finding of the Kurunegala census and production performance of agro wells from Mawathawawe and Galewela were presented at a public seminar in June 2000.

## **Summary of findings from 1999 Yala report and Kurunegala agro well census.**

1. Wider variation in land and water productivity implies the necessity for proper training of farmers and officials on optimum use of ground water, cropping systems and crop water requirement.
2. Increased supply of water with no increase in land and water productivity values in Mawathawewa indicates that provision of water alone is not sufficient to maximize agricultural productivity
3. Land and water productivity values obtained in Galewela indicates the limitation in large extent of cultivation with existing well dimensions, where water scarcity causes lower productivity.
4. The findings of farmer perceptions on ground water fluctuation and well monitoring information provides a signal for possible ground water depletion in near future. Therefore, it is recommended to regulate the agro-well construction project by a scientific regulatory programme with proper hydrological studies.
5. Further researches have to be conducted on a large sample to find out the optimum size of land which could give maximum land and water productivity under various cropping patterns.
6. Kurunegala Agro-well census indicates that 90% farmers do not use any water management measures.
7. Most of the well depths in Kurunegala are less than the "Typical" Agro-well depth.
8. Most Agro-well farmers in Kurunegala cultivate less than 1 acre of land.
9. Most farmers under small tank irrigation use Agro-wells for last 1-2 "life saving" water issues under paddy farming.
10. Most of the Agro-wells in Kurunegala are privately owned.

## **OTHER ACTIVITIES**

### **Mr. R.De.S. Ariyabandu**

- Use of Rainwater for Sustainable Water Supply in Rural Sri Lanka. Paper presented at the Xth World Water Congress Melbourne, Australia March - 2000.
- Achieving household water security in rural areas. Paper presented at the 10<sup>th</sup> Stockholm water symposium,. August 2000.

### **Mr. M.M.M. Aheeyar**

- 26<sup>th</sup> Water, Engineering and Development Centre Conference on Water, Sanitation and Hygiene: Challenges of the Millennium, Dhaka, Bangladesh, 5<sup>th</sup> 9<sup>th</sup> December 2000.

- Published a research article entitled, Impact of Participatory Irrigation Management on Water Distribution Performance in Two Irrigation Schemes in Sri Lanka, Sri Lanka Journal of Social Sciences, Vol. 22, No. 1&2.

## **MARKETING AND FOOD POLICY DIVISION**

### **Staff:**

Mr. T.A. Dharmaratne	-	Head of the Division
Dr. D. Gamage	-	Development Sociologist
Mr. L.P. Rupasena	-	Marketing Economist
Dr. I. Tudawe	-	Research and Training Officer
Mrs. C.P. Hathurusinghe	-	Research and Training Officer
Mr. R.M.R. Bandara	-	Research and Training Officer
Mr. T. Ravichandran	-	Research and Training Officer
Mrs. W.D. Wickramasinghe	-	Research and Training Officer (Study Leave)
Mr. T.G. Somaratne	-	Statistical Officer
Mrs. S. Senanayake	-	Statistical Officer
Mr. N.W. Nawaratne	-	Statistical Officer

The Marketing and Food Policy Division (MFPD) 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 on the committee looked into broader aspects and it was called national Food Security Committee. This committee was conducted by the Ministry of Internal and External Trade, Commerce and Food upto October. After that it was conducted by the Ministry of Food and Marketing Development.

During the year 2000, the MFPD staff engaged in the following.

### **Regular Work Programme**

#### **Market Intelligence and Food Information System**

The MFPD's main role is to provide accurate market information in time to the National Food Security Committee. For this purpose, data and information were collected from 9 retail markets in Colombo and Suburbs (Pettah, Totalanga, Dematagoda, Borella, Wellawatta, Kirulapone, Nugegoda, Kadawatha and Kiribathgoda) and Pettah wholesale market. In addition, data and information were collected from 20 locations. To collect the above mentioned data and information in Colombo 06 Statistical Assistants and 14 Casual Investigators were employed. For the outstation data collection 06 Statistical Assistants and 14 Casual Investors were engaged.

The locations covered in year 2000 were Kurunegala, Nikaweratiya, Galgamuwa, Hettipola, Dambulla, Matale, Anuradhapura, Kekirawa, Dehiattakandya, Thambuttegama, Polonnaruwa, Kalutara, Nuwara Eliya, Kandy, Marassana, Hanguranketha, Haputale, Badulla, Bandarawela, Hambantota, Tissa, Divulapitiya. Some of locations were vacant during the latter part of the year.

This Market Intelligence System provides Food Commodity prices daily, weekly and monthly to the policy makers, producers, traders in time, thereby improving market transparency. Based on the above data and information, monthly assessments of the food situation in the country are done and policy issues which may require government attention are identified and presented to the government.

### **Researchers**

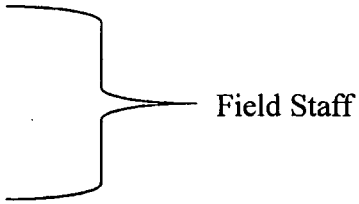
Mr. T. A. Dharmaratne  
Mrs. C. P. Hathurusinghe  
Mr. R. M. R. Bandara  
Mr. T. Ravichandran  
Mr. L. P. Rupasena

### **Statistical Officers**

Mr. T. G. Somaratne  
Mrs. S. Senanayake  
Mr. N. W. Nawaratne

### **Statistical Assistants**

Mr. N.S.J.K. Nissanka  
Mr. K.A.R. Pathmasiri  
Mr. U.A.S. Edussuriya  
Mr. C.U. Senanayake  
Mr. A. Rathnasiri  
Mrs. W.G.N. Malkanthi  
Mr. P.G. Rathnasiri  
Mr. W.A.N. Wijesuriya  
Mr. G.W. Ranatunga  
Mr. G.V.S.B. Wijeratne  
Mr. J.C.K.B. Lionel  
Mr. H.M.S. Jayaratne



Field Staff

## **ON-GOING STUDIES**

### **1. Study of Mangosteen**

Researcher: Mr. L.P. Rupasena

Funding agency : Export Development Board

The study was commissioned by Export Development Board commissioned to HARTI. The principal objective was to collect and analyze the information on the production and marketing of mangosteen. Data was collected in two ways. First, a survey was conducted using Agricultural Research and Production Assistants (ARPA) in seven districts growing mangosteen in the country to count the number of trees by age group and to estimate the

production. Second, the research team conducted a rapid appraisal survey in the districts of Kalutara, and Ratnapura to collect detail information on the subject. The major findings area as follows:

1. Sri Lanka has over 33,000 trees of mangosteen and produces 11 million fruits annually. Mangosteen cultivation is concentrated in the Wet Zone of the country and nearly 75 percent of the country's production are from three districts, Kalutara, Ratnapura and Kandy.
2. Mangosteen is a home garden crop and hence holding size is too small. The vast majority has 5 trees or less. However, village elite have large holding size due to big home gardens. Although this fruit had been planted in the past, it has now become a natural tree except in few occasions.
3. Yield varies significantly by locations due to climatic changes. The highest yield with an average of 1500 fruits per tree was reported in Kalutara district whereas the figure for Ratnapura district was 500 fruits.
4. Marketing is disorganized and it is in the hands of small traders at the farm level. There are few village traders who purchase fruits from the growers. In many cases they go and pluck the fruits. Cost of plucking was as high as 50 cents per fruit and the grower gets Rs. 2 per fruit during the season.

The following recommendations are given in the report

- Research and Development (R&D) needs to be strengthen. The areas that need to be investigated are relationship between yield/quality and weather, identification of the best areas for planting, controlling the content of latex in the fruit and possibilities to reduce the size of the tree.
- Promotion of cultivation in the areas such as riversides and abandoned rubber plantations needs to be considered.
- Due to weak domestic demand in the face of cheap and variety of substitutes, export promotions are required. Two major areas are establishment of forward and backward linkages with exporters and provision of market information through market research.

