

FEATURES

Recent Land Reform: Impact of the Distribution Programme

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The land reforms of the 1970's resulted in the vesting of nearly one million acres of individual and company owned private estate lands with the state. These reforms were basically aimed at increasing productivity and employment through suitable programmes of land alienation and development of such lands; while the vested lands were to be redistributed to benefit the rural landless and unemployed. There are few assessments to date of this far reaching measure. R. D. Wanigaratne and M. Samad of the ARTI attempted an overview of the entire land alienation programme with reference to its declared objectives and their findings were put out as an ARTI Occasional Publication in October 1980; in view of the importance of the subject we publish the section dealing with the impact of the redistribution programme. Their analysis is based on documentary information, substantiated by field studies in two locations covering coconut and rubber estates in the Divulapitiya and Eheliyagoda electorates and discussions with connected officials. Having dealt with the magnitude of the problems associated with food production, unemployment, landlessness, and the apparent contradictions in policy thinking on providing appropriate solutions through the Land Reform exercise they discuss here the impact of the redistribution programme on each of these problems listed.

made to regulate the plantation activities in order to get the plantation sector fall in line with national interests. Taxation of the tea industry, restraints on the export of capital, increasing importance attached to the Colombo auctions, encouraging the employment of Sri Lanka management staff, legislation introduced to prevent the repatriation of proceeds of sales of estates, were some of the measures taken by successive governments. Consequently, the plantations were being gradually neglected by the owners and there was a general decline in investments. This had a bearing on the productivity levels in the plantations over the years.

The contribution of alienated lands to the domestic agricultural production also cannot be easily assessed. Since the impact of the redistribution programme was marginal as far as paddy lands were concerned, it can be assumed that whatever impact it had was on subsidiary food crop production. In fact in many alienated lands a sizeable extent was devoted to the cultivation of manioc and other root crops.

The preference for the cultivation of root crops was due to a number of reasons. The lands alienated to the people were, in most instances neglected and unproductive lands. The cultivation of subsidiary food crops on an intensive scale as envisaged by the government was not feasible on such lands on ecological grounds.

Besides, the cultivation of subsidiary food crops would have required heavy capital expenditure in terms of planting material, fertilizer and other inputs, which were beyond the reach of the average alienee. In view of the uncertainty of the titles to land, the alienees were also deprived of becoming eligible for institutional credit. Extension services too were not made readily available to the alienees who very often lacked adequate knowledge on the technicalities of cultivating subsidiary food crops on an intensive scale.

In a number of alienated lands in the Divulapitiya and Eheliyagoda electorates covered by this study the majority of the alienees had not undertaken any form of land development. The alienees themselves have made no effort to fence in their lands, to cut drains or to

The principal aims of the redistribution programme were:

- 1) To increase agricultural production, particularly of food crops.
- 2) To provide avenues of employment, and
- 3) To solve problems of landlessness.

Agricultural Production

The impact of the land reform exercise on agricultural production is difficult to estimate. The Land Reform Commission was primarily concerned with instituting a rapid take over, whereas there was no definite programme with regard to alienation. Consequently, there was no proper institutional framework (organisation) created to monitor the progress of lands alienated to people. Although the District Land Reform Authority, with the assistance of the AGA's, were expected to monitor the progress, the lack of additional staff, preoccupation with the redistribution programme and so on, precluded them from undertaking this task effectively.

During the period between the vesting of lands with the State and its ultimate redistribution to the people, the management of the lands passed through several hands, when accurate records were hardly maintained. The initial declarations made with regard to productivity on such lands by the owners were, in many instances, over estimations. This was done with the objective of claiming higher compensation

from the State. In contrast, statements on production provided by the Grama Sevakas, Electorate Land Reform Cooperatives and other agencies which managed the lands until they were alienated to people were very often under estimations.

Any estimation of the impact on production should take into account the nature of the land reform exercise itself. In implementing a Land Reform Programme of the nature attempted in Sri Lanka, a certain degree of dislocation of management is inevitable, resulting in a drop in output in the short run. This was clearly observed in the case of the three major export crops which registered a drop in production in the years immediately following the Land Reform.1.

The drop in output was not merely a post reform phenomenon, as downward trends in production had been recorded since 1965. (See table 1 below). The nationalization of plantations was indicated in the election manifesto of the SLFP which came into power in 1956. The uncertainty thus created in the minds of plantation owners was further reinforced by the many statements on the need for nationalization in parliamentary debates in subsequent years. Although no attempts were in fact made to nationalize the estates, efforts were

1. Annual Report of the Central Bank for 1974.

Table 1. PRODUCTION QUANTITIES OF PRINCIPAL EXPORT CROPS (1965/1976)

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

Source: *Annual Reports—Central Bank of Ceylon.*

adopt other soil conservation methods in their allotments.