## **2. Paddy Stock Assessment Survey**

Researcher: Mr. L.P. Rupasena  
Mr. R.M.R. Bandara

Funding Agency - HARTI

The purpose of survey is an assessment of the stock situation of paddy with farmers, traders and millers. The survey was conducted in the major paddy producing districts namely, Ampara, Anuradhapura, Polonnaruwa, Kurunegala and Hambantota. Four surveys were carried out for the year 2000.



11. Served as a supervisor of two students in preparation of Thesis for the Diploma course organized by the Institute of Plantation Management March-July 2000.

**Mr. T. A. Dharmaratne**

1. Declining paddy prices in 1999/2000 Maha season - Paper presented to the Food Security Committee in January 2000.
2. Broken rice production in Ambalnatota. This was requested by the Hon. Dy. Minister Chamal Rajapaksha. The study was conducted by the HARTI and the RPRDC - Anuradhapura. Paper was submitted to the Dy. Minister.

**Mrs. C.P. Hathurusinghe**

1. Participated in the Weekly Food Security Committee Meetings since September 2000.
2. Provided Margin Analysis of Imported potato to the Food Security Committee Meeting.
3. Started Price Analysis of all main food crops.

**Dr. D. Gamage**

1. Presented a paper on "Politics of Social Safety Net Policies in Sri Lanka" at the seminar on "Political Reform" organized by the Institute Social Studies, the Hague in Hyderabad, India in November.
2. Presented a paper on "Rural Poverty in Sri Lanka: Nature and Alleviation Strategies" at the Second Workshop on Education for Planning in Regional and Community Level at the University of Ruhuna Matara, 7-8 September 2000. Proceedings of the workshop to be jointly published by the Ruhuna University and University of British Colombia.
3. Presentation on "The Role of HARTI in Environmental Education and Research" at the Workshop on Environmental Education and Training for Sustainable Development between 21-22 September 2000 at HARTI.
4. Participated in Stakeholders Meeting on Regional Training Programme on Food and Nutrition Planning (RTP-FNP) organized by the Monitoring and Progress Review Division of the Ministry of Plan Implementation and Parliamentary Affairs at the Taj Samudra Hotel between 14<sup>th</sup> to 15<sup>th</sup> January, 2000.
5. Participated in the workshop on "Results Based Monitoring and Evaluation Systems" organized by the Ministry of Plan Implementation and Parliamentary Affairs on 16<sup>th</sup> February.
6. Assisted the World Food Programme/Food and Agricultural Organization to assess the need for food assistance to settlers in the Udawalawe Extension Project in April 2000.

### **Mr. T. Ravichandran**

- Market Intelligence and Food Information System Progress; participated as a co-researchers.
  - Survey on Rice Stock Position
  - Agricultural Commodities Review 2000. Participated as a co-researcher.
  - Agricultural marketing and enterprise development for farmer organization, 21<sup>st</sup>-25<sup>th</sup>, November, 2000 at Thirappane. Participated as a resource person.
1. Prepared research article on efficiency of marketing system for selected vegetables in Sri Lanka, for Sri Lanka Journal of Agrarian Studies of HARTI. This article has been accepted for the publication in 2000.
  2. "Production Marketing of betel leaves in Sri Lanka", "Kamalanam" (Tamil), March-June 2000.
  3. Presented a paper on "Marketing of pineapple; potential and constraints" at seminar on potential of pineapple as a coconut based inter crop at Coconut Development Training Center, Lunuwila on 12<sup>th</sup> May, 2000.

### **R.M.R. Bandara**

1. Paddy/Rice Processing problem in Ambalanthota area (99/2000 Maha) - Paper submitted to the Hon. Deputy Minister of Agriculture and Land in April 2000.
2. Organized and conducted a training program on "Market Information Dissemination for Media" for the Statistical Assistants of the HARTI during the 11<sup>th</sup> -13<sup>th</sup> February, 2000 at Mahaweli Community Radio Station in Mahailuppallama.
3. Group Dynamic - lecture delivered at the two training programmes on Marketing Committees for Agricultural Marketing organized by the HARTI on 8<sup>th</sup> July 2000 at Govijana Kendraya in Ambanpola and 15<sup>th</sup>-16<sup>th</sup> July, 2000 at Govijana Kendraya in Elukkubura.
4. Organized and conducted a training programme on enterprise development for Farmer Organization for the HARTI on 28<sup>th</sup> November to 2<sup>nd</sup> December at Samurdhi Manager office in Thirappane.
5. Participated in the workshop on E-mail and Inter net organized by HARTI. 6<sup>th</sup>-7<sup>th</sup> September 2000.
6. Participated to the workshop on sustainable Agriculture Development for Environmental Education and Training organized by the HARTI, on 21<sup>st</sup> -27<sup>th</sup> September 2000.

## STATISTIC AND DATA PROCESSING DIVISION

### Staff:

Mr. G.M. Henegedara	-	Head of the Division
Mr. K.D.S. Ariyasinghe	-	Data Analyst
Mr. E.N.R. Fernando	-	Data Analyst
Mr. M.D.L. Senerath	-	Analyst Programmer
Mr. G.H. Karunaratne	-	Librarian
Ms. Srma Katugampola	-	Assistant Librarian

The Statistical and Data Processing Division (SDPD) of HARTI comprises of three units: Data Development Unit, Computer Unit and Library. The data development and the computer units function jointly to collect and process numerical information. The library serves as the center of bibliographical information. The major objective of the SDPD is to provide information on the agrarian sector to policy makers, researchers, planners, undergraduates, farmers and others.

### 1. Data Bank

The data bank collects data from secondary and primary sources and maintains a data base for agricultural crops, livestock, demography and vital statistics, marketing and production inputs. The information covers a wider range of data in respect of production, extent, cost and returns, prices (producer, wholesale and retail), credit, extension, irrigation and trade. The following information were updated during the year 2000.

1. The extent, production and prices of paddy/rice, cereals other than paddy, legumes, tubers & roots, oil seeds, industrial crops, spices, vegetables, fruits and plantation crops.
2. External trade statistics of edible vegetables, certain roots and tubers, edible fruits and nuts, coffee, tea and spices, cereals etc.
3. Cost of cultivation data in relation to various agricultural crops.
4. Fertilizer statistics in relation to paddy, tea, rubber, coconut, subsidiary food crops and export agricultural crops.
5. Livestock statistics
6. GNP, GDP and Colombo consumer price index

In addition to the above labour, demographic and vital statistics, forestry and fisheries data were also collected and updated. During the year 62,431 records of data were collected and 63,625 records of data were entered to the computer.

The following publications were referred to as secondary source of information.

1. Cost of Cultivation Agricultural Crops (1995,1996), Department of Agriculture
2. Annual reports of the Central Bank of Sri Lanka
3. Monthly Bulletins of Central Bank of Sri Lanka

4. External trade Statistics (1997-1997), Dept. of Customs
5. Statistical Abstract (1996), Dept. of Census and Statistics
6. Plantation Sector Statistical Pocket Book (1997), Ministry of Plantation Industries
7. Sri Lanka Labour Force Survey - Quarterly Reports, Dept. of Census and Statistics
8. Review of Fertilizer (1998), National Fertilizer Secretariat
9. Fisheries Year Book (1996-1997), NARA
10. Abandoned Paddy Extent - Sri Lanka (1997/1998), DCS

Two micro surveys were conducted to collect primary data in relation to food security, medicinal plants and traditional food trees. Data in respect of medicinal plant (Aralu, Bulu, Nelli) and traditional food crops (Goraka, Drumstick, Kithul, Wood apple, Beli etc.) were collected through a survey conducted in Moneragala district and data in respect of food security were collected in Gampaha, Badulla and Hambantota districts.

### Request for Data

The total number of requests made to the data Bank for receiving information in 2000 was 70. Of 70 requests 24 were made by users within the institute and the balance 46 were made by external agencies. Compared to the previous year (1999) the number of requests made by the users in 2000 has decreased.

The following categories made requests during the year.

Category	No	%
HARTI	24	34.3
Ministries/Govt. Dept/Semi.Govt. Organizations	14	20.0
Private Companies	01	1.4
International Organizations/Embassies	05	7.1
Research institutes	06	8.6
University Staff/Students	18	25.7
Banks	01	1.4
Private Individuals	01	1.4
<b>Total</b>	<b>70</b>	<b>100.0</b>

Total number of indicators requested by external users amounted to 1,625 and out of that 19 indicators were not available with the Bank. The total revenue earned through providing data to external users in 2000 was Rs.6,401.50. This shows a decrease from the last year.

### COMPLETED STUDIES

#### 1. HARTI Agricultural Commodity Review

Researchers : Mr. G.M. Henegedara - Co-ordinator  
 Mr. L.P. Rupasena  
 Mr. T. Ravichandran  
 Mr. M.S. Senanayake  
 Mr. M.M.M. Ahyeeer

The HARTI Commodity Review (1999) was prepared as commodity profile to investigate trends and potentials of 06 vegetables and 06 fruits selected by the Presidential Task Force. It includes Snake gourd, Knoh-khol, Beet-root, Cucumber, Capsicum, Passion-fruit, Papaw, Mangosteen, Rambutan, Wood apple and Avocado. The study found the gaps, constraints and the potentials of growing above crops and suggested necessary policy recommendations.

## **2. Promoting Household Food Security through Sustainable Rainfed Agricultural System**

Researchers: Mr. P. Wickramachchi  
Mr. G.M. Henegedara  
Mr. M.M.M. Ahyear

The study was conducted to investigate level of household food security of rainfed farmers in wet, intermediate and dry zone areas. The study found the uncertainty and low production potentials of chena and paddy cultivation. It also found that land degradation, lack of interest of younger generation for farming activities were major constraints in rural household food security. The study made several recommendations to change the subsistence rainfed farming system towards an efficient and sustainable system.

## **3. Computer Unit**

The computer unit of the SDP Division provides the facilities for data processing and analysis. This unit undertakes two main activities.

- Data analysis
- System development

### **Data Analysis**

Information of field surveys are analyzed using soft ware 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 Jak 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.

#### **4. Library**

The main objective of the library is to collect, compile and disseminate information related to the agrarian sector for the benefit of HARTI Research Staff and other interested persons and agencies. During the year, the staff borrowed 1,080 books and 782 issues of journals.

##### **Acquisition of Books, Journals and Reports**

392 books and reports were acquired by the library during the year out of which 158 were direct purchases and the rest 234 items were received either on exchange or on a complimentary basis. A large number of periodicals, newsletters, annual reports from foreign and local institutions were also received on a complimentary or on an exchange basis. The library also subscribed to 37 foreign journals and 24 local journals during the year.

##### **Inter Library Cooperation**

The library continued to participate in the AGRINET SDCP scheme. During the year the library has sent 84 content pages of 20 journals to other member libraries and received 202 content pages of 20 journals.

There were inter-library loan requests for 41 books and journals articles. Lending facilities were also extended to the officials of the Ministry of Agriculture and Land on inter-library loan basis.

The library also provided cataloging information on new acquisitions to the national agricultural bibliography database maintained at CARP Library. Copies of the printed and electronic versions of this database is now available in the library. Facilities have also been provided 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.

The library also contributed to the National Union Catalogue maintained by the National Library by way of providing catalogue cards. Three printed volumes of this Union catalogue are now available in the library. The library also continued to provide E-mail and Internet facilities during the year to its user community.

#### **OTHER ACTIVITIES**

- **End-user Workshop on Internet'**

The workshop was organized in collaboration with the Centre for Integrated rural Development for Asia and the Pacific (CIRDAP), Bangladesh. It was aimed to enhance the knowledge of Information Technology among researchers, policy makers and project implementers of rural and regional development programmes of the country. The workshop was held on 6<sup>th</sup> and 7<sup>th</sup> September, 2000 at the Conference Hall in the institute and about 20 persons from various government, Ministries and non-government organizations have participated.

## TRAINING DIVISION

The Training Division comprises of the Training and Publication Units

### Staff:

Mr. W.M.G.B. Giragama	-	Head of the Division
Mr. I.R. Perera	-	Research and Training Officer
Mr. P. Piyaratne	-	Research and Training Officer
Mr. M.G.M. Razaak	-	Research and Training Officer
Mr. N.S.B. Epakanda	-	Statistical Officer

The major function of the Training Unit is to coordinate the training programme of the institute. The training programmes of the HARTI take the form of short courses, diploma courses, workshops and seminars. Resource persons for these programmes are mainly drawn from the training division and research divisions of the HARTI. Based on the requirement resource persons are also drawn from Universities, other Government Institutions and NGOs. In addition HARTI provides resource persons to other relevant Government Agencies and NGO's. The unit also undertakes action research projects where training is an integrated component.

### Completed Workshops and Training Programmes

#### Workshop on "Environmental Education and Training for Sustainable Development"

The workshop served as a forum for relevant institutions and organizations to exchange views and ideas and identify present and future training needs. An environmental education/training programme for officers and farmers was prepared.

**Training Team:** Mr. W.M.G.B. Giragama  
Ms. S. Bandara  
Mr. P. Piyaratne  
Mr. M.M.M. Ahyear

The purpose of this workshop was to build institutional capability for environmental education for sustainable agriculture development. This workshop was held on 21<sup>st</sup> and 22<sup>nd</sup> September 2000. Four resource persons, 32 participants from other institutions organizations and HARTI participated.

**Findings:** What are the environment related educational and training programmes conducted by each Government Institute and NGOs. How are these programmes useful to mitigate environmental problems that are caused by human activities and practices which have adversely affected agriculture and human development. At the end of the workshop an action plan was implement the relevant institutions with the mutual understanding among the other institutions' with regard to the environmental education and training course conducted by them.

## **Training Course on Participatory Rural Appraisal/Rapid Appraisal (PRA/RRA) for District and Divisional Officers and Farmers**

This course is designed to provide participants with a sound understanding of the concept and a working knowledge on the use of participatory planning and management tools such as PRA and RRA.

The course was conducted at Egodakanda cultural centre located in Walapane divisional secretarial and 32 participants consisting of officers belonging into diverse categories including Assistant Director, (Planning), Rural Development Officer, Samurdhi Officer and Manager, Divisional Officer, Agricultural Development and Productivity Officer in all the Divisional Secretariat Divisions in the district were selected.

### **The Common Objectives**

1. Mainly this training programme has designed to convince the officers at rural level about analyzing and decision making capabilities of rural people within the project culture. So that the officers will refrain from adopting wrong attitudes about rural people.
2. The other objective of this training programme is to improve knowledge and skills of rural officers about RRA and PRA techniques, so that they will be able to apply these for operationalizing participatory approaches.

### **Research Team:**

Mr. J.K.M.D. Chandrasiri  
Mr. I.R. Perera  
Mr. G.M. Henegedara  
Mr. W.M.G.B. Giragama  
Mr. R.M.G.K.B. Rathnayake  
Mr. P. Piyaratne

**Note.** Most of the Assistant Directors (Planning), Land Officers and Divisional Officers of the Department of Agrarian Services were not familiar with Participatory Rural Appraisal (PRA). Business plans prepared for the villagers of Diyanilla Pathana, Palalpathana and Kalaganwatta in Walapane Nildandahinna Divisional Secretary area.