The alienated lands were blocked out into holdings of less than one acre — the majority being in the range between $\frac{1}{2}$ - 1 acre. Many alienees who had received such micro holdings had constructed temporary huts and other basic structures. Since the limited space in these micro holdings was occupied by huts and permanent crops, the land available for the cultivation of food crops was inadequate. Further, the marginal nature of the lands alienated did not lend itself to intensive cultivation.

Subsidies and other financial assistance was not provided by the State. The alienees did not have the necessary capital to develop the holdings on their own. This together with little or no application of fertilizer and other inputs had led to a situation where the main crop, as well as the intercrop, if any, had been adversely affected.

A major drawback of the redistribution exercise was that it was not tied up with any concrete development programmes. No attempt was made to estimate the credit requirements of the alienees. They were unable to benefit from any institutionalised credit programmes as a result of not having permanent titles to the land. Further, the credit giving institutions did not recognise the temporary permits that were given to the alienees as a legitimate document to claim ownership to the land. In these circumstances, the alienees were compelled to fall back upon private credit sources not only for any development purposes but also for consumption.

The creation of thousands of small farms without providing them with ancillary services such as credit, extension and marketing as in the case of the alienated lands under the Land Reform could hardly be expected to achieve the desired objective of increased food production. Even though complementary legislation to the Land Reform Law

was introduced, such as the Agricultural Productivity Law of 1972, its impact was minimal. The APC and the Cultivation Committee created through this Law were expected to

Table 2.

Year	YIELD PER ACRE			
	Ethgala* 1	Pinnalande* (Nuts per acre)	Nilappaludola** Clonal	(lbs/AC) Seedling.
1967	...	2,501	338	185
1968	...	2,496	320	160
1969	...	2,609	356	210
1970	...	2,735	332	190
1171	...	2,916	290	140

Source: *As declared by owners (LRD Form 1.1) at the time of vesting.*

* Coconut Estate

** Rubber Estate

provide the necessary services to the farming community. However, as a result of their preoccupation with paddy cultivation, these organisations neglected the development of the small holdings alienated under the Land Reform Programme.

The alienees themselves were not sufficiently oriented towards agriculture, especially in the cultivation of food crops. Many of them were educated young married couples whose aspirations were not essentially geared towards agricul-

more prominent in the selection process after mid 1976, when the alienation occurred on an accelerated scale.

A view prevails that the productivity levels of the lands which had been alienated had suffered a marked decline. Data was gathered in the case studies to assess the productivity of the estates before and after they were alienated. The yield per acre before the estates were taken over is quoted below in table 2.

The average yields computed on the basis of declarations made by

the alienees at the time of survey is also given below in table 3.

Although a substantial drop in yield were already noted after the takeover of the estates up to the time of alienation the decline in yields since alienation appears to be relatively less marked. This was particularly true in the case of the Divulapitiya Electorate.

The decline in yields after alienation cannot be attributed entirely to mismanagement by the alienees themselves, since the lands passed through several forms of manage-

Table 3. PRODUCTION FIGURES AT THE TIME OF THE SURVEY

Name of Estate	Yield/Acre (nuts)	Range (nuts)	% Change from the situation	
			Before takeover (1972)	Before alienation (*75/76)
Ethgala	1,035	600-2400	-64.51	-56.31
Pinnalande	1,270	144-2160	-65.84	+97.51

ture; even though they came from agricultural backgrounds. They were in fact selected more on their status of being landless and perhaps on their affiliations with the ruling political party rather than on their agricultural knowledge. Even though the latter attribute was emphasised in LRC Circulars as being an important criterion in the selection of alienees in the early phase of the programme, the former considerations were made

ment until they were finally alienated. For about two years after the declaration by the owners, until they were brought under the formal management of the Land Reform Commission, the estates were managed by the owners under a statutory lease 2. It could hardly

2. No records are available on the productivity levels of the two estates during the period when they were under the statutory leases.

be expected that the same level of management prevailed during this period when the former owners managed the estates on legal sufferance. At the end of the period of statutory lease they were placed under the care of the Grama Sevakas for a period of about one year. The declaration on productivity made by the Grama Sevaka for Ethgala estate in the Divulapitiya Electorate shows a decline of almost 50 percent from that of the initial declaration made by the owners in 1972. In 1975, the estates came under the management of the Electoral Land Reform Cooperatives and remained with them until they were alienated to the people. Despite the fact that the Electoral Land Reform Cooperative itself had neither the expertise nor the facilities for efficient management of vested lands, the estates were relatively better managed than when they were under the care of the Grama Sevakas. However, productivity levels remained lower when compared to the yields declared by the previous owners.