**Recommendation:** Although business plans were prepared for these areas, financial and technical assistance are needed to start these projects. Monitoring and evaluation should be done by external institutions.

### **Marketing and Enterprise Development Training for Farmer Organizations**

Objectives of the above training programmes are to develop skills relevant to Marketing and Enterprise Development amongst the members of FOs and the Samurdhi Niyamakass. In year 2000 the division completed one training programme at Thirappane, Pyramaduwa.

This programme was conducted with the help of OHP and other training tools. Further, sharing experience with wholesale traders of Dambulla Economic Center and officer of Central Bank Anuradhapura. The two broad areas of training classes were conducted i.e. marketing and enterprised development related.

**Training Team:** Mr. M.R.M.B. Rathnayake  
Mr. W.M.G.B. Giragama  
Mr. L.P. Rupasena  
Mr. P. Piyaratne  
Mr. T. Ravichandran  
Mr. S.M.K. Samarakoon

**Note.** This programme make Farmer Organization (FOs) efficient. The members of FOs are aware about new marketing system and financial assistance of the bank and other government institutions. They were knowledgeable about agro base industries using the available resources of the area.

### **ON-GOING PROGRAM**

Based on the request made by Ministry of Foreign Affairs the institute is preparing course materials and programmes for the following courses.

- Diploma in Agricultural Marketing  
Mr. L.P. Rupasena (Course Director), Mr. R.M.R. Bandara (Course Coordinator) engaged with preparation of the materials.
- Certificate Course n Participatory Planning and Management of Agricultural Resources.

Mr. Giragama (Course Director), Mr. R.M.G.K.B. Rathnayake (Course Coordinator) and Mr. J.K.M.D. Chandrasiri and Mr. M.M.M. Ahyear (Resource person) engaged with preparation of course materials.

### **OTHER ACTIVITIES**

#### **Involvement of Officers in External Activities**

- Mr. I.R. Perera and Mr. B. Ratnayake prepared a Training Manual on Devolution of Power for the Ministry of Justice, Constitutional Affair and Ethnic Affairs and national Integration.
- Mr. Perera functioned as a member of the committee for perception of work plan of SLILG

- Mr. Perera functioned as a resource person of a training program for the staff SLILG
- Mr. Perera participated as a resource person of a workshop for training evaluation (Local government department - Kandy)
- Mr. Perera conducted two training programmes on Training methodology course for provincial heads (02 programs)
- Mr. Perera conducted a Training methodology course for ADA
- Mr. Perera participated as a resource person of research methodology course for provincial heads.
- Mr. Giragama functioned as a member of the Technical Advisory Committee on Climate Change, Department of Meteorology, Colombo.
- Mr. Giragama served as a Visiting Lecturer, Science Education Unit, Faculty of Science and Department of Education, Faculty of Arts, University of Peradeniya.
- Mr. Giragama participated as a member of curriculum advisory committee of the Bachelor of Training Technology Degree Programme, of National Institute of Technical Education of Sri Lanka.
- Mr. Giragama presented a paper on 'Rainfall Model for Sri Lanka' at the Inaugural Meeting on the Technical Advisory Committee on 5<sup>th</sup> April 2000.
- Mr. Giragama participated in the seminar on "Land and Water Management for Agriculture in the Next Millennium" at ISTI, Gannoruwa, Peradeniya, Organized by Natural Resource Management Center, Department of Agriculture on 6<sup>th</sup>-7<sup>th</sup> April 2000.
- Mr. Giragama participated in South Asia Regional Workshop for Curriculum Design of the Rural Development Training Programme, Hyderabad, India on 25<sup>th</sup>-27<sup>th</sup> April 2000.
- Mr. Giragama serve as a resource person of a training programme on "training of trainers" for senior officers of Provincial Councils and Local Governments organized by Sri Lanka Local Government Training institute on 10<sup>th</sup> - 13<sup>th</sup> November 2000.
- Mr. Giragama participated in the environmental management training program which was organized by the Ministry of Forestry of Environmental at the Sri Lanka Institute of Development Administration (SLIDA) on 20<sup>th</sup>-24<sup>th</sup> November, 2000.
- Mr. Giragama participated in the workshop on 'Logical Framework Approach on Project Formulation' which was organized by the Ministry of Forestry of Environmental at (SLIDA) on 18<sup>th</sup>-19<sup>th</sup> December, 2000.
- Mr. Giragama participated in National Programme to Prioritize Environmental Research Needs in Sri Lanka at Trans Asia Hotel, Colombo on 20<sup>th</sup> December 2000.

### Activities undertaken by the Training Division During 2000

Ongoing	Completed in 2000
<p>Curriculum Development Activities for Diploma and Certificate Course for South Asian Region Technical Assistance Programme- HARTI- Ministry of Foreign Affairs</p> <ul style="list-style-type: none"> <li>• Diploma in Agricultural Marketing</li> <li>• Certificate Course on Participatory Planning and Management of Agricultural Resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing and Enterprise Development Training for farmer Organizations</li> <li>• Training Course on Participatory Rural Appraisal/Rapid Rural Appraisal (PRA/RRA) for District and Divisional Officers and Farmers</li> <li>• Workshop on "Environmental Education and Training for Sustainable Development"</li> </ul>

## STAFF AS AT DECEMBER 2000

### 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)

### Vacant

## AGRICULTURAL PLANNING AND EVALUATION DIVISION

### Head of Division

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

### Research and Training Officers

Mr. J.K.M.D. Chandrasiri

B.A. (Colombo), M.A. (Sussex)

**Main areas of interest:**

Community and Rural Development and Economics of Fisheries Activities

Mrs. S.R. Bandara

B.A. (Sri Lanka), M.Sc. (P.G.I.A.)

**Main areas interest:**

Agricultural Economics

Mr. M.S. Gowri Shanker

B.Sc. (Madras). M.Sc. (Madras). M.Phil (Madras)

**Main areas interest:**

Applied Statistics, Computer Science and Artificial Intelligence and Market Research

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

**Main areas 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**

Mr. R.de.S. Ariyabandu  
B.Sc. (Panjab). M.Sc. (AIT, Bangkok)

**Main areas interest:**

Water Management, Irrigation and Soil Science

**Research and Training Officers**

Mr. M.M.M. Aheeyar  
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**

Mr. T. A. Dharmaratne  
B.A. (Peradeniya), M.A. (I.S.S.)

**Main areas of interest:**

Agricultural Marketing, Animal Husbandry and Agribusiness

**Research and Training Officers**

Dr. D. Gamage  
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  
B.A. (Sri Lanka), M.Sc. (Malaysia)

**Main areas of interest:**

Agricultural Marketing, Statistics and Economic Forecasting

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

**Main areas of interest:**

Agricultural Marketing

Mrs. P.I. Tudawe  
B.Sc. (London), M.Sc. (London), Ph.D. (La Trobe)

**Main areas of interest:**

Human Nutrition Research and Policy Implications

Mr. T. Ravichandran  
M.A. (Kiev, USSR)

**Main areas of interest:**

Trade Relationship Between Sri Lanka and SAARC Countries

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

**Main areas of interest:**

Agricultural Economics and Farm Management

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

**Main areas of interest:**

Agricultural Marketing.

## **AGRICULTURAL RESOURCE MANAGEMENT DIVISION**

### **Head of Division**

Dr. D. Thennakoon

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

### **Research and Training Officers**

Dr. W.G. Somaratne

B.A. (Sri Jayawardenapura), M.Sc. (London), Ph.D. (La Trobe)

#### **Main areas of interest:**

Statistics and Agricultural Marketing

Miss. S. Dharmalingam

B.Sc. (Benaras), M.Sc. (Saskatchewan)

#### **Main areas of interest:**

Rural Development

Mr. M.S. Senanayake

B.Com. (Ruhuna), M.M. (Los Banos)

#### **Main areas of interest:**

Agricultural Economics and Marketing

Mr. P.D.J. Ananda

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

B.Sc. (Ruhuna)

#### **Main areas of interest:**

Agricultural Economics and Farm Management

Mr. R.M.G.K.B. Ratnayake  
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  
B.A. (Peradeniya)

**Main areas of interest:**

Rural Sociology, Agrarian Transformation and Community Development

## **STATISTICS AND DATA PROCESSING 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

## **TRAINING DIVISION**

### **Head of Division**

Mr. W.M.G.B. Giragama  
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

### **Research and Training Officers**

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

**Main areas of interest:**

Economic Aspects of Water Management Research

Mr. P. Piyaratne  
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

### Senior Asst. Registrar (Programme)

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

### Accountant

Mrs. Y.S. Nanayakkara  
ACMA

### Asst. Registrar (Administration)

Mr. S.A. Jayatissa

### Asst. Accountant

Miss S. Magage  
ACMA

### 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)

### P.A. to Director

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

### Library Assistant

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

### Asst. Librarian

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

### Head Publication Unit

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

### Information and Publication Officers

Miss R.A.D.C. Ranawaka  
B.A. (Hons) Sri Jayawardenapura

### 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. A. Rathnasiri  
Mr. P.G.A. Rathnasiri

Mr. L.A. Ariyaratne

Mr. S. Epasinghe

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. N.S.J.K. Nissanka  
Miss. W.G.N. Malkanthi  
Mr. M.L. Nandasiri  
Mr. K.A.R. Pathmasiri  
Mr. G.W. Ranatunga

### **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. Leelaratne  
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	Miss N.F.D. Miskin	Mrs. D.P. Ranaweera
Mrs. G.C. Nanayakkara	Mrs. U.P.S. Ramyalatha	Miss. S.D. Lalana Sriyani
Mrs. W.A.I. Devendra	Mrs. G.M. Vijitha Padmini	Mr. L.A.P. Gunaratne
Mrs. K.A.S. Geethani	Miss. M.D.S. Gunathilake	Mrs. Dilanthi Hewawitharana
Mrs. L.T.H. Jayasinghe	Mrs. J.C. Swarnaseeli	Miss. R.A.D.N. Rupasinghe
Mrs. K.G.D.K.S. Karunaratne	Miss. A.P.M. Thushari	Miss. P.U. Karunaratne

### Other Supporting Staff

Mr. W. Edwin Singho	Mr. P. Wanaguru	Mr. B.M. Fernando
Mr. A.M. Thilakaratne	Mr. M.W.C. Perera	Mr. M. Chandradasa
Mr. R.R.G. Ratnayake	Mr. K.L. Gunasena	Mr. W.T. Ratnayake
Mr. A.A. Mullegama	Mr. H.S. Peiris	Mr. N.D. Bennet
Mr. M.K. Hemachandra	Mr. L.G. Joseph	Mr. W.A.D.A. Dharamasinghe
Mr. G. Wijenayake	Mr. M.A.S. Jayatilake	Mr. S.D. Nimalaratne
Mr. M.D.S. Karunaratne	Mr. G. Kodithuwakku	Mr. M.A. Perera
Mr. H.M.T. Herath	Mr. K.R. Gunawardene	Mr. W. Siripala
Mr. U.G. Gunaratne	Mr. K.G. Samarasinghe	Mr. S.M.S. Jayalal
Mr. A. Andrayas	Mr. L.D. Siripala	Mr. G.M. Punchibanda
Mr. A.P. Dayaratne	Mr. J. Chandrawansa	Mr. B.M. Appuhamy
Mr. G.D. Yasapala	Mr. S.A.H.M. Jayasundara	Mr. H.S. Perera
Mr. D.G. Dharmapala	Mr. H.K.S. Premalal	

## **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.

	<b>Rates</b>
Land	No depreciation
Buildings	2 1/2 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.**

**HECTOR KOBBEKADUWA AGRARIAN RESEARCH AND TRAINING INSTITUTE**

**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2000**

<b>1999</b>	<b>EQUITY CAPITAL</b>			
<b>Rs</b>				
73,555,900	Government Grant-Capital	(Note 1.1)	76,855,900.00	
<u>1,102,372</u>	Contribution from savings	(Note 1.1a)	<u>1,102,372.79</u>	77,958,272.79
74,658,272				
	<b>RESERVES</b>			
13,990.692	Project Capital Fund	(Note 1.2)	14,086,992.99	
3,242,284	Capital Reserve	(Note 1.3)	3,242,284.40	
10,414,480	Project General Reserve	(Note 1.4)	10,414,480.03	
137,061	Incentive Fund		137,061.91	
<u>396,261</u>	Training Fund		<u>396,261.91</u>	
28,180,781			28,277,081.24	
<u>29,635,751</u>	<b>LESS: Not Deficit brought forward</b>	(Note 1.5)	<u>34,932,093.23</u>	<u>(6,655,011.99)</u>
73,203,303				71,303,260.80
	<b>CAPITAL EMPLOYED</b>			
27,716,882	Fixed Assets	(Note 2)		26,468,505.42
4,904,756	Investments - Fixed Deposits	(Note 3)		5,531,971.12
2,408,889	Treasury Bills			2,705,099.90
<u>16,801,064</u>	Staff Development	(Note 4)		<u>17,460,874.14</u>
51,831,591				52,166,450.58
	<b>CURRENT ASSETS</b>			
2,563,609	Stocks	(Note 5.1)	1,621,262.12	
29,927,374	Debtors	(Note 5.2)	31,031,194.80	
1,590,870	Sundry Deposits	(Note 5.3)	1,106,045.27	
2,258,868	Payment & Accounts Receivable	(Note 5.4)	2,292,348.12	
670,860	Advance	(Note 5.5)	790,465.85	
8,010,254	Cash at Bank	(Note 5.6)	8,961,052.24	
<u>10,000.00</u>	Cash in Hand		<u>10,000.00</u>	
45,031,835			45,812,368.40	
	<b>LESS : CURRENT LIABILITIES</b>			
9,034,093	Creditors	(Note 6.1)	9,587,302.67	
<u>2,405,983</u>	Accrued Expenses		<u>4,206,832.19</u>	13,794,134.86
11,440,076	Net Current Assets			32,018,233.54
	<b>LESS: LONG-TERM LIABILITIES</b>			
<u>12,220,069</u>	Gratuity Provision		<u>12,881,423.32</u>	<u>19,136,810.22</u>
<u>73,203,303</u>				<u>71,303,260.80</u>

(Signed)  
.....  
**CHAIRMAN**

(Signed)  
.....  
**DIRECTOR**

(Signed)  
.....  
**ACCOUNTANT**

**HECTOR KOBBEKADUWA AGRARIAN RESEARCH AND TRAINING INSTITUTE**  
**Income & Expenditure Accountant for the Year Ended 31<sup>st</sup> December 2000**