Employment

Providing employment opportunities, especially to the rural youth, was one of the foremost considerations behind the entire Land Reform exercise. In its effort to solve the problem of unemployment through the land reform programme the government adopted a two fold strategy. Firstly, by developing the undeveloped lands and secondly by intensifying and diversifying the already developed lands vested with the LRC. This, the government sought to achieve through the setting up of State sponsored cooperative farms and by redistributing land to the landless unemployed persons in the villages.

The emphasis on employment creation was essentially through the 'cooperative farm' strategy. The government launched an ambitious programme of establishing several types of cooperative farms such as cooperative villages (*Samupakara Gammana*), Janawasas, District Development Councils (DDCs), Youth Farming Projects and so on. Under this programme, about 65 cooperative village settlements, 50 DDC Agricultural Projects, 18 Cooperative village settlements, 50 DDC Agricultural Projects, 18 Cooperative farms managed by the National Youth Council and nearly 200 Janawasas provided employment for approximately 20,000 persons. The majority of these persons were rural youth, while some

were former employees of the estates vested with the Land Reform Commission. However, the priority for membership to these cooperative farms were essentially rural educated unemployed youth.

The preference for youth may be attributed largely to the insurgency of 1971, where the issue of youth unemployment figured prominently. One of the ways through which the government sought to solve the problems was by the setting up of cooperative farms and absorbing youth as members. Through this programme the government perhaps expected to organise the youth so that a greater control could be exerted over them. In undertaking this task, even though the principle of cooperation was given much publicity, this was in fact relegated to the background. The primary objective of the government in setting up of cooperative farms appeared to be towards a speedy solution to the problem of youth employment.

As a means of employment creation for youth the contribution made by cooperative farms has been marginal in that they provided employment to only about 20,000 persons. Whereas the total unemployed youth population was about 503,580 at the time. 3 Many of the cooperative farms were also found to be economically non-viable. Reasons such as lack of proper planning and identification of the future directions of such farms and the marginal nature of the lands alienated have been attributed to this phenomenon.

With regard to employment generation, via land alienation to individuals, the achievements were even more insignificant. Although approximately 150,000 landless persons benefitted though the alienation programme in that they received some land, in terms of employment they were hardly benefitted. Not only were the holdings of diminutive sizes, but were also neglected and generally unproductive. In terms of employment creation the quality and the size of allotments that were given to people proved incapable of providing not only reasonable hours of work but even a modest income which could maintain a family without heavy recourse to outside

3. UN, Population of Sri Lanka, Country Monograph Series No. 4 (ESCAP, Bangkok: 1976) p. 276.

4. "Socio Economic Survey of Sri Lanka, 1973.

sources of employment.

Information collected from the alienated coconut lands in the Divulapitiya Electorate and Rubber land in the Eheliyagoda Electorate provides some insight into this issue. Prior to the receipt of land approximately 15 percent of the alienees in the two locations in the Divulapitiya Electorate and about 3 percent of the alienees in the Eheliyagoda study location were reported to be unemployed. Practically all those who were employed were engaged in low remunerative occupations such as agricultural labour and in other casual labour grades. In many households only one member was found to be employed.

In both study areas the employment pattern among the alienees had not shown any significant changes even after the receipt of land. In both locations about 3 percent of the alienees continued to be unemployed. Those who are employed still remain in the same low remunerative occupations as before.

The average income of an alienee from the locations in the Divulapitiya electorate at the time of receiving land amounted to Rs. 187 per month. About 88 percent of them received incomes of less than Rs. 250/- per month which was below the national average of Rs. 297/-4 for the rural areas.

After alienation the average monthly income was Rs. 176/- per month in the Divulapitiya study location, while at the Eheliyagoda location, the average monthly income was Rs. 260/- which was still much below the national average. At the time of the Survey (1979), approximately 76 percent of the alienees in Divulapitiya and 66 percent in the Eheliyagoda study location continued to receive monthly incomes well below the national average.

The bulk of this income came from sources other than from the alienated allotments as shown in the table 4.