<b>1999</b>	<b>INCOME</b>		
<b>Rs.</b>			
36,000,000	Government Grant- Recurrent Research Grant		42,000,000.00
4,569,000			-
29,300	Hostel charges and Conference facilities (Note 7.1)		64,562.50
125,602	Sale of Publications		148,210.55
1,435,616	Interest on Investment		513,160.47
599,120	Interest on Staff Loans		741,049.77
129,493	Administrative charges from projects		-
<u>736,495</u>	Miscellaneous Income (Note 7.2)		<u>102,418.21</u>
43,624,625			43,569,401.50
	<b>LESS: EXPENDITURE</b>		
	<u>Programme 01 - General Administration</u>		
9,604,852	Project 01 Administration	8,815,759.94	
1,969,093	02 Finance	2,178,971.31	
955,782	03 Security	1,255,599.31	
<u>4,552,068</u>	04 Transport	<u>4,634,294.96</u>	16,884,625.52
17,081,795			
	<u>Programme 02 - General Research</u>		
2,962,859	Project 01 A.P.E.	2,269,497.22	
4,339,846	02 A.R.M.	3,960,647.99	
1,703,034	03 I.A.R.	1,754,094.68	
<u>7,697,042</u>	04 M.F.P.	<u>8,047,042.58</u>	16,031,282.47
16,702,781			
	<u>Programme 03 - Training</u>		
2,202,277	Project 01 Training.	2,437,074.86	
<u>2,854,988</u>	02 Publication	<u>3,491,740.40</u>	5,928,815.26
5,057,265			
	<u>Programme 04 - Research Resources</u>		
1,423,027	Project 01 Library Service	1,472,949.17	
827,605	02 Computer	976,076.36	
<u>1,958,305</u>	03 Data Development	<u>1,872,092.31</u>	4,321,117.84
4,208,937			
	<u>Programme 05 - Welfare</u>		
718,537	Project 01 Welfare facilities	<u>540,798.34</u>	540,798.34
	<u>Programme 06 - Maintenance Services</u>		
4,403,994	Project 01 Maintenance Service	<u>4,500,120.79</u>	4,500,120.79
	<u>Programme 07 - Ancillary Services (Hostel)</u>		
<u>787,326</u>	Project 01 Ancillary Services	<u>658,983.74</u>	<u>658,983.74</u> <u>48,865,743.96</u>
<u>5,336,013</u>	<b>Expenditure over Income</b>		<b>5,296,342.46</b>

.....  
**CHAIRMAN**

.....  
**DIRECTOR**

.....  
**ACCOUNTANT**

**Notes to the Accounts**

<b>1. Equity Capital</b>	<b>Rs.</b>
<b>1.1 Govt. Grant Capital</b>	
Balance as at 31.12.1999	73,555,900.00
<b>Add: Capital Contributed during the year Consolidated fund</b>	<u>3,300,000.00</u>
	76,855,900.00
<b>1.1 a. Capital contribution from service</b>	
Balance as per last Balance Sheet	<u>1,102,372.79</u>
<b>1.2 Project Capital Fund</b>	
Balance as at 31.12.1999	13,990, 692.99
Additions during 2000	<u>96,300.00</u>
	14,086,992.99
<b>1.3 Capital Reserve</b>	
Balance as last Balance sheet	<u>3,242,284.40</u>
<b>1.4 Project General Reserve</b>	
Balance as per last Balance sheet	10,414,480.03
<b>1.5 Income and Expenditure Account</b>	
Balance as at 31.12.1999	29,635,705.77
<b>Add: Adjustment in respect of previous year</b>	-
	29,635,750.77
Expenditure over Income for the year ended 31.12.2000	<u>5,296,342.46</u>
Balance as at 31.12.2000	<u>34,932,093.23</u>

**Schedule of Depreciation of Assets - 2000**

Net value as at 31.12.99	Particulars	Cost as at 31.12.99	Additions/ (Disposals) during the year 2000	Total Cost as at 31.12.00	Acc./Dep as at 31.12.99	Dep. For the year 2000	Accu./Dep. Ended 2000	Net Value 31.12.99
			Rs	Rs	Rs	Rs	Rs.	Rs.
1,716,667.00	Land	1,716,667.00	-	1,716,667.00	-	-	-	1,716,667.00
10,974,230.00	Buildings	13,754,913.28	624,692.00	14,379,605.28	5,266,990.43	359,490.00	5,626,480.43	8,753,124.85
8,848,633.00	Equipment/Furniture*	20,976,202.10	1,385,316.12	22,361,518.22	12,482,253.00	1,449,253.00	13,931,809.48	8,429,708.74
2,974,665.00	Computer Installation	10,623,735.50	307,021.25	10,930,756.75	7,154,349.49	1,324,880.00	8,479,229.49	2,451,527.26
24.00	Motor Vehicles	8,489,355.88	-	8,489,355.88	6,569,331.88	480,000.00	7,049,331.88	1,440,024.00
3,048,756.00	Books *	4,817,515.22	389,238.94	5,206,754.16	1,268,964.59	260,337.00	1,529,301.59	3,677,452.57
1.00	Welfare Equipments	3,734.55	-	3,734.55	3,733.55	-	3,733.55	1.00
<u>27,562,976.00</u>		<u>60,383,123.53</u>	<u>2,706,268.31</u>	<u>63,088,391.84</u>	<u>32,745,926.42</u>	<u>3,873,960.00</u>	<u>36,619,886.42</u>	<u>26,468,505.42</u>

**3. HARTI Investment - Fixed Deposits**

	<b>Rs</b>
Investment in Treasury Bills	2,705,099.90
Fixed Deposits at State Mortgage & Investment Bank	4,000,000.00
Fixed Deposits at State Mortgage & Investment Bank (Housing Loan Scheme)	<u>1,531,071.12</u>
	<u>8,237,071.02</u>

**4. Staff Development**

Balance as per last balance sheet	16,801,063.86
<u>Less</u> : Adjustments to the opening balance	-

Additions during 2000	<u>659,810.28</u>
Balance as at 31.12.2000	<u>17,460,874.14</u>

**5. Current Assets**

**5.1 Closing Stock as at 31.12.2000**

Stationary & other consumable goods	637,851.82
Publications and Journals	539,713.70
Sales Centre	441,055.50
Motor Vehicle spare parts	<u>2,641.10</u>
	<u>1,621,262.12</u>

## 5.2 Project Debtors as at 31.12.1999

Project Name	Balance 01.01.00	Expenditure during 2000	Receipts during 2000	Balance 31.12.2000
P.N.I.P. Evaluation R - 261	60,575.11	-	20,852.00	39,723.11
Training Manual on Farmers Organization 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
GIGPs for Rural Poverty Alleviation in Anuradhapura R - 239	51,016.47	-	-	51,016.47
Agricultural Marketing 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 Progr. 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 Agri. Delivery System R - 186	424,697.07	-	-	424,697.07
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
Rainvesting the A'pura Agro-well Programme R - 229	3,570.00	-	-	3,570.00
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	-	-	9,699.84
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	-	263,501.07	223,628.77	39,872.30
R-264	799.25	-	-	799.25
R-270	-	64,985.10	-	64,985.10
			Total =	<u><u>2,896,602.82</u></u>

<b>5.2 Staff Debtors</b>	<b>Rs</b>	
Housing Loan	1,773,251.78	
Consolidated Loan	20,017,601.74	
Festival Advance	115,740.02	
Special Advance (Books)	7,612.84	
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	-	
Scholarship Debtors	14,936,364.38	36,951,897.26
<b>Other Debtors</b>		
Sales Centre	126,761.86	
Hostel & Auditorium/Conference	239,635.00	
Welfare Society	31,081.61	
Suspence A/C	16,210.20	
Miscellaneous Debtors	791,286.08	<u>1,204,974.74</u>
		38,156,872.00
<b>Less: Provision for Bad &amp; doubtful debtors</b>	1,441,273.71	
Provision for debtors (bonds)	<u>8,581,006.31</u>	<u>10,022,280.02</u>
		28,134,591.98
<b>5.3 Sundry Deposits</b>		=====
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 (Internet facility)	3,125.00	
Post master General	24,945.00	
Colombo Gas & Water Co.	4,750.00	
Water supply & Drainage Board	500.00	
Celltel Lanka	<u>3,500.00</u>	76,820.00
Ceylon Electricity Board (Transformer)	1,496,050.27	
<b>Less : amount written off</b>	<u>488,325.00</u>	<u>1,007,725.27</u>
		<u>1,106,045.27</u>
		=====