Another aspect which had a bearing on employment is the location of the alienees usual place of work from their allotments. In most instances the alienees place of work was situated at a distance from their holdings. In such cases the alienees usually stayed back in their home villages, and leased out or sold their allotments to others. Some alienees had even handed over the allotments to friends or relatives for management in lieu of

Table 4. SOURCES OF FAMILY INCOME

Source of income	% Share of total family income		
	Divulapitiya	Electorate	Eheliyagoda Electorate Nilapaludola
From allotment	19%	10%	9%
From sources outside allotment ...	81%	90%	91%

A further development was the displacement of labour on the estates which were fragmented for alienation. This was particularly evident in some of the Tea and Rubber estates in the mid country region. Even though efforts were made by the Land Reform Commission and other estate management bodies to redistribute the displaced labour among other estates, many of them, especially in the Kandy and Matale regions, were unable to find alternate sources of employment.

Some estates which were earmarked for alienation were located on the borders of two or more electorates. In some of them the entire labour force or a part of it were in one electorate, and the estates concerned were in another. In the selection of allenees, the original labour were invariably displaced in favour of the landless persons from the electorates where the estates were located. A clear example of this situation was encountered in the study location in the Eheliyagoda electorate.

Displacement of labour due to fragmentation of estates and as a result of political priorities to cater to the needs of the electorate usually did not bring about any additional employment. What was achieved instead was a replacement of one group of persons by another.

Potentially the land alienation exercise could have had a tremendous impact on the employment problem in rural areas. However, due to inconsistencies in policy thinking on matters pertaining to alienation and deficiencies in the implementation phase the overall impact on employment generation was very marginal. The haste with which the entire programme was conducted especially towards the end of the term of office of the government in power, with the general elections in the offing, leads to a conclusion that the entire land alienation programme was introduced more to satisfy short term political objectives than to provide a lasting solution to the prob-

lem of unemployment affecting the country.

Landlessness

In a predominantly agrarian sector, a principal aim of a redistributive land reform should be to secure greater equity in the control over land and its benefits.

Equity through redistribution of land conceivably could be achieved along two dimensions:

- (a) equity among those who already own or operate land — i.e. between the big farmers and small farmers.
- (b) equity between farmers as a whole, whatever their tenure status and the landless.⁵

In the case of Sri Lanka's Land Reform, an attempt was made to realise these objectives through the Land Redistribution Programme. As noted earlier, the government imposed a ceiling (50 acres for highland and 25 acres for paddy lands) on private ownership of land and extents above the ceiling were vested with the State.

For reasons, such as economies of scale, quality control of products, and so on, a considerable acreage vested were maintained as larger units managed by State sponsored Institutions. Some of the vested lands (around 120,000 acres) were redistributed as individual allotments to the landless in rural areas.⁶

5. Clive Bell: "Ideology and Economic Interest in Indian Land Reform" in David Lehmann (ed) *Agrarian Reform and Agrarian Reformism* (London: Faber and Faber: 1974) p.207.

6. By end of May 1977, the change in the land alienation policy resulted in a total extent of 120,000 acres being distributed among the villagers. Taking into account the possibility that a certain percentage of the families had more than one member who had received land and that a relatively higher proportion of the lands distributed were in units of $\frac{1}{2}$ acre, to one acre, perhaps about 150,000 families more or less benefitted from the alienation programme.

When compared with the degree of landlessness and near landlessness in rural areas and the widespread occurrence of share tenancy the amount of land ultimately released for alienation to people was not large.⁷

In giving nearly a 150,000 landless persons allotments ranging in sizes from $\frac{1}{4}$ to 1 acre each what has been achieved is merely that of elevating persons from a state of landlessness to one of near landlessness. In most instances such micro holdings did not emerge as viable farming units.

The evidence from the case studies in Divulapitiya and Eheliyagoda electorates show that many such holdings are at the most managed as part time farming units with the allenees having to depend heavily on outside sources for income and employment. In addition, as noted before, such micro holdings are incapable of generating a marketable surplus as was envisaged through the alienation programme. This has not only resulted in the 'buy-back' of food from the open market, but has worsened output responses from these holdings.

Although the intention behind the alienation exercise was to give people land which would enable them to achieve a satisfactory level of living, what has occurred instead was an enlargement of the category of near landless in the island. The provision of micro holdings to the landless did not in any way help to reduce the gap between the viable farmer and the landless who have now become operators of micro holdings.

With nearly 5000 holdings of over 50 acres in extent taken over by the State, a new class of approximately 25,000 land owners owning upto 50 acres was created. This in turn brought about an element of equity at the apex of the land ownership structure, while it hardly had any effect on the small farm sector.

7. Nearly 400,000 rural families (25%) were landless, around 500,000 were cultivators of less than one acre of paddy and about 257,000 were *ande* cultivators. (Abeywardena, H. Nation).