**5.4 Payments and Amounts Receivable**

<b>5.4.1</b>	<b>Payments</b>	182,801.35
<b>5.4.2</b>	<b>Amounts Receivable</b>	<u>                    </u>
	Canteen Receivable	32,999.03
	Medical facilities receivable	22,413.53
	Investment Income receivable	<u>2,054,134.21</u>
		<u>2,109,546.77</u>

**5.5 Advances**

	Advance for purchases	391,704.03
	Advances for circuits & others	<u>398,761.82</u>
		<u>790,465.85</u>

**5.6 Cash at Bank**

	A/c No. 1 4530801034	6,561,898.05
	A/c No. 2 4530801026	2,302,348.48
	A/c No. 3 4530801883	39,417.24
	A/c No. 4 4530801808	<u>57,388.47</u>
		<u>8,961,052.24</u>

## 6. Current Liabilities

### 6.1 Creditors

#### 6.1.1 Advance Against Projects as at 31.12.2000

Project Name	Balance 01.01.2000	Expenditure during 2000	Receipts during 2000	Balance 31.12.2000
Commercialization of Small Farm Agriculture Pilot Project R - 230	239,965.82	-	3,080.00	243,045.82
Impact of Trade Agreement of Agriculture R - 182/1	555,272.98	-	-	555,272.98
Market Intelligence and Food Information Project R - 182	212,165.10	201,933.15	-	10,231.95
CIRDAP	10,180.51	-	-	10,180.51
Farmer Centered Agriculture Resource Management R - 197	182,463.48	85,835.95	-	96,627.53
Nutrition Investment Plan R - 265	283,000.00	212,116.00	312,920.00	383,804.00
Participatory Planning in Irrigation R - 254	77,789.36	-	-	77,789.36
Poverty Monitory Project R - 255	79,715.92	-	564.00	80,279.92
Promoting House hold Food Security R - 266	182,069.45	106,182.03	157,900.00	233,787.42
Rural Development Communication Network R - 257	232,358.00	136,249.80	105,537.00	201,645.20
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 of Agricultural Delivery System R - 181/1	126.24	-	41,139.00	41,265.24
Study on Production and Marketing R - 253	175,296.40	-	-	175,296.40
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 Project R - 187	50,186.71	-	-	50,186.71
R.A. Small Project	109,684.97	-	-	109,684.97
Socio Economic Study R.A. - 7	108,995.56	-	-	108,995.56

2 <sup>nd</sup> 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	-	422,991.55	450,000.00	27,008.45
Benefit Evaluation and Monitoring Project R 272	-	61,835.94	183,851.00	122,015.06
50 <sup>th</sup> Commemoration Volume	-	846,160.00	1,000,000.0	153,840.00
R - 260	(117,342.59)	19,028.76	210,205.60	73,834.25
R - 268	-	40,852.23	85,881.50	<u>36,029.27</u>
			<b>Total</b>	<b><u><u>8,573,453.71</u></u></b>

### 6.1.2 Other Creditors

Stamp fees payable	4,720.0
Other Creditors	468,051.9
Tender deposits refundable	81,698.2
Unpaid Expenditure	251,906.9
Provision for Audit fees	163,182.0
Employees & Restaurant deposits	13,084.5
Retention	<u>31,205.4</u>
	<u>1,013,848.9</u>

## 7. Annex to the Income and Expenditure for the year ended 31.12.2000

### 7.1 Auditorium and Conference Facilities & Hostel Income

Auditorium & Conference facilities	23,000.00
Hostel Income	<u>41,562.50</u>
	64,562.50
	<u><u>64,562.50</u></u>

### 7.2 Miscellaneous Income

Bungalow fees & Room rent	60,995.96
Computer Income	8,354.60
Tender fees	12,300.00
Other Income	<u>20,767.65</u>
	<u>102,418.21</u>

## AUDITOR - GENERAL'S DEPARTMENT

LS/D/HARTI/2000

30 September 2001

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 2000 IN TERMS OF SECTION 14(2)(C) OF THE FINANCE ACT NO.38 OF 1971**

The audit of the accounts of the Hector Kobbekaduwa Agrarian Research and Training Institute for the year ended 31 December 2000 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 are contained 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 29 June 2001.

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

<b>Deficiency</b>	<b>Reference to paragraph in the report</b>
(a) Accounting policies	2.3.1
(b) Accounting Deficiencies	2.3.2
(c) Unreconciled Control Accounts	2.3.3
(d) Suspense Accounts	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 Result**

According to the accounts presented the financial result for the year under review was a deficit of Rs.47,296,342 before Government contribution for recurrent expenditure as compared with the corresponding deficit of Rs.45,905,015 for the proceeding year. After accounting for the Government Contribution of Rs.42,000,000 for the year under review the deficit amounted to Rs.5,296,342. After accounting for the Government Contribution of Rs.40,569,000 for the preceding year, the deficit for that year amounted to Rs.5,336,015.

## **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.
- (c) There were differences between the value of accumulated deprecation shown in the assets register and that shown in the relevant schedules.

### 2:3:2 Accounting Deficiencies

Accounting deficiencies observed in audit are given below.

- (a) Current assets had been understated by Rs.312,625 as the value of physical stock balances had not been brought to account. This had also resulted in overstating the accumulated deficit.
- (b) The following overstatements amounting to Rs.230,996, understatements amounting to Rs.5,328,147 and omissions amounting to Rs.15,390,700 were observed in accounts for the year under review.

Accounts	Overstatements	Under Statements	Omissions
Rs.	Rs.	Rs.	
(i) Provision for retirement gratuities	-	-	632,120
(ii) Motor vehicles	115,500	-	-
(iii) Interest income	-	-	760,000
(iv) Research expenditure	-	51,016	-
(v) Death gratuities and vacation leave	-	20,900	-
(vi) Project debtors	-	2,795,559	-
(vii) Project creditors	-	2,461,672	-
(viii) Penalty interest receivable	-	-	13,998,580
(ix) Accumulated depreciation On fixed assets	115,496	-	-
	<u>230,996</u>	<u>5,329,147</u>	<u>15,390,700</u>

### 2.3.3 Unreconciled Control Accounts

Balances in 18 accounts as at the end of the year under review totalled Rs.62,119,056 whilst the balance in the corresponding subsidiary records amounted to Rs.58,595,136, thus showing an unreconciled difference of Rs.3,523,920.

### 2:3:4 Suspense Account

No action had been taken to settle, debtors and suspense account balances totaling Rs.17,210.

### 2:3:5 Lack of Evidence for Audit

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

- (a) 09 items of accounts valued at Rs.84,422,255 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 schedules, receipts, source documents, supporting documents etc.
- (b) Confirmation of balances as at the end of the year under review had not been furnished in respect of Rs.2,999,276 in 246 accounts under 8 items of assets and Rs.15,440 in 4 items of liabilities.

### 2.3.6 Accounts Receivable and Payable

<u>Type of Debtor</u>	<u>Value as at balance sheet date</u>
	Rs.
i. Sales centers	126,762
ii. Hostels and Auditoriums	239,635
iii. Miscellaneous	791,286
iv. Purchase advances	391,704
v. Projects	2,896,603
	<u>4,445,900</u>

Deficiencies observed in audit are given below.

- (a) Balances in 5 accounts receivable as at the end of the year under review totaled Rs.4,445,900, out of which balances amounting to Rs.3,134,084 were over 4 years old.
- (b) During the year under review any effective step for the recovery of the above balances had not been taken by the institute.
- (c) Although debtors' balances which were over 4 years old totaled Rs.3,134,084, the provision for bad debts amounted to Rs.1,441,274. It is therefore, observed that an inadequate provision for bad debts had been made.
- (d) The consolidated loan balance as at end of the year under review as per ledger amounted to Rs.20,017,602 whilst the total was Rs.19,560,931 as per relevant schedule presented. Further, 31 debtor balances shown in the debtors ledger differed from the balances shown in the schedule of debtors. This difference amounted to Rs.569,785.