The disparities in the pattern of land ownership among the big and small farmers still continues to exist as many concessions were given to the land owners. Provisions were made in the Land Reform Law for the transference of land above the ceiling to the immediate family members above 18 years of age and for future transfers to those who were minors at the time of vesting land.⁸ This in effect contributed to the retention of a large acreage within the family itself. Another concession provided to the land owners was that, in many instances, the land owners were allowed to select and retain the best portions of the estates, within the ceiling.

In the case of paddy lands, the 25 acre ceiling left untouched the bulk of the paddy acreage in the island, particularly in the Wet Zone. Only about 20,000 acres of paddy lands were vested with the State. This acreage came largely from the South East and Eastern parts of the island where paddy cultivation is practiced on a commercial scale and where tenurial problems are less acute. On the other hand the majority of the paddy lands in the Wet Zone consisted essentially of holdings of less than 2 acres. Owning a larger extent of paddy land, rather than of highland formed the base of power and prestige in the rural areas. In these circumstances the high ceiling of 25 acres of paddy land did not in any way bring about a reduction in the inequalities found within most Wet Zone villages.

Although the alienation programme could have brought about greater equity in regard to the land ownership pattern in the country its impact however has been greatly limited. The distribution of land in micro holdings, concessions to landowners, and the high ceiling particularly in the case of paddy lands did not bring about many drastic changes in the existing tenurial relations and ownership patterns of agricultural lands in the country.

Ideally, the land alienation programme should ultimately have re-

8. Land Reform Law No. 1, 1972, Section 22 (1) (f).

sulted in the enlargement of the category of viable peasant farms while at the same time reducing the concentration of land in the hands of a few. However, the outcome of the land alienation programme under the recent land reforms was that while the latter objective, which was more important, did not materialise; what occurred instead was the enlargement of the near landless category which consisted essentially of unviable farm units. Given these developments the existing inequalities between the large and small farmers and between the farmers as a group and landless labourers continued to prevail.

As discussed before, there is no evidence in support of a claim that the land redistribution programme under the recent land reforms had made a significant contribution towards increasing domestic agricultural production, solving problems of rural unemployment and bringing about greater equality among the farming population.

The provision of land to the landless is a necessary, but not a sufficient condition for them to progress to a somewhat higher sustainable income level. Besides the alienation of land, the government failed to evolve and implement a post alienation strategy through which the alienees could have gained a foothold in the agriculture service system of the country. If such an access was available the alienees perhaps would have made better progress in developing the lands they received. Even though the development of these micro-holdings on an individual basis would have been less rewarding, a strategy aimed at promoting greater cooperation among the alienees for more efficient cultivation of crops and distribution of services, while retaining the individual rights to land may have yielded substantial material benefits. In the absence of a post alienation strategy, the alienees were left on their own to develop the lands they received.

Although the land alienation programme as carried out under the recent land reforms had many shortcomings, a redistribution of land is essential to alleviate the adverse effects of a defective agrarian structure. Land is a fixed resource and as such every effort should be made to derive the maximum benefits from it in the interest of the large mass of the

population in the long run. In this context, a well conceived plan for redistribution and subsequent development of lands should have been initially formulated. In the absence of such a plan, and as the lands have been already alienated, two possible alternatives may be adopted concerning the future of the alienated lands.

Firstly, the State could take back the lands already alienated and redistribute them in viable units accompanied by a well conceived plan for development of the holdings. However, desirable the formation of viable units may be it would inevitably result in the displacement of a considerable number of alienees who now reside in the micro holdings — unless adequate land is made available elsewhere. This would necessarily be a slow process involving displacements, reallocation of persons and allotments and so on, which would not only add to the administrative and other costs but also cause frustration among the displaced persons. Secondly, the State could permit the present alienees to remain in their allotments, and to introduce a suitable scheme of assistance within clearly defined priority areas to increase the productivity on these lands and to raise the income levels of the settlers.

As highlighted elsewhere in this report the absence of State intervention in the post alienation development of the holdings largely resulted in the general neglect of lands. Consequently, one could hardly blame the alienees for the present state of these lands.

From the case studies it was evident that almost all the alienees belonged to the category of landless poor who were not in a position to self finance the development of the micro holdings they had received. The provision of even a small extent of land, however, provided them with some measure of relief where there was none earlier.

If the beneficiaries of the redistribution programme are to be made productive members of the society, then as a matter of priority they should be made eligible for state assistance. In this regard a number of recommendations are made, in this study, which may perhaps be useful to policy makers concerned with the future of the alienated lands.