- (e) Balances amounting to Rs.791,286 considered to be recoverable balances in respect of purchase advances, had been brought forward in accounts for over 4 years. It was observed that this sum had accumulated due to erroneous accounting.

### **2:3:7 Non-compliance with Laws, Rules Regulation and Management Decisions**

24 instances of non-compliance observed it audit are given below.

#### **Reference to Laws, Rules, Regulations etc.**

#### **Particulars**

##### **(a) Finance Act No. 38 of 1971.**

- |       |                  |  |
|-------|------------------|--|
| (i)   | Section 11       | A sum of Rs.2,705,909 had been invested in Treasury Bills without approval of the relevant Minister and the Minister of Finance. |
| (ii)  | Section 13(5)(a) | Reports on stocks and debtors and the internal audit programmes were not furnished to audit.                                     |
| (iii) | Section 14 (3)   | Annual reports together with Auditor General's reports had not been forwarded to the parliament from the year 1997.              |
| (iv)  | Section 14(4)    | Annual reports from the year 1997 had not been printed.  |

##### **(b) Sri Lanka Accounting and Auditing Standards Act. No.15 of 1995**

- |      |                                       |   |
|------|---------------------------------------|---|
| (i)  | Sri Lanka Accounting Standard No. 15  | Excess recoveries made from members of the staff against festival advances and school book advances amounting Rs.1,700 and Rs.900 respectively had been set off against other balances. |
| (ii) | Sri Lanka Accounting Standard. No. 18 | Fully depreciated fixed assets had not been revalued.   |

**(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.**

(i) F.R. 78

Although Government works and services should be performed economically and efficiently without exceeding the specified provisions, provision made for 3 items of work had been exceeded by Rs.12,716,191.

(ii) F.R. 226

Authority for expenditure to be recorded on all payment vouchers had not been recorded.

(iii) F.R. 231

Supporting documents in respect of 10 vouchers valued at Rs.455,688 had not been furnished.

(iv) F.R.396

Action had not been taken to extend the period of validity of cheques and uncashed cheques had not been cancelled and the relevant entries made.

**(d) Public Administration Circulars**

Public Administration Circular  
No. 02/99 of 26 February 1999

Although the Director was not entitled to a mobile telephone, a mobile telephone had been purchased at a cost of Rs.17,000 and mobile telephone bills to the extent of Rs.14,635 reimbursed.

**(e) Establishment Code of the Democratic Socialist Republic of Sri Lanka.**

(i) Sections 10:1 and 10:2 of Chapter viii and Public Administration Circular, No.7/97 of 3 February 1997

Week-end holiday payments had been made for the performance of normal duties without approval of the Secretary to the Ministry.

(ii) Section 7:5 of Chapter xxiv

Three officers who had drawn vehicle advances amounting to Rs.900,000 had not been submitted the relevant documents.

(iii) Section 13:6 of Chapter xxiv and Public Administration Circular 13/98

Schedule of festival advances included 5 loan balances exceeding Rs.2,000.

**(f) Treasury Circulars**

(i) Paragraph 9 of Public Finance Circular, No.353 of 30 September 1997

A sum of Rs.170,755 realized on the sale of 2 motor cycles and 2 three-wheelers in the year 1999 had not been remitted to the Treasury even as at the date of audit.

(ii) Public Enterprises Circular No. 95 of 4 June 1994 and Public Finance Circular No. PF/PE5 of 11 January 2000

Members of the staff had been paid Rs.20,000 as death gratuities contrary to circulars

(iii) Public Enterprises Circular, No.116 of 24 January 1997

A sum of Rs.44,136 representing travelling expenses, overtime and other services of the Ministry had been paid from funds of the Institute.

(vi) National Budget Circular, No.87 of 31 March 2000

Although 5% of provisions was required to be saved, expenditure in excess of provisions had been incurred.

**(f) Office Circulars**

(i) Officer Order No. 53

Action had not been taken to recover fines amounting to Rs.15,434 in 15 instance of settlement of advances amounting to Rs.51,632.

(ii) Report No 75/S/21/2001 May 2001 and Officer Order No. 298

Stock levels had not been of indicated on Bin Cards and separate inventory registers has not been maintained for each Division

**(g) Guidelines on Government Tender Procedure**

(i) Mobile telephone for purchased without Tender Board approval.

(ii) Expenses on repairs exceeding Rs.100,000 in two instances had been incurred without approval of the Secretary to the Ministry

### 3. Financial and Operating Review

#### 3.1 Financial Results

Comparison of the deficit of Rs.5,296,342 being the financial result for the year under review with the deficit of Rs.5,336,013 for the preceding year shows an improvement of Rs.39,671 in the financial result. This can be analysed as follows.

	Variance		
	Favourable Rs	Adverse Rs.	Rs.
<b>Income</b>			
Increase in the government Contribution for Recurrent expenditure	1,431,000	-	
Interest income	-	780,526	
Other income	-	705,698	
	<u>1,431,000</u>	<u>1,486,224</u>	(55,224)
<b>Expenditure</b>			
Administration expenses	197,170	-	
Research and Training expenses	-	200,051	
Other expenses	97,776	-	
	<u>294,946</u>	<u>200,051</u>	94,895
Net improvement in financial results			<u>39,671</u>

#### 3:2 Apparent Inefficiencies

Deficiencies and inefficiencies observed at test checks in respect of transactions of the institute are given below.

- (a) Research Projects not been
- I. Separate Project proposals had evaluated and approved.
  - II. Project periods had not been extended in respect of delayed projects giving reasons for delays.

- III All connected documents guidelines showing the general conditions, evaluation reports had not been filed of record in respect of Research Projects.
  - (b) Bank Reconciliation
    - I Action had not been taken to settle values of direct debits and credits made to Bank Accounts.
    - II Proper action had not been taken in respect of out dated cheques over 6 months and unrealized cheques.
    - III Two Bank Accounts had remained dormant for over a year
  - (c) Advances
    - I Non-recovery of penalties in respect of unsettled advances.
    - II Granting further advances in spite of the existence of unsettled advances.
    - III Existence of 16 instances where advances had been utilized but delayed in settlement.
    - IV Granting several advances to the same officer same day
    - V Existence of balance advances where no recoveries had been made during the year
    - VI Failure to indicate the voucher number and the date of settlement in the Register of Advances.
  - (d) Stocks
    - I Absence of action to settle differences between physical balances and stock control account balances.
    - II Existence of differences between balances in Bin Cards and physical balances.

- III Maintenance of stocks in excess of annual requirements.
- IV Observation of deficiencies in stores ledger cards.

### **3.3 Idle and Under-utilized Assets**

Stores items valued of Rs.110,881 were observed to have remained unused in stores for over one year.

### **3.4 Identified Losses**

Losses amounting to Rs.544,350 under 3 items occurred during the year under review due to various reasons were observed in audit.

### **3.5 Programme Implementation Delays**

Delays in the implementation of programmes observed in audit are given below.

- (i) Grants amounting to Rs.2,604,976 had been received for the complication of a book on Manufacture of Rice in Sri Lanka requiring the work to be completed in the year 1993. The task had not been completed even as at 31 December 2000.
- (ii) 7 Projects valued at Rs.2,206,719 had been delayed for periods from 3 months to 2 years.

### **3.6 Budgetary Control**

There were considerably variations when budgeted income and expenditure are compared with actual income and expenditure. It was therefore, 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, in terms of Section 13(7)(a) of the Finance Act. Special attention of the Institute is needed in the following areas of control.

- (a) Advances
- (b) Purchases
- (c) Project expenditure
- (d) Fixed Assets
- (e) Book-keeping
- (f) Staff loans
- (g) Project debtors

**(S.C. Mayadunne)**  
**Auditor General